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hazard[illegible] and protection [illegible] workers' rights. [illegible] of [illegible] participa[illegible] and management plans, such as land acquisition and community resettlement, [illegible] heritage sites and indigenous peoples, closure planning and [illegible] groups. Commercial dishonesty and unethical behavi[illegible]

2.8 Silver Sourcjs

through large-scale ore processing and smelting at mines, with high silver content (85%ï90% purity). This form of mined silver is not yet commercially pure, requiring direct refining and does not need additional intermediate processing before refining.

2.14 Owned Mine: A mining operation owned and operated by the same corporate group.

2.15 Mining By-Product: Silver obtained as a trace component during the extraction of base metals (e.g., lead, zinc, or copper ores).

2.16 Source of Mining By-Product: An exception to the standard "Source of Mined Silver" definition. This refers to the point where trace silver is first separated from its host ore (e.g., at a refinery). Refiners must conduct due diligence to prevent misrepresentation, ensuring that mining by-products are not used to obscure the origin of newly mined silver.

2.17 Recycled Silver: Traditionally includes any silver-bearing material not directly sourced from mining in its first lifecycle. In practice, it covers post-consumer scrap (e.g., end-user products, jewelry, electronics); industrial scrap (e.g., manufacturing waste, refining residues); investment silver (e.g., bars, coins, medals) returned to refiners for reprocessing. This category may also include previously refined silver (e.g., granules, LBMA Good Delivery bars) that re-enters the supply chain for economic recovery or conversion into new products (e.g., recast into 1kg bars).

2.18 Source of Recycled Silver: The point in the supply chain where silver is returned to a refiner, downstream processor, or recycler for reintegration.

2.19 Unprocessed Recyclable Silver: Recyclable silver retaining its original form before reprocessing (e.g., intact bars, jewelry, coins, silverware, machining scraps).

2.20 Melted Recyclable Silver: Recyclable silver that has undergone initial melting and casting into crude bars or other shapes (of unspecified dimensions and variable purity)

2.27 Intermediate Refiner: A non-Good Delivery List (GDL) refiner that processes raw materials before delivery to GDL refiners. Intermediate refiners typically consolidate various material streams (e.g., jewelry scrap, e-waste, and process residues) into viable lots for refining. Entities performing only melting operations do not qualify as intermediate refiners.

2.28 International Cyanide

mercury shall be phased out in existing mines, mercury usage in products and processes shall be eliminated and gradually reduced, control measures shall be implemented for mercury emissions into the air, as well as into land and water, and the industry of informal manual and small-scale silver production shall be regulated.

2.33 Money Laundering: Money laundering is the act of concealing the source of illegally obtained funds. It is a process that makes criminal proceeds appear legitimate. The funds involved can be generated through any number of criminal activities, including drug trafficking, corruption, and other types of fraud. The methods of money laundering vary greatly, ranging from simple to complex.

2.34 Politically Exposed Person (PEP): Current and former individuals who have been entrusted by specific countries to undertake important public functions, as well as their family members and close partners (whether domestic or foreign). These individuals include heads of state or government, senior politicians and government officials, senior managers of state-owned enterprises, and important party officials. The definition of PEP does not intend to cover intermediate or less senior individuals within these categories. Many of the positions held by PEPs may be used for money laundering of illegal funds or other crimes based on abuse of power (such as corruption or bribery). The PEP status does not indicate that criminal activities will occur, but the additional risk exposure it brings means that refiners must apply additional AML/CFT measures when establishing business relationships.

2.35 Supplier: Refers to any individual or organization that is involved in the supply chain of silver and silver-containing materials.

2.36 Sustainable Development: Development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs.

2.37 Terrorist financing: This includes providing funds for terrorist activities, terrorists,

and terrorist organizations.

2.38 World Heritage Site: A landmark or region selected by the United Nations Educational, Scientific and Cultural Organization ("UNESCO") that holds cultural, historical, scientific or other significant importance and is protected by international treaty laws. These sites are regarded as being of great significance to the collective interests of humanity.

2.39 Protected Area: A protected area refers to a clearly defined and specifically managed geographical space recognized and managed by law or other effective means, aiming to achieve long-term protection of nature and provide related ecosystem services and cultural values. Protected areas include national parks, wilderness areas, community reserves, nature reserves, and other areas.

