

■ RMAP and Due Diligence (DD) Efforts of Downstream Companies

June 27, 2024

Japan Electronics and Information Technology Industries Association
(JEITA)

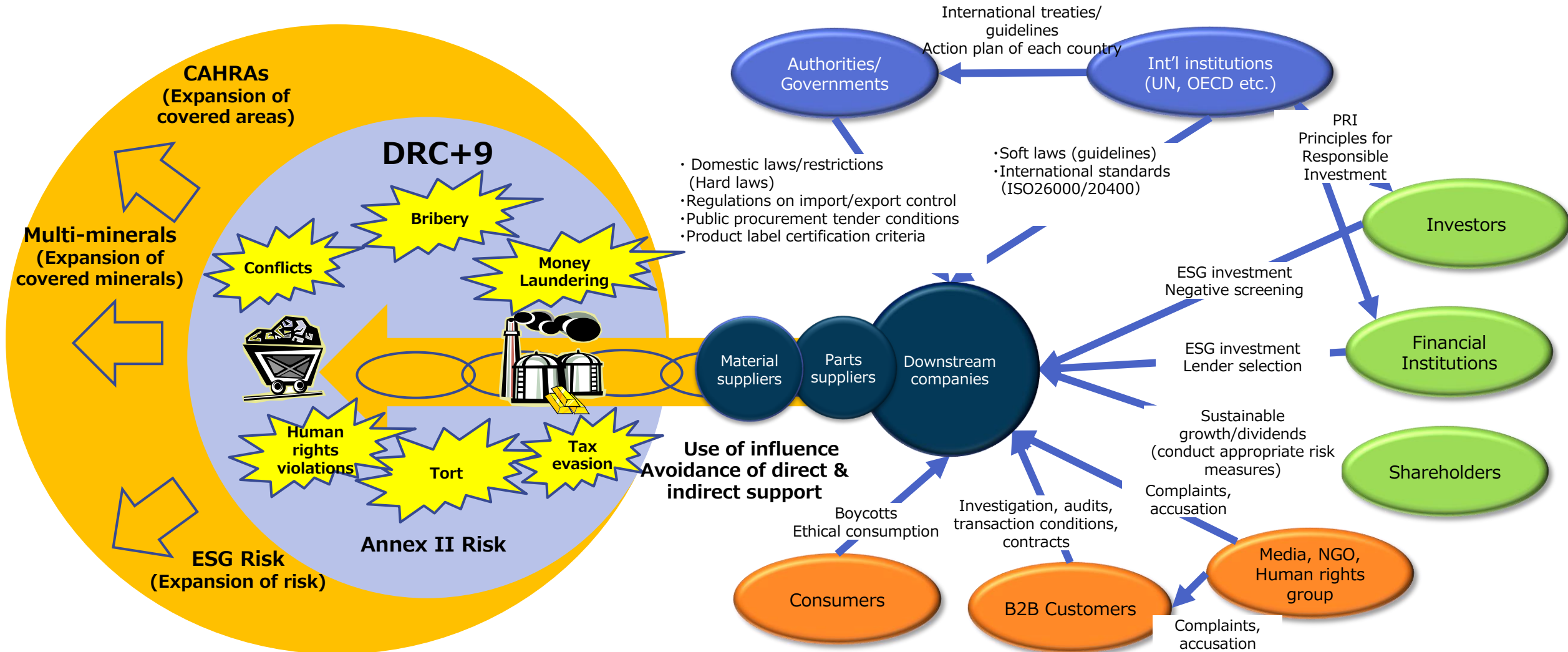
Responsible Minerals Trade Working Group

[Notice]

This document was created by the JEITA Responsible Minerals Trade Working Group. We endeavour to ensure to provide a wide range of information regarding Responsible Minerals Sourcing which is as accurate as possible, but please be aware that it may not always be accurate or the latest information.

- **RMAP and Due Diligence (DD) Efforts of Downstream Companies**
- Forms to be used in 2024 Survey

Why the call for Responsible Minerals Sourcing?



