



Independent
Project
Accountability
Mechanism

Assessment Report

DFF Adriatic Metals

EBRD Project Number 52342

Case 2022/02

March 2023

The Independent Project Accountability Mechanism (IPAM) is the European Bank for Reconstruction and Development's (EBRD) accountability mechanism. IPAM independently reviews issues raised by individuals or organisations concerning Bank-financed projects that are believed to have caused or be likely to cause harm. The purpose of the mechanism is to facilitate the resolution of social, environmental, and public disclosure issues among project stakeholders; to determine whether the Bank has complied with its Environmental and Social Policy and the project-specific provisions of its Access to Information Policy; and, where applicable, to address any existing noncompliance with these policies, while preventing future non-compliance by the Bank.

For more information about IPAM, contact us or visit www.ebrd.com/project-finance/ipam.html

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Unless otherwise indicated capitalised terms used in this report are those as set forth in the 2019 Project Accountability Policy.

LIST OF ABBREVIATIONS

Abbreviation	Long Form
Board	the Board of Directors of the European Bank for Reconstruction and Development
Case	the consideration of a Request under the Project Accountability Policy following its registration
CAO	The Chief Accountability Officer of the EBRD, and IPAM head
Case Registry	The registry of Cases created in accordance with Section III, Paragraph 3.1 of the Project Accountability Policy, which can be found on the IPAM Webpage .
Compliance	the IPAM function which determines whether EBRD has complied with its Environmental and Social Policy or the Project-specific provisions of its Access to Information Policy in respect of a Project.
EBRD (or Bank)	the European Bank for Reconstruction and Development
ESIA	Environmental and Social Impact Assessment
ESP	the EBRD's Environmental and Social Policy in force at the time of Project approval
Independent Project Accountability Mechanism (or IPAM)	The project grievance mechanism of the EBRD established as per the 2019 Project Accountability Policy
IPAM Head	The EBRD managing director responsible for the running of IPAM, the implementation of the Project Accountability Policy and for making the decisions that are the responsibility of IPAM under said Policy
PAP	The 2019 Project Accountability Policy
Parties	The individuals, entities, and/or organisations with a direct interest in a Case. Parties may include (but are not limited to): the Requesters; their Representatives, if any; the relevant Bank department, team, or unit; the Client; and other Project financiers or other entities responsible for the implementation of a Project
Problem Solving	The IPAM function which supports voluntary dispute resolution engagement between Requesters and Clients to resolve the environmental, social, and public disclosure issues raised in a Request, without attributing blame or fault.
PSD	Project Summary Document
President	the President of the EBRD

Executive Summary

The Request¹

The [Independent Project Accountability Mechanism](#) (IPAM) received a [Request](#) on 15 August 2022 from 103 residents (Requesters) of the Trstionica and Boriva Nature Park in Kakanj municipality of Bosnia and Herzegovina. The Requesters, who asked confidentiality due to fear of retaliation, raised several concerns regarding the [DFF Adriatic Metals Project \(OP ID 52342\)](#) (the Project). They allege that since 2020 they have witnessed impacts on the area's natural resources, due to illegal forest cutting that was planned to be protected by the canton and municipality. They also raised issues around pollution of several sources of drinkable water due to waste water being discharged into the rivers. They commented that heavy machinery has been entering illegally the area causing impacts on the environment, such as landslides, noise, vibrations and drillings.

In their communication with IPAM, the Requesters expressed interest in having their Request considered under the Compliance function.

The Project²

The European Bank for Reconstruction and Development (EBRD) has made an equity investment of GBP 6.2 million (EUR 6.84 million) in Adriatic Metals PLC (the Client) through the [DFF Adriatic Metals \(OP ID 52342\)](#). The Bank is supporting the Client to transition from exploration to mine development at the Vareš mineral deposit in the Zenica - Doboј canton of Bosnia and Herzegovina. The Project was approved on 6 October 2020 and classified as category B under the Bank's 2019 Environmental and Social Policy as it was considered by the Bank that the use of equity proceeds were not associated with significant Environmental and Social (E&S) risks and impacts. However, any subsequent development of the Vareš mine would, however, be categorised A requiring an ESIA.

