

ANNUAL REPORT on POLICIES' IMPLEMENTATION and GENERAL TREND 2020 (6 months) – 2021



28 February 2022

To all who may concern , respectable CEO , respectable members of the BOARD ,
Auditors , Managers and Employees .

Arezzo Refinery Co.,Ltd is a small company established now more than a decade (2009) and since its foundation has been diligently observing social commitments and environmental awareness and responsibility , so that despite its dimension it has always showed a honorable behavior for what we can be proud to be grown and solidly implanted in our daily operation.

The Board has confirmed and Mr.Eng. Silvio Bidini has renewed Mr. Dr. Andrea Malfanti as internal Due Diligence manager to comply with Human Rights Due Diligence according to the UN principles coded in https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf file:///C:/Users/User/Desktop/udhr_booklet_en_web.pdf substantiated and sustained by



Original Annex II
from OECD .pdf

and to comply with the duty of issue the Due Diligence before clients and suppliers as to share the same sourcing policy and commitment to social and environmental awareness as we do in Arezzo since 2009.

These Last two years have been a real trouble for all the industry and many of the goals we were aiming in 2019 had to be reshaped according to the heavy modifications intervened in the business relations in the whole world.

Nevertheless we have not allowed difficulties of all sorts to modify or extinguish our will to improve and consistently gain trust and confidence in the responsible choices done .
Properly in this sense we have ensured our counterparts that none of the precious metal recovered has been taken from Conflicted Areas or High Risk Areas and we have confirmed our decisions not to source anything whose provenance is not made clear and traceable and certainly not of fresh mined origin.

We are very well aware that this will define an important mutual limitations (legit businesses in CAHRAs and Arezzo) for positive opportunities but we are conscious that our dimensions are not allowing our actions in those fields letting us drive our attention to a closer more controllable network of clients and suppliers.

The position of Arezzo as service company is indeed peculiar being necessary to keep clients satisfied without interfering with the original provenance of their precious metals but suggesting to actively pursue the same policies we are committed and by that sometimes even risking to be less discrete than supposed as service company but doing so for the greater good to use wiser the resources already extracted from land .

Following the COP 7 and the mandatory risk assessment practices for the COC further (including the annual reporting and share with the RJC our Provenance Claim we have confirmed to deal only and exclusively with metals with clear traceability and declared to be as such. , we are hereby confirming the choice to work only and exclusively with Raw Materials originated

We have pursued the following objectives of adopting, implementing, exercising the commitments taken with our RJC association and certifications and specifically :

Legal Compliance

We have renewed the contract with Legal and Commercial Services as in the attachment also visible on our WEBSITE for the period of 2021 and 2022 .

We have updated the training of our office employees by a short course held by qualified and authorized personnel right into LCS (Legal and commercial Services) as a part of continuous improving .

Specifically four subjects have been treated under the supervision of Ms./Mr..... :

1. General accounting and documents conformity
2. Taxes and impositions (basic principles and how to prepare the declarations)
3. What is GRI (Global Reporting Initiatives) [*first part*]
4. Applicable Laws in the daily activity [*first part*]
5. AML (Anti Money Laundering) dispositions

All our documents assessing the respects of the current laws in the exercise of the activity are valid, legal and sustainable. No Violation has been found in any part of the legal compliance.

Policies and implementation

Besides the policies on Human Rights whose respect is conditional and mandatory for all business partners, here we are reporting also the results



Supply Chain Policy
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of the supply chain and the tight policy we have applied <C:\Users\User\Desktop\Package Updating\Supply Chain Policy.pdf> asking all the business partners to share the same approach of respect of the human rights and proactively transfer in their respective businesses those values and practices and especially for this most sensitive part of the industry.

Furthermore the revision and the inquiry done by our risk assessment has established that NONE of our Clients/Suppliers has never sourced from CHARAs or dealt with or transited by, usually never from mining directly and substantially only from certified companies or well-known suppliers with legal standing and locally well reputed when not internationally renown (LBMA / RJC).

We can conclude that our policies in this sector are clear and proved to be



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within the requested guidelines of the CoP and the CoC.

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Reporting

The present communication is an integral part of the reporting duties as stated in CoP 3.1 and it will be published on our WEBSITE where everybody will be entitled to access and be aware of the trend and the activity of the company.

The present communication has been discussed and approved by CEO, Stakeholders, and Auditor, (including LCS responsible person Mr. Law.r, Massimo Enzo Chiappa).

