



# ANNUAL DUE DILIGENCE REPORT Year 2023

## Introduction and Company Information

### SOFT METAIS LTDA.

Location: Av. João Ferreira Penna, 281 - Bebedouro – SP – Brazil

Soft Metais Ltda. was founded in 1986 by engineers who have always been dedicated to smelting tin minerals and refining metallic tin, and today it is one of the main manufacturers of tin-based alloys in the Brazilian market.

We manufacture, market and distribute tin-based alloys, solder fluxes and pastes and zinc and alloys in wires, laminates, anodes.

The Tin used in our production process to manufacture alloys in different formats comes from Cassiterite (Tin ore) extracted from mines in the national territory (States of PARÁ and MATO GROSSO), from legalized and licensed areas.

The purpose of this report is to publicly report on how SOFT METAIS LTDA performs the due diligence on the use of conflict mineral (Tin): acquisition, processing and sale to the market and it refers to the period from January 2023 to December 2023.

### What was the focus of the year and activities in relation to Due Diligence (RMAP Assessment Summary & Status) ?

Our company is part of the Responsible Minerals Initiative (RMI) program since 2015 and we in the course of 2023 based on the RMI's suggestion and in line with OECD Due Diligence Guidance for Responsible Supply Chain of Minerals from Conflict-Affected and High-Risk areas have updated our due diligence and risk management processes.

Besides this, in 2023, we maintained management over the purchase and use of conflict minerals (cassiterite) and their output (tin ingots) through assessment of suppliers, control of batches received and processed and monitoring the situation of our suppliers regarding the maintenance of our Supply Chain Policy.

Soft Metais Ltda. fully supports the RMI initiative and is committed to sourcing materials only from RMI-certified tin companies. Until June 2022, we were listed as an RMAP tin smelter and following the initial assessment on June 6, 2022, it was established that based on our operations, we are eligible to undergo a Downstream Assurance Process (DAP) assessment in RMI program. We have undergone the DAP assessment and our **conformation letter** and **assessment report** confirming we have passed the audit are available. Additionally, you can see Soft Metais listed on the following [link](#) as a conformant tin facility.



# ANNUAL DUE DILIGENCE REPORT Year 2023

## Description and responsibilities of the company's management system

In 2023, we continued to work with external partners to finalise the restructuring of our internal due diligence system which resulted in updating and extending our procedures and policies. In addition to this, as in 2022 we started working with a supply chain traceability platform provider as part of strengthening our efforts for proper chain of custody and traceability and aiming on providing digital immutable blockchain records for our material transactions and according to our processes and the respective OECD guidelines, we continued the same in the course of 2023 and now we have a fully established digital traceability system.

- *Supply chain policy:*

SOFT METAIS has updated its Supply Chain Policy whose objective is to communicate and elaborate that it supports the **RMI initiative - Responsible Minerals Initiative** and the OECD - Organization for Economic Co-operation and Development **Due Diligence Guide for Responsible Minerals Supply Chains from Conflict-Affected and High-Risk Areas, as well as the measures it takes to ensure** responsible sourcing considering this guidance, local regulation and International.

It aims to prevent or mitigate the risks that may be associated with the extraction, transport, trade or processing of materials in our supply chains.

It is shared with all of Soft Metais' stakeholders: suppliers, customers, employees.

Communication is done through communications and training, supplier contracts and through the website: <https://softmetais.com.br/certificacao-rmi/>

- We have been a company with ISO9001 quality system since 1997.
  - ISO9001:2015 Certificate - TUV Rheinland - CES-SIQ 568 - Validity: 10/02/2024
  - <https://softmetais.com.br/certificacao-iso-9001-2015/>
- We have updated our Due Diligence System and implemented it in a manner that follows the OECD five-step framework:
  - Establish a strong management system (ISO 9001);
  - Identify, assess and prioritize risks (Policy of Due Diligence );
  - Manage risks (Risk Management Process);
  - Audit control point (Risk Management Process) ;
  - Communicate and report on due diligence (Communication Policy).

As an upstream recipient of 'conflict mineral' materials, we trace our suppliers. As a downstream manufacturer of 'conflict mineral' materials and alloys, we have identified the 'decision point', or focus point for our due diligence of sourcing upstream material, such as the smelter(s) or refiner(s) of the tin used in our processes. Our due diligence process collects information about supplier due diligence, uses collaboration to encourage improvement in its due diligence and publicly reports on our due diligence efforts.



