

PRECIOUS MINERALS AND SMELTING LTD.

Standard Operating Procedure (SOP)
for
On-the-Ground Risk Assessments

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Precious Mineral And Smelting Ltd.

Standard Operating Procedure (SOP) for On-the-Ground Risk Assessments

1. Introduction

This SOP outlines the process for conducting on-the-ground risk assessments in accordance with the OECD Guiding Principles for Multinational Enterprises and the OECD Due Diligence Guidance for Responsible Business Conduct. The process emphasizes an evidence-based approach, ensuring reliability, quality, and competence in all stages.

2. Core Principles

- **Evidence-Based Approach:** Assessments will rely on credible data, verifiable information, and sound analysis.
- **Reliability:** Consistent application of methodologies and rigorous data collection will ensure assessment findings are dependable and reproducible.
- **Quality:** Assessments will be conducted to high professional standards, with attention to detail and accuracy.
- **Competence:** Assessment teams will possess the necessary skills, knowledge, and experience to effectively conduct on-the-ground assessments.

3. Scope of Assessment

- **Determination of Scope:**
 - Define the specific objectives of the assessment.
 - Identify relevant operations, locations, and potential impacts.
 - Determine the geographical scope of the assessment.
 - Identify key stakeholders and potential participants.
 - Establish clear timelines and budget constraints.
- **Documentation:**
 - Document the scope of the assessment in a clear and concise manner.
 - Share the scope document with all relevant stakeholders.

4. Assessment Team

- **Competency Requirements:**
 - Define specific skills and experience requirements for team members.

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- Consider relevant expertise in environmental, social, and human rights issues.
- Ensure team members possess strong communication, interpersonal, and analytical skills.
- **Team Selection:**
 - Select qualified team members based on their skills, experience, and availability.
 - Consider diversity and inclusion in team composition.
 - Provide clear roles and responsibilities for each team member.
- **Training and Capacity Building:**
 - Conduct relevant training on:
 - OECD Due Diligence Guidance and relevant international standards.
 - Risk assessment methodologies and tools.
 - Data collection techniques (interviews, observations, document review).
 - Cultural sensitivity and ethical considerations.
- **Documentation:**
 - Maintain records of team member qualifications and training.

5. Sampling Methodology

- **Sampling Framework:**
 - Utilize a scientifically sound and statistically valid sampling approach.
 - Consider factors such as:
 - Population size and diversity.
 - Geographical distribution.
 - Operational complexity.
 - Resource constraints.
 - Employ a combination of sampling methods (e.g., random, stratified, purposive).
- **Mine-Site Assessment Standards:**
 - Base mine-site sampling with reference to internationally recognized standards, such as:
 - International Council on Mining & Metals (ICMM) Performance Standard. <https://www.icmm.com/en-gb/our-principles/mining-principles/mining-principles>
 - Global Reporting Initiative (GRI) Standards. <https://www.globalreporting.org/standards/>
- **Documentation:**
 - Clearly document the sampling methodology and rationale.
 - Justify the sample size and selection criteria.

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6. Data Collection

- **Methods:**
 - Utilize a variety of data collection methods, including:
 - **Interviews:** Conduct structured and unstructured interviews with stakeholders (e.g., community members, workers, government officials).
 - **Observations:** Conduct on-site observations of operations, environmental conditions, and social impacts.
 - **Document Review:** Review relevant documents (e.g., environmental permits, social impact assessments, company policies).
 - **Secondary Data Analysis:** Analyze existing data from reputable sources.
- **Data Quality Assurance:**
 - Implement data quality control measures throughout the data collection process.
 - Ensure data is accurate, complete, and reliable.
 - Use clear data collection forms and protocols.
 - Regularly review and verify data collected.

7. Data Analysis and Reporting

- **Analysis:**
 - Analyze collected data using appropriate qualitative and quantitative methods.
 - Identify and assess potential risks and impacts.
 - Prioritize risks based on their severity and likelihood.
 - Develop mitigation strategies and action plans.
- **Reporting:**
 - Prepare a comprehensive assessment report that includes:
 - **Methodology:** Description of the assessment approach, including sampling methodology.
 - **Assessment Team:** Details of the assessment team and their qualifications.
 - **Scope of Assessment:** Clearly defined scope and objectives.
 - **Limitations:** Acknowledge any limitations of the assessment.
 - **Findings:** Presentation of key findings and conclusions.
 - **Recommendations:** Specific recommendations for risk mitigation and improvement.
 - Ensure reports are clear, concise, and well-documented.
 - Share reports with relevant stakeholders.

8. Continuous Improvement

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- Regularly review and evaluate the effectiveness of the assessment process.
- Identify areas for improvement and implement necessary changes.
- Stay informed of updates to relevant standards, guidance, and best practices.
- Continuously enhance the skills and knowledge of the assessment team.

9. Record Keeping

- Maintain complete and accurate records of all assessment activities.
- Store all data, documents, and reports in a secure and accessible manner.
- Ensure compliance with all relevant data privacy and confidentiality requirements.

10. Disclaimer

This SOP provides a general framework for conducting on-the-ground risk assessments. The specific procedures and methodologies may need to be adapted based on the specific context and requirements of each assessment.

Signed By _____

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