

PRECIOUS MINERAL AND SMELTING LTD

CAHRA PROCEDURE

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Precious Minerals And Smelting Ltd.

CAHRAs Procedure

Standard Policy & Procedure to Identify & Assess Conflict-Affected and High-Risk Areas (CAHRA)

OVERVIEW :

Precious Metal & Smelting Limited (PMASL) is a primary smelter of nonferrous metal that has been in operation since 2002. PMASL works with customers in a variety of industries. PMASL that tin Ingots and minerals found within the global supply chain may originate from areas prone to armed conflict and human rights abuses. As part of the company's commitment, PMASL is committed to avoiding minerals that directly or indirectly finance or benefit armed groups or support regions known for human rights violations. These regions are categorized as conflict-affected and high-risk areas (CAHRA) based on the following criteria as identified by the OECD Due Diligence Guidance :

CAHRA IDENTIFICATION SOURCES AND CRITERIA		
RESOURCE	CAHRAs CRITERIA	The country is classified a CAHRAs if it:
<u>US Dodd-Frank Act</u>	OECD Annex II risks Direct or indirect support to non-state armed groups or public or private security forces. • Presence of armed conflict and widespread violence. • Transit risks (nine surrounding countries)	• Listed as a CAHRAs.
<u>European Union CAHRAs List</u>	OECD Annex II risks: All risks	• Listed as a CAHRAs.
<u>RMI Global Risk Map: Heidelberg Conflict Barometer</u>	OECD Annex II risks: Direct or indirect support to non-state armed groups, or public or private security forces Risks evaluated this resource: • Presence of armed conflict • Widespread violence	• National and Sub-National Ranking is 3 rd .
<u>RMI Global Risk Map: Fragile State Index: Human Rights and Rule of Law indicator</u>	OECD Annex II risks: Serious abuses (torture, cruel, inhumane, and degrading treatment; forced labor; worst forms of child labor; sexual violence; war crimes)	• 73 rd Ranked on RMI's Global Risk Map.

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1. US Dodd-Frank Act :-

Consistent with Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, PMASL is undertaking several actions to address the problem of conflict minerals -or the exploitation and trade of, cassiterite (tin).

PMASL believes that it is critical to begin now to perform meaningful due diligence to conflict minerals. PMASL Conflict Mineral Initiative will facilitate useful disclosures to customers and

suppliers to meet Section 1502 of the Dodd-Frank Act. The initiative features;

- Establish strong company management systems based on industry standards;
- Identify and assess risk in the interconnect industry supply chain;
- Design and implement a strategy to respond to and report identified risks;
- Report on supply chain due diligence.

U.S. Dodd-Frank Act 1502 - <https://www.sec.gov/opa/Article/2012-2012-163htm---related-materials.html> (PDF)- 

2. EUROPEAN CAHRAs LIST:-

India is characterized by the presence of conflict-affected areas relevant to Regulation 2017/821. These include Chhattisgarh, in which the Indian government is fighting against the Communist Party of India-Maoists (CPI-Maoists) – also referred to as the Naxalites (RULAC, 2023).

RULAC - <https://www.rulac.org/>

CAHRAs LIST - <https://www.cahraslist.net/cahras>



3. HEIDELBERG CONFLICT BAROMETER :-

The violent crisis between the left-wing extremists Naxalites and security forces continued [→ India (Naxalites)]. Clashes between Naxalites and security forces resulted in the death of at least 115, a decrease in violence compared to last year.

HEIDELBERG CONFLICT BAROMETER - <https://hiik.de/konfliktbarometer/aktuelle-ausgabe/> 

4. HUMAN RIGHTS AND RULES:-

Section 1. Respect for the Integrity of the Person:-

- Arbitrary Deprivation of Life and Other Unlawful or Politically Motivated Killings.
- Disappearance
- Torture and Other Cruel, Inhuman, or Degrading Treatment or Punishment and Other Related Abuses
- Arbitrary Arrest or Detention

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- Denial of Fair Public Trial
- Arbitrary or Unlawful Interference with Privacy, Family, Home, or Correspondence
- Conflict-related Abuses

