

Due Diligence Compliance Report Cobalt Procurement

REPORTING YEAR 2023

Actor's details

Actor's name Umicore
(Business Group Energy & Surface Technologies)

Location Broekstraat 31 Rue du Marais
1000 Brussels
Belgium

The Sustainable Procurement Framework for Cobalt and the corresponding due diligence activities (including the compliance report) cover all Umicore facilities.

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Senior Management responsible for this Report Hiroki Oda
Vice-President Sourcing & Supply UBM
Broekstraat 31 Rue du Marais
1000 Brussels
Belgium

Administrator Barbara Cooreman
Programme Lead Responsible Sourcing
E: Barbara.Cooreman@eu.umicore.com
Broekstraat 31 Rue du Marais
1000 Brussels
Belgium

Compliance Report's scope The scope of this Compliance Report includes the cobalt procurement activities by Umicore Supply and Refining for the business units 'Cobalt and Specialty Materials' and 'Rechargeable Battery Materials' in the reporting year 2023.

Section 1. Establish strong Company Management Systems

1.1 Has Umicore created a company policy regarding due diligence for its supply chains of cobalt?

‘The Umicore Way’ describes Umicore’s mission and its core values related to its business conduct. It is at the heart of Umicore’s culture. Umicore has adopted a set of policies to ensure its activities and those of its business partners are conducted in line with the principles outlined in ‘The Umicore Way’. These include the Umicore ‘Code of Conduct’ for Umicore employees and contractors, as well as the ‘Umicore Global Sustainable Sourcing Policy’, applicable to suppliers.

In our entire supply chain and in all areas of procurement – whether raw materials, energy, other goods or services –, we are committed to promoting fair and ethical business practices, ensure health and safety, and manage the impact on people, climate and environment. In order to do so, we ask all our suppliers to adhere to Umicore’s Global Sustainable Sourcing Policy, complemented by additional guidance for specific materials through a risk-based approach.

In addition to Umicore’s policy on ‘Responsible Global Supply Chain of Minerals from Conflict-Affected and High-Risk Areas’, there are material specific frameworks for cobalt (since 2012), nickel (since 04/2023) and lithium (since 04/2023). The frameworks reflect Umicore’s commitment to strive for sustainable and ethical supply chains of battery materials. The frameworks define Umicore’s responsibility for conducting risk-based due diligence, screening and monitoring of all its suppliers. They outline how due diligence is conducted and are publicly available on Umicore’s website. An internal procedure, including a process flow decision tree, has been developed to explain and document in detail the due diligence processes. As part of our continuous improvement, the cobalt framework has been fully reviewed and updated in December 2022 (applicable since 1 January 2023), introducing among others a wider scope of ESG risks to be assessed, guidance on performance expectations on ESG, as well as a requirement to get certified against a recognized due diligence and ESG standard.¹ The current compliance report will evaluate Umicore’s due diligence processes against the new cobalt framework. Umicore’s due diligence management system is set up in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD, 2016).

¹ For the purpose of this report, all references to the Cobalt Framework refer to the former version of the Framework. As the compliance report covers reporting year 2022, it does not yet include the wider scope of the revised Cobalt Framework.

In addition to these policies, Umicore has formalized a public grievance mechanism (Umicore Integrity Line) since 2018.

The policies mentioned have a Umicore-wide coverage and are thus not site-specific. All cobalt sourced and processed within Umicore is covered by the Sustainable Procurement Framework for Cobalt, irrespective of location or flows.

The following documents are available via Umicore's website:

- [The Umicore Way](#)
- [Code of Conduct](#)
- Umicore [Global Sustainable Sourcing Policy](#)
- Umicore policy on [Responsible Global Supply Chain of Minerals from Conflict-Affected and High-Risk Areas](#)
- [Sustainable Procurement Framework for Cobalt \(applicable since January 2023\)](#)

1.2 Has Umicore set up an internal management structure to support its supply chain due diligence?

The Umicore Sustainable Procurement Framework for Cobalt (hereafter referred to as the "Framework") defines the governance for Umicore's due diligence practices for the cobalt supply chain.

The Responsible Sourcing team within the ESG department is responsible for the implementation of the Framework including the screening of risks in the affected cobalt sourcing and trading regions; and engagement with suppliers for the risk assessment and risk mitigation. In the execution of this task, the team is supported by the cobalt supply team and the Strategic Insights & Analysis team for additional intelligence, and also by the commercial back-office teams for support regarding chain of custody documentation. The Umicore trade compliance team is responsible for sanctions screening and export control, and will flag if any of the suppliers are impacted. Similarly, the Corporate Security Office is responsible for checking ethical business behaviour of Umicore suppliers and will flag and advice in case of claims related to corruption, bribery, fraud or tax evasion.

