

The 65th term CSR Report

Period covered: October 2023 - September 2024



CONFORMANT

In 2021, YAMAGUCHI MICA registered as a mica processor with the Responsible Minerals Initiative, an industry organization that coordinates responsible mineral sourcing mechanisms. The following year, in 2022, we underwent a Responsible Minerals Assurance Process (RMAP) audit. This audit was very challenging for our company, which procures mica raw materials from India, as it involved conducting supply chain due diligence in mineral procurement. We received many suggestions from the audit and have been working earnestly and continuously to address them.

In recognition of our efforts, all three YAMAGUCHI MICA plants became the first mica processor in the world to receive Conformant certification in July 2024. Details are provided in the 'Due Diligence Report on Responsible Mineral Sourcing' section below this report.



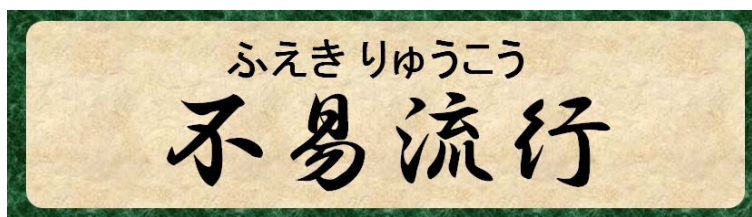
YAMAGUCHI MICA CO., LTD.

December 2024
Prepared by CSR Secretariat

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1. Top Message



As in the previous report, we would like to explain our slogan, “不易流行(Fueki Ryuko)”. The slogan “不易流行(Fueki Ryuko)” means “to honor tradition while incorporating new elements,” and “to incorporate new and ever-changing elements while never forgetting the essential things that remain constant.” We have been consistently manufacturing “Mica powder” since inauguration, and have continued to improve and develop our products to meet the demands of our customers and the market, while paying close attention to the manufacturing process and quality. We also recognize and respond to new requirements related to CSR-related requirements, such as ESG, SDGs, and supply chain due diligence.

One of the major topics in our CSR activities for the 65th fiscal year (October 2023 to September 2024) is our achievement of becoming the first mica processor in the world to be certified Conformant in the RMAP^(*1) audit. We received this certification in July 2024, following the EcoVadis Gold Medal in 2023, and we are proud to say that our CSR activities are recognized globally, even as a small and medium-sized business.

YAMAGUCHI MICA will continue to think, judge, and act from a CSR perspective to contribute to society, suppliers (suppliers and customers), local residents, employees, and other stakeholders through our CSR activities.

In this report, we are pleased to present our CSR activities for the 65th fiscal year (October 2023 to September 2024) and our due diligence activities related to responsible mineral sourcing.



President and Representative Director

山口 仁司

(*1) RMAP: RMAP stands for “Responsible Minerals Assurance Process” and represents an audit standard. This audit standard was developed by the Responsible Minerals Initiative, a sub-organization of the Responsible Business Alliance (RBA), a global industry organization that promotes CSR, based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict and High-Risk Areas and the U.S. Dodd-Frank Guidance. The standards were developed by the Responsible Minerals Initiative, a sub-organization of the Responsible Business Alliance (RBA), a global industry group promoting CSR, in accordance with global standards such as the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict and High-Risk Areas and the US Dodd-Frank Act.

2. Management Philosophy, Quality Policy, Environmental Policy, and Responsible Mineral Procurement Policy

YAMAGUCHI MICA has a "Corporate Philosophy," which forms the foundation of the company's raison d'être, and we have established a Quality Policy, an Environmental Policy, and a Responsible Mineral Procurement Policy based on it.

These principles and policies form the basis of our business planning and goal-setting approach, and are incorporated into specific activities. Top management, each department, and each employee will work together to achieve prosperity and development of society and the realization of a sustainable society.

Management Philosophy

1. YAMAGUCHI MICA contributes to the prosperity and development of society through the manufacture and sale of mica-based powders.
2. In its activities, we will comply with social discipline, strive to respect human rights, protect the global environment, and act as a model for society.
3. Targeting mutual reflection of customers, vendors and employees as well as company development.

