

St Martin i.S., Austria, 26 March 2024

**OECD Due Diligence Guidance for Responsible Supply Chains
of Minerals from Conflict-Affected and High-Risk Areas ^[1]**

Wolfram Bergbau & Hütten AG Due Diligence Report for Mineral Supplies in Year 2023 (“OECD Step-5 Report”)

Wolfram Bergbau & Hütten AG’s OECD Step-5 Due Diligence report for the year 2023 follows wherever appropriate the *Public Due Diligence Report Writing Guidance* of the Responsible Minerals Assurance Process of the Responsible Minerals Initiative (RMI) from 2018 and Annex IV of the *Responsible Minerals Assurance Process – Tungsten Smelter Standard* as revised on 7 February 2020. WBH also takes ITSCI’s e-mail on “OECD Guidance recommendation - Annual Due Diligence Report” from 2 March 2023 into account as well as the GRI^[2]-RMI Toolkit *Advancing Reporting on Responsible Mineral Sourcing* from 2019. Where appropriate, the current report follows closely the reports for the preceding years.

1.) Company Information

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|---------------------|--|
| Company name: | Wolfram Bergbau & Hütten AG |
| RMI smelter ID: | CID002044 |
| Registered address: | Bergla 33, A-8543 St. Martin i.S., Austria |
| Refinery location: | Bergla 33, A-8543 St. Martin i.S., Austria |
| Processed material: | Tungsten |
| Report period: | Calendar year 2023 (1 January 2023 – 31 December 2023) |
| Webpage: | www.wolfram.at |

Founded in 1975 in connection with the newly discovered Mittersill tungsten deposit, Wolfram Bergbau & Hütten AG (WBH) is a world-leading vertically integrated manufacturer of tungsten carbide and tungsten metal powders. The company operates two facilities in Austria:

- a modern underground scheelite mine at Mittersill, Salzburg, and
- a state-of-the-art recycling, refining and powder manufacturing facility at St. Martin im Sulmtal, Styria, listed by the Responsible Minerals Initiative (RMI, formerly known as Conflict Free Sourcing Initiative, CFSI) under smelter ID CID002044.

Since 2009, the company belongs to the global Sandvik group, headquartered in Sweden, where it is part of the Business Unit (BU) Wolfram within Division Powder Solutions. The BU Wolfram comprises also a tungsten recycling facility in Chiplun, India (zinc reclaim process) and Buffalo Tungsten, Inc., a US-based manufacturer of tungsten metal and carbide powders located at Depew, NY. The current report concerns exclusively Wolfram Bergbau & Hütten AG’s refinery in Austria.

^[1] OECD (2016), OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas: Third Edition, OECD Publishing. In this report referred to as the OECD Guidance.

^[2] Global Reporting Initiative



The company is not affiliated with any other companies using the name “Wolfram”, as this is simply the name for the chemical element tungsten in many languages, e.g., in German, Russian or Portuguese.

In line with its Mission Statement, the company is committed to ensure best practice with respect to safety, health, environment and ethics at all stages of its supply and production chain. A sustained success of the company can only be built upon a sound foundation, which includes that governmental, industry and environmental standards are continuously met or surpassed.

WBH condemns all activities in the raw material sector connected to illegal or unlawful exploitation of ores, that directly or indirectly finances or benefits armed groups in conflict areas, or that contribute to serious human rights violations. The company fully supports the activities of the Organization for Economic Co-operation and Development (OECD) addressing these risks and has implemented the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas (OECD Guidance). In this connection, the company reviews and mitigates risks listed in the OECD Guidance, such as relating to security forces or money laundering, often referred to as the Annex-II risks.

WBH is supporting its customers to comply with the SEC Conflict Mineral rule concerning section 1502 of the Dodd-Frank Act in the United States of America and the European 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, tungsten, their ores and gold originating from conflict-affected and high-risk areas (EU Regulation).

WBH is a founding member of the Tungsten Industry – Conflict Mineral Council (TI-CMC) and, based on annual independent 3rd party assessments, is listed as conformant to the Responsible Minerals Assurance Process (RMAP) assessment protocol (often still referred to as “Conflict Free Smelter”) since 2015. WBH is also full member of ITSCI (International Tin Supply Chain Initiative). Sandvik itself is a member of the Responsible Minerals Initiative (RMI).

WBH’s products are tungsten metal powder (100% W) and tungsten carbide powder (94% W, 6% C). The company sources its tungsten raw material from

- its own mining operation,
- tungsten ore concentrates from mines worldwide,
- secondary raw materials (scrap), and
- if required, additionally from crude and refined intermediate products such as sodium tungstate, ammonium paratungstate (APT) and tungsten oxide (BTO, YTO).

Besides tungsten-bearing raw materials, carbon black is required for most of WBH’s products as well as a few tonnes of dopant metals annually. Certain quantities of cobalt, tantalum and molybdenum-bearing by-products are generated in WBH’s recycling and refining activities.

All suppliers are gauged against the Wolfram Supplier Code of Conduct, which sets standards ensuring labor rights, environmental protection, business ethics and conflict-free origin. It follows the Sandvik Supplier Code of Conduct, the latest version of which was issued in June 2021. As Wolfram and Sandvik Code are identical with respect to the expectations, in the following, the acronym SSCoC is used for both, whichever is used in a certain context.

2. RMAP Assessment

The most recent 3rd party assessment against the Responsible Minerals Assurance Process (RMAP) – Tungsten Smelter Standard from 1 December 2017, revision 7 February 2020 was undertaken

- from 9 to 11 August 2023
- for the twelve-month audit period from 1 July 2022 to 30 June 2023
- by ARCHE Advisors, USA
- summary report:
<https://www.responsiblemineralsinitiative.org/media/docs/Public%20Reports/Wolfram%20Public%20Report.pdf>

The audit was concluded without findings. Some improvement opportunities were informally discussed between WBH and the assessment team.

3. Company Supply Chain Policy

Overview and History

The company's Supply Chain Policy is part of the overall company management system. WBH is audited against ISO 9001, 14001 and 45001 industry standards since 1994, 1999 and 2020^[3], respectively. The ISO 9001 management system of WBH ("QSGU system", in German) prescribes, besides others, the supply and production procedures within the company, using a comprehensive set of policies, instructions and procedure documents. The most recent re-certification audit was undertaken by Intertek Certification GmbH, Germany, from 7 to 17 June 2021 and the certificates are valid until 19 September 2024. In July 2023, a regular surveillance audit was completed with no nonconformities detected.

