

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

TANI OBIS Group Due Diligence Report for Raw Materials Supplies in Year 2021 (OECD 5-Step Report)

Reporting period 01-12/2021

1. Group Information

TANI OBIS 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, TANI OBIS GmbH has been a part of the JX Nippon Mining & Metals Group

Our Locations:



Site information's:

TANI OBIS GmbH
Im Schleeke 78-91; D-38642 Goslar
RMI smelter ID: CID002545 for Tantalum

TANI OBIS Smelting GmbH & Co. KG
Ferroweg 1; D-79725
RMI smelter ID: CID002550 for Tantalum
RMI smelter ID: CID002542 for Tungsten

TANI OBIS Co., Ltd.
5, I-3A Road, Map Ta Phut; Industrial Estate Rayong 21150
RMI smelter ID: CID002544 for Tantalum
Assessment Company: Arche Advisors

TANI OBIS Japan Co., Ltd.
Hitachi Ohmiya-shi; Iberaki 319-2134 Mito

RMI smelter ID: CID002549 for Tantalum

For more details see

[Locations](#)

2. RMAP Assessment

TANI OBIS GmbH

RMI smelter ID: CID002545 for Tantalum

Assessment Scope: Tantalum

Assessment period: 01.10.2019 – 30.09.2021

Assessment Date: The planned assessment date in November 2020 has been postponed by RMI to November 2021 due to the Covid-19 pandemic.

Assessment Company: Arche Advisors

Result: TANI OBIS GmbH is conformant with the Assessment Standard for Tantalum (2017).

TANI OBIS 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: 01.10.2019 – 30.09.2021

Assessment Date: The planned assessment date in November 2020 has been postponed by RMI to November 2021 due to the Covid-19 pandemic.

Assessment Company: Arche Advisors

Result: TANI OBIS Smelting GmbH & Co. KG is conformant with the Assessment Standard for Tantalum (2017) and conformant with the Assessment Standard for Tungsten (2017).

TANI OBIS Co., Ltd.

5, I-3A Road, Map Ta Phut; Industrial Estate Rayong 21150

RMI smelter ID: CID002544 for Tantalum

Assessment Scope: Tantalum

Assessment period: 01.10.2019 – 30.09.2021

Assessment Date: The planned assessment date in November 2020 has been postponed by RMI to November 2021 due to the Covid-19 pandemic.

Assessment Company: Arche Advisors

Result: TANI OBIS Co., Ltd. is conformant with the Assessment Standard for Tantalum (2017).

TANI OBIS Japan Co., Ltd.

Hitachi Ohmiya-shi; Iberaki 319-2134 Mito

RMI smelter ID: CID002549 for Tantalum

Assessment Scope: Tantalum

Assessment period: 01.10.2019 – 30.09.2021

Assessment Date: The planned assessment date in November 2020 has been postponed by RMI to November 2021 due to the Covid-19 pandemic.

Assessment Company: Arche Advisors

Result: TANIOBIS Japan Co., Ltd. is conformant with the Assessment Standard for Tantalum (2017).

RMAP Assessment summary:

TANIOBIS GmbH, TANIOBIS Smelting GmbH & Co., KG and TANIOBIS 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. TANIOBIS GmbH is also a full member of the Responsible Mineral Initiative.

Since 2011 the TANIOBIS GmbH and its affiliates TANIOBIS Smelting GmbH & Co.KG; TANIOBIS Japan Co., Ltd. and TANIOBIS Co., Ltd. are a continuously approved Conflict Free Smelter / Responsible Smelter.

In 2021 no risk in sourcing activities have been identified.

Summary for the RMAP audits:

All audits are concluded without findings. But some points for improvement are identified.

These include, for example, the revision of the Raw Material Policy, the Grievance Mechanism, and the optimization of procedures.

3. Conformity with EU Regulation 2017/821, third party assessment

EU importers of tin, tantalum, tungsten, and gold are required by "REGULATION (EU) 2017/821 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas", must have a 3rd party verification performed for each year to document compliance with the requirements of the Directive. The proof of verification is part of the documentation to be submitted to the National Competent Authority (DEKSOR for Germany) upon request.

TANIOBIS GmbH

Assessment Scope: Tantalum

Assessment period: 01.01.2021 – 31.12.2021

Assessment Date: 10. and 11.05.2022

Assessment Company: Arche Advisors

Result: TANIOBIS GmbH is conformant with the EU Regulation.

The audit identified several points for improvement that will be worked through in the current 2022 year.

