

## QDP, Inc. (QDP) Conflict Minerals and Cobalt Sourcing Policy Statement

### Background

In the USA, a law was passed in 2010 that prohibits the usage of what is referred to as “Conflict Minerals”. These are high value minerals that may be mined in regions known to use child slave labor or to support illegal war Lords and their Armies, specifically the **Democratic Republic of Congo (DRC)** & adjoining countries in Africa. Conflict Minerals which are extracted from DRC are passed through a variety of intermediaries before being purchased by Multinational Electronic Companies. These minerals are essential in the manufacture of a variety of devices including Consumer Electronics such as mobile phones, laptops, and MP3 players etc.

### The Law

On August 22, 2012, the United States Securities and Exchange Commission (SEC) adopted the Conflict Minerals rule pursuant to “**Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act**”, requiring all publicly traded companies to disclose the use of Conflict Minerals. The term “**Conflict Minerals**” which refers to (**known as ‘3TG’ – Tin, Tungsten, Tantalum & Gold**) which is necessary to the functionality or production of their products manufactured or contracted to be manufactured. Regardless of where they are sourced, processed or sold, the intent of the requirements is to end violent conflict by not sourcing the conflict minerals from the Democratic Republic of the Congo (DRC) or the adjoining countries which directly or indirectly finance or benefit armed groups.

### Cobalt and Conflict Minerals – 3TG and C

In addition to the long-time focus on 3TG, Human Rights Commission have been concerned with cobalt mining in the Democratic Republic of Congo (DRC). Later **Cobalt was added on December 21, 2018** as the upstream cobalt supply chain is known to potentially involve serious violations of human rights.

Currently, the areas of consumption and application of **Cobalt** are mainly battery materials, super heat-resistant alloys for air-craft engine parts and in alloys with corrosion/wear resistant uses, tool steels, hard alloys, magnetic materials. Cobalt in the form of compounds is mainly used as catalysts, desiccants, reagents, pigments and dyes.

### Responsible Procurement of Minerals

Suppliers shall:

- Comply with applicable laws regarding procurement of responsible minerals and proceed with due diligence for conflict-affected and high-risk minerals, such as Tungsten, Tantalum, Tin, and Gold.
- Verify and inform QDP, whether the minerals included in the materials or component parts are conflict-affected or high-risk minerals.
- Design and implement a strategy to respond to identified risks.
- Refrain from sourcing from illegal channels and commit to promoting a responsible supply process.

### Responsible Procurement of Cobalt

Based on the guidelines of the OECD (**The Organization for Economic Co-operation and Developments**), suppliers shall specifically:

- Develop an appropriate management system to conduct due diligence in the supply-chain to determine whether cobalt originates from Conflict-Affected or High-Risk Areas (**CAHRA**).
- Develop due diligence policies and require tier-one suppliers to:
  - adopt corresponding due diligence policies and;
  - request the same from their suppliers down to the level of extraction of Cobalt.
- Identify the risks by mapping the supply-chain and take appropriate steps to mitigate them-Participate in and complete third-party verifications or audits at owned facilities at the request of QDP.
- Report on supply-chain due diligence.

QDP expects our suppliers to be transparent and responsibly source from the DRC, adjoining countries, and CAHRAs, in order to avoid De Facto Embargoes. Currently, the areas of consumption and application of **Cobalt** are mainly battery materials, super heat-resistant alloys for air-craft engine parts and in alloys with corrosion/wear resistant uses, tool steels, hard alloys, and magnetic materials. Cobalt in the form of compounds is mainly used as catalysts, desiccants, reagents, pigments and dyes. In addition to the long-time focus on 3TG, Human Rights Commission has been concerned with cobalt mining in the Democratic Republic of Congo (DRC). Later **Cobalt was added on December 21, 2018** as the upstream cobalt supply chain is known to potentially involve serious violations of human rights.

#### QDP's Commitment

QDP intends to comply with the requirements of the SEC's Cobalt & Conflict Minerals rule and expect our suppliers to do the same. Therefore, we are committed to:

- Not buying products and materials containing Conflict Minerals directly from Conflict Mines
- Asking our suppliers to work towards ensuring that any Conflict Minerals contained in the products and materials supplied to QDP originate from Conflict Free Sources
- Contributing to conflict-free trade by encouraging our suppliers not to discriminate against legitimate sources of Conflict Minerals In addition, we are committed to engaging with our customers regarding their disclosure obligations.

#### QDP's Measures

Working towards these commitments, we have taken a number of steps that include:

- We will be involved in supply chain and continue to work with all our suppliers to ensure that we are able to identify the use of Cobalt & Conflict Minerals in our supply chain, and grateful to pass the information to the customers about the Conflict Minerals status of the parts we manufacture and probably involved in someone's due-diligence.

#### Statement on use of Conflict Minerals and Cobalt

In an effort to eliminate the impact of our supply chain on conflict minerals, QDP has begun collecting smelter information on Cobalt in addition to the **Conflict Minerals under Section 1502 of HR 4173**. We are working with our suppliers to understand or establish their systems for sourcing of raw materials, including any cobalt related minerals which may be used in QDP products. An RMI Templates of **CMRT (Conflict Minerals Reporting Template) & CRT (Cobalt Reporting Template)** forms will be available upon request for customers. QDP requires all suppliers to source from Conflict-Free Cobalt smelters, maintain a Conflict-Free sourcing policy, and comply with our internal policy based on the OECD due diligence guidelines.

### Declaration

QDP hereby declares that our products have no substances mentioned **in paragraph (e)(4) of Section 1502, Dodd Frank Wall Street Reform Consumer Protection Act (2010)** - Conflict Minerals & Cobalt originating in Democratic Republic of Congo (**DRC**) and its adjoining countries in Africa. No materials used in the construction of our products have been manufactured using minerals from Conflict Regions.

### Templates Released by RMI (Responsible Minerals Initiative)

The latest version of CMRT released on Apr 28, 2021 can be downloaded through the link:

- **RMI\_CMRT v.6.1:** <http://www.responsiblemineralsinitiative.org/reporting-templates/cmrt/>

The latest version of CRT released on Oct 28, 2020 can be downloaded through the link:

- **MI\_CRT v. 2.2:** <http://www.responsiblemineralsinitiative.org/reporting-templates/cobalt-reporting-template/>

### Legal Insight

QDP reserves the right to amend this statement at any time based on subsequent developments or information.

Last Reviewed Oct 2021