

Responsible Gold and Silver Supply Chain Due Diligence Management Policy of Henan Zhongyuan Gold Smelter LLC

General provisions

Article 1 In order to combat systematic or widespread abuses of human rights, to avoid contributing to conflict, and to comply with high standards of anti-money laundering and combating terrorist financing practice, as well as in accordance with <LBMA Responsible Gold Guidance>, <LBMA Responsible Silver Guidance>, and <Annex II of OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas>, the company formulated <Responsible Gold and Silver Supply Chain Due Diligence Management Policy of Henan Zhongyuan Gold Smelter LLC> (hereinafter referred to as "the Policy") based on the business context.

Article 2 The term supply chain of gold (silver) as mentioned in the Policy refers to the system of all the activities, organizations, actors, technology, information, resources and services involved in moving gold (silver) from the source to end consumers.

Article 3 The company undertakes due diligence on the gold (silver) supply chain, mainly following the principles below:

(1) The principle of comprehensiveness. Due diligence should cover comprehensive businesses processes and units related to the company's gold (silver) supply chain.

(2) The principle of importance. Based on the comprehensiveness, the company due diligence should focus on the conflict-affected areas.

(3) The principle of objectivity. The results of due diligence should accurately and truthfully reveal the risk of conflict gold (silver) in the supply chain.

Article 4 The Policy is applicable to the main responsible departments and coordination departments related to the due diligence management of the company's gold (silver) supply chain.

Chapter II Organization and responsibilities

Article 5 The Senior Management Committee, the governing body of due diligence management, is responsible for the effectiveness of the gold (silver) supply chain management. The main responsibilities are as follows:

- (1) To approve the <Responsible Gold and Silver Supply Chain Due Diligence Management Policy of Henan Zhongyuan Gold Smelter LLC>;
- (2) Appointing Compliance Officer to manage routine work of due diligence;
- (3) Authorizing the Deputy General Manager in charge of the Gold (Silver)-bearing Material Procurement Department to review the due diligence results and risk management strategy.

Article 6 The Gold (Silver) supply chain compliance management office is set up in the Risk Control and Compliance Department, and its main responsibilities are as follows:

- (1) Compiling and updating <Responsible Gold and Silver Supply Chain Due Diligence Management Policy of Henan Zhongyuan Gold Smelter LLC>;
- (2) Reviewing the due diligence results submitted by gold (silver)-bearing Material Procurement Department;
- (3) Evaluating the effectiveness of risk management strategy;
- (4) Coordinating the gold (silver) supply chain training;
- (5) Reporting directly to Senior Management Committee when necessary.

Article 7 Gold (silver)-bearing material procurement departments are responsible for the implementation of due

diligence in the supply chain of gold (silver). Main responsibilities are as follows:

(1) Supplier evaluation prior to contracting, monitoring of transactions with approved suppliers and annual evaluation process;

(2) Reporting directly to Compliance Officer when necessary;

(3) Communicate company's gold (silver) supply chain policy and requirements to gold (silver)-supplying counterparties.

(4) Properly retain and file the information and documents obtained during the due diligence process.

Article 8 Human Resource Department is responsible for cooperating with Compliance Officer to carry out the gold (silver) supply chain training.

Article 9 The Department of Health, Safety and Environmental protection shall cooperate with Compliance Officer and Procurement Department to carry out the environmental and sustainability work in the Gold (Silver) supply chain.

Article 10 Internal Audit Department and the Discipline Inspection Commission office are responsible for independent monitoring and evaluation of the company's gold (silver) supply chain management.

Chapter III Prior Control

Article 11 Before signing the contracts with suppliers, Gold (silver)-bearing material procurement departments shall have the <LBMA Questionnaire – Mined Material> or <LBMA Questionnaire – Recyclable Material> filled by suppliers according to the types of gold (silver) materials (mineral materials or recycled materials). Gold (silver)-bearing material procurement departments are responsible for conducting due diligence on suppliers and establishing a risk oriented supplier information collection mechanism taking factors of supplier's registration place, nature and business type of suppliers into account:

(1) Use reliable and independent source documents, data or information to verify the basic information of suppliers;

(2) Identify the ultimate owner of the supplier;

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

(4) Confirm that the supplier and its ultimate owner are not on the list of money laundering, fraud and terrorist organizations issued by any governments or authorities globally;

(5) For mined material suppliers, identify related country of origin, obtain mining license, import and export license (if applicable), mining capacity data, shipping route, collect and evaluate supplier policies and procedures;

(6) For ASM suppliers, their legitimacy should be evaluated;

(7) For recycled material suppliers, collect and evaluate the supplier's anti money laundering and anti-terrorist financing related information.

