



Sustainability Report

Auramet International, Inc.

October 2023



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Statement from the CEO

Auramet is pleased to present its third annual Sustainability Report. Since it was founded in 2004, our principal business has been to supply precious metals to its customers around the globe in a safe, efficient, and responsible manner. We are proud that many of the products manufactured from the metals we trade are highly beneficial to the world. Catalytic converters, for example, made from platinum, palladium, and rhodium, are critical to reducing emissions. Silver also has been and will continue to be a metal that will help reduce the world's carbon footprint by being a critical component of the New Energy Economy. We are equally proud that a growing volume of the raw materials we source come from recyclers and because we have been long active in this regard, it has been easier for us to accelerate our efforts in the past few years as new sources of supply have emerged.

Auramet's long standing Code of Conduct, comprising our policies dictating supply chain due diligence and KYC/anti-money laundering was incorporated into our Sustainability Policies three years ago. These policies, summarized in this report, cover our approach to all responsible and sustainable business practices and guide us as we continue to diligently analyze the environmental and social impacts of our daily activities. Like this report, our Sustainability Policies are also updated each October at the start of our fiscal year and set new goals while showing progress against measures and initiatives set the previous year. A Sustainability Committee at Auramet – reporting to the Board of Directors – was formed more than two years ago and lead our efforts in this area and are accountable for all things related to ESG.

As outlined in our report last year, Auramet took further steps this year to identify the sum of its Scope 3 emissions (as outlined by the GHG protocol) across its value chain. Although precious metals are not mined in great volumes compared to other metals (they are measured in ounces, not tons) and consequently are the cause far less emissions than other metals, they do have a carbon footprint and we wish to contribute to reducing it. These and other social, environmental, and governance responsibilities are addressed in this revised and updated report.

We continue to reference internationally recognized principles such as the AA1000 Principles Standards, the GHG Protocol, and the United Nations Sustainable Development Goals. We have regularly reviewed and revised which aspects of the Global Reporting Initiative Standards were most appropriate for us to focus on and will continue to do so. After spending time over the past three years identifying the materiality of certain environmental, social, and governance (“ESG”) topics and their importance to both us and to our stakeholders, we will focus appropriately on the ones most relevant to us and concentrate our activities and develop our longer-term goals around these areas accordingly. As discussed last year, we obtained our first ESG rating from EcoVadis in June 2022. At that time, we reached EcoVadis *Gold Medal* status. We renewed our rating in late 2023 and are proud to have retained our *Gold Medal* status scoring higher than 95% of the 90,000 plus companies rated by EcoVadis. This confirmed to us the hard work we have done over the years to act responsibly and more recent work to identify and address climate change within our supply chain.

James Verraster III, CEO, Auramet International, Inc. October 20, 2023

Summary

Auramet has always integrated corporate responsibility principles into its daily activities, but its coverage of those principles has largely been confined in the context of financial reporting. We have been fortunate that having strong ESG credentials is important to the mining industry in general (and gold mining more specifically from where the bulk of our trading activity has historically been). Over the past few years, the issues around good relationships with host communities, water and energy use, waste management, governance, diversity, and health and safety have been quickly increasing in importance, and the concerns about green house gas (GHG) emissions have accelerated even faster. For Auramet, this has been evident from the interactions we regularly undertake with our customers, suppliers, banks, investors etc. Proud of our own ESG credentials and wanting to share them with our stakeholders, we did two things: formalized and consolidated our various practices into our first Sustainability Report in the spring of 2021 and then obtained an ESG rating (see following page). The report summarizes our policies and approach to responsible and sustainable business practices that we have been practicing for as long as we have been a company. The report has been updated each October since then and highlights the progress we made during the previous fiscal year with respect to environmental, social, and governance matters, as well as outlining new goals.

Auramet has structured its report after carefully reviewing the Global Report Initiative (GRI), the AA1000 Principles Standards, and the United Nations Sustainable Development Goals tailoring it to incorporate what is most relevant to its business and activities. We will continue to reference these standards, keep track of new ones that emerge, and maintain an active dialogue with our stakeholders to stay current with best practices and expectations within our industry.





Key Stakeholder Relationships

Auramet's key stakeholders are local, national, and international. As a merchant of metals, a financier, and an advisor to mining companies, we operate within a multifaceted economic, legislative, and social environment. We regularly engage with our stakeholders to understand their concerns, share opinions and best practices, and generally stay current on all aspects of sustainability. Our stakeholders are summarized below along with a brief description of how we engage with each.

INVESTORS/DEBT PROVIDERS

Equity and debt investors provide the capital essential to support our merchandising and financing activity.

Regular updates on capital employment, progress on growth strategy, and operational performance.
Regular calls with our banks on ESG matters.

CUSTOMERS

Customers range from banks to refiners to automobile companies to catalyst manufactures and other industrial concerns.

Through long lasting and strong relationships with us, our customers have been very proactive in reaching out on all matters related to sustainability.

EMPLOYEES

It is our people who make our business run through their knowledge, skills, and dedication to providing a first-class service.

As a small company with most of our employees concentrated in one office, it is relatively easy for us to all stay on the same page on best ESG practices.

SUPPLIERS

What Auramet sells is only as good as what Auramet buys. We have long and deep relationships with our suppliers.

Auramet has the luxury of partnering with only those suppliers (miners, recyclers, traders) who are placing a priority on sustainability.

INDUSTRY ASSOCIATIONS

Industry associations not only promote the industry, but increasingly promote sustainability within it.

Auramet contributes to and participates in various industry associations, and it is from these that we are able to draw upon many ESG best practices.

GOV'T/NON-GOV'T ASSOCIATIONS

Government, not-for-profit, advocacy or pressure groups focused on the metals sector generally work toward the collective benefit.

Auramet has engagement with several groups on all aspects of sustainability including social, governmental, and environmental.



Auramet's ESG Rating



In the summer of 2021, management of Auramet determined that it needed an ESG rating to confirm to all Auramet's stakeholders what management had long believed about the firm's strong sustainability credentials. But the decision to engage with an ESG rating company was not solely to quantify what had been just subjective assessments of our record; management also felt that it would provide Auramet management information about best practices and advice on how to improve its own practices. After spending a few months researching the numerous options available to obtain a rating, management decided on engaging EcoVadis. The decision came down to several factors, and among them was the fact EcoVadis, founded fifteen years ago, has become the world's largest and among its most trusted providers of sustainability ratings. With the experience EcoVadis has gained after rating some 90,000 plus companies, Auramet believed that it could benefit from the knowledge EcoVadis acquired over those years with respect to best practices. We completed and submitted the lengthy questionnaire that EcoVadis has perfected over the years (along with the required documentation) and our scorecard was sent to us in June 2022. We were very proud to have been awarded a gold medal by EcoVadis and thrilled, though not surprised, that our gold medal status was renewed in October 2023 and our score was in the top 5% of all the companies that EcoVadis has rated.

Responsibility Framework



At Auramet, we are committed to conducting business with integrity and professionalism. As a company that employs professionals in several locations across the globe and has annual revenues of more than \$20 billion, we understand the impact of our activities, and those of our suppliers and buyers, both positive and negative, on people and the environment. We certainly understand the importance of acting responsibly ourselves and ensuring that our various stakeholders do the same. Our ambition is to create long-term sustainable value for all our stakeholders and for society in general. The “Principle of Materiality,” outlined in the AA1000 Accountability Standards, encourages companies to identify the sustainability topics that matter most to them and that relate to, and have an impact on, their assessments, decisions, actions, and ability to create short, medium, and/or long-term value for all their stakeholders. Toward that, Auramet developed a list of 16 topics categorized under the following four general areas:

- **Business Operations:** Comply with all laws and regulations and ensure that our employees abide by a strict Code of Conduct.
- **Social:** Avoid infringing human rights, address harms that may occur, do not discriminate, and earn and maintain a social license to operate. Conduct our business safely to protect the health and well being of our employees and our stakeholders. Attract, develop and retain the best people in a working environment that promotes integrity, diversity, equal opportunity and mutual respect.
- **Environment:** Minimize any adverse impacts on the environment, either directly or indirectly, and be particularly conscious of the effects of climate change.
- **Governance:** Create and maintain a proper structure for the company and an environment that allows a broadening of sustainability efforts. Ensure that AML and anti-bribery standards are addressed with diligence and respect global sanctions. Monitor and keep records, maintain internal training to ensure consistency in these and other matters, be diligent, and stay current when it comes matters such as cybersecurity.

