



PAMP.
Produits Artistiques Metaux Precieux

Sustainability Report
2011 / 2012

PEOPLE, ENVIRONMENT, COMPANY: OUR COMMITMENT EXECUTIVE SUMMARY

People, Environment, Company: Our Commitment. This is the title we decided to give to our third sustainability report using three words that not only summarize the foundation of our business, but also the goals that guide our day-to-day operations.

People. Over the years, we have been committed to adhering to ethical and human principles. We have successfully applied these principles to our entire production chain by working together with major international organizations. Obtaining RJC certification during the 2011-2012 financial year is proof of our commitment to pursuing socially responsible practices. In addition, the fact that our total number of co-workers, the ones that make it possible for us to make a difference in the market, is increasing (+53% from 2010-2012) and, more importantly, that they have been with us for many years (over 40% for at least five years) further confirms that we are moving in the right direction.

Environment. Compliance with the current regulations is not enough. In fact, it is necessary to identify optimal solutions that will make us capable of combining efficiency and respect for our surroundings. Thanks to the investments we have made, we are able to ensure waste-free electricity consumption, achieve greater self-sufficiency in water usage (+54% from 2010-2011) and constantly keep our emissions of nitrous oxides under control.

Company. Our operating results are important, but so is the value we are able to produce for our stakeholders as a result of our activities. From an economic standpoint, new jobs, investments in new equipment and the payment of taxes are just a few examples that reflect the commitment of a responsible company.

During the last financial year, we reported impressive results in terms of revenue (+18% over 2010-2011) and investments made (+51%), which is a positive reflection of our actions, relating to the value generated and shared with stakeholders.

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WHO WE ARE

PAMP, Produits Artistiques Métaux Précieux, is one of the world's leading companies in the precious metals sector, and especially in the areas of gold, silver, platinum and palladium. Having celebrated our 35th anniversary in 2012, our level of experience in processing precious metals has enabled us to offer our customers products and services of the highest quality, covering all areas of activity in the precious metals production, marketing and distribution chain.

Thanks to our affiliation in the MKS Group, we now have a presence in twelve countries across five continents, allowing us to reach a broad base of customers worldwide, including the sectors of banking, institutions, mining and industrial activities.

We have always emphasized improvement, both internally, by using the tools and organizational procedures necessary to pursue our goals, and externally, by attempting to set a standard that encourages positive development in the sector in which we operate.

1.1 VALUES AND OBJECTIVES

For 35 years, we have been active in the precious metal refining and production market. During this time, we have grown to become one of the leading companies in this sector worldwide.

We have always striven to offer our customers high-quality products and services that meet any need along the entire gold, silver, platinum and palladium production chain. The key factors that have allowed us to achieve this growth are the four core values our company is based on, which have solidified and now represent the soul of our company culture.

Quality and excellence

The quest to achieve increasingly higher levels of excellence and quality is the main driving force of PAMP and our growth. This energy is reflected in everything we do, from processing precious metals to creating finished products without neglecting their personalization, our products and services are aimed at providing "turn-key" solutions for our customers.

Trust and reliability

We wish to be seen as a dependable and reliable partner whose words are always backed up by concrete facts, such as the quality of our products and our commitment to a more ethical production chain. Our company recognizes that customer confidence is one of our most highly-prized assets

and we seek to specifically demonstrate that our products and services warrant this confidence.

Innovation

Innovation is our added value. We are constantly investing in new solutions and technologies that enable us to achieve the highest degree of quality and excellence in our products and services. Only through innovation can we be certain that we are proposing the best solutions in the market and satisfying our customers' needs.

Respect for the environment and community

A fundamental goal for any manufacturer is to acknowledge the need to achieve sustainable growth for the surrounding environment and community. For years, we have taken steps to ensure that our development does not harm the environment and that the wealth generated by our business is shared with the community in which we are located.

We are committed to adhering to the values that we believe in and guide our actions

1.2 HISTORY

PAMP SA was founded in Chiasso on March 14th 1977. These first 35 years of intense growth have been characterized by an increase in product lines, metals handled and highly-prestigious international awards and partnerships.

1977-1984:

From our creation to the first expansion

Less than a decade after our creation, we were able to attract the attention of the major Geneva-based MKS Group, which acquired us in 1981 and provided a strong stimulus for our business growth. This growth was so great that it was necessary to move to a larger production facility in Castel San Pietro in 1984.

1987-2005:

International brand consolidation

In the 20 years since we became a part of the MKS Group, we have been recognized and accredited by all the key international stock exchanges and trade associations.

From 2005 to today:

Social and environmental responsibility

Although the brand consolidation process is continuing unabated, for the last seven years we have focused on recognizing our responsibility, as a manufacturer, to both the environment and the people who directly or indirectly interact with us. For many years, we have obtained several certifications that confirm our commitment to compliance with low atmospheric emission parameters, the creation of facilities for the health and safety of workers in the workplace, and the further certification of the level of product quality and expertise of the assay laboratory.

Our 35 years of history can be summed up in international expansion, product quality and sustainability

1.3 BUSINESS

We have always been engaged in the processing of precious metals (gold, silver, platinum and palladium) with a major emphasis on quality, innovation and market needs. Thus, we are committed not only to producing an excellent product, but also to providing a full service to our customers.

Minted Ingots

Minted ingots are one of our main products. We produce gold, silver, platinum and palladium ingots weighing from one gram to one kilogram. Thanks to guarantee signatures and CertiPAMP packaging, all our products are guaranteed in terms of the quality, weight and content of the precious metals.

Bars and Ingots

We produce gold, silver, platinum and palladium bars and ingots whose dimensions and purity are governed by specific requirements of regional markets. All bars are subject to rigorous inspections prior to being stamped and marketed.

