

Responsible management and control procedures of responsible mineral supply chain

1. Purpose

This procedure is intended to guide the company's related raw materials and mineral resources supply chain, identify, prevent and reduce the risks that may encourage conflicts, serious human rights violations and serious negligence, and ensure that the United Nations guiding principles are followed throughout the company's mineral resources supply chain ", implementing the "Guidelines for Social Responsibility of China's Foreign Mining Investment Industry", "Guidelines for the Responsible Management of China's Responsible Mineral Supply Chain", "OECD Guidelines for Mineral Due Diligence in Conflict-affected and High-risk Areas", and the RCI Responsible Cobalt Mines Initiative " "Three goals"; ensure that the enterprise's supply chain policies are consistent with the requirements of the guidelines, gradually improve the transparency of the supply chain, and enhance the supply chain governance capabilities.

2. Scope of application

The company and its mineral resources supply chain.

3. Reference documents

"Guidelines for Responsible Management of China's Responsible Supply Chain", "Guidelines for Social Responsibility of China's Foreign Mineral Investment-Child Labor and Occupational Health and Safety", "World

Economic Cooperation Organization's Minerals Section for the Protection of the Worst Child Labor", "WTO Economic Guide-Cobalt "Mines are not conflict minerals", "The Organization of the RCI Responsible Cobalt Industry Initiative and Three Goals", and "The List of Legal Mines" listed in Apple's publicly released annual social responsibility report.

4. Definition

4.1 Conflict Minerals: Conflict Minerals (Conflict Minerals CM) refers to gold (Au), tantalum (Ta), tungsten (W), and tin produced from mines in conflict areas controlled by non-governmental military groups or non-military factions in the Democratic Republic of Congo. (Sn) Metal minerals, illegal mining profits obtained by local relevant military groups were stolen from citizens, and caused human rights violations and environmental degradation in the eastern Democratic Republic of Congo. In addition to the Democratic Republic of Congo (DRC), such mineral products in areas that do not meet the "conflict-free norms" also include Rwanda, Uganda, and other minerals from the Congolese vein identified by the UN Security Council. Cobalt (Co) does not meet the above definition and is not classified as a conflict mineral.

4.2 Conflict-free metals in the Democratic Republic of the Congo: Mineral products that do not contain mineral conflicts and are not directly or indirectly financed to the armed forces of the Democratic Republic of the Congo or neighboring countries.

4.3 Due diligence: refers to the steps that an enterprise should take to identify and resolve the actual or possible risks, so as to prevent or reduce the adverse effects related to its activities or procurement decisions.

4.4 CCCMC (China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters). In addressing responsible minerals in the cobalt supply chain, two standards have been introduced: "Guidelines for Responsible Management of China's Responsible Mineral Supply Chain" and "Guidelines for Social Responsibility of China's Foreign Mining Investment Industry."

4.5 OECD (Organisation for Economic Co-operation and Development)

4.6 RCI (Responsible Cobalt Initiative) Responsible Cobalt Industry Initiative. The international organization initiated and established by CCCMC in 2016 is committed to promoting social and environmental risks in the cobalt supply chain. The first members are: Apple Inc., Beijing Dangsheng Material Technology Co., Ltd., Huawei Terminal Co., Ltd., HP Inc., Sony Corporation, L&F, Samsung SDI, Samsung SDI, Tianjin Bamo Technology Co., Ltd. and Zhejiang Huayou Cobalt Co., Ltd. The RCI lists three major goals: First, upstream and downstream companies participating in the "Improvement" agree with the "China Responsible Mineral Supply Chain Due Diligence Management Guide" and "OECD Guidelines for Mineral Due Diligence in Conflict-Affected and High-Risk Areas" to ensure The enterprise's supply chain policy is consistent with the

requirements of the guidelines, and gradually improve the transparency of the supply chain and enhance the supply chain governance capacity; Second, promote cooperation with the DRC government, civil society organizations and affected local communities to take action and/or support Relevant actions to jointly address the risks and challenges in the cobalt supply chain; Third, establish a common communication and communication strategy to effectively communicate work progress and results to the affected communities, mining companies and the public, and to other stakeholders Coordinate work objectives and plans.

4.7 Type 1 risk zone: the area of armed conflict, namely the three eastern provinces of Congo (Eastern Province, North Kivu Province, South Kivu Province) and the neighboring African Great Lakes Region neighbouring countries Rwanda and Uganda who are involved in the conflict. Minerals in these areas include gold, tantalum, tungsten and tin. This term is derived from "China's Responsible Management of Responsible Mineral Supply Chain" and "OECD Guidelines for Mineral Due Diligence in Conflict-Affected and High-Risk Areas."

