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July 31st, 2020

Wolfram Company JSC Due Diligence Report for Mineral Supplies in Year 2020 (“OECD Step-5 Report”)

WOLFRAM Company JSC is a producer of various tungsten products, developing its own tungsten mining project in Russia.

Our company develops favorable working conditions and is guided by such values as: environmental protection, observance of labor rights and maintaining business ethics.

The present Due Diligence Report for Mineral Supplies in Year 2020 published July 31st, 2020.

1. Company Information

Company name: WOLFRAM Company JSC

Registered address: Stroiteley Blvd., 4, bld. 1, Krasnogorsk, Moscow Region, 143402, Russian Federation

Processed material: tungsten

Report period: calendar year 2020 (1 Jan 2020 – 31 Jul 2020)

Webpage: www.wmc.ru

The company has two facilities in Russia:

- Unecha Refractory Metals Plant (UZTM), Bryanskaya obl. Unecha, Zalineinaya str., 17, Russian Federation. RMI smelter ID: CID002724
- HYDROMETALLURG JSC, Kabardino-Balkariya, Nalchik, Golovko str., 105, Russian Federation. RMI smelter ID: CID002649

In accordance with the OECD Guidance Annex II (<https://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-GuidanceMinerals-Edition3.pdf>), the SEC Conflict Mineral rule concerning section 1502 of the Dodd-Frank Act and Regulation (EU) 2017/821, WOLFRAM Company JSC strongly condemns all activities, and will refuse any material, which we believe benefitted or supported armed rebels/terrorist groups through illegal finance or other activities or involved serious human rights violations associated with the extraction, handling, transport or trade of minerals.

WOLFRAM Company JSC participates in the Tungsten Industry – Conflict Mineral Council (TI-CMC) and is indicated as conformant to the Responsible Minerals Assurance Process assessment protocol (commonly known as “Conflict Free Smelter”).

WOLFRAM Company JSC produces tungsten metal powder (100% W), tungsten carbide powder (94% W, 6% C), yellow tungsten oxide (YTO), blue tungsten oxide (BTO), ammonium paratungstate (APT), ferrotungsten (FeW), tungsten bars.

Our sources of main material are:

- our own mines;
- tungsten ore concentrates from mines worldwide;
- secondary raw materials (scrap),
- intermediate products so that Ammonium paratungstate (APT) and tungsten oxide (YTO).

2. RMAP Assessment

The most recent 3rd party assessment following the Responsible Minerals Assurance Process (RMAP) was undertaken

- Unecha Refractory Metals Plant (UZTM), Bryanskaya obl. Unecha, Zalineinaya str., 17, Russian Federation. RMI smelter ID: CID002724. Last assessment date is 10/12/2019 - 13/12/2019 for the three-year audit period lead by Tatiana Vasenko (Arche Advisors).
- HYDROMETALLURG JSC, Kabardino-Balkariya, Nalchik, Golovko str., 105, Russian Federation. RMI smelter ID: CID002649. Last assessment date is 26/06/2019 for the three-year audit period lead by Tatiana Vasenko (Arche Advisors).

The conformance can be proved by the list of RMAP Conformant Tungsten Smelters on the web page of RMI: <http://www.responsiblemineralsinitiative.org/tungsten-conformant-smelters/>

3. Company Supply Chain Policy

Special Conflict Minerals Policy and instructions (in line with the original CFSP tungsten protocol) have been elaborated in 2014. Next time the Policy was amended in 2018 in accordance of the revision of the RMAP Tungsten Smelter Standard (version issued 1 December 2017). Following assessment of Unecha Refractory Metals Plant (UZTM) in 2019, Conflict Minerals Policy and Management System for Responsible Supply of Tungsten Raw Materials have been updated according of all present requirements of OECD Guidance and RMAP Tungsten Smelter Standard, and its essential parts such as identification of CAHRAs and relevant risk management for supplies worldwide.

Company Supply Chain Policy can be found as follows: <https://wmc.ru/our-mission-and-social-responsibility/>

4. Management System for Responsible Raw Material Supplies

Management System

The function of Due diligence manager is dedicated to one appointed member of International sales & procurement Department. This person is responsible for implementation and monitoring of the responsible raw material supplies due diligence of our company. The indicated manager works directly with logistics, quality control, production and the sales department as long as with the warehouses, laboratories and production units of the facilities, so that Unecha Refractory Metals Plant (UZTM) and HYDROMETALLURG JSC.

