



OECD Due Diligence Guidance on Responsible Mineral Supply Chains in Conflict-Affected and High-Risk Areas

AMG Brazil - Due Diligence Report for Raw Material Supplies in 2023 ("OCDE Step 5 Report")

Note: This report follows the "OECD Due Diligence Guidance" of the Responsible Minerals Initiative (RMI, <http://www.responsiblemineralsinitiative.org/smelter-introduction/>).

Date: May 23, 2023

1. Company Information

AMG Brazil S.A is a major global producer of special aluminum alloys, tantalum oxides, and niobium. For more details, please visit <http://amg-br.com/pt/a-empresa/historia/>. This facility processes tantalum products and is located in São João del-Rei, Minas Gerais state, Brazil. The company's CID number in the RMI is CID001076.

2. RMAP Assessment Summary

AMG Brazil underwent an assessment by the Responsible Minerals Assurance Process (RMAP) between March 21 and 23, 2023, and once again was found to be in compliance with all standards and protocols. The assessment is valid for one year and was conducted by the company designated by RMI for supply chain auditing, according to the new standard developed by RMI/RMAP to meet OECD requirements. The next audit will take place in 2024.

3. Company Supply Chain Policy

To avoid the use of conflict minerals that directly or indirectly finance or benefit armed groups and/or involve other serious human rights abuses in high-risk and conflict-affected regions, AMG Brazil has developed a supply chain policy. This policy is fully aligned with the third edition of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (CAHRA-OCDE Guide). The policy covers all risks identified in Annex II of the OECD Guidance, and its geographical scope is global. The company is firmly committed to addressing any risks identified in Annex II. The policy has been reviewed and approved by top management which is committed to supporting its implementation. The policy has been widely disseminated to customers and suppliers as part of the quality management system.

This policy is also available on the AMG Brazil website <https://amg-br.com/wp-content/uploads/2023/11/Politica-de-compra-de-minerio-Outubro-2023-Ingles.pdf>

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4. Company Management System

In addition to RMAP assessments, AMG Brazil is audited according to ISO 9001, 14001, and 45001. The company maintains its commitment to the supply chain policy and has established an internal procedure for supply chain management, including the Due Diligence Guidance process.

Management structure:

The Supply Analyst is responsible for executing and updating internal procedures related to the purchase of tantalum ores and risk assessment.

The Supply Supervisor evaluates and validates the information managed by the Supply Analyst and is also responsible for coordinating work with relevant departments (including Supply, Quality, and Production) to ensure that each department fulfills its functions and responsibilities to implement due diligence, schedule and report any red flags and identified potential risks.

If any deviations are identified regarding internal procedures, the Supply Management will be notified to take risk mitigation measures.

Internal control systems:

AMG Brazil has established and updated its Due Diligence management system following OECD and RMAP guidelines. These procedures are incorporated into the Integrated Management System (IMS).

Based on the risk and number of red flags raised regarding the origin and transit of tantalum ore, applicable documents are requested, the AMG Brazil Counter Party is performed, and visits to mines are conducted.

Visits are carried out every 2 (two) years for active suppliers, and in the case of new suppliers, the visit must be conducted within six months of the fourth batch of ore purchased.

The company communicates its Mineral Procurement Policy to its suppliers and people involved in the procurement process, and it is also publicly available on the website.

Record maintenance:

Once a year, the procedure is reassessed, and employees involved in the procurement process receive individual training. According to the quality standard, all documents related to purchases are archived for five years.

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5. Risk Identification (ALL SOURCES):

AMG Brazil has a robust supply chain risk identification process. Before engaging in new business with a supplier, the Supply department thoroughly verifies whether the supplier is located in a CAHRA area or if the tantalum ore will transit through such an area. The company uses the following criteria to determine CAHRAs:

- Verification against the country lists provided by the "Dodd-Frank Act" and the "EU CAHRAs list."
- Consultation of indicators of Political Instability:
 - Based on the "Rule of Law Index" provided by: <https://worldjusticeproject.org/rule-of-law-index/>, interactive maps with indicators based on Government Powers' Constraints, Absence of Corruption, Open Government, Order and Security, Regulatory Enforcement, and Criminal Justice are available.
- Consultation of indicators of Human Rights risk:
 - Referring to the list presented at: <https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods>. This list indicates if there is child labour or forced labour, even linking it to the product produced.
 - Assessment based on the index highlighted in: <https://worldjusticeproject.org/rule-of-law-index/>, specifically the "Fundamental Rights" item that provides an index indicating if the country legally respects human rights.
- Consultation of indicators of Armed Conflict risk:
 - Based on the "Global Peace Index" provided by: <https://www.visionofhumanity.org/maps/#/>. The report provides the most comprehensive and up-to-date analysis of peace trends.
 - Using <https://www.crisisgroup.org/crisiswatch>, an interactive map, and database that allows evaluating the most significant global conflict situations and potential political conflicts.

After determining the risk of origin and transit, red flags are evaluated to determine which documents will be requested, the AMG Counter Party is conducted, and visits are scheduled.

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6. Risk assessment (HIGH RISK SOURCING ONLY)

For materials acquired from high-risk areas, AMG conducts more in-depth assessments, including:

- Assessment of the CAHRA context;
- Traceability of the materials' origin and transit;
- Evaluation of activities and relationships of upstream suppliers;
- Identification of extraction, trade, and handling locations and qualitative conditions;
- On-site visits to mines.

To conduct the above assessments, the company follows these procedures:

AMG Brazil performs a Counter Party Due Diligence on its tantalum ore suppliers using the Dow Jones database, which verifies sanctions, charges and investigations, negative media, and political exposures of beneficial owners, directors, and executives. If any risk alerts are identified in this process, the compliance department responsible for Counter Party will analyse and determine whether the purchase can proceed.

The company also conducts on-site visits to suppliers located in high-risk areas, using the methodology suggested by RMI through the "On-the-Ground ASM Mine-Site Assessment Questionnaire" document.

Monthly monitoring of mining news is also conducted to identify potential risks in the origin and transit of materials.

Based on the documents, information, and visits conducted in 2023, all suppliers from whom AMG purchased materials were deemed eligible and met all the requirements of the Due Diligence process. The visits were recorded in reports, which listed opportunities for improvement.

6. Risk Mitigation

If AMG Brazil confirms that a supplier is high-risk, the Supply Analyst, responsible for document analysis and tantalum ore procurement, must inform the department manager that the supplier is high-risk. If the manager decides to continue purchasing from a high-risk area, the risk mitigation plan will be in accordance with AMG Brazil's internal procedures, meaning that the company manages risks before making the purchase.

Based on the resources and parameters established by AMG, Brazil has been considered a CAHRA area. Therefore, strategies have been developed in collaboration with senior management, including document requirements, AMG Counter Party, visits accompanied by a mineral specialist, and KYC (Know Your Customer) procedures. These actions ensure that the company continuously evaluates risks.



If the supplying company does not possess the requested documents, if the documents are expired, or if any deviation from the Mineral Procurement Policy and internal procedures is identified, the purchase is suspended with the supplier until the issue is resolved, and approval from senior management is obtained. Risk mitigation strategies also include notifying government authorities and reporting suspicious criminal activity to local law enforcement agencies.

A handwritten signature in blue ink, appearing to read 'A. Paiva', written over a horizontal line.

Alexander Bruno de Paiva
Procurement Manager