Article 12 Gold (silver)-bearing material procurement departments shall carry out risk identification of gold (silver) supply chain according to the collected information, and shall focus on risks in the following areas:

(1) Serious human rights violations in the process of mining, transportation and trading of minerals;

(2) Direct or indirect financing of non-state armed groups or security forces;

(3) There are bribery and fraudulent misrepresentation when obtaining gold (silver);

(4) Money laundering and terrorist financing;

(5) Contribution to conflict;

(6) Environmental damage in the process of mining, transportation and trading.

Article 13 Gold (silver)-bearing material procurement departments shall be responsible for the risk assessment of

suppliers from two aspects of country risk and company risk. When the following situations exist, a supplier should be identified as high-risk:

1. Country risk

(1) The mined gold (silver) or recycled gold (silver) originates from or has been transported through a conflict-affected or human right abuse area;

(2) The mined gold (silver) is claimed to originate from a country that has limited known reserves or stocks, likely resources or expected production levels of gold (silver);

(3) The recycled gold (silver) is claimed to originate from a country through which gold (silver) from conflict-affected and high-risk areas is known or reasonably suspected to transit;

(4) The mined gold (silver) and copper is claimed to originate from areas containing world heritage sites.

2. Company risk

(1) Supplier or its up-stream company is located in a high risk country that is related to money-laundering, criminal or corruption;

(2) Supplier or its up-stream company or beneficial owners are politically exposed person;

(3) Supplier or its up-stream company is active in a higher-risk business activity such as arms, gaming and casino industry, antiques and art, diamond merchants, sects and their leaders;

(4) Suppliers or its up-stream company or beneficial owners engage in environmental damaging mining activities, such as the use of cyanide and mercury.

Article 14 For suppliers whose risk level is high, the procurement department of gold (silver) materials shall conduct additional enhanced due diligence procedures:

(1) On-site visit and investigation to further verify the due diligence information of gold (silver) supply chain, mainly including identity and information verification with reliable and independent

source documents, data or information; Identification of the ultimate owner; Government watch list information verification, etc.

(2) For mined gold (silver) materials, information verification should be carried out from the original mine site to the supplier company (including producer, intermediary, dealers, exporters and transporters); For recycled gold (silver) materials, information verification should be carried out from recycled gold suppliers to the supplier company (including transporters).

Article 15 According to the results of supplier due diligence, the company adopts differentiated risk management strategy:

(1) Normal cooperation: Where the result of the Due Diligence is not fully satisfactory or when the result of the Due Diligence concludes that there is direct or indirect support to illegitimate public or private security forces, bribery, non-fraudulent misrepresentation of the origin of minerals or non-compliance of taxes fees and royalties due to government, or material breaches of environmental or health and safety legislation, but the assessed company in the supply chain is using reasonable and good faith effort, the company can continue to refine gold (silver) coming from this source provided that it adopts an improvement strategy, devised with input and engagement from the supplier, which clearly defines performance objectives within a reasonable timeframe.

(2) Suspension of cooperation: If the result of the gold (silver) supply chain Due Diligence concludes that it is possible that there is money laundering, terrorist financing, serious human rights abuse, direct or indirect support to illegitimate non-state armed group, fraudulent misrepresentation of the origin of minerals, the company should suspend refining gold (silver) from this provenance until it can obtain additional information/data confirming or refuting the preliminary assessment.

(3) Termination of cooperation: If the result of the gold (silver) supply chain Due Diligence concludes that there is money

laundering, terrorist financing, serious human rights abuse, direct or indirect support to illegitimate non-state armed group, or fraudulent misrepresentation of the origin of minerals, or if the possibility of the same is deemed too high, the company should stop immediately to refine gold (silver) from this provenance and report it to the appropriate authorities if applicable. However, in case of indirect support to non-state armed group carried out by extortion of good faith miners or other supply chain actors, the company can continue to refine gold (silver) coming from this source if it adopts an improvement strategy.

Article 16 Gold (silver)-bearing material procurement departments shall complete the due diligence procedures for new suppliers with <Due Diligence Checklist> and fill in the <LBMA Supply Chain Assessment Form> to determine the proposed risk management strategy and submit to the Compliance Officer together with supporting materials. The Compliance Officer shall review the authenticity, rationality and completeness of the assessment results and report to the deputy General Manager in charge of gold (silver) supply chain management. Deputy General Manager in charge of procurement of gold (silver) supply chain management approves LBMA supplier evaluation form. If a long-term procurement contract with the supplier for more than one year is to be signed, <LBMA Supply Chain Assessment Form> needs to be approved by the Senior Management Committee. Only suppliers with approved risk management strategy of "normal cooperation" can be sourced from.

Note: Based on the LBMA assurance audit principle, the company needs to conduct due diligence on all suppliers in the reasonable assurance year, and verify the information of all qualified suppliers before signing the contract in the following limited assurance, and conduct annual complementary assessment if there is no change (see Chapter 5: Article 22).

