

## Totally Committed to Protecting the Natural Environment and Preserving Resources

This slogan was coined in 1978 based on an employee suggestion. Four decades later, it still remains a valued expression of our mission.

## Contents

Corporate Group Overview ..... 01

### About Asahi Holdings

Group Philosophy ..... 02

Message from the CEO ..... 03

The 8th Medium-Term Business Plan (FY2018–FY2020) ..... 04

History of the Asahi Holdings Group ..... 06

At a Glance ..... 08

Strength of the Asahi Holdings Group ..... 09

Value Creation by the Asahi Holdings Group ..... 10

The SDGs at Asahi Holdings ..... 12

### Business Segments of the

#### Asahi Holdings Group

Precious Metals Business ..... 14

Environmental Preservation Business ..... 20

### ESG Initiatives

#### G GOVERNANCE

Corporate Governance ..... 26

Risk Management ..... 28

Officer Profiles ..... 29

#### E ENVIRONMENT

Environmental Initiatives of the Asahi Holdings Group ..... 30

Environmental Management ..... 32

Climate Change Prevention Initiatives ..... 33

#### S SOCIETY

Work-Life Balance and Diversity ..... 34

Health and Productivity Management ..... 35

Human Resource Development ..... 35

Communication with Stakeholders ..... 36

Group Company Structure ..... 39

Financial and Non-Financial Data ..... 40

#### About the Group's Logo

The Group's logo uses a spiral shape as a motif to signify the corporate stance in seeking "environmental preservation through recycling," a main feature of its business; the logo also indicates continuity and growth. The arrows pointing upward and downward symbolize Asahi Holdings as an advanced, cutting-edge company. The three colors of blue, red and green each respectively signify "clean water and sky," "the energy of people carrying out activities" and "beautiful nature and forests."



#### Editorial Policy

This report provides an overview of the activities and operations of Asahi Holdings, Inc., with a focus on the company's measures to address social issues through its business activities. It has been prepared as a way for the Asahi Holdings Group to communicate with a broad range of stakeholders and explain the kind of value it is working to create. By presenting specific group activities and initiatives, the report also serves as a company profile.

#### Report Period

April 1, 2019 to March 31, 2020

#### Scope

In principle, this report covers the entire Asahi Holdings Group, including Asahi Holdings, Inc. and its consolidated subsidiaries.

#### Numbers and Graphs

The figures shown here are rounded to the nearest hundred million yen. Due to this rounding, totals may not agree with the constituent figures shown. The Group adopted the International Financial Reporting Standards (IFRS) in fiscal 2016, and each reporting item name basically follows the IFRS guidelines. The financial figures for fiscal 2015 are also shown based on IFRS.

#### Note on Future Prospects

In addition to past and current facts about the Group, this report includes forecasts based on strategies, outlooks, and business plans. These forecasts were created based on information available at the time of writing. Therefore, it is important to note that actual performance and results may differ greatly from any forecasts presented here, and depend to a large extent on future changes in the business environment.

### Asahi Holdings, Inc.

Established: July 1952  
 Incorporated: April 2009  
 Capital: 7,790 million yen  
 Representative Director: Tomoya Higashiura  
 Head Office: Nissay Sannomiya Building 16F 4-4-17 Kano-cho, Chuo-ku, Kobe, Hyogo 650-0001 Japan  
 TEL: +81-78-333-5633 FAX: +81-78-333-5681  
 Sapia Tower 11F 1-7-12 Marunouchi, Chiyoda-ku, Tokyo 100-0005 Japan  
 TEL: +81-3-6270-1833 FAX: +81-3-6270-1859

Number of employees (consolidated): 1,574 (As of March 31, 2020)  
 URL: <https://www.asahiholdings.com/english/>

### Asahi Pretec Corp.

Business Activities: Precious metals recycling, industrial waste management and other environmental preservation activities  
 Representative Director: Hiroyuki Nakanishi  
 Headquarters: Nissay Sannomiya Building 16F 4-4-17 Kano-cho, Chuo-ku, Kobe, Hyogo 650-0001 Japan  
 TEL: +81-78-333-5600 FAX: +81-78-333-5681  
 Sapia Tower 11F 1-7-12 Marunouchi, Chiyoda-ku, Tokyo 100-0005 Japan  
 TEL: +81-3-6270-1820 FAX: +81-3-6270-1825  
 URL: <https://www.asahipretec.com/> (Japanese Only)

### Precious Metals Recycling Business

#### Domestic Business Locations

Research Laboratory: Technical Research Center (Kobe)  
 Plants: Saitama, Nagano, Amagasaki, Kobe, Technical Research Center, Ehime, Kitakyushu, Kitakyushu Hibiki, Fukuoka  
 Business offices: Sapporo, Aomori, Sendai, Niigata, Kitakanto, Kanto, Yokohama, Kofu, Nagano, Shizuoka, Nagoya, Hokuriku, Hanshin, Kobe, Okayama, Hiroshima, Shikoku, Kitakyushu, Fukuoka, Kagoshima, Okinawa

#### Subsidiaries

ASAHI G&S SDN. BHD. (Malaysia)  
 Asahi Pretec Korea Co., Ltd.  
 Asahi Pretec Medical Support Co., Ltd.

