

Hartree Metals Sàrl (Hartree Metals LLC)
Swiss Conflict Minerals and Child Labour Due Diligence Transparency Report

1. Introduction

This is a report of Hartree Metals Sàrl for the financial year ending 31 December 2023 and the due diligence and reporting obligations relating to child labour required by the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (“DDTrO”). During the period, HMS managed its due diligence obligations regarding child labour as described below.

Business

Hartree Metals Sàrl is a private, limited company incorporated in Geneva, Switzerland (CHE-262.592.160). It has which a presence in Vancouver, Mexico City, Istanbul, Dar Es Salam, Shanghai, Santiago, Lima, Melbourne, Brisbane, and Mumbai and is part of the Hartree Partners, L.P. (“HPLP”) global energy and commodities trading business. Hartree Metals Sàrl and its subsidiaries (“HMS”) engage in proprietary trading in metal concentrates and semi-refined products (individually, each a “Product” and collectively, “Products”) and carries on the business of suppliers, distributors and dealers of such Products on a global basis. HMS primarily buys concentrates from mines and then sells to smelters, which are often based in China. During 2023, HMS and its subsidiaries were active in the purchase of Products in 18 countries and sales of Products in 20 countries.

Supply chain

During fiscal year 2023, HMS purchased gold, silver, copper, zinc, lead and nickel Products. These Products were sourced from a variety of geographies including Australia, the Americas, Africa, Asia, Europe and the Middle East.

Products are typically purchased directly from the owners of the source mines, trading counterparties or smelters. The purchase of concentrates is undertaken through contracts that are negotiated for each spot and/or term offtake. HMS' major activities include the purchase and sale of base and precious metals concentrates, ores and semi-refined (copper, zinc, lead, nickel, gold, silver, platinum, palladium) and the provision of financing in the form of working capital loans and pre-payments to fund the development or operation of mines, in some cases this is linked to off-take arrangements.

HMS utilises contractors to provide freight, transport, and/or logistics services in connection with the purchase and sale of Products.

Position on child labour

HMS aligns itself with the principles-based approach to doing business outlined in the Ten Principles of the UN Global Compact: Human Rights, Labour, and Environment and Anti-Corruption¹. These principles enable us to manage risk in the markets, activities and jurisdictions in which HMS operates. HMS is committed to acting with integrity when conducting business and to improving its practices to prevent child labour in its supply chains.

2. Management System

Policies

HMS is committed to maintaining high standards of integrity, fairness and ethics and to ensuring that there is no child labour in its supply chains or in any part of its business and will suspend business with

¹ Available at: <https://unglobalcompact.org/what-is-gc/mission/principles>

counterparties we have identified as using child labour in their supply chain. Many of HMS' policies and compliance efforts are developed at the group level (i.e. HPLP), some of which can be found at www.hartreepartners.com/documents/. HMS' commitment to ethical operations, including the prohibition of child labour, is integrated into the company policies set out in the following paragraphs.

The [Hartree Partners Code of Conduct \("Code"\)](#), which applies to HMS, commits HMS to conduct business with integrity, fairness and ethics, including compliance with all laws and regulations, in a way that respects both the people and the communities with which it interacts. Specifically, the Code states that:

"We conduct our business in a way that respects both the people and the communities we interact with. We are committed to supporting efforts to protect human rights, whether that is in understanding how our business impacts the human rights of others, or in combatting modern slavery in our supply chains."

The importance of human rights and combating modern slavery is further recognised by indicating that employees must: (i) always consider the human rights impact of their business activity (ii) know that Hartree has a zero-tolerance approach to modern slavery and human trafficking; and (iii) report any concern related to a potential abuse of human rights by a business partner to Compliance.

Hartree maintains a policy on [Modern Slavery and Human Trafficking](#) that reinforces its commitment to respecting human rights in all of its business practices.

The [Hartree Supplier Code of Conduct \("Supplier Code"\)](#) reflects a zero tolerance to slavery and human trafficking and requires suppliers to comply with all human trafficking laws and to not support, engage or require the use of child labour. The Supplier Code states that:

"The Supplier shall comply with all applicable anti-slavery and human trafficking laws, statutes, regulations and codes such as the Modern Slavery Act 2015, or equivalent country legislation in any part of its supply chain. This includes, but is not limited to, not supporting or engaging or requiring any forced labor, the use of child labor, bonded labor, indentured labor and prison labor."

Additionally, where HMS becomes aware of any supplier related issues under the Supplier Code, particularly with regard to respect for human rights, child labor, forced and compulsory labor, and health and safety, HMS may contact the supplier to understand the nature of the issue and any applicable remediation plans.

HMS seeks to develop and strengthen relationships with suppliers who are committed to and act in accordance with the principles set out in its policies and codes of conduct. HMS believes that all business counterparties should adopt comparable standards and, at a minimum, comply with the international and host country laws and regulations applicable to each counterparty.

3. Risk assessment system

HMS' child labour risk assessment structure consists of the following components: (i) know your counterparty ("KYC") reviews; (ii) supplier expectations via the Supplier Code; and (iii) a child labour risk assessment.

