

The Refiner's Compliance Report

The *LPPM Responsible Platinum/Palladium Guidance* has been established for Good Delivery Refiners 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 practice.

This report summarises how Good Delivery Refiners have complied with the requirements of the *LPPM Responsible Platinum/Palladium Guidance*

Table 1 : Refiner's details	
Refiner's name	HEESUNG PMTech corp.
Location	5th Floor Bulim Bldg, 39, Namdaemun-ro 9gil, Jung-gu, Seoul, Republic of Korea
Reporting year-end	December 31. 2019
Date of Report	May 15. 2020
Senior management responsible for this report	Executive Vice President, Ha-dong, Lee

HEESUNG PMTech corp.'s evaluation

The following table lists the minimum requirements that must be satisfied by Refiners in accordance with the *LPPM Responsible Platinum/Palladium Guidance* to demonstrate compliance. Refiners should complete the table and provide reasons for their responses in the space provided. All boxes not shaded should be completed.

Table 2:	Summary of activities undertaken to demonstrate compliance
Step 1: Establish strong company management systems	
Compliance Statement with Requirement:	
We have fully complied with Step 1: Establish strong management systems.	
Has the Refiner adopted a company policy regarding due diligence for supply chains of Platinum/Palladium?	
Comments and Demonstration of Compliance:	
During 2019, we established an appropriate Platinum/Palladium supply chain policy, which is consistence with the model set out in the Annex II of the OECD Due Diligence Guidance. This sets out our responsibility for conducting risk-based due diligence, screening and monitoring of transactions and governance structures in place	
Has the Refiner set up an internal management structure to support supply chain due diligence?	
Comments and Demonstration of Compliance:	
During 2019, details for our internal management system has been set up to define the governance, roles and its responsibilities, internal audit, communication and management review as per the adopted policy. Our management level officer has been assigned to control this process, and has an official line of reporting to the executive committee.	
Has the Refiner established a strong internal system of due diligence, controls and transparency over Platinum/Palladium supply chain, including traceability and identification of other supply chain actors?	

Comments and Demonstration of Compliance:
We have a robust Responsible Platinum/Palladium receipts process, and specific documents must be received and transactional details entered before we process the Platinum/Palladium-bearing material
Has the Refiner strengthened company engagement with Platinum/Palladium supplying counterparties, and where possible, assisted Platinum/Palladium supplying counterparties in building due diligence capabilities?
Comments and Demonstration of Compliance: We have modified our general term and conditions for the refining of materials so that they make reference to our Responsible Platinum/Palladium policy and the Annex 2 of the OECD Due diligence Guidance for responsible supply chains of minerals from conflict-affected and high risk areas.
Has the Refiner established a company-wide communication mechanism to promote broad-based employee participation and risk identification to management?
Comments and Demonstration of Compliance: Since ever we have an internal communication system in place, allowing employees to voice concerns over the Platinum/Palladium supply chain or newly identified risk
Step 2: Identify and assess risks in the supply chain
Compliance Statement with Requirement: We have fully complied with Step 2: Identify and assess risks in the supply chain.
Does the Refiner have a process to identify risks in the supply chain?
Comments and Demonstration of Compliance: We identify and assess risks in the supply chain. We have established our criteria for high-risk categories and applied them for any Platinum/Palladium supplying counterparty. We conduct due diligence following a risk-based approach. Following the due diligence process, we allocate a risk profile according to our risk profile criteria. This process is a formal requirement before entering into any business relationship with a precious metal supplying counterparty.
Does the Refiner assess risks in light of the standards of their due diligence system?
Comments and Demonstration of Compliance: Supply chain due diligence comprising all measures required by the <i>LPPM Responsible Platinum/Palladium Guidance</i> is performed before entering into a business relationship with any Platinum/Palladium supplying counterpart. We performed enhanced due diligence for higher-risk categories, which includes those where Platinum/Palladium originates from or transits via a conflict-affected or human rights abuse in high-risk area. In addition, we conducted appropriate scrutiny and monitoring of transactions undertaken through the course of the relationship
Does the Refiner report risk assessment to the designated manager?
Comments and Demonstration of Compliance: The Compliance officer provides a commentary report to the Senior manager, representing the senior management team on due course. The Senior manager must approve all new suppliers classified as high risk. Senior manager retains the ultimate control and responsibility for the Platinum/Palladium supply chain management
Step 3: Design and implement a management system to respond to identified risks
Compliance Statement with Requirement: We have fully complied with Step 3: Design and implement a management system to respond to identified risks.

<p>Has the Refiner devised a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing to trade, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk?</p>
<p>Comments and Demonstration of Compliance: During the reporting period, HEESUNG PMTech corp. has properly implemented required strategy to respond to the identified risks</p>
<p>Where a management strategy of risk mitigation is undertaken, it should include measureable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk and regular reporting to designated senior management.</p>
<p>Comments and Demonstration of Compliances The relative procedure is in place and where and when necessary appropriately applied.</p>
<p>Step 4: Arrange for an independent third-party audit of the supply chain due diligence</p>
<p>Compliance Statement with Requirement: We have fully complied with Step 4: Arrange for an independent third-party audit of the supply chain due diligence.</p>
<p>Comments and Demonstration of Compliance: HEESUNG PMTech corp. engaged the services of the assurance provider Samjong KPMG, and their independent reasonable assurance report will be available on HEESUNG PMTech corp.'s website when issued</p>
<p>Step 5: Report on supply chain due diligence</p>
<p>Compliance Statement with Requirement: We have fully complied with Step 5: Report on supply chain due diligence</p>
<p>Comments and Demonstration of Compliance: Our Responsible Conflict Mineral Policy is Available on HEESUNG PMTech corp.'s website. Our Compliance report with the audit report will be available on HEESUNG PMTech corp.'s website when issued.</p>

HEESUNG PMTech corp. overall conclusion

Table 3: Management conclusion

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

Yes

In conclusion, HEESUNG PMTech corp. implemented effective management systems, procedures, processes and practices to confirm to the requirements of the *LPPM Responsible Platinum/Palladium Guidance*, as explained above in Table 2, for the reporting year ended December 31, 2019.

Table 4: Other report comments

If users of this report wish to provide any feedback to HEESUNG PMTech corp. with respect to this report, they can contact corporate relations on info@hspmtech.com.