

OTIC Responsible Tantalum Supply Chain Due Diligence Report for 2020

1. COMPANY BRIEF INTRODUCTION (INFORMATION)

Our company, Ningxia Orient Tantalum Industry Co. Ltd. (abbreviated as OTIC) was established in 1999, and has been a public company in Shenzhen Stock Market from January 20, 2000. Exchange ticker is 000962, The company's CID number is CID001277, the company has 1 smelting facility, which is OTIC, located at # 119, Yejin Road, Dawukou District, Shizuishan City, Ningxia 753000, P. R. China.

OTIC has taken leading position in technology development and production scale through its continual accumulation and development during the past more than half century. OTIC is also one of the executive members of the Tantalum-Niobium International Study Center (TIC), and also one of full members of iTSCi. We have been doing our best in providing complete series of high-quality Ta & Nb products and excellent services to all worldwide famous electronic consumers to meet the final-end consumers' various and changing requirements through our continuous creativity. As being a responsible public company, OTIC has never forgotten its initial faith, that is while providing satisfied products to all our consumers, we have never forgotten the social responsibility which we should take on. OTIC strictly complies with our national concerned laws, rules and international regulations.

2. RMAP ASSESSMENT SUMMARY (ALL SOURCES)

Being as a responsible international company, OTIC has been actively supporting and participating the Responsible Minerals Initiative (RMI) Responsible Minerals Assurance Process (RMAP) each year, up to the year of 2020, OTIC has already accepted RMAP assessment by an independent third party entrusted by RMI for ten consecutive years. On Oct. 12, 2020, we received confirmation letter about last audit (For the year 2018-2019) from RMI that OTIC was conformant with the Assessment Standard for Tantalum(2017). And after that OTIC accepted RMAP assessment for the year 2019- 2020 on Nov. 12-13, 2020 covering period from Sept.1, 2019 to Sept.30, 2020, and on Jan.14, 2021 we received the letter and Certificate from RMI confirming that OTIC is conformant with the Assessment Standard for Tantalum(2017). And the company's RMAP assessment of the year 2020-2021 is scheduled in Sept. of 2021.

The Assessment Summary report is publicly available at.: www.otic.com.cn (In Chinese) and <http://en.otic.com.cn> (in English).

3. COMPANY'S RESPONSIBLE MATERIAL SUPPLY CHAIN POLICY (ALL SOURCES)

OTIC strictly has been obeying and completely complying with the <OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas>. According the Guidance and requirements, To avoid the use of conflict minerals, which directly or indirectly finance or benefit armed groups and/or involve other serious human right abuse in the high-risk and conflict-effected regions, OTIC has established its own Responsible

material supply chain policy, the policy is publicly available at OTIC's website: www.otic.com.cn (in Chinese) and <http://en.otic.com.cn/> (in English). Based on OECD Guidance, for the materials sourcing from low or high-risk areas, we conduct management according to different risk grade, to ensure we follow the requirements of the five-step framework of the OECD Guidance. therefore, OTIC has established an organization group of responsible minerals supply chain management system, the leader of group is the company's Chairman of the Board, General Manager and all of the company's Vice-General Managers are the deputy heads of the group, the members of the group consists of all of the first responsible person of all of the relevant function departments and production plants including Purchasing Department, Quality Control Depart. , Production & Safety Management Department. and all relevant production units, In addition, it also stipulates the specific work responsibilities of each executing units, including the Purchasing Department, Quality Control Department, Production & Safety Management Department and other relevant functional departments as well as all relevant production units.

4. COMPANY MANAGEMENT SYSTEMS

OTIC has very strict supply chain management system, we have established a series complete supply chain management system through taking measures and performing procedures as follows to ensure " Conflict Minerals" from conflict-affected areas would never be purchased and used, ,to prevent any conflict minerals and unknown material from entering into OTIC supply chain and to prevent the extraction and trade of minerals from becoming a source of conflict, human rights abuses, and insecurity, to ensure the whole process including purchasing ,producing and sales is completely under control. OTIC strictly follows through on its commitments in the supply chain policy and has developed an internal procedure for due diligence with following aspects:

- OTIC's General Manager is responsible to oversee the due diligence program and risk management design and implementation.
- OTIC' has assigned a due diligence program manager to coordinated the work of the relevant departments(including Purchasing Department, Quality Department, Production and Safety Department, Production Plants) to ensure each department follows up on their roles and responsibilities to implement the due diligence program and report any red flags and potential risk identified.
- OTIC conducts due diligence management system training once a year for key staff from all relevant department according to due diligence program. If the program is updated, the company conducts additional training as necessary.

