SEMCORP
POWER YOUR FUTURE

August 26, 2026

Dear all:

Since our operational activities were suspended on June 24 due to data showing very high levels of metals in our groundwater, it has been our absolute top priority to figure out what happened. We drilled dozens of holes across our site, brought in multiple independent accredited laboratories to collect and test hundreds of groundwater and soil samples, and have been learning from accredited third-party experts to understand the results. At the same time, we've been proactively cooperating with all relevant government authorities, including by keeping them fully informed about our investigative efforts and findings.

We understand that the community has major environmental and health concerns about our operations and that you are eager for more information. With appreciation for your patience, now that we have the data to draw some conclusions, we'd like to share them with you. In the meantime, we're continuing to work closely with the environmental authority to complete further site assessment activities.

## I. OUR INVESTIGATION

Immediately after shutting down our production activities in late June, we began a large-scale investigation of groundwater on our site with the help of accredited experts. Our goal was to answer two urgent questions:

1. Is there a contamination of metallic elements in our groundwater, and if so, where and how much?
2. What caused the high concentrations of metallic elements reflected in the lab report for the March sampling, particularly from the two boreholes (F-1 and F-2, which respectively showed more than 1,500 and 13,000 times the statutory threshold of aluminum)?

The investigation proceeded in two rounds:

- The first round involved sampling groundwater and soil from **20 new boreholes** and the existing **8 monitoring wells** by **4 independent accredited laboratories**. An accredited expert selected the borehole locations in order to delineate the scope of any contamination, particularly around F-1 and F-2. The 20 boreholes were drilled and soil samples collected under expert supervision during early July, and each of the 4 labs dispatched qualified technicians to separately collect groundwater samples from all 28 points during July 15-21. Below is a map showing these 28 points.