2.40 Ultimate Beneficial Owner (UBO): Refers to the



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3. We promise not to ask for any bribes, resist all forms of temptation, and promise that we will not bribe to underreport taxes and fees payable to the government for activities such as mining, trade, transportation, and export of minerals. We will not, in any way, offer, promise, give, or request bribes or kickbacks to individuals, including government official, customer, supplier, or any other organization. We pledge to pay all payable taxes to the relevant government authorities on time.

4. Adopt a zero-tolerance policy towards non-compliance with regulations regarding taxes, fees, and royalties payable to the government for the mining, trade, and export of minerals originating from Conflict-Affected and High-Risk Areas ("CAHRA") Suspension or Halt Policy .

5. Adopt a zero-tolerance policy towards money laundering, terrorist financing, or any actions that contribute to conflict Suspension or Halt Policy .

6. Adopt a zero-tolerance policy towards detrimental to environmental, social and governance (ESG) factors Suspension or Halt Policy .

6.1 Violations of environmental, health, safety, and labor regulations or company policies in the countries or regions where it operates.

6.2 Violations of environmental management, including: a. Air, water, and land pollution and incident management plans; b. Water management, particularly in water-scarce areas; c. Unauthorized procurement from World Heritage Sites and protected areas.

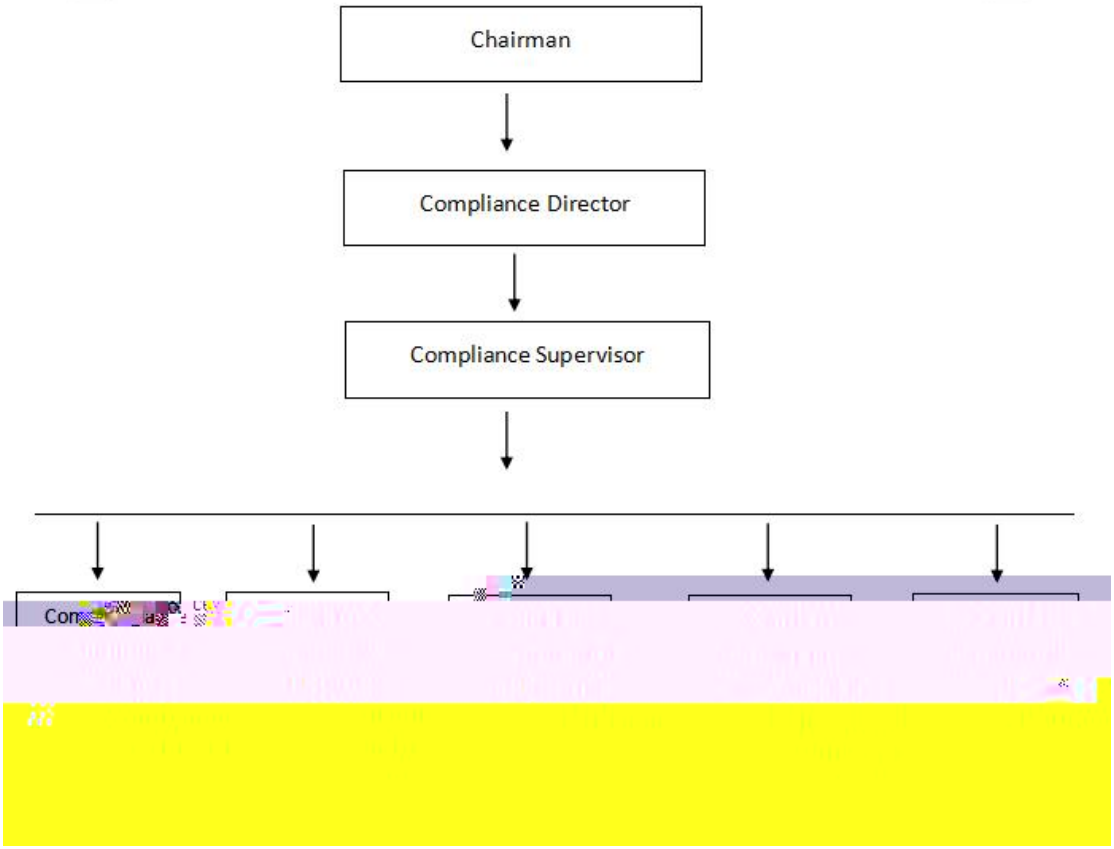
6.3 Violations of the storage, handling, and disposal of hazardous chemicals (including mercury and cyanide).

6.4 Violations of labor issues, including wages, working hours, collective bargaining, discrimination, diversity, disputes, and protection of workers' rights.

