

CAHRA PROCEDURE

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Company Profile

As one of the world's largest tin exporting countries, Indonesia has abundant potential for tin reserves. PT Belitung Industri Sejahtera location in Belitung Island, Indonesia. PT Belitung Industri Sejahtera has become one of the largest private tin producers in Indonesia. PT Belitung Industri Sejahtera has the widest processing plant with complete equipments and produce high quality tin standard of 99.9 % - 99.99 %.

In carrying out its operations, the company establishes a policy related to the identification of risks and opportunities.

The company's risk management policy is as follows:

1. Determine the type of risk associated with all company activities
2. Determine the use of risk management measurement methods
3. Setting risk tolerance
4. Establish risk rating and priority assessment

OECD Guidelines: Standard Policy & Procedure to Identifying & Assessing Conflict Affected and High-Risk Areas (CAHRA)

PT Belitung Industri Sejahtera conducts due diligence as an ongoing process which complies with the OECD Guidelines for supply chain risk identification and assessment. All purchases will be reviewed according to this policy to ensure compliance.

PT Belitung Industri Sejahtera has and will always carry out CAHRA Identification procedures and risk mitigation in order to ensure that there are no violent conflicts and serious human harassment in the company as part of the Responsible Minerals Assurance Process (RMAP) requirements and in line with the OECD Due Diligence Guidelines.

The CAHRA Identification procedure of PT Belitung Industri Sejahtera consists of two steps, namely identification of the country of origin including the region and country of transit and identification of the CAHRA of resource use.

1. Identification of CAHRA using country of origin including region and country of transit

PT Belitung Industri Sejahtera applies three internationally recognized resources to identify suspected CAHRA countries (recommended by RMAP): Global peace index, resource governance index, and fundamental rights index.

<https://www.responsiblemineralsinitiative.org/minerals-due-diligence/risk-management/conflict-affected-and-high-risk-areas/>

1.1 Global Peace Index (identification based on conflict issues)

GPI is the world's leading measure of global peacefulness. Its report presents the most comprehensive data-driven analysis to date on trends in peace, its economic value, and how to develop peaceful societies. The 2021 GPI reveals a world in which the conflicts

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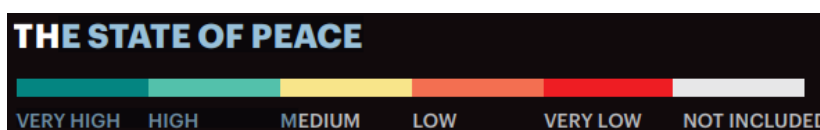
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and crises that emerged in the past decade have begun to abate, only to be replaced with a new wave of tension and uncertainty as a result of the COVID-19 pandemic and rising tensions between many of the major powers.

Of the 23 GPI indicators, 11 recorded an improvement, ten had a deterioration, and two Recorded no change over the past year.

<https://www.visionofhumanity.org/resources/?type=research>



Source : Global Peace Index 2021

PT Belitung Industri Sejahtera stated that if a country or region has a “Low” to “Not Included” intensity level, then it is declared as **High Risk Area**.

1.2 Resource Governance Index (identification based on governance issues)

The RGI measures the quality of extractive sector governance in resource-producing countries around the world. It is a powerful and evidence-based tool that enables stakeholders such as governments, civil society actors, private companies and citizens to understand how their countries are performing in terms of resource governance.

RGI assesses the policies and practices used by governments to regulate oil, gas and mining. The RGI calculates each country's assessment score using scores from the three index components as follows:

- The first component includes governance (value realization): allocation of extraction rights, exploration, production, environmental and social impacts, collective income and state-owned enterprises (BUMN).
- The second component of revenue management includes: implementation, national budgeting, revenue sharing and sub-national resource sovereignty.
- The third component of the index assesses a country's enabling environment. It draws on data from Worldwide Governance Indicators and the Open Data Inventory to gauge the broader context of governance. Scores are on a scale of zero to 100 at each index level.

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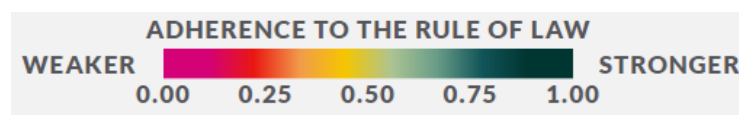
Good	≥ 75	A country has established laws and practices that are likely to result in extractive resource wealth benefiting citizens, although there may be some costs to society.
Satisfactory	60-74	A country has some strong governance procedures and practices, but some areas need improvement. It is reasonably likely that extractive resource wealth benefits citizens, but there may be costs to society.
Weak	45-59	A country has a mix of strong and problematic areas of governance. Results indicate that resource extraction can help society, but it is likely that the eventual benefits are weak.
Poor	30-44	A country has established some minimal procedures and practices to govern resources, but most elements necessary to ensure society benefits are missing.
Falling	< 30	A country has almost no governance framework to ensure resource extraction benefits society. It is highly likely that benefits flow only to some companies and elites.