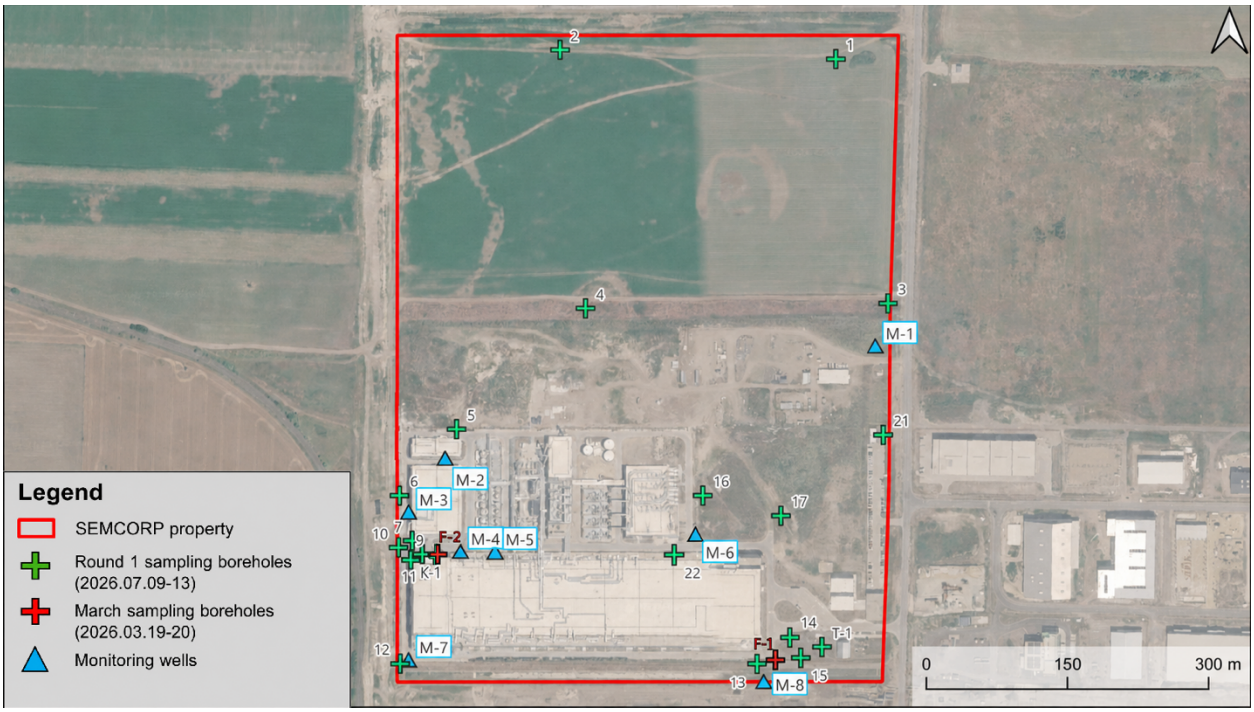


*Fig. 1. SEMCORP property map showing locations of monitoring wells and Round 1 sampling boreholes.*

- Early results from the first round of testing showed remarkable consistency across laboratories. We proceeded with a second round of confirmatory sampling from an **additional 15 new boreholes** by Eurofins, Hungary's largest laboratory for subsurface media testing. These 15 boreholes were specifically placed in areas that may be trafficked by materials containing aluminum oxides, which are the only raw materials in our process that contain any of the metallic elements detected in high concentrations in March. Drilling and sampling took place during July 29-31. Below is a map showing the additional 15 sampling points.

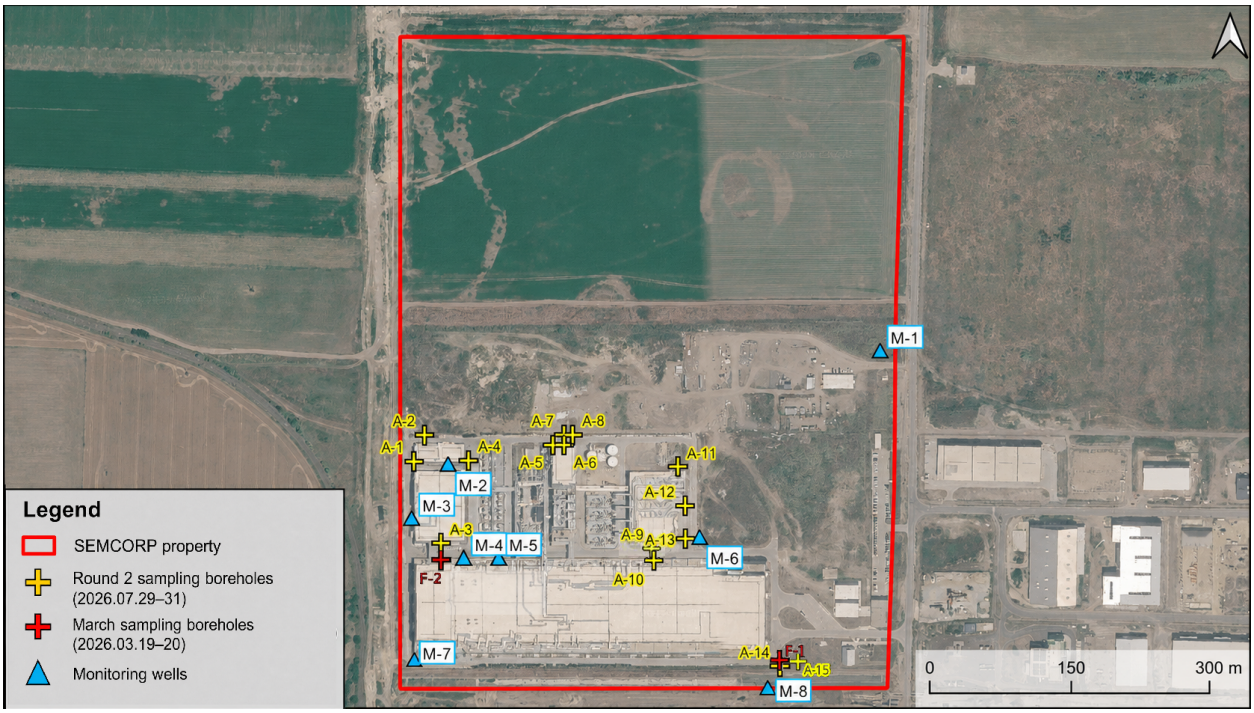


*Fig. 2. SEMCORP property map showing locations of monitoring wells and Round 2 sampling boreholes.*

