

JX Metals Smelting Copper Responsible Sourcing Compliance Report

The Joint Due Diligence Standard for Copper, Lead, Molybdenum, Nickel and Zinc (the Standard) was established by The Copper Mark, the International Lead Association (ILA), the International Molybdenum Association (IMOA), the Nickel Institute (NI), the International Zinc Association (IZA) and the Responsible Minerals Initiative (RMI) to enable responsible global supply chain management in the copper, lead, molybdenum, nickel and zinc industries.

This report summarizes how JX Metals Smelting Co., Ltd. (hereinafter referred to as JX Metals Smelting) has complied with the requirements of the standard.

Refiner's details	
Refiner's name	JX Metals Smelting Co., Ltd.
Location	14F Okura Prestige Tower 10-4 Toranomom 2-chome Minato-ku, Tokyo, Japan
Assessment year-end	April 30, 2023
Date of Report	Dec. 20], 2023
Senior management responsible for this report	 Yutaka Yasuda President & Representative Director

JX Metals Smelting's evaluation

Table 1: A description of the management system designed and implemented for implementing the company's policy?
JX Metals Smelting has adopted a supply chain policy regarding due diligence for supply chains of copper.
Comments and Demonstration of Compliance: JX Metals Smelting has the Copper Supply Chain Policy, which is consistent with the model set out in the Annex II of the OECD Due Diligence Guidance. This Policy sets

out our responsibility to respect environmental, sustainability factors, and not to contribute to conflict, and our commitment to refraining from any action which contributes to the financing of conflict. We at least annually review the Policy and revise it as necessary. During the period, The Policy is disclosed on our website (https://www.jx-nmm.com/english/sustainability/csr_procurement/conflict_minerals/) and is communicated to all our relevant staff by posting on our intranet and circulating via email.

JX Metals Smelting has set up an internal management structure to support supply chain due diligence.

Comments and Demonstration of Compliance:

JX Metals Smelting operated an internal management system to support supply chain due diligence, which includes the definition of the governance, roles and responsibilities, internal audit, communication and management review by the Senior management as per the adopted policy. Authority and accountability for supply chain due diligence are assigned to the Senior management. The Senior management has assigned the General Manager of Administration Division as the Compliance Officer who has suitable experience to take responsibility for the implementation of the due diligence process, and the Compliance Officer has a direct line of reporting to the Senior management. In addition, Pan Pacific Copper Co., Ltd.'s Raw Materials Dept perform supplier risk assessment as part of due diligence process. If we identify high-risk supply chain through our due diligence process, the Compliance Officer conducts enhanced due diligence and reports the results to the Senior management. The Senior management then determines whether to enter the transaction and gives appropriate instructions to the Compliance Officer. JX Metals Smelting provided training on due diligence to employees involved in procurement of copper, focusing on an overview of the conflict minerals issue, and any necessary actions to be taken by each department. The training was attended by 30 employees. In addition, the materials and rules are posted on the intranet to be made them known to our employees and are communicated to employees of Pan Pacific Copper Co., Ltd. by circulating via email. The Compliance officer shall report to the Senior management the process and results of supply chain due diligence conducted, including the results of internal audit and third-party audit.

JX Metals Smelting has strengthened company engagement with copper supplying counterparties.

Comments and Demonstration of Compliance:

Before entering transactions, we send via e-mail our Supply Chain Policy and the KYC Questionnaire to our suppliers of copper-bearing materials and requested them to read

the Policy and fill out the KYC Questionnaire. In addition, when the Policy is revised, we also send via e-mail the Policy to all of our suppliers of copper-bearing materials. There were no due diligence issues on which suppliers/counterparties were specifically engaged during reporting period.

There were no purchases of copper-bearing materials from state-owned companies operating in EITI countries for fiscal 2022.

JX Metals Smelting has established a company-wide confidential grievance mechanism.

Comments and Demonstration of Compliance:

JX Metals Smelting has a mechanism allowing employees and external stakeholders to voice concerns anonymously over the copper supply chain or a newly identified risk via an e-mail contact form. A functional hot-line is established, which is reviewed by the Compliance Officer. There was no concern raised regarding the copper supply chain in fiscal 2022 and There was no concern raised regarding the copper supply chain in fiscal 2022 and no remaining concerns to be closed out.

Table2: the system of control and transparency designed and implemented to collect and retain information necessary for red flags identification?

Comments and Demonstration of Compliance:

We perform supplier risk assessment as part of due diligence process throughout i) obtaining KYC Questionnaires from suppliers, ii) identifying the origin of copper by obtaining reliable source such as permission for mining, certificates of origin from suppliers, and iii) checking the existence of compliance risks by referring to reliable third-party database such as the Dow Jones Risk Database.

Table3: An explanation of how the information collected for red flag review has strengthened the company's due diligence efforts?

Comments and Demonstration of Compliance:

We use information provided by Teikoku Databank, Ltd. and Dow Jones and Company, Inc. to assess the risks in our supply chain.

