

Korea Zinc

Responsible Minerals Report



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1-1. Purpose of Issuance

- Conflict-Affected and High-Risk Areas (CAHRA) have been continuously associated with the illegal mining of 3TG minerals (Tantalum, Tin, Tungsten, Gold). Consequently, there is a growing demand for responsible sourcing by companies in response to this issue.
- Korea Zinc operates facilities that refine ore to produce products, allowing the use of raw materials containing conflict minerals like 3TG. We are aware of the adverse impacts on society and the environment, such as human rights violations, environmental degradation, and terrorism, that can occur during mineral extraction. We are committed to mitigating these negative effects associated with conflict minerals.
- Furthermore, even if minerals are sourced from outside conflict regions, we ensure the use of responsibly mined minerals that respect human rights and the environment, thus fulfilling our social responsibility.

1-2. Target Products

- Korea Zinc distinguish conflict minerals and responsible minerals in our management process.
- Conflict minerals, specifically 3TG minerals (Tantalum, Tin, Tungsten, Gold) mined in a total of 10 countries, including the Democratic Republic of the Congo and its neighboring nine countries, are managed as part of our Conflict Mineral Policy. We rigorously investigate whether our products contain conflict minerals and have established a fundamental policy to provide our customers with products that undergo a legal and ethical distribution process. We also operate a cooperative company management process.
- Responsible minerals refer to minerals mined in areas that are not conflict zones, yet have issues related to human rights, terrorism, the environment, etc. We regulate these minerals as a way of respecting human rights and the environment, thus fulfilling our social responsibility. Currently, Korea Zinc manages its primary production products, including zinc, lead, silver, and copper, within this scope.
- The raw materials used in the products produced for commercial purposes by our company include gold, zinc, lead, silver, and copper.

<Table 1> Target Products and Related Productions for Korea Zinc Responsible Minerals

KZ Products	Related Productions
Gold	Jewelry (Ornaments), Electrical and Electronic Materials, Tableware, etc.
Zinc	Steel Plating Material, Machinery Component Manufacturing, Brass Manufacturing, Coatings, and Tire Additives, etc.
Lead	Batteries, Wire Insulation Material, Radiation Shielding Materials, etc.
Silver	Jewelry (Ornaments), Solar Panels, Electrical and Electronic Materials, Camera Films, etc.
Copper	Wires, Copper Sheets, Copper Pipes, Liquid Crystals, Integrated Circuits, Coins, Musical Instruments, etc.

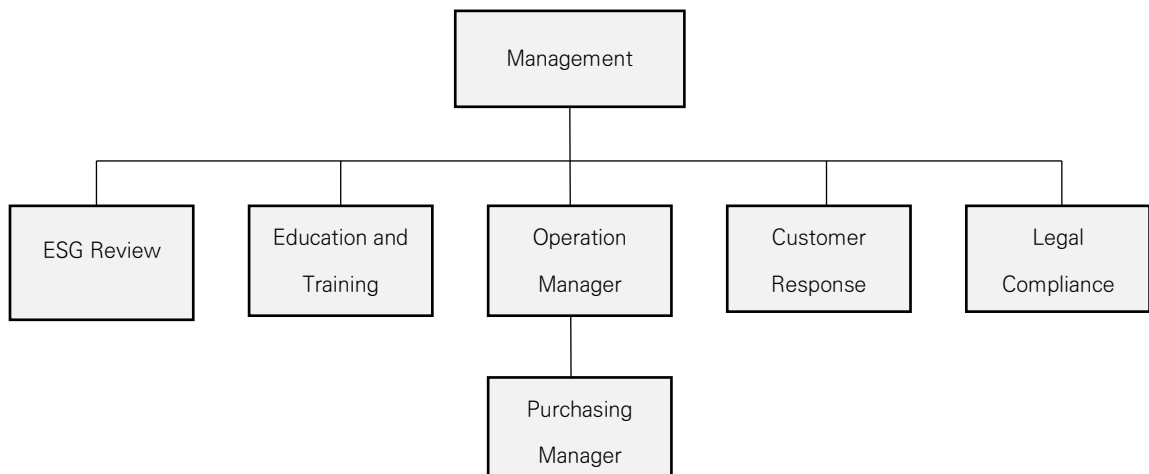
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Management System

2-1. Organization

- Korea Zinc, under the supervision of the Sustainability Management Division's ESG Management Team, formulates and manages its Conflict Mineral Policy. Additionally, it mitigates risks in the procurement of raw materials within the business units by developing strategies related to responsible minerals.

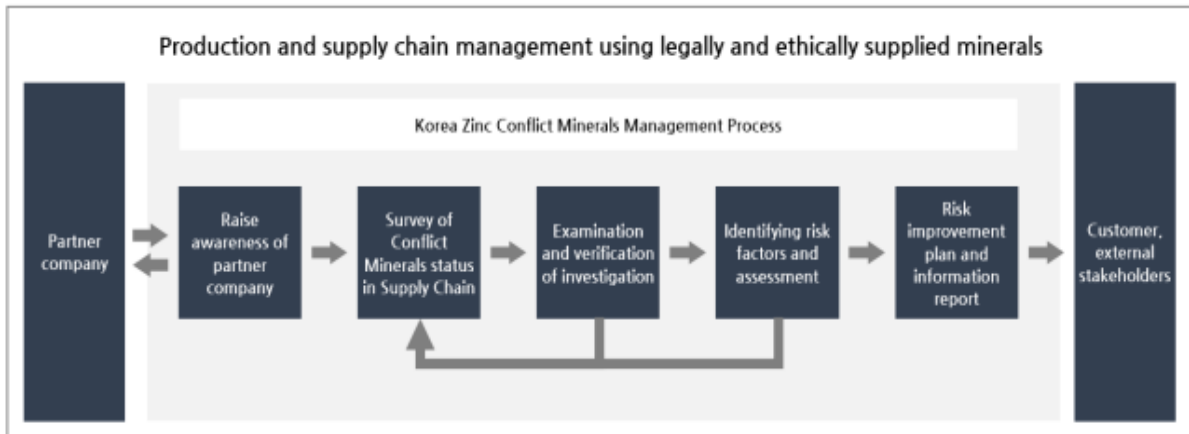
< Figure 1> Responsible Mineral Management System



2-2. Management System

- Korea Zinc manages conflict minerals and establish a system based on the 'OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (Hereinafter referred to as the OECD Guidance)'. We maintain regular communication with relevant parties, such as mines and traders supplying raw materials, and actively share the results of this communication with various stakeholders, including our customers, through sustainability reports and various communication channels.
- To identify risk factors, we follow global standards (RMI: Responsible Minerals Initiative, LME: London Metal Exchange, LBMA: London Bullion Market Association) to designate and manage high-risk areas. Our efforts are aimed at producing products that conform to international standards.

<Figure 2> Supply Chain Management Process



Source: Korea Zinc, Conflict Minerals Policy, Korea Zinc homepage, 3.

2-3. Management Procedures

- We adhere to the OECD Due Diligence Guidance to ensure that the minerals used in our products are ethically sourced. We also guide our partner companies to adopt the OECD Due Diligence Guidance.

< Table 2> Supply chain management procedure

Step	Detail
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

2-4. Conflict Minerals Policy

- Through our Conflict Minerals Policy, we manage the key risks stated in OECD Guidance Annex II.

