



LBMA RGG
Independent Reasonable Assurance Report
For third-party audits based on ISAE 3000

Rev. 02
September
2020

Independent Reasonable Assurance Report to Zijin Mining Group Gold Smelting Co., Ltd. on its Refiner's Compliance Report 2023 for the London Bullion Market Association's Responsible Gold Guidance

**To the Board of Directors of
Zijin Mining Group Gold Smelting Co., Ltd.**

We were engaged by Zijin Mining Group Gold Smelting Co., Ltd. to provide reasonable assurance on its LBMA Refiner's Compliance Report for the year ended 31 December 2023. The assurance scope consists of the Refiner's Compliance Report.

Management's Responsibilities

The management of Zijin Mining Group Gold Smelting Co., Ltd. is responsible for the preparation and presentation of the Refiner's Compliance Report in accordance with the *LBMA Responsible Gold Guidance* (v.9) (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 Gold Programme - Third Party Audit Guidance for ISAE 3000 Auditors* (the "*Audit Guidance*").

This report has been prepared for Zijin Mining Group Gold Smelting Co., Ltd. for the purpose of assisting management in determining whether Zijin Mining Group Gold Smelting Co., Ltd. has complied with the *Guidance* and for no other purpose. Our assurance report is made solely to Zijin Mining Group Gold Smelting Co., Ltd. in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than Zijin Mining Group Gold Smelting Co., Ltd. for our work, or for the conclusions we have reached in the assurance report.

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 Zijin Mining Group Gold Smelting Co., Ltd.'s gold supply chain policy available on Zijin Mining Group Gold Smelting Co., Ltd.'s website <https://www.zjky.cn/global/program-detail-21203.htm>



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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 Zijin Mining Group Gold Smelting Co., Ltd.'s Compliance Report for the year ended 31 December 2023, in all material respects, fairly describes 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 Gold Guidance* (v.9).

Bureau Veritas
01 March 2024
Longyan, China

Zijin Mining Group Gold Smelting Co., Ltd.

Compliance report for the year of 2023

(2023/01/01-2023/12/31)

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Table 1	
<u>Company Profile</u>	
Company Name:	Zijin Mining Group Gold Smelting Co., Ltd.
Address:	No. 100 Qingang Road, Shanghang County, Fujian Province, China
Reporting year-end:	December 31, 2023
Date of Report	January 30,2024(Revised on August 23,2024)
Senior management responsible for this report	Wu Weihuang, general manager

Zijin Mining Group Gold Smelting Co., Ltd. was established in January 2016, formerly known as the Zijin Mining Group Co., Ltd. Gold Smelting Plant established in 1997. The company is located in Nangang Industrial Development Zone, Shanghang County, and is a registered member of the London Bullion Market Association (LBMA) and the Shanghai Gold Exchange. It has an annual smelting and production capacity of over 100 tons of high-purity gold.

The company adheres to relying on technological progress and has independently developed leading equipment in the same industry in China, such as overall pressurized high-temperature cyanide free desorption equipment, vertical constant flow carbon regeneration furnace, and 49 gold refining device. It has mature industrial technology in fields such as gold bearing carbon analysis, high-purity precious metal refining and processing. Its main products include 1Kg, 3Kg, 12.5Kg standard gold ingots, and 99.999% high-purity gold. The company serves the Zijinshan Gold Mine as a platform and actively expands the entrusted processing, purchase and sales of external composite gold, as well as the processing and sales of high-purity gold. The factory qualification rate of gold ingots is 100%, and the product quality is better than the standard requirements of the Shanghai Gold Exchange. The company is the first enterprise in the domestic gold industry to pass the integrated system certification of quality, environment, and occupational health and safety, and has passed the energy management system, automobile quality management system and national safety standardization level 2 enterprise certification.

In 2005, Zijin Mining Group Co., Ltd. organized the "London Bullion Market Association Certification" (LBMA certification), which was passed in March 2006. The gold smelter became one of its qualified delivery gold refiners.

Table 2: Summary of compliance verification activities
Step 1: Establish a company management system
Compliance Statement with Requirement:

We have completely completed step 1: Establish a company management system. We have established a well structured due diligence team for the gold supply chain, specializing in handling the work of the gold supply chain. According to the requirements of the "LBMA Guidelines for Responsible Gold of the London Bullion Market Association", in 2013 we issued the "Methods for Due Diligence in the Gold Supply Chain" and the

Refiner Compliance Report

"Gold Supply Chain Due Diligence Policy". In 2016, we converted and continued to implement the above documents, and updated the fifth version in January 2023.

1.1 Does the refinery adopt a supply chain policy for gold supply chain due diligence?
Comment and Demonstrate Compliance:

After communicating with all employees, our company has finally released a reasonable due diligence policy for the gold supply chain, which incorporates the risk and risk management measures outlined in Annex 2 of the OECD Due Diligence Guidelines (OECD Annex 2) and extends to addressing adverse ESG factors in the company's primary gold supply chain. The senior management of the company conducted a review of the "Due Diligence Policy for the Gold Supply Chain" in 2023, which has been updated and published on the website of Zijin Mining Group <https://www.zjky.cn/global/program-detail-21203.htm> Conduct a search. In the future, it will be updated and revised in a timely manner according to LBMA's standard requirements and the actual operation of the company, and then submitted to the board of directors for review.

Relevant business departments:

Zijin Mining Group Gold Smelting Co., Ltd. has established a gold supply chain due diligence team, with the company's general manager serving as the compliance director and team leader. The group members are composed of personnel from relevant departments such as the company office, finance department, marketing department, and group company marketing department. Among them, the Market Department is the daily work management department for due diligence in the gold supply chain; The office director is the compliance specialist and deputy team leader; The marketing department personnel of the group company are the contacts between the group company and LBMA.

