



KONKOLA COPPER MINES Plc

PUBLIC DUE DILIGENCE REPORT

DECEMBER 2023 TO DECEMBER 2024

Jurisdiction of Incorporation : Zambia

Company Address : Stand M/1408,
Fern Avenue, Chingola,
Republic of Zambia

Company ID Number : 4387

Report Date: 10th January 2025

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1. Company Information

Company Name	Konkola Copper Mines plc. (KCM)
Certificate of Incorporation (CID) No.	43638 incorporated on 10 th Nov 1999
Company location	The company runs operations in four locations namely; Nchanga mine in Chingola, Konkola in Chililabombwe, Nkana Operations in Kitwe and Nampundwe mine near Lusaka.
Description of industrial asset	<p>Konkola Copper Mines (KCM) is a Zambian integrated copper producer, which operates underground mines and an open pit mine, as well as metallurgical plants. The company has one open pit mine in Chingola and three underground mines, one in Chililabombwe, Chingola and Nampundwe.</p> <p>Its metallurgical plants include three concentrator plants, one Smelter, a leaching plant and a copper refinery plant.</p> <p>KCM is one of the major employers in the country with around 13,000 employees and contractors, making it one of the top employers in the private sector of Zambia.</p> <p>Website: http://kcm.co.zm</p>
Metal/mineral material produced	Copper metal
Type of operation	Mining, Concentrators, Smelting and Refinery
Ownership structure	Vedanta Resources is the major shareholder in partnership with the Zambian Government through ZCCM-IH.

2. RMAP Assessment Summary

An onsite assessment was scheduled and conducted between 25-26 September 2023. This was the first responsible sourcing assessment for KCM. The assessment was conducted by Arche Advisors. For this review period, we have been engaged with the closure of all gaps identified in the RMAP assessment. Our first step was to suspended sourcing third-party materials in order to conduct enhanced due diligence for all would be suppliers.

3. Company Supply Chain Policy

To avoid the use of conflict minerals, from high-risk and conflict-affected regions, the company has developed a supply chain policy. The supply chain policy is fully aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance). It covers all of the risks identified in Annex II of the OECD Guidance and its geographic scope is global. The company is committed to addressing any Annex II risks if identified. The policy has been widely disseminated to relevant stakeholders, and is available on the company website at <http://kcm.co.zm>.

4. Company Management Systems

4.1 Management Structure

KCM recognises the importance of responsible sourcing in the supply of metals and minerals in order to advance global human rights and people's everyday lives. Our responsible sourcing system takes into consideration social, ethical and environmental aspects when managing relationships with our suppliers. We expect our suppliers to share our commitment to responsible business practices.

As KCM, we follow through on our policy commitments and have therefore developed internal procedures which support our due diligence processes.

- Management assigns responsibility to respective functions that oversee the risk management design and implementation of operations across the company.
- The company implements a "Code of Ethics" which it has documented and made available on its website <http://kcm.co.zm/corporate-profile/corporate-governance/code-of-ethics>
- The company conducts training regarding the due diligence management system at least once a year for key staff from all relevant departments. If there is an update, additional training is conducted as necessary.
- KCM supports Extractive Industries Transparency Initiative (EITI) and has been reporting annually to ZEITI since 2013. The latest report is for the year 2023, and the next report will be ready in January 2025 for the year 2024.

4.2 Internal Systems of Control

i. Training

KCM employees receive induction and training on a wide range of policies and standards, including the responsible sourcing policy, and the company's code of conduct. The latter includes compliance with laws and regulations, human rights, anti-bribery and corruption conduct, fraud and money laundering which takes into consideration some important topics such as raising concerns, the giving and receiving of gifts, entertainment and business partners relationships. In support of the KCM code of conduct, management frequently communicates to its workforce, the company's expectations with regards to the behavioral standards expected from its employees.

Training is also provided to the “Concentrate and minerals sourcing teams” on our responsible sourcing program. In the review period, relevant employees from marketing and logistics offices, involved in sourcing and handling of third-party feed metals/minerals have been trained.

ii. Chain of custody controls

KCM has controls in place for receiving material including but not limited to checking certificates of origin, bills of lading, seal numbers, packing lists, certificates of analysis and consignment weight for each delivery. These are checked every time at point of receipt of the third-party feed. KCM only receives materials that are delivered with unbroken seals. Metallurgical accounting is applied during the production process and a final monthly reconciliation is done. The movement of material at KCM is tracked throughout using sampling and measurement systems for mass and or metal content. The data is analysed by met-accounting who produce a metal balance for the operation.

