

BUFAB CONFLICT MINERALS REPORT 2023

About Bufab

Bufab is a leading global supplier of C-parts. Our success is based on a strong track record of efficient sourcing, reliable quality assurance, high delivery precision and long-term customer relationships.

Our customers choose us because we provide them peace of mind – from supply to sustainability across the supply chain.

The company has around 1800 employees in 28 countries.

Introduction

Conflict minerals are often sourced from regions where armed groups use the proceeds from mineral sales to fund violence, oppression, and human rights abuses. These abuses can include forced labor, child labor, and violence against workers and local communities. Mining operations in conflict-affected regions may also disregard environmental regulations and cause significant ecological harm. Practices such as illegal mining, deforestation, and pollution can lead to long-lasting environmental degradation and harm local communities that depend on these resources.

Various international regulations, such as the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act and the European Union Conflict Minerals Regulation, require companies to disclose information about the sourcing of conflict minerals in their supply chains. Failure to comply with these regulations can lead to legal penalties and reputational damage.

As defined in the 2010 United States legislation, the Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 1502(e)(4), "conflict mineral" refers to columbite-tantalite (coltan), cassiterite, gold, wolframite, or their derivatives, or any other mineral or its derivatives deemed by the Secretary of State to finance conflict in the Democratic Republic of the Congo or an adjoining country.

The EU Conflict Minerals Regulation mandates that EU importers of tin, tantalum, tungsten, and gold (3TGs) must conduct due diligence and report on the origins of these minerals. This law aims to prevent the financing of armed conflicts and human rights abuses linked to the extraction and trade of 3TGs. Importers must ensure responsible sourcing from conflict-affected and high-risk areas. Compliance helps promote transparency and ethical supply chains.

Bufab is not in scope of current conflict mineral regulations. By conducting due diligence, Bufab can demonstrate and underline our commitment to responsible sourcing.

Bufab approach on conflict minerals



Bufab is committed to upholding the highest ethical standards in our operations and supply chain practices. We recognize the significant impact that conflict minerals can have on local communities, human rights, and regional stability. Achieving conflict-free status requires a comprehensive approach that involves supply chain engagement, due diligence, and transparency.

Bufabs approach on conflict minerals is illustrated in the figure above and based on the United Nation Guiding Principles (UNGP), and OECD Guidelines. Details on our approach are provided below.

Assessing conflict mineral risks

Bufab is a leading global supplier of C-part with a global supply chain and dependency on materials and minerals for its products and offering.

"3TG" stands for the four conflict minerals: Tin (Sn), Tantalum (Ta), Tungsten (W), and Gold (Au). These minerals are commonly found in various products and have been associated with human rights abuses and conflict financing, particularly in regions like the Democratic Republic of Congo and its neighboring countries.

Bufab has assessed its product portfolio and mainly consider 3TG risks to be associated with our sourcing of Electrical/electronic components, Bronze and Tin Plated parts.

Cobalt mining, particularly in the Democratic Republic of Congo, has been associated with human rights abuses, unsafe working conditions, and environmental degradation.

For Mica concerns have been raised about child labor, hazardous working conditions, and lack of transparency in the supply chain.

Prevention and mitigation

Bufab is committed to upholding the highest ethical standards in our operations and supply chain practices. We recognize the significant impact that conflict minerals can have on local communities, human rights, and regional stability. Prevention and mitigation is achieved through due diligence and incorporation of practices in our management systems.

Bufab commits to:

- Bufab Group shall support and respect the protection of internationally proclaimed human rights and make sure the Group is not complicit in human rights abuses.
- Suppliers and subsidiaries within Bufab Group shall take measures to assure that the sourcing of materials in products, parts or components supplied to Bufab does not directly or indirectly contribute to financing of conflicts in conflict-affected and high-risk areas.
- Inform its suppliers about the Bufab positions in regards to conflict minerals.
- Integrate conflict minerals demands into general purchasing conditions and/or purchasing contracts with its suppliers.
- Request that suppliers ensures that components provided to Bufab do not directly or indirectly contribute to armed conflict.
- Request that suppliers notify Bufab if 3TGs or Cobalt/Mica is present in the supplied items.
- Annually perform a conflict mineral survey (using the CMRT) on materials with risks for inclusion of conflict minerals. Currently Bronze, Tin Plating and electrical components is considered as risk components.
- Integrate conflict mineral topics as part of supplier assessments.
- Make corrective actions where high risk smelters are detected.
- Be transparent about the outcome from our conflict mineral due diligence and annually issue a updated CMRT.

