

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

Marin, July 5, 2022

**Metalor's Annual Communication on Progress,**

Dear Stakeholders,

As one of the world's leading independent global companies (part of the Tanaka Group) working in the field of precious metals and covering all steps in the precious-metals value chain from refining to value-added products, we are committed to delivering high quality services while acting as a responsible and ethical participant in the global community.

As we announced in 2021, this year the company has continued its journey in terms of communication and transparency publishing for the second time its Corporate Social Responsibility report <https://metalor.com/corporate-social-responsibility/csr-report/>. In this sense, the Metalor has kept its progress against the below 17 Sustainable Development Goals (SDGs) framed by the United Nations (UN) to set its priorities and aspirations for 2030.



A new initiative has marked the efforts of Metalor in the above progress during this year. Aware of the climate emergency and the contribution that Metalor has to make to preserving the planet, we have chosen to make a long-term commitment, in particular by allocating multi-year budgets to environmental projects, as further described in this letter.

Having the above in mind, Metalor has continue to live the Ten Principles of the United Nations Global Compact in the areas of Humans Rights, Labour, Environment and Anti-Corruption. 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**

The protection of human rights is a key purpose of corporate social responsibility. While the United Nations has set forth a precise definition of human rights and the mechanisms for their protection, the situation on the ground is far more complex. At Metalor, we are fully aware of the risks and difficulties associated with the geographic and legal environment of precious metal mining, as well as the ethical, racial and discriminatory issues that may arise, and we never lose sight of these concerns. In setting out standards and in the decision we make in running our business, we also address the child labour problem and make sure we take action for its prevention/abolition.

The protection of human rights in the precious metals industry demands increased effort and heightened vigilance. Codes of conduct, risk assessment, employee training, performance evaluation and public disclosure: we already implement all United Nations recommendations. Also, anyone who witnesses a breach of human rights can inform us through our grievance procedure. In this regard we have made Metalor Grievance line available on Metalor web site <https://metalor.com/corporate-social-responsibility/grievance/> simplifying the access and make it open to employees, customers, suppliers and stakeholders in general. Communication to the Grievance line can be made anonymously in a safe and secure environment.

Respect of human rights is a pre-condition to become a supplier of Metalor and is Part of the Metalor Supply Chain policy. The due diligence process does include a site visit to 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, Metalor has a long standing policy of not sourcing from any central Africa country in line with the Dodd Frank Act provisions. That policy has been applied as well as a result of the war in Ukraine, following the international sanctions generally applied by the vast majority of the western countries, including the European Union, US, UK and Switzerland.

During the past twelve months the company has continued to abide by its policy regarding the collaboration with artisanal mines (ASM), an area where human rights may be more vulnerable due to the conditions on the ground of this type of economic

activity. In this sense, Metalor has confirmed its strategic decision to continue to work with the Swiss association Swiss Better Gold (SBG) regarding ASMs. In this respect, and despite the restrictions imposed by the Covid pandemic, the volume of gold doré coming from the Peruvian mine Yanaquihua, and the artisanal mining ecosystem built around (with more than 300 hundred artisanal miners), has continued to deliver results, showing the commitment of Metalor. Key development projects financed by SGB have been materialized during 2021, improving the conditions at the mine site.

## **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 securing that they enjoy as well fair conditions. As stated in that section, Metalor has been audited again by RJC in 2021 and its certification -covering this very point- has been renewed.

As mentioned above, the whistleblowing program/Grievance line has been expanded to employees, subcontractors, customers, suppliers and stakeholders in general.

## **3) Environment & Safety**

Metalor facilities do comply with applicable environmental regulations in line with the country standards where they operate. Focusing on responsible operations, we take steps to reduce pollution arising from our products and services, in both mining activities and the refining process.

Metalor's environmental management team requires that the environmental hazards of the group's activities be clearly identified using *Process Failure Mode & Effects Analysis (PFMEA)* risk analysis, and that measures are implemented to prevent environmentally harmful incidents from occurring. Metalor is committed to minimizing the amount of energy, water, and other natural resources used in its processes, as well as the amount of waste these processes generate.

