

Baotou Tianhe Magnetic Materials Technology Co., Ltd

## Responsible management policy for responsible global neodymium iron boron and cobalt supply chains

Baotou Tianhe Magnetic Materials Technology Co., Ltd. (hereinafter referred to as "Tianhe Magnetic Materials" or "I")

We recognize the possibility of engaging in mineral extraction, trading, processing, and export in high-risk areas

The risk of significant negative impacts and the recognition that we respect human rights and do not have negative impacts on society

The obligation of impact, Tianhe Magnetic Materials promises to adopt the China Chamber of Commerce for Import and Export of Minmetals and Chemicals (CCCME) Bu's "Guidelines for Responsible Mineral Supply Chain Management in China" (hereinafter referred to as the "China Guidelines") and

The Organization for Economic Cooperation and Development (OECD) has released a report titled "The Organization for Economic Cooperation and Development Guidelines for Responsible Supply Chain Due Diligence Management of Mines in Conflict Affected and High Risk Areas, Third Edition

(hereinafter referred to as OECD Guidelines), preparing guidelines on responsible global neodymium iron boron and cobalt supply chains

The responsibility management policy involves conflict sensitive procurement activities and supply throughout the entire process of mineral resource supply chain

The risk awareness of the business provides a reference. We promise to comply with domestic laws applicable to the implementation of such resolutions,

Do not engage in any behavior that would provide assistance or convenience to the conflict. And include it in the contract with the supplier

In the social responsibility commitment letter. To this end, we promise to identify and avoid the following risks in commercial activities

Serious infringement related to mineral mining, transportation, or transactions

When conducting procurement or business activities in high-risk areas, we will neither tolerate nor take any risks

How to profit from, assist, assist or facilitate the implementation of:

1. The worst form of child labor (hazardous work is one of the worst forms of child labor);

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2. Any form of torture, brutality, inhumane and degrading treatment;
  3. Any form of forced or compulsory labor, that is, threatened with punishment, when others are involuntary Force to engage in all labor or services under circumstances;
  4. Other serious violations and abuses of human rights, such as widespread sexual violence;
  5. War crimes, crimes against humanity, genocide or other serious violations of international humanitarian law by

Reduce risk

If we have reasonable grounds to believe that the risk exists, that is, the upstream supplier is implementing the first step

If either party engages in serious infringement as stipulated in clause (a) engages in procurement or is associated with that party, we will

Immediately suspend or interrupt cooperation with the upstream supplier.

- 2、 Directly or indirectly supporting illegal organized armed groups and public or private security forces

We do not tolerate any non-state-owned activities that involve the extraction, transportation, trading, processing, or export of mineral resources

Organize armed groups to provide direct or indirect support. Through mining, transportation, and trading of mineral resources

Processing or exporting "direct or indirect support" to non-state-owned organized armed groups, including

Including but not limited to purchasing resources from illegal organized armed groups or their affiliates and making payments to them,

Or provide logistical support or equipment to them in other ways. These armed groups or affiliates:

1. Illegal control of mining sites, or other means of controlling transportation routes and mineral resource trading points  
And upstream actors in the supply chain;
2. Illegal taxation or extortion at the entrance of mining sites, along transportation routes, or at mineral resource trading points  
Money or mineral resources
3. Illegal taxation or extortion of intermediaries, export enterprises, or international traders.

Reduce risk

If we have reason to believe that upstream suppliers provide direct or

If any party indirectly supports the procurement or has a relationship with it, we will immediately suspend or interrupt it

Collaboration with the supplier.

- 3、 Regarding public or private security armed forces

We will prevent illegal control of mining sites, transportation routes, and upstream participants in the supply chain from being targeted

Illegal taxation or extortion of money or minerals at the entrance of mining sites,

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along transportation routes, or at mineral resource trading points  
Resources, or illegal taxation or extortion from intermediaries, export enterprises,  
or international traders

Provide direct or indirect support from public or private security forces. We  
acknowledge that the mining site, surrounding areas, and

The role of public or private safety armed forces along transportation roads is only  
to uphold the rule of law, including safeguarding people

Rights, protection of miners, safety of equipment and facilities, protection of  
mining sites or transportation routes for lawful mining

And trade is not disrupted. Any enterprise or business relationship with the public  
in our or our supply chain

In cases where private security forces have signed contracts, we promise or will  
stipulate that such security

Armed forces must be recognized by international standards and guiding  
documents for handling public or private security armed forces

Can. Especially, we will support or take measures to apply screening policies to  
ensure that they are known to have been implemented

Individuals or security armed units who commit human rights violations are not  
recruited.

