

# **Due Diligence Management of Gold and Silver Supply Chain of DAYE NONFERROUS METALS CO., LTD.**

## **1 Purpose**

Strengthen the management of due diligence in the gold and silver supply chain, strictly follow the requirements of the London Bullion Market Association on the compliance management of gold and silver supply chains, combat money laundering and terrorist financing activities, and avoid inciting conflicts and human rights violations, Prevent the use of bribery or fraudulent gold raw materials. According to “London Bullion Market Association Responsible Gold Guidance”、 “London Bullion Market Association Responsible Silver Guidance”、 “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas”, and the actual situation of the company, this document is specially formulated.

## **2 Scope of application**

The gold (silver)-materials (gold and silver materials) referred to in this document refer to the purchased raw materials mainly for the purpose of smelting gold and silver, including but not limited to purchased alloyed gold (including gold ingots), purchased alloys Silver (including silver ingots), outsourced crude gold, outsourced anode slime, outsourced gold concentrate, etc. The main purpose of copper smelting is that gold and silver are only by-products in the production process. Outsourced blister copper and copper concentrate are not within the scope of gold and silver-containing materials (gold and silver raw materials) referred to in this system. Materials containing less than 15% silver can be excluded from the system, but when this exclusion threshold is applied,

the decision-making process must be adequately documented to demonstrate that: the material does not pose a risk of systemic or widespread human rights violations, does not create conflicts, and High standards of anti-money laundering and combating terrorist financing.

### **3 Terms**

3.1 Gold Supply Chain (Gold Supply Chain):refers to the activities, organizations, participants, technology, information, resources and services in the process from mining gold to becoming the final gold product used by end consumers.

3.2 Silver Supply Chain (Silver Supply Chain):Refers to the activities, organizations, participants, technology, information, resources and services that encompass the journey from mined silver to final silver product for end-consumer use.

3.3 Conflict area (Conflict-Affected and High-Risk Areas): Refers to areas at risk of armed conflict, widespread violence, or other hazards to residents

3.4 Money laundering (Money Laundering):Refers to the act of disguising or concealing the source and nature of illegal gains from drug crimes, organized crimes of underworld nature, terrorist activities, smuggling or other crimes and their resulting profits through various means to make them legal in form.

3.5 Terrorism Financing (Terrorist financing): Includes financial financing of terrorist activities, terrorists or terrorist organizations.

3.6 Contribution to conflict: A conflict between armed militant groups that support human rights violations. Parties to a conflict may include governments, militias, organized criminals or terrorist groups.

3.7 Human rights: Everyone is entitled to all the rights and freedoms set forth in the Universal Declaration of Human Rights, regardless of race, colour, sex, language, property, religion, political or other opinion, national or other origin, status . These rights and freedoms can be divided into two categories: civil and

political rights and economic, social and cultural rights.

3.8 Worst forms of child labour: refers to the employment of underage workers, especially in violation of the Act prohibiting the use of children under a certain age.

3.9 Fraud: The act of knowingly deceiving to gain advantage or harm another party.

3.10 Bribery: refers to the behavior of individuals taking advantage of their positions to ask for other people's property, or illegally accept other people's property to seek benefits for others. And these benefits cannot be obtained from normal legal channels.

3.11 Politically exposed persons (PEPs): PEPs are individuals who are entrusted with important public functions in their country, such as heads of state or government, senior government officials, senior government, judicial or military officials, state-owned enterprises senior executives and important political party officials. Also included are individuals entrusted with important public functions by members of international senior management bodies, such as directors, deputy directors and board members or those performing equivalent functions. PEPs in this definition do not include individuals at or below the rank above.

3.12 Artisanal and Small-scale Mining (ASM): Refers to formal or informal mining operations, mainly including the exploration, extraction, processing and transportation of minerals in simple forms. Artisanal and small-scale mining is generally low capital-intensive and uses highly labour-intensive techniques. Artisanal and small-scale mining can be carried out on an individual basis, as a family group, as a cooperative, in a cooperative, or as other types of legal associations and enterprises involving hundreds of miners.

3.13 Mined Gold: refers to unsmelted gold ore mined from mining fields. Generally refers to all gold or gold-bearing materials of any form, shape and

grade that have been mined and processed by miners before being refined into standard gold.