### Environmental Preservation Business

#### Domestic Business Locations

Sapporo, Aomori, Sendai, Kitakanto, Saitama, Yokohama, Shonan, Shizuoka, Nagoya, Hokuriku, Kobe, Okayama, Hiroshima, Kitakyushu, Fukuoka, Okinawa

#### Subsidiaries

JW Chemitech Co., Ltd.  
 Nihon Chemitech Logitem Co., Ltd.  
 JW Glass Recycling Co., Ltd.  
 Taiyo Chemical Co., Ltd.  
 Fuji Rozai Co., Ltd.  
 Inter Central, Inc.



Kobe Head Office



Tokyo Head Office

### Asahi Americas Holdings, Inc.

Business Line: North America gold & silver refining business  
 Representative Director: Tomoya Higashiura  
 Headquarters: Sapia Tower 11F 1-7-12 Marunouchi, Chiyoda-ku, Tokyo 100-0005 Japan  
 TEL: +81-3-6895-1900 FAX: +81-3-6270-1859

#### Subsidiaries

Asahi Refining USA Inc.  
 Asahi Refining Canada Ltd.  
 Asahi Refining Florida LLC

[As of June 16, 2020]

## Group Philosophy

The Asahi Holdings Group has established the Asahi Way as a set of values for all employees. The Asahi Way is made up of Our Credo, Our Corporate Values, Our Employee Principles, and the Group Code of Conduct. The Asahi Way drives the Group's sustainable growth and improves corporate value over the medium to long term, and directors and management executives take the lead by serving as role models who put it into practice.

## The Asahi Way

“Totally Committed to Protecting the Natural Environment and Preserving Resources”

### Our Credo

We conserve limited natural resources, preserve the global environment, and support human health.

### Our Employee Principles

Innovate and embrace challenges  
Put safety first  
Maintain high quality  
Promptly report (especially bad news)  
Build trust and connection

### Our Corporate Values

#### Cooperation with stakeholders

We constantly seek to earn even greater trust from shareholders, customers, business partners, employees, and local communities as we work to preserve the natural environment.

#### Corporate governance with a balance of protective and proactive measures

We boldly promote growth strategies and business reform while securing transparency in decision-making and properly managing risk.

#### No growth without profit

We realize long-term improvement of shareholder value by ensuring the entire group grows and is profitable.

#### Trusted corporate brand

We aim to be widely recognized as an exemplary corporate group and to build a brand that will be trusted over many years.

#### Addressing diverse risks

We strive to minimize risks and avert disasters by taking daily safety measures in workplaces and by constantly working to prevent accidents.

#### Highly motivated employees

We promote work-life balance for employees and continuously improve working environments and conditions.

#### Strong sense of mission and high ethical standards

We strive to be an organization where employees take pride in their own work and executives maintain a strong sense of mission and high ethical standards.

#### Being a company of good people

We value good employees over the long-term; our vision of a “good employee” is a person who is not self-centered and who contributes to mutual prosperity and the development of the business.

### The Asahi Holdings Group Code of Conduct

- #1 We comply with all laws and regulations
- #2 We respect the dictates of social norms and our own conscience
- #3 We treat everyone equally, regardless of age, gender, nationality, race, religion, or other characteristics
- #4 We refrain from conducting any political or religious activities in the workplace
- #5 We treat customers with sincerity
- #6 We practice fair competition and optimal decision-making when selecting business partners
- #7 We respect the confidential information obtained through our work and avoid disclosing it externally
- #8 We refrain from providing or receiving meals or gifts in pursuit of personal benefit
- #9 We act for the greater good, not for personal or affiliated parties' gain
- #10 We focus on the actual sites, actual things, and actual facts

## Message from the CEO

In fiscal 2019 (the year ended March 31, 2020), consolidated operating income exceeded 20 billion yen, surpassing the full-year earnings forecast released in May 2019 and the interim fiscal year goals of the 8th Medium-Term Business Plan released in May 2018. This was the third straight year of record-setting profit.

As part of our efforts to further improve business results, we have been steadily updating our business portfolio based on changes in the markets for each business as well as the internal and external resource situations. As a recent example, in March of this year, we transferred a 60% stake in Fuji Medical Instruments Mfg. Co., Ltd., a consolidated subsidiary, to Johnson Health Tech Co., Ltd. of Taiwan. Currently, we are concentrating our management resources on the Precious Metals and Environmental Preservation businesses, in order to focus on rapid realization of the strategies for both segments.

