



## **INDEPENDENT LIMITED ASSURANCE REPORT ON THE LBMA REFINER'S COMPLIANCE REPORT OF UMICORE PRECIOUS METAL REFINING HOBOKEN FOR THE YEAR ENDED 31 DECEMBER 2019**

This report has been prepared in accordance with the terms of our engagement contract dated 5 November 2019, whereby we have been engaged to issue an independent limited assurance report in connection with the LBMA Refiner's Compliance Report (the "Compliance Report") for the year ended 31 December 2019.

### **Responsibility of Board of Directors**

The Board of Directors of Umicore Precious Metals Refining Hoboken ("the Company") is responsible for the preparation of the Refiner's Compliance Report ("the Subject Matter Information") and the declaration that its reporting meets the requirements of the version 8 (11/12/2018) of the LBMA Responsible Gold Guidance and the version 1 (01/09/2017) of the LBMA Responsible Silver Guidance (the "Criteria").

This responsibility includes the selection and application of appropriate methods for the preparation of the Subject Matter Information, for ensuring the reliability of the underlying information and for the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility of the Board of Directors includes the design, implementation and maintenance of systems and processes relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an independent conclusion about the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. Our assurance report has been prepared in accordance with the terms of our engagement contract.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements and that we plan and perform the engagement to obtain limited assurance as to whether the Subject Matter Information has been prepared, in all material respects, in accordance with the Criteria issued by the Company.

The objective of a limited-assurance engagement is to perform the procedures we consider necessary to provide us with sufficient appropriate evidence to support the expression of a conclusion in the negative form on the Subject Matter Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The selection of such procedures depends on our professional judgment, including the assessment of the risks of management's assertion being materially misstated. The scope of our work comprised the following procedures:

- Assessing and testing the design and functioning of the systems and processes used for data-gathering, collation, consolidation and validation, including the methods used for calculating and estimating the Subject Matter Information as of and for the year ended 31 December 2019 presented in the Report;
- conducting interviews with responsible officers including site visits;
- inspecting internal and external documents.

We have evaluated the Subject Matter Information against the Criteria. The accuracy and completeness of the Subject Matter Information are subject to inherent limitations given their nature and the methods for determining, calculating or estimating such information. Our Limited Assurance Report should therefore be read in connection with the Criteria.

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Conclusion**

Based on the procedures performed, as described in this Independent Limited Assurance Report, and the evidence obtained, nothing has come to our attention that causes us to believe that the Refiner's Compliance Report as of and for the year ended 31 December 2019, is not fairly stated, in all material respects, in accordance with the Criteria.

### **Restriction on Use and Distribution of our Report**

Our report is intended solely for the use of the Company, in connection with the Refiner's Compliance Report as of and for the year ended 31 December 2019 and should not be used for any other purpose. We do not accept or assume and deny any liability or duty of care to any other party to whom this report may be shown or into whose hands it may come. In this respect, we consent to our report being shown to the LBMA, on the understanding that we accept no responsibility or liability for damages to the LBMA or to any other third party to whom our report may be provided or into whose hands it may come.

Sint-Stevens-Woluwe, 26 March 2020

PwC Bedrijfsrevisoren BV  
Represented by

Marc Daelman:  
Registered auditor

<sup>1</sup> Marc Daelman BV, member of the Board of Directors, represented by its permanent representative Marc Daelman

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<b>Table 1: Refiner's details</b>	
Refiner's name	Umicore Precious Metals Refining (UPMR)
Location	Hoboken - Belgium
Reporting Year-end	2019
Date of Report	21/02/2020
Senior Management responsible for this Report	Management UPMR (Management Team level of Umicore Precious Metals Refining)