The first specific Conflict Mineral-related instructions (in line with the original CFSP tungsten protocol) had been introduced in mid-2014. Following revision of the RMAP Tungsten Smelter Standard (version issued 1 December 2017), a new comprehensive instruction entitled **WBH Management System for Responsible Supply of Tungsten Raw Materials (WBH-RSTM)** was issued in January 2019. Following internal review, changes in the company's internal organization and based on recommendations of the auditors during the 2020-assessment, an updated version came into effect on 1 March 2021 (Instruction IMC/02). Taking continuous improvements into account, revision 3 of instruction IMC/02 as of 1 July 2023 is the currently valid version. The forthcoming revision will reflect changes in the company's organization and the end of RMI recognition of ITSCI as upstream (assurance) system.

This instruction is considered fully aligned with the spirit of OECD Guidance and RMAP Tungsten Smelter Standard and includes processes to identify conflict-affected and high-risk areas (CAHRAs) and supply chain risks worldwide and describes relevant risk mitigation strategies. Effectiveness of the instruction is reviewed annually.

WBH has been sourcing from what is now known as the Covered Countries in Central Africa since the mid-2000s; and supply chain due diligence, especially with respect to CSR issues like child labor and OHSE has been undertaken from the onset, although in a less formalized way than since 2014. WBH has participated in the OECD multi-stakeholder meetings from the beginning, and on the ground, has taken part in early 3rd party efforts such as the Certified Trading Chain (CTC) program of the German geological survey (BGR). This included the very first CTC audit that was completed at one of WBH's cooperation partners in Rwanda already in 2010.

^[3] Prior to ISO 45001, the company was accredited to OHSAS 18001 from 2010 onwards.

WBH was instrumental to reopening the tungsten supply chain from the area after the de-facto boycott experienced as unintended consequences of the Dodd-Frank Act / SEC Conflict Mineral Rule in 2013/14.

Supply Chain Policy

WBH publishes on its web page a Responsible Sourcing Statement, which is adapted from time to time to reflect the developments in the area of responsible sourcing of minerals:

<https://www.wolfram.at/wp-content/uploads/2020/07/WBH-statement-of-responsible-raw-material-sourcing-16-jul-2020.pdf>

WBH considers the short crisp Responsible Sourcing Statement as a more effective tool to promote compliance with the expected standards than copying the generic lengthy Model Supply Chain Policy in Annex II of the OECD Guidance. All Annex-II risks and WBHs response and mitigation of risks as provided by WBH-RSTM are summarized in the statement.

WBH believes Responsible Sourcing is an integral part of general CSR considerations. Obligations concerning responsible sourcing are also covered in the Wolfram and Sandvik Supplier Code of Conduct (SSCoC), which all suppliers must abide to, and which forms a part of all raw material supply agreements. An updated version of this code was published on 14 June 2021:

[english-supplier-code.pdf \(home.sandvik\)](#)

In the framework of supplier assessments, the suppliers are gauged against a list of “Rejection Criteria” as originally proposed by Sandvik Sustainable Supplier Management against the 2014-version of the SSSoC but only adopted by Wolfram for the raw material supply evaluation. This approach was updated following the publication of the new Sandvik Supplier Sustainability Evaluation Procedure in January 2022.

4. Company Management System concerning Responsible Raw Material Supplies

Management Structure and Responsibilities

WBH is a part of the global Sandvik Group and belongs to the Division Powder Solutions within the Business Area Sandvik Manufacturing and Machining Solutions. The Manager International Mining & Raw Material Compliance (in the following Raw Material Compliance Manager) is responsible for implementation and oversight of the raw material supply chain due diligence for WBH. As part of the Powder Solution common function Governance & Regulations, he reports to the Chief Financial Officer of the division. This function is independent of but closely collaborating with the direct purchasing unit of WBH. The Raw Material Compliance Manager is also collaborating directly with logistics, quality control, production and the sales department.

The Raw Material Compliance Manager has over 30 years of experience in the mineral industry, 16 years of which have been in the tungsten industry, with a wide range of expertise in artisanal to industrial mining, mineral processing, metal accounting and the geology of ore deposits. Currently, he serves as chairman of the board of TI-CMC.

The WBH-RSTM calls for annual feedback concerning the performance of the management system to the president of the company. The management team is being kept abreast with developments in the area of responsible minerals supplies. A training schedule of concerned staff is included in the WBH-RSTM while presentations at townhall meetings and articles in the company’s newsletter are intended to raise awareness of the entire workforce.

Over the past few years, the responsible minerals supply policy has become a lived routine for the involved staff, especially in purchasing and logistics (material reception & sampling). New employees of relevant

departments are informed about the subject during their routine induction. Being a comparatively small organization, many issues in this area are dealt with in informal day-to-day cross-functional discussions.

One training session for new employees (1 participant) and a general refresher training (18 participants) have been undertaken in 2023.

Internal System of Controls

The year 2023 was the third year under application of the WBH-RSTM instruction IMC/02 and the company's procedures continue to be fully aligned with the OECD Guidance.

Together with the SSCoC, the WBH-RSTM specifies supplier selection criteria, minimum documentation needs, and raw material reception procedures. There are specific (stricter) requirements for supplies from the CAHRAs, including mine site visits prior to the first delivery, annual re-visits, plausibility assessments and/or participation in an acceptable traceability program if available. WBH prefers direct interaction with the mine owners, even where purchasing is through traders and does only accept supplies from specific pre-approved mines. WBH does normally not purchase consolidated material, especially from CAHRAs and even if it is tagged by traceability providers. Reliance on upstream (assurance) programs such as ITSCI or Better Mining (formerly Better Sourcing Program, BSP) has been reduced over the years in favor of direct control.

As the only integrated tungsten producer outside of Asia, WBH has extensive knowledge of mining and beneficiation of tungsten ores, and undertakes technical cooperation with numerous suppliers, which as a side-effect provides detailed insight into the operations, assuring the origin of the concentrates is well understood.

All supply agreements, purchase orders and/or pre-contract negotiations for mined material include relevant language assuring that

- minerals are exclusively mined at specific mines,
- WBH receives all required documentation, and
- WBH has the right to visit.

WBH reserves the right to return concentrates that do not conform to these requirements or where ITSCI reporting on tags or other information indicates a different origin than the agreed one.

Company procedures include a clearance procedure prior to utilization of the concentrates and internal "red flag" procedures.

