Independent Reasonable Assurance Report to HUNAN SHUI KOU SHAN NONFERROUS METAL GROUP CO., LTD on its Refiner's Compliance Report 2024 for the London Bullion Market Association's Responsible Silver Guidance

To the Board of Directors of
HUNAN SHUI KOU SHAN NONFERROUS METAL GROUP CO., LTD

We were engaged by Refiner to provide reasonable assurance on its Refiner's Compliance Report for the year ended 31 December 2024. The assurance scope consists of the Refiner's Compliance Report.

Management's Responsibilities

The management of HUNAN SHUI KOU SHAN NONFERROUS METAL GROUP CO., LTD is responsible for the preparation and presentation of the Refiner's Compliance Report in accordance with the *LBMA Responsible Silver Guidance* (v.2) (the *"Guidance")*. This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived. The criteria identified by management as relevant for demonstrating compliance with the *Guidance* are the activities described within the Refiner's Compliance Report.

Auditor's Responsibilities

Our responsibility is to carry out a reasonable assurance engagement in order to express a conclusion based on the work performed. We conducted our assurance engagement in accordance with International Standard on Assurance Engagements *ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board and the guidance set out in the *LBMA Responsible Silver Programme - Third Party Audit Guidance for ISAE 3000 Auditors* (the *"Audit Guidance"*).
This report has been prepared for Refiner for the purpose of assisting management in determining whether HUNAN SHUI KOU SHAN NONFERROUS METAL GROUP CO., LTD has complied with the *Guidance* and for no other purpose. Our assurance report is made solely to HUNAN SHUI KOU SHAN NONFERROUS METAL GROUP CO., LTD in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than HUNAN SHUI KOU SHAN NONFERROUS METAL GROUP CO., LTD for our work, or for the conclusions we have reached in the assurance report.

Summary of assurance procedures performed

We planned and performed our work to obtain all the evidence, information and explanations considered necessary in relation to the above scope. These procedures included:

- Enquiries of management to gain an understanding of HUNAN SHUI KOU SHAN NONFERROUS METAL GROUP CO., LTD's processes and risk management protocols in place
- Enquiries of relevant staff responsible for the preparation of the Report
- Site visits to the Refiner
- Assessing the suitability of the policies, procedures and internal controls that the HUNAN SHUI KOU SHAN NONFERROUS METAL GROUP CO., LTD has in place to conform to the *Guidance*
- Review of a selection of the supporting documentation, including silver supplier counterparty due diligence file and transaction's documentation
- Test a selection of the underlying processes and controls that support the information in the Report
- Review of the presentation of the Report to ensure consistency with our findings

Inherent limitations

Non-financial information, such as that included in the Refiner's Compliance Report, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the subject matter and the methods used for determining such information. The methods used by Refiners to comply with the *Guidance* may differ. It is important to read the HUNAN SHUI KOU SHAN NONFERROUS METAL GROUP CO., LTD's silver supply chain policy available on HUNAN SHUI KOU SHAN NONFERROUS METAL GROUP CO., LTD's website http://www.csksg.com/xxgk_7088/gkbg/.

Independence and competency statement

In conducting our engagement, we have complied with the applicable requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.
We confirm that we satisfy the criteria for assurance providers as set out in out in the *Audit Guidance* to carry out the assurance engagement.

Conclusion

In our opinion, the HUNAN SHUI KOU SHAN NONFERROUS METAL GROUP CO., LTD's Compliance Report for the year ended 31 December 2024, in all material respects, describes fairly the activities undertaken during the year to demonstrate compliance, and management's overall conclusion contained therein, is in accordance with the requirements of the *LBMA Responsible Silver Guidance* (v.2).

Heng Feng

Bureau Veritas Shanghai Branch

26th June 2025

Hengyang, China

中国五矿

湖南水口山有色金属集团有限公司
HUNAN SHUI KOU SHAN NONFERROUS METALS GROUP CO.,LTD

Hunan Shuikoushan Nonferrous Metals Group Co., Ltd.
LBMA RSG
2024 Refiner’s Compliance Report

(Published in July 2025)

湖南水口山有色金属集团有限公司
2024 年度精炼厂合规报告

(2024/01/01-2024/12/31)

In order to meet the requirements of the LBMA Responsible Silver Guidance, 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 Guidance.
为了符合《伦敦金银市场协会负责任的白银指南》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。

This report summarizes the compliance of Hunan Shuikoushan Nonferrous Metals Group Co., Ltd. in the fiscal year 2024 (January 1, 2024-December 31, 2024) with the requirements of the < LBMA Responsible Silver Guidance >.
本报告总结了湖南水口山有色金属集团有限公司 2024 财年（2024 年 1 月 1 日-2024 年 12 月 31 日）对《伦敦金银市场协会负责任的白银指南》要求的遵守情况。

