

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

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**Independent Reasonable Assurance Report**  
**LPPM Responsible Platinum/Palladium Guidance**

for the year ended 31 December 2019

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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 2019.

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 *LPPM Responsible Platinum/Palladium 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.

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.

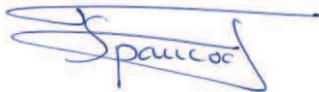
In conducting our engagement, we confirm that we satisfy the criteria for assurance providers as set out in the *Audit Guidance* to carry out the assurance engagement.

### 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 2019, 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 *LPPM Responsible Platinum/Palladium Guidance*.

**MAZARS LTD**

Franck Paucod  
Licensed audit expert  
(Auditor in Charge)



Sébastien Gianelli  
Licensed audit expert

Geneva, June 12, 2020

Enclosures:

- Metalor Technologies SA's Compliance Report 2019 and Country of Origin Annex

Copy to London Platinum and Palladium Market

# LPPM Refiner Platinum/Palladium 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	31.12.2019
Date of Report	12.06.2020
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. It is not only the world's largest multiple site gold silver refiner, but it is also very active in 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 1,700 employees, the Metalor Group is present in Europe, Americas and Asia.</p> <p>Metalor is a very active member of the London Platinum &amp; Palladium Market Association (LPPM). It is a Full Member (the highest level of membership), registered on the Platinum and Palladium Good Delivery Lists, and one of the five referees worldwide for the association.</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 Platinum/Palladium LPPM?**

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 Platinum & Palladium.

**Comments and Demonstration of Compliance:**

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.

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 Platinum/Palladium. 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. 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.

**Comments and Demonstration of Compliance:**

Comments and Demonstration of Compliance:

Supply chain due diligence comprising all measures required by the LPPM is performed before entering into a business relationship with any Platinum/Palladium or other precious metals supplying counterpart. Metalor compliance team performs enhanced due diligence for higher risk categories, which includes all Platinum/Palladium 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.

## LPPM Refiner Platinum/Palladium Compliance Report

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 onboarded on any company of the Metalor group.

### 3. Has the refiner established a strong internal system of due diligence, controls and transparency over of due diligence, controls and transparency over Platinum/Palladium 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. 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.

Duty to keep records of the Due Diligence file of the customer as well as transactions carried out and clarifications required.

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).

#### 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. 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; 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

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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 in the name of its customers, unless an exemption is granted by legal department based on consistent explanation from its customer.

All sections of the DD file shall contain the relevant document

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

#### Comments and Demonstration of Compliance:

During the reporting period Metalor has strengthened company engagement with Platinum/Palladium, 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 Platinum/Palladium 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 – including extended site visit – 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:

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 (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.

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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. You may face legal proceedings.

### 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.

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 Platinum/Palladium. 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 LPPM is performed before entering into a business relationship with any Platinum/Palladium or other precious metals supplying counterpart. Metalor compliance team performs enhanced due diligence for higher risk categories, which includes all Platinum/Palladium 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 onboarded on any company of the Metalor group

## LPPM Refiner Platinum/Palladium Compliance Report

### 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 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. 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:**

### 2. Where a management strategy of risk mitigation is undertaken, it should include measureable 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;
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.

**Reminder:**

The identification of high risk customers, including delivery channels, and geographical locations are not static assessments. They will 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 personal situation of the customer, become a high risk customer.

Again, the classification of a customer is not static, it can change over time.

**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 LPPM certification program, an international & independent audit firm audits and verifies whether Metalor actually meets all requirements of the Platinum & Palladium 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 LPPM.

### 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

## LPPM Refiner Platinum/Palladium Compliance Report

**Comments**

Further information and details on how Metalor systems, procedures, processes and controls have been implemented to align to the specific requirements in the LPPM Responsible Platinum/Palladium Guidance have been set out in our supply chain policy, which is available on our company website's download sections: [http://www.metalor.com/en/node\\_59/about-metalor/node\\_1305](http://www.metalor.com/en/node_59/about-metalor/node_1305).

**Table 3: Management conclusion**

**Is the refiner in compliance with the requirements of the LPPM Responsible Platinum/Palladium Guidance for the reporting period?**

**Metalor overall conclusion**

<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 LPPM Platinum/Palladium Responsible Guidance as explained above in Table 2. For the reporting year ending on 31 December 2019. Metalor is committed to continuous improvement.
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**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)

Marin, June 12, 2020



Marco Pisino  
Group Quality Manager