

SAMT Gold Silver & Platinum Compliance Report 2019

June 2020



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, 2019
Time period of compliance	January 1, 2019 – December 31, 2019
Date of Report	June 13, 2020
Senior Management responsible for this report:	Chii-Feng Huang, General Manager 
<p>SOLAR was founded in 1978 and currently has around 1,000 employees. SOLAR offers key materials and an integrated service model for optoelectronics, information technology, petrochemicals and consumer electronics industries. The company has four major categories of products, including precious chemicals, special chemicals, resources recycling and gold, silver and/or platinum sputtering targets. SOLAR is certified by ISO 9001, IATF 16949, OHSAS 18000, ISO 14001 standards, and implemented of BS 8001 Au circular economy Statement.</p>	

Table 2: Summary of activities undertaken to demonstrate compliance
Step 1: Establish strong company management systems
Compliance Statement with Requirement:

- We have fully complied with Step 1: Establish strong management systems.
- 1. **Has the refiner adopted a company policy regarding due diligence for supply chains of Gold, Silver and Platinum?**

Comments and Demonstration of Compliance:

- SOLAR had updated its Supply Chain Policy on March 28, 2019 to align with the LBMA Responsible Gold Guidance, LBMA Silver Guidance and LPPM Platinum/Palladium Guidance, which is consistent with the Model Policy set forth in *Annex II of OECD Due Diligence Guidances for Responsible Supply Chain of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance)* and other standards, specifically on environment and sustainability compliance. It had been made publicly available at http://www.solartech.com.tw/en/responsibility_supply_policy.html
- 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
 - ✓ Assigning responsibility for responsible minerals sourcing to the company Compliance Officer (Ms. Jamie Chen) who reported directly to the General Manager (Mr. C.F. Huang).
 - ✓ The establishment of a Due Diligence Assessment Committee with members consisting of supervisors of different business units. The committee will hold a meeting to review the progress of due diligence twice per year and report to General Manager.
 - ✓ 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.
 - ✓ A bi-annual Management Review of due diligence practices was defined. The latest review was conducted on March 4, 2020. The related records were maintained, including sourcing practices and analysis, supply chain risk assessment, audit schedule etc.
 - ✓ Annual training and irregular refresher trainings were developed. The latest internal training sessions on internal due diligence procedures and know-your-customer format were held on November 29, 2019 and January 15, 2019 separately. Training materials and attendance lists were maintained.

3. Has the refiner established a strong internal system of due diligence, controls and transparency over the supply chains of Gold, Silver, and Platinum, 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.
- The company's ERP system (Oracle Application System) was utilized for storing information about Purchase Orders and Solar Merchandise Authorizations: gold, silver and/or platinum-bearing materials received, shipment and inventory were controlled and recorded; unique reference number to each input and output were given.
- The number of transactions is 11,812 in 2019. 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..
- Record Management Procedure (document number: ESQP-0004): defined that due diligence records will be preserved for a period of at least five (5) years.

4. Has the refiner strengthened company engagement with Gold, Silver, and Platinum supplying counterparties, and where possible, assist Gold, Silver, and Platinum 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.
- 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.
- Payment through official bank transfer was implemented, and cash transactions were not allowed.

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:

- A grievance mechanism for both internal employees and external parties with supporting procedure was documented in the *Integrity Manual* (REG-LAW-0011), and reporting platform was added into the Supply Chain Policy as:

http://www.solartech.com.tw/en/responsibility_business_conduct.html.

No any compliants received through the reporting period.

Step 2: Identify and assess risk in the supply chain

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 compliance.

Compliance Statement with Requirement:

- SOLAR defined the conflict-affected and high-risk areas (CAHRAs) criteria based on (1) Heidelberg Conflict Barometer; (2) the covered countries listed by the Dodd Frank Act; (3) Control Risk Worldmap; and (4) INFORM worldmap. 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.
- No red flags are identified.

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/Middle-risk/High-risk/Prohibit-trading supply chain, Know Your Counterparty process, management review, training, etc.
- SOLAR established the risk assessment procedures with consideration of KYC Questionnaire, origin of gold silver and platinum, appearance of recycled materials, transportation route and etc. The following tools were developed to collect information and assess the supplying counterparties:
 - ✓ *Previous 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 suppliers 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/Middle-risk/High-risk/Prohibit-trading supply chain.
 - ✓ Assessment aspects covered the minimum criteria defined in LBMA and LPPM guidances.
 - ✓ There was no high-risk supplier or sourcing in 2019.
- Pending storage area was separated for suspicious materials or receipts with inconsistencies. No such case happened in 2019.
- SOLAR maintained and updated the LBMA and LPPM Good Delivery Listed refiners.

3. Does the refiner report risk assessment to the designated manager?

Comments and Demonstration of Compliance:

- Assigning responsibility for responsible minerals sourcing to the company Compliance Officer (Ms. Jamie Chen) who reviews the risk assessment results and reports directly to the General Manager.

Step 3: Design and implement a management strategy to respond to identified risks

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.
- There were no high-risk / middle-risk suppliers or high-risk / middle-risk sourcing identified in 2019. All the materials were sourced from non-CAHRAs in Y2019.

Step 4: Arrange for an independent third-party audit of the supply chain due diligence

Compliance Statement with Requirement:

We have fully complied with Step 4: Arrange for an independent third-party audit of the supply chain due diligence.

Comments and Demonstration of Compliance:

- SOLAR engaged with the audit body RCS Global Ltd. It is the forth calendar year for SOLAR to have LBMA RSG audit, and the first time to have LPPM RPPG audit. A copy of the assessment report, Compliance Report along with the Assurance Report will be shared with the LBMA & LPPM Chief Executive for review against their published requirements for refiners.

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 supply chain policy and the Compliance Report along with the Assurance Report will be published on SOLAR company website.

Table 3: Management conclusion

Is the refiner in compliance with the requirements of the LBMA Responsible Gold and Silver Guidance, LPPM Responsible Platinum/Palladium 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 guidances as explained above in Table 2, for the reporting year ended 31 December 2019.

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



RCS

GLOBAL GROUP



CONFIDENTIAL

INDEPENDENT REASONABLE ASSURANCE REPORT

**LBMA RESPONSIBLE GOLD & SILVER SOURCING ASSESSMENT LPPM
RESPONSIBLE PLATINUM SOURCING ASSESSMENT**

SOLAR APPLIED MATERIALS TECHNOLOGY CORPORATION
20 July 2020

REPORT SUMMARY

Implementing firm	RCS Global Group Address: 9a Burroughs Gardens, London, NW4 4AU, U.K contact@rcsglobal.com CONTACT PERSON: Katie Redmond, Program Manager CONTACT TELEPHONE: +49 176 6080 6483
Title of Report	Independent Reasonable Assurance Report to Solar Applied Materials Technology Corporation
Type of assessment	LBMA ISAE 3000 Assurance Assessment LPPM ISAE 3000 Assurance Assessment
Refiner	Solar Applied Materials Technology Corporation 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
Assessed Timeframe	1 January 2019 – 31 December 2019

1. INTRODUCTION

We were engaged by Solar Applied Materials Technology Corporation to provide reasonable assurance on its Refiner's Compliance Report for the year ended 31 December 2019.

The assurance scope consists of the Refiner's Compliance Report.

2. RESPONSIBILITIES

The Quality System Department Manager, James Kuo, of Solar Applied Materials Technology Corporation are responsible for the preparation and presentation of the Compliance Report in accordance with the LBMA Responsible Gold & Silver Guidance and the LPPM Responsible Platinum/Palladium Guidance (the Guidance). This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived. The criteria identified by the Quality System Department Manager, James Kuo, as relevant for demonstrating compliance with the Guidance are the activities described within the Refiner's Compliance Report. Our responsibility is to carry out a reasonable assurance engagement in order to express a conclusion based on the work performed. We conducted our assurance engagement in accordance with International Standard on Assurance Engagements *ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board and the guidance set out in the *LBMA Responsible Gold & Silver Programme - Third Party Audit Approach Based On ISAE 3000* and the *LPPM Responsible Sourcing Programme - Third Party Audit Guidance (the Audit Guidance)*.

This report has been prepared for Solar Applied Materials Technology Corporation for the purpose of assisting the Quality System Department Manager, James Kuo, in determining whether Solar Applied Materials Technology Corporation has complied with the Guidance and for no other purpose. Our assurance report is made solely to Solar Applied Materials Technology Corporation in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than Solar Applied Materials Technology Corporation for our work, or for the conclusions we have reached in the assurance report.

3. INHERENT LIMITATIONS

Non-financial information, such as that included in the Refiner's Compliance Report, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the subject matter and the methods used for determining such information. The methods used by Refiners to comply with the Guidance may differ. It is important to read the Solar Applied Materials Technology Corporation's gold & silver & platinum supply chain policy available on Solar Applied Materials Technology Corporation's website: http://www.solartech.com.tw/tw/responsibility_supply_policy.html.

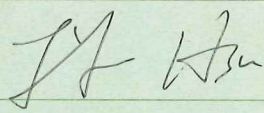
4. INDEPENDENCE AND COMPETENCY STATEMENT

In conducting our engagement, we have complied with the applicable requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

In conducting our engagement, we confirm that we satisfy the criteria for assurance providers as set out in out in the Audit Guidance to carry out the assurance engagement.

5. CONCLUSION

In our opinion, the Solar Applied Materials Technology Corporation's Compliance Report for the year ended 31 December 2019, in all material respects, describes fairly the activities undertaken during the year to demonstrate compliance, and management's overall conclusion contained therein, is in accordance with the requirements of the *LBMA Responsible Gold Guidance*, *LBMA Responsible Silver Guidance*, and the *LPPM Responsible Platinum/Palladium Guidance*.

Signature	
Assurance Firm	RCS Global Ltd
Date	20 July 2020
City, Country	Taipei, Taiwan R.O.C.



RCS | GLOBAL GROUP



www.rcsglobal.com

contact@rcsglobal.com