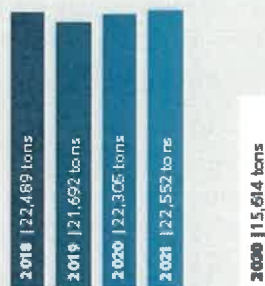
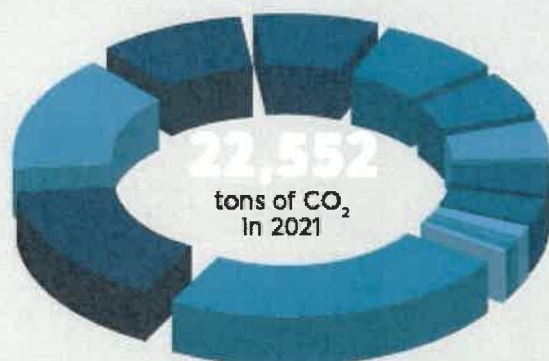
In 2021, our production site based in Mexico has already being operating largely on the energy produced by photovoltaic panels. On the strength of this success, we have now allocated a budget of around 12 million USD to install photovoltaic panels at nine major Metalor Group sites, with the aim of reducing electricity consumption by 16% and our CO2 emissions by 11%.

In parallel the company has continued to invest in other projects with the aim to live up to the group's ambitions and generate positive repercussions for the environment.

The main achievements have been as follows:

## OPERATIONAL CARBON FOOTPRINT

(based on gas, electricity & fuel consumption)



North Attleboro	5,191	Hong Kong	1,259
Wuzhong	3,531	Port Huron	1,077
Attleboro	3,357	Dongfu	851
San Luis Potosí	2,186	Singapore	708
Courville	1,845	Oullins	327
Marin-Epagnier	1,821	Kaohsiung Taiwan	193
		Lyss	102
		Birmingham (UK)	59
		Hong Kong office	38
		Madrid	5
		Sweden	0.28

**2018**  
Iso perimeter

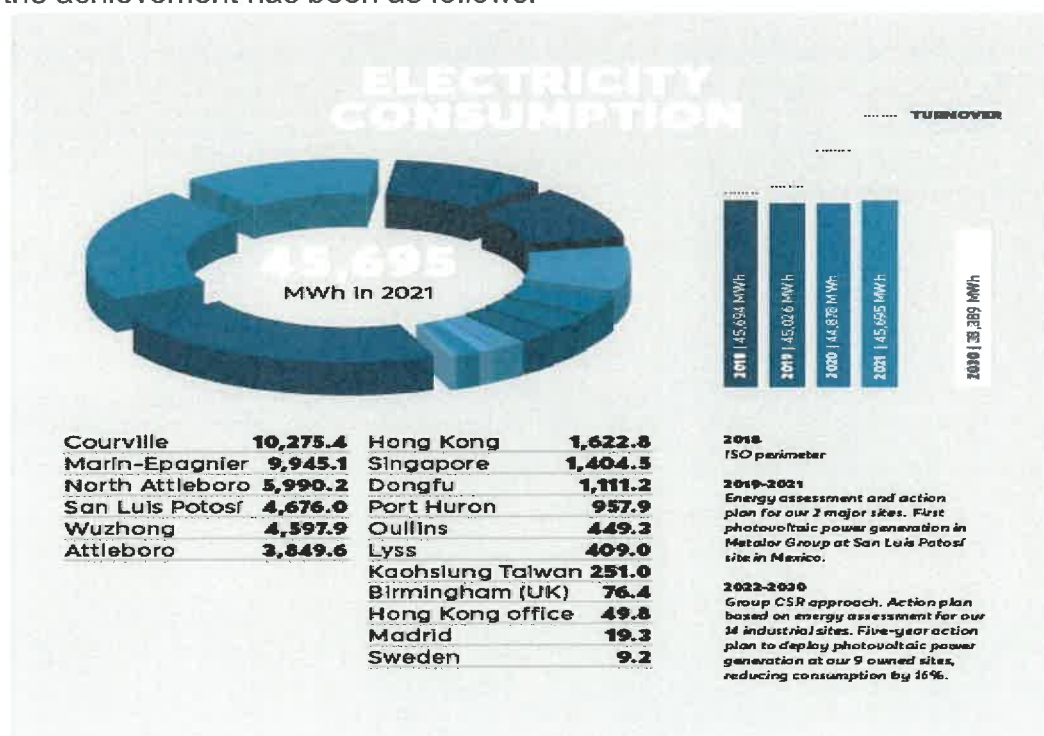
**2018-2021**  
Despite a steady increase in our turnover (+27% net sales from 2018), our CO<sub>2</sub> emissions remained stable (+0.28%).

