

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

Marin, July 1, 2023

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.

In 2022 the company has already consolidated the practice of publishing its Corporate Social Responsibility Report <https://metalor.com/corporate-social-responsibility/csr-report/> for the second time already, having all data contained therein audited by an independent audit firm. In this sense, Metalor has kept its progress against the below 17 Sustainable Development Goals (SDGs) developed by the United Nations (UN) to set its priorities and aspirations for 2030.



We have to remark however, that year 2022 has been positively impacted by the progressive end of COVID19 pandemic, meaning a coming back to business as usual. However, this time on a negative side, the energy crisis linked with the war in Ukraine has been a real challenge that has pushed the company to accelerate its goal on reducing energy consumption and the search of sustainable sources of energy like the photovoltaic alternative. Despite this challenging environment, Metalor has continued to make progress around the Ten Principles of the United Nations Global Compact in the areas of Humans Rights, Labour, Environment and Anti-Corruption. We are nevertheless aware that we have progress to make, particularly in terms of the number of accidents among our employees. Despite all our efforts in training, proper behavior and investment in our equipment's, we still have too many accidents. Fortunately, none of them had serious consequences on the health of our employees. We don't give up and will continue our project until we achieve the zero-accident ultimate goal. This is and will remain our top priority.

In this respect, I am pleased to summarize the measures that Metalor has successfully implemented in the past 12 months.

1) Human Rights

The protection of human rights is a key goal 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 our decisions and standards, 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 included in 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.

In particular, and connected with the work done by Metalor regarding the Artisanal Mining Sector (ASM), we are pleased to announce the financing of 2 philanthropic projects, one to allow an artisanal mine in Colombia to achieve Fairmined certification, the other to develop the school system for children in Burkina Faso. Two countries where artisanal mines play an essential role in the local economy. Although Metalor has become very selective in choosing the ASM projects to be involved in view of the complexity of the supply chain, we wish to contribute to the improvement of the working conditions of people living thanks to this activity.

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 2022 and its certification -covering this very point- has been renewed.

The whistleblowing program/Grievance line that the company has in place world wide has been expanded to employees, subcontractors, customers, suppliers and stakeholders in general. It has been no grievance request in 2022.

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.

It is worth to note that in 2022 the energy swift initiated by Metalor in 2021 in terms of the installation of renewable and clean energy sources has materialized with the delivery of the two first solar projects in the plants in Mexico (San Luis Potosi – phase

1) and in China (Wuzhong), achieving already a 3% reduction of the CO2 emissions of the Metalor Group. This transition to photovoltaics power generation projects has been further expanded to other projects in 2022 in other Metalor plants around the globe, including the facilities of Marin and Lyss (Switzerland), Courville and Saint Fons (France), San Luis Potosi (Mexico – phase 2), North Attleboro, Attleboro and Port Huron (USA), and Yuen Long (Hong Kong), that will be deployed in 2023-24. The Goal is to substantially reduce the CO2 emissions as well as reducing energy consumption originated from fossil sources.

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.

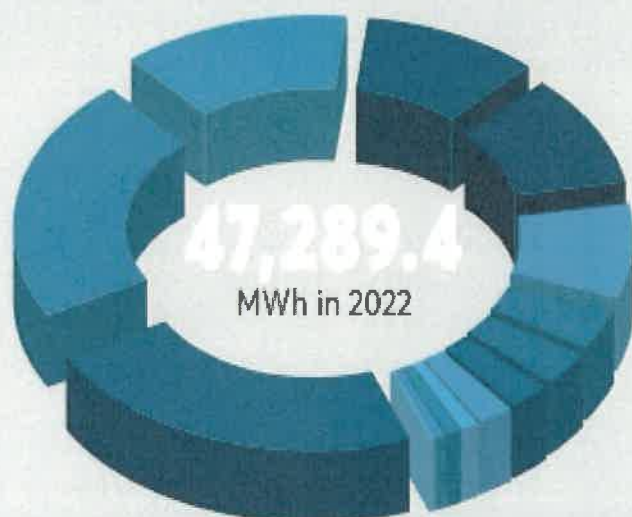
The main achievements have been as follows:





Regarding green energy, Metalor has already implemented a solar project in its Mexican plant at San Luis Potosi as well as in Wuzhong (China), that as mentioned above, are substantially operating based on photovoltaic energy sources. As far as electricity & water consumption for the group, the achievement has been as follows:

ELECTRICITY CONSUMPTION

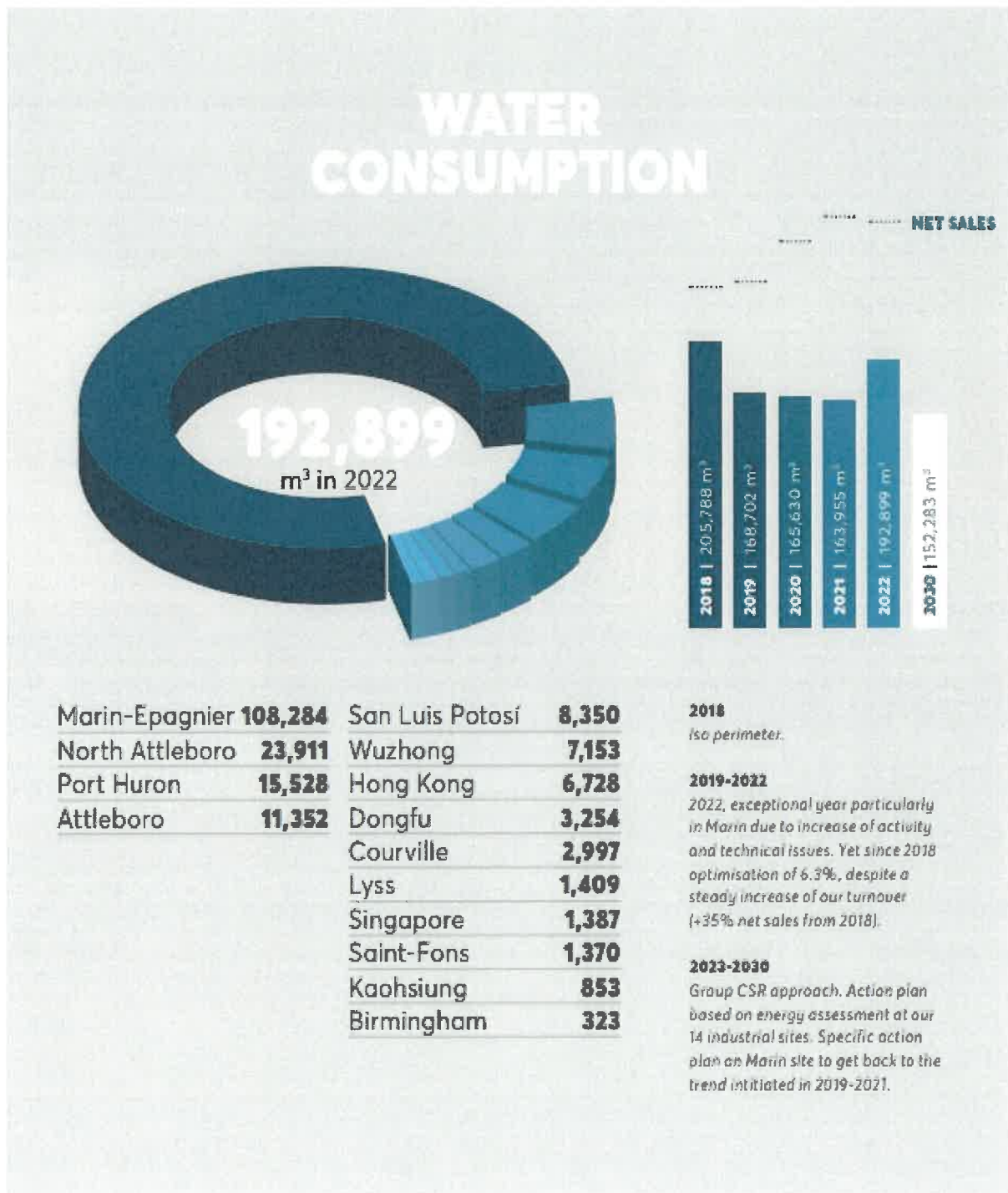


Courville	10,734.5	Hong Kong	1,503.1
Marin-Epagnier	10,187.4	Singapore	1,268.2
North Attleboro	6,257.0	Dongfu	1,169.7
Wuzhong	4,747.0	Saint-Fons	1,163.7
San Luis Potosí	4,500.1	Port Huron	909.2
Attleboro	3,888.2	Lyss	573.9
		Kaohsiung	236.5
		Birmingham	72.6
		Hong Kong office	49.5
		Madrid	19.5
		Boras	9.3

2018
ISO perimeter

2019-2022
Energy assessment and action plan for our 2 major sites. First photovoltaic power generation in Metalor Group at San Luis Potosí site in Mexico and Wuzhong in addition to optimisation of high energy consuming equipment..