5. INTERNAL SYSTEMS OF CONTROL

5.1 OTIC has set up its detailedly due diligence management system to be aligned with the OECD Guidance and RMAP.

5.2 OTIC communicated our responsible minerals supply chain policy and sourcing requirements to all identified upstream suppliers.

5.3 OTIC's open and Transparent Responsible Minerals Supply Chain Policy

5.3.1 OTIC's Responsible Minerals Supply Chain Policy was posted to the public on the website of OTIC. It makes every supplier clearly know our purchasing policy.

5.3.2 OTIC's annual Due Diligence Report was posted to the public on the website of OTIC. It

makes social all circles know what we have done regarding responsible minerals purchasing practice and performance.

5.3.3 At the beginning of the year, we reviewed all our suppliers, and communicated our purchasing declaration to all our suppliers so that they know our purchasing policy and requirements, on which we provided the information of our complain channel. At the same time, we require all our suppliers to make a promise accordingly.

5.3.4 OTIC updated and released <OTIC Responsible Minerals Supply Chain management System Documents>, which includes 16 documents and management processes, to its all internal departments at all levels, which makes our every staff know and carry out accordingly.

5.4 Control Procedures for Raw Material Procurement

OTIC has laid down and conducted eleven process control procedures including <Process of the suppliers management >,<Process of purchasing contract management >,<Process of Tantalum raw materials procurement, inspection and storage management >, <Process of outsourced Ta Raw Material Testing>, <Process of verification and storage management of Tantalum intermediate products and finished products>, <Process of Identification and traceability management >,< Process of Recycle and Use of Internal Ta wastes management >,< Processes of purchasing documents Management>,< Management Process of Balance Accounting of Tantalum Material >,<Risk Identification and Evaluation Management Process of Responsible Mineral Supply Chain> and <Complaints Handling Process of Responsible Mineral Supply Chain> etc.. These control Processes efficiently helped us 'cut off' the "conflict minerals " and unknown materials entering our supply chain from very beginning.

5.5 Traceability process of Raw Material

Through conducting <Process of Identification and traceability management>,to ensure all Ta raw materials in the process of using is under control and traceable.

5.6 Adopting Transportation Control System and Administrative Measures in Compliance with International Standards and Norms

OTIC strictly complies with international regulations of dangerous goods transportation, including 7 class material, and OTIC has established and conducted < Management Mode of radioactive materials>.

5.7 Purchasing and Recycling of Ta wastes to Save Resources

OTIC emphasizes resources recycling and reuse, we has laid down and conducted <Process of Recycle and Use of Internal Ta wastes management >to purchase and recycle Ta/Nb wastes to make full use of these resources.

5.8 Performing Due Diligence on Raw Material Suppliers and Maintaining Continuity

5.8.1 OTIC performs due diligence on raw material suppliers every year according to the OECD Guidance and requirements of Responsible Minerals Initiative (RMI) audit standard, through reviewing and verifying the suppliers' legality, quality guarantee capability, and compliance each year, which will be used as a basis to select or disqualify as one of our suppliers or not. Once we found any incompliance, we require them to rectify, after rectification, if they can't meet the requirements yet, we will stop to buy any material immediately from the company and return back them the non-compliant material, and it can't be listed as our qualified supplier within at least 2 years.

5.8.2 Through its subsidiary company in Rwanda,Africa, cooperating with local relevant

organization and local government to much better conduct on-site due diligence on material suppliers in that area.

5.9 Widely Public propagation and Communication Channel

5.9.1 Through Performing Due Diligence on the upstream Raw Material Suppliers. OTIC spreads out to all suppliers about the OECD Due Diligence Guidance for responsible minerals Supply Chains for the Minerals from Conflict-Affected and High-Risk Areas, as well as RMAP Assessment standard and requirements for transparency and responsible minerals supply chain, reminding and supervising upstream suppliers to operate their business legally and not to manage any "conflict minerals" and unknown material. The special clause requirement for 'Responsible Minerals' is specified in the purchasing contract.

5.9.2 OTIC actively attends various international meetings held by international organizations such as OECD, TIC, iTSCi and often makes sufficient discussions with the downstream customers to jointly study and understand the OECD Due Diligence Guidance for Supply Chains of Minerals from Conflict-Affected and High-Risk Areas as well as RMI audit standard and requirements on transparency of responsible tantalum supply chain. OTIC keep regular communication with the iTSCi, and pay great attention to study the iTSCi's monthly reports, audit reports, Press release, Due Diligence list, etc. so as to timely understand the production and operation status at mining sites.

5.10 While keeping communication with the downstream customers, in compliance with RBA's requirements, OTIC provided them with Conflict Minerals Report Template (CMRT) so as to ensure implementation of the due diligence of supply chain.

