

Supplier Code of Conduct

GEM Supplier Code of Conduct aims to establish various standards to ensure that the working environment of GEM supply chain is safe, employees are respected and have dignity, and business activities meet environmental and ethical requirements.

Suppliers of GEM supply chain shall apply this Code to the whole supply chain. Suppliers should also at least require their next-level suppliers to agree with and implement this Code. This code shall be adopted based on the understanding that all activities of an enterprise shall fully comply with the laws, norms and regulations of the country where it operates.

This Code also encourages suppliers not only to abide by laws, but also to actively understand internationally recognized standards, so as to assume more social and environmental responsibilities and abide by business ethics. Compliance with this Code shall never violate local laws. If the standards in this Code are different from local laws, the strictest requirements shall prevail when defining compliance by GEM. Consistent with the UN Guiding Principles on Business and Human Rights, the provisions in this Code are derived from several major international human rights standards, including the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the United Nations Universal Declaration of Human Rights.

GEM is committed to continuously seeking the opinions of stakeholders during the continuous formulation and implementation of this Code of Conduct. This Code consists of six parts. A, B and C sections outline labor practices and standards of human rights, health and safety and environment, respectively. D section describes the standards related to business ethics; E section outlines the standards of due diligence and risk management of responsible cobalt supply chain; and F section outlines the elements required for an appropriate management system to comply with this Code.

A. Labor practice and human rights

Supplier promise to safeguard the human rights of its employees and give them dignity and respect in accordance with the internationally recognized standards. This rule applies to all employees, including temporary workers, foreign workers, apprentices, contract workers, direct employees and any other types of employees. Some accepted standards (listed in the annex) were referred to in the drafting process of this Code, and these materials can also be used as a useful source of additional information. Labor practice and human rights standards are:

1) Free employment

Forced, bound (including bound by debt) or contractual labor, involuntary or exploitative prison labor, slaves or human trafficking shall not be employed. This includes not transporting, harboring, recruiting, transferring or receiving personnel by threats, violence, coercion, abduction or labor and service fraud. Unreasonable restrictions should not be imposed on employees' freedom of movement in the factory and access to the places provided by the company. As part of the employment process, before leaving the country of origin, the employee shall be provided with a written employment agreement in the employee's native language, including a description of the terms and conditions of employment. Moreover, after the employee arrives in the receiving country, the employment agreement shall not be changed except for the changes made to comply with local laws and provide equal or better conditions. All jobs shall be provided based on the voluntariness of the employees, and employees are free to leave or terminate their employment relationship at any time. Employers and agents shall not detain or otherwise destroy, hide, confiscate or refuse employees to obtain their ID cards or immigration documents, such as ID cards, passports or work permits issued by the government, unless the law requires that such certificates be kept. Employees are not required to pay recruitment fees or other related expenses to employers or agents for their employment. If it is found that the employee has paid any of the above expenses, the expenses shall be returned to the employee.

2) Underage employees

Child labor shall not be used at any stage of production. The term "child" refers to any person who is under 15 years old, or below the age of completing compulsory education, or below the minimum employment age of the country/region (whichever is the oldest). Support the study plan that complies with all laws and regulations and uses the workplace legally. Employees under the age of 18 (underage employees) shall not engage in work that may endanger their health or safety, including night shift and overtime. Suppliers should maintain the records of student workers reasonably, conduct strict due diligence on the educational partners who provide student workers, and protect the rights of student workers according to laws and regulations to ensure proper management. Suppliers shall provide appropriate support and training to all student workers. If it is not stipulated by local laws, the salaries of student workers, interns and apprentices should at least reach the salary level of junior employees performing the same or similar positions.

3) Working hours

Business practice research shows that employees' overwork is obviously related to the decline of productivity, the increase of turnover rate and the increase of the number of injured people. Working hours shall not exceed the maximum time stipulated by local laws. Moreover, unless there is an emergency or abnormal situation, the weekly working hours including overtime should not be over 60 hours. Employees should take at least one day off every seven days.

4) Salaries and benefits

The remuneration paid to employees shall comply with all applicable laws about salary, including the minimum salary, overtime hours and statutory benefits. According to local laws, employees should be paid overtime at a rate higher than the normal hourly salary. It is forbidden to deduct salaries as a disciplinary measure. In each salary payment cycle, employees should be provided with clear and easy-to-understand payslips in time, which should contain enough information to be able to calculate whether the remuneration of paid labor income is accurate. The use of temporary workers, dispatched workers and outsourced workers shall comply with local legal restrictions.