<b>Table 2</b>	<b>Summary of activities undertaken to demonstrate compliance</b>
<b>Step 1: Establish strong company management systems</b>	
<b>Compliance Statement with Requirement</b>	
UPMR has fully complied with step 1 "Establish strong management systems". Scope of the assurance engagement has been extended to platinum and palladium, as systems and processes are exactly the same as for gold and silver.	
<b>1. Has the Refiner adopted a company policy regarding due diligence for supply chains of gold and silver?</b>	
<b>Comments and Demonstration of Compliance</b>	
<p>A specific Group Policy "Responsible Global Supply Chain of Minerals from Conflict-Affected and High Risk Areas" is effective within the Umicore Group as from 4 February 2013 and is based on the currently existing OECD Guidelines on the matter:  <a href="http://www.umicore.com/en/media/topics-of-interest/conflict-minerals/">http://www.umicore.com/en/media/topics-of-interest/conflict-minerals/</a></p> <p>Based on the principals of this policy, UPMR adopts on an operational level a more detailed supply chain due diligence guideline covering following topics:</p> <ul style="list-style-type: none"> <li>- Scope</li> <li>- Organization and responsibilities</li> <li>- Identification and assessment of risks, including all risks described in Annex II of the OECD Guidance.</li> <li>- Criteria for high-risk gold, silver, platinum and palladium supply chain</li> <li>- Supply chain due diligence, including the business partner screening process</li> <li>- Monitoring of transactions</li> <li>- Maintaining records</li> <li>- Training</li> </ul> <p>Although UPMR doesn't use all the templates of the toolkit, the internal procedures described in the internal supply chain due diligence guidance completely comply with the requirements of the LBMA Responsible Sourcing Guidance documents (gold, silver, platinum and palladium).</p> <p>The Responsible Platinum and Palladium Guidance has been introduced for the second time and is aligned with the existing LBMA Responsible Sourcing Guidance documents.</p> <p>Only lots completely arrived in 2019 are in scope of the 2019 audit. Uncomplete lots will part of the 2020 audit.</p>	

<b>2. Has the Refiner set up an internal management structure to support supply chain due diligence?</b>
<p><b>Comments and Demonstration of Compliance</b></p> <p>Within UPMR an internal management system has been set up. This system defines the governance, roles and responsibilities, internal compliance review, communication and the senior management involvement in order to ensure compliance and due diligence. The Conflict Minerals Manager - having an independent function within the Umicore Group but outside the Precious Metals Refining business unit - has been assigned to manage the complete process. The Conflict Minerals Manager has a direct line of reporting to the management of UPMR and he/she reviews together with the Corporate Security Officer the effectiveness and performance of the supply chain due diligence procedures.</p>
<b>3. Has the Refiner established a strong internal system of due diligence, controls and transparency over gold, silver, platinum and palladium supply chain, including traceability and identification of other supply chain actors?</b>
<p><b>Comments and Demonstration of Compliance</b></p> <p>The Umicore Group and UPMR are committed to promoting honest and ethical business conduct by all of its employees, directors, officers and agents and compliance with the laws that govern the conduct of business worldwide. The Umicore Group and UPMR believe that a commitment to honesty, ethical conduct and integrity is an essential asset that builds trust with company clients, business partners, shareholders and the communities in which they operate.</p> <p>UPMR developed an internal risk based approach ensuring supply chain traceability and maintaining of records for all incoming material. The information of this system includes type of material, weight and assay, reference to the supplier and the relevant Business Partner Screening and also date of arrival and finalization of the refining process. The Conflict Minerals Manager reviews together with the Corporate Security Officer the gold, silver, platinum and palladium supply chain due diligence and reports to the management of UPMR. Results of the compliance reviews are recorded.</p> <p>The Conflict Minerals Manager is responsible for training of employees involved in the gold, silver, platinum and palladium supply chain. Details of the trainings are recorded.</p> <p>Incoming and outgoing payments are always done via official banking channels.</p> <p>Upon request UPMR will cooperate fully and transparently with government authorities and will provide full access to the records and information as appropriate.</p>
<b>4. Has the Refiner strengthened company engagement with gold, silver, platinum and palladium supplying counterparties, and where possible, assist gold and/or silver and/or platinum and/or palladium supplying counterparties in building due diligence capabilities?</b>
<p><b>Comments and Demonstration of Compliance</b></p> <p>As mentioned in the Sustainable Procurement Charter the Umicore Group expects that suppliers comply with all applicable environmental laws and regulations in all territories where suppliers operate and that they possess all the necessary environmental permits and registrations.</p>

