

**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 2020.

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, 2020
Date of Report	March 26, 2021
Senior Management responsible for this report	Jun Yamaguchi, President

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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 fully 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 2020, we made amendments to our "Conflict Minerals Control Policy" in order to accommodate requirements of the revised LBMA Responsible Gold Guidance (hereinafter, "the Guidance").

We have 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.

③

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 have materials receipt process where all materials delivered to us shall be weighed and identified with the transactional details shared with procuring departments before processing in our factories.

④

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:

We explained our “Conflict Minerals Control Policy” to all of our corporate suppliers

when we revised the Policy in 2020. In addition to the above, the suppliers are required to fill in and submit a “Certificate of Non-Use of Conflict Minerals” as an evidence for accepting our policy.

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 have 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.

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.

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.

Our latest revision of the list of CHARAs was made in March 2021 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.

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, getting a “Certificate of Non-Use of Conflict Minerals” before entering business relationship.

We made an amendment to the risk assessment template for corporate suppliers in 2020, in order to comply with the environment and other sustainability-related regulations, as required by the RGG Version 8, and we completed the re-assessment of corporate suppliers based on the amended template by December 31, 2020.

In the process of accepting materials in our factories, all the 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.

②

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. And also, 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 a 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 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 limited 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?

Yes

[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, 2020.

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.