

May 16, 2023

Chugai Mining Co., Ltd.  
Tokyo Plant  
Precious Metal Division

## **Responsible Minerals Initiative (RMI) Diligence Report**

### **1. Corporate profile**

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

Mochikoshi Mine Co., Ltd. was established in 1932 and merged with Yakumo Mine Co. and two other companies in 1936, changing its name to the current Chugai Mining Co. Ltd.

The Company owns one refining facility (Tokyo Plant), which is located at 2-12-16 Keihinjima, Ota-ku, Tokyo, Japan. Our smelting facilities produce gold products from gold raw materials.

### **2. RMAP Assessment Summary**

The Tokyo Plant underwent a Responsible Minerals Assurance Process (RAMP) assessment from August 19 to 21 in 2020. The period covered by this assessment is September 1, 2018 through May 31, 2020. This assessment is valid for three years. This evaluation was conducted by SCS Global Services. The audit will be continued by SCS Global Services between August 22 and 25 in 2023, and the Company will continue to be certified.

### **3. Corporate Policy on Supply Chain**

We have established a supply chain policy with the objective of avoiding the use of conflict minerals that may, directly or indirectly, benefit or finance armed groups in high-risk and conflict areas or result in other gross human rights violations.

This supply chain policy is fully compliant with the third edition of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance). The policy also covers all risks identified in Annex II of the OECD Guidance and is intended to cover the entire world.

We will make every effort to address the risks enumerated in Annex II as they are identified. The policy has been reviewed and approved by senior management who have committed their support to the implementation of the policy. This policy is widely available to stakeholders (suppliers, customers, employees, etc.) and is also available on our official website (<https://www.chugaikogyo.co.jp/csr/materials/>).

#### **4. Corporate Management System**

##### Management Structure

In addition to ensuring compliance with our own supply chain policies, we have established internal procedures for due diligence that include the following items.

- Oversight of the design and implementation of the due diligence program and risk management practices is the responsibility of our Head of Precious Metals Division.
- We have designated a Due Diligence Program Manager who is responsible for the operational coordination between each relevant department (including sales, manufacturing, and administrative departments) in order to properly execute the roles and responsibilities of each department with respect to implementing the due diligence program and reporting identified red flags and potential risks.
- Key employees in all applicable departments required for our due diligence program on our due diligence management system are trained on an annual basis. As the due diligence program is updated, we will provide additional training as needed.

##### Internal Management System

- In October 2018, the Company developed and updated the content of its due diligence management system in compliance with the OECD Guidance and RMAP. Since then, we have notified all identified upstream suppliers of this updated supply chain policy and procurement requirements.

We include due diligence-related requirements as legally binding agreements in the contracts we enter into with our direct suppliers.

We refer to the RMI's grievance mechanism to gather information on the handling of grievances from related parties.

##### Record Keeping

- We will maintain all records related to our due diligence program for a minimum of 10 years, and will also keep them in a database through a system that has been in place since April 2019.

#### **5. Identification of Risks**

The Company employs a robust process for identifying risks in the supply chain.

First, we have procedures in place to identify Conflict-Affected and High-Risk Areas (CAHRAs) by reference to the risks in our supply chain policy. This procedure includes the resources to be used, the conditions defining "conflict and high-risk areas," and the frequency of review of our decisions.

We refer to the following resources to determine whether the area falls within the definition of CAHRA.

- 1) The Heidelberg Conflict Index, which provides a conflict map showing the locations of armed conflict in each year;
- 2) Fragile State Index, which provides a country-by-country listing related to human rights violations and the rule of law;
- 3) OECD's Financial Action Task Force list, which provides a list of high risks for money laundering and corruption among others.

We refer to our supply chain policy and information from external specialized agencies to develop the conditions and benchmark indicators to determine CAHRA.

Secondly, we have created a supplier know-your-supplier (KYS) document that includes information on the legal status and identity of suppliers, supplier mapping, and potential risks

All of the smelters we subcontract to have already completed and submitted their KYS to us.

Our Due Diligence Program Manager, in conjunction with the Sales Department, reviews the information provided by suppliers against the UN Sanctioned Countries List. If we discover any discrepancies, errors, or incomplete information on a KYS form submitted by a supplier, we will notify the supplier of the items that need to be corrected and request that they resubmit the form.

Should red flags be identified, we will ask the supplier to further clarify and remedy the issues in the documentation, as needed. No red flags associated with supplier-submitted KYS forms were identified in this reporting period.

Thirdly, we require the information on the origin of all material transactions to be submitted to us, and we ensure that this information enables us to determine the origin of the transaction, the transportation route, as well as the name and location of the direct suppliers. Basically, we comply with the laws of Japan, and the majority of our transactions are with domestic vendors, and therefore, we do not directly handle any imported goods. We deal primarily with recycled products and require our suppliers to agree to our supply chain policy in a written confirmation.

Finally, we review all information collected against CAHRA, sanctions lists, local laws, and internal procurement requirements.

The Company identifies risks according to the above four categories.

During this reporting period (May 1, 2021 to April 30, 2023), no red flags were identified or detected in all transactions or suppliers. The information collected has been reviewed periodically against the risks described in section 5 (Identification of Risks).

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