IPAM Process

The Request was registered by IPAM on 5 October 2022 under [Case 2022/02](#), initiating the Assessment stage that was conducted until early March 2023 in accordance with the [2019 Project Accountability Policy \(PAP\)](#). IPAM undertook an in-depth analysis of the Request and reviewed the additional documentation provided by the Parties, held online meetings with the Bank team responsible for the Project, representatives of the Client and the Requesters. IPAM also conducted a site visit to Bosnia and Herzegovina from 5 to 8 December 2022, met in person with Requesters, the Client and other relevant stakeholders, and visited the Project area relevant to the Request.

Conclusion and Next Steps

Based on the activities undertaken during the Assessment stage, IPAM determined that there are no conditions to initiate a Problem-Solving initiative as the Requesters are not amenable to participating in a dispute resolution process. The Parties are notified that the Case will be transferred to the Compliance function to determine if it is eligible for a Compliance Review.

This Assessment Report is circulated to the Parties and disclosed in the virtual case file for [Case 2022/02](#) in both English and Bosnian, after its submission to the Board and the President for information.

¹ The Request is available at: [2022/02 Request ENG](#)

² EBRD's Project Summary Document is available at: <https://www.ebrd.com/work-with-us/projects/psd/52342.html>

1. Background

1.1. The Request³

On 15 August 2022, IPAM received a [Request](#) signed by 103 residents of the Trstionica and Boriva Nature Park in Kakanj municipality of Bosnia and Herzegovina. The Requesters, who asked for their names to remain confidential due to fear of retaliation, grouped together to express their concerns regarding the [DFF Adriatic Metals Project \(OP ID 52342\)](#) that is funded by the EBRD.

The Requesters allege that starting in 2020, they have witnessed natural resources been affected by the Project, and that the discharge on rivers has polluted the sources of drinkable water in the area. Requesters also claim that heavy machinery has been used in the area without proper permits which has led to an increase in noise and vibrations and ultimately landslides. Furthermore, Requesters allege that the Client is illegally cutting a forest area which was planned to be protected by the canton and the municipality. Finally, Requesters raised concerns regarding lack of community engagement and consultations.

The Requesters have asked for their concerns to be considered under the Compliance function.

1.2. The Project and its Current Status⁴

The EBRD has subscribed to 2.6 percent of the share capital of Adriatic Metals PLC with an investment of GBP 6.2 million (EUR 6.84 million). The Bank's financing supported the company to transition its operation from exploration to mine development. The proceeds from the Bank's equity subscription are funding engineering and economic studies to complete a Bankable Feasibility Study (BFS) and associated pre-development cost for the Vareš mining project.

Adriatic Metals PLC, and their subsidiary Eastern Mining, is developing the Vareš Project, which is located close to the town of Vareš, Bosnia and Herzegovina. The Project consists of the Rupice polymetallic underground mine located 8.7km west of the town of Vareš; and the Vareš Processing Plant, located at Tisovci 3.5km east of Vareš. A 24.5km haul road passing predominantly through forest land will be developed to connect the two sites. Adriatic Metals do not currently plan to restart operations at the previously operated Veovaca Open Pit.

The Project was approved for funding on 6 October 2020 as category B under the Bank's 2019 Environmental and Social Policy and is currently active.