These include, for example, the revision of the Raw Material Policy, the Grievance Mechanism, and the optimization of procedures.

4. Company Management System

Besides the RMAP assessments (Responsible Minerals Assurance Process by Responsible Minerals Initiative) the TANIOBIS Group is certified according to ISO 9001, ISO 14001, some

of its legal entities according to ISO 50001, and ISO 45001 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 laboratory in Map Ta Phut and contracted laboratories. All relevant departments undergo due diligence management system training when changes or risk have been identified. In 2021 was a continue process on improving the supplier qualification system in relation to the OECD Guidelines and the EU Conflict Minerals Regulation and the extension for scrap suppliers, as well as on the introduction of a new document management system.

5. Internal Systems of control

5.1 Company Supply Chain Policy

This policy is valid for the TANI OBIS GmbH and its affiliates TANI OBIS Smelting GmbH & Co.KG; TANI OBIS Japan Co., Ltd.; TANI OBIS Co., Ltd. and TANI OBIS 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 TANI OBIS 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.

The acceptance of our Raw Material Policy is part of each order.

[Raw Material Policy](#)

5.2 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.

5.3 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. Where possible, subcontractors are also checked in the same way.

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 TANI OBIS is needed. Spot checks are additionally carried out.

5.4 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. Furthermore, the indicative EU CAHRAS list is used for assessment. If a potential risk is found, an onsite visit and audit at the supplier is mandatory. The process based on the EU-Regulation and the COMMISSION RECOMMENDATION (EU) 2018/1149 of 10 August 2018

In 2021, sourcing out of CAHRAs was only done within RMI and OECD approved due diligence systems.

Audits at suppliers were not possible in 2021 due to the Covid pandemic travel restrictions.

5.5 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.

5.6 Internal Control

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

All relevant documents and data are stored for a minimum of 5 years. All due diligence documents for the deliveries are stored also in electronic files on a server.

The traceability of all procured and used raw materials including quantities, analyses etc. is guaranteed by the SAP system.

5.7 Intermediates

All intermediates processed by the group in 2022 were sourced from smelters/refiners that are listed by the RMI as RMAP conformant tantalum and tungsten smelters. Tin Slag is only sourced from smelters/refiners that are listed by the RMI as RMAP conformant tin smelters.

6. 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) ITSCI Traceability reports including Baseline Audit Reports for the mines
- 2) Incident summary reports (monthly)
- 3) 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)
- 4) Monthly country and region report, which review the general situation to the bottom
- 5) ITSCI Alerts for risk in the supply chain
- 6) 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 iTSCI documents listed above have been visible to all relevant persons in the document management system since 2020 and are archived there.

The Company did not utilize the Better Sourcing Program (BSP) to assess risk for each high-risk sourcing transaction during this reporting period, as no procurements were made under this due diligence system. The program maps the company's upstream supply chain and provides the information/documents listed below. The information relates to each material delivery and can be accessed directly through the BSP software platform:

- 1) Translated with www.DeepL.com/Translator (free version) 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)

In 2021, there were no deliveries under the BSP system.

7. 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

We check, if necessary, also with other source risk in the supply chain.

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.

8. Grievance Mechanisms

If anyone presents grievances (employees as well as externally interested) in the procurement of raw materials in the supply chain of the TANI OBIS Group, he has the opportunity to contact TANI OBIS via "contact us" on our homepage. The message is then

forwarded to the Manager Raw Materials Compliance who will reviews 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 2021 there were no grievances related to the raw material supply chain of the TANI OBIS Group. In 2022, the Grievance process will be revised to meet the requirements of the new Whistleblower Protection Act expected in 2022. This German law is the implementation of Directive (EU) 2019/1937.

9. Reporting on Risks beyond Annex II

In addition, supply chain risk assessment includes evaluating the location of a resource (mine) in relation to a protected area or world heritage site.

10. Summary:

The implemented procedures and delivery checks are according to OECD guidance and according to the REGULATION (EU) 2017/821 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas. No unknown risks have been identified.

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

- Implementation of KYC as a part of supplier approval process for non-3TG raw materials.
- Analysis of the Supply Chain Act Germany for voluntary measures in raw material procurement.
- Implementation of the upcoming German Whistleblower Protection Act, which is the implementation of Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report infringements of Union law. The Grievance mechanisms will be integrated into these processes accordingly.

Goslar, June 3th, 2022

Frank Habig

Manager Raw Material Compliance

TANI OBIS GmbH