

TCA Compliance Report 2023

Table 1: Refiner's details	
Refiner's name	TCA Trattamenti Ceneri Auroargentifere S.p.A.
Entities and locations	<p>Headquarters: Zona industriale Castelluccio, 11 52010 Capolona (AR), Italy</p> <p>Secondary Plant: Via Tagliamento 12, Altavilla Vicentina (VI)</p> <p>Secondary Plant: Via Gramsci 10/B, Sale (AL)</p>
Reporting year-end	31.12.2023
Date of Report	18.03.2024
Senior Management responsible for this report	Mr. Tommaso Chiarini
Compliance Officer	Mr. Andrea Susi
<p>History</p> <p>TCA came into being in Tuscany, in the pulsating heart of the Italian gold-silver district. Founded in 1977 in Arezzo, where it is headquartered, TCA has two other branches in Vicenza and Valenza, for a total of 139 employees al 31st December 2023 and three plants. Its partners lend to TCA their extensive experience and in-depth knowledge of the sector acquired in the Tuscan company, which has become a global leader in the jewelry industry. From its initial specialization in the treatment of ashes containing gold and silver, TCA has grown to include platinum, palladium and rhodium recovery. Having always aimed at achieving the highest quality standards, TCA has successfully undertaken a strong internationalization strategy and has established new, major business relations with top world players in refining and trading precious metals. Since November 2016, TCA is a Commercial Member of the Responsible Jewelry Council (RJC) and on February 2017 TCA got the RJC Accreditation as for CoP (Code of Practice) and CoC (Chain of Custody) rules. On 3rd of October 2017, TCA got the Accreditation as LBMA Good Delivery Refiner for the Silver. On 12th of July 2022, TCA got the Accreditation as LPPM Good Delivery Refiner for Platinum & Palladium. The latest RJC, CoC and CoP Audit for Gold, Silver, Platinum & Palladium has been carried out on December 2022. On January 2023, TCA has acquired the Accreditation as LPPM Good Delivery Refiner for Platinum & Palladium Sponge.</p> <p>Methodological Note</p> <p>TCA receives lots of high, medium and low grade materials containing Precious Metals and, after the refining process, acquires the pure Gold & Silver from its national and international Suppliers. TCA deals also with the primary worldwide</p>	

banks, by un-allocated precious metal accounts. As a consequence, TCA purchases non-physical precious metals from its financial counterparts.

TCA EVALUATION

Table 2: Summary of activities undertaken to demonstrate compliance

Step 1: COMPANY MANAGEMENT SYSTEMS

Compliance Statement with Requirement:

TCA has not fully complied with Step 1: **Establish strong company management systems**

1.1 Has the Refiner adopted a supply chain policy regarding due diligence for supply chains of platinum and palladium ?

TCA has adopted a company-wide policy and procedures regarding due diligence for the supply chain of platinum and palladium

Comments and Demonstration of Compliance:

In 2012 TCA started formalizing the supply chain policy for responsible sourced metals (including platinum and palladium) which is based on the Code of Conduct and ethics and compliance policy.

TCA keeps on the enforcement of the supply chain policy for Precious Metals, which is consistent with the model set out in the Annex II of the OECD due diligence guidance. This sets out the responsibility for conducting risk based due diligence, screening and monitoring of all transactions and governance structures in place. The latest policy on responsibly-sourced metals can be found on TCA's website.

During 2019 the policy was updated in order to integrate all the precious metals processes by TCA such as Platinum & Palladium.

The policy has then been updated during 2022, and reviewed in the first months of 2023, so to include ESG principles in the Due Diligence process. The supply chain policy is approved by the Board of committee and publicly available on the website ([Responsible Metals | TCA \(www.tcaspa.com\)](https://www.tcaspa.com/Responsible-Metals))

Further information and details of how TCA's systems, procedures, processes and controls have been implemented to align to the specific requirements in the LPPM Responsible Platinum and Palladium Guidance have been set out in their responsible precious metals policy which is available on their company website.

