



**Memorandum of Understanding for
European Partnership for Responsible Minerals**

The Hague, 14 December 2016

Definitions:

European Partnership for Responsible Minerals (EPRM) means: a multi-stakeholder partnership consisting of government agencies, institutions, supply chain actors and civil society organisations.

Civil society organisations means: organisations with a non-profit character, being NGOs and research institutes, with the primary objective of contributing to sustainable and/or inclusive development.

Supply chain means: the system of all the activities, organisations, actors, technology, information, resources and services involved in moving the mineral from the extraction site downstream to its incorporation in the final product for end consumers.¹

Supply chain actors means: actors along the supply chain that extract, transport, handle, trade, process, smelt, refine, alloy, manufacture or sell the minerals that fall under the scope of the EPRM, including SMEs and industry organisations.

EPRM activities means: all activities that are carried out by the EPRM to reach its goals and objectives.

Participants means: all government agencies, institutions, supply chain actors and civil society organisations that are part of the EPRM.

Regions of interest means: regions where the EPRM is either active or where it could be active based on its goals and objectives.

Netherlands Enterprise Agency / EPRM Secretariat means: the office entrusted with managing the EPRM on a day-to-day basis, with the specific duties as set forth in section V.1.

Sourcing countries means: countries that are endowed with the minerals that fall under the scope of the EPRM.

Small and medium enterprises (SMEs) means: the category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million (EU recommendation 2003/361).

I. Background

Minerals such as tin, tantalum, tungsten and gold (3TG) have a range of applications in sectors important to the European economy and consumers, including ICT, automobiles, healthcare, electronic devices, semiconductors, aerospace, defence, jewellery, finance and telecommunications. Access to those minerals is therefore of crucial importance. A number of countries in Africa, Latin America and Asia that are

¹ As defined in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, page 14.

endowed with these minerals experience prolonged violent conflicts and severe human rights abuses. Illicit international trade in minerals can play a significant role in financing and perpetuating violence and human rights violations. It is therefore imperative to break the link between mineral extraction and conflict. Breaking the link will also help to increase the contribution of the mining sector to sustainable development in conflict-affected and high-risk areas.

The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ("OECD Due Diligence Guidance") provides detailed recommendations to help companies respect human rights and avoid contributing to conflict through their mineral purchasing decisions and practices².

The OECD Due Diligence Guidance and the risks and issues identified in the document form the basis for the European Partnership for Responsible Minerals (EPRM).

At EU level, a political understanding has been reached on the Conflict Minerals Regulation, aimed at breaking the link between mineral extraction and conflict and human right abuses. The regulation is an important achievement, but not sufficient in itself to improve local circumstances in and around the mines, and to contribute to development that will contribute to the prevention of future conflict. Consequently, strong accompanying measures are needed. In order to supplement the Regulation, the Participants establish the EPRM to encourage responsible mining by increasing demand and supply from local mines. The Conflict Minerals Regulation is based on the OECD Due Diligence Guidance. It should therefore be noted that all European countries that recognize the OECD Due Diligence Guidance as the leading framework for responsible minerals can become part of the EPRM, and that this is not limited to those European countries that are part of the European Union. The same holds true for supply chain actors and civil society organisations. If they recognize the OECD Due Diligence Guidance, they can become part of the EPRM.

II. Purpose: goal and objectives

The Participants have a common interest in seeking to advance conditions in mineral supply chains that will enable responsible production of minerals.

The purpose of this Memorandum of Understanding (MOU) is to:

- Establish the European Partnership for Responsible Minerals (EPRM) as a multi-stakeholder partnership by this arrangement;
- Document the Participants' shared understandings and intentions with regard to the EPRM's goals and structure.

