



## **Due diligence report for the period from 07/01/2020 through 02/28/2022**

### **1. Company profile**

Name of the company: Ulba Metallurgical Plant Joint Stock Company (UMP JSC).

Ulba Metallurgical Plant Joint Stock Company offers uranium, beryllium, tantalum and niobium products of the highest quality.

UMP JSC has resources and production facilities for implementation of unique engineering solutions. The plant has more than 70 years of experience in the production and supply of world-class high-tech products, which are used in the nuclear, aviation, rocket and space industries, as well as in electronics, medicine, instrument making, science and many other leading industries.

Tantalum Department of Ulba is one of the most largest enterprises in the world with full production cycle – from Tantalum & Niobium raw materials processing to finished-products output. Tantalum Department of Ulba is remarkable for its flexible technology of processing of any kinds of Tantalum and Niobium raw materials. This technology allows manufacturing products with the set quality parameters.

CID-number of the company: CID001969.

3TG-materials processed: Tantalum.

Tantalum is processed at the following address: 102 Abay Avenue, Ust-Kamenogorsk, 070005, Republic of Kazakhstan.

This report covers time period from July 01<sup>st</sup>, 2020 through February 28<sup>th</sup>, 2022 in connection with the shift in the date of the assessment from July 2020 to February 2021 due to restrictions on movement worldwide caused by COVID-19, with the reference to the previous due diligence report for the period from 07/18/2019 through 06/30/2020 (Ref. No. 32-17-01/8518 dated August 10<sup>th</sup>, 2020).

### **2. RMAP Assessment summary**

Date of the last RMAP Assessment in UMP JSC for the Assessment period: February 23-26, 2021.

Previous assessment period: from July 01<sup>st</sup>, 2019 through January 31<sup>st</sup>, 2021.

Name of Assessment Firm: Arche Advisors.

The last RMI Assessment report reference:

[http://www.ulba.kz/en/files/production3\\_01.pdf](http://www.ulba.kz/en/files/production3_01.pdf)

UMP JSC is a full member of the iTSCi Program since April 26<sup>th</sup>, 2013 that works in due diligence system to create and maintain transparency of mineral supply chains in the CAHRA regions, supports member companies to implement due diligence by working with governments and civil society and providing expert field, data, risk management and auditing teams.

### **3. Company's management system**

UMP JSC is aware of creation and maintenance of Tantalum supply chain that excludes receipt of illegal Tantalum raw materials from conflict regions worldwide. Thus, since 2012 the Company has been working under the Policy for responsible minerals supply chain. This instrument shall be periodically reviewed, revised and updated as necessary to reflect changing conditions. During 2019 UMP JSC worked under the Policy of UMP JSC Management for responsible minerals supply chain (hereinafter referred to as the Policy), approved by the Company's Executive Board on June 24, 2019. As a result of its updating, the relevant regulatory document was adopted by the Company on November 13, 2019. The Policy complies with the requirements of the updated Responsible Minerals Assurance Process (RMAP) Tin and Tantalum Standard.

The Policy references:

In English: <http://www.ulba.kz/en/production3.htm>

In Russian: <http://www.ulba.kz/ru/production3.htm>

The company has a strong due diligence management system (hereinafter – DDMS). The DDMS is based on a risk-oriented approach.

The management representative responsible for the implementation of DDMS at the Company was the Managing Director – Business Support of UMP JSC until February 24<sup>th</sup>, 2022 (hereinafter – UMP JSC's management representative). In current time due to the reorganization of the management structure of the enterprise, Procurement Director is management representative responsible for the functioning, maintenance and effectiveness of the conformity assessment management system.

UMP JSC makes a contribution to the constant improvement of DDMS. UMP JSC's management representative put into effect internal instruction И 32.0006 "Due Diligence Management System activity review" on December 10, 2019. This regulatory document establishes DDMS working review procedure regarding the process of Tantalum raw materials supply in accordance with the requirements of Responsible Minerals Assurance Process (RMAP) Tin and Tantalum Standard. According to this instruction, an annual review of the system is carried out by June 30<sup>th</sup>. Based on the results of the review and analysis of the due diligence management system functioning: the system is relevant and suitable for a further period (Report Ref. No. 32-17-02/1910 dated 29.06.2021, supplement to the Report Ref. No. 32-17-02/2339 dated August 09<sup>th</sup>, 2021).

Ulba requires that all records relating to the due diligence program are maintained at least for five years.

### **4. Risk identification and assessment**

Ulba has a robust process to identify risks in the supply chain.

UMP has a procedure for CAHRA identification using the following resources:

- Heidelberg Conflict Barometer
- Fragile State Index
- Dodd-Frank Act
- European Union methodology for determining CAHRA countries (resource added to the procedure in May, 2021).

UMP has defined criteria and benchmark indicators to determine CAHRAs.

The company evaluated the countries of the world for belonging to CAHRA using the above mentioned tools. The result of the assessment was a list of countries of the world and their classification as conflict-affected and high-risk areas (CAHRA), approved on May 21<sup>st</sup>, 2021 by UMP JSC's management representative. In accordance with the internal procedure of the enterprise, the analysis and determination of CAHRA is carried out based on the results of the RMAP audit, at the discretion of UMP JSC's management representative and in several other cases, but at least once a year from the date of the last analysis.

