

## EU conflict Minerals Report

**1. (US Step 1 bullet 1) Supply chain policy for the minerals and metals potentially originating from conflict-affected and high-risk areas;** Materion has adopted and clearly communicated its policy for minerals and metals originating from CAHRAs, in line with standards set by the OECD Due Diligence Guidance, and publishes their policy on their website at [x](#)

9.5.2017 EN Official Journal of the European Union L 130/7 (b) incorporate in their supply chain policy standards against which supply chain due diligence is to be conducted consistent with the standards set out in the model supply chain policy in Annex II to the OECD Due Diligence Guidance;

**2. (US Step 1 bullet 2) Structure internal management systems to support supply chain due diligence by assigning responsibility to senior management;**

**3. (US Step 2 bullet 2) Maintain records of those systems for a minimum of five years;**

**4. (US Step 1 bullet 4) Strengthen their engagement with suppliers by incorporating their supply chain policy into contracts and agreements with suppliers consistent OECD Guidance;**

**5. (US Step 1 bullet 7) Establish a grievance mechanism as an early-warning risk-awareness system or provide such mechanism through collaborative arrangements with other economic operators or organisations, or by facilitating recourse to an external expert or body, such as an ombudsman;**

**6. (US Step 2 bullet 4) Operate a chain of custody or supply chain traceability system that provides for identified minerals documentation on:**

- description of the mineral, including its trade name and type;

- name and address of the supplier to the Union importer;

- country of origin of the minerals;

- quantities and dates of extraction, if available, expressed in volume or weight;

**7. Where minerals originate from conflict-affected and high-risk areas** or, where other supply chain risks as listed in the OECD Due Diligence Guidance have been ascertained by the Union importer, additional information in accordance with the specific recommendations for upstream economic operators, as set out in the OECD Due Diligence Guidance, such as

-the mine of mineral origin, locations where minerals are consolidated, traded and processed, and taxes, fees and royalties paid;

Operate a chain of custody or supply chain traceability system that provides, supported by documentation, the following information:

(i) description of the metal, including its trade name and type;

(ii) name and address of the supplier to the Union importer;

(iii) name and address of the smelters and refiners in the supply chain of the Union importer;

(iv) if available, records of the third-party audit reports of the smelters and refiners, or evidence of conformity with a supply chain due diligence scheme recognised by the Commission pursuant to Article 8;

(v) if the records referred to in point (iv) are not available: — countries of origin of the minerals in the supply chain of the smelters and refiners, — where metals are based on minerals originating from conflict-affected and high-risk areas, or other supply chain risks as listed in the OECD Due Diligence Guidance have been ascertained by the Union importer, additional information in accordance with the specific recommendations for downstream economic operators set out in that Guidance;

- (h) as regards by-products, provide information supported by documentation as from the point of origin of those byproducts, namely the point where the by-product is first separated from its primary mineral or metal falling outside the scope of this Regulation. L 130/8 EN Official Journal of the European Union 19.5.2017 Article 5 Risk management obligations

#### **8. 1. Union importers of minerals shall:**

**9. (US Step 3 bullet 1) (a) identify and assess the risks of adverse impacts in their mineral supply chain** on the basis of the information provided pursuant to Article 4 **against the standards of their supply chain policy**, consistent with Annex II to, **and the due diligence recommendations** set out in, the OECD Due Diligence Guidance;

**10. (US Step 3 bullet 2) (b) implement a strategy to respond to the identified risks designed so as to prevent or mitigate adverse impacts by:**

**11. (US Step 3 bullet 1) (i) reporting findings of the supply chain risk assessment to senior management designated for that purpose**, in cases where the Union importer is not a natural person;

**12. (US Step 3 bullet 4) (ii) adopting risk management measures** consistent with Annex II to, **and the due diligence recommendations** set out in, the OECD Due Diligence Guidance, **considering their ability to influence, and where necessary take steps to exert pressure on suppliers who can most effectively prevent or mitigate the identified risk, by making it possible either to: — continue trade while simultaneously implementing measurable risk mitigation efforts, — suspend trade temporarily while pursuing ongoing measurable risk mitigation efforts, or — disengage with a supplier after failed attempts at risk mitigation;**

**13. (US Step 3 bullet 4) (iii) implementing the risk management plan; monitoring and tracking performance of risk mitigation efforts; reporting back to senior management designated for this purpose**, in cases where the Union importer is not a natural person; **and considering suspending or discontinuing engagement with a supplier after failed attempts at mitigation;**

**14. (US Step 3 bullet 6) (iv) undertaking additional fact and risk assessments for risks requiring mitigation, or after a change of circumstances.**

**15. 2. If a Union importer of minerals pursues risk mitigation efforts while continuing trade or temporarily suspending trade, it shall consult with suppliers and with the stakeholders concerned, including local and central government authorities, international or civil society organisations and**

affected third parties, and agree on a strategy for measurable risk mitigation in the risk management plan.