- Additionally, government authorities came on site to drill and sample from **2 more boreholes**. With the government's permission, Eurofins also collected groundwater samples from these boreholes.

In all, groundwater and soil samples were collected and tested from a total of **45 sampling points**.

Beyond sampling and testing groundwater and soil, in order to determine potential causes of high metals concentrations in the March data and to account for any developments since that time, we took additional investigative steps including:

- Performing groundwater level measurements to determine groundwater flow speed and direction

- Testing the condensate discharge that had been identified by the authorities as a possible contamination source
- Simulating groundwater exposure to pure aluminum oxide materials in order to observe theoretical aluminum levels in extreme contamination scenarios
- Applying different sampling and testing protocols to groundwater samples in order to observe the effect of methodological variations on the test results
- Examining historical baseline data for groundwater metals levels within the immediate area
- Together with accredited experts, developing a thorough understanding of the movement of material inputs and outputs throughout our site and potential points of contamination

Accredited experts analyzed the voluminous data and information generated from these investigative measures and summarized their findings in a comprehensive assessment report that we have now shared in full with the environmental authority and other government stakeholders. Below is a high-level overview of their findings.

## II. DATA AND FINDINGS

Given the severity of the apparent levels of metals contamination reflected in the March lab report, we exercised abundant caution in interpreting the incoming data during the fact-finding stage. However, based on a thorough review of the full dataset, the conclusion is clear: **No contamination of aluminum or any of the other 12 metallic elements at issue was identified in groundwater and soil sampled throughout our site. Furthermore, contamination of the scope and severity that would be indicated by the March data does not appear to be possible from our process and materials**.

We understand that you may find these conclusions to be surprising, and we hope you can keep an open mind as we lay out the findings.

### Is our groundwater contaminated by aluminum or other metals?

- Groundwater from all of the sampling points showed aluminum levels that are well within the range of values observed in baseline studies in the area, with **the overwhelming majority of samples showing aluminum concentrations that are well under the statutory threshold value of 200 µg/L**. The same is true for the other 12 metallic elements at issue.
- Specifically, of the 5 boreholes within a 50-meter radius of F-2 (where the March data showed more than 2.6 million µg/L in aluminum concentration), none of the groundwater aluminum concentrations from any of the 4 labs exceeded 30 µg/L.

Likewise, for the 6 boreholes within a 50-meter radius of F-1 (more than 300,000 µg/L in March), none of the groundwater aluminum concentrations exceeded 20 µg/L. For a full comparison, see table below listing the groundwater aluminum concentration values for each of the 10 sampling points from the March lab report and their corresponding values in the latest round of sampling by 2 of the labs, Eurofins and SGS, which consented to our publishing their lab reports and results.

| Sampling timeframe | Statutory threshold | M1 | M2 | M3 | M4 | M5 | M6 | M7 | M8 | F-1 / A14 / 14 | F-2 / K-1 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| March lab report | 200 | 4,670 | 500 | 15,300 | 220,000 | 580 | 1,560 | 14,700 | 320 | 318,000 | 2,676,000 |
| July (Eurofins) | 200 | <10 | <10 | <10 | <10 | <10 | <10 | <10 | <10 | 40 | 10 |
| July (SGS) | 200 | 4.66 | 7.98 | 39.5 | 4.19 | 3.8 | 4.2 | 5.49 | <1 | 8 | 5.25 |

