Responsible Management Report of Mineral Supply Chain (Copper)

For

YUNNAN COPPER CORPORATION LTD.

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1. Introduction

“The China Mineral Supply Chain Due Diligence Management Guidelines ”(Second Edition) were developed in accordance with the OECD's Responsible Supply Chain Due Diligence Guidelines for Mines from Conflict Affected and High Risk Regions, and has been endorsed by the LME for consistency. Conduct due diligence on suppliers in a high standard manner to address the risks of war, widespread human rights violations, money laundering, or terrorism in the supply chain, improve business management, establish a reliable supply chain, 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 “The China Mineral Supply Chain Due Diligence Management Guidelines ” (Second Edition) during the reporting period.

Name of Company	Yunnan Copper Corporation Ltd.
Address	Kunming, Yunnan, P.R. China
Reporting period	25/04/2022 -25/05/2023
Contact person	Shi Chunke
Contact information	Phone No.: +86 871-63124933 E-mail address: yxjsb@chncopper.com

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 39.965billion, net assets of RMB 13.211 billion, operating revenue of RMB134.915 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 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, 1,300,000 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 with a output of 1.349,200 tons of cathode copper 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. Establish a responsible management system for enterprises： in compliance with management requirements. Prior to this assessment， we have established a responsible management system for the enterprise supply chain.

On April 27, 2022, in accordance with“The China Mineral Supply Chain Due Diligence Management Guidelines ”, the company revised and released the "Implementation Rules for Responsible Management of Yunnan Copper Industry Co., Ltd.'s Responsible Mineral Supply Chain" as the policy for responsible management of YCC industry's responsible

mineral supply chain （https://zlwebsite.chinalco.com.cn/preview/ynty/xxzx/gsyp/202304/t20230420_109885.html?randid=0.7067599248003126&sign=ABZ0cnNfd2NtX3ByZXZpZXdfYWNjZXNzAAAH5wAAAAMAAAAUAAAAEQAAABoAAAAb）. In addition, the following attachments have been developed as auxiliary policy tools for the policy: “Responsible Mineral Supply Chain Questionnaire of YCC Industry”、“Supplier Notice”、“YCC Industry Due Diligence Checklist”、“YCC Industry Due Diligence list”、 “LME/LBMA Supply Chain Evaluation Form”、“High-risk Supply Chain Identification Record and List of High-risk Countries”、“Field Evaluation Form”、“YCC Industry Supplier or Stakeholder Responsible Supply Chain Management Appeal Handling Process”、“YCC Responsible Mineral Supply Chain Management Appeal Handling Record Form”、“High Risk Warning Signal Identification Form”.

4. Management organizational structure and personnel position: in compliance with management requirements.

The company policy stipulates the organizational structure for responsible management of the supply chain, and stipulates that the deputy general manager in charge of marketing work is the top manager of the supply chain. The compliance and risk control specialist is located in the company's marketing settlement department. A production

enterprise compliance specialist and a raw material business compliance specialist are set up in the Southwest Copper Industry Branch of the production enterprise. In the marketing enterprise, China Copper International Trade Group Company has set up a marketing business compliance specialist, Import raw material compliance specialist and domestic raw material compliance specialist. Specific job personnel information (see Attachment 1)

5. Established supply chain control and transparency system: basic compliance with management requirements.

(1) Through the forms of the "Supplier Notice" and the "Industry Due Diligence list", the supply chain management policy and related documents were communicated to the supplier, who also responded. We also take advantage of phone calls, emails, and visits to suppliers to promote the company's supply chain management requirements to them.

(2) Starting from 2021, we were strive to include supply chain management requirements in the contract terms as much as possible. However, due to the strong position of suppliers in the market, this work has only made partial progress, achieving the inclusion of sanctions, money laundering, anti-corruption and other clauses in the contract.

(3) Before cooperating with suppliers, according to the company's

customer management measures, the raw material procurement department conducts admission surveys and annual evaluations of suppliers, including comprehensive credit surveys, supply capacity surveys, supply chain surveys, etc., to comprehensively understand and evaluate suppliers.

6. Collaboration with suppliers: in compliance with management requirements.

Ensure supply chain security, we maintain long-term cooperation with suppliers and sign annual long-term contracts or spot purchase contracts. During the evaluation period, a total of 33 suppliers purchased copper containing materials, including 14 domestic suppliers and 19 foreign suppliers. According to the investigation of the supplier's relevant situation, the supplier meets the management requirements. According to the company's management requirements, materials are controlled and stored using MES electronic systems and paper documents provided by suppliers, as well as incoming records, including waybills, quality certificates, certificates of origin, incoming records, data storage, procurement contracts, customer information, and other related traceability documents.

