

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, 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 LPPM Responsible Platinum/Palladium Guidance, and has complied with its requirements during the year 2024.

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, 2024
Date of Report	March 31, 2025
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 Platinum and/or Palladium?

Comments and Demonstration of Compliance:

On May 2023, we revised our Conflict Minerals Control Policy (hereinafter, "the Policy") which we originally established in 2012, in order to accommodate requirements in the LPPM Platinum/Palladium Guidance (hereinafter, "the Guidance").

We updated the Policy to refer to LPPM Platinum and Palladium Guidance and to reassess the high-risk description with the Board's approval. We review the Policy once a year and revise 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 implement risk management program in order to avoid; 1) procuring Platinum and Palladium bearing materials from "Conflict-Affected and High Risk Areas" (hereinafter "CAHRAs"), which could contribute to human rights violations (such as mass murder, ethnic cleansing, violence, abuse, torture, enslavement, human trafficking, child labor, forced labor etc.) or where fraudulent transactions are rampant; 2) involvement in direct or indirect assistance to illegal, non-state armed groups or public or private security forces; 3) engaging in bribery and fraudulent misrepresentation of the origin of material; 4) involving in non-compliance with taxes, fees and royalties due to governments related to mineral extraction, trade and export from CAHRAs; and; 5) contributing 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?

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**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 was assigned by the Senior Management with a task of overseeing the entire supply chain due diligence process. The Compliance Officer has been assigned by the CEO and approved by the Board with the responsibility of overseeing the entire supply chain due diligence process, since the revision of conflict minerals regulations on 13 December 2022. The Compliance Officer has extensive experience in conflict minerals management for a long time and is responsible for implementing the supply chain due diligence process. The Board has been assigned the authority and accountability to conduct supply chain due diligence.

The Board consists of members who have been involved in LPPM audits for a long time and is regularly notified of information on changes in the Guidance so that it can supervise responsible activities effectively. An 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 reviews the effectiveness of the policy,



the conflict minerals management system, and the 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 2025. The Compliance Officer reported the results of the reviews to the Board of Directors on 25 February 2025. We reported the revision of conflict minerals management regulations due to the changes in several divisions and got approval at the Board Meeting on 22 October 2024. The revised conflict minerals management regulations were made known to all employees via the company's intranet on 24 October 2024. As a result of internal audits and management reviews, there were no due diligence issues found in 2024.

We conducted internal education and training on the revised conflict minerals management regulations and LPPM RPPG Ver. 4 by using company-wide training materials and having employees complete exercises. 100 employees from related departments took the course in 2024.

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-level authority to whom the Compliance Officer has delegated authority.

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**Has the Refiner established a traceability system over platinum and/or palladium supply chain, including chain of custody mapping and identification of supply chain actors?**

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**Comments and Demonstration of Compliance:**

We reviewed the Risk Assessment Data Sheet in and conducted a risk assessment corresponding to the LPPM RPPG Ver. 4 in 2024. 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.

For suppliers where UBOs exist, the photo IDs of the UBOs are obtained and managed. Since May 2024, we have kept and managed the company information from suppliers' websites, reports produced by external research organizations, certified copies of the register and photo IDs of the UBOs as evidence for new suppliers' risk assessment.

There were no instances of incidents found relating to counterparties' identification, origin and traceability of precious metals in 2024.

For over-the-counter transactions, we implemented the compliance checks by obtaining answers as to whether they had serious violations of laws or regulations regarding the environment, child and forced labor and occupational health and safety for the past three years in the Customer Confirmation Form.

In 2021 we introduced a conflict minerals information system 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 risk assessment, and obtains the approval of the Compliance Officer. We identify 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.

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Has the Refiner strengthened company engagement with platinum and/or palladium supplying counterparties, and where possible, assisted platinum and/or palladium 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 evidence of accepting our policy. In March 2024 we held corporate policy briefings for 14 suppliers to which we outsourced fabricating, and explained our conflict minerals management effort to them. We do not procure any raw materials from state-owned companies in EITI countries.

