

## **Suppliers Standards for Responsible Procurement**

### **1. Purpose**

This Suppliers Standards for Responsible Procurement (hereinafter referred to as the Standard) gives an additional detailed explanation on the materials used for products sold to GEM and its suppliers, which is a supplement to GEM Supplier Code of Conduct (hereinafter referred to as the Code). GEM suppliers should comply with this Standard to meet the requirements of the Code. The terms and conditions of the Code have been incorporated into this Standard. In case of any conflict between them, this Standard shall prevail and be regarded as an amendment to the Code. This Standard will be incorporated into all supplier related legal contracts.

### **2. Scope**

This Standard is applicable to all GEM suppliers, subcontractors and their subordinate suppliers (here, each level of suppliers is collectively referred to as suppliers), and their metal-containing raw materials or products used in GEM products or services provided related to GEM's metal-containing products. In order to ensure that the materials, components, procurement and production processes of products sold to GEM and its suppliers comply with GEM Supplier Code of Conduct, this Standard expounds the applicable constraints of all its materials. If you have any questions about this Standard, you can contact CSR@gem.com.cn.

### **3. Requirements of Supplier Code of Conduct**

Suppliers shall carry out due diligence management on the source of minerals in their products in the whole supply chain to determine whether the minerals in the products come from identified high-risk areas in accordance with the relevant requirements of "Chinese Due Diligence Guidelines for Responsible Mineral Supply Chain" and "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" (hereinafter referred to as "Chinese Guidelines" and "OECD Guidance"). If the minerals in the products come from identified high-risk areas, it should determine whether the minerals in it directly or indirectly violate human rights, and the suppliers shall meet the reporting and procurement requirements mentioned in this Standard. GEM has the right to audit suppliers according to the compliance described in GEM Supplier Code of Conduct.

### **4. Supplier responsibility standard**

#### **4.1 Restrictions on mineral resources in high-risk areas**

Suppliers who produce products containing cobalt, lithium or other materials must adopt the GEM Due Diligence Management Policy on Responsible Global Supply Chain (hereinafter referred to as GEM Due Diligence Management Policy), which is consistent with GEM Supplier Code of Conduct for the establishment of responsible global supply chain. Suppliers shall distribute their due diligence management policies to their subcontractors and suppliers who provide materials for processing and producing products.

Suppliers can only use the processed products and products of minerals under the following circumstances, that is, they can reasonably prove that they have identified and responded to the worst forms of child labor in the mineral supply chain according to the Chinese Guidelines and the OECD Guidance, and met the reporting and procurement requirements in the Standard.

Suppliers are not allowed to use the affected minerals before it is able to prove that i) the minerals contained in any processing or products have been managed in due diligence accordance with Chinese Guidelines and OECD Guidance, and ii) these minerals have met the reporting and procurement requirements of this Standard.

Suppliers shall provide GEM with reasonable documentary evidence of its reporting, procurement and due diligence management activities, and shall provide this record to GEM upon request.

Suppliers shall distribute this Standard to the relevant purchasing personnel and factory management of all its factories producing products, and ensure that their factories comply with the obligations and requirements stipulated in this Standard.

#### **4.2 Statement of due diligence management**

The Chinese Guidelines establishes a framework for the application of due diligence management to identify the source of minerals and the chain of supervision. Suppliers shall adopt relevant due diligence management procedures to make the following statement:

- 1) Make every effort to ensure that the use and sale of materials do not contribute to human rights violations in high-risk countries.
- 2) Carry out due diligence management on the source and chain of supervision of products in the supply chain (for example, apply the nationally and internationally recognized supply chain due diligence management standards, such as Chinese Guidelines and OECD Guidance).
- 3) Upon the written request of GEM, GEM may consult all documents and evidences proving its due diligence management measures.
- 4) Under reasonable and acceptable conditions, suppliers shall agree that GEM or the third party designated by GEM has the right to inspect the supplier's site and supply chain, including transportation routes and mining source. And suppliers should fully cooperate and support in order to verify the supplier's compliance with the Code.
- 5) Supplier shall immediately notify GEM about any relevant warning signal found in the supply chain indicating that any product involves the human rights violation mentioned in the Chinese Guidelines and the OECD Guidance, especially the worst form of child labor. Suppliers shall immediately send an email to [CSR@gem.com.cn](mailto:CSR@gem.com.cn). and inform GEM. The notice shall have reasonable tracing information to identify which products may contain affected minerals.

**GEM reserves the right to terminate its business with any supplier that cannot meet the requirements of this Standard.**