A dedicated committee, referred to as the "Approval Committee", ensures adherence to the principles and guidelines of the Framework. This Approval Committee has the responsibility to evaluate due diligence findings, mitigation actions and procurement decisions for all battery materials including cobalt. The Approval Committee includes the Executive Vice-Presidents responsible for ESG and RBM, the Senior Vice-President Supply RBM, the Group Director ESG Acceleration, the Responsible Sourcing lead and Responsible Sourcing managers. As and when required, CSM management will also join the Committee meetings. The Committee meets at least twice per year, and on ad-hoc basis if required. In 2023, two Approval Committee meetings were organized. The governance structure was effectively applied in the reporting year 2023.

Section 2: Identify and Assess Risks in the Cobalt Supply Chain

2.1 Supply Chain Traceability: Has Umicore established a system of controls in order to ensure transparency over its cobalt supply chain?

In order to have visibility over its cobalt supply chain, Umicore maps its entire internal raw material flow, production processes and product flows for all cobalt products. As a result, Umicore has an overview for each end product, linked to the suppliers and where possible, mining locations. Umicore is in principle able to identify the mines from which the procured primary cobalt material originates by means of chain of custody documentation and/or an additional confirmation of origin from suppliers that source from several mining locations (traders). For recycled material, Umicore cannot identify the mine the cobalt was originally sourced from. In this case we require reassurance from recyclers that their material comes from recycling feed, beyond which our traceability ends.

Umicore has a process in place that ensures that transactional details are recorded and that relevant documents related to origin, transportation and tax payments can be obtained. While we have the proof of origin for all transactions, for transactions with traders we do not always receive all transportation documents or other legal documents such as proof of tax payments. While we are in continuous engagement with our partners to collect all chain of custody documentation for all transactions, sending all those documents along with each transaction creates a considerable administrative burden; the information is therefore available on request. At Umicore's side, we continuously aim to strengthen the consistency of chain of custody documentation for all transactions, and across different Umicore sites and business units. Certain operational sites use different management software, requiring dedicated processes to improve information and data exchange with the responsible sourcing team.

In addition to chain of custody documentation, the origin of incoming materials can be guaranteed through dedicated material control procedures at Umicore's facilities, such as sample testing and material fingerprinting.

Umicore's smelters in Olen, Belgium and Kokkola, Finland have been RMI conformant since 2019. Re-assessment RMAP audits have been conducted on both sites in November 2022. The main issues that were identified as points to improve in the future and that have been implemented in the updated cobalt framework were the need to also do in-depth risk assessments on traders and all potential sources in their supply (not just the known sources of origin); as well as the need to also assess risks in transit countries and not only countries of origin. For products originating of transiting through CAHRA, the exact transportation routes and means of transport need to be identified

for each shipment, while chain of custody documents need to be obtained with regard to transportation routes between the supplying crude refiner to the location of export. Furthermore, processes need to be established and implemented to identify all taxes, fees and royalties paid to governments when sourcing from CAHRAs, as well as all other payments or compensations made to government agencies and officials, public or private security forces or other armed groups. The audit reports were received in February 2023 and the issues were addressed through a CAP process concluded in October 2023. A re-audit of the sites will be conducted in the first half of 2024. All the points of improvements that were identified have been addressed through new or updated procedures, and continue to be part of the ongoing efforts to further increase consistency of procedures as well as alignment with the back office teams on the chain of custody documentation of shipments, and continuously improve our due diligence efforts.

2.2 Suppliers Research: Does Umicore perform research on its suppliers to identify risks in its cobalt supply chain?

As a preliminary step in the selection of a new supplier, Umicore performs a high-level check on the background of the potential business partner. If no issues are identified business negotiations will be continued while in parallel a risk assessment requiring the supplier to fill out a Self-assessment questionnaire (SAQ) will be conducted. The supplier's operations will be screened for any indications of issues of concern or zero tolerance issues as described in the Framework, such as inhumane treatment, forced labor, child labor, bribery, corruption, excessive pollution or other environmental risks. In 2023, for some cases a risk assessment screening was conducted without a completed SAQ prior to the first transactions, due to delayed responses on the side of the supplier. Umicore is working on continuously improving the integration of sourcing operations and ESG assessments by establishing additional processes and lines of communication in order to strengthen the operating effectiveness of our new supplier screening. As the SAQ and screening in their current form were newly introduced with the updated Cobalt Framework, all existing suppliers were also asked to fill in a SAQ in addition to the already existing risk screenings for these suppliers.

