

**LBMA RSG Compliance Report
(2023)
For
YUNNAN COPPER CORPORATION LTD.**

March 19, 2024

Table of Contents

1. Introduction

2. Company Profile

3. Summary of Compliance Activities

- **Step 1: Establishment of Strong Supply Chain Management Management System**
- **Step 2: Risk Identification and Assessment on Supply Chain**
- **Step 3: Strategy Design and Implementation in Response to Risk Identification**
- **Step 4: To Plan an independent Third-party Audit of Refiner's Due Diligence Practice**
- **Step 5: Annual Report on Supply Chain Due Diligence**

4. Forced labor

5. Conclusion on Management

6. Contact information

1. Introduction

The LBMA Responsible Silver Guide (LBMA RSG V1) is the LBMA's guidelines which developed in accordance with the Organization for Economic Co-operation and Development (OECD) Guidelines on Responsible Supply Chain Due Diligence for Ores from conflict-affected and high-risk Regions. Conduct high standards of due diligence on suppliers to address supply chain risks such as war, widespread human rights violations, money laundering or terrorism, improve business management, establish reliable supply chains, and protect business operations from supply chain risks. This report summarizes how Yunnan Copper Co., Ltd. (hereinafter referred to as Yunnan Copper Co., Ltd or YCC) has complied with the requirements of LBMA RSG V1 during the reporting period.

Name of Company	Yunnan Copper Co., Ltd.
Address	Kunming, Yunnan, P.R. China
Reporting period	01/01/2023 -31/12/2023
Contact person	Shi Chunke
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2. Company Profile

Yunnan Copper Co., Ltd was listed in Shenzhen Stock Exchange in 1998. The former of YCC was Yunnan Smelter which was approved and built during the 1st

Five-Year Plan period 1958. YCC manages 6 copper mines and 6 copper smelters, and YCC industry chain engages mainly in mining, ore-dressing, smelting and etc. It is the core listed company under Chinalco Group and China Copper for copper business (Stock Name: Yunnan Copper Co., Ltd; Stock Code: 000878). YCC has registered capital of RMB 2.004 billion, total assets of RMB 39.38billion, net assets of RMB 13.909 billion, operating revenue of RMB146.985 billion, and 8746 employees in 2023.

YCC's major products include copper cathode, gold and silver. It can also recover various rare and precious metals, such as Se, Te, Pt, Pd, In, Re and so on. With strict quality control, all major products are organized and produced strictly according to international standard ISO9001 Quality Management System. Among them, "Tie Feng" Brand of Copper Cathode has been registered and dealt in Shanghai Metals Exchange (SME) and London Metals Exchange (LME). "Tie Feng" Brand of Gold Ingot has been registered and dealt in Shanghai Gold Exchange (SGE). "Tie Feng" Brand of Silver Ingot has been registered and dealt in LBMA.

Up to now, smelting block has achieved annual production capacities: 85,000 tons of copper in Cu concentrate, 1,300,000 tons of high purity copper cathode, 5,000,000 tons of industrial sulfuric acid, 18 tons of gold and 1,300 tons of silver. The smelting production capacity ranks in the forefront of the domestic copper industry.

YCC already got ISO9001 certification of quality management system and

ISO14001 certification of environment management system, the production and processing authorization includes cathode copper, gold, silver, and sulfuric acid. In addition, YCC also got ISO45001 certification of occupational health and safety management system.

The sourced silver bearing materials include copper concentrate, copper matte, blister copper, anode copper, anode mud and so on.

3. Summary of Compliance Activities

Step 1: Establishment of Strong Supply Chain Management System

Statement of compliance:The whole year until December 31, 2023, We had basically met the requirements of the first step: to revise and improve the supply chain management system.

The Company revised and published the Implementation Rules of Responsible Mineral Supply Chain Management of Yunnan Copper Co., Ltd. as the due diligence management policy of Yunnan Copper Co., Ltd. On April 27, 2022. (https://zlwebsite.chinalco.com.cn/preview/ynty/xxzx/gsyyp/202304/t20230420_109885.html?randid=0.7067599248003126&sign=ABZ0cnNfd2NtX3ByZXZpZXdfYWNjZXNzAAAH5wAAAAMAAAAUAAAAEQAAABoAAABb).

On February 7, 2024, the Mineral Supply Chain Due Diligence Management Policy and Commitment was updated and released on the company's external network.

