

Independent Assurance Report (Reasonable Assurance Engagement) on the LPPM Refiner's Compliance Report of BASF Metals LLC for reporting year 2023

To the Management of BASF Metals LLC

KPMG Cert GmbH Umweltgutachterorganisation ('KPMG' or 'we') have been engaged with letter dated 29 November 2023 to carry out a reasonable assurance engagement on BASF Metals LLC's LPPM Refiner's Compliance Report for the year ended 31 December 2023. The Refiner's Compliance Report is based on the criteria described in the LPPM Responsible Platinum/Palladium Guidance, published by the London Platinum & Palladium Market ("LPPM"), available at www.lppm.com.

BASF Metals LLC's Responsibilities

BASF Metals LLC is responsible for the preparation and presentation of the Refiner's Compliance Report in accordance with the LPPM Responsible Platinum/Palladium Guidance (version 4). This responsibility includes establishing appropriate risk management procedures and internal controls relevant to the preparation of the Refiner's Compliance Report that is free from material misstatements, whether due to fraud or error. The criteria identified by the senior management as relevant for demonstrating compliance with the Guidance are the activities described within the Refiner's Compliance Report.

Ensuring the independence and quality of the auditor

During performance of the engagement we observed the requirements of independence and quality assurance set out in legal provisions and professional pronouncements, in particular the professional code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Our responsibilities

It is our responsibility to express a conclusion on the Refiner's Compliance Report for the year ended 31 December 2023 based on our work performed within a reasonable assurance engagement.

We performed our work in accordance with International Standard on Assurance Engagements (ISAE) 3000 (revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' (IAASB) and the guidance set out in the LPPM Responsible Sourcing Programme – Third Party Audit Guidance for ISAE 3000 Auditors. ISAE 3000 requires that we plan and perform the assurance engagement to obtain reasonable assurance about whether the Refiner's Compliance Report is free from material misstatement. We do not,

however, issue a separate conclusion for each disclosure. As the assurance procedures performed in a reasonable assurance engagement are more comprehensive than in a limited assurance engagement, the level of assurance obtained is substantially higher. The choice of assurance procedures is subject to the auditor's own judgement.

Within the scope of our engagement we performed, amongst others, the following procedures:

- Inquiries of management to gain an understanding of BASF Metals LLC's policies and procedures for risk management;
- Interviews with senior management and relevant staff responsible for the preparation of the Refiner's Compliance Report;
- Interviews with relevant staff responsible for providing the information in the Refiner's Compliance Report;
- Visits to the head office in Mannheim (Germany) and the sites operating in, Spartanburg (USA) and Seneca (USA);
- Assessing the suitability of the Reporting Criteria including the appropriateness of relevant methods, policies, procedures, and internal controls that the refiner has in place with the LPPM Responsible Sourcing Guidance;
- Reviewing a selection of Platinum/Palladium or Multi Metal supplying counterparty due diligence dossiers and transactions;
- Reviewing the overall presentation of the Refiner's Compliance Report to ensure consistency with our findings.

In our opinion, we obtained sufficient and appropriate evidence for reaching a conclusion for the assurance engagement.

Ensuring the independence and quality of the auditor

During performance of the engagement, we observed the requirements of independence and quality assurance set out in legal provisions and professional pronouncements, in particular the professional code for German Public Auditors and Chartered Accountants (in Germany) and the quality management standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality management requirements in audit practice (IDW QMS 1 (09.2022)).

Our conclusion

Based on the procedures performed and the evidence obtained, in our opinion, the Refiner's Compliance Report of BASF Metals LLC for the period from 1 January to 31 December 2023, in all material aspects, describes fairly the activities undertaken during the year to demonstrate compliance with the requirements of the LPPM Responsible Platinum/Palladium Guidance. This conclusion is to be read in the context of the remainder of this assurance report, in particular the inherent limitations explained above and this assurance report's intended use.