Quality Policy

- (1) Provide products that meets ever-changing user's needs and attract our customer.
- (2) Develop unique products that deliver customers reliability and inspiration.
- (3) Improve our system which enables to provide quality, price and lead time that the customer's request.

Environmental Policy

- (1) Comply with environmental-related laws and regulations, other requirements we agree to, and our self-regulations.
- (2) Considering the impact of our activities on the environment, we will strive to protect the global environment by environmental load reduction.
- (3) Set objectives, goals and plans, and continuously promote regulatory compliance, environmental pollution prevention, save energy, resource conservation, recycling, etc.

Responsible Mineral Procurement Policy

- (1) YAMAGUCHI MICA aims to realize a sustainable and responsible supply chain, and comply with all applicable laws and regulations while giving due consideration to human rights, the environment, ethics, etc.
 - (2) In procuring mineral raw materials such as mica, we will promote CSR activities with the understanding and cooperation of our supply chain to avoid risks (*) such as child labor and other human rights violations, financing of terrorists, money laundering, illicit transactions, and involvement in conflicts in high-risk areas, so that our customers can use our products with confidence. (*)
- (*) Risks are in accordance with "Due Diligence Guidance for Responsible Supply Chains of Minerals from OECD Conflict and High Risk Areas Annex II". In addition, if the raw materials we procure come from countries implementing the Extractive Industries Transparency Initiative (EITI), we will support the activities of the EITI.

3. Company Profile

Company Name	YAMAGUCHI MICA CO., LTD.
Location	Headquarter: Toyokawa, Aichi Japan Toyohashi Plant: Toyohashi, Aichi Japan Shinshiro Plant: Shinshiro, Aichi Japan (Cooperating factory: Andhra Pradesh, India)
Founding (Establishment)	April 1951 (Incorporated in August 1960)
Capital Stock	47.6 million yen
Yearly (annual) Turnover	1.45 billion yen (actual results for Sept. 2024)
Industry-Classification	Ceramic and stone products manufacturing
Business	Manufacturing and processing of mica and other powders
Products	Mica Powder, Talc Powder, Photochromic Pigment, Surface Treatment Powder, Heat Treatment Powder, Mixed Treatment Powder, Pelletized Powder
Number of Employees	73 (including 10 temporary employees, as of September 2024)
Production Capacity	Wet grinding: 2,500 t/year, dry grinding: 1,000 t/year
Main Markets	Plastics, cosmetics, paints, rubber, ceramics, etc.

Head office
(1954, former Kosakai-cho)



Head office
(currently Toyokawa City)
Site area: approx. 5,000 m²



Toyohashi Plant
Site area: approx. 5,000 m²



Shinshiro Plant
Site area: approx. 27,000 m²

4. History

1951	Established in Toyohashi City, Aichi Prefecture, and began production of mica powder.
1954	Moved to Kosakai-cho, Hohai-gun, Aichi Prefecture (currently Toyokawa City)
1960	Established as a corporation
1988	Toyohashi Plant established
2004	ISO 9001 certification (LRQA, updated to 2015 version in 2017)
2005	Began production at cooperative factory in India
2010	Company name changed to YAMAGUCHI Mica Co.
2016	Declaration of CSR Management (CSR Committee established); Joined the United Nations Global Compact
2017	Joined the Responsible Mica Initiative
2018	Shinshiro Plant established
2020	Established BCP Committee and obtained company certification for "Business Continuity Enhancement Plan" from the Small and Medium Enterprise Agency.
2021	Mica Processors Listed on Responsible Minerals Initiative's Mica Processors List
2023	Received the 2023 Gold Medal in EcoVadis
2024	Responsible Minerals Initiative's RMAP audit as a mica processing company First in the world to receive Conformant certification

(The Responsible Mica Initiative is hereafter referred to as RMI(Mica))

(The Responsible Minerals Initiative is hereafter referred to as RMI(Minerals))

5. Our affiliated organizations related to CSR

United Nations Global Compact



Sedex



Responsible Mica Initiative



EcoVadis



6. CSR Initiatives

(1) We agreed and signed on the United Nations Global Compact that point out 4 areas, 10 principles aiming realization of healthy and sustainable society.

