

## LPPM Responsible Platinum and Palladium Guidance Compliance Report

The LPPM Responsible Platinum and Palladium Guidance Version 4 (hereafter “the 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 to combat terrorist financing practice.

This report summarizes how Aida Chemical Industries Co., Ltd. (hereafter “Aida Chemical”) has complied with the requirements of the Guidance.

**Table 1: Refiner’s detail**

Refiner’s name	Aida Chemical Industries Co., Ltd.
Location	15-13, 6-chome, Minami-cho, Fuchu-shi, Tokyo, Japan
Reporting year-end	31 March 2025
Date of Report	30 June 2025
Senior management responsible for this report	Tatsuo Sato Executive officer

*Tatsuo Sato*

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**Table 2: SUMMARY OF ACTIVITIES TO DEMONSTRATE COMPLIANCE**

### **STEP 1: COMPANY MANAGEMENT SYSTEMS**

Compliance Statement with Requirement:

We have complied with STEP 1: COMPANY MANAGEMENT SYSTEM

#### **1.1 Aida Chemical has adopted a supply chain policy regarding due diligence for supply chains of Platinum and Palladium.**

Aida Chemical has Responsible Precious Materials Management Policy (hereafter the "Policy"), which is consistent with the model set out in the Annex II of the OECD Due Diligence Guidance. It addresses all threat-financing risks identified in Step 1 of the LPPM Responsible Platinum and Palladium Guidance and 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 revised the Policy in April 2024 with approval by senior management so that it became consistent with the Guidance. We not only make the Policy available on our website both in Japanese and English so that anyone can refer to it but also communicate the Policy, in writing, to all our Platinum and Palladium suppliers before the start of transaction. And we communicate our Policy to all relevant staff every year.

<https://aidachemical.com/materials/>

### **1.2 Aida Chemical has set up an internal management structure to support supply chain due diligence.**

The internal management system defines the governance, roles and responsibilities, monitoring, communication, and management review by the Supply Chain Due Diligence Committees (hereafter the SCDDC) in accordance with adopted policies.

The SCDDC has been delegated authority regarding supply chain due diligence from Aida Chemical Board of Directors and also has borne the associated responsibilities.

The members of the SCDDC have gained experience in responsible sourcing through past responsibilities for overseeing the Company's responsible sourcing activities. And training is provided for the members of the SCDDC to carry out its oversight of responsible sourcing activities effectively. The Compliance Officer with more than ten years of experience in responsible sourcing, who is the Au division general manager of Aida chemical Industries Co., Ltd, manages the process and reports directly to the Board.

We have sufficient availability of the necessary resources and skills to support and monitor due diligence processes.

Internal audits are carried out once a year to assess whether staff involved in Platinum and Palladium procurement are performing their duties properly in accordance with regulations and to ensure that corrective measures are implemented for any deviations found. There were no significant deviations during the reporting period.

In fiscal 2024 policies and regulations and the criteria for CAHRA determination were also reviewed and training was provided to staff involved in the Platinum and Palladium supply chain.

The training covered the overview of the LPPM requirement and OECD requirement, and the details of the operations related to them.

The training was attended by 272 participants, with a participation rate of 100%.

The company makes payments through the official banking system, except in exceptional cases. Cash transactions are made at the request of some suppliers. However, the maximum amount is 1 million yen. In addition, cash transactions must have a clear reason, supported by verifiable information, and be approved by the Compliance Officer.

We maintain a five-year record of due diligence to demonstrate appropriate and continuous

risk identification, due diligence and traceability.

**1.3 Aida Chemical has set up an internal management structure to support supply chain due diligence. established a traceability system over Platinum and Palladium supply chains, including chain of custody mapping and identification of supply chain actors.**

We send a questionnaire to our suppliers for them to answer before the transaction. We also receive identity documents such as licenses and certificates of registration and carry out KYC in accordance with our regulations. We also conduct background checks on suppliers from reliable third-party sources. Based on these documents, the Compliance Officer conducts a risk assessment to determine the origin, country of origin and transport route of the Platinum and Palladium-containing raw materials and decides whether or not to trade with them.

Risk assessments of the origin, country of origin and transport routes of Platinum and Palladium - bearing raw materials must be implemented with all suppliers.

If the results indicate a high risk, appropriate measures to reduce the risk shall be implemented, including enhanced due diligence, which accompanies a site visit to the supplier's business location conducted by trained and experienced staff. The Compliance Officer shall review the site visit records and decide whether to approve or continue the transaction.

There were no suppliers identified as high risk during the reporting period.