7. Training situation: in compliance with management requirements.

On March 8, 2022, a training meeting was held with 28 participants; On September 29, 2022, participated in the CCCMC "China Mineral Supply Chain Due Diligence Management Guide" evaluation work briefing, 4 participants; On November 11, 2022, Yunnan Copper Industry responsible mineral supply chain management training and LME copper supply chain audit work arrangement meeting was held, with 19 participants; On March 6, 2023, I participated in the "LME Responsible Procurement Policy and" China Mineral Supply Chain Due Diligence Management Guide "evaluation project Briefing organized by Minmetals Chamber of Commerce, and 5 participants in the training. Meet management requirements.

8. Complaint mechanism, process, and handling of complaint that have occurred: in compliance with management requirements.

We have formulated the "YCC Supplier or Stakeholder Responsible Supply Chain Management Appeal Handling Process" and the "YCC Responsible Mineral Supply Chain Appeal and Handling Record Form", Suppliers can read our supply chain management policies and annual compliance reports published on our website, provide feedback to our company on the risks existing in the supply chain and opinions on the supply chain policy system and implementation. No complaints have

been received.

9. Identification procedures or methods for conflict affected and high-risk areas: in compliance with management requirements, mitigation measures have been taken for the identified risks.

(1) Identify and assess supply chain risks with reference to the following tools:

A. Sanctions list (US, UK, EU, UN and related sanctions list)

B. 10 states under Section 1502 of the Dodd-Frank Act

C. Heidelberg Barometer

(2) Internal evaluation results show that it meets management requirements.

We conducted risk assessment for each supplier through the above tools, supplier situation, and transportation route analysis indicators, and formed the “High Risk Warning Signal Statistics Table”. During the assessment period, domestic suppliers did not involve high-risk matters, while the country of origin of foreign suppliers involved Dodd-Frank Act and global Conflict barometer warning signals. After analysis and identification of risk causes in the country of origin, kamoa mine in the Democratic Republic of the Congo was not in the conflict zone in the country, and the nearby mining area and transportation route were safe and stable. Mines of origin are not involved in war and other high-risk

items, so high-risk items are not identified in the supply chain and are determined as low-risk supply chains.

(4) Risk mitigation measures: According to the results of due diligence on suppliers, suppliers are classified into two categories: low risk and high risk. We developed different risk management strategies for them. For suppliers with "normal cooperation" risk solutions in due diligence, the copper raw material procurement department is responsible for implementing risk solutions. According to the due diligence results in 2023, the warning signal of high-risk was identified as the Democratic Republic of Congo. However, according to internal reviews and Chinese guidelines, the Kamoa mine of the Democratic Republic of Congo which is involved in the high-risk supply chain, must be on-site witness evaluation. The company intends to adopt the following two approaches for on-site verification:

A. Several domestic refineries involved in purchasing copper from Kamoa in the Democratic Republic of Congo will jointly hire a professional organization responsible for domestic supply chain management. A field investigation team consisting of 2-3 experts will represent the enterprise to conduct on-site verification and evaluation at Kamoa mine in the Democratic Republic of Congo.

B. If Plan A cannot be implemented, we will arrange CCS or LCS personnel responsible for supply chain management shall be arranged to Kamoa Mine in Congo for on-site verification evaluation.

C. Planned completion time: before June 30, 2024

10. Internal and external evaluations: in compliance with management requirements.

We have conducted an internal evaluation of the responsible management of the mineral supply chain during the reporting period and have written an internal review report, and apply to the China Minmetals and Chemicals Import and Export Chamber of Commerce for independent third-party evaluation services in accordance with the " China Mineral Supply Chain Due Diligence Management Guide ". The evaluation team arranged by the China Chamber of Commerce for Import and Export of Minmetals and Chemicals consists of 3 people, Evaluation team leader: Liu Xuan; Assessor: Mao Qingsong.

