

PUBLIC DUE DILIGENCE REPORT

1. Company Information

Jerois 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, 2023 through December 31, 2023.

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 for two years.

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. **All products are produced from refined cobalt sulfate and chloride solutions tolled through a RMI RMAP conformant refiner (Umicore Finland Oy CID 003226) based on a long-term refinery capacity sharing agreement.** Jerois 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. As requested by RMI's DAP 2022, Jerois updated the policy in 2023 by naming all the OECD Annex II risk. The company published an updated version of the policy [on its corporate homepage's sustainability section](#). All the suppliers confirmed adherence to the updated policy.

4. The Cobalt Institute Responsible Assessment Framework (CIRAF) replaced by EcoVadis

CIRAF was granted hiatus in June 2022. CIRAF provided a management framework on how to respond to nine areas of material risk areas identified for the responsible sourcing and production of cobalt.

EcoVadis is a global standard for business sustainability ratings. The assessment includes 21 sustainability criteria across four core themes: Environment, Labor & Human Rights, Ethics and Sustainable Procurement. The methodology refers to leading frameworks such as the Conventions of the International Labour Organization (ILO), UN Global Compact, the Global Reporting Initiative (GRI) and ISO 26000. In particular, the EcoVadis framework is assessing the proficiency level of JFO's operations on the site in Kokkola related to the forementioned sustainability criteria and core themes. In the first evaluation, JFO has been awarded a Gold Medal, achieving a remarkable score of 77/100. This accomplishment places JFO within the top 2% of evaluated companies globally.



The membership in the Cobalt Institute (CI) remains essential for JFO, also in terms of 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 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.

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 RS 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 2023, there has been a total of four 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 nine 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
<p>Possible threat to the trading ability of a supplier - warning sign</p> <p>Initial release: Public DD Report 2022</p>	<p>Court appointed a temporary administrator to one of our suppliers due to argument on concession agreement in 2022.</p>	<p>Timely discussions of possible impacts with the supplier took place in 2022, combined with close monitoring of the situation.</p> <p>Agreement on the concession reached in 2023 to set an end to the administrator’s mandate.</p>	<p>Closed</p>	<p>Low</p>
<p>Export Suspension for a supplier – warning sign</p> <p>Initial release: Public DD Report 2022</p>	<p>Export and Marketing suspension imposed on one of our suppliers by the local government in 2022</p>	<p>Regular briefing calls with the supplier took place, combined with close monitoring of the situation.</p> <p>Export and Marketing suspension lifted in 2023.</p>	<p>Closed</p>	<p>Low</p>
<p>Shipment received with torn and broken bags</p> <p>Initial release: Public DD Report 2023</p>	<p>Information from the subcontractor when unloading the cargo at the receiving port</p>	<p>We addressed the improper shipping to the supplier. After the supplier visited the loadport warehouse and freight forwarder on-site, not respected rebagging loading instructions and splitting the loads in different shipments due to hazardous restrictions were found to be the root causes. As corrective action, packing procedures were rediscussed and established with the freight forwarder.</p>	<p>Closed</p>	<p>Low</p>
<p>Human and Labor Rights – warning sign</p> <p>Initial release: Public DD Report 2021</p>	<p>Published allegations regarding Human and Labor Rights (2021)</p>	<p>Investigated allegations were found to be untrue. As corrective action, we were shadowing on site a thorough independent 3rd party Risk Readiness Assessment against a multi-stakeholder framework with particular focus on Human/Labor Rights, Environment and</p>	<p>Closed with ongoing monitoring</p>	<p>Low</p>

		Community Engagement. Whilst satisfied with the audit, Jervois continues to monitor the implementation of the corrective actions.		
<p>Trade sanctions</p> <p>Initial release: Public DD Report 2022</p>	Sanctions in response to the military aggression against Russia	While current sanctions do not limit the operations, Jervois decided in 2022 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
<p>Red flag situation during KYS renewal – warning sign</p> <p>Initial release: Public DD Report 2023</p>	Due Diligence procedure detecting negative news on a beneficial owner related to financially supporting a group taking part in an armed conflict, Anti-Money Laundering and being involved in an assassination	Jervois received a detailed statement refusing the allegations being the result of criminal disinformation. Investigations by a professional, independent institute backing up the fore-mentioned statement.	Closed with ongoing monitoring	High
<p>Market Manipulation and Bribery</p> <p>Initial release Public DD Report 2022</p>	One supplier pleaded guilty for market manipulation and bribery committed before 2019 in several countries	Additional substantial penalties were paid in 2023 to cover the claims of the majority of the plaintiffs. The accountable board and management team had been refreshed. Important resources have been allocated to develop and strengthen the ethics and compliance programme.	Open with ongoing monitoring	Low
<p>Misleading statements of a supplier</p> <p>Initial release: Public DD Report 2023</p>	Investors claim damages over misleading statements in the 2010s related to a public listing and business transaction	We monitor the situation going forward. The accountable board and management team had been refreshed. Important resources have been allocated to develop and strengthen the ethics and compliance programme.	Open with ongoing monitoring.	Low

