



FY 2022-2023 Compliance Report LBMA Responsible Gold and Silver Guidance

Foreword

Asahi Refining North America “Asahi”, a wholly owned subsidiary of Asahi Holdings Inc., is a leading precious metal refiner, trader, and bullion product manufacturer. The company maintains LBMA-certified London Good Delivery List refineries in Salt Lake City, Utah, USA and Brampton, Ontario, Canada. Additionally, the company operates a full-service precious metals minting and carbon treatment facility in Florida, USA, a trading team based in Toronto and is in the process of opening a depository near New York. The businesses serve a global client base from the mining, recycling, banking and bullion trading industries.

As a leader in the precious metals industry, Asahi Refining recognizes the unique opportunity that it 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, other illegal activities and increasingly address wider ESG risks, publishing our first sustainability report in 2022.

Throughout 2022/23 Asahi Refining engaged and invested in projects designed to scope, analyze, and provide solutions for increased transparency and responsibility within the global gold and silver supply chain. In the audit period we expended considerable resource trying to source approximately 300K ASM gold from South America but were ultimately unsuccessful as the supplier chose an alternative route to market that required “lighter” due diligence.

As an LBMA Good Delivery Refiner, Asahi Refining, monitors the source of all precious metals accepted into our Salt Lake City and Brampton refineries to ensure that we comply with LBMA’s Responsible Gold Guidance (RGG) and Responsible Silver Guidance which are based on the OECD Due Diligence Guidance as well as Swiss and US KYC, Anti-Money Laundering and Combatting Terrorist Financing regulations and the recent EU Conflict Minerals Legislation and in this audit cycle a rapidly evolving sanctions landscape.

Covid-19 continued to impact our ability to travel to some South American countries, however as borders started to open up in and travel became easier we were able to complete our site audit programs and have caught up on the backlog generated in the hiatus of the last two years.

In the 2022-2023 reporting period we managed to travel to industry events most notably attending IPMI & LBMA’s conferences. It remains the hope of all Asahi staff that throughout 2023 we will further strengthen relationships with counterparties via site meetings and attendance at industry events.

The following compliance report illustrates Asahi Refining’s continuous improvement activities within the time period of April 1, 2022 to March 31, 2023.

Table 1: Refiner's details

Refiner:	Asahi Refining USA Inc
Location:	SLC, Utah, USA
Reporting Year-end:	31 March 2023
Date of Report:	5 April 2023
Audit Date	2 & 3 May 2023
Senior Manager Responsible:	Shohei Yasuda, President, North America Shohei.yasuda@asahirefining.com

Asahi Refining's Evaluation

The following tables highlights how Asahi Refining USA has addressed the minimum requirements that must be satisfied by Refiners in accordance with the LBMA Responsible Gold and Silver Guidance to demonstrate compliance.

Table 2: Summary of activities undertaken to demonstrate compliance

Step 1: Establish strong company management systems

Asahi Refining has complied with Step 1.

Adopt and commit to a policy for gold (and silver) supply chain due diligence

Asahi Refining updated its Procurement Policies in throughout 2022 and into 2023. The Precious Metal Procurement Policy was updated to reflect changes in LBMA's Responsible Sourcing Programme most recently in March 2023. This was uploaded to the company website (www.asahirefining.com) in a couple of days later. The new policy is formatted in three sections:

Scope

- The businesses the policy covers
- The aims and objectives of the policy
- A high-level description of the Asahi's commitments
- A summary of the fundamentals of our management systems.

Commitments

- Regarding serious abuses associated with the extraction, transport or trade of minerals
- Regarding direct or indirect support to non-state armed groups
- Regarding public or private security forces
- Regarding bribery and fraudulent misrepresentation of the origin of minerals
- Regarding Money Laundering
- Regarding the payment of taxes, fees and royalties due to government
- Regarding ESG

Governance

- Confirmation that all Asahi employees, contractors, suppliers and other third parties comply with this policy
- Where issues are detected will take appropriate measures to protect our integrity and reputation

Copies of this policy are included in our KYC pack, which organizations must sign to acknowledge their compliance with our requirements, unless they have policies in place that conform with our requirements (for example policies aligned with World Gold Council's Responsible Gold Mining Principles or as a minimum are consistent with the OECD Annex II).