Human Rights	Principle 1: Businesses should support and respect the protection of internationaly proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

(2) We consider and implement specific initiatives in our corporate activities to achieve the Sustainable Development Goals (SDGs).

SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



6-1 Corporate governance

Actual results for the 65th term (October 2023 - September 2024)

■ CSR Secretariat Activities

-The CSR Office was established as a company organization and set annual targets based on company policy. The progress of annual targets is reviewed quarterly by management, and CSR activities are incorporated into YAMAGUCHI MICA's management system.

-The main CSR activities of us are as follows.

"Responsible Raw Material Procurement", "Environment", "Health and Safety", "BCP", "Job Satisfaction", and "Mental and Physical Care", "CSR requirements of the market and customers" and "Confidential information management."

-The CSR Secretariat meeting was held every other month, attended by the representative director, the director in charge, the chairperson of the Safety and Health Committee, and members of related departments, to promote CSR activities.

■ Health and Safety Committee Activities

-The committee held monthly meetings attended by the director in charge and representatives of each workplace, with the main themes of safety measures and improvement of the work environment, and promoted specific activities. Monthly KYT and safety patrols were also conducted.

■ BCP Committee Activities

-The committee, attended by the representative director, executives in charge, and representatives from each workplace, held bi-monthly meetings to promote specific activities under the main themes of drills in preparation for disasters, preparation of stockpiles, and preparation of manuals for early restoration.

-Based on the experience of the heavy rain disaster in the Higashimikawa area of Aichi Prefecture suffered in June 2023, we practiced prompt information gathering, company judgment, and instructions in response to typhoons and torrential rains.

■ Our Management Transparency Initiatives

-The 64th CSR Report was released in July 2024 for internal and external use. From this report onward, the content included the "Due Diligence Report on Responsible Mineral Procurement."

-We made our employees fully aware of our corporate activities, including CSR, through presentations of corporate policies and meetings of the management team.

Planned for the 66th term (October 2024 - September 2025)

- Continue CSR secretariat activities.
- Continue Health and Safety Committee activities.
- Continue BCP committee activities.
- Continue efforts to increase transparency in our management.



6-2 Human rights

Actual results for the 65th term (October 2023 - September 2024)

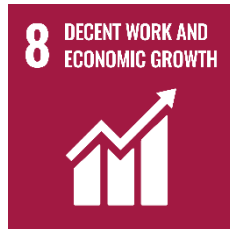
■ Third-party CSR audits were conducted on 6 Mica suppliers using the RMI(Mica) audit form and it we confirmed that there were no problems related to "human rights"(Two of the six companies were audited in October 2024.)

■ In December 2023, April 2024, and September 2024, we visited total of 8 local Mica suppliers in India to explain our approach and requirements regarding "human rights". In terms of two of them, we

conducted a new CSR survey using our template. For the two companies where CSR surveys were conducted in the previous fiscal year, we confirmed the corrective contents.

Planned for the 66th term (October 2024 - September 2025)

- For processing plants in the supply chain of Mica suppliers, CSR audits using the RMI (Mica) audit form will be conducted systematically. For mines, suppliers will be encouraged to take the initiative to systematically undergo CSR audits using the Sedex audit form (SMETA).
- Establish rules on how to operate our template "Mica Supplier Survey Form," determine when to conduct written and on-site surveys, and create a system to routinely implement the PDCA cycle with the understanding of suppliers.