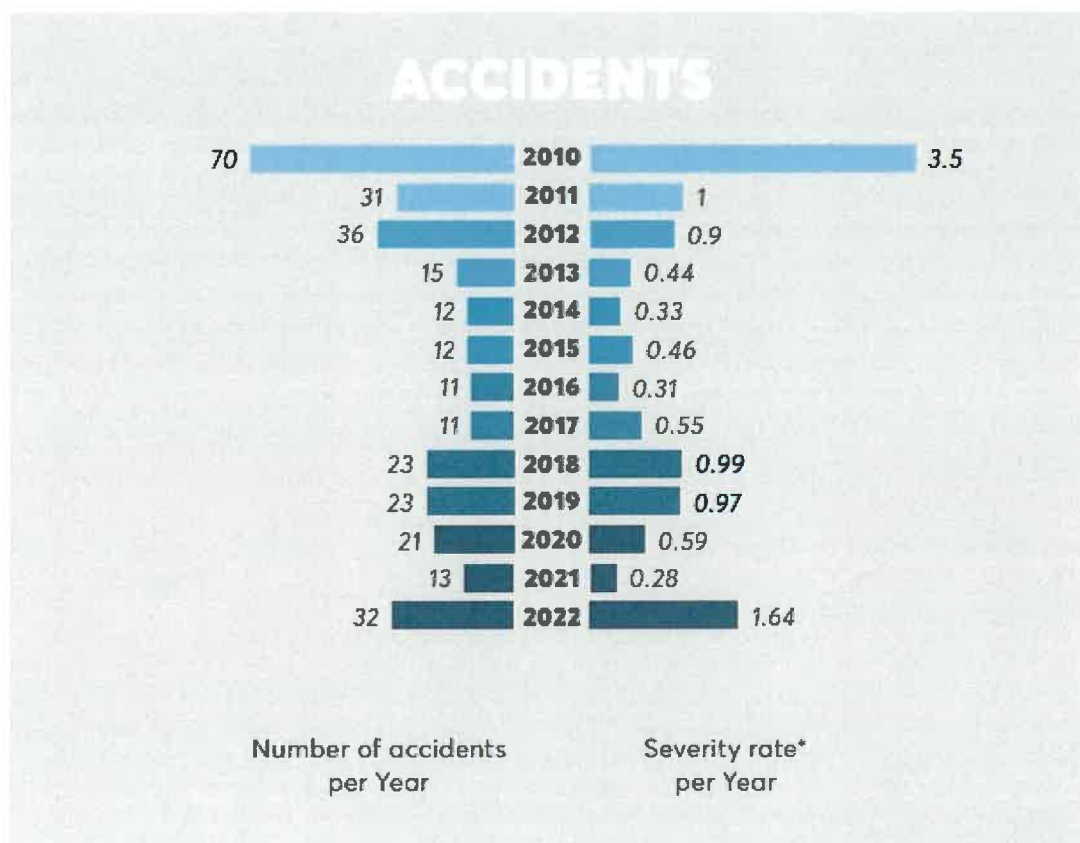
2023-2030
Group CSR approach. Action plan based on energy assessment for our 14 industrial sites. Five-year action plan to deploy photovoltaic power generation at our 9 owned sites, autoproducing 20% of our electricity, reducing CO₂ emissions by 13%.



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. However, and despite the initiatives that have been implemented across the facilities of the company, the number of accidents in 2022 is still disappointing in comparison with 2021. The company has reinforced its commitment to put all necessary resources to curve down the number of accidents. 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

$\text{Working hours lost} \times 1,000 / \text{Total working hours}$

A high severity rate does not mean serious accident with severe injury. It means long recovery time.

Frequency rate

$\text{Accidents} \times 1,000,000 / \text{Total working hours}$

2021-2022

x2
Frequency rate

x5.8
Severity rate

4'820

Lost Working Hours (~602 days) in 2022

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

4) AML, Anticorruption & Compliance

Metalor has reinforced its due diligence and compliance process by effectively implementing Version 9 of the Responsible Gold Guidance published by the LBMA in November 2021. Since still 2022 has been a year of transition coming out of COVID 19 restrictions, site visits are almost back to normal and the company has been catching up in visiting the required customer sites (as per the respective risk

classification: high or normal risk). Regarding sanctions, it is noteworthy that Sanctions resulting from the war in Ukraine have been reinforced step by step and Metalor has continued to respect such international restrictions all along its supply chain.

5) External Certifications

The company has managed to get all scheduled certifications in the first quarter of the year 2023. <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 2023 the RJC re-certification (Chain of Custody) of its fifth refineries (Switzerland, USA, Hong Kong, Singapore and in China) (www.responsiblejewellery.com).

FINMA.- In March 2023, Metalor has successfully passed the Anti-Money Laundering (AML) audit instructed on a yearly basis by the Bureau Central de Metaux Precieux / Swiss Precious Metal Control Office <https://www.bazg.admin.ch/bazg/en/home/topics/precious-metal-control.html>. 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 2023, 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