

**Metallic Resources Inc**  
**Responsible Minerals Assurance Process (RMAP) Annual Due Diligence Report**  
**Reporting Period August 1, 2019 to July 31, 2020**

**Company Information**

Metallic Resources

CID001142

2368 E Enterprise Pkwy, Twinsburg, Ohio.

Metallic Resources is an RMAP- conformant smelter and a leading recycler of tin and tin/lead solder from the electronics industry.

**RMAP Assessment Summary**

This report covers our latest assessment period from August 1, 2019 to July 31, 2020. The last assessment was conducted in February 2020 by Intertek. The assessment summary report is public and available at [www.metallicresources.com](http://www.metallicresources.com)

**Company 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 high risk and conflicted affect regions, Metallic Resources developed a supply chain policy. During the assessment, our supply chain policy was reviewed and deemed 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 the risks identified in Annex II of the OECD Guidance and its geographic scope is global. Metallic Resources is committed to addressing any Annex II risks if identified. The policy was reviewed and approved by senior management, which committed to support its implementation. The policy has been widely disseminated to relevant stakeholders (suppliers, customers, employees etc.) and is available on the company website at [www.metallicresources.com](http://www.metallicresources.com)

**Company Management System**

**Management Structure**

Metallic Resources 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 coordinator are responsible to oversee the due diligence program and risk management design and implementation.
- The company President and coordinator work together with the other department supervisors (purchasing, production, shipping and receiving, etc.) to ensure each department follows up on their roles and responsibilities to implement the due diligence program to report any red flags

and potential risks, gaps in the management system and opportunities for continuous improvement.

- The company conducts a due diligence management system training once a year for key staff from all relevant departments required in due diligence program. All new hires are trained in orientation. If there is an update of the program, additional training will be conducted, as necessary.
- The company will continuously improve its supply chain due diligence efforts for the 2019 and prior reporting years through the following:
  - a. Continue to monitor and assess the presence of conflict minerals in its supply chain.
  - b. Enhanced training of all key department to further identify any red flags or the presence of conflict Minerals in its supply chain.
  - c. Responsible Minerals Sourcing Policy developed to clearly define Metallic Resources expectations of the supplier.
  - d. Procedure to identify Conflict Affected and High-Risk Areas
  - e. Procedure to identify and assess red flags and mitigate potential or actual supply chain risks.
  - f. Recycled tin due diligence procedure.
  - g. KYC Procedure
  - h. Grievance mitigation procedure

### **Internal Systems of Control**

The company has established and updated its due diligence management system to be aligned with the OECD Guidance and RMAP. The company only buys secondary material and buyers are aware of the process the material is generated from before purchasing the material, all material is reviewed upon receiving, any material that is out of the ordinary will be evaluated and if found to be a risk will be returned to the customer. A mass balance assessment is completed through the process. The company communicates the sourcing policy to all suppliers yearly and the policy is posted on the company website [www.metallicresources.com](http://www.metallicresources.com). The company refers to RMI's grievance mechanism to collect information on grievances from interested parties at <http://www.responsiblemineralsinitiative.org/minerals-due-diligence/risk-management/grievance-mechanism/>.

Any grievances that the company is made aware of will be handled on individual basis to remedy the situation and or potential risk.

### **Record Keeping System**

The company requires that all records relating to the due diligence program are maintained at least for five years and that they are properly used and safely stored in our company database.

