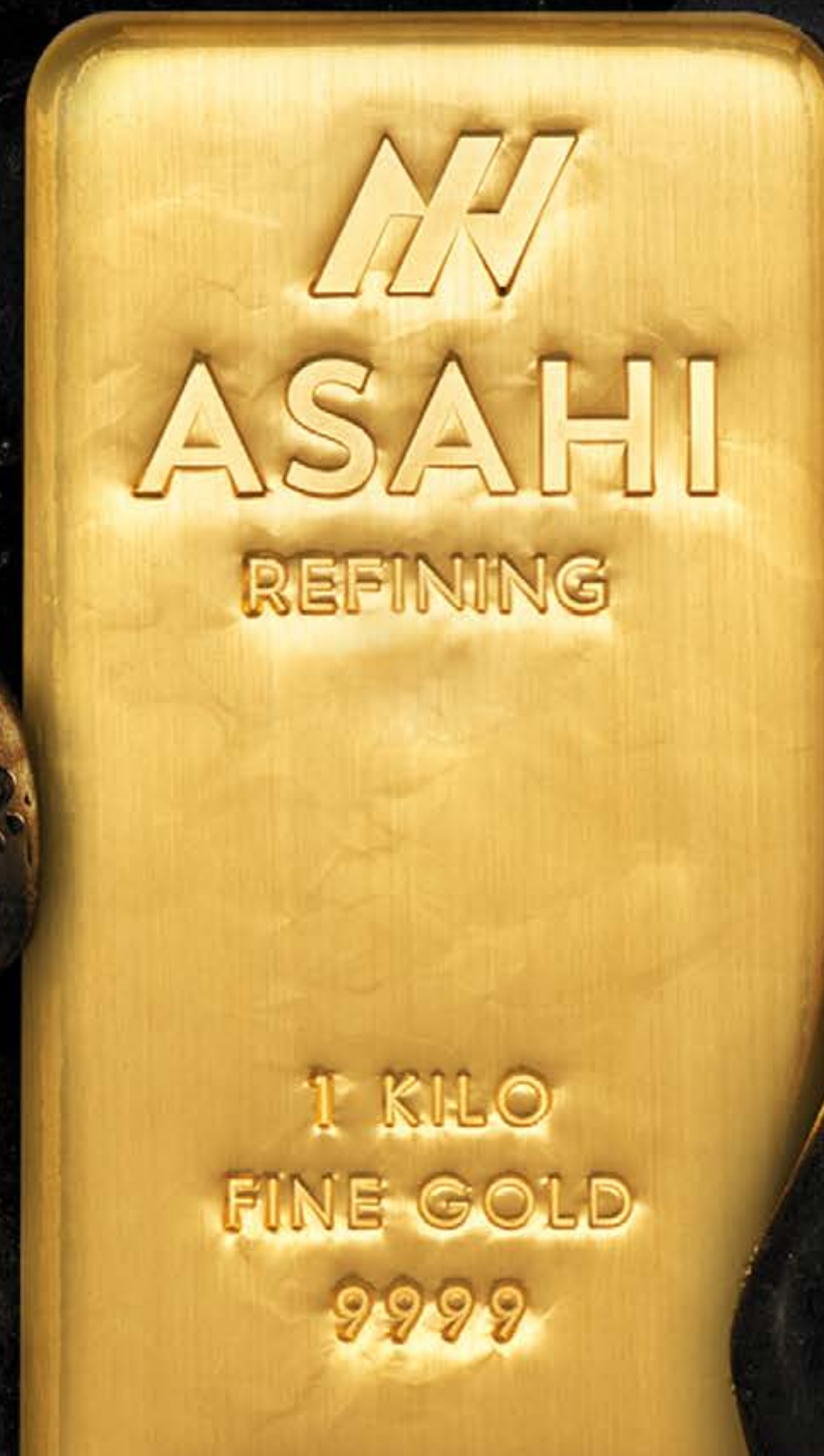


SUSTAINABILITY
REPORT 2022-2023



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Introduction

Welcome to the second edition of the *Asahi Refining North America Sustainability Report*. This year's report further outlines our commitment to sustainable practices and charts our progress towards embedding these practices across every aspect of our business. This report also includes a case study highlighting the benefits of our sustainability program in action, in the region around a large scale silver mine.





