



TCA Compliance Report 2021

Table 1: Refiner's details

Refiner's name	TCA Trattamenti Ceneri Auroargentifere S.p.A.
Entities and locations	Headquarters: Zona industriale Castelluccio, 11 52010 Capolona (AR), Italy Secondary Plant: Via Tagliamento 12, Altavilla Vicentina (VI) Secondary Plant: Via Gramsci 10/B, Sale (AL)
Reporting year-end	31.12.2021
Date of Report	23.03.2022
Senior Management responsible for this report	Mr. Tommaso Chiarini
Compliance Officer	Mr. Andrea Susi

History

TCA came into being in Tuscany, in the pulsating heart of the Italian gold-silver district. Founded in 1977 in Arezzo, where it is headquartered, TCA has two other branches in Vicenza and Valenza, for a total of 115 employees al 31st December 2021 and three plants. Its partners lend to TCA their extensive experience and in-depth knowledge of the sector acquired in the Tuscan company, which has become a global leader in the jewelry industry. From its initial specialization in the treatment of ashes containing gold and silver, TCA has grown to include platinum, palladium and rhodium recovery. Having always aimed at achieving the highest quality standards, TCA has successfully undertaken a strong internationalization strategy and has established new, major business relations with top world players in refining and trading precious metals. Since November 2016, TCA is a Commercial Member of the Responsible Jewelry Council and on February 2017 TCA got the RJC Accreditation as for CoP (Code of Practice) and CoC (Chain of Custody) rules. On 3rd of October 2017, TCA got the Accreditation as LBMA Good Delivery Refiner for the Silver. The latest RJC, CoC and CoP Audit has been carried out on January 2020. Within the first half of 2021 will be also carried out the Audit required for RJC certification. In August 2014 TCA acquired the Gold Good Delivery Refiner Status and in October 2017 TCA acquired the Silver Good Delivery Refiner Status, according with the LBMA requirements.

Methodological Note

TCA receives lots of high, medium and low grade materials containing Precious Metals and, after the refining process, acquires the pure Platinum & Palladium from its national and international Suppliers. TCA deals also with the primary

worldwide banks, by un-allocated precious metal accounts. As a consequence, TCA purchases non-physical precious metals from its financial counterparts.

TCA evaluation

Table 2: Summary of activities undertaken to demonstrate compliance

Step 1: Establish strong company management systems

Compliance Statement with Requirement:

TCA has fully complied with Step 1: Establish strong management systems.

1. Has the refiner adopted a company policy regarding due diligence for supply chains of Platinum & palladium?

TCA has adopted a company-wide policy and procedures regarding due diligence for the supply chain of Platinum & Palladium.

Comments and Demonstration of Compliance:

In 2012 TCA started formalizing the supply chain policy for responsible sourced metals (including platinum and palladium) which is based on the Code of Conduct and ethics and compliance policy.

TCA keeps on the enforcement of the supply chain policy for Precious Metals, which is consistent with the model set out in the Annex II of the OECD due diligence guidance. This sets out the responsibility for conducting risk based due diligence, screening and monitoring of all transactions and governance structures in place. The latest policy on responsibly-sourced metals can be found on TCA's website.

During 2019 the policy was updated in order to integrate all the precious metals processes by TCA such as Platinum & Palladium.

2. Has the refiner set up an internal management structure to support supply chain due diligence?

TCA has set up an internal management structure to support supply chain due diligence: the analysis activities are compliant with the policy and procedures regarding due diligence for the supply chain of Platinum & Palladium. TCA implemented a Manual of Responsible Platinum & Palladium Management System.

Comments and Demonstration of Compliance:

An internal management system has been set up to define the governance, roles and responsibilities, internal audit, communication and senior management review as per the adopted policy. The compliance officers have been assigned to design, supervise and review the overall process, and have a direct line of reporting to the executive committee.

The management system has been update in compliance with the Responsible Platinum & Palladium Guidance. Due to the publication of the updated version of the Responsible Gold Guidance of LBMA (published at the end of November 2021) TCA is currently update his own management system to meet the new requirements, that will update also procedure put in places for platinum and palladium. The due diligence process in place includes the documentation and information collection in order to ensure suppliers compliance with the local environmental regulation and all the legal provisions regarding protection of the environment and sustainable development.

TCA has defined his Due Diligence process on the information acquired by primary worldwide business information providers (such as D&B, CERVED, World-Check by Thomson Reuters, and recently by List of Reference issued by the Bank of



Italy) which helps and support the activities of collection of information that could affect the new counterpart and/or the regular transactions carried out.

TCA continuously conduct a monitoring on the counterpart collecting any kind of news which could be useful in order to re-assess the global/potential risk in the supply chain.

Furthermore, recently, the Company has led a training session for the introduction of a new business information, concerning: I) Media Check, means every message, information or communication caught in the worldwide media system and II) Passport Check, a verification on the Passport number of the individuals representing the Company we are deal with. As TCA intends to increase his standard on the quality and reliability information on Due Diligence process, this new source of data will be added to set of information already acquired.

