

ANNUAL **5 STEPS** DUE DILIGENCE REPORT

Referring to 01/01/2024 – 31/12/2024



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INTRODUCTION AND COMPANY BACKGROUND

LuNa Smelter Ltd. is a leading **tin metal producer** based in **Kigali, Rwanda**, East Africa. Established in **2018**, LuNa is jointly owned by **Luma Holding Ltd.**, a private European industrial group focused on the metallurgical, mining, and automotive industries (majority shareholder), and **Ngali Holdings**, a Rwandan professional investment company (minority shareholder).

The company aims to be a **catalyst for industry transformation** and a **trailblazer in promoting diversity and sustainability**. Its operational model is grounded in **ESG-driven investments**, with a strong emphasis on **traceability, gender equality**, and the **empowerment of underserved communities**.

LuNa Smelter sources its primary raw material – **cassiterite concentrate** – from **Rwanda**, also provides **toll smelting** services to both domestic and international partners. Its value creation strategy is built on the development of **a stable and transparent raw materials supply chain**, supported by responsible sourcing practices in Rwanda and the wider Great Lakes Region.

The company operates **a modern tin smelting and refining facility**, complemented by an **ISO/IEC 17025:2017 – accredited laboratory** located in Kigali. The quality of LuNa's tin ingots meets **the London Metal Exchange (LME)** standard for tin metal.

LuNa Smelter also operates its own **Chain of Custody (CoC)** system, licensed under **No. RMB/ESP/01/042022/042027** by the Rwanda Mines, Petroleum and Gas Board (RMB). The company receives materials under multiple traceability systems and is officially listed as a **conformant smelter under the Responsible Minerals Assurance Process (RMAP)** – the flagship program of the **Responsible Minerals Initiative (RMI)**. LuNa's RMI Smelter ID is **CID003387**.

As part of its commitment to innovation and transparency, LuNa utilizes the Minespider platform to digitize and securely exchange due diligence data across its supply chain. The Minespider system is specifically implemented at LuNa's own mines and for the export of tin ingots.

This **Due Diligence Report** outlines LuNa Smelter's due diligence activities conducted during the **2024 reporting period**, in accordance with the **OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas – Third Edition**.

STEP 1. ESTABLISH STRONG COMPANY MANAGEMENT SYSTEMS

LuNa Smelter has implemented robust management systems aligned with **international** standards to ensure effective traceability, data integrity, and compliance across its supply chain. These systems form the foundation of LuNa's due diligence program and support continuous improvement, risk mitigation, and transparency throughout mineral sourcing operations. By aligning with **ISO management frameworks**, LuNa strengthens the credibility of the data recorded in its **blockchain-based traceability system**, as these standards require a structured and well-documented approach to due diligence, recordkeeping, and operational control.

LuNa's ISO-Certified Management Systems:

- **ISO 9001:2015 – Quality Management System**

Certified by Bureau Veritas, this standard ensures customer satisfaction, process efficiency, and continual improvement. It mandates strict documentation and controls for traceability, compliance, and operational consistency.

- **ISO 14001:2015 – Environmental Management System**

Also certified by Bureau Veritas, this framework supports LuNa's commitment to sustainable practices and environmental responsibility in production.

- **ISO/IEC 17025:2017 – Laboratory Accreditation**

Granted by the American Association for Laboratory Accreditation (A2LA), this standard ensures that LuNa's laboratory operates with globally recognized competence in testing and calibration.

- **ISO 45001:2018 – Occupational Health and Safety Management System**

Achieved in December 2024, this certification reflects LuNa's dedication to maintaining a safe working environment and protecting workforce health and operational continuity.

Key Elements of LuNa's Internal Management System

Document Control:

All traceability-related records – such as compliance documentation, audit reports, and operating procedures – are maintained in a **standardized and secure format**. Changes to processes require formal review, approval, and documentation to maintain traceability and version control.

Process Consistency:

Standard operating procedures ensure that traceability and due diligence data are collected, stored, and managed consistently. This minimizes the risk of human error, discrepancies, and manipulation, while strengthening the integrity of data encoded into blockchain systems.

Internal Audits and Compliance Assessments:

LuNa conducts internal audits at least **once per year**, based on the **ISO 9001:2015** framework and guided by ISO 19011:2018 auditing principles. These audits assess conformity to procedures, identify non-conformities, and initiate corrective actions to ensure full compliance and continuous improvement across all departments.

