



Independent ISAE 3000 Limited Assurance Engagement Report

ITA Tin Code, Standard 7.3

Malaysia Smelting Corporation Berhad Mineral and Material Supply
For the period 1 October 2023 – 31 March 2023

Date of assurance report: 14 December 2023

Prepared by	Robin Askey of EnviroSense Limited, Chesham, Buckinghamshire, HP5 1PS United Kingdom
Audit period	1 October 2022 – 31 March 2023
Minerals	Tin concentrate
Legal entity	Malaysia Smelting Corporation Berhad
Smelter address	Lot 6, 8 and 9, Jalan Perigi Nanas 6/1 Pulau Indah Industrial Park West Port Port Klang 42920 Pulau Indah Selangor Malaysia
Lead auditor	Robin Askey
Second auditor	Pamela Wong
Lead auditor approval	
EnviroSense internal approval	

Assurance conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that Malaysia Smelting Corporation Berhad has not complied with the International Tin Association (ITA) Tin Code Standard 7.3 - Responsible Sourcing¹ and not published an accurate Smelter Due Diligence Report². This conclusion applied to the mineral and material sourcing period from 1 October 2022 to 31 March 2023 for the Pulau Indah smelter, including the stock transfer from the Butterworth smelter.



R. Askey, Director
14 December 2023



¹ Companies (1) will evaluate potential risks, seek to avoid support to conflict, human rights and other significant abuses and publicly report on their efforts according to international expectations and laws, in particular the OECD Due Diligence Guidance 3T Supplement.
(1) Companies with smelters will seek to be third-party assessed against recommended criteria.

² Titled, MSC'S COMPANY REPORT "STEP 5" as listed in the Appendix.

Introduction

We have been engaged by Malaysia Smelting Corporation Berhad (the ‘Company’ and ‘MSC’) to perform a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) of the Company’s OECD (Organisation for Economic Cooperation and Development) MSC Company Report ‘Step 5’ (also referred to as the ‘Smelters Due Diligence Report (SDDR)’ against Step 5 of OECD Guidance³ and compliance with the International Tin Association Code, Standard 7.3: Responsible Sourcing.

We performed the assurance engagement onsite at the Pulau Indah smelter site at Port Klang, Malaysia, to review all the Company information related to the Smelters Due Diligence Report, mineral, and material sourcing from 1 October 2022 until 31 March 2023. The minerals and materials were transferred from the MSC Butterworth site, which is being decommissioned. The smelter is a newly repurposed smelter incorporating advanced ISASMELT technology and is increasing production quantities. The mineral sourcing amounts for the period were significantly less than the normal pre-covid production quantities of the Butterworth site.

MSC’s (the ‘responsible party’) responsibilities

- Appointing a qualified auditor (practitioner).
- Providing all necessary information for verification.
- Disclosing to the auditor all necessary information and evidence in relation to the audit criteria to enable the auditor to reach a conclusion.
- Disclosing any changes to the SDDR, CAHRAs and Red Flags and the veracity of supplier information and the information provided to the auditors that may affect the auditor’s opinion and the validity of the assurance report.
- Responding to questions and providing additional evidence upon the auditor’s request.
- Correction of any information to be made public that the auditor finds to be misstated or insufficiently supported by available evidence.
- Reviewing this limited assurance engagement report.

Auditor’s (the ‘practitioner’) responsibilities

- Planning and liaising with the Company to conduct the limited assurance engagement in accordance with ISAE 3000 (Revised) and the International Standard on Quality Management (ISQM1).
- Planning and carrying out evidence-gathering and testing activities that are necessary to form an opinion to a limited assurance level.
- Explanation to the responsible party of the audit findings, including misstatements identified or absence of information that hinders the formation of a definitive conclusion.
- Provision of clear evidence and information on which aspects of operations do not comply with the requirements or criteria.
- Verifying corrections to misstatements to planned disclosures.

³ Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, Third Edition, 3T Supplement 1.

- To apply the audit principles of traceability, completeness, consistency and accuracy to verify information and data.

Subject matter

- ITA Code Standard 7.3: Responsible sourcing⁴. Companies will evaluate potential risks, seek to avoid support to conflict, human rights and other significant abuses and publicly report on their efforts according to international expectations and laws, in particular, the OECD Due Diligence Guidance 3T Supplement.

Assessment criteria

- The International Tin Association (ITA) – Responsible Minerals Initiative (RMI) Assessment Criteria for Tin Smelting Companies (Version 2)⁵ and ITA-RMI Assessment Criteria Guidance 7.3.
- MSC Company Report ‘Step 5’.

⁴ Companies will evaluate potential risks, seek to avoid support to conflict, human rights and other significant abuses and publicly report on their efforts according to international expectations and laws, in particular the OECD Due Diligence Guidance 3T Supplement.

¹ Companies with smelters will seek to be third-party assessed against recommended criteria.

⁵ Publication Date: 23 March 2021, Effective date 25 March 2021.

Summary of the work performed

EnviroSense, the independent verifier, performed our work in accordance with ISAE 3000 (Revised) and applied ISQM1. This engagement was subject to quality control and a review by a separate verifier of EnviroSense.

The work performed in a limited assurance engagement varies in nature and timing and is less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is less than that would have been obtained had a reasonable assurance engagement been performed.

EnviroSense applies the ethical standards within the IESBA Handbook of the International Code of Ethics for Professional Accountants⁶ Parts 4A and 4B to all assessment and verification work. EnviroSense's ethical policies and audit programme management align with the accreditation requirements of ISO 17065 as EnviroSense is a UK-registered and government-approved Monitoring Organisation (MO). We are required to maintain a system to ensure independence and are subject to review by the UK Competent Authorities. We consider the independence and ethical requirements of operating as a MO to meet the IESBA Code of Ethics.

Qualifications and experience of the audit firm

EnviroSense is a UK Government-registered monitoring organisation under the UK Timber Regulation. The Regulation requires operators to demonstrate due diligence of timber to ensure links to deforestation, conflict, bribery, corruption and false representation of timber are negated. The Company is also a UK-registered audit firm for acts of legislation. The team, led by the Lead Auditor, has over 10 years of experience in due diligence system auditing for products originating from regions of poor governance. Due diligence assessment and verification work conducted by the team has included numerous on-the-ground assessment projects in developing countries.

Qualifications and experience of the auditors

The auditors are experienced due diligence assessors and registered auditors under several international standard-setting programs.⁷The lead auditor has over 15 years of experience in supply chain assessment and due diligence of commodities against sustainability and legal obligations.

Work stages

The work was as follows:

- Initial meetings with MSC to confirm the scope of the assurance engagement and agreed provision of information for the auditors to conduct an initial risk and materiality assessment.
- Risk and materiality assessment by the auditors.
- Development of a risk and materiality sampling plan by the auditors.
- Testing and verification of evidence according to planned arrangements.
- Compiling an assurance report.

