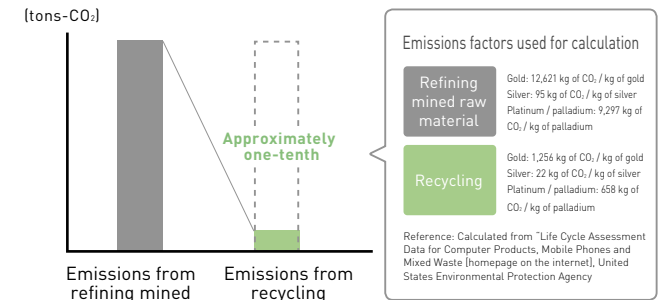


## Environmental Initiatives of the Asahi Holdings Group

The Asahi Holdings Group strives to ensure that its business activities contribute to healthy cyclical use of materials to protect the global environment.

### CO<sub>2</sub> Emissions Reduction from Precious Metals Recycling

The CO<sub>2</sub> emissions reduction benefit from precious metals recycling by the Group is calculated as the emissions from its precious metals recycling deducted from the emissions that would have been produced by refining the same amount of precious metals from mined raw material. By expanding our precious metals recycling, we will also be indirectly contributing to CO<sub>2</sub> emissions reduction.  
[The CO<sub>2</sub> emissions reduction figure does not indicate the level of emissions directly reduced by the Group.]



### Environmental benefit of precious metals recycling

When CO<sub>2</sub> savings are expressed as the amount of greenhouse gases absorbed by forests, it is equal to 22,828 hectares of forest (an area one-third the size of Lake Biwa)  
Note: Calculation was based on the assumption that one cedar tree absorbs 14 kg of CO<sub>2</sub> annually [Source: Forestry Agency of Japan], and 1,700 cedar trees are planted in an area of one ha.

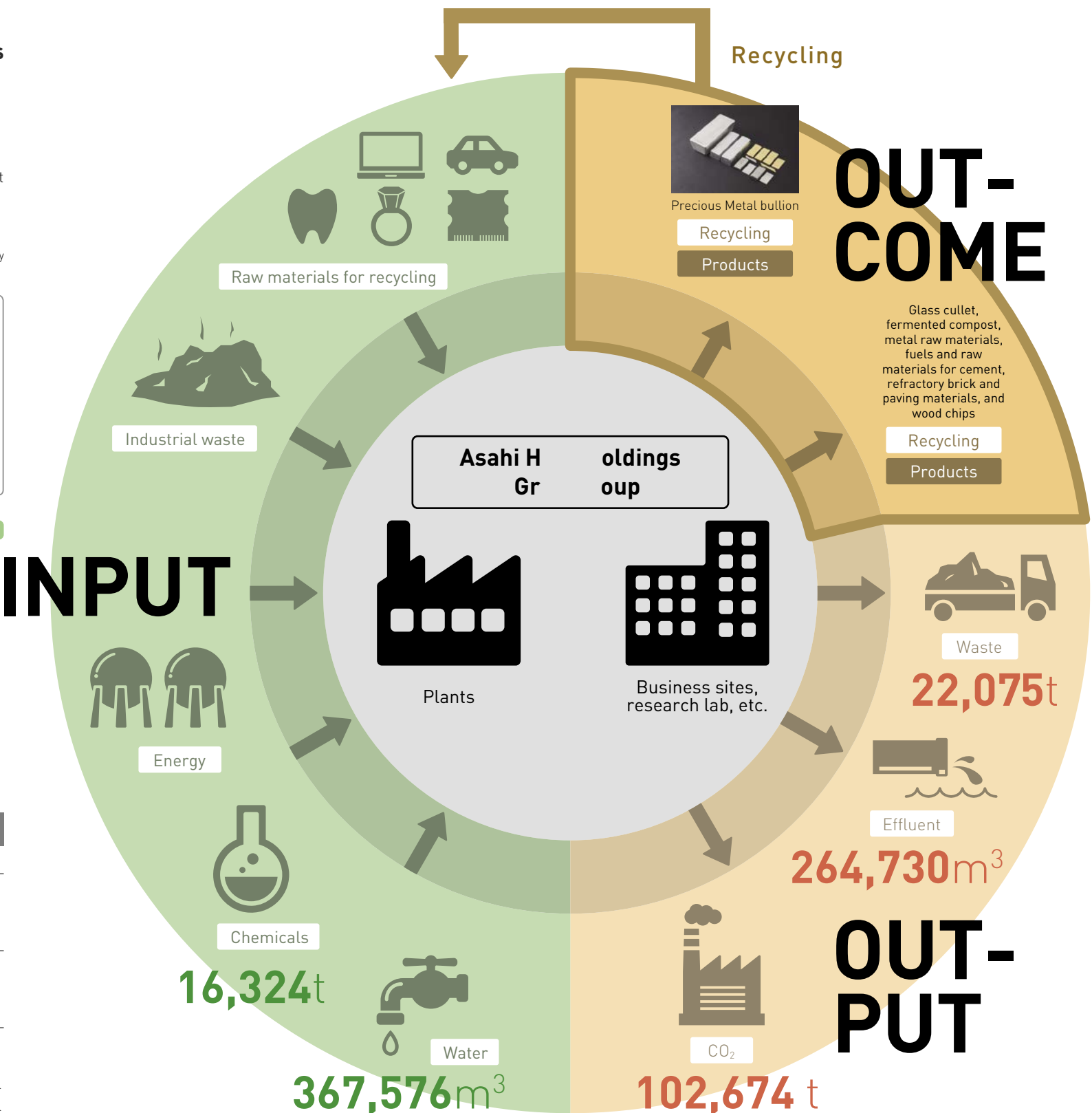


Emissions reduction benefit  
543 thousand tons-CO<sub>2</sub>

### Energy Sources

Electricity	Heavy oil
48.41 million kWh / year	888 kL / year
Kerosene	Light oil
357 kL / year	3,029 kL / year
Gasoline	Urban gas
968 kL / year	2.98 million m <sup>3</sup> / year
LPG	
25 t / year	

Up compared to the previous year  
Down compared to the previous year  
All figures are for FY2020



### Priority SDG-Related Goal

#### Expand precious metals recycling

We will expand our precious metals recycling globally to promote more effective use of limited resources.

Amount of precious metals recycled in FY2020

210 t

### Priority SDG-Related Goal

#### Expand proper industrial waste disposal

We will strive to ensure proper treatment of waste as a waste disposal expert and work to help build a recycling-oriented society.

Amounts of proper industrial waste disposal FY2020 results

Liquid waste	Glass and ceramic waste
85,000 t/year	18,000 t/year
Sludge	Other (Waste reagents, waste plastic, etc.)
105,000 t/year	93,000 t/year
Waste oil	
18,000 t/year	Total 319,000 t/year

### Priority SDG-Related Goal

#### Reduce CO<sub>2</sub> emissions

By fiscal 2030, we aim to reduce CO<sub>2</sub> emissions from energy sources by 50% compared to fiscal 2015.

CO<sub>2</sub> Emissions: FY2020 Results



Compared to FY2015  
12% reduction

**Scope of data**  
Headquarters, sites, sales offices and plants in Japan, as well as Group companies\*, and overseas subsidiaries\* (calculation period: April to March)  
\* The data pertains to consolidated subsidiaries as of March 31, 2021. Data for deconsolidated subsidiaries are subtracted retroactively, while subsidiaries that were previously non-consolidated has been added retroactively, going back to the fiscal year when the subsidiary became consolidated.

