



**GERALD  
GROUP**

# **GERALD GROUP TIN**

**ITSCI REPORT**

**July 2021**

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### Background

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (“OECD Due Diligence Guidance”) recommends that companies report annually on their due diligence of minerals sourced from these areas. Gerald Group (“Gerald”), as an ITSCI (International Tin Supply Chain Initiative) member, is committed to implementing the OECD Due Diligence Guidance. This report sets out the efforts continually reviewed and, if required, improvements are made to ensure confidence in our sourcing activities. Gerald is aware that this is a dynamic undertaken to prevent and mitigate risks of adverse impacts associated with the extraction, transport and trade of tin.

### Management Systems Overview

- Since its inception, the tin desk has established a physical trading business involved at all stages of the supply chain.
- The tin desk designates certain personnel with the responsibility to oversee the movement of the mineral each step of the way in the supply chain.
- In partnership with key suppliers, the desk has built a strong supply chain moving large volumes of responsibly-sourced (conflict-free) tin concentrates. Gerald, together with its partners, is committed to complying with the OECD Due Diligence.
- Gerald only operates with reputable and trusted partners. Due diligence on all counterparties is performed through our Know-Your-Customer (“KYC”) process. No trade can be transacted with a counterparty unless KYC screening is completed.
- In addition to the KYC process, Gerald also performs rigorous due diligence on logistics service providers along the supply chain. Gerald maintains close working relationships with service providers and visits key facilities.
- The tin desk constantly tracks the cargo moving through the African continent very closely and has ongoing discussions with its suppliers.
- Gerald sells concentrates to smelters or tolls the material and then sells it globally.



### Assessment of Risks

- Before any transaction is concluded, a Gerald trader along with a member of Gerald's Mining/Technical team goes to the country in which the material originates to perform due diligence.
- Before these due diligence trips are arranged, the counterparties are already KYC cleared and the internal requirements have been met allowing the trader to transact with the counterparty.
- All activities are bound by Gerald's Code of Conduct ("Code"). The Code ensures compliance with relevant legal obligations, as well as with ethical and social responsibilities. We encourage and expect our counterparties and business partners to embrace and uphold values that are consistent with the principles and standards set forth in this Code.
- In addition to the in-country assessment, Gerald regularly reviews and applies the information provided by ITSCi to challenge or validate its own findings.
- The purpose of these in-country due diligence trips is to inspect and assess the supplier's mining operation and internal controls implemented by suppliers. Matters assessed on these in-country trips include:
  1. No presence of children at the site.
  2. Use of Personal Protection Equipment ("PPE") by the miners.
  3. Establishing whether there are adequate rules in place for working at any depth and undercutting, and how they comply with health and safety requirements.
  4. Availability of drinking water for mining personnel.
  5. Relationship between the supplier and the surrounding community (e.g. whether there are social programmes in place).
  6. Whether minerals are being supplied from the supplier's own sites (licenced areas).
  7. Whether the amount of material the supplier is agreeing to supply is reasonable, considering the size of the mining operation and what the mine is producing.
  8. Review of the ore body and processing facilities to ascertain the expected monthly output from the site.
  9. Whether minerals are sourced from third-party miners outside of the suppliers own licenced areas, and if so undertake adequate due diligence work to determine whether their operations and the supplies being introduced into the supply chain meet required standards.
  10. Ownership of warehouses used to store the supplier's mineral in-country and the adequacy of the controls and security over the concentrate.
  11. Meetings and engagements with the transport/trucking companies to assess their ability to effectively manage and control the risks along the supply chain.
  12. Assessing whether the delivery modality can increase the traceability while minimising the risks, e.g. by changing delivery from CIF to FOT so we could better control the flows.



### Risk Mitigation

- Gerald will engage in open discussions with suppliers to ensure that any areas of concern are properly addressed. After the discussions and review, reporting to Gerald is undertaken and appropriate protocols and controls are put in place. Gerald's operations/traffic teams follow the protocols and controls at all times and for all payments.
- As a rule, Gerald applies a very selective process when choosing local suppliers and other supply chain participants. Instead of having multiple suppliers per region, which may lead to mis-steps, Gerald selects only one supplier per area and with Gerald's support and monitoring, that supplier can grow.
- Upon completion of the above and approving the supply chain, Gerald will instruct that the trucking companies to send a daily tracker of where each sealed and controlled container of mineral is along the supply route at any time.
- Site trips are undertaken at least annually for each supplier as part of the ongoing due diligence process. More frequent site trips maybe be warranted by the specific risks presented by each counterparty under its respective set of facts and circumstances.
- If, on subsequent trips, or at any time during the ensuing period, Gerald has a concern over a counterparty or the supply chain, Gerald will immediately flag it to the counterparty for review and action.
- If the supplier's response to Gerald's concern is acceptable, Gerald will not suspend payments.
- If the supplier's response is inadequate, Gerald will suspend further payments and work closely with the supplier to ensure the matter is rectified. Once the matter is resolved, Gerald will continue payments and deliveries.
- Concerns can be alleviated either through the supplier's rectification of the matter or by the supplier's implementation of the remediation process requested by Gerald.
- If no such rectification is made and Gerald cannot confirm a supplier's compliance with the required Gerald supply chain policies, Gerald will terminate contracts and advise the relevant stakeholders in the supply chain of such termination.
- Each 1mt/500kg bag or drum of tin concentrate that is supplied must be sealed in-country and assigned a corresponding unique alphanumeric identification. When containers are opened at the receiver smelter, the smelter will advise Gerald of the condition of the seals and send Gerald the alphanumeric numbers of each bag or drum as received by them. These are reconciled to ensure the mineral that left the country is the mineral that was received by the smelter. This is further assured by the independent inspection company who assays against the unique identifying tags and markings.
- Other data shared with our client includes information on origin of material and the identity of our supplier, thus providing full traceability for those downstream in the supply chain.
- Gerald site visits were made in February and March of 2020 to all our partner mines. Given the imposed travel restrictions Gerald has set up weekly calls with the mines and logistics operators, and arranged third party inspectors visit to storage facilities, to ensure accountability of stakeholders and control over the supply chains. Gerald is also coordinating a visit by the head of the tin desk for Q3, 2021.



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The background is a complex abstract composition. The left side features deep blue and cyan wavy, marbled patterns. The right side is dominated by a topographic map overlay with numerous orange contour lines of varying thicknesses, creating a sense of depth and elevation. The overall color palette is dark blue, cyan, and orange.

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