In fiscal 2019, we worked to accomplish our performance targets while striving to contribute to achievement of the SDGs. Specifically, we set priority SDG-related goals based on our Sustainability Vision and worked to achieve each goal. As part of this effort, the Asahi Holdings Group carried out the first green bond issuance (privately placed bonds) in both the non-ferrous metal industry and the industrial resource recycling business in Japan. We are using the funds raised to install eco-friendly facilities and equipment.

The Group is also promoting health and productivity management based on the conviction that the physical and mental health of every employee is a primary management concern. We have been providing enhanced medical examinations that exceed the legal requirements, and the employee participation rate is very high. We have also implemented a system to ensure that employees get a rest interval of at least 11 hours from the time they finish work, to the time they begin work the next day. In March 2020, based on recognition of these initiatives, we acquired certification from the Ministry of Economy, Trade and Industry as a 2020 Certified Health & Productivity Management Outstanding Organization.

The outlook for the global economy is very uncertain given the current COVID-19 pandemic, and there is growing unpredictability for business operations. We are striving to overcome this unprecedented social crisis by staying unified as a group in order to reward all our stakeholders through both business development and social impact. I appreciate your continued support for the Asahi Holdings Group.



**Tomoya Higashiura**

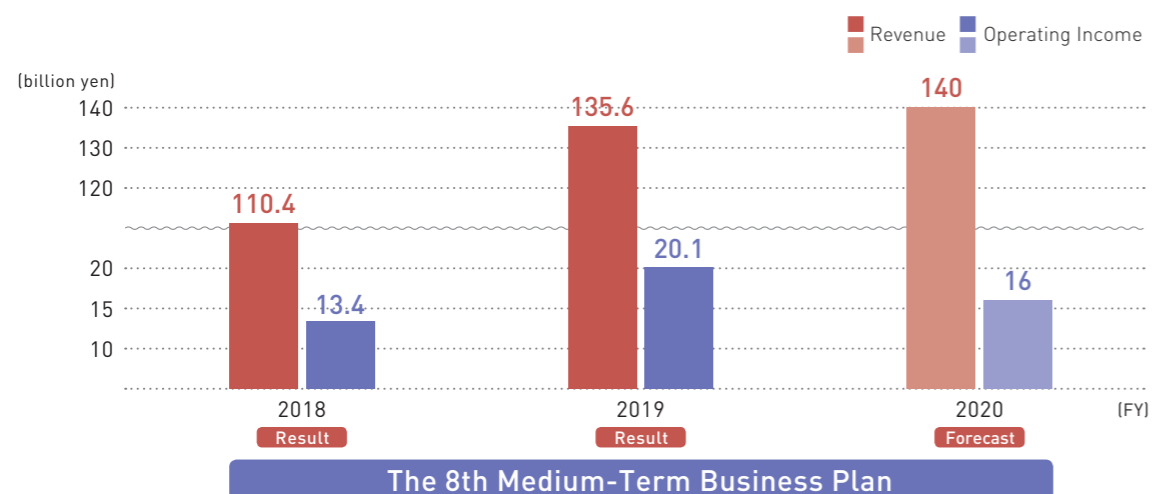
Representative Director, President & CEO  
June 2020

