



Due Diligence Report

Date: 18/April/2022
REV03-04/22

The Due Diligence Report commonly referred to as the Step 5 Report, is structured as closely as possible to the Responsible Minerals Assurance Process (RMAP) Public Due Diligence Report Writing Guide published by the Responsible Minerals Initiative (RMI) in www.responsiblemineralsinitiative.org under Public Reports.

1) Company information:

Company Name:	Albasteel Industria e Comércio de Ligas para Fundação Ltda.
RMI smelter identification number:	CID003427
Company location:	Rua dos Mineiros, 100 Guarulhos – São Paulo - Brazil
Processed 3TG material:	Tungsten
Web page:	www.albasteel.com.br

Albasteel Indústria e Comércio de Ligas para Fundação Ltda., founded in 1982 and is a Brazilian company, located in Guarulhos, São Paulo, Brazil, producing and reprocessing ferroalloys for foundry. The main and only source of raw material for tungsten smelting in Brazil, Albasteel includes concentrates of scheelite, being added of secondary raw materials (scrap) and through commitments and supply conditions).

2) Company supply chain policy:

As set out in our Supplier Policy, Code of Conduct <http://albasteel.com.br/wp-content/uploads/2021/03/Code-in-Conduct.pdf> and Raw Materials Supply Chain Policy <http://albasteel.com.br/wp-content/uploads/2021/03/Supply-Chain-Policy.pdf>, Albasteel is committed to the responsible sourcing of all our raw materials and we require our supplier to be committed to similarly high quality standards. Albasteel's Supplier Policy and Code of Conduct form part of the Quality management system. The System is audited in accordance with ISO 9001. More details about Albasteel's quality management systems and company process controls can be found in: <https://www.albasteel.com.br>

3) Company management system for responsible supply of raw materials:

Albasteel structured its tungsten raw material procurement with a raw material purchasing manager being responsible for the procurement of all tungsten raw materials. The purchasing manager is Albasteel's guardian and oversees that all tungsten raw material purchases are fully documented and tracked.

3.1) Controls and transparency in the supply chain:

THE Albasteel Iron Tungsten manufacturer, conducts intensive reviews of all suppliers with Supply Agreements and Conditions to declare that they are committed to adhering to the Supplier Supply Chain Policy, Raw Materials Code of Conduct. Any problems or concerns related to the supply of raw material from Albasteel, including responsible sourcing, concerns should be reported directly to the raw material purchasing manager. All communications received are taken seriously by the site. <http://albasteel.com.br/fale-conosco/> and are investigated and addressed directly by the company's management team. Albasteel for compliance with the rules of due diligence. Any concerns related to the provision of Albasteel can also be reported by the same complaints handling mechanism.

4) Risk identification:

The main raw material source for Albasteel's tungsten smelter in Brazil includes tungsten scheelite concentrates containing secondary raw materials (scrap).

In accordance with the OECD Due Diligence Guidance for Responsible Mineral Supply Chains from Conflict-Affected and High-Risk Areas, Albasteel strongly condemns all activities and will refuse any material that has violations associated with extraction, handling, transport or trade. of minerals, including:

- Serious abuses (i.e. torture, cruel, inhuman and degrading treatment; forced labor; worst forms of child labor; human rights violations and abuses such as widespread sexual violence; or other serious violations of international humanitarian law, crimes against humanity or genocide).
- Direct or indirect support to armed groups and public or private security forces.
- Bribery and fraudulent misrepresentation of the origin of minerals.
- Money laundry.
- Non-payment of taxes, government fees.



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4.1) Procedure for Identifying Conflict Affected and High Risk Areas (CAHRA):

Albasteel has as part of the RMAP requirements and internal procedures for Risk Assessment and is currently using internationally recognized resources to identify countries with suspected CAHRA:

- US Dodd-Frank: Presence of armed conflict and generalized violence (Democratic Republic of Congo) or transit hazards (nine neighboring countries)
 - List of European Union CAHRAs
 - Heidelberg Conflict Barometer: Presence of armed conflict and generalized violence.
 - Fragile States Index and Human Rights and Rule of Law Indicator: Other risks of harm to people and the rule of law.
 - Global governance indicators: Bribery, fraudulent misrepresentation of the origin of minerals, money laundering, non-payment of taxes, fees and royalties to governments.
 - Control Risks Security Map: Direct or indirect support to public or private security forces.

If a country is not covered by any of the above remedies, a credible alternative that covers the risk of harm associated with the RMI's CAHRA website.

In addition to Albasteel's standard process for Supplier Selection and Qualification (Assessment/Selection of Suppliers by Standard NBRISO9001/RMAP), due to the additional risk related to responsible sourcing of tungsten concentrates, other reviews and documentation. All raw material suppliers are required to complete a Supplier Assessment form.

During the period covered by this report, no major risks were identified, being considered low.

However, the change was clarified by the supplier as a result of mining in a single mine, an explanation considered reasonable and plausible.

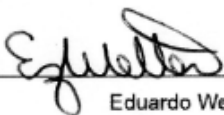
5) Risk Mitigation Strategy:

Supply of main materials carried out in a single scheelite mine in Brazil, as well as the other aggregates of raw materials, are also suppliers approved by the Albasteel that only provides material that is fully documented and tracked as per RMI recommendations.

6) Final comments:

In the period reported in this 5-step report, the Albasteel and Conflict Affected and High-Risk Areas (CAHRA) review of identified source and transit countries were countries that were also analyzed with low magnitude risks.

All materials in transit are traceable from responsible sources and fully documented and recorded in the Internal Management System. Enterprise Resource Planning ERP.



Eduardo Wetter
CEO