

Jiangxi Copper Company Limited

LBMA Responsible Gold Guidance and LBMA

Responsible Silver Guidance Compliance

Independent Reasonable Assurance Report

The year ended 31st December 2021

Independent Reasonable Assurance Report to Jiangxi Copper Company Limited

We were engaged by Jiangxi Copper Company Limited ("Jiangxi Copper") to provide reasonable assurance on its Refiner's Compliance Report for the year ended 31st December 2021. The assurance scope consists of the Refiner's Compliance Report.

Responsibilities

The directors of Jiangxi Copper are responsible for the preparation and presentation of the Refiner's Compliance Report in accordance with the *LBMA Responsible Gold Guidance* and the *LBMA Responsible Silver Guidance* (the *Guidances*). This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived. The criteria identified by the directors as relevant for demonstrating compliance with the *Guidances* are the activities described within the Refiner's Compliance Report. Our responsibility is to carry out a reasonable assurance engagement in order to express a conclusion based on the work performed. We conducted our assurance engagement in accordance with International Standard on Assurance Engagements *ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board and the Guidance set out in the *LBMA Responsible Sourcing Programme - Third Party Audit Guidance* (the *Audit Guidance*).

This report has been prepared for Jiangxi Copper for the purpose of assisting the directors in determining whether Jiangxi Copper has complied with the *Guidances* and for no other purpose. Our assurance report is made solely to Jiangxi Copper in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than Jiangxi Copper for our work, or for the conclusions we have reached in the assurance report.

Inherent limitations

Non-financial information, such as that included in the Refiner's Compliance Report, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the subject matter and the methods used for determining such information. The methods used by Refiners to comply with the *Guidances* may differ. It is important to read the Jiangxi Copper's gold and silver supply chain policy which can be reached from the contact of Jiangxi Copper.

Independence and competency statement

In conducting our engagement, we have complied with the applicable requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

In conducting our engagement, we confirm that we satisfy the criteria for assurance providers as set out in the *Audit Guidance* to carry out the assurance engagement.

Conclusion

In our opinion, the Jiangxi Copper's Compliance Report for the year ended 31st December 2021, in all material respects, describes fairly the activities undertaken during the year to demonstrate compliance, and management's overall conclusion contained therein, is in accordance with the requirements of the *LBMA Responsible Gold Guidance* and the *LBMA Responsible Silver Guidance*.

Deloitte Touche Tohmatsu Certified Public Accountants LLP
Deloitte Touche Tohmatsu Certified Public Accountants LLP

28th March 2022
Beijing, the People's Republic of China

Jiangxi Copper Company Limited
Multi-metal Combined RGG and RSG
Compliance Report
(Year 2021)

Jiangxi Copper Company Limited

28th March, 2022

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Introduction

Jiangxi Copper Company Limited (hereinafter referred to as "Jiangxi Copper", "the Company", or "We") is currently China's largest producer of copper cathode. Jiangxi Copper's self-sufficiency rate for copper concentrate is the highest in China, and Jiangxi Copper is also the largest and most modernized copper production and processing base in China, as well as the country's major production base of sulphide chemicals and rare and precious metals such as gold, silver, selenium, tellurium and rhenium. Our annual yield of gold and silver production in 2021 are 32t and 362.3t respectively. Jiangxi Copper was listed in Hong Kong Stock Exchange in 1997 (hereinafter referred to as "HKEx") and then Shanghai Stock Exchange (hereinafter referred to as "SSE") in 2002.

Jiangxi Copper has been a Good Delivery Refiner of both silver and gold after obtaining silver and gold delivery certificates from London Bullion Market Association (hereinafter referred to as "LBMA") on 21st April, 2004 and 30th September, 2005, respectively. Our gold and silver products are also registered in Shanghai Gold Exchange and Shanghai Futures Exchange, respectively, as qualified commodities.