Company Name:	**湖南水口山有色金属集团有限公司** **Hunan Shuikoushan Nonferrous Metals Group Co., Ltd.**
Location:	Changning City, Shuikoushan Town,Hengyang,Hunan province。
Reporting year-end:	December 31, 2024
Date of Report	June 26, 2025
Senior management responsible for this report	Mr. GunangYu Ding/Admin manger

公司概况
Company Overview

湖南水口山有色金属集团有限公司坐落在常宁市水口山镇，是一家集采矿、选矿、冶炼、加工、贸易于一体，以生产铅、锌、铜和稀贵金属为主的大型有色金属联合企业。
公司前身为水口山矿务局，成立至今已有128年的历史，公司研发的“水口山炼铅法”“水口山炼铜法”，实现了中国铅、铜冶炼技术的重大突破，被国内外广泛应用。
公司现有铅、锌、铜矿山3座，铅及稀贵金属冶炼厂3家。拥有80万吨铅锌铜采选、15万吨铅冶炼、4500公斤黄金、470吨白银的生产能力，主要经营铅、锌、金、银、锑、铋、碲、氧化锌、硫酸等多种有色金属和有色化工系列产品。
公司是中国湖南有色铜铅锌产业基地的核心企业，通过ISO9001质量管理体系认证、ISO14001环境管理体系认证、ISO45001职业健康安全管理体系认证，产品畅销全国各地并自营出口30多个国家和地区。

Hunan Shuikoushan Nonferrous Metals Group Co., Ltd. is located in Changning City, Shuikoushan Town, with the processing of mining, mineral processing, smelting, processing, trading, which was a joint enterprises to produce lead, zinc, copper and rare precious metals-based large-scale non-ferrous metals.
The company formerly known as the Shuikoushan Mining Bureau, has been established for 128 years of history, the company developed the "Shuikoushan lead smelting method" "Shuikoushan copper smelting method", to achieve a major breakthrough in China's lead, copper smelting technology, has been widely used in domestic and abroad.
The company's existing 3 mines, they are lead, zinc, copper mines, 3 refiners for lead and rare / precious metals. With the production capability of 800,000 tons of lead and zinc copper selection, 150,000 tons of lead smelting, 4500 kg of gold, 470 tons of silver, mainly engaged in lead, zinc, gold, silver, palladium, palladium, zinc oxide, sulfuric acid and other non-ferrous metals and non-ferrous chemical products.
The company is China's Hunan colored copper lead and zinc industry base of the core enterprises, through the ISO9001、ISO14001、ISO45001 management system certification, products sold throughout the country and exported more than 30 countries and regions in the world.

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 with Step 1: Establish strong management systems.

1.1. Adopt and commit to a policy for silver supply chain due diligence

Compliance statement:

Based on the second edition of the LBMA Responsible Silver Guidelines, we have updated our supply chain due diligence policy, which was released and implemented on January 1, 2024.

Report scope: All priced silver-bearing materials purchased by sks Group Related

facilities: Smelting workshop, precious metal workshop

The policy includes all threatening financing risks, including OECD Annex II risks, per Step 1.1 of the LBMA Responsible Silver Guidance. it also covers the Environmental, Social and Governance (ESG) factors considered in silver primary supply chains.

The company promises to strictly comply with the supply chain due diligence policy, which includes the following:

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

- Any forms of torture, or inhuman and degrading treatment
- Forced or compulsory labour
- Worst forms of child labour
- Widespread sexual violence or other gross human rights violations
- War crimes, crimes against humanity or genocide.

Direct or indirect support to illegitimate non-state armed groups, or public or private security forces:

- Illegally control mines, sites, traders or other intermediaries, and transport routes through the supply chains; or
- Illegally tax or extort money or minerals through the supply chains.

Bribery and fraudulent misrepresentation of the origin of silver.

Non-compliance with taxes, fees, and royalties due to governments related to mineral extraction, trade, and export from Conflict-Affected and High-Risk Areas (CAHRAs).

Money laundering or terrorism financing.

Contribution to conflict.

Unauthorised sourcing from World Heritage Sites and Protected Areas.

Using mercury and cyanide.

The supply chain due diligence policy has been approved by the Board of directors.

The supply chain due diligence policy will be reviewed and updated annually based on changes in the internal and external environment.

