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REPORT

ICMC TRANSPORTATION RECERTIFICATION AUDIT - SUMMARY AUDIT REPORT

Draslovka Mexico Supply Chain

Submitted to:

International Cyanide Management Institute (ICMI)
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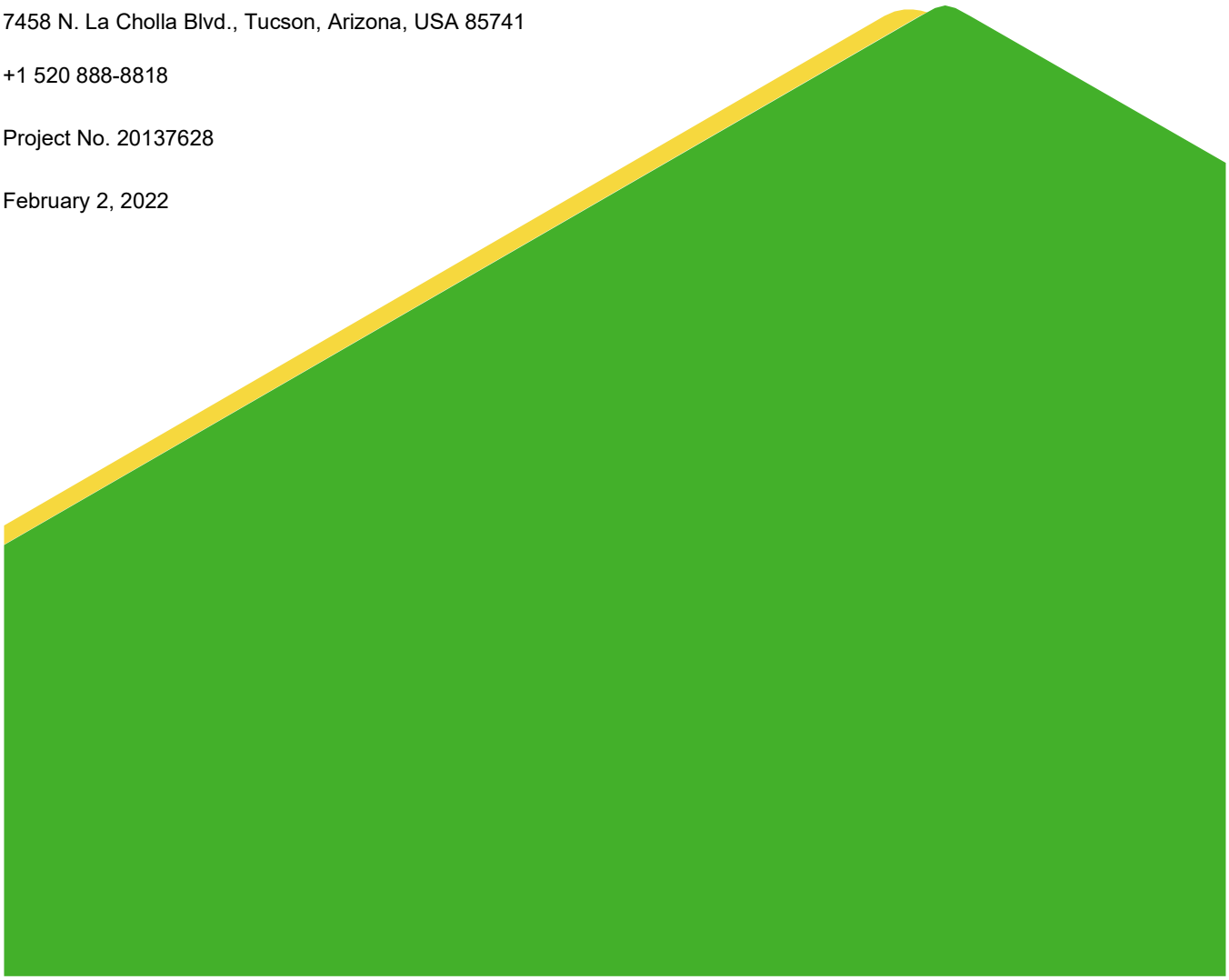

Distribution List

ICMI - 1 secured PDF with signatures

Draslovka - 1 unsecured Word file without signatures, 1 secured PDF with signatures

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1.0 SUMMARY AUDIT REPORT FOR CYANIDE TRANSPORTATION OPERATIONS

Name of Cyanide Transportation Facility:	Draslovka Mexico Supply Chain
Name of Facility Owner:	Lučební závody Draslovka a.s. Kolín
Name of Facility Operator:	Draslovka Mining Solutions
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The Draslovka a.s. (Draslovka) Mining Solutions Mexico Supply Chain was assessed during this audit. As of December 1, 2021, Draslovka completed the acquisition of the Mining Solutions business from The Chemours Company (Chemours). Draslovka is a specialty chemicals company producing many products in addition to sodium cyanide, including next generation fumigants and biocides.

While this audit of the Mexico Supply Chain was performed when the Mining Solutions business was still owned by Chemours, the Cyanide Code audit reports and recertification process was not finalized until after completion of the sale of the operation to Draslovka. However, the name Chemours is used in the Summary Findings of this audit report to reflect the ownership during the period since the supply chain's most recent (August 2017) Cyanide Code certification. Draslovka has been a Cyanide Code Signatory since March 2011 and Chemours was a signatory beginning in November 2005. The Mexico Supply Chain under its new ownership continues to be committed to maintaining Cyanide Code compliance and fulfilling ICMI certification requirements and obligations under the Cyanide Code. According to Draslovka personnel, all systems evaluated during this audit remain unchanged. Only the ownership of the organization has changed.

