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## THIRD PARTY ASSESSMENT OF REGULATION (EU) 2017/821 ALIGNMENT

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## I. ASSESSMENT OBJECTIVE

The objective of the assessment is to assess the auditee's level of conformance with 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 and tungsten, their ores, and gold originating from conflict-affected and high-risk areas.

## II. ASSESSMENT SCOPE

Assessment Period: 01.01.2021 – 31.12.2021

Assessment Company: Arche Advisors

The assessment scope included all of the Union importer's activities, processes and systems used to implement supply chain due diligence regarding metals; including the Union importer's management system, risk management, and disclosure of information in accordance with Articles 4, 5 and 7 respectively.

## III. ASSESSMENT METHODOLOGY

The assessment consisted of collecting and reviewing objective evidence including documentation, management and employee interviews, facility walk-through, and other observations demonstrating that the site/refiner's due diligence management system conforms, in all material aspects to the requirements of the applicable Standard.

## IV. CONCLUSION

The assessment was conducted in accordance with ISO19001:2011 Standard, taking into account the guidance provided by the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

The auditor verified the scope, selected samples, and gathered objective evidence through documentation review, interviews, and visual observations.

The auditor found that the auditee's due diligence system does not comply, in all material aspects, with the requirements of the "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 and tungsten, their ores, and gold originating from conflict-affected and high-risk areas” and the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.”

Recommendations to the union importer on how to improve its supply chain due diligence practices are provided in ANNEX 1 of this report.

## ASSESSOR STATEMENTS

Third-party assessment conducted at MERSEN Deutschland Linsengericht GmbH on November 11, 2022:

- (a) included in its scope all of the Union importer's activities, processes and systems used to implement supply chain due diligence regarding metals, including the Union importer's management system, risk management, and disclosure of information in accordance with Articles 4, 5 and 7 respectively;
- (b) had as its objective the determination of conformity of the Union importer's supply chain due diligence practices with Articles 4, 5 and 7;
- (c) includes recommendations to the Union importer on how to improve its supply chain due diligence practices; and
- (d) respected audit principles of independence, competence and accountability, as set out in the OECD Due Diligence Guidance.

## LIMITATIONS AND ADDITIONAL INFORMATION

There were no limitations to this audit.

The assessment was shadowed by the following representatives of Deutsche Kontrollstelle EU-Sorgfaltspflichten in Rohstofflieferketten:

1. Mr. Julian Cordes - Auditor Compliance - Control

## ASSESSOR

The assessment was led by Kaido Katalsepp. The auditor is a qualified, independent third-party auditor, free of conflicts of interest, having demonstrated relevant experience and approved by OECD aligned industry initiatives.



## REGULATION (EU) 2017/821 ALIGNMENT ASSESSMENT

### AUDIT COMPANY OVERVIEW

ARCHE Advisors, Inc. ("ARCHE") is a small business S Corporation established in January 2013. Founder and CEO, Greg Gardner first began working in corporate responsibility strategy consulting in 1995. Executive team members have 10 to 25 years of experience alongside his, showing the extensive background of our management team in this industry. The majority of our team members have worked together for more than a decade, ensuring a high level of mutual trust and teamwork. We are committed to working to the highest levels of integrity, and ensuring our own policies and practices align with our client aspirations.

ARCHE Advisors is renowned for our subject matter expertise in social and environmental auditing, traceability, supply chain labor and human rights management, and risk mitigation. Our team collectively has more than 200 years of experience helping companies manage the social and environmental impacts of their globalized supply chains. Our project team has over 10 years of experience auditing alignment of various standards for responsible sourcing in minerals supply chain equivalency requirements.

## **ANNEX 1**

### **RECOMMENDATIONS TO THE UNION IMPORTER ON HOW TO IMPROVE ITS SUPPLY CHAIN DUE DILIGENCE PRACTICES:**

1. Include in the Supply Chain Policy reference to 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 and tungsten, their ores, and gold originating from conflict-affected and high-risk areas.
2. Include all Annex II risks in Supply Chain policy
3. Clearly describe Risk Management procedure is not in the Supply Chain policy
4. Assign responsibility over due diligence management system to senior management.
5. Obtain records of the third-party audit reports of the smelters and refiners, or evidence of conformity with a supply chain due diligence scheme recognised by the Commission pursuant to Article 8;  
(v) if the records referred to in point (iv) are not available: — countries of origin of the minerals in the supply chain of the smelters and refiners, — where metals are based on minerals originating from conflict-affected and high-risk areas, or other supply chain risks as listed in the OECD Due Diligence Guidance have been ascertained by the Union importer, obtain additional information in accordance with the specific recommendations for downstream economic operators set out in that Guidance;
6. If 3-rd party audit reports of smelters and refiners are not available, identify and assess the risks in your supply chain as part of your own risk management system by carrying out audits of your supply chain due diligence via an independent third-party in accordance with Article 6 of this Regulation.
7. Have a policy statement or procedure which addresses the requirement to make available to their immediate downstream purchasers all information gained and maintained pursuant to their supply chain due diligence with due regard for business confidentiality and other competitive concerns.
8. Report publicly on your due diligence
9. Have a statement in the written procedure to offer all the assistance necessary to facilitate the performance of the ex-post checks referred to in paragraph 1, in particular as regards access to premises and the presentation of documentation and records.