Company policy:

Zijin Mining Group Gold Smelting Co., Ltd. clearly recognizes the adverse effects of mining processing and importing and exporting metal products from conflict areas and high-risk areas, and also clearly recognizes our responsibility to respect human rights and not support conflicts. Zijin Mining Group Gold Smelting Co., Ltd. must adopt a gold supply chain policy that incorporates the risks and risk management measures outlined in Annex II of the OECD Due Diligence Guidance (OECD Annex II), and extends to addressing adverse ESG factors in the Refiner's primary gold supply chain, and strictly abides compliance with environmental, health, safety and labour regulation in country of operation and/or company policy, and actively participates in the due diligence work of the gold supply chain, and ensures that the source of gold is legal. To this end, we make the following commitments:

1. Adopt a zero-tolerance policy for human rights violations caused by mining, transportation or trading of metals:

1.1 Any forms of torture, or inhuman and degrading treatment;

1.2 Any forms of compulsory labour, that is, forcing anyone to work or provide services in a threatening manner, rather than voluntarily;

1.3 Worst forms of child labour;

1.4 Sexual violence or other gross human rights violations;

1.5 War crimes, or other serious crimes against International Humanitarian Law, against humanity, and for causing genocide.

If we confirm that the upstream supplier has violated any of the above, we will immediately suspend or

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suspend transactions and contact with this supplier.

2. Adopt a zero-tolerance policy for acts directly or indirectly supported by illegitimate non-state armed groups, or public or private security forces:

2.1 Illegally control mines, sites, traders or other intermediaries, and transport routes through the supply chains;

2.2 Illegally tax or extort money or minerals through the supply chains.

3. Do not propose, promise, give or request bribes or kickbacks to individuals, government officials, customers, suppliers or any other organizations in any way, and do not falsely report the origin of gold.

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

5. Adopt a zero tolerance policy towards money laundering, terrorism financing, and contribution to conflict behaviors.

6. Adopt a zero tolerance policy for adverse ESG factors that do not comply with environmental, health, safety and labour regulation in country of operation and/or company policy.

6.1 Environmental management, including:

6.1.1 Failure to comply with air, water, land pollution and incident management plans and water stewardship policies (especially in water scarce and stressed areas);

6.1.2 Unauthorised sourcing from World Heritage Sites and Protected Areas.

6.2 The storage, handling, and disposal of hazardous chemicals (including mercury and cyanide) do not comply with international Cyanide Management Code.

6.3 Failure to comply with management of labour issues, including remuneration, working hours, collective bargaining, discrimination, diversity, disputes and safeguarding of workers.

6.4 Failure to comply with Community engagement and management programmes (land acquisition and community resettlement, cultural heritage sites and indigenous people, closure planning and safeguarding of vulnerable populations).

6.5 Failure to comply with management of business integrity and ethical conducts, and failure to support the implementation of relevant initiatives such as the Extractive Industry Transparency Initiative (EITI).

If we confirm that the upstream supplier has violated any of the above, we will immediately suspend or suspend transactions and contact with this supplier.

7. Require our employees, suppliers and business partners to abide by the above policies and take necessary measures to ensure the implementation of the above policies.

Zijin Mining Group Gold Smelting Co., Ltd. is willing to accept the supervision of customers and related organizations, and welcomes suppliers and stakeholders to provide suggestions on the above policies.

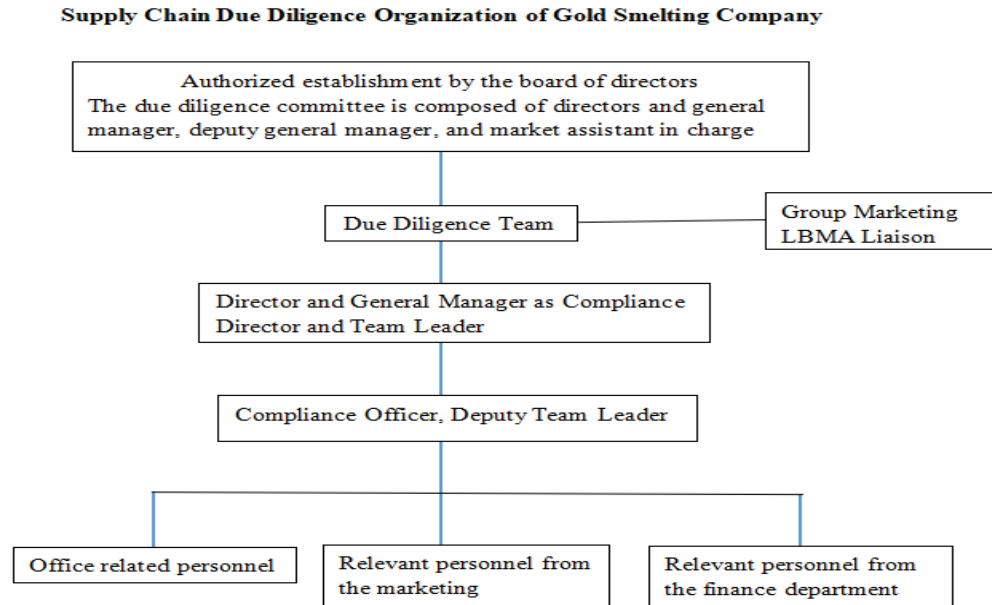
1.2 Does the refinery establish an internal management structure to support supply chain due diligence?
Comment and Demonstrate Compliance:

In 2013, we released standardized work documents such as the "Due Diligence Policy for the Gold Supply Chain" and the "Methods for Due Diligence in the Gold Supply Chain". In 2016, we updated and continued to

implement the above documents, and updated the fifth version in January 2023. The document provides a detailed explanation of our internal management structure to support supply chain due diligence.