2.0 MEXICO SUPPLY CHAIN OVERVIEW

Chemours Mining Solutions (Chemours) contracts with truck and rail partners to transport cyanide briquettes from the Memphis Plant into Mexico through Laredo, Texas and Nogales, Arizona. Cyanide is transported to the Chemours Bulk Transloading Facility in San Luis Potosi and the Bag to Bulk Transloading Facility in Hermosillo. For completeness, Tables 1 and 2 summarize the transloading activities at San Luis Potosi and Hermosillo, respectively, even though they have been addressed in separate reports under the Code Production Protocol.

Table 1: Activities at the San Luis Potosi Bulk Transloading Facility

Incoming from Plant in Memphis	Transloading at San Luis Potosi Facility	Outgoing to Customers
Bulk via rail hopper car	Yes	Isotanker via truck/chassis
		Flobins via truck/trailer
Ecopacks via truck/trailer and rail box car	No	Ecopacks via truck/trailer
	Yes	Ecopacks to isotankers (but only when ecopacks arrive damaged)
Wooden boxes via truck/trailer and rail box car	No	Wooden boxes via truck/trailer

Table 2: Activities at the Hermosillo Bag to Bulk Transloading Facility

Incoming from Plant in Memphis	Transloading at Hermosillo Facility	Outgoing to Customers
Ecopacks and flobins via truck/trailer and rail box car	Yes	Isotanker via truck/chassis
	No	Ecopacks and flobins via truck/trailer

Rail product enters Mexico via Nogales or Nuevo Laredo. Ferrocarril Mexicano Railroad (Ferromex) is the rail carrier serving the Chemours Hermosillo facility, beginning in Nogales and Kansas City Southern Mexico Railroad (KCSM) serves the Chemours San Luis Potosi facility starting in Laredo. Chemours determined through due diligence evaluations of the rail carriers that their management of environmental, health, safety and security align with Code requirements. Box cars transport packaged product to Hermosillo, while box cars transport packaged product and hopper cars transport bulk product to San Luis Potosi. Warehousing and transloading operations at these two locations are described in separate Production Recertification Audit Reports.

Trucked product enters Mexico through Laredo, Texas. Empire Express (Empire), a signatory to the Code, drops off trailers that were loaded with product at the Chemours Plant in Memphis, Tennessee at a terminal and interim storage yard in Laredo operated by Interamerica Forwarding (IAF), a Grupo FH Companies (GFH) company. IAF completes the freight forwarding documentation to enable another GFH company, FH Logistica (FHL), to transport

the Empire trailers across the border to a terminal and interim storage yard in Nuevo Laredo operated by Auto Lineas Regiomontanas (ALR). Some ALR trailers are transloaded from Empire trailers at the IAF terminal in Laredo for subsequent transport across the border by FHL to the ALR yard in Nuevo Laredo.

Trucked product within Mexico continues with ALR routes from Nuevo Laredo to the Chemours facilities in San Luis Potosi and to Hermosillo. The last leg of the supply chain, the land transport between the two Chemours facilities and numerous consignees, is carried out by Transportes Especializados (Segutal), a dedicated transporter to Chemours, with headquarters in Mexico City and operations co-located at both Chemours production facilities in Mexico.

Chemours has temporarily contracted with a Code-certified Korean co-producer, TaeKwang Industrial Company, Ltd. (TaeKwang), for provision of cyanide to Mexico. Chemours added the Port of Manzanillo and two truck routes to the Mexico Supply Chain in August 2021. Chemours implemented their internal process to evaluate supply chain elements prior to the first shipment. GFH processes the importation. Packaged product arrives on the west coast of Mexico at the Port of Manzanillo in intermodal containers where they are offloaded and transported by a short-haul trucking company (Colmex Logistics [Colmex]) to an off-port container yard (Containers del Pacifico [CDP]). Colmex is authorized to enter the Port of Manzanillo. ALR or Segutal pick up the intermodal containers at the off-port yard shortly after they arrive and transports them to either the Chemours facility in San Luis Potosi or the Chemours facility in Hermosillo.

Chemours itself plays a role in the Mexico Supply Chain apart from its primary role as consignor. Chemours has emergency response brigades that would assist in transportation emergencies stationed at the warehouses in San Luis Potosi and Hermosillo. Chemours also has conducted due diligence evaluations of the ports and rail carriers.

The following components are not part of the Chemours Mexico Supply Chain:

- Empire is independently certified for the truck transport from the Chemours Memphis Plant to Laredo, Texas.
- Taekwang is independently certified under the Code.
- The maritime route from Korea to the Port of Manzanillo is covered under the Chemours Global Ocean Supply Chain.

3.0 SUMMARY AUDIT REPORT

Auditor Findings

Mexico Supply Chain is:

☒ **in full compliance with**

☐ in substantial compliance with

☐ not in compliance with

The International Cyanide Management Code

The operation has not experienced compliance problems during the previous three-year audit cycle.

Audit Company: Golder Associates Inc.

Audit Team Leader: Kent R. Johnejack

Email: kjohnejack@golder.com

Names of Other Auditors

The audit was undertaken solely by Kent R. Johnejack of Golder Associates Inc. (Golder). Mr. Johnejack is pre-certified as a Lead Auditor and Transport Technical Specialist and he acted in these capacities during the audit.