1.1. Company Supply Chain Policy

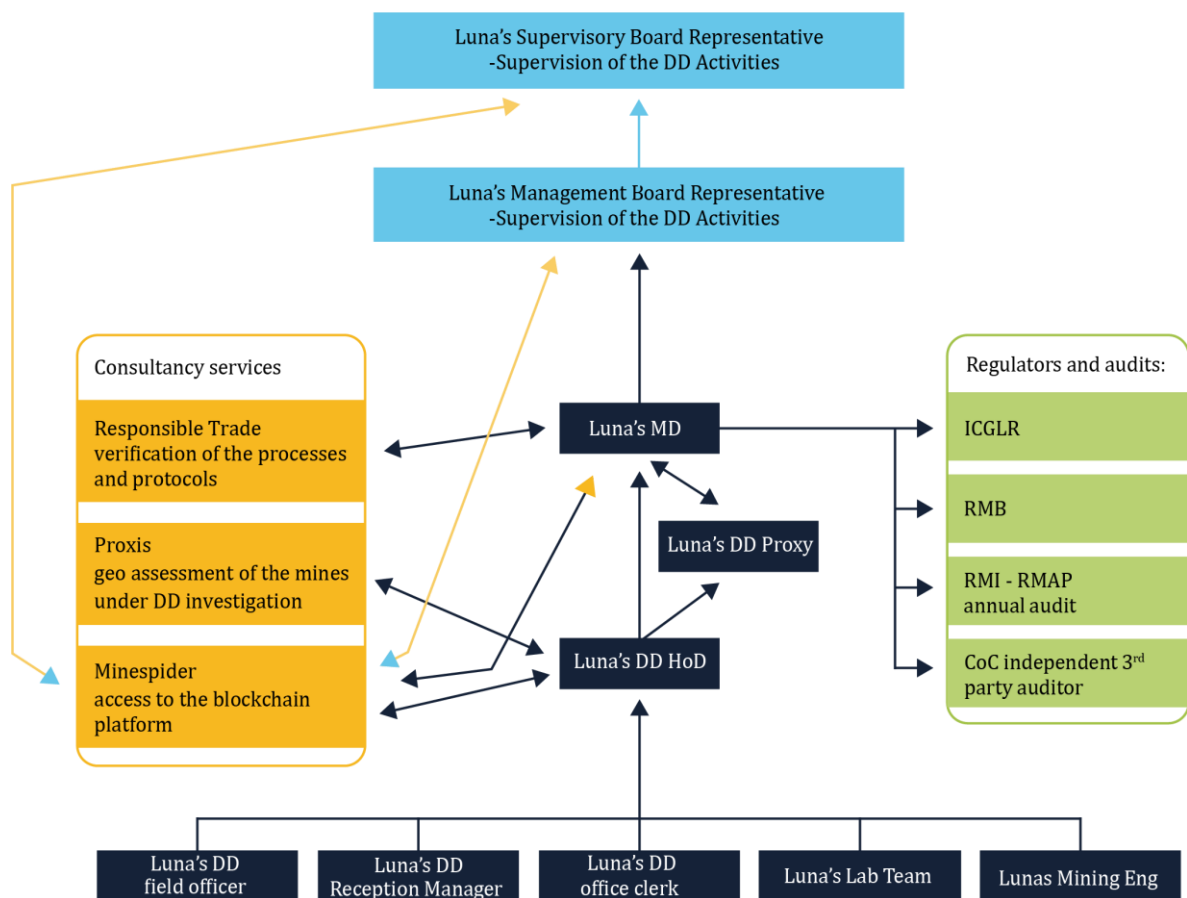
Acknowledging the potential for substantial adverse consequences linked to the extraction, trade, handling, and export of minerals from conflict-affected and high-risk regions, and recognizing its obligation to uphold human rights and refrain from contributing to conflicts, LuNa Smelter Ltd has devised and put into effect the Supply Chain Management Policy. The policy has been reviewed and approved by the Company's senior management and covers all risks identified in Annex II of the OECD Guidance and its geographic scope is global. It is publicly available at LuNa's website www.lunasmelter.com and is widely communicated as the guiding document to relevant stakeholders (suppliers, customers, employees, etc.).

1.2. DD Management Systems

The company also follows through with its determination in the supply chain management policy, has developed, and implemented an internal Supply Chain Due Diligence Procedure, which includes the following aspects:

- The Management Board is responsible for overseeing the overall design, implementation, and continuous improvement of the due diligence program and associated risk management framework.
- The Managing Director is designated to coordinate the efforts of all relevant departments, namely, the Cassiterite Department, Production Department, Finance Department, Due Diligence Department, and Mining & Exploration Activities. This coordination ensures that each department fulfills its respective responsibilities in implementing the supply chain management policy, including the identification, reporting, and mitigation of red flags and potential risks.

1.2.1. Structure of the DD



1.2.2. Organisational structure and oversight

Managing Director (MD) & Proxy

- Provide oversight for all due diligence (DD) activities within Rwanda and the broader region.
- Ensure that DD procedures are effectively implemented at both national and international levels, as required.

Due Diligence Department

- Headed by the **Head of Department**, supported by **Investigators** and **Compliance Officers**.
- **Key Responsibilities:**
 - Implementation and enforcement of the Supply Chain Due Diligence Policy.
 - Oversight of traceability systems across the supply chain.

- Management and maintenance of audit documentation.
- Digitisation of supply chain data using the **Minespider Blockchain**.
- Verification of data accuracy and integrity.

LuNa Laboratory Unit

- Operates under **ISO/IEC 17025:2017** accreditation.
- Responsible for verifying the chemical composition of cassiterite.
- Correlates laboratory results with geological evaluations to ensure consistency and reliability.

Mining Department

- Conducts plausibility assessments of supplier production using geospatial data and on-site inspections.
- Findings are compiled into **annual, supplier-specific plausibility reports**.

External Expert Support

- **Proxis (Geological and Exploration Services)**
 - Evaluates the geological potential and mineralization characteristics of each supplier site.
- **Responsible Trade (U.S.-based entity)**
 - Supports the Due Diligence process and review of programs.
 - Supports the design and implementation of risk mitigation strategies.
- **Minespider (blockchain platform provider)**
 - Provides secure digital infrastructure for data storage, management, and exchange related to due diligence processes.

1.3. System of Controls and Transparency

LuNa established its due diligence management system in July 2019 to align with the OECD Due Diligence Guidance and the Responsible Minerals Assurance Process (RMAP). The company communicates its supply chain management policy and sourcing requirements to identified upstream suppliers during onboarding and periodically as needed.

Due diligence requirements have been incorporated into legally binding agreements with key stakeholders. Suppliers commit to complying with relevant regulations, especially the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, United Nations sanctions resolutions or, where applicable, domestic laws implementing such resolutions. They are also required to uphold ethical standards and maintain

transparency in business operations. To confirm their commitment, suppliers must sign an Acknowledgement Statement.

A monthly Due Diligence Meeting is convened by the company to scrutinize LuNa's supply chain. These meetings involve reviewing the chain of custody (CoC), assessing due diligence implementation and compliance, and developing response strategies for identified risks or incidents. During the meeting, the due diligence (DD) team verifies all suppliers for the month by reviewing due diligence documents, including the KYC form, mining license, RDB certificate, mine site form, CAHRA form, supply chain policy, and other related policies.

In line with its supply chain procedure, LuNa conducted on-ground visits to all 53 suppliers during the reporting period.

On-ground Assessment Summary

During assessments at mine sites, it was observed that production was plausible and consistent with actual operations on the ground. There were no signs of unjustified production or changes in the type of extracted minerals. Suppliers were encouraged to continue complying with laws and regulations, including the OECD Guidance, ICGLR Regional Certification Mechanism (RCM), and national mining law. Emphasis was placed on the importance of adopting modern mining technologies to enhance both mineral extraction and processing, thereby improving production levels.

