

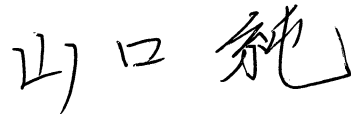
## TOKURIKI HONTEN CO., LTD. Responsible Gold and Silver Compliance Report

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, 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 LBMA Responsible Gold Guidance and the LBMA Responsible Silver Guidance, and has complied with their requirements 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.

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The Company adopted a company policy regarding due diligence for supply chains of gold and silver.

### Comments and Demonstration of Compliance:

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

following years.

We implemented risk management program in order to avoid procuring Gold and Silver 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.

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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 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 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.

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**The Company has established a strong internal system of due diligence, controls and**

transparency over gold and silver supply chain, including traceability and identification of other supply chain actors.

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**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.

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The Company has strengthened company engagement with gold and silver supplying counterparties , and where possible assist gold and silver supplying counterparties in building due diligence capabilities.

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**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 .

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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:**

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.

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

- ① The Mined Gold/Silver and the Recycled Gold/ Silver originate from, have transited or have been transported via a conflict-affected or human rights abuse high-risk area.
- ② The 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, to transit.
- ③ The 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.
- ④ Gold/Silver-Supplying Counterparty or other known upstream companies are located in a country representing high-risk for money laundering.
- ⑤ 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.
- ⑥ 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.
- ⑦ The Mined Gold/Silver are derived from artisanal mining.
- ⑧ The Mined Gold and the Recycled Gold use mercury on production.
- ⑨ The Recycled Gold/Silver 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.

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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 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 business relationship.

We conduct risk assessment based on information on suppliers’ 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.

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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 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.

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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 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 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.

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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 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

<b>Table 3: Management conclusion</b>
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**Is the Refiner in compliance with the requirements of the LBMA Responsible Gold and Silver Guidance for the reporting period?**

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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 gold and silver, by making it publicly available on our website.

<b>Table 4: Other report comments</b>
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**[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](mailto: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 2021. 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 and the LBMA Responsible Silver Guidance (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 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/](http://www.tokuriki-kanda.co.jp/english/conflict/).

### **Conclusion**

In our opinion, the Company’s Compliance Report for the year ended 31 December 2021, 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.

We conducted alternative procedures to site visits to the Kuki Factory and the Yamato Factory consisting of making inquiries, reviewing materials including documented evidence, and interviewing relevant personnel remotely using a video conference platform. This had no impact on the assurance opinion.

### **Emphasis of matter**

Without modifying our conclusion, we draw attention to the description of Step 1 in the Company’s Compliance Report, which essentially states that the Company partially complied with Step 1: Establish strong company management systems.



**Independence, quality control 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 Control 1, we maintain a comprehensive system of quality control including documented policies and 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.

A handwritten signature in black ink, reading 'Kazuhiko Saito'.

Kazuhiko Saito, Partner, Representative Director  
KPMG AZSA Sustainability Co., Ltd.  
Tokyo, Japan  
14 April 2022



## 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 Country of Origin Annex (the “CoO Annex”) for the year ended 31 December 2021. The assurance scope consists of the Company’s CoO Annex.

### **The Company’s responsibility**

The management of the Company is responsible for the preparation of its CoO Annex in accordance with the requirements of the LBMA Responsible Gold Guidance and the LBMA Responsible Silver Guidance (the “Guidance”).

### **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 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.

### **Conclusion**

In our opinion, the Company’s CoO Annex for the year ended 31 December 2021 is prepared, in all material respects, in accordance with the requirements of the Guidance.

We conducted alternative procedures to site visits to the the Kuki Factory and the Yamato Factory consisting of making inquiries, reviewing materials including documented evidence, and interviewing relevant personnel remotely using a video conference platform. This had no impact on the assurance opinion.

### **Independence, quality control 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 Control 1, we maintain a comprehensive system of quality control including documented policies and 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.

A handwritten signature in black ink, reading 'Kazuhiko Saito'.

Kazuhiko Saito, Partner, Representative Director  
KPMG AZSA Sustainability Co., Ltd.  
Tokyo, Japan  
14 April 2022