



Union Copper Rod

**Responsible
Supply Chain
Policy**

Responsible Supply Chain Policy

1. Introduction

Union Copper Rod (UCR) is committed to responsible sourcing practices that respect human rights, avoid contributing to conflict, and promote environmental and social sustainability throughout our supply chain. This policy is aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (CAHRAs), the Copper Mark requirements, and global best practices including those adopted by industry leaders. It outlines our expectations from suppliers, our risk assessment framework, and specific procedures related to Artisanal and Small-Scale Mining (ASM), bribery, money laundering, and other risks that can arise in complex global supply chains.

2. Purpose and Scope

The purpose of this policy is to guide UCR's procurement and supply chain operations in identifying, assessing, and mitigating ESG risks. This policy applies to all materials, goods, and services sourced by UCR, and to all suppliers, contractors, and third-party partners. It complements UCR's existing supply chain procedure and integrates responsible sourcing into our core business practices.

In addition to mineral-related risks, UCR expects all suppliers to uphold our broader ESG commitments as outlined in our Supplier Code of Conduct. This includes labor standards, occupational safety, environmental compliance, anti-corruption, and business integrity. If ESG risks are identified, we engage with suppliers to mitigate them through documented plans and defined timelines.

3. Key Risks in the Supply Chain

UCR acknowledges that the global mineral supply chain may involve complex and serious risks, particularly when sourcing from regions with weak governance, active conflict, or unregulated markets. We are committed to proactively identifying, assessing, and mitigating such risks to uphold human rights, environmental protection, and ethical business conduct throughout our operations.

Serious Human Rights Abuses

UCR recognizes that human rights risks within mineral supply chains vary in severity. We distinguish between serious human rights abuses, as defined in the OECD Due Diligence Guidance (Annex II), and other human rights risks which, while still critical, may allow for engagement and remediation.

Serious Human Rights Abuses include:

- Torture, cruel, inhuman or degrading treatment
- Forced or compulsory labour
- The worst forms of child labour
- Widespread sexual violence
- War crimes or other serious violations of international humanitarian law
- Crimes against humanity or genocide

UCR maintains a strict zero-tolerance policy towards any such serious abuse. Where there is a reasonable risk that a supplier is involved in these practices, UCR will immediately suspend or discontinue engagement with that supplier. No mitigation period or continued engagement is allowed for these violations. In addition, UCR addresses other significant human rights risks such as:

- Discrimination based on gender, ethnicity, or religion
- Gender-based violence and harassment
- Unsafe or exploitative working conditions

For these risks, UCR will work with suppliers through a documented risk management plan to correct issues. If meaningful progress is not demonstrated within six months, UCR reserves the right to disengage from the supplier. This approach ensures both accountability and a path to improvement where feasible.

Support to Armed Groups and Conflict Financing

In certain high-risk regions, the extraction and trade of minerals may directly or indirectly support non-state armed groups. These groups often control mining sites, impose illegal taxation, or extort payments from operators, and may use the proceeds to fund violent conflict. UCR is committed to avoiding any direct or indirect support to such entities. We will not source from any supplier known to contribute to armed conflict, and if there is a reasonable risk that a supplier is linked to these practices, UCR will immediately suspend or discontinue engagement with upstream suppliers where there is a reasonable risk of linkage to such groups.

Abuse by Public or Private Security Forces

Security personnel may be engaged by mining companies or suppliers to protect assets, but in some cases, public or private security forces have been involved in human rights abuses, such as extortion, intimidation, or violence against workers or community members. UCR requires that all suppliers engaging security personnel do so in line with the Voluntary Principles on Security and Human Rights. We expect clear screening, training, and monitoring processes to ensure that individuals or units known to have committed human rights abuses are not employed. Where such risks are identified, we expect suppliers to implement a risk management plan and demonstrate progress. Failure to mitigate within six months will result in disengagement.