The KCM finance department is responsible for maintaining the KCM transaction documentation in accordance with the financial control procedures and EITI.

4.3 Speaking Openly and raising concerns

KCM is committed to creating a culture where everyone feels free to speak about concerns securely and confidentially. This includes employees, contractors, directors, as well as third parties such as customers, suppliers, or other stakeholders.

We expect our employees, business partners and contractors to speak openly and raise concerns about possible breaches of the law or any KCM policy with their manager, supervisor or via other available reporting channels. Our Whistleblowing platform and senior management are available to employees, contractors and external parties. KCM takes concerns seriously and handles them promptly.

4.4 Record Keeping System

KCM's due diligence program requires that all records relating to third-party feed metals and minerals are maintained at least for five years and that they be properly used and safely stored in our company database.

5. Risk Identification

As outlined in the KCM Supply Chain Policy, KCM has a robust process framework for identifying and managing key risks in our metals and minerals supply chains, from supplier due diligence, selection, registering, monitoring and through to disengagement. Suppliers are assessed based on their risk and performance by the procurement team.

As part of the risk identification process, KCM reviews and determines whether any third-party feed is sourced from, or a supplier is operating in, conflict affected and high-risk areas (CAHRAs) and, if so, enhanced due diligence is conducted. KCM is located in Zambia and is therefore considered CAHRA according to the Dodd Frank act. Its previous suppliers where either from DRC or Zambia which are both CAHRAs. Therefore, in the review period KCM had suspended sourcing third-party materials in order to conduct enhanced due diligence for all would be suppliers and the process is ongoing.

KCM's CAHRA is developed based on internationally recognised indices on conflict, democracy, rule of law, and human rights. The company uses The [RMI's Global Risk Map Tool](#) to evaluate each of the red flag elements for the following risk categories:

- Governance (including risks associated security forces, financial wrongdoings, etc.)
- Conflict
- Human rights

6. Risk Assessment

For those materials and supply chains determined to come from CAHRAs, KCM has been conducting enhanced due diligence. This includes and is not limited to:

- Assessing the context of CAHRAs;
- Clarifying the chain of custody;
- Assessing the activities, policies and relationships of upstream suppliers;
- Identifying risks related to trade, handling, and export of minerals; and,
- Conducting on-the-ground assessments.

During the assessment period, KCM's third-party feed was established to come from CAHRA according to the Dodd Frank Act. In order to mitigate any possible risk, KCM suspended the getting and materials from any third-party until risks were assessed and controlled.

High-level Disclosure of Identified Risks

During the review period KCM undertook to gather, analyze, and verify information about potential suppliers, using background checks, sanctions screening, adverse media broadcasts, beneficial ownership identification, compliance checks, and on-the-ground assessments to assess potential risks associated with (4) suppliers of raw materials to its Smelter in Chingola. These processes were conducted twice for two mine sources and once for two other sources in the review period. From the risk assessment, no risks have been identified in the review period. KCM will continually undertake these assessments at least once every year. When high risks are identified, consequences will apply, including the suspension and termination of relationship.

7. Risk Mitigation

We are committed to addressing OECD Due Diligence Guidance Annex II risks identified through our supply chain due diligence programme. Due to the risk identified in the previous review, there were no third-party materials being received during this period. All third-party suppliers were being assessed to establish confidence in their systems before any transactions could be launched.

Where KCM identifies high risk, or red flags, suppliers shall be engaged for a resolve, and appropriate CAP designed based on the size and complexity of the situation. Consequences will apply, including the suspension and termination of relationship.

8. Reporting on Risks Beyond Annex II

KCM has been an active supporter of the International Human rights regulations since its inception in 2000 and engages at both local and international levels. At KCM, upholding people's fundamental rights is central in our everyday business operations. At a minimum KCM PLC complies with all applicable local, state and national laws regarding human rights and workers' rights where the Company does business. All our units are compliant with applicable regulations, uphold all labour rights and strive to even better them. All employees and partners are required to comply with our Human Rights Policy-KCM-P-72 and our Code of Business Conduct and Ethics. The Company's Human Rights Policy is aligned to the UN Guiding Principles on business and human rights and includes a ban on child or forced labour either directly or through contract labour.

We manage risks outside those identified by Annex II and are aligned with national and international regulations.



Compiled By; Charles Tambatamba – Manager Quality Assurance