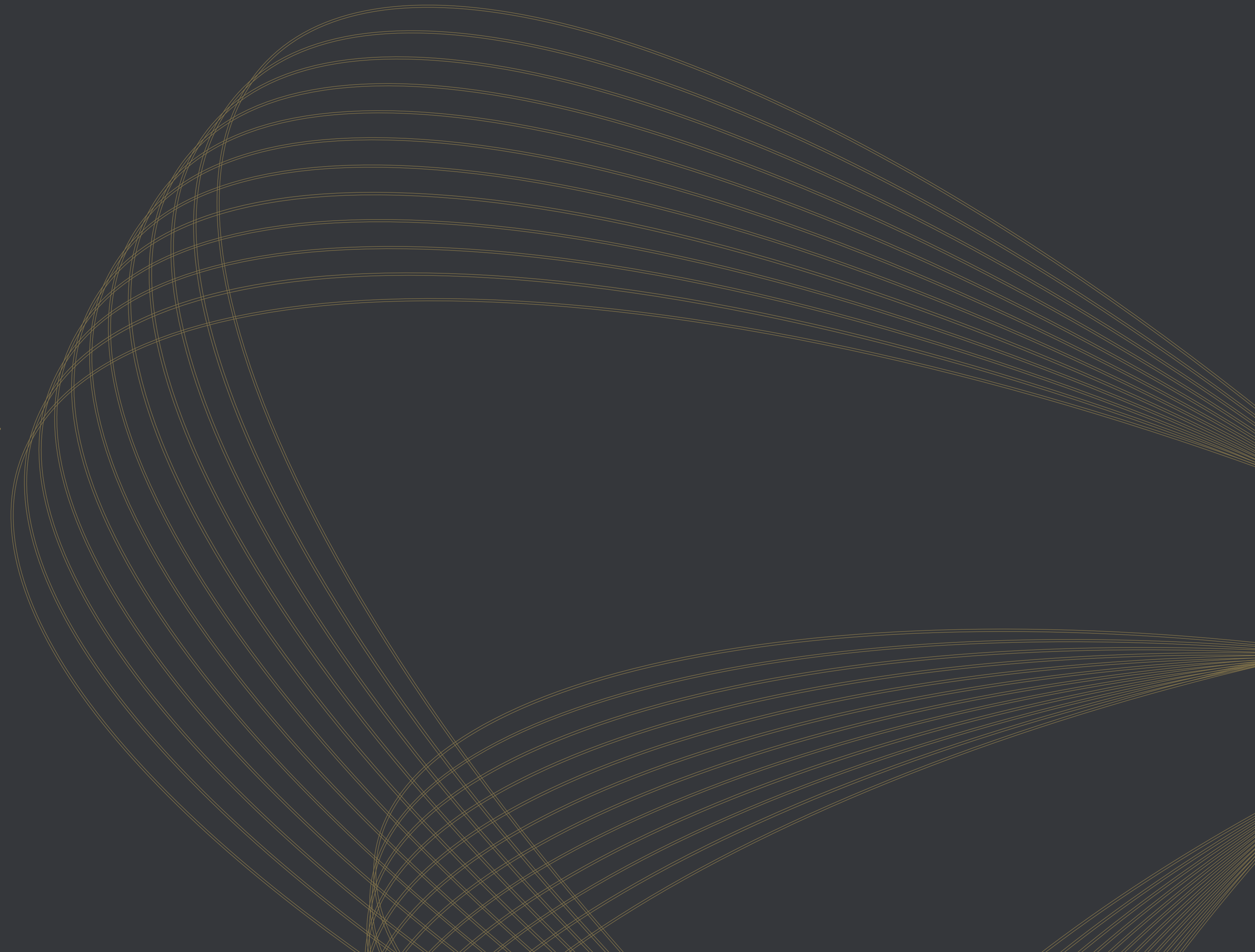




ASAHI

REFINING

SUSTAINABILITY
REPORT 2022



INTRODUCTION

Welcome to the first edition of the *Asahi Refining North America Sustainability Report*.

