

## 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.

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

### Refiner's details

Refiner's name: Japan Mint  
Location: 1-79, Temma 1-chome, kita-ku,  
Osaka 530-0043, JAPAN  
Reporting period: from 1 April 2022 to 31 March 2023  
Date of Report: 9 June 2023  
The Compliance Officer responsible for this report:  
Yasushi Taniguchi, Executive Vice President

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### *Japan Mint's evaluation*

#### Table 1: Summary of Activities to Demonstrate Compliance

##### Step 1: Company Management Systems

###### 1.1 Supply Chain Policy

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

###### **Comments and Demonstration of Compliance:**

We have adopted and implemented our conflict free mineral management policy (hereinafter "our policy") in order to have no involvement with conflict, terrorist-financing, abuses of human rights and money laundering and in order to commit to Environmental, Social and Governance (ESG) responsibilities.

Our policy includes all the topics referred to Step 1 of the LBMA Responsible Gold Guidance (v9) and the LBMA Responsible Silver Guidance (v1) and references all of the Annex II risks of the OECD Due Diligence Guidance.

In order to make it clear that we are evaluating all of the risks, these items were specified in our policy as below.

- Systematic or widespread human rights abuses associated with the extraction, transport or trade of managed mineral,
- Direct or indirect support to illegitimate non-state armed groups, or public or private security forces,
- Bribery and fraudulent misrepresentation of the origin of managed mineral,
- Non-compliance with taxes, fees and royalties due to governments related to mineral extraction, trade and export from Conflict-Affected and High-Risk Areas (CAHRAs),
- Money laundering or terrorism financing,
- Contribution to conflict,
- Inadequate response to Environmental, Social, and Governance (ESG) risk.

Our policy has been approved at a senior level every year, reviewed and updated as necessary and is published in Japanese and in English on our website.

[https://www.mint.go.jp/media/2023/04/2023eng-2\\_conflict\\_free\\_gold\\_policy.pdf](https://www.mint.go.jp/media/2023/04/2023eng-2_conflict_free_gold_policy.pdf)

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## 1.2 Due Diligence Internal Management

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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 structure by administrative regulation including our policy to conform to the requirements of the LBMA Responsible Gold and Silver Guidance.

#### • Internal Management Structure

Authority and accountability for supply chain due diligence are assigned to the President as the Promotion Manager in charge of promoting non-use of conflict mineral, and the Board members monitor and oversee the results of conflict-free minerals management efforts.

We also appoint the Compliance Officer in charge of promotion of compliance, who provides guidance and direction about promotion of non-use of conflict mineral under the supervision by the Promotion Manager. The Compliance Officer has primarily the responsibility and authority as shown below.

- Education and Training on promotion of non-use of conflict mineral
- Evaluation of whether supply chain due diligence is properly implemented
- Report to the Promotion Manager regarding efforts to promote non-use of conflict

mineral

- Preparation of annual compliance reports based on the LBMA RGG and RSG

The Research Management Division assists the Compliance Officer in the operation of non-use of conflict mineral and monitoring of the due diligence process.

• Communication Process

During reporting period, education and training were conducted on 4 April and 9 May to two new staff members of the Research Management Division in order to ensure their competence to provide guidance as the staff members of a supervisory section to other section. In addition, on 6 April, our policy was well informed to all executive and employees, and on 15 April, education and training on specific methods of risk assessment were conducted to 30 staff members of the section which handle managed minerals by email.

Moreover, since the LBMA RGG was revised to v9, and the related regulations were revised, education and training related to the contents were conducted face to face for 16 participants from 5 December to 9 December.

In addition, the revised regulations were also explained face to face to the President, who became the Promotion Manager, on December 20, and the regulations were approved. At the same time, education and training was conducted to ensure the competence as the Promotion Manager.

• Conduct Internal Audits

Chief Auditor conduct internal audits of all departments twice a year. The results are reviewed by the President, etc.

No issue related to conflict minerals is found in the review during the period.

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### 1.3 Traceability Systems

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We have established a traceability system over gold and silver supply chains, including chain of custody mapping and identification of supply chain actors.

#### **Comments and Demonstration of Compliance:**

We have established a traceability system over gold and silver supply chains, including chain of custody mapping and identification of supply chain actors.

- To manage risks associated with the supply chain, risk assessments are conducted using supply chain assessment forms (hereinafter “assessment form”). The assessment results are approved by the Compliance Officer.

- No transaction in gold and/or silver can be entered into without approving the assessment results prior to entering into transactions with the counterparties.

- All suppliers are identified through questioning as to the origin of their gold and/or

silver by using assessment forms.

- We have collected records of estimated weight and extra information, verified the documents and conducted appropriate scrutiny and monitoring of transactions for each lot received.
- Supplied gold and/or silver can be accessed through our system for information on storage locations and destinations.
- The assessment forms have been filed and kept for 10 years.

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#### 1.4 Engagement with Suppliers

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We have strengthened company engagement with gold and silver supplying counterparties, and where possible, assisted gold and silver supplying counterparties in building due diligence capabilities.

**Comments and Demonstration of Compliance:**

We have strengthened company engagements with gold and silver suppliers, and assisted gold and silver suppliers to build their due diligence capabilities.

Specifically, we have explained our policy to suppliers at each transaction, clearly stated that we will not engage in transactions that conflict with our policy, and assisted suppliers in building due diligence capabilities.

We require to suppliers an agreement to our policy at the time of the first transaction of the financial year.