6-3 Labor Practices

Actual results for the 65th term (October 2023 - September 2024)

- Safety and health management and work environment management were conducted in accordance with laws, regulations, and our safety and health management rules. In April 2024, a Chemical Substance Management Risk Assessment Team was established to investigate and improve the handling of chemical substances and the work environment.
- The Health and Safety Committee focused on "measures against heat" and "measures against back pain" and worked on many improvements. In addition, KYT and safety patrols were conducted regularly to raise employee awareness. We also positioned "measures against heat" as an urgent issue and aggressively invested in equipment to improve the work environment.
- In October 2023, a power harassment fact and awareness survey were conducted on all employees, and the results were fed back to encourage improvements.
- Stress checks by an external agency were conducted on all employees in October 2023 and April 2024, and feedback was provided by the external agency on an individual basis with privacy protection.
- In response to rising prices, the system was revised to increase wages and became effective in April 2024.
- We contracted with an outside organization to provide harassment counseling, various types of counseling and career consulting services to employees without our involvement, and made these services available to employees starting in June 2024.

Planned for the 66th term (October 2024 - September 2025)

- Continue health and safety management and work environment management.
- Continue to improve the environment with heat control at manufacturing sites as a key issue.
- Continue to conduct harassment questionnaires and stress checks on a regular basis, as well as early detection and treatment of problems.
- Continue to create a workplace where all employees of all genders, ages, and positions can thrive.



6-4 Environment

Actual results for the 65th term (October 2023 - September 2024)

- Regarding GHG (Greenhouse Gas), we use "CO2 emissions(ton)of production volume(ton)" as an indicator for Scope 1 and Scope 2, and for the 65th fiscal year, the target value was 0.46t, while the actual value was 0.455t. The past CO2 emissions data and internal analysis revealed that the current indicator is heavily influenced by production volume and product type.

- Since the last report, we have disclosed water consumption and using "water consumption(m3) of production volume(ton)" as an indicator, it has increased for five consecutive fiscal years since the 61st fiscal year. As with the GHGs mentioned above, we believe it is necessary to reconsider the indicator since it is affected by production volume and product type.
- Regarding waste materials, we started monitoring the annual volume classified by sludge, waste plastic and others.

Planned for the 66th term (October 2024 - September 2025)

- As in the past, GHG emissions will be measured in terms of "CO2 emissions per ton of production volume" for Scope 1 and Scope 2, with a target of 0.453t for the 66th period.
- Continue to monitor water usage.
- Consider more appropriate evaluation methods than the current indicators "CO2 emissions per ton of production volume" and "water consumption per ton of production volume per m3".
- Continue to monitor annual quantities of waste.
- Promote improvement activities for CO2 reduction (reduction of electricity and gas usage), water usage reduction, and waste reduction.

Table 1. t of CO2 emissions per t of production volume

accounting period ^{(*)2}		61st (2019)	62nd (2020)	63rd (2021)	64th (2022)	65th (2023)	66th (2024)
CO2 emissions (t)	track record	1,083	1,167	1,093	962	1,149	-
Production volume (t)	track record	2,435	2,695	2,416	2,016	2,524	-
Per ton of production CO2 emissions (t)	Target	-	-	0.427	0.440	0.460	0.453
	track record	0.445	0.433	0.453	0.477	0.455	-

Table 2: Water consumption m3 per ton of production volume

accounting period ^{(*)2}		61st (2019)	62nd (2020)	63rd (2021)	64th (2022)	65th (2023)	66th (2024)
Water consumption (m3)	track record	17,968	20,028	18,295	15,521	19,654	-
Production volume (t)	track record	2,435	2,695	2,416	2,016	2,524	-
Per ton of production Water consumption (m3)	track record	7.38	7.43	7.57	7.70	7.79	-

^{(*)2} From October of the current year to September of the following year



6-5 Fair Operating Practices

Actual results for the 65th term (October 2023 - September 2024)

- There was no occurrence of problematic conduct in business practices related to "compliance with fair trade," "prevention of fraud and corruption such as extortion and bribery," "elimination of antisocial forces," "protection of intellectual property and copyrights," and "information security and protection of personal information" during the subject period.
- At the company-wide policy presentation in August 2024, the CSR Secretariat explained the contents and initiatives of CSR, SDGs, ESG, and Supply Chain Due Diligence, as well as the relationship between YAMAGUCHI MICA and its employees, to all employees, requesting their understanding and cooperation.