Gifts and collector items

We produce gold, silver, platinum and palladium gift and collector items that reflect the emphasis we place on market requirements and the expertise developed in precious metal processing.

Refining

The refining department service, which operates 24 hours a day, consists of separating and purifying precious metals, including other metals and materials. Using electrolytic and chemical processes, we have an annual production capacity of over 450 tons for gold, 600 tons for silver and 30 tons for platinum group metals.

Analysis and sampling

Our assay laboratory conducts chemical analyses aimed at determining the purity of the precious metals we produce or of the materials we receive for refining. This is an independent entity that is rigorously monitored by the Swiss Central Office for Precious Metals Control in Bern, and it meets the general expertise requirements of the International Organisation of Standardisation.

Semi-finished goods for industry

We provide components and products necessary for the production processes of various industrial sectors. For the gold jewellery and watch making industries, we produce a comprehensive range of gold alloys with different karat weights. For the pharmaceutical, chemical, electronics and automotive industries, pure precious metals, as well as salts and solutions containing platinum group metals, are produced.



Medal and Coin Minting

One area of our business concerns the celebration of historical or particularly significant events through the minting of commemorative medals in pure gold, pure silver or their alloys.

Based on internally developed marketing programs, or the specific needs of our customers, we are able to cover all product development phases, from concept, design and packaging to distribution through our sales network.

Storage

We are able to offer precious metal storage services in Switzerland, the United States and India.

Supply

We provide a "turn-key" service to supply numismatic products and ingots, which allows resellers to independently manage international transactions.

What's New - New Targets

The year 2012 was the end of a long process that culminated with an exclusive partnership with UNESCO to produce future collections of commemorative coins and medallions. These collections will be connected to various issues pursued by this important organization, including a particular emphasis on the heritage of humanity.

To receive a project from such a prestigious international organization is confirmation of the excellence of our products and recognition of our management capabilities. As a result of this ambitious project, we will serve as coordinator of the various central banks and government mints for the production of collections and as distributor through our multi channel sales network, capable of reaching any part of the world.

High Swiss engineering expertise and attention to detail are reflected in all our products and services

1.4 GROUP

Being a member of the MKS Group for more than 30 years has given us an international dimension that expands our horizons well beyond our manufacturing facility in Switzerland.



Integration for a Comprehensive Service

Being a part of MKS allows us to provide a full range of services to our customers, such as mining companies, central banks, government mints, commercial banks, institutions and industries in various sectors.

A Long Tradition in Precious Metals

MKS Group has been in business for over 50 years. It is able to cover all physical and pricing aspects related to precious metals, and offers its services to banks, financial institutions, fund managers and financial service providers. These services include 24-hour precious metal pricing, physical trading of precious metals, web-based pricing platform, tracking systems, web-based reporting and daily reports on markets.

Internationalization of PAMP

In 2008, the Group expanded its manufacturing presence to India, creating a joint venture with the Indian MMTC Group, called MMTC-PAMP India Pvt. Ltd., which is the largest trading company in India and the main importer of the country's precious metals. This new manufacturing site is the perfect combination of MKS's international presence and PAMP's advanced refining capabilities. PAMP transferred its know-how and directly trained the Indian staff. MMTC-PAMP currently employs nearly 250 people and has an annual production capacity of over 100 metric tons per year for gold refining, and 600 tons for silver.

With 15 offices in twelve countries on five continents, the MKS Group served as the appropriate stimulus for our internationalization

1.5 RECOGNITION

The quality of our products is recognized by leading international organizations in the markets in which we operate. We are truly proud of these accomplishments, and continuously strive to further enhance the industry standards.



Good Delivery

Our products are recognized as "Good Delivery" by the London Bullion Market Association (LBMA), London Platinum and Palladium Market (LPPM), the Swiss National Bank, the Tokyo Stock Exchange (TOCOM), New York Stock Exchange (COMEX), Dubai Gold and Commodities Exchange and the Chicago Mercantile Exchange (CME).

Good Delivery Referee

We are one of only three refineries worldwide to be accredited as a "Referee" by both the London Bullion Market Association and the London Platinum and Palladium Market.

Memberships in Associations and Stock Exchanges

We are a member of the London Bullion Market Association and Associate Member of the London Platinum and Palladium Market, as well as an Official Member of the Tokyo Stock Exchange, and a Non-clearing Member of both the New York Stock Exchange and Chicago Mercantile Exchange.

FINMA

We are supervised by FINMA, the Swiss Financial Market Supervisory Authority, in the area of compliance with the Federal Act on Combating Money Laundering and Terrorist Financing (AML-CFT). This is a reflection of PAMP's focus on Swiss laws concerning anti-money laundering, its commitment in the fight against financing terrorism and continuous monitoring in this area.

Our international recognitions are the result of 35 years of passion and commitment

1.6 CERTIFICATIONS

We place a heavy emphasis on the health and safety of our employees as well as respect for the surrounding environment. Over the years, this commitment has been translated into obtaining significant certifications that make us very proud. The last, but not least, of such certifications was the RJC international certification, which was a further demonstration of our willingness to implement a policy focused on compliance with ethical, social and environmental principles.



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T SERVICE SUISSE D'ESSAI
S SERVIZIO DI PROVA IN SVIZZERA
S SWISS TESTING SERVICE

Compliance with Ethical Principles: RJC Certification

The year 2011 ended with PAMP being awarded RJC international certification by the Responsible Jewellery Council, as further proof of our commitment to following responsible business practices.

This certification demonstrates PAMP's focus on compliance with ethical principles along its entire supply chain and combines underlying objective and verifiable standards that apply to the entire precious metal and diamond sector. Certification was obtained at the end of a year-long process, during which we performed a self-assessment of our organization and internal structures.