WBH is a full member of ITSCI and the majority of all supplies from CAHRAs is covered by either the ITSCI or Better Mining traceability programs ("bag & tag") and associated due diligence, mine site baseline studies and shipment reports. With the expansion of the concept of CAHRAs beyond Central Africa, a broader range of Due diligence approaches is required, and WBH is using independent assessments, plausibility checks and chemical fingerprinting to assure correct performance of the supply chains. WBH strives for continuous improvement of working conditions and performance at the supplying mines although leverage might be limited where competition by "easier-going" offtakers exists.

Intermediates are exclusively sourced from smelters/refiners that are listed by the RMI as RMAP conformant tungsten smelters:

<http://www.responsiblemineralsinitiative.org/tungsten-conformant-smelters/>

In line with the company's purchasing policy, all supply agreements for raw material include mandatory acceptance with the SSCoC, which sets out minimum requirements concerning legal compliance and

various CSR issues such as environmental and EHS performance, child labor and similar. Where relevant, additional language is added to purchase contracts or purchase orders.

WBH had first been audited by the Conflict Free Smelter Program (CFSP; now RMAP) in March 2015 and confirmed as Conflict Free Smelter. Successful re-assessments against first CFSP and later RMAP standards were undertaken annually since the first audit.

Finally, the current report and the description of Conflict Mineral handling on the company's webpage (<https://www.wolfram.at/en/conflict-free-ethical-supply-of-raw-materials/>) provide additional transparency concerning the company's procedures and policies.

Grievance Procedure

Stakeholders are invited to lodge grievances concerning WBH's supplies of raw materials either directly per e-mail to at office@wolfram.at, respectively, for anonymous submissions, on

- Sandvik's confidential grievance mechanism under [EthicsPoint - Sandvik](#), or
- the grievance mechanism of the RMI: [Grievance Mechanism \(responsiblemineralsinitiative.org\)](https://www.responsiblemineralsinitiative.org)

Note that the previous Mineral Grievance Platform of the RMI (link provided in previous reports) has been retired and grievances should now be submitted via the RMI webpage as explained under the link provided above.

Stakeholders may also use the grievance platforms of upstream assurance mechanisms, but WBH would have to rely on timely information sharing by the relevant organisation.

As the company is in constant contact with many of its suppliers, especially with the ones located in CAHRAs, concerns can also be discussed directly.

Record Keeping System

WBH is migrating gradually from its MB Control database system that was used across most technical departments to an SAP-based database solution. Since late 2015, all incoming shipments, inventory and feed of the plant with the various raw materials were documented in the MB Control system with quality parameter linked in from the laboratory and connected to the SAP system used for the financial accounting. In April 2023, handling of incoming shipments and raw material inventories was moved to SAP.

As previously in MB Control, after migration to SAP, all tungsten raw materials are given unique batch numbers upon contract award, shipment notice or latest upon arrival on the premises. Once assays are available and if there are no compliance or technical "red flags", the material, possibly split into different sub-lots, is released for use in the operation. All relevant paper documents are scanned and together with relevant electronic documents stored within the SAP database. The IT department is responsible for safe reliable operation of the company's IT systems, which are also integrated into the overall Sandvik IT.

For material from Central Africa, all tags are kept on site, and small back-up samples would allow forensic fingerprinting tests should there be doubt of the material's listed origin. Information from the traceability providers ITSCI and Better Mining or other 3rd party auditors, such as baseline studies or shipment-specific data, is kept on file on the company's server.

All direct suppliers are registered in a master data file. Information about the individual mines, field visits and so on is available in hardcopy (field books), reports and e-mail notes; pertinent data is included in a formal register of all "permitted sources". This does also comprise supply chain mapping that is used to check against possible CAHRA affiliation.

All relevant documentation has a retention time of at least five years. The MB Control database is kept functional so that all existing data for shipments prior to the SAP migration remains accessible.

5. Risk Assessment

With respect to the responsible sourcing of raw materials, principal focus is on primary raw materials (tungsten concentrates). Intermediates are solely sourced from RMAP compliant facilities, and unless the company comes across any red flags, it will rely on the assessments of RMI. However, the RMI is currently not recognized by the EU commission as supply chain due diligence scheme under article 8 of the regulation (EU) 2017/821. WBH argues through own experience that RMAP is currently the most coherent and qualified way to demonstrate OECD compliance. Material determined to be of secondary nature (recycling) is deemed to be outside of the scope of responsible sourcing of minerals.

When it comes to responsible sourcing of primary raw materials (tungsten concentrates) from areas considered to have an elevated risk profile, including but not limited to CAHRAs, the principal guideline for the company are the first two sentences of the introduction chapter of the OECD Guidance:

In conflict-affected and high-risk areas, companies involved in mining and trade in minerals have the potential to generate income, growth and prosperity, sustain livelihoods and foster local development. In such situations, companies may also be at risk of contributing to or being associated with significant adverse impacts, including serious human rights abuses and conflict.

This means that the company will apply reasonable criteria to assure adequate risk management while avoiding a broad boycott, which would deprive local population in these areas from livelihood and development opportunities. The focus of the OECD guidance is mainly on violent conflict and serious human rights abuses (including child labor) but extends also to the other so-called Annex-II risks (involvement of public or private security forces, bribery, fraudulent misrepresentation of minerals and money laundering, as well as adverse impact of non-payment of taxes, fees and royalties). The company is well aware of additional risks in the supply chain such as deterioration of the natural environment and covers these with general purchasing rules (like SCoC and associated rejection criteria).

Identification of CAHRAs

While there are many sources that provide country scores for a wide range of CSR risks, the definition of what actually does constitute a CAHRA remains a matter of debate. According to the Regulation (EU) 2017/821, CAHRAs mean “Areas in a state of armed conflict or fragile post-conflict as well as areas witnessing weak or non-existing governance and security, such as failed states, and widespread and systematic violations of international law, including human rights abuses.” As the EU regulation is considered consistent with the OECD Guidance, WBH prefers this definition over the original definition by OECD as the latter includes the poorly constraint condition of “or other risk of harm to people”.

WBH does not maintain a global list of CAHRAs but assesses locations of mines and production facilities, transit routes and business addresses of its actual supply chains against CAHRA status. This assures comparability and that definitions are up to date. For each new supplier and each new source (producer), affiliation to CAHRAs is verified, and all existing supply chains will be re-checked based on the supply chain mapping whenever new pertinent information is available (quarterly EU list updates (see below), reports on emerging conflicts).

