



Jiangxi Hefeng Environmental Protection and  
Technology Co., Ltd.

LBMA RSG

2022 Refiner's Compliance Report

(Published in February 2022)

江西和丰环保科技有限公司

2022 年度精炼厂合规报告

(2022/01/01-2022/12/31)

为了符合《伦敦金银市场协会负责的白银指南》的要求，我司通过建立强大的管理体系，采用供应链尽职调查方法对所有供应商进行风险识别和评估，制定了高风险供应链的管理策略，确保供应链风险在可接受范围内，并通过独立的第三方审计的方式，确保本公司的白银供应链完全符合 LBMA 负责任白银指南的要求。

In order to meet the requirements of the London Bullion Market Association's Responsible Silver Guide, our company has established a strong management system and using supply chain due diligence methods to identify and evaluate risks for all suppliers, established a high-risk supply chain management strategy to ensure that supply chain risks are within acceptable limits, and through independent third-party audits, make sure that the company's silver supply chain fully meets the requirements of the LBMA Responsible Silver Guidelines.

本报告总结了江西和丰环保科技有限公司 2022 财年内（2022 年 1 月 1 日-2022 年 12 月 31 日）对《伦敦金银市场协会负责的白银指南》要求的遵守情况。

This report summarizes the compliance of Jiangxi Hefeng Environmental Protection and Technology Co., Ltd. in the fiscal year 2022 (January 1, 2022-December 31, 2022) with the requirements of the < London Bullion Market Association Responsible Silver Guide >.

<b>Company Name:</b>	江西和丰环保科技有限公司 <b>Jiangxi Hefeng Environmental Protection and Technology Co., Ltd.</b>
<b>Location:</b>	Hengfeng Industry Park, Shangrao City, Jiangxi Province, China
<b>Reporting year-end:</b>	December 31 <sup>st</sup> , 2022
<b>Date of Report</b>	January 1 <sup>st</sup> , 2022
<b>Senior management responsible for this report</b>	Mr. Rao Zemin/Compliance Director

## 公司概况

### Company Overview

江西和丰环保科技有限公司坐落在中国江西省上饶市横峰县工业园区，占地超过350000平方米，公司成立于2006年12月，总投资约9300万美元。

工厂主要从事黄金、白银及钯金等贵金属的生产和销售。有一条贵金属精炼生产线。金、银年产能分别为15吨和400吨。

工厂提取金、银、钯等贵金属体系的前身是杭州富春江冶炼有限公司金银分公司。铜阳极泥湿法提取金银生产技术荣获国家科技进步二等奖。本工厂具备先进和成熟的技术，具有30多年的实践经验。

我公司生产用原料为集团公司电解铜生产过程中产生的副产品阳极泥，将阳极泥经湿法工艺提取成品黄金、白银、钯粉等，具备完善的贵金属提炼工艺。

江西和丰环保科技有限公司的母公司浙江富冶集团有限公司，建厂于1958年，是浙江省率先成立的铜冶炼企业，主营阴极铜的冶炼和销售，电解铜产能45万吨/年。

Jiangxi Hefeng Environmental Protection and Technology Co., Ltd., is located at Hengfeng Industry Park, Shangrao City, Jiangxi Province, China, with the area of more than 3.5 million square foot. It was built in Dec. 2006, and have the net assets of 93 million US Dollars.

The Applicant is mainly engaged in producing and selling precious metals like gold, silver and palladium. There's one precious metal refining production line. The annual output capacity of gold and silver are 15tons and 400 tons.

The predecessor of the Applicant's system of refining precious metals like gold, silver and palladium is the Gold & Silver Branch of Hangzhou Fuchunjiang Smelter Co., Ltd.. It's copper anode slime wet extraction of gold and silver production technology was awarded the second prize of the National Science and Technology Progress. It's advanced and mature technology, with the practical experience of more than 30 years.

Raw material the Applicant use is the by-product "anode slime" produced in the process of copper cathode

production. The anode slime is extracted into gold, silver and palladium by wet process. It's a good refining process of precious metals. Please find attachment no.1 for the refining process flow chart.

The parent company for the Applicant is Zhejiang Fuye Group Co., Ltd., who was built in 1958, is the first copper smelting company in Zhejiang Province. It's mainly engaged in producing and selling copper cathode, with the annual output capacity of 450 thousand tons.

## 第一步：建立强大的公司管理体系

### Step 1: Establish strong company management systems

#### 合规声明

我们完全符合第一步：建立强大的管理体系

#### Compliance Statement with Requirement:

We have fully compliance with Step 1: Establish strong management systems.