Quality, Environment and Safety

We are the first refinery in Switzerland to simultaneously qualify for the following certifications:

- Quality: ISO 9001: 2008;
- Competence of testing and calibration laboratories (ISO/IEC 17025:2005);
- Environment: ISO 14001: 2004;
- Employee Health and Safety: OHSAS 18001:2007.

Our certifications are evidence of our steadfast commitment to ethical principles, quality, respect for the environment and safety

1.7 STAKEHOLDERS

We wish to maintain an open and collaborative dialogue with all parties that come into contact with us. Among these are the stakeholders with whom we try to maintain an open interchange, due in part to our Sustainability Report.

Our Commitment to Meeting Differing Expectations

The establishment of a relationship focusing on constructive dialogue was the first step in getting to know and be recognized by our stakeholders. In fact, we are convinced that our growth and development were inevitably connected with the ability to meet their expectations.

This was supplemented by our Sustainability Report, a detailed report that reflects PAMP's specific renewed commitment from year to year, which serves as a tool to support our willingness to be as transparent as possible and to keep our promises.

Shareholders, group companies, employees, customers, suppliers, institutions, the public, industry associations, environmental organisations, non-governmental associations, the mass media and competitors are all parties with whom we come into contact every day and who are stakeholders with different types of relationships with us.

To continue our sustainable growth, we must realize the importance of engaging our stakeholders. This has led us on a daily basis to initiate different types of dialogue, discussion and collaboration with them.

We interact with our stakeholders through discussion, dialogue and collaboration



SOCIAL RESPONSIBILITY

Our focus on social responsibility has allowed us to establish and maintain positive long-term relationships with different types of stakeholders, with whom we interact on a daily basis. This is inevitably a part of our daily work and serves as a foundation for our decisions and activities.

However, our social commitment is not limited to our business, and includes the entire production chain in which we operate. In fact, compliance with ethical

principles and human rights are essential factors to which we are dedicated, along with leading international organizations, in order to foster compliance with rules shared by all operators in the sector.

Thus, we wish to discuss what it means to us to be a socially responsible company and to display the main results for financial year 2011-2012.

2.1 THE PRECIOUS METAL VALUE CHAIN

One of our priorities is to guarantee the development of a sustainable value chain. This is why we work with international organizations, as well as industry associations, to establish guidance for a responsible supply chain. This is the only way we can be sure that we are a socially responsible company.

International Guidance for a Responsible Supply Chain

The focus on the precious metal chain and its sustainability are now considered to be significant and urgent factors by various organizations and associations at an international level.

These issues are focused, in particular, on aspects connected with the management and prevention of ethical and environmental risks that occur, and could occur, within the chain. These risks include the failure to protect human rights, the contribution to conflict, money laundering and terrorist financing within the supply of raw materials, and the environmental impact of processing precious materials and several others.

PAMP is on the front line to address these issues, and it collaborates actively in major programs that were launched at an international level to promote forms of sustainable development and keep these types of risk under control in developing countries where raw materials are sourced.

Thus, for several years, along with major organizations and associations operating at an international level, we have been committed to establishing tools and guidelines that are shared by operators in the sector. In fact, we have collaborated with:

- the Organisation for Economic Co-operation and Development (OECD) in the publications entitled "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" and "Gold Supplement," published in 2010 and 2012 respectively;
- the London Bullion Market Association (LBMA) in the publication of the "LBMA Responsible Gold Guidance," issued in 2011;
- the World Gold Council (WGC) in the "Conflict-Free Gold Standard," issued in 2012;

We actively collaborate in order to develop sustainable value chains

- the Responsible Jewellery Council in the "Chain of Custody (CoC) Standards," published in March 2012.

The aim of these guidances is to implement strong company management system, to identify and assess risk in the supply chain in order to combat human rights abuse, to avoid contribution to conflict, to comply with high standards of anti-money laundering and combating terrorist financing.

Our Exact Commitment

Our commitment has been specifically translated into the implementation of a comprehensive management system which include a number of procedures and controls, a strict risk based due diligence before entering into new commercial

relationship as well as continuous monitoring of transactions on a risk based approach. In depth due diligence are conducted in case of high risk categories, which include those where precious metals originate from or transit via a conflict-affected or human rights abuse high risk area.

In this regard, we have developed an internal structure capable of providing support for these activities by introducing tools that make it possible to trace and identify the different players and potential risks in the chain, as well as determine strategies that will enable us to manage the risks identified in the best way possible.

Lastly, we are subject to annual audit aimed at confirming compliance with the guidelines determined at an international level.

We have launched a rigorous internal due diligence process

2.2 CUSTOMERS

In our industry, it is not enough to provide an excellent product and service. We must instead be certain that we are working with high-quality partners. This is why we place such a strong emphasis on getting to know our customers, not only by listening to their needs, but by carefully assessing their principles and the work standards they have adopted.

Know Your Customer

The emphasis we place on the production chain and the desire to be a socially responsible company makes it necessary for all the partners we work with to do the same, including our customers.

An unusual feature of our business is that our customers are also, on many occasions, our suppliers of raw materials that need to be processed.

Thus, our commitment is not solely to provide a high-quality product and service, but also to carefully assess the partners with whom we are working, the origin of the raw materials, adherence to human rights, work standards adopted, the attention to environmental impact and adherence to proper work conditions and ethics.

The meticulous compliance with the "Know your customer" principles gives us confidence that we are working with reliable partners, since the relationship we have with them is the result of a careful selection process and regular controls.

From the time a new customer is acquired, a number of rigorous procedures must be followed and precise suitability requirements must be met. For existing customers, it is our internal relationship managers who must manage their relationship by constantly monitoring their conduct and compliance with ethical principles.