We use information provided by Teikoku Databank, Ltd. and Dow Jones and Company, Inc. to check the existence of compliance risks.

We identify the origin of copper to check whether copper originates from or has not passed through i) Conflict Affected and High-Risk Areas (hereinafter referred to as "CAHRAs"), ii) a country that has limited known reserves or stocks, likely resources or expected production levels of copper, or iii) an area designated as a World Heritage Site by UNESCO.

We check whether our suppliers have obtained necessary permits, are not infringing on human rights, etc. by obtaining KYC Questionnaires from copper suppliers and

information from Teikoku Databank, Ltd. and Dow Jones and Company, Inc..

Table 4: A summary of the methodology adopted and the results of the red flags review process obtained during the assessment period?

JX Metals Smelting classifies identified risks in light of the standards of their due diligence system.

Comments and Demonstration of Compliance:

The Compliance Officer is informed of the result of due diligence as above. If a red flagged supply chain is not identified, the Compliance Officer approves the transaction. If a red flagged supply chain is identified, enhanced due diligence must be conducted and its result must be reported to the Senior management. The Senior management then determines whether to enter the transaction and gives appropriate instructions to the Compliance Officer. In case the Senior management determines to enter the transaction with red flagged supply chain, we request the supplier to prepare and implement an improvement plan to eliminate the risk, and if there is no progress in eliminating the risk in accordance with the improvement plan within 6 months, we shall suspend the transaction. The Senior management continues to monitor the progress of the improvement plan.

Supply chain due diligence shall be performed before entering a business relationship with any copper supplying counterparties. We use information provided by Teikoku Databank, Ltd. and Dow Jones and Company, Inc. to assess the risks in our supply chain.

Since there was no transaction determined high-risk supply chain during the reporting period, we did not perform enhanced due diligence for higher-risk supply chain. We conduct appropriate scrutiny and monitoring of transactions undertaken through the course of the relationship following a risk-based approach. Pan Pacific Copper Co., Ltd.'s Raw Materials Dept. perform supplier risk assessments as part of due diligence process. We did not find any high-risk supply chains during the reporting period and therefore, we did not conduct enhanced due diligence including on-site surveys.

JX Metals Smelting has established a process for the identification of CAHRAs. We shall review the list at least once a year and make changes to it as necessary. The Compliance Officer is responsible for keeping the CAHRAs list up-to-date and accessible to anyone involved in our copper raw material supply chain Due Diligence. We include in the definition of CAHRAs the Democratic Republic of the Congo (hereinafter referred to as "DRC"), neighboring countries of DRC, and countries where minerals from DRC or its neighboring countries are known or reasonably suspected to transit.

We also include in the definition of CAHRAs those countries whose intensity level is 5 according to the Heidelberg Conflict Barometer and other countries that we deem appropriate to identify as CAHRAs based on publicly available information sources such as the LBMA Responsible Sourcing Newsletter.

If our due diligence finds that a particular supply chain is red flag because either copper supplied to us or a supplier meets any of the above criteria, we conduct enhanced due diligence, namely, on-the-ground assessment as well as checks and assessments using appropriate information sources, so that the Senior management can determine whether or not to proceed with the transaction.

JX Metals Smelting has devised a strategy for risk management according to the nature of the identified risk whereby the Senior management decides on one of the following. (i) in case money laundering, terrorist financing, fomenting conflict, human rights abuses, direct or indirect support for illegal non-state armed groups, or fraudulent misrepresentation of the country of origin of copper is fraudulently mislabeled, or is highly likely to be, the transaction must not commence or be suspended immediately; (ii) in case money laundering, terrorist financing, fomenting conflict, human rights abuses, direct or indirect support for illegal non-state armed groups, or fraudulent misrepresentation of the country of origin of copper may be taking place, the transaction must be suspended and investigated; or (iii) in case due diligence has concluded that there has been a material regulatory violation regarding (a) direct or indirect assistance, bribery, or bribes to public or private security forces, (b) misrepresentation of country of origin of copper without fraud, (c) non-compliance with taxes, fees and mining fees payable to the government, or (d) violations of local environmental, occupational health and safety and community laws, but the supplier is acting proportionately and in good faith, the transaction may be continued but risk mitigation plan must be implemented.

In the case of implementation of risk mitigation plan, JX Metals Smelting requires suppliers to implement an improvement plan with clear performance targets within a reasonable period, continuously monitors the implementation status of the plan, and reports the findings to the Senior management. If the improvement plan fails to produce results within a certain period, JX Metals Smelting will consider suspending or dissolving the relationship with the supplier.

No reasonable risk of our involvement in money laundering, terrorist financing, conflict or human rights abuses-related legal requirements was identified in our due diligence conducted in the reporting period.

As a result, we did not find any high-risk supply chains during the reporting period. Therefore, there was no cases of cooperation with national or local government

authorities regarding red flagged supply chains.