



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

Global Tungsten & Powders Corp. Due-Diligence Report for Mineral Supplies from Conflict Affected and High-Risk Areas for GTP FY2017-18 (March 1, 2017 – February, 2018).

Global Tungsten and Powders Corp (GTP) located in Towanda, PA, is a leading manufacturer of tungsten powders (APT, Oxides, Carbides, Tungsten Metal Powders) and semi-finished tungsten products. GTP is a wholly owned subsidiary of Austrian based Plansee Group, a privately held company located in Reutte, Austria.

The main sources of raw materials to GTP's tungsten smelter includes tungsten concentrates and tungsten containing secondary raw materials (scrap). GTP also uses a minor amount of tungsten intermediates including sodium tungstate (ST), ammonium paratungstate (APT) and tungsten containing oxides (BTO/YTO).

GTP mainly sources tungsten concentrates from a group of tungsten mines around the world with which GTP has long-term supply agreements. Although GTP does not own a mine, GTP has actively been supporting the development of tungsten mines around the world through long-term commitments to buy (supply agreements), financial support (loans and bank guarantees) and shares in a mining company. It is the strategy of GTP to mainly source tungsten concentrates directly from mines through long-term supply agreements. However, GTP also sources a smaller amount of concentrates via traders who have agreements with smaller mines or have expertise in sourcing from regions of the world that require local presence to source responsibly. Thus, GTP has long-term supply agreements also with traders that focus on certain regions. GTP sources scrap directly from generators, from customers, from Plansee Group affiliates and from scrap collectors and dealers.

As it is not possible to smelt tungsten in the same way as for other metals because the processing of tungsten concentrates in metal requires extensive processing, GTP and the tungsten industry as a whole, considers all tungsten containing scraps as conflict-free and are as such not discussed in the included report.

The current report focuses principally on compliance with the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* as it pertains

to supply from the Conflict Region in and around the Democratic Republic of Congo (the covered Countries) as defined in the US Dodd-Frank Wall Street Reform and Consumer Protection Act under section 1502 on the Conflict Minerals. This report is structured so that it can be expanded in the near future to also cover other Conflict-Affected and High-Risk Areas (so-called CAHRA).

To ensure that all the suggestions outlined in the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* are covered in this report and to facilitate review by the audience, this report is structured using the 5-Step approach including the suggested sub-categories as outlined and published by the Responsible Minerals Initiative (White Paper, April 2017).

OECD Step 1: Establish a strong company management system

As set forth in our Supplier Policy and Code of Conduct, GTP and the Plansee Group is committed to responsible sourcing of all our raw materials and we require that all suppliers are committed to equally high standards.

GTP implemented and published its first Conflict Minerals Policy on our web-site in 2013. Due to our own and GTP's customers concern related to ensuring responsible sourcing from the Conflict Region, GTP did not source from the Covered Countries for several years. This decision was clearly stated in GTP's first Conflict Minerals Policy. After thorough review and in consultancy with its customers and stakeholders, GTP decided to change the policy in 2016 and started sourcing from the Covered Countries. Also, a new policy was implemented and published in 2016. The latest policy was published in connection with the publication of this report on the GTP website.

GTP has structured its tungsten raw material procurement with one raw materials purchasing manager being responsible for the procurement of all tungsten raw materials for GTP. The purchasing manager is the gate-keeper for GTP and oversees that all purchases of tungsten raw materials are fully documented and that no conflict containing minerals enter the GTP supply chain. This purchasing manager for GTP was extensively involved in conflict minerals issues prior to and during the implementation of the Dodd-Frank Act and has served as a board member of the TI-CMC since its initiation. The raw materials purchasing manager reports directly to the President and CEO of GTP.

As one of the largest consumer of tungsten concentrates worldwide, GTP has over the years developed an extensive database of chemical analyses of tungsten and this database is used for screening and finger-printing of incoming materials. All changes in chemical composition are treated as a red-flag and require further review prior to processing at GTP.