4.8 Category 2 risk areas: areas that are not conflict areas but have child labor and serious human rights violations, namely Katanga Province (Cobalt Mine), Eastern Kasai Province (Diamond), Western Kasai Province (Diamond) in western DRC; some leaders The brand itself considers specific regions in other countries. This term is derived from

"China's Responsible Management of Responsible Mineral Supply Chain" and "OECD's Guide to Mineral Due Diligence in Conflict-Affected and High-Risk Areas."

4.9 Non-risk areas: The areas outside Rwanda and Uganda, neighboring countries of the DRC and the Great Lakes region of Africa.

4.10 First-class risks: risks associated with the extraction, trading, processing, and export of resources from conflict-affected and high-risk areas that encourage conflict and serious human rights violations.

4.11 Type 2 risks: Refers to risks related to serious negligence on environmental, social and ethical issues.

4.12 Three types of risks: sanctions risks

5. Responsibilities

The company established a responsible mineral supply chain due diligence management team, responsible for the entire company's mineral supply chain due diligence management, specific responsibilities are as follows:

5.1 Team leader

5.1.1 Formulate policies and policies for responsible management of responsible mineral supply chains at the company level;

5.1.2 Resolutely implement the principle of "legal and disciplined operation" to achieve both production and operation management and fulfill social responsibilities;

5.1.3 Solve the problem of responsible mineral supply chain that needs to

be resolved by organizing and discussing at the senior management management meeting;

5.1.4 And assume overall supervision responsibility for all members of the supply chain management team;

5.1.5 Communicate and liaise externally on behalf of the company.

5.2 Deputy Team Leader

5.2.1 Fully cooperate with the team leader to carry out the work of due diligence management of the mineral supply chain;

5.2.2 Implement comprehensive management responsibilities such as comprehensive coordination, progress control, and work implementation in supply chain management;

5.2.3 Organize team members to carry out relevant work such as risk identification, due diligence, on-site audit and other related work in the mineral supply chain;

5.2.4 Set practical annual goals based on the goals of responsible mineral supply chain proposed by Chang;

5.2.5 The members of the organization team regularly conduct internal audits or accept external audits, and carry out overall supervision and management duties to the mineral supply chain management implemented by the team leader;

5.2.6 Responsible for organizing the preparation of the review annual progress report on responsible management of the mineral supply chain;

5.2.7 Regularly train company employees.

5.3 Responsible Supply Chain Minerals Commissioner:

5.3.1 Assist the deputy team leader to promote the due diligence of responsible mineral suppliers, communicate the company's responsible minerals due diligence management policy to the suppliers and implement them simultaneously;

5.3.2 Supervise the operation of qualified mineral supply chain;

5.3.3 CSR (Corporate Social Responsibility) on-site audit of the leading supplier, to continue to follow up the problems found in the audit, and to verify the corrective and preventive measures of the supplier;

5.3.4 Cooperate with the deputy team leader to prepare the annual responsible mineral supply chain due diligence progress report;

5.3.5 Report the results of the risk assessment on a regular and managed basis; according to the results of the risk assessment, implement a risk mitigation management plan for the suppliers that are at risk.

5.4 Document Control Specialist:

5.4.1 Participate in the due diligence of mineral suppliers and CSR (corporate social responsibility) on-site audit;

5.4.2 Responsible responsible mineral supply chain due diligence management document preparation and editing work, and constantly promote the updating and upgrading of documents according to actual requirements to ensure that the responsible mineral supply chain due

diligence management document conforms to international and domestic standards;

5.4.3 Fully assist the deputy team leader in promoting responsible work in responsible management of the mineral supply chain;

5.4.4 Complete other work arranged by the responsible mineral supply chain team leader.

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6. Procedure

6.1 Conduct awareness education

6.1.1 Carry out awareness-raising of "responsible minerals" to supplier management responsibility departments such as materials and quality control departments. The main contents include:

6.1.1.1 Are you aware of relevant international and domestic standards for "responsible minerals";

6.1.1.2 Have you downloaded these standards and organized training and learning;

6.1.1.3 Will these standards be translated into company internal execution documents;

6.1.1.4 Have you communicated the relevant requirements of "responsible minerals" to the supplier, and promoted the supplier to implement it;

6.1.1.5 Does the company have a due diligence declaration?

6.2 Implementation of the "five-step method" due diligence framework and steps

6.2.1 Step 1: Establish a sound enterprise risk management system

The company should:

6.2.1.1 Formulate and implement policies regarding the supply chain of mineral resources from conflict-affected and high-risk areas, and communicate clearly to suppliers and the public. This policy should include

standards for due diligence management.

