

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 2023 (OECD 5-Step Report)

Reporting period 01-12/2023

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

[our-sites](#)

2. RMAP Assessment

TANI OBIS GmbH

RMI smelter ID: CID002545 for Tantalum

Assessment Scope: Tantalum

Assessment period: 09.10.2021 – 31.01.2023

Assessment Date: 27.03.2023 – 29.03.2023

Assessment Company: Arche Advisors

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

Two non-conformances were identified.

a) CAHRAS procedure was not sufficiently detailed in some criteria.

b) No clear statement of support for the Extractive Industry Transparency Initiative (EITI) in the policy

Both non-conformances were successfully closed by the auditor and RMI during the CAP process.

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: 10.01.2021 – 31.01.2023

Assessment Date: 31.03.2023

Assessment Company: Arche Advisors

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

Two non-conformances were identified.

a) CAHRAS procedure was not sufficiently detailed in some criteria.

b) No clear statement of support for the Extractive Industry Transparency Initiative (EITI) in the policy

Both non-conformances were successfully closed by the auditor and RMI during the CAP process.

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: 15.10.2021 – 28.02.2023

Assessment Date: 09.05.2023 -12.05.2023.

Assessment Company: Arche Advisors

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

Three non-conformances were identified.

a) CAHRAS procedure was not sufficiently detailed in some criteria.

b) No clear statement of support for the Extractive Industry Transparency Initiative (EITI) in the policy

c) One sub-supplier did not correctly declare the material to be exported to the Congolese authorities, the analysis of the tantalum content deviated significantly from the invoiced content.

All non-conformances were successfully closed by the auditor and RMI during the CAP process.

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: 30.10.2021 – 31.03.2023

Assessment Date: 16.05.2023 – 17.05.2023

Assessment Company: Arche Advisors

Result: TANI OBIS Japan Co., Ltd. Was non-conformant with the Assessment Standard for Tantalum (2017).

Two non-conformances were identified.

a) CAHRAS procedure was not sufficiently detailed in some criteria.

b) No clear statement of support for the Extractive Industry Transparency Initiative (EITI) in the policy

Both non-conformances were successfully closed by the auditor and RMI during the CAP process.

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

RMAP Assessment summary:

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

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

Summary non-conformances for the RMAP audits:

1. CAHRAS procedure was not sufficiently detailed in some criteria:
The CAHRAS Process was adapted according to the auditor's recommendations. A appropriate CAHRAS analysis was carried out. The CAHRAS process is performed centrally, so it was the same non-conformance in all RMAP audits.
2. No clear statement of support for the Extractive Industry Transparency Initiative (EITI) in the policy:
TANI OBIS Group is not a mining company and therefore has no direct contact with the EITI. The policy includes that TANI OBIS, where appropriate, supports its suppliers and the countries from which raw materials are sourced in reporting to the EITI.
The Policy is for the group, so it was the same non-conformance in all RMAP audits.
3. One sub-supplier did not correctly declare the material to be exported to the Congolese authorities, the analysis of the tantalum content deviated significantly from the invoiced content. As a corrective measure, the tax process of some countries was determined and documented. The correct taxation is now part of the check for each goods receipt. The direct suppliers were requested to carry out this check at the sub-suppliers.
This non-conformance was only in one RMAP audit.

Also some points for improvement are identified.

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

3. Company Management System

Besides the RMAP assessments (Responsible Minerals Assurance Process by Responsible Minerals Initiative) the TANI OBIS 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 2023 was a continue process on improving due diligence control documentation at each approval of single deliveries by Manager Raw Material Compliance in a database called Osiris. Started first at TANI OBIS GmbH and for TANI OBIS Smelting GmbH & Co., KG. In 2023 also the system was implemented at TANI OBIS Co., Ltd..

4. Internal Systems of control

4.1 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, update in 2023, 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](#)

4.2 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 active suppliers and sub-suppliers yearly.

4.3 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 as an improvement we started also to make the KYC check at this suppliers.

The KYC data are collected also in the OSIRIS System.

4.4 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 2023, sourcing out of CAHRAs done within RMI and OECD approved due diligence systems and with additional measurements for some areas. Several mines in North Kivu are blocked during 2023.

In end of 2022 TANI OBIS conducted together with Arch Advisors a Risk Assessment for suppliers out of Ethiopia (Oromia south region, Kenticha mining area). The result was a low risk for this region, the transport route and the suppliers.

During the On The Ground Assessment, the following improvement points were identified:

- Implementation of management systems, policies and processes
- Know Your Counterpart process below the trader level among the cooperatives and their members
- Install a chain of custody/traceability system between mines and traders.

The implementation of the required measures will be supported by TANI OBIS. A second Risk Assessment was done by Arche Advisors in 2023 ordered by a supplier for new sub-suppliers in Ethiopia. Result is the same as before.

4.5 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.

4.6 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.

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.

4.7 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.

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) 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) Mining company supplier due diligence program (e.g. KYC 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 2022, there were no deliveries under the BSP system.

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

We check, if necessary, also with other source risk in the supply chain. As an example the correct taxation of the exported materials.

We check every iTSCI Traceability Report and ask iTSCI if anything is unclear or errors in order to rule out risks in our 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.

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 TANI OBIS Group, he could 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 2023 there were no grievances related to the raw material supply chain of the TANI OBIS Group. In 2022, the Grievance process was checked according to the new German law Whistleblower Protection Act. The Grievance process fulfilled the law. This German law is the implementation of Directive (EU) 2019/1937.

8. 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.

9. 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.

- Analysis of the European Supply Chain Act after implementation for all procurement activities.
- Implement additional plausibility check for sources in CAHRAS

Goslar, May 31st, 2024

Frank Habig
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TANI OBIS GmbH