⁶ International Ethics Standards Board for Accountants (2021 edition).

⁷ International Sustainability and Carbon Certification, FSC, PEFC chain of custody, lead auditor status for ISO 9001 and 14001 certification.

- Quality assurance in accordance with ISQM1.

Risk & materiality assessment

The auditors conducted a risk assessment to determine the risk of material misstatements and errors concerning planned disclosure and public listing of the SDDR and the Company's compliance with Standard 7.3 of the Tin Code. We defined risk as the probability of an error or misstatement multiplied by the materiality of such an error or misstatement. Both elements have a range of one to five. The risks of 16 or more are regarded as too great for a limited assurance engagement, and a reasonable assurance assessment would be required.

We tested processes, data and information based on a designed risk and materiality assessment for the assurance engagement. We evaluated the materiality based on thresholds and the size and extent of the misstatement. The accuracy of claims in the published SDDR regarding mineral origin information, Steps 1-3 of OCED Guidance and corresponding ITA-RMI criteria, was agreed to be significant⁸ and must meet the criteria entirely, or the assurance conclusion must state misstatements or errors made.

⁸ The actual term is 'material' and should not be confused with smelter materials.

Findings

5A – Annual public report on due diligence through sustainability, corporate reports or otherwise (Smelter’s Due Diligence Report)

We assessed and tested the integrity of MSC Smelter Due Diligence Report. MSC has fulfilled its obligation to publicly report on due diligence and its measures designed and implemented to manage mineral sourcing risk.

The SDDR contains the Company management system elements applicable to all companies sourcing minerals; the company management structure responsible for due diligence; the process for gathering information for the red flag review, basic information on how these processes have strengthened the Company’s due diligence efforts and the Company’s record keeping and its disclosure arrangements.

The SDDR confirms the Company’s sourcing minerals percentages. 34% of tin-containing minerals⁹ were sourced from Conflict-Affected and High-Risk Areas (CAHRA) based on the Company’s procedure to determine CAHRA and CAHRA List. There are two designated CAHRA, Rwanda and the Democratic Republic of the Congo (DRC). An additional 32% was sourced from a non-CAHRA state of Nigeria but transited via an MSC-designated CAHRA state.

The Company’s SDDR has included a description of the additional steps¹⁰ and requirements necessary to be undertaken when sourcing from CAHRAs:

- Step 1: A system of controls and transparency¹¹
- Step 2: Identify and assess risks in the supply chain for CAHRA¹²
- Step 3: Design and implement a strategy to respond to identified risks¹³.

The SDDR has limited content regarding aspects of capacity building. Mine origin is not disclosed publicly, as stated in the SDDR. MSC disclosed mine origin information to auditors. The SDDR does not include the supply chain policy and refers to the public listing of the policy on the Company’s website. The auditors determined these three elements not to be material.

In the auditors' opinion, the content and claims made in the SDDR are accurate and truthful.

⁹ Tin is the only mineral source purchased by the Company.

¹⁰ References are OECD Due Diligence 3T Supplement Clauses, which are the same as the ITA-RMI Joint Criteria.

¹¹ C:1-4: Additional supplier information requirements.

¹² 2B Map the circumstances of the company supply chain through traceability and on-the-ground assessment team (OGAT). 2C: Assess Annex II risks in the supply chain.

¹³ 3A: Report risk findings to senior management.

3B: Devise and adopt a risk management plan.

3C: Implement the risk management plan.

3D: Undertake additional risk assessments after mitigation or a change in circumstances.

Step 1 – Establish strong company management systems

Step 1A – Adopt and commit a supply chain policy

The supply chain policy is brief and commits not to tolerate Annex II risks. The policy is paraphrased from the OECD Guidance Model Supply Chain Annex II risks. It is signed and endorsed by the CEO and reviewed annually.

The supply chain policy does not include management processes, responsibilities and the explanation of due diligence measures committed by MSC, as this information is within the SDDR. Considering the report is expected to be published, the auditors consider it reasonable to exclude significant content from the policy. However, the auditor believes that the Company should consider including a brief confirmation of the Company's responsibilities for due diligence, management processes and measures.

1B – Structure of the internal management to support supply chain due diligence

The Pulau Indah smelter and Company has ISO 9001, ISO 14001 and ISO 45011 certifications (quality, environmental management system and health and safety certification). The Company is well-versed in management system implementation, including documented responsibilities, authorities, and operational procedures for managing operations.

Specific management and management support roles are defined in job descriptions, and the responsibilities and authorities for due diligence that address all the steps, as stated in this report, were established by the Company. We verified the Company has five key personnel responsible for due diligence: a compliance manager, two executives and the Chief Operating Officer¹⁴ (COO) supported by the former COO (acting as an advisor). The management of mineral sourcing and due diligence sits within a small contract and compliance management team with a solid understanding of due diligence.

The key persons, the senior compliance and former COO, have more than ten years of experience in due diligence since the Dodd-Frank Act's commencement and the Upstream Joint Initiative (ITSCI) creation. Records demonstrate that MSC's former COO was involved in upstream on-the-ground visits shortly after the Dodd-Frank Act.

The auditor's opinion is that the Company has embedded responsibilities into its operation and systems. The auditors did not raise any material issues. We drew the management team's attention to the point that the Company has three independently certified management systems (ISO 14001, ISO 9001 and ISO 45001) and the Company should consider extending ISO 9001 supplier management review processes to prevent duplication of resources with the operation of three management systems (please see the 'Red Flag Review and Results' paragraph).

¹⁴ Recently appointed.

1C – Establish controls and transparency over the supply chain

The Company had complete records of information for all mineral receipts to the smelter, including the transference of lots¹⁵ from the MSC Butterworth smelter¹⁶. The mineral receipt included the criteria requirements to conduct a red flag review: description of mineral type¹⁷, mineral origin, country of extraction (including region and mining area in many cases), weights, country transit and transport information, reprocessing, packing and repacking documents, shipping documents and bills of lading, commercial invoices will complete company information and exporter documents.

MSC has implemented a Know Your Supplier (KYC) process to collect information from immediate suppliers for a red flag review. Despite their repeated requests, the Company did not determine the ultimate beneficiaries of the two immediate suppliers. The mineral origins were where the Company did not know the ultimate beneficiaries were not from CAHRA regions. The supply represented 13% of the international supply (not from Malaysia). The Company has assessed all immediate supplier companies against sanctions using The Office of Foreign Assets Control ("OFAC"), a partial check, and by using services provided by Malaysian banking services when setting up banking arrangements with the supplier.

The auditors also noted the Company's extension of due diligence to non-CAHRA mineral supply from Malaysia to ensure the correct origin, mining conditions, plausible quantity and supplier company beneficiaries¹⁸.