# The 8th Medium-Term Business Plan (FY2018-FY2020)

## Company Slogan

Building a global company that pursues originality and growth

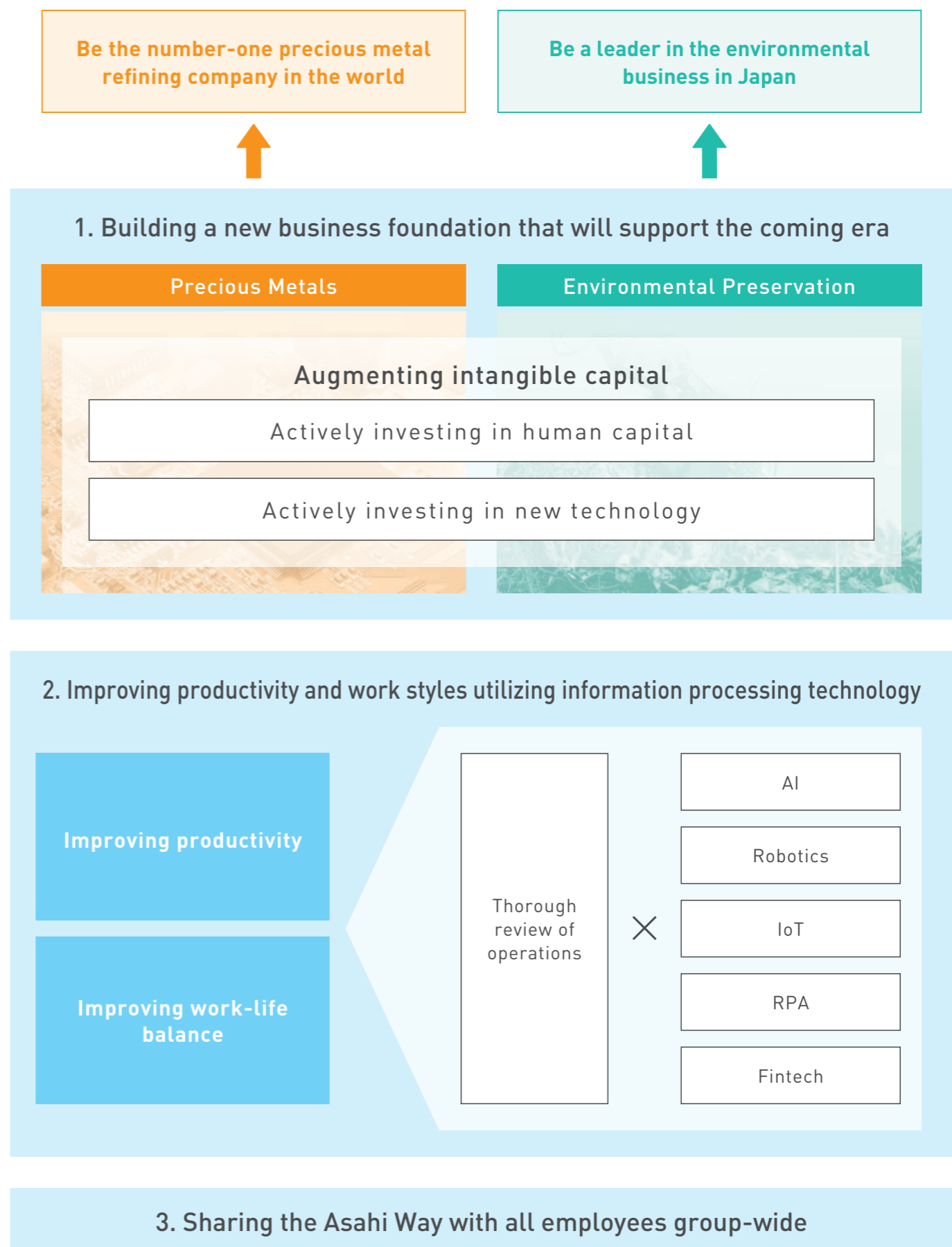
## Business Performance



### Progress on the 8th Medium-Term Business Plan

Revenue 130 billion yen	<b>Achieved</b> Achieved the target with increased sales for three consecutive years
Operating income 15 billion yen	<b>Achieved</b> New record profit with three consecutive years of growth
Precious Metals Business	<b>Sales and profit increase</b> Achieved a substantial increase in sales and profits thanks to higher-than-planned precious metals recovery and market prices
Environmental Preservation Business	<b>Sales and profit increase</b> Achieved higher sales and profits by utilizing the strengths of each operating company to enhance the Group's sales system that provides services, and by working to develop new projects

## Basic Policy



# History of the Asahi Holdings Group

Our 68-year history is one of innovation and challenge. Over that time, we have developed into a global corporate group and continue to grow today.

1952	Asahi Chemical Laboratory founded in Joto-ku, Osaka City	1999	Initial public stock offering made on over-the-counter market
1964	Becomes kabushiki gaisha (stock-based company)	2000	Listed on the 2nd Section of the Tokyo Stock Exchange
1974	Fukuoka sales office opens Sales offices start to be established across Japan	2002	Promoted to the 1st Section of the Tokyo Stock Exchange
1978	Head Office building completed in Higashi-Nada-ku, Kobe City	2009	Asahi Holdings, Inc. established
1997	Name changed to Asahi Pretec Corp.		
1998	Headquarters operations transferred to Chuo-ku, Kobe City Technical Research Center opens in Nishi-ku, Kobe City		

2012	The Asahi Way established Selected for inclusion in an ESG index by the Tokyo Stock Exchange
2015	Company with an Audit and Supervisory Committee system adopted Nominating and Compensation Committees established Performance-based stock-option system introduced
2016	International Financial Reporting Standards (IFRS) adopted
2017	Capital increased through new share issue
2018	The Asahi Way revised



## Act 1 Foundation and Initial Decades: 1952 to 1998

## Act 2 Public Company: 1999 to 2011

## Act 3 New Development: 2012 to present

**Precious Metals**

- 1952 Silver recycling business starts using photographic fixing solutions
- 1975 Compact electrolytic silver collection equipment "PLATA" developed
- 1982 Precious metal recycling business launched in the dental field
- 1984 Precious metal recycling business launched in the plating solution field
- 1986 Precious metal recycling business launched in the electronics components and jewelry fields
- Compact electrolytic gold collection equipment "ZIPANG" developed
- 1994 ASAHI G&S SDN. BHD. established in Malaysia