Asahi Refining will issue this report annually, progressively including more details about our sustainability program. The urgency of embedding sustainable practices into every facet of our operations is critical to addressing the health and future of our planet.





Against this backdrop, geopolitical uncertainty is growing, and in the aftermath of COVID-19-driven economic shocks, inflation and interest rate rises have returned to the social and political discourse. In past cycles, the precious metals sector has been somewhat immune to these shocks, if not a safe haven for investment. However, if the last two and a half years have taught us anything, it is that things may not be as they seem and previous norms have been thrown out the window. There is one thing we do know – from great upheaval comes transformation.

We believe Asahi Refining is uniquely positioned to benefit from – and contribute to – this transformation. We strive to be an invaluable component of a smoothly functioning global economy and a beacon to our sector, clientele and beyond. This world will still require precious metals – our core business. Our role remains in the development of outstanding precious metals and recycling technology for a wide variety of recyclable materials and other industry-leading proprietary technology. We cannot be detrimental to the environment and we must contribute to the preservation of resources. We will be at the forefront of developing and employing sustainable approaches to our work.

For these reasons, we are dedicated to supporting the United Nations Sustainable Development Goals (UN SDGs).

By some measures, this Report outlines the beginnings of our journey. In others, it formalizes things we have been doing for many years.

What we hope it shows is that we are striving to live up to our corporate purpose...

This is what we call the Asahi way:
Totally Committed to protecting the natural environment and preserving resources.

We take pride in our own work and value employees in the long term. Our goal is to support our employees with a positive work-life balance and continuously -improve the working environments and conditions. In turn, we aim to empower our employees to contribute to mutual prosperity and the development of the business.

By implementing a sustainability-first approach to our entire operations, in conjunction with working towards addressing the UN SDGs, we can make a real difference and provide the essential value of precious metals to the future global economy.

A handwritten signature in black ink, appearing to read 'Shohei Yasuda'.

Shohei Yasuda
President
Asahi Refining, North America

OUR BUSINESS MODEL

Asahi Refining is a world leading provider of precious metal assaying, refining, and bullion products. We have built a tradition of remarkable precision, premium quality and forward-looking innovation. Integrity is at the heart of our corporate philosophy.

We cherish our long-lasting relationships with the largest and most prominent miners and investors in the industry, built by providing efficient and trustworthy pathways into the world's precious metal supply chain.

For our precious metals refining, the majority of the gold and silver feedstock materials come from publicly traded mining companies with the remainder originating from the jewellery industry. This material is refined into its purest form and is either delivered into various markets, or used in manufacturing processes.

We aim to have a diverse range of revenue sources through various other businesses such as our minting operation, and a variety of other trading services.

Our long-term vision is to deploy this model in other regions of the world and expand our business globally.

WHAT DRIVES OUR BUSINESS?

Corporate governance: Consistent and effective corporate governance is central to our business model and a key driver of corporate objectives for sustainability and social responsibility.

Good governance engenders management efficiency, helps maximise transparency, and positively benefits corporate values.

With good governance comes confidence, trust and enthusiasm. As an organisation it is our duty to earn the confidence of shareholders, business partners, employees, local communities, and other important stakeholders. It also empowers us to respond with speed and agility to changes in the business environment while always securing compliance.

Embedded sustainability: We must manage our assaying, refining and manufacturing activities in a manner most conducive to protecting the environment and the health and safety of our employees, customers and the community.

To achieve this, we not only have to promote sustainable processes and practices but we have to live and breathe them in everything we do as an organisation and individuals.