For each country and where relevant, subnational unit identified as per the above, WBH will verify possible CAHRA-affiliation as follows:

- Check countries against list of “Covered Countries” under Dodd-Frank Act, section 1502;

- Check whether the area in question is included in the up-to-date version of the indicative, non-exhaustive and regularly updated list of CAHRAs published by the European Commission's DG Trade (www.cahraslist.net) (EU list, established by RAND Europe); and
- Whether there are other factual circumstances that indicate that the area in question needs to be considered as CAHRA in relation to WBH's supply chain.

The last provision assures a swift reaction on emerging trends such as Russia's declaration of war on the Ukraine and to include issues like impact of smuggling across national borders.

RAND Europe's well-documented approach, which has been reviewed during an extensive public consultation, uses appropriate sources of information for the indicative, non-exhaustive list of CAHRAs. This is similar to WBH's original method and WBH considers it unnecessary to replicate such an approach in addition to RAND. While the EU list contain the term "non-exhaustive", WBH considers that this pertains to truly specific issues and to the fact that the list is updated only in certain intervals. We would expect that the RAND list covers all significant areas and countries in an appropriate manner unless there are very recent developments. This is then addressed by WBH under "additional circumstances" as mentioned above.

WBH used to cross-check the CAHRA evaluation also against information of commercial risk management provider International SOS. However, the scope of their country reports became more restrictive, and WBH started to review the country profiles of the Human Rights Watch and the US State Department instead.

WBH is aware of possible weaknesses of public tools when taking scores at "face value". As the company visits all supplying mines by itself, it has, together with review of data provided by IPIS, ITSCI and the press in general, additional insight into the overall politics of the various countries in its supply chain.

The company does not consider the CAHRA affiliation to provide a simply black/white decision on further steps, and therefore evaluates the risks for all its supply chains on an individual basis and applies individual rules to its supplies in line with these assessments. In contrast to the simplistic view of various stakeholders, origin from a CAHRA does not mean per se that the material has supported conflict or human rights abuses. On the contrary, responsible sourcing from CAHRAs provides development opportunities that can be critical building blocks to overcome the status of being a CAHRA. The company therefore supports responsible sourcing from these areas and through own site visits and direct collaboration with suppliers encourage continuous improvement of the conditions in the field.

As result of the above process, for its supply chains in 2023, WBH classified two countries of origin as CAHRA, with only one of them (Rwanda) providing significant tonnages. WBH does currently not source from the Democratic Republic of the Congo.

Know Your Counterpart (Supplier)

New suppliers will only be approved upon a formal KYC assessment, including verification against sanction lists via E2open (Amber Road) software. Existing suppliers are continuously monitored by E2open and documents are reviewed at least every three years. For private companies, WBH has to rely on collaboration with the supplier and observation of red flags. This said, many existing suppliers are either public mining companies, known trading houses and/or have been assessed by ITSCI or through third party audits. With RMI ending recognition of ITSCI as upstream (assurance) mechanism, own KYC was extended to CAHRA exporters even if covered by ITSCI. WBH is vigilant with respect to transport companies where risks are identified.

Scope of Risk Assessment

The company is particularly concerned about the possible link between the extraction and trade of minerals with serious human rights abuses, possible support of armed groups and illegal interaction of security forces and follows the recommendations of Annex II of the OECD guidance.

Sandvik has strict anti-corruption guidelines and under no circumstances, the company will accept and offer bribes. The company notes that it might be difficult to identify corruption by upstream supply chain actors, and hence is vigilant to any signs of illegal activities, which comprises also money laundering.

With respect to payment of fees, taxes and royalties, the company has to rely largely on the effectiveness of government services: If a company is duly incorporated and obtains valid export papers from revenue authorities, WBH assumes that all relevant taxes are paid.

WBH supports the efforts of the Extractive Industries Transparency Initiative (EITI). In 2023, 7% of the external concentrates came from three EITI-implementing countries. One of these countries was suspended by EITI for inadequate stakeholder engagement and one is yet to be assessed. The third is an EITI country with “moderate” status.

EITI is largely focused on LSM and hydrocarbon production, i.e., material contributors to state revenue. However, in the 2022 reconciliation EITI exercise of the country with “moderate” status, WBH’s supplier was included as one of around 100 reporting resource companies (out of over 2000 companies with resource licenses). While the 100 companies account for 95% of all government receipts from the mineral resource sector, the WBH supplier, due to its small size, provided only about 0.01% of reconciled key revenue streams. Participation of the supplier was rated as “enough” (highest category); accounting standards would conform with international rules, and accounts are audited. The EITI report provides additional insight into ownership, legality and payment of fees and taxes of our supplier.

In general, with the supplying sources individually visited and approved as non-conflict-supporting by the company (which in CAHRAs is confirmed by third parties as well), the principal risk is that material from a non-approved site is mis-represented as approved material. To minimize this risk, in addition to traceability data supplied by upstream (assurance) mechanisms, the company undertakes plausibility assessments concerning the production capacity and uses main element fingerprinting to compare incoming shipment with past deliveries.

On-the-ground Assessments

The company aims to establish, respectively in most cases has already established long-term relation with its suppliers. The company is interested in assessing additional opportunities, on which the successful approach of “help & check” could be applied. Supply chains are often exclusive, i.e., the entire production goes to WBH. On-the-ground assessments, whether in CAHRAs or not, follow a guidance document that combines zero tolerance criteria of the SCoC, OECD Annex-II risks as well as OHSE and technical / capacity parameter, including but not limited to:

- adherence to a strict “no child labor” approach,
- review how security is provided on site,
- ongoing plausibility of supplies (beyond tagging),
- continuous improvement with respect to OHSE, and
- technical cooperation to improve productivity.

Given the often many years of repeating visits, this is largely an informal process, which in CAHRAs is augmented by the third-party assessments by ITSCI, Better Mining or other consultants. Planned frequency of visits is guided by perceived risk and in CAHRAs, is at least once yearly.

The company has semi-permanent presence in Central Africa through an experienced consulting geologist/engineer, undertaking exploration, providing training and supervising beneficiation and mining projects for the various suppliers in the area. He works since 2009 on behalf of WBH and undertakes also baseline studies for new potential suppliers. His presence provides additional oversight with respect to plausibility of the supplies.

WBH aims to visit all suppliers of mined products, regardless of the classification of the country of origin. Outside of CAHRAs, the company accepts trial deliveries before the initial visit from countries with known resources. Re-visit frequency depends on the perceived risk and location. Industrial mines in western countries are visited for further engagement with the supplier and to assess the supply risk itself or CSR risks outside the immediate “conflict mineral” agenda.

