

LBMA Responsible Gold and Silver Guidance Compliance Report

The LBMA Responsible Gold and Silver 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, to avoid contributing to conflict, to comply with high standards of anti-money laundering and combating terrorist financing practice. In addition, the Guidance has been developed to recognise the increasing importance of having strong corporate governance and addressing environmental and sustainability responsibilities.

This report summarizes how Japan Mint has complied with the requirements of the LBMA Responsible Gold and Silver Guidance.

Table 1: Refiner's details

Refiner's name:	Japan Mint
Location:	1-79, Temma 1-chome, kita-ku, Osaka 530-0043, JAPAN
Reporting period:	from April 1, 2020 to March 31, 2021
Date of Report:	June 9, 2021
Senior management responsible for this report:	Toshi Murata, Executive Vice President

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Japan Mint'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.

We have adopted a policy regarding due diligence for supply chains of gold and silver.

Comments and Demonstration of Compliance:

During the reporting year, we have adopted our conflict free mineral management policy (hereinafter "our policy") compliant with the requirements of the LBMA Responsible Gold Guidance (v8) and the LBMA Responsible Silver Guidance (v1).

This sets out our responsibility not only to avoid contributing to conflict, terrorist

financing, human rights abuses and money laundering, but also for environment and sustainability, in the acceptance of gold and gold bearing materials (hereinafter "gold"), and silver and silver bearing materials (hereinafter "silver").

We have set up an internal management structure to support supply chain due diligence.

Comments and Demonstration of Compliance:

We have set up an internal management system by administrative regulation including our policy (hereinafter "our system") to conform to the requirements of the LBMA Responsible Gold and Silver Guidance.

This is clearly defining roles and responsibilities, monitoring, communication and senior management review regarding gold and silver.

We have 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.

Comments and Demonstration of Compliance:

Our system establishes rules for traceability of gold and silver, maintenance of records of risk assessment and training program for executive and employee.

We take steps to ensure that information for each traceability of each lot refined.

We have strengthened organization engagement with gold and silver supplying counterparties in building due diligence capabilities.

Comments and Demonstration of Compliance:

We explained our policy to our suppliers and received unanimous approval, during the reporting period.

We have established an organization-wide communication mechanism to promote broad-based employee participation and risk identification to management.

Comments and Demonstration of Compliance:

We have implemented the communication mechanism through which risk information in the supply chain reported by any of our employees or external stakeholders can be communicated to the compliance officer. These reports are also accepted anonymously.

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.

We have a process to identify risks in the supply chain.

Comments and Demonstration of Compliance:

We have identified risk through risk assessment conducted in accordance with the LBMA Responsible Gold and Silver Guidance.

We assess risks in light of the standards of our due diligence system.

Comments and Demonstration of Compliance:

We have conducted risk assessment before entering into business relationship with any supplier.

We consider at high-risk that the origin of gold and/or silver is a conflict-affected or human rights abuse high-risk area, such as the Democratic Republic of the Congo or any of its nine neighboring countries. We also consider gold and/or silver to be high risk if it is suspected of being involved in conflict, terrorist financing, human rights abuses, or money laundering, even if it does not originate in these areas.

And then we have collected records of estimated weight and extra information and verified the documents and conducted appropriate scrutiny and monitoring of transactions for each lot received.

We report risk assessment to the designated manager.

Comments and Demonstration of Compliance:

The compliance officer reports to and clears with the senior management with respect to each the results of risk assessment.

The senior management reconduct each year risk assessment.

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.

We have 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.

Comments and Demonstration of Compliance:

In case the results of risk assessment is high risk, we disengage from the risk.

Specifically, we don't accept the gold and silver of high risk.

If it is discovered that there is a possibility of gold and silver from high-risk area or suppliers, we will immediately stop the acceptance of gold and silver.

Where a management strategy of risk mitigation is undertaken, it should include measurable 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:

This section is not applicable because we don't make choice of risk mitigation.

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 limited assurance report is attached hereto.

https://www.mint.go.jp/eng/profile-eng/eng_guide_conflict-free-gold_policy.html

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 Policy and LBMA Responsible Gold and Silver Guidance Compliance Report along with the Independent Assurance Report from KPMG AZSA Sustainability Co., Ltd. are available on our website.

https://www.mint.go.jp/eng/profile-eng/eng_guide_conflict-free-gold_policy.html

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, we implemented effective management systems, procedures, processes and practices to conform to the requirements of the LBMA Responsible Gold and Silver Guidance, as explained above in Table 2, for the reporting year ended 31 March 2021.

Table 4: Other report comments

Comments:

If users of this report wish to provide any feedback to us with respect to this report, they can make inquiries using the contact form on our website.

<https://www.mint.go.jp/eng-contact>