



Independent Assurance Report

To the Management of Asahi Pretec Corp.

We were engaged by Asahi Pretec Corp. (the “Company”) to undertake a reasonable assurance engagement of its LPPM Responsible Platinum and Palladium Guidance Compliance Report (the “Compliance Report”) for the year ended 31 March 2021, including Annex to LPPM Responsible Platinum and Palladium Guidance Compliance Report. The assurance scope consists of the Company’s Compliance Report.

The Company’s responsibility

The management of the Company is responsible for the preparation and fair presentation of its Compliance Report in accordance with the requirements of the LPPM Responsible Platinum/Palladium Guidance (the “Guidance”). This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived. The criteria identified by the management as relevant for demonstrating compliance with the Guidance are the activities described within the Company’s Compliance Report.

Our responsibility

Our responsibility is to carry out a reasonable assurance engagement in order to express a conclusion based on the work performed. We conducted our assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board and the guidance set out in the LPPM Responsible Sourcing Programme - Third Party Audit Guidance for ISAE 3000 Auditors (the “Audit Guidance”).

This report has been prepared for the Company for the purpose of assisting the management in determining whether the Company has complied with the Guidance and for no other purpose. Our assurance report is made solely to the Company in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than the Company for our work, or for the conclusions we have reached in the assurance report.

Inherent limitations

Non-financial information, such as that included in the Company’s Compliance Report, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the subject matter and the methods used for determining such information. The methods used by Refiners to comply with the Guidance may differ. It is important to read the Company’s Responsible Precious Metals Management Policy available on the Company’s website: www.asahiprettec.com/responsible-sourcing/.

Conclusion

In our opinion, the Company’s Compliance Report for the year ended 31 March 2021, in all material respects, describes fairly the activities undertaken during the year to demonstrate compliance, and management’s overall conclusion contained therein is in accordance with the requirements of the Guidance.

Emphasis of matter

Without modifying our conclusion, we draw attention to the description of Step 2 in the Company’s Compliance Report, which essentially states that the Company partially complied with Step 2: Identify and assess risks in the supply chain.

Independence, quality control and competency statement

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

In conducting our engagement, we confirm that we satisfy the criteria for assurance providers as set out in the Audit Guidance to carry out the assurance engagement.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

29 September 2021

LPPM Responsible Platinum and Palladium Guidance Compliance Report

The LBMA Responsible Gold Guidance and the LBMA Responsible Silver Guidance (collectively the “LBMA Guidance”), and the LPPM Responsible Platinum and Palladium Guidance (the “LPPM Guidance”) have been established for Good Delivery Refiners to adopt high standards of due diligence in order to combat systematic or widespread abuses of human rights, to avoid contributing to conflict, to comply with high standards of anti-money laundering and combating terrorist financing practice.

This report summarizes how Asahi Pretec Corp. (“Asahi Pretec”) has complied with the requirements of the LPPM Guidance.

Table 1: Refiner’s details

Refiner’s name:	Asahi Pretec Corp.
Location:	Sapia Tower 11F, 1-7-12 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan
Reporting year-end:	March 31, 2021
Date of Report:	September 29, 2021
Senior management responsible for this report:	Hiroyuki Nakanishi, Representative Director and President

Asahi Pretec’s evaluation

Table 2: Summary of activities undertaken to demonstrate compliance

Step 1: Establish strong company management systems

Compliance Statement with Requirement:

Asahi Pretec has fully complied with Step 1: Establish strong company management systems

1. Adopt a company policy regarding due diligence for supply chains of platinum and palladium

We have adopted due diligence policy and procedures for supply chain of precious metals. In 2012, we completed and started applying the Basic Policies for Handling of Conflict Metal, which was consistent with the model set out in the Annex II of the OECD Due Diligence Guidance, based on our corporate philosophy “Asahi Way”.

In 2018, we revised our policy and renamed it the “Responsible Precious Metals Management Policy” (the “Policy”) to accommodate requirements of the LBMA Guidance. In 2019, we revised the Policy to accommodate requirements of the LPPM Guidance. In 2020, we revised the Policy to accommodate requirements for environmental and sustainability responsibility in the LBMA Guidance.

