

**Metalor U.S.A. Refining Corporation**  
**North Attleboro, MA (USA)**

---

**Independent Reasonable Assurance Report**  
**LBMA Responsible Gold Guidance**

For the year ended 31 December 2021

---

## **Independent Reasonable Assurance Report to the Board of Directors of Metalor U.S.A. Refining Corporation, North Attleboro, MA (USA)**

We were engaged by Metalor U.S.A. Refining Corporation to provide reasonable assurance on its Refiner's Compliance Report for the year ended 31 December 2021.

The assurance scope consists of the Refiner's Compliance Report and the Country of Origin Annex.

### **Responsibilities**

The Board of Directors of Metalor U.S.A. Refining Corporation is responsible for the preparation and presentation of the Refiner's Compliance Report and the Country of Origin Annex in accordance with the *LBMA Responsible Gold Guidance* (the Guidance). This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived. The criteria identified by the directors as relevant for demonstrating compliance with the *Guidance* are the activities described within the Refiner's Compliance Report. Our responsibility is to carry out a reasonable assurance engagement in order to express a conclusion based on the work performed. We conducted our assurance engagement in accordance with International Standard on Assurance *ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board and the guidance set out in the *LBMA Responsible Gold Programme – Third Party Audit Guidance for ISAE 3000 Auditors (the Audit Guidance)*.

This report and its annex have been prepared for Metalor U.S.A. Refining Corporation for the purpose of assisting the Board of Directors in determining whether Metalor U.S.A. Refining Corporation has complied with the Guidance and for no other purpose. Our assurance report is made solely to Metalor U.S.A. Refining Corporation in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than Metalor U.S.A. Refining Corporation for our work, or for the conclusions we have reached in the assurance report.

### **Inherent limitations**

Non-financial information, such as that included in the Refiner's Compliance Report and the Country of Origin Annex, is subject to more inherent limitations than financial information, given to more qualitative characteristics of the subject matter and the methods used for determining such information. The methods used by Refiners to comply with the Guidance may differ. It is important to read the Metalor Group precious metal supply chain policy available on Metalor's website [www.metalor.com](http://www.metalor.com).

### **Independence and competency statement**

In conducting our engagement, we have complied with the applicable requirements of the Code of Ethics for Professional Accountants issued by International Ethics Standards Board for Accountants.

In conducting our engagement, we confirm that we satisfy the criteria for assurance providers as set out in the *Audit Guidance* to carry out the assurance engagement.

### **Emphasis of matter paragraph**

We draw attention to the fact that the Country of Origin Annex is not publicly available.

## Conclusion

In our opinion, the Metalor U.S.A. Refining Corporation's Compliance Report and the Country of Origin Annex for the year ended 31 December 2021, in all material respects, describe fairly the activities undertaken during the year to demonstrate compliance, and management's overall conclusion contained therein, is in accordance with the requirements of the *LBMA Responsible Gold Guidance*.

MAZARS Ltd



Franck Paucod  
Licensed Audit Expert  
(Auditor in Charge)