6.2.1.2 Establish an appropriate internal management structure to support the supply chain due diligence management policy.

6.2.1.3 Establish mineral resources supply chain control measures and transparency system.

The company should establish a chain of custody or traceability system for the production and trade of minerals, and pass due diligence management information to upstream enterprises. Encourage interaction with upstream companies, and require upstream companies to carry out their own due diligence management. Upstream enterprises should also be encouraged to purchase from enterprises that have undertaken due diligence management, or to carry out due diligence management with their suppliers. Upstream enterprises should establish a transparency system for the supply chain in order to collect information on key upstream parties, such as the identified key links (see 6.2.4) and the country or region of origin.

6.2.1.4 Strengthen cooperation with suppliers.

The supply chain due diligence work instruction should be included in the contract or agreement with the supplier. Where possible, the supplier should be assisted in capacity building to improve the performance of its due diligence management.

6.2.1.5 Establish a complaint mechanism at the enterprise or industry level as part of the risk warning system.

6.2.2 Step two: Identification and assessment of supply chain risks
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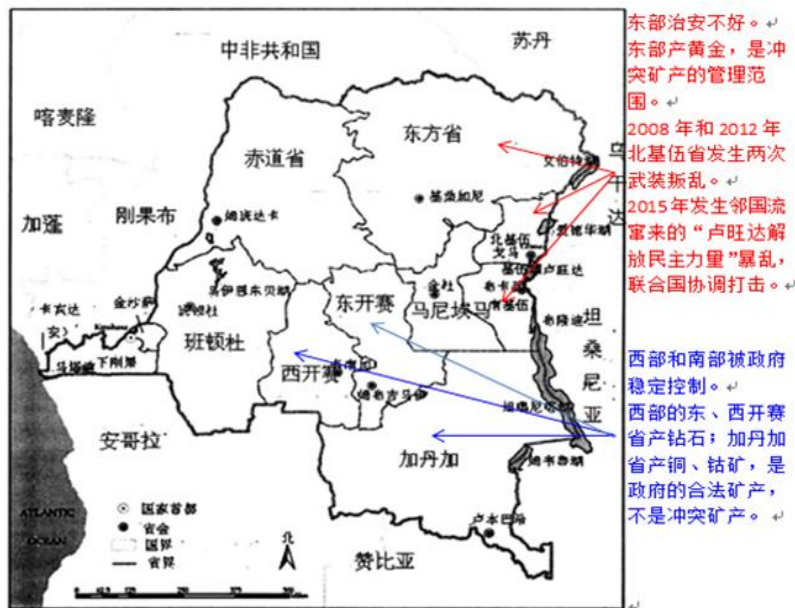
The company should:

6.2.2.1 Collect, research and confirm chain of custody or traceability information with reference to the "Map of Conflict Mineral Areas" and "Risk Assessment Pre-Check List" in Figure 1, identify risks with suppliers, list the names of each layer of suppliers, and are of the nature of traders It is also a processor. The supplier's location includes mining location, processing location, and transportation route; see if the location is in the category 1 risk area, category 2 risk area, non-category 1 non-category 2, such as China, lithium-ion battery The positive electrode material is only cobalt, if it is from the Katanga province of the DRC, it is a category 2 risk area;

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The first type of risk area is the area of armed conflict including the Eastern Province, North Kivu, and South Kivu (Gold Mine) of the DRC; be alert to the neighboring Rwanda involved in the conflict in the Great Lakes region of Africa

Type 2 risk areas: child labor or serious human rights violations, including the Katanga province of the DRC (cobalt and copper mines).

6.2.2.2 Once the company finds that there are risks defined in the following categories 1, 2 and 3 in the supply chain or procurement process, it should carry out intensified due diligence management and conduct in-depth risk assessment and management practices.