The health and well-being of our planet and all life on it are inseparable from economic health, as proven by the effects of the multiple global shocks we've endured in these past few years. COVID-19 may have transformed from pandemic to endemic, but its long-term effects remain. Geopolitical uncertainty also remains, helping cause higher inflation and rising interest rates that are in turn fuelling a cost-of-living crisis that is dominating social and political discourse. To add to this, every year the effects of climate change become more and more real and organisations, like Asahi Refining, must address its effects with growing urgency.

Precious metals have shown resilience to these shocks. However, if there's one lesson from the past three years, it's that when dramatic change comes upon us in the blink of an eye, the old rules don't necessarily apply.

This is a new world now – one we believe can benefit from both what we do and how we do it. For the foreseeable future, precious metals will be fundamental to the transformation to a post-fossil fuel global economy.

Asahi Refining has an important role in supporting the responsible recycling of precious metals. We must undertake our role without being detrimental to the environment and mindful of the preservation of valuable resources, sending a signal to our sector, clients and the wider world that we are serious about sustainability. For this reason, we continue to support and align our business with the United Nations Sustainability Development Goals (UN SDGs), so we can contribute in a manner the planet needs now and into the future.

Foreword

Last year's Sustainability Report was the first time we developed and articulated a formalised overview of our sustainability efforts. It put into words the many positive things we've been doing for years, highlighted the new initiatives we've been progressively introducing with greater frequency, and outlined our vision for a sustainable future for Asahi Refining. Operating at maximum sustainability is the only way going forward, and for that, this report can be considered our stake in the ground.

We hope that our second Sustainability Report shows that we are living up to our promises and staying true to what we call *The Asahi Way: Totally committed to protecting the natural environment and*

preserving resources. We believe following a sustainability-first approach across every aspect of our business, in full alignment with UN SDGs, will help play a part in ensuring a healthier environment and society now and into the future. One in which precious metals play an essential role in the global economic and cultural fabric.

Our dedication starts at home. We encourage a positive work-life balance for all employees highlighted by a drive for continuous improvement in working environments and conditions. We want our employees to actively contribute to the development of our business for all our benefits, and in turn, empower them to take the initiative when it comes to sustainability. There's no idea or initiative

too small; it will be the cumulative effects of our combined, collective approaches to sustainability that will help Asahi Refining make a real difference.



Shohei Yasuda
President
Asahi Refining, North America



Our business model

A world-leading provider of precious metal assaying, refining, and bullion products with almost 200 years of global experience, Asahi Refining has become renowned for its remarkable precision and premium quality enhanced by a deep commitment to innovation and integrity.

This model has helped us build strong, long lasting relationships with some of the largest and most prominent miners and investors in the industry, who have benefited from our provision of the most seamless, efficient and trustworthy pathways into the world's precious metal supply chain.

The majority of our gold and silver feedstock comes from publicly traded mining companies, with the balance made up from the recycling industry. We refine this feedstock to its most pure form for delivery to various markets as well as manufacturers. We strive to develop a more diverse range of revenue sources, for example, through our own minting operations and other trading services. Over the long term, we plan to deploy this model in other regions to expand our business globally.



What drives our business?

CORPORATE GOVERNANCE

At the heart of our business model is effective, consistent, and ethical corporate governance, which drives our corporate mission of improving sustainability and furthering social responsibility. With good governance comes increased transparency and management efficiency, which helps build trust, confidence and enthusiasm. To fulfil our objectives, it's imperative we gain and maintain the confidence of shareholders, business partners, employees, local communities, and other important stakeholders. Our business model empowers us to assure compliance and respond to new challenges with optimal speed and agility.

OUR PEOPLE

We are the sum of our people, which is why some of the biggest industry names trust us and what we provide—exceptional products and services backed by our team of dedicated artisans, forward-thinking scientists, and leaders with more than four decades of combined experience. We are also a reflection of two distinct cultures that make up our global operations—Japan and North America. By taking the best from both worlds, our people have been empowered to create an organization dedicated to its founding 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 in assaying, refining, product quality, and most importantly, responsible sourcing. This recognition helps Asahi Refining to stand out in a competitive global market and be noticed as a trusted organisation.