No risks were identified during supplier assessments conducted for this reporting period.

Additional Oversight and Operational Controls

In addition to the due diligence and CoC personnel, LuNa has established additional layers of internal oversight to strengthen its supply chain integrity. The Warehouse Officer is responsible for managing stock reconciliation by ensuring that all incoming and outgoing minerals are accurately recorded, thus supporting full traceability and inventory control. Regular reconciliation reports are submitted to senior management for review. Complementing this role, the Security Officer continuously monitors activities within and around the facility – including working areas and storage zones – to deter and detect any fraudulent or unlawful behavior. These combined efforts play a critical role in safeguarding the integrity of LuNa's operations and ensuring continued compliance with responsible sourcing standards.

Grievance Mechanism

LuNa developed its grievance policy and implemented an internal grievance mechanism to collect concerns from interested parties. During the reporting period, no grievances were reported. For more information about the grievance policy, please visit www.lunasmelter.com.

Whistle-Blowing Policy

LuNa has also developed a whistle-blowing policy to enable the reporting of any matter considered illegal, improper, or in violation of company policies, applicable laws, or regulations. The whistle-blowing policy is publicly available at www.lunasmelter.com.

1.4. Record keeping System

All records related to due diligence activities are securely maintained for a minimum of five years. These records are safely stored both at LuNa's physical premises and on internal company servers.

For minerals sourced from Rwanda, LuNa also uploads and stores suppliers' due diligence documentation on the **Minespider platform**. A blockchain-based system aimed at improving transparency and traceability within supply chains. Detailed information regarding the solution is provided in section 2.11

By accessing the platform, users can view key due diligence documents for each supplier, including the mining or trading license, company registration documents, on-ground/mine site assessment reports, KYC documentation, and CAHRA form.

STEP 2. IDENTIFY AND ASSESS RISKS IN THE SUPPLY CHAIN

Rwanda's geographical proximity to the Democratic Republic of the Congo (DRC) has led to its classification as a **Conflict-Affected and High-Risk Area (CAHRA)** as per the definition of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which states that minerals sourced from the DRC and adjoining countries are considered "conflict minerals". Where EU defines CAHRA as regions where there is armed conflict, widespread violence, or weak governance, which can lead to human rights abuses, corruption, and other significant risks. While Rwanda has made significant progress in regulating its mining sector and promoting conflict-free sourcing, its location continues to place it within the scope of heightened regulatory attention under international due diligence frameworks.

As a company operating within a complex international mineral supply chain, **LuNa Smelter** recognizes that above classification introduces both elevated risks and increased responsibilities. The company's sourcing and operational strategies are shaped by global regulatory frameworks, which define CAHRAs and impose obligations on businesses sourcing from or operating in these regions.

LuNa must navigate dual regulatory landscapes to meet compliance expectations from both **U.S. and European Union (EU) frameworks**, including the U.S. Dodd-Frank Act and the EU Conflict Minerals Regulation. This requires the company to tailor its due diligence practices to support the specific legal, ethical, and transparency requirements of both jurisdictions.

In response to these challenges, LuNa has taken several proactive steps to identify, assess, and mitigate risks across its supply chain. These measures ensure that the company not only meets regulatory requirements but also upholds its commitment to responsible sourcing and ethical business conduct.

2.1. Conflict-Affected and High-Risk Areas (CAHRAs)

LuNa has established a formal procedure to identify **Conflict-Affected and High-Risk Areas (CAHRAs)** within its supply chain. This procedure outlines the resources, criteria, and frequency of assessments used to determine whether a sourcing location falls within a CAHRA.

In addition to referencing countries listed under the **EU CAHRA List and the U.S. Dodd-Frank Act**, LuNa utilizes multiple reputable sources to identify additional CAHRAs, including:

- **Heidelberg Conflict Barometer** – Offers annual conflict maps depicting the presence and intensity of armed conflict.
- **Fragile States Index (FSI)** – Provides data on widespread human rights abuses and institutional vulnerability.
- **Violations of National or International Law** – Any documented breaches are used as indicators of risk.
- **Worldwide Governance Indicators** – Focuses on governance metrics, particularly corruption and the misuse of public power for private gain.
- **Political and Security Risk Maps** – Visual tools to assess broader regional security concerns.

In accordance with its **Supply Chain Management Policy** and supported by these external sources, LuNa has defined clear criteria and benchmark indicators to determine CAHRA status. The procedure also outlines appropriate courses of action for sourcing decisions once a CAHRA designation is made.

As LuNa is physically located in Rwanda – a country classified as a CAHRA under the **U.S. Dodd-Frank Act** – the company conducts **enhanced due diligence** for all materials received, in full compliance with the **Responsible Minerals Assurance Process (RMAP)** standards.

While Rwanda is **not classified as a CAHRA under the EU Conflict Minerals Regulation**, LuNa maintains its CAHRA procedure to conform with U.S. regulations and to uphold the highest standards of responsible sourcing across all regulatory frameworks.

2.2. KYC

LuNa has developed a comprehensive **Know Your Counterparty (KYC)** form to collect detailed information regarding the legal status, identity, structure, and risk profile of each supplier. The form covers critical areas such as supplier registration, ownership structure, key personnel, cooperative management teams, and supplier location mapping.

Completion and submission of the KYC form is a mandatory requirement for all suppliers. The forms must be signed and returned to LuNa prior to the commencement of any commercial relationship. The **Due Diligence Manager** reviews all submitted KYC forms in collaboration with a Managing Director to ensure accuracy, consistency, and completeness.

If any inconsistencies, errors, or missing information are identified, the Due Diligence Manager communicates the areas for improvement directly to the supplier and requests an updated version of the form. Where needed, LuNa engages further with suppliers to clarify discrepancies and support corrective actions, maintaining a proactive and collaborative approach to due diligence.

As part of the KYC process, all listed management personnel are screened against international sanctions databases, specifically the **United Nations Security Council (UNSC) Consolidated List**, the **U.S. Office of Foreign Assets Control (OFAC) Sanctions List**, **EU and UK Sanctions Lists** to ensure compliance with global restrictions and prevent engagement with prohibited entities.