The auditors verified all mineral receipt information for the audit period against received lots and recorded suppliers to determine if minerals of unknown provenance and incomplete documentary were received. We confirm this was not the case.

An aggregated list of mineral transit, transport and supplier countries that shareholders or companies have interests in, had not been produced by the Company. Mineral transit and transport information is held in each mineral receipt document 'pack' for a shipment. MSC's supplier's designations of CAHRAs were not obtained to compare against the Company's CAHRA list. MSC has its own process and designated list of CAHRA. The auditors did not consider these two points as material.

1C:2-4 – Minerals and by-product information requirements

By-products were not received in the audit period.

1C:5 – Material from supplying smelters information requirements

The MSC Butterworth is not specifically a 'supply smelter' as it is part of the same Company. Irrespective of this, all receipts from Butterworth complied with the criteria.

1C:6 – Metal products unused for primary purpose information requirements

Metal products unused for their primary purpose were not received or processed in the period.

¹⁵ Lots refers to consignments or a batch of tin-containing minerals.

¹⁶The same Company and there were no other 'supplying smelters' in the audit period.

¹⁷ Mineral-by products were not received in the period.

¹⁸ Via a Know Your Supplier (KYC) process for all minerals.

1C:7 – Out-of-scope mineral or material information requirements

Out-of-scope minerals or materials were not received or processed in the audit period.

1C:8 – Secondary material information requirements

A small and inconsequential amount of local secondary material (post-consumer destined for recycling) was received in the period supported by documentary evidence.

1C:9-10 – Supplier records and mass balance

Suppliers were approved by the Company and Malaysian banking services prior to contract formation as part of the KYC process. Minerals are purchased from suppliers once the Company had obtained banking and internal approval.

The mass balance system was sufficiently accurate. We noted some minor calculation errors that were less than 1% in total. Considering the auditor's calculation, the difference in MSC's calculated mass balance system is notably less than 5%. The auditors did not identify any material errors.

1D – Strengthen company engagement with suppliers

We verified that suppliers are long-term suppliers. The Company does not buy from the spot market. Contracts are formed and renewed in January each year. Suppliers in a CAHRA are contractually obliged to supply specific documentation for each shipment to support MSC's due diligence of minerals. The contract also includes:

- Provisions to the supplier to provide information and documentation as required by MSC to conform to the OECD Guidance, Dodd-Frank Act and the European Union Regulation on Mineral Supply Chains.
- A definitive and strong anti-corruption clause.

The senior compliance manager leads the commercial team of MSC and compliance matters. The compliance and commercial teams' roles include mineral and material sourcing, supplier and contract management and due diligence. In the auditors' opinion, it was evident that responsible sourcing, risk assessment, identification, risk management, and supplier management responsibilities were contained within a small contract and compliance management team with a solid understanding of the suppliers and supply chain risks.

We recommend that contract due diligence provisions be made explicitly clear; the smelter could consider using verbatim language in the OECD Due Diligence Guidance. This point is not a material issue or an obligatory requirement but an opportunity for improvement.

As previously stated, the ultimate beneficiaries of two suppliers whose mineral origins are not from CAHRAs are still to be determined despite the Company's repeated KYC requests. Based on the fact the Company has taken reasonable steps but is unable to obtain information on beneficial owners with an ownership share equal to 25% or above from the supplier, the Company has stated this in their SDDR report together with a description of the efforts they have made and what percentage holding cannot be identified. This information is included in the SDDR as required under the Tin Code.

We consider MSC's supplier management to be without material issues.

1E – Establish a company-level grievance mechanism

The mechanism was verified to be implemented and managed by the Company and it is accessible on the Company website. No grievances have been raised in the audit period.

2A – Identify the scope of Annex II risk assessment (RA) through red flag review (RFR)

The Company has implemented a documented procedure to conduct a red flag review titled 'Procedure to identify and assess red flags and review'.

The procedure specifies using the Company CAHRA List to determine red flags. MSC compiles a CAHRA List. The CAHRA procedure lays out five steps to determine CAHRAs, including assessment sources of US Dodd-Frank Act Section 1502 'Covered Countries', EU CAHRA List and other countries, regions and sub-regions based on a distinct risk assessment methodology using the Heidelberg Conflict Barometer, Fragile State Index, sanctions lists and credible information provided by suppliers.

The procedure states the information and actions required to conduct the review, the process to record findings and further information obligations.

The red flag procedure includes the process to conclude the outcome of the red flag review as either:

1. Red flag locations and suppliers are not identified, and no Annex II risk assessment is required.
2. Red flag locations and suppliers are identified, but Annex II risk assessment is not justified as the red flag review did not include a significant probability that the source of the mineral is a CAHRA, which can be confirmed without on-the-ground investigation.
3. Red flag locations and suppliers are identified, and an Annex II risk assessment is necessary as the level of risk is not precise or the review indicates:
 - The source of the mineral is a CAHRA or suspected to be a CAHRA rather than the stated origin.
 - The supplier has trading activities relating to a CAHRA that could impact risks for minerals declared from a non-CAHRA source.

The procedure details the annual frequency and steps the Company must take when conducting the review. The results are documented and included in the procedure.

Results of the red flag review

The Malaysian, Brazilian and Australian (other) mineral supply stated in the SDDR corresponds to point 1 of the procedure: no red flag locations and suppliers. An Annex II risks assessment is not required.

Nigerian mineral supply stated in the SDDR corresponds to point 2 of the procedure: red flag locations or suppliers are identified. An Annex II risk assessment is not justified as the mineral supply is not from a CAHRA state.

The Company also provided communication evidence of contacts on the ground in Nigeria for gathering RFR information. The Company continuously monitors shipments of minerals from a non-CAHRA state but transited via a CAHRA state to assess if tampering or illegal taxation occurred. Additional authorisation was sought from the government regarding the legality¹⁹ of mineral extraction.

DRC and Rwandan mineral supply stated in the SDDR correspond to point 3 of the procedure: red flag locations or suppliers are identified. Annex II risks were identified that required on-the-ground investigation.

The auditors are of the opinion a reasonable red flag review was conducted.

An opportunity for improvement exists for the Company to consider incorporating the red flag review process into the existing supplier management review processes (e.g., ISO 9001). This measure might streamline the process instead of conducting two supply/supplier-based reviews.

2B – Map circumstances of the company supply chain through traceability and on-the-ground assessment team (OGAT)

The Company demonstrated a solid understanding of the supply chain context, the UJI's limitations, and how the UJI supply chain and OGAT information can be used for traceability and on-the-ground mineral extraction and supply context.

The Company had undertaken due diligence using an on-the-ground assessor for a particular mineral supply within a CAHRA and not part of a UJI. Minerals have yet to be purchased from the mine to date. The process and work conducted demonstrated the Company's understanding of the criteria.

The auditors did not identify any material issues.