The updated supply chain due diligence policy has been communicated to all relevant employees through training and published on the official website at http://www.csksg.com/xxgk_7088/gkbg/

合规陈述：

基于 LBMA 负责任白银指南第二版标准，我们更新了供应链尽职调查政策，于 2024 年 1 月 1 日发布和实施。报告范围：水口山集团采购的所有计价含银物料

相关设施：冶炼车间、贵金属车间

该政策包含了根据《负责任白银指南》第 1.1 步，所有威胁性融资风险，包括经济合作与发展组织附件二所列风险。同时，涵盖了供应链中需考虑的环境、社会和治理（ESG）因素。
公司承诺并严格遵守供应链尽职调查政策，内容如下：
与白银开采、运输或贸易相关的系统性或广泛的侵犯人权行为，包括：
• 任何形式的酷刑或不人道和有辱人格的待遇
• 强迫或强制劳动
• 最恶劣形式的童工
• 普遍存在的性暴力或其他严重侵犯人权行为
• 战争罪、危害人类罪或种族灭绝罪。
直接或间接支持非法的非国家武装团体或公共或私人安全部队：
• 非法控制矿山、场地、贸易商或其他中介机构，以及通过供应链的运输路线；或
• 通过供应链非法征税或勒索金钱或矿产。
贿赂和对白银来源的欺诈性虚假陈述。
不遵守与受冲突影响和高风险地区（CAHRA）的矿产开采、贸易和出口有关的政府应缴纳的税款、费用和特许权使用费。
洗钱或恐怖主义融资。
对冲突的贡献。
未经授权从世界遗产地和保护区采购。
使用汞和氰化物。

供应链尽职调查政策得到了公司董事会的批准。
供应链尽职调查政策将根据内外部环境的变化，每年审查和更新。
更新的供应链尽职调查政策已经通过培训传达给所有相关员工，并发布在官方网站上，网址为
http://www.csksg.com/xxgk_7088/gkbg/

1.2. Establish management structures to support supply chain due diligence

Compliance statement:
In accordance with the requirements of the system, the company identified management requirements and corresponding responsibilities, set up one board of directors,one Compliance Director, four Compliance Officers.
The responsibilities of the board of directors: Approve, supervise the implementation, review regularly, approve the revision of the company's supply chain due diligence management relevant systems, and approve related reports. Regularly supervise and hold accountable the performance of the departments involved in the committee regarding supply chain due diligence management. Supervise the effective implementation and operation of the supply chain due diligence management system and procedures; Supervise the operation of the supply chain due diligence management complaint measures, etc。
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. 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. 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; 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.
Marketing Company 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.
The Responsibility of the Precious Metals Library 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.
Production compliance specialist responsibilities: statistical silver mines produced raw material production and product information, analyze and evaluate whether these data information associated with the supply chain. ,
To ensure the improvement and effective implementation of the supply chain due diligence management policy, a board of directors (Mineral Supply Chain Due Diligence Management Committee) has been established.
In 2024, 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.

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，设置了一个董事会，一名合规总监，四名合规专员。
董事会职责：批准、监督实施、定期审阅、批准修订公司供应链尽责管理相关制度，审批相关报告；定期监督并问责委员会中涉及部门有关供应链尽责管理的工作绩效；监督供应链尽责管理体系和程序的有效实施和运行；监督供应链尽责管理申诉办法运行等。
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。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；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。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。
营销公司合规专员职责：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。
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。
贵金属库合规专员职责：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。
生产部合规专员职责：统计矿山自产原料白银产量及产品信息，分析和评估这些数据是否与供应链情况相关。
为确保供应链尽责管理政策的完善和有效实施，另设置了董事会（矿产供应链尽责管理委员会）。

2024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:
The company regularly organizes silver relevant departments to carry out the training, and the training was performed in 2024.
Sep 16th , 2024, LBMA Supply chain due diligence training;
Total 26 employees attended the training in FY2024, covering all related person including: Financial Management Department:4, Factory and Warehouse: 9, Marketing Center:8, Operations Management Department (Production+Operations):5,
After the training, the effectiveness evaluation was carried out and the training records were kept.

公司定期组织所有关于白银相关部门进行培训，2024年度共计进行了1次培训。
2024年9月16日，LBMA供应链尽职调查培训；
共有26名员工参加了培训，涵盖了相关人员：财务管理部4人，工厂和仓库9人，营销中心8人，运营管理部（生产+运营）5人，培训后进行了效果评价，并且保留培训记录。

Payment Policy: The company required all payments must be made through bank transfer, cash transactions are not allowed. In 2024, all business transactions were paid through official banking channels, without any cash transactions. Payment for imported products is made through a letter of credit by bank, while payment for domestic products is made through bank transfer.
According to the management system requirements, we conduct transaction supervision for each batch of silver-bearing materials and retain relevant payment evidence. The compliance officer of the finance department is responsible for transaction monitoring. We have established anti-money laundering cooperation with the local government, and we will

notify the local government of any money laundering as soon as possible and cooperate with the government in conducting money laundering investigations.

in China, foreign exchange payments are regulated by banks and require the signing of anti-money laundering commitment letters in accordance with bank requirements.In 2024, overseas lead concentrates were provided through 3 international trading companies: Trafigura, MINMETALS NORTH-EUROPE AKTIEBOLAG, and Traxys Europe S.A. Foreign exchange payments were made through letters of credit or TT, and anti-money laundering commitment letters were signed as required by the bank.

