

RMI Diligence Report

1. Corporate Profile

Chugai Mining Co., Ltd. (CID no: CID000264)

The Mochikoshi Co., Ltd. was established in 1932 and merged with 3 other companies including Yakumo Mining Co., Ltd. and changed the current company name to Chugai Mining Co., Ltd in 1936. We own a refining facility (Tokyo Plant) to manufacture gold products from gold raw materials, which is located at 2-12-16 Keihinjima, Ota Ward, Tokyo, Japan.

2. Summary of RMAP assessment

The Tokyo Plant underwent RMAP evaluation from 19 to 21 August 2020. The period covered by this assessment is from 1 September 2018 to 31 May 2020. The validity period of this assessment is 1 year and carried out by SCS Global.

3. Corporate policy on the supply chain

We have established a supply chain policy with the aim of avoiding the use of conflict materials that could, directly or indirectly, benefit or fund armed groups in high-risk or conflict areas, or cause other serious human rights abuses. This supply chain policy is fully compliant with the 3rd edition of the Due Diligence Guidance for Responsible Supply Chains of Minerals from conflict and high-risk areas (OECD Guidance). The policy also covers all risks identified in Annex II of the OECD Guidance and has a global scope. We will make every effort address the risks listed in Annex II where they have been identified. This policy has been reviewed and approved by senior management who have pledged their support to the implementation of this policy. The policy is widely available to our stakeholders (e.g. suppliers, customers, employees) and is also available on our website. (www.chugaikogyo.co.jp/csr.html).

4. Management system

Administrative structure

We are committed to complying with our own supply chain policies and have developed internal procedures for due diligence, including

- The in charge of the Precious Metal Department is responsible for overseeing the design and

practice of the due diligence programs and risk management.

- We have designated a due diligence program manager who is responsible for liaising between the relevant departments (including sales, manufacturing and administration) to ensure that the roles and responsibility of each department in implementing the due diligence program and reporting identified red flags and potential risks are carried out correctly. A Manager in charge is designated.
- We provide training on the due diligence management system on an annual basis to key employees in all applicable departments required by the due diligence program. If the due diligence program is updated, we will provide additional training as necessary.
- Internal management system

In October 2018, the company developed and updated the content of its due diligence management system in accordance with OECD guidance and RMAP. The Company has notified all identified upstream suppliers of this updated supply chain policy and procurement requirements since October 2018.

In the contracts we conclude with our direct suppliers, we include due diligence related requirements in the contractual content as a legally binding agreement.

We refer to the RMI's complaints mechanism in order to gather information on the handling of related party complaints.

- Record-keeping systems

We have established that all records relating to our due diligence program will be kept in a database for a period of at least 10 years, with the system in place from April 2019.

5. Risk Identification

We use a robust process to identify risks in our supply chain.

Section 1: We have procedure for identifying CAHRAs by reference to the risks in our supply chain policy. This procedure includes the resources used, the terms of the definition of 'conflict and high risk areas' and the frequency of reviews.

We refer to the following resources in identifying the CAHRA

1. The Heidelberg Conflict Index which provides a conflict map showing where armed conflicts are occurring in each year.
2. Fragile State Index which provides a list of countries in relation to human rights abuses and the rule of law.
3. The OECD's Financial Action Task Force List, which provides a high-risk list for money laundering, corruption and other risks.

We refer to our supply chain policy and information from external professional bodies to develop the conditions and benchmark indicators for identifying CAHRAs.

Section 2: We have developed a Supplier Dissemination (KYS) that includes information on the legal status and identity of suppliers, supplier mapping and potential risks.

All smelters that we outsource to have already completed and returned the KYS to us. Our Due Diligence Program Manager, in conjunction with the Sales Department, reviews the information provided by the supplier against the UN list of sanctioned countries. If discrepancies, errors or incomplete information are found on KYS forms provided by suppliers, the Company notifies the supplier of the items for improvement and requests that the form be resubmitted.

Where red flags are identified, we will ask the supplier concerned to further clarify and improve the issue in their documentation, if necessary. During this reporting period, no red flags were identified in relation to the KYS forms submitted by suppliers.

Section 3: We require all material transactions to be accompanied by information on the place of origin, which enables us to determine the origin of the transaction, the route of transfer and the name and location of the direct supplier. We generally comply with Japanese law and the majority of our business is with domestic suppliers and we do not deal directly with imports from abroad. We deal mainly in recycled materials and require our suppliers to agree to our supply chain policy in a written confirmation.

Section 4: We review all information collected against CAHRA, sanctions lists, local laws and internal procurement requirements.

We have identified risks according to the above four criteria.

No red flags were identified or found in all transactions or suppliers during this reporting period. The information collected has been reviewed regularly against the risk identification section of the report.