GTP primarily sources tungsten concentrates from larger mines with which GTP has long-term supply agreements. To ensure a stable supply of raw materials for its tungsten production and strengthen its engagement with suppliers, GTP has over the past 20 years actively been supporting the development of tungsten mines both via guaranteeing sale of products from the mines via long-term supply agreements as well as loans and guarantees. GTP conducts intensive

reviews of all suppliers prior to entering into a supply agreement and all suppliers are legally bonded to adhere to GTP's Supplier Policy, Code of Conduct as well as its Conflict Minerals Policy.

Any issues or concerns related to conflict minerals are to be reported directly to the raw materials purchasing manager. In addition, GTP has for several years had a grievance mechanism in place that enables all employees at GTP to anonymously communicate their concerns. Any communications received are taken very seriously and are investigated and handled directly by a member of the GTP management team.

Related to GTP's supply from the Conflict Region, GTP relies on the iTSCi grievance mechanism. As the grievance mechanism under the Responsible Minerals Initiative's is developing, GTP expects to be using this as an additional source of information.

OECD Step 2: Identify and assess risks in the supply chain

GTP conducts intensive legal reviews of potential long-term suppliers both related to the mining company and the jurisdiction where the mining company is operating. Thus, GTP considers all supply from larger mines with which GTP has long-term supply agreements as low risk and limited review is conducted on individual shipments apart from regular finger printing.

All supply from other sources require further review by GTP, including full documentation on all shipments (e.g. original country of origin certificate from government or other official source; complete documentation on transportation from mine to GTP).

GTP's sourcing from the Conflict Region is conducted exclusively via one company with long-term presence and experience in the region. GTP only sources material that is fully documented and traced using the iTSCi-tagged material.

Occasionally, GTP sources downstream containing tungsten products (ST, APT, oxide) from other tungsten smelters. GTP sources these products exclusively from validated conflict-free smelters. As a major tungsten producer with long-term knowledge of the tungsten industry, and a member of the International Tungsten Industry Association (ITIA) and TI-CMC, GTP has market intelligence to independently review other smelters and the risk in their supply chain as it pertains to supply to GTP.

OECD Step 3: Design and implement a strategy to respond to identified risks

GTP's sourcing strategy with focus on larger mines and long-term supply agreements, enables GTP to reduce the risk of contributing to conflict through its sourcing of raw materials. GTP's supply agreements provide contractual obligations for suppliers to adhere to GTP's Supplier Policy, Code of Conduct and Conflict-free Policy as well as the ability for GTP to reject any material that is not sourced according to these policies. GTP's supply agreements also provide GTP with

the ability to seek damage for breach of these policies, strongly encouraging suppliers to ensure that all supply to GTP is in accordance with the agreement and GTP's policies.

The raw materials purchasing manager for tungsten raw materials reports directly to the president and CEO of GTP ensuring that full management support is ensured within GTP.

OECD Step 4: Carry out independent third-party audit

GTP was the first tungsten smelter to be audited by the Conflict-Free Smelter Initiative (CFSI) under the Conflict Free Smelter Program (CFSP) in December 2013 and the first tungsten smelter to be assessed conflict-free in January 2014. GTP was re-audited in January of 2015 and latest in April of 2018 also by the CFSI.

GTP's sourcing from the Conflict Region is exclusively conducted via one supplier who is a full member of iTSCi, thus all supplies from this supplier are covered by iTSCi and the independent audit of the exclusive supplier which was conducted latest in April 2018. The direct supplier to GTP cannot be revealed due to the confidentiality agreement with the supplier.

OECD Step 5: Report annually on the supply chain due diligence.

This report includes general information on the supply due-diligence carried out by GTP as recommended by the OECD. This report covers the period 1 March 2017 – 28 February 2018 and is aligned with the independent smelter audit period.

In the period reported, 97% of GTP's supply was from what GTP assess as low-risk sources (secondary raw materials, supply from industrial mining operations with which GTP has long-term agreements, government stock-piles and CFSI/RMI validated suppliers). The remaining 3% were from artisanal mines and areas considered low-to-medium risk areas by GTP. Of the 3% less than 1% was sourced from the conflict region and all shipments were fully traceable and this was validated under the recent 3rd party audit.



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