# ENVIRONMENT



## Environmental Management

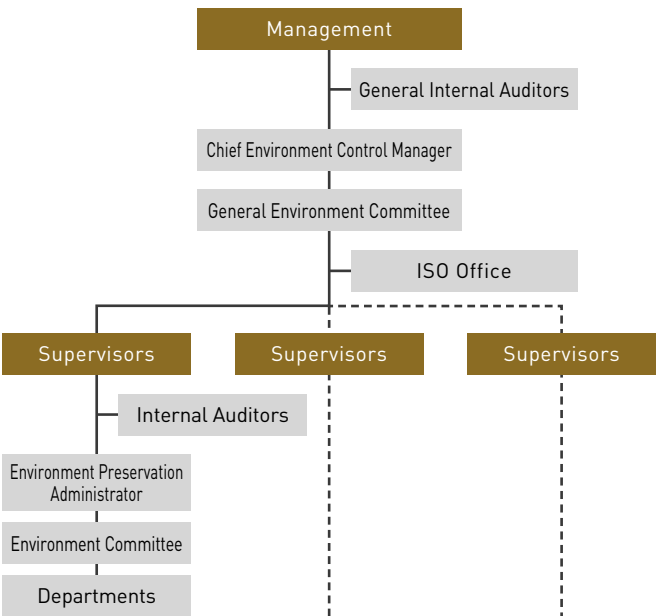
### ISO 14001 Certification

In August 2018, we obtained ISO 14001 certification for our sites in Japan, including those at subsidiaries. As of March 31, 2021, we have achieved certification for 32 sites at 6 companies. Going forward, we will continue to focus on maintenance and improvement activities with an emphasis on extending certification to all sites.



ISO 14001 certificate

### Environmental management structure



### Environmental Management Promotion System

Every year we develop Company-wide Environmental Goals based on our Environmental Policy, which sets out our environmental preservation philosophy. According to the above-established purposes and goals, each ISO 14001 certified site in Japan develops its own Annual Environmental Goals and implements environmental preservation activities closely related to their business tasks. In addition, the Environment Committee of each site deliberates on such matters as compliance with environmental laws and regulations, revisions of plans and environmental education, and provides reports to management.

While the ISO Office controls the environmental management system (EMS), an environmental preservation administrator is also assigned for each site in order to ensure thorough implementation of environmental initiatives.

### Promoting Green Purchasing

The Group strives to help solve serious environmental problems. This includes climate change, which is caused by emissions from mass production, mass consumption, and mass disposal. To help build a sustainable world and protect the global environment, we have established guidelines for green purchasing that comply with Japan's Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities (Green Purchasing Law), which encourages the use of products and services that help reduce environmental impact.

#### Recommended products

- (1) Products contributing to forest protection approved by the Programme for the Endorsement of Forest Certification (PEFC)**
- (2) Products that are certified by the Japan Environmental Association for their low environmental impact and usefulness for environmental conservation**
- (3) Products that meet the criteria for specific procured products under the Green Purchasing Law**
- (4) Products listed as eco-friendly by the Green Purchasing Network**

Going forward, the Group will continue to actively pursue green purchasing. We will carefully conserve limited resources and reduce waste generation, thereby helping to build a recycling-oriented economic system.

※PEFC: Programme for the Endorsement of Forest Certification

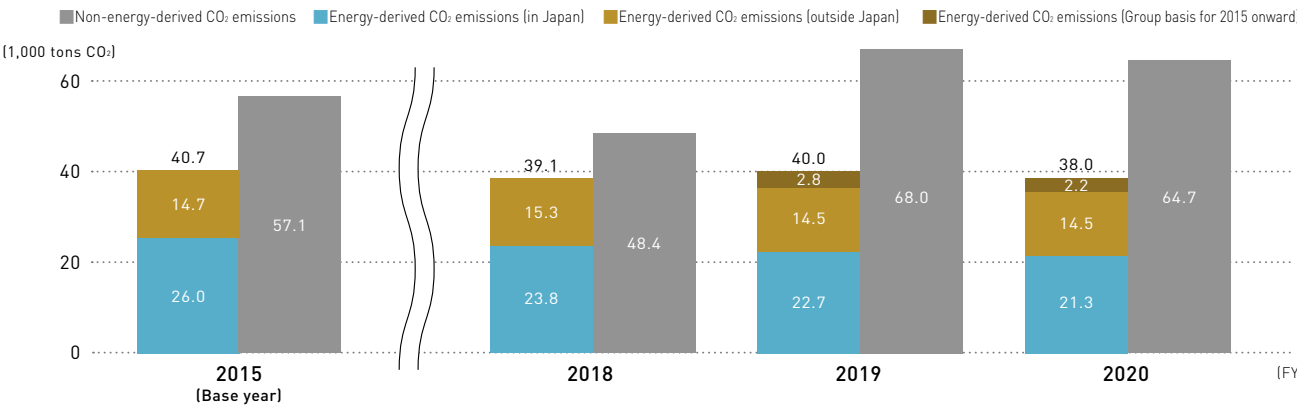


## Climate Change Prevention Initiatives

Priority SDG-Related Goal  
**Reduce CO<sub>2</sub> emissions**



### CO<sub>2</sub> Emission Trends



In fiscal 2019, the Group's total CO<sub>2</sub> emissions were up approximately 3% from fiscal 2015. This does not include the emissions attributed to one site outside Japan that joined the Group in fiscal 2019, as it was not included in the total for the base year.

Breaking down this total, energy-derived CO<sub>2</sub> emissions in Japan were further reduced thanks to energy-saving activities at each site and consumption of self-generated power. This included high-efficiency power generated using exhaust heat from new waste incinerators. Even though emissions by sites outside Japan remained about the same, the worldwide total dropped by approximately 12%.

On the other hand, CO<sub>2</sub> emissions generated through industrial waste incineration were up approximately 13% from fiscal 2015. The Asahi Holdings Group is helping to extend the lifespan of final disposal sites by incinerating waste plastic and drastically reducing its volume. The main reason for the emissions increase was a jump in the amount of waste plastic incinerated after updating incinerators.

The Group has set the reduction of energy-derived CO<sub>2</sub> emissions as one of its Priority SDG-Related Goals. We have been striving to reduce these emissions by 26% by fiscal 2030, compared to fiscal 2015. In response to the Japanese government raising its greenhouse gas reduction targets for fiscal 2030, the Group has also bumped up its reduction target to 50% by fiscal 2030 compared to fiscal 2015. The Group's energy-derived CO<sub>2</sub> emission sources in Japan are electricity and fuel consumption in factories, fuel consumption in commercial vehicles, and electricity consumption in offices. Outside Japan the sources are electricity and fuel consumption in factories and offices. Our non-energy-derived CO<sub>2</sub> emissions come from the incineration of industrial waste.

Asahi Holdings pays particular attention to energy-derived CO<sub>2</sub> emissions and is working hard to achieve its target. At our facilities, we strive to save energy during the operation of air conditioning, lighting and vehicles, and we review our choices concerning electric power providers. At new facilities, we pursue structural energy saving and energy generation, such as power generation from waste heat recovery.

#### Scope of data

Headquarters, sites, sales offices and plants in Japan, as well as Group companies,\* and overseas subsidiaries\* (calculation period: April to March)

\* The data pertains to consolidated subsidiaries as of March 31, 2021. Data for subsidiaries that were previously non-consolidated has been added retroactively, going back to the fiscal year when the subsidiary became consolidated.

#### Calculation method

Energy-derived emissions: Calculated based on the amounts of electricity and fuel consumed at each site (emissions in Japan calculated based on the Act on Promotion of Global Warming Countermeasures, and the Act on the Rational Use of Energy)

Non-energy-derived emissions: Calculated based on the amount of industrial waste incineration

## Issuing Green Bonds for Renewable Energy Adoption

Green bonds are issued to raise funds for a green project with environmental preservation benefits, such as renewable energy or other measures to combat global warming.