In 2020 TCA has started to enforce its supply chain due diligence policy and system, by integrating the assessment of the suppliers with a deeper evaluation of environmental and social issues (ESG questionnaire). The Refiner during the 2021 has sent to the counterparties the ESG questionnaire to integrate and increase the quality information level needed to carry out a complete and precise Supplier Risk Assessment.

In TCA the four main metals (gold, silver, platinum and palladium) refined followed the same process and procedures, and for this reason the risk assessment process and the whole system of procedures and policies, as defined before, is being revised downstream of the new Responsible Gold Guidance version 9, in order to fully integrate the ESG part of the questionnaire in the Risk Assessment and to be compliant with the new guidance and will be in force in 2022.

3. Has the refiner established a strong internal system of due diligence, controls and transparency over Platinum & Palladium supply chain, including traceability and identification of other supply chain actors?

Comments and Demonstration of Compliance:

TCA has a robust 'lot' receipts process, and specific documents must be received and transactional details entered before we process any platinum-bearing and palladium-bearing and other conflict materials. Each lot received is accurately registered in the transactional system and ensures complete traceability within the production streams. Specific controls regarding received materials (evaluation of quality through laboratory analysis, transportation documents, weight) are carried out before processing incoming material as outlined in our internal guidelines. On a regular basis, some PGMs concentrates, which represent some intermediate products coming from our Refining Process, are shipped out to other Refiners, such as Johnson Matthey (UK), in order to refine of some other PGMs (Iridium & Ruthenium) that currently TCA is not able to recover yet. Obviously, all the operations concerning the shipment of the concentrate and the return back of the Precious Metals in the shape of Sponge or rather Ingots, are properly recorded and traceable. Regular training of their employees ensures that the guidelines are followed through; any form of nonconformance is unacceptable and reported to the compliance officer and senior management. No such escalation was necessary during the reporting period.

4. Has the refiner strengthened company engagement with Platinum & Palladium supplying counterparties, and where possible, assist Platinum & Palladium supplying counterparties in building due diligence capabilities?

Comments and Demonstration of Compliance:

During the reporting period TCA has strengthened company engagement with platinum and palladium supplying counterparties, as well as other suppliers of potentially conflict minerals. In 2013 it was started the process to further modify the supplier agreements so that they make reference to the OECD guidelines.

From 2014 to 2021 TCA continued with the approach started in 2013, making always strong reference to the OECD guidelines. According to the Business Policy assumed by the Board of Directors, TCA doesn't deal with small-scale artisanal miners, and the risk to come in contact with raw materials, containing Precious Metals, supplied by counterparties who use mercury in his extractive processes, is strongly reduced, considering also the fact that every ingoing raw or semi-product material is preliminarily subject to specific laboratory analysis (by the company and by third party laboratories) aimed to detect the presence of any kind of deleterious element such as mercury.

5. Has the refiner established a company-wide communication mechanism to promote broad based employee participation and risk identification to management?

Comments and Demonstration of Compliance:

TCA has developed a mechanism allowing employees to raise concerns over the Platinum & Palladium supply chain or other identified risks regarding conflict minerals or other compliance issues. A functional mailbox has been established which is reviewed by the compliance officer of TCA.



Step 2: Identify and assess risks in the supply chain

Compliance Statement with Requirement:

TCA has fully complied with Step 2: Identify and assess risks in the supply chain.

1. Does the refiner has a process to identify risks in the supply chain?

TCA has processes in place to identify the risks in the supply chain.

Comments and Demonstration of Compliance:

TCA identifies and assesses risks in the supply chain. For every supplier TCA has established a client database and allocated a risk profile according to the risk profile criteria. In TCA the four main metals (gold, silver, platinum and palladium) refined followed the same process and procedures, and for this reason In 2021, TCA has started the process of enhancing the risk analysis process, that will be concluded and put in force in 2022, in order to include also the new requirement of the Responsible Gold Guidance v9 (published in November 2021). The risk assessment process is a formal requirement before entering any business relationship with any Precious Metals counterparty, including but not limited to platinum and palladium. The due diligence process is carried out on a risk-based approach. This process includes the request and review of the suppliers' compliance with the local environmental regulation and all the legal provisions regarding protection of the environment and sustainable development. Furthermore, as defined in Step 1.2, TCA start the enforcement in 2020 of methods, processes and documents that integrate its supplier assessment system with a detailed evaluation on environmental and social aspects.

Despite the strong will, due to the health emergency caused by COVID-19 which also in 2021 severely compromised and limited the possibility of conducting physical audits on the verification of the supplier's environmental and social aspects, TCA defined as a priority to carry out site visits as soon as possible to verify these aspects. However, among the activities carried out by TCA on a daily basis there is the continuous communication with its counterparties to support them in case of doubts in the compilation of the requested Due Diligence documentations and to ensure the truthfulness of the information provided during the due diligence process.

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

TCA assesses the risk in light of the standards of its due diligence system.