Dates of Audit

The Recertification Audit was conducted over five days between August 9 to 14, 2021 as follows:

- Grupo FH Companies (GFH) in Laredo, Texas, including its subsidiaries Interamerica Forwarding (IAF) and FH Logistica (FHL)
- Auto Lineas Regiomontanas (ALR) facilities in Nuevo Laredo and Monterrey, Nuevo Leon
- Transportes Especializados (Segutal) in Mexico City
- Kansas City Southern Mexico (KCSM) Railroad in Mexico City
- Ferrocarril Mexicano (Ferromex) Railroad in Mexico City
- Chemours in Mexico City

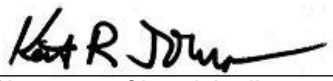
In addition, the auditor visited the Segutal facility co-located with the Chemours transloading facility in San Luis Potosi, Mexico on June 17, 2021, and the Segutal facility co-located with the Chemours transloading facility in Hermosillo, Mexico on July 16, 2021. These visits were undertaken in conjunction with the recertification audits of the Chemours facilities in those cities under the Code Production Protocol.

Finally, the auditor conducted a due diligence evaluation at the Port of Manzanillo and related supply chain components on November 11, 2021.

Attestation

I attest that I meet the criteria for knowledge, experience and conflict of interest for Code Verification Audit Team Leader, established by the International Cyanide Management Institute (ICMI) and that all members of the audit team meet the applicable criteria established by the ICMI for Code Verification Auditors.

I attest that this Summary Audit Report accurately describes the findings of the verification audit. I further attest that the verification audit was conducted in a professional manner in accordance with the International Cyanide Management Code (Code or ICMC) Verification Protocol for Cyanide Transportation Operations and using standard and accepted practices for health, safety and environmental audits.

Draslovka Mexico Supply Chain		February 2, 2022
Name of Operation	Signature of Lead Auditor	Date

PRINCIPLE 1 – TRANSPORT

Transport Cyanide in a Manner that Minimizes the Potential for Accidents and Releases

Transport Practice 1.1: **Is the operation in full compliance, substantial compliance, or non-compliance with Transport Practice 1.1? Explain the basis for the finding.**

The operation is

☒ **in full compliance with**

☐ in substantial compliance with **Transport Practice 1.1**

☐ not in compliance with

Summarize the basis for this Finding:

The operation is in FULL COMPLIANCE with Transport Practice 1.1; select cyanide transport routes to minimize the potential for accidents and releases.

Chemours as consigner has implemented a process for selecting transport routes that minimizes the potential for accidents and releases or the potential impacts of accidents and releases. The railroad due diligence reviews indicated that Chemours has evaluated truck versus rail transport and has prioritized rail transport because population density is lower along the rail routes than along the truck routes to the Chemours facilities in San Luis Potosi and Hermosillo. Distances are also shorter using the rail. However, due to the volume of cyanide handled, Chemours has augmented rail transport with truck transport. Chemours has implemented the First Order Process for evaluating truck routes from the San Luis Potosi and Hermosillo facilities to the mines. The First Order Process was also applied in mid-2021 when the Port of Manzanillo and its related components entered the Mexico Supply Chain. Chemours was limited to the use of the Port of Manzanillo by TaeKwang's existing shipping arrangements, including the available water draft for those ships. Chemours has involved stakeholders in route selection and risk management via involvement with the Mexico National Association for the Chemical Industry (ANIQ) and the Mexico System for Transport Emergencies for the Chemical Industry (SETIQ). Chemours has exercised control over its transporters during due diligence reviews, internal audits, and training courses.

GFH, ALR, and Segutal as road transporters have implemented procedures to initially evaluate and periodically re-evaluate routes by managers driving the routes and obtaining feedback from the drivers. These evaluations have included identification of risks and measure to mitigate those risks. GFH, ALR, and Segutal have obtained input from agencies and organizations, primarily via their participation with ANIQ and SETIQ, but also via agency websites, and in some cases through agency participation in mock drills. Input from communities and other stakeholders is generally obtained via the agencies. GFH, ALR, and Segutal have evaluated the need for special security measures, but only ALR has identified the need for trucks to travel in convoys.

Ferromex and KCSM as rail transporters have evaluated rail routes in consultation with Chemours during the First Order Process. Short routes with short transit times have been preferred to reduce the potential for issues. Bypasses around cities have been used when possible. Safety measures have been implemented, primarily travelling at the designated speeds for each rail segment.

There is only one 8-kilometer long route from the Port of Manzanillo through an industrial zone to the CDP yard. Colmex, the short-haul trucker authorized to enter the Port of Manzanillo, has evaluated the route and identified risks from seasonal heavy rain and slow city traffic. Controls include following speed limits and obeying traffic signals, as well as observing conditions via public closed circuit television (CCTV) system and sharing information via a WhatsApp group. Government input has been obtained via a port transporter advisory group. Colmex trucks are escorted within the port, but convoys or escorts are not used from the port to the CDP yard.

None of the entities in the supply chain subcontract cyanide handling or transport.

Transport Practice 1.2: **Is the operation in full compliance, substantial compliance, or non-compliance with Transport Practice 1.2? Explain the basis for the finding.**

☒ **in full compliance with**

The operation is ☐ in substantial compliance with **Transport Practice 1.2**

☐ not in compliance with

Summarize the basis for this Finding:

The operation is in FULL COMPLIANCE with Transport Practice 1.2; ensure that personnel operating cyanide handling and transport equipment can perform their jobs with minimum risk to communities and the environment.

Chemours as consigner has required drivers to be properly qualified, trained, and licensed via their legal contracts with GFH, ALR, and Segutal. Chemours has also required drivers, again via legal contracts, to be trained to perform their jobs in a manner that minimizes the potential for cyanide releases and exposures. Chemours has also offered in-person and on-line courses to their transporters for General Cyanide Overview and Cyanide Transportation Safety. Chemours has exercised control over its transporters during due diligence reviews, internal audits, and training courses.