In the chart on the following page, we aligned these 16 prioritized areas of commitment with the most relevant United Nations Sustainable Development Goals specifically identified in the 2030 Agenda for Sustainable Development . While we try to contribute to many of these goals, our sphere of influence as a small physical precious metals trading company without physical operations is more closely aligned with approximately half of them. Auramet will thus report on the risks and opportunities posed by the most relevant sustainability topics prioritized on the chart that affect the environmental, social and governance domains impacting our organizational performance and our stakeholders.

Responsibility Framework



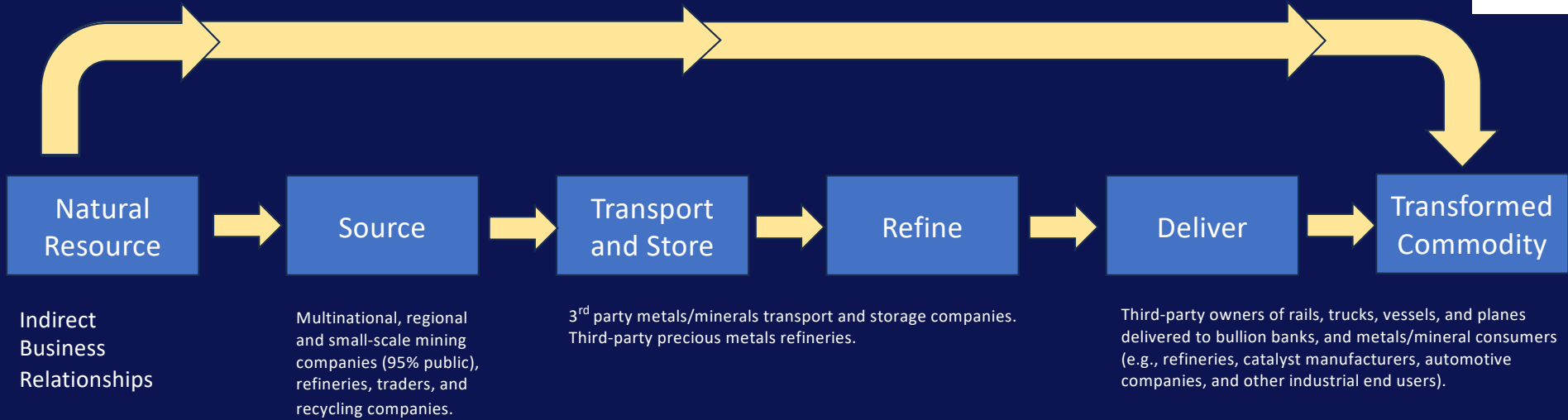
	End of Poverty and Zero Hunger	Good Health and Well Being	Quality Education	Gender Equality	Clean Water and Sanitation	Affordable and Clean Energy	Decent Work and Economic Growth	Industry Innovation Infrastructure	Reduced Inequalities	Sustainable Cities and Communities	Climate Action	Life Below Water / Life on Land	Peace Justice and Strong Institutions	Partnership for the Goals
Business Operations														
Transparency and integrity				✓		✓		✓	✓		✓		✓	✓
Responsible sourcing	✓				✓	✓		✓	✓		✓			✓
Social														
Employee health / safety		✓												
Human rights				✓	✓		✓		✓				✓	✓
Inclusion and diversity				✓					✓					✓
Labor standards/conditions	✓	✓		✓			✓							
Social enterprise partnering	✓		✓						✓					
Stakeholder relations														✓
Environment														
Biodiversity/habitat												✓		
Climate change						✓					✓			✓
Pollution		✓			✓				✓			✓		✓
Renewable energy									✓		✓	✓		✓
Sustainable procurement								✓	✓		✓			✓
Governance														
Anti-bribery	✓												✓	✓
Cybersecurity								✓						
Data protection								✓						

Our policies and guidelines relating to the above define how we conduct business and make clear the high standards of responsible and ethical behaviors required of everyone connected with Auramet as well as the expectations we have for our counterparties both upstream and downstream. Continuous engagement with our stakeholders, whether it be through bilateral meetings, industry discussions, or multi-stakeholder forums is a key part of our commitment to responsible business practices. It has enabled us to identify relevant risks and solutions and make improvements when necessary. How we operate is appropriately influenced by the feedback we receive from our banks, customers, suppliers, regulators, industry peers, communities, employees, and now our ESG rating company. Through such discussions we attempt to identify and assess actual and potential adverse impacts that our business could cause or be linked to, either directly or indirectly.

Ultimate responsibility for fulfilling our corporate responsibility commitments rests with the management of Auramet as directed by its board of directors. But this responsibility is shared with each of its employees through training and regular informal discussions. A team of employees, in coordination with a chief compliance officer, serves to undertake testing regarding our AML and customer due diligence efforts, but all employees understand our general business principles and are aware of our policies around sourcing, corporate responsibility, and transparency. As a small company with approximately thirty employees/consultants, it is naturally easier to maintain our standards in this respect than larger companies. But regardless of our size, Auramet, like all physical commodity merchants, must stay focused on its corporate responsibilities through the entire business cycle that plays out repeatedly from when it sources a metal until it has successfully delivered it, either physically or digitally, to its clients.

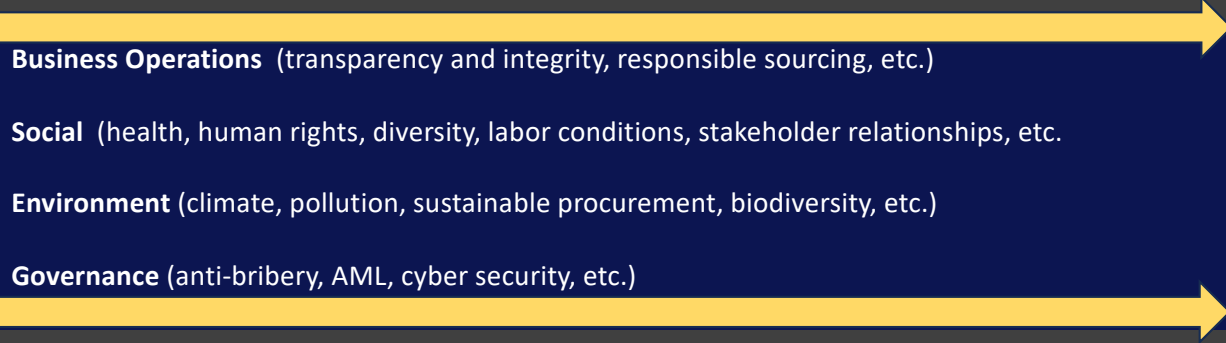
Responsibility Framework

This chart maps our business activities and summarizes the types of entities we work with throughout them, along with the various corporate responsibility risks attached to each stage. As it shows, when it comes to ESG matters, the risks track all the way through the cycle. How we manage those risk and the objectives we have around them are detailed in this report.



Salient Risks

Risks that can be faced by a physical trader of commodities exist from sourcing through delivery.



Business Operations

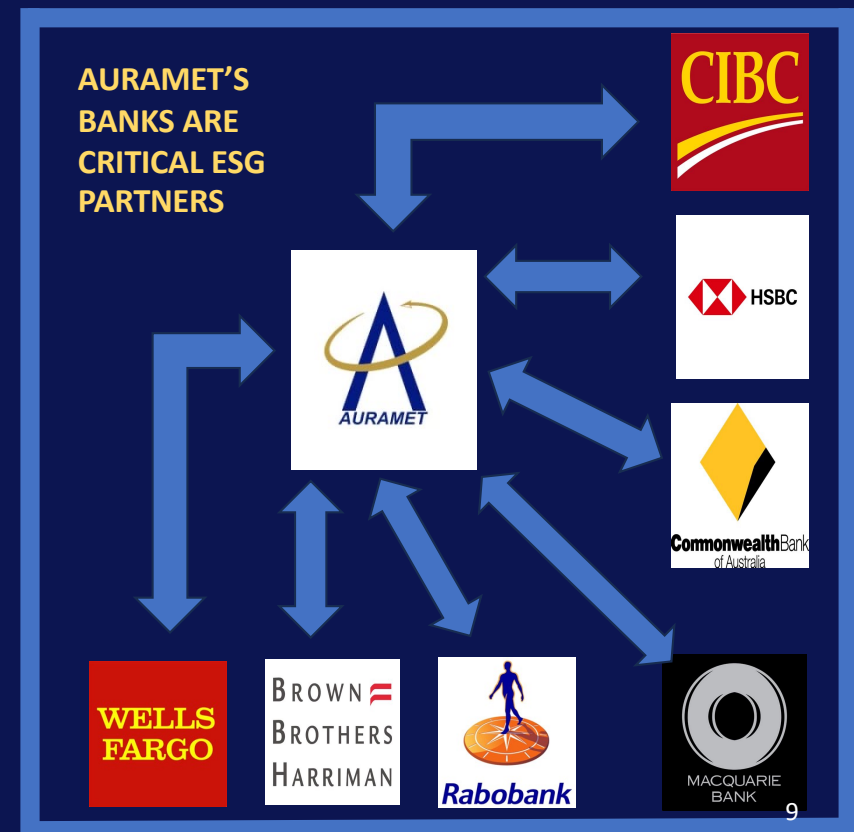


Auramet ensures that its conduct is in line with all applicable laws and strives to apply all internationally recognized standards across our global activities. Through training and regular engagement with regulators, stakeholders, and peers, we seek to be fully transparent and contribute to the debate around compliant business practices in our industry.

