

Shanghai Metals Markets Whistle-blowing Management System

Contents

General rules of whistleblowing management system	Error! Bookmark not defined.
Overview of whistleblowing management system	Error! Bookmark not defined.
Confidentiality and protection mechanism...	Error! Bookmark not defined.
Applicable subjects of whistleblowing management system.....	3
Procedures of whistleblowing.....	Error! Bookmark not defined.
External obligations of the whistleblowing management system.....	4
Whistleblowing system and document archiving.....	5
Training of whistleblowing management system.....	5
All rights of interpretation of whistleblowing management system.....	7
Contact person.....	7

1. General rules of whistleblowing management system

The whistleblowing management system is established in order to maintain the ongoing operational order of the company, ensuring that the interests of employees and SMM's operations are not being infringed. The system is also intended to encourage employees to act as good corporate citizens, taking personal accountability for maintaining a positive corporate culture.

Basic principles of whistleblowing management system:

1. Encouraging participation and openness from whistleblowers
2. Protecting the rights and interests of whistleblowers, reassuring employees that they are able to raise a genuine concern if they believe the disclosure is in the public interest, without fear of reprisal
3. Implementing a stringent system of confidentiality where appropriate to do so
4. Providing solutions to problems on a timely manner
5. Confirming that concerns will be taken seriously, investigated appropriately and that the whistleblower's confidentiality will be protected wherever possible

2. Overview of whistleblowing management system

Whistle-blowing refers to disclosing and exposing the act of infringement on the company property, company reputation and other legitimate rights and interests, endangering public interests, or violating the company's rules and regulations and the country's laws and regulations.

Whistle-blowers include not only existing employees of the company, but also ex-employees and external customers.

Employees and customers can report such acts by formal mails, emails, phone calls or visits in person. In view of the fact that anonymous report makes it impossible to contact the whistle-blower after acceptance, which brings great difficulties to the collection of evidence and investigation work, the report should be signed off by the whistle-blower. The company has a strict confidentiality policy for whistle-blowers and, where the company considers it is necessary for anyone investigating a concern to know the whistleblower's identity, this will be discussed with the relevant individual in advance.

Whistle-blowing is applicable to the following instances, but not limited to:

1. taking advantage of one's position to seek personal gains through work, corruption and bribery.
2. the act of abusing power and squandering the Company's property.
3. intentional destruction of company property such as equipment and tools.
4. disclosing important decisions, financial data and any secret information of the company.
5. any act that violates the rights and interests of the Company, such as holding a position in another company concurrently or engaging in a similar business with another company.

6. committing an act of cheating or fraud in the name of the company externally.
 7. fraudulent acts such as falsely reporting performance and concealing accidents.
 8. negligence of duty such as not taking active measures for accidents that can be prevented.
 9. gambling in the company or stealing or encroaching upon the property of colleagues or the company and other illegal acts
 10. other behaviours that repeatedly or seriously violate the company's rules and regulations or infringe on the company's rights and interests.
- 3. The Supervisory Committee of the company is a permanent establishment in charge of daily report management of the company. The Supervisory Committee is composed of specially-assigned persons designated by the general manager and is eligible to directly report to the supervisor relevant to reporting work. An investigation task force led by the Supervisory Committee will conduct an in-depth investigation if the reported cases are serious, before giving handling opinions to the company's general manager.**

Confidentiality and protection mechanism

The Company has strict confidentiality and protection mechanism for whistle-blowers.

Confidentiality mechanism

When the company's supervisor or Supervisory Committee investigates the reported incident, they should observe the following confidentiality rules:

1. It is strictly prohibited to disclose the name, department and address of the whistle-blower.
2. The reporting information shall not be presented to the department or the person under investigation.
3. Consent shall be obtained prior to publicising and rewarding the meritorious whistle-blower. Otherwise, the whistle-blower's name, department and other contents shall remain confidential.
4. The reporting information shall be managed by designated personnel and shall not be copied, borrowed, seized or destroyed without permission.
5. Where the company considers it necessary for anyone investigating the concern to know the whistleblower's identity, this will be discussed with the whistleblower before their identity is revealed

3.1 Protection procedures of whistle-blower

In case of any of the following acts in violation of the provisions of this system, the person responsible shall be given demerit warning punishment (gross negligence) with the potential for dismissal from employment, and shall be required to bear the relevant liability for compensation.