Furthermore to enhance the policy of a free expressions for any grievance possibly arising in our supply chain , business relations , business partners in general , we invite to use the third party mail of our legal auditor (LCS) namely e.m.chiappa@lcsbangkok.com so that everybody can be sure that any claims will be carefully considered , received and according to the policy of whistleblowing with no retaliation , we will comply entirely with the freedom of expression especially for claims of any sort that must be known and brought to the highest attention for anything related to the application of our policies .

Financial Accounts

We have continued and carried on the good interaction with LCS to whom we have since long time entrusted the duty to monitor and advice the registration of all our financial transactions with no exception.

Employees have been further committed to the good practices and updated their skills by the short courses held by the same third part consultant Legal and Commercial Services Intl., hired for the purpose.

Arezzo is acting on the basis to prevent any mistake possibly occurring and that is why the full and final registrations are given to the third party also responsible to prepare the yearly audit.

Arezzo has delivered on time the financial audit and the tax returns according to the revision of the AICPA accountant Mr. Rattanachai Chophaka, Certified Public Accountant No. 8513, Kritnat Orchid Office 333/7 Moo 5, Bang Rak Noi Subdistrict. Nonthaburi Province for the year 2020 and actually preparing the mentioned declarations for the year 2021 , again on time and again with better involvement of our employees for which we are committed to carry on the updating.

The revision made has been successful and no mistake or violations have been found .

Business Partners

Arezzo is using its influence as much as it can be compared to its dimension in sharing the very same principles on ethic and social responsibility with its suppliers and clients but moreover by the particular kind of position we are, we have sent our guidelines unified to clients and suppliers all being originated by the facts that our clients are indeed the source of the metals we post-recover by the loss we have mutually agreed to charge therefore in

a double role of clients and suppliers for us that we have chosen the way to deal only and exclusively with Recycled and recyclable materials NOT fresh mined.

In this way we can propose a broader vision of values that shapes the roots of our activities either as suppliers or clients adhering to the UN declarations on Human Rights and the OECD Annex II.

Our documents and UN OECD declarations have been sent to Suppliers and clients and to everyone actively involved with our operations.

KYC enhanced as required by the procedure of the CoC has been sent to all the above mentioned subjects.

Once the responses will be received we will be able to prepare the annual reports shaped on the more accurate knowledge of the whole network , nevertheless not any significant modification has been notified to us and instead we can proudly announce that we have cleared the long and tight process of qualification for Pandora (Pandora Production Thailand).

Substantial part of the qualification was indeed referring to social and ethics on business and to be cleared after this long process by such big organization as Pandora has made us confident to be on the right path.

Products awareness

In that period (November 2021) we have also achieved the important goal to be cleared with the REACH test for Silver which is offered here for public



REACH Silver
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review. . The importance of the success in going through the tests is giving us the certainty that our operations have been fully effective both in terms of technical results as well as Standard Operating Procedures avoiding pollutant elements of any sort and delivering outstanding purity and clarity in full respect of the tightest clients' requirements.

Products Disclosures

Arezzo has been not casually the first company in the WORLD to be certified for its SILVER refining in the CoC guidelines following up the Provenance Claim that has established to use and offer to the public traceability only recycled precious metals and work only on metals whose origin is from

Juristic persons, not individuals, preferably certified by LBMA, RJC or similar and comparable certifications.

AREZZO has committed itself and honestly sometimes finding not easy access to new clients for the obvious restrictions that the choice of recycled is carrying with it.

There is a natural scarcity in the market of real true recycled silver but more often and sadly unspoken these are ingots coming from Banks or passed through complacent refineries and companies to recreate a sort of imprinting and a fake rebirth of scraps what are instead freshly mined precious metals.

AREZZO is strongly committed to offer to its clients full disclosure of provenance and origin of the metals besides and furthermore the assessment that the third party has already done on this subject and cleared the truth of the recovery and the practical commitments taken and honored by the daily practices.

AREZZO is ready to start more serious measures and proofs of the provenance claims and it is favorable to ask as a general rule to the RJC that every company declaring to work with and through recycled metals , without mentioning the refineries in clear, shall be obliged to refer the number of the claimed certification so that will be possible identify forgeries , false claims o exaggerated quantities made available.

Pictures : [Recycling Pictures](#) the true origin of the recycled precious metals

Provenance Claim

In Arezzo we are not buying or purchase or even processing any fresh mined fine precious metals, nor raw in whatsoever purity and concentration but only and exclusively industrial remains containing precious metals having exhausted its life cycle or compromised by quality or any other factors, or for whatever reason impossible to be used in their actual form as typical in the industrial process and for the purpose they were manufactured

In Arezzo will allow ourselves to purchase fine metals only when needed from certified entities such as LBMA GLD ; RJC CoC / Cop and similarly certified companies reasonably preventing Arezzo to deal unwillingly with unclear sources and doubtful traceability

Labor and working conditions

We have ensured that employment terms with regards of wages , working hours and other employment conditions are communicated to employees in writing before the employment starts.

