



# TREMOL SMD Ltd.

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## CONFLICT MINERALS AND EXTENDED MINERALS (COBLAT, MICA) SOURCING POLICY STATEMENT

### Background

In May 2017 Regulation (EU) 2017/821 of the European Parliament and of the Council 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 was adopted to facilitate focus on transparency in the supply chain of raw materials. This new legislation concerns the sourcing of conflict minerals and focuses on imports of materials and substances (tin, tantalum, tungsten and gold) used to make finished products such as cell phones, computers, light bulbs, medical devices, and retail accessories. Together with the Commission Recommendation (EU) 2018/1149 of 10.08.2018 on non-binding guidelines for the identification of conflict-affected and high-risk areas and other supply chain risks it lays 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.

Later Cobalt was added on December 21, 2018 as the upstream cobalt supply chain is known to potentially involve serious violations of human rights. Currently, the areas of consumption and application of Cobalt are mainly battery materials, super heat-resistant alloys for aircraft engine parts and in alloys with corrosion/wear resistant uses, tool steels, hard alloys, magnetic materials. Cobalt in the form of compounds is mainly used as catalysts, desiccants, reagents, pigments and dyes.

The mica group represents 37 types of minerals, with layered structures that allow them to be split into thin flakes or sheets. Mica is largely known for its application in cosmetic products and paint. It is also used for insulation and heat resistance, and can be found in some components of electronic and automotive products. In two major mica-producing countries, India and Madagascar, mica supply chains rely heavily on artisanal and small-scale extraction as well as manual processing. Reports in recent years have highlighted instances of child labor, illegal operations and unsafe health and safety conditions in mica production and processing. As a result, many companies are now focusing on whether and to what extent their products contain conflict minerals and whether such conflict minerals come from states of armed conflict or high-risk regions worldwide.

Tremol SMD Ltd. strives to be a good corporate citizen. Even though our position in the supply chain is “down-stream user” and raw materials used in our products were sourced by our suppliers, we are committed to ensuring the health, safety and protection of people, who come into contact with our products and business. We require high social, environmental and human rights standards among our suppliers. Managing our obligations in relation to conflict minerals is also part of this corporate responsibility. The company has been observe the requirements the Responsible Minerals Initiative (RMI), which was established by the Responsible Business Alliance (RBA) and the Global e-Sustainability Initiative, and has been working closely with our suppliers to trace newly mined minerals back to their origin in order to ensure responsible sourcing.

### Tremol SMD Ltd's commitments

We are working towards ensuring that our products do not contain Conflict Minerals that have been sourced from mines that support or fund conflict within from high-risk regions of the world. Therefore, we are committed to:

- identifying which Tremol SMD Ltd products are impacted and targeting our efforts accordingly;
- not buying products and materials containing Conflict Minerals directly from Conflict Sources;
- asking our suppliers to work towards ensuring that any Conflict Minerals contained in the products and materials supplied to Tremol SMD Ltd originate from conflict-free sources;
- contributing to conflict-free trade by encouraging our suppliers not to discriminate against legitimate sources of Conflict Minerals.

In addition, we are committed to engaging with our customers regarding their disclosure obligations.

### Tremol SMD Ltd's measures

In working towards these commitments, we have taken a number of steps that include:

- Suppliers to the company are required to support our efforts in conducting a Reasonable Country of Origin Inquiry (RCOI) and documenting countries of origin for the tin, tantalum, tungsten, and gold that it purchases;
- requiring our suppliers to ensure that they are not intentionally or unintentionally encouraging human rights abuses in these high-risk areas.
- requiring our suppliers to implement a policy to reasonably prevent and reduce the risk regarding Conflict Minerals and exercise due diligence to investigate the source of these minerals and make their due diligence measures available to customers upon customer request;
- engaging with our suppliers so that they respond in a timely manner to our requests for evidence of compliance. In the future, our suppliers' willingness to comply with this initiative will be a factor in our sourcing decisions;

We recognize that it will take time to collect the information needed for us to fully understand our use of Conflict Minerals and to address all related customer concerns but we are confident in our ability to develop strong compliance program in line with the current EU policy.