

Henan Zhongyuan Gold Smelter LLC
RGG Compliance Report
(Year 2024)

Henan Zhongyuan Gold Smelter LLC
18th April 2025

Introduction

LBMA Responsible Gold Guidance (hereinafter referred to as "LBMA RGG") has been established for Good Delivery Refiners to adopt high standards of due diligence to combat systematic or widespread abuses of human rights, to avoid the contribution of conflict, to comply with high standards of anti-money laundering, to combat terrorist financing practice and to avoid non-compliance with environment, social and governance requirements.

This report summarised how Henan Zhongyuan Gold Smelter LLC has complied with the requirements of the LBMA RGG for the year ended 31st December 2024.

PART A. REFINER'S DETAILS

Table 1.

Refiner's Name:	Henan Zhongyuan Gold Smelter LLC
Location:	China National Highway 209 South, Industry Cluster District, Sanmenxia City, Henan, China
Reporting period:	1 st January 2024 to 31 st December 2024
Date of Report:	18 th April 2025
Senior Management Responsible for this Report:	Name: Peng, Guo Min Title: Board Chairman

PART B. SUMMARY OF ACTIVITIES UNDERTAKEN DURING THE PERIOD TO DEMONSTRATE LBMA RGG COMPLIANCE

Table 2.

STEP 1: COMPANY MANAGEMENT SYSTEMS
<ul style="list-style-type: none"> We have fully complied with the requirement of Step 1: Establish strong company management systems.
<p>1.1 Has the Refiner adopted a supply chain policy regarding due diligence for supply chains of gold?</p> <p>Henan Zhongyuan Gold Smelter LLC (hereinafter referred to as "Zhongyuan Smelter" or "we") is a well-known enterprise specialized in gold smelting and refining. Zhongyuan Smelter is a subsidiary of Zhongjin Gold Co., LTD, an A-share listed company in China.</p> <p>Company reviews the <i>Responsible Gold and Silver Supply Chain Due Diligence Management Policy</i> annually and updates as and when circumstances require. In 2022, the Compliance Officer of Zhongyuan Smelter released the updated policy, which in line with new requirements of <i>LBMA Responsible Gold Guidance (Version 9)</i>, built upon Version 8 of the LBMA RGG and marked a major strategic expansion to include Environmental, Social and Governance ("ESG") issues and etc.</p> <p>The policy has been made public on company's official website in English (https://zysmelter.com/index.php/ggxx/1605.html) and informed to all relevant staff.</p>
<p>1.2 Has the Refiner set up an internal management structure to support supply chain due diligence?</p> <p>An internal management system has been set up accordingly including the governance, roles and responsibilities, communications, and management review mechanism of supply chain due diligence by adopting the <i>Responsible Gold and Silver Supply Chain Due Diligence Management Policy</i>.</p> <p>The Board Committee, the governing body of due diligence management, is appointed by the Board and responsible for reviewing the <i>Responsible Gold and Silver Supply Chain Due Diligence Management Policy</i>, appointing Compliance Officer to manage routine work of due diligence and authorizing the Deputy General Manager in charge of the Gold-bearing Material Procurement Departments to review the due diligence results and risk management strategy.</p> <p>The Compliance Officer is responsible for compiling and updating the <i>Responsible Gold and Silver Supply Chain Due Diligence Management Policy</i>, reviewing the due diligence results submitted by</p>