Type 1 risks: Risks that contribute to conflicts and serious human rights violations related to the extraction, trading, processing and export of resources from conflict-affected and high-risk areas

1) Risks that promote, benefit from, assist, facilitate, purchase or contact any entity that promotes, benefits from, assists or facilitates the following serious violations

(1) Any form of torture, brutal, inhuman or degrading treatment;

(2) Any form of "forced or compulsory labor", that is, threatened with punishment, forcing others to engage in all labor or services involuntarily;

(3) The worst forms of child labor;

(4) Other serious violations and abuses of human rights, including but not limited to: general sexual violence, condoning the violation of human rights by others (benefiting from or suspected of benefiting from human rights violations by others, tolerating or suspecting tolerance of human rights violations by others);

(5) War crimes, crimes against humanity, genocide or other serious violations of international humanitarian law;

2) From the risk of providing direct or indirect support or procurement to

non-governmental armed organizations, or from any risk of providing direct or indirect support or procurement contacts to non-governmental armed organizations.

(1) Provide “direct or indirect support” to non-governmental armed groups, public or private security forces by mining, transporting, trading, processing or exporting mineral resources, including purchasing mineral resources from related parties who are: Provide logistics assistance or equipment in other ways.

. Illegal control of mining areas, or otherwise control transportation routes, mineral resource trading venues, and upstream actors in the supply chain;

. Illegal taxation, extortion of money or natural resources at the entrance to the mining area, along the route leading to the mining area, or at the place where the mineral resources are traded;

. Illegal taxation or extortion of money from middlemen, export companies or international traders;

1) Risks related to public or private security forces

(1) From the risk of providing direct or indirect support or procurement to the public or private security forces with the following behaviors, or from direct or indirect support or contacting the purchaser with any public or private security forces with the following behaviors risks of.

. Illegal control of mining areas, transportation routes and/or

upstream actors in the supply chain;

ii. Illegal taxation, extortion of money or natural resources at the entrance to the mining area, along the route leading to the mining area or at the place where the mineral resources are traded;

iii. Illegal extortion middlemen, export companies or international traders who do not respect the rule of law and human rights, or neglect of miners' interests, equipment and facilities, mine site or transportation route safety cause legal mining and trade to be disrupted;

(2) Failure to ensure that the activities of security armed groups comply with internationally recognized standards (private armed groups should follow the guidance documents, especially the failure to adopt screening strategies, and failure to ensure that individuals or security armed groups that have seriously violated human rights are not employed.

2) Contribute to the risk of serious negligence, including the following acts directly or indirectly involved by the enterprise or any of its business relationships.

(1) Directly or indirectly provide, give, promise or request bribes or other improper benefits, in order to cover up or falsify the origin of mineral resources, falsely report taxes, fees and concessionary mining fees that should be paid to the government for activities such as mining, trading, processing, transportation, export, etc. Bribery, or

failure to comply with relevant international standards and conventions against corruption;

(2) Money laundering activities arising from or related to mineral resources obtained by mining, trading, processing, transportation or export of mineral resources illegally taxed or extorted at the entrance of the mining area, along the transportation route, or at the mineral resources trading place of the upstream supplier;

(3) Misrepresentation or misreporting of taxes, fees and royalties related to the exploitation, trade and export of mineral resources in conflict-affected and high-risk areas, and failure to disclose such payments in accordance with the principles stipulated in relevant internationally recognized transparency initiatives.

Type II risks: risks associated with serious negligence on environmental, social and ethical issues

The risk of fostering, purchasing or contacting any serious negligence.

(1) Violation of laws and regulations or industry minimum standards of China and the host country;

(2) Hire children below the minimum working age required by the laws and regulations of the host country; if the host country does not have relevant laws and regulations regarding the minimum working age, employ children under 16 years of age;

(3) Disrespecting the rights and interests of young employees (referring to

any workers who have reached the legal minimum working age but have not reached the age of 18);

(4)Exploitation of resources on land without the free, prior and informed consent of locals and indigenous peoples, including the consent of miners who have not obtained legal ownership, lease rights, concessions or permits for the land;

(5)Exploit or purchase resources from mining operations that do not respect, protect the culture and heritage of locals and indigenous peoples, or damage the traditional culture of locals;

(6)The miner does not have legal title, lease, concession or permit to the land on which it is mining resources; or the land is illegally acquired or violates domestic laws; or the local people have pre-existing legal rights to the land, including those Rights under customary, traditional or collective land ownership; or involuntary resettlement of residents in mining areas;

(7)It adversely affects the surrounding soil, air and water conditions, and seriously violates international and domestic laws and regulations, including manufacturing, trading, and use of chemicals subject to international bans due to high toxicity to organisms, environmental durability, or potential irreversible ecological impact Products and hazardous substances, or the discharge of arsenic and mercury;