■ We have conducted written and on-site surveys of the suppliers of mica raw materials that we procure, and explained to them that compliance with fair business practices and assurance of transparency in the supply chain are essential conditions for doing business with us, and requested their understanding and cooperation.

Planned for the 66th term (October 2024 - September 2025)

- Continue internal education on fair business practices.
- Continue "supplier investigations," "third-party audits," and "on-site audits" of mica raw material suppliers to ensure that there is no corruption, terrorist financing, money laundering, or illicit transactions.



6-6 Consumer Issues

Actual results for the 65th term (October 2023 - September 2024)

- Reduction of environmentally hazardous substances in customer products
 - We began proposing surface treatment products and formulations to meet the silicone-free requirements of our cosmetics customers.
- Ensure health and safety of customer products
 - We began proposing mica products and formulations to meet the talc-free requirements of our cosmetics customers.
- Responsible sourcing of mica raw materials in India
 - Mica procurement from suppliers who are members of the RMI (Mica) and who have been audited by a third-party organization using this audit form and found not to be involved in child labor has increased to 100 percent.
 - We have established a policy to cease procuring mica raw materials from some regions where supply chain transparency cannot be guaranteed by 2024, and have begun preparing and announcing the raw material switch both internally and externally.

Planned for the 66th term (October 2024 - September 2025)

- Continue to develop new products that meet customer needs.
- Human rights due diligence required for procurement of mica raw materials in India in accordance with the responsible mineral sourcing policy continue to
- Gather information and respond promptly to new and revised laws and regulations related to safety and the environment continuation.



6-7 Community Involvement and Development

Actual results for the 65th term (October 2023 - September 2024)

- Organizations involved in ESG and human rights due diligence
 - We continued the membership in the UN Global Compact and submitted the "2024 Communication on Progress".
 - We continued the membership in RMI(Mica) and conducted the third-party audits of mica raw material suppliers from whom we procure raw materials using the organization's audit form. In addition to providing necessary information such as supply chain and transaction records; we participated in web meetings about once a month to exchange opinions.
 - In order to comply with RMI(Minerals)'s RMAP audit, we met with the department in charge at RMI (Minerals) regarding the conditions of compliance and continued to take corrective actions obtaining

certification of compliance in July 2024.

■ CSR Platform

- We continued to register with "Sedex" and conducted a self-audit in May 2024 and disclose our CSR information in the "Sedex" database upon customer request.
- We continued to register with "EcoVadis" and disclose our CSR information in the "EcoVadis" database upon customer request.

■ Academic and industrial organizations

-To "The Society of Cosmetic Chemists of Japan", "Japan Cosmetic Industry Association", "Filler Society of Japan", "Food Contact Material Safety Center". We continued to be a member and participated in regular meetings and workshops.

■ Social Contribution Activities

- In September 2024, we made a donation to "ACE", an NGO that works for the elimination and prevention of child labor (This donation will support the activities of "ACE").
- In September 2024, we also made a donation as an animal supporter of "Nonhoi Park (Toyohashi General Animal and Plant Park)". This donation will support the Asian elephants in "Nonhoi Park".
- Used plastic bottle caps collected within our company were delivered to the "Love Cap Committee" in December 2023 and contributed to vaccines for nine children. (Caps collected by member companies of the "Love Cap Committee" are recycled and part of the proceeds from their sale is donated to the Japan Committee for Vaccines for the World's Children (JCV), an authorized NPO, for the purchase of vaccines.)

Planned for the 66th term (October 2024 - September 2025)

- Continue to participate in and contribute to various CSR-related organizations, local communities, and industrial and academic groups.
- Proactively disclose CSR information and business activities on the CSR platform and website.



