



PHILIPPINE CHUANGXIN INDUSTRIAL CO. INC.

UNIT D1&2, GREENMILES COMPOUND, IGLESIA NI CRISTO
ST., STA ROSA 1, MARILAO, BULACAN, PHILIPPINES. PC.3019
TEL/FAX: 044-2483348

Philippine Chuangxin Industrial Co., Inc.

Responsible Minerals Assurance Process Due Diligence Report

1. Company Information

The company is called Philippine Chuangxin Industrial Co., Inc. (hereinafter referred to as PCX). The company's CID number is CID002827. It was established in 2013. It locates at Unit D1 & D2 Greenmiles Compound, Sta. Rosa 1, Marilao, Bulacan, Philippines, and occupies an area of around 4,155 square meters. It is a recycled company which operates legally under business license NO. 2019-0000613, date 1/14/2019. The company processes tungsten contained recycled material into sodium tungstate.

2. RMAP Assessment Summary (ALL SOURCES)

Philippine Chuangxin Industrial Co., Inc. has undergone a RMAP assessment on 3/31/2016. The assessment was valid for three years. The assessment period was from 3/31/2016 to 5/20/2019. The assessment was conducted by UL LLC. The report can be found on the website on www.cxtungsten.com.

3. Company Supply Chain Policy (ALL SOURCES)

To avoid the use of conflict minerals, which directly or indirectly finance or benefit armed groups and/or involve other serious human right abuses in high-risk and conflict-affected regions, the company has developed a supply chain policy. The supply chain policy is 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 of the risks identified in Annex II of the OECD Guidance and its geographic scope is global. The company 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 will be available on the company website www.cxtungsten.com.



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4. Company Management Systems (ALL SOURCES)

Management Structure

The company 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 COO is responsible to oversee the due diligence program and risk management design and implementation.
- The company has assigned a due diligence program manager to coordinate the work of the relevant departments (including the Purchasing Department, Quality Department, Production Department, and Warehouse Management Department) to ensure each department follows up on their roles and responsibilities to implement the due diligence program and report any red flags and potential risks identified.
- The company conducts due diligence management system training once a year for key staff from all relevant departments required in due diligence program. If there is an update of the program, the company conducts additional training as necessary.

Internal Systems of Control

The company has established/updated its due diligence management system to be aligned with the OECD Guidance and RMAP in June 2019. The company communicated the updated supply chain policy and sourcing requirements to all identified upstream suppliers in July 2019. The company has incorporated due diligence requirements into legally binding agreements with direct suppliers. The company visits 10 percent of its direct suppliers twice every year, representing 80 percent of annual volume, and includes due diligence requirements as part of the conversation.

Record keeping system

The business department of PCX keeps relevant files both in paper and electronic files of every shipment, and also establishes a summary sheet for each shipment for quick reference, including contract, packing list, invoice, bill of lading etc.

5. Risk Identification (ALL SOURCES)

The company only uses tungsten contained recycled material as the raw material for the production of sodium tungstate, the company does not use any mines for production, however, it still establishes a procedure to identify CAHRAs.

Firstly, referring to the risks in the company's supply chain policy, the company established 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. The company uses the following resources to determine CAHRAs:

The Heidelberg Conflict Barometer provides conflict maps, representing an



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annual snapshot of the presence of armed conflict.

The INFORM Index for Risk Management provides country-level risk profiles relating to humanitarian crises.

Referring to its supply chain policy and external resources, the company has defined criteria and benchmark indicators to determine CAHRAs.

Secondly, the company designed a Know Your Supplier (KYS) to include information concerning supplier legal status and identity, supplier mapping and potential risks. The majority of our suppliers, representing 80 percent of our annual volume, have completed and returned a KYS form. The company's due diligence program manager reviewed the provided information and the UN Sanction List with the Purchasing Team. Whenever inconsistencies, errors or incomplete information were identified in the KYS

Risk Assessment (HIGH RISK SOURCING ONLY)

For material and supply chains determined to be "high-risk", the company will not purchase.

For and behalf of
Philippine Chuangxin Industrial Co., Inc.
**PHILIPPINE CHUANGXIN
INDUSTRIAL Co., Inc,**