The raw materials purchasing manager reports directly to the General manager and maintains Company Management System for Responsible Raw Material Supplies, carries out all annual updates and is responsible for end-of-year reviews.

Each year the General manager of WOLFRAM Company JSC convenes an annual meeting regarding implementation of the Company Management System for Responsible Raw Material Supplies and with purpose of revise results of the year. The management team and all responsible persons of the head office and staff of the plants are being kept up-to-date with evolvement and news regarding the sphere of responsible minerals policy and supplies. Intensive training activity and meetings are conducted for all

responsible staff. Also, various presentations and seminars are prepared on the regularly basis with the scope to share awareness and importance of this Conflict Minerals Policy.

Having been participated over the long period in the Responsible Minerals Initiative, WOLFRAM Company JSC has not only established but also integrated Company Management System for Responsible Raw Material Supplies in all required stages of dealing with raw material supplies. All new employees of sales & procurement department are informed and taught regarding the company management system and trained accordingly. The raw materials purchasing manager takes part of International sales & procurement department. Consequently, many related subjects and particulars are discussed in the department during day-to-day working activity.

Monitoring and transparency in the Management System

WOLFRAM Company JSC sources tungsten concentrate from the fully verified suppliers in accordance with the Management System for Responsible Raw Material Supplies and in full alignment with the indications of the OECD Guidance described in the latest RMAP Tungsten Smelter Standard and basing on the long-term contracts. Beside of the external supplies, we are developing its own tungsten mining project in Russia that is supposed to become a considerable substitute of a certain part of outside suppliers.

Due to the Management System for Responsible Raw Material Supplies, all would-be suppliers have to be scrutinized and checked with all established procedures and tools in order to verify the compliance with the Supply Chain Policy. In addition, all potential suppliers are requested to approve their commitment to maintaining and not breaching WOLFRAM Company JSC's Supply Chain Policy, Management System for Responsible Raw Material Supplies.

WOLFRAM Company JSC deals only with verified mines from not the CAHRAs. In case of purchasing raw materials through traders, the Management System can approve these supplies only from specific pre-approved mines.

We consider cooperation with large suppliers from not the CAHRAs via long-term supply agreements as low risk. Only partial assessment for certain lot is requested for this type of commercial documents. Apart of this assessment, mines annual visits are a part of Management System.

All raw materials from other sources are placed under further meticulous check by WOLFRAM Company JSC. This review requests full documentation on all shipments to be made available, so that original country of origin certificate from government or other official source; complete documentation on transportation route from mine to our warehouses.

Our company has a digital system for storage, tracking and recording all information related with raw material supplies. This system includes information about upcoming material from supplier, factual accompanying documentation from supplier, material receiving and sampling and brief description about accuracy date of each supply.

Logistics, quality control, production and the sales department as long as with the warehouses, laboratories and production units of the facilities, so that Unecha Refractory Metals Plant (UZTM) and HYDROMETALLURG JSC are trained and possess profound experience in checking all requested documents as well as revealing all discrepancies and error. Chemical analyses of received material is also a part of verification process. All inconsistency and discrepancies are reported to the raw materials purchasing manager and have to be inserted in the digital system. All discrepancies between presented during KYS procedure and expected supply accompanying documents, quantity, quality are treated as a "red-flag" and request to be investigated as a certain case.

Intermediate and downstream containing tungsten (APT, oxide) products also are rarely purchased from validated smelters by the Responsible Minerals Assurances Process (RMAP) smelters or some Russian supplies fully checked in accordance with the Management System and with whom long-term relations are developed.

Any suspected noncompliance with the Conflict Minerals Policy can be reported to alert@wmcy.ru. Your message will be investigated in all anonymity. Any concern party is invited to report grievances to the above-mentioned email or to use relevant grievance mechanisms such as www.responsiblemineralsinitiative.org/responsible-minerals-assurance-process/grievance-mechanism/

Record Keeping System

The digital system contains all information on upcoming material from supplier, factual accompanying documentation from supplier, material receiving and sampling and brief description about accuracy date of each supply. All this information is received from logistics, quality control, production and the sales department as long as with the warehouses, laboratories and production units of the facilities, so that Unecha Refractory Metals Plant (UZTM) and HYDROMETALLURG JSC.