Reduce risk

If we have reasonable reasons to believe that upstream suppliers have shifted their  
focus to non-state-owned organized armed groups

If any party directly or indirectly supports the procurement or has an association  
with it, we will immediately

Stop or interrupt cooperation with the supplier.

4、 Regarding corruption, money laundering, and various expenses paid to the  
government

We do not directly or indirectly offer, promise, give or demand any bribes, and we  
boycott demands

Bribery will not be used to conceal or falsify the origin of mineral resources, or to  
falsely report the mining, trading, or other activities of mineral resources

The taxes, fees, and franchise fees that should be paid to the government for  
processing, transportation, export, and other activities

Bribery or non-compliance with relevant international anti-corruption standards  
and practices. We prohibit all business activities and transactions

Bribery behavior in China, including bribery behavior by agents and other third  
parties, is a form of gift giving or receiving

Material development standards and approval procedures; Make every effort to  
promote responsible business with all business partners

Business practice. If we have reason to believe that there is a risk of mining, trading,  
processing, transportation, or export

Illegal expropriation at the entrance of mining sites, along transportation routes, or  
at upstream supplier mineral resource trading locations

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We will support or mitigate the money laundering risks arising from or related to mineral resources obtained through taxation or extortion  
Take measures to contribute to the effective elimination of money laundering. We promise to take effective measures to prevent  
To prevent involvement in money laundering or terrorist financing, we will ensure that all payments to the government related to conflicts are made  
Legal taxes, fees, and licenses related to the mining, trading, and export of mineral resources in high-risk areas  
And promise to disclose such payments based on the company's position in the supply chain.

Reduce risk

Based on the specific location of the enterprise in the supply chain, we promise to collaborate with suppliers, central or  
Local governments, international organizations, civil society, and affected third parties may cooperate as appropriate

To take measurable measures within a reasonable time span to prevent or reduce the risk of adverse effects

Improve or track performance. If the risk reduction measures are not effective, we will suspend or

Interrupt cooperation with upstream suppliers.

5、 Regarding land rights, emissions, and small workshops

We do not participate, tolerate, or benefit from the lack of freedom for local and indigenous people

Prior and informed consent to extract resources from land, including holding legal ownership, leasing rights

The mining operator of a franchise or license. We do not participate, tolerate, or benefit from the local people

The culture and heritage of indigenous people are not respected and protected, or the exploitation of traditional local culture is compromised

Industry. We do not participate, tolerate, or benefit from illegally obtaining legal ownership, leasing rights

Concessions or licenses, or exploitation of resources on land that violates domestic laws. We ensure to avoid giving weeks

The condition of the surrounding soil, air, and water has caused significant adverse effects, seriously violating relevant local laws and regulations

Regulations, including manufacturing, trading, and use due to high toxicity to living organisms, environmental persistence, or potential

Chemicals and hazardous substances subject to international bans due to irreversible ecological impacts, or emissions of arsenic and mercury.

We promise to regularly evaluate and reduce the adverse effects of mining on soil, air, and water. consider

The conditions of the surrounding soil, air, and water resources should be adopted with technical, financial feasibility, and applicability

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Efforts should be made to avoid, reduce, and control pollution through pollution prevention methods and technologies; According to the host country's situation According to legal and regulatory requirements, monitor the main pollutants emitted by enterprises and keep track of their pollution at all times

The dyeing status should be clearly recorded and the monitoring results should be made public; Adopt emission control and reduction strategies.

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If we have reasonable grounds to believe that there is such a risk, we will base it on the enterprise's supply chain

Immediately work with suppliers and other stakeholders to develop, adopt, and Implement a risk management plan to prevent or reduce infringement of land rights and significant adverse environmental impacts

Specific risks that affect or are associated with small workshops or small-scale miners.

If you have any questions about this policy, you can send an email to [market@thmagnetics.com](mailto:market@thmagnetics.com) **Further consultation**