

## PROCEDURES TO IDENTIFY CONFLICT-AFFECTED AND HIGH-RISK AREAS

### A. Overview.

**A.1.** The Compliance Officer shall be responsible for carrying out the primary activities of the procedure to identify CAHRAs.

**A.2.** A CAHRAs is defined as an area 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 characterized by widespread human rights abuse and violations of national or international law.

**A.3.** The Compliance Officer shall conduct an assessment to determine all CAHRAs as they relate to Company B's countries of origin, transit, and suppliers. To do so, the Compliance Officer will assess the following:

#### A.3.i. Conflict

Conflict shall mean a political conflict, i.e. a perceived incompatibility of intentions between individuals or social groups as further defined in the Heidelberg Conflict Barometer.

**Armed Conflict:** shall refer to the definitions as outlined by the [Geneva Contentions](#), namely:

- **International armed conflict:** all cases of declared war or of any armed conflict that may arise between two or more high contracting parties, even if the state of war is not recognized, the Convention shall also apply to all cases of partial or total occupation of the territory of a high contracting party even if the said occupation meets with no armed resistance" (Geneva Convention, 1949, common art.2). In simple terms, this means armed conflict between internationally recognized governments.
- **Non-international armed conflict:** armed conflicts that are non-international in nature occurring in one of the High contracting parties' (Geneva Convention, common article 3, 1949). In simple terms, this means armed conflict between an internationally recognized government and a non-state armed group, or among non-state armed groups.

**Conflict-Affected and High-Risk Areas (CAHRA):** defined as areas 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 characterized by widespread human rights abuses and violations of national or international law. (OECD (2016), OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas: Third Edition, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264252479-en>)

On December 17, 2020, the European commission directorate general for trade (DG TRADE) published an indicative, non-exhaustive, and regularly updated list of conflict-affected and high-risk areas (CAHRAs) or ‘EU list’: <https://WWW.cahraslist.net/cahras>.

**Conflict-affected and high-risk areas of mineral origin, transit, and/or export:** Smelters/refiners, international concentrate traders and mineral re-processors should target risk assessments on those minerals and suppliers triggered by the “**red flag locations of mineral origin and transit**” and “**supplier red flags,**” [...] know the context of the conflict-affected and high-risk area of mineral origin, transit and/or export: a) Study profiles on the conflict-affected and high-risk areas of origin, neighboring and transit countries (including potential transportation routes and the locations of extraction, trade, handling, and export). Relevant information will include public reports (from governments, international organizations, NGOs, and media), maps, UN reports and UN Security Council sanctions, industry literature relating to mineral extraction, and its impact on conflict, human rights or environmental harm in the country of potential origin, or other public statements (OECD (2016), OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict- Affected and High-Risk Areas: Third Edition, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264252479-en>)

### **A.3.ii. Human Rights**

Human rights shall refer to violations of the core international conventions on human rights including the International Covenant on Civil and Political Rights, the International Covenant on Social and Economic Rights, and the Universal Declaration of Human Rights.

Human Rights: shall mean human rights as defined by the following core international conventions and instruments:

- [Universal Declaration of Human Rights](#) (1948)
- [International Covenant on Civil and Political Rights](#) (1966)
- [International Covenant on Economic, Social, and Cultural Rights](#) (1966)

#### [Universal Human Rights Instruments](#)

### **A.3.iii. Good Governance**

Good governance shall refer to the lack of corruption, i.e. the abuse of entrusted power for private gain. It can be classified as grand, petty and political, depending on the amount of money lost and the sector where it occurs. (Source: Transparency International)

Refer to the definition of the [UN Office of the High Commissioner for Human Rights \(OHCHR\)](#) means the process whereby public institutions conduct public affairs, manage public resources, and guarantee the realization of human rights in a manner essentially free of abuse and corruption, and with due regard for the rule of law.

The CAHRAs list includes countries or areas identified as high-risk by relevant regulations:

The Democratic Republic of the Congo (DRC) and its nine adjoining countries as outlined in Section 1502 of the Dodd-Frank Act (DFA 1502), namely Angola, Burundi, Central African Republic, Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia (the ‘Covered Countries’); and,

- The indicative and non-exhaustive list of CAHRAs provided by the European Commission according to Article 14.2 of the European Union Regulation 2017/821
- Other areas the company determines to be high-risk based on the implementation of CAHRAs procedure and Red Flag review.

## **B. Process**

**B.1.** The Compliance Officer will review the above-mentioned criteria against the following threshold:

**B.1.i. Dodd-Frank Act (DFA 1502):** The Democratic Republic of the Congo (DRC) and its nine adjoining countries as outlined in Section 1502 of the Dodd-Frank Act (DFA 1502), namely Angola, Burundi, Central African Republic, Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia. If the source of material is from these listed countries, it will be identified as CAHRAs, and no further step is taken, purchasing is not allowed.

**B.1.ii. EU CAHRAs list:** A country that not listed on the EU CAHRAs list is considered as low risk and will be further assessed on B1.iii, B1.iv and B1.v. A country that listed on the EU CAHRAs list shall be assessed further as per the process outlined in Sections B.2 of this procedure to identify if the sub-nation falls into CAHRAs or not. If the sub-nation identification in Section B.2 does not fall into CAHRAs, then it is required to be further assessed on B1.iii, B1.iv and B1.v. If the sub-nation identification in Section B.2 falls into high risk, then it is considered as CAHRAs and purchasing is not allowed.

<https://www.cahraslist.net/cahras>

### **B.1.iii. Heidelberg Conflict Barometer**

A country attaining a score of higher than 2 on the Heidelberg Conflict Barometer

shall be assessed further to see the sub-national level. If the sub-national level is higher than 2, it will be considered as high risk.

**B.1.iv.UNDP Human Development Indicators:**

Country reports authored by UN bodies will be assessed further as per the process outlined in Sections B.. of this procedure. The risk of human rights abuses will be measured according to reports of UNDP Human Development Indicators that countries with low indicator (<0.55) will be considered as high risk.

**B.1.v.Transparency International**

A country that has a score below global average for the perceived level of public-level corruption by Transparency International shall be assessed as high risk.

<https://www.transparency.org/>

**B.2** If any of the above steps meet the threshold, further assessment on sub-nation level is required. If sub-nation level does not meet the threshold, then it is not considered as CAHRAs. If sub-nation level meets the threshold, then it is considered as CAHRAs.

**Conclusion:** Reviewer goes through above steps and identify high risk base on above parameters. If 2 out of 3 parameters are high risk, it should be considered as CAHRAs, and no sourcing is allowed.

**C. Frequency.**

The Compliance Officer will assess the procedure to identify CAHRAs as outlined herein on each resource becomes updated and available or at least annually