



## **Policy regarding sourcing of natural minerals that may originate from conflict-affected or high-risk areas**

By adopting this policy, Dafo Vehicle wants to be clear and transparent towards its suppliers, customers, employees, other stakeholders, and society about what actions Dafo Vehicle is taking to (\*) actively procure that its sourcing of mineral resources shall not in any way benefit conflicts, violence or human right abuses and (\*\*) ensure that it is at all times compliant with applicable law and regulation.

### **Purpose<sup>1</sup>**

This procedure aims to ensure that exploitation and trade of the tin, tungsten, tantalum or gold present in Dafo Vehicle products does not originate from sources that help finance armed groups and security forces in resource-rich areas.

Furthermore, it provides instructions, tools, and protocols for carrying out and documenting its supply chain due diligence review in order to comply with relevant and applicable legislation, regulations, and other obligations.

### **Scope**

Minerals and metals in the scope of the EU regulation on “Conflict Minerals”<sup>2</sup> (the “**Legislation**”) above a certain volume threshold (as set out in Annex 1 of the Legislation).

Parts and products that may contain tin, tungsten, tantalum or gold (“3TG”) supplied from significant suppliers.

### **Definition**

**Conflict Minerals** are minerals and metals that contain or consist of 3TG, which may potentially originate from conflict-affected and high-risk areas. In order to be covered by the applicable EU regulation, the sourcing of such 3TG shall also exceed a minimum threshold amount.

**Note:** The fact that minerals and metals should be regarded as Conflict Minerals mean that they are covered by this policy and its processes and provisions. Minerals that originate from recycled or scrap sources are considered conflict free and do not constitute Conflict Minerals.

\* Dafo Vehicle Fire Protection does not fall under US Dodd Frank Act but fall under the EU regulation on Conflict minerals<sup>2</sup>

\*\* Regulation (EU) 2017/821 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas, attached hereto as Appendix 1.

**RMI** Responsible minerals initiative. A non-governmental organization that offers independent audits of smelters to ensure they do not source conflict minerals.

**CMRT** the Conflict Minerals Reporting Template is a standardized reporting template from RMI that facilitates the transfer of information through the supply chain regarding the mineral country of origin and smelters and refiners being utilized.

Link to CMRT: <http://www.responsiblemineralsinitiative.org/reporting-templates/cmrt/>

### **Responsibility**

A senior management shall be assigned responsibility to oversee the supply chain due diligence process as well as maintain records of those systems for a minimum of five years.

### **Process for purchase of 3TG (EU)**

i. Clearly communicate to suppliers about Dafo Vehicles policy for Conflict Minerals, as well as provide the suppliers with Dafo Vehicle's standard letter (including a notification of potential future due diligence requests)

ii. Identify any import of 3TG within the EU which may be above the applicable volume threshold set out in Annex 1 of the Legislation

iii. Carry out appropriate due diligence review of such imports, including but not necessarily limited to supplier details, volumes and smelter information. The information may be obtained through the latest CMRT (link set out above). The CMRT shall be sent to the relevant supplier with a request to fill it out and return it to Dafo Vehicle as soon as reasonably possible. The supplier's responses shall be retained in Dafo Vehicle's internal systems and be evaluated against Dafo Vehicle acceptance criteria

iv. The information collected under section (iii) shall be kept during an adequate and sufficient period of time, as well as shared with the national authorities when requested

v. For EU import of 3TG above the threshold limits set out in Annex 1 of the Legislation, a third-party audit shall be carried out, and the reports concerning the smelters and refiners in the chain shall be available and shared with national authorities when requested

vi. Identify and assess the risks in the supply chain based on the due diligence review and audit reports concerning the smelters and refiners in the chain. Any identified risks shall be reported to and discussed with the senior management assigned to oversee the due diligence process

vii. In the event suppliers' responses are not satisfactory, Dafo Vehicle shall adopt risk management measures in order to exert pressure on suppliers with the purpose of preventing or mitigating the identified risk, either by:

a. Continuing trade while implementing measurable risk mitigation efforts

b. Suspending trade temporarily while pursuing ongoing measurable risk mitigation efforts or

c. Cease business conduct with the supplier after failed attempts at risk mitigation

viii. Publicly report on the website Dafo Vehicle's policies regarding supply chain due diligence and the steps taken to implement the actions set out therein, including a summary report of the third-party audits. This information shall be reviewed and updated annually.

## **Process for purchase of materials and products containing 3TG (global)**

- i. Identify significant suppliers of commodities likely to contain 3TG.
  
- ii. Carry out the due diligence review and evaluate its findings, which shall include but not be limited to the following actions:
  - a. Request suppliers to fill in a CMRT
  - b. The responses shall be added to Dafo Vehicle's evaluation tool
  - c. The responses shall be evaluated in light of Dafo Vehicle's acceptance criteria
  - d. Follow up with the suppliers that have not provided the requested information or that have not fulfilled Dafo Vehicle's acceptance criteria.
  
- iii. Retain and consolidate the collected information, including but not limited to the following actions:
  - a. The suppliers' responses shall be consolidated in a "Dafo Vehicle CMRT"
  - b. The CMRT shall be published in Dafo Vehicle's management system
  - c. The customer centers shall use the latest version of the Dafo Vehicle CMRT to reply to any potential requests from its customers
  
- iv. Identify and assess any risks in the supply chain.