Supply Chain Policy

Introduction

UniPrecious Metals Limited is committed to conducting ethical and responsible business operations within our supply chain. This policy outlines our commitments and expectations to promote sustainable practices and ensure compliance with applicable laws and regulations.

Purpose

The purpose of this policy is to clarify our guidelines for maintaining a responsible supply chain in the procurement and processing of gold, silver, platinum, and palladium.

Scope

This policy applies to all employees, suppliers, contractors, and business partners involved in our supply chain activities.

Compliance with Legal and Ethical Standards

Anti-Money Laundering (AML) and Counter-Terrorist Financing (CFT): Comply with all relevant laws, including Hong Kong's Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615).

Implement procedures for customer due diligence and ongoing transaction monitoring.

Trade Descriptions Ordinance

Ensure the accuracy of labels, product descriptions, and marketing materials.

Avoid making false or misleading statements regarding the origin, purity, or quality of products.

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Commitment to International Standards LBMA and LPPM Responsible Sourcing

Adhere to LBMA/LPPM responsible sourcing standards, covering due diligence, risk identification, and transparency reporting.

Conduct regular audits to ensure compliance with responsible sourcing standards.

OECD Due Diligence Guidance

Implement the OECD's five-step framework to monitor and manage risks related to conflict minerals.

Establish clear risk assessment and mitigation procedures, conduct supply chain audits, and publicly report findings.

Supplier Requirements

Suppliers must comply with UniPrecious Metals Ltd Supplier Code of Conduct, which includes standards on human rights, labor practices, and environmental management.

Suppliers need to provide proof of origin and demonstrate material traceability.

Risk Assessment and Management

Conduct regular risk assessments to identify vulnerabilities in the supply chain.

Develop and implement strategies to address identified risks, including supplier training, operational changes, or terminating partnerships when necessary.

Transparency and Reporting

Commit to transparent business practices and publicly disclose supply chain policies, due diligence processes, and audit results.

Promote open communication with stakeholders to ensure awareness and engagement from all parties.

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Continuous Improvement

Regularly review and update our supply chain policies to reflect changes in legislation, industry standards, and organizational goals.

Invest in technology and processes to enhance supply chain transparency and traceability.

Implementation and Monitoring

Designate a dedicated team responsible for policy implementation and compliance monitoring.

Establish mechanisms for regular review and feedback on the policy's effectiveness.

Whistleblowing Policy

Establish a confidential system for employees and stakeholders to report unethical or non-compliant behavior without fear of retaliation.

Conclusion

UniPrecious Metals Ltd is committed to maintaining a responsible and sustainable supply chain. By adhering to this policy, we aim to positively impact the industry and society while upholding our commitment to ethical business practices.

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This policy document establishes regulations for the entire process of procurement, refining, and trading of precious metals (including gold, silver, platinum, and palladium), strictly adhering to the following standards and requirements:

1. Compliance with Hong Kong AMLO (Cap. 615)

1.1 Conduct Customer Due Diligence (CDD) to verify client identities.

1.2 Maintain proper transaction records for audit purposes.

1.3 Report suspicious transactions to authorities.

2. Compliance with Hong Kong Trade Descriptions Ordinance

2.1 Ensure accurate product labeling (origin, purity, etc.) with no misleading claims.

2.2 Provide clear product descriptions to prevent false advertising.

3. LBMA/LPPM Responsible Sourcing Standards

3.1 Implement a traceability system to ensure ethical metal sourcing.

3.2 Conduct regular supply chain risk assessments and mitigation.

3.3 Submit annual compliance reports to demonstrate adherence.

4. OECD Conflict Minerals Due Diligence

4.1 Perform supply chain due diligence to identify risks (e.g., conflict regions).

4.2 Apply the OECD 5-Step Framework for full supply chain audits.

4.3 Publicly disclose due diligence policies and engage stakeholders transparently.

5. Supplier Requirements

5.1 Suppliers must comply with Code of Conduct (human rights, labor, environment).

5.2 Provide proof of origin and material traceability documentation.

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6. Risk Assessment & Management

