**LBMA RSG&RGG Compliance Report**

**(2024)**

**For**

**YUNNAN COPPER CORPORATION LTD.**

**March 8, 2025**

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**1. Introduction**

The LBMA Responsible Gold Guidance (LBMA RGG V9) and LBMA Responsible Silver Guidance (LBMA RSG V2) were developed in accordance with the OECD's " 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) has complied with the requirements of LBMA RGG V9 and LBMA RSG V2 during the reporting period.

Company Name:Yunnan Copper Co., Ltd.

Address: Kunming, Yunnan Province, China

Reporting Period:

Gold: 01/01/2023 - 31/12/2024

Silver: 01/01/2024 - 31/12/2024

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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 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 Co., Ltd; Stock Code: 000878).

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 IS09001 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, 1,400,000 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 has obtained ISO9001 quality management system certification and ISO14001 environmental management system certification, covering the production and processing of cathode copper, gold, silver, and sulfuric acid. Additionally, the company has obtained ISO45001 occupational health and safety management system certification.

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

**3. Compliance Actions Summary**

**Step 1: Establishment of Strong Supply Chain Management System**

**Compliance Statement:**

As of December 31, 2024, we had substantially met the requirements of Step 1, to revise and improve the supply chain management system.

The Company revised and published the Implementation Rules of Responsible Mineral Supply Chain Management.

On February 7, 2024, the Mineral Supply Chain Due Diligence Management Policy and Commitment was updated and released on the company's external network, and later updated some of its contents. （<https://ynty.chinalco.com.cn/tzzgx/tzzfw/202402/t20240207_121930.html>）

On July 4, 2024, we formulated the "Responsible Mineral Supply Chain Due Diligence Management System Manual," and updated some of its contents on November 4. Apart from this, we updated and formulated 19 supporting policy management tools, including the " Yunnan Copper Co., Ltd Supplier Supply Chain Due Diligence Questionnaire (KYS)", "Yunnan Copper Co., Ltd Supplier Action Rules" and "Yunnan Copper Co., Ltd Supplier or Stakeholder Responsible Supply Chain Management Complaint Handling Process and Record Form."

**Management Organization and Personnel:**

The company policy stipulates the organizational structure of supply chain due diligence management, stipulates that the company's chairman is the top management of supply chain, responsible for appointing the head of mineral supply chain management.The compliance risk control specialist is set in the marketing settlement Department of the company. 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.Specific personnel responsibilities have been established.

**Supply Chain Control and Transparency System:**

1. The supply chain management policy and related documents were passed on to the supplier in the form of "Yunnan Copper Co., Ltd Supplier Action Rules" and "Yunnan Copper Co., Ltd Supplier Supply Chain Due Diligence Questionnaire (KYS) ", 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. 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 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.Due to the orderly shutdown and relocation of the Southwest Copper Branch refinery on December 31, 2023, the number of raw material suppliers has decreased. During the assessment period (January-December 2024), the total number of suppliers purchasing silver-containing materials was \*\*, of which \*\* were domestic suppliers and \*\* were foreign suppliers. During the assessment period (January 2023 - December 2024), the total number of suppliers purchasing golden-containing materials 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 using an intelligent manufacturing digital control platform, and paper documents provided by suppliers, such as waybills, quality certificates, certificates of origin, incoming records, data preservation, procurement contracts, customer information and other relevant traceability documents and materials, are stored for safekeeping.

**Training:**

On June 4 2024, Yunnan Copper invited a third-party organization to conduct responsible mineral supply chain due diligence management training for 117 people from the company's headquarters, including 9 affiliated enterprises, and 32 domestic and international raw material suppliers. On January 17, 2025, the marketing and settlement department organized responsible mineral supply chain due diligence management training for 70 people, including leaders and relevant personnel from Yunnan Copper's marketing branches and China Copper International Trade Group Co., Ltd.

**Complaint Mechanism, Process, and Handling:**

We have made”The Complaint Handling Process for Supply Chain Management of the Suppliers or Stakeholders of Yunnan Copper Co., Ltd” (https://ynty.chinalco.com.cn/tzzgx/tzzfw/202503/t20250311\_144197.html).

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**

**Compliance Statement:**

As of December 31, 2024, we 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

**Internal Assessment Results:**

We conducted risk assessment of each supplier through the above tools, supplier situation and transport route analysis and other indicators, and formed the "Warning Signals and Risk Identification Table of Supplier and Transportation Route" and the "Warning Signals and Risk Identification Table of Raw Material Origin." During the assessment period, domestic suppliers were not involved in high-risk matters.The following are the high-risk warning signals and risk elimination situations for international suppliers:

1. To analyze and identify the risks associated with the Philippines country, some mixed ores from the high-risk Carmen mine in the Philippines, which contains copper concentrate,it was located 180 kilometers north of Manila, Luzon, Philippines, and is not in the war-torn southern region of the country. After assessment, it was determined to be low risk.
2. Some mixed ores from the high-risk Kamoa mine in the Democratic Republic of Congo, which contains copper concentrate. We had delegate a third-party institution to completed an on-site assessment in June 2024 and submitted an on-site assessment report. After on-site assessment, it was determined to be low risk.
3. Some raw materials originate from Mexico, which, although removed from the EU CAHRAs list, is still on the Global Conflict Barometer list and is considered a high-risk region. In April 2024, Yunnan Copper sent staffs to conduct on-site assessments of two mines owned by the Mexican Group and submitted an on-site assessment report. After on-site assessment, it was determined to be low risk.

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

**Compliance Statement:**

As of December 31, 2024, 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.

**2023 Compliance Report Risk Mitigation:**

The 2023 compliance report involved high-risk issues related to raw materials originating from Mexico. In April 2024, Yunnan Copper arranged for employees with supply chain management capabilities to conduct on-site assessments of two mines owned by the Mexican Group and submitted an on-site assessment report. After on-site assessment, it was determined to be low risk, complying with LBMA regulatory requirements.

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

**Compliance Statement:**

We have fully complied 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.On March 3, 2024, we written the "Yunnan Copper Industry Co., Ltd. Responsible Supply Chain Due Diligence Internal Assessment Form". we completed an annual management review report on March 8, 2024, Additionally, we has entered into a service agreement with RCS Inc. to provide independent, third-party assurance of our compliance with with LBMA RGG V9 and RSG V2 in 2024.

**Step 5: Annual Report on Supply Chain Due Diligence**

**Compliance Statement:**

We have fully complied with Step 5, Annual reporting on supply chain due diligence.

We have prepared a Yunnan Copper Compliance Report in accordance with LBMA RGG V9 and RSG V2, reporting on the annual supply chain due diligence management for gold from January 1, 2023, to December 31, 2024, and for silver from January 1, 2024, to December 31, 2024. The report will be published on the company's website on March 2025.

**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 fully complied with LBMA RGG V9 and 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.