- 2003 Automobile catalyst business launched
- 2006 Asahi Pretec Korea Co., Ltd. established
- 2011 E-scrap business launched  
Precision cleaning business launched

- 2015 US and Canadian gold and silver refining subsidiaries acquired from Johnson Matthey (UK), and Asahi Refining USA Inc. and Asahi Refining Canada Ltd. established
- 2019 Asahi Refining Florida LLC established

**Environmental Preservation**

- 1972 Equipment for detoxification of photographic effluents installed at the Kobe Plant
- 1975 Industrial waste disposal license acquired from Kobe City (detoxification of photographic effluent containing harmful substances)
- 1978 Registered as an environmental measurement certification office
- 1990 Environmental preservation business other than photographic effluents entered

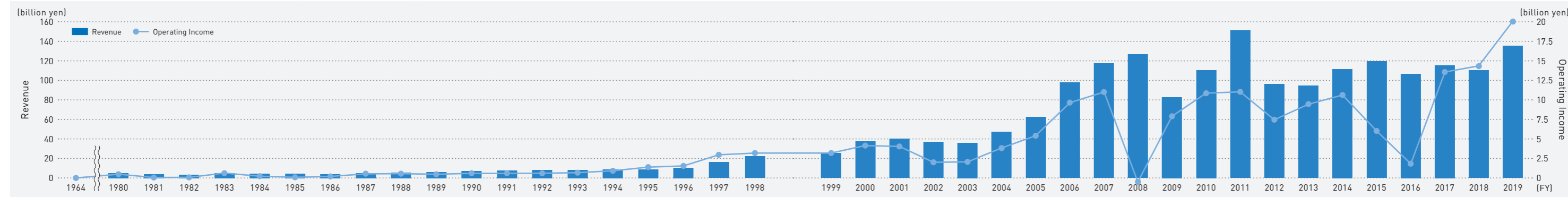
- 2004 Nihon Chemitech Co., Ltd. acquired
- 2006 Taiyo Chemical Co., Ltd. acquired
- 2007 Kitakyushu Office of Asahi Pretec Corp. opened
- 2008 Japan Waste Corporation established  
Fuji Rozai Co., Ltd. acquired
- 2009 JW Glass Recycling Co., Ltd. acquired
- 2010 Yokohama Office of Japan Waste Corporation opened  
Ecomax Co., Ltd. acquired

- 2012 Inter Central, Inc. acquired
- 2017 Nihon Chemitech Co., Ltd. and Ecomax Co., Ltd. integrated into Japan Waste Corporation
- 2020 Asahi Pretec Corp. and Japan Waste Corporation integrate environmental preservation businesses

## Group Strengths Built Across the Years

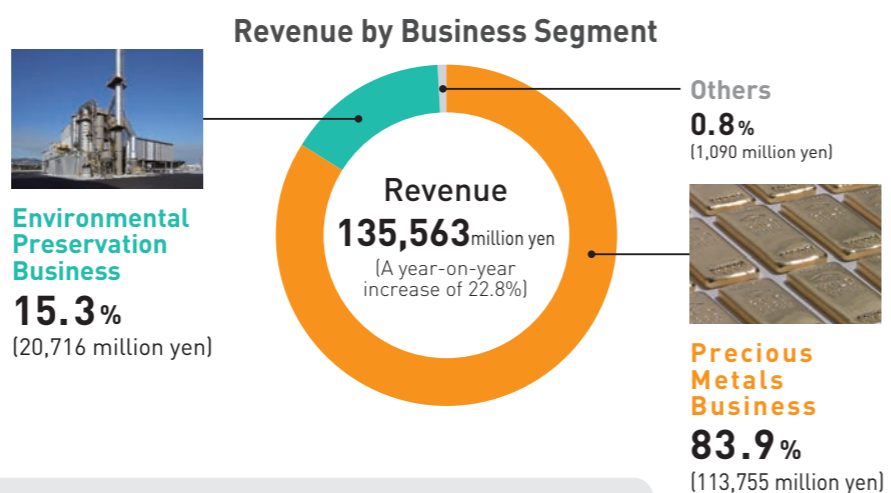
- Ability to Adapt to Change
- Management Capabilities for Business Regeneration
- Industry-Leading Unique Technologies
- Trusted Asahi Brand
- Highly Motivated Employees
- Globally Expanding Network
- Good Relationships with Stakeholders
- Substantial Market Share

## Business Performance



# At a Glance

We are engaged in both Precious Metals and Environmental Preservation businesses based on our core mission of being "Totally Committed to Protecting the Natural Environment and Preserving Resources." We aim to maximize the growth of both these business areas by practicing efficient management and leveraging synergies.



