

JX Metals Smelting LPPM Responsible Platinum and Palladium Guidance Compliance Report

The LPPM Responsible Platinum and Palladium Guidance Version 3 has 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 address environmental and sustainability responsibilities, to avoid contributing to conflict, to comply with high standards of anti-money laundering and combating terrorist financing practice.

This report summarizes how JX Metals Smelting Co., Ltd. (hereinafter referred to as JX Metals Smelting) has complied with the requirements of the LPPM Responsible Platinum and Palladium Guidance Version 3.

Table 1: Refiner's details	
Refiner's name	JX Metals Smelting Co., Ltd.
Location	14F Okura Prestige Tower 10-4 Toranomom 2-chome Minato-ku, Tokyo, Japan
Reporting period	From October 1, 2021 to March 31, 2022
Date of Report	July 15, 2022
Senior management responsible for this report	Yutaka Yasuda President & Representative Director

JX Metals Smelting's evaluation

Table 2: Summary of activities undertaken to demonstrate compliance
Step 1: Establish strong company management systems
Compliance Statement with Requirement:

<p>We have fully complied with Step 1: Establish strong management systems.</p>
<p>JX Metals Smelting has adopted a policy regarding due diligence for supply chains of platinum and palladium.</p>
<p>Comments and Demonstration of Compliance:</p> <p>In April 2021, we established our Platinum and Palladium Supply Chain Policy. Our policy is consistent with the model set out in the Annex II of the OECD Due Diligence Guidance, and we have implemented it since April 2021. This Policy sets out our responsibility to respect human rights, environment and sustainability, and not to contribute to conflict, and our commitment to refraining from any action which contributes to the financing of conflict. In April 2022, we revised our Policy and renamed it "Gold, Silver, Platinum and Palladium Supply Chain Policy" to include platinum and palladium supply chain due diligence in the scope of our Policy.</p>
<p>JX Metals Smelting has set up an internal management structure to support supply chain due diligence.</p>
<p>Comments and Demonstration of Compliance:</p> <p>JX Metals Smelting operated an internal management system to support supply chain due diligence, which includes the definition of the governance, roles and responsibilities, internal audit, communication and senior management review as per the adopted policy. The Compliance Officer has been assigned to manage the process, and has a direct line of reporting to senior management. In addition, JX Nippon Mining & Metals Corporation's Metals & Recycling Division, Marketing Dept. perform supplier risk assessment as part of due diligence process. We also conducted an internal audit in March 2022 and identified two cases where due diligence had been conducted after commencing a business relationship with suppliers. We have already revised our approval process to prevent recurrence. If a supply chain is deemed to pose a high risk as a result of our due diligence, the Compliance Officer conducts enhanced due diligence and reports the results to senior management. Senior management then determines whether or not to proceed with the transaction and gives appropriate instructions to the Compliance Officer.</p>
<p>JX Metals Smelting has established an internal system of due diligence, controls and transparency over platinum and palladium supply chain, including traceability and identification of other supply chain actors.</p>
<p>Comments and Demonstration of Compliance:</p> <p>JX Metals Smelting has a platinum and palladium -bearing materials receipt process. Specific documents must be received and transactional details entered before we process the platinum and palladium -bearing material. The received documents are stored in a prescribed database, and the information is accurately registered in our</p>

transaction system on a lot-by-lot basis. We introduced a new checklist for registration of information on new suppliers of recycle materials in fiscal 2021. Information on new suppliers now cannot be registered in the transaction system without attaching a completed checklist, which we expect to ensure that supplier risk assessments be implemented before commencing transactions.

JX Metals Smelting identifies the origin of platinum and palladium-bearing materials by obtaining KYC Questionnaires and Certificates of Origin from suppliers and preparing due diligence screening tables. We also perform supply chain compliance checks using the Dow Jones Risk Database.

As a result of the foregoing, we did not find any high-risk supply chains for fiscal 2021.

If a supply chain is deemed to pose a high risk as a result of our due diligence, the Compliance Officer conducts enhanced due diligence and reports the results to senior management. Senior management then determines whether or not to proceed with the transaction and gives appropriate instructions to the Compliance Officer.

JX Metals Smelting provided training on due diligence to employees involved in procurement of platinum and palladium, focusing on an overview of the conflict minerals issue, the results of the third-party audit in the previous year, and any necessary actions to be taken by each department. The training was attended by 54 employees. In addition, we posted materials and rules on the intranet and made them known to our employees and employees of JX Nippon Mining & Metals Corporation. Furthermore, we sent via e-mail the Platinum and Palladium Supply Chain Policy and the KYC Questionnaire to new suppliers of platinum and palladium-bearing materials and requested them to comply with the Policy and fill out the KYC Questionnaire.