The scope of the EPRM is as follows:

- Minerals with potential risks in their supply chains related to conflict or human rights violations, such as 3TG (tin, tantalum, tungsten and gold);
- Human rights violations and/or abuses in areas where these are of greatest concern, namely in connection with the trade and extraction of minerals such as the 3TG minerals, but with consideration to expand the scope of such efforts to other risk areas (as mentioned in Annex II of the OECD Due Diligence Guidance³);
- Geographical global scope;
- Activities that are of added value to existing initiatives and policies.

The Participants intend to support the following activities, as resources allow:

- Encourage responsible mineral extraction that contributes to sustainable development;
- Encourage activities to increase and deepen the knowledge in areas relevant for this development;
- Share expertise and resources (including human, in-kind, and monetary resources);
- Stimulate the demand for responsibly-produced minerals from conflict-affected and high risk areas, for example by raising awareness;

² According to the OECD website, <http://www.oecd.org/corporate/mne/mining.htm>

³ 3 OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas,

- Contribute to an increase in the proportion of responsibly-produced minerals in conflict affected and high risk areas;
- Create a knowledge platform where Participants can share knowledge on due diligence and challenges with regards to responsible mineral supply chains at all levels (including local, national and downstream);
- Exchange risk information gathered by members themselves, on a voluntary basis and bearing in mind legal obligations;
- Share knowledge on due diligence;
- Support activities for small and medium enterprises (SMEs);
- Support relevant activities in conflict-affected and high risk areas to create an enabling business environment for responsible mining and to make the mineral trade contribute to local sustainable development;
- Support relevant activities in conflict-affected and high risk areas to create an enabling environment in which local communities can participate freely and meaningfully in natural resource management and can negotiate and advocate responsible mining.

The EPRM has established a working group on developing a Theory of Change (ToC), to define its overall goals, outcomes, outputs, activities and targets. The ToC will allow for clear evaluation guidelines and will bring forth clearly-defined KPIs and deliverables. The working group consists of Participants from all three pillars, and is coordinated by the Secretariat. The ToC will be finished as soon as possible but at least within six months after signing the MOU. In Annex 3 the first draft of this ToC is provided. The three building blocks of the EPRM (upstream activities, downstream activities and the knowledge platform) form the basis for the ToC.

III. Roles of Participants, Observers, Local Advisory Committees and Working Groups

The following subsections identify the roles for each set of Participants. All Participants will contribute certain expertise and resources, which are listed below.

1. Government agencies and institutions

Government agencies and institutions will:

- Provide financial contributions to the EPRM to support its activities;
- Fund the Secretariat (as further described below);
- Provide updates on the political and security situation in regions of interest to the EPRM;
- The government agencies and institutions that are part of the Board will participate in the selection, review and evaluation of EPRM activities;
- Play a role in project management of EPRM activities (upon agreement);
- Engage diplomatically with government counterparts in all relevant countries.

2. Supply chain actors

Supply chain actors will:

- Provide financial contributions to the EPRM, as a member (€10.000 annually) or as a strategic partner (€30.000 annually). There is an annual fee of €500 for companies that fulfil the SME criteria as defined at the beginning of the document, and the same fee of €500 for industry associations with a not for profit character and which have similar objectives as the EPRM. For industry associations that do not have the explicit objective to make sourcing of minerals more responsible, the member fee of €10.000 annually or €30.000 annually applies, depending on whether or not the association wants to be a strategic partner. The amount of these fees can be revised by the Board if needed;
- Supply chain actors can plus-up their contributions above the mandatory fee to fund specific projects or activities that have been selected by the EPRM. This plussing-up can either be done in a parallel way, or if the Board agrees, through the EPRM mechanism. Supply chain actors are highly encouraged to disclose to the other participants additional parallel funding;
- Implement the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas with respect to applicable minerals, such as the 3TG minerals;

- The supply chain actors that are part of the Board will participate in the selection, review and evaluation of EPRM activities;
- Play a role in project management of EPRM activities (upon agreement);
- Support to the extent possible training activities aimed at due diligence improvement, in particular for SMEs, with in-kind assistance.