3.14 Recycled Gold: Refers to gold that has been initially smelted. Usually includes gold bearing materials that are not directly derived from gold mines. Recycled materials include end-users, post-consumer products, scrap and scrap metal, and materials produced in refining, product manufacturing, investment gold, and gold-containing products. It also includes products that have been refined and made into bars, badges and coins that have been sold by refiners to producers, banks or consumers and then need to be refined again.

3.15 Mining by-products: Gold and silver produced in the process of mining, processing and refining other metals. Such gold and silver are by-products. Such as gold and silver obtained from the extraction and refining of anode slime produced in the copper electrolysis process.

3.16 Environment and Sustainability responsibilities refer to the ability to develop to meet the needs of the present and to meet the needs of future generations and the environment without harming the environment.

3.17 International Cyanide Management Code: A voluntary initiative of producers and transporters of cyanide used in gold and silver mining and gold and silver mining to improve the requirements of existing regulations in their operations.

3.18 Minamata Convention on Mercury: A global treaty to protect human health and the environment from the adverse effects of mercury. The Convention, which entered into force on 16 August 2017, includes the prohibition of new and phasing out of existing mercury mines, as well as the phasing out and reduction of mercury use in several products and processes, and the control of mercury in air, soil and water sources Informal enterprises such as artisanal and small-scale gold mining are strictly regulated.

3.19 World Heritage Sites: as selected by the United Nations Educational, Scientific and Cultural Organization (UNESCO), a landmark or area that has cultural, historical, scientific, or other forms of significance, and is protected by law under international treaties. The address is considered important to the collective interests of mankind.

#### **4. Organization and Responsibilities**

##### **4.1 Responsibilities of the Gold and Silver Supply Chain Management and Compliance Committee**

The company established the Gold and Silver Supply Chain Management and Compliance Committee, setting up the compliance office in the enterprise management department, and the leader of the enterprise management department serves as the compliance director, responsible for the daily affairs. Personnel composition of the Compliance Committee:

Group leader: Deputy general manager in charge of business.

Deputy Group leader: Manager of Ministry of Commerce.

Team members: Ministry of Commerce, Enterprise Management Department, Finance Department, Internal Security Center, Legal Affairs Department, Audit Department, Quality Meter Center, Human Resources Department.

The Compliance Committee is the leading organization for the company's gold and silver supply chain management, and is responsible for the interpretation, explanation, organization, leadership and supervision of the gold and silver supply chain due diligence work, and be responsible for the effectiveness of gold and silver supply chain management. The main responsibilities of the Compliance Committee include:

- 1) Review the Silver and Gold Supply Chain Due Diligence Management;
- 2) Appoint the responsible gold and Silver Supply chain Management and Compliance Director;

- 3) Authorize the Compliance Director to review the due diligence results and risk management strategies of the gold and silver supply chains;
- 4) Supervise the implementation of risk identification, risk assessment, risk control and mitigation measures in the gold and silver supply chains.

#### **4.2 Responsibilities of the Compliance Director**

- 1) Review the due diligence and risk rating results of gold and silver supply chain of gold (silver) material procurement department;
- 2) Review the risk mitigation strategy of the gold (silver) material procurement department;
- 3) Responsible for the establishment of internal staff communication channels and implementation of staff training in gold and silver supply chain management;
- 4) Report to the senior management of the company the major matters of gold and silver supply chain management;
- 5) Prepare the annual compliance report.

#### **4.3 Responsibilities of each department**

##### **4.3.1 Ministry of Commerce**

The Ministry of Commerce is the gold (silver) material procurement department of the company, mainly responsible for the implementation of specific due diligence work of the gold (silver) material suppliers, including:

- 1) Carry out gold and silver supply chain due diligence information collection, risk identification, risk assessment and classification, and risk mitigation strategy formulation and supplier annual evaluation work;
- 2) Report to the Compliance director the major matters of the compliance management of the gold and silver supply chain;
- 3) Publicize and implement the relevant policies and procedures of gold and silver supply chain management to suppliers;

4) Be responsible for the archiving of materials and documents obtained during supplier due diligence .

