

PRECIOUS MINERAL AND SMELTING LTD

RISK MITIGATION PLAN

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Precious Mineral And Smelting Ltd.

Risk Mitigation Plan

Introduction:

This risk mitigation plan is designed for the PMSL tin smelting unit located in Chhattisgarh, India, which sources tin ore from a CAHRA-identified high-risk area within the state. It references the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected areas, to address potential risks associated with conflict financing, human rights abuses, and environmental damage.

Identified Risks:

- Sourcing from a CAHRA-designated risk area increases the likelihood of the tin ore being linked to conflict financing or benefiting armed groups.
- There may be a higher risk of human rights abuses in the mining process, such as child labor, forced labor, or unsafe working conditions.
- Environmental damage from mining activities could be more prevalent in a risk area.
- Serious abuses (i.e., torture, cruel, inhuman, and degrading treatment; forced for compulsory labor; worst forms of child labor; human rights violations and abuses such as widespread sexual violence; war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide). Any form of torture, cruel, inhuman and degrading treatment
- Direct or indirect support to non-state armed groups
- Direct or indirect support to public or private security forces that are conducting illegal activities
- Bribery and fraudulent misrepresentation of the origin of mineral
- Money laundering
- Non-payment of taxes, fees, and royalties to governments

Risk Mitigation Strategies:

1. Enhance Due Diligence:

- PMSL will Conduct a comprehensive due diligence assessment of the tin ore supplier, focusing on their responsible sourcing practices, adherence to human rights principles, and environmental management.
- Utilize modern tools to gather detailed information from suppliers.

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- Partner with independent third-party auditors to verify supplier information and assess their operations on the ground.

2. Supplier Engagement:

- PMSL will establish clear communication channels with suppliers, emphasizing your commitment to responsible sourcing.
- Collaborate with suppliers to develop and implement responsible sourcing policies aligned with the OECD Due Diligence Guidance.
- Provide training and capacity building support to suppliers on responsible sourcing practices, human rights, and environmental management.

3. Sourcing Diversification:

- Explore the possibility of diversifying our tin ore sources to include regions with lower risk profiles.
- This reduces dependency on existing suppliers increases the PMSL mine's production capacity and minimizes the overall supply chain risk.

4. Conflict Resolution Mechanisms:

- PMSL will establish a grievance mechanism to allow stakeholders, including local communities, to report potential issues in the supply chain.
- Develop a conflict resolution process to address identified grievances fairly and transparently.

5. Traceability and Transparency:

- PMSL will Implement a robust traceability system to track the origin of tin ore throughout the supply chain.
- Publicly disclose PMSL's commitment to responsible sourcing and provide ongoing updates on your due diligence efforts.

6. Monitoring and Evaluation:

- PMSL will regularly monitor the effectiveness of your risk mitigation strategies through internal audits and external verification.
- Continuously evaluate and update your risk mitigation plan based on changing circumstances and emerging risks.

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Collaboration:

- Partner with other stakeholders in the tin industry, including smelters, refiners, and NGOs, to develop collaborative initiatives for responsible sourcing in high-risk areas.
- Participate in industry-wide efforts to promote responsible supply chains and share best practices.

Conclusion:

By implementing a comprehensive risk mitigation plan aligned with the OECD Due Diligence Guidance, the PMSL tin smelting unit can significantly reduce the risks associated with sourcing from a CAHRA-identified risk area. Continuous improvement and collaboration are crucial for ensuring a responsible and sustainable supply chain.

Resources:

- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
<https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm>
- Responsible Minerals Initiative (RMI)
<https://www.responsiblemineralsinitiative.org/>

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