

## **Due Diligence Guidance/Policy for Responsible Sourcing of Raw Materials**

### **负责任的原材料采购的尽职调查指南/政策**

TH Magnetics recognizes that engaging in mineral resource mining, trading, processing, export and other business activities in conflict affected and high-risk areas may generate significant social and environmental risks, and has the obligation to respect human rights, not contribute to conflicts, and the responsibility to eliminate and control related risks. To this end, TH Magnetics has developed our "Due Diligence Guidance/Policy for Responsible Sourcing of Raw Materials" (hereinafter referred to as the "Guidance/Policy") based on the "China Responsible Mineral Supply Chain Responsible Management Guidelines" released by the Chamber of Commerce for Import and Export (CCCMC) and with reference to the "OECD Responsible Supply Chain Responsible Management Guidelines for Minerals from Conflict Affected and High Risk Areas" (3rd edition) (hereinafter referred to as the "China Guidelines" and the "OECD Guidelines").

天和磁材认识到，在受冲突影响和高风险区域从事矿产资源开采、交易、处理、出口等经营活动过程中可能产生重大的社会和环境风险，并有尊重人权、不助长冲突的义务，以及消除和管控相关风险的责任。为此，天和磁材根据进出口商会 (CCCMC)发布的《中国负责任矿产供应链尽责管理指南》，并参考经济合作与发展组织(OECD)的《关于来自受冲突影响和高风险区域的矿石的负责任供应链尽责管理指南》(第 3 版) (以下简称“《中国指南》和《经合组织指南》”)，制定我们的“负责任的原材料采购的尽职调查指南/政策”(以下简称“指南/政策”)。

We will promote and widely disseminate this guidance/policy in the supply chain of raw material mineral resources in accordance with the "China Guidelines" and the "OECD Guidelines", and incorporate it into contracts or agreements signed with suppliers. We do not engage in any activities that provide funding for conflicts, comply with relevant United Nations sanctions resolutions, and comply with domestic laws that enforce such resolutions where applicable.

We promise to operate the raw material supply chains in accordance with Appendix 1 of the OECD Guidelines, titled "Risk Based Due Diligence Five Step Framework for Mineral Supply Chains" to identify and manage the following risks:

我们按照《中国指南》和《经合组织指南》要求，将此指南/政策在原材料矿产资源供应链中推行和广泛传播，将其纳入与供应商签订的合同或协议中。我们不参与任何会为冲突提供资助的行为，遵守联合国相关制裁决议，在适用情况下遵守执行相关的国内法律。

我们承诺在原材料供应链运营实践中按《经合组织指南》附录一“基于风险的矿石供应链尽职调查五步框架”来识别和管理以下风险：

We invite your company to join our sustainable development path.

我们邀请贵司加入我们的可持续发展道路。

## **1. Serious infringement related to mineral mining, transportation or trade:**

### **1.与矿产开采、运输、或贸易有关的严重侵权行为：**

When conducting procurement or business activities in conflict affected and high-risk areas, we neither tolerate nor in any way benefit, assist, support or facilitate any party in implementing:

1.1 Any form of torture, cruel, inhuman and degrading treatment;

1.2 Any form of forced or compulsory labor. Forced or compulsory labor refers to labor or services that are extracted from any individual under the threat of punishment and are not voluntarily provided by that individual;

1.3 Worst Forms of Child Labor (defined in Section III of the 1999 Worst Forms of Child Labor Convention (No. 182) of the World Labour Organization, where Article (d) specifies one form of child labor, which is "work of a nature or in an environment likely to be harmful to the health, safety, or morals of children");

1.4 Other serious violations and abuses of human rights, such as widespread sexual violence;

1.5 War crimes or other serious violations of international humanitarian law, crimes against humanity, and genocide.

在受冲突影响和高风险区域开展采购或经营活动时，我们既不容忍也不会以任何方式获利、帮助、协助或便利任何一方实施：

- 1.1 任何形式的酷刑，残忍、不人道和有辱人格的待遇；
- 1.2 任何形式的强迫或强制劳动。强迫或强制劳动是指以惩罚作为威胁榨取的任何个人的、并非该人自愿提供的劳动或服务；
- 1.3 最恶劣形式的童工 (在世界劳工组织 1999 年最恶劣形式的童工公约 (第 182 号)的第三节中定义了最恶劣形式的童工，其中 (d) 条款中规定了其中一种形式，即“其性质或是在其中从事工作的环境，很可能损害儿童的健康、安全或道德的工作” )；
- 1.4 其他严重侵犯和践踏人权的行爲，如普遍的性暴力行为；
- 1.5 战争罪或其他严重违反国际人道法的行为，反人类罪、种族灭绝罪。

### **Risk management for serious infringement:**

#### **对严重侵权行为的风险管理:**

If we have reasonable grounds to believe that an upstream supplier purchases from or is associated with any party that has committed serious infringement, we will immediately suspend or interrupt our cooperation with the supplier.