Our policy and procedure complies with the Thai law and the International Labor standard set forth in ILO and UN Principles : Protect ; Respect ; Remedy , therefore in Arezzo and suppliers or clients no child labor , no forced labor , no discrimination , no harassment and no retaliation has been found so far and we allow instead the freedom of expression and association with a no retaliation policy for whistle blowers.

In Arezzo employees are treated with respect and dignity not subjected to violence of any sort or harassment or else threatened themselves , their family or colleagues and all of them are well aware of the existence and the free accessibility of the grievances policy posted in the workplace but so far not any complaint has been raised up of any sort nor found

Grievances Mechanism

Complying with duties of Human Rights and OECD declaration Arezzo has chosen and now confirming the path of full transparency by publishing on its website a **complaint box (the box is active since 2020)** which is guarantee for anyone willing to intervene and brought to knowledge of the high management any potential violations of the Code of Conduct.

The very same Code of Conduct in its short format has been published for benefit of awareness and guidance to anybody willing to interact with our policies for any reason supposed to violate the Code and the practices of the good standing.

In our website there is the **complaint box** , it is enough to address and write the object of the complaint and the mail will be sent to the third party auditor's mail box in charge of collecting possible grievances of any sort , from supply chain to labor or occupational safety or whatever else concerned.

The auditor will revise in total independence the object of the grievance and will start its autonomous inquiry .

The anonymity is ensured by the indirect information received from the responsible third party according to a legit and shared whistleblower protection and brought to knowledge directly of the CEO once the investigation will have finalized the results.

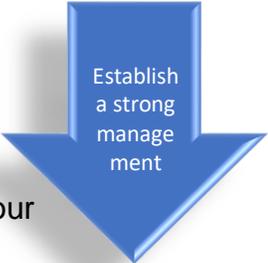
The results as well as the record of the grievances with no respect for the final conclusions will be recorded and kept at least for a period of 5 years.

The person appointed for the task is a very experienced lawyer with high qualification and outstanding CH, leading the Legal an International Services office , Mr.Law.r Massimo Enzo Chiappa, civil counselor and penal barrister ensuring the objectives of supporting our due diligence management system.

OECD in broader and wider meanings

Overall and despite the 2 years of Covid 19 Arezzo is fully complying with its vision to act ethically and responsibly in all the aspects of the activities performed and by doing so implementing the framework of decisive progresses as contained in the 5 Steps OECD interpreted here with a broader vision and meaning and not limited to the letter of the disposition :

- We have **unified social responsibility and marketing** to implement since the inception of the work the principles contained in our Code of Conduct
 - We are upgrading and controlling our employees in the good practices contained in CoP nr.... and by the external monitor of the auditor
 - We have shared with clients/suppliers the principles and the practices of our policies (1)
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- The Principles , the actions and the operations are approved at the highest level of the board and by itself committed to implement the guidelines
 - We have defined and confirming here our Policy in sourcing and dealing
 - only with
 - **Recycled Precious metals** and only by and trough legit juristic persons not individuals.
 - We have established solid knowledge of our clients by sending our KYC enhanced and sharing common practices and values for better understandings by signing in documents the guiding principles of our business
 - We have continuous interactions (daily weekly) with our clients/suppliers
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- We are actively controlling and assessing the risks factors possibly arising and we publish and communicate the results of the findings on our website



Establish a strong management



Define a policy and communicate to your business partners



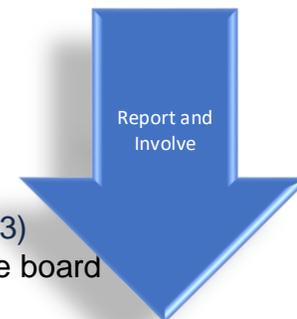
The strategy is based on preventing any possible violations of the concerned CoP provisions

and officially to the RJC (see report on The supply Chain Risk assessment)