Aude Vatrej  
Licensed Audit Expert

Geneva, February 24, 2022

## Enclosures

- Metalor U.S.A. Refining Corporation's Compliance Report 2021

Copy to London Bullion Market Association

## LBMA Refiner Gold Compliance Report

**Table 1: Refiner's details**

Refiner's name	Metalor USA Refining Corporation
Refinery Location	255 John L. Dietsch Boulevard North Attleboro, MA 02761, USA
Reporting year-end	31.12.2021
Date of Report	24.02.2022
Senior Management responsible for this report:	Marco Pisino Group Quality Manager
<p>Metalor USA Refining Corporation was established in 1989 after Metalor SA acquired the assets of the gold and silver refinery from Leach &amp; Garner. The refinery itself was completed in 1984 in the same facility it still occupies today in North Attleboro, Massachusetts. The scope of its activities include the melting and evaluation services for customers in both the North and South American markets. In 1991 Metalor USA Refining became a member of the London Bullion Market Association (LBMA).</p> <p>Metalor USA Refining Corporation is a subsidiary of Metalor Technologies International SA and follows all processes set at Group level like due diligence &amp; compliance.</p> <p>Since its creation in 1852, Metalor has always been recognized by its worldwide business partners as an ethical and responsible precious metals company. It is not only the world's largest multiple site gold refiner, but it is also very active in silver, platinum and palladium refining and products making. This would not have been possible without irreproachable business practices and a sustainable strong corporate ethic. Metalor's corporate culture is founded upon honesty and integrity at all levels of the company, and we are determined to continue to be relentless in our effort to implement these values internally and externally.</p> <p>Metalor core competencies are the refining, management and transformation of precious metals, the supply of innovative surface treatment processes, powders, chemical products and catalysts, and the manufacturing of silver alloys electrical contacts designed for electrical distribution, digital and analogue control, transports and electrical appliances. Metalor's primary objective is to create exceptional value for its customers, partners and shareholders, within a culture of performance, innovation, trust and respect. With subsidiaries all over the world, and more than 1,465 employees, the Metalor Group is present in Europe, Americas and Asia.</p> <p>Metalor is a very active member of the London Bullion Market Association (LBMA). It has been a "Good Delivery Company" since 2003 (<a href="http://www.lbma.org.uk/">www.lbma.org.uk/</a>). Metalor is also one of the five worldwide referees for the LBMA and was promoted as Ordinary member in 2012, which represent the highest level of membership</p>	

### Metalor evaluation

**Table 2: Summary of activities undertaken to demonstrate compliance**

**Step 1: Establish strong company management systems**

**Compliance Statement with Requirement:**

We have fully complied with Step 1: Establish strong management systems.

**1. Has the refiner adopted a company policy regarding due diligence for supply chains of Gold?**

Metalor group has adopted a company-wide policy binding for all its entities regarding due diligence for the supply chain of all precious metals, including but not limited to Gold. Metalor has deployed throughout its organization clear and strong policies.

**Comments and Demonstration of Compliance:**

Due to its activity of precious metal trader, Metalor is considered a Financial Intermediary according to the Swiss legislation.

In essence, the Metalor Group has the obligation to determine, limit and control the legal risks and reputation of its operations by abiding to the applicable legislation regarding Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT). This obligation is applicable to all Metalor subsidiaries in the world, which means that these legal entities must comply not only with the applicable country laws in terms of AML but also with the Swiss requirements.

Also, as part of our Corporate Social Responsibility program and beyond fulfilling our legal obligations in accordance with AML laws, Metalor continuously enhances worldwide efforts to ensure that precious metals come only from legitimate and ethical sources, as stated in our Supply Chain Due Diligence Policy [https://metalor.com/wp-content/uploads/2020/06/Due\\_diligence\\_SupplyChain.pdf](https://metalor.com/wp-content/uploads/2020/06/Due_diligence_SupplyChain.pdf). Metalor Supply Chain Due Diligence Policy is consistent with "Risks" stated in Annex II of the OECD Due Diligence Guidance and addresses all issues that Metalor may face regarding trade, handling and export of minerals from CAHRAs (Conflict Affected and High Risk Areas). Moreover, Metalor is a member of the Responsible Jewellery Council (RJC) and a good delivery refinery of the London Bullion Market Association (LBMA). We are a founding member of the Better Gold Initiative (BGI), an active member of the OECD drafting committee on the gold supplement, and a supporter of the United Nations Global Compact principles in the areas of human rights, labor, environment and anti-corruption. Therefore, Metalor is also in compliance with all these standards.

In order to continuously meet the world's strictest industry standards Metalor has successfully implemented legal and anti-corruption requirements and ensure irreproachable business practices as well as sustainable strong corporate ethics at all levels of the Company. Metalor complies with the LBMA Responsible Gold Guidance, consolidates and formalizes already existing high standards of refiners' due diligence obligations. Metalor own guidelines are built based on the OECD Due Diligence Guidance, Swiss and US KYC, Anti Money Laundering and regulations combating terrorist financing. The structure of Metalor guidelines

## LBMA Refiner Gold Compliance Report

combines and expands practices used by leading precious metal refiners in terms of AML, KYC, security and Due Diligence policies, management systems and audit processes to include risk-based due diligence..

In that respect, before starting to work with any new customer, this potential new partner must go through our Account Opening Procedure that allows Metalor to gather the legally required information on the company, its business and operations, as well as the origin and supply chain of the precious metal which will be entrusted to us, as certain restrictions may apply.