This sets out our responsibility for promoting responsible precious metals management in the precious metals supply chain in order to avoid contributing to conflict, human rights violations, money laundering, financing terrorists, corruption, fraudulent transactions, and non-compliance with environmental and sustainability legal requirements.

2. Set up of an internal management structure to support supply chain due diligence

We have set up an internal management system to support supply chain due diligence in 2012. This internal system has been set up to define the governance, roles and responsibilities, internal review, communication and senior management review as per the adopted policy.

The Compliance Officer, who is a chairman of the Responsible Precious Metals Management Committee (the “Committee”), has been assigned to manage the process of due diligence and report directly to senior management. The Compliance Officer is tasked with setting up due diligence procedures and providing training to all relevant employees. The General Managers of Business Unit are responsible for

counterparty/supplier due diligence. The Site Managers of Plant are responsible for traceability. In the internal review we conducted in fiscal 2020, we confirmed that we performed supply chain due diligence, provided training to all employees engaged in precious metals business, and maintained records of due diligence, in accordance with our policies and rules.

3. Establish a strong internal system of due diligence, controls and transparency over platinum and palladium supply chain, including traceability and identification of other supply chain actors

We have adopted a material receipt and inspection process. All the materials collected by the persons in charge or delivered by the suppliers shall be weighted and identified with the transactional details (such as transaction number, customer name, type of material) shared with our Sales team and/or our Plants receiving the materials before we process the materials containing precious metals.

We have provided training to all employees involved in the supply chain of precious metals.

We strongly encourage a payment through official banking channels. Any cash transaction should have a rational reason and be approved in advance by the delegated person by senior management.

4. Strengthen company engagement with platinum and palladium supplying counterparties and, where possible, assist platinum and palladium supplying counterparties in building due diligence capacities

We communicate the Policy, verbally or in writing, to our counterparties/suppliers to obtain their understanding of, and consent to, the Policy. We sent KYC Forms and RPM Consent Forms to all of our counterparties/suppliers required to confirm that they consented to the Policy.

We explained to our counterparties/suppliers why we need to confirm that they and their materials to be supplied have no connection with conflict, human rights violations, money laundering, financing terrorists, corruption, fraudulent transactions, and non-compliance with environmental and sustainability legal requirements.

5. Establish a confidential grievance mechanism

A confidential grievance mechanism has been implemented to allow any employee or external stakeholder to anonymously report concerns over the supply chain of precious metals or any identified risk directly to senior management. Whenever senior management receives a grievance, it shall set up an investigation team composed of members in an impartial position.

Step 2: Identify and assess risk in the supply chain

Compliance Statement with Requirement:

Asahi Pretec has partially complied with Step 2: Identify and assess risk in the supply chain

1. Identify risks in the platinum and palladium supply chain

Our due diligence process is carried out on a risk-based approach and follows our requirements as outlined in the Responsible Precious Metals Management Manual (the "Manual").

We identify risks of the counterparty/supplier and material in the supply chain of precious metals. We do not accept mined materials. We only accept industrial, jewelry and dental recycled materials, and small bars of approved brands.

We have established our criteria for risk categories based on the suppliers' industry sector and nature of business, country of origin, quantity of supply, and systematically apply them to all our counterparties/suppliers. In order to determine conflict, human rights violations, money laundering, financing terrorists, corruption, fraudulent transactions, and non-compliance with environmental and sustainability legal requirements, we use several reliable and independent information providers.

In December 2020, we established the list of countries having a potential risk of conflict, governance, human rights and money laundering (the "Amber List of countries"), based on information available from external

sources. The Amber List of countries includes the countries on the indicative, non-exhaustive list of Conflict Affected and High-Risk Areas published by the EU (the "EU CAHRAs List"), and the Democratic Republic of the Congo and nine surrounding countries listed in Section 1502 of the US Dodd-Frank Act (the "DRC and surrounding countries"). We shall review information available from external sources regularly and revise the Amber List of countries if necessary.