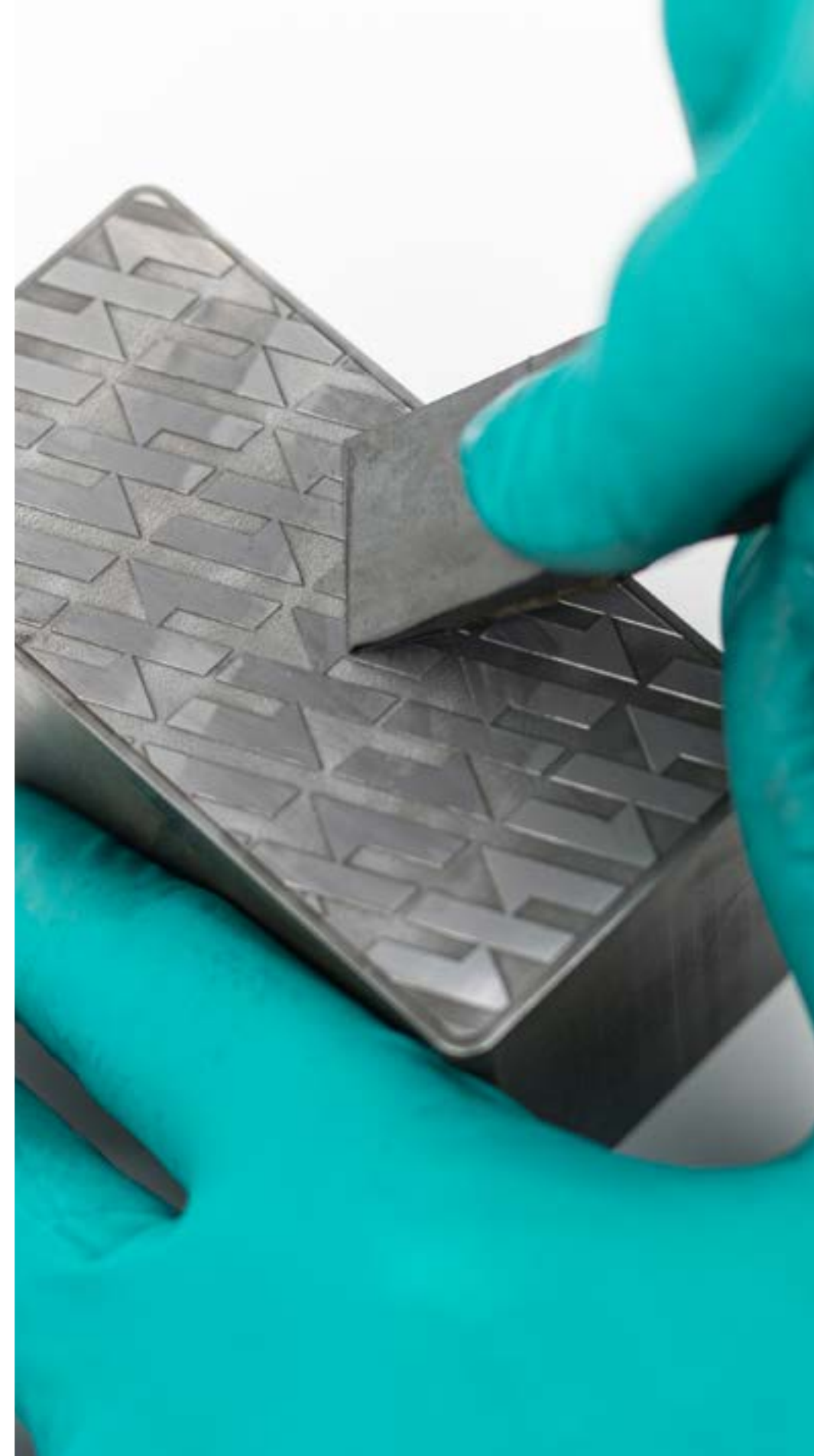
We have made focussing on priority Sustainable Development Goals (SDG)-related goals a core component of our business model. Monitoring these against set targets is vital, as is communicating these initiatives both internally and outside of the group. We want to be recognised for our actions but more importantly, we want to serve as a positive example for other firms inside and outside of our industry.

We strictly follow the relevant environmental laws and regulations and associated requirements, as part of our ongoing commitment to continually improve practices to minimize environmental impacts and prevent pollution. This is reflected in our ISO 14001: 2015 certification, held by all of our North American refineries.

Our people: Our people make us who we are. We are trusted by some of the biggest industry names for our people and what they provide – our exceptional artisans, forward-thinking scientists, and leaders with more than four decades of combined experience.

