



Responsible Global Supply Chain of Minerals

Sourcing supply chain of minerals of Bluestone Metals and Chemicals Europe SLU (BMC)

BMC, as part of Specialty Metals Resources (SMR), recognizes the risks of significant adverse impacts which may be associated with extracting, trading, handling and exporting minerals from conflict-affected and high-risk areas, and recognizing that we have the responsibility to respect human rights and not contribute to conflict, we commit to adopt, widely disseminate and incorporate in contracts and/or agreements with suppliers the following policy on responsible sourcing of minerals from conflict-affected and high-risk areas, as representing a common reference for conflict-sensitive sourcing practices and suppliers' risk awareness from the point of extraction until end user. We commit to refraining from any action which contributes to the financing of conflict and we commit to comply with relevant United Nations sanctions resolutions, OECD Due Diligence Guidelines, Regulation (UE) 2017/821 and our own Code of Conduct.

Responsible Sourcing

BMC is committed to source only materials and commodities that meet regulatory requirements and industry standards, throughout the supply chain.

Our suppliers are expected to meet our standards for ethical business practices, safety, health, human rights and environmental governance.

BMC is committed to assess social, ethical and environmental considerations when managing relationships with suppliers and customers.

Our sourcing policy and commitment to responsible sourcing takes into account all aspects of our supply chain including production, sourcing of materials and procuring goods and services. Our sourcing policy and related procedures set out commitments and expectations of our suppliers.

Through collaboration with industry experts, industry consortia, our suppliers and customers we work to ensure compliance with all applicable standards while building awareness of developments that may impact our industry. In this way we seek to be compliant today and be ready to advance responsible sourcing for the future.

Managing our supply chain

Our supply contracts set out our clear expectations that all our suppliers meet the standards of responsible supply chain management with full compliance with applicable laws and regulations. This approach applies to any individual, organization or company that provides, sells or leases materials directly to SMR Group companies (also BMC), including goods and services.

BMC expects that its suppliers will adhere to the same ethical standards that BMC applies to its own business. To this end, suppliers are expected to follow the SMR Group Code of Conduct and Business Ethics and Anti-bribery Policy. These are expressly referenced in all our supply contracts.

The standards that we expect of our suppliers are incorporated, by reference, in our supplier contracts.

In this way we seek to support the responsible and ethical sourcing and production of the materials and products that we market. At the same time, we seek to ensure compliance with all applicable laws and regulations.

Our sourcing and marketing teams work closely with internal and third party suppliers to promote awareness and knowledge relating to responsible sourcing and the standards expected of our suppliers. A continual process of review is required to identify and address actual or potential risks in our supply chain. We work collaboratively with our suppliers to evaluate their business practices and support their ability to meet the standards we expect of our suppliers. In the event that a concern is identified, we seek to work with the supplier to determine appropriate corrective action.

Responsible procurement

We are committed to purchasing products and services from suppliers that operate in a manner that is responsible, transparent and respects the human rights of all.

Our production operations (both wholly owned and owned in part) are implementing systems and processes to ensure they are working with responsible suppliers.

We require all suppliers to comply with all applicable laws, regulations and industry requirements to address any potential risks of human rights-related challenges within their supply chain.

Transportation and distribution

Given the nature of our business, BMC uses different service providers, such as warehouses, land freight and shipping lines to move our products on an ongoing basis.

Using both independent assessors and qualified internal personnel, we operate quality control procedures in our supply chain to meet the expectations and demands of our industry.

Through safety data sheets we provide all necessary information to our staff, transporters and customers relating to possible hazards of our products and the safety precautions relating to handling, storing and transporting our products to prevent physical, personal and environmental harm.

These safety datasheets reflect the classifications developed by industry associations and consortia; they provide information on the precautions workers should take during handling, as well as responsible storage and distribution.

We follow the Regulation EC 1272/2008 regarding Classification, Labelling and Packaging (CLP), the EU REACH regulations on the registration, evaluation, authorization and restriction of chemicals, and the London Bullion Market Association (LBMA) Responsible Gold guidance.

We participate in the REACH consortia related to the materials we source and import; these include the consortia for cobalt, tungsten, nickel, selenium, molybdenum and cadmium.

Working with the Cobalt Institute and Responsible Minerals Initiative

We expect our suppliers within cobalt supply chains to follow the guidelines and standards of the Cobalt Institute as well as the Responsible Minerals Initiative (RMI). We require our suppliers to provide the details of their production or sourcing of minerals in accordance with the Extended Minerals Reporting Template (EMRT).

Regarding serious abuses associated with the extraction, transport or trade of minerals

1. While sourcing from, or operating in, conflict-affected and high-risk areas, we will neither tolerate nor by any means profit from, contribute to, assist with or facilitate the commission by any party of:
 - i) any forms of torture, cruel, inhuman and degrading treatment;
 - ii) any forms of forced or compulsory labour, which means work or service which is exacted from any person under the menace of penalty and for which said person has not offered himself voluntarily;
 - iii) the worst forms of child labour;¹
 - iv) other gross human rights violations and abuses such as widespread sexual violence;
 - v) war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.

¹ See ILO Convention No. 182 on the Worst Forms of Child Labour (1999).

Regarding risk management of serious abuses

2. We will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party committing serious abuses as defined in paragraph 1.

