

LBMA Responsible Gold and Silver Guidance

Compliance Report

The LBMA Responsible Gold Guidance and the LBMA Responsible Silver Guidance (hereinafter “the Guidance”) have 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 and to comply with high standards of anti-money laundering and combating terrorist financing practice.

This report summarizes how TANAKA PRECIOUS METAL TECHNOLOGIES Co., Ltd. (hereinafter “TKK”) has complied with the requirements of the Guidance.

Table 1: Refiner’s details

Refiner’s name	TANAKA PRECIOUS METAL TECHNOLOGIES Co., Ltd.
Location	2-6-6, Nihonbashi-Kayabacho, Chuo-ku, Tokyo 103-0025, Japan
Reporting year-end	31 December 2024
Date of Report	13 March 2025
Compliance Officer	Akihide Hirao Managing Corporate Officer Group Chief Sustainability Officer TANAKA PRECIOUS METAL GROUP Co., Ltd.

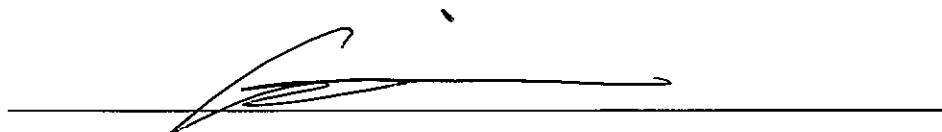


Table 2: Summary of activities undertaken to demonstrate compliance

Step 1: Company Management Systems

1.1. Supply Chain Policy

TANAKA PRECIOUS METAL GROUP Co., Ltd. (hereinafter “TKG”), a company responsible for management of TANAKA Group (hereinafter “TANAKA”) which oversees all group companies, established the TANAKA Responsible Precious Metals Sourcing Policy (hereinafter “TANAKA Policy”) in June 2012.

TKK, wholly owned by TKG, has the Shonan Plant as a gold refinery and the Tomioka Plant as a silver refinery, both in Japan.

TANAKA Policy was adopted to realize responsible sourcing of precious metals. It addresses all threat-

financing risks identified in Step 1 of the Guidance and Annex II of the OECD Due Diligence Guidance. TANAKA Policy is approved at a senior level by the Transaction Supervisory Committee (hereinafter “TSC”) and is put into practice by the Compliance Officer who is the Managing Corporate Officer, Head of Corporate Sustainability & Communications Division of TKG. The policy is written in Japanese and English and publicly available on the TANAKA web site:

<https://www.tanaka.co.jp/english/sustainability/sourcing-policy/>

TANAKA Policy is reviewed annually and updated when circumstances require. In addition, all relevant employees are informed of the policy through e-learning.

1.2. Internal Management Structure

Internal management structure and means to strengthen the structure are as follows:

a) Organizational Structure

TKG has established an organizational structure to conduct supply chain due diligence (hereinafter, supply chain due diligence and due diligence are abbreviated as “SCDD” and “DD” respectively) in accordance with TANAKA Policy.

Authority and accountability for SCDD and the final decisions on high-risk transactions are assigned to TSC under delegation by the Board. TSC is also responsible for the measures to handle high-risk transactions.

The members of TSC have adequate experiences regarding TANAKA’s responsible sourcing activities. In FY 2024, training on the oversight of responsible sourcing with respect to the Guidance was provided to all TSC members via e-learning.

The current Compliance Officer has 5 years of experience of the oversight on responsible sourcing.

The Compliance Officer has an ultimate responsibility to implement SCDD by:

- Providing Responsible Business Department (hereinafter “RBD”) with necessary resources and measures to implement SCDD.
- Approving the annual management review on SCDD and reporting it to TSC.

RBD, comprised of skilled staff nominated by the Compliance Officer, is assigned to develop processes to implement SCDD, to support and monitor the other relevant departments, and to draft an overall summary of DD activities to be presented for the annual management review.

The other relevant departments that play their respective roles in line with TANAKA’s SCDD regulations are those that execute transactions with precious metals suppliers, control and trace precious metals stock, or conduct metal refining.

b) Training

Annually, all officers and employees involved in SCDD are required to take an e-learning course

that covers the Guidance, TANAKA Policy, DD procedures, and key considerations for daily operations.

Since FY 2023, the descriptions on partial termination of cash transactions and verification process of an Ultimate Beneficiary Owner (UBO) have been added to the e-learning material.

