

Responsible Sourcing of Raw Minerals Policy

Conflict minerals used in products are known to fuel wars and human rights abuses. Unsafe mining methods also lead to severe health problems for workers and environmental degradation in the communities where they live. Nearly 40 percent of today's domestic conflicts are related to natural resources in one way or another. Minerals such as tin, tantalum, tungsten, gold and cobalt are used in vital components in automotive products and are categorized as conflict minerals since they are connected to armed conflicts and human rights abuses in the regions of the world where they are extracted. Forced labor and child labor are common, as are violence, corruption and widespread environmental degradation.

Toxic substances such as mercury are used to excavate the minerals. Workers come in contact with the substances without any protective equipment and soil and water are also polluted as a result. These mostly small-scale, artisanal mines are largely located in remote areas with little infrastructure and where access to healthcare is limited.

Problems often occur in countries with valuable natural resource deposits, and where there is a weak or non-existing state. To control the profitable mining industry, violent guerilla groups or armed forces occupy an area, abuse workers and use the proceeds of mineral sales to fund further conflicts. The minerals are often traded illegally and to maintain their operations, these groups oppose and undermine any efforts to achieve peace. The development of civil society and a democratic, stable government would bring laws and regulations which may prevent this illegal activity. What adds to the complexity is that a majority of the mines are artisanal and small scale, which are more difficult to control. While industrial mining employs 7-9 million people on a global scale, more than 100 million people in 80 countries are active in artisanal and small scale mining.

Putting an abrupt stop to illegal trading would therefore lead to a humanitarian crisis, which is why international institutions, legislators and NGOs are trying to find ways to improve the situation for communities that rely on mining activities in conflict-affected areas.

ALTAS AUTO is committed to responsible and transparent business conduct. ALTAS AUTO stands for respect, tolerance as well as cultural openness and accepts responsibility for employment, prosperity, society and environment in many regions around the world. It is our goal to create enduring value for customers, employees, shareholders, partners and society in order to contribute to sustainable development.

An essential component of this concept is the sustainability requirements of the ALTAS AUTO, which comprise environmental protection, human and worker's rights, transparent business relations and fair competition as well as due diligence for supply chains of minerals from conflict-affected regions. These requirements are part of contracts with all business partners and have to be passed on to sub-suppliers in the supply chain.

ALTAS AUTO has performed an in-depth analysis to determine whether we obtain raw materials that may fall under the scope of “conflict minerals”. To our current knowledge, this is not the case.

Our suppliers have confirmed to us that they do not source their minerals from the Democratic Republic of Congo or its neighboring countries and have submitted “conflict-free minerals” declarations. As the international supply chain for these minerals is complex, and the tracing of them is challenging. ALTAS AUTO must rely upon its suppliers to identify the sources of conflict minerals and declare the conflict mineral status of their products.

ALTAS AUTO has defined and is currently implementing a company policy on conflict-free sourcing. Procedure selecting of suppliers to ensure the tracking of materials that potentially originate from conflict-affected and high-risk areas was developed. On this basis, suppliers of materials potentially falling under the scope of “conflict minerals” are reviewed and “conflict-free statements” should be collected where relevant.

It follows that the ALTAS AUTO expects its suppliers to avoid all minerals from conflict affected smelters. Minerals are categorized as conflict affected, if the mining, transport, trade, handling, processing or export supports armed, nonstate groups, directly or indirectly. Information regarding the smelters and refineries used by their suppliers or sub-suppliers for minerals, e.g. tin, tantalum, tungsten or gold, must be disclosed to ALTAS AUTO upon request. Additionally, in cases of suspicion, the ALTAS AUTO expects its suppliers to disclose the origin of materials, which are connected to potential human rights violations such as, for example, child labor, compulsory or forced labor and any kind of modern slavery and human trafficking. These expectations especially apply to raw material mining and extraction, for example cobalt or mica.

The suppliers are requested to meet their due diligence obligations along the supply chain. This includes the implementation of measures that ensure that the minerals used by suppliers – particularly tin, tantalum, tungsten, gold and cobalt – do not contribute to the direct or indirect support of armed conflicts or are in connection with violations of human rights.

CEO Edvardas Radzevičius

2021 09 01