

LBMA 负责任白银供应链尽职调查 管 理 体 系

2024 年 3 月 11 日 发布

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岷山环能高科股份公司 发布（第二版）

白银供应链尽职调查政策

岷山环能高科股份公司严格遵守《LBMA 负责任白银指南》，并按照其要求建立白银供应链尽职调查管理体系，积极推行白银供应链尽职调查工作，确保白银供应链符合《LBMA 负责任白银指南》的要求。我们将严格禁止供应链有如下行为：

1. 人权侵犯行为，包括使用童工、酷刑、非人道以及侮辱人格对待方式、广泛的使用暴力或其他严重反人权强迫劳动、战争罪、反人类罪或种族灭绝罪；
2. 向非法武装组织或向通过供应链非法控制矿区、交易商、其他中介机构、运输线路的公共或私人安全部队提供直接或间接支持，或在整个供应链内非法征税或敲诈钱财或矿产品（“非法武装组织、公共或私人安全部队”）；
3. 通过贿赂或欺诈掩盖白银原产地；
4. 为遵照政府有关来自受冲突及高风险区域的矿产品的提取、贸易及出口税费要求；
5. 洗钱或恐怖主义融资；
6. 资助冲突；
7. 从事高风险经营业务，例如武器、赌博、古董和艺术品、教派和其领导人；
8. 受益人是政治敏感人物或通缉人员；

如果发现供应链中有如上行为，我们将采取措施，隔离已采购的产品，立即暂停或脱离与该供应商的任何交易。

我们将根据管理体系要求定期评估供应链风险，建立供应商尽职调查管理档案，确保供应链持续符合《LBMA 负责任白银指南》的要求。

总经理： 
日期：2024年3月11日

1 适用范围

本标准规定了岷山环能高科股份公司白银供应链管理过程中的职责、管理活动的内容与方法。

本标准适用于岷山环能高科股份公司以及与岷山环能高科股份公司有白银交易、白银加工的所有白银供应商、白银相关合作伙伴（包括白银生产商、中间商、白银贸易商、出口商和运输商）。

2 引用文件

LBMA 负责任白银指南（第二版 2023 年 11 月发布）

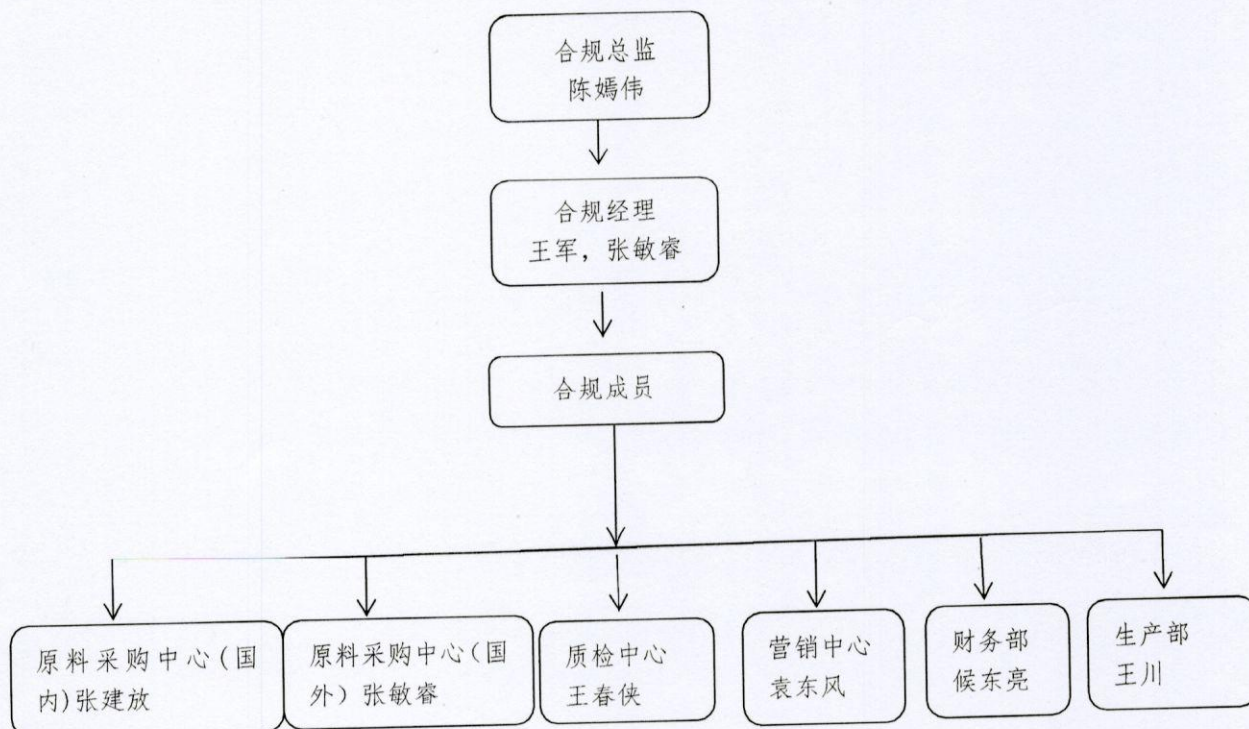
3 定义

白银供应链：向公司供应铅精矿、银精矿、粗铅、阳极泥等白银生产所需含银物料的供应商以及白银产品销售的客户。

4 组织架构和职责

4.1 岷山环能高科股份公司为白银供应链尽职调查设立了专门的管理团队，组织结构如下：

白银管理组织架构



4.2 职责:

4.2.1 合规总监

岷山环能高科股份公司授权的高级管理者总经理陈嫣伟, 对外根据我公司原料采购政策和公司的生产、财务以及销售情况等实际情况需要负责审批与供应商合作合同的签订(包括是否与高风险供应商合作的合同签订), 并负责对供应商进行审查相关事宜。对内高级管理者根据 LBMA 负责任的白银指南文件, 对相关员工进行培训, 使相关负责人清楚的理解这一体系的目的和意义, 明白自己在尽职调查政策实施中的职责, 并半年组织培训重温相关内容。

4.2.2 合规经理

协助高级管理人员全面负责白银供应链尽职调查事务, 对白银供应链上的所有事情负责, 确保在高风险供应链或交易时采取了恰当的措施, 提交风险评估报告。并有义务就责任供应链方面进行培训, 起草和更新白银供应链政策, 为高级管理者履责提供准确的信息。

(1) 有权监查白银供应链尽职调查过程, 并评估尽职调查是否充分进行; 如果认为必要, 有权要求提供附加文件或信息。

(2) 如果存在高风险供应链或交易, 需要及时向业务分管副总汇报。

(3) 定期对员工进行白银供应链规则培训, 起草和更新白银供应链规则, 为高级管理层履责提供准确的信息。

(4) 每年至少一次对重要客户进行现场调查;

(5) 协助与鼓励含银原料供应商及白银交易客户承诺遵守白银供应链尽职规则;

(6) 如出现异常情况需及时向合高级管理者报告。

4.2.3 原料采购中心负责原材料采购, 确保矿粉、原材料供应的长期性、稳定性、安全性, 并拒绝与高风险地区的相关企业、组织或国家合作。

4.2.4 质检中心对采购含银原料进行过磅称重, 化验; 生产部负责原料的出入库记录; 贵金属事业部负责对产出银锭进行称重、打标记录, 车间组织投料生产并做好投料记录和产出银锭记录, 在生产过程中采用封闭式流程, 确保白银生产加工的安全性与可追溯性。

4.2.5 质检中心要确保检测白银纯度的准确性。

4.2.6 生产部负责与原料采购中心结合, 保证含银原料接收的准确性, 贵金属事业部负责对白银销售前的数量的统计, 保证白银实物出厂的安全性。

4.2.7 原料采购中心(国外)及营销中心需对交货人身份信息进行确认, 并在交易过程中, 采用监督机制确保交易的安全性, 保证公司不参与恐怖主义融资。

4.2.8 原料采购中心制定培训计划, 采用线下或线上方式对合规成员组织培训, 学习 LBMA 负责任白银指南的相关内容, 准确掌握公司负责任白银管理的相关政策, 每年至少一次。

5 管理体系

5.1 制定和发布公司关于 LBMA 负责任白银供应链尽职调查政策

5.1.1 公司关于 LBMA 负责任白银的公告, 告知供应链合作方严格遵守公司白银供应链管理制度, 并公开接收社会各界及全公司内部员工的监督。

5.1.2 公司白银原料采购承诺，承诺遵守《LBMA 负责任白银指南》，积极参与并支持 LBMA 含银原料的可追溯性工作，严格遵守白银供应链无冲突冶炼厂计划要求，公司不与提供来自冲突影响地区及高风险地区的含银原料供应商进行交易。

5.2 尽职调查流程

5.2.1 在交易前，将公司 LBMA 负责任白银供应链管理政策及要求明确告知对方。

5.2.2 向含银原料供应商、客户发放尽职调查表，具体内容详见尽职调查表，收集相应的资质与资料。

5.2.3 跟踪、收回尽职调查表，并进行风险评估。

5.2.4 编制尽职调查报告。

5.3 尽职调查内容

5.3.1 尽职调查供应商包括矿产白银供应商、含银物料供应商、再生白银供应商、贸易商、运输商。

5.3.2 尽职调查客户包括贸易商、买家等；

5.3.3 在采购、销售交易发生前，要了解供应商、客户对于来自受冲突影响、高风险区域及存在的其它风险情况负责任的供应链采购、销售情况。

5.3.4 尽职调查应包含供应链资质情况、白银原料产地识别，采矿与山口许可证，采矿情况信息证明是否侵犯人权、是否违规操作等，开采能力数据等，可能造成高度不利影响 ESG 风险。

