

United Nations Global Compact
Communication on Progress
Transparency and Disclosure Team
Two United Nations Plaza
New York, NY 10017
USA

Marin, August 22, 2017

Metalor's Annual Communication on Progress,

Dear Stakeholders,

As Metalor has done since the company embraced the Ten Principles of the United Nations Global Compact in the areas of Humans Rights, Labour, Environment and Anti-Corruption, Metalor has continued to make progress in those fields. In this respect, I am pleased to share with you in this communication the significant and concrete measures that Metalor has successfully implemented in the past 12 months. The goal is to show Metalor's commitment with the world's strictest industry, legal and anti-corruption requirements as well as to ensure irreproachable business practices at all levels within the company.

1) Human Rights

Metalor has kept the respect of human rights at its forefront of its business activities. This is a pre-condition to become supplier of Metalor and as such this is an express requirement already included in the Metalor Supply Chain Policy. This factor is addressed as well in the Metalor due diligence screening every potential supplier has to pass to be able to do business with our company. Special focus and attention has been given to situations where there may be a potential risk of child labour, mainly in some of countries in the African and South American continents. In this respect Metalor has maintained its decision of not doing business with artisanal mines in some countries precisely to avoid that risk. On the other hand Metalor has continued to be an active participant in the gold industry's development of responsible supply chains in light of the provisions of the Dodd Frank on conflict minerals. Consistent with that, Metalor does not source any gold from any conflict area and has been fully supporting the development of multi stakeholders' standards for responsible sourcing of minerals.

2) Labour

Metalor has a presence in 17 countries with approximately 1600 employees around the globe. In all Metalor locations labour practices and procedures are fully respected in line -as a minimum- with the applicable labour and employment regulations. The company has implemented a Code of Conduct to set the expectations as to how any Metalor employee has to behave in his/her relationship vis-à-vis other co-workers, management and subordinates, customers, suppliers and stakeholders.

As mentioned in the section “External Certifications” herein below, the RJC audit has been extended as well to the conditions of the subcontractors working in Metalor facilities, hence being sure that they enjoy as well fair conditions.

At the same time, the company has in place a Whistleblowing Policy to encourage any employee suspecting a doubtful behaviour to report it to the company without the need of being exposed and with the guarantee of not suffering any kind of retaliation.

3) Environment & Safety

Metalor facilities do comply with applicable environmental regulations in line with the country standards where they are stationed. Additionally and in terms of its supply chain, the respect of environmental rules is one of the requirements of the on-boarding process of Metalor suppliers. In this context Metalor has kept its decision of not doing business or accepting precious metals from regions where this is not guaranteed, as it may happen in some of the areas in South America such as the Madre de Dios region in Peru. Likewise, Metalor continues to require that any material be mercury free to be accepted in any of its refineries around the globe.

In terms of safety, the strong Health and Safety (H&S) culture has continued to be developed through targeted internal actions. Although the very low accident rate reported in the last communication to the UNGC has been stagnant, an important decrease in terms of severity of the accidents has been achieved. In the vast majority of cases, the employee was able to come back to work after a few hours. However, the effort in this field does continue as Zero Accident remains a top priority objective for Metalor.

4) AML, Anticorruption & Compliance

Metalor has implemented as from March 2017 a more focused due diligence process to better address the different specificities of the Metalor suppliers (Mines, Traders, Collectors, Financial Institutions, Industrial companies). The new approach has been approved by the Swiss Supervisory Authority of the Financial Market (FINMA www.finma.ch), fully complies with all regulatory and international standards but better contemplates the different profiles of the Metalor customer base. Additionally, Metalor launched in the first half of 2017 an audit of the supply chain of the key customers operating in high risk countries (mainly South America) to make sure that its AML and anticorruption policies are fully respected.

5) External Certifications

RJC.- In terms of certification of Metalor practices and procedures, Metalor successfully achieved in October 2016 the re-certification for its global Refining Group by meeting the highest ethical, social and environmental standards established by the RJC's Code of Practice (COP) Certification System (www.responsiblejewellery.com).

The RJC's Code of Practices addresses human rights, labor rights, environmental impact, mining practices, product disclosure and many more important topics in the jewelry supply chain. RJC also works with multi-stakeholder initiatives on responsible sourcing and supply chain due diligence.


FAIRMINED.- Likewise, in October 2016, Metalor got the re-certification from Fairmined as an approved precious metals refiner being able to offer certified Fairmined Gold. This allows Metalor to provide traceable Fairmined Gold throughout the entire supply chain from the mines up to the retail jewelers, via the Fairmined Labeled sourcing model. With this re-certification, Metalor continues to strengthen its actions in transforming mining into an active force for good. For more information please click on www.fairmined.org.

FINMA.- In June 2017, Metalor has successfully passed the Anti-Money Laundering (AML) audit instructed on a yearly basis by the FINMA, with neither suggestions nor comments, which does recognizes the strength of the Metalor processes and transactions as far as the risk of corruption and money laundering is concerned.

LBMA.- Also in June 2017, Metalor, as an active member of the London Bullion Market Association (LBMA) (www.lbma.org.uk) was audited by an independent audit firm to get the LBMA re-certification of being compliance with the LBMA Responsible Gold & Silver Guidance.

The fact that Metalor has successfully passed all those audits does confirm its commitment with best practices in the gold industry.

We hope that all the above elements will meet your expectations and will reflect the progress made by our company in this important matter for Metalor.

Yours Sincerely

Philippe Royer
CEO