1. Malicious attack, slandering, spreading rumours, sharing or spreading incriminating information, perjury, or deliberately causing trouble or fabricating information.
2. Leaking the information of the whistle-blower or informing on the whistle-blower.

3. Retaliation against the whistle-blower. If it is a minor case, the responsible person shall be subject to demerit record and punishment (gross negligence) and may be subject to the termination of their employment contract. If the circumstances are serious, the investigation it shall be transferred to the judicial authority.

3.3 Code of conduct of whistle-blower

1. Whistle-blowers can whistle blow by writing, phone call or face to face discussion. Since the making of completely anonymous reports prevents the company from being able to get in touch with the whistle-blower after acceptance, reports should be undersigned by the whistle-blower. If reports are submitted without being undersigned the company may not be able to collect evidence or undertake investigatory work,.
2. The whistle-blower must truthfully report the situation, and the details of the subject of the whistleblowing must be as specific and clear as possible. All corresponding evidence and witness details must be attached, and no false accusations should be made. For a report to be deemed a "False accusation" it will have included one or more of the following: 1) fabrications, whether provided intentionally or not; 2) intentionally misleading information; 3) mistaken identity; 4) unfounded rumours, baseless accusations or false statements .
3. The whistle-blower shall comply with the requirements of relevant laws and regulations of the country, and carry out whistleblowing in accordance with legal procedures.

4. Applicable subjects of whistleblowing management system

In the whistleblowing management system, the whistle-blower refers to a person who is employed to or has been employed by the organisation or a customer of the company, and takes the initiative to take action against people within or outside the organisation when he/she identifies that the organisation or a member of the organisation may be involved in behaviours that is considered to be illegal, unethical, or non-compliant.

The Supervisory Committee is the unit tasked with undertaking the whistleblowing investigatory actions. Its job functions include receiving whistle-blower reports and submissions, registering and recording whistleblowing information, investigating and processing the people and subjects involved in the whistleblowing, feedback and archiving of the results. The Supervisory Committee also bears the responsibilities of whistle-blower protection and confidentiality, continuous optimisation of the Company's whistleblowing management system, and implementation of the whistleblowing management system training.

The Company encourages employees to proactively practise whistleblowing after they discover the facts of wrongdoing and misconduct. The company also provides comprehensive protection for whistle-blowers and fundamentally promotes the establishment of an unimpeded internal whistleblowing channel.

This reporting system is under the framework of relevant laws, regulations and policies in Shanghai, China, and complies with the provisions of Article 84 of the current Criminal Procedure Law of the People's Republic of China: "Any unit or individual that identifies a criminal fact or suspect has the right and the obligation to report to public security institutions, people's procuratorates or people's courts ", and the National Security Law stipulates that, "No one shall suppress or retaliate the citizens and organisations who report and accuse in accordance with the law." This reporting system, formulated and enacted by Shanghai Metals Market Information & Technology Company, has been tested in practice.

5. Procedures of whistleblowing

1. Whistle-blowing can be done in writing, email, phone call or face to face interview.

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Email: whistleblowing@smm.cn (All Committee members will have access)

Tel: 021-51550333/18621686183

Head of Committee: Cheng Ziyuan

The Company recommends face-to-face whistleblowing to facilitate direct communication and submission of evidence.

2. The whistle-blower must truthfully report the situation when whistleblowing. The content of the whistleblowing should be as specific and clear as possible, and the corresponding evidence and witness details should be attached.
3. The receiving department of the whistleblowing is the Company's Supervisory Committee, which is in charge of the specific investigation and other daily routines of the whistleblowing. In the case of serious reports, the Supervisory Committee shall take the lead in forming an investigation team to conduct an escalated investigation. The supervisory commission shall present their opinions on how best to handle the incident, which shall be based on the incident's specific circumstances. The Supervisory Committee shall also report on its findings and conclusions to the CEO.

In response to the report from the whistle-blower, the Supervisory Committee should first register the contents of the report. For the next step, the Supervisory Committee should, according to the content of the whistleblowing, organise a meeting with the whistle-blower, interact with the whistle-blower in a fair and reasonable manner, and produce a written record of the conversation. The written record should be submitted to the whistle-blower for verification and signature.

