
DUE DILIGENCE
REPORT

2022

RESPONSIBLE
MINERALS
ASSURANCE
PROCESS





ABOUT THE
COMPANY

MINSUR IS A COMPANY THAT IS SEEKING TO IMPROVE PEOPLE'S LIVES BY TRANSFORMING MINERALS INTO WELLBEING.

Minsur S.A. is a Peruvian mining company with 45 years of operational experience in the mining sector. The company's CID number is CID001182.

In 2021 Minsur became the 2nd biggest tin producer in the world, exploiting both its San Rafael mine located in Peru's Melgar Province, Puno and its Pitinga mine located in Brazil, Amazonas (through its subsidiary Mineração Taboca).

SAN RAFAEL MINING UNIT

This is the main tin mine in the western hemisphere and a major contributor of resources in the Puno region. San Rafael MU complements its mining operations with the B2 Tailings Reuse plant (B2 Plant). It allows the recovery of tailings with tin content that come from the mine's earlier operations.



LOCATION
Melgar province, Puno, Peru

START OF OPERATIONS
1977

ESTIMATED LIFE OF MINE
8.1 years

TYPE OF OPERATION
Underground tin mine.

PROCESSES
Concentration and flotation

AVERAGE ORE GRADE 2021
(PROCESSING):
2.08%

PRODUCTION IN 2021
21,992
tons of tin

CERTIFICATIONS
ISO 14001
ISO 9001
ISO 45001

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B2 TAILINGS REUSE

LOCATION
Melgar province, Puno (Peru)

MINERAL
Concentrated tin

AVERAGE TIN GRADE 2021
(PROCESSING):
0.85%

PRODUCTION IN 2021
5,004
tons of tin

SPR PISCO

The Smelting Plant and Refinery (SPR) of Pisco, the final operational arm of our tin line in Peru, is one of the world's first operations using the submerged lance technology to process tin concentrate. Through this process, it achieves high cost and production-time efficiency, and as a result we have an average purity of 99,95% and world-class tin-based alloys.

In 2021, Pisco reached a record achieving the highest concentrate processing rate in the last 14 years (7,075 tons per month). About 23% of concentrate fed to the furnace came from the new B2 plant, located in San Rafael. Furthermore, we had clear productivity enhancements, derived from the Lean methodologies applied within the framework of our "Lingo" project.

LOCATION
Pisco province, Ica (Peru)

START OF OPERATIONS
1996

TYPE OF OPERATION
6 years

TYPE OF OPERATION
Tin smelting and refining

PROCESSE
Submerged lance smelting furnace

AVERAGE GRADE OF FED TIN CONCENTRATE IN 2021
39.2%

PRODUCTION IN 2021

25,947
tons of tin

CERTIFICATIONS
**ISO 14001
ISO 9001
ISO 45001
RMAP
BASC**



Further information regarding company operations and subsidiaries may be found in its published Sustainability Report 2021 which may be reviewed in the following link:

[**MINSUR SUSTAINABILITY REPORT 2021**](#)



RMAP ASSESSMENT SUMMARY

Minsur S.A.'s Pisco Smelting plant has undergone a RMAP assessment in October 2021. The assessment was conducted by SCS Global Services. Based on the audit's findings and the RMI's quality control review process, Minsur S.A. is conformant with the Assessment Standard for Tin. The next assessment should take place on or before the 20th of October 2024.



POLICY FOR RESPONSIBLE SUPPLY CHAIN OF MINERALS

Currently Minsur does not source minerals from third parties since the concentrate comes entirely from the company’s mines in Peru and Brazil. However, should this situation change, we have implemented a group of policies and processes that ensure a responsible and conflict-free supply.

During the year, Minsur S.A. updated its responsible supply chain of minerals policy to integrate the requirements related to anti-corruption and bribery, fraudulent misrepresentation of origin, money laundering, and payment of taxes, fees, and royalties due to governments.

This policy is aligned with other internal policies, such as our code of ethics and conduct for suppliers, human rights policy, anti-corruption and anti-bribery policy and the policy for the prevention of money laundering and the financing of terrorism; as well as with international standards on these

matters, including the “Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-affected and High-risk Areas – Supplement on Tin, Tantalum and Tungsten” of the Organization for Economic Cooperation and Development (OECD).