Establish management structures to support supply chain due diligence

The Senior Manager Precious Metal Supply Chain Assurance has been designated as Compliance Manager since May 2021 and is responsible for managing Asahi Refining's compliance program. The Compliance Manager, splits his time between the Trading Office in Downtown Toronto, and the Brampton and Salt Lake City refineries. Our Compliance Analyst relocated to Mexico in late 2021 and as a native Spanish speaker he performs the majority of Asahi Refining's mine and secondary client site audits. The Compliance Manager continues to have a direct reporting line to the President, and decisions on supply chain and due diligence are discussed via quarterly Compliance Committee meetings as well as on an ad-hoc basis if issues arise. Four meetings occurred during the 2022/3 audit period (June, September, December 2022 and March 2023). The Compliance Committee has the necessary authority to make decisions and monitors 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)
- Director of Finance (Executive, Board Member)
- Chief Operations Officer (Executive, Board Member)
- Environmental Health and Safety Officer, North America
- Security Manager, North America

For the meeting to be quorate a minimum of 4 people must attend either in person or virtually.

Following independent legal advice, the scope of the compliance committee meeting agendas broadened significantly throughout this reporting period meeting covering:

- Responsible Sourcing
- Security
- Environment, Health & Safety

The Asahi Compliance team has the necessary resources to support and monitor the due diligence process. In October 2021 we advised the then software provider that we would not be renewing our subscription and this duly lapsed in October 2022 with the new system going live on 23 September 2022. In preparation for the change of provider Asahi Refining made a major investment in its compliance program investing almost \$100k in a bespoke on-line due diligence system provided by Ethixbase ([link](#)) Ethixbase was founded in 2011 and currently operates in nine locations globally. 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 coverage offered by EthiXbase is closely aligned with the expanded requirements of RGG V9, covering gaps in ESG that were present in our previous system. Additionally the system has a “human element” that removes false positives prior to any reports being submitted to Asahi. The EthiXbase system is being 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 KYC forms for mined, recycled, ASM, Banks/traders, products and logistics companies, and the initial “predictive risk rating” calculation by the system, which went live in February 2023. Phase 3 started at the end of March 2023 and will complete the implementation as it automates triggering of KYC forms and allows the final risk calculation after mitigation and review by Asahi’s compliance team. This is due for completion by the end of July 2023.

Establish a gold (and silver) traceability system.

The Senior Manager Precious Metal Supply Chain Assurance oversees the administration of Asahi’s responsible gold and silver programs. Asahi Refining has a strong, well-established material traceability system for each client and lot received. Our system can pull client lot details dating back to the inception of the system. Date received, size and type of lot, transportation routes and method, weights, assay results, settlement data and description of lot are all included and stored indefinitely on the system. We are currently upgrading the Universe system to a new “NAV” platform which will remove a lot of manual data entry. This combined with the EthiXbase system will ensure consistency between compliance and production systems. Documentation is reviewed for each incoming lot to ensure compliance with both our internal handling procedures and our external supply chain procedures. All relevant staff received refresher training of the requirements of our traceability systems, transaction monitoring and whistleblowing policies and procedures in the period covered by this report.

Asahi maintains a detailed compliance file for each of its clients. These files contain the KYC documentation completed by the client, corporate documents, such as articles or business licenses, permits or concessions, information regarding beneficial ownership and copy of ID’s. Company policies, procedures, statements, financial records, media reports and a separate file dedicated to the due diligence information found during the onboarding process. In some cases these files may also include media reports and copies of emails between Asahi and the client.

Asahi ensures traceability via the initial onboarding process, during the relationship management between sales, compliance and client as well as the assay lot identification and tracking.



Prior to 2023 we used a manual system to on-board customers, we would send out PDF forms to be completed and returned however this resulted in many problems:

- Clients not completing every section
- Clients not attaching copies of relevant documentation (permits etc.)