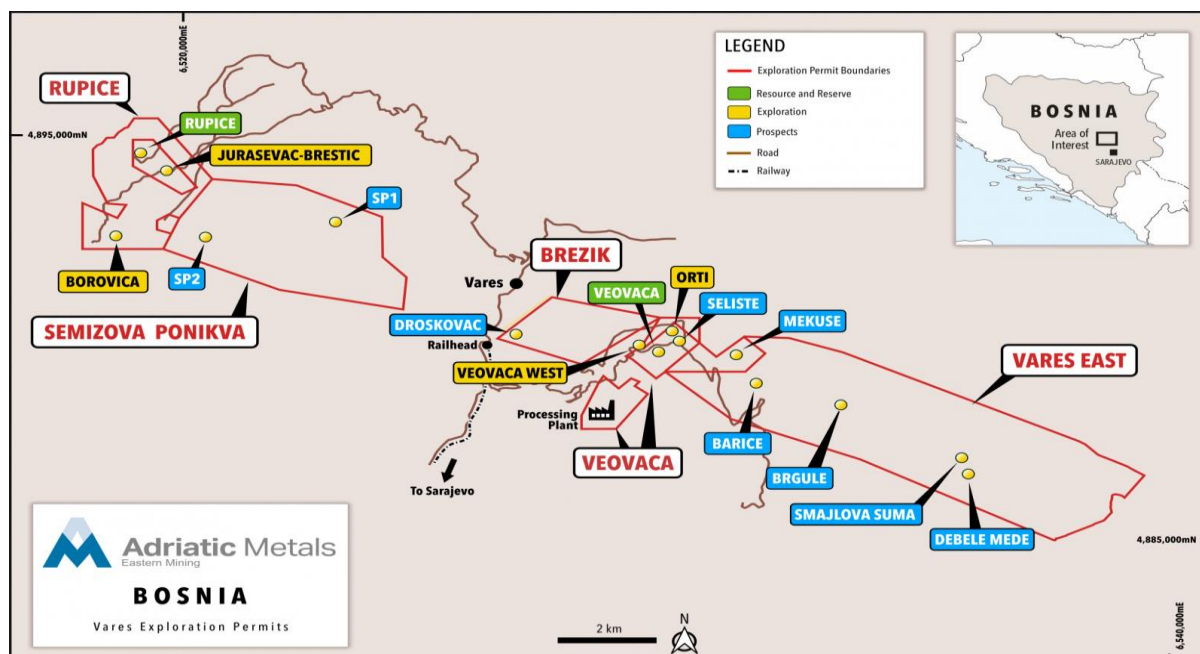
According to the PSD, equity proceeds would not be associated with significant environmental and social risks and impacts. However, as a condition of the EBRD's equity subscription, Adriatic Metals is required to align all of its activities with EBRD's Performance Requirements and develop and disclose an Environmental and Social Impact Assessment (ESIA) for any category A projects at the appropriate time.

Therefore, Adriatic Metals has prepared and disclosed an ESIA in line with EBRD's Performance Requirements which includes a Non-Technical Summary, Stakeholder Engagement Plan, and a series of Environmental and Social Management Plans. The ESIA required a 60-day disclosure period and engagement with stakeholders in the Project area including through public meetings. While the EBRD is not providing financing for the development of the Vareš mining project, it is monitoring its development as part of its equity investment in Adriatic Metals.

³ The Request is available in the case summary at: [2022/02 Request ENG](#)

⁴ The information is sourced from the EBRD's Project Summary Document at: <https://www.ebrd.com/work-with-us/projects/psd/52342.html> and the Non-Technical Summary of the Environmental and Social Impact Assessment for the Vareš Polymetallic Mine, September 2021

The Vareš project



Source: Non-Technical Summary of the Environmental and Social Impact Assessment for the Vareš Polymetallic Mine, September 2021

1.3. Case Processing to Date

The Request was registered by IPAM on 5 October 2022 as it met the criteria for Registration established in Section 2.2 (b) of the PAP, and none of the exclusions set in Section 2.2 (c) of the PAP applied at that stage. The registration of a Request is an administrative step⁵ establishing that the following criteria have been met:

- all mandatory information has been provided;
- issues raised relate to specific obligations of the Bank under the Environmental and Social Policy and/or the project-specific provisions of the Access to Information Policy;
- it relates to a Project that the Bank has approved; and
- the Request has been submitted within 24 months of the date in which the Bank has ceased to have a financial interest in the Project.