JX Metals Smelting has strengthened company engagement with platinum and palladium supplying counterparties, and where possible, assisted platinum and palladium supplying counterparties in building due diligence capabilities.

Comments and Demonstration of Compliance:

In fiscal 2021, we sent via e-mail the Platinum and Palladium Supply Chain Policy and the KYC Questionnaire to new suppliers of platinum and palladium-bearing materials and requested them to comply with the Policy and fill out the KYC Questionnaire. We also shared the Policy and the KYC Questionnaire with our employees and employees of JX Nippon Mining & Metals Corporation through our internal training. We use a register to record when, to whom and how we sent our policy.

<p>There were no purchases of platinum and palladium-bearing raw materials from state-owned companies operating in EITI countries.</p>
<p>JX Metals Smelting has established an internal and external communication mechanism.</p>
<p>Comments and Demonstration of Compliance: JX Metals Smelting has a mechanism allowing employees and external stakeholders to voice concerns anonymously over the platinum and palladium supply chain or a newly identified risk via an e-mail contact form. A functional hot-line is established, which is reviewed by the Compliance Officer. There was no concern raised regarding the platinum and palladium supply chain in fiscal 2021.</p>
<p>Step 2: Identify and assess risks in the supply chain</p>
<p>Compliance Statement with Requirement: We have fully complied with Step 2: Identify and assess risks in the supply chain.</p>
<p>JX Metals Smelting has a process to identify risks in the supply chain.</p>
<p>Comments and Demonstration of Compliance: JX Metals Smelting identifies and assesses risks in the supply chain. For every supplier, we have established a client database, and we assess risks (including those associated with environmental pollution, health and safety issues, and labor rights violations, among other things) thereof based on information provided by reliable, independent data providers, where available, and government sanctions lists together with a KYC questionnaire and/or investigation at a supplier's site, where appropriate. This process is now a formal requirement before entering any business relationship with a platinum and palladium supplying counterparty. In addition to this, the JX Nippon Mining & Metals Group, to which JX Metals Smelting belongs, has implemented a program for eliminating associations with antisocial forces from fiscal 2014, where we screen suppliers using an external database. JX Metals Smelting has established a process for the identification of Conflict Affected and High-Risk Areas (hereinafter referred to as "CAHRAs"). In March 2021, we revised a process to identify CAHRAs and revised the CAHRAs list according to the revised process. We shall review the list at least once a year and make changes to it as necessary. The Compliance Officer is responsible for keeping the CAHRAs list up-to-date and accessible to anyone involved in our platinum and palladium raw material supply chain Due Diligence. We include in the definition of CAHRAs the Democratic Republic of the Congo (hereinafter referred to as "DRC"), neighboring countries of DRC, and countries where minerals from DRC or its neighboring countries are known or reasonably suspected to transit.</p>

We also include in the definition of CAHRAs those countries whose intensity level is 5 according to the Heidelberg Conflict Barometer and other countries that we deem appropriate to identify as CAHRAs based on publicly available information sources such as the LPPM Responsible Sourcing Newsletter. In April 2022, we revised the CAHRAs list according to the process stipulated in our manual. In addition, we revised the sources to be considered for identifying CAHRAs. We determine platinum or palladium supplied to us is high-risk when platinum or palladium supplied to us i) originates from a CHARA; ii) is claimed to originate from a country that has limited known reserves or stocks, likely resources or expected production levels of platinum or palladium; iii) is claimed to originate from recyclable/scrap or mixed sources and has been refined in a country where platinum or palladium from CHARAs is known or reasonably suspected to transit; iv) produced by using mercury; or v) is sourced from an area designated as a World Heritage Site by UNESCO. Also, we determine our supplier is high-risk when i) our supplier is located in CHARAs; ii) ultimate beneficial owners of our suppliers or other know upstream companies are politically exposed persons; or iii) our supplier has activities in a higher-risk business activity such as arms, gaming and casino industry, antiques and art, and sects and their leaders. If our due diligence finds that a particular supply chain is high-risk because either platinum/palladium supplied to us or a supplier meets any of the above criteria, we conduct enhanced due diligence, namely, on-site surveys as well as checks and assessments using appropriate information sources, so that senior management can determine whether or not to proceed with the transaction.

