

SAMT Gold & Silver Compliance Report 2024

March 2025



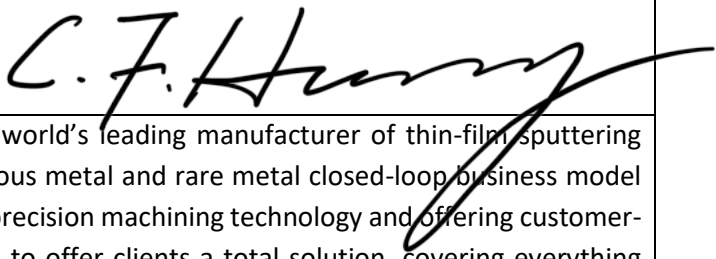
Table 1: Refiner's details	
Refiner name:	Solar Applied Materials Technology Corporation (henceforth "SOLAR")
Refiner location:	1) SOLAR Headquarters: No.1, Gonye 3rd Rd., Tainan Technology Industrial Park, Tainan City, 70995 Taiwan 2) SOLAR Park: No.1, Sec. 2, Huanyuan E. Rd., Liuying District, Tainan City, 73659 Taiwan 3) ESTP Plant: No. 16, Gong 1st Rd., Environmental Science & Technology Park, Liuying District, Tainan City, 73659 Taiwan
Reporting year-end	December 31, 2024
Time period of compliance	January 1, 2024 – December 31, 2024
Date of Report	March 28, 2025
Senior Management responsible for this report:	Chii-Feng Huang, Chairman 
SOLAR was founded in 1978 and became the world's leading manufacturer of thin-film sputtering targets. SOLAR is focused on the develop precious metal and rare metal closed-loop business model for more than 40 years, providing value-added precision machining technology and offering customer-oriented innovation and service. SOLAR is able to offer clients a total solution, covering everything from the supply of raw materials, manufacturing of sputtering targets, component production and maintenance, recycling and refining, to management of precious and rare metals. Additionally, SOLAR is committed to promoting sustainable and ethical businesses that allow the creation of a more inclusive market for all and respecting the environment. This is why SOLAR obtained BS8001, ISO 14001, ISO 14064-1 and ISO 14067 certifications to improve sustainability in the precious metal industry and to reduce impacts on the environment, in the community and in healthy. In 2020, four of our products were validated to UL 2809 Standard for Recycled Content, including potassium gold cyanide (PGC), evaporation slug, gold kilo bar and ITO sputtering target. In 2023, verification was also conducted for Potassium Silver Cyanide (PSC). With the vision of "Green, Value and Future" in mind. SOLAR issues ESG report annually since 2021 and is publicly available on the company website.	

Table 2: Summary of activities undertaken to demonstrate compliance
Step 1: COMPANY MANAGEMENT SYSTEMS Compliance Statement with Requirement: We have fully complied with Step 1: Establish strong management systems as detailed below: 1. Has the refiner adopted a company policy regarding due diligence supply chains of Gold and Silver? Comments and Demonstration of Compliance: SOLAR established its Responsible Minerals Management Procedure in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, according to with the model set out in Annex II. The Procedure was amended in February 2024 per the Responsible Gold/Silver Guidance (RGG V.9/RSG V.2). Environmental, social and governance (ESG) factors consider in SOLAR's Gold /Silver primary supply chains, per Step 1.1 of the Responsible Gold/Silver Guidance.

