

PRECIOUS MINERAL AND SMELTING LTD.

Due Diligence (5-Step) Report

SEMI URBAN INDUSTRIAL ESTATE, FREZERPUR, JAGDALPUR, DIST.-BASTAR, CG, 494001

1. Company Information

The company name	: Precious Mineral and Smelting Limited (PMASL)
The company was established	: 2010
The company's CID number	: CID003409
3TG materials Processed	: Tin
Company Location	: Jagdalpur, Dist. Bastar, Chhattisgarh, India.

Precious Mineral and Smelting Limited (PMASL) is a company processing high-quality tin ingot whose tin ore comes from its mine and is also sourced from the State Government Mining Company " Chhattisgarh Mining Development Corporation ("CMDRC") The PMASL is a **state government government joint venture company** was incorporated on 12th December year 1996 production operation started on May year 2002. **(DIC No.221505536)** The company has a production operation **mining business license No. 60CHG033001 located** at Bade Bahçeli, District Dantewada, Chhattisgarh, India

2. RMAP Assessment Summary

PMSL has undergone an RMAP assessment on:

Date	: 18/07/2023 – 20/07/2023
Conducted by	: Elevate Limited
Name of Auditor	: Sorabh Mahajan
Audit Period	: 31.03.2021 – 30.06.2023
RMAP ID	: G-RM-10001425
Assessment Status:	In CAP1

3. Company Supply Chain Policy

To avoid the use of conflict minerals, which directly or indirectly finance or benefit armed groups and involve other serious human rights abuses in high-risk and conflict-affected regions, PMASL has developed a supply chain policy. The supply chain policy is fully aligned with the third edition of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance). It covers all of the risks identified in Annex II of the OECD Guidance and its geographic scope is global. The company is committed to addressing any Annex II risks if identified. The policy was reviewed and approved by senior management, which committed to support its implementation. The policy has been widely disseminated to relevant stakeholders (suppliers, customers, employees, etc.) and is available on the company website at www.pmsl.in

4. Company Management System

a. Company Management Systems

The Company follows a set of principles and guidelines for effective management practices across all areas of our operations. We aim to excel in decision-making, promote accountability, and foster a culture of continuous improvement and success. The PMASL's board of directors is responsible for overseeing the due diligence and risk management systems and ensuring they are fully implemented across the PMASL activities. The PMSL has a Manager (including the role of Money Laundering Reporting Officer) and is responsible for coordinating the work across all relevant organizations within the PMASL (Procurement and Inventory Management Department, Finance Department, and Due Diligence Department) to ensure that they understand their responsibilities and duties to implement the PMASL's Supply Chain Policies and report any red flags and potential risks that are identified.

b. Due Diligence Systems

PMASL has adopted a robust system of controls and transparency for its supply chain. In addition to our supply chain policy, the PMASL's policies include:

- i. Anti-Money Laundering Policy & Procedure; and
- ii. Anti-Bribery & Corruption Policy.

The policies have been communicated to the board, senior management, and relevant employees, and training is regularly provided to ensure that staff are aware of their responsibilities.

As mentioned previously, the Company has not sourced minerals from third-party suppliers to date, however, as the Company's supply chain expands it will ensure that (a) the relevant policies are appropriately communicated to its suppliers, (b) support is provided to support its suppliers, and (c) audits are conducted to ensure conformance.

The Company undertakes regular Due Diligence Meetings. The purpose of the Due Diligence Meeting is to review the PMASL's existing policies and procedures to ensure they are up to date and to review transactions that took place during this period.

c. Grievance Mechanism

The company has established a grievance mechanism to provide a structured and accessible process for individuals to raise concerns or grievances related to their work, interactions with members of the PMASL, or any other matters related to our operations.

The grievance mechanism aims to address these concerns promptly, fairly, and in accordance with applicable laws and regulations. The Company understands the need for a robust grievance mechanism to promptly address concerns and foster a transparent and positive work environment.

The grievance policy is publicly available on our website (www.pmsl.in). The group has also established multiple channels for lodging grievances to accommodate different preferences and ensure confidentiality.

d. Record Keeping

PMASL requires that all records relating to the due diligence program be maintained for at least 5 years. Records are stored digitally and/or in hard copy.

e. Internal Systems of Control

PMASL has established a due diligence management system to be aligned with the OECD Guidance and RMAP. The company communicated the updated supply chain policy and sourcing requirements to all suppliers and continues to notify them of any changes or additions to its policies. The company has incorporated due diligence requirements into legally binding agreements with direct suppliers when applicable.