Record keeping policy: According to the Silver Supply Chain Due Diligence Management System, all supplier due diligence documents, including KYC, risk assessment forms, contract, inspection records, transportation records, inbound and outbound records, etc., are kept for at least five years.

付款政策：公司规定所有付款均通过银行转账，不得进行现金交易。2024年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。财务部合规专员负责交易监控。
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当地政府，并配合政府进行洗钱调查。
在中国，外汇支付受到银行的监管，并要求按照银行的要求签署反洗钱承诺书。2024年，海外铅精矿通过三间国际贸易公司提供:托克（Trafigura）、MINMETALS NORTH-EUROPE AKTIEBOLAG及Traxys Europe S.A.。外汇支付通过信用证或TT进行，并按银行要求签署反洗钱承诺书。
记录保留政策：根据<白银供应链尽职调查管理体系>，所有供应商尽职调查文档，包括 KYC、风险评估表、合同文本、检验记录、运输记录、出入库记录等均至少保存五年。

1.3 Establish a silver traceability system

Compliance statement:
The company has established a supply chain traceability map that identifies all entities in the entire supply chain of each batch of silver-bearing materials from the refinery to the mine, including traders, importers, exporters, transporters, and mines.
The supply chain traceability map records all information, including contracting parties, origin, the type of silver-bearing material, etc. The compliance team conducted KYC investigations on all entities based on the information identified by the supply chain traceability map, and collected relevant documents such as certificates of origin, Customs declarations, packing lists, formal invoices, transportation route maps, etc. In addition, warehouse staff double confirmed the type, weight, and arrangement of sampling inspections of silver-bearing materials to ensure that the silver-bearing materials specified in the contract are consistent with the actual receiving.
If any information is found to be inconsistent, it will be immediately reported to the compliance team and the Board of Directors to isolate the batch of silver-bearing materials.

合规陈述：
公司建立了供应链追溯地图，识别了每一批含银物料从精炼厂到矿山整个供应链中的所有实体，包括贸易商、进口商、出口商、运输商和矿山。
供应链追溯地图中记录了所有信息，包括合同方、原产地、含银物料类型等。合规小组根据供应链追溯地图识别的信息，对所有实体进行 KYC 调查，搜集了相关文件如原产地证明、报关单、装箱单、形式发票，运输路线图等。此外，仓库人员在收货时核对含银物料类型、重量、安排抽样检验等信息，确保合同中约定的含银物料与实际保持一致。如果发现任何信息不一致，将立即上报合规小组和董事会，隔离该批次含银物料。

1.4 Strengthen company engagement with silver-supplying counterparties
Compliance statement: According to the requirements of the management system, before signing contracts with suppliers, our business personnel signed a "Supply Chain Due Diligence Commitment Letter" with all silver-bearing materials suppliers in accordance with the company's compliance requirements to ensure that they understand the company's LBMA management requirements and supply chain policies. In the commitment letter, the silver supplier shall undertake in writing 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, no direct or indirect support for public or private security forces, no bribery or false reporting of mineral sources, and no money laundering. In addition, taxes and royalties related to mineral extraction, trade, and export in conflict affected and high-risk areas are also paid to the government. For intermediate refineries, in addition to signing commitment letters, detailed supply chain due diligence was conducted to understand the origin of their silver-bearing materials and ensure that there are no procurement conflicts or high-risk areas for raw materials. Due to the challenging domestic lead concentrate procurement market, the number of domestic suppliers decreased from 24 in 2023 to 14 during the reporting period. This reduction reflects normal commercial adjustments, and no supplier was terminated because of high-risk findings. The company supports the implementation of the Mining Industry Transparency Action Plan principles. During the reporting period, there were four EITI countries we sourced, Nigeria, Bulgaria, Morocco, and Turkey. Our company purchases materials from TRAFIGURA , and the relevant fees are paid by the traders to the EITI countries.Not from the EITI countries purchase silver mine in 2024. 合规陈述： 根据管理体系的要求，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《供应链尽职调查承诺书》，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，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。 对于中间精炼厂，除了签署承诺书外，还对其进行详尽的供应链尽职调查，了解其含银物料的产地来源，确保其没有采购冲突和高风险区域的原料。 由于中国国内铅精矿采购市场的困难，报告期内，国内供应商有2023年的24家减少到14家，这是一种正常的商业合作模式，没有发现供应商因高风险而停止合作。公司支持实施采掘业透明度行动计划原则，公司的含银物料原产地是 EITI 国家有 4 个，他们是尼日利亚、保加利亚、摩洛哥、土耳其。公司向托克公司采购，由贸易商对 EITI 国家支付相关费用。2024年未从 EITI 国家采购银矿。
1.5 Establish a confidential grievance mechanism
The company has established an appeal mechanism, and the compliance manager's email and contact information are published on the official website at http://www.csksg.com/xxgk_7088/gkbg/. The appeal mechanism has been communicated to suppliers as necessary during the procurement process of silver-containing materials, and it is also explained to internal employees during the annual responsible sourcing training. If any stakeholder or internal employee discovers any violations or abnormalities in the silver supply chain management or transaction process, they can contact and appeal via email. The company keeps the informer's information confidential and protects privacy during the appeal process. The appeal mailbox is reviewed and recorded by the compliance officer every week. If any inquiries or appeals from relevant parties (including internal employees) are received, they should be immediately reported to the compliance director. The compliance director classifies and identifies the received inquiries and appeals and conducts investigations. For management violation appeals and risk warning information, the compliance director organizes relevant department personnel to form an appeal handling working group to complete further investigations within 5 working days and collect relevant evidence to determine whether it is true. The factory has set up a suggestion box as a reporting channel for internal employees, and relevant personnel regularly open the box to check and summarize the reported content. No reporting incidents occurred in 2024. In addition, the company has also established a whistleblower protection system to prevent retaliation against whistleblowers and effectively protect the rights of whistleblowers.