4. If the whistle-blower needs to be accompanied during the interview, he/she can be accompanied by the human resources business partner of his department, or by one of his/her direct colleagues.
5. The Supervisory Committee shall record the details of the whistleblowing information; the name, department and designation of the whistle-blower; the time of receipt of the report; the cause of the incident; and the time, place, process, people and events involved in the incident.

6. The legitimate rights and interests of the whistleblower are strictly protected. The whistleblower's name, department, job position and contact information can only be used when investigating or informing findings of investigation. It is particularly forbidden to disclose the whistleblower's information, including name, home address, telephone number, e-mails of the reporting materials and records, to the reported person.
7. The whistle-blower will receive feedback from the investigation process. After the investigation and handling of the matter is completed, the supervisor or Supervisory Committee shall notify the informant of the result of the investigation in writing within 5 days of the completion of the whistleblowing process.
8. If the whistle-blower is still not satisfied with the result, or the problem has not been resolved, the supervisor or the Supervisory Committee shall refer the matter to the Company's senior management, providing sufficient justification of their response and conclusions..

6. External obligations of the whistleblowing management system

The whistleblowing management system is fundamentally an integral part of the internal governance of the company. It is an effective way to promote the legal operation of the company, and to reduce or avoid losses arising from illegal or inappropriate activities within the company. It also encourage employees to actively participate in good corporate governance by monitoring the company and employee behaviour, and to protect the interest of the company and employees.

It is incumbent on the employees of SMM to undertake the corresponding social responsibilities of whistleblowing. The whistleblowing management system is conducive to the implementation of certain aspects the company's internal controls, achieving the fundamental goal of legal compliance, and maintaining good operational management.

7. Whistle-blowing system and document archiving

Workflow system of the Supervisory Committee

1. The Supervisory Committee shall register the details of the whistleblowing event, organise a meeting with the whistle-blower in a cordial manner, and produce a detailed transcript of the conversation according to the interview content. The transcript should be sent to the whistle-blower for verification and acknowledgement.
2. The supervisory committee shall, within 2 working days, submit the report to the chairman of the committee for review and endorsement. The chairman shall, according to the severity of the reported matters, decide whether to be investigated by the inspector or by forming an investigation team.
3. In case of any of the following circumstances, an investigation team shall be set up by the supervisory committee for investigation:
Matters that may involve interests of the society, the company and the customers or cause significant impact;

Matters that claim to have caused huge economic losses or personnel losses and other serious consequences;

Matters that are concerned by mainstream media outlets;

Other matters that the supervisory committee considers significant

4. If any of the above circumstances is not met, it is a general reporting event, which can be investigated solely by the inspector. The supervisor or the Supervisory Committee shall, within 30 days from the day following the receipt of the report, investigate and handle the reported matter according to law, and inform the whistleblower of the result in writing within 5 days after investigation is handled to protect the whistleblower's right to know. In case where the matter cannot be handled within the specified period of time due to its complexity, the supervisor or the Supervisory Committee must provide feedback to the whistleblower and extend the response deadline to a maximum of 60 days. The supervisor or the Supervisory Committee shall report the investigation results and comments to the Company within 15 days, if the investigation is commissioned by the Company. The progress of the investigation shall be reported within the specified period if the investigation fails to reach any conclusion or result by that date. The supervisor or the Supervisory Committee must listen to the defendant's plea when handling the case.
5. For any department that conceals or fails to report the matter in a timely matter, fails to cooperate with the investigation, sets up obstacles to obstruct the investigation, or retaliates against the whistle-blower, the individuals involved, as well as the key leaders of the department, shall be held accountable. Such matters will be investigated, and disciplinary actions taken as necessary.
6. Upon completion of the investigation, the supervisor shall produce a complete written report. If the contents of the report are found to be unsubstantiated after investigation, the facts shall be clarified and a revised, factually correct and substantiated report shall be produced.
7. If the report proves to be true through investigation, and the circumstances are minor, the supervisor or the Supervisory Committee shall order the person responsible for any wrong-doing to correct his/her mistake. Where the whistleblowing is made due to improper attitude or etiquette, the perpetrator of the incident shall and apologies to the whistle-blower unless the whistleblower wishes to remain anonymous and it is possible to maintain this anonymity.
8. if the whistleblowing report proves to be true after investigation and the circumstances are serious, the supervisor or the Supervisory Committee shall, in accordance with the relevant provisions of the company, propose disciplinary measures in respect of the reported person. The imposition of such disciplinary measures will be subject to the approval of their supervisor; Those who have violated the law shall be handed over to the judicial authorities for handling.
9. For the whistleblowing incidents relating management issues, the supervisor or Supervisory Committee shall put forward its recommendations and report to the Company leader for approval and implement within a specified timeline following approval. Adjustments of duties should be made to the relevant party(ies) held responsible in order to improve the Company's workflow and management systems. If

