



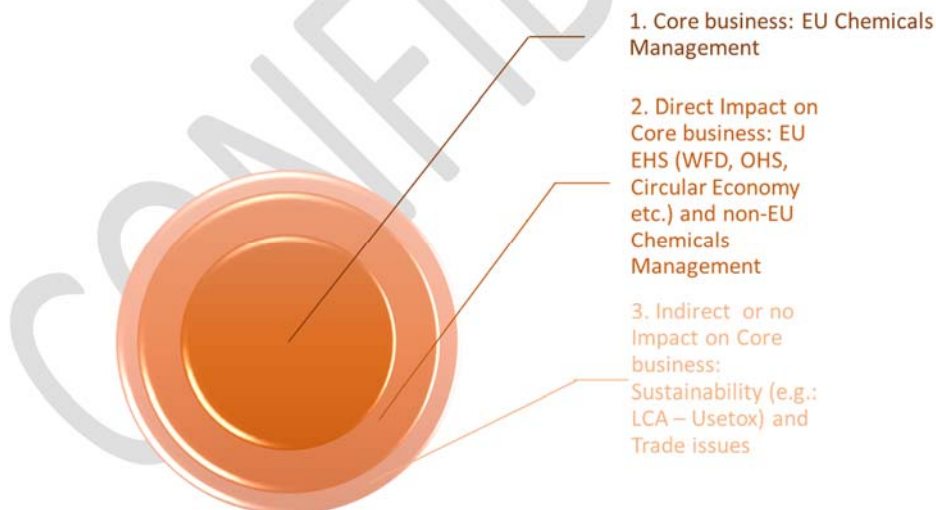
EPMF/PMC New structure proposal

1. Introduction

2018 will be an important milestone for the Precious Metals Consortium (PMC) and the European Precious Metals Federation (EPMF) because of the finalisation of the REACH registration process. Since the foundation of EPMF in 2009, REACH has always been a central and resources intensive project. Based on the current regulatory trends, it is very unlikely that this will change. This confirms that REACH/chemicals management will stay the core business of EPMF ensuring continuity of PMC related activities moving from registration to risk management.

This hinge period for PMC triggered some reflections related to the needs of the precious metals industry and the value that EPMF can offer to its members. The original idea of EPMF was to offer a platform of exchanges for national federation and companies to join forces in some advocacy activities using primarily the members' resources. However, over the past 10 years, things have evolved drastically and companies do not have anymore the capacity to invest human resources into associations but require more and more support due to the increasingly regulatory pressure and compliance requirements.

A series of EU policies are of growing concerns for the precious metals industry and could have a direct impact on chemicals management: waste and chemicals, water framework directive, occupational health discussion etc. So far, these issues have not been prioritized by EPMF due to a lack of resources. On the other hands, other advocacy activities have been conducted related to trade or sustainability issues (e.g.: conflict minerals) which are of outmost importance for the precious metals industry but sometimes already managed by other associations or directly by the companies (see below scheme).



Based on the above findings, the EPMF Board and the chairs of PMC reflected on a new business model with a value proposal which could better address the needs of the precious metals industry, ensure efficiency of the EPMF activities refocused on core business (chemicals management) and



avoid duplication with activities of other associations, but also avoiding double membership at PMC and EPMF levels. The PMC and EPMF Assembly reviewed this proposal in June 2017 and agreed with the following business proposal and key principles in view to develop the new structure.

2. Business Proposal

EPMF must move from a networking platform only to a centre of excellence in chemicals management and to a strong advocacy body to address the next challenges of the Precious Metals industry. The main value will be to offer an ad hoc support to its members based on a tailor-made approach, addressing specific needs via platforms/projects, on the model of the REACH project in the past but in a more pragmatic and less administrative burdensome way.

The main values for a company for being or becoming a direct member of EPMF will be:

- To have a wholesome overview of the regulatory threats related to chemicals management via the development and maintenance of a risk register
- To understand and prevent negative impact on REACH dossiers and companies risk management measures
- To create platforms and conduct ad hoc projects on a voluntary basis to address specific issues related to a substance (e.g.: maintenance of the REACH dossier, Evaluation of a Substance, prioritisation of a substance under WFD) or more horizontal issues (e.g.: waste and chemicals) which benefits of joint efforts and cannot be conducted individually in an efficient way
- To mutualize expertise or resources between the companies

The main value for an association for being or becoming a member of EPMF will be:

- To maintain a strong advocacy network between the national and the European levels
- To tackle some key horizontal issues for the Precious Metals industry via the contribution to some projects/platforms.

This model will allow flexibility in the financing of the issues to be managed but ensuring a high level of expertise using the knowledge built during the past years in this field and maintaining a strong European association.

However, it is important to ensure that the EPMF direct members companies have different benefits than companies being only members of a national federation exploring different types of membership for companies and national federations, with different rights and duties related to the platforms.

The definition of the platforms and projects must be done following the regulatory monitoring conducted by the Secretariat. These platforms and projects can be presented to the Assembly after validation by the Board. After that, each company/association can decide individually to financially contribute to the project and benefit of the outcome, with some limitations for the associations regarding the REACH related platforms. It is worth to note that due to the unpredictability of some regulatory actions, platforms and projects can be suggested during the whole year and approved via written procedure. Only the EPMF administrative budget must be presented and approved at the annual Assembly meeting and must ensure the viability of the association.



