

**RGG & RSG Compliance Report of Gold and Silver
(2022)**

For

YUNNAN COPPER CORPORATION LTD.

April 17, 2023

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1. Introduction

The LBMA Responsible Gold Guide (LBMA RGG) and the LBMA Responsible Silver Guide (LBMA RSG) are LBMA's guidelines on responsible supply chain due diligence for ores from conflict-affected and high-risk zones. 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 or YCC) has complied with the requirements of LBMA RGG and LBMA RSG in 2022.

Name of Company	Yunnan Copper Corporation Ltd.
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Reporting period	01/01/2022 -31/12/2022
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2. Company Profile

Yunnan Copper 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 8 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; Stock Code: 000878). In 2022 Year, YCC have registered capital of RMB 2.004 billion, total assets of RMB 39.965 billion, net assets of RMB 13.211 billion, operating revenue of RMB 134.915 billion, and 9041 employees.

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. The output of gold is 17.024 tons and silver is 648.049 tons in 2022.

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 gold and silver bearing materials include copper concentrate, copper matte, blister copper, anode copper, unrefined gold and high purity copper cathode.

3. Summary of Compliance Activities

Step 1: Establishment of Strong Supply Chain Management System

Declaration of compliance

For the year ended of December 31, 2022, we were partial in compliance with the requirements of Step 1: Modify and improve Supply Chain Management System.

According to the latest revision of LBMA, 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 Industry On April 27, 2022.

(https://zlwebsite.chinalco.com.cn/preview/ynty/xxzx/gsy/202304/t20230420_109885.html?randid=0.7067599248003126&sign=AB

Z0cnNfd2NtX3ByZXZpZXdfYWNjZXNzAAAH5wAAAAMAAAAUAAAAEQAAABoAA AAb).The due diligence management policy, of which the core framework is consistent with the LBMA RGG, LBMA RSG and OECD Due Diligence Guidance for Responsible Supply Chain of Minerals from Conflict-Affected and High-Risk

Areas (OECD Guidance). However, the content of the management policy of ESG is not comprehensive.

Internal management organization structure: Responsible for the Minerals Supply Chain Management Organization remains unchanged (hereinafter referred to as the "management organization") was established. The leaders in charge of marketing work acts as team leader of the management organization, and the members include: compliance risk control specialist from YCC; compliance specialist from manufacturing enterprise; compliance specialist from marketing company; compliance specialist for imported raw material; compliance specialist for domestic raw material; and raw material business compliance specialist. And Mr. Shi Chunke from the Marketing & Settlement department handles daily affairs as YCC compliance risk control specialist.

The main responsibilities:

- 1) To be fully responsible for all issues of the company's minerals supply chain;
- 2) To review YCC compliance report of gold and silver supply chain and other externally released reports;
- 3) To review results of due diligence and risk management strategies;
- 4) To supervise implementation of risk identification, risk assessment, risk control and risk mitigation measures for gold and silver supply chain;
- 5) To draft and update gold and silver supply chain management policies, and regularly train employees.

The responsibilities of the relevant departments in the gold and silver supply chain: the gold and silver materials purchasing department is responsible for conducting due diligence on domestic and foreign suppliers of gold and silver materials. The due diligence management policy includes: to carry out due diligence information collection, risk identification, risk assessment and classification, and risk mitigation strategies; to report major issues of compliance management of gold and silver supply chain to the compliance officer of the company; to promote and implement the company's gold and silver supply chain management policies and procedures to suppliers; to archive materials and documents during supplier due diligence. In addition, the due diligence management policy also defines the responsibilities of the Yunnan Copper's management departments, manufacturing enterprises, marketing companies, and raw materials salesman.

Supplier participation and transaction traceability: in accordance to LBMA RGG and LBMA RSG requirements, YCC informs the new suppliers of the company's supply chain management policy, and evaluate their supply chain accordingly before signing the trade agreement. As part of the ongoing due diligence, the gold and silver materials purchasing department continues to focus on the transaction risks, and conduct a continuous risk assessment after signing purchase contract. The company uses copper concentrate fire smelting process to produce electrolytic copper products, gold and silver as the by-products of the production of cathode copper. There are total ** suppliers

of the gold materials purchased in 2022 referred to this report, of which, ** are domestic suppliers and ** are foreign suppliers; there are total ** suppliers of the silver materials, of which, ** are domestic suppliers and ** are foreign suppliers.

Material control: according to the manage requirement, we control the producing material by kMES electronic system or paper documents, etc.to make a record, such as freight notes, assay certificate, origin certificate, incoming inspection records, data retention ,purchase contracts, customer information.

Cooperation with suppliers: according to the requirements of the LBMA RGG, V9 , LBMA RSG V1, the Yunnan Copper has announced the notice to all the suppliers. Require the supplier to send back the notification form with signature to ensure the supplier knows our supply chain management policy. The purchasing department is responsible for communicating the requirements of the LBMA RGG and LBMA RSG and the Yunnan Copper 's policies and procedures for responsible due diligence in the gold and silver supply chain, also in charge of signing the purchase contract, Sanctions, anti-corruption and other provisions are included in the contract.

Training and communication mechanism: to help all personnel involved in the gold and silver supply chain to have an in-depth understanding of the content, methods and procedures of supplier due diligence. The company provides staff with supply chain policy training from time to time .On March 8, 2022, a training meeting was held with 28 participants. On November 11, 2022, Yunnan

Copper held mineral supply chain Management Training and LME copper supply chain audit arrangement meeting with 19 participants.

