

**Henan Zhongyuan Gold Smelter LLC**

LME Responsible Sourcing - Red Flag Assessment

Independent Reasonable Assurance Report

*The year ended 31<sup>st</sup> December, 2023*

### Independent Reasonable Assurance Report to Henan Zhongyuan Gold Smelter LLC

We were engaged by Henan Zhongyuan Gold Smelter LLC ('Zhongyuan Smelter') to provide reasonable assurance on its LME Red Flag Assessment Report ('the RFA Report') for the year ended 31<sup>st</sup> December, 2023.

<b>Brand name:</b>	ZJZY	<b>LME Brand code:</b>	ZJZY
<b>Producer name:</b>	Henan Zhongyuan Gold Smelter LLC	<b>Producer address:</b>	China National Highway 209 South, Industry Cluster District, Sanmenxia City, Henan, China
<b>Contact details:</b>	+86 398 2756813	<b>Reporting Period:</b>	1 <sup>st</sup> January, 2023 to 31 <sup>st</sup> December, 2023
<b>Date of audit:</b>	27 <sup>th</sup> June, 2024		

### Responsibilities

The management of Zhongyuan Smelter are responsible for the preparation and presentation of the LME Red Flag Assessment Report in accordance with the *LME Policy on Responsible Sourcing of LME-Listed Brands* ('the Policy'). This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived.

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.

Our report has been prepared in order to verify the RFA Report in respect of the relevant Reporting Period has correctly reached the conclusion that no OECD Red Flags have arisen, and is based on appropriate and accurate information. Our report is made solely to Zhongyuan Smelter in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than Zhongyuan Smelter for our work, or for the conclusions we have reached in our report.

### Assurance procedures performed

We planned and performed our work to obtain all the evidence, information and explanations considered necessary in relation to the above scope. These procedures included:

- Enquiries of management to gain an understanding of Zhongyuan Smelter's processes and risk management protocols in place
- Enquiries of relevant staff responsible for the preparation of the RFA Report through more than 5 interviews
- Assessment of the suitability of the policies, procedures and internal controls that Zhongyuan Smelter has in place to conform to the *LME Policy on Responsible Sourcing of LME-Listed Brands*
- Review of a selection of the supporting documentation, including copper supplier counterparty due diligence file and transaction's documentation
- Test of a selection of the underlying processes and controls that support the information in the RFA Report, including 50 samples of transactions and 15 supplier counterparty due diligence files being selected and tested
- Review of the presentation of the RFA Report to ensure consistency with our conclusion

### Inherent limitations

Non-financial information, such as that included in the LME Red Flag 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 to comply with the *Policy* may differ, it is important to read Zhongyuan Smelter's supply chain policy which can be reached from the contact of Zhongyuan Smelter.

### Independence and competency statement

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1, "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements", and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

### **Conclusion**

In our opinion, Zhongyuan Smelter's LME Red Flag Assessment Report for the year ended 31<sup>st</sup> December, 2023, in all material respects, describes fairly the conclusion that no OECD Red Flags have arisen, and is based on appropriate and accurate information.

### **Audit team**

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27<sup>th</sup> June, 2024  
Beijing, the People's Republic of China