#### **4.3.2 Quality meter center**

- 1) Assist in the organization and convening of compliance committee meetings;
- 2) Responsible for the commodity inspection and inspection of imported raw materials;
- 3) Responsible for the inspection of the material containing gold (silver) and raw materials and main products, and the compilation, summary and analysis of quality statistical reports.

#### **4.3.3 Financial Department (Limited)**

- 1) Responsible for recording and archiving the transaction details of gold (silver) material suppliers;
- 2) For high / medium risk suppliers, set restrictions on financial transactions in accordance with the risk management strategy .

#### **4.3.4 Audit Department**

Responsible for the independent supervision and evaluation of due diligence of gold and silver supply chain.

#### **4.3.5 security Department**

Responsible for the management control and supervision of the security links involved in the gold and silver supply chain management.

#### **4.3.6 Legal Affairs Department**

Responsible for the legal risk review of transaction agreements signed with gold (silver) material suppliers.

#### **4.3.7 Human Resources Department**

- 1) Responsible for the examination and approval of internal training plans for relevant personnel in gold and silver supply chain management;

2) Assist relevant departments to carry out gold and silver supply chain management training, keep training records, including training materials and training personnel signature etc.

#### **4.3.8 Enterprise Management Department**

The Corporate Management Department is the centralized management department for the third-party audit of the LBMA's Due Diligence Gold Guidelines and Due Diligence Silver Guidelines. Its main responsibilities are:

- 1) Formulate the third-party audit work plan;
- 2) Organize and coordinate the implementation of the third-party audit work;
- 3) Supervise the implementation of corrective measures for third-party audit non-conformance items;
- 4) The Compliance Office is located in the Enterprise Management Department, responsible for the organizing and convening of the compliance committee meetings;
- 5) Formulate the procurement plan of gold (silver) materials;
- 6) Review the procurement contract of the materials containing gold (silver) ;
- 7) Lead the organization of physical inventory of gold (silver) containing materials;
- 8) Responsible for the issue of "gold and silver supply chain management" and other system management documents.

### **5. Management procedures / requirements**

#### **5.1 Follow the principles**

The company mainly follows the following principles in carrying out due diligence on the gold and silver supply chains

- 1) Comprehensive principles: Due diligence shall cover all kinds of businesses and matters related to the company's gold and silver supply chains.



2) Principle of significant: Investigations should be conducted on a comprehensive basis, focusing on conflict areas.

3) Objectivity principle: The result of diligence results should accurately and truthfully reveal the risk profile of gold/silver conflict in the supply chain.

## **5.2 Supplier Information Collection**

5.2.1 In accordance with the due diligence requirements of conflict minerals and Responsible Gold and silver Suppliers in the London Bullion Market Association Responsible Gold Guide, The London Bullion Market Association Responsible Silver Guide and the OECD Responsible Mineral Supply Chain In Conflict-Affected and High-risk Areas, before entering into cooperation agreements with suppliers of gold (silver) containing materials, The purchasing department of materials containing gold (silver) is responsible for conducting due diligence on suppliers.

5.2.2 The development standards of gold (silver) material suppliers shall refer to the supplier development standards of Marketing Company and Ministry of Commerce (Investment and trade Company). At the same time, a risk-oriented supplier information collection mechanism shall be established according to the registration place, nature and type of business partnership of suppliers, including:

1) Verify basic supplier information with documents, data or information from reliable and independent sources;

2) Identify the actual owner of the supplier;

3) Obtain commercial and financial information from suppliers and confirm the purpose and nature of the business relationship;

4) Confirm that the supplier and actual owner are not members of the list of money laundering, fraud and terrorist organizations published by any government in the world;

5) For mineral gold and silver suppliers, identify their origin, obtain mining

licenses, import and export licenses (if applicable), mining capacity data, collect and evaluate relevant systems and procedures of the suppliers;

6) The legality of manual and small-scale mineral gold and silver suppliers should be assessed;

7) Collect and evaluate relevant information on anti-money laundering and combating terrorist financing from suppliers of recycled gold and silver.

5.2.3 During the collection of survey information, according to the different types of gold (silver) containing materials (mineral gold, mineral silver or recycled gold), LBMA Questionnaire - Mineral Materials (Annex 2) or LBMA Questionnaire - Recycled Materials (Annex 3) shall be issued to the suppliers respectively to collect relevant information. And sign "responsible gold (silver) Commitment" (see Appendix 10). After information collection, according to LBMA Survey Checklist \_ Mineral Materials (Appendix 4) or LBMA Survey Checklist \_ Recovered Materials (Appendix 5) will check the collected information.