5.11 Through company's website and declaration, OTIC spreads out to social public the OECD Due Diligence Guidance for Supply Chains of Minerals from Conflict-Affected and High-Risk Areas' as well as RMI's latest audit standard for Tantalum supply chain and requirements on transparency of responsible minerals supply chain.

5.12 OTIC has formulated and implemented <Complains Handling Process of Responsible Minerals Supply Chain>, and established Complaint channel, we announced the information of our Complaint channel on our company's website (both in Chinese and English), including responsible person, email address, and telephone number, for the purpose of willing to accept the supervision from social all circles. At the same time, we also opened complain channel for our own internal staff. In the <Complains Handling Process of Responsible Minerals Supply Chain>, the content of protecting informants has been added to avoid retaliation.

5.13 OTIC is always willing to shares the data and information with customers and/or suppliers regarding supply chain if necessary.

5.14 Training Employees in Various Forms

OTIC established a three-level training system, namely, company level training, workshop (department) level training and group level training. Through training at all levels, internal newspaper, OA propaganda, exhibition board publicity way, make all staff fully understand OECD Due Diligence Guidance for Supply Chain of Minerals from Conflict-Affected and High-Risk Areas as well as RMI's latest audit standard for Tantalum supply chain and requirements on transparency of responsible minerals supply chain, we have studied the principles and criteria of the Extractive Industries Transparency Initiative (EITI) and have issued statement to support principles and standards that express support the principles and criteria of Extractive Industries

Transparency Initiative.

As required, we have supplemented and improved the two processes: <Risk Identification and Evaluation Management Process of Responsible Mineral Supply Chain> and <Complaints Handling Process of Responsible Mineral Supply Chain>", and organized relevant trainings.

5.15 Actively fulfill Social Duty to Build up a Good Vision of OTIC as a Responsible Company to the society and a Legal Operation Listed Company

OTIC always closely combines economic development of the enterprise with execution of social responsibility and fully fulfill the social duty at the premise of lawful and ethical operation through carrying out such activities as technical innovation, safe production, protecting the legitimate rights and interests of OTIC's employees', environmental protection, saving energy, reducing pollutants discharge and participation in social welfare. OTIC's Social Responsibility Report is released to the public yearly.

6. RISK IDENTIFICATION

6.1 Suppliers Identification

OTIC has redesigned a set of Know Your counterparty (KYC) forms with much more content than the previous one, the new one includes information concerning company details, business activity, beneficial owners, management structure, financial information, regulatory environment, human resources, origin of the material, facilities, responsible supply chain policy, etc. and require the suppliers to provide concerning supporting documents. All of our suppliers have completed and returned the KYC form, The due diligence program manager and the purchasing team of the company reviewed and verified the authenticity of the KYC information and documents provided by the supplier through relevant methods and means, once it is found the information is untrue, inconsistent, incorrect or incomplete, we will require them to improve. Those who do have problems or refuse to fill out the KYC form or provide relevant materials will not be included in our supplier candidate list and will not become our qualified suppliers. No warning signals related to the submitted KYC form were found during the reporting period.

6.2 Suppliers management:

According to the previous year's performance, at the beginning of each year we organize assessment for all suppliers, mainly from the quality, price, timely delivery rate, packing, cooperation degree and management system guarantee ability, tantalum raw materials traceability and its legitimacy, transparency, and abiding by the OECD due diligence guidelines, etc. According to the score value, the suppliers are divided into four levels: A, B, C, D, strengthening the cooperation with strategic suppliers.

6.3 Determination of tools and standards for identifying conflict affected and high-risk areas (CAHRAs)

OTIC is committed to continuous improvement. In order to address all risks in Annex II of the OECD Guidelines and comply with the audit protocol, we have modified the <Risk Identification and Evaluation Management Process of Responsible Mineral Supply Chain> by adding three resources, and we conducted the CAHRA implementation according to the updated CAHRA procedure. according to the results of discussion among the team, we determined six kinds of risk assessment tools as being means of company's risk assessment, when assessing risk, if an area is evaluated as non-high-risk area by the six risk assessment tools, then this area is applicable to

low-risk sourcing management; otherwise, it is applicable to high-risk sourcing management. Comparing last assessment, In order to address all risks of OECD Guidance Annex II and comply with audit protocol, the auditee modifies the CAHRA procedure by adding two resources

6.3.1 We recorded the countries and / or areas identified as CAHRAs, and referred to the program website for further information on the identification of CAHRAs.

6.3.2 We reviewed the information collected on the category and source of material with a view to identify any red flags, inconsistencies, or discrepancies related to the supplier or material.