(https://ynty.chinalco.com.cn/tzzgx/tzzfw/202402/t20240207_121930.html) 。

In December 2023, the Mineral Supply Chain Due Diligence Management Manual was updated and formulated according to the Implementation Rules. Apart from this, 《Yunnan Copper Co., Ltd Responsible Mineral Supply Chain Questionnaire》, 《Letter to Suppliers》, 《Yunnan Copper Co., Ltd Due Diligence List》, 《LME/LBMA Supply Chain Evaluation Form》, 《High-risk Supply Chain Identification Record Form and List of High-risk Countries》, 《Yunnan Copper Co., Ltd High-risk Supply Chain Strengthening Due Diligence Resurvey Form》, 《Field Evaluation Form》, 《Yunnan Copper Co., Ltd Suppliers or Interests Related parties Responsible Supply Chain Management Complaint Handling Process》, 《Yunnan Copper Co., Ltd Responsible Mineral Supply Chain Management Complaint Handling Record Form》, 《High Risk Warning Signal Identification Form》 etc. with a total of 18 attachments are used as auxiliary policy management tools have been updated.

Internal management organization structure: The company policy stipulates the organizational structure of supply chain due diligence management, stipulates that the deputy general manager in charge of marketing is the top management of supply chain, the compliance risk control specialist is set in the marketing settlement Department of the company, and the compliance specialist of production enterprise and raw material business is set in the Southwest Copper Branch of the production enterprise. In the marketing enterprise, China Copper International Trade Group Company has set up marketing business compliance specialists, imported raw materials compliance

specialists and domestic raw materials compliance specialists.

The main responsibilities:

1) The supply chain management policy and related documents were passed on to the supplier in the form of 《The Letter to the Supplier》 and 《The Due Diligence Questionnaire》, meanwhile the supplier responded. We also use phone calls, emails and visits to suppliers to educate them about the company's supply chain management requirements.

2) From 2021, we tried our best to add supply chain management requirements in the contract terms, but due to the supplier's strong position in the market, this work has only been made partial progress, some clauses such as sanctions, money laundering, and anti-corruption have been written into the contract. From January 2024, new contracts signed by suppliers in China have been added responsible procurement clauses.

3) Before the cooperation with suppliers, according to the company's customer management measures, the raw material procurement department conducts access investigation and annual evaluation of suppliers, including comprehensive credit investigation, supply capacity investigation, supply chain investigation, etc., to comprehensively understand and evaluate suppliers.

Cooperation with suppliers: In order to ensure the security of the supply chain, we maintain long-term co-operation with our suppliers by signing annual long-term order contracts or spot purchase contracts. The total number of suppliers purchasing silver-containing materials during the assessment period

was **, of which ** were domestic suppliers and ** were foreign suppliers. According to the investigation on the relevant situation of the suppliers, the suppliers meet the management requirements. At the same time, according to the company's management requirements, the materials are controlled by adopting the MES electronic system and paper documents, such as the materials provided by the suppliers and the incoming records for safekeeping, including waybills, quality certificates, certificates of origin, incoming records, data preservation, procurement contracts, customer information and other relevant traceability documents and materials.

Training: On 6 March 2023, the company participated in the "LME Responsible Sourcing Policy and China Mineral Supply Chain Due Diligence Management Guidelines Evaluation Project Briefing" organized by China Chamber of Commerce of Metals Minerals & Chemicals Importers & Exporters (CCCMC), and 5 people from the company participated in the training; From July 11 to 14, 2023, the company participated in the internal auditor training of mineral supply chain due diligence management enterprise organized by China Chamber of Commerce for Metals, Minerals and Chemicals Importers and Exporters, and 3 people of the company participated in the training; in addition, we organized mineral supply chain training, with 18 people related to supply chain management of the Company participating in the training.

The Complaint System: We have made 《the Complaint Handling Process for Supply Chain Management of the Suppliers or Stakeholders of Yunnan Copper

Co., Ltd》 and 《the Complaint and Processing Record Form for Mineral Supply Chain of Yunnan Copper Co., Ltd》.the supply chain management policies and annual compliance reports are available on the company website. Suppliers and stakeholders can submit feedback and opinion on supply chain risks, supply chain policy system and operation performance according to published contact information. Meanwhile, stakeholders can directly contact the business unit for feedback. Until now, no complaints have been received.

