

2020 Public Due Diligence Report for Responsible Minerals Sourcing

1. Company Information

Thailand Smelting and Refining Company (Thaisarco) is one of the world's largest tin producers, sourcing raw materials globally from Australia, Asia, Africa, Europe and South Americas to supply its international customer base. The company is based in Phuket, Thailand.

Established in 1963 Thaisarco is a member of ITA, TIC and RMI. Thaisarco's CID number is CID001898. Thaisarco has 1 (one) smelting facility, located at 80 Moo 8, Sakdidej Road, Tambol Vichit, Amphur Muang Phuket, Phuket THAILAND. The smelting/refining facilities are processing tin products.

2. RMAP Assessment Summary

Thaisarco's facility has undergone a RMAP assessment on 24th February to 26th February 2020. The assessment is valid for one year. The assessment period was from 1st December 2018 to 30th December 2019. The assessment was conducted by a Responsible Sourcing Audit Firm.

3. Company Supply Chain Policy

To avoid the use of conflict minerals, which directly or indirectly finance or benefit armed groups and/or involve other serious human right abuses in high-risk and conflict-affected regions, Thaisarco 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. Thaisarco is committed to addressing any Annex II risks if identified. The policy was reviewed and approved by the 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.thaisarco.com.

4. Company Management Systems

Management Structure

The company follows through on its commitments in the supply chain policy and has developed an internal procedure for due diligence with the following aspects:

- The company's MD is responsible to oversee the due diligence program and risk management design and implementation.
- The company has assigned a Procurement Director as a due diligence program manager to coordinate the work of the relevant departments (including the Sales Department, Quality Department, and Operation Department) to ensure each department follows up on their roles and responsibilities to implement the due diligence program and report any red flags and potential risks identified.

- The company conducts due diligence management system training once a year for new staff from all relevant departments required in due diligence program. If there is an update of the program, the company conducts additional training as necessary.

Internal Systems of Control

The company has established/updated its due diligence management system to be aligned with the OECD Guidance and RMAP in June 2018. The company communicated the updated supply chain policy and sourcing requirements to all identified upstream suppliers in May 2020. Due to Covid-19 pandemic, the company did not conduct due diligence in 2020 with direct suppliers at their sites, however, the company asked the suppliers/traders to provide their due diligence policy, other relevant documents and on-the-ground reports (where possible) for the company's checking.

The company has implemented external Grievance Mechanism to collect information on grievances from interested parties.

Record Keeping System

The company requires that all records relating to the due diligence program are maintained at least for five years and that they be properly used and safely stored in company database.

1. Risk Identification

The company has taken a number of steps to identify risks of our supply chain.

Firstly, referring to the risks in the company's supply chain policy, the company established a procedure to identify CAHRAs. The procedure includes the resources used, the criteria to define a "Conflict-Affected and High-Risk Area" as well as the frequency with which our determination is reviewed. The company uses the following resources to determine CAHRAs:

- The Heidelberg Conflict Barometer provides conflict maps, representing an annual snapshot of the presence of armed conflict.
- The Fragile States Index (FSI) for violent conflict and sustainable security provides country-level risk profiles relating to Security Apparatus, Factionalized Elites, Group Grievance, Human Flight and Brain Drain, Human Rights and Rule of Law etc..

Referring to its supply chain policy and external resources, the company has defined criteria and benchmark indicators to determine CAHRAs. Based on the criteria, the company has sourced 70% of materials from CAHRAs.

Secondly, the company has implemented a Know Your Counterparty (KYC) to include information concerning supplier legal status and identity, supplier mapping and potential risks. All suppliers, representing 100 percent of our annual volume, have completed and returned a KYC form. The company's due diligence program manager reviewed the provided information and the UN Sanction List with the Procurement Team. Whenever inconsistencies, errors or incomplete information were identified in the KYC form, the company communicated the improvement areas to suppliers and requested an updated form. If red flags were identified, the company would further engage with its suppliers to clarify and improve the documents as needed.

Thirdly, the company requested origin information for each material transaction and ensured that it was able to understand the transaction origin, transportation route, as well as direct suppliers' names and locations.

Fourthly, all information collected was reviewed by the company against CAHRAs, sanction lists, local laws and internal sourcing requirements.

The company has also implemented an ITA's Code of Conduct to company business practice in addition to the company's supply chain policy, a set of ITA's Code of Conducts are expected to be followed by parties engaging in business with the company too.

Based on the internal sourcing determination process, all the material sourced by the company from a CAHRA was categorized as "high-risk sourcing".

Risk Assessment (HIGH RISK SOURCING ONLY)

For material and supply chains determined to be "high-risk", the company conducted enhanced due diligence. This included:

- Assessing the context of CAHRAs;
- Clarifying the chain of custody;
- Assessing the activities and relationships of upstream suppliers;
- Identifying locations and qualitative conditions of the extraction, trade, handling, and export of minerals; and,
- Conducting on-the-ground assessments.

