



Mineral Supply Chain Due Diligence Assessment

Summary Report

| | | | | | |
|-------------------|--|-----------------------------|---------------------------------------|----------------------------|----------------------------|
| Assessed Party | Guangxi Nandan Nanfang Metal Company Limited | | | | |
| Assessment Date | 16/09/2025-17/09/2025 | | | | |
| Assessed Material | Lead | | | | |
| LME-listed Brand | NF | | | | |
| 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 | Yazhen Qiao, Zhe Wang | | | | |

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 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 | Guangxi Nandan Nanfang Metal Company Limited |
| Refinery Name | Guangxi Nandan Nanfang Metal Company Limited |
| Location | Fengtangao, Chehe Town, Nandan County (Hechi Nandan Industrial Park), Guangxi, China |
| Profile Number | DDMSC-CNPb0139 |

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 | | |
| LME-listed Brand | NF | | |
| 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: 08/01/2024 - 07/31/2025 | <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 <i>Supply Chain Due Diligence Policy</i> , which complies with the requirements of the <i>Chinese Due Diligence Guidelines for Mineral Supply Chain</i> . The Policy is publicly released on its official website. |
| Structure appropriate internal management systems | The Company has established a cross-departmental mineral supply chain compliance team, with a group senior executive appointed as Compliance Director, the Deputy Section Chief of the Group's Corporate Management Department as Team Leader, and heads of all departments as team members. The team, with clearly defined responsibilities, oversees the operation of the supply chain due diligence management system. The company has formulated a due diligence management accountability and performance assessment mechanism, and conducts regular assessments the work of relevant positions. The management and employees completed training on mineral supply chain due diligence management, yet no written qualification certificates verifying the instructors' professional competence have been provided. |

| | |
|---|--|
| <p>Establish a system of controls and transparency over the supply chain</p> | <p>The company has established supply chain control and transparency systems and developed control documents such as <i>Know Your Supplier (KYS) Questionnaire</i>, <i>Information Form of Lead Raw Material Chain of Custody in Mineral Source Areas</i> to collect and understand the Company's mineral supply chain traceability information. For supply chains that trigger warning signals, the company's <i>Responsible Sourcing Control Procedure</i> requires further supplementary collection of supply chain traceability information.</p> |
| <p>Strengthen engagement with suppliers</p> | <p>The Company developed <i>Responsibility Contract Clauses</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 and in-person communication methods. However, there was no sufficient written evidence provided to demonstrate the cooperation with suppliers in formulating the risk management plan.</p> |
| <p>Establish a company level grievance mechanism and/or participate an industrial level grievance mechanism</p> | <p>The Company has established and released the <i>Grievance Mechanism for Supply Chain Due Diligence</i>, covering the scope, channels of appeals. However, no corresponding appeal management measures have been established, lacking written regulations on the appeal handling process, record-keeping, response methods, and response time, etc. The company has identified and committed to participating in the grievance mechanism at the industry level.</p> |
| <p>Step 2: Risk Identification and Assessment</p> | |
| <p>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</p> | <p>The Company has established the <i>Conflict Affected and High Risk Areas (CAHRAs) Identification Procedure</i> and conducted supply chains warning sign review. The company verified information by distributing and collecting <i>Know Your Supplier (KYS) Questionnaire</i> and <i>Information Table of Lead Raw Material Chain of Custody in Mineral Source Areas</i>. Review results indicated that no warning signs have been identified in the company's supply chain. During the verification process of supply chain transparency information, the completeness of written evidence retention needs to be further improved.</p> |

| | |
|---|---|
| <p>When warning signs are identified, companies shall conduct an on-the-ground assessment of the corresponding supply chain</p> | <p>Through the review process, no warning signs have been identified in the company's supply chain. Thus no on-site assessment is required.</p> |
| <p>Assess risks in the supply chain</p> | <p>The Company has carried out supply chain risk assessment and formed risk assessment report.</p> |
| <p>Step 3: Risk Prevention and Mitigation</p> | |
| <p>Report risk assessment results internally</p> | <p>The company conducted a risk assessment of the supply chain and formed a <i>Risk Assessment Report</i>. The risk assessment results have been reported to the senior management of the Supply Chain Compliance Team.</p> |
| <p>Develop and adopt risk management plan</p> | <p>The Company formulated and approved the <i>Risk Management Plan</i>, which includes mitigation strategies and response plans for various risks. During the assessment period, the company introduced the Risk Management Plan to most suppliers and industry organizations and to solicit their suggestions, but it failed to fully retain the records of the supplier consultations. The company did not disclose the risk management plan.</p> |
| <p>Implement risk management plan, monitor and track performance of risk mitigation strategies</p> | <p>The company has established a <i>Risk Management Plan Implementation and Monitoring Procedure</i> to ensure that the implementation of the risk management plan can change according to environmental changes. The company failed to provide relevant records regarding the cooperation and/or negotiation with the affected stakeholders, local and central governments, upstream suppliers, international or civil society organizations for the implementation, supervision and performance tracking of the risk management plan. The company failed to provide relevant records or plans for establishing or supporting local community supervision forces during the implementation and monitoring of the risk management plan.</p> |

| | |
|--|---|
| <p>Supplementary assessment of risks that need to be mitigated. Supplementary assessment can also be conducted after actual circumstances have changed</p> | <p>The Company has developed an <i>Additional Risk Assessment Needs Form</i>, 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 the implementation of the <i>Risk Mitigation Plan</i>.</p> |
| <p>Step 4: Internal and External Assessment</p> | |
| <p>Companies should establish internal assessment system, to continuously monitor and manage due diligence performance</p> | <p>The Company has conducted internal assessment and completed the <i>Internal Assessment Report</i>. However, the internal assessment was not conducted in a thorough and effective manner. The report indicated that no non-compliance issues or areas requiring improvement were identified during the internal assessment, and it showed a significant difference from the results of the third-party assessment. During the assessment period, the members of the internal assessment team did not participate in the continuing education for internal auditors to obtain the necessary qualifications.</p> |
| <p>Companies should designate the second or third party to conduct assessment when applicable</p> | <p>This is the third time for the company to participate in the independent third-party assessment of supply chain due diligence. The evaluation conditions are provided for the evaluation team.</p> |
| <p>When necessary, the company at the key points (smelters/refiners) makes necessary disclosures on the assessment results</p> | <p>The company has committed to publicly disclose the <i>Mineral Supply Chain Due Diligence Assessment Summary Report</i>.</p> |
| <p>Step 5: Reporting and Communication</p> | |

| | |
|---|---|
| <p>Develop due diligence progress report</p> | <p>The Company has developed the <i>2024-2025 Supply Chain Due Diligence Progress Report</i>.</p> |
| <p>With due regard to business confidentiality and other competitive concerns, companies should publish due diligence progress reports or summary</p> | <p>The Company has published the <i>2024-2025 Supply Chain Due Diligence Progress Report</i> to the public. Link: https://www.nanfangmetal.com/news/patform160.html</p> |
| <p>Step 6: Provide for or Cooperate in Remediation When Appropriate</p> | |
| <p>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</p> | <p>N/A</p> |
| <p>Companies provide conditions or cooperate with existing remedial mechanisms in a timely manner</p> | <p>N/A</p> |