According to the requirements under *LBMA Responsible Gold Guidance* (hereinafter referred to as "*LBMA RGG*") and *LBMA Responsible Silver Guidance* (hereinafter referred to as "*LBMA RSG*") issued by LBMA, refiners should implement a strict due diligence on its suppliers in order to combat systematic or widespread abuses of human rights, to avoid contributing to conflict and to comply with high standards of anti-money laundering, to combat terrorist financing practices and to avoid non-compliance against environment and sustainability requirements. Jiangxi Copper compiles management policies regarding gold and silver supply chain due diligence and carries out the due diligence on gold and silver suppliers accordingly.

This report is a compliance report of Jiangxi Copper that summarises responsible gold and silver due diligence work of the year and how the *LBMA RGG* and *LBMA RSG* were followed throughout the year ended 31st December, 2021.

1. Company Profile

Company Name	Jiangxi Copper Company Limited
Location	15 Yejin Avenue, Guixi City, Jiangxi Province, P.R. China
Year of Report	Year ended 31 st December, 2021
Executive Responsible for the Report	Mr. Jiang, Wenbo, Vice President

Jiangxi Copper is listed in both HKEx as H-share (stock code: 00358.HK) and SSE as A-share (stock code: 600362.SH). Therefore, Jiangxi Copper is asked to comply with the regulatory requirements of internal control for the listed company (HKEx: *PN21, Main Board Listing Rules, Appendix 27 Environmental, Social and Governance Reporting Guide* and SSE: *Basic Standard for Enterprise Internal Control* and its implementation guidelines). The HKEx *PN 21* requires sponsors to review the internal control of the company prior to being listed. The HKEx *Main Board Listing Rules* requests directors to review the effectiveness of internal control systems of the issuer and its affiliated corporations annually at least. The review should be reported to the stakeholders in *Corporate Governance Report*, which should cover all vital monitoring aspects, including operation monitoring, compliance monitoring, and risk management functions, etc. The HKEx *Main Board Listing Rules Appendix 27 Environmental, Social and Governance Reporting Guide* requires the issuer to disclose ESG information on an annual basis, including the issuer's ESG management approach, strategy, priorities and objectives and explain how they relate to its business. Companies listed in SSE should follow the requirements of *Basic Standard for Enterprise Internal Control* and its implementation guideline. These companies should also prepare a self-assessment for internal control and an assessment report. The SSE *Basic Standard for Enterprise Internal Control* and its implementation guidelines clearly define how to select a supplier in procurement business, for example, a company should make a scientific assessment and admittance policy of the suppliers, determine the list of qualified suppliers, and make a comprehensive evaluation of the suppliers.

The certificate of Quality System under ISO 9001:2015 and GB/T19001-2016 effective till 3rd March 2022, the certificate of Environmental Management System under ISO14001:2015 and GB/T24001-2016 effective till 7th March 2022 were renewed in March 2019. The certificate of Occupation Health Safety Management System under ISO45001:2018 and GB/T45001-2020

effective till 7th March 2022 was renewed in April 2021. These certificates cover the production and service ranging from Cathode Copper, Sulphuric Acid, Gold, and Silver to Cupric Sulphate. The certificate of Measurement Management System under ISO10012:2003 and GB/T19022-2003 effective till 25th March 2025 was renewed in March 2020 and that of Energy Management System under ISO50001:2018, RB/T117-2014 and GB/T23331:2012 effective till 13th April 2024 was renewed in April 2021. Jiangxi Copper meets the requirements of above standards regarding the managements of products quality, professional health and safety, environment, energy, monitoring and measurement.

2. Compliance Overview

Step 1: Establish Strong Company Management Systems

Compliance overview for step 1: In the year ended 31st December, 2021, we have fully complied with the requirement of Step 1: Establish strong company management systems.

Responsible Internal Management Organization Structure

Jiangxi Copper set up the Responsible Gold and Silver Supply Chain Compliance Committee (hereinafter referred to as "Compliance Committee") with the Vice President of the Company as Leader of Compliance Committee, the Manager of Planning and Production Management Department as Director and Deputy Leader of Compliance Committee, and the related staffs coming from Planning and Production Management Department, Trade Division, Legal Affairs & Risk Control Department as members of the committee. Mr. Jiang, Wenbo was appointed as the new leader of Compliance Committee in July 2021, and the Director and Deputy Leader was Mr. Gao, Shijie.