<p>Chain of Custody – warning sign</p> <p>Initial release: Public DD Report 2023</p>	<p>Missing export documents and information concerning security service providers, protection and tracking of the bags during the transport related to one section of the mainland transport route through two Non-CAHRA countries.</p>	<p>Requesting documents and information on several occasions during the standard Chain of Custody procedure. Letter of complaint sent to the accountable trading company insisting on delivering the required evidence and information as well as to know corrective action to prevent such events in the future.</p>	<p>Open</p>	<p>High</p>
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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.

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 RMI 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 RS 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 Heidelberg Conflict Barometer provides conflict maps, representing an annual snapshot of the presence of armed conflict.	4 (Limited war) or 5 (War) points.
Governance (global)	World Governance Indicators reports aggregate and individual governance indicators for over 200 countries and territories, for six dimensions of governance.	<ul style="list-style-type: none"> • On average, among the weakest 5% and/or • Among the weakest 10% related to corruption.
Human rights (global)	<ul style="list-style-type: none"> • The Office of the High Commissioner for Human Rights (UN Human Rights) provides human rights information by country basis. • Human Rights Watch is an independent NGO investigating globally and reporting yearly on human rights by country basis • The UK-based NPO “Our World in Data” publishes yearly a Human Rights Index containing quantified HR assessments by country basis (covering 186 countries in 2022). 	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 RS 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.

Identification of raw material suppliers

JFO has implemented the Know Your Supplier (KYS) requirements in accordance with the OECD Due Diligence Guidance. According to [JFO's Supplier Standard](#) raw material suppliers are expected to be aligned with the OECD Guidance and [JFO's Cobalt Supply Chain Policy](#). The KYS form is sent to all smelters and refiners before any business is conducted with them, if necessary additional information is requested from the smelter and refiner. Based on this inquiry, the supplier can be either approved or rejected by the RS Steering Group. Periodic risk reviews are executed for each smelter and refiner. Information on smelters and refiners are verified and validated by checking the RMI RMAP Conformant Refiner List, executing Audits, requesting reports (Audit reports, ESG reports, Public Due Diligence Reports) and templates such as RMI's Extended Reporting Template (EMRT), assessing other public information, scheduling conference calls including requesting or discussing additional information such as Corrective Action Plans or third party statements. The effectiveness of the supply chain due diligence system is assessed regularly as part of the supplier review and the management reviews.

Design and implementation of a strategy to respond to identified risks

Risk management plans will be implemented by following up on and monitoring the effectiveness of the risk mitigation efforts. Risk mitigation plans will be re-assessed whenever additional information is received or circumstances have changed. Risk management plans will be based on the measures and indicators described in Annex III of the OECD Due Diligence Guidance, and it will measure progress. Risk management plans will be developed through engagement and consultation with suppliers and appropriate parties and/or stakeholders who can most effectively prevent or mitigate the risk of adverse impacts. Whenever possible, JFO will exercise its influence over other companies in the supply chain to help the risk mitigation efforts. The engagement and consultation process will also include building due diligence capacities. Risk management plans will have measurable action items for improvement. Timelines for improvement broadly follow those outlined in OECD Guidance. JFO will monitor and document the progress of risk mitigation through the exchange of information and/or on-the-ground audits.

Supply chain control and traceability system

At least once a year, the full set of chain of custody/traceability documentation is requested on randomly selected lot(s) of raw materials originating from or transiting through conflict-affected, high-risk areas (CAHRA's). Documentation must identify country of origin, mine site, type of material (LSM or ASM) and the transit route from mine to JFO.

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.

The company has taken the following Due Diligence activities:	2023	2022	2021
Grievances through the Grievance Mechanism:	0	0	0
Grievances through other sources:	0	0	0
Deviations from the internal systems of control:	1	0	0
Completed investigations from the deviations:	0	0	0
Prompted a high-risk supplier to conduct an on-the-ground assessment of their supply chain:	0	0	0
Risk Mitigation - Number of discontinued suppliers:	1	1	0
Risk Mitigation – Number of suppliers not considered due to unknown origin:	0	5	5
Risk Mitigation - Temporarily suspended trade:	0	0	0
Risk Mitigation - Continuing trade throughout risk mitigation efforts:	0	0	0