

Policy on Conflict Materials in Gold / Silver Smelting

Ohkuchi Electronics agrees with the aims of EITI*¹ and as well as making representations of support, also makes efforts based on the Sumitomo Metal Mining Group Policy on Human Rights*² and Sumitomo Metal Mining (SMM) Group Responsible Mineral Sourcing Policy*³ towards increasing transparency at suppliers to ensure that no contribution is made to human rights problems such as conflict materials. Ohkuchi Electronics, as a member of the SMM group, is audited by an independent third-party in accordance with the LBMA Responsible Gold Guidance, LBMA Responsible Silver Guidance and LBMA Third Party Audit Guidance for Gold/Silver issued by the London Bullion Market Association (LBMA). Ohkuchi Electronics's policy regarding conflict minerals in Ohkuchi Electronics's gold / silver smelting activities is shown below.

1. General rules

Ohkuchi Electronics fulfills our obligations with the environmental and sustainability in the supply chain and will not be involved in the following acts.

- Neither directly nor indirectly supports acts of abuse such as forced labor, child labor, and serious human rights violations or illegal activities such as money laundering through the mining, trading, handling, and export of gold / silver ore from high-risk areas such as conflict areas (Democratic Republic of the Congo and nine neighboring countries)
- Direct or indirect support for illegal non-state armed groups or public or private security forces that illegally control mining sites, traders, other intermediaries and transportation routes through the supply chain or illegally tax money or minerals through the supply chain
- Bribery or misrepresentation of the origin of gold
- Failure to comply with government taxes, fees and royalties related to the extraction, trade and export of minerals from conflict-affected and high-risk areas (CAHRAs)
- Money laundering or terrorist financing
- Conflict

Risk management is performed in the procurement of the raw materials for gold / silver smelting, and trading is halted in the event that a material is discovered to be a conflict mineral originating in a conflict zone. The smelting activities themselves are audited by an independent third-party.

2. Organization and responsibility

For gold / silver smelting, Ohkuchi Electronics sets up the department which takes responsibility for the supply of raw materials to SMM's gold / silver smelting facility.

3. Criteria for determining high-risk gold supply chain

Ohkuchi Electronics deems the procurement of raw materials for gold / silver smelting originating in a conflict zone (The Democratic Republic of the Congo and nine neighboring countries) or a region with a high risk of human rights violations to be high-risk.

4. Use of management system

1) Due diligence for raw material suppliers

- Due diligence is carried out for raw material suppliers and risk analysis is performed. Based on the result of this analysis, trading is halted if it is discovered that the materials contain conflict minerals originating in a conflict zone.

2) Monitoring of trading

- Raw materials for gold / silver smelting are inspected onsite and their volume is measured in order to confirm that it is consistent with the transaction information held by the procurement department.

- Periodic internal audits are conducted in order to monitor and confirm that due diligence is performed appropriately for raw material suppliers. Audits are conducted by an independent third-party on raw materials for gold / silver smelting.

3) Training

- Training and education that are deemed necessary are implemented continuously for the personnel who perform procurement and onsite confirmation of raw material for gold / silver smelting.

4) Record storage

- Records concerning the procurement of raw material for gold / silver smelting that require storage are defined and then managed for a set storage period.

*1 EITI (The Extractive Industries Transparency Initiative)

The EITI is a framework for cooperation between numerous countries for the promotion of responsible resource development with the aim of preventing corruption and conflict and as such promoting economic growth and a reduction of poverty through increased transparency in the flow of funds to the governments of resource-rich countries from extractive industry for the development of resources such as oil, gas, and minerals.

*2 The Sumitomo Metal Mining Group Policy on Human Rights

We, the SMM Group (hereinafter referred to as the Group), support the UN Guiding Principles on Business and Human Rights and promote initiatives to respect human rights based on these principles.

Our SMM Group upholds “Coexistence with the Earth and society” and “Respect for all individuals as the basis” in our corporate philosophy. Our Group aims to focus on its social mission and responsibility as a manufacturing company, and aims to contribute to the formulation of a sustainable society by securing resources and providing society with non-ferrous metals and high-performance materials.

The Group’s long-term vision is to become a “World Leader in the Non-Ferrous Metals Industry”, and our sustainability policy upholds that we will “contribute to the development of a sustainable society, and we are working to improve both our sustainable growth as a business and our corporate value”.

From among the key social issues that are closely related to our Group, 11 material issues have been identified, including “Diverse Human Resources”, “Development and Participation of Human Resources”, “Co-Existence and Mutual Prosperity with Local Communities”, “Rights of Indigenous Peoples and Human Rights in the Supply Chain”. Our SMM Group has also formulated the “SMM Group Vision for 2030” and KPIs as milestones in its long-term vision to address these issues, and is promoting initiatives.

We will continue to follow the Sumitomo Business Spirit, which is the basis of our Group, and aim to become a company recognized by society as the “World Leader in the Non-Ferrous Metals Industry”.

1. Our Group’s approach to respect for human rights

Our Group understands that all our business activities may directly or indirectly affect human rights.

Our Group takes utmost care not to infringe on the human rights of all people, avoids causing or contributing to adverse human rights impacts through our business activities, and works towards correcting and remedying any such situation that may arise. Where stakeholders, in particular business partners such as suppliers, are involved in adverse human rights impacts, the Group encourages them not to infringe on the human rights and cooperates with efforts for correction and remedy. In actual efforts, we will particularly focus on the three areas of “Employees”, “Local Residents and Indigenous Peoples” and “Supply Chain (including employees therein)”.

