



PT. BABEL SURYA ALAM LESTARI

JL. MANGGAR TENGAH RT.016B/005 KELEKAK DATUK
DESA BADAU – KECAMATAN BADAU
KABUPATEN BELITUNG – PROVINSI KEP. BANGKA BELITUNG

STEP 5 DUE DILIGENCE REPORT

1. Company Information

PT. Babel Surya Alam Lestari was established in 2016. The company has a production operation mining business license (IUP OP) with a number 188.4/51/ESDM/DPMPSTSP/2020 at Badau, Belitung Regency.

The Smelting and refining plant is located at Badau, Belitung regency. The company processes tin products whose tin ore comes from its own mine. In 2018, PT. Babel Surya Alam Lestari established a Conflict Free Minerals Policy that was audited and considered compliant with the Conflict-free Smelter Process Standard. PT. Babel Surya Alam Lestari now adheres to the revised version of this standard, the Responsible Minerals Initiative/Responsible Minerals Assurance Process. The company RMI ID number is CID001406.

This report covers our activities from January 1st, 2022 to December 31st 2022. PT Babel Surya Alam Lestari has been audited by SCS Global Standard and declared as conformant smelter.

2. Company Supply Chain Policy

To state our commitment to avoid the use of conflict minerals, PT. Babel Surya Alam Lestari is committed to the responsible sourcing of "conflict minerals" throughout our supply chain and continuing to conform with OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and regulations surrounding "conflict minerals".

3. Company Management System

Management system to support supply chain due diligence:

PT. Babel Surya Alam Lestari implements due diligence as a continual, ongoing process. To support supply chain due diligence, PT. Babel Surya Alam Lestari 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 once a year for key staff from all relevant departments required in due diligence program. If there is any mid-year updates or changes to the program, the company conducts additional training as necessary.

PT. Babel Surya Alam Lestari is a company that operates its own mine and smelting plant. The tin ores processed at the PT. Babel Surya Alam Lestari smelter are coming from the mine process carried out by the company itself (mining business license of production operation - IUP OP with a number 188.4/51/ESDM/DPMPSTSP/2020) at Badau, Belitung Regency, classified as conflict free.



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PT. Babel Surya Alam Lestari fully controls mine production, shipments from mine to smelter, and all processes up to tin ingot production. The company is not yet compatible with other producers of tin sand, or tin sand from other countries except from companies that mentioned above.

PT. Babel Surya Alam Lestari uses smelter lot numbers to indicate where the tin ore comes from. If data discrepancies are found, it will be reviewed by the management team and followed up.

4. Risk Identification

As part of the requirements of the Responsible Minerals Assurance Process (RMAP) and in-line with the OECD Due Diligence Guidance, PT. Babel Surya Alam Lestari stated that the tin ores processed at the PT. Babel Surya Alam Lestari smelter are coming from the mine process carried out by the company itself (mining business license of production operation - IUP OP with a number 188.4/51/ESDM/DPMPSTP/2020) at Badau, Belitung Regency, classified as conflict free.

In accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, PT. Babel Surya Alam Lestari 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 or compulsory labour; worst forms of child labour; 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.
- Money laundering.
- Non-payment of taxes, fees and royalties to governments.

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

PT. Babel Surya Alam Lestari 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. Babel Surya Alam Lestari has implemented a procedure for identification of CAHRA and risk mitigation for contributing to violent conflicts and serious human abuse. The PT. Babel Surya Alam Lestari's CAHRA Identification Procedure consist of two steps:

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

PT. Babel Surya Alam Lestari is currently using 5 internationally recognized resources for identifying countries with suspected CAHRA which recommended by RMI-RMAP from <http://www.responsiblemineralsinitiative.org/minerals-due-diligence/risk-management/conflict-affected-and-high-risk-areas/> :

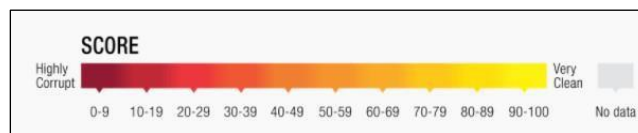
- Global Peace Index (identification based on conflict issues)
The Global Peace Index (GPI) measures more than just the presence or absence of war. It captures the absence of violence or the fear of violence across three domains: Safety and Security, Ongoing Conflict, and Militarisation. Both the Ongoing Conflict and Safety and Security domains recorded deteriorations, with only the Militarisation domain recording an improvement. In 2022, Indonesia has a global average score equals to 1.8 out of 5. It ranks number 47 out of 163 countries and in the High state of peace defined by Global Peace Index.



Source: Global Peace Index 2022

PT. Babel Surya Alam Lestari determines if a country very low category, it will be stated as **High-Risk Sourcing**.

- Corruption Perception Index (identification based on governance issues)
The CPI aggregates data from a several different sources that provide perceptions among business people and country experts of the level of corruption in the public sector. CPI standardizes data sources to a scale of 0-100. This standardization is done by subtracting the mean of each source in the baseline year from each country score, then dividing by the standard deviation of that source in the baseline year. This subtraction and division using the baseline year parameters ensure that the CPI scores are comparable year on year since 2012. After this procedure, the standardized scores are transformed to the CPI scale by multiplying them with the value of the CPI standard deviation in 2012 (20) and adding the mean of the CPI in 2012 (45), so that the dataset fits the CPI's 0-100 scale. In 2021, Indonesia has score equals to 38.