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 http://www.csksg.com/xxgk_7088/gkbg/,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，每年度开展负责任采购培训时，也对内部员工进行解释说明。社会各利益相关方、公司内部员工如发现白银供应链管理或交易过程中的违规事项或异常情况，都可以通过邮箱联络和申诉。公司对举报人信息保密，保护申诉过程中的隐私。申诉邮箱每周由合规专员查阅并记录，如收到相关方（包括内部员工）的询问和申诉信息，应立即向合规总监报告。合规总监对接收到的询问和申诉信息进行分类识别、调查。针对管理违规申诉、风险提示信息，合规总监组织相关部门人员组成申诉处理工作小组，在5个工作日内完成进一步调查，收集相关证据以确定是否属实。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。2024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。

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

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

我们完全符合第二步：识别和评估供应链风险

Compliance Statement with Requirement:

We have fully complied with Step 2: Identify and assess risks in the supply chain.

2.1 Conduct supply chain due diligence to identify potential risks

Compliance statement:

The company has established <LBMA responsible silver supply chain due diligence management system>. Based on the upstream supply chain identified by the supply chain traceability map, KYC investigations are conducted on all entities, and relevant documents such as certificates of origin, Customs Declarations, packing lists, formal invoices, transportation route maps, etc. are collected.

Location risk identification: The company has established a CAHRAs identification process, using internationally recognized standards to identify risks for each country of origin, ensuring that silver-bearing materials sourcing from/transit non conflict and high-risk countries and regions.

No.	Category	Source
1	Conflict and high-risk area 冲突和高风险区域	· EU CAHRAs list 欧盟冲突和高风险清单 · Heidelberg barometer 海德堡晴雨表
		· Fragile States Index 脆弱国家指数
2	Human right 人权	· Office of the United Nations High Commissioner for Human Rights 联合国人权事务高级专员办事处 · Social Accountability International (SAI) 社会责任国际
3	Money Laundering 洗钱	Financial Action Task Force (FATF) 金融行动特别工作组
4	Transparency 透明度	Extractive Industries Transparency Initiative (EITI) 采掘业透明度倡议
5	Terrorist 恐怖主义	The terrorist sanctions list released by the United Nations Security Council 联合国安理会公布的恐怖主义制裁名单
6	Mining data 采矿数据	National Minerals Information Center 国家矿产信息中心
7	Adverse impact of ESG 可持续发展负面影响	Google, ChatGPT, deepseek or other public media 谷歌或其他公共媒体

Supplier risk identification: The LBMA Responsible Silver Supply Chain Due Diligence Management System specifies supplier risk identification methods, covering all entities of silver containing materials from origin to refiner. Through KYC, all entity company information is collected, and supply chain customer files are established, including: company name, UBO, address, contact information, operating information, finance information, transaction contract, etc. Regular verification is required for existing supply chain customers, if there are any changes, the information should be updated in a timely manner; Identify each customer, business, and business owner, and verify their identity using reliable independent source documents, data, or information.

Risk identification of silver mining from LSM: Verified based on KYC questionnaire and collected information, including mining license, certificate of origin, mining data, human rights policy, environmental policy, health and safety policy, community plan, business ethics policy, anti-money laundering and terrorist financing policy, etc.
Risk identification of silver mining from ASM: Verified based on KYC questionnaire and collected information, including: mine processing plants and mine collectors, legality of mining, use of mercury, mining operation methods, human rights policies, environmental policies, health and safety policies, etc.
Members of the risk assessment compliance team, compliance manager, compliance director, and board of directors have all undergone LBMA Responsible Silver Guidance training and evaluation (see 1.2) to ensure that everyone has sufficient skills and experience to implement exact the risk assessment.

