

TOKURIKI HONTEN CO., LTD. Responsible Gold and Silver Compliance Report

The LBMA Responsible Gold Guidance and the LBMA Responsible Silver 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, avoid contributing to conflict, comply with high standards of anti-money laundering and combat terrorist financing practices.

This report summarizes how Tokuriki Honten Co., Ltd. has implemented the LBMA Responsible Gold Guidance and the LBMA Responsible Silver Guidance, and has complied with their requirements during the year 2023.

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, 2023
Date of Report	March 31, 2024
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.

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Has the Refiner adopted a supply chain policy regarding due diligence for supply chains of gold and/or silver?

Comments and Demonstration of Compliance:

We established our "Conflict Minerals Control Policy" (hereinafter, "the Policy") in 2012. We subsequently made necessary amendments corresponding to the revision of the LBMA Responsible Gold Guidance and the LBMA Responsible Silver Guidance

(hereinafter, “the Guidance”) in following years.

We updated the Policy to refer to the response policy and to reassess the high-risk description on 23 May 2023 with the Board’s approval. We review and update it as needed. The Policy is made available on our website as well as our intranet so that it can be accessed by all stakeholders.

We implemented risk management program in order to avoid 1) procuring Gold and Silver bearing materials from “Conflict-Affected and High Risk Areas” (hereinafter “CAHRAs”), which could be contributing to human rights violations (mass murder, ethnic cleansing, violence, abuse, torture, enslavement, human trafficking, child labor, forced labor etc.) or where fraudulent transactions are rampant, 2) involving in direct or indirect assistance to illegal, non-state armed groups or public or private security forces, 3) involving in bribery and fraudulent misrepresentation of the origin of gold, 4) involving in non-compliance with taxes, fees and royalties due to governments related to mineral extraction, trade and export from CAHRAs, and 5) contribution to conflict.

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

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Has the Refiner 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 Gold in 2012. The same management structure has also been implemented for supply chain due diligence for Silver since 2018.

The Compliance Officer has been assigned by the CEO and approved by the Board with a task of overseeing the entire supply chain due diligence process, since the day that the conflict minerals regulations were revised (13 December 2022). The Compliance Officer has been involved in conflict minerals management for a long time and is responsible for implementing the supply chain due diligence process. The Board has been assigned authority and accountability to conduct supply chain due diligence. The Board is made up of members who have been involved in supply chain due diligence for a long time and is regularly notified of information on changes in the Guidance so that it can supervise responsible activities effectively. 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 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 on 13 February 2024. The Compliance Officer reported the results of the reviews to the Board of Directors on 19 February 2024. We reported the revision of conflict minerals management regulations due to the change of several divisions and got approval at the Board Meeting on 23 October 2023. The revised conflict minerals management regulations were made known to all employees via the company's intranet on 25 October 2023. As a result of internal audits and management reviews, there were no due diligence issues found in 2023.

We conducted internal education and training on the on revised conflict minerals management regulations and LBMA RGG Ver. 9 by using the company-wide training materials and having employees complete exercises. 102 employees from related departments took the course in 2023.

We don't engage in cash transactions exceeding 1 million yen. And cash transactions less than 1 million yen can be carried out with the approval of the chief or higher to whom the Compliance Officer has delegated authority.

③

Has the Refiner established a traceability system over gold and/or silver supply chains, including chain of custody mapping and identification of supply chain actors?

Comments and Demonstration of Compliance:

We reviewed the Risk Assessment Data Sheet and conducted a risk assessment corresponding to LBMA RGG Ver. 9 in 2023. We obtained approval from the Compliance Officer on whether or not to make a transaction with new suppliers and we also reconducted a risk assessment for existing suppliers.

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 2023.

We implemented compliance checks of individual suppliers by obtaining answers as to whether 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 the supply chain, the procurement division reviews Risk Assessment Data Sheets submitted by the related departments, conducts a 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 including Air Way Bills, Packing Lists, and Invoices received from corporate suppliers. We require ourselves to file and store Risk Assessment Data Sheets for 5 years.

④

Has the Refiner strengthened company engagement with gold and/or silver supplying counterparties, and where possible, assisted gold and/or silver 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 evidence for accepting our policy. We held a corporate policy briefing in March 2023 for 15 suppliers to which we outsourced fabricating, and explained our conflict minerals management effort to them. We do not procure any raw material from state-owned companies in EITI countries.