### **Risk Identification**

Metallic Resources has established a procedure to identify conflict affected and high risks areas (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. The company uses the following criteria outlined in Table 1 to determine CAHRAs:

<b>Table 1 CAHRA Identification Resources, Criteria and Thresholds</b>		
<b>Resource</b>	<b>CAHRA criteria</b>	<b>Country is classified as a CAHRA if:</b>
<p>U.S. Dodd-Frank Act</p> <p>Lists countries that pose a risk for presence of armed conflict and widespread violence (Democratic Republic of the Congo) or transit risks (nine surrounding countries)</p>	<p>OECD Annex II risks: Direct or indirect support to non-state armed groups, or public or private security forces</p> <ul style="list-style-type: none"> <li>• Presence of armed conflict and widespread violence (Democratic Republic of the Congo)</li> <li>• Transit risks (nine surrounding countries)</li> </ul>	<ul style="list-style-type: none"> <li>• Listed as a covered country</li> </ul>
<p>Heidelberg Conflict Barometer (HCB)<sup>1</sup> provides conflict maps, representing an annual snapshot of the presence of armed conflict.</p>	<p>OECD Annex II risks: Direct or indirect support to non-state armed groups, or public or private security forces</p> <p>Risks evaluated with this resource:</p> <ul style="list-style-type: none"> <li>• Presence of armed conflict</li> <li>• Widespread violence</li> </ul>	<ul style="list-style-type: none"> <li>• Has a national I ranking of 3 or higher with the HCB in the region of origin (e.g., mine) or transit route</li> </ul>
<p>Fragile State Index: Human Rights and Rule of Law indicator</p>	<p>OECD Annex II risks: Serious abuses (torture, cruel, inhuman, and degrading treatment; forced labor; worst forms of child labor; sexual violence; war crimes)</p> <p>Risks evaluated this resource:</p> <ul style="list-style-type: none"> <li>• Risks of harm to people</li> <li>• Political instability or repression</li> <li>• Institutional weakness</li> <li>• Insecurity</li> <li>• Collapse of civil infrastructure.</li> <li>• Widespread human rights abuses</li> <li>• Violations of national or international law</li> </ul>	<ul style="list-style-type: none"> <li>• Has a score of 8 or higher for the Human Rights and Rule of Law (HR) indicator</li> </ul>
<p>The INFORM Index of Risk Management provides country-level risk profiles relating to humanitarian crises.</p>	<p>OECD Annex II risks: Serious abuses (torture, cruel, inhuman, and degrading treatment; forced labor; worst forms of child labor; sexual violence; war crimes)</p> <p>Risks evaluated with this resource:</p> <ul style="list-style-type: none"> <li>• Risks of harm to people</li> <li>• Political instability or repression</li> </ul>	<ul style="list-style-type: none"> <li>• Meets 80% of risk relating to humanitarian crisis.</li> </ul>

<sup>1</sup> If a country is not listed in the Heidelberg Conflict Barometer (HCB), these risks will be evaluated using the Worldwide Governance Indicators (WGI) Political Stability and Absence of Violence indicator. A country will be considered a CAHRA if it ranks 60th percentile or lower for this WGI indicator. The 50th

	<ul style="list-style-type: none"> <li>• Institutional weakness</li> <li>• Insecurity</li> <li>• Collapse of civil infrastructure.</li> <li>• Widespread human rights abuses</li> <li>• Violations of national or international law</li> </ul>	
<p>Worldwide Governance Indicators (WGI), <b>Control of Corruption indicator</b></p> <p><b>WGI</b> reports aggregate and individual governance indicators for over 200 countries and territories over the period 1996–2018, for six dimensions of governance. For the purposes of this procedure, WGI’s sixth indicator, <b>Control of Corruption</b>—capturing perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests—will be evaluated.</p>	<p>OECD Annex II risks: Bribery, fraudulent misrepresentation of the origin of minerals, money laundering, non-payment of taxes, fees, and royalties to governments</p> <p>Risks evaluated with this resource:</p> <ul style="list-style-type: none"> <li>• Governance, with a focus on corruption or to the extent that public power is exercised for private gain</li> </ul>	<ul style="list-style-type: none"> <li>• Scores in the 80th percentile or lower for the most recent <b>Control of Corruption indicator</b></li> </ul>

If an origin is within a national-level CAHRA, the complete supply chain must be mapped (even if the origin is not in a sub-national CAHRA. Complete RMI’s Supply Chain Mapping Tool for each CAHRA origin. Metallic Resources is only sourcing secondary material so there is no need to map transit routes or to perform enhanced due diligence activities. If we do every source primary material, we are familiar with the mapping tool and procedure to identify and compare governance, human rights, and conflict risk indices across geographic regions globally and view all country risk classifications at a global level.