On March 31, 2020, Asahi Holdings issued the first green bond in the Japanese non-ferrous metal industry to raise the funds necessary for the adoption of environmentally friendly facilities and equipment. Under the Group's purpose, "Totally Committed to Protecting the Natural Environment and Preserving Resources," we are making a direct contribution to the global goal of ensuring a sustainable planet. Going forward, the entire Group will continue to work toward achieving a sustainable world.

#### Uses of Funds

**Upgrading the incinerator and constructing a new power generation facility at the Kitakyushu Plant of Asahi Pretec Corp.**

**Upgrading the incinerator at the Hibiki Plant of Asahi Pretec Corp.**

**Installing a new incinerator at the Rinkai Plant of Taiyo Chemical Co., Ltd.**

The funds will be used to help promote the following SDGs.







### Initiatives for Responsible Precious Metals Management

The Asahi Holdings Group is engaged in global procurement of the materials from which it recovers precious metals, which are essential for manufacturing products such as electronics, auto parts, and jewelry. We have established a management system that complies with guidance issued by relevant international organizations. As a member of the precious metals supply chain, we promote Responsible Precious Metals Management. This is an important part of fulfilling our social responsibilities for compliance with laws, respect for international norms, human and labor rights, health and safety, environmental preservation, fair trade and ethics.

#### What is Responsible Precious Metals Management?

##### Responsible Sourcing of Minerals

The Dodd-Frank Act was enacted in the United States in 2010 out of concern that mineral resources were being used as sources of funds for armed groups causing conflict and human rights abuses. The act regulates the use of conflict minerals from the Democratic Republic of the Congo and nine surrounding countries. Companies that are publicly listed in the US and which procure tin, tantalum, tungsten, and gold (3TG) are required to carry out due diligence, survey country of origin, and report on the use of any conflict minerals.

The Organization for Economic Co-operation and Development (OECD) has issued Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. This OECD Guidance sets out a five-step framework for companies: (1) establish strong company management systems; (2) identify and assess risks in supply chain; (3) design and implement a strategy to respond to identified risks; (4) carry out independent third-party audits; and (5) report annually on supply chain due diligence.

The Conflict Minerals Regulation also came into effect in the European Union in January 2021. It applies to importers of materials containing 3TG into the EU from conflict and high-risk areas, and they are now required to carry out due diligence in their supply chain. As a result, responsible sourcing of minerals is expanding globally.

##### Responsible Precious Metals Management

Refiners who meet criteria in areas such as quality of products, assaying capability, and responsible sourcing, and which have passed testing procedures, are accredited by the London Bullion Market Association (LBMA) for gold and silver or the London Platinum and Palladium Market (LPPM) for platinum and palladium as good delivery refiners. Asahi Pretec has received Good Delivery accreditation for gold, silver, platinum and palladium, while Asahi Refining (USA and Canada) has received the same for gold and silver. These accreditations ensure the companies are trusted by customers in the global market.

To maintain Good Delivery status, in addition to regular quality and technical testing procedures, good delivery refiners are required to be audited annually by a third-party for the LBMA Responsible Gold and Silver Guidance, and the LPPM Responsible Platinum and Palladium Guidance in compliance with OECD Guidance.

In addition to avoiding conflict minerals, human rights abuses, money laundering, terrorist financing, and fraudulent transactions, the LBMA Guidance also now requires refiners to fulfill their social responsibilities related to the environment and sustainability.

Asahi Pretec and Asahi Refining (USA and Canada) are also accredited by the Responsible Minerals Initiative (RMI) as conflict-free gold refiners that comply with the Responsible Minerals Assurance Process (RMAP).

#### Asahi Holdings Group's Action

Based on the Group's corporate philosophy and code of conduct, the "Asahi Way," we have set out a Responsible Precious Metals Management Policy at Asahi Pretec, and a Precious Metals Procurement Policy at Asahi Refining. We conduct due diligence for suppliers and materials of precious metals in accordance with the LBMA and LPPM guidances, and we practice responsible precious metal procurement.

The compliance status is audited annually by a third party, and then reported to the LBMA and LPPM. These reports are disclosed on our website along with the assurance reports issued by the auditing organizations.

To fulfill one of our Priority SDG-Related Goals, "Supplying precious metals in ways that are friendly to people, society, and the environment," we work to maintain the Asahi brand as a trusted presence that reassures customers all over the world that we practice highly transparent procurement and traceability of raw materials as certified by third parties, and that our precious metals products are made with consideration for human rights and the environment.

Asahi Pretec's Responsible Precious Metals Management Policy → <https://www.asahiprectec.com/responsible-sourcing/>  
Asahi Refining's Precious Metals Procurement Policy → <https://www.asahirefining.com/corporate-responsibility/>

#### Asahi Pretec's Action

Utilizing its sales network that covers all of Japan as well as other sites in Asia, Asahi Pretec collects and recycles recyclable materials containing precious metals from sources such as e-scrap, plating treatment, precision cleaning, catalysts, dentistry and jewelry. By recycling gold, silver, platinum, palladium, and other precious metals that are essential for modern manufacturing, Asahi Pretec is contributing to the effective use of resources and the development of industry.

Asahi Pretec brand is recognized worldwide for its gold, silver, platinum and palladium products. In addition to LBMA and LPPM Good Delivery accreditation, its products have also been accredited as a deliverable brand by futures exchanges such as the Osaka Stock Exchange (OSE) in Japan, as well as the Commodity Exchange (COMEX) and the New York Mercantile Exchange (NYMEX) in the United States.

In July 2019, Asahi Pretec became the first Japanese refiner to obtain the Code of Practices (COP) certification from the Responsible Jewellery Council (RJC)\*. In July 2021, the company also obtained the Chain of Custody (COC) certification.

The RJC COP is a standard for the code of practices such as corporate ethics, legal compliance, human rights, labor rights, environmental conservation, etc. The RJC COC is a standard for the transparency and traceability of raw materials. Asahi Pretec's operations meet the RJC's strict standard for code of practices on ethics, human rights, society, and the environment, due diligence and traceability, and the company will continue to fulfill its responsibilities as a member of the precious metals supply chain.

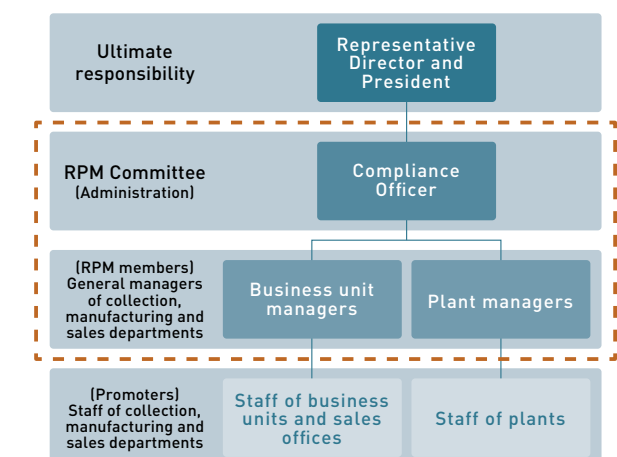
\* RJC: A non-profit organization that promotes transaction transparency and responsible corporate behavior in the jewelry industry. This includes businesses that handle precious metals and diamonds, from mines to retailers.