3. Civil society organisations

Civil society organisations will:

- Provide information and advice, as applicable, to government agencies, institutions, members, strategic partners and other participants in the EPRM, especially, to the extent available, on local circumstances in conflict-affected and high risk areas;
- Play a role in project management of EPRM activities (upon agreement);
- The civil society organisations that are part of the Board will participate in the selection, review and evaluation of EPRM activities.

4. Observer status

An organisation can be eligible for general observer status if this organisation cannot be seen as government agency, institution, NGO or industry and has special knowledge, experience or network that can be beneficial to the partnership. The Board of the EPRM will decide on observer status application. In general there can only be three observers to the partnership as it is a special position, unless the Board decides otherwise.

Observers do not have a voting right in the Board of the EPRM.

5. Local advisory committees and working groups

To incorporate local knowledge and create ownership, local advisory committees will be appointed for each of the EPRM projects in conflict-affected and high risk areas. These committees can consist of national or local government agents, companies, NGOs, knowledge institutes or other actors with good knowledge of the situation in the region. The experts will be identified by the EPRM partners from their own networks. They will not receive a salary, but the EPRM will cover the expenses they made for the Partnership. The committees will advise to the Board and to the Secretariat on how the local situation can be taken into account in the project, both in the project planning and the project implementation phases. The advice of the committees is in principle guiding, unless the Board has valid objections against it.

Working groups are focused on a specific topic (e.g. particular mineral, issue, work stream within EPRM, e.g. the knowledge platform) and can be joined by all members based on their specific areas of interest and/or expertise. Working groups may interact with relevant local advisory committees and foster the subject matter expertise that may be an input to the decisions of the Board as well as the annual strategic discussion.

A representative of a local government, industry or NGO could be appointed as an expert to the EPRM for discussion on projects situated in the territory where that specific government, industry or NGO is active and knowledgeable.

IV. Implementation

1. Governance

The Participants will collaborate to ensure that the identified goals and activities of the EPRM are being implemented and advanced in a timely and effective manner.

The Participants decide that a Governance Committee (Board) will be established that will be responsible for day-to-day decision-making of the EPRM, in accordance with the following:

- The Board will be responsible for the strategy of the EPRM (scope, goal, boundary conditions and problem description), the supervision of the Secretariat, the selection of projects, communication,

outreach and setting up the schedule for EPRM Board meetings and the annual membership meeting;

- The Board will be composed of nine seats, with three seats for each set of Participants (government agencies and institutions, supply chain actors and civil society organisations);
- The Board will have monthly phone meetings, and will meet in person once or twice a year, in a place that is most convenient for most Participants;
- The three constituencies will each come up with their own selection and nomination process for Board members and will transparently communicate this to the other constituencies. In the case of the supply chain actors, at least two of the three available Board seats need to be filled by strategic partners. The third seat can be filled by either an industry association, an SME or a third strategic partner;
- The Board members will be elected by their respective pillars for a period of two years, and will change at a rolling basis with sufficient overlap to ensure consistency. The two-year term is renewable once for the civil society and supply chain pillars. For the government pillar, there is no limit to the amount of terms, as there is only a small amount of government partners. The term applies to the organisation, but not to a specific person;
- One of the nine Board members will be elected Chair. The Chair position will rotate annually. The Chair will be chosen from each of the three pillars in a fixed consecutive order, so that every three years all pillars have hold the Chair position for a year;
- The Chair is responsible for presiding the annual membership meeting and the Board meetings and for determining the agenda points for those meetings, in cooperation with the two vice-Chairs and the Secretariat;
- In case of voting, the Chair votes like a normal Board member, and the vote counts for his/her own constituency;
- The Chair will be assisted by two vice Chairs from the other two pillars. The vice Chairs will support the Chair where necessary. The Chair and the two vice Chairs will also act as the focal points for their respective pillars;
- The Board members have a duty towards their respective pillars to ensure that their position reflects the overall position of their pillar;
- The aim is to have consensus decisions made by Board members with respect to all Board decisions, to the extent possible. If consensus cannot be reached on particular matters, decisions of the Board will require the approval of at least six Board members (and two Board members from each pillar) in order to be valid and effective;
- In the first three months after the Board has come into force, it will develop a Board manual that explains more about decision-making processes within the Board;
- If organisations in the Board want to be eligible for funding for implementation of EPRM activities, they should temporarily leave the Board until the decisions about selection and funding are made, to prevent conflicts of interest. Logically, they are not allowed to vote about projects that directly involve them;
- During the annual membership meeting of the EPRM members are requested to discuss and review the work of the Board.

