

London Platinum and Palladium Market – Responsible Platinum/Palladium Guidance Management Audit Report (ISO19011:2011)

BASF Corporation

Virtual Assessment:

Iselin, NJ - 25 Middlesex Turnpike, Iselin, NJ 08830

Seneca, SC - 554 Engelhard Dr, Seneca, SC 29678

**Katja Gehne - Head of Responsible Sourcing of Platinum Group Metals
and Battery Minerals**

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Prepared by:

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ASSESSMENT INFORMATION	
Refiner Name:	BASF Corporation - Seneca
Refiner Location:	554 Engelhard Dr, Seneca, SC 29678
Refiner Contact Person:	Katja Gehne Head of Responsible Sourcing of Platinum Group Metals and Battery Minerals
Name, Title:	
Email:	katja.gehne@basf.com
Phone:	+49 173 3099546
Lead auditor and audit team members	Ambar Valles – Lead Auditor Elise Mattenson – Team Auditor
Dates and places where the onsite assessment activities were conducted	Onsite: July 8, 2021 Virtual: October 26 – 29, 2021

LPPM Refiner Assessment Report
Refiner Background:
<p>BASF Corporation’s Seneca refinery was established in 1985 for precious group metal (PGM) catalyst refining and manufacturing. Ten to twenty percent of business at Seneca is closed loop, meaning that the site receives spent catalysts from customers where metal is retrieved to be re-used in the production of new catalysts. A larger part of the business is in automotive catalysts where catalytic converters are scrapped, sampled, and refined. The metal, after settlement, is typically sold to BASF. The Seneca refinery site receives off-spec, obsolete or excess material from several BASF affiliate companies who produce fresh catalyst and receive spent process catalyst from other BASF affiliates operating industrial facilities. During the audit period, three sites specifically collected material for refining at Seneca, including Converse, Lincoln Park (closed in 2019), and Cinderford (BASF Metals Recycling Limited).</p> <p>Per management, Seneca is the only site with refining capabilities (location of an electric arc furnace, top blown rotary converter, atomizer), assays are conducted in BASF’s laboratory located in Rome, Italy and Union, New Jersey. When BASF receives refining material that falls outside the capabilities in Seneca, material is sent to two main external smelting or refining parties (OSRs) Umicore (Umicore S.A. Unit Precious Metals Refining – Hoboken, Belgium) or Heraeus (Heraeus Precious Metals North America – Santa Fe Springs, USA). Final product is transported directly to BASF’s PGM Vault located in Union, New Jersey</p> <p>At the time of the assessment, management confirmed that both OSRs are LPPM Good Delivery accredited refiners and provided copies of current certificates; Umicore Platinum and Palladium, and Heraeus Platinum and Palladium.</p> <p>BASF Corporation follows ISO 9001 quality management requirements on current responsible sourcing practices, policies, procedures, and the Assay laboratories are certified ISO17025. The audit team observed use of SAP software for business operations and recordkeeping; management provided an overview on use of the system during the audit. Management continues to work on complementing these existing systems to further align with LPPM responsible sourcing and due diligence requirements.</p>

Assessment objectives:

The objectives of the assessment were to evaluate the conformity of BASF Corporation's management system procedures, processes, and practices with the London Platinum and Palladium (LPPM) Responsible Platinum/Palladium Guidance (Version 2, February 2020). The assessment included management from BASF Corporation's Iselin, New Jersey headquarters location, Seneca, South Carolina refinery location, and Germany based Responsible Minerals Team.

Materials in scope were platinum and palladium bearing scrap (secondary) material received at the Seneca Refinery.

The criteria used to evaluate the subject matter consisted of the relevant information contained within the LPPM's Third Party Audit Guidance (V1, 15.10.2018 and V3, 03.2021 for COO annex reporting) and in accordance with the ISO 19011:2011 International Standard approach.

Assessment scope:

<i>Refiner location(s) included in the assessment scope</i>	BASF Corporation – Seneca, SC (554 Engelhard Dr, Seneca, SC 29678)
<i>Assessment Period</i>	April 1, 2020 – December 31, 2020

Assessment methodology:

The Assessment team evaluated the existence and implementation of systems at the Refiner that addressed areas covered by the LPPM Responsible Platinum/Palladium Guidance. Each area of the LPPM Responsible Platinum/Palladium Guidance was verified by documentation review and management/employee interviews. An onsite audit of the Seneca Refinery was conducted on July 8th, 2021, as part of the refiner's initial assessment and CAP review process; this onsite visit was acceptable for the scope and audit period under review of this assessment.

