

Britannia Refined Metals Limited



Refiners Compliance Report 2020



Refiners Compliance Report for Britannia Refined Metals Limited

This document is prepared by Alexandria Mcfarlane, Responsible Silver Sourcing Compliance Officer, Miguel Angel Hernandez, Head of Silver Stream and Nick Samson, Senior Process Engineer Britannia Refined Metals Limited, Botany Road, Northfleet, Gravesend, Kent, DA11 9BG to report on the activities of the Company during the 12 months ended 31 December 2020.

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1. Report

Britannia Refined Metals Ltd. (BRM) is the largest primary lead producer in Europe with a capacity to refine over 180,000 tonnes of lead per annum. The Company has LBMA “Good Delivery” accreditation and is able to produce up to 350,000 kg of refined Silver per annum.

With effect from 1 January 2018, the Company put measures into place to comply with the five-step framework for risk based due diligence contained in the OECD’s Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas adopted on 15 December 2010.

Britannia’s activities for the 12 months ended 31 December 2019 were audited by RCS Global, an independent third party auditor, in accordance with ISAE 3000, during February 2020. On the basis of this audit, the overall rating of Britannia’s performance was determined to be compliant. The audit report was provided to the LBMA who issued a Responsible Silver Certificate on 21 May 2020.

This report, prepared in accordance with ISAE 3000, confirms that the management systems put in place for 2019 are still valid during the 12 months to 31 December 2020, and sets out the reasons why Britannia, as a producer of Good Delivery Silver Bars, considers that it continues to comply with the LBMA Responsible Silver Guidance.

1. The Company has fully complied with the requirement to establish and maintain strong management systems.
 - The Responsible Silver Supply Chain Policy (issue No: 2), created in 2019, was reviewed although no changes were considered necessary.
 - The Company’s Responsible Silver Sourcing Procedure was reviewed to include updated departmental responsibilities and reissued (issue No.:5; date 03 December 2020).
 - The Company’s Responsible Silver Sourcing Supporting Information was reviewed to include an updated flowchart and reissued (issue No.:5; date: 03 December 2020).
 - Relevant functional departments including the Finance Department, Processing Management, the Head of Silver Stream, the Senior Process Engineer and the Logistics Department participated in the reviews of the above procedures. The role and responsibility of each department was recorded.
 - The Company’s internal management structure continues to support supply chain due diligence activities. This involves assigning responsibility of silver supply chain due diligence, grievance mechanism and training to the Company Compliance Officer (Alex Mcfarlane) & Head of Silver Stream (Miguel Angel Hernandez) who reported directly to the top Management Team on a monthly basis.
 - The Company’s due diligence requirements against LBMA RSG are included in the agenda of the monthly Business Performance Review meetings, attended by senior management.
 - Refresher training was carried out across the Company between 08 and 16 December 2020 attended by Processing staff, Shift operators and Senior Management.
 - Responsible Silver Sourcing Procedure (issue No.:5; date: 03 December 2020) defines that all due diligence records will be maintained for five (5) years after the year end.
 - Only payment through official bank transfer are accepted, and no cash transactions were allowed.
 - As BRM does not have its own company website, its information is available to the public by application to The Company Secretary at an address included in the Company’s most recent

annual financial report, published on July 10 2020 or by contacting the LBMA. BRM 's grievance mechanism is available to employees through the Company's intranet, or by searching for *Raising Concerns* on its parent company website – www.glencore.com

2. The Company has complied with the requirement to implement a mechanism to identify and assess risks in the supply chain in accordance with LBMA Responsible Silver Guidance and/or the Annexe II of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas to the extent that the Company's Responsible Silver Sourcing Supporting Information determines the minimum contained silver content that is in scope.
 - BRM only processes materials supplied by Glencore International AG (GIAG). The recycled silver and mined silver was supplied to BRM in 2020 from other 100% owned group companies, located in Australia, Italy and Spain. See appendix 2.
 - BRM has developed a Due Diligence Checklist aligned with LBMA tools to collect and assess the tier-two suppliers' due diligence practices for silver bearing materials sourcing, including their names, address, country, website, length of business relationship, certification status, business activities, beneficial owners (the three tier-two suppliers' beneficial owners are GIAG, representative of the silver received by BRM in 2020), materials origin, transportation, risk criteria and assessment.
 - Due diligence checklists were prepared for two of these group companies (Mount Isa in Australia and Portovesme in Italy) in 2018 with no high risk supply identified as per the defined criteria. Further due diligence was carried out on these group companies in 2020 in accordance with the Company's Responsible Silver Sourcing Procedure. No high risk supply was identified.
 - In 2019, BRM carried out due diligence on the group owned supplier in Spain (Asturiana de Zinc SA.). Because this supplier was a 100% owned group company, the normal external public resources (i.e. Heidelberg conflict barometer, Transparency International Corruption Index, Financial Action Task Force Reports, Thompson Reuters World Check) for determination of the conflict-affected and high-risk areas were not applied. A completed Due Diligence Checklist was completed by this supplier. No high-risk supply was identified.
 - To meet customer demand, the Company procured and recast 4,522.604mt (principally 99.985 quality) refined lead from other sources during 2020. Most of this material was originally refined at non group lead refineries and contained typical trace quantities of silver no greater than 19g/dmt. Of this total, 3,906.95mt containing up to 71.327kg silver was added to the Company's lead refining process at the premelter stage and, as a result, may have been included in total silver production. No effort has been made to review the supply chains for this refined lead as this material was out of scope of the Company's Responsible Silver Sourcing Supporting Information.
 - Daily inventory records confirm that information of incoming and outgoing transactions is registered daily, with date, weight and assay information marked well.
 - Each transaction file maintains transportation documents, import/export documents, bill of lading, purchase order, invoices and material identification (laboratory analysis and weight). Information on records are consistent with electronic system and no discrepancies were disclosed.