The EPRM will engage in an annual strategic design process to determine the overall direction, to translate the high level goals into more short term actions, and to agree on key priorities to be taken by the EPRM in the year to come for each of the three building blocks (upstream projects, downstream projects and the knowledge platform). Important points to be taken into consideration are the possible expansion of the scope of the EPRM to other minerals and issues beyond the ones mentioned in Annex 2 of the OECD Due Diligence Guidance. The exact process will be developed by the Board within three months after it has come into force.

The Participants have appointed the Netherlands Enterprise Agency to manage the Secretariat of the EPRM. The Secretariat is expected to:

- Organise and assist the Chair in preparing meetings;
- Provide services that support and coordinate the activities of the EPRM;
- Administer pooled funding and manage the contracts with implementing organisations on behalf of the EPRM;
- Manage all income and expenditures;

- Provide an annual financial report that will be shared with all Participants and be financially accountable to the Board throughout the year;
- Carry out monitoring and evaluation activities as specified below;
- Act as a spokesperson in consultation with the Board;
- Manage communication activities, including the website and press statements;
- Manage the knowledge platform;
- Manage the project fund for the upstream projects, including managing the feedback from the beneficiaries of the projects;
- Act as an information point for inquiries about the EPRM from external parties.

The Netherlands Minister for Foreign Trade and Development Cooperation (the Minister) is responsible for commissioning the Netherlands Enterprise Agency as the Secretariat in accordance with the Ministry's applicable procedures and accounting for the aforementioned public service contract.

The Netherlands Enterprise Agency is a government agency and operates under ministerial instructions and under full legal and political ministerial responsibility. The Minister is accountable to Parliament for the actions of the Agency, including the performance of the secretariat function of the EPRM. To enable the Minister to fulfil these responsibilities, the Minister may not be bound by decisions of EPRM which the Minister considers contrary to her policies, the foreign policy of the Government of the Netherlands or her legal obligations.

If the Minister is of the opinion that a decision of EPRM is incompatible with her policy, the foreign policy of the Government of the Netherlands or her legal obligations, the Minister will consult the Governance Committee. On the basis of such consultations, the Minister may instruct the Netherlands Enterprise Agency.

2. Admission into the EPRM

The Participants decide on guidelines for potential new participants of the EPRM. These guidelines define the requirements that need to be met by potential new participants in order to join the EPRM. An important requirement is that potential new participants need to have implemented, or are in the process of implementing, the OECD Due Diligence Guidance and that they are not on the UN sanction list or an EU sanctions list. To the extent that the Board and Participants approve additional requirements for new participants, such additional requirements will also apply to existing Participants. The guidelines for members can be found in Annex 1.

3. Funding

Government agencies and institutions will provide financial contributions to the EPRM, depending on their respective possibilities. Repeated contributions can be made by these Participants.

