

CONFLICT MINERALS REGULATIONS

CHANGES IN EU LAW AS PER 01. JANUARY 2021

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PREPARE IN TIME, TO BE READY WHEN YOU HAVE TO BE

- WHEN: 01 January 2021
- WHO: ~ 600-1000 EU Importers & ~ 500 smelters/refiners worldwide
- WHAT: **3TG**'s = **T**in / **T**ungsten / **T**antalum / **G**old

WHAT, WHERE, WHO, WHY, ...WHAT?

- All direct importers into the EU have to comply and will be audited
- All direct importers into the EU have to ensure completed Due Diligence with their respective suppliers, no matter where in the world they are located
- All countries exporting raw materials and metals into the EU are concerned
- Involved forms of goods are mineral ores, concentrates and processed metals
- The EU will provide a list of indications of countries concerned. This list will be regularly updated, but it will not be exhaustive

WHAT, WHERE, WHO, WHY, ...WHAT?

NOT applicable are:

- Imports below a certain threshold amount
- Recycled metals
- Stocks created before 01. February 2013

WHAT, WHERE, WHO, WHY, ...WHAT?

- “The term ‘due diligence’ means acting with reasonable care and investigating an issue before making a decision.” – (EU definition)
- POSITIVE: The new regulation is largely adopted from the OECD’s ‘ Due Diligence Guidance for Responsible Supply Chains from Conflict-Affected and High-Risk Areas’ (OECD Guidance)(incl. Annex II)
- POSITIVE: The new regulation follows the same five-step framework, i.e.:

WHAT, WHERE, WHO, WHY, ...WHAT?

- establish a strong company internal management system (EU-Reg § 4)
- identify and assess risks in the supply chain (EU-Reg § 5)
- design and implement a strategy to respond to identified risks (EU-Reg § 5)
- carry out an independent third-party audit of supply chain due diligence (EU-Reg § 6)
- report annually on supply chain due diligence (EU-Reg § 7)

WHAT, WHERE, WHO, WHY, ...WHAT?

- Different rules for upstream and downstream



WHAT, WHERE, WHO, WHY, ...WHAT?

- Upstream:
 - Most risky part of the supply chain
 - Mandatory rules on due diligence to comply with (incl. Importers)

- Downstream:
 - Less risky part of the supply chain
 - No obligation, but expected to comply;
 - e.g. sophisticated reporting tools, or similar to make due diligence more transparent

WHAT, WHERE, WHO, WHY, ...WHAT?

Controls:

- By law, each EU member state must check EU Importers compliance with the regulation
- Each EU Member States' respective authority will examine documents, audit reports and carry out on-the-spot inspections of importers premises (if needed)

WHAT, WHERE, WHO, WHY, ...WHAT?

How to know if a mineral is/was responsibly sourced:

- List of minerals by trade name and type
- Supplier details
- Country of Origin
- Quantities imported
- When mined
 - all of the above supported by respective documentation and recorded in internal Management system

WHAT, WHERE, WHO, WHY, ...WHAT?

Additional requirements for conflict minerals:

- Exact mine of origin
- Place of consolidation, processing and trade
- Taxes, Fees and Royalties paid
 - all of the above supported by respective documentation and recorded in internal Management system

WHAT, WHERE, WHO, WHY, ...WHAT?

Consequences of non-compliance:

- Order by respective authority to address the problem found and comply within a given deadline
- Follow-up(s) to ensure future compliance

Q & A

THANK YOU!

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