In addition to the information provided by the supplier via the SAQ, Umicore conducts a general risk assessment (GIRA) for all commercially contracted suppliers of raw materials of cobalt based on a desktop review, market knowledge, stakeholder insights and, where possible, engagement with the supplier. The background check includes several topics:

- Identification and screening of the supplier's mother company (corporate and financial structure, ownership, policies, sustainability reporting...)
- Information about the mining site (location, technology, certificates, local initiatives...)
- Information and screening of the shareholders
- Information gathered by Umicore's supply/ESG team during local visits that may be conducted if required by the framework (high risk country or triggered

due to concerns that cannot be adequately addressed otherwise) or for commercial reasons

- Media screening of sustainability issues including human rights violations, social issues, environment, corruption, and health & safety issues.

Both the SAQ and GIRA screening are explained in further detail in section 2.3 below.

A monthly media monitoring of relevant topics related to cobalt sourcing as well as Umicore's suppliers is conducted by the Strategic Insights & Analysis department and informs (updates of) the background checks. In addition, the responsible sourcing team keeps track of relevant news articles and NGO reports. The risk assessments are re-assessed annually for all suppliers, including tollers and suppliers of recycling feed.

2.3 Risk Identification and Assessment: Does Umicore perform risk identification and assessment on suppliers in its cobalt supply chain?

Each supplier undergoes a risk assessment. The objective of the risk assessment is to identify and evaluate the risks of human rights issues, unethical business practices or contributions to harm to people, the environment or society.

The risk assessment of a supplier takes into account the country in which the supplier is located and the country – if disclosed by the supplier – through which cobalt is transported (=country risk), as well as the policies, management system and practices the supplier has put in place or information collected through Internet screening, dedicated due diligence tools or commercial and sustainability insights (=supplier risk). Even though the Cobalt Framework only requires additional due diligence screenings when certain triggers are present e.g. high-risk country or risk indications that have been identified during the first screening phase (as explained below), in 2023 the team has performed in-depth screenings for all suppliers as a precautionary measure. Warehouses and transport companies can be screened as well, when salient risks have been identified. In 2023, the screening of warehouses and transport companies has been conducted for those materials originating from or being transported through CAHRA countries. It is Umicore's ambition to increase its visibility on warehouses and transport companies also in non-CAHRA regions in order to not miss potential risks arising from these.

For the risk assessment, the team is supported by the insights of the supply team (both in Europe and locally in the sourcing regions, including DRC) and Umicore's Strategic Insights and Analysis team. In addition, for any issues related to bribery, corruption or fraud, Umicore's Corporate Security team can be consulted.

In 2022 the Cobalt framework and its risk assessment procedures were fully reviewed and updated for a number of reasons. Primarily, the updates were made to ensure

full alignment with the OECD Due Diligence Guidance and to enable more efficient and effective risk screening and risk mitigation, in view of an increasing scope (additional ESG requirements; consideration of all business partners rather than only the supplier itself; other materials to be screened as required by regulation). Next to the introduction of additional ESG requirements as well as a more detailed explanation towards suppliers of what we expect from them in that regard, we have also amended the internal procedures: the materiality threshold was abandoned (all suppliers go through the same due diligence procedure, irrespective of size, but purely based on risk assessment); and a stepwise-approach was introduced whereby a next due diligence step will only be executed when triggered by risk and insufficient risk mitigation in the previous step. The new framework with updated procedures was applied for the year 2023.

The risk assessment process contains the following steps:

- *Step 1*: SAQ (including questions on all zero-tolerance issues and issues of concern) combined with general screening of supplier
- *Step 2*: in-depth screening of supplier based on risk assessment
- *Step 3*: supplier and stakeholder engagement
- *Step 4*: risk mitigation
- *Step 5*: site visit and/or audit
- *Step 6*: risk mitigation and remedy

In 2023, Umicore performed risk identification and assessments steps as described in Umicore's Framework by applying the following steps:

- Country risk assessment
- Supplier risk assessment:
 - Analysis of the SAQs
 - General Information Risk Assessment
 - Assessment of zero tolerance issues and issues of concern
 - Site visits/ audits

Country risk assessment

To determine whether a country or a region is identified as high-risk, countries are screened through a country risk assessment against a list of criteria. In addition to inclusion on the EU CAHRA list, the US Dodd-Frank Act, the EU sanctions list, a risk score is given across categories (low/medium/high risk), including conflict, governance, human rights and environment. This score is based on 25 external, well-recognized indices. The country risk for high-risk countries is documented in a dedicated country risk assessment document, giving more background and context on identified risks in a specific country.

