



**CMOC Group Limited**

# **Responsible Production and Sourcing**

## **Policy**

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**CMOC\_HQ\_ZD\_069**

**Approver: SUN Ruiwen**

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## Chapter 1 Our Commitment

CMOC Group Limited together with all its directly or indirectly controlled or majority-owned subsidiaries (collectively, “CMOC” or the “Company”) are committed to ethical and sustainable business practices in their operations and supply chain<sup>1</sup>, which includes responsible production and sourcing of minerals. The CMOC Responsible Production and Sourcing Policy (the “Policy”) outlines CMOC’s commitment to continuously carry out appropriate due diligence in the mineral supply chain and ensure responsible production of minerals in line with the OECD Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (“OECD Guidance”).

This Policy is consistent with CMOC’s commitments to ethical business conduct and to respecting human rights as outlined in the CMOC Code of Business Conduct, Human Rights Policy, Anti-Corruption Policy and Supplier Code of Conduct.

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<sup>1</sup> The term supply chain refers to the system of all the activities, organizations, actors, technology, information, resources, and services involved in moving the mineral from the extraction site downstream to its incorporation in the final product for end consumers. (Source: OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas).

## Chapter 2 Applicability and Expectations Of Relevant Parties

This Policy applies to all CMOC’s global mining, processing and trading operations and its suppliers of mined and/or recycled material intended for the production of metal products. General requirements and expectations for Suppliers<sup>2</sup> are reflected in the CMOC Supplier Code of Conduct.

CMOC is committed to fostering long-term engagement with its Suppliers and organizes Supplier training and/or capacity-building initiatives on responsible production and sourcing as required.

To support transparent and open communication on priorities concerning responsible production and sourcing beyond its operations, the Company actively engages with relevant stakeholders and organizations. Most importantly, CMOC’s [grievance mechanism](#) serves as a grievance and remediation mechanism for internal and external stakeholders, enabling them to confidentially report any concerns relating to CMOC’s responsible production and sourcing practices without fear of retaliation.

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<sup>2</sup> CMOC defines “Supplier” as a business that provides goods or services to CMOC. A Supplier may include suppliers, contractors, consultants, vendors, their subcontractors and any other contracted third parties.

## Chapter 3 Responsible Production and Sourcing Principles

### 3.1 Human Rights

Recognizing the risks of adverse human rights impacts and conflict associated with the extraction, trade, handling and export of minerals from conflict-affected and high-risk areas, CMOC will neither tolerate nor in any way assist with, contribute to, facilitate the commission by any party of or profit from any forms of human rights violations or abuses in its operations or supply chain. This includes:

- any forms of torture, cruel, inhuman and degrading treatment;
- any forms of forced or compulsory labor, which means work or service which is exacted from any person under the menace of penalty and for which said person has not offered himself voluntarily;
- the worst forms of child labor<sup>3</sup>;
- other gross human rights violations and abuses, such as globally widespread sexualized violence;
- war crimes or other violations of international humanitarian law, crimes against humanity or genocide.

CMOC will immediately suspend or terminate relationship with a Supplier where it identifies a reasonable risk that the Supplier is sourcing from or linked to any party committing serious human rights violations or abuses listed above.

### 3.2 Security forces and non-state armed groups

CMOC will not tolerate any direct or indirect support to public or private security forces, non-state armed groups or their affiliates, who illegally control mine sites, transportation routes and upstream actors, or who are involved in illegal taxing or extortion in connection with the extraction, transport, trade, handling or export of minerals in its operations and supply chain. If CMOC or any of its Suppliers contract public or private security forces, CMOC commits to ensuring that such security forces comply with, and expects its Suppliers to comply with, the Voluntary

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<sup>3</sup> As defined in the ILO Convention (No. 182) in 1999 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor.

Principles on Security and Human Rights<sup>4</sup>.

CMOC is committed to engaging with relevant stakeholders and affected groups to manage risks associated with the extraction, transport, trade, handling and export of minerals or the presence of public or private security forces in its operations and supply chain. The Company is committed to promoting transparency, proportionality and accountability in payments made to security forces in its supply chain. If CMOC identifies any of the above risks in its operations or supply chain, it will implement an appropriate risk mitigation strategy which may include suspending or discontinuing trade with the affected Supplier depending on the severity of risks identified and mitigation actions taken.