### 2. Has the refiner set up an internal management structure to support supply chain due diligence?

Metalor has set up an internal management structure to support its supply chain due diligence. Metalor Supply Chain Policy has been approved by the senior level of the company, it is being reviewed from time to time (generally every year) to adapt it to the evolving environment (social, regulatory or otherwise) and it is available in English on the Metalor web site <https://metalor.com/> under the section Corporate Social Responsibility / Business Principles..

#### Comments and Demonstration of Compliance:

An internal management system has been set up to define the governance, clear roles and responsibilities, internal audit procedures, communication and management review as per the adopted policy. Compliance officers, located all around the world, are mandated to supervise and review the overall process, and have a direct line of reporting to the top management.

In that respect, before starting to work with any new customer, this potential new partner must go through our Account Opening Procedure that allows us to gather the legally required information on the company, its business and operations, as well as the origin and supply chain of the precious metal which will be entrusted to us, as certain restrictions may apply.

In order to comply with our obligations, principally putting in place organizational measures, all relevant employees receive a yearly training that covers all essential aspects of the compliance obligations of the Company to enable them to actively contribute to the enforcement, at their level, of anti-money laundering and the anti-financing of terrorism measures.

Such training must take place internally at least once a year, and a basic training must be provided to all new relevant employees. External training can also be used if considered as complying with our needs by the Compliance Officer.

A specific emphasis is put on the employees working in the reception and evaluation departments, who are trained to detect any suspect material, as well as on the front office staff to detect and prevent dubious transactions.

It is important to underline that the Metalor due diligence and compliance system is standard and global, in the sense that the same criteria and policies are applicable irrespective of where the company operates, and it is centralized in Switzerland. That means that the final decision regarding the onboarding (or not) of a given potential customer is taken by the Compliance Committee in Switzerland. The Compliance Committee, which requires unanimity to adopt decisions, is formed by the CEO, the Treasurer and the General Counsel of the company. Monitoring actions are handled by the office of the General Counsel and escalated to the Compliance Committee when needed.

Compliance information about Metalor customers is confidential and it is only shared on a need to know basis within the Legal and Compliance Office and the Compliance Committee.

### 3. Has the refiner established a strong internal system of due diligence, controls and transparency over Gold supply chain, including traceability and identification of other supply chain actors?

#### Comments and Demonstration of Compliance:

The goal is to ascertain the real activity of the customer and to assess the associated risk in line with Metalor standards. This clarification must be done before starting any business with the customer, and afterwards, each time an operation seems unusual, as there may be indications/hints that the money/metal may be the proceeds of a dubious activity, or may be subject to the power of disposal of a criminal organization or that these assets may serve the financing of terrorism.

There is a duty to keep records of the Due Diligence file of the customer as well as transactions carried out, including any additional clarification that may be needed.

We not only have to know our customer, its ultimate beneficial owner(s), ultimate controlling individual and legal representatives, but we also have the obligation to keep evidence that we have properly documented its due diligence process.