合规陈述：
公司建立了 LBMA 负责任白银供应链尽职调查管理体系，根据供应链追溯地图识别的上游供应链，对所有实体进行 KYC 调查，收集相关文件如原产地证明、报关单、装箱单、形式发票，运输路线图等。
位置风险识别:公司建立了 CAHRAs 识别流程，采用国际公认的标准，对每个产地来源的国家进行风险识别，确保含银物料来自/途径非冲突和高风险国家和地区。
供应商风险识别: LBMA 负责任白银供应链尽职调查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实体，通过 KYC 搜集所有实体公司信息，建立供应链客户档案，包括：企业名称、最终受益人、地址、联系方式、生产信息、财务信息、交易合同等；对既有供应链客户需定期进行核查，如变更的信息，需及时对其进行档案资料更新；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。
来自 LSM 的开采银的风险识别：根据 KYC 调查问卷，根据收集到的信息进行验证，搜集的信息包括：采矿许可证、产地证明、采矿数据、人权政策、环境政策、健康安全政策、社区计划、商业道德政策、反洗钱和资助恐怖主义 政策等。
来自 ASM 的开采银的风险识别：根据 KYC 调查问卷，根据收集到的信息进行验证，搜集的信息包括：矿石加工厂和矿石汇集商、是否合法采矿、汞的使用、采矿作业方法、人权政策、环境政策、健康安全政策等。
执行风险评估合规小组成员、合规经理、合规总监和董事会均经过 LBMA 标准学习和评价（见 1.2），确保大家有足够技能和经验，保证风险评估过程的准确性。

2.2 Classify supply chains based on risk profiles

The company has defined supply chain risk classification in the LBMA responsible silver supply chain due diligence management system.

Zero tolerance supply chains:

- International sanctions by UN, EU, UK and US
- Mine origin from World Heritage Sites
- Any money launderers, terrorists, serious human rights abuses
- Support to illegitimate non-state armed groups

High-risk supply chains:

- Origin/transit from CAHRAs areas
- Origin from a country through which silver from CAHRAs is known
- Origin from a country that has limited known reserves
- UBO is PEPs
- High risk activities
- Refused to provide requested documentation
- Sourced from ASM
- Using banned chemicals, such as mercury
- highly adverse ESG factors

During the risk identification and assessment process in 2024, zero tolerance and high risk were not triggered, therefore all suppliers were classified as low-risk.
If any zero tolerance and high risk are identified during the risk assessment process, the company will promptly report to the London Bullion Market Association.

合规陈述：
公司在 LBMA 负责任白银供应链尽职调查管理体系中定义了供应链风险分类。
零容忍供应链标准
–联合国、欧盟、英国和美国的国际制裁
–世界遗产地的矿山起源
–任何洗钱者、恐怖分子、严重侵犯人权的行为
–支持非法的非国家武装团体

高风险供应链标准
-从 CAHRAs 地区出发/过境
-原产于一个已知来自 CAHRAs 的银的国家
-来源于已知储量有限的国家
-UBO 是政治公众人物
-高风险活动
-拒绝提供所要求的文件
-来源于 ASM
-使用禁用化学品，如汞
-高度不利的 ESG 因素

2024 年度风险识别和评估过程中未触发零容忍和高风险，因此所有供应商均判定为低风险。如果在风险评估过程中发现零容忍和高风险，公司将及时与伦敦金银市场协会进行报告。

2.3 Undertake Enhanced Due Diligence measures for high-risk supply chains

Compliance statement:
When the assessment result is "high risk", the supplier should implement Enhanced Due Diligence Measures (EDD). The business department will report the results of the enhanced due diligence to the Compliance Director, who will then report to the company's senior management. The senior management is responsible for approving high-risk supply chains.The company has established EDD process in the LBMA responsible silver supply chain due diligence management system.Enhanced due diligence will be carried out by qualified and experienced compliance team members. If a warning signal is triggered, on-site assessment procedures will be conducted in accordance with the requirements of systems such as the "LBMA Silver Responsible Silver Guide" and the "Due Diligence Management Measures for the Silver Supply Chain of Hunan Shuikoushan Nonferrous Metals Group Co., LTD." The on-site assessment cycle is six months. And ensure that no conflicts of interest arise. If travel restrictions are imposed due to risks in relevant countries, the company will entrust an independent third party or trader to conduct enhanced due diligence.
Enhanced Due Diligence (EDD) Procedures for Silver Recycling under High-Risk Circumstances：
Verification through documents, data and information from trusted, independent sources is required for the entire supply chain—from the silver supplier to the refiner—covering all beneficial owners involved.
1）EDD measures for silver indirectly sourced from intermediate refiners
- Refiners that purchase silver indirectly from intermediate refiners via trading companies must make best efforts to identify those intermediate refiners and review their due-diligence documentation to check whether red flags in the intermediate refiners’ supply chains have been—or should have been—reasonably detected.
- If high risks are identified, determine whether the intermediate refiner’s due-diligence processes have been audited under the OECD Responsible Sourcing Scheme. Where the intermediate refiner’s due-diligence outcome is medium- or high-risk, apply risk-mitigation procedures.

