

## Due Diligence Report CRONIMET Brasil Ltda.

### 1. Company Information

The company is called CRONIMET Brasil Ltda.

The CRONIMET story begins in Karlsruhe in 1980. Over the years, it has developed into one of the leading raw material recyclers for stainless steel and specialty metals. The early years were marked by the foundation of the first European companies. This laid the foundation for today's worldwide network of the CRONIMET Group.

In 1990 CRONIMET Brasil Ltda. was founded in São Paulo with the purpose to develop and trade the stainless steel scrap. In the recent years, CRONIMET started also to trade ferroalloys material and in 2018 the company decided to expand and opened a new branch in Araquari city, state of Santa Catarina where it could not only trade stainless steel and ferroalloys but also produce its own ferroalloys guaranteeing the highest quality for its clients.

The company's CNPJ number is 03.374.355/0002-10, RMAP ID G-RM-10000845 and **CID003468**. The company has 1 smelting facility called CRONIMET Brasil Ltda – SC. It is located at Rua Augusto Valiatti, 77 CEP 89245-000 Araquari – Santa Catarina. The smelting/refining facilities are processing tungsten products.

### 2. RMAP Assessment Summary

CRONIMET Brasil Ltda. SC is going to undergo a RMAP assessment on 30<sup>th</sup> September 2020. The assessment is valid for one year. The assessment period is from 16<sup>th</sup> August 2019 to 16<sup>th</sup> August 2020. The assessment will be conducted by SCS Global Services.

The assessment summary report will be is public and available at: <http://www.responsiblemineralsinitiative.org/>

### 3. Company Supply Chain Policy

To avoid the use of conflict minerals, which directly or indirectly finance or benefit armed groups and/or involve other serious human right abuses in high-risk and conflict-affected regions, CRONIMET Brasil has developed a supply chain policy. The supply chain policy is fully aligned with the third edition of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance). It covers all the risks identified in Annex II of the OECD Guidance and its geographic scope is global. The company is committed to addressing any Annex II risks if identified. The policy was reviewed and approved by senior management, which committed to support its implementation. The policy has been widely disseminated to relevant stakeholders (suppliers, customers, employees etc.) and is available on the company website at [www.cronimet.com.br](http://www.cronimet.com.br).

#### > ENDEREÇOS

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#### 4. Company Management Systems

##### Management Structure

The company follows through on its commitments in the supply chain policy and has developed an internal procedure for due diligence with the following aspects:

The Operation manager is responsible to oversee the due diligence program and risk management design and implementation.

The company has assigned an operation manager to coordinate the work of the relevant departments (including the Purchasing Department, Quality Department, Production Department, and Warehouse Management Department) to ensure each department follows up on their roles and responsibilities to implement the due diligence program and report any red flags and potential risks identified.

The company conducts due diligence management system training once a year for key staff from all relevant departments required in due diligence program. If there is an update of the program, the company conducts additional training, as necessary.

The management and staff of CRONIMET Brasil have committed themselves to comply with the relevant principles of the Supply Chain Policy. They worked proactively to make conscious decisions about responsibly sourced minerals in their supply chains.

##### Internal Systems of Control

The company has established/updated its due diligence management system to be aligned with the OECD Guidance and RMAP in August 2020. The company communicated the updated supply chain policy and sourcing requirements to all identified upstream suppliers in September 2020. CRONIMET Brasil has incorporated due diligence requirements into legally binding agreements with direct suppliers. CRONIMET Brasil includes due diligence requirements as part of the conversation.

The company refers to [RMI's grievance mechanism](#) to collect information on grievances from interested parties.

The company has implemented the updated system by completing the following activities:

- Developed and implemented a Know Your Counterparty (KYC) process.
- Communicated the updated Supply Chain Policy, (referred to as the Responsible Sourcing Policy) and sourcing requirements to all identified upstream suppliers in September 2020.
- Using a process for CAHRA Identification.
- Incorporated due diligence requirements into binding agreements with suppliers using CRONIMET Brasil's Purchase Orders.
- Referred interested parties to RMI's Grievance Mechanism in the Responsible Sourcing Policy (link found within the content of the policy) to collect information on grievances

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from interested parties coupled with a process to respond to and resolve any issues brought forth through a grievance mechanism or other means.

### **Record Keeping System**

The company requires that all records relating to the due diligence program are maintained at least for five years and that they be properly used and safely stored in our online company database Proteus.

### **5. Risk Identification**

The company has a robust process to identify risks in the supply chain.

Firstly, referring to the risks in the company's supply chain policy, the company established a procedure to identify CAHRAs. The procedure includes the resources used, the criteria to define a "conflict-affected and high-risk" area as well as the frequency with which our determination is reviewed. The company uses the following resources to determine CAHRAs: The Heidelberg Conflict Barometer provides conflict maps, representing an annual snapshot of the presence of armed conflict.

The INFORM Index for Risk Management provides country-level risk profiles relating to humanitarian crises.

Referring to its supply chain policy and external resources, the company has defined criteria and benchmark indicators to determine CAHRAs.

Secondly, the company designed a Know Your Supplier (KYS) to include information concerning supplier legal status and identity, supplier mapping and potential risks. The company's operation manager reviewed the provided information and the UN Sanction List with the Purchasing Team.

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