Supply chain actors will contribute an annual fee to the EPRM. Members will pay €10.000 per year, and strategic partners pay €30.000 per year. Additional to the benefits of members, strategic partners hold at least two Board seats for the industry pillar, they are mentioned in all public relations efforts of the EPRM and they are able to participate in an extra annual strategic partner meeting with the Board. There is an active outreach to have all industries which use minerals in a substantial way contribute to the EPRM. There is an annual fee of €500 for companies that fulfil the SME criteria as defined at the beginning of the document, and a fee of €500 for non-profit industry associations with similar goals to the EPRM. For industry associations that do not have the explicit objective to make sourcing of minerals more responsible, the member fee of €10.000 annually or €30.000 annually applies, depending on whether or not the industry association wants to be a strategic partner. These fees are paid directly to the Secretariat for the sole use of the EPRM. In case of termination (see section VI) the annual fee will not be refunded.

Civil society organisations will not provide financial contributions to the EPRM, but will allocate capacity to support its activities and governance.

The Participants decide that all financial contributions will be pooled together to work towards the goals of the EPRM. Official Development Assistance (ODA) from government agencies and institutions and the

contributions from supply chain actors will be transferred to the same bank account of the EPRM. However, the Secretariat is responsible for keeping the two flows administratively separated, as ODA funds have specific criteria. The Board will decide how both the ODA funds and other contributions will be spent.

4. Use of funds

Firstly, the Secretariat will be funded by the government agencies and institutions. The contribution to the Secretariat will be relative to the overall contribution to the EPRM, and will in principle not be more than ten percent of the allocated funds of a certain Participant.

Secondly, part of the EPRM funds will be spent on to be determined upstream activities in sourcing countries. ODA funds will be spent solely on funding upstream activities after Secretariat costs have been paid for. Projects will be selected following a fixed process, consisting of the following consecutive steps:

- The Board selects the problem or issue that the EPRM wants to address. Input for this
- selection process can be provided by the working groups, individual members, local/regional advisory groups or other relevant actors;
- The Secretariat develops a call for ideas, concept notes or proposals that address this problem or issue;
- The Secretariat selects the best proposals, based on predefined criteria. These criteria will be developed by the Secretariat and approved by the Board as soon as possible and at least within six months after signing the MOU. The criteria will be reviewed on an annual basis by the Board;
- The Board selects the proposal(s) that will be funded by the EPRM;
- KPIs for impact measurement will be developed by the Secretariat and approved by the Board as soon as possible and at least within six months after signing the MOU.

The Board members are expected to consult the organisations in the EPRM from their respective pillars both when identifying the problem or issue that needs to be addressed and when selecting the proposal(s) that will be funded by the EPRM.

Thirdly, part of the non-ODA EPRM funds will be spent on to be determined downstream activities with an emphasis on the European market. The selection of downstream projects follows the same process as the upstream activities.

For all projects and other expenses it will be clearly marked which ones can be attributed to ODA, and which ones not.

5. Audits

The Participants will decide when and how audits of the activities of the EPRM itself are needed. It is intended that organisations that implement activities of the EPRM will be audited in accordance with the terms and conditions of the relevant arrangement, agreement, grant or contract. All Participants can ask for an audit, after which the Board will vote. A simple majority of five votes is needed to have the audit accepted, with at least one vote from each constituency.

6. Communications

The Participants are to respect each other's confidentiality policies, with the mutual understanding that the Participants intend to publicize this MOU and its objectives without disclosing any competitive, confidential or proprietary information of the other Participants.

With respect to the activities undertaken pursuant to this MOU, the Participants intend to offer sufficient prior notice to other Participants, via the Secretariat, with regard to any public communication about EPRM activities to ensure that the above considerations concerning competitive/confidential/proprietary information, as well as other sensitivity and public disclosure considerations, of all Participants are respected. In the case of joint communication, the communication activities will be discussed and decided in advance and in writing between all Participants involved. The Secretariat will be responsible of preparing the joint communication materials.

The Participants decide that joint public statements regarding the EPRM will only take place after prior written approval of the Board. No Participants will be allowed to use each other's name, trademarks and/or logos without the other Participant's prior written authorization.