## ANNUAL DUE DILIGENCE REPORT Year 2023

- Responsible for Due Diligence: Renata Sarri - Quality Assurance Coordinator
- The origin of the materials is identified and the transport route is controlled by electronic tracking in order to guarantee the safety of the material from its exit until its arrival at the smelter.
- Through Procedure P103, we established the Grievance Mechanism, which is intended to encourage employees and other stakeholders who have concerns to come forward and express those concerns and suspicions of misconduct, illegal acts or omissions in matters relating to the circumstances of extraction, trade, handling, transport and export of minerals that Soft Metais uses in its business. Every complaint is registered, treated and answered.
  - This “complaint” mechanism is a positive act that can contribute to both the long-term efficiency and success of the company and the well-being of the community.
  - Concerns or grievances can be made:
    - To the HR Supervisor
    - Through the Soft Metais website contact form:  
<https://softmetais.com.br/certificacao-rmi/>
    - On the following email address: [denuncia@softmetais.com.br](mailto:denuncia@softmetais.com.br).
- *Training*

Throughout 2023, we strengthened our commitment to providing trainings both internal and external ones with the restructuring of our processes and system with the aim to provide:

  - Downstream Assessment Program Training for Downstream Companies on the RBA Academy portal: <https://academy.responsiblebusiness.org> for our senior management
  - Internal training and onboarding to all employees on our Supply Chain Policy and management system
  - Separate Internal training to employees directly involved in the supply chain due diligence and risk management process conducted by our Quality Assurance Coordinator.
- *Record keeping*

All purchase records, input and output of material, tracking, training, KYC, are described in document TB39, which defines the form of Identification, filing, protection, recovery and retention time. Due diligence records in particular are maintained for a minimum of 5 years, used correctly and stored securely as well in the supply chain traceability platform.

### **Risk identification processes** (assessment and mitigation descriptions and results)

- Risk Management is carried out in accordance with Procedure P101. In this process:
  - an assessment of the situation of suppliers is carried out and any warning signs are communicated regarding non-compliance with the Supply Chain Policy: CAHRA and KYC;
  - an improvement plan is established for suppliers (if required) and follow-up is carried out;



# ANNUAL DUE DILIGENCE REPORT Year 2023

- mitigation of supplier situations that present risk;
- suppliers are encouraged to participate in formal audit programs.

This process is documented, communicated and reviewed annually.

## Steps Taken to Address the Risks

We continued building on restructuring Due Diligence and Risk Management processes from 2022 to perform an even better risk identification, evaluation and assessment as well as address any potential identified risks.

Besides our Supplier Assessment checklists and KYC, we also perform a red flag identification by using the following resources:

Factor	Resource
CAHRA	<a href="#">CAHRA list: an indicative, quarterly updated list of conflict-affected and high-risk areas (CAHRAs) (as defined under EU Regulation 2017/821)</a>
Human Rights	<a href="#">Brazil Sanctions list</a>
Conflict	<a href="#">The Heidelberg Conflict Barometer provides conflict maps, representing an annual snapshot of the presence of armed conflict.</a>
Governance and Human Rights	<a href="#">The Fragile States Index measures fragility risk and vulnerability in 179 countries.</a>
Corruption	<a href="#">Transparency International Corruption Perception Index an annual snapshot of the relative degree of corruption of 180 countries</a>
Fraudulence or Corruption	<a href="#">The World Bank lists debarred entities, ineligible to participate in World Bank-financed contracts</a>
Fraudulence or Corruption	<a href="#">the IDB lists entities in violation of the Inter-American Development Bank Group's Sanctions Procedures and anti-corruption policies</a>

In addition, although Brazil is not considered as CAHRA, the mentioned CAHRA list above SOFT Metais defined as a rule for the acquisition of ore and tin:

- only from suppliers in the national territory of legalized areas with mining and environmental licenses;
- and companies that are not involved in labor proceedings and that are not on the Black List of companies.



## ANNUAL DUE DILIGENCE REPORT Year 2023

### Next Steps

We will continue in our efforts and focus on continuous improvement of the established processes and policies as well as using the digital supply chain traceability platform. We are fully aligned with the RMI and OECD guidance and we will continue engaging for our tin metals only with companies engaged in the RMI's RMAP program and listed as conformant tin smelters.

In regards to new suppliers, sourcing and receiving materials we stay committed to the OECD guidance and our established process for due diligence and risk management. We aim to maintain good relationships with our suppliers and service providers and work towards capacity building that enables traceable and transparent chain of custody information flow for our supply chains.

A handwritten signature in blue ink, consisting of several large, fluid loops and a trailing end, positioned in the lower right quadrant of the page.