Internal management structure:

The company has established a supply chain due diligence organization. The organizational structure chart is as follows:



The company has established a gold supply chain due diligence team, with the company's director and general manager serving as the compliance director and team leader. The group members are composed of personnel from relevant departments such as the company office, finance department, marketing department, and group company marketing department. Among them, the Market Department is the daily work management department for due diligence in the gold supply chain; The office director is the compliance specialist and deputy team leader; The marketing department personnel of the group company are the contacts between the group company and LBMA. Company's directors and compliance officer must participate in training on "LBMA Guidelines for Responsible Gold of the London Bullion Market Association", "Disclosure Guidelines", and "Due Diligence Policy for the Gold Supply Chain" and "Methods for Due Diligence in the Gold Supply Chain", and become familiar with the guidelines and policies.

The specific responsibilities are as follows:

Compliance Director (Team Leader): Responsible for coordinating and supervising the due diligence work of the gold supply chain; Evaluate the supply chain due diligence policies and processes; Appoint a suitable compliance officer to be responsible for all matters related to the gold supply chain; Approve the gold supply chain due diligence report, and be responsible for the gold supply chain due diligence compliance report.

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Compliance Officer (Deputy Team Leader): Responsible for all matters related to the gold supply chain: Organize due diligence work; Develop and implement corresponding risk management measures for various risk assessments; Develop training programs for all employees involved in the gold supply chain work; Review and understand customer (KYC) documents and risk classification; Prepare and update Gold Supply Chain Policy; Report the risk assessment results to the management.

Office Related Personnel: Responsible for communication and exchange work; Promoting various policies, and uploading and releasing information.

Job Responsibilities of Marketing Team Members: Responsible for investigating and evaluating suppliers; Submit risk assessment forms, and understand customer (KYC) documents; Responsible for preparing and maintaining transaction records.

Personnel from the Finance Department: Assist the Marketing Department in conducting due diligence and verify the financial information of suppliers' businesses; Provide relevant financial data.

Responsibilities of the Contact Person between the Group Company and LBMA: Responsible for communication and transmission of information between the company and LBMA, document translation, etc.

LBMA Responsible Gold Working Group Reporting Path and Target: The Compliance Officer(Deputy Team Leader)shall report their work status to the Compliance Director(Team Leader,General Manager) in a timely manner.

Training:

Training of personnel (procurement, sales, quality control, etc.) involved in gold supply chain due diligence and daily supply chain links, including due diligence operation process, documentation and custody, etc. The training shall be conducted in the form of first training and regular annual training.

The company irregularly organizes training for all Market Departments, Finance Departments, Offices, and Production Departments involved in the gold supply chain. In 2023, a total of two training sessions on LBMA gold supply chain were organized. The training sessions were held on April 27, 2023, and December 15, 2023, respectively. "LBMA Guidelines for Responsible Gold of the London Bullion Market Association", "Due Diligence Policy for the Gold Supply Chain" and "Methods for Due Diligence in the Gold Supply Chain" were conducted. All trainings were signed in and evaluated for effectiveness, with training records retained and a 100% participation rate.

Transaction payment:

All businesses pay and receive payments for gold through official banking channels, without any cash transactions.

Cooperation with government authorities:

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The company strictly complies with national laws and regulations, applies for business licenses and other production and operation permits in accordance with national regulations, and conducts gold production, sales, import and export of goods or technology (excluding goods and technology import and export prohibited by the state or involving administrative approval) in accordance with national laws and regulations. The company cooperates with government agencies to publicly carry out various tasks, and accepts visits, supervision, inspection, and evaluations from government agencies at all levels at any time.

Maintaining records:

According to the "Methods for Due Diligence in the Gold Supply Chain", all suppliers related documents, including due diligence documents, risk assessment forms, compliance documents, contract texts, inspection records, and inbound and outbound records, shall be kept for at least five years.

1.3 Has the refinery established a gold supply chain traceability system, including a chain of custody map and identification of supply chain participants?

Comment and Demonstrate Compliance:

Yes. For gold mining suppliers, the company must obtain the following information:

Reasonable evidence to prove the source of the extracted gold; Mining license (if applicable); Import and export licenses for mining gold (if applicable); Supporting documents on the actual mining situation of the mine; Mine production capacity data (if any).

If corresponding evidence cannot be obtained, financial information, human resources, occupational health, environmental aspects, and community related party information should also be obtained to demonstrate the safety, transparency, and traceability of the transaction.

For recycled gold suppliers, the company must keep the following information: warehouse receipts, testing reports.

For official inventory, the company must keep the following information: customs declaration form, invoice, packing list.

Supply chain traceability:

We have developed a supply chain traceability system in accordance with the LBMA Responsible Gold Guidelines. During the business process, we collect and store all information provided by suppliers, including contract approval forms, contract texts, settlement methods, weights, business license and invoicing documents.

We update the information of existing gold suppliers in a timely manner, such as adjusting the account or name of the gold suppliers when there is a change, and keep every transaction record with the suppliers. We strictly implement the "Methods for Due Diligence in the Gold Supply Chain", and for each storage of gold raw materials, corresponding documents and materials such as storage receipts (including weighing records), metal content testing reports, official invoices, packing lists, air waybills. are kept by the Market Department for a period of 5 years. Thus, risk management is carried out on the gold supply chain during the trading process, aiming to ensure the traceability of the gold supply chain.