In FY 2024, 667 eligible participants were counted for the course and the completion rate was 100%.

Alongside the e-learning course, an annual seminar for retail stores in Japan, with which we have cooperative agreement for sales of our brand's bullion, was held. In the seminar, the procedures for Know Your Counterparty (KYC) checks were explained, and a request was made to be vigilant of suspicious transactions including those involving anti-social forces.

c) Making and receiving payments through official banking channels

TKK has established a policy for making payments through official banking channels for over-the-counter transactions with retail customers. TKK has suspended cash transactions for amounts exceeding 1 million yen since October 2022.

1.3. Traceability System

The following procedures are taken to ensure visibility and transparency of the supply chain:

- a) Suppliers' name, gross and net weight of incoming materials, place of shipment, type of materials, date of arrival and settlement, etc. are extracted from internal information systems such as TSP and ALPS.
- b) The information systems enable to trace precious metals or materials containing precious metals received at our group companies by lot and to identify the initial destination of Good Delivery products manufactured in our plants.
- c) Upstream suppliers (secondary suppliers), the origin of precious metals, transit points, means of transportation, nature of transaction and commercial distribution are researched.
- d) Airwaybills, quotations, vouchers, etc. are stored for 5 years.

DD for individual suppliers is recorded in Microsoft FORMS and relevant data are stored on Microsoft One-Drive which include information on preliminary risk assessment, questionnaires with answers, supplier's identification documents, result of external monitoring, reference documents and final assessment of DD. These records are stored for five years and shared with relevant parties.

In FY 2024, there was no issue found related to supplier's identification nor precious metals' country of origin and traceability.

1.4. Engagement with Suppliers

Through annual dissemination of TANAKA Policy via email or other effective means (such as posting on a closed portal site with cooperative retailers), we have requested our precious metals suppliers to

commit to TANAKA Policy and cooperate with our responsible sourcing. We also have asked them to contact us via the prescribed web form if they have any objections to this policy.

Since February of 2024, we have put in place the new procedure that suppliers should explicitly express their consent to TANAKA policy on signed LBMA questionnaire. This new procedure was introduced to enhance supplier's engagement.

As for our retail transactions, every customer must sign the application form where he/she agrees to comply with TANAKA Policy in addition to the law and regulations whenever selling or purchasing bullion or coins.

There were no objections to the policy from suppliers or customers in FY 2024.

1.5. Grievance Mechanism

Internal and external grievance mechanisms are established to allow any employee or external stakeholder to anonymously report any concerns about our precious metals sourcing.

The informant may submit reports, etc. in Japanese or English by filling out a dedicated form on the TANAKA website:

https://www.tanaka.co.jp/support/reg/sourcing_policy_e/index.html

Anonymous reporting is acceptable.

Our internal regulation stipulates that an impartial internal committee addresses reports received and that a special investigation team should be set up to take corrective action.

If the informant is named explicitly, the following shall be done without delay:

- a) If an investigation is to be initiated, notify the informant and request additional information, if necessary.
- b) If the informant's report is accepted but it is determined that an investigation is not necessary, the informant shall be notified of this.

Upon completion of the investigation, TKK shall notify the named informant of the results of the investigation and corrective or recurrence prevention measures without delay to the extent that such measures do not interfere with the protection of trade secrets and personal information.

The above mechanism is well communicated to employees and external stakeholders, and is documented in the internal regulations to ensure that the informant will not be disadvantaged or subject to retaliation.

In FY 2024, there was no grievance received related to responsible minerals sourcing. There were also no remaining grievances from the previous years that required closure.

Step 2: Risk Identification and Assessment

2.1. Risk Identification

DD is conducted based on risk-based approach.