*Fig. 3. Aluminum concentrations (µg/L) in the 8 monitoring wells and March sampling boreholes (F-1 and F-2). For the boreholes, the July data reflect the concentrations found in the boreholes nearest to F-1 (A14 for Eurofins, 14 for SGS) and F-2 (K-1) respectively.*

- **The full groundwater testing data from Eurofins and SGS are summarized in the tables below, and we have also uploaded their reports for review at the following link:** LINK. Results from the other 2 labs are highly consistent with these published results, and all data and reports have been submitted to the environmental authority.

| SGS - Groundwater results - 2026.07.15-16 (µg/L) Temporary borehole i.d. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Parameter | Limit | 1. | 2. | 3. | 4. | 5. | 6. | 7. | 9. | 10. | 11. | 13. | 14. | 15. | 16. | 17. | 21. | 22. | M1 | M2 | M3 | M4 | M5 | M6 | M7 | M8 | T1 | K1 |
| **Al** | **200** | 7 | 8 | 6 | 12 | 7 | **4** | 7 | 5 | 5 | 5 | 8 | 8 | 3 | **28** | 5 | **45** | 6 | 5 | 8 | **40** | 4 | 4 | 4 | 5 | n.d. | 12 | **5** |
| **As** | 10 | n.d. | n.d. | n.d. | 4 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. |
| **Ba** | 700 | 36 | 35 | 28 | 50 | 25 | 62 | 30 | 32 | 49 | 42 | 13 | 25 | 23 | 21 | 40 | 8 | 32 | 19 | 45 | 29 | 39 | 50 | 35 | 36 | 14 | 39 | 61 |
| **Zn** | 200 | n.d. | n.d. | n.d. | 11 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | 13 | n.d. | n.d. | n.d. | n.d. |
| **Cd** | 50 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. |
| **Co** | 20 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. |
| **Cr** | 50 | n.d. | n.d. | n.d. | n.d. | 1 | 2 | n.d. | 4 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | 15 | n.d. | n.d. | 1 | 2 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. |
| **Li** | - | 9 | 13 | 5 | 3 | 7 | 9 | 3 | 6 | 8 | 9 | 5 | 8 | 7 | 8 | 7 | 4 | 9 | 7 | 7 | 7 | 8 | 7 | 9 | 8 | 4 | 9 | 5 |
| **Mn** | - | 229 | 390 | 318 | 1032 | 64 | 6 | 726 | 101 | 6 | 325 | n.d. | 201 | 4 | 39 | 331 | 15 | n.d. | 25 | 249 | 24 | 222 | 1249 | 30 | 36 | 133 | 1 | 553 |
| **Ni** | 20 | n.d. | 1 | 1 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | 2 | 2 | 2 | 2 | 1 | 1 | 1 | n.d. | n.d. | n.d. |
| **Pb** | 10 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. |
| **Cu** | 200 | n.d. | 2 | 4 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | 1 | 2 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | 1 | 1 | n.d. | n.d. | 1 | n.d. | n.d. | 1 | n.d. |
| **Fe** | - | 58 | 19 | n.d. | 71 | n.d. | n.d. | 18 | 11 | 25 | n.d. | 10 | n.d. | n.d. | 35 | n.d. | 31 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | 15 | n.d. |

**n.d.** **not detectable**

*Fig. 4. Groundwater metals concentration results from samples taken by SGS during Round 1 sampling. Numbers 8, 18, 19 and 20 were skipped because drilling was not technically feasible due to location or soil layer hardness. Hole 12 was not sampled due to absence of groundwater during SGS technician's on-site presence.*

