



Due diligence report for the period from March 01st, 2022 through March 31st, 2023

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 March 01st, 2022 through March 31st, 2023, due to due to the audit rescheduling.

2. RMAP Assessment summary

Date of the last RMAP Assessment in UMP JSC for the Assessment period: May 23-26, 2022.

Previous assessment period: from February 01st, 2021 through April 8th, 2022.

Name of Assessment Firm: Arche Advisors Inc.

The last RMI Assessment report reference:

http://www.ulba.kz/ru/files/production3_04.pdf

UMP JSC is a full member of the iTSCi Program since April 26th, 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.

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 for responsible minerals supply chain. This instrument shall be periodically reviewed, revised and updated as necessary to reflect changing conditions. During 2019 UMP JSC worked under the Policy of UMP JSC Management for responsible minerals supply chain (hereinafter referred to as the Policy), approved by the Company's Executive Board on June 24, 2019. As a result of its updating, the relevant regulatory document was adopted by the Company on November 13, 2019. 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/production3.htm>

In Kazakh: <http://www.ulba.kz/kz/production3.htm>

In Russian: <http://www.ulba.kz/ru/production3.htm>

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 due diligence management system is Procurement Director.

The Procurement Manager is responsible for review, identification and reporting red flags and potential risks within DDMS implementation.

UMP JSC makes a contribution to the constant improvement of DDMS. UMP JSC's management representative put into effect internal instruction И 32.0006 "Due Diligence Management System activity review" on December 10, 2019. This regulatory document establishes DDMS working review procedure regarding the process of Tantalum raw materials supply in accordance with the requirements of Responsible Minerals Assurance Process (RMAP) Tin and Tantalum Standard. According to this instruction, an annual review of the system is carried out by June 30th. As part of the continuous improvement of the DDMS the instruction was revised in September – early October 2022 regarding the procedure for conducting and content of DDMS annual review. Based on the results of the review and analysis of the due diligence management system functioning by the covered period: the system is relevant and suitable for a further period (Report Ref. No. 32-17-02/1910 dated 29.06.2021, supplement to the Report Ref. No. 32-17-02/2944 dated 29.06.2022, Report Ref. No. 32-08-02/1327 dated 15.03.2023).

Due diligence requirements provisions are incorporated into legally binding contracts for the supply and/or tolling of tantalum raw materials.

UMP JSC conducted latest internal training on the due diligence management system for key employees of the relevant departments in QIV 2022.

During employment of employees and/or workers in UMP JSC, induction trainings are normally held that increase the level of awareness of newly accepted employees about DDMS at the enterprise.

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 a procedure for CAHRA identification using the following resources:

- Heidelberg Conflict Barometer
- Fragile State Index
- Dodd-Frank Act
- European Union methodology for determining CAHRA countries (resource added to the procedure in May, 2021).

UMP has defined criteria and benchmark indicators to determine CAHRAs.

The company evaluated the countries of the world for belonging to 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 conflict-affected and high-risk areas (CAHRA), approved on September 23rd, 2022 by UMP JSC's management representative. 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. Whenever KYC questionnaires identify inconsistencies, discrepancies or incomplete information, the company informs suppliers and requests updated information. If red flags are identified, the company further engages with its suppliers to clarify and improve documents as needed. Information provided by suppliers of tantalum raw materials in KYC questionnaires during the reporting period was reviewed: no red flags were identified.

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

During 2022 throughout Q1 2023 Ulba was using the international industry iTSCi Program as an **upstream assurance mechanism** for primary Tantalum raw material deliveries 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.

5. Risk Management

The internal instruction "RMAP Risk Management" was put into effect on December 10, 2019 in UMP JSC. This regulatory document establishes the procedure for managing the risks of the supply chain of tantalum raw materials in accordance with the requirements of the RMAP standard.

According to the instruction, the impact of risk management activities has been assessed. The relevant RMAP risk matrix is dated by June 08, 2022.

According to Ulba's internal instruction И 32.003-22 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 Procurement Director 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.

Ulba found **128** incidents related to its supply chains within the period from March 01st, 2022 through March 31st, 2023. 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 period from March 01st, 2022 through March 31st, 2023.

During the reporting period as a part of enhanced due diligence three incidents were raised at the initiative of UMP JSC for two separate tantalum concentrate lots being prepared for delivery or delivered toward UMP JSC, as follows:

1) TG-2022-0058: the mass fraction of tantalum by tantalum concentrate lot DMC/KT/0000013 in the initial export documents was indicated lower by 14.22% than in the C1 form of the upstream assurance mechanism ITSCI and quality certificates of an independent supplier laboratory. The incident has been resolved.

2) TG-2022-0076: complete absence of ITSCI tags with tantalum concentrate lot DMC/KT/0000013 delivered at the plant. The incident has been resolved.

3) NK-2022-0165: 23 tags could not be identified due to surface damage by the welding process during the tags check on the tantalum concentrate lot NBB/NK/0000022 delivered on November 14th, 2022 at the plant. The incident is opened at the end of the covered period.

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 a Conflict Minerals Reporting Template (CMRT). The completed Conflict Minerals Reporting Templates were sent to the downstream customers upon their request.