##### Responsible Precious Metals Management System

Based on our Responsible Precious Metals (RPM) Management Policy, we have established the Responsible Precious Metals Management Committee (RPM Committee) to oversee our RPM management across the Company. The President of Asahi Pretec has ultimate responsibility for our RPM management, and we have appointed a Compliance Officer, who is chairman of the RPM Committee, to manage our RPM. The RPM Committee, chaired by the Compliance Officer, adopts and revises policy, decides on important measures, implements management system, monitors operation status, provides training to employees, and reports to senior management.

We consider any transactions that adversely impact our precious metals supply chain to be high-risk and do not engage in such transactions. Any transactions considered to be risky are deliberated by the RPM Committee, and additional due diligence is carried out as necessary to enhance the management system. In fiscal 2020, no transactions considered to be high risk were identified.



##### Supply Chain Management

Our due diligence process is carried out using a risk-based approach addressing the risks in the precious metals supply chain, such as conflict, compliance with laws, human rights, labor rights, health and safety, and the environment. By communicating with suppliers and conducting know-your-customer questionnaires, we understand the transaction and origin of materials, and we assess risks of suppliers and materials. We sent a consent form to all of our suppliers, requiring them to confirm that they consent to our RPM Management Policy, and we ask them for their understanding and cooperation in responsible precious metals sourcing. We establish relationships of trust with our suppliers and conduct continuous due diligence to mitigate supply chain risk.

- (1) Implementation of due diligence for suppliers (risk assessment based on information such as nature of business, location of business, type of materials, county of origin)
- (2) Communicating our Responsible Precious Metals Management Policy to suppliers
- (3) Recording of transaction and management of traceability
- (4) Providing training to employees on Responsible Precious Metals Management and due diligence
- (5) Monitoring of implementation status and reviewing by management
- (6) Conducting annual independent third-party audit

### Work-Life Balance and Diversity

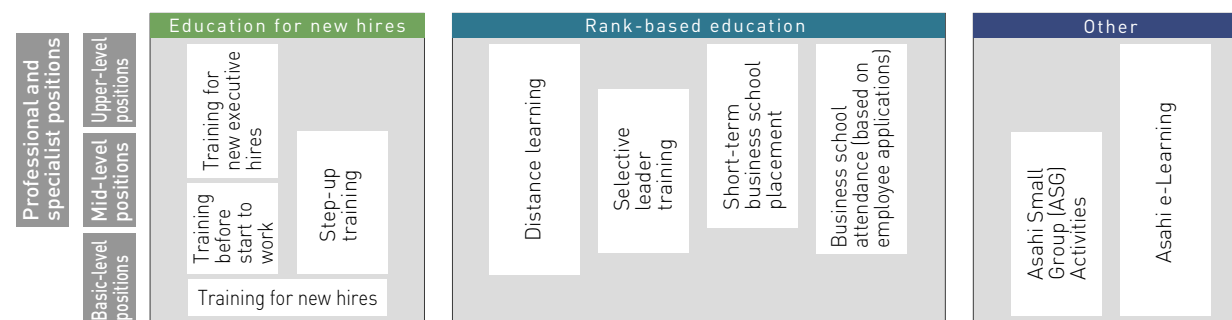
While welcoming workplace diversity, the members of the Asahi Holdings Group respect each other's individuality. We are engaged in various initiatives with the aim of creating inclusive workplaces where all employees can demonstrate their abilities.

Priority SDG-Related Goal		
Enhance work-life balance and promote diversity		
SDG-Related Goal	Targets	FY2020 Results
<b>Thorough implementation of the rest interval system (at least 11 hours rest)</b> We have introduced a system to ensure that employees get at least 11 hours of rest, from the time they leave work, to the time they start work the next day. We are actively striving to promote employee health, which is an asset for the company.	100% achievement each fiscal year	99.9%
<b>Raising the usage rate of Holidays for Refreshment (at least 3 days off)</b> This type of leave provides three consecutive days or more, and the employment rules also allow leaves of five consecutive days. The aim is for employees to reinvigorate their minds and bodies, while realizing stimulating work styles.	100% achievement each fiscal year	99.9%
<b>Increasing the percentage of women in managerial positions</b> The aim is to create a company where women can play an active role in the workplace and fully demonstrate their abilities. We are working to improve our workplaces and raise career planning awareness, so that both men and women can reach their full potential.	Equivalent to the percentage of men in managerial positions by the end of fiscal 2030	Percentage of managers among women: 2.4% (Percentage of managers among men: 19.7%)
<b>Promoting the employment of people with disabilities</b> The company is working to create jobs that are challenging and rewarding for employees with disabilities, thereby allowing them to use their abilities and experience in the workplace.	2.5% or more employment rate of persons with disabilities by the end of fiscal 2030 (statutory level: 2.3%)	1.9%

\* Target for Group companies in Japan

### Human Resource Development

With the aim of developing professional human resources who can operate at a global level, regardless of rank or occupation type, we have implemented our own qualification systems and internal education curriculums. In addition, we are striving to develop human resources who enjoy taking on challenges, using systems that fairly and impartially evaluate each employee's contribution to business performance.



#### Short-Term Business School Placement

This program allows employees to attend business school courses with students from other companies. The aim is to enable them to acquire practical management skills and expand their personal networks.

#### Asahi e-Learning

This is our own internal e-learning program, which is part of efforts to share in-house knowledge across the Group. By using teaching materials and content created by each department, the aim is for participants to deepen their knowledge of company rules and operations, while improving business skills.

### Human Resource Development Initiatives

In a market environment that is changing faster than ever before, the Asahi Holdings Group needs to help meet the needs of society. While constantly pursuing portfolio optimization and efficiency, it must also keep pace with changes such as the progress of today's digital transformation (DX). In order for the Group to continue growing globally amid all kinds of major external changes, it is essential to have a foundation that allows the organization to readily respond to these changes. Ultimately, human resources will determine the strength of that foundation, so we are determined to develop our people to the fullest extent.

We expect our employees to continually transform their thinking and pursue growth. The Group will do its utmost to support the growth of its employees as they take on challenges.

#### (1) Ensuring Performance and Ability-Based Pay

The Group reviewed its evaluation and compensation system, which had been based on age, seniority and past achievements. It has now introduced clear, easy-to-understand qualification requirements and compensation standards, whereby evaluation and compensation are always based on performance and abilities. Regardless of age, employees with talent and ability now have the opportunity to reach higher positions earlier in their career, which can be a driving force for growth.

#### (2) Promotion of Diversity and Inclusion

The Group is prioritizing the promotion of diversity and inclusion. This means developing workplaces where diverse employees are accepted and treated equally. By recognizing, respecting, and accepting each individual's differences, we aim to create a new strength that fuels the Group's growth. Specifically, we are focusing on raising hourly performance, by eliminating unnecessary overtime and recognizing employees who work more efficiently. In this way, we seek to create workplaces that do not require employees to work long hours and do not penalize employees with family responsibilities, such as child or senior caregivers.

The Group will also provide more support for employees to maintain work-life balance. We are promoting flexible work styles, sharing information on childcare, nursing care and health programs, and providing thorough maternity leave guidance for expectant mothers and their workplace superiors. Career advancement support will also be enhanced by improving career training for women. Support will also be given to employees with home care responsibilities, since this is an issue that many more employees are expected to face as society becomes increasingly older.

#### (3) Multifaceted Evaluation for All Executives

With a total of approximately 2,300 employees serving as evaluators, multifaceted evaluations are conducted every year for all executives group-wide (approximately 180 in fiscal 2020). The evaluation criteria include not only business performance and KPI achievement, but also leadership, passion for change, human resource development, ethics, and organizational management. Based on the results of their individual multifaceted evaluations, each executive is interviewed by the directors and the relevant executive officers. The executives receive direct feedback including specific actions and approaches they can adopt to improve their management skills, giving them clear guidelines for further growth.