6.5 Violations of community engagement and management programs, such as land acquisition and community resettlement, cultural heritage sites and indigenous peoples,

closure planning, and protection of vulnerable groups.

6.6 Commercial



2. Responsibilities of various personnel

2.1 Responsibilities of Chairman

2.1.1 Based on national laws and regulations, customer and industry requirements, as well as applicable international standards, be responsible for establishing, implementing, and maintaining the company's due diligence management for the silver supply chain.

2.1.2 Appoint compliance officer to responsible for silver supply chain matters.

2.1.3 Evaluate and supervise relevant departments and personnel who responsible for the system.

2.1.4 Establish an internal accountability system or equivalent mechanism to ensure the effective implementation of the system; evaluate whether key information, including company policies, has an effective structure and communication process to convey to relevant employees and silver supply chain counterparts.

2.1.5 Coordinate the resolution of resource requirements and arising issues during

2.3 Responsibilities of Compliance Supervisor

2.3.1 Assisted the compliance director in arranging and carrying out the due diligence work of the silver supply chain of the company, assisted the compliance director in supervising and inspecting the due diligence process of the silver supply chain, and collected relevant information.

2.3.2 Regular training of employees on responsibility silver guidelines and supply chain due diligence policies.

2.3.3 Responsible for drafting and revising the company's silver supply chain related policies and guidelines.

2.3.4 Responsible for collecting and summarizing the opinions and suggestions of employees on due diligence of silver supply chain.

2.3.5 Responsible for the preparation of the Annual Report on Due Diligence of the Silver Supply Chain

2.4 Responsibilities of Compliance Officer of Finance Department

2.4.1 Strictly implement supply chain due diligence measures and high-risk silver supply chain evaluation standards.

2.4.2 Be responsible for collecting and preserving sufficient silver supply chain documents.

2.4.3 Completely keep all transactions and financial documents of silver suppliers for a period of at least 5 financial years.

2.4.4 Evaluate the financial data of silver supplier and clarify the purpose and original intention information of their business relations.

2.4.5 Be responsible for collecting and urging importers to complete corresponding due diligence reports.

2.4.6 Verify the qualifications of shipping agents and transportation companies, track and properly keep each shipping document, and analyze and evaluate the transportation routes through which the goods pass.

2.4.7 Conduct regular on-site investigations of major foreign suppliers.

2.4.8 Assist and encourage foreign suppliers to commit and confirm in writing that they comply with the provisions in Appendix II of the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High- Risk Areas*.

2.4.9 Be responsible for organization to participate in taking measures such as on-site/remote assessments to reduce risks until risks are eliminated in silver supply chains or transactions where risks have been identified.

2.4.10 Report to the Compliance Supervisor in case of abnormality in the due diligence process and silver transaction.

2.4.11 Regularly attends training on the accountability guidelines and supply chain due diligence policy.

2.5 Responsibilities of the Compliance Officer of the Domestic Material Supply Department

2.5.1 Strictly implement the supply chain due diligence regulations and high-risk silver supply chain evaluation criteria.

2.5.2 Be responsible for collecting and maintaining sufficient silver supply chain documents.

2.5.3 Be responsible for collecting and urging domestic suppliers to complete corresponding due diligence reports.

2.5.4 Verify the qualifications of shipping agents and transportation companies, track and properly keep each shipping document, and analyze and evaluate the transportation

routes through which the goods pass.

2.5.5 Conduct regular on-site investigations of ma



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2.8.3 Be responsible for supervising the production and use of each batch of silver materials and makes corresponding records and saves these records for at least 3 years.

2.8.4 Report to the Compliance Supervisor in case of abnormality in the due diligence process and silver transaction.

2.8.5 Regularly attends training on the accountability guidelines and supply chain due diligence policy.

3. The company provides ongoing silver supply chain training for all employees involved in the silver supply chain, records the details of these activities, and appropriately monitors employee attendance and their understanding of supply chain risks and due diligence processes.

4. The company pays and receives payments for silver through official banking channels and should not engage in any cash transactions. For transactions exceeding $10,000 in value, the company must pay and receive payments for silver through official banking channels and should not engage in any cash transactions. The only exceptions allowed under this rule include:

4.1 Where applicable, cash purchases exceeding the limit may be made from suppliers who possess government-issued identification and purchase receipts that can be recorded for income tax purposes.

4.2 Cash purchases of legitimate ASM silver, provided that all transactions involving legitimate ASM silver are conducted through formal channels (from the point of export in the producing country to any subsequent counterparties).