The Compliance Committee held a meeting on 8th January, 2021. This meeting was hosted by the former Director and Deputy Leader Mr. Zhang, Bo, Director of the Compliance Committee. The members from Planning and Production Management Department, Trade Division and Risk Control & Internal Audit Department and Legal Affairs & Risk Control Department joined the meeting. The work plan of the responsible gold and silver supply chain compliance due diligence was discussed in this meeting, and the training on the latest version of the *LBMA RGG* and *LBMA RSG* were also conducted. Matters and discussions were recorded in a meeting minutes.

Responsible Gold and Silver Due Diligence Policy

According to the latest requirements of the *LBMA RGG*, *LBMA RSG* and the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* (hereinafter referred to as "*OECD Due Diligence Guidance*"), we issued the *Gold and Silver Supply Chain Due Diligence Management Policy* (hereinafter referred to as "*Due Diligence Management Policy*"). The *Due Diligence Management Policy* includes the Definition of Terminologies, Organization and Responsibility, Supplier Information Collection, Risk Identification and Assessment, Trade Risk Monitoring, Record Maintenance, Training and Communication. Additionally, the *Gold and Silver Supply Chain Due Diligence Flow Chart*, the template of *LBMA Questionnaire*, *LBMA Due Diligence Checklist*, *LBMA Supplier Assessment Form*, *LBMA Supply Chain Supplementary Assessment Form* and *Supplier Responsible Gold (Silver) Commitment Letter* were added to the *Due Diligence Management Policy* as attachments.

According to the *Due Diligence Management Policy*, the results of due diligence and risk rating of gold and silver supply chains by the Trade Division need to be reviewed by the Director of Compliance Committee. The company should maintain a sound record of all due diligence related materials for no less than 5 years. We confirm that the results of supplier due diligence and risk rating in 2021 were reviewed and signed by the Director of Compliance Committee, and the materials were kept on file. In addition, we introduced a supply chain traceability system that collects and maintains supply chain information for each lot refined.

Supplier Cooperation

Following the requirement of the *LBMA RGG*, *LBMA RSG* and the Appendix II of *OECD Due Diligence Guidance*, we drafted the *Supplier Responsible Gold (Silver) Commitment Letter*. Trade Division of Jiangxi Copper is responsible for communicating with stakeholders along gold and silver supply chains in line with the *LBMA RGG*, *LBMA RSG* and *Due Diligence Management Policy* issued by Jiangxi Copper. Through the communication, we try to update the stakeholders with the latest responsible gold and silver policies and procedures of LBMA timely and encourage them to follow the relevant policies and procedures. Prior to the cooperation with the suppliers, suppliers are required to sign the *Supplier Responsible Gold (Silver) Commitment Letter* to ensure that the suppliers acknowledge and will comply with the *LBMA RGG* as well as the *LBMA RSG*, and understand Jiangxi Copper's policies on gold and silver supply chain and related requirements, so that risks during cooperation can be reduced. All the recycled gold and

recycled silver bullion suppliers signed the *Supplier Responsible Gold (Silver) Commitment Letter* in 2021.

Training

In the *Due Diligence Management Policy* of Jiangxi Copper, it is clearly stated that the Planning and Production Management Department is responsible for holding gold and silver supply chain due diligence training. The training can be delivered via centralised training, internal newsletter, Office Automation System, and exhibition publicity so that related employees can have a comprehensive understanding of the *LBMA RGG*, *LBMA RSG* and the company's policies on gold and silver supply chain due diligence.

On 8th January, 2021, a training around gold and silver supply chain due diligence was held, which covered laws, guidelines and certifications related to conflict minerals, *LBMA Responsible Gold Guidance*, *LBMA Responsible Silver Guidance*, *OECD Due Diligence Guidance* and *LBMA disclosure requirements*. Attendees all signed in and training contents were recorded and documented.