Our people also reflect the two, distinct cultures that make up our global operations – Japan and North America. Taking the best from both worlds, this has enabled our people to create an organization founded on the principles of honesty, integrity and precision.

Trust through transparency and accreditation: Asahi Refining is a London Bullion Market Association (LBMA) Good Delivery List refiner for both gold and silver. This recognition demonstrates a high level of competence related to assaying, refining, product quality, and most importantly, responsible sourcing. This recognition helps customers engender trust in Asahi Refining in a competitive global market.



Responsible sourcing: LBMA Guidance requires refiners to avoid contributing to human rights abuses, money laundering, terrorist financing, and fraudulent transactions across our supply chains. Refiners must also fulfil their social responsibilities related to the environment and sustainability.

As an industry leader, Asahi Refining recognizes the important role we must play in the development, implementation and continuous improvement of systems designed to detect and prevent improper, prohibited commercial activities. For example, activities that contribute to the financing of armed groups, human rights abuses, money laundering, terrorist financing and other illegal activities.

Asahi Refining works with our suppliers of all precious metals to ensure they are aware of our Precious Metals Procurement Policy and that the materials they deliver to Asahi Refining do not contribute to such illegal activities.

We have assigned organizational responsibilities and outlined requirements for due diligence, transaction monitoring, training, records and reporting, as detailed in our Precious Metals Procurement Procedures.

Artisanal and Small-Scale (ASM) gold and silver refining: In the last financial year we processed almost 175 thousand ounces of ASM gold and over 2 million ounces of ASM silver.

ASM facts: ASM is a significant employer. The World Gold Council (WGC), Inter Governmental Forum and planetGOLD estimate between 15 and 20 million miners and twice that number of other individuals have their livelihoods associated with artisanal gold mining.

It is estimated that 20% of global gold production is from ASM¹. In 2021, Metals Focus [for WGC]² identified global mined gold production of 3,580 tonnes.

References:

1. DELVE, 'State of the Artisanal and Small-Scale Mining Sector', 2019, cited in Lessons Learned on Managing the Interface between Large-Scale and Artisanal and Small-Scale Gold Mining, World Gold Council, 2022.
2. <https://www.gold.org/goldhub/data/gold-production-by-country>

ENVIRONMENT, HEALTH & SAFETY

Both lost time and reportable injuries are well below industry and government standards³.

zero Our refinery in Brampton, Ontario Canada has had zero lost time accidents in more than 8 years.

zero Our Salt Lake City Utah USA Refinery has had zero lost time accidents in more than 7 years.

The number of proactive employee initiated “learning events” have continued to increase demonstrating safety participation and improvement at every level⁴.

Any near miss or non-injury incidents are investigated and corrective actions are implemented and tracked as part of the sites ISO compliant corrective and preventive action systems by dedicated Environmental, Health and Safety (EHS) professionals.

References:

3. The OSHA standard is a total injury rate of more than 7 will require additional inspections. The most recent US Bureau of Labor statistics for our specific industry (Secondary smelting, refining, and alloying of nonferrous metal) is 4.2 (which equates to 4.2% of the workforce having an injury requiring medical attention).

4. An EHS Learning Event at Asahi Refineries is an employee-observed event or condition that is contrary to safe working standards or which could lead to increased risk, including any behaviour that is foreseeably risky. Employees are encouraged to identify these risk events and submit them to their supervisor, then work together to implement a fix or change in behaviour. Each month, winning employees receive a personalised Thank You letter, and a 1 oz custom Asahi Silver Round.



RESPONSIBLE SOURCING PRIORITIES AND HIGHLIGHTS

Utah: Salt Lake City

As part of our ISO 14001 Environmental Objectives and Targets for Salt Lake, we achieved good reductions from 2020 levels

26% fewer precious metals by-products generated

24% less chlorine use due to our adoption of a new Acidless Separation® refining technology (ALS®)⁵

22% less process wastewater discharge

62% less wastewater sludge shipped due to our adoption of a new Acidless Separation® refining technology (ALS®)

4.3% less energy usage in total kilowatt hours

Ontario: Brampton

At our head office in Brampton, we undertook two energy-saving sustainability projects over the last year.

