PUBLIC DUE DILIGENCE REPORT – FULL YEAR 2019

1. Company Information

Umicore Finland Oy (CID003226) was established in 2019 and has been a part of Umicore since December 3, 2019. Prior to this date the company was part of Freeport-McMoRan since March 29, 2013. Umicore Finland Oy is a leading cobalt refiner and producer battery precursor materials. The processing facility locates at Kobolttiaukio 1, 67900 Kokkola, Finland. This report covers Due Diligence information since 01/01/2019 until 31/12/2019.

2. Cobalt Refiner Supply Chain Due Diligence Standard Assessment Summary

Umicore Finland Oy (referred as the ‘company’) has undergone a Pilot Cobalt Refiner Supply Chain Due Diligence Standard assessment on July 30th 2019. The assessment covered the period from 09/01/2017 - 07/31/2018 and was conducted by SCS Global Services.

3. Company Supply Chain Policy

To avoid the use of conflict minerals, which involve serious human right abuses in conflict-affected and high-risk areas (CAHRAs), the company has established a supply chain policy. The supply chain policy is fully aligned with the third edition of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance). It covers all of the risks identified in Annex II of the OECD Guidance and its geographic scope is global. The company is committed working with value chain members to address any Annex II (see attachment) risks if identified. The policy was reviewed and approved by President and Executive Group of Freeport Cobalt Oy, which are committed to its implementation. The policy has been widely disseminated to the raw material suppliers. It is publicly available on the Freeport Cobalt’s website.

http://www.freeportcobalt.com/assets/fc/pdf/CobaltSupplyChainPolicy.pdf

Since December 3rd, 2019, the company has started an implementation project of the Umicore Sustainable Procurement Framework for Cobalt to replace the Cobalt Supply Chain Policy. The implementation is expected to finalize in 2020. The Sustainable Procurement Framework for Cobalt is publicly available at

4. Company Management System

Management Structure

The company follows through on its commitments in the supply chain policy and has developed an internal procedure for due diligence with the following aspects:

- The company’s President and Executive Group are responsible to oversee the due diligence program and risk management design and implementation.
- The Responsible Sourcing Steering Group (RS Steering Group) decides how Conflict Affected High-Risk Areas (CAHRAs) are defined (see section 5). The Steering Group also determines the required risk management measures for each supplier in the supply chain. The group meets at least once per quartile. In 2019, there has been four RS Steering Group meetings. The purpose of the meetings is to decide on approval status of suppliers, identify and assess risks, finalize definition criteria to define CAHRAs and to develop a strategy to address identified risks. The group also addresses any possible grievances or internal deviations.
- The company has assigned a Sustainability and Quality Manager to coordinate the work of the relevant departments (including the Raw Material Management, Quality, Production) to ensure each department continuously implements roles and responsibilities associated with the due diligence program and report any potential risks identified.
- The company conducts due diligence management system training at least once a year for key staff from all relevant departments implementing the due diligence program. If there is an update to the program, the company conducts additional training as necessary.
- During the reporting period a total of two remarks have been reported and investigated concerning the company’s due diligence management system:
<table>
<thead>
<tr>
<th>Type of remark</th>
<th>Root cause</th>
<th>Corrective measure</th>
<th>Status</th>
<th>Risk to responsible sourcing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human rights – warning sign</td>
<td>Army activity on a high-risk sourcing area.</td>
<td>The situation was investigated based on information gathered through close communication with the supplier, information gathering and on-the-ground assessment evidence. Based on the information available it was concluded that the situation did not trigger any Annex II risks and the company decided to continue to monitor the situation. The company has since continued close communication with the supplier, requested and received incident investigation reports and prompted an on-the-ground human rights risk assessment.</td>
<td>Closed with ongoing monitoring</td>
<td>Low</td>
</tr>
<tr>
<td>Shipment was received despite a weight discrepancy on one container</td>
<td>Internal process control deviation</td>
<td>Enhancing processes to notice possible discrepancies earlier and hold shipment until issue is resolved. Staff is retrained on processes. Investigation of total expected mass of the batch in question which was found to be correct.</td>
<td>Closed</td>
<td>Low</td>
</tr>
</tbody>
</table>

**Internal Systems of Control**

The company has established its due diligence management to be aligned with the OECD Guidance and Pilot Cobalt Refiner Due Diligence Standard. The company has communicated its cobalt supply chain policy and sourcing requirements to all identified upstream suppliers. The company has implemented due diligence requirements to the management system. Supplier audits are carried out as part of the due diligence process in minimum every five years. In addition, assessments of high-risk suppliers were conducted to gain confidence that cobalt sourced by the company presents a low-risk of harm as defined by OECD Annex II.

The company controls the origin of material through several processes. These include Chain of Custody documentation control, material balance calculations, weight integrity control, material review and assay prior to feed into process.
The company refers to RMI’s publicly available grievance mechanism to collect information on grievances from interested parties. This form is available at:

http://www.responsiblemineralsinitiative.org/responsible-minerals-assurance-process/grievance-mechanism/

The grievance mechanism allows anonymous incident reporting and whistleblower protections. Any grievance will be reported to the company and is further reported to the company’s management system for further assessment. The assessment of any grievance is done by the Responsible Sourcing Steering Group which also determines suitable actions to the incident. Further information of the grievance mechanism is available at RMI’s website.