Article 17 If due to very special circumstances, it is not possible to obtain <LBMA Questionnaire – Mined Material> or <LBMA Questionnaire – Recyclable Material> filled by suppliers, the relevant procurement personnel from procurement departments shall explain in writing the reasons for the failure to obtain the due diligence documents and submit them to the department head for approval. At the same time, Obtain sufficient gold (silver) supply chain information from suppliers or public resources, conduct supplier risk assessment, and complete <LBMA Supply Chain Assessment Form>. The obtained gold (silver) supply chain information and materials should reasonably support the supplier assessment conclusion.

Article 18 Gold (silver)-bearing material procurement departments are responsible for signing the <Supplier Responsible Gold (Silver) Commitment Letter> with the supplier when signing contract.

Chapter IV Continuous Monitoring

Article 19 When conducting transactions with suppliers of gold (silver) materials, Gold (silver)-bearing material procurement departments shall carry out continuous monitoring on the supply chain of gold (silver) and establish a risk-based transactional information collection mechanism according to the nature and area of the transaction:

(1) For mined gold (silver) materials, obtain the weight and grade records provided by the supplier; transportation documents, if applicable; documents for import and export from high risk areas, if applicable;

(2) For recycled gold (silver) materials, obtain the weight records provided by the supplier; transportation documents (if applicable); documents for import and export from high-risk areas (if applicable).

Article 20 Gold (silver)-bearing material procurement departments are responsible for carrying out transaction risk assessment, and shall be identified as high-risk transaction in case of the following situations:

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

(2) The transaction information provided by suppliers is seriously inconsistent with the common knowledge of gold (silver) supply chain management.

Article 21 If Gold (Silver)-bearing Material Procurement Departments identify that the existing "normal cooperation" suppliers have or may have money laundering, terrorist financing, instigating conflicts, human rights violations, environmental damage or exploitation from historical sites, they shall immediately suspend the cooperation and report to the Compliance Officer and the managements. Investigation is to be conducted under the authorization of the managements. If there is conclusive evidence to prove that the supplier has money-laundering, terrorist financing, instigating conflict and human rights violations, the company will immediately stop purchasing and terminate the cooperation relationship.

Article 22 For "normal cooperation" suppliers who have developed risk mitigations in the prior control stage, Gold (Silver)-bearing Material Procurement Departments shall be responsible for supervising the implementation of improvement plans. The Compliance Officer regularly checks the implementation of improvement plans and evaluates the execution of improvement plans on the set completion date.

Chapter V Post Evaluation

Article 23 At the end of each year, the Gold (silver)-bearing material procurement departments shall conduct the complementary assessment of the supplier's annual due diligence according to changes of the supplier's information and the monitoring of transactions; fill out the <Supplier Complementary Annual Evaluation Form>; and suggest whether the supplier's risk management strategy needs to be adjusted according to the evaluation results. The Compliance Officer shall review the evaluation results and report to the Deputy General Manager in charge of the Gold(Silver)-bearing Material Procurement Department. The Deputy General Manager in charge of the Gold (Silver)-bearing Material Procurement Department and the Senior Management Committee shall approve the supplementary assessment results. Based on the approved risk management strategy, the Gold (Silver)-bearing Material Procurement Department updates the relation with the suppliers.

Chapter VI Information and Communication

Article 24 The Company shall conduct internal training for relevant personnel participating in the gold (silver) supply chain to learn external regulatory requirements and internal policies and procedures of the company:

(1) Compliance officer is responsible for formulating the internal training plan for the gold (silver) supply chain compliance management;

(2) Human Resource Department is responsible for cooperating with Compliance Officer to carry out the gold (silver) supply chain training, and keep the training records, including training materials and training sign-in form.

Article 25 Gold (silver)-bearing material procurement departments are responsible for publicizing the company's

commitment to the supply chain policy and stance to the external parties (such as producers, intermediaries, dealers, exporters and transporters).

In view of the risks mentioned in Chapter III of the Policy, to launch training program for the external parties of the supply chain when necessary.

Article 26 The Department of Health, Safety and Environmental protection is responsible for assisting the Gold (silver)-bearing material procurement departments to publicize the principles of environmental protection and sustainable development of gold (silver) supply chain to the external parties (such as producers, intermediaries, dealers, exporters and transporters), and be responsible for the environmental protection and sustainable development of the company.

Article 27 The Company built a communication channel for compliance management of gold (silver) supply chain, employees are welcomed to voice their concerns over the gold (silver) supply chain risks with the Compliance Officer.

Article 28 Gold (silver)-bearing material procurement departments are responsible for numbering and filing the documents of supply chain due diligence management , and the records shall be kept for at least 5 years.