Auramet's compliance team operates in partnership with front and back-office functions to ensure that our controls are aligned with best international standards. The chief compliance officer reports directly to the CEO and works closely with the three principal partners to ensure company wide compliance goals are met. As a small company, where most employees work on the same open floor space, Auramet can more easily maintain a responsible compliance culture where all staff recognizes their individual and collective responsibilities, and all managers are tasked to promote the concepts on a day-to-day basis. Concepts related to AML, KYC, anti-trust, sanctions and trade restrictions, and anti-bribery and corruption, are formally and informally indoctrinated into Auramet employees.

Auramet participates in both exchange-traded and OTC derivative markets to manage the risks inherent in trading commodities and complies with all the related rules and regulations at various exchanges.

The company also engages with several different stakeholders to explain, discuss, and get further educated on various issues around compliance and ESG issues in general. We spend a significant amount of time with our banks going over our policies and philosophy and getting feedback on their evolving requirements. Several of our banks are on the forefront of sustainability and conduct webinars and conferences with their clients to not only share their philosophies, but to also strongly encourage each client to pursue sustainability goals aggressively. We also meet with various industry experts to compare notes and get assistance in developing robust standards.





Society

We are proud of the contributions we make to society as significant merchant of precious metals, an important commodity to the world. Gold and silver, for example, not only contribute to global prosperity, but are also critical components to industries as diverse as electronics, aerospace, solar energy, medicine, and computers. They also – particularly silver – contribute to technologies being developed for the energy transition (one cannot have electric vehicles without silver coating every electronic circuit, nor solar power without silver coating each photovoltaic cell). That we help resource-rich economies compete more effectively in the global markets through our trading, finance, and activities is simply another benefit we derive from our business. The platinum group metals are very important, as they are the key input in the production of catalytic converters that are used to reduce the harmful emissions from gasoline engines. To buy and sell these precious metals is our principal business and we work to comply with best practices and be as transparent as possible across the supply chain.

An overall goal of ours is to advance human rights and help improve the environment, whenever possible, through our business activities (or greatly reduce any harmful effects). We also seek to operate with highly skilled, engaged and productive employees and invest in attracting, developing and retaining the best people from all backgrounds. We encourage individuals to flourish and do their best work within a team-based culture. Our meritocratic and collaborative working environment promotes an atmosphere of integrity, ethical conduct, equal opportunity regardless of race, gender, religion, or sexual preferences, and mutual respect. We promote a culture where all colleagues consider the wider consequences of their actions and are prepared to question practices that may expose the business to all social risks as well as environmental, reputational or commercial risks.

Stakeholder Engagement: True to our stated goal last year, we increased stakeholder engagement in 2023 to help us stay ahead of best practices across responsible sourcing and all areas of sustainability and corporate responsibility. Auramet will continue to seek open dialogue with all our stakeholders regarding our approach to business.



Sourcing – Supply Chain Due Diligence



Auramet participates in, cooperates with, and enhances worldwide efforts to ensure that precious metals come from legitimate, ethical sources, and that they have not been associated with crime, armed conflict or human rights abuse. It is our policy to do business only with legitimate, law-abiding customers, and to deny our products and services to all others. At the same time, we look for ways to identify health, safety, social, and environment risks in our supply chain and give priority to those suppliers who demonstrate to us similar values in this regard. The commodity trading industry has evolved over the past years through legislation, regulation and self-imposed best practice standards. Whether it is the London Metal Exchange responsible sourcing requirements, the OECD Due Diligence Guide, the EU and US Conflict Minerals regulations, or other standards/guidelines issued by relevant industry associations, Auramet stays on top of all of them to ensure that we are looked to as a leader in corporate responsibility when it comes to sourcing from point of origin to distribution at point of sale. This policy, and the program and due diligence procedures that implement it, are founded upon our general standards of business conduct, a commitment to conduct our business in a culture of honesty and opposition to fraud; a desire to maintain high moral, ethical and social standards in our business and activities; maintain accurate and honest records; honor all our business obligations; and maintain proper business relationships with all individuals, including government officials and employees.



Sourcing – Supply Chain Due Diligence



We implement our policy through a comprehensive management system. This system will not only carry forward the general standards of business conduct set forth above but will also direct our compliance with laws and any guidance that addresses or bears upon our acquisition of precious metals, not only in our internal business conduct, but in our outside commercial relationships and transactions. In that regard we commit to the following:

- We will neither tolerate nor profit from, contribute to, assist or facilitate the commission of (A) torture, cruel, inhuman and degrading treatment; (B) forced or compulsory labor; (C) the worst forms of child labor; (D) human rights violations and abuses; (E) war crimes, violations of international humanitarian law, crime against humanity or genocide; (F) degradation of the environment in any manner inconsistent with reasonably prudent industry standards.
- We will not deal with, and will immediately discontinue engagement with, upstream suppliers where we identify a reasonable risk that they are committing or are sourcing from or linked to any party committing, abuses described above.
- We will not tolerate direct or indirect support to non-state armed groups, including, but not limited to, procuring precious metals from, making payments to or otherwise providing assistance or equipment to, non-state armed groups or their affiliates who illegally control mine sites, transportation routes, points where precious metals are traded and upstream actors in the supply chain; and/or tax or extort money or precious metals at mine sites, along transportation routes or at points where they are traded, or from intermediaries, export companies or international traders.
- We will not deal with and will immediately discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party providing direct or indirect support to non-state armed groups as described above.



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Sourcing – Supply Chain Due Diligence



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- We affirm that the role of public or private security forces is to provide security to workers, facilities, equipment and property in accordance with the rule of law, including law that guarantees human rights. We will not provide direct or indirect support to public or private security forces that commit abuses or that act illegally as described above.
- We will not attempt to improperly influence others or offer, promise, give or demand bribes or kickbacks in any form, and will resist their solicitation, and will not permit Company funds, assets or property to be used to benefit any individuals, including government officials, our customers, contractors and suppliers illegally or in ways that violate this policy.
- We will not disguise the origin of precious metals, or misrepresent taxes, fees and royalties paid to governments for the purpose of extraction, trade, handling, transport and export of gold.
- We will support efforts and contribute to the effective elimination of money laundering where we identify a reasonable risk of money-laundering resulting from, or connected to, the extraction, trade, handling, transport or export of precious metals.
- We require our employees, agents, consultants, and business partners to comply with this policy, and will enforce it with appropriate disciplinary measures, up to and including termination of employment or contacts.



London Bullion Market Association



Auramet maintains close relationships with refining companies and are proud to retain their services from a sustainability standpoint. The LBMA and LPPM policies that our refiners abide by give us comfort.

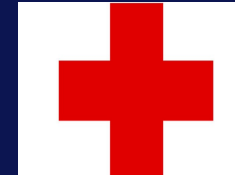


London Platinum & Palladium Market

Founded in 1987, the LBMA is a member-based trade association with 79 full members (dealers, traders, investment banks, banks) and 68 associates (mostly gold and silver refineries) located in 24 different countries. Every refiner that Auramet purchases gold and silver from, or processes metals through, is an LBMA Good Delivery refiner and subject to the requirements that the LBMA has set in place for sourcing metals. Based on the OECD Due Diligence Guidance as well as Swiss and US KYC, Anti-Money Laundering and Combatting Terrorist Financing regulations, the requirements have been in place and audited annually for gold refiners since 2012 and for silver refiners since 2018. Behind the guidance, the LBMA has the power to remove any refining company from the list if it finds through its Incident Review Process that the refiner failed to adhere to the guidance. The LBMA announced in October 2023 that it is launching a three-year strategy that will further widen its overall ESG agenda.

With 19 full members and 41 Associate Members (Auramet being one of them), the LPPM also maintains a list of acceptable refiners who must comply with a responsible sourcing guidance (latest version published in November 2022) and pass annual third-party audits. Like the LBMA, the guidance is designed to combat systematic or widespread abuses of Human Rights, avoid contributing to conflict, comply with the highest standards of Anti-Money Laundering, combat terrorist financing practice, and address environmental and sustainability responsibilities. Auramet only uses LPPM Good Delivery refiners to process PGMs.

