

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk-Areas

H.C. Starck Tantalum and Niobium Group Due Diligence Report for Raw Materials Supplies in Year 2019 (OECD 5-Step Report)

Reporting period 01-12/2019

1. Group Information

H.C. Starck Tantalum and Niobium GmbH is a leading global producer with over 60 years of experience in processing of a broad range of high-quality tantalum and niobium-based materials. Since July 1st, 2018, H.C. Starck Tantalum and Niobium GmbH has been a part of the JX Nippon Mining & Metals Group.

Our Locations:



Site information's:

H.C. Starck Tantalum and Niobium GmbH
Im Schleeke 78-91; D-38642 Goslar
RMI smelter ID: CID002545 for Tantalum
Assessment Scope: Tantalum
Assessment period: 01.10.2018 – 30.09.2019
Assessment Date: 14.11.2019
Assessment Company: SCS

H.C. Starck Smelting GmbH & Co. KG
Ferroweg 1; D-79725
RMI smelter ID: CID002550 for Tantalum
RMI smelter ID: CID002542 for Tungsten
Assessment Scope: Tantalum and Tungsten
Assessment period: 01.10.2018 – 30.09.2019
Assessment Date: 19.11.2019
Assessment Company: SCS

H.C. Starck Co., Ltd.
5, I-3A Road, Map Ta Phut; Industrial Estate Rayong 21150
RMI smelter ID: CID002544 for Tantalum
Assessment Scope: Tantalum
Assessment period: 01.10.2018 – 30.09.2019
Assessment Date: 28.11.2019
Assessment Company: SCS

H.C. Starck Ltd.
Hitachi Ohmiya-shi; Iberaki 319-2134 Mito
RMI smelter ID: CID002549 for Tantalum
Assessment Scope: Tantalum
Assessment period: 01.10.2018 – 30.09.2019
Assessment Date: 06.12.2019
Assessment Company: SCS

For more details see

[Locations](#)

2. Company Management System

Besides the RMAP assessments the H.C. Starck Tantalum and Niobium Group is certified according to ISO 9001, ISO 14001, some of its legal entities according to ISO 50001, and OHSAS 18001 as well. In addition to the HSEQ aspects the Senior Management has appointed a Manager for Raw Material Compliance responsible for supply chain management (RSCM) including the raw material due diligence process.

The Management Representative reports directly to the CEO / COO of the company. Within the RSCM, the Manager Raw Material Compliance coordinates the work of the relevant departments (incl. Supply Chain Management, Procurement, Quality Management, Customer Service) to ensure that each department follows up on its roles and responsibilities to implement the due diligence process. The process is documented in an IT document management system. Quality control was done by ISO 17025 certified own and service laboratories. All relevant departments undergo due diligence management system training when changes or risk have been identified. The focus in 2019 was the enhancement of the supplier qualification system in respect of the OECD Guidance and the EU regulation for Conflict Minerals and extension for scrap supplier.

3. Internal Systems of control

3.1 Company Supply Chain Policy

This policy is valid for the HCST Tantalum and Niobium GmbH and its affiliates H.C. Starck Smelting GmbH & Co.KG; H.C. Starck Ltd.; H.C. Starck Co., Ltd. and H.C. Starck Tantalum and Niobium USA LLC.

As responsible corporate citizens, we pursue excellence in fulfilling governmental, industrial and environmental standards worldwide. We are committed to comply to all relevant sanctions, in particular UN resolutions, as well as all national and international legislations.

With this policy, the whole H.C. Starck Tantalum and Niobium Group fully commits to the OECD Due Diligence Guidance on Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. As elaborated in Annex 2 of the guidance.

[Raw Material Policy](#)

3.2 Supplier Qualification

Before starting business with a new supplier (also sub-supplier), there is a detailed check conducted by Raw Material Compliance together with Procurement to identify risk in the supply chain according Annex 2 of the OECD Guidance and the EU regulation for Conflict Minerals. This is described in our supplier qualification system. This procedure as for qualification system is also used to requalify suppliers and sub-suppliers yearly.

3.3 Know Your Counterpart (Supplier)

All suppliers (Companies, Manager, Owners and beneficial Owners) undergo the **Know Your Counterpart** process as first step of the qualification. For the KYC Process we use information from supplier and from external source. This check is done in our SAP GTS system based on governmentally approved and own sanction lists.

For suppliers under the due diligence systems of iTSCi and BSP the KYC Check is done by iTSCi and BSP and therefore no documentation within H.C. Starck Tantalum and Niobium is needed.

3.4 Identification of CAHRAs

CAHRAs are identified by using different sources in the internet and are checked for links to the supplier. The sources are listed in the company guidance for CAHRA's check. If a potential risk is found, an onsite visit and audit at the supplier is mandatory.

In 2019, sourcing out of CAHRAs was only done within RMI and OECD approved due diligence systems.

3.5 Scope of Risk Assessment

For each raw material supplier, we do a risk mitigation according to Annex III of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk-Areas.