Restriction on use/limited liability

This Assurance Report is made solely to BASF Metals LLC, in accordance with the terms of our engagement contract. Those terms permit disclosure to other parties, solely for the purpose of BASF Metals LLC showing that it has obtained an independent Assurance Report in connection with the BASF Metals LLC's Refiner's Compliance Report. Accordingly, our report shall not be used by any other person or for any other purpose. We have provided the services described above on behalf of BASF Metals LLC. We have carried out our engagement on the basis of the Engagement Terms included in our engagement letter dated as of 29 November 2023. By taking note of and using the information as contained in our Assurance Report each recipient confirms to have taken note of the terms and conditions stipulated in the aforementioned Engagement Terms in the engagement agreement (including the limitation of our liability for negligence to EUR 1 million) and acknowledges their validity in relation to us.

Cologne, 27 March 2024

KPMG Cert GmbH
Umweltgutachterorganisation



Gerd Krause
27.03.2024

Krause
Managing Director



Martin Reith, Manager
27.03.2024

ppa. Reith
Manager

Appendix

Refiner's Compliance Report

Appendix Refiner's Compliance Report

2023 Refiner Compliance Report on due diligence activities for BASF's Platinum/Palladium supply chain

Table 1: Refiner's details

Refiner's name	BASF Metals LLC
Location	554 Engelhard Dr, Seneca, SC 29678, United States
Reporting period	01.01.2023 to 31.12.2023
Date of Report	March 2024
Senior Management responsible for this report	Timothy Ingle, Senior Vice President Precious Metal Services & Recycling, BASF Metals LLC

BASF is one of the leading recyclers of secondary Platinum/Palladium material (e.g., spent automotive catalysts). We recognize that the social and environmental benefits of our catalyst recycling business must be balanced against the risk that accepting, handling, and processing Platinum/Palladium in secondary material could contribute to or result in socially and environmentally adverse impacts. Through our management processes we seek to address such risks.

BASF evaluation

Step 1: Establish strong company management systems

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

Compliance Statement with Requirement

BASF has adopted a policy regarding due diligence for supply chains of Precious Metals.

Comments and Demonstration of Compliance

In April 2021 we established our approach to responsible sourcing of Platinum and Palladium to be consistent with the 'OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas' (OECD Guidance) and the LPPM Responsible Sourcing Guidance (LPPM RPPG). Our Responsible Platinum/Palladium Sourcing Policy is publicly available on our Homepage ([About Us | BASF Catalysts](#)).

With this policy, we set our expectations to commercial counterparties that Platinum/Palladium sourced by BASF originates from legal and responsible sources, that Platinum/Palladium materials are not associated with crimes, armed conflicts, serious human rights, or environmental abuses and that they will not be used for money laundering, financing terrorism, tax evasion, fraud, or any other crime.

Besides our Responsible Platinum/Palladium Sourcing Policy, BASF is obliged to comply with EU, US and UK anti-money laundering regulations. The responsible sourcing procedures we have adopted are complementary to our pre-existing anti-bribery and anti-money laundering procedures and are designed to ensure the integrity of Platinum/Palladium material sourced.

BASF commits to protecting people and the environment and aims to work together with suppliers to strengthen the sustainability performance of our supply chain. In our operations, we do this with our company wide ESG framework and respective policies which encompass relevant topics such as Environment, Health and Safety as well as International Labor Standards.

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

Compliance Statement with Requirement

BASF has set up an internal management structure to support supply chain due diligence.

Comments and Demonstration of Compliance

An internal management system based on ISO 9001's document control has been set up to define the governance, roles and responsibilities, communication, and senior management review as per the adopted policy. The management system includes guidelines, processes and standardized forms for risk identification, client onboarding, monitoring of supplier and analysis of incoming materials and trainings. To maintain overall compliance with mandatory requirements, we focus on continuous improvement for all relevant processes and procedures.

