

# **Supply Chain Risk Mitigation Management Regulations**

## **Chapter 1 General Rules**

**Article 1** In order to strictly abide by all national laws and regulations regarding staff rights, environmental protection, fair trade, and the like, and actively participate in the due diligence of supply chain to ensure the legality of raw material sources, these Regulations are hereby formulated as per requirements of *London Bullion Market Association (LBMA) Responsible Gold (Silver) Guideline*.

**Article 2** These Regulations are applicable to all risks that have been identified by the Company based on supply chain due diligence management regulations. Raw material sources involved in these Regulations include mineral and regenerated gold as well as various forms of gold and silver in stock, which are produced after January 1, 2019.

**Article 3** Contents described in *London Bullion Market Association (LBMA) Responsible Gold (Silver) Guideline* are adopted for terms and definitions involved in these Regulations.

## **Chapter 2 Risk Mitigation Strategies**

**Article 4** Information collected in the course of all supply chain due diligence, practices and potential risks identified during evaluation should be reported to the Compliance Risk Officer, and then organized by the Compliance Risk Officer to

**submit to the Compliance Director.**

**Article 5 If the following conclusions are drawn from the due diligence results of supply chain, this transaction should be immediately stopped and submitted to relevant personnel:**

**1. There are systematic or wide behaviors violating human rights in connection with the extraction, transportation, or trade of mineral and regenerated gold, including the most severe use of child labor, cruel torture, inhuman and personality-insulted treatment ways, comprehensive sexual violence or other salve labors that seriously violate human rights, war crimes, crimes against humanity, or genocide;**

**2. Direct or indirect supports are provided for illegal non-government armed organizations are found;**

**3. Fraud is made to cover up origin places of mineral and regenerated gold;**

**4. Money laundering or terrorism financing exists;**

**5. There are small-scale mines that have incomplete domestic procedures and are mined illegally and the gold mining derives from manual mining;**

**6. Mined gold is produced by using mercury;**

**7. Mined gold sources derive from world heritage sites or domestic ecological nature reserves, not adhering to requirements of environmental and sustainable development laws;**

**8. There are situations where the possibility of above 7 matters is very high.**

**Article 6 If the following conclusions are drawn from the due diligence results of supply chain, the smelting of mineral and regenerated gold needs to be suspended until the supplier provides additional data or information that can prove that it is impossible to find the following matters within 6 months. If relevant evidence is still not be provided within 6 months, this trade requires to be stopped immediately and submitted to relevant personnel:**

**1. There may exist systematic or wide behaviors violating human rights in connection with the extraction, transportation, or trade of mineral and regenerated gold, including the most severe use of child labor, cruel torture, inhuman and personality-insulted treatment ways, comprehensive sexual violence or other salve labors that seriously violate human rights, war crimes, crimes against humanity, or genocide;**

**2. Direct or indirect supports are provided for illegal non-government armed organizations may exist;**

**3. The fraud being made to cover up origin places of mineral and regenerated gold may be found;**

**4. Money laundering or terrorism financing may exist;**

**5. Small-scale mines may have incomplete domestic procedures and are mined illegally and the gold mining derives**

**from manual mining;**

**6. Mined gold may be produced by using mercury;**

**7. Mined gold sources derive from world heritage sites or domestic ecological nature reserves, which may not adhere to requirements of environmental and sustainable development laws;**

**8. There may be situations where the possibility of above 7 matters is very high.**

**Article 7 If contents of supply chain due diligence are not fully satisfied and the following conclusions are drawn from the due diligence results of supply chain under the circumstance that the evaluated supplier is coordinating actively, the smelting of mineral and regenerated gold can be continued. In addition, the supplier should be requested to provide additional data or information that can prove that none of the following matters is found within 6 months. If relevant evidence is still not be provided within 6 months, this trade requires to be stopped immediately and submitted to relevant personnel:**

**1. The entire contents of supply chain due diligence are not completed;**

**2. Direct or indirect supports are provided for illegal public or private security forces;**

**3. Origin places of mineral and regenerated gold are misled for bribery or non-fraud reasons;**

**4. Due taxes are not be paid to the government.**

### **Chapter 3 Specific Steps of Risk Mitigation Strategies**

**Article 8 If due diligence results of supply chain conform to what is described in Article 5, the Compliance Risk Officer needs to immediately organize related Compliance Officers to hold a special meeting for notifying rescinding of contract relation with the supplier. Meanwhile, related Compliance Officers should be asked to implement the rescinding at once, form written documents, report to the Compliance Director, and submit to relevant government departments after its approval.**

**Article 9 If due diligence results of supply chain conform to what is described in Article 6, the Compliance Risk Officer requires to immediately organize related Compliance Officers to hold a special meeting for informing that the use of mineral or regenerated gold provided by the supplier should be stopped temporarily at once until additional provable data or information is provided by the supplier within 6 months:**

**1. Provide governmental documents proving that there is no systematic or wide behavior violating human rights in connection with the extraction, transportation, or trade of mineral and regenerated gold, such as legality evidence issued by related Public Security Department or Commercial Department at the supplier's location;**

**2. Provide documentary evidence proving that no direct or**

**indirect support is provided for illegal armed organizations;**

**3. Provide documentary evidence proving that fraud is not made to cover up origin places of mineral or regenerated gold, such as a certificate of origin issued by relevant government departments;**

**4. Provide documentary evidence proving that there is no money laundering or terrorism financing;**

**5. Provide documentary evidence for domestic small-scale mine qualification;**

**6. Provide materials being able to prove that mined gold is not produced by using mercury;**

**7. Provide policies and system documents in relation to the environment and sustainable development, which pass environmental impact assessment reports of relevant departments;**

**Related Compliance Officers are responsible for collecting the above-mentioned additional data or information, and reporting the progress of this situation to the Compliance Risk Officer on schedule. Article 8 should be followed if relevant evidence is still not provided within 6 months.**

**Article 10 If due diligence results of supply chain conform to what is described in Article 7, the Compliance Risk Officer requires to immediately organize related Compliance Officers to hold a special meeting, informing that mineral or regenerated**

**gold provided by the supplier can be used continuously until additional provable data or information is provided by the supplier within 6 months:**

**1. Cooperate in completing contents of this supply chain due diligence;**

**2. Provide documentary evidence proving that no direct or indirect support is provided for illegal public or private security forces;**

**3. Provide documentary evidence proving that origin places of mineral and regenerated gold are not misled for bribery or non-fraud reasons, such as a certificate of origin issued by relevant government departments;**

**4. Provide documentary evidence proving that due taxes have been paid to the government, such as evidence of payment.**

**Related Compliance Officers should be responsible for collecting the above-mentioned additional data or information, and reporting the progress of this situation to the Compliance Risk Officer on schedule. Article 8 should be followed if relevant evidence is still not provided within 6 months.**

#### **Chapter 4 Requirement**

**Article 11 It is needed to request company staffs, the supplier, and business partners to obey the above management regulations and take essential measures to guarantee the implementation of the above management regulations.**

## **Chapter 5 Supplementary Rules**

**Article 12 These Management Regulations will be implemented since the date of issue.**

**Article 13 These Management Regulations will be interpreted by the Audit and Risk Control Department.**