



Asahi Refining Canada Limited
Modern Slavery Statement
1 April 2023 – 31 March 2024

This Modern Slavery Statement sets out Asahi Refining Canada Limited's commitments to combatting modern slavery and human trafficking in our business and supply chains in line with Canada's Modern Slavery Act of 2023

Introduction

Asahi Refining Canada Limited (ARC or Asahi Refining) is a wholly owned subsidiary of ARE Holdings a company listed on The Tokyo Stock Exchange (ticker number 5857). ARC operates a precious metal refinery in Brampton and a trading office in Toronto, both in the Province of Ontario employing a total of 125 employees (118 in refining and 7 in trading). ARE Holdings purchased the company from Johnson Matthey in 2015 who had previously operated the site for over 50 years.

ARC is fully committed to ensuring that all aspects of our business and supply chains are free from modern slavery and human trafficking. As a part of the precious metal supply chain we understand that we are active in a high risk sector and as such have implemented policies and practices for a number of years to ensure we maintain high ethical standard and integrity in all our business dealings and relationships.

As ARC has a global reach, and we pride ourselves on our reputation for acting with integrity and honesty wherever we do business. We greatly value our reputation and believe that it is one of our many competitive strengths. ARC is dedicated to working with suppliers and with Asahi Refining staff at all levels to limit risk and protect the integrity and reputation of our industry.

As a leader in the precious metals industry, ARC recognizes the unique role that we must play in the development, implementation and continuous improvement of systems designed to detect and prevent commercial activities that contribute to the financing of armed groups, human rights abuses, money laundering, terrorist financing and other illegal activities.



Our Commitments

Regarding serious abuses associated with the extraction, transport or trade of minerals:

It is Asahi Refining's policy to not transact business with any supplier of precious metals that may directly or indirectly finance or benefit from slavery, forced or compulsory labour, human trafficking, torture, worst forms of child labour, other gross human rights violations and abuses such as widespread sexual violence, war crimes or other serious violations of international humanitarian law as well as war crimes, crimes against humanity or genocide.

Regarding direct or indirect support to non-state armed groups:

Asahi Refining will not tolerate any direct or indirect support to non-state armed groups through the extraction, transport, trade, handling or export of minerals. This includes but is not limited to illegally controlling mine sites, or transportation routes, illegal taxation or extortion of money or minerals along routes or at the mine site and includes the illegal taxation or extortion of intermediaries, export companies or international traders.

Regarding public or private security forces:

Asahi Refining recognizes the important role public and private security forces must play in maintaining rule of law at the mine sites and surrounding area, including transportation routes. This includes safeguarding of mine works, facilities and equipment as well as the protection of human rights.

Asahi Refining will support efforts, or takes steps, to engage with local authorities, international organisations to avoid or minimise the exposure of vulnerable groups.

Regarding bribery and fraudulent misrepresentation of the origin of minerals:

Asahi Refining will not offer, promise, give or demand any bribes, and will resist the solicitation of bribes to conceal or disguise the origins of minerals, to misrepresent taxes, fees and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport and export.

Regarding Money Laundering:

It is the policy of Asahi Refining to prohibit the use of its businesses and services for money laundering, terrorist financing or other illegal activities conducted through commercial transactions, including those with suppliers of precious metals. We will support efforts, or take steps, to contribute to the effective elimination of money laundering where we identify a reasonable risk of money-laundering to exist with the Asahi Refining supply chain.

Regarding the payment of taxes, fees and royalties due to government:

ARC will ensure all taxes, fees, and royalties related to mineral extraction, trade and export from conflict-affected and high-risk areas are paid to governments through the verification of client declarations and import and export documentation.

Regarding environment, social and governance:

ARC will endeavour to minimize its environmental impacts and pursue environmentally conscious operations in which an optimal balance can be achieved between environmental practices and economic values.

It is the policy of ARC to not transact business with any supplier of precious metal that has proven to have a direct disregard for environmental rules and regulations within their region or an indirect disregard for knowingly allowing or supporting others within their supply chain to violate regional environmental regulations. This includes but is not limited to:

- Unauthorised extraction of minerals from Protected Areas
- Water stewardship, particularly in water scares or stressed areas
- Storage, handling and disposal of hazardous materials
- Management of labour issues, including remuneration, working hours, collective bargaining, discrimination, diversity, disputes and safeguarding of workers.
- Community engagement and management programmes (land acquisition and community resettlement, cultural heritage sites and indigenous people, closure planning and safeguarding of vulnerable populations).
- Management of business integrity and ethical conduct and supporting the implementation of relevant initiatives such as the Extractive Industry Transparency Initiative (EITI).

Risk management:

Asahi Refining will investigate, suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that a supplier is sourcing from, or linked to, any party committing such abuses as note above and as stated in the OECD Due Diligence Guidance for Responsible Supply Chain of Minerals from Conflict-Affected and High-Risk Areas, Annex II. We operate two risk management processes, firstly during on-boarding and secondly daily automatic screening of counterparties against:

- Sanctions & Enforcements
- Politically Exposed Persons
- Adverse Media

Human Rights:

Even though ARC operates in highly regulated jurisdictions we fully commit to respect Human Rights and in particular the UN Human Rights Guiding Principles for Business and expect our employees, contractors, suppliers and other third parties to also comply.

Governance:

We require that all Asahi employees, contractors, suppliers and other third parties comply with these commitments. Where issues are detected, we will take appropriate measures to protect our integrity and reputation up to and including termination of employment or contracts.

Our Policies on Modern Slavery and Human Trafficking

We uphold stringent internal policies and processes to ensure we conduct our business in an ethical and transparent manner. These policies and programmes support our on-going efforts to identify, prevent and mitigate any risks of modern slavery and human trafficking in our operations or supply chains.

