

# **WOODCROSS RESOURCES**

## **ANNUAL PUBLIC DUE DILIGENCE REPORT FOR 2023**

**18 January 2024**





## 1. COMPANY INFORMATION

Woodcross Smelting Company Limited (*Woodcross* or the *Company*) is a private company limited by shares, incorporated in the Republic of Uganda with company number 80034739748685 and having its main address at Plot 148, Rwampara Block I, Ruti, Mbarara- Kabale Road, Uganda. **The Company is a member of the Woodcross Resources group of companies (the Group) which is the first integrated Tin production business (from mines to metal) in the Republic of Uganda.**

The Company was incorporated on 18 January 2023 with the **main objective of fulfilling the Ugandan Government’s strategic vision for in-country value addition** in the Ugandan minerals sector, with the first target mineral being Tin. Woodcross **established the first Tin refinery and laboratory in The Republic of Uganda in October 2023 and is capable of producing LME Grade A Tin (Sn +99.85%)**. The Company’s refinery is located in Mbarara, in the South-Western region of Uganda, and has an **annual output capacity exceeding 1000 tonnes**. The Company’s parent company, Woodcross Resources Holdco Limited, also acquired the African Panther Resources (U) Limited (*African Panther*) during 2023 and began operating African Panther’s mine (the *African Panther Mine*) in the second half of 2023 to support the start-up of the smelter.

**The Company commenced operations in November 2023 and became an operating smelter under the Responsible Minerals Assurance Process (RMAP) requirements** – the flagship program of the Responsible Minerals Initiative (RMI). Woodcross’ RMI CID number is **CID004724**. The Group is **committed to maintaining a high standard of integrity, investor confidence and good corporate governance** and recognizes the importance of responsible sourcing practices and traceability as part of its overall corporate responsibilities. In line with this policy, Woodcross has appointed Minespider and is implementing their blockchain solution with the aim of digitizing its due diligence processes by **adopting Minespider’s blockchain-based system to track the movement of Tin through the Company’s supply chain** from mines to end product.

In addition to its efforts on mineral traceability, the Group recognizes the importance of strong corporate governance. The Group is fully committed to each pillar of its ESG strategy, including ethical leadership, zero-tolerance on corruption, ensuring legal and



regulatory compliance, risk management (including the environment and health and safety) and tax transparency.

This Public Due Diligence Report presents the Company's due diligence activities during 2023 as required under the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (the *OECD Guidance*).

## 2. RMAP ASSESSMENT

The Company undertook a pilot smelt run during October 2023 and commenced commercial operations in January 2024 upon scheduling its RMAP assessment. The Company is yet to undertake its RMAP assessment, but its first audit has been scheduled with RMI during Q1 2024. The assessment is expected to be conducted by Audit Firm: BDO UK LLP. The report of the assessment will be made public.

## 3. STRONG COMPANY MANAGEMENT SYSTEMS

### a. Corporate Supply Chain Policies

The Group recognizes the risks and significant adverse impacts which may be associated with extracting, trading, handling, and exporting minerals from conflict-affected and high-risk areas (*CAHRA*). The Group also believes that it has the responsibility to respect human rights and not to contribute to conflicts. Accordingly, the Group has developed and implemented its Responsible Sourcing Policy and Supplier Code of Conduct as well as a Conflicts Minerals Policy (the *Supply Chain Policies*) which apply to the Group, including the Company.

The Supply Chain Policies have been reviewed and approved by the Company's board of directors and cover all risks identified in Annex II of the OECD Guidance and its geographic scope is global. The Supply Chain Policies are publicly available on Woodcross Resources' website ([www.woodcrossresources.com/policies](http://www.woodcrossresources.com/policies)).

At present, the Company has only sourced minerals from within the Group from the African Panther Mine. However, as the Company's supply chain expands to third parties. The Company is committed to ensuring that its policies are clearly communicated to suppliers and, where appropriate, adequate contractual protections and monitoring systems are implemented. Where appropriate, the

Company will work with its relevant suppliers to assist them in building their own capacity to improve due diligence performance and ensure they are fully integrated into the Company's chain-of-custody system.

**b. Company Management Systems**

The Company follows a set of principles and guidelines for effective management practices across all areas of our operations. We aim to excel in decision-making, promote accountability, and foster a culture of continuous improvement and success. The Group's board of directors is responsible for overseeing the Group's due diligence and risk management systems and ensuring they are fully implemented across the Group's activities.

The Group has appointed the Group's general counsel as its Compliance Manager (including the role of the Group's Money Laundering Reporting Officer) and is responsible for coordinating the work across all relevant organizations within the Group (Procurement and Inventory Management Department, Finance Department and Due Diligence Department) to ensure that they understand their responsibilities and duties to implement the Group's Supply Chain Policies and report any red flags and potential risks that are identified. The Company has appointed a Due Diligence Officer to be on the ground and support the Group's Compliance Manager.

**c. Due Diligence Systems**

The Group has adopted a robust system of controls and transparency for its supply chain. In addition to the Group's supply chain policy, the Group's policies include:

- i. Anti-Money Laundering Policy & Procedure; and
- ii. Anti-Bribery & Corruption Policy.

The policies have been communicated to the board, senior management and relevant employees and training is regularly provided to ensure that staff are aware of their responsibilities.

As mentioned previously, the Company has not sourced minerals from third party suppliers to date, however, as the Company's supply chain expands it will ensure

that (a) the relevant policies are appropriately communicated to its suppliers, (b) support is provided to support its suppliers, and (c) audits are conducted to ensure conformance.

