

H.C. Starck Group Raw Material Procurement Statement

H.C. Starck is one of the leading global manufacturers of technology metals tantalum, tungsten, niobium, rhenium and molybdenum. We are committed to ensuring the safety, health and protection of the environment and of the people who come in contact with our products. As responsible corporate citizens, we meet and are continually striving to exceed governmental, industrial and environmental standards worldwide.

We condemn all activities in connection with the unlawful exploitation of mineral resources, no matter where such activities take place. As part of this commitment we have implemented an on-going policy of only purchasing raw materials that are conflict-free and that meet the requirements of the OECD Due Diligence Guidance for Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

In July 2013, the Electronic Industry Citizenship Coalition (EICC) and the Global e-Sustainability Initiative (GeSI) have again declared H.C. Starck's tantalum supply chain free of conflict materials and lists H.C. Starck as a Conflict-Free Smelter (CFS). We are one of the few companies to pass a third consecutive audit under the CFS Validation Program introduced in 2010. To be declared conflict-free, H.C. Starck had to prove that it has documented a conflict minerals policy which is integrated into business operations; deploys a system for tracing finished goods back to its mine of origin, and documents that all purchased materials are from non-conflict sources.

H.C. Starck fully supports the position of the EICC and the Organization for Economic Co-operation and Development (OECD) to avoid the use of ores and metals that finance or benefit armed groups in the Democratic Republic of the Congo (DRC) or adjoining countries. H.C. Starck also is aware of section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act pertaining to "Conflict Minerals" and the regulations promulgated thereunder by the U.S. Securities and Exchange Commission. This law refers to tin, tantalum, tungsten, and gold as "conflict minerals," independent of whether or not they are actually sourced through conflict-free supply chains. H.C. Starck processes two of those metals, namely tantalum and tungsten, and maintains a conflict-free supply chain for those materials. We are committed to actively supporting our customers with their diligence and disclosure requirements as required by the SEC regulations. In support of government and private initiatives to develop conflict-free supply chain systems, H.C. Starck is a founding member of the Public-Private Alliance for Responsible Minerals Trade (PPA).

In order to guarantee that we purchase only conflict-free raw materials, we have implemented an approved Responsible Supply Chain Management System (RSCM). This system ensures efficient and competitive purchasing, and supports sourcing from suppliers that act in accordance with environmental and social sustainability. With a variety of control mechanisms, we perform thorough due diligence on all raw material offers based on current OECD and EICC guidelines before we accept any material into our production. The RSCM fulfils all requirements of a management system standard required by ISO. The successful implementation of the system within H.C. Starck has been confirmed by the external auditor Bureau Veritas.

We continuously strive to become independent from surging volatility and speculations on the raw materials market. That is why we strongly focus on technology metal recycling to secure our conflict-free raw material supply chain. Using innovative technologies, we are recycling increasing volumes of post-industrial waste, slags, and scraps and turning them into high quality and high-performance technology metals.

With strong recycling activities and certified procurement we ensure a safe, sustainable and competitive raw material supply for our customers, following strong ethical, social and environmental principles.

I. Applicable terms and conditions

1. All legal relations between the supplier and the buyer are solely based on these terms and conditions and possible further agreements.

2. No other terms and conditions shall be applied, even if these have not been expressly ruled out for individual cases.

II. Orders

1. Orders, order confirmations and delivery schedules as well as alterations and additions to them must be made in writing.

2. Delivery contracts negotiated verbally, by telephone or by fax will become effective after the buyer has placed an order.

III. Delivery dates

1. The agreed delivery dates are binding, including the dates agreed within delivery schedules. Relevant for meeting a delivery date is the receipt of the goods at the place of delivery.

2. If bindingly agreed delivery dates are exceeded, the buyer has the right to claim compensation for damages caused by the delay, provided the supplier cannot prove that the delay was not his fault. By accepting delivery of the delayed consignment the buyer does not renounce these rights.

3. In the case of force majeure the contractual partners are obliged, within reason, to immediately provide all necessary information and to act in good faith to adjust their obligations to the new conditions.

IV. Further Conditions

If the buyer and the supplier have not agreed in writing any contrary conditions, the following conditions shall apply:

1. Measurements, weights and chemical composition

All materials ordered are subject solely to the standards/raw material standards and quality specifications of the Federal Republic of Germany. On receipt of the consignment the buyer has the right to check the dimensions, weight and chemical composition of the goods. The dimensions, weights and composition stated in the despatch or delivery note are only binding for the buyer if they correspond to the data obtained during the checks of the goods received.

2. Insurance

The goods shall be insured for 110% of the invoice value against all risks, i.e. Institute Cargo Clauses (A). The supplier bears all cost for insurance.

3. Packaging

The goods shall be properly packaged in customary packaging which must be suitable for transport by land and water. The supplier bears all cost for packaging. This also applies to the costs of packaging materials, loaned receptacles, containers etc. for any return transport of the goods.

