

Mineral Supply Chain Due Diligence Assessment

Summary Report

Assessed Party	Henan Yuguang Gold and Lead Co., Ltd				
Assessment Date	10/28/2024-10/29/2024				
Assessed Material	Copper, Lead				
LME-listed Brand	YG, YUGUANG				
Assessment Type	<input checked="" type="checkbox"/> Main Assessment <input 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	Ziyan Wang, Yangdong				

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 Responsible 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 Responsible 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 (CCCMC) 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 do 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 do 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	Henan Yuguang Gold and Lead Co., Ltd
Refinery Name	Henan Yuguang Gold and Lead Co., Ltd(Lead factory), Henan Yuguang Gold and Lead Co., Ltd(Yuchuan factory)
Location	North of Shibin Village, Intersection of Beihuan Road and Fengtian Road, Kejing Town, Jiyan City, Henan province 460 meters west of the Yuchuan Avenue and Yuchuan Line 2, Jiyan City, Henan Province
Profile Number	DDMSC-CNCuPb0077

2. Assessment Results

Type	<input checked="" type="checkbox"/> Main Assessment		<input 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	Copper, Lead
LME-listed Brand	YG, YUGUANG
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: 08/01/2023 - 07/31/2024 <input type="checkbox"/> Less than 12 months:

4. Summary of Assessment Results

Assessment Result	A
-------------------	---

Step 1: Establishing A Corporate Due Diligence System	
Develop and adopt due diligence policy.	The Company has formulated and approved the release of <i>Copper/Lead Supply Chain Due Diligence Policy</i> , which 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 a Supply Chain Due diligence Management Committee and a Joint Work Group for Supply Chain Due Diligence Management across departments, responsible for the operation of the supply chain due diligence management system. Accountability management and performance appraisal are delegated.
Establish a system of controls and transparency over the supply chain.	The company has established supply chain control and transparency systems and developed control documents such as <i>Know Your Supplier (KYS) Questionnaire</i> , <i>Due Diligence Management Form of Mine</i> , <i>Supply Chain Due Diligence Questionnaire</i> and etc. to collect and understand the Company's mineral supply chain traceability information.
Strengthen engagement with suppliers.	The Company developed <i>Contract Responsibility Clause</i> and <i>the Supplier Code of Conduct</i> , and required suppliers to sign them. The Company conveyed the Due Diligence requirements to suppliers through online communication methods. Further improvement in the effectiveness of enterprise-supplier communication and in promoting supplier due diligence management performance are needed.
Establish a company level grievance mechanism and/or participate an industrial level grievance mechanism.	The Company has established and released the <i>Grievance Mechanism for Supply Chain Due Diligence</i> and <i>Management Measures</i> . The Company has identified 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 established the <i>Conflict Affected and High Risk Areas (CAHRAs) Identification Procedure</i> and conducted warning sign review on suppliers based on it to confirm the scope of supply chain risk identification, However, the integrity of the warning sign review process needs to be further improved. The Company verified information by distributing and collecting <i>Know Your Supplier (KYS) Questionnaire</i> and <i>Due Diligence Management Form of Mine</i> .
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 there is no supply chain warning signs. The company has established the <i>on-site assessment procedure</i> for all source supplier, whereby suppliers that trigger warning signs are subject to on-site assessment as a due diligence management measure.
Assess risks in the supply chain.	The Company has carried out supply chain risk assessment and formed risk assessment results. There are due diligence management communication barriers for company to communicate with their direct suppliers, mainly due to the incomplete source mine information disclosed, generated the risk of potential adverse impacts.
Step 3: Risk Prevention and Mitigation	
Report risk assessment results internally.	The Company has developed a <i>Report Form on Risk Assessment Results</i> and reported it to the senior management.
Develop and adopt risk management plan.	The Company has developed and approved the <i>Risk Management Plan</i> , covering mitigation strategies for different types of risks. However, stakeholders have not provided written feedback on the <i>risk management plan</i> .

Implement risk management plan, monitor and track performance of risk mitigation strategies.	The Company has implemented the <i>Risk Management Plan</i> and maintained communication with stakeholders, jointly promotes the implementation of the Risk Management Plan.
Supplementary assessment of risks that need to be mitigated. Supplementary assessment can also be conducted after actual circumstances have changed.	The Company has developed an <i>Additional Risk Assessment Needs Form</i> , which specifies 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 conducted internal assessment and completed the <i>Internal Assessment Report</i> . Further improvements are needed for internal assessors in obtaining qualifications related to supply chain due diligence management assessments, and further improvements are needed for the content of the internal assessment plan, which is developed by the company.
Companies should designate the second or third party to conduct assessment when applicable.	This is the second time for the Company to participate in the independent third-party assessment of supply chain due diligence.
When necessary, the company at the key points (smelters/refiners) makes necessary disclosures on the assessment results.	The company has committed to publicly disclose the <i>Assessment Summary Report of Supply Chain Due Diligence</i> .
Step 5: Reporting and Communication	

Develop due diligence progress report	The Company has developed the <i>2023-2024 Supply Chain Due Diligence Progress Report of Henan Yuguang Gold and Lead Co., Ltd.</i>
With due regard to business confidentiality and other competitive concerns, companies should publish due diligence progress reports or summary.	The Company has published the <i>2023-2024 Supply Chain Due Diligence Progress Report of Henan Yuguang Gold and Lead Co., Ltd</i> on the Company's official website. Link: http://www.yggf.com.cn/cn/News.aspx
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