


JX Metals Smelting LBMA Responsible Gold and Silver Guidance Compliance Report

The LBMA Responsible Gold Guidance and the LBMA Responsible Silver 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 respect environmental, social and governance (ESG) factors, to avoid contributing to conflict, to comply with high standards of anti-money laundering and combating terrorist financing practice.

This report summarizes how JX Metals Smelting Co., Ltd. (hereinafter referred to as “JX Metals Smelting”) has complied with the requirements of the LBMA Responsible Gold Guidance Version 9 and the LBMA Responsible Silver Guidance Version 1.

Table 1: Refiner’s details	
Refiner’s name	JX Metals Smelting Co., Ltd.
Location	14F Okura Prestige Tower 10-4 Toranomom 2-chome Minato-ku, Tokyo, Japan
Reporting year-end	March 31, 2024
Date of Report	July 31, 2024
Senior management responsible for this report	 Yutaka Yasuda President & Representative Director

JX Metals Smelting’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.

JX Metals Smelting has adopted a supply chain policy regarding due diligence for supply chains of gold and silver.

Comments and Demonstration of Compliance:

JX Metals Smelting has the Gold, Silver, Platinum and Palladium Supply Chain Policy (hereinafter referred to as “Policy”), which is consistent with the model set out in the Annex II of the OECD Due Diligence Guidance. The Policy sets out our responsibility to respect environmental, social and governance (ESG) factors, and not to contribute to conflict, and our commitment to refraining from any action which contributes to the financing of conflict. We at least annually review the Policy and revise it as necessary. We last revised the Policy in December 2022 with an approval by the Board. The Policy is disclosed on our website (https://www.jx-nmm.com/english/sustainability/csr_procurement/conflict_minerals/), and is communicated to all our relevant staff by posting on our intranet and circulating via email.

JX Metals Smelting has set up an internal management structure to support supply chain due diligence.

Comments and Demonstration of Compliance:

JX Metals Smelting operated an internal management system to support supply chain due diligence, which includes the definition of the governance, roles and responsibilities, internal audit, communication and management review by the Board as per the Policy. Authority and accountability for supply chain due diligence are assigned to the Board. The Board members were provided training in May and June 2023 to update their knowledge. The Board has assigned the General Manager of Administration Division as the Compliance Officer who has suitable experience to take responsibility for the implementation of the due diligence process, and the Compliance Officer has a direct line of reporting to the Board. In addition, Pan Pacific Copper Co., Ltd.’s Raw Materials Dept. and JX Advanced Metals Corporation’s Metals & Recycling Division and Marketing Dept. perform supplier risk assessment as part of due diligence process. If we identify high-risk supply chain through our due diligence process, the Compliance Officer conducts enhanced due diligence and reports the results to the Board. The Board then determines whether to enter the transaction and gives appropriate instructions to the Compliance Officer. JX Metals Smelting provided training on due diligence to employees involved in procurement of gold and silver in March 2024, focusing on an overview of the conflict minerals issue, the results of the third-party audit in the previous year, and any necessary actions to be taken by each department. The training was attended by 167 employees. In addition, The training materials and internal regulations are posted on the intranet to be made them known

to our employees and are communicated to employees of Pan Pacific Copper Co., Ltd. and JX Advanced Metals Corporation by circulating via email.

We conducted internal audit in March 2024 and found that some UBOs' identity documents had not been obtained. In response to this internal audit finding, we subsequently obtained the UBOs' identity documents and the issue has now been resolved.

JX Metals Smelting has 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:

JX Metals Smelting has a gold and silver -bearing materials receipt process. Specific documents such as those showing the origin of raw materials, weight and assay, shipping/transportation documents, etc. must be received and transactional details entered before we process the gold and silver -bearing material. The received documents are stored in a prescribed database, and the information is accurately registered in our transaction system on a lot-by-lot basis. We have introduced a checklist for registration of information on new suppliers of recycle materials since fiscal 2021. Information on new suppliers now cannot be registered in the transaction system without attaching a completed checklist, which we expect to ensure that supplier risk assessments be implemented before commencing transactions.

