

# Report of a metallurgical enterprise in the field of responsible approach to the procurement of raw materials

<b>Table 1 - Information about the metallurgical enterprise</b>	
Name of the metallurgical enterprise	Limited Liability Company "Novosibirsk Tin Plant"
Metallurgical enterprise CID	CID001305
Produced metal	Tin
Location	630033, RF, Novosibirsk region, Novosibirsk, st. World 62
Date of the report	09.09.2021
Director / designee responsible for this report	Gorodetsky Vladimir Dmitrievich

<b>Table 1.1. - RMAP score information</b>	
RMAP ID	G-RM-10000964
Evaluation period (s)	07/01/2019
Evaluation period (up to)	06/30/2020
Audit Firm	Arche Advisors
Report Hosting URL	<a href="https://nok.ru/images/Responsible_raw_material_procurement_report_NOK_LLC.pdf">https://nok.ru/images/Responsible_raw_material_procurement_report_NOK_LLC.pdf</a>

<b>Table 2 - Summary of actions taken to comply</b>
<b>Stage 1: Establishing a reliable management system</b>
<b>Confirmation of compliance with requirements:</b> Ltd. " Novosibirsk Tin Plant " (hereinafter - the "Company" / " Metallurgical Enterprise " / OO O " NOK ") has fully complied with the requirements for Phase 1 "Organization of a reliable control system."
<b>Does the business have an established supply chain due diligence policy?</b>
<b>Comments and proof of compliance:</b> In August-September 2020, the Company approved: 1.1. 1.1. Responsible Procurement Policy for Tin Raw Materials, which is to avoid the use in their production of "conflict minerals", eliminate the risk of direct or indirect support of any conflicts by ensuring a reliable selection and evaluation of suppliers, tracking the whole tin raw material supply chain ( <a href="https://nok.ru/images/Policy_of_a_LLC_Novosibirsk_Tin_Plant_for_the_procurement_of_tin_containing_raw_materials.pdf">https://nok.ru/images/Policy_of_a_LLC_Novosibirsk_Tin_Plant_for_the_procurement_of_tin_containing_raw_materials.pdf</a> ); 1.2. " Guidelines for the Responsible Supply of Tin Raw Materials " (hereinafter referred to as the "Guide" or "Management of OOO NOK" ), which defines the system for managing the supply chain of tin raw materials ( <a href="https://nok.ru/images/Guidelines_for_Responsible_Supply_of_Tin_Raw_Materials_to_Novosibirsk_Tin_Plant_LLC.pdf">https://nok.ru/images/Guidelines_for_Responsible_Supply_of_Tin_Raw_Materials_to_Novosibirsk_Tin_Plant_LLC.pdf</a> ); 1.3. KYC (Know Your Supplier) policy , which is designed and implemented to ensure a high level of due diligence in the procurement of tin raw materials , and control for possible risks in accordance with the guidance of RMI ( <a href="https://nok.ru/images/KYC_policy_Know_Your_Supplier_Novosibirsk_Tin_Plant_LLC.pdf">https://nok.ru/images/KYC_policy_Know_Your_Supplier_Novosibirsk_Tin_Plant_LLC.pdf</a> )

1.4. Conflict and Mineral Complaints Policy , which aims to involve all stakeholders and the public in the control of mineral supply chains, which will allow comprehensive control of this process and, as a result, improve the quality of control by integrating complaints received into the supply chain risk assessment process ([https://nok.ru/images/Complaints\\_Policy\\_on\\_Conflict\\_Minerals\\_of\\_Novosibirsk\\_Tin\\_Plant\\_LLC.pdf](https://nok.ru/images/Complaints_Policy_on_Conflict_Minerals_of_Novosibirsk_Tin_Plant_LLC.pdf)).

1.5. Order No. 134 of August 26, 2020 determines:

1.5.1. Person responsible for the organization and control of the tin raw material supply system;

1.5.2. An executing unit involved in the collection of information and in the process of supplying tin-containing raw materials.

