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**Independent Reasonable Assurance Report to Korea Zinc Company, Ltd. on the Refiner's Compliance Report**

We were engaged by Korea Zinc Company, Ltd. ("the Refiner") to report on the accompanying Refiner's Compliance Report for the year ended December 31, 2024, in the form of an independent reasonable assurance conclusion whether the Refiner's Compliance Report, in all material respects, is fairly stated based on the London Bullion Market Association (LBMA) Responsible Gold Guidance (version 9) and Responsible Silver Guidance (version 2) (*"the Guidance"*).

**Management's responsibilities**

The management of the Refiner is responsible for the preparation and presentation of the Refiner's Compliance Report that is free from material non-compliance in accordance with the requirements of the Guidance and for the information contained therein. The management is also responsible for such internal control as they determine is necessary to enable the preparation of the Refiner's Compliance Report that is free from material misstatement, whether due to fraud or error.

The criteria identified by the management as relevant for demonstrating compliance with the *Guidance* are the activities described within the Refiner's Compliance Report.

**Our responsibilities**

Our responsibility is to examine the Refiner's Compliance Report prepared by the Refiner and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our 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 Assurance Guidance* (*"the LBMA Assurance Guidance"*). That standard requires that we comply with ethical requirements, including, independence requirements, and plan and perform our procedures to obtain reasonable assurance about, whether the Refiner's Compliance Report is fairly stated, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Refiner's Compliance Report whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the Refiner's Compliance Report in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Refiner's internal control over the preparation and presentation of the Refiner's Compliance Report. Our engagement also included: performing procedures to obtain evidence about the

information included in the Refiner's Compliance Report. The procedures performed on Refiner's Compliance Report have been based on our professional judgement and have included inquiries, primarily with company personnel responsible for the preparation of information included in the Refiner's Compliance Report, analysis of documents, recalculations and other procedures aimed to obtain supporting evidence. Reasonable assurance is less than absolute assurance.

Specifically, we carried out the following procedures:

- On-site visit;
- Engaged in interviews with key personnel involved in supply chain management, compliance, and risk management;
- Inquired with management to gain an understanding of the Refiner's processes, risk management protocols, and internal controls related to the preparation of the Refiner's Compliance Report;
- Inquired with relevant staff responsible for the preparation of the Report;
- Inquired to obtain information about the production process and the Refiner's approach to meeting the requirements of the *Guidance*;
- Reviewed supporting documentation, including supplier counterparty due diligence files and underlying transactions;
- Inquired the effectiveness of the Refiner's internal controls related to responsible sourcing, anti-money laundering, and conflict mineral risks.

#### **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 absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques that can result in materially different measurements and can impact comparability. The methods used by refiners to comply with the *Guidance* may differ. It is important to read the Korea Zinc Company, Ltd.'s gold and silver supply chain policy available on Korea Zinc Company, Ltd.'s website (<https://www.koreazinc.co.kr/en/>).

#### **Independence and competency statement**

In conducting our engagement, we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

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

## Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the Refiner's Compliance Report for the year ended December 31, 2024, is fairly stated, in all material respects, in accordance with the applicable criteria set out in the *Guidance*.

## Restriction on Use and Distribution

We issue this report on the basis of the engagement agreed with the Refiner. The assessment has been performed for purposes of the Refiner and is solely intended to inform the Refiner about the results of the engagement. The report is not intended for any third parties to base any (financial) decision thereon. We do not assume any responsibility towards third parties.

We refer to the fact that the Refiner's Compliance Report subject to our assurance engagement comprises the Annex "List of countries of origin of gold and silver" and the treatment of the Refiner. According to the LBMA Responsible Gold Guidance (version 9, November 2021), the LBMA Responsible Silver Guidance (version 2, November 2023) and the LBMA Responsible Sourcing Programme – Third Party Assurance Guidance (version 1), this Annex detailing the countries of origin of gold and silver has to be submitted to the LBMA only and does not need to be disclosed publicly.



KPMG Samjong Accounting Corp.

March 28, 2025

Seoul, Republic of Korea

# LBMA Refiner's Compliance Report

This report summarizes how Korea Zinc Company, Ltd. (hereinafter referred to as "Korea Zinc") has complied with the requirements of the LBMA Responsible Gold and Silver Guidance.