Society



Health and Safety

As a pure physical trader whose main activity involves buying and selling precious metals (while contracting third parties to transport them and refine them), Auramet is fortunate in that our employees do not face the risks that mining or operating companies have on a regular basis. That said, we have always looked after the health and safety of our employees. The COVID-19 pandemic reminded us of our responsibility to always remain on the lookout for threats and be able to respond to any quickly. Auramet management closed its offices in early March 2020 and had its employees work from home. We were fortunate to have already invested in excellent computers and software making the transition practically seamless. Weekly formal calls with the entire company along with regular bilateral discussions between management and staff were undertaken to make sure that everyone's physical and mental health remained strong. We finally returned to the office in October 2021 four days per week.



Diversity and Inclusion: Employees

Auramet prides itself in attracting, developing and retaining the best people from all backgrounds and seeing them flourish in a team-based environment where integrity, ethical conduct, equal opportunity and mutual respect are the strong threads that bind and strengthen the culture. This is evident in how we recruit, develop, and promote within the Company. In such a culture, led from the top, all colleagues gain a sense of responsibility and accountability over the consequences of their actions. Our size is an advantage in this respect. A strong family-like culture can more easily spread in a small company. The four principal partners who founded the firm had known each other and worked together for years before starting Auramet and their shared values were largely what brought them to start a business together. They have created a group of employees diversified by race, gender, religion, and nationality who work together with empathy and understanding. The recent pandemic, where COVID-19 spread indiscriminately and affected nearly every employee, showed us that we all share similar experiences and need to be there for one another as well as our neighbors and communities. The values of diversity, inclusion, and equality that we share within the company extend outwards as well. Auramet does business with a diverse range of suppliers and customers located around the world, both in developed and emerging markets. We regard any form of discrimination as not only flat out wrong but also not conducive to good business.





Society

Community Outreach

Since its founding, the principals at Auramet have prioritized community outreach wherever Auramet maintains a presence. Current commitments range across the spectrum of social causes and geographies (mainly New York, New Jersey, and Florida, but also elsewhere around the world) and include the conventional sports programs for children, programs at local churches, food banks, and the Red Cross (whenever there is a call for funds after a disaster). Some of the other beneficiaries include in no particular order:

- Montessori School in Langa Township, Cape Town South Africa (educational facility in an underserved community).
- The Hance Family Foundation ('Beautiful Me' self-esteem program for young women).
- Juvenile Diabetes Research Foundation International
- Seals, Wounded Warriors and Army Rangers.
- Feeding America.
- BC Children's Hospital.
- Starfish Greathearts Foundation



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LIFE, HOPE AND OPPORTUNITY



Environment and Climate Change



Although we play a significant role in the precious metals market as a physical merchant, we do not own mines, refining companies, storage facilities, or any other industrial or transportation asset. As such, we have no *direct* environmental footprint as many of the leading commodity traders of the world do who have diversified upstream or downstream over the years. Nevertheless, we have *indirect* exposure and feel strongly about our obligation to ensure that our suppliers as well as those companies in the supply chain who store, transport, or refine metals engage in best practices when it comes to managing their impact on the environment from those activities. Some of the commodities we trade can pose significant social and environmental risks if not handled properly when being produced/refined. While the severity of these risks varies according to the type of commodity and the stage of its production, we minimize such risks through due diligence and insist that our clients manage them responsibly.

As mentioned earlier in this report, we are pleased that 100% of the precious metals refiners we send our metal to or buy our metal from are on the LBMA or LPPM Good Delivery Lists and are required to implement the respective responsible sourcing guidance of these organizations. Originally intended to combat money laundering, terrorist financing, and human rights abuses, the guidance of each organization has also been developed to recognize the importance of strong environmental responsibilities. The teeth behind the guidance is that the LBMA or LPPM has the power to remove any refining company from the list if it finds that it failed to adhere to the guidance. We maintain close relationships with the refining companies and are proud to retain their services from an environmental standpoint.

Environment and Climate Change: Partners



Johnson Matthey

A longtime customer and the world's largest secondary refinery of PGMs, Johnson Matthey has made a commitment to achieve net zero by 2040. Their Scope 1, 2, and 3 target reductions for 2030 were validated by the Science Based Targets Initiative which confirms that they are in line with the UN Paris Agreement.



Heraeus Precious Metals

Heraeus Precious Metals, another longtime customer, is a precious metal refiner and recycler based in Germany. It is aiming to become the first precious metals company to operate carbon neutral for Scope 1 and 2 GHGs by 2025. They plan on achieving this in a several ways including through an extensive use of solar power.



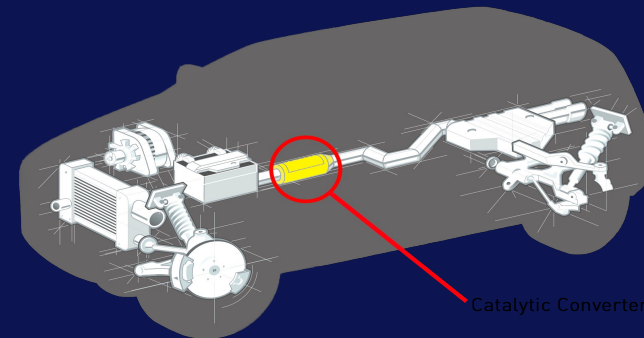
Environment and Climate Change



Auto Catalysts

Auramet is proud of the fact that a huge and still growing volume of the precious metal volumes we sell are critical to the world's accelerating efforts to reduce air pollution and reduce harmful emissions. 85% of the world's palladium production, 85% of its rhodium production, and 40% of its platinum production are used to produce catalytic converters, which transform toxic fumes from gasoline and diesel burning engines into harmless gasses. By enabling significant reductions in carbon monoxide, hydrocarbons, particulate matter, sulfur oxides, and nitrogen oxides, auto catalysts have greatly assisted global efforts to reduce air pollution.

Increasingly tighter standards from governments in the major regions (USA, Europe, and China) around engine emissions have increased the demand for the three metals over the years. When hybrid vehicles took off, still more PGMs had to be used to counteract the increased emissions that are caused when a cold engine is started (the so called 'cold start' issue). Through all these changes which assist the world's efforts to combat pollution, Auramet has remained a dominant merchant of PGMs to this specific market and will continue to responsibly source them for our clients as they look to stay ahead of continually changing regulations.



Catalytic Converter



Environment and Climate Change



Lithium-ion Battery Metals

The same customers who purchase PGMs from us for catalytic converters (principally automobile companies) have been and are continuing to move rapidly into electric vehicle production. As such, there is a growing demand from them for battery metals (lithium, cobalt, graphite, and nickel). Given our strong level of service to these customers, many have asked us to help them procure such metals. Auramet has been positioning itself to play a role in this space like the role it plays in the gold, silver, platinum, palladium, and rhodium markets.

EVOLUTION
ENERGY MINERALS

Graphite: Auramet is currently advising a publicly held Australian company in securing financing for a major graphite project in Tanzania. The awarding of this mandate was a big step towards further establishing Auramet as a leading merchant involved in the New Energy Economy and one which will directly contribute towards addressing the global climate crisis.



Environment and Climate Change

Lithium-ion Battery Metals



Nickel and Cobalt: Last year and this year, Auramet provided a loan facility to Canada Nickel Company to support its efforts to advance a nickel and cobalt project, further involving ourselves in the battery metal space. Canada Nickel has been working on an In Process Tailings Carbonation Process which could lead to the production of net zero carbon nickel and cobalt. The process is designed to speed up the naturally occurring carbon absorption process of ultramafic rock. Canada Nickel has developed a simple active process that utilizes tailings from the milling process and injects into them a concentrated source of CO₂ for a brief period of time, thereby fixing CO₂ geologically while the tailings are still in the processing circuit rather than after they have been deposited. Tailings conditioned by this process captured 26 tons of CO₂ per ton of nickel in just six days and could produce an estimated average of 710,000 tons of CO₂ credits annually and 18 million tons of CO₂ credits over the expected life of mine. The company believes the process could be scaled up with availability of concentrated sources of CO₂ which could be delivered by downstream processing of concentrates, a wide range of industrial processing activities, green hydrogen production, carbon capture facilities, or natural gas power generation.



Environment and Climate Change

Recycling

Auramet is also proud that a significant and growing volume of the precious metals we source come from recyclers. By enabling, through our physical merchanting activities, the reuse of precious metals recovered from such various products as cell phones, computers, medical x-rays, flatware, batteries, motion film, discarded electronics, and catalytic converters in automobiles, Auramet has been pleased since its inception to be on the forefront of sustainability in this regard as well. We have set and achieved goals over the past two years related to increasing then volumes of secondary material we source.