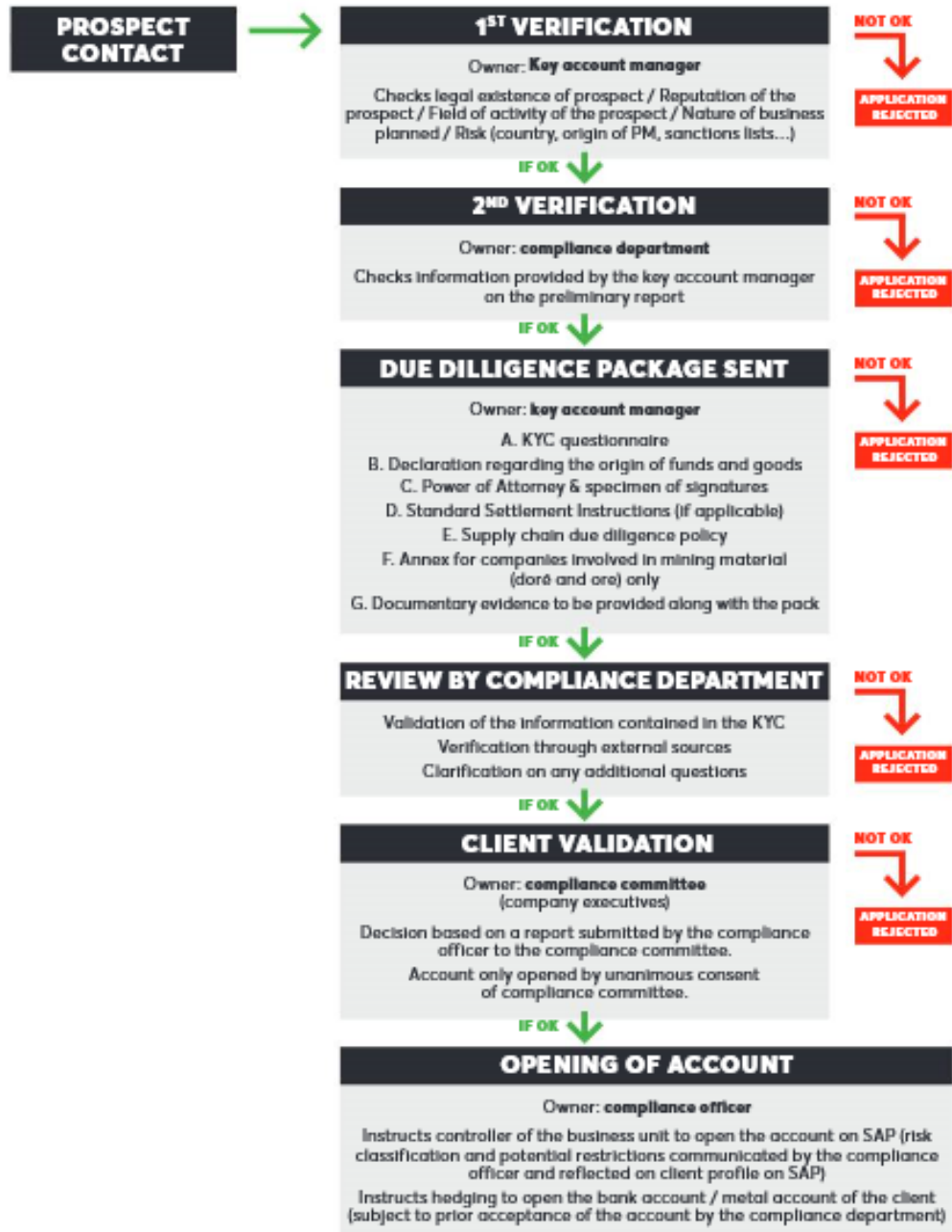
The above mentioned obligations can be explained in other words as proceeding with:

1. A customer evaluation
2. A customer risk assessment

In addition, Metalor has the obligation to set up an organization sufficiently equipped to carry out the above mentioned obligations as well as the monitoring of the Transactions. For this reason, a compliance organization has been set up, which includes a Compliance Committee (CC), Compliance officers, an online due diligence process and Compliance tools (e.g. World check). Finally, Metalor has a duty to report to the authorities in case of suspicion and eventually to freeze the assets and/or account of customers (for more details please refer to point 8 here below).

# LBMA Refiner Gold Compliance Report

## PRECIOUS METAL BUSINESS PARTNER ONBOARDING PROCESS



## LBMA Refiner Gold Compliance Report

### EVALUATION

The evaluation of the customer and the eventual risk associated with doing business with it, is done in two phases.

**The Preliminary Report:** this report must be submitted by the Sales team to the Compliance Officer, and contains basic information about the customer. It is essential to collect as much information as possible at the Preliminary report level as some major risks can already be identified at this stage. If this step is cleared by the Compliance Officer, the Due Diligence process may start.

Transactions and/or potential clients entering in the category “Industrial DD process” (as per Section 6. A) here below) are exempted of Preliminary Report because of the very limited AML risk. It may be required though by the compliance officers to have a better understanding of the business envisaged with the potential client.

**The collection and evaluation of the Due Diligence documentation:** this is a much more comprehensive and documented file with all the necessary information to assess whether Metalor is ready to start doing business with the customer. The Due Diligence documentation includes but is not limited to the applicable Metalor Due Diligence pack along with the supporting documentation stated in the Due Diligence pack and the applicable index.

We have a robust reception process for each and every lot. Specific documents such as customer order, custom and logistic paperwork, weight list... must be received and transactional details entered before we process any precious metal. Each lot received is accurately registered in our transactional system. For most lots, photographic evidences of the received materials are also kept. Specific controls (such as weight check, deleterious element, radioactivity check) regarding received materials are carried out before processing incoming material as outlined in our internal guidelines.

