



Global Tungsten & Powders Corp. Public Due Diligence Report for FY2017-18 (March 1, 2018 – February 28, 2019)

The included Public Due Diligence Report, commonly referred to as the Step 5 Report is structured as closely as possible to the *Public Due Diligence Report Writing Guidance* of the Responsible Minerals Assurance Process (RMAP) published by the Responsible Minerals Initiative (RMI) at www.responsiblemineralsinitiative.org under Public Reporting.

1) Company information:

Company name:	Global Tungsten & Powders Corp
RMI smelter ID number:	CID000568
Company location:	1 Hawes Street, Towanda, PA 18848, USA
3TG material processed:	Tungsten
Webpage:	www.globaltungsten.com

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

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

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

with traders that focus on certain regions. GTP sources scrap directly from generators, from customers, from Plansee Group affiliates and from scrap collectors and dealers.

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

2) RMAP Assessment Summary:

Date of last RMAP assessment	May 21-22, 2019
b. Assessment period	March 1, 2018 – February 28, 2019
c. Assessment firm	SGS Global Services

The status and the results of the previous assessment and the above listed assessment can be found at: <http://www.responsiblemineralsinitiative.org/conformant-tungsten-smelters/> and <https://www.globaltungsten.com/en/company/responsible-sourcing-transparency.html>

3) Company Supply Chain Policy:

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

GTP's Supplier Policy and Code of Conduct is part of GTP's company management system. GTP is audited against ISO 9001, ISO 17025-Chemical, ISO 17025-Mechanical. Further details on GTP's quality management systems and company process controls can be found at: <https://www.globaltungsten.com/en/company/quality-certifications.html>

Pertaining to Responsible Sourcing of raw materials, GTP implemented and published its first Conflict Minerals Policy on our web-site in 2013. Due to our own and GTP's customers concern related to ensuring responsible sourcing from the Conflict Region, GTP did not source from the Covered Countries for several years. This decision was clearly stated in GTP's first Conflict Minerals Policy. After thorough review and in consultancy with its customers and other stakeholders, GTP decided to change the policy in 2016 and started sourcing from the Covered Countries. Also, a new policy was implemented and published in 2016. In connection with the recent assessment under the Responsible Minerals Assurance Process (RMAP), we published a new Raw Materials Supply Chain Policy in June 2019: <https://www.globaltungsten.com/en/company/responsible-sourcing-transparency.html>

4) Company Management System related to Responsible Raw Materials Sourcing:

Management system to support supply chain due diligence:

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

Controls and transparency in the supply chain:

GTP primarily sources tungsten concentrates from larger mines with which GTP has long-term supply agreements. To ensure a stable supply of raw materials for its tungsten production and strengthen its engagement with suppliers, GTP has over the past 20 years actively been supporting the development of tungsten mines both via guaranteeing sale of products from the mines via long-term supply agreement as well as loans and guarantees. GTP conducts intensive reviews of all suppliers prior to entering into a supply agreement and all new and existing suppliers of tungsten raw materials are required to declare that they are committed to adhering to GTP's Supplier Policy, Code of Conduct and Raw Materials Supply Chain Policy.

GTP conducts intensive legal reviews of potential long-term suppliers both related to the mining company and the jurisdiction where the mining company is operating. Thus, GTP considers all supply from larger mines with which GTP has long-term supply agreements as low risk and limited review is conducted on individual shipments apart from regular finger printing. All supply from other sources require further review by GTP, including full documentation on all shipments (e.g. original country of origin certificate from government or other official source; complete documentation on transportation from mine to GTP).

GTP uses SAP for tracking and recording of all raw material supplies from purchase (i.e. entering expected material in SAP), logistics (material receiving and sampling), analyses and consumption. GTP uses distinct part numbers for each raw material type which ensures that purchased raw material type per PO is identical to received material type. The GTP receiving department is trained and highly experienced in identifying raw material types and any discrepancies are reported to the supply chain manager. All incoming raw materials are sampled and analyzed and GTP recently implemented an automated method for alerts of discrepancies between expected and actual received material quality. As one of the largest consumers of tungsten concentrates worldwide, GTP has over the years developed an extensive database of chemical analyses of tungsten and this database is used for regular screening and finger-printing of incoming materials. All discrepancies between expected supply quantity and quality are treated as a "red-flag and require further review prior to processing at GTP.