The Company undertakes a monthly Due Diligence Meeting which takes place on the final Friday of each Month. The purpose of the Due Diligence Meeting is to review the Group's existing policies and procedures to ensure they are up to date and to review transactions that took place during the previous month.

As mentioned, the Company appointed a Due Diligence Officer to support the Group's Compliance Officer. The primary responsibility of the Due Diligence Officer is to provide on the ground support by undertaking regular mine site visits and managing the Group's chain of custody system and implementation of its due diligence systems.

The Group manages a blockchain based chain of custody system developed by Minespider AG to track the movement of Tin through the Company's supply chain from mine to end product. From January 2024, the Group also obtained access to Shuftipro's due diligence platform to undertake its KYC and AML screening.

**d. Grievance Mechanism**

The Group has established a grievance mechanism to provide a structured and accessible process for individuals to raise concerns or grievances related to their work, interactions with members of the Group, or any other matters related to our operations.

The grievance mechanism aims to address these concerns promptly, fairly, and in accordance with applicable laws and regulations. The Company understands the need for a robust grievance mechanism to promptly address concerns and foster a transparent and positive work environment.

The grievance policy is publicly available on Woodcross Resources' website ([www.woodcrossresources.com/policies](http://www.woodcrossresources.com/policies)). The Group has also established multiple channels for lodging grievances to accommodate different preferences and ensure confidentiality.

**e. Record Keeping**

All company records relating to its due diligence procedures are kept for a minimum of five years and are safely stored on our cloud-based server and through Minespider's chain of custody platform. The information available on Minespider's platform includes, relevant licenses, registration documents, mine site assessments, KYC and CAHRA form.

**4. RISK IDENTIFICATION**

**a. Supplier Evaluation Procedure**

The Company follows an in-house developed supplier evaluation process known as its 'Due Diligence and RMAP Procedure' which has been prepared in line with the Group's Supply Chain Policies and the OECD Guidance. The main purpose of this process is to stop and prevent trade in minerals where funds from those minerals support conflict or gross human rights abuses and other OECD Annex II risks.

**b. Identification of Suppliers (KYC)**

The Group requires documents from potential suppliers that reveal who the beneficiaries of the relevant supplier company are (i.e. who ultimately owns and/or controls 5% or more of the issued share capital of the supplier), their mining license numbers and/or mineral trade licenses. The Company holds such information in relation to its current supplier, African Panther, and will ensure it collects such information from its future suppliers.

**c. Identification of CAHRA**

All sources of material are evaluated to determine if they originated in a CAHRA as defined by OECD and RMI. Identification of a CAHRA is performed using a 'CAHRA Assessment Form' which is to be completed by the Compliance Manager, or by the Due Diligence Officer and signed off by the Compliance Manager. The process is described in the Group's CAHRA Identification Procedure.

For 2023, Woodcross only procured material from Group's own African Panther Mine which is in the South-Western region of Uganda. The Company assessed Uganda as a

CAHRA since it is considered a Covered Country under the US Dodd-Frank Act per the RMI RMAP requirements.

**d. On-the-Ground Assessments**

Prior to procuring minerals from a mine site or trader, an on-the-ground assessment will be performed by the Due Diligence Officer on the mine of origin for the minerals to be procured. The assessment will assess the mine for risks identified in Annex II of the OECD Guidance. The assessment report will be part of the product passport generated when the material is transported from the mine site to the smelter. Any risks identified will be communicated to the Compliance Manager, who will escalate such risks to the CEO where necessary, to determine risk mitigation measures.

**e. Identification and Assessment of Risks in the Supply Chain**

The Company assesses the factual circumstances of its supply chain to determine any risks which may be present, having reference to:

- i.** the principles and standards laid out in its Supply Chain Policies which have been prepared to be consistent with Annex II of the OECD Guidance;
- ii.** applicable national laws and regulations of the countries where the relevant member of the Group is domiciled or publicly-traded (if applicable), of the countries from which the minerals are likely to originate, and of the transit or re-export countries;
- iii.** other legal instruments governing the relevant member of the Group's operations and business relations, such as its financing agreements, contractor agreements, and supplier agreements; and
- iv.** other relevant international instruments to which the Group determines are applicable and/or represent best international practice.

If risks are raised, they are to be investigated, assessed, and reported to the Compliance Manager, who then if needed, can further report to CEO directly for final decision making on mitigation measures.

**f. Risk Assessment Conclusion**

During this reporting period material was only sourced from the African Panther mine in Uganda which is identified as a CAHRA; however, no Annex II risks were identified during the risk assessment process.

**5. RISK MITIGATION**

**a. Implement Risk Management**

The procedure describes how the Group will implement, monitor and track performance of the risk mitigation measures set out in its risk management plan in cooperation and/or consultation with the relevant suppliers and other stakeholders (including, as applicable, local and central authorities, other actors in the supply chain and international or civil society organisations and affected third parties).

**b. Additional Fact and Risk Assessments**

Supply chain due diligence is a dynamic process and requires on-going risk monitoring. The Due Diligence Officer is required to conduct on-the-ground assessments of the mine sites prior to onboarding any new supplier and shall undertake regular mine site inspections, including in relation to the African Panther Mine, in order to determine whether facts on the ground have changed and may now require a risk management plan and, where a risk management plan has been prepared, the progress with respect to the plan.

Prepared by:

**Mehdi Ali**  
Compliance Manager

Signed by:

