



***E*ntire
*S*ocial and
*G*overnance
REPORT**

2023

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ABOUT THIS REPORT



The *Environmental, Social and Governance Report* (hereinafter "this report" or "ESG report") provides an account of the performance of Tenke Fungurume Mining SA (hereinafter "TFM", "we", or "the company") in terms of fulfilling environmental, social, and governance responsibilities in 2023. TFM is a subsidiary of CMOC Group Limited (hereinafter the "Group" or "CMOC").

Information and data in the report are obtained from TFM's official documents and statistical reports, as well as from annual GRI data collection.

This report was published on September 30, 2024, following review and approval by the CEO of TFM. This report covers all of the company's operations. Data and information in this report reflect the reporting period from January 1, 2023 to December 31, 2023. Additional information that is relevant to the subject matter of this report and derived from events in 2024 prior to the publication date may also be included to ensure that stakeholders have full access to material information. Events after the reporting period are clearly identified as such in the body of the text. Readers can contact our Cooperation and Development Department at info@tfm.cmoc.com for inquiries. This report can be downloaded from the CMOC website (www.cmoc.com) and the TFM website (www.tfmofficial.com).

In 2018, CMOC designated the Board of Directors as the highest governance body for ESG matters, established a Strategic and Sustainability Committee at the Board level, and formulated a roadmap for a sustainability governance system.

Since 2019, CMOC has continued to build, update, and implement this sustainable governance system in accordance with the roadmap.

TFM abides by CMOC's roadmap for a sustainability governance system and applies the Group's 13 compliance and sustainability policies, namely the *Code of Business Conduct, Supplier Code of Conduct, Anti-Corruption Policy, Export Controls Policy, Economic Sanctions Policy, Human Rights Policy, Environmental Policy, Community Policy, Health, Safety and Environmental Policy, Employment Policy, Anti-Money Laundering Policy, Global Principles Concerning Privacy, and Responsible Production and Purchasing Policy*. These policies can be found on and downloaded from the official website of the Group (www.cmoc.com). In addition, TFM has also formulated its own policies and processes based on its actual situation and needs, including the *Supplier Code of Conduct, Employment Policy, Solicitation and Extortion Policy, Charitable Donations Policy, Regulations on Per Diem for Government Officials, Regulations on Administrative Fees, and two policies published in October 2023 which are the Statement of Commitment to Human Rights, and TFM Artisanal and Small-Scale Mining Policy*. These company policies and process documents are the extension and interpretation of the Group policies.

Starting in 2017, CMOC has compiled and published an annual Group ESG report that also contains information about TFM. These reports can be found on and downloaded from the official website of the Group (www.cmoc.com).

In July 2024, MSCI ESG Research maintained CMOC's ESG Rating of "AA"^[1].

ABOUT TENKE FUNGURUME MINING

TFM is located in Lualaba Province in the Democratic Republic of the Congo (DRC). It is the world's second largest cobalt producer and one of the world's leading copper producers. TFM engages in exploring, mining, processing, refining, and selling copper and cobalt in a mining concession that covers over 1,500 sq. km. The concession's main products are copper cathode and cobalt hydroxide. TFM operates a large, high-grade copper deposit that is also home to one of the world's largest high-grade cobalt deposits. CMOC holds 80% equity in TFM, while the Congolese state-owned La Générale des Carrières et des Mines (Gécamines) retains a 20% stake. By the end of 2023, the construction of the TFM mixed ore mine was largely complete. In 2023, TFM produced 280,297 tonnes of copper and 21,592 tonnes of cobalt.



CMOC is a private holding company headquartered in the People's Republic of China that is primarily engaged in the mining, processing, and trading of base and rare metals. With its main business presence in Asia, Africa, South America, and Europe, the Group is one of the world's largest producers of tungsten, cobalt, niobium, and molybdenum, as well as a leading copper producer. It is also a major manufacturer of phosphatic fertilizers in Brazil. Through its fully-owned subsidiary IXM, CMOC ranks among the world's top three base metals merchants. CMOC's vision is to be a highly-respected, modern, world-class resources company. CMOC is listed on the Shanghai Stock Exchange (SHA: 603993) and the Hong Kong Stock Exchange (HKEX: 03993).

CMOC's ESG strategy is closely aligned with the Group's overall development goals. First, CMOC fully integrated ESG management into its overall risk management and governance framework. Second, the Group will strengthen medium-term and long-term planning, improve ESG performance, develop new management systems for climate change, biodiversity and other issues, and bring the Group in line with international benchmarks. Third, the Group will strive to achieve world-class ESG performance and create favorable conditions for the Group to further access resources, markets, and financing.

Guided by the Group's strategy, TFM's focus in recent years has been to benchmark against leading international standards, enhance risk management capabilities, strengthen stakeholder engagement, continuously improve ESG performance, solicit third-party assurance and audits, and promote the development of responsible mineral supply chains in the renewable energy industry that offer greater transparency.



TFM is one of the largest mining companies in the DRC. In 2023, we contributed approximately US\$1,124 million in taxes and other charges to the national treasury and other government agencies. Since initiation of the project in 2006, we have contributed US\$5.891 billion in cumulative taxes and charges to the DRC. This includes:



Income taxes, royalties, and other taxes totaling US\$4.176 billion, including US\$848 million during the full year 2023;



Customs duties and related taxes totaling US\$971 million, including US\$216 million during the full year 2023;



Employee payroll taxes and related social obligations totaling US\$681 million, including US\$55.91 million during the full year 2023;



Fees for work permits, visas, and other related charges totaling US\$63 million, including US\$3.61 million during the full year 2023.

In addition, we have continued to invest heavily in the development of local communities. Since 2006, TFM has invested a total of US\$284 million in community development projects, including US\$19.2 million in 2023. We also contribute 0.3% of our net proceeds from metal sales to the TFM Community Fund. Since becoming operational, it is estimated that TFM has contributed a total of US\$68.83 million to the fund, while cumulative contributions for 2023 reached US\$9.77 million. At the end of 2023, in accordance with the Mining Code of the DRC, the TFM Community Fund was officially handed over to the government-led DOT-TFM Joint Management Committee, which includes representatives from the community and TFM.

At the end of 2023, TFM had 3,676 full-time regular employees and 13,232 contractors. The large number of contractors was primarily attributable to ongoing construction activities. Of these 16,908 personnel, 16,229 were male and 679 (approximately 4%) female, while 14,992 (88.6%) were local citizens.

External Initiatives

CMOC holds significant positions within key industry organizations, including serving as a member of the governing board of the China Mining Association and as Vice-President of both the China Nonferrous Metals Industry Association and the China Chamber of Commerce of Metals Minerals & Chemicals Importers & Exporters (CCCMC). Additionally, CMOC is an active member of the Responsible Minerals Initiative and a sustaining member of the Cobalt Institute. The Group has also joined the Better Mining initiative and the Fair Cobalt Alliance, where it supports efforts to improve conditions in artisanal and small-scale mining as well as in the surrounding communities.

CMOC is also a member of the United Nations Global Compact (UNGC). In this context, Group CEO Ruiwen Sun has pledged to incorporate the Ten Principles of the UNGC into the Group's corporate strategy, organizational culture, and routine operations, as well as work with stakeholders to address global challenges.



TFM actively implements the Group's commitments and is committed to supporting the UN's 17 Sustainable Development Goals, as demonstrated by the measures outlined in the various sections of this report. In addition, we are a member of the Extractive Industries Transparency Initiative in the DRC (EITI-DRC) and the Lubumbashi Working Group for the Voluntary Principles on Security and Human Rights (VPSHR). In August 2023, TFM began the certification process for The Copper Mark, a leading assurance framework to promote responsible production practices.

MANAGEMENT APPROACH

External Assurance and Audits

TFM undergoes recurrent third-party audits to verify its alignment with applicable certification schemes in quality, environmental, health, and safety management, including ISO14001, ISO45001, and ISO9001.

To verify its responsible mineral supply chain practices, TFM underwent an RMAP audit in June 2023 and was included in the conformant smelter list for copper and cobalt in February 2024. Additionally, to strengthen responsible production practices in all areas of ESG, TFM began the certification process for The Copper Mark in August 2023. In January 2024, TFM completed the on-site audit for The Copper Mark and officially received the certification in June 2024. As of this report's publication date, TFM has developed and begun implementing a detailed corrective action plan based on the audit findings. As the first mine in Africa to receive The Copper Mark, TFM is committed to fully meeting all of its criteria within two years.

Governance

Under CMOC's ESG management framework, responsibilities are divided among the Board of Directors (the Group's highest governing body), senior management, and individual operating sites. The CMOC Board of Directors (the Board) is responsible for risk oversight. The Board's Strategic and Sustainability Committee is responsible for formulating the Group's sustainability strategy. It also discusses with management the adequacy of measures to identify and manage sustainability-related material risks. At the executive level, the Vice President for ESG is responsible for sustainability matters. CMOC's ESG department is responsible for driving Board decision-making on sustainability matters, overseeing the implementation of the Group's sustainable development strategy, and monitoring and assessing sustainability-related risks at each of our operating sites.

At TFM, a Chief Public Relations Officer (CPO) is responsible for ESG management and reports to both the company CEO and Group Vice President for ESG. We also have a dedicated ESG team that seeks to continuously promote the implementation of the Group's sustainable development strategy and policies at mining sites, and coordinate and supervise sustainable development risk management across relevant entities. These ESG-related entities include TFM's mining and process plants, production and technology, as well as our human resources, community, HSE, security, contracting, supply chain, and compliance departments. In addition to local DRC laws and regulations, TFM operates in compliance with international standards and good practices. We are subject to regular external audits of our environmental, health, and safety management systems, as well as more comprehensive reviews of ESG practices that are regularly conducted by the Group.

In 2023, TFM's primary focus areas included continuous improvements in managing prominent ESG risks and advancing third-party audits and verifications in line with international standards. We established and implemented a risk management system for illegal artisanal mining, human rights management system, and formed a carbon neutrality task force that developed a plan for peak carbon emissions. We also successfully completed both the responsible mineral supply chain audit and The Copper Mark audit in early 2024. Additionally, in 2023, TFM disclosed its first standalone ESG report, along with a human rights due diligence report and a responsible mineral supply chain due diligence report, further enhancing transparency.

Business Ethical Values

CMOC's *Code of Business Conduct (CBC)*, *Anti-Corruption Policy*, *Supplier Code of Conduct*, *Health, Safety, and Environment Policy*, and *Employment Policy* address the Group's positions on business ethics, including anti-corruption and conflicts of interest, as well as the promotion of safe and healthy workplaces, workplace equality, and the elimination of discrimination. All CMOC and TFM staff are required to undergo regular compliance training on the CBC and Anti-Corruption policies. These policies communicate the responsibility of individual employees and suppliers to report violations of the CBC, other Group policies, or the law. They also provide guidance for acting on that obligation, including use of the Group's whistleblower channel.

TFM has also formulated its own *Employment Policy* and *Supplier Code of Conduct* that are tailored to the unique circumstances of the DRC. Moreover, our *Solicitation and Extortion Policy*, *Charitable Donations Policy*, *Regulations on Per Diem for Government Officials*, and *Regulations on Administrative Fees* clearly define rules for the acceptance of gifts, dining and entertainment, charitable donations, and direct support for government officials. TFM's Compliance Department is responsible for supervising our compliance management system and reporting to senior management.

Management of Sustainability Risks

Our sustainable risk management system fully adheres to CMOC's sustainable risk management framework. First, we treat environmental, occupational health, safety, and social risks as a top priority and have taken diverse measures to mitigate such risks. TFM faces unique risks related to the natural, economic, social, and cultural circumstances of the DRC, including those pertaining to illegal artisanal mining, security and human rights, migration, business ethics and compliance. In particular, in recent years, a significant influx of migrants into the region has caused increasing pressure associated with illegal artisanal mining and population growth within the TFM concession. Second, the low level of socio-economic development and poor infrastructure in the DRC present a significant challenge for industrial operations. We choose to apply international standards in areas where local laws and regulations are weak or absent.

CMOC and all operating sites have established reporting systems and risk registers to mitigate major operational risks including sustainability risks, ensure clear communications across all levels, and timely escalate major risks to higher levels for resolution.

TFM submits monthly reports to the Group Senior Executives on important ESG topics such as workplace safety, environmental protection, local communities, and security. In addition, the Group headquarters participates directly in the management of the TFM site and offers guidance and technical support in matters concerning material ESG topics, with a view to ensuring that ESG considerations are fully embedded within risk management, and to balance long-term development goals with short-term interests. For example, the Group headquarters recognized the importance of human rights management and illegal artisanal and small-scale mining (ASM) at TFM, and in 2023 worked with TFM and completed a human rights due diligence assessment and implemented a baseline study and management system around illegal ASM risks.

By establishing risk registers, we are able to incorporate risk management into operational management processes by developing and implementing action plans for the highest ranked risks, including ESG risks. Risk registers undergo semiannual review in order to update risk ratings and accompanying action plans and procedures, and are also checked and recorded by the Group's Internal Control and Audit department. In 2023, under the leadership of the Group's Internal Control and Audit Department and with support from the ESG Department, the entire Group began implementing the new version of the Comprehensive Risk Management System. All TFM management personnel received training on the new system and are actively working on its implementation across the mining site.

Our materiality assessments, stakeholder engagement, grievance mechanisms, risk registers, and due diligence assessments are processes that help in informing us of our key material issues and areas of risk, and to prioritize risk management activities.

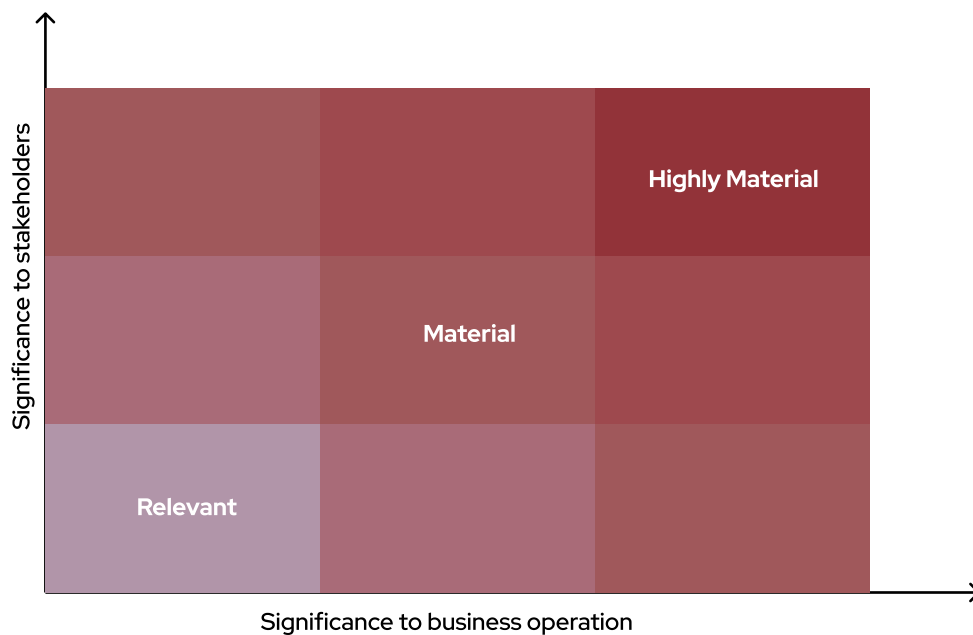


Materiality

We conduct materiality assessments to determine the issues that could have the greatest impact on stakeholders, the economy, the environment, and society, as well as to identify material risks to TFM's business in terms of accessing capital, finance, and markets.

Our materiality assessments were conducted by considering stakeholder feedback on priority issues according to the current understanding of the TFM management and ESG team, risk registers drawn up by our various functional departments, and feedback from internal and external stakeholders. Notable stakeholder groups providing feedback on sustainability matters include employees, regulatory agencies, investors and financial institutions, downstream customers, communities, DRC-based and international experts, and human rights-focused NGO associations. We also considered professional recommendations from providers of audit and assurance services. These issues help shape risk management interventions, while ensuring we address the material concerns of stakeholders.

<u>Highly material</u>	<u>Material</u>
<ul style="list-style-type: none"> • Business ethics & transparency • Health & safety • Human rights • Security and human rights • Product stewardship • Environmental management • Tailings management 	<ul style="list-style-type: none"> • Economic value generated • Closure planning/reclamation • Biodiversity • Water • Climate change • Air quality • Waste/dangerous goods



Stakeholders

TFM regards stakeholder engagement as a critical tool in the management of risk and the creation of value for businesses under our management. Strategies for engaging with stakeholders are described in the "Community" section of this report. An overview of relations with stakeholders is presented below.

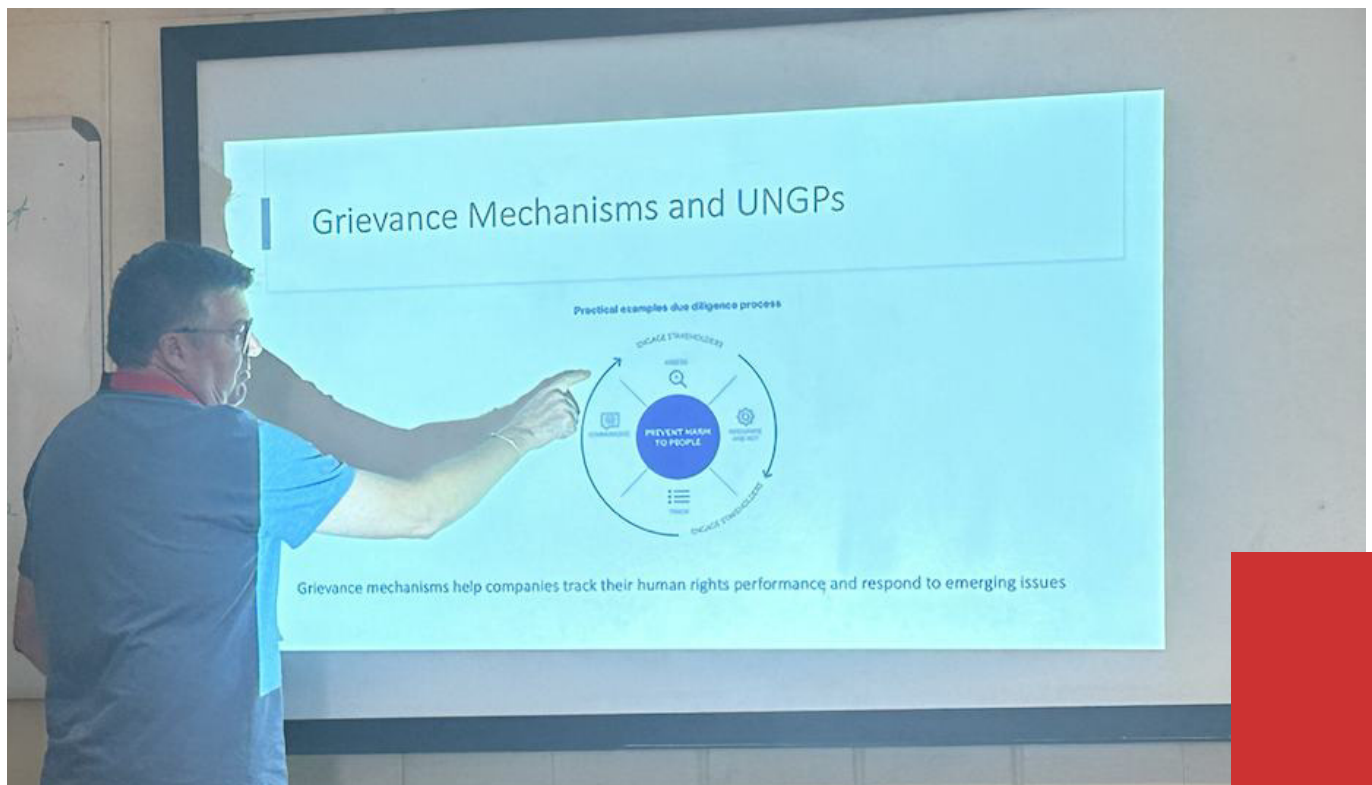
Stakeholder group	Areas of interest	Engagement methods
Employees and contractors	<ul style="list-style-type: none"> Competitive compensation and benefits Workplace health and safety Career development Protection of human rights 	<ul style="list-style-type: none"> Meetings with union representation Collective bargaining agreements Safety and compliance meetings Training and capacity building Internal communications channels Grievance procedures Human rights due diligence External audits
Government and regulatory agencies	<ul style="list-style-type: none"> Compliance with applicable laws and regulations Creating economic benefits Workplace health and safety Benefits to stakeholder communities Environmental stewardship and social responsibility 	<ul style="list-style-type: none"> Compliance reports Site visits and inspections Permit applications Meetings on compliance matters Direct meetings
Investors and financial institutions	<ul style="list-style-type: none"> Timely disclosures of relevant and accurate information Improving corporate governance Conducting business in compliance with laws and regulations Climate change 	<ul style="list-style-type: none"> Press releases Sustainability reporting Site visits External audits Direct meetings
Communities	<ul style="list-style-type: none"> Local development Environmental stewardship and social responsibility Employment Opportunities to furnish goods and services Protection of human rights Land acquisition and resettlement 	<ul style="list-style-type: none"> Scheduled community meetings Focus group meetings Notices of procurement opportunities Employment notices Grievance procedures Human rights due diligence External audits
NGOs	<ul style="list-style-type: none"> Investment in local development Participation in local community programs Environmental stewardship and social responsibility Protection of human rights Equity in sharing benefits 	<ul style="list-style-type: none"> Annual sustainability reporting Direct meetings Contacts through industry groups External audits
Customers	<ul style="list-style-type: none"> Customer service Quality assurance Product stewardship Protection of human rights Environmental stewardship and social responsibility Climate change 	<ul style="list-style-type: none"> Key account meetings Systematic communications Customer visits to operating sites Participation in trade associations Sustainability reporting External audits

Grievance Procedures

To maintain strong stakeholder relationships, we have dedicated systems in place to record and resolve stakeholders' concerns and compliance issues, including those related to employees, the environment, community investment, human rights, land use, and contractor management. TFM's community grievance system is overseen by the Community Development Department, which has a dedicated grievance officer. The employee grievance system is managed through multiple channels, including the Compliance Department, HR Department, and local unions. All community members, including TFM employees, have the opportunity to voice their opinions and suggestions. In addition, community members can participate in the resolution of grievances through an independent mediation committee. Given the expansion of TFM's activities and the corresponding increase in our business footprint, the TFM community team optimized the grievance management process in 2023. This involved enhancing coordination with various functional departments, expediting complaint handling, and improving the overall process quality.

In 2023, TFM received a total of 771 grievances, with a resolution rate of 90.5%, representing a significant improvement over previous years. Of these, approximately 41% were related to land acquisition and resettlement, 28% to property damage, and 14.5% to environmental issues. Currently, TFM's IT and community teams are developing and implementing a new IT system for grievance handling to further enhance the transparency and efficiency of the process.

Reported grievances	
Resettlement	314
Environment	112
Employment	93
Damages	213
Social / Community	2
Health / Safety	3
Human rights	1
Security	1
Land	17
Harassment, Discrimination & Injustice	14
Other	1
Total	771



ENVIRONMENT

TFM is committed to implementing the *Environmental Policy*, which is applicable to the entire CMOC Group. The environment is one of the most prominent ESG issues influencing TFM, covering climate change, greenhouse gas emissions, biodiversity, tailings management, energy, water management, air quality, and mine closure planning and rehabilitation. In accordance with the Group *Environmental Policy*, TFM is committed to complying with environmental laws and regulations applicable to our operations. We manage the extent of our environmental impact through risk-based approaches to material issues and adherence to international standards. In addition, we maintain a mature Environmental Management System (EMS) certified to ISO 14001 standards. We also invest in a range of projects to raise production efficiency, reduce the impact of our operations on the local environment, and meet the Group's environmental performance targets. In 2023, TFM spent approximately US\$8.20 million on environmental protection. We also provided necessary training for all employees and contractors in -

order to improve their knowledge of our environmental objectives and procedures.

In 2023, CMOC published the *CMOC Carbon Neutral Roadmap and Action Plan*. The plan commits to peaking Scope I and II emissions by 2030 and achieving net-zero emissions by 2050. It also aims to reduce Scope III emissions. To align with the Group's carbon neutral goals and roadmap, TFM established a dedicated working group led by the CEO. Its members include all relevant production, technical, and coordinating departments. Based on 2022 emissions and Group-level emission reduction targets, the working group has developed a 2030 Carbon Peak Implementation Plan, which stipulates an overall target of a 15% reduction in emissions intensity by 2030, to be achieved through a range of emission reduction opportunities in areas such as ore transportation and the use of electric vehicles, photovoltaics, and other renewable energy sources.

TAILING

CMOC is keenly aware of the history of TSF failures and the catastrophic consequences for the public, the environment, and mining businesses involved, and understands that responsible tailings management is essential to preventing such catastrophes in the future. CMOC is also aware that changing climate and weather patterns require TSF governance and management to adopt an increasingly vigilant and safety-conscious approach to TSFs. CMOC maintains and continues to improve engineering, safety, and environmental programs to minimize the risks associated with tailings management for communities, the environment, and our operations. All of CMOC's operating sites have TSF emergency response plans, assess and monitor community risks, and make communities a key priority for emergency preparedness.

CMOC maintains a set of standards and processes to mitigate risks associated with TSFs and water-retaining structures, including CMOC's *Corporate Governance Standard for Tailings and Mineral Residue Management*, *Tailings & Dams Quantitative Performance Objective (QPO) Reporting Procedure*, and the *Tailings & Dams Stewardship Team (TDST) Program*, and the *Regulations for Safe Operation of Tailings Storage Facilities*. These governance standards apply to all of CMOC's business units, including TFM.

CMOC's corporate standards and guidelines for tailings management address six key governance elements: (i) accountability, responsibility, and competency; (ii) planning and resourcing; (iii) risk management; (iv) change management; (v) emergency preparedness and response; and (vi) review and assurance. CMOC implements management strategies that include having qualified tailings managers at both the operations and corporate levels; retaining qualified consultants and assigning TSFs an Engineer of Record (EoR); designing, constructing, operating, and closing TSFs in accordance with international guidelines; implementing surveillance and monitoring programs; and performing systematic third-party reviews.

TFM carries out routine operation, maintenance, and monitoring of TSFs in strict accordance with design standards and company procedures. We continued to hold biweekly meetings with Engineers of Record (EoRs), published regular TSF inspection reports, recorded and prioritized existing problems, allocated resources for remedial work, and implemented a closed-loop management strategy. In 2023, faced with a series of new challenges in relation to the construction and expansion of new and existing TSFs, we decided to strengthen alignment with international standards, and in January 2024, we committed to managing our TSFs in accordance with the Global Industry Standard on Tailings Management (GISTM). As of the report's release, TFM is conducting a gap analysis against GISTM standards and will develop a remedial action plan based on the results.

TFM has also formulated an emergency action plan for TSFs and water-returning structures to respond to and manage different levels of emergencies. On November 29, a dam failure drill was conducted by staff from the safety, environment, fire safety, security, and community teams, who worked with the local Red Cross to evacuate local residents to designated assembly points. In addition to testing TFM's ability to respond to a dam failure, the drill also gave members of the local community the opportunity to learn about our operations and the risks associated with our TSFs.





RECLAMATION

CMOC applies sustainability principles to the design, development, operation, and closure of its mining operations. Developing sound strategies and plans for the closure of a mining or processing facility is of material importance for CMOC and the communities in which it operates. This ensures public safety, environmental protection, and optimal land use post-closure. Where practicable, CMOC pursues progressive reclamation during the operational phase to minimize environmental impact, and affected areas are progressively revegetated in order to reduce erosion and dust emissions.

In 2023, in accordance with the conclusions of our environmental and social impact assessment (ESIA) and phased restoration plan for degraded sites, we restored 204,000 square meters of vegetation, including 44,000 square meters of slopes surrounding the ROM pad for the 11k and 30k process plants, 80,000 square meters of land surrounding the Kwatebala cobalt stockpile, and 80,000 square meters of slopes along the Pumpi-Tenke road. We have also launched a tree planting initiative; as of 2023, over 15,000 trees have been planted on the mining site and in the surrounding area.

In 2023, we updated our *Management Practices for Tillable Soils* to encourage the use of termite mounds as topsoil – part of a wider effort to improve our progressive vegetation program. We also formulated a set of management practices for mineralized soils, which includes techniques such as covering reclaimed areas with mineralized substrate rich in copper and cobalt that is suited to copper flora. These techniques are aimed at promoting the rapid recovery of local vegetation and limiting soil erosion from on-site infrastructure such as haulage roads, embankments, and ROM pads.

Ongoing mining activities limit reclamation efforts, but the environment department will work closely with operations to update reclamation targets in line with our closure plan and improve sustainability. This includes an annual plan for restoring berms and slopes along haulage roads.





BIODIVERSITY

Due to the nature of the mining industry, biodiversity has always been a key focus of environmental management at CMOC. In order to establish a unified vision, goals, and plans for biodiversity protection at the group level and build a clearer performance planning and monitoring system, CMOC formulated the biodiversity vision in 2021, which commits to “ensure no net loss of biodiversity from operations by continuously improving management and implementing mitigation measures.” Guided by this vision, in the future CMOC will gradually develop key implementation strategies and establish a framework of core indicators to improve data aggregation, monitoring, and review.

As stated in CMOC’s *Environmental Policy*, CMOC is committed to developing internationally recognized practice strategies for managing areas of potential environmental sensitivity and high biodiversity value identified as being impacted by the operations. The environmental impact assessment process is key to ensuring that the effects of our activities on biological diversity are appropriately recognized and mitigated. These programs are founded on baseline assessments of biological resources in the areas of planned operations, which are described in terms of species composition and species of concern, as well as supporting habitats at local, regional, and if appropriate, global levels. Baseline descriptions allow accurate identification of impacts anticipated from greenfield or brownfield project development. Accurate impact definition in turn drives application of the mitigation hierarchy in typical stages, such as “avoid, reduce, mitigate, and offset” and the subsequent development of biodiversity management plans if needed.

TFM manages biodiversity in accordance with CMOC’s biodiversity vision and policy framework. We align with internationally recognized practice frameworks, including the guidelines and standards of the International Finance Corporation (IFC), notably IFC Performance Standard 6 on Biodiversity Conservation and Living Natural Resources. Biodiversity is also enshrined in our environmental policy, which contains a commitment to “making a continuous contribution to preserving biodiversity”.

At TFM, the leading biodiversity conservation issue continues to be associated with plants adapted to the local soil and climate with naturally occurring high concentrations of metals. Over the years, TFM has set up nurseries and seed banks for the copper flora as part of biodiversity conservation work in the mining area. Together with the University of Lubumbashi, we have also carried out in-depth research on the copper flora, including conservation methods and suitable growing conditions. Our pioneering work on heavy-metal-tolerant plants and their conservation has greatly improved scientific understanding in this field. Thanks to these efforts, we have been able to protect around 40 species of copper flora. In addition, in order to better protect the woodland ecosystem surrounding the mining site and prevent uncontrollable forest fires during the dry season, we construct and maintain firebreaks to minimize the impact of forest fires on biodiversity.





RESOURCE MANAGEMENT

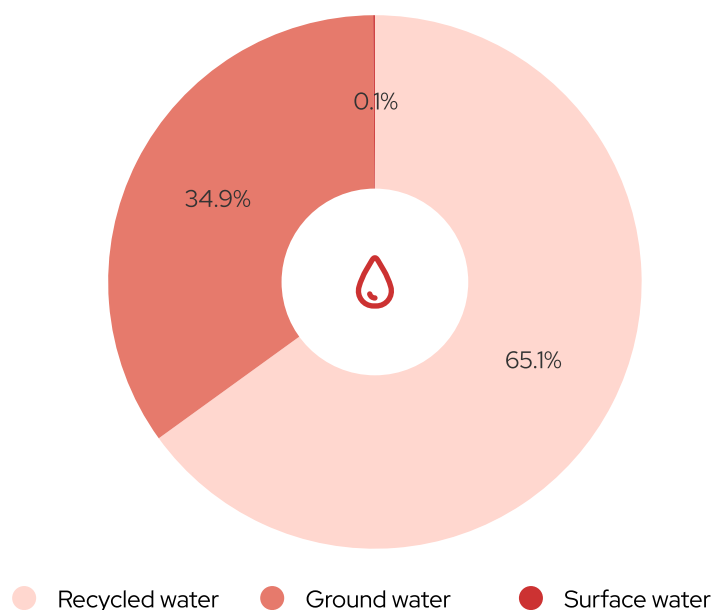
TFM is committed to responsible resource management and minimizing waste. We value responsible management of resources for our business and the communities we serve. In 2023, we continued to improve production management in line with our stated goals of increasing recycling rates across our operations and promoting the energy transition.

Water

Human-induced climate change has exacerbated shortages of water, which is required in large amounts for the mining and processing of ores. At the same time, sustainable water management and supply is a fundamental strategic need for TFM and surrounding communities.

In 2023, we used a total of 44.9 million cubic meters of water, equivalent to 3.60 cubic meters per tonne of processed ore. Most of our water is sourced from groundwater or recycled water, supplemented by a small amount of surface water. 65.1% of water is recycled from our own operations. Due to ongoing construction work at the TFM site and unstable production conditions during the commissioning phase, our water use and water use intensity increased significantly compared with 2022.

Water consumption by source (%)



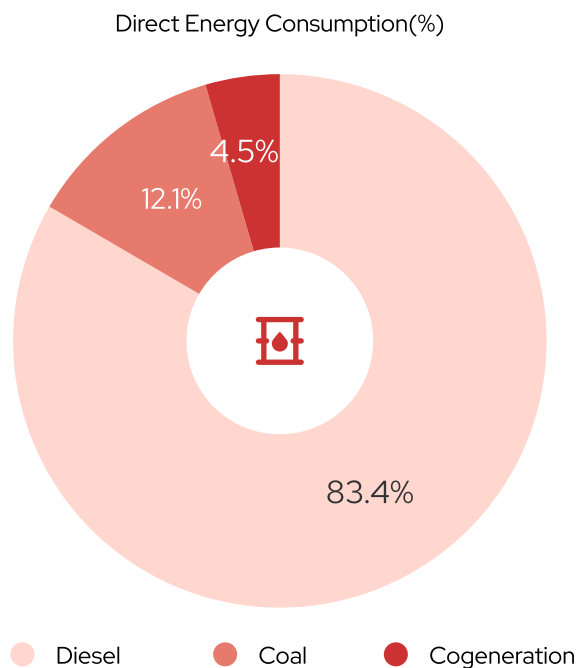
TFM regularly monitors the level and quality of surrounding water bodies to prevent contamination from our operations. In 2023, we improved the management of stormwater runoff by constructing new sedimentation tanks to facilitate the collection of surface runoff, improve the separation of clean and waste water, and pump rainwater back to production processes for recycling. In addition to improving wastewater treatment and water reuse rates at our smelter plant, the new system has delivered a significant improvement in water quality indicators at the downstream rainwater tank.

To improve the management of our water resources, in 2023 TFM formed a water management team and issued a *Water Management Procedure* outlining the responsibilities of the Environment department and production teams for water use and conservation. As of 2024, our mining, production technology, environment, and ESG departments are collaborating on a complete overhaul of TFM's water management policies.

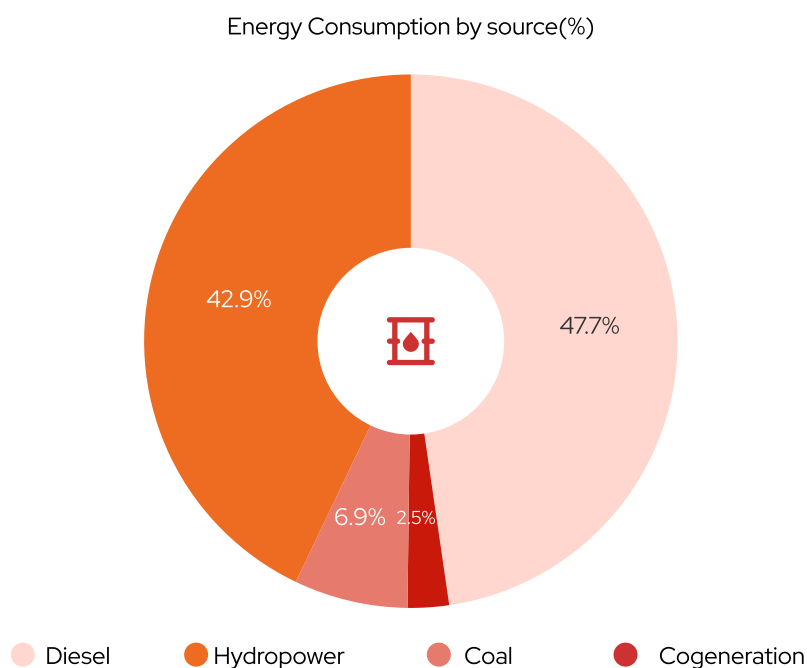
Energy

Large-scale mining and metallurgy require significant amounts of energy. We obtain energy indirectly through purchased electricity generated by hydropower, as well as directly through the burning of coal, diesel, and cogeneration.

In 2023, our total energy consumption rose 35.8% year-on-year to 2,620,756 MWh, primarily due to the expansion of our operations and an increase in stripping volumes. Our energy intensity was 0.21 MWh per tonne of processed ore, the same level as the previous year.



In terms of direct energy consumption, 83.4% was sourced from diesel, 12.1% from coal, and 4.5% from heat recovery. In 2023, TFM generated 66,000 MWh of electricity using recovered heat from acid plants. 100% of our indirect energy was sourced from hydropower, with renewable sources accounting for 45.4% of overall energy consumption. In 2023, we installed a new 15 MW generator at the mixed ore facility, increasing the installed capacity of cogeneration to 25 MW. The new generator will make an important contribution to increasing the proportion of renewable energy in our direct energy consumption.



EMISSION MANAGEMENT

CMOC is committed to reducing pollutant emissions and the environmental impact of emissions by continuously improving its environmental management system. In accordance with CMOC requirements and targets, we have designed an environmental management system that complies with relevant DRC and international laws and regulations, and implement appropriate control measures for exhaust emissions and waste discharge to ensure compliance with local environmental standards and international good practices. In 2023, we did not receive any environmental penalties in relation to our operations.

Air Quality

The main sources of exhaust gas from our operations are conventional vehicles and industrial processes, which produce nitrous oxides, sulfur oxides, and particulate matter.

The main concern at our mining operations is the emission of particulate matter. Potential sources of particulate matter include mine transportation, ore transfer, blasting, crushing, fugitive dust, and other industrial processes. We use wet suppression, water spraying, and other preventive measures in dust-generating processes. We also implement control measures for road dust, such as spraying unpaved roads with water or dust suppressants and limiting vehicle speeds, as well as monitoring the air quality of the operating area and other sensitive surrounding areas. In 2023, roads were treated with the natural dust suppressant Dustex in order to improve the quality of the road surface and effectively suppress dust.

Higher stripping volumes led to increased gasoline and diesel consumption, causing nitrous oxide emissions to rise slightly in 2023 to 2,585.3 tonnes, with sulfur oxide and dust emissions reaching 1,340.2 tonnes and 6,656.45 tonnes respectively. Our emissions intensity (tonnes per tonne of processed ore) for nitrous oxide and sulfur oxide emissions was 2.07×10^{-4} and 1.07×10^{-4} respectively, which represents a slight decrease on 2022 levels. Over the coming years, we will continue to adopt energy-efficient technologies and increase our processing capacity to improve our operational efficiency.



Waste Management

Our main waste products are tailings and waste rock from mining and processing. In 2023, TFM generated approximately 14.2 megatonnes of tailings and 229.9 megatonnes of waste rock. Both figures represent an increase on 2022 levels, mainly due to growth in output. The company manages this waste in accordance with applicable laws and standards. Waste storage facilities are designed and built to minimize risks pertaining to slope stability, geochemical hazards, health and safety, and environmental impact.

Other waste generated at our operations is classified into non-hazardous and hazardous waste. We manage waste from our business activities to minimize the amount that requires disposal. We treat waste on site with approved equipment, and also transport it off site for recycling, storage, or disposal. In 2023, we generated 10.31 kilotonnes of non-hazardous waste and 4.05 kilotonnes of hazardous waste. We continue to improve waste recycling rates, reduce our environmental impact, and promote the circular economy by recycling scrap metal from mining sites, recycling waste smelter dust, and reducing and recycling hazardous waste.

In 2023, we introduced a series of measures to improve the management of waste and increase recycling rates, such as reusing packaging materials to collect stray cobalt. In addition, as part of our commitment to raise awareness of waste management, we participated in an environmental forum in Lubumbashi organized by the DRC Chamber of Mines, where we discussed the management and recycling of mining and household waste together with other public, academic, and industrial stakeholders.

Waste	2023 amount (kilotonnes)	Intensity (tonnes per tonne of processed ore)	Waste category
Non-hazardous waste	10.31	8.262 x10 ⁻⁴	Scrap metal; domestic waste (disposables, food waste, office waste paper, etc.); wood; rubber; tires; glass; bags
Hazardous waste	4.05	3.246 x10 ⁻⁴	Waste engine oil, hydrocarbon/water mixture emulsion; waste catalyst; waste oil drums; used resin; used batteries; chemical containers; scrap anode



CARBON-NEUTRAL TRANSITION



In 2022, CMOC formulated its *Climate Vision*, which specifies the following aims: “We will incorporate climate change into the company’s ESG governance framework. The Strategic and Sustainability Committee of the Board will be responsible for monitoring implementation and establishing a top-down framework for managing the company’s response to climate change. We will work together with international and domestic stakeholders and make our due contribution to achieving a carbon neutral world.”



In 2023, we published the *CMOC Carbon Neutral Roadmap and Action Plan*, which outlines our commitment to support the goals of the *Paris Agreement*, namely to limit global warming to 1.5°C above pre-industrial levels. In this context, we are committed to achieving peak Scope I and Scope II emissions by 2030 and net-zero Scope I and Scope II emissions by 2050, as well as reducing our Scope III emissions. In addition, we plan to invest at least US\$ 1.5 billion up to the year 2050 in order to deliver on our carbon neutral action plan.



In order to achieve our carbon neutral goal, our plan encompasses a comprehensive range of short-, medium-, and long-term goals and corresponding actions across four key areas: energy efficiency, electrification, renewable energy, and carbon capture and storage. Energy efficiency measures will be implemented throughout all stages of the roadmap. Electrification and renewable energy measures will be implemented after 2030 following an initial pilot phase, while carbon capture and storage technologies will be introduced during the final phase of the roadmap.



In 2023, TFM established carbon neutral working group and formulated a peak carbon implementation plan under the leadership of the CEO. The plan is based on the requirements and objectives of the Group-wide carbon neutral strategy, and sets out future emission trends and key emission reduction measures for achieving peak carbon emissions by 2030. Considering factors such as national policies, economic development, and the local energy mix, renewable energy projects are key to driving electrification and large-scale emission reductions, and have constituted the focal point of our climate measures over the past few years. Before 2030, we will focus on:

- Rolling out energy-efficient technologies like optimized transportation routes, conveyor belts, and equipment retrofitting.
- Implementing electrification to reduce direct energy use.
- Expanding renewable energy sources, such as solar and hydroelectric power, so as to reduce reliance on conventional energy sources

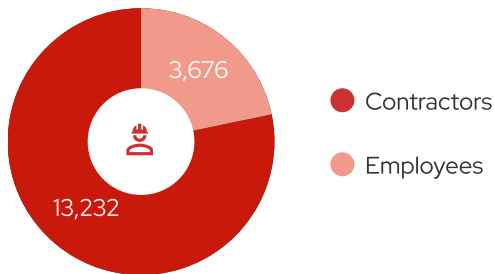


In 2023, our total greenhouse gas emissions measured on a CO₂-equivalent basis were approximately 779,993.2 tonnes, all of which constituted Scope I emissions. This represents an emissions intensity of 0.063 tonnes per tonne of processed ore, a slight decrease compared with 2022. Most emissions came from burning diesel for mining machinery and haulage fleets, and from coal and limestone for the operation of our quicklime plant.

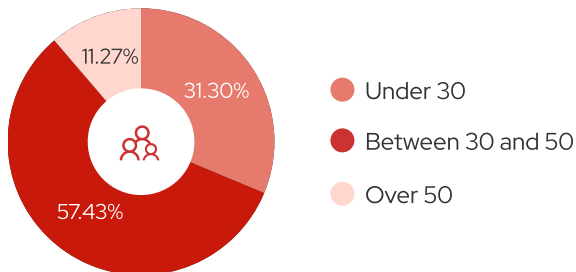
EMPLOYEES

At the close of the 2023 reporting period, we had 3,676 employees across our operating site, as well as 13,232 contractors. The large number of contractors was primarily attributable to ongoing construction activities. Local citizens accounted for 88.6% of the workforce, of whom 31.30% of were under the age of 30, 57.43% between 30 and 50, and 11.27% over 50. 52.91% of employees were employed in production, 8.56% in quality control and R&D, 15.69% in management and administration, and 22.84% in finance and sales roles. Approximately 4.02% of the workforce was female.

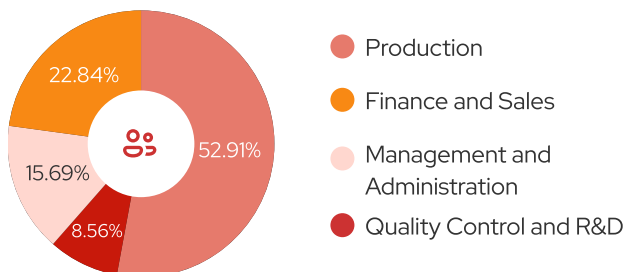
Total Workforce Composition (Employees vs. Contractors)



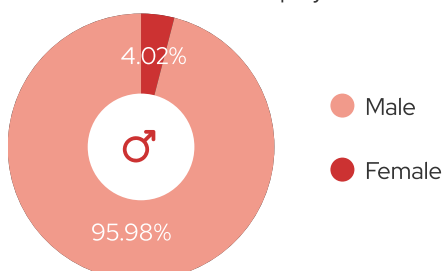
Age Distribution of Employees and Contractors (%)



Workforce Job Distribution (%)



Gender Distribution of Employees and Contractors (%)



In our labor relations, TFM aims to comply with the requirements of ILO Conventions, DRC labor laws and regulations, and the CMOC *Employment Policy*, and to establish fair employment mechanisms. Our DRC employees are represented by a total of 11 unions and are covered by a collective bargaining agreement, which was developed in consultation with union leadership and includes provisions which stipulate that further consultation is required in the event of major amendments to DRC labor laws. We also provide our employees with market-based wages and benefits in accordance with legal requirements, including health insurance, life insurance, and maternity leave.

We employ an international workforce with employees and contractors from 26 different countries. For this reason, we have incorporated cross-cultural communication skills into our key capacity building areas in order to improve integration between staff of different nationalities and cultures. We also cultivate and promote local managers, organize a range of staff activities during major holidays, and provide French and Chinese language classes to help our DRC and Chinese employees communicate more effectively.

All employees are required to complete an annual performance appraisal, during which we measure their contribution to the company using transparent performance indicators and ensure that they are fairly compensated for their work. We also offer a diverse range of incentives, such as allowances, loyalty bonuses, and health and safety awards.

TFM is committed to a safe, healthy workplace, fair labor practices, equality, and ongoing career development. In 2023, the overall turnover rate was 36.11%, with 4.47% for employees and 41.50% for contractors – a 23.59% increase from 2022, mainly due to the departure of construction workers as projects neared completion.



SAFETY

CMOC's occupational health and safety policies reflect its commitment to preventing harm to employees and reducing negative impacts on the environment and local communities. CMOC has established a Group-level HSE Committee, which has made continuous improvements to HSE management practices. At TFM, we established our own HSE Committee in 2017 in order to ensure our safety protocols meet or exceed DRC regulatory requirements concerning occupational health and safety, prevent workplace accidents and illnesses, and improve working conditions for our employees. The committee consists of 44 members, including 20 permanent members, 20 alternative members, and 4 statutory members. In 2023, the HSE Committee completed a range of tasks as part of its legally mandated mission to improve occupational health and safety, including workplace safety inspections, monitoring and assessing the implementation of occupational health and safety measures, encouraging employees to respect health and safety regulations, providing training to raise employees' awareness of occupational hazards, participating in internal and external audits, and drafting the TFM HSE annual report for submission to the DRC government.



At our TFM operation in the DRC, ongoing construction activities throughout 2023 presented a number of challenges in terms of safety management. In response, we introduced a broad range of measures, including controlling access to the premises by employees and equipment, and monitoring areas which are critical to construction work and existing operations, as well as key processes and high-risk activities. TFM's safety management system went through a supervision audit in accordance with ISO 45001 requirements. After the audit, we developed a corrective action plan to address all the non-conformances. Regrettably, we were unable to achieve our goal of zero work-related fatalities in 2023 following the death of one employee and two contractors. The first accident was caused by an explosion while welding a fuel tank to a haul truck. In the second incident, a truck driver directing a reversing vehicle was crushed to death in a car park, and the third incident involved a leaching tank maintenance worker who was struck by a metal plate detached from a pressured hydraulic cylinder. We are deeply saddened by their loss.

Following these incidents, the Group senior management convened an emergency meeting to inform all business units, conduct an initial investigation, and draw lessons for the future. In accordance with site policies, a root cause analysis was conducted and effective measures were implemented to address loopholes. The Group headquarters also dispatched a

dedicated team to the TFM site to conduct a review of existing HSE procedures as well as identify and address shortcomings in areas such as the management of high-risk jobs, HSE leadership, delineation of roles and responsibilities, handover procedures, risk assessments for commissioning activities, the reporting of HSE incidents, and employee feedback. TFM also commissioned several independent audits from different auditing bodies to help us review the effectiveness of our HSE systems from a range of perspectives. In view of the profound impact of workplace fatalities on employees and their families, all levels of our management will reflect seriously on past failures and implement the specific measures proposed during the aforementioned audits in order to improve our HSE systems and performance.

Safety performance at TFM is measured according to established benchmarks, such as our Total Recordable Incident Rate (TRIR) and Lost Time Injury Rate (LTIR). In 2023, TFM reported 37 recordable incidents from a total of 44,915,850 hours worked, equating to a TRIR of 0.82 per million hours worked. There were 8 lost time injuries, equating to an LTIR of 0.18 per million hours worked. There were also 35 lost days due to work injury.



OCCUPATIONAL HEALTH



The processes used in the mining and smelting industry present a range of occupational health hazards, including dust emissions, noise, toxic and hazardous gases, and exposure to mechanical vibrations. We are committed to creating a safe and healthy work environment for our employees and partners in order to prevent occupational illnesses.

AT TFM, we have established comprehensive mechanisms for managing occupational health issues, including the identification of occupational health hazards, adopting engineering measures to eliminate or mitigate occupational health hazards at source, requiring employees to work in shifts to reduce exposure times, mandating the use of personal protective equipment, and monitoring the health of employees before, during, and after their period of employment or prior to their transfer to another post to prevent occupational contraindications and ensure they are in a fit state of health.

Dust and hazardous gases are the primary threats to employee health, and originate from drilling, blasting, ore loading and transport, crushing, and other handling during the production process. To reduce employees' exposure to harmful dust, some of our mitigation efforts include the wetting or sealing of roads, the installation of dust collection systems next to dust-producing machinery and processes, technical controls such as increasing automation in ore transportation, crushing, and packaging to minimize employees' exposure to dust, and requiring employees to wear personal protective equipment such as dust respirators while working in open-pit or other environments with a high risk of dust exposure. In processes that produce toxic or hazardous gases, employees are provided with protective equipment, and acid gas levels are monitored in and around production facilities to ensure compliance with environmental limits. All employees undergo regular occupational health checks to monitor their state of health, which is recorded in an occupational health file.

Chronic exposure to noise from transportation, crushing, and milling of ores is another threat to employee health. In light of these risks, we monitor noise levels next to major sources of noise, install warning signs to inform employees of occupational health hazards, implement technical measures such as the installation of vibration- and noise-reducing systems and sound-proofed rooms, and provide employees who are exposed to noise with appropriate hearing protection.





EMPLOYMENT

TFM is committed to offering a diverse, open, inclusive, and trusting workplace that respects the rights of employees, ensures equal employment, and promotes fair competition and personal development. We strictly comply with local legislation and Group-level regulations, and have formulated an Employment Policy as well as a series of employment-related procedures.

Labor relations

We respect the rights of all employees, and strive to provide an environment that ensures fair treatment and good working conditions. The company has a comprehensive compensation program that provides employees with a salary and benefits that are consistent with market standards and relevant laws and regulations, including but not limited to pension and medical plans. Working hours and holiday entitlements are set according to local laws and collective bargaining agreements. Employees also have access to internal grievance mechanisms through which they can report and resolve workplace complaints or concerns. Our *Employment Policy* recognizes our employees' rights to freedom of association and collective bargaining.

We are committed to improving engagement with employees in order to enhance labor relations. Our workers are represented by 11 major DRC trade union organizations. We maintain close contact with union representatives by providing dedicated onsite mailboxes for unions to report employee concerns and grievances, and by holding monthly and quarterly meetings to discuss employee and company concerns. In 2023, we organized a vote to elect new 22 union representatives in accordance with local labor legislation and company policies.

Equal Employment

In keeping with the principle of equal employment, TFM recruits and hires personnel through various means including open recruitment and competitive employment, and provides diversified and equal career development opportunities for employees. As stated in the CMOC Employment Policy and Human Rights Policy, we do not allow any employment discrimination based on race, ethnicity, religion, gender, age, sexual orientation, gender identity or other factors. We also adhere to the principle of fair employment and make employment decisions based on genuine job requirements, including remuneration, training, and promotion.

We value workplace diversity and strive to offer an inclusive workplace. We practice local hiring and diversity in recruitment to support local employment, and cultivate talent to help build a more sustainable local economy. In 2023, we published the *Policy on Safeguarding Vulnerable Groups* to identify and protect employees from vulnerable groups, such as people -

-with disabilities, women and expectant mothers, young workers, immigrants, and workers with medical constraints.

As a company based in the DRC, which suffers from a high rate of unemployment, we prioritize community-based recruitment to help local people find stable employment opportunities. For example, the human resources department works closely with the community department to advertise vacancies and organize village recruitment fairs aimed at encouraging local residents to apply for positions within the company, as stipulated in our community hiring procedures. We also require our contractors to conduct community recruitment, as stipulated in our company procedures. In 2023, the TFM community department helped 1,415 local residents to find stable employment. We also provide employment opportunities to TFM scholars to encourage them to pursue a career within the company.

TFM is committed to gender equality. We treat male and female employees equally, safeguard the health, safety, and wellbeing of all employees, promote women's career advancement by enhancing their education and training, and raise community awareness through community programs and campaigns. TFM also supports the Women in Mining – DRC (WIM DRC) initiative, which aims to end all forms of discrimination against women in the DRC's mining sector and promotes the inclusion of gender issues in the DRC's national development strategy. In March 2023, WIM DRC organized a festival called Thamani (meaning "value" in Swahili) to recognize the contribution of various organizations in promoting women's leadership, including TFM, which was represented by a delegation of female employees.

In 2023, TFM also issued a *Gender Equality Policy* and established a Women's Committee. This committee furthers the company's commitment to gender equality and aims to promote women's professional development, safeguard their rights, and provide a forum for women to discuss issues of concern. Since its establishment, the committee has organized and participated in numerous activities, including gender equality training, a breast cancer awareness campaign, business training, and a female entrepreneur workshop. Through these activities, the TFM Women's Committee is committed to upskilling female employees, promoting gender equality, and empowering local women.



On June 11-13, 2024, TFM Geological Engineer Nahomie Tshikadi was awarded the "2024 Rising Star Award" by the Women in Mining Africa (WIM-Africa).



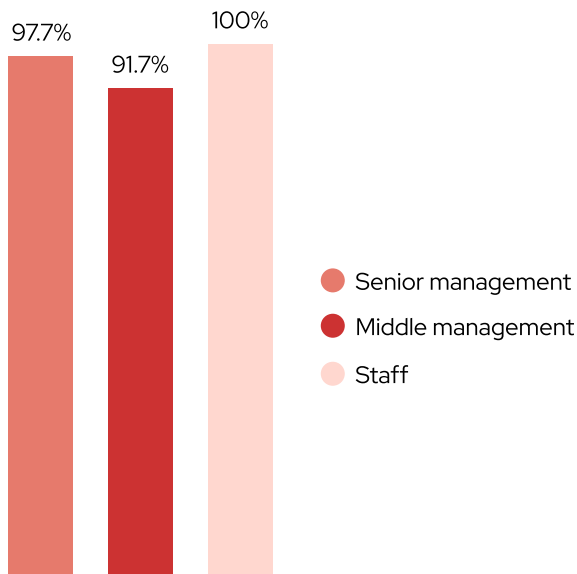
TRAINING AND CAREER DEVELOPMENT

In accordance with the CMOC *Employment Policy* and the TFM *Employment Policy*, we operate a differentiated talent development program that provides our employees with in-house training, rotation across units and departments, incentive-based development plans, and internal mobility channels based on recruiting, internal competitive selection, and referral. Guided by people-oriented principles and our growth strategy, we offer multiple paths for career development with space, tools, and opportunities for growth.

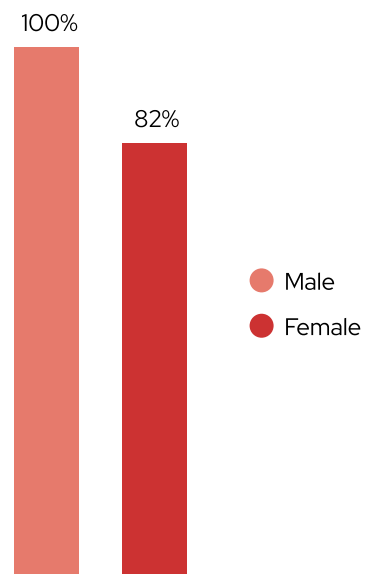
In 2023, the TFM Human Resources department launched a new career development program that enables each department to promote a certain number of top performers each year based on objective factors such as performance, monthly KPIs, promotion history, skills, and qualifications. A total of 327 employees benefited from the new program over the course of 2023.



Percentage of employees and contractors who received training by job category



Percentage of employees and contractors who received training by gender



The TFM Training department employs a team of 50 trainers who are responsible for training on over 100 topics across 5 key areas: health, safety, the environment, mobile equipment, fixed facilities, and maintenance. They also cover skills like performance appraisals, leadership, foreign languages, and information technology. Training programs can be accessed by both TFM employees and contractors. In 2023, 16,786 employees and contractors participated in training, equivalent to 99.3% of the total workforce.

In addition to our internal training schemes, we also sponsor employees to participate in external training in order to enhance their occupational skills and management competencies. In 2023, we sponsored a range of external -

training programs covering topics such as environmental management, corporate social responsibility, community development, and health and hygiene. We also run an internship program to provide internship opportunities for local and international students and expand our pipeline of mining talent. In 2023, we accepted 221 interns, including 8 from universities outside the DRC, 21 from local high schools, and 192 from local universities.

In 2023, 99% of the TFM workforce participated in some form of training, with each employee completing an average of 26.17 hours of training.

COMMUNITY

CMOC's *Community Policy* is applicable to all of the Group's operations. Under the guidance of the group policy, TFM is committed to conducting activities in a manner that promotes positive and open relationships with local communities and supports the achievement of the United Nations Sustainable Development Goals (SDGs). In addition, we engage with and invest in communities affected by its mining operations, using multiple channels to collect their feedback and concerns. TFM develops infrastructure, supports health, safety, and education efforts, and provides local employment and business development opportunities with a view to building relationships at all levels of community, from local to national, by making long-term positive contributions and effectively mitigating adverse impacts from its operations.

In addition to complying with the Group-level *Community Policy* and management regulations, TFM implements community relations programs in line with local laws and regulations, and seeks alignment with international good practice frameworks such as Performance Standard 5 of the International Finance Corporation and the Risk Readiness Assessment (RRA) of the Responsible Minerals Initiative. Community engagement and investment activities may also be governed by commitments made through the process of environmental and social impact assessments. Our community work is primarily guided by stakeholder engagement centered on community risk and impact management. Community engagement also enables us to identify community priorities and develop tailored investment plans.

TFM operation is located near rural villages, agricultural land, and two towns which have steadily undergone significant population influx in recent years. According to current estimates, the population of the urban and rural areas within TFM's 1,500 km² concession is around 400,000, which represents a seven to eight-fold increase since the beginning of the project. The growing migrant population from other regions of the DRC has had a significant impact on the traditional way of life, and has also presented challenges for our community work. The sustainability programs at this site aim to address acute community development priorities, complement government development plans, and promote positive relations between community stakeholders and the company while balancing the limited human and material resources of the company with the needs of the rapidly growing migrant population. In 2023, we continued to -

implement the Scope Statement for Community Development, which was signed by our TFM operation and the local community on January 20, 2021 and commits to invest US\$31 million in community development over a five-year period, targeting eight priority needs: health, education, economic development, roads and bridges, electricity, sports, infrastructure, and telecommunications. In 2023, community work at the TFM site continued to focus on community liaison activities, health, education and youth development, agricultural and economic development, and infrastructure.



In addition, TFM continued to invest 0.3% of net revenue in the Social Community Fund (SCF), which was created through contributions from TFM and responds directly to community determined priorities in the areas of infrastructure, education, health, and agricultural income generation. From its inception in 2009 through December 2023, the SCF has received estimated contributions of US\$68.83 million from TFM, of which US\$9.77 million was given in 2023. At the end of 2023, in accordance with the requirements of the DRC Mining Code, stewardship of the TFM Social Community Fund was handed over to DOT-TFM, a new management committee headed by the Congolese government with TFM and the local communities participating as joint members.

STAKEHOLDER ENGAGEMENT

Active engagement with stakeholders is a common element in successful community relations and in managing social risk related to our operations. Community relations are actively managed at various levels of engagement that may include local government agencies, traditional leadership, community groups, industry associations, non-governmental organizations (NGOs), the media, and individuals that may have a broad array of interests in our operations.

We develop stakeholder mapping and structured engagement plans, and establish procedures for multi-stakeholder communication in order to communicate with and collect feedback from local communities. Our stakeholder engagement channels also include regular and ad-hoc meetings, community liaison programs, and community grievance mechanisms, which help us to better understand the interests, concerns, and goals of our stakeholders. An important aspect in maintaining effective community relations are our systems for logging and responding to community concerns, such as issues concerning the environment, health and safety, social investment, human rights, land acquisition, and the recruitment of employees

TFM also holds quarterly meetings with stakeholders, which serve as the primary means of gaining input on the community's priority development needs. In 2023, the quarterly meetings were attended by 184 stakeholder representatives, providing the company with the opportunity to inform the community about its mining activities and construction projects, as well as respond to concerns received by the community liaison officer. In addition, the company organizes visits to neighboring villages to engage directly with local residents and improve relations. In 2023, we visited 76 of the 122 settlements within the TFM concession.

TFM maintains a community liaison department, which staffs permanent liaison offices in the community. Each region has a designated TFM community liaison officer, who is responsible for holding routine meetings with key stakeholders, receiving community input on company actions, and serving as the primary communication channel between local residents and TFM. In 2023, the TFM community liaison team held 67 meetings with local chieftains and engaged with 3,263 members of the local community. To strengthen engagement with the community, we also recruited a number of volunteer messenger in local villages, who enable the company to monitor and respond promptly to developments within -

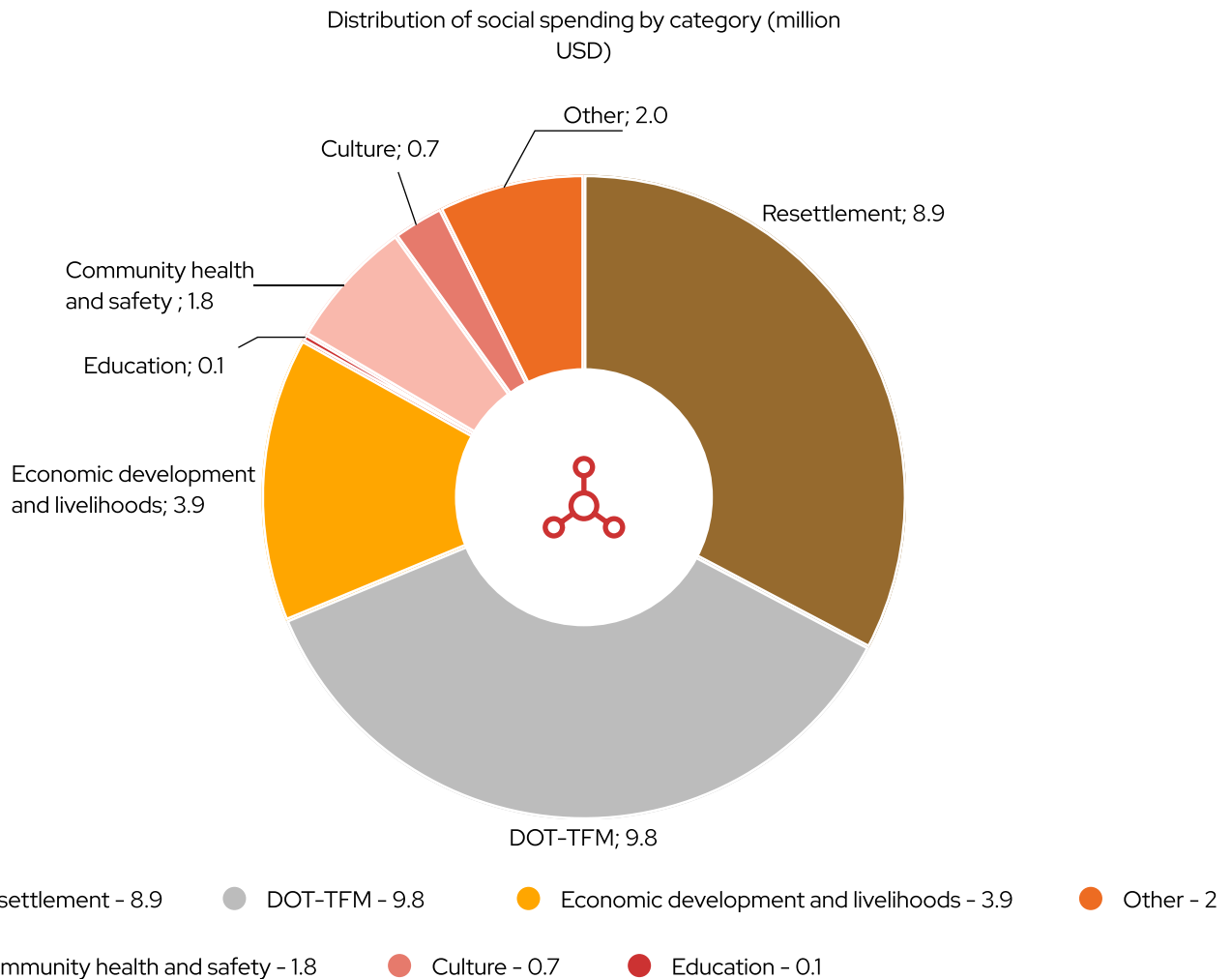
the community. In addition, the company organizes consultations and awareness campaigns for specific projects and for issues which are of concern to the community. In 2023, these consultations and campaigns included topics on implementation of the Cahier Des Charges, emergency response drills at TSFs, safety measures around the site perimeter, and community recruitment. TFM's community grievance system is managed by the community liaison department, which employs a dedicated community grievance officer. All community members including TFM employees may present grievances related to the impacts of our operations. All grievances are received and tracked by an information management system. Community residents can also participate in the grievance resolution process through an independent mediation committee, 60 percent of whose members are local residents.



Stakeholder engagement is also important when we develop effective strategies for mitigating risks. Material risks affecting the local community and TFM operations include the establishment of new settlements driven by the continued expansion of the two major towns and neighboring villages posing a threat to the health, safety, and stability of local communities, illegal artisanal miners who congregate in the villages surrounding mining sites causing disturbance to our operations and social tensions, and an increasing number of opportunists raising resource constraints and execution difficulties in our resettlement activities. In response, TFM has strengthened its engagement with the local government, civil society organizations, industry associations, and other mining companies in order to develop joint strategies for mitigating risks related to in-migration and ASM.

COMMUNITY DEVELOPMENT

TFM's investment approach is based on priority community needs and includes direct investment and contributions to community foundations. Our community investments are also centered around the United Nations Sustainable Development Goals (SDGs), with a particular focus on goals 1 (No poverty), 2 (Zero hunger), 3 (Good health and well-being), 4 (Quality education), 5 (Gender equality), 6 (Clean water and sanitation), 7 (Affordable and clean energy), 8 (Decent work and economic growth), and 9 (Industry, innovation, and infrastructure). Social spending and investments are typically made in the broad categories of education, healthcare, economic development, infrastructure, the environment, and resettlement. In 2023, TFM spent a total of US\$28.97 million in community projects.



Education

Support for education from primary school through to university is a high priority for stakeholder communities. TFM is committed to expanding access to basic education and reducing drop-out rates. In 2023, we continued to support the construction of local schools and subsidized teachers' salaries and school operations. In addition, we are currently implementing a range of other projects listed in the Cahier Des Charges, including a vocational school and school facilities. We are also committed to improving higher and vocational education to help young people secure a better future. Since 2013, we have provided annual scholarships to local students who are admitted to the Technical Institute of Mutoshi. In 2023, scholarships were awarded to 29 students, including 11 female students. In addition, TFM supported local community centers by providing training to 278 trainees covering skills such as carpentry, tiling, plumbing, and tailoring.



Community health and safety

Members of the local community comprise the majority of our workforce. For this reason, community health and safety has a direct impact on the stability and productivity of our workforce, and also constitutes a material risk in terms of the potential social and human rights impacts. In view of these risks, we have designated community health and safety as one of our key investment priorities, and monitor performance very closely. In 2023, TFM invested approximately \$US1.8 million in community-based health projects, addressing a range of priority needs.

Due to the lack of medical and healthcare facilities and municipal infrastructure, communities near our TFM operation may face shortage of medical, sanitation, and health services. In recent years, the growing migrant population within the mining concession has increased the risk of communicable diseases that have the potential to affect the health of local residents and TFM employees. Our health support projects help to mitigate these risks by addressing the urgent needs of local communities. In 2023, TFM took a range of steps to improve community health and safety, including updating its community health survey, the construction of new healthcare facilities, skills training for healthcare professionals, disease surveillance and control, expanding access to clean drinking water, installing signposts at emergency evacuation points, and conducting emergency evacuation drills.

In recent years, TFM has continued to monitor the incidence of communicable diseases in the local community, such as malaria, HIV/AIDS, cholera, and sexually transmitted infections, as well as raise awareness and assist with efforts to control their spread. In 2023, we took a range of measures to reduce the incidence of malaria. In addition to spraying approximately 7,390 rooms with mosquito repellent, we also identified 29,258 mosquito breeding sites within the mining concession and applied larvicide at all sites where we detected malaria-infected mosquitoes. The company also runs an insect laboratory that conducts research into the effectiveness of residual insecticides on various surfaces and malaria vectors. In 2023, TFM deployed a medical team at schools in Fungurume to conduct an annual malaria survey among local schoolchildren and provide antimalarial medication. A total of 3,255 children aged 6–12 participated in the survey. We also provided polio vaccinations to 81,381 children.

TFM has also continued to support the “SafeTstop” HIV/AIDS awareness and testing initiative for truck drivers. In 2023, 4.9% of those truck drivers who participated in voluntary testing tested positive for HIV. We also distributed over 20,600 condoms to truck drivers and assisted the local NGO Lamuka with an HIV awareness campaign for approximately 2,000 residents of neighboring communities, including over 1,000 high-risk individuals such as sex workers, truck drivers, taxi drivers, and police officers. Approximately 47,000 condoms were distributed as part of the campaign.





Economic Development and Livelihoods

The value we create as a company also includes generating economic growth and improving livelihoods for the communities impacted by our mining operations. We strive to help communities become self-sufficient and take charge of their own development – factors which are important for reducing external pressure and creating a favorable environment for our operations. Therefore, we invest in economic development and livelihood initiatives in neighboring communities. Our programs are directed at building capacity to address economic drivers, such as agriculture and local business development, with a particular focus on economic diversification and building the capacity of local women. In 2023, TFM invested approximately US\$3.88 million in projects directed toward economic development and the enhancement of livelihoods.

At TFM, one of our key areas of developmental support is the agricultural sector due to its importance to the local economy and household food security. In 2023, we implemented a range of livelihood projects from TFM's Cahier Des Charges, including the following:

We continued our maize credit project, providing a total of 637.5 tonnes of agricultural supplies to two local development committees, which was used to support 1,677 farmers over approximately 1,500 hectares of agricultural land. In 2023, a total of 7,510 tonnes of maize was harvested, which corresponds to an average yield of 5 tonnes per hectare.

We donated 114 goats to 35 households and provided animal husbandry training to a total of 58 households.

We supported a range of projects organized by the Songhai Center, focusing on power and water infrastructure. This includes a contract for \$1.29 million worth of new infrastructure, which will be built by a local contractor. We also selected 12 members of the community (including three women) to attend a training course at the Songhai Center in Benin.

We provided agricultural supplies, infrastructure, and management training to agricultural and livestock cooperatives in four regions, benefiting around 8,000 farmers.

We donated eight tractors to two local development committees and provided tractor use and maintenance training to 26 members of the community. To date, the tractors have plowed a total of 639 hectares of land.

We supported 8 local women associations (cooperatives) in entrepreneurial activities.





Infrastructures

A robust infrastructure is essential for empowering local communities. Depending on local needs and priorities, we invest in a wide range of infrastructure including water supply, roads and bridges, electricity infrastructure, healthcare, schools, and community facilities, all of which play an important role in helping communities to meet their basic needs. In addition to supporting the construction of new infrastructure, we also train local people to manage and maintain existing infrastructure to ensure that members of the community continue to benefit over the long term.

In 2023, our TFM operation completed an electrification project to improve access to electricity in the town of Tenke. Approximately 50,000 people have benefited from the project, which included the construction of a substation, the installation, connection, and commissioning of electrical infrastructure, and the installation of overhead power lines in an urban area with a radius of 13 kilometers. Other TFM-funded projects completed over the course of 2023 include a new bridge in Fungurume town, which is expected to benefit almost 200,000 people, and the completion of a new healthcare clinic in Tshilongo village, which will help to meet the healthcare needs of around 10,000 local residents. Ongoing infrastructure projects include 9 local primary schools, 1 village healthcare center, 24 kilometers of urban and rural roads, 50 wells and a water supply system, 3 community centers, 4 tractor sheds, 4 grain storage facilities, and 4 farmers' markets.



LAND ACQUISITION AND RESETTLEMENT

At TFM, land acquisition and resettlement is guided by international good practices, notably Performance Standard 5 of the International Finance Corporation (IFC), which helps protect the livelihoods and rights of affected populations that are vulnerable due to poverty and lack of formal title to the lands they occupy. In 2023, TFM acquired 1,864 hectares of land for operational needs. In total, 1,191 project affected households were resettled in other communities with assistance from TFM. In addition, 1,631 project affected persons received compensation for their land and other resources, but were not required to relocate. Since the beginning of mine development in 2006, TFM has physically displaced 2,714 households, of which 742 households have been relocated to newly built residential areas. An additional 1,942 households have been assisted with resettlement in Fungurume, Tenke, and other communities. During the 2023 agricultural year, we helped to restore the livelihoods of 2,737 displaced farmers under our livelihood restoration program by relocating 1,135 plots of farming land within the mining concession and distributing seeds and fertilizer to support the cultivation of crops.

As part of our broader social and environmental risk mitigation plan for TFM, resettlement action plans are an activity with inherent risk, and so the TFM resettlement program is subject to external audit on a biennial basis, during which performance is evaluated in terms of alignment with internal and external policies, continuous improvement, redress of issues, and overall community acceptance of our resettlement program. In 2023, we drafted and implemented an action plan based on the recommendations of the 2022 audit. As of the report's release, all remedial measures have been implemented. Following close consultation with the local community, we also relocated the Kimpiyi tomb site within the mining concession in accordance with our *Chance Find Procedure*.

HUMAN RIGHTS

In 2023, CMOC continued to refine its human rights policies and procedures. Following the update to the *Human Rights Policy* in 2022, in 2023 CMOC published the *Responsible Production and Sourcing Policy*. This policy enshrines CMOC's commitment to ethical and sustainable business practices in its operations and supply chain, which includes continuously carrying out appropriate due diligence in the mineral supply chain and ensuring responsible production and sourcing of minerals in line with the OECD Guidance. The *Responsible Production and Sourcing Policy* aligns with the company's commitment to ethical business conduct and respect for human rights, as stated in policies such as the *Human Rights Policy* and *Supplier Code of Conduct*. It encompasses the identification, mitigation, and reporting requirements for human rights and conflict risks within the supply chain. These efforts have strengthened our management of human rights risks within the supply chain. In the latter half of 2023, CMOC also updated its *Comprehensive Risk Management System* and established clear risk register criteria for identifying and assessing human rights and conflict risks. TFM received training on the use of these new risk management tools.

All TFM employees and contractors are required to complete induction training and annual refresher training, which includes a module on the company's human rights policies. CMOC's *Human Rights Policy* and TFM's *Zero Tolerance Rules* are applicable to both TFM employees and contractors. In 2023, TFM strengthened human rights training and performance assessments for employees and contractors, and took steps to raise awareness of grievance mechanisms. Human rights grievance and investigation procedures are applicable to all TFM employees, contractors, and local community members. In 2023, 99.1% of TFM employees and 99.3% of contractors received training in human rights policies. TFM's contract department has incorporated the evaluation of social indicators such as supplier safety, environmental performance, and human rights into its supplier rating system. Human rights clauses are also included in all contractor contracts and the *TFM Supplier Code of Conduct*. In 2023, TFM also published a *Responsible Mineral Supply Chain Due Diligence Report* in an appendix to the *2022 TFM Environmental, Social and Governance Report*. The due diligence report outlines how TFM approaches OECD Annex II risks, which include serious human rights violations, within its operations and supply chain. It covers management policies and approaches, risk assessments, mitigation plans, past achievements, and ongoing challenges in this area.

Due to the expansion of TFM's operations, there has been a significant increase in construction contractors at the mine over the past two years. TFM is fully aware of the challenges and increased occupational health, safety-

and human rights risks associated with contractors, and is implementing measures in the following areas to further mitigate those risks:

- 1) Relevant functional departments have intensified inspection and supervision of all contractors, including scrutiny of employee codes of conduct, labor contracts, salary disbursement, working hours, labor unions, employee communication, safety training, provision of protective equipment, and compliance training.
- 2) We have strengthened a tiered management approach for contractors, drawing insights from routine inspections and considering different levels of risk exposure. This includes issuing written warnings, implementing corrective measures with timeline, temporary suspension and corrective action, and contract termination.
- 3) We stepped up training and awareness campaigns on human rights policies, zero-tolerance policies, and the company's complaints hotline.
- 4) We encouraged contractors to incorporate freedom of association and the payment of a living wage in employee contracts.

In 2023, CMOC hired international human rights experts to conduct human rights due diligence (HRDD) on TFM. In the course of the HRDD, experts assessed and prioritized human rights risks, impacts, and salient issues within TFM based on the United Nations Guiding Principles on Business and Human Rights (UNGPs). Experts conducted two visits to TFM sites and communities, where they engaged in extensive and constructive communication with key stakeholders. More than 350 stakeholders participated in the due diligence, providing valuable feedback. The HRDD specifically included risk assessments and training activities related to the Voluntary Principles on Security and Human Rights (VPSHR). As a follow-up to the HRDD, TFM appointed a senior executive to oversee the implementation of a human rights management system and established a cross-departmental human rights working group to ensure the continuous execution of HRDD. At the same time, TFM formulated a human rights action plan to manage human rights risks for both employees and the community. The plan encompasses various aspects of TFM's operations, including human resources, health and safety, contracts and procurement, global supply chains, local communities, land acquisition and resettlement, and security. TFM also conducted extensive HRDD training for the management to enhance awareness, and released a *Human Rights Due Diligence Report* and a *Human Rights Commitment Statement*. According to the HRDD, TFM's salient human rights issues include artisanal and small-scale mining (ASM), influx of migrants, and security and human rights.



In terms of ASM, in the copper mining region of southeastern DRC, significant artisanal mining takes place. Many ASM workers, mostly in-migrating people, have congregated around privately owned mines, and some even enter mining sites to engage in illegal ASM activities. The formalization of ASM activities in the country is progressing slowly, and illegal ASM operations around the TFM concession continue to pose significant human rights risks. In 2023, TFM completed an ASM baseline survey to further assess the risks and impacts associated with illegal ASM activities within and around the TFM concession. The primary human rights risks include child labor, unsafe and unhealthy working conditions, and risks arising from interactions between ASM miners and TFM security personnel. The potential impacts include harm to TFM's staff and security personnel, stress and fear experienced by employees and the local community, and adverse effects on the environment, local security, and governance. Based on the survey results, TFM developed and released the *TFM Artisanal and Small-Scale Mining Policy*, established an ASM management task force, and formulated corresponding management plans and risk mitigation measures to strengthen human rights governance in the mining concession. To address the significant risk of child labor in illegal ASM operations, we have developed specific procedures for identifying and addressing child labor risks. We have also collaborated with non-governmental organizations to pilot a child labor identification and remediation project. At the same time, we have developed a stakeholder engagement procedure to encourage a multi-stakeholder approach to managing and mitigating the risks associated with ASM activities.

CMOC also continues to support multi-stakeholder initiatives such as the Fair Cobalt Alliance and Better Mining to address the widespread and complex human rights challenges associated with ASM. We continue to engage in dialog with the government and appeal for the establishment of more legal ASM mining areas. We have also strengthened communication with various stakeholders in the community to build consensus regarding the risks associated with illegal mining. In addition, we support basic and vocational education in the community to reduce the risk of child labor in artisanal mining, and we invest in local communities to promote local economic diversification, so as to encourage illegal artisanal miners to transition to legal economic activities.

In terms of risks associated with influx of migrants, the main risks include a rise in crime, disease, harassment, and gender-based violence; adverse impacts on water, sanitation facilities, land, and cultural heritage sites; loss or impairment of social investments; and the detrimental impact of increasing ASM mining. Through ongoing communication with various stakeholders, TFM maintains dialog and collaboration with local government, communities, traditional tribal leaders, and non-governmental organizations. TFM also continues its -

efforts in areas such as education, clean water, community health and safety, local employment, and human rights protection through strategic community investments and comprehensive development projects. These initiatives aim to alleviate the adverse impacts of migration.

Security and Human Rights

In the copper-mining region of southeastern DRC, significant artisanal mining takes place. Many migrants have congregated around privately owned mines to engage in illegal artisanal mining activities. To protect company assets and personnel and to maintain access control for our active operations, we have hired security staff and private security contractors. These agents and private contractors are unarmed, have no law enforcement capacity, and are primarily engaged in surveillance and the operation of mine access control points and production sites.

Enforcement of national mining law within the TFM concession, with reference to the legal extraction of minerals, is the responsibility of the Mines and Hydrocarbons Police (PMH), a branch of the national police. Though autonomous in their operations, the PMH operate under terms of a contract with TFM's security contractor that addresses concerns such as the nature of support provided by TFM. The contract makes explicit reference to TFM adoption of the VPSHR, including directives on how to follow up on allegations of human rights violations.

TFM implements the Voluntary Principles on Security and Human Rights (VPSHR), which help guide companies in maintaining the safety and security of their operations while encouraging respect for human rights. TFM provides training to its security staff, the personnel of private security contractors, and PMH officers on key elements of the VPSHR. Private security firms are also subject to due diligence at the contracting stage, including human rights aspects. In 2023, 99% of TFM's 153 direct-hire security employees and 2,447 private security contractors received VPSHR training. A total of 200 PMH officers were stationed in the TFM concession, 197 of whom received VPSHR training.

In recent years, due to a massive influx of migrants, TFM and surrounding communities have faced the challenge of increasing illegal artisanal mining in our concession and adjacent areas. This has led to a sharp deterioration of security in local areas due to rising crime rates and accidents associated with unsafe artisanal mining practices. In June 2019, the DRC government decided to deploy the armed forces (FARDC) in the region to disperse illegal artisanal miners and address the problem of crime. The FARDC and police have the unilateral right to access and undertake their activities -



on mining concessions under the relevant laws that apply to them. As of December 2023, there were still approximately 141 soldiers stationed within the TFM concession and in adjacent areas. Fully aware of the potential human rights risks associated with the military deployment, TFM contacts the government and military leaders whenever new soldiers are deployed in order to communicate its human rights policy, including its adherence to the VPSHR and policies governing the use of arms. TFM does not engage directly with the armed forces, does not participate in any military operations, and does not provide any assistance that can facilitate military operations.

TFM's security, community, and external relations departments continually monitor and record security incidents, as well as security and human rights issues at the concession. They also provide humanitarian assistance and conduct human rights investigations when necessary.



The primary security and human rights risks faced by TFM come from artisanal and small-scale mining activities within and around the mining area. To manage these risks, TFM conducts regular risk assessments and ongoing training for both public and private security in order to implement VPSHR within the TFM concession. In 2023, within the framework of the HRDD, TFM invited an international human rights expert to provide training of trainers (ToT) on VPSHR for the security team and PMH. A VPSHR risk assessment was also conducted. We formulated an action plan for the implementation of VPSHR and took various measures to mitigate risks. In particular, we (i) intensified training on safety during handover among frontline mining staff; (ii) updated security-related standard operating procedures (SOPs); (iii) ensured security communication equipment operational; (iv) distributed VPSHR reminder cards; and (v) enhanced cross-departmental collaboration and communication between the security department, mining department, community department, external affairs department, and legal department. In addition, TFM invited the DRC civil society organization, Justicia, which is responsible for coordinating the VPSHR Working Groups, to provide training for the PMH. The training focused on the mission and roles of the PMH as well as regulations regarding the use of force and non-lethal weapons. Representatives from KFM's security team also attended the training. As part of its efforts to promote and implement the VPSHR, TFM regularly participates in VPSHR Working Group meetings held in Lubumbashi. During these sessions, TFM exchanges information and opinions with various stakeholders, shares best practices, and collaboratively develops advanced training materials on VPSHR. TFM views VPSHR as a strategic entry point for further dialog with the government of the DRC and the training of public security forces.



PRODUCT



TFM's main products are cobalt hydroxide and copper cathode. Cobalt is primarily used in lithium-ion batteries, which are essential components for the battery and electric vehicle industries; copper is widely used in every aspect of our lives, and is an important component of the clean energy transition, including the development of solar panels, wind turbines, energy storage, electric vehicles, and supporting infrastructure.

The minerals used in our production processes are sourced exclusively from our mining concession. The manufacturing, transport, and use of our metal materials may pose environmental and social risks to the ecosystem and people within our supply chains. We address these risks, as well as those in the upstream and downstream value chain, with policies and due diligence procedures.

SUPPLY CHAIN MANAGEMENT

We consider environmental and social risks in our supply chain where we need to source input materials and services to support our operations. CMOC's sustainability policies serve as requirements for supplier management systems across all the Group's operations, covering matters such as health and safety, human rights, anti-corruption, codes of conduct, employment practices, environmental management, and community relations. In 2023, TFM continued to execute these policies, developing and improving procedures and systems for managing business partners in accordance with risk exposure.

As a mining company, the risks of adverse impacts associated with extracting, handling, and sourcing minerals from conflict-affected and high-risk areas constitute material risks for our operations. We are committed to upholding international standards of diligence and conduct to mitigate these risks, and in particular, to conduct due diligence on mineral suppliers in accordance with the OECD Guidance. In 2023, CMOC completed the development of a responsible production and sourcing management system in line with the OECD Guidance, and published the *Responsible Production and Sourcing Policy* on the company's official website in May 2023. The system includes procedures and tools to ensure the -

effective identification, assessment, mitigation, monitoring, and reporting of human rights, conflict-related, and financial crime risks in the supply chain. TFM manages supply chain risks in accordance with the requirements of this policy. For more information, refer to the *TFM Responsible Minerals Supply Chain Due Diligence Report*, which is annexed to this report.

Human rights and corruption are pivotal areas of concern in relation to our contractors and suppliers. We use third-party platforms to conduct supplier vetting and due diligence and screen for violations of applicable laws and company policies governing anti-corruption and human rights. With respect to employment practices by contractors, TFM pays special attention to policies related to the legal working age of their employees, and its compliance with the Labor Law of the DRC. We ensure there is a zero-tolerance approach to underage labor through recruitment, onboarding, and training procedures.

TFM has implemented an annual assessment mechanism for on-site contractors that tracks their HSE performance, human rights, and other social indicators. In 2023, TFM's HR, HSE, administrative, engineering contract, and other departments continued to conduct regular joint inspections of on-site contractors and apply incremental penalties depending on their inspection outcome and risk exposure. Penalties include written warnings, regular corrective action, temporary suspension and corrective action, and contract termination. TFM also attaches great importance to labor management and human rights training for contractors. In 2023, we stepped up human rights training for senior management, departmental managers, and contractor managers and distributed a human rights leaflet to raise awareness of human rights issues among all our contractors.

TFM encourages using local suppliers to boost local employment and economic development. In 2023, African suppliers accounted for 89% of total procurement expenditure, while the corresponding figure for DRC suppliers was 45.7% – more than double the level of 2022. However, due to economic disparities between the DRC and the other regions in which CMOC operates, the proportion of local suppliers is still relatively low. TFM will continue to promote the development of the local economy, and in particular small and medium-sized community businesses, through methods such as tax contributions, community investment, and local tendering.

PRODUCT STEWARDSHIP

Our management systems dealing with product stewardship addresses the quality, compliance, and sustainability risks associated with our products and processes, including occupational health and safety, environmental management, quality control/quality assurance, traceability, and labeling in accordance with the Globally Harmonized System of Classification and Labeling of Chemicals. These systems ultimately protect the interests of our clients and may enhance access to preferred markets for TFM products.



In the DRC, our product assurance is largely driven by compliance needs derived from international trade, transport, and material classification schemes of the countries and regional associations through which product is transported and consumed, with special regard to cobalt hydroxide. The Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) regulation of the European Union, for example, addresses the production and use of chemical substances and their potential impacts on both human health and the environment. REACH requirements directly drive the classification and labeling processes for our cobalt hydroxide, which also consider the requirements of up to 12 additional countries that may be involved in the transport and final disposal of our product.

TFM also has a set of special responsibilities related to product stewardship associated with the sustainability of its supply of cobalt hydroxide to global markets. The DRC hosts a large number of unregulated artisanal miners as well as customers for their product, a situation that has led to high-profile international concerns around the risks of child labor, workplace health and safety, and human rights in the cobalt supply chain from that country. The TFM operation manages this risk through a set of product control and custody procedures to ensure that it mines, processes, and sells only those minerals that originate from its mining concessions and that are mined by its own operations. These procedures are in turn guided by the requirements of responsible and sustainable management as described in this report. TFM does not purchase or process ore from any other source. These procedures include specific actions to dispose of illegally mined ore confiscated by government authorities within the TFM concession. After being confiscated by mine police, the company stores, reports, and periodically buries illegally mined ore in waste rock piles. These burial sites are unmarked and cannot be identified by any other means, ensuring that the ore cannot be recovered for another purpose. TFM has a complete system to track the copper and cobalt products produced at its operations through the points of transfer and to the ultimate point of delivery to its customers. Due to the importance of monitoring and maintaining these procedures while managing TFM's mineral supply chain, TFM regularly undertakes independent assurance of the company's product control and custody procedures. TFM operates a zero-tolerance policy on child or forced labor, employing only people who have reached the legal working age. In 2023, we found no violation of any laws or regulations regarding child or forced labor.

In addition, CMOC strongly believe that higher transparency along the value chain will increase the sustainability of the cobalt supply, which is essential for the battery industry. In order to achieve this goal, in 2019 CMOC and its trading company IXM joined Glencore and ERG in the ReSource consortium, which uses a blockchain platform to trace the origins of cobalt and ensure responsible procurement. The ReSource consortium has received support from other companies in the materials sector including Umicore, as well as the Responsible Mining Initiative and the Cobalt Institute. In 2023 ReSource completed a proof-of-concept cobalt traceability project and presented the first Battery Passport pilots with the Global Battery Alliance at the World Economic Forum. Since 2023 TFM started to track 100% of its produced cobalt using ReSource platform.

At TFM, quality and safety issues related to the products satisfy various national regulations, as well as the ISO 9001 Quality Management System scheme.

BUSINESS ETHICS AND TRANSPARENCY

CMOC is committed to a high level of business ethics practices, and pledges to act with integrity and to respect the laws and regulations of the places in which it does business. In 2023, TFM continued to implement the CMOC *Code of Business Conduct*, *Anti-Corruption Policy*, *Anti-Money Laundering Policy*, and other relevant policies. As stated in the CMOC *Code of Business Conduct*, "Corruption and bribery will not be tolerated and will result in disciplinary action, including termination, as well as possible civil and criminal consequences for the offending individual(s)". With the support of CMOC, TFM annually trains employees and suppliers to abide by international and local laws and regulations that forbid bribery of government officials and others, including the United States Foreign Corrupt Practices Act, the United Kingdom Bribery Act, and the Criminal Law, Anti-Unfair Competition Law, and Anti-Money Laundering Law of the People's Republic of China. Training is mandatory for all TFM employees deemed as occupying positions having potential for corruption risk. Employees, contractors, and other stakeholders have access to CMOC's whistleblower channel and the TFM grievance system to report any suspected cases of bribery or corruption. In 2023, approximately 2,062 mid to senior-level managers from TFM and our contractors completed online training in four different modules, namely "Ethics and Code of Conduct", "Global Anti-Bribery and Corruption", "Diversity, Equity, and Inclusion", and "Global Workplace Harassment".

The Group Anti-Corruption Department is responsible for investigating and dealing with cases of bribery, abuse of power, dereliction of duty, and other misconduct, as well as formulating anti-corruption policies and providing training on professional ethics and discipline. In 2023, we opened a dedicated "honesty account" for employees to transfer funds received as gifts or bribes. We also standardized rules for the acceptance of gifts and gratuities and continued to implement a series of anti-corruption and business ethics policies, including regulations for critical positions, requiring employees to sign a personal commitment to integrity, and a supplier integrity agreement. Through these actions, we have reinforced the importance of professional conduct among employees, including clear anti-corruption policies and measures to protect the company's trade secrets, require the reporting of conflicts of interest, and prevent improper business dealings. In addition, CMOC has published a Chief Auditor policy, under which the Group's Anti-Corruption and Internal Control and Audit departments appoint a Chief Auditor at each of the company's operating sites, including TFM, to conduct routine inspections and monitor compliance with the company's integrity policies in relation to key positions and processes with a heightened risk of corruption, such as tender and procurement processes for major construction projects.