4.3 These ASM practices and/or cash transactions below the specified limit must be supported by verifiable information and approved by the Compliance Director.

5. Where appropriate, the company must fully and transparently cooperate with government agencies and provide adequate records and information. Relevant authorities

refined materials from the source to the company, such as bills o

mineral due diligence policy aligns with the requirements of company's Silver Supply Chain Due Diligence Policy.

3. The company ensures that all silver material suppliers understand and comply with LBMA management requirements, and that suppliers provide written commitments confirming the absence of any actions violating OECD requirements. During cooperation, the company will gradually assist suppliers in establishing their due diligence systems and help them improve shortcomings in risk management. Additionally, the company encourages key participants in the upstream and downstream supply chain to engage in due diligence and join industry audits, assist silver supply counterparties or potential suppliers (including legitimate ASM and local traders) to improve their supply chain practices and promoting best practices in responsible sourcing.

1. The Company has developed a grievance mechanism for mineral supply chain due Diligence management system, which allows stakeholders to express their views on the mining, trading, handling and export of the Company's mineral supply chain.The company has also established a special petition system in Audit Inspection Department, as way for internal employees to report, and the company has formulated a system to protect whistleblowers, prevent retaliation against whistleblowers, and effectively protect the rights and interests of whistleblowers.

2. The complaints channel of company is the email address of the compliance team: qiang.pen@nanfangmetal.com, the internal and external stakeholders can anonymously report the violations in the process of silver transaction.

3. The scope of complaints includes comments, suggestions or complaints from any internal or external stakeholders regarding issues such as human rights violations, conflict facilitation, governance, environmental protection and occupational health and safety, adverse ESG factors in the mining, trade, processing and export of materials covered by the company's products as outlined in the policy.

4. The Enterprise Management Department is responsible for leading the complaints received by this channel and the relevant processing.

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5.1 Grievances meeting the following conditions will be accepted:

5.1.1 The risks involve to the company's *Silver Supply Chain Due Diligence Policy*.

5.1.2 Relates to the defects, inconsistencies, or deficiencies in the company's due diligence system.

5.1.3 Include sufficient objective evidence to reasonably support the allegations made by the complainant.

5.1.4 Submitted in good faith.

5.2 The following grievances will not be accepted:

5.2.1 Lacking sufficient objective evidence to reasonably support the [illegible]

5.2.2 Not submitted in good faith.

6. Grievance handling:

6.1 Upon receiving a grievance, the Enterprise Management [illegible]

mechanism and prevent recurrence of similar issues .

6.4 Information Protection: All grievance information received by the company will be securely stored by a designated officer in the Enterprise Management Department. Disclosure to individuals outside the department is prohibited without the approval of the head of the Enterprise Management Department.

6.5 Complainant Protection: The company will adhere to the principles of fact-based, procedural, confidential, and timely handling of grievances to protect the legitimate rights and interests of complainants. The company will strictly maintain the confidentiality of the complainant's information and commits to not retaliating against complainants in any form due to their grievance. If a breach of confidentiality principles results in harm to the interests of complainants, the company will take appropriate disciplinary action or transfer the matter to judicial authorities.

6.6 Continuous learning: Regarding external grievances received by the Company, the Corporate Management Department is responsible for organizing relevant departments and personnel to study the lessons learned identified from such grievances. For internal grievances, the Internal Audit and Supervision Department shall notify the complainant and organize relevant personnel within the department to study the identified lessons learned. Through the aforementioned mechanisms, the Company aims to prevent future grievances and harm.

1. Supply chain due diligence follows a risk-based approach, including mapping the supply chain to effectively identify and assess risks. The company must conduct due diligence before establishing new business relationships with silver supply counterparties and during the maintenance of such relationships.

2. Supply chain due diligence: Supply chain due diligence should assess risks related to the location, supply chain, and type of silver-containing materials being procured.

2.1 Location risk identification should include but not limited to:

2.1.1 Determining the source of silver and promptly recording the source category: mined silver, recycled silver, mining by-products, and official stockpiles.

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transportation routes with suppliers or counterparties in the supply chain.

4.3 High-risk material sources: Recycled silver comes from intermediate refiners or traders with high-risk supply chains (according to the OECD Due Diligence Guidance) or from counterparties procuring from intermediate refiners with high-risk supply chains (according to the OECD Due Diligence Guidance).

5. Low-risk supply chain assessment criteria: Supply chains that do not meet the criteria for zero-tolerance or high-risk supply chains

producers, intermediaries, silver traders, smelters, exporters, and transporters).