5.4 尽职调查措施

5.4.1 建立供应链客商档案。包括名称、法人、地址、联系方式、运营方式、交易合同等。

5.4.2 对既有供应链需进行年度评估，如有供应商或客户，需要及时对其进行风险评估，符合体系要求方可进行交易。

5.4.3 确定供应链没有任何的洗钱、诈骗或恐怖主义行为。

5.4.4 定期获取供应链公司的经营状况及交易目的信息。

5.4.5 针对矿产含银供应商，在交易前，需要获得如下信息：

a) 白银的产地来源信息；

b) 采矿许可证；

c) 提供进/出口白银或者精矿许可证；

d) 采矿情况信息证明；

e) 定期对矿产白银客户进行尽职调查。

5.4.6 针对再生白银供应链客商，在交易前，需要获得如下信息：

a) 再生白银供应商需提供合法的商业关系，包括再生银来源证明、收益人等信息；

b) 公司会持续不断的对再生白银客户进行尽职调查。

5.5 风险评价标准

5.5.1 零容忍供应链

(1) 一旦发现零容忍问题，公司不得与白银供应对手方建立业务关系，或必须立即现有关系。公司立即通知 LBMA。

(2) 零容忍问题包括但不限于：

a) 开采银来自被指定为世界遗产地的地区。
b) 以违反国际制裁（包括但不吸纳与联合国、欧盟、英国和美国制裁）的方式采购开采银或再生银。

c) 开采银或再生银的供应对手方、其他已知的上游公司或其 UBO 是已知的洗钱者、欺诈者或恐怖分子，或曾严重侵犯人权，或直接或间接支持非法非国家武装组织。

5.5.2 直接评定为高风险标准

a) 矿产白银（含银精矿）或再生银的源头、白银销售区域经过或途经冲突影响地区或人权侵犯高风险地区。

b) 矿产白银来源于一个已知储量有限、资源有限或预计白银产量有限的国家。

c) 再生白银来自于已知、白银销售至众所周知或被怀疑其白银来自于或途经冲突影响地区和人权侵犯高风险地区。

d) 白银供应交易方其他已知上游公司、白银销售客户位于高洗钱风险的国家。

e) 供应方、其已知上游公司、白银销售客户中对其有重要影响的权益所有者是政治敏感人物。

f) 供应商、其已知的上游公司、白银销售客户从事于高风险业务，如武器、博彩业、古董和艺术品、教派和其领导人。

g) 来自、途经的高风险国家和地区，包括 CFSP 公布的冲突战乱国家和地区、被联合国制裁的国家或地区、FATF 公布的洗钱高风险国家和地区。

h) 不符合环保和可持续发展的合法要求。

5.5.3 评价方法：以 LBMA 尽职调查工具包中的 LBMA 供应链评估表内容为基础，结合实际收到供应商、客户的对应的资料情况，进行评估，最终确定风险等级。

5.5.4 应对措施

(1) 低风险（未发现警示信号 Red Flag）：继续交易，降低风险。维持关系，但须执行改进计划。

若强化尽职调查 EDD 结果不完全令人满意，或认为虽然存在以下情况，但对手方已作出合理和善意的努力，公司可以继续提炼白银：

a) 贿赂；

b) 非欺诈性误报矿物产地；

c) 未支付应付政府的税收、费用和特许权使用费；

d) 严重违反与环境、健康、安全、劳工和社区有关的地方立法，及/或存在极有可能造成高度不利影响的 ESG 风险。

在该情况下，公司应要求对手方实施符合以下条件的改进计划：

a) 由公司提供输入及参与设计；

b) 明确记录，包括绩效目标和定量及/或定性的绩效衡量指标；

c) 经合规官及/或董事会委员会审批。

(2) 中风险（发现警示信号 Red Flag）：暂停交易，直至降低为低风险。

若强化尽职调查 EDD 发现以下情况，公司应暂停提炼白银：

a) 存在有关以下情况的合理怀疑：

洗钱；恐怖主义融资；严重侵犯人权；直接或间接支持非国家武装组织；谎报矿物产地。

b) 存在公司的分类标准中定义的据称灾难性 ESG 影响。

一旦从供应商那里获得反驳初步怀疑的额外信息/数据或针对 ESG 影响的及时和适当的回应，即可恢复提炼。这应由合规官及/或董事会委员会审批。

改进计划：与供应商沟通促进其指定和实施改善措施，在6个月之内确认风险符合本规定的要求后继续交易；如果供应商在6个月内拒不提供相关合法性证明文件和整改报告，那么公司应将其判定为高风险供应链，停止与其交易。具体要求如下：对于大规模开采的白银、手工及小型矿开采的白银、再生银：使用可信的独立来源的文件、数据和信息来核实情况，从矿山到精炼厂，供应链中每一家公司（包括白银生产商、贸易商、出口商和运输商）的收益所有人和政府监控名单信息都要求要核。

(3) 高风险：停止交易，断绝风险，将其列入公司黑名单，3年之内不能与公司交易。

当强化尽职调查 EDD 发现存在以下已知情况时，公司应立即停止提炼白银：

- a) 洗钱；
- b) 恐怖主义融资；
- c) 严重侵犯人权；
- d) 直接或间接支持非国家武装组织；
- e) 谎报矿物产地。

5.6 白银供应链尽职调查培训

5.6.1 公司每年会对白银供应链中的员工进行该规定的培训，并将培训计划纳入年度培训计划当中，至少每年进行一次。

5.6.2 涉及白银供应链的员工必须参加，并通过培训签到的形式进行相关培训确认。

5.6.3 采用线上或线下讲解授课方式。

5.7 供应链追溯系统

5.7.1 建立供应链追溯系统，收集并维护每一精炼批次的供应链信息，包括为每一输入及输出分配一个单独参考编号：

- a) 白银产品向上追溯（白银—原料）
 - 含银物料类型（矿产白银/再生白银）；
 - 入库重量和分析报告；
 - 原料入库日期和成品入库日期；
- b) 白银产品向下追溯（白银—顾客）
 - 顾客信息；
 - 交易重量和分析报告；
 - 出库日期；