TCA has issued a Management Review, as for the Responsible Guidance Management System, which provide full explanations and clarifications on the following matters: 1) Details on the Responsibly-sourced Metals Policy; 2) New Business relationship arisen in 2023; 3) Consistency analysis on policy on responsibly-sourced metals after the business evolution; 4) Accreditation as LPPM Good Delivery Refiner for Pt & Pd Sponge; 5) Examination and evaluation on the ChekList (ESG questionnaire), received by the counterparts, which integrate the suppliers assessment system; 6) Formalization of a Due Diligence Policy 7) Consideration about the information provided by Refinitif: World Chek One 8) Explanation about the training activity implemented during 2023.

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

TCA has set up an internal management structure to support supply chain due diligence: the Compliance Officer in charge directly reports to the Board and to the CEO.

The management and activities related to Due Diligence are carried out by the following entities:

- **Team Compliance:** The team is led by the compliance officer with 10+ years of experience. The team deals with the opening of the case, collection, and analysis of the documentation provided by commercial counterparts, compilation, and insertion of compliance investigation – Responsible for the correct, comprehensive, and complete collection of documentation;
- **Commercial Team:** The team is led by the CCO with 10+ years of experience and deals with compilation and management of commercial investigation – Responsible for the correct business configuration of the commercial counterpart;
- **Compliance Officer:** Review of Risk Assessment, final judgment (approval/rejection of practices) – Responsible for the correct configuration of Risk related to the opening and/or conduct of the commercial relationship.

The outcomes of the compliance team meetings are communicated at least annually or as needed to the governing body (Board of Directors), which ultimately has the authority to ratify, supplement, or modify the general guidelines of the TCA Due Diligence Policy.

The Compliance Officer is tasked with periodically acting as a spokesperson to the Board of Directors through meetings. Additionally, the CO reports to the Board of Directors whenever an exceptional situation occurs.

The board of directors includes two members (CFO and CCO) of the team compliance that, due to their role, have a comprehensive understanding and experience regarding responsible sourcing activities.

The analysis activities carried out by the compliance analyst are compliant with the policy and procedures regarding due diligence for the supply chain of Gold & Silver. TCA implemented a Manual of Responsible Gold & Silver Management System.

Regular training on the subject of supply chain due diligence is carried out by the member of the compliance office that handles Due Diligence operations. Moreover, during 2023 the main employees that work on the DD matters have undertaken specific supply chain due diligence training. The training was followed by six employees in the compliance office and was focused on the DD procedures for the activation of new and pre-existing counterparties; on the new KYC questionnaire and related responses received; especially on the new ESG topics.

Additionally, other training related to the responsible supply chain management has been carried out by all the employees (e.g.: anticorruption, AML).

TCA relies solely on payments through the official banking channels, with extremely rare exceptions for small payments below 300€, always checked and approved by the compliance officer.

The collected documents are stored by TCA for a period of 5 years from receipt and are gradually updated in case of maintaining the relationship with the counterpart.

Comments and Demonstration of Compliance:

An internal management system has been set up to define the governance, roles and responsibilities, internal audit, communication and Board review as per the adopted policy. The compliance officers have been assigned to design, supervise and review the overall process, and have a direct line of reporting to the Board and the CEO.

The due diligence process in place includes the documentation and information collection in order to ensure suppliers compliance with the local environmental regulation and all the legal provisions regarding protection of the environment and sustainable development.

TCA has defined his Due Diligence process on the information acquired by primary worldwide business information

providers (such as D&B, CERVED, World-Check by Thomson Reuters, and recently by List of Reference issued by the Bank of Italy) which helps and support the activities of collection of information that could affect the new counterpart and/or the regular transactions carried out.

TCA continuously conducts a monitoring on the counterparts collecting any kind of news which could be useful in order to re-assess the global/potential risk in the supply chain.

Furthermore, recently, the Company has led training session for the introduction of a new business information, concerning: I) Media Check (which means every message, information or communication caught in the worldwide media system) and II) Passport Check (a verification on the Passport number of the individuals representing the Company TCA is dealing with). As TCA intends to increase its quality and reliability standards on the information acquired during the Due Diligence process, this new sources of data will be added to the set of information already acquired.

In 2020 TCA has started to enforce its supply chain due diligence policy and system, by integrating the assessment of the suppliers with a deeper evaluation of environmental and social issues (ESG questionnaire). During 2022 the refiner has sent to the counterparties either a specific questionnaire (including all the requests in LPPM KYC, as well as requests regarding specific ESG topics) or the new LPPM KYC, to integrate and increase the information needed to carry out a complete and precise Supplier Risk Assessment.

