

Materion Corporation Annual Due Diligence Report 2019-2020

1. Company Information

Materion Corporation (Materion) is an advanced materials supplier. Through its subsidiaries in the Materion Advanced Materials business, [Materion Advanced Materials](#), Materion operates a refining facility located at 2978 Main Street, Buffalo, NY 14214. The only conflict mineral it refines is gold with the vast majority of it being recycled gold. All mined gold received at Materion is refined at RMAP-conformant refiners. Materion does not source or refine doré or unrefined mined gold.

Materion collects parts, equipment or materials to be refined at the Buffalo facility from locations in the U.S., Asia and Europe that then send the materials or parts to the Buffalo facility for refining, as needed.

Materion's RMAP CID number is CID001113.

This report reflects Materion's current Responsible Minerals Sourcing Management System that was updated and implemented in August 2020.

2. RMAP Assessment Summary

[Materion Advanced Materials](#) has undergone a RMAP assessment on 23 - 25 September 2019. The assessment is valid for one year. The assessment period was from May 4, 2018 to August 30, 2019. The assessment was conducted by Arche Advisors.

The assessment summary report is public and available at: www.materion.com.

3. Company Supply Chain Policy

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, Materion has updated its Conflict Minerals Policy. The newly named Responsible Minerals Sourcing 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. Materion 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 is available on Materion website [here](#). The policy has been reviewed by RMAP auditors.

4. Responsible Minerals Sourcing Management System

Management Structure

The Responsible Minerals Sourcing Management System is managed through three committees, each overseeing and managing system functions related to their business units, who collectively comprise the Responsible Minerals Management Team. The committees work together and continuously update one another in order to ensure the overall system works as intended and is effective across all relevant business units.

Individuals are responsible for ensuring each department follows up on their roles and responsibilities to implement the Responsible Minerals Sourcing Management System and report any red flags and potential risks identified. Two key positions responsible for implementing the Responsible Minerals Sourcing Management System are:

- Director, Regulatory Affairs and Product Stewardship: responsible for the corporate-wide oversight and due diligence of minerals that are not refined by Materion.
- Precious Metal Manager: responsible for implementation of all activities related to the refining facility and process.

Materion conducts Responsible Minerals Sourcing Management System training once a year for key staff from all relevant departments required in Responsible Minerals Sourcing Management System. If there is an update of the system, Materion conducts additional training as necessary.

Internal Systems of Control

Materion has updated its Responsible Minerals Sourcing Management System to be aligned with the OECD Guidance and RMAP in July 2020. This includes updating the Responsible Minerals Sourcing Policy; communicating this policy to all suppliers of conflict minerals; incorporated responsible sourcing requirements into legally binding agreements with direct suppliers; and conducting due diligence of each supplier of conflict minerals and all gold material destined for refining.

Materion refers to [RMI's grievance mechanism](#) to collect information on grievances from interested parties.

Record Keeping System

Materion requires that all records relating to the Responsible Minerals Sourcing Management System are maintained for a minimum of five years.

Monitoring of Performance

All employees that implement some aspect of the Responsible Minerals Sourcing Management System are encouraged to identify gaps or opportunities for improvement the management system.

The effectiveness and consistent implementation of each element of the Responsible Minerals Sourcing Management System shall be reviewed and evaluated annually.

5. Risk Identification

Despite the fact that the vast majority of Materion's gold supplies originate from reclaiming gold from Materion products originally supplied to and obtained from customers, posing a low risk of harm, Materion has a suite of procedures to identify risks in the supply chain that aligns with RMAP and OECD expectations. These procedures include:

- Procedures to Identify Material-related Risks and Red Flags
- Procedure to Identify CAHRAs
- Procedure to Know Your Counterparty
- Procedure to Identify Supply Chain Risks

The Procedure to Identify CAHRAs establishes the following criteria, threshold and resources:

Resource	CAHRA criteria	The country (or sub-country region) is classified a CAHRA if it:
US Dodd-Frank Act	<p>OECD Annex II risks: Direct or indirect support to non-state armed groups, or public or private security forces.</p> <ul style="list-style-type: none"> • Presence of armed conflict and widespread violence (Democratic Republic of the Congo) • Transit risks (nine surrounding countries) 	<ul style="list-style-type: none"> • Listed as a Covered Country
Heidelberg Conflict Barometer	<p>OECD Annex II risks: Direct or indirect support to non-state armed groups, or public or private security forces.</p> <p>Risks evaluated this resource:</p> <ul style="list-style-type: none"> • Presence of armed conflict • Widespread violence 	<ul style="list-style-type: none"> • Has a national or sub-national ranking of 3 or higher in the region of origin (e.g. mine) or transit route
Fragile State Index: Human Rights and Rule of Law indicator	<p>OECD Annex II risks: Serious abuses (torture, cruel, inhuman and degrading treatment; forced labor; worst forms of child labor; sexual violence; war crimes)</p> <p>Risks evaluated this resource:</p> <ul style="list-style-type: none"> • Risks of harm to people • Political instability or repression 	<ul style="list-style-type: none"> • Has a score of 8 or higher for the Human Rights and Rule of Law (HR) indicator

Resource	CAHRA criteria	The country (or sub-country region) is classified a CAHRA if it:
	<ul style="list-style-type: none"> • Institutional weakness • Insecurity • Collapse of civil infrastructure • Widespread human rights abuses • Violations of national or international law 	
Worldwide Governance Indicators, Control of Corruption indicator	<p>OECD Annex II risks: Bribery, fraudulent misrepresentation of the origin of minerals, money laundering, Non-payment of taxes, fees and royalties to governments.</p> <p>Risks evaluated this resource:</p> <ul style="list-style-type: none"> • Governance, with a focus on corruption or to the extent that public power is exercised for private gain 	<ul style="list-style-type: none"> • Scores in the 80 percentile or lower for the most recent Control of Corruption indicator

6. Risk Assessment and Mitigation

Materion has established a procedure to identify, manage or mitigate risks that centers on risks identified in OECD Guidance Annex II and aligns with RMAP OECD expectations. However, Materion has not implemented this procedure to date because the company has not identified any material and/or supply chains risk.