All suppliers and all updated information related to them and all information about received tungsten materials are inserted in this system as well as all before mentioned date on each lot from the suppliers. Information about history of negotiation, visits and all further information, reports and e-mails take a part of this system in quality of archive.

Storing time for all essential information is not less than five years.

5. Risk identification

The staple raw materials for our production are tungsten containing secondary raw materials (scrap) and tungsten concentrates. Intermediate and downstream containing tungsten (APT, oxide) products also are rarely purchased from validated smelters by the Responsible Minerals Assurances Process (RMAP) smelters or some Russian supplies dully checked in accordance with the Management System and with whom long-term relations are developed.

In accordance with the OECD Guidance Annex II (<https://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-GuidanceMinerals-Edition3.pdf>), WOLFRAM Company JSC strongly condemns all activities, and will refuse any material, which we believe benefitted or supported armed rebels/terrorist groups through illegal finance or other activities or involved serious human rights violations associated with the extraction, handling, transport or trade of minerals, including:

- Serious abuses (i.e. any forms of torture, cruel, inhuman and degrading treatment; any forms of forced or compulsory labour, which means work or service, which is exacted from any person under the menace of penalty and for which said person has not offered himself voluntarily; worst forms of child labor; human rights violations and abuses such as widespread sexual violence; war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide).
- Direct or indirect support to non-state armed groups (i.e. illegally control mine sites or otherwise control transportation routes, points where minerals are traded and upstream actors in the supply chain; and/or illegally tax or extort money or minerals at points of access to mine sites, along transportation routes or at points where minerals are traded; and/or illegally tax or extort intermediaries, export companies or international traders.).
- Direct or indirect support to public or private security forces.
- Bribery and fraudulent misrepresentation of the origin of minerals.
- Money laundering.
- Non-payment of taxes, fees and royalties to governments.

According of our Conflict Minerals Policy, we will not offer, promise, give or demand any bribes, and will resist the solicitation of bribes to conceal or disguise the origin of minerals, to misrepresent taxes, fees and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport and export.

We will immediately put on hold or interrupt relations with suppliers in case any risk spotted regarding receiving from, or linked to, any party committing serious abuses as specified.

Should of any above-indicated risk emerged, we will immediately devise, adopt and implement a risk management plan with upstream suppliers and other stakeholders to prevent or mitigate the risk.

Identification of CAHRAs

In alignment with the requirements of the Responsible Minerals Assurance Process (RMAP) and according with the OECD Due Diligence Guidance, WOLFRAM Company JSC has introduced a procedure for identification of CAHRA and risk mitigation for violent conflicts and serious human abuse. The procedure for identification of CAHRA procedure has two stages:

- 1) Identification of country of origin and transit countries;
- 2) CAHRA identification availing of approved and efficient resources.

We are currently using 7 internationally recognized resources for identifying countries with suspected CAHRA:

1. (CONFLICT)

- Global Peace Index <http://visionofhumanity.org>
- Global Emergency Overview <https://www.acaps.org>
- Geneva Academy Rule of Law in Armed Conflicts <http://www.rulac.org/>

2. (GOVERNANCE)

- Fragile States Index <https://fragilestatesindex.org/>
- Corruption Perception Index <http://www.transparency.org/research/cpi/overview>

3.(HUMAN RIGHTS)

- Human Rights Watch
https://www.hrw.org/sites/default/files/world_report_download/hrw_world_report_2019.pdf
- Foreign and Commonwealth Office of the UK
<https://www.gov.uk/government/publications/human-rights-priority-countries-autumn-2019-ministerial-statement/human-rights-priority-countries-ministerial-statement-january-to-june-2019>

The included procedure is used for review of new supplies prior to the material entering in our supply chain.