1.5.3. A risk specialist who identifies the counterparty involved in the supply of raw materials, assesses the degree (level) of risk.

The documents were developed in accordance with the OECD Guidelines for Due Diligence of Responsible Mineral Supply Chains from Conflict-Affected and At High Risk Areas (hereinafter the “ OECD Guidelines ”), the Tin and Tantalum Audit Protocol as part of the Conflict Minerals Elimination Program in Smelters. factories (CFSP) , EU Commission Recommendations 2018/1149 of 10 August 2018 “ On non-binding guidelines for identifying areas affected by conflict, areas of high risk and other supply chain risks in accordance with Regulation (EU) 2017/821 of the European Parliament and of the Council ”.

**During September 2020 - September 2021 , the company completely eliminated PLD shortcomings identified in the recommendations of the audit results of the mission conducted in August 2020.**

The measures taken led to and improving the procedures of due diligence with regard to the supply chain of tin raw materials and their compliance with the requirements of the Guidelines OECD Test .

"The management of LLC NOK , approved in August 2020, was developed in order to ensure reliable selection and standards for combating money laundering, tax evasion, combating the financing of terrorist practices, prevention of abuse related to the extraction, transportation, sale of tin-containing raw materials, direct or indirect support of non-state armed groups, public or private security forces, bribery and deliberate distortion of any information about the origin of the purchased tin ore raw materials.

In consists in all items required by the Guidelines OECD Test :

1. The volume of procedures;
2. Organizational structure and functions;
3. High-risk supply chain procedures;
4. Due diligence in relation to the supply chain of tin raw materials , including a questionnaire for suppliers;
5. Monitoring of operations;
6. Record keeping;
7. Education.

**Has the Enterprise established an internal management structure to facilitate supply chain due diligence?**

**Comments and proof of compliance:**

Since August 2020, the enterprise operates a formal structure for internal governance, conducive to due diligence in respect of the supply chain. All units related to the supply chain performed their job duties in accordance with established policies and procedures in accordance with the Management of NOK LLC.

**" 26 " on August 2020, in accordance with the order number 134**, the person responsible for the organization and supply chain control of tin raw material defined fulfilling duties of the chief commercial service Gorodetsky Vladimir Dmitrievich specialist risks identified engineer procurement Zholnerov Mikhail Sergeevich. The functions of the Executing Unit are assigned to the Mill Commercial Service

**Has the Enterprise established a robust internal system of due diligence, control and transparency regarding the tin raw material supply chain, including tracking and identifying other participants in the supply chain?**

**Comments and proof of compliance:**

A reliable process for accepting batches of tin - containing raw materials operates at PA O «NOK». The technological instruction for the acceptance of raw materials was officially published and has been in operation since **April 2014**. In accordance with this instruction, the Company receives the necessary documents and registers the details of the transaction before the start of processing of tin-containing raw materials. Special control procedures in accordance with internal policies and regulations regarding the received raw materials are carried out prior to processing. **These procedures are consistent and are respected.**

**Has the Enterprise strengthened its relationship with its tin raw material suppliers and, where possible, assisted them in implementing due diligence procedures?**

**Comments and proof of compliance:**

The facility has strengthened its relationship with tin raw material suppliers and, where possible, is assisting them in the implementation of due diligence procedures.

**Starting in August 2020**, new contracts with suppliers were supplemented with a condition on the suppliers' compliance with the OECD requirements and the NOK LLC Guidelines, including confirmation that they do not participate in activities related to money laundering, terrorist financing and human rights violations. One of the key requirements before starting work with suppliers of tin-containing raw materials is to receive a completed questionnaire in accordance with the recommendations of the OECD Guidelines and the Guidelines of NOK LLC. These actions contributed to the conduct of due diligence procedures in the selection of suppliers in accordance with the requirements of the OECD and the Guidelines of LLC "NOK", and also ensured the collection of all the necessary information about them.

