



2022 CSR Regional Report



Business overview



RECOVERY OF PRECIOUS METALS
SAR RECYCLING SA



Sector:

Precious Metals

Name of the organisation

SAR RECYCLING SA

Activities, brands, products, and services

Essayeur Fondeur, RJC – CoC.

Location of headquarters

Via Industria 12, Riva San Vitale

Location of operations

Via Industria 12, Riva San Vitale
Rue Centrale 46, Bienne

Ownership and legal form (private/family-owned)

Incorporated as a limited company

Markets served (predominantly)

Precious metal recovery
NOGA 38.32.00.
(General Classification of Economic Activities)

Scale of the organisation

The company is comprised of one 1000-sq. metre warehouse.

Information on employees and other workers

In 2022 the company had 33 permanent employees.

Scale of the organisation (annual turnover)

In 2022 the company had a turnover of CHF 250 million.

Reporting period and scope

The data and information contained in this document refer to the Riva San Vitale headquarters in the Canton of Ticino during the period 01.01.2022–31.12.2022, which also corresponds to the end of the reporting period.

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This report was drafted in accordance with the model promoted by the Association of Ticino Industries (AITI, Associazione industrie ticinesi) and produced in collaboration with the University of Applied Sciences and Arts of Southern Switzerland (SUPSI, Scuola universitaria professionale della Svizzera italiana).

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Letter from the director

**Matteo Corrias**

Head of the Casting, Incineration,
and Additional Services Division

Remo Cattaneo

President and
Founding Member

Filippo Andreani

Head of the Spent Catalyst Division

Paolo Grassi

Head of the Accounting and
Finance Division

The famous singer-songwriter Fabrizio De André said that ‘man without utopia, without dreams, without ideals—that is to say, without passions and impulses—would be a monstrous animal made simply of instinct and reasoning, a kind of wild boar with a degree in pure mathematics’. We believe the same applies if we replace the word ‘man’ with ‘entrepreneur’.

Our company pursues its natural purpose—namely, growth—exclusively within the limits imposed by our morals, which can be summarised as: respect for rules, for the individual, and for the region. We dream of a harmonious company in which each worker can find their own professional and personal fulfilment; in which loyalty and clarity are characteristics immediately recognisable by our business partners; in which the environment—understood in its dual meaning of ecosystem and territory—is not a ‘thing’ to be exploited but a home where we can cultivate our passions and towards which we direct our gratitude.

As for the question of the environment, precious metal recovery can be considered, on a conceptual level, the green activity par excellence: everything we receive is destined to have a second life, including waste. The virtuous circle is obvious. However, it would be hypocritical not to recognise the presence of environmental risk among the undesirable consequences of our processes; eliminating that risk is one of our aims in business planning and our daily operations. Using certified laboratories, we constantly monitor emissions; we use machines and tools to treat fumes produced by our processes; containment tanks, adequate flooring, and compartmentalisation keep the consequences of accidents within the realm of the repairable; and employees are trained to ensure the correct use of all safety systems.

Although we have just used the word ‘employees’ for comprehensibility’s sake, we actually call each other colleagues. Relations within the company are, while respecting everyone’s role, absolutely equal: we wholeheartedly reject the old conventions of privileges on the one hand and sacrifices on the other, instead favouring a vision in which we are all indispensable and unique cogs in the same system.

Our customary greeting to each new recruit is ‘welcome to the family’, and there is nothing rhetorical about that word choice: Though obviously not related by blood, we are a family of individuals belonging to a micro-community of kindred spirits. Kindred in values, attitude, and direction, far beyond the bounds of mere professionalism. In short, we are not just a ‘team’ but a small ‘Res publica’—to quote Cicero—of ‘partners joined by shared law and the protection of common interest’. Of course, this project is not always easy and sometimes appears utopian, but—as we said in the introduction—dreams are a duty, as is every effort directed towards their fulfilment.

We often wonder how we are seen from the outside by our stakeholders and, in particular, our customers, whom we always treat attentively, with precision and punctuality. We would like them to understand the dynamics, both professional and relational, on which our services are built. This is why a relationship like this is of fundamental importance to us.