1C:1-4 – CAHRA mineral and supplier information requirements

The Company has sought additional information following the identification of minerals linked with CAHRAs to facilitate the chain of custody and traceability evidence. MSC has other contractual obligations for suppliers providing minerals from Rwanda and the DRC: commercial invoice, certificate of origin, transport certificates²⁰, certificate of assay, packing list, weight certificate, bill of lading and insurance certificates.

Regarding DRC and Rwanda, all Upstream Joint Initiative (UJI) tag numbers²¹, shipping documents and UJI documents were required by the Company to provide evidence of chain of custody and traceability. Records are stored for a minimum of 5 years. The additional information was needed for the red flag review for Step 2C and complied with the criteria.

¹⁹ The Company is not, and should not be, reliant on state or government documentation, especially in countries with a low rating score on the Corruption Perception Index.

²⁰ DRC.

²¹ Corresponding to tags in the shipping container.

2C – Assess Annex II risks in the supply chain

The Company has a documented and implemented procedure for assessing Annex II risks ‘risk management, strategy and risk management plan for identified CAHRA’ (Annex II risks). The procedure relates to all mineral supplies from the DRC and Rwanda as MSC identified Annex II risks. Consequently, the risk required on-the-ground assessment.

Annex II risks identified and recorded are based on the Company’s grading (low, medium, or high) for specific risk situations. As specified in the procedure, the Company considers ITSCI Incident Report risks²² - Level 1, 2, and 3²³. The strategy in relation to the risk is to either disengage (high risk) or mitigate other risks (low or medium).

The Company used UJI information to assess the risk associated with mineral supply from the DRC and Rwanda. The compliance team reviewed OGAT and UJI information (Alerts), monthly Incident Reports, regional production information and regularly contacted suppliers if a risk was identified. The Company has a network of contacts to solicit information from on-the-ground. The auditors verified records to confirm that the compliance team used supplier information, private network contacts and supply chain information from the UJI to determine if MSC was required to disengage from the supplier.

The auditors did not identify any material issues.

An opportunity for improvement exists for the Company to consider incorporating the red flag review and Annex II risk assessment process into the existing supplier management review processes (e.g., ISO 9001). This measure might streamline the process instead of conducting two supply/supplier-based reviews.

3A – Report risk findings to senior management

We verified that the senior compliance manager is responsible for due diligence and reporting may involve the COO based on the red flag review results and the Annex II risk assessment results.

3B – Devise and adopt a risk management plan

MSC have a documented procedure for forming a strategy to manage risks associated with mineral supply for the two mineral sources the CAHRA identified: supply from Rwanda and the DRC.

The Company has a risk management plan within the procedure ‘risk management, strategy, and risk management plan for identified CAHRA’ (including Annex II risks).

The plan includes the notification to follow up with the affected stakeholders (immediate supplier, UJI and OGAT) and expected risk management outcomes. The risk management planning also details the

²² Risks of bribery and false representation of minerals and corruption, traceability and chain of custody issues, armed groups and security forces, serious human rights and other concerns where inadequate action has been conducted.

²³ Level 2 concerns the same Annex II risks but failure to implement due diligence plans and lack of progress and Level 3 concern lack of policies or company updates.

continued monitoring of specific risks. Risk management of the Company may include a visit to mine sites as one of the commercial team meets with suppliers regularly in the DRC and Rwanda²⁴.

Sanction risks were assessed by the Company during the contract agreement process and KYC and when the UJI provides updates²⁵. The risk management plan includes the sanction risk management actions to be conducted by MSC.

MSC agreed with the UJI recommendations. The Company did not set additional risk management plans.

The auditors are of the opinion the criteria were met.

3C – Implement the risk management plan

The documented procedure 'risk management, strategy, and risk management plan for identified CAHRA' includes risk management planning.

We verified risk management plans, the Company's evidence of utilising the UJI information and recommendations, communication with suppliers and continued monitoring for specific risks. These actions demonstrated that the procedure and process were implemented.

The compliance team reports significant²⁶ risk to the COO. The compliance team are the employees responsible for contract formation and mineral purchasing and there are no other necessary reporting lines.

3D – Undertake additional risk assessments (RA) after mitigation or change in circumstances

Progress is monitored via the review of updated information and recommendations by the UJI.

4A – Plan an independent third-party audit of smelter due diligence

MSC commissioned the independent compliance assessment for all minerals and materials received in the period as stated. MSC selected an auditor after applying a selection process to ascertain the skills and experience of the auditor and track record of due diligence assessment and verification by the audit firm.

4B – Implement the smelter audit with the correct scope, criteria, principles and activities

The Company enabled unreserved access to documentation, requested evidence and personnel and suppliers to interview (if required). MSC facilitated the audit with full cooperation. We consider Step 4 to have been met.

²⁴ As stated in interview but not an item on the plan that mine sites might be visited by a designed member of the commercial team. The auditors verified that mine sites have previously been visited by not in this audit period.

²⁵ UJI Alerts.

²⁶ 'Material' risk is not to be confused with smelter materials.

Inherent limitations

EnviroSense's engagement was not limited by the provision of information from MSC. The auditors used all necessary information and evidence during the work to enable an assurance conclusion.

Restrictions on use of the Report

This Report is for the use of MSC in respect of compliance with the Tin Code, Standard 7.3 and evidence of the veracity of their Company Report 'Step 5'. This engagement has been prepared to an adequate standard in accordance with the requirements of a limited assurance engagement as prescribed in ISAE 3000 (Revised). There are no restrictions on the use of this report.

Appendix

MSC's Company Report

MSC'S COMPANY REPORT "STEP 5 REPORT"

Table of Contents

1.0 Company Information	2
1.1 Overview of Tin Smelting Operations	2
1.2 Scope of Minerals and/or Materials	2
1.3 Sources of Minerals and/or Materials.....	3
1.4 Responsible Sourcing Commitments	3
1.5 Joint Initiative(s) Alignment.....	4
2.0 Company Management System	5
2.1 Supply Chain Policy	5
2.2 Management Structure for Due Diligence	6
2.3 Grievance or Whistleblowing Procedure.....	7
2.4 Information Gathering from Suppliers for Red Flag Review.....	7
2.5 Chain of Custody or Traceability System Description	8
2.6 Statement on EITI Principles and Reporting.....	8
3.0 Risk Assessment.....	9
3.1 Assessment of Red Flag Review.....	9
3.2 Record Keeping.....	10
3.3 On-the-ground Assessments	10
3.4 Annex II Risk Assessment and Supply Chain Management Plan.....	11
4.0 Risk Management	12
4.1 Risk Management Strategy and Steps	12
4.2 Tracking and Monitoring Progress.....	12
5.0 Due Diligence Report	13
5.1 Annual Reporting Commitment.....	13
5.2 Disclosure of Mine of Origin Information.....	13

