

PRECIOUS MINERALS ANDSMELTINGLTD.

Standard Operating Procedure (SOP)

for

**Establishing and Implementing a Process to Collect Political and Security Context
Information in Conflict-Affected and High-Risk Areas of the Tin Ore Supply Chain**

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Standard Operating Procedure (SOP)

Subject: Establishing and Implementing a Process to Collect Political and Security Context Information in Conflict-Affected and High-Risk Areas of the Tin Ore Supply Chain

1. Objective

This SOP outlines the procedures for collecting, analyzing, and utilizing information related to the political and security context of conflict-affected and high-risk areas within the tin ore supply chain. This information is crucial for:

- **Risk Assessment:** Identifying and mitigating potential risks to personnel, assets, and operations.
- **Decision-Making:** Informing strategic and operational decisions regarding sourcing, procurement, and logistics.
- **Compliance:** Ensuring compliance with relevant regulations and industry best practices related to responsible sourcing and human rights.
- **Stakeholder Engagement:** Building and maintaining positive relationships with local communities, governments, and other relevant stakeholders.

2. Scope

This SOP applies to all personnel involved in the tin ore supply chain, including sourcing, procurement, logistics, and compliance teams. It covers activities within conflict-affected and high-risk areas, as defined by relevant risk assessments and international guidelines (e.g., OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas).

3. Definitions

- **Conflict-Affected Area:** A region experiencing armed conflict, civil unrest, or significant human rights abuses.
- **High-Risk Area:** A region with significant political, social, or environmental risks that may impact the tin ore supply chain, such as corruption, human rights violations, or environmental degradation.
- **Stakeholders:** Any individual or entity that can be affected by or can affect the tin ore supply chain, including miners, traders, communities, governments, NGOs, and customers.

4. Responsibilities

- **Sourcing Team:**
 - Conduct initial risk assessments of potential sourcing locations.

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- Collect and analyze primary and secondary data on the political and security context.
- Engage with local stakeholders to understand local conditions and concerns.
- Maintain updated records of all information collected.
- **Procurement Team:**
 - Incorporate political and security risk information into procurement decisions.
 - Conduct due diligence on suppliers operating in conflict-affected or high-risk areas.
 - Monitor supplier performance and address any concerns related to political and security risks.
- **Logistics Team:**
 - Develop and implement safe and secure transportation routes.
 - Monitor transportation activities for potential security threats.
 - Ensure the safety and security of personnel involved in logistics operations.
- **Compliance Team:**
 - Oversee the implementation of this SOP.
 - Ensure compliance with relevant regulations and industry best practices.
 - Conduct regular internal audits to assess the effectiveness of the process.

5. Procedures

5.1 Data Collection

- **Primary Data:**
 - **Site Visits:** Conduct on-site assessments in conflict-affected or high-risk areas.
 - **Interviews:** Conduct interviews with local stakeholders, including miners, traders, community leaders, and government officials.
 - **Focus Groups:** Organize focus groups with local communities to gather insights and concerns.
- **Secondary Data:**
 - **Desk Research:** Utilize publicly available information from reputable sources, such as academic journals, news reports, government reports, and NGO reports.

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- **Consultancy Reports:** Engage with external consultants specializing in political and security risk analysis.
- **Government Databases:** Utilize government databases and resources, such as travel advisories and security assessments.

5.2 Data Analysis

- **Risk Assessment:** Conduct a thorough risk assessment based on the collected data, considering factors such as:
 - **Political instability:** Level of political violence, civil unrest, and government stability.
 - **Security threats:** Presence of armed groups, terrorism, and crime.
 - **Human rights risks:** Forced labor, child labor, and human trafficking.
 - **Environmental risks:** Environmental degradation, pollution, and natural disasters.
- **Stakeholder Mapping:** Identify and map key stakeholders in the tin ore supply chain and their potential influence on operations.
- **Scenario Planning:** Develop different scenarios based on potential political and security developments.

5.3 Information Sharing and Dissemination

- **Internal Communication:** Share relevant information with all relevant personnel within the organization.
- **External Communication:** Share relevant information (with appropriate confidentiality) with key stakeholders, such as customers, suppliers, and NGOs.
- **Documentation:** Maintain accurate and up-to-date records of all collected information and analyses.

5.4 Monitoring and Review

- **Regular Monitoring:** Regularly monitor the political and security context in conflict-affected and high-risk areas.
- **Internal Audits:** Conduct regular internal audits to assess the effectiveness of the process.
- **Continuous Improvement:** Continuously review and improve the SOP based on lessons learned and best practices.

6. Records Management

- All collected data and analyses shall be securely stored and maintained in accordance with relevant data privacy and security regulations.

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- Access to sensitive information shall be restricted to authorized personnel.

7. Compliance

This SOP shall be adhered to by all personnel involved in the tin ore supply chain. Any deviations from this SOP must be approved by the relevant management authority.

8. Review and Updates

This SOP shall be reviewed and updated at least annually, or as needed to reflect changes in the political and security context, industry best practices, or legal requirements.

9. Contact Information

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For Precious Minerals And Smelting Limited



Director

Signed By _____

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