The policy has been disseminated through Minsur’s website at the following link: <https://www.minsur.com/wp-content/uploads/cadena-suministro-responsable-de-minerales.pdf>

The company is currently translating the policy into other languages and is in the process of communicating this policy and providing training for all levels of the organization.

Other complementary policies can be found at the following link: www.minsur.com/quienes-somos/politicas-empresariales/?lang=en

RESPONSIBLE SUPPLY CHAIN POLICY - 2022

SUBJECT	CORPORATE POLICIES	UPDATE
Ethics and governance	Code of Ethics and Conduct	2020
	Corporate Sustainability policy	2020
	Corporate Human Rights policy	2019
	Corporate Compliance policy	2020
	Corporate anti-corruption and anti-bribery policy	2020
	Policy for the Prevention of Money laundering (MLFT)	2020
	Corporate Risk policy	2020
	Corporate Fiscal policy	2021
	Information Security policy	2021
	Occupational Health and Safety policy	2021
Health and Safety		
	Social	
	Corporate Social Management policy	2020
	Policy on indigenous peoples	2020
	Local Employment policy	
	Social management standard for expansion projects	
Employment	Human Resources Policy	2020
Operations	Policy of Geotechnical Management in critical facilities	2019
Environmental	Environmental policy	2021
	Climate change policy	2019
	Environmental and closure policy	2016
	Policy of Excellence in water management	2019
Supplier management	Code of Ethics and conduct for suppliers	2020
	Responsible supply chain of minerals policy	2022
	Corporate procurement policy	2021

COMPANY MANAGEMENT SYSTEMS

The responsible supply chain of minerals policy is incorporated into our management through a due diligence system, which establishes clear roles, responsibilities, procedures for risk identification and assessment, implementation of controls and grievance mechanisms, and capacity building, among others.

MANAGEMENT STRUCTURE

Minsur S.A is led by Mr. Juan Luis Kruger, who has served as its Chief Executive Officer since March 15, 2013. Mr. Kruger has over 20 years of diverse experience having served in senior management positions in multinational companies in the mining, finance, telecommunications and consumer goods industries in several countries of South America. He also has experience as a consultant in strategic management at McKinsey and was a former Executive Vice President of Gold Fields Ltd. for South America and General Manager of Gold Fields la Cima S.A.A. Prior to that, Mr. Kruger was the CEO of LAN Perú S.A. and CFO of Glencore’s regional operations. He graduated from the Business Administration School from the Universidad del Pacifico, Peru and holds a Master’s Degree in Business Administration from Harvard University, USA.

CORPORATE STRUCTURE:

Our CEO is assisted in the implementation of our corporate strategy and oversight of operations by an Executive Committee (Exco), formed by eight high level management members including the Audits Director.

EXECUTIVE COMMITTEE

General Manager	Juan Luis Kruger Sayán
Project Manager	Yuri Alfredo Gallo Mendoza
Chief Operations Officer	Alberto Cardenas Rodríguez
Director of Corporate Affairs and Sustainability	Gonzalo Quijandría Fernández
Chief Financial Officer	Joaquín Larrea Gubbins
Director of Logistics and IT	Ralph Alosilla-Velazco
Director of Human Resources	Álvaro Escalante Ruiz
Director of Internal Audit	Hik Park

STRUCTURE IN OPERATIONS

Operations Manager Peru	Alan Angles Arrué
Taboca Manager (Brazil)	Daniel Dos Santos
Marcobre Manager	Luis Argüelles
MU Manager – San Rafael	Fredy Gutiérrez Álvarez
MU Manager – Pucamarca	Helman Roberto Maldonado Cruzatty
MU Manager – Pisco:	Ivo Serkovic



COMPANY MANAGEMENT SYSTEMS

Roles and functions related to the responsible supply chain of minerals policy:

- The Corporates Affairs and Sustainability director, Gonzalo Quijandria is responsible for overseeing and updating Minsur’s responsible supply chain of minerals policy and its commitments.
- In the scenario where the company buys concentrate from a third party, the Compliance Officer will execute the CAHRAs verification (OTU-PRO-CO-03-04.01 CAHRAs Procedure), apply the due diligence established in the Corporate Compliance System and assess the associated risks. The company’s Commercial Manager will Submit the purchase recommendation to the CEO and/or Finance Director, after the different evaluations required in the Tin Concentrate Purchase Procedure OTU-PRO-CO-03-04.01 and the approval of the Compliance Officer.

