



## 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/>).

**Data: September 03, 2024**

#### 1. Company Information

AMG Brasil operates in three segments: Critical Minerals, Special Materials, and Energy.

Critical Minerals include spodumene and tantalum concentrates, tin ingots, and feldspar. Special Materials include high-performance aluminum alloys, deoxidizers, and grain refiners, while the chemical plant produces tantalum and niobium oxides, Altab, cryolite, fluxes, and salts.

Units in Brazil:

AMG Brasil S.A (Special Materials)  
Rod. Br 383 km 94, Colônia do Marçal  
São João del-Rei-MG, Brazil  
CNPJ: 11.224.676/0003-47  
RMI CID: 001076

AMG Brasil S.A. (Critical Minerals)  
Rod. LMG 841 - km 18, Volta Grande  
Nazareno-MG, Brazil  
CNPJ: 11.224.676/0001-85

#### 2. RMAP Assessment Summary

AMG Brasil (**Special Materials**) underwent a Responsible Minerals Assurance Process (RMAP) assessment from March 21 to 23, 2023, and was once again 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 audit, according to the new standard developed by RMI / RMAP to meet OECD requirements. The next audit will take place in 2024.

AMG Brasil S.A. (**Critical Minerals**) does not purchase tantalum, niobium, tin, or lithium ores, as all its production comes from its own mine.

#### 3. Company Supply Chain Policy

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Rodovia 383 Km 94  
Colônia do Marçal, CEP: 36.302.186  
São João Del Rei - MG



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 areas, AMG Brasil 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 geographic scope is global. The company is firmly committed to addressing any Annex II risks if identified. The policy was reviewed and approved by senior management, who are 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 Brasil website: [https://amg-br.com/wp-content/uploads/2024/07/Politica de compra de minerio - Outubro 2023 - Ingles1.pdf](https://amg-br.com/wp-content/uploads/2024/07/Politica_de_compra_de_minerio_-_Outubro_2023_-_Ingles1.pdf)

#### **4. Company Management System**

In addition to RMAP assessments, the Special Materials unit is audited according to ISO 9001, 14001, and 45001. In the Critical Minerals unit, the ISO certification process is ongoing. The company remains committed to the supply chain policy and has established an internal procedure for supply chain management, including the Due Diligence Guidance process.

##### **Management Structure:**

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

The Procurement Supervisor evaluates and validates the information managed by the Procurement Analyst and coordinates the work with relevant areas such as Procurement, Quality, and Production, ensuring that each area follows its functions and responsibilities to implement due diligence, report any red flags, and identify potential risks.

If any deviation is identified in relation to internal procedures, the Procurement Management will be informed so that risk mitigation measures can be taken.

##### **Internal Control Systems:**

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

Based on the risk and number of red flags raised at the origin and transit of tantalum ore, applicable documents are requested, AMG Brasil's Counterparty is conducted, and mine visits are carried out.

Visits are conducted every two years for active suppliers, and in the case of new suppliers, the visit should be conducted by the fourth lot acquired within six months.

The company communicates its Ore Purchase Policy to its suppliers and those involved in the purchasing process, and it is also made publicly available on the website.

##### **Record Maintenance:**

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Once a year, the procedure is re-evaluated, and employees involved in the purchasing process are individually trained.

According to the quality standard, all documents related to purchases are archived for five years, as per the internal quality standard.

#### **5. Risk Identification (ALL SOURCES):**

AMG Brasil has a robust process for identifying risks in the supply chain.

Before starting new business with a supplier, a detailed verification is conducted by the Procurement area to confirm whether the supplier is located and/or the tantalum ore will transit through a CAHRA area. The company uses the following criteria to determine CAHRAs:

- Verification on the list of countries listed in the "Dodd-Frank Act" and the "EU CAHRAs list";
- Consultation with the "RMI's Global Risk Map" platform provided to RMI members through the link: <https://analyze.eiq.ai/rba>. The platform provides interactive maps and classifies countries based on various indicators that assess risks of Political Instability, Human Rights Risk, Conflict Risk, and Sanctions, as listed in Annex II of the OECD Due Diligence Guidance for Responsible Supply Chain.

After determining the risk of origin and transit of the ore, the number of flags is evaluated to determine which documents will be requested, AMG's Counterparty, and conducting visits.

#### **6. Risk assessment (HIGH RISK SOURCING ONLY)**

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

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

To carry out the above assessments, the company has the following procedures:

AMG Brasil conducts a Counterparty Due Diligence on its tantalum and lithium ore suppliers through the Dow Jones database, where sanctions, accusations and investigations, negative media, and political exposures of beneficial owners, directors, and executives are checked. If any risk alert is identified in this process, the compliance area responsible for the CP will analyze and inform whether the purchase can be made.

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



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

According to the documents and information, as well as visits conducted in 2023, all suppliers from whom AMG Brasil (Special Materials) acquired material were fit to supply and met all the requirements of the Due Diligence process. The visits were recorded in a report, listing opportunities for improvement.

In the case of AMG Brasil (Critical Minerals), there was no acquisition of tantalum, niobium, tin, and lithium ores.

## **7. Risk Mitigation**

If AMG Brasil confirms that the supplier is high-risk, the procurement analyst responsible for document analysis and tantalum ore purchase must inform the manager that the supplier is high-risk. If the manager decides to continue purchasing from a high-risk area, the risk mitigation plan will follow AMG Brasil's internal procedures, meaning the company manages risks before the purchase.

Based on AMG's established resources and parameters, Brazil was considered a CAHRA area. Strategies were established with senior management, such as documentary requirements, AMG Counterparty, on-site visits, and KYC. These actions ensured that the company continuously evaluates risks.

If the supplier company does not have the requested documents, or they are expired, or any deviation is identified concerning the Ore Purchase Policy and internal procedure, the purchase is interrupted with the supplier until the issue is resolved and senior management authorizes the purchase. Risk mitigation strategies also include: alerting 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

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