<p>Gold-bearing Material Procurement Departments, evaluating the effectiveness of risk management strategy, coordinating the gold supply chain training, and reporting directly to Board Committee when necessary. Gold-bearing Material Procurement Departments are responsible for supplier evaluation prior to the contracting phase, monitoring of transactions with approved suppliers and the annual revaluation process. Human Resource Department and Internal Audit Department also play important roles in supporting due diligence process. All the parties above have solid experience in supply chain management and receive regular trainings arranged by the company.</p> <p>To ensure the staff have thorough understanding of the due diligence system, the Risk Control and Compliance Department launched annual gold supply chain due diligence training program. There were 31 employees relevant to supply chain due diligence management participated the training program in 2024. The purpose of the training program was to help them establish a deep-through understanding of the LBMA RGG V9, including how to assess risks in light of the standards of mined gold and recycled gold by the supply chain Due Diligence system, how to conduct Enhanced Due Diligence, how to design and implement a management strategy to respond to identified risks, and to introduce the latest version of the due diligence toolkits.</p> <p>The transactions of the company are all paid through bank transfer, cash-based transaction is not allowed.</p>
<p>1.3 Has the Refiner established a traceability system over gold supply chains, including chain of custody mapping and identification of supply chain actors?</p>
<p>The <i>Responsible Gold and Silver Supply Chain Due Diligence Management Policy</i>, in line with the LBMA RGG V9, provides definition of origins of different precious metal materials. The company determines the sources of precious metal materials through the due diligence process and contracts, customs declarations, waybills, and other transaction documents.</p> <p>The good receipt list could be generated from Zhongyuan Smelter's ERP system, which records different batches of materials, including supplier name, types of precious metal materials, date and number of purchase order, the origin of precious metal materials, and the route of transportation, etc.</p> <p>All transaction records will be kept for 5 years, including hard and soft copies.</p>
<p>1.4 Has the Refiner strengthened company engagement with gold supplying counterparties, and, where possible, assisted gold supplying counterparties in building due diligence capabilities?</p>
<p>In accordance with the LBMA RGG and <i>Annex II of OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas</i>, Zhongyuan Smelter has adopted the <i>Supplier Responsible Gold (Silver) Commitment Letter</i>. Relevant staff from Purchase of Raw Material Departments require all gold-supplying counterparties to sign the commitment letter prior to the contracting phase to ensure that they are aware of company's commitment to <i>LBMA Responsible Gold Guidance</i>, Zhongyuan Smelter's supply chain policy, and respective requirements. In this declaration, gold-supplying counterparties commit to and acknowledge in writing that there is no human rights abuse throughout the extraction, transport or trade of minerals, no direct or indirect support to non-state armed groups, no direct or indirect support to public or private security forces, no bribery and fraudulent misrepresentation of the origin of minerals, no money laundering or terrorism financing, or non-compliance with environment, social and governance requirements.</p>

Zhongyuan Smelter supports EITI and related initiatives though no precious metals were sourced from enterprises in EITI member countries during the reporting period.
1.5 Has the Refiner established a company-wide confidential grievance mechanism?
<p>Zhongyuan Smelter has implemented a company-wide confidential grievance mechanism that encourages employee to participate in risk identification activities. Employees and external parties are welcomed to raise their concerns over the gold supply chain or any potential risks.</p> <p>The Risk Control and Compliance Department and the Internal Audit Department set up a platform for grievances, with published telephone numbers (0398-2756853) and emails(zyylcjwbgs@163.com). Relevant departments accept grievances in accordance with their roles and responsibilities. Once the grievance is verified and investigated, compliance related departments will communicate with stakeholders about the results.</p> <p>The company encourages anonymous grievance that shall keep the identity of the informant and the reporting matters strictly confidential, and no one shall retaliate against the informant in any form.</p> <p>During the reporting year there was no grievance received regarding the gold supply chain.</p>
STEP 2: RISK IDENTIFICATION AND ASSESSMENT
<ul style="list-style-type: none"> We have fully complied with requirement of Step 2: Identify and assess risks in the supply chain.
2.1 Does the Refiner have a due diligence process to identify risks in the supply chain?
<p>In the <i>Responsible Gold and Silver Supply Chain Due Diligence Management Policy</i>, the company has clarified the approach of risk identification. Prior to the establishment of business relationship, Purchase of Raw Material Department I and Department II use <i>LBMA Questionnaire</i> and <i>Due Diligence Checklist</i> to collect information from potential suppliers.</p> <p>For the year ended 31st December 2024, Purchase of Raw Material Department I and Department II have performed risk identification of the existing suppliers.</p>
2.2 How does the Refiner classify identified risks in light of the standards of its due diligence system?
<p>Prior to the establishment of business relationship, Purchase of Raw Material Department I and Department II perform new supplier due diligence with respect to risk-identifying criteria that fall into three aspects: location risks, supplier risks and material risks. The company determines zero tolerance and high-risk indicators according to the requirements of the LBMA RGG V9 and determines the risk level and cooperation strategy with suppliers according to the integrated risk assessment results, zero-tolerance and high-risk supply chains and risk management strategies will be reported to the Board and Board Committee accordingly.</p> <p>For the year ended 31st December 2024, Zhongyuan Smelter has performed risk assessments for all new and existing suppliers. No zero-tolerance or high-risk suppliers were identified in 2024. All <i>LBMA Supply Chain Assessment Forms</i> were reviewed and approved by the Procurement Managers, the Compliance Officer, and the Deputy General Manager.</p>
2.3 Has the Refiner undertaken EDD measures for identified high-risk supply chains?
Supply chains classified as high risk will immediately trigger Enhanced Due Diligence procedure ("EDD"). Where EDD is triggered, the company undertakes an on-site investigation/visit at the location