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

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**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. In 2024, 4 incidents were reported to the Compliance Officer through the Conflict Minerals Information Cards, but all these



were offering of sales of dubious precious metals which we declined. Additionally, there were no grievances reported. 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 grievances are reviewed by the Compliance Officer and the Board, and measures are taken as necessary. There were no concerns or grievances regarding supply chain risk in 2024.

Moreover, we established and announced our Whistleblowing Policy in December 2022 in response to the LPPM RPPG Ver. 4.

#### **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?**

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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 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 conduct a risk assessment of our business partners with our 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 the LPPM RPPG Ver. 4 and other relevant guidance. We conduct annual training, followed by a test, to ensure the understanding all of employees involved in conflict minerals management so that risk assessment and monitoring can be carried out.

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

\* Location Risk

- a. Mined Platinum/Palladium and the place where Recycled Platinum/Palladium originate from, have transited or have been transported via a conflict-affected or human rights abuse high-risk area.
- b. 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.
- c. Recycled Platinum and Palladium originate from countries known or reasonably suspected to be conduits for platinum and palladium from conflict-affected and high-risk areas for human right abuses.
- d. Mined Platinum/Palladium and Recycled Platinum/Palladium are transported through illogical geographic routes.

\* Supplier Risk

- e. Platinum or Palladium-Supplying Counterparty or other known upstream companies are located in a country representing high-risk for money laundering.
- f. Platinum or Palladium-Supplying Counterparty or other known upstream companies, or their Beneficial Owners with significant influence over them are politically exposed persons (PEPs).
- g. Platinum or Palladium-Supplying Counterparty or other known upstream companies are active in a higher-risk business activity such as arms dealing, gaming and casino industry, antiques and art, sects and their leaders.
- h. Platinum or Palladium-Supplying Counterparty or other known upstream companies are known to have sourced Mined Platinum/Palladium and Recycled Platinum/Palladium from CAHRAs in the last 12 months.
- i. Platinum or Palladium-Supplying Counterparty or other known upstream companies have material discrepancies/inconsistencies in the documentation provided or have refused to provide requested documentation.
- j. Mined Platinum/Palladium or Recycled Platinum/Palladium originates from smelters or refiners that are significantly non-compliant with ESG standards and pose serious concerns.
- k. Mined or Recycled Platinum/Palladium supplying counterparties or other known upstream companies own a shareholder, beneficial owner or platinum or palladium-supplying interests in a geographic area that meets high-risk criteria.

\* Raw Material Type Risk

- l. Mined Platinum/Palladium is derived from artisanal mining (ASM).
- m. Mined Platinum/Palladium or Recycled Platinum/Palladium comes from an intermediate Refinery or trading counterparties sourcing from a high risk supply chain.

\* Zero tolerance

- n. Mined Platinum/Palladium or Recycled Platinum/Palladium is derived from areas including world heritages.
- o. Mined or Recycled Platinum/Palladium is known to be sourced in breach of international sanctions (including, but not limited to, those imposed by the UN, EU, UK and US).
- p. The Mined or Recycled Platinum/Palladium supplying counterparty, 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.
- q. Mined Platinum/Palladium and Recycled Platinum/Palladium originate from specified zero tolerance countries.

We also make use of information on suppliers' websites and reports produced by external research organizations when we determine risk. We do not enter into a business relationship with zero-tolerance suppliers and do not purchase zero-tolerance materials. If an existing supplier turns out to be a zero-tolerance supplier, we shall terminate the business relationship immediately. We found no transaction determined as high-risk and zero tolerance in 2024.

Our latest revision of the list of CAHRAs was made in October 2024. We revise the list of CAHRAs at least once a year or as necessary. We added Lebanon and removed Chad, Egypt and Turkey in accordance with the EU CAHRAs list in September 2024.

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

- \* Sanction lists (US, UK, EU, and relevant sanction lists)
- \* Dodd Franks. 1502
- \* EU CAHRAs list
- \* Heidelberg States Index or equivalent
- \* Fragile States Index or equivalent
- \* UN Human Rights Office of the High Commissioner or equivalent
- \* Reports (including relevant countries reports) by the Financial Action Task Force



(FATF)

\* Credible market intelligence on high-risk Platinum and Palladium centers/transit hubs in 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?