In addition to the United Nations Security Council (UNSC) Consolidated List and the U.S. Office of Foreign Assets Control (OFAC) Sanctions List, the company's KYC process includes screening management personnel against other key international sanctions and watchlists to ensure compliance with global regulations.

These include the:

- **European Union (EU) Consolidated Sanctions List**
- **Canada's Consolidated Sanctions List** (under SEMA)
- **Japan's MOFA Sanctions List**
- **UK Sanctions List** (OFSI)
- **Australia's Consolidated List** (DFAT)

Depending on risk level and jurisdiction, additional screening may include regional lists, PEP databases, Interpol Red Notices, and the World Bank Debarred Parties List.

This multi-list approach supports robust due diligence and aligns with international compliance standards.

During the reporting period, no red flags were identified in any submitted KYC forms. LuNa successfully collected and reviewed KYC forms from all **62 active suppliers**, reflecting full compliance with this due diligence requirement.

2.3. Mine Site Report

A Mine Site Report is a crucial document in responsible mineral sourcing, particularly in Conflict-Affected and High-Risk Areas (CAHRAs). It verifies risks outlined in Annex II of the OECD Due Diligence Guidance, focusing on human rights abuses, direct or indirect support to non-state armed groups, bribery, money laundering, and unlawful taxation. The report includes details about the mine's location, ownership, and compliance with legal and industry standards. It assesses whether minerals extracted from the site contribute to financing armed conflict or human rights violations. Additionally, it examines the integrity of the supply chain, ensuring that minerals are legally sourced and documented. If risks are identified, the report recommends mitigation measures, such as improving traceability, strengthening governance, and implementing corrective actions.

2.4. Geological Assessment Report

A **Geological Assessment Report** is a critical document that evaluates the **geological potential** and **mineralization structure** of a supplier's mining site. This assessment helps determine whether the reported mineral production is geologically plausible and aligns with the natural mineral deposits in the region.

The report begins with an analysis of the mine's **geological setting**, including rock formations, ore deposit types, and the history of mineralization. It examines factors such as soil composition which influences the presence and concentration of valuable minerals. Geological surveys, including core sampling and geophysical mapping, are conducted to assess the actual quantity and quality of mineral deposits.

The **mineralization structure** is also evaluated to understand how minerals are distributed within the rock formations. This includes studying vein structures, ore grades, and extraction feasibility. The report verifies whether the supplier's production claims align with the expected output based on the site's geological characteristics.

2.5. Production Plausibility Report

Assessing **supplier production plausibility using geospatial data and on-site evaluations** is a crucial step in responsible mineral sourcing. This process ensures that the volume of minerals a supplier claims to produce aligns with the physical and geological realities of the mining site.

Using **geospatial data**, analysts and GIS (Geographic Information System) mapping to assess the size, activity level, and environmental impact of a mining operation. This helps verify whether the reported mineral output is realistic based on the mine's known reserves, extraction capacity, and operational footprint.

Complementing geospatial analysis, **on-site evaluations** involve physical inspections where experts visit the mine to verify production methods, worker presence, equipment use, and supply chain practices. These inspections help detect fraudulent reporting, illegal mining activities, or inconsistencies in production claims.

2.6. Additional Information

LuNa requires specific supporting documents for each mineral delivery and transaction, including the **mining license, government-issued business registration certificate, and Chain of Custody (CoC) documents**. These documents enable the company to verify and fully understand the origin of the transaction, the transportation route, and the identities of all direct suppliers, including the **mine of origin** and exact **locations** involved.

LuNa Smelter ensures the verification of tax payments through multiple methods. It reviews official receipts and confirmations issued by tax authorities as proof of payment. Additionally, the company verifies the Tax Clearance Certificate, which serves as official confirmation that a company has fulfilled its tax obligations.

For insurance payments, LuNa Smelter conducts verification by examining the contract between the mining company and the insurer, ensuring that valid coverage is in place.

In addition to its internal due diligence efforts, LuNa also monitors publications and updates from relevant **3T stakeholder initiatives** to stay aligned with industry trends and risk assessments.

2.7. Tolling Services

Tolling is defined as a transaction in which materials are processed by a smelter on behalf of a client, who retains ownership of specific elements and/or volumes of the processed materials. As of **July 2023**, LuNa Smelter began offering **tolling services** to the mineral trading entities operating in the region.

During the reporting period, LuNa engaged in tolling activities with one supplier, **Luma Trading**, and successfully **completed seven tolling services**, processing a total of **185,300 kg of cassiterite minerals**.

2.8. Due Diligence on Tolling Services

LuNa Smelter implements a rigorous due diligence process for all tolling services. This process is designed to ensure full traceability, compliance with ethical and legal standards, and adherence to international best practices across the entire supply chain – from the point of origin to final processing.

1. Material Delivery and Receiving Documentation

Upon receipt of cassiterite for tolling, the following documentation is required to verify delivery details and initiate traceability procedures:

- **IM5 Form:** A transport document that confirms the shipment of cassiterite from the **supplier** to LuNa Smelter. It includes critical information such as quantity, shipping route, sender, and receiver details.

2. Supplier Traceability Documentation

To ensure responsible sourcing, suppliers must provide the following documents:

- **Certificate of Origin:** Official documentation – preferably issued by a government authority – verifying the geographic origin of the cassiterite.
- **Chain of Custody Records:** Detailed documentation outlining each stage of handling, transportation, and storage of the material prior to its arrival at LuNa Smelter. This includes any intermediate processing or storage points that may impact the material's traceability and integrity.

3. Compliance and Legal Documentation

To ensure legal conformity and regulatory compliance, the following documents are reviewed:

- **Customs and Import Documentation:** Including customs declarations, import invoices, and proof of compliance with relevant local tax and import regulations.
- **Export/Import Licenses:** Where applicable, legal authorization for the import or export of cassiterite, confirming that both supplier and smelter operate within the bounds of national and international law.
- **Due Diligence Certification (ICGLR Certificate):** This certification confirms that the cassiterite has been sourced, processed, and traded in accordance with the International Conference on the Great Lakes Region (ICGLR) standards, including conflict-free sourcing and compliance with human rights and environmental criteria.

