

RESPONSIBLE SOURCING STANDARD (CONFLICT MINERALS)

INTRODUCTION

At Tubacex, we are committed to conducting business responsibly, ethically, and sustainably. This commitment extends to the sourcing of minerals used in our products. As a global leader in seamless stainless-steel tubes and high-alloy materials, we recognize the importance of ensuring that our supply chain does not contribute to human rights abuses, conflict, or environmental harm.

This standard outlines Tubacex's commitment to responsible mineral sourcing, fostering stakeholder trust, and supporting sustainable development. It aligns with the [Tubacex Sustainable Procurement Standard](#) to ensure a comprehensive approach to ethical sourcing.

PURPOSE

This standard establishes a framework for Tubacex to source minerals responsibly, ensuring our procurement practices do not contribute to conflict, human rights violations, or environmental harm. It promotes transparency and traceability within our supply chain and encourages responsible sourcing practices among our suppliers, in alignment with the Tubacex Sustainable Procurement Standard.

SCOPE

It applies to all procurement activities involving conflict minerals, including tin, tantalum, tungsten, and gold (3TG), as well as other high-risk minerals identified by international regulations, such as cobalt, lithium, and rare earth elements.

Tubacex is committed to sourcing these minerals responsibly and in compliance with the following regulations:

- EU Conflict Minerals Regulation (2017/821)
- US Dodd-Frank Act
- OECD Due Diligence Guidance
- Chinese Due Diligence Guidelines
- EU Critical Raw Materials Act (CRM Act)
- EU Import Regulation (2023/1214)

APPROACH TO RESPONSIBLE SOURCING

Tubacex implements a robust due diligence process aligned with OECD guidance, incorporating audits, supplier evaluations, and third-party assessments. Our approach is based on the following principles:

- **Conflict-Free Sourcing**
Limiting supply to minerals from conflict-free sources, in compliance with EU Regulation 2017/821 (Articles 4-7). This includes establishing management systems, conducting risk assessments, implementing risk mitigation strategies, undertaking independent third-party audits, and ensuring transparency through reporting.
- **Supply Chain Transparency**
Requiring suppliers to provide comprehensive documentation on the origin and chain of custody of minerals, in accordance with Section 1502 of the US Dodd-Frank Act.
- **Sustainability & Environmental Responsibility**
Encouraging sustainable mining and processing practices, aligned with the objectives of the EU Critical Raw Materials Act, which aims for a secure, resilient, and sustainable supply of critical raw materials.
- **Regulatory Compliance**
Ensuring supply chain adherence to human rights, labour rights, environmental protection, and anti-corruption laws (OECD, Annex II).
Suppliers engaged in mineral sourcing must comply with relevant sector-specific standards (ISO, ASME, RCC-M, EN) applicable to their activities.
Suppliers must ensure full traceability of all materials, including raw materials and semi-finished products. This includes maintaining Certified Material Test Reports (CMTRs), controlling qualified sources, and prohibiting unauthorized outsourcing or substitution.
- **Continuous Monitoring**
Conducting regular audits, risk assessments, and third-party evaluations to enforce compliance, in line with EU Import Regulation 2023/1214 (Articles 3 and 6).

ROLES & RESPONSIBILITIES

Clearly defined roles across Tubacex ensure shared accountability and effective implementation of responsible sourcing practices throughout the organization:

- **Top Management:**
Provides strategic direction and resources to ensure responsible sourcing principles are integrated into Tubacex's global operations, in alignment with the company's ESG and sustainability strategy.
- **Chief Procurement Officer (CPO):**
Oversees implementation of this standard, ensuring compliance with international regulations and alignment with Tubacex's Sustainable Procurement Standard. Approves annual updates and allocates necessary resources for due diligence activities and drives continuous improvement in sourcing practices.
- **Procurement Team:**
Executes supplier selection, negotiation, and evaluation processes incorporating responsible sourcing, conflict-mineral, and traceability requirements. Ensures suppliers acknowledge and comply with Tubacex's Supplier Code of Conduct and Responsible Sourcing Standard.
- **Quality Assurance (QA) and Compliance Team:** Monitors supplier adherence through audits, inspections, and document reviews. Verifies the authenticity and traceability of materials and ensures compliance with applicable standards (OECD, EU, ISO).
- **Sustainability / ESG Committee:**
Reviews annual performance on responsible sourcing objectives, monitors risk mitigation progress, and advises on improvements to align with evolving ESG standards and international best practices.
- **Finance & Legal:**
Assesses the economic, legal, and contractual implications of supplier engagement, ensuring financial transparency and regulatory compliance across the supply chain.
- **Operational Areas / End Users:**
Collaborates with Procurement to apply responsible sourcing criteria in product design, technical specifications, and supplier performance assessments.

SUPPLIER REQUIREMENTS

Tubacex expects its mineral suppliers to:

- Comply with this standard and all applicable regulations.
- Implement due diligence programs aligned with OECD Guidance.

- Provide documentation on the origin and supply chain of custody of minerals.
- Demonstrate continuous improvement in responsible sourcing practices.
- Adopt sustainable mining and processing methods.
- Participate in training programs and responsible sourcing initiatives.
- Ensure Product Authenticity and Prevent Counterfeits.

Suppliers must implement robust controls to prevent the manufacture, distribution, or sale of counterfeit materials. They must guarantee the authenticity of raw materials and components through reliable traceability systems, cooperate fully in product verification processes, and provide certification of authenticity when requested. Tubacex reserves the right to conduct audits and extend these requirements to suppliers' subcontractors.

TRACKING AND REPORTING METRICS

To assess standard effectiveness, Tubacex evaluates its 3TG responsible sourcing standard reporting annually on:

- **Percentage of suppliers** aligned with OECD Due Diligence Guidance (both direct mineral suppliers and indirect as part of the steels purchased)
- **Number of suppliers engaged** in due diligence activities, including communication, training, and self-assessments.

This data will be collected through Tubacex's corporate supply chain risk management platform to monitor compliance, identify risks, and drive continuous improvement.

GRIEVANCE MECHANISM

Tubacex is committed to addressing concerns related to our sourcing practices. Stakeholders, including employees, suppliers, and community members, can report grievances through the procurement hot line email responsiblesourcing@tubacex.com.

All grievances will be investigated promptly and transparently, and appropriate actions will be taken to address legitimate concerns. Tubacex ensures confidentiality and protection for whistleblowers, in line with international best practices.

NON-COMPLIANCE

Tubacex actively collaborates with suppliers to resolve compliance issues. However, in cases of serious or repeated non-compliance, Tubacex reserves the right to:

- **Require Corrective Action Plans (CAPs):** Suppliers must implement corrective measures within a set timeframe.

- **Temporarily Suspend Business:** Engagements may be paused if compliance standards are not met within a reasonable period.
- **Terminate Contracts:** Persistent non-compliance may result in contract termination

For more details, refer to the [Supplier Non-Compliance Standard](#).

APPROVAL AND REVIEW

The Corporate Procurement team will oversee periodic reviews of this standard, incorporating stakeholder feedback as well as updates from industry experts, regulatory frameworks, and international best practices.

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