

LPPM RESPONSIBLE SOURCING PROGRAMME

THIRD-PARTY AUDIT GUIDANCE

Version 4, November 2022

Introduction

The London Platinum and Palladium Market ("LPPM") requires that each of its Good Delivery Refiners¹ and members of the Sponge Accreditation Lists comply with the LPPM Responsible Sourcing Guidance². The LPPM Responsible Sourcing Guidance ("the Guidance") is designed to combat systematic or widespread abuses of Human Rights, to avoid contributing to conflict, comply with high standards of AML and combating Terrorist Financing practice. In addition, the Guidance has been developed to recognise the increasing importance of having strong corporate governance and addressing environmental and Sustainability responsibilities. Step 4 of the Guidance requires Refiners to arrange for an independent Third-Party Audit of the supply chain Due Diligence, using an Assurance Provider from the LPPM list of Approved Assurance Providers.³

Annual Third-Party Audits are required for any Refiner accredited by the LPPM and, for the avoidance of doubt, each individual Good Delivery Refiner and member of the Sponge Accreditation Lists must submit itself to an annual Third-Party Audit. This is to ensure continuous monitoring and (where applicable) improvement of Responsible Sourcing practices.

¹ <https://www.lppm.com/good-delivery-rules/>

² <https://www.lppm.com/responsible-sourcing/guidance/>

³ <https://www.lppm.com/responsible-sourcing/lppm-approved-Assurance Providers/>

Forward to Version 4:

In March 2021, the LPPM Responsible Sourcing Committee (the “LPPM RSRC”), launched Version 3 of the Guidance.

The Guidance, and this Third-Party Audit Guidance, underpin the LPPM Responsible Sourcing Programme, (the “Programme”) which represents an ongoing dialogue between industry participants, with the aim of continuous improvement in the identification, evaluation, and mitigation of risks to the industry and those who work within it.

As part of the ongoing dialogue, and improvement, the LPPM RSRC sought, in Version 3, to amend language that led to confusion; to emphasise the requirement that each Good Delivery Refiner, as well as each refiner that becomes a member of one or both of the Sponge Accreditation Lists, must conduct separate audits (even when it is part of a major refining group including multiple LPPM Good Delivery Refiners and/or members of the Sponge Accreditation Lists); to encourage detailed dialogue between Assurance Providers and Refiners on the methodology of Risk Mitigation; and to clarify our requirements of the Countries of Origin data. Version 4 seeks to continue this process and to further hone the LPPM Responsible Sourcing Programme, so that it addresses the particular and specific needs of the industry.

Version 3 included amendments to the LPPM’s audit requirements for the Countries of Origin Annex. The LPPM RSRC recognises the delicacy of the information contained in this Annex and the confidentiality with which it must be treated. However, the Annex provides a vital window into the steps being taken by a Refiner to evaluate the nature of its feedstock and the risks inherent in the supply chain, as well as the nature of its dialogue with the Assurance Provider. Version 4 includes minimal changes to our Countries of Origin requirements, which are referred to in this Third Party Audit Guidance as Appendix 5.

Refiners should be encouraged to undertake Due Diligence throughout the supply chain, beyond the direct Supplier, wherever necessary.

LPPM Responsible Sourcing Review Committee, November 2022

Definitions

AML: Anti-Money Laundering - combating the financing of terrorism.

Assurance Provider: Assurance service provider approved by the LPPM to provide Responsible Sourcing audits to Platinum/Palladium refiners and published in the LPPM's list of Approved Assurance Providers on the LPPM's website

For the purpose of this document, an Assurance Provider refers to practitioners, Assurance providers, auditing bodies, service provider, assessors, or assessment team.

Assurance: The carrying out of Assurance is referred to as an Assurance engagement. This is defined by ISAE 3000 as follows:

- A process where a practitioner evaluates or measures a subject matter that is the responsibility of another party against suitable criteria;
- Based on that evaluation, an independent Assurance report is prepared that expresses a conclusion to provide the intended users with a degree of confidence about the subject matter.

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.

Country of Origin: For Mined (Primary) Platinum/Palladium that has never been previously refined, the origin is the location of the mine itself. For Recycled (Secondary) Platinum/Palladium the origin location is considered to be the country from which the Platinum/Palladium has been shipped, before being received by the Refiner.

Due Diligence: Research and analysis of a company or organisation done in preparation for a business Transaction. Activities to be assessed based on Refiners' appetite should include those risks identified in the OECD Due Diligence Annex II, Money Laundering, as well as Environment, Sustainability, and corporate governance responsibilities.

Environment: The totality of all the external conditions affecting the life, development, and survival of an organism⁴ⁱ.

Follow-Up Audit: A separate audit of the Refiner's Corrective Action Plan relating to any high-risk non-compliances.

High-Risk: For the purpose of this Third-Party Guidance, High-Risk may apply to any or all parts of a Platinum/Palladium supply chain and any actor in a Platinum/Palladium supply chain that is at a higher risk of being associated with or contributing to armed conflict, widespread violence, systematic or widespread Human Rights abuses, Money Laundering or financing of terrorism. Any supply categorised as High-Risk must be subject to enhanced Due Diligence. **Low-Risk** deviations from conformance or compliance are those that, individually or collectively, represent an insignificant risk to the integrity of the LPPM system. However, Assurance Providers should be prepared to explain why a Refiner's failure to address Low-Risk deviations should not result in an escalation of the evaluation of their non-compliance to a **Medium-Risk** non-compliance. Medium-Risk, High-Risk and **Zero-Tolerance** non-compliances all require a Corrective Action Plan (see Section 4.1). For definitions of the various risk levels, see Appendix 1 of this Third-Party Audit Guidance.

⁴ OECD definition

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 Protocols⁵.

ISAE 3000 Assurance Engagements: International Standard in Assurance Engagements ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) is a commonly applied standard for non-financial reporting engagements. It is issued by the International Auditing and Assurance Standards Board (IAASB). Key characteristics include:

- Three-party relationship (between company management, Assurance Provider and intended users of the Assurance report)
- Designed to enhance the confidence of intended users
- Evaluates the subject matter against the suitable criteria
- Risk assessment, plan and perform Assurance procedures to obtain sufficient appropriate evidence to form a conclusion
- The output is an independent Assurance report

Limited Assurance: A lower level of Assurance where a negative form of expression is issued. The objective of a Limited Assurance engagement is to reach a conclusion that is meaningful and not misstated based on the work performed.

Mined Platinum/Palladium: Platinum/Palladium that originates from mines and has never been previously refined. This term means any Platinum/Palladium or PGM-bearing material produced by or at a mine, in any form, shape and concentration until it is fully refined (995 parts per thousand or greater), fabricated into a Platinum/Palladium Refiner product (e.g., bar, grain and sponge) and sold.

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. There are various methods by which money may be laundered and these can range in sophistication from simple to complex.

Objective Evidence: Verifiable information, obtained from documents, records, observations and/or statements of facts.

Politically Exposed Persons (PEPs): individuals and their family members and close associates (either foreign or domestically based) who are, or have been, entrusted with prominent public functions by a particular country. These individuals can include heads of state or government, senior politicians and government officials, senior executives of state-owned corporations and important party officials. The definition of PEP's is not intended to cover middle-ranking or more junior individuals in the foregoing categories. Many PEPs hold positions that can be abused for the purpose of laundering illicit funds or other offences predicated on the abuse of power such as corruption or bribery. PEP status does not predict criminal behaviour, but the additional risk exposure it brings means that Refiners must apply additional AML/CFT measures when establishing a business relationship.

Platinum/Palladium Refining or PGM Refining: Metallurgical operations that add value and produce fine Platinum/Palladium with a concentration of 999.5 parts per thousand or higher from Platinum/Palladium and Platinum/Palladium-bearing materials, usually beginning with lower concentrations, including ancillary activities such as sampling, laboratory analysis and assay, etc.

Platinum/Palladium means Platinum and / or Palladium, jointly or severally. The term **Platinum Group Metal ("PGM")** means the same, in the context of this Third-Party Audit Guidance. **PGM-bearing** means, in the context of this Third-Party Audit Guidance, 'containing (unrefined) Platinum/Palladium'.

⁵ UN Office of the High Commissioner on Human Rights: <http://www2.ohchr.org/english/law/>

Reasonable Assurance: A higher level of Assurance where a positive form of expression is issued. The objective of a Reasonable Assurance engagement is to reach an opinion on whether the subject matter is materially free from misstatement.

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.

Refiner: A LPPM Good Delivery Refiner producing Platinum/Palladium or a member of a Sponge Accreditation List(s) of the LPPM. Such a Refiner is a member of an (LPPM) Approved Platinum/Palladium List.

Responsible Sourcing Review Committee: The Responsible Sourcing Review Committee of the LPPM (the “LPPM RSRC”) is an independent committee, set up by the LPPM Management Committee, that is chaired and run by independent consultants from the PGM industry. It is tasked with the day-to-day running of the LPPM Responsible Sourcing programme. Its membership is listed on the LPPM website.

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.

Sustainability: Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs⁶.

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

Transaction: A specific amount of PGM-bearing material, self-contained and identifiable as a separate entity in the Refiner's records as material received and processed by the Refiner. A Transaction may be referred to as lot, sub-lot, batch, package, shipment, or any other separate entity.

Third-Party Audit: an audit, carried-out by a member of the LPPM's list of Approved Assurance Providers, of a Refiner's compliance with the LPPM Responsible Sourcing Guidance, in line with the Guidance and this Third-Party Audit Guidance.

Verifiable Date: A date that can be verified through inspection of physical date stamps on products and/or inventory lists.

World Heritage Site: A landmark or area which is selected by The United Nations Educational, Scientific and Cultural Organisation (UNESCO) as having a cultural, historical, scientific, or other form of significance, and is legally protected by international treaties. The sites are judged important to the collective interests of humanity.

⁶ Brundtland definition of Sustainability

1. Third-Party Audit Guidance

The LPPM Third-Party Audit Guidance is intended for use by Assurance Providers (also known as practitioners, Assurance providers, assessors, or assessment teams) who have been engaged to perform a third-party audit of the Refiners' Platinum/Palladium supply chain in accordance with Step 4. It sets out guidance on the application of the audit concepts and requirements specific to these types of audit engagements. This document also provides practical guidance on audit testing, audit deliverables and the audit implications associated with non-compliances.

Refiners should refer to this document (along with the LPPM Toolkit) to understand the elements of the Third-Party Audit and to assist them in establishing monitoring activities over their compliance with the Guidance. Refiners will be asked to justify any substantive deviations from the Toolkit (comply or explain).

Refiner's Public Report

Refiners are required to prepare and publish a "Refiner's Compliance Report," which summarises details of how the Refiner has complied with the requirements of the Guidance, including a description of activities and overall conclusion.

Audit Scope

To provide a Reasonable Assurance or Limited Assurance conclusion on whether the Refiner's Compliance Report describes fairly the activities undertaken to demonstrate compliance, and that management's overall conclusion is in accordance with the requirements of the Guidance.

Use of the Third-Party Audit Guidance and audit standards

This document provides guidance on the application of ISAE 3000 to this specific type of engagement and on potential Assurance issues that may arise when performing this type of engagement. It is intended for use by Assurance Providers who plan to perform ISAE 3000 type Assurance engagements and provides technical guidance in the application of ISAE 3000 requirements to promote quality and consistency in the conduct of Assurance engagements across LPPM Good Delivery Refiners and members of the Sponge Accreditation Lists.

The Third-Party Audit Guidance is not intended to be an Assurance standard, and the expectation is that Assurance Providers will apply the requirements of ISAE 3000.

Note: In some jurisdictions, there may be alternative Assurance standards that can be applied. This includes local Assurance standards issued by International Federation of Accountants (IFAC) member bodies that comply with or are equivalent to the requirements of ISAE 3000. Use of such standards should be only by prior agreement with the LPPM RSRC.

ISAE 3000 engagements are designed to be used with the International Standard on Quality Control (ISQC) 1 issued by the International Ethics Standards Board for Accountants (IESBA), which establishes minimum quality control standards.

Type of Engagement

The Assurance Provider issues an independent Assurance report for the stated reporting period, which expresses a conclusion designed to enhance the degree of confidence of intended users in the Refiner's reporting on compliance with the LPPM Responsible Sourcing Guidance.

For these types of engagements, a three-party relationship exists between the Assurance Provider, responsible party and intended users of the report. Appendix 2 explains the responsibilities of the relevant parties with respect to the LPPM Responsible Sourcing Guidance Assurance engagement.

The Assurance Provider must undertake a number of responsibilities throughout the engagement. These include performing a risk assessment, planning, and performing Assurance procedures, gathering sufficient appropriate Assurance evidence, and performing an overall evaluation to form the Assurance conclusion.

Assurance procedures are designed by the Assurance Provider based on the output of the Assurance Provider's planning and risk assessment, which is unique for each engagement. Risks are considered when there exists a reasonable possibility of a material misstatement in the disclosures in the Refiner's Compliance Report.

It is therefore not possible to prescribe the Assurance procedures that should be performed (or the sample sizes to be selected). Some example Assurance activities are provided in Appendix 3.

Deliverables

The audit deliverables are:

- Independent Assurance report addressed to the Refiner's Board of Directors or management, which states the Assurance Provider's conclusion. The Assurance report should be publicly disclosed alongside the Refiner's Compliance Report; and the Management Report, which includes details on Assurance findings and recommendations for correction actions.
- Independent Assurance report, addressed to the Refiner's Board of Directors, covering the Countries of Origin Annex (see Appendix 5) which lists the countries of origin and amounts of Mined and Recycled Platinum/Palladium received during the assessment period which does not have to be made public.

1.1 Implementation of Responsible Sourcing Guidance, Step 4

Implementation of Step 4 of the LPPM Responsible Sourcing Guidance is mandatory for LPPM Good Delivery Platinum/Palladium Refiners and members of the LPPM Sponge Accreditation Lists. Precious metal Refineries that are not producing Good Delivery Precious Metal bars or LPPM Accredited Sponge may access the Guidance and may choose to apply any or all aspects to their operations.

Each individual Refiner accredited with the LPPM must be subject to a separate audit. This means that separate Refineries within one corporate group, that are accredited as Good Delivery Refineries or members of one or both Sponge Accreditation Lists, by the LPPM, must EACH be subject to a separate audit.

The audit scope does not cover operations of business partners of the Refiner or operations of a Refiner that are not related to PGM Refining.

For each site visited by the Assurance Provider, all organisational units involved in Refiner's Platinum/Palladium supply chain Due Diligence measures for PGM-bearing material are to be considered during the audit. All PGM-bearing material received within the audit period for the purposes of PGM Refining shall be included in the audit scope. This includes any Mined or Recycled PGM-bearing material received by the Refiner. However, PGMI-bearing material that, due to its properties (e.g., <0.01% PGM content and complex) or presents minimal risks to contribute to conflict or other forms of Human Rights abuse in the supply chain is excluded from the Third-Party Audit. This also includes PGM obtained from the mining and processing of other metals such as copper sulphide and oxide ores as well as low-value industrial by-products such as furnace flue dust, spent crucibles and floor sweepings, or residue cell slimes from refining of other metals. However, Refiners must ensure that no Platinum/Palladium is sourced from an area designated as a World Heritage Site. This requirement also applies to Platinum/Palladium that has been produced even as a by-product from the mining of any other metals (for example, copper).

1.2 Timing of Audits

Refiners, including those on the Sponge Accreditation lists, must issue their Refiner's Compliance Report, and obtain independent Assurance within three (3) months following their financial year-end. Refiner's applying to be listed as Good Delivery, or on either or both of the Sponge Accreditation Lists, must successfully complete a Reasonable Assurance, prior to accreditation being granted.

Audit Frequency

First year and every three years: Reasonable Assurance. This may also be chosen by the Refiner for every year.

Every 12 months: Limited Assurance. This may be performed annually for the two years in between Reasonable Assurance engagements. Limited Assurance may only be carried out if the Refiner was fully compliant the previous year.

The LPPM may require that a Refiner carry out a Reasonable Assurance in successive years, or within 90 days following an audit, a follow-up audit to a Reasonable Assurance level. This is applicable where the Refiner has any high-risk non-compliance, or a Reasonable Assurance requirement on the Corrective Action Plan, within 90 days following the release of the Assurance Providers Management Report.

1.3 Harmonisation of Efforts for Responsible Sourcing

Compliance with international regulations

The LPPM Responsible Sourcing Guidance is based on the five-step framework for risk-based Due Diligence contained in the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas adopted on 15 December 2010 and follows the requirements detailed in the OECD Precious Metal Supplement adopted on 17 July 2012. Also, the United States Securities and Exchange Commission (SEC) final rules for Conflict Minerals (Dodd-Frank Section 1502) indicate that manufacturers can meet US requirements by relying on Refiners who have been certified by "industry groups" "conflict-free designation programmes" such as that of the LPPM.

As such, LPPM Third-Party Audit deliverables may be used as supporting evidence to demonstrate compliance with or implementation of the following recommendations or requirements:

- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, including the Supplement on Precious Metal.
- Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, including any rules issued by the US Security and Exchange Commission.

Existing standards or certifications

The LPPM is committed to harmonisation of requirements with other Precious Metal supply chain initiatives and the evaluation of a Refiner's compliance to the LPPM Responsible Sourcing Guidance is neither intended to duplicate existing auditing arrangements nor require these to be re-performed. Audit reports or results from independent third-party verifications carried out under the framework of other Precious Metal supply chain initiatives or AML efforts may be used by the Assurance Provider as evidence to assess compliance with LPPM requirements.

The LPPM recognises that Refiners may already have internal or external Assurance processes that can be relied on. These include:

- Responsible Minerals Initiative (RMI) formerly the Conflict-Free Sourcing Initiative (CFSI), the Precious Metal Supply Chain Transparency - Refinery Audit Protocol.

- LBMA Gold and Silver Responsible Sourcing audits.
- Responsible Jewellery Council, in particular the Chain of Custody Standard.
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, including the Supplement on Precious Metal.
- Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, including any rules issued by the United States Securities and Exchange Commission.
- Initiative for Responsible Mining Assurance (IRMA) Certification.
- International Council on Mining and Metals (ICMM) Code of Conduct.
- Regulatory Anti-Money Laundering audits.

The above list is not exhaustive and may change over time.

However, as the scope of these initiatives currently differ from one another and do not completely address the requirements of the LPPM Responsible Sourcing Guidance each and every LPPM Good Delivery Refiner, as well as each Refiner on the Sponge Accreditation Lists, MUST undergo an LPPM Responsible Sourcing Audit and report separately on its supply chain Due Diligence, in line with the Guidance

Internal Audits and Other Third-Party Service Providers

Refiners may have an internal audit function that regularly evaluates the procedures, processes, and controls that the operations have in place with regard to the areas covered by the Guidance. Furthermore, the Refiner may have work performed by other third-party service providers or subject matter specialists. The Assurance Provider may be able to rely on the results of this work as part of the LPPM Third-Party Audit. Where this is possible, the Refiner and its Assurance Provider should consider existing auditing processes, confirm where applicable the extent to which these may be relied upon and complement them as needed.

Where it is possible to rely on work undertaken by a Refiner's internal audit, SOX process or any other acceptable auditable process, the Assurance Provider should consider the scope of these internal reviews to understand how it relates to the scope of the LPPM Responsible Sourcing Guidance Assurance report activities and whether the internal audit team has sufficient competencies to audit the subject matter in question.

1.4 Assurance Provider Qualification

Only the LPPM's approved Assurance Providers shall be used.

The Assurance Provider must be able to fulfil the following requirements:

- **Independence:** The Assurance Provider must have complete financial and other independence from the Refiner. In particular, the auditing body shall not provide services for the Refiner related to the design, establishment, or implementation of the Refiner's Platinum/Palladium supply chain practice for a period of at least 24 months prior to the engagement.
- **Institutional capacity:** The Assurance Provider must have adequate organisational capacities including:
 - A robust system of quality control, including minimum requirements for independence, conflicts of interest, ethics, and audit quality control reviews to be followed.
 - The capacity to process appeals and/or handle complaints.

Assurance Providers must ensure that any individual or group of Assurance Providers carrying out a Third-Party Audit of a Refiner is independent from the auditee. The lead Assurance Provider should take responsibility for the audit process and play an active part in the assessment/Assurance. In addition, the individual or group of Assurance Providers must collectively possess the skills, knowledge and experience required to competently perform the Assurance engagement. In order to ensure audits are being performed consistently, and to a high standard, the LPPM reserves the right to witness the performance of audits or appoint a representative to do so.

The Assurance Provider should only accept the engagement where they are satisfied that they possess (either individually or as a group of Assurance Providers) the necessary skills and competencies, and resources, including but not limited to:

Personal Competences

- Ability to apply knowledge and skills
- Improvement of competencies.
- Specialist knowledge and competence in auditing skills and techniques.
- Ability to apply reporting and auditing practices and standards.
- Experience in non-financial Assurance.
- Core Principles
- Ethical Conduct
- Fair Representation
- Due professional care.
- Independence.
- Integrity

Subject Matter Expertise

- Knowledge of and experience in the PGM refining industry.
- Knowledge of and experience in supply chain Due Diligence principles, procedures, and techniques
- Understanding of Platinum/Palladium procurement practices and Platinum/Palladium supply chains.
- Knowledge of and experience in the implementation of the LPPM Responsible Sourcing Guidance and other initiatives to increase transparency and Due Diligence in the Platinum/Palladium supply chain and, in particular, knowledge of the OECD Due Diligence Guidance for Responsible Supply Chain of Minerals from Conflict-Affected and High-Risk Areas;
- Knowledge of and experience in regulations and best practices regarding AML and Financing of Terrorism.
- Knowledge of Environment, Sustainability, and corporate governance responsibilities.
- Knowledge of local context, including social, economic, political, and cultural considerations, of conflict-affected and/or high-risk areas

. Service providers shall submit an application supported by sufficient evidence, in the format defined by the LPPM RSRC, to demonstrate fulfilment of all the above-described requirements. The LPPM RSRC shall review the information and Assurance Providers/auditing bodies may provide any additional clarification as required to support its decision.

Refiners must select a service provider from the list of Approved Service Providers.

The LPPM RSRC shall regularly review the information submitted by auditing bodies to determine if any of the changes disclosed affect the auditing body's ability to remain on the LPPM list of recommended auditing bodies. All personnel engaged in LPPM Responsible Sourcing Guidance audits should receive appropriate training to ensure they are aware of developments in this area. If there are relevant changes in personnel at an auditing body (for example Assurance Providers joining/leaving) the LPPM must be informed. If necessary, the list of recommended auditing bodies shall be updated with any changes.

1.5 Person-Day Guidelines

When determining the time necessary to complete the on-site audit for each Refiner, the Assurance Provider is recommended to use the following Guidance criteria (additional guidelines can be found in Appendix 4):

- The type of assessment: Reasonable or Limited Assurance.

- The geographical location of each site (more time is required for the on-site audit of locations in conflict-affected or high-risk areas);
- Size and complexity of operations for each site. Criteria to determine size and complexity of a site may include: the number of Transactions in the audit period, the number and risk level of Platinum/Palladium supplying counterparties and the overall size of operations.
- Risk of non-compliance for each site. Examples of information to determine risk of non-compliance include availability of pre-audit information, participation in other precious metal supply chain initiatives, previous audit findings or results, publicly available information on business partners and precious metal supply chain practices.
- Previous years' audit report findings and presence of existing non compliances, knowledge of changes in sourcing activities or risk profile, or general industry or market developments that may require specific attention.

2. Third-Party Audit of Supply Chain Due Diligence

Assurance Providers are encouraged to engage with both the Refiner and the LPPM to discuss industry trends, relevant concerns, and evolving expectations of implementation. The LPPM also encourages Assurance Providers to challenge Refiners' findings and discuss recommendations, sourcing developments and any other relevant information provided by the LPPM.

The Assurance Provider must undertake a number of responsibilities throughout the engagement. These include risk assessments, planning and performing Assurance procedures, gathering sufficient appropriate Assurance evidence, and performing an overall evaluation to form the Assurance conclusion. Although Assurance activities are an iterative process, they can be divided into three distinct phases, as demonstrated below.



This section sets out guidance to Assurance Providers who have been engaged to report, in accordance with recognised Assurance standards, on whether the Refiner's Compliance Report describes fairly the activities undertaken during the year to demonstrate compliance with the LPPM Responsible Sourcing Guidance.

For this type of Assurance engagement, a three-party relationship must exist between the Assurance Provider, responsible party (the Refiner) and intended users of the report. The three-party relationship consists of:

- **Assurance Provider** - an individual or group of practitioners that collectively possess the skills, knowledge and experience required to competently perform the Assurance engagement.
- **Responsible party** - the party (i.e., the Board or Senior Management of the Refiner) responsible for the reported subject matter information.
- **Intended users** - the parties for whom the reported subject matter information is prepared.

It is recommended that Assurance Providers refer to Appendix 2, which explains the responsibilities of the three parties for this type of engagement.

2.1 Refiner's Compliance Report

The Guidance requires that Refiners report publicly on their compliance on an annual basis for activities over a 12-month reporting period. This report on compliance is referred to as the 'Refiner's Compliance Report', and the descriptions of the activities and conclusions contained within this are the subject of independent Assurance. It is a requirement of the Programme that the Refiner's Compliance Report and the accompanying independent Assurance report will be available to the LPPM RSRC and disclosed publicly.

Step 5 of the LPPM Responsible Sourcing Guidance requires that the Refiner's Compliance Report includes the following information:

- Name of Refiner.
- Time period of compliance.
- Summary of activities undertaken during the period to demonstrate compliance.
- Refiner's statement of compliance with each step of the LPPM Responsible Sourcing Guidance.
- Evidence that the annual reporting has been specific to the business circumstances in that particular year, reflecting the dynamic due diligence process and showing continued improvement.
- Management conclusion statement on the compliance with the LPPM Responsible Sourcing Guidance.

The Refiner should assess whether on balance it is in compliance and provide an overall 'Yes' or 'No' conclusion statement. For example, if the Refiner disclosed that it fully complied with each of the five steps, it should answer 'Yes' to overall compliance. If the Refiner disclosed it had a 'non-compliance' to one of the steps, then it would answer 'No' to overall compliance.

In a situation where the Refiner has 'partial' non-compliance for one of the steps and believes that it should remain in compliance overall, it should state 'Yes' to overall compliance and disclose its reasons.

The LPPM acknowledges that a 'Yes' response by the Refiner with respect to its conclusion on overall compliance does not mean that the Refiner is in absolute compliance with the requirements of the LPPM Responsible Sourcing Guidance for the reporting period stated. For example, there may be minor inconsistencies in low-risk and non-conflict-affected areas or low-risk deviations from conformance that individually or collectively, represent an insignificant risk to the integrity of the LPPM system.

2.2 Guidelines on the Application of Assurance Concepts

Scope of the Assurance engagement

The scope of the Assurance engagement is to provide a Reasonable or Limited Assurance conclusion on whether the Refiner's Compliance Report describes fairly the activities undertaken during the year to demonstrate compliance and on whether management's overall conclusion is in accordance with the LPPM Responsible Sourcing Guidance.

Assurance subject matter

The Assurance subject matter is the underlying information that goes into forming the Refiner's Compliance Report. For example, the internal processes that the Refiner describes and that form part of its compliance activities.

For the Assurance Provider to be satisfied that they agree with the Refiner's conclusions, including that they are made in accordance with the LPPM Responsible Sourcing Guidance, they need to plan and perform Assurance procedures to gather evidence to support either Reasonable or Limited Assurance conclusions.

The LPPM Responsible Sourcing Guidance requires Refineries to undertake Platinum/Palladium supply chain

Due Diligence along the whole Platinum/Palladium supply chain, wherever possible, consistent with AML principles as well as 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, as described in the LPPM Responsible Sourcing Guidance. In addition, the Guidance has been developed to recognise the increasing importance of having strong corporate governance and addressing environmental and Sustainability responsibilities

For circumstances where judgement is applied by the Refiner, the Assurance Provider needs to understand the process the Refiner followed to be comfortable that the Refiner has satisfactorily addressed the steps as set out in the LPPM Responsible Sourcing Guidance. For example, the Assurance Provider should consider whether:

- The Refiner's definition of 'high-risk supply chain' includes the minimum criteria as set out in the LPPM Responsible Sourcing Guidance (Step 2);
- The underlying sources used by the Refiner to determine 'conflict-affected areas' are relevant and reliable.
- The database used by the Refiner to check that the counterparty and Beneficial Owners are not named on any government lists as wanted money launderers, known fraudsters or terrorists is complete and reliable.

Assurance suitable criteria

The reporting criteria consists of the requirements set out within the LPPM Responsible Sourcing Guidance, supplemented by how a company applies them at a more detailed level such as through policies, procedures, and internal controls. As the LPPM Responsible Sourcing Guidance is principle based, the Refiner's interpretation of the requirements is important. For example, the Refiner's supply chain policy document (or similar internal methodology document) would form part of the criteria, which the Assurance Provider is responsible for assessing the suitability thereof.

The Assurance Provider must assess how the Refiner has applied the requirements of the LPPM Responsible Sourcing Guidance through the development of its own policies and controls in order to achieve suitable criteria. The five characteristics of suitable criteria set out by ISAE 3000 are:

- **Relevance:** the application of information sources used has a logical connection to the LPPM Responsible Sourcing Guidance.
- **Completeness:** any relevant factors that could affect the conclusions are not omitted.
- **Reliability:** The Refiner's application is consistent across its operations and Suppliers
- **Neutrality:** the information sources used to inform the Refiner's conclusions are free from bias.
- **Understandability:** The Refiner's conclusions and the reasons behind them are clear.

The Assurance Provider needs to assess whether the Refiner's Compliance Report contains sufficient information regarding the Refiner's application of the LPPM Responsible Sourcing Guidance. Information can be referred to in the Refiner's Compliance Report but be disclosed elsewhere (e.g., company website).

If the Assurance Provider's assessment indicates the Refiner's application of the LPPM Responsible Sourcing Guidance is not suitable, the Assurance Provider should discuss the impact of the required changes to the application of the LPPM Responsible Sourcing Guidance with the Refiner. If the application of the LPPM Responsible Sourcing Guidance is not altered, the Assurance practitioner should consider the impact on the Assurance report, and whether they should issue a qualified conclusion.

Assurance Evidence

The Assurance Provider will plan the Assurance procedures to be performed. Examples of types of evidence-gathering activities that an Assurance Provider may perform are contained in Appendix 3.

Level of Assurance

LPPM requires that a Reasonable Assurance level be performed in the first year of reporting and every three years after (for further information, refer to Section 1.3. Timing of Audits). There is a greater extent of testing

and evidence gathering for Reasonable Assurance, and it therefore provides a higher degree of comfort to users of the report that the Refiner has reported in accordance with the requirements of the LPPM Responsible Sourcing Guidance.

Limited Assurance can be performed annually for the two years in between. It is also possible for the Refiner to elect to undergo a Reasonable Assurance for each year.

In practice, the level of work associated with Limited Assurance engagements can vary. The Assurance procedures performed by the Assurance Provider may be restricted primarily to enquiries or analytical procedures, or involve further testing in certain areas, e.g., Transactional systems or processes relating to Supplier Due Diligence.

Modified Assurance Conclusions

A modified Assurance conclusion may result where:

- The Refiner has a material non-compliance and the Assurance Provider does not believe that this has been adequately disclosed in the Refiner's Compliance Report;
- Circumstances may prevent an Assurance Provider from obtaining sufficient appropriate Assurance evidence to provide an unqualified opinion. This may include restrictions placed upon the Assurance testing activities by the company, data gaps or a lack of controls.

Where appropriate, the Assurance Provider should encourage the Refiner to describe potential issues within the Refiner's Compliance Report, to enable an unmodified Assurance report to be issued.

The Assurance Provider may include an emphasis of matter paragraph to draw the user's attention to the item(s) already disclosed in the Refiner's Compliance Report.

Depending on the extent to which non-compliance exists, it may not be appropriate to issue an unmodified Assurance report, even if the circumstance has been described in the Refiner's Compliance Report.

Materiality

Information is material if its omission or misstatement could influence relevant stakeholders, for example the LPPM Responsible Sourcing Committee and other users of the Refiner's Compliance Report, to make inaccurate judgements about disclosures that matter to them.

As part of the planning and risk assessment stage, the Assurance Provider should consider potentially relevant material misstatements that may be relevant in Steps 1 to 5 of the LPPM Responsible Sourcing Guidance.

The Assurance Provider applies judgement as to whether the misstatements are material. They may also use the criteria contained within Appendix 1, as these may result in a material misstatement in the Refiner's Compliance Report if not reported accurately.

The materiality of misstatements must be considered individually and in aggregate with all misstatements. Some items may also be material by their omission.

The Assurance Provider should maintain a summary of uncorrected misstatements throughout the engagement. Individually or in combination, these considerations should determine whether misstatements may affect the decisions of a user of the Refiner's Compliance Report and the impact on the Assurance report.

Where there are material misstatements that have arisen, the Assurance Provider should question the effectiveness of internal controls and, if deemed necessary, expand testing to assess whether there are any material concerns and implications to their Assurance report.

Assurance Report

The Assurance report is prepared by the Assurance Provider and discloses details of the Assurance engagement and the conclusion. The Assurance report should be publicly disclosed with the Refiner's Compliance Report or clearly sign posted to where it can be accessed.

In addition to the mandatory ISAE 3000 disclosures, the Assurance statement should include the following statements (but not be limited to):

- The scope of the Assurance engagement consists of the Refiner's Compliance Report.
- For 'Limited Assurance', a description of the Assurance procedures performed.
- Assurance conclusion on whether the Refiner's Compliance Report describes fairly the activities undertaken during the year to demonstrate compliance, and management's overall conclusion, is in accordance with the LPPM Responsible Sourcing Guidance; and
- A declaration statement stating that the Assurance Provider satisfies the competency requirements.

ISAE 3000 does permit the Assurance report to be expanded to include other information and explanations that are not intended to affect the Assurance Provider's conclusion, such as key observations or findings made as part of the Assurance engagement. However, there is a risk that the inclusion of additional findings is subjective and may undermine the conclusion and confuse the reader of the report. It may be preferable for the Refiner to report on any observations for improvement within the body of the Refiner's Compliance Report, as distinct from the Assurance report.

The Management Report issued by the Assurance Provider is the formal mechanism for communicating observations to the Refiner.

3. Reporting

3.1 Public Reporting by Refiners

Step 5 of the LPPM Responsible Sourcing Guidance requires that Refiners 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. The deliverables resulting from a Third- Party Audit support the LPPM's objective for transparency in this regard.

The Refiner must publish the following information, in line with the requirements of the Precious Metal Supplement to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas:

- Refiner details and date of the audit.
- Audit activities.
- Audit conclusion for each step of the LPPM Responsible Sourcing Guidance.

This information is included in the Refiner's Compliance Report.

Public-facing elements of the Report will be published on the LPPM website.

Refiners must also make their Platinum/Palladium supply chain Due Diligence policies publicly available, in English, on their website. These policies should be updated annually, reflecting developments in sourcing activities and reporting on any responsible sourcing initiatives or projects. Refiners and Assurance Providers should refer to the model supply chain policy in Annex II of the OECD Guidance. Refiners' policies are within scope of the audit.

Public Reporting Requirements:

What should be published?

Refiner's Compliance Report and independent Assurance report. Not including Countries of Origin data.

Who is responsible for publication?

Refiner.

What needs to be submitted to the LPPM Responsible Sourcing Review Committee?

Refiner's Compliance Report, independent Assurance report and Corrective Action Plan (if Medium-Risk, High-Risk or Zero-Tolerance non-compliances were identified). Countries of Origin Annex of Platinum/Palladium (both mined and recycled), and amount of Platinum/Palladium content (fine content in Kgs) received from each country, for the assessment period. Separate entries should be entered for fine weight of feedstock containing less than 95%, and 95% or more, fine content of PGM. The requirements for the Countries of Origin Annex are detailed in Annex 1 of the Guidance.

Who is responsible for submission?

Refiner or Assurance Provider (to be agreed between these two parties), except the Corrective Action Plan, which the Refiner is responsible for submitting.

3.2 Assurance Deliverables

The Assurance Provider is recommended to provide three deliverables to the Refiner at the conclusion of the Assurance engagement.

The Assurance deliverables should be provided following the Refiner's final approved version of the Refiner's Compliance Report. The Assurance Provider may request that the Refiner sign a representation letter, which sets out the Refiner's responsibilities, including an explicit statement that the Refiner has established processes and controls, to be satisfied that they are in compliance with the LPPM Responsible Sourcing Guidance.

The Assurance Provider's three Assurance deliverables are:

Independent Assurance Report

The report is addressed to the Board of Directors and/or Management and states the Assurance Provider's conclusion. The Assurance report should be publicly disclosed alongside the Refiner's Compliance Report or clearly sign-posted to where it can be accessed.

The intention is that the Refiner's Compliance Report and the accompanying independent Assurance report will be available to the LPPM RSRC and disclosed publicly. The Annex detailing Countries of Origin for mined and Recycled Platinum/Palladium and amounts of Platinum/Palladium content (Kgs.) received from each origin is confidential and whilst available to the LPPM RSRC, is not disclosed publicly unless the Refiner chooses to do so.

An Assurance Provider's consent to the Assurance report being published is necessary because publication of the Assurance report is a requirement of the LPPM Responsible Sourcing Guidance. Consent and publication of the report are not intended to indicate that Assurance Providers accept any liability to parties other than their clients.

There is no requirement that the Assurance Provider submits a copy of the independent Assurance report directly to the LPPM RSRC. The LPPM RSRC requires that it receives the final version but does not have a preference as to whether a copy is sent from the Refiner or Assurance Provider. The Assurance Provider should discuss with the Refiner the method of providing the report to the LPPM RSRC.

Management Report

This report is prepared by the Assurance Provider and addressed to the Refiner. It is recommended that the Management Report include the following information:

- Name of the Refiner.
- Reporting period subject to Assurance.
- Assurance team's professional Qualifications.
- Confirmation of the Assurance Provider's independence.
- Assurance scope and level of Assurance.
- Summary of Assurance procedures.
- Any significant or inherent limitations or areas not covered.
- Assurance observations, findings, and recommendations for improvement.
- Specific observations with respect to the Refiner's Corrective Action Plan and implementation progress.
- Assurance conclusion (or reference to the conclusion within the independent Assurance report);
- Countries of Origin Annex for mined and Recycled Platinum/Palladium including the amounts (Kgs.) received from each Other relevant information.

An Assurance Report for the Countries of Origin Annex

The Countries of Origin Annex shall contain country of origin data for mined and Recycled Platinum/Palladium. The amounts (fine ounce content in Kilograms) received from each origin are to be reported. The Annex should include the following information:

- The Countries of Origin of all Platinum/Palladium in all forms (including ingot, bars, sponge, and grain) and material containing Platinum/Palladium received for refining or processing. The only exception is Countries of Origin information for Platinum/Palladium of 99.95% purity in ingot form received directly from an LPPM Good Delivery Refinery or sponge that is a member of the relevant Sponge Accreditation List (which can therefore be excluded from the report).
- The fine Platinum/Palladium content (in Kg) for each Country of Origin, showing separately weights from high grade (95% and over) material and weights for other Platinum/Palladium (below 95%).
- A Countries of Origin Annex must be shown for all Platinum/Palladium received from all companies wholly or partially owned by the Good Delivery Refiner or member of one or both Sponge Accreditation Lists.
- All weights for Platinum to be shown separately and not as a combined weight with those of Palladium.

The Countries of Origin Annex will be held by the LPPM RSRC in complete confidence and only shared within the LPPM under strict embargo and for the purpose of ensuring compliance with the Guidance. It will not be divulged to any other parties outside of the LPPM or used for any purposes other than for Responsible Sourcing compliance.

4. Third-party audit follow-up

4.1 Corrective Action Plan

When there is Medium-Risk, High-Risk or Zero-Tolerance non-compliances with one or more of the requirements as set out in Steps 1 to 5 of the LPPM Responsible Sourcing Guidance, the Refiner shall prepare a Corrective Action Plan. Non-compliances may be identified by the Refiner as part of its self-assessment or by the Assurance Provider.

For each non-compliance, the Corrective Action Plan must include:

- Reference to the relevant section in the LPPM Responsible Sourcing 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; and
- The person responsible for the implementation of each corrective action.

It is the responsibility of the Refiner to complete the Corrective Action Plan. Guidance criteria for the risk ratings applied to each non-compliance (including Medium-Risk, High-Risk or Zero-Tolerance) are set out in Appendix 1.

Corrective actions identified shall be specific, measurable, achievable, timely, appropriate, and effective in addressing the root cause of the non-compliance.

The timeframe for the implementation of corrective actions must be realistic and cannot exceed:

- Three months for any Medium-Risk non-compliance.
- Three months for any High-Risk non-compliance.
- Any Zero-Tolerance non-compliance must be addressed immediately.

A copy of the Refiner's Action Plan for all non-compliances (Medium-Risk, High-Risk or Zero-Tolerance) should be provided to the LPPM RSRC. Refiners may report Low-Risk non compliances in their compliance report or include them in the Corrective Action Plan. Inclusion of Low-Risk non-compliances in a Refiner's compliance report would provide positive proof of a commitment to continuous improvement.

The Corrective Action Plan should be reviewed by the Assurance Provider as part of their Assurance testing. The Refiner is responsible for submitting the Corrective Action Plan to the LPPM RSRC (recommended to be provided at the same time as a copy of the Refiner's Compliance Report and independent Assurance report is submitted). A Corrective Action Plan only should be submitted to the LPPM RSRC if Medium-Risk, High-Risk or Zero-Tolerance non-compliances are identified. At its discretion, the LPPM RSRC may require the Corrective Action Plan to be reviewed by the Assurance Provider on the completion date, before the next annual audit is due.

4.2 Implication of Non-Compliance

Non-compliances (Medium-Risk, High-Risk or Zero-Tolerance) must be reported by the Refiner in the Corrective Action Plan. The following Assurance implications must be considered for Corrective Action Plans as part of the annual Assurance engagement.

It is recommended that Assurance Providers:

- Include any Low-Risk deviations from conformance identified by the Assurance Provider in the Management Report (refer to Appendix 1 for definition). The Refiner should address any Low-Risk deviations from conformance as part of normal business practice and as part of their continuous improvement activities.

- Review the Refiner's Corrective Action Plan and assess whether it includes all relevant information and is completed in accordance with the requirements.
- Review the implementation of corrective actions identified in the previous period.
- Consider whether there are any implications to the disclosures in the Refiner's Compliance Report. There should be consistency between the content reported in the Corrective Action Plan and the Refiner's Compliance Report. For example, if there is a High-Risk non-compliance, then the Refiner's Compliance Report should include a description of the non-compliance and, in relation to that Step, a 'non-compliance' statement should be disclosed in the relevant section of the Refiner's Compliance Report.
- Where the Assurance Provider identifies a non-compliance (Medium-Risk, High-Risk or Zero-Tolerance) as part of their Assurance procedures, it is recommended that they communicate this with the Refiner immediately so that the Refiner can start to implement a Corrective Action Plan
- Consider any implications to the planned Assurance procedures and, if considered necessary, expand testing to assess whether there are material concerns and implications to the Assurance report.
- Encourage the Refiner to describe appropriately details of the non-compliances (Medium-Risk, High-Risk or Zero-Tolerance) in its Refiner's Compliance Report to be able to issue a non-qualified opinion.

Any instances of Zero-Tolerance non-compliance must be reported by the Assurance Provider to those charged with governance at the Refiner within 24 hours and communicated to the LPPM RSRC.

Repeated low-level non-compliance

Low-Risk non-compliances that appear in successive annual Assurances may be regarded as indicative of a Refiner's lack of commitment to a process of continuous improvement in its supply chain Due Diligence procedures. Assurance Providers reporting such repetitions should consider noting steps taken to address the issue(s) or consider a possible escalation of the level of non-compliance to 'Medium-Risk'.

4.3 Re-assessments

Level of Assurance

In the first year and every three (3) years, a Reasonable Assurance engagement must be performed. Limited Assurance can be performed annually for the two years in between Reasonable Assurance engagements. It is also possible for the Refiner to elect Reasonable Assurance for each year. The LPPM RSRC may at its discretion request to the Refiner that a Reasonable Assurance engagement be performed more regularly.

Follow-up audits

Where the Refiner has any High-Risk or Zero-Tolerance non-compliance, the LPPM requires that the Assurance Provider performs a 'follow-up audit' to a Reasonable Assurance level within ninety (90) days after the release of the Refiner's Compliance Report. The scope of the follow-up audit is the LPPM Refiner's Corrective Action Plan, which should provide details of the implementation of the Refiner's corrective actions taken to address all high-risk or zero tolerance non-compliances. The Assurance Provider should issue a separate independent Assurance report to accompany the Refiner's Corrective Action Plan, and a copy of both these documents must be made available to the LPPM RSRC.

Failure to adequately address High-Risk non-compliances and/or failure to complete corrective actions for High-Risk non-compliances by the second follow-up assessment must be communicated by the auditing body to the LPPM RSRC within 24 hours.

Any instances of Zero-Tolerance non-compliance should be reported by the Assurance Provider to those charged with governance at the Refiner within 24 hours and communicated to the LPPM RSRC.

The LPPM RSRC will review each case in a timely and objective manner and continued Zero-Tolerance non-compliance may lead to the suspension or delisting of the Refiner concerned from the List of accredited LPPM Good Delivery Refiners or the relevant Sponge Accreditation List(s).

5. Comments and Suggestions

Any comments or suggestions about this Third-Party Guidance or the LPPM Responsible Platinum and Palladium Sourcing Programme may be made in writing and emailed to:

LPPM Chairman

info@lppm.com

Suggestions should be made in the English language.

Appendix 1

Definitions of Non-Compliances

Compliance: A Refiner is in compliance with the requirements of the LPPM Responsible Sourcing Guidance if it achieves the following:

- For each of the five steps in the LPPM Responsible Sourcing Guidance, the Refiner has appropriately implemented the requirements. This includes having effective Platinum/Palladium supply chain policies, procedures, processes, management systems and practices, which perform in a manner that is compliant with the requirements set forth in the LPPM Responsible Sourcing Guidance.
- Prepares the Refiner's Compliance Report, which includes the minimum information as described in the LPPM Responsible Sourcing Guidance. In addition, the description of activities undertaken to demonstrate compliance should fairly represent the activities over the full reporting year (e.g. be complete, accurate, relevant, and timely); and
- Fulfils the Refiner's responsibilities (as set out in Appendix 3):
 - Responsible for conformance with Steps 1 to 5 of the LPPM Responsible Sourcing Guidance.
 - Responsible for preparing the Refiner's Compliance Report. This should be publicly disclosed alongside the independent Assurance report.
 - Responsible for preparing and publishing a policy on Platinum/Palladium supply chain, which demonstrates how the Refiner complies with the steps set out in the LPPM Responsible Sourcing Guidance.
 - Appoint an independent Assurance Provider using the competencies set out in the Third-Party Audit Guidance; and
 - Provides access to all evidence required by the Assurance Provider.

Low-Risk deviations from conformance: A Refiner can still be in conformance with the Responsible Sourcing Guidance if only Low-Risk deviations from conformance are identified. Low-Risk deviations are not required to be publicly disclosed by the Refiner in the Refiner's Compliance Report. A Refiner is likely to have Low-Risk deviations from conformance with the requirements of the LPPM Responsible Sourcing Guidance if any of the following criteria apply:

Low-Risk deviations from conformance may relate to the Refiner's Platinum/Palladium supply chain management systems, Refiner's Platinum/Palladium supplying counterparty Due Diligence, documentation of a Refiner's Transactions of PGM-bearing material or any other aspect covered by the LPPM Responsible Sourcing Guidance, including but not limited to:

- An occasional or isolated problem related to the performance of the Refiner's systems, policies, procedures, processes, and practices.
- A lack of formalisation of policies or procedures.
- Occasional failure to request and obtain appropriate Due Diligence documentation required to perform an appropriate assessment of the supply chain for all reviewed Platinum/Palladium supplying counterparty files.
- Occasional failure to request and obtain appropriate Transactional documentation for counterparties assessed as low risk; or
- An issue that presents a low risk to the integrity of the LPPM system.

Minor or administrative inconsistencies with the LPPM Responsible Sourcing Guidance that may be dealt with promptly by the Refiner may not necessarily be recorded as a Low-Risk non-compliance or Low-Risk deviation from conformance.

Medium-Risk Non-Compliance: Medium-Risk non-compliances may relate to the Refiner's Platinum/Palladium supply chain management systems, Refiner's Platinum/Palladium supplying counterparty Due Diligence, documentation of a Refiner's Transactions of PGM-bearing material or any other aspect covered by the LPPM Responsible Sourcing Guidance, including but not limited to:

- Multiple aspects of the Refiner's Platinum/Palladium supply chain systems, policies, procedures, processes, and practices are not in compliance with one requirement.
- Multiple problems related to the performance of the Refiner's Platinum/Palladium supply chain systems, policies, procedures, processes, and practices are related to the same root cause.
- Recurrent failure to request and obtain appropriate Due Diligence documentation required to perform a proper assessment of the supply chain for all reviewed Platinum/Palladium supplying counterparty files.
- A problem related to the Refiner's internal material control mechanism.
- Recurrent failure to request and obtain appropriate Transactional documentation for the sample of Transactions; or
- Recurrent failure to adequately address Low-Risk non-compliance or Low-Risk deviations from conformance by the Refiner may result in the issue becoming a Medium-Risk non-compliance.

High-Risk Non-Compliance: High-Risk non-compliances may relate to the Refiner's Platinum/Palladium supply chain management systems, documentation of a Refiner's Platinum/Palladium supplying counterparty Due Diligence and Transactions of PGM-bearing material, or any other aspect covered by the LPPM Responsible Sourcing Guidance, including but not limited to:

- Total absence of implementation, a systemic failure of or complete lack of control over required Platinum/Palladium supply chain systems, policies, procedures, processes, and practices.
- Failure to assess risks in the Refiner's Platinum/Palladium supply chain, to regularly review the risk assessment or to report the results of the risk assessment to senior management.
- Failure to identify conflict-affected or High-Risk areas in the Refiner's Platinum/Palladium supply chain or lack of implementation of the Refiner's risk mitigation strategy.
- Failure to systematically request and obtain appropriate Due Diligence documentation for all Platinum/Palladium supplying counterparty files.
- Failure to systematically request and obtain appropriate Transactional documentation for Transactions; or
- Insufficient key documentation that affects any Transaction from High-Risk supply chains (such as no Transaction records, Transaction records not in official counterparty name, etc.).

Zero-Tolerance: Non-compliances that put the credibility and integrity of the LPPM system at risk are not tolerated. Any instances of Zero-Tolerance non-compliance will be reported by the Assurance Provider to those charged with governance at the Refiner within 24 hours and communicated to the LPPM RSRC.

The LPPM RSRC will review each case in a timely and objective manner and continued Zero-Tolerance non-compliance may lead to the suspension of the Refiner concerned from the List of accredited LPPM Good Delivery Refiners or either of the Sponge Accreditation Lists.

Any of the following non-compliances are considered zero tolerance (the following list is non-exhaustive):

- Access is partially or fully denied to the Assurance Provider by the Refiner.
- PGM-bearing material is identified that is associated with armed conflict, serious Human Rights abuses, financing of terrorism or Money Laundering.
- The Refiner attempts to influence the outcome of the assessment through unethical means.
- Evidence is found that documentation has been falsified by the Refiner, or with the knowledge and acceptance of the Refiner, by any actor in the Refiner's Platinum/Palladium supply chain.
- The Refiner fails to comply with local laws and regulations, or Environment, Sustainability, and corporate governance responsibilities.

- The Refiner deliberately misrepresents facts through deception, coercion, or interference; or
- Any other action or absence thereof by the Refiner putting at risk the credibility or integrity of the LPPM system

The LPPM RSRC will respond to evidence from sources other than a Refiner's Assurance Provider, that leads to suspicion of Zero-Tolerance non-compliance with the Responsible Sourcing Guidance, at any time. Such response may include a requirement of a further audit, under the auspices of an Assurance Provider appointed by the LPPM, as well as suspension or removal of the Refiner's Good Delivery status or its listing on the Sponge Accreditation List(s).

Appendix 2

Three-Party Relationship: Assurance Engagement and Corresponding Responsibilities

Refiner

- Responsible for conformance with Steps 1 to 5 of the LPPM Responsible Sourcing Guidance and overall compliance.
- Responsible for preparing the annual Refiner Compliance Report. This should be publicly disclosed alongside the independent Assurance report within 3 months of the reporting year-end.
- Responsible for preparing and publishing a policy on the Platinum/Palladium supply chain, which demonstrates how the Refiner complies with the Guidance.
- Appoints an independent Assurance provider using the competencies set out in the LPPM Assurance Guidance.
- Provides access to all evidence required by the Assurance provider.
- Implements a Corrective Action Plan for all non-compliances identified. A copy of the Corrective Action Plan should be provided to the LPPM RSRC.

Assurance provider (Assurance Provider)

- Engaged by the Refiner to report, in accordance with the recognised Assurance standards, on whether the Refiner's Compliance Report and Countries of Origin Annex describe fairly the activities undertaken during the year to demonstrate compliance with the LPPM Responsible Sourcing Guidance.
- Satisfies the Assurance Provider competency requirements and provides a specific declaration on this within the Assurance report.
- Applies recognised Assurance standards and abides by standards of quality control.
- Performs Assurance procedures to obtain evidence including reviewing the Corrective Active Plan and progress made.
- Issues an annual independent Assurance report.
- Communicates Assurance findings to Refiner's management by issuing an internal Management Report.

Intended Users

- Uses the Refiner Compliance Report and independent Assurance report to make decisions
- Intended users include:
 - Refiner
 - LPPM Responsible Sourcing Review Committee.
 - Refiner's clients and counterparties.

Appendix 3

Examples of Assurance Activities⁷

Planning and risk assessment

- Assessment of any risks that may impede on engagement acceptance (e.g., independence, conflict of interest, competencies);
- Agree on the following information with the Refiner.
 - Fees (including travel expenses).
 - Delivery timeframes and milestones.
 - Team composition.
 - Relevant documentation (including its location and availability);
 - Schedule for on-site audit and timescales.
 - Responsibilities confirmed for Assurance Providers and Refiners.
- Finalise contractual arrangements.
- Kick-off meeting with Refiner.
- Consideration of the Refiner's existing internal or external audits, and supply chain Due Diligence initiatives that could be relied upon.
- Assessment of the suitability of criteria, i.e., does the Refiner's application of the reporting criteria (consisting of the LPPM Responsible Sourcing Guidance and the supply chain policy document) meet the five characteristics of suitable criteria (Relevance, Completeness, Reliability, Neutrality and Understandability);
- Review of Refiner's Risk-Mitigation Strategy. The Assurance Provider should review the systems put in place by the Refiner to respond to identified risks, in line with the OECD Due Diligence Guidance for Responsible Supply Chains. Particular attention should be paid to methods of mitigation of the risk while continuing to trade and / or mitigation of the risk while suspending trade and systems should be in place and scrutinised, even in circumstances where the Refiner maintains that they have not been necessary, during the audit period.
- Review of Refiner's Platinum/Palladium supply chain policy and/or internal methodology documents.
- Review of draft Corrective Action Plan and draft Refiner's Compliance Report (if available).
- Obtain an understanding of the Refiner's operations (to develop the planned approach, including nature, timing, and extent of Assurance procedures) including:
 - Names, locations, types of PGM-bearing material received and processed.
 - Unit operations on site where PGM-bearing materials are processed.
 - Relevant information about the Refiner's operations and processes that are actively contributing to activities, processes or systems related to PGM Refining (including off-site offices, processing facilities and/or storage areas for PGM-bearing material);
 - List of Platinum/Palladium supplying counterparties, including country of residence and risk level in the reporting period.
 - List of all Transactions of Platinum/Palladium-bearing material received in the reporting period for purposes of PGM Refining.
 - Organisational chart.

⁷ Note that the information contained in the table above is for guidance purposes. The Assurance Provider should apply their professional judgement and consider the specific circumstances for each Assurance engagement

Testing

- Perform a walkthrough of the Refiner Due Diligence process to gain an understanding of implemented controls and procedures. Focus areas could include:
 - Knowledge and implementation of Platinum/Palladium supply chain management systems.
 - Identification of Recycled Platinum/Palladium (e.g., stamps, marks or inventory lists, etc.).
 - Shipments where material could be or is associated with Money Laundering, Terrorist Financing, Contribution to Conflict or serious Human Rights abuse and how the Refiner deals with them (e.g., quarantined until the Refiner obtains additional data to confirm or refute its preliminary assessment);
- Testing of Refiner's Platinum/Palladium supply chain management systems; for example:
 - Supporting documentation of communication and implementation of systems, policies, procedures, and practices in accordance with the Refiner's Platinum/Palladium supply chain internal management systems.
 - Evidence and registers supporting the above.
 - Testing a representative sample of Refiner Platinum/Palladium supplying counterparty Due Diligence files and Transactions to confirm that documentation related to Due Diligence measures in the Platinum/Palladium supply chain is systematically requested, collected, and maintained on file in compliance with the LPPM Responsible Sourcing Guidance. (It is recommended to plan sufficient time for this testing to be performed);
 - Review of draft Refiner's Compliance Report.
 - Assessment of whether the descriptions of activities and conclusions contained within are fairly stated (complete, relevant, accurate, and timely) and fairly represent the results of the Assurance testing performed.
- Interviews with Refiner management on-site.
- Review of Corrective Action Plans.
- Assess results of Assurance testing, and any implication to the Assurance approach.

Completion and reporting

- Evaluate evidence.
- Final review of the Refiner's Compliance Report and Countries of Origin Annex signed off by management.
- Closing meeting and presentation of findings.
- Obtain management representations.
- Preparation of three deliverables:
 - Independent Assurance report.
 - Management Report.
 - Countries of Origin Annex

Appendix 4

Person-Day Guidelines

As a guideline, the Assurance Providers may refer to the number of person-days recommended below for a Reasonable Assurance or a Limited Assurance. The actual number of days spent for each on-site assessment will be determined by the lead Assurance Provider.

LPPM Person-Day Sampling Guidelines - Reasonable Assurance

Number of Transactions	Number of Suppliers		
	<100	100-250	>250
<2500	2-4	2-4	4-6
2500-5000	4-6	4-6	6-8
>5000	6-8	6-8	8-10
If the Refiner sources from High-Risk Platinum/Palladium counterparties		+1 Person-day for every additional 25 supplying counterparties	
If the Refiner High Risk Transactions are:		<200 Transactions received within the assessment period: +1 person-day >200 Transactions received within the assessment period: +1 person-day for each 50 Transactions received within the assessment period	

LPPM Person-Day Sampling Guidelines - Limited Assurance

Number of Transactions	Number of Suppliers		
	<200	200-500	>500
<1000	1-2	1-2	1-2
1000-5000	2-4	2-4	2-4
>5000	4-6	4-6	4-6
If the Refiner sources from High-Risk Platinum/Palladium counterparties		+1 Person-day for every additional 25 supplying counterparties	
If the Refiner High Risk Transactions are:		<200 Transactions received within the assessment period: +1 person-day >200 Transactions received within the assessment period: +1 person-day for each 50 Transactions received within the assessment period	

The number of person days for each category may be increased or decreased, provided the time allocated for the on-site assessment allows the Assurance Provider or assessment team to establish a reasonable basis on which to draw conclusions about the Refiner's level of compliance with applicable requirements.

The audit report should clearly state the nature of any non-conformance and the impact it has on a Refiner's operations.

Appendix 5

Countries of Origin Annex

A listing of the countries of origin of Platinum and Palladium (each shown separately), and the amount received from each country, for the assessment period. Platinum and Palladium received directly from an LPPM Good Delivery Refiner or a Refinery on the relevant Sponge Accreditation List should be excluded.

Annex requirements:

- Origin data for mined (primary) and recycled (secondary) platinum and palladium, in all forms, received for refining or processing.
- The Country of Origin is: -
 - For Mined Platinum/Palladium, the location of the mine.
 - For Recycled Platinum/Palladium, the country from which the material originated and any country through which it was subsequently shipped, before being received by the Refiner.
- The weights should be: -
 - Fine content of metal, in Kilograms
 - Split between high grade (95% and over) and non-high grade (below 95%)
 - Platinum and Palladium weights to each be shown separately and not combined
- Platinum/Palladium received from an LPPM Good Delivery Refiner or a Refiner on the relevant Sponge Accreditation List should be excluded from the Annex,
- Origin data must be shown for all Platinum and all Palladium received from all companies including those wholly or partially owned by the GD refinery. For the avoidance of doubt the origin is the country the material has been shipped from before being received by any company wholly or partially owned by the refinery.

Notes:

Confidentiality~:

1. The Countries of Origin Annex will be held by the LPPM RSRC in complete confidence and only shared within the LPPM under strict embargo and for the purpose of ensuring compliance with the Guidance. It will not be divulged to any other parties outside of the LPPM or used for any purposes other than for Responsible Sourcing compliance.
2. Review of Countries of Origin Annex:
A review of the COO will be conducted by LPPM RSRC. After the review and at its own discretion the LPPM RSRC may ask for clarification and any aspects of the Countries of Origin Annex.