

## Mineral Supply Chain Due Diligence Assessment

### Summary Report

Assessed Party	Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd.				
Assessment Date	18/12/2024-20/12/2024				
Assessed Material	Lead, Zinc				
LME-listed Brand	NH-R, NH-SHG				
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 Quality Mark Certification Group Co.,Ltd.				
Assessor	Zhang Sen, Wang Jing Han				

## Instruction

### Objective

This assessment program is an independent third-party assessment conducted by China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC) 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 (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 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	Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd.
Refinery Name	Shaoguan Smelter, Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd.
Location	Nine kilometers south of Shaoguan City, Guangdong Province, China
Profile Number	DDMSC-CNPbZn0097

## 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	Lead, Zinc
LME-listed Brand	NH-R, NH-SHG
Types of Materials	<input type="checkbox"/> Mind materials <input type="checkbox"/> Recycled materials <input checked="" type="checkbox"/> Both
Assessment Period	<input checked="" type="checkbox"/> 12 months:01/09/2023-31/08/2024 <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 headquarters of the company has formulated and approved the release of the <i>Policy for Supply chain due diligence management</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 committee for the due diligence management of mineral supply chain, and set up a joint office of responsible management across department. This joint office is responsible for the operation of the due diligence management system of mineral supply chain.
Establish a system of controls and transparency over the supply chain	The company has established a supply chain control and transparency system to clearly collect and understand the traceability information of its mineral supply chain. For the supply chain that triggered the warning signal, the company requires further supplementing and collecting the traceability information necessary for reviewing the supply chain warning signal.
Strengthen engagement with suppliers	The company has formulated the <i>Code of Conduct for Suppliers</i> to ensure that suppliers comply with the policies consistent with the company's due diligence management policy. The supplier capacity building

	needs to be further strengthened.
Establish a company level grievance mechanism and/or participate an industrial level grievance mechanism	The company has formulated the <i>Complaint Mechanism of Supply Chain Due Diligence Management</i> , which makes it clear that the company can lodge a complaint by email or mail. The company has recognized the industry appeal mechanism and promised to participate.
<b>Step 2: Risk Identification and Assessment</b>	
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 formulated the <i>Identification Procedure of Conflict Affected and High Risk (CHARAs)</i> and the <i>Risk Management Procedure of Mineral Supply Chain</i> , examined the warning signals of suppliers, and clarified the requirements for information verification, and verified the information by issuing and recycling the <i>Supplier Due Diligence Management Assessment Questionnaire (KYS)</i> to suppliers. If a warning signal appears, it is required to further supplement the traceability information of the chain of custody or the mineral supply chain.
When warning signs are identified, companies shall conduct an on-the-ground assessment of the corresponding supply chain	During the assessment period, the company did not identify warning signs in the supply chain. The company compiles the <i>Field Assessment Procedure</i> , which specifies that the field assessment shall be carried out after the warning signal is identified.
Assess risks in the supply chain	The company has carried out a risk assessment and published a risk assessment report. The results indicate that the suppliers of the company are enterprises with standardized operations, and the risk potential is low.
<b>Step 3: Risk Prevention and Mitigation</b>	

Report risk assessment results internally	The company can report the risk assessment results of supply chain due diligence management to senior managers.
Develop and adopt risk management plan	The company has formulated the <i>Implementation and Monitoring Procedure of Risk Management Plan</i> , and developed a <i>Risk Management Plan</i> , covering mitigation strategies and solutions to different risks.
Implement risk management plan, monitor and track performance of risk mitigation strategies	The company has implemented the <i>Risk Management Plan</i> , and it needs to further strengthen communication and cooperation with suppliers, industry organizations, and other stakeholders in order to track and supervise the effective implementation of the plan, and to encourage supply chain partners to enhance their due diligence management levels.
Supplementary assessment of risks that need to be mitigated. Supplementary assessment can also be conducted after actual circumstances have changed	After the implementation of the <i>Risk Management Plan</i> , the company needs to further strengthen the continuous monitoring and supplementary evaluation of risks that need to be alleviated when the actual situation or supply chain changes.
<b>Step 4: Internal and External Assessment</b>	
Companies should establish internal assessment system, to continuously monitor and manage due diligence performance	The company has carried out internal assessment and completed the internal assessment report, which needs to be further strengthened in the construction of due diligence management ability of internal assessment.
Companies should designate the second or third party to conduct assessment when applicable	This assessment is the second third-party independent assessment for company to participate in supply chain due diligence management.



When necessary, the company at the key points (smelters/refiners) makes necessary disclosures on the assessment results	The company made commitment to disclose the summary report of due diligence management evaluation of supply chain.
<b>Step 5: Reporting and Communication</b>	
Develop due diligence progress report	The company has compiled the <i>Progress Report on Supply Chain Due Diligence Management</i> , and the disclosure of the report is complete.
With due regard to business confidentiality and other competitive concerns, companies should publish due diligence progress reports or summary	The company publicly released the Chinese version of the <i>Progress Report on Supply Chain Due Diligence Management</i> . Chinese report link: To access: WeChat official accounts “微观韶冶”(pinyin:weiguanshaoye)-“Information Disclosure”-“Supply Chain Due Diligence”
<b>Step 6: Provide for or Cooperate in Remediation When Appropriate</b>	
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
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