11. Conclusion on Management

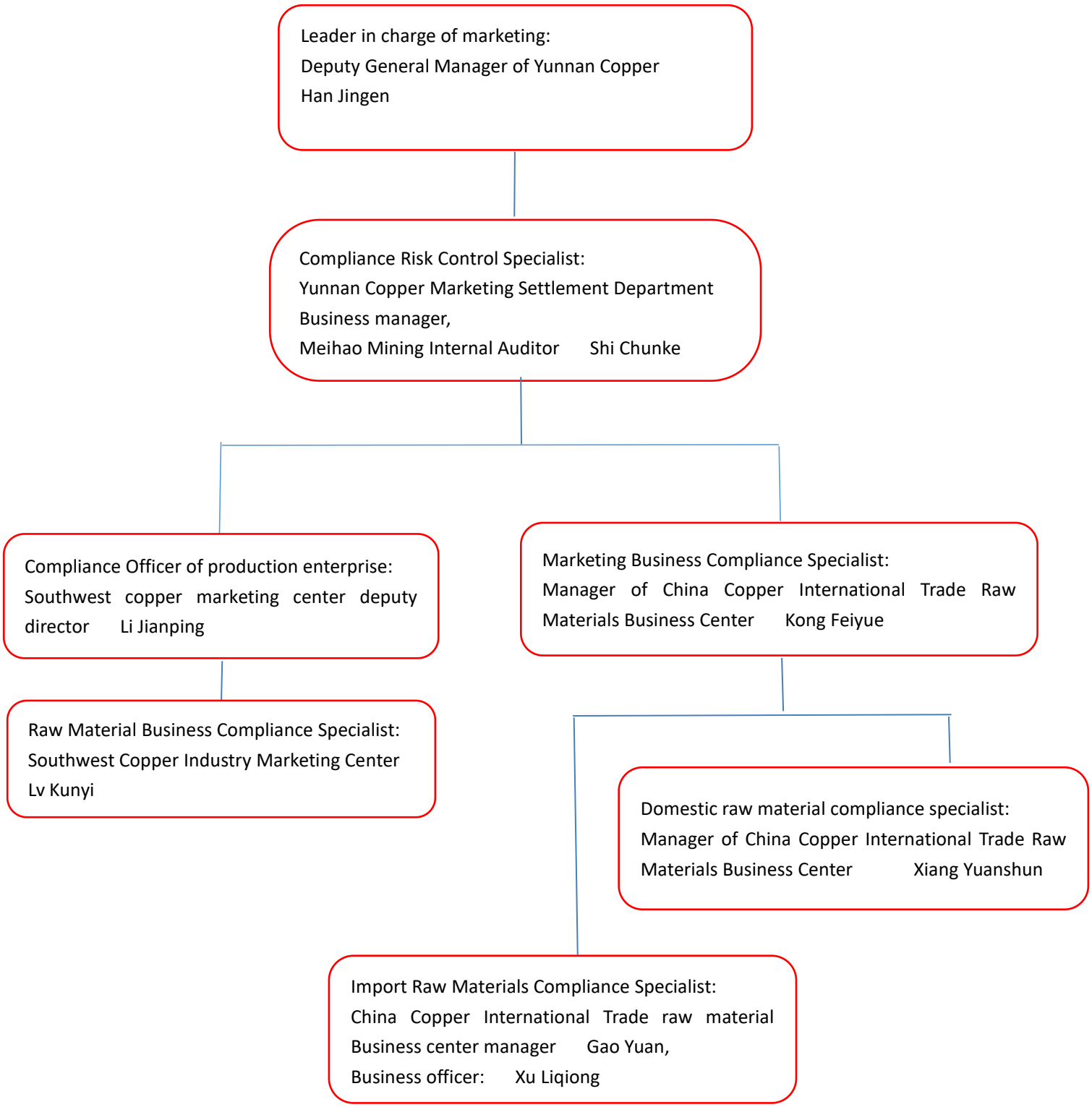
We have established and improved the supply chain process control management system and continue to implement the due diligence management policy. Collected due diligence information, identified and assessed supply chain risks, designed risk management strategies,

conducted internal reviews, arranged independent third parties to evaluate supply chain due diligence, developed risk mitigation action plans, and prepared supply chain due diligence reports. Therefore, we have fully complied with the provisions of the " China Mineral Supply Chain Due Diligence Management Guide " during the reporting period.

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

12. Report and contact Information

We have compiled the Yunnan Copper Compliance report according to the" China Mineral Supply Chain Due Diligence Management Guide " . The annual supply chain due diligence from May 2022 to April 2023 is reported and published on the company's official website.

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

Attachment 1: Management Structure and Personnel Position Information