1 Installed a 200HP Ultra Low NOx Boiler, to lower CO and NOx emissions,

2 Installed two highly SEER rated Mitsubishi 5-ton HVAC (Heating, Venting, Air Conditioning) units, for greater energy efficiency

References:

5. Acidless Separation® technology (ALS®) [https://ikoi.it/products/als%C2%AE-acidless-separation-\(patented-technology\)-27](https://ikoi.it/products/als%C2%AE-acidless-separation-(patented-technology)-27)

APPENDIX: STRATEGIC PRIORITIES

Our strategic priorities are founded upon – and dependent on – how we established our objectives with respect to the United Nations Sustainable Development Goals (SDGs). To determine the suitability of our SDG-related goals, and to develop our SDG priorities, we followed this four-step linear process:

Step 1: Commencing SDG promotion

In conjunction with our various business units and departments, we established an SDG Promotion Team. They were tasked with examining the SDGs in order to develop the requisite understanding required for this initiative.

Step 2: Confirming the relevance of each SDG to the business

We comprehensively checked the relevance of all 17 SDGs and 169 targets to our entire business remit and categorized them based on opportunity and risk.

Step 3: Investigating and drafting priority SDG-related goals and KPIs

After discussions with all department heads, the SDG Promotion Team created a proposal on the priority SDG-related goals and KPIs, with objectives to be fully realised by 2030.

Step 4: Determining our priority SDG-related goals

After final discussions, our directors agreed to adopt the priority SDG-related goals.

THEME 1: EXPAND PRECIOUS METALS RECYCLING

Contributing to these SDGs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



15 LIFE ON LAND



Recycling accounts for about one-fourth* of the world's gold supply. The recycling of precious metals has a minimal environmental impact as there is no mining requirement. The almost endless potential for reuse through recycling is an excellent means to promote sustainability while ensuring the stable supply of precious metals needed in many fields across the global economy.