| Eurofins - Groundwater results - 2026.07.20-21 (µg/L) Temporary borehole i.d. | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Parameter | Limit | 1. | 2. | 3. | 4. | 5. | 6. | 7. | 9. | 10. | 11. | 12. | 13. | 14. | 15. | 16. | 17. | 21. | 22. | M1 | M2 | M3 | M4 | M5 | M6 | M7 | M8 | T1 | K1 |
| **Al** | **200** | n.d. | n.d. | n.d. | n.d. | n.d. | **70** | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | **40** | n.d. | **40** | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | **10** |
| **As** | 10 | n.d. | n.d. | n.d. | 4 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. |
| **Ba** | 700 | 41 | 40 | 28 | 53 | 27 | 70 | 29 | 30 | 56 | 49 | 33 | 15 | 23 | 26 | 23 | 35 | 9 | 36 | 26 | 59 | 31 | 32 | 63 | 32 | 38 | 13 | 49 | 73 |
| **Zn** | 200 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. |
| **Cd** | 50 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. |
| **Co** | 20 | n.d. | 1 | n.d. | n.d. | n.d. | n.d. | n.d. | 1 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. |
| **Cr** | 50 | n.d. | n.d. | n.d. | n.d. | 1 | 3 | n.d. | 5 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | 17 | n.d. | n.d. | 1 | 2 | n.d. | n.d. | n.d. | n.d. | 1 | n.d. |
| **Li** | - | n.d. | 12 | n.d. | n.d. | n.d. | 10 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. |
| **Mn** | - | 212 | 418 | 278 | 1170 | 100 | 20 | 620 | n.d. | n.d. | 420 | 40 | 1 | 260 | 1 | 40 | 420 | 10 | n.d. | 118 | 590 | 130 | 120 | 1210 | n.d. | 10 | 42 | 1 | 580 |
| **Ni** | 20 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | 2 | n.d. | n.d. | n.d. | n.d. | n.d. |
| **Pb** | 10 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. |
| **Cu** | 200 | n.d. | 2 | n.d. | n.d. | 8 | 2 | 2 | 1 | n.d. | n.d. | 1 | n.d. | n.d. | n.d. | 6 | 1 | n.d. | n.d. | n.d. | 2 | 1 | 3 | 1 | n.d. | 1 | n.d. | n.d. | 1 |
| **Fe** | - | n.d. | n.d. | n.d. | 110 | n.d. | 40 | n.d. | n.d. | n.d. | n.d. | 10 | n.d. | n.d. | n.d. | 30 | n.d. | 50 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. |

**n.d. not detectable**

*Fig. 5. Groundwater metals concentration results from samples taken by Eurofins during Round 1 sampling. Numbers 8, 18, 19 and 20 were skipped because drilling was not technically feasible due to location or soil layer hardness.*

| EUROFINS - Groundwater results – 2026.07.29-31 [µg/l] Temporary borehole i.d. | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Parameters | Limit | A-1 | A-2 | A-3 | A-4 | A-5 | A-6 | A-7 | A-8 | A-9 | A-10 | A-11 | A-12 | A-13 | A-14 | A-15 | K-1 | F-1 | F-2 |
| **Al** | **200** | 40 | 30 | 40 | 20 | 30 | 20 | 20 | 30 | 70 | 80 | 20 | 20 | 20 | 40 | 160 | 10 | 10 | 40 |
| **As** | 10 | 2 | 1 | 2 | 1 | 1 | 2 | 1 | 1 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 | n.d. | 1 |
| **Ba** | 700 | 41 | 23 | 38 | 61 | 15 | 38 | 25 | 40 | 32 | 33 | 47 | 36 | 31 | 21 | 32 | 76 | 30 | 32 |
| **Zn** | 200 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. |
| **Cd** | 50 | n.d. | n.d. | 0,1 | 0,2 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. |
| **Co** | 20 | 17 | 3 | 18 | 12 | 2 | 13 | 3 | 1 | n.d. | 2 | 4 | 13 | 5 | n.d. | 2 | n.d. | n.d. | 1 |
| **Cr** | 50 | n.d. | 2 | n.d. | n.d. | 5 | 14 | n.d. | n.d. | 4 | 2 | n.d. | 1 | 2 | n.d. | 2 | n.d. | 1 | 25 |
| **Li** | - | n.d. | n.d. | 11 | n.d. | n.d. | n.d. | n.d. | 10 | 10 | 10 | n.d. | 10 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. |
| **Mn** | - | 354 | 182 | 427 | 595 | 52 | 269 | 182 | 115 | 10 | 50 | 230 | 270 | 120 | n.d. | 30 | 624 | 2 | 2 |
| **Ni** | 20 | 64 | 11 | 73 | 59 | 9 | 45 | 14 | 7 | 7 | 7 | 18 | 59 | 18 | 4 | 7 | n.d. | n.d. | n.d. |
| **Pb** | 10 | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. | n.d. |
| **Cu** | 200 | 2 | 1 | 2 | 1 | 1 | 1 | n.d. | 1 | 1 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | n.d. | n.d. |
| **Fe** | - | 50 | 30 | 30 | 40 | 50 | 40 | 30 | 30 | 70 | 100 | 20 | 10 | 30 | 40 | 190 | n.d. | 20 | 40 |