Supply chain risks are assessed in three categories of "location risk", "supplier risk", and "material risk". Using LBMA questionnaire, reliable market information, public information, corporate research service and online screening tools, etc. the following information is collected and examined:

a) Location Risk

- Origin of received material
- Transit point(s) from the origin of the received material through our refineries

b) Supplier Risk

- Supplier's name and location, UBOs (10% or more of controlling interest), principal officers, and major shareholders

Note: The existence of the UBOs should, in principle, be verified with a photo identity document. In case it is impossible to verify identity due to the absence of the supplier's photo identity document or the supplier's refusal to present it, we investigate the corporate register or conduct in-person meetings/interviews.

c) Material Risk

- Major business lines, products, customers, etc. of the counterparty
- Outline of secondary suppliers (from whom the counterparty procures precious metals)
- Types and shapes of precious metals procured by the counterparty
- Type and location of facilities where the counterparty processes, refines, etc. precious metals
- Existence of various policies and procedures (anti-money laundering, anti-corruption, responsible sourcing, etc.)
- Existence or non-existence of intermediate refining companies in the supply chain

RBD and the frontline departments cooperate to collect adequate information necessary to conduct risk assessment and continuous monitoring using questionnaire responses, commercial flow analysis, sales department interviews, external information, and external screening services.

RBD staff with sufficient skills conduct annual risk assessment based on the collected information followed by the consideration of the assessment result by the General Manager of RBD to determine whether or not to transact. RBD then shares the conclusion with related departments via an internal database.

DD is also conducted prior to the start of business for new suppliers. Furthermore, frontline department staff are provided with adequate information to conduct continuous monitoring in cooperation with RBD.

2.2. Classification of Identified Risks

Based on the information, tools, skills, and external information described in Step 2.1 of the Guidance, General Manager of RBD assesses the three risks: location risk, supplier risk, and material risk.

The objective of the risk assessment is to determine if a supply chain is considered "high risk" according to the following criteria (minimum requirements):

a) For location-based high risks, the recycled gold/silver:

- Originates from, has transited or has been transported via a conflict-affected and high-risk area (CAHRA) as defined by the TANAKA Country Risk Table.
- Is claimed to originate from a country through which gold/silver from CAHRAs is known, or reasonably suspected, to transit, and/or is unjustifiably claimed to have originated from a country that has limited exports of gold/silver.

b) For supplier-based high risks, the gold/silver-supplying counterparty or other known upstream companies:

- Operate in a money laundering high-risk country.
- Have shareholders, or UBOs, or other gold/silver-supplying interests in one of the location-based high-risk criteria.
- Have UBOs who are politically exposed persons (PEPs).
- Have activities in a higher-risk business activity such as arms, gaming and casino industry, antiques and art, and sects and their leaders.
- Have been known to have sourced gold/silver from a high-risk country in the last 12 months.
- Have significant unexplained geographic routing from their supplier or counterparty in the supply chain.

c) For type of material-based high risks, the recycled gold/silver is:

- From an intermediate refinery or trader with a high-risk supply chain or a trading counterparty sourcing from an intermediate refinery with a high-risk supply chain.

To assess location risk, TANAKA establishes and maintains the TANAKA Country Risk Table, which evaluates the origin and transit point of incoming goods. The TANAKA Country Risk Table is referenced against various sources such as sanctions lists (US, UK, EU, UN, and relevant sanctions lists), Dodd Frank s. 1502, EU CAHRA list, Heidelberg Barometer, Fragile States Index or equivalent, UN Human Rights Office of the High Commissioner or equivalent, reports (including relevant country reports) by the Financial Action Task Force (FATF), and Credible market intelligence on high-risk gold/silver centres/transit hubs and on countries where there is a high risk of money laundering, as specified in the Guidance.

Supplier risk is checked with respect to the name, location, controlling party, principal officers, and principal shareholders of suppliers, as well as sanctioned parties, money launderers, fraudsters, terrorists, anti-social forces, PEPs, etc.

Regarding material risk, we check the major business lines, products, and customers of the counterparty, an overview of secondary suppliers, and the type and shape of precious metals procured by the counterparty.

TKK, which does not procure any mined material, defines zero-tolerance supply chain as a transaction that violates international sanctions, or a transaction where a supplier, other known upstream companies or their UBOs are known money launderers, fraudsters or terrorists, or have been implicit in serious human rights abuses, or in direct or indirect support to illegitimate non-state armed groups.

In the case where zero-tolerance issues are identified we must not enter a business relationship or must terminate an existing relationship immediately.

In FY 2024, no supplier was identified as zero-tolerance or high risk.

2.3. Enhanced DD

Suppliers that are determined to be high risk as a result of DD must undergo enhanced DD, including on-site investigation using the site visit report template included in the Refiner Toolkit prior to the start of transaction or at least within six months of the start of the transaction.

