

TOKURIKI HONTEN CO., LTD. Responsible Platinum and Palladium Compliance Report

The LPPM Responsible Platinum/Palladium Guidance 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 avoid contributing to conflict, to comply with high standards of anti-money laundering and combating terrorist financing practice.

This report summarizes how Tokuriki Honten Co., Ltd. has implemented the LPPM Responsible Platinum/ Palladium Guidance, and has complied with its requirement during the year 2021.

Table 1: Refiner's details

Refiner's name	Tokuriki Honten Co., Ltd.
Location	2-9-12 Kaji-cho Chiyoda-ku, Tokyo, Japan
Reporting year end	December 31, 2021
Date of Report	March 31, 2022
Senior Management responsible for this report	Jun Yamaguchi, President



Tokuriki Honten Co., Ltd.'s evaluation

Table 2: Summary of activities undertaken to demonstrate compliance

Step 1: Establish strong company management systems

Compliance Statement with Requirement:

We have partially complied with Step 1: Establish strong management systems.

①

The Company adopted a company policy regarding due diligence for supply chains of Platinum and Palladium.

Comments and Demonstration of Compliance:

In 2019, we revised our Conflict Minerals Control Policy, which we originally established in 2012, in order to accommodate requirements in the LPPM Platinum/Palladium Guidance. (hereinafter, "the Guidance").

We implemented risk management program in order to avoid procuring Platinum and Palladium bearing materials from “Conflict-Affected and High Risk Areas” (hereinafter “CAHRAs”), which could be contributing to human rights abuses such as genocide, ethnic cleansing, violence, ill-treatment, torture, enslavement, trafficking of persons and the worst forms of child labor and forced labor, and to avoid being directly or indirectly involved in terrorist financing, money laundering , environmental pollution and unfair business. Any transaction found to be involved in human rights abuses, terrorist financing, money laundering or unfair business shall be suspended immediately.

②

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

Comments and Demonstration of Compliance:

“We established an internal management structure to support supply chain due diligence for Platinum and Palladium in 2019. The Compliance Officer is assigned by the Senior Management with a task of overseeing the whole process of supply chain due diligence.

Internal conflict minerals audit of relevant departments is conducted by the procurement division, and the results are reported to the Compliance Officer.

The Compliance Officer conducted reviews to confirm the effectiveness of the conflict minerals policy, conflict minerals management system, and conflict minerals operations. The reviews by the Compliance Officer were conducted for the whole process of supply chain due diligence and the departments related to the process from January to February 2022. The Compliance Officer reported the results of the reviews to the Senior Management on 18 February 2022.

The revised conflict minerals management regulations and the list of CAHRAs were made known to all employees by putting them on the company’s intranet in 2021, since we stipulated how to identify CAHRAs in conflict minerals management regulations and revised the list of CAHRAs.

As a result of internal audits reviews by Compliance Officer, there were no due diligence issues found.

The Company has established 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.

Comments and Demonstration of Compliance:

We conducted risk assessment for all corporate suppliers based on the information on Risk Assessment Data Sheets.

Whether or not to make a transaction with new suppliers, we obtained the approval by the Compliance Officer.

We make use of information on suppliers' websites and reports produced by external research organizations when we determine risk.

We found no high-risk incidents in 2021.

We held a corporate policy briefing for 11 suppliers who are outsourced fabricating and explained the content of conflict minerals management efforts.

We implemented the compliance checks of individual customers to answer whether or not they had serious violation of laws or regulations regarding of environment, child and forced labor and occupational health and safety for the past three years in the Customer Confirmation Form.

We introduced a conflict minerals information system in 2021 to better manage risk assessment information of corporate suppliers.

The system manages information on the supplier code, metals that can be purchased from a supplier and risk assessment status, among others, for each supplier.

No purchasing slip can be issued for a particular supplier before risk assessment of the supplier has been completed.

In terms of the due diligence of supply chain, the procurement division reviews Risk Assessment Data Sheets submitted by the related departments and conducts risk assessment, and obtains the approval of the Compliance Officer.