4. Enhanced Due Diligence Requirements for Tolling Suppliers

LuNa Smelter requires its tolling suppliers to provide evidence of enhanced due diligence practices. This includes, but is not limited to **Know Your Customer (KYC) documentation, Valid operating and export licenses, On-ground risk assessments, Environmental and social due diligence documentation.**

Where risks are identified or where additional verification is necessary, LuNa Smelter engages an independent external team of experts to conduct enhanced due diligence on-site. These assessments further strengthen supply chain integrity and ensure that all operations align with OECD Due Diligence Guidance and LuNa's Risk and Opportunities Management Procedure.

2.9. High-risk sourcing

Given that **LuNa Smelter and all of its suppliers are located in Conflict-Affected and High-Risk Areas (CAHRAs)**, the company classifies all sourced minerals as **“high-risk”** under international due diligence standards. In accordance with this determination, LuNa has implemented **enhanced due diligence measures** across its entire supply chain.

The enhanced due diligence activities included:

- **Assessing the context of CAHRAs**, using recognized indicators and external resources to understand regional risks.
- **Clarifying the chain of custody**, ensuring that each shipment could be traced back to its mine of origin through verified documentation.

During the reporting period, LuNa Smelter received mineral consignments from **62 suppliers**, all of whom were **duly verified and found to be in full compliance** with LuNa Smelter’s sourcing requirements. These suppliers met the expectations defined in the company’s supply chain due diligence procedure, including documentation, transparency, and risk mitigation protocols.

2.10. On-the-ground assessment

As part of its enhanced due diligence in high-risk supply chains, LuNa conducts **on-the-ground assessments** to gather factual information, map risks, and evaluate the operational context at mine sites. These assessments are carried out **by LuNa’s internal due diligence officers** in accordance with international best practices and OECD Guidance.

The assessments focus on identifying and evaluating the following key risk areas, consistent with the OECD Due Diligence Guidance Annex II:

- **Serious human rights abuses** associated with the extraction of minerals, including the location and qualitative conditions of the mining activities;
- **Direct or indirect support to non-state armed groups;**
- **Involvement of public or private security forces** in mineral trade, transport, or extraction;
- **Bribery and fraudulent misrepresentation** of the origin of minerals;
- **Money laundering and** illicit financial flows;
- **Non-payment or underpayment of taxes, fees, and royalties** due to governments.

The results of each mine site assessment are documented in an official **assessment report**, which accompanies the material when it is transported from the mine site to LuNa Smelter. These reports serve as critical evidence supporting the traceability and integrity of the supply chain.

Any risks identified during the on-ground assessments are escalated for review during LuNa's **monthly Due Diligence Meetings**, where decisions are made on risk mitigation actions, supplier engagement, or suspension, as needed.

2.11. Methodology for On-the-Ground Assessments

In accordance with Luna's Chain of Custody (CoC) procedure, LuNa Smelter employs a structured, field-based, mixed-methodology for conducting on-the-ground assessments, combining empirical observation, stakeholder engagement, and documentary verification. The methodology is implemented as part of LuNa Smelter's due diligence system in alignment with OECD Annex II and RMAP standards and is designed to ensure rigorous risk monitoring throughout the supply chain

Planning of visits

Planning: Assessments are scheduled periodically according to the traceability system used. The Due Diligence Officer coordinates the planning with the relevant supply chain actors.

- For sites operating under the LuNa Smelter traceability system (CoC), a full assessment is conducted annually, supplemented by spot-check visits every six months.
- For entities integrated into the other traceability systems, annual assessments are also carried out.
- Unscheduled spot-check visits may also be triggered at any time in the event of:
 - a change in the mode of production,
 - significant changes in personnel or equipment
 - a dispute or any other risk indicator,
 - grievance notification,triggered by information obtained from Luna's stakeholders, including local and central government authorities, other suppliers, community representatives, NGO operating in the region, international monitoring institutions, other traceability schemes and organisations, ICGLR representatives and other relevant stakeholders.

2.12. Practices for On-the-Ground Assessments

During field visits, LuNa's teams carry out the following core practices

- **Engagement with Local Stakeholders:**

LuNa conducts interviews with mine workers, cooperative leaders, local authorities, transporters, and community members. These discussions help identify context-specific risks such as labor conditions, security arrangements, and community concerns.

- **Physical Site Inspections:**

Teams perform visual and physical inspections at mine sites, processing centers, and transport points. These inspections assess working conditions, compliance with traceability protocols, site security, the presence of children, and other red flags related to Annex II risks.

- **Verification of Documents and Records:**

LuNa reviews production data, transport documents, miner registration logs, tag books, and traceability system entries on-site. These records are checked for consistency with observed practices and declared outputs.

- **Annex II Risk Checks:**

Particular attention is given to identifying risks outlined in Annex II of the OECD Guidance, such as forced or child labor, human rights abuses, direct or indirect support to armed groups, and bribery. Any indicators are documented and followed up in accordance with LuNa's escalation protocol.

- **Use of Assessment Findings**

- **Risk Evaluation and Reporting:**

All information gathered is analyzed using LuNa's internal risk classification criteria. Each visit results in a written report detailing the findings, risk levels, and required corrective actions. These reports form the basis for follow-up monitoring.

- **Integration into Risk Management Plans:**

The findings from assessments are integrated into LuNa's overall risk management strategy. Corrective actions are tracked and verified during subsequent visits or remote reviews.

- **Feedback and Continuous Monitoring:**

LuNa shares findings with supply chain actors and, where needed, provides guidance for improvement. Recurrent issues are addressed through supplier engagement and, in some cases, additional training or suspension measures.

The results of the assessments are not only archived for audit and compliance purposes but also integrated into LuNa's overarching risk mitigation and management strategies. **This** ensures that the company's due diligence approach remains responsive, risk-based, and aligned with international best practices

These practices ensure that LuNa's on-the-ground assessments are not only aligned with international due diligence expectations but also provide tangible, practical insights for improving risk mitigation in the field. The practices are detailed in LuNa's internal Chain of Custody (CoC) procedures and are consistently applied across all sourcing regions.

