



POLICY FOR  
RESPONSIBLE SOURCING  
OF METALS



2023

# CONTENTS

---

- 1** Policy for responsible sourcing of metals .....Page 1
- 2** Definition of key terms.....Page 6



1

## POLICY FOR RESPONSIBLE SOURCING OF METALS

---

Implats is committed to supplying the metals needed to develop, sustain and create a better world in a responsible and ethical way. We maintain the highest standards of environmental management, social performance and corporate governance and expect all counterparties and supply chain actors to responsibly manage their environmental, social and governance (ESG) risks. Implats supports global efforts to combat systematic or widespread abuses of human rights, to avoid contributing to conflict, to comply with high standards of anti-money laundering and to combat terrorist financing practices.

This policy seeks to align our metals sourcing practices with the London Platinum & Palladium Market's (LPPM's) Responsible Platinum/Palladium Guidance (RPPG), the Organisation for Economic Co-operation and Development's (OECD's) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, and the Responsible Minerals Initiative's (RMI's) Global Responsible Sourcing Due Diligence Standard for Mineral Supply Chains All Minerals.

**Implats has committed to refrain from any action which contributes to financing conflict and we are committed to complying with relevant United Nations sanctions resolutions or, where applicable, domestic laws implementing such resolutions.**

## POLICY FOR RESPONSIBLE SOURCING OF METALS

### Regarding serious abuses associated with the extraction, transport or trade of minerals

- 1 We will neither tolerate nor by any means profit from, contribute to, assist with or facilitate the commission by any party of:
  - i) any form of torture, cruel, inhuman and degrading treatment
  - ii) any form of forced or compulsory labour, which means work or service exacted from any person under the menace of penalty and for which said person has not offered him/herself voluntarily
  - iii) any form of child labour
  - iv) other gross human rights violations and abuses such as widespread sexual violence
  - v) war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.

### Regarding risk management of serious abuses

- 2 We will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party committing serious abuses as defined in paragraph 1.

### Regarding direct or indirect support to non-state armed groups

- 3 We will not tolerate any direct or indirect support to non-state armed groups through the extraction, transport, trade, handling or export of minerals. "Direct or indirect support" to non-state armed groups through the extraction, transport, trade, handling or export of minerals includes, but is not

limited to, procuring minerals from, making payments to or otherwise providing logistical assistance or equipment to, non-state armed groups or their affiliates.

### Regarding risk management of direct or indirect support to non-state armed groups

- 4 We will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party providing direct or indirect support to non-state armed groups as defined in paragraph 3.

### Regarding public or private security forces

- 5 We will not provide, in accordance with paragraph 9, direct or indirect support to public or private security forces who illegally control mine sites, transportation routes and upstream actors in the supply chain; illegally tax or extort money or minerals at the point of access to mine sites, along transportation routes or at points where minerals are traded; or illegally tax or extort intermediaries, export companies or international traders.
- 6 We recognise that the role of public and/or private security forces at the mine sites and/or surrounding areas and/or along transportation routes should be solely to maintain the rule of law, including safeguarding human rights, providing security to mine workers, equipment and facilities, and protecting the mine site or transportation routes from interference with legitimate extraction and trade.
- 7 We will support efforts, or take steps, to engage with central or local authorities, international organisations



## POLICY FOR RESPONSIBLE SOURCING OF METALS

and civil society organisations to contribute to workable solutions on how to improve transparency, proportionality and accountability in payments made to public security forces for the provision of security.

- 8 We will support efforts, or take steps, to engage with local authorities, international organisations and civil society organisations to avoid or minimise the exploitation of vulnerable groups, in particular, artisanal or small-scale miners in the PGMs and related-metals industry.

### Regarding risk management of public or private security forces

- 9 We will devise, adopt and implement risk management plans with upstream suppliers to prevent or mitigate the risk of direct or indirect support to public or private security forces, as identified in paragraph 5, where we identify such a reasonable risk exists. In such cases, we will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation, within six months from the adoption of the risk management plan.
- 10 Where we identify a reasonable risk of activities inconsistent with paragraph 6, we will respond as per paragraph 9.

### Regarding bribery and fraudulent misrepresentation of the origin of minerals

- 11 We will not offer, promise, give or demand any bribes, and will resist the solicitation of bribes to conceal or disguise the origin of minerals, or to misrepresent taxes, fees and royalties paid to

governments for the purposes of mineral extraction, trade, handling, transport and export.