We use the supply chain traceability map to identify the supply chain traceability of precious metal upstream counterparties. In response to the nonconformities described in the 2023 fiscal year audit regarding the uncollected financial information of some recycling suppliers, we immediately contacted the suppliers, explained the importance of financial information to them, requested their cooperation with due diligence, and also contacted third-party institutions to obtain the supplier's corporate credit perspective report (which contains

financial information content).

1.4 Has the refinery strengthened company engagement with gold-supplying counterparties, and assisted the gold supply counterparty to improve due diligence capability when possible?

Comment and Demonstrate Compliance:

We have prepared the "Due Diligence Policy for the Gold Supply Chain". During the signing of the contract, we communicated with the suppliers and requested them to promise in the contract that they must comply with our gold supply chain due diligence policy and inform them of the purpose and requirements of the gold supply chain due diligence system. During the reporting period, we invited suppliers to fill out KYC documents and sign a commitment statement for the source channel of purchase and sales funds to support our due diligence work. If any suppliers wish to improve their supply chain practices, we are also willing to assist or share their experience. There were no special due diligence issues involving suppliers during the reporting period. We support the implementation of the principles of Extractive Industries Transparency Initiative, including the purchase of mined gold from companies operating in EITI countries. The transaction situations are as follows: On March 6, 2023, a batch of Colombian unprocessed gold CNL117 was imported, with a total quantity of 222230.7073 grams; From June to November 2023, import 5 batches of unprocessed gold AGM001-AGM005 from Guyana, with a total quantity of 650678.549 grams. As shown in the following figure:

Import Date	Customs Declaration Number	Net Weight(g)	Metal(g)	Brand	Purchase Amount(USD)	Country of Origin	First Tier Supplier	Second Tier Supplier
06/09/2023	370820231000000074	222,230.7073	96,431.545	Unforged gold CNL117	5,759,760.25	Colombia	Gold Mountains (H.K.) International Mining Company Limited	Continental Gold Co., Ltd. Colombia Branch
20/06/2023	3708202310000000967	125,507.2443	110,037.266	Unforged gold AGM001	6,947,033.05	Guyana	Gold Mountains (H.K.) International Mining Company Limited	Aurora Gold Mine Co., Ltd
18/07/2023	370820231000000496	121,821.5810	108,400.041	Unforged gold AGM002	6,712,869.35	Guyana	Gold Mountains (H.K.) International Mining Company Limited	Aurora Gold Mine Co., Ltd
15/08/2023	3708202310000000501	103,306.9254	91,877.945	Unforged gold AGM003	5,722,286.33	Guyana	Gold Mountains (H.K.) International Mining Company Limited	Aurora Gold Mine Co., Ltd
17/10/2023	3708202310000000600	66,842.2637	61,129.367	Unforged gold AGM004	3,854,830.89	Guyana	Gold Mountains (H.K.) International Mining Company Limited	Aurora Gold Mine Co., Ltd
22/11/2023	3708202310000007739	233,180.5346	214,689.336	Unforged gold AGM005	13,621,296.23	Guyana	Gold Mountains (H.K.) International Mining Company Limited	Aurora Gold Mine Co., Ltd

The Colombian exporter is Continental Gold Co., Ltd. Colombia Branch, and the Guyanese exporter is Aurora Gold Mine Co., Ltd. They are all holding companies of Zijin Mining Group. Before taking control, they had already undergone due diligence by the group.

In terms of capacity building for suppliers, we assisted them in establishing due diligence capabilities on May 10th and May 12th respectively, and provided training on the "Due Diligence Policy for Gold Supply Chain". This policy incorporates the risk and risk management measures outlined in Annex 2 of the OECD Due Diligence Guidelines (OECD Annex 2) and extends to addressing adverse ESG factors in the company's primary gold supply chain..

We promote the relevant policies and implementation methods of supply chain due diligence to suppliers through business inquiries and interactions.

1.5 Has the refinery established a company-wide confidential appeal mechanism?

Comment and Demonstrate Compliance:

The company has formulated the "Reporting Management Measures for Zijin Mining Group Gold Smelting Co., Ltd.", and the disciplinary inspection, supervision and audit departments of the group and the company are specialized departments responsible for receiving and processing reporting information and providing protection for whistleblowers, independent of the business departments. Everyone can report, and the informant has the right

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to report anonymously. The reporting channels include special reporting telephone(0597-3996322), reporting mailbox(hjlyxgsjsj@126.com), network platform(hjyl.zjky.cn), mobile phone platform (WeChat official account) and opinion mailbox. All reports will be investigated by dedicated personnel and completed within one month; For more complex or important matters to the company, the investigation and handling should be completed as soon as possible within 3 months. If the investigation deadline needs to be extended under special circumstances, it should be explained to the main person in charge of the company or the head of the supervision and audit office of the group company, and an extension of 1-2 months should be applied according to the situation. After the investigation is completed, the Supervision and audit department should form an investigation report and handling suggestions, and submit them to the company's main leaders or group superiors for review. If the investigation finds that the reported matter does not require accountability and punishment, the case will be closed; For those who require accountability and punishment, the investigation report and handling suggestions must be submitted to the company's authorized agency for review in accordance with the company's internal rules of procedure. After handling the report, the case will be closed. If the report is not true, it can be reported and clarified within a certain range if necessary to eliminate the impact. For real name reports, the company will provide feedback on the results to the whistle blower within 5 working days after the investigation and handling are completed; For anonymous reports, feedback will be determined based on the actual situation. If the investigation is true, it will be reported within a certain range. If the investigation is not true, it will not be ignored.

When communicating with internal employees, we use information sharing channels such as promotional columns and government disclosure columns to ensure that employees understand the intent of the due diligence policy and the status of LBMA's gold due diligence work; Implement the petition policy, establish an opinion box to solicit opinions from employees, and facilitate their supervision and evaluation. No appeals regarding the gold supply chain were received during the reporting period.