Through these interviews, top management is committed to assessing each executive and promoting the improvement of their individual management skills.

#### (4) Opportunities for Learning and Challenge-Taking

The Group provides opportunities to employees for further learning and challenge-taking, so that they can play active roles in global operations, while also supporting employee growth for success in a range of new fields. Support is provided for language testing, and manager training programs are offered outside Japan in collaboration with overseas sites. Trainee systems are actively taken on at overseas sites as well.

The Group has also launched the Asahi "Intrepreneur\*" Program (A.I.P). This is an internal venture system for individual employees and teams with new business ideas that have a high probability of success. The program gives these participants the authority and resources to take on the challenge of turning their ideas into profitable ventures. After a team proposes a new business idea to senior management and it is deemed promising, the Intrepreneurs are able to work on commercializing the idea for a certain period of time, and launch the business on their own. This is a way for the Group to discover and develop future business managers internally.

\* "Internal entrepreneur" [employee entrepreneur]







### Relationship with Society

The Asahi Holdings Group has relationships with various stakeholders. We place special emphasis on maintaining good communication with stakeholders and strive to build strong relationships with them.

#### Main Initiatives

##### Ethical Sustainable Jewelry

In recent years, ethical and sustainable jewelry has been gaining attention as products made from materials that are friendly to people, society, and the environment. As a company, we can help solve various environmental and social problems by supplying this kind of jewelry.

Sustainable jewelry is also very suitable for use as special gifts such as engagement rings. This is because consumers appreciate knowing that their piece of jewelry has not negatively impacted the environment or contributed to other social problems.

In recent years, famous jewelry brands have launched products based on a sustainability concept, while brands specializing exclusively in ethical and sustainable jewelry have also emerged. The new trend is even being featured in women's magazines. Asahi Pretec supports the ethical and sustainable jewelry movement by supplying precious metals that are friendly to people, society and the environment.



##### Asahi Clean Project

The Asahi Holdings Group encourages and supports activities in which employees contribute to the SDGs as members of society, such as volunteer activities by individuals and groups, as "Asahi Holdings SDGs Activities." On April 1, 2021, the "Asahi Clean Project" was started to promote activities specializing in cleaning. We are engaged in cleanup activities not only around our offices and sales offices, but also in various areas.



#### Serving Our Customers

Our motto is "the customer comes first," and we mean it. We do all that we can to provide finely tuned responses to the wide-ranging needs of each of our customers.

##### Fair Trade Measures

As part of the Asahi Way, the Code of Conduct of the Asahi Holdings Group prohibits any behavior that impedes fair competition, violates the confidentiality of supplier information and technology, or results in improper benefits. These rules are strictly enforced to ensure compliance with fair business practices and corporate ethics.

##### Quality Assurance System

At Asahi Pretec, quality assurance is positioned as the core department, and it works closely with the sales, technology development, and product manufacturing departments. It shares customer feedback and market trends with these departments and cooperates with them to improve customer satisfaction. In addition, the Asahi Holdings Group maintains ISO 9001 certification to ensure that its products deliver satisfaction and peace of mind to customers. We strive to continuously improve our quality management system and maintain the highest quality possible.

##### Procurement Initiatives

Asahi Pretec has implemented a CSR Procurement Policy. It pertains to the procurement of secondary materials such as chemicals and consumables used in precious metals recycling and the environmental preservation business.

#### CSR Procurement Policy

Procurement is carried out based on the following seven points:

1. Environmental preservation
2. Quality control
3. Fair trade
4. Information security
5. Crisis management
6. Social responsibility
7. Human rights protection and occupational safety and health



Transactions are promoted based on relationships of trust with our business partners. The aim is to improve corporate value for both the company and our business partners.

#### Strengthening Cooperation with Outside Stakeholders

The role of the Group in the circular economy is much like the veins of the human circulatory system, and this role will become even more important in the future. Since our business brings back waste resources from local communities and companies for reuse, we must further strengthen our relationships with those stakeholders. Accordingly, the Group engages in various initiatives, such as those organized by national and local governments as well as industry groups, while conducting its own social contribution and sponsorship activities.

##### Asahi Jewelry Journal

Nowadays, all companies are expected to promote environmental, social and governance activities. The Group also believes it must take its own particular measures such as Responsible Precious Metals Management, and widely share information about them. Asahi Pretec launched the Asahi Jewelry Journal in June 2020 for its partners in the jewelry business. Published on a regular basis, it covers SDG initiatives and other relevant topics.



##### Participating in Social Contribution Activities

As a corporate citizen, the Group carries out social contribution activities rooted in local neighborhoods and environmental preservation. The initiatives are promoted in various ways and are important for remaining an organization that supports local communities.

As part of its social contribution activities, Asahi Pretec participates in the TOOTH FAIRY project, which is jointly run by the Nippon Foundation and the Japan Dental Association. The project promotes the collection and recycling of gold, palladium, and other precious metals that have served their purpose at dental clinics across Japan. Profits obtained from selling the resulting recycled precious metals are used for social contribution activities such as support for children with intractable diseases and their families in Japan and building schools in Myanmar. Asahi Pretec provides support for these activities by recycling the precious metals donated to the TOOTH FAIRY project.



##### Other social contribution activities

**Support for the activities of nonprofits like Médecins du Monde Japon and the Japan Cleft Palate Foundation**

**Food and toy donations**

**Nippon Foundation donations through vending machines, etc.**

#### Pandemic Measures

The Asahi Holdings Group has set up a COVID-19 response headquarters headed by the CEO, to prevent the spread of the new coronavirus among employees and other stakeholders. To ensure that customers can use the Group's services more safely and securely, we have been implementing various safety measures.

In addition to disinfecting hands and wearing masks, we are conducting regular coronavirus antigen tests for employees. The Group will continue to take thorough infectious disease control measures and ensure reliable delivery of services and products.