如果我们有合理的理由认为上游供应商从有严重侵权行为的任何一方进行采购或与该方有关联，我们将立即中止或中断与该供应商的合作。

## **2. Regarding direct or indirect support for non-state armed groups**

### **2.关于直接或间接支持非国家武装团体**

We will not tolerate any direct or indirect support provided to non-state armed groups through mineral extraction, transportation, trade, processing, or export. Providing "direct or indirect support" to non-state armed groups through mineral extraction, transportation, trade, processing, or export includes but is not limited to purchasing minerals from non-state armed groups or their affiliates (affiliates include traders, wholesalers, intermediaries, and other parties who directly cooperate with armed groups in the supply chain to facilitate mineral extraction, trade, and processing), making payments to them, or providing logistical support or equipment to them in other ways. These armed groups or affiliates:

- 2.1 Illegal control of mining sites, or other forms of control over transportation routes, mineral trading points, and upstream actors in the supply chain (control refers to monitoring mining activities, including authorizing entry into mining areas,

and/or coordinating sales to downstream intermediaries, export enterprises, or national trade, or serving as leaders or managers in upstream enterprises or mines, or enjoying beneficial rights or other ownership interests);

2.2 Illegal taxation or extortion at the entrance of mining sites, along transportation routes, or at mineral trading points (extortion refers to the threat of violence or other means, usually using mining, transportation routes, or mineral transportation, purchase, sales, and other activities as bargaining chips to demand money or minerals that are not voluntarily paid by the extorted person);

2.3 Illegal taxation or extortion of intermediaries, export enterprises, or international traders.

我们不会容忍任何通过矿产开采、运输、贸易、处理或出口为非国家武装团体提供直接或间接的支持。通过矿产开采、运输、贸易、处理或出口为非国家武装团体提供“直接或间接的支持”包括但不限于从非国家武装团体或其关联方（关联方包括供应链上直接与武装团体合作，为矿产开采、贸易、处理提供便利的贸易商、批发商、中间商及其他各方）购买矿产，向其进行付款，或以其他方式为其提供后勤支援或设备等。这些武装团体或关联方：

2.1 非法控制矿址，或以其他方式对运输路线、矿产交易点以及供应链的上游行为主体进行控制（控制是指对开采活动进行监视，包括对进入矿区进行授权，以及/或对下游中间商、出口企业或国家贸易这的销售进行协调，或在上游企业或矿山担任领导或管理人员，或是享有受益权或其他所有者权益）；

2.2 在矿址入口、运输路线沿线或矿产交易点非法征税或者勒索（勒索是指以暴力或其他手段相威胁，通常以允许开采、使用运输路线、或矿产运输、购买、销售等活动作为筹码，向被勒索人索要并非其自愿支付的金钱或矿产）钱财或矿产；

2.3 对中间商、出口企业或国际贸易者非法征税或勒索。

## **Risk management for providing direct or indirect support to non-state armed groups**

### **对向非国家武装团体提供直接或间接支持的风险管理：**

If we have reasonable grounds to believe that an upstream supplier purchases from or has a relationship with any party that provides direct or indirect support to non-state armed groups, we will immediately suspend or interrupt our cooperation with that supplier.

如果我们有合理的理由认为，上游供应商从向非国家武装团体提供直接或间接支持的任何一方进行采购或与之存在关系，我们将立即中止或中断与该供应商的合作。

### **3. Regarding public or private security armed forces**

#### **3.关于公共或私人安全武装**

3.1 We prohibit the provision of direct or indirect support to public or private security forces that illegally control mining sites, transportation routes, and upstream behavior entities in the supply chain, illegally levy taxes or demand money or minerals at the entrance of mining sites, along transportation routes, or at mineral trading points, or illegally levy taxes or make demands on intermediaries, export enterprises, or international traders (where "direct or indirect support" refers to non legal forms of support, including legal taxes, fees, and/or royalties paid by enterprises to the government of the country where they operate).

