

## ANNUAL REPORT ON SUPPLY CHAIN DUE DILIGENCE

This annual report for year 2023 is done according requirements REGULATION (EU) 2017/821 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas (hereinafter "Regulation (EU) 2017/821") and is part of management review.

### Introduction

Senju Manufacturing Europe s.r.o. was established in 2016 as part of group Senju Metal Industry Co. Ltd. founded in 1938 and consistently engaged in the manufacture of electronic and industrial machine products. Senju's company motto of "Supplying the best products with the most innovative technology" places the highest priority on research and development and Senju is justly proud of its reputation for quality and consistency. SMIC group continues to meet changing market demands by supplying new materials and knowhow, based on the experience and R&D data accumulated over more than half a century. Senju Manufacturing Europe s.r.o. scope is manufacturing solder paste for European market.

### Responsible Supply Chain of Minerals from Conflict-Affected and High-Risk Areas

Our company is a "downstream company" in the supply chain, which reviews the choice of suppliers and sourcing decisions and integrates into the management systems the following five-step framework for risk-based according OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, Third Edition (hereinafter "OECD Due Diligence") Annex 1:

#### 1. Establish strong company management systems

We adopt, and clearly communicate to suppliers and the public, a company policy for the supply chain of minerals originating from conflict-affected and high-risk areas. We have done all necessary improvements to our policy to fully incorporate the standards against which due diligence is conducted, consistent with the standards set forth in the model supply chain policy in Annex II. We have CSR policy made by SMIC in Japan.

Our company has implemented a integrated management system according ISO 9001:2015, IATF 16949 and ISO14001.

We implemented a structured internal management to support supply chain due diligence, and we worked on improvements, that we are fully compliant with regulation (EU) 2017/821.

We established a system of controls and transparency over the mineral supply chain to be fully compliant with regulation (EU) 2017/821. This includes a chain of custody or a traceability system or the identification of upstream actors in the supply chain.

This was implemented through participation in the industry-driven program at RMI, where SMIC in Japan is membership.

We strengthen company engagement with suppliers. Regarding our supply chain policy, we incorporated it into contracts and/or agreements with our suppliers.

SMIC Japan has proactive approach with suppliers as smelters to focus on due diligence. You can see more details in SMIC CSR report 2022 and 2023 shared on our company home page.

We established on company-level by SMIC an early-warning risk-awareness system.

## **2. Identify and assess risk in the supply chain.**

We identified risks in our supply chain as recommended in the Supplements of OECD Due Diligence.

We assessed risks of adverse impacts in the light of the standards of our supply chain policy consistent with Annex II and the due diligence recommendations in OECD Due Diligence, and we are working on improvement.

Generally, Senju do not use materials from conflict areas and follows the OECD guidelines regarding due diligence, but to comply with the EU regulation adjustments on the documentation side both at SMEC and Senju were necessary. All of these adjustments have been already completed.

SMIC Japan is our main supplier and taking care of all CSR and quality matters according to the latest standards and requirements (s. annual CSR training, annual SMIC CSR report, the current evaluation of risks shows low risks down the supply chain.

We can trace the product down to the smelters, and SMIC RMI membership supports and inform us, that only materials from no/low risk countries and areas or RMI certified smelters are used. Senju Japan and SMEC have access to the RCOI list, that is listing the smelter and their sources. This means we can trace, and confirm that supply in only from responsible and proper sources. The RCOI list is however unfortunately confidential, but can be shared for giving proof in audits. To minimize risk further, we continue encouraging SMIC in Japan to ask RMI for regular updates regarding the smelters used and for approval to share this information. Therefore, generally low risk is seen in our supply chain. Risk analysis, risk assessment, status and improvements will be part of the annually management review or respective updates. We continue working on improvement where possible and we are proactive with cooperation with our suppliers to be compliant with OECD due diligence and regulation (EU) 2017/821.

## **3. Design and implement a strategy to respond to identified risks.**

The supply chain risk assessment was presented to the designated senior management of the company. We devised and adopted a risk management plan, and we are working on improvement.

We devised the strategy for risk management by either

- i) continuing trade throughout the course of measurable risk mitigation efforts;
- ii) temporarily suspending trade while pursuing ongoing measurable risk mitigation; or
- iii) disengaging with a supplier after failed attempts at mitigation or where a company deems risk mitigation not feasible or unacceptable.

For correct strategy determination, we reviewed Annex II of OECD Due Diligence. We consider our ability to influence, and where necessary take steps to build leverage over suppliers who can most effectively prevent or mitigate the identified risk with support of SMIC in Japan. As mentioned SMIC Japan is our main supplier with low risk. We can trace the product down to the smelters, and SMIC's RMI membership supports and informs us, that only materials from no/low risk countries and areas or RMI certified smelters are used.

In case the risk mitigation efforts while continuing trade or temporarily suspending trade by SMIC with their suppliers, SMIC will consult with suppliers and affected stakeholders, including local and central government authorities, international or civil society organisations and affected third parties, where appropriate, and agree on the strategy for measurable risk mitigation in the risk management plan. In current situation we have continuing trade with our suppliers with proactive approach and focus on due diligence.

We implemented the risk management plan, monitor and track performance of risk mitigation efforts with the support of SMIC in Japan and we report back to designated senior management.

We will undertake additional fact and risk assessments for risks requiring mitigation with SMIC's support, or after a change of circumstances.

#### **4. Carry out independent third-party audit of supply chain due diligence at identified points in the supply chain**

To comply with EU regulation 2017/821, we need to have now regularly an audit by a third party to confirm the compliance with this regulation. This is also part of the 5-Step Framework for Risk-Based Due Diligence in the Mineral Supply Chain. The audit for 2022 to 2023 was done on 30.5.2024 by NAJARU Services s.r.o. The audit showed that our system is fully effective and was fully compliance with mentioned requirements of EU 2017/821 regulation. Compliance was reviewed and this annual report updated in connection with management review. Status and compliance with EU 2017/821 regulation will be also reviewed in the audit for 2024.

#### **5. Report on supply chain due diligence.**

Our company decided to publicly report on its supply chain due diligence policies and practices. As mentioned, we worked on improvements to reach fully compliance of our management system with mentioned requirements of EU 2017/821 regulation.

Our mother company Senju Metal Industry, Ltd. in Japan (SMIC) is taking care of all Corporate Social Responsibility (CSR) and quality matters according to the latest standards and requirements. SMIC in Japan ensures by annual CSR trainings that those standards are met at their subsidiaries. The quality manager is responsible for the implementation at SMEC side. CSR policy as well as the annual SMIC CSR reports last from years 2022 and 2023 are published on the Senju homepage (<http://www.senju.com/en/>) and can be viewed. With those measures Senju CSR Policy, Activities as well as OECD Due Diligence Guidelines are communicated within the company. SMEC do not have in this moment own CSR department.

Pavlov, 14.06.2024

Eihiko Muramatsu



(Managing Director)

Tokuro Yamaki



(Vice Managing Director)