As stakeholders become diversified, requirements regarding Responsible Minerals Sourcing will vary. It is important for companies to establish its DD system by clarifying "to what extent they will cope with the request of each stakeholder".

Due Diligence (DD)

Due Diligence (DD)

- ⇒ Risk Assessment (for supply chain transparency)
- ⇒ Make the supply chain transparent and confirm whether the origin of raw materials presents issues (such as on human rights) and, should such issues be found to exist, take actions to redress them

<Key points of DD>

- ① Promoting process based on OECD Due Diligence Guidance
- ② Risk assessment based on RMAP

OECD Due Diligence Guidance is the guideline for such activities. Sets the 5 steps framework to achieve such purpose.

[Official Name]

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

•••1st edition published in 2011. The latest version is the 3rd edition published in 2016.

The original text and tentative Japanese translation of the Guidance (including Supplement on tin, tantalum, tungsten and gold) is released on MOFA website.

<https://www.mofa.go.jp/mofaj/gaiko/csr/housin.html>

Due Diligence 5 Steps

“Framework of the 5 steps to achieve the target” required in the OCED Guidance

- **Step 1: Establish strong company management systems**
- **Step 2: Identify and assess risks in the supply chain**
- **Step 3: Design and implement strategies to respond to identified risks**
- **Step 4: Carry out independent third-party audits of smelters’/refiners’ due diligence**
- **Step 5: Report annually on supply chain due diligence**

<Resources that downstream companies may refer to>

OCED guidance: Supplement on Tin, Tantalum and Tungsten/Supplement on Gold

(MOFA website) <https://www.mofa.go.jp/mofaj/gaiko/csr/housin.html>

RMI Downstream Assessment Program (DAP)

(RMI website) <http://www.responsiblemineralsinitiative.org/responsible-minerals-assurance-process/downstream-program/>

DAP: Assessment program for downstream companies such as importers or traders that do not fall under the definition of smelter or refiners.

Customers may request downstream companies to receive DAP based assessment, as part of its DD

Due Diligence 5 steps (Examples)

5 Steps in OECD Due Diligence Guidance	To do
Step 1: Establish strong company management systems	<ul style="list-style-type: none"> • Adopt due-diligence policies and communicate these inside and outside the company • Create a DD organization chart (share challenges and issues with top management in making decisions) • Strengthen cooperation with suppliers (conduct survey briefings) • Keep CMRT/EMRT (and communication records) for at least five years
Step 2: Identify and assess risks in the supply chain	<ul style="list-style-type: none"> • Conduct a supplier survey using CMRT/EMRT • Communicate your expectations (conformant, etc.) when requesting survey • Clarify procedure for confirming the received CMRT/EMRT (risk detection/identification) ✓ Eliminate companies that are clearly not refineries (trading company, etc.) from the list ✓ Check against the list of Standard Smelter Name designated by RMI (the list is non-exhaustive. Refineries not on the list should be checked by supplier, etc.) ✓ Check against the RMAP certified refineries list, and identify non-certified refineries (with risks) (There are other internationally recognized certified programs, such as LBMA, RJC)
Step 3: Design and implement a strategy to respond to identified risks	<ul style="list-style-type: none"> • Consider and implement measures to mitigate and reduce risks ✓ Check with suppliers that have non-certified refineries on their list/request certified refineries (check whether it is possible that such non-certified refineries can make rational explanations that they are handling non-conflict minerals) ✓ If use of refineries that have relations with armed groups or is in violation of human rights become apparent, suspension of trading should be considered
Step 4: Carry out independent third-party audit of smelters'/refiners' due diligence	<ul style="list-style-type: none"> • Utilize RMAP assessment programs • Encourage smelters to participate in RMAP (implement through the industry)
Step 5: Report annually on supply chain due diligence	<ul style="list-style-type: none"> • Report voluntary DD status in CSR reports and on company websites

International initiatives by Downstream Companies

RBA (Responsible Business Alliance) <http://www.responsiblebusiness.org/>

Promotes CSR in global supply chains. Membership comprises over 210 companies from the electric, automobile and retail industries. RBA Code of Conduct formulated and announced.