In March 2021, we revised the Amber List of countries to update the EU CAHRAs List and other high-risk areas based on external sources. However, we failed to revise the Manual to update our criteria of the CAHRAs and incorporate our procedure of the enhanced due diligence.

We shall terminate a transaction if counterparty/supplier or material originates from or has been transported through the DRC and surrounding countries. Any transaction with counterparty/supplier or material originating from the Amber List countries shall be approved by the Compliance Officer.

We shall perform additional investigation if any doubt or concern of high-risks is identified. We shall immediately suspend the transaction when a high-risk supply chain is identified and when there are no measures in place to mitigate the risk.

2. Assess risks in light of the standards of their supply chain due diligence system

We assessed risks of the counterparties/suppliers and materials in the supply chain of precious metals according to the material type-specific criteria we specify. All risk assessments were conducted by the Business Unit (Administration and Sales team) and/or the Committee members. All risk assessments were reviewed by the Compliance Officer and senior management.

We constantly monitor all transactions which take place through the course of the entire business relationship and we conduct appropriate scrutiny and monitoring of the counterparties/suppliers on a regular basis.

3. Report risk assessment to designated senior management

Any information related to high-risk supply chain of precious metals shall be reported to the Compliance Officer and senior management. No business is allowed when a high-risk counterparty/supplier or material is identified.

When any doubt or concern of risks other than high-risk is identified, the General Manager of Business Unit in charge shall require further investigation in order to determine to terminate or to continue the business relationship. Identified risks shall be reported to and approved by the Compliance Officer and senior management.

Any high-risk counterparty/supplier or material was not identified in the reporting year ended March 31, 2021.

The Compliance Officer reported the results of the due diligence for the reporting year ended March 31, 2021, to senior management in June 2021.

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

Compliance Statement with Requirement:

Asahi Pretec has fully complied with Step 3: Design and implement a management strategy to respond to identified risks

1. Devise 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

We determine the acceptance of the materials according to our internal management system as follows;

- a. We shall terminate business relationship with counterparty/supplier if any high-risk, related to conflict, human rights violations, money laundering, financing terrorists, corruption and fraudulent transactions, is identified.

- b. We shall suspend the transaction if any doubt or concern of risks other than high-risk is identified until confirming the risk level. The General Manager of Business Unit in charge shall require further investigation in order to determine to terminate or to continue the transaction. Identified risks shall be reported to and approved by the Compliance Officer and senior management.
 - c. We shall continue the transaction if any doubt or concern of risk is not identified as the result confirming the risk level.
2. **Where a management strategy of risk mitigation that includes measurable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk and regular reporting to designated senior management**

We did not identify any risks of conflict, human rights violations, money laundering, financing terrorists, corruption, fraudulent transactions, and non-compliance with environmental and sustainability legal requirements for the reporting year ended March 31, 2021.

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

Compliance Statement with Requirement:

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

We engaged the services of the assurance provider, KPMG AZSA Sustainability Co., Ltd. and their Independent Assurance Report is attached hereto.

Step 5: Report on supply chain due diligence

Compliance Statement with Requirement:

Asahi Pretec has fully complied with Step 5: Report on supply chain due diligence

The Policy and this compliance report are available at <https://www.asahiprectec.com/responsible-sourcing/>.

Table 3: Management conclusion

Is the Refiner in compliance with the requirements of the Guidance for the reporting period?

No. In conclusion, we implemented effective management systems, procedures, processes and practices to conform to the requirements of the LPPM Guidance, except our failure to revise the Manual to update our criteria of the CAHRAs and incorporate our procedure of the enhanced due diligence, as explained above in Table 2, for the reporting year ended March 31, 2021.

We are committed to continuous improvement, and any corrective actions identified will be monitored internally on a regular basis and action taken when and where appropriate.

Table 4: Other report comments

If users of this report wish to provide any feedback to us with respect to this report, they can contact our Compliance Officer on pms_asahi@asahiprectec.com.



Hiroyuki Nakanishi
Representative Director and President