

**Table 1: Refiner's details**

Name:	Chimet S.p.A.
Location:	Via dei laghi 31/33 – 52041 Loc. Badia al Pino Civitella in val di Chiana (AR) ITALY
Reporting year-end:	31/12/2019
Date of Report:	19/03/2020
Senior management responsible for this Report:	Luca Benvenuti, CEO
<p>In 1976 Chimet inaugurated its first production site in Badia al Pino, followed in the 80s by the inauguration of a second production site in Vicinaggio, both in the province of Arezzo, showing the bond that has always existed between these business activities and this territory. Chimet has its core business in the activity of refining and recovery precious metals.</p> <p>Recognising that risks of significant adverse impacts which may be associated with extracting, trading, handling and exporting minerals from conflict-affected and high-risk areas, and recognising the responsibility to respect human rights and not contribute to conflict, Chimet commits to adopt high standards of due diligence in order to combat systematic or widespread abuses of human rights, to avoid contributing to conflict, to comply with high standards of anti-money laundering and combating terrorist financing activities.</p> <p>This Report outlines how Chimet has complied with requirements of the LPPM Responsible Platinum and Palladium Guidance.</p>	

## Chimet evaluation

**Table 2: summary of activities undertaken to demonstrate compliance**

### 1. ESTABLISH STRONG COMPANY MANAGEMENT SYSTEMS

#### Compliance Statement with Requirement:

Chimet has fully complied Step 1: establish strong company management systems.

#### 1.1. Has the Refiner adopted a company policy regarding Due Diligence for supply chains of Precious Metals?

Chimet has adopted since 2012 a company Policy which is consistent with the Model Policy set forth in Annex II of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and a Sustainability Policy for minimizing the impact of activities on the environment and conduct business in a socially responsible and ethical manner.

The supply chain Due Diligence Policy establishes a management system useful for demonstrating that no source of raw materials for the production of pure precious metals is involved in conflicts, money laundering, human rights abuses and terrorist financing.

Chimet performs due diligence on a risk based approach over our counterparties before doing any business and ongoing monitoring of the relationship in order to assess the risk of contribution to conflict, money laundering, terrorist financing, serious human rights abuse, to address environmental and sustainability responsibilities and implement a strategy to respond to identified risk.

## **1.2. Has the Refiner set up an internal management structure to support supply chain Due Diligence?**

Chimet sets up an internal management system in order to collect all the KYC documentation, as request by the LPPM Guidance. Furthermore, during 2020 a new revision of the procedure will be released.

Chimet has defined roles and responsibilities for the management of the supply chain Due Diligence process and qualification of the counterparties that deliver raw materials for precious metals recovery in order to ensure responsible sourcing.

All personnel involved in the supply chain process is periodically trained by the assigned person responsible for the implementation of due diligence (Compliance Officer).

## **1.3. Has the Refiner established a strong internal system of Due Diligence, controls and transparency over Precious Metals supply chains, including traceability and identification of other supply chain actors**

Chimet has implemented a specific procedures about production and traceability. Specific documents such: type of precious metal received (Mined /Recycled), weight and assay (declared and processed), reference to the precious metal supplying counterparty due diligence file, date of arrival at the refinery and date of finalization of the refining process, are collected and maintained and all transactional details are stored before processing any precious metals bearing material.

All transaction records are stored for 10 years.

Each incoming lot is identified by univocal number and registered in accountability system. Specific controls such as conformity to transport of goods and wastes applicable national and international regulation, weight check, deleterious element, radioactivity level, regarding received materials are carried out before processing incoming material as outlined in internal guidelines.

Regular training of our employees ensures that our guidelines are followed; any form of non-conformance is unacceptable and reported to the Compliance Officer and senior management. No such escalation was necessary during the reporting period.

All payments are made and received through official banking channel.

Chimet cooperates with government authorities by providing full access to records and information as appropriate.

## **1.4. Has the Refiner strengthen company engagement with precious metal supplying counterparties and, where possible, assist Platinum/Palladium-supplying counterparties in building due diligence capacities?**

Chimet believes on and builds long term relationship based on trust and mutual recognition.

On "KYC forms", Counterparties are asked to sign up a commitment to Chimet Precious Metals Supply Chain and Sustainability Policies.

Business relationship are established only with counterparties that supply recycled Platinum and Palladium bearing material.

## **1.5. Has the Refiner established a confidential grievance mechanism?**

Chimet puts in place an e-mail address allowing any employee, supply chain actor, or stakeholder to voice concerns over precious metals supply chain or any newly identified risk: [quality@chimet.com](mailto:quality@chimet.com).

## **2. IDENTIFY AND ASSESS RISK IN THE SUPPLY CHAIN**

### **Compliance Statement with Requirement:**

Chimet has fully complied Step 2: identify and assess risks in the supply chain.

### **2.1. Does the Refiner have a process to identify risks in the supply chain?**

Chimet performs appropriate due diligence on a risk based approach over counterparties before doing any business and ongoing monitoring of the relationship in order to assess the risk of contribution to conflict, money laundering, terrorist financing and serious human rights abuse and implement a strategy to respond to identified risk.



Specific internal procedures describes the system for assessing risk among precious metals supplying counterparties according to the LPPM Responsible Platinum and Palladium Guidance.

## **2.2. Does the Refiner assess risks in light of the standards of their supply chain Due Diligence system?**

Each precious metals supplying counterparty risk is assessed and listed only if the qualification process is completed and approved by the Compliance Officer. Duration of the approval is dependent from the risk assessed: the industrial manufacturing counterparties are considered as very low risk and qualifications are reviewed every 5 years. Cash for gold store are considered low/medium risk and qualifications are reviewed every 3 years. Mines counterparties are assessed more strictly and are evaluated by the Senior Management every year. Chimet decides to bound a business relationship with this category, only when the supplier assessment identifies a medium risk level (during 2019, none palladium or platinum counterparty has been qualified with a validity of 1 year).

Enhanced Due Diligence will be triggered if there is reasonable suspicion that the precious metals bearing materials originate from, or transits via a conflict-affected or human rights abuse high-risk area.

If the risk assessment documentation is missing or there is a lack of information, the supplier is refused.

Chimet hasn't got business relationship with high risk precious metal suppliers.

## **2.3. Does the Refiner report risk assessment to designated Senior Management?**

Senior management retains ultimate responsibility of the supply chain.

Annually, the Management Review is held to evaluate supply chain compliance, to carefully select or confirm Compliance Officer as well as to sensibly identify the necessary means to perform the duty.

## **3. DESIGN AND IMPLEMENT A MANAGEMENT STRATEGY TO RESPOND TO IDENTIFIED RISKS**

### **Compliance Statement with Requirement:**

Chimet has fully complied Step 3: Design and implement a management strategy to respond to identified risks

### **3.1. Has the refiner a system to communicate report findings to designated Senior management?**

Where appropriate actual and potential risks identified in the supply chain risk assessment are communicated to Senior Management according to procedure for internal communication and by specific form.

### **3.2. Has the Refiner devised a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing trade, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk?**

Chimet has adopted an automated (specialized databases) and permanent screening of all business partners to identifying and check risks in the supply chain. The screening allows to manage risk through a rigorous risk assessment of all counterparties. Furthermore, every transaction is monitored in acceptance operations and in case of changes or suspicious transaction an alert is reported to Compliance Officer and Senior Management to decide how to proceed and what kind of action/measures have to be taken in case of confirmed risk.

The results of the risk management strategy adopted are the following: to identify the risk by either (i) mitigation of the risk with request of further documentation, search of information on government list and specialized data bases while continuing to trade, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk, reporting accordingly. The business is suspended in case of legal requirements are not fully satisfied.

In case of suspended counterparties, an automatic filter is applied in the accountability software to prevent further transactions.

### **3.3. Where a management strategy of risk mitigation is undertaken, it should include measurable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk and regular reporting to designated senior management.**

Corresponding procedures are in place and are applied accordingly. In case the risk assessment identifies higher risk criteria, Chimet actively approaches the supplier to receive further information. If risk assessment cannot be mitigated, the decision of closing the business relationship could be taken. As specified at paragraph 2.2, Chimet hasn't got business relationship with high risk precious metal suppliers.

#### 4. ARRANGE FOR AN INDEPENDENT THIRD-PARTY AUDIT OF THE SUPPLY CHAIN DUE DILIGENCE

##### Compliance Statement with Requirement:

Chimet has fully complied Step 4: arrange for an independent third-party audit of the supply chain due diligence.

Chimet engaged the services of the assurance provider Deloitte&Touche S.p.A., and their independent reasonable assurance report can be viewed as soon as available on [www.chimet.com](http://www.chimet.com).

#### 5. REPORT ON SUPPLY CHAIN DUE DILIGENCE

##### Compliance Statement with Requirement:

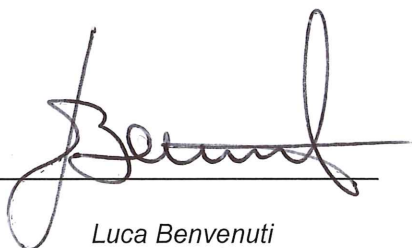
Chimet has fully complied Step 5: Report on supply chain due diligence.

Further information and specific details of how Chimet systems, procedures, process and controls have been implemented to align to specific requirements in the LPPM Responsible Platinum and Palladium Guidance have been set out in our supply chain policy, which is available on the company's website [www.chimet.com](http://www.chimet.com).

#### 6. MANAGEMENT CONCLUSION

##### Is the Refiner in compliance with the requirements of the LPPM Responsible Platinum and Palladium Guidance for the reporting period?

Chimet implemented effective and robust management system, procedures, processes and practices to conform to the requirements of the LPPM Responsible Platinum and Palladium Guidance as explained above in table 2. for the reporting year ending on the 31<sup>st</sup> of December 2019. Chimet is committed to continuous improvement and corrective actions identified (reviewed procedure and KYC forms) will be monitored internally on a regular basis.



Luca Benvenuti  
Chief Executive Officer



Giovanni Prelazzi  
Compliance Officer