- The CAHRA and identification process of the Puno Region will take place in a yearly manner if no major conflict occurs.
- The Contract Administrator conducts pre-assessment of the potential transport provider, including the search of international lists according to the supplier registration procedure, prior to awarding a contract.
- The Transport Manager implements the various controls established in the BASC control and safety management system and the transport procedures for concentrate and refined tin.
- Pisco Smelter and Refineries manager will be the person in charge of overseeing the adequate functioning of the due Dilligence Management System on a day-to-day basis.
- The company’s staff, especially Pisco Smelter and Refinery staff, will be trained twice a year in the due diligence management system.

MAIN COMMITTEES:

COMMITTEE	APPROACH
Executive Committee (EXCO)	Responsible of all strategic decisions of the company
Sustainability Committee	It supervises the sustainability strategy and the progress made against the 2030 Roadmap. It is also responsible for communicating sustainability performance.
Compliance and Human Rights Committee	It supervises the proper development of our Code of Ethics and Conduct, as well as compliance with the law and our internal policies.
Operational Risk Committee	It supervises risk identification and assessment, as well as the design and application of action plans that are proportional to the risk.
Crisis Management Committee	It defines action plans to address situations that may significantly affect our operations or reputation.
Health and Safety Committee	It supervises health and safety performance, as well as implementation of the 2030 Master Plan and the strengthening of a culture of prevention.
Social Management Committee	It aims at preventing social risks and implementing action plans and projects that allow us to ensure a positive relationship with the communities.
Environmental Committee	It supervises that environmental goals are met at the operational level, and the implementation of projects and continuous improvement plans.

COMPANY MANAGEMENT SYSTEMS

INTERNAL SYSTEMS OF CONTROL

During the last few months, Minsur has updated its due diligence management system. Among the changes made, it is important to highlight that the PURCHASE OF TIN CONCENTRATES PROCEDURE (OTU-PRO-CO-03.04) AND THE CONFLICT AND HIGH-RISK AREA VERIFICATION PROCEDURE (OTU-PRO-CO-03-04.01) have been strengthened to incorporate the "weak governance" criterion and the corresponding assessment thresholds.

In addition, an action plan has been drawn up to ensure the dissemination, training, and implementation of the updated procedure in 2022 and 2023.

Having effective grievance mechanisms in place is an essential part of our due diligence approach, as they ensure the company is warned of potential breaches of established standards of conduct in a timely manner and can act decisively to resolve

them. As part of Minsur’s ongoing improvement, it recently updated the registration categories of its integrity channel to make cases related to suppliers and contractors more visible.

The company has internal controls and procedures that are part of its management systems (ISO 9001, ISO 45001, and 14001 certified). These ensure the traceability and chain of custody of 100% of Minsur’s minerals: origin, transportation, reception, and final product.

RECORD KEEPING

Minsur S.A. requires that all records relating to the due diligence program are maintained for at least 5 years and that they be properly used and safely stored in the company’s online database. MVD Software is used for the management of all documentation.

Integrity Channel



Introduction	The Integrity Channel allows you to report conduct that may be illegal, unethical or in violation of professional standards, i.e. inconsistent with the company's Code of Ethics and Conduct. You can report your concerns using the reporting channels listed in the following section.
Reporting Channels	<p>1. Website To register a new concern, you can go to the following link: Register Concern If you wish to check the status of a concern, you can go to the following link: Consult Concern</p> <p>2. E-Mail box You can send an e-mail to the following address: minsur@canaldeintegridad.com</p> <p>3. Voicemail You can report your concern via voicemail 24 hours a day, 365 days a year by dialling option 2 to the following numbers: 0-800-1-8114 219-7104</p> <p>4. Call Centre A professional can be contacted directly Monday through Friday from 8:30 a.m. to 6:30 p.m. at the following numbers: 0-800-1-8114, company code 2009 219-7104, company code 2009</p> <p>5. Postal address You may provide copies of any information you wish to submit physically by sending it to the following address: Av. Victor Andres Belaunde 171, San Isidro, Lima 27, Lima-Peru; Recipient: Sr. Rafael Huaman Reference: Integrity Channel – Minsur</p> <p>6. Personal Interview You can have a personal interview to provide the information to Ernst & Young professionals, by contacting: Av. Victor Andres Belaunde 171, San Isidro, Lima 27, Lima – Peru; Ask for: Mr. Rafael Huaman From Monday to Friday from 8:30am to 6:30pm or, outside these hours by appointment.</p>