The Participants may decide to establish additional communications protocols, as circumstances warrant. The terms of this section are not applicable insofar as they conflict with any obligation to provide or disclose information required by applicable law.

7. Reporting

The Secretariat will be responsible for reporting and evaluation of the EPRM's activities. Reporting will at least consist of:

- An annual report with information on how the Secretariat has spent the resources allocated to them to manage the Partnership;
- Report on the outcomes achieved as a result of the activities of the Partnership;
- A quarterly financial report with respect to activities undertaken by the Partnership, with a breakdown of ODA and non-ODA costs;
- An annual high-level financial statement detailing the income and expenditures of the EPRM over that year.
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Additionally, an end-term evaluation will be conducted by an external consultant for each project after funding from the EPRM has ended. The Secretariat will be responsible for hiring the external consultant and for overseeing the evaluation.

The reports and evaluations of the EPRM will be public, unless otherwise stated. The Participants may decide to establish additional protocols for reporting, as circumstances warrant.

V. Effective date, duration, amendments, and termination

This MOU becomes operative for each Participant on the date of signature and will continue in effect for five (5) years from the date of the first Participant's signature, but may continue beyond the initial five-year term as long as there are Participants who decide to continue the EPRM and each applicable continuing Participant decides, in writing, to extend this five-year period. In addition, this MOU may be modified if all Participants so decide in writing. Any Participant may cease its participation under this MOU at any time, also during the initial five-year period, provided it provides at least 30 days' prior written notice to the Secretariat which, in turn, will provide notice of the same to the other Participants.

VI. Accession of new participants

Additional potential participants to the EPRM are encouraged to express their interest and apply as government agencies, institutions, supply chain actors, and/or civil society organisations. The Secretariat will assess whether the application of potential new participants fulfils the criteria as set forth in Annex 1. If the Secretariat recommends the new participant for partnership in the EPRM, the organisation will thereafter automatically become a Participant of the EPRM, unless one of the partners has information on the organisation that would indicate that it does not fulfil the EPRM requirements. In that case, the Board can decide to ask for an independent appreciation of the organisation's suitability for becoming an EPRM participant.

Due diligence related to reputational risk of association with other Participants is understood to be a requirement by some Participants and may be conducted at inception of the MOU, on an on-going regular basis, and as the need arises. All Participants intend to respect each other's requirements in this regard and to communicate in a timely manner to expedite the process for all other Participants, and to provide reasonable information to assist other Participants' due diligence while respecting confidentiality and proprietary disclosure requests and rights.

VII. Final provisions

This MOU does not create any legal rights or obligations under international and national (civil) law. The Participants hereto acknowledge that this MOU is non-legally binding between the Participants and does not create any rights in any third party. Any dispute arising in relation to the interpretation, application or implementation of this MOU will be settled amicably by mutual consultation or negotiation between the Participants or by another mutually accepted mode of settlement.

Signed once in the English language.

VIII. Signatures

1. List of signatories

Government signatories:

- Ministry of Foreign Affairs of the Netherlands: Mr. Christiaan Rebergen, Director General for International Cooperation
- Foreign and Commonwealth Office: Ms. Corinne Kitsell, Head of Conflict Department

Supply chain signatories:

- Intel: Ms. Jackie Sturm, Vice-President and General Manager of Intel's Global Supply Management organization
- Apple:
- Philips: Mr Marco Baren, Head of Supplier Sustainability and Supplier Development
- Valcambi: Mr. Michael Mesaric, CEO and Mr. Simone Knobloch, COO
- Conflict-Free Sourcing Initiative: Mr. Robert Lederer, Executive Director EICC

Civil society signatories:

- IPIS: Mr. Filip Reyniers, Director
- Stichting Solidaridad: Mr. Nico Roozen, Managing Director
- Diakonia: Mr. Bo Forsberg, Secretary General

Annex 1 to the MoU: Guidelines for members

Guidelines for Participants of the European Partnership for Responsible Minerals

To become a participant of the European Partnership for Responsible Minerals (EPRM), companies should meet the following criteria:

- 1) Companies should not be listed on the United Nations sanctions list or an EU sanctions list;
- 2) Companies should have implemented or should be implementing the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas;
- 3) Companies should be moving towards alignment with the goals of the United Nations Guiding Principles on Business and Human Rights (UNGPs);
- 4) Companies should provide the financial obligations of the EPRM.