**n.d. not detectable**

*Fig. 6. Groundwater metals concentration results from samples taken by Eurofins during Round 2 sampling. Hole K-1 from Round 1 was sampled and tested again. Holes F-1 and F-2 here refer to sampling boreholes that government authorities drilled in July close to the original holes F-1 and F-2 from March.*

- It should be noted that for groundwater from hole 21 in the Round 1 sampling, test data from the other two labs showed mildly elevated aluminum concentration levels (376 µg/L and 1,030 µg/L respectively). First, as shown in Figs. 4 and 5 above, the measurements of Eurofins and SGS for this same borehole are well below the statutory threshold (40 µg/L and 45 µg/L). Second, as shown in Fig. 1 above, hole 21 is located by the main road, several hundred meters away from F-1, F-2 and any operational areas. Third, these values are within range of groundwater aluminum

concentrations found in a 2022 baseline study on a directly adjacent plot (97 to 2,640 µg/L), years before our production activities began. That baseline study had concluded that mildly elevated aluminum values at certain points were of agricultural or natural geological origin.

**<u>If there was severe contamination of groundwater in March, could it have become undetectable since then?</u>**

- Groundwater flow speed and direction are calculated by measuring groundwater levels at multiple sampling points and combining that data with the soil's measured ability to transmit water.
- Based on measurements and modeling by multiple accredited experts, **groundwater on our site is estimated to have moved less than 10 meters in distance since March**.
- This would indicate that **if there was a severe contamination of metals in the groundwater throughout our site in March, much of it should still be within our site and detectable from a large-scale sampling and testing effort**.
- High concentrations of metal ions in groundwater may also form or bind to solid particles through precipitation or adsorption. To examine this possibility, we collected and tested soil samples from the layers above the groundwater level, where such particles are expected to accumulate. The results showed that aluminum concentrations in these layers of soil were consistent across our entire site regardless of their proximity to holes F-1, F-2 and operational areas, and also consistent with the range observed in baseline testing conducted on a neighboring plot in 2023 prior to the start of industrial activities. In short, **there is no evidence that high concentrations of aluminum present in our groundwater in March subsequently precipitated or became adsorbed by soil.**

**<u>Could condensate discharge have been the cause of metals in our groundwater?</u>**

- **Accredited lab testing of the condensate discharge that had been identified by the authorities as a potential source of metals showed that it contains only minimal detectable levels of the metallic elements at issue, far below any applicable statutory thresholds (e.g., 20 µg/L of aluminum)**. These results are consistent with our understanding that the condensate is purified water and does not come into contact with any raw materials, waste or other potential contaminants.
- That said, we acknowledge that the discharge of condensate into stormwater drainage was not in accordance with permit requirements. Based on an internal

investigation, it was determined that employees had installed the discharge point without management authorization as a temporary workaround to a malfunction in the condensate recycling system. After the water authority identified the non-compliance during its February inspection, the discharge was immediately discontinued.

