

	Korea Zinc	No.	19
		Approved.	Mar, 2022
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		Revision No.	1

Conflict Minerals Policy

Effective Date: Nov 10, 2023

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Revision history

Revision No.	Amendment Clause	Change Description	Revision Date
1	-	- Standardization of content and format - Revision of the 'Commitment'	Nov 10, 2023

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Objective

Conflict minerals are the four major minerals (3TGs, Tin, Tantalum, Tungsten and Gold) mined in 10 African countries such as Democratic Republic of the Congo, Congo, Central African Republic, South Sudan, Uganda, Rwanda, Burundi, Tanzania, Zambia, and Angola. Conflict Minerals Regulation has been introduced to enhance consumers' awareness and transparency of conflict minerals and reduce violence and exploitation in conflict zones by preventing the trading profits of the four major minerals from flowing into the rebels. In 2010, the U.S. Congress made it mandatory to report the use of conflict minerals, and the use of the four major minerals should be reported to the SEC. (Securities and Exchange Commission)

[SEC reporting obligations]

- **Mandatory disclosure of information for the companies that use conflict minerals or metals using conflict minerals as a gemstone in their production processes on the production and supply of such minerals**
- **Three major steps of regulation applicability, reasonable country of origin inquiry and due diligence, reporting, and auditing**
- **Conflict minerals, especially those produced in other areas other than the conflict zone should be included in the Securities Commission's obligation to disclose related information**

Conflict minerals in Korea Zinc include silver in the four major minerals (3TGs) mined in conflict zones in Africa. The main characteristics of each mineral are as follows.

- ① Tantalum, elemental symbol: Ta, is widely used in electrical and electronic products which require high reliability in extreme environments. It is generally used for precision alloys and electrical components applied to electronics, automobiles and aerospace products.
- ② Tin, elemental symbol: Sn, is mainly used for soldering and widely used in most electronics and components. It is mainly produced in some countries in Central Africa, China, and Indonesia.
- ③ Tungsten, elemental symbol: W, is widely used throughout the electronics, automotive and aerospace industries because of its high strength and melting point. Most is produced in China, and a certain amount is produced in Central Africa.

④ Gold, elemental symbol: Au, is widely used in IT, semiconductor parts, medical devices and so on for excellent conductivity, ductility, thermal conductivity and electrical conductivity, and used also as a decoration item as precious metals. It is easy to smuggle, exchange around the world because of its high value, easy processing, and convenience of transportation, and its anonymous transactions through cash are also possible. As a result, the gold supply chain, which is complicated and hard to check clearly has been used to finance various crimes and terrorism. Accordingly, RMI (Responsible Minerals Initiative) and RMAP (Responsible Minerals Assurance Program) in Supply Chain Management Union present independent certification standards for gold, and provide individual due diligence guidelines to identify, assess and address risks associated with gold.

Conflict Minerals Management Principles and Standards

Korea Zinc actively supports RMI's activities to ban the use of conflict minerals to enhance consumers' awareness and transparency of conflict minerals and reduce violence and exploitation in conflict zones by preventing business transaction revenue from flowing into the rebels. We will continue to monitor the purchase of minerals from our partner companies to expand its scope of management. In accordance with Annex II of the OECD Guidelines, we adhere to our principles and standards for conflict mineral management. Consequently, we refrain from conducting transactions with suppliers who fail to comply with these guidelines. Our primary objective is to establish and maintain enduring relationships with our suppliers.

1. We strictly refrain from using conflict minerals that have been produced, transported, or traded through processes involving inhumane practices such as child labor and human rights violations.
2. We categorically avoid utilizing conflict minerals that are linked to non-state armed groups, terrorism, and any form of organization directly or indirectly associated with supporting terrorism.
3. We maintain a strong commitment to both preventing money laundering and avoiding tax evasion. Furthermore, we make diligent efforts to combat the laundering of funds associated with conflict minerals.
4. We uphold a zero-tolerance policy towards any form of direct or indirect bribery and corruption. Our adherence to anti-bribery and anti-corruption regulations is unwavering.
5. In our rigorous management of the conflict mineral supply chain, we conduct comprehensive Due Diligence Surveys and employ a consistent procedure to assess the reliability and identify potential risks of our suppliers, especially when sourcing raw materials from conflict and high-risk regions.

