

Avon Specialty Metals – Communication On Progress

To our stakeholders, I am pleased to confirm that Avon Specialty Metals (ASM) reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment, Anti-Corruption and the Responsible Materials Initiative’s approach to ridding ASM, its Customer’s and Supplier’s supply chains of Conflict Minerals.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the principles of the Global Compact into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Kind regards

Dan Bowman
Director

Communication On Progress

Herein ASM seeks to provide an update to the company's annual achievements and developments in areas including the protection of Human Rights, Labour Policy, reducing its impact on the Environment, Anti-Corruption and removing Conflict Minerals from its supply chain.

Human Rights

This year ASM has continued to update and monitor its approach to human rights and have maintained the following:

- On-going commitment to providing our workers with a safe, sanitary workplace, which throughout the last 12 months post-COVID
- A constructive approach to address any workplace harassment, mental health impacts of work and social inequalities
- Measures have been put into place to ensure that where possible our employees are protected from or not working with materials or liquids that may otherwise put them at risk in the execution of their daily duties

Labour

This year ASM has continued to:

- Ensure that the company does not partake in any bonded labour as is reflected in the company's adherence to the UK's Modern Slavery Act which can be found on the company's website (<https://www.avonspecialtymetals.com/modern-slavery>)
- ASM undertakes constant review our employee's salaries to ensure that minimum wage standards are being met
- Ensure that Management's employment related decisions continue to be based upon objective criteria

Environment

This year ASM has enhanced its approach to protection of the environment

- ASM has undergone an ISO audit and is now 14001 EMS accredited
- ASM has begun to undertake an annual internal assessment on its carbon emissions and will work towards reducing these emissions in 2023
- As part of last year's Measurable Outcomes, ASM began work with the Environment Agency in the UK to ensure that the company has the correct permits to operate, this has been completed
- ASM has received WAMITAB accreditation and is recognised at silver level under the qualification process, ASM will be working towards gold level in 2023
- ASM has reviewed and updated its standard operating procedures to prevent and address accidents, whilst investing in a project to improve efficiency in its chemical usage reducing the need for harmful chemicals on-site

Anti-Corruption

ASM has continued to take the strongest stance on anti-corruption

- Continual assessment of our own suppliers, customers and ASM's own business practices

Conflict Minerals

ASM has broadened and focused its approach to monitoring and reacting to Conflict Minerals that may appear in its supply chain

- ASM adheres strictly to an annually updated Responsible Minerals and Due-Diligence policies, in-line with OECD and RMI requirements, ASM's Responsible Minerals Policy can be found on the company's website (<https://www.avonspecialtymetals.com/responsible-minerals>)
- ASM has conformed with its 5 step Due-Diligence policy maintaining:
 1. Strong company management systems

2. Risk identification and assessment procedures in the company's supply chain
3. Implementation of designed strategy to respond to identified risks
4. Observation of third-party audits of smelters and refiners present in its supply chain
5. Reporting annually on its progress via this COP

Responsible Sourcing Internal Audit Report

- ASM continues to utilise the RMI's Responsible Minerals Assurance Process (RMAP) to third-party verify the mineral sourcing due-diligence of the company's Tantalum and Tungsten suppliers and the internal audit confirmed that over the last 12 months ASM has sourced all of its primary Tantalum and Tungsten from only RMI Active and Conformant Facilities, the list of which can be found at <https://www.responsiblemineralsinitiative.org/facilities-lists/active-conformant-facilities-list/active-conformant-facilities-list-search/> in the Tantalum and Tungsten sub-sections
- Alongside the RMI's Active and Conformant Smelters List ASM used the following metrics and resources to assist in identifying conflict-affected and high-risk areas and nations:
 - o The Heidelberg Conflict Barometer (to assess the presence the presence and severity of armed conflict and the Fragile States Index's Human Rights
 - o The Rule of Law Indicator (to assess countries that may be deemed to have poor or deteriorating Human Rights records and government law-making not in-line with the OECD's Public Governance guidelines)
 - o The European Commission's CAHRAs List (<https://www.cahraslist.net/cahras>) at a national level – this link is stored in ASM's company drive for easy access
- ASM is pleased to report that whilst undertaking on-going due diligence on its Tantalum and Tungsten supply chains, ASM received 100% conformant Conflict Minerals Reporting Templates (CMRTs) returned from all of its primary Tantalum and Tungsten suppliers all of whom were identified by ASM as part of the company's due diligence, as being accredited under the RMI's Active and Conformant Facilities List
- In line with Responsible Minerals Initiative and OECD guidance, the company's third-party verified internal procedures have identified no unmitigated risks of raw materials originating or providing finance to the European Commission's known list of CAHRA states entering or being present within ASM's supply chain
- Due to on-going restrictions following the COVID Pandemic ASM has not been able to conduct any on-site audits of its supplier's due diligence policies, however with the resumption of normal business travel, ASM hope to conduct a number of on-site audits with suppliers to bolster its due-diligence practices in the future
- This year it is noted that ASM has taken a more pro-active approach to encourage and inform all stakeholders of the resources and tools available to ensure that their supply chains remain conflict-free, referring them to OECD and RMI initiatives where applicable

Responsible Sourcing for 2024

ASM will apply its existing Due-Diligence policies and procedures in the coming year to its Cobalt supply chain and will recommence site visits for some of its overseas raw material suppliers which will improve the collection of due diligence information for its internal and third-party reporting

Measurement Of Outcomes

As a small company ASM is using appropriate resources to ensure that key elements of the Ten Principles of United Nations Global Compact are upheld and are using some of the following metrics for tracking the company's progress:

- Monthly consultation and testing from external HR professional in regards to ASM's approach to the company's Human Rights and Labour Policy – this year that led to a review and renewal of employee contracts
- ASM has undergone regular spot checks from Government bodies including the HSE (Health and Safety Executive) ensuring that ASM is keeping up to date with its approach to Human

Rights and the environment our employees work in, ASM has passed all spot-checks in the last 12 months

- ASM will undergo re-audit with the RMI in 2023 and hopes to remain an approved conformant as part of the RMI's downstream assessment program – as per disclosure above ASM has maintained zero risk within its responsible sourcing and understands that robust company procedures will continue to assist keeping ASM responsibly sourced in 2023 and beyond
- ASM will continue to employ in the next 12 months a zero-tolerance approach to Corruption in its own workplace and with its customers and suppliers, taking action to report any evidence of corruption or reprimandable business ethics to the relevant authorities

For any questions in regards to ASM's Communication On Progress, please send an email to enquiries@avonspecialtymetals.com