Bufab has established a Wistleblower Policy for internal and external stakeholders. Violations can be reported to your Bufab contact or Bufab "Compliance Line" at compliance@bufab.com

Monitoring

Bufab is annually surveying its supply chain for conflict minerals. For the 2023 survey of its supply chain Bufab has engaged a third party provider asking suppliers to submit the Conflict Minerals Reporting Template (CMRT). The CMRT is a standardized reporting template developed by the Responsible Minerals Initiative (RMI) that serves as a tool for companies to gather consistent and comparable data from their suppliers regarding the sourcing of conflict minerals. It facilitates transparency, accountability, and responsible sourcing practices.

One important aspect of the survey is to understand the origin of the materials in the supply chain and verify the conflict-free status of smelters and refiners involved. Bufab is considering smelters and refiners to be conflict free if:

- All smelters, refiners and sourcing is made outside of conflict affected areas.
- All smelters, refiners and sourcing within the conflict affected areas are certified conflict free.
- All materials involved in smelting, refining and sourcing originate from recycled/scrap sources.

All smelters/refiners that are not shown to be conflict free (according to above) are considered high risk.

Improve

Corrective actions in the context of conflict minerals reporting involve steps taken by companies to address issues, risks, or discrepancies identified in the conflict minerals due diligence processes. Bufab will reach out to suppliers that has reported the use of high-risk smelters, or other deviations to our policy's or requirements to collect additional information or demand corrective actions. Bufab do also reach out to suppliers in order to encourage nonresponding suppliers to submit conflict minerals reports.

Reporting

This report and Bufab latest version of the CMRT is published externally on the Bufab web page and internally on the Bufab Intranet.

Bufab will at least annually issue an updated version of its CMRT.

Outcome of 2023 conflict minerals survey

In November 2023 Bufab started a survey among 182 of its first tier suppliers providing Electrical/electrical parts, Bronze or Tinn plated parts (see assessing of conflict minerals risks above). For the survey Bufab was engaging a third party provider asking suppliers to submit the CMRT version 6.31. The survey was completed during last of May 2023. Out of these 182 suppliers, 172 responded to Bufab before the closing of the survey, giving a response rate of 94,5%. The was an increase compared to 2021 where 76,5 % of the 179 suppliers within scope responded and compared to 2022 where 91,5% responded.



All suppliers that are not considered conflict free (e.g. not part of RMI program, see above) are classified as high risk. In our survey 11 suppliers reported to have high risk smelters within their supply chain. As Bufabs position is to only use smelters in our supply chain that is considered conflict free, the company has reached out to its suppliers to inform about our position and asked them to take neccicary mesures. As long as the issues are not resolved an escalation process is started inside Bufab. Corrective actions includes mesures to reduce smelter risks or even termination of business relationships. The corrective action work is as of June 2024 still ongoing.

For suppliers that didn not respond to the conflict minerals survey corrective actions is taken to analyze couses and assure compliance with Bufab requirements. This activity is as of June 2024 currently ongoing and three out ten non responding suppliers has submitted CMRTs to Bufab after closure date of the campaing. 3 suppliers out of the 10 submitted CMRT responses just outside of deadline meaning 7 suppliers remained for corrective action.

Definitions

OECD definition of conflict-affected and high-risk areas: Conflict-affected and high-risk areas are identified by the presence of armed conflict, widespread violence or other risks of harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars, etc. High-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence. Such areas are often characterised by widespread human rights abuses and violations of national or international law.

EU definition of conflict-affected and high-risk areas: Areas in a state of armed conflict, fragile post-conflict areas, as well as areas witnessing weak or non-existing governance and security, such as failed states, and widespread and systematic violations of international law, including human rights abuses.

The term "3TG": Minerals commonly associated with conflict minerals due diligence: Tin (Sn), Tantalum (Ta), Tungsten (W), and Gold (Au).

Smelter: A smelter is a facility where raw minerals or ores are subjected to high temperatures and chemical processes to extract the metal content. Smelters are responsible for separating valuable metals from the ore matrix, often using heat and chemical reactions. The resulting metal, in a semi-purified form, is then sent to refineries for further processing.

Refiner: A refiner is a facility that takes the partially purified metals from smelters and further processes them to achieve the desired level of purity and quality. Refineries typically involve processes like purification, alloying, and other treatments to remove impurities and enhance the properties of the metals. The refined metal is then ready for use in various industries.

In the context of conflict minerals, smelters and refiners play a crucial role in ensuring responsible sourcing and ethical practices. Companies engaging in conflict minerals due diligence often verify the status of smelters and refiners in their supply chains to ensure that these facilities are not sourcing minerals from conflict-affected areas or contributing to human rights abuses.

Recycled or scrap sources: Recycled metals, that are reclaimed end-user or post-consumer products, or scrap processed metals created during product manufacturing. Recycled metal includes excess, obsolete, defective, and scrap metal materials that contain refined or processed metals that are appropriate to recycle in the production of tin, tantalum, tungsten and/or gold. Minerals partially processed, unprocessed or byproducts from other ores are not included in the definition of recycled metal.