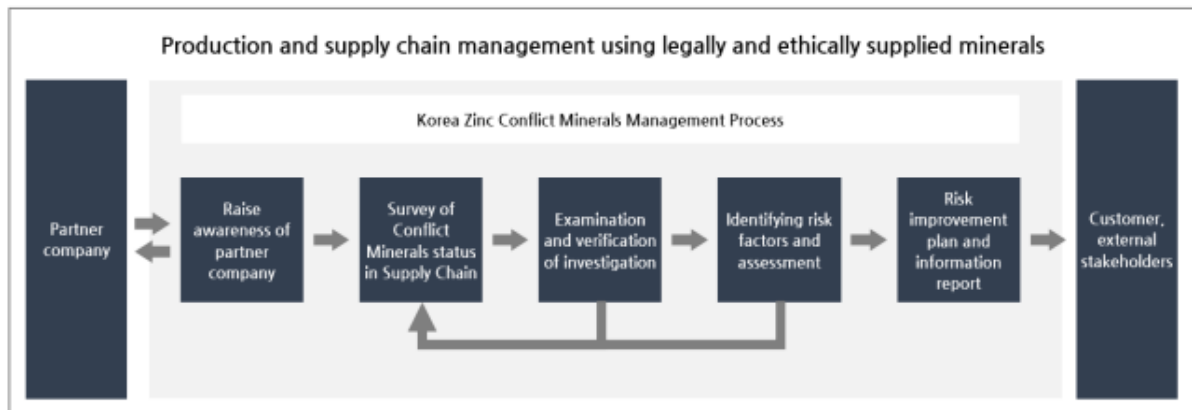
Target Products

Korea Zinc is a non-ferrous metal smelting company that mainly produces and sells zinc, and produces gold, silver, and sulfuric acid as valuable metals and by-products that are recovered in

the process of zinc and smelting. Korea Zinc applies conflict mineral management standards to raw materials and subsidiary materials produced for commercialization.

Supply Chain Management Process (Management system)

Korea Zinc manages minerals based on OECD Due Diligence Guidance for responsible supply chain management. Also, we actively share it with various stakeholders to promote the management effect of conflict minerals.



Supply chain management procedure

Korea Zinc manages the mineral used in the company's products to be ethically mined according to the OECD due diligence guidelines, and demands partner companies the same level of management like us.

- **Step 1** : Raise awareness of partner company
 - Request for agreement of not using conflict minerals to primary partner companies
 - Distribution of Korea Zinc conflict minerals policy and support for practical training
 - Require partner companies to implement policies that do not use conflict minerals
- **Step 2** : Investigate conflict minerals in the supply chain
 - Investigation and monitoring of conflict minerals information and usage in the supply chain for primary suppliers
- **Step 3** : Systematic due diligence and verification of results
 - Conduct on-site inspection of submitted information from partner companies

- **Step 4** : Identify and assess risk within the supply chain

- Risk inspection and management based on the results of the on-site inspection

- **Step 5** : Develop a risk improvement plan and report relevant information

- Trade sanctions of partner companies using conflict minerals

- Responsible supply chain management policy and VOC operation in the homepage

Policy Violation

Violation of conflict mineral policy can be a serious problem resulting in the termination of a contract to sever relations with a customer and the filing of a lawsuit against the company. In addition, violations of this policy could tarnish the company's reputation, and bring a pressure from various stakeholders such as NGO, human rights activists, consumers, or markets.

Therefore, all employees must report to the relevant department ASAP when they find any violation, and be careful not to delay reporting due to insufficient evidence.