Regular training of our employees ensures that our guidelines are followed; This training is provided to all relevant employees involved one way or another in the onboarding process or having the responsibility to participate in the business. Typically this is deployed to the Legal & Compliance, Treasury, Commercial team, Front Office, Logistics and Import-Export functions. Any form of non-conformance is unacceptable and reported to the compliance officer and top management. No such escalation was necessary during the reporting period.

### DUE DILIGENCE DOCUMENTATION

Metalor must:

1. identify the customer and verify the customer's legal existence and the controlling individuals' identity using reliable, independent source documents, data or information
2. verify the client's physical existence and operations through an on-site visit conducted within 12 months from opening of account. Note: the compliance department and/or the compliance committee may require a shorter deadline if needed, or exempt a client from on-site visit if it does consider that such on-site visit would be of no-added value (in example for banks, large trading companies, listed companies, etc...)
3. where there is a beneficial owner in relation to the customer, identify and take reasonable measures to verify the beneficial owner's identity;
4. obtain information on the purpose and intended nature of the business relationship (if any) established with Metalor unless the purpose and intended nature are obvious; and
5. if a person purports to act on behalf of the customer:
  - 5.1. Identify the person and take reasonable measures to verify the person's identity using reliable and independent source documents, data or information; and
  - 5.2. verify the persons authority to act on behalf of the customer
6. verify the validity of the customer VAT number
7. verify that the customer is authorized to perform its business activity (license) (if applicable)
8. assess the customer supply chain due diligence and AML policy
9. obtain the last yearly audited financials accounts of the customer

Metalor must complete the collection of the required documentation and the DD process before establishing any business relationship or before carrying out a transaction. Where on an exceptional basis working with a customer is permitted prior to full verification, the full verification should be concluded within a reasonable timeframe defined by the Compliance Committee on a case by case basis.

As a principle, Metalor requires its customers to provide (a) bank account(s) in the country where they are located and/or where they operate. This information is checked based on our Standard Settlement Instructions (SSI) Form.

However, the legal department may grant an exemption based on the explanation of the customer as to why it wishes to be paid on a bank account located in another country.

The same principle applies to third party payment: Metalor shall make payments only on the bank account open in the name of its customers, unless an exemption is granted by the legal department based its legality and the consistent justified explanation from its customer.

All sections of the DD file shall contain the relevant document

## LBMA Refiner Gold Compliance Report

### 4. Has the refiner strengthened company engagement with Gold supplying counterparties, and where possible, assist Gold supplying counterparties in building due diligence capabilities?

#### Comments and Demonstration of Compliance:

During the reporting period Metalor has strengthened company engagement with Gold, and is continuously supporting its precious metal supplying counterparts to improve their own supply chain practices. Key account managers are, for example, using the opportunity of each customer site visit to not only share Metalor's compliance vision and expectations, but also helping our counterparts to continuously ameliorate their processes. Our existing high standards are based on the OECD Due Diligence Guidance as well as applicable local regulations. The structure of Metalor guidelines combines and expands practices used by leading precious metal refiners in terms of AML, KYC, security and Due Diligence policies, management systems and audit processes to include risk-based due diligence.

All new suppliers have to go through a complete due diligence process which consist on -but is not limited to- the scrutiny of information provided via our due diligence packs, the verification of the existence of the applicant, the accuracy of the business planned versus its official scope of business... For example, type of material, volumes and metal flows are cross-checked with our market intelligence. Data on key individuals are gathered and verified, and kept up to date during the course of the business relationship.

Then, further to a recommendation of the relevant compliance officers, the application must be formally and unanimously approved by our compliance committee members before we are entering into a new business relationship.

Our compliance department is reviewing the file of each co-contracting party every 1 or 5 years, respectively for high risk and normal risk customers. Normal risk companies (for example a listed company based in Switzerland and providing exclusively industrial waste) are having their file reviewed every 5 years maximum. Of course, files are reviewed anytime a change in the corporation or the material origin occurs, regardless of the risk category.

When the Gold suppliers are not mines but collectors or traders, Metalor requires them to implement as well a compliance and due diligence system so that Metalor standards in terms of compliance are maintained along the supply chain. Metalor has included into its KYC form the minimum requirement & information that collectors and traders have to get from their counterparts in order to secure that Metalor standards are well kept. Metalor performs regular audits – including extended site visit – of its suppliers in order to verify their diligence system and sharing best practices.