3. The Company has fully complied with the requirement to embed a management system to respond to identified risks into its Responsible Silver Sourcing Procedure consistent with OECD guidance.
 - The Responsible Silver Sourcing Procedure includes a risk mitigation process and three (3) strategies were defined: mitigate and continue to trade; mitigate by suspending trade; disengage from source. An internal reporting process to the management team is in place.
 - No high-risk supply chains were identified during 2020.
4. The Company has fully complied with the requirement to arrange for an independent third party audit of supply chain due diligence by engaging RCS Global Group, an accredited LBMA audit firm, to audit the Company's management systems and processes, together with any supply chain due diligence carried out.
 - RCS Global provided a full assessment based on the ISAE 3000 for the year to 31 December 2019. A copy of the assessment report was shared with the LBMA Chief Executive for review against their published requirements for the refiner.
 - RCS Global have been asked to provide a limited assessment based on the ISAE 3000 standard for the year to 31 December 2020. This assessment was scheduled for Q1 2021, however due to the Covid 19 pandemic and the UK Government lockdown, the LBMA granted permission for the onsite assessment to be completed in Q2 2021.
5. BRM has fully complied with the requirement to provide a report in supply chain due diligence for the year to 31 December 2020 by preparing this report for audit.

On the basis that the Company fully complied with all of the above five steps of the LBMA Responsible Silver Guidance, the Management concludes 'Yes' to overall

Responsible Silver Supply Chain Policy - (Silver from Conflict-Affected and High-Risk Areas)

Recognising that significant adverse impacts may be associated with extracting, trading, handling and exporting silver from conflict-affected areas, and recognising our responsibility to respect human rights, we commit to refrain from action, which contributes to the finance of conflict, to comply with relevant United Nations sanctions, resolutions and laws implementing such resolutions, and to the following:

Regarding serious abuses associated with the extraction, transport or trade of silver **1)**

We will neither tolerate nor profit from, contribute to, assist or facilitate the commission of torture, cruel, inhuman and degrading treatment; forced or compulsory labour; child labour; human rights violations and abuses; war crimes, violations of international humanitarian law, crimes against humanity or genocide.

2)

We will not deal with, and will immediately discontinue engagement with, upstream suppliers where we identify a reasonable prospect that they are committing, or are sourcing from or linked to any party committing, abuses described in paragraph 1.

Regarding direct or indirect support to non-state armed groups

3)

We will not directly or indirectly support non-state armed groups, including, but not limited to, procuring silver from, making payments to or otherwise providing assistance or equipment to, non-state armed groups or their affiliates who illegally: control mine sites, transportation routes, or at points where silver are traded and upstream actors in the supply chain; and/or tax or extort money or silver at mine sites, along transportation routes or at points where gold and silver are traded, or from intermediaries, export companies or international traders.

4)

We will not deal with, and will immediately discontinue engagement with, upstream suppliers where we identify a reasonable prospect that they are sourcing from, or linked to, any party providing direct or indirect support to non-state armed groups as described in paragraph 3.

Regarding public or private security forces

5)

We affirm that the role of public or private security forces is to provide security to workers, facilities, equipment and property in accordance with the rule of law, including law that guarantees human rights. We will not provide direct or indirect support to public or private security forces that commit abuses described in paragraph 1, or that act illegally as described in paragraph 3.

Regarding bribery and fraudulent misrepresentation of the origin of silver

6)

We will not offer, promise, give or demand bribes, and will resist the solicitation of bribes, to conceal or disguise the origin of silver, or to misrepresent taxes, fees and royalties paid to governments for the purposes of extraction, trade, handling, transport and export of silver.

Regarding money laundering or terrorism financing

7)

We will support efforts and contribute to the effective elimination of money laundering or terrorism financing where we identify a reasonable risk of money-laundering or terrorism financing resulting from, or connected to, the extraction, trade, handling, transport or export of silver.