the whistle-blower is still not satisfied with the treatment result or the problem has not been solved, the supervisor or the Supervisory Committee shall provide a reasonable explanation and escalate the matter to the senior management.

For events that have serious circumstances or cause significant harm to the Company, where applicable, the Supervisory Committee shall carry out public investigations in accordance with the investigation procedures and publish the findings and disposal plans at the company level.

The supervisor shall safekeep all reporting materials, including registrations, phone call records, transcripts of visits, evidence, investigation reports and incident handling comments.

8. Training of Whistle-blowing system

1. Training for new employees

The internal whistleblowing management system is included in the new employee training. The training content includes:

- the purpose of the whistleblowing management system;
- the scope of reportable matters; and
- the method, channels and procedures for whistleblowing.

Through the sharing of case studies, employees are encouraged to participate in the company's internal governance arrangements and exercise their right of supervision. The training time for new employees is set according to the orientation of new employees. The training is conducted on a weekly basis, and each session lasts 60 minutes.

2. Training method

Face-to-face training: Applicable to new employees. Training for new employees is organized on a regular basis, and lecturers conduct face-to-face lectures with new employees in the conference room, mainly focusing on the explanation of the whistleblowing management system, follow up with employees' understanding in a timely manner and interactions with employees.

Online training: The Supervisory Committee records a video presentation of the whistleblowing management system and related case studies in advance. The video is uploaded to the self-learning online learning platform of SMM ("Nonferrous Vision"), which is available to all employees.

3. Annual training: The annual training is for all employees of the company and happens at the end of the year. The training content focuses on the company's whistleblowing management system so that employees can understand the channels, procedures and workflow related to whistleblowing. In this online classroom session, employees are also encouraged to participate in corporate governance by monitoring the company and employee behaviour.

4. Timely update of the whistleblowing management system

The whistleblowing management system is updated at least annually to ensure it remains up-to-date and provides an effective means of monitoring and governing appropriate company and employee behaviours. whistleblowing management system
In the event that a particular event or situation occurs that necessitates the updating of the whistleblowing management system, the necessary updates should be processed in a timely manner. Updated system documents should be distributed to all employees as soon as possible, and the training documents and training videos should be updated in a timely manner to ensure they continue to adequately reflect the updated whistleblowing management system.

5. Training for the Supervisory Committee staff

As the responsible executives in charge of the whistleblowing management system, the staff of the Supervisory Committee need to undergo regular job training, have a comprehensive understanding of the monitoring responsibilities, be familiar with the whistleblowing procedures, analyse the investigation of the annual whistleblowing cases and consider the optimal means of managing and discharging their whistleblowing responsibilities..

The training includes:

1. Identification of whistleblowing content

The whistle-blower must truthfully report the situation during all whistleblowing circumstances. The content of the report should be as specific and clear as possible, the corresponding evidence and witness details should be attached, and the report should be signed.

When accepting the report materials, it is necessary to identify and investigate the authenticity of the report and judge whether it is a false accusation. The following methods can be used to identify and review the contents of the report:

- I. Adequacy of whistleblowing evidence, materials and witness details.
- II. The degree of conformity between the basic elements in the statement and the objective facts.

2. Confidentiality

The whistleblower should be protected in confidentiality where feasible and appropriate. The whistleblower's name, department, job position, and contact information shall only be used when investigating and collecting evidence or informing the whistleblower of the results. It shall not be used on any other occasion, and disclosure of the whistleblower's identity is strictly prohibited.

9. All rights of interpretation

The Supervisory Committee shall have the right to interpret the whistleblowing management system.