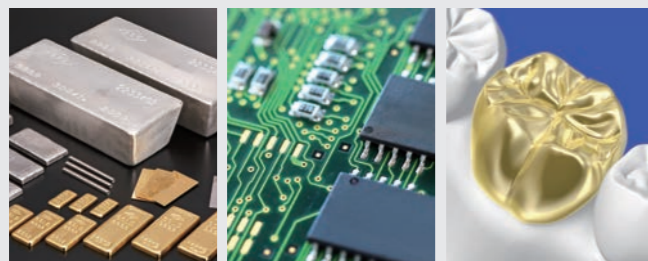
## Totally Committed to Protecting the Natural Environment and Preserving Resources

### Precious Metals Business

#### Our First Business

#### Precious Metals Recycling

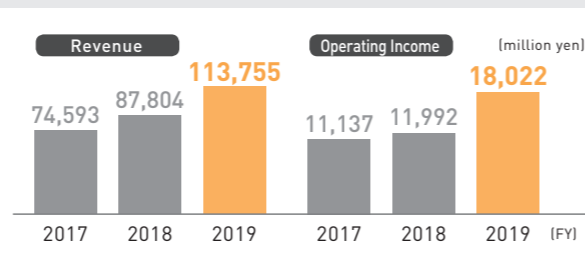
Our business began with the recycling of silver contained in photographic materials. Today, we recycle scrap produced by various sectors such as the electronics industry and dentistry into high-purity precious metals. For more than half a century, we have been providing precious metals produced through recycling, while continually adapting to the changing times.



#### World-Class Refining Scale

#### North American Refining

In North America, our refining operations raise the purity of raw gold and silver received mainly from mining companies. We are also using the refining business as a platform to diversify our revenue sources.

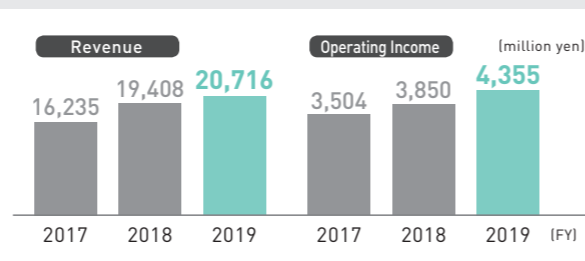


### Environmental Preservation Business

#### Helping to Create a Sustainable Global Environment

#### Proper Waste Disposal

This business began with the detoxifying of harmful substances contained in photographic effluent, and has since expanded to the detoxification and proper disposal of various waste materials. Through M&A, companies with different areas of expertise have joined the Asahi Holdings Group, thereby leveraging synergies to provide customers with one-stop solutions for a wide variety of needs.



\*Due to the dissolution of our Life and Health Business in fiscal 2019, Inter Central, Inc. was shifted to the Environmental Preservation Business category. The revenue and operating income figures for fiscal 2018 and 2019 reflect this change.

# Asahi Holdings Strengths

## Strong Business Foundation



R&D expenses

350 million yen

Launched specialized teams to promote new technology development



Short-term business school placement program for employees

12 people

Fostering the next-generation of executive management candidates



Number of patent applications (Asahi Pretec)

59<sup>+a</sup>

Many including those for inventions and expertise



Employee health checkup rate (Asahi Holdings, Inc. and Asahi Pretec)

100%

Providing full medical examinations that exceed legal requirements



## Eight Factors Supporting Value Creation

Strengths rooted in Asahi's history



### Ability to Adapt to Change

Paying close attention to the business environment and lifecycle and practicing flexible thinking, decisive action, and quick decision-making, we have built original business models and quickly exited businesses in decline. With the ability to respond in this manner, we will continue to maintain growth.



### Industry-Leading Unique Technologies

We are proud of the original technologies we have developed. These include technologies for recovering precious metals with high efficiency that leverage our advanced analytical capabilities, technologies for properly processing various industrial waste materials, and technologies for product development based on accurate ascertainment of customer needs. Through constant research and development, the Group continues to enhance its unique technologies in each of its business fields.



### Highly Motivated Employees

The Group's growth has been driven by our employees, who share the group-wide values of the Asahi Way, deeply value trust and connections, and are motivated by a passion for innovation and embracing challenges. The Group proactively invests in human resources and continues to develop highly motivated employees.



### Good Relationships with Stakeholders

We actively engage in dialogue with investors and listen to our customers and business partners to strengthen governance and develop our products and services. We value the mutual trust we have with our employees and with the local community and work to increase our long-term corporate value.



### Management Capabilities for Business Regeneration

Over the past 20 years, we have brought more than 20 companies into the group through mergers and acquisitions and improved corporate management. Utilizing our flexible management capabilities matched to specific business environments, nearly all of our companies enjoy better performance than before joining the group. We will continue working to further improve performance.



