

**MAZARS SA**  
Chemin de Blandonnet 2  
CH-1214 Vernier - Genève

Téléphone +41 22 708 10 80  
Téléfax +41 22 708 10 88  
CHE.116.331.176 TVA  
www.mazars.ch

**Metalor Technologies SA**  
**La Tène (Switzerland)**

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

for the year ended 31 December 2017

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## **Independent Reasonable Assurance Report to the Board of Directors of Metalor Technologies SA, La Tène, Switzerland**

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We were engaged by Metalor Technologies SA to provide reasonable assurance on its Refiner's Compliance Report for the year ended 31 December 2017.

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

### **Responsibilities**

The Board of Directors of Metalor Technologies SA 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 Technologies SA for the purpose of assisting the Board of Directors in determining whether Metalor Technologies SA has complied with the *Guidance* and for no other purpose. Our assurance report is made solely to Metalor Technologies SA in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than Metalor Technologies SA 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 Technologies' 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 publically available.

**Conclusion**

In our opinion, the Metalor Technologies SA's Compliance Report and the Country of Origin Annex for the year ended 31 December 2017, 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)



Sébastien Gianelli  
Licensed audit expert

Geneva, March, 23, 2018

**Enclosures:**

- Metalor Technologies SA's Compliance Report 2017 and Country of Origin Annex

Copy to London Bullion Market Association

# METALOR<sup>®</sup> LBMA Refiner Gold Compliance Report

Table 1: Refiner's details	
Refiner's name	Metalor Technologies SA
Refinery Location	Route des Perveuils 8, 2074 Marin-Epagnier, Switzerland
Reporting year-end	31.12.2017
Date of Report	23.03.2018
Senior Management responsible for this report:	Marco Pisino Group Quality Manager
<p>Since its creation in 1852, Metalor has always been recognized by its worldwide business partners as an ethical and responsible precious metals company, and has become the world's largest multiple site refiner of gold. This would not have been possible without irreproachable business practices and a sustainable strong corporate ethic. Metalor's corporate culture has been 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 is the leading precious metals company worldwide. The Group's core competencies are the refining, management and transformation of precious metals, the supply of innovative surface treatment processes, powders and chemical products, 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 1,700 employees, the Metalor Group is present in Europe, the United States, South America and Asia.</p> <p>Metalor is an 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
<b>Step 1: Establish strong company management systems</b>
<p><b>Compliance Statement with Requirement:</b> We have fully complied with Step 1: Establish strong management systems.</p>
<p><b>1. Has the refiner adopted a company policy regarding due diligence for supply chains of gold?</b></p> <p>Metalor group has adopted a company-wide policy binding for all its entities regarding due diligence for the supply chain of precious metals including Gold, as well as other precious metals.</p> <p><b>Comments and Demonstration of Compliance:</b> Metalor has deployed throughout its organization clear and strong policies. Metalor has successfully implemented in order to continuously meet the world's strictest industry, 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. The Guidance is based on the OECD Due Diligence Guidance as well as Swiss and US KYC, Anti Money Laundering and Combating Terrorist Financing regulations. The structure of the Guidance combines and expands leading refiners existing AML, KYC, security and Due Diligence policies, management systems and audit processes to include risk-based due diligence in order to avoid contribution to conflict.</p>
<p><b>2. Has the refiner set up an internal management structure to support supply chain due diligence?</b></p> <p>Metalor has set up an internal management structure to support its supply chain due diligence.</p> <p><b>Comments and Demonstration of Compliance:</b> An internal management system has been set up to define the governance, roles and responsibilities, internal audit, communication and management review as per the adopted policy. The compliance officers have been assigned to design, supervise and review the overall process, and have a direct line of reporting to the top management.  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 to enable them to participate, at their level, to anti-money laundering and the 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 available locally and considered as complying with our needs by the local Compliance Officer.</p>

# METALOR<sup>®</sup> LBMA Refiner Gold Compliance Report

**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:**

We have a robust 'lot' receipts process. Specific documents must be received and transactional details entered before we process any precious metal. Each lot received is accurately registered in our transactional system, which ensures complete traceability within our production streams. Specific controls 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; 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.

**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 other precious metal supplying counterparts, as well as other suppliers of potentially conflict minerals. Our existing high standards are based on the OECD Due Diligence Guidance as well as applicable local regulations. The structure of the Guidance combines and expands leading refiners existing 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...

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, depending on the risk classification of the latter.

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 performs regular audits of its suppliers in order to verify their diligence system and sharing best practices.

**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 to voice concerns over the precious metals supply chain or other identified regulation violation regarding conflict minerals sourcing or other compliance issues. A functional mailbox has been established which is reviewed by the compliance officer of the Metalor.

**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 asses risks in the supply chain.

**Comments and Demonstration of Compliance:**

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.

**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-bearing mining material where gold potentially originates from or transits via conflict affected areas, or areas with human rights abuses, child labor or other high risk factors. In addition, Metalor conducts appropriate scrutiny and monitoring of transactions undertaken through the course of the relationship.

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

# METALOR® LBMA Refiner Gold Compliance Report

<b>3. Does the refiner report risk assessment to the designated manager?</b>	
<b>Comments and Demonstration of Compliance:</b> The Compliance officers assess the potential risks in-line with Metalor internal guidelines as well as the OECD due diligence guidance. If risks are identified 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	
<b>Step 3: Design and implement a management system to respond to identified risks</b>	
<b>Compliance Statement with Requirement:</b> We have fully complied with Step 3: Design and implement a management system to respond to identified risks.	
<b>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</b>	
Metalor has 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 but terminating the business relationship.	
<b>Comments and Demonstration of Compliance:</b> 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. In addition, 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 decided.	
<b>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</b>	
<b>Comments and Demonstration of Compliance:</b> Corresponding procedures are in place and are –when necessary – applied accordingly	
<b>Step 4: Arrange for an independent third-party audit of the supply chain due diligence</b>	
<b>Compliance Statement with Requirement:</b> We have fully complied with Step 4: Arrange for an independent third-party audit of the supply chain due diligence.	
<b>Comments and Demonstration of Compliance:</b> 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.	
<b>Step 5: Report on supply chain due diligence</b>	
<b>Compliance Statement with Requirement:</b> We have fully complied with Step 5: Report on supply chain due diligence	
<b>Comments</b> 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: <a href="http://www.metalor.com/en/node_59/about-metalor/node_1305">http://www.metalor.com/en/node_59/about-metalor/node_1305</a> .	
<b>Table 3: Management conclusion</b>	
<b>Is the refiner in compliance with the requirements of the LBMA Responsible Gold Guidance for the reporting period?</b>	
<b>Metalor overall conclusion</b>	
<b>YES</b>	In conclusion, Metalor Technologies SA 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 2017. Metalor is committed to continuous improvement.
<b>Other details</b>	
<b>Table 4: Other report comments</b>	
Users of this report are welcome to provide feedback or address relevant queries to Metalor by Emailing: <a href="mailto:marco.pisino@metalor.com">marco.pisino@metalor.com</a>	

Marin March 23 2018



Marco Pisino