6.1 Conduct regular risk assessments to identify vulnerabilities.

6.2 Implement mitigation strategies (training, operational changes, or termination).

7. Transparency & Reporting

7.1 Commit to transparent practices (public policies, audit results).

7.2 Maintain open stakeholder communication.

8. Continuous Improvement

8.1 Review and update policies annually per legal/industry changes.

8.2 Invest in technology (e.g., blockchain) for traceability.

9. Implementation & Monitoring

9.1 Assign a dedicated compliance team for policy enforcement.

9.2 Establish periodic review mechanisms for policy effectiveness.

10. Whistleblowing Policy

10.1 Operate a confidential reporting system (anonymous, anti-retaliation).

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1.1 Implement Customer Due Diligence to Identify and Verify Customer Identities

1.1.1 Anti-Money Laundering (AML) and Know Your Customer (KYC) Policies

1.1.1.1 Precious Metals Dealer Registration: Under Hong Kong's AMLO, the company is registered as a precious metals dealer with Customs (Registration No.: [B-B-23-06-00632]).

1.1.1.2 KYC Verification for All Counterparties (Suppliers/Customers): Conduct KYC verification, including identity proof and business background checks for all counterparties.

1.1.1.3 Screening for Sanctions: Screen all transactions to ensure they do not involve parties on Hong Kong's sanctions list (e.g., UN Security Council Resolution 2321).

1.2 Maintain Appropriate Transaction Records for Reference

1.2.1 Record Keeping: All relevant transaction records and reports must be retained for a specified number of years for future audits.

1.3 Reporting Requirements for Suspicious Large Transactions

1.3.1 Reporting Value: Any transaction involving precious metals that reaches or exceeds a specified amount (e.g., HKD 120,000) must be reported.

1.3.2 Reporting Timeline: Reports must be submitted within a designated timeframe after the transaction is completed, typically within seven days.

1.3.3 Reporting Content: Reports should include detailed information about the transaction, such as the transaction date, amount, and identity information of the parties involved.

1.3.4 Customer due diligence: Before making large transactions, customer due diligence must be conducted to ensure the legitimacy of their identity and source of funds.

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2.1 Ensure that product labeling is accurate and does not mislead consumers regarding the source, purity, and other relevant information about the metals:

2.1.1 Detailed Product Descriptions: Provide detailed information about the source and purity of the metal on product labels and descriptions.

2.1.2 Use Industry Standard Terminology: Utilize industry-standard terms and definitions to ensure clarity and consistency.

2.1.3 Standardized Labels: Adopt standardized labels and symbols to indicate purity and source, such as the Karat mark for gold (e.g., 24K).

2.1.4 Use Internationally Recognized Certificates: Employ internationally recognized certificates or logos to verify the quality and source of the product.

2.2 Maintain Clear Product Descriptions: Prevent false advertising or misrepresentation.

2.2.1 Supply Chain Management: Ensure that the source of each batch of metal is clearly traceable; maintain transaction records and source documentation.

2.2.2 Collaborate with Trusted Suppliers: Work with reputable suppliers and require them to provide detailed proof of source materials.

2.2.3 Regular Testing and Certification: Conduct regular laboratory tests to ensure that the actual purity of the product matches the labeling.

2.2.4 Use Qualified Third-Party Organizations: Engage qualified third-party organizations for product certification and inspection.

2.2.5 Employee Training: Provide regular training for employees on relevant laws, regulations, and industry standards to enhance their awareness of accurate labeling and ethical behavior. Establish standard operating procedures to ensure accountability for labeling accuracy.

3.1 Establish a Responsibility Traceability System: Ensure that procured metals come from compliant and ethical sources.

3.1.1 Technical Foundation: Establish a blockchain or centralized database system to record the complete flow of metals from the mine to the refinery.