### **3.3 Financial crime and transparency**

CMOC will not commit, and will ensure that its employees, affiliates or agents will not commit any actions such as promising, providing, accepting or receiving or soliciting a bribe, assisting in any forms of bribery, and other actions violating any local and applicable anti-corruption laws. CMOC will not offer, promise, give or demand any bribes and will resist the solicitation of bribes to conceal, disguise or misrepresent the origin of minerals or payments to governments and will work towards eliminating money laundering risks. The Company will ensure that all taxes, fees and royalties related to mineral extraction, trade, and export from CMOC mining operations are paid to the governments. Furthermore, CMOC will ensure that information on such payments is disclosed in line with international standards and good practice frameworks relevant to its individual operations. The Company will engage with Suppliers and other relevant stakeholders to prevent or mitigate financial crime risks and promote transparency in its supply chain.

For further information on CMOC's commitment to ethical business conduct, please refer to the CMOC Anti-Corruption Policy and the Code of Business Conduct.

### **3.4 Occupational Health and Safety**

CMOC is committed to maintaining the physical and mental health and safety as well of its employees and suppliers at all times. To ensure the highest standards and conditions for occupational health and safety, CMOC will continue to improve its HSE Policy and Employment Policy, and

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<sup>4</sup> The Voluntary Principles on security and human rights, developed in 2000 jointly by governments of the United States and the United Kingdom, companies and non-governmental organizations as part of a dialogue on security and human rights.

work towards:

- Developing and implementing a comprehensive occupational health and safety (OHS) management system. This system will be based on the principles of risk management and continuous improvement. It will cover all aspects of OHS, from hazard identification and risk assessment to incident investigation and corrective action ;
- Providing adequate training to all employees on OHS matters. This training will be tailored to the specific job duties of each employee and should be provided at no cost;
- Maintaining a safe and healthy work environment. This includes ensuring that all equipment is properly maintained and that all hazards are properly controlled. It also includes providing adequate personal protective equipment (PPE) to all employees;
- Monitoring employee health and well-being. This involves conducting regular health screenings and providing access to employee assistance programs;
- Creating a culture of safety and health. This involves encouraging employees to report hazards and unsafe practices, and to participate in OHS activities on a regular basis.

## Chapter 4 Responsible Production and Sourcing Management System

CMOC has established a Responsible Production Management System (“RPMS”) and an overarching Responsible Production Procedure to manage OECD Annex II risks in its operations and supply chain in line with stakeholder expectations, leading industry practices and the internationally-recognized good practice framework of the OECD Guidance – the Five-Step Framework for Risk-Based Due Diligence. Based on this framework, the Company:

### **4.1 Establishes strong systems of responsible production and sourcing management**

This includes:

- the publicly available Responsible Production and Sourcing Policy (this policy) and the CMOC Supplier Code of Conduct, specifying CMOC’s responsible production and sourcing commitments as well as requirements for Suppliers;
- internal management structure to support responsible production and supply chain due diligence and efficiently communicate critical information to internal and external stakeholders;
- Internal material control and a system of controls and transparency over the supply chain, including the identification of upstream Suppliers where applicable;
- CMOC’s [grievance mechanism](#) that any affected stakeholder can use to raise concerns regarding the circumstances of extraction, trade, handling and export of minerals in the Company’s operations and supply chain more broadly.

### **4.2 Implements a process to identify and assess OECD Annex II risks in its mining operations and mineral supply chain**

This includes conducting an ongoing risk assessment and incident monitoring in its operations and supply chain.

### **4.3 Designs and implements measures to respond to any identified risks**

This includes:



- reporting on the results of OECD Annex II risk assessment in CMOC's operations and supply chain to senior management;
- developing measurable risk mitigation plans in consultation with relevant stakeholders where necessary;
- monitoring processes for the implementation of risk mitigation actions;
- reporting the results of risk management to senior management.

#### **4.4 Commits to report publicly on responsible production and responsible sourcing efforts**

Disclose information on responsible production and responsible sourcing as part of CMOC's annual ESG report and other means, with due regard to business confidentiality and other competitive concerns. The reporting includes the following elements:

- relevant responsible production and supply chain due diligence policies and practices;
- grievances received and addressed;
- the results of supply chain risk assessments;
- risk mitigation activities.

## Chapter 5 Accountability

CMOC's Responsible Production and Sourcing Policy is published on the Company website, communicated internally and externally and provided to Suppliers. The Group VP in charge of ESG has overall responsibility for the Policy implementation.

CMOC will track the performance and review the effectiveness of the Responsible Production Management System, supporting the implementation of the Policy, and make necessary updates to the management system at least annually or where there is a significant change of circumstances to ensure its continuous improvement.

## Chapter 6 Effectiveness and Interpretation

This Policy shall come into force on the date of approval by the CEO of the Group. This Policy shall be interpreted by the ESG Department of the Group.

## Chapter 7 Reporting Violations of This Policy

All our stakeholders are encouraged to report any grievances linked to this Policy or suspected violations of it via CMOC's [grievance mechanism](#). The complaints can be made anonymously and CMOC will ensure protection of the reporting person from any form of retaliation.