Communication

In the *Due Diligence Management Policy* of Jiangxi Copper, the report mechanism and channel of gold and silver supply chain management is clearly defined for both our internal staff and the employees of suppliers. Anyone who raises concerns related to our executing policies or discovers the irregular behaviours can contact the responsible person Mr. Jian, ZhiChao through phone (0791-82710129) or Email (jianzc@jxcc.com). This report mechanism and channel was announced on the intranet. Besides, the latest *Due Diligence Management Policy* issued was uploaded to the Office Automatic System and are accessible to all employees through the intranet.

We have published the latest *Due Diligence Management Policy* (English Version) on our official website. Anyone who raises concerns related to relevant policies or discovers irregular behaviours can contact the company through the contact information published on our website.

Step 2: Identify and Assess Risks in the Supply Chain

Compliance Overview for step 2: In the year ended 31st December, 2021, we have fully complied with requirement of Step 2: Identify and assess risks in the supply chain.

The main sources of Jiangxi Copper's gold and silver products include the gold and silver by-products generated during copper smelting, and recasts from purchased recycled gold and recycled silver bullion. According to the *LBMA RSG*, due diligence is performed on all materials regardless of their silver content. Materials containing less than 15% silver by weight (kilograms) may be excluded from the scope of the guidance. We fully documented the decision process leading to our conclusion in *Risk Assessment Report on Materials Containing Less than 15% Silver by Weight* and obtained approval signature of Compliance Committee Director and Leader. *Risk Assessment Report on Materials Containing Less than 15% Silver by Weight* addressed that the materials mentioned poses no risk of contributing to systematic or widespread abuses of human rights, does not contribute to conflict, complies with high standards of anti-money laundering and combating terrorist financing practices and has no non-compliance against environment and sustainability requirements.

We mainly implement the due diligence for the purchased recycled gold and recycled silver suppliers. In the year 2021, we bought part of the recycled gold from Shanghai Gold Exchange directly, and the rest were purchased from two domestic suppliers. The recycled silver came from four domestic suppliers.

Supplier Information Collection

Before entering in cooperation with suppliers, Trade Division is responsible for collecting relevant information and materials. Trade Division sends different *LBMA Questionnaire – Mined Material* or *LBMA Questionnaire – Recycled Material* to the suppliers based on type of materials (mined material or recycled material) to obtain relevant information and documentations, which include supplier's basic information, business activities, beneficial owner(s), management structure, financial details, human resource, gold and/or silver origin, facilities, and gold and/or silver supply chain policy, etc.

After that, the collected information will be checked based on *LBMA Due Diligence Checklist – Mined Material* or *LBMA Due Diligence Checklist – Recycled Material*.

Supplier Risk Identification

According to the feedback from the questionnaires and related documentations of the suppliers, Trade Division conducts the supply chain risk identification. During the process of risk identification, whether the suppliers are associated with risk events in the following areas are focused:

- Whether the gold and/or silver was mined or purchased from higher risk origins;
- Whether the transportation and transaction process passed through high risk areas or conflict areas;
- Whether there was an illegal extortion or taxation during mining, transportation and transaction process (Risk of indirect contribution to conflicts or to non-state armed groups might exist);
- Whether the actual controllers or important shareholders of suppliers also operate other high risk business like casino or diamond business (Risk of money laundering might exist);
- Whether all the origins of the gold and/or silver are able to be traced, and whether there is behaviour trying to cover up the real source (Risk of corruption might exist);
- Whether the detail of paying relevant taxes and expenses to the government is not disclosed, or whether there is unknown money paying to the government (Risk of supporting non-state armed groups might exist);
- Whether organizations in charge of security of the suppliers are suspected of armed conflict (Risk of indirectly contributing to conflicts or to non-state armed groups might exist);
- Whether there is a phenomenon of labour abuses in organizations that are responsible mine security of the suppliers (Risk of human rights abuses might exist);
- Whether the suppliers, their upstream companies or beneficial owners engage in environmental damaging mining activities, e.g. mining with cyanide and mercury (Risk of disrupting environment and sustainability) ;
- Whether the suppliers, their upstream companies or beneficial owners mine from world heritage sites.