### **5.3 Supplier Risk Identification**

The purchasing department of materials containing gold (silver) carries out the risk identification of gold and silver supply chain according to the information collected from suppliers. In the risk identification process, focus on whether the supplier has risk events in the following areas:

1) Whether the mining, transportation and trade of minerals pass through areas of high risk or conflict;

2) Serious violations of human rights in the mining, transportation and trade of minerals, such as labor abuse or child labor;

3) Direct or indirect financing of non-governmental armed groups or security forces, such as extortion or taxation during mining, transportation and trade;

4) Bribery and fraudulent false statements;

5) Money laundering and terrorist financing, such as whether the actual

controller or significant shareholder of the supplier also operates other high-risk businesses, such as casinos and diamonds, may have money laundering risks;

6) Any other form of participation in, agitation or support for conflict.

#### **5.4 Supplier Risk Assessment and Classification**

5.4.1 The purchasing department of materials containing gold (silver) is responsible for carrying out the risk assessment of responsible gold and responsible silver of suppliers. The risk assessment results should be regularly reported to the Compliance Officer of Responsible Gold and Silver Supply Chain Management. The identified high-risk or potential high-risk suppliers shall be reported to the Compliance Officer in a timely manner, and the Compliance Officer and the Company Supervisor shall be responsible for reviewing the risk rating results. For suppliers whose risk assessment results are not in low-risk areas, the procurement department needs to carry out additional due diligence procedures.

##### 5.4.2 Principles of risk assessment

The risk assessment of responsible gold and silver supply chains includes three levels: country, corporate, and commodity:

###### 5.4.2.1 Country risk

1) Gold (silver)-containing materials originate from global conflict areas or high-risk areas of human rights violations, refer to the high-risk areas defined by Heidelberg;

2) Gold (silver)-containing materials originate from proven gold and silver reserves or countries with very limited gold and silver stocks, including limited gold and silver resources or limited expected production levels of gold and silver; Countries where reserves do not match production.

###### 5.4.2.2 Corporate Risk

1) The supplier or its known upstream company is located in a country with a

high risk of money laundering, crime and corruption.

2) The supplier has mined gold (silver) and recycled gold (silver) from any of the above-mentioned origins within 12 months; or there are other anomalies found in the collected information to prove that there may be mineral gold that supports conflict areas (silver) and recycled gold (silver).

3) Suppliers or their known upstream companies are engaged in high-risk business activities such as weapons, casinos, antiques and art, diamond dealers, and religious leaders.

4) The supplier, its known upstream company or actual owner is a public political figure.

5) The supplier or its senior management has allegations of involvement in money laundering or other illegal or criminal acts.

#### 5.4.2.3 Commodity risk

1) Gold (silver)-containing materials originate from global conflict areas or high-risk areas of human rights violations or countries with proven gold and silver reserves or very limited gold and silver stocks (refer to country risk);

2) The export, transportation or transaction transshipment route of gold (silver)-containing materials passes through global conflict areas or areas with high risk of human rights violations, and the security logistics company directly or indirectly finances non-governmental armed groups or security forces.

Unlawful extortion or taxation;

3) The security and logistics processes of gold (silver) materials involve serious abuse of human rights;

4) Suppliers of mining and recycling gold and silver have a third-party inventory management site, and this site is in a global conflict area or a high-risk area of human rights violations, and or the inventory has the possibility of directly or indirectly funding non-governmental armed groups or security forces ;

5) Supplier's inventory management process involves serious human rights abuse.

#### 5.4.3 Risk assessment steps

5.4.3.1 Risk assessment is divided into two categories: compliance assessment of self-produced gold (silver) materials by suppliers and compliance assessment of gold (silver) materials purchased by suppliers. Suppliers of self-produced gold (silver) containing materials include suppliers with their own mines and/or their own refineries. Suppliers of purchased gold (silver) materials mainly refer to traders and gold (silver) exchanges that do not own mines or refineries.