In principle, the country risk assessment outcome will inform next steps in our due diligence processes, such as the requirements of additional screening or site visits. In 2023, however, irrespective of country risk, enhanced screening has been carried out for all suppliers.

Irrespective of other risk indicators and the overall risk assessment of a country, when a (region of a) country is included either on the EU CAHRA list or in the US Dodd-Frank Act, specific due diligence requirements (e.g. on-the-ground assessments) will be triggered as prescribed by the OECD, RMI and other standards.

Supplier risk assessment

The supplier assessment will evaluate risk indicators related to human rights, business ethics, environmental risk et al (ESG risk assessment). Suppliers are assessed both through an SAQ and through a general information risk assessment conducted by Umicore. Based on the risk identified in the SAQ and/or the general information risk assessment, additional due diligence steps may be taken. In addition to gaps in the SAQ or indications of zero-tolerance issues or issues of concern, which require a further screening of the risk indicator, additional due diligence is done for all risk indicators for those materials originating from or transported through CAHRA.

One challenge in the implementation of the framework is the responsiveness of suppliers regarding the SAQs (62% filled-in SAQs received in 2023), in which case the risk assessment will be conducted without the information provided by suppliers. Unanswered SAQs may be particularly problematic with regard to missing information that is hard to obtain publicly such as sources of material (in case of traders), transport routes and logistical partners.

Regarding the risk assessment of traders Umicore has taken specific measures to obtain as much traceability information as possible. These include a simplified SAQ focusing on traceability and basic policy coverage. As some traders are very small companies with no operating sites, some of the zero tolerance and issues of concern do not apply to them, e.g. environmental & community impact. The focus of our screening is hence on obtaining full visibility up to the source of raw materials and conducting risk assessments on those companies and sites identified.

○ SELF-ASSESSMENT QUESTIONNAIRE (SAQ)

As a first step in the information collection on the supplier, all suppliers are requested to complete the SAQ. The SAQ is then screened, together with the general information of the supplier to assess the risk of a supplier. Depending on the type of supplier (e.g. mine, refinery or trader), the SAQ will be more or less extensive. Suppliers will be asked to repeat the SAQ every year and notify explicitly where updates have been made or changes occurred, but as the SAQ in its current form was only introduced in 2023, for all suppliers the 2023 SAQ was the initial one. One-off suppliers (spot purchases) are not asked to fill in an SAQ, and the likelihood of risk will be determined by the country risk assessment in combination with a high-level background screening.

○ GENERAL INFORMATION RISK ASSESSMENT

Umicore performs a first risk assessment covering company structure, ultimate beneficial ownership (up to 10%), management, business ethics, origin of material,

transport routes. Any warning signals or high-risk indicators will then trigger, together with the information from the SAQ, additional due diligence. Sourcing from or transiting through CAHRA (OECD red flag situations) will automatically trigger additional due diligence. We performed risk assessments of all commercially contracted suppliers that were active in 2023, including 2nd tier suppliers. 82% of those risk assessments were performed on time (within a maximum of 2 weeks delay), in line with our framework. Where we had delays these were either minor (3 weeks overdue – 8% of GIRAs) or related to low-risk suppliers with smaller volumes (10% of all GIRAs) i.e. recyclers and tolling partners accounting for a total Co volume of approx. 1%). At the time of publication of this report, all of the GIRAs of suppliers active in 2023 have been completed.

○ SUPPLIER DUE DILIGENCE AND ESG RISK ASSESSMENT

Indicators of risk are first checked through the SAQ and the general information risk assessment, and are followed by an assessment for any indications of zero tolerance issues as defined in the framework based on the information collected in the SAQ, as well as market and desktop research. When SAQs are missing or late, the ESG risk assessment will nonetheless be conducted by the responsible sourcing team: both on a continuous basis (when issues come to our attention, media monitoring, third party audits, visits) as well as for the annual re-assessment of each supplier.

In the ESG risk assessment, we distinguish between zero tolerance issues and issues of concern. Indications of zero tolerance issues will lead to engagement with the supplier and risk mitigation actions. Identified evidence of zero tolerance issues linked to Umicore's supply chain and no willingness to improve from supplier's side will lead to disengagement. These decisions are taken by the Approval Committee.

The zero tolerance issues as defined by the framework are:

- Any form of torture, cruel, inhuman treatment or punishment or worst forms of degrading treatment;
- Any form of forced or compulsory labour;
- The worst forms of child labour (*note: all other forms of child labour still an issue of concern to be investigated, mitigated and remedied*);
- War crimes or serious violations of international humanitarian law;
- Direct or indirect support to non-state armed groups, public or private security forces;
- Bribery and fraudulent misrepresentation of the origin of minerals;
- Hand-picking and/or artisanal mining (as primary source);
- Supplier is not willing to accept the principles stated in the Umicore Global Sustainable Sourcing Policy or does not have similar policies in place.