GTP's sourcing from the so-called Conflict Region in and around the Democratic Republic of Congo is conducted exclusively via one company with long-term presence and experience in the region. GTP only sources material that is fully documented and traced using the iTSCI traceability program (bagged and tagged). GTP is currently in the process of becoming a full member of iTSCI. During the reported period the only supply from identified CAHRA were from the so-called Conflict Region and the risk of contributing to conflicts was diminished via the iTSCI traceability program.

Occasionally, GTP sources intermediate and downstream containing tungsten products (ST, APT, oxide) from other tungsten smelters. GTP sources these products only from smelters that are validated under the Responsible Minerals Assurances Process (RMAP) (<http://www.responsiblemineralsinitiative.org/tungsten-conformant-smelters/>). As a major tungsten producer with long-term knowledge of the tungsten industry, and a member of the International Tungsten Industry Association (ITIA) and TI-CMC, GTP has market intel to independently review other smelters and the risk in their supply chain as it pertains to supply to GTP.

Any issues or concerns related to GTP's raw material supply including responsible sourcing concerns are to be reported directly to the raw materials purchasing manager. In addition, GTP employees and other stakeholders can anonymously communicate their concerns related to GTP's sourcing through the GTP ethics hotline:

<https://secure.ethicspoint.com/domain/media/en/gui/39200/index.html>

Any communications received are taken very seriously and are investigated and handled directly by a member of the GTP management team. Any concerns related to GTP's sourcing can also be reported to Responsible Minerals Initiative's public grievance site: <http://www.responsiblemineralsinitiative.org/responsible-minerals-assurance-process/grievance-mechanism/>

Record keeping:

All purchases and receipts of raw materials are recorded in the GTP SAP system. Upon arrival each incoming lot is weighed and sampled and labelled with a material type number and a unique batch number which is entered into SAP. Prior to entering the production plant each lot must pass our quality control and any potential quality and documentation "red flags" related to the material must be cleared. All relevant documents are stored within SAP.

For material from the so-called Conflict Region all tags are checked, and the tags are stored in the purchasing department together with all the documents associated with each shipment.

GTP policy calls for a retention time of minimum five years for all essential documents.

5) Risk Identification:

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

With respect to responsible sourcing of raw materials, GTP's main scope is on tungsten concentrates. As it is not possible to smelt tungsten in the same way as for other metals because the processing of tungsten concentrates in metal requires extensive processing, GTP and the tungsten industry as a whole, considers all tungsten containing scrap as out of scope for responsible sourcing of minerals. Thus, for scrap the only risk would be related to tungsten concentrates being sold to GTP as scrap, however this risk is very limited and would be detected immediately if not during sampling and visual inspection, during the analyses. GTP sources intermediate and downstream containing tungsten products (ST, APT, oxide) solely from smelters that are validated under the Responsible Minerals Assurance Process (RMAP):

[\(http://www.responsiblemineralsinitiative.org/tungsten-conformant-smelters/\)](http://www.responsiblemineralsinitiative.org/tungsten-conformant-smelters/)

In accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, GTP strongly condemns all activities, and will refuse any material, which we assessed benefitted or supported armed rebels/terrorist groups through illegal finance or other activities or involved serious human rights violations associated with the extraction, handling, transport or trade of minerals, including:

- Serious abuses (i.e. torture, cruel, inhuman and degrading treatment; forced for compulsory labor; worst forms of child labor; human rights violations and abuses such as widespread sexual violence; war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide).
- Direct or indirect support to non-state armed groups.
- Direct or indirect support to public or private security forces.
- Bribery and fraudulent misrepresentation of the origin of minerals.
- Money laundering.
- Non-payment of taxes, fees and royalties to governments.