2.13. Cooperation of third-party assurance mechanisms

Since the previous reporting period, LuNa has made significant changes to its approach to responsible sourcing and supply chain management, reflecting a strategic shift toward more direct oversight and stronger internal governance. LuNa receives materials covered under **various traceability systems** used by its suppliers, each differing in standards, structure, and level of compliance. To manage this complexity, LuNa has enhanced its due diligence procedures to ensure that all materials – regardless of the traceability system – are sourced in a responsible, ethical, and transparent manner.

These developments reflect LuNa's ongoing commitment to **responsible sourcing**, with an increased focus on **internal control, supply chain ownership, and sustainability leadership**. The adoption of the LuNa CoC and the strengthening of due diligence practices across diverse traceability systems reinforce the company's alignment with the highest standards of ethical conduct and social responsibility.

Remark – Withdrawal from iTSCI:

As of **July 2024**, LuNa Smelter formally withdrew its membership from the **International Tin Supply Chain Initiative (iTSCI)**. This decision was driven by the company's intent to adopt a more customized and direct approach to responsible sourcing—one that allows for improved oversight, agility, and alignment with LuNa's internal standards as well as expectations of its customers.

2.14. LuNa CoC System

During the reporting period, LuNa officially implemented its new **Chain of Custody (LuNa CoC)** system to enhance traceability and risk assessment for each high-risk sourcing transaction. The LuNa CoC was formally launched in **September 2024** for all **external suppliers**, following the approval of the LuNa CoC procedure in **August 2024**.

This internal system is designed to:

- Promote ethical business practices and responsible sourcing.
- Ensure supplier compliance with international standards on **human rights, labor practices, environmental protection, and anti-corruption**.
- Provide a structured and transparent framework through which suppliers align with LuNa's sustainability and responsible sourcing goals.

The LuNa CoC system provides a structured framework that integrates field verification, real-time data capture, and blockchain technology to ensure

transparency and compliance throughout the supply chain. The system includes the following key components:

1. **Mapping of the mineral extraction and transportation process**, identifying all critical control points in the supply chain.
2. **Establishment of a communication and data-sharing channel between**
mine sites and the smelter, facilitated via a blockchain platform.
3. **On-ground Chain of Custody assessments** conducted by LuNa due diligence officers;
4. **Development of mineralogical profiles** for each mine site covered under the LuNa CoC.
5. **Creation of production plausibility reports** to validate the consistency between declared production and actual site conditions.
6. **Regular physical inspections** to confirm mine site compliance with applicable laws, regulations, and tagging procedures, with all data input into the blockchain platform;
7. **Baseline data collection and periodic** updates to maintain an accurate profile of each mine.

The LuNa CoC system includes ongoing on-site monitoring, incident tracking, and reporting mechanisms. It generates the following documentation as part of the traceability process:

- **Baseline Assessment Reports**, aligned with OECD Guidance Annex II, prepared at the beginning of the supplier relationship.
- **Dynamic Evaluation Reports**, reflecting continuous monitoring of on-the-ground risks and incidents.
- **Product Passports**, generated for each batch delivered from the mine to LuNa Smelter, and from LuNa to the final buyer of tin ingots.

By leveraging blockchain integration, the LuNa CoC enhances transparency, operational efficiency, and data integrity, while strengthening stakeholder trust and regulatory compliance.

2.15. Original Evidence

LuNa also sources cassiterite through a **traceability system approved by the Government of Rwanda**, designed to ensure oversight of mineral movements from mine sites to end-users. This digital system, developed by Power X, supports due diligence by providing verified data on mineral type, quantity, government approval, and the entities involved in the transfer.

This tool serves as an **additional layer of evidence** in LuNa's due diligence process, supporting traceability and regulatory compliance for domestically sourced minerals.

2.16. The blockchain technology for minerals traceability

As outlined in Section 1.3.1, LuNa uses (since 2020) the **Minespider blockchain platform** to manage digital traceability through two key tools: **Entity Certificates** and **Product Passports**, organized across three layers: **Public**, **Transparent**, and **Private**.

These blockchain-based records securely store supplier and shipment data across classified access layers, enabling end-to-end traceability in the supply chain.

In 2024, LuNa published 89 Product Passports and updated 62 Entity Certificates on the Minespider platform, reinforcing its commitment to responsible sourcing and digital traceability.

Type of certificate	Public data layer	Transparent data layer	Private data layer
Luna Smelter Entity Certificate	<ol style="list-style-type: none"> General description RMAP Certificate ISO Certification General Presentation (pdf file) Link to Luna Smelter web page Links to Luna Smelter YT channel and SM 	<ol style="list-style-type: none"> RDB Certificate Licenses issued by local regulator – smelting / trading / DD services REMA permit Supply Chain Policy CAHRA identification policy Other policies Conformation of memberships – EPRM / EBCR / RMA / PSF / ERMA 	n.a.
Mine Site (supplier) Entity Certificate	<ol style="list-style-type: none"> Code of the mine with explanatory statement 	<ol style="list-style-type: none"> KYC form Mine site form RDB Certificate Mining License Copy CAHRA form Copy Supply Chain Policy Other policies if available 	<ol style="list-style-type: none"> Geological Review report Production plausibility report ICGLR audit records if available Incidents register if applicable
Smelter issued product passport (tin metal / tin drosses / tin drains / slags / other process byproducts)	<ol style="list-style-type: none"> General information – name of the smelter / contact details / link to entity certificate of the Smelter Marketing data – pictures of the product Information about the number of shipment and shipment date 	<ol style="list-style-type: none"> ICGLR certificate Certificate of origin Luna Laboratory tests results – chemical analysis Link to entity certificates of the concentrate suppliers used for the shipment 	<ol style="list-style-type: none"> Commercial invoice EX1 Document T1 Form – transit document
Mine site issued product passports (cassiterite)	<ol style="list-style-type: none"> General information and link to entity certificate of the supplier Picture of transport and sealed bags with the product 	<ol style="list-style-type: none"> Transport list (numbers of bags / tags / seals) 	<ol style="list-style-type: none"> Material transfer note Material reception note

This infrastructure ensures that critical due diligence documentation – including mine site data, transaction history, and transport records – is **verifiable, tamper-resistant, and accessible** to authorized stakeholders. It also links digital records to physical shipments via **unique identifiers and QR codes**, providing a seamless connection between material flows and digital documentation.