3.1.2 Ethical Compliance Requirements: Exclude the following sources:

3.1.2.1 Child Labor or Forced Labor, Refer to ILO conventions.

3.1.2.2 Environmentally Destructive Mining, Such as mercury pollution.

3.1.2.3 Involvement in High-Risk Areas, Such as countries on the OFAC sanctions list.

3.2 Conduct Regular Supply Chain Risk Assessments, identify and mitigate risks.

3.2.1 Risk Identification: Evaluate potential risks at each stage of the supply chain (e.g., supplier reliability, natural disasters, political factors).

3.2.2 Risk Assessment: Analyze the likelihood and potential impact of risks to determine their severity.

3.2.3 Risk Mitigation Strategies: Develop response plans and take measures to reduce risks (e.g., diversifying suppliers, contingency plans).

3.2.4 Continuous Monitoring: Regularly review and update risk assessments, monitoring environmental changes and emerging risks.

3.2.5 Employee Training: Enhance employees' awareness and response capabilities regarding supply chain risks.

3.2.6 Stakeholder Communication: Maintain good communication with suppliers and other stakeholders to ensure a collaborative approach to risk management.

3.3 Provide Annual Compliance Reports: Demonstrate commitment to responsible sourcing standards.

3.3.1 Certified Proportion: Report the percentage of total metal procurement that is certified (e.g., from the LBMA Good Delivery list).

3.3.2 Supplier Blacklist: Include the number of suppliers removed from the blacklist and the reasons for their removal.

3.3.3 Risk Management: Report the number of high-risk suppliers and the actions taken to address them.

3.3.4 Transparency: Provide information on reporting channels (e.g., company website, submissions to regulatory bodies).

4.1 Conduct Due Diligence to Identify Supply Chain Risks, particularly those associated with raw materials from conflict regions:

4.1.1 Supplier Audits:

4.1.1.1 Verify if suppliers are listed on the LBMA certification list or approved by Hong Kong Customs.

4.1.1.2 Utilize professional compliance platforms for customer and supplier screening, including:

- Accuity (bank-grade KYC/AML database)
- Dow Jones Risk & Compliance (high-risk and PEPs screening)
- OFAC Sanctions List (official data from the U.S. Treasury)
- WorldCheck (global political figures and negative news database)

4.1.2 Hong Kong Specific Requirements:

4.1.2.1 Annual audits: Hire a licensed accounting firm in Hong Kong to verify supply chain compliance (based on AMLO Part 5).

4.1.3 Identify High-Risk Minerals:

4.1.3.1 Focus on conflict minerals such as gold, tantalum, tin, tungsten (3TG), and cobalt.

4.1.3.2 High-risk areas: Conflict regions such as the Democratic Republic of Congo, Myanmar, and Central Africa.

4.1.4 Supply Chain Traceability:

4.1.4.1 Require suppliers to provide: Mineral sources (mine/refinery names, GPS coordinates).

4.1.4.2 Procurement documents (invoices, transportation records).

4.1.4.3 Verify third-party certifications (e.g., LBMA certification).

4.1.5 Risk Assessment

4.1.5.1 Cross-reference with international blacklists (e.g., OFAC sanctions list, World Bank risk database).

4.1.5.2 Red flag indicators: Suppliers refusing to provide source information and unclear funding flows or involvement of shell companies.

