

## PUBLIC DUE DILIGENCE REPORT

### 1. Company Information

Jervois Finland Oy (referred as the 'company' or 'JFO') is the producer of high-quality cobalt-based chemicals and powders. The processing facility is located at Metallitehtaantie 48, 67900 Kokkola, Finland. This report covers Due Diligence information since January 1, 2022 through December 31, 2022.

### 2. Responsible Minerals Initiative (RMI)'s Downstream Assessment Summary

JFO became the first cobalt chemical producer in the world to achieve Conformant Downstream Facility status through the [Responsible Minerals Initiative's \(RMI's\)](#) Downstream Assessment Program. Our conformance status was renewed in 2022 and is valid through September 8, 2024.

RMI developed the Downstream Assessment Program (DAP) as a mechanism by which downstream companies, within the cobalt or tin, tantalum, tungsten, gold (3TG) supply chains, can obtain independent validation that their responsible sourcing practices are aligned to OECD Due Diligence Guidance for Responsible Mineral Supply Chains from Conflict-Affected and High-Risk Areas (OECD Guidance). This program is solely for downstream companies that do not meet the definition as a refiner or smelter. JFO uses only refiners compliant with the Responsible Minerals Assurance Process. Jervois Finland Oy's [conformance status](#) is publicly listed on RMI's website.



### 3. Cobalt Supply Chain Policy

To avoid the use of conflict minerals, which directly or indirectly finance, or benefit armed groups and/or involve other serious human rights abuses in Conflict-Affected and High-Risk Areas (CAHRAs), the company has established a Cobalt Supply Chain Policy that is 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). The [Cobalt Supply Chain Policy](#) is publicly available on the company's website. The company is committed to working with supply chain members to address any Annex II risks if identified. The policy covers the risks identified in Annex II of the OECD Guidance and its geographic scope is global. It has been widely disseminated to the raw material suppliers. According to RMI's DAP 2022, the policy does not specifically detail some of the OECD Annex II risks as required by the standard. The company will publish an updated version of the policy in Q1-2023 after approval by both President and Responsible Sourcing Steering Group.

#### **4. Cobalt Institute Responsible Assessment Framework (CIRAF) Summary Cobalt Institute's Responsible Sourcing & Sustainability**

The mission of the Cobalt Institute (CI) is to promote the sustainable and responsible production and use of cobalt in all its forms. JFO is a member of the CI and participates amongst in the Responsible Sourcing & Sustainability Committee (RSSCOM). The RSSCOM is responsible for overseeing CI's strategic approach and performance related to Responsible Sourcing and Sustainability. The RSSCOM analyses emerging developments in this area and how it impacts the stakeholders within the cobalt industry.

CIRAF provides a management framework on how to respond to nine areas of material risk areas identified for the responsible sourcing and production of cobalt. The nine areas of material risks are:

- Air- water-soil pollution & energy efficiency
- OHS and working conditions
- Conflict & financial crime
- Human rights abuses
- Worst forms of child labor
- Biodiversity
- Artisanal Mining
- Livelihoods
- Resettlement

JFO made a commitment to the CIRAF program on March 13, 2020 and agreed to undertake an annual assessment of material risks, identified by CIRAF in our operations and supply chain where applicable, using the CIRAF Implementation Guidance, CIRAF Assessment Tool and CIRAF Standards Reference Document. Our annual assessment found JFO's due diligence practices achieved a level 3 of CIRAF program. Level 3 means JFO has identified material risks in its cobalt supply chain, and established policies and due diligence management systems to address the nine material risks identified by CIRAF.

#### **5. Company Management System-Structure**

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

- The company's President and Responsible Sourcing Steering 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 at JFO (see section 6). The Steering Group also determines the required risk management measures for each supplier in the supply chain. The group should target to have at least one meeting per quartile and report back to the Management Committee. In 2022, there has been a total of five RS Steering Group meetings. The purpose of the meetings is to decide on the approval status of suppliers, identify and assess risks, finalize definition criteria to define CAHRAs, and to develop strategies to address identified risks. The group also addresses any possible grievances or internal deviations.

