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| **Administrative Measures on Due Diligence of Silver Supply Chain** | **Control department: Safety, Environmental Protection & Basics Department** |

**Administrative Measures on Due Diligence of Silver Supply Chain**

For the purpose to combat systematic or widespread human rights violations, avoid contributing to armed conflict, and comply with high standard anti-money laundering and anti-terrorism financing, and in accordance with the requirements of the "Responsible Silver Guideline of London Bullion Market Association (LBMA)", the administrative measures on due diligence of silver supply chain for Jinlong Copper Co., Ltd. is specially formulated as follows.

**1. Scope**

The measures are applicable to all suppliers related to silver trading and entrusted refining business of silver of Jinlong Copper Co., Ltd. (hereinafter referred to as "the company"). The sources of silver involved in the measures include mineral silver, recovered silver, and various forms of silver in stock produced after January 1, 2018.

**2. Terms and definitions**

The terms and definitions involved in the measures are based on the contents stipulated in the "Responsible Silver Guideline of LBMA".

**3. Organizational structure and personnel responsibilities**

3.1. Organizational structure

The company has set up a special organization for the due diligence of silver supply chain, with its structure as follows:

Compliance director (senior executive of the company)

Compliance specialist of the Business Department

(designated)

Compliance specialist of the Finance Department (designated)

Compliance specialist of the Safety, Environmental Protection & Basics Department (designated)

3.2 Responsibilities of various personnel

3.2.1 Responsibilities of compliance director

1) Dominate and be fully responsible for the due diligence of silver supply chain.

2) Supervise and inspect the silver supply chain due diligence process and assess whether the due diligence is adequate; if necessary, request relevant departments to provide additional documents or information.

3) For silver supply chain or transaction in which any risk has been identified, adopt appropriate measures to reduce the risk until such a risk is eliminated.

4) In case of any high-risk silver supply chain or transaction, he shall timely report to the company's senior management and take strict control measures; after being authorized by the senior management, he shall be responsible to examine and approve the new silver supply chain rated as high risk.

5) Provide training on responsible silver guideline and supply chain due diligence policy to the employees on a regular basis.

6) Be responsible for drafting and revising the policies and guidelines related to silver supply chain.

7) Provide necessary and accurate information for the company's senior management so as to enable them to fulfill their due diligence responsibilities.

3.2.2 Responsibilities of compliance specialist of the Business Department

1) Strictly implement the supply chain due diligence measures and high-risk silver supply chain evaluation criteria.

2) Be responsible for collecting and keeping sufficient supporting documents of silver supply chain.

3) Verify the qualification of transportation company and insurance company, track and properly keep each batch of waybill, analyze and evaluate the transportation route of goods.

4) Conduct regular field investigation on important silver suppliers.

5) Assist and encourage silver suppliers to promise and confirm in writing to comply with the provisions of Appendix II of OECD Guideline on Responsible Supply Chain Due Diligence for Mineral Products in conflict-affected and high-risk areas.

6) Be responsible for collecting and reporting the opinions and suggestions of the company's internal staff on the due diligence of silver supply chain.

7) Timely report to the compliance director in case of any abnormality in due diligence process and silver trading.

3.2.3 Responsibilities for compliance specialist of the Finance Department

1) Strictly implement the supply chain due diligence measures and high-risk silver supply chain evaluation criteria.

2) Be responsible for collecting and keeping sufficient supporting documents of silver supply chain.

3) Keep all transaction and financial documents of the silver supplier completely for at least 5 financial years

4) Evaluate the financial data of silver suppliers and clarify the purpose and intention of their business relationship.

5) Be responsible for collecting and reporting the opinions and suggestions of the company's internal staff on the due diligence of silver supply chain.

6) Timely report to the compliance director in case of any abnormality in due diligence process and silver trading.

3.2.4 Responsibilities for compliance specialist of the Safety, Environmental Protection & Basics Department

1) Strictly implement the supply chain due diligence measures and high-risk silver supply chain evaluation criteria.

2) Be responsible for collecting and keeping sufficient supporting documents of silver supply chain.

3) Verify and record the weight and test results of each batch of silver products received, analyze and evaluate whether these data are consistent with the supply chain understanding; if not, conduct a detailed investigation and obtain a written investigation report.

4) Be responsible for collecting and reporting the opinions and suggestions of the company's internal staff on the due diligence of silver supply chain.

5) Timely report to the compliance director in case of any abnormality in due diligence process and silver trading.

**4. Evaluation criteria for high-risk silver supply chain**

For both mineral silver or recovered silver, the company identifies the risk in strict accordance with the provisions in Appendix II of OECD Guideline on Responsible Supply Chain Due Diligence for Mineral Products in conflict-affected and high-risk areas. The company shall pay close attention when the following risks appear at the source of silver supply chain:

1) Systematic and widespread human right violations related to silver mining, transportation and trading.

2) Direct or indirect support to non-governmental armed groups, public or private security forces.

3) Sourcing from bribery or concealing the real source of silver.

4) Money laundering and terrorist financing.

5) Contributing to armed conflict.

According to the relevant provisions of LBMA and OECD, combined with the actual situation of the company, the following assessment criteria for high-risk silver supply chain are specified:

(1) The mineral silver or recovered silver comes from, transits or transports through areas with high risk of conflict impact or human rights violation.

(2) The mineral silver is claimed to have come from a country with limited known reserves, limited resources or limited expected silver output.

(3) The recovered silver comes from a known high-risk area with conflict impact and human rights violation, or has reason to suspect that is transmitted through this area.

(4) Enterprises in the silver supply chain or other known upstream enterprises are located in a country with high risk in money laundering, crime and corruption.

(5) The beneficial owner of a company in the silver supply chain or other known upstream company is a politically exposed person.

(6) Enterprises in the silver supply chain or other known upstream enterprises are actively involved in high-risk business activities such as weapons, gambling, gambling, antiques and artworks, diamonds, religion and religious leaders.

(7) Other high-risk circumstances identified by Chinese government.

When any of the above criteria exist, the supply chain is judged as a high-risk supply chain. The compliance specialist of a department shall immediately prepare the information and report it to the compliance director, who shall report to the company's senior management and re-approve the high-risk supply chain after being authorized.

**5. Supplier chain due diligence**

5.1 Principle

In order to effectively grasp the supply chain and assess the risk, the company must perform the supply chain due diligence according to the risk-based method before establishing business relationship with any silver supplier. The risk assessment of supply chain begins with the investigation of the origin of silver.

The company will constantly conduct due diligence on the silver supply chain to ensure effective compliance with LBMA rules.

5.2 Procedure

5.2.1 Collection and assessment of suppliers' information

1) Establish customer files of supply chain, including: enterprise name, legal representative, address, contact information, operation mode, production mode and transaction contract, etc.

2) The existing supply chain customers need to be checked regularly. In case of any new or changed customers, they should be checked in time to keep the file database in an up-to-date state.

3) Identify each customer, business, and business income owner, and verify their identity by using reliable independent source files, data, or information.

4) Make sure that each customer, business and business owner in the supply chain is not on any government's wanted list for money laundering, fraud or terrorism.

5) Regularly obtain the detailed business and financial information of supply chain customers, the purpose of silver trading and business operation.

5.2.2. Additional investigation requirements for mineral silver as a silver source

1) Obtain the origin information of silver.

2) Obtain the supplier's mining license information if possible.

3) Obtain the supplier's import and export license information if possible.

4) Collect and evaluate mining information.

5) Obtain the supplier's data on mining capacity if possible.

6) When the mineral silver comes from artificial or small-scale mines (ASM), it is necessary to first assess whether it is legal; if it is legal, ask it to provide relevant qualification certificate; if not, the transaction must be interrupted, and the purchase or processing entrusted by it must be refused.

5.2.3. Additional investigation requirements for recovered silver as the silver source: if possible, collect and evaluate the policy action information of suppliers of recovered silver on anti-money laundering and anti-terrorist financing.

5.2.4. Additional requirements for enhanced due diligence under the condition of high risk : the company determines the degree of implementation of due diligence measures based on the risk-based method according to the type of supplier's enterprise, business relationship, transaction type, geographical location or transportation area of the enterprise. In the case of higher risk, the company will take enhanced due diligence and take the following additional processing steps:

1) Make an on-the-spot investigation or visit to the high-risk supply chains to verify the authenticity of the documents on the due diligence results of supply chain.

2) For the silver based on large-scale mining: make use of credible independent sources of documents, data and information to verify the situation, from mines to refineries, each enterprise in the supply chain (including silver producers, middlemen, silver dealers, exporters and transporters) shall be verified for the information on the income owner and the government monitoring list.

3) For artificial or small-scale mining silver (ASM): make use of reliable independent sources of documents, data and information to verify the situation, from silver exporters to refineries, the information on income owners and government monitoring list of each enterprise in the supply chain (including international silver dealers and transporters).

4) For recovered silver: make use of reliable independent sources of documents, data and information to verify the situation, from silver suppliers to refineries, the information on income owners and government monitoring list of each enterprise in the supply chain (including international transporters).

**6. Transaction monitoring**

The company reviews and supervises the process of silver trading throughout the whole process to ensure that the transaction is consistent with the company's understanding of the supply chain and risk prediction. The supervision of transactions is carried out by the company in a risk-based approach.

The company requires to obtain and record the following information for each batch of silver received:

1) For mineral silver: estimated weight and test results (to be provided by the supplier); shipping/ shipping documents (if possible, invoice, waybill, proforma invoice, etc.); import and export forms for high-risk transactions if possible.

2) For recovered silver: estimated weight (to be provided by supplier); shipping/shipping documents (invoice, waybill, proforma invoice, etc. if possible); import and export forms for high-risk transactions if possible.

The company will verify whether the above documents confirm each other and whether they are consistent with the understanding of the supply chain. In case of any discrepancy in transaction background, investigation will be organized and written investigation results will be obtained. In case of any discrepancy in transaction background, investigation will be organized and written investigation results will be obtained.

**7. Risk assessment report**

At the beginning of each year, the compliance director of the company submits the risk assessment report of the previous year's silver supply chain due diligence to the company's senior management.

The senior management of the company reserves the ultimate control and top responsibility for the silver supply chain. The senior management prudently selects and supervises the compliance director and grants him the necessary authority to fulfill his duties.

According to the authorization of senior management, the compliance director of the company approves each new supply chain which is rated as high risk, and decides whether to continue to maintain business relationship with it every year.

**8. Record keeping**

The company collects and maintains sufficient supply chain supporting documents and records, and evaluates the risk requirements according to the criteria of the supply chain due diligence system, so as to prove that the company has completed the silver supply chain due diligence in a sufficient and continuous manner.

The supply chain supporting documents are required to be kept for at least 5 accounting years.

**9. Training**

The company provides training to all the employees in the silver supply chain on due diligence policy on a regular basis every year.

**10. Information communication mechanism**

The compliance officer of relevant departments is responsible for collecting and reporting the opinions and suggestions of the company's internal employees or external stakeholders on the due diligence of silver supply chain.

During the daily silver trading and supply chain management, all the employees or external stakeholders of the company shall immediately report to the compliance specialist of their departments if they have found any violation or abnormality; the compliance specialist shall report to the compliance director promptly after verification,

Report to the company's senior management in writing when necessary.