Step 2: Risk identification and assessment
Compliance Statement with Requirement:

We have completed step 2: Risk identification and assessment. We have established a risk assessment mechanism for gold suppliers, identified and evaluated supply chain risks, and designed and implemented the identified risks.

2.1 Does the refinery have a due diligence process to identify risks in the supply chain?
Comment and Demonstrate Compliance:

The company has defined risk identification standards of location risk, supplier risk, risk identification for

mined gold from LSM, risk identification for mined gold from ASM, and risk identification for recycled gold in the "Methods for Due Diligence in the Gold Supply Chain" , in accordance with the second step of "LBMA Guidelines for Responsible Gold of the London Bullion Market Association", as well as the requirements of the OECD Due Diligence Guidelines(OECD Annex 2), and taking into account adverse ESG factors in the company's primary gold supply chain.

We have released the "Methods for Due Diligence in the Gold Supply Chain", which stipulates the due diligence process for identifying risks. Sources of such an integrated assessment must include, but are not limited to: Sanctions lists (US, UK, EU, UN, and relevant sanctions lists); Dodd Frank s. 1502; EU CAHRA list; Heidelberg Barometer; Fragile States Index or equivalent; UN Human Rights Office of the High Commissioner or equivalent; Reports (including relevant country reports) by the Financial Action Task Force (FATF); Credible market intelligence on high-risk gold centres/transit hubs and on countries where there is a high risk of money laundering.

Supply chain due diligence:

We use the "KYC questionnaire survey method"(referring to LBMA's KYC questionnaire)". This task is the responsibility of the Marketing Department, with cooperation from other departments.

The company obtains information on whether suppliers have violated the gold supply chain due diligence policies through various channels such as business talks and business information inquiries.

In risk identification, we evaluate the location and the supply chain that the gold-bearing material is sourced from as well as the type of gold-bearing material sourced,and carry out corresponding risk identification.

We verify whether the location of the mine where the gold is mined is on the sanctions list, monitor the transportation routes of the purchased gold, and then verify the legitimacy of the suppliers, determine their actual address, company registration, license information, investigate the reputation of the legal person or authorized signatory to ensure that they are not involved in human rights violations, money laundering, fraud, and terrorism activities, and obtain information and data about the suppliers's business and financial situation to understand the suppliers's business operation model.

Finally, we report the risk assessment results and the implementation of risk management measures to the company's general manager. After review by the general manager, the assessment results will be communicated to the suppliers. This external audit pointed out that the investigation materials of two suppliers were insufficient, and we have supplemented them completely on April 12th.

Monitoring of transactions:

We continuously review and supervise the process of transaction correlation to ensure consistent understanding of the supply chain and risk prediction during transactions. The regulation of transactions is carried out using a risk-based approach. Therefore, we obtain and record the following information for each batch of raw materials received: weight, testing report, invoice, customs declaration (if any).

We monitor the actual transportation route of each batch of goods and verify whether the above documents confirm each other, confirm whether the document information is consistent with KYC information, and whether it is consistent with our understanding of the supply chain. If there is any inconsistency or suspicion in the trading

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background, the relevant gold will be immediately quarantined and stored (until the inconsistency is resolved), and an investigation will be conducted and recorded. And report the investigation results to the Compliance Director, and if necessary to the Board of Directors, the Group Company, and appropriate regulatory authorities.

2.2 How does the refinery classify the identified risks according to the standards of its due diligence system?
Comment and Demonstrate Compliance:

We strictly conduct risk assessment in strict accordance with the due diligence requirements of the gold supply chain every year, and currently all of our 106 suppliers are low-risk, and one of the suppliers upstream (Continental Gold Co., Ltd. Colombia Branch) has detected a warning signal. We immediately suspended cooperation and conducted enhanced due diligence. We obtain more effective information through KYC questionnaires, including but not limited to ESG reports, third-party reports, award certifications, etc. The company has done a good job in emergency aftermath work and the risk has been reduced, so the supplier is considered low-risk. Before formal cooperation, we conducted an annual risk assessment of all gold raw material suppliers and verified their legitimacy through various channels such as business negotiations and information inquiries. Based on the results of supply chain risk identification, a separate risk assessment is conducted for each supplier, a risk assessment form is filled out, signed by the compliance officer responsible for the assessment, and finally approved by the compliance director. The risk assessment results are divided into two types: high risk and low risk.

The evaluation criteria for zero-tolerance supply chains: The Mined Gold is known to originate from areas designated as World Heritage Sites; The Mined or Recycled Gold is known to be sourced in breach of international sanctions (including but not limited to those of the UN, EU, UK and US); The Mined or Recycled Gold suppliers, other known upstream companies or their UBOs are known money launderers, fraudsters or terrorists, or have been implicit in serious human rights abuses, or in direct or indirect support to illegitimate non-state armed groups.