### Regarding money laundering and the payment of taxes, fees and royalties due to government

- 12 We will support efforts, or take steps, to contribute to the effective elimination of money laundering where we identify a reasonable risk of money laundering resulting from, or connected to, the extraction, trade, handling, transport or export of minerals. We will suspend or discontinue engagement with upstream suppliers involved in money laundering. We will ensure that all taxes related to mineral extraction, trade and export are paid to governments and, in accordance with the Company's position in the supply chain, we commit to disclose such payments in accordance with industry best-practice, for example the Extractive Industry Transparency Initiative (EITI).

### Regarding identifying and assessing risks in the supply chain

- 13 For both mined and recycled metals, we commit to identifying the risks in paragraph 1 to 12 associated with the supply chain, from point of origin to the refinery, in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and the RMI Global Responsible Sourcing Due Diligence Standard for Mineral Supply Chains All Minerals.
- 14 To map the supply chain and assess the risks effectively, we commit to conducting supply chain due diligence, which will comprise the following:



## POLICY FOR RESPONSIBLE SOURCING OF METALS

---

- Determining the origin of the metal
  - Verifying that sourcing from the country of origin is not in breach of any relevant international sanctions
  - Identifying the metal-supplying counterparty and verifying its identity using reliable, independent source documents, data or information
  - Identifying the beneficial owner(s) of the metal-supplying counterparty, where applicable
  - Checking that the metal-supplying counterparty and its beneficial owners are not named on any government lists for wanted money launderers, known fraudsters or terrorists
  - Obtaining the business and financial details of the metal-supplying counterparty and information on the purpose and intended nature of the business relationship
  - For mined metals from large- to medium-scale mining:
    - Obtaining mining licenses for mining operations located in conflict-affected or human right abuse high-risk areas, if applicable
    - Obtaining import/export licenses for the metal-supplying counterparty located in conflict-affected or human rights abuse high-risk areas.
  - **For recycled metal:** Obtaining the counterparty's AML-CFT policy and practices if applicable.
- 15** Suppliers meeting the following criteria will be considered high risk and require enhanced due diligence:
- The mined or recycled metal originates from, has transited or has been transported via a conflict-affected or human rights abuse high-risk area
  - The mined metal is claimed to have originated from a country that has limited known reserves, likely resources or expected production levels of the metal
  - The metal comes from a country where metal from conflict-affected and human rights abuse high-risk areas are known, or reasonably suspected, to have transited
  - The metal-supplying counterparty or other known upstream companies, are located in a country representing a high risk for money laundering
  - The metal-supplying counterparty, or other known upstream companies or their beneficial owners with significant influence over the metal-supplying counterparty, are politically exposed person/s
  - The metal-supplying counterparty, or other known upstream companies, are active in a higher-risk business activity, such as the arms, gaming and casino industry, antiques, and art, as well as religious and/or political and/or other sects and their leaders.



## POLICY FOR RESPONSIBLE SOURCING OF METALS

---

**16** Enhanced due diligence referred to in paragraph 15 will involve:

- On-site investigation/visit aimed at substantiating the documentary supply chain due diligence findings, which should be conducted within the first year of the business relationship
- For mined metals: Verifying the identity of the origin of the material using reliable, independent source documents, data or information. Checking government watchlist information for each company involved in the chain located in conflict-affected or human rights abuse high-risk areas, from the mine to the refinery (including metal producers, intermediaries, metal traders and exporters, and transporters)
- For recycled metal: Verifying the identity of the origin of the material using reliable, independent source documents, data or information. Checking government watchlist information for each company involved in the chain located in conflict-affected or human rights abuse high-risk areas, from the metal-supplying counterparty to the refinery (including transporters).

**17** The Implats Group Executive: Refining and Marketing has been appointed the Compliance Officer who will report any supply chain assessed as high risk to the Implats Executive Committee, which will determine whether to continue with the business relationship or not.

**18** An independent third-party audit of the supply chain due diligence will be conducted annually by an approved auditor.

**19** Implats will publicly report on its metal supply chain due diligence policies and practices in the Group's annual sustainability report. The disclosure will cover activities over a 12-month reporting period.

**20** Training will be provided for all employees involved in the metal supply chain and will include identifying supply chain actors, maintaining/ recording supply chain information for materials received, recognising tampering and maintaining adequate records for supply chain due diligence.

**21** We encourage employees and external stakeholders to anonymously voice any concerns over the metal supply chain.

To report suspected fraud, corruption, human rights abuse and misconduct, parties can phone our Whistle Blower Hotline 0800 005 314, which is available 24 hours a day, seven days a week in all official languages of South Africa.