The principal benefit of recycling, of course, is the the massive reduction in greenhouse gas emissions that can be realized by sourcing recycled material instead of that being produced from mines. That precious metals can be recycled continually only adds to the attraction of the activity to our business model and overall environmental footprint.



Environment and Climate Change



Climate Change: Climate change is the single most urgent global issue of our times and Auramet has been stepping up its efforts to do its part in reducing the effects of it. Auramet has no physical production facilities, no storage or processing assets, and no transportation assets. Given this, our efforts towards reducing emissions are appropriately focused on our Scope 3 emissions (as defined by the GHG Protocol). For Auramet, these emissions would principally be those created by the precious metals mining companies (or those mines where precious metals are byproducts of other metals being mined).

We have made it a point over the past few years to better understand our industry’s contribution to the problem and have closely followed the steps the industry has been taking to help contribute to the achievement of the goals laid out by the Paris Agreement in 2015. Our stakeholders, most particularly our buyers and our banks, have been very attentive to the issue as well and have encouraged us to accelerate our efforts to take a deeper dive into our Scope 3 emissions (which are their Scope 3 emissions as well) with the aim towards eventually partnering with suppliers to support the reduction of them.

International Council on Mining and Metals (“ICMM”). Many of the mines that supply the precious metals we buy and sell belong to the ICMM. This group, which began in 2001, was organized specifically to pursue sustainable development in mining and about a third of the global mining and metals industry are members. Auramet closely follows the ICMM given the importance of Scope 3 emissions to our overall carbon footprint (which would be Scope 1 and 2 emissions for the mining companies). According to a 2020 McKinsey report, the overall mining industry is responsible for 4-7% of global greenhouse gas emissions across its operations and power use (greater than 90% of this is from the steel and aluminum sectors). Of specific interest to us were announcements made by the ICMM that (1) its climate change position statement, first issued in 2011 and updated in 2015 and 2017, was reissued and is now committed to the goal of net zero Scope 1 and 2 GHG emissions by 2050 or sooner; and (2) all members have committed to set their Scope 1 and 2 targets by the end of 2023. This latter announcement fits nicely with our own goal, set in 2021 of calculating with some accuracy our Scope 3 emissions within three years so that we can begin to partner with our suppliers to set targets. Since the ICMM works closely with the Science-Based Targets Initiative to create a Scope 3 emissions accounting framework for the sector, Auramet feels comfortable that those suppliers of ours who are members will be able to meet its commitments thus helping Auramet achieve its own.

ICMM
International Council
on Mining & Metals



GHG Scope 3 Emissions

Climate Scope 3 Emissions are the indirect GHG emissions associated with the activities of all the firms in one's value chain. In the case of Auramet, these are primarily upstream-related emissions associated with purchases from suppliers (ultimately precious metals mines or mines where precious metals are a by-product of other metals being mined). But they also include other upstream sources and downstream emissions related to refining and transportation, and those related to the investments Auramet makes from time to time (e.g., equity, debt, trade finance, royalty purchases, bridge finance, project finance, or advisory).

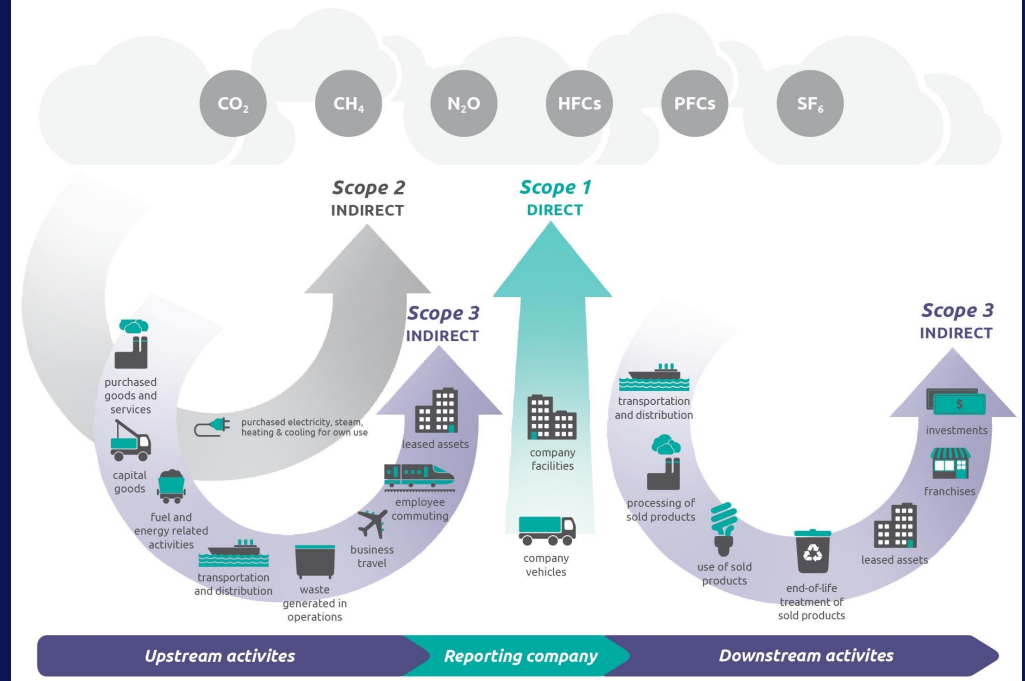
Establishing Scope 3 reduction targets is a new discipline for commodity merchants and a complex one at that, but a goal Auramet set for itself. Our aim is to stay ahead of best practices in our industry by collecting data on such emissions so that we can then analyze it and determine how we can best set meaningful targets with our partners in this area. Toward that, we will follow and support the standards put out by the GHG Protocol, the internationally accepted method for companies to account for these types of value chain emissions.

The Scope 3 Standard provides requirements and guidance for companies like Auramet to prepare and ultimately report indirect emissions resulting from such value chain activities. The guidance suggests a step-by-step process as follows: (1) Identify risks; (2) Identify opportunities (prioritizing hot spots) and set reduction goals; (3) Work with partners to achieve goals; (4) Share the efforts and results publicly, which can then inform others as to how success was achieved.

Auramet is still engaged in the detailed process of identifying the risks/scope 3 emissions, which the GHG Protocol has categorized into fifteen distinct categories. Those relevant to Auramet will be described over the next few pages. The categories are intended to provide companies a framework to organize, understand, and report emissions that are generated both upstream and downstream of their own operations.

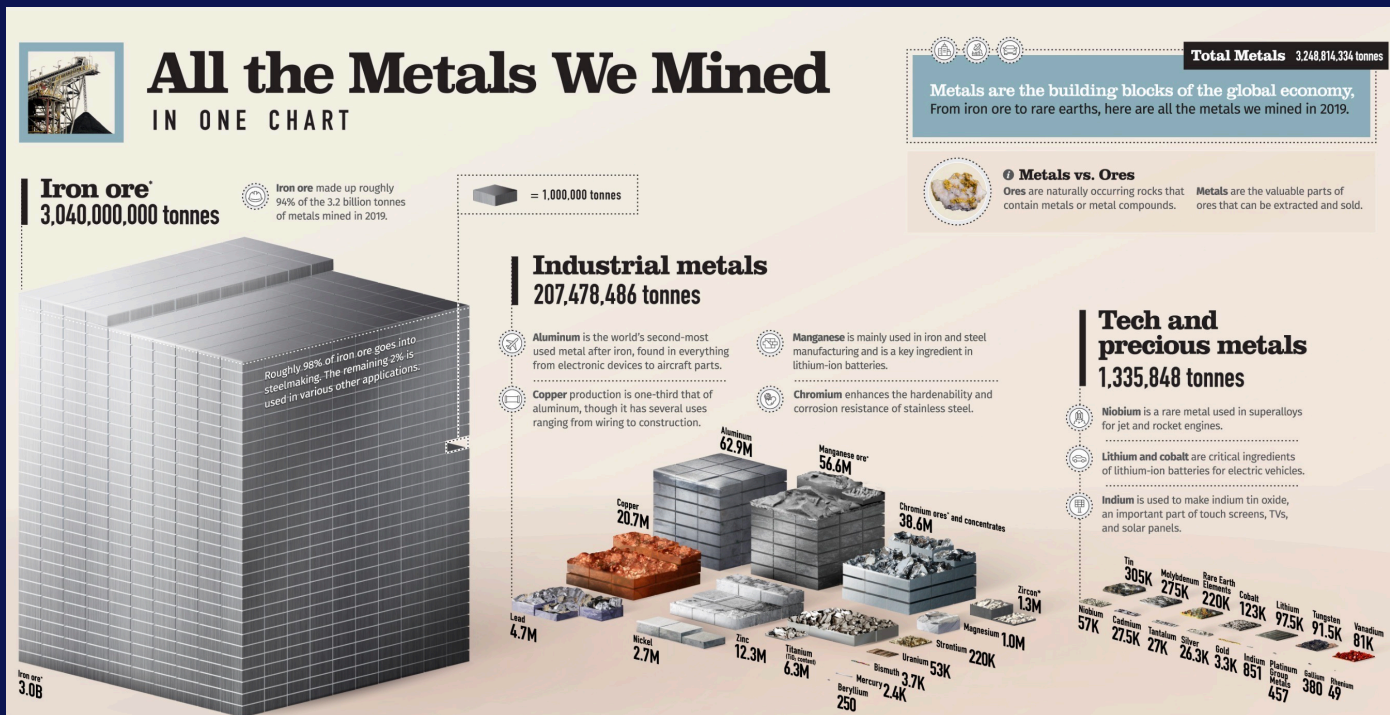


Figure [1.1] Overview of GHG Protocol scopes and emissions across the value chain