7. Due diligence reporting on responsible mineral sourcing

7-1 Corporate Information

◇ Company name
YAMAGUCHI Mica Corporation

◇ ID, location, and target minerals of the plant to be evaluated

Factories to be evaluated	ID	address	Target Minerals
Head office	CID003512	10-2, Misono 2-chome, Toyokawa, Aichi, Japan	Mica
Toyohashi Plant	CID003970	33-10 Akemi-machi, Toyohashi-shi, Aichi, Japan	Mica
Shinshiro Plant	CID003971	48-22 Kuroda Kusaba, Shinshiro City, Aichi, Japan	Mica

All 3 plants (Head office, Toyohashi Plant, and Shinshiro Plant) use mica and have manufacturing process that pulverize and process it. However, the mica raw materials are not managed by each plant and the Purchasing Division handles the entire process. Due diligence activities related to "responsible procurement of mica raw materials" are also handled by the CSR Secretariat and the Purchasing Division, which is composed of internal stakeholders including the representative director rather than each plant.

◇ Due Diligence Reporting Period
January 1, 2022 - August 31, 2024

7-2 RMAP Evaluation Summary

In January and February 2022, our head office, Toyohashi Plant, and Shinshiro Plant underwent RMAP audits by Intertek Certification Corporation, a third-party evaluation organization, for the period from January 1, 2021 to December 31, 2021. Subsequently, corrective actions were taken to address the issues pointed out, and in July 2024, we were certified as Conformant. This evaluation summary report can be found on RMI's list at the following URL.
(<https://www.responsiblemineralsinitiative.org/mica-processors-list/conformant-mica-processors/>)

Since this report covers the period from January 1, 2022 to August 31, 2024 for the due diligence report, the status of the evaluation and other information will be presented in the following sections.

◇ Date and period of evaluation of the factory to be evaluated

Factories to be evaluated	Evaluation Date	Evaluation Period
Head office	October 23, 2024	January 1, 2022 - August 31, 2024
Toyohashi Plant	October 21, 2024	January 1, 2022 - August 31, 2024
Shinshiro Plant	October 22, 2024	January 1, 2022 - August 31, 2024

◇ Audit Company Intertek Certification Corporation

◇ Evaluation Summary

As of December 2024, all of our plants are awaiting evaluation results from RMI (Minerals). As mentioned earlier, the previous evaluation summary report can be found on the RMI website.

7-3 Corporate Policy on Supply Chain

In January 2016, we established "Code of Conduct", which sets our policies on human rights, legal compliance, labor practices, business practices, environmental conservation, and social contributions. This Code of Conduct was prepared by the CSR Secretariat, an internal committee under the jurisdiction of the President and Representative Director and approved by the President and Representative Director. This Code of Conduct is not only limited to internal use but also requires our business partners to conduct their business activities with the same ethical standards. This Code of Conduct is also available on YAMAGUCHI MICA's website as follows.

Japanese page <https://YAMAGUCHI-mica.com/csr/coc.html>

English page https://YAMAGUCHI-mica.com/csr/e_coc.html

In November 2022, we also established "Responsible Mineral Procurement Policy". This policy clearly states that we will avoid risks such as child labor and other human rights abuses in high-risk areas, financing of terrorists, money laundering, illicit transactions, and involvement in conflicts, and will cooperate with our supply chain to promote CSR activities so that customers can use our products with confidence in procuring mica and other mineral raw materials. We clearly state that it will promote CSR activities in cooperation with the supply chain so that customers can use YAMAGUCHI MICA's products with peace of mind. The risks referred to here are in accordance with the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict and High-Risk Areas, Annex II" (hereinafter referred to as the OECD Guidance). This policy is also available on YAMAGUCHI MICA's website as follows.

Japanese page https://YAMAGUCHI-mica.com/csr/rmp_policy.html

English page https://YAMAGUCHI-mica.com/csr/e_rmp_policy.html

Furthermore, as a corrective action in the October 2024 RMAP audit, we have added to our Responsible Minerals Procurement Policy that we will support the activities of the Extractive Industries Transparency Initiative (EITI) if the raw materials we procure come from countries that are implementing the EITI.

