



Due Report Soft Metals Due Diligence for Raw Material Supplies in the Year 2025 (OECD 5-Step Report)

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

Period: 01/jan/2025 to 31/dec/2025

1. Introduction and Company Information

SOFT METALS LTD. (CID001758)

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

Soft Metais Ltda. was founded in 1986 by engineers who have always dedicated to smelting tin minerals and refining metallic tin, and today is one of the main manufacturers of tin-based alloys in the Brazilian market. We manufacture, market and distribute tin-based alloys, fluxes and solder pastes, and zinc and alloys in wires, laminates and anodes.

2. RMAP Assessment

Scope of assessment: Tin

Program: Downstream Assessment Program (DAP)

RMI Smelter ID: CID001758

Period evaluated: 01/jun/2022 to 31/jul/2024

Assessment date: 13/sep/2024 to 16/sep/2024

Auditing Company: Arche Advisors

Compliance status: Compliant

Summary of results:

No non-conformities were identified by the audit. Three compliant items requiring continuous improvement were identified and implemented in 2025.

The next audit is scheduled for August 2026.

3. Supply Chain Policy

SOFT METAIS has updated its Supply Chain Policy, which aims to communicate and elaborate that it supports the RMI - Responsible Minerals Initiative and the OECD for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, as well as the measures taken to ensure responsible sourcing considering this guidance, local and international regulations.

The Policy aims to prevent or mitigate risks that may be associated with the extraction, transportation, trade or processing of materials in our supply chains. The same was shared with all Soft Metais stakeholders: suppliers, customers, employees. Communication was made through announcements and training, contracts with suppliers and through the website: <https://softmetais.com.br/certificacao-rmi/>

4. Company Management System

4.1 Company Management System

In addition to RMI assessments, the company is audited according to ISO9001. The company follows its commitment to supply chain policy and has established internal procedures for supply chain management, including the Due Diligence process, that follows the OECD's five-step framework:

- Establish a strong management system (ISO 9001);
- Identify, assess and prioritize risks (Due Risk Policy) Diligence);
- Manage risks (Risk Management Process);
- Audit control point (Risk Management Process);
- Communicate and report on Due Diligence (Communication Policy).

4.2 Management structure:

The Quality Assurance Coordinator is responsible for implementing and updating internal procedures related to the purchase of tin ores. She is also responsible for coordinating the work with the relevant areas of Purchasing, Quality, Finance and Production, to ensure that each area follows its functions and responsibilities to implement due diligence, schedule and report any red flags and potential risks identified.

If any deviation is identified, the Technical Director is notified to decide on the next steps, which may include the adoption of risk mitigation measures.

4.3 Internal control systems:

Due Management system Diligence to be aligned with OECD Guidance and RMAP.

- i. Before purchasing any tin raw material, a detailed assessment is carried out which includes, but is not limited to, the following steps:
 - The initial information gathering is done through the KYC form.
 - Risk assessment of origin and transit to determine the risk level and number of flags. This process is described in procedure P104 – CAHRA Procedure – Risk Assessment and Red Flags.
 - Subsequently, through procedure P101 – Risk Management, the type of material offered and applicable documentation necessary to prove the legality of the company, as well as compliance with Soft Metais' Supply Chain Policy, are identified.

- Based on the previous assessment, according to the level of risk and flags raised, additional documents will be requested, as well as a visit to the mine for verification. Appropriate strategies will be adopted to mitigate the identified risks (as also described in P101). However, when risk mitigation appears unfeasible or unacceptable, the purchase will be canceled or interrupted.
- ii. contracts clearly communicate its Supply Chain Policy to suppliers and it is a mandatory item for the supply of materials containing tin.
- iii. Soft Metais annually sends the CMRT form to its smelter suppliers, focusing on material traceability and compliance verification. Validation of this information is also performed through verification of the RMI's list of compliant smelters, the company's annual public report, and the audit summary.
- iv. Through Procedure P103, the Complaints Mechanism was established, which aims to encourage employees and other stakeholders to voice their concerns and suspicions of misconduct, illegal acts, or omissions in matters related to the circumstances of extraction, trade, handling, transportation, and export of ores that Soft Metais uses in its business. Every complaint is registered, processed, and responded to.
The link for submitting complaints is available on the website at: <https://softmetais.com.br/contato/>.
- v. Procedure ITA 005 – Receiving defines the activities performed for verification and validation of weights, invoices, materials, supplier data, and transportation documentation.
- vi. Throughout 2025, Soft reinforced its commitment to the program and conducted internal and external training with the areas involved in the process.
The company also made improvements to its procedures, including information regarding plausibility analysis and details regarding the indicators and criteria used to assess the risk level.