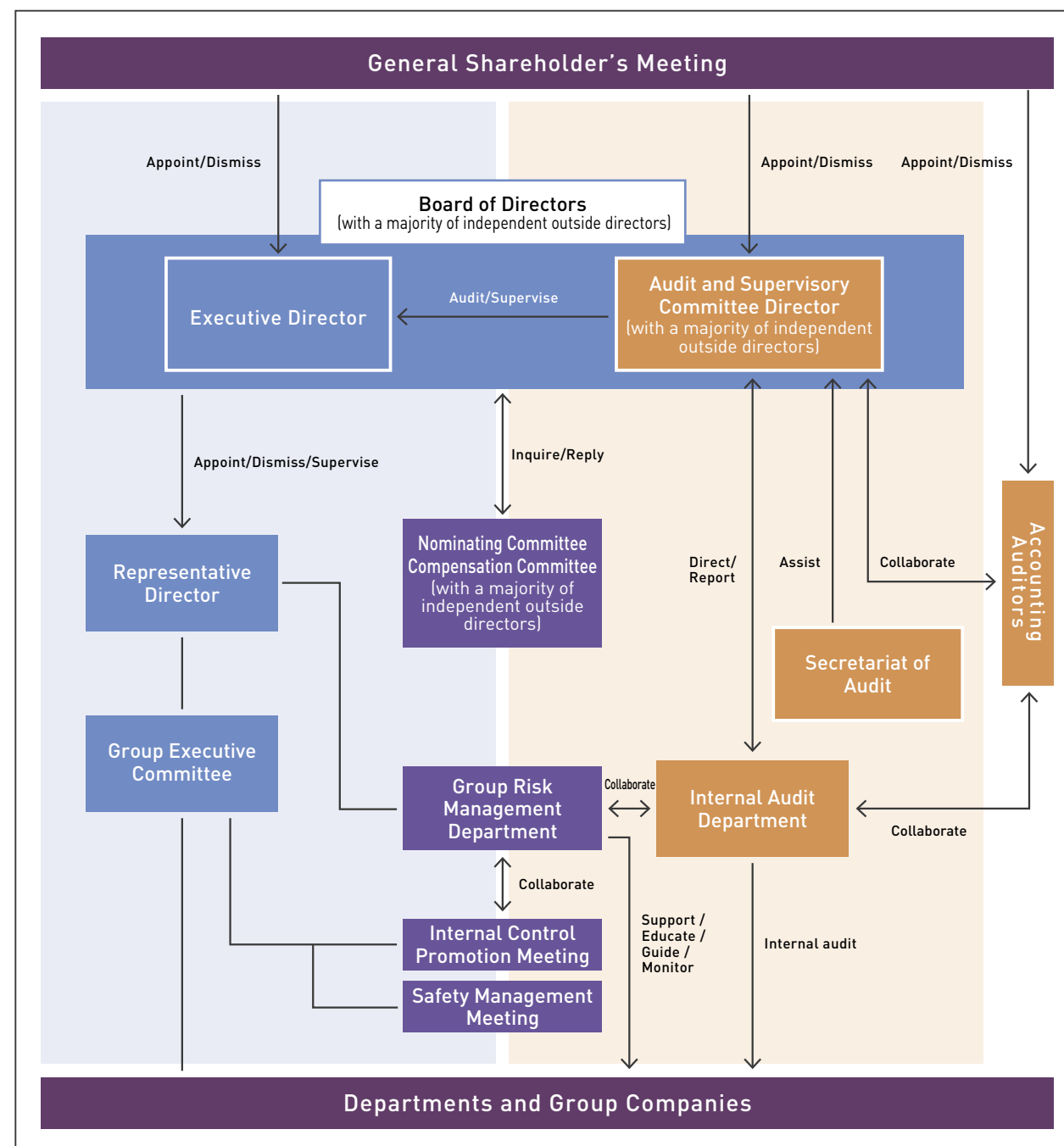
## Corporate Governance

### Basic Corporate Governance Approach

Practicing effective corporate governance is a key part of corporate social responsibility. Good governance enhances management efficiency and transparency, and it helps keep corporate value growing.

The Asahi Holdings Group's practice of corporate governance seeks to earn the confidence of shareholders, business partners, employees, local communities, and other important stakeholders. In addition to fulfilling the social mission and responsibilities of a publicly listed company, we aim to keep growing corporate value by maintaining a corporate governance system that can quickly respond to changes in the business environment while always securing compliance.

### Corporate Governance Structure



### Organization Design

#### Board of Directors

The Board of Directors comprises executive directors who are knowledgeable concerning their respective business, technical or administrative divisions, as well as outside directors with various types of expertise essential to corporate management. To further enhance the objectivity and independence of the Board of Directors and ensure that discussions are active and effective, the majority of members are independent outside directors. The board consists of two executive directors and five Audit and Supervisory Committee members, including four independent outside directors, two of whom are women, for a total of seven board members. All directors share their opinions actively and freely on important subjects such as the Group's management strategies and business plans.

#### Outside Directors

Independence criteria have been established, and independent outside directors with capacity to perform their duties independently from the management of the company have been appointed, taking into consideration their individual backgrounds and relationships with the Group. They attend Board of Directors meetings and fulfill their roles and responsibilities as directors. Whenever possible, they also attend the executive and management committee meetings of Group companies. As part of their wide-ranging activities, the outside directors share their opinions from an independent point of view.

In addition, in order to further strengthen cooperation between independent outside directors and the executive directors and to establish a system that enables smooth communication and coordination, we appointed one of the independent outside directors to serve as the head of the independent outside directors.

#### Audit and Supervisory Committee

Under Japan's Companies Act, Asahi Holdings has elected to be a company with an Audit and Supervisory Committee, and has four independent outside directors.

This structure has strengthened the supervisory function of the Board of Directors. It also delegates important executive decisions to the executive directors for quicker decision-making and improved management efficiency.

#### Nominating and Compensation Committees

A Nominating Committee, consisting of one internal director and two independent outside directors, as well as a Compensation Committee, have been established as advisory bodies to the Board of Directors. The chairpersons of both committees are appointed from among the independent outside directors. The aim is to further enhance corporate governance by ensuring transparency, fairness, and objectivity for the appointment and dismissal of directors and key management team members, as well as for the determination of director remuneration.

#### Group Executive Committee

Important matters delegated to the executive directors are deliberated and decided by the Group Executive Committee. Other matters related to business execution are deliberated and decided by the Group's key company management meeting.

### Adherence to Japan's Corporate Governance Code

The Asahi Holdings Group adheres to all the principles of Japan's Corporate Governance Code formulated by the Tokyo Stock Exchange. We submit Corporate Governance Reports, which provide investors with 78 points of governance information in a standard format, to the Tokyo Stock Exchange, and these are available on our website.

In addition, we have formulated the Asahi Holdings Corporate Governance Policies and are implementing each one to continuously enhance corporate governance.

### Maintaining an Internal Control System

Aiming to reinforce internal controls, we have established an Internal Audit and Supervisory Committee within the Board of Directors. It includes four independent outside directors, and it cooperates with our Audit Department and other related departments.

The Audit Department assesses the appropriateness and effectiveness of operations, while also auditing compliance with laws, regulations, and company rules. It advises and makes recommendations to each department, and promptly reports to senior management. In addition, trained staff in each department conduct internal audits based on an annual plan and report their findings to the Internal Control Promotion Meeting.

### Evaluating the Effectiveness of the Board of Directors

As part of corporate governance enhancement, we are engaged in a continuous process of analyzing and evaluating the effectiveness of the entire Board of Directors as well as in the investigation of improvement measures. The analysis and evaluation for the fiscal year ended March 2021 has been completed.

#### 1. Analysis and evaluation method for the fiscal year ended March 2021

A questionnaire consisting of multiple evaluation items in six categories was distributed to all directors, including directors who are Audit and Supervisory Committee members. Responses were obtained from all directors, and the evaluation results were reported to and examined by the Board of Directors.

##### Questionnaire evaluation categories

- 1) Discussion of main strategies, such as corporate strategy
- 2) Creating an environment that promotes appropriate risk taking
- 3) Execution of highly effective oversight
- 4) Appropriate communication with shareholders
- 5) Composition of the Board of Directors
- 6) Management of the Board of Directors

#### 2. Summary of evaluation results for the fiscal year ended March 2021

The evaluation results are summarized as follows, and they indicate satisfaction in all six categories.

- (1) Discussion of major strategies, such as corporate strategy  
⇒ **Discussion was sufficient.**
- (2) Creating an environment that promotes appropriate risk taking  
⇒ **The system allows the risks associated with business execution to be fully discussed and business was executed with an appropriate level of risk taking.**
- (3) Execution of highly effective oversight  
⇒ **Oversight was highly effective.**
- (4) Appropriate communication with shareholders  
⇒ **Appropriate communication was achieved.**
- (5) Composition of the Board of Directors  
⇒ **The composition is appropriate.**
- (6) Management of the Board of Directors  
⇒ **Sufficient discussion time was taken and discussions were substantial.**

#### 3. Measures to improve effectiveness

By taking the following measures, we will further improve the effectiveness of Board of Directors management and strive to keep strengthening corporate governance.

**Make appropriate advance preparations to ensure even richer discussions on corporate strategy, etc.**

**Increase opportunities to discuss the SDGs as an important management issue and expand constructive dialogue with external stakeholders**

**Expand discussions on risk issues related to important projects and response measures**





Compliance and Risk Management

In order to appropriately manage various apparent and latent risks relating to corporate activities, the Group identifies risks comprehensively, evaluates them, and implements mitigation measures. By implementing risk management, we strive to prevent risk materialization and minimize losses in the event of an incident.

