



ANNUAL DUE DILIGENCE REPORT

1. Introduction

PRG is a special metals material science company dedicated to become a world class leader for metal refining, alloying, and manufacturing integration. As an innovation and high technology company, PRG is committed to ethical practices protecting the human rights via conflict free supply in and from the extractive industries. Positioned as a responsible producer and supplier of Tantalum, Niobium, Titanium and other specific metals, PRG is committed to comply with all applicable national and international law and regulations.

2. Company Management Systems

The Company management systems are formalised prior to acceptance of ITSCI program, OECD Guidelines, RMI and ISO standards requirements. The company involves all employees and management to ensure continuous improvement of these systems. Furthermore, PRG fully supports the position of the Organisation for Economic Co-operation and Development (OECD) and the Dodd-Frank Act, section 1502 to avoid use of ores and metals that finance and benefits armed groups in known conflict regions. We are devoted to actively support our customers in their requirements and the regulations to which they adhere for this type of materials. In this direction, PRG intends to ensure practices as an inherent part of its business strategy in compliance with the RMI (Resource Minerals Initiative), GESI (Global e-Sustainability Initiative) and EICC (Electronic Industry Citizenship Coalition).

In addition to this, the company has communicated and committed to its updated supply chain policy and sourcing requirements to its stakeholders. This policy has also been officially published and it is available on PRG's s web site.

The Company's CEO and its management team are directly overseeing the due diligence and risk management activities.

The company has assigned Nadica Stavrova (Compliance Manager) as a responsible person for compliance with the above mentioned regulations.

The main focus of the Compliance Manager is to follow and apply all the standards and initiatives currently accepted and applied on international level as well as to follow all the revisions and updates in our scope of operations, and in general. With the new changes and revision this person will act and hold the responsibility as Due Diligence Manager. The decision came into force on 01.06.2018.

The most proper way of following the changes and revisions is with registration on the international webpages and forums for specific standards and to set up “google alerts” with selected keywords.

On the other hand the above mentioned person should participate on regular basis on different conferences and trainings in aim to ensure that the changes of the same are applied in PRG.

With this approach we ensure that the flow of the news is maintained and includes all the reporting bodies in the country of interests. Additionally to this, the company management considered the reports from the UN, and other authorities, organisations and acknowledged bodies that operate and represent significant data base. The involvement of all employees increase the employees awareness of the supply chain policy during the discussions with the suppliers and the importance of considering the suppliers documentation aiming to ensure conflict free minerals shipment.

Accordingly, PRG ensures its responsible behaviour with appliance of high ethical norms and standards in all segments of its operations as reflected within its internal procedures. PRG has been a member of CFSI (now RMI) since 2016 and has provided internal due diligence of its supply chain. As it is not yet a full member of iTSCI or a similar third party initiative, this has resulted into revision of its RMI smelter status and lead PRG into Extended CAP period.

2.1 PRG Extended CAP period

PRG has been under Extended CAP period by RMI. All the nonconformities generated by the Audit Committee were resolved. Therefore, PRG submitted Extended CAP Resolution Report, published at the webpage www.prgplc.eu.

3. Company Risk Assessment in the Supply chain

Processing raw materials products from level 1, 2 or 3 countries, requires in our company risk assessment to ensure that our suppliers are members of the iTSCi scheme, and the same provide proper documentation that proves full compliance with the iTSCi scheme. Up to this point PRG has had no dealings or cooperation with companies that are not members of iTSCi or similar equivalent. Our previous import of raw materials was made from level 3 countries, even though we ensured that the supplier has relevant import documentation proving the goods are legal and that the suppliers possess the licenses and the relevant permissions.

The company has implemented a Conflict Free Manual and supply chain policy that determines the applied practices in PRG and in line with the OECD guidelines.

3.1 iTSCI Membership audits

After the acquisition of PRG Ltd Rwanda, PRG become ITSCI member in August 2018. The membership application for trader and miner is approved and applicable within the logistic supply chain of PRG.

Power Resources and PRG DOOEL membership

PRG expand its ITSCI membership program on group level involving Power Resources and PRG DOOEL Skopje. At the moment, both companies are recognised as provisional members and the audit for full membership is in process.

4. Risk Management

PRG tailors or approaches its risk management through assessment and by determining the country levels of each supplier through risk assessment. For these we use our internal Due Diligence procedure based on the RMI assurance process standard for Tin, Tungsten and Tantalum and the OECD Due Diligence as the main guidelines to satisfy our requirements. Therefore, if the supplier does not meet these requirements, than PRG does not deal with them.

In order to complement to its risk management practices and to mitigate supplier risk, PRG:

- is analysing all the information in the governance assessment summaries from conflict-affected regions, company audit reports, mine visit reports, iTSCi incident reports, iTSCi shipment reports, mine baselines studies, information from annual UN Reports. in order to cross match any potential supplier risks.
- To ensure that all purchases from “conflict regions” (DRC and adjoining countries) including Level 1 and 2 countries conform to the OECD Due Diligence Guidance for Responsible Supply Chain we buy only material out of this region under the iTSCi Bag & Tag scheme
- PRG relevant staff are subject of trainings on Due Diligence, Risk assessment requirements, OECD Guidance and CFSI requirements etc.

Bearing in mind the origin of raw material could be from level 1, 2 or level 3 countries, the Compliance Department performs the checks on all the necessary documentation to prove the origin of the minerals, identify the mine sides and assess their suitability. However, we as a company are aware of the mining territories and we check if our suppliers have the proper licenses and permissions.

If the minerals origin is from level 3 countries, we assured that the mines have tagging information. However, we are with full awareness to check and ensure the tags reports not to be stolen or copied for example, or as it was mentioned previously we consider that mines reports requiring higher levels of due diligence. So, we are intended continually to develop and implement additional policies and procedures for control.

5. Grievance Mechanism

PRG is committed to provide its suppliers, customers and stakeholders transparent information for the management systems, ethical processes and regulatory frameworks. Furthermore, PRG is committed to all the interested stakeholders to submit and initiate any kind of information, register incidents or violations through the company webpage or directly to Compliance Department ns@prgplc.eu or by phone +389 2 3220093

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Note: Next DDE Report will be issued September 2019