5) Humane treatment

Employees shall not be subjected to harsh inhuman behaviors such as sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal insults, or threatened to commit any such acts. Disciplinary policies and procedures supporting these requirements should be clearly formulated and communicated to employees.

6) Non-discrimination

Suppliers shall promise that all employees will not be harassed or illegally discriminated against. The company shall not discriminate against employees in the process of recruitment and employment (such as salary, promotion, reward and training opportunities, etc.) because of race, color, age, sex, sexual orientation, gender identity and gender expression, race or nationality, disability, pregnancy, religious belief, political affiliation, membership of community, military service status, protected genetic information or marital status, etc. Employees should be provided with reasonable places for religious activities. In addition, employees or prospective employees should not be forced to undergo medical examinations or physical examinations that may have discriminatory purposes.

7) Freedom of association

According to local laws, suppliers shall respect the rights of all employees to voluntarily form and join trade unions, conduct collective bargaining and peaceful assembly, and refuse to participate in such activities. Employees and/or their representatives should be able to communicate openly with management on working conditions and management practices, and express their views and doubts without fear of discrimination, retaliation, threats or harassment.

B. Health and safety

Suppliers should understand that in addition to helping reduce work-related injuries and diseases,

a safe and healthy working environment can also improve the quality of products and services, which is conducive to promoting production, improving employee retention rate and boosting employee morale. Suppliers should also understand that continuous employee engagement and education are essential for finding and solving health and safety problems in the workplace.

When drafting this standard, we referred to OHSAS18001 and ILO Occupational Safety and Health Guidelines and other recognized management systems, and these materials can also be used as useful sources of additional information.

健康与安全标准为：

Health and safety standards are:

1) Occupational safety

The potential safety hazards (such as chemical, electrical and other energy, fire, vehicle and falling hazards) that employees may encounter should be identified, evaluated and controlled through correct design, engineering and management control, preventive maintenance and safety workflow (including blocking/marking) and continuous safety training. If the hazards cannot be effectively controlled by the above methods, employees should be provided with appropriate and well-maintained personal protective equipment and educational materials about the risks that may be caused by the above hazards. In addition, appropriate measures shall be taken to avoid exposing pregnant/lactating women to high-risk working environment, eliminate or reduce the health and safety risks (including risks related to their work tasks) brought by the workplace, and provide appropriate facilities for lactating women.

2) Emergency preparation

Potential emergency situations and incidents should be identified and evaluated, and their impacts should be minimized by implementing emergency plans and response procedures, including emergency reports, employee notification and evacuation procedures, employee training and exercises, appropriate fire detection and extinguishing equipment, obvious and unblocked escape routes, adequate exit facilities and recovery plans. Such plans and procedures should minimize the damage to life, environment and property.

3) Industrial injuries and diseases

Procedures and systems should be established to prevent, manage, track and report work-related injuries and diseases, including the following provisions: encourage employees to report; classify and record work-related injuries and disease cases; provide necessary medical services; investigate cases and take corrective measures to eliminate the source of accidents; help employees return to work.

4) Industrial hygiene

According to the principle of hierarchical control, it is necessary to identify, evaluate and control the dangers brought by chemical, biological and physical factors to employees. Potential hazards shall be eliminated or controlled through appropriate design, engineering and management control. When the danger cannot be fully controlled by these measures, employees should be equipped with and can use proper and well-maintained personal protective equipment. The protection plan should include risk education materials related to these hazards.

5) Strong physical work

It is necessary to identify, evaluate and control the impact of strong physical work on employees, including manual handling/loading and unloading of materials and repeated lifting of weights, long standing and highly repeated or strong assembly work.

6) Machine safety protection

Safety hazard assessment should be carried out for production machinery and other machinery. Machinery that may cause injury to employees should be equipped with physical protection devices, interlocks and barriers, and properly maintained.

7) Public health, diet and accommodation

Employees should be provided with clean toilet facilities, drinking water and sanitary food

preparation, storage and dining facilities. The staff dormitory provided by the supplier or labor agency shall be kept clean and safe, and provided with appropriate emergency exit, hot water for bathing, adequate light and heat and ventilation, independent safety cabinet for storing personal and valuables, and reasonable private space with convenient access.