Source: Corruption Perception Index 2021

PT. Babel Surya Alam Lestari Determines if a country has a score under 20, it will be stated as a **High-Risk Sourcing**.

- United Nations Developments Program – International Human Development Indicators (identification based on human rights issues)
Human Development Index (HDI) is a composite index measuring average achievement in three basic dimensions of human development – a long and healthy life, knowledge, and decent standard of living. Based on Human Development Report 2021, there are 4 groups of Human Development:



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1. Very high human development
2. High human development
3. Medium human development
4. Low human development.

In 2021, Indonesia has score equals to 0.7 or in the High Human Development category. PT. Babel Surya Alam Lestari Determines if a country is in the low human development category, it will be stated as **High-Risk Sourcing**.

- 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 EU policies on conflict prevention and development. Regarding to, Regulation (EU) 2017/821 it 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 in the OECD guideline. The list of CAHRAs as of 2021 are:

1. Afghanistan
2. Burkina Faso
3. Burundi
4. Cameroon
5. Central African Republic
6. Chad
7. Colombia
8. Democratic Republic of the Congo
9. Egypt
10. Eritrea
11. Ethiopia
12. India
13. Libya
14. Mali
15. Mexico
16. Mozambique
18. Myanmar
19. Niger
20. Pakistan
21. Philippines
22. Somalia
23. South Sudan
24. Sudan
25. Turkey
26. Ukraine
27. Venezuela
28. Yemen
29. Zimbabwe



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PT. Babel Surya Alam Lestari determines that sourcing from those 29 countries will be considered as **High-Risk Sourcing**.

➤ **Dodd Frank Act**

United States Dodd Frank Act section 1502 requires listed companies to disclose whether they use “conflict minerals” (tin, tungsten, tantalum and gold) and whether those minerals originate in the Democratic Republic of the Congo (DRC) or its adjoining countries.

PT. Babel Surya Alam Lestari determines that sourcing from the Democratic Republic of the Congo and or its adjoining countries as **High-Risk Sourcing**.

PT. Babel Surya Alam Lestari determines that if only 1 of the mentioned criteria result in high-risk findings, the status will be considered as High-Risk Sourcing and identification process will continue to step 2 that is CAHRA identification using resources. If 2 or even 3 of the 3 criteria result in high-risk findings, then the area will be considered CAHRA. PT. Babel Surya Alam Lestari wouldn't supply its material sources from CAHRA. The included procedure is used to review a new supply chain if the current supply chain is from PT. Babel Surya Alam Lestari itself no longer sufficient, cannot produce anymore or no longer economical.

2) CAHRA identification using resources.

In addition to PT. Babel Surya Alam Lestari's standard process for Supplier Selection and Qualification (evaluating/ selecting supplier per ISO standard), due to the additional risk related to responsible sourcing of tin ore further reviews and documentation are included in the selection of prospective new suppliers of tin ore. All supplier of tin ore is required to complete an extended supplier form as well as sign a supplier declaration stating that any material sold to PT. Babel Surya Alam Lestari is sourced according to PT. Babel Surya Alam Lestari Supplier Policy, and Code of Product, and Responsible Sourcing Policy and will cooperate with requests for additional information on the origin of the product sold to PT. Babel Surya Alam Lestari. The format of all the documents needed will be created when the CAHRA procedure can be implemented.

Based on the information provided above, PT. Babel Surya Alam Lestari perform a check of all suppliers on national and international sanctioned parties and denied person lists through SAP Global Trade Services (GTS) compliance system. This screening covers official lists of the US, EU, Germany and other countries as updated from time to time. These measures provide additional assurances the PT. Babel Surya Alam Lestari business partners are not affiliated with terrorists, narcotics traffickers or other illegal groups or persons of concern. The countries exist on the list of SAP Global Trade Services will be stated as CAHRA.

Risk Assessment and Risk Management

Since PT. Babel Surya Alam Lestari supplies tin ore from its own mines and other mines from Indonesia, there are no risks associated with CAHRA. But if in the future PT. Babel Surya Alam Lestari supplies tin ore from other suppliers from other countries and risks are found, PT. Babel Surya Alam Lestari will identify and follow up according to the rules and suggestions from RMI Organization.



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Grievance Mechanism

PT. Babel Surya Alam Lestari is invited any interested party to voice his/her concern related to any negative impacts from our company's operation, conflict minerals, supply chain risks etc to our grievance channel as follows:

1. PT. Babel Surya Alam Lestari RMAP Senior Manager: +6219 9538 3360
2. PT. Babel Surya Alam Lestari Email: babelsuryaalamlestari@gmail.com
3. Grievance mechanism is designed for internal or external stakeholders to report concern, issues on PT. Babel Surya Alam Lestari supply chain, production and other circumstances which violate company policies, standard procedure, principles and other regulation.

This Policy and Procedure is effective since January 1st, 2022 and will be reviewed annually.

Director



Rudy Sumarli