2. Assessment Stage

Immediately after registration, the Request was transferred to the Assessment Stage as established in para. 2.3 of the 2019 PAP, to:

- develop a clear understanding of the issues raised in the Request;
- discuss the Problem Solving and Compliance functions with the Parties, their scope, and outcomes;
- assess the Parties' willingness to engage in each function;
- consider the updated status of other grievance resolution efforts, if applicable; and
- make a final determination with three alternative outcomes:
 - the Case could proceed to Problem Solving, based on the agreement of the Requesters and the Client; or

⁵ Registration of a Request does not involve a judgement on the merits, truthfulness or correctness of its content. Nor does it have the effect of suspending the Bank's interest in a Project.

- the Case would be transferred to Compliance Assessment if no agreement to pursue Problem Solving is reached and the Requesters would have expressly asked for this; or
- the Case would be closed.

The Assessment stage has a standard duration of 40 business days from the date of the Request Registration which might be extended to ensure robust processing or if translation of documents is required as per the PAP. The Assessment was initiated on 5 October 2022 and was finalised at the beginning of March 2023.

In line with the approach established in the PAP (see section 2.3 of the PAP), the IPAM team undertook the following activities during the Assessment stage:

- revision of relevant Project documents;
- virtual meetings with the Bank team responsible for the Project, representatives of the Client and the Requesters;
- site visit to Bosnia and Herzegovina from 5th to 8th December 2022 for meetings with the Requesters, the Client and other relevant stakeholders and a visit of the Project area relevant to the Request.

3. Site Visit

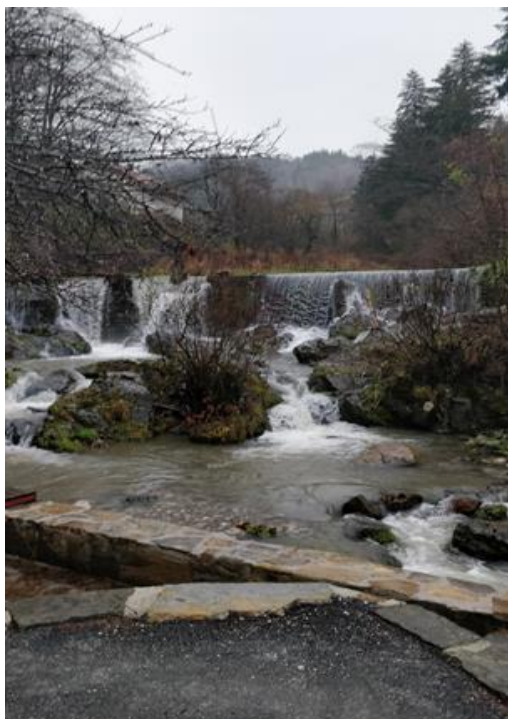
The IPAM team visited the Project site in early December 2022⁶ to engage in-person with the Client and the Requesters, to get a better understanding of the Project and the issues raised in the Request. IPAM undertook visits to the area impacted by the Project, first with the Requesters and afterwards with the Client to understand the perspective of both Parties.

During the visit, IPAM met with officials from the Sava Water Agency, the Kakanj Municipality, the Mayor of the municipality, the Vareš Forestry Agency and representatives from the water companies in Kakanj and Vareš.

IPAM wishes to thank all for their willingness to engage with the delegation and their openness to discuss the concerns raised in the Request.

⁶ An IPAM delegation constituted by the EBRD's Chief Accountability Officer, the Problem Solving Lead of IPAM and a member of the Compliance function visited BiH from 5th to 8th December, 2022.

Photographs of the Project Site and Adjacent Areas





Source: IPAM

4. Summary of the Parties' Views

This section provides the views of the Requesters, the Client and Bank management as captured by IPAM during virtual and in-person meetings. Prior to finalising this Report, to ensure that the information included herein is accurate, IPAM shared with the Parties relevant sections and considered their comments when finalizing it.