GHG Scope 3 Emissions

It is difficult to appreciate how small the volumes of precious metals produced each year are in comparison to other metals. The chart below provides a good visual indication. The annual production of the metals we principally trade (gold, silver, platinum, palladium, and rhodium) were .014% of the annual volume of industrial metals, and .0001% of the annual production of iron ore (2019 production figures). From an emissions standpoint, this translates throughout the supply chain from production to refining to transportation to end use. That most of our products are critical to reducing emissions (e.g., platinum, palladium, rhodium, and silver) such a chart is even more revealing. Notwithstanding this, it is still the responsibility of all metal producers/traders to understand and then manage their emissions and the next few slides detail Auramet's efforts this past year in this regard.



GHG Scope 3 Emission Categories



CLIMATE CATEGORY 1 – PURCHASED GOODS AND SERVICES: This is the principal category for Auramet and the one we will focus on. It includes the extraction, production, and transportation of goods purchased by Auramet. Our goal for this past fiscal year was to continue to identify the carbon footprints of the industry -- which we undertook last year -- and begin to identify the emissions of specific suppliers. Toward this latter goal, Auramet researched every supplier we have (more than one hundred companies) this past fiscal year. What we found was not surprising, but nevertheless disappointing; less than 39% of our suppliers had calculated their Scope 1 and 2 emissions. Given this, we then investigated companies that are in the business of providing estimates of such data. After interviewing four companies, we chose to engage with Skarn Associates. In keeping with the “Principle of Materiality”, and to see how Skarn operated, we asked Skarn to focus on our most actively traded metal: gold. And we asked them to look at specific mines where possible, not just companies. This is because we can dictate where our metal comes from when looking at any specific supplier. If we are satisfied with the Skarn results, we will contract with them to provide the same data for all our other suppliers. Once Skarn gives us an overall calculation of our Scope 3 emissions toward the end of 2023, we will then begin to work with our suppliers to help them set targets. Only then will we begin to look into refining companies and transportation companies due to their far lower emissions.



Gold Suppliers: On an overall volume basis, gold’s GHG emissions are extremely low in relation to other natural resources given its rarity and its limited production compared to most metals/rocks (e.g., .00004% of coal, .00019% of steel, and .0046 of aluminum). That total global gold production is measured, as with other precious metals, in ounces as opposed to tons gives an indication of how little gold is produced each year in comparison to these other metals. In fact, 90% of the overall mining sector’s GHG emissions come from steel and aluminum alone. In 2019, the World Gold Council estimated the total GHG emissions footprint of the total gold market to be 126.4 Mt CO₂-e (95% of which are associated with purchased power or fuel consumption according to a Wood Mackenzie study commissioned by the World Gold Council). Although small in comparison to other metals, the GHG emissions amount for gold is still worth reducing of course and, as such, the awareness of such emissions in the gold industry has risen within companies, industry organizations, investors, government, banks, and society in general. We are seeing progress to address emissions in the industry over the past few years. Grid-supplied electricity is being replaced with renewable energy and/or cleaner forms of fossil fuels, and new technology for the mining fleets is being developed which will hopefully replace traditional technology as older fleets reach the end of their life. Perhaps most encouraging is the fact that the investment community is responding to the societal shift toward lower GHG emissions by taking steps which will favor lower emission gold production. Auramet is involved in these efforts.

GHG Scope 3 Emission Categories

Gold Suppliers (continued):

In the past years, only the largest gold producers have reported GHG emissions. And some have begun to set targets. In November 2021, for example, Newmont set targets to reduce emissions by 30% by 2030 and their aim is to have net zero emissions by 2050. Barrick set the same goals and others are starting to announce similar goals. Cleaner power is the big part of this (the emissions intensity of it used in gold production will fall by 35% by 2030 according to Wood Mackenzie). Meanwhile, pay and bonuses for senior executives at gold mining companies is increasingly being linked to a diverse array of ESG metrics which bodes well for further efforts to minimize emissions. But the overall industry is fragmented (back in 2018, for example, the top two producers produced less than 10% of all gold and the top twenty about 38%), and most mines do not calculate their emissions. Our own research this year with our suppliers showed just 43% of them had calculated their emissions. Those emission numbers totaled 7.01 Mt CO₂-e, but again, this was for the companies as a whole; we did not get mine by mine results which we will get when we receive the report that we commissioned from Skarn Associates. Once we receive this data, along with overall production data that Skarn produces, we can calculate our share of the emissions. Once that happens, we will begin to have conversations with our suppliers to see how we can work together to reduce them. We will also look to ways of focusing our purchasing efforts on mines which emit less carbon than others.

Auramet will continue to use different sources to bolster its own research and what Skarn produces. Besides the individual sustainability reports of gold mines where we know we merchant gold from, we can also look at the Carbon Disclosure Project (“CDP”), the Australian National Greenhouse and Energy Reporting database (“NGER”), the Canadian Greenhouse Gas Reporting Program (“GHGRP”), organizations such as Wood Mackenzie, the World Gold Council, and journals/magazines/consulting firms such as Metals Focus, the Assay, etc. Any data we collect must be compared to other data so that we can determine its reliability. Understanding and comparing the diverse metrics reported in this area can be challenging but it is now changing as standardization is increasing. Most major miners report metrics to the Global Reporting Initiative (GRI) standards. Also, there are now rating agencies that produce ESG ratings (like EcoVadis who rated Auramet) which makes it easier to compare ESG standards.

Since recycled gold typically contributes between 25-30% of annual gold supply, we continue to explore ways and set goals to increase the volumes of recycled gold we purchase as well (this year, like last year, our goal is to increase the volumes by 15%).



Australian Government

Department of Climate Change, Energy,
the Environment and Water



Government
of Canada



The Assay Weekly



METALS FOCUS

GHG Scope 3 Emission Categories



PGM Suppliers: For the PGM metals, we were previously able to take advantage of the efforts of the International Platinum Group Metals Association (“IPA”) to capture the environmental footprint of PGMs and PGM-containing products (for GHG as well as conventional pollution) of the PGM industry generally (the IPA does not share company specific data). In updating the industry’s Life Cycle Assessment (“LCA”) for 2017, (its first effort was in 2010) the IPA took big steps in determining the environmental product carbon footprint of different suppliers, both primary and secondary. It measured the impact associated with the extraction of resources from nature to a point at which the refined product leaves the factory gate. Its data covered 90% of global primary production, 70% of global secondary production, and 90% of autocatalyst fabrication. By doing its work following various ISO standards (e.g., 14071, 14040, 14044) as well as the GHG Protocol Product Life Cycle Accountant and Reporting, the IPA has gone a long way towards gaining an understanding of the entire cycle and quantifying the environmental impact of PGM production and processing for the use of PGMs in catalytic converters. When looking at secondary production where it is challenging to allocate an environmental footprint of any particular process to an individual metal, the IPA adopted an approach that uses a mixed feed of the various automotive or industrial catalysts, e-scrap, or by-product materials to model an average footprint. Those numbers were as follows:

PGM Suppliers

	<u>Unit</u>	<u>Platinum</u>	<u>Palladium</u>	<u>Rhodium</u>
Global Warming Potential				
Primary Production	kg CO2-eq/g	33.3	23.7	34.9
Secondary Production	kg CO2-eq/g	.639	.732	.819



What sticks out in the data is the delta between primary and secondary production emissions. Auramet has stepped up its efforts to increase the latter by hiring someone to focus on originating metals from secondary sources.