GFH, ALR, and Segutal as road transporters have used trained, qualified, and licensed operators to drive their trucks. All three transporters have hiring procedures with requirements for age, Type E driver's license for hazardous materials, experience, medical/psychological exams, and training. All three transporters have trained operators to perform their jobs in a manner that minimizes the potential for cyanide releases and exposures. They have internal training programs with training matrices, initial training, and annual refresher training, as evidenced by training records from throughout the recertification period.

Training materials at GFH, ALR, and Segutal have included cyanide management/transport and emergency response, among others. GFH has also trained warehouse operators on forklift use.

Ferromex and KCSM as rail transporters have required that train crews have federal (i.e., Mexican) licenses. Crews for both companies have received hands-on hazardous materials training from the Center for Transportation Community Awareness and Emergency Response (Transcaer).

A management system document for the Port of Manzanillo mentions competency, training, and awareness. CDP staff have received annual training for fire extinguishers, first aid, evacuation, search and rescue, emergency preparation, hazard communication for dangerous chemicals, and container handling equipment. Colmex drivers have received annual training for basic first aid, fire extinguishers, accident prevention, unit management, and

loss prevention. In addition, Colmex truck drivers have been required to have a Type E license for hazardous materials transport, a minimum of three years of experience, and a port certification; each truck has obtained a separate port certification. CDP staff have participated in the Chemours training course for safe cyanide management while Colmex drivers participated in an equivalent in-house training course.

None of the entities in the supply chain subcontract cyanide handling or transport.

Transport Practice 1.3: **Is the operation in full compliance, substantial compliance, or non-compliance with Transport Practice 1.3? Explain the basis for the finding.**

The operation is

☒ **in full compliance with**

☐ in substantial compliance with **Transport Practice 1.3**

☐ not in compliance with

Summarize the basis for this Finding:

The operation is in FULL COMPLIANCE with Transport Practice 1.3; ensure that transport equipment is suitable for the cyanide shipment.

Chemours as consigner has ensured that the isotankers, rail hopper cars, and rail boxcars have been designed and maintained for the loads being handled. Trailers have been maintained by their owners (i.e., Empire, ALR, and Segutal). A contractor has certified that the rental isotankers meet specifications, have been tested at the required frequency, and are suitable for the loads and pressures they will bear. As described in the Summary Audit Report for the United States/Canada Rail and Barge Supply Chain, Chemours owns boxcars and hoppers and has engaged a contractor to maintain them. As described in the Summary Audit Report for Empire, trailers have been maintained. Chemours has controlled the loading of Empire trailers, boxcars, and hoppers at the ICMI-certified Memphis Plant using procedures to prevent overloading. Chemours also has loaded isotankers at its ICMI-certified plants in Hermosillo and San Luis Potosi using procedures to prevent overloading. Chemours has exercised control over its transporters during due diligence reviews, internal audits, and training courses.

GFH, ALR, and Segutal as road transporters have used equipment designed and maintained to operate within the loads they handle. As prescribed in Mexican regulations, the maximum weight for the GFH, ALR, and Segutal transport configurations is 46.5 tons. Based on shipping records, GFH, ALR, and Segutal equipment has not exceeded that limit. All three transporters have maintained their tractors during the recertification period based on maintenance records and unit maintenance histories. ALR and Segutal have also maintained their trailers and chassis. GFH, ALR, and Segutal have implemented documented daily visual inspections for ongoing verification of the adequacy of the equipment for the loads it will bear. GFH and Segutal have loaded trailers using procedures to prevent overloading. ALR has not loaded trailers. ALR and Segutal have not loaded intermodal containers.

Ferromex and KCSM as rail transporters have used rail cars designed and maintained according to US and Mexican regulations. Loading the boxcars and hoppers is the responsibility of the Chemours Plant in Memphis, Tennessee, an ICMI-certified production facility. Ferromex and KCSM do not open the sealed boxcars. Both

Ferromex and KCSM physically and remotely monitor the rails and railcars to detect anomalies via instruments located along the tracks, such as rail defects, unbalanced loads, etc.

The Port of Manzanillo has an annual program for preventative and corrective maintenance of equipment and infrastructure. CDP has two container handlers which are rated for more than the weight of a loaded intermodal container. Preventative maintenance is scheduled by runtime and a vendor checks tires monthly. Corrective maintenance is based on daily or per use inspections. Colmex has up to 30 trucks and chassis with one intermodal container per chassis; double trailers are not used. Each truck is rated for 50 tons which is more than the weight of a loaded intermodal container. Preventative maintenance for the trucks is scheduled monthly, quarterly, and semi-annually. Corrective maintenance is based on daily inspections.

None of the entities in the supply chain subcontract cyanide handling or transport.

Transport Practice 1.4: **Is the operation in full compliance, substantial compliance, or non-compliance with Transport Practice 1.4? Explain the basis for the finding.**

☒ **in full compliance with**

The operation is ☐ in substantial compliance with **Transport Practice 1.4**

☐ not in compliance with

Summarize the basis for this Finding:

The operation is in FULL COMPLIANCE with Transport Practice 1.4; develop and implement a safety program for transport of cyanide.

Chemours as consigner has ensured package integrity and proper placarding by its loading procedures for trailers, boxcars, and hoppers at its ICMI-certified Memphis plant, as well as for trailers and isotankers at its ICMI-certified San Luis Potosi and Hermosillo plants. Chemours has exercised control over its transporters with respect to a safety program during due diligence reviews, internal audits, and training courses.

