



2025 Modern Slavery Report

Introduction

This Report is produced pursuant to Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act") and pertains to KGHM International Ltd. ("KGHMI") and its subsidiaries FNX Mining Company Inc. ("FNX") and DMC Mining Services Ltd. ("DMC") (collectively, the "Corporation") for the financial year ended December 31, 2025 (the "Reporting Period"). The report sets out the steps taken to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the Corporation. This Report constitutes the third report prepared by the Corporation.

1. The steps taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity.

The Corporation considers the respect of human rights to be a fundamental corporate responsibility and a value that guides all its activities. The Corporation emphasizes the importance of respecting human rights while conducting its business activities everywhere it operates, and the Corporation expects its suppliers to have the same value for human rights.

In general terms, the Corporation took the following steps during the Reporting Period to prevent and reduce the risk of forced labour or child labour in its business and supply chains:

- KGHMI and FNX required their suppliers to abide by their *Contractors Charter* and/or requiring their suppliers to provide warranties and covenants regarding compliance with modern slavey laws.
- The Corporation conducted due diligence of its suppliers before entering into contracts.

Details of the above actions are set out in this Report.

2. The entity's structure, activities and supply chains.

KGHMI is a wholly owned subsidiary of KGHM Polska Miedz S.A., with its headquarters in Vaughan, Ontario. KGHMI possesses operating subsidiaries in the United States, Canada, and Chile. These subsidiaries are established to explore, extract and enrich copper, molybdenum and precious metal ores. KGHMI also has development projects in Ontario, British Columbia, and Chile.

For the financial year ending December 31, 2025, FNX engaged primarily in the development of its Victoria mine project and exploration activities. Key vendors in FNX's and KGHMI's supply chain included drilling companies, engineering and design firms, hazardous waste removal companies, mining contractors, construction contractors, explosives suppliers, haulage and site services contractors, fuel suppliers, safety, security and medical suppliers, environmental compliance and testing service providers, and operating suppliers. KGHMI's corporate supply chain consists of suppliers that deliver IT solutions, legal and insurance. Supply chain vendors are predominantly based in Canada, with fewer located in the United States and Europe.

DMC was incorporated in 2011 and is a wholly owned subsidiary of FNX, and a wholly owned indirect subsidiary of KGHMI. DMC is a mining services provider. It acts as a contractor providing services to mining companies, including affiliates and third parties. DMC does not produce goods.

The main goods that DMC uses in its operations are mining equipment, steel, tools, and personal protective equipment. Services used include almost exclusively local Canadian providers of services such as fabrication and skilled trades.

3. The entity's policies and due diligence processes in relation to forced labour and child labour.

Code of Ethics

Every employee of the Corporation is expected to be familiar with the principles described in the KGHM Group *Code of Ethics*. In accordance with the *Code of Ethics*, the Corporation recognizes, respects, and observes human rights.

Whistleblowing and Whistleblower Protection Procedure

The Corporation encourages its employees to speak up and provide information pertaining to any wrongdoing. In particular, the Corporation has a *Whistleblowing and*

Whistleblower Protection Procedure, which provides examples of conduct and practices not accepted by the Corporation, and which are required to be reported upwards, including, but not limited to: criminal activity, unethical conduct and activities breaking the rules defined in the KGHM Group Code of Ethics, and corrupt practices. The *Whistleblowing and Whistleblower Protection Procedure* allows employees to report ethical or legal violations, among other concerns, through various channels.

Responsible Supply Chain Policy

The Corporation conducts activities in compliance with their *Responsible Supply Chain Policy*, which requires commitment to the highest standards of products' manufacturing, business ethics and business conduct in day-to-day operations. The Corporation confirms its commitment to comply with the basic principles of human rights, labour standards, environmental protection and anti-corruption. The Corporation does not tolerate, support, contribute to or benefit from:

- any forms of torture, cruel, inhuman and degrading treatment,
- forms of child labour and any forms of forced or compulsory labour,
- minorities discrimination,
- violations of international humanitarian law,
- war crimes, genocide or any crimes against humanity,
- violating the rights of indigenous peoples,
- money-laundering and financing of terrorism,
- all forms of corruption and other activities related to economic crime, including financial fraud,
- degradation of cultural and natural heritage sites,
- violating health and safety rules,
- violating the right of association,
- direct or indirect support to illegitimate non-state armed groups, or public or private security forces which illegally control mines, sites, traders or other intermediaries, and transport routes through the supply chains; or illegally tax or extort money or minerals through the supply chains,
- non-compliance with taxes, fees, and royalties due to governments related to mineral extraction, trade, and export from Conflict-Affected and High-Risk Areas (CAHRAs),
- money laundering or terrorism financing,
- contribution to conflict,
- other serious human rights abuses.