Procedure for identification of conflict-affected and high-risk areas (CAHRA):

As part of the requirements of the Responsible Minerals Assurance Process (RMAP) and in-line with the OECD Due Diligence Guidance, GTP has implemented a procedure for identification of CAHRA and risk mitigation for contributing to violent conflicts and serious human abuse. The GTP CAHRA identification procedure consist of two steps: 1) Identification of country of origin and transit countries, 2) CAHRA identification using resources. GTP is currently using 5 internationally recognized resources for identifying countries with suspected CAHRA:

- Heidelberg Institute for International Conflict Research
- RULAC: Rule of Law in Armed Conflicts

- Control Risk Maps
- CATO Institute; Human Freedom Index
- FATF-GAFI Organization

The included procedure is used for review of new supplies prior to the material entering the GTP supply chain (suppliers as well as new mines from which existing suppliers are sourcing) as well as annual review of current suppliers. The annual review is conducted at the end of each financial year (i.e. end of February).

Know-Your Supplier (KYS) process:

In addition to GTP's standard process for Supplier Selection and Qualification (Evaluating/Selecting Suppliers per ISO Standard), due to the additional risk related to responsible sourcing of tungsten concentrates further reviews and documentation is included in the selection of prospective new suppliers of tungsten concentrates. All suppliers of tungsten concentrates are required to complete an extended supplier form as well as sign a supplier declaration stating that any material sold to GTP is sourced according to GTP's Supplier Policy, and Code of Conduct, and Responsible Sourcing Policy and will cooperate with requests for additional information on the origin of the product sold to GTP.

Based on the information provided above, GTP perform a check of all suppliers on national and international sanctioned parties and denied persons lists through the SAP Global Trade Services (GTS) compliance system. This screening covers official lists of the US, EU, Germany and other countries as updated from time to time. These measures provide additional assurances that GTP's business partners are not affiliated with terrorists, narcotics traffickers or other illegal groups or persons of concern.

Scope of Risk Assessment:

GTP is especially concerned about any potential contribution to serious human rights abuse and other actions that benefit or support armed rebels/terrorist groups through illegal finance or other activities associated with the extraction, handling, transport or trade of minerals.

GTP and the Plansee Group has strict rules and regulations when it comes to bribery and fraudulent misrepresentation of the origin of minerals, money laundering and non-payment of taxes, fees and royalties to governments. When it comes to misrepresentation of the country of origin of materials, GTP relies on official documents from government services in the country and with respect to payment of taxes, fees and royalties, GTP relies on these being paid if a government body issues a export document or country of origin certificate for the exported volume.

Identified risks:

During the period covered under this report no major risks were identified.

In one case, supply from a long-term, non-CAHRA supplier raised a “red flag” due to a significant change in chemical composition. However, the change was clarified by the supplier as being caused by mining in a new region of the mine, an explanation that was found reasonable and plausible. Furthermore, finger-printing showed that other elements were aligned with normal expected compositions. Based on this, the “red flag” was lowered and no further actions were needed.

With respect to the supply from the so-called Conflict Region in and around the DRC no required documents were missing, and all tags were provided with each shipment.

6) Risk Mitigation:

GTP’s sourcing strategy with focus on larger mines and long-term supply agreements also when sourcing from artisanal or semi-artisanal mine, enables GTP to reduce the risk of contributing to conflict through its sourcing of raw materials. GTP’s supply agreements provide contractual obligations for suppliers to adhere to GTP’s Supplier Policy, Code of Conduct and Raw Materials Supply Chain Police as well as the ability for GTP to reject any material that is not sourced according to these policies. GTP’s supply agreements also provide GTP with the ability to seek damage for breach of these policies, strongly encouraging suppliers to ensure that all supply to GTP is in accordance with the agreement and GTP’s policies.

GTP’s sourcing from the so-called Conflict Region in and around the Democratic Republic of Congo is conducted exclusively via one company with long-term presence and experience in the region. GTP only sources material that is fully documented and traced using the iTSCi-tagged material and GTP is based on recommendation from the RMI in the final stage of becoming a full-member of iTSCi.

7) Concluding comments:

In the period reported in this 5-Step report, GTP’s review of Conflict-Affected and High-Risk Areas (CAHRA) of source and transit countries shows that the only CAHRA’s identified were countries that were also identified under the Dodd-Frank Act as the so-called Conflict Region. All material sourced from the so-called Conflict Region (~1%) are 100% traceable from sources via the iTSCi upstream traceability scheme and fully documented through the transportation from the region to GTP.



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