

## LPPM RESPONSIBLE PLATINUM AND PALLADIUM SOURCING

### IMPALA PLATINUM LIMITED COMPLIANCE REPORT 2021

TABLE 1: REFINER'S DETAILS	
Refiner's name:	Impala Platinum Limited ("Impala"), 96% owned by Impala Platinum Holdings Limited ("Implats")
Processing entities and locations:	Impala Platinum Processing – Phokeng, North West, South Africa Impala Platinum Refineries – Springs, Gauteng, South Africa
Reporting period:	1 November 2020 to 30 June 2021
Date of Report:	11 October 2021
Senior Management responsible for this report:	Sifiso Sibiyi, Group Executive: Refining and Marketing (Compliance Officer: Responsible Sourcing)
<p>The Impala operation comprises a 10-shaft mining complex, concentrator and smelter near Rustenburg in South Africa and base and precious metal refineries in Springs, east of Johannesburg. Impala processes material from its own mining complex, Group companies within South Africa and Zimbabwe as well as third parties.</p> <p>Implats is listed on the Johannesburg Stock Exchange (JSE) and is a leading producer of platinum group metals ("PGMs"). It employs almost 50 000 people across its operations.</p>	

### IMPALA'S EVALUATION

TABLE 2: SUMMARY OF ACTIVITIES UNDERTAKEN TO DEMONSTRATE COMPLIANCE	
<b>Step 1: Establish strong company management systems</b>	
<b>Compliance Statement:</b> Impala have complied with Step 1: Establish strong management systems.	
1. Has the refiner adopted a company policy regarding due diligence for supply chains of Platinum and Palladium?	
<p><b>Comments and demonstration of compliance:</b> Implats formally established a Platinum and Palladium Responsible Sourcing policy in July 2020, which is available for perusal on its website (<a href="https://implats.co.za/pdf/sustainable-key-development-documents/platinum-and-palladium-responsible-sourcing-policy-20200703.PDF">https://implats.co.za/pdf/sustainable-key-development-documents/platinum-and-palladium-responsible-sourcing-policy-20200703.PDF</a>) and which is consistent with the model policy of the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. This policy has been utilised to review existing counterparties as well as prospective suppliers of Platinum and Palladium containing material. A responsible sourcing procedure was also formalised in September 2020, which regulates implementation of the policy. Such procedure has subsequently been amended to reflect changes to Impala's supply chain due diligence process where applicable.</p>	
2. Has the refiner set up an internal management structure to support supply chain due diligence?	
<p><b>Comments and demonstration of compliance:</b> The Compliance Officer: Responsible Sourcing was appointed in November 2019 and is a member of the Executive Committee. Impala established a Responsible Sourcing Committee (RSC) that</p>	

consists of managers who are responsible for the following activities: contract negotiation; material receipt; day-to-day administration of the business and counterparty liaison; marketing and sustainable development. The defined roles and responsibilities of each committee member are detailed in the Responsible Sourcing Procedure. The RSC met three times during the period under review to discuss all issues pertaining the responsible sourcing of Platinum and Palladium and to review the effectiveness of the supply chain due diligence process.

The RSC is also responsible for the review of supply chain due diligence summary documents and approval of the risk rating of each Platinum and Palladium supplying counterparty.

Quarterly training in the form of 'team talks' has been provided for operational personnel responsible for the receiving, weighing and sampling of material.

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

**Comments and demonstration of compliance:**

All PGM containing material received from Group companies and other counterparties is recorded and administered by means of a bespoke metal accounting and financial accounting system with the necessary checks and controls in place to ensure the accuracy and security of information. Weights are compared with counterparty information upon arrival. All documentation that accompanies receipts is verified and material is set aside if any discrepancies are noted. Non-compliance issues are reported to relevant personnel for resolution failing which, unresolved issues shall be reported to the RSC. No non-compliance issues were escalated to the RSC during the period under review.

Assays are exchanged with counterparties and compared in accordance with contractual requirements. When assays are outside contractual splitting limits, samples are sent to an independent laboratory for analysis.

Supply chain due diligence documentation is retained for a period of at least five years following the end of each financial year.

All payments for material are by means of authorised electronic transmission of funds to a designated bank account.

Impala supports all applicable laws and regulations and at all times strives to comply fully with them. Impala cooperates with all relevant government authorities.

4. Has the refiner strengthened engagement with Platinum/Palladium supplying counterparties and, where possible, assisted Platinum/Palladium supplying counterparties in building due diligence capacities?

**Comments and demonstration of compliance:**

Impala maintains close relationships with its PGM supplying counterparties by means of email correspondence. The Responsible Sourcing Policy has been communicated to all counterparties together with an appropriate link to the Implats website.

Addendums to existing agreements, which include commitment by both parties to support responsible sourcing objectives, have been signed during the period under review with an effective date of 1 July 2021.

5. 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:**

Implats have a Whistle Blower Hotline in place (<https://implats.co.za/pdf/sustainable-key-development-documents/fraud-and-corruption-policy-new.pdf>), which allows employees and external stakeholders to anonymously report any instance of suspected fraud, corruption, human rights abuse and misconduct. The Hotline is managed by an independent third party. All calls are

reported to Impala's internal audit department who in turn will report all PGM supply chain related incidents to the RSC members. All information is treated as strictly confidential.  
No incidents relating to the PGM supply chain were raised during the reporting period.

**Step 2: Identify and assess risks in the supply chain**

**Compliance Statement:**

Subject to the provisions of the LPPM's Responsible Platinum/Palladium Guidance ("RPPG") Version 3 (March 2021) alluded to under section 2.2, Impala have complied with Step 2: Identify and assess risks in the supply chain.

**1. Does the refiner have a process to identify risks in the supply chain?**

**Comments and demonstration of compliance:**

All fundamental high-risk issues as defined by the LPPM's RPPG are identified by means of the following process steps. Existing counterparties are required to complete a Know-Your-Producer ("KYP") questionnaire (an integral part of the Refiners' Toolkit as listed on the LPPM website, which includes the requisition of a number of documents commensurate with the source operation) on an annual basis. Prospective counterparties are also required to complete a KYP questionnaire prior to the establishment of a new agreement.

Independent sources are used to verify the incorporation and existence of the organisation and ensuring legal tenure of the material being supplied.

Independent sources are used to determine whether the country of origin is rated as a Conflict-Affected and High-Risk Area (CAHRA) or not. During the previous period under review (May to October 2020) Impala made use of the Heidelberg Conflict Barometer as reference to determine the risk rating of each country of origin. Based upon such reference Zimbabwe, from where Impala receives mined material from two of its part-owned operations, was rated as non-high risk at the time. During December 2020 the European Commission issued a list of CAHRAs, which classified Zimbabwe as a high-risk country based on certain instances of human rights abuse as well as unsafe working conditions of and violence amongst artisanal gold miners.

Impala is however of the opinion that no enhanced due diligence was required during the current period under review for material sourced from its Zimbabwe based upon the following:

- Implats' ownership in the above operations (87% and 50% respectively) and relevant board representation;
- One of the Zimbabwean operations is a listed company and the other is a joint venture between Implats and another listed, major platinum producer;
- Both operations are holders of valid mining rights and abide by the Zimbabwean Labour Act, which prohibits employment of child labour and human rights abuse.

No risks in the supply chain were identified during the period under review.

**2. Does the refiner assess risks in the light of the standards of their due diligence system?**

**Comments and demonstration of compliance:**

While the RPPG requires that *a supply chain due diligence be performed before entering into a business relationship with any Platinum/Palladium-supplying counterparty*, the platinum/palladium containing material received by Impala during the period under review:

- Was from long-established business relationships,
- Was largely sourced from known mining sources (99.99% of the platinum and 99.7% of the palladium),
- With the exception of one mined source, was from either listed (or parental listed) companies, which are therefore deemed low risk,
- Was mainly from mined sources within whom Impala holds not less than 46% equity.

Impala performed supply chain due diligence and completed the risk assessments for both mined material and, as below, the limited volumes of recycle material received.

Version 3 of the RPPG, which was distributed within the period under review on 31 March 2021, requires that *“due diligence should be undertaken throughout the supply chain, beyond the direct supplier wherever necessary.”*

While such further requirement has no implication with regard to Impala’s prevailing due diligence process for mined material which is delivered directly by the supplier from the mine source, in contrast it does require an extension of the due diligence process with regard to the limited volumes of secondary or recycled material, as sourced by Impala through intermediaries.

Despite Version 3 being distributed in March 2021, to avoid having two separate audits Impala agreed to an audit for all material shipped from 1 November 2020 onwards and received up to or on 30 June 2021 under the provisions of Version 3, even though the provisions contained therein were not known to Impala for the first five months of the period. Limited volumes of secondary material were procured in compliance with the provisions of Version 2 of the RPPG prior to 31 March 2021. However due diligence was not undertaken beyond the direct supplier as required by Version 3. In such respect, 56 oz platinum (0.01% of total platinum received during the period under review) and 958 oz palladium (0.27% of total palladium received during the period under review) in secondary materials were shipped prior to 31 March 2021.

Upon becoming aware of the further requirements of Version 3, Impala brought such requirements to the attention of its secondary material suppliers and temporarily delayed further related shipments pending confirmation of the extended due diligence process. Shipments of compliant secondary material resumed in June 2021 in accordance with extended due diligence requirements dictated by Impala in compliance with the requirements of Version 3.

No existing or potential counterparty was rated as high-risk during the period under review.

**3. Does the refiner report risk assessments to the designated manager?**

**Comments and demonstration of compliance:**

Supply chain due diligence summary documents are compiled for each counterparty based upon the outcome of the due diligence process and each counterparty is rated as either high risk or non-high risk. The documents are reviewed and the risk rating approved by the members of the RSC. Should the approval process identify a risk which is deemed significant, then additional information may be requested from the counterparty for review by the RSC. The RSC could, if it is deemed necessary, make recommendation for the suspension or discontinuation of a relationship.

No existing relationships were suspended or discontinued during the period under review.

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

**Compliance statement:**

Impala have complied with Step 3: Design and implement a management strategy to respond to identified risks.

**1. Does the refiner report findings to designated Senior Management?**

**Comments and demonstration of compliance:**

Current counterparties were assessed, and supply chain due diligence summary documents were approved by the members of the RSC. The Compliance Officer shall report any concerns which may arise from the due diligence process to the Executive Committee.

No concerns were raised during the period under review.

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

**Comments and demonstration of compliance:**

If the result of the PGM supply chain due diligence concludes that it is possible that there is money laundering, terrorist financing, serious human rights abuse, direct or indirect support to illegitimate

non-state armed group, or fraudulent misrepresentation of the origin of the PGMs, Impala shall suspend the refining of PGMs from such counterparty until it can obtain additional information/data confirming or refuting the preliminary assessment.

If the result of the supply chain due diligence concludes that there is money laundering, terrorist financing, serious human rights abuse, direct or indirect support to illegitimate non-state armed group, or fraudulent misrepresentation of the origin of the PGMs or if the possibility of the same is deemed too high, Impala shall immediately cease the refining of PGMs from such a counterparty. No existing relationships were suspended or discontinued for these reasons during the period under review. No existing counterparty is on a formal improvement strategy.

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

**Comments and demonstration of compliance:**

The due diligence process is repeated on an annual basis for existing counterparties and feedback is provided to the RSC. A counterparty will be re-assessed on an ad-hoc basis should the continuous monitoring process highlight any potential change in risk. In instances where a risk has been identified, additional information will be requested and risk mitigating factors will be considered.

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

**Compliance statement:**

Impala have complied with Step 4: Arrange for an independent third-party audit of the supply chain due diligence.

**Comments and demonstration of compliance:**

Impala has engaged PricewaterhouseCoopers Inc. (PwC) to provide a reasonable assurance opinion on the assertions contained in this compliance report. The assurance report is attached to this compliance report and is available on the Implats website (<https://implats.co.za/sustainability-key-documents.php>).

**Step 5: Report on supply chain due diligence**

**Compliance statement:**

Impala have complied with Step 5: Report on supply chain due diligence.

**Comments and demonstration of compliance:**

This compliance report, is prepared in accordance with Step 5 of the LPPM Responsible Platinum/Palladium Guidance and is available on the Implats website (<https://implats.co.za/sustainability-key-documents.php>).

**IMPALA OVERALL CONCLUSION**

**TABLE 3: MANAGEMENT CONCLUSION**

Impala have complied with the requirements of the LPPM Responsible Sourcing Platinum/Palladium Guidance for the reporting period.

**Compliance Statement:**

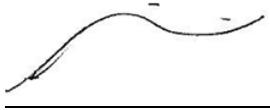
Subject to the deviation from LPPM RRRG version 3 (March 2021) noted in Step 2.2 above, Impala implemented management systems, procedures, processes and practices to conform to the requirements of the LPPM Responsible Platinum/Palladium Guidance for the period 1 November 2020 to 30 June 2021.

Impala is committed to continuous improvement.

**TABLE 4: OTHER REPORT COMMENTS**

**Compliance Statement:**

Readers of this report can contact the Responsible Sourcing Compliance Officer to provide feedback or address relevant queries by emailing: [sifiso.sibiya@implats.co.za](mailto:sifiso.sibiya@implats.co.za)



**Sifiso Sibiya**  
**Platinum and Palladium Responsible Sourcing Compliance Officer**  
**(Group Executive: Refining and Marketing)**  
**11 October 2021**