



## Due diligence report for the period from April 01<sup>st</sup>, 2023 through March 31<sup>st</sup>, 2024

### 1. Company profile

Name of the company: Ulba Metallurgical Plant Joint Stock Company (UMP JSC).

Ulba Metallurgical Plant Joint Stock Company offers uranium, beryllium, tantalum and niobium products of the highest quality.

UMP JSC has resources and production facilities for implementation of unique engineering solutions. The plant has more than 70 years of experience in the production and supply of world-class high-tech products, which are used in the nuclear, aviation, rocket and space industries, as well as in electronics, medicine, instrument making, science and many other leading industries.

Tantalum Department of Ulba is one of the most largest enterprises in the world with full production cycle – from Tantalum & Niobium raw materials processing to finished-products output. Tantalum Department of Ulba is remarkable for its flexible technology of processing of any kinds of Tantalum and Niobium raw materials. This technology allows manufacturing products with the set quality parameters.

CID-number of the company: CID001969.

3TG-materials processed: Tantalum.

Tantalum is processed at the following address: 102 Abay Avenue, Ust-Kamenogorsk, 070005, Republic of Kazakhstan.

This report covers the period from April 01<sup>st</sup>, 2023 through March 31<sup>st</sup>, 2024.

### 2. RMAP Assessment summary

Dates of the last RMAP Assessment in UMP JSC for the Assessment period: June 13-16, 2023.

Previous assessment period: from April 09<sup>th</sup>, 2022 through April 30<sup>th</sup>, 2023.

Name of Assessment Firm: Arche Advisors Inc.

The last RMI Assessment report reference:

[http://www.ulba.kz/ru/files/production3\\_06.pdf](http://www.ulba.kz/ru/files/production3_06.pdf).

UMP JSC is a full member of the iTSCi Program since April 26<sup>th</sup>, 2013 that works in due diligence system to create and maintain transparency of mineral supply chains in the CAHRA regions, supports member companies to implement due diligence by working with governments and civil society and providing expert field, data, risk management and auditing teams.

UMP JSC retains membership in the upstream assurance mechanism "iTSCi" – an unrecognized program by RMI, in order to mitigate the identified risks in the supply

chain. In view of this, UMP JSC put into effect its own methodology of on-the-ground assessment for tantalum mineral raw materials mine sites and/or transportation sites in conflict affected and high risk areas on January 3, 2024 for enhanced due diligence conduction. This methodology is developed taking into account the norms and principles of the following regulatory documents:

ISO 19011 Guidelines for auditing management systems.

Responsible Minerals Assurance Process. Tin and Tantalum Standard (RMAP Standard), approved on 06/01/2018 by the Responsible Minerals Initiative (RMI).

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (3rd Edition).

### **3. Company's management system**

UMP JSC is aware of creation and maintenance of Tantalum supply chain that excludes receipt of illegal Tantalum raw materials from conflict regions worldwide. Thus, since 2012 the Company has been working under the Policy of the Management of UMP JSC for the Responsible Minerals Supply Chain (hereinafter – the Policy). This instrument shall be periodically reviewed, revised and updated as necessary to reflect changing conditions. The actual Policy has been approved by the Company's Executive Board on May 18, 2023. The Policy complies with the requirements of the updated Responsible Minerals Assurance Process (RMAP) Tin and Tantalum Standard.

The Policy references:

In English: [http://www.ulba.kz/en/files/production3\\_07.pdf](http://www.ulba.kz/en/files/production3_07.pdf)

In Kazakh: [http://www.ulba.kz/kz/files/production3\\_07.pdf](http://www.ulba.kz/kz/files/production3_07.pdf)

In Russian: [http://www.ulba.kz/ru/files/production3\\_07.pdf](http://www.ulba.kz/ru/files/production3_07.pdf)

The company has a strong due diligence management system (hereinafter – DDMS). The DDMS is based on a risk-oriented approach.

Management representative responsible for the functioning, maintenance in working condition and effectiveness of DDMS (hereinafter – Management Representative of UMP JSC) was Procurement Director of UMP JSC until March 11<sup>th</sup>, 2023. Currently, in connection with the reorganization of the management structure of the enterprise, the Management Representative of UMP JSC responsible for the functioning, maintenance in working condition, effectiveness of DDMS is Managing Director – Business Support of UMP JSC.

UMP JSC makes a contribution to the constant improvement of DDMS. Based on the results of the review and analysis of the due diligence management system functioning by 2023: the system is relevant and suitable for a further period (Report Ref. No. 32-08-02/1824 dated 26.03.2024).

Ulba requires that all records relating to the due diligence program are maintained at least for five years.

### **4. Risk identification and assessment**

Ulba has a robust process to identify risks in the supply chain.

UMP has updated procedure for CAHRA identification using the following resources:

- Heidelberg Conflict Barometer;
- Fragile State Index;
- Dodd-Frank Act;
- European Union methodology for determining CAHRA countries;
- Worldwide Governance Indicators: government effectiveness (the resource was added into the procedure in October 2023).

The Company has defined criteria and thresholds for the above sources in order to identify CAHRAs.

The company evaluated the countries of the world for belonging to conflict affected and high risk areas (CAHRA) using the above mentioned tools on schedule. The result of the assessment was a list of countries of the world and their classification as CAHRA, approved on October 24<sup>th</sup>, 2023 by the Management Representative of UMP JSC. In accordance with the internal procedure of the enterprise, the analysis and determination of CAHRA is carried out based on the results of the RMAP audit, at the discretion of UMP JSC's management representative and in several other cases, but at least once a year from the date of the last analysis.

Since 2018 there has been integrated a Know Your Counterparty (KYC) system at Ulba that allows obtaining and reviewing information concerning supplier legal status, its beneficiaries, location and potential risks.