Supplier Risk Assessment

The risk assessment of responsible gold and silver supply chain of Jiangxi Copper consists of three aspects: Country Risks, Company Risks and Commodity Risks.

Before proceeding the transactions, Trade Division needs to conduct the risk assessment on the suppliers. The Country Risks include three risk issues, such as the gold-bearing and silver-bearing material is originating from or transported through a conflict-affected or human right abuse area (refer to *Heidelberg Barometer*). The Company Risks include eight risk issues, such as the supplier or its up-streaming company is located in a high risk country that is related to money-laundering, criminal or corruption. The Commodity Risks include five risk issues in total, one of which is the route of gold-bearing and silver-bearing material output, transit or transaction transport passes through areas of worldwide conflict or high risk violations of human rights. The security and logistics companies directly or indirectly supported by non-governmental armed groups or the security forces, such as shipping and trading process is illegal extortion or taxation.

In the sight of the risk events mentioned above, the risk identification and assessment are carried out according to the steps of self-produced gold and silver suppliers and purchased gold and silver suppliers in *Due Diligence Management Policy*. If evidence obtained from the risk identification and assessment is not sufficient to exclude the presence or potential possibility of a supplier with medium or high risk, an additional due diligence is essential. The additional due diligence procedures include on-site visit, investigation, and a further verification for the gold and silver chain due diligence information, etc.

As of 31st December, 2021, we finished the tasks of information collection, risk identification, and risk assessment for all recycled gold and recycled silver suppliers. The results of the risk assessment were entirely recorded into corresponding *LBMA Supply Chain Assessment Form*, which includes the supporting documents of the assessments, the comments and dates of approval. In 2021, all the recycled gold and recycled silver suppliers were identified as low risk.

Moreover, every year we select a portion of raw material suppliers to conduct onsite interview and onsite inspection by an inspection group which is composed of corresponding personnel in charge from the Planning and Production Management Department, Trade Division, and Guixi Refinery Plant. In 2021, we arranged on-site inspections on three suppliers. We confirmed that the current business conditions of the suppliers above were well, and learned that all the origins of gold are by-products from the copper refining process. Also, we summarized the results of the onsite inspections into the *Site Visit Forms-Recycled Material* and *Second-party Raw Material Inspection Report (Year 2021)*.

Step 3: Design and Implement Strategy to Respond to Identified Risks

Compliance overview for Step 3: In the year ended 31st December, 2021, we have fully complied with step 3: Design and implement strategy to respond to identified risks.

According to the result of risk assessment, the suppliers are classified into three levels: low risk, medium risk, and high risk. We adopt various risk control measures for suppliers at different levels. The details are as follows:

Risk Level	Types of Suppliers	Risk Control Measures
Low Risk	Existing Suppliers	<ul style="list-style-type: none"> • New orders for gold and/or silver material can be placed. • Existing orders can be shipped.
	New Suppliers	<ul style="list-style-type: none"> • New suppliers can be accepted.
Medium Risk	Existing Suppliers	<ul style="list-style-type: none"> • New orders for gold and/or silver material should be deferred. • Existing orders should be put off to avoid the occurrence of irregular status. • Until obtaining more information and evidences to confirm the risk level of the suppliers.
	New Suppliers	<ul style="list-style-type: none"> • The acceptance of new suppliers should be deferred. • The corrective action plan should be delivered by the suppliers. • Until obtaining more information and evidences to confirm the risk level of the suppliers.
High Risk	Existing Suppliers	<ul style="list-style-type: none"> • All orders that have not been on boarding should be suspended. • If the goods have been on boarding, it should be disposed according to sales return procedures. • The production made from gold-bearing and/or silver-bearing material provided by high risk suppliers should be preserved separately from others. • A re-assessment should be carried out within 180 days after the last assessment. If the non-compliance phenomenon is disappeared, the cooperation with the suppliers can be continued and the suppliers should be listed as medium risk. • The monitoring and assessment results should be termly reported to related senior management, which can support the management to decide whether to cooperate with the suppliers or not.