1.0 Company Information

Legal entity name/Company name:	Malaysia Smelting
Corporation Berhad Registration Number:	43072-A
Registered address:	Lot 6,8 & 9, Jalan Perigi Nanas 6/1, Pulau Indah Industrial Park, Pelabuhan Utara, Pelabuhan Klang, 42920 Pulau Indah, Selangor, Malaysia
Smelter location(s):	As above. MSC is transitioning from Butterworth smelter, Penang to the new smelter at the above address. This report does not cover minerals and materials treated at the Butterworth smelter.
LME brand name(s):	Straits Refined Tin (MSCSRT) - 99.85% Sn conforms to ASTM B339:00 (Reapproved 2019) and BS EN 610: 1996
Main website & responsible sourcing pages:	www.msmelt.com , www.msmelt.com/policy-on-conflict-minerals.php
Report period:	1 October 2022 – 31 March 2023

1.1 Overview of Tin Smelting Operations

MSC's smelting business originally started in Butterworth and has been an on-going activity since 1902. Starting in 2017, MSC began the process to relocate its smelting operation to Pulau Indah. MSC's principal activity is the smelting of tin concentrates and other tin-bearing materials, and the production of refined tin. Typically across the company, tin concentrates from primary sources account for almost 98% of the total intake while the balance is tin-bearing materials. The latter is also called Secondary Tin which is essentially materials recovered from post-application of tin in solders, chemicals etc.

The Pulau Indah smelter is equipped with a state-of-the-art TSL (Top Submerged Lance) furnace which is also called ISASMELT furnace. It is complemented by 2 Rotary Furnaces. The Pulau Indah smelter has a combined smelting capacity of 40,000 mt of tin concentrates per year. It is also equipped with a large refinery and ancillary plant and equipment capable of refining crude tin metal produced from the furnaces to LME grade tin metal. Besides the LME grade metal, MSC also produces premium grade tin with a guaranteed minimum tin content of 99.90% and 99.99% to meet customers' specialized requirements.

The smelter has a total of 260 employees which includes management staff.

1.2 Scope of Minerals and/or Materials

The smelter receives tin concentrates either directly from primary tin mining operations (LSM) or from suppliers who deliver tin concentrates produced from artisanal and small-scale mines (ASM), ensuring a

consistent supply of high-quality tin concentrates for the smelter. The smelter sometimes receives a small quantity of secondary tin bearing materials from recycling companies. MSC does not receive any other mineral by-products, part processed minerals like slags or other metals which are not secondary.

1.3 Sources of Minerals and/or Materials

Company-wide, typically 99% of our minerals are from primary tin mining operations, including 13% from our subsidiary company, while 1% are secondary tin bearing materials from recycling companies.

For the Pulau Indah smelter for the period 1 October 2022 to 31 March 2023 inputs are shown below:

Country	% Of total intake	Notes
DRC, Rwanda	34%	Dodd Frank countries
Nigeria	32%	Non-CAHRA State
Malaysia	24%	-
Brazil	8 %	Non-CAHRA State
Others	2 %	Non-CAHRA States

The information provided in the table was validated by Envirosense which includes confirmation of mine of origin.

1.4 Responsible Sourcing Commitments

We are proud to declare that our processes and actions strive to conform to the criteria of 7.3 of the Tin Code [including all Steps of due diligence when sourcing from CAHRA] . Our practices align with the OECD recommended risk-based five-step framework for mineral due diligence ensuring progressive improvement throughout our supply chain.

Through our participation in the Tin Code, we also aim to demonstrate our compliance with the LME Responsible Sourcing Rules track A.

This report describes our due diligence processes and actions, including our management system, risk assessment, management and disclosures, which supports customer compliance with Articles 4, 5 and 7 of Regulation (EU) 2017/821 laying down supply chain due diligence obligations for EU importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas.

MSC is committed in ensuring that tin materials it sources meets all regulatory requirements both at national and international level to the best of its ability. MSC is a custom tin smelter hence it may source its tin materials from many countries across the globe.

MSC (PI smelter) has undergone an ISAE assurance engagement which has validated the content of this report. The audit reviewed our conformance with all relevant steps of the ITA-RMI Assessment Criteria for tin smelting companies (v2) for minerals and materials received, *including steps on due diligence for CAHRA*.

MSC's main source of feed materials from Central Africa normally comes from DRC and Rwanda. MSC had played a pivotal role in advising its suppliers in both these countries to source from responsible ASM operations well before May 2008, which is before the laws on responsible minerals sourcing were passed. MSC had also worked closely with International Tin Association (ITA), previously ITRI to formulate a protocol to set out processes to ensure tin minerals can be sourced responsibly out of DRC and Rwanda

to avoid the involvement of illegal armed group/s in the process and use of tin minerals to fuel armed conflict. This work supports the implementation of the OECD due diligence guidance.

1.5 Joint Initiative(s) Alignment

MSC is a member of ITSCI (International Tin Supply Chain Initiative) and has an in-depth knowledge of how the ITSCI upstream supply chain has evolved since its inception in 2010. MSC has sent its personnel to both DRC and Rwanda to assess how the tagging and incident mechanism works and the role of the stakeholders and local authorities in the process. MSC personnel have also participated in many OECD forums to help the company understand the implementation of due diligence guidelines. MSC is also familiar with the tag data processing facility at the ITA's office in the UK. As a founding member of ITRI as ITA was known earlier, MSC has worked hand in hand with ITA in the formation of the due diligence process in the early years. The reason for this is that MSC has been sourcing from Central Africa from the late 90's.

The ITSCI programme became the corner stone for the first responsible materials to come out of DRC and Rwanda effective 1st April 2011. Smelters were identified as the pinch point in the OECD Due Diligence guidelines hence the Conflict Free Smelter (CFS) audits began from that date. ITSCI supported minerals, provided by ITSCI members, flowed to MSC and were successfully audited under the CFSP (now known as RMI's RMAP).

MSC continues to make full use of the proven ITSCI process which is a joint initiative mechanism. ITSCI provides extensive information to MSC which is reviewed on a regular basis. This joint initiative has worked very well since its inception.

Besides the standard reports, ITSCI also immediately alerts the smelter of any high-level incidents at the mine sites or transport routes which may require inquiry or further risk management by ITSCI personnel on the ground.

ITSCI has the support of the local authorities, civil societies and even suppliers who are ITSCI members. The heart of the ITSCI programme is the tagging system which supports the risk management aspects. The tagging system has stood the test of time, 12 years since it began.

Although MSC has long term experience with the ITSCI programme and our staff have visited the ground to observe how the initiative operates, we do not rest on our laurels and continue to follow developments and improvements.