4.1.6 Risk Mitigation

4.1.6.1 High-risk suppliers: Require corrective actions or terminate collaboration.

4.1.6.2 Medium to low-risk suppliers: Increase audit frequency (e.g., every six months).

4.1.6.3 Retain due diligence documentation for at least seven years.

4.2 Implement a Comprehensive Supply Chain Due Diligence Process Based on the OECD Five-Step Framework:

4.2.1 Management System Establishment:

4.2.1.1 Develop written policies and form a dedicated team.

4.2.1.2 Establish a digital management platform and accountability mechanisms.

4.2.2 Risk Identification and Assessment:

4.2.2.1 Cross-validate big data: Conflict region lists, international sanctions lists, and negative news databases.

4.2.3 Tiered Risk Management:

4.2.3.1 High Risk: Suspend procurement and conduct on-site audits.

4.2.3.2 Medium Risk: Require corrective actions within a specified timeframe and implement a guarantee.

4.2.3.3 Low Risk: Conduct regular monitoring.

4.2.4 Third-Party Audit and Verification:

4.2.4.1 Verify document authenticity.

4.2.4.2 Inspect production conditions.

4.2.4.3 Assess human rights conditions.

4.3 Publish Due Diligence Policies and Procedures, communicate transparently with stakeholders:

4.3.1 Policy Publication: Make due diligence policy and procedure documents publicly available on the company website and internal platforms, ensuring easy access for all stakeholders.

4.3.2 Stakeholder Identification: Identify all relevant stakeholders, including suppliers, customers, employees, investors, and the community.

4.3.3 Communication Plan: Develop a detailed communication plan that includes:

4.3.3.1 Frequency of communication.

4.3.3.2 Channels used (e.g., email, meetings, social media).

4.3.3.3 Key content points (e.g., policy objectives, procedural steps, responsibility allocation).

4.3.4 Continuous Updates: Regularly update policies and procedures, communicating changes and progress to stakeholders through various channels.

4.3.5 Establish Q&A Platform: Create a dedicated Q&A platform to address stakeholder inquiries, enhancing transparency.

5.1 Suppliers Must Comply with the Supplier Code of Conduct of United Precious Metals Limited

Including human rights, labor practices, and environmental management:

5.1.1 Human Rights: Suppliers must ensure that their operations do not infringe on human rights. They should protect the fundamental human rights of employees, including fair wages, safe working conditions, and the right to freely associate.

5.1.2 Labor Practices: Suppliers should provide fair labor conditions and must not use child labor or forced labor. They must comply with applicable labor regulations, including standards for working hours, compensation, and occupational health and safety.

5.1.3 Environmental Management: Suppliers are required to adopt responsible environmental management practices to minimize their impact on the environment. They should adhere to relevant environmental laws and regulations and strive to implement sustainable practices in their production processes.

5.2 Suppliers Must Provide Source Documentation and Ensure Material Traceability:

5.2.1 Source of Recycled Materials: If precious metals originate from recycled sources, suppliers must provide source documentation to verify that these metals are obtained through legal and sustainable recycling processes. They should maintain detailed records of each stage of the recycling process, including sources and processing methods.

5.2.2 Refining and Processing Records: For precious metals that have been refined or processed, suppliers must provide comprehensive records detailing how the metals were handled, refined, and processed. Additionally, they should provide compliance documentation for the involved refineries or processing facilities.

5.2.3 Transaction Documents: Suppliers must retain and provide documentation for each transaction of precious metals, which typically includes invoices, contracts, customs declarations, and shipping documents to confirm the source and legality of the metals.

5.2.4 Laboratory Analysis and Verification: Suppliers may utilize laboratory analysis to verify the purity and composition of precious metals, ensuring that products meet declared standards and industry regulations.

5.2.5 Supply Chain Audits: Conduct regular supply chain audits and due diligence for every stage of the precious metal supply chain to ensure compliance and prevent conflict metals from entering the market.

6.1 Conduct Regular Risk Assessments to Identify Vulnerabilities in the Supply Chain and develop and implement strategies to address identified risks, including supplier training, operational changes, or terminating partnerships when necessary:

6.1.1 Identify Risks: Identify various risks associated with the supply chain, including market fluctuations, geopolitical factors, changes in laws and regulations, environmental issues, and social responsibilities.

6.1.2 Risk Analysis: Analyze the potential impact and likelihood of each risk, and prioritize risks based on this analysis.