We have a Platinum and Palladium-bearing material receipts process. A receipt slip is issued for every Platinum and Palladium-bearing material when it is received from a supplier. Transaction details, including the supplier's name, the weight and assay, and the type of material received, are entered into our transaction database before the Platinum and Palladium-bearing material is refined.

**1.4 Aida Chemical has strengthened company engagement with Platinum and Palladium supplying counterparties, and, where possible, assisted Platinum and Palladium supplying counterparties in building due diligence capabilities**

To meet the requirements of the LPPM Responsible Platinum and Palladium Guidance Version 4, we send our policy to all of our suppliers at the time of the first transaction by using a receipt or a request form for providing information regarding conflict minerals (information request form).

Suppliers agree to our policies and sign a receipt or information request form acknowledging that the transaction does not violate our policies.

### **1.5 Aida Chemical has established a company-wide confidential grievance mechanism.**

In addition to the existing company-wide communication mechanism, a confidential complaints mechanism has been introduced on the company website. Employees and stakeholders can report potential issues and concerns relating to the Platinum and Palladium supply chain to the Compliance Officer anonymously. Upon receipt of the whistleblower's report, the need for an investigation is promptly considered and the results of the review are reported to the whistleblower. However, this does not apply if the whistleblower is anonymous.

The Compliance Officer carries out a risk assessment based on the information provided and, if necessary, develops a corrective plan and implements countermeasures. The results are reported to the Supply Chain Due Diligence Committee and the Board of Directors.

In fiscal 2024, no Platinum and Palladium supply chain issues were reported through this company-wide communication mechanism. In addition, there were no complaints from previous years requiring resolution. We do not have outstanding grievances either.

<https://aidachemical.com/contact/report/>

### **STEP 2: RISK IDENTIFICATION AND ASSESSMENT**

Compliance Statement with Requirement:

We have fully complied with STEP 2: RISK IDENTIFICATION AND ASSESSMENT

#### **2.1 Aida Chemical has a due diligence process to identify risks in the supply chain.**

We carry out a risk assessment of all suppliers by conducting due diligence in accordance with the Guidance prior to the commencement of all transactions annually. All suppliers provide written KYC documentation, including trading partner information, location, corporate registry, license information and beneficial ownership ID, to the person in charge. The person in charge enters this information into a database and reports to the Compliance Officer.

The Compliance Officer determines whether there are any risks associated with the business or supply chain by verifying the legality of the business using documents issued by public authorities. The Compliance Officer also checks that the company's beneficiaries are not listed on international sanctions lists. Our Compliance Officer is experienced and skilled.

The Compliance Officer reviews the collected KYC documentation in terms of the supply chain, type of material, weight, quality and completeness of documentation to determine if there are any risks.

If no issues are identified as a result of the risk assessment, the Compliance Officer authorises the transaction to commence.

If high risks are identified, the Compliance Officer directs Enhanced Due Diligence (EDD) with an expanded scope to identify supply chain risks.

Platinum and Palladium-bearing material is inspected when it is delivered to the company. The information on the voucher is checked for discrepancies with the Platinum and Palladium-containing material; if there are no issues, an individual identification number is assigned, registered in a database, and managed.

These records are kept for five years. They can be consulted at any time.

When we buy Platinum and Palladium bullion from trading companies and refineries, we follow the Guidance and buy Good Delivery bars from suppliers approved by the Compliance Officer.

**2.2. Aida Chemical has classify identified risks in light of the standards of its due diligence system.**

Based on the information outlined in step 2.1, the Compliance Officer assesses risks by categorising them into supplier risk, location risk and material risk.

We define supplier risk as follows.

- Suppliers and UBOs are PEPs, anti-social forces, or money launderers.
- Suppliers operate in countries with high money laundering risk.
- Suppliers are non-compliant with legal requirements related to money laundering, tax evasion, terrorist financing, anti-social behavior, the environment, and sustainability.
- Suppliers have procured raw materials from high-risk countries within the past 12 months.
- There are unexplained geographical routes within the supply chain from suppliers or counterparties.

Confirmation is made based on the JPN, EU, US, UK and UN sanctions lists that the procurement is not in breach of international sanctions.

We define raw materials that originate from, pass through, or are transported through the CAHRAs we identify. We verify that raw materials do not originate from, pass through, or are transported through the CAHRAs.

We do not accept any Platinum and Palladium bullion that originates from, passes through or is transported through the CAHRAs. To identify CAHRAs, we use the following information sources to set scoring criteria for identification.

- (1) Dodd-Frank Act of the United States (DFA 1502)
- (2) EU indicative CAHRAs list (EU2017/821)
- (3) US, UK, EU and UN sanctioned lists.