We identified the country of origin based on information in Risk Assessment Data Sheets and import documents received from corporate suppliers.

We conducted internal education and training on conflict minerals by using the company-wide training materials and having employees complete exercises. 91 employees from related departments took the course.

We require ourselves to file and store Risk Assessment Data Sheets for 5 years.

We plan to eliminate cash transactions and replace them with bank transfers in

November 2022, except for transactions of less than 1 million yen, which shall be permitted through an internal approval process.

The Company has 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:

All the corporate suppliers are required to fill in and submit a “Certificate of Non-Use of Conflict Minerals” as an evidence for accepting our policy.

We assessed risk for individual suppliers to fill Customer Confirmation Form for serious violation of law or regulations regarding of environment, child and forced labor.

We held corporate policy briefing in 2021 to promote understanding of our corporate activity that considers the environment, society, and corporate governance.

⑤

The Company has established a company-wide communication mechanism to promote broad-based employee participation and risk identification to management.

Comments and Demonstration of Compliance:

We implemented the communication mechanism by using our “Conflict Minerals Information Cards”, through which any suspicious information monitored or identified by our employees shall be reported to the Compliance Officer.

There were 6 inquiries on the Conflict Minerals Information Cards but no complaints in 2021.

In addition to the above, we have established a system which any employees or external stakeholders can use for reporting concerns anonymously by e-mail. However we have not communicated to external stakeholders the e-mail address that they can use to report any concerns to us.

Step 2: Identify and assess risks in the supply chain

Compliance Statement with Requirement:

We have fully complied with Step 2: Identify and assess risks in the supply chain.

①

The Company has a process to identify risks in the supply chain.

Comments and Demonstration of Compliance:

We identify and assess risks in the supply chain.

We do not procure mined platinum or palladium. The raw materials that we handle are platinum and palladium bullion, and industrial products and jewelry containing platinum and/or palladium. We assess risks by identifying platinum and palladium suppliers' attributes, confirming their policies for both responsible minerals sourcing and anti-money laundering, and identifying our raw materials' country of origin. In addition to the above, we obtain agreement from platinum and palladium suppliers that any transactions are not related to conflict, human rights abuses, money laundering, environmental pollution and/or unfair business.

We identify the following as high risk for the purchase of raw materials:

- ① The Mined Platinum/Palladium and the Recycled Platinum/Palladium originate from, have transited or have been transported via a conflict-affected or human rights abuse high-risk area.
- ② The Recycled Platinum and Palladium come from a country where Platinum and Palladium from conflict-affected and human rights abuse high-risk areas are known, or reasonably suspected, to transit.
- ③ The Mined Platinum and Palladium are claimed to have originated from a country that has limited known reserves, likely resources or expected production levels of Platinum and Palladium.
- ④ Platinum and Palladium-Supplying Counterparty or other known upstream companies are located in a country representing high-risk for money laundering.
- ⑤ Platinum and Palladium-Supplying Counterparty or other known upstream companies or their Beneficial Owners with significant influence over the Platinum and Palladium-Supplying Counterparty are PEPs.
- ⑥ Platinum and Palladium-Supplying Counterparty or other known upstream companies are active in a higher-risk business activity such as arms, gaming and casino industry, antiques and art, sects and their leaders.
- ⑦ The Mined Platinum and Palladium are derived from artisanal mining.
- ⑧ The Recycled Platinum and Palladium are derived from areas including world heritage.

We also make use of information on suppliers' websites and reports produced by external research organizations when we determine risk.

We found no transaction as high-risk judgement in 2021.

Our latest revision of the list of CAHRAs was made in February 2022 based on

information available from the US Department of Labor, the EU, the Financial Action Task Force on Money Laundering (FATF) and the LBMA. We shall revise the list of CAHRAs at least once a year or as necessary.

We identified 36 countries as CAHRAs in 2021 and we did not procure materials that originated from, or were transported via, any of CAHRAs in 2021.

We made a decision on CAHRAs correspondence based on the information of the country of supply on raw materials and the transportation area on Risk Assessment Data Sheets.