26 Japanese members (as of June 2024)

Brother Industries, Canon, EIZO, FUJIFILM Business Innovation, Fujitsu, Funai Electric, Kioxia, Konica Minolta, Kyocera Corp. KYOCERA AVX Components Corp, KYOCERA Document Solutions Japan Inc., Mitsubishi Electric, Murata Manufacturing Co., Ltd. Nikon, Panasonic Holdings Corp., Renesas Electronics, Ricoh, Seiko Epson, Senju Metals, Sharp, Sony Group, Sumitomo Electric, TDK, Tokyo Electron, Toshiba, Toyota Motor Corporation

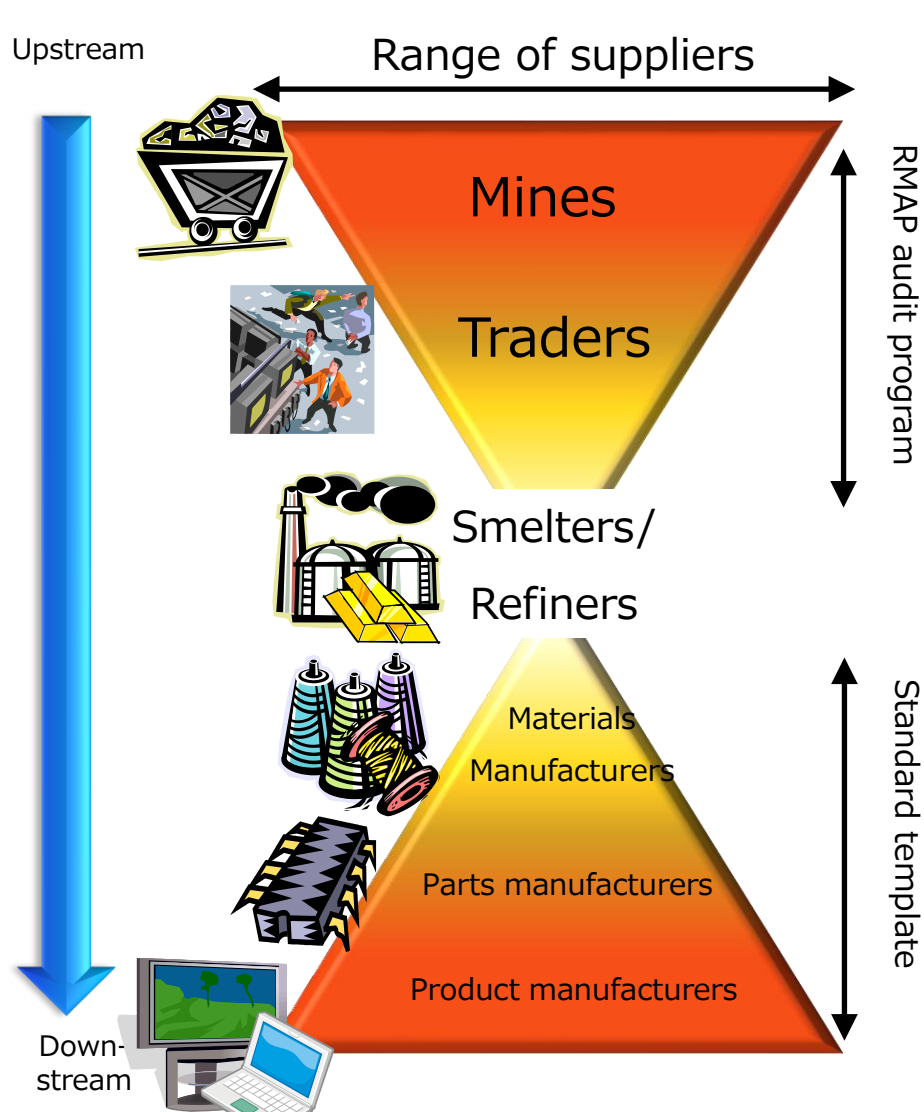
RMI (Responsible Minerals Initiative) <http://www.responsiblemineralsinitiative.org/>