5.8 记录的保留

5.8.1 按照 LBMA 要求保留充分的供应链文档记录，以证明已遵照适当及持续的尽职调查。

5.8.2 保留供应链追溯系统的记录。

5.8.3 记录保存5年。

5.9 白银供应链违规行为、事项上报程序

5.9.1 公司白银供应链相关工作人员如发现违规行为、事项，应及时向所在单位、公司合规专员进行书面或电话报告，合规专员向分管领导进行报告，同时将发现的

违规行为、事项及处理建议及时向公司合规专员报告，公司合规专员向公司合规总监汇报。

5.9.2 发现存在有关白银提取、运输或贸易的系统性或广泛人权侵犯行为，或者供应商向非法的非政府武装组织提供直接或间接支持，或者欺诈掩盖白银的原产地或者存在洗钱或恐怖主义融资等事项时，通报与该供应商解除合同关系，相关业务员立即实施。

5.9.3 发现可能存在有关白银提取、运输或贸易的系统性或广泛人权侵犯行为，或者供应商向非法的非政府武装组织提供直接或间接支持，或者欺诈掩盖白银的原产地或者存在洗钱或恐怖主义融资等事项时，立即暂停交易，并对供应链客商进行专项调查，结合调查的结果来确定是否继续进行交易。

5.10 白银供应链交易监控

5.10.1 为确保公司白银供应链交易符合 LBMA 白银负责任指南要求，与公司对于供应链调查评估的风险一致，保证公司白银的来源合规合法，公司应获取收到的每一批含银原料的相关资料。

5.10.2 重量和品质数据，运输单据(货运单、航运单、铁路大票、形式发票等)，进出口相关单据，能够获取的其他资料信息。

5.10.3 交易过程中出现高风险交易情况，业务人员必须要求客户提供相应资料进行相互印证，核实是否真实相符，同时进行交易背景调查，情况不一致的需要通过调查并得出书面调查结果。

5.10.4 每年合规专员组织实施 LBMA 负责任白银年度内部合规性审核，并编制年度合规性报告，并向公司 LBMA 负责任白银供应链管理领导小组领导报告。

5.11 白银供应链第三方审核监督

5.11.1 由指定认可的第三方审计机构开展年度第三方审核，确保持续改进。

5.11.2 针对第三方审核机构在审核过程中提出的风险、问题，涉及白银供应链管理的部门、分子公司，需认真对照问题，制定改进措施、时限、责任人等。

5.12 问责

5.12.1 公司各相关部门、分子公司涉及白银供应链的员工，没有按照本规定要求开展工作，造成不良后果的，根据情节严重程度，依据公司相关问责管理规定进行处理。

5.13 关于 LBMA 负责任的白银尽职调查程序的合理及有效性，合规总监在无特殊情况下每半年组织合规成员进行评估并确定是否需要修改以优化改进。

6 相关文件

《关于 LBMA 负责任白银的公告》

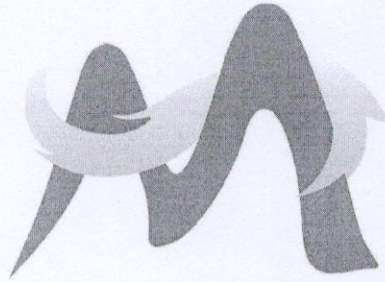
《关于 LBMA 负责任白银原料采购声明》

《关于 LBMA 负责任白银合规小组任命的通知》

《LBMA 负责任的白银供应链尽职调查表》

《LBMA 负责任的白银供应链评估表》

《LBMA 了解你的客户问卷-矿产原料》



LBMA Responsible Silver Supply Chain Due Diligence Management system



Minshan Environmental Energy High tech Co., Ltd. Released (Second Edition)

Silver Supply Chain Due Diligence Policy

Minshan Environmental Energy High tech Co., Ltd. strictly adheres to the LBMA Responsible Silver Guidelines and establishes a silver supply chain due diligence management system in accordance with its requirements. It actively promotes due diligence work in the silver supply chain to ensure that the silver supply chain meets the requirements of the LBMA Responsible Silver Guidelines. We will strictly prohibit the following behaviors in the supply chain:

1. Human rights violations, including the use of child labor, torture, inhumane and degrading treatment, widespread use of violence or other serious anti human rights forced labor, war crimes, crimes against humanity or genocide;
2. Provide direct or indirect support to illegal armed organizations or public or private security forces that illegally control mining areas, traders, other intermediaries, and transportation routes through the supply chain, or illegally tax or extort money or mineral products throughout the entire supply chain ("illegal armed organizations, public or private security forces");
3. Covering up the origin of silver through bribery or fraud;
4. To comply with the government's requirements for extraction, trade, and export taxes and fees for mineral products from conflict and high-risk areas;
5. Money laundering or terrorist financing;
6. Funding conflicts;
7. Engage in high-risk business operations, such as weapons, gambling, antiques and artworks, sects and their leaders;
8. The beneficiaries are politically sensitive individuals or wanted individuals;

If the above behavior is found in the supply chain, we will take measures to isolate the purchased products and immediately suspend or interrupt any transactions with the supplier.