#### 5.4.3.2 Step 1: Preliminary risk assessment of the supplier

- 1) Identify all the country risks of the gold and silver sources or the risks listed by the company risks held by the supplier and confirm whether there is any country or company risk.
- 2) Identify the business operated by the supplier itself and its affiliates, and evaluate whether it is at money laundering risk. Follow the relevant guidelines of the Financial Action Task Force on Anti-Money Laundering (FATA).
- 3) Identify the supplier's management and/or actual controller to see if there have been allegations of corruption or its actual controller is on a terrorist blacklist.
- 4) Identify whether suppliers have abused human rights or anti-humanitarian behavior (through the Internet and related media investigation):
  - a) Any form of torture, cruel, inhuman or degrading treatment or punishment;
  - b) Any form of forced labor work, including reluctant work by means of intimidation and punishment;
  - c) The worst form of employed child labor;
  - d) Other forms of violence or abuse of human rights, such as widespread sexual violence;

e) War, other serious violations of international humanitarian law, crimes against humanity or genocide.

#### 5.4.3.3 Supplementary instructions for suppliers purchasing gold (silver) materials:

If, according to the information collection results, the supplier does not own mines and/or refineries, and is a trader who purchases gold (silver)-containing materials, the supplier is required to conduct due diligence on the source of its gold (silver)-containing materials to identify the source of its gold (silver) materials. Whether the source of materials containing gold (silver) is compliant. At the same time, a letter of commitment is provided to confirm that due diligence has been carried out on its suppliers. At this time, the procurement department of gold (silver) materials may not conduct further review.

In addition, the gold (silver) exchange recognized by the state is also a supplier of outsourced gold (silver), but since the gold (silver) raw materials purchased from the national gold (silver) exchange are all carried out by the gold (silver) exchange itself strict identification and screening, the source of gold (silver) is highly traceable, and can be identified as a low-risk supplier, without the need to sign a letter of commitment or fill out a due diligence questionnaire. However, once it is found that the suppliers of gold (silver) exchanges are at risk, it is necessary to conduct a comprehensive risk assessment of the above-mentioned step 1 for their suppliers.

#### 5.4.3.4 Step 2: Additional risk assessment by suppliers

For suppliers that are not classified as low risk, the purchasing department implements additional due diligence procedures to further assess supplier risks :

1) On-site visits and investigations (see Annex 6 "On-site Survey Form - Recycled Materials" and Annex 7 "On-site Survey Form - Mineral Materials") to further verify the due diligence information of the gold and silver supply chain,

mainly including the use of reliable , documents, data or information from independent sources to carry out identity and information verification; actual owner identification; government watch list information verification, etc.

2) For mined gold (silver), information verification should be carried out from the mine to the company's supply chain enterprises (including producers, intermediaries, traders, exporters and transporters); for recycled gold, the recycled gold suppliers should be sent to the company. of supply chain companies (including transporters) carry out information verify.

3) For additional investigations, including governments, international organizations, non-governmental organizations, the media, maps, United Nations reports, and the United Nations security council committee, gold and silver mining industry books and other channels to check whether there are support conflicts, human rights abuse and other phenomena.

4) Consult local governments, domestic security organizations, social networks, other suppliers, etc. for relevant information; or ask suppliers to provide proof relevant certificates, which are certified by the company or a third-party agency;

5) Determine if the supplier has a compliance program and management system consistent with LBMA requirements and that the system is being effectively implemented, including information research; on-site inspection; sampling and checking on sales records, etc.

6) If the procurement department cannot eliminate high risks through additional investigations, it can apply to the committee for the establishment or hiring an third-party agency to carry out the professional survey.

## **5.5 Risk Rating**

5.5.1 The procurement department of materials containing gold (silver) should conduct the risk assessment on suppliers by as per steps 1 and 2 above, and rate suppliers based on risk assessment results, and fill out attachment

8 "LBMA Supplier Evaluation Form" at the same time. Based on the risk assessment result, the suppliers' risk levels can be classified into three categories: low risk, medium risk and high risk.

#### 5.5.1.1 Low Risk Suppliers

After passing the risk assessment in the above steps 1 and 2, if no supplier involving high-risk or potentially high-risk matters is found, the risk rating of the supplier is low risk.