- (4) Heidelberg Conflict Barometer
- (5) Reports of UNITED NATIONS DEVELOPMENT PROGRAMME
- (6) Reports of Transparency International
- (7) Fragile States Index
- (8) Reports of FATF (Financial Action Task Force on Money Laundering)
- (9) Reports of UN Human Rights Office
- (10) Global Anti-Money Laundering Research Tool

We define material risk as intermediate refiners or traders with high-risk supply chains, or trading partners sourcing from intermediate refiners with high-risk supply chains.

If zero-tolerance issues are identified we will immediately terminate our dealings with the supplier.

Zero tolerance is defined as:

mined Platinum and Palladium that is known to have originated from an area designated as a World Heritage Site, mined or recycled Platinum and Palladium that is known to have been sourced in breach of international sanctions (UN, EU, UK, US), or mined or recycled Platinum and Palladium from suppliers, other upstream companies, or their Ultimate Beneficial Owners (UBOs) that have been found to be involved in money laundering, fraud, terrorism, serious human rights abuses, or direct or indirect support for illegal non-state armed groups.

Where a high-risk supply chain is identified, we conduct further investigations to determine whether to terminate or continue the business relationship. Any risks identified are reported to the Compliance Officer for approval.

No suppliers with zero tolerance issues or high risk were identified during fiscal 2024.

### **2.3 Aida Chemical has undertaken EDD measures for identified high-risk supply chains.**

We conduct enhanced due diligence (EDD) on supply chains suspected of high risk before commencing transactions. EDD is conducted using the LPPM toolkit, and on-site visits are conducted by employees who have received appropriate training and have at least three years of relevant experience.

For intermediate refiners with high-risk supply chains, supply chain due diligence procedures are carried out in line with OECD guidance. We also require that they have independent third-party assurance of their supply chain due diligence.

Suppliers defined as high risk will be subject to enhanced due diligence with increased scope.

If it is not possible to conduct a site visit on our own, we have a rule that we request a third-party assessor approved by the Compliance Officer to conduct a site visit. There were no circumstances in which site visits were required during the reporting period, as no suppliers were suspected of being high-risk, and there were also no transactions with intermediate refiners that had high-risk supply chains during the reporting year.

### **STEP 3: RISK MANAGEMENT**

Compliance Statement with Requirement:

We have fully complied with STEP 3: RISK MANAGEMENT

Aida Chemical has a process to respond to the identified risks by either (i) mitigating the risk while continuing to trade, (ii) mitigating the risk while suspending trade or (iii) disengagement from the risk.

We have a process to respond to the identified risks by (i) mitigating the risk while continuing to trade, (ii) mitigating the risk while suspending trade or (iii) disengagement from the risk.

(i) mitigating the risk while continuing to trade

We may continue relationship with the supplier when the EDD is not fully satisfactory, or when it concludes that the counterparty is using reasonable and good faith efforts despite instances of bribery, non-fraudulent misrepresentation of the origin of minerals, non-compliance with taxes, fees and royalties due to government, material breaches of environmental, health, safety, labour and community-related local legislation, and/or ESG risks that have the high likelihood to result in highly adverse impacts.

When we continue relationship with the supplier, the Compliance Officer must continuously investigate the effectiveness of the improvement plan and report the results regularly to senior management and the Board of directors.

When the Compliance Officer monitor the improvement plan, the following must be implemented.

- Identifying important and measurable improvements to eliminate risks within six months of adopting the improvement plan.
- Defining additional measures in the revised improvement plan based on the progress achieved in the first six months.
- Formally evaluating the performance of the improvement plan and confirm that measures have been implemented appropriately by the deadline.
- Confirming through independent audits, follow-up on-site investigations, or remote reviews as necessary.
- Consulting with relevant stakeholders, such as local or central authorities, upstream companies, international or civil society organizations, and affected third parties, as necessary to facilitate monitoring.

After six months from the introduction of the improvement plan, the senior management must terminate the business relationship if the performance has failed.

(ii) mitigating the risk while suspending trade

We shall suspend relationship with the supplier when our EDD concludes that there is a founded suspicion of money laundering, terrorist financing, promotion of conflict, serious human rights abuses, direct or indirect support for illegal non-state armed groups, or fraudulent misrepresentation of the origin of minerals may be taking place. We shall suspend relationship when the supplier is known catastrophic ESG impacts too.

When the additional information indicates that the cause of the suspension is resolved, the Compliance Officer and the SCDD Committee shall be notified, and business relations shall be resumed only if it is determined that permissible.

(iii) disengagement from the risk

We shall disengagement the supplier when the instances about money laundering, terrorist financing, promotion of conflict, serious human rights abuses, direct or indirect support for illegal non-state armed groups, or fraudulent misrepresentation of the origin of minerals is known.

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 the SCDDC.