ITSCI has undergone several independent evaluations, see below:

- 2011 Conformance and compatibility analysis: CFS, ITSCI, and the OECD due diligence guidance
- 2018 Alignment Assessment as part of the OECD pilot¹
- 2023 Alignment Assessment by Kumi Consulting²

We are pleased that these evaluations have shown continual development of the scope and systems of ITSCI, and the initiative has now been confirmed to be 'fully aligned' with the OECD Guidance by an assessment to the OECD methodology³ by a fully qualified assessor. MSC understands that 'fully aligned' means that ITSCI standards and implementation processes are aligned with OECD recommendations. We

understand alignment is critically important for credibility of any initiative.

MSC has always striven to remain engaged in high-risk areas and achieve progressive improvements despite all the challenges that this brings. We recognise that ‘full alignment’ does not mean either the initiative or the companies/our suppliers that participate in it are perfect, and we are alert to possible need for MSC to take our own additional actions.

While making full use of support and information provided by ITSCI, MSC is mindful that this does not remove our own continuing responsibilities for due diligence and purchase decisions according to our own supply chain circumstances. We keep in mind the scope⁴ of ITSCI to make sure it remains relevant for our purposes.

ITSCI provides us with good information but we would appreciate additional training and more regular updates on how ITSCI recommends that we can make the best use of that information for our own due diligence so we can keep our own management systems up to date.

We sometimes found ITSCI’s mine baseline reports to have extensive redactions. While MSC is sensitive to commercial confidentiality we have encouraged ITSCI to update the format of these important reports.

Since MSC takes significant tonnages of minerals supported by ITSCI, we understand the lack of infrastructure in the DRC and need for manual processes but hope that ITSCI can improve data systems to speed up traceability reporting. We are encouraged to hear that ITSCI introduced electronic data collection in Burundi and similar system would be very helpful for Rwanda and DRC.

As an ITSCI member, MSC receives regular information regarding its supply chain. Further information on how ITSCI operates, as well as the type of and example information is available publicly on the ITSCI website.

¹ <https://www.itsci.org//07/31/itsci-achieves-highest-rating-in-independent-oecd-alignment-study/>

² <https://www.itsci.org/2023/201806/08/second-independent-assessment-finds-itsci-fully-aligned-with-the-oecd-guidance/>

³ <https://mneguidelines.oecd.org/industry-initiatives-alignment-assessment-minerals.htm>

⁴ https://www.itsci.org/wp-content/uploads/2023/10/Factsheet-Scope-of-the-ITSCI-Programme_FINAL.pdf

2.0 Company Management System

2.1 Supply Chain Policy

Our supply chain policy reflects our unwavering commitment to responsible practices in mineral sourcing. We are dedicated to implementing the OECD Due Diligence Guidance for Responsible Supply Chains in the mineral sector.

Our company sets rigorous standards aligned with OECD Annex II risks, ensuring that our practices avoid contributing directly or indirectly to, abuse of human rights, forced labour and violence towards children and women.

Our supply chain policy is reviewed and updated, if necessary, annually. This regular review process allows

us to align our supply chain policy should there be any changes to the OECD Due Diligence Guidance.

Our supply chain policy is made public Here: https://www.msmelt.com/global_files/docs/responsible-minerals-sourcing-policy-2023-rv-9-jan.pdf

MSC believes strongly in engagement hence our strategy is to continue to trade while ongoing mitigation measures are undertaken whenever possible, although we recognise that the most serious abuses cannot be mitigated and require disengagement.

We follow a detailed procedure to identify and assess red flag and a risk assessment strategy to identify and manage risks in our supply chain. This requires a combination of industry-specific knowledge, supplier assessments, and ongoing assessment to manage risk.

We adopt mitigation and disengagement timescales as far as practical to address identified risks aligned with those set out in OECD Annex II. These timescales are designed to encourage timely response as far as is practical from the stakeholders.

As a company we express our general support to the 12 principles of the Extractive Industries Transparency Initiative (EITI) and support its implementation through appropriate reporting as relevant and are working on a public statement.

Since MSC sources from DRC and Rwanda, it works closely with ITSCI, and reviews reports from ITSCI on incidents which includes recommendations for risk mitigation. This includes close interaction with Suppliers who are exporting tin ore from the area reported by ITSCI.

Even though ITSCI has full visibility about situation on the ground and provides exhaustive report on an incident which triggers risk assessment and risk mitigation, final decision still rests with MSC as part of its commitment as an upstream company as described in the OECD due diligence guidance.

2.2 Management Structure for Due Diligence

MSC has a robust management structure in place. The core team has been together for over a decade now and supported by well trained staff. Three of the staff have spent time on the ground in DRC. The management representative (MR) has a direct reporting line to the GCEO which underscores company's commitment towards responsible sourcing.

Responsibilities and accountabilities of key personnel in the sourcing team are well documented in their Job Descriptions. The MR who heads the sourcing team has overall responsibility on determining strategy to respond to identified risks, planning and follow up. As mentioned above, three of the team members have been exposed to on the ground assessment carried out by ITSCI. One of them also participated in an on the ground assessment of a LSM with a 3rd party assessor in DRC in 2020. The valuable experience gained has brought about greater professionalism in the work carried out by the sourcing team. The team members have also participated in webinars conducted by RMI and ITA.

MSC communicates with its suppliers on almost routine basis given the nature of its business. Request for information or data from suppliers are either via email, virtual meeting or phone calls and this includes information about risk and what is expected of them. The same medium is used when communicating the same to staff or senior management and important decisions are confirmed in writing.

2.3 Grievance or Whistleblowing Procedure

At MSC we are dedicated to maintaining open and transparent channels for reporting grievances or whistleblowing. The grievance procedure provides an avenue for reporting issues related to sourcing. Please refer to MSC Grievance Procedure for full details at www.msmelt.com/grievance-mechanism.php.

MSC is also member of other external organisations and initiatives which provide relevant mechanisms, including:

- *ITA's Tin Code*: https://www.internationaltin.org/wp-content/uploads/2021/03/210529-ITA-Tin-Code-Resolution-Procedure_v1.pdf
- *ITSCI*: <https://www.itsci.org/contact/>

2.4 Information Gathering from Suppliers for Red Flag Review

MSC has a procedure to evaluate the plausibility of a mineral's stated origin and to assess red flags in accordance with Step 2A of the ITA-RMI Joint Assessment Criteria for Tin Smelters v2 (25 March 2021). It relies on the Company's List of CAHRA, and information gathered through other due diligence processes including on countries of mineral origin, transport and transit and relevant supplier activities and influence for all primary material.

We maintain an up-to-date list of our immediate suppliers, which includes those providing, and potentially providing, minerals and materials relevant to our operations.

We are working towards requesting all of the below information from all immediate suppliers and others we know in the supply chain:

Detailed information on the chemical composition and form of the minerals and materials.