Due to the lack of inadequate progress regarding the implementation of the EITI Standards Metalor does not accept precious metals from countries or state owned companies set up by the following governments (EITI countries <https://eiti.org/countries>)

### 5. Has the refiner established a company-wide communication mechanism to promote broad based employee participation and risk identification to management?

#### Comments and Demonstration of Compliance:

Metalor has deployed throughout its organization a mechanism allowing all employees and external parties to voice concerns over the precious metals supply chain or other identified regulation violation regarding conflict minerals sourcing or other compliance issues (Whistleblowing Policy). Such line of communication is confidential and is exclusively handled by the Group General Counsel office of the company in an independent fashion. In addition, a functional mailbox has been established which is reviewed by the Group General Counsel, as well as the compliance officers worldwide.

#### REPORTING

As previously indicated, Metalor has a duty to report any suspicion of money laundering or the financing of terrorism.

**When:** Metalor has an obligation to report where there is knowledge or suspicion of money laundering and/or the financing of terrorism. Generally speaking, knowledge is likely to include:

1. actual knowledge;
2. knowledge of circumstances which would indicate facts to a reasonable person; and
3. knowledge of circumstances which would put a reasonable person on inquiry.
4. Well founded suspicion
5. Reasonable grounds to suspect an illegal activity

**Who:** Any Metalor employee must report his suspicion and/or his knowledge in this respect.

**To Whom:** To the local Compliance Officer. The latter shall liaise with the headquarters compliance department in order to analyse and summarize the facts before informing the Compliance Committee. The Compliance department & the Compliance Committee will proceed with further investigation if needed. If all relevant information is already held, a report to the relevant authorities will be made.

**Reminder:** Revealing to any person any information which might prejudice an investigation is strictly forbidden; if a customer is told that a report has been made, this would prejudice the investigation.

This Grievance mechanism can be used anonymously by any employe or external party.



## LBMA Refiner Gold Compliance Report

### RECORD KEEPING

Record-keeping is an essential part of the Due Diligence and is absolutely needed to secure compliance with AML regulations. Metalor must maintain customer, transaction and other records that are necessary to meet the record-keeping requirements.

Consistent with the above, Metalor must keep:

1. the original or a certified true copy or simple copy of the documents, and a record of the data and information, obtained in the course of identifying and verifying the identity of the customer and/or beneficial owner of the customer and/or beneficiary and/or persons who purport to act on behalf of the customer and/or other connected parties to the customer;
2. any additional information in respect of a customer and/or beneficial owner of the customer and/or controlling individual of the customer that may be obtained for the purposes of clarifications or ongoing monitoring;
3. where applicable, the original or a copy of the documents, and a record of the data and information, on the purpose and intended nature of the business relationship;
4. the original or a copy of the records and documents relating to the customer's account (e.g. account opening form; risk assessment form) and business correspondence with the customer and any beneficial owner of the customer.

All documents and records mentioned in paragraph here above should be kept throughout the business relationship with the customer and for a period of ten years after the end of the business relationship.

### Step 2: Identify and assess risks in the supply chain

#### Compliance Statement with Requirement:

We have fully complied with Step 2: Identify and assess risks in the supply chain.

#### 1. Does the refiner have a process to identify risks in the supply chain?

Metalor has processes in place to identify and assess risks in the supply chain.

**Comments and Demonstration of Compliance:** The risk is assessed against a defined set of criteria, which can be summarized as follows:

1. the seat or domicile of the customer and / or the beneficial owner;
2. the type and location of the activity of the customer and / or beneficial owner;
3. the country of origin or destination of the payments and/or of the material;
4. the structural complexity of the customer, particularly when using domiciliary companies (such as PO box or opaque shareholding structure).
5. Presence of PEP (Political Exposed Persons), representing the customer or being a beneficial owner. A PEP is someone who has been entrusted with a prominent public function, or an individual who is closely related to such a person. A PEP generally presents a higher risk for potential involvement in bribery and corruption by virtue of their position and the influence that they may hold.
6. Industry history and background of the potential or existing customer, which Metalor search through different public and private data bases.