Before becoming a participant, companies have to show that they meet the above criteria. The companies will provide the EPRM Secretariat with the following documents:

- A letter in which they describe their due diligence activities;
- Reports that show these due diligence activities;
- A letter indicating a 5 year commitment to the EPRM (accepting the annual contribution for either strategic partnership or membership).

The Secretariat of the EPRM will then carry out a technical due diligence check to see if the companies do meet the set criteria.

For existing participants, no annual due diligence checks are needed. However, if companies are mentioned in a negative way in the media or in reports, the other participants of the EPRM can decide that the Secretariat should carry out an additional technical due diligence check to see if the participant company still meets the criteria for partnership, to be carried out by an external consultant. Sanctions for non-complying companies are the following:

- If a company is put on the United Nations sanctions list or a EU sanctions list while being a participant of the EPRM, the company will be removed immediately from the EPRM;
- If a company fails to report on its due diligence activities while being a participant of the EPRM, the company will be given a set amount of time to still report. If it still fails to report after the given time, the company will be removed from the EPRM.
- If companies fail to meet the financial criteria of the EPRM, the Board can decide to suspend the participant from the EPRM until financial obligations are met.

To become a participant of the EPRM, non-governmental organisations (NGOs) should meet the following criteria:

- 1) NGOs should have a proven track record of experience in the field of responsible supply chains, mining, due diligence or a related subject;
- 2) NGOs should be able to show that they are non-profit organisations.

Before becoming a participant, NGOs have to show that they meet the above criteria. The NGOs will provide the EPRM Secretariat with the following documents:

- The track record that shows their experience in the field of responsible supply chains, mining, due diligence or a related subject;
- A letter indicating a 5 year commitment to the EPRM (accepting that they will have to invest time and capacity in the partnership).

To become a participant of the EPRM, government agencies and institutions should meet the following criteria:

- Government agencies and institutions should not be listed on the United Nations sanctions list or an EU sanctions list.