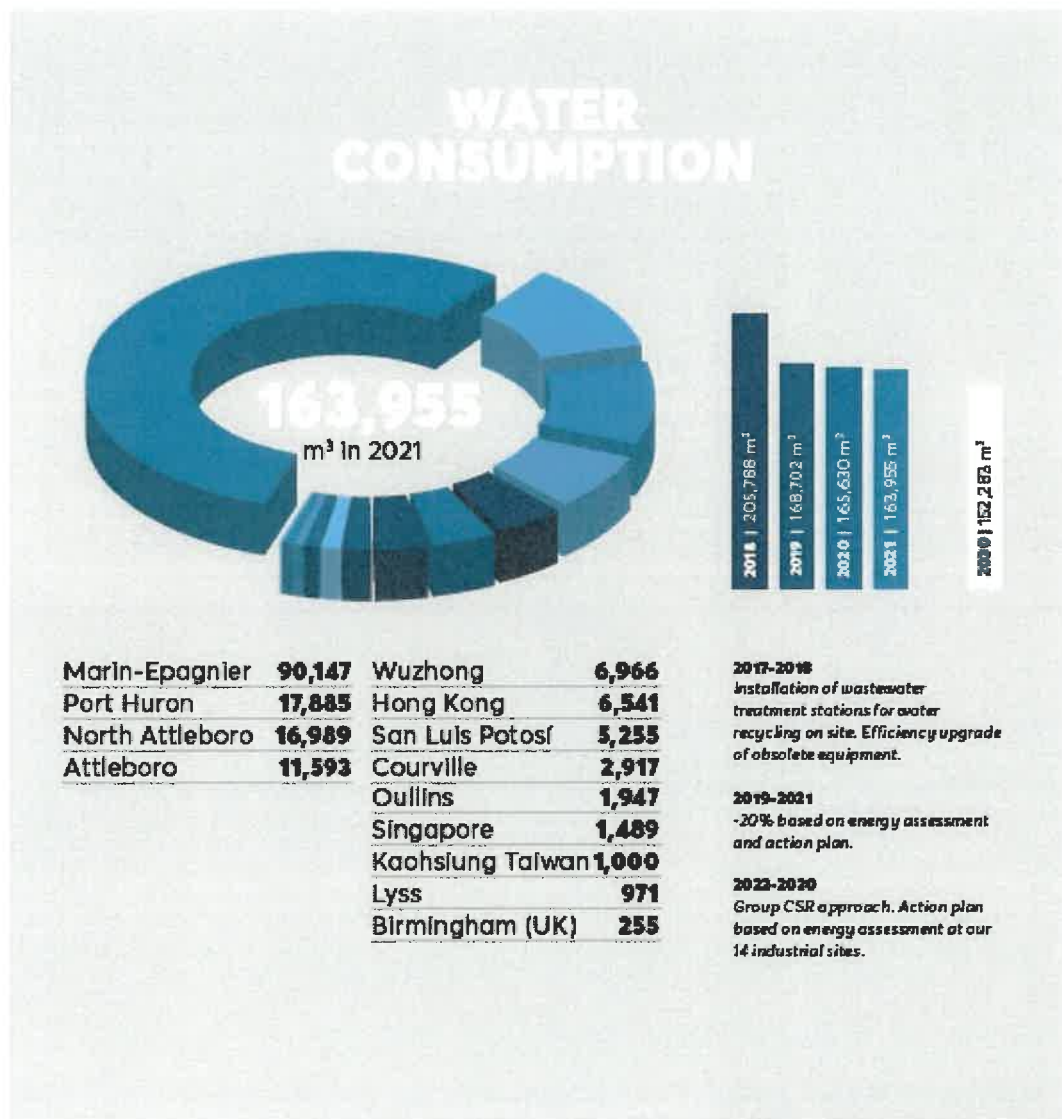
**2022-2030**  
Group CSR approach. Action plan based on energy assessment for our 14 industrial sites.