Director Skill Matrix

Name	General executive management skills	Industry knowledge	International experience	Sales	Technology and innovation	Administrative experience	Legal	Finance and accounting
Mitsuharu Terayama Director and Chairman	●	●		●	●			●
Tomoya Higashiura Representative Director, President & CEO	●	●	●	●		●		●
Yuji Kimura Director, Chairman of the Audit and Supervisory Committee	Independent Outside Director	●	●			●		
Kyoko Kanazawa Director, Audit and Supervisory Committee Member	Independent Outside Director		●				●	
Yoshinori Hara Director, Audit and Supervisory Committee Member	Independent Outside Director		●		●			●
Miyoko Kimura Director, Audit and Supervisory Committee Member	Independent Outside Director	●		●				
Mitsutoshi Kagimoto Director, Audit and Supervisory Committee Member	●	●					●	
Amane Kojima Corporate Officer and CFO	●	●	●					●
Hiroyuki Nakanishi Corporate Officer	●	●		●	●			
Nobuo Tajima Corporate Officer	●	●	●					●
Shohei Yasuda Corporate Officer	●	●	●					●

Remuneration for Directors

Policy for Determining the Details of Director Compensation

Remuneration policy determination

The Board of Directors requests the volunteer Compensation Committee, which consists of three board members, including two independent outside directors, to draft a recommendation for remunerating the directors of Asahi Holdings. Based on this recommendation, the Board of Directors determines a policy detailing remuneration for each director.

Overview of the remuneration policy

Director compensation must be within the limits approved by the General Meeting of Shareholders. The Board of Directors determines the specific director compensation policy within these limits, based on the recommendation from the Compensation Committee, which plays an advisory role. The remuneration system is designed to motivate directors to improve the Group's business performance. Their remuneration consists of basic compensation, bonuses, and performance-linked stock-based compensation. However, directors who are Audit and Supervisory Committee members receive only basic compensation.

Total Amount of Director Remuneration

Classification	Total amount of remuneration (million yen)	Total amounts by type of remuneration (million yen)			Number of applicable directors (names)
		Monetary compensation		Monetary compensation	
		Fixed compensation	Performance-linked compensation	Non-monetary remuneration	
Directors excluding those who are Audit and Supervisory Committee members (outside directors only)	163 (0)	86 (0)	54 (0)	22 (0)	4 (0)
Directors who are Audit and Supervisory Committee members (outside directors only)	38 (18)	38 (18)	0 (0)	0 (0)	4 (3)
Total (outside directors only)	201 (18)	124 (18)	54 (0)	22 (0)	8 (3)

Notes	
1. The amount paid to directors (excluding those who are Audit and Supervisory Committee members) does not include employee salaries for directors who also serve in employee positions.	
2. The indicator used for performance-linked compensation (bonus and performance-linked stock-based compensation) is consolidated operating profit, which is considered to be the most suitable management index for profits earned by the main business. The fiscal 2020 result was 25,126 million yen. The performance-linked compensation (bonuses) is calculated by first multiplying the consolidated operating profit for the relevant fiscal year by a certain ratio to calculate the total amount for all directors including the directors of Asahi Holdings subsidiaries. The amounts for each director are then determined according to the weighting for each position and the degree of individual contribution to business performance.	
3. Performance-linked stock-based compensation is a non-monetary compensation system in which Asahi Holdings shares are awarded to eligible directors according to their position and performance target achievement rates. Since the purpose is to provide incentive to improve corporate value over the medium and long term, allocation points are awarded according to the achievement rate of the performance target, namely consolidated operating profit each fiscal year. Those who were enrolled as of May 31, 2021 after the completion of the 8th Medium-Term Management Plan are eligible for the award. At the 9th Annual General Meeting of Shareholders held on June 19, 2018, continuation of the performance-linked stock-based compensation system was approved. The shareholders also approved the number of allocation points to be awarded to directors in their positions for the three years from fiscal 2018 to 2020, not including outside directors, part-time directors, and Audit and Supervisory Committee members. The performance-linked coefficients are provided below.	
Performance target achievement rate	Performance-linked coefficient
100%	1.0
50% or more	0.5
Less than 50%	0
4. At the 6th Annual General Meeting of Shareholders held on June 16, 2015, the monetary compensation for directors (excluding those who are Audit and Supervisory Committee members) was established at a total of no more than 200 million yen per year. (This does not include, however, employee salaries for directors who also serve in employee positions.) The number of directors (excluding those who were Audit and Supervisory Committee members) at the end of that general meeting was five.	
5. Also at the 6th Annual General Meeting of Shareholders, the amount of monetary compensation for directors who are Audit and Supervisory Committee members was established at a total of no more than 100 million yen per year. The number of directors who were Audit and Supervisory Committee members at the end of that general meeting was four.	
6. At the 9th Annual General Meeting of Shareholders held on June 19, 2018, continuation of the performance-linked stock-based compensation system was approved. In addition to the above monetary compensation level, the amount and details of remuneration was determined for Asahi Holdings directors (excluding directors who were Audit and Supervisory Committee members or outside directors) who were in their positions for the three years from fiscal 2018 to 2020. At the end of the general meeting, the number of directors (excluding directors who were Audit and Supervisory Committee members or outside directors) was five.	

Compliance

We consider compliance a priority issue in delivering fair business activities and ensuring legal compliance and high ethical standards. Particularly, operations related to appropriate processing of wastes are based on environmental laws and regulations as well as governmental licenses, and each and every employee is required always to act with a highly compliant mindset. We are conducting activities to raise the legal compliance awareness of each and every employee through education and mutual communication, along with rules and manuals related to compliance.

Business Continuity Management (BCM)

Various factors such as large-scale disasters entail the risk of impairing the functions needed for business continuity. As an action plan to achieve quick restoration of mission-critical functions even after a disaster, we created a business continuity plan (BCP). In addition to the BCP, we are conducting systematic business continuity management activities to constantly improve the BCP and business continuity endeavors.

Information Security

The laptops and tablets used by the Group's sales force are equipped with the latest security measures. Even if a device is lost or stolen, the possibility of information leakage is virtually zero thanks to technology such as remote data wiping.

Internal Reporting System (Whistle-Blowing System)

To quickly identify and resolve problems such as unlawful and unjust behavior, we have set up the Asahi Hotline. All employees in and outside of Japan can directly report to either an internal desk or an external law firm anonymously. We take corrective actions to address the reported matters after investigation, without revealing the identity of the disclosing or disclosed parties.

Avoiding All Interactions with Organized Crime and other Anti-Social Forces

The following statement is part of our Corporate Governance Policies, and is understood by all our executives and employees. "We will never have any relationship, including business relationships, with anti-social forces which threaten the social order and sound corporate activities. In the event of an illegal request, we will take a firm attitude and respond to it organizationally in accordance with the laws and internal rules."

Anti-Corruption Measures

As part of our Group Philosophy, the Asahi Way, we have a ten-point Code of Conduct. One of these points states that "we refrain from providing or receiving meals or gifts in pursuit of personal benefit." Group employees ensure that they do not engage in any transactions that could result in bribery, such as providing some benefit to a business partner or competitor for personal gain. Moreover, Asahi Pretec, which manages the Group's Precious Metals Business, has established a Responsible Precious Metals Management Policy. It has declared and implemented a policy of avoiding transactions that could result in money laundering or fraudulent transactions in the precious metals supply chain. Asahi Pretec also conducts employee education on this topic on a regular basis.