#### 5.5.1.2 Medium Risk Suppliers

For a supplier that fails the risk assessment in Step 1, after additional due diligence in Step 2, it is found that the supplier may have potential non-compliance in certain matters, but the non-compliance is less likely to occur, then the The supplier's risk rating is medium risk.

#### 5.5.1.3 High Risk Suppliers

For suppliers that fail the risk assessment in Step 1, and the non-compliance is found to be true after additional due diligence in Step 2, the supplier's risk rating is high risk.

5.5.2 For a new potential supplier, before signing a transaction agreement with the new supplier, the supplier due diligence information collection, risk identification and risk assessment should also be completed accordingly, and the supplier should be rated for risk, so as to support Management decides whether to cooperate with this supplier.

### **5.6 Supplier Risk Control**

#### 5.6.1 Risk Management Strategy of Low Risk Suppliers

If due diligence does not reveal potential issues or there are few issues, but the issue does not involve involvement in money laundering, terrorist financing, incitement to conflict, or human rights abuses, risk mitigation measures can be implemented while maintaining trade, such as if suppliers provide Improve



Plans and timelines for risk resolution, companies can have a "normal working" relationship with this supplier. Risk solutions should include clear performance objectives; performance evaluation metrics based on quantitative and qualitative analysis; reasonable completion dates.

#### 5.6.2 Risk Management Strategy of Medium Risk Suppliers

If due diligence uncovers evidence that suppliers are involved in money laundering, terrorist financing, conflict incitement or human rights abuses, companies should suspend trade suspension cooperation while implementing risk mitigation measures, such as suspending procurement of gold-containing materials from suppliers until more information and evidence.

#### 5.6.3 Risk Management Strategies for High-Risk Suppliers

If the risk level of the supplier is high according to the results of due diligence and risk assessment, and no risk solution has been taken to improve or reduce its risk assessment level, for example, there is conclusive evidence that the supplier has money laundering, terrorist financing, incitement to conflict, violations of human rights, the company will terminate all procurement activities and cooperation, until it takes a risk solution. At the same time, if our company can obtain more information and evidence to prove that its risk has been reduced to medium and low, the cooperation will continue conditionally again.

### **5.7 Supplier transaction risk monitoring**

5.7.1 As a part of continuous due diligence, the procurement department of gold (silver) materials needs to continue to pay attention to transaction risks after the contract has been signed, and assess its risks.

#### 5.7.2 Information collection during the transaction process

When conducting transactions with suppliers of gold (silver) materials, the purchasing department of gold (silver) materials conducts continuous due diligence on the supply chain of gold and silver, and establishes a risk-oriented

transaction information collection mechanism according to the nature and region of the transaction.

1) For mined gold (silver), obtaining weight and grade records from suppliers; shipping documents (if applicable); documents for import and export in high risk areas (if applicable);

2) For recycled gold (silver), obtaining weight records from suppliers; shipping documents (if applicable) documents for import and export in high risk areas (if applicable).

### 5.7.3 Trading Risk Assessment

The purchasing department of materials containing gold (silver) is responsible for conducting transaction risk assessment. When the following conditions exist, it should be identified as a high-risk transaction:

1) Mineral gold (silver) or recycled gold (silver) has been transported in conflict areas or areas with high risk of human rights violations;

2) There is a serious discrepancy between the transaction information provided by the supplier and the basic knowledge of gold and silver supply chain management.

### 5.7.4 Trading Risk Control

If the procurement department of gold (silver) materials learns that the existing "normal cooperation" suppliers have or may have acts of money laundering, terrorist financing, incitement to conflict, or human rights violations, they should immediately suspend the cooperation relationship and report to the Compliance Management Director and managers, and carrying out relevant investigations that authorized by the management. If there is conclusive evidence that the supplier has committed money laundering, terrorist financing, incitement to conflict, or human rights violations, the company will immediately stop purchasing and terminate the cooperative relationship.

For "normal cooperation" suppliers who have completed risk ratings and formulated risk solutions in the due diligence stage, the gold (silver) material procurement department is responsible for supervising the implementation of risk solutions. The Director of Compliance Management regularly reviews the implementation of risk solutions and assesses the achievement of performance indicators by the set completion date.