We will regularly assess supply chain risks in accordance with management system requirements, establish supplier due diligence management files, and ensure that the supply chain continues to comply with the requirements of the LBMA Responsible Silver Guidelines.

General Manager:

Date: March 11, 2024



1 Scope of application

This standard specifies the responsibilities, content, and methods of management activities in the silver supply chain management process of Minshan Environmental Energy High tech Co., Ltd.

This standard applies to MINSHAN ENVIRONMENTAL ENERGY HIGH TECH CO., LTD. and all silver suppliers, silver related partners (including silver producers, intermediaries, silver traders, exporters, and transporters) who engage in silver trading and processing with MINSHAN ENVIRONMENTAL ENERGY HIGH TECH CO., LTD.

2 References

LBMA Responsible Silver Guidelines (Second Edition Released in November 2023)

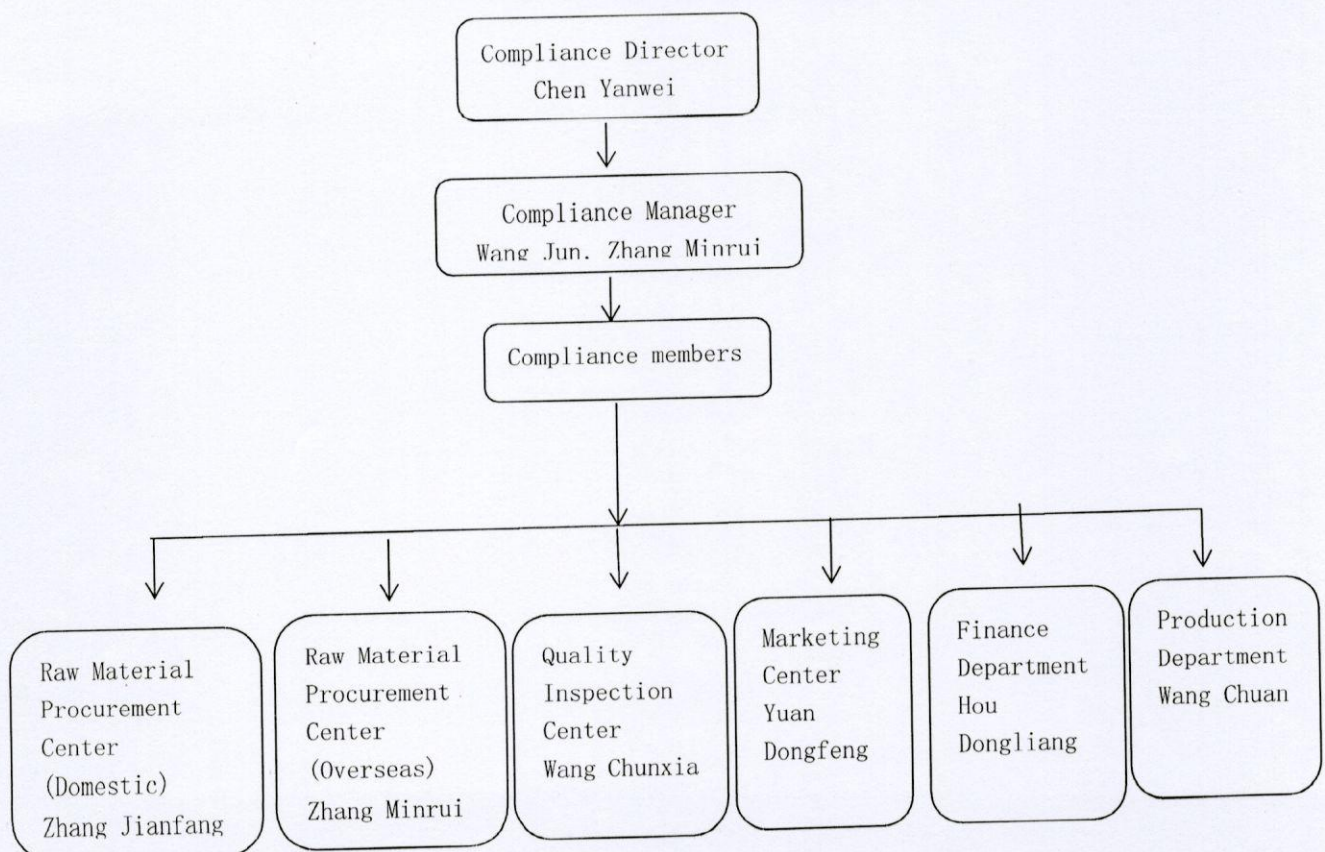
3 Definition

Silver Supply Chain: A supplier of silver containing materials required for the production of silver, such as lead concentrate, silver concentrate, crude lead, anode mud, etc., to the company, as well as customers for the sale of silver products.

