

LPPM RESPONSIBLE PLATINUM AND PALLADIUM SOURCING

IMPALA PLATINUM LIMITED COMPLIANCE REPORT 2023

TABLE 1: REFINER'S DETAILS

Refiner's name:	Impala Platinum Limited ("Impala"), 96% owned by Impala Platinum Holdings Limited ("Implats")
Processing entities and locations:	Impala Platinum Processing – Phokeng, North West, South Africa Impala Platinum Refineries – Springs, Gauteng, South Africa
Reporting period:	1 July 2022 to 30 June 2023
Date of Report:	12 October 2023
Senior Management responsible for this report:	Sifiso Sibiyi, Group Executive: Refining and Marketing (Compliance Officer: Responsible Sourcing)
The Impala operation comprises a 10-shaft mining complex, concentrator and smelter near Rustenburg in South Africa and base and precious metal refineries in Springs, east of Johannesburg. Impala processes platinum and palladium containing material from its own mining complex, Group companies within South Africa and Zimbabwe as well as platinum and palladium containing material from third parties. Implats is listed on the Johannesburg Stock Exchange (JSE) and has a secondary listing on the A2X. Implats earned its second consecutive inclusion in the S & P Global Sustainability Yearbook 2023. Implats is a leading producer of platinum group metals ("PGMs") and employs approximately 70 000 people across its operations.	

IMPALA'S EVALUATION

TABLE 2: SUMMARY OF ACTIVITIES UNDERTAKEN TO DEMONSTRATE COMPLIANCE

Step 1: Establish strong company management systems

Compliance Statement:

Impala have complied with Step 1: Establish strong management systems.

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

Comments and demonstration of compliance:

Implats' Platinum and Palladium Responsible Sourcing policy is consistent with the Organisation for Economic Co-operation and Development ("OECD") Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and is available for perusal on its website (<https://www.implats.co.za/esg-policies-and-key-documents.php>). Such policy represents an extension of the fundamental Implats values of respect, care and deliver. This policy has been utilised to review existing counterparties as well as prospective suppliers of Platinum and Palladium containing material. The policy has been reviewed during the reporting period to include all metals produced by Impala and to align with version 4 of the LPPM's Responsible Platinum/Palladium Guidance (RPPG) version 4. The policy was approved by the Impala Executive Committee on 12 July 2023.

A responsible sourcing procedure regulates implementation of the policy.

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

Comments and demonstration of compliance:

Impala established a Responsible Sourcing Committee (“RSC”) that consist of management from areas such as business development; day-to-day operation, administration, and counterparty liaison; marketing and environmental, social and governance. The defined roles and responsibilities of each committee member are detailed in the Responsible Sourcing Procedure.

The RSC is responsible for the review of supply chain due diligence summary documents and approval of the risk rating of each Platinum and Palladium supplying counterparty. The RSC meets on a quarterly basis to discuss all issues pertaining to the responsible sourcing of Platinum and Palladium and to review the effectiveness of the supply chain due diligence process.

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

Comments and demonstration of compliance:

All PGM containing material received from Group companies and other counterparties are recorded and administered by means of a bespoke metal accounting and financial accounting system with the necessary checks and controls in place to ensure the accuracy and security of information. A unique contract code is assigned to each counterparty. In cases where a counterparty supplies more than one type of material, a different contract code is assigned per material type. A unique lot/batch reference number is assigned to each delivery. The date received, weights and assays are captured for each lot/batch.

Supply chain due diligence documentation is retained for a period of at least five years following the end of each financial year.

Implats have a Whistle Blower Hotline in place (<https://implats.co.za/pdf/sustainable-key-development-documents/fraud-and-corruption-policy-new.pdf>), which allows employees and external stakeholders to anonymously report any instance of suspected fraud, corruption, human rights abuse, and misconduct. The Hotline is managed by an independent third party. All calls are reported to Impala’s internal audit department who in turn will report all PGM supply chain related incidents to the RSC members. All information is treated as strictly confidential. No incidents relating to the PGM supply chain were raised during the reporting period.

Training was provided to selected employees involved in the Platinum and Palladium supply chain, including operational personnel responsible for the receiving, weighing, and sampling of material.

All payments for material are by means of authorised electronic transmission of funds to a designated bank account.

The Compliance Officer: Responsible Sourcing was appointed in November 2019 and is a member of the Impala Executive Committee and an Impala Director.

Impala supports all applicable laws and regulations and at all times strives to comply fully with them. Impala cooperates with all relevant government authorities.

Implats strives to reduce its environmental footprint by mitigating environment impacts at our operations and across the value chain, guided by our core values and by means of rigorous compliance programmes. Implats’ commitment to zero harm requires the responsible management of all safety and health risks and promoting employee wellbeing. Implats is committed to maintaining the highest standards of good governance to promote quality decision making and ensure the execution of these decisions within a disciplined framework of policies, procedures, and defined delegation of authority. Impala Platinum Refineries is ISO 14001:2015 and ISO 45001:2018

certified. The annual Implats ESG Report is available on its website (<https://www.implats.co.za/corporate-reports-results-and-presentations.php>).