JX Metals Smelting identifies the origin of gold and silver -bearing materials by obtaining KYC Questionnaires and Certificates of Origin from suppliers and preparing due diligence screening tables. We also perform supply chain compliance checks using the Dow Jones Risk Database.

As a result of the foregoing, we identify one high-risk supply chains for fiscal year 2023, although there was no transaction determined zero-tolerance. Against the high-risk supply chain that we identified, the Compliance Officer conducted enhanced due diligence and reported the results to the Board. The Board then determined to proceed with the transaction and directed the Compliance Officer to continue monitoring below for the high-risk supply chain.

- 1. For each shipment, we shall confirm with our suppliers whether there are any increases or decreases in the number of upstream suppliers of our supplier ("Secondary Suppliers").
- 2. If there is an increase, we shall obtain information on the locations and business types of the Secondary Suppliers and conduct a risk assessment for the supply chain.
- 3. We shall obtain approval from the Compliance Officer regarding whether to continue business relationship with the supplier based on the result of 1.and 2..

JX Metals Smelting has 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:

Before entering transactions, we send via e-mail the Policy and the KYC Questionnaire to our suppliers of gold and silver-bearing materials and request them to commit to the Policy or submit their own policy, and to fill out the KYC Questionnaire. We have obtained the commitment from our 139 of our 143 suppliers of gold and silver bearing materials to the Policy. Against our 4 suppliers who have not committed to the Policy, we have reviewed their own policies to ensure that their own policies are aligned with the Policy. In addition, when the Policy is revised, we also send via e-mail the Policy to all of our suppliers of gold and silver-bearing materials and request them to commit to the revised Policy.

There were no due diligence issues on which suppliers/counterparties were specifically engaged during reporting period.

There were no purchases of gold and silver-bearing raw materials from state-owned companies operating in EITI countries for fiscal 2023.

JX Metals Smelting has established a company-wide confidential grievance mechanism.

Comments and Demonstration of Compliance:

JX Metals Smelting has a mechanism allowing employees and external stakeholders to voice concerns anonymously over the gold and silver supply chain or a newly identified risk via an e-mail contact form(https://www.jx-nmm.com/english/sustainability/csr_procurement/conflict_minerals/), email address: conflict_minerals@jx-nmm.com). A functional hot-line is established, which is reviewed by the Compliance Officer. There was no concern raised regarding the gold and silver supply chain in fiscal 2023 and no remaining concerns to be closed out.

Step 2: Identify and assess risks in the supply chain

Compliance Statement with Requirement:

We have partially complied with Step 2: Identify and assess risks in the supply chain.

JX Metals Smelting has a process to identify risks in the supply chain.

Comments and Demonstration of Compliance:

JX Metals Smelting identifies and assesses risks in the supply chain. Pan Pacific Copper Co., Ltd.'s Raw Materials Dept. and JX Advanced Metals Corporation's Metals & Recycling Division and Marketing Dept. perform supplier risk assessment as part of due diligence process by obtaining KYC Questionnaires and Certificates of Origin

from suppliers, preparing due diligence screening table and checking compliance matters using the Dow Jones risk database. The Compliance Officer is informed of the result of assessment as above. If a high-risk or zero-tolerance supply chain is not identified, the Compliance Officer approves the transaction. If a zero-tolerance is identified, the transaction must not commence or be suspended immediately. If a high-risk supply chain is identified, enhanced due diligence must be conducted and the results must be reported to the Board. The Board then determines whether to enter the transaction and gives appropriate instructions to the Compliance Officer. In case the Board determines to enter the transaction with high-risk supply chain, we request the supplier to prepare and implement an improvement plan to eliminate the high-risk, and if there is no progress in eliminating the high-risk in accordance with the improvement plan within 6 months, we shall suspend the transaction. The Board continues to monitor the progress of the improvement plan.