2. Commitments on fundamental human rights issues

1. Respect for children's rights and prohibition of child labor

We respect the fundamental human rights of children under 18 years of age and engage in relevant business activities and social contribution activities. We do not permit child labor, especially the worst forms of child labor, such as slave labor through forced recruitment in times of conflict, and labor that is harmful to the health and safety of children.

2. Prohibition of forced labor

We do not recognize modern slavery in the form of forced labor, debt labor (work in situations where a person is forced to work for an employer to repay a debt) and human trafficking.

3. Prohibition of discrimination

Discrimination, harassment and bullying on the basis of race, religion, gender, age, sexual orientation, disability, nationality and other factors are not permitted in employment and work situations.

4. Respect for basic labor rights

We respect basic labor rights (such as freedom of association and workers' right to collective bargaining) and engage in constructive dialogue between labor and management.

5. Working hours and wages

We endeavor to properly manage working hours, holidays and leave in accordance with laws and regulations, including reducing excessive working hours, and we pay wages at or above the minimum wage stipulated by laws and regulations.

6. Occupational health and safety

We actively address to ensure a safe and healthy working environment and give top priority to safety and health for life and limb.

3. Scope of application

This policy applies to all executives and employees of the SMM Group (Sumitomo Metal Mining Co., Ltd. and its subsidiaries). Our SMM Group also expects and encourages stakeholders directly linked to our operations, products or services, in particular business partners, to understand and support this policy.

4. Respect for International Norms on Human Rights

Our Group, in cooperation with its stakeholders, will address to respect human rights in accordance with the following international norms and standards. In addition, our Group will comply with all applicable laws and regulations in the regions where we operate.

In the unlikely event of a conflict between these laws and regulations and international norms on human rights, we will seek ways to respect international norms while complying with the laws and regulations.

- UN Guiding Principles on Business and Human Rights
- International Bill of Human Rights ("Universal Declaration of Human Rights", "International Covenant on Civil and Political Rights", and "International Covenant on Economic, Social and Cultural Rights")
- International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- ILO Tripartite Declaration of Principles on Multinational Enterprises and Social Policy
- United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)
- The 2030 Agenda for Sustainable Development (SDGs)

- Convention on the Rights of the Child
- OECD Due Diligence Guidance for Responsible Business Conduct
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
- International Council on Mining and Metals (ICMM) Mining Principles
- Voluntary Principles on Security and Human Rights

5. Governance and Promotion Structure

The Diversity Subcommittee and the Human Rights Subcommittee, which are subordinate organizations of the Sustainability Committee chaired by the President, shall report regularly on the status of compliance with this policy and the Group's efforts to respect human rights to the Sustainability Committee, which is overseen by the Board of Directors, and reflect this information in the Group's business policies and procedures.

6. Human Rights Due Diligence

In accordance with the OECD Due Diligence Guidance for Responsible Business Conduct and other guidelines, our Group will conduct the human rights due diligence in the following steps.

In doing so, our Group will strive to utilize the human rights expertise and engage in meaningful consultation with stakeholders.

1. Identify and assess adverse impacts associated with our Group's operations, either directly or indirectly.
2. Integrate the results of the assessment into the company's processes, including allocating budgets to address any adverse impacts identified as a result of the assessment.
3. Seek to cease, prevent and mitigate adverse impacts.
4. Monitor and track the status of implementation and carry out assessments of the effectiveness of our Group's initiatives.
5. Disclose information on the status of the implementation and the effectiveness.

7. Grievance Mechanism

Our Group will establish a grievance mechanism that is accessible to all stakeholders, including not only employees of our Group but also employees in the supply chain, local residents and indigenous peoples, and that aims to resolve grievances by consensus through dialogue.

8. Dialogue and Consultation with Stakeholders

Our Group will engage in dialogue and consultation with stakeholders, including human rights experts, labor unions, customers and business partners, to promote comprehensive measures based on expertise and a broad range of perspectives for the adaption and the revision of this policy and for our Group's efforts to respect human rights.

In addition, we will raise awareness and provide training to all executives and employees of our Group to promote their understanding of this policy and their engagement in initiatives to respect human rights.

9. Reporting and Information Disclosure

Our Group will regularly disclose the progress of its initiatives based on this policy.

This policy was formulated with the assistance of human rights experts, discussed within the Sustainability Committee of Sumitomo Metal Mining Co., Ltd. and approved by the Board of Directors.

Akira Nozaki
President and Representative Director
Sumitomo Metal Mining Co., Ltd.
Amended on June 1, 2022

***3 SMM Group Responsible Mineral Sourcing Policy**

Pursuant to the Sumitomo Metal Mining Group Policy on Human Rights, we do not buy minerals that may be associated with human rights violations such as child labor or forced labor, environmental destruction, illegal mining, or corruption, or minerals that may be used as a source of funding for armed insurgents or other such organizations.

We respect the guidance established by the Organisation for Economic Co-operation and Development (OECD) regarding mineral sourcing, and we exercise appropriate influence over suppliers as we work for responsible mineral sourcing throughout the entire supply chain.