4. Has the refiner strengthened engagement with Platinum/Palladium supplying counterparties and, where possible, assisted Platinum/Palladium supplying counterparties in building due diligence capacities?

Comments and demonstration of compliance:

Impala maintains close relationships with its PGM supplying counterparties by means of email correspondence. The Responsible Sourcing Policy has been communicated to all counterparties together with an appropriate link to the Implats website.

Addendums to existing agreements with an effective date of 1 July 2021, include commitment by both parties to support responsible sourcing objectives. New agreements make specific reference to responsible sourcing objectives.

Step 2: Identify and assess risks in the supply chain

Compliance Statement:

Impala have complied with Step 2: Identify and assess risks in the supply chain.

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

Comments and demonstration of compliance:

All fundamental high-risk issues as defined by the LPPM's RPPG are identified by means of the following process steps.

Existing counterparties are required to complete a Know-Your-Counterparty ("KYC") questionnaire on an annual basis, which includes the submission of relevant documents commensurate with the source operation. Prospective counterparties are required to complete a KYC questionnaire prior to the establishment of a new agreement.

Independent sources are used to verify the incorporation and existence of the organisation and ensuring legal tenure of the material being supplied.

Independent sources are used to determine whether the country of origin is rated as a Conflict-Affected and High-Risk Area (CAHRA) or not.

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

Comments and demonstration of compliance:

The platinum/palladium containing material received by Impala during the period under review:

- was from long-established business relationships,
- was largely sourced from known mining sources (99.94% of the platinum and 99.8% of the palladium),
- with the exception of one mined source, was from either listed (or parental listed) companies, which are therefore deemed lower risk,
- was mainly from mined sources within whom Impala holds not less than 46% equity.

Impala performed supply chain due diligence and completed the risk assessments for both mined material and limited volumes of recycle material received.

In the case of recycled material, the due diligence process was undertaken beyond the direct supplier as required by the LPPM Responsible Platinum/Palladium Guidance ("RPPG").

Two counterparties, supplying mined material, have obtained material from third-party suppliers. The due diligence process was extended to include the original suppliers.

As per the European Commission's list of CAHRAs, issued in December 2020, Zimbabwe is classified as a high-risk country based on certain instances of human rights abuse pertaining to the political environment as well as unsafe working conditions of and violence amongst artisanal gold miners.

Impala is however of the opinion that no enhanced due diligence was required during the current period under review for material sourced from its Zimbabwean operations based upon the following:

- Implats' ownership in the above operations (87% and 50% respectively) and relevant board representation;
- One of the Zimbabwean operations is a listed company and the other is a joint venture between Implats and another listed, major platinum producer;

Both operations are holders of valid mining rights and abide by the Zimbabwean Labour Act, which prohibits employment of child labour and human rights abuse.

South Africa is currently considered a high-risk country following its grey listing by the Financial Action Task Force (FATF) on 24 February 2023 for not fully complying with international standards around the prevention of money laundering, terrorist financing and proliferation financing. The risk rating of local suppliers was therefore amended to high-risk, which necessitated an enhanced due diligence for such suppliers. The review of transporting companies was included in the supply chain due diligence process and site visits have commenced in August 2023 and was 45% complete for all South African suppliers at the time of this report.

Other than the amendment of the risk rating of local suppliers as noted above, no other risks were identified during the period under review.

3. Has the refiner determined criteria for high-risk supply chains

Comments and demonstration of compliance:

The criteria that are considered high-risk and which would trigger enhanced due diligence are in line with the minimum requirements of the LPPM RPPG version 4. The criteria are defined in the Responsible Sourcing of Metals policy and procedure.

4. Does the refiner have systems in place for the monitoring of transactions?

Comments and demonstration of compliance:

Weights are compared with counterparty information upon arrival. If the weight variance between Impala and counterparty exceeds a contractual limit, the material is reweighed. All documentation that accompanies receipts is verified and material is set aside if any discrepancies are noted. Deliveries are inspected by security personnel to check for tampering. Non-compliance issues are reported to relevant personnel for resolution failing which, unresolved issues shall be reported to the RSC. No non-compliance issues were escalated to the RSC during the period under review.

Assays are exchanged with counterparties and compared in accordance with contractual requirements. When assays are outside contractual splitting limits, samples are sent to an independent laboratory for analysis. Non-typical variances are reported internally and investigated.

5. Does the refiner recognise other certifications to demonstrate compliance with due diligence requirements?

Comments and demonstration of compliance:

Certain certifications held by the supplier, as specified by the RPPG version 4, would be considered when assessing risks pertaining to the supply chain. For the period under review no consideration of the abovementioned certifications were relevant.

