

# Responsible Platinum/Palladium Guidance

Version 2 - February 2020

## Introduction

The *Responsible Platinum/Palladium Guidance* for GDL Refiners has been created 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 Guidance formalises and consolidates existing high standards of due diligence amongst all PGM Refiners.

This Guidance follows the five-steps framework for risk-based due diligence of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas adopted on 15 December 2010.

Refiners should use the Toolkit (available on the LPPM website) to implement the requirements within this *Guidance*. Refiners may be asked to justify any substantive deviations from the Toolkit (comply or explain).

This *Guidance* should be interpreted as a minimum threshold upon which Refiners should build and continually improve their due diligence practices across each of the key areas. The concept of continual improvement is an integral component of responsible sourcing programmes and underpins the spirit of the five-steps framework.

The industry also supports initiatives facilitating responsible supply chains for all forms of mining in areas of conflict or human rights abuse high-risk.

## Scope

All GDL Refiners producing Platinum/Palladium (“Refiners”) must comply with this *Responsible Platinum/Palladium Guidance* in order to remain on the approved Platinum/Palladium List. Failure to meet this continuing obligation may result in the suspension or removal of a refiner from the Good Delivery List, at the LPPM's sole discretion.

Any Refiner applying to be an approved Platinum/Palladium Refiner after 1 January 2019, must implement the *Responsible Platinum/Palladium Guidance* and pass an audit covering a 12-month period prior to becoming a member of the Approved Platinum/Palladium List. All applicants must use an auditor on the LPPM Approved Service Provider List (available on the [LPPM website](#)).

## Disclaimer

This Guidance is intended for the use of Good Delivery Refiners, applicants to the Good Delivery List and LPPM Approved Auditors. Nothing in this Guidance should be relied upon by any third party for assurance, due diligence or compliance purposes or for any other purpose whatsoever and neither the LPPM nor its constituent members accept any liability in relation to any such reliance or for any loss, damage or liability arising from the use of or reliance upon this Guidance by any third party for any other reason whatsoever.

## Definition

**AML-CFT:** Anti-money laundering – combating the financing of terrorism.

**Approved Auditor:** auditor or assurance service provider approved by the LPPM to provide Responsible Sourcing audits to precious metal refiners and published in the LPPM's list of Approved Auditors on the LPPM's website ([www.lppm.com](http://www.lppm.com)).

**Beneficial Owner:** *Beneficial Owner* refers to the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control (over 25%) over a legal person or arrangement.

**Contribution to conflict:** Contribution to armed aggression between two or more parties which leads to human rights abuses. The parties in the conflict may include government, militia, organised criminals or terrorist groups.

**De minimis:** Refiners are required to undertake due diligence on all sources of supply of Platinum/Palladium they plan to refine, even if the quantity of these materials are small, however laboratory samples are excluded from the scope of this guidance.

**Grandfathered Stocks:** Platinum/Palladium investment products (ingots, bars, coins and grain in sealed containers) held in bullion bank vaults, central bank vaults, exchanges and refineries, with a verifiable date prior to 1 January 2018, will not require a determination of origin. This includes stocks held by a third party on behalf of the listed entities.

**Human rights:** For the purpose of this *Guidance*, human rights are those defined in the International Bill of Human Rights. The Bill includes the Universal Declaration of Human Rights (1948), the International Covenant on Economic, Social and Cultural Rights (1966), the International Covenant on Civil and Political Rights (1966), as well as its two Optional Protocols.<sup>1</sup>

**ISAE 3000:** International Standard on Assurance Engagements ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information.

**ISO 19011:2011:** International Standard for auditing management systems, including the principles of auditing, managing an audit programme and conducting management system audits, as well as guidance on the evaluation of competence of individuals involved in the audit process, including the person managing the audit programme, auditors and audit teams.

**Mined Platinum/Palladium:** This term means any Platinum/Palladium or Platinum/Palladium-bearing material produced by or at a mine, in any form, shape and concentration, until it is fully refined (999.5 or greater), fabricated into a Platinum/Palladium refinery product (e.g. bar, grain) and sold.

**Mining By-product:** This term means a by-product of mining operations or processes, such as Platinum/Palladium obtained from the mining of base metals - for example from lead, zinc, copper ore, in which Platinum/Palladium may be a trace constituent. The origin of Mining By-product Platinum/Palladium should be deemed to be the point at which trace Platinum/Palladium is first separated from its parent mineral ore (for example the refinery). The Refiner's due diligence should ensure that false representations are not made to hide the origin of newly mined Platinum/Palladium through mining By-products.

**Money laundering:** Money laundering is the practice of disguising the origins of illegally obtained money. Ultimately, it is the process by which the proceeds of crime are made to appear legitimate. The money involved can be generated by any number of criminal acts, including drug dealing, corruption and other types of fraud. The methods by which money may be laundered are varied and can range in sophistication from simple to complex.

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<sup>1</sup> UN Office of the High Commissioner on Human Rights: <http://www2.ohchr.org/english/law/>

**Politically exposed persons (PEPs):** *Foreign PEPs* are individuals who are or have been entrusted with prominent public functions by a foreign country, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations, important political party officials. *Domestic PEPs* are individuals who are or have been entrusted domestically with prominent public functions, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations, important political party officials. *Persons who are or have been entrusted with a prominent function by an international organisation* refers to members of senior management, i.e. directors, deputy directors and members of the board or equivalent functions. The definition of PEPs is not intended to cover middle- ranking or more junior individuals in the foregoing categories.

**Recycled Platinum/Palladium:** Platinum/Palladium that has been previously refined. This term traditionally encompasses anything that is Platinum/Palladium-bearing and has not come directly from a mine in its first Platinum/Palladium life cycle. In practical terms, recyclable material includes end-user, post- consumer products, scrap and waste metals, and materials arising during refining and product manufacturing, and investment Platinum/Palladium and Platinum/Palladium-bearing products. This category may also include fully refined Platinum/Palladium that has been fabricated into grain, bars, medallions and coins that have previously been sold by a refinery to a manufacturer, bank or consumer market, and that may thereafter need to be returned to a refinery to reclaim their financial value, including grandfathered stocks.

**Platinum/Palladium origin:** For Mined Platinum/Palladium that has never been previously refined, the origin is the location of the mine itself, whether a small-scale, medium or large-scale mine. The origin of recyclable Platinum/Palladium is considered to be the point in the Platinum/Palladium supply chain where the Platinum/Palladium is delivered to the Refiner.

**Platinum/Palladium-supplying counterparty:** A Platinum/Palladium supplier that is directly engaged with a Platinum/Palladium refinery.

**Supplier:** This term refers to any individual or organisation who is considered to be a participant in the supply chain for the supply of Platinum/Palladium and Platinum/Palladium-bearing materials.

**Terrorist financing:** Terrorist financing includes the financing of terrorist acts, of terrorists and of terrorist organisations.

**Verifiable Date:** A date which can be verified through inspection of physical date stamps on products and/or inventory lists. The requirements applicable to Refiner's Grandfathered Stocks with a subsequent date, or without a verifiable date, are the same as for other Platinum/Palladium-bearing material; that is, a Refiner must provide the same level of source/mine documentation.

## Step 1 – Establish strong company management systems

### 1. Adopt a company policy regarding due diligence for supply chains of Platinum/Palladium.

Refiners should adopt a Platinum/Palladium supply chain 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.

Refiners are required to undertake due diligence on all material supplied to them, regardless of Platinum/Palladium content (%) or quantity (ozt).

The policy should cover at least the following topics:

- Scope;
- Organisation and responsibilities;
- Identification and assessment of risks, including all risks described in Annex II of the OECD Guidance;
- Criteria for high-risk Platinum/Palladium supply chain that meet, at a minimum, the requirements under Step 2.2 of this *Guidance*;
- Detailed and meaningful supply chain & KYC due diligence processes that meet, at a minimum, the requirements under Step 2.2 of this *Guidance*;
- Monitoring of transactions that meet, at a minimum, the requirements of Step 2.2 of this *Guidance*;
- Maintaining records of due diligence documents and supply chain traceability system;
- Employee training.

### 2. Set up an internal management structure to support supply chain due diligence

Refiners' internal management system should collect and maintain documentation regarding the sources of Mined Platinum/Palladium, Recycled Platinum/Palladium, or any other feedstock, in order to ensure that they have not financed conflict, have not participated in abuse of human rights or money laundering, nor financed terrorism at any point in the supply chain. The general outline of a best practice for such a structure is as follows:

- Assign authority and responsibility to Senior Management with the necessary competence, knowledge and experience to oversee the supply chain due diligence process;
- Ensure availability of resources necessary to support the operation and monitoring of these processes;
- Put in place an organisational structure and communication processes that will ensure critical information, including the company policy, reaches relevant employees and Platinum/Palladium-supplying counterparties;
- Ensure internal accountability with respect to the implementation of the supply chain due diligence process.
- Senior managers should review the effectiveness and performance of their supply chain due diligence procedures regularly and document the results of these reviews.

**3. Establish a strong internal system of due diligence, controls and transparency over Platinum/Palladium supply chains, including traceability and identification of other supply chain actors**

***Supply chain traceability system***

Refiners will establish a supply chain traceability system that collects and maintains supply chain information for each lot refined, including assigning a unique reference number to each input and output in a manner that tampering, or removal will be evident. Such information should include:

- Type of Platinum/Palladium received (Mined or Recycled);
- Weight and assay (declared and processed);
- Reference to the Platinum/Palladium supplying counterparty due diligence file;
- Date of arrival at the refinery and date of finalisation of the refining process.

***Maintaining records***

Refiners should maintain adequate records of the supply chain documentation, as requested in Step 2, section 2 (assess risks in light of the standards of their supply chain due diligence system) in order to demonstrate that appropriate and ongoing due diligence has been followed. These records are required to be maintained for at least five years following the end of the Refiner's fiscal year.

***Training***

Refiners should develop an ongoing Platinum/Palladium supply chain training program for all staff involved in the Platinum/Palladium supply chain.

***Compliance Officer***

Refiners should nominate a Compliance Officer who reports to Senior Management.

The Compliance Officer is responsible for all matters regarding the Platinum/Palladium supply chain. In particular, they review the Platinum/Palladium supply chain due diligence and assesses if the due diligence is adequate and requests additional documentation or information if necessary. They ensure that appropriate measures are executed in case of high-risk supply chains or transactions. They are also responsible for the training of the employees with respect to the responsible supply chain, to prepare and update the Platinum/Palladium supply chain policy, and to give proper information to the Senior Management in order for them to perform their duties.

***Payment through official banking channel***

Refiners shall make and receive payments for Platinum/Palladium through official banking channels where they are reasonably available. Any cash transaction to which the Refiner is party should be clearly motivated, supported by verifiable information and approved by Senior Management.

***Cooperation with government authorities***

Refiners must cooperate fully and transparently with government authorities and provide full access to records and information as appropriate.

**4. Strengthen company engagement with Platinum/Palladium-supplying counterparties and, where possible, assist Platinum/Palladium-supplying counterparties in building due diligence capacities**

Refiners are encouraged to build long-term relationships based on trust and mutual recognition with their suppliers.

Refiners should encourage that their Platinum/Palladium-supplying counterparties commit to, and acknowledge in writing the compliance with, a supply chain policy consistent with Annex II of the OECD Due Diligence Guidance Model Policy for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas for all interactions with the Refiners.

Where appropriate, Refiners should define a process to promote responsible sourcing practices throughout the supply chain and assist Platinum/Palladium supplying counterparties or prospects in improving their responsible supply chain practices. For example, Refiners can communicate their expectation and provide guidance or share practices during on-site visits to help counterparties improve their practices.

Refiners should support the implementation of relevant initiatives such as the Extractive Industry Transparency Initiative (EITI).

**5. Establish a company-wide communication mechanism to promote broad employee participation and risk identification to management**

Refiners should develop a mechanism allowing any employee or external stakeholder to anonymously voice concerns over the Platinum/Palladium supply chain or any newly identified risk.

## STEP 2 - Identify and assess risk in the supply chain

### 1. Identify risks in the Platinum/Palladium supply chain

For both Mined and Recycled Platinum/Palladium, Refiners should identify in accordance with Annex II of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict- Affected and High-Risk Areas, the following risks associated with the supply chain from the point of origin to the Refinery regarding:

- Systematic or widespread human rights abuses associated with the extraction, transport or trade of Platinum/Palladium, including worst forms of child labour, any forms of torture, inhuman and degrading treatments, widespread sexual violence or other gross human rights violation forced or compulsory labour, war crimes, crimes against humanity or genocide;
- Direct or indirect support to illegitimate non-state armed groups, public or private security forces which illegally control mines sites, traders, others intermediaries, transport routes through the supply chains or illegally tax or extort money or minerals through the supply chains (“illegitimate non-state armed groups, public or private security forces”)<sup>2</sup>;
- Bribery and fraudulent misrepresentation of the origin of Platinum/Palladium;
- Non-compliance with taxes, fees and royalties due to Governments related to mineral extraction, trade and export from conflict affected and high-risk areas;
- Money laundering or terrorism financing;
- Contribution to conflict.

### 2. Assess risks in light of the standards of their supply chain due diligence system

#### ***Supply chain due diligence***

In order to map the supply chain and assess the risks effectively, Refiners should perform supply chain due diligence following a risk-based approach before entering into business relationship with any Platinum/Palladium- supplying counterparty. The assessment of risk in a supply chain begins with the origin of Platinum/Palladium (including recycled Platinum/Palladium)

As a minimum supply chain due diligence measures will comprise the following:

- Identifying the Platinum/Palladium-supplying counterparty and verifying its identity using reliable, independent source documents, data or information;
- Identifying the beneficial owner(s) of the Platinum/Palladium-supplying counterparty;
- Checking that the Platinum/Palladium-supplying counterparty and their beneficial owners<sup>3</sup> are not named on any government lists for wanted money launderers, known fraudsters or terrorists;
- Obtaining business and financial details with regard to the Platinum/Palladium-supplying counterparty and information on the purpose and intended nature of the business relationship;
- For Mined Platinum/Palladium from Large/Medium Scale Mining:
  - Identifying the origin of the Platinum/Palladium based on reasonable and good faith efforts;
  - Obtaining mining license for mining operations located in conflict affected or human right abuse high risk areas, if applicable;

Obtaining import/export Platinum/Palladium license for Platinum/Palladium supplying counterparty located in conflict affected or human right abuse high risk areas, if applicable;

Collecting and assessing mining practice;

<sup>2</sup> UN Office of the High Commissioner on Human Rights: <http://www2.ohchr.org/english/law/>

<sup>3</sup>



- Obtaining data on mining capacity, if available.
  - For Recycled Platinum/Palladium, collecting and assessing the Recycled Platinum/Palladium-supplying counterparty's AML-CFT policy and practices, if applicable;
  - Conducting ongoing due diligence on the Platinum/Palladium supply chain.

Refiners should apply each of the supply chain due diligence measures described above but may determine the extent of such measures on a risk-sensitivity basis depending on the type of company, business relationship, transaction type, location of the company or transit zone. For higher-risk categories, an enhanced due diligence should be performed, and the following additional steps are required:

- On-site investigation/visit (mining sites for Mined Platinum/Palladium and Platinum/Palladium supplying counterparty office for Recycled Platinum/Palladium) for high-risk supply, aimed at substantiating the documentary supply chain due diligence findings, which should be conducted within the first year of the business relationship;
- For Mined Platinum/Palladium: The verification of the identity using reliable, independent source documents, data or information and the checking of government watch list information should be done for each company involved in the chain located in conflict affected or human right abuse high risk areas from the mine to the refinery (including Platinum/Palladium producers, intermediaries, Platinum/Palladium traders and exporters, and transporters);
- For Recycled Platinum/Palladium: The verification of the identity using reliable, independent source documents, data or information and the checking of government watch list information should be done for each company involved in the chain located in conflict affected or human right abuse high risk areas from the Platinum/Palladium-supplying counterparty to the refinery (including transporters).

### ***High Risk Supply Chains***

Refiners should determine their own criteria for high-risk supply chain. However, the following minimum criteria shall be considered high-risk and trigger enhanced due diligence:

- The Mined Platinum/Palladium or Recycled Platinum/Palladium originates from, has transited or has been transported via a conflict-affected or human rights abuse high-risk area;
  - The Mined Platinum/Palladium is claimed to be originated from a country that has limited known reserves, likely resources or expected production levels of Platinum/Palladium;
  - The Recycled Platinum/Palladium comes from a country where Platinum/Palladium from conflict- affected and human rights abuse high-risk areas are known, or reasonably suspected, to transit;
  - Platinum/Palladium-supplying counterparty or other known upstream companies are located in a country representing high-risk for money laundering;
  - Platinum/Palladium-supplying counterparty or other known upstream companies or their beneficial owners with significant influence over the Platinum/Palladium-supplying counterparty are politically exposed person;
- Platinum/Palladium-supplying counterparty or other known upstream companies are active in a higher-risk business activity such as arms, gaming and casino industry, antiques and art, sects and their leaders.



The refiners should revisit the due diligence performed within a reasonable timeframe, which should be defined in the internal procedure for low and high-risk supply chain.

Following a change of risk level to high risk, refiners have to perform the enhanced due diligence steps within a reasonable timeframe, and apply, if required, step 3 “design and implement a management strategy to respond to identified risks”.

### ***Monitoring of transactions***

The Refinery should conduct appropriate scrutiny and monitoring of transactions undertaken through the course of the relationship so as to ensure that the transactions are consistent with the Refiner’s knowledge of the supply chain and risk profile. Monitoring of transactions should be undertaken by applying a risk-based approach.

In this context, the Refinery should receive and document the following information for each lot received:

- For Mined Platinum/Palladium:
  - Estimated weights and assay results (from counterparty);
  - Shipping/transportation documents (waybill/airway bill, pro-forma invoice, if applicable);
  - Export and import form for high-risk transaction, if applicable.
  
- For Recycled Platinum/Palladium:
  - Estimated weight (from counterparty);
  - Shipping/transportation documents (waybill/airway bill, pro-forma invoice, if applicable);
  - Export and import form for high-risk transaction, if applicable.

Refiners will verify that the documents and materials are consistent with each other and with its knowledge of the supply chain based on the due diligence performed. Refiners need to verify that the shipment received is in conformance with the shipping/transportation documents. The background of transactions which are not consistent or are in any way suspicious should be examined and the findings established in writing and reported to the Compliance Officer. The Platinum/Palladium must be physically segregated and secured as required in Step 3 of this *Guidance* until the inconsistencies are resolved. These findings will be reported to the appropriate authorities as applicable.

### ***Recognition of other certifications to demonstrate compliance with the due diligence requirements***

The following certificates may be used by the Refiner to assist in demonstrating compliance with the requirements described in Step 2, Section 2 of this *Guidance*:

- Mined and/or Recycled Platinum/Palladium bearing material for which a Responsible Jewellery Council (RJC) Chain of Custody Transfer Document has been issued by a RJC certified Entity; or Mined Platinum/palladium bearing material where a Management Statement of Conformance document is issued which accompanies the Platinum/Palladium shipments over a period of time.

### **3. Report risk assessment to designated Senior Management**

Senior Management retains the ultimate control and responsibility for the Platinum/Palladium supply chain. Senior Management will carefully select and supervise the Compliance Officer and give them the necessary means to perform their duty.

Senior Management should approve each new supply chain assessed as high risk and should revisit each year the decision whether to continue with these business relationships or not.

## **STEP 3 - Design and implement a management strategy to respond to identified risks**

The objective of this section is to evaluate and respond to identified risks in order to prevent or mitigate adverse impacts. Where appropriate, Refiners should seek to enhance supplier engagement and their own systems of information collection and transparency.

### **1. Report findings to designated Senior Management**

Where appropriate, information gathered, and actual and potential risks identified in the supply chain risk assessment will be communicated to Senior Management.

### **2. Devise 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**

If the result of the Platinum/Palladium 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 minerals or if the possibility of the same is deemed too high, the Refiner should stop immediately to refine Platinum/Palladium from this provenance and report it to the appropriate authorities if applicable. However, in case of indirect support to non-state armed group carried out by extortion of good faith miners or other supply chain actors, the Refiners can continue to refine Platinum/Palladium coming from this source provided that it adopts an improvement strategy.

If the result of the Platinum/Palladium 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 minerals, the Refiner should suspend refining Platinum/Palladium from this provenance until it can obtain additional information/data confirming or refuting the preliminary assessment.

Where the result of the due diligence is not fully satisfactory or when the result of the due diligence concludes that there is direct or indirect support to illegitimate public or private security forces, bribery, non-fraudulent misrepresentation of the origin of minerals or non-compliance of taxes fees and royalties due to government, but the assessed company in the supply chain is using reasonable and good faith effort, Refiners can continue to refine Platinum/Palladium coming from this source provided that it adopts an improvement strategy, devised with input and engagement from the supplier, which clearly defines performance objectives within a reasonable timeframe.

**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**

The principles of risk mitigation that underpin this section focus on good faith efforts to make meaningful improvements on the supply chain where Refiners do not terminate their relationship with suppliers.

The improvement strategy described in section 2 above shall state clear performance objectives, including qualitative and/or quantitative indicators in order to measure improvement. Significant and measurable improvement towards eliminating the risk within six months from the adoption of the risk management plan must be identified. Additional measures will then be defined in a revised improvement strategy, based on the progress achieved within the first six months. If no such measurable improvement can be demonstrated within the six-month period, Refiners shall suspend the relationship until the supplier has responded to the improvement plan.

Risk mitigation plans and their effectiveness are subject to on-going monitoring with regular reports made to senior management. Refiners shall consider suspending or discontinuing engagement with a supplier after failed attempts at mitigation within six months from the adoption of the risk management plan.

Where appropriate, Refiners will consult and or monitor progress with stakeholders on the risk mitigation plan and make use of leverage over the actors across the supply chains who could contribute to risk mitigation.

Where appropriate Refiners will cooperate and/or consult relevant stakeholders (such as local or central authorities, upstream companies, international or civil society organisations and affected third parties). Refiners may also benefit from the creation or support of community-based monitoring networks to facilitate monitoring of risk mitigation measures.

On the deadline, an assessment will be performed in order to determine if the measures have been properly undertaken. Senior Management shall be informed of the results and make a decision as to whether to continue dealing, disengage or suspend the supply chain in question. The decision-making process will be documented.

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

It is expected that if a refiner's activities extend beyond a single metal covered by a *Guidance* document (Gold, Silver and Platinum/Palladium) that only one audit is performed. The scope of activities audited will be agreed in advance, by the refiner and auditor, and should cover all applicable metal supply chains (Gold, Silver and Platinum/Palladium) and associated due diligence activities.

### ***Auditor Requirements***

Refiners must have their Platinum/Palladium supply chain management systems and practices audited by independent and competent third parties drawn from the list of Approved Auditors, which can be viewed on the LPPM website ([www.lppm.com](http://www.lppm.com)).

### **Audit Standards**

It is recognised that there are different types of audit engagements with which Refiners are familiar. For this reason, either an audit engagement performed in accordance with ISAE 3000, or the certification standard ISO 19011:2011 is acceptable.

### **Audit Procedures**

For third-party audits based on ISO 19011:2011, auditors should perform their assessment based on the *Third-Party Audit Guidance*, specifically those sections that are drawn from ISO 19011:2011.

For assurance engagements, auditors should apply ISAE 3000 and refer to the *Third-Party Audit Guidance*, specifically those sections that provide further guidance on the application of ISAE 3000 Standard. Auditors will provide assurance on the Refiner's Compliance Report (refer to Step 5).

### **Audit Report**

The audit report should include:

#### **ISO 19011: 2011 audit:**

- Confirmation of the auditor's professional qualification;
- Confirmation of the auditor's independence;
- The audit standards applied;
- The auditor's assessment on the Refiner's compliance with the responsible sourcing guidelines;
- An annex listing the countries of origin of Platinum/Palladium (both Mined and Recycled) and the amount received from each country for the assessment period.

#### **ISAE 3000 audit:**

- Confirmation of the auditor's professional qualification;
- Confirmation of the auditor's independence;
- The audit standards applied;
- The auditor's assessment on the Refiner's compliance report;
- An annex listing the countries of origin for Platinum/Palladium (both Mined and Recycled) and the amount received from each country for the assessment period.

In addition, auditors should make recommendations to the Refiner to improve their Platinum/Palladium supply chain practice. Such recommendations may be done in a separate report.

Regardless of the third-party audit approach chosen, Refiners should also submit a corrective action plan when there is a Medium / High Risk / Zero Tolerance Non Compliance and/or the Refiner fails to satisfy one or more of the requirements as set out in Steps 1 to 5 of the *Responsible Platinum/Palladium Guidance*. Such corrective action plan should be reported.

The Refiner's Corrective Action Plan should include (for each Medium / High Risk / Zero Tolerance non-compliance identified):

- A description of the issue;
- Reference to the relevant section in the *Responsible Platinum/Palladium Guidance*;
- Assigned risk rating of the non-compliance;
- Corrective actions to be taken for each non-compliance identified;
- The timeframe for completion of corrective actions for each non-compliance identified;
- The person responsible for the implementation of each corrective action.

Auditors should prepare a Management report, which includes at least:

- Reporting period;
- Audit scope;
- Audit standard and level of assurance;
- Description of audit team members;
- Qualification and independence of audit team members;
- Date of the audit;
- Number of person day audit;
- Summary of assurance procedures;
- Assurance observations, findings and recommendations for improvement;
- Description of any deviation from conformance;
- Assurance conclusion.

### **Audit Period**

An audit of the Refiner's compliance with the *Responsible Platinum/Palladium Guidance* is required on a yearly basis, which will cover activities over a 12-month reporting period. A full audit (reasonable assurance/full assessment) will be carried out to ensure Refiners are meeting the requirements of the *Guidance*. After successfully passing a full audit without instances of non-compliance, Refiners may be subject to a lower level of audit or "audit review" (limited assurance/assessment review) for the next two years. A full audit will be required every three years; however, some Refiners may choose to conduct a full audit every year. The required audit frequency will increase if instances of non-compliance are identified or if there is a significant change of circumstance in the Refiner's supply chain, or in their circumstances e.g. change of ownership or credit rating.

### **Submission of Audit Report.**

Copies of both full audit reports and review reports should be submitted via email or hard copy on an annual basis initially via email to: [info@lppm.com](mailto:info@lppm.com). Auditors and Refiners will be informed if hard copies are required

## **STEP 5 - Report on supply chain due diligence**

Refiners must publicly report on their Platinum/Palladium supply chain due diligence policies and practices, with appropriate regard for security, proprietary information and the legal rights of the other supply chain actors. Refiners must publicly report on their compliance with this *Guidance* on an annual basis, which will cover activities over a 12-month reporting period.

### **ISO 19011:2011**

For third-party audits based on ISO 19011:2011, Refiners are not required to issue a Refiner Compliance Report. Refiners will therefore make available to the public their company policy regarding Platinum/Palladium supply chain and the Summary Report. Refiners are not required to disclose publicly the Annex report disclosing the countries of origin of Platinum/Palladium.

### **ISAE 3000**

For assurance engagements, Refiners are required to compile a Refiner Compliance Report, including the following information:

- Name of refinery;
- Time period of compliance;
- Country of Origin for Mined and Recycled Platinum/Palladium;
- Summary of activities undertaken during the period to demonstrate compliance;
- Refiner's level of compliance with each step of this *Guidance*;
- Management conclusion statement on compliance with this *Guidance*.

Refiners should make available to the public their company policy regarding Platinum/Palladium supply chain, the Refiner's Compliance Report with these guidelines together with the audit Assurance Report. Refiners are not required to disclose publicly the Annex report disclosing the countries of origin of Platinum/Palladium.

### **Corrective Action Plan**

Regardless of the third-party audit approach chosen, Refiners should also submit a Corrective Action Plan to the relevant LPPM Committee when there is a Medium / High-Risk / Zero Tolerance Non-Compliance and/or the Refiner fails to satisfy one or more of the requirements as set out in Steps 1 to 5 of this *Guidance*.

The Refiner's Corrective Action Plan should include (for each Medium / High-Risk / Zero Tolerance non-compliance identified):

- A description of the issue;
- Reference to the relevant section in this *Guidance*;
- Assigned risk rating of the non-compliance;
- Corrective actions to be taken for each non-compliance identified;
- The timeframe for completion of corrective actions for each non-compliance identified;
- The person responsible for the implementation of each corrective action.

### **Failure to comply**

The failure or refusal to follow this *Guidance* (including a refiner's ongoing obligations and public reporting requirements in respect of responsible sourcing) and/or a failure of refusal to arrange for and/or submit audit reports under Steps 4 and 5 above may result in the following, exercisable at the LPPM's sole discretion:

- A refusal to allow an applicant to be added to the Good Delivery List.
- Further or repeat audits under this *Guidance*, and/or the provision of information or further explanation from the refiner.
- Suspension from the Good Delivery List, pending further investigations or enquiries by the LPPM or its independent consultants.
- Removal from the Good Delivery List.

### **EFFECTIVE DATE**

Refiners shall apply this *Guidance* (version 2) for the annual period beginning on or after 1 January 2019.