Since 2018 there has been integrated a Know Your Counterparty (KYC) system at Ulba that allows obtaining and reviewing information concerning supplier legal status, its beneficiaries, location and potential risks.

In 2021 in order to monitor and account for the cooperation of suppliers of mineral tantalum raw materials in EITI:

- KYC has been updated. The KYC questionnaire form has been updated to reflect the question of whether the supplier is required or voluntarily responsible for reporting to EITI.
- Defined monitoring requirements for countries supporting EITI.
- A provision has been added in contracts for the supply/tolling processing of mineral tantalum raw materials for reporting by a supplier to UMP JSC in accordance with the requirements of EITI (in case of mandatory/voluntary reporting) or recommendations to the supplier on compliance with EITI principles and criteria (in the absence of mandatory/voluntary reporting).

During 2020 throughout early 2022 Ulba was using the international industry iTSCi Program as an **upstream assurance mechanism** for primary Tantalum raw material deliveries from CAHRAs.

iTSCi provides the following documents for each high-risk sourcing transaction:

- Incident summary reports as they become available.
- Mine Visit Recommendations including a list of mine sites with potential risks (it is advised that companies sourcing from these mine sites conduct enhanced due diligence and risk assessment).
- Monthly country and region reports, which review the general situation on the ground.
- Data summary and other reports.

In addition Ulba uses information from annual UN Reports of the Group of Experts on the Democratic Republic of Congo.

## 5. Risk Management

UMP JSC's management representative put into effect internal instruction И 32.0005 "RMAP Risks Management" on December 10, 2019. This regulatory document establishes procedure for Tantalum raw materials supply chain risks management in accordance with the requirements of Responsible Minerals Assurance Process (RMAP) Tin and Tantalum Standard. UMP JSC approved the first RMAP risk matrix on December 25, 2019.

According to the instruction, the impact of risk management activities has been assessed. The relevant RMAP risk matrix is dated by June 09, 2021.

According to Ulba's internal instruction И 32.0003-19 information from KYC surveys is analyzed before conclusion of contract for Tantalum raw materials supply / tolling processing. In case of inconsistencies and/or discrepancies, a report shall be drawn up. It shall be sent to the potential supplier for elimination of identified inconsistencies and/or discrepancies. If inconsistencies and/or discrepancies are not eliminated, the report shall be sent to UMP JSC's management representative UMP JSC's management representative to make decision.

Based on the analysis conducted Ulba determines the level of supply chain risk (high or low) and draw up supply chain map. On the basis of the completed supply chain map Ulba shall assess risks and UMP JSC's management representative shall make decision on further cooperation with the supplier.

After conclusion of contract for Tantalum raw materials supply / tolling processing Ulba draw up a map of supply actual circumstances for supply chains with high risk level, which includes information about incidents received from **the upstream assurance mechanism** (iTSCi). The incidents under review relate to both – supply chain participants (companies) and mineral mining regions. On the basis of the completed map of supply actual circumstances Ulba shall assess risks and the Managing Director – Business Support (until February 24<sup>th</sup>, 2022) / Procurement Director (from February 24<sup>th</sup>, 2022) shall make decision on further cooperation with the supplier.

According to the chosen risk mitigation strategy Ulba shall stop immediately work with the supplier in cases where risk mitigation seems to be impossible or unacceptable.

Ulba works closely with direct suppliers (counterparties) and the iTSCi Program to eliminate risks (in high-risk supply chains) and to obtain detailed information about risk mitigation process. At the same time the Company aims to:

- Identify direct source of the material including the name of the manufacturer and exporter;
- Determine whether the identified risk was eliminated and/or re-appeared within the subsequent reporting period.
- Clarify risk management methodology including information who is responsible for risk mitigation activities.
- Regularly request updates concerning risk management activities for relevant supply chains.

Ulba found **148** incidents related to its supply chains within the period from 07/01/2020 through 02/28/2022. All incidents were classified as high-level risks, because Tantalum raw materials came from CAHRA or were transported through CAHRA. For all the risks found Ulba made decision to continue trading activities / cooperation with suppliers. Ulba has used a procedure for risks identification and assessment over the past few years. Due to implementation of the updated Tin and Tantalum Standard for Responsible Minerals Assurance Process (RMAP) (effective date – June 1, 2018) in the enterprise, this procedure was appended in terms of monitoring and mitigating risks related to Tantalum raw materials supply. Therefore, the reporting period under review is a reference point. Activities to assess, monitor and mitigate identified risks (incidents) in the tantalum supply chain are planned to carry out during the next reporting period. If conflict / illegal minerals are identified in the purchased lot of tantalum concentrate, Ulba shall refuse to buy this lot of concentrate or, if the lot of concentrate has already been purchased, it shall be turned back to the supplier on FCA terms. There were no incidents of Tantalum concentrate lots return to suppliers for this reason within the period from 07/01/2020 through 02/28/2022.

## **6. Communication with customers**

In accordance with OECD Guidance during the reporting period Ulba communicated with its downstream customers on its supply chain due diligence using a Conflict Minerals Reporting Template (CMRT). The completed Conflict Minerals Reporting Templates were sent to the downstream customers upon their request.