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Has the Refiner established a company-wide confidential grievance mechanism?

Comments and Demonstration of Compliance:

We implemented a communication mechanism 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 10 inquiries on the Conflict Minerals Information Cards but no grievances in 2023. In addition to the above, we established a grievance system which any employees or external stakeholders can use for reporting concerns anonymously on our website in English in 2022. All the grievances are to be reviewed by the Compliance Officer and the Board, and measures

are to be taken as necessary. There was no concerns or grievances regarding supply chain risk in 2023.

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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Does the Refiner have a due diligence 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 gold or silver. The raw materials that we handle are gold and silver bullion, and industrial products and jewelry containing gold and/or silver. We assess risks by identifying gold and silver 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 gold and silver suppliers that any transactions are not related to conflict, human rights abuses, money laundering, environmental pollution and/or unfair business. We conduct a risk assessment for our business counterparties with a Risk Assessment Data Sheet prior to trading using company information based on external research organizations, websites and company information on the Internet. Then, the Compliance Officer decides whether or not to proceed with the transaction. The judgement is based on high risk and zero tolerance criteria in accordance with LBMA RGG Ver. 9 and LBMA RSG Ver.1. We conduct annual training, followed by a test, to ensure the understanding of all employees involved in conflict minerals management so that risk assessment and monitoring can be carried out.

We identify the following as high Location Risk, Supplier Risk, Raw Material Type Risk and zero tolerance.

*** Location Risk**

- a. Mined Gold/Silver and Recycled Gold/Silver originate from, have transited or have been transported via a conflict-affected or human rights abuse high-risk area.
- b. Mined Gold and Silver are claimed to have originated from a country that has limited known reserves, likely resources or expected production levels of Gold and Silver.
- c. Recycled Gold and Silver come from a country where gold and silver from conflict-affected and human rights abuse high-risk areas are known, or reasonably suspected,

during transit.

d. Mined Gold/Silver and Recycled Gold/Silver are transported through illogical geographic routes.

* Supplier Risk

e. The Gold/Silver-Supplying Counterparty or other known upstream companies are located in a country representing high-risk for money laundering.

f. The Gold/Silver-Supplying Counterparty or other known upstream companies or their Beneficial Owners with significant influence over the Gold and Silver-Supplying Counterparty are PEPs.

g. The Gold/Silver-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.

h. The Gold/Silver-Supplying Counterparty or other known upstream companies are known to have sourced Mined Gold/Silver and Recycled Gold/Silver from CAHRAs in the last 12 months.

i. The Gold/Silver-Supplying Counterparty or other known upstream companies have material discrepancies/inconsistencies in the documentation provided or have refused to provide requested documentation.

j. Mined Gold/Silver and Recycled Gold/Silver comes from smelters that are wildly against and raise serious concerns for ESG factors.

k. The Mined or Recycled Gold/Silver supplying counterparty or other known upstream companies own a shareholder, beneficial owner, or supply interest in a geographic area that meets high-risk criteria

* Raw Material Type Risk

l. Mined Gold/Silver are derived from ASM.

m. Mined Gold and Recycled Gold use mercury in production.

n. Mined Gold/Silver and Recycled Gold/Silver comes from an intermediate Refinery or trading counterparties sourcing from a high risk supply chain.

* Zero-tolerance

o. Mined Gold/Silver and Recycled Gold/Silver are derived from areas including world heritages.

p. Mined or Recycled Gold/Silver is known to be sourced in breach of international sanctions (including but not limited to those of the UN, EU, UK and US).

q. The Gold/Silver-Supplying Counterparty or other known upstream companies or their UBOs are known money launders, fraudsters or terrorists, or have been implicit in

serious human rights abuses, or in direct or indirect support to illegitimate non-state armed groups.

We found no transaction determined as high-risk or zero tolerance in 2023.

Our latest revision of the list of CAHRAs was made in May 2023. We revise the list of CAHRAs at least once a year or as necessary. We removed Mexico in accordance with the EU CAHRAs list in May 2023.

When we revise the list of CAHRAs, we refer to various sources, including:

- * Sanction lists (US, UK, EU, and relevant sanction lists)
- * Dodd Frank s. 1502
- * EU CAHRAs list
- * Heidelberg Barometer
- * Fragile States Index or equivalent
- * UN Human Rights Office of the High Commissioner or equivalent
- * Reports (including relevant country reports) by the Financial Action Task Force (FATF)
- * Credible market intelligence on high-risk gold centers/transit hubs on countries where there is a high risk money laundering.