	New Suppliers	<ul style="list-style-type: none"> • New suppliers cannot be accepted.
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As a link of continuous due diligence, Trade Division needs to continually pay attention to transaction risks after the contract is signed and carry out the risk assessment. If Trade Division found the existing normal cooperation of low risk suppliers may be involved in money laundering, terrorist financing, encouraging conflict, human rights abuses and environment and sustainability disruption, Trade Division should immediately suspend the cooperation relations and carry out related investigations. If conclusive evidence exists to prove that supplier was involved money laundering, terrorist financing, encouraging conflict, human rights abuses and environment and sustainability disruption, Jiangxi Copper should immediately stop purchasing and terminate the cooperation. If significant risks or problems were found in the due diligence process, the Compliance Committee Director would report to the company's management on major issues of gold and silver supply chain management in accordance with the *Due Diligence Management Policy*.

As of 31st December, 2021, we completed the risk identifications and risk assessments of all existing and potential new recycled gold and recycled silver suppliers of the year. All existing and potential new recycled gold and recycled silver suppliers in 2021 are low risk suppliers, with no potential problem found. No gold or silver suppliers involved in money laundering, terrorist financing, encouraging conflict, violation of human rights or disrupting environment and sustainability, etc. For existing suppliers, new orders for gold and silver materials are allowed to be placed and existing orders can be shipped in 2021. Meanwhile, we completed risk identifications and risk assessments for potential new suppliers in 2021, which have been accepted as new suppliers.

Step 4: Carry out Independent Third-Party Audit of Refiner's Due Diligence Practices

Compliance overview for step 4: We have fully complied with Step 4: Carry out independent third-party audit of refiner's due diligence practices.

We have entered into a service agreement with Deloitte Touche Tohmatsu Certified Public Accountants LLP (hereinafter referred to as "Deloitte") to carry out an independent third-party assurance on our compliance practices adhered to the *LBMA RGG* and *LBMA RSG*.

Deloitte performed an independent third-party reasonable assurance engagement for *Jiangxi Copper Company Limited Multi-metal RGG and RSG Compliance Report* in accordance with *International Standard in Assurance Engagements Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000)*. Deloitte and we agreed that a reasonable assurance is to be applied to year 2021. The *Independent Reasonable Assurance Report* and *Jiangxi Copper Company Limited LBMA RGG and RSG Compliance Management Report* can be found in attached documents.

Step 5: Report Annually on Supply Chain Due Diligence

Compliance overview for step 5: We have fully complied with Step 5: Report annually on supply chain due diligence.

We have issued *Jiangxi Copper Company Limited Multi-metal Combined RGG and RSG Compliance Report* in accordance with the *LBMA RGG* and *LBMA RSG* to disclose our supply chain due diligence performance in the year ended 31st December, 2021.

3. Management Conclusion

As of 31st December, 2021, we established the management system of supply chain process and controls, issued and implemented *Due Diligence Management Policy*. We also collected the information of due diligence, identified and assessed risk in supply chain, designed the risk control measures, arranged for an independent third-party audit of supply chain due diligence and compiled a report on supply chain due diligence during 2021. Therefore, we have fully complied with the *LBMA RGG* and *LBMA RSG* in the year ended 31st December, 2021.

In the next phase of work, we are committed to continuous improvement on the basis of current gold and silver supply chain due diligence system, and aim to combine the responsible gold and silver supply chain process with our existing supply chain process more effectively. Any corrective action identified will be monitored internally on a regular basis by Jiangxi Copper.

4. Others

Users of this report can let us hear of their comments on this report by dialling +86 0791-82710129 or emailing jianzc@jxcc.com. The contact person is Mr. Jian, ZhiChao.

5. Appendixes

5.1 Countries of Origin of Annex for the Year 2021

No.	Type	Country of Origin	Amount/Kgs
1.	Mined Gold	N/A	N/A
2.	Recycled Gold	China	22,913.04
3.	Mined Silver	N/A	N/A
4.	Recycled Silver	China	100,490.97

*Note: Data included in this appendix of this report is limited to the use of LBMA assurance and the refiner's own purpose, and shall not be disclosed publicly.