### **5.8 Supplier Annual Supplemental Evaluation**

At the end of each year, the purchasing department of materials containing gold (silver) conducts a supplementary assessment of the supplier's annual due diligence based on the changes in the collected supplier information, and fills in the "Supplementary Annual Supplementary Assessment Form for Suppliers" in Annex 9, and suggests whether to adjust the supplier risk management strategy based on the assessment results. The compliance director needs to review the evaluation results and report to the deputy general manager in charge of supply chain procurement with gold (silver). The deputy general manager in charge of gold (silver) supply chain procurement reviews supplementary assessment results of the annual gold and silver supply chain due diligence. Purchasing department of materials containing gold (silver) updates the supplier partnership according to the approved risk management strategy.

### **5.9 Information and Communication**

#### **5.9.1 Information communication with suppliers**

The procurement department of gold (silver) materials is responsible for providing information to external parties in the gold and silver supply chain (such as producers, intermediaries, traders, exporters and transporters) on the adoption of the "London Bullion Market Association Due Diligence Gold Guidelines" and "Communicate the policies and commitments and associated additional requirements set forth in the London Bullion Market Association's

Due Diligence Guidelines for Silver, as well as the company's policies and procedures for due diligence in the gold and silver supply chains.

Try to enable external parties to keep abreast of the latest policies and procedures of the London Bullion Market Association on responsible gold and silver, and encourage external relations to follow relevant policies and procedures.

#### 5.9.2 Communication with internal staff

The compliance officer is responsible for establishing internal staff communication channels for gold and silver supply chain management, including:

- 1) Publicly publishing management documents and holding dissemination meetings, so that managers and employees at all levels of gold and silver supply chain management are aware of the company's relevant documents used for management.
- 2) Establish internal communication channels, including the establishment of special email addresses and telephone numbers for gold and silver supply chain management communication, so that employees at all levels can report conflict-misconduct and express their opinions on gold and silver supply chain risk management through different channels.
- 3) The Compliance Officer is responsible for handling the misconduct reported or opinions raised by employees and reporting the results to the Compliance Committee.

#### **5.10 Training management**

The company conducts continuous internal training for relevant personnel involved in gold and silver supply chain management:

- 1) The training content includes the introduction of external regulatory requirements, the publicity and implementation of the company's internal management policies, and how to implement the procedures.
- 2) The Compliance Office is responsible for formulating gold and silver supply chain management training plans, and reporting to the Human Resources Department for inclusion in the company's annual training plan.
- 3) The Compliance Office is responsible for preparing training materials, and internal staff are trained by the Compliance Officer or an instructor suggested by the Compliance Officer.
- 4) The human resources department is responsible for supervising the implementation of the training plan, and cooperates with the compliance director to carry out training related to gold and silver supply chain management, and keeps training records, including training materials and training personnel sign-in forms.

### **5.11 Document saving**

Referring to the company's file preservation regulations, the gold (silver) material procurement department is responsible for numbering the documents involved in the due diligence of the gold and silver supply chain and filing them on a regular basis. All documentation needs to be kept for at least 5 years.

## 6 Supporting Documents

### 6.1 LBMA Responsible Gold Guidelines

### 6.2 LBMA Responsible Silver Guidelines

### 6.3 OECD Due Diligence Guidelines for Responsible Supply Chains of Minerals in Conflict-Affected and High-Risk Areas

## 7 Management records

### 7.1 LBMA Questionnaire - Mineral Materials

### 7.2 LBMA Questionnaire - Recycled Materials

7.3 LBMA Survey Checklist \_ Mineral Materials

7.4 LBMA Survey Checklist \_ Recycling material

7.5 Site survey form- -Recycling materials

7.6 Site survey form- -Mineral materials

7.7 LBMA Supplier Evaluation Form

7.8 Annual supplementary evaluation form of the Supplier

7.9 Responsible Gold (Silver) Commitment letter

8 Additional instructions

The original document (version 1.0) is invalid, and this document shall be revised by the Enterprise Management Department and the Ministry of Commerce, and the Compliance Office shall be responsible for the interpretation.

Annex 1: Due Diligence Flow Chart for Suppliers of Gold-Containing Materials.

# A f f i x 1:Due Diligence Flow Chart for Suppliers of Gold-Containing Materials

