

**PRECIOUS MINERALS AND SMELTING LTD.**

**Procedure for Assessing Information Received for Risks**

*and*

**Ensuring Compliance with OECD Guidance**

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# Precious Mineral And Smelting Ltd.

## Procedure for Assessing Information Received for Risks and Ensuring Compliance with OECD Guidance

### 1. Objective

- To establish a robust process for assessing information received for potential risks.
- To ensure all risks listed in Annex II of the OECD Guidance for Multinational Enterprises are considered.
- To develop and implement effective risk management strategies for identified risks.

### 2. Scope

This procedure applies to all information received that may indicate potential risks, including:

- Internal audits and assessments
- External reports and assessments (e.g., media reports, NGO reports, whistleblower complaints)
- Stakeholder feedback (e.g., customer complaints, supplier concerns)
- Regulatory inspections and findings

### 3. Responsibilities

- **Risk Management Committee:** Oversees the risk assessment and management process.
- **Compliance Officer:** Responsible for coordinating risk assessments, ensuring compliance with this procedure, and reporting to the Risk Management Committee.
- **Relevant Departments:** Responsible for providing information and collaborating in risk assessments.

### 4. Risk Assessment Process

- **Step 1: Information Collection and Screening**
  - Gather all relevant information from various sources.
  - Conduct initial screening to identify potential risks.
- **Step 2: Risk Identification and Categorization**
  - Utilize a standardized risk register or framework.
  - Categorize risks based on their:
    - **Likelihood:** The probability of the risk occurring.
    - **Impact:** The potential consequences of the risk.

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- **Severity:** A combination of likelihood and impact.
- **Step 3: Risk Assessment against OECD Guidance**
  - Review each identified risk against the comprehensive list of risks in Annex II of the OECD Guidelines for Multinational Enterprises.
  - Ensure all relevant risks are considered, including:
    - **Human Rights:** Forced labor, child labor, discrimination, freedom of association.
    - **Environment:** Pollution, climate change, resource depletion.
    - **Corruption:** Bribery, extortion, money laundering.
    - **Competition:** Anti-competitive practices, market dominance.
    - **Consumer Protection:** Product safety, misleading advertising.
    - **Taxation:** Tax avoidance, transfer pricing.
    - **Labor Relations:** Fair wages, safe working conditions, collective bargaining.
- **Step 4: Risk Prioritization**
  - Prioritize risks based on their severity and potential impact on the organization's reputation, financial performance, and legal compliance.
  - Focus on high-priority risks that require immediate attention.

## 5. Risk Management Process

- **Step 1: Risk Mitigation Strategies**
  - Develop and implement appropriate risk mitigation strategies, such as:
    - **Avoidance:** Eliminate the risk entirely.
    - **Mitigation:** Reduce the likelihood or impact of the risk.
    - **Transfer:** Shift the risk to another party (e.g., insurance).
    - **Acceptance:** Accept the risk and its potential consequences.
- **Step 2: Implementation and Monitoring**
  - Implement the chosen risk mitigation strategies effectively.
  - Continuously monitor the effectiveness of the risk management controls.
  - Track and document all risk management activities.
- **Step 3: Risk Communication and Reporting**
  - Regularly communicate identified risks and mitigation strategies to relevant stakeholders (e.g., management, employees, board of directors).
  - Report on the status of risk management activities to the Risk Management Committee.

## 6. Documentation and Record Keeping

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- Maintain comprehensive documentation of all risk assessments, mitigation strategies, and monitoring activities.
- Retain records as required by applicable laws and regulations.

### 7. Continuous Improvement

- Regularly review and update this procedure to ensure its effectiveness and relevance.
- Conduct periodic internal audits to assess the effectiveness of the risk management process.
- Incorporate lessons learned from past experiences to improve future risk assessments and management.

### 8. Implementation

- This procedure has been implemented on 11.07.2024
- All employees will be trained on this procedure and their responsibilities.
- The Compliance Officer will be responsible for ensuring the effective implementation and ongoing maintenance of this procedure.

Signed By \_\_\_\_\_

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