RISK IDENTIFICATION

As part of the Responsible Minerals recertification process and Minsur’s commitment to the principles of the International Council on Mining and Metals (ICMM), the company updated its procedure for identifying CAHRAs and assessing risks in its supply chain.

CAHRAS PROCEDURE:

The objective of the procedure is to allow the company to identify possibly affected and high-risk areas (CAHRAs) and this will apply to all cassiterite providers (including origin and transit routes for all primary material and the identification of any conflict-affected and high-risk areas in their supply chains).

The Compliance Officer will assess whether the country/area of origin, the transit route, or the operations of third parties occur in a conflict or high-risk area. To do so, he/she will search the Dodd Frank Act and EU CAHRA lists and if the country is named, it will be considered a CAHRA.

The procedure includes the scope, resources used, the criteria to define a “conflict affected and high-risk area” and the criteria to identify red flags in our supply chain, as well as the responsibility of the Compliance Officer. The company will use the following resources to determine CAHRAs:

CRITERIA	RESOURCES	THRESHOLD
1. Level of conflict	Heidelberg Conflict Barometer: detecting the presence of armed conflict and generalized violence Heidelberg data: https://hiik.de	A region is classified as a CAHRA if it has a sub-national ranking of 3 or higher (mine or transit origin). If a country is considered a CAHRA due to a national classification above 3, the Compliance Officer will assess it at the sub-national level to identify whether the conflict is related to the tin mining sector. If that assumption is found to be true, the location will be considered a CAHRA.
2. Human Rights	Fragile States Index of Human Rights and Rule of Law Indicator: detects risks of human rights abuse https://fragilestatesindex.org/	The country or region is classified as a CAHRA if it scores 8 or more for the Human Rights and Rule of Law (HR) indicator. The review will be conducted at the country level only.
3. Weak governance	Corruption Perceptions Index: refers to the perceived level of corruption in the country. https://www.transparency.org	The country or region is classified as a CAHRA if it scores below 50 in the Corruption Perceptions Index published annually by Transparency International (this refers to the score, not the position in the ranking). The review will be conducted at the country level only.

If any of the three criteria considered exceeds the established threshold, it will be considered a CAHRA area.

RISK IDENTIFICATION

RISK ASSESSMENT

For red flag cases, with inconsistencies or discrepancies identified, the Compliance Officer will use complementary sources of information to determine the risk level of the transaction. This includes, among others:

- Apply the due diligence provided in the framework of the Manual for the Prevention of Money Laundering and Terrorist Financing (among others: review the beneficial owners, rule out person in relevant international sanction lists, apply the tool “cumplo 360”, among others).
- Apply the evaluations identified in the framework of the BASC Control and Security Management System, when applicable.
- Check the local CAHRA context (e.g. using industry reports, publications from specialized organizations, information from counterparts, etc.).
- Other measures as deemed necessary.
- This assessment may be carried out directly by Minsur or by a specialized third party. If deemed appropriate, it may include an on-site assessment.

RISK MITIGATION

After assessing the identified risks and controls, the company has defined three possible mitigation strategies:

1. Continue with the next stages of the business process if the risk is mitigated.
2. Do not continue the business relationship if it is determined that the risk is not managed.
3. If a contract is already in place and medium or low risk observations are identified, the company will be given 6 months to develop appropriate controls and measures to address the identified risks. The business or logistics area will monitor progress over time, document these efforts and report to the Compliance Officer.
4. If serious human rights violations have been identified, the ongoing contract should be cancelled and appropriate remediation measures implemented.

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