Section 2. Respect for Civil Liberties:-

- Freedom of Expression, Including for Members of the Press and Other Media
- Freedoms of Peaceful Assembly and Association
- Freedom of Religion
- Freedom of Movement and the Right to Leave the Country
- Protection of Refugees
- Status and Treatment of Internally Displaced Persons
- Stateless Persons

Section 3. Freedom to Participate in the Political Process:-

- Elections and Political Participation

Section 4. Corruption and Lack of Transparency in Government:-

- Corruption

Section 5. Governmental Posture Towards International and Nongovernmental Investigation of Alleged Abuses of Human Rights:-

- The United Nations or Other International Bodies
- Government Human Rights Bodies.

Fragile State Index: Human Right & Rule - [Download Data in Excel Format | Fragile States Index](#)



• **Supplier red flags**

To identify supplier red flags, We Know Your Counterparty (KYC) form that includes questions related to:

- Legal status and ownership of the company.
- Due diligence activities undertaken by the company.
- Source of the company's materials.
- If using, how they engage with upstream mechanisms.

The company's due diligence program manager will review the provided information and the KYC procedure is conducted before initial transactions with new suppliers.

Whenever inconsistencies, errors or incomplete information are identified in the

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KYC form, the company will communicate the improvement areas to suppliers and request an updated form. If red flags were identified, the company will further engage with its suppliers to clarify and improve the documents as needed.

- **Transaction red flags**

Thirdly, the company requests origin information for each material transaction considered to be. We will ensure that we can assure ourselves of the transaction origin, transportation routes, as well as direct suppliers' names and locations. We do not accept any lack of knowledge of material origins.

- **Risk Assessment (HIGH RISK SOURCING ONLY)**

We source ores mainly from government-owned mines which are operated by the government mining company Chhattisgarh Mining Development Corporation (CMDC) and therefore we estimate our risks to be primarily at the point of origin (CAHRAs).

For these sources, we conduct enhanced due diligence, which includes further checks on suppliers to ensure their approaches to due diligence meet our expectations.

- Assessing the context of CAHRAs.
- Clarifying the chain of custody.
- Requesting KYC on upstream suppliers from direct suppliers or checking the status of upstream suppliers on a purchase-by-purchase basis.
- Assessing the activities and relationships of upstream suppliers.
- Identifying locations and qualitative conditions of the extraction, trade, handling, and export of minerals.
- Conducting on-the-ground assessments

We rely on our suppliers as we do not have the leverage or resources to easily engage directly at the point of origin because it's a government mining company Chhattisgarh Mining Development Corporation (CMDC).

During the period that is captured by the scope of the 2023 audit, we have mainly sourced tin ore from CMDC that has come via upstream mechanisms as well as a legalized national approach, mainly sourced from state government-operated mining company Chhattisgarh Mining Development Corporation (CMDC). In these cases, we have requested further insight from our suppliers about how they engage with these mechanisms and how they manage, mitigate, and eliminate risks.

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government-operated mining company. However, even when sourcing via a government-operated mining company, we conduct enhanced due diligence activities if we identify that the site may be sourced from a CAHRA. This involves engaging with our direct counterparty to obtain answers to our questions.

- **Risk Mitigation**

Any high-risk suppliers or transactions are reported to senior management and a risk management plan is developed using a risk management strategy as defined in the OECD Guidance Annex II Model Supply Chain Policy, notably to:

1. Continue trade Whilst actions are undertaken to address risks.
2. Suspend trade Whilst actions are undertaken to address risks.
3. Disengage from the supplier, within a reasonable timeframe and following engagement activities, if there is no measurable improvement.

We will develop risk management plans in consultation with suppliers and affected stakeholders, containing measurable actions to mitigate the risks identified. Suppliers must accept the plan and commit to implementing it.

Whilst the responsibility for implementing the risk mitigation plan lies with the supplier, PMASL will support suppliers. For instance, we will help suppliers build their capacity by providing training on responsible sourcing matters, as appropriate.

Six months from the implementation of the Risk Management plan, we will evaluate the success of the plan. We will undertake additional fact and risk assessments when necessary. We will also consider supporting community-based networks to monitor risk mitigation when applicable.