GFH, ALR, and Segutal as road transporters have implemented procedures to maintain the integrity of the producer's packaging. GFH and Segutal have inspected the containers for damage during loading, while ALR's role has been to inspect the exterior for damage that might affect the integrity of the containers inside. All three transporters have checked that the United Nations 1689 have been properly placed. GFH, ALR, and Segutal have implemented pre-trip and/or daily vehicle inspections. GFH has maintained its tractors, while ALR and Segutal have maintained their tractors, trailers, and chassis. All three companies have limited driver's hours to 5 AM to 10 PM. GFH and Segutal have implemented procedures for blocking and bracing during loading to prevent loads from shifting; ALR has not loaded trailers. All three transporters have procedures that describe how trips can be suspended or modified. All three transporters also have drug and alcohol testing programs, as evidenced by a review of records. The auditor observed physical and electronic copies of records from throughout the recertification period at GFH's Laredo terminal, ALR's Yard in Nuevo Laredo and office in Monterrey, and Segutal's facilities in San Luis Potosi, Hermosillo, and Mexico City.

Ferromex and KCSM as rail transporters have conducted pre-trip inspections to verify the condition of the boxcars and hoppers, including the presence of the appropriate placards and an intact original seal from the Chemours

Plant in Memphis. Both Ferromex and KCSM have added their seals to the boxcars and hoppers. Ferromex has required pre-trip medical and drug and alcohol testing for the crews. KCSM has conducted medical and drug and alcohol testing for the crews.

The Port of Manzanillo holds Occupational Health and Safety Series (OHSAS) 18001 certification. CDP and Colmex rely on the manufacturer for the integrity of the packaging inside the intermodal containers but inspect the exteriors. Neither CDP nor Colmex open the intermodal containers. The port ensures proper placarding of the intermodal containers. CDP and Colmex inspect their equipment daily and have preventative and corrective maintenance programs. Colmex drivers complete two round trips per day during an 8-hour shift. CDP has a random alcohol testing program, but drug abuse is addressed by fit-for-duty observations by supervisors. Colmex drivers are tested for drugs every six months and for alcohol every time they enter the port. The auditor observed examples of records during the visit to the CDP and Colmex offices to verify their retention.

None of the entities in the supply chain subcontract cyanide handling or transport.

Transport Practice 1.5: **Is the operation in full compliance, substantial compliance, or non-compliance with Transport Practice 1.5? Explain the basis for the finding.**

☒ **in full compliance with**

The operation is ☐ in substantial compliance with **Transport Practice 1.5**

☐ not in compliance with

Summarize the basis for this Finding:

The operation is in FULL COMPLIANCE with Transport Practice 1.5; follow international standards for transportation of cyanide by sea.

Chemours and their subcontracted companies do not transport cyanide by sea or air as part of the Mexico Supply Chain. The Code-certified cyanide co-producer, TaeKwang, is responsible for cyanide packaging, labelling, and the associated paperwork in accordance with the International Maritime Organization (IMO) Dangerous Goods (DG) Code. The maritime shipping of the intermodal containers arriving at the Port of Manzanillo is covered under the Chemours Global Ocean Supply Chain. GFH is responsible for importation documentation in accordance with the IMO DG Code for reception and liberation of the cyanide at the Port of Manzanillo. Review of GFH forms indicated that they collectively contain the contact information for the consignor and consignee, the proper shipping name (solid sodium cyanide), the total weight and number of packages, the United Nations designation (UN 1689), the hazard classification (6.1), the packing group (I), and the marine pollutant advisement.

Transport Practice 1.6: **Is the operation in full compliance, substantial compliance, or non-compliance with Transport Practice 1.6? Explain the basis for the finding.**

☒ **in full compliance with**

The operation is ☐ in substantial compliance with **Transport Practice 1.6**

☐ not in compliance with

Summarize the basis for this Finding:

The operation is in FULL COMPLIANCE with Transport Practice 1.6; track cyanide shipments to prevent losses during transport.

Chemours as consigner has exercised control over its transporters with respect to communication means and testing, blackout zones, trip tracking, inventory controls, and shipping records during due diligence reviews, internal audits, and training courses.

GFH, ALR, and Segutal as road transporters have equipped their trucks with multiple means to communicate with the transport company, mines, Chemours, and emergency responders which include cell phone, two-way GPS, panic buttons, and in some cases citizen band radios. All drivers for the three companies carry laminated cards or paperwork with contact information. Trailers and isotankers also have stickers with contact information for SETIQ. All three companies have checked cell phones and GPS at frequencies ranging from daily to weekly. Only ALR and Segutal have identified blackout zones along their routes. Operators have checked-in via cell phone or GPS when entering and exiting these blackout zones. ALR also has used two-truck convoys. GFH, ALR, and Segutal have tracked shipments and summarized truck locations in spreadsheets. Inventory controls have been implemented via shipping papers as well as installation security seals to prevent unauthorized entry. Shipping records with the number of containers and their total weight have documented the amount of cyanide in transit. The operator's packets for all three companies have contained a cyanide Safety Data Sheet (or equivalent emergency sheet) in Spanish.

Ferromex and KCSM as rail transporters have continuously tracked cyanide shipments at their respective control centers via global positioning satellite (GPS) and video surveillance. Neither Ferromex nor KCSM have identified blackout zones along their routes. Ferromex and KCSM have managed inventory with the SAP and MyKCS software systems, respectively. Ferromex has contracted with a single security firm while KCSM has contracted with four security firms. In addition, the Mexican army has provided additional security along some portions of KCSM's routes. Both Ferromex and KCMS have been Customs and Trade Partnership Against Terrorism (CTPAT) certified.

The means of communication, testing, or coverage within the port were unavailable, perhaps because of security concerns. GFH tracks shipments transport from the port to the yard. CDP uses radios for communication within the container yard with testing by daily use. The entire yard has radio coverage. Containers are tracked using a written procedure upon entering and leaving the yard, as well as with an online program. Colmex uses cell phones, panic buttons, and GPS for communication. There are no blackout zones along the route. Trucks are tracked via GPS, as demonstrated during the site visit. Inventory is controlled by the driver's shipping records.