The company has designed a Know Your Counterparty (KYC) to include information concerning supplier legal status and identify supplier and potential risks. All the material we purchase from our suppliers is generated from secondary sources. If in the rare occurrence that the company must purchase material

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percentile was chosen because it appears to align with a 3 ranking under HCB, using Oman, Paraguay, Timor-Lest United States, Vietnam, and others as a reference.

that is considered a conflict mineral the company will conduct a good faith reasonable country of origin inquiry (“RCOI”) regarding the conflict minerals included in the products during the Reporting Period to determine whether any minerals originated in the Covered Countries. The Compliance Officer will identify and evaluate all supply chains for each of the following supply chain elements:

- a. Material origin
- b. Assessing the relationship of suppliers
- c. Know how the material was generated.
- d. Identify ownership.
- e. Identify related businesses verification checking government watch list.

The company’s operations may at times manufacture products for which conflict minerals are necessary to the functionality or production of those products. If in the rare occurrence that the company must purchase material that is considered a conflict mineral the company will conduct a good faith reasonable country of origin inquiry (“RCOI”) regarding the conflict minerals included in the products during the Reporting Period to determine whether any minerals originated in the Covered Countries. If any OECD Annex II risks are identified the company will evaluate each incident and take steps to remedy and reduce the risk. Metallic Resources continues to receive tin-containing material from Mexico. Mexico has been identified as a risk based on CAHRA criteria. The only material sourced from Mexico is secondary material, which according to the RMAP standard, secondary material does not require determination of origin of risk analysis. Metallic Resources continues to ensure that the suppliers meet all requirements specified below, and that they do not result in any red flags being identified. The results of the company’s RCOI regarding conflict minerals, as well as the company’s additional due diligence regarding the sources of conflict minerals, are contained in this report, which is publicly available at [www.metallicresources.com](http://www.metallicresources.com).

### **Risk Assessment**

Metallic Resources has identified Mexico as a risk based on CAHRA id source and criteria table in CAHRA document, Mexico is considered a CAHRA based country because of the presence of:

1. Armed conflict
2. Widespread violence
3. Human trafficking from the Heidelberg conflict barometer

The company receives only secondary material from this area and has done its due diligence with regards to the OECD Due Diligence Guidance Supplement by:

1. Assessing the relationship of suppliers
2. Know how the material was generated.
3. Identify ownership.
4. Identify related businesses verification checking government watch list.

The company ensures that it assesses risks on an ongoing basis by working in partnership with suppliers and other stakeholders (e.g., customers, industry) engaged in continuous risk monitoring.

### **1. RCOI and Due Diligence Process.**

The company has conducted a good faith RCOI regarding conflict minerals. This good faith RCOI was reasonably designed to determine whether any of the conflict minerals originated in the Covered

Countries and whether any of the conflict minerals may be from recycled or scrap sources, in accordance with the Securities and Exchange Commission (“SEC”). The company’s due diligence measures have been designed to conform to the framework in the Organization for Economic Co-operation and Development Due Diligence Guidance for Responsible Supply Chain of Minerals from Conflict-Affected and High-Risk Areas: Third Edition, including the related supplements on gold, tin, tantalum, and tungsten (the “OECD Guidelines”).

## **RCOI**

Metallic Resources is a leading recycler of tin and tin/lead solder from the electronics industry. Metallic Resources will avoid minerals that directly or indirectly finance or benefit illegal armed groups from conflict effected areas including the DRC and adjoining countries. Management has put into place a program that ensures to the best of our ability that any tin ingot Metallic Resources may acquire qualifying as a “conflict metal” has been traced to its source and has been confirmed to be Conflict-Free from countries where violence is not an everyday occurrence and human rights violations are not repeatedly reported.

