



Henan Yuguang Gold And Lead Co., Ltd.

Third-Party Audit based on ISAE 3000

Management report

Rev.01 July 2020

Move Forward with Confidence



Company Name:	Henan Yuguang Gold And Lead Co., Ltd.
Location:	No.1 South Jingliang Street,Jiyuan City,Henan Province,P.R.China
Reporting year-end:	The year ended December 31,2019
Date of Report	June 11,2020.
Senior management responsible for this report	Mr.Yangxin/Import and Export Department manager gdjinye@sina.com , 0086-0391-6665819

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

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 [Henan Yuguang Gold And Lead Co., Ltd] 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.

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:

- *Site 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;*
- *Review of draft Refiner's Compliance Report.*

Any significant or inherent limitations or areas not covered:

There was no significant or inherent limitations or areas not covered that were within the assessment scope.

Assurance observations, findings and recommendations for improvement:

Total 4 medium-risk level Non-compliances were raised during this Reasonable Assurance. The detail of NCs, as follows:

1. *Checked all 29 suppliers' 2019 yearly agreement announce letter, no sign date. (Medium)
-Closed*
2. *No evidence shows the supply chain due diligence identified the beneficial owner, checked that the counterparty and their beneficial owners are not named on any government lists for wanted money launderers, known fraudsters or terrorists. (Medium) -Closed*
3. *Checked 5 suppliers, no supply chain due diligence report, no agreement announce letter, no risk level approval. Checked 3 suppliers, no supply chain due diligence report. (Medium)
-Closed*
4. *Checked all 29 suppliers' 2019 yearly risk level approval records, no compliance officer's sign and date. (Medium).
-Closed*

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

The Reasonable Assurance was conducted on June 11, 2020 by Bureau Veritas. The refiner stated that they will take action to correct these NCs in 90 days.

The 1st desktop review was conducted on August 3, 2020. All NCs can be closed.

1. All 29 suppliers' 2019 yearly agreement announce letter with sign date provided for review.

2. The refiner provided verification evidence for review.

3. The refiner provided agreement announce letters and supply chain due diligence reports for review.

4. The refiner provided all 29 suppliers' 2019 yearly risk level approval records, with compliance officer's sign and date for review.

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 [Henan Yuguang Gold And Lead Co., Ltd of Annex Country of Origin
file]*

Other relevant information

None

[Chungen WANG]

[Bureau Veritas Certification Shanghai Branch]

[June 11,2020 August 3,2020]

[Shanghai, 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 **Mr.Chuangen Wang**

Signature: *Chuangen WANG*

Date: June 11,2020 **August 3,2020 1st desktop review**