None of the entities in the supply chain subcontract cyanide handling or transport.

PRINCIPLE 2 – INTERIM STORAGE

Design, Construct and Operate Cyanide Trans-Shipping Depots and Interim Storage Sites to Prevent Releases and Exposures

Transport Practice 2.1: **Is the operation in full compliance, substantial compliance, or non-compliance with Transport Practice 2.1? Explain the basis for the finding.**

The operation is

☒ **in full compliance with**

☐ in substantial compliance with **Transport Practice 2.1**

☐ not in compliance with

Summarize the basis for this Finding:

The operation is in FULL COMPLIANCE with Transport Practice 2.1; store cyanide in a manner that minimizes the potential for accidental releases.

Chemours as consigner has exercised control at interim storage areas operated by its transporters with respect to warning signs, security, separation of cyanide from incompatible materials, storing cyanide to prevent contact with water and with adequate ventilation, and containing spills during annual due diligence reviews, internal audits, and training courses.

GFH and ALR have operated interim storage areas at their Laredo terminal and Nuevo Laredo yard, respectively. Segutal has not established any trans-shipping depots or interim storage areas of its own. Segutal's terminals are co-located with the Chemours transloading facilities in San Luis Potosi and Hermosillo and have been determined to be compliant under the production protocol.

GFH and ALR as interim storage operators have posted signs alerting workers to the presence of cyanide and prohibiting smoking, open flames, eating, and drinking. GFH has also posted signs in the transloading bays of the warehouse with the same information, as well as the required personal protective equipment during transloading. Via contractors, GFH and ALR have provided 24-hour security at their interim storage areas, including fencing, walls, lighting, gates, guards, and video surveillance. GFH and ALR have designated areas for cyanide trailers in their facilities to separate cyanide from incompatible materials. GFH and ALR have stored cyanide in trailers designed for outside use to prevent contact with water. In addition, GFH has transloaded cyanide containers inside its warehouse to prevent contact with water. Both companies have stored trailers outside to provide adequate ventilation. The GFH warehouse has been adequately ventilated by open bay doors and louvered wall openings. In addition to providing spill kits, both GFH and ALR have parked trailers on concrete pads to contain spills and minimize the extent of releases.

Ferromex and KCSM have not managed interim storage facilities as the trains move continuously to the extent possible.

The Integrated Port Administration (Administracion Portuaria Integral [API]) operates the Port of Manzanillo under the International Ship and Port Facility Security Code, CTPAT, OHSAS 18001, International Organization for Standardization (ISO) 9001 for Quality Management, ISO 14001 for Environmental Management Systems, ISO 28000 for Security Management, and the Mexican Clean Industry program (Industria Limpia), among others.

ISO 9001 and 14001 are implemented via the port's Manual for Integrated System Management. The entire port is secure, with fencing, lighting, CCTV, and security gates and guards. Only pre-authorized trucking companies and certified drivers are allowed access. The cyanide intermodal containers may be present at docks leased by Contecon or SSA for up to three days before they are released.

CDP is ISO 14001 Environmental Management System certified. The placarded intermodal containers are typically present for ½ to 1 day. The CDP yard is fenced and lighted with full-time guards and CCTV at the gated entry. Only drivers and trucks on the pre-authorization list are allowed entry. CDP operators carry radios for communication. CDP does not open the sealed intermodal containers. The intermodal containers are stored separated from each other without stacking in the hazardous materials area of the yard. The intermodal containers are designed for outdoor use.

Colmex does not provide interim storage for the cyanide intermodal containers.

PRINCIPLE 3 – EMERGENCY RESPONSE

Protect Communities and the Environment Through the Development of Emergency Response Strategies and Capabilities

Transport Practice 3.1: **Is the operation in full compliance, substantial compliance, or non-compliance with Transport Practice 3.1? Explain the basis for the finding.**

The operation is

☒ **in full compliance with**

☐ in substantial compliance with **Transport Practice 3.1**

☐ not in compliance with

Summarize the basis for this Finding:

The operation is in FULL COMPLIANCE with Transport Practice 3.1; prepare detailed emergency response plans for potential cyanide releases.

Chemours as consigner has developed an overarching emergency response plan applicable to emergency response planning by the individual trucking and rail companies: Global Response Plan for Off-site Incidents. This plan is appropriate for the routes, interim storage areas, chemical and physical form of cyanide, transport method, infrastructure, and vehicle, and anticipated emergency scenarios. The plan has also identified the transportation emergency response entity in the United States (Chemtrec) and the Chemours Cyanide Hotline are the primary contacts. Roles of outside responders, medical facilities, and communities would be assigned by other national, regional, and local entities. Chemours serves as backup emergency response to the individual transporters and/or the applicable national hazardous materials response center (e.g., Chemtrec, SETIQ). Chemours as consigner has exercised control over its transporters with respect to emergency response planning for potential cyanide releases during annual due diligence reviews, internal audits, and training courses, as well as railroad due diligence reviews every three years.

GFH, ALR, and Segutal as road transporters have developed emergency response plans that are appropriate for their routes and facilities. ALR and Segutal have developed single plans while GFH has developed a series of procedures that collectively form a plan. The plans for all three companies have considered solid briquettes of sodium cyanide as the physical and chemical form. The plans have also considered the transport vehicle, i.e., trailers for all three transporters with Segutal also considering isotankers. GFH and ALR have also considered their operations in the Laredo terminal and Nuevo Laredo yard, respectively. The plans are appropriate for the type of roads and infrastructure on their routes. For example, the GFH plans consider the border crossing whereas Segutal's plan considered unpaved roads. All plans consider scenarios appropriate for road transport, including spills among others. GFH's plans consider the roles of medical facilities and outside responders in the United States via Chemtrec, in Mexico via SETIQ, and at the Columbia Bridge via the Corporation for the Development of the Border Zone (Codefront). GFH's plans also include a response contractor based in the United States. ALR's and Segutal's plans consider that SETIQ is the primary point of contact to coordinate with medical facilities and outside responders in Mexico.