CMOC continued to improve its comprehensive anti-corruption framework, including reporting mechanisms, the launch of a new anti-corruption portal on its office system, -

regular awareness campaigns, and anti-corruption training for all staff. In 2023, CMOC has also established a global anti-corruption whistleblowing system, which offers numerous channels for reporting alleged wrongdoing. The Group undertakes to receive, register, hold, and investigate all such reports in strict confidence; this includes protecting the identity of whistleblowers and witnesses, as well as any data or supporting evidence which they may provide. In addition, CMOC prohibits any form of retaliation against whistleblowers and witnesses. All internal and external reports of misconduct are investigated, assessed, and handled by the anti-corruption department. CMOC also conducts unscheduled visits and spot checks to investigate and reduce the risk of fraud and misconduct throughout the Group and its various business units, including TFM. For confirmed cases of fraud or misconduct, appropriate disciplinary action is taken and any suspected criminal activity is referred to the relevant judicial authorities. In addition, the group also reformed its staff incentive and disciplinary policies in order to establish a clear link between performance and professional ethics and stipulate sanctions for conduct which violates the company's integrity policy, such as disciplinary warnings, withholding performance-related bonuses, demotion, reducing pay, and dismissal. When investigating cases of misconduct, we also identify potential risks to our operations and take remedial action to mitigate their impact. When investigating cases of misconduct, we also identify potential risks to our operations and take remedial action to mitigate their impact.

In addition to implementing Group-level compliance policies, TFM has formulated a series of its own policies and procedures tailored to local needs and circumstances, including the *Solicitation and Extortion Policy*, *Charitable Donations Policy*, *Regulations on Per Diem for Government Officials*, and the *Regulations on Administrative Fees*, which clearly define rules for the acceptance of gifts, dining and entertainment, charitable donations, and direct support for government officials. All of our contractors and suppliers are screened by a third-party platform before onboarding to minimize the risk of corruption. Our legal compliance team audits all government payments to ensure compliance with legal regulations, and submits a quarterly compliance report to the CEO.

TFM continues to be a member of the Extractive Industry Transparency Initiative (EITI) at the national level, and submits information on payments to the national treasury and other government agencies each year in accordance with EITI-DRC requirements. TFM also continues to disclose taxation payments and information on the company's operations on a quarterly basis. A TFM representative is a member of the EITI-DRC National Committee, which represents industry concerns and participates in EITI reporting projects and disclosure work.

In 2023, there were no criminal, administrative, or civil proceedings brought against TFM pertaining to corruption, bribery, blackmail, fraud, or money laundering.

DATA OVERVIEW

EMPLOYMENT	2022	2023
Total number of employees	3,415	3,676
Total number of contractors	14,064	13,232
Number of employees and contractors by gender		
Female	640	679
Male	16,839	16,229
Number of employees and contractors by age		
Under 30 years old	4,515	5,292
30~50 years old	10,892	9,710
Over 50 years old	2,072	1,906
Turnover rate		
Turnover rate of employees	3.6%	4.5%
Turnover rate of contractors	17.9%	41.5%
Turnover rate of employees and contractors by gender		
Female	6.2%	13.3%
Male	15.8%	36.8%
Turnover rate of employees and contractors by age		
Under 30 years old	20.3%	33.4%
30~50 years old	14.2%	39.3%
Over 50 years old	10.5%	24.5%
SAFETY		
Fatalities	0	3
Total recordable injuries	27	37
TRIR	0.69	0.82
Total lost time injuries	3	8
LRIR	0.08	0.18
TRAINING		
Rate of employees and contractors trained	99.3%	99.3%
Rate of employees and contractors trained by gender		
Female	95.0%	82.0%
Male	99.5%	100%
Rate of employees and contractors trained by job category		
Senior management	81.0%	97.7%

Middle management	98.0%	91.7%
Staff	99.7%	100%
Training hours of employees and contractors		
Training hours of employees and contractors	24.2	26.2
Training hours of employees and contractors by gender		
Female	18.4	19.6
Male	24.4	26.4
Training hours of employees and contractors by job category		
Senior management	24.1	12.3
Middle management	21.0	39.0
Staff	24.9	25.0
EMISSIONS AND DISCHARGES		
Total greenhouse gas emissions (thousand tonnes)	583.8	780.0
Intensity of total GHG emissions (tonnes per tonne of processed ore)	0.065	0.063
GHG emissions- scope1	583.8	780.0
GHG emissions- scope2	0	0
Total NO _x emissions (thousand tonnes)	2.4	2.6
Total SO _x emissions (thousand tonnes)	1.4	1.3
Total PM emissions (thousand tonnes)	6.6	6.7
Total emissions of hazardous waste (thousand tonnes)	5.1	4.0
Intensity of hazardous waste (tonnes per tonne of processed ore)	5.644x10 ⁻⁴	3.206x10 ⁻⁴
Total emissions of non-hazardous waste (thousand tonnes)	9.9	10.3
Intensity of non-hazardous waste (tonnes per tonne of processed ore)	1.107x10 ⁻³	8.262x10 ⁻⁴
Total amount of tailings and waste rock (million tonnes)	176.2	244.1
Waste rocks	166.9	229.9
Tailings	9.3	14.2
WATER CONSUMPTION		
Total water consumption (million cubic meters)	14.3	44.9
Intensity of water consumption (cubic meters per tonne of processed ore)	1.59	3.6
ENERGY CONSUMPTION		
Total energy consumption (MWh)	1,929,322	2,620,756
Intensity of energy consumption (MWh per tonne of processed ore)	0.21	0.21
COMMUNITY SPENDING		
Total (USD millions)	36.4	29.0
SUPPLY CHAIN MANAGEMENT		
Proportion of local suppliers at TFM	20%	45.7%

Standards and methodologies used in calculation

1

Greenhouse gases include carbon dioxide, methane, nitrous oxide and sulfur hexafluoride. The data calculation was based on the *2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories* issued by the United Nations Intergovernmental Panel on Climate Change.

2

NO_x, SO_x, PM data sources were monitoring systems installed or third-party commissioned for monitoring. The calculation was based on factors from the *Technical Air Pollution Resources* issued by the U.S. Environmental Protection Agency.

3

The Hazardous waste was classified according to "hazardous waste" as stipulated in the *Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal* as mentioned in the *Guidelines on Reporting of Environmental Key Performance Indicators* published by the HKEX. The data sources were the relevant records and ledgers.

4

The non-hazardous waste was all waste that does not fall within the definition of "hazardous waste" of the *Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal*. The data sources were the relevant records and ledgers.

5

Water consumption: the data sources were monitoring systems installed or third parties commissioned for monitoring.

6

Energy consumption: the calculation was based on purchased electricity and fuel consumption and the relevant conversion factors issued by the International Energy Agency.

ANNEX 1: RESPONSIBLE MINERAL SUPPLY CHAIN DUE DILIGENCE REPORT

Introduction

This report provides information on mineral supply chain due diligence for TFM. It focuses on the scope of the *OECD Due Diligence Guidance for Responsible Supply Chains from Conflicted-Affected and High-Risk Areas* (the "OECD Guidance"). Information in this report reflects the reporting period from January 1, 2023 to December 31, 2023. Additional information that is relevant to the subject matter of this report and derived from events in 2024 prior to the publication date may also be included to ensure that stakeholders have full access to material information.

TFM acknowledges human rights, health & safety, and environmental risks associated with its operations and supply chain and integrates ESG considerations into its operational decisions. As part of its commitment to ensuring ethical and responsible business conduct in its operations and supply chain, TFM has established a Responsible Production Management System ("RPMS") in line with the CMOC Group policies and international good practices described in the OECD Guidance.

By implementing these frameworks, TFM follows a robust approach to managing responsible production risks and improving ESG performance across the mineral value chain. The RPMS allows TFM to achieve greater transparency, build stronger relationships with business partners, and meet the expectations of our external stakeholders regarding risk management and data sharing.

1. Responsible Minerals Assurance Process (RMAP) Assessment Summary

TFM underwent its first third-party audit under the Responsible Minerals Initiative (RMI) Responsible Minerals Assurance Process (RMAP) from June 5 to 7, 2023. The audit was conducted against the RMI *Cobalt Refiner Due Diligence Standard (2021)* and the *Joint Due Diligence Standard for Copper, Lead, Molybdenum, Nickel, and Zinc (2021)* (JDDS). The audit identified several areas for improvement, including inadequate information on occupational health and safety conditions in the Responsible Production and Sourcing Policy, and the lack of a written process for identifying conflict-affected and high-risk areas (CAHRA). We addressed these issues and were officially included in the conformant smelter list for copper and cobalt in February 2024.

TFM's RMI identification number is CID003429/CID003795.

2. Management System Overview

2.1 CMOC Group Responsible Production Management System

CMOC's compliance and sustainability policies set out the key principles and performance expectations that all CMOC operations follow, including TFM. Group policies relevant to responsible supply chain management include *Responsible Production and Sourcing Policy*, *Code of Business Conduct*, *Supplier Code of Conduct*, *Human Rights Policy*, *Anti-Corruption Policy*, *Anti-Money Laundering Policy*, and *Economic Sanctions Policy*. In addition, CMOC maintains a grievance mechanism that is accessible to all stakeholders to raise concerns, without fear of retaliation, regarding the circumstances of extraction, trade, handling, and export of minerals in the Group's operations and supply chain.

CMOC is committed to the ethical and sustainable business practices in its operations and supply chain, and expects our suppliers and partners to share our commitment. Based in the Democratic Republic of the Congo (DRC), TFM is one of the world's leading producers of copper and cobalt. The sourcing, manufacturing, transport, and delivery of these metal materials may pose environmental and social risks to the ecosystem and people within those supply chains. Our group policies and due diligence procedures at our operating sites are the core of our management system allowing us to proactively manage these risks in our own operations and supply chain.



CMOC's commitment is defined in the *Responsible Production and Sourcing Policy* (the "RPSP Policy") which was published in May 2023 and is progressively being implemented. This RPSP 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.

Guided by the RPSP Policy, CMOC has established a Responsible Production Management System ("RPMS") based on internationally recognized standards including the OECD Guidance. The RPMS comprises a set of policies, procedures, and tools to identify, assess, mitigate, monitor and report on risks in its operations and supply chain. The Responsible Production Procedure (the "Procedure") is a key component of the RPMS which outlines a step-by-step process for CMOC to manage OECD Guidance Annex II risks in its operations and report on responsible production. The procedure follows the OECD Guidance 5-step framework for risk-based due diligence in the mineral supply chain. The risk scope of the RPMS aligns with the Annex II of the OECD Guidance (see the table below).

OECD Annex II Risks	Description
Serious Human Rights Abuses	Any forms of torture, cruel, inhuman and degrading treatment, any forms of forced or compulsory labour, the worst forms of child labour, other gross human rights violations and abuses such as widespread sexual violence, war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide
Direct or Indirect Support to non-state Armed Groups or Private Security Forces	Illegal taxation or extortion by non-state groups or public or private security forces, illegal control of mine sites, transportation routes or upstream actors by non-state armed groups or public or private security forces
Financial Crime Associated with Minerals Extraction and Trade	bribery and fraudulent misrepresentation of the origin of minerals, money-laundering, non-payment of taxes, fees and royalties due to governments

In the second half of 2023, addressing the findings from the RMAP audit, CMOC revised its *Responsible Production and Sourcing Policy*. These revisions added detailed content on occupational health and safety, with a particular focus on protecting employees' mental health, and included the introduction of a written process for identifying and assessing CAHRAs.

The CMOC Group VP in charge of ESG has the overall authority over the group-wide RPMS. Each operation has a Head of Environmental, Social and Governance (ESG) who reports to the site CEO and the Group VP in charge of ESG. This function shall oversee responsible production risk management and ensure RPMS implementation at the operation level.

2.2 TFM's policy and approach

TFM does not purchase or process any third-party minerals or metals, the risks^[1] in scope of the OECD Guidance are within TFM's own operations. These risks are managed through TFM's Responsible Production Management System which aligns with CMOC's group-level policies while reflecting its specific operational context. TFM applies CMOC Responsible Production and Sourcing (RPSP) Policy which expresses TFM's commitment to uphold responsible business practices in its operations and supply chain, and implement the RPMS. The CMOC RPSP Policy outlines our 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. 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*.

The Responsible Production Procedure is a key component of the RPMS which outlines a step-by-step process for CMOC to manage the OECD Guidance Annex II risks in its operations and report on responsible production. TFM also has underpinning standards and procedures further reflecting operational context of the DRC, such as those on bribery and extortion, charitable donations, support for government officials, and on security and humanrights. In October 2023, we released our TFM *Human Rights Commitment Statement* and TFM *Artisanal and Small-Scale Mining Policy* to further strengthen the management of human rights and the risks associated with illegal artisanal mining.

The TFM Chief Public Relations Officer (CPO), who is also the site head of ESG, is responsible for overseeing the implementation of TFM's RPMS and dedicated managers or committees are responsible for implementing the relevant programs, such as human rights due diligence program and the grievance mechanism. Under the supervision of the site head of ESG, each function/responsible department oversees the process to identify, analyze and assess related risks based on the local context and monitor the control measures and mitigation plan. The OECD annex II risks are assessed and mitigation plans are made and implemented.

^[1] Risks in scope are defined in Annex II of the OECD Guidance and include serious (human rights) abuses, support to non-state armed groups, support to (illegal) security forces, bribery and fraudulent misrepresentation of the origin of minerals, and money laundering and non-payment of taxes and royalties.

2.3 Training

TFM employees receive induction and annual training on the group- and site-level policies and standards, including CMOC's *Code of Business Conduct, Responsible Production and Sourcing Policy, Anti-corruption Policy, Human Rights Policy and other CMOC and TFM policies*. This includes guidance on important topics such as health and safety, human rights, grievance mechanisms, facilitation payments, anti-bribery and corruption and dealings with public officials. All employees and contractors are required to complete induction training and annual refresher training at least once a year. We conducted specialized training for high-risk departments, including training on the Voluntary Principles on Security and Human Rights (VPSHR) for both private and public security teams, and anti-corruption and compliance training for management personnel.

Given the specific challenges in the Democratic Republic of the Congo (DRC), human rights have consistently been a key focus in our responsible production management system. In 2023, we enhanced human rights training for employees and contractors, increased awareness of grievance channels, and distributed human rights brochures to all employees and contractors. By the end of 2023, 99.1% of TFM employees and 99.3% of contractors had completed human rights training.

2.4 Internal systems of product control and custody

We use a set of product control and custody procedures to ensure that TFM mines, processes, and sells only those minerals that originate from its own concession and that are mined by its own operations. We have a process to determine, record and confirm the ores are mined from our pits and to weigh for each batch of mineral feeds into the process plant. All information about the weight of the incoming material is stored in the database. The product control and custody procedures also include specific actions to dispose of illegally mined ore confiscated by government authorities within the TFM concession. After being confiscated by mine police, the company stores, reports, and periodically buries illegally mined ore in waste rock piles. These burial sites are unmarked and cannot be identified by any other means, ensuring that the ore cannot be recovered for another purpose. In addition, TFM has a complete system to track the copper and cobalt products produced at its operations through the points of transfer and to the ultimate point of delivery to its customers.

Before leaving TFM for exporting, each individual cobalt bag is sealed and tagged with bar codes, and each bundle of copper cathodes is also labelled with bar codes. The codes contain all necessary information for the traceability of the products. The bags or bundles are loaded on trucks, securely locked and the cargo is covered with tarpaulins. The overland transport to port is overseen by CMOC and its logistic contractor who have a tracking system to monitor the truck's journey to export and subsequent shipping ports. Appropriate security escorts and checks along the road ensure a secure chain of custody.

Due to the importance of monitoring and maintaining these procedures while managing TFM's mineral supply chain, TFM regularly undertakes independent assurance of the company's product control and custody procedures.

2.5 Grievance mechanism

CMOC maintains a [grievance mechanism](#) that is accessible to all stakeholders to raise concerns, without fear of retaliation, including those related to employees, the environment, community investment, human rights, land use, and contractor management. Through the group- and subsidiary-level grievance channels, any grievances linked to or suspected violations of the law or CMOC's policies including *Code of Business Conduct, Responsible Production and Sourcing Policy, Supplier Code of Conduct, Human Rights Policy, Anti-Corruption Policy* can be reported anonymously.