THEME 2: SUPPLYING PRECIOUS METALS IN WAYS THAT ARE FRIENDLY TO PEOPLE, SOCIETY, AND THE ENVIRONMENT

Contributing to these SDGs

8 DECENT WORK AND ECONOMIC GROWTH



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



16 PEACE, JUSTICE AND STRONG INSTITUTIONS

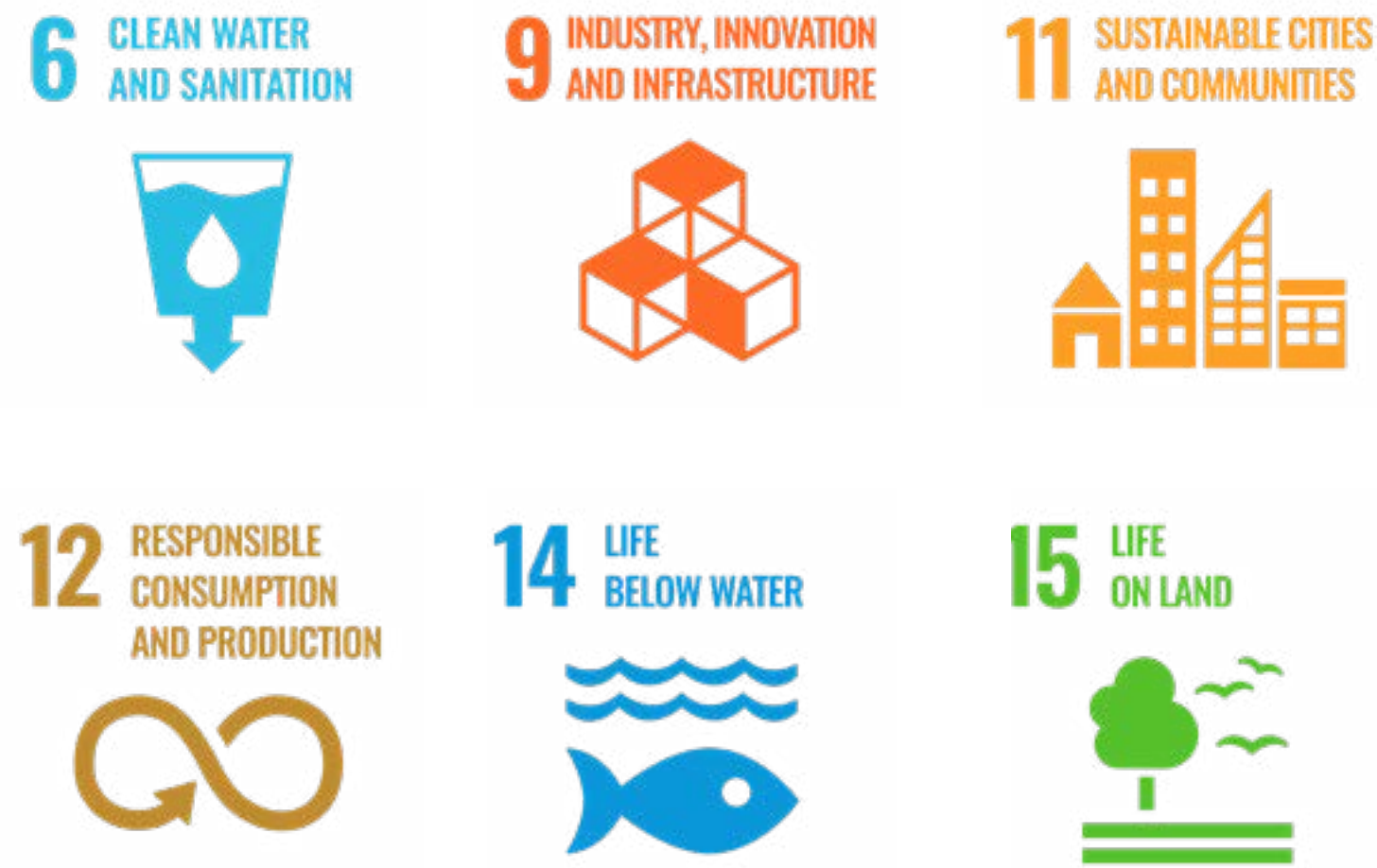


The mining, production and distribution of precious metals is central to numerous social issues across the globe. It is the responsibility of businesses that procure and supply precious metals to never inflame these issues, or contribute negatively in any way. Our precious metals are produced in ways that are friendly to people, society, and the environment. We meet LBMA's responsible sourcing guidelines and the strict standards for RJC certification. We will continue to promote business activities and initiatives that consider and prioritise ethical, social, and environmental concerns while always fulfilling our economic remit of supplying much-needed precious metals*.

*From GFMS Gold Survey 2019

THEME 3: EXPANSION OF PROPER INDUSTRIAL WASTE DISPOSAL CONTRIBUTING TO THE SDGs

Contributing to these SDGs



Due to increased economic activity associated with mass production, mass consumption and mass disposal, a shortage of final waste disposal sites is becoming a growing social and political issue. Microplastic pollution – often a result of the improper disposal of plastic materials – and its effect on marine life is also an urgent international concern. We dispose of all waste to the highest environmental standards and aim to expand the detoxification and recycling of industrial waste.

THEME 4: REDUCE CO2 EMISSIONS

Contributing to these SDGs



We are working to reduce CO2 emissions through instigating a number of energy conservation activities and switching to next-generation vehicles. We aim to reduce emissions from energy sources such as electricity and gasoline by 50% by 2030 across our entire North American operation. And we are committed to be net zero by 2050.

THEME 5: ENHANCEMENT OF WORK-LIFE BALANCE AND DIVERSITY PROMOTION

Contributing to these SDGs



We welcome workplace diversity and respect each other's individuality. We are introducing multiple initiatives to create inclusive workplaces where all employees can demonstrate their abilities without prejudice. These include introducing staggered shifts, ensuring all allocated annual holidays are taken, increasing the number and ratio of women in managerial positions, and employing more people with disabilities.



THEME 6: ENCOURAGE AND SUPPORT SDG ACTIVITIES

Contributing to these SDGs



We encouraged our employees to become vested in this process and help us achieve the SDGs. This includes offering support for individual and group volunteer activities.



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