**Has the Enterprise established a corporate communication mechanism to maintain full employee participation and to communicate identified risks to management?**

**Comments and proof of compliance:**

The enterprise has developed a corporate communication mechanism to support the comprehensive participation of employees and to communicate identified risks to management. The Enterprise has an internal communication system that allows employees to voice their concerns about the tin raw material supply chain or identified risk factors.

A working mailbox is installed on the territory of the Enterprise, and messages about compliance with the requirements of the Management of NOK LLC are viewed by the responsible

manager. In addition, on the company's website, it is possible to leave an anonymous appeal , which is considered by the responsible manager.

All results of consideration of received applications are published in the appropriate section on the website of the Company.

## **Stage 2: Identification and assessment of risks in the supply chain**

### **Confirmation of compliance with the requirement:**

The enterprise has fully complied with the requirements of Stage 2 "Identification and assessment of risks in the supply chain".

### **Does the Enterprise have a process for identifying risks in the supply chain?**

#### **Comments and proof of compliance:**

In accordance with the Management of LLC "NOC," which was developed taking into account the requirements of OECD, the Enterprise identifies and assesses risks in the supply system of tin-containing raw materials. For each supplier, NOC LLC created a profile and assigned a risk rating in accordance with the established scale. This process is a requirement before working with tin feedstock suppliers.

The company has implemented a procedure for determining conflict-affected areas and high-risk areas (CAHRA). It is detailed in section 4 of the Manual. The enterprise uses information resources covering the areas of conflict, governance and human rights, which are recognized throughout the world. They are set out in annexes "E" and "H." The evaluation of transactions with counterparties is carried out in accordance with Appendix "E." The company checks each batch of raw materials received. Based on the results of the analysis, the risk specialist determines whether the country/region of the supplier, as well as the transit of tin-containing raw materials CAHRA or not.

In addition, the company has implemented a procedure for identifying red flags and assessing risks in the supply chain.

The most significant indicators of risk in the supply chain (red flags) are:

1. The fact that the tin raw material originates from, or has been transported through CAHRA;
2. Tin raw materials are said to be sourced from a country that has limited known reserves, probable resources or levels of expected production of the minerals in question (ie, declared quantities of minerals from that country do not match its known reserves or expected production levels).
3. Tin raw materials claimed to originate from a country known to be a transit country for minerals from CAHRA areas (legal or illegal).
4. The company's suppliers have an interested party or other interests in companies that supply or transit minerals from the aforementioned locations.
5. Suppliers of the company or other mining companies are known to have received minerals from their mining or transit locations specified earlier in the past 12 months .

**The enterprise, within the framework of fulfilling the requirements of the Responsible Use of Minerals Process (RMAP) and other requirements of the RMI program, refuses to cooperate with countries and / or regions designated as CARHA, including: Uganda, Rwanda, DRC, CAR, South Sudan, Zambia, Angola, Republic of the Congo, Tanzania, Burundi. As well as with countries located in conflict-affected and high-risk areas (CAHRA) in accordance with Article 14.2 of the European Union Conflict Minerals Regulation 2017/821.**

### **Does the Enterprise assess risks in accordance with an established supply chain due diligence system?**

#### **Comments and proof of compliance:**

Procedures for proper verification and identification of the counterparty as defined in the Guidelines of "NOK" , wire os before starting work with all suppliers of tin raw materials . In addition, a thorough check of the documents of existing suppliers and monitoring of all transactions carried out in the course of working with them was carried out. OO O " NOK " **2020 year** to obtain and analyze information on sanctions, as well as on compliance by suppliers of tin raw material by applicable law, including in respect of labor law and the environment, on the basis of information systems.

The enterprise requires suppliers to complete a questionnaire in accordance with the recommendations of the OECD Guidelines , which has improved the quality of verification in relation to the supply chain and ensured the collection of all necessary information about suppliers.