In order to map the factual circumstances, conduct on-the ground assessments and assess risks in the high risk supply chains, we relied on the following:

Scenario 1: Participation in RMI recognized upstream assurance mechanisms:

[Better Sourcing Program \(BSP\):](#)

The company has been using the Better Sourcing Program (BSP) during this reporting period to assess risks for each high-risk sourcing transaction. The program maps the company's upstream supply chain and provides the information/documents listed below. The information relates to each shipment of material, and is accessed directly on the BSP software platform:

- 1) Mining company supplier due diligence program (e.g. KYC questionnaire, company registration, mining license, certificate of payment of taxes)
- 2) Governance information relating to operating/ country context of mining company supplier (e.g. political, economic and security situation, due diligence standards)
- 3) Mining company supplier baseline assessment report (BSP field agents conduct an initial baseline assessment of the OECD Guidance Annex II risks at each mine site)
- 4) Mining company supplier dynamic evaluation report (for each mine site, BSP field agents continuously monitor risks and incidents on the ground using a mobile application)

OR

iTSCi:

The company has been an active member of iTSCi during this reporting period. For each high-risk sourcing transaction, iTSCi provides the following documents:

- 1) Incident summary reports as they become available
- 2) Mine Visit Recommendations including a list of mine sites with potential risks (it is advised that the companies sourcing from these mine sites conduct enhanced due diligence and risk assessment)
- 3) Monthly country and region reports, which review the general situation on the ground
- 4) Data summary and other reports

The company has conducted further due diligence to review these documents from upstream program against information in the public domain and the actual transaction information to assess the level of risk.

Scenario 2: Assessing risks without an upstream program:

The company conducted basic research on the CAHRAs identified in our supply chain. This included publicly available reports regarding the governance, security and human rights context of the countries as well as reports specifically mentioning human rights abuses related to tin mining practices.

Secondly, the company completed a stakeholder mapping to inform our stakeholder engagement strategy. To complement the mapping, the company required our direct suppliers to provide the names, locations and types of business operations for each supply chain actor between the mine sites and the in-country exporter. The company conducted an enhanced KYC process for all upstream actors from the trader to the mine. Working with our supply chain partners, we collected chain of custody documentation for each material transaction and ensured that it was able to understand the transaction origin and transportation route.

6. Risk Mitigation (HIGH RISK SOURCING ONLY)

The company's Supply Chain Policy defines three possible risk mitigation strategies in accordance with the OECD Guidance Annex II Model Policy. Risks identified in high-risk supply chains are mitigated as follows:

Scenario 1: Participation in RMI recognized upstream assurance mechanisms:

Better Sourcing Program (BSP):

Based on the findings of the initial baseline report and the dynamic evaluation report, BSP provides technical advice and helps the participating mining companies close any gaps in due diligence management systems (e.g. develop a supply chain policy, establish a management structure), achieve traceability (e.g. develop an electronic tagging system) and respond to identified risks. Each identified risk is reviewed and scored on the basis of its severity (minor, moderate and major) while BSP provides a standardised protocol for how the risk can be mitigated in the short term and long term by the mining company. The effectiveness of mitigation is tracked and reported on periodically by BSP field agents who are also involved in related engagement with affected stakeholders (e.g. local communities). The company assesses this data in consultation with BSP and supply chain participants as needed to infer whether additional risk mitigation action is required.

iTSCI:

The company checks with the iTSCI secretariat to obtain details of the risk mitigation process. The company seeks to:

- Identify the specific source of the material including the name of the producer and exporter
- Identify whether the reported risks have been addressed and/or are re-reported in the subsequent reporting period.
- Query the methodology for addressing the risks including who performed risk mitigation activities
- Request regular updates of the risk mitigation activities for relevant supply chains

Scenario 2: Mitigating risks without an upstream program:

The company is always consults its suppliers, customers and local stakeholders on the risk mitigation strategy to ensure its feasibility and effective. With all parties' agreement, the company develops a risk mitigation plan. The traders and the concentrators are required to support the implementation of the risk mitigation plan at the mine site. As part of an improvement plan, the mine site has taken remediation actions and set up a due diligence procedure to ensure no human rights abuses is present. The company asked the traders and the concentrators to hire a third-party assessment firm, which is an expert in OECD five steps framework, to visit the mine site to confirm that the risk mitigation is effective prior to enter into the agreement with those traders and concentrators. The company ensures that it assesses risks on an ongoing basis by working in partnership with suppliers and other stakeholders (e.g. local community, NGO, customers, industry organization, Consultancy Company) engaged in continuous risk monitoring at the mine site.

7. Report Approval by Senior Management (ALL SOURCES)

This report has been reviewed and approved by the company's Managing Director.