Monitoring and account for the cooperation of suppliers of mineral tantalum raw materials in EITI have been carrying out since 2021.

During the covered period Ulba was using the international industry program "iTSCi" as an upstream assurance mechanism for primary tantalum raw material shipments from CAHRAs.

iTSCi provides the following documents for each high-risk sourcing transaction:

- Incident summary reports as they become available.
- Mine Visit Recommendations including a list of mine sites with potential risks (it is advised that companies sourcing from these mine sites conduct enhanced due diligence and risk assessment).
- Monthly country and region reports, which review the general situation on the ground.
- Data summary and other reports.

In addition Ulba uses information from annual UN Reports of the Group of Experts on the Democratic Republic of Congo.

On-the-ground assessments of tantalum mineral raw materials mine sites and/or transportation sites as part of the enhanced due diligence were not conducted during the reporting period, due to the following:

- development, enforcement and approval by RMI of the own methodology of on-the-ground assessment for tantalum mineral raw materials mine sites and/or transportation sites in conflict affected and high risk areas,
- lack of relevant knowledge and qualifications and/or absence of training for members of the audit team of UMP JSC on the quality management system (ISO), in order to comply with the principles and norms of applicable international standards.

## 5. Risk Management

As a participant of the RMAP program, UMP JSC is responsible for the implementation of due diligence of its supply chains.

UMP JSC has “RMAP Risk Management” procedure, which establishes the risk management procedure for tantalum raw materials supply chain in accordance with the requirements of the RMAP standard.

According to this procedure, the effectiveness of risk management measures was assessed. At the end of the reporting period, there is an RMAP risk management plan, which was approved on June 09, 2023 following its annual review.

According to Ulba’s active procedure И 32.003-22 “Tantalum raw materials supplier selection procedure” information from KYC surveys is analyzed before conclusion of contract for Tantalum raw materials supply / tolling processing. In case of inconsistencies and/or discrepancies, a report shall be drawn up. It shall be sent to the potential supplier for elimination of identified inconsistencies and/or discrepancies. If inconsistencies and/or discrepancies are not eliminated, the report shall be sent to UMP JSC’s management representative UMP JSC’s management representative to make decision.

Based on the analysis conducted Ulba determines the level of supply chain risk (high or low) and draw up supply chain map. On the basis of the completed supply chain map Ulba shall assess risks and UMP JSC’s management representative shall make decision on further cooperation with the supplier.

After conclusion of contract for Tantalum raw materials supply / tolling processing Ulba draw up a map of supply actual circumstances for supply chains with high risk level, which includes information about incidents received from the upstream assurance mechanism (iTSCi). The incidents under review relate to both – supply chain participants (companies) and mineral mining regions. On the basis of the completed map of supply actual circumstances Ulba shall assess risks and Management Representative of UMP JSC shall make decision on further cooperation with the supplier.

According to the chosen risk mitigation strategy Ulba shall stop immediately work with the supplier in cases where risk mitigation seems to be impossible or unacceptable.

Ulba works closely with direct suppliers (counterparties) and the iTSCi Program to eliminate risks (in high-risk supply chains) and to obtain detailed information about risk mitigation process. At the same time the Company aims to:

- Identify direct source of the material including the name of the manufacturer and exporter;
- Determine whether the identified risk was eliminated and/or re-appeared within the subsequent reporting period.
- Clarify risk management methodology including information who is responsible for risk mitigation activities.
- Regularly request updates concerning risk management activities for relevant supply chains.

Due to the absence of recognition status of the iTSCi program by RMI, UMP JSC strengthens its due diligence carrying out, but not limited to the following:

- Collect and analyze KYC information on supply chain stakeholders.
- Collection and analysis of additional information, including at least the following documentation:
  - Copies of the Waybills (Bills of Lading), including those showing the concentrate transfer from the mine where it was extracted to the Seller;
  - Copy of the Certificate of Origin for the delivered lot of Tantalum concentrate issued by the state authority;
  - Copy of the Seller's Export License issued by the state authority;
  - Copies of the Tour Reports to the mines where the delivered Tantalum concentrate was mined;
  - Copy of the Mining/Concession License;
  - copy(s) of the "KYC" questionnaire completed by the Seller's partner(s) involved in the process of trading / exporting Raw Materials;
  - a copy of the policy or similar document governing the assessment, management and mitigation of risks in accordance with Annex 2 of the OECD Compliance Review Guidelines for Responsible Supply Chains of Minerals from Conflict-Risk and High-Risk Areas;
  - documents regarding the chain of responsibility, including, but not limited to, copies of domestic raw materials transportation logs, a copy of the contract containing the name of the transporter, copies of documents on the receipt of raw materials at the warehouse, a copy of the license and invoice from the appointed transport agent.

Ulba found 117 incidents related to its supply chains within the covered period. All incidents were classified as high-level risks, because Tantalum raw materials came from CAHRA or were transported through CAHRA. For all the risks found Ulba made decision to continue trading activities / cooperation with suppliers.

If conflict / illegal minerals are identified in the purchased lot of tantalum concentrate, Ulba shall refuse to buy this lot of concentrate or, if the lot of concentrate has already been purchased, it shall be turned back to the supplier on FCA terms. There were no incidents of Tantalum concentrate lots return to suppliers for this reason within the covered period. During the reporting period, there were no open incidents related to tantalum raw materials supplied to UMP JSC.

## **6. Communication with customers**

In accordance with OECD Guidance during the reporting period Ulba communicated with its downstream customers on its supply chain due diligence using actual at the moment of request Conflict Minerals Reporting Template (CMRT). The completed Conflict Minerals Reporting Templates were sent to the downstream customers upon their request.