### Trusted Asahi Brand

The Asahi Group's precious metal products are highly regarded throughout the world for their reliable quality. We are committed to building a trusted Asahi brand by continuing to provide high quality products and services in all of our businesses.



### Globally Expanding Network

Since establishing a local subsidiary in Malaysia in 1994, we have expanded into other countries in Asia, including South Korea, China, and Taiwan. In 2015, we acquired a refining business in North America through a merger and acquisition, expanding our target customer base to countries around the world.



### Substantial Market Share

Our highest priority is to satisfy our customers and business partners, and we have worked hard to improve our products and services. Our sales and technical capabilities that meet a wide range of needs have earned us the trust of our customers and enabled us to acquire a strong market share.

# Value Creation by the Asahi Holdings Group

With our two businesses as the drivers of our value creation, we have achieved business growth and developed solutions to social problems. We strive to maximize the value created by our business activities and aim to position ourselves as a global company that pursues originality and growth.



## Capital Investment

- Financial capital**  
Total Capital **69.2** billion yen
- Production capital**  
Location/Base In Japan Outside Japan **50 10**
- Human capital**  
**1,574** Employees
- Intellectual capital**
- Scraps containing precious metals**
- Industrial waste**
- Natural capital**

## Social Issues

Depletion of resources, human rights and labor issues in mining  
Environmental pollution, global warming, decline of population in Japan, etc.

**Precious Metals Business**  
▶ P.14

**Environmental Preservation Business**  
▶ P.20

**Value Creation Process**

## Eight Factors Supporting Value Creation

- Ability to Adapt to Change
- Management Capabilities for Business Regeneration
- Industry-Leading Unique Technologies
- Trusted Asahi Brand
- Highly Motivated Employees
- Globally Expanding Network
- Good Relationships with Stakeholders
- Substantial Market Share

## The Asahi Way

## Created Value

- Natural environment**
  - Creating a recycling society
  - Effective use of limited global resources
- Shareholders and investors**
  - Sustainable growth
  - Continuous and stable shareholder returns
- Business partners**
  - Supplying precious metals in ways that are friendly to people, society, and the environment
  - Providing one-stop solutions for waste disposal
- Employees**
  - Improving workplace support and job satisfaction
  - Utilization of diverse human resources
- Local communities**
  - Contribution through participation in community activities

**Precious Metal Products**

**Proper Waste Disposal**

Priority SDG-related Goals ▶ P.13

## Our Vision

**Building a global company that pursues originality and growth**

### Contributing to the SDGs

**Precious Metals Business**

12 RESPONSIBLE CONSUMPTION AND PRODUCTION	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
6 CLEAN WATER AND SANITATION	13 CLIMATE ACTION
8 DECENT WORK AND ECONOMIC GROWTH	17 PARTNERSHIPS FOR THE GOALS

### Contributing to the SDGs

**Environmental Preservation Business**

12 RESPONSIBLE CONSUMPTION AND PRODUCTION	6 CLEAN WATER AND SANITATION
14 LIFE BELOW WATER	15 LIFE ON LAND
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES
13 CLIMATE ACTION	17 PARTNERSHIPS FOR THE GOALS