4 Organizational Structure and Responsibilities

4.1 MINSHAN ENVIRONMENTAL ENERGY HIGH TECH CO., LTD. has established a dedicated management team for the due diligence of the silver supply chain, with the following organizational structure:

Silver Management Organizational Structure



4.2 Responsibilities:

4.2.1 Compliance Director

Chen Yanwei, Senior Manager and General Manager authorized by MINSHAN ENVIRONMENTAL ENERGY HIGH TECH CO., LTD., is responsible for approving the signing of cooperation contracts with suppliers (including whether to sign contracts with high-risk suppliers) based on our company's raw material procurement policy, production, finance, and sales situation, and is responsible for reviewing related matters with suppliers. Internally, senior managers will provide training to relevant employees in accordance with LBMA's responsible Silver Guidelines document, so that relevant responsible persons can clearly understand the purpose and significance of this system, understand their responsibilities in the implementation of due diligence policies, and organize training to review relevant content within six months.

4.2.2 Compliance Manager

Assist senior management in fully responsible for due diligence matters in the silver supply chain, take responsibility for all matters on the silver supply chain, ensure appropriate measures are taken in high-risk supply chains or transactions, and submit risk assessment reports. And has an obligation to provide training on responsible supply chain, draft and update Silver supply chain policies, and provide accurate information for senior managers to fulfill their responsibilities.

(1) Have the right to monitor the due diligence process of the silver supply chain and evaluate whether the due diligence is sufficiently conducted; If deemed necessary, the right to request additional documents or information.

(2) If there is a high-risk supply chain or transaction, it is necessary to report to the Vice President in charge of the business in a timely manner.

(3) Regularly provide training on silver supply chain rules to employees, draft and update silver supply chain rules, and provide accurate information for senior management to fulfill their responsibilities.

(4) Conduct on-site investigations on important clients at least once a year;

(5) Assist and encourage suppliers of silver containing raw materials and silver trading clients to commit to complying with the due diligence rules of the silver supply chain;

(6) If any abnormal situation occurs, it is necessary to report it to the senior management in a timely manner.

4.2.3 The Raw Material Procurement Center is responsible for raw material procurement, ensuring the long-term, stable, and safe supply of mineral powder and raw materials, and refusing to cooperate with relevant enterprises, organizations, or countries in high-risk areas.

4.2.4 The quality inspection center shall weigh and analyze the purchased silver containing raw materials; The production department is responsible for recording the entry and exit of raw materials; The Precious Metals Business Unit is responsible for weighing and marking the output silver ingots, organizing feeding production in the workshop, and keeping feeding and output silver ingot records. A closed process is adopted in the production process to ensure the safety and traceability of silver production and processing.

4.2.5 The quality inspection center shall ensure the accuracy of testing the purity of silver.

4.2.6 The Production Department is responsible for coordinating with the Raw Material Procurement Center to ensure the accuracy of receiving silver containing raw materials. The Precious Metals Business Unit is responsible for counting the quantity of silver before sales to ensure the safety of silver

physical products leaving the factory.

4.2.7 The raw material procurement center (overseas) and marketing center need to confirm the identity information of the delivery person, and adopt a supervision mechanism to ensure the security of the transaction during the transaction process, ensuring that the company does not participate in terrorist financing.

4.2.8 The raw material procurement center shall develop a training plan and organize training for compliance members in an offline or online manner. They shall learn the relevant content of the LBMA Responsible Silver Guidelines and accurately grasp the relevant policies of the company's responsible silver management, at least once a year.

5 Management System

5.1 Develop and publish the company's due diligence policy on LBMA's responsible silver supply chain

5.1.1 Company Announcement on LBMA Responsible Silver, informing supply chain partners to strictly abide by the company's silver supply chain management system and publicly accepting supervision from all sectors of society and internal employees of the company.

5.1.2 The company's commitment to purchasing silver raw materials is to comply with the LBMA Responsible Silver Guidelines, actively participate in and support the traceability of LBMA silver containing raw materials, strictly comply with the requirements of the silver supply chain conflict free smelter plan, and not engage in transactions with suppliers of silver containing raw materials from conflict affected and high-risk areas.

5.2 Due diligence process

5.2.1 Before the transaction, clearly inform the other party of the LBMA responsible silver supply chain management policy and requirements of the company.

5.2.2 Distribute due diligence questionnaires to suppliers and customers of silver containing raw materials, with specific content detailed in the due diligence questionnaire, and collect corresponding qualifications and information.

5.2.3 Track and retrieve due diligence questionnaires, and conduct risk assessments.

5.2.4 Prepare due diligence report.

5.3 Due diligence content

5.3.1 Due diligence suppliers include mineral silver suppliers, silver containing material suppliers, recycled silver suppliers, traders, and transporters.

5.3.2 Due diligence clients include traders, buyers, etc;

Before procurement and sales transactions occur, it is necessary to understand the responsible supply chain procurement and sales situation of suppliers and customers from conflict affected, high-risk areas, and other risk situations.