So in 2023 we switched to an on-line platform so forms are now completed on-line and prospective clients can't leave sections blank or proceed to the next section without uploading the required evidence

This system is a bespoke compliance software package provided by "EthiXbase" and as well as replacing the manual KYC system it also replaces the previous routine monitoring service:

- Receiving far fewer hits as false positives are being removed before transmission to us
- Security provider KYC also going onto the platform.

All customers have been registered, completed KYC and assessed for initial risk (perceived risk), but we still need to complete re-risk (phase III) of implementation which is due for completion by the end of July 2023.

When Asahi on boards a new client the traceability of the material to the mine is determined, recorded and verified. The verification process may include general knowledge of a known historical mine or a site visit for a lessor known mine located in a high-risk location or CAHRA. The Asahi traceability system maintains and analysis a wealth of detailed information from all historical shipments. This allows Asahi to compare and review historical data to ensure it aligns with shipping volumes, assay results and allows for red flag identification should historical mine site data change.

Historically Asahi has completed in person training with staff, but as we emerged from covid Asahi formalised a hybrid working model for many office-based employees so this is not always possible therefore we continue to complete refresher training at Salt Lake City by the 3rd party master control training system. This allowed staff to take the training at their own pace, answer the test and receive a pass or fail grade. The system allowed for easy tracking of who has completed the training and who was struggling. This training is provided to staff who have care and control of product and/or the ability to identify a red flag before the metal is comingled with other product. As an example: employees in sales, customer service, metal control, finance, shipping, production supervisors and management all receive the specific compliance training. However, employees working in Maintenance and Engineering do not. Of the 41 people identified 100% successfully completed the training before the end of March 2023.

This year's training focussed on the significant changes and expansion in scope resulting from the transition from RGG V8 to RGG V9 to ensure all relevant employees were aware of the new requirements and details of the new EthiXbase compliance process.

Strengthen company engagement with Gold (and silver) supplying counterparties

During the audit period Asahi maintained its history of strong communication and relationship engagement with all of its existing and prospective clients and the wider industry as a whole. Some examples are as follows:

- During this reporting period we updated our contracts to include additional wording around disclosure of information to LBMA and relevant authorities as and when appropriate, so that all new contracts and those up for renewal are aligned with RGG V9. As a result we had frequent



email exchanges and calls with counterparties explaining the rationale behind the additional contract clauses.

- Our compliance manager took part in a panel session at LBMA’s conference outlining Asahi’s approach to transitioning from RGG V8 to RGG V9.
- In the audit period we expended considerable resource working with a country’s central bank, government department in charge of gold exports and a consultancy specialising in developing sustainable, valuable and equitable minerals value chains trying to source approximately 300K ASM gold from South America but were ultimately unsuccessful as the counterparty chose an alternative refining partner that required “lighter” due diligence.
- President Biden issued a new Executive Order on 24 October 2022 EO 14088 establish the current US sanctions framework regarding Nicaragua, administered by the US Treasury Department’s Office of Foreign Assets Control (“OFAC”). This expands EO 13851 issued in 2018:
 - Asahi has regular business with 2 mines in Nicaragua., our business with these mines remains unaffected by EO14088.
 - We have spoken to The State department several times and kept them aware of our situation.
 - We sought specialist legal advice and they advised we can continue to trade with our existing counterparties. As a result of this legal analysis and additional KYC which confirmed management/board of these mines are not listed, we are continuing to trade with our existing counterparties. It should be noted these sanctions are manly applicable to ASM sourcing from Nicaragua
 - On January 31 we participated in a round table event hosted by Ambassador James O’Brien, head of the Office of Sanctions Coordination, The Principal Deputy Assistant Secretary for African Affairs, The Deputy Assistant Secretary for Counter Threat Finance and Sanctions, and various officials from the Department of State and other agencies concerning the following issues in the gold sector:
 - current sanctions on the gold sector, including with respect Russia, the Central African Republic/Sudan/Mali and the Wagner Group, as well as the Democratic Republic of the Congo, Nicaragua, and others;
 - approaches to compliance with current sanctions and related risks by downstream actors; and
 - other related supply chain issues including recycling standards and artisanal mining and development.