Identified Risks

During 2023, a number of incidents relating in various ways to WBH’s supply chains have been identified, either by ourselves or by incident reporting of the operators, ITSCI, Better Mining or third parties. The incidents have been reviewed and where relevant addressed, the origin of all supplies was established and based on best knowledge, the supplies to WBH had no adverse impacts on risks highlighted by the OECD Guidance.

Supplies from CAHRAs

95% of the tungsten content supplied from CAHRAs is covered by either the ITSCI or Better Mining upstream (assurance) schemes. In 2023, one CAHRA supply chain was terminated due to lack in progress to obtain a mining license, and one supply chain was suspended as agreed improvement measures were not achieved and due to the subsequent temporary closure of the operation, which also made the scheduled Due Diligence re-visit impossible.

ITSCI

In 2023, over 500 incidents were reported by ITSCI for Rwanda. Only 17 of these relate to exporters and miners in WBH’s supply chain: Ten concern commodities other than tungsten and two the delayed filing of OECD Step-5 reports. The remaining five incidents all relate to the fraudulent misrepresentation of origin identified in late 2022 and reported by WBH to ITSCI in February 2023.

Fraudulent Misrepresentation of Origin of about 20 tonnes of concentrates

As reported in the 2022 OECD Step-5 report, in late 2022, WBH identified, based on own due diligence, the misuse of ITSCI tags for about 20 tonnes of concentrate distributed over three shipments from Rwanda. In following up, the origin of the concentrates was reasonably established through fingerprinting and subsequent confirmation by the involved miner. Both, the identified mine A and the “apparent” (=tagged) producer mine B had been approved by WBH and the fraudulent misrepresentation was due to the fact that the “true” miner A had insufficient tags as a part of the production came from an exploration permit immediately adjacent to his mining permit.

WBH has implemented a mitigation / improvement plan and raised the awareness of all concerned supply chain members, be it to avoid an active repetition or to identify presence of such an issue in the supplies. The concentrate was initially quarantined but later released as the true origin had been

reasonably established and no Annex-II risks (except the fraudulent misrepresentation itself) were involved.

WBH has alerted ITSCI and requested the organization to follow up on the “mechanics” of the fraud along the supply chain and through tagging agents and how safeguards like plausible tonnage could be circumvented.

In the course of the investigation, it became apparent that

- the fraud does not involve only the 20 tonnes of material from mine B to WBH, but that another 80 – 100 tonnes of concentrate from unknown sources were apparently fraudulently tagged as to origin from mine B.
- a new baseline study was done on mine B during the time of the fraudulent activities with the results of the plausibility assessment perfectly in line with tagging, not production on the ground, increasing almost 10-fold compared to the previous and being the 10-fold higher than the subsequent plausibility assessment.

Throughout the time of the fraudulent activities, WBH was working at mine B, and did not become aware of truly unusual production numbers. There is no indication that mine B was actively involved, although at least one supervisory-level employee of the mine must have collaborated the RMB agent during that time.

ITSCI issued altogether 5 incident reports that relate to the issue, whereby the initial report belongs to the most comprehensive ones on ITSCI’s incident listing as WBH pushed for results. Still, the language of the incident reports is unspecific and it is doubtful that these reports clearly explains to outsiders what has happened. The follow-up did not provide any insight into how and where the fraud was undertaken including the role of the RMB agent. The ITSCI plausibility assessment is said to have followed all procedures for a “proper baseline study”, and ITSCI communication does not include an alert concerning the remaining 80 – 100 tonnes of probably mis-tagged material. This means, the likely overall scale of the issue has not been made public.

Better Mining

Until the end of November, Better Mining listed 23 incidents for the single supply chain from Rwanda to WBH. WBH notes that Better Mining incident reports until October 2022 were of good detail, while a new approach to incident reporting from November 2022 onwards provides no meaningful insight. Better Mining explained this with privacy concerns and that the main tool for information about risks and connected mitigation actions at the mine site would be the corrective action plans (CAP). The CAP gives indeed an insight into improvement actions on site, but there is no documented link between incidents and the undated CAP issues. We also note incoherent incident lists between different files.

Based on incident listing and CAPs, illegal mining within the large mining area is still an issue. Other incidents concern OHS issues; one incident relates to water pollution. Grading of severity appears contradictory: Transport of tin tailings to the pilot plant for metallurgical test work is classified as critical breach (but cannot have any impact on tungsten production), while the violent attack of illegal miners on security personal is either unclassified or moderate.

Better Mining is currently recognized as upstream assurance program by RMI and has recently undergone a successful new alignment assessment against the OECD Guidance, yet WBH considers that more meaningful and coherent reporting would be beneficial. Altogether, performance of Better Mining has deteriorated over the years, and communication was cumbersome, despite it has currently only two 3T mines in Central Africa in its portfolio. Many of the documents available to WBH still date back to 2017.

Individual reporting, WBH's own observations and NGO's insight

In case of one mine, WBH together with the operator has introduced self-reporting of incidences and other observations. It was planned to undertake cross-checks of the listed issues during the next due diligence visit; as discussions with miner's association and village headmen previously were open and effective. However, in the meantime, the supply chain was temporarily suspended due to economic and funding constraints. Self-reporting proved to be open and frank, touching upon sensitive issues such as use of live ammunition by security, a partial sit-down strike to request higher pay or the fatality of an illegal miner falling in nighttime down a slope. As such, coverage is superior to the often overly cautious language of ITSCI and Better Mining to avoid political irritations.

WBH noted that concentrates from the mine site under Better Mining supervision contained a gradually increasing amount of scheelite, a mineral rarely found in Rwanda and hence, difficult to market. As confirmed during a site visit, the mine has indeed intersected significant scheelite-bearing mineralisation. In this connection it was found that Better Mining misreported the allocation of given mining teams to the individual workings.

There was one single deviation from the expected fingerprint for an individual Rwandan delivery. However, with all elements with exception of radiation being in the expected range, and the back-up sample also containing elevated radiation, the original fingerprint was apparently a reporting error.

The identification of 20 tonnes of concentrate with fraudulent misrepresentation of origin from late 2022 was discussed in some detail in last year's report. Further follow-up with ITSCI gave unsatisfactory results (see above), making this an ITSCI/RMB incident beside the initial issue within the supply chain.