7-4 Enterprise Management System

◇ Management Structure

We prepared CSR Regulations that stipulate YAMAGUCHI MICA's policies, systems, and activities for the realization of a sustainable society, and these regulations have been in effect since January 2023. These regulations clarify that we shall work to reduce risks that may affect internal and external stakeholders, that YAMAGUCHI MICA's representative director shall be the chief CSR

officer and that the CSR Secretariat shall consist of representative members from related departments, and that the CSR Secretariat shall systematically implement and manage the progress of activities.

The CSR Promotion Manager, appointed by the Chief Social Responsibility Officer, positions supply chain due diligence as an important activity of the CSR Office and is responsible for promoting the activity while determining the roles and responsibilities of the persons in charge of the relevant departments and cooperating with their work.

The Purchasing Section is also responsible for assessing supply chain risks with the support of the CSR Office and encouraging suppliers to work with them to reduce any risks.

✧ Internal management system

With regard to the procurement of mica, we have been ensuring compliance with "Responsible Minerals Procurement Policy" established by the CSR Secretariat and conducting due diligence in accordance with the OECD Guidance. The details are as follows.

(1) Supply Chain Due Diligence

We established "Purchasing Management Regulations", which stipulate that we shall conduct evaluation and selection of mica suppliers, particularly with reference to the OECD Guidance and CAHRAs identification process in addition to basic purchasing operations.

The Purchasing Section conducts a mica supplier evaluation using "Mica Supplier Survey" and "Supplier and Outsourcing Partner Evaluation Form" to determine whether or not transaction is possible. The period of the evaluation is prior to the start of transactions for new suppliers and every 6 months for existing suppliers. Information used in the evaluation includes: (1) Company and management details, (2) ESG items, (3) Supply chain and traceability details, and (4) Additional survey items if there are conflict areas or high-risk areas in the supply chain. If any problems are found in the mica supplier assessment, we will request the suppliers to take corrective action and we will cooperate with the suppliers to resolve the problem. However, if it is determined that corrective action or problem resolution is not possible, we will suspend business with this supplier.

(2) Education and Training

The CSR Office holds a regular meeting at least once a year to explain and educate all employees about CSR activities, including the details of supply chain due diligence and the CSR Office holds a regular meeting every two months to check progress, share information, and formulate policies on topics such as YAMAGUCHI MICA's RMAP evaluation, CSR evaluation of suppliers, market and customer trends, and trends in laws and regulation in an effort to raise the awareness of CSR Office members.

Members of our Purchasing Section receive planned education and training related to our CSR policy and supply chain due diligence. In addition, the Purchasing Section holds regular meetings every two weeks, where members share information and enhance their necessary knowledge on order planning and performance, details of mica suppliers they deal with, in-house and third-party evaluations of mica suppliers, our RMAP evaluation, and the political and economic situation in the countries and states where we procure.

In addition to internal education and training, we provide feedback to all Mica suppliers we do business with on necessary corrections based on the results of written surveys, on-site inspections, and CSR evaluations by third-party organizations, along with suggestions for improvement.

(3) Communication

For inquiries and complaints from external stakeholders, we established a contact point on our official website to receive such inquiries and complaints as needed.

For all mica suppliers with whom we do business, we have a "CSR Agreement. The CSR Agreement includes "Responsible Minerals Procurement Policy", which we require our mica suppliers to understand and comply with, as well as disclose supply chain information and conduct on-site CSR audits, both in-house and by third-party organizations. We also conduct scheduled online meetings with mica suppliers, on-site interviews, and assessments of mines and processing plants.

In addition, we established "Internal Reporting Regulations" and "Internal Reporting System." In the event that an employee whistle blows to the contact person on a CSR issue, the whistleblower

is protected against any prejudice, and the person responsible for CSR promotion reports the issue to the Board of Directors for investigation and resolution.