3.2 We acknowledge that the role of public or private security forces along the mining site and/or its surrounding areas and/or transportation routes is solely to uphold the rule of law, including safeguarding human rights, protecting miners, equipment and facilities, protecting the mining site or transportation routes from interference with legal mining and trade.

3.3 In the event that we or any enterprise in our supply chain has signed a contract with public or private security forces, we promise or will stipulate that we will comply with the provisions of the Voluntary Principles of Security and Human Rights in the process of cooperating with such security forces. In particular, we will support or take measures to apply screening policies to ensure that individuals or security armed units known to have committed serious human rights violations are not recruited.

3.4 We will support or take measures to cooperate with central or local governments, international organizations, and civil society organizations to jointly find feasible solutions for improving the transparency, proportionality, and accountability of public safety and armed security costs

3.5 We will support or take measures to interact with local governments, international organizations, and civil society organizations to avoid or minimize the negative impact of public or private security forces stationed at mining sites on vulnerable groups, especially on small-scale miners. In this case, the minerals in the supply chain are extracted through small-scale workshops or small-scale mining.

3.1 我们杜绝向非法控制矿址、运输路线以及供应链上游行为主体，在矿址入口、运输路线沿线或矿产交易点非法征税或索要钱财或矿产，或者向中间商、出口企业或国际贸易者非法征税或进行勒索的公共或私人安全武装提供直接或间接支持（这里的“直接或间接支持”指的不是合法形式的支持，合法形式包括企业向其经营所在国政府支付的法定税收、费用和/或特许开采费）。

3.2 我们认可，矿址及/或其周边地区及/或运输道路沿线的公共或私人安全武装的作用仅是维护法治，包括保障人权、保护矿工、设备和设施安全、保护矿址或运输路线以使合法的开采和贸易不受干扰。

3.3 在我们或我们供应链上的任何企业与公共或私人安全武装签订了合约的情况下，我们承诺或者将规定，在与这类安全武装进行合作的过程中将遵守《安全与人权自愿原则》的规定。尤其是，我们将会支持或采取措施运用筛查政策，确保已知的实施过严重侵犯人权行为的个人或安全武装单位不被录用。

3.4 我们将支持或采取措施与中央或地方政府、国际组织和民间社会组织开展合作，共同为如何提高公共安全武装安保费用的透明度、相称性和问责性找到可行的解决方案

3.5 我们将支持或采取措施与当地政府、国际组织和民间社会组织开展互动，避免或最大限度地降低公共或私人安全武装驻扎在矿址给弱势群体带来的负面影响，尤其是对小作坊矿工的负面影响，在这种情况下，供应链上的矿产是通过小作坊或小规模采矿的方式开采出来的小作坊。

### **Risk management of public or private security armed forces**

#### **对公共或私人安全武装的风险管理：**

If we discover that such risks exist to a certain extent, we will immediately develop, adopt, and implement upstream supplier and its related risk management plans based on the specific position of the enterprise in the supply chain, in order to contain or reduce the risks of providing direct or indirect support for public or private security forces as described in section 3.1.

If the risks directly or indirectly supported are not contained or reduced, the enterprise should temporarily suspend or terminate cooperation with suppliers for at least three months, and revise the risk management plan while temporarily suspending cooperation, clarifying the performance goals that should be achieved for improvement work before the resumption of trade relations.



If we find that there may be behaviors that violate sections 3.4 and 3.5 to a certain extent, we will take the same measures.

如果我们发现在一定程度上存在此类风险，将根据企业在供应链上所处的具体位置，立即制定、采用和实施上游供应商及其利益相关风险管理计划，从而使第 3.1 所述的为公共或私人安全武装提供直接或间接支持的风险得到遏制或降低。

如果直接或间接支持的风险没有得到控制或降低，企业应暂停或终止与供应商的合作至少三个月，并在暂停合作的同时修订风险管理计划，明确恢复贸易关系前改进工作应实现的绩效目标。

如果我们发现在一定程度上有可能存在有违第 3.4 和 3.5 内容行为的情况下，将采取同样的应对措施。

#### **4. Regarding bribery, fraudulent misrepresentation of mineral origin, money laundering, and payment of taxes, fees, and royalties to the government**

##### **4.关于行贿受贿及矿产原产地欺诈性失实陈述、洗钱及向政府支付的税收、费用、特许费**

4.1 Fraudulent misrepresentations regarding bribery, corruption, and the origin of minerals

We will not propose, promise, engage in, or solicit any bribes, and will resist temptation. We will not bribe in order to conceal or falsify the origin of minerals, or falsely report taxes, fees, and franchise fees that should be paid to the government for mineral mining, trade, processing, transportation, export, and other activities.

