

Responsible minerals sourcing policy

Introduction, background and purpose of this policy

"Conflict Minerals" refers to minerals or other derivatives¹ (tin, tungsten, tantalum and gold, also referred to as 3TG,) mined in the eastern provinces of the Democratic Republic of the Congo (DRC) or other Conflict-Affected or High-Risk Areas (CAHRAs)² where revenues may be directly or indirectly financing armed groups engaged in civil war resulting in serious social and environmental abuses.

Human rights abuses are common in resource-rich conflict-affected and high-risk areas and may include child labour, sexual violence, the disappearance of people, forced resettlement and the destruction of ritually or culturally significant sites. These so-called 'conflict minerals' can be used in everyday products such as mobile phones and cars or in jewellery. As such, consumers are indirectly linked to conflicts that have severe impacts on human rights, in particular the rights of women, as armed groups often use mass rape as a deliberate strategy to intimidate and control local populations in order to preserve their interests. It is difficult for consumers to know if a product they have bought is funding violence, human rights abuses or other crimes overseas.

Regulations

In August 2012, the U.S. Securities Exchange Commission (SEC) published its final rule on a new provision (Section 1502) under the Dodd-Frank Act³ that requires listed companies to evaluate and disclose their use of "conflict minerals" sourced from the Democratic Republic of Congo (DRC) and adjoining countries. The "Conflict Minerals Report" essentially requires the country of origin to affirm whether its conflict minerals are "DRC conflict-free" and provide evidence proving this conclusion.

The EU regulation 2017/821 was published in 2017 and is in place as of January 1, 2021. This sets out different rules for upstream and for downstream companies:

- Upstream companies have to comply with mandatory rules on due diligence when they import, as this is the most risky part of the supply chain.
- Downstream companies fall into two categories:
 - Those importing metal-stage products also have to meet mandatory due diligence rules; and
 - Those operating **beyond the metal stage** do not have obligations under the regulation, but they are expected to use reporting and other tools to make their due diligence more transparent, including, for many large companies, those in the non-financial reporting directive.

Oldelft belongs to **downstream company that operates beyond the metal stage**. Oldelft is committed to responsible sourcing of minerals by adopting policy and supply chain due diligence management system consistent with OECD⁴ Due Diligence Guidance⁵ to identify, prevent, mitigate and, where appropriate, remediate risks associated with conflict minerals.


Oldelft policy

Oldelft is committed to sourcing responsibly and considers mining activities that fuel conflict as unacceptable. It is our intention to do our utmost to ensure that the products and components in our supply chain do not contain metals, which have contributed to conflict or serious human rights abuses in the Democratic Republic of Congo or other Conflict-Affected or High-Risk Areas.

Oldelft respects human rights in our own operations and our supply chains, as well as with the OECD Due Diligence Guidance and UN Guiding Principles.

Oldelft's efforts related to conflict minerals are also aligned to the work of the Electronic Industry Citizenship Coalition® (EICC®) and Global e-Sustainability Initiative (GeSI). The EICC's and GeSI's work includes the Conflict-Free Smelter Program and the Conflict Minerals Reporting Template (CMRT)⁶. The information contained in the Template constitutes a critical part of Oldelft's due diligence program.

¹ The Conflict Minerals Statutory Provision defines the term "conflict mineral" as cassiterite, columbite-tantalite, gold, wolframite, or their derivatives, or any other minerals or their derivatives determined by the Secretary of State to be financing conflict in the Covered Countries.
² Central Africa Republic, South Sudan, Zambia, Angola, The Republic of the Congo, Tanzania, Burundi, Rwanda and Uganda.
³ The Dodd-Frank Financial Reform Bill section 1502(b) was passed in the United States in July 2010.
⁴ The Organisation for Economic Co-operation and Development.
⁵ Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.
⁶ www.responsiblemineralsinitiative.org, CMRT is developed by the Responsible Minerals Initiative (RMI).

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Oldelft suppliers are required to:

- Conduct investigations of their supply chain to determine the origin of metals contained in products supplied to Oldelft in order to supply to Oldelft materials that are “conflict-free,” from socially responsible suppliers⁷.
- Adopt policies and perform supply chain due diligence management systems consistent with OECD Guidance to identify, prevent, mitigate and, where appropriate, remediate risks associated with minerals, including 3TGs and cobalt, as well as require their suppliers to adopt similar policies and practices.
- Fill in Oldelft form Declaration on Restricted Materials (025A023) to declare that the products or packaging supplied to Oldelft do NOT contain substances from the List of Declarable Substances or conflict minerals in concentrations above the limit values. In case it is not true, a supplier has to list any exemptions in the table on the next page of Declaration.