Record Keeping System

The company requires that all records relating to the due diligence program are maintained for a minimum of five years and that they must be properly used and safely stored in our online company database.

5. Risk Identification

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

Firstly, referring to the risks in the company’s supply chain policy, the company has 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.

With respect to conflict-affected and high-risk areas, three key factors are assessed – conflict, governance and human rights.

Conflict – information that allows assessing whether the area is affected by an ongoing armed conflict or post-conflict instability.

Governance – information that allows assessing the extent of weak or non-existing governance.

Human rights – information that allows assessing whether the area is witnessing widespread and systematic violations of international law, including human rights abuses.
The company uses the following publicly available resources to determine CAHRAs:

<table>
<thead>
<tr>
<th>Key factor</th>
<th>Resource</th>
<th>Red flag criteria for resource</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conflict (global)</td>
<td>The Heidelberg Conflict Barometer provides conflict maps, representing an annual snapshot of the presence of armed conflict. <a href="https://hiik.de/conflict-barometer/current-version/?lang=en">https://hiik.de/conflict-barometer/current-version/?lang=en</a></td>
<td>4 (Limited war) or 5 (War) points.</td>
</tr>
<tr>
<td>Human rights (global)</td>
<td>The Office of the High Commissioner for Human Rights (UN Human Rights) is the leading entity on which provides human rights information by country basis. <a href="https://www.ohchr.org/EN/Countries/Pages/HumanRightsintheWorld.aspx">https://www.ohchr.org/EN/Countries/Pages/HumanRightsintheWorld.aspx</a></td>
<td>Assessment of information by country, assessed by the Steering Group on the basis of the reports</td>
</tr>
</tbody>
</table>

The definition is updated annually. If the availability of the open information source changes or the source is considered inadequate, the resource can be replaced or additional information can be obtained from other resources. The other information sources that can be used are listed in the "Commission recommendation (EU) 2018/1149" document. The quality and suitability of the information sources will be assessed regularly and any changes will be approved by the RS Steering Group.

Secondly, the company has a Know Your Supplier (KYS) procedure to include information concerning supplier legal status and identity, supplier mapping and potential risks. The company’s Responsible Sourcing Steering Group reviews and provides information to the Purchasing Team. Whenever inconsistencies, errors or incomplete information is identified in the KYS form, the company communicates the improvement areas to suppliers and requests an updated form. If red flags were identified, the company would further engage with its suppliers to clarify and improve the documents as needed.

Thirdly, the company has requested origin information for each material transaction and ensured that it was able to determine the transaction origin, transportation route, as well as direct suppliers’ names and locations.

Fourthly, all information collected was reviewed by the company against identified CAHRAs, sanction lists, local laws and internal sourcing requirements.
Risk assessment

For material and supply chains, which were determined to be “high-risk”, the company conducted enhanced due diligence. This included:

- Assessing the context of CAHRAs;
- Verifying the chain of custody;
- Assessing the activities and relationships of upstream suppliers;
- Identifying locations and qualitative conditions of the extraction, trade, handling and export of minerals; and
- Conducting on-the-ground assessments.

In order to map the factual circumstances, conduct on-the-ground assessments and assess risks in the high-risk supply chains, we relied on the following:

The company conducted basic research on the CAHRAs identified in our supply chain. This included publicly available reports regarding the governance, security and human rights context of the countries as well as reports specifically mentioning human rights abuses related to cobalt mining practices. Secondly, the company completed a stakeholder mapping to inform our stakeholder engagement strategy. To complement the mapping, the company required our direct suppliers to provide the names, locations and types of business operations for each supply chain actor between the mine sites and the in country exporter. The company conducted an enhanced KYS process for all upstream actors. Working with our supply chain partners, we collected chain of custody documentation for each material transaction and ensured that it was able to determine the transaction origin, transportation route and protection of the material during transit.

A third party has conducted an on-the-ground-mine-site assessment for a supplier located in a CAHRA using the ISAE 3000 methodology (including the OECD Annex II risk assessment) during 2019 and concluded that risks of contributing to conflict or involving human rights abuses or financial wrongdoings were low.
6. Risk Mitigation

The company’s Supply Chain Policy defines three possible risk mitigation strategies in accordance with the OECD Guidance Annex II Model Policy:

1. Continuing trade throughout the course of measurable risk mitigation efforts;
2. Temporarily suspending trade while pursuing ongoing measurable risk mitigation;
3. Disengaging with a supplier after failed attempts at mitigation or where a company reasonably deems risk mitigation not feasible or unacceptable.

Since 2019, the company has taken following Due Diligence activities:

- Grievances through the Grievance Mechanism: 0
- Grievances through other sources: 1
- Deviations from the internal systems of control: 2
- Completed investigations from the deviations: 2
- Prompted a high-risk supplier to conduct an on-the-ground assessment of their supply chain: 1
- Risk Mitigation - Number of disengaged suppliers: 1
- Risk Mitigation - Temporarily suspended trade: 0
- Risk Mitigation - Continuing trade throughout risk mitigation efforts: 0