4.1 Requesters

During the Registration and Assessment stages, from August 2022 to February 2023, the IPAM team communicated frequently with Requesters through email and virtual platforms and reviewed several supporting documents provided by Requesters. In addition, IPAM engaged in person with the two representatives during the IPAM visit to BiH. Further, IPAM had follow up call with Requesters after returning from the mission.

During these conversations, the Requesters indicated that although the Project mining activities are located in the Vareš municipality, the impacts are being felt in the Kakanj municipality⁷ where Requesters live. They expressed their opposition to mining activities in the area and mentioned that they had created an [on-line platform](#) via Facebook to raise awareness.

Several concerns were mentioned during the meeting: operations lacking permits, adverse impacts to the fauna and flora and encroachment on a primary forest area that was to be designated as a protected area; water pollution and impacts to health due to the presence of heavy metals in the air and the water.

On the one side they allege that the Project is operating without the proper permits and have introduced heavy machinery into the forest illegally. According to them, the works performed have increased the noise levels in an area previously serene, and landslides have been more frequent due to the vibration. The Requesters also claim to have witnessed illegal deforestation by one of the Project contractors responsible for building a new road through the forest area between Kakanj and Rupice. They gave as an example, the illegal installation of a temporary concrete batching plant in Mehorić, on the bank of Trstionica River to grind and process gravel and stone for construction purposes at the mine site. The installation required trees to be cut and the discharge of rock waste on riverbanks. Although they acknowledge that the plant was removed from that site, they complain that the waste has not been removed although the Client promised in August 2022 to remove it.

Regarding impacts on fauna and flora, they comment that some protected species have been disappearing recently, particularly riparian species. They feel that although the mine might be bringing short term benefits, it is creating long term environmental impacts.

Requesters further explained that the water from the local rivers used to be drinkable and was serving about 40,000 inhabitants in the Kakanj municipality, but due to the Project, it is now muddy and not suitable for drinking. In addition, they explained that several local streams have disappeared and they fear that more natural sources of water would disappear or would not be suitable for drinking in the near future due to planned mining activities in the area.

They also fear that the disposal of heavy metals in the water might affect the health of the residents of the area.

⁷ Kakanj municipality is located at about 50 km from the Vareš mineral deposit.

Requesters further elaborated that there were no consultations held in Kakanj municipality and that local residents learnt about the Project only in July 2022 when they discovered the temporary batching plant in Mehorić and started looking for information. In their view, the Client and the municipality should have consulted the population and informed them of the impacts, but this has not happened.

Seeking information they asked the Client for a meeting, which was held on July 2022⁸. During that meeting, they were able to raise their concerns and promises were made on the side of the mine that remedial actions would be implemented. However, the Client's actions have not been to their satisfaction and for that reason they decided to approach IPAM.

Requesters indicated that they are aware of the mandate of IPAM and are considering additional avenues, such as local courts, to have their concerns addressed.

They affirmed that their ultimate goal is to protect the area which should be designated a natural reserve as per the plans at the municipal and canton levels. For that reason, they have filed a criminal lawsuit against the Client, the municipal authorities and the relevant public authorities in charge of issuing permits.

The Requesters confirmed during the meetings that they do not believe that engaging in a Problem Solving initiative with Adriatic Metals would be productive and continue opting for a compliance review process.

4.2. Client

IPAM engaged with representatives of Adriatic Metals virtually on 18 October 2022, had in-person meetings on 7 December 2022 at their Vareš office and a guided Project site visit. IPAM exchanged several written communications with the Client during the Registration and Assessment stages and reviewed Project documents provided by the Client.

They indicated that even though there is a historical mining tradition and culture in Bosnia and Herzegovina, Adriatic Metals is one of the first international investors building a modern mine in the country. According to them, their investment represents about 25% of the overall foreign direct investment in Bosnia and Herzegovina.