Director Profiles

Group-Wide Oversight and Auditing by Directors

Asahi Holdings has established a system to appropriately oversee and audit Group companies from every angle to ensure these businesses are always operating properly. Important executive decisions for Group companies are carefully deliberated and made by the Group Executive Committee, attended by directors of Asahi Holdings, Inc., and its Group companies. Particularly important matters are submitted to the Asahi Holdings Board of Directors for determination. Directors who are Audit and Supervisory Committee members also participate in the management meetings of Group companies and actively provide input. The management situation and sales activities of Group companies are regularly reported to the Board of Directors of Asahi Holdings. In addition, the company's Audit Department audits Group companies on a regular basis and whenever required, and the resulting audit reports are shared with the Audit and Supervisory Committee and relevant departments.

Improving Group Risk Management

As compliance is essential to maintaining trustworthy corporate activities, the Group ensures legal compliance and thorough adherence to corporate ethics among its members. While developing human resources that embrace innovation and challenge-taking by continuously expanding the types of challenges they undertake, the Group must also recognize the increasingly diverse needs and values of society. To pursue sustainable growth going forward, the Group must not only comply with laws and regulations, but also enhance management of all kinds of risks. While risk management is practiced at each business location, management standard-setting and location monitoring must be performed independently. Recognizing this, Asahi Holdings decided to enhance its organizational structure, by introducing a unified management framework

for the Group. The Audit Department was placed under the Audit and Supervisory Committee to ensure a fully independent organization for confirming and monitoring business execution. We have also set up the Legal Department to bolster the framework for minimizing various legal risks at business locations. In this way, we have been further enhancing our risk management system.

Group Risk Management Department Created

On April 1, 2021, a Group Risk Management Department was created to properly identify potential risks in the Group's business execution processes and business structures. It was established to evaluate risks in business activities and implement mitigation measures across the Group. The department implements compliance risk management for each business unit and strives to ensure appropriate governance in collaboration with the Audit Department. We have also established a compliance and safety system under which we hold Internal Control Meetings and Safety Management Meetings regularly to prevent risks from materializing.

Strengthening Risk Management in the North American Business

In our North American business, we are working to establish a model to expand our business into related areas, using refining as a platform. In particular, we will continue to aggressively promote financial services such as "advance trading," and we will also develop new financial products. To do this, we will first need to establish strong mechanisms to ascertain and monitor credit risk of business partners. In addition, identity verification (know-your-customer / KYC) procedures are becoming increasingly important to prevent the funding of organized crime and terrorism. Accordingly, we will work to strengthen credit risk management of business partners and enhance systems at individual sites as we promote the expansion of our North American business, which is one of our growth drivers.



**Mitsuharu Terayama** (Born March 10, 1940)  
**Profile**  
Apr 1964 : Joined Kuraray Co., Ltd.  
Jul 1973 : Joined Asahi Pretec Corp.  
May 1981 : Appointed Representative Director and President of Asahi Pretec Corp.  
Apr 2009 : Appointed Representative Director and President of Asahi Holdings, Inc.  
Jun 2014 : Appointed Representative Director, President and Chairman of Asahi Holdings, Inc.  
Apr 2018 : Appointed Representative Director, Chairman of Asahi Holdings, Inc.  
Jun 2020 : Appointed Director and Chairman of Asahi Holdings, Inc. (to present)



**Tomoya Higashiura** (Born January 26, 1961)  
**Profile**  
Apr 1984 : Joined NEC Corporation  
Feb 2001 : Joined Asahi Pretec Corp.  
Jun 2006 : Appointed Director of Asahi Pretec Corp.  
Apr 2011 : Appointed Director of Asahi Holdings, Inc.  
Jun 2014 : Appointed Representative Director and President of Asahi Pretec Corp.  
Apr 2017 : Appointed Representative Director and President of Asahi Americas Holdings, Inc.  
Apr 2018 : Appointed Director of Asahi Pretec Corp. (to present)  
Apr 2018 : Appointed Representative Director and President of Asahi Holdings, Inc.  
Jun 2020 : Appointed Representative Director, President & CEO of Asahi Holdings, Inc. (to present)

Audit and Supervisory Committee Members



**Yuji Kimura** (Born July 23, 1955)  
**Profile**  
Apr 1979 : Joined the Environment Agency  
Jul 2006 : Appointed General Manager of Industrial Waste Management Division, Waste Management and Recycling Department of the Ministry of the Environment  
Aug 2010 : Appointed Director-General of Kyoto Mechanism Business Promotion Department of New Energy and Industrial Technology Development Organization  
Jul 2012 : Appointed Director-General of Hakodate Customs, Ministry of Finance Japan  
Oct 2014 : Appointed Executive Director and General Manager of Tokyo Office, Global Environment Centre Foundation (to present)  
Jun 2017 : Appointed Independent Outside Director (serving as Audit and Supervisory Committee Member) of Asahi Holdings, Inc.  
Jun 2021 : Appointed Head of Independent Outside Director (serving as Chairman of Audit and Supervisory Committee) of Asahi Holdings, Inc. (to present)



**Kyoko Kanazawa** (Born October 11, 1965)  
**Profile**  
Apr 1989 : Joined Fuji Research Institute Corporation  
Apr 2000 : Registered as attorney / Joined Hata & Co. Law Offices (to present)  
Jun 2017 : Appointed Independent Outside Director (serving as Audit and Supervisory Committee Member) of Asahi Holdings, Inc. (to present)



**Yoshinori Hara** (Born July 21, 1958)  
**Profile**  
Apr 1983 : Joined NEC Corporation  
Aug 1990 : Became a Visiting Researcher, Stanford University  
Jul 2004 : Supervised NEC's Kansai Research Laboratories  
Apr 2006 : Professor of Graduate School of Management, Kyoto University (to present)  
Apr 2018 : Dean of Graduate School of Management, Kyoto University  
Jun 2019 : Appointed Independent Outside Director (serving as Audit and Supervisory Committee Member) of Asahi Holdings, Inc. (to present)



**Miyoko Kimura** (Born June 12, 1964)  
**Profile**  
Apr 1988 : Joined PLUS Corporation  
May 1999 : Joined ASKUL Corporation  
Feb 2010 : Appointed Representative Director and President of ASMARU Corporation  
May 2017 : Appointed Chief Marketing Officer (CMO), Executive Officer, Executive Officer of Life Creation Unit and Value Creation Center Unit, B-to-C Company of ASKUL Corporation  
Mar 2020 : Appointed Director, Supervisor of Merchandising Unit, Chief Marketing Officer (CMO), Executive Officer of ASKUL Corporation  
May 2021 : Appointed Director in charge of branding, designing and supplier relations of ASKUL Corporation (to present)  
Jun 2021 : Appointed Independent Outside Director of Asahi Holdings, Inc. (serving as Audit and Supervisory Committee Member) (to present)



**Mitsutoshi Kagimoto** (Born June 15, 1958)  
**Profile**  
Apr 1984 : Joined Teijin Limited  
Feb 2006 : Joined Asahi Pretec Corp.  
Mar 2009 : Appointed Assistant General Manager of Kitakanto Office of Asahi Pretec Corp.  
Dec 2009 : Appointed Representative Director and President of JW Glass Recycling Co., Ltd.  
Apr 2013 : Appointed General Manager of Purchasing Division of INTER CENTRAL, INC.  
Oct 2015 : Appointed General Manager of Audit and Supervisory Committee Secretariat of Asahi Holdings, Inc.  
Jun 2021 : Appointed Director of Asahi Holdings, Inc. (serving as Audit and Supervisory Committee Member) (to present)

[As of June 15, 2021]