JX Metals Smelting classifies identified risks in light of the standards of its due diligence system.

Comments and Demonstration of Compliance:

Supply chain due diligence comprising all measures required by the LBMA Responsible Gold Guidance Version 9 and the LBMA Responsible Silver Guidance Version 1 shall be performed before entering a business relationship with any gold and silver supplying counterparties, however, during fiscal 2023, all supply chain due diligence for new suppliers of copper concentrate was performed after entering a business relationship. As a result of the above due diligence, we did not identify any high-risk supply chain. We have once again informed Pan Pacific Copper Co., Ltd.'s Raw Materials Dept. of the need to conduct due diligence on copper concentrate before entering a business relationship. We use information provided by Teikoku Databank, Ltd. and Dow Jones and Company, Inc. to assess the risks in our supply chain.

We conduct appropriate scrutiny and monitoring of transactions undertaken through the course of the relationship following a risk-based approach. Pan Pacific Copper Co., Ltd.'s Raw Materials Dept. and JX Advanced Metals Corporation's Metals & Recycling Division and Marketing Dept. perform supplier risk assessments as part of due diligence process.

JX Metals Smelting has established a process for the identification of Conflict Affected and High-Risk Areas (hereinafter referred to as "CAHRAs"). We shall review the list at least once a year and make changes to it as necessary. The Compliance Officer is responsible for keeping the CAHRAs list up-to-date and accessible to anyone involved in our gold and silver raw material supply chain Due Diligence.

We include in the definition of CAHRAs the Democratic Republic of the Congo (hereinafter referred to as "DRC"), neighboring countries of DRC, and countries where minerals from DRC or its neighboring countries are known or reasonably suspected to transit.

We shall define CAHRAs based on the following information sources..

- 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)
- Credible market intelligence on high-risk gold centres/transit hubs and on countries where there is a high risk of money laundering
- LBMA Responsible Sourcing Newsletter

In April 2023, we revised the CAHRAs list according to the process stipulated in our manual. In addition, we revised the sources to be considered for identifying CAHRAs. We revised the sources to be considered for identifying CAHRAs by revising our manual in May 2024.

We determine gold or silver supplied to us is zero tolerance when gold or silver supplied to us i) originates from areas designated as World Heritage Sites; ii) is provided by suppliers that are located in countries or regions designated by us as zero tolerance target countries or regions; iii) is confirmed or reasonably suspected to originate from, or pass through, countries or regions designated by us as zero tolerance target countries or regions; or (iv) is sourced in breach of international sanctions; or supplier, other known upstream companies or their Ultimate Beneficial Owners (UBOs) are known money launderers, fraudsters or terrorists, or have been implicated in serious human rights abuses, or in direct or indirect support to illegitimate non-state armed groups. We determine gold or silver supplied to us is high-risk when gold or silver supplied to us meets any of the following criteria.

(1) Mined gold and silver

(i) for location-based high risks, the mined gold or silver;

- originates from, has transited or has been transported via CAHRAs;
- is claimed to originate from a country through which gold and silver from CAHRAs is known, or reasonably suspected to transit;
- is claimed to originate from a country that has limited known reserves or stocks, likely resources or expected production levels of gold or silver;
- is claimed to originate from recyclable/scrap or mixed sources and has been refined in a country where gold or silver from CAHRAs is known or reasonably suspected to transit;

(ii) for supplier-based high risks, the supplier;

- or its UBOs are located in CAHRAs or are Politically Exposed Persons (PEPs);
- has activities in a higher-risk business activity such as arms, gaming and casino industry, antiques and art, and sects and their leaders;
- has sourced gold and silver-bearing raw materials from CAHRAs in the last 12 months; or
- has material discrepancies/inconsistencies in the documentation provided or have refused to provide requested documentation.