**Does the Company have a system for submitting risk assessment reports to an authorized manager?**

**Comments and proof of compliance:**

Responsible manager shall monitor compliance with the requirements of the Guidelines of "NOK" and submits an annual report D irektoru Enterprises . The report contains information on the compliance of the tin raw materials supply chain management system with the established OECD requirements and the measures taken. Senior management has ultimate control and responsibility for the precious metals supply chain.

**Stage 3: Develop and implement a risk mitigation / risk management plan**

**Confirmation of compliance with the requirement:**

The enterprise fully complied with the requirements for Stage 3 "Development and implementation of a risk mitigation / risk management plan".

**Has the Enterprise developed a strategy to manage the identified risks by :**

- 3.1. reducing the risk while continuing to work,**
- 3.2. reducing the risk in case of temporary suspension of work with the supplier;**
- 3.3. discontinuing a relationship with a risky supplier?**

**Comments and proof of compliance:**

In accordance with the requirements of the OECD Guidelines, the enterprise has a system for assessing the degree of risk for each supplier, fixed by the Management of NOK LLC and including a detailed risk assessment and mechanisms for managing it: reducing risk when continuing to work, reducing risk in case of temporary suspension of work with a supplier or termination of work with a supplier whose activities involve a risk.

**Implementation of a risk management and mitigation strategy involves taking specific corrective actions, monitoring results, periodically re-evaluating risks, and providing regular reports to the responsible manager.**

**Comments and proof of compliance:**

The risk management and mitigation strategy has been in effect at the Company from the moment of approval of the Management of OOO NOK in relation to the supply of tin-containing raw materials of the Management.

During the period of the risk management strategy, one enterprise with a "high" level of risk was identified - LLC Uralelectromed, since it was impossible to trace the supply chain of raw materials. Currently, we have refused to purchase raw materials from the supplier "Uralelectromed"

**Step 4: Establish an independent audit of the tin raw material supply chain due diligence procedures**

**Confirmation of compliance with the requirement:**

The facility has complied with the requirements for Stage 4 "Organization of an independent audit of the due diligence procedures for the supply chain of tin raw materials".

**Comments and proof of compliance:**

The company entered into an agreement with the audit firm **Arche Advisors on June 18, 2020**.

The audit was conducted on August 17-18, 2020.

The conclusion on the results of the audit of the enterprise's compliance report will be posted on the website [http:// www. https://nok.ru/](http://www.https://nok.ru/) as soon as ready.

**Step 5: Report on the due diligence of the tin raw material supply chain****Confirmation of compliance**

The company fulfilled the requirements but Phase 5 "Report on conducting due diligence in relation to the chain of tin raw materials."

**Comments and proof of compliance:**

Report on due diligence in respect of the supply chain a tin raw material (the report of metallurgical enterprises on compliance) has been prepared on time in accordance with the requirements of the Guidelines OECD Test.

Detailed information on what systems, procedures, processes and controls are implemented and used at the Enterprise to ensure compliance with the requirements of the OECD Guidelines is given in the Guidelines of NOK LLC, which is posted on the website of our enterprise <https://nok.ru/company/politika-zakupok/>.

**Table 3 - Management Conclusion****Did the Enterprise comply with the requirements of the OECD Guidelines in the reporting period?**

Complied with

The enterprise has developed and implemented an effective supply chain management system, including procedures, policies and processes, in order to comply with the requirements of the OECD Guidelines, details are given in Table 2 above.

The entity intends to continue to improve its activities with regard to the due diligence of the tin raw material supply chain. All required corrective actions are internally monitored on a regular basis.

**Table 4 - Other comments to the report**

If users of this report would like to convey to the LLC "NOK" feedback and comments on the report, they can send them to the email address [email@nok.mobi](mailto:email@nok.mobi)

Director of LLC "NOK"



A.N. Fedorov