- Country of origin and the supplier as relevant.
- Information on the transit or transport routes used to deliver to our smelter.
- Data about the weights and date of shipment of mineral and materials.
- Declarations regarding beneficial ownership and sanctions checks.
- Our supplier's Conflict-Affected and High-Risk Areas (CAHRA) list and their related locations and activities

We request information from our immediate suppliers through clauses embedded in the contract and urge those suppliers to work with others up the supply chain to share information. Nevertheless, we have challenges in collecting all the information.

We make continual efforts to increase the extent of our information on our supply chain for red flag review and we have complete documentation for red flag review for 90% of our minerals and sufficient information on the remaining 10% to assess origin and transport routes. We have been able to collect company information on 90% of our suppliers, while continuing efforts to increase engagement/responses for all relevant suppliers. The ultimate beneficiary of 13% of non-Malaysian (International) minerals supply information was not obtained and this percentage did not involve mineral supply from CAHRAs.

2.5 Chain of Custody or Traceability System Description

We have implemented a robust chain of custody and traceability system to identify locations and operators to the mine of origin when sourcing from CAHRA. This is well document when using an upstream joint initiative mechanism like ITSCI in DRC and Rwanda and the adjoining countries. We use our best endeavour when sourcing from other CAHRA where there is absence of an upstream mechanism but note that there were no minerals from other CAHRA during the reporting period.

Our system utilizes unique identifiers to record the locations and operators along the mineral supply chain, from the point of origin to the export, and documents on to the smelter. The ITSCI website describes how ITSCI supports local traceability in region; Once a mine is identified and approved, traceability is implemented by the relevant government agents. ITSCI issues tags to those government agents for use at the approved sites, and the agents record relevant data associated with each bag of mineral as the tags are applied. The agents are regularly on site and are responsible for assuring the source of minerals tagged. Similar data recording takes place at processor and exporter locations and all data is transmitted, either by internet or phone network to the ITSCI data centre where it is verified and checked for errors and anomalies. ITSCI field teams support the government by training agents and following up on any potential issues of fraud or other challenges.

Each mineral shipment is assigned a unique tracking code at the time of export from the ITSCI supported country, allowing its journey to the smelter to be monitored. Once MSC receives minerals through this system we will report the receipt to ITSCI. We will then request from ITSCI the information that we need on the full supply chain back to the mines. At MSC, third-party surveyors will also help to independently verify which physical tags we received.

This system provides us with the information needed from mines, local traders and exporters for further risk assessment on our minerals from CAHRA. This includes for example the locations where minerals are mined, consolidated, processed and upgraded as mentioned in OECD Step 1C1.

We aim to refer to the Extractive Industries Transparency Initiative (EITI) information available on actors in our supply chain when they publish company reports for example in DRC, the most current reported time⁵is from 2021.

A description of the externally operated systems we utilize is published in Joint Initiative website which are publicly available: (<https://www.itsci.org/info/>).

2.6 Statement on EITI Principles and Reporting

MSC is committed to supporting the 12 general principles and implementation of the Extractive Industries Transparency Initiative (EITI), recognizing the importance of transparency and accountability in the natural resource sector.

⁵ See <https://eiti.org/documents/democratic-republic-congo-2020-2021-eiti-report>

While MSC PI as a smelter is not in scope of formal EITI reporting, and is not located in an EITI implementing country, nevertheless we ensure that all relevant taxes, fees and/or royalties are paid to our government.

When sourcing from CAHRA, we take additional steps to evaluate and encourage EITI implementation in our supply chain by understanding which CAHRA are also EITI implementing countries. When sourcing from large scale mining companies in scope of EITI reporting, we ask those suppliers to provide evidence of fulfilling those requirements. In the relevant period MSC sourced from two CAHRA (DRC and Rwanda) of which it identified the DRC as an EITI implementing country. MSC did source material from a large-scale supplier in the DRC in scope of EITI reporting during the said period.

3.0 Risk Assessment

3.1 Assessment of Red Flag Review

At MSC, our red flag review (RFR) process is integral to our commitment to responsible mineral sourcing. CAHRAs are determined through a comprehensive assessment and methodology that is updated annually and is based on the company's evaluation of countries covered by US Dodd Frank Section 1502, countries and areas associated with tin on the EU's indicative and non-exhaustive list of Conflict-Affected and High-Risk Areas and where we know of areas not in scope of those methodologies or that we consider to require a more localised assessment, we refer to credible information sources including supplier declarations, local information from the country, and publicly available data such as: Heidelberg Conflict Barometer, Fragile States Index's Human Rights and Rule of Law Indicator, and relevant sanctions lists including UN Security Council, EU, US, UK sanctions.

Information from our suppliers including beneficial ownership is recorded for evaluation through our KYC process.

Anomalies and plausibility of supplies are assessed through a multi-step process including request for clarification from suppliers as necessary on quantity of minerals delivered. In order to have a general understanding of tin production areas (to compare to the CAHRA), reference is made to reserves and production figures found in ITA website, as well as other ITA member data and data from ITSCI on exports:

- <https://www.internationaltin.org/tin-supply/>
- <https://www.itsci.org/mineral-tonnage-data/>

All the above is then evaluated for any red flags indicating any association with CAHRAs using our process. Our red flag review involves comparison of information available to us against various criteria.

The RFR outcome is reported to the Chief Operating Officer, who has overall responsibility for our due diligence process.

We assess and monitor supplier beneficial owners either entity or person for any associations with sanctions risks. We use both US and EU sanction lists.

In cases where gaps exist in the identification of beneficial owners with a share of 25% or above, we make efforts to obtain this information. Despite three follow up communications, we have not been able to

obtain all ultimate beneficial ownership information. Suppliers in DRC and Rwanda who are members of ITSCI have provided extensive ownership information to ITSCI which is summarised in member descriptions online.

Red flags are triggered when tin minerals originate from or have been transported via a conflict affected or high-risk area where there is a reasonable risk of mixing. Red flag will also be triggered when minerals are received from a country that has limited resources or if the amount supplied is beyond its plausible production level.

3.2 Record Keeping

We believe in meticulous record-keeping which is essential to maintaining transparency, accountability, and compliance in our mineral sourcing operations. We maintain electronic/physical records of receipts and suppliers in a centralized and secure database. Reviews, assessments, and decisions pertaining to our due diligence processes are also digitally recorded. Any red flag reviews, supplier assessments, risk evaluations, and mitigation decisions are also captured electronically.

Our record-keeping is primarily electronic, as it can be securely kept. Records related to receipts and suppliers are retained for a minimum of five years.

3.3 On-the-ground Assessments

As a member of ITA, we to subscribe to responsible sourcing from the early days. ITSCI became the first upstream mechanism system in central Africa hence MSC was quick to use ITSCI given its expertise and knowledge to carry out on-the-ground assessments to gather essential information from CAHRA (Conflict-Affected and High-Risk Areas) supply areas in DRC and Rwanda.