Due diligence activities are actively supported by BASF's senior management, including BASF's Senior Vice President and Vice President Precious and Base Metals Services of our Environmental Catalyst and Metal Solutions (ECMS) organization, and implemented by the Responsible Minerals Officer (Head of Responsible Sourcing of Minerals), Global Supply Chain Manager (ECMS), Global Sales Director (ECMS) and Global Procurement Manager (ECMS). Other BASF's functions such as Credit (ECMS) also support our due diligence efforts.

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

Compliance Statement with Requirement

BASF has established a strong internal system of due diligence, controls, and transparency over the supply chains of Palladium and Platinum, including traceability and identification of other supply chain actors.

Comments and Demonstration of Compliance

BASF's management system comprises of an initial screening of all counterparties through a site visit carried out by our commercial or procurement team. Our process stipulates that the majority of our suppliers are visited before the start of the business relationship. In addition, a desk-based review of company documents is conducted. Through this review we identify the nature of the business, type of materials sourced, origin of materials, and counterparty's supply chain risk management systems. Based on this initial screening, we decide whether the respective counterparty is allowed to deliver material to our facilities. If a higher-risk constellation is identified, an additional site visit is conducted as part of our due diligence.

Each delivery is reviewed for consistency, given a unique lot number, and accompanied by information about the supplier, the country of origin of the material as well as country of incorporation of the supplier. The tracking of country of origin is conducted manually. Since 2022 we have optimized this process and in 2023 further configured our IT systems to allow for automated tracking. The country of origin is available for all suppliers regardless of risk level and can be checked accordingly. Our ERP system allows for easy tracking and traceability of each lot. Furthermore, we have implemented a system of checks and controls (i.e., 4-eyes principle, software assisted plausibility checks etc.). The Responsible Minerals Office of BASF has overview over all receiving locations as well as refining operation in Seneca to ensure compliance with LPPM framework.

All receipts and customers are centrally monitored. This includes monitoring of country of origin information for all materials received.

BASF has established a company-wide communication mechanism to promote broad based employee participation and risk identification to management. Any employee, counterparty or external stakeholder may express concerns relating to BASF's Platinum/Palladium supply chain by contacting BASF's compliance hotline ([Code of Conduct \(basf.com\)](https://www.basf.com/code-of-conduct)). As part of our annual trainings, employees are encouraged and trained to participate in our overall goal to identify risks in our supply chain.

In 2023 no issue, problem, or concern regarding the supply chain of Platinum/Palladium was addressed via BASF's compliance hotline.

Our employees involved in the Palladium/Platinum supply chain receive regular (yearly) or ad-hoc (new hire) trainings based on a training program developed by the Responsible Sourcing of Minerals Team. The trainings

are given by the head of department and tracked locally.

BASF has assigned a Responsible Minerals Officer who designs, supervises and reviews the Platinum/Palladium supply chain due diligence process based on the Policy and LPPM Responsible Pt/Pd Sourcing Guidance. Due diligence within LPPM scope is managed centrally by Responsible Minerals Office and supported by local functions in each site. This includes the refinery in Seneca (US) as well as the receiving locations such as our warehouses in the United States and our site in Cinderford, UK.

The Responsible Minerals Officer has a direct reporting line to senior management and ensures effective implementation of LPPM Responsible Pt/Pd Sourcing requirements.

BASF strongly supports law enforcement efforts to stop catalytic converter theft, ensure public safety and help protect businesses from being adversely impacted by criminal activity. ECMS complies with valid law enforcement subpoenas and court orders, and cooperates with law enforcement investigating crimes, including those related to automotive catalytic converters.

BASF has an established Environmental Protection, Health, Safety and Quality (EHSQ) management system which is built on the guiding principles of the Responsible Care initiative of the chemical industry. The certification is audited in a regular cadence at least every 5 years with the option of shorter intervals where applicable. Effectiveness and compliance are adequately audited both internally and externally with the company's EHSQ performance regularly monitored and reported appropriately. The Environmental Protection, Health, Safety and Quality unit in the Corporate Center defines Group-wide management and control systems and monitors compliance with internal requirements and legal regulations, while the sites and Group companies implement these requirements locally. Our global network enables information and insights to be shared across the BASF Group on an ongoing basis.