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**Comments and Demonstration of Compliance:**

We conduct 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 into a business relationship. We conduct risk assessment based on information from supplies’ websites and reports produced by external research organizations. We did not conduct enhanced due diligence (EDD) because high-risk supply chains were not identified in 2024.

In the process of accepting materials at 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?

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**Comments and Demonstration of Compliance:**

We conducted supply chain risk assessment with the Risk Assessment Data Sheet 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 the risk is high in terms of supplier risk, location risk, or raw materials type risk, we require ourselves to conduct an on-site verification/visit as Enhanced Due Diligence (EDD). Although there was no high-risk Recycled Platinum/Palladium with the high-risk supply chain in FY 2024, the EDD procedures for high-risk Recycled Platinum/Palladium 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 the assessment toolkit based on the Refiners toolkit of LPPM for on-site verifications/visits risk assessments. We reassess the risk of suppliers identified as high risk once the situation has improved. We purchased no platinum or palladium-bearing material from intermediate refiners in 2024. No EDD/on-site verification/visit was implemented as no suppliers were identified as high risk in 2024.

### 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?

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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 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 platinum and palladium coming from this source provided that it adopts an improvement strategy 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 2024.

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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. from the Responsible Approved Assurance Providers list of LPPM taking into account regional and language advantages with the approval of the Senior Management. As a confirmation of independence, the Senior Management confirmed through the draft of contract the independence for auditing between Tokuriki Honten Co.,Ltd. and KPMG AZSA Sustainability Co., Ltd. on 11 November 2024. We also confirmed that KPMG AZSA Sustainability Co., Ltd. was not providing any advisory services to us that could 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.  
<https://www.tokuriki-kanda.co.jp/company/pdf/corporate-conflict-minerals-eng-003.pdf?20240520>

#### 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.

<https://www.tokuriki-kanda.co.jp/company/pdf/corporate-conflict-minerals-eng-001.pdf>

Tokuriki Honten Co., Ltd.’s overall conclusion

Table 3: Management conclusion
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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 Guidance, as explained above in Table 2, for the reporting year ended December 31, 2024.

Table 4: Other report comments
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##### [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](mailto:conflict@tokuriki-kanda.co.jp).



### **Independent Practitioner's Limited Assurance Report**

To the Management of Tokuriki Honten Co., Ltd.

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

#### **Conclusion**

We have performed a limited assurance engagement on whether Tokuriki Honten Co., Ltd. (the "Company")'s Compliance Report for the year ended 31 December 2024 has been prepared in accordance with the requirements of the LPPM Responsible Platinum/Palladium Guidance Version 4 (the "Criteria").

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Company's Compliance Report for the year ended 31 December 2024 does not describe fairly the activities undertaken during the year to demonstrate compliance, and the management's overall conclusion contained therein is not, in all material respects, in accordance with the Criteria.

#### **Basis for conclusion**

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB) and the guidance set out in the LPPM Responsible Sourcing Programme - Third Party Audit Guidance (the "Audit Guidance"). Our responsibilities under these are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to 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.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### **Responsibilities for the Compliance Report**

Management of the Company are responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Compliance Report that is free from material misstatement, whether due to fraud or error;
- selecting suitable criteria for preparing the Compliance Report and appropriately referring to the criteria used; and
- preparing the Compliance Report in accordance with the Criteria.

#### **Inherent limitations in preparing the Compliance Report**

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 Criteria 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/)





## Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Compliance Report is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the management.

### Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the Compliance Report that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the Compliance Report and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, we:

- evaluated the suitability in the circumstances of the Company's use of the criteria for determining the compliance with each step;
- evaluated the appropriateness of the policies and procedures used by the Company;
- inquired the management to gain an understanding of the Company's processes and risk management protocols in place;
- inquired the relevant personnel of the Company responsible for the preparation of the Compliance Report;
- performed a site visit at the Kuki Plant which was determined through our risk assessment procedures;
- reviewed a selection of the supporting documentation, including Platinum/Palladium supplier counterparty due diligence file and transaction's documentation;
- tested a selection of the underlying processes and controls that support the information in the Compliance Report; and
- evaluated the overall presentation of the information presented in the Compliance Report.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Kazuhiko Saito, Engagement Partner

KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

27 March 2025