(iii) for type of material based high risks, the mined gold or silver is;

- sourced from Artisanal and Small-scale Mines (ASM);
- produced with the use of mercury; or
- contributing to catastrophic harm or highly adverse ESG factors, to the extent

that we are able to identify this (e.g., through a record in the public domain or in our due diligence file).

(2) Recycled gold and silver

(i) for location-based high risks, the recycled gold or silver;

- originates from, has transited or has been transported via CAHRAs;
- is claimed to originate from a country through which gold 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.

(ii) for supplier-based high risks, the supplier;

- operates in a money laundering high-risk country;
- or its UBOs are located in CAHRAs or are Politically Exposed Persons (PEPs);
- engages in high-risk business activities, such as arms dealing, the gaming and casino industry, trading of antiques and art, or religious sects and their leaders;
- has sourced gold and silver-bearing raw materials from CAHRAs in the last 12 months; or
- has significant unexplained geographic routing from their supplier or counterparty in the supply chain.

(iii) for type of material based high risks, recycled gold or 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; or
- contributing to catastrophic harm or highly adverse ESG factors, to the extent that we are able to identify this (e.g., through a record in the public domain or in our due diligence file).

If our due diligence finds that a particular supply chain is high-risk because either gold/silver supplied to us or a supplier meets any of the above high-risk criteria, we conduct enhanced due diligence, namely, on-site surveys as well as checks and assessments using appropriate information sources, so that the Board can determine whether or not to proceed with the transaction.

JX Metals Smelting has undertaken EDD measures for identified high-risk supply chains.

Comments and Demonstration of Compliance:

If high-risk supply chains are identified, the Compliance Officer shall report to the Board the process and results of enhanced due diligence conducted. We shall conduct enhanced due diligence by conducting site visit using the LBMA Site Visit Report Template to substantiate findings from document-based supply chain due diligence.

The Board must determine whether to approve or disapprove all new suppliers classified as high risk. The Board retains the ultimate control and responsibility for the gold or silver supply chain.

If we source recycled gold or silver from intermediate refiners directly, we shall identify the intermediate refiners' UBOs, and obtain independent assurance reports on the intermediate refiners' responsible sourcing practices to confirm whether the independent assurance report i) includes conformance with an OECD aligned responsible sourcing scheme; ii) is commissioned by the intermediate refiner; and iii) is completed before the start of a new business relationship with us.

If we source recycled gold or silver from intermediate refiners indirectly, we shall use best efforts to identify the intermediate refiners and their UBOs. We shall conduct due diligence to determine if the supply chain of the intermediate refiners is high-risk. If the supply chain including the intermediate refiner is determined to be a high-risk supply chain, we shall determine whether the intermediate refiner's supply chain due diligence process is audited against an OECD aligned responsible sourcing scheme, and the Board must determine whether to enter the transaction and give appropriate instructions to the Compliance Officer . We did not source any gold or silver from intermediate refiners for fiscal year 2023.

Since there was one transaction identified as a high-risk supply chain during the reporting year, the Compliance Officer conducted the enhanced due diligence to such high-risk supply chain and reports the results to the Board. As a part of the enhanced due diligence, a site visit was undertaken at the recycled materials supplier's site located in a CAHRA by an employee, who was in charge of the transaction of the high-risk supply chain and periodically had taken training on due diligence provided by JX Metals Smelting. During the site visit, we used the LBMA Site Visit Report Template to verify information on the supplier's business operations and entire supply chain and assess risk in terms of money laundering, workers and security. As a result of the risk assessment based on the site visit, we identified no specific underlying issues. The Board determined to proceed with the transaction and directed the Compliance Officer to continue proper monitoring for the high-risk supply chain.

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.

