

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

Marin, August 13, 2020

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.).

In terms of mapping its risk assessment of the human rights situation and in particular the risk of getting material from conflict zones, the company has re-affirmed its long standing policy of not sourcing from any central Africa country in line with the Dodd Frank Act provisions.

Following its decision announced on June 17, 2019 to stop all artisanal mines (ASM) and mine collector's business keeping however the door open to work on very selected ASM projects if the proper conditions were in place, the company started to work with an artisanal mining project at the Yanaquihua mine in Peru in June 2020. After a year

of preparation and work with the association Swiss Better Gold Initiative (participated by the Swiss private sector and the SECO – Swiss Ministry of Economy) and following the Metalor Due Diligence process, Metalor kick off its activity with this mining company in the Arequipa Region. Artisanal miners working in the mining concession of Yanaquihua are sending the ore they extract to the processing plant of the mine, and the gold doré resulting from this process is sent to Metalor Switzerland for refining. Swiss customers of Metalor that are also members of the SBGI do take this responsible gold and pay a premium to the association that is reinvested in the area to improve the conditions of the miners. Activity is monitored by SBGI and Metalor to make sure that respect of human rights is guaranteed.

2) Labour

Metalor has a presence in 17 countries with approximately 1500 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.

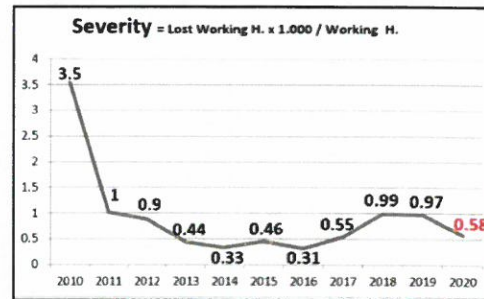
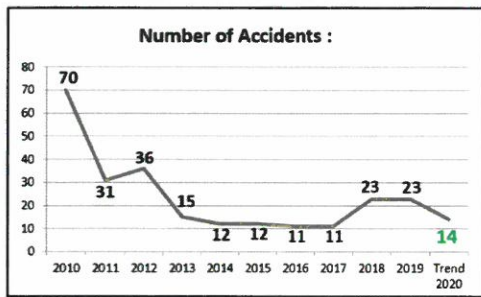
As mentioned in the section Certifications herein below, the RJC audit has covered as well the labour conditions of subcontractors working in Metalor facilities, hence being sure that they enjoy as well fair conditions. As stated in that section, Metalor has been audited again by RJC in 2020 and its certification -covering this very point- has been renewed.

The whistleblowing program that the company has in place worldwide continues to work as designed. According to that, a new investigation has been launched during this period due to allegations made through the Metalor hotline, keeping the whistleblower duly protected.

3) **Environment & Safety**

Metalor facilities do comply with applicable environmental regulations in line with the country standards where they operate. 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 non-existent.

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. Yet Zero Accident remains a priority objective for Metalor. The following graphs do reflect the evolution of the number of accidents and the severity rate. As a summary, “Frequency” and the “Severity” rate have been reduced by 40% in comparison with the previous year:



All injured employee during the period was able to fully recover and coming back to work without any problem.

4) AML, Anticorruption & Compliance

Metalor legal & compliance team has made a complete review of the due diligence documentation and KYC questionnaire used by the company to assess and monitor potential and existing customers. In this sense, the following changes have been implemented:

- **Request of a detailed Shareholder's structure of potential customers**, including any shareholder having > 25% of the customer. In the past information was limited to the identification of the beneficiary owner and ultimate controlling individual.
- **Enhanced information from the customer is required**, including but not limited to a much more comprehensive information on its business and activity to permit the company to cross-check and balance that data with other documents submitted by the customer at the time of submitting its KYC. Additionally, the request of financial information to all Metalor customers is becoming a standard, in line with LBMA requirements.
- **A New Section focused on mining customers has been developed**, including the type of mining activity (artisanal, small scale, industrial, processing plant), process methodology, means transportation, volumes, etc.

Throughout the period, Metalor has reiterated its long-standing policy regarding precious metals originated from Dubai and the UAE. The very clear position of the company in this respect is and has been NOT to accept directly or indirectly any precious metals refined, originated or sourced in the territories of the UAE. The reasons behind the policy of Metalor are supply chain and compliance concerns. Since the monthly publication of the Switzerland's gold import and export statistics, the company has received many questions on this particular subject by concerned NGO's, industry organizations, financial institutions and customers. For these reasons, we feel it is important to reiterate to our customers, suppliers, stakeholders and other concerned

parties, the principles under which Metalor conducts business and on this topic in particular.

5) External Certifications

Despite of the COVID19 impact and the delays resulting from the restrictions to travel by the auditor's team, the company has managed to get all scheduled certifications in the first half of the year 2020.

RJC.- In terms of certification of Metalor practices and procedures, Metalor has successfully passed in the first quarter of 2020 the RJC re-certification (Chain of Custody) of its four refineries (USA, Hong Kong, Singapore and in China) (www.responsiblejewellery.com). For Switzerland this was achieved the second week of June as soon as the COVID19 conditions were eased by the Swiss Government. RJC also works with multi-stakeholder initiatives on responsible sourcing and supply chain due diligence.

FINMA.- In June 2020, 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). 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 June 2020, 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 compliant with the LBMA Responsible Gold & Silver Guidance.

LPPM.- Metalor, as an active member of the London Platinum and palladium market (LPPM) (was audited by an independent audit firm to get the LPPM re-certification of being compliant with to the LPPM Responsible Sourcing Guidance

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