< Table 3> OECD Due Diligence Annex II

Major Risks	Detail
Regarding serious abuses associated with the extraction, transport or trade of minerals	any forms of torture, cruel, inhuman and degrading treatment;
	any forms of forced or compulsory labour
	child labour
	sexual violence
Direct or indirect support to non-state armed groups	war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide
Public or private security forces	
Bribery and fraudulent misrepresentation of the origin of minerals	Money laundering

Major Risks	Detail
payment of taxes, fees and royalties due to governments	

2-5. Sanctioned Countries

- Korea Zinc continuously monitors economic sanctions, legal regulations, embargoes, and other restrictive measures implemented by the countries in which it conducts business activities. These sanctions encompass laws and regulations established by the UN Security Council, various national governments and government agencies, diplomacy, security, economic reasoning, and international treaties.
- In addition to the list of high-risk countries defined by responsible minerals, we also constantly monitor and adhere to sanctions imposed by the United States, the European Union (EU), the United Kingdom, and the United Nations (UN) on countries, organizations, and individuals. When there are suspicions in the procurement process, we seek legal advice through our legal department.

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Supply Chain Analysis

- Korea Zinc collects information through self-assessment from suppliers regarding various aspects including the origin of materials, final suppliers involved, logistics flow, supply chain risks, and their adherence to responsible minerals policies.
- This report includes a three-year analysis (from December 2022 to November 2023) of the supply chain.
- Over the span of three years, the largest portion of purchases consisted of zinc concentrate at 50.47%, followed by lead concentrate at 26.40%. Secondary materials accounted for 22.44% of purchases, while silver concentrate made up 0.68%.
- This report addresses 3TG (tin, tantalum, tungsten, and gold), zinc concentrate, and lead concentrate, which collectively constitute 76.8% of Korea Zinc's raw materials. When secondary materials are included, this figure rises to 99.31%.

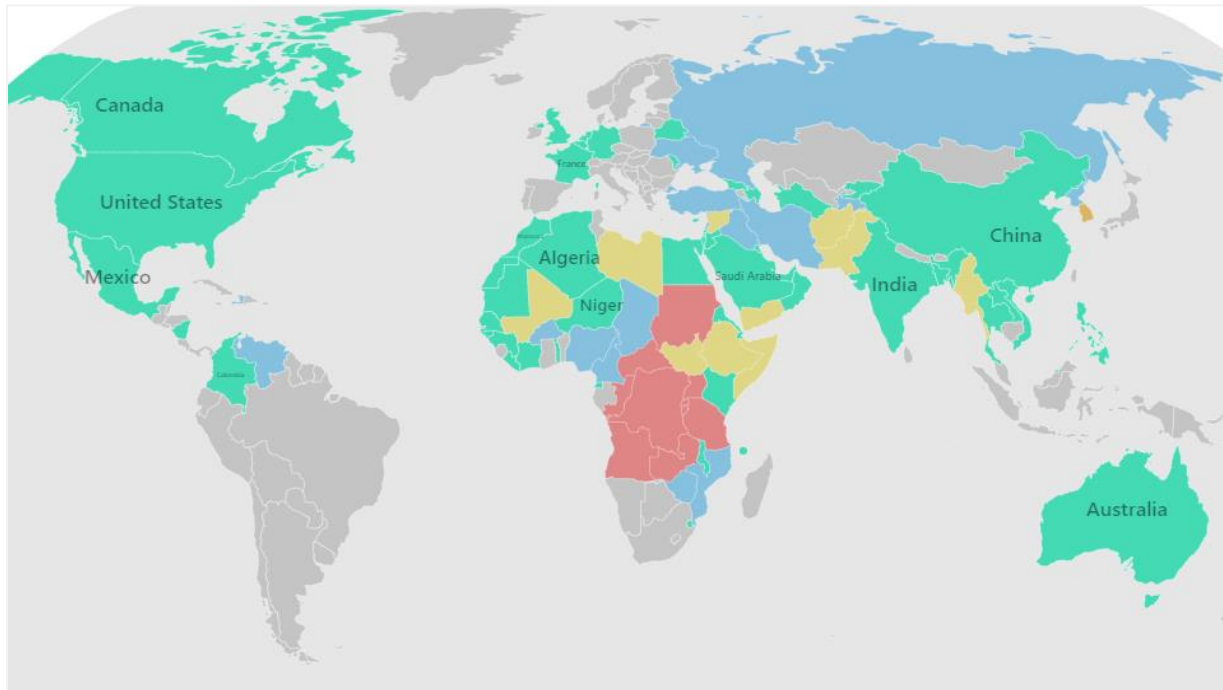
4-1. Criteria for Identifying Risk Areas