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

Compliance Statement with Requirement

BASF has strengthened company engagement with Platinum/Palladium supplying counterparties, and where possible, assisted supplying counterparties in building due diligence capabilities.

Comments and Demonstration of Compliance

We are actively communicating our Responsible Platinum/Palladium Sourcing Policy to our commercial counterparties and internal relevant staff. Furthermore, we address our Expectations on Responsible Sourcing Practices to commercial counterparties providing services or processing to Platinum/Palladium bearing material.

We inform relevant counterparties about BASF's Responsible Platinum/Palladium Sourcing Policy and Expectations to promote BASF's certification according to the LPPM RPPG.

All new commercial counterparties receive our Responsible Platinum/Palladium Sourcing Policy as well as the Expectations on responsible sourcing practices of commercial counterparties providing or processing Platinum/Palladium bearing material. These documents are supplemented by BASF's Supplier Code of Conduct. To ensure actuality, we ask our customers to acknowledge BASF's Expectations on Responsible Sourcing Practices on an annual basis.

We engage in due diligence discussions with our suppliers on an ongoing basis, sharing our idea of Responsible Sourcing practices and exchanging on best practices.

Step 2: Identify and assess risks in the supply chain

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

Compliance Statement with Requirement

BASF fully complies with step 2: Identify and assess risks in the supply chain.

Comments and Demonstration of Compliance

BASF has sophisticated processes in place to identify risks in the supply chain. We have defined a list of Conflict- Affected and

High-Risk Countries (CAHRAs) based on Responsible Minerals Initiative (RMI), EU CAHRA List (under Regulation (EU) 2017/821), Dodd Frank Act Section 1502 and Responsible Minerals Assurance Process (RMAP) recommendations, complemented by a list of Increased Risk Countries (IRCs). The list is updated in a yearly cadence or ad-hoc if deemed necessary. Starting from the CAHRA list, every counterparty is subject to an initial screening, consisting of a series of AML and KYC checks as well as on-site visits by a representative of our commercial team. The on-site visit includes a multitude of technical and economic checks as well as queries for relevant due diligence parameters.

For every commercial counterparty, we identify the risk profile (low, medium, high) according to our risk matrix. All counterparties of which the material and/or provenance cannot be classified low-risk, undergo closer scrutiny. Depending on our assessment, a counterparty based in, sources from or material transits through a CAHRA or might be in violation of risks outlined in the OECD Guidance Annex 2, is classified high-risk. Such rating will resolve in enhanced due diligence measures, including AML scrutiny on companies in the supply chain related to CAHRAs and further verification of the company's management practices, including on-site visits by a representative of the Responsible Sourcing of Minerals Team. As long as there are no restrictions present that would prohibit travel, our sales team visits all customers initially at their respective sites.

In case additional scrutiny is deemed necessary based on initial high-risk assessment, a specific assessment site visit based on but not limited to LPPM criteria is conducted by sales team together with a representative of the sustainability team joining virtually or on-site. The result of this visit factors into the overall risk assessment of the counterparty and is also used to promote responsible sourcing practices throughout the supply chain.

Following a risk-based approach, we have implemented an ongoing review of KYC Dossiers through periodic re-assessment of suppliers with frequency depending on the risk level (1 – 5 years depending on risk rating).

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

Compliance Statement with Requirement

BASF assesses risks in the light of the standards of our due diligence system.

Comments and Demonstration of Compliance

For all our commercial counterparties, including other BASF business, we are committed to assessing supply chain risks associated with the sourcing of Platinum/Palladium materials in line with our "Responsible Platinum/Palladium Sourcing Policy" and due diligence procedures. Our due diligence process includes:

- Site visit carried out by our commercial or procurement team
- Know-Your-Counterparty checks
- AML checks
- Desk-based risk assessment and risk classification of counterparties
- On-site risk assessments (for counterparties classified as high-risk)

For those counterparties identified as 'high-risk' we carried out enhanced due diligence and, as appropriate, develop a correction plan with the counterparty.