## Refiner's details

<b>Refiner's name:</b>	Korea Zinc
<b>Location:</b>	139, Ijin-ro, Onsan-eup, Ulju-gun, Ulsan, Republic of Korea
<b>Reporting year-end:</b>	31 December 2024
<b>Date of Report:</b>	27 March 2025
<b>Senior Management Responsible:</b>	Sanghoon John Lee, Executive Director of Raw Materials Division Refining Business Unit Korea Zinc 

## Summary of activities undertaken to demonstrate compliance

### Step 1: Establish strong company management systems

Korea Zinc has complied fully with Step 1 : Establishment of strong company management systems

#### 1.1 Has the Refiner adopted a supply chain policy regarding due diligence for supply chains of gold and/or silver?

Korea Zinc has formally adopted its Responsible Sourcing Policy, which includes the Conflict Mineral Policy and Supplier Code of Conduct. This policy specifically addresses the due diligence required for the supply chain of precious metals, including gold and silver, and covers all topics referenced in Annex II of the OECD Due Diligence Guidance and Step 1.1 of the Responsible Gold/Silver Guidance (RGG/RSG).

Additionally, the policy incorporates Environmental, Social, and Governance (ESG) factors relevant to the company's primary gold supply chains. These comprehensive policies are publicly available on the company's official website at the following link: [Korea Zinc Policy Package](#)

The policy was reviewed most recently on 2nd December 2024 and is fully aligned with Korea Zinc's management principles and standards. It serves as a guiding framework, including the following key points:

1. Conflict-Free Minerals: We strictly refrain from using minerals produced, transported, or traded through processes involving inhumane practices such as child labor or human rights violations.
2. Terrorism Financing and Armed Groups: We categorically avoid using minerals linked to non-state armed groups, terrorism, or any organization directly or indirectly supporting terrorism.
3. Anti-Money Laundering and Tax Evasion: We are committed to preventing money laundering and tax evasion, while taking diligent efforts to combat the laundering of funds connected to conflict minerals.
4. Anti-Bribery and Corruption: We maintain a zero-tolerance policy toward bribery and corruption in any form, strictly adhering to relevant anti-bribery and anti-corruption regulations.
5. Due Diligence in the Supply Chain: We conduct comprehensive due diligence surveys and maintain a consistent procedure to assess supplier reliability and identify risks, especially when sourcing raw materials from conflict and high-risk regions.

This policy has been approved at the senior level, reviewed annually, and updated as required. It is publicly available on the company's official website in English and is communicated to all relevant staff.

## 1.2 Has the Refiner set up an internal management structure to support supply chain due diligence?

Korea Zinc has implemented a comprehensive and robust governance structure to oversee and support the implementation and continuous improvement of supply chain due diligence. The company's internal management system adheres to best practices and rigorously collects and retains documentation regarding the origins of mined and recycled gold/silver. This documentation ensures that suppliers have not: (a) financed terrorism, (b) contributed to conflict, (c) engaged in human rights abuses, or (d) facilitated money laundering.

### a. Board-level oversight

Ultimate authority and accountability for supply chain due diligence at Korea Zinc rest with the Board of Directors. The Board comprises thirteen members, including three directors and non-executive directors, all with extensive experience in the nonferrous metal industry. Among these members, two independent directors provide expertise in Environmental, Social, and Governance (ESG) matters, while three directors and independent directors possess significant experience in risk management. Training is provided to ensure that the Board can effectively oversee and support responsible sourcing activities.

Type	Name	Corporate Management	Industry (Nonferrous Metals)	Finance and Accounting	Law	Risk Management	Global Capabilities	ESG/ Sustainability
Internal directors	Yun B. Choi	●			●		●	
	W.D. Park	●		●				
	Tae W. Jung	●	●					
	Yong R. Sung				●	●		
	Do H. Kim	●						
Independent directors	Bo Y. Kim	●						●
	Min H. Lee							●
	Dae W. Suh			●				
	Soon B. Kwon				●	●		
	Deok N. Hwang				●	●		
Non-executive directors	Hyung J. Chang		●					
	Nae H. Choi		●					
	Woo J. Kim	●					●	

\* Based on the Board of Directors after the 2024 annual general meeting of shareholders

Sources: 2023 Korea Zinc Sustainability Report, page 67 (Issued in July 2024)

### b. Compliance and training

Responsibility for supply chain due diligence has been assigned to the Internal Audit Team, while the Legal and Compliance Team manages matters relating to sanctioned countries.

