



Minshan Environmental Energy High Tech Co., Ltd

Third-Party Audit based on ISAE 3000

Management report

Rev.01 July 2020

Move Forward with Confidence



Company Name:	Minshan Environmental Energy High Tech Co., Ltd.
Location:	Long'an District Industrial Park, Anyang City, Henan Province, China
Reporting year-end:	From 01 January 2023 to 31 December 2023
Date of Report	29 April 2024
Senior management responsible for this report	Ms.Yanwei Chen /GM

Assurance team's professional qualifications;			
Team Leader:	Qualifications:	Team Member:	Qualifications:
Mr.Chuangen WANG	LBMA Qualified Auditor	NA	NA

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.

The assurance scope and level of assurance:

We were engaged by Minshan Environmental Energy High Tech Co., Ltd to provide Reasonable Assurance on its Refiner's Compliance Report for the year ended 31 December 2023.

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

Summary of assurance procedures:

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

- Onsite visits to the refiner
- Review of refiner's silver supply chain policy and internal methodology documents
- Consideration of the refiner's existing internal or external audits, and supply chain Due Diligence initiatives that could be relied upon
- Obtain an understanding of the refiner's operations (including list of all supplier with risk lever and silver received in the reporting period)
- Perform a walkthrough of the Refiner Due Diligence process to gain an understanding of implemented controls and procedures
- Testing a representative sample of Refiner Precious Metal supplying counterparty Due-Diligence files and transactions to confirm that documentation related to Due Diligence measures in the Precious Metal supply chain is systematically requested, collected and maintained on file in compliance with the LBMA Responsible Sourcing Guidance.
- Sampling principle, the sampling was based on the number of transactions and suppliers,

focus on the transactions and suppliers with red flag and high risk.

Supplying counterparty due diligence documents review:

Low-risk: 10% supplying counterparty due diligence documents, minimum 10 until to confirm the results of assurance.

High-risk: 100% due diligence documents review until to confirm the results of assurance.

Transaction documents and materials balance test:

Low-risk: 2% of total transactions, minimum 50 until to confirm the results of assurance.

High-risk: 100% transactions review until to confirm the results of assurance.

- Review of draft Refiner's Compliance Report

Any significant or inherent limitations or areas not covered:

None

Assurance observations, findings and recommendations for improvement:

Total 4 NCs including 2 Medium-risk and 2 High-risk NCs are raised during this Reasonable Assurance.

The detail of NCs, as follow:

NC1: The refiner has not collected and provided 43 out of 51 silver-bearing materials suppliers' 2023 financial reports for review during this assurance. (High-risk)

NC2: The refiner was unable to provide complete supply chain map information for the following silver bearing materials suppliers and did not collect relevant evidence (e.g. KYC, mining certificates and shipping documents) to identify the origin of the mine.

1. Lianyungang Junbo, 17483.32 wet tons, lead concentrate.

2. Shaanxi Soft Micro, 8389.34 wet tons, lead concentrate.

3. Fujian Qirun, 9214.24 wet tons, lead concentrate.

4. CHEONGFULI, Trafigura 2nd batch 685539.4.1, 1101.46 wet tons, silver concentrate.

(Medium-risk)

NC3: The refiner did not collect and provide evidence of shipping routes of overseas silver-bearing materials suppliers for review during this assurance. (Medium-risk)

NC4: No evidence indicated that the refiner has established tools to assessment high-risk criteria include the following location risk criteria: Dodd Frank list, EU CAHRA list, Heidelberg, Fragile States Index or equivalent, UN Human Rights Office of the High Commissioner or equivalent, FATF, Others criteria (transit hubs, high risk gold/silver centre, etc.)

In addition, no assessment record regarding above high-risk criteria provided for review and the management did not know how to conduct the location evaluation too. (High-risk)

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

The Reasonable Assurance was conducted on 28~29 April 2024 by Bureau Veritas.

The refiner will take action to correct these NCs in 90 days.



Assurance conclusion

Please refer to the conclusion within the independent assurance report.

Countries of Origin Annex for mined and recycled Precious Metal including the amounts (Kgs.) received from each origin

Please, see the attached file [8.Annex Country of Origin Mined and recycled silver 2023_Minshan Environmental Energy High Tech Co., Ltd]

Other relevant information

1. LBMA RSG Supplier Due Diligence Policy, Management System and Risk Mitigation strategy are established.
2. The top management continue took a positive attitude to this assurance, the due diligence management system and compliance team not changed in 2023.
Remark: In 2024, Mr. Feng Guo/international trade Dept. Manager who is responsible for fiscal year 2022 LBMA RSG audit has resigned and Ms. Minrui Zhang as international trade Dept. Manager is responsible with fiscal year 2023 LBMA RSG audit.
3. The refiner has passed ISO9001, 14001 and ISO45001 certification.
4. The discharge permits, wastes monitoring reports, and hazardous waste management evidence in accordance with local requirements.
5. The silver mount is 148,712.98 kgs with 51 suppliers in the year of 2023, compared with 144,056.761 kgs with 39 suppliers in the year of 2022.
6. No fines found in 2023 regarding environmental and labor disputes and business ethics.
7. In 2023, there are 51 immediate suppliers with 136 procurement contracts, and 2,266 transactions of silver-containing materials according to the assay batch sampling number.
Total 51 of supplying counterparty due diligence documents reviewed.
Total 60 sampled transactions reviewed, fully cover all counties, each immediate supplier and all categories.

Chuangen WANG

Bureau Veritas

Date: 29 April 2024

Anyang, P.R. China



The Auditors confirm that:

- ✓ The information provided by the Refiner is true and accurate to the best knowledge of the Auditor(s) preparing this report.
- ✓ The findings are based on verified Objective Evidence relevant to the time period for the assessment, traceable and unambiguous.
- ✓ The Auditor(s) have acted in a manner deemed ethical, truthful, accurate professional, independent and objective.
- ✓ The Auditor(s) are properly qualified to carry out the assessment at this Refiner's facility.

Lead Auditor: Mr.Chuangen Wang

Signature: *Chuangen WANG*

Date: 29 April 2024