All calls to this line are made to an independent third party and all information is treated as strictly confidential. The anonymity of all callers is guaranteed.



2

## DEFINITIONS OF KEY TERMS

KEY TERM	DEFINITION
<b>AML-CFT</b>	Anti-money laundering – combating the financing of terrorism.
<b>Approved Auditor</b>	Auditor or assurance service provider approved by the LPPM to provide Responsible Sourcing audits to precious metal refiners and published in the LPPM’s list of Approved Auditors on the LPPM’s website ( <a href="http://www.lppm.com">www.lppm.com</a> ).
<b>Artisanal and Small-scale Mining (ASM)</b>	Formal or informal mining operations with predominantly simplified forms of exploration, extraction, processing and transportation. ASM is normally low capital intensive and uses labour intensive technology. “ASM” can include people working on an individual basis as well as those working in family groups, in partnership, or as members of cooperatives or other types of legal associations and enterprises involving hundreds or even thousands of miners.
<b>Conflict-affected and high-risk areas</b>	Areas identified by the Heidelberg Institute for International Conflict Research Barometer Report as having ‘War’ or ‘Limited war’ with armed conflict and widespread violence, and risks of serious and widespread harm/abuses to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars.
<b>Human rights</b>	For this policy, human rights are those defined in the International Bill of Human Rights, and 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 Protocols.
<b>Mined metal</b>	This term means any metal, defined as platinum group metals (Platinum, Palladium, Rhodium, Ruthenium, Iridium and Gold) and associated base metals (Nickel, Copper and Cobalt) or platinum group metal or base metal-bearing material produced by or at a mine, in any form, shape and concentration, until it is fully refined, fabricated into a metal refinery product (such as bar, briquette, sheet, powder, grain) and sold.





2

DEFINITIONS OF KEY TERMS

KEY TERM	DEFINITION
<p><b>Money laundering</b></p>	<p>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 fraud. The Financial Action Task Force (FATF) (<a href="https://www.fatf-gafi.org/countries/">https://www.fatf-gafi.org/countries/</a>) identifies countries with a high risk of money laundering and those being monitored for potential money laundering risk.</p>
<p><b>Politically exposed persons (PEPs)</b></p>	<p>Foreign PePs are individuals who are, or have been, entrusted with prominent public functions by a foreign country, for example heads of state or government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations, important political party officials. Domestic PePs are individuals who are, or have been, entrusted domestically with prominent public functions, for example heads of state or government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations, important political party officials. Persons who are, or have been, entrusted with a prominent function by an international organisation refers to members of senior management, such as directors, deputy directors and members of the board or equivalent functions. The definition of PePs is not intended to cover middle-ranking or more junior individuals in the foregoing categories.</p>
<p><b>Recycled metal</b></p>	<p>Metal that has been previously refined. This term traditionally encompasses anything that is metal-bearing and has not come directly from a mine in its first lifecycle. In practical terms, recyclable material includes end-user, post-consumer products, scrap and waste metals, materials arising during refining and product manufacturing, and investment metal and metal-bearing products. This category may also include fully refined metal that has been fabricated into grain, bars, sheets, 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, including grandfathered stocks.</p>



# 2

## DEFINITIONS OF KEY TERMS

KEY TERM	DEFINITION
<b>Metal-supplying counterparty</b>	A metals supplier that is directly engaged with a refinery.
<b>Supplier</b>	This term refers to any individual or organisation who is a participant in the supply chain to supply metals and metal-bearing materials.
<b>Supply chain due diligence</b>	With specific regard to supply chain due diligence for responsible metal sourcing, risk-based due diligence refers to the steps companies should take to identify, prevent and mitigate actual and potential adverse human rights impacts and ensure they do not contribute to conflict or contravene international and domestic laws, including those governing the illicit trade in minerals and United Nations sanctions, through their activities in the supply chain.
<b>Terrorist financing</b>	Terrorist financing includes financing terrorist acts, terrorists and terrorist organisations.



#### **CONTACT DETAILS**

For further information visit Implats' corporate website:

**[www.implats.co.za](http://www.implats.co.za)**

#### **HEAD OFFICE**

2 Fricker Road, Illovo, 2196  
Private Bag X18, Northlands, 2116

Tel: +27 (11) 731 9000

Fax: +27 (11) 731 9254

E-mail: [investor@implats.co.za](mailto:investor@implats.co.za)