During the audit period Asahi changed its on-boarding process and has added the updated Precious Metal Procurement policy to the pack sent to all potential new customers requesting they sign and acknowledge the policy, or alternatively provide Asahi their own procurement policy.

Establish a confidential grievance mechanism

Asahi Refining 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 chose to remain anonymous if they desire) posters are displayed across the refinery an in common areas such as the canteen. The Precious Metals Supply Chain Inquiry page is accessible via the Asahi Refining website (<https://www.asahirefining.com/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 the Asahi Compliance Manager to investigate and respond.

Throughout the 2022/2023 audit period we received over 20 general enquiries via our website reporting tool about supplying gold/silver to Asahi.

We also received two grievances via this mechanism:

Firstly we were contacted by an individual alleging malpractice in operations in a Peruvian Organisation claiming the mine in question “does not comply with the social responsibility policy, leaving us to pay a large sum of money for food service to its staff.” After a brief internal review it was clear that neither the company nor this particular mine site were clients of ours and this was communicated back to the whistleblower.

Secondly, we were contacted by an NGO Bufete Estudios Para la Dignidad or Witness for Peace and Solidarity over a long running dispute concerning the relocation of a cemetery neighboring Aura Minerals Inc’s. San Andres mine in Honduras. We have engaged directly with the NGO’s representatives and offered them the opportunity to provide additional information and documentation in support their allegations.

We also engaged with Aura’s Mineral’s executive team and whist they very strongly refute the allegations they are actively assisting Asahi’s review of the facts.

Additionally. Asahi informed LBMA of the allegations in accordance with our responsible sourcing policies.

Finally we issued a public statement in February which can be found [here](#). The review process is still on-going at the time of writing this report.

Step 2: Identify and assess risks in the supply chain

Asahi Refining has complied with Step 2.

Conduct supply chain due diligence to identify potential risks

As a leader in the precious metals industry, Asahi Refining recognizes the unique opportunity that we have to 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, illegal activities as well as wider ESG concerns. Asahi Refining works



with our suppliers of 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.

Asahi utilizes a seven-step process to on board clients, assess risk and continuous monitoring. Those steps are as follows:

Initial contact screening – in this step the sales team will have open dialog with a prospective client, asking leading questions to determine the legitimacy of the business. During this step a client may be sent a Prospective Client Declaration (PCD) form to allow Asahi to capture basic details about the company and the proposed business. The PCD is returned to Executive Management within the sales team who review the documentation and decide as to whether or not the business is a potential fit for Asahi. If the business is deemed a possible fit for Asahi, the sales team will pass the file to Compliance to proceed further with the compliance process. During the audit period Asahi Refining Sales team determined a number of prospective clients were not an acceptable fit and did not forward the clients on to compliance for step 2

Disclosure & KYC screening – In this 2nd step potential clients are asked to fill out, sign and return the Asahi know your customer (KYC) document. This document was updated at the start of 2022 to reflect the changes made in the transition to RGG V9. Until the start of 2022 when RGG V9 came into force Asahi had stricter requirements around beneficial owners than required by LBMA as our threshold already stood at 10%. At this point potential clients are also asked to sign off on the Asahi Refining Precious Metals Procurement Policy. Potential clients are asked to provide copies of ID's for beneficial owners identified on the KYC, as well as operational documents such as mining permits, articles of incorporation and concessions. Permits for other items such as sanitation and water use are also requested along with policies pertaining to environmental, human rights, health and safety as well as AML. This should not be considered a complete list and can vary based on type of business and location.

Due Diligence screening – The 3rd step is largely a research step. Using the provided client information as a starting point, Asahi will verify the information while continuing to gather more using the potential client's website and basic internet searches. Once the compliance team has gathered all the appropriate information and is satisfied with a good understanding of the potential business, a third-party screening software is then utilized. The annual subscription software provides Asahi will a tool to screen beneficial owners and top management against hundreds of global watch lists. The software also allows for Asahi to gather basic information on the company that can also be used to verify the information provided by the client. Typically, the software returns detailed reports of the company's financials, officers and executives, ownership shares, company structure and affiliated companies as well as any adverse media regarding the company or individual that were searched.