To meet our obligations, particularly regarding organizational measures, all relevant employees undergo annual training on key aspects of the company's compliance requirements. This training ensures that employees are equipped to support the enforcement of anti-money laundering and anti-terrorism financing measures. Internal training is conducted at least once a year, with basic training provided to all new relevant employees. Additionally, external training may be utilized when necessary. The most recent internal training session, held in December 2024, covered 34 employees involved in responsible sourcing.

**c. Cash payment and Record-keeping policies**

Korea Zinc conducts all financial transactions exclusively through official banking channels, ensuring that all relevant records are securely maintained. No alternative payment methods are permitted, and funds from transactions must not be used in any manner that conflicts with the company's policies.

**1.3 Has the Refiner established a traceability system over gold and/or silver supply chains, including chain of custody mapping and identification of supply chain actors?**

Korea Zinc has established a robust and comprehensive material traceability system for all suppliers, which is capable of retrieving detailed supplier information from the system's inception. The information recorded includes, but is not limited to, the date of receipt, material type, quality, weight, assay results, and lot descriptions. All such information is meticulously stored and securely maintained.

Each incoming lot undergoes a thorough documentation review to ensure compliance with both internal handling procedures and external supply chain standards, ensuring full traceability throughout the supply chain process.

To maintain staff proficiency, periodic refresher training is provided to all relevant personnel. This training covers our traceability systems, transaction monitoring, and associated procedures. The training is designed to ensure that employees remain proficient in these systems and procedures during the reporting period.

Korea Zinc maintains detailed compliance files for all suppliers, which include the following documentation:

- KYC (Know Your Customer) documents
- Corporate documents (e.g., articles of incorporation, business licenses)
- Permits and concessions
- Information on beneficial ownership and copies of identification
- Company policies, procedures, financial records, and media reports
- A separate section dedicated to the due diligence findings from the onboarding process

In some instances, these compliance files may also contain emails and other correspondence between Korea Zinc and the supplier.

Traceability is ensured through the following:

1. Initial onboarding process, which collects and verifies key supplier information.
2. Ongoing relationship management involving collaboration between sales, compliance, and the supplier.
3. Identification and tracking of assay lots to ensure full traceability of precious metals from origin to final product.

**1.4 Has the Refiner strengthened company engagement with gold and/or silver supplying counterparties, and, where possible, assisted gold and/or silver supplying counterparties in building due diligence capabilities?**

Korea Zinc has strengthened its collaboration with gold and silver suppliers to enhance their due diligence capabilities. Specifically, the company includes a contractual clause in agreements that prohibits any transactions that contravene its policies, thereby reinforcing its commitment to due diligence practices. Furthermore, Korea Zinc requires suppliers to annually affirm their compliance with its policies, particularly for those engaged in transactions with the company.

In addition to these contractual stipulations, Korea Zinc also ensures that suppliers are regularly informed of the company's expectations regarding due diligence. This is done through clear communication on the company's standards and requirements, as well as providing training and guidance on specific due diligence issues.

Expectations Communicated to Counterparties:

- Strict adherence to Korea Zinc's conflict-free mineral policy
- Commitment to anti-money laundering and anti-terrorism financing measures
- Periodic reporting of their due diligence activities and any relevant changes in their operations or supply chains

During the reporting period, Korea Zinc specifically engaged suppliers on enhancing their due diligence capabilities, focusing on areas related to supply chain transparency and compliance with international standards.

Korea Zinc is also actively engaged in supporting the implementation of the EITI Principles under Step 1, 4 of the Responsible Gold/Silver Guidance (RGG). The company confirms that it does not purchase mined gold from any State-Owned Enterprises (SOEs) operating in EITI countries, aligning with responsible sourcing practices.

**1.5 Has the Refiner established a company-wide confidential grievance mechanism?**

Korea Zinc has implemented a grievance reporting mechanism, which is accessible to both internal staff and external parties. This tool can be conveniently accessed through the company's website via the following link: [Korea Zinc Grievance Reporting Tool](#).

The grievance reporting system functions as both a communication platform for general inquiries related to policies and as a confidential reporting channel for grievances. The system allows employees and external parties to submit complaints or concerns, which can be done anonymously, ensuring confidentiality for those who wish to remain anonymous.