2.1.2 Understand the nature and extent of private security services provided in the mining area and supply chain.

2.1.3 Assess the risk of militarization of the mining area and transportation routes and the risk of direct or indirect support for illegal non-state armed groups or public or private security forces.

2.1.4 Review and determine the risk of any party committing serious human rights violations in the mining area, transportation routes, and silver trading and/or export links.

2.1.5 Estimate the number of artisanal and small-scale miners (if any) based on producer concessions and: a. confirm their legitimate ASM status; b. assess the risk that silver from third-party source is unknowingly introduced into the producer's operations; c. confirm the relationship between producers and ASM participants to identify instances of conflict or tension.

2.1.6 Complete self-declarations for tax and royalty compliance, if applicable.

2.1.7 Assess payments or compensations made to government agencies and officials, public or private

2.2.5 Assess any conflicts or tensions between LSM and ASM.

2.2.6 Assess the risk, suspicion, or reports of silver from other sources being unknowingly introduced into the silver supply chain and/or misrepresentation.

2.2.7 Assess the storage, handling, and use of mercury and its impact on the environment and worker health.

4.1 Verify government watchlist information for each company (including transporters) that is located in high-risk locations for recycled silver and involved in the supply chain between the silver supply counterparties to the refineries.

4.2 Interview selected management and on-site personnel to identify and confirm supply chain due diligence practices, procurement, anti-money laundering, and counter-terrorism financing procedures.

4.3 Assess whether the silver supply counterparty's ability for supply chain due diligence is proportional to the risk.

4.4 Assess the [illegible] m

3. Based on the progress made in the first six months, define additional measures in the re[illegible]d improvement plan.

4. The Domestic Materials Supply Department and Finance Department should conduct formal risk management performance evaluations through independent audits, follow-up on-site inspections, or remote reviews,to determine whether appropriate measures have been taken before the improvement deadline.

5. To facilitate monitoring improvement activities, the Domestic Materials Supply Department and Finance Department should communicate with affected stakeholders as appropriate, agree on measurable risk mitigation strategies in the improvement plan, cooperate with stakeholders to promote the implementation of the improvement plan, and monitor and track the performance of mitigation measures. The implementation, monitoring of improvement plans and performance tracking measures should be carried out in collaboration and/or consultation with affected stakeholders, local and central governments, upstream enterprises, international or civil society organizations, and relevant records should be retained.

6. Six months after the implementation of risk management improvements, if measurable improvements are limited or immeasurable improvements, the company shall suspend cooperation with the supplier until the supplier responds to the improvement plan. When risk mitigation and improvements fail, the company shall terminate cooperation with the supplier.

7. The compliance team shall reassess and review whether to maintain business relationships with suppliers at least once a year based on the risk mitigation strategy.

The compliance team retains ultimate control and responsibility for the silver supply chain. The compliance supervisor must report to the compliance director and chairman on the actual and potential risks identified in the companyôs due diligence management of the supply chain, as well as the proposed risk management strategies, at least once a year. The report shall include, but not be limited to:

1. Relevant statistical data on highm[illegible]

3. Reports on the progress and effectiveness of improvement plans.

The compliance team shall organize an annual review of supply chain risk management to evaluate the adequacy, suitability, and effectiveness of the system. Based on the review results, the company shall compile a compliance report on silver IJ

High-Risk Areas. The report includes but not limited to the following information:

1. Company profile and the reporting time period.
2. Disclose an overview of activities conducted during the reporting year to comply with the Responsible Silver Guidance and achieve planned objectives.
3. Disclose the companyôs compliance with each step of the five-step framework of the Responsible Silver Guidance during the reporting year.
4. Disclose the managementôs overall conclusion on whether the company compliance with the provisions of the Responsible Silver Guidance and the planned objectives during the reporting year.
5. Disclose EDD measures, methods, practices, and on-site visits adopted during the reporting year to clarify high-risk operations and supply chain conditions, as well as the actual or potential risks identified.
6. Disclose measures, risk mitigation strategies, performance monitoring and tracking taken during the reporting year to strengthen the chain of custody or traceability systems for high-risk supply chains, as well as follow-up results after six months.
7. Within the companyôs acceptable range and in compliance with domestic legal requirements, disclose the number of instances during the reporting year where the company ceased cooperation with suppliers and/or supply chains who did not disclose their identities.
8. The compliance report must be submitted to the LBMA and published on the companyôs website.