In terms of the Project activities and timeline, the Client informed that construction started in 2021 and planned to start commercial production in the third quarter of 2023 and become fully operational in the second quarter of 2024.

The Client considers that there is strong community support for the Project, as they have engaged with the community and sought to accommodate their concerns, both technical and related to employment opportunities.

They conceded that their engagement plan with residents from the Kakanj municipality was limited to a few communities in that area, as the stakeholders mapping exercise envisaged that the Project activities would be contained in the Vareš municipality.

When asked about their views regarding the concerns raised in the Request, the Client indicated that the subcontractor (*Trgošped*) assigned to complete earthworks within the exploitation field at Rupice, had identified the need to refurbish the existing Mehorić logging road to improve access to the Project site. They explained that the works involved the clearing of shrubs and overhanging

⁸ Requesters shared with IPAM a script and video of their meeting with the Client held in July 2022.

foliage on both sides of the road, which may have contributed to Requesters' raising concerns with IPAM.

They further stated that *Trgošped* had installed a temporary concrete batching plant in the Mehorić area to deliver cement from Kakanj to the mining site. The Client clarified that they were not aware of the alleged washing out of concrete trucks using river water, and once they did, they requested its removal and instructed the contractor to remediate the area.

Regarding the quality of the water, the Client indicated that hydrological testing is being conducted on an ongoing basis, in collaboration with independent experts, the local water agencies - JKP Vareš and Vodocom Kakanj. The Client acknowledges that the Project, although sited in Vareš, has been drawing water from rivers and streams that flow through Kakanj. They stated that they had permits from JKP Kakanj, who is the agency responsible for control of water flow. They added that as per the Environmental and Social Impact Assessment, it is mandatory to monitor the water quality in Vareš and Kakanj and compare it with the baseline data.

According to the Client, the results of a multi-parameter water testing suggest that the Project activities were not polluting the rivers, the oxygen levels were normal and that there was no degradation to the rivers' wildlife. However, the Client admitted that during the initial civil works at the mine, there was an increase in suspended solids discharge in the water course, such as clay, which would explain the turbidity of the water. Regarding the discharge of rock waste, the Client indicated that they have already removed it from the edge of the road and are currently in the process of establishing a waste storage facility at the mining site.

The Client admitted that during the construction phase, biodiversity monitoring results showed some loss in aquatic biodiversity and that a restoration plan for the Vruci stream was prepared. In their view, the impacts on the Vruci stream were temporary, due to tree cutting and soil erosion, and that several activities are taking place to remediate the impacts. Furthermore, they added that a recycling waste water treatment plant will be constructed so that the Project avoids discharging water into the Vruci stream, despite the fact that the Environmental and Social Impact Assessment indicates that treated water would be discharged into this stream.

They further elaborated that in July 2022, as soon as they became aware of the Requesters' concerns, they organized a public meeting in Kakanj where they listened to all concerns raised and jointly agreed how to remediate the environmental impacts. In addition, they explained that Adriatic Metals is open to continue communicating directly with Requesters and are willing to take all necessary measures to address their concerns. They added that have invited Requesters to visit the Project site, but the invitation was not accepted.

Finally, the Client has expressed their strong preference for the Requesters' concerns to be addressed through Problem Solving. They believe that through facilitated dialogue, all Parties could provide better outcomes for affected people and the environment.

4.3. EBRD Management

IPAM held a virtual meeting with EBRD management on 18 October 2022 and communicated via email afterwards. Bank management provided an update on the implementation of the Project and their perspective on the matters brought to the attention of IPAM. The team shared Project related documents that were reviewed by IPAM.

Bank management explained that EBRD approved and signed the DFF Adriatic Metals Project in October 2020. The same year, the Bank subscribed to newly issued shares representing 2.6 percent of the Adriatic Metals' share capital. They also added that Adriatic Metals is listed on the

Australian Stock Exchange and London Stock Exchange. They specified that the Company has its main mining asset in Bosnia and Herzegovina and an exploration project in Serbia.