We identify and assess risks in the supply chain. For every supplier we have established a client database and allocated a risk profile according to our risk profile criteria. This process is a formal requirement before entering any business relationship with any Precious Metals counterparty, including but not limited to Gold. Our due diligence process is carried out on a risk-based approach and follows our requirements as outlined in our Due Diligence policy.

Metalor has also established a global blacklist in order to ensure that individuals / companies who offered dubious business cannot be onboarded on any company of the Metalor group

#### 2. Does the refiner assess risks in light of the standards of their due diligence system?

Metalor assesses the risk in light of the standards of its due diligence system.

#### Comments and Demonstration of Compliance:

Supply chain due diligence comprising all measures required by the LBMA is performed before entering into a business relationship with any Gold or other precious metals supplying counterpart. Metalor compliance team performs enhanced due diligence for higher risk categories, which includes all Gold originating or transiting via conflict affected areas, or areas with possible human rights abuses, child labor and other high risk factors. In addition, Metalor conducts appropriate scrutiny and monitoring of transactions undertaken through the course of the relationship.

Our due diligence process is carried out on a risk-based approach and follows our requirements as outlined in our Due Diligence policy.

If the due diligence assessment leaves doubts, the Compliance Committee refuses to enter into a new business and rejects the application submitted

Metalor has also established a global blacklist in order to ensure that individuals / companies who offered dubious business cannot be on-boarded on any company of the Metalor group.

Site visits are mandatory. They are carried out by Metalor personnel whenever possible. If conditions, such as security or pandemic issues (e.g. COVID) are not advising to pay a site visit, this can alternatively done by the company Metalor engages as transportation agent or eventually by an audit firm being present in the incumbent country. Exceptionally, during the year 2021,

## LBMA Refiner Gold Compliance Report

and due to COVID pandemic, some of the site visits reports have been postponed to a later date, depending on the evolution of the risk. Metalor has defined a standard template that must be followed in each of the site visits, including aspects such as respect of human rights, social aspects and compliance with environmental regulations and standards.

### 3. Does the refiner report risk assessment to the designated manager?

#### Comments and Demonstration of Compliance:

The Compliance officers assess the potential risks in-line with Metalor internal guidelines as well as the OECD due diligence guidance. If unacceptable risks are identified (that cannot be mitigated) with new or existing business partners, Metalor – through a formal decision of its Compliance Committee – will deny acceptance of new business partner or cancel business with existing partners.

The Compliance Committee – composed of the CEO, the Group General Counsel and the Group treasurer- has the final responsibility on the precious metal supply chain.

### Step 3: Design and implement a management system to respond to identified risks

#### Compliance Statement with Requirement:

We have fully complied with Step 3: Design and implement a management system to respond to identified risks.

### 1. Has the refiner devised a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing to trade; (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk

Metalor has devised a strategy for risk management of an identified risk by taking any of the three following option, depending on the risk evaluation: (i) mitigation of the risk while continuing to trade; (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk and terminating the business relationship.

#### Comments and Demonstration of Compliance:

Metalor has set-up an ongoing screening of all business partners for identifying risks. In addition and based on the risk assessment, a regular assessment of all business partners and transactions is established. Furthermore, the Compliance officer, jointly with any Metalor staff who may provide necessary information, will carefully assess any ad-hoc identified risk brought up by any stakeholder. After collection and scrutiny of information, necessary actions/measures are after being escalated to the Compliance Committee (blocking the customer account).

### 2. Where a management strategy of risk mitigation is undertaken, it should include measurable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk, and regular reporting to designated senior management

#### Comments and Demonstration of Compliance:

Corresponding procedures are in place and are when necessary applied accordingly. The Compliance Committee is immediately informed whenever a possible issue with a counterpart is perceived.

Effective ongoing monitoring is vital for understanding the customer's activity and an integral part of effective AML systems. It helps Metalor to know their customers and to detect unusual or suspicious activities.

#### Regular Monitoring

We must continuously monitor our business relationships with customers by:

1. Monitoring the transactions operated with the customer and report any unusual activity to the sales person in charge. The latter shall verify whether there is an acceptable explanation to the change and change report to the legal department which will decide whether measures shall be taken.
2. Periodically reviewing filed documents, data and information relating to the customer, and to ensuring they are up-to-date and relevant;
3. Monitoring the activities of the customer to ensure that they are consistent with the nature of business, the risk profile and source of funds. An unusual transaction may take the form of an activity that is inconsistent with the usual pattern of that customer, or with the normal business activities for the type of product that is being delivered.

