



Due Diligence Report for Raw Material Procurement for the Year 2021 - Resind Indústria e Comércio Ltda ("OECD Step 5 Report")

1) COMPANY INFORMATION

Founded in 1996, Resind Indústria e Comércio Ltda is a Brazilian smelter located in São João Del Rei, Minas Gerais, Brazil. Our mission is to produce high-quality ferroalloys for our customers through innovative processes, optimizing the recovery of mineral resources and benefiting the environment.

We process ores and by-products such as cassiterite, ilmenite, Sn slag and FeSn alloys containing tin and tantalum. Resind participates in the Responsible Minerals Assurance Process (RMAP) audit from the Responsible Minerals Initiative (RMI) and is listed under the CID numbers CID002706 and CID002707.

2) SUMMARY OF THE RMAP ASSESSMENT

Resind was audited on May 8 and 9, 2019. The assessment period was from 03/01/2018 to 02/28/2019. The company was found to be in compliance with all standards and protocols and obtained certification valid for 03 (three) years. The audit was conducted by the Responsible Sourcing Audit Company SGS North America Inc., according to the RMI-RMAP protocol. The lead auditor was Mr Brian Knox. Our audit reports for Tantalum and Tin can be viewed here, respectively:

<http://www.responsiblemineralsinitiative.org/media/docs/Public%20Reports/Resind%20Ta%20Public%20Report.pdf>

<http://www.responsiblemineralsinitiative.org/media/docs/Public%20Reports/Resind%20Sn%20Public%20Report.pdf>

3) SUPPLY CHAIN MANAGEMENT SYSTEM

3.1 Supply Chain Policy

Resind Indústria e Comércio Ltda has developed and implemented a Supply Chain Policy to avoid the use of conflict minerals that directly or indirectly finance, or benefit armed groups or other serious violations of human rights in conflict-affected and high-risk areas (CAHRAs). The Supply Chain Policy is fully aligned with the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas - Third

Edition" (OECD Guidance) and the RMI's "Responsible Minerals Assurance Process - Tin And Tantalum Standard" (RMAP). The policy is communicated to our suppliers to promote awareness of the risks and prevent our Supply Chain from such abuses, which are best described in Annex II of the OECD Guidance. Our company is committed to managing the risks if these are identified. Our policy has been reviewed and approved by our company Directors and received full support for its implementation. Furthermore, the policy is widely publicized, published on the company's website (www.resind.com.br), and kept up-to-date to reflect OECD and RMI guidelines.

3.2 Management Structure and Responsibility

Resind has established internal procedures for supply chain management, including the due diligence process. In particular, our procedures “POP-SUP-002 Sistema de Gerenciamento da Cadeia de Suprimentos” and “POP-SUP-004 Identificação e Avaliação dos Riscos da Cadeia de Suprimentos” accurately describe the flow of information and the responsibility of each party involved in the procurement of Ta and Sn containing materials.

The person responsible for raw material supply evaluates and validates the initial information related to the supplier contributing to the due diligence process.

The administrative manager is the person responsible for the due diligence process and overseeing the operation of Resind's Supply Chain Management System. She is responsible for expanding on the information provided by the raw materials supply officer using other sources, such as consulting the UN sanctions list. It is also her responsibility to apply the “POP -SUP-001-Identificação de Áreas Afetadas por Conflitos e de Alto Risco (CAHRAs)”to identify CAHRAs. It also makes the assessment of possible red flags according to “POP-SUP-004 Identificação e Avaliação dos Riscos da Cadeia de Suprimentos”.

The procedures are re-evaluated and updated annually, and the relevant departments undergo supply chain management system training.

3.3 Internal control and transparency systems/record-keeping system

According to “POP-SUP-004 Identificação e Avaliação dos Riscos da Cadeia De Suprimentos”, before starting a new business with a supplier, we perform KYC/KYS (know your customer/supplier) activities and collect information for the due diligence process. We perform

a detailed verification to confirm that this potential supplier meets all legal and internal requirements regarding CAHRAs.

Resind also communicates its updated Supply Chain Policy to its suppliers and has a Grievance mechanism. Stakeholders such as the society, whistleblowers and others can access our web page and send information directly to the Responsible for Due Diligence.

In Addition, according to "POP-SUP-002 Sistema de Gerenciamento da Cadeia de Suprimentos" all documents referring to the diligence process are archived for five years.

4) IDENTIFICATION AND ASSESSMENT OF RISKS

To identify and assess risks in its supply chain, Resind performs the steps described in its internal procedures "POP-SUP-004 Identificação e Avaliação de Riscos" e "POP-SUP-002-Sistema de Gerenciamento de Risco da Cadeia de Suprimentos". It also performs the due diligence activities such as KYC/KYS, where the raw materials supply officer collects documents and information from suppliers (and potential suppliers) which are expanded and validated by the person responsible for the diligence.

In addition, it applies the procedure "POP -SUP-001-Identificação de Áreas Afetadas por Conflitos e de Alto Risco (CAHRAs)" that uses the resources of the RMI risk assessment tool available at <http://www.responsiblemineralsinitiative.org/mineralsdue-diligence/risk-management/rmi-global-risk-map/>. It also uses the CAHRAs list that includes countries identified as high risk by relevant regulations related to conflict minerals.

With regard to the on-the ground-assessment, the methodology, practices and information are described in our internal procedures "POP-SUP-004-Identificação e Avaliação de Riscos" e "POP-SUP-003-Equipe De Avaliação De Risco". These procedures are based on the Appendix "Guiding Note for Upstream Company Risk Assessment" of the OECD Guidance.

In 2021 Resind conducted analyses of its suppliers who collaborated with the necessary documentation, so that the origin of the material, the chain of custody, and other aspects could be better studied. Based on the risk assessment, Resind concluded that no risks described in Annex II of the OECD Guidance were identified in its supply chain.

5) RISK MANAGEMENT

Resind's risk management plan is described in its internal procedure "POP-SUP-005-Design and Implementation of a Strategy to Respond to Risks". If risks are identified and assessed in its supply chain Resind will adopt one of the following management/mitigation strategies:

- a) Continuing the business relationship while applying risk management efforts;
- b) Temporary suspension of business while applying risk mitigation efforts;
- c) Terminating the business relationship when risk mitigation efforts appear not feasible or unacceptable.

The decision of which strategy to adopt is defined after the classification of risk based on Annex II of the OECD Guidance. In this context, the suggested risk mitigation measures from Annex III of the OECD Guidance can be applied.

However, as in the year 2021, no risk was identified, no mitigation strategy was used and therefore no stakeholders were involved. Furthermore, in this case, there is no progress in the mitigation strategy to be monitored.



Almir Clemente

Production Director of Resind Indústria e Comércio Ltda