In addition to the zero tolerance issues, indications of issues of concern will be assessed as well. In the Framework, the issues of concern are accompanied by performance expectations to give guidance to our suppliers on their scope. Practices are considered issues of concern, when they do not match these expectations, but

can be remediated via a dedicated action plan. The issues of concern are defined as below:

- Hand-picking and/or artisanal mining (as secondary source);
- Supplier does not have the minimum required legal permits and certificates;
- Supplier has not adopted appropriate remediation actions and mitigation plan related to any historic zero-tolerance issues that can be linked to Umicore's current supply chain;
- Supplier does not have procedures in place to minimize environmental impact;
- Supplier does not have procedures in place to ensure a working environment that respects human and labour rights;
- Supplier does not have procedures in place to minimize adverse social impact;
- Supplier is not certified nor committed to be certified against OECD Annex II and/or OECD aligned Due Diligence.
- Supplier is not certified nor committed to be certified against a third-party audit sustainability programme in accordance with Umicore requirements.

The performance expectations give further guidance on the requirements regarding labour & human rights, business integrity, environment, community & stakeholders, contractors and supply chain as well as standards and certification.

An overview of the issues and follow-up actions during the reporting year 2023 can be found in Annex to this report.

○ SITE VISITS AND AUDITS

Site visits to monitor and evaluate the practices of a supplier are performed based on our risk assessment. We consider visits relevant only for mines and refineries with operating sites – traders and recyclers for example are not included. Visits can firstly be triggered by our due diligence risk assessment, when high-risk indications have not been resolved in a satisfactory manner through engagement and a risk mitigation plan. Such on-the-ground risk assessment can be done by Umicore, collaboratively with partners, or through a third-party audit. In 2023, no visit was required for lack of engagement or risk mitigation. Visits to 2nd or 3rd tier suppliers could be considered as well based on our risk assessment, however, it is in those cases not always possible to request or perform those due to lack of a direct engagement. In those cases, Umicore has to rely on the due diligence executed by Umicore 1st or 2nd tier supplier, evidenced for example by certification against an OECD-aligned standard.

Secondly, visits can be triggered based on the Umicore country risk assessment. When a supplier from a high-risk country is not certified against an OECD-aligned standard, Umicore will perform a visit every 3 years. If a supplier holds a relevant certificate (such as RMI RMAP, IRMA, Joint Due Diligence Standard) the site visit is not required as per the Framework (but may nonetheless take place). For non-certified suppliers in medium- or low-risk countries, Umicore aims to perform a visit every 5

years. Based on the country risk, in 2023, visits to 2 mine sites were performed (DRC), whereas 2 visits (1 high-risk country; 1 low-risk country) were not performed: one outstanding site visit in DRC was moved to Q1 2024 due to the elections in DRC. The other one, to a refinery in a low-risk country, was due as from November 2023 and will be scheduled in 2024. In addition to the low-risk country assessment, the refinery in question has had a low overall risk assessment since years, low volumes (0,12% of total cobalt volumes) and full traceability of their sources. Site visits can be conducted either by the ESG/responsible sourcing team or by commercial teams, which are fully trained on cobalt Framework and aware of potential risks on site. Whereas the aim is to have a formalized visit report for each visit conducted, that is not always the case – yet, potential issues identified are reported on and discussed between the different teams. For 3 sites (one in high-risk country and two in low/medium risk countries) the Approval Committee decided to postpone the visits due to low risk and/or low priority.

In addition to Umicore-led site visits, suppliers sourcing from or transporting through CAHRA need to be assessed every 3 years by independent auditors. Audits performed in the context of an OECD-aligned industry standard conducted in the last 12 months can be taken into account. In 2023, one third-party audit in DRC was commissioned and performed, joined by Umicore staff.

The Approval Committee will take the final decision regarding site visits and audits. It can decide to deviate from the above rules and timeline but needs to justify that decision. Such reasons could be a lack of a long-term contract, very low volumes or no risk identification over the last years of screening.

In addition to the visits and audits, Umicore has dedicated staff on the ground in DRC liaising with suppliers as well as communities and NGOs in the country.

2.4 Risk Mitigation: Does Umicore perform risk mitigation actions as described in its ‘Sustainable Procurement Framework for Cobalt’?

