

Hindustan Platinum Pvt. Ltd.

हिंदुस्तान प्लैटिनम प्रायवेट लिमिटेड

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Company Name:	Hindustan Platinum Private Limited
Location:	India
Reporting year-end:	Year ended March 2023
Date of Report	8 th June 2023
Senior management responsible for this report	Mr. Gautam Choksi – Executive Director

Audit Team	
Team Leader:	Team Member:
	Josue Ruiz

[Refiner]'s evaluation

The following table lists the minimum requirements that must be satisfied by Refiners in accordance with the LPPM Responsible Platinum and 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
Note : Please define how the requirements have been full filled and attach policies and procedures wherever relevant
Step 1: Establish strong company management systems
Compliance Statement with Requirement: HPPL is complied with Step 1 through the implementation of various crucial aspects. These include the establishment of robust management systems and the adoption of best practices, ensuring effective handling and management of our precious metal refining and manufacturing business. Employee training on responsible sourcing program.



A clear and comprehensive organogram, outlining the roles and responsibilities of all individuals involved in precious metal transactions, has been developed by the company. This organogram has been shared with the auditor for review, providing a transparent overview of the functions and people responsible for handling and dealing with precious metal transactions.

HPPL has successfully implemented an integrated ERP system that enables the efficient management of records in both physical and digital formats. This system facilitates the audit records, including KYC documents and related information. Additionally, the company has established an integrated Warehouse Management System (WMS), allowing for seamless end-to-end tracking of materials, starting from their entry into the company to their final delivery.

In addition, HPPL engages in secondary refining activities by sourcing spent catalyst and spent Platinum and Palladium from reputable conglomerates and large corporate entities. These suppliers adhere to high governance standards, which greatly facilitate the risk assessment and KYC processes. Furthermore, this association enables the company to access necessary information from the public domain more efficiently. It is important to note that HPPL does not currently engage in the procurement of mined material, dore, or materials from high-risk areas.

We have Partially complied with Step 1 with following aspects:

During the audit process, it became Noticeable that our management review system need improvement in collecting documented evidence pertaining to the inclusion of a due diligence management system review, responsible sourcing goals, and performance indicators.

The effective implementation of the grievance mechanism needs improvement in terms of maintaining documented evidence, as currently no documented formalized investigation process is in place to address received inquiries pertaining to responsible sourcing.

The KYC process can be formalized with documented procedure. Ongoing monitoring of suppliers is also required which enables the organization's ability to proactively manage changes and mitigate risks associated with supplier compliance and performance.

To align with recommendations, we will incorporate documents into our management review discussions to assess the effectiveness of our due diligence management system. This will encompass a deliberate emphasis on responsible sourcing objectives and performance indicators, which will be systematically addressed as part of our routine review processes.

Risk assessment and KYC play a pivotal role in the comprehensive management of precious metal transactions. To ensure clarity and effectiveness in handling these transactions, HPPL will established a well-defined process encompassing various key elements. These include conducting vendor and customer KYC through standardized assessment forms, gathering and reviewing publicly available information (as many vendors and customers are either publicly listed or owned by respective government entities), regularly reviewing UBO details, providing periodic training to relevant personnel, and quarterly reporting by the Compliance Officer to the Board, outlining the status of transactions with both ongoing and new customers/vendors. This comprehensive approach ensures a robust and transparent handling of precious metal transactions throughout the organization.

As part of our commitment to continuous improvement, we are further enhancing our KYC processes this year. To strengthen and optimize our KYC procedures, we will be incorporating external KYC software and utilizing information from publicly available sources, including search engines such as Google. This proactive approach will

enable us to maintain robust KYC documentation in accordance with OECD guidelines, ensuring greater effectiveness and accuracy in our KYC processes.

By closely monitoring transactions that meet the minimum requirements, we can improve our ability to identify high-risk elements within the supply chain, particularly in relation to sanctioned countries and individuals.

Maintaining comprehensive records of due diligence documents and supply chain information, including the risk level assessments of our suppliers.

Has the Refiner adopted a company policy regarding due diligence for supply chains of Platinum and Palladium?

HPPL operates as a secondary refiner of precious metals, primarily sourcing spent catalyst from various industries and refraining from direct engagement with mined materials. To ensure compliance with relevant due diligence guidelines, HPPL has established policies and procedures in place. Our partnerships are primarily with reputable organizations, including public sector units in India and esteemed international entities, adhere to responsible sourcing practices. Clear guidelines defining roles and responsibilities have been established for personnel involved in transactions. The implementation of our WMS system enables effective monitoring and review of records by the designated officer.

Before engaging with suppliers, we conduct thorough monitoring, including financial assessment, adherence to social responsibility policies (such as no human rights violations and no employment of child labor), and verification of absence of connections to sanctioned countries or entities. We also prioritize AML measures and conduct UBO verification.

Throughout the reporting year, we have diligently complied with the KYC guidelines for Platinum and Palladium as prescribed by LPPM, conducting risk-based assessments for due diligence and implementing robust screening and transaction monitoring processes.

Has the Refiner set up an internal management structure to support supply chain due diligence?

An internal process has been established to proactively mitigate any non-compliances or lapses in the due diligence policies and procedures. The Company diligently follows the due diligence process before engaging with vendors and customers. Furthermore, a functional framework, as outlined in the policy, is in place to address escalations or instances of non-compliance effectively.

In accordance with the companywide roles and responsibility structure, the designated officers are well-informed about their review and diligence responsibilities and carry out their duties with utmost care. The Compliance officer maintains regular communication with the relevant officers to provide guidance and receive feedback on the due diligence process. The Compliance officer is accountable for updating the Board on the implementation of Responsible Sourcing Policy's due diligence policies and ensuring compliance with related regulations.

Has the Refiner established a strong internal system of due diligence, controls and transparency over Platinum and Palladium supply chain, including traceability and identification of other supply chain actors?

The Company adheres to a comprehensive internal compliance system and follows a systematic step-by-step process, which is outlined as follows:

1. Conduct a pre-deal visit to the supplier before confirming any transactions.

2. Complete the necessary KYC documentation in accordance with LPPM guidelines, ensuring compliance with financial requirements and conducting inquiries regarding adherence to social responsibility policies (such as human rights and child labor).
3. Obtain and verify information regarding the supplier's Country of Origin, UBO, and absence of links to sanctioned countries, including logistic movements.
4. Make inquiries and obtain confirmation of adherence to AML policies.
5. Maintain comprehensive records with end-to-end traceability in the integrated ERP system and WMS, allowing for monitoring and review of the entire supply chain by management and external auditors.
6. Document the transaction through a PO or contract, ensuring proper approval by authorized signatories.
7. Acknowledge all material receipts with accompanying copies of Goods Receipts.

All payments must be processed exclusively through authorized banking channels following appropriate approvals and authorizations.

Has the Refiner strengthened company engagement with Platinum and Palladium supplying counterparties, and where possible, assisted Platinum and Palladium supplying counterparties in building due diligence capabilities?

HPPL places great emphasis on fostering long-term relationships built on mutual trust and recognition with its suppliers. The management actively encourages suppliers to cooperate and provide all necessary information for the purpose of due diligence. In the case of PSU units, we utilize publicly available tools and databases, along with website checks, to obtain relevant documents.

As a standard process and policy, HPPL maintains regular engagement with suppliers through personal meetings, ensuring ongoing interaction during the execution of business orders. We also participate in various forums, seminars, and events organized by the company or reputable associations and agencies in the industry.

As part of our commitment to continuous improvement, we will conduct responsible sourcing seminars on a half-yearly basis. These seminars will provide training and guidance to our employees, as well as suppliers and customers, regarding adherence to OECD guidelines. It is noteworthy that HPPL holds the status of a good delivery holder for LPPM further emphasizing our dedication to responsible sourcing practices.

Has the Refiner established a company-wide communication mechanism to promote broad-based employee participation and risk identification to management?

The company has established a clear Roles and Responsibility matrix regarding the handling of precious metal transactions, accompanied by the necessary policies. All employees have been informed about these policies and are expected to adhere to them. In case of any concerns, employees have the option to raise them via email to a designated company email ID or through a web link on the company website. These concerns are promptly reviewed by the Compliance Officer or the Executive Director.

Regular interactions between the concerned executives, functional heads, and compliance heads ensure that the policy is followed prior to engaging with suppliers. Additionally, the management conducts periodic training programs to effectively communicate and educate all relevant executives about the due diligence process. Furthermore, knowledge sharing initiatives are undertaken within the team to enhance the overall compliance process.

Step 2: Identify and assess risks in the supply chain

Compliance Statement with Requirement:

We have Partially complied with Step 2:

as Identify and assess risks in the supply chain, as mentioned earlier, HPPL utilizes KYC processes to identify risks by gathering information related to human rights violations, involvement in illegitimate or illegal activities,

financial irregularities, adherence to CSR, AML, and UBO documents pertaining to the company and its management.

Furthermore, HPPL conducts ongoing verification of organizations and UBO details through reputable public sources such as stock exchange websites, the Ministry of Corporate Law Affairs portal, the World check system, and internet research. This helps ensure that we engage only with suppliers who are not involved in any illegal, criminal, or sanctioned transactions.

However, it has been observed that the KYC process lacks formalization. To address this, HPPL is committed to improving the KYC process by making it more robust and comprehensive, encompassing all aspects of the KYC process as outlined in Step 1, Section 1 of the OECD guidelines.

Does the Refiner have a process to identify risks in the supply chain?

The Company has implemented robust internal compliance systems and processes. The following step-by-step process is followed by the Company:

1. Before confirming any deal, suppliers are visited and assessed.
2. Completion of KYC documentation is done, covering compliance, financials, social responsibility, and market research.
3. Information regarding the supplier's financial standing and compliance with AML-CFT regulations is obtained.
4. The deal or transaction is documented through a PO or a contract, which is approved by authorized signatories. Traceability is maintained in the ERP system through the WMS.
5. Receipts of materials are acknowledged with a copy of the Goods Receipt Note.
6. All payments are processed exclusively through banking channels, following necessary approvals and authorizations.

In addition to the above steps, the Company also verifies that suppliers are not restricted entities listed by the Office of Foreign Assets Control (OFAC) or the Specially Designated Nationals (SDN) list. It is important to note that most of the suppliers are large, well-established organizations or government entities, which are classified as low-risk entities.

Does the Refiner assess risks considering the standards of their due diligence system?

Comments and Demonstration of Compliance:

As mentioned earlier, HPPL primarily engages in secondary refining and collaborates with reputable corporate houses and government-owned enterprises that adhere to high governance standards.

However, to ensure ongoing compliance with LPPM guidelines, the Company actively engages with suppliers to assess any potential risks or non-compliance issues. If any observations or information regarding non-compliance are identified, they are promptly reported to the compliance officer, who takes appropriate actions, including the possibility of not engaging or refusing to onboard such suppliers.

Due to HPPL's established supply chain, the number of suppliers is relatively limited. These suppliers include LPPM members and PSU units from India and international markets, which significantly reduces the risk associated with the supply chain.

Furthermore, it's important to note that HPPL does not directly engage with mining companies for sourcing **Platinum and Palladium**. This mitigates potential risks associated with factors like country of origin and ultimate beneficial ownership (UBO), which are typically relevant in mining-related transactions. Therefore, such risks are not applicable or relevant to HPPL's sourcing practices.

Does the Refiner report risk assessment to the designated manager?

The senior management holds control and accountability for the **Platinum and Palladium** supply chain at HPPL, ensuring compliance with RSG guidelines and maintaining high governance standards. They delegate authority and responsibility to the Compliance Officer and functional heads to facilitate effective implementation.

Furthermore, For supply chains assessed as "High Risk," senior management conducts due diligence and makes final decisions regarding engagement. They may choose to conditionally engage or disengage with suppliers based on the outcome of the assessment.

In Responsible sourcing audit , it has come to our attention that there is currently lack of established procedure in place that specifically aims to identify conflict-affected and high-risk areas.

To promptly address this issue, HPPL will institute a formalized procedure tailored to identifying conflict-affected and high-risk areas within the supply chain. This procedure will encompass a well-defined methodology for conducting enhanced due diligence, enabling us to assess and mitigate risks in a comprehensive manner. We will integrate this procedure into the KYC and risk assessment process during supplier onboarding, ensuring consistent monitoring accompanied by proper documentation as evidence.

Nevertheless, both presently and historically, HPPL has refrained from conducting business with any sanctioned countries or entities. Moreover, since we do not directly source from mines, representatives from each business unit personally visit the refiner's plant, where we obtain spent catalyst for refining, to ensure compliance with human rights, ESG (environmental, social, and governance), and associated standards.

Our supplier mainly base comprises good delivery members and PSU (Public Sector Undertaking) units from various countries, including India, where the risk level is relatively moderate to low.

Step 3: Design and implement a management system to respond to identified risks

Compliance Statement with Requirement:

We have made partial progress in complying with Step 3:

HPPL has a policy of not engaging with high-risk vendors, such as mining companies and suppliers from sanctioned countries. As mentioned earlier, during regular business interactions, the concerned executives exchange information with the Compliance Officer, and necessary remedial actions for compliance, including non-engagement if required, are taken as needed.

In addition to other review activities, the Company utilizes the LPPM Assessment form to assess the risk. Prior to entering into transactions, the suppliers undergo an onboarding process that includes checking their financial status, ownership details, risk assessment policies, AML compliance, and more.

At present, we ascertain the country of origin for each supply and possess all pertinent information, as evidenced during the audit. In order to bolster our risk management endeavors, we will establish a clearly defined procedure that provides explicit guidance on effectively addressing risks within our supply chain.

As part of the supplier onboarding process, we will integrate this aspect into the KYC and risk assessment procedures. Additionally, we will implement regular monitoring and evaluation of high-risk suppliers, requesting Certificates of Origin (COO) and declaration letters to confirm their non-involvement with conflict countries, sanctioned entities, or any money laundering activities. To ensure effective risk management, we will establish a well-defined process for escalation, management review, and resolution of actions, complete with specific timelines for each step. This process will align with Step 3, section 3.1 of the OECD guidelines, allowing us to address any changes in supplier risk levels promptly.

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?

Regarding compliance and demonstration of adherence:

Based on the due diligence and KYC reports, appropriate actions are taken to ensure compliance with the prescribed LPPM guidelines. Depending on the findings, the business may continue with certain conditions, such as ensuring the material does not pass through sanctioned countries' territory if the supplier's country is landlocked or ensuring that payments are settled through international SWIFT arrangements from the supplier's account and not from any unconnected third party.

Alternatively, if deemed necessary, the business may be discontinued. While the Company has established processes and policies for risk identification and mitigation, as of now, there haven't been any instances where the Company had to deal with a High-Risk Area or Company or engage conditionally.

Please be assured that the Company maintains a state of vigilance and is ready to implement necessary measures should similar situations arise in the future.

It is important to note that HPPL has not been involved in business dealings with any sanctioned countries or entities, both presently and historically. Moreover, since our source does not directly come from mines, representatives from each business unit personally visit the refiner's plant, where we procure spent catalyst for refining purposes. This visit aims to ensure adherence to human rights, ESG (environmental, social, and governance), and other relevant standards.

Our supplier base primarily comprises LPPM good members and PSU (Public Sector Undertaking) units from India and various other countries, where the risk level is relatively moderate to low.

Following the auditors' recommendation, HPPL will establish a formalized procedure designed specifically to identify high-risk areas/suppliers within the supply chain. This procedure will provide a clear methodology for conducting enhanced due diligence, enabling effective assessment and mitigation of risks.

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.

The Compliance Officer and the Executive Director hold quarterly discussions regarding the monitoring of dealings with relevant entities. Any deviations from the established procedures are thoroughly reviewed and monitored during these quarterly assessments. It is worth noting that, to date, the Company has not encountered any issues, concerns, or instances of non-compliance.

Furthermore we will integrate specific documents into our management review discussions to evaluate the effectiveness of our due diligence management system. This will include a focus on responsible sourcing objectives and performance indicators, which will be addressed during our regular review processes

Step 4: Arrange for an independent third-party audit of the supply chain due diligence

We have complied with Step 4:

As part of our commitment to maintaining a robust supply chain due diligence process, we have scheduled the LPPM Reasonable Assurance audit with the reputable audit firm RCS Global, which is approved by LPPM. This independent third-party audit will commence on 8th June 2023 and aims to assess the effectiveness of our supply chain due diligence measures.

Step 5: Report on supply chain due diligence

Compliance Statement with Requirement:

During the assessment period, HPPL has successfully refined/recycled and extracted a total of 4.39 tons of Platinum and 6.77 tons of Palladium. Detailed records of the purchase and job work transactions are available for reference.

The Company operates as a cohesive organization, fostering effective communication and coordination among its teams prior to executing transactions. This enables the Company to ensure compliance with various aspects such as the Code of Conduct, Business Process Operations, and Human Rights.

HPPL has implemented a Responsible Sourcing Policy, The policy is publicly accessible on the Company's website. It includes a commitment to upholding business conduct and ethics in accordance with relevant commercial practices, laws, rules, and regulations. The policy also emphasizes the fair and respectful treatment of employees. In its pursuit of continuous improvement, HPPL will further enhance its KYC, Due Diligence, and management review processes, explicitly incorporating the OECD guidelines into the policy.

[Refiner's] overall conclusion

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

[Yes/No]

The Company is confident in its efficient management and internal controls, as well as its required policies and procedures for engaging with suppliers and customers. Continual improvement is a core value of the Company, and any identified corrective actions are closely monitored through internal channels on a regular basis. Additionally, specific Corrective Action Plans are communicated to the Compliance officer, who serves as the administrator of the LPPM Responsible Guidance.

As a continuous improvement process, we will make our processes more robust and effective to identify high risk suppliers/countries, rating suppliers in low/medium/high risk categories as per OECD guidelines.

HPPL, as a secondary refiner of precious metals sourced from various industries, procures spent catalysts from reputable entities including large organizations, PSUs, and LPPM members. In order to uphold the highest standards, HPPL has implemented a comprehensive KYC policy aligned with the Due Diligence Guidance prescribed by LPPM.

Before entering into any transaction with suppliers, a monitoring process is carried out, encompassing financial analysis and assessment of social responsibility practices. Throughout the reporting year, we have diligently adhered to the applicable KYC guidelines for **Platinum and Palladium**, ensuring a meticulous risk-based assessment for due diligence, transaction screening, and ongoing monitoring.



For HINDUSTAN PLATINUM PVT. LTD.

[Handwritten Signature]
Authorised Signatory