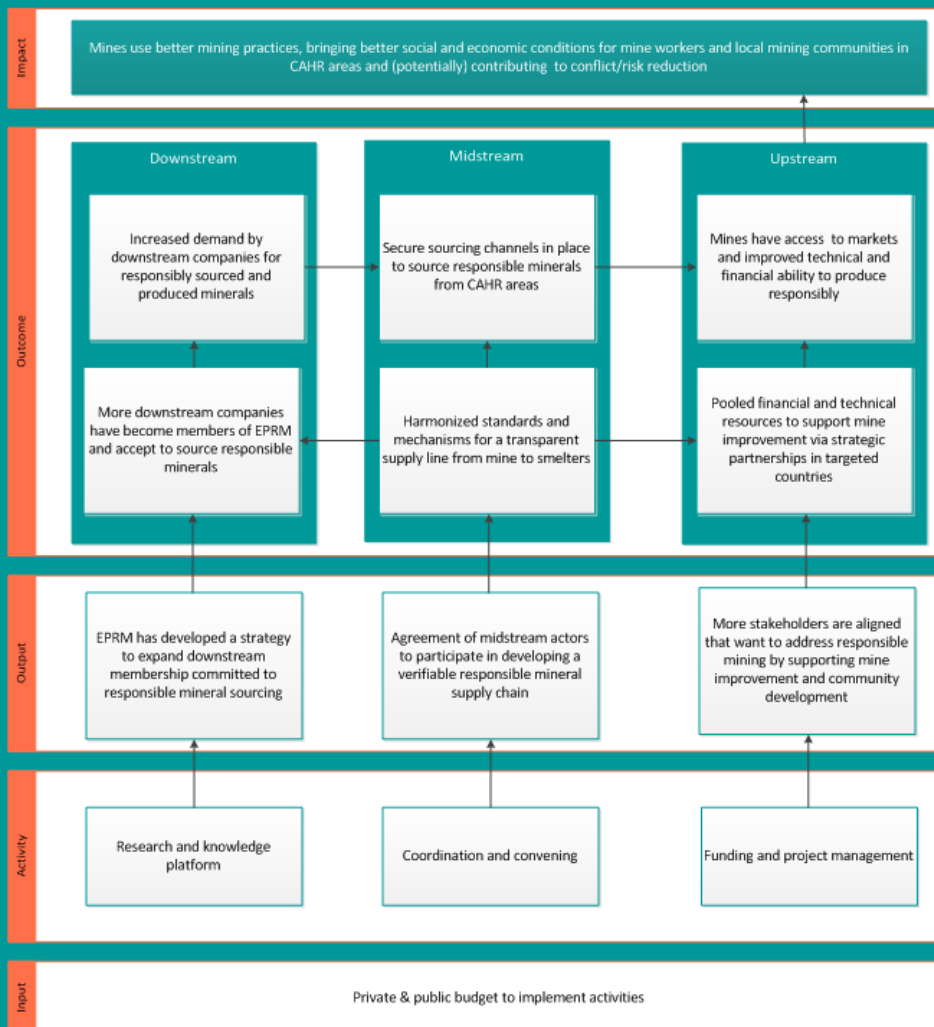
Annex 2 to the MoU: Grievance mechanism

Are you dissatisfied with the way the Netherlands Enterprise Agency or any of its staff on behalf of EPRM-secretariat have treated you? EPRM tries to prevent things from going wrong, but in the unlikely event it does, you can report this to us so that we can do something about it. A motivated complaint is valuable for the EPRM. It gives us an insight into how to improve our service.

Netherlands Enterprise Agency has developed a procedure to handle your complaints. This procedure is based on Chapter 9 of the General Administrative Law Act. The Agency's Legal Affairs department will handle your complaint. If you have any questions you can call the Legal Affairs department on this number: +31 (0)88 042 42 42, or send an e-mail to klachten@rvo.nl.

Theory of Change of the EPRM

March 2017



EPRM is a multi-stakeholder partnership established with the goal to create better social and economic conditions for mine workers and local mining communities, by increasing the number of mines who adopt responsible mining practices in Conflict and High Risk Areas (CAHRAs).

Three critical changes in the supply system have to be achieved to enable responsible production of minerals in CAHRAs:

- 1) There has to be assured demand (from downstream actors);
- 2) There has to be transparent supply line from mine to smelters (midstream); and
- 3) Mines have to be able, technically and financially, to apply best practices in mining.

EPRM will:

- 1) stimulate and increase demand of responsible minerals of more key downstream companies who are committed to source these minerals;
- 2) ensure adequate sourcing channels for responsible minerals by fostering a standardised mechanism that enables suppliers to identify and mitigate risks; and
- 3) encourage supply chain coalitions between down-, mid- and upstream actors to produce and source responsible minerals throughout a fully transparent supply chain.

In this way, EPRM assures responsible producers a market and secure sourcing channels for responsible minerals.

EPRM will support an enabling local environment through government and local communities' participation that will enhance miners' motivation to introduce better mining practices.

To this end, EPRM will create strategic partnerships with relevant stakeholders active in mining communities, such as international organisations, civil society organisations, local governmental institutions and local mining communities.

These partnerships will focus on aligning mining intervention strategies and pool and expand resources with which mines will be supported - technically and financially - to produce minerals in a social and environmental responsible way. In the end this will gradually contribute breaking the link between mineral extraction and conflict.