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Metalor's Annual Communication on Progress

Dear Stakeholders,

I am pleased to confirm that the Group Metalor Technologies International reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

1/ Metalor is a Member of the prestigious Responsible Jewellery Council (RJC)

The RJC is a standards-setting organisation that has been established to reinforce consumer confidence in the jewellery industry by promoting responsible ethical, human rights, social and environmental practices throughout the jewellery supply chain.

The RJC has developed a common platform of standards for the jewellery supply chain and credible mechanisms for verifying responsible business practices through third party auditing.

Metalor commits to operating its business according to the RJC Principles and Code of Practices. In line with this policy, Metalor's commitment is to permanently integrate ethical, human rights, social and environmental considerations into our day-to-day operations, business planning activities and decision making processes.

In 2010 Metalor became the first gold refiner worldwide to be audited and certified by the Corporate Social Responsibility Standard of the RJC at all of the Group's refineries.

In 2011, Metalor became one of the only four certified members of the RJC having successfully passed an audit which provides evidence of responsible business practices in compliance with the RJC's Code of Practices.

Again, in 2012 Metalor became the first gold refiner worldwide to be audited and certified by the RJC Chain of Custody Standard, which includes conflict-related due diligence throughout the gold supply chain.

To date, the Group Metalor is still the only gold refiner worldwide certified by the RJC/CoC.

2/ Metalor is an active member of the OECD's drafting committee

Metalor, alone among gold refiners, took a leading role in the OECD Gold Supplement drafting committee for the past two years to create a worldwide due diligence guidance to avoid finance of conflict through gold transactions.

In these efforts Metalor has worked with governments, leading NGOs and industry associations to create guidance that is strong and effective, and that has been widely endorsed.

3/ Metalor cooperates with major international industry organisations: LBMA, EICC[®] and GeSI

In addition to the RJC, Metalor also works intensively with other major international industry organisations, like the LBMA (London Bullion Market Association), the EICC[®] (Electronic Industry Citizenship Coalition[®]) and the GeSI (Global e-Sustainability Initiative) to create their conflict-free standards.

All of these associations conform their standards to the OECD Guidance and Gold Supplement, which have been recently endorsed by the United States Government.

4/ Metalor actively contributes to the Swiss Better Gold Initiative

The OECD has recognised in its Gold Supplement the particular problems and concerns associated with artisanal gold mining, where many millions of very poor persons work, and strongly urged in its Gold Supplement that all participants work toward formalisation and improvement of that sector.

Metalor is the first refiner worldwide to respond to that request through the Swiss Better Gold Initiative.

This initiative combines the efforts of the governments of Peru and Switzerland, the Responsible Jewellery Council and NGO Fairtrade/Fairmined, Metalor, and consumers of gold in Switzerland. Its goal is to formalise a large group of artisanal miners in Peru, with guidance and standards for improved environmental and social working conditions and operations, and to bring that gold into the formal gold industry to concerned consumers in a sustainable way.

This project is considered by the government of Switzerland to be a part of its humanitarian efforts in developing countries, and its Federal Department of Foreign Affairs recently invited Metalor, alone among gold refiners, to describe this project in a public forum of business and human rights.

5/ Metalor is a trusted partner of the Government of Peru

Metalor has recently engaged with the Government of Peru in its efforts to formalise and improve that country's large artisanal mining sector. Metalor's local representative, a native of Peru with long experience in gold mining in that country, engages in frequent consultation with the Ministry of Mines about gold operations in general and about Metalor operations in particular.

Metalor has also taken action to comply with and implement strict new Peruvian mining laws, even where that has resulted in the loss of significant business, and will continue to do so while these laws are implemented throughout the country.

Metalor Managers have become trusted partners with the government of Peru in these efforts.

6/ Metalor now benefits of the recent joint recognition of RJC, LBMA, EICC[®] and GeSI

The Group Metalor now also has the recognition of the London Bullion Market Association (LBMA) Responsible Gold Guidance and the Conflict-Free Smelter (CFS) Program developed jointly by the Electronic Industry Citizenship Coalition[®] and Global e-Sustainability Initiative. These worldwide industry organisations have successfully agreed to cross recognition of their programs, audits and certifications, with the formal announcement made on 17 September 2012.