Regarding direct or indirect support to non-state armed groups²

3. We will not tolerate any direct or indirect support to non-state armed groups through the extraction, transport, trade, handling or export of minerals. "Direct or indirect support" to non-state armed groups through the extraction, transport, trade, handling or export of minerals includes, but is not limited to, procuring minerals from, making payments to or otherwise providing logistical assistance or equipment to, non-state armed groups or their affiliates who:³
 - i) illegally control mine sites or otherwise control transportation routes, points where minerals are traded and upstream actors in the supply chain;⁴ and/or
 - ii) illegally tax or extort⁵ money or minerals at points of access to mine sites, along transportation routes or at points where minerals are traded; and/or
 - iii) illegally tax or extort intermediaries, export companies or international traders.

Regarding risk management of direct or indirect support to non-state armed groups

4. We will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party providing direct or indirect support to non-state armed groups as defined in paragraph 3.

Regarding public or private security forces

5. We agree to eliminate, in accordance with paragraph 10, direct or indirect support to public or private security forces who illegally control mine sites,

² To identify non-state armed groups, companies should refer to relevant UN Security Council resolutions.

³ "Affiliates" includes négociants, consolidators, intermediaries, and others in the supply chain that work directly with armed groups to facilitate the extraction, trade or handling of minerals.

⁴ "Control" of mines, transportation routes, points where minerals are traded and upstream actors in the supply chain means i) overseeing extraction, including by granting access to mine sites and/or coordinating downstream sales to intermediaries, export companies or international traders; ii) making recourse to any forms of forced or compulsory labour to mine, transport, trade or sell minerals; or iii) acting as a director or officer of, or holding beneficial or other ownership interests in, upstream companies or mines.

⁵ "Extort" from mines, transportation routes, points where minerals are traded or upstream companies means the demanding, under the threat of violence or any other penalty, and for which the person has not voluntarily offered, sums of money or minerals, often in return for granting access to exploit the mine site, access transportation routes, or to transport, purchase, or sell minerals.

transportation routes and upstream actors in the supply chain; illegally tax or extort money or minerals at point of access to mine sites, along transportation routes or at points where minerals are traded; or illegally tax or extort intermediaries, export companies or international traders.⁶

6. We recognize that the role of public or private security forces at the mine sites and/or surrounding areas and/or along transportation routes should be solely to maintain the rule of law, including safeguarding human rights, providing security to mine workers, equipment and facilities, and protecting the mine site or transportation routes from interference with legitimate extraction and trade.
7. Where we or any company in our supply chain contract public or private security forces, we commit to or we will require that such security forces will be engaged in accordance with the Voluntary Principles on Security and Human Rights. In particular, we will support or take steps, to adopt screening policies to ensure that individuals or units of security forces that are known to have been responsible for gross human rights abuses will not be hired.
8. We will support efforts, or take steps, to engage with central or local authorities, international organizations and civil society organizations to contribute to workable solutions on how transparency, proportionality and accountability in payments made to public security forces for the provision of security could be improved.
9. We will support efforts, or take steps, to engage with local authorities, international organizations and civil society organizations to avoid or minimize the exposure of vulnerable groups, in particular, artisanal miners where minerals in the supply chain are extracted through artisanal or small-scale mining, to adverse impacts associated with the presence of security forces, public or private, on mine sites.

Regarding risk management of public or private security forces

10. In accordance with BMC specific position in the supply chain (between smelters and downstream users), we will immediately devise, adopt and implement a risk management plan with upstream suppliers and other stakeholders to prevent or mitigate the risk of direct or indirect support to public or private security forces, as identified in paragraph 5, where we identify that such a reasonable risk exists. In such cases, we will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation within six months from the adoption of the risk management plan. Where we identify a reasonable risk of activities inconsistent with paragraphs 8 and 9, we will respond in the same vein.

⁶ “Direct or indirect support” does not refer to legally required forms of support, including legal taxes, fees, and/or royalties that companies pay to the government of a country in which they operate (see paragraph 13 below on disclosure of such payments).

Regarding bribery and fraudulent misrepresentation of the origin of minerals

11. We will not offer, promise, give or demand any bribes, and will resist the solicitation of bribes to conceal or disguise the origin of minerals, to misrepresent taxes, fees and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport and export.⁷

Regarding money laundering

12. We will support efforts, or take steps, to contribute to the effective elimination of money laundering where we identify a reasonable risk of money-laundering resulting from, or connected to, the extraction, trade, handling, transport or export of minerals derived from the illegal taxation or extortion of minerals at points of access to mine sites, along transportation routes or at points where minerals are traded by upstream suppliers.

Regarding the payment of taxes, fees and royalties due to governments

13. We will ensure that all taxes, fees, and royalties related to mineral extraction, trade and export from conflict-affected and high-risk areas are paid to governments and, in accordance with the company's position in the supply chain, we commit to disclose such payments in accordance with the principles set forth under the Extractive Industry Transparency Initiative (EITI).

Regarding risk management of bribery and fraudulent misrepresentation of the origin of minerals, money-laundering and payment of taxes, fees and royalties to governments

14. In accordance with the specific position of the company in the supply chain, we commit to engage with suppliers, central or local governmental authorities, international organizations, civil society and affected third parties, as appropriate, to improve and track performance with a view to preventing or mitigating risks of adverse impacts through measurable steps taken in reasonable timescales. We will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation.

⁷ See OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997); and the United Nations Convention Against Corruption (2004).