

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

Marin, August 16, 2019

## **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, our company has continued to live these principles while advancing and making progress along the objectives defined by the UN. In this respect, I am pleased to share with you the concrete measures that Metalor has successfully implemented in the past 12 months.

### **1) Human Rights**

Metalor has continued to keep the respect of human rights at the forefront of its business activities. Metalor policy in this respect has not changed since respect of human rights continues to be a pre-condition to become a supplier of Metalor and already included in the Metalor Supply Chain Policy. Metalor Due Diligence process does include a site visit to our customers/suppliers to verify that the conditions on site do respect human rights, including but not limited to social rights (no child labour, fair pay, minimum of rest, limit to overtime work, etc.). This verification is now part of the standard site visit check list that must be included in the site visit report that it is used to assess the overall situation of the potential customers/suppliers. As a result of that, lack of respect of human rights means a showstopper to onboard the customer and kicking off business. At the same time Metalor has reassessed its decision not to do business with artisanal mines in certain countries because of the risk of child labour (such as in Ghana). Despite of some slight improvements on the ground, the company has decided to keep up its position on this matter. Nevertheless, the situation will continue to be under monitoring. 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 implementation of the Metalor Code of Conduct across the different subsidiaries has been smoothly and without any particular issue.

As mentioned in the section Certifications herein below, the RJC audit has covered as well the labour conditions of subcontractors working in Metalor facilities, hence being sure that they enjoy as well fair conditions. As stated in that section, Metalor has been audited again by RJC in 2019 and its certification -covering this very point- has been renewed.

The whistleblowing program that the company has in place world wide is working according to its purpose. According to that, a couple of independent investigations have been launched and completed during the past 12 months. No employee has been retaliated in any way because of having used that tool. The company is committed to keep the process.

## 3) **Environment & Safety**

Metalor facilities do comply with applicable environmental regulations in line with the country standards where they are stationed. All plants do have the required environmental permits and no additional activity has been started absent of a proper license in place. Metalor has kept its decision of not doing business or accepting precious metals from regions where the respect of the environmental regulations does not happen (as in the region of Madre de Dios in Peru). Also in Peru this decision has been extended to the mining area of La Rinconada, a mountain region where the controls on this matter are almost nonexistent.

In terms of safety, the strong Health and Safety (H&S) culture has continued to be developed through targeted internal actions. Special initiatives have been implemented across the facilities of the company, particularly in terms of safety training and observations programs. The focus has been not only on accidents but also on incidents and near missed situations to increase preventive awareness. Severity of accidents continues to be very low and all employees involved in any kind of accident have been able to be back to work with no physical sequels. Yet Zero Accident remains a priority objective for Metalor. Additionally, a strong campaign against smoking has been run in several locations. This initiative, fully funded by the company, does cover treatment and support for the employees willing to embark into that journey. Results have been very encouraging.



#### 4) AML, Anticorruption & Compliance

On June 17, 2019 Metalor announced its decision to stop all artisanal mines and mine collector's business to concentrate the sourcing of precious metal in the industrial mining sector. Despite putting in place all required due diligence measures and a strict verification process, the increasing resources to secure compliance and the challenging conditions at the mining regions have forced Metalor to re-assess its approach to artisanal mining. As a result of this decision, Metalor has ceased its operations in Colombia, after having already announced its decision to stop any business relationship with collectors/aggregators of gold doré in Peru.

The company has been evaluating whether it should continue, and under which conditions to work with artisanal mines in support of the formalization process in the mining sector, whose benefits are evident for the population, but for which the desired regulatory and legal conditions as well as a clear governance on the obligations from all participants are not yet sufficiently achieved. In this respect, Metalor depends on the state authorities and agencies to ensure proper implementation of the formalization process.

Metalor strongly believes that only a concerted and structured dialogue with all stakeholders, governments, development organizations, NGOs, local communities and experts can lead to a successful formalization process and a more sustainable gold value chain. However, and until the required elements are in place, Metalor will stop all artisanal mines and mine collector's businesses. In the meantime, Metalor continues serving its long term industrial mine customers and will secure a smooth transition for the other clients.

Metalor regrets this carefully considered decision, but will not compromise when it comes to promoting a more sustainable gold value chain.

#### 5) External Certifications

**RJC.-** In terms of certification of Metalor practices and procedures, Metalor has successfully passed in the first quarter of 2019 the RJC re-certification (Code of Practice and Chain of Custody) of its five refineries (Switzerland, USA, Hong Kong, Singapore and in China) together with the Code of Practices certification for its location in the UK ([www.responsiblejewellery.com](http://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.

**FINMA.-** In March 2019, Metalor has successfully passed the Anti-Money Laundering (AML) audit instructed on a yearly basis by the Swiss Supervisory Authority of the Financial Market (FINMA [www.finma.ch](http://www.finma.ch)). The audit has been clean in all respects, with

neither suggestions nor comments, which does recognize the strength of Metalor processes and transactions as far as the risk of corruption and money laundering is concerned.

**LBMA.**- Also in March 2019, Metalor, as an active member of the London Bullion Market Association (LBMA) ([www.lbma.org.uk](http://www.lbma.org.uk)) was audited by an independent audit firm to get the LBMA re-certification of being compliant with the LBMA Responsible Gold & Silver Guidance.

**FAIRTRADE.**- In April 2019 Metalor achieved the re-certification of Fairtrade in the category of Trader for gold, precious metal in general and for the exploitation of Artisanal and Small Scale Mines. This is an important recognition since provides additional assurances in terms of transparency, integrity and respect of labor and environmental laws wherever the company operates. For additional information, please click on (<http://www.fairtrade.net/>)

The fact that Metalor has successfully passed all the above 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



Antoine de Montmollin  
CEO