Based on the outcome of the country risk assessment and supplier risk assessment which also considers the information provided by the supplier via the SAQ, Umicore engages with the supplier where required to follow up on information gaps or risk indications and, if required, an appropriate mitigation plan will be developed. Progress on the mitigation plan is closely monitored and, if necessary, checked during the next site visits and/or (targeted) supplier reviews. Any issues of concern and zero tolerance issues are recorded in a dedicated risk log, set up in 2023. Umicore is continuously working towards strengthening its internal monitoring processes and controls.

In 2023, two Approval Committee meetings reviewed identified risks that required escalation as per the decision of the Responsible Sourcing team and decided on subsequent follow-up measures related to them. An overview of the issues and follow-up actions during the reporting year 2023 can be found in Annex to this report.

Section 3: Design and Implement a Strategy to respond to Identified Risks

3.1 Comments and Demonstration of Compliance

Umicore's Framework ensures that identified risks are addressed, and that follow-up on indications of zero tolerance issues and issues of concern is performed, including the investigation of the indications, outreach to stakeholders and discussion with the Approval Committee. An overview of the indications and follow-up can be found in the Annex of this report.

Section 4: Independent Third-party Audit of Supply Chain Due Diligence

4.1 Comments and Demonstration of Compliance

PwC Bedrijfsrevisoren bcvba/PwC Reviseurs d'Entreprises scrl² provided their independent ISAE 3000 limited assurance report on this Compliance Report in respect of the activities undertaken by Umicore during the year 2023 to demonstrate compliance with Umicore's 'Sustainable Procurement Framework for Cobalt'. The limited assurance report is available to Umicore customers and stakeholders upon request.

² PwC has performed the above mentioned engagement and report for the Umicore Sustainable Framework for Cobalt solely for use by Umicore CSM and RBM under a contract agreed upon with Umicore SA. PwC does not have any obligation towards any other person; PwC does not have nor accept any liability or responsibility (contractual, extra-contractual or otherwise) towards any such other person.

Section 5: Report on Supply Chain Due Diligence

5.1 Comments and Demonstration of Compliance

The Compliance Report is Umicore's report on the due diligence of its cobalt supply chain. The report will be available online as part of the company's Annual Report for 2023. Relevant policies are publicly available, including 'The Umicore Way', 'Code of Conduct', 'Global Sustainable Sourcing Policy', 'Policy On Responsible Global Supply Chain Of Minerals From Conflict-Affected And High Risk Areas' and 'Sustainable Procurement Framework For Cobalt'.

Additionally, the limited assurance report by PwC Bedrijfsrevisoren bcvba/PwC Reviseurs d'Entreprises scrl will be available on request to Umicore's customers and stakeholders.

Management Conclusion on Compliance

In 2023, Umicore implemented effective management systems, procedures, processes and practices regarding the due diligence of its cobalt sourcing activities. 2023 was the first year Umicore implemented its updated Cobalt Framework, which has a more extensive ESG scope, prescribes a thorough risk assessment of all suppliers irrespective of volumes purchased (no materiality criterion), and a revised due diligence framework that should lead to more efficient, yet more stringent and effective, due diligence and risk management. An internal procedure outlines how to achieve what is set out in the Cobalt Framework and dedicated templates are available for the different screenings, SAQs and required documentation. All due diligence steps, as well as transactional details are recorded and stored.

Risk assessments have been carried out diligently both on country risk and supplier risk. For all commercially contracted suppliers active in 2023 we carried our risk assessments and we are continuously working to ensure the full traceability of cobalt material. Some of the general information risk assessments were performed with minor delays (as explained on page 10), however at the time of publication of this report all are completed. In 2023, we had full traceability of raw material, as per the cobalt Framework.

One area where Umicore did not fully implement the procedure as set out concerns site visits. Umicore has set the objective to visit all of its suppliers on a regular interval (every 3 years for high-risk countries and every 5 years for low/medium-risk countries). These can be done either by a commercial team (fully trained on the Framework and aware of potential risks on site) or by the ESG/responsible sourcing team. As explained above on page 12, 2 site visits that were in principle required as per this rule were not carried out: one outstanding site visit in DRC was moved to Q1 2024 due to the elections in DRC; the other one, to a refinery in a low-risk country was due as from November 2023 and will be scheduled in 2024. Furthermore, formalized site reports are not completed for all visits, even though identified risks have been reported and discussed. For 3 sites the Approval Committee decided to postpone the visits due to low risk and/or low priority.