A sub-organization of RBA and one of the most utilized and respected resources for companies in various industries working on Responsible Minerals Sourcing issues in their supply chains. Membership comprises over 400 companies worldwide. Formulates and publishes CMRT and EMRT forms; formulates RMAP auditing standards.

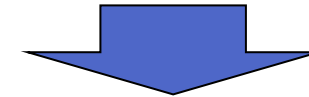
Many Japanese members; JEITA is an Association Member

RBA membership may be required when applying for public procurement or product certification in foreign countries

Responsible Minerals Assurance Process (RMAP)



- Involves huge cost and time for companies to do their own audits of 3TGs origin



RMAP Investigation

To improve survey efficiency the long supply chain hierarchy is divided in 2 tiers, with smelters in the middle, as the number of smelters are relatively small.

- From smelters upstream: smelters are audited through the RMAP program in the region to determine the origin of smelted minerals
- From smelters downstream: CMRT is used to streamline surveys

The scheme of RMAP is scheduled to be certified in EU Regulations.

Survey on cobalt/mica is basically made by the same method, and downstream companies' role are to identify smelters/refiners (processors)

RMAP (Responsible Minerals Assurance Process)
CMRT (Conflict Minerals Reporting Template)

Diversified audit standards include standards for 3TGs, all-minerals, ESG, etc.

Responsible Minerals Assurance Process (RMAP)

Number of **S**tandard **S**melter **N**ames (SSN) recognized by RMI and their conformance status (does not cover all smelters in the world)

Ta Tantalum	'23/05	'24/05
SSN total	36	37
Conformant ^{#1}	33	34
Conformant率	92%	92%
Active ^{#2}	1	1

Sn Tin	'23/05	'24/05
SSN total	89	91
Conformant	63	66
Conformant率	71%	73%
Active	4	5

W Tungsten	'23/05	'24/05
SSN total	58	57
Conformant	37	34
Conformant率	64%	60%
Active	0	2

Au Gold	'23/05	'24/05
SSN total	178	183
Conformant	96	90
Conformant率	54%	49%
Active	5	7