Ferromex and KCSM as rail transporters have developed emergency response plans. Ferromex has subcontracted emergency response to HESCA Environmental (HESCA), a company specializing in railroad emergencies. KCSM has subcontracted emergency response to two contractors, HESCA and Specialized

Industrial and Railway Services (SEIF). Ferromex and KCSM are also part of the rail emergency response network Transcaer and members of ANIQ.

API has developed a Procedure for the Preparation and Response to Environmental Emergencies. CDP has developed a Protection Plan for the Containers Installation. Colmex has developed a Contingency Plan for Chemical Spills during Transport of Sodium.

Transport Practice 3.2: **Is the operation in full compliance, substantial compliance, or non-compliance with Transport Practice 3.2? Explain the basis for the finding.**

☒ **in full compliance with**

The operation is ☐ in substantial compliance with **Transport Practice 3.2**

☐ not in compliance with

Summarize the basis for this Finding:

The operation is in FULL COMPLIANCE with Transport Practice 3.2; designate appropriate response personnel and commit necessary resources for emergency response.

Chemours as consigner has provided emergency response training to other Chemours staff, clients, and subcontractors in its annual “Course for Sodium Cyanide Emergency Response”. Chemours role has been defined as providing technical advice and assistance to those in charge of incident response. Chemours has addressed emergency response and personal protective equipment in general terms in its global emergency response plan but has delegated the development of detailed lists to its regional production facilities and its transportation contractors. Similarly, Chemours has assigned the provision of such equipment and its inspection to its regional production facilities in Mexico (i.e., San Luis Potosi and Hermosillo) and its transporters in Mexico. Chemours as consigner has exercised control over its transporters with respect to personnel and resources for emergency response during annual due diligence reviews, internal audits, and training courses, as well as railroad due diligence reviews every three years.

GFH, ALR, and Segutal as road transporters have provided initial and annual training to drivers and brigade members on emergency response. Training matrices and records for all three companies have confirmed that their emergency plan has been refreshed annually. Brigade members at all three companies have received additional training from external providers. GFH, ALR, and Segutal training materials or emergency response plans have described response duties and responsibilities. GFH, ALR, and Segutal have staged emergency response and personal protective equipment in their trucks as well as in their offices and facilities. This equipment is appropriate for the emergency responses anticipated, i.e., control of the scene and isolation of spilled solid cyanide. Inspection frequencies at offices, facilities, and trucks have varied from daily to monthly by company, based on inspection records from throughout the recertification period. None of the entities in the supply chain subcontract cyanide handling or transport.

Ferromex and KCSM as rail transporters have designated responders and committed resources for emergency response. The emergency response contractor (HESCA) for Ferromex has maintained a hazardous materials brigade and equipment in Hermosillo. HESCA has an emergency response truck. The two emergency response

contractors (HESCA and SEIF) for KCSM have maintained hazardous materials brigades at several points along the routes. KCSM has two fire response trailers. Brigade members for Ferromex and KCSM have been trained by ANIQ and Transcaer, respectively.

Ferromex and KCSM have met annually with Chemours to ensure procedures, equipment lists, contact information, etc. are current.

API has established an emergency brigade directed by a dedicated command center and supported by an ambulance and firetruck. CDP has established an emergency brigade that receives annual training. CDP has contracted with a local spill contractor. Emergency equipment is inspected weekly, as is the entire container yard. An ambulance from Hospital Manzanillo can respond within approximately 15 minutes. Colmex has established an emergency brigade that receives annual training. Colmex inspects the personal protective equipment and spill response equipment daily using a checklist as a requirement of entering the port.

Transport Practice 3.3: **Is the operation in full compliance, substantial compliance, or non-compliance with Transport Practice 3.3? Explain the basis for the finding.**

☒ **in full compliance with**

The operation is ☐ in substantial compliance with **Transport Practice 3.3**

☐ not in compliance with

Summarize the basis for this Finding:

The operation is in FULL COMPLIANCE with Transport Practice 3.3; develop procedures for internal and external emergency notification and reporting.

Chemours as consigner has developed a Global Response Plan for Off-site Incidents that contains an appendix with contact information for corporate and regional staff, the Chemours Cyanide Hotline, and Chemtrec. The Chemours Crisis Management Manual contains additional information for interacting with external entities. Chemours has kept its plan and contact information current as evidenced by 2018 and 2021 versions of the plan. Chemours as consigner has exercised control over its transporters with respect to internal and external emergency notification during annual due diligence reviews, internal audits, and training courses, as well as railroad due diligence reviews every three years.

GFH, ALR, and Segutal as road transporters have developed procedures that include notification procedures and current contact information. Text and/or flowcharts have described the notification and reporting procedures.

Text or appendices have contained contact information. Drivers for the three companies have also carried cards or emergency sheets with the contact information. GFH, ALR, and Segutal vehicles also have stickers with contact information for SETIQ. All three companies have developed methods to keep notification procedures and contact information current. ALR and Segutal have document control or administrative procedures that require annual or biennial updates. GFH actually calls the contact numbers during their annual drills to ensure they work. Revision histories on their plans indicated that the plans have been updated as required by each company.

Ferromex and KCSM as rail transporters have developed procedures for emergency notification. Ferromex and KCSM train crews would notify their respective control centers via radio. These control centers would in turn

mobilize their respective response contractors, and if needed, contact SETIQ for coordination with external entities.