<p>The Umicore Group expects that suppliers respect the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work and the international law in Human Rights. The Umicore Group expects that suppliers are not complicit in any way in Human Right abuses.</p> <p>UPMR concludes as much as possible long-term contracts with reliable suppliers. UPMR encourages its suppliers to responsible sourcing throughout the supply chain with focus on Environment and Sustainability responsibilities.</p>
<p><b>5. Has the Refiner established a confidential grievance mechanism?</b></p>
<p><b>Comments and Demonstration of Compliance</b></p> <p>Umicore uses a multi-channel system to collect information on suspicious activities, concerns over the gold, silver, platinum and palladium supply chain and/or newly identified risks. Any complaint or suspicion will be handled on a confidential basis, thus ensuring protection of the internal and/or external persons reporting.</p> <p>Umicore established a confidential grievance mechanism.</p> <p>All stakeholders are invited to report concerns or complaints about Umicore’s business approach, or that of its suppliers, using our Grievance contact form. Such complaints can be made anonymously.</p> <p>All grievances are directed to Umicore’s Legal department who ensure that complaints are registered and followed up.</p>
<p><b>Step 2: Identify and assess risks in the supply chain</b></p>
<p><b>Compliance Statement with Requirement</b></p> <p>UPMR has fully complied with step 2 “Identify and assess risk in the supply chain”.</p> <p>Scope of the assurance engagement has been extended to platinum and palladium, as systems and processes are exactly the same as for gold and silver.</p>
<p><b>1. Does the refiner have a process to identify risks in the supply chain?</b></p>
<p>As mentioned in step 1.3, UPMR developed an internal risk based approach to detect systematically risks throughout the gold, silver, platinum and palladium supply chain, as well for mined gold, silver, platinum and palladium as for recycled gold, silver, platinum and palladium. All incoming goods are subject to screening, according to the internal supply chain due diligence guideline.</p>
<p><b>2. Does the refiner assess risks in light of the standards of their due diligence system?</b></p>
<p><b>Comments and Demonstration of Compliance</b></p> <p>UPMR assesses risks in light of the standards of its due diligence system. Key documents are the internal supply chain due diligence guideline and the Group Policy “Responsible Global Supply Chain of Minerals from Conflict-Affected and High Risk Areas”. These documents contain all measures required by the LBMA Responsible Gold Guidance, the LBMA Responsible Silver Guidance and the Responsible Platinum/Palladium Guidance.</p> <p>UPMR performs enhanced due diligence for high-risk categories, as well for material screening as for business partner screening (BPS). Additionally UPMR conducts appropriate scrutiny and monitoring of individual transactions. Only for low risk material (such as e-scrap and spent catalyst) a business partner screening light is conducted.</p>

UPMR verifies that the supply chain documents are consistent with each other and with its knowledge of the supply chain.

As well for recycled material as for mined material, escalation procedures have been installed to involve the Conflict Minerals Manager and the Corporate Security Officer and in a number of cases the management of UPMR. In case of the highest global risk level, transactions will be put on hold. The decision of the Conflict Minerals Manager and of the Corporate Security Officer and/or of the management of UPMR could lead to mitigation of the risk (in the highest risk category to an independent audit or a visit on site) or could lead to disengagement.

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

**Comments and Demonstration of Compliance**

As explained in step 1.5., escalation procedures have been installed within UPMR, whereby the Conflict Minerals Manager, the Corporate Security Officer and/or the management of UPMR must be involved when certain risk levels are exceeded.

As from 2013, the Conflict Minerals Manager organizes together with the Corporate Security Officer a yearly internal compliance review. Results of the compliance review are reported to the management of UPMR.

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

**Compliance Statement with Requirement**

UPMR has fully complied with step 3 “Design and implement a management system to respond to identified risks”.

Scope of the assurance engagement has been extended to platinum and palladium, as systems and processes are exactly the same as for gold and silver.

**1. Are findings reported to the Senior Management**

**Comments and Demonstration of Compliance**

Where appropriate, information and actual and potential risks identified in the supply chain risk assessment are reported to the Management of UPMR.