3. Development of a single structure: EPMF/PMC

The statutes of the association must stay as general as possible and close to what it exists to limit the administrative burden and leave the door open to any relevant platforms for the Precious Metals industry. Rules which need some flexibility will be described in the Internal rules of the association (e.g. cost sharing). It is recommended to amend the existing EPMF statutes and develop Internal rules based on the existing EPMF statutes and PMC agreement to limit the administrative burdens.

1. Membership

Full members

- Open to all nationalities
- Companies (producers and importers)
- National federations (direct access only to non-REACH registration dossier dedicated platforms)
- Mandatory status to contribute to platforms
- Need to sign articles, internal rules and code of conduct

Application, term, resignation, suspension/resignation and rights/obligations can be taken from EPMF statutes/PMC agreement.

2. Cost sharing

Administrative costs

The administrative costs of the new structure will be a sum of the current PMC and EPMF administrative costs. This covers the salaries related to administration of the association, office, meeting and travel, communication tools, Eurometaux membership, legal and accountancy costs but not the costs related to the management of the platforms.

The mechanism to share these costs must be transparent and ensure a certain level of equitability and predictability to secure the viability of the association. The following option has been selected by the PMC and EPMF Assemblies in June 2017: the basic principle is an equal share of the administrative costs between all the members of the association. However, for companies and associations only interested into 1 or 2 platforms, it is suggested to offer the possibility to pay a flat fee of 5000€/year for the contribution to the administrative costs.

Platforms costs

The platforms costs will be shared by the interesting companies as follows:

- Non-REACH (non-related to registration dossiers): an equal share is recommended as a starting point but could be reviewed in case of the fairness principle could be challenged. In this case, an ad hoc cost sharing formula could be approved by the Board.
- REACH (related to registration dossiers): based on requirements (tonnage band, intermediate under SCC or nanos) similar to the current PMC agreement.

A simulation based on this cost sharing proposal and draft 2018 PMC budget is available in Annex 1.

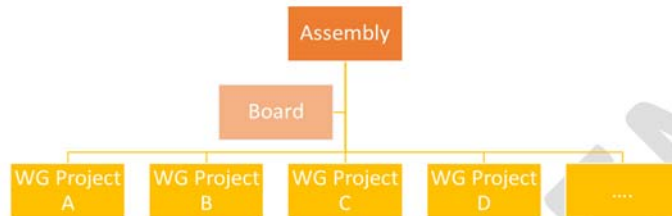


N.B.: Non-members - LoA (for REACH issues) - REACH Projects costs (related to registration dossiers) will be charged and calculated *a posteriori* based on the real costs and following the same cost sharing formula than in the current PMC agreement, except for the administrative costs. The administrative costs related to the relevant projects will be allocated on HR basis (as in the current PMC system) and divided equally between all the beneficiaries (members and LoA) of the project to be able to define fair contribution of non-members.

3. Governance

It is important to keep the structure as simple as possible to reduce administrative burdens despite potential high number of platforms to be managed.

Two decision bodies are recommended, as an unlimited number of working structures.



Assembly

- One representative/member (full and associate members)
- Voting rights: proportional to the financial contribution to the admin fee for the administrative decision and based on “vested” interest (one vote /member) for the decisions related to platforms. No decision to be taken at unanimity.
- Mandate: merge EPMF and PMC Assembly mandates

Proposed voting rights:

- For administrative issues:
 - 1 vote by company/association contributing via a fixed fee
 - 3 votes by company/association contributing via equal sharing of the administrative costs
- For platform related issues:
 - 1 vote by company/association which has a vested interest into the platform

Board

- 4-9 representatives of members (elected by the Assembly) including the President, Vice-President and Treasurer
- National Federations can have 1 or 2 seats maximum in the Board



- One voting right per member of the Board
- Mandate: merge EPMF and PMC Board/Management Committee mandates

4. Platforms proposal

The platforms and projects must be part of EPMF core business: chemicals management or have a direct impact on the core business of the association. However, if full members demonstrate a common interest for an issue not directly impacting the core business of EPMF and not handled by other associations, the Assembly can decide to include such a type of platforms/projects in the EPMF business plan.

Platforms and projects can be proposed by Members or by the Secretariat and must be recommended to the Assembly by the Board. To be viable a project must be of interest for at least 3 Members.

REACH & CLP (linked to registration dossiers) platforms	Other platforms
1) Au metal	1) SVHC Roadmap
2) Au compounds	2) Ag EQS
3) Potassium dicyanoaurate	3) Chemicals/waste/products Roadmap
4) Ag metal (including nano)	4) Development and maintenance of Risk Register
5) Ag compounds	5) Occupational Health
6) Ag cyanide/Potassium dicyanoargentate	6) Water framework directive and PGMS
7) Ir metal	7) Conflict Minerals
8) Ir compounds	8) Tax
9) Pt metal	9) Others?
10) Chloroplatinates	
11) Karstedt	
12) Pt compounds (others)	
13) Pd metal	
14) Pd compounds	
15) Rh metal	
16) Rh III compounds	
17) Rh compounds (others)	
18) Ru	
19) Ru compounds	
20) Re	
21) Refinables	