Besides these internal controls, each year we are subject to external certifications by independent auditors to assess our compliance with the Swiss Federal Act on Combating Money Laundering and Terrorist Financing (AML-CFT) and the related FINMA.

We know our customers and we are sure we are working with reliable partners

2.3 SUPPLIERS

We carefully assess technical, economic and organizational requirements when selecting suppliers. In addition, a supplier's proximity and quality are also the foundation of our assessment parameters, and thus, over half our suppliers are located in Switzerland.

Purchasing Decisions

When we talk about purchasing, we are referring to expendable materials, investments in plant, equipment and services. We are not referring to raw materials containing precious metals, which are provided directly to us by our customers.

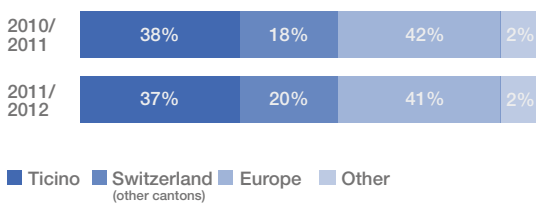
We use a structured approach in our purchasing decisions, which involves an assessment of a number of technical, economic and organizational parameters, in

addition to compliance with environmental, ethical and safety standards.

We are keenly aware of the location aspect and the proximity of our suppliers is a fundamental consideration for us. It is no accident that, for years, nearly 40% of our suppliers have been based in the Ticino Canton, and nearly 60% are in Switzerland.

Being close not only makes it possible to have a more immediate and direct relationship, but also fosters the development and growth of the area we work in every day. Contacting local suppliers requires less movement in terms of both merchandise and people, and has a favorable impact with respect to carbon dioxide emissions.

Suppliers by Geographic Area



Sixty percent of our suppliers are based in Switzerland

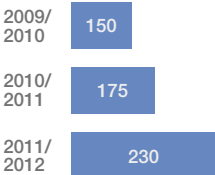
2.4 EMPLOYEES

It is our people who make us competitive and their work contributes to PAMP's growth on a daily basis. Seeing our staff grow is confirmation that we are moving in the right direction, and the fact that we have employees that have been working for us for many years is further evidence of this.

Composition of Staff

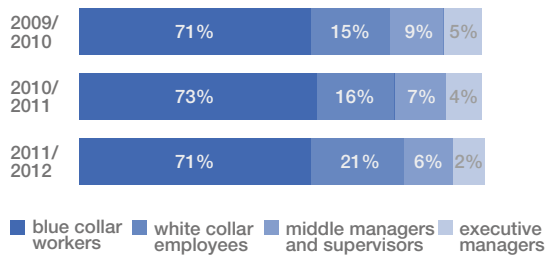
Favorable performance in the precious metals market has made it possible to further increase the number of our employees. In fact, the average number of people making up our staff has increased by over 30%, from 175 to 230 employees, confirming the positive trend, which has been constantly moving upward in recent years.

Number of employees



We prefer to work on a regular contract basis because this form of contract gives us and our employees greater security, and allows them to develop the expertise needed to do their jobs. In order to address changes in demand and market needs, it is sometimes necessary to use temporary forms of contracts.

Personnel by Professional Category

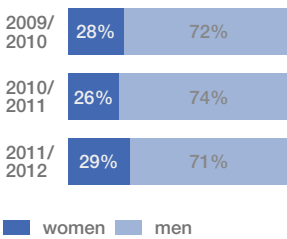


An increase in employees requires major investments at an organizational level.

The increase in the number of employees had a proportional impact on all professionals who work at our company. This major increase affected not only the number of factory workers, but also mid-level and clerical workers.

From 2010 to 2012 there was a 53% increase in our employees

Personnel by Gender

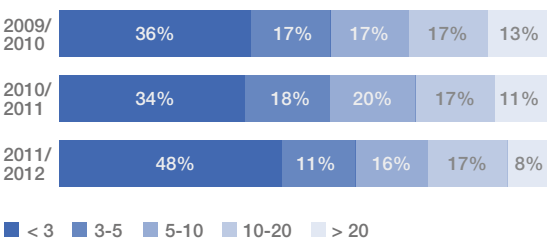


Our workforce consists mainly of men, who make up over 70% of our staff. Women have maintained a significant presence of 29%, and over the last two financial years their number has grown substantially, from 42 to 67 employees (+60%).

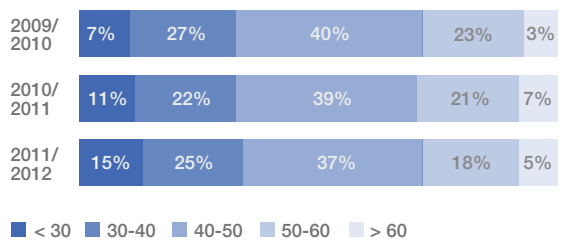
we have attempted to establish a positive relationship based on trust and mutual respect. Thus, we are very happy to confirm that the loyalty of our employees continues to grow. Despite the significant increase in staff during the last financial year, over 40% of our employees have been with us for over five years, and 50% have been with us for at least three years.

For all intents and purposes, we consider ourselves a "young" company. Over the last three financial years, nearly 80% of the workforce has consisted of employees under 50, but the number of employees under 40 has grown by over 60% in the last financial year.

Personnel by Seniority of Employment



Personnel by Age



We have always tried to encourage an open dialogue with our employees and, over time,

There was a 60% increase in employees under the age of 40

2.5 Training

Our employees are an asset that we invest in continually, starting on the first day of work, and we are committed to giving them the opportunity to augment their technical and professional capabilities.

Growth Plan

For each employee, we develop an on-going development plan that focuses on training that is closely connected with the type of work to be performed and is supervised by managers in the area where the person works.