BASF continuously works to optimize our due diligence system.

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

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

Compliance Statement with Requirement

Risk Assessments are reported to the designated Senior Management.

Comments and Demonstration of Compliance

Senior management retains the ultimate control and responsibility for the Platinum/Palladium supply chain. The Responsible Minerals Officer and team assess the potential risks in line with BASF Responsible Platinum/Palladium Sourcing Policy and related management processes. If red flags, high risks, or supply chain issues are identified with new or existing commercial counterparties, the Responsible Minerals Officer will report to senior management immediately. Senior Management approves the decision to continue or terminate high-risk supply chains on a yearly basis.

We have strict controls for traceability of Platinum/Palladium materials. We monitor our counterparties, and we report periodically to BASF's senior management on the risks identified and on the performance of any risk mitigation plans that are implemented.

2. 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

Compliance Statement with Requirement

BASF has devised a strategy for risk management of identified risks.

Comments and Demonstration of Compliance

Based on above-described risk assessment, BASF decides on a risk mitigation strategy with an initial decision on continuing, suspending or ending trade. In case of non-plausibility of sources, no cooperation/no willingness to improve by counterparty, due diligence effort exceeds value of counterparty or risk mitigation not feasible/not acceptable there will be disengagement from the source. In case of proven or high possibility of money-laundering, terrorist financing, serious human rights abuse, support to illegitimate non-state armed groups, fraudulent misrepresentation of origin, there is disengagement, or suspension of trade under a strict risk mitigation plan. In case of doubt business should be suspended until clarity is achieved.

In case of proven or high possibility of risks involving illegitimate/non-properly trained private security forces, bribery, non-fraudulent misrepresentation of the origin or non-compliance with legally due taxes, fees, royalties, possible continuing of business under risk mitigation plan. In case of doubt, we will observe and establish risk mitigation plan.

Our ERP system is designed to prevent the acceptance of material from counterparties that have been suspended or terminated indefinitely.

3. Monitor the improvement plan when a strategy of risk mitigation is undertaken

Comments and Demonstration of Compliance

BASF's due diligence management system requires the continuous monitoring of our counterparties. If a risk management strategy or risk mitigation is undertaken, the Responsible Minerals Officer as well as Senior Management determine appropriate measures to monitor improvement on a case-by-case basis. If risk mitigation fails after 6 months implementation of risk mitigation efforts, we re-consider our risk mitigation strategy and decision. To date, our risk assessments have not identified such risks.

Where necessary we encourage our counterparties in strengthening their responsible supply chain practices. Subsequently, in 2023 no counterparty was identified that would have required us to go beyond this encouragement and implement a risk mitigation plan in accordance with Step 3 of the LPPM Guidance.

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

Compliance Statement with Requirement

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

BASF engaged the services of the assurance provider KPMG Cert GmbH. The assessment was conducted following the ISAE 3000 approach for reporting year 2023.

Step 5: Report on supply chain due diligence

Compliance Statement with Requirement

BASF's Refiner Compliance Report for reporting year 2023 has been prepared in accordance with the LPPM Responsible Platinum Palladium Guidance Step 5. The Compliance report, the Independent Assurance Report as well as our Supply Chain Policy and Corporate Supplier Code of Conduct are available on our homepage.

Management Conclusion

BASF has implemented effective management systems, procedures, processes and practices to conform to the requirements of the LPPM Responsible Platinum Palladium Guidance for the reporting year ended 31 December 2023. This 2023 Refiner Compliance Report is the first Platinum/Palladium supply chain due diligence report published by BASF and is part of our efforts to ensure our due diligence activities comply with industry requirements. Going forward, we are committed to continually improve our public reporting on supply chain due diligence.

Ludwigshafen, March 2024



Dr. Katja Gehne
Head of Responsible Minerals Office -
Precious Metals and Battery Minerals