Who we are

“

I tried to build a close-knit team right from the start, selecting people who were capable, enthusiastic, and had a great desire to grow.
Remo Cattaneo



From 2006 to the present: a road that started with the recovery of spent catalysts, moved into the watchmaking sector, and headed towards the future.

SAR RECYCLING SA was founded in 2006 by Remo Cattaneo, born in 1940, who had, in the course of his professional life, already dealt with precious metals. Or, rather, with so-called 'poor recoveries', where gold, silver, platinum, palladium, and rhodium are extracted from end-of-life materials. The company was initially established to recover spent catalysts from the automotive industry in particular. Having set up an initial collection network throughout Switzerland and Italy, SAR RECYCLING SA carried out partial processing of the material delivered, only removing the metal casing. The number of staff members employed at the time could be counted on one hand.

Upon arriving at our Riva San Vitale location, a massive ball mill with an electronic sampler, capable of processing several tonnes of ceramic monoliths per day, was purchased and a sampling laboratory was set up. At the same time, an XRF spectrometer was specially calibrated and introduced into the company's production cycle. Now SAR RECYCLING SA was able to independently ascertain the presence and quantity of precious metals in ceramics extracted from catalysts. With this achievement, the company began to operate on a different level in the market, offering services to professionals working in the industrial recycling of catalysts.

Further establishing itself in the domestic and foreign markets through regular participation in important trade fairs in the sector, the company began focusing on diversifying its offerings in service of its long-term goals. In 2011, it opened to the gold and silver recovery market, investing significant resources in this sector. A foundry and an analysis laboratory were built; qualified administrative staff (with experience in finance, trading, and compliance) and specially trained production staff (sworn assayers, chemists, etc.) were hired.

Where people identified for recruitment, though motivated and appreciated, lacked the necessary qualifications or education, SAR supported them in obtaining the requisite certifications. In practical terms, this meant the company fully covered the costs of educational courses and travel.

An suitable sales network was set up, targeting specific parts of Switzerland (specifically the French-speaking areas, where the most prominent watch brands and their satellite activities operate).

Today, SAR RECYCLING SA encompasses over thirty employees and—with the subsequent purchase of two incinerators, mills and mixers, centrifuges, and separators—offers a comprehensive range of services for the recovery of precious metals contained in industrial waste, becoming a reference point for the Swiss watch industry, positioned among the major players in the recovery market.

At the head of the current corporate structure, founding partner Remo Cattaneo stands beside the three people who, over the years, have developed the company's different divisions: Filippo Andreani in the Catalyst Division, Matteo Corrias in the Casting and Incineration Division, and Paolo Grassi in the Accounting and Finance Division.

SAR RECYCLING SA is a small Ticino-based company with a great desire to grow, a musical staff on which each colleague writes their own note every day. If one day we become 'big', we will be the symphony written by many hands.

Our story

Step by step, we retrace our footprints over the land of SAR RECYCLING SA as farmers do when they gaze over the field at the end of the day. From them we learn that before the harvest comes the sowing, we learn about rotation (which we embody in diversification), we learn respect and gratitude for hard work. We have always been accustomed to taking small steps, proportionate to our gait, waiting for the seeds to germinate while not emptying the farmhouse of all the hay.

2006-2009

SAR RECYCLING SA is established with the opening of the sales and administrative offices in Chiasso and the production site in Pedriate.

Sales network begins forming across Switzerland and Northern Italy, exclusively for the purchase of spent catalysts.

2009-2014

Market position is consolidated through targeted marketing.

Administration and production operations relocated to the Riva San Vitale site.

New machinery is installed, including for extracting ceramic monoliths from spent catalysts, along with a milling system equipped with electronic sampling, a sample refining laboratory, and an XRF spectrometer for analysis.

Research into business diversification strategies begins and develops.

First 'trading room' for precious metal trading opens.

Internal spaces are redefined to make room for new projects and the 'treasury'.