The risk assessment process and the whole system of procedures and policies is being in order to fully integrate the ESG part of the questionnaire in the Risk Assessment and to be compliant with the new guidance. Following the improvement on the Risk assessment (adoption of a platform for Risk Assessment in the IT system AS400) TCA acknowledge the need to further enhance the formal documentation of the assessment of the counterparties' risk based on the activities already carried out as described in Step 2.1.

1.3 Has the Refiner established a traceability system over platinum and palladium supply chains, including chain of custody mapping and identification of supply chain actors?

Comments and Demonstration of Compliance:

TCA has a robust 'lot' receipts process, and specific documents must be received and transactional details entered before TCA processes any precious metals and other conflict materials. Each lot received is accurately registered in the transactional system and ensures complete traceability within the production streams. Specific controls regarding received materials (evaluation of quality through laboratory analysis, transportation documents, weight) are carried out before processing incoming material as outlined in the internal guidelines. Regular training of the employees ensures that the guidelines are followed through; in case of nonconformance, it will be immediately reported directly to the compliance officer and senior management. During the reporting period no such escalation was necessary.

1.4. Has the refiner strengthened company engagement with platinum and palladium supplying counterparties, and where possible, assist platinum and palladium supplying counterparties in building due diligence capabilities?

Comments and Demonstration of Compliance:

During the reporting period TCA has continued company engagement with platinum and palladium supplying counterparties, as well as other suppliers of potentially conflict minerals. In 2013 it was started the process to further modify the supplier agreements so that they make reference to the OECD guidelines. From 2014 to 2022 TCA continued with the approach started in 2013, making always strong reference to the OECD guidelines. According to the Business Policy assumed by the Board of Directors, TCA doesn't deal with small-scale artisanal miners, and the risk to come in contact with raw materials, containing Precious Metals, supplied by counterparties who use mercury in their extractive processes, is strongly reduced, considering also the fact that every ingoing raw or semi-product material is preliminarily subject to specific laboratory analysis (by the company and by third party laboratories) aimed to detect the presence of any kind of deleterious element such as mercury.

1.5 Has the Refiner established a company-wide confidential grievance mechanism?

Comments and Demonstration of Compliance:

TCA has developed a mechanism allowing both employees and external parties to raise concerns over the platinum and palladium supply chain or other identified risks regarding conflict minerals or other compliance issues.

The mechanism consists in a website page that allows to report anonymously on the abovementioned matters. The resulting communications are reviewed by the compliance officer.

During year 2023 there were no grievances reported.

Step 2: RISK IDENTIFICATION AND ASSESSMENT

Compliance Statement with Requirement:

TCA has not fully complied with Step 2: **Identify and Assess Supply Chain Risks**

2.1 Does the Refiner have a due diligence process to identify risks in the supply chain?

TCA has processes in place to identify the risks in the supply chain.

Comments and Demonstration of Compliance:

TCA has formalized the process and update the Operative Due Diligence and Risk Assessment Policy procedure in line with the activities already carried out. The formalization will allow to enforce the risk assessment process and transparency. This document is inspired by the OECD Guidelines, LPPM Responsible Sourcing Guidance, LPPM refiner toolkit, the EU regulation on conflict minerals and the national and international AML regulations.

The Due Diligence Policy provides the following main fundamentals:

- Governance
- Due Diligence Process
- Assignment of Risk Levels to Counterparties
- Risk Management: Enhanced Due Diligence (EDD)
- Monitoring the Transactions
- Management of Any Key Issues
- Training Plan

In 2023, TCA implemented the Due Diligence process on a specifically developed IT system to gather information on counterparties active throughout the year, in order to conduct the risk assessment for each of them.

The structure of the due diligence and risk assessment procedure is outlined as follows:

The Compliance Team sends an email to the counterpart requesting documentation. For each client, the Compliance Team creates a digital folder on the server where documents provided by the client and those downloaded from information agencies are stored. These folders are accessible by the Compliance Team, President of the Board of Directors, Compliance Officer, Global Business Development Manager (GBDM), and Global Sales Manager (GSM).

The system also allocates a risk level based on TCA's Country Risk Index, which is embedded in the system. TCA regularly updates the country risk analysis, referencing the sources outlined by LPPM (All the Sanctions Lists, Dodd Frank, EU CAHRA, Heidelberg, Fragile State Index, UN Human Rights, FATF, ...).