2）EDD measures for high-risk recycled silver from other sources must include, but are not limited to:
- Screening every company (including transporters) located in high-risk areas for recycled silver and active in the supply chain between the counterparty and the refiner against government watch-list information.
- Conducting interviews with selected management and on-site personnel to identify and confirm supply-chain due-diligence practices, procurement procedures, anti-money-laundering and counter-terrorism-financing measures.

● Assessing whether the counterparty's supply-chain due-diligence capability is commensurate with the risk.
● Evaluating the appropriateness of the counterparty's risk-classification methodology.
● Reviewing due-diligence records to confirm that procedures are being carried out in accordance with the counterparty's supply-chain due-diligence policy, while appropriately handling commercially sensitive information.
● Assessing the counterparty's on-site visit methodology for high-risk supply chains, with due regard for commercially sensitive information.

For suppliers to implement improvement plans, we will increase the time and frequency of site visit (once a year) until they fully meet the company's risk management requirements.

The risk identification and assessment process for 2024 did not trigger high risk, therefore, enhanced due diligence was not triggered.

合规陈述：

当评估结果为“高风险”时，供应商应实施强化尽职调查措施（EDD）。业务部门将向合规总监报告强化尽职调查的结果，合规总监随后向公司的高级管理层报告。高级管理层负责审批高风险供应链。公司在 LBMA 负责任白银供应链尽职调查管理体系中规定了强化尽职调查的流程。强化尽职调查将由有资质和经验的合规小组成员执行，如触发警示信号，按照《LBMA白银负责任白银指南》、《湖南水口山有色金属集团有限公司白银供应链尽职调查管理办法》等制度要求，进行实地评估程序，开展实地评估周期为6个月，并确保不产生任何利益冲突。如果因相关国家风险导致旅行限制，公司将委托独立的第三方或贸易商执行强化尽职调查。

高风险情况下回收白银的强化尽职调查程序如下：

通过可信的独立来源的文件、数据和信息核实情况，从白银供应方到精炼厂，供应链中涉及的收益所有人信息都要进行核实。

1）有关间接源自中间精炼商的白银的EDD措施：

● 通过贸易公司间接从中间精炼商采购白银的精炼商，应尽其最大努力识别中间精炼商，审查尽职调查，以检查中间精炼商的供应链中是否已经或应已合理发现危险信号。
●若发现高风险，应确定是否根据经合组织的负责任采购计划对中间精炼商的尽职调查流程进行审核，如果中间精炼商的尽职调查结果为中高风险，应实施风险减缓程序。

2）有关来自其他来源的高风险再生银的EDD措施应包括但不限于：

●就位于再生银的高风险地点且参与对手方至精炼厂之间供应链的每一家公司（包括运输商）查看政府观察名单信息。
●与选定的管理人员和现场人员面谈，以确定和确证供应链尽职调查实践、采购、反洗钱和反恐怖主义融资程序。
●考虑交易方对供应链尽职调查的能力是否与风险成比例。
●考虑对手方的风险分类方法的适当性。
●评估尽职调查记录，以确认正在按照对手方的供应链尽职调查政策开展的程序并适当考虑商业敏感信息。
●评估对手方高风险供应链的实地考察方法，并适当考虑商业敏感信息。

对于实施改进计划的供应商，我们将增加实地考察的时间和频率（每年一次），直到其完全满足公司风险管理要求。

2024 年度风险识别和评估过程中未触发高风险，因此未触发强化尽职调查。

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 Risk Management Strategies

3.1 Devise a risk management strategy for the identified risk

Compliance statement:

The company has established a Risk Mitigation Strategy, Compliance Manager is responsible for implementing the mitigation strategy through the following methods for risk management:

Termination relationship

When the EDD found the following situations, the relationship will be terminated immediately and reported to the local authorities and LBMA immediately.

-Money laundering
-Terrorist Financing
-Serious violations of human rights
-Directly or indirectly supporting non-state armed groups
-Falsely reporting the origin of minerals

Suspend relationship

When there are reasonable doubts about the following situations during EDD, the refining of silver will be immediately suspended. When the supplier provides effective evidence of rectification and verifies that it meets the requirements, the board of directors will re-approve the supplier qualifications.

-Money laundering
-Terrorist Financing
-Serious violations of human rights
-Directly or indirectly supporting non-state armed groups
-Falsely reporting the origin of minerals
-Serious ESG negative impact

Maintain relationships, but implement improvement plans

When the results of the EDD are not fully satisfactory, but the supplier has made reasonable efforts, we accept continuing to refine the silver. In order to reduce the risk to an acceptable level, we will develop an improvement plan, which will be approved by the board of directors, continuously follow up and verify its corrective measures, and complete the improvement within a limited time.