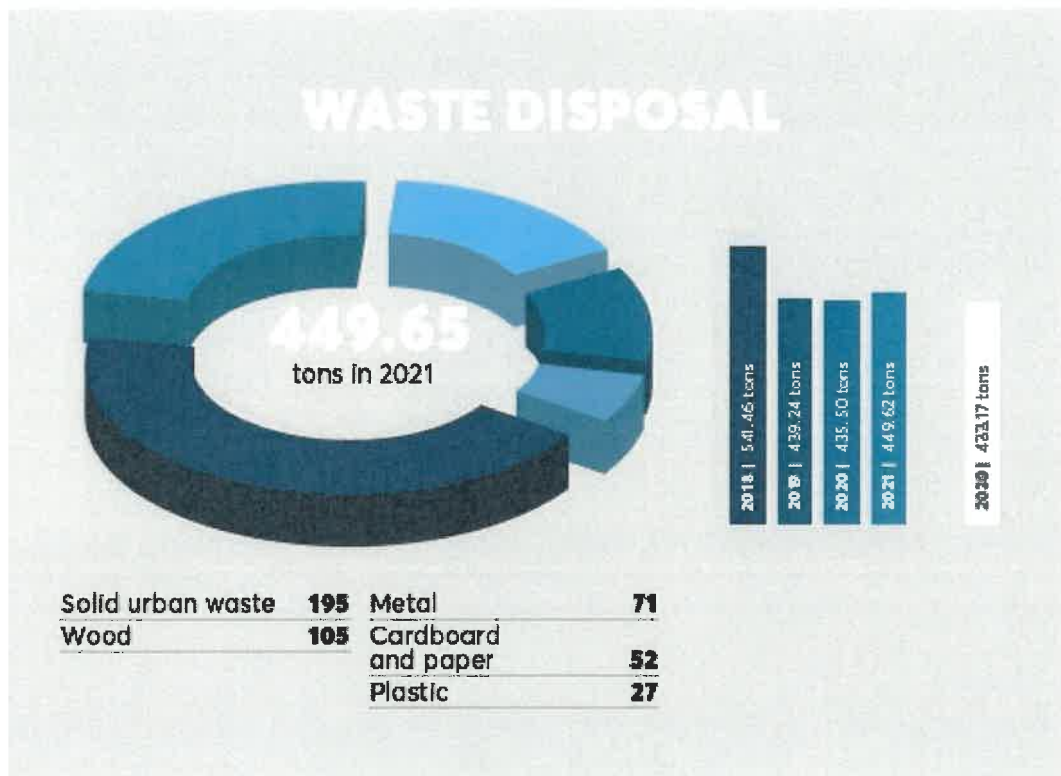
Regarding green energy, Metalor has implemented a solar project in its Mexican plant at San Luis Potosi, that as mentioned above, it is largely operating based on photovoltaic energy sources. As far as electricity & water consumption for the group, the achievement has been as follows:



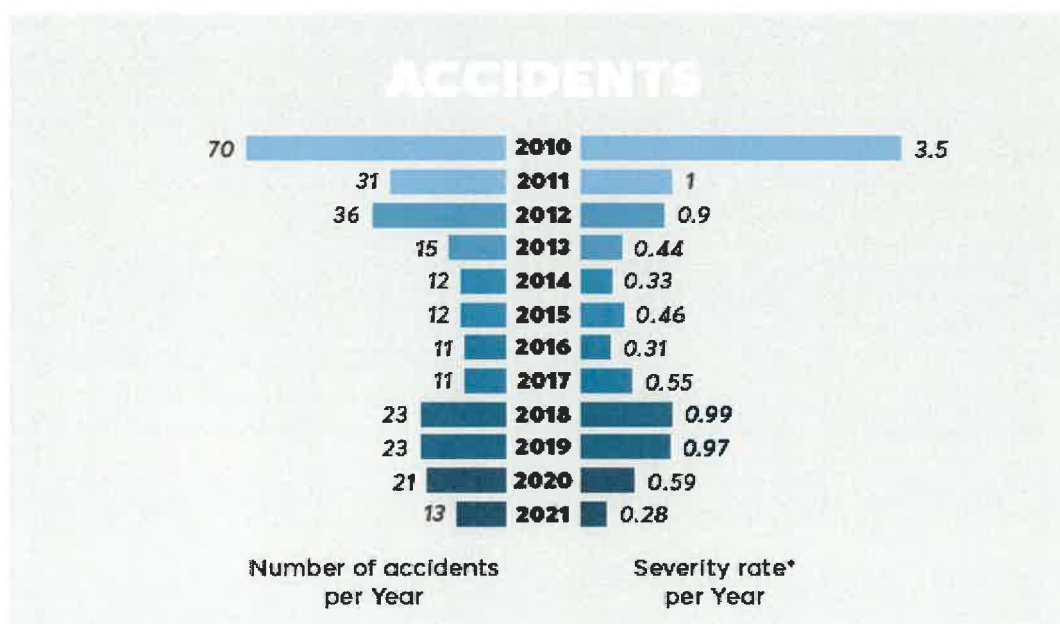


**20%**  
Reduction of  
water consumption  
since 2018

In terms of waste elimination, the same global approach has been implemented with the following results:

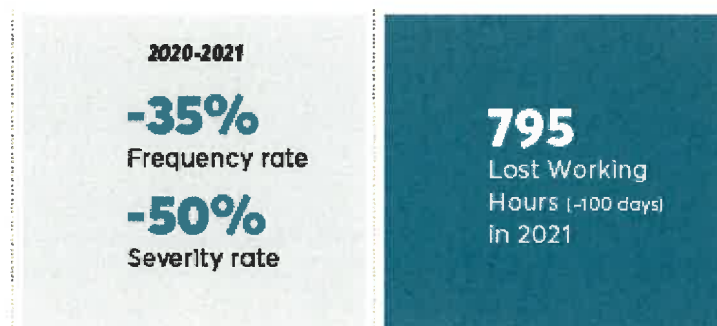


In terms of safety, the strong Health and Safety (H&S) culture has continued to be developed through targeted internal actions. Special initiatives have been implemented across the facilities of the company, particularly in terms of safety training and observations programs. Yet Zero Accident remains a priority objective for Metalor. The following graph do reflect the evolution of the number of accidents and the severity rate.



**Severity rate**  
Working hours lost x 1,000 / Total  
working hours

**Frequency rate**  
Accidents x 1,000,000 / Total  
working hours



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

#### 4) AML, Anticorruption & Compliance

Despite the complex situation triggered by the COVID pandemics and the restrictions that we have seen around the globe in 2021 and 2022, Metalor has continued to apply its strict compliance process across the board. In this sense, Metalor compliance procedures have been upgraded in line with Version 9 of the Responsible Gold Guidance published by the London Bullion Market Association (LBMA) in November 2021. Still our ability to make the planned site visits has been severely impacted by the COVID situation. However, to cover that gap, Metalor has implemented a process in the areas where travel restrictions are still in place to move forward and continuing gathering field data through videoconferences. Another very relevant challenge during the period has been the restrictions coming from the war in Ukraine. Metalor has abide by the international sanctions put forward by the EU, US, UK and Switzerland, among other countries, and continue to respect those.

#### 5) External Certifications

Despite 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 quarter of the year 2022. <https://metalor.com/certifications-and-accreditations/>

**RJC.-** In terms of certification of Metalor practices and procedures, Metalor has successfully passed in the first quarter of 2022 the RJC re-certification (Chain of Custody) of its four refineries (Switzerland, USA, Hong Kong, Singapore and in China) ([www.responsiblejewellery.com](http://www.responsiblejewellery.com)).

**FINMA.-** In March 2022, 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 2022, 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.

**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