Overall, we consider the updated Cobalt Framework to be a success, as it is leading to greater visibility on our full supply chain, including traders and logistical business partners. It is thereby also uncovering some risks that were unknown previously. In the spirit of continuous improvement, we regularly review our procedures in order to carry out a very solid risk management and mitigation as solidly. The challenges and gaps that have been identified in 2023 through the more in-depth screenings will be addressed going forward and help us strengthen the Framework even more in 2024.

Umicore's management system is set up in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD, 2016). By performing due diligence practices on its cobalt supply chain, receiving third-party assurance, and publicly reporting, Umicore adheres to the five steps for risk-based due diligence of the OECD Guidance.

Other Report Comments

If users of this report wish to provide any feedback to Umicore, they can contact Umicore's responsible sourcing lead, Barbara Cooreman.

Annex: Flag Indications and Follow-up Actions



Issue identified	Description	Supplier Country Risk	Follow-up Action	Status
Indication of bribery and corruption	Several allegations of corruption and bribery incl. tender rigging by the beneficial owner of this supplier	High (non-CAHRA)	Umicore engaged with the supplier around its anti-corruption and bribery policies and practices as well as business integrity and policy on PEP. A corrective action plan was developed and is currently being implemented. The Approval Committee decided to maintain the relation, while monitoring the situation.	Open
Human rights	The supplier has been mentioned in a lawsuit filed in the United States district Court regarding child labor and artisanal mining. This has been reported in different media articles. The Federal Court decided to dismiss the case in 2021. However, in 2022, a request of appeal was introduced.	High	Last year, the Approval Committee decided to close this case based on engagement with the supplier and the dismissal of the case by the Federal Court in 2021. However, as an appeal was introduced, the Approval Committee will re-assess the case based on the legal ruling. In the meantime, the Approval Committee decided to maintain the relation.	Re-opened
Indication of torture, cruel, inhuman and degrading treatment or punishment	In 2019, media articles reported the deployment of the army to protect the concession of this supplier. Subsequently, incidents of inhumane treatment were reported to have been committed by soldiers in the area.	High	To follow-up on those allegations, Umicore commissioned a third-party audit of this supplier in 2022. The results of the audit were presented to the Approval Committee and the relationship with the supplier was maintained. However, Umicore will continue to closely monitor mitigation actions set by the auditor and continues engagement via regular discussions. We will visit the site in March 2024 to verify the improvements.	Open

<p>Indication of torture, cruel, inhuman and degrading treatment or punishment</p>	<p>In 2021, an NGO reported allegations of infringements of human and labour conditions at different mine sites, mainly in relation to working conditions of subcontractors.</p>	<p>High</p>	<p>Umicore exchanged with the NGO on the findings of the report and their recommendations. In addition, Umicore reached out to all its suppliers named in the report. Feedback from all suppliers was received and follow-up meetings were organized focusing on subcontractor management. Engagement showed that suppliers implemented actions ranging from gap assessments and audits to updates of policies and improvement of respective conditions. The Approval Committee decided to continue the business relation with these suppliers as the results were deemed sufficient. However, Umicore will keep on monitoring further progress per site.</p>	<p>Closed</p>
<p>Indication of bribery and corruption linked to cobalt operations</p>	<p>The UK Serious Fraud Office initiated a criminal investigation in 2013 based on allegations of fraud, bribery and corruption around the acquisition of the supplier's mineral assets and operations in the DRC.</p>	<p>High</p>	<p>In 2023 SFO dropped the charges due to insufficient evidence. A site visit and audit were conducted in 2023 at this supplier's site against OECD, RMI and IRMA standards with satisfactory outcome. It was decided by the Approval Committee that the answers and assurance given by supplier were sufficient in order to continue the relation and following the dropping of charges this case was closed.</p>	<p>Closed</p>
<p>Indication of bribery and corruption</p>	<p>Supplier is under several investigations by official authorities with regard to allegations of fraud, bribery and corruption related to the acquisition of mining assets.</p>	<p>High</p>	<p>In 2022 the supplier pleaded guilty in a SFO case on bribery charges to gain preferential access to oil in Africa, and paid a financial fine as a result. Umicore has been in continuous engagement with this supplier, who has presented the implementation of a new business & ethics programme as well as a change in management and management processes related to the</p>	<p>Open</p>