3.6 Internal Control

Each raw material delivery is internally controlled by the Manager Raw Material Compliance during internal audits and must fulfill the RMAP Standard. We made a quarterly mass balance for Tantalum and Tungsten.

All relevant documents and data are stored for a minimum of 5 years.

4. RMAP Assessment summary

H. C. Starck Tantalum and Niobium GmbH, H.C. Starck Smelting GmbH & Co., KG and H.C. Starck Co., Ltd. are a member of the ITRI Tin Supply Chain Initiative (iTSCi), that has developed a due diligence system for a transparent raw material supply chain in conflict regions and monitors the implementation of the system in their member companies. H.C.

Starck Tantalum and Niobium GmbH is also a full member of the Responsible Mineral Initiative.

Since 2011 the H.C. Starck Tantalum and Niobium GmbH and its affiliates H.C. Starck Smelting GmbH & Co.KG; H.C. Starck Ltd. and H.C. Starck Co., Ltd. are a continuously approved Conflict Free Smelter / Responsible Smelter.

In 2019 no risk in sourcing activities have been identified.

5. Risk Assessment (only High-Risk sourcing)

As an active member of ITSCi during this reporting period we received the following documents from ITSCi for each high-risk sourcing transaction:

- 1) Incident summary reports (monthly)
- 2) Mine Visit Recommendations including a list of mine sites with potential risks (it is advised that companies sourcing from these mine sites conduct enhanced due diligence and risk assessment)
- 3) Monthly country and region report, which review the general situation to the bottom
- 4) Data summary and other reports

This information is reviewed by the Manager Raw Material Compliance who informs the management and relevant people about due diligence risk he has identified in the documents.

The company has been using the Better Sourcing Program (BSP) during this reporting period to assess risks for each high-risk sourcing transaction. The program maps the company's upstream supply chain and provides the information/documents listed below. The information relates to each shipment of material, and can be accessed directly on the BSP software platform:

- 1) Mining company supplier due diligence program (e.g. KYS questionnaire, company registration, mining license, certificate of payment of taxes)
- 2) Governance information relating to operating/ country context of mining company supplier (e.g. political, economic and security situation, due diligence standards)
- 3) Mining company supplier baseline assessment report (BSP field agents conduct an initial baseline assessment of the OECD Guidance Annex II risks at each mine site)
- 4) Mining company supplier dynamic evaluation report (for each mine site, BSP field agents continuously monitor risks and incidents on the ground using a mobile application)

6. Risk Mitigation (only High-Risk sourcing)

ITSCI

We check with the iTSCi secretariat to obtain details of the risk mitigation process:

- 1) iTSCi identify the specific source of the material including the name of the producer and exporter
- 2) We are informed by iTSCi about the progress of risk mitigation for the reported risks in the subsequent reporting period.
- 3) We are informed by iTSCi about the methodology for addressing the risks including who performed risk mitigation activities
- 4) We get regular updates by iTSCi of the risk mitigation activities for relevant supply chains

BSP

Based on the findings of the initial baseline report and the dynamic evaluation report, BSP provides technical advice and helps the participating mining companies to close any gaps in due diligence management systems (e.g. develop a supply chain policy, establish a management structure), achieve traceability (e.g. develop an electronic tagging system) and respond to identified risks. Each identified risk is reviewed and scored on the basis of its severity (minor, moderate and major) while BSP provides a standardized protocol for how the risk can be mitigated in the short term and long term by the mining company. The effectiveness of mitigation is tracked and reported periodically by BSP field agents who are also involved in related engagement with affected stakeholders (e.g. local communities). The company assesses this data in consultation with BSP and supply chain participants as needed to infer whether additional risk mitigation action is required.

7. Grievance Mechanisms

If anyone presents grievances (employees as well as externally interested) in the procurement of raw materials in the supply chain of the H.C. Starck Tantalum and Niobium Group, he has the opportunity to contact H.C. Starck Tantalum and Niobium via “contact us” on our homepage. The message is then forwarded to the manager Raw Materials Compliance who will review it for plausibility and forward it to the management for further decision.

Or

The complainant uses the Grievance mechanism of the Responsible Minerals Initiative

[RMI Grievance Mechanism](#)

There, the RMI, as an independent institution, decides on the further course of action and follows the further course of action.

In 2019 there were no grievances related to the raw material supply chain of the H.C. Starck Tantalum and Niobium Group.

8. Reporting on Risks beyond Annex II

We checked all of the mines in North and South Kivu for the location of gorilla habitats and the risk for the mentioned gorillas. iTSCi has confirmed there is no tantalum mine in the iTSCi program which is in a national park. Also, no evidence was found that mining sites outside the national parks are near gorilla habitats.

Summary:

The implemented procedures and delivery checks are according to OECD guidance. No unknown risks have been identified.

Space for improvement is identified as well and will be incorporated according to JX regulation.

Goslar, June 26th, 2020

Frank Habig
Manager Raw Material Compliance
H.C. Starck Tantalum & Niobium GmbH