- Regarding the odor that the water authority observed at the condensate discharge point, we believe it is most likely attributable to paraffin oil, a key material input that can have a smell when heated. The condensate at issue is essentially distilled water that has condensed from the steam used to heat paraffin oil in the heat exchanger, so the condensate discharge point identified during the inspection is precisely where the heated paraffin oil odor may be noticeable. Our manufacturing process recovers nearly all paraffin oil for reuse and a small amount is safely disposed off-site by an accredited handler of hazardous waste.

**Could our other materials have caused the metals contamination in the groundwater?**

- As we've always made clear, other than aluminum, our manufacturing process does not use or otherwise involve any of the metallic elements that were detected in very high concentrations in March. One of the primary functions of the separator in a battery is to electrically isolate the electrodes, so any conductive metallic contaminants within the separator would create risks of electrical defects and short-circuiting. **We continue to maintain that our operations could not have possibly been the cause of high groundwater concentration levels for arsenic, zinc, lead, cobalt, cadmium, nickel, barium, chromium, copper, manganese, lithium and iron**.
- Aluminum is used in our process only in the form of alumina ($Al_2O_3$) and boehmite (AlOOH) – i.e., ceramic powders. These materials are the primary raw material inputs in slurry that is coated onto the separator base film. The ceramic coating layers increase the separator's heat resistance, which is critical to battery safety.
- **Alumina and boehmite are non-conductive and highly stable compounds that do not dissolve well in water under normal conditions.** We validated this understanding by conducting controlled leaching tests designed to simulate direct groundwater exposure to large quantities of pure alumina and boehmite powders, which is far more extreme than a realistic spill scenario for a few reasons:
    - A spill of solid, low-solubility particles would be unlikely to penetrate soil and enter groundwater in large quantities
    - Slurry is less than 50 percent ceramic powders by mass, and remains entirely within a closed system during the manufacturing process

  - Slurry waste, which is generated when coating equipment is cleaned, consists almost entirely of purified water that is used in the equipment cleaning
- **In the controlled leaching tests, the water samples were deliberately contaminated with the alumina and boehmite powders used in our process and then subject to protocols designed to maximize contact and simulate long-term exposure. Under neutral pH conditions consistent with the groundwater on our site, the water samples showed below-detection levels of aluminum.** Even under mildly alkaline conditions (simulating the pH of slurry waste), the samples showed less than 2,600 µg/L of aluminum. By comparison, the aluminum concentrations detected in F-1 and F-2 in March were 100 to 1,000 times higher than that. **These results would tend to suggest that even in the most extreme contamination scenario involving the introduction of large amounts of our pure ceramic powders directly into groundwater, the highest aluminum levels detected in the March sampling tests are not remotely possible.**
- We have received consent to publish this data, which can be found at the following link: LINK

**Why did the March sampling data show such high concentrations of metals?**

- If no metals contamination can be found and our manufacturing process couldn't have caused such contamination in any case, then what explains the March sampling data?
- Under the applicable Hungarian regulations (Annex 4 to Joint Decree 6/2009 (IV. 14.) KvVM–EüM–FVM), potential contamination of metals in groundwater is assessed by reference only to **dissolved** metals, and solids are specifically excluded. The reason is simple: groundwater samples can contain soil, sometimes in significant amounts depending on the construction of the boreholes, groundwater conditions and sampling methodology. Soil naturally contains metals, particularly an abundance of aluminum and iron. So if **total metal content** is tested, metals present in the soil particles would also be counted, resulting in higher metals concentration numbers that are not comparable against the statutory threshold values.
- **Based on a review of the March lab report, the accredited experts confirmed that the data clearly reflected total metal concentrations in the samples, not the dissolved metal concentrations, rendering them legally and technically inapplicable for purposes of assessing the level of metals contamination in groundwater. The accredited lab that performed the March tests have also confirmed this fact.** Unfortunately, when our team first received this lab report in

April, they did not have the expertise or resources to independently assess the validity of the data for the intended purpose, and submitted inapplicable data to the water authority. This information has now been shared with the environmental authority for its review and consideration.