The evaluation criteria for high-risk supply chains: Originates from, has transited or has been transported via a Conflict-Affected and High-Risk Area (CAHRA); Is claimed to originate from a country through which gold from CAHRAs is known, or reasonably suspected, to transit; Is claimed to have originated from a country that has limited known reserves, likely resources or expected production levels; Have shareholders, or UBOs, or other gold supplying interests in one of the location-based high-risk criteria; Have UBOs that are Politically Exposed Persons (PEPs) ; Have activities in a higher-risk business activity such as arms, gaming and casino industry, antiques and art, and sects and their leaders; Have been known to have sourced gold from a high-risk country in the last 12 months; Have material discrepancies/inconsistencies in the documentation provided or have refused to provide requested documentation; Mining Gold contributes to catastrophic harm or highly adverse ESG factors, to the extent that the company is able to identify this (e.g., through a record in the public domain or in the company's due diligence file); Originates from, has transited or has been transported via a CAHRA as defined by the company; Is claimed to originate from a country through which gold from CAHRAs is known, or reasonably

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suspected, to transit, and/or is unjustifiably claimed to have originated from a country that has limited exports of gold; The gold suppliers or other known upstream companies operate in a money laundering high-risk country; The gold suppliers or other known upstream companies have shareholders, or UBOs, or other gold-supplying interests in one of the location-based high risk criteria; The gold suppliers or other known upstream companies have UBOs who are Politically Exposed Persons (PEPs); The gold suppliers or other known upstream companies have activities in a higher-risk business activity such as arms, gaming and casino industry, antiques and art, and sects and their leaders; The gold suppliers or other known upstream companies have been known to have sourced gold from a high-risk country in the last 12 months; The gold suppliers or other known upstream companies have significant unexplained geographic routing from their suppliers or counterparty in the supply chain; From an Intermediate Refinery or trader with a high-risk supply chain or a trader sourcing from an Intermediate Refinery with a high-risk supply chain; Other high-risk situations recognized by the Chinese government.

If any of the above risk situations occur, we define the supplier as a high-risk supplier and take the following measures: suspend cooperation, implement enhanced due diligence measures in accordance with the "LBMA Guidelines for Responsible Gold of the London Bullion Market Association", conduct on-site investigations/visits to gold production areas (including but not limited to mining areas for gold mining and office locations of gold suppliers for recycled gold), and if the above situation is true, measures such as terminating cooperation will be taken. We will disclose this situation to the public in the Compliance Report.

2.3 Has the refinery undertake enhanced due diligence measures for the identified high-risk supply chains?
Comment and Demonstrate Compliance:

Yes. The "Methods for Due Diligence in the Gold Supply Chain" specify additional requirements for intensified due diligence on high-risk supply chain:

1) Conduct an on-the-spot investigation on the high-risk supply chain to verify whether the due diligence results are true or not.

2) Large-scale gold mining: verify the due diligence information of all links of the supply chain from mines to refineries (including producers, middlemen, dealers, exporters and transporters) by using reliable documents, data and information from independent sources.

3) Artisanal and small-scale mining: verify the due diligence information of all links of the supply chain from miners to refineries (including producers, middlemen, dealers, exporters and transporters) by using reliable documents, data and information from independent sources.

4) Recycled gold: verify the information of all beneficiary owners involved in the supply chain from gold suppliers to refineries by using reliable documents, data and information from independent sources.

Our supplier's upstream(Continental Gold Co., Ltd. Colombia Branch) has encountered terrorist attacks from illegal mining organizations. Our company immediately ceased cooperation and commissioned internal personnel

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to conduct an enhanced due diligence investigation in May 2023 to verify the contents of the KYC questionnaire. In response to local security issues, the supplier has negotiated with the local government and police station and received their support. The supplier also has its own security forces and will continue to do a good job in security work in the future.

At present, we only have one supplier with high risk due to terrorist conflicts, and the number of intermediate refineries involved in this supply chain is 0. We will consider increasing the frequency of risk assessments for the upstream of this supplier in the future. Other low-risk suppliers still undergo annual risk assessments.

According to the "LBMA Responsible Gold Guidelines of the London Bullion Market Association": Supply chains classified as high risk will trigger Enhanced Due Diligence (EDD), where EDD is triggered, refiners must undertake an on-site investigation/visit at the location of the gold origin, the on-site visit should be, at a minimum, but not limited to: Aimed at substantiating the documented KYC information; Focused on investigating threat financing risks, as defined under Step 1.1, and the specific supply chain due diligence findings; Conducted before any transactions occur or, at the least, within six months of the business relationship commencing; Conducted by competent employees or independent third-party consultants, who are free of any conflict of interest with the supplier. Everyone conducting an on-site visit must commit to reporting truthfully and accurately; Consult relevant internal and external stakeholders (for example, local or central authorities, upstream companies, international or civil society organisations, or affected third parties), where applicable; Fully and accurately documented in the Site Visit Report templates included in the Refiners Toolkit. Refiners choosing to not use the template will be required to justify their position; Followed up, depending on the number and severity of issues identified and documented in the improvement plans.

EDD measures for high-risk LSM gold supply chains should include, but are not limited to: Proportionate KYC on each company involved in the conflict location-based high-risk supply chain from the mine to the refinery (including gold producers, intermediaries, gold traders and exporters, and transporters); Understanding the nature of public or private security services provided at the mine sites and through the supply chain (including the screening and training of security personnel in line with the Voluntary Principles on Security and Human Rights); Considering the risks of militarisation of mine sites and transportation routes, and direct or indirect support to illegitimate non-state armed group, or public or private security forces; Determination of the risk of any serious human rights abuses committed by any party at mine sites, transportation routes and points where gold is traded and/or exported; Estimating the number of Artisanal and Small-Scale Miners (if any) on the producer's concession, and: o confirming their status as legitimate ASM o considering risks of gold from third-party sources unknowingly being introduced into the producer's operations o considering the relationship between producer and ASM actors to identify instances of conflict or tension; Complete self-declaration of taxes and royalties compliance, as applicable; Understanding payments or compensation made to government agencies and officials, public or private security forces, or other armed groups at all points in the supply chain from extraction onwards, unless prohibited by law; Considering compliance with environmental, health, safety, labour, community, business integrity regulations, policies and good practices for issues identified in the initial due diligence.