#1 Conformant: RMAP Conformant Smelters

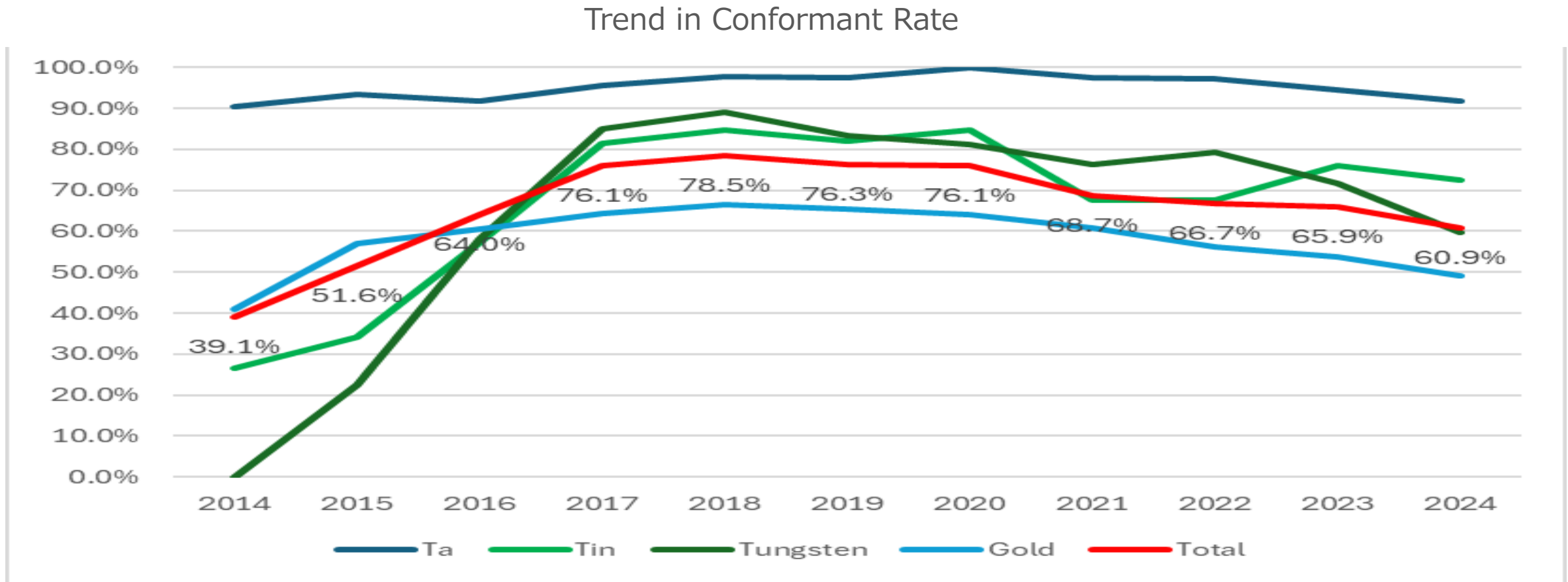
#2 Active: Smelters undergoing or scheduled for RMAP Audit

'23/05: as of 2023/5/11

'24/05: as of 2024/5/23

(Ref) Situation of RMAP Conformant List

Trends in RMAP Conformant (Conformant Rate) (As of March 2024)



Constant growth was seen in the initial RMAP Conformant Rate, however, due to various factors, recently the growth of the rate has stopped

Major movements that may be reflected in DD requirements

© US Uyghur Forced Labor Prevention Act (UFLPA) Executed in Dec. 2021 and entered into force in June 2022

➤ Prohibits, in principle, import of goods mined, produced or manufactured wholly or in part in Xinjiang Uyghur Autonomous Region.

- ✓ US authorities (CBP) plans to tighten restrictions in the future.
- ✓ Customer companies that are the importers of goods into US may request supply chain mapping and DD of raw materials (minerals) in China.

© US OFAC (Office of Foreign Asset Control) Regulations

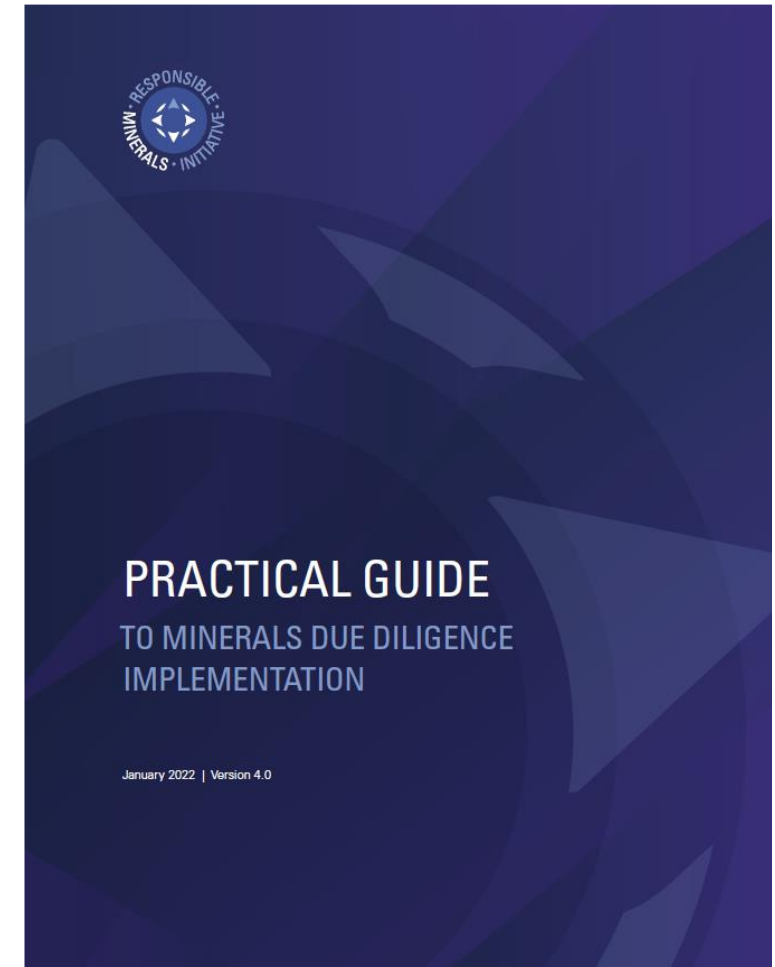
<https://home.treasury.gov/policy-issues/office-of-foreign-assets-control-sanctions-programs-and-information>