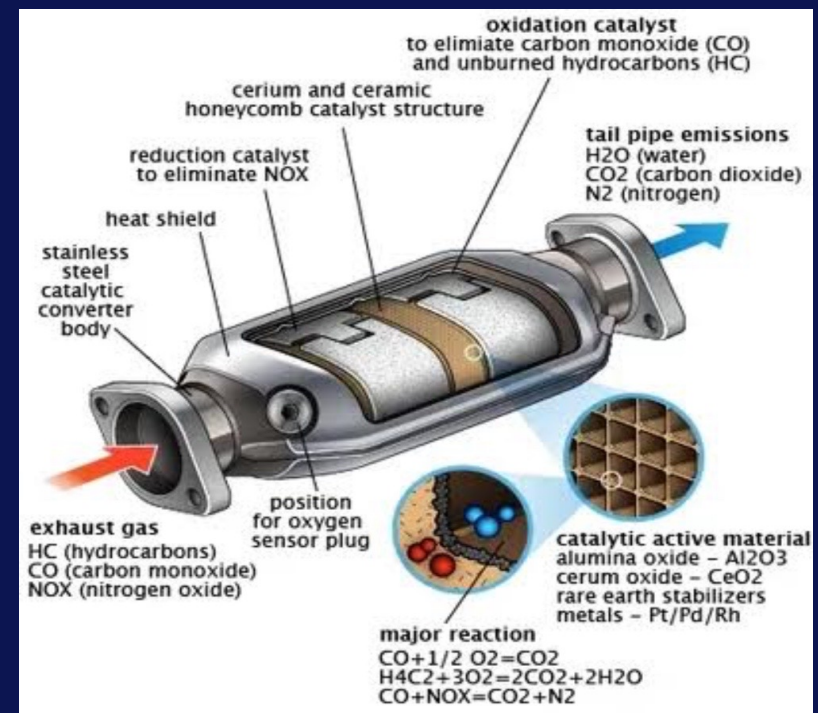
GHG Scope 3 Emission Categories



PGM Suppliers (continued)

The IPA also performed some Use Phase analysis, which examined the life cycle impact of PGMs by assessing their application in an autocatalyst to control tailpipe emissions. Its conclusion was that the reduction in emissions from the use of autocatalysts outweighs the emissions generated during the production of PGMs (emissions harmful to humans are reduced by 98% because of auto catalysts). Nevertheless, the IPA has also helped identify areas where the industry can improve performance. Not surprisingly, what they concluded is that energy consumption for mining and ore beneficiation is the principal overall environmental cost. Its study also concluded that although PGM production has impacts on the environment, in the context of the life cycle, these impacts are relatively marginal (a typical car, for example, has just 3-9 grams of PGM loading).

Our goal last year was to better understand this data and begin conversations with specific players within the industry that will advance our understanding of what our Scope 3 emissions are and how they relate to our specific purchases from those specific suppliers. When we undertook our own research this past year by speaking to all our PGM suppliers, we found that just 20% had publicly disclosed their GHG data. If we are satisfied with the data on gold mines from Skarn Associates, our plan is to engage Skarn this coming year to provide us with the same data from our PGM suppliers. Once we have it -- on a mine by mine basis -- we can calculate our share of the GHG emissions (our Scope 3 emissions) and begin to work with our PGM suppliers on bringing down emissions in line with the goals of the Paris Agreement and focus how our buying efforts to minimize emissions.



GHG Scope 3 Emission Categories



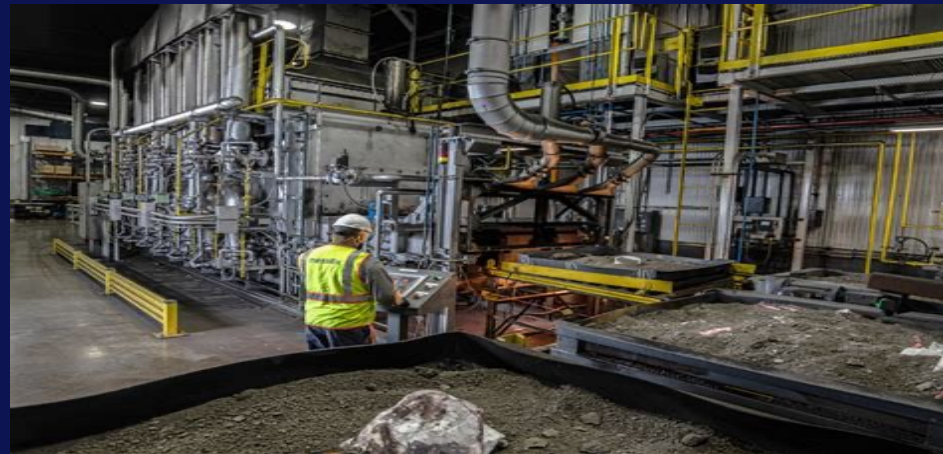
Silver Suppliers

The carbon emissions from the silver industry are more complicated than those created by the gold industry since 70% of the mine supply of silver is generated while digging for other kinds of ore (e.g., copper, lead, zinc, gold). For this reason, since 20% of all silver each year comes from recycling or existing inventory, and since silver is arguably the most important precious metal for the New Energy Economy, Auramet has not prioritized the study of GHG emissions for silver. This past year we did however contact each of our silver suppliers to get GHG emissions data. 56% of them do not make their emission data public. If our gold report from Skarn Associates is satisfactory, we will commission them to estimate all the data from our silver suppliers as well on a mine-by-mine basis.



Precious Metals Refineries

The refining stage of precious metals production represents an inappreciable amount of the overall carbon footprint of the industry (e.g., less than 0.1% of primary gold production). And through their role in refining recycled precious metals, the refiners are critical to the reduction of carbon that would otherwise be generated by primary precious metals production. Given this, Auramet has also not prioritized our efforts this past year on calculating the GHG footprint of our refining partners.



GHG Scope 3 Emission Categories



CLIMATE CATEGORY 4 – UPSTREAM TRANSPORTATION AND DISTRIBUTION:

For most commodity trading companies, emissions from upstream transport and distribution constitute a percentage of their Scope 3 emissions worth measuring (and Scope 1 to the extent they own ships). For Auramet, however, this is not the case for several reasons:

1. **Small volume:** The principal products we trade (gold, silver, platinum, palladium, and rhodium) are generally measured in ounces, not tons (precious metals are rare; hence their name). The volume produced each year represent .014% of all other industrial metals (excluding iron ore).
2. **Pool account trading:** Unlike a vast majority of commodity traders who must physically transport all the commodities that they purchase from suppliers, Auramet, as with other market participants, is spared a vast majority of this task (and consequently the direct carbon impact of physical transportation that would go along with it) given the nature of the precious metals industry where title to metals is often transferred digitally via pool accounts. For Auramet each year, just 5-6% of the metal purchases Auramet make are physically transported by Auramet. There is of course an underlying movement at some point from the mine to end users, but so many purchases are made digitally.
3. **Use of existing planes:** Auramet, and the market in general, does not require separate planes to carry products when transporting precious metals by plane (the primary way they are transported). Instead, the metals are usually carried on existing commercial airline flights.
4. **Processing at site:** What starts as rock in the mine gets processed to concentrate at the site of the mine for both gold, silver, and PGMs. The concentrate, considerably lighter in weight after waste materials are removed, gets transported to refineries.

It should not be difficult to calculate the emissions for such transportation, but we are prioritizing the extraction and processing at site given that is where a vast majority of the carbon is released for the industry.



GHG Scope 3 Emission Categories



CLIMATE CATEGORY 6 – BUSINESS TRAVEL:

As a small company, we have always managed our business travel as efficiently as possible for financial reasons, which happens to also have benefited our carbon footprint. A few additional comments:

1. The structure of our company (as it relates to front, middle, and back office) is such that less than 25% of our employees (currently eight people) travel for business. If one compares that to the \$20 billion in revenues we generate, one gets a sense of how small that figure is;
2. The principal business travel we undertake is New York to Canada via plane. Our travel to other parts of the world are covered by employees we have working remotely in Australia, Peru, South Africa, London, and Mexico. We expect that there will be a software application that will automatically calculate the carbon costs of our travel at some point soon. Until then, we will continue to manage our travel closely for environmental and financial reasons taking advantage of the post-pandemic world (teleconferencing) while still maintaining the first-rate customer service focus which has always defined our approach to business.

CLIMATE CATEGORY 7 – DAILY COMMUTING:

Of our 34 total employees/consultants, 12 work remotely. For the other 22, the average miles traveled per week for commuting is 115. In October 2021, management closed the offices on Friday automatically reducing our commutation miles by 20% (all other things being equal). Considering that a few of our staff travel by bus, and a few have electric vehicles, our numbers are even lower. Averaging in remote workers, Auramet's weekly commutation per employee/consultant is less than 74 miles.

