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|  Yuteng Non-ferrous | Name of Internal Control Document: Risk Mitigation Regulations of Silver Supply Chain | Internal Control Version: Version 1 |
| Internal Control Document No.: Part II Key Business Control 20.2 | Main Control Department: Trade and Finance Department | |
| Proofreader: Zhu Ming | Effective date: January 1, 2019 | |

Risk Mitigation Regulations of Silver Supply Chain

The risk mitigation regulations of silver supply chain of Hunan Yuteng Non-ferrous Metals Co., Ltd. have been established to strictly abide by the laws and regulations of the state on employee rights, environmental protection and fair trade, actively participate in the due diligence of the silver supply chain and ensure the legality of silver sources in accordance with the requirements of the *London Bullion Market Association (LBMA) Responsible Silver Guideline*.

1. Scope

The Regulations apply to all risks identified by Hunan Yuteng Non-ferrous Metals Co., Ltd. (hereinafter referred to as "the Company") according to the silver supply chain due diligence policy. Sources of silver covered by the Regulations include mineral silver, recovered silver and various forms of stored silver produced after January 1, 2018.

2. Terms and definitions

The terms and definitions involved in the Regulations are those described in the *London Bullion Market Association (LBMA) Responsible Silver Guideline*.

3. Risk mitigation strategies

3.1. All information collected during the due diligence process and the actual and potential risks identified in the supply chain risk assessment shall be reported to the Compliance Team Leader, who shall then sort out the information and submit them to the Compliance Director to determine the risk level.

3.2. If the due diligence results of silver supply chain reach the following conclusions, the silver transaction shall be immediately stopped and reported to the relevant departments:

1) Systematic or widespread human rights violations relating to the extraction, transport or trade of silver, including the most serious forms of child labor, torture, inhuman and degrading treatment, widespread sexual violence or other serious forms of forced labor against human rights, war crimes, crimes against humanity or genocide;


2) Direct or indirect support to illegal armed non-governmental organizations;

3) Concealment of the origin of silver by fraud;

4) Money laundering or terrorist financing;

5) The possibility of the above four events is relatively high.

3.3. If the due diligence results of the silver supply chain reach the following

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conclusion, the refining of the silver shall be suspended immediately until the supplier provides additional data or information within 6 months that can prove that it is impossible to have the following matters. If relevant evidence is not provided within 6 months, the silver transaction shall be immediately stopped and reported to relevant departments:

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

2) There may be direct or indirect support to illegal armed non-governmental organizations;

3) There may be concealment of the origin of silver by fraud;

4) There may be money laundering or terrorist financing;

5) There may be situations with high possibility of the above four events.

3.4. If the contents of the silver supply chain due diligence are not fully met and the evaluated suppliers are actively cooperating, the silver supply chain due diligence results reach the following conclusions, then the silver refining can be continued, and the suppliers are required to provide additional data or information within 6 months that can prove that they do not have the following matters. If relevant evidence is not provided within 6 months, the silver transaction shall be immediately stopped and reported to relevant departments:

1) The silver supply chain due diligence has not been completed;

2) Direct or indirect support to illegal public or private security forces;

3) Misleading the origin of mineral products by bribery or non-fraud reasons;


4) Failure to pay taxes payable to the government.

4. Specific steps of risk mitigation strategies

4.1. If the due diligence results of the silver supply chain meet the requirements of Clause 3.2, the Compliance Director shall immediately assemble the relevant Compliance Officers to hold a special meeting to notify the termination of the contractual relationship with the evaluated supplier, and at the same time require the relevant Compliance Office to implement it immediately and prepare a written document to report to the upper leadership. Then the Company's office will report to the relevant government departments.

4.2. If the due diligence results of silver supply chain comply with Clause 3.3, the Compliance Director shall immediately assemble relevant Compliance Officers to hold a special meeting to notify the immediate suspension of the use of mineral silver or recovered silver provided by the evaluated supplier until it provides additional data or information for proving within 6 months:

1) Provide government documents proving there is no systematic or widespread human rights violations related to silver extraction, transportation or trade, such as legality certificates issued by relevant public security or commercial departments in the

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place where the evaluated supplier is located;

2) Provide documentary evidence that no direct or indirect support has been provided to illegal armed groups;

3) Provide certificates of origin of silver that have not been covered up through fraud, such as certificates of origin issued by relevant government departments;

4) Provide documentary evidence there is no money-laundering or terrorist financing.

The relevant Compliance Officer is responsible for collecting the above-mentioned additional data or information and reporting the progress to the Compliance Team Leader on time. The Compliance Team Leader will prepare monitoring reports and submit them to the Compliance Director. If relevant evidence is not provided within 6 months, actions should be taken in accordance with Clause 4.1.

4.3. If the due diligence results of silver supply chain comply with Clause 3.4, the Compliance Director shall immediately assemble relevant Compliance Officers to hold a special meeting to notify that mineral silver or recovered silver can continue to be used until the evaluated supplier provides additional data or information for proving within 6 months:

1) Cooperate to complete the contents of due diligence in silver supply chain;

2) Provide documentary evidence that no direct or indirect support has been provided to illegal public or private security forces;

3) Provide certificates of origin that do not mislead mineral products by bribery or fraud, such as certificates of origin issued by relevant government departments;

4) Provide documentary evidence that it has paid the taxes payable to the government, such as payment documents.

The relevant Compliance Officer is responsible for collecting the above-mentioned additional data or information and reporting the progress to the Compliance Team Leader on time. The Compliance Team Leader will prepare monitoring reports and submit them to the Compliance Director. If relevant evidence is not provided within 6 months, actions should be taken in accordance with Clause 4.1.

5. Requesting and soliciting opinions

Employees, suppliers and business partners of the Company are required to abide by the above policies and take necessary measures to ensure the implementation of the above policies. We are willing to accept the supervision of customers and relevant organizations. Any suggestions from suppliers and stakeholders on above policies will be helpful to us.