**2. Has the refiner devised a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing trade; (ii) mitigation of the risk while suspending trade; (iii) disengagement of the risk?**

**Comments and Demonstration of Compliance**

Escalation procedures have been installed to involve the Conflict Minerals Manager and the Corporate Security Officer and in a number of cases the management of UPMR. In case of the highest global risk level, transactions will be put on hold. The decision of the Conflict Minerals Manager and of the Corporate Security Officer and/or of the management of UPMR could lead to mitigation of the risk (in the highest risk category to an independent audit or a visit on site) or could lead to disengagement.

<b>3. Where a management strategy of risk mitigation is undertaken, it should include steps to be taken and achieved, monitoring or performance, periodic reassessment of risk and regular reporting to designated senior management.</b>
<p><b>Comments and Demonstration of Compliance</b></p> <p>A systematic monitoring of transactions is embedded in UPMR’s supply chain processes and practices. The Conflict Minerals Manager carries out independent checks. As from 2013, the Conflict Minerals Manager organizes together with the Corporate Security Officer a yearly internal compliance review. Audit results are reported to the management of UPMR.</p>
<b>4. Undertake additional fact and risk assessments for risk requiring mitigation, or after a change of circumstances.</b>
<p><b>Comments and Demonstration of Compliance</b></p> <p>There is an ongoing risk monitoring of the supply chain within UPMR. The combination of the daily KYC, KYM and KYT monitoring guarantees the high level of the due diligence process.</p>
<b>Step 4: Arrange for an independent third-party audit of supply chain due diligence</b>
<p><b>Compliance Statement with Requirement</b></p> <p>UPMR has fully complied with step 4 “Arrange for an independent third-party audit of supply chain due diligence”.</p> <p>Scope of the assurance engagement has been extended to platinum and palladium, as systems and processes are exactly the same as for gold and silver.</p>
<p><b>Comments and Demonstration of Compliance</b></p> <p>UPMR engaged the services of the assurance provider PwC. Their Independent Assurance Opinion for gold, silver, platinum and palladium combined is available on our company website.</p>

<b>Step 5: Report on supply chain due diligence</b>
<p><b>Compliance Statement with Requirement</b></p> <p>UPMR has fully complied with step 5 “Report on supply chain due diligence”</p> <p>Scope of the assurance engagement has been extended to platinum and palladium, as systems and processes are exactly the same as for gold and silver.</p>
<p><b>Comments</b></p> <p>Further information and specific details of how UPMR’s systems, procedures, processes and controls have been implemented to align to the specific requirements in the <i>LBMA Responsible Gold Guidance</i>, the <i>LBMA Responsible Silver Guidance</i> and the <i>Responsible Platinum/Palladium Guidance</i> have been set out in our Refiner’s Compliance Report, which is available on our company website.</p>

Table 3	Management conclusion
<b>Is the refiner in compliance with the requirements of the LBMA Responsible Gold Guidance and the LBMA Responsible Silver Guidance for the reporting period</b>	
<b>Yes</b>	<p><b>Comments</b></p> <p>Umicore Precious Metals Refining (UPMR) implemented effective management systems, processes and practices to confirm to the requirements of the LMBA Responsible Gold Guidance, the LBMA Responsible Silver Guidance and the Responsible Platinum/Palladium Guidance, as explained above in Table 2, for the reporting year ended 31 December 2019.</p> <p>Regarding management systems, processes and practices in the domain of “Responsible Global Supply Chain of Minerals from Conflict-Affected and High Risk Areas”, Umicore Precious Metals Refining (UPMR) received positive feedback after the independent audit, conducted by PricewaterhouseCoopers in March 2020.</p> <p>Umicore Precious Metals Refining (UPMR) is committed to continuous improvement, and any corrective actions identified will be monitored internally on a regular basis. In case corrective actions plans would be necessary, these will be communicated separately to the LBMA Physical Committee, in its role as administrator of the LBMA Responsible Gold Guidance, the LBMA Responsible Silver Guidance and the Responsible Platinum/Palladium Guidance.</p>

Table 4	Other report comments
<p><b>Comments</b></p> <p>UPMR has no further report comments</p>	