According to the "Methods for Due Diligence in the Gold Supply Chain": For the identified high-risk suppliers, our company will suspend cooperation and take enhanced due diligence measures in accordance with the responsibility guidelines. We will conduct on-site investigations/inspections of the gold production areas (including but not limited to: mining areas for gold mining and gold supplier offices for recycled gold). If the above situation is true, we will take measures such as terminating cooperation. Our company immediately stopped cooperation and commissioned internal personnel to conduct enhanced due diligence in May 2023.

Regarding the local security issues, the supplier has negotiated with the local government and police station

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and received their support. The supplier also has their own security capabilities and will continue to do a good job in security work in the future.

Step 3: Risk management

Compliance Statement with Requirement:

We have fully completed step 3: Risk management. In 2023, we conducted a risk assessment on all gold raw material suppliers. These suppliers are legitimate legal entities or individuals operating within and outside the People's Republic of China, and have no criminal record. The gold raw materials provided do not involve violations of human rights, terrorism, environmental and sustainable development legal requirements, and mainly come from Fujian and other nearby provinces. Xinjiang Habahe Ashele Copper is a copper mine and they mainly sell copper concentrate to smelters. Xinjiang is far away from Fujian, and considering transportation costs, we have never purchased gold raw materials from Xinjiang. All of these suppliers are considered low-risk suppliers.

Does the refinery design a risk management strategy for the identified risks in two ways: (i) to mitigate the risks when continuing the transaction, (ii) to mitigate the risks when suspending the transaction, or (iii) to disengage from the risks?

Comment and Demonstrate Compliance:

We have followed the requirements of step 3 of the "LBMA Guidelines for Responsible Gold of the London Bullion Market Association" and designed and implemented corresponding management measures for the identified risks. Our 106 gold suppliers are all low risk in 2023. Among them, the supplier of Continental Gold Co., Ltd. Colombia Branch has been decided by our senior management meeting to suspend business in the region even if the company's risks have been mitigated, due to risk control in the gold supply chain and considerations of transportation and processing costs. The remaining suppliers will continue to cooperate.

Risk management strategy:

In 2013, we established the "Due Diligence Policy for the Gold Supply Chain"(fifth update in 2023) and internal management system in accordance with the LBMA Guidelines for Responsible Gold, established a risk assessment mechanism for gold suppliers, identified and evaluated supply chain risks, and designed and implemented corresponding management for identified risks. We adopt a zero tolerance attitude towards high-risk suppliers and refuse to cooperate with them. We fill out the "Supplier Risk Assessment Form" based on the information collected through due diligence, and conduct a repeated evaluation of qualified suppliers once a year.

We different risk management strategies depending on the results of risk assessment. According to the "Methods for Due Diligence in the Gold Supply Chain", for identified high-risk suppliers, our company will suspend cooperation and adopt strengthened due diligence measures in accordance with the requirements of the responsibility guidelines. We will conduct on-site investigations/visits to the gold production areas (including but not limited to mining areas for gold and the office locations of gold suppliers for recycled gold). If the above situation is true, we will take measures such as terminating cooperation. Where the due diligence results are not completely satisfactory, we may suspend relationship with the relevant supplier, adopt an improvement strategy, and provide reasonable advice to the supplier in good faith to enable the supplier to meet its requirements for supply chain risk assessment within a reasonable period of time. The business departments are responsible for overseeing the implementation of the risk solution and repeating the assessment on a regular basis. If the due diligence results indicate that there are limited or no measurable improvements, we will consider suspending our relationship with the supplier until the supplier responds to the improvement plan; If attempts to mitigate risks and improve performance fail, we may consider terminating our relationship with the supplier until there is

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evidence that the supplier meets our requirements for supply chain risk assessment. All risk assessment processes and assessment forms are reviewed by compliance officers and submitted to senior management for approval.

The business departments update all supplier-related information annually, conduct repeated risk assessments, and decide whether to continue cooperation based on the results of continuous monitoring of transactions and risk assessment. During the reporting period, the company did not experience any complaints regarding the gold supply chain.

Based on the results of the 2023 due diligence and risk assessment form, the compliance officer reviewed all due diligence materials and received approval from senior management. All suppliers are classified as low-risk. We always keep the process of gold trading under review and supervision to ensure that the transaction is consistent with the company's understanding of the supply chain and risk prediction.

Case: Our supplier's upstream (Continental Gold Co., Ltd. Colombia Branch) was attacked by an illegal mining organization in May 2023.

We imported gold from Colombia on March 6, 2023 and have not imported any gold produced in that region since then. In May 2023, the mine was attacked by terrorists. Even if the group owned mine, we immediately proposed to suspend cooperation and conduct enhanced due diligence to verify the authenticity of the content in the KYC questionnaire.

After investigation, it was found that the real reason was that the newly appointed government allowed illegal mining, and the illegal armed forces wanted to force Zijin to withdraw from the gold mine through intimidation and public opinion, and then occupy the gold mine. The Continental Gold Co., Ltd. Colombia Branch has taken the following measures:

1. Emergency work has been carried out: The company immediately activated the emergency plan, organized underground rescue, made every effort to treat the injured, immediately increased the safety forces underground, especially in the incident area, protected the safety of the operation area, and sealed off the scene of the incident. They cooperated with the police and judicial institutions to investigate and collect evidence, and quickly initiated judicial procedures;

2. The aftermath work has been done well: on the one hand, the victims have received timely compensation and relief, the company has held mourning, and in the future, a mass will be held every year to commemorate them. On the other hand, the situation was promptly announced to the public and public opinion was monitored.