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#### 1.5 Grievance Mechanism

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We have established a company-wide confidential grievance mechanism.

**Comments and Demonstration of Compliance:**

We have established a grievance mechanism which is accessible to internal and external parties and we provide the information to the Compliance Officer.

Specifically, if external parties or persons wish to file complaints, they could call our representative number or send complaints through the opinions and questions site on our website. Complaints are received by the General Affairs Section and the Public Relations Section, etc. and depending on the nature of the complaint, they will be sent to the proper section and handled properly.

In addition, internal employees and business partners have three access points of the Whistleblower Reporting System: their direct supervisor, the Chief Personnel Inspector, and an outsourced attorney. Received complaints are examined and managed by the Chief Personnel Inspector, and depending on the nature of the complaint, they will be sent to the proper section and handled properly.

All the complaints, from both inside and outside are filed anonymously and handled in privacy.

And persons concerned can also access the Research Management Division directly from the website prepared under our policy.

The number of complaints related to conflict minerals received during the reporting period was nil.

## Step 2: Risk Identification and Assessment

### 2.1 Risk Identification

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

#### **Comments and Demonstration of Compliance:**

We have conducted due diligence using the LBMA toolkit and other tools before entering into transactions with all suppliers.

In doing so, we have evaluated information in the assessment form such as company name, legal entity number, and classification (e.g., whether the company is a public institution or a GD smelter, whether the company has a track record of transactions and a valid bank account). In addition, we confirm whether or not there are any violations of laws and regulations related to ESG risks in the suppliers by interviewing the person in charge, conducting internet searches, using newspapers, and other appropriate means.

As described in 1.2 above, the Research Management Division operates the initiatives to promote the non-use of conflict minerals and provides support for monitoring. The Research Management Division reviews the results of the due diligence from the section which handle managed minerals and notify it of the results of risk assessment after receiving approval from the Compliance Officer.

The staff members of the Research Management Division receive education and training to ensure their competence each time they are transferred.

### 2.2 Risk Classification

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We classify identified risks in light of the standards of our own due diligence system.

#### **Comments and Demonstration of Compliance:**

We have conducted risk assessment prior to entering into transactions with all suppliers based on above due diligence.

We deem the managed mineral involving the following risks to be high-risk:

- Systematic or widespread human rights abuses associated with the extraction,

transport or trade of managed mineral,

- Direct or indirect support to illegitimate non-state armed groups, or public or private security forces,
- Bribery and fraudulent misrepresentation of the origin of managed mineral,
- Non-compliance with taxes, fees and royalties due to governments related to mineral extraction, trade and export from Conflict-Affected and High-Risk Areas (CAHRAs),
- Money laundering or terrorism financing,
- Contribution to conflict
- Inadequate response to Environmental, Social, and Governance (ESG) risk.

No transaction was identified zero-tolerance and high-risk during the reporting period.

No supply come from CAHRAs during the reporting period.

Moreover we define CAHRAs as Conflict-Affected and High-Risk Areas, including the Democratic Republic of the Congo or any of its nine neighboring countries.

CAHRAs are defined, based on the following information and others.

- Sanctions lists (US, UK, EU, UN, and relevant sanctions lists)
- Dodd Frank s. 1502
- EU CAHRA list
- Heidelberg Barometer
- Fragile States Index or equivalent
- Reports (including relevant country reports) by the Financial Action Task Force (FATF)
- UN Human Rights Office of the High Commissioner or equivalent
- LBMA News Letter

CAHRAs is reviewed and updated at least once a year even if there is no change of these sources.

### Step 3: Risk Management

We have a process to respond to the identified risks by (iii) disengagement from the risk.

#### **Comments and Demonstration of Compliance:**

We conduct due diligence and risk assessment with all managed minerals. As a result, if the managed mineral is found to be high-risk, we do not conduct business with those suppliers.

If after the risk assessment, inconsistent fact is found, we will inform the Promotion

Manager, etc., and immediately stop accepting that managed mineral.

We have not decided to stop trading with counterparties during the reporting period. And there were no cases that were reported to national or local government authorities.

#### Step 4: Independent Third-party Assurance

We have engaged the services of the assurance provider, KPMG AZSA Sustainability Co., Ltd., to receive limited assurance.

##### **Comments and Demonstration of Compliance:**

With regard to the process of the assurance provider selection, although the provider is the only partner in Japan and therefore we must use a negotiated contract, it has been confirmed that there is no conflict of interest between us and that there are no problems with maintaining independence in the contract, as it has been approved up to the Promotion Manager.

Non-conformance has not been identified during the annual assurance engagement for FY2022. The same for FY2021.

Their limited assurance report is attached hereto.

[https://www.mint.go.jp/eng/profile-eng/eng\\_guide\\_conflict-free-gold\\_policy.html](https://www.mint.go.jp/eng/profile-eng/eng_guide_conflict-free-gold_policy.html)

#### Step 5: Report on Supply Chain Due Diligence

We have fully complied with Step 5: Report on supply chain due diligence.

##### **Compliance Statement with Requirement:**

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

#### Table 2: 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, for the reporting year ended 31 March 2023.

### Table 3: Other report comments

If users of this report would like to provide us with feedback on this report, please contact the section listed on the website below.

[https://www.mint.go.jp/eng/profile-eng/eng\\_guide\\_conflict-free-gold\\_policy.html](https://www.mint.go.jp/eng/profile-eng/eng_guide_conflict-free-gold_policy.html)