



OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

AMG Brasil - Due Diligence Report for Raw Material Procurement in the Year 2024 (“OECD Step 5 Report”)

Note: This report is following the “OECD *Due Diligence Guidance Report*” of the Responsible Minerals Initiative - RMI (<http://www.responsiblemineralsinitiative.org/smelter-introduction/>).

Data: 17 January 2025

1. Information about the company

AMG Brasil operates in three segments: critical minerals, special materials and energy.

Critical minerals, in other words, minerals available in nature in limited quantities, include spodumene and tantalum concentrates, tin ingots and feldspar. Special materials include high-performance aluminum alloys, deoxidizers and grain refiners, while the chemical plant is dedicated to the production of tantalum and niobium oxides, Altab, cryolite, fluxes and salts.

Brazil Facilities:

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

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

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2. RMAP Assessment

AMG Brasil S.A (Special Materials)

Scope of Assessment: Tantalum

RMI Smelter ID: CID001076

Period assessed: 03/mar/2023 a 31/mar/2024

Date of assessment: 02/may/2024 a 03/may/2024

Assessment Company: SCS Global

Compliance status: Compliant

Summary of results:

No non-conformities were identified by the audit. Two compliant items with continuous improvement were identified, which are being analyzed and will be implemented in 2025.

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

The audit summary can be found at the link:

<https://www.responsiblemineralsinitiative.org/media/docs/Public%20Reports/AMG%20Brasil%20Public%20Report.pdf>

3. Company Supply Chain Policy

To avoid the use of conflict minerals, which directly or indirectly finance or benefit armed groups and/or involve other serious human rights abuses in high-risk and conflict-affected regions, 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-OECD Guidance). The policy covers all the risks identified in Annex II of the OECD Guidance and its geographical scope is global. The company is firmly committed to dealing with any Annex II risks, if identified. The policy has been 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 located on AMG Brazil's website: https://amg-br.com/pt/wp-content/uploads/sites/2/2024/07/Politica_Compra_Minerio_PT_BR-Outubro-2023-Portugues.pdf

4. Company Management System

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4.1 The company's management system

In addition to the RMAP assessments, the Special Materials unit is audited in accordance with ISO 9001, 14001 and 45001. In the Critical Minerals unit, the ISO certification process is underway. The company follows its commitment to supply chain policy and has established an internal procedure for supply chain management, including the *Due Diligence Guidance* process.

- NQ085 Identification of Conflict-Affected or High-Risk Areas: procedure used to define the KYC processes, risk assessment, red flag review, risk management and risk mitigation.
- PO043, PO044, and PO125: procedures to define the processes for Receiving, Unloading, Storing, and Identifying raw materials.
- NQ064 Purchasing Tantalum and Niobium Ores: procedure to provide guidance on the process of qualifying and purchasing minerals.
- Whistleblowing and Reporting Policy: detailed policy on how whistleblowing is handled at AMG. Document available at: https://amg-br.com/pt/wp-content/uploads/sites/2/2024/12/AMG_SPEAK_UP_-_POLITICA_DE_DENUNCIAS_E_RELATORIOS1.pdf

4.2 Management structure

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

The Procurement Supervisor evaluates and validates the information managed by the Procurement Analyst, and is also responsible for coordinating work with the relevant Procurement, Quality and Production areas to ensure that each area follows its roles and responsibilities to implement due diligence, schedule and report any red flags and potential risks identified.

If any deviations from internal procedures are identified, the Procurement Management will be notified so that risk mitigation measures can be adopted.