2014-2020

Foundry and chemical laboratory are constructed. First sworn assayer is hired. Laboratory technicians and foundry staff are trained.

The company expands its offering to new markets, including second-hand goldsmithing and its first contacts with the watchmaking industry.

Second sworn assayer completes training and receives their diploma.

Pyroscission plant and related machinery and instruments (mills and mixers) are purchased and installed. Trading room is expanded.

2020-2022

Pyroscission plant and related services (centrifuges and separators) are upgraded.

Chemistry specialists are recruited.

Position in the Swiss watchmaking market for the recovery of processing waste is consolidated.

Third sworn assayer completes training and receives their diploma.

Biel branch office opens.

Company structure is reorganised with the dual aim of acquiring new premises and enabling company succession.

Accounting and Finance Division is expanded.

The Italian company Recupero Scarti Industriali Srl is integrated into the group.

Waste Office opens.

Working practices are redefined and formalised to conform to new regulations in the field of precious metals.

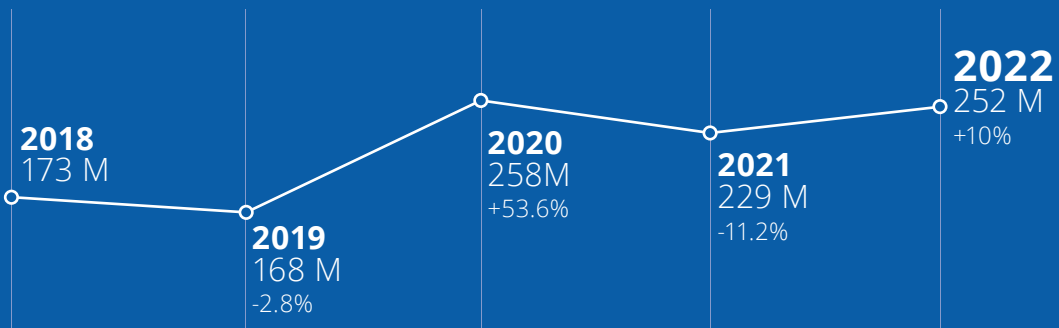
Our numbers

With CHF 252 million, SAR RECYCLING SA exceeded its net turnover for the fiscal year 2021 (CHF 229 million) by 10%.

As of 2021, the management of 'industrial accounts' was changed so that metals passing through these accounts remain the property of the customer, thus excluding them from the turnover represented here. Without accounting for this new arrangement, the turnover for the years 2021 and 2022 would appear to be increasing. To give a better sense of the company's development, only the turnover for the last six fiscal years is shown below.

In just six years, the invoicing of our operations has increased by 300%. This reflects the fast growth we have achieved, particularly in the watchmaking market, which we serve by recovering precious metals contained in production waste. Certainly, this growth is a strong indication of the trust our customers place in us and, we believe, of the quality of the work we offer.

TURNOVER 2018 / 2022



PROCESSING OPERATIONS 2018 / 2022



- **Catalyst Division:** The product is essentially micronised ceramic monolith. Since the original source is the automotive industry, the presence of this material on the market varies in relation to consumption and, in particular, changes in registrations/scrapings. For these reasons, the result fluctuates, as is particularly pronounced in the close correlation with other companies (see 2020) and the international market (see 2022, the year in which the so-called semiconductor crisis significantly reduced the number of new car registrations and consequently the number of end-of-life car scrapings).
- **Company locations:** Since 2021, following the integration of the Italian company RECUPERO SCARTI INDUSTRIALI SRL into the group, we have also been operating—specifically for the storage of spent catalysts—at two locations in Longiano (FC) and Cassina Rizzardi (CO), although not under the name SAR RECYCLING SA. These two locations currently employ four employees. In 2022, the BIEL BRANCH OFFICE (Silbergasse 2 CH-2502 Biel) opened and is operated by three staff members.
- **Business relations:** our business relations have more than doubled in volume in the last five years. We consider this a very positive outcome, and we would like to point out that this figure is growing not only because of the arrival of new customers but—and we take pride in this—because of the subsequent retention of each of them: We have yet to lose a customer.
- **Casting and Incineration Division:** The product is variously composed of micronised pyrolysis ash and melt products. The graph well represents the company's spectacular entry into the watchmaking market and reflects the increase in turnover for the processes illustrated above. It should be noted that the increase in quantity is made possible by constantly investing in means and staff to enable higher productivity.