Due Diligence Processes

As a precious metal refiner we are members of two trade bodies, London Bullion Market Association ([LBMA](#)) and The Responsible Jewellery Council ([RJC](#)) both of which operate responsible sourcing programmes aligned with OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. This guidance provides detailed recommendations aimed at helping companies respect human rights and avoid contributing to conflict through their mineral purchasing decisions and practices.

Since 2012 ARC has implemented a responsible sourcing programme which is independently audited annually to ensure compliance with LBMA's responsible sourcing programme and in 2023 we were audited against RJC's Code of Practice and Chain of Custody Standards for the first time.



In September 2022 ARC made a major investment in our compliance program investing almost \$100k on a bespoke on-line due diligence system provided by Ethixbase. The system automatically checks detailed due diligence information on all our existing counterparties from over 11 million advanced risk records and 100,000+ sources daily covering:

- Politically Exposed Persons (PEPS)
- Sanctions, Watchlists & Enforcements
- Terrorism & Trafficking
- Conflict Minerals
- Environmental Crimes
- Human Rights

And over 50 additional risk categories including – Business Crimes, Fraud, Gambling, Identity Theft, Organised Crime, Regulatory Action, Securities Violations and Tax Related Offences.

The Ethixbase system was implemented in a phased approach:

- Phase 1 went live in September 2022 and comprised the daily due diligence checks on existing clients.
- Phase 2 was the addition of the Know Your Customer (KYC) forms for upstream counterparties (mines and recyclers), downstream clients (Banks/traders etc.) and service providers, up to the initial “predictive risk rating” calculation by the system. This went live in February 2023.
- Phase 3 which automated triggering of KYC forms and the final risk calculation after mitigation and review by Asahi’s compliance team was concluded in July 2023.
- Phase 4 comprised adding the specific Modern Slavery Module to the routine due diligence system which was completed in January 2024. This addition allowed ARC to send modern slavery questionnaires (aligned to the requirements of Canada’s Modern Slavery Act) to all upstream and downstream supply chain partners. To date almost 50% have completed and returned the questionnaire.

In the summer of 2023, we created an excel based modern slavery questionnaire aligned to the UN Human Rights Guiding Principles for Business and Canadian Modern Slavery Act which was sent this to all non-metal suppliers where we spent over \$100k annually, covering over 85% of our annual non-metal supply chain spend. Upon return these questionnaires were reviewed by our compliance team.

RISK Assessment and Management

The overarching aim of our compliance system is to minimise supply chain risk by actively managing and monitoring our customer mix. The system is designed to fully comply to the regulations set forth in USA Patriot Act, Dodd-Frank Act, PCMLTFA(Canada), EU's Conflict Minerals Regulation and Canada's Modern Slavery Act. On a day to day basis the program's goal is to actively manage and mitigate the risk of dealing with customers who may potentially expose ARC to money laundering, funding conflict, modern slavery, child and forced labour, human trafficking, other forms of human rights abuses and environmental, social and governance failures.

Training & Awareness

In March 2024 ARC held a series of six one-hour training sessions for all management and employees based in the following departments:

- Customer Services,
- Environment, Health & Safety,
- Accounting,
- General Administration,
- Human Resources,
- Laboratory,
- Metal Control,
- Plant Administration,
- Procurement,
- Project Engineering,
- Security,
- Shipping & Receiving
- IT Systems
- Sales and Trading

This totalled 49 employees, or almost 40% of all employees.

Effectiveness and Performance Indicators

We held four Compliance Committee meetings in the 2023 - 2024 financial year, each meeting included presentations and discussions on the following:



- Responsible Sourcing, including modern slavery, child, forced and bonded labour, supply chain allegations/incidents
- Security
- Environment, Health & Safety

The Compliance Committee has the necessary authority to make decisions and monitor risks in our supply chains. The committee comprises the following:

- Compliance Manager, North America
- President, North America (Executive, Board Member)
- Global Head of Sales (Executive, Board Member)
- Chief Financial Officer (Executive, Board Member)
- Chief Operations Officer (Executive, Board Member)
- Environmental Health and Safety Officer, North America
- Security Manager, North America

The last independent third party of our compliance system programme's effectiveness took place in May 2023 and confirmed our policies and procedures were being effectively implemented and remained robust and fit for purpose.

Confidential Grievance Mechanism

ARC maintains two separate grievance reporting tools, both of which are available to staff with one being solely for external parties. The first is provided via a 3rd party provider and allows Asahi employees to raise grievances or concerns directly to the 3rd party provider who then reports the grievance to the executive level management to investigate (the employee can choose to remain anonymous if they desire) posters are displayed across the refinery in common areas such as the canteen. The Precious Metals Supply Chain Inquiry page is accessible via the Asahi Refining website ([Corporate Responsibility](#)) and can be used as a communication vehicle for basic questions around policy or as a confidential tool for reporting. Clear instructions are provided to ensure those who wish to remain anonymous can do so. Emails sent via the web site reporting tool are directed to the Asahi Compliance Manager to investigate and respond.

Conclusion

Throughout the period 1 April 2023 to 31 March 2024 Asahi Refining Canada has effectively operated a robust programme designed to prevent modern slavery, child, forced and bonded labour and human trafficking in our supply chains. We remain committed to conducting our



business with integrity ensuring that all stakeholders can trust that the products they purchase from us are sourced and delivered in a manner that totally respects the rights and dignity of individuals throughout our supply chains and operations.

Attestation Statement:

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full name Ikuya Hirabayashi

Title President Asahi Refining Canada Limited

Date 14 May 2024

A handwritten signature in blue ink that reads 'Ikuya Hirabayashi'.

Signature

I have the authority to bind 'Asahi Refining Canada Limited