##### 4.2 Regarding Money Laundering

If we have reason to believe that there is a money laundering risk arising from or related to mining, trade, processing, transportation, or export of minerals obtained through illegal taxation or extortion at the entrance of mining sites, along transportation routes, or upstream supplier mineral trading locations, we will support or take measures to contribute to the effective elimination of money laundering.

##### 4.3 Regarding taxes, fees, and royalties paid to the government

We will ensure the payment of all legal taxes, fees, and royalties related to mining, trade, and export of minerals in conflict affected and high-risk areas to the government, and promise to disclose such payments in accordance with the

principles of the Extractive Industry Transparency Action Plan (EITI) based on the company's position in the supply chain.

#### 4.1 关于行贿受贿及矿产原产地的欺诈性失实陈述

我们不会提出、承诺、进行或索要任何贿赂，并且抵制诱惑，不会为了掩盖或伪造矿产原产地，虚报矿产开采、贸易、处理、运输、出口等活动应向政府缴纳的税收、费用和特许开采费而行贿。

#### 4.2 关于洗钱

如果我们有理由认为，存在因开采、贸易、处理、运输或出口在矿址入口、运输路线沿线、或上游供应商矿产交易地进行非法征税或勒索而得的矿产所引起或与之相关的洗钱风险，我们将支持或采取措施，为有效消除洗钱行为做出贡献。

#### 4.3 关于向政府支付的税收、费用及特许费

我们将确保向政府支付所有与受冲突影响和高风险区域矿石开采、贸易、出口相关的合法税收、费用和特许费，并且承诺根据企业在供应链上所处位置依照《采掘行业透明度行动计划》(EITI) 中的各项原则对此类支付进行披露。

### **Assessment of fraudulent misrepresentations, money laundering, and payment of taxes, fees, and royalties to the government regarding bribery, corruption, and the origin of minerals**

#### **对行贿受贿及矿产原产地的欺诈性失实陈述、洗钱及向政府支付的税收、费用、特许费的考核**

Based on the specific position of the enterprise in the supply chain, we promise to cooperate with suppliers, central or local government agencies, international organizations, civil society, and affected third parties as appropriate, with the aim of taking significant measures to prevent or reduce risks with negative impacts within a reasonable time frame, and improving or tracking performance. If the risk reduction measures do not work, we will temporarily suspend or interrupt our cooperation with upstream suppliers .

For the risks that need to be reduced after adopting the risk management plan, the enterprise should conduct additional risk assessments. If the risk management plan does not achieve significant results within six months, and the risks of bribery, fraudulent misrepresentation of mineral origin, money laundering, and payment of taxes, fees, and franchise fees to the government cannot be contained or reduced,



the enterprise should temporarily suspend or interrupt our cooperation with suppliers for at least three months, and revise the risk management plan while temporarily suspending cooperation to clarify the performance goals that should be achieved by improving work before the resumption of trade relations.

根据企业在供应链上所处的具体位置，我们承诺与供应商、中央或地方政府机关、国际组织、民间社会以及受影响的第三方酌情进行合作，本着在合理的时间跨度内采取显著措施防范或降低有负面影响的风险之目的，对绩效进行改善或跟踪。风险降低措施未起作用的，我们将暂时停止或中断与上游供应商的合作。

对采用风险管理计划后需要降低的风险，企业应额外进行风险评估。若风险管理计划六个月内未取得明显效果，行贿受贿及对矿产产地进行欺诈性失实陈述、洗钱、以及向政府缴纳税款、费用、特许费等行为的风险未能得到遏制或降低的话，企业应暂时停止或中断与供应商的合作，时间至少是三个月，并在暂时中止合作的同时对风险管理计划进行修订，阐明贸易关系恢复之前改进工作所应达到的绩效目标。

## **5. Regarding land rights, emissions, and small workshops**

### **5.关于土地权利、排放和小作坊**

5.1 We do not participate in, tolerate, or benefit from the exploitation of resources on land without the free, prior, and informed consent of local and indigenous peoples, including miners holding legal ownership, leasing rights, concessions, or licenses. We do not participate in, tolerate, or benefit from mining operations that do not respect and protect the culture and heritage of local and indigenous people, or harm their traditional culture.