Chapter VII Supplementary Provisions

Article 29 Interpretation of General Terms

Money laundering: Money laundering is the practice of disguising the origins of illegally obtained money. Ultimately, it is the process by which the proceeds of crime are made to appear legitimate. The money involved can be generated by any number of criminal acts, including drug dealing, corruption and other types of fraud. The methods by which money may be laundered are varied and can range in sophistication from simple to complex.

Terrorist financing: Terrorist financing includes the financing of terrorist acts, of terrorists and of terrorist organizations.

Contribution to conflict: Contribution to armed aggression between two or more parties which leads to human rights abuses. The parties in the conflict may include government, militia, organised criminals or terrorist groups.

Human rights: For the purpose of this Guidance, human rights are those defined in the International Bill of Human Rights. The Bill includes the Universal Declaration of Human Rights (1948), the International Covenant on Economic, Social and Cultural Rights (1966), the International Covenant on Civil and Political Rights (1966), as well as its two Optional Protocols.

Conflict-affected areas: Areas identified by the presence of armed conflict, widespread violence, including violence generated by criminal networks, or other risks of serious and widespread harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars.

Child labor: The employment of a child in a business or industry especially in violation of statutes prohibiting the employment of children under a specified age.

Fraud: Refers to the act of seeking benefits or damaging another party through deliberate deception.

Politically Exposed Persons (PEPs): Foreign PEPs are individuals who are or have been entrusted with prominent public functions by a foreign country, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations, important political party officials. Domestic PEPs are individuals who are or have been entrusted domestically with prominent public functions, for example Heads of State or of government, senior

politicians, senior government, judicial or military officials, senior executives of state-owned corporations, important political party officials. Persons who are or have been entrusted with a prominent function by an international organisation refers to members of senior management, i.e. directors, deputy directors and members of the board or equivalent functions. The definition of PEPs is not intended to cover middle-ranking or more junior individuals in the foregoing categories.

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

International Cyanide Management Code: The International Cyanide Management Code (www.cyanidecode.org) is a voluntary initiative for the gold and silver mining industries, and the producers and transporters of the cyanide used in gold and silver mining. It is intended to complement an operation's existing regulatory requirements.

Minamata Convention on Mercury: The Minamata Convention on Mercury (<http://www.mercuryconvention.org>) is a global treaty to protect human health and the environment from the adverse effects of mercury. The convention entered into force on 16 August 2017, and includes a ban on new mercury mines, the phase-out of existing ones, the phase out and phase down of mercury use in a number of products and processes, control measures on emissions to air and on releases to land and water, and the regulation of the informal sector of artisanal and small-scale gold (silver) mining.

World Heritage Site: Is a landmark or area which is selected by The United Nations Educational, Scientific and Cultural Organisation (UNESCO) as having a cultural, historical, scientific or other form of significance, and is legally protected by international

treaties. The sites are judged important to the collective interests of humanity.

Artisanal and Small-scale Mining (ASM): Formal or informal mining operations with predominantly simplified forms of exploration, extraction, processing, and transportation. ASM is normally low capital intensive and uses high labour intensive technology. "ASM" can include men and women working on an individual basis as well as those working in family groups, in partnership, or as members of cooperatives or other types of legal associations and enterprises involving hundreds or even thousands of miners. For example, it is common for work groups of 4-10 individuals, sometimes in family units, to share tasks at one single point of mineral extraction (e.g. excavating one tunnel). At the organizational level, groups of 30-300 miners are common, extracting jointly one mineral deposit (e.g. working in different tunnels), and sometimes sharing processing facilities.

Mined Gold (Silver): Gold (silver) that originates from mines (large-scale, medium-scale or artisanal/small scales mines) and has never been previously refined. This term means any gold (silver) or gold (silver) bearing material produced by or at a mine, in any form, shape and concentration, until it is fully refined (995 or greater), fabricated into a gold (silver) - refinery product (e.g. bar, grain) and sold.

Recycled Gold (Silver): Gold (silver) that has been previously refined. This term traditionally encompasses anything that is gold (silver)-bearing and has not come directly from a mine in its first gold (silver) life cycle. In practical terms, recyclable material includes end-user, post-consumer products, scrap and waste metals, and materials arising during refining and product manufacturing, and investment gold (silver) and gold (silver)-bearing products. This category may also include fully refined gold (silver) that has been fabricated into grain, good delivery bars, medallions and coins that

have previously been sold by a refinery to a manufacturer, bank or consumer market, and that may thereafter need to be returned to a refinery to reclaim their financial value, or for transformation into other products (e.g. 1 Kilo bars)

Article 30 The risk control and compliance management department is responsible for interpreting the Policy.

Article 31 The Policy shall come into force as of the date of issuance.

For the gold (silver) supply chain responsible sourcing due diligence templates, please refer to LBMA official toolkit.