



PT. ARSED INDONESIA

Jalan Jendral Sudirman No. 050 RT 001 RW 003 Kel. Gabek 1 Kec. Gabek
Kota Pangkalpinang - Provinsi Kepulauan Bangka Belitung
Email : arsedindonesia@gmail.com | Telpon : 0717-9109070

STEP 5 DUE DILIGENCE REPORT

1. Company Information

PT. ARSED INDONESIA was established in 2024. The Smelter is located at Kawasan Industri Jelitik Sungailiat, Bangka Regency, Province Bangka Belitung, Indonesia. The company processes tin products whose tin ore comes from its own mine.

In 2024, PT. ARSED INDONESIA established a Supply Chain Policy considered compliant to the Responsible Sourcing Mineral Standard. PT. ARSED INDONESIA now adheres to the revised version of this standard, the Responsible Minerals Initiative/Responsible Minerals Assurance Process. The company RMI ID number is **CID005067**.

This report covers our activities from August 09, 2024 to October 10, 2024.

2. Our Assesment Summary

PT. ARSED INDONESIA will undergone a RMAP assessment with details :

Audit Name	: PT. ARSED INDONESIA
Smelter ID	: CID005067
Audit Dates	: November 21 – 23, 2024
Audit Types	: Initial Audit

3. Company Supply Chain Policy

Mining activities at PT. ARSED INDONESIA have production operation mining business license (IUP OP) with a number 188.44/1048/DPE/2015 at Ketap Village, Jebus District, West Bangka Regency, Indonesia and classified as conflict free. PT. ARSED INDONESIA stated that the tin ores processed at the PT. ARSED INDONESIA smelter are coming from the mine process carried out by the company itself. It's means that no sourcing origin of Arsed comes from the countries listed in the EU CAHRA list and the countries listed in the Dodd Frank Act list. so that it can be ensured that the supply chain contained in Arsed comes from safe area and free from conflict.

To state our commitment to avoid the use of conflict minerals, PT. ARSED INDONESIA established Supply Chain Policy. PT. ARSED INDONESIA are committed to the responsible sourcing of minerals throughout our supply chain and continuing to comply with the underlying SEC rules and regulations surrounding Responsible Sourcing Minerals. We will not trade tin ingot with the risk mentioned



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

4. Company Management System

Management system to support supply chain due diligence:

PT. ARSED INDONESIA implements due diligence as a continual, on-going process. To support supply chain due diligence, PT. ARSED INDONESIA has implemented management system:

- The Company's Director is responsible to oversee the due diligence program and risk management design and implementation.
- The company has assigned a Due Diligence Program Manager to coordinate the work of the relevant departments to ensure each department fulfils 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 and management review once a year for key staff from all relevant departments required in due diligence program. If there are any mid-year updates or changes to the program, the company conducts additional training as necessary.
- The company committed to implement an internal record system with document retention for 5 years.
- The company committed to implement the policies for cashless transactions.
- The company committed to implement the KYC Procedure if necessary.

PT. ARSED INDONESIA is a company that operates its own mine and smelting plant. The tin ores processed at the PT. ARSED INDONESIA smelter are coming from the mine process carried out by the company itself. Mining activities at PT. ARSED INDONESIA have production operation mining business license (IUP OP) with a number 188.44/1048/DPE/2015 at Ketap Village, Jebus District, Bangka Regency, Indonesia with 4,382 ha offshore. PT. ARSED INDONESIA fully controls mine production, shipments from mine to smelter, and all processes up to tin ingot production. The company is not compatible with other producers of tin sand, or tin sand from other countries.

PT. ARSED INDONESIA uses smelter lot numbers to indicates where the tin ore comes from. If data discrepancies are found, it will be reviewed by the management team and followed up.



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5. Internal Systems of Control

- PT. ARSED INDONESIA has established its due diligence management system to be aligned with the OECD Guidance and RMAP in August 2024. The company has communicated the updated supply chain policy and sourcing requirements to all employees, also provides grievance mechanism to collect information on grievances by phone, online messages or email from employees, suppliers, buyers and interested parties.
- All tin ore received will be weighed, tested to laboratory and identified with lot number. We also identified and monitor the process to ensure the traceability of our products. We conducted mass balance calculation at least annually to verify production loss.
- We monitor activity on our mines regularly to verify the source of our material.
- We conducted internal audit at least annually and also management review meeting at least annually to ensure the due diligence management system maintained and able to be improved. We had management review meeting in 2024.

6. Risk Identification

As part of the requirements of the Responsible Minerals Assurance Process (RMAP) and in-line with the OECD Due Diligence Guidance, PT. ARSED INDONESIA stated that the tin ores processed at the PT. ARSED INDONESIA smelter are coming from the mine process carried out by the company itself. Mining activities at PT. ARSED INDONESIA have production operation mining business license (IUP OP) with a number 188.44/1048/DPE/2015 at Ketap Village, Jebus District, Bangka Regency, Indonesia with 4,382 ha offshore.

In accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, PT. ARSED INDONESIA strongly condemns all activities, and will refuse any material, which we assessed benefitted or supported armed rebels/terrorist groups through illegal finance or other activities or involved serious human rights violations associated with the extraction, handling, transport or trade of minerals, including:

- Serious abuses (i.e. torture, cruel, inhuman and degrading treatment; forced for compulsory labor; worst forms of child labor; human rights violations and abuses such as widespread sexual violence; war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide).
- Direct or indirect support to non-state armed groups.
- Direct or indirect support to public or private security forces.
- Bribery and fraudulent misrepresentation of the origin of minerals.



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- Money laundering.
- Non-payment of taxes, fees and royalties to governments.

Procedure for identification of conflict-affected and high-risk areas (CAHRA):

PT. ARSED INDONESIA implements due diligence as a continual, ongoing process. The process complies with the OECD Guidance for Identification and Assessment of Supply-Chain Risk(s). All purchases will be reviewed in accordance with this policy to assure compliance.

As part of the requirements of the Responsible Minerals Assurance Process (RMAP) and in-line with the OECD Due Diligence Guidance, PT. ARSED INDONESIA has implemented a procedure for identification of CAHRA and risk mitigation for contributing to violent conflicts and serious human abuse. The PT. ARSED INDONESIA's CAHRA Identification Procedure consist of two steps:

1) Identification of country of origin including the region and transit countries.

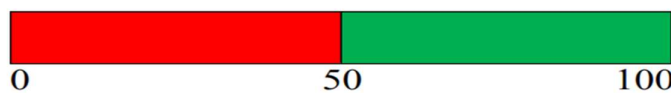
PT. ARSED INDONESIA applies three internationally recognized resources to identify suspected CAHRA countries:

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

A. Worldwide Governance Indicators identification based on Government Effectiveness

Worldwide Governance Indicators (WGI) is a compilation of the perceptions of a diverse group of respondents, collected through many surveys and other cross-country governance assessments. In this case, we measure the level of government effectiveness to see perceptions of the quality of public services, the quality of civil services, their degree its independence from political pressure, the quality of policy formulation and implementation, and the credibility of government commitment to the policy.

According to PT Arsed Indonesia, a state or region with a score below 50 is considered to be at high risk.



Referred to the website <https://www.govindicators.org/interactive-data-access>

B. 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 2024 GPI reveals a world in which the conflicts 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.

PT. Arsed Indonesia stated that if a country or region has a score more than 2.35 (“Low” to “Not Included”) peace state, then it is declared as high risk.



Refer to the website:

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

C. 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. The list of EU CAHRAs as of 2024 are: Afghanistan, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Colombia, Democratic Republic of the Congo, Eritrea, Ethiopia, India, Lebanon, Libya, Mali, Mozambique, Myanmar, Niger, Nigeria, Pakistan, Philippines, Russia, Somalia, South Sudan, Sudan, Ukraine, Venezuela, Yemen, Zimbabwe. We stated that if a country of the raw materials sourced is in above mentioned list, it will be declared as CAHRA.

Refer to the website: <https://www.cahraslist.net/cahras>

D. 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.



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PT. Arsed Indonesia stated that if a country of the raw materials sourced is in above mentioned Dodd Frank Act list, it will be declared as CAHRA.

E. World Justice Project – Fundamental Rights Index (the identification is based on human rights issues)

The *WJP Rule of Law Index 2024* presents a portrait of the rule of law in 142 countries and jurisdictions by providing scores and rankings 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. **Fundamental Rights** recognizes that a system of positive law that fails to respect core human rights established under international law is at best “rule by law,” and does not deserve to be called a rule of law system. This factor focuses on a relatively modest menu of rights that are firmly established under the United Nations Universal Declaration of Human Rights and are most closely related to rule of law concerns.



Source: World Justice Project

PT. Arsed Indonesia states if a country has adherence score of law rule under 0.50, it will be stated as **High Risk Area**.

Based on our assessment, our area is not included in EU CAHRA list and Dodd Franks Act. We have standards if minimum 2 out of 3 criteria's (Conflict, Governance and Human Rights) score High-Risk, the sources will be considered CAHRA and we not source its material from that area.

Our conclusion : Indonesia is NOT CAHRA.



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2) Know Your Counterparty (KYC) Procedure

For the time being PT. Arsed Indonesia does not accept materials from any suppliers, so no KYC procedures are required. However, we have prepared the procedure to assess the supplier should we need in the future.

3) Risk Mitigation

Our Supply Chain from the mining process, transporting, smelter and refining are conducted by ourselves. We did not detect any risk or red flag from our operation.

7. Grievance Channel

We have established grievance channel through:

Phone/Whatsapp:

- Arthur Evando (+62 877-3675-4428)
- Arif Sugianto (+62 8 526774 7459)

Email: arsedindonesia@gmail.com

We have not received any grievance or complaint during this report period.

Sungailiat, November 01, 2024
PT. Arsed Indonesia


Arif Sugianto
Senior Manager RMAP