8) Health and safety communication

Suppliers shall provide employees with health and safety information in the workplace, and provide employees with training in their mother tongue or language that employees can understand, so that they can correctly recognize the workplace hazard signs they are exposed to, including but not limited to mechanical, electrical, chemical, fire and physical hazards. Health and safety related information should be clearly posted in the factory, or published in a conspicuous position where employees can see it. Pre-job training should be provided for employees before work starts and regular training should be provided for employees after work. Employees should be encouraged to raise safety issues.

C. Environment

Suppliers should realize that environmental responsibility is an important part of producing world-class products. In production and operation, it should minimize the adverse impact on the community, environment and natural resources, and at the same time protect the health and safety of the public. When drafting this standard, the recognized management systems such as ISO14001 and Ecological Management and Audit System (EMAS) were referred, and these materials can also be used as useful sources of additional information.

环境标准为：

Environmental standards are:

1) Environmental permit and report

All necessary environmental permits (such as emission monitoring), approval documents and registration certificates shall be obtained, maintained and updated, and their operation and reporting requirements shall be followed.

2) Pollution prevention and resources saving

Measures should be taken to reduce or eliminate pollutant emissions and wastes from the source, such as increasing pollution control equipment, improving production, maintenance and facility processes, etc. Measures should be taken to use natural resources in a controlled manner, including water, fossil fuels, minerals and virgin forest timber, such as improving production, maintenance and equipment technology, using alternative materials, reusing, protecting resources, recycling strategies or other methods.

3) Harmful substances

Chemicals and other materials that may cause danger to human beings or the environment shall be identified, marked and managed to ensure that they are safely handled, moved, stored, used, recycled or reused and disposed of.

4) Solid wastes

Suppliers shall adopt systematic methods to identify, manage, reduce, responsibly dispose or recycle solid wastes (harmless wastes).

5) Exhaust emission

Volatile organic chemicals, sprays, corrosive substances, suspended particles, chemicals that destroy the ozone layer and combustion by-products generated during production and operation shall be classified, routinely monitored, controlled and treated as required before discharge. Suppliers shall regularly monitor the operation of its air emission control system.

6) Material restriction

Suppliers shall comply with relevant laws, regulations and customer requirements concerning the prohibition or restriction of certain substances (including recycling and disposal marks) in the products and manufacturing process.

7) Water resources management

Suppliers shall implement a water management plan to record, classify and monitor water resources and their use and discharge and seek to protect water resources and control pollution channels. All wastewater should be classified, monitored, controlled and treated as required before being discharged or disposed. Suppliers shall regularly monitor the operation of its wastewater treatment and control system to ensure the best performance and compliance.

8) Energy consumption and greenhouse gas emissions

Energy consumption and all related category 1 and category 2 greenhouse gas emissions shall be tracked and recorded at the factory and/or company level. Suppliers should explore and develop cost-effective methods to improve energy efficiency and minimize energy consumption and greenhouse gas emissions.

D. Ethics

To fulfill social responsibility and establish a successful market position, suppliers and their agencies should follow the highest ethical requirements, including:

1) Integrity management

Suppliers should uphold the highest standards of integrity in all business dealings. Suppliers shall adopt a zero tolerance policy and prohibit any and all forms of bribery, corruption, extortion and embezzlement.

2) No illegitimate interests

Suppliers shall not promise, offer, grant, give or accept bribes or other forms of benefits for illegal or improper advantages. It is prohibited to promise, provide, grant, give or accept anything of value in order to obtain or retain business, instruct to give business to any individual or otherwise obtain improper advantages. Monitoring and enforcement procedures should be implemented to ensure compliance with anti-corruption laws.

3) Information disclosure

All business transactions shall be transparent and accurately recorded in the supplier's business books and records. Information on labor, health and safety, environmental practices, business activities, structure, financial status and performance of the participants shall be disclosed in accordance with relevant laws and regulations and current industry practices. It is not allowed to falsify records or falsely report various actual operations in the supply chain.

4) Intellectual property rights

Intellectual property rights should be respected; the technology or empirical knowledge should be transferred in a way that protects intellectual property rights, and the information security of customers and suppliers shall be protected.

5) Fair business, advertising and competition

Suppliers should uphold the standards of fair business, advertising and competition.

6) Identity protection and non-retaliation policy

Unless prohibited by law, regulations should be formulated and implemented to protect suppliers and employee informants, and ensure the confidentiality and anonymity of their reports. Suppliers shall establish communication procedures for its employees so that they can ask any questions without fear of retaliation.

