

QSIL Metals Hermsdorf GmbH Public Due Diligence Report for 2021/2022

Note:

This report is structured in line with the “Public Due Diligence Report writing guidance” of the Responsible Minerals Assurance Process (RMAP) published by the Responsible Minerals Initiative (RMI), <http://www.responsiblemineralsinitiative.org/rmap/documents-and-tools/>

1. Company Information

Our company is called QSIL Metals Hermsdorf GmbH. (formerly H. C. Starck Hermsdorf GmbH)
The company has one smelting facility, located at Robert-Friese-Straße 4, Hermsdorf /Germany.
The company’s CID number is CID002547.

The smelting/refining facilities are processing tantalum products next to niobium and molybdenum products.

2. RMAP Assessment Summary

Due to the Covid19 pandemic, the planned RMAP assessment was shifted from November 2021 to January 20th, 2022. Due to initially planned date, it was decided upon request by the RMI to keep the audit period from October 1st, 2020 to November 30th, 2021. The assessment is valid for one year. The assessment was conducted by ARCHE Advisors an RMI appointed Sourcing Audit Firm.

The assessment summary report is public and available on the RMI Homepage under our CID number in the conformant tantalum smelters list. <http://www.responsiblemineralsinitiative.org/tantalum-smelters-list/>

For the continuous improvement of the Responsible Supply Chain Management Systems (RCSM), the measures resulting from the assessment were implemented in a timely manner.

3. Company Supply Chain Policy

QSIL Metals Hermsdorf GmbH has implemented an on-going policy of only purchasing raw materials that are conflict-free and that aligns with the OECD Guidance (3rd edition of the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas”) and also the “Regulation (EU) 2017/821” of the European Parliament and of the Council of 17 May 2017. The company is committed to addressing any OECD Annex II risks if identified.

The policy, named “Responsible Raw Material Policy for QSIL Metals Hermsdorf GmbH” was reviewed and approved by senior management, which committed to support its implementation. The policy has been widely disseminated to relevant stakeholders (suppliers, customers, employees etc.) and is available on the company website at <https://www.qsil-metals.com/hermsdorf>

4. Company Management Systems

Management Structure

Besides the RMAP assessments the QSIL Metals Hermsdorf GmbH is audited against ISO 9001, ISO 14001 and ISO 50001. In addition to the HSEQ aspects the company follows through on its commitments in the responsible raw material policy and has developed an internal procedure for due diligence with the following aspects:

- The company’s Managing Director is responsible to oversee the due diligence program and risk management design and implementation.
- The company has assigned a Responsible Minerals Sourcing Program Manager to coordinate the work of the relevant departments (incl. Supply Chain Management, Procurement, Quality Management, Customer Service) to ensure each department follows up on their roles and

responsibilities to implement the due diligence program and report any red flags and potential risks identified and seek out opportunities to improve the program. He reports directly to the Managing Director.

- The company conducts due diligence management system training once a year or if changes or risk identified for key staff from all relevant departments required in due diligence program.
- To ensure the effectiveness of the due diligence management system the QM department conducts internal audits on a regular basis according to the audit protocol of the responsible minerals assurance process.
- All relevant documents (e.g. guidelines RMAP Procedure, KYC, CAHRA, Red Flag, Supply Chain Risks) are implemented in a document control system to ensure a continuous improvement and a correct execution of the processes.

Internal Systems of Control

The company has established/updated its due diligence management system to be aligned with the OECD Guidance and RMAP. The company communicated the updated supply chain policy and sourcing requirements to all identified upstream suppliers via our Terms and Conditions stated on our purchase orders and annual supplier letter. In this way the company has incorporated due diligence requirements into legally binding agreements with direct suppliers.

Before starting new business with a supplier, there is a detailed check by the Responsible Minerals Sourcing Program Manager together with the Procurement to confirm that this potential supplier fulfils all requirements of the RMAP process and to identify risks in the supply chain. This check is repeated on a regularly basis during the whole time of the business relationship.

Record Keeping System

Relevant data, like material receipts, inventory etc. are entered into our ERP database system (SAP). As part of our annual conformant suppliers audit these transactions are audited by a third party and an inventory balance analysis is completed to insure all inventory is accounted for.

According to our guideline "Recordings" (VA16 Aufzeichnungen) the company requires that all records relating to the due diligence program are maintained at least for five years and that they be properly used and safely stored in our online company database.

5. Risk Identification (all sources)

QSIL Metals Hermsdorf GmbH does not purchase primary materials/ore but only purchases secondary raw material and intermediates.

Secondary raw material has to meet the definition of "secondary" given by the OECD.

Intermediates are only purchased from certified conformant smelters.

This certificate is checked with every transaction, using the RMI conformant-smelter-refiner-list or CMRTs (Conflict Mineral Reporting Template) given by our suppliers mentioned the certified conformant smelters.

Referring to the risks in the company's supply chain policy, the company established a procedure to identify CAHRAs. The procedure includes the resources used, the criteria to define a "conflict-affected and high-risk" area as well as the frequency with which our determination is reviewed

In addition, we will annually survey our suppliers through our Know your counterparty (KYC) process as well as confirm annually that each supplier remains on the conformant smelters list. We will evaluate the information provided in our supplier's responses to our KYC survey in order to identify any possible Red Flags and we will address any such findings with our supplier immediately. In addition, we will screen each supplier annually for any financial wrongdoings, or government sanctions.

Should a supplier cease to be listed on the conformant Smelters list, have any unmitigated Red Flags identified or be listed on our screened government sanction lists we would not engage in any additional purchases until the matter is resolved and we would further engage with its suppliers to clarify and improve the documents as needed.

During this reporting period, no red flags were identified related to submitted KYC forms.

The company requested origin information for each material transaction and ensured that it was able to understand the transaction origin, transportation route, as well as direct suppliers' name and locations.

During this reporting period, no CAHRAS and red flags were identified to submitted origin information.

Grievance Mechanisms

QSIL Metals Hermsdorf GmbH maintains complaints mechanism in accordance with the 8D principles and ISO 9001.

Should any party wish to voice a concern regarding the circumstances of mineral extraction, trade, handling or export they can report it via the RMI Grievance mechanism procedure and reporting function @ <http://www.responsiblemineralsinitiative.org/rmap/grievance-mechanism/>

Hermsdorf, January 1st, 2023