In fiscal 2024, there were no transactions that corresponded to the above.

In addition, there were no examples of cooperation with national or local authorities.

#### **STEP 4: INDEPENDENT THIRD-PARTY ASSURANCE**

Compliance Statement with Requirement:

We have fully complied with STEP 4: INDEPENDENT THIRD-PARTY ASSURANCE

We engaged the services of the assurance provider KPMG AZSA Sustainability Co., Ltd., and their independent reasonable assurance report is attached hereto.

In Japan, there is no other assurance provider on LPPM's Approved Service Providers List other than KPMG AZSA Sustainability Co., Ltd., and the company has requested KPMG AZSA Sustainability to provide assurance services because of its ability to communicate in Japanese. The selection of KPMG AZSA Sustainability Co., Ltd. was approved by the Board after an internal approval process. As a confirmation of independence, we confirm that there are no interlocking directors between Aida Chemical Industries Co., Ltd., and KPMG AZSA Sustainability Co., Ltd, and we do not engage KPMG AZSA Sustainability Co., Ltd. to provide us with any advisory services that compromise the independence of KPMG's assurance



services.

The assurance report is also available on our website at the following [https://aida-j.jp/corporate\\_renew/wp-content/uploads/lppm-compliance-reportaida.pdf](https://aida-j.jp/corporate_renew/wp-content/uploads/lppm-compliance-reportaida.pdf)

As this was our first audit, we have no unresolved high-risk/medium-risk non-conformities that were pointed out.

## **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

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

[https://aida-j.jp/corporate\\_renew/wp-content/uploads/lppm-compliance-reportaida.pdf](https://aida-j.jp/corporate_renew/wp-content/uploads/lppm-compliance-reportaida.pdf)

### **Table 3: Management Conclusion**

Is the Refiner in compliance with the requirements of the 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 LPPM Responsible

Platinum and Palladium Guidance, as explained above, for the reporting year ended 31 March 2025.



## **Independent Practitioner's Reasonable Assurance Report**

To the Management of Aida Chemical Industries Co., Ltd.

**Report on** Aida Chemical Industries Co., Ltd. Responsible Platinum and Palladium Compliance Report (the "Compliance Report")

### **Opinion**

We have performed a reasonable assurance engagement on whether Aida Chemical Industries Co., Ltd. (the "Company")'s Compliance Report for the year ended 31 March 2025 has been prepared in accordance with the requirements of the LPPM Responsible Platinum/Palladium Guidance Version 4 (the "Criteria").

In our opinion, the Company's Compliance Report for the year ended 31 March 2025 describes fairly the activities undertaken during the year to demonstrate compliance, and the management's overall conclusion contained therein is, in all material respects, in accordance with the Criteria.

### **Basis for opinion**

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB) and the guidance set out in the LPPM Responsible Sourcing Programme - Third Party Audit Guidance ("the Audit Guidance"). Our responsibilities under these are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities for the Compliance Report**

Management of the Company are responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Compliance Report that is free from material misstatement, whether due to fraud or error;
- selecting suitable criteria for preparing the Compliance Report and appropriately referring to the criteria used; and
- preparing the Compliance Report in accordance with the Criteria.

### **Inherent limitations in preparing the Compliance Report**

Non-financial information, such as that included in the Company's Compliance Report, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the subject matter and the methods used for determining such information. The methods used by Refiners to comply with the Criteria may differ. It is important to read the Company's Responsible Materials Procurement Policy available on the Company's website:

<http://www.aida-j.jp/english/Policy/index.html>.



## **Our responsibilities**

We are responsible for:

- planning and performing the engagement to obtain reasonable assurance about whether the Compliance Report is free from material misstatement, whether due to fraud or error;
- forming an independent opinion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our opinion to the management.

### Summary of the work we performed as the basis for our opinion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the Compliance Report that is sufficient and appropriate to provide a basis for our opinion. The nature, timing, and extent of the procedures selected depended on our judgment, including an assessment of the risks of material misstatement of the Compliance Report, whether due to fraud or error. We identified and assessed the risks of material misstatement through understanding the Compliance Report and the engagement circumstances. We also obtained an understanding of the internal control relevant to the Compliance Report in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of internal controls. In carrying out our engagement, we:

- evaluated the suitability in the circumstances of the Company's use of the criteria for determining the compliance with each step;
- evaluated the appropriateness of the policies and procedures used by the Company; and
- evaluated the overall presentation of the information presented in the Compliance Report.

A handwritten signature in black ink, appearing to read 'Kazuhiko Saito'.

**Kazuhiko Saito, Engagement Partner**

**KPMG AZSA Sustainability Co., Ltd.**

**Tokyo Office, Japan**

**30 June 2025**