



Mineral Supply Chain Due Diligence Assessment

Summary Report

Assessed Party	Yantai Cash Industrial Co., Ltd.				
Assessment Date	Main Assessment: 11/02/2023-11/03/2023; Tracking Assessment: 04/08/2024-04/09/2024				
Assessed Material	Cobalt, Nickel				
LME-listed Brand	CASH (Cobalt); CASH (Nickel)				
Assessment Type	<input type="checkbox"/> Main Assessment		<input checked="" type="checkbox"/> Tracking Assessment		
Assessment Result	<input type="checkbox"/> AAA	<input type="checkbox"/> AA	<input checked="" type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C
Assessment Firm	China Standard Conformity Assessment CO., LTD (CSCA)				
Assessor	Main Assessment:Hou Chao, Qiao Yazhen; Tracking Assessment: Mao Qingsong				

Instruction

Objective

This assessment program is an independent third-party assessment conducted by China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCCMC) based on *Chinese Due Diligence Guidelines for Mineral Supply Chain (Second Edition)*, aiming to assess the performance of the company's due diligence management system and process, and support the company to identify the gaps that need further improvements and develop corresponding improvement measures.

Basis of the Assessment

The assessment is based on *Chinese Due Diligence Guidelines for Mineral Supply Chain (Second Edition)*, hereinafter referred to as *the Guidelines*. The companies shall meet the content of "Companies should" in *the Guidelines*. "Companies should" refers to specific requirements of *the Guidelines* for companies' due diligence management, as well as the specific refinement of the requirements, which is consistent with the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (Third Edition)*.

Explanation of Conformity Degree

Conformity: Indicates that the company's management system, policies, procedures or processes meet the requirements of corresponding provisions of *the Guidelines*.

Need improvement: Indicates that the company's management system, policies, procedures or processes partially meet the requirements of corresponding provisions of *the Guidelines*, but lack some necessary elements or content, or can not prove or lack evidence to prove that they are substantively functional, and further measures are needed to improve its performance.

Non-conformity: Indicates that the company's management system, policies, procedures, or processes cannot meet the requirements of corresponding provisions of *the Guidelines*, resulting in systematic and repetitive non-conformities.

Not applicable: Indicates that corresponding provisions of *the Guidelines* do not apply to the Company.

Zero tolerance: If any of the following situations occurs, it is a "zero tolerance" situation.

1. Misrepresentation, deliberately forging false evidence or vouchers;
2. Any form of support for illegal control, or illegal taxation and extortion by non-state armed groups;
3. Any form of torture, cruel, inhuman and degrading treatment;
4. Directly cause or contribute to forced or compulsory labor;
5. Cause or contribute to widespread sexual violence;
6. The worst forms of child labor;
7. War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide;
8. Other situations generally considered unacceptable.

Explanation of Assessment Results

The overall assessment result is based on the percentages of "non-conformity" items and "need improvement" items. The China Chamber of Commerce of Metals, Minerals & Chemical Importers & Exporters (CCCCMC) provides the following suggestions on the assessment results:

Level AAA: There is no "non-conformity" items, indicating that the company has excellent supply chain due diligence management performance.

Level AA: the percentage of "Need improvement" items does not exceed 15% of all applicable items, and the percentage of "non-conformity" items does not exceed 5% of all applicable items.

Level A: the percentage of "Need improvement" items does not exceed 25% of all applicable items, and the percentage of "non-conformity"

items does not exceed 10% of all applicable items.

Level B: the percentage of "Need improvement" items does not exceed 35% of all applicable items, and the percentage of "non-conformity" items does not exceed 20% of all applicable items.

Level C: The above level cannot be reached or there is any "zero tolerance" situation.

Description of Assessment Type

The assessment is divided into main assessment and tracking assessment. The main assessment needs to be carried out once a year. The tracking assessment is conducted every six months or during the re-assessment (main assessment) based on the conformity degree and assessment results.

1. Assessed Party

Company Name	Yantai Cash Industrial Co., Ltd.
Refinery Name	Yantai Cash Industrial Co., Ltd.
Location	No. 215, Xingfu Road, Yantai, Shandong Province, China
Profile Number	DDMSC-CNNiCo0020 (BC01)

2. Assessment Results

Type	<input type="checkbox"/> Main Assessment	<input checked="" type="checkbox"/> Tracking Assessment			
Result	<input type="checkbox"/> Level AAA	<input type="checkbox"/> Level AA	<input checked="" type="checkbox"/> Level A	<input type="checkbox"/> Level B	<input type="checkbox"/> Level C

3. Assessment Scope

Materials	Cobalt, Nickel		
LME-listed Brand	CASH (Cobalt); CASH (Nickel)		
Types of Materials	<input checked="" type="checkbox"/> Mine materials	<input type="checkbox"/> Recycled materials	<input type="checkbox"/> Both
Assessment Period	<input checked="" type="checkbox"/> 12 months: 10/01/2022-09/30/2023	<input type="checkbox"/> Less than 12 months:	

4. Summary of Assessment Results

Assessment Result

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Step 1: Establishing A Corporate Due Diligence System

Develop and adopt due diligence policy.	The Company has formulated and approved the <i>Due Diligence Policy for Supply Chain</i> , which is in line with the requirements of the <i>Chinese Due Diligence Guidelines for Mineral Supply Chain</i> .
Structure appropriate internal management systems.	The Company has established an organizational structure for mineral supply chain due diligence and incorporated cobalt and nickel supply chains into its management scope, established a Mineral Supply Chain Due Diligence Committee and a Due Diligence Combined Office. The Company assigned due diligence responsibilities to relevant senior management and employees.
Establish a system of controls and transparency over the supply chain.	The Company has established a supply chain control and transparency system, formulated relevant supply chain transparency procedures to collect and understand the traceability information of its mineral supply chain. For suppliers that trigger warning signs, the Company require further collection of mineral supply chain traceability information for warning sign review.