<p>of the gold origin, for example mine sites for Mined Gold and the gold-supplying counterparty office for Recycled Gold. The on-site visit will be carried out within six months of the business relationship commencing. As part of EDD, the site visit will be performed by capable refinery staff. Third party supplier will be engaged when necessary. On-site Visit Reports for Mined material and Recycled material are adopted. For gold sourced indirectly from high-risk intermediate refiners, the audited due diligence practices will be referred, and the company applies risk management strategies accordingly.</p> <p>No high-risk suppliers were identified in 2024, and as such no EDD was triggered.</p>
STEP 3: RISK MANAGEMENT
<ul style="list-style-type: none"> We have fully complied with step 3: Design and implement strategy to respond to identified risks.
<p>3.1 Does the Refiner have a process to respond to the identified risks by either (i) mitigating the risk while continuing to trade, (ii) mitigating the risk while suspending trade or (iii) disengagement from the risk?</p>
<p>According to the results of Enhanced Due Diligence, the company adopts differentiated risk management strategies:</p> <ol style="list-style-type: none"> Continue relationship with improvement plan: Where the result of the Enhanced Due Diligence is not fully satisfactory or where it concludes that the counterparty is using reasonable and good faith efforts despite instances with highly adverse impacts. The company can continue to refine gold coming from this source with reasonable improvement plan. Suspend of cooperation: If the result of the gold supply chain Enhanced Due Diligence concludes it is reasonable to doubt that suppliers participate in money laundering, terrorist financing, human rights abuse, direct or indirect support to illegitimate non-state armed group, fraudulent misrepresentation of the origin of minerals, catastrophic effects on ESG, the company will suspend refining gold from this source until it can obtain additional information/data confirming or refuting the preliminary assessment. Termination of cooperation: If the result of the gold supply chain Enhanced Due Diligence concludes that there is money laundering, terrorist financing, human rights abuse, direct or indirect support to illegitimate non-state armed group, or fraudulent misrepresentation of the origin of minerals, the company will immediately terminate the cooperation with the suppliers and report the situation to the Board Committee and LBMA. <p>No high-risk suppliers were identified in 2024, and as such no EDD was triggered.</p>
STEP 4: INDEPENDENT THIRD-PARTY ASSURANCE
<ul style="list-style-type: none"> We have fully complied with Step 4: Carry out independent third-party audit of refiner's due diligence practices.
<p>With the approval of the Board, we have entered into a service agreement with Deloitte Touche Tohmatsu Certified Public Accountants LLP (hereinafter referred to as "Deloitte") to carry out an independent third-party assurance on our compliance practices in 2024 adhered to the LBMA RGG. Deloitte performed an independent third-party assurance engagement in accordance with ISAE3000 standards. Deloitte and the company agreed that a reasonable assurance is to be applied to year 2024. The <i>Independent Assurance Report</i>, the <i>Management Report</i>, and <i>LBMA RGG V9 CoO Data Collection Form</i> can be found in attached documents. The assurance report is available to the public on company's official website.</p>

STEP 5: REPORT ON SUPPLY CHAIN DUE DILIGENCE
<ul style="list-style-type: none"> • We have complied with Step 5: Report on supply chain due diligence
The company follows the requirements of the LBMA RGG and regularly prepares and timely submits the Compliance Report to LBMA. Other stakeholders can contact the company by phone or email to obtain the latest Compliance Report.

PART C. MANAGEMENT CONCLUSION

Table 3.

Is the refiner in compliance with the requirements of the <i>LBMA Responsible Gold Guidance</i> for the reporting period?
<p>In 2024, Zhongyuan Smelter has improved the LBMA RGG supply chain management system, identified and assessed the associated risks for the suppliers, designed and implemented risk management strategy, conducted independent third-party audit for supply chain due diligence. For the year ended 31st December 2024, Zhongyuan Smelter was in full compliance with the LBMA RGG V9.</p> <p>Zhongyuan Smelter is committed to continuous improvement and will continue monitoring compliance on a regular basis.</p>