**16. 3.** Union importers of minerals shall, in order to **design conflict and high-risk sensitive strategies for mitigation in the risk management plan**, rely on the measures and indicators referred to in Annex III to the OECD Due Diligence Guidance **and measure progressive improvement**.

**17. 4.** Union importers of metals shall **identify and assess**, in accordance with Annex II to the OECD Due Diligence Guidance and the specific recommendations set out in that Guidance, **the risks in their supply chain based on available third-party audit reports concerning the smelters and refiners in that chain, and, by assessing, as appropriate, the due diligence practices of those smelters and refiners**. Those audit reports shall be in accordance with Article 6(1) of this Regulation. In the absence of such third-party audit reports from the smelters and refiners in their supply chain, Union importers of metals shall identify and assess the risks in their supply chain as part of their own risk management system. In such cases, Union importers of metals shall carry out audits of their own supply chain due diligence via an independent third-party in accordance with Article 6 of this Regulation.

**18. 5.** In cases where they are not natural persons, Union importers of metals shall **report the findings of the risk assessment referred to in paragraph 4 to their senior management designated for this purpose and they shall implement a response strategy designed to prevent or mitigate adverse impacts**, consistent with Annex II to the OECD Due Diligence Guidance and with the specific recommendations set out in that Guidance. 19.5.2017 EN Official Journal of the European Union L 130/9 Article 6 Third-party audit obligations

**19. 1. (US Step 4)** Union importers of minerals or metals shall carry out audits via an independent third party ('third-party audit'). That third-party audit shall:

**20. (US Step 1 bullet 5)** (a) include in its scope all of the Union importer's activities, **processes and systems used to implement supply chain due diligence regarding minerals or metals**, including the Union importer's **management system, risk management, and disclosure of information** in accordance with Articles 4, 5 and 7 respectively;

**22. (US Step 1 bullet 3)** (b) have as its **objective the determination of conformity** of the Union importer's **supply chain due diligence practices** with Articles 4, 5 and 7;

**23. (c)** **make recommendations** to the Union importer **on how to improve its supply chain due diligence practices**; and

**24. (d)** *respect the audit principles of independence, competence and accountability*, as set out in the OECD Due Diligence Guidance.

**25. 2. (US Step 4)** Union importers of metals shall be **exempted from the obligation to carry out third-party audits** pursuant to paragraph 1 **provided they make available substantive evidence, including third-party audit reports, demonstrating that all smelters and refiners in their supply chain comply with this Regulation**. The requirement of substantive evidence shall be deemed to be fulfilled where Union importers of metals demonstrate that they are sourcing exclusively from smelters and refiners listed by the Commission pursuant to Article 9. Article 7 Disclosure obligations

**26. 1. Union importers of minerals or metals shall make available to Member State competent authorities the reports of any third-party audit carried out** in accordance with Article 6 or evidence of conformity with a supply chain due diligence scheme recognised by the Commission pursuant to Article 8.

**27. 2. Union importers of minerals or metals shall make available to their immediate downstream purchasers all information gained and maintained pursuant to their supply chain due diligence with due regard for business confidentiality and other competitive concerns.**

**28. (US Step 5) 3. Union importers of minerals or metals shall, on an annual basis, publicly report as widely as possible, including on the internet, on their supply chain due diligence policies and practices for responsible sourcing.** That report shall **contain the steps taken by them to implement the obligations as regards their management system** under Article 4, **and their risk management** under Article 5, **as well as a summary report of the third-party audits, including the name of the auditor,** with due regard for business confidentiality and other competitive concerns.

**29. 4. Where a Union importer can reasonably conclude that metals are derived only from recycled or scrap sources,** it shall, with due regard for business confidentiality and other competitive concerns: (a) publicly disclose its conclusion; and (b) describe in reasonable detail the supply chain due diligence measures it exercised in reaching that conclusion.

List of global responsible smelters and refiners' template referred to in Article 9 Column A: Name of smelters and refiners in alphabetical order Column B: Address of the smelter or refiner Column C: \* indicator, if the smelter or refiner sources minerals originating from conflict-affected and high-risk areas

A B C
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