

Mineral Supply Chain Due Diligence Assessment

Summary Report

Assessed Party	Bayannaoer Zijin Non-ferrous Metal Co., Ltd				
Assessment Date	12/26/2024-12/27/2024				
Assessed Material	Zinc				
LME-listed Brand	ZIJIN SHG				
Assessment Type	<input checked="" type="checkbox"/> Main Assessment <input type="checkbox"/> Tracking Assessment				
Assessment Result	<input type="checkbox"/> AAA	<input checked="" type="checkbox"/> AA	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C
Assessment Firm	China Standard Conformity Assessment CO., LTD (CSCA)				
Assessor	Hou Chao, Yu Haixin				

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	Bayannaoer Zijin Non-ferrous Metal Co., Ltd
Refinery Name	Bayannaoer Zijin Non-ferrous Metal Co., Ltd
Location	Urat Rear Banner, Bayannur City, Inner Mongolia
Profile Number	DDMSC-CNZn0104

2. Assessment Results

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

3. Assessment Scope

Materials	Zinc				
LME-listed Brand	ZIJIN SHG				
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: 09/01/2023-08/31/2024 <input type="checkbox"/> Less than 12 months:
-------------------	---

4. Summary of Assessment Results

Assessment Result	AA
-------------------	----

Step 1: Establishing A Corporate Due Diligence System

Develop and adopt due diligence policy	The company has formulated and officially approved the Chinese and English versions of the <i>Bayannur Zijin Non-ferrous Metals Co., Ltd. Zinc Mineral Supply Chain Due Diligence Policy</i> on its official WeChat public account, covering risk management descriptions and requirements for itself and its suppliers. The company has carried out risk identification and assessment work and formulated a risk assessment report. It has also established a <i>Supplier Code of Conduct</i> and sent it to all suppliers.
Structure appropriate internal management systems	The company has released the <i>Notice of the Zinc Supply Chain Due Diligence Committee</i> , establishing the Mineral Supply Chain Due Diligence Committee and clarifying the division of responsibilities. It has invited external experts to conduct special due diligence training. The company has built an internal accountability mechanism, with regular supervision and assessment. It has also set performance goals and incentive measures for business departments.

Establish a system of controls and transparency over the supply chain	The company has established a <i>Internal Material Control and Traceability System</i> and a <i>Responsible Sourcing Control Procedure for Mineral Supply Chains</i> . It requires comprehensive collection of multi - dimensional information, including mineral raw material origin, suppliers, transport, commodity name and type, and ownership of direct and other known upstream suppliers. The company has formulated a <i>Supplier Code of Conduct</i> , sent them to suppliers for feedback and signature, and asked suppliers to strictly meet the requirements in business activities to strengthen supply chain responsibility constraints.
Strengthen engagement with suppliers	The company has formulated the <i>Supply Chain Due Diligence Statement and Commitment</i> and the <i>Supplier Code of Conduct</i> , and has sent them to suppliers for feedback and signature. The company has established a stable cooperative relationship with its suppliers and has preserved all qualified suppliers' <i>Supplier Compliance Monitoring Forms</i> and supplier evaluation records. The company has also conducted online training for suppliers to assist them in capacity building and improving their due diligence performance.
Establish a Company level grievance mechanism and/or participate an industrial level grievance mechanism	The company has formulated the <i>Supply Chain Due Diligence Grievance Mechanism</i> and publicly released it on its official WeChat public account, including its participation in the grievance mechanism at the industry level. Meanwhile, no complaints occurred during the on-site confirmation assessment period.
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 the <i>Mineral Supply Chain Risk Management Procedure</i> , and has strictly conducted warning signals review work according to these procedures. It has also established a comprehensive “Warning - Signal Identification Checklist” . From the three perspectives of conflict, human rights and governance, the company refers to multiple resources, such as the EU’s CAHRAs list and the UN Security Council’s sanction information, to identify CAHRAs, while also paying attention to information on the extractive