- Korea Zinc established the CAHRA according to Responsible Minerals Initiative (RMI) standards specifically following the Examples of Procedures to Identify Conflict-Affected and High-Risk Areas. The company identifies high-risk supply chains based on five key standards: Governance, Financial and Humanitarian Risk, Future Potential Risk, Human Rights Risk, and Conflict Risk. Additionally, considerations extend to Money Laundering and Financing of Terrorism, aligning with both the EU CAHRA List and the Dodd-Frank Act. Consequently, a total of seven standards are employed to classify high-risk countries, ensuring a robust assessment framework.

4-2. Identification of Risk Areas

- Based on these seven selection criteria, we have identified a total of 91 countries as high-risk areas for our operations. These countries are further categorized into four levels of risk based on their severity. The most high-risk countries, as defined by the Dodd-Frank Act, are classified as "red flags." The classification of CAHRA into high, medium, and low risk is determined by the number of items each country aligns with.
- The process of identifying high-risk areas is updated annually, with revisions typically occurring every November. This information is then seamlessly integrated into our raw material procurement procedures, which commence at the start of each year.

<Figure 3> Risk Map



< Table 5> Red Flags and CAHRA (Total 91 Countries)

Risk Level	Country
Red Flags (10 Countries)	Angola, Burundi, Central African Republic, Republic of the Congo, Democratic Republic of the Congo, Rwanda, Sudan, Tanzania, Uganda, Zambia
CAHRA High (10 Countries)	Myanmar, Yemen, Afghanistan, Ethiopia, Libya, Pakistan, Somalia, South Sudan, Syria, Mali
CAHRA Medium (17 Countries)	Cameroon, Nigeria, Venezuela, Iran, Iraq, Burkina Faso, Chad, Egypt, Mozambique, plus 8 more countries
CAHRA Low (54 Countries)	Colombia, Eritrea, India, Niger, Philippines, Bangladesh, Comoros, Guinea, Kenya, Mauritania, plus 40 more countries

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Risk Mitigation Strategies

- We are not only responsible for managing our supply chain in high-risk areas but also enhancing management throughout the entire procurement process to ensure sustainability, thus pursuing a strategy to mitigate supply chain risks.
- We recommend receiving compliance pledges for the Responsible Minerals Principles.
- We conduct education regarding our supply chain to raise awareness of sustainability among our suppliers.
- We work to reduce risks associated with raw materials supplied from high-risk areas through self-assessment and inspections.
- While zinc, lead, silver, and copper are not included in our main product categories as conflict minerals, we voluntarily include them within the scope of responsible minerals and manage them. We promote sustainability throughout the entire process from production to disposal of our main products by demanding environmentally and socially responsible mineral production in our supply chain.
- We comprehensively manage both primary and secondary raw materials and by-products, thereby expanding the scope of conflict minerals and responsible minerals.

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Remarks

6-1. Education

- Korea Zinc conducts annual training sessions for employees responsible for mineral procurement, focusing on conflict minerals, responsible mineral sourcing, sustainability, and global trends in responsible mineral practices. The most recent training session took place on October 26th of last year.
- We have developed educational materials aligned with OECD due diligence guidance to educate our suppliers, which we began distributing in 2024. Our aim is to enhance awareness and improve suppliers' capabilities regarding responsible minerals.

6-2. Enhancement of Communication Activities

- Korea Zinc has established various communication channels to enhance communication with all stakeholders, including employees and partners. Annually, through the publication of sustainability reports, the company provides non-financial information that stakeholders require. Additionally, the company ensures that grievances can be reported and processed through its website. Furthermore, in alignment with international standards and requirements, Korea Zinc publishes responsible mineral reports to adapt to evolving expectations from the global community.