

## Public Due Diligence Report for Responsible sourcing

Date: June 28, 2019

Responsible Senior Manager: Inge Hofkens

Responsible manager: Bernard Rademakers

### **Company Information**

Metallo is a recycling and refining company, valorizing complex non-ferrous secondary scrap and materials and returning metals (including Tin Metal) back into the value chain.

Metallo consists of two companies, Metallo Belgium (CID 002773), located in Beerse (B), established in 1919 and Metallo Spain (CID 002774), located in Berango (E), established in 1991. Both companies work closely together using a unique technology and know-how, accepted as Best Available Technique, to minimize the impact of our activities on people, environment and climate.

As of February 1, 2018 both companies form one company, the Metallo group.

Metallo Spain produces "black copper" from low grade copper bearing materials (ashes, residues, slag, copper/irony scrap, ...) in the same way as the "smelting process" of Metallo Belgium (see below). The black copper produced in Spain can be sold to third parties, but will be normally further processed at Metallo Belgium. Metallo Spain consumes also lead- tin bearing materials for the production of solder shots, which will be further used by Metallo Belgium.

Metallo Belgium produces Copper, Lead and Tin materials and intermediates.

Metallo is a member of the International Tin Association (ITA) and the Responsible Minerals Initiative (RMI). Metallo is certified according to ISO 9001:2015 and ISO 14001:2015.

### **RMAP Assessment Summary**

Metallo was last assessed in March 22-23, 2018 Beerse and in March 24-25, 2018 in Berango under the Conflict Free Smelter Program (CFSP).

The next assessment under the new Responsible Minerals Assurance Process (RMAP) is scheduled for 25-26 June, 2019 in Beerse and 27-28 June in Berango for the following assessment period: Januari 1, 2018 – December 31, 2018.

**Company Supply Chain Policy**

Metallo has developed and implemented a Supply Chain Policy in order to avoid the use of conflict minerals, which directly or indirectly finance or benefit armed groups or other serious human rights abuses in Conflict Affected or other High Risk Areas. The Supply Chain Policy is fully aligned with the 3<sup>rd</sup> edition of the OECD Due Dilligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-risk Areas. It covers all the risks listed in Annex II of the guidance. Metallo is committed to addressing these identified risks. Metallo has made the policy publicly available on the website and has communicated the policy to relevant stakeholders.

**Company Management Systems****Management structure**

Metallo is lead by the board of directors and management team, who all are committed, each in its own responsibilities to the Due Diligence requirements covered by the policy.

The daily management of Metallo is in the hands of the CEO Mr. Dirk Vandenberghe in Beerse and Valentin Casado in Berango.

The company has assigned the Chief Sales Officer, Mrs Inge Hofkens, responsible for the Tin supply chain as Senior Manager for the Due Dilligence Program. Responsible to coordinate the work of all the relevant departments (including the Sales Department, the Logistics Department, the Quality Department and the Sustainable Development Department) involved, and to respond to any potential risks or red flags identified.

**Internal Systems of Control**

Metallo has started to implement the new standard and align its Due Diligence program further with the OECD Guidance as of May 2018, after the training held by RMI in Budapest.

The company updated the Supply Chain Policy in June 2018, and updated this again in April 2019. The Policy is publicly available at the website.

The company has incorporated the due diligence requirements via the KYC inquiry and via agreements with direct suppliers.

During visits at and meetings with direct suppliers, Due Dilligence requirements and KYC are part of the conversation.

To prevent from Sourcing from CAHRAs, Metallo has provided training for all people involved at the beginning of 2019. Both the Backoffice as the Commercial people (TG7) received this training resulting in a better awareness towards Responsible Sourcing in the supply Chain.

For example the sourcing via Manutouch (beginning of 2019) was held back to receive more information on origin.

### Record Keeping System

Metallo requires that all records relating to the supply chain like contracts and the due diligence program are maintained for at least 5 years and stored in the company database as stated in the Management systems.

The program used by Metallo Belgium and Spain is GAN (for Metallo Spain GAN replaced the IBM-system as of February 2, 2019).

### **Risk identification**

Referring to the Supply Chain Policy, Metallo aims at preventing or mitigating all risks identified in Annex II of the OECD Guidance:

- Serious abuses associated with the extraction, transport or trade of minerals;
- Direct or indirect support to non-state armed groups;
- Direct or indirect support to public or private security forces who control mine sites, transportation routes and upstream actors;
- Bribery and fraudulent misrepresentation of the origin of minerals;
- Money laundering;
- Payments of taxes, fees and royalties to governments.

For this, Metallo has implemented a few steps to identify these risks in the supply chain.

In a first step, Metallo has implemented a Know Your Counterparty (KYC) due diligence procedure to include information concerning supplier legal status and identity and potential that any risks identified in Annex II of the OECD Guidance exists.

All suppliers have completed or will have to complete and return a KYC form before any transaction is possible. Incomplete information or inconsistencies in the KYC-form will lead to a request to update the form before a transaction will take place.

In a second step, Metallo has implemented a procedure to identify "Conflict-Affected and High-Risk Areas" (CAHRAs) and to identify red flags in the supply chain. The procedure will apply to all suppliers of primary material. The procedure includes the resources used, the criteria to define a CAHRA and the frequency to review the procedure.

The following resources are used to determine the CAHRAs:

- The Heidelberg Conflict Barometer: This indicator allows companies to detect the presence of armed conflict and violence through the use of an annually updated world listing of countries.  
The country or area which has a (sub)national ranking of 4 or higher in the region of origin or transit routes will be identified as CAHRA and transaction will be considered as a red flag.

- The fragile states index: this indicator detects risks of harm to human rights. The country (or sub-region) is classified as a CAHRA when the indicated score is 100 or higher.

All high risk countries will be registered in an overview "CAHRAs Metallo", this list has been drafted in April 2019 and will be reviewed annually. This list will also be applicable to transit routes.

It is the intention and policy at Metallo not to source from a CAHRA.

Not only to prevent from sponsoring and promoting conflicts, armed groups or human rights violations, but also to prevent from the required assessments when sourcing from CAHRAs

#### Identified risks Metallo Belgium

There were no risks identified at Metallo Belgium.

Metallo in Belgium is sourcing primary material, but only Hardhead material from compliant smelters or in some cases Sn concentrates from low risk countries or areas.

A point of attention is the backlog in KYC' s for customers with an long lasting relationship with Metallo. For this Metallo has already started several actions and the customers will be requested to complete the KYC as well.

#### Identified risks Metallo Spain

The were also no risks identified at Metallo Spain.

Metallo Spain is mainly sourcing secondary materials, and only in one case Primary material is sourced from a local mine in Spain.

#### In general

It should be noted that of all sourced material at Metallo, only 0,88% of the total sourced shipment weight is primary material.

And from the total sourced Tin weight in 2018, only 3.19% was considered as primary material.

So only a small part of the total sourced material at Metallo is primary material for which a risk identification is required.

As stated above, Metallo will not source primary material from CAHRA's.

In the case where this would happen, Metallo will follow the high risk sourcing methodology and chain of custody assessment as described in the OECD guidance.

For this, all primary material sourced from a CAHRA will be classified as high risk.

Risk Assessment (high Risk Sourcing only)

Not applicable