5.3.4 Due diligence should include supply chain qualifications, identification of the origin of silver raw materials, mining and mountain pass permits, proof of mining situation information on whether human rights have been violated and whether operations have been violated, mining capacity data, etc., which may cause significant adverse effects on ESG risks.

5.4 Due diligence measures

5.4.1 Establish a supply chain customer/supplier file. Including name, legal representative, address, contact information, operation method, transaction contract, etc.

5.4.2 An annual evaluation of the existing supply chain is required. If there are suppliers or customers, a risk assessment must be conducted in a timely manner to meet the system requirements before transactions can proceed.

5.4.3 Ensure that there is no money laundering, fraud, or terrorist activity in the supply chain.

5.4.4 Regularly obtain information on the operational status and transaction objectives of supply chain companies.

5.4.5 For mineral silver suppliers, the following information needs to be obtained before the transaction:

- a) Information on the origin of silver;
- b) Mining license;
- c) Provide import/export license for silver or concentrate;
- d) Proof of Mining Situation Information;
- e) Regularly conduct due diligence on mineral silver clients.

5.4.6 For customers in the recycled silver supply chain, the following information needs to be obtained before the transaction:

- a) Regenerated silver suppliers need to provide legal business relationships, including proof of the source of recycled silver, beneficiaries, and other information;
- b) The company will continue to conduct due diligence on regenerated silver customers.

5.5 Risk assessment criteria

5.5.1 Zero tolerance supply chain

(1) Once zero tolerance issues are identified, the company is not allowed to establish business relationships with silver suppliers or must immediately terminate existing relationships. The company will immediately notify LBMA.

(2) Zero tolerance issues include but are not limited to:

- a) The extraction of silver comes from areas designated as World Heritage Sites.
- b) Procurement of extracted or recycled silver in violation of international sanctions (including but not including those imposed by the United Nations, the European Union, the United Kingdom, and the United States).

c) Suppliers of silver or recycled silver, other known upstream companies, or their UBOs are known money launderers, fraudsters, or terrorists, or have seriously violated human rights, or directly or indirectly supported illegal non-state armed organizations.

5.5.2 Direct assessment as high-risk standard

a) The source of mineral silver (including silver concentrate) or recycled silver, the silver sales area passing through or passing through conflict affected areas or high-risk areas for human rights violations.

b) The mineral silver originates from a country with known limited reserves, limited resources, or expected limited silver production.

c) Regenerated silver comes from known sources, is sold to well-known or suspected sources, or passes through conflict affected areas and high-risk areas for human rights violations.

d) Other known upstream companies and silver sales customers of the silver supply trading party are located in countries with high money laundering risks.

e) The equity owners who have significant influence on the supplier, its known upstream

companies, and silver sales customers are politically sensitive individuals.

f) Suppliers, their known upstream companies, and silver sales customers are engaged in high-risk businesses such as weapons, gambling, antiques and artworks, sects, and their leaders.

g) High risk countries and regions from and through, including conflict and war countries and regions listed by CFSP, countries or regions sanctioned by the United Nations, and countries and regions listed as high-risk for money laundering by FATF.

h) Not in compliance with legal requirements for environmental protection and sustainable development.

5.5.3 Evaluation method: Based on the content of the LBMA supply chain evaluation form in the LBMA due diligence toolkit, combined with the corresponding information received from suppliers and customers, an evaluation is conducted to ultimately determine the risk level.

5.5.4 Response measures

(1) Low risk (Red Flag not detected): Continue trading to reduce risk. Maintain relationships, but implement improvement plans.

If the results of the enhanced due diligence EDD are not entirely satisfactory, or if it is believed that although the counterparty has made reasonable and good faith efforts, the company may continue to refine silver:

- a) Bribery;
- b) Non fraudulent false reporting of mineral origin;
- c) Failure to pay taxes, fees, and royalties payable to the government;
- d) Serious violations of local legislation related to the environment, health, safety, labor, and community, and/or ESG risks that are highly likely to cause adverse effects.

In this case, the company should require the counterparty to implement improvement plans that meet the following conditions:

- a) Provided by the company for input and participation in design;
- b) Clear records, including performance goals and quantitative and/or qualitative performance measurement indicators;
- c) Approved by regulatory officials and/or board committees.

(2) Medium risk (Red Flag detected): Suspend trading until reduced to low risk.

If the enhanced due diligence EDD finds the following situations, the company should suspend the extraction of silver:

- a) There are reasonable suspicions about:
Money laundering; Terrorist financing; Serious violations of human rights; Directly or indirectly supporting non-state armed organizations;
False reporting of mineral origin.

- b) There are claimed catastrophic ESG impacts defined in the company's classification criteria.

Once additional information/data is obtained from the supplier to refute initial suspicions or a timely and appropriate response to ESG impacts, the extraction can be resumed. This should be approved by the compliance officer and/or board committee.

Improvement plan: Communicate with suppliers to promote their designated and implemented improvement measures, and continue trading after confirming that the risks meet the requirements of this regulation within 6 months; If the supplier refuses to provide relevant legal proof documents and rectification reports within 6 months, the company should classify it as a high-risk supply chain and stop trading with it. The specific requirements are as follows:

For large-scale mining of silver, manual and small-scale mining of silver, and recycled silver: use reliable and independent sources of documents, data, and information to verify the situation. From mines to refineries, every company in the supply chain (including silver producers, traders, exporters, and transporters) is required to have their income owners and government monitoring list information verified.

