



Conflict Minerals

Background

Armed groups operating in the eastern Democratic Republic of the Congo (DRC) have controlled many of the region's mines or transit routes and have engaged in armed conflict, as well as some of the world's worst human rights violations. Concern that proceeds from the mining of minerals have been used to fund extreme violence in that region led to a requirement in the U.S. Dodd-Frank Financial Reform Law of 2010, that U.S. publicly-traded companies must disclose any "conflict minerals" necessary to the functionality or production of products they manufacture or contract to manufacture. On November 22, 2016 The European Union (EU) concluded the triologue negotiations for the EU Conflict Minerals regulation.

These regulations are as a result of the United Nations (UN) Guiding Principles on Business and Human Rights. These Act's impose reporting requirements upon publicly traded companies whose products contain metals derived from certain minerals. The conflict minerals are tin, tungsten, tantalum and gold (called the 3TG's). Companies using conflict minerals must also disclose their supply chain inquiries to verify whether these minerals originated in the DRC or adjoining countries.

Haldex' Conflict Minerals Policy

Haldex deplores the violence in the DRC and adjoining countries and is committed to supporting responsible sourcing of conflict minerals from the region. Accordingly, Haldex has adopted a conflict minerals policy based on the following:

- **Supply "DRC Conflict Free" materials.** Under Haldex' conflict mineral's policy, suppliers are expected to supply materials to Haldex that are "DRC conflict free," which means either: 1) any 3TGs necessary to the functionality or production of supplied materials must not directly or indirectly fund armed conflict in the DRC or adjoining countries, or 2) any 3TGs must be from recycled or scrap sources*.
- **Adopt conflict minerals policies.** Suppliers to Haldex "*must*" adopt a policy regarding conflict minerals consistent with Haldex' policy, implement management systems to support compliance with their policy and require their suppliers to take the same steps.
- **Send surveys to their suppliers, and complete Haldex' survey.** Haldex' suppliers are expected to pass the CFSI public Conflict Minerals Reporting Template (link below) to their suppliers and successively downstream until the smelter/refinery is identified. The survey information must then be passed back down through the levels of the supply chain to Haldex' direct supplier, who then can complete the Conflict Minerals Reporting Template link below.



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Haldex' Expectations for Suppliers

As a part of Haldex' Sourcing Process potential suppliers are requested to complete the CMRT and send it to Haldex for verification before Haldex' do a Pre-Audit. All current supplier must annually update the CMRT and send it to Haldex. Suppliers that do not have an approved CMRT will not be allowed to supply to Haldex.

Here is a [CFSI public Conflict Minerals Reporting Template](#) which Haldex' suppliers can use with their supply chain [Conflict Free Smelter program](#), smelter lists.

* Conflict minerals are from "recycled or scrap sources" if they are from recycled metals, which 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 a "bi-product" from another ore are not included in the definition of recycled metal. Item 1.01(d)(6) for Form SD, 77 Fed. Reg. 56274, 56364 (Sept. 12, 2012).