The compiled DD dataset and its corresponding classification within Luna's blockchain-based digital passport system.

By embedding blockchain technology into its sourcing practices, LuNa enhances its ability to:

- Ensure traceability of both upstream and downstream transactions.
- Meet the due diligence requirements of global stakeholders and regulators;
- Support transparent reporting to clients, auditors, and industry initiatives;
- Strengthen internal control and accountability across the supply chain.

The blockchain system is a key enabler of LuNa's broader responsible sourcing strategy and continues to support its commitment to ethical, secure, and fully traceable mineral flows.

STEP 3. DESIGN AND IMPLEMENT A STRATEGY TO RESPOND TO IDENTIFIED RISKS

LuNa ensures that **regular updates on the progress and outcomes** of supply chain risk assessments are consistently communicated to **senior management** to support proactive decision-making and accountability.

In line with LuNa's **Supply Chain Management Policy**, the company has established a **risk management procedure** aimed at ceasing business relationships with any supplier found to be purchasing or mining cassiterite that, either directly or indirectly, **supports or benefits armed groups** operating in the **Democratic Republic of the Congo (DRC)** or neighboring countries.

All risk management strategies are implemented in accordance with the **OECD Due Diligence Guidance, Annex III**, and are designed to ensure responsible sourcing, mitigate adverse impacts, and uphold LuNa's ethical and compliance commitments.

3.1. Risk Management Plan

LuNa has established a formal **Risk Management Plan** in accordance with its **Supply Chain Management Policy** and the **OECD Due Diligence Guidance, Annex III**. The plan outlines the company's strategy for responding to identified risks within its high-risk supply chains and sets clear protocols for escalation, mitigation, and disengagement when necessary.

Regular updates on risk assessments and mitigation efforts are reported by the **Due Diligence Manager** to both **Senior Management** and **the Board of Directors**. These updates are supported by field activities, documentation reviews, and supply chain monitoring.

Risk Response Actions

LuNa's risk response actions are categorized based on the nature and severity of the risk identified:

a) Serious Human Rights Abuses

If a reasonable risk is identified that a supplier is linked to serious abuses (as defined by the OECD Due Diligence Guidance, Third Edition), LuNa will **immediately suspend or terminate the business relationship with the supplier**.

b) Support to Non-State Armed Groups

LuNa maintains a **zero-tolerance policy** toward any direct or indirect support to non-state armed groups involved in the extraction, transport, trade, handling, or export of minerals. This includes procurement from, payment to, or logistical support for such groups. If a risk is identified, LuNa will **immediately disengage** from the supplier.

c) Public or Private Security Forces

Where there is a reasonable risk of direct or indirect support to public or private security forces, LuNa will adopt and implement a **time-bound risk management plan** in coordination with the supplier. If risk mitigation efforts fail within **six months**, LuNa will suspend or terminate the relationship.

d) Bribery, Fraudulent Misrepresentation, Money Laundering, or Non-Payment of Taxes

For risks involving bribery, misrepresentation of origin, money laundering, or tax evasion, LuNa will engage relevant stakeholders – including suppliers, government bodies, and civil society – to improve practices. If these risks cannot be mitigated within a reasonable timeframe, LuNa will proceed to **disengage** from the supplier.

3.1.1. Methodology for Risk Assessment and Analysis of On-the-Ground Assessments

To monitor the effectiveness of its risk management efforts, LuNa's Due Diligence Team conducts **on-site visits** and **spot checks**, with updates reviewed during **monthly internal due diligence meetings** and formally reported to the Board.

To strengthen the transparency and effectiveness of LuNa's due diligence process, the company has adopted the following structured methodology for assessing supply chain risks and analyzing results from on-the-ground assessments. This approach aligns with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals and supports continuous improvement in risk identification, evaluation, and mitigation.

1. Risk Criteria and Indicator Development

The company defines risk categories in accordance with Annex II of the OECD Guidance. For each category (e.g., serious human rights abuses, direct or indirect support to non-state armed groups, bribery, money laundering), specific indicators are established to guide risk identification.

Examples of indicators include:

Presence of security personnel at sites.

Involvement of children or forced labor.

Inadequate traceability or documentation.

Stakeholder complaints or grievances.

2. Data Collection and Triangulation

Risk data is collected through a combination of:

Site observations during on-the-ground assessments.

Interviews with key stakeholders (e.g., mine workers, cooperatives, local authorities, civil society).

Document and record reviews (e.g., due diligence files, production logs, export documentation).

Findings are validated through triangulation, where information from at least two independent sources is used to confirm a risk or incident.

3. Risk Scoring and Prioritization

Each risk is assessed based on:

Likelihood (How probable is the risk to occur?)

Impact (What is the severity or consequence if it does occur?)

Scores are assigned on a 1–5 scale and combined to determine overall risk level:

Low (1–5) – Monitor only.

Medium (6–10) – Monitor and plan mitigation.

High (12–16) – Immediate mitigation action required.

Critical (20–25) – Consider suspension or disengagement.

A risk matrix is maintained to document and prioritize findings.

4. Root Cause and Trend Analysis

Where high or critical risks are identified, the company undertakes a root cause analysis using tools such as 5 Whys Technique.

Comparative analysis is conducted across assessments to identify recurring patterns, systemic issues, or improvements over time.

5. Feasibility of Mitigation

Each risk is reviewed to determine:

Whether mitigation is feasible within the company's influence.

The stakeholders required to support risk resolution.

The timeline and resources needed for implementation.

Risks that cannot be mitigated may lead to suspension or disengagement, in accordance with company policy.

6. Stakeholder Validation

Before finalizing conclusions, the company shares preliminary risk findings with relevant local stakeholders, including cooperatives, civil society organizations, and government representatives – to ensure accuracy and inclusivity.

Feedback is documented, and findings are updated as needed.

7. Documentation, Reporting, and Follow-Up

All risk assessments are documented in a risk register and linked to the company's mitigation plan. The effectiveness of mitigation actions is tracked over time using Key Performance Indicators (KPIs) and regular monitoring visits.