We refer to the asset freezing list and designated gangster list issued by the government not to make purchase from those people concerned.

②

The Company assess risks in light of the standards of their due diligence system.

Comments and Demonstration of Compliance:

We conduct a risk assessment based on “the Act on Prevention of Transfer of Criminal Proceeds” for suppliers of platinum and/or palladium materials purchased at our shops. For corporate suppliers, we perform risk assessment by using the “Risk Assessment Data Sheet”. Procuring departments assess the reliability of suppliers by confirming their identity and, where deemed necessary, obtaining a “Certificate of Non-Use of Conflict Minerals” before entering business relationship.

We conduct risk assessment based on information on supplies’ websites and reports produced by external research organizations and we did not conduct an enhanced due diligence because high-risk supply chains were not identified in 2021.

In the process of accepting materials in our factories, all materials delivered to our company shall be weighed and identified with the transactional details shared with procuring departments. In case any discrepancy is found, such materials shall be rejected.

③

The Company reports risk assessment to the designated Senior Management.

Comments and Demonstration of Compliance:

The Compliance Officer conducted an internal audit in order to evaluate the practice of Conflict Minerals Control after the fiscal year end.

The Compliance Officer also submitted a full report to the Senior Management regarding the results of the internal audit and risk management practices for the fiscal year.

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

Compliance Statement with Requirement:

We have fully complied with Step 3: Design and implement a management system to respond to identified risks.

①

The Company 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.

Comments and Demonstration of Compliance:

We determine the acceptance of supply chain actors in accordance with our internal rules and policies, and we are to take actions for risk mitigation when we identify any risk in our transactions as follows ;

- ① Any transaction found to be involved in conflict, human rights abuses or money laundering shall be stopped immediately.
- ② Any transaction found to be suspicious shall be suspended until accurate additional information/ data is acquired.
- ③ Transactions with honest and reliable suppliers having long business relationship shall be continued, if they use reasonable and good faith effort, aim a goal and endeavor to improve their practices within a fixed period of time. We can continue to refine platinum and palladium coming from this source provided that it adopts an improvement strategy, devised with input and engagement from the supplier, which clearly defines performance objectives within a reasonable timeframe, even if the assessment is not clear or satisfactory.

②

Where a management strategy of risk mitigation is undertaken, it should include measureable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk and regular reporting to designated Senior Management

Comments and Demonstration of Compliance:

Necessary steps shall be taken in case of risk mitigation.

However, we did not find any case which required risk mitigation and there were no instances where we reported to the authorities during the reporting year.

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

Compliance Statement with Requirement:

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

Comments and Demonstration of Compliance:

We engaged the services of the assurance provider, KPMG AZSA Sustainability Co., Ltd. and their independent reasonable assurance report is attached hereto.

<http://www.tokuriki-kanda.co.jp/english/conflict/>

Step 5: Report on supply chain due diligence

Compliance Statement with Requirement:

We have fully complied with Step 5: Report on supply chain due diligence

[Comments]

Our “Conflict Minerals Control Policy” is available on our company website.

<http://www.tokuriki-kanda.co.jp/english/conflict/>

Tokuriki Honten Co., Ltd.’s overall conclusion

Table 3:Management conclusion

Is the Refiner in compliance with the requirements of the LPPM Responsible Platinum and Palladium Guidance for the reporting period?

Not in the full extent.

[Comments]

In conclusion, Tokuriki Honten Co., Ltd. implemented effective management systems, procedures, processes and practices to conform to the requirements of the Guidance, as explained above in Table 2, for the reporting year ended December 31, 2021 except for Step 1:Establish strong company management systems

We will inform all external stakeholders of the email address with which they can use for reporting any concerns related to our responsible sourcing of Platinum and Palladium

by making it publicly available on our website.

Table 4: Other report comments

[Comments]

If anyone who wish to provide a feedback or comment to Tokuriki Honten Co., Ltd. with respect to this report, he or she may contact corporate relations by sending an e-mail to conflict@tokuriki-kanda.co.jp.