

Mineral Supply Chain Due Diligence Assessment

Summary Report

Assessed Party	Yunnan Chengfeng Non-Ferrous Metals Co., Ltd.				
Assessment Date	Main Assessment: 11/23/2023-11/24/2023; Tracking Assessment: 03/26/2024				
Assessed Material	Tin				
LME-listed Brand	YUNHENG				
Assessment Type	<input type="checkbox"/> Main Assessment <input checked="" type="checkbox"/> Tracking Assessment				
Assessment Result	<input type="checkbox"/> AAA	<input type="checkbox"/> AA	<input checked="" type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C
Assessment Firm	China Standard Conformity Assessment CO., LTD (CSCA)				
Assessor	Main Assessment:Liu Xuan, Mao Qingsong; Tracking Assessment: Mao Qingsong				

Instruction

Objective

This assessment program is an independent third-party assessment conducted by China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCCMC) based on *Chinese Due Diligence Guidelines for Mineral Supply Chain (Second Edition)*, aiming to assess the performance of the company's due diligence management system and process, and support the company to identify the gaps that need further improvements and develop corresponding improvement measures.

Basis of the Assessment

The assessment is based on *Chinese Due Diligence Guidelines for Mineral Supply Chain (Second Edition)*, hereinafter referred to as *the Guidelines*. The companies shall meet the content of "Companies should" in *the Guidelines*. "Companies should" refers to specific requirements of *the Guidelines* for companies' due diligence management, as well as the specific refinement of the requirements, which is consistent with the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (Third Edition)*.

Explanation of Conformity Degree

Conformity: Indicates that the company's management system, policies, procedures or processes meet the requirements of corresponding provisions of *the Guidelines*.

Need improvement: Indicates that the company's management system, policies, procedures or processes partially meet the requirements of corresponding provisions of *the Guidelines*, but lack some necessary elements or content, or can not prove or lack evidence to prove that they are substantively functional, and further measures are needed to improve its performance.

Non-conformity: Indicates that the company's management system, policies, procedures, or processes cannot meet the requirements of corresponding provisions of *the Guidelines*, resulting in systematic and repetitive non-conformities.

Not applicable: Indicates that corresponding provisions of *the Guidelines* do not apply to the Company.

Zero tolerance: If any of the following situations occurs, it is a "zero tolerance" situation.

1. Misrepresentation, deliberately forging false evidence or vouchers;
2. Any form of support for illegal control, or illegal taxation and extortion by non-state armed groups;
3. Any form of torture, cruel, inhuman and degrading treatment;
4. Directly cause or contribute to forced or compulsory labor;
5. Cause or contribute to widespread sexual violence;
6. The worst forms of child labor;
7. War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide;
8. Other situations generally considered unacceptable.

Explanation of Assessment Results

The overall assessment result is based on the percentages of "non-conformity" items and "need improvement" items. The China Chamber of Commerce of Metals, Minerals & Chemical Importers & Exporters (CCCCMC) provides the following suggestions on the assessment results:

Level AAA: There is no "non-conformity" items, indicating that the company has excellent supply chain due diligence management performance.

Level AA: the percentage of "Need improvement" items does not exceed 15% of all applicable items, and the percentage of "non-conformity" items does not exceed 5% of all applicable items.

Level A: the percentage of "Need improvement" items does not exceed 25% of all applicable items, and the percentage of "non-conformity"

items does not exceed 10% of all applicable items.

Level B: the percentage of "Need improvement" items does not exceed 35% of all applicable items, and the percentage of "non-conformity" items does not exceed 20% of all applicable items.

Level C: The above level cannot be reached or there is any "zero tolerance" situation.

Description of Assessment Type

The assessment is divided into main assessment and tracking assessment. The main assessment needs to be carried out once a year. The tracking assessment is conducted every six months or during the re-assessment (main assessment) based on the conformity degree and assessment results.

1. Assessed Party

Company Name	Yunnan Chengfeng Non-Ferrous Metals Co., Ltd.
Refinery Name	Yunnan Chengfeng Non-Ferrous Metals Co., Ltd.
Location	Hongtupo, Datun Prefecture, Gejiu City, Yunnan Province, P.R. China
Profile Number	DDMSC-CNSn0031 (BC01)

2. Assessment Results

Type	<input type="checkbox"/> Main Assessment		<input checked="" type="checkbox"/> Tracking Assessment		
Result	<input type="checkbox"/> Level AAA	<input type="checkbox"/> Level AA	<input checked="" type="checkbox"/> Level A	<input type="checkbox"/> Level B	<input type="checkbox"/> Level C

3. Assessment Scope

Materials	Tin		
LME-listed Brand	YUNHENG		
Types of Materials	<input type="checkbox"/> Mine materials	<input type="checkbox"/> Recycled materials	<input checked="" type="checkbox"/> Both
Assessment Period	<input checked="" type="checkbox"/> 12 months: 08/01/2022-07/31/2023 <input type="checkbox"/> Less than 12 months:		

4. Summary of Assessment Results

Assessment Result	A
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Step 1: Establishing A Corporate Due Diligence System

Develop and adopt due diligence policy.	The Company has formulated and issued the <i>Responsible Mineral Supply Chain Policy</i> , which basically complies with the requirements of the <i>Chinese Due Diligence Guidelines for Mineral Supply Chain</i> .
Structure appropriate internal management systems.	The Company has established an organizational structure for mineral supply chain due diligence, and set up a supply chain due diligence team. The Company has assigned due diligence responsibilities to relevant senior management and employees.
Establish a system of controls and transparency over the supply chain.	The Company has established an internal raw material control system to collect and understand the Company's mineral supply chain information. For suppliers that trigger warning signs, it is required to further collect mineral supply chain traceability information.