5. Risk Identification

a. Supplier Evaluation Procedure

The Company follows an in-house developed supplier evaluation process known as its 'Due Diligence and RMAP Procedure' which has been prepared in line with the PMASL's Supply Chain Policies and the OECD Guidance. The main purpose of this process is to stop and prevent trade in minerals where funds from those minerals support conflict or gross human rights abuses and other OECD Annex II risks.

PMASL also follows a Know your Counterparty (KYC) process which includes supplier location mapping, financial, identification, and industry. The Due Diligence Manager reviews this information annually with the purchasing team and top management. Whenever red flags are identified, the Due Diligence Manager, purchasing team, and top management will engage the supplier as required. During this reporting period, there were no red flags reported.

b. Identification of Suppliers (KYC)

The PMASL requires documents from potential suppliers that reveal who the beneficiaries of the relevant supplier company. The Company holds such information in relation to its current supplier and will ensure it collects such information from its future suppliers.

c. Identification of CAHRA

All sources of material are evaluated to determine if they originated in a CAHRA as defined by OECD and RMI. Identification of a CAHRA is performed using a 'CAHRA assessment procedure' which is to be completed by management. The process is described in the PMSL's CAHRA Identification Procedure.

We implemented a process to determine if there are any Conflict-Affected and High-Risk Areas (CAHRAS) as defined by the OECD Guidance in the supply chain, we conducted a CAHRA assessment utilizing CAHRA Assessment Sources. We conduct three separate evaluations:

1. Internal Evaluation
2. EU CAHRA List
3. US Dodd-Frank Country List

d. On-the-Ground Assessments

Before procuring minerals from a mine site or trader, an on-the-ground assessment will be performed by PMASL on the mine of origin for the minerals to be procured. The assessment will assess the mine for risks identified in Annex II of the OECD Guidance. The assessment report will be part of the product passport generated when the material is transported from the mine site to the smelter. any risks identified will be communicated to the PMSL, who will escalate such risks to the PMASL top management where necessary, to determine risk mitigation measures.

PMASL minerals are sourced from the Indian Government Mining Company "Chhattisgarh Mining Development Corporation ("CMDC") and are also sourced from PMASL's mines. According to the "Supplier Review", PMASL has reviewed the supply risk from 31.03.2021 – 30.06.2023 as follows: No, suppliers have been rated as high-risk suppliers.

e. Identification and Assessment of Risks in the Supply Chain

The Company assesses the factual circumstances of its supply chain to determine any Risks that may be present, having reference to:

- i. The principles and standards laid out in its Supply Chain Policies which have been prepared to be consistent with Annex II of the OECD Guidance;
- ii. Other legal instruments governing the relevant member of the PMSL's operations and business relations, such as its financing agreements, contractor agreements, and supplier agreements.
- iii. If risks are raised, they are to be investigated, and assessed, and then if

needed, it can further report to PMASL top management directly for final decision-making on mitigation measures.

f. Risk Assessment Conclusion

During this reporting period, tin ore was only sourced from the PMASL mine and also sourced from the State Government Mining Company “ Chhattisgarh Mining Development Corporation (“CMDC”) which is identified as a CAHRA; however, no high risks (as Annex II) were identified during the risk assessment process.

6. RISK MITIGATION

a. Implement Risk Management

The procedure describes how the company will implement, monitor, and track the performance of the risk mitigation measures set out in its risk management plan in cooperation and/or Consultation with the relevant suppliers and other stakeholders (including, as applicable, Local and central authorities, other actors in the supply chain and affected parties.

In this business process, PMASL realized that there may be a red flag to be concerned about. PMASL already has Standard Operational Procedure (SOP) and Business Procedure, start from the supplier, process ingot until sales procedure. We define red flags as things that indicate something unusual and require further investigation.

b. Additional Fact and Risk Assessments

Supply chain due diligence is a dynamic process and requires ongoing risk monitoring. PMASL is required to conduct on-the-ground assessments of the mine Sites before onboarding any new supplier and shall undertake regular mine site Inspections to determine Whether facts on the ground have changed and may now require a risk management plan, where a risk management plan has been prepared, the progress concerning the Plan.

APPROVAL BY SENIOR MANAGEMENT

This report has been reviewed and approved by Shree Chand Lunia (Whole Time Director) on May 12th, 2024

Signed By: _____

Shree Chand Lunia
Whole Time Director