(3) High risk: stop trading, cut off risks, list them on the company's blacklist, and cannot trade with the company for three years.

When the enhanced due diligence EDD discovers the following known situations, the company should immediately stop refining silver:

- a) Money laundering;
- b) Terrorist financing;
- c) Serious violations of human rights;
- d) Direct or indirect support for non-state armed organizations;
- e) False reporting of mineral origin.

5.6 Silver Supply Chain Due Diligence Training

5.6.1 The company will provide training on this regulation to employees in the silver supply chain every year, and include the training plan in the annual training plan, at least once a year.

Employees involved in the silver supply chain must participate and receive relevant training confirmation through training attendance.

5.6.3 Adopt online or offline teaching methods.

5.7 Supply Chain Traceability System

5.7.1 Establish a supply chain traceability system, collect and maintain supply chain information for each refining batch, including assigning a separate reference number for each input and output:

- a) Silver product traceability upwards (silver raw material)
 - Type of silver containing material (mineral silver/recycled silver);
 - Storage weight and analysis report;
 - Raw material storage date and finished product storage date;
- b) Silver product traceability down (silver customer)
 - Customer information;
 - Transaction weight and analysis report;
 - Delivery date;

5.8 Record retention

5.8.1 Maintain sufficient supply chain documentation records in accordance with LBMA requirements to demonstrate compliance with appropriate and ongoing due diligence.

5.8.2 Keep records of the supply chain traceability system.

5.8.3 Record retention for 5 years.

5.9 Reporting Procedure for Violations and Matters in Silver Supply Chain

5.9.1 If any staff member related to the company's silver supply chain discovers any violations or issues, they should promptly report them in writing or by phone to their unit or the company's compliance officer. The compliance officer should report to the responsible leader, and report the discovered

violations, issues, and handling suggestions to the company's compliance officer in a timely manner. The company's compliance officer should report to the company's compliance director.

5.9.2 If there are systematic or widespread human rights violations related to the extraction, transportation, or trade of silver, or if the supplier provides direct or indirect support to illegal non-governmental armed organizations, or fraudulently covers up the origin of silver or involves money laundering or terrorist financing, the supplier shall be notified to terminate the contract relationship, and the relevant salesperson shall immediately implement it.

5.9.3 When it is discovered that there may be systematic or widespread human rights violations related to the extraction, transportation, or trade of silver, or suppliers provide direct or indirect support to illegal non-governmental armed organizations, or fraudulently cover up the origin of silver, or there is money laundering or terrorist financing, transactions shall be immediately suspended, and special investigations shall be conducted on supply chain customers to determine whether to continue transactions based on the results of the investigation.

5.10 Silver Supply Chain Transaction Monitoring

5.10.1 To ensure that the company's silver supply chain transactions comply with the LBMA Silver Responsible Guidelines, align with the risks assessed by the company's supply chain investigation, and ensure that the source of the company's silver is compliant and legal, the company should obtain relevant information for each batch of silver containing raw materials received.

5.10.2 Weight and quality data, transportation documents (waybills, shipping bills, railway bills, formal invoices, etc.), import and export related documents, and other information that can be obtained.

5.10.3 In the event of a high-risk transaction during the trading process, business personnel must request the customer to provide corresponding information for mutual verification, verify whether it is true and consistent, and conduct a background investigation of the transaction. If the situation is inconsistent, a written investigation result must be obtained through investigation.

5.10.4 Every year, the compliance officer shall organize and implement the LBMA responsible silver annual internal compliance audit, prepare an annual compliance report, and report to the leadership of the LBMA responsible silver supply chain management leadership group of the company.

5.11 Third party audit supervision of silver supply chain

5.11.1 Conduct annual third-party audits by designated and recognized third-party auditing agencies to ensure continuous improvement.

5.11.2 In response to the risks and issues raised by third-party auditing agencies during the auditing process, departments and subsidiaries involved in silver supply chain management need to carefully compare the problems, develop improvement measures, time limits, responsible persons, etc.

5.12 Accountability

Employees from relevant departments and subsidiaries of the company involved in the silver supply chain who fail to carry out their work in accordance with the requirements of this regulation, resulting in adverse consequences, shall be dealt with in accordance with the company's relevant accountability management regulations based on the severity of the situation.

5.13 Regarding the reasonableness and effectiveness of LBMA's responsible silver due diligence procedures, the Compliance Director organizes compliance members to evaluate and determine

whether modifications are needed to optimize and improve them every six months, unless there are special circumstances.

6 Related documents

Announcement on LBMA Responsible Silver

Declaration on Responsible Silver Raw Material Procurement by LBMA

Notice on the Appointment of LBMA Responsible Silver Compliance Team

LBMA Responsible Silver Supply Chain Due Diligence Survey Form

LBMA Responsible Silver Supply Chain Assessment Form

LBMA Understanding Your Customer Questionnaire - Mineral Raw Materials