6.1.3 Operational Changes: Based on the results of risk assessments, it may be necessary to adjust certain operational processes to lower risks, such as changing material sources or modifying the supply chain structure.

6.1.4 Contractual Terms: Incorporate specific clauses in supplier contracts to regulate their behavior and reduce risks. This may include performance metrics and compliance requirements.

6.1.5 Continuous Monitoring: Continuously monitor the supply chain, adhering to the guidelines in the risk management plan to promptly identify and address emerging risks.

6.1.6 Regular Review and Update: Regularly review risk assessments and response strategies to ensure they remain effective and align with the latest market conditions and regulatory requirements.

6.1.7 Termination of Partnership: When risks cannot be effectively resolved and suppliers fail to make improvements, it is important to decisively terminate the partnership to prevent these risks from adversely impacting the company's overall operations.

7.1 Commit to Transparent Business Practices and publicly disclose supply chain policies, due diligence processes, and audit results. Promote open communication with stakeholders to ensure all parties are informed and engaged:

7.1.1 Detail Due Diligence Process: Share due diligence methods and procedures, including how risks in the supply chain are identified and assessed, as well as how suppliers are selected and reviewed.

7.1.2 Stakeholder Engagement: Establish regular communication channels, such as hosting stakeholder annual meetings, workshops, or feedback sessions, allowing suppliers, customers, employees, and other stakeholders to share their perspectives and suggestions.

7.1.3 Establish Feedback Mechanisms: Set up clear feedback mechanisms and complaint channels to ensure stakeholders can quickly and effectively raise questions and concerns.

7.1.4 Transparent Reporting System: Regularly share progress reports and future plans with stakeholders to ensure that all parties are fully informed about the company's initiatives in supply chain management and sustainability.

8.1 Regularly Review and Update Supply Chain Policies to reflect changes in legislation, industry standards, and organizational goals. Invest in technology and processes to enhance supply chain transparency and traceability:

8.1.1 Reference Industry Standards: Actively participate in industry meetings and working groups to learn about and adopt new industry best practices and standards, such as responsible sourcing guidelines.

8.1.2 Internal Policy Review: Organize internal review meetings at least annually to check whether current supply chain policies align with current organizational goals and market demands.

8.1.3 Employee and Supplier Training: Provide ongoing training for internal employees and suppliers to ensure they are familiar with new policies, technologies, and tools.

9.1 Assign a dedicated team for policy implementation and compliance monitoring and establish mechanisms for regular review and feedback on the effectiveness of the policies.

9.1.1 Form a Dedicated Team: Select professionals from compliance, legal, supply chain, and other relevant departments, assigning specific responsibilities to each member.

9.1.2 Develop Implementation and Training Plan: Create a plan that includes timelines and resource requirements to ensure the team fully understands the policy.

9.1.3 Compliance Monitoring Mechanism: Regularly check the implementation of the policy and collect data to analyze the compliance of suppliers and internal operations.

9.1.4 Regular Review: Evaluate the effectiveness of the policy quarterly or annually, and propose improvements based on the review findings.

9.1.5 Feedback Mechanism: Establish channels for stakeholders to provide feedback, helping to identify challenges and areas for improvement.

9.1.6 Reporting and Communication: Report progress to senior management and share policy improvement outcomes with stakeholders.

10.1 Establish a Confidential Reporting System and create a confidential reporting system for employees and stakeholders to report unethical or non-compliant behavior without fear of retaliation:

10.1.1 Establish Reporting Channels: Provide anonymous reporting options to facilitate the reporting of unethical or non-compliant behavior by employees and stakeholders.

10.1.2 Protect Whistleblowers: Ensure that whistleblowers are protected from retaliation, maintaining their privacy and safety.

10.1.3 Regular Training: Conduct training for employees to raise awareness of the reporting system and encourage its use.

10.1.4 Transparent Handling: Establish a clear process for handling reports to ensure that all submissions receive timely and fair investigations.

UniPrecious Metal Limited

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