Risk Assessment – Asahi has developed a risk matrix's by which all potential clients are scored. It contains fifteen categories that are each scored from 0 to 4. Certain categories such as "country risk" carry a heavier weight on the scoring. Potential clients will receive a score and based on the score they are deemed to be "LOW RISK" "MEDIUM RISK" or "HIGH RISK". This score is now calculated via the Ethixbase system and during the audit period all existing clients were added. A "hypothetical" example is shown below:



Intake Form Fields	Country Risk (CAHRA)	Human Rights (Record)	Material Source	Identified High Risk Category	Transport Risk (CAHRA)	Human Rights (Country)	Environmental record	Ownership Type	Corporate Structure	Asahi Relationship	Offshore Banking	Other	Digital Footprint	Age of Company	Metal Reserves
Answers	Philippines (the)	No indication of issues	Small scale (formalized)	No	Philippines (the)	Philippines	Environmental related issues reported. Fines issued, confirmed cases proven in court of law	Private ownership with strong corporate structure, traded on minor exchange	US	Known to Asahi via industry	Cayman Islands	Not Applicable	Negative media or complete lack of available info on line	10 plus years	Hard rock mining in country with known limited reserves
Preliminary Score	3	1	2	0	3	3	3	2	1	2	2	0	3	1	3
Part I	15														
Part II	24														
Part III	7														
	3 066666667														
PRI	HIGH														

Enhanced Due Diligence – All potential clients who are deemed Medium or High risk at the completion of the Risk Assessment step will require enhanced due diligence. Which could include a combination of Desk top audit or on-site audit. Typically, Medium risk clients will have a desktop rather than site audit

Enhanced Due diligence for high-risk clients will always include a site visit. These audits are very detailed, follow the LBMA Toolkit documentation and include a detailed site tour, a review of health and safety, review of environmental impacts, interviews with management and front line staff, review of permits, signage, security, workers sleeping areas and when possible Asahi will try to engage with locals in the community to hear their feedback on the mining operation.

Final Approval is again based on the risk assessment. Potential clients who are deemed low risk can be approved by the compliance team. Potential clients who are deemed High Risk must be approved by Compliance, Sales and the President of Asahi Refining, North America. This will include a detailed discussion of the potential client and any associated risks. If the Compliance team and the President are not in complete agreeance on the approval/or denial the file will be discussed with the Compliance committee and if needed a vote can occur, however the president has the right to deny a potential client even if the committee votes to add them as a client.

Ongoing Monitoring – Asahi subscribes to a 3rd party service provider to manage the daily monitoring of all Asahi clients. The software will check company and beneficial owners’ (reduced from 25% to 10%) against global watchlists (including sanctions) and databases every 24 hours. An email is sent to the Asahi compliance team once the report is verified by the Ethixbase support team. These reports are reviewed and escalated if necessary.

On-boarding isn’t the end of our due diligence checks, transaction monitoring occurs continuously as highlighted below:

- Checking volumes, types and concentrations of material for consistency with previous shipments
- Monitoring the actual transportation routing for each shipment
- Verifying physical shipment against shipping/transportation documents (assays, weights, serial numbers)
- Confirming that documents and materials are consistent with each other (purchase order, goods receipt, invoice) and with the KYC information (mine capacity, origin, sources).

Where material inconsistencies or suspicions are identified the following actions are taken:

- The gold/silver should be physically segregated and secured (until the inconsistencies are resolved)
- A thorough review is undertaken and documented
- Findings are reported to the Compliance Officer, who informs the Board and appropriate authorities, as applicable.

Classify supply chains based on risk profiles

Asahi continues to assess risk on an ongoing basis via 24 hour monitoring of adverse media through Ethixbase, the confidential grievance tool, review of daily shipments received from clients that can be compared to historical data to compare key analytics and via more traditional methods, such as industry experts, client self-reporting and on site visits by Asahi personal.