Metallic Resources will only obtain Tin ingots (Sn) from suppliers that are Conflict Free Smelter Program (CFSP) Compliant Tin smelter. Metallic Resources receives documentation from its tin ingot suppliers to verify the tin is Conflict-Free.

## **Due Diligence**

The company’s due diligence process is based on the OECD Guidelines. Due diligence measures undertaken by the company during the Reporting Period included the following:

### **Establish Strong Company Management Systems**

#### ***Internal Team to Support Supply Chain Due Diligence.***

The company has established an internal team to manage the responsible minerals engagement with its suppliers. During the Reporting Period, the company has met with the team members to educate them on the SEC’s rules regarding conflict minerals and to ensure the timely implementation of the company’s conflict minerals programs. This team is responsible for working with the company’s employees to provide training and guidance, implement reporting systems and facilitate communication between departments with respect to compliance with the SEC’s reporting requirements regarding conflict minerals.

#### ***Internal Measures Taken to Strengthen Engagement with Suppliers.***

The company’s conflict minerals reporting compliance measures are managed at the division level where the supplier relationship exists. Key employees are responsible for managing the conflict minerals, if any, provided by its supply base and for identifying, where possible, the supplier of such conflict minerals in the company’s materials or components. The company’s due diligence measures have been designed to conform to the OECD Guidelines for Responsible Supply Chain of Minerals from Conflict Affected and High-Risk Areas including the related supplements on gold, tin, tantalum, and tungsten. Any potential red flags will be reported to the coordinator who will evaluate all potential risks and report to senior management.

## **Identify and Assess Risks in the Supply Chain**

As discussed above, the company continues to assess its supply chain risks and work with its suppliers in developing greater supply chain transparency.

## **Design and Implement a Strategy to Respond to Identified Risks**

The company is committed to maintaining high standards of corporate responsibility through its compliance. The company is reporting the findings of its RCOI and additional due diligence measures through the preparation of this Report. The company's internal team that manages conflict minerals engagement with the company's suppliers also works to address any significant due diligence findings as they arise and report to the coordinator. The coordinator will report any potential risks to senior management.

## **Report Annually on Supply Chain Due Diligence**

This Report is publicly available at [www.metallicresources.com](http://www.metallicresources.com) and meet the OECD recommendation to report annually on supply chain due diligence.

## **2. Due Diligence Results.**

The company receive all its metal from material generated from secondary sources. The company has continued its due diligence with regards to the OECD Due Diligence Guidance Supplement by:

1. Assessing the relationship of suppliers
2. Know how the material was generated.
3. Identify ownership.
4. Identify related businesses verification checking government watch list.

The company will continue to implement and refine its responsible minerals program to improve its supply chain transparency by always knowing what the customer manufacturers and how the material we are buying is generated. If in the rare occurrence that the company must purchase material that is considered a conflict mineral the company will conduct a good faith reasonable country of origin inquiry ("RCOI") regarding the conflict minerals included in the products during the Reporting Period to determine whether any minerals originated in the Covered Countries

## **3. Additional Due Diligence and Risk Mitigation.**

### **Continuous Improvement of Supply Chain Due Diligence**

The company will continuously improve its supply chain due diligence efforts for the 2019 and prior reporting years through the following:

- Continue to monitor and assess the presence of conflict minerals in its supply chain.
- Enhanced training of all key department to further identify any red flags or the presence of conflict Minerals in its supply chain.
- Responsible Minerals Sourcing Policy developed to clearly define Metallic Resources expectations of the supplier.
- Procedure to identify Conflict Affected and High-Risk Areas
- Procedure to identify and assess red flags and mitigate potential or actual supply chain risks.
- Recycled tin due diligence procedure.

- KYC Procedure
- Grievance mitigation procedure