JX Metals Smelting has 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:

JX Metals Smelting has devised a strategy for risk management according to the nature of the identified risk whereby the Board decides on one of the following. (i) in case money laundering, terrorist financing, fomenting conflict, human rights abuses, direct or indirect support for illegal non-state armed groups, or fraudulent misrepresentation of the country of origin of gold, silver is being taking place, or is highly likely to be, the transaction must not commence or be suspended immediately; (ii) in case money laundering, terrorist financing, fomenting conflict, human rights abuses, direct or indirect support for illegal non-state armed groups, or fraudulent misrepresentation of the country of origin of gold, silver may be taking place or significant impact on ESG factors has been recognized the transaction must be suspended and investigated; or (iii) in case due diligence has concluded that there has been (a)direct or indirect assistance, bribery, or bribes to public or private security forces, (b)misrepresentation of country of origin of gold or silver without fraud, (c)non-compliance with taxes, fees and mining fees payable to the government, or (d)violations of environmental, occupational health and safety, local community laws or (e) material regulatory violations of ESG factors, but the supplier is acting proportionately and in good faith, the transaction may be continued but risk mitigation plan must be implemented.

In the case of implementation of risk mitigation plan, JX Metals Smelting requires suppliers to implement an improvement plan with clear performance targets within a reasonable period, continuously monitors the implementation status of the plan, and reports the findings to the Board. If the improvement plan fails to produce results within a certain period, JX Metals Smelting shall consider suspending or dissolving the relationship with the supplier.

No reasonable risk of our involvement in money laundering, terrorist financing, conflict, human rights abuses or violations of ESG factors-related legal requirements was identified in our due diligence, including enhanced due diligence, conducted in fiscal 2023.

Therefore, there was no cases of cooperation with national or local government authorities regarding high-risk supply chains.

Step 4: Independent third-party assurance

Compliance Statement with Requirement:

We have fully complied with Step 4: Obtain Independent Third-Party Assurance on

Supply Chain Due Diligence Practices.
<p>Comments and Demonstration of Compliance:</p> <p>JX Metals Smelting engaged the services of the assurance provider KPMG AZSA Sustainability Co., Ltd. (hereinafter referred to as “KPMG AZSA”), and their independent assurance report is attached. At the Board meeting held in April 2024, the Board ensured that KPMG AZSA is independent of the organization and has the necessary effectiveness to carry out the engagement, and approved to enter into Assurance Service Agreement with KPMG AZSA.</p>
Step 5: Report on supply chain due diligence
<p>Compliance Statement with Requirement:</p> <p>We have fully complied with Step 5: Report on supply chain due diligence.</p>
<p>The Policy is available on JX Advanced Metals Corporation’s website, and our Compliance Report with the independent assurance report is available on JX Advanced Metals Corporation’s website</p> <p>(https://www.nmm.jx-group.co.jp/english/sustainability/csr_procurement/conflict_minerals/).</p>

JX Metals Smelting’s overall conclusion

Table 3: Management conclusion
<p>Is the Refiner in compliance with the requirements of the LBMA Responsible Gold Guidance Version 9 and the LBMA Responsible Silver Guidance Version 1. for the reporting period?</p> <p>No</p> <p>In conclusion, JX Metals Smelting implemented effective management systems, procedures, processes and practices to conform to the requirements of the LBMA Responsible Gold Guidance Version 9 and the LBMA Responsible Silver Guidance Version 1, as explained above in Table 2, for the reporting year ended March 31, 2024 except for Step2: Identify and assess risks in the supply chain.. As mentioned in Step 2, all supply chain due diligence for new suppliers of copper concentrate was performed after entering a business relationship. Due diligence has already been completed for these suppliers and the risk assessment has revealed no issues. We are implementing remedial measures in response to this deficiency.</p> <p>JX Metals Smelting is committed to continuous improvement, and any corrective actions identified will be monitored internally on a regular basis.</p>

Table 4: Other report comments

If users of this report wish to provide any feedback to JX Metals Smelting with respect to this report, they can send an e-mail to the functional mailbox: conflict_minerals@jx-nmm.com.