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

Period: January 1, 2025 to December 31, 2025

1. **Introduction and Company Information**

SOFT METAIS LTDA. (CID001758)
Location: **Av. João Ferreira Penna, 281 - Bebedouro – SP – Brazil**

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

2. RMAP Assessment

Scope of evaluation: Tin

Program: Downstream Assessment Program (DAP)

RMI Smelter ID: CID001758

Evaluation period: June 1, 2022 to July 31, 2024

Evaluation dates: September 13, 2024 to September 16, 2024

Valuation Company: Arche Advisors

Compliance status: Compliant

Summary of results:

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

The audit summary is available at:
https://www.responsiblemineralsinitiative.org/media/docs/Public%20Reports/Soft%20Metais%20Public%20Report.pdf

3. Supply Chain Policy

SOFT METAIS has updated its Supply Chain Policy, which aims to communicate and elaborate on its support for the RMI - Responsible Minerals Initiative and the OECD's Responsible Supply Chains for Minerals from Conflict-Affected and High-Risk Areas. as well as the measures taken to ensure responsible supply 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 certification was audited and approved according to the RMAP standard and subsequently shared with all Soft Metais stakeholders: suppliers, customers, and employees. Communication was carried out through announcements and training sessions, supplier contracts, and the website: https://softmetais.com.br/certificacao-rmi/

4. Company Management System

4.1 Company Management System

In addition to RMI assessments, the unit is audited according to ISO 9001. The company adheres to its commitment to supply chain policy and has established internal procedures for supply chain management, including the Due Diligence process, in order to follow the OECD five-step framework:

- Establish a strong management system (ISO 9001);
- Identify, assess and prioritize risks (Due Diligence Policy);
- 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 executing and updating internal procedures related to the purchase of tin ore. They are also responsible for coordinating work with relevant areas such as Supply Chain, Quality, Finance, and Production to ensure each area fulfills its functions and responsibilities, implements due diligence, and schedules and reports any identified red flags and potential risks.

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

4.3 Internal control systems:

The company has established a strong Due Diligence management system to align with OECD Guidance and RMAP.

i. Before acquiring any tin raw material, a detailed evaluation is carried out which includes, but is not limited to, the following steps:
    - Gathering initial information 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 the applicable documentation required to prove the legality of the company are identified, as well as compliance with Soft Metais' Supply Chain Policy.
- Based on the previous assessment, and according to the risk level and flags raised, additional documents will be requested, and a mine visit will be conducted 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 cancelled or interrupted.

ii. Soft's purchase contracts clearly communicate its Supply Chain Policy to suppliers, and this is a mandatory requirement 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. This information is also validated by checking 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 extraction, trading, handling, transportation, and export of ores used by Soft Metais in its business. All complaints are registered, processed, and responded to.
The link for submitting complaints is available on the website at: https://softmetais.com.br/contato/ .

v. The ITA 005 – Receiving procedure defines the activities performed to verify and validate weights, invoices, materials, supplier data, and transportation documentation.

vi. Throughout 2025, Soft reinforced its commitment to the program and conducted internal and external training sessions with the areas involved in the process.
The company also made improvements to its procedures, including providing information about plausibility analysis and detailing the indicators and criteria used to assess the level of risk.

4.4 Record keeping:

All records of purchases, material entry and exit, tracking, training, and KYC are described in document TB39, which defines the method of identification, archiving, protection, retrieval, and retention time. Due diligence records, in particular, are kept for a minimum of 5 years, used correctly, and stored securely also on the supply chain traceability platform.

5. Risk identification (ALL SOURCES):

5.1 Know Your Counterparty:

Before initiating new business with a supplier, the company conducts a detailed supplier evaluation, verifying documents that prove the company's legality, including: Mining License, ANM Registration, CNPJ Card (Brazilian tax ID), and Sintegra Consultation (Brazilian tax information system). 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 on-site visits 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	EU CAHRAs list CAHRA List: an indicative list, updated quarterly, of conflict-affected and high-risk areas (CAHRAs) (as defined in EU Regulation 2017/821) Dodd-Frank Act List of countries listed in Section 1502 of the USA Dodd-Frank Act
Human Rights	United Nations Development Program — International Human Development Indicators — Country Profiles: https://hdr.undp.org/ World Justice Project - Indicator 4 – Fundamental https://worldjusticeproject.org/rule-of-law-ndex/global/2025/Brazil/Fundamental%20Rights/
Conflict	Heidelberg Barometer: https://hiik.de/konfliktbarometer/aktuelle-ausgabe/ Rule of Law in Armed Conflicts (RULAC - Geneva Academy): https://warwatch.ch/
Governance	Worldwide Governance Indicators (WGI): https://www.worldbank.org/en/publication/worldwide-governance-indicators/interactive-data-access Fragile States Index - Indicator P1: State Legitimacy: https://fragilestatesindex.org/global-data/

The consultations are documented, communicated, and reviewed annually.

5.3 Red Flag Review

After determining the risk associated with the origin and transit of the ore, the number of flags is evaluated 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 the KYC process and were in compliance with all the necessary requirements to be eligible to supply the company. Each purchase was accompanied by its documentation proving its origin.

As part of the company's strategy, all purchases were made from domestic sources (Brazil), for which risks were identified and relevant documentation checked. According to the indicators and criteria adopted, Brazil was considered a low-risk country. The flag review process did not identify any OECD red flags.

During the period evaluated, no adverse impacts or violations related to the risks foreseen in Annex II of the OECD were identified in Soft's supply chain; therefore, there is no need to open mitigation plans.

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 who met the necessary criteria for carrying out such a procedure.

6. Risk Mitigation (Only High-Risk Sourcing)

6.1 Soft Metais is committed to continuously following due diligence and the aforementioned procedures, with a focus on continuous improvement over time.

6.2 Our Tin Supply Chain Policy is publicly available and communicated to suppliers in our purchase agreements, along with applicable disclosure requirements.

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

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

i. Continue negotiating, but with measurable risk mitigation.
ii. temporarily suspend trade while mitigation measures are in effect, or
iii. to cease trading with the supplier permanently.

6.5 Soft Metais works in collaboration with suppliers to identify and mitigate supply chain risks. When applicable, site visits are conducted to interact with local communities and actively gain a better understanding of the socioeconomic environment.

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Pedro Sarri - Technical Director - Jan/2026