Before the formal audit, the compliance risk control specialist organized relevant personnel to hold an internal review meeting and formed an internal review report. According to the internal assessment, Steps 1 fully meet the management requirements. Step 2 has the following problems, mainly including incomplete filling and recovery of KYC, imperfect identification of warning signals, and inadequate application of applicable tools, which will be improved after the review of RCS.

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 can submit feedback and opinion on supply chain risks, supply chain policy system and operation performance according to published contact information. Until now, we have no any complaints received.

Step 2: Risk Identification and Assessment on Supply Chain

Statement of compliance: in the year ending December 31, 2022, we are partial complied with Step 2: Risk Identification and Assessment on Supply Chain.

Risk identification: the due diligence management policy specifies the methods

to be followed in the actual implementation of gold and silver supply chain risk identification. Identify and assess supply chain risks with reference to the following tools:

1. Sanctions list (US, UK, EU, UN and related sanctions list)
- 2, Section 1502 of the Dodd-Frank Act 10 states
3. Eu CAHRA List
4. Heidelberg Barometer
5. Fragile States Index or similar index
6. United Nations Human Rights Report
7. Financial Action Task Force (FATF) reports (including relevant country/territory reports)
8. United Nations Human Development Index
9. Reliable market intelligence on high-risk gold centers/transshipment centers and countries/regions with high money laundering risks.

According to information of suppliers and origin information collected, the gold and silver material purchasing department carried out supplier risk identification and.

By April, 2023, we have completed risk assessment on all suppliers of gold and silver bearing raw materials in 2022.

Risk assessment: we specify the principles and procedures of risk assessment in our due diligence management policy, it is divided into two levels of risk: low/high risks of suppliers. For high risk suppliers, such as additional materials risk

assessment, transaction risk assessment, annual supplementary materials, etc. are required with suppliers.

Copper concentrate, matte, coarse copper and anode copper materials required by our company to produce cathode copper products contain trace amounts of gold and silver. Anode mud produced by cathode copper production is the raw material source of gold and silver, which can be traced back according to the provisions of RGG ninth edition. The supplier's risk assessment results have already been recorded into the LBMA Gold and Silver Supply Chain Risk Assessment Statistical Table, In 2022, the raw materials of domestic suppliers came from five provinces: Yunnan, Sichuan, Guangdong, Fujian, and Jiangxi, and no high-risk issues were found. The warning signal evaluation form shows: Foreign suppliers involved 6 suppliers, Mexico, Colombia, Saudi Arabia , Mauritania, four countries of origin high risk warning signals. According to 5 categories of risks and 22 small risks, the company conducted remote video and telephone field investigation and evaluation of 6 suppliers and mines in the country of origin, and then formed the investigation and evaluation report. According to the risk identification table, such as conflicts, money laundering, human rights violations, forced labor, sanctions, environmental destruction, high risk items were not identified in the supply chain, so the supply chain was determined as low risk. However, due to the remote assessment, maybe there is incomplete information understanding. We will keep in communication with the supplier, continuously improve the on-site

assessment method, and meet the management requirements.

We have implemented policies against forced labor to all suppliers and issued questionnaires and commitment letter against forced labor to all suppliers. All domestic suppliers have promised that there is no forced labor behavior and are against the use of forced labor. Six import suppliers have provided feedback on their commitments, and suppliers without commitments have made commitments against forced labor on their company's official website. No forced labor behavior has been found in the company's supply chain.

China has a complete labor law system, and the government's labor law enforcement agencies severely crack down on behaviors that infringe on employees' rights and interests, protecting their legitimate rights and interests. The company and its partner suppliers comply with relevant Chinese laws, protecting employees' rights and interests from infringement, and no cases of forced labor have been found.

Step 3: Strategy Design and Implementation in Response to Risk Identification

Compliance statement: as of December 31, 2022, we have fully complied with Step 3, to design and implement a strategy to do the risk mitigation.

According to the results of due diligence on suppliers, suppliers can be classified as two categories: low-risk, and high-risk. We have made different risk management strategies for them.

According to the due diligence results in 2022, supplier and material with

high-risk were not identified, no supplier needs to adopt a risk mitigation management strategy.

Continuous risk monitoring: at the end of the year, the gold and silver raw material procurement department collected the information of all suppliers on changes, operating conditions and contract execution of the current year to decide whether to continue cooperation.

Step 4: To Plan an independent Third-party Audit of Refiner's Due Diligence Practice

Compliance statement: We fully complied with Step 4: To Plan an independent Third-party Audit of Refiner's Due Diligence Practice.

We have entered into a service agreement with RCS Global Ltd (" RCS ") to provide independent third party assurance of compliance with LBMA RGG V9 and LBMA RSG V1.

Step 5: Annual Report on Supply Chain Due Diligence

Compliance statement: We fully comply with Step 5: Annual Report on Supply Chain Due Diligence

We have prepared the Yunnan Copper Compliance Report according to LBMA RGG and LBMA RSG, which report the annual supply chain due diligence from January 1 to December 31, 2022, and will make it publicly available on the company's official website.

4. Conclusion on Management

As of December 31, 2022, we established and improved a supply chain process control management system and continued to implement due diligence management policy. YCC collected due diligence information, made risk identification and assessment on supply chain, strategy design of risk management strategies, independent third parties on supply chain due diligence, and prepared 2022 Supply Chain Due Diligence Report. Therefore, for the year 2022, we have partially complied with the requirements of LBMA RGG V9 and LBMA RSG V1.

In the next phase of work, we will continue to improve the existing due diligence system in the gold and silver supply chain. Our goal is to more effectively integrate the responsible gold and silver supply chain processes with our existing supply chain processes. Any corrective actions identified will be monitored internally on a regular basis.

5. Contact information

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