JX Metals Smelting assesses risks in light of the standards of their due diligence system.

Comments and Demonstration of Compliance:

Supply chain due diligence comprising all measures required by the LPPM Responsible Platinum and Palladium Guidance Version 3 shall be performed before entering a business relationship with any platinum and palladium supplying counterpart. We use information provided by Teikoku Databank, Ltd. and Dow Jones and Company, Inc. to assess the risks in our supply chain.

Since there was no transaction determined high-risk in fiscal 2021, we did not perform enhanced due diligence for higher-risk categories. We conduct appropriate scrutiny and monitoring of transactions undertaken through the course of the relationship following a risk-based approach. JX Nippon Mining & Metals Corporation's Metals & Recycling Division, Marketing Dept. perform supplier risk assessments as part of due diligence process. We did not find any high-risk supply chains during fiscal 2021, and therefore, we did not conduct enhanced due diligence including on-site surveys.

JX Metals Smelting reports risk assessment to senior management.
<p>Comments and Demonstration of Compliance:</p> <p>The Compliance officer shall report to senior management the process and results of supply chain due diligence conducted in fiscal 2021, including the results of internal audit and third-party audit. Senior management must determine whether to approve or disapprove all new suppliers classified as high risk, but no supplier classified as high risk was identified in fiscal 2021. Senior management retains the ultimate control and responsibility for the platinum and palladium supply chain.</p>
Step 3: Design and implement a management system to respond to identified risks
<p>Compliance Statement with Requirement:</p> <p>We have fully complied with Step 3: Design and implement a management system to respond to identified risks.</p>
JX Metals Smelting has 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.
<p>Comments and Demonstration of Compliance:</p> <p>JX Metals Smelting has devised a strategy for risk management according to the nature of the identified risk whereby senior management decides either (i) mitigation of the risk while continuing to trade, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk.</p>
Where a management strategy of risk mitigation is undertaken, it should include measurable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk and regular reporting to designated senior management.
<p>Comments and Demonstration of Compliance:</p> <p>In the case of mitigation of the risk while continuing to trade, JX Metals Smelting requires suppliers to implement an improvement plan with clear performance targets within a reasonable period, continuously monitors the implementation status of the plan, and reports the findings to senior management. If the improvement plan fails to produce results within a certain period, JX Metals Smelting will consider suspending or dissolving the relationship with the supplier.</p> <p>No reasonable risk of our involvement in money laundering, terrorist financing, conflict, human rights abuses or violations of environmental or other sustainability-related legal requirements was identified in our due diligence conducted in fiscal 2021. As a result, we did not find any high-risk supply chains during fiscal 2021.</p>
Step 4: Arrange for an independent third-party audit of the supply chain due diligence
<p>Compliance Statement with Requirement:</p> <p>We have fully complied with Step 4: Arrange for an independent third-party audit of</p>

the supply chain due diligence.
<p>Comments and Demonstration of Compliance:</p> <p>JX Metals Smelting engaged the services of the assurance provider KPMG AZSA Sustainability Co., Ltd., and their independent assurance report is attached.</p>
Step 5: Report on supply chain due diligence
<p>Compliance Statement with Requirement:</p> <p>We have fully complied with Step 5: Report on supply chain due diligence.</p>
<p>Our Platinum and Palladium Supply Chain Policy is available on JX Mining & Metals' website, and our Compliance Report with the independent assurance report is available on JX Mining & Metals' website</p> <p>(https://www.nmm.jx-group.co.jp/english/sustainability/csr_procurement/conflict_minerals/).</p>

JX Metals Smelting's overall conclusion

Table 3: Management conclusion
<p>Is the Refiner in compliance with the requirements of the LPPM Responsible Platinum and Palladium Guidance Version 3 for the reporting period?</p> <p>Yes</p> <p>In conclusion, JX Metals Smelting implemented effective management systems, procedures, processes and practices to conform to the requirements of the LPPM Responsible Platinum and Palladium Guidance Version 3, as explained above in Table 2, for the reporting period ended March 31, 2022.</p> <p>JX Metals Smelting is committed to continuous improvement, and any corrective actions identified will be monitored internally on a regular basis.</p>
Table 4: Other report comments
<p>If users of this report wish to provide any feedback to JX Metals Smelting with respect to this report, they can send an e-mail to the functional mailbox: conflict_minerals@jxgr.com</p>