Undertake enhanced due diligence measures for high risk supply chains

Asahi's internal procedures for undertaking compliance checks on clients varies based on the client risk rating and location, we improved the risk rating process in 2021 to reflect the EU's CAHRA regional approach rather than assigning a blanket risk by country and again in 2022 to reflect the changes in RGG V9. This allowed us to target our site audit program and focus on counterparties who were correctly identified as being in a high-risk region or engaged in a high-risk activity (Location risk and material risk).

Asahi Refining uses a range of independent sources when assessing the risk of a country or region, these include, but are not limited to:

Objective Measures

Reference Document	CAHRA Threshold
Sanctions lists (US, UK, EU, UN, and relevant sanctions lists)	
Dodd Frank section 1502	DRC plus covered countries
EU CAHRA list	Regions listed on www.cahralist
Heidelberg Barometer	Area or region ranked as 4 or 5
Fragile States Index	Score > 90

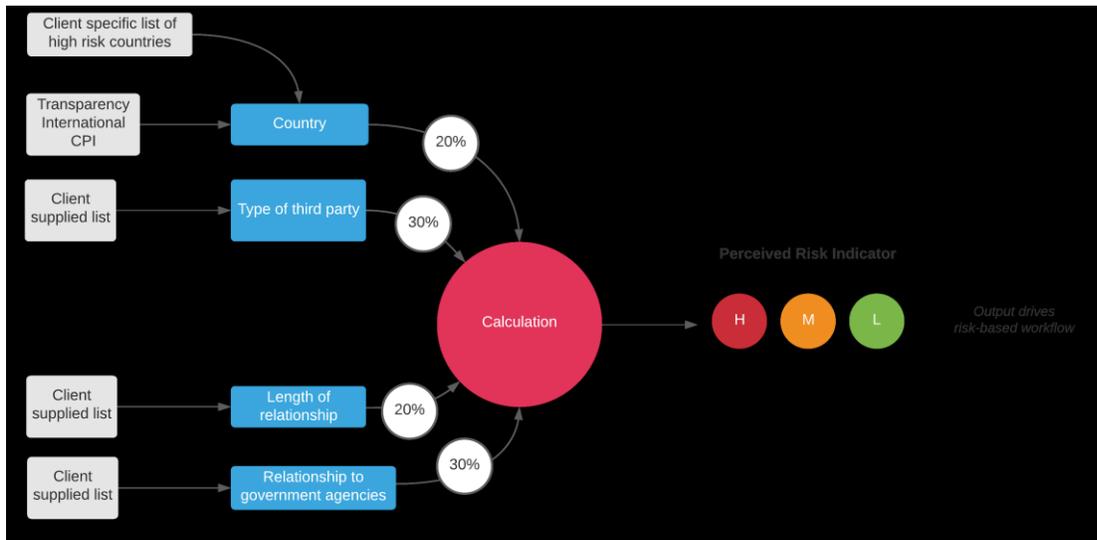
Subjective Measures

To add more context to the objective data provided by the sources listed above and to generate a greater understanding of the risks associated with a country or region Asahi Refining reviews the following sources:

- UN Human Rights Office of the High Commissioner
- Reports (including relevant country reports) by the Financial Action Task Force (FATF)
- Credible market intelligence

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When assessing the material risk Asahi uses the relevant KYC Form from LBMA’s Toolkit. As highlighted previously these used to be sent out as PDF’s but we recently moved this to an on-line system. The system automatically reviews the responses against information provided by Asahi and calculates a “Perceived Risk” – see below for an illustrative example:



This will determine the frequency of checks and type of check which could be completed via email and phone communications, desktop review or as an in-person site visit. In total Asahi USA Inc. has 17 high-risk suppliers in total, and in the past financial year we performed 12 on-site in person audits despite covid restrictions still being in force in many South American countries at the start of the reporting period, however all of them have been visited at least once during the past 3 years as per the site audit procedure .