4. Prices

Prices for orders from home country nationals and EU members are carriage paid to the buyer's place of delivery, including freight, packaging and insurance etc., plus possible statutory VAT charged at current amounts.

Prices for orders from non EU members are carriage paid to the buyer's place of delivery, including freight, packaging and insurance etc., excluding statutory VAT and customs duties.

The supplier bears the cost of any additional charges, public charges, added costs, taxes, freight etc. and any increases to these amounts which indirectly or directly increase the price of the consignment.

Commercial terms and conditions shall be interpreted according to the ICC Incoterms © 2010.

5. Use of delivered goods

The buyer has the right to process the delivered goods even before the analysis results are available if 4 samples have been taken from the delivered goods according to accepted engineering rules. The buyer retains 2 samples under seal for later use, the other samples are used for analysis.

V. Payment

Relevant for the payment are the dimensions, weights and chemical composition as determined by the buyer on delivery of the goods. If the consignment is incorrect, the buyer is entitled to retain part of the payment amount until the contract has been duly fulfilled. If some of the required documents are missing (e.g. analysis values, weight lists, bill of lading etc.) the buyer has the right to retain a suitable payment amount until the documents have been received.

VI. Warranty

1. The supplier must adhere to accepted engineering rules, safety regulations and the agreed technical data for the consignment.

2. The supplier guarantees where required that the properties of the supplied materials as well as their contractually agreed use are registered according to the REACH regulation.

3. With the delivery of the goods the supplier gives an assurance

that the goods delivered are the sole property of the supplier and not subject to any rights from third parties.

4. The contractual condition of the goods is determined by the agreed upon condition on approval of the goods which is suitable for the use stipulated in the contract. Approval depends on verification of the accuracy and suitability of the goods. The buyer shall inform the supplier immediately and in writing of any defects, as soon as these have been determined through proper business procedures, in this respect the supplier will waive any plea for a late notification of defects. The buyer has the right to process defective goods if this contributes to a mitigation of damages and the buyer has taken a minimum of three samples of the material before processing. These samples will be used as evidence for the condition of the whole consignment. The samples must have been taken by the buyer according to accepted procedures. On request the buyer will hand over one sample to the supplier. By processing the goods the buyer does not renounce his right to remedial measures, mitigation or compensation.

5. On delivery of a defective consignment the buyer can demand that the supplier chooses between sorting out the defective goods or rectification or additional delivery. If the supplementary performance is not successful, the buyer is entitled to withdraw from the contract; this does not affect the existing statutory right of withdrawal. The right to mitigation and compensation is not affected; including the right of compensation instead of the service as well as the right to demand compensation for expenditure.

VII. Export control – Country of origin of goods

When fulfilling the contract the supplier is obliged to observe the relevant statutory and official regulations and requirements.

In particular the supplier is liable to ensure that by delivering the consignment no embargo regulations of the UN Security Council, the European Commission or any national legislation will be violated or disregarded. Supplier guarantees that the supplied products are in strict compliance with the conditions as defined by the OECD under Due Diligence Guidance for Supply Chains of Minerals from Conflict-Affected and High-Risk Areas in reference to areas of conflict or areas of war. Supplier grant buyer the right to perform independent audits in all of supplier's production sites to confirm compliance with buyer's policy regarding Responsible Supply Chain Management. Supplier ensures extension of this auditing right to his own suppliers if so requested by buyer. The supplier has sole responsibility for exporting the goods according to the rules from the country of despatch and in particular undertakes to obtain all necessary permits as well as to state in his written offer the country of origin of the materials delivered according to commercial law and the ECCN number, especially with respect to US Export Administration Regulations (EAR) or International Traffic in Arms Regulations (ITAR).

The delivered goods must fulfil the conditions with regards to country of origin of the most favoured nation agreement of the EU as far as these are relevant to the delivery contract in question.

Supplier has to obtain the consent of the buyer if the Supplier intends to deliver material from a different mine/resource or makes alterations to the production process of the delivered materials.

VIII. General terms and conditions

1. If insolvency proceedings or similar judicial or extrajudicial proceedings are applied for, opened or rejected due to lack of funds with regards to the assets of one of the contractual partners, the other contractual partner has the right to terminate without notice the part of the contract which has not yet been fulfilled.

2. Should parts of these terms and conditions or of any further agreements become invalid, the remainder of the contract remains valid. The contractual partners are obliged to replace the invalid condition with another provision which provides the same business results.

3. The buyer is entitled to transfer the contract partly or in total to an affiliate without obtaining consent of the supplier.

4. Only the laws of the Federal Republic of Germany shall apply to this contract. The United Nations convention on the International Sale of Goods (CISG) shall not be applicable.

5. The place of fulfilment is the place of delivery stated in the order.

6. The sole place of jurisdiction is Braunschweig.