Step 2: Risk Identification and Assessment on Supply Chain

Statement of compliance: During the year ended 31 December 2023, we partially complied with Step 2: Identify and Assess Risks in the Supply Chain.

Refer to the following tools to identify and assess supply chain risks:

- A. Sanctions List (United Nations and related sanctions lists)
- B. 10 States for Section 1502 of the Dodd-Frank Act
- C. EU CAHRA list
- D. Heidelberg Barometer
- E. Financial Action Task Force (FATF) reports (including relevant country/territory reports)
- F. Fragile States Index or similar
- G. United Nations human rights reports
- H. United Nations Human Development Index

Results of internal assessment: We conducted risk assessment of each supplier through the above tools, supplier situation and transport route analysis and

other indicators, and formed the 《Statistical Table of High-Risk Warning Signals》. During the assessment period, domestic suppliers were not involved in high-risk matters, and foreign suppliers' origin, Mexico, was involved in the Global Conflict Barometer warning signals. After analyzing and identifying the causes of risks in the country of origin, no relevant risks were found in Mexican mines, and the vicinity of mines and transport routes were safe and smooth, and after investigating and understanding the matter through remote video conferencing and public information, mines of origin were not involved in high-risk items of war and other aspects, and therefore no high-risk matters were identified in the supply chain, and were identified as low. The Company has made plans to send staff to Mexico in early April 2024 to conduct an on-site assessment.

Step 3: Design and implement a strategy to address identified risks

Statement of compliance: As of 31 December 2023, we have fully complied with Step 3, Design and implement a mitigation strategy to address identified risks.

Risk Mitigation Measures: The Company has issued a Supply Chain Due Diligence Management Policy and Commitment has adopted different risk mitigation strategies based on different levels of risk, such as enhanced due diligence, submission of materials within six months, suspension of trading and termination of trading.

2022 Compliance Report Risk Mitigation: The 2022 Compliance Report involved four suppliers and three countries of origin in medium-risk matters,

which we assessed through remote video, telephone surveys, and public information enquiries and determined to be low risk, but due to the impossibility of carrying out on-site assessments, we took the approach of suspending the procurement of raw materials from the three countries of origin to eliminate the risk and to meet the regulatory requirements of the LBMA.

Step 4: Independent Third-Party Audit of Refinery Due Diligence Practices as Required:

Statement of Compliance: We are in full compliance with Step 4: Independent Third Party Audit of Refinery Due Diligence Practices.

We have conducted an internal assessment of our responsible mineral supply chain due diligence management for the reporting period, written an internal review report on 15 March 2024 and completed an annual management review report on 18 March 2024, in addition to entering into a service agreement with RCS Inc. to provide independent, third-party assurance of our compliance with the LBMA RSG V1 for the 2023 year.

Step 5: Annual Report on Supply Chain Due Diligence

Statement of Compliance: We are fully compliant with Step 5: Annual reporting on supply chain due diligence.

We have prepared a Yunnan Copper Compliance Report in accordance with LBMA RSG V1, reporting on the annual supply chain due diligence for the period 1 January - 31 December 2023, which will be made public on the company's website.

4. On forced labor

We have disseminated the policy against forced labor to all suppliers and sent out questionnaires against forced labor and commitment letters to all suppliers. All domestic suppliers have committed to not engaging in forced labor practices and opposing the use of forced labor, and some of the imported suppliers have given us feedback on their commitments, and those suppliers who have not committed to this policy have made commitments against forced labor on their official company websites, so we have not detected any forced labor practices in the company's supply chain. .

China has a complete system of labor laws, the government's labor law enforcement agencies crack down on infringement of employees' rights and interests and protect their legitimate rights and interests. The Company and its partner suppliers comply with the relevant laws of China to protect the rights and interests of employees from being infringed upon, and we have not found any cases of forced labor.

5. Management's conclusions

We established and improved our supply chain process control management system and continued to implement our due diligence management policy. We collected due diligence information, identified and assessed supply chain risks, designed a risk management strategy, conducted an internal review, arranged for an independent third party to assess supply chain due diligence and prepared a compliance report. As a result, we have complied with LBMA RSG V1

during the reporting period.

In the next phase of our work, we will build on the existing supply chain due diligence system and continue to improve it to make responsible supply chain management even better.

6. Contact information

Any question about this report, please contact us at +86 871 6312 4933 or by email yxjsb@chncopper.com.