In case of partial receipt of documents, the Compliance Team prompts the submission of the remaining documents.

Once the documentation is complete, the Compliance Team opens the client's position in the management software and enters the required data and previously collected documents.

At the end of the assessment for each counterparty, a risk level of Low, Medium, or High is assigned, in accordance with the TCA Due Diligence Policy.

The judgment of the Compliance Officer will be communicated through a notification to the compliance team in order to perform a double check on any outcome. TCA maintains business relationships even with counterparts whose risk is assessed as Medium, provided that an Enhanced Due Diligence (EDD) is conducted, as established in its Due Diligence policy. In the case of a 'High' risk, TCA's default course is not to initiate/terminate the business relationship, with the Compliance Officer having the option to reassess the decision, providing justification.

The fundamental criteria for Risk Assessment are based on the location of the business under investigation, the supplier of materials involved in the proposed business and the Type of materials in the proposed business.

The new operating system adopted following the implementation of the action needed to cover the gap identified in the previous year's compliance report, is currently active and operational. It is expected that the migration process of all counterparts will be concluded within the course of 2024.

Furthermore, as defined in Step 1.2, in 2020 TCA started enforcing methods, processes and documents that integrate the counterparty assessment system with a detailed evaluation of environmental and social aspects.

During 2023 TCA carried out six site visits, moreover it maintained continuous communication with all the counterparties, also requesting further pieces of evidence and documents, when considered necessary.

Among the activities carried out by TCA on a daily basis there is the continuous communication with the counterparties in order to support them in the compilation of the requested Due Diligence documents, and to ensure the truthfulness of the information provided during the due diligence process.

The Compliance Officer and his team assess the potential risks taking into consideration also what stated in OECD due diligence guidance as set out in the Annex II. If risks are identified with new or existing business partners TCA will deny acceptance of the new business partner or cancel business with already existing partners.

In case of disagreement with the assessment of the compliance officer, the issue will be escalated to the CEO or CFO for final decision; no such escalation was necessary during the reporting period. Senior management retains the ultimate control and responsibility.

2.2 How does the refiner classify identified risks in light of the standards of its due diligence system?

Comments and Demonstration of Compliance:

Supply chain due diligence comprising all measures required by LPPM is performed before entering into a business relationship with any gold and silver or other conflict minerals supplying counterparty.

Based on TCA's Business model and as decided by the Board of Directors, TCA doesn't deal with precious metals that originated from/transited by high risk countries; moreover TCA doesn't deal with any mined precious metal.

In doing so, the occurrence of dealing with High risk counterparties is extremely limited.

However, TCA has limited business with high-risk countries, and specifically in 2023 two counterparties were located in high-risk areas. Nonetheless, the evaluations of these two counterparties, which were initially assessed as high risk due to their location, have been reassessed by both the compliance and commercial teams. Following a thorough and informed evaluation, the risk has been reassessed as low, especially considering their longstanding business activities. However, it is important to emphasize that these counterparties are subject to continuous monitoring.

Each counterparty is checked thoroughly via the counterparty's documents check, the main database (World-Check One report, Cerved Report, Dun & Bradstreet Database), and the pieces of information obtained by the KYC.

In case this process should highlight any point of concern, further documents are requested before deciding whether or not to enter in business with the counterparty.

In addition, TCA conducts appropriate scrutiny and monitoring of transactions undertaken through the course of the

relationship and is ready to interrupt business where concerns should arise. TCA has formalized the process and update the Operative Due Diligence and Risk Assessment Policy procedure in line with the activities already carried out. The formalization, needed to be compliant with LPPM RPPG v4 requirement, allows to enforce the risk assessment process and transparency.

2.3. Has the Refiner undertaken EDD measures for identified high-risk supply chains?

As described in the previous paragraph 2.2, TCA doesn't primarily deal with precious metals that originated from/transited by high risk countries; moreover TCA doesn't deal with any mined precious metal.

In doing so, the occurrence of dealing with High risk counterparties is extremely limited.

The Due Diligence process is carried out for each counterparty, and implemented by a continuous monitoring.

The Enhanced Due Diligence process consists of a strict monitoring and site visits. In 2023, site visits were conducted for 6 counterparties. One additional counterparty has been integrated in the 2024 site visit plan after considerations emerged during 2023.