#### Abnormal changes in customer pattern

Metalor should be vigilant for changes on the basis of the business relationship with the customer over time. These may include situations where:

1. new transactions that pose higher risk are entered into e.g. unusual volume or type of product, different origin of the material, demand payment in a different bank account, etc. ;
2. new corporate or trust structures are created;
3. the stated activity or turnover of a customer changes or increases; or
4. the nature of transactions changes or their volume or size increases etc.

The extent of monitoring should be linked to the risk profile of the customer which has been determined through the risk assessment.

We have 38 Customers have been blocked during the period and the reason was no activity for 12 months according to our internal process.

#### Reminder:

The identification of high risk customers, including delivery channels, and geographical locations are not static assessments. They may change over time, depending on how circumstances develop, and how threats evolve.

Customers whom initially we did not assess as high risk customers may, within the review of the risk classification or the particular situation of the customer, become a high risk customer or viceversa.

## LBMA Refiner Gold Compliance Report

**REVIEW OF FILES:**

All high risk classified files will have to be reviewed each time a change is communicated by a customer, but at least once a year and when needed, documentation will be updated.

All other files must be reviewed each time a change is communicated by a customer, but at least once every 5 years.

**RENEWAL OF ON-SITE VISIT:**

On-site visit must be renewed every 3 years for a high risk customer and every 5 years for a normal risk customer.

**Step 4: Arrange for an independent third-party audit of the supply chain due diligence**

**Compliance Statement with Requirement:**

We have fully complied with Step 4: Arrange for an independent third-party audit of the supply chain due diligence.

**Comments and Demonstration of Compliance:**

As part of the LBMA certification program, an international & independent audit firm audits and verifies whether Metalor actually meets all requirements of the Gold responsible standard. Their independent assurance report is attached. It is important to underline that Metalor has decided to ask the audit firm to perform every year a Reasonable Assurance audit, rather than only every three years as stated by the LBMA. For the 2021 period, the audit firm engaged for the Metalor audits in all its refineries (Switzerland, USA, Hong Kong, Singapore, China) has been Mazars. Its audit team has been traveling to the above mentioned Metalor locations and carried out the necessary audit steps according to the LBMA standards

**Step 5: Report on supply chain due diligence**

**Compliance Statement with Requirement:**

We have fully complied with Step 5: Report on supply chain due diligence

**Comments**

Further information and details on how Metalor systems, procedures, processes and controls have been implemented to align to the specific requirements in the LBMA Responsible Gold Guidance have been set out in our supply chain policy, which is available on our company website's download sections: [https://metalor.com/wp-content/uploads/2020/06/Due\\_dilligence\\_SupplyChain.pdf](https://metalor.com/wp-content/uploads/2020/06/Due_dilligence_SupplyChain.pdf)

**Table 3: Management conclusion**

**Is the refiner in compliance with the requirements of the LBMA Responsible Gold Guidance for the reporting period?**

**Metalor overall conclusion**

<b>YES</b>	<p>In conclusion, Metalor USA Refining Corporation Pte implemented effective and robust management systems, procedures, processes and practices to conform to the requirements of the LBMA Gold Responsible Guidance as explained above in Table 2. For the reporting year ending on 31 December 2021. Metalor is committed to continuous improvement.</p> <p>We recognise that as a company, we have an impact on the world in which we live, and the people with whom we interact. Our actions affect our employees, our customers and suppliers, the communities in which we live and work, and the environment. For Metalor, Corporate Social Responsibility represents a company's commitment to operate in an economically, socially and environmentally sustainable manner We are convinced that our responsible approach to business and the dedication and expertise of our employees are key factors that determine our long-term success. Our Corporate Social Responsibility report (CSR) is available under our Metalor website <a href="https://metalor.com/corporate-social-responsibility/csr-report/">https://metalor.com/corporate-social-responsibility/csr-report/</a>.</p>
------------	---

**Other details**

**Table 4: Other report comments**

Users of this report are welcome to provide feedback or address relevant queries to Metalor by Emailing: [marco.pisino@metalor.com](mailto:marco.pisino@metalor.com)

North Attleboro, February 22, 2022

  
 Marco Pisino  
 Group Quality Manager