If necessary, this type of training can be supplemented by specialized training aimed at developing specific skills needed to perform specific activities.

The development plan is the result of an annual assessment, during which time the results achieved and new objectives are shared together with employees.

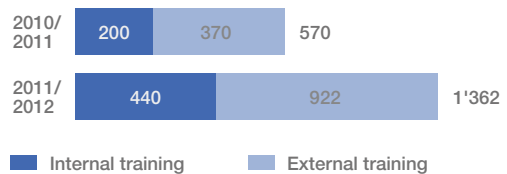
Training courses are developed for different subject areas, with a focus on:

- Ethical values and corporate philosophy;
- Languages;
- IT tools;
- Technical and professional issues;
- Safety;
- Development of operational and management capabilities.

Training is carried out with the support of several of our employees and with the involvement of specialized external resources.

The number of training hours amassed more than doubled in the last financial year. This growth is definitely attributable to the addition of new employees at the company as well as other factors. The introduction of a new ERP management system, which is aimed at improving our internal processes, and the purchase of new equipment needed to do work in high places and improve safety, have required a significant training commitment for a number of our employees.

Hours of Internal and External Training



We establish a graduated training plan for all employees

2.6 HEALTH AND WORK SAFETY

Health and safety at work are our priorities, and we continuously invest in training, internal organization and safety systems to ensure a risk-free work environment.

As a result of ongoing training, which is aimed at ensuring compliance with the procedures necessary to do one's work, and the support of a team dedicated to monitoring safety and potential dangers, we are committed to reducing all possible risks associated with work to a minimum.

We constantly keep track of the safety of our employees by monitoring two indicators at an international level: the frequency index and severity index.

The Frequency Index

The frequency index (IF) is equal to the number of accidents per 100,000 hours worked (number of accidents x 100,000/ hours worked).

In recent years, we have been able to stabilize this index in a range between 2.5 and 3.5, which we consider acceptable. Unfortunately, in the last financial year we were unable to maintain the downward trend that we had followed since 2008 and we experienced a slight deterioration in the index. We should note that nearly half of the accidents that occurred are categorized as "minor accidents," since they had an impact of just over 5% of total work hours lost.

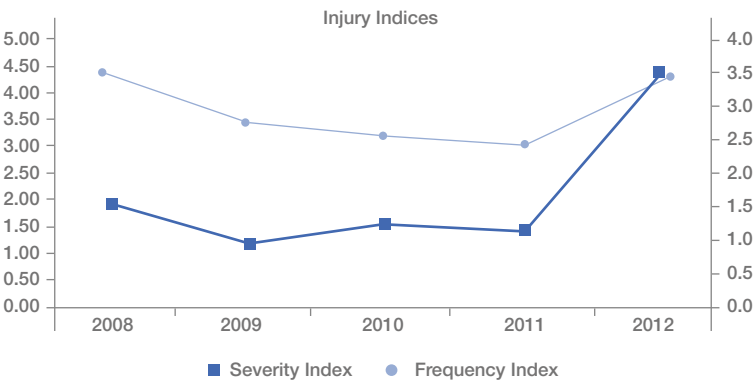
Unforeseeable "external" factors have contributed negatively to accident statistics

The Severity Index

The severity index (IG) is equal to the number of hours lost due to work-related accidents per one thousand hours worked (lost hours x 1,000/hours worked).

The growth in this index is due to two accidents that required rather long recovery times, contributing to nearly 50% of total hours lost during the year. These accidents were not entirely due to work-related causes, but to external factors that are difficult to predict (a fall on the stairs and on the ice outside the company).

When reading these indices, it should be noted that in a company such as ours, with a relatively small number of employees, one or two cases are enough to cause an increase or decrease in such indices. Nonetheless, the slight deterioration in the previous financial year should still serve as an incentive to attempt to make further improvements and as an example to keep in mind for the future.



2.7 LOCAL COMMUNITY

For several years, our business has had a broad presence in the area in which we operate and we are satisfied that we have established an open, constructive and collaborative dialogue with those who surround us.

The Area and Sponsorships

Last year, we continued to meet with representatives of local associations, several municipal administrations and agencies charged with protecting the area to share the measures we implemented on the environmental front or discuss any problems of a local nature.

In September, the "Sentiero della Terra" initiative was launched, in which we collaborated to support the activities of a nature park. This is an educational course, aimed at learning about the history of man living harmoniously in nature in an intriguing context with historical and geological value.

For several years, we have sponsored a sports association and we support a drawing course for boys and girls who attend the Sant'Angelo Institute, a school engaged in assisting disabled young people in their education.

To the extent that it is possible, we try to get our local stakeholders involved in informal meetings, such as the presentation of our Sustainability Report that took place at the Sant'Angelo Institute in January. On that occasion, our guests included the famous Bern mountaineer, Stephen Siegrist. In addition to telling us about his experience by showing several videos of his exploits, he was able to convey the emotional impact of the climb to the boys and girls of the institute by teaching them how to scale a climbing wall.

Our commitment to the local community is to listen to and collaborate with those who surround us



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ENVIRONMENTAL RESPONSIBILITY

For several years, we have made a commitment to managing our business with respect for the surrounding environment by pursuing environmental goals consistent with our business. Our commitment goes beyond mere compliance with current regulations by implementing an environmental management program aimed at seeking optimal solutions that combine efficiency with respect for our surroundings.

We wish to provide full and accurate reporting of our environmental performance by presenting the results achieved in terms of resources used to do our business and the resulting waste.

3.1 ENVIRONMENTAL IMPACT MANAGEMENT

Respect for the environment is a daily endeavour accomplished through investments in training, equipment and improved processes. We have been moving in this direction for several years and obtaining ISO 14001 certification in 2009 was the first significant result achieved.