#### 公司政策 Company Policy

##### 合规陈述：

公司于 2020 年 3 月 1 日发布了《LBMA 负责任白银供应链尽职调查管理体系》。体系中规定了白银供应链尽职调查政策、内部的组织构架及责任、尽职调查流程、白银供应链的风险识别方法、评判标准以及管理策略，此外还规定了白银供应链尽职调查培训培训、供应链追溯系统、记录的保存期限、交易监控等事宜。

2022 年度，我司严格按照体系要求完成所有白银供应商尽职调查，并进行风险识别和评估，有效的管控了白银供应链的风险。

我司的白银供应链尽职调查政策严格禁止白银供应商有如下行为：

1. 人权侵权行为，包括使用童工、酷刑、非人道以及侮辱人格对待方式、广泛的使用暴力或其他严重反人权强迫劳动、战争罪、反人类罪或种族灭绝罪；
2. 向非法武装组织或向通过供应链非法控制矿区、交易商、其他中介机构、运输线路的公共或私人安全部队提供直接或间接支持，或在整个供应链内非法征税或敲诈钱财或矿产品（“非法武装组织、公共或私人安全部队”）；
3. 通过贿赂或欺诈掩盖白银原产地；
4. 为遵照政府有关来自受冲突及高风险区域的矿产品的提取、贸易及出口税费要求；
5. 洗钱或恐怖主义融资；
6. 资助冲突；
7. 从事高风险经营业务，例如武器、赌博、古董和艺术品、教派和其领导人；
8. 受益人是政治敏感人物或通缉人员；

同时，公司也将该政策发布在官方网站上，网址为：<https://www.fuyegroup.com/>

##### Compliance statement:

The company has established the "LBMA Responsible Silver Supply Chain Due Diligence Management System" on March 1st, 2020. The system included the silver supply chain due diligence policy, internal organizational structure and responsibilities, due diligence process, and silver supply chain risks Identification methods, evaluation criteria, and management strategies. In addition, it also stipulates the silver supply chain due diligence training, supply chain traceability system, record retention period, transaction monitoring and other matters.

According to the system requirements, documents were generated such as "Risk Assessment Method and Evaluation Form" and "Action Strategy".

In 2022, our company completed the due diligence of all silver suppliers in strict accordance with the requirements of the system, and conducted risk identification and evaluation to effectively control the risks of the silver supply chain.

Our silver supply chain due diligence policy strictly prohibits silver suppliers from doing the following:

All Silver-bearing minerals provided to your company are legitimate (the silver bars purchased from your company are used for legal purposes), which does not involve the following situations:

1. Systematic or widespread human rights abuses associated with the extraction, transport or trade of silver, including

worst forms of child labour, any forms of torture, inhuman and degrading treatments, widespread sexual violence or other gross human rights violation forced or compulsory labour, war crimes, crimes against humanity or genocide;

2. Direct or indirect support to illegitimate non-state armed groups, public or private security forces which illegally control mines sites, traders, others intermediaries, transport routes through the supply chains or illegally tax or extort money or minerals through the supply chains;
3. Bribery and fraudulent misrepresentation of the origin of silver;
4. Non-compliance with taxes, fees and royalties due to Governments related to mineral extraction, trade and export from conflict affected and high-risk areas;
5. Money laundering or terrorism financing;
6. Contribution to conflict;
7. Higher-risk business activity such as arms, gaming and casino industry, antiques and art, sects and their leaders;
8. Upstream companies or their beneficial owners with significant influence are PEPs;

At the same time, the company also posted the policy on the official website at <https://www.fuyegroup.com/>

#### **管理架构 Internal management structure**

##### 合规陈述:

根据体系要求, 公司明确了管理岗位以及对应的职责, 设置了一名合规总监, 一名合规经理和六名合规专员。公司的合规总监由饶泽民担任, 合规经理由廖家章担任, 国内采购合规专员由高瑜担任, 国外采购合规专员由王宝法担任, 财务部合规专员由吴同军担任, 生产部合规专员由洪桂平担任, 质检部物检合规专员由陆国军, 质检部化验合规专员华小军担任。

合规总监职责: 主持并全面负责公司白银供应链尽职调查工作。主持编制公司白银供应链年度风险评估报告, 并提交公司高层审定。对已识别出风险的白银供应链或交易采取恰当的措施减少风险直至消除风险。如果存在高风险白银供应链或交易时, 应及时向公司高管层汇报并采取严格的控制措施; 在得到最高管理者授权后负责审批被评为高风险的新白银供应链。

合规经理职责: 监督检查白银供应链尽职调查过程, 并评估尽职调查是否充分进行; 定期对员工进行责任白银准则和供应链尽职调查政策培训。负责起草和修订公司白银供应链相关的政策和方针。为公司高管层履行尽职调查责任提供必要的准确信息。

采购部合规专员职责: 严格执行供应链尽职调查措施和高风险白银供应链评判标准。负责收集并保存足够的白银供应链证明文件。核实运输公司、保险公司资质, 跟踪和妥善保存每一批运单, 分析和评估货品所经过的运输线路。定期对重要白银供应商进行现场调查, 并保留调查报告或记录。协助与鼓励白银供应商承诺且书面确认遵守《OECD 冲突影响地区和高风险地区矿产品责任供应链尽职调查指南》附录 II 中的规定。

财务部合规专员职责: 评估白银供应商财务数据, 厘清其商业关系目的和本意信息。完整保存白银供应商的所有交易及财务凭证, 保存期限为至少 5 个财务年度。尽职调查过程和白银交易出现异常情况及时向合规总监报告。

质检部合规专员职责: 核实并记录每一批收到的白银产品重量和化验结果, 分析和评估这些数据是否与供应链了解情况相符; 如果不符则进行详细调查并得出书面调查报告。

2022 年度, 管理团队严格按照体系文件要求对所有白银供应商进行了尽职调查, 合规总监对所有调查结果进行了监督和审核, 确保所有含银物料供应商在合作前都满足 LBMA 要求并得到批准。

##### Compliance statement:

In accordance with the requirements of the system, the company identified management requirements and corresponding responsibilities, set up one Compliance Director, five Compliance Officers. The Company's Compliance Director is Mr. Rao Zemin, the Compliance Manager is Mr. Liao Jiazhang, the domestic purchase Compliance Officer is Gao Yu, the oversea purchase Compliance Officer Wang Baofa, the finance Compliance Officer is Wu Tongjun, the production Compliance Officer is Hong Guiping, the testing center Compliance Office is Lu Guojun and Hua Xiaojun.

Compliance Director Responsibilities: Responsible for the company's silver supply chain due diligence. Preparation of the company's silver supply chain annual risk assessment report, and submitted to the company's senior management for review. Where there is a high-risk silver supply chain or transaction, report to the company's senior management in

a timely manner and take strict controls;

**Compliance Manager responsibilities:** Supervise the silver supply chain due diligence process and assess whether due diligence is adequate, and take appropriate measures to reduce or eliminate risks in the silver supply chain or transactions that have identified the risk. Regularly train employees in the Liability Silver Guidelines and Supply Chain Due Diligence Policy. Responsible for drafting and revising policies and guidelines related to the company's silver supply chain. Provide the necessary accurate information for the company's executives to fulfill their due diligence responsibilities.

**Purchase Compliance Officer Responsibilities:** Strict implementation of supply chain due diligence measures and high-risk silver supply chain evaluation criteria. Responsible for collecting and preserving sufficient silver supply chain supporting documentation. Verify the qualifications of transport companies and insurance companies, track and properly store each shipment, and analyze and evaluate the shipping routes through which the goods pass. Conduct on-site surveys of key silver suppliers on a regular basis and maintain investigation reports or records. To assist and encourage silver suppliers to undertake and confirm in writing compliance with the provisions of Appendix II. of the OECD Guidelines on Mineral Liability Supply Chains in Conflict-Affected and High-Risk Areas.

**Finance Compliance Officer Responsibilities:** Assess the financial data of silver suppliers and clarify the purpose and intention of their business relationships. Complete preservation of all transactions and financial documents of silver suppliers for a period of at least 5 financial years. Exceptions to the due diligence process and silver trading are reported to the Compliance Director in a timely manner.

Testing center Compliance Officer is to verify and record the weight and test results of each shipment of silver products received, to analyse and evaluate whether the data are consistent with supply chain understanding, and to conduct detailed investigations and produce written investigation reports if they do not.

In 2022, the management team conducted due diligence on all silver suppliers in strict accordance with system documentation requirements, and the Compliance Director monitored and reviewed all findings to ensure that all silver-containing material suppliers met LBMA requirements and were approved before collaborating.

#### **可追溯系统和其他供应链参与者的识别 Traceability and identification of other supply chain actors**

合规陈述:

公司根据管理体系要求，确定了供应链追溯体系，在业务过程中，收集和保存所有供应商提供的信息，包括合同评审表、合同文本、结算方式、运输过程、重量和检验报告、生产日期、入库时间等。

根据保留的所有记录，可以完成从成品追溯到原料、从原料追溯到成品，并能追溯每个供应商每批产品的采购合同，根据合同内容可以追溯包括贵金属类型、采购重量、分析报告以及相关尽职调查文件等信息。

Compliance statement:

The company has developed a supply chain traceability system in accordance with the requirements of management system. During the business process, it collects and saves all information provided by suppliers, including contract review forms, contract texts, settlement methods, transportation processes, weight and analysis report, production date, storage time, etc.

According to all the records kept, traceability can be completed from finished product to raw materials, from raw materials to finished products, and can be traced to the purchase contract of each supplier and each batch of products. According to the content of the contract, the traceability includes the type of precious metal, purchase weight, analysis report and related information such as due diligence documents.

#### **交易方互动，并协助交易方建立尽职调查能力 Engagement with silver supplying counterparties, and where possible, assisted silver supplying counterparties in building due diligence capabilities**

合规陈述:

根据管理体系的要求,在对供应商风险评估时,与供应商签订合同前,我司业务人员依据公司的合规要求,与所有白银供应商签署《LBMA 合规承诺书》,以确保他们了解公司 LBMA 管理的要求和供应链政策。在承诺书中,白银供应商应以书面形式承诺并承认,不存在与矿产开采、运输或贸易有关的严重侵犯人权行为,没有直接或间接支持非国家武装组织,没有直接或间接支持公共或私人安全部队,没有贿赂或虚假误报矿产来源,没有洗钱。此外,还向政府支付与受冲突影响地区和高风险地区的矿产开采、贸易和出口有关的税费和特许权使用费。

2022 年度签约的所有供应商均签署了相关的承诺书。

Compliance statement:

According to the requirements of the management system, during the supplier risk assessment, before signing the contract with the supplier, our business personnel has signed the "LBMA Compliance Commitment" with all silver suppliers according to the company's compliance requirements to ensure that they understand our company's LBMA management requirements and supply chain management policies. In the commitment, the silver supplier shall commit in writing documents with signature and stamp that there are no serious human rights violations related to mineral extraction, transportation or trade, no direct or indirect support for non-state armed organizations, and no direct or indirect support for public or private security forces, no bribe or falsely misreport mineral sources, and no launder money. In addition, the government is also paid taxes and royalties related to mineral extraction, trade and export in conflict-affected areas and high-risk areas.

All suppliers signed in 2022 signed relevant commitments.

#### 沟通和申诉机制 Communication & Complaint mechanism

合规陈述:

公司建立了申诉机制,合规经理的电子邮件和联系方式均发布在官方网站上,网址为 <https://www.fuyegroup.com/>,并且申诉机制在含银物料采购过程中均向供应商进行了必要的沟通,内外部利益相关方可以匿名举报有关白银交易过程中的违规行为。工厂设立了意见箱,作为内部员工的举报途径,并由相关人员定期开箱检查汇总举报内容。2022 年度没有举报事件发生。

此外,公司也制定了保护举报人制度,防止对举报人进行打击报复,有效保护举报人的权益。

The company has established a grievance mechanism. The email and contact information of the Compliance Manager are posted on the official website at <https://www.fuyegroup.com/>, and the grievance mechanism is carried out with suppliers during the procurement of silver-bearing materials, internal and external stakeholders can anonymously report violations in the silver transaction process. The factory has set up a suggestion box as a way for internal employees to report, and related personnel regularly open the box to check and summarize the content of the report. There was no reporting in the year of 2022.

In addition, the company has also established a whistleblower protection system to prevent retaliation against whistleblowers and effectively protect the rights of whistleblowers.

#### 交易付款和交易监控 Transaction Payment & Monitoring

合规陈述:

公司所有业务均通过官方银行渠道收款和付款,没有任何现金交易。国外进口产品结算是通过信用证付款,国内是通过银行转账付款。

根据管理体系要求,我们对每批白银产品都进行交易监督,保留相关付款凭证。合规专员负责交易监控工作,对不符或以任何形式疑似不符的交易背景进行检查,并书面确认调查结果,报告给合规总监。此外,我们与当地政府建立了反洗钱合作关系,任何洗钱行为我们都会第一时间通知政府,并配合政府进行洗钱调查。2022 年度的交易全部采用银行转帐方式,未出现异常现象。

Compliance statement:

All the company's businesses receive and pay through official bank channels without any cash transactions. Foreign imported products is paid by letter of credit, and domestic payment is made by bank transfer. According to the requirements of the management system, we conduct transaction supervision on each batch of silver products and retain the relevant payment vouchers. The Compliance Specialist is responsible for transaction monitoring, checks the background of transactions that do not match or is suspected of being inconsistent in any form, confirms the investigation results in writing, and reports to the Compliance Director. In addition, we have established an anti-money laundering cooperation relationship with the local government. We will notify the government of any money laundering actions as soon as possible and cooperate with the government in conducting money laundering investigations. All transactions in 2022 were conducted by bank transfer, no abnormalities occurred.

#### 培训 Training

合规陈述:

公司定期组织所有关于白银相关部门进行培训，2022 年度共计进行了 2 次培训。

2022 年 07 月 10 日，《LBMA 负责任白银供应链尽职调查管理体系》和 2022 年 8 月 8 日，《LBMA 负责任白银供应链尽职调查风险缓解策略》。

培训后进行了效果评价，并且保留培训记录。

Compliance statement:

The company regularly organizes silver relevant departments to carry out the training, and the training was performed in 2022.

July 10, 2022, "Management System for LBMA's Responsible Silver Supply Chain Due Diligence" and August 8, 2022, "LBMA Responsible Silver Supply Chain Due Diligence Risk Mitigation Strategies".

After the training, the effectiveness evaluation was carried out and the training records were kept.

#### 记录保留 Records keeping

合规陈述:

根据公司<白银供应链尽职调查管理体系>要求，所有供应商相关文档，包括尽职调查文件、风险评估表、合规文件、合同文本、检验记录以及出入库记录等均至少保存五年。

Compliance statement:

According to the management system requirements, all supplier-related documents, including due diligence documents, risk assessment forms, compliance documents, contract texts, inspection records, and warehouse records are kept for at least five years.

## 第二步：识别和评估供应链风险

### Step 2: Identify and assess risks in the supply chain

合规声明

我们部分符合第二步：识别和评估供应链风险

**Compliance Statement with Requirement:**

We have partially complied with Step 2: Identify and assess risks in the supply chain, we have taken the action and closed all NCs.

#### 供应链风险识别 Identify risks in the supply chain

合规陈述:

管理体系中规定了供应商风险识别方法，涵盖了含银物料从原产地到精炼厂的所有风险，通过《供应商尽职调查表》识别如下风险，如供应商基本信息、受益人、原产地信息、负责任的贵金属供应链政策、运输过程、反洗钱反资助恐怖主义、贿赂和欺诈、人权侵犯行为、交易监控、支持非政府武装组织等。

识别方法包括，建立供应链客户档案，包括：企业名称、法定代表人、地址、联系方式、营运方式、生

产方式、交易合同等；对既有供应链客户需定期进行核查，如有新建或变更的客户，需及时对其进行档案资料检查，保持档案资料库处于最新状态；识别每一客户、企业和企业收益所有人，使用可靠的独立来源文件、数据或者信息来验证其身份；确定供应链中每一客户、企业和企业收益所有人不在任何政府的洗钱、诈骗或恐怖主义通缉名单上；定期获取供应链客户商业和财务方面的详细情况、从事白银交易目的及商业运作情况。

**Compliance statement:**

The management system specifies the supplier risk identification method, covering all risks of silver-bearing materials from the origin to the refinery. The following risks are identified through the "Supplier Due Diligence Form", such as supplier basic information, beneficiaries, origin information, responsible precious metal supply chain policy, transportation process, anti-money laundering and anti-financing terrorism, bribery and fraud, human rights violations, transaction monitoring, support for non-governmental armed organizations, etc.

Identification method including, Establishing supply chain customer files, including: company name, legal representative, address, contact information, operation method, production method, transaction contract, etc.; Existing supply chain customers need to be checked regularly. If there are new or any changed, we need to check their archives in time to keep the archives database up to date. Identify each customer, business and business owner, and use reliable independent source documents, data or information to verify their identity. Make sure that every customer, business and business owner in the supply chain is not on any government money laundering, fraud or terrorism wanted list. Regularly obtain the commercial and financial details of customers in the supply chain, the purpose of engaging in silver transactions, and the status of commercial operations.

**供应链风险评估 Risk assessment in the supply chain**

**合规陈述:**

风险评估结果分为两种，高风险和非高风险。

在与供应商业务关系建成之前，业务部门需要填写《白银供应链尽职调查表》，依据管理体系要求针对所有含银原料新客户和老客户进行评估，我司全部含银原料均为矿产银和阳极板：矿产银供应商需要提供营业执照、采矿许可证、承诺书、尽职调查表、运输方式以及受益人相关调查内容；阳极板供应商需要提供营业执照、含银物料原产地证明、承诺书、尽职调查表、运输方式以及受益人相关调查内容。

对于高风险矿产供应商，我们将暂停交易，封存该供应商所有产品并立即进行强化尽职调查，实地考察或参观高风险供应链，证实供应链尽职调查结果的文件记录是否真实，调查结束后出具现场审计报告。对于大规模开采的白银：使用可信的独立来源的文件、数据和信息来核实情况，从矿山到精炼厂，供应链中的每一家企业（包括白银生产商、中间商、白银交易商、出口商和运输商）的收益所有人和政府监控名单信息都要求要核实。对于手工或小型矿开采的白银（ASM）：使用可靠的独立来源的文件、数据和信息来核实情况，从白银出口商到精炼厂，供应链中的每一家企业（包括国际白银交易商和运输商）的收益所有人和政府监控名单信息都要求要核实。

最后，根据搜集的信息和供应链风险识别的结果，对每个供应商进行单独的风险评估，填写风险评估表，由负责评估的合规总监签字，并填写最终评估日期。

2022 财年我们共计完成了 43 家矿产白银和冰铜、粗铜产白银供应商的尽职调查，其中 26 家供应商来自于国内，17 家来自于国外（秘鲁、智利等）；根据风险评估结果，所有 43 家供应商均为非高风险供应商。

**Compliance statement:**

There are two types of risk assessment results, high-risk and non-high-risk.

Before the business relationship with the supplier is established, the business department needs to fill out the "Silver Supply Chain Due Diligence Form" and evaluate all new and old customers' silver-bearing raw materials according to the requirements of the management system. Our silver-bearing raw materials are mineral silver and Anode plates: Mineral silver suppliers are required to provide business licenses, mining licenses, commitments, due diligence forms, transportation methods, and beneficiary-related investigations; anode plate suppliers are required to provide business licenses, certificates of origin for silver-containing materials, and commitment, due diligence questionnaires,



transportation methods, and beneficiary-related investigations.

For high-risk mining suppliers, we will suspend trading, seal all products of this supplier and immediately conduct enhanced due diligence, as follows: On-site inspections or visits to high-risk supply chains to verify whether the documents and records of the due diligence results of the supply chain are true. An on-site audit report will be issued after the investigation. For large-scale mining of silver and : use credible independent sources of documents, data and information to verify the situation, from mines to refineries, every company in the supply chain (including and silver producers, middlemen, & Silver traders, exporters, and transporters) are required to verify the information of their owners and government watch list. For artisanal or small-scale mining of and silver (ASM): use reliable independent source files, data and information to verify the situation, from and silver exporters to refineries, every company in the supply chain (including international & Silver dealers and transporters) are required to verify the information of their owners and government watch list.

Finally, based on the collected information and the results of supply chain risk identification, a separate risk assessment is performed for each supplier, a risk assessment form is filled out, signed by the compliance director responsible for the assessment, and record the assessment date.

In FY 2022, we completed a due diligence survey on 43 mineral silver suppliers. Among them, the 26 suppliers are from China, and the 17 suppliers are from abroad (Peru, Chile etc.). All suppliers are non-high-risk suppliers.

### 风险评估结果的汇报 Report risk assessment to the designated manager

合规陈述:

合规经理每年代表高级管理团队向合规总监和最高管理层提供一份评论报告。高级管理层保留对白银供应链的最终控制权和责任。如果高风险供应商，必须得到最高管理层的批准，并立即停止合作。

Compliance statement:

The Compliance Manager provides a commentary report to compliance director and senior management on a yearly basis, Senior management retains the ultimate control and responsibility for the silver supply chain, if any high risk suppliers, it must be approved by senior management and stop the business immediately.

### 第三步：对已识别的风险实施管理策略

#### Step 3: Design and implement a management system to respond to identified risks

合规声明:

我们完全符合第三步：设计和实施一项管理策略应对已识别的风险

#### Compliance Statement with Requirement:

We have fully complied with Step 3: Design and implement a management system to respond to identified risks.

#### 针对已识别的风险实施一项风险管理策略 a strategy for risk management of an identified risk

合规陈述:

我司建立了文件化的《风险缓解策略》，合规官负责缓解策略的落实工作，主要通过以下方式进行风险管理：

高风险供应商：如果供应链尽职调查结果得出的结论是，存在洗钱、恐怖主义融资、严重的侵犯人权、直接或间接支持非法的政府武装组织或通过欺诈误导矿产品的原产地，我们将立即停止与该供应商交易，对已交易的贵金属数量进行核实并封存，并上报至最高管理层。如果供应链尽职调查结果得出的结论是，可能存在洗钱、恐怖主义融资、严重的侵犯人权、直接或间接支持非法的政府武装组织或通过欺诈误导矿产品的原产地，我们将立即暂停与该供应商交易，对已交易的贵金属数量进行核实并封存，对该供应商进行强化尽职调查，通过实地考察、委托有能力的第三方或有资质的人员对该供应商进行现场审核，出具审核报告，若现场审核的结果为高风险供应商，则停止交易并上报有关部门；若该供应商无重大风险且愿意配合整改，则监督该供应商在六个月内整改至满足 LBMA 准则的要求，可以继续进行交易。若在六个月内无法整改至满足要求，则停止交易。如果尽职调查的结果无法充分满足要求，不能为风险评估提供有效的证据，缺少相关资质证明，如营业执照、采矿许可证、进出口相关单据、贵金属原产地、运输方式等，则暂停与该供应商的交易，直至提供完整的资料并通过了风险评估。

非高风险供应商：不存在洗钱、恐怖主义融资、严重的侵犯人权、直接或间接支持非法的政府武装组织或通过欺诈误导矿产品的原产地等零容忍问题，并且提供了所有的相关尽职调查的资料，通过风险评估，结论为非高风险供应商，则继续进行交易，并定期对其进行风险监控。

**Compliance statement:**

High-risk and non-high-risk supplier, If the results of the silver supply chain due diligence conclude that there is money laundering, terrorist financing, serious human rights violations, direct or indirect support to illegal government armed organizations, or misleading the origin of mineral products through fraud, we will immediately stop trading with this supplier, verify the amount of precious metals and sealing up them that have been traded, and report to the relevant departments. If the results of the supply chain due diligence conclude that there may be money laundering, terrorist financing, serious human rights violations, direct or indirect support to illegal government armed organizations, or misleading the origin of mineral products through fraud, we will immediately suspend with The supplier trades, verify the amount of precious metals and sealing up them that have been traded, strengthens the due diligence of the supplier, conducts an on-site audit of the supplier through on-site audit, authorize capable third parties or qualified personnel, issues an audit Report. If the result of the on-site audit is a high-risk supplier, stop trading and report to the relevant department; if the supplier has no critical risks and is willing to cooperate with the action, supervise the supplier to rectify within six months until to meet the requirements of the LBMA Code , then can continue the trading. If it cannot be verified to meet the requirements after six months, the trading will be stopped. If the results of the due diligence cannot fully meet the requirements and cannot provide valid evidence for risk assessment, lacking of relevant qualification certificates, such as business licenses, mining permits, import and export related documents, origin of precious metals, transportation methods, etc. Supplier trading will be suspended until complete documents are provided and a risk assessment is passed.

Non-high-risk suppliers: There are no zero tolerance issues such as money laundering, terrorist financing, serious human rights violations, direct or indirect support to illegal government armed organizations, or misleading the origin of mineral products through fraud and provide all relevant documents for due diligence and risk assessment, concluded as non-high-risk suppliers through risk assessment, will continue the trading and regularly monitor their risks.

**量化措施，绩效监督，重新评估以及定期汇报 Measureable steps, monitoring of performance, periodic reassessment, regular reporting to designated senior management.**

**合规陈述:**

量化手段和绩效评估：根据《LBMA 风险缓解策略》，如果尽职调查的结果处于低风险，但仍存在轻微不符合时，只要该公司在规定的时间内采取了明确绩效目标的改进策略，我们将继续从其处获取白银原材料。如果白银供应链尽职调查提交的资料不完善，或者不愿意配合的，这说明存在洗钱、恐怖主义融资、助长冲突、侵犯人权的行为可能性很高，我们将立即停止从其处获取白银原材料，直到其他信息或数据能证实其低风险。

根据 2022 年的尽职调查结果，所有供应商均为低风险，无供应商需要进行风险缓解的管理策略。

定期重新评估与持续监控：1、每年，原料采购部门的合规专员组织人员收集供应商信息的所有变更情况，持续监控交易结果并进行年度供应链尽职调查重新评估，以决定是否继续合作。2、采购的每一批次的白银原料在运输、出入库、生产、付款过程都有合规专员的监控，其中出入库必须有押运 LBMA 合规专员的签字，付款必须有财务的 LBMA 合规专员的批准。

定期报告：每季度合规专员根据 LBMA 管理的实际情况，向合规总监和最高管理层提交汇报。报告本季度 LBMA 管理体系运行情况进行总结，提出不足及改进措施。

2022 年，我司采取了量化的手段对供应商进行评分管理，对除新供应商外的所有供应商进行年度补充风险评估。合规总监已对评估结果进行审核。并且每季度向最高管理层提交了报告。

**Compliance statement:**

Measures steps and performance monitoring: According to the "LBMA Risk Mitigation Strategy", if the result of due diligence is at a low risk, but there is still a minor non-compliance, as long as the company adopts an improvement

strategy with clear performance targets within the specified time frame, we will continue to obtain silver raw materials from them. If the due diligence information submitted by the silver supply chain is incomplete or unwilling to cooperate, it means that there is a high possibility of money laundering, terrorist financing, conflict promotion, and human rights violations. We will immediately stop obtaining silver raw materials from them. Until other information or data can confirm they have low risk status.

According to the results of the due diligence in 2022, all suppliers were assessed as low risk, no supplier needs a risk mitigation management strategy.

Regular re-evaluation and continuous monitoring: 1. Every year, the Compliance officer of the raw material procurement department organizes personnel to collect all changes in supplier information, continuously monitor the transaction results and conduct an annual supply chain due diligence re-evaluation to decide whether to continue cooperation. 2. Each batch of purchased silver raw materials is monitored by a compliance officer during the transportation, storage, production, and payment process. Among them, the deposit and withdrawal must be signed by the escort LBMA compliance officer, and the payment must have financial LBMA compliance officer's approval.

Periodic report: Every quarter, the compliance officer submits reports to the compliance director and top management according to the actual situation of LBMA management. The report summarizes the quarterly operation of the LBMA management system, proposes deficiencies and improvement measures.

In 2022, our company took a quantitative approach to score management of suppliers, and conducted an annual supplementary risk assessment of all suppliers except new ones. The compliance director has reviewed the evaluation results. And every quarter to submit a report to the top management.

#### 第四步：安排独立的第三方审计

#### Step 4: Arrange for an independent third-party audit of the supply chain due diligence

合规声明：

我们完全符合第四步：安排独立的第三方审计

#### Compliance Statement with Requirement:

We have fully complied with Step 4: Arrange for an independent third-party audit of the supply chain due diligence.

合规陈述：

我们于 2022 年 5 月获得 LBMA 会员资格，根据 LBMA 的要求，每年必须通过 LBMA 负责任白银审计，因此我们此次是邀请必维公司第三次进行 LBMA 负责任白银审计。

Compliance statement:

We gained LBMA membership in May 2022, as required by LBMA, we must pass the LBMA silver responsible audit every year, so this is the third time we have invited Bureau Veritas to conduct an LBMA silver responsible audit.

#### 第五步：供应链尽职调查报告

#### Step 5: Report on supply chain due diligence

合规声明：

我们完全符合第五步：供应链尽职调查报告

#### Compliance Statement with Requirement:

We have fully complied with Step 5: Report on supply chain due diligence

合规陈述：

我们的白银供应链政策中列出了有关如何实施供应链尽职调查政策，程序，过程和控制以符合 LBMA 负责任白银指南中特定要求的更多信息和具体细节，该政策可在公司网站 <https://www.fuyegroup.com/> 上找到。

Compliance statement:

Further information and specific details of how to perform due diligence systems for supplier chains, procedures,

processes and controls have been implemented to align to the specific requirements in the LBMA Responsible Silver Guidance have been set out in our silver supply chain policy, which is available on our company website <https://www.fuyegroup.com/>

## 结论 Conclusion

### 管理层结论 Management conclusion

我司在截至 2022 年 12 月 31 日的报告年度报告中，实施了有效的管理系统，程序，流程和实践，以符合 LBMA 负责任白银指南的要求。

我司致力于持续改进，并且将定期对内部发现的所有纠正措施进行监控。持续满足 LBMA 负责任白银指南的要求。

The company implemented effective management systems, procedures, processes and practices to conform to the requirements of the LBMA Responsible Silver Guidance, as explained above in Table 2, for the reporting year ended on 31 December 2022.

The company is committed to continuous improvement, and any corrective actions identified will be monitored internally on a regular basis. Ensure that the management system continue meeting the requirements of the LBMA Responsible Siler Guidance.

### 其他 Other report comments

如果本报告的使用者希望就本报告向我方提供任何反馈，请随时拨打电话+86 0571-63485828 或发送电子邮件至 [gsb@fuyegroup.com](mailto:gsb@fuyegroup.com) 与我们联系。

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