The Continental Gold Co., Ltd. Colombia Branch is a controlled enterprise of Zijin Mining Group, and the risks are at a high level of attention and effective control. Every year, the group visits Continental Gold for investigation and ESG risk management, with no less than 50 experts from the mine. The mine also discloses ESG reports annually (<https://www.continentalgold.com/sostenibilidad/>) With extremely high transparency, it has won social responsibility awards for several consecutive years and has an excellent reputation (see the ESG report of China Gold for details). Its main sales channels, including Gold Mountains (H.K.) International Mining Company Limited, Tok, Heraeus, and Asahi, maintain regular and systematic due diligence through questionnaires and occasional inquiries about public opinion to maintain good communication. Due to rampant illegal mining forces, the Continental Gold Co., Ltd. Colombia Branch has been cooperating with the local government for many years to carry out ASM regularization projects, and is one of the most important drivers of ASM regularization and cracking down on non mining activities in Colombia. It is actively seeking cooperation between universities and non-governmental organizations to promote standardization of ASM work. Last year, Jaime, a gold ASM expert from Zijin Mining in mainland China, joined the WGC ASGM working group.

The Continental Gold Co., Ltd. Colombia Branch has made the following efforts for non mining:

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1. Mainland China Gold will never trade with illegal groups that violate human rights;

2. Mainland China Gold actively promotes communication with government authorities, mining regulatory agencies, security regulatory agencies, military and police to combat human rights violations by illegal armed forces.

The compliance officer has reported all the above situations to the senior management. During our on-site inspection, the risk has been effectively controlled and reduced, therefore it is assessed as low risk. However, due to risk control of the gold supply chain and considerations of transportation and processing costs, our senior management meeting has decided to suspend cooperation even if the risks of the Columbia branch of Mainland Gold Co., Ltd. have been alleviated. Therefore, since March 6, 2023, we have not conducted any business in the Colombia region.

If we can meet our evaluation requirements again in the future, we will consider establishing a new cooperative relationship. The evaluation process and the "Supplier Risk Assessment Form" shall be reviewed by the compliance officer and submitted to the senior management for approval. The senior management approves the gold supply chain based on the due diligence materials of the supply chain (including KYC questionnaires and attachments provided by suppliers) and the "Supplier Risk Assessment Form", and decides whether to establish or maintain business relationships with it. The senior management retains ultimate control over the gold supply chain.

Step 4: Independent third-party assurance

Compliance Statement with Requirement:

We have completed step 4: Arrange for an independent third-party review of the supply chain due diligence.

Comment and Demonstrate Compliance:

We issue a tender to the certification body every year, considering qualifications, prices, and service capabilities. Finally, we have engaged Bureau Veritas International Inspection (Beijing) Co., Ltd. to conduct a third-party reasonable assurance service for the "2023 Gold Supply Chain Due Diligence Compliance Report", and will issue an independent assurance report. The audit basis is ISAE3000, and the assurance report will be published on the Group's website. We have no conflict of interest with Bureau Veritas International Inspection (Beijing) Co., Ltd. and have signed the "Code of Conduct" after the audit to ensure the independence of the audit process.

In this audit, a total of one medium risk nonconformance was found. We immediately contacted the supplier and third-party organizations to complete the collection of financial information within the specified time and verified the collected data. No high-risk items were found, and the nonconformance items have been verified and closed. In response to the nonconformity identified in this audit, we will strengthen communication between procurement personnel and suppliers in the future to maintain good communication and improve their cooperation. In our daily business dealings, we will continue to promote the importance of due diligence in the gold supply chain to our suppliers.

Nonconformities identified in the previous audit cycle: We assisted suppliers in establishing due diligence capabilities and provided training on relevant policies to them; Provide KYC information of the sampled suppliers; And necessary due diligence materials have been collected within 3 months. All nonconformity items have been closed.

The compliance report can be obtained through <https://www.zjky.cn/global/program-detail-21203.htm>

Conduct a search.
Step 5: Supply chain due diligence report
<p>Compliance Statement with Requirement:</p> <p>We have completed step 5: Complete the supply chain due diligence report. In 2023, we have completed and released our supply chain due diligence as required. We have prepared the "2023 Gold Supply Chain Due Diligence Compliance Report" as of December 31, 2023. After the audit is completed, the compliance report will be announced on the company website.</p>
<p>[Explanation]</p> <p>Our gold supply chain policy specifies more information and specific details on how to implement refining systems, procedures, processes, and controls to comply with specific requirements in the LBMA gold guidelines. We have compiled and released the "2023 Gold Supply Chain Due Diligence Compliance Report".</p>

Overall conclusion

Table 3: Management conclusion	
Does the refinery meet the requirements of the LBMA Responsible Gold Guide during the reporting period?	
YES	Overall, during the reporting year from January 1 to December 31, 2023, we basically complied with the requirements of the "LBMA Guidelines for Responsible Gold of the London Bullion Market Association". And we have rectified the non-conformance: we have collected 2023 financial data for 32 recycled gold suppliers within 90 days. In 2024, we will continue to implement the requirements of the "LBMA Guidelines for Responsible Gold of the London Bullion Market Association" and continuously improve the management of the gold supply chain.

Table 4: Report other matters	
<p>[Explanation]</p> <p>The "Compliance Report", "Methods for Due Diligence in the Gold Supply Chain" , and "Due Diligence Policy for the Gold Supply Chain" are: https://www.zjky.cn/global/program-detail-21203.htm</p> <p>If you want to communicate with the company about the content of the report, you can contact Huang Yourong, the intermediary between Zijin Mining Group Gold Smelting Co., Ltd. and LBMA.</p> <p>Huang Yourong</p> <p>Address: Zijin Building, No.1 Zijin Road, Shanghang County, Fujian Province</p>	

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