



**PRECIOUS METALS CONSORTIA
MANAGEMENT COMMITTEE MEETING**

Chairman: *Robert Binney (Johnson Matthey)*

Co-chairman: *Andrew Griffiths (Umicore)*

Secretariat: *Caroline Braibant (EPMF)*

3rd of May 2007, 11:00 - 16:30
Metals Conference Centre – GOLD Room
10 Rue du Duc, 1150 Brussels

MINUTES

Participants: R. Binney, C. Braibant, A. Griffiths, G. Gutekunst, P. Grohnert (on behalf of M. Kabs), M. Mistry, A. Normand (on behalf of G. Ganganelli).
P. Charlesworth and R. Davies were excused.

The Agenda is attached (cf. Annex 1).

1. Introduction and organization

R. Binney reminded the attendees about their commitment to comply with Confidentiality and European Competition Law rules. The draft agenda was approved.

2. Substance inventories

C. Braibant presented the latest version of the substance inventory to the attendees (cf. Annex 2). She indicated that it contains the aggregation of 73% of the expected inventories and that some specific problems could be identified:

- Some of the inventories received from the (potential) members were not complete at the moment of reception. This is justified by the fact that some blanks of the spreadsheet can not be filled in without some knowledge and experience with REACH, which is not general to all.
- In general, only the most common and marketable output materials are included in the inventory. The input materials, refinables, preparations, alloys and other similar materials should be evaluated and interpreted by the Precious Metals Work Groups (PM WG) and the Technical Advisory Panel (TAP) as soon as possible.
- The origin of the declared tonnage bands is sometimes unclear. At the moment of the signature of the Consortium Agreement, there is a need to corroborate that the tonnage band for each relevant substance declared by the member actually corresponds to the highest production/import volume for this substance among all the affiliates and the member itself.

She informed the attendees on the preparation of a short guidance document by J. Levison (TAP) and about the first meeting of the TAP and the PM WG to be held on the 21 and 22/05/07 in Brussels. The PM WG will be officially formed and the basis for interpretation tasks will be set.

3. Cost-sharing formula

M. Mistry made a presentation compiling the work achieved by the Cost-sharing Work Group (CWG) (cf. Annex 3). Different parameters were evaluated in order to arrive to two proposals, the cost-blocks approach being a compilation of both, and being favoured by the Management Committee (MC). M. Mistry, on behalf of Norddeutsche Affinerie, nonetheless indicated that the actual applicability of the formula needed to be evaluated based on a final list of substances. It was agreed for the PM WG and the TAP to prepare three reference substance lists and a generic scoping statement to be used in the Consortium Agreement

The application of the cost-blocks approach formula was evaluated.

- It was agreed that, in principle, the chosen formula should not have any member paying more than what it would have paid without joining the PM Consortium (cf. maximum ceiling per substance in slide 8 of Annex 3).
- The allocation of the different costs were agreed to follow the following cost-sharing formula:
 - Generic Costs: to be distributed equally among all the members of the PM Consortium, i.e. each member of will pay only one share of the Generic Costs, no matter how many families of substances it is interested in registering under REACH.
 - Metal-specific Costs: It was agreed to allocate them in two parts, each one having the same weight (the analysis concluded that differences between 50%-50% and 66%-33% made little difference and indicated that the 50%-50% was easier to calculate explain), unless it becomes unfair in comparison

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with the maximum ceiling mentioned above, in which case the MC will be able to propose a change to the cost-sharing formula, to be voted by the General Assembly:

- I: Since materials must be “strictly controlled” in order to fall under the definition of “intermediate” according to REACH and because it is not yet estimable what costs the registration of an intermediate may represent compared to the registration of a substance, it was recommended to discard the weight factor for substances versus intermediates and to consider both as substances and as a unique factor in the allocation of the Metal-specific Costs (I). This will be discussed with the TAP and PM WG.
- II: The weight factors proposed by Metalor (5, 20, 100 and 1000) were evaluated as being proportionate to the magnitudes in which each different ceiling differ from one tonnage band to the other and were therefore accepted by the MC.

It was agreed that each member (parent company or other major representative) would pay its share of the costs based on the selected cost-sharing formula and considering:

- The number of substances to be registered under REACH by itself and by all its affiliates, each substance being accounted once, no matter whether registered by one or more affiliates and no matter whether to be registered as an intermediate or as a substance;
- The highest tonnage band in which each substance and/or intermediate is manufactured and/or imported by the member or by one or more of its concerned affiliates.

