



LME Responsible Sourcing
Independent Reasonable Assurance Report
For third-party audits based on ISAE 3000

Rev. 01
April 2022

**Independent Reasonable Assurance Report to Zhejiang Jiangtong Fuye Heding Copper Co., Ltd.
on its Refiner’s Red Flag Assessment Report 2023 for the London Metal Exchange’s
Responsible Sourcing Guidance**

Brand name:	JINFENG	LME Brand code:	2128666
Producer name:	Zhejiang Jiangtong Fuye Heding 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
Audit company:	Bureau Veritas	Auditor:	Li ZHANG
Date of submission:	04 June 2024		

**To the Board of Directors of
Zhejiang Jiangtong Fuye Heding Copper Co., Ltd.**

We were engaged by Zhejiang Jiangtong Fuye Heding Copper Co., Ltd. to provide reasonable assurance on its LME red flag assessment report for the year ended 31 December 2023.

Management’s Responsibilities

The Mr. Ying Zheng/Deputy General Manager of Zhejiang Jiangtong Fuye Heding Copper Co., Ltd. is responsible for the preparation and presentation of the Refiner’s red flag assessment report in accordance with the *LME responsible sourcing supplier red flags guidance*. This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived. The criteria identified by the Mr. Ying Zheng/Deputy General as relevant for demonstrating compliance with the *Guidance* are the activities described within the LME red flag assessment report.

Auditor’s Responsibilities

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 *LME Responsible Sourcing Guidance - Third Party Audit Guidance for ISAE 3000 Auditors* (the “*Audit Guidance*”).

This report has been prepared for Zhejiang Jiangtong Fuye Heding Copper Co., Ltd. for the purpose of assisting the Mr. Ying Zheng/Deputy General in determining whether Zhejiang Jiangtong Fuye Heding Copper Co., Ltd. has complied with the *Guidance* and for no other purpose. Our assurance report is made solely to Zhejiang Jiangtong Fuye Heding Copper Co., Ltd. in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than Zhejiang



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Jiangtong Fuye Heding Copper Co., Ltd. for our work, or for the conclusions we have reached in the assurance report.

Assurance procedures

The assurance engagement is comprised of three phases:

1. Pre-assurance: collect the information of refiner including any changes, generate the assurance plan.
2. Execution of on-site assurance: opening meeting, site touring, document review, sampling & records review, management & worker interview, closing meeting.
3. Reporting: generate the assurance reports and conclusion.

The list of documents reviewed:

- 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.

Inherent limitations

Non-financial information, such as that included in the Refiner's red flags assessment 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 Zhejiang Jiangtong Fuye Heding Copper Co., Ltd.'s supply chain policy available on Zhejiang Jiangtong Fuye Heding Copper Co., Ltd.'s website <https://www.fuyegroup.com/news/notice/1.html>.

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



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Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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.

Conclusion

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.

Bureau Veritas
03-04 June 2024
Hangzhou, China