Findings and outcomes are disclosed in the company's OECD Step 5 Annual Report, in line with transparency requirements.

3.2. Chain of Custody (CoC) Systems Supporting

LuNa utilizes multiple traceability systems to monitor supply chain activity and support risk mitigation:

I. iTSCi Traceability (Post-Withdrawal Monitoring)

Although LuNa **withdrew its membership from iTSCi** in July 2024, the company continues to receive materials from traders who operate under the iTSCi system. These traders remain obligated to meet international due diligence requirements, including providing complete **Chain of Custody documentation**, such as **mine site sheets** and **processing records**.

This documentation is essential for maintaining transparency, verifying the **origin and legitimacy** of the minerals, and ensuring compliance with the **OECD Guidance**.

II. Original Evidence System (OE)

LuNa also works with the **Original Evidence (OE)** system, developed by **Power X Smelter**, which has been assessed **as RMAP-conformant** by the **Responsible Minerals Initiative (RMI)**. This system supports government-approved traceability of Rwandan-sourced materials.

III. LuNa Chain of Custody (LuNa CoC)

LuNa implements its own internal Chain of Custody system to assess risks and maintain direct oversight of suppliers. The LuNa CoC framework includes:

- **Baseline Assessment Reports** – Initial site-level evaluation of OECD Annex II risks;
- **Dynamic Evaluation Reports** – Continuous monitoring of risks and incidents;
- **Spot Checks** – Unannounced field inspections to ensure supplier compliance.

These tools provide LuNa with real-time data and insights into supply chain behavior, enabling responsive and targeted risk management.

IV. External Data Sources

LuNa supplements its internal and third-party data with analysis of **external publications and conflict monitoring resources**, including reports by:

- **United Nations Group of Experts**
- **International Peace Information Service (IPIS)**
- **Global Witness**

In **March 2024**, following escalating conflict in North Kivu and reputational risks associated with South Kivu and iTSCi's performance, **Luma Trading** – LuNa's main tolling supplier – **ceased all material purchases from South-Kivu province and has exported its last container in March 2024**.

Below are some additional verifications done based on the public resources of information during the reporting period.

Date of assessment	Source of information	Key finding	Impact on LuNa' supply chain	Actions undertaken
30/04/2024	RMI webinar	Rubaya's coltan mine controlled by armed group	There was no impact, as LuNa Smelter does not source coltan.	N/A
15/05/2024	IPIS website	Coltan production from Rubaya site	There was no impact, as LuNa Smelter does not source coltan.	N/A
04/06/2024	UN GoE Report S2024/432	Cross-border gold smuggling	There was no impact, as LuNa Smelter does not source Gold	N/A

STEP 4. CARRY OUT INDEPENDENT THIRD-PARTY AUDIT OF SUPPLY CHAIN DUE DILIGENCE

As part of its commitment to responsible sourcing and supply chain transparency, LuNa Smelter undergoes regular third-party audits to assess conformance with international due diligence standards. On **05/27/2024 - 05/29/2024**, LuNa participated in a **Responsible Minerals Assurance Process (RMAP)** audit, conducted by **Arche Advisors**, to evaluate its implementation of responsible sourcing practices in line with the **OECD Due Diligence Guidance**.

The assessment provided a comprehensive review of LuNa's due diligence systems, including:

- **Governance Structures** – Evaluation of internal policies, roles, and oversight mechanisms to ensure alignment with the OECD Guidance, RMAP, and the EU Conflict Minerals Regulation;
- **Risk Assessment Processes** – Analysis of supplier screening, country-of-origin checks, and identification of red flags, particularly in Conflict-Affected and High-Risk Areas (CAHRAs);
- **Traceability Mechanisms** – Review of chain-of-custody controls, transaction records, and blockchain implementation for shipment-level tracking;
- **Grievance Mechanisms** – Examination of reporting channels, response protocols, and corrective action plans (CAPs);
- **Documentation Review** – Verification of supporting records such as invoices, shipping documents, and compliance documentation.

Key Audit Findings – 2024 RMAP Assessment ([Luna Public Report.pdf](#)):

Supply Chain Governance: Strong alignment with OECD Annex II Model Policy

- Material Traceability: KYC processes and mass balance reconciliation (2.86% margin of error – within industry norms)
- Risk Management: 394 out of 500 high-risk transactions sampled with verified mitigation steps
- On-the-Ground Assessments: Conducted in accordance with Certified Trading Chains (CTC) methodology
- Blockchain Traceability: Implementation of the Minespider platform for enhanced supply chain transparency

Upcoming RMAP Re-Assessment – May 7–8, 2025

LuNa Smelter's next RMAP re-assessment is scheduled for **May 7–8, 2025**. This evaluation will focus on verifying continued conformance with responsible sourcing practices, the effectiveness of risk mitigation strategies, and ongoing improvements in transparency and traceability systems.

In preparation for the re-assessment, LuNa will:

- Conduct internal audits and review supply chain documentation;
- Engage with stakeholders, including suppliers and civil society actors;
- Implement any necessary corrective actions prior to the audit to address gaps or findings.

This proactive approach reinforces LuNa's commitment to continuous improvement, compliance with international standards, and leadership in ethical mineral sourcing.

STEP 5. REPORT ANNUALLY ON SUPPLY CHAIN DUE DILIGENCE

LuNa Smelter regularly prepares and publishes an **Annual Due Diligence Report** to demonstrate its alignment with the **OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas**. The report outlines the company's ongoing efforts to assess, monitor, and mitigate risks associated with mineral sourcing – particularly those related to **human rights violations, labor conditions, environmental impact, and conflict financing**.

By adhering to OECD guidelines, LuNa ensures a high standard of **transparency, accountability, and stakeholder engagement** across its operations.

The report is published on the **LuNa Smelter website**, making it publicly accessible to a wide range of stakeholders, including customers, investors, civil society organizations, and regulatory authorities. In addition to online availability, LuNa **proactively shares the report** with key stakeholders – such as suppliers, investors, and local communities – to maintain open communication and promote trust in its responsible sourcing practices.