



Zhejiang Jiangtong Fuye Heding Copper Co., Ltd.

Third-Party Audit based on ISAE 3000

Management report

Rev.01 April 2022

Move Forward with Confidence



Brand name:	JINFENG	LME Brand code:	2128666
Producer name:	Zhejiang Jiangtong Fuye Hedong Copper Co., Ltd.	Producer address:	Xindeng Industrial Functional Area, Fuyang District, Hangzhou City, Zhejiang Province, 311404, P. R. China
Contact details:	Mr. Jiazhang Liao / Compliance Manager	Reporting Period:	01 January 2023 - 31 December 2023
Date of audit:	03-04 June 2024		

Audit Scope:	Methodology Applied:
Copper	ISAE 3000, Reasonable Assurance

Assurance team's professional qualifications;			
Team Leader:	Qualifications:	Team Member:	Qualifications:
Li ZHANG	Lead Auditor	Nil	Nil

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.

Summary of assurance procedures:

Assurance procedures are designed by the auditor based on the output of the auditor's planning and risk assessment, which is unique for each engagement. Risks are considered when there exists a reasonable possibility of a material misstatement in the disclosures in the Refiner's Red Flag Assessment Report. It is therefore not possible to prescribe the assurance procedures that should be performed (or the sample sizes to be selected).

The minimum the list of documents reviewed and the number of interviews as followings:

- Supply chain due diligence policy/management system, including management structure, risk identification, assessment and mitigation, supply chain traceability system, training records, grievance channel, etc.
- Supply chain due diligence documents, including location of mineral origin and transit, KYC (Verification of the identity of the supplying counterparty, Identification of the beneficial owner), Mining licence, Import/export licence, data on mining capacity, business and financial relationship, etc.

- Supply chain risk assessment documents.
- Weight and assay result for each transaction.
- Estimated weights and assay of metals.
- Shipping/transportation document.
- List of interviews: Total 10 interviewees, including Compliance Director, Compliance Manager, Compliance Member (Purchase, Plant manager, Warehouse worker, Lab manager, Finance) and workers.
- Sample sizes and sampling process: Total 374 batches of copper concentrate, 38 transactions were sampled for review. The sampling was considered origin of country, type of copper-bearing materials, risk-based and randomly.

Any significant or inherent limitations or areas not covered:

None

Assurance observations, findings and recommendations for improvement:

1. *The refiner did not update the KYC for Escondida and Jiyuan Jinda as per the requirement of supply chain due diligence management system (the last KYC was conducted in 2022).*

Specific observations with respect to the Refiner's Corrective Action Plan and implementation progress:

As per the evidence provided by refiner on 25/06/2024, the KYC was updated including necessary information of mine including business license, due diligence information such as stakeholder, financial data, etc. The Non-compliance was verified by assurance auditor.

Assurance conclusion

Please refer to the conclusion within the independent assurance report

Other relevant information

1. *The refiner registered as LME member in 2017, they have established the due diligence policy, management system and structure, Mr. Ying Zheng/Deputy General Manager was responsible for the implementation of LME responsible sourcing in its supply chains.*
2. *The audit was conducted on-site for 2 days, during the audit, auditor checked the due diligence management system, including the Step1-Step3 based on OECD, the system was functioned and maintained, the top management and compliance officers were generally understanding the OECD due diligence requirement as interview. Besides, the evidence of transparency of supply chains including origin of mine, transportation, transit country, benefit stakeholder, risk assessment tools, etc. No red flag was found during the audit.*
3. *The management system of ISO9001, ISO14001 and ISO45001 were well maintained, the refiner is LBMA RSG certified membership.*



Bureau Veritas



03-04 June 2024
Hangzhou, China