

PRECIOUS MINERAL AND SMELTING LTD

DUE DILIGENCE REPORT

(5-STEP FRAMEWORK)

SEMI URBAN INDUSTRIAL ESTATE, FREZERPUR, JAGDALPUR, DIST.-BASTAR, CG, 49400

Precious Mineral And Smelting Ltd.

Executive Summary:

This report outlines a due diligence framework for the PMASL, following the 5-step framework outlined by the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The framework aims to identify and mitigate risks associated with sourcing tin from conflict-affected and high-risk areas (CAHRAs) and ensure responsible mineral supply chain management.

Introduction:

This report outlines the Due Diligence 5-Step Framework for PMASL, The framework aims to identify and mitigate risks associated with the company's supply chain, ensuring responsible sourcing of minerals.

1. Establish Strong Company Management Systems:

Develop and implement a company policy on responsible mineral sourcing: This policy should commit the company to responsible sourcing practices and outline the due diligence procedures it will follow.

Integrate responsible mineral sourcing into existing management systems: This includes establishing clear roles and responsibilities, allocating resources, and incorporating due diligence procedures into existing risk management practices.

Conduct training and awareness raising for employees: Train employees on the company's policies, procedures, and risks associated with sourcing tin from CAHRAs.

2. Identify and Assess Risks in the Supply Chain:

Map the supply chain: Identify all suppliers and smelters/refiners involved in the supply chain, including their locations and ownership structure.

Conduct risk assessments: Assess the risk of sourcing tin from each supplier and smelter/refiner based on OECD's red flags indicators, including conflict, human rights abuses, environmental impacts, and corruption.

Use industry-recognized tools and resources: Utilize tools such as the OECD Due Diligence Guidance for Minerals, the Conflict Minerals Reporting Template (CMRT), and the Responsible Minerals Initiative (RMI) platform to assess risks.

3. Design and Implement Due Diligence Strategies:

Engage with suppliers and smelters/refiners: Establish communication channels to obtain information about their sourcing practices, risk mitigation measures, and due diligence procedures.

Conduct audits of smelters/refiners: Utilize independent third-party audits to verify the smelters/refiners' due diligence practices and adherence to responsible sourcing standards.

Implement traceability and chain-of-custody mechanisms: Track the origin and movement of tin throughout the supply chain to ensure transparency and accountability.

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4. Manage Risks and Take Corrective Action:

Develop risk management plans: Identify mitigation measures for each identified risk and implement appropriate controls to address them.

Monitor and track progress: Regularly monitor the effectiveness of due diligence efforts and update strategies as needed.

Take corrective action: If risks are identified, take appropriate action to address them, including sourcing from alternative suppliers, disengaging from high-risk sources, or implementing stricter due diligence measures.

Note:- PMASL Framed a Comprehensive Risk Mitigation Plan

5. Publicly Report on Due Diligence:

Annually publish a report on due diligence efforts: This report should describe the company's risk assessment methodology, due diligence procedures, and mitigation measures implemented.

Make the report publicly available: Publish the report on the company's website and other relevant platforms to demonstrate transparency and accountability.

Engage with stakeholders: Participate in multi-stakeholder initiatives and dialogues to collaborate on responsible mineral sourcing practices and share best practices.

Conclusion:

By implementing this 5-step framework, the PMASL can effectively identify and mitigate risks associated with sourcing tin from CAHRAs and contribute to responsible mineral supply chain management. It is important to note that this framework should be adapted to the specific context and circumstances of the company's operations and supply chain.

The PMASL will prioritize the following actions:

- Develop and finalize a company policy on responsible mineral sourcing.
- Conduct a comprehensive risk assessment of its supply chain.
- Engage with key suppliers and smelters/refiners to understand their due diligence practices.
- Develop a risk management plan to address identified risks.
- Begin preparing for an independent third-party audit of key smelters/refiners.
- Develop a communication strategy for publicly reporting on due diligence efforts.

By taking these steps, the PMASL demonstrate its commitment to responsible mineral sourcing and contribute to a more sustainable and ethical tin mining industry.

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- **Risk Mitigation Plan**

A. Risk Identification and Assessment

- a. **Identify relevant risks:** Utilize the OECD Guidance's Annex II to identify potential risks associated with the company's activities and supply chains.
- b. **Conduct risk assessments:** Assess the likelihood and potential severity of identified risks based on specific factors like supplier location, governance practices, and environmental and social conditions.
- c. **Prioritize risks:** Identify high-risk suppliers and areas of the supply chain requiring more intensive due diligence efforts.

B. Risk Mitigation Strategies

- a. **Implement controls:** Implement procedures and measures to address and mitigate identified risks, such as contractual clauses, supplier monitoring programs, and capacity-building initiatives.
- b. **Engage with suppliers:** Collaborate with suppliers to improve their practices and address identified risks. This may involve sharing best practices, providing training, and supporting supplier implementation of risk management systems.
- c. **Seek external expertise:** When necessary, utilize expertise from independent third parties, such as auditors and consultants, to assess and address complex risks.
- d. **Develop contingency plans:** Establish plans to respond to potential adverse impacts, including emergency response procedures and communication strategies.

C. Monitoring and Evaluation

- a. **Regularly monitor:** Regularly monitor the effectiveness of implemented risk mitigation strategies and adapt them as needed based on changing circumstances.
- b. **Conduct audits:** Conduct internal and external audits to assess compliance with this policy and the OECD Guidance.
- c. **Report on progress:** Regularly report on progress made in implementing the OECD Guidance and mitigating identified.

References:

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

<https://www.oecd.org/corporate/mne/GuidanceEdition2.pdf>

OECD 5-Step Framework for Upstream and Downstream Supply Chains:

https://mneguidelines.oecd.org/5%20Step%20Framework_A3.pdf