↑ 10%

TURNOVER
2022(against 2021)

↑ 30%

PROCESSING
OPERATIONS
2022(against 2021)↓ 42.9^tCATALYST DIVISION
2022(against 2021)↑ 15.1^tCASTING AND
INCINERATION DIVISION
2022(against 2021)

↑ 1

NEW OFFICES
2022(against 2021)

↑ 7.1%

BUSINESS
RELATIONSHIPS
2022(against 2021)

Our idea of sustainability

“

‘The kid will make it, even he’s got narrow shoulders, next year he’ll play with jersey number seven’ (‘La leva calcistica del ‘68’, F. De Gregori).

In order to grow, it is necessary to have self-confidence and, for this to happen, it is important to know that you have the confidence of others.

In praise of human industriousness, work must be an instrument of civilised living in the sense that it must enable those who perform it to fulfil themselves in both the corporate and social spheres.

We believe that humanity can sometimes be its own worst enemy. This happens when the individual prevails over the community, when a human project disregards humanism (understood as the centrality of the human being), when one does not weigh the social consequences of one's actions. In a banal sense, it happens when new vocabularies—often introduced by politics and the mass media—redefine and sugarcoat situations and concepts, depriving us of the opportunity to perceive the reality of what they are describing. Since the 2008 crisis, we have inherited the cold words of analysts, such as 'redundancy', meaning the worker a company intends to do without.

The world around us is changing and has been since man set foot on earth, but it is our belief that—in some ways—it is not changing for the better. Much is in danger of de-personalisation in the pursuit of new wealth that will benefit few people. And so the labour market, for one, is changing: The worker does not have a face but a 'function', does not have a skill but a 'use', and so on. Apart from a few hours of rest and other chores, we spend about half of our lives working at our respective companies and we cannot—we do not want to—allow this to be solely for the purpose of profit. We want the purpose to be something more: the dignity and well-being of every worker, as well as those living around us. We want SAR RECYCLING SA to be a community within a larger community, and we want our directors to be good 'mayors' of the small 'town' that this forms.

Our sector—precious metals—is highly regulated and therefore much of what would appear to go beyond the terms of a mere business relationship—and which would thus constitute useful elements of CSR, in the context of codes of conduct, for example—is in fact an obligation *ex lege*. However, the scope for sustainable actions remains wide and this is the focus of this report. In particular, we ad-

dress the domain of relations with colleagues and the local community. In this domain, we want to guarantee equal opportunities regardless of one's political, religious, or sexual orientation, breaking down any barriers, including in terms of gender. Similarly, we want to guarantee benefits and bonuses to those deserving of them, and support—including financial support—so that staff can cope with unforeseen personal circumstances or, in cases where they have a particular talent outside the company, cultivate their abilities to achieve a goal (an example of this is the case of our colleague Iuliano Gallo, a professional boxer whose work schedule is tailored to allow him to train).

With respect to the region and the local environment, the actions we are introducing are, in a nutshell: a plant design prioritising the reduction of emissions along with autonomous and continuous emission measurement, carrying out a volume of checks far exceeding the requirements set out by the authorities in charge. In addition to this, we are planning to organise events for our staff with the aim—in addition to sharing moments of culture and entertainment—of getting to know our area from naturalistic, architectural, and historical points of view.

Governance policy

“

We engage in regular dialogue with key stakeholders in our stakeholder ecosystem.



Stakeholder map

We would like to emphasise the absolute independence, within the company, of the Laboratory and Compliance Office with respect to Management. Their identification as stakeholders lies precisely in the mutual and continuous effort to ensure the complete autonomy of these departments. This arrangement prevents Management from interfering with the actions of Compliance and sworn assayers, who must be in a position to assess, first and foremost, the full legality of our business operations.