	industry transparency of countries and regions.
When warning signs are identified, companies shall conduct an on-the-ground assessment of the corresponding supply chain	The company has conducted a warning signal review, systematically identifying <i>Conflict - affected and High - risk Areas</i> from four aspects: armed conflict, governance, human rights, plus a fourth unmentioned aspect. During the assessment period, it triggered the warning signals. The company actively joined industry - wide collective action. Together with others, it commissioned a third - party professional organization to conduct an on - site assessment of the source mines. And the <i>On - site Assessment Report on Conflict and Human Rights Due Diligence for Mineral Supply Chains</i> was formed. The assessment in the report fully covers all the first - class risk factors in Chapter 6, effectively helping the company identify and control potential supply chain risks.
Assess risks in the supply chain	The company has conducted work of the supply chain risk identification and assessment, and has developed the <i>Bayannaoer Zijin Non-ferrous Metals Co., Ltd. Risk Identification and Assessment Report</i> . It has systematically identified and assessed supply chain due diligence risks by through multiple methods such as desk research, on-site assessment and questionnaire analysis.
Step 3: Risk Prevention and Mitigation	
Report risk assessment results internally	The company has completed supply chain risk identification and assessment, and has formed the <i>Bayannur Zijin Non - ferrous Metals Co., Ltd. Risk Identification and Assessment Report</i> and the <i>Bayannur Zijin Non - ferrous Metals Co., Ltd. Risk Assessment Results Report Form</i> . Meanwhile, the company's Joint Office for Due Diligence Management has reported the risk assessment results to the Supply Chain Due Diligence Management Committee.

Develop and adopt risk management plan	The company has formulated and approved a Risk Management Plan, which covers key elements like performance objectives and action frequency. The plan has been communicated to suppliers and other stakeholders.
Implement risk management plan, monitor and track performance of risk mitigation strategies	The company has formulated and approved a Risk Management Plan. However, during its implementation, collaboration with stakeholders was insufficient, and the company failed to conduct systematic monitoring and continuous tracking of the effectiveness of risk mitigation measures.
Supplementary assessment of risks that need to be mitigated. Supplementary assessment can also be conducted after actual circumstances have changed	During the assessment period, the company's Risk Management Plan remained essentially unchanged and was adaptable to environmental shifts. To ensure extra risk assessments could be done when the supply chain changed, the company made the <i>Bayannur Zijin Non - ferrous Metals Co., Ltd. Additional Risk Assessment Requirements Form</i> .
Step 4: Internal and External Assessment	
Companies should establish internal assessment system, to continuously monitor and manage due diligence performance	The company's internal audit team has conducted an internal audit of the due diligence management system and formulated the <i>Internal Audit Minutes</i> . The company has formulated the <i>Internal Audit Work Plan</i> , which includes internal audit objectives, audit criteria, audit scope and cycle, audit basis, audit methods, internal audit team members, and internal audit arrangements. The company stipulates that an internal assessment will be conducted regularly once a year.
Companies should designate the second or third party to conduct assessment when applicable	This is the company's second - time participation in the independent third - party assessment of the <i>Chinese Due Diligence Guidelines for Mineral Supply Chain</i> for zinc supply chains.

When necessary, the Company at the key points (smelters/refiners) makes necessary disclosures on the assessment results	The company has committed to releasing the Assessment Summary Report of Supply Chain Due Diligence to the public.
Step 5: Reporting and Communication	
Develop due diligence progress report	The company has developed and released the <i>Supply Chain Due Diligence Management Progress Report</i> on its official WeChat account, covering the company's due diligence management information.
With due regard to business confidentiality and other competitive concerns, companies should publish due diligence progress reports or summary	The company has developed and publicly released the <i>Supply Chain Due Diligence Management Progress Report</i> on its official WeChat account. This report is an annual report, with a release cycle of once a year. Report link: https://mp.weixin.qq.com/s/wa0eqA7owWURuvl4E8Km_w
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
--	-----