If supplier products contain requested minerals in their products, supplier is required to fill in the Conflict Mineral Reporting Template (CMRT) to provide Oldelft additional information on the presence of requested minerals in their products, data on the smelters and refiners in their respective supply chains and their due diligence measures.

This policy applies to: the selection and retention of all Oldelft direct (or “tier-one”) suppliers that provide materials that contain tin, tantalum, tungsten, gold and/or cobalt. Suppliers should pass this requirement through the supply chain and determine the source of specified minerals.

Suppliers who are non-compliant to these requirements shall be reviewed for future business where the following options will be considered: a) continue trade while simultaneously implementing measurable risk mitigation efforts, b) suspend trade temporarily while pursuing ongoing measurable risk mitigation efforts, or c) disengage with a supplier after failed attempts at risk mitigation

After this Oldelft will assess the risks of adverse impacts of suppliers’ operations and report findings of the supply risk assessment to the management.


To find further a correct strategy with each particular supplier, Oldelft considers all risks as listed in the OECD Annex II Model Supply Chain Policy⁸ of OECD Due Diligence Guidance.

References

- REGULATION (EU) 2017/821, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32018H1149>
- Dodd-Frank Financial Reform Bill section 1502(b).
- OECD (2016), OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas: Third Edition, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264252479-en>
- <https://ec.europa.eu/trade/policy/in-focus/conflict-minerals-regulation/regulation-explained/#due-diligence>
- <https://www.oecd.org/corporate/mne/mining.htm>

⁷ Minerals that are from recycled or scrap sources or that do not directly or indirectly finance armed groups through mining or mineral trading in the Democratic Republic of Congo, adjoining countries or any other CAHRAs as determined by regulatory bodies and as applied by RMI.

⁸ Model Supply Chain Policy for Responsible Global Supply Chains of Minerals from Conflict-Affected and High-Risk Areas).

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Annex A. Definitions

Conflict mineral

The term “conflict mineral” is defined in Section 1502(e)(4) of the Act as (A) columbite-tantalite, also known as coltan (the metal ore from which tantalum is extracted); cassiterite (the metal ore from which tin is extracted); gold; wolframite (the metal ore from which tungsten is extracted); or their derivatives; or (B) any other mineral or its derivatives determined by the Secretary of State to be financing conflict in the Democratic Republic of the Congo or an adjoining country.

Supply chain due diligence

“Supply chain due diligence” means the obligations of Union importers of tin, tantalum and tungsten, their ores, and gold in relation to their management systems, risk management, independent third-party audits and disclosure of information with a view to identifying and addressing actual and potential risks linked to conflict-affected and high-risk areas to prevent or mitigate adverse impacts associated with their sourcing activities.

REGULATION (EU) 2017/821

Conflict-affected and high-risk areas

“Conflict-affected and high-risk areas” means areas in a state of armed conflict or fragile post-conflict as well as areas witnessing weak or non-existent governance and security, such as failed states, and widespread and systematic violations of international law, including human rights abuses.

REGULATION (EU) 2017/821

Supply chain due diligence scheme

“Supply chain due diligence scheme” or “Due diligence scheme” means a combination of voluntary supply chain due diligence procedures, tools and mechanisms, including independent third-party audits, developed and overseen by governments, industry associations or groupings of interested organisations.

REGULATION (EU) 2017/821

Due diligence


The term “due diligence” means acting with reasonable care and investigating an issue before making a decision. In other words, it is an on-going, proactive and reactive process through which companies put in place systems and processes to make sure they are able to identify, manage and report on risks in their supply chain.

For the minerals which the regulation covers, this means companies must check that what they buy is sourced responsibly and does not contribute to conflict or other related illegal activities. Companies that practise due diligence first check how risky it is to source raw materials from a fragile or conflict-affected area. They assess the likelihood that those raw materials could be financing conflict, forced labour or other risks set out in the regulation. By checking their supply chains, they can then make sure that they manage those risks responsibly.

Risk-based due diligence

“Risk-based due diligence” refers to the steps companies should take to identify and address actual or potential risks in their mineral supply chain in order to prevent or mitigate any contribution to adverse impacts related to the extraction, production, trading, processing, handling and export of minerals associated with conflict-affected and high-risk areas. Risks are defined in relation to the potentially adverse impacts of a given company's operations, which result from the *company's own* activities or which may be directly linked to operations, products or services by its *business relationships* with third parties, including suppliers and other entities in the supply chain. Adverse impacts may include harm to people (i.e. external impacts), reputational damage or legal liability for the company (i.e. internal impacts), or both.

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