4.3 Internal control systems:

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

i. According to the risk and number of red flags raised at the origin and transit of tantalum ore, the applicable documents are requested, AMG Brasil's *Counter Party* is held, as well as visits to the mines. Visits are carried out every 2 (two) years for active suppliers, and in the case of new suppliers, the visit must be carried out up to the fourth lot purchased within a period of 6 (six) months.

ii. The company communicates its Ore Purchasing Policy to its suppliers and to those involved in the purchasing process, as well as making it publicly available on its website.

iii. AMG provides an area on its website (<https://amg-br.com/pt/contato/compliance/>) where anyone can make a complaint. All complaints are assessed by the Compliance team who, in accordance with the procedure, will deal with the case in the best possible way.

iv. Throughout 2024, AMG reinforced its commitment to the program and carried out internal and external training with the areas involved in the process.

v. The company used its control procedures to monitor all materials received, which underwent detailed analysis, including transport documentation, invoices, weight verification and chemical analyses. Records of all transactions are filed at the company.

4.4 Documents Maintenance

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

In accordance with the quality standard, all documents relating to purchasing are kept on file for 5 (five) years.

5. Risk identification (ALL SOURCES):

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

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

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

After determining the risk of the origin and transit of the ore, the number of flags is assessed in order to determine which documents will be requested, AMG's *Counter Party* and visits.

In 2024, AMG received materials from CAHRA areas and also from low-risk areas. In the flag review process, in the case of CAHRA areas, we had origins with 2 and also 3 red flags. All control measures, intensified due diligence and risk mitigation were adopted, according to the RMAP RMI standard.

6. Risk Assessment (HIGH RISK SOURCING ONLY)

6.1 Risk Assessment:

For materials purchased in high-risk areas, AMG Brasil carries out more in-depth assessments, which include:

- Assessment of the CAHRA context;
- Traceability of the origin and transit of materials;
- Assessment of the activities and relationships of *upstream* suppliers;
- Identification of sites and qualitative conditions of extraction, trade and handling;
- Mine visits.

In order to carry out the above assessments, the company has the following procedures in place:

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AMG Brasil carries out a *Counter Party Due Diligence* on its suppliers of tantalum and lithium ores, through the *Dow Jones* database, where the following are verified: sanctions, accusations and investigations, negative media and political exposures of the beneficial owners, directors and executives. If any risk alerts are identified in this process, the compliance area responsible for the *Counter Party* will analyze and inform whether or not 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 the RMI in the document “*On-the-Ground ASM Mine-Site Assessment Questionnaire*”.

Monthly monitoring of mining news is also carried out in order to identify any potential risk in the origin and transit of materials.

6.2 Results:

According to the documents and information, as well as visits carried out in 2024, we concluded that the suppliers did not present risks related to OECD Annex II and, therefore, were able to supply materials containing tantalum to AMG and it was also not necessary to activate a Risk Mitigation Plan. Four visits were carried out in 2024, all of which were recorded in a report, where opportunities for improvement were listed.

In the case of AMG Brasil (Critical Minerals), no tantalum, niobium, tin or lithium ores were purchased.

7. Risk Mitigation

7.1 The Ore Purchasing Policy is publicly available on AMG Brasil's website, as well as being disseminated to the company's employees, and its signature by the supplier is a mandatory requirement for the negotiation to take place. Compliance with the policy is monitored on an ongoing basis, and also through visits (when applicable).

7.2 All documentation sent by suppliers is evaluated, analyzed and specific queries made through Counter Party Due Diligence via the Dow Jones database.

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7.3 In the event that AMG Brasil identifies any deviation in relation to the mineral procurement policy and/or in relation to the procedures that permeate the Due Diligence process, such deviation will be evaluated and risk mitigation measures will come into effect. Risk mitigation strategies include, but are not limited to:

- Continuous trading throughout measurable risk management efforts;
- Temporarily suspending trade while ongoing mitigation efforts continue;
- Disengaging from a supplier in cases that mitigation appears infeasible or unacceptable.

Risk mitigation strategies also include: alerting government authorities and reporting suspected criminal behavior to local law enforcement agencies.

7.4 AMG works in collaboration with suppliers to encourage improvement in their health, safety and environmental standards.

A handwritten signature in blue ink, appearing to read 'A. Bruno de Paiva'.

Alexander Bruno de Paiva
Procurement Manager