<p>Strengthen engagement with suppliers.</p>	<p>The Company has formulated the <i>Liability Contract Terms and Supply Chain Due Diligence Statement and Commitment</i>, and required suppliers to sign above documents, to ensure that suppliers comply with policies that are consistent with the Company's supply chain due diligence policy. However, the Company needs to further strengthen its efforts to assist suppliers in capacity building and improve their due diligence awareness and performance.</p>
<p>Establish a company level grievance mechanism and/or participate an industrial level grievance mechanism.</p>	<p>The Company has established a <i>Grievance Mechanism for Supply Chain Due Diligence</i>, identified grievance mechanisms at the industry level and committed to participating in such industrial mechanisms.</p>
<p>Step 2: Risk Identification and Assessment</p>	
<p>Conduct warning signs review, and identify the scope of the risk assessment of the mineral supply chain based on the results of warning signs review.</p>	<p>The Company has formulated the <i>Supplier Classification Management Procedure</i>, the <i>Mineral Supply Chain Risk Management Procedure</i> and the <i>Conflict Affected and High-Risk Areas Identification Procedure</i>, and carried out warning sign review on suppliers. The Company has formulated and implemented information verification procedure and verified information by requiring suppliers to fill in the <i>Know Your Supplier(KYS) Questionnaire</i> and <i>Chain Custody Information Form for Raw Material of the Mine Source</i>. The Company needs to further improve their cooperation with suppliers in collecting traceability information of mineral supply chain.</p>
<p>When warning signs are identified, companies shall conduct an on-the-ground assessment of the corresponding supply chain.</p>	<p>Warning signs have been identified in the Company's cobalt mineral supply chain. Although limited by the accessibility of conducting on-site assessments on the supply chain that triggers warning signals, the company has not yet been able to conduct on-site assessments, but has developed and approved an on-site assessment plan.</p>

<p>Assess risks in the supply chain.</p>	<p>The Company has established the <i>Mineral Supply Chain Risk Management Procedure</i>, conducted supply chain due diligence risk assessment accordingly, and summarized risk assessment results. But the scope of the assessment is not yet complete.</p>
<p>Step 3: Risk Prevention and Mitigation</p>	
<p>Report risk assessment results internally.</p>	<p>The Company's supply chain due diligence risk assessment results can be reported to senior managers.</p>
<p>Develop and adopt risk management plan.</p>	<p>The Company has formulated and approved a <i>Risk management plan</i>, covering mitigation strategies and response plans to address different types of risks.</p>
<p>Implement risk management plan, monitor and track performance of risk mitigation strategies.</p>	<p>The Company maintains communication with stakeholders, jointly promotes the implementation of the <i>Risk management Plan</i>, and regularly monitors the implementation of the <i>Risk Management Plan</i>.</p>
<p>Supplementary assessment of risks that need to be mitigated. Supplementary assessment can also be conducted after actual circumstances have changed.</p>	<p>The Company has established the <i>Risk Management Plan Implementation and Monitoring Procedure</i>, which clearly stipulates that in the process of implementing the <i>Risk Management Plan</i>, it will conduct continuous monitoring and additional assessment of risks that need to be mitigated.</p>
<p>Step 4: Internal and External Assessment</p>	
<p>Companies should establish internal assessment system, to continuously monitor and manage due diligence performance.</p>	<p>The Company has formulated an <i>Internal Assessment Work Plan</i>, established an internal assessment team, carried out internal assessment and completed the assessment report.</p>

Companies should designate the second or third party to conduct assessment when applicable.	This assessment is the third-party independent assessment of cobalt and nickel supply chain due diligence management that the Company has participated in.
When necessary, the company at the key points (smelters/refiners) makes necessary disclosures on the assessment results.	The Company made commitment to release the <i>Summary Report of Supply Chain Due Diligence Assessment</i> to the public.
Step 5: Reporting and Communication	
Develop due diligence progress report	The Company compiled the <i>Annual Progress Report on Supply Chain Due Diligence of Yantai Cash Industrial Co., Ltd.(2022-2023)</i> .
With due regard to business confidentiality and other competitive concerns, companies should publish due diligence progress reports or summary.	The Company released the <i>Annual Progress Report on Supply Chain Due Diligence of Yantai Cash Industrial Co., Ltd.(2022-2023)</i> on its official website. Link: http://www.yantaicash.com/zeren
Step 6: Provide for or Cooperate in Remediation When Appropriate	
When the company recognize that it has caused or contributed to actual adverse impacts, they should mitigate these impacts by providing for or cooperating in remediation when appropriate.	N/A
Companies provide conditions or cooperate with existing remedial	N/A



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mechanisms in a timely manner.