Bank management specified that the EBRD's GBP 6.2 million investment was aimed at supporting the Company finalize a feasibility study for mining activities, which then allowed the Company to raise additional financing for the development of the mine. Bank management clarified that while EBRD's share in Adriatic Metals was 2.6 percent initially, it currently represents only 1.9 percent of the Company's share capital.

Regarding the current stage of the Project, Bank management confirmed that the Company has completed half of the construction works, is planning to start operating the mine at the end of the second quarter of 2023 and initiate the processing in the third quarter of 2023.

Bank management explained that the equity transaction was categorized as B, as the EBRD's funds were used for the mining feasibility study only. However, they explained that external consultants were engaged to undertake due diligence including assessing the use of EBRD funds as well as the potential future mining project. The consultants also supported the Bank in developing an Environmental and Social Action Plan, as one of the Bank requirements for equity transactions is that the investee Company is required to align all its activities with EBRD's Performance Requirements. The Environmental and Social Action Plan agreed with the Company also specified that they were required to develop a comprehensive Environmental and Social Impact Assessment and to disclose it on the basis of the feasibility study and mine design. The Environmental and Social Impact Assessment was disclosed in October 2021 by both the Company and EBRD, one year after the DFF Adriatic Metals Project was signed.

According to Bank management, stakeholder engagement and information disclosure on the Project were conducted in line with the Bank's 2019 Environmental and Social Policy. They stressed that EBRD is not providing financing for the development of the Vareš mining project but is monitoring its development as part of its equity investment in Adriatic Metals. They also added that to date they were satisfied with the Company's performance and reporting and the way the Company has been implementing the Environmental and Social Action Plan and managing the environmental and social risks and impacts associated with the Project.

Regarding the Request submitted to IPAM, Bank management stated that they are aware of this community group which raised their concerns with the Client in July 2022. Bank management confirmed that the Client's subcontractor set a temporary concrete batching plant in an old logging camp without the knowledge of the Company or the Bank, but clarified that all permits were received for its establishment.

Bank management further elaborated that the Company organized a community meeting in Kakanj including the Requesters as soon as they were notified about the concerns associated with the batching plant. They also explained that in that meeting, the Company committed to have the batching plant removed and to mitigate the impacts on the environment, which was already done.

In addition, Bank management explained that they took note of the Requesters' concerns regarding potential Project impacts on some water streams in the Kakanj municipality and undertook to work with the Company in this regard.

Regarding permits, the Project team assured IPAM that the Company has followed the legal framework that is required of companies operating in the mining industry in Bosnia and Herzegovina and that all relevant permits are in place. They added that the Environmental and Social Impact Assessment includes a specific chapter on all permits issued under the Project.

Finally, while understanding that Problem Solving is a voluntary process, Bank management expressed their full support and commitment to collaborate closely with IPAM and the Client, if the Requesters agree to engage in a dialogue.

4.4. Other Stakeholders

During the IPAM's mission to Bosnia and Herzegovina (5 - 8 December 2022) the Client kindly set up meetings for the IPAM team with other Project stakeholders upon IPAM's request, so as to get their perspectives of the Project and the concerns raised in the Request. A brief summary of the outcomes of meetings held with the Sava Water Agency, the Mayor of Vares, the Vares Vodocom and Forestry agencies and Kakanj municipality authorities, is presented below.

Sava Water Agency, based in Sarajevo, is in charge of issuing water permits and approving water supply and discharge activities. During IPAM's meeting, the officials stated how pleased they are with the Eastern Mining activities and explained the permitting process.

The **Mayor of Vareš** underscored the positive collaboration of Eastern Mining with the municipality. He indicated that the Company has created numerous job opportunities for the local population which is welcomed by the municipality. The Mayor further explained that Eastern Mining tax contribution, is allowing the municipality to resolve pressing social needs. The Mayor expressed his high support for the Project and shared that the municipality is playing a significant role in Project information dissemination and engagement with the local population. While acknowledging that the Requesters are from Kakanj, not Vareš, the Mayor expressed an interest in having their issues resolved and suggested that a closer dialogue between himself and the Mayor of Kakanj would be beneficial. Regarding residents' perception on drinking water, the Mayor indicated that the majority of the population in Vareš is consuming bottled water instead of tap water and that this may be due to a perception of better quality.