ASM FACTS

ASM is a significant employer and Asahi Refining has actively engaged with this sector for years. 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 2022, Metals Focus [for WGC]² identified global mined gold production of 3,628 tonnes.

Artisanal and Small-Scale (ASM) gold and silver refining: In the last financial year we processed just over 363,000 ounces of ASM gold and just over 4,680,000 ounces of ASM silver.

EMBEDDED SUSTAINABILITY

To fulfil our goal of helping communities and economies flourish, we need to protect the environment, the health and safety of our employees and external stakeholders.

We need to live and breathe sustainable processes and practices in every facet of our assaying, refining and manufacturing activities. This is why we've selected the Sustainable Development Goals (SDGs) most relevant to our business and elevated them to be core actionable elements of our business model. We've set ambitious targets against each SDG, which will enable us to not only monitor our progress but provide the data we need to communicate the success of each related activity. We want to be recognised for our actions and serve as a beacon to other organisations inside and outside our industry for our ongoing commitment to minimizing environmental impacts and preventing pollution. All our North American refineries have achieved ISO 14001: 2015 certification by tightly following relevant environmental laws and regulations and associated requirements.

RESPONSIBLE SOURCING

Per LBMA Guidance, refiners must never facilitate, participate, nor support human rights abuses, money laundering, terrorist financing, and fraudulent transactions across supply chains. Social responsibilities related to the environment and sustainability must also be fulfilled. 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. Many new sanctions were implemented during the past 12 months and Asahi has had to react quickly and professionally to assess their impact on our business. To achieve that we have established excellent working relationships with Governments, Agencies and specialised legal teams to ensure we are in compliance with all relevant legislation at all times.

We work 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. Our Precious Metals Procurement Procedures details how we have assigned organizational responsibilities and outlined requirements for due diligence, transaction monitoring, training, records and reporting.

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/gold-focus/2023/06/evolving-picture-global-gold-production>



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 9 years and no injuries reported in the last year.

zero Our Salt Lake City Utah USA Refinery has had zero lost time accidents in more than 8 years.

Employee engagement programs have resulted in many proactive employee-initiated “learning events”⁴; demonstrating safety participation and improvement at every level. A total of 4276 learning events took place last year (2645 in Brampton, 1456 in Salt Lake City and 175 in Miami).

All 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:

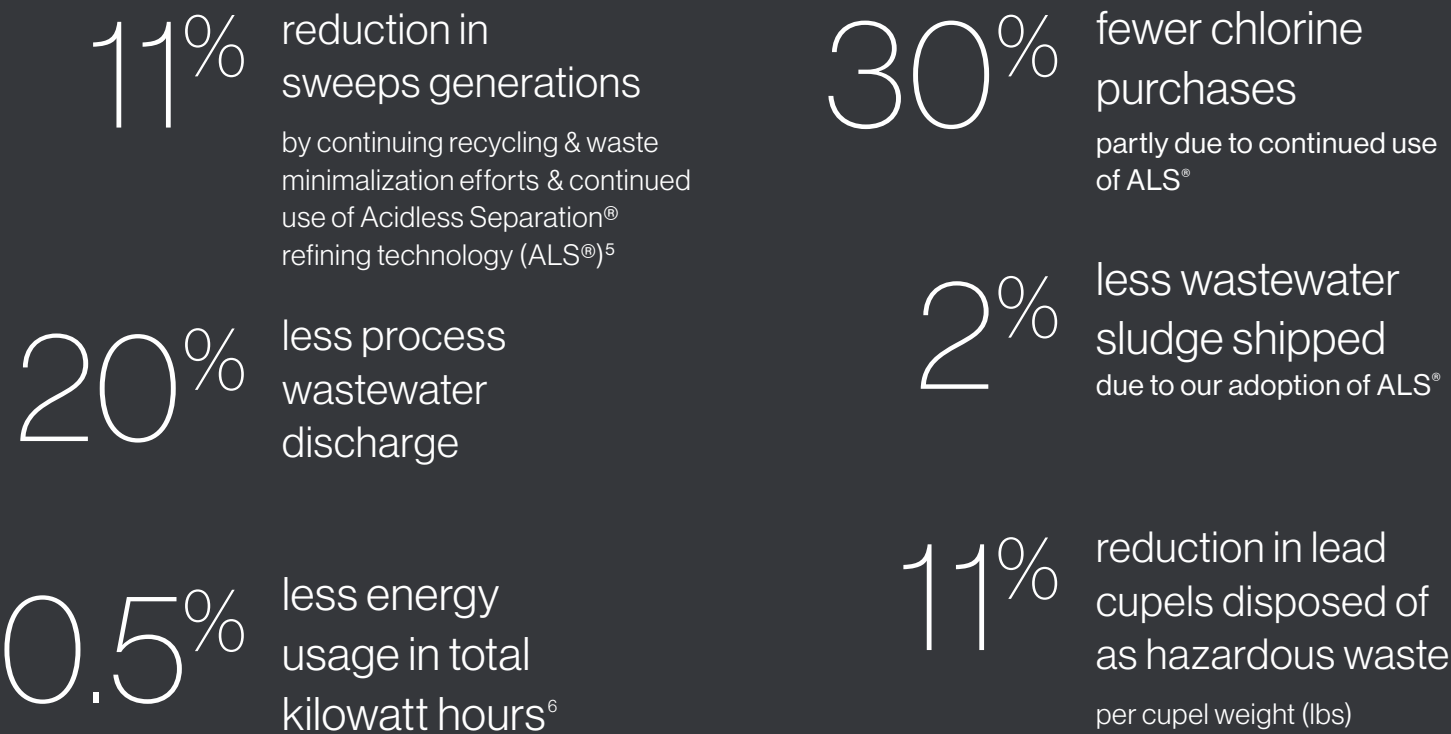
3. The OSHA standard is a total injury rate of more than 7 will require additional inspections. The most recent US Bureau of Labor statistics for our specific industry (Secondary smelting, refining, and alloying of nonferrous metal) is 4.2 (which equates to 4.2% of the workforce having an injury requiring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

Environmental priorities and highlights

Utah: Salt Lake City

As part of our ISO 14001:2015 Environmental Objectives and Targets for Salt Lake, we achieved reductions from our 2021 levels.



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)
6. This small reduction is due to the fact that ALS® – one of the main factors in our overall improvements in sustainability that helps reduce sweeps, process water and chlorine – runs on electricity.

Ontario: Brampton

Following a sustainability audit, our Brampton operation invested CAD 103,205.15 to upgrade a significant number of lights to LED. This resulted in a **total annual reduction in energy consumption of approximately 164,000 kWh** as verified by Ontario's Independent Electricity Systems Operator (IESO) through the Save on Energy programme.



Community relations

ASAHI REFINING SALT LAKE CITY

Over the year, our Salt Lake City operation conducted three blood drives, which collected a total of 48 units of blood that ended up helping 144 people.

In December 2022, they also donated food and toys to the Utah Food Bank and the Christmas Box House.



ASAHI REFINING BRAMPTON

The team in Canada donated to the Knight's Table charity during the 2022 holiday season. Knight's Table helps by providing food bank, hot meals and other services to the people of Brampton who deal with the daily issues of hunger, poverty and homelessness.



ASAHI REFINING FLORIDA

For Christmas 2022, our Florida operation donated to food and toys to Feeding South Florida and The Miami Rescue Mission.



Environmental health and safety employee rewards

As part of our learning event program, our people are tasked with identifying, and remedy any unsafe conditions. They also raise awareness with their colleagues of unsafe practices.

10 x 1 ozt silver thank you rounds presented at Asahi Refining Florida

36 x 1 ozt silver thank you rounds presented at Asahi Refining Salt Lake City

36 x 1 ozt silver thank you rounds presented at Asahi Refining Brampton, Ontario

This means approximately 25% of our workforce received a health and safety reward in the past 12 months.