6. Does the refiner perform continuous monitoring of risk management?

Comments and demonstration of compliance:

The due diligence process is repeated on an annual basis for existing counterparties and the outcome reported to the RSC. A counterparty will be re-assessed on an ad-hoc basis should the continuous monitoring process or other publicly available information highlight any potential change in risk. In instances where a potential risk has been identified, additional information will be requested, reviewed and risk mitigating factors will be considered where applicable.

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

Compliance statement:

Impala have complied with Step 3: Design and implement a management strategy to respond to identified risks.

1. Does the refiner report findings to designated Senior Management?

Comments and demonstration of compliance:

Current counterparties were assessed, and supply chain due diligence summary documents were prepared and communicated to the RSC for approval. The change in the risk rating of South African suppliers, as note in section 2.2, were discussed at the quarterly RSC meeting.

No risks other than those noted in section 2.2 were raised during the period under review.

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

Comments and demonstration of compliance:

If the result of the supply chain due diligence concludes that there is money laundering, terrorist financing, serious human rights abuse, direct or indirect support to illegitimate non-state armed group, or fraudulent misrepresentation of the origin of minerals or if the possibility of the same is deemed too high, Impala shall immediately cease the refining of PGMs from such a counterparty.

Where the result of the PGM supply chain due diligence suspects that it is possible that there is direct or indirect support to illegitimate public or private security forces, bribery, fraudulent misrepresentation of the origin of minerals, non-compliance of taxes, fees and royalties due to government, material breaches of environmental, health, safety, labour and community-related local legislation, and/or ESG risks that have high likelihood to result in highly adverse impacts, Impala shall suspend the refining of PGMs from such counterparty until it can obtain additional information/data confirming or refuting the preliminary assessment.

No existing relationships were suspended or discontinued for these reasons during the period under review.

3. Does the refiner monitor the improvement plan when a strategy of risk mitigation is undertaken?

Comments and demonstration of compliance:

In cases where Impala have decided to continue with a relationship provided that the counterparty implement an improvement plan, a strategy of risk mitigation will include: the identification of measurable improvements towards eliminating the risk within a period of six months, the defining of a revised improvement plan based on progress achieved within first six months, and the formal assessment of performance. Following the six-month time frame, Impala would consider suspending the relationship if limited or no measurable improvement can be demonstrated, until the counterparty responds to the improvement plan, or terminating the relationship after failed attempts at risk mitigation and performance improvement.

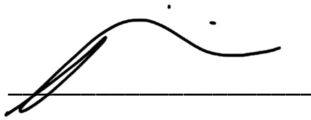
No existing counterparty is on a formal improvement strategy.
4. Does the refiner report findings to the Executive Committee
Comments and demonstration of compliance: If any actual or potential risks have been identified from the due diligence process, the Compliance Officer shall report it to the Impala Executive Committee. No risks other than those noted in section 2.2 relating to South African suppliers were raised during the period under review.
5. Does the refiner continuously monitor adequacy of risk management strategies?
Comments and demonstration of compliance: The adequacy and effectiveness of the supply chain due diligence process has been reviewed at the quarterly RSC meetings. No change in risks, other than those noted in section 2.2 relating to South African suppliers, were highlighted during the period under review. These risks did not require the repeat of any due diligence steps.
Step 4: Arrange for an independent third-party audit of the supply chain due diligence
Compliance statement: Impala have complied with Step 4: Arrange for an independent third-party audit of the supply chain due diligence.
Comments and demonstration of compliance: Impala has engaged PricewaterhouseCoopers Inc. ("PwC") to provide a limited assurance opinion on the assertions contained in this compliance report. The assurance report is available on the Implats website (https://www.implats.co.za/esg-policies-and-key-documents.php).
Step 5: Report on supply chain due diligence
Compliance statement: Impala have complied with Step 5: Report on supply chain due diligence.
Comments and demonstration of compliance: This compliance report is prepared in accordance with Step 5 of the LPPM Responsible Platinum/Palladium Guidance and is available on the Implats website (https://www.implats.co.za/esg-policies-and-key-documents.php).

IMPALA OVERALL CONCLUSION

TABLE 3: MANAGEMENT CONCLUSION
Impala have complied with the requirements of the LPPM Responsible Platinum/Palladium Guidance for the reporting period.
Compliance Statement: Impala has implemented management systems, procedures, processes, and practices to conform to the requirements of version 4 of the LPPM Responsible Platinum/Palladium Guidance for the period 1 July 2022 to 30 June 2023. Impala is committed to continuous improvement.

TABLE 4: OTHER REPORT COMMENTS

Readers of this report can contact the Responsible Sourcing Compliance Officer to provide feedback or address relevant queries by emailing: sifiso.sibiya@implats.co.za
--



Sifiso Sibiya
Compliance Officer: Responsible Sourcing
(Group Executive: Refining and Marketing)
12 October 2023