When we originally set out the specification for the EthiXbase platform we provided the developers with our risk rating scoring methodology which included a weighted average calculation to assign risk, therefore even though a country could have regions designated by the EU as CAHRA’s this wouldn’t necessarily have resulted in the counterparty defaulting to high risk as the “country” was only one of thirteen factors. During the audit this was spotted by our auditor. In the short term we implemented a temporary fix where we went into the system and manually adjusted risk ratings where necessary.

The software fix has already been implemented and tested, by EthiXbase and Asahi confirming that even if the overall risk rating is medium the entity is automatically elevated to high risk because of the country risk rating

Asahi USA has clients operating in Conflict Affected High Risk Area’s (CAHRA) and has six high risk suppliers based in Mexico states that the EU classifies as CAHRA’s. None of the other CAHRA Countries/states/regions supply Asahi USA.

Step 3: Design and implement a management system to respond to identified risks.

Asahi Refining has complied with Step 3.

Where appropriate, information gathered, and actual and potential risk identified in the supply chain risk assessment is communicated to Senior Management. While conversations with Sr management around Risk and Risk Mitigation are a common occurrence in the Asahi operation not all examples are documented, however it should be noted that the Compliance Committee maintains three executive board level members. In addition to this the President of Asahi Refining North America must approve all new accounts deemed high risk. During the audit period the compliance committee met four times.

Devise a risk management strategy for identified risk.

The Asahi Refining compliance policies and procedures outline the protocol where a risk is identified on a current client. The policy outlines a three-step process. Once risk is identified it is discussed with the Asahi Compliance Committee. The Committee will objectively listen to the known facts and determine whether Asahi should:

- 1) Continue business while investigating claims
- 2) Suspend business and receive no further shipments while investigating claims
- 3) Disengage from the client

During the previous audit year Asahi had two situations requiring review (highlighted earlier in this report) one was closed immediately and in accordance with the risk mitigation strategy the second case remains on-going.

Asahi Refining has developed a specific risk mitigation procedure for its highest risk secondary material clients. Whilst the appropriate relationship manager visits each client on a regular basis to discuss responsible procurement practices and survey the client on any related business changes, independent audits are now performed by the compliance analyst so that there is no potential for internal Asahi conflicts of interest.

Monitor the improvement plan

Asahi Refining senior management regularly review actions and issues arising from our due diligence system for the gold and silver supply chains. As part of our continuous improvement plan, and as we roll out compliance with RGG V9, we will continue to strengthen the documentation process of how we have followed these procedures including communication with existing clients.

Step 4: Arrange for an independent third-party audit of the supply chain due diligence.

Asahi Refining has complied with Step 4.

Asahi Refining has engaged the services of RCS Global, an LBMA approved assurance provider, to provide a reasonable level of assurance over this Report.

RCS representatives arrive on site in SLC, Utah on 2 May 2023 to audit the refiner activities and transactions that occurred between April 1st, 2022 and March 31st, 2023.

Step 5: Report on supply chain due diligence

Asahi Refining has complied with Step 5.

Asahi Refining has published its LBMA Responsible Gold and Silver Independent Assurance Reports along with its relevant policies in the 'about us' section on its website www.asahirefining.com. These reports are also available in the "group quality" section at www.asahiholdings.com.

Management conclusion

Asahi Refining is in compliance with the requirements of the LBMA Responsible Gold Guidance and the LBMA Responsible Silver Guidance for the year April 1, 2022 to March 31, 2023 except for two minor issues:

- Risk assessment methodology was not fully aligned to current RGGV9, however this was corrected during the audit
- Unintentional and non-systematic mistakes were found in the list of 100 transactions sampled by the auditor (one mistake in the country of origin) and risk matrix. Asahi is in the process of updating the material control system (moving from Universe to NAV) that will reduce the need for manual data entry and hence help to reduce manual mistakes.

Asahi remains committed to developing a continuous improvement model to refine management systems, policies and procedures throughout 2023 and beyond.



Shohei Yasuda
President
Asahi Refining, North America