4.4 Record keeping:

All records of purchase, material input and output, tracking, training, KYC, are described in document TB39, which defines the form of Identification, archiving, protection, recovery and retention time. Due Diligence in particular are kept for at least 5 years, used correctly and stored securely also in the supply chain traceability platform.

5. Risk identification (ALL SOURCES):

5.1 Know Your Counterparty :

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Before starting new business with a supplier, the company conducts a detailed assessment of the suppliers, verifying the documents that prove the company's legality, including: Mining License, ANM Registration, CNPJ Card and Sintegra Consultation. In addition, consultations are carried out on public lists, such as: the Ministry of Labor's Dirty List and the List of Companies with Government Sanctions. When necessary, the company also conducts an on-site visit to verify that the supplier meets the requirements of the Supply Chain Policy.

5.2 To identify CAHRA areas, the company uses the following resources:

Factor	Resource
CAHRA	<p>I CAHRAS list CAHRA list: an indicative list, updated quarterly, of conflict-affected and high-risk areas (CAHRAs) (as defined in EU Regulation 2017/821)</p> <p>Dodd-Frank Act List of countries listed under Section 1502 of the USA Dodd Frank Act</p>
Human rights	<p>United Nations Development Program — International Human Development Indicators — Country Profiles: https://hdr.undp.org/</p> <p>Fragile States Index (Political Indicator 3: Human Rights and Rule of Law): https://fragilestatesindex.org/global-data/</p>
Conflict	<p>The Heidelberg Conflict Barometer: https://hiik.de/konfliktbarometer/aktuelle-ausgabe/</p> <p>Rule of Law in Armed Conflicts (RULAC - Geneva Academy): https://warwatch.ch/</p>
Governance	<p>Worldwide Governance Indicators (WGI): https://www.worldbank.org/en/publication/worldwide-governance-indicators/interactive-data-access</p> <p>Corruption Perception Index (Transparency International): https://www.transparency.org/en/</p>

Consultations are documented, communicated and reviewed annually.

5.3 Red Flag Review

After determining the risk of the origin and transit of the mineral, the number of flags is assessed to assess the level of risk that the supplier represents.

5.4 Results

In 2025, Soft Metais' suppliers of tin-containing materials completed and responded to KYC and were in compliance with all necessary requirements to be able to supply the company.

As part of the company's strategy, all purchases were made in Brazil, and risks were identified, relevant documents were checked and red flags were reviewed. Each purchase was accompanied by documentation proving its origin. Therefore, there was no violation of the risks outlined in OECD Annex II, and the opening of risk mitigation plans was not necessary.

No site visits were conducted during the period covered by the report, considering that previous visits are valid for three years and no new suppliers were included that would require such a procedure.

6. Risk Mitigation (ONLY HIGH-RISK SOURCING)

6.1 Soft Metais is committed to following due diligence and the above-mentioned procedures on an ongoing basis, and with a focus on improvement over time.

6.2 Our Tin Supply Chain Policy is publicly available and communicated to suppliers in our purchasing contracts, together with applicable disclosure requirements.

6.3 Documents received from suppliers are reviewed to identify any inconsistencies/discrepancies.

6.4 Where a serious supply chain risk is identified, it will be brought to the attention of the Technical Directorate, who will review it in the context of the materials and suppliers and adopt an appropriate mitigation strategy which may include:

- i. continue to trade, but with measurable risk mitigation,
- ii. temporarily suspend trade while mitigation is in effect, or
- iii. cease trade with the supplier permanently.

6.5 Soft Metais works in collaboration with suppliers to identify and mitigate supply chain risks. When applicable, visits to operating sites are carried out in order to interact with local communities and actively obtain a better understanding of the socioeconomic environment.

A handwritten signature in blue ink, appearing to read "Pedro Sarri", written over a horizontal line.

Pedro Sarri
Technical Director
Jan/2026