The member will have to accept to be audited in case of suspicion on the information submitted in its registration dossier. The latter must be properly formulated and included in the CA.

As a more real example of the application of the cost-sharing formula, C. Braibant was requested to prepare some spreadsheets with the actual information received by the different (potential) members of the PM Consortium in their substance inventory.

Finally, it was agreed that each new member would have to pay:

- Its share of the Generic and Metal-specific Costs for the year it is entering the PM Consortium;
- Its share of the Total Costs (Generic + Metal-specific) incurred by the members of the PM Consortium during the years of activity of the Consortium previous to its entry, and this, for a maximum of ten years, this share being calculated with a 3% interest rate, based on the present Belgium National Bank figures. This recommendation will be discussed with the CWG.

This money will be reimbursed to the early members according to the same cost-sharing formula, as a credit for their next annual cost-share. R. Binney will investigate how the Consortium can manage this kind of cash-flow or its invoicing to members (annually) as it is not a legal person.

4. Approval of the Consortium Agreement

C. Braibant had prepared an updated version of the CA to be quickly reviewed by the MC. Some specific issues were addressed by the MC during the meeting while some others remain incomplete. The provisions accompanying the selected cost-sharing formula will be included in the CA and will be briefly discussed at a teleconference with the LWG and the CWG (cf. item 6 of Minutes) before they are sent to the EPMF Board for support.

For more simplicity and more transparency, it was agreed to have one CA for all three PM Consortia, therefore becoming the PM Consortium. The Metal-specific Costs will be allocated individually by group of substances as follows: silver and silver compounds, gold and gold compounds, and PGM's and PGM's compounds, as foreseen initially.

It was requested for C. Braibant and the LWG to provide a specific procedure to be followed in case of breach of the CA. This procedure should stipulate who may comply against whom and on behalf of whom.

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5. PM Consortium Accountant

R. Binney proposed a list of tasks to be assigned to the Consortium's Accountant, which will be included in the CA. R. Binney will also find out with G. Thiran (Eurométaux) whether Eurométaux can recommend and/or propose a specific Accountant for the PM Consortium.

As mentioned before, there is also a need for investigating how the Consortium can manage cash-flow or invoicing to members (annually) as it is not a legal person. Once this has been clarified it should also be described in a specific procedure to be included in the CA as well.

6. Coming meetings

6.1. EPMF Board face-to-face meeting: London, 11 May 2007.

The updated substance inventory and the CA, including the cost-sharing formula will be presented to the EPMF Board for support. It was agreed for G. Gutekunst to inform to W. Held, for A. Griffiths to inform P. Reymondet, for R. Binney to inform I. Stephenson and for C. Braibant to inform M. Jones.

6.2. CWG + LWG teleconference meeting: 07/05/07 and IV week of May 2007.

The CWG and the LWG will hold two independent teleconference meetings on the 07/05/07 to be updated on the discussions of the MC. After the EPMF Board meeting, a new list of tasks will be discussed by each group in order to finalise the CA before mid-June.

6.3. MC teleconference meeting: before III week of June 2007.

The MC will hold a teleconference on the 08/06/07 at 12:00 Brussels time.

7. Any other business

7.1. EPMF Website.

C. Braibant informed the MC on the finalisation of the EPMF website (www.epmf.be). Some of the most relevant information regarding the PM Consortium will be posted on the website as well as some links to related websites. The database has been secured with selective access and each member will receive a login and a password to access the documents available for its group category. For more security, the logins and passwords will be sent by Post Mail.

7.2. Sharing experience amongst consortia.

The possibility of sharing some of the documents prepared by the work groups of the PM Consortium, especially the CA, was discussed. It was agreed that any document owned by the PM Consortium could not be shared with anyone without having prior formal request and approval of the MC.

7.3. Registration for the plenary meeting in Krakow (29/06/07).

C. Braibant reminded the attendees on the importance of registering for the plenary meeting. Some organisational issues, such as the separation of the EPMF members' audience versus the (potential) PM Consortium members' audience, will be addressed at the EPMF Board meeting on the 11/05/07.

8. Conclusion

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