# The SDGs at Asahi Holdings

## Sustainability Vision

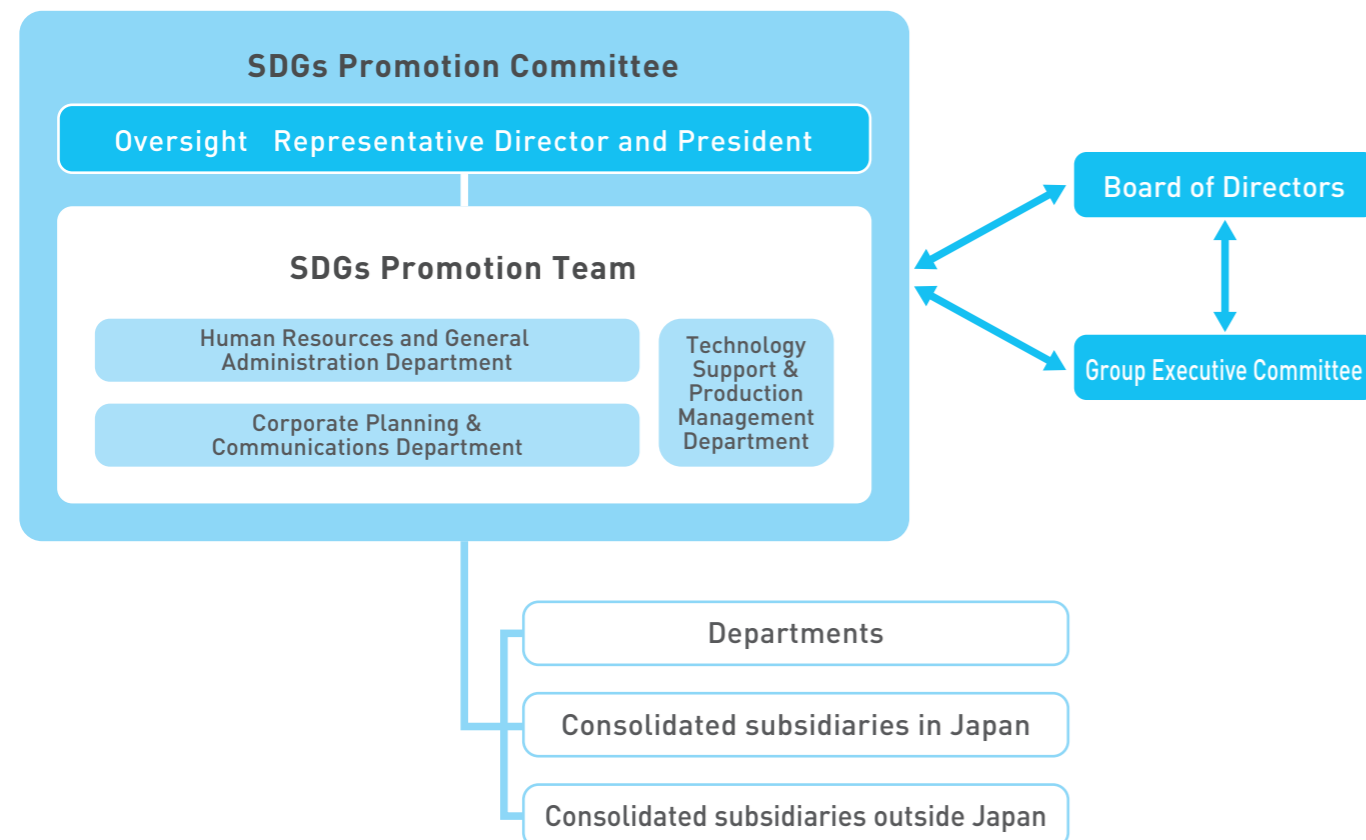
The Asahi Holdings Group has developed its business activities over a long period of time based on its core mission of "A Total Commitment to Protecting the Natural Environment and Preserving Resources." Our business activities are our contribution to sustainability, and we are achieving both business growth and solutions for the issues our societies face.

Today, as action is required of all of society, including corporations, we will further our mission by proactively working to achieve goals that we set for those issues to which we can make significant contributions toward solutions.



## Sustainability Promotion System

The Asahi Holdings Group promotes sustainability-related initiatives by developing measures that focus on priority SDG-related goals, monitoring the achievement of set targets, and communicating these initiatives both internally and outside of the Group. These efforts are discussed and determined by the SDGs Promotion Committee, headed by the Representative Director and President, which steers the system.



## Priority SDG-related Goals

### 1 Expand precious metal recycling

We will expand and promote precious metal recycling globally in order to make more effective use of limited global resources.



P.16  
P.31

**Goals** Total amount of recycled precious metals: **410 tons in FY2030** (1.5 times FY2015)  
Effective reduction of CO2: **1.465 million tons in FY2030** (1.5 times FY2015)

### 2 Supply precious metals in ways that are friendly to people, society, and the environment

We will contribute to responsible management of precious metals by expanding the supply of precious metal products while protecting the environment and human rights. We will use precious metal-containing scrap and raw materials free from conflict minerals.



P.18

### 3 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 world of sustainable recycling.



P.24  
P.31

**Goals** Amount of proper industrial waste disposal: **500,000 tons in FY2030** (1.6 times FY2015)

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

We will work to reduce CO<sub>2</sub> emissions group-wide by implementing energy saving activities at each site, switching to next-generation vehicles, and switching to low CO<sub>2</sub> emission power plans.



P.31  
P.33

**Goals** CO<sub>2</sub> emissions from energy sources such as electricity and gasoline: Reduced **26% compared to FY2015**

### 5 Enhance Work-Life Balance and Employee Diversity

We will strive to enhance job satisfaction by improving the system to help diverse human resources to succeed within the Group. This will be done by reforming working styles, implementing health and productivity management, and promoting diversity.



P.34  
P.35

**Goals** Achievement rate for rest intervals of at least 11 hours: **100% by the end of FY2020**  
Usage rate of Holidays for Refreshment (three consecutive days or more): **100% by the end of FY2020**  
Percentage of women in managerial positions to all woman employees: **Equal to men by the end of FY2030**  
Percentage of employees with disabilities: At least **2.5% by the end of FY2030**

### 6 Encourage and support SDG-related activities

We will encourage and support employee activities outside the Group's main business areas that contribute to SDG achievement, including individual and group volunteer activities. This initiative is called "Asahi Holdings SDG Activities."



P.38