(8)Failure to conduct a thorough environmental impact assessment, failure to minimize waste generation and harmful gas emissions, failure to

permanently close the mine and repair the mine site, failure to carry out resource protection and waste recycling, and failure to implement environmental risk management, Failure to protect biodiversity and continuous efforts to improve environmental performance management. The above-mentioned dereliction of duty makes it impossible to avoid or minimize the impact on the environment and ecology, and cannot effectively compensate for the residual impact on environmental management and ecological footprint in the mining life cycle. Should first strive to avoid or minimize the adverse impact of business activities on the environment and ecology. The ultimate means of compensation should only be used when all efforts are ineffective;

(9) Mining or procurement of resources in World Heritage Sites (WHS) or legally protected areas, or mining in buffer zones of World Heritage Sites or legally protected areas, or transportation of mined resources through World Heritage Sites or legally protected areas The outstanding universal value of the heritage poses a threat;

(10) Failure to report significant impacts to stakeholders in a reasonable and meaningful manner on a regular and timely basis and disclose ethical, social, and environmental performance as required. Including failure to fully explain to stakeholders the views on ethics, environmental and social affairs policies, risks and results, failure to actively solicit, respect and respond to stakeholder feedback and expectations, including from non-

governmental organizations (NGOs) and Local community feedback and expectations;

(11) No positive measures were taken to comply with all the first-class risks and other principles beyond the above-mentioned risks as stipulated in the "Responsibility Guidelines".

Three types of risks: sanctions risks

1) Sanctioned by downstream actors and government

Upstream companies and related beneficiaries are on the list of downstream actors and government sanctions. Collect information about related upstream companies and related beneficiaries, collect sanctions lists of downstream actors and governments, review them, and include them in risk management.

Upstream enterprises should:

For on-site risk assessment, information that can judge the nature of production, management and transactions can be collected in a separate or cooperative manner.

i. Conduct a risk-based assessment of the recovered resources to determine whether the raw materials obscure the source.

Downstream enterprises should:

Analyze whether the upstream key players in the supply chain and other identified key links have carried out due diligence management (for example, any available audit information, public policies and reports) to

assess risks. For particularly complex processed products, once downstream companies find it difficult to identify upstream players from direct suppliers, they may consider contacting key upstream players at the individual or industry level, encouraging them to carry out due diligence management and participate in audits.

6.2.3 Step 3: Develop and implement a response strategy for the identified risks

The company should:

a) Immediately follow Step 2 to conduct a risk assessment of upstream companies in the supply chain.

b) Report the results of supply chain risk assessment to company management.

c) Design and implement a risk management plan. After the risks are identified, the supplier's risks can be reduced in the following ways:

- i. Continue trading while reducing risk;
- ii. temporarily suspend the transaction in the process of reducing risk;
- iii. If the risk reduction efforts fail, or the risk cannot be reduced, or the

risk is unacceptable, terminate the relationship with the supplier.

d) Consult with upstream companies in the supply chain for risk mitigation

- i. The company and the upstream company form a risk mitigation team;
- ii. The risk mitigation team conducts a systematic analysis of risk issues;
- iii. Analyze the cause of the problem and work out specific measures;

i. Perform risk mitigation according to specific measures, maintain smooth communication during the risk mitigation process, and keep abreast of the specific progress of risk mitigation.

e) Monitor and track the performance of risk reduction measures, save communication records with suppliers or stakeholders during the risk reduction process, and report to company management.

f) Conduct a supplementary assessment of the risk that needs to be reduced; the supplementary assessment can also be carried out after the actual situation changes.

6.2.4 Step 4: Carry out independent third-party assessment and audit of the identified key links in the supply chain

The company should:

a) Carry out independent third-party audits. Independent third parties can be customer audits, third-party independent audits commissioned by the company itself or customers, typically audits by companies such as TUV, SGS, RCS Global, etc.; internal audits are carried out at least once a year and can be integrated into OHSAS18000 and ISO14000 system audits;

The non-conformances found in internal and external audits are promptly formulated corrective and preventive measures, and supervised to follow up the completion of rectification, and the report of the related audit results is kept by the due diligence management team.

b) For enterprises in the supply chain that have been identified as critical links, their due diligence management practices should be subject to independent third-party review. When expecting to identify key links through a complete and clear risk assessment of their supply chain, the key links in the industry and specific resources should be considered.

6.2.5 Step 5: Report on the supply chain risk management process and results

The company should: publicly report on the policies and practices of supply chain due diligence management, including identified risks and measures taken to reduce risks. Incorporate the information of supply chain due diligence management into the corporate social responsibility report or annual summary report.