Strengthen engagement with suppliers.	The Company has communicated the <i>Responsible Mineral Supply Chain Policy</i> and required its suppliers to sign a Commitment Letter to follow the Policy and <i>the Responsible Mineral Supplier Code of Conduct</i> to ensure that suppliers comply with policies that are consistent with the Company's supply chain due diligence policy. The Company consulted and negotiated with their direct suppliers on supply chain traceability and development of risk management plan through online exchanges and in-person visits. Further efforts are needed to assist suppliers in improving their performance in supply chain due diligence.
Establish a company level grievance mechanism and/or participate an industrial level grievance mechanism.	The Company has established a <i>Grievance Mechanism for Supply Chain Due Diligence</i> , and committed to participating in the grievance mechanism at the industry level.
Step 2: Risk Identification and Assessment	
Conduct warning signs review, and identify the scope of the risk assessment of the mineral supply chain based on the results of warning signs review.	The Company has developed the <i>Responsible Mineral Supply Chain Management Manual</i> to specify the <i>Risk Identification and Assessment Procedure for Responsible Mineral Supply Chain</i> , and carried out warning sign review on suppliers based on it. The Company has implemented information verification procedure and verified information by requiring suppliers to fill in the <i>Know Your Counterparty (KYC) Questionnaire</i> . The Company also promoted their suppliers to cooperate with them in supply chain traceability through online communication and in-person visits. The Company still needs to further improve its efforts in mineral supply chain traceability and information collection.

When warning signs are identified, companies shall conduct an on-the-ground assessment of the corresponding supply chain.	During this assessment period, the Company identified supply chain warning signs. With limited supply chain traceability and accessibility of on-site assessments, the Company has not been able to conduct on-site assessment, but has expressed their desire to participate in industry actions to jointly conduct on-site assessment.
Assess risks in the supply chain.	The Company has conducted supply chain due diligence risk assessment, and formed <i>Supply Chain Risk Assessment Form</i> . But the scope of the assessment is not yet complete.
Step 3: Risk Prevention and Mitigation	
Report risk assessment results internally.	The Company's supply chain risk assessment results can be reported to senior managers.
Develop and adopt risk management plan.	The Company has developed a <i>Risk Mitigation Plan</i> , covering mitigation strategies for different types of risks. The Company consulted with their direct suppliers on the <i>Risk Mitigation Plan</i> , and reached a consensus. The requirements on the performance targets and monitoring measures for mitigation measures in the <i>Risk Mitigation Plan</i> need to be further clarified and improved by the Company.
Implement risk management plan, monitor and track performance of risk mitigation strategies.	The Company maintains communication with stakeholders and promotes the implementation of the <i>Risk Mitigation Plan</i> by suppliers. With limited accessibility of suppliers at the source of its supply chain, the Company has not been able to fully implement the <i>Risk Mitigation Plan</i> in the supply chain and monitor the effectiveness of risk mitigation strategies.

Supplementary assessment of risks that need to be mitigated. Supplementary assessment can also be conducted after actual circumstances have changed.	The Company has clearly stipulated in the <i>Responsible Mineral Supply Chain Management Manual</i> that it will conduct continuous monitoring and additional assessment of risks that need to be mitigated when there are changes in the actual situation or supply chain during implementation of the <i>Risk Mitigation Plan</i> .
Step 4: Internal and External Assessment	
Companies should establish internal assessment system, to continuously monitor and manage due diligence performance.	The Company has formulated an <i>Internal Assessment Work Plan</i> , established an internal assessment team, and carried out internal assessment.
Companies should designate the second or third party to conduct assessment when applicable.	This assessment is the third-party independent assessment of tin supply chain due diligence management that the Company has participated in.
When necessary, the company at the key points (smelters/refiners) makes necessary disclosures on the assessment results.	The Company made a commitment to release the <i>Assessment Summary Report of Supply Chain Due Diligence</i> to the public.
Step 5: Reporting and Communication	
Develop due diligence progress report	The Company compiled the <i>Annual Report on Mineral Supply Chain Due Diligence</i> .
With due regard to business confidentiality and other competitive concerns, companies should publish due diligence	The Company released the <i>Annual Report on Mineral Supply Chain Due Diligence</i> on its official website. Link: https://www.yhtin.cn/newsinfo/6758819.html

progress reports or summary.	
Step 6: Provide for or Cooperate in Remediation When Appropriate	
When the company recognize that it has caused or contributed to actual adverse impacts, they should mitigate these impacts by providing for or cooperating in remediation when appropriate.	N/A
Companies provide conditions or cooperate with existing remedial mechanisms in a timely manner.	N/A