

## 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 2019.

**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, 2019
Date of Report	March 26, 2020
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 fully complied with Step 1: Establish strong management systems.

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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.

We perform risk management to avoid procuring Platinum- and Palladium-bearing materials from Conflict-Affected and High Risk Areas that might 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 and unfair business.

Any transaction found to be involved in human rights abuses, terrorist financing, money laundering or unfair business shall be stopped immediately.

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

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**Comments and Demonstration of Compliance:**

We originally established an internal management structure to support supply chain due diligence of Gold in 2012. The same management structure has also supported supply chain due diligence of Silver since 2018 and that of Platinum and Palladium since 2019. The Compliance Officer is assigned with a task of overseeing the whole process of supply chain due diligence by Senior Management.

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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.

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**Comments and Demonstration of Compliance:**

We have robust materials receipts process, and all the materials delivered shall be weighed and identified with the transactional details shared with procuring departments before processing the materials in our factory.

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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.

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**Comments and Demonstration of Compliance:**

We explained our policy to our suppliers so that they can understand and join our

conflict minerals management, and asked them to issue a certificate of non-use of platinum and palladium involved in conflict, human rights abuses or money laundering after getting their acceptance of our policy.

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

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**Comments and Demonstration of Compliance:**

By using our conflict minerals information cards, we have implemented the communication mechanism through which any suspicion and risk information in the supply chain found by our employees can be communicated to the Compliance Officer. On top of this, we have established the system in which employees and external stakeholders can voice concerns anonymously.

**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.

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

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**Comments and Demonstration of Compliance:**

We identify and assess risks in the supply chain.

We do not procure mined platinum or mined palladium and our raw materials only include platinum and palladium bullion, platinum and palladium containing industrial products and jewelry. 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. On top of this, we obtain agreement from platinum and palladium suppliers that a transaction is not related to conflict, human rights abuses and money laundering.

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

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**Comments and Demonstration of Compliance:**



We perform risk assessment procedures based on the Act on Prevention of Transfer of Criminal Proceeds for suppliers of platinum and palladium materials purchased at our shops. For other corporate suppliers we perform risk assessment by using risk assessment data sheets. Procuring departments assess the reliability of suppliers by confirming their identity and, where deemed necessary, getting a certificate of non-use of conflict minerals from conflict-affected and high risk areas for compliance before entering business relationship.

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

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The Company reports risk assessment to the designated Senior Management.

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**Comments and Demonstration of Compliance:**

The Compliance Officer conducted internal audit for checking the practice of Conflict Minerals Control after the fiscal year, and made a full report of the results of the internal audit and risk management practices throughout the year to the Senior Management for the management review.

**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.

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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.

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**Comments and Demonstration of Compliance:**

We determine the acceptance of supply chain following the company regulation, and we are to take a strategy 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.

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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

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**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 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

<b>Table 3:Management conclusion</b>
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Is the Refiner in compliance with the requirements of the LPPM Responsible Platinum and Palladium Guidance for the reporting period?
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Yes

**[Comments]**

In conclusion, Tokuriki Honten Co., Ltd. implemented effective management systems, procedures, processes and practices to conform to the requirements of the LPPM Responsible Platinum/Palladium Guidance, as explained above in Table 2, for the reporting year ended December 31, 2019.

<b>Table 4: Other report comments</b>
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**[Comments]**

If users of this report wish to provide any feedback to Tokuriki Honten Co., Ltd. with respect to this report, they can contact corporate relations on conflict @tokuriki-kanda.co.jp.