- **The pattern of metals concentrations in the March results itself strongly suggests that the reported values reflected the total metal content of samples containing soil.** This is particularly apparent from the iron concentrations in the March groundwater samples, which are consistently 60-90% of aluminum concentrations in each of the 10 groundwater samples from March (see table below) even though iron is not an input or output of our process. Indeed, this ratio closely resembles the relative proportions of iron and aluminum found in the soil sampled across our site. The presence of soil in the March groundwater samples would provide a straightforward explanation for both this resemblance and the apparently elevated values for the 12 metals that we do not use.

| Element | Statutory threshold | M1 | M2 | M3 | M4 | M5 | M6 | M7 | M8 | F-1 | F-2 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Aluminum | 200 | 4,670 | 500 | 15,300 | 220,000 | 580 | 1,560 | 14,700 | 320 | 318,000 | 2,676,000 |
| Iron | - | 3,530 | 331 | 10,500 | 185,000 | 360 | 980 | 12,800 | 210 | 242,000 | 1,988,000 |

*Fig. 7. Aluminum and iron concentrations (µg/L) of samples from the 8 monitoring wells and March boreholes (F-1 and F-2) in the March sampling report.*

- Additionally, based on publicly available literature, **aluminum contamination on the order of 2.6 million µg/L is exceedingly rare and strongly associated with a very specific process: severe acid mine drainage**, where highly acidic conditions cause aluminum to dissolve from surrounding rock. By contrast, groundwater across our site is close to neutral (pH 7-8), including the groundwater in F-1 (pH 7.8) and F-2 (pH 8.1) at the time of March sampling. **At or near neutral pH, high concentrations of aluminum ions in water are generally unsustainable as the aluminum would very quickly precipitate into solid particles.**

## III. NEXT STEPS

**First**, as stated above, we have shared all of the above findings and much more with the competent authorities, and look forward to their review. In the meantime, we are continuing to follow their guidance to conduct further site assessment activities and complete the administrative process.

**Second**, we understand that you may be inclined toward skepticism. We hope you'll take a close look at the data for yourselves. We look forward to receiving your questions and engaging in a constructive dialogue. We want to assure you that we are committed to developing a complete, unbiased and accurate understanding of what happened and whether any contamination existed or still exists, so that we can ensure the cleanliness of our environment and natural resources.

**Third**, in light of the facts rendering the March data inapplicable as a basis for the environmental authority's suspension decision and highly compelling evidence showing an absence of metals contamination in our groundwater, we genuinely hope that the authorities will give due consideration to our desire to promptly resume production activities in compliance with all applicable legal requirements. While we understand that there may be additional questions to be answered or data to be collected, **we believe the available information and data have clearly disproven the presumption that our operations had caused severe and widespread contamination of metals in groundwater**. We're proud of our customers' reliance on the market-leading separator products shipped from our Debrecen facility, which support the manufacture of up to 300,000 vehicles in Europe and the United States annually. We'd also like to honor our responsibilities to our more than 400 Hungarian employees.

**Fourth**, we fully acknowledge that we have room for improvement in our compliance, transparency and community engagement. One question that we've grappled with more than any other is the following: why did we not act with more urgency when we first received the highly concerning groundwater metals data in April? In retrospect, it seems likely that had we done the thorough investigation in April and May that we ultimately did over the last few weeks, we could have provided the assurance that government and community stakeholders needed much sooner. We are looking deeply at the shortcomings in our leadership, management systems, compliance processes and work culture. We've already implemented organizational changes to facilitate the timely escalation of major environmental, safety and other compliance matters directly to group leadership, and are studying ways to ensure accountability at every level, in every shift and across every team. We're also looking at technical solutions to conserve water and further reduce waste.

We're resolved to share more information about our operations and environmental impact. We hope to have more to say about these and other topics very soon.

**Lastly**, we're committed to do the hard work necessary to earn your trust, and we hope that sharing this information is a small step in that journey.

Thank you for your attention.

Best Regards,

SEMCORP Hungary Kft.