Objectives and Support Structure

Our respect for the environment is translated into a daily commitment that consists of shared rules and objectives to be achieved. We wish to reduce the impact of our business on our surrounding environment as much as possible. This requires not only monitoring the refuse and waste produced, but also adhering to rules shared by our organization.

We have an internal team dedicated to environmental management that constantly monitors the impact of our company's operations on the environment.

This team develops different environmental management programs that may cover several areas of activity, such as electricity and water consumption, waste production and atmospheric emissions.

During the previous financial year, on the basis of the environmental management programs established, we made two significant investments:

- an intake/purification system for air taken from the foundry shop that can improve working conditions for staff in that area as well as the impact of atmospheric emissions;
- a reverse osmosis system to take water from our internal well and purify it, making it usable for equipment cooling and other industrial uses.

Our respect for the environment is based on dedicated resources, ongoing investments and the monitoring of activities

3.2 RESOURCES EMPLOYED

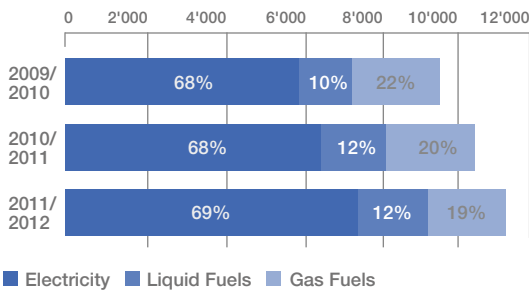
Energy and water are essential not only for our business, but for those surrounding us. Recent investments in dedicated equipment have made it possible to further rationalize their use with the aim of achieving waste-free, efficient consumption.

Energy Consumption

In financial year 2011-2012, energy consumption totalled 11'125 MWh/year, which was up slightly (+4%) from 2010-2011.

Nearly 70% of the energy we use is for the consumption of electricity needed to operate the equipment used in processing precious metals during various production phases. The remaining 30% is related to liquid and gas fuels used to heat facilities and provide heat during certain chemical processes.

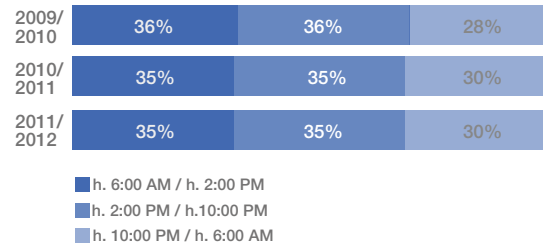
Energy Supply Sources (MWh/year)



Since electricity is our main source of energy, we are constantly monitoring its use. We have devices that transform and optimize incoming current, resulting in more

efficient consumption. Furthermore, thanks to investments made to normalize the use of energy during the day, we are able to ensure the uniform distribution of electricity over time.

Daily Distribution of Electricity Consumption (MWh/year)



In fact, consumption is stabilized throughout the 24-hour workday by optimizing utilization during day and night cycles, thereby ensuring a near-identical hourly utilization percentage (4.3% in the day and 3.8% at night).

By doing so, we are able to avoid spikes in demand during hourly periods in which overall demand is higher by using nighttime production surpluses, which would otherwise be lost, since it is impossible to store electricity.

Optimizing electricity consumption during the day will ensure more efficient consumption

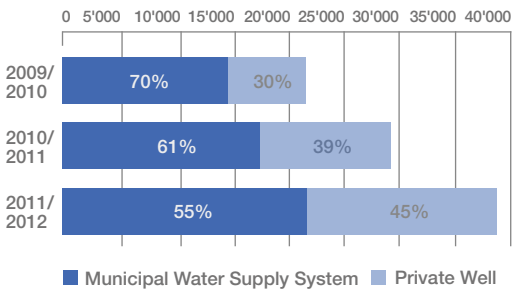
Water Consumption

Water plays a very important role for our company, partly due to the fact that our operations are mainly industrial in nature. We use water during manufacturing processes, since it is necessary for chemical and electrolytic refining processes, for washing finished goods, cooling equipment and for ordinary service functions.

A total of 38,337 m3 of water was consumed, which was up from 2010-2011, partly due to the recent growth we are experiencing in terms of size.

A large part of this increase was covered through private capitation, which rose by 54% on an annual basis. In fact, we use a private well to satisfy nearly half of our annual water demand without having to access the municipal pipeline.

Water Supply Sources (cubic meters)



In addition, the introduction of a new filtration system allows us to take a greater quantity of water directly from our well, purify it and make it usable for equipment cooling and other industrial uses, thereby reducing the consumption of water from the water main.

We invest in equipment that allows us to be self-sufficient in the consumption of water

3.3 WASTE, WATER DISCHARGES, SOIL DISCHARGES AND ATMOSPHERIC EMISSIONS

Industrial production processes inevitably produce waste materials. Realizing their potential impact on the environment, we take all measures necessary to treat and monitor them.

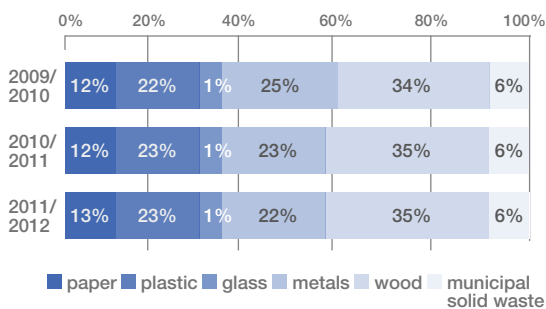
Ordinary and Hazardous Waste

Our industrial activity inevitably produces different types of waste, which we usually divide into two major categories: ordinary waste and hazardous waste.

