



Philippine Chuangxin Industrial Co., Inc.

RMAP Due Diligence Report of Y-2021

1. Company Information

Philippine Chuangxin Industrial Co., Inc. (hereinafter referred to as PCX) was established in year 2013, located at Unit D1 & D2 Greenmiles Compound, Sta. Rosa 1, Marilao, Bulacan, Philippines with an area of around 4,155 square meters. It is a professional manufacture of sodium tungstate processed from raw material of recycled tungsten contained powder/sludge and tungsten contained spent catalyst. The company's CID number is CID002827 and its latest business license No. is 2021-0001834 dated on 1/22/2021.

2. RMAP Assessment Summary

Philippine Chuangxin Industrial Co., Inc. is a member of TI-CMC, the certificate of RMAP audit conformance is valid for three years. The last audit was taken place in 2019, PCX will undergo next RMAP audit in 2022. Details of the last audit can be referred to RMI's official website at <http://www.responsiblemineralsinitiative.org>.

3. Company Supply Chain Policy

The company has initiated Supply Chain Policy to avoid using any conflict minerals which directly or indirectly provides capital or benefit to armed groups, or related to human rights violations in high-risk and conflict influenced area. 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.

4. Company Management Systems (All Sources)

The company keeps improving its systems to achieve an always-better management. Except to have RMAP audit, the company has participated the Control Pollution Officer Seminar and Account Safety Officer Seminar.

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 to guarantee the smooth running of the managing systems:

The company assigned its COO (MR. WANG FANLI) as the managing representative of Supply Chain, responsible for the Supply Chain Due Diligence



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Management System.

The company assigned its Business Dept Head (MS.ZHANG LI) as the implementation representative of Supply Chain Due Diligence to coordinate with all relevant departments including Purchasing Department, Quality Department, Production Department, Warehouse Management Department, and Logistics Department so as 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 in OECD Guidance.

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 required.

Internal Systems of Control

The company has updated its Supply Chain Due Diligence management system in May 22nd, 2019 so as to make it aligned with the OECD Guidance and RMAP.

The company has notified all its upstream suppliers the latest updated Policy of Responsible Minerals and Supply Chain by July 2019.

The company has incorporated due diligence requirements into legally binding agreements with direct suppliers. The company shall visit 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. While since the outbreak of COVID-19, the onsite visit is not possible so PCX has taken measures online to identify the sourcing countries of each shipment.

The company established Appeal Mechanism, which allows any party/private person from inside and outside of PCX to express its doubts of the company regarding raw material origin, trade mode and responsible minerals, and the responsible management will research the doubts and take actions to correct and prevent. Details can be referred to the company website at www.cxtungsten.com

System of Record Keeping

The company requires all records regarding to Due Diligence Program to be saved for at least 5 years, all transaction data should be filed in form of both paper and electronic editions. Files includes but not limited to contract, invoices, packing list, BL and quick review summary sheet.

5. Risk Identification (ALL SOURCES)

The company only uses tungsten contained recycled material and tungsten contained spent catalyst as the raw material for the production of sodium tungstate. No minerals are applicable for current production technology. However, the company still established a sound procedure to identify the CAHRAs to ensure all materials for production are not involved into any conflicted minerals.

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:

Global Peace Index (GPI) presents the most comprehensive data-driven analysis to date on trends in peace, its economic value, and how to develop peaceful societies.

Corruption Perceptions Index (CPI) brings together relevant players from government, civil society, business and the media to promote transparency in elections, in public administration, in procurement and in business.

The World Justice Project Fundamental Right Index (FRI) presents a portrait of the rule of law in 139 countries and jurisdictions by providing score and ranking based on eight factors: constraints on government powers, absence of corruption, open government, fundamental rights, order and security, regulatory enforcement, civil justice, and criminal justice.

The European Union (EU) is committed to ensuring that its imports of minerals and metals are sourced responsibly and align with European policies on conflict prevention and development, so EU listed 29 high-risk countries.

Dodd Frank Act requires U.S. listed companies to disclose whether they use “conflict minerals” (tin, tungsten, tantalum and gold) and whether these minerals originate in the Democratic Republic of the Congo (DRC) or an adjoining country.

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 form, the company will inform the supplier of the improvements needed and request the updated form. Once the warning signal is detected, the company will further cooperate with the supplier to clarify and improve the documentation as needed.

Thirdly, the company requests information on the origin of each significant transaction and ensures that the source of the transaction, the shipping route, and the name and location of the direct supplier are understood.

Finally, the company reviews all information gathered against the CAHRA, sanctions list, local laws, and internal procurement requirements.

Risk Assessment (HIGH RISK SOURCING ONLY)

Our company won't be involved into the procurement of any high-risk sourcing because all the raw materials applicable to our production is only the secondly recycling tungsten materials and no mines/ores are suitable for our technology. PCX always requires the suppliers to provide Certificate of Origin or any other documents which can prove the original is non-conflict countries.

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