5.2 We do not participate in, tolerate, or benefit from the illegal acquisition of legal ownership, leasing rights, concessions, or licenses, or the exploitation of resources on land that violates domestic laws. We ensure to avoid significant adverse effects on the surrounding soil, air, and water conditions, as well as serious violations of local laws and regulations, including the manufacture, trade, and use of chemicals and hazardous substances that are internationally banned due to their high toxicity to living organisms, environmental persistence, or potential irreversible ecological impacts, or the discharge of arsenic and mercury.

5.3 We agree to ensure compliance with applicable legal requirements for the management of chemicals and toxic substances, and to avoid the manufacture, trade, and use of chemicals and hazardous substances that are subject to international bans due to their high toxicity to living organisms, environmental persistence, or potential irreversible ecological impacts.

5.4 We pay special attention to the risks of forced labor, child labor, unsafe working conditions, uncontrolled use of hazardous chemicals, and other significant environmental impacts related to small workshops or small-scale miners, and seek to establish business relationships with small workshops or small-scale miners in the mining area.

5.1 我们不参与、不容忍、也不受益于在未获得当地人和土著人自由、预先、知情的同意的土地上开采资源，包括持有法定所有权、租赁权、特许权或许可证的开采商。我们不参与、不容忍、也不受益于当地人和土著人的文化和遗产未受尊重和保护，或损害当地人传统文化的开采作业。

5.2 我们不参与、不容忍、也不受益于在非法获得法定所有权、租赁权、特许权或许可证，或违反国内法的土地上开采资源。我们确保避免给周围土壤、空气和水的状况造成重大不利影响，严重违反当地相关法律法规，包括制造、交易、使用因对生物体高毒性、环境持久性、或潜在的不可逆生态影响而受到国际禁令的化学品与危险物质，或排放砷和汞。

5.3 我们同意确保遵守化学品和有毒物质管理适用的法律要求，避免制造、交易、使用因对生物体高毒性、环境持久性、或潜在的不可逆生态影响而受到国际禁令的化学品与危险物质。

5.4 我们特别关注与小作坊或小规模采矿工相关强迫劳动、童工、不安全工作条件、不受控危险化学品使用和其他有重大环境影响的风险，寻求与开采区的小作坊或小规模采矿工建立业务关系。

### **Risk management of land rights, emissions, and small workshops**

#### **对土地权利、排放和小作坊的风险管理：**

If we have reasonable grounds to believe that such risks exist, we will immediately work with suppliers and other stakeholders to develop, adopt, and implement risk management plans based on the specific position of the enterprise in the supply chain, in order to prevent or reduce specific risks related to land rights

infringement, significant adverse environmental impacts, or small workshops or small-scale miners.

如果我们有合理的理由认为存在此类风险,我们将根据企业在供应链上所处的具体位置,立即与供应商及其他利益相关方一起制定、采用和实施风险管理计划,从而防范或降低侵害土地权利、引发重大不利环境影响或小作坊或小规模采矿工相关的具体风险。

## **6. Regarding personal safety and occupational health**

### **6.关于人身安全与职业健康**

We promise not to directly or indirectly support, participate in, or associate with any behavior that poses a serious threat to personal safety and occupational health in our business activities such as raw materials mining, transportation, trading, processing, and export.

我们承诺,在从事原材料矿产开采、运输、交易、处理及出口等经营活动中,不会直接或间接支持、参与和关联任何存在严重威胁人身安全和严重职业健康的行为。

### **Risk management for personal safety and occupational health**

#### **对人身安全与职业健康的风险管理**

If we have reason to believe that an upstream supplier has engaged in behavior that threatens personal safety and serious occupational health and environment, or purchases from or has connections with any party involved in such situations, we will immediately terminate or interrupt our cooperation with that supplier.

如果我们有理由认为供应商存在威胁人身安全和严重职业健康环境的行为,或从有该情况的任何一方采购或存在关联,我们将立即终止或中断与该供应商的合作。

This policy shall come into effect from the date of its publication.

该政策自发布之日起生效。