Upon receiving a grievance, the HQ communication team is responsible for forwarding the issue to the appropriate department for further investigation and resolution. Once a resolution is determined, the outcome is communicated to the relevant stakeholders in a transparent and timely manner.

Disclosure of Grievances:

- During the reporting period, no grievances related to Good Delivery or Responsible Sourcing were received through the grievance reporting platform.
- Steps Taken to Resolve Grievances: As no relevant grievances were reported, no corrective or preventive actions were necessary. However, the company maintains a commitment to addressing any future grievances promptly and will continue to uphold strict confidentiality in all cases.

Korea Zinc remains dedicated to closing any unresolved grievances and continually improving its grievance mechanism to ensure transparency and accountability in its operations.

**Step 2: Identify and assess risks in the supply chain**

Korea Zinc has complied fully with Step 2 : Risk identification and assessment in the supply chain

**2.1 Does the Refiner have a due diligence process to identify risks in the supply chain?**

Korea Zinc has established a comprehensive process for identifying and assessing risks within its precious metals supply chain. This process is supported by robust counterparty management procedures, incorporating Know Your Customer (KYC) assessments as well as Environmental, Social, and Governance (ESG) factors. The company leverages business intelligence tools and, when applicable, utilizes data from open sources as specified in EU Regulation 2017/821. This includes data on sanctions (US, UK, EU, UN), political exposure, conflict, human rights issues, child labor, environmental risks, and white-collar crime, ensuring a thorough vetting process for both counterparties and applicants.

Korea Zinc identifies high-risk areas (CAHRAs) based on six specific criteria, as outlined by the Global Initiative (RMI, LME, and LBMA). To assess the risks associated with money laundering and the financing of terrorism, a preliminary review of the Dodd-Frank Act and the EU CAHRA List is conducted. In addition to this, CAHRAs are evaluated based on a comprehensive assessment that includes governance issues, financial risks, human rights violations, and conflict-related risks.

Each year, Korea Zinc conducts a thorough investigation to identify Red-Flag regions and CAHRA regions, considering a minimum of six risk factors: governance, financial risk, human rights, conflict, money laundering, and financing of terrorism. The company adheres to the OECD Due Diligence Guidance Annex II as a firm framework for risk identification and assessment, in addition to the CAHRA framework.

Korea Zinc goes beyond the basic guidelines regarding the origin of precious metals to prevent the delivery of metals from illegitimate sources. Secondary feeds are carefully scrutinized, and when risks are identified in the supply chain that require Enhanced Due Diligence (EDD), the company demands legally enforceable statements regarding the origin of the metals.

For minerals sourced from CAHRAs and metals with a Red-Flag origin, Korea Zinc conducts EDD when there are indications of involvement in OECD Annex II risk factors or weak ESG performance. The EDD process includes on-site spot checks, which may be carried out directly by Korea Zinc or through independent auditors, following the completion of KYC and ESG assessments. No business transactions are permitted with high-risk supply chains unless mitigating measures are put in place to address the identified risks. Furthermore, criteria for identifying high-risk transactions and detecting high-risk supply chains linked to non-LBMA Good Delivery Refineries have been established. For further details regarding the EDD procedures, please refer to Section 2.3 below.

## **2.2 How does the Refiner classify identified risks in light of the standards of its due diligence system?**

Korea Zinc's supply chain due diligence follows a risk-based approach, implemented both at the inception of any business relationship and continuously throughout its duration. The company's risk assessment process begins with the identification of the origin of gold and silver, the beneficial owners, and the gathering of business and financial details, alongside information concerning the purpose and intended nature of the relationship. If a high-risk supply chain is identified, Enhanced Due Diligence (EDD) is immediately triggered.

Korea Zinc classifies high-risk supply chains based on four key criteria: governance, financial risk, human rights risk, and conflict risk. In addition, considerations such as money laundering and the financing of terrorism are taken into account, in alignment with both the EU CAHRA List and the Dodd-Frank Act. As a result, a total of six standards are applied to identify CAHRA countries, ensuring a comprehensive and robust risk assessment framework. With these standards in place, the company applies enhanced scrutiny for suppliers sourcing materials from CAHRA regions. Furthermore, our Legal Compliance Team conducts real-time reviews to identify countries subject to sanctions, in addition to the CAHRA list.