The on-the-ground team comprises experienced professionals, including geologists, compliance experts, and community liaison officers. They possess the necessary skills and independence as in the Joint Initiative program.

As explained on the ITSCI website, the on the ground teams perform many activities including the following:

ITSCI supports all stakeholders in the practical implementation of the theoretical recommendations of the OECD Due Diligence Guidance. We provide advice to companies and authorities daily regarding policies, procedures, assessments, risk management and reporting, and organise official training events for different stakeholder groups, including the local committees and high-level officials.

Our field staff get to know their local area and work with local authorities, landowners and mining communities to identify new mine sites. They then visit to check expected production levels, security and other conditions, and report to ITSCI management. If conditions are acceptable the sites are integrated into the traceability and monitoring system. These initial mine baseline reports are updated as necessary as the mine begins to produce and circumstance change, and since our field teams use the same transport routes to reach the mines they can look out for illegal activity on their travels. Information on individual mine location and production is not made public since that is commercially valuable information that can affect price and competition. In the DRC,

we participate in the official one-off ‘validation’ missions when they occur but do not use these as the sole basis for integrating sites.

ITSCI aims to have information on every aspect of trade in the upstream supply chain on a continual basis, not just through occasional audit. We have many sources of information at the local and international level and use this information to identify plausible allegations of risks associated either with breach of ITSCI procedures and/or risks that relate to OECD Annex II. Our incident reporting team gather reports most commonly from field staff and members companies, evaluate their level of seriousness, and ensure that the risk is reasonably plausible before recording it for further action. ITSCI communicates the most serious incidents to our member companies as soon as sufficient information is available to suggest a real risk.

Once a plausible risk has been identified, the stakeholders that are implicated are contacted for their input and reaction. Following receipt of additional information and clarification over a period, the ITSCI reporting team summarise events according to all available information, suggest actions for different parties to resolve risks, and follow up to report on whether those action have been successfully completed. Of course, all companies are ultimately responsible for decisions on risks and whether they continue to purchase minerals affected, but in most cases the actions suggested by ITSCI are considered appropriate.

In the same way as we involve community whistleblowers in risk reporting, we also involve local communities in risk resolution. ITSCI establishes and facilitates meetings of the stakeholders both close to the mining areas, as well as at country or province level. The aim of these meetings is to allow discussion of issues that arise, suggest, and participate in resolution of risks. These stakeholder meetings typically involve mining authorities, police, army and other agencies, civil society and companies.

The on-the-ground team plays a vital role in providing information that is useful for our risk assessment and management. As an ITSCI member MSC can contact ITSCI to clarify any points should we need to for our own due diligence.

3.4 Annex II Risk Assessment and Supply Chain Management Plan

Our risk assessment approach for minerals from CAHRA involves a review of potential risks in our supply chain. We analyze the likely presence and impact of Annex II risks against our supply chain policy based on information on risks from the recent period. We have carried out risk assessments for our Dodd Frank source countries, DRC and Rwanda.

Our risk assessments have identified high risks of *‘Direct or indirect support to public or private security forces who illegally – control, tax or extortion’* in the DRC.

Other risks exist and examples of those that have been classified as medium are:

- *Direct or indirect support to non-state armed groups through the extraction, transport, trade, handling or export of minerals – control, tax or extortion (DRC) (only in connection to armed bandits rather than non-state armed groups in Rwanda)*

- *Bribery to disguise the origin of minerals, to misrepresent payments to governments regarding minerals (DRC)*

Other risks to the supply chain are also identified;

- *Risk of minerals from unknown or unapproved source entering the supply chain*
- *Non-respect of tagging procedures or tag management*

Through ITSCI incident reporting we observe that action is taken to mitigate the risks mentioned above risks and agree with ITSCI recommendations.

We have also spoken to our suppliers about the potential risks and continue to seek their views about what they consider to be the likely risks.

4.0 Risk Management

4.1 Risk Management Strategy and Steps

MSC has a risk management strategy in place to ensure responsible mineral sourcing of its feed materials.

Risk assessments and identified risks are reported to the Chief Compliance Officer, who has overall responsibility for our due diligence process.

Our company strategy for risk management involves a dual approach of disengagement – unacceptable risks, - mitigation while temporarily disengaging, or mitigation while still buying. If risks are deemed too significant or unresolvable, we may disengage with the supplier until the supplier has taken sufficient measures to mitigate the risks.

When acting on risks, we communicate our concerns to immediate suppliers and request their engagement and feedback to their own suppliers. We may also communicate our concerns to the on the ground team and through them to other actors in the supply chain.

We support the performance of immediate suppliers in risk management through regular communication, guidance, and training which may be available to them if they are members of ITSCI. Locally affected stakeholders play a crucial role in our risk mitigation efforts. Our on the ground team engages with them through open dialogue, with the aim to actively address risks and concerns. Records of stakeholder meetings facilitated by ITSCI are available publicly and MSC also receives other information through direct reporting by ITSCI to members. If sanctions risks are identified related to the ownership of our supplier, we would report these to our relevant stakeholders including our planned response to that risk according to our risk management plan.

4.2 Tracking and Monitoring Progress

We maintain regular communication channels to assess the effectiveness of risk mitigation measures and to address any emerging challenges. ITSCI provides regular updates on the progress of mitigation through their incident reporting system which describes if the team's recommended actions are being adopted by relevant stakeholders and whether the risk has been successfully addressed.

ITSCI incidents are made public after the process is complete although as an ITSCI member MSC receives this information on a timely and regular basis via monthly and other reports.

5.0 Due Diligence Report

5.1 Annual Reporting Commitment

Our company report serves as a valuable resource, providing detailed information on all types of minerals and materials to our customers and downstream companies. We are committed to transparency in our sourcing activities.

5.2 Disclosure of Mine of Origin Information

Information regarding the mine of origin is typically confidential. This is primarily to protect sensitive information related to our suppliers and the specific locations of our sources. *However, the process for recording the origin as well as our due diligence process is validated through the assurance engagement of Envirosense.*

To ensure the integrity and validity of the recorded origin of mineral, we engage in a comprehensive assurance process. Independent third-party auditors conduct validation procedures to confirm the accuracy of our published mineral sources and CAHRA list as well as the confidential mine or origin recorded. We are open to discussion about sources with direct stakeholders with whom we have a supply contract on a confidential basis.

Through the joint initiative, ITSCI provides a data handling system to manage confidential data in an appropriate manner. Information can be released to member companies who can show a direct business relationship to the relevant supply chain. Downstream companies are also welcome as ITSCI members to receive general information on risks and mitigation measures undertaken by the on the ground team.



[Signature]

Wong Kin Nyap

Chief Operating Officer, Smelting

Malaysia Smelting Corporation Berhad

November 20, 2023