			issue. It was decided by the Approval Committee that the progress made and assurance given by the supplier were sufficient to continue the relationship. The case is continuously monitored through regular engagement with the supplier.	
Indication of environmental issues (biodiversity)	In 2012, an NGO reported that the supplier's exploitation license should not have been granted since the mine was allegedly located within a protected nature area. The presence of mining operations might impact the biodiversity in the area. The issue was put on hold as the site closed down for maintenance over a longer period of time.	High	As a volume restart was expected in 2022, the case was re-opened. The mining permit had been renewed in 2022, as the mining activities are taking place outside of the nature reserve boundaries. Umicore further engaged with the mine's management on biodiversity, environmental risk management, and water usage. A site visit will be conducted in Q1 2024.	Open
Indication of social/ environmental issues (community engagement & biodiversity)	In June 2022, an article was published on a nonprofit news platform, mentioning issues between the mine and the indigenous community near the site. Besides, a waste-dam leakage was reported at the end of 2022.	Medium-Low	As the commercial contract has ended with this supplier, no further engagement at the moment.	Closed
Indication of torture, cruel, inhuman, and degrading treatment, or punishment	The Community Development and Justice Standing Committee of Western Australia published a report in June 2022 on sexual harassment against women in the seasonal 'fly-in-fly-out' mining industry. According to the committee, sexual harassment has long been and continues to be prevalent across the industry.	Medium-Low	To follow-up on those allegations, the Approval Committee decided to engage with Umicore's suppliers situated in the region to understand the findings of the report as well as to see whether actions were taken to mitigate and remedy the issue. The respective suppliers were engaged. They shared information such as surveys conducted and action plans. In February the Approval Committee decided to close this case given the steps taken by the suppliers. Nonetheless, given the	Closed

			seriousness and systemic nature of the issues, we will continue monitoring.	
Labour and Human Rights	<p>During the risk assessment and based on submitted self-assessment questionnaires, three points of attention/ potential risks were identified:</p> <ul style="list-style-type: none"> 1) Payments to public security forces 2) Working conditions of contractors 3) ASM activity on the concession 	High	We are in ongoing communication with the supplier regarding these issues. A site visit is planned for Q1, 2024.	Open
Environmental and labour rights	A media report pointed out several environmental and labour rights issues including inadequate provision and training on personal protective equipment.	Medium-Low	The engagement with the supplier was started immediately after the report and is ongoing. The supplier has undergone an environmental audit and human rights and H&S audit. Based on the engagement with the supplier and preliminary audit results the allegations seem unsubstantiated. Umicore is awaiting final audit results in Q1 2024.	Open
Labour rights	An article reported issues with spinal injuries at a site and the dismissal of workers after work-related accidents/injuries.	High	The supplier provided insights into the measure they are taking to address this issue. We are visiting the site to verify the management of the issues in Q1 2024.	Open

Labour rights	An article reported issues with not applying collective bargaining agreement and being non-compliant with labour laws on overtime, holiday pay, and wage calculations. Article also mentions poor health and safety.	High	Umicore followed up with the supplier. The supplier clarified that the allegations were not true and have not been raised by workers internally. Umicore will verify the allegations during an on-site visit.	Open
Labour rights	A short note on an international union organization website informed about management inciting violence amongst workers during strike as well as other H&S and labour rights issues.	Medium	As this is not a direct supplier to Umicore, Umicore is raising the issue through the respective trader.	Open
Indication of environmental issues	As per an online report the supplier is potentially operating in a Natural Protective Area, which is in line with the local law.	Medium	As this is not a direct supplier to Umicore, Umicore is raising the issue through the respective trader.	Open
Indication of human rights violation	An NGO report accused the supplier of not having followed due process requirements and safeguards prescribed by international human rights standards during the eviction of farmer communities in 2017 and 2020 from their concession.	High	The Approval Committee decided to close the issue based on Umicore's on the ground intelligence and ongoing constructive engagement with the supplier on this issue, among a wide scope of ESG topics.	Closed
ESG policies	Some individual suppliers have gaps in their publicly available ESG policies.	High-medium-low	Umicore is addressing this issue by pro-actively engaging suppliers, providing information on Umicore's requirements and offering capacity-building support if necessary.	Open
Standard/certification	Several smaller suppliers (mines/refiners) are not yet in the process of obtaining certification against a relevant third-party audited standard.	Medium-Low	The suppliers are being engaged and support is offered to help start the process.	Open
Sanctions (trade compliance)	Because of ongoing conflict, sanctions were imposed across several jurisdictions on persons and/or companies linked to the conflict.	High	All transactions have been in compliance with sanctions regimes across relevant jurisdictions, as monitored and approved by Umicore's Trade Compliance team. Whereas Umicore has to a large extent	compliance issue: Continuous sanctions screening

			<p>phased out any supply flows originating in the area in question, some processed material is still received through a trader. However, none of these transactions have breached respective sanctions laws, applicable at the time of the transaction.</p>	
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Annex: Framework for the Sustainable Procurement of Cobalt (applicable from 01/01/2023)