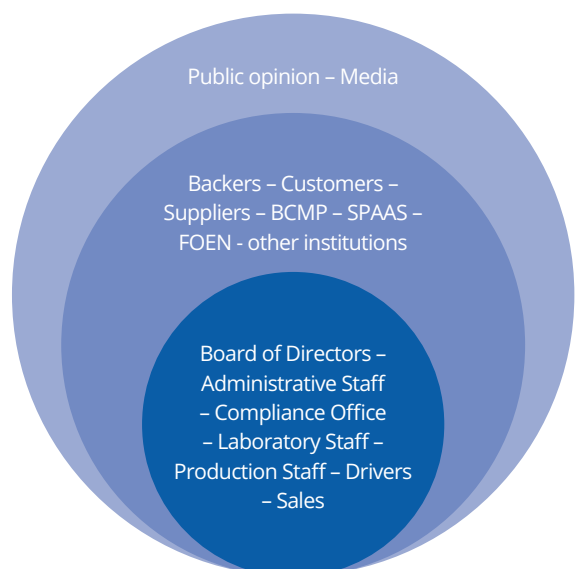
Outside the strict boundaries of the company, there are various stakeholders to whom we pay constant attention. In particular, there are our backers, who are diverse and naturally indispensable to anyone dealing in precious metals. Their trust is maintained through constant openness and loyalty, the availability of accounting documents, and—of course—promising results, as well as the demonstrable achievement of objectives.

Stakeholders obviously include customers and suppliers, with whom we always seek to create relationships based on absolute respect of the commitments we make. The perfect fulfilment of every contract is the sine qua non and this is reflected in our daily practices, as evidenced in the following pages. Our particular business involves a great deal of trust on the part of the customer, since it is SAR RECYCLING that quantifies the real value of the goods entrusted to us; we are aware of this trust and we honour it without exception.

We would like to point out that SAR RECYCLING SA is the first to consider institutions as stakeholders and, as such, our relationship with them must be proactive. Over the years, we have shown the Swiss Central Office for Precious Metals Control (BCMP, Bureau Centrale du contrôle des métaux précieux) maximum co-operation, initiative, and full compliance with regulations; we communicate with the Cantonal Authority for the Protection of Air, Water, and Soil (SPAAS, Sezione protezione aria, acqua e suolo) and with the Swiss Federal Office for the Environment (FOEN) in order to operate in full respect of the environment and always ensure adherence to correct waste management procedures.

Thus, we do not view institution controls as a limitation on our activity but, on the contrary, as a great added value that allows us to constantly improve.

The opinion of us expressed in the local media and public opinion is also a matter of significant interest, since we value our reputation and our actions cannot fail to take into account the way in which the company is viewed by those who report on and live in the region.



Strategy and business model

The recovery and trade of precious metals is highly regulated. SAR RECYCLING SA operates in full compliance with the relevant laws and regulations, which, within the company, are not seen as constraints on our business but rather as models on which to build it.

One of the fundamental points on which the law insists is the verification of the legal and proper origin of the materials we process and thus of the precious metals they contain. The model followed by our company complies with Responsible Jewellery Council (RJC) standards (Chain-of-Custody, or CoC, and Code of Practices, or CoP), for which we hold certifications. The company has appointed a dedicated Compliance Officer to fulfil the obligation, independent of the Board of Directors and our colleagues in the sales department, of thoroughly investigating each counterparty in order to determine the viability of the deal. An esteemed law firm specialising in the sector (Kellerhals Carrard Lugano SA, with offices in Lugano, Basel, Berne, Geneva, Lausanne, Sion, and Zurich) supports day-to-day operations by providing advice to clarify any doubts, thus ensuring that perfect adherence between the business conducted and the standard is always maintained.

One special feature of our work is undoubtedly the fact that the relationship between the company and the customer is based on trust, as the customer instructs us to quantify the concentration of precious metal in their scrap, initially having a rough idea of it. In recognition and appre-