At the Group level, complaints are investigated and resolved by the compliance team and anti-corruption department depending on the nature of the complaint. All mining operations and the trading arm IXM also maintain dedicated grievance systems that can receive and register concerns from employees, the community, and other stakeholders, which are then tracked through the various stages of being addressed and resolved.

TFM also has local level grievance mechanisms which allow all community members, including TFM employees and contractors, to present grievances related to the impacts of our operations. TFM manages a community grievance system operated by members of the Community Liaison group, while employee grievances are handled through multiple channels of the compliance team, HR department, and local unions. Training is provided to employees, contractors and local community to raise awareness of existing grievance mechanisms. In addition, community members can take part in the resolution of grievances through an independent mediation committee. Both the community and employee mechanisms incorporate zero tolerance for retaliation against those raising concerns.

Information obtained through these grievance mechanisms inform the overall risk assessment and responsible sourcing process.

2.6 Record keeping system

CMOC has a Group level Archives Management Policy which outlines our commitment and handling of the various types of information and its appropriate protection during its life cycle.

TFM has its own Archives Management Policy which requires that all records relating to its due diligence programme should be maintained for a minimum of 10 years. Certain types of documents must be maintained for more than 10 years in accordance with DRC law.

3 Risk Assessment and Mitigation

At TFM all the materials processed are from its own production and there are no third-party sources of minerals or metals. Risks within the scope of the OECD Guidance are therefore entirely related to TFM's own operations and managed directly through its own management systems.

In line with CMOC's *comprehensive risk management procedure* which includes the assessment of OECD Guidance Annex II risks, TFM conducts semi-annual risk assessment, documents the results in a risk register and reports on the results to the senior management. Tools used in our risk assessment are diversified, including materiality assessment, incidents/grievances reports and analysis, stakeholder engagement, media monitoring, NGO reports and expert studies, as well as on-the-ground due diligence assessments. Where we identify significant risks, we engage with relevant stakeholders and develop risk mitigation plans. We monitor the risk mitigation through regular evaluation of progress towards the set KPIs following specific timeframes.

As part of the risk assessment process, CMOC and its affiliates conduct country risk assessment to confirm whether the operation (or the supplier of ore if any) is based in a conflict-affected or high-risk area (CAHRA). For this purpose, CMOC uses the Consult Before Trade (CBT) Country List to conduct the assessment. The CBT Country List assessment is conducted at least once a year, and it incorporates several external sources to help list countries that are deemed to represent a higher risk from at least one of the following risk categories including Credit Risk, Compliance Risk and Insurance Risk.

To account for the OECD Guidance Annex II risks related to conflict, governance and human rights, the CBT Country List assessment adopts the TDi CAHRA Index as a component of its procedure to identify countries with a high compliance risk. Methodology of the CBT Country List, including the TDi CAHRA Index, is explained in the following table:

Risk category	Criteria to CBT Country List
Credit Risk	<ul style="list-style-type: none"> Any country for which any one of the S&P / Moody's / Fitch Country ratings is B+/B1 or lower is placed on CBT For Countries with no external rating, if Euler Hermes Long Term ratings is C or lower, Country is placed on CBT
Compliance Risk	<ul style="list-style-type: none"> Countries under comprehensive US/EU/UN sanctions regime or with high number of sanctioned entities/individuals Countries with CAHRA score > 70/100 on TDi CAHRA Index* Countries on Dodd-Frank Act Section 1502 list (high-risk) Countries on EU Conflict Minerals Regulation CAHRA list (high-risk) Countries on Financial Action Task Force (FATF) monitored jurisdiction list Countries on EU list of non-cooperative jurisdictions for tax purposes Countries on EU list of High-risk third countries for money laundering and terrorist financing Countries on OECD List of Jurisdictions committed to improving transparency
Insurance Risk	<ul style="list-style-type: none"> Any country that is excluded from coverage in our M&C Policy and/or Political & War Policy Any country that are subject to 'prior agreement' and/or additional premium in our M&C Policy and/or Political & War Policy

The Democratic Republic of the Congo is considered to be a conflict-affected and high risk area in our CBT List based on our methodology informed by a number of credible international indices across human rights, conflict and governance risk areas. It should be noted that TFM is located in the Lualaba province where there is no active armed conflict. However, in the copper-mining region of southeastern DRC, significant artisanal and small-scale mining ("ASM") takes place. Many migrants have congregated around privately owned mines to engage in illegal artisanal mining activities. This situation has attracted attention of international stakeholders due to concerns related to the risks of child labor, forced labour, workplace health and safety, and other serious human rights abuses in the cobalt supply chain from that country. The illegal ASM activities on and around TFM's concession also introduce security and safety challenges for both the ASM miners themselves and TFM workers, as well as our community members.



To address identified risks, TFM developed a set of internal procedures and tools, including a comprehensive stakeholder engagement procedure allowing to proactively address ASM-related risks in the concession area, collect credible data on the risks, including through on-the-ground assessments and ultimately provide greater transparency to our stakeholders on risk mitigation measures. For further information on how CMOC addresses these risks, please see the following sections and the 2023 TFM ESG Report.

3.1 Human Rights Management

CMOC Human Rights Policy applies to all its operations including TFM. CMOC and TFM level policies and procedures, such as the *Code of Business Conduct and the Employment Policy*, have clear stipulations on zero tolerance on child labor, forced labor and any serious human rights abuses. TFM's policies and procedures on recruitment, contracting, and the grievance systems are fully implemented, communicated, and monitored to ensure the compliance with the group policies and international standards.

In 2022-2023, to further strengthen TFM's human rights management system, CMOC hired international human rights experts to conduct human rights due diligence (HRDD) on TFM. The goal of the project is to support TFM in developing a long-term strategy for the protection of human rights in line with its internal policy commitments and international standards. The project also built internal capacity in key sectors and strengthen cross-functional governance structures at TFM to support ongoing HRDD. In addition, conducting HRDD supported stakeholder engagement and communication, enabling TFM to further demonstrate its human rights-related commitments and actions to external stakeholders. For further information on TFM's HRDD, please see the section "Achievements" later in this report.

3.2 Security and Human Rights

There is no presence of non-state armed groups in TFM's concession. TFM does not participate in any military operations, and does not provide any assistance that can facilitate military operations.

To protect company assets and personnel and to maintain access control for active operations, TFM has hired security staff and private security contractors. These agents and private contractors are unarmed, have no law enforcement capacity, and are primarily engaged in surveillance and the operation of mine access control points and production sites.

Enforcement of national mining law within the TFM concession, with reference to the legal extraction of minerals, is the responsibility of the Mines and Hydrocarbons Police (PMH), a branch of the national police. Though autonomous in their operations, the PMH operate under terms of a contract with TFM's security contractor that addresses concerns such as the nature of support provided by TFM. The contract makes explicit reference to TFM and its contractors adoption of the Voluntary Principles on Security and Human Rights (VPSHR), including directives on how to follow up on allegations of human rights violations.

To mitigate risks of human rights abuses when dealing with security contractors, TFM implements the Voluntary Principles on Security and Human Rights (VPSHR), which help guide companies in maintaining the safety and security of their operations while encouraging respect for human rights.

TFM provides training to its security staff, the personnel of private security contractors, and PMH officers on key elements of the VPSHR. Private security firms are also subject to due diligence at the contracting stage, including human rights aspects. In 2023, 99% of TFM's 153 direct-hire security employees and 2,447 private security contractors received VPSHR training. A total of 200 PMH officers were stationed in the TFM concession, 197 of whom received VPSHR training. These training are provided both by internal trainers and external experts, which include MONUSCO, the Geneva Center for Security Sector Governance (DCAF), Justicia the facilitator of VPSHR in DRC, as well as international human rights experts who conducted HRDD for TFM in the past three years.

As part of its efforts to promote and implement the VPSHR, TFM regularly participates in the meetings of the VPSHR Working Group in Lubumbashi and Kolwezi. This working group, composed of government representatives, mining companies, and human rights NGOs aims to facilitate communication among stakeholders, create a climate of mutual trust, and adopt coordinated and participatory solutions to address security and human rights challenges at mining sites.

In order to strengthen the VPSHR risk management, in 2023, the company invited an international consultant to provide training to trainers from TFM security department and private and public security forces. TFM also conducted a VPSHR risk assessment and developed an action plan. We review and update the action plan twice a year.

3.3 Financial Crime and Payments to Governments

CMOC has related policies including the *CMOC Code of Business Conduct*, *Supplier^[2] Code of Conduct*, *Anti-Bribery Policy* and *Anti-Money Laundering Policy*, which apply to all affiliations including TFM. CMOC Internal Control and Audit Department conducts internal audits and inspections on a regular basis to identify any corruption risks. Every year CMOC and its subsidiaries, including TFM, provide annual anti-corruption training for the management and contractors.

TFM has also developed and implemented its own policies such as *Bribery and Extortion Policy*, *Charitable Donations Policy*, *Regulations on Business Travel Support for Government Officials*, and the *Regulations on Administrative Fees*. These policies clearly define rules for the acceptance of gifts, dining and entertainment, charitable donations, and direct support for government officials.

In our operations in the DRC, corruption remains a pivotal area of concern. We conduct due diligence of suppliers and contractors to screen for violations of applicable laws and CMOC policies governing anti-corruption. We use third-party platforms to conduct supplier vetting and due diligence, and inform all new suppliers and customers of CMOC's *Code of Business Conduct*, *Anti-Corruption Policy*, *Anti-Money Laundering Policy*, and other compliance requirements. These requirements are all included in the contracts. TFM legal and compliance department submits a compliance analysis report to the site CEO at a quarterly basis. As a member of the Extractive Industry Transparency Initiative (EITI) in the DRC, TFM submits annual reports to EITI-DRC and publishes quarterly press releases on government payments.

As stated above, a grievance mechanism is provided at TFM and CMOC level to receive, record, handle and respond to any grievances related to the violations of CMOC policies and commitments regarding financial transparency and business integrity.

4. Achievements

4.1 Human Right Due Diligence

Between October 2022 and July 2023, a Human Right Due Diligence (HRDD) process was conducted by external experts at TFM. The HRDD process included an assessment and prioritization of the human rights risks, impacts and salient issues of TFM in accordance with the UN Guiding Principles on Business and Human Rights (UNGPs). This revolved around two visits to the TFM site and communities with extensive and constructive engagement with key stakeholder groups, over 350 stakeholders participated in and provided feedback for the HRDD process.

Regarding the specific outcomes of the Human Rights Due Diligence (HRDD), TFM appointed a senior management official to ensure the HRDD's continuous implementation. Based on the human rights risks identified through HRDD and TFM's existing management plans in areas such as human resources, health and safety, contracts and procurement, community, land acquisition and resettlement, and security, we developed a comprehensive Human Rights Action Plan to manage risks to both employees and communities.

This action plan is reviewed and updated quarterly. As part of the action plan, we established a human rights management system, provided human rights awareness training to management, and improved our grievance procedures. During the HRDD process, we identified several key human rights priorities requiring multi-stakeholder participation. In these areas, TFM aims to demonstrate leadership by collaborating with peer companies, customers, civil society organizations, and the national government. For instance, our community department is working with international organizations and local government agencies to pilot a child labor identification and rescue project in artisanal mining communities.

In October 2023, TFM released both the *Human Rights Commitment Statement* and the *Human Rights Due Diligence Report*.

^[2] Supplier* is defined 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.

4.2 ASM risk management program

In response to the security and human rights issues caused by the build-up of illegal artisanal miners within and around TFM's concession, as well as broader community tensions and regional security issues, CMOC has strengthened its cooperation with the RCS Global Group's (an SLR company) Better Mining initiative ("Better Mining"). Better Mining is committed to continuously monitoring the safety, environmental, human rights, and compliance performance of legal artisanal and small-scale mining (ASM) and has extensive knowledge of the artisanal mining sector in the DRC. At the end of 2022, we engaged the Better Mining team to conduct an independent baseline study focused on assessing the risks and impacts associated with illegal ASM activity within and around the TFM concession. Based on the analysis of the baseline study findings, we improved internal processes, issued the *TFM Artisanal and Small-Scale Mining Policy*, formed an ASM management task force, and developed corresponding management plans and risk mitigation measures. To address the significant risk of child labor in illegal artisanal mining, we established child labor identification and response procedures and partnered with NGOs to pilot a child labor identification and remediation project. Additionally, we developed stakeholder engagement procedures to more efficiently convey critical information to both internal and external stakeholders and mitigate the risks associated with illegal artisanal mining.

5. Challenges

One of the key challenges in the implementation of our RPMS is the influx of migrant workers from other parts of the country, which leads to increases in illegal ASM activities and violent interactions between ASM miners and security forces on the TFM concession. The in-migration also brings negative impacts on community members, including rise in criminality, diseases, harassment and gender-based violence.

To address these challenges, we continue to engage with stakeholders through communication platforms and by collaborating with traditional leaders, local governments, mining peers, and NGOs to mitigate negative impacts. We are further enhancing community investments to promote local entrepreneurship, capacity building, and economic diversification. By providing alternative livelihood options, we aim to reduce the incentives for migration, and strengthen community health and safety, local employment, and human rights protection.

Given the ongoing expansion projects at TFM and the significant influx of construction contractors over the past two years, contractor management remains a challenge. We recognize the increasing occupational health, security, and human rights risks associated with contractors and are systematically strengthening ESG risk management for this group.

6. Forward-Looking Statement

In the framework of CMOC's RPMS, TFM will continue to regularly review the responsible production management system, as well as to monitor and evaluate the risk mitigation measures.

Considering that supplier/contractor management remains a key challenge for the company, TFM will continue to proactively engage with suppliers especially on-site contractors to build their capacity in health and safety, human rights and anti-corruption areas.

In order to mitigate the ASM related risks, we will continue to implement the ASM risk management program. In addition, the company will continue to support multi-stakeholder initiatives such as VPSHR to address this broad and complex human rights challenge. We will continue to maintain dialogue with the government and call on them to establish more legal ASM mining areas; strengthen communication and build consensus among various community stakeholders with respect to illegal ASM risks; reduce the risk of child labor in ASM by supporting basic and vocational education, and implementing the pilot child labor identification and remediation project within the community; and diversify the local economy through community investment and by encouraging illegal artisanal miners to pursue legal economic activities.

ANNEX 2: RRA CONTENT INDEX

RRA Issue Area	Location/Remarks
1. Legal Compliance	Management Approach, Product, Annex 1
2. Business Integrity	Management Approach, Product, Annex 1
3. Stakeholder Engagement	Management Approach, Community
4. Business Relationships	Product, Annex 1
5. Child Labor	Employees, Product
6. Forced labor	Employees, Product
7. Freedom of Association and Collective Bargaining	Employees
8. Discrimination	Management Approach, Community
9. Gender Equality	Employees, Community
10. Working Hours	Employees
11. Remuneration	Employees
12. Occupational Health and Safety	Employees, Product
13. Grievance mechanism	Management Approach, Community
14. Environmental Risk Management	Environment
15. Greenhouse Gas (GHG) Emissions	Environment
16. Energy Consumption	Environment
17. Freshwater Management and Conservation	Environment
18. Waste Management	Environment
19. Tailings Management	Environment
20. Pollution	Environment
21. Biodiversity and Protected Areas	Environment
22. Mine Closure and Reclamation	Environment
23. Community Health and Safety	Community, Product
24. Community Development	Community
25. Artisanal and Small-Scale Mining	Community, Product, Annex 1
26. Human Rights	Community, Annex 1
27. Security and Human Rights	Community, Annex 1
28. Indigenous Peoples' Rights	Community
29. Land Acquisition and Resettlement	Community
30. Cultural Heritage	Community
31. Due Diligence in Mineral Supply Chains	Community, Annex 1
32. Transparency and Disclosure	Management Approach, Product



📍 Bureau Lubumbashi: Luano City, Route de l'Aéroport
Bureau Kolwezi: 147, avenue Lufira, Commune de Dilala
Bureau Kinshasa, Immeuble Horizon, 5ème niveau, 50, Av. Colonel Lukusa
République Démocratique du Congo

✉ info@tfm.cmoc.com

🌐 www.tfmofficial.com

Tenke Fungurume Mining

Environmental, Social and Governance Report

2023