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|  | Name Of Internal Control Document: Silver Supply Chain Risk Mitigation Management Method | | Internal control Version: C |
| Document number: GXNF/QES/C-03-2024 | Main Control Department: Enterprise management department | Proofreader: Qiang Pen | Effective date: December, 2024 |

Guangxi Nandan Nanfang Metal Company Limited

Silver Supply Chain Risk Mitigation Management

Method

In order to strictly abide by the laws and regulations of the state on the rights of workers, environmental protection, fair trade and other laws and regulations, actively participate in the silver supply chain due diligence work to ensure the legitimacy of silver sources. Under the requirements of the *London Bullion Market Association (LBMA) Responsible Silver Guidance* and the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High- Risk Areas*, the *Silver Supply Chain Risk Mitigation Management Method (Third Edition)* of Guangxi Nandan Nanfang Metal Company Limited is formulated.

1. scope


These measures apply to all risks identified by Guangxi Nandan Nanfang Metal Company Limited (hereinafter referred to as “Company”) in accordance with the due diligence policy of silver supply chain. The silver sources involved in these measures include mineral silver, recovered silver and various forms of silver in stock produced after January 1, 2024.

2. Terminology and Definitions

The terms and definitions covered in this approach follow those described in the *London Bullion Market Association (LBMA) Responsible Silver Guidance*.

3. Strategy of Risk Mitigation

3.1. All information collected during due diligence and actual and potential risks identified in the supply chain risk assessment shall be reported to the Compliance

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Supervisor, who shall collect and organize the relevant information materials to the Compliance Director, who shall finalize the risk level.

3.2. The silver transaction should be stopped immediately and reported to the relevant authorities if the due diligence results of the silver supply chain are as follows:

- 1) There are systematic or widespread human rights violations related to silver extraction, transport or trade, including the most serious forms of child labor, torture, inhuman and degrading treatment, widespread sexual violence or other serious crimes against human rights, forced labor, war crimes, crimes against humanity or genocide;
- 2) The existence of direct or indirect support to illegal armed non-governmental organizations;
- 3) The existence of fraudulent cover-up of the origin of silver;
- 4) The existence of money-laundering or terrorist financing;
- 5) The existence of a high probability of the above four matters.

3.3. If due diligence in the silver supply chain results in the following conclusion, the smelting of the silver shall be suspended immediately until the supplier provides, within six months, additional data or information to prove that it is impossible to exist. If the relevant evidence has not been provided within six months, the silver transaction should be stopped immediately and reported to the relevant departments:

- 1) There may be systematic or widespread human rights violations related to silver extraction, transport or trade, including the use of child labor, torture, inhuman and degrading treatment, widespread sexual violence or other serious crimes against human rights forced labor, war crimes, crimes against humanity or genocide;

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- 2) There may be direct or indirect support to illegal armed non-governmental organizations;
- 3) There may be fraud to conceal the origin of silver;
- 4) There may be money-laundering or terrorist financing;
- 5) There may be a high probability of the above four matters.

3.4. If the content of due diligence in the silver supply chain is not fully satisfied and the assessed supplier is actively cooperating, the silver supply chain due diligence results draw the following conclusions, the silver smelting may continue and the supplier is required to provide, within six months, additional data or information to prove that it does not exist. If the relevant evidence has not been provided within six months, the silver transaction should be stopped immediately and reported to the relevant departments:

- 1) Has not completed all the due diligence of the silver supply chain;
- 2) Providing direct or indirect support to illegal public or private security forces;
- 3) Misleading the origin of minerals for bribery or non-fraud reasons;
- 4) Failing to pay taxes and fees payable to the government.

4. Concrete Steps of Risk Mitigation Strategies

4.1. If the due diligence results of the silver supply chain comply with Clause 3.2, the Compliance Director shall immediately convene a special meeting of the relevant Compliance Officer to notify the supplier under evaluation of the termination of the contract relationship, and require the relevant Compliance Officer to implement it immediately. And form a written document to the upper leadership. Then the company office reported to the relevant government departments.


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4.2. If the due diligence results of the silver supply chain are in accordance with Clause 3.3, the Compliance Director shall immediately convene a special meeting of the relevant compliance officer, notify an immediate suspension of the use of mineral or recycled silver supplied by the assessed supplier, until it provides, within six months, additional data or information that can be proved:

- 1) Provide government documents that demonstrate the absence of systematic or widespread human rights violations related to silver extraction, transport or trade, such as the legitimacy certificate issued by the relevant public security or business department where the assessed supplier is located;
- 2) Provide supporting documents that has not provided direct or indirect support to illegal armed groups;
- 3) Provide proof of origin of silver that has not been fraudulently concealed, such as a certificate of origin issued by the relevant government departments;
- 4) Provide proof that there is no money laundering or terrorist financing.

The additional data or information referred to above is collected by the relevant Compliance Officer and report the progress to Compliance Supervisor on time. The Compliance Supervisor formulates the monitoring report to the Compliance Director. If no evidence has been provided within six months, it shall be implemented in accordance with clause 4.1.

4.3. If the due diligence results of the silver supply chain are in accordance with Clause 3.4, the Compliance Director shall immediately convene a special meeting of the relevant compliance officer, notify an uninterrupted use of mineral or recycled silver supplied by the assessed supplier, until it provides, within six months, additional data or information that can be proved:

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- 1) Cooperate and fulfill all the due diligence of the silver supply chain;
- 2) Provide supporting document that has not provided direct or indirect support to illegal public or private security forces;
- 3) Provide proof of certificate of origin that has not misled the origin of minerals for bribery or non-fraud reasons, such as a certificate of origin issued by the relevant government departments;
- 4) Provide proof that has paid taxes and fees payable to the government, such as evidence of payment;

The additional data or information referred to above is collected by the relevant Compliance Officer and report the progress to Compliance Supervisor on time. The Compliance Supervisor formulates the monitoring report to the Compliance Director. If no evidence has been provided within six months, it shall be implemented in accordance with clause 4.1.

4.4 For the procurement of silver-containing materials from high-risk countries/regions, additional enhanced due diligence is required, including collecting the safety and health policies of mine employees, ethics and business code of conduct, social responsibility and environmental protection systems and the implementation of ESG related work, and conducting on-site/remote audit and assessment, when it is judged to be a low-risk supply chain then the procurement can continue .

5. Request and Consultation

Staff, suppliers and business partners should comply with the above policies and take necessary measures to ensure these policies. Willing to accept the supervision of customers and related organizations and welcome suppliers and stakeholders to advise on the above policies.