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- We aim to prevent in early choices rather than remedies later
- We will suspend or even severe any relations with clients or suppliers found in violations of the dispositions contained in CoP 4;6;7;11;13 14;16.2.17;18;19;23;28;33;38 after having evaluated the impact on the specific field and the gravity of the violations being critical or redeemable (2)
- We support third party audit and verification of the whole activities including but not limited to the supply chain policy by the appointment to this function to a leading team of internal and external professionals (see *retainment Agreement Massimo Chiappa / LCS / Andrea Malfanti appointment in the present communication*)
- We report as in the present one the advancement of the implementation of the guidance and not only with respect to Minerals and extractive activities from which we are exempted due to our choice to deal only with eligible recyclable materials , but also in the whole line of supply and concerned activities (3)
- we have complied on time the duties of reporting directly to CEO and the board so that the guidance is an integral part of our routinary activity and on time to the annual report to RJC on the risk assessment for the CoC



Conclusions :

We have identified risks in our supply chain and in the overall activities considered and above mentioned equal to 0 , none of the KYC and/or the telephone interviews (*many companies , due to the policy of restrictions established, preferred to have a remote interview*) , has returned answers or written reports with the slightest shadow of doubt on their line of supplies , despite the decrement in business all over generally and deeply resented , nor anomalies of any sort have been detected in the course of the daily actions with our clients/suppliers and we have had issued our annual report to RJC on the risk assessment for the

mandatory communication of the CoC/CoP not only on time but proudly complying with the rules voluntarily shared in our network of business relation.

Relator : Andrea Malfanti



Bangkok 28 February 2022

Approved by Silvio Bidini CEO

Notes and explaining

(1) According to the first step of the OECD Due Diligence Guidance, companies should:

1. Adopt and clearly communicate to suppliers and the public, a company policy for the supply chain of minerals originating from conflict-affected and high-risk areas. This policy should incorporate the standards against which due diligence is to be conducted, consistent with the standards set forth in the model supply chain policy in Annex II of the [OECD Due Diligence Guidance](#).
2. Structure internal management to support supply chain due diligence.
3. Establish a system of controls and transparency over the mineral supply chain. This includes a chain of custody or a traceability system or the identification of upstream actors in the supply chain. This may be implemented through participation in industry-driven programs.
4. Strengthen company engagement with suppliers. A supply chain policy should be incorporated into contracts and/or agreements with suppliers. Where possible, assist suppliers in building capacities with a view to improving due diligence performance.
5. Establish a company-level, or industry-wide, grievance mechanism as an "early-warning risk-awareness system."

(2) According to the second step of the OECD Due Diligence Guidance, companies should act in its business relations when violations are :

- regarding serious abuses associated with the extraction, transport or trade of minerals (labors conditions)
- regarding risk management of serious abuses (inactions ; lack of progresses in improvements)
- regarding direct or indirect support to non-state armed groups
- regarding risk management of direct or indirect support to non-state armed groups (Central Government involvement)
- regarding public or private security forces (violence)
- regarding risk management of public or private security forces (Human Rights abuses)
- regarding corruption , bribery and fraudulent misrepresentation of the origin of minerals and the metals in downstream (fake and false documents and declarations or bribed , obtained by payments of non legit taxes)
- regarding money laundering
- regarding the payment of taxes, fees and royalties due to governments
- regarding the risk management of bribery and fraudulent misrepresentation of the origin of minerals, money-laundering and payment of taxes, fees and royalties to governments

- (3) Report findings of the supply chain risk assessment to the designated senior management of the company.

Devise and adopt a risk management plan. Devise a strategy for risk management by either i) continuing trade throughout the course of measurable risk mitigation efforts; ii) temporarily suspending trade while pursuing ongoing measurable risk mitigation; or iii) disengaging with a supplier after failed attempts at mitigation or where a company deems risk mitigation not feasible or unacceptable. To determine the correct strategy, companies should review Annex II (Model Supply Chain Policy for Responsible Global Supply Chains of Minerals from Conflict-Affected and High-Risk Areas) and consider their ability to influence, and where necessary take steps to build leverage, over suppliers who can most effectively prevent or mitigate the identified risk. If companies pursue risk mitigation efforts while continuing trade or temporarily suspending trade, they should consult with suppliers and affected stakeholders, including local and central government authorities, international or civil society organisations and affected third parties, where appropriate, and agree on the strategy for measurable risk mitigation in the risk management plan. Companies may draw on the suggested measures and indicators under Annex III of the Due Diligence Guidance to design conflict and high-risk sensitive strategies for mitigation in the risk management plan and measure progressive improvement.

Implement the risk management plan, monitor and track performance of risk mitigation efforts and report back to designated senior management. This may be done in cooperation and/or consultation with local and central government authorities, upstream companies, international or civil society organizations and affected third-parties where the risk management plan is implemented and monitored in conflict-affected and high-risk areas.

Undertake additional fact and risk assessments for risks requiring mitigation, or after a change of circumstances.