Bribery and Corruption, Fraud, and Non-Payment of Dues

The risk of corruption in the mineral supply chain is significant and may include bribery to gain access to resources, falsification of documentation regarding mineral origin, Non-payment of taxes, fees, or royalties due to governments. UCR prohibits all forms of bribery and corruption. We expect suppliers to maintain accurate, transparent records and to fully disclose taxes, fees, and royalties in accordance with the applicable regulations. Any suspected corruption will be subject to review and must be addressed within six months or result in disengagement.

Money Laundering

Mineral supply chains may be used to disguise the origins of illicit funds, especially in areas where regulatory oversight is weak. This includes suspicious transactions involving shell companies, the use of unverified intermediaries, and the handling of cash in ways that obscure the source of funds. UCR takes a risk-based approach to anti-money laundering by conducting supplier screenings and requiring transparent financial practices. Any supplier suspected of being involved in money laundering will be subject to suspension or discontinuation of engagement after failed attempts at mitigation within reasonable timelines of six months.

Conflict-Affected and High-Risk Areas (CAHRAs)

Sourcing from Conflict-Affected and High-Risk Areas presents elevated risks due to instability, lack of enforcement, and potential links to serious abuses. UCR identifies CAHRAs using recognized public resources, such as government lists, independent reports, and risk databases. Where material is sourced from or transits through CAHRAs, we implement enhanced due diligence, including obtaining additional documentation, conducting site assessments, and requiring clear evidence of compliance with legal and ethical standards. For serious risks (e.g., armed group financing or serious human rights abuse), immediate suspension or disengagement is required. For other risks, we may engage suppliers for mitigation within six months, in line with the risk management approaches described in this policy

Artisanal and Small-Scale Mining (ASM)

ASM plays a complex role in the mineral supply chain. While it supports the livelihoods of millions, it is often informal, unregulated, and associated with safety issues, labor exploitation, environmental degradation, and child labor. UCR does not prohibit ASM outright but only sources from ASM operations that are legal, traceable, and subject to oversight. Suppliers must disclose any ASM involvement and demonstrate that such operations are formalized and compliant with labor, environmental, and human rights standards. UCR encourages continuous improvement in ASM practices and supports efforts toward formalization, where feasible.

4. UCR's Commitments

To manage the risks identified, UCR commits to the following principles and actions:

- Not tolerate, profit from, or facilitate serious abuses or conflict financing
- Immediately suspend or disengage from suppliers involved in such practices.
- Conduct due diligence aligned with OECD's 5-Step Framework
- Assess the risk level of all suppliers and conduct enhanced due diligence for high-risk sources
- Require disclosure of source origin and transport routes
- Promote transparency, traceability, and responsible ASM engagement
- Require suppliers to adhere to UCR's Supplier Code of Conduct

5. Due Diligence and Risk Mitigation Framework

UCR implements a risk-based due diligence process aligned with the OECD 5-Step Framework:

1. Establish strong supply chain management systems
2. Identify and assess supply chain risks
3. Design and implement risk mitigation strategies
4. Carry out independent third-party audits of supply chain due diligence
5. Report publicly on due diligence

Supplier onboarding includes declaration through Supplier Registration Form, site inspections (if needed), and verification of documentation. High-risk suppliers are subject to annual reviews and possible suspension or disengagement if corrective actions fail.

6. Transparency and Continuous Improvement

UCR maintains records of all supplier assessments, audit findings, and corrective action plans. We report annually on our responsible sourcing practices and ensure training for procurement and EHS teams. We maintain grievance mechanisms for stakeholders and encourage suppliers to report, while anonymous reporting is possible, we encourage identified reporting to better address grievances. We actively participate in local and global efforts to improve responsible mineral sourcing and enhance ESG performance in our supply chain.

7. Review and Governance

This policy is governed by UCR's senior management and reviewed periodically by the Supply Chain Department. Changes to the policy are approved by executive leadership and communicated to all relevant internal and external stakeholders.