6.3.3 Identify supply chain risks

6.3.3.1 At the beginning of the year, we organized the identification of supply chain risks, compiled the <Evaluation List of Supply Chain Risk Identification>, which was implemented after being reviewed by purchasing department leader and reported to the general manager for approval.

6.3.3.2 For each transaction of tantalum raw material, before officially signing contract with the supplier, we used our risk assessment tools to confirm the risk of the countries (regions) from which the minerals come and form a the <Supplier Risk Assessment Report >, based on the information and materials provided by the supplier. For high-risk sources, we analyzed the factual circumstances of their supply chains, underway and planned, including:

- 1) Assessing the context of CAHRAs
- 2) Clarifying the chain of custody;
- 3) Assessing the activities and relationships of upstream suppliers;
- 4) Identifying locations and qualitative conditions of the extraction, trade, handling, and export of minerals; and
- 5) Conducting on-the-ground assessments

6.4 Assess supply chain risks

6.4.1 Through comparing actual circumstances against the risks described in the OECD Guidance Annex II Model Supply Chain Policy, we assess if any risk exists and its severity in the supply chain. For each tantalum raw materials procurement deal, before officially signing the contract, based on the information and material provided by suppliers, we conduct risk assessment on countries (regions) of origin of minerals and the countries (regions) through which the goods pass in transit by using our risk assessment tools, and fill in a < Supplier Risk Assessment Report > , after approval by the leader of purchasing department and keep on file. If any actual and/or potential risks are identified in the supply chain, we shall report immediately to the leader of our organization group of responsible minerals supply chain management system and take action accordingly.

6.5 Risk management and risk mitigation strategies

Conducting risks Management according to the risks assessment results of <supplier risk assessment report>.

- To communicate with suppliers on risk identification and make relevant records.
- To use the network or field visit and other channels to verify the content from time to time. If any discrepancy is found and it will affect the result of risk assessment, we will suspend cooperation with the supplier. To determine to suspend or continue cooperation with the supplier based on the results of re-assessment of risks.
- Assessment should be made timely when the mine source and transportation route are changed.

- If the supplier's risk level changes after reassessment, we will immediately notify the supplier and suspend cooperation with the supplier until the supplier provides support documentations as management requirements.
- Review and update frequency: in principle, <Risk Identification and Evaluation Management Process of Responsible Minerals Supply Chain> shall be updated once a year, including assessment tools and threshold value, If the tool changes significantly during the update cycle or there is other channel information to prove that the risk level of the source of raw materials changes, the process shall be updated in time.
- Based on the method of Risk identification as mentioned above, for the material and supply chain determined to be 'high-risk', OTIC enhances due diligence, including:
 - Assessing the activities and relationships of upstream suppliers
 - Identifying locations and qualitative conditions of the extraction, trade, handling, and export of of minerals
 - Conducting on- the- ground assessments.
- Considering the current practical situation regarding assessing and paying visit suppliers, for the areas defined as conflict-affected and high risk areas after assessment, and the source is from DR Congo or its neighboring countries, We only purchase the raw materials certified by a third-party evaluation system approved by RMI, such as iTSCi , BSP, etc. If there is no such evaluation and certification system in the region, the purchasing activities will be stopped

In order to analyze actual conditions, conduct field assessments and evaluate risks in high-risk supply chains, the following plan will always be used to evaluate risks for each transaction of raw materials that are defined as conflict-affected and high-risk areas with source countries in and around the Congo.

- Actively participating in RMI recognized upstream assurance mechanism---iTSCi bagging-tagging system.

Since 2011, OTIC has become a full member of the iTSCi and has been actively supporting the work of the iTSCi by participating in its traceable verification of tantalum materials, For tantalum materials derived from Congo and its nine surrounding countries, OTIC only purchases materials certified by iTSCi packing & tagging system from iTSCi formal members, we timely collect and study all materials provided by iTSCi including documents and reports. We collect and study all materials provided by iTSCi in a timely manner, including data summaries, due diligence lists, governance Assessment reports, monthly summary of work in the fields, incident reports, etc., and check with our raw material sources , in order to:

- Check and analyse any plausibility concerns
- Check and analyse any incidents related to your suppliers
- Undertake follow up visits to your suppliers, discuss and resolve any risks identified, and keep records for future audits
- OTIC has also conducted further due diligence to review these documents from upstream program against information in the public domain and the actual transaction information to assess the level of risk.

During the period of 2019-2020 annual RMI audit, we used the risk assessment tools to identify that we had some Tantalum raw material originated from high risk areas , but those materials were certified as compliant minerals, conflict-free raw materials.

Ningxia Orient Tantalum Industry Corp. Ltd. (OTIC)

April 21, 2021