◇ Record keeping system

In accordance with YAMAGUCHI MICA's internal management system, including CSR Regulations and QMS Regulations, the Company stipulates those records relevant and necessary for due diligence be retained for at least 5 years and stored in a secure internal database.

7-5 Risk Identification

We have a procedure for determining Conflict-Affected and High-Risk Areas (hereinafter referred to as CAHRAs), and for all suppliers we do business with, we determine whether their supply chain falls under CAHRAs. In this determination, we use the risk map disclosed by the Responsible Business Alliance (hereinafter referred to as "RBA") as a source of information for judgment indicators, check the scores of Conflicts, Governance, and Human Rights, and determine the EIA for each company and organization involved in the supply chain in each country and region. If a country or region of each company or organization involved in the supply chain has at least one Extreme score (0 to 2.49), we consider it a CAHRAs.

Next, risk assessment in accordance with OECD guidance is conducted for the supply chain in the countries/regions identified as CAHRAs. This risk assessment includes both written confirmation as well as on-site inspections by us and third-party organizations, and is used to identify risks. In addition, we use the Sanctions List specified in our procedures to check for the presence of Sanctioned Persons in the supply chain. A "high-risk supply chain" is defined as a supply chain in which a problem is found in any of the companies, organizations, or individuals involved in the supply chain as a result of the risk assessment.

7-6 Risk Assessment

For supply chains in countries and regions determined to be CAHRAs, we require from them or conduct investigations into the following

- (1) Membership in RMI (Mica), a non-profit organization
- (2) Mica Mine mining concession documents submitted
- (3) Implementation of third-party CSR audit of Mica Mine and report on the results
- (4) Conducted third-party CSR audit of mica processing plant and reported the results
- (5) Signing of our "CSR Agreement"
- (6) Submission of our "Mica Supplier Survey Form"
(The "Mica Supplier Survey" includes columns for the names of each company and organization in the supply chain, such as mines, transportation companies, and processing plants, as well as the names of their managers and directors.)
- (7) CSR evaluation by YMC at mica mine sites
- (8) CSR evaluation by YMC at local mica processing plants
- (9) Submission of supply chain traceability information for each transaction
- (10) Submission of certificate of origin for each transaction
- (11) Submission of transportation vouchers from the mine to the processing plant in India for each transaction.
- (12) Submission of transportation vouchers from processing plants in India to the port for each transaction

If a risk is found in these assessments, it is identified as a "high-risk supply chain," and the supplier that coordinates the supply chain is required to take corrective action, and we will cooperate with them to resolve the problem. However, if it is determined that corrective action or problem resolution is not possible, business with that supplier will be suspended.

7-7 Risk Reduction

During the period covered by this due diligence report (January 1, 2022 to August 31, 2024), all of YAMAGUCHI MICA's mica raw materials were sourced from mica suppliers in India, which were CAHRAs. Therefore, we conducted the aforementioned risk assessment for all transactions

and supply chains procured during the subject period. As a result, several supply chains in specific regions of India were identified as "high-risk supply chains" where mica mining was not evident and traceability could not be guaranteed.

We continued to demand corrective actions from the identified "high-risk supply chain. We have also been cooperating with RMI (Mica), a non-profit organization of which we are a member, to improve the management system of mica mines in the identified areas. However, since it is estimated that it will take many years to solve the problem, we have decided to suspend the procurement of mica raw materials mined in that particular area until the traceability can be guaranteed. Based on that decision, we decided to procure only from the supply chain that can guarantee traceability, with procurement from that specific region until the end of 2024.

On the other hand, no other risks were found in all transactions and supply chains procured during the period covered.

8. Updates of our CSR Report and contact information for inquiries

We update our CSR Report annually and publish it on our website. If you have any questions or comments regarding this report, please feel free to contact the following person.

Department	Planning Department
Person in Charge	Mr. Ito / Mr. Nishida
Email Address	csr1@ymsc.co.jp
TEL	0533-72-2188
FAX	0533-72-5157