▣ For foreign policy and security purposes, **OFAC** has instituted regulations banning direct and indirect transactions with countries or regions and specific individuals or groups designated by the US and to freeze their assets.

- ✓ US companies will be affected such as by being banned to deal with sanctioned institutions and individuals.
- ✓ It should be noted that even RMI is unable to conduct smelter audit to such covered areas/countries.
- ✓ Japanese companies must be careful, as even if a direct/indirect transaction is legal under Japanese Law (FEL, etc.), it may be a compliance violation.

RMI DD Guidance for Downstream Companies (Revised)

- Revised edition (Version 4) Released in Jan. 2022
- Main Topics
 - OECD Guidance 5 steps +
SEC regulation, EU Conflict Minerals Regulation
 - Description of EU Conflict Minerals Regulation
 - Expectation of NGO/Stakeholders
 - OECD Evaluation and Monitoring Framework
 - Responsible Sourcing Network's Assessment Standard
of Conflict Minerals Report
 - Issues
 - EU Corporate Sustainability Reporting Directive (CSRD)
 - RBA Code of Conduct Ver. 7
"Responsible Minerals Sourcing" Section
 - EU Batteries Regulation, others related to ESG reports
 - Case studies (Efforts taken in upstream sectors,
risk assessment management)
 - Link: https://www.responsiblemineralsinitiative.org/media/docs/RMI_PracticalGuide_DD.pdf



- RMAP and Due Diligence (DD) Efforts of Downstream Companies
- **Forms to be used in 2024 Survey**

Forms to be used in 2024 Survey

CMRT: Rev. 6.31 (2023/5/26) ⇒ Rev. 6.4 (2024/4/26 current version)

Minor revisions only (e.g. bug and error fixes and update of Smelters' information in the Smelter Look-up sheet)

EMRT: Rev. 1.2 (2023/5/12) ⇒ Rev. 1.3 (2024/4/26 current version)

If you do not answer "Yes" to Questions 1 and 2 ("Is the cobalt/natural mica intentionally added or used?"/"Does the cobalt/natural mica remain in the product?"), then Question C ("Do you require your direct suppliers to source the cobalt from smelters or natural mica from processors whose due diligence practices have been validated?") will whiteout instead of blackout.

No revisions in CMRT or EMRT will have significant impact on the practice of survey

*** Please also refer to the information regarding entry procedures of CMRT/EMRT that is posted on JEITA website**

Forms used in 2024 Survey

■ PRT

PRT (Pilot Reporting Template) is a free, standardized reporting template developed by RMI mainly to identify pinch points (smelters/processors) for minerals not covered by CMRT and EMRT. (current version v1.1)

Please visit RMI's website for the outline of PRT, its downloading procedure, FAQs, etc.

<https://www.responsiblemineralsinitiative.org/reporting-templates/prt/>

Each company must make their own decision in conducting survey using PRTs, in line with its and its customer's policy