## **2.3 Has the Refiner undertaken EDD(Enhanced Due Diligence) measures for the identified high-risk supply chain?**

When Enhanced Due Diligence (EDD) is initiated, the company's senior management will conduct an on-site visit to the mine site or to the gold/silver supplying counterparty involved in the recycling process. These visits will be carried out by senior management members with extensive experience and/or external consultants specializing in due diligence. The specific team undertaking these site visits will be selected based on their expertise in the relevant areas of risk assessment. The Raw Materials Team will oversee the development and implementation of any required improvement plan, working in collaboration with the supplier. Continuous monitoring and compliance with the plan will be ensured by the Raw Materials Team.

The timing and frequency of these on-site visits will depend on the severity and nature of any identified issues, as well as the ongoing risk assessment outcomes. In instances where on-site visits cannot be carried out, alternative methods and tools will be used to assess the situation. These alternatives may include desk-based assessments, virtual visits, or third-party audits, with due regard for the scope and nature of the identified risks.

**EDD Procedures for High-Risk Recycled Gold:** When dealing with high-risk recycled gold sourced from Intermediate Refiners with high-risk supply chains, the company applies additional scrutiny during the EDD process. This includes specialized risk assessment tools and methodologies to ensure the integrity and legitimacy of the supply chain.

### Step 3: Design and implement a management strategy to respond to identified risks

Korea Zinc has complied fully with Step 3 : Design and implementation of a management strategy to respond to identified risks

**Does the Refiner have a process to respond to the identified risks by either (i) mitigating the risk while continuing to trade, (ii) mitigating the risk while suspending trade or (iii) disengagement from the risk?**

Korea Zinc implements a comprehensive risk management strategy to address the varying nature of risks associated with its supply chain. When a mineral is identified as high-risk, the company follows a strict protocol to either suspend or disengage from the respective supplier, ensuring that the company does not engage in any transactions that may compromise its compliance with OECD Due Diligence Guidance Annex II or expose the company to associated risks, such as conflict financing, human rights violations, or environmental harm.

The internal risk classification process involves a detailed evaluation of the risks identified, including an assessment of the nature and severity of each risk. Should any inconsistencies arise—such as potential or actual involvement in risks outlined by the OECD guidelines—the company promptly notifies executive management and discontinues the acceptance of the identified mineral. This process is designed to protect the integrity of the supply chain and align with best practices in responsible sourcing.

### Step 4: Obtain independent third-party assurance on supply chain due diligence

Korea Zinc has complied fully with Step 4 : Obtain independent third-party audit on supply chain due diligence

Korea Zinc has engaged KPMG, an LBMA-approved assurance provider, to provide a reasonable level of assurance for this report. KPMG was selected following a thorough evaluation process, based on their expertise in precious metals and a proven track record of delivering independent, high-quality assurance reviews. The company's Board of Directors ensured KPMG's independence by overseeing the selection process and ensuring there were no conflicts of interest during the engagement.

Representative from KPMG conducted an on-site audit at both the headquarters in Seoul and the refinery in Onsan, Republic of Korea. The audit covered the period from 1 January 2024 to 31 December 2024, with a focus on reviewing the activities and transactions related to the company's Responsible Sourcing program.

The Compliance Report and Independent Assurance Report for FY2024 will be publicly available on Korea Zinc's website following the completion of the website renewal, expected in the first half of this year. These reports will be made accessible to stakeholders, ensuring full transparency regarding our compliance efforts.

**Step 5: Report annually on supply chain due diligence**

Korea Zinc has complied fully with Step 5 : Report on supply chain due diligence on a yearly basis

Korea Zinc has published its LBMA Responsible Gold and Silver Independent Assurance Reports, along with its relevant policies, on its website [Korea Zinc](#).

**Management conclusion**

**Is the refiner in compliance with the requirements of the LBMA Responsible Gold Guidance (Version 9) and Responsible Silver Guidance (Version 1) for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas for the reporting period?**

Yes, Korea Zinc is in full compliance with the requirements of the LBMA Responsible Gold and Silver Guidance for the reporting year ending 31 December 2024.

Korea Zinc remains committed to fostering a continuous improvement model to enhance its management systems, policies, procedures, and practices throughout 2025 and beyond.

**Other report comments**

Should the users of this report wish to provide any feedback, they are kindly requested to contact Korea Zinc via email at [hmk0714@koreazinc.co.kr](mailto:hmk0714@koreazinc.co.kr).