The evidence of compliance that was reviewed included:

- **Pre-audit Sample Methodology:** The audit team sampled transactions from a Line Item Summary (LIS) provided for the Seneca Refinery site. The sampling was based on a risk-based approach, with a focus on high-risk suppliers and transactions; risk rated by BASF's Responsible Minerals Team.
- **Document Review:** Supply Chain Policy, internal draft procedures related to supply chain due diligence, material controls and transparency, risk assessment matrix, management, and employee training records, know your counterparty reports, AML counterparty files, and material transaction files.
- **The following interviews were conducted with management:**
 - Head of Responsible Sourcing of Platinum Group Metals and Battery Minerals
 - Senior Specialists Responsible Sourcing Minerals
 - Global Sales Director, PM Refining and Chemicals, G-CCM/R
 - Global Supply Chain Manager, CCM
 - Supply Chain Manager, Seneca
 - AML Compliance, UK
 - AML Compliance, US

The following interview(s) with employees were conducted:

Distribution Warehouse Manager, Seneca

- **The following areas of the facility were visited during the tour, on July 8th, 2021:**

- Receiving Department
- Inventory Warehouse
- Wet Material Prep area
- Dry Material Prep area
- Assay Laboratories (2)
- Material Processing areas
- Vault

- **Country of Origin Annex:** In addition to Seneca, Country of Origin (COO) Annexes were collected for Converse (USA), Clemson (USA), and Cinderford (UK) which are sites that send material to Seneca for refining.

Statement of the confidential nature of the contents:

All the data contained in the Management Report, as well as all information obtained during the performance of the assessment, is private and confidential between the auditing body, the Refiner, and LPPM. SCS Global Services' Professional Services Agreement (PSA) and BASF Non-Disclosure Agreement (NDA) are acknowledged and kept in file.

Any significant or inherent limitations or areas not covered that were within the assessment scope:

At the time of the assessment there were no significant or inherent limitations or areas not covered that were within the assessment scope; the assessment was conducted remotely, via desktop due to COVID-19 site visit and travel concerns.

Management provided records requested and access to management and employees selected for interviews.

Assessment criteria:

The SCS Global Services assessment team considered all relevant objective evidence provided by the Refiner. Relevant evidence was either qualitative or quantitative in as far as it is appropriate and sufficient to support the auditor or assessment team's conclusions. Appropriate evidence is evidence that is relevant and reliable. Sufficient evidence refers to the amount of evidence provided to allow the auditor or assessment team to reach a conclusion.

Any actual or potential gaps in the Refiner's systems regarding the LPPM requirements are rated in accordance with the level of risk each presents to the credibility and integrity of the LPPM Responsible Sourcing Programme for the responsible sourcing of platinum/palladium-bearing materials.

Assessment Conclusions

OVERALL ASSESSMENT CONCLUSION	Compliant	Low	Medium	High	Zero Tolerance
Based on the above assessment conclusions, the overall rating of the Refiner's performance is determined to represent:		✓			

ASSESSMENT CONCLUSIONS BY CATEGORY							
Refer to the LPPM Third-Party Audit Guidance, Appendix 1 to determine the level of conformance for each sub-category ¹ .							
				Non Compliance – risk level			
	CATEGORY	SUBCATEGORY	Compliant	Low	Medium	High	Zero Tolerance
A	General Information		x				
B	Step 1: Establish strong Refiner management systems	1.1:		x			
		1.2		x			
		1.3	x				
		1.4	x				
		1.5	x				
C	Step 2: Identify and assess risk in the supply chain	2.1	x				
		2.2	x				
		2.3	x				
D	Step 3: Design and implement a management strategy to respond to identified risks	3.1	x				
		3.2	x				
E	Step 4: Arrange for an independent third-party audit of the supply chain due diligence	4.1	x				
F	Step 5: Report on supply chain due diligence	5.1	x				

¹ LPPM Responsible Platinum/Palladium Programme-Third Party Audit Guidance. Appendix 1: Definitions of Non-compliances. Pg.19&20.

Assessment plan:

The on-site assessment at each of the selected sites of the Refiner is composed of four (4) parts:

1. Opening meeting;
2. Review of objective evidence by means of observation, documentation and interviews;
3. Evaluation of the evidence presented to determine compliance with LPPM requirements;
4. Closing meeting.

Various time zones were taken into consideration during this virtual assessment (HST/CST/EST/CET) due to the location of the audit team, Refiner, and Refiner's point of contact; for clarity, the audit plan below is noted in EST where the Refiner is located.

List of attendees of opening and closing meeting

Opening meeting attendees

BASF Corporation:

- Head of Responsible Sourcing of Platinum Group Metals and Battery Minerals
- Senior Specialist Responsible Sourcing Minerals (I)
- Senior Specialist Responsible Sourcing Minerals (II)

SCS:

- Lead Auditor
- Team Auditor

Closing meeting attendees

BASF Corporation:

- Head of Responsible Sourcing of Platinum Group Metals and Battery Minerals
- Senior Specialist Responsible Sourcing Minerals (I)
- Senior Specialist Responsible Sourcing Minerals (II)

SCS:

- Lead Auditor
- Team Auditor

Refiner feedback

High level of professionalism, goal-oriented auditing and mutual appreciation, beneficial to us and the auditors. We take identified findings seriously and will work on continuously improving our Management-systems.

The Auditors confirm that:

- ✓ The information provided by the Refiner is true and accurate to the best knowledge of the Auditor(s) preparing this report.

- ✓ The findings are based on verified Objective Evidence relevant to the time period for the assessment, traceable and unambiguous.
- ✓ The Auditor(s) have acted in a manner deemed ethical, truthful, accurate professional, independent and objective.
- ✓ The Auditor(s) are properly qualified to carry out the assessment at this Refiner's facility.

Lead Auditor: Ambar Valles

Signature:

Date: January 21, 2022