

Mineral Supply Chain Due Diligence Assessment

Summary Report

Assessed Party	Zhejiang Lujia New Materials Co., Ltd.				
Assessment Date	01/21/2025-01/22/2025				
Assessed Material	Nickel				
LME-listed Brand	LUJIA				
Assessment Type	<input checked="" type="checkbox"/> Main Assessment <input type="checkbox"/> Tracking Assessment				
Assessment Result	<input type="checkbox"/> AAA	<input type="checkbox"/> AA	<input checked="" type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C
Assessment Firm	China Standard Conformity Assessment CO., LTD (CSCA)				
Assessor	Yu Haixin, Yang Dong				

Instruction

Objective

This assessment program is an independent third-party assessment conducted by China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC) based on *Chinese Due Diligence Guidelines for Mineral Supply Chain (Second Edition)*, aiming to assess the performance of the Company's due diligence management system and process, and support the Company to identify the gaps that need further improvements and develop corresponding improvement measures.

Basis of the Assessment

The assessment is based on *Chinese Due Diligence Guidelines for Mineral Supply Chain (Second Edition)*, hereinafter referred to as *the Guidelines*. The companies shall meet the content of "Companies should" in *the Guidelines*. "Companies should" refers to specific requirements of *the Guidelines* for companies' due diligence management, as well as the specific refinement of the requirements, which is consistent with the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (Third Edition)*.

Explanation of Conformity Degree

Conformity: Indicates that the Company's management system, policies, procedures or processes meet the requirements of corresponding provisions of *the Guidelines*.

Need improvement: Indicates that the Company's management system, policies, procedures or processes partially meet the requirements of corresponding provisions of *the Guidelines*, but lack some necessary elements or content, or can not prove or lack evidence to prove that they are substantively functional, and further measures are needed to improve its performance.

Non-conformity: Indicates that the Company's management system, policies, procedures, or processes cannot meet the requirements of corresponding provisions of *the Guidelines*, resulting in systematic and repetitive non-conformities.

Not applicable: Indicates that corresponding provisions of *the Guidelines* do not apply to the Company.

Zero tolerance: If any of the following situations occurs, it is a "zero tolerance" situation.

1. Misrepresentation, deliberately forging false evidence or vouchers;
2. Any form of support for illegal control, or illegal taxation and extortion by non-state armed groups;
3. Any form of torture, cruel, inhuman and degrading treatment;
4. Directly cause or contribute to forced or compulsory labor;
5. Cause or contribute to widespread sexual violence;
6. The worst forms of child labor;
7. War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide;
8. Other situations generally considered unacceptable.

Explanation of Assessment Results

The overall assessment result is based on the percentages of "non-conformity" items and "need improvement" items. The China Chamber of Commerce of Metals, Minerals & Chemical Importers & Exporters (CCCMC) provides the following suggestions on the assessment results:

Level AAA: There is no "non-conformity" items, indicating that the Company has excellent supply chain due diligence management performance.

Level AA: the percentage of "Need improvement" items does not exceed 15% of all applicable items, and the percentage of "non-conformity" items does not exceed 5% of all applicable items.

Level A: the percentage of "Need improvement" items does not exceed 25% of all applicable items, and the percentage of "non-conformity"

items does not exceed 10% of all applicable items.

Level B: the percentage of "Need improvement" items does not exceed 35% of all applicable items, and the percentage of "non-conformity" items does not exceed 20% of all applicable items.

Level C: The above level cannot be reached or there is any "zero tolerance" situation.

Description of Assessment Type

The assessment is divided into main assessment and tracking assessment. The main assessment needs to be carried out once a year. The tracking assessment is conducted every six months or during the re-assessment (main assessment) based on the conformity degree and assessment results.

1. Assessed Party

Company Name	Zhejiang Lujia New Materials Co., Ltd.
Refinery Name	Zhejiang Lujia New Materials Co., Ltd.
Location	No. 11, Donghai Third Avenue, Toumen Port New District, Linhai City, Taizhou City, Zhejiang Province
Profile Number	DDMSC-CNCoNi0107

2. Assessment Results

Type	<input checked="" type="checkbox"/> Main Assessment		<input type="checkbox"/> Tracking Assessment		
Result	<input type="checkbox"/> Level AAA	<input type="checkbox"/> Level AA	<input checked="" type="checkbox"/> Level A	<input type="checkbox"/> Level B	<input type="checkbox"/> Level C

3. Assessment Scope

Materials	Nickel
LME-listed Brand	LUJIA
Types of Materials	<input checked="" type="checkbox"/> Mine materials <input type="checkbox"/> Recycled materials <input type="checkbox"/> Both
Assessment Period	<input checked="" type="checkbox"/> 12 months: 12/01/2023-11/30/2024

	<input type="checkbox"/> Less than 12 months:
Warning Sign Triggered or Not	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

4. Summary of Assessment Results

Assessment Result	A
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Step 1: Establishing A Corporate Due Diligence System

Develop and adopt due diligence policy	The company has formulated and approved the <i>Due Diligence Management Policy on Responsible Global Supply Chain</i> , which complies with the requirements of the <i>China Mineral Supply Chain Responsibility Management Guidelines</i> and is publicly released on its official website.
Structure appropriate internal management systems	The company has established a senior management team for responsible procurement policy, which consists of three teams: risk assessment, internal and external assessment, communication and reporting. However, the management and responsible employees authorized by enterprises need to be further strengthened in training and learning, and the accountability system and performance appraisal of enterprise due diligence management also need to be further clarified and strengthened.

Establish a system of controls and transparency over the supply chain	The company has established a supply chain control and transparency system, formulated supply chain transparency related procedures, and collected and understood the traceability information of the company's mineral supply chain. For supply chains that trigger warning signs, these procedures require further supplementary collection of mineral supply chain traceability information required for supply chain warning signal review.
Strengthen engagement with suppliers	The supplementary contract terms between the company and the suppliers contain the due diligence policy requirements, the due diligence statement and commitment and the <i>Supplier Code of Conduct</i> as annexes, which are required to be signed by the suppliers to ensure they comply with the supplier policy consistent with the enterprise's due diligence policy. However, the company still needs to strengthen the ability to assist suppliers in capacity building and improve their due diligence performance.
Establish a Company level grievance mechanism and/or participate an industrial level grievance mechanism	The enterprise has formulated the <i>Supply Chain Management Complaint and Communication Mechanism</i> , which covers the scope, channels, handling and other contents of complaints, it identifies the industry complaint mechanism and promises to participate.
Step 2: Risk Identification and Assessment	
Conduct warning signs review, and identify the scope of the risk assessment of the mineral supply chain based on the results of warning signs review	The company has formulated the <i>Identification and Control Procedures for Conflict-Affected and High-Risk Areas (CAHRAs)</i> and completed the warning signal review. The review results show that there are no warning signs in its supply chain.

When warning signs are identified, companies shall conduct an on-the-ground assessment of the corresponding supply chain	The company carried out a warning signal review, but no warning signal was identified. The company has formulated the <i>Control Procedure for On-site Assessment of High Risk Suppliers</i> , which stipulates that on-site assessment should be carried out accordingly when warning signals are identified. The integrity of supply chain traceability information collection needs to be further improved.
Assess risks in the supply chain	The company carried out risk assessment on the supply chain and formed the Risk Identification and Assessment Report, but the company needs to further improve its identification of mineral origins and national legal requirements of transit countries.
Step 3: Risk Prevention and Mitigation	
Report risk assessment results internally	The Joint Office of Enterprise Diligence Management conducted risk assessment on the supply chain and formed the <i>Risk Assessment Results Report Form</i> , which was reported to the person in charge of the risk management plan.
Develop and adopt risk management plan	The company has developed and approved <i>Risk Management Plan</i> covering mitigation strategies to address different risks to prevent supply chain risks.
Implement risk management plan, monitor and track performance of risk mitigation strategies	The enterprise has established the <i>Risk Identification and Risk Management Procedure of Supply Chain Due Diligence Management</i> to ensure that the implementation of the risk management plan can change according to environmental changes. The <i>Risk Management Plan</i> has been shared with suppliers and stakeholders, and risk mitigation strategies have been agreed. However, the risk management plan formulated by the company does not include community participation and supervision, which needs to be further improved.

Supplementary assessment of risks that need to be mitigated. Supplementary assessment can also be conducted after actual circumstances have changed	The company has formulated the <i>Additional Risk Assessment Requirement Form</i> to ensure that additional risk assessment can be carried out after changes in the supply chain, and no additional assessment is required during the assessment period.
Step 4: Internal and External Assessment	
Companies should establish internal assessment system, to continuously monitor and manage due diligence performance	The company has formulated the <i>Internal Evaluation Work Plan</i> , set up an internal evaluation working group, carried out internal evaluation and completed the internal evaluation report. The development of action plans and the capacity and qualifications of internal evaluators need to be further strengthened.
Companies should designate the second or third party to conduct assessment when applicable	This evaluation is the first external evaluation entrusted by an independent third party by the company, and it provides evaluation conditions for the evaluation team.
When necessary, the Company at the key points (smelters/refiners) makes necessary disclosures on the assessment results	The company promises to publicly release the <i>Mineral Supply Chain Due Diligence Assessment Summary Report</i> .
Step 5: Reporting and Communication	
Develop due diligence progress report	The company has prepared a <i>2024 Mineral Supply Chain Due Diligence Report</i> , but the content of the report is still incomplete.

With due regard to business confidentiality and other competitive concerns, companies should publish due diligence progress reports or summary	The company has publicly released the <i>2024 Mineral Supply Chain Due Diligence Report</i> on its official website. Report link: http://zjlujia.cn/news_company/41.html
Step 6: Provide for or Cooperate in Remediation When Appropriate	
When the Company recognize that it has caused or contributed to actual adverse impacts, they should mitigate these impacts by providing for or cooperating in remediation when appropriate	N/A
Companies provide conditions or cooperate with existing remedial mechanisms in a timely manner	N/A