In April 2022, the NGO Global Witness published a report about shortcoming of the ITSCI system. It comprises of three main sections, covering alleged misrepresentation of unvalidated mines in the Nzibira area of South Kivu, alleged inter-concession smuggling at Rubaya in North Kivu and reflects on alleged shortcomings during the early years of the program in Rwanda. WBH was mentioned in the latter chapter as possible recipient of smuggled material in the early 2010-years. The report was still an issue during the 2023-OECD meeting in Paris, with significant blame games between ITSCI and Global Witness, but largely regarding the position of ITSCI in the Nzibira and Rubaya areas, whereby subsequently, the latter area became increasingly problematic due to the involvement of the M23 rebel forces. WBH met with Global Witness on the margins of the conference and explained its approach in Central Africa, which largely augments ITSCI data with own due diligence.

Non-CAHRA supplies

- Through a trading company, WBH purchased a number of containers from a Latin American semi-industrial mine in view of establishing a longer-term contract (prior to which a site visit would have been required). We realized that initially smaller amounts of (by itself fully legitimate) by-packs from other mines occurred. Before addressing the issue, a shipment was sent that according to the state export papers (that do not mention the mine but the origin can be deducted from the municipality to which royalties are distributed) contained only a small portion from the contracted mine. This shipment, though legitimate, was rejected as it infringed with WBH purchasing policies and purchase order.
- A similar issue of by-packs was realized in case of another trader, who even provided the internal paperwork showing the legitimacy of these purchases. However, WBH advised to restrict shipments on the contracted mine, and rather wait for the subsequent purchase from that mine to complete containers, and the trader did accordingly.

- Again in Latin America, based on our fingerprinting, a trader had apparently confused shipment papers between two shipments from his two main supplying mines. While all paperwork indicates one of these two mines as 100% origin, chemistry shows the typical pattern of the second one.
- By the end of the year, two non-CAHRA supply chains had been on hold pending site visits and/or additional clarity with respect to KYC.

Offers

Several offers for spot material or with the intension to establish longer-term relations were rejected based on requirement of up-front visits, excessive promotion of “good contacts” to high-level politicians and/or implausible tonnages.

Conclusion

Overall, there is no indication that WBH supply chains in 2023 have been compromised in a way that concentrates came unacceptable mines of origin or have contributed to annex-II risks. With exception of

- one apparent mix-up for Latin American concentrates (swap between two fully legal mines of high-grade concentrates),
- minor by-packs of other legitimate concentrates to the originally contracted material in some instances, again for Latin American concentrates, and
- the (with respect to “true origin”) well-understood incident of fraudulent misrepresentation of about 20 tonnes (in 2022/23) from Rwanda,

all concentrate shipment were received from exactly the contracted origin, which has been assessed to be in accordance with WBH responsible sourcing policies.

6. Risk Management

Risk Mitigation Strategy

By far most of the CAHRA-related supplies come from selected mines in Rwanda, which are supplying their entire production to WBH since several years. The company has tested and is developing other supply chains from areas of elevated risk, be it related to potential conflict / human rights violations or other CSR risks. A balanced approach is required in order to not apply de-facto boycotts on less developed mining areas, which would actually benefit from inclusion into the supply chain of an advanced Western offtaker, and the risk management of the company.

Principal risk mitigation of WBH is to accept only material from designated mines through selected suppliers. WBH does not rely on third party baseline reviews alone but insists on direct mine visits. This precludes generally the use of material consolidated from various sources based on “bag & tag” alone. On the other side, ITSCI and Better Mining provide important information to assess the performance of the supply chains and of the situation and production figures in the area in whole. The company reviews incident reports and statistics and interacts with the traceability providers as required.

With all decisions, WBH must take the company’s position as a respected world-class supplier into account, as well as the possible impact on other supplies from CAHRAs: any contraventions that compromises directly WBH’s RMAP-compliant status and its understanding of Responsible Sourcing would lead to an immediate suspension of the supplies at least until the problems have been solved.

As the challenges are diverse and unpredictable, and the overall number of concerned suppliers limited, it appears unreasonable and unrealistic to have pre-defined risk management plans in place that would

allow to answer on any imaginable risk in possibly not yet identified CAHRAs. The company has to rely on its ability to undertake risk management ad-hoc, upon very short notice, taking the guidance of the OECD into account.

In case that problems are identified, or red flags raised, depending on the magnitude of the case, either the President of the company or the Raw Material Compliance Manager will take the required decisions in coordination with other affected parties.

With the location of the current suppliers in mind, WBH does not expect to see direct support of warring factions or serious human rights violations on the mine sites (except child labor) as “likely risks” but is aware of the potential that one of the following might occur:

- (1) Identification of child labor,
- (2) Problems with on-site security personnel,
- (3) Deterioration of company policies with respect to OHSE or record-keeping, and
- (4) Non-approved supplies entering the supply chain (misrepresentation of origin).

Issue (1) cannot be accepted and would require immediate rectification and consequences on site of the supplier to allow continuing offtake; issue (2) requires attention depending on the magnitude of the problem; for issue (3), a solution would be sought through collaboration with the supplier.

Misrepresentation of origin involves the risk that material that indeed supports conflict or is related to serious human rights abuses is entering the WBH supply chain. While this requires immediate remediation, the approach to the approved supplier requires a sensitive investigation: was the supplier directly involved, or was he a victim as well? In Central Africa, due to the disparity of prices paid by legal mine owners that have to absorb their investment and equipment costs and local buyers for “any” material, the risk that legitimate material from approved sources is stolen is far higher than outside material entering the legitimate supply chain. In case of the misrepresentation experienced in 2022, the source of the material is reasonably known and the misrepresentation was due to insufficient tags allocated to a mining area that partly was only covered by an exploration lease.

Involvement of Affected Stakeholders

Aim of “Conflict Mineral” / Responsible Sourcing regulations is to protect the most vulnerable groups at or near the upstream end of the mineral supply chains: local miners, their families, and the population of the mining countries at large, from violence, human rights violation and child labor. With its purchasing policy, WBH tries to provide a positive impact:

- no general boycott of minerals from CAHRAs or artisanal and small-scale mining (ASM) as this would deprive the communities from income and the chance of development. Instead, the company allows for active sourcing when the supply chain fulfils ethical standards and does not support conflict.
- For approved supply chains, providing incentives to continuously improve the conditions on the mine site and to give a helping hand with respect to technical development.

This approach can only work with the help of all actors along the supply chain:

- Mine operators (companies or cooperatives) need to be loyal and not look for the “last penny” at each individual sale of concentrates. A reliable longer-term offtake relation is required to make collaboration and technical help worthwhile. It also aligns with the OECD recommendation to establish long-term relationships with suppliers.