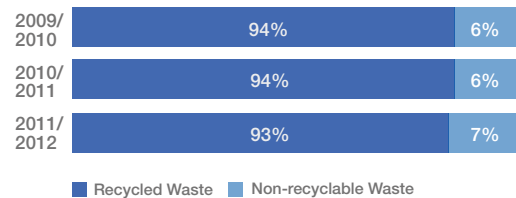
Ordinary waste consists of packing materials (wood, cardboard and plastic), equipment components (metal and plastic), ordinary refuse (paper and glass) and urban waste.

Waste is kept separate in special containers and disposed of with the assistance of accredited companies. In this way, we are able to ensure the recycling of nearly 95% of ordinary waste produced.

Composition of Ordinary Waste



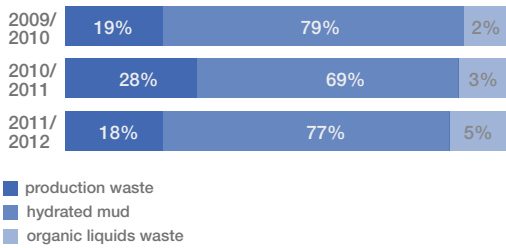
Recycling of Ordinary Waste



We recycle nearly 95% of ordinary waste and treat hazardous waste using accredited operators

In addition to recycling ordinary waste, we are careful to recover the content of waste defined as "hazardous." These by-products of various processes mainly contain non-precious metals, especially copper, and secondary components of materials received for refining.

Composition of Hazardous Waste



Based on their chemical and physical properties, these materials are stored in dedicated areas and periodically removed by specialized companies for their recovery and recycling.

All of these materials are then processed by various companies that specialize in:

- the transformation of casting slag into inert material;
- the recovery and recycling of extremely pure electrolytic copper;
- the regeneration of organic liquids wasted from their repeated use.

The annual percentage composition (based on shipments made) of the three types of waste depends on the initial material to be processed and considerations that are largely of a logistical nature.

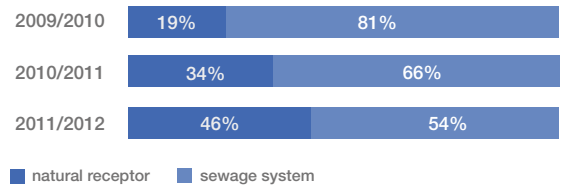
Water Discharges

Each day we do the analyses necessary to ensure that the water's content conforms with parameters set by law, and we are authorized by the Environmental and Planning Department to introduce liquids into the cooperative water distribution system.

We are referring, in particular, to the water used during manufacturing processes that comes into direct contact with the equipment, metals and chemical substances used for different types of processing.

Using a special treatment, we are able to recover materials dissolved in the water, making it possible to leave mainly salts in the water. Water is then discharged into the sewage system and received by the consortium purification plant that is able to treat the waste substances.

Destination of Water Discharges



The water we discharge outside our facilities is subject to regular compliance controls

In the previous financial year, we significantly (+73%) increased water going to the natural receptor due to the introduction of a new purification system that allows us to make greater use of the internal well, but also requires a higher volume of waste discharged to the outside.

The water's outgoing temperature is checked before it is discharged into the stream. However, it is free of pollutants, since it was mainly used for equipment cooling without coming into direct contact with such equipment.

Soil Discharges

We have appropriate areas, both internally and externally, for the prevention of soil discharges of pollutants, and we are able to ensure complete recovery in the event of a leak or accident.

A manager from the Safety Office, which was set up to comply with local ordinances, supervises all discharge operations involving chemical substances that have a potential pollution risk.

Atmospheric Emissions

Precious metal refining processes result in the emission of certain gaseous substances into the atmosphere, mainly consisting of nitrous oxides (NOx and nitrogen monoxide and dioxide).

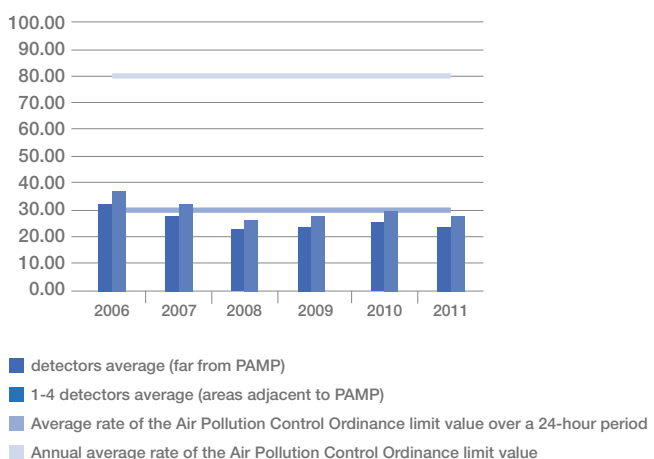
To minimize our environmental impact, we have systems that make it possible to monitor nitrous oxides in the air discharged externally: the automated continuous metering systems, sophisticated washing systems and a new vapour intake unit, installed during the last financial year, are contributing to the achievement of satisfactory results.

Using specific analytical instruments located outside of our company, we continually monitor our emission levels and are regularly subject to the controls of the Environmental and Planning Department.

The latter, and especially its Air, Water and Soil Protection Section (SPAAS), is responsible for performing systematic controls to audit compliance with limits established by the Federal Air Pollution Control Ordinance (OIA) using automated detectors located within the vicinity of our production plant and in more distant locations.

Despite the growth in size achieved in recent years, our emission levels are below the OIA average on both an annual and daily basis. As can be seen, the difference between quantities measured by detectors within the vicinity of our production site, and those measured by more distant detectors, is minimal and constant at a level of about 3 mg/m³, which demonstrates the limited impact of our business on the surrounding environment.