The Corporation expects all its suppliers to abide by the above rules and reserves that it does not enter into business relations with entities that act in a manner inconsistent with these rules. Further, there are specific email addresses for both minerals and deliveries, allowing any employee, supply chain actor or stakeholder to voice concerns over the supply chain. In addition, the Corporation complies with environmental, health, safety, and labour regulations in the country of operation and/or in compliance with the company policy, and the Corporation expects a similar approach from its counterparties. The Corporation also manages labour issues, including issues related to remuneration, working hours, collective bargaining, discrimination, diversity, disputes and safeguarding of workers, and expects a similar approach from its counterparties.

Contractor's Charter

KGHMI and FNX's suppliers are obliged to sign the *Contractors Charter*. The *Charter* is a documentation confirming the supplier's compliance with principles stated in KGHMI and FNX's *Code of Ethics*. According to the *Charter*, KGHMI and FNX's cooperation with contractors shall be immediately suspended or terminated, should KGHMI and FNX determine that there is a significant, apparent risk of serious fraud involving them or their suppliers.

According to the *Charter*, KGHMI and FNX expect their suppliers to comply with international human rights standards applicable to the supplier, and eliminate all forms of illegal, forced or compulsory employment and illegal work of minors, in accordance with local regulations. Further, KGHMI and FNX require commitment from their contractors to declare compliance with local law on working time, minimum wage, and the employees' right to associate in their organizations.

The *Contractor's Charter* does not apply to DMC.

Procurement Process

KGHMI has a *Procurement Policy* which applies to its subsidiaries, excluding DMC. The *Procurement Policy* requires each person performing the activities related to the Procurement process to follow the rules set out in the *Code of Ethics* and related anti-corruption policies and procedures, including without limitation the *Management of Corruption Risk Relating to Supervised Organisations and Business Partners Procedure*, the *Corruption Risk Management Procedure*, and the *Handling Corruption Procedure*. Further, all persons performing the activities in the Procurement process are required to be objective and impartial, and act with due care and diligence.

The vendor verification process is an integral part of the procurement process. Potential contractors are required to be verified according to the Verification Procedure for Procurement for KGHMI and/or normative acts concerned with the process of external contractors' verification process. KGHMI's subsidiaries, excluding DMC, have site-specific verification processes, which require the contractor to provide, amongst other information, background information and information pertaining to safety.

DMC takes due diligence steps when it contracts with new suppliers, most of which are located in Canada.

4. The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.

The Corporation has not identified any areas of its business that would have a high risk of forced labour or child labour. Nonetheless, to ensure the highest possible standards of sourcing materials from conflict-affected and high-risk areas, KGHMI and FNX have adopted a risk-based approach. It enables the identification of high-risk business relationships based on criteria consistent with the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*.

DMC does not believe that any areas of its business have a high risk of forced labour or child labour. Labour is conducted locally, suppliers are mainly in Canada, and in the rare case where DMC directly imports goods, such goods are highly sophisticated equipment where DMC has conducted due diligence on the manufacturer.

5. Any measures taken to remediate any forced labour or child labour.

The Corporation has not identified any forced labour or child labour in its activities and supply chains. Therefore, the Corporation has not needed to take any measures to remediate any forced labour or child labour. In the event that the Corporation identifies incidents of forced labour or child labour within its activities or supply chain, the Corporation will consider the appropriate remediation strategies in compliance with its policies, procedures, and the applicable laws.

6. Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.

The Corporation has not identified any loss of income to vulnerable families based on the measures it has taken to address the risk of forced labour or child labour in the supply chain, such that no remediation measures were necessary.

7. The training provided to employees on forced labour and child labour.

The Corporation's employees receive training on ethical topics and policies. All new employees receive a mandatory onboarding training package which includes training on the Code of Ethics. The Corporation also has an intranet database which provides employees with access to various policies pertaining to human rights, procurement, and ethical behaviour.

8. How it assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.

The Corporation has various policies and procedures in place to ensure that forced labour and child labour are not being used in its business and supply chains. The Corporation has not yet taken any steps to assess the efficiency of such policies and procedures.

Approval and Attestation

This report has been approved in accordance with the provisions of section 11(4)(b)(ii) of the Act by the Board of Directors of KGHM International Ltd. on behalf of itself, DMC and FNX for the fiscal year ending December 31, 2025.

"In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above."

I, Monika Sawicka, General Counsel and Corporate Secretary of KGHMI and FNX, have the authority to bind KGHMI and FNX.



I, Joan Beck, General Counsel and Corporate Secretary of DMC, have the authority to bind DMC.

May 25, 2025

Sincerely,

DocuSigned by:

A handwritten signature in blue ink that reads "m. sawicka".

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Monika Sawicka, General Counsel & Corporate Secretary, KGHM International Ltd.

DocuSigned by:

A handwritten signature in blue ink that reads "m. sawicka".

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Monika Sawicka, General Counsel & Corporate Secretary, FNX Mining Company Inc.

Signed by:

A handwritten signature in blue ink that reads "Joan Beck".

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Joan Beck, General Counsel & Corporate Secretary, DMC Mining Services Ltd.