With a perspective of continuous improvement and in light of the enhancements made to the process following the formalization of the Due Diligence Policy, TCA has implemented an annual site visit plan.

Step 3: RISK MANAGEMENT

Compliance Statement with Requirement:

TCA has not fully complied with Step 3: **Design and implement a management strategy to respond to identified risks**

3.1 Does the Refiner have a process to respond to the identified risks by either (i) mitigating the risk while continuing to trade, (ii) mitigating the risk while suspending trade or (iii) disengagement from the risk?

Comments and Demonstration of Compliance:

TCA has set-up an automated and ongoing screening of all business partners for identifying risks. Based on the risk assessment a regular assessment of all business partners and transactions is established. In addition any ad-hoc identified risk brought up by any stakeholder will be carefully assessed by the Compliance officer and his team and necessary actions/measures decided.

As described in the previous paragraph 2.2, TCA doesn't deal with precious metals that originated from/transited by high risk countries; moreover TCA doesn't deal with any mined precious metal.

In doing so, the occurrence of dealing with High risk counterparties is extremely limited.

The initial evaluation of the counterparty is extremely strict, several business relations were not initiated due to lacking pieces of information in the ones provided by the counterparty.

During 2023 there was no counterparty for which mitigation measures have been applied.

Beside any risk mitigation procedure, TCA obtained in December 2022 the RJC certification to ensure traceability and responsible sourcing.

TCA has set up a strong internal management structure to support supply chain due diligence: the Compliance Officer in charge directly reports to the Board and to the CEO, in case any concern over a counterparty should arise.

Further information and details of how TCA's systems, procedures, processes and controls have been implemented to align to the specific requirements in the LPPM Responsible Platinum and Palladium Guidance have been set out in their responsible gold and silver policy which is available on their company website.

TCA has issued a Management Review, as for the Responsible Guidance Management System, which provide full

explanations and clarifications on the following matters: 1) Details on the Responsibly-sourced Metals Policy; 2) New Business relationship arisen in 2023; 3) Consistency analysis on policy on responsibly-sourced metals after the business evolution; 4) Accreditation as LPPM Good Delivery Refiner for Pt & Pd Sponge; 5) Examination and evaluation on the ChekList (ESG questionnaire), received by the counterparts, which integrate the suppliers assessment system; 6) Formalization of a Due Diligence Policy that will allow to enforce the risk assessment process and transparency; 7) Consideration about the information provided by Refinitif: World Chek One 8) Explanation about the training activity implemented during 2023.

TCA has formalized the process and update the Operative Due Diligence and Risk Assessment Policy procedure in line with the activities already carried out. The formalization, needed to be compliant with LPPM RPPG v4 requirement, allows to enforce the risk assessment process and transparency.

Step 4: INDEPENDENT THIRD-PARTY ASSURANCE

Compliance Statement with Requirement:

TCA has fully complied with Step 4: **Obtain independent third-party Assurance on the supply chain due diligence**

Comments and Demonstration of Compliance:

TCA selected Deloitte among LPPM's Approved Service Providers List ensuring its independence during the selection and engagement process. TCA has engaged Deloitte & Touche S.p.A. to perform a Limited level of independent external assurance on compliance against the LPPM Responsible Platinum and Palladium Guidance, version 4, for the period 1 January 2023 to 31 December 2023.

TCA overall conclusion

Table 3: Management conclusion

Is the refiner in compliance with the requirements of the LPPM RPPG for the reporting period?

In conclusion, TCA implemented a management systems, procedures, processes and practices to conform to the requirements of the LPPM Responsible Platinum and Palladium Guidance, version 4, as explained above in Table 2, for the reporting year end 31 December 2022. TCA is committed to continuous improvement, and any corrective actions identified will be monitored internally on a regular basis. During 2023, TCA has formalized the process and update the Operative Due Diligence and Risk Assessment Policy procedure in line with the activities already carried out. The formalization, needed to be compliant with LPPM RPPG v4 requirement, allows to enforce the risk assessment process and transparency.

Other details

Table 4: Other report comments



If users of this report wish to provide any feedback to TCA with respect to this report, they can contact the compliance officer: a.susi@tcaspa.com.

Arezzo, March 18th, 2024

Signature

Mr. Tommaso Chiarini – Board Director