

REFINER'S COMPLIANCE REPORT 2020

TABLE 1	REFINER'S DETAILS
Refiner's name	Johnson Matthey Inc ("JM")
Entities and locations	JM Inc West Deptford New Jersey Refinery 2001 Nolte Dr West Deptford, NJ 08066, USA
Reporting year-end	31 March 2020
Date of Report	30 June 2020
Senior Management responsible for this Report	Ralph Calmes, Managing Director, Platinum Group Metal Services

TABLE 2	SUMMARY OF ACTIVITIES UNDERTAKEN DURING THE PERIOD 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.	
1. Has the refiner adopted a company policy regarding due diligence for supply chains of Platinum/Palladium?	
<p>JM has adopted and published a specific Platinum and Palladium Supply Chain Policy Statement (the "Policy Statement") which is publicly available on our website.</p> <p>Our Policy Statement is consistent with the model policy set out in Annex II of the OECD due diligence guidelines and makes reference to wider JM policies including the Code of Ethics, JM Global Anti-bribery and Corruption Policy, Supplier Code of Conduct and the Financial Crime Policy.</p>	
2. Has the refiner set up an internal management structure to support supply chain due diligence?	
<p>JM has set up an internal management structure to support supply chain due diligence in relation to the supply of platinum and palladium.</p> <p>The implementation of the RPPG has been coordinated by the Legal Department and Group Ethics & Compliance ("GE&C"), in conjunction with senior management in the Platinum Group Metals Services ("PGMS") business which has responsibility for JM's Good Delivery refineries.</p> <p>The Assistant General Counsel for PGMS has acted as RPPG compliance officer (the "Compliance Officer") during the implementation of the RPPG and is accountable to PGMS management, with overall responsibility for compliance with RPPG.</p> <p>The RPPG Panel consists of the Head of Trade and Export Controls, GE&C, Assistant GC for PGMS (Legal, acting Compliance Officer), Group Sustainability Manager (Group Sustainability), and Global Refining Manager, PGMS. It is convened as required to review high risk counterparties and reports to PGMS management as required.</p>	

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?	
<p>JM has a robust “lot” receipts process whereby specific documents must be received, and transactional details entered before we process any platinum- or palladium- bearing material. Each lot received is accurately registered in our transactional system and assigned a unique reference number (reception note number (RNN)) to ensure complete traceability within our production streams.</p> <p>For each lot to be refined, JM’s supply chain traceability system collects and maintains the following supply chain information:</p> <ul style="list-style-type: none"> • date of arrival at the refinery and date of finalisation of the refining process; • type of Platinum/Palladium-bearing material received; • declared and processed weight (JM has a fully integrated weighting system, where logistics team checks against receipts and against advised weight for discrepancy); and • declared and processed settlement assays performed by JM analytical laboratories on JM’s and counterparty’s samples. <p>JM maintains relevant documentary records for at least five years.</p> <p>JM has developed an ongoing RPPG training program for all staff involved in the platinum/palladium supply chain. The first tranche of this training has been delivered to staff in the relevant business units.</p> <p>Please see STEP 1.2 (<i>Establish strong management systems</i>) in relation to the RPPG Compliance Officer.</p> <p>JM makes and receives payments only through official banking channels. We do not accept cash payments.</p>	
4. Had the refiner strengthened company engagement with Platinum/Palladium-supplying counterparties and, where possible, assist Platinum/Palladium-supplying counterparties in building due diligence capacities?	
<p>Comments and Demonstration of Compliance</p> <p>As stated in our Sustainability 2017 Vision, we aim to encourage our suppliers to adopt the values of sustainability which we uphold. In addition to the Policy Statement, we have a Supplier Code of Conduct, which can be viewed on our website. The Policy Statement has been communicated to our Platinum and Palladium supplying counterparties and the relationship managers in our sales teams communicate with counterparties regularly. Our contractual terms also require a commitment from counterparties to confirm that Pt/Pd conforms to the requirements of the OECD Annex II of the OECD Due Diligence Guidance Model Policy for Responsible Supply Chains of Minerals from Conflict-Affected and High- Risk Areas</p>	
5. Has the refiner established a confidential grievance mechanism?	
<p>Yes. Within Johnson Matthey we promote a ‘Speak Up’ culture encouraging everyone to speak up when they have a concern or are unsure about something. This is further described in our Code of Ethics. We also provide employees and third parties with an independently run speak up helpline (accessed online or via telephone) where concerns can be raised. This helpline allows individuals, where local law permits, to remain anonymous.</p>	
STEP 2	IDENTIFY AND ASSESS RISKS IN THE SUPPLY CHAIN
<p>Compliance Statement with Requirement:</p> <p>We have fully complied with STEP 2: Identify and assess risks in the supply chain.</p>	
1. Does the Refiner have a process to identify risks in the supply chain?	

Yes. Our onboarding process is followed prior to entering in a formal relationship with customers and suppliers. Details of customers and material to be refined are obtained via completion of a KYC form (current version introduced in FY20) and from internal records for existing customers. The customer or supplier information is then entered into a specifically developed Risk Assessment Tool by GE&C. The tool assigns each customer or supplier a high, medium or low risk rating depending on the material that is supplied, location of operations and origin of materials, and this rating together with any red flags which may be raised in respect of a supplier determine the level of due diligence applied.

Customers and suppliers are reassessed periodically depending on the risk level. Transactions are monitored for red flags that may trigger a re-assessment of the risk level, such as documentation that does not match the material delivered.

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

Yes. JM assesses risks in light of the standards of its due diligence system.

JM takes a proportional risk-based approach to due diligence which is measured against the risks, red flags and standards of conduct set out in our relevant policies. Due diligence is conducted prior to entering into a relationship with new customers or suppliers, and has been carried out for all existing customers and suppliers. In addition we conduct appropriate monitoring of transactions with periodic reviews based on the risk level.

For customers and suppliers deemed high risk, an enhanced due diligence process is in place. The outcome of this process is reviewed by the RPPG Panel to determine whether the business relationships will be suspended (with existing customer or suppliers), or whether new business can be undertaken (with new customers or suppliers).

3. Does the refiner report risk assessment to the designated manager?

As shown in STEPS 1.2 and 2.2, escalation procedures have been installed within JM, whereby the RPPG Panel is appointed to:

- review the due diligence performed on high risk suppliers and customers from whom JM purchases, or refines on their behalf, platinum or palladium bearing material; and
- approve or reject suppliers based on the outcomes of the due diligence.
- Report decisions to the PGMS management committee.

STEP 3

DESIGN AND IMPLEMENT A MANAGEMENT STRATEGY TO RESPOND TO IDENTIFIED RISKS

Compliance Statement with Requirement:

We have fully complied with STEP 3: Design and implement a management strategy to respond to identified risks.

1. Are findings reported to the senior management?

The results of RPPG Panel decisions in relation to high-risk supplier/customers, are reported to the PGMS Management Committee.

2. Had the refiner devised a strategy for risk management of an identified risk by whether: (i) mitigation of the risk while continuing trade; (ii) mitigation of the risk while suspending trade; (iii) disengagement of the risk?

Once the risk level associated with a particular high risk supplier/customer is identified, the RPPG Panel considers the business dealing in question and takes a decision on whether to proceed.

Should the RPPG Panel decide to proceed, the Compliance Officer will respond to the relevant business setting out the rationale for their advice to proceed with the business dealing in question. This will include any mitigating steps that may need to be taken by Sector Legal (such as relevant contractual clauses) or the business themselves.

Where the RPPG Panel assess the risks of business dealings with such supplier/customer as being too significant for JM and there are no reasonable mitigating actions that can be taken to address these risks, the RPPG Panel may decide to decline the business dealings.

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

See STEP 2.1 and 2.2 (*Identify and assess risks in the supply chain*) in relation to steps to be taken and achieved, monitoring or performance.

See STEP 2.1 (*Identify and assess risks in the supply chain*) in relation to periodic reassessment of risk.

See STEP 3 (*Design and implement a management strategy to respond to identified risks*) in relation to regular reporting to designated senior management.

STEP 4

ARRANGE FOR AN INDEPENDENT THIRD PARTY AUDIT OF THE SUPPLY CHAIN DUE DILIGENCE

Compliance Statement with Requirement:

We have fully complied with STEP 4 - Arrange for an independent third party audit of the supply chain due diligence.

Comments and Demonstration of Compliance:

JM engaged the services of the assurance provider RSC Global, and their independent assurance report is attached.

STEP 5

REPORT ON SUPPLY CHAIN DUE DILIGENCE

Compliance Statement with Requirement:

We have fully complied with STEP 5 - Report on supply chain due diligence.

Comments and Demonstration of Compliance

The Policy Statement (as available on our website) together with this Compliance Report and the Independent Assurance Report.

TABLE 3

MANAGEMENT CONCLUSION

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

YES

Comments

	<p>JM has implemented effective and robust management systems, procedures, processes and practices to conform to the requirements of the LPPM Responsible Platinum and Palladium Guidance, as set out above for the reporting period ending 31st March 2020.</p> <p>JM has demonstrated its commitment to continuous improvement, and will continue to monitor compliance internally on a regular basis.</p>
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TABLE 4	OTHER REPORT COMMENTS
JM has no further comments.	