Nox Emissions Average Rates (micrograms per cubic meter)



Our emission levels are below the parameters set by law



ECONOMIC RESPONSIBILITY

We cannot limit ourselves to assessing our operating results as a mere profit or loss for the period. We should instead bear in mind the value we are able to create for our stakeholders as a result of our business.

Doing work to generate economic value is a fundamental principle of any company. Our commitment to sustainability translates into the distribution of value created for our stakeholders and for ourselves to support our growth.

Creating new jobs, paying taxes, providing a return on invested capital and making investments in equipment are all examples that specifically show what it means to be a responsible company from an economic standpoint. In the following pages, we present our operating results and our contribution to generating economic value for the surrounding area.

4.1 KEY INDICATORS

Growing our revenues, creating jobs, investing in new technologies, generating value for our shareholders and sharing the value created with the local community and area are all measures of our changing performance, which allow us to understand if we are moving in the right direction and satisfying the interests of our stakeholders.

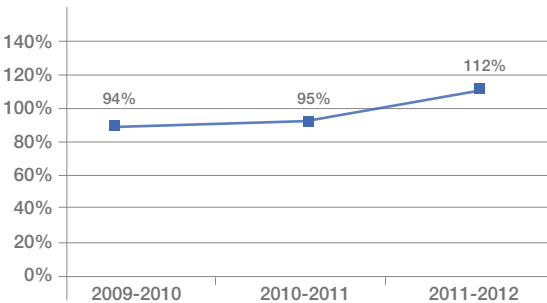
Revenues

In recent years, our revenues have continued to grow. Overall revenues resumed their upward trend last year (+18% from 2010-2011) after a slight decline in the previous two financial years. When reviewing this data, it should be noted that 2008-2009, which is used as a base of reference for comparisons over the last three years, was one of the best years ever in terms of revenue generated.

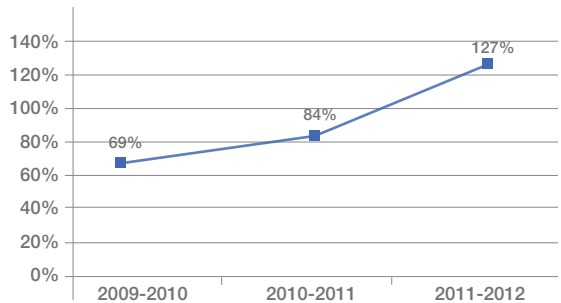
Investments

Investments play an essential role in our business by ensuring the quality of our products and services, the safety of our employees and respect for our surrounding environment. Investments rose substantially in the last financial year (+51% from 2010-2011), reflecting PAMP's willingness to continually improve its competencies.

Revenue Growth (2008-2009 = Base of 100)



Investment Growth (2008-2009 = Base of 100)

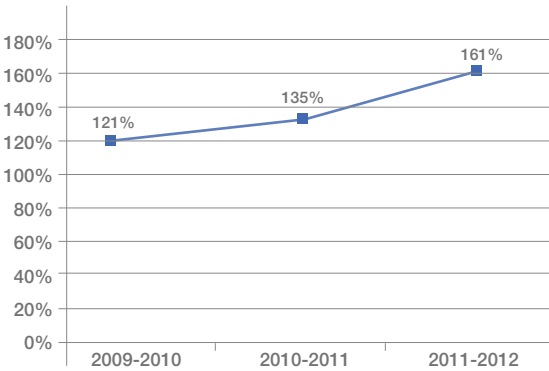


Growth in revenues and investments has a positive impact on our stakeholders

Capitalization

Our capitalization is on an upward trend and has grown consistently for four financial years. This indicator is not only a reflection of our company's strength, but is also a guarantee of the confidence and willingness of our shareholders to support our company's business. In fact, in recent years, capitalization has risen over 60%. This growth was driven not only by the positive company results we are generating, but also by a long-term view that is guiding our strategic decisions.

Capitalisation Growth (2008-2009 = Base of 100)

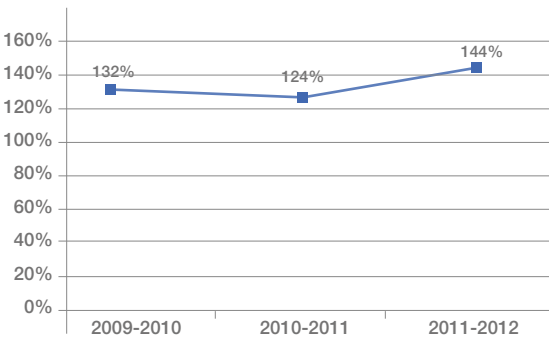


Reinvesting year after year ensures that our shareholders will have confidence in us over the long term

Sponsorships

The focus on the surrounding area also takes the form of certain activities involving the local community. As noted in the section on Social Responsibility, it is for this reason that, for several years, we have supported various local initiatives, which, thanks to our support, are able to move forward with their projects. Our contribution in this regard rose by over 40% over the last three years because we strongly believe in these opportunities and want to continue to support them over the long term.

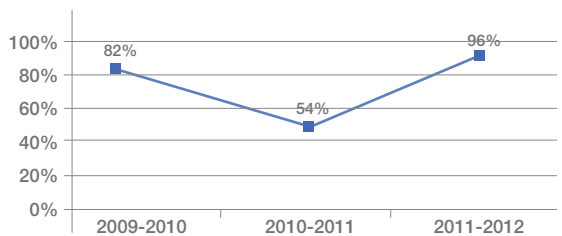
Sponsorship Growth (2008-2009 = Base of 100)



Taxes

In our opinion, fulfilling our tax obligations is not merely obeying the law, but a way to contribute and participate in the redistribution of value we have created in the area where we are located.

Tax Growth (2008-2009 = Base of 100)



A part of the value we create is distributed directly and indirectly to the area and local community

The Art of Precious Metal Transformation®

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