- SOLAR regularly reviews and revises its Responsible Precious Metals Management Policy and discloses the latest version on its official website. The Policy is available on our website: https://www.solartech.com.tw/download/0/201_1/
 - Responsible Precious Metals Management Policy is approved by Chairman who is the Director of the Board.
 - It is reviewed annually and update as and when circumstances require.
 - SOLAR puts very much emphasis on issues related to climate change and the development of products to mitigate it. Since 2022, SOLAR has obtained carbon footprint data for at least eight key products in order to identify the hot spots of carbon emissions within the organization, and then they will serve as the bases of improvement in carbon reduction. Our Greenhouse Gas Emissions data received reasonable assurance from BSI (impartial third-party) every year, as stated in the verification opinion statement. Related Environmental Sustainability Policy are available at our website: https://www.solartech.com.tw/en/esg/environmental_sustainability/
- 2. Has the refiner set up an internal management structure to support supply chain due diligence?**
- SOLAR had created an internal management structure to support supply chain due diligence activities.
- Comments and Demonstration of Compliance:**
- This consisted of
 - ✓ Authority and accountability for supply chain due diligence are assigned to the Board. Comprising a total of nine members, including five directors and four independent directors with rich management experience within the industry and academic experience, including business management, electrical engineering, finance and accounting. Chairman, Mr. Chii Feng Huang, who is a Director of the Board, assigns relevant members to establish a due diligence committee. The objective of the committee is to assist the Board in fulfilling its supply chain due diligence policy.
 - ✓ The Chairman has assigned Ms. Jamie Chen of Internal Audit Team as the Compliance Officer. The Internal Audit Team reports to the Board directly and is independent to all other departments. As the project lead, Jamie has rich experience in responsible sourcing for more than 6 years, performing supplier risk assessment as part of due diligence process. If any high-risk supply chain through due diligence process occurs, the Compliance Officer conducts enhanced due diligence and reports the results to the Chairman.
 - ✓ Relevant functional departments including precious metals business, production, sourcing, sales, quality system, and warehouse participated in the implementation of due diligence practices. The role and responsibility of each department was documented.
 - ✓ Annual Management Review of due diligence practices was defined. The latest review with 22 participants was conducted on February 18, 2025. Y2023 review with 17 participants was conducted on February 7, 2024. The related records were maintained, including sourcing practices and analysis, supply chain risk assessment, audit schedule, etc.
 - ✓ Payment through official bank transfer was implemented, and cash transactions were not allowed.
- 3. Has the refiner established a strong internal system of due diligence, controls and transparency over the supply chains of Gold and Silver, including traceability and identification of other supply chain actors?**
- Comments and Demonstration of Compliance:**

- Incoming Precious Metals Document SOP (document number: RIC-SP-GI0001): defined the transactions monitoring and consistent verification process, including the documents verification of contracts, invoices, packing lists, bill of lading or airway bill, content of analysis, import customs declaration form, receiving notes with weights and photos, local delivery notices. Adding purchasing control notices of silver per internal meeting results on May 5, 2022 and November 18, 2022, effective November 18, 2022. 1. All material receiving noted should be including photos. – If the tier 1 suppliers are smelters/refiners, they should trace back to the original lot or reference number, unprocessed type description and photos, weights of receiving material and silver product. – If the tier 1 suppliers are traders, they should trace back to the original lot or reference number, unprocessed type description and photos (the material type should be the same between receiving and delivery to direct supplier, the same lot or reference number for identification and the same weights), weights of receiving material and silver product. 2. Country or origin: It can be provided by direct suppliers which should not come from CAHRAs. 3. Content of Analysis: It can be provided by direct suppliers and laboratory with related or reference lot number for identification. 4. The direct suppliers conducted KYC to their suppliers (Tier 1 suppliers of SOLAR) must cover no money laundering and assessment of the material, etc.
 - The company's ERP system (Oracle Application System) was utilized for storing information about Purchase Orders and SOLAR Merchandise Authorizations: gold, and/or silver bearing materials received, shipment and inventory were controlled and recorded; unique reference number to each input and output were given.
 - Record Management Procedure (document number: ESQP-0004): defined that due diligence records will be preserved for a period of at least five (5) years.
 - Annual training and irregular refresher trainings were developed. The latest internal training sessions on "Responsible Minerals Management Procedure ver.9" guidelines and practical operation Q&A were held on January 26, 2024 and December 13, 2024. There were 26 and 30 people participating in the training respectively. All the training record and attendance sheet were achieved properly.
- 4. Has the refiner strengthened company engagement with Gold and Silver supplying counterparties, and where possible, assist Gold and Silver supplying counterparties in building due diligence capabilities?**
Comments and Demonstration of Compliance:
- The sourcing requirements were communicated to all counterparties and the written acknowledgement was requested. The written commitment letter based on SOLAR's Responsible Precious Metals Management Policy.
 - SOLAR participated in a local bureau project on anti-money laundering and combatting the financing of terrorism (AML-CFT) since the January 2018, through which SOLAR has access to search for the suspicious suppliers or beneficial owners.
 - The EITI has become a global standard for transparency in extractive sectors. SOLAR complies with EITI reporting requirements and has included in the policy. SOLAR did not purchase precious metals from state-owned enterprises in EITI member countries during the reporting period.
- 5. Has the refiner established a company-wide communication mechanism to promote broad based employee participation and risk identification to management?**
Comments and Demonstration of Compliance:
- SOLAR have implemented a confidential grievance mechanism at the company website (<https://www.solartech.com.tw/en/about/policy/>) for both internal employees and external

stakeholders to voice concerns over the supply chain or a newly identified risk which is accepted anonymously grievance. Supporting procedure was documented in the *Integrity Manual* (document number: REG-LAW-0011). In case of any grievance being received, the responsible team will forward it to the relevant department and conduct investigation accordingly, and the resolutions will be properly communicated to all stakeholders.

- Point of contact for enquiry on conflict-free raw materials : ComplianceOffice@solartech.com.tw
- SOLAR values integrity and ethical corporate management. If you find any unethical behavior in SOLAR employees, please contact via email : service@solartech.com.tw
- There was no reporting through the reporting period.

Step 2: RISK IDENTIFICATION AND ASSESSMENT

Compliance Statement with Requirement:

We have fully complied with Step 2: Identify and assess risks in the supply chain.

1. Does the refiner have a process to identify risks in the supply chain?

SOLAR has a process to identify and assess supply chain risks in accordance with Annex II of the OECD Guidance and environmental, social and governance (ESG) factors.

Compliance Statement with Requirement:

- SOLAR defined the conflict-affected and high-risk areas (CAHRAs) criteria based on different criteria, such as: Governance, Security, AML, Corruption, Environment and Human Rights. The sources used are always International Organizations, Government's database and regulations, and Private Compliance Companies like (1) Heidelberg Conflict Barometer; (2) the covered countries listed by the Dodd Frank Act; (3) Sanction lists (US, UK, EU, UN); (4) Fragile States Index; (5) EU CAHRA List and (6) FATA and OFAC reporting. No suppliers, beneficial owners, transportation route or country of origin are at the CAHRAs.
- SOLAR designed *Questionnaire – Precious Metal Supplier Information* based on LBMA Toolkit to conduct the know-your-customer (KYC) process. Meanwhile, *Conflict metals and Precious Metal Sourcing Policy Form* was sent to counterparties for commitment to comply with responsible sourcing policy. Besides collecting KYC information from the counterparties, SOLAR searched and assessed its counterparties' information from public sources. SOLAR was a member of a local bureau (Taiwan Depository and Clearing Corporation) and able to access to sanction lists and AML-CFT database worldwide. The purchasing department is responsible to collect the KYC information and enter into inter ERP System. It will be reviewed by supervisor and final approval by Compliance Officer. If there is any concern or missing record, the Compliance Officer will reject and request to provide supporting documents or updated information in system.

2. Does the refiner assess risks in light of the standards of their due diligence system?

SOLAR assesses the risk in light of the standards of our due diligence system.

Comments and Demonstration of Compliance:

- Updated *Responsible Minerals Management Procedure* (document number: ESQP-0038): defined scope, organization structure, identification and assessment risks, criteria for Low-risk/Medium-risk/High-risk/Prohibit-trading supply chain, Know Your Counterparty process, management review, training, etc. The ESG risks are also considered into process.
- SOLAR established the risk assessment procedures with consideration of KYC Questionnaire, origin of gold and silver, appearance of recycled materials, transportation route, etc. The following tools were developed to collect information and assess the supplying counterparties:

- ✓ Precious metals Supply Chain Risk Assessment Forms – Different supplier types were assessed using different forms; the contents covered basic information about location, business type, disclosure of financial report and beneficial owners, whether listed on stock exchange, etc.).
- ✓ Comprehensive Assessment Form - Different supplier types were assessed using different forms; the contents covered information on materials sourcing channels, production capacity, due diligence practices, supplying status to SOLAR, history of government punishment or fine, whether company or beneficial owners are listed on sanctions lists, etc.)
- Implementation of the supply chain risk assessment:
 - ✓ Each counterparty was assessed based on two, above-noted approaches, and the sum of two assessment scores was used to decide whether the counterparty was Low-risk/Medium-risk/High-risk/Prohibit-trading supply chain.
 - ✓ Assessment aspects covered the minimum criteria defined in LBMA guidance.
- In Y2024, SOLAR has conducted due diligence for its potential and current suppliers where necessary. We mainly sourced from recycled gold and silver and no high-risk happened among the purchases.
- Pending storage area was separated for suspicious materials or receipts with inconsistencies. No such case happened in Y2024.
- SOLAR maintained and updated the LBMA Good Delivery Listed refiners.
- The number of transactions was 6906 in Y2024. SOLAR maintained and filed traceability records for each transaction, including the incoming material photos, gross/net weight, assay, purchasing records, warehouse releasing and receiving records, invoice, packing list, air waybill, custom declaration, bill of lading, transportation records, etc.
- No zero-tolerance and high-risk suppliers are identified.

3. Has the Refiner undertaken EDD measures for identified high-risk supply chains?

Comments and Demonstration of Compliance:

- Where enhanced due diligence is triggered, the Compliance Officer and relevant due diligence members shall conduct an on-site investigation/visit at the location of the gold/silver origin or the supplying counterparty involved in the recycling of gold/silver. Based on the quantity and gravity of any identified issues, an improvement plan will be formulated in collaboration with the identified supplier. Each red-flag transaction must initiate a review of the improvement plan, ensuring ongoing monitoring and compliance. If the risk is not mitigated, we will terminate the transaction. Where zero-tolerance issues are identified, the transaction must not commence or be suspended immediately. To date, all suppliers are non-high-risk suppliers.

Step 3: RISK MANAGEMENT

Does the Refiner have a process to respond to the identified risks by either (i) mitigating the risk while continuing to trade, (ii) mitigating the risk while suspending trade or (iii) disengagement from the risk?

Comments and Demonstration of Compliance:

- SOLAR established a risk mitigation process and three (3) strategies were defined: conditional trade with mitigation; disengaging trade till re-assessment and re-approval; prohibit trade. An internal reporting process was defined.
- As a result of risk assessment on the gold-and-silver-containing materials which we purchased during the reporting year, the internal risk classification for 60 Gold suppliers are low risks, and 70 Silver suppliers are low risks.

- The Compliance Office will monitor and track performance for risk mitigation. There are 6 months for suppliers to make corrective actions. During this period, the supplier will be suspended for trading. If no actions taken or not meet SOLAR's requirement, it will be under disengaged trade.
- The Compliance Office will report to Chairman who is the Director of the Board if there is any instance on high-risk supply chains. And the improvement plan will be implemented accordingly.
- No such instance happened in reporting period. Thus, no improvement plan is implemented.

Step 4: INDEPENDENT THIRD-PARTY ASSURANCE

Compliance Statement with Requirement:

We have fully complied with Step 4: Arrange for an independent third-party audit of the supply chain due diligence. Selecting an Assurance Provider on LBMA's Approved Service Provider List.

Comments and Demonstration of Compliance:

- SOLAR engaged with the audit body Deloitte Touche Tohmatsu Certified Public Accountants LLP executed from March 3th to 7th, 2025. It is the ninth calendar year for SOLAR to have LBMA RGG audit, and the seventh time to have LBMA RSG audit. A copy of the Compliance Report along with the Assurance Report will be shared with the LBMA Chief Executive for review against their published requirements for refiners. There is no high and medium-risk non-conformance identified during the current audit period.

Step 5: Report on supply chain due diligence

Compliance Statement with Requirement:

We have fully complied with Step 5: Report on supply chain due diligence.

Comments

- SOLAR posted its Responsible Precious Metals Management Policy and the Compliance Report along with the Assurance Report will be published on SOLAR company website.
<https://www.solartech.com.tw/en/about/policy/>

Table 3: Management conclusion

Is the refiner in compliance with the requirements of the LBMA Responsible Gold and Silver Guidance and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict - Affected and High - Risk Areas for the reporting period?

Yes, SOLAR implemented effective management systems, procedures, processes and practices to conform to the requirements of above guidance as explained above in Table 2, for the reporting year ended 31 December 2024.

SOLAR is committed to continuous improvement and that is monitored internally on a regular basis. Any corrective actions identified will be implemented shortly.

Table 4: Other report comments

If readers of this report wish to provide any feedback to SOLAR, please contact the compliance officer at: jamie.chen@solartech.com.tw