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How does the Refiner classify identified risks in light of the standards of its 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 gold and/or silver 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 a business relationship. We conduct risk assessment based on information on suppliers’ websites and reports produced by external research organizations. We did not conduct an enhanced due diligence because high-risk and zero tolerance supply chains were not identified in 2023.

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.

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Has the Refiner undertaken EDD measures for identified high-risk supply chains?

Comments and Demonstration of Compliance:

We conducted a supply chain risk assessment with the Risk Assessment Data Sheets based on external research organizations, websites, and company information on the Internet. In principle, we reassess the supplier's Risk Assessment Data Sheets every five years and whenever there is a significant change in the supplier's company information. Until the reassessment every five years, we perform annual checks to ensure that the risk assessment does not need reassessment. If it is determined that the risk is high in terms of supplier risk, location risk, or raw material type risk, we require ourselves to conduct an on-site verification/visit as Enhanced Due Diligence (EDD). Although there was no high-risk Recycled Gold with the high-risk supply chain in FY 2023, the EDD procedures for high-risk Recycled Gold with high-risk supply chain are shown below.

1. On-site verification/visits should be conducted before the transaction to the extent possible.
2. Even if the transaction has already started, it should be carried out within 6 months after the transaction.
3. In principle, site visits should be conducted by those with positions and qualifications of assistant manager or higher. In addition, we can appoint independent third-party consultants.

Employees and consultants are appointed based on suitability and credibility, and report truthfully and accurately to the Compliance Officer or the Company-Wide General Manager. We use LBMA's assessment toolkit for on-site supply chain risk assessments. We reassess the risk of suppliers identified as high risk once the situation has improved. We purchased no gold- or silver-bearing material from intermediate refiners in 2023. No EDD/on-site verification/visit was implemented as no suppliers were identified as high risk or zero tolerance in 2023.

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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Does the Refiner have a process to respond to the identified risk by either (i) mitigating the risk while continuing to trade, (ii) mitigating 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 relationships shall be continued if they implement reasonable and good faith efforts, and endeavor to improve their practices within a fixed period of time. We can continue to refine gold and silver 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.

In the event that a risk mitigation strategy is taken, the Board of Directors must be regularly reported to regarding subsequent improvement measures, monitoring of business execution, and ongoing implementation of regular risk assessments. There were no decisions made to terminate relationships with suppliers in 2023.

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. from the Responsible Sourcing Assurance Providers list of LBMA taking into account regional and language advantages with the approval of the Senior Management. As confirmation of independence, the Senior Management confirmed that audit independence is ensured in the draft contract between Tokuriki Honten Co., Ltd. and KPMG AZSA Sustainability Co., Ltd, on 1 December 2023. We also confirmed that KPMG AZSA Sustainability Co., Ltd. does not provide any advisory services to us that compromise the independence of KPMG's assurance services.

Where the assurance report is publicly available is disclosed in Step 5: Report on supply chain due diligence. The 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 LBMA Responsible Gold and Silver 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, 2023.

Table 4: Other report comments

[Comments]

If anyone wishes to provide feedback or comments to Tokuriki Honten Co., Ltd. with respect to this report, they may contact corporate relations by sending an e-mail to conflict@tokuriki-kanda.co.jp.



Independent Assurance Report

To the Management of Tokuriki Honten Co., Ltd.

We were engaged by Tokuriki Honten Co., Ltd. (the “Company”) to undertake a reasonable assurance engagement of its TOKURIKI HONTEN CO., LTD. Responsible Gold and Silver Compliance Report (the “Compliance Report”) for the year ended 31 December 2023. 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 LBMA Responsible Gold Guidance Version 9 and the LBMA Responsible Silver Guidance Version 1 (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 the ‘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 LBMA Responsible Sourcing Programme - Third Party Audit Guidance (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 Conflict Minerals Control Policy available on the Company’s website: www.tokuriki-kanda.co.jp/english/conflict/.

Conclusion

In our opinion, the Company’s Compliance Report for the year ended 31 December 2023, 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.

Independence, quality management 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 Management 1, we design, implement and operate a system of quality management including policies or 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.

Kazuhiko Saito, Partner, Representative Director
KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan
28 March 2024