As the first RJC Chain of Custody (CoC) certified refiner in the world, Metalor is now listed on the CFS Program compliant refiner list. In addition, as a LBMA Good Delivery company, Metalor's RJC/CoC Certification is now accepted as conformant with the LBMA Responsible Gold Guidance requirements. This means a triple-approval-listing for all Metalor CoC Certified refineries (Switzerland, Hong Kong and the USA).

7/ Metalor's refineries directly satisfy the SEC (US Securities and Exchange Commission) rules

This triple recognition is particularly timely and important to manufacturers that are listed on United States stock exchanges and their gold supply chains.

The U.S. Securities and Exchange Commission (SEC), in issuing final rules for Conflict Minerals (Dodd-Frank Section 1502) a few months ago, also confirmed that manufacturers can meet US conflict gold requirements by sourcing gold through refiners who have been certified by OECD-consistent industry groups' conflict-free designation programs, such as the RJC, LBMA and CFS program. Metalor's three gold refineries directly satisfy the SEC rule.

Above and beyond these formal approvals, Metalor is reputed to be the leading gold refiner worldwide for its constant efforts on conflict gold and improvement of artisanal mining.

8/ Human rights

In addition to Metalor's integration and certification within the RJC framework and its recent joint recognition by RJC/LBMA/EICC®/GeSI, Metalor has been highly active participant in the gold industry's development of responsible supply chains in the light of the provisions of Dodd Frank on conflict minerals.

Metalor does not knowingly source any gold from any conflict or higher risk area, but has been fully supporting the development of multi stakeholder standards for the responsible sourcing of minerals from conflict or higher risk areas.

9/ Labour

Metalor employs its staff primarily in developed economies with well-established labour regimes and practices. All locations have handbooks that regulate the employment policies and practices, in line as a minimum with local labour laws. Metalor staff comprises mainly experienced and skilled labour and cannot retain such staff if practices are not at least in line with the market standards.

The group monitors staff turnover in each of its locations around the group, and exit interviews are conducted by managers independent of the departing employees' line management. Any unusual elevation in turnover is a reason for investigation.

10/ Environment

In addition to maintaining our ISO14001 certifications as well as the integration and certification within the RJC framework, in the period under review Metalor undertook several initiatives which directly or indirectly contributed to Metalor's further enhancement of environmental practices:

- Implementation of a new harmonised and real-time security, health and safety incident and accident reporting and management tool,
- External audit of health, safety and environmental compliance audit of all group manufacturing sites,
- Global implementation of the Dupont STOP safety awareness program at all levels of the Group,
- Development of a strong Health and Safety culture through clearly targeted internal communication actions and tools and recurring H&S team building exercises.

The successful development and cross-functional implementation of these initiatives have allowed Metalor to considerably reduce the accident severity rate, which has been divided by two versus 2011 and by seven versus 2010.

11/ Anti-corruption

The RJC certification audit included a review of the group's existing anti-corruption policies and practices. Metalor Group has implemented a program to regularly communicate, train and update its staff on this topic.

In its internal communications initiatives, Metalor continuously focusses on the Metalor brand being founded upon the company's ethics and integrity. Metalor has undertaken considerable efforts to provide a common internal framework in order to ensure employees' complete adhesion to Metalor's "Policy about Bribery, Corruption and Business Gifts", as well as a responsible and exemplary attitude of each stakeholder within the Metalor Group.

Also, Metalor is subject to the Swiss Precious Metal Control Act and Money Laundering Acts and applies the same principles, throughout the world, wherever Metalor operates and does business, and this compliance is regularly audited by independent third parties in accordance with local legislation. As part of this process, Metalor seeks assurances from its suppliers that they have responsible business practices.

We hope that these new elements will meet your expectations.

We thank you for your cooperation and remind you that you may contact us at any time for any question or additional information.

Yours sincerely,



Scott Morrison
CEO