- The company has assigned the Sustainability Manager to coordinate the work of the relevant departments (including Raw Material Management, Quality, and 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 seven remarks have been reported and investigated as part of the company’s due diligence management system:

| Type of remark   | Root cause   | Corrective measure  | Status                         | Risk to responsible sourcing |
|--|--|---|--------------------------------|------------------------------|
| <b>Trade sanctions</b>   | Sanctions in response to the military aggression against Ukraine   | While current sanctions do not limit the operations, Jervois decided not to purchase any Russian feed under current circumstances. Jervois continues to monitor the sanctions related to the military aggression against Ukraine.                 | Closed with ongoing monitoring | Low                          |
| <b>Possible threat to the trading ability of a supplier - warning sign</b> | Court appoints a temporary administrator to one of our suppliers due to argument on concession agreement   | Timely discussion of possible impacts with the supplier. Close monitoring of the situation.   | Closed with ongoing monitoring | Low                          |
| <b>Market Manipulation and Bribery</b>                                     | One supplier pleaded guilty for market manipulation and bribery committed before 2019 in several countries | Substantial penalties were paid to cover the claims of the majority of the plaintiffs. The accountable board and management team was refreshed. Important resources were allocated to develop and strengthen the ethics and compliance programme. | Open with ongoing monitoring   | Low                          |
| <b>Export Suspension for a supplier – warning sign</b>                     | Export and Marketing suspension imposed on one of our suppliers by the local government                    | Regular briefing calls with the supplier. Close monitoring of the situation.  | Open with ongoing monitoring   | Low                          |

|  |  |   |                                       |            |
|--|--|---|---------------------------------------|------------|
| <p><b>Shipment received with broken bags and missing pallets</b></p> | <p>Information from the subcontractor when unloading the cargo at the receiving port</p>   | <p>We addressed the improper shipping to the accountable trading company and contributed substantially to the modified shipping instructions to avoid these kinds of problems in the future.</p>  | <p>Closed</p>                         | <p>Low</p> |
| <p><b>Disengagement from a supplier</b></p>                          | <p>Lack of information to complete our due diligence process related to KYS and chain of custody</p>   | <p>Renunciation of buying the feed. Disengagement from the supplier.</p>  | <p>Closed</p>                         | <p>Low</p> |
| <p><b>On site-visit of several mines located in CAHRA</b></p>        | <p>Warning signs on Human and Labor Rights published in our Public Due Diligence Report 2021. Investigated allegations were found to be untrue already in 2021</p> | <p>As corrective action announced in our Public Due Diligence Report 2021, we were shadowing on site a thorough independent third-party Risk Readiness Assessment against a multi-stakeholder framework with particular focus on Human/Labor Rights, Environment and Community Engagement. Whilst satisfied with the audit, JFO continues to monitor the implementation of the corrective actions.</p> <p>During the same journey, JFO conducted on site-visits of two mines owned by another supplier to get insights related to ESG-risks and the supplier's responsiveness. No corrective action required.</p> | <p>Closed with ongoing monitoring</p> | <p>Low</p> |

## **Internal Systems of Control**

The company has updated its due diligence management system to be aligned with the OECD Guidance and RMI's Cobalt Refiner Due Diligence Standard. The company communicated its Cobalt Supply Chain Policy and sourcing requirements to all identified upstream suppliers. The company has implemented due diligence requirements in the management system. Supplier audits are carried out as part of the due diligence process at minimum every five years. In 2022, JFO conducted assessments of high-risk suppliers 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 feeding into the process.

The company refers to RMI's publicly available grievance mechanism to collect information on grievances from interested parties. This [form](#) is available at RMI's website.

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.

## **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.

## **6. 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 on-going 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:

| Key factor            | Resource   | Red flag criteria for resource                                |
|-----------------------|--|---|
| Conflict (global)     | The <a href="#">Heidelberg Conflict Barometer</a> provides conflict maps, representing an annual snapshot of the presence of armed conflict.                                 | 4 (Limited war) or 5 (War) points.                            |
| Governance (global)   | <a href="#">World Governance Indicators</a> reports aggregate and individual governance indicators for over 200 countries and territories, for six dimensions of governance. | On average, among the weakest 5%.                             |
| Human rights (global) | The <a href="#">Office of the High Commissioner for Human Rights (UN Human Rights)</a> is the leading entity on which provides human rights information by country basis.    | Assessment of information by country by the RS Steering Group |

The information sources are reviewed and 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 the 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, and 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 CAHRA’s.
- 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.
- Conducting on-the-ground assessments.

To map the factual circumstances 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 material transactions 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 2022 and concluded that risks of contributing to conflict or involving human rights abuses or financial wrongdoings were low.

## 7. Risk Mitigation

The company’s cobalt 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.

In 2022, the company has taken the following Due Diligence activities:

|   |   |
|---|---|
| Grievances through the Grievance Mechanism:   | 0 |
| Grievances through other sources:   | 0 |
| Deviations from the internal systems of control:  | 0 |
| Completed investigations from the deviations:   | 0 |
| Prompted a high-risk supplier to conduct an on-the-ground assessment of their supply chain: | 0 |
| Risk Mitigation - Number of discontinued suppliers:   | 1 |
| Risk Mitigation – Number of suppliers not considered due to unknown origin:                 | 5 |
| Risk Mitigation - Temporarily suspended trade:  | 0 |
| Risk Mitigation - Continuing trade throughout risk mitigation efforts:                      | 0 |