SilverCrest Metals: Effective sustainability in practice at the Las Chispas Mine in Sonora, Mexico

SilverCrest Metals is a Canadian precious metals producer with its headquarters in British Columbia. Asahi Refining is their partner, refining all the ore from their Las Chispas Mine. All our counter parties must comply with exacting environmental standards and support our sustainability objectives as tied to UN SDGs.

After only six months of commercial production at Las Chispas, in May 2023 SilverCrest was awarded the coveted Empresa Socialmente Responsable (ESR) by the Mexican Philanthropy Centre (Centro Mexicano de Filantropía – CEMEFI) for **“The areas of Quality of Life in the Company, Ethics and Corporate Governance, Links with the Community and Care and Preservation of the Environment”**.

Winners of this award must voluntarily integrate socio-environmental value into their business operations and perform exceptionally across a broad range of sustainability-related characteristics, including benefiting communities, protecting the environment, improving security, strengthening human capital and providing ethical and effective governance. The ESR comes with an icon of value that differentiates them from other companies in the region and economic sector.



Areas of focus:

WATER STEWARDSHIP

In 2022, SilverCrest's Task Force for Climate-Related Financial Disclosures (TCFD) Report identified water scarcity as the main climate risk for the region. The dominant economic activity of the local community is farming and ranching, upon which they rely for their livelihood. As these activities rely on a strong, consistent supply of usable water, SilverCrest developed and began the implementation of a Water Stewardship Plan, with a plan to invest US\$1.5 million into local water infrastructure projects over a five-year period (from 2022 – 2026).

In 2022, the first US\$400,000 went towards providing water intake pipes supplying around 360 hectares of agricultural land, urgent repair of sewage systems that service 1,700 people in Arizpe and installing concrete aqueducts or agricultural use in Bamori. The second instalment of US\$300,000 will be used for further improvements to agricultural aqueducts and sewage systems.

The ultimate goal of this Water Stewardship Plan is to improve water quality and access, which in turn should lead to more economic stability and help local communities better prepare for the uncertainties of climate change.

EMPLOYING LOCAL LABOUR

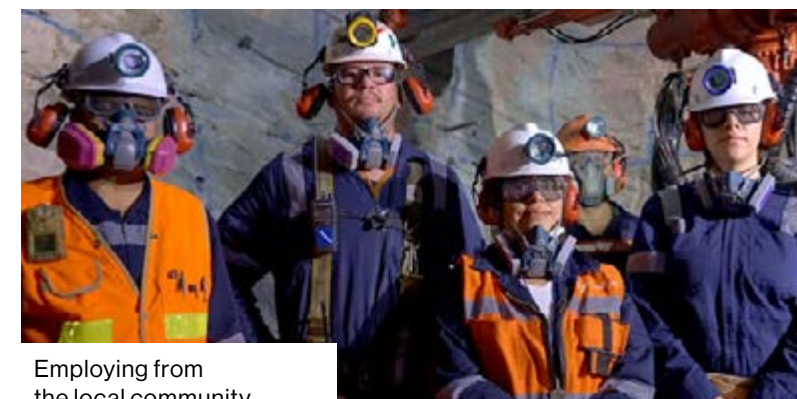
At the end of 2022, the Las Chispas Operation employed approximately 350 direct unionized and non-unionized personnel (including on-site and off-duty). 90% came from Sonora, and 99% from across Mexico. Any employees not covered by collective bargaining agreements are governed by prevailing labour laws in the jurisdiction.

WORKING WITH LOCAL BUSINESS

To date, SilverCrest has engaged with more than 60 local businesses for support at Las Chispas, benefiting the local economy and further strengthening their relationship with local communities.



Water stewardship



Employing from the local community



Working with local businesses



Vault in New York

Our new Asahi Depository LLC (ADL) storage facility for gold, silver, platinum, and palladium in Blauvelt, NY was approved by the CME Group with dual applicability for the Commodities Exchange (COMEX) and the New York Mercantile Exchange (NYMEX) –From concept to execution, ADL has been designed to meet the strictest standards for security, transparency, and accuracy for the storage and handling of precious metals.

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



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



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 all 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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