The API environmental response procedure includes notification procedures. The CDP protection plan and the Colmex contingency plan contain notification procedures and list contact information for internal and external resources. In the event of a cyanide incident, CDP and Colmex staff stated they would notify Chemours to determine reporting requirements for the ICMI.

Transport Practice 3.4: **Is the operation in full compliance, substantial compliance, or non-compliance with Transport Practice 3.4? Explain the basis for the finding.**

The operation is

☒ **in full compliance with**

☐ in substantial compliance with **Transport Practice 3.4**

☐ not in compliance with

Summarize the basis for this Finding:

The operation is in FULL COMPLIANCE with Transport Practice 3.4; develop procedures for remediation of releases that recognize the additional hazards of cyanide treatment chemicals.

Chemours as consigner has developed procedures for remediation, including recovery, neutralization, decontamination, and management of residues. An appendix to the Global Response Plan for Off-site Incidents addresses recovery of localized spills of solid cyanide and impacted soils into containers, followed by decontamination/neutralization of the immediate area with sodium hypochlorite or hydrogen peroxide. Large remediation efforts would become the responsibility of the carriers' insurers or government agencies. The same appendix prohibits the use of sodium hypochlorite, ferrous sulfate, and hydrogen peroxide for treating a cyanide spill into a surface water body. Chemours as consigner has exercised control over its transporters with respect to remediation procedures during annual due diligence reviews, internal audits, and training courses, as well as railroad due diligence reviews every three years.

GFH, ALR, and Segutal as road transporters have developed remediation plans and procedures. In general, the role of each company is to control the scene and contact Chemtrec, SETIQ, or Codefront depending on where the incident occurred. In the case of small spills of briquettes, GFH, ALR, and Segutal may perform the clean-up. In the case of large spills, the Chemtrec, SETIQ, or Codefront would oversee remediation, possibly with help from remediation subcontractors to the transport company or its insurer. GFH, ALR, and Segutal have statements in their plans and procedures that prohibit the use of chemicals such as sodium hypochlorite, ferrous sulfate, and hydrogen peroxide for treating a cyanide spill into surface water.

Ferromex and KCSM as rail transporters have developed spill remediation procedures. HESCA, independently but on behalf of both rail companies, has developed a procedure specific to remediation of soils contaminated by sodium cyanide. This procedure prohibits use of sodium hypochlorite, ferrous sulfate, and hydrogen peroxide to treat cyanide released to surface water.

The API environmental response procedure, the CDP protection plan, and the Colmex contingency plan describe simple cleanup procedures for small spills and defer complicated cleanup procedures for larger spills to specialized contractors (e.g., Servicios Integrales Maritimas y Porturarios) or specialized entities (e.g., SETIQ).

Transport Practice 3.5: **Is the operation in full compliance, substantial compliance, or non-compliance with Transport Practice 3.5? Explain the basis for the finding.**

The operation is

☒ **in full compliance with**

☐ in substantial compliance with **Transport Practice 3.5**

☐ not in compliance with

Summarize the basis for this Finding:

The operation is in FULL COMPLIANCE with Transport Practice 3.5; periodically evaluate response procedures and capabilities and revise them as needed.

Chemours as consigner has established a provision to annually review and evaluate its emergency response plans, as well as to annually conduct mock drills. Chemours has most recently updated its Global Response Plan for Off-site Incidents in 2021. Chemours has implemented the mock drill provision via participation in drills and its annual training course for Chemours staff, clients, and contractors. The auditor reviewed a 2021 drill critique from a joint drill with Segutal that evaluated the Chemours' role and actions in the drill, not just the transporter's. Corrective actions were assigned to Chemours staff with actions extending into 2022. The also auditor reviewed an example summary presentation for the 2018 course in Sonora to verify that the two-day course contained field practice of response to spills and exposures equivalent to a mock drill. Finally, Chemours, has held mock drills of spills and/or exposures at least annually at its transloading facilities in San Luis Potosi and Hermosillo, as audited by Golder under the Production Protocol, and has included its transporters in these drills. Although Chemours has established a provision to evaluate its emergency response plan after its activation, Chemours has not experienced any cyanide incidents in the Mexico Supply Chain during this recertification period that would have required review of the plan. Chemours as consigner has exercised control over its transporters with respect to evaluating response plans and conducting mock drills during annual due diligence reviews, internal audits, and training courses, as well as railroad due diligence reviews every three years.

GFH, ALR, and Segutal as road transporters have developed provisions to periodically review and evaluate the adequacy of their emergency response plans. ALR has required annual review while GFH and Segutal have required review every two years. Software screenshots and revision histories have confirmed compliance.

All three companies have conducted mock drills at least annually that have covered spills and exposures and included road and yard/warehouse scenarios as applicable to their operations. Drill reports for all three companies have been accompanied by corrective actions as warranted. All three companies have requirements to evaluate their plan's performance after incidents, but none have experienced any cyanide incidents during this recertification period that would have required review of their plans.

Ferromex and KCSM as rail transporters have conducted mock drills to evaluate response procedures and capabilities. Ferromex has conducted drills annually for chemical emergencies, including collisions of trains with liquified petroleum gas trucks and a bus. Similarly, KCSM has conducted drills three times per year, including chlorine and flammable materials emergencies. Both companies have coordinated these drills with external entities (e.g., Civil Protection, ANIQ).

The API environmental response procedure contains a revision history table showing multiple revisions. The CDP protection plan is reviewed annually. The Colmex contingency plan was prepared in 2021. The API environmental response procedure refers to an annual drill program. CDP stated they conduct four drills per year. Colmex stated they conduct field exercises twice per year during training courses. CDP and Colmex have not experienced any cyanide incidents that would require revision of their emergency documents.

Signature Page

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