The origin of the precious metals, the supplier, transaction conditions, and the nature of the business shall be scrutinized. The results of the enhanced DD shall be accurately documented and reported to TSC which decides the transaction policy which is then reported to the Board.

New supply chains rated as high risk should be approved by TSC and the Board and reviewed annually for a decision on whether to continue the business relationship.

If an intermediate refinery is identified in a "high risk" supply chain, even if it is upstream from the direct supplier, we shall check to see if the intermediate refinery has undergone an external audit in accordance with the OECD Due Diligence Guidance.

If not, we shall make a final decision on the high-risk counterparty in accordance with our internal regulations for dealing with high-risk suppliers as described in Step 3.

The same applies to cases where the high-risk intermediate refinery has undergone an external audit but is identified with any medium- or high-risk non-conformity. In FY 2024, there were no intermediate refineries in the supply chain identified as "high risk".

Step 3: Risk Management

Our internal regulations stipulate procedures for dealing with suppliers identified as high risk.

Reasons for continuing, suspending, or terminating business with a counterparty, and management

strategies are as follows.

a) Termination of business relationship

When enhanced DD concludes that there are known cases of the following :

- Money laundering
- Terrorist financing
- Serious human rights violations
- Direct or indirect support for illegal non-state armed groups
- Fraudulent misrepresentation of the origin of minerals

b) Suspension of business relationship

When the enhanced DD concludes that there is a suspicion of any of the following :

- Money laundering
- Terrorist financing
- Serious human rights violations
- Direct or indirect support for illegal non-state armed groups
- Fraudulent misrepresentation of the origin of minerals

c) Continuation of business relationship with an improvement plan

When the enhanced DD concludes that the counterparty is making reasonable and good faith efforts despite the fact that the enhanced DD is not fully satisfactory, or that there are known instances of the following:

- Money laundering
- Terrorist financing
- Serious human rights violations
- Direct or indirect support for illegal non-state armed groups
- Fraudulent misrepresentation of the origin of minerals

If a decision is made to continue the transaction, the risk is reassessed within six months, and based on the results of the reassessment, TSC decides whether to continue or discontinue the transaction under certain conditions.

Examples of conditions for continued transactions include the supplier's written pledge not to supply illegally smuggled goods, submission of invoices and other vouchers indicating collection locations, and continuous monitoring.

We report a summary of high-risk or zero-tolerance issues to the Board every half year even in the absence of such issues. In FY 2024, no high-risk or "zero-tolerance" suppliers were identified.

Furthermore, there were no cases of cooperation with authorities or public authorities regarding suspicious transactions.

Regarding internal related departments, under the direction of the Compliance Officer, RBD conducted an internal audit and no material violation or deviation off/from internal DD process was

identified.

Before issuing the compliance report, the Compliance Officer reports a summary of SCDD as well as the identified high-risk supply chain together with implemented risk mitigation measures against them and their progress and effectiveness, to TSC. The preliminary result of the annual third-party audit is also reported. In FY 2024, we concluded there were no critical risks or concerns identified.

Step 4: Independent Third-Party Assurance

KPMG AZSA Sustainability Co., Ltd. was selected as the assurance provider because no other assurance provider is available in Japan, and non-Japanese assurance providers are difficult to work with due to language and geography. To ensure assurance provider independence, we confirmed that there is no capital relationship, no interlocking directors between TKG and KPMG AZSA Sustainability Co., Ltd., and no engagement of advisory services that compromise the independence of KPMG's assurance services. The selection was approved by TSC and we engaged the services of KPMG AZSA Sustainability Co., Ltd.

Our compliance report and independent assurance report are available on our website:

<https://www.tanaka.co.jp/english/sustainability/sourcing-policy/certificate/>

Step 5: Report on SCDD

Annual reporting is conducted through the compliance report and the assurance report.

Above reports are available on our website:

<https://www.tanaka.co.jp/english/sustainability/sourcing-policy/certificate/>

Table 3: Management conclusion

In conclusion, TKG implemented effective management system, procedures, processes and practices to conform to the requirements of the Guidance, as explained above in Table 2, for the reporting year ended on 31 December 2024.

TKG is committed to continuous improvement, and any corrective actions identified will be monitored internally on a regular basis.

Table 4: Other report comments

If users of this report wish to provide any feedback to TKG with respect to this report, they can contact at the following email: rbd@ml.tanaka.co.jp