Source : resourcegovernanceindex.org

PT Belitung Industri Sejahtera stated that if a country has score below 30, it will be declared as **High Risk Area**.

1.3 World Justice Project – Fundamental Right Index (identification based on human right issues)

The WJP index of law 2021 presents a portrait of the rule of law in 139 countries and jurisdictions by providing score and ranking based on eight factors: constraints on government powers, absence of corruption, open government, fundamental rights, order and security, regulatory enforcement, civil justice, and criminal justice.



Source : worldjusticeproject.org/rule-of-law-index/country/2021

PT Belitung Industri Sejahtera stated that if a country has a legal compliance score below 0.25, it will be declared as **High Risk Area**.

1.4 Identifying Conflict-Affected and High-Risk areas for EU importers of minerals

The European Union (EU) is committed to ensuring that its imports of minerals and metals are sourced responsibly and align with European policies on conflict prevention and development. In light of this commitment, Regulation (EU) 2017/821 (“the Regulation”) requires EU importers of tin, tantalum, tungsten and gold (and the minerals containing them) to carry out supply chain due diligence based on the five-step approach established by the OECD.

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The list of CAHRA as of 2021 are:

1	Afghanistan	11	Chad	21	Ethiopia
2	Burkina Faso	12	Colombia	22	India
3	Burundi	13	Democratic Republic of the Congo	23	Libya
4	Cameroon	14	Egypt	24	Mali
5	Central African Republic	15	Eritrea	25	Mexico
6	Mazambique	16	Philippines	26	Ukraine
7	Myanmar	17	Somalia	27	Venezuela
8	Niger	18	South Sudan	28	Yamen
9	Nigeria	19	Sudan	29	Zimbabwe
10	Pakistan	20	Turkey		

Source: <https://www.cahraslist.net/cahras>

PT Belitung Industri Sejahtera stated that if a country of the mineral sourced is in above mentioned list, it will be declared as **High Risk Area**.

1.5 Section 1502 of the U.S. Dodd Frank Act.

Section 1502 of U.S. Dodd Frank Act requires U.S. listed companies to disclose whether they use “conflict minerals” (tin, tungsten, tantalum and gold) and whether these minerals originate in the Democratic Republic of the Congo (DRC) or an adjoining country. Audit of the issuer’s due diligence report on the source and chain of custody of conflict minerals originating in the DRC or an adjoining country, conducted in accordance with standards established by the Comptroller General of the United States, in accordance with rules promulgated by the Commission, in consultation with the Secretary of State.

PT. Belitung Industri Sejahtera stated that if a country of the raw materials sourced is in above mentioned Dodd Frank Act list, it will be declared as **High-Risk Area**.

Conclusions:

PT Belitung Industri Sejahtera stated that if even only 1 out of 5 criteria was found to be “High Risk Area”, then the area will be considered as CAHRA and PT Belitung Industri Sejahtera will not source its material from that CAHRA. The following procedure is used to review the new supply chain if the current supply chain alone is no longer sufficient.

Responsible person in charge : Janliman Suranta Sembiring
Title : Operasional Committee
To be reviewed and updated : Yearly

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2. Identify CAHRA using resources

In addition to the identification of CAHRA using the local origin method, PT Belitung Industri Sejahtera developed additional selection and qualification procedures due to the additional risks associated with tin ore resource responsibilities, whereby further review and documentation is included in the selection of potential new tin ore suppliers. All supplier statements stating that every material sold to PT Belitung Industri Sejahtera Tin is sourced in accordance with PT Belitung Industri Sejahtera's Supply Chain Policy, the format of all required documents will be made referring to CAHRA procedures can be applied.

PT Belitung Industri Sejahtera Tin conducts inspection of all suppliers on the sanctions lists both nationally and internationally and the list of rejected persons through the SAP Global Trade Service compliance system. This screening includes official lists of EU and other countries as updated from time to time. This action provides additional assurance that PT Belitung Industri Sejahtera Tin's business partners are not affiliated with terrorists, narcotics dealers or other illegal groups and countries listed on the SAP Global Trade Service will be declared CAHRA.

3. Risk Assessment

Currently there is no potential risk associated with CAHRA because PT Belitung Industri Sejahtera supplies its tin from its own mines and joint venture companies. However, if in the future it is found that PT Belitung Industri Sejahtera supplies tin ore from other suppliers and potential risks are found, PT Belitung Industri Sejahtera will identify and follow up in accordance with the rules and suggestions from the RMI Organization.

Belitung , August 5, 2022



Mahjudin Mulia
President Director