KYC Reviews

At the HPLP level, a KYC review is conducted on HMS trading counterparties prior to entering into any business relationship. Depending on the risk profile of the counterparty, a varying level of KYC review will be conducted. The risk profile will be determined by a number of factors, including the type of

counterparty and the nature of their business, the type of relationship HMS is entering into and the jurisdiction within which they operate.

The KYC reviews also comprise: (i) screening for risks such as trade sanctions, anti-money laundering, bribery and other regulatory infringements and (ii) identification and review of adverse media reports. These reviews should highlight any issues with human rights that may be in the public domain with respect to the counterparty. This dual screening process is undertaken on the initial onboarding of the counterparty and then on an ongoing basis with any issues of concern being escalated to the Compliance function.

Country risk and due diligence determination

An initial, risk-based assessment of due diligence requirements pertaining to child labour in a particular country is determined using the UNICEF Children’s Rights in the Workplace Index (“**UNICEF Index**”)² in accordance with the requirements of the DDTro.

Based on the UNICEF Index, the table below summarizes the initial child labour due diligence classifications for the 21 countries in which HMS sourced Products:

Basic	Enhanced		Heightened
Australia	Argentina	Laos	Papua New Guinea
Canada	Bolivia	Malaysia	
Chile	Brazil	Mexico	
	Bulgaria	Mongolia	
	China	Peru	
	Democratic Republic of Congo	Saudi Arabia	
	Ecuador	Turkey	
	Indonesia	United States	
		Zambia	

If a country is classified as having an Enhanced or Heightened due diligence response, as set out in the UNICEF Index, an additional risk assessment with respect to the country and Product is conducted utilising the U.S. Department of Labor’s 2022 List of Goods Produced by Child Labor or Forced Labor³ (the “**DOL Child Labor List**”). Additionally, HMS will assess the risk of child labour in the artisanal and small-scale mining sector utilising country assessments provided in the SOMO study, *Gold from children’s hands* (2015)⁴ “**SOMO Country List**”). In the event that the Enhanced or Heightened country and the associated HMS Product are included in the DOL Child Labor List or the country is included in the SOMO Country List, additional due diligence is conducted on the supplier at the source location of the Product as described below.

Child labour risk assessment

Products sourced in Enhanced and Heightened risk countries as per the UNICEF Index and listed in the DOL Child Labor List, or Products sourced from artisanal miners in countries included in the SOMO Country List, undergo additional due diligence (“**ADD**”) on a risk-weighted basis. Depending on the country and Product, ADD may include: additional public database searches; an enhanced review of the counterparty’s ownership structure; a review of any child labour/human rights programs in place; memberships in industry and other associations which have commitments to mining without child labour and in a way

² <https://www.unicef.ch/en/media/4548/download?attachment=>

³ <https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods/>

⁴ <https://www.somo.nl/wp-content/uploads/2015/11/Gold-from-children-s-hands-5.pdf>, page 24, Schipper, de Hann & van Dorp, November 2015.

which improves human rights; and, a review of modern slavery and sustainability statements and other policies. Requests for additional information and other investigatory means may be utilised to assess whether the risk of child labour is present.

In 2023, as part of its risk assessment process, HMS screened 149 Product sourcing transactions. Of these, 75 were classified as requiring ADD based on the country, Product and/or counterparty risk.

To date, HMS has not identified any cases of child labour in its direct supply chain. Based on the 2023 risk assessment, HMS anticipates that there are additional due diligence requirements for specific Products, with the top priority being Products sourced in Peru, Bolivia and Ecuador. Secondly, additional due diligence is also planned for higher-risk suppliers and Products in Mexico and Papua New Guinea.

HMS' risk assessment pertaining to child labour, and the commensurate due diligence, is reviewed annually.

4. Risk management

Supply chain child labour risk management

HMS is committed to acting ethically and with integrity in its commercial relationships. HMS' Supplier Code describes the social, environmental, labour and ethical standards that suppliers are expected to uphold. Additionally, as stated above, HMS has rights under the Supplier Code that enable the management of any issues of child labour that may arise in the supply chain with its counterparties.

HMS also utilises the Ethics Hotline⁵ as tool to manage child labour risk. As part of the HPLP group, HMS' suppliers, customers and other stakeholders have access to the Ethics Hotline to report alleged misconduct, including misconduct related to human rights, modern slavery and child labour. The Ethics Hotline is an anonymous, secure, web and telephone-based service delivered by an independent, third-party. The service is available twenty-four hours a day, seven days a week. All reports made through this system are taken very seriously by every HPLP group company, including HMS.

In 2023, there were no complaints to the Ethics Hotline related to purported child labour misconduct.

Supply chain traceability system

The names and addresses of HMS' Product suppliers and a description of the Products, are recorded in HMS' electronic, trade-reporting system; production sites are recorded in electronic files. HMS continues to enhance its tracking systems, particularly as they relate to production sites, and to evaluate the effectiveness of the data-capture activity.

Training

HMS seeks to raise internal awareness and to increase our capabilities around the identification and management of potential child labour risks. Training needs are determined based on an assessment of the risks the employee encounters in performing their role.

**Report Approved by the Board of Hartree Metals Sàrl (Hartree Metals LLC) as of 28 June 2024.
Printed copies of this document are uncontrolled.**

⁵ Available at: <https://www.hartreepartners.com/ethics-hotline/>