7) Responsible mineral procurement

Suppliers should formulate policies to reasonably ensure that tantalum, tin, tungsten and gold in their products will not directly or indirectly fund or benefit armed organizations that abuse human rights in the Democratic Republic of the Congo or neighboring countries/regions. Suppliers shall conduct due diligence on the source and chain of custody of production and marketing of these minerals, and provide their due diligence measures to customers upon their request.

8) Privacy

Suppliers shall undertake to protect the personal information of all persons (including suppliers, customers, consumers and employees) who do business with it, so as to meet the expectations of the above-mentioned related persons to protect their reasonable privacy. When collecting, storing, processing, transmitting and sharing personal information, participants should comply with the requirements of laws and regulations related to privacy and information security.

E. Responsible mineral supply chain

When the supplier is a member of GEM's mineral supply chain, GEM encourages the supplier to cooperate with all parties in its supply chain to identify, evaluate and reduce the mineral procurement risks related to high-risk areas. Suppliers should follow the five-step framework of due diligence management based on risk thinking in Chinese Due Diligence Guidelines for Responsible Mineral Supply Chain, which is consistent with the applicable requirements of OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (3rd Edition). Including:

1) Supply chain policy

Suppliers shall adopt a supply chain policy in accordance with the guidelines of one of the following documents:

- a) Appendix to the Chinese Due Diligence Guidelines for Responsible Mineral Supply Chain: Template of Supply Chain Policy (Category I Risk);
- b) and the Model Policy in Annex II of OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

The clear and consistent management procedures for risk management shall be formulated in the supply chain policy, and GEM shall be informed of the due diligence management steps defined in the 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. Supply chain policy:

- a) is applicable to GEM and its suppliers;
- b) determines the principles and standards for identifying and managing cobalt supply chain risks;
- c) covers all applicable risks included in the selected guide model policy template;
- d) shall be communicated effectively to suppliers and the public.

2) Identify and evaluate supply chain risks

Suppliers shall conduct a risk assessment of cobalt materials from all sources, covering all applicable risks in the model template of supply chain policy claimed, as well as all additional risks listed in the 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" (3rd Edition). Risk identification and assessment of cobalt supply chain is a continuous process. Suppliers shall re-evaluate the supply chain risk at least under the following circumstances:

- a) after implementing the risk mitigation strategy; or
- b) in case of major changes in GEM supply chain, in order to prevent or mitigate adverse effects.

3) formulate and implement countermeasures against identified risks

Once the risks in the supply chain are identified, suppliers have the responsibility to formulate appropriate risk mitigation measures. For example, manage risk by:

- e) continue to trade in the whole process of reducing measurable risks;
- f) temporarily suspend trade while continuously reducing measurable risks;
- g) in case of failure of risk mitigation, or the company has reason to think that the risk mitigation measures are not feasible or acceptable, the cooperation with suppliers shall be terminated.

The adopted strategy recommendations are consistent with the applicable risk mitigation strategies defined in the Appendix: Template of Supply Chain Policy (Category I Risk) of the Chinese Due Diligence Guidelines for Responsible Mineral Supply Chain or Annex II of the OECD Due Diligence

Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (3rd Edition). Enterprises should consider the potential social and economic impact of adopting the strategy of terminating trade relations on mining communities. For example, the residents in or around the mine site may face the aggravated or continuous risk of losing their livelihood, or the economic activities on which the local community depends for a living may be damaged.

Suppliers shall report the risk investigation results, due diligence management performance and system operation effectiveness monitoring results in the cobalt supply chain to the senior management, summarize all the relevant information collected, the actual and potential risks identified in the supply chain risk assessment, and the mitigation measures and implementation of the risk management plan.

4) 第三方评估

4) Third-party evaluation

Suppliers shall:

Enterprises that have been identified as key links in the supply chain should accept independent third-party evaluation for their due diligence management practices. When an enterprise expects to identify the key links through a complete and clear risk assessment of its supply chain, it should consider the key links in the industry and specific resources.

Although repeated evaluation should be avoided in cobalt supply chain, it is necessary to conduct third-party evaluation on several key links under certain circumstances. Upstream and downstream enterprises should explore fair and operable schemes to share the cost and benefit of evaluation. These programs include, where possible, providing these enterprises with capacity-building that can help them meet the expected requirements, and committing to make appropriate purchases, such as ensuring payment at a fair price.

The evaluation shall be completed by an independent institution with perfect mechanism. The key links of specific mineral resources and their related evaluation requirements will be further detailed in the evaluation system.

5) 公开报告

Suppliers should publicly disclose the information of their due diligence management. Relevant information should be published by the supplier directly in the annual report (at least), for example, on the website of the company or the website of the trade association. Due consideration shall be given to trade secrets and other commercial competition issues during the publication of such information.