Vareš Vodocom oversees water supply in Vareš municipality. They indicated that their objective is to ensure that Vareš residents have full access to clean water mainly coming from the Bucovica watershed. They confirmed that the agency has authorised the Project to draw water from natural sources that would not exceed five liters per second, which is within their competence in the municipality of Vareš. They explained that water testing is being conducted regularly showing no Project impacts on the ecological flow.

Vareš Forestry Agency is responsible for the protection of the forest in the Vareš municipality including its flora and fauna. The director of the Forestry Agency was complimentary regarding their collaboration with Eastern Mining and spoke about the Company's high level of commitment towards environmental and biodiversity issues.

The municipality of Kakanj is adjacent to the Vareš municipality where the Project is located. The Mayor's representative stated that despite the fact that all the mining activities are concentrated in Vareš, the water that the Kakanj population consume flows from Vareš. And that it is within the Kakanj municipality's functions to ensure that the residents' access to clean water is preserved. The municipality has further indicated that they are aware of the issues raised in the IPAM Request, but explained that the municipality chose to avoid conflict and adopt a neutral position in this dispute. They have also indicated that recently there has been a shift in the residents' perception regarding water quality and according to the data available to them, about 70% of the Kakanj population does not drink tap water and choose to drink bottled water instead.

Kakanj Vodocom oversees water supply in the Kakanj municipality. Representatives of Kakanj Vodocom stated that they welcome the Project, but would like to receive assurances that the future mining activities will not have negative impacts on the quality and quantity of water serving Kakanj residents. Kakanj Vodocom also explained that they are conducting water testing and monitoring in order to ensure uncompromised water supply for their residents. They also indicated that for

reasons of transparency, all water testing results are being disclosed to the public on their website. Kakanj Vodocom encouraged Eastern Mining to continue conducting periodic water testing under different weather conditions to be able to compare the data obtained. They explained that during summer months there are shortages of water and expressed their concerns that this issue may persist in future and water flow reduced as Eastern Mining is planning to draw water from natural sources.

Trgošped is the subcontractor of the Eastern Mining in charge of building access roads to the mine site and providing other construction services for the Project. Its director confirmed that the temporary concrete batching plant had been installed and was operating in the forest in Mehorić, on a site that had been used historically for logging purposes. In addition, he stressed that those activities were undertaken in line with local regulations and that all permits had been in place. However, he confirmed that after Requesters contacted IPAM, they agreed to remove the temporary concrete batching plant from that location and remediate the area.

5. Assessment Determination

Based on the Assessment activities undertaken in relation to Case 2022/02, IPAM has made the following determinations

- The Request, after an in-depth analysis of the concerns raised, meets the Registration criteria and;
- After meeting with all Parties, IPAM finds that Problem Solving is not feasible as Requesters believe that a dialogue with the Client would not be an effective avenue to address their concerns and confirmed that they do not wish to embark on it and ask for their Request to be considered for a Compliance Review.

6. Conclusion and Next Steps

As one of the Parties does not wish to engage in a Problem Solving initiative, the Case will be transferred to the Compliance function, where the relevant team will assess the Case to determine if it is eligible for a Compliance Review based on the criteria set in the PAP.

IPAM wishes to thank the Requesters, the Client, Bank Management and other stakeholders for their time and inputs during the Assessment stage.

As per 2.3 (c) of the 2019 PAP, the Assessment Report shall be submitted to the Board and the President for information. The Case will be transferred to Compliance once the Assessment Report is disclosed to the Parties and in the virtual case file at [Case 2022/02](#) in both English and Bosnian.