CLIMATE CATEGORY 8 – LEASED ASSETS:

Our office in New Jersey is serviced by PSEG, a utility that in 2020 had a power generation mix of 62% nuclear and 38% gas and was moving towards having net-zero carbon emissions by 2050. In 2021, they changed that goal to 2030, twenty years earlier than its previous goal and one of the first and most aggressive for a large utility and power generator.

GHG Scope 3 Emission Categories



CLIMATE CATEGORY 9 – DOWNSTREAM TRANSPORTATION AND DISTRIBUTION:

General comments from Category 4 about the small overall volumes of precious metals produced in any given year applies to this category as well. When precious metals physically leave a refinery, they are either transported on existing commercial airlines or by armored truck depending on where they are going. A great majority of our sales (like our purchases) are not backed by a physical movement of product but are settled digitally via pool accounts. This reflects the nature of the market as discussed. Physical movements are made by Auramet, but it is a small amount (approx. 5% of all sales). What Auramet buys and sells are in the same form so there is no additional transport for processing (except for when we buy recycled metals).

Calculating the emissions further downstream is something we have not prioritized for reasons that have been raised already including:

- Volumes/weight are very small.
- Many of the products we sell are used for the New Energy Economy.

CLIMATE CATEGORY 10 – PROCESSING OF SOLD PRODUCTS:

We have also not prioritized the calculation of emissions generated from the processing of sold products because most of the precious metals we sell (silver, platinum, palladium, and rhodium) go into products that are not only useful to the world but will be key to the New Energy Economy and reducing GHG emissions. Currently, for example, more than 71% of all PGMs mined (and a much percentage for PGMs we sell) go into the production of catalytic converters that have been key to reducing GHG emissions. The IPA calculated that the emissions reductions due to catalysts outweigh emissions generated during the production of them). Gold is a metal that is used primarily for jewelry and investing. Since the extraction of gold represents more than 95% of the carbon emissions for the entire cycle of gold from mining to end of life, we are not prioritizing the processing of gold with respect to the calculation of GHG emissions.

GHG Scope 3 Emission Categories



CLIMATE CATEGORY 11 – USE OF SOLD PRODUCTS:

The GHG emissions generated from the use of precious metals are negligible. We have discussed PGMs, the use of which is principally (more than 70%) to reduce GHG emissions. Silver products are key to the New Energy Economy and gold product use (jewelry and investment principally) does not produce enough emissions to justify spending time calculating them while we still are trying to calculate far more significant upstream Scope 3 emissions.

CLIMATE CATEGORY 12 – END OF LIFE TREATMENT OF SOLD PRODUCTS:

From the standpoint of “end of life treatment” for the precious metals we sell (gold, silver, platinum, palladium, and rhodium), there exists, for obvious reasons, a well-evolved recycling culture (generally, the metals are simply too precious to landfill). With respect to the packaging of precious metals (that varies depending on product), again the emissions generated from the waste of such packaging are very small considering how small the overall volumes are of precious metals that are physically sold each year.

CLIMATE CATEGORY 15 – INVESTMENTS:

Auramet makes short-term loans to gold mines who repay the loans by providing physical gold. From time to time, we also purchase gold royalties or streams from mines that provide us with a share of the profits (in the case of the former) or the right to purchase certain quantities of gold at a discount (in the case of the latter). These royalties and the loans are very small relative to our balance sheet and from an emissions standpoint, will be treated the same as our normal precious metals purchasing activity (i.e., we will look to calculate the GHG emissions associated from such activity in the same manner).

Governance



Bank Secrecy Act (the “BSA” and AML Policy)

Auramet and its employees are committed to the global effort to prevent money laundering. To this end, the firm has implemented formal policies and procedures that constitute a comprehensive anti-money laundering (“AML”) program. This program covers all the company’s lines of business. Compliance with AML policies and procedures is viewed as a matter of personal responsibility by every partner, officer, and other employee of the firm.

Auramet is a C-corporation organized under Delaware law. We are a private merchant of precious and base metals and, as such, we are not a formal regulated body. We therefore take our AML responsibilities extremely seriously. Auramet does not take customer deposits or engage in cash-only transactions of any kind. Furthermore, we do not do business with individuals and deal primarily with publicly traded companies that are regulated in the U.S. or Canada. The few private companies we deal with are similarly subject to strict BSA, AML, and KYC adherence. Included in Auramet’s AML process are the following categories followed by brief descriptions of how these AML principles are employed.

- + A system of internal controls that is reasonably designed to detect and deter the laundering of illegal proceeds.
- + A designated AML compliance officer within our treasury and accounting staff.
- + Mandatory training on AML issues for appropriate staff.
- + Periodic independent review of the above.

Know-Your-Customer

The cornerstone of the AML program is our AML/Know-Your-Customer (“KYC”) policy. Every prospective client is subject to a varying degree of KYC customer due diligence (“CDD”) based on the assessed money laundering risk. AML risk assessments are determined on the basis of the customer’s background and normal business activities, the products and services being offered, and the geographic characteristics of the customer and the transactions contemplated. Enhanced due diligence (“EDD”) procedures are implemented for customers that are deemed higher-risk for potential money laundering. Auramet transacts only with established customers who have been reviewed and approved pursuant to the firm’s AML/KYC policy.

CDD and EDD are performed by the customer’s relationship manager and our compliance officer. Documentation that evidences our due diligence effort is compiled and filed by customer and must be approved by our compliance officer before any account can be opened or trade undertaken.

Customer Identification Program

The requirements of the USA PATRIOT Act, and similar legislation in non-US jurisdictions in which we operate, are applied to all customers. Auramet’s CDD requires identification of the ultimate beneficial owner of all non-public customers. Database and document verification are typically used to verify the customer’s and the beneficial owner’s identity. We screen beneficial owners, entities and the countries those entities operate in against lists issued by government authorities.

Governance



Record-Keeping and Retention

It is Auramet's policy to retain all required documentation and records for a minimum of five years.

Transaction Monitoring

Auramet's treasury, accounting and controller staffs are trained to monitor customer transactions for unusual activity, and our trading system establishes limits for each customer so that a breach of such limits is flagged for management review. When warranted, suspicious activity is reported to the proper government authorities.

Global Sanctions

Customer information is screened prior to account opening against the US Treasury (OFAC) list of Specially Designated Nationals and Blocked Persons, the various OFAC country-based economic sanctions programs, and the other lists issued by local regulatory authorities and international organizations, such as the European Union and the United Nations. Our compliance officer is responsible for monitoring OFAC regulatory action and ensuring that OFAC procedures throughout the firm are updated as necessary.

Training

AML training is provided annually for employees with customer relationships or customer servicing responsibilities.

Independent Testing: Auramet's AML program is periodically reviewed by the Compliance Officer. Any deficiency noted in his review is reported to senior management and tracked until resolution.

Technology & Information Security: Auramet continues to adapt cybersecurity practices in a landscape of greater threats. We enlist every employee in the effort to protect the privacy, data, and intellectual property of our clients and business partners. Auramet's computer servers are housed in datacenters spread across North America. File servers, accounting servers and Auramet's trade management system are hosted in house. In house servers are situated behind security appliances/firewalls. Auramet computer systems are only for internal use by employees of Auramet. Auramet does not host any services which are capable of transacting (neither money transfers nor metal transfers). For remote users, who are granted access, these servers can be accessed via virtual private network connections. Systems are backed up on various schedules. Protecting data is crucial to our business, important to our stakeholders, and is therefore taken seriously. As is business continuity to ensure that our clients, partners, and employees can stay connected during any incident.

Summary of Goals for Fiscal Year 2024



Three-Year Plan Set in Fiscal Year 2021

- Auramet set up a 3-year plan in Fiscal Year 2021. The plan was comprehensive, but its major goal was to identify its Scope 3 emissions.
- The following year, it added a goal to increase our volumes of recycled metal by 15% each year.

Update on Progress

- The first year's goal was to understand the overall carbon footprint of each principal metal we trade (gold, silver, platinum, palladium, and rhodium) and where in the supply chain did most of the emissions come from. We wanted to complete this so we could then establish where we would focus our efforts going forward in this regards. This was accomplished.
- The following year (this past fiscal year), our goal was to further our understanding of the above while beginning the process of calculating our share of the overall carbon footprint of each metal (our Scope 3 emissions). As mentioned above, this was accomplished by 1) personally researching each and every supplier to get their respective Scope 1 and 2 emissions; and 2) hiring a 3rd party who specializes in the mining industry to make estimates/calculations for us. We decided to test the service by getting results on gold suppliers (the vast majority of our suppliers).

Goals for Fiscal Year 2024

- If satisfied with the analysis that we received from the company we commissioned for GHD data on our gold suppliers, we will commission them to undertake the same study on all our suppliers across all our metal platforms.
- Increase again the volume of recycled material we purchase by 15%