The information publicly reported by the supplier can be, but not limited to, the following:

- a) management system, including supply chain policy, management structure and responsibilities, control and transparency system and record keeping system related to due diligence management;
- b) evaluation summary report, including the last evaluation date, evaluation period, evaluation institution and the link of evaluation summary report released recently, etc.;
- c) risk assessment, including risk assessment process, methods and results, field assessment methods, practices and output information (if applicable);
- d) risk management (if applicable), including risk mitigation strategies, participation of affected stakeholders, and description of tracking and monitoring progress;

F. Management system

Suppliers shall adopt or establish a management system whose scope is related to the content of this Code. When designing the management system, ensure that:

- a) comply with the laws, regulations and customer requirements related to the supplier's operation and products;
- b) comply with this Code; as well as
- c) identify and reduce the business risks related to this Code. The system should also promote continuous improvement.

The management system should include the following elements:

1) Company promises

The corporate social and environmental responsibility policy statement confirms the commitment of suppliers to compliance and continuous improvement, and is approved by the executive management and published in the factory in the local language.

2) Management accountability and responsibility

Suppliers shall clearly designate senior executive managers and company representatives responsible for ensuring the implementation of the management system and related plans. Senior management should regularly review the status of the management system.

3) Legal requirements and customer requirements

Procedures for identifying, monitoring and understanding applicable laws, regulations and customer requirements (including the requirements of this Code).

4) Risk assessment and risk management

Procedures for identifying legal compliance, environment, health and safety, labor practice and moral hazard related to supplier operation. Determine the relative importance of each risk, and implement appropriate procedures and substantive control measures to control the identified risks and ensure compliance.

5) Improvement target

Written performance objectives, indicators and implementation plans should be formulated, and the implementation progress of these objectives and plans formulated by suppliers should be evaluated regularly, so as to improve the social and environmental performance of suppliers. The areas for environmental health and safety risk assessment should include production areas, warehouses and storage facilities, factory/workplace auxiliary facilities, laboratory and test areas, sanitary facilities (bathrooms), kitchens/restaurants and staff residences/dormitories.

6) Training

Train management and staff to implement supplier's policies, procedures and improvement objectives, and meet the requirements of applicable laws and regulations.

7) Communication

Procedures for clearly and accurately communicating information about supplier policies, practices, expectations and performance to employees, suppliers and customers.

8) Employee feedback, participation and complaints

A continuous procedure (including an effective complaint mechanism) should be established to assess employees' understanding and feedback of the practices and provisions covered by this Code, as well as violations in implementing the provisions of this Code, and also to promote continuous improvement.

9) Audit and evaluation

Self-assessment on a regular basis shall be carried out to ensure compliance with laws and regulations related to social responsibility and environmental responsibility, the content of this Code and customer contract requirements.

10) Corrective action procedure

Procedures for timely correcting defects found in internal or external evaluation, inspection, investigation and review.

11) 文档和记录

11) Documents and records

Create and maintain documents and records to ensure compliance with regulations, company requirements and confidentiality provisions for privacy protection.

12) Supplier responsibility

Procedures for communicating the requirements of this Code to suppliers and supervising their compliance with this Code.

Reference materials

The following standards were referred to when drafting this guideline, which can also be used as a useful source of additional information. The following standards may or may not be approved by each participant.

Ecological management and audit system http://ec.europa.eu/environment/emas/index_en.htm

Ethical Trading Initiative www.ethicaltrade.org/

International Labor Organization (ILO) Code of Practice on Safety and Health

www.ilo.org/public/english/protection/safework/cops/english/download/e000013.pdf

International Labor Organization (ILO) International Labor Standards

www.ilo.org/public/english/standards/norm/whatare/fundam/index.htm

ISO14001 www.iso.org

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

<http://www.oecd.org/corporate/mne/mining.htm>

OECD Guidelines for Multinational Enterprises <http://www.oecd.org/investment/mne/1903291.pdf>

OHSAS18001 <http://www.bsigroup.com/en-GB/ohsas-18001-occupational-health-and-safety/>

Universal Declaration of Human Rights www.un.org/Overview/rights.html

United Nations Convention against Corruption <https://www.unodc.org/unodc/en/treaties/CAC/>

United Nations Global Compact www.unglobalcompact.org

SA8000 <http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&PageID=937>

Social Accountability International (SAI) www.sa-intl.org