Comments and Demonstration of Compliance:

Supply chain due diligence comprising all measures required by the LPPM (London Platinum & Palladium Market) is performed before entering into a business relationship with any Platinum & Palladium or other conflict minerals supplying counterpart. TCA performs enhanced due diligence for higher risk categories, which includes all platinum-bearing and palladium-bearing mining material and where Platinum & Palladium potentially originates from or transits via conflict affected areas and areas with human rights abuse, child labor or other high risk factors. In addition, TCA conducts appropriate scrutiny and monitoring of transactions undertaken through the course of the relationship following a risk based approach. If the due diligence assessment leaves doubts, TCA refuses to enter into a new business based on the risk criteria.

In TCA the four main metals (gold, silver, platinum and palladium) refined followed the same process and procedures, and for this reason the Risk Assessment procedure together with the Due Diligence system has been integrated with the documentation put in place for the RJC. As defined in Step 1.2, TCA will review its risk analysis procedure in order to be compliant with version 9 of the Responsible Gold Guidance.



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MARKET

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

Comments and Demonstration of Compliance:

The Compliance Officer and his team assess the potential risks in-line with TCA internal guidelines as well as the OECD due diligence guidance as set out in the Annex II. If risks are identified with new or existing business partners he will deny acceptance of new business partner or cancel business with existing partners.

Only if the business disagrees with the assessment of the compliance officer, the issue will be escalated to the CEO or CFO for final decision; no such escalation was necessary during the reporting period. Senior management retains the ultimate control and responsibility.

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

Compliance Statement with Requirement:

TCA has fully complied with Step 3: Design and implement a management system to respond to identified risks.

1. Has the refiner 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?

TCA has devised a strategy for risk management of an identified risk by either mitigation of the risk while continuing to trade; mitigation of the risk while suspending trade or disengagement from the risk.

Comments and Demonstration of Compliance:

TCA has set-up an automated and ongoing screening of all business partners for identifying risks. In addition and based on the risk assessment a regular assessment of all business partners and transactions is established. In addition any ad-hoc identified risk brought up by any stakeholder will be carefully assessed by the Compliance officer and his team and necessary actions/measures decided.

2. Where a management strategy of risk mitigation is undertaken, it should include measureable 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:

Corresponding procedures are in place and are – when necessary – applied accordingly.

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

Compliance Statement with Requirement:

TCA has fully complied with Step 4: Arrange for an independent third-party audit of the supply chain due diligence.

Comments and Demonstration of Compliance:

TCA has engaged Deloitte & Touche S.p.A. (listed in the LPPM's Approved Service Providers List) to perform a reasonable level of independent external assurance on compliance against the LPPM Responsible Platinum & Palladium Guidance, for the period 1 January 2021 to 31 December 2021.

Auditors have verified that there aren't any problem related to the performance of our system, policies, procedures, processes and practices; they have suggested us to implement some actions to make our management system better.

Step 5: Report on supply chain due diligence and on implementation of Risk Assessment procedures: Management Review for the period 1 January 2021 to 31 December 2021.

Compliance Statement with Requirement:

TCA has fully complied with Step 5: Report on supply chain due diligence and on implementation of Risk Assessment procedures.

Comments

Further information and details of how TCA's systems, procedures, processes and controls have been implemented to align to the specific requirements in the *LPPM procedure* have been set out in their responsible platinum and palladium policy which is available on their company website.

TCA has issued a Management Review, as for the LPPM Responsible Guidance Management System, which provide full explanations and clarifications on the following matters: 1) Details on the Responsibly-sourced Metals Policy; 2) New Business relationship arisen in 2021; 3) Consistency analysis on policy on responsibly-sourced metals after the business evolution; 4) Examination and evaluation on the ChekList (ESG questionnaire), received by the counterparts, which integrate the suppliers assessment system; 5) Completion and submission of the File Application for the acquisition of the Good Delivery Refiner Status for Platinum & Palladium at LPPM in London; 6) introduction of a new business information, concerning Media Check and Passport Check 7) Explanation about the training activity implemented during 2021.

TCA overall conclusion

Table 3: Management conclusion

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

YES	In conclusion, TCA implemented effective management systems, procedures, processes and practices to conform to the requirements of the LPPM Guidance, as explained above in Table 2, for the reporting year end 31 December 2021. TCA is committed to continuous improvement, and any corrective actions identified will be monitored internally on a regular basis. The Risk Assessment procedure has always produced successful results either in terms of qualification and monitoring of risk related to business counterparts. In continuity with what started in 2020, in 2022 TCA will continue to enforce his supply chain due diligence policy and system, by integrating the supplier assessment with a deeper evaluating on environmental and social aspects. Furthermore, in TCA the four main metals (gold, silver, platinum and palladium) refined followed the same process and procedures, and for this reason TCA in 2022, is committed to update process and the documentation of due diligence and risk analysis, in order to fully comply with the updated version of the Responsible Gold Guidance version 9 (published at end of November 2021).
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Other details

Table 4: Other report comments

If users of this report wish to provide any feedback to TCA with respect to this report, they can contact the compliance officer: a.susi@tcaspa.com.

Arezzo, March 23 2022

Signature

Mr. Tommaso Chiarini – Board Director