Know Your Supplier

A mandatory rule for would-be supplier is undergo a KYS assessment. All present suppliers have been scrutinized with this tool of the Management System too. All suppliers are required to fill a KYS form and sign a supplier declaration stating that any material sold to WOLFRAM Company JSC is full conformance with our Conflict Minerals Policy and will undertake all requested measures from our part.

Beside revealing information on type of business relationship and legality of business operations as long as Identity of beneficial owners, all mentioned in KYS persons are checked throughout WorldCheck and primary UN sanctions, EU sanctions lists. This additional surveying can assure that our suppliers are not affiliated with terrorists, narcotics traffickers or other illegal groups or persons of concern.

Scope of Risk Assessment

WOLFRAM Company JSC is highly anxious about any potential contribution to serious human rights abuse and other actions that help or benefit to armed rebels or terrorist groups through illegal financing or other activities related with the mining, handling, transport or trade of minerals.

Our company has strict regulation regarding bribery and fraudulent misrepresentation of the origin of minerals, money laundering and non-payment of taxes, fees and royalties to governments.

In case of any the above-mention illicit occurrences, WOLFRAM Company JSC consider as constituent proves on official documents issued by government services in the country. Regarding valid proves of payment of taxes, fees and royalties, we regard them as paid if a government entity in concern puts out an export document or country of origin certificate for the exported lot.

Identified risks

No risks have been revealed over the covered period.

6. Risk Mitigation

As to the Risk Mitigation Strategy, our governing principal is to being sourced with materials from verified not the CAHRAs mines through selected suppliers. In case of purchasing raw materials through traders, the Management System can approve these supplies only from specific pre-approved mines.

WOLFRAM Company JSC supply agreements and long-terms business relations with the limited pool of verified suppliers allow not only encouraging suppliers to secure that all material to be conformant with our Conflict Minerals Policy but even seek damage for breach of this policy.

Basing on the assumption that risks have very versatile nature and can be generated by various issues, we have a common prepared risk management strategy that has to be modified and updated accordingly of a certain risk.

In case that any issue is spotted, or red flags raised, either the General manager of the company will take the required decisions in coordination with other affected parties.

Main steps of the risk management strategy are as follows:

1. Report findings to senior management, outlining the information gathered and the actual and potential risks identified in the supply chain risk assessment;
2. Put a suspicious lot of material in quarantine at facility;
3. Request additional information, documents and clarification from a supplier regarding detected discrepancies;
4. Our risk mitigation strategies include:
 - o Continuing trade throughout the course of measurable risk management efforts.
 - o Temporarily suspending trade while pursuing ongoing mitigation efforts.
 - o Disengaging with a supplier in cases where mitigation appears not feasible or unacceptable;
5. Inform relevant local and central governmental agencies of abuses, breaching policy and potential exploitative practices occurring in the country;

In particulars, the following actions for risk mitigations measures are approved to put in place in occasion of issues related with:

1. Security and related issues:

- Alert relevant central government authority (e.g. Ministry of Mines) of abusive and exploitative practices occurring in the supply chain;
- Support the establishment of community forums to share and communicate information;

2. Bribery and fraudulent misrepresentation of minerals origin:

- All concerned suppliers and intermediaries are requested to disclose downstream information; the nature of chain of custody or supply chain transparency systems in place of a certain supplier; to verify information generated by chain of custody and transparency systems from a particular mine; to reveal the engagement of the company in capability training and/or other industry initiatives for supply chain due diligence.

3. Money laundering.

- Develop supplier, customer and transactional red flags to identify suspicious behavior and activities;
- Identify and verify the identity of all suppliers, business partners and customers;
- Report suspicious behavior of criminal activity to local, national, regional and international law enforcement agencies.

Efforts to Track and Monitor Progress

In the period reported in this 5-Step report, the most recent 3rd party assessment of the Unecha Refractory Metals Plant (UZTM) has been undertaken. As a result of this assessment, Responsible Minerals Initiative indicated some correction steps to be implemented in order to meet the requirements of the OECD Guidance and Responsible Minerals Assurance Process, Tin and Tantalum Standard. All correction measures have been put in place and the assessment has been finalized.

As to the material sourced from the covered period, all used materials have all necessary documents proving country of origin, transportation routes and other documents that attest no link with the CAHRA's established for 2020.

General Director



Efim N. Pletenev