

EXPERTS WITH IMPACT

in Local Partner Due Diligence



When an international mining company was considering establishing a business relationship with a potential local partner in the Democratic Republic of Congo (DRC), FTI Consulting was engaged to ascertain the local company's reputation, political affiliations and whether it had been engaging in unethical business practices.

Operating in the mining sector exposes companies to a variety of risks, from illegal mining and modern slavery to money laundering, bribery and corruption. FTI Consulting's Global Risk and Investigations Practice possesses an intimate understanding of the business, operational and political environments of the countries it covers and is familiar with the threats and opportunities associated with the mining sector in Africa. We work closely with many major mining companies, leading financial institutions and corporations who are active, or interested, in the region.

Our team was commissioned by an international mining client to investigate a potential local partner in the DRC with links to Zambia, and to provide a detailed breakdown of their conduct, reputation and relationship with local communities and companies in its supply chain. Our client was particularly interested in identifying evidence of illegal mining as well as corruption or improper relations with politically exposed persons (PEPs) in both countries.

In addition to specialist French and English open source research, we undertook discreet field inquiries with a broad range of high-level contacts, including those close to the NGO community in DRC and Zambia, former officials at the relevant government

departments and former employees of the potential local partner, local industry experts, trade unions, and religious and community leaders.

Our inquiries identified a number of issues that were of potential concern to the client. In particular, we found information relating to payments made by the subject of this investigation to senior officials to facilitate the acquisition of mining assets on their entry into DRC. The company's subsequent refusal to continue making these payments created powerful enemies within the decision-making apparatus of the government. Additionally, the potential partner's poor relationship with local communities and local companies in its supply chain caused tension around its operations.

IMPACT

On receipt of our report, the client was able to make an informed decision regarding how to identify and approach better placed potential partners in the DRC.



Pamela Wadi

+44 (0) 203 727 1742
pamela.wadi@fticonsulting.com

About FTI Consulting

FTI Consulting is an independent global business advisory firm dedicated to helping organisations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centres throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities.