

PAMP SA
Attn. Mrs. Nadia Haroun
Via alle Zocche 1
6874 Castel San Pietro

Geneva, 30 March 2021

Independent Limited Assurance Report on PAMP SA's Compliance Report 2020

General information

We were engaged by PAMP SA (“PAMP”) to perform a limited assurance engagement on PAMP’s Compliance Report dated 25 March 2021 for the reporting period from 1 January to 31 December 2020 (the “Compliance Report”).

Management’s responsibilities

The management of PAMP is responsible for the preparation and presentation of the Compliance Report in accordance with the *LPPM Responsible Platinum & Palladium Guidance v2 01.02.2020* (the “Guidance”). This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived and includes conformance with Steps 1 to 5 of the Guidance. The criteria identified by the management as relevant for demonstrating compliance with the Guidance are the activities described within the Compliance Report.

Our responsibility

Our responsibility is to carry out a limited assurance engagement in order to express a conclusion based on the work performed. We conducted our assurance engagement in accordance with the International Standard on Assurance *Engagements ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board and the guidance set out in the *LPPM Responsible Source Programme – Third Party Audit Guidance for ISAE 3000 Auditors v1 15.10.2018* (the “Audit Guidance”). This standard requires that we plan and perform this engagement to obtain a limited level of assurance.

The extent of evidence-gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is provided.

This report has been prepared for PAMP for the purpose of assisting the management in determining whether PAMP has complied with the *Guidance* and for no other purpose. Our assurance report is made solely to PAMP in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than PAMP for our work, or for the conclusions we have reached in the assurance report.

We refer to the fact that the Compliance Report subject to our assurance engagement comprises the Annex “Countries of origin of precious metals”. In accordance with the Audit Guidance, the treatment of the Annex detailing the countries of origin of precious metals has to be submitted to the LPPM Executives only and does not need to be disclosed publicly.

Limited assurance procedures performed

We have planned and performed our work to obtain all the evidence, information and explanations considered necessary in relation to the above scope. These procedures included:

- ▶ Enquiries of management to gain an understanding of PAMP’s processes and risk management protocols in place;
- ▶ Enquiries of staff responsible for the preparation of the Company’s Compliance Report;
- ▶ Review of policies, procedures and internal controls that PAMP has in place to conform to the Guidance;
- ▶ Review of a selection of the supporting documentation, including supplier counterparty due diligence file and transaction’s documentation;
- ▶ Review of the Compliance Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Inherent limitations

Non-financial information, such as that included in the Refiner’s Compliance Report, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques that can result in materially different measurements and can impact comparability. The methods used by Refiners to comply with the Guidance may differ. It is important to read the PAMP’s Responsible Precious Metal Policy available on PAMP’s website (www.pamp.com).

Independence and competency statement

In conducting our engagement, we have complied with the applicable requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

In conducting our engagement, we confirm that we satisfy the criteria for assurance providers as set out in the *Audit Guidance* to carry out the assurance engagement.

Opinion

Based on the limited assurance procedures performed as described above, nothing has come to our attention that would lead us to believe that PAMP's Compliance Report for the period from 1 January to 31 December 2020, does not in all material respects, describe fairly the activities undertaken during the year to demonstrate compliance, and management's overall conclusion contained therein, is not in accordance with the requirements of the LPPM *Guidance* and *Audit Guidance*.

Ernst & Young Ltd



Partner

Milena De Simone-
Fierz (Qualified
Signature)



Senior Manager

Pierre-Luc
Cantin (Qualified
Signature)

Enclosure: Copy of the Compliance Report dated 25 March 2021

PAMP SA LPPM Responsible Sourcing Guidance Compliance Report

Introduction

Supply chain due diligence has always been a key focus for the MKS PAMP GROUP. PAMP strives to continuously improve its own processes and practices as well as leading the industry to further enhance due diligence standards and practices.

The *LPPM Responsible Platinum and Palladium Guidance* have been established for Good Delivery Refiners to adopt high standards of due diligence in order to combat systematic or widespread abuses of human rights, to avoid contributing to conflict and to comply with high standards of anti-money laundering and combating terrorist financing practice.

The MKS PAMP GROUP, operates two refineries among its entities, and leads by example on Responsible Sourcing by

- making it a central tenet of its Group policies and operating Procedures.
- stringently applying those guidances to all Group companies around the world which are involved in the precious metal business in addition to its refineries.
- applying the requirements of the most stringent guidances, the LBMA Responsible Gold Guidance, to all precious metals sourced.

As a result, all precious metals feedstock sourced and refined by PAMP comply fully with the LBMA Responsible Gold and Silver Guidances as well as the LPPM Responsible Platinum and Palladium guidance requirements.

In addition, PAMP is a Swiss financial intermediary subject to the Swiss AML regulation and supervised by a self-regulatory organisation approved by the Swiss Financial Market Supervisory Authority. As such, we are audited on a yearly basis by third parties to assess our compliance with the Swiss AML regulation; including processes, due diligence carried out as well as monitoring of relationships and transactions.

Table 1: Refiner's details

Refiner's name	PAMP SA
Location	6874 Castel San Pietro, Switzerland
Reporting year-end	December 31, 2020
Precious metals in the scope of the LPPM Responsible Sourcing audit	PGM
Date of Report	March 25, 2021
Senior Management responsible for this report	Marwan Shakarchi, Chairman

This report summarizes how PAMP SA complied with the requirements of the LPPM Responsible Platinum and Palladium Guidance during the year 2020.

PAMP's evaluation

The following table lists the minimum requirements that must be satisfied by Refiners in accordance with the LPPM Responsible Platinum and Palladium Guidance to demonstrate compliance.

Table 2: Summary of activities undertaken to demonstrate compliance

Step 1: Establish strong company management systems

Compliance Statement with Requirement:

We have fully complied with Step 1 Established strong management systems.

1.1 PAMP SA has adopted a policy regarding due diligence for precious metals supply chains

Comments and Demonstration of Compliance:

Our [Responsible Precious Metal Policy](#) is fully compliant with the model set out in the Annex II of the OECD due diligence guidance. This sets out in particular our responsibility to establish strong company management systems to fight serious abuses of human rights, to avoid contributing to conflict over our supply chain and, to perform appropriate due diligence on a risk based approach over our counterparties and precious metal supply chain and to ensure appropriate scrutiny and monitoring of transactions on a risk based approach. In addition to the OECD due diligence guidance, our Precious Metal Policy also includes requirements to:

- comply with the highest standards of anti-money laundering (AML)
- combat terrorist financing (CFT)
- address environmental and sustainability responsibilities

Our Responsible Precious Metal Group Policy is approved by Senior Management and reviewed annually. Changes are made to the Policy to reflect our commitment to regularly further strengthen our requirements. The Policy is communicated to all our employees and remains available to the public on our website. This Policy is communicated to – and part of our commercial agreements with – all our precious metals counterparties. We also encourage our counterparties to further communicate our Policy to their employees and own supply chain actors.

1.2 PAMP SA has set up an internal management structure to support supply chain due diligence

Comments and Demonstration of Compliance:

Management Structure

Senior Management retains the ultimate control and responsibility for combating serious human rights abuses, money laundering, terrorist financing, avoiding contribution to conflict as well as addressing environmental and sustainability responsibilities over the supply chain. The Compliance Team has been assigned to manage the process and has a direct line of reporting to Senior Management.

Systems

PAMP SA has an internal management system to support supply chain due diligence, which includes in particular the definition of role and responsibility, due diligence checklist and toolkit and a robust traceability system database recording each lot refined.

Our internal checklist and toolkit are continuously reviewed and amended when circumstances require. This year we also improved our process in order to better capture negative news screening during the due diligence assessment phase. Furthermore, we have developed a new due diligence checklist to better assess and document periodic review of due diligence files.

No relationship can be established, and no transaction can be accepted until the due diligence is finalized, any required clarification received, and the green light is given by the Compliance Team and by Senior Management. Due diligence issues identified during the course of a relationship are escalated to the Compliance Team and Senior Management.

Compliance

The Compliance Team is responsible for all matters regarding anti-money laundering, combating terrorism financing, avoiding contributions to conflict, fighting serious human rights abuses and addressing environmental responsibilities.

In particular, the Compliance Team reviews the customer due diligence prepared by the Relationship Managers and their support teams and assesses if the due diligence is adequate. Additional documentations, information or clarification is required if necessary. The Compliance Team performs periodic and event-driven reviews of counterparty's due diligence files. It also ensures the keeping and archiving of files of business relationships subject to AML and responsible sourcing.

The Compliance Team also supervises the internal training program on due diligence, AML and responsible supply chain. The program includes face to face or video conference training sessions. Our training program will be reinforced in 2021 with online training sessions.

The Compliance Team is responsible for preparing and updating the internal policies, for providing comprehensive information to Senior Management in order for them to perform their duties and support the business lines in all matters regarding AML-CTF and responsible sourcing. In addition, the Compliance Department decides in agreement with Senior Management of the reporting of suspicious transaction and the freezing of assets in compliance with local regulation. During 2020, no such reporting was made.

We have also fostered a Compliance culture within our company by establishing an extensive communication between the Relationship Managers, the Compliance Team and the Senior Management through trainings and regular pre-onboarding meetings where all actors share their respective expectations. PAMP also relies on the broad expertise and knowledge of Relationship Managers to perform an initial assessment of prospects and eliminate those not meeting expectations at a very early stage of the onboarding process.

During 2020, no due diligence failures triggering an internal sanction were reported. Full due diligence in compliance with LPPM responsible sourcing standards has been conducted on all our counterparties; no exception has been reported during 2020.

1.3 PAMP SA has established a strong internal system of due diligence, controls and transparency over precious metals supply chain, including traceability and identification of other supply chain actors

Comments and Demonstration of Compliance:

PAMP SA has a robust traceability system database that records supply chain information and documents for each lot refined with a unique identification number allocated. For each lot, the system captures data such as the country of origin, the type of material (i.e. mine / recycled), pictures taken, shipping information, purity and weight. Each step of the process from arrival to the refinery until the end of the processing is fully documented.

Specific and relevant transactional documentation as per its internal guidelines must be received and verified before the processing of any precious metals. Such documentation is attached to each lot in the system and properly archived.

All transactions, irrespective of their risk classification are reviewed daily by the Compliance Team. In addition, shipments coming from countries considered as high risk as per our internal guidelines are flagged in the system. Furthermore, our internal system generates alerts depending on specific scenario defined, such as discrepancies in purity or country of origin. Alerts are reviewed and analysed by the respective teams in charge.

In order to strengthen our AML program, PAMP does not accept to make or to receive third party payments. In addition, PAMP bans cash transaction and therefore all currency and metal payments are made through international banking channels.

We are currently working on the review of our current systems and tools to further enhance the data collection in order to improve our reporting.

1.4 PAMP SA has strengthened company engagement with precious metals supplying counterparties, and where possible, assist precious metals supplying counterparties in building due diligence capabilities

Comments and Demonstration of Compliance:

We only believe in long term relationships based on trust and mutual recognition. Therefore, we never accept one off transactions.

Our General Terms and Conditions for the Refining of Materials specifically refers to and includes our Responsible Precious Metal Policy and the Annex II of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Where possible, we assist our precious metals supplying counterparties or prospects and encourage them to improve their responsible supply chain practices. In particular, our Relationship Managers, who are regularly trained, are responsible for promoting responsible sourcing practices throughout the supply chain. Therefore, they take advantage of each on site visit to explain the regulatory environment, our expectations, best practices seen in the market and provide them with help or guidance encouraging them to continuously improve their own practices and where applicable, obtain independent certification of their practices.

1.5 PAMP SA has established a company-wide communication mechanism to promote broad based employee participation and risk identification to management

Comments and Demonstration of Compliance:

Our Group has a mechanism allowing any employee, supply chain actor or stakeholder to voice any concerns over the precious metals supply chain or newly identified risk. The functional mailbox responsiblepm@mkspamp.com has been established and is reviewed by the Group Compliance Officer and by the Compliance Team. All relevant enquiries are treated directly by the Compliance Department.

During 2020, we have not received any direct grievance through our functional mailbox or any LPPM enquiry.

Step 2: Identify and assess risks in the supply chain

Compliance Statement with Requirement:

We have fully complied with Step 2 Identify and assess risks in the supply chain.

2.1 PAMP SA has a process to identify risks in the supply chain

Comments and Demonstration of Compliance:

PAMP SA identifies and assesses risks in the supply chain. We have established our criteria for high-risk categories and systematically apply them to all our precious metal supplying counterparties. In order to determine conflict-affected, human rights abuses and money laundering high-risk areas, we use several reliable external data sets as basis of this analysis. Such data comprise the Conflict Barometer issued by the Heidelberg Institute for International Conflict, the Human Freedom Index issued by the Cato Institute, FATF lists, the covered countries as per Conflict Minerals Dodd Frank Act, the high-risk conflict transit zones identified by the UN and sanction lists. The list of high-risk countries is reviewed annually.

Supply chains could be assessed as high-risk due to their location in high risk areas, due to the profile of the supply chain or counterparty type, such as Politically Exposed Person (PEP) or counterparties active in high risk businesses.

We conduct due diligence following a risk-based approach and allocate a risk profile according to our risk profile criteria. This process is a formal requirement before entering into any business relationship with a precious metal supplying counterparty. Risk classification is determined by the Relationship Manager based on MKS PAMP GROUP high-risk criteria and reviewed, assessed, and validated by the Compliance Department. The Compliance Department has the power to override any risk classification and determine a relationship as high-risk even if no high-risk criteria are met.

2.2 PAMP SA assesses risks in light of the standards of their due diligence system

Comments and Demonstration of Compliance:

Due diligence

Supply chain due diligence following a risk-based approach is performed before entering into a business relationship and on an on-going basis with any precious metals supplying counterparty. All our counterparties and their ultimate beneficial owners are also screened at onboarding and during the course of the relationship against external databases. Based on the due diligence conducted, the following risks are assessed: human rights abuses, money laundering, terrorism financing, sanction violation, contribution to conflict, corruption, support to illegitimate non-state armed groups, public or private security forces,

fraudulent misrepresentation of origin of materials, non-compliance with local tax regulation, and non-compliance with environmental local legislation.

Enhanced due diligence

We also perform enhanced due diligence for higher risk categories. Relationships considered as high risk are reviewed annually and submitted to Senior Management for validation. Non high-risks relationships are also reviewed on a periodic basis by the Compliance Department. In addition, every relationship is reviewed on an event trigger basis, such as a change of ownership, negative news identified, change in the supply chain.

In compliance with the LPPM responsible program, all our high-risk supply chains are visited. Such visits are fully integrated in our due diligence program and we use the LPPM on-site toolkit to document the visits.

Monitoring

In addition, we conduct appropriate and continuously scrutiny and monitoring of transactions undertaken through the course of the relationship following a risk-based approach. Any unusual or high-risk transaction is communicated to the Compliance team who will ensure that proper clarification is obtained. Each transaction is reviewed daily by the Compliance Team in addition to the operational checks conducted.

Supply chain

We source only from recycled supply chains.

2.3 PAMP SA reports risk assessment to Senior Management

Comments and Demonstration of Compliance:

Senior Management approves all new counterparts. In addition, Senior Management revisits each year the decision as to whether to continue or not with business relationships categorized as high risk. The Compliance Team prepares on a yearly basis a report on high risk suppliers to Senior Management in order for them to perform these duties. Whenever required, the Compliance Team escalates concerns to Senior Management. Senior Management retains the ultimate control and responsibility for the precious metals supply chain.

Furthermore, the Compliance Team produces Key Performance Indicators used to review the effectiveness and performance of the supply chain due diligence procedure. These KPIs are submitted to the Board of Directors on a quarterly basis. The Compliance Team also prepares each year a reputational risk matrix and risk assessment which is approved by the Board of Directors.

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

Compliance Statement with Requirement:

We have fully complied with Step 3 Design and implement a management system to respond to identified risks.

3.1 PAMP SA has devised a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing to trade; (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk

Comments and Demonstration of Compliance:

During the reporting period, PAMP SA has properly implemented required strategy to respond to the identified risk.

3.2 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

Comments and Demonstration of Compliance:

The procedure for risk mitigation is described in our own guidance and is strictly applied if and when necessary.

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

Compliance Statement with Requirement:

We have fully complied with Step 4 and have arranged for an independent third-party audit on all our precious metal supply chains.

Comments and Demonstration of Compliance:

PAMP SA has engaged the services of the assurance provider Ernst & Young Ltd, Geneva to review our 2020 Compliance Report, and their independent report will be available on PAMP's website when issued.

Step 5: Report on supply chain due diligence

Compliance Statement with Requirement:

We have fully complied with Step 5 Report on supply chain due diligence

Comments and Demonstration of Compliance:

Our Responsible Precious Metals Policy is available on PAMP's website. Our 2020 Compliance report with the independent audit report will be available on PAMP's website when issued.

In addition, we have:

- responded to queries from the LBMA, LPPM, RMI or other regulatory bodies as to information required by them or allegations made
 - to the extent allowed by confidentiality and competitive requirements, answered queries by the media, NGOs, Academia and the press as to our sourcing activities, related business and compliance processes and counterparties
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PAMP SA's overall conclusion

Table 3: Management conclusion

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

Yes

In conclusion, PAMP SA strives to continuously improve its own processes and practices as well as leading the industry to further enhance due diligence standards and practices.

PAMP SA has implemented effective management systems, procedures, processes and practices to conform to the requirements of *the LPPM Responsible Platinum and Palladium Guidance* for all its precious metals supply chains, as explained above in Table 2, for the reporting year ended 31 December 2020.

Table 4: Other report comments

If users of this report wish to provide any feedback to PAMP SA with respect to this report, they can send an e-mail to our dedicated email address: responsiblepm@mkspamp.com