- The same applies to intermediaries, especially the exporting traders. In addition, they need to be open (e.g., provide adequate information, including, where available, ITSCI sheets), play to the rules of WBH and the traceability providers, even if they consider them excessive, and demonstrate diligence and precision when it comes to tagging systems and reporting.
- Where they are part of the supply chain, the traceability providers (ITSCI, Better Mining, others, if they become available) have to do their best to maintain credibility. With own site visits and plausibility assessments, WBH has established a back-up system, but especially for smaller suppliers, traceability by tagging is currently the most common approach to underpin 3rd party audits of the smelters. As explained above, shortcomings in the programs are noted and brought to the attention of the providers.
- RMI's RMAP as currently the only active "OECD Compliant Smelter Program" needs to maintain its high standards and credibility without losing the balance between feasibility, practicalities and expectations of the downstream. RMI has to provide adequate resources specifically to the tantalum, tin and tungsten (3T) programs to assure timely completion of the assessments that are based on legal requirements. With Regulation (EU) 2017/821 now fully enforced, recognition of RMAP as supply chain due diligence scheme under the regulation would be indispensable to assure a level playing field between EU and global supply chains but is still being delayed.

Direct customers have been supportive when WBH discussed resumption of sourcing from Central Africa in 2014. It is important that the entire downstream supply chain accepts material responsibly sourced from CAHRAs and ASM, which means a strong focus on the credibility of all involved actors is required.

WBH feels that the nicely balanced compliance system operated over the past 6 to 8 years is under threat of falling apart. RMI unilaterally deviating from the common understanding with TI-CMC and withdrawing the support of downstream to pay for audits necessary for their due diligence; extending reporting requirements beyond what is legally required; independent audit results overwritten by the RMI; stakeholders promoting transparency as value by itself without taking competitive concerns into consideration; risk avoidance by EU and not recognizing industry scheme as NGOs would wait for any failure; NCAs that consider RMAP audits as unacceptable – as if there is better on the market; pushing responsibility across choke points; ITSCI and RMI in constant "misunderstanding" and other items.

It is an absolute prerequisite for responsible sourcing to work that strict audits of the smelter choke point carried out by qualified auditors are subsequently accepted and respected by all stakeholders, and that only the audit scope and result together with some general remarks about the sourcing policies are shared along the supply chain. While regulators might have complete insight (complete audit report and sourcing details), customers, other supply chain actors and industry organizations need to rely on the auditor's conclusion (which therefore needs to be beyond doubt with respect to qualification). This is a very small and competitive market, where customers are often also competitors, which needs to remain at a level playing field and not distorted by transparency with no underlying reason. The choke point has been identified for a reason.

Access to the RMAP program must remain unhindered for all entities meeting the smelter/refiner criteria and must not be made conditional to fulfilling unrelated ESG parameter that are certainly worthwhile to consider but for which alternatives to RMI exist.

There is a fine line between monopoly and fragmentation of the compliance sector. Alternatives to RMI would be the Chinese CCCMC standard (at least for Chinese smelters) and a forthcoming ISO standard, which is under consideration, but early stage and very broad.

Efforts to Track and Monitor Progress

Given the rather limited number of direct suppliers and underlying mines, tracking progress is largely an informal activity. The company maintains a register of permitted (compliance) and approved (technical) supply sources of non-secondary raw material for WBH's APT plant together with information about all mines with near-past and active supplying relation.

Suppliers (or underlying mines) that are found to compromise WBH's conflict free status, that fail the test against "Rejection Criteria" (related to the SSCoC), or that refuse to cooperate with respect to continuous improvement of the OHSE conditions in supply chains, will be removed from the approved supplier base. No supplier was ultimately removed from the list of permitted suppliers in 2023, but we flagged several supply chains that can only resume production upon a successful site visit or other due diligence exercises.

Observations concerning shortcomings and positive developments at the mine sites are included in site visit reports and other correspondence, which is backed up on the company's server.

7. Specific Information for 2023

WBH keeps a register of all incoming tungsten-bearing material (concentrates, intermediates, scrap and production waste), with unique lot numbers generated for all discernible quantities of raw material. Until 31 March 2023, this was a customized MB Control database, thereafter, an SAP-based platform. In 2023, more than 400 lots of concentrates, with highly variable lot size (about 1 – 25 t) were received. WBH operates its own tungsten mine in Austria and purchases concentrates world-wide. Sourcing from CAHRAs accounted for roughly one third of external concentrates, with Rwanda being the by far most important CAHRA origin.

Easing of COVID travel restrictions allowed WBH to complete an ambitious program of mine site visits in 2022. Therefore, in 2023, fewer site visits were undertaken, but all CAHRA sources have been visited between November 2022 and July 2023, often twice. Site visits in 2022 and 2023 plus the visit of one large industrial mine in 2021 together covered 89% of all incoming concentrates.

95% of the CAHRA tonnage was covered by upstream (assurance) mechanisms, in addition to WBH's own assessment and plausibility visits, which cover all Annex-II risks plus EHS "zero tolerance" risks based on the companies Supplier Code of Conduct. The company employs high-level fingerprinting of all incoming wolframite batches, which also allows to discriminate the various sources in Central Africa.

The company undertakes annually a detailed material balance calculation for the refinery at St. Martin, looking into physical material movement (tungsten units) across the fence-line: all raw material inflow (raw material and return shipments) is balanced with outflow (products, waste streams, material for pre-treatment, return of off-spec raw material) and internal stock movements. The balance for 2023 shows a somewhat larger gap than the preceding years, but from the "Conflict Mineral" point of view it was on the safe side, with a 0.8% higher inflow than outflow and inventory balance would suggest. This deviation might relate to the migration between two database system during the year.

Incidents that lead to possible deviations from accepted practice and company expectations have been detailed under point 5. Risk Assessment / Identified Risks.

In collaboration with a responsible downstream company in the electronics sector which promotes use of ethical CAHRA and ASM sourcing, WBH supported the application of a project of a supplying ASM mine in Rwanda for funding by EPRM (European Partnership for Responsible Minerals). The intended project revolves around sustainability and community reporting.

8. Legal Compliance with Regulation (EU) 2017/821

Regulation (EU) 2017/821 of the European Parliament and of the Council from 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum, tungsten, their ores, and gold originating from conflict-affected and high-risk areas entered in full effect on 1 January 2021, and in Austria is implemented by paragraph § 222c of the *Mineralrohstoffgesetz* (law on mineral raw materials; MinroG), as published in the *Bundesgesetzblatt für die Republik Österreich* (Publication Organ for Federal Laws of the Republic of Austria) on 7 January 2021.

In Austria, around 15 companies fall under the regulation as Union Importers. 2022 was the second year with active reporting obligations under the regulation and WBH provided import details for the covered CN codes on 7 February 2023. In August 2023, WBH was informed that an ex-post check would be undertaken by the NCA on the company. This comprised extensive document review and a site visit and was successfully completed by 9 October 2023.

Import figures for 2023 have been reported on 5 February 2024 and successfully cross-checked by the NCA with the data of the customs authorities.

An integral component of the EU regulation is the recognition of supply chain due diligence systems (article 8) and provision of a list of global responsible smelters and refiners (article 9). So far, the EU Commission has neither recognized any due diligence systems nor published a "whitelist" of responsible smelters. This makes the application of the Regulation (EU) 2017/821 very difficult and in its outcome unpredictable.

WBH is affected by these delays insofar as the RMAP audit is not automatically accepted as proof of compliance with the OECD Guidance. Furthermore, RMAP-compliant refineries cannot be assumed to be conformant with the EU regulation without further Due Diligence. Thirdly, the German NCA DEKSOR has put in question whether re-imports of Austrian-made tungsten powders are exempt from specific Due Diligence by customers of our customers.

At the same time, there must be other means for smelters to be included on the "whitelist" than being RMAP-conformant, as this would cement a quasi-monopoly of RMI in this matter. WBH has also mentioned the issue of mandatory participation in the Risk Readiness Assessment program prior to being able to be audited under RMAP as problematic due to the quasi-monopoly of RMI.

9. Comments on supply chains from CAHRAs and Artisanal and Small-scale Mining (ASM) in general

The company started sourcing from Central Africa in the early 2000s and has always undertaken due diligence, notably with respect to issues around Child Labor and OHSE, although in a less formalized way than during the past few years. One driver was to provide a secure offtake for local suppliers against their commitment to continuous improvements, so that the local workforce benefits from the supply chain.

Over the years, WBH has obtained a good understanding of the specific conditions on the ground, and through technical cooperation, provided "help to self-help" – teaching simple solutions to improve productivity and safety without creating undue dependency on expensive first-world solutions. This approach has been extended to areas outside of Central Africa over the last few years. It also leads to a more efficient utilization of the natural resource endowment in the concerned areas.

CAHRAs exist worldwide, but the current assessment programs have rigid rules which are very much tailored around the 3T supply chains from the Great Lakes Region in Central Africa, and which might not be relevant or applicable for CAHRAs elsewhere or which are near-impossible to fulfil without relevant infrastructure. Furthermore, in Central Africa, the sector has adapted to Due Diligence expectation over

a period of more than ten years (and local actors still call for pilot programs!), supported by tens of millions USD of private and public funding.

WBH calls upon all stakeholders to apply flexible yet meaningful conditions for supplies from CAHRAs worldwide without blind reliance on the experience from the Great Lakes. There is also a drive for broad CAHRA definitions to include more area as CAHRAs, but the high stakes might stand in no meaningful relation to the risks in the mineral sector: A CAHRA is only then a CAHRA in the sense of the OECD Guidance, if there is indeed a direct link between mineral extraction and Annex-II risks, not for example, if a country is high-risk because of criminal violence in big cities unrelated to mining.

While a boycott cannot be a solution, all involved stakeholders including local miners must understand that supply chains have to be economic. Supplies from CAHRAs stand in competition with supplies from non-CAHRAs including industrial mines in western countries. As long as there are no other contributions to finance upstream traceability and due diligence systems, costs for these have to be assumed by local operators and exporters. One unit of responsibly sourced tungsten has (and should have) the same value, regardless of its origin, as long as it is acceptable for the entire downstream supply chain.

WBH sees various opportunities to improve the performance of the ASM sector in areas of elevated risk, including

- baseline studies that are truly informative including meaningful plausibility assessments instead of over-reliance on bag & tag,
- more attention to capacity building of artisanal miners and formalization of the sector,
- more consideration of the meaning of due diligence, taking into account the specifics of the individual supply chain,
- a level playing field, without unreasonably high thresholds and exceptions for downstream products,
- a fairer share in costs between up- and downstream for due diligence costs, and
- provision of a conducive environment by the individual governments, with harmonization of taxes and duties, adequate support functions for miners including training opportunities and knowledge centers, and elimination of bureaucratic hurdles that might hamper due diligence.

Longer-term reliable arrangements are indispensable when it comes to development. If mine operators, cooperatives or traders look mainly for short-term gains, no downstream actor is willing to invest beyond the “next container” – and no positive development can be reached. It also contradicts the call of the OECD to aim establishing long-term relationships with suppliers. Supply chains should be as short as possible, to provide the smelter with leverage over the mining conditions on the ground.

Finally, it is of utmost importance that well-established and worldwide accepted supply chain due diligence schemes remain on one side recognized and on the other, continue to provide robust and reliable guidance and seek continual improvement of their procedures. Where responsible sourcing is governed by legal frameworks, such as in case of the Regulation (EU) 2017/821, it is essential that politics recognizes the expertise built by independent industry schemes over more than a decade.

Expectations of 100% transparent supply chains also contradict economic development, as individual off-takers need to benefit from their efforts to identify and develop responsible supply chains and cannot openly share details about them. Auditors need to and regulators might want to obtain 100% insight. Apart from this, assessment of qualified independent auditors needs to be respected as firewall for sensitive information.

While WBH sees weaknesses in ITSCI's program, there seems little alternative that could replace the program short-term and that would give smallest mining operators access to the world market and hence development perspectives for their communities. In 2023, a new alignment assessment of the ITSCI program against the OECD guidance was successfully undertaken, with the report and subsequent discussions with the assessor explaining some of the mis-matching expectations that various stakeholders have for the program.

It is important that ITSCI admits shortcomings in order to improve and that ITSCI's processes become more robust. Trust needs to be earned and maintained but asking for 100% compliance with something that is a "soft target" such as the OECD Guidance will negatively impact on the intricate set-up of responsible sourcing networks and thus, also on the opportunities that mining in disadvantaged regions provide for local communities.

Throughout the year, WBH was in close contact with various organizations to discuss and promote responsible sourcing guidance. WBH will continue to work with all stakeholders to support robust and practical traceability while avoiding application of advanced technologies for their own sake, a level playing field to avoid boycott of ASM miners in developing countries, reasonable expectations of downstream and adequate cost sharing across the supply chain.



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