-Bribery
-Non fraudulent false reporting of mineral origin
-Unpaid government taxes, fees, and royalties
-Serious violations of local legislation related to the environment, health, safety, labor, and community, and/or ESG risks that are highly likely to cause highly adverse impacts.

合规陈述：

公司建立了的《风险缓解策略》，合规经理负责缓解策略的实施，通过以下方式进行风险管理：

终止关系

当强化尽职调查发现存在如下已知情况，将立即终止关系，并立即向主管机构和 LBMA 报告。

- 洗钱
- 恐怖主义融资
- 严重侵犯人权
- 直接或间接支持非国家武装团体
- 谎报矿物原产地

暂停关系

当强化尽职调查存在以下情况的合理怀疑时，将立即暂停精炼白银，当供应商提供了有效的整改证据，经过验证满足要求后，由董事会批准恢复合格供应商资格。

- 洗钱
- 恐怖主义融资
- 严重侵犯人权
- 直接或间接支持非国家武装团体
- 谎报矿物原产地
- 严重的 ESG 负面影响

维持关系，执行改进计划
当强化尽职调查结果不能完全满意，但供应商已经做出合理努力，我们接受继续精炼白银。为了把风险降低到可接受水平，我们将制定改进计划，经董事会批准，持续跟进并验证其整改措施，在有限的时间内完成改进。
- 贿赂
- 非欺诈性误报矿物原产地
- 未支付政府税收、费用和特许权使用费
- 严重违反与环境、健康、安全、劳工和社区有关的地方立法，及/或存在极有可能造成高度不利影响的 ESG风险

3.2 Monitor the improvement plan 监控改进计划

Compliance Statement:
Based on the company's risk management strategy, the company has implemented an improvement plan for suppliers who have suspended or maintained relationships (due diligence results not fully satisfactory). The improvement plan includes the following contents:
Corrective action plan established: Communicate the rectification plan with the supplier and obtain their confirmation
Corrective action plan deadline: eliminate risks within 6 months
Performance evaluation: through third-party independent audits, on-site visit, or remote.
If the supplier fails to make measurable improvements within the 6-month period, the company will continue to suspend or terminate the relationship until the supplier completes the improvement plan.
The compliance team communicates with the board of directors on a monthly basis to ensure timely communication of relevant information, including information on high-risk supply chains, progress in implementing risk mitigation strategies, and progress in improvement plans.

合规陈述：
基于公司的风险管理策略，公司针对暂停关系和维持关系（尽职调查结果不完全满意）的供应商实施改进计划，改进计划包含如下内容：
整改计划制定：与供应商沟通整改计划，并得到供应商的确认
整改计划期限：6 个月内消除风险
绩效评估：通过第三方独立审计、实地考察或远程审查
若供应商在 6 个月整改期内无可衡量的改进，公司将继续暂停关系或终止关系，直至供应商完成改进计划。
合规小组每月与董事会沟通，确保相关信息及时传达，沟通的内容包括：高风险供应链的相关信息、实施风险减缓策略的进展、改进计划的进展等。

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.

Compliance Statement:
The company selects the assurance providers to provide an annual assessment based on their service network, professional capabilities, and industry reputation.
Bureau Veritas is an independent third-party with no conflict of interest with our company. The auditors are also independent and do not provide us with any services other than annual assessment.
In the previous assessment cycle, a total of 2 hig hrisk non-conformance was raised. We conducted root cause analysis and corrective measures, the non-conformance has been verified during this year’s assessment. There was no medium to high risk nonconformities in this year's assessment.
The reasonable assurance report for the previous year has been disclosed on the company website at http://www.csksg.com/xxgk_7088/gkbg/

合规陈述： 公司根据保证提供者的服务网络、专业能力以及行业声誉，选择合适的保证提供者提供年度评估服务。 必维是一家独立的第三方，与我司没有利益冲突，审核员也是独立的，没有为我们提供除评估以外的任何服务。 上一评估周期中，共计开具了 2个高风险不符合项，我们实施了根本原因分析和整改措施，不符合项已经在本次评估中进行了验证。本年度审计，无中高风险不符合项。 上一年度的合理保证报告已经披露在官方网站上，网址为：http://www.csksg.com/xxgk_7088/gkbg/
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 fully complied with Step 5: Report on supply chain due diligence.
Compliance statement: According to the LBMA disclosure guidelines, the compliance team has prepared a compliance report for the fiscal year 2024, which has been disclosed on the official website at http://www.csksg.com/xxgk_7088/gkbg/ 合规陈述： 根据 LBMA 披露指南要求，合规小组编写了截至 2024 年 12 月 31 日的合规报告，合规报告已经披露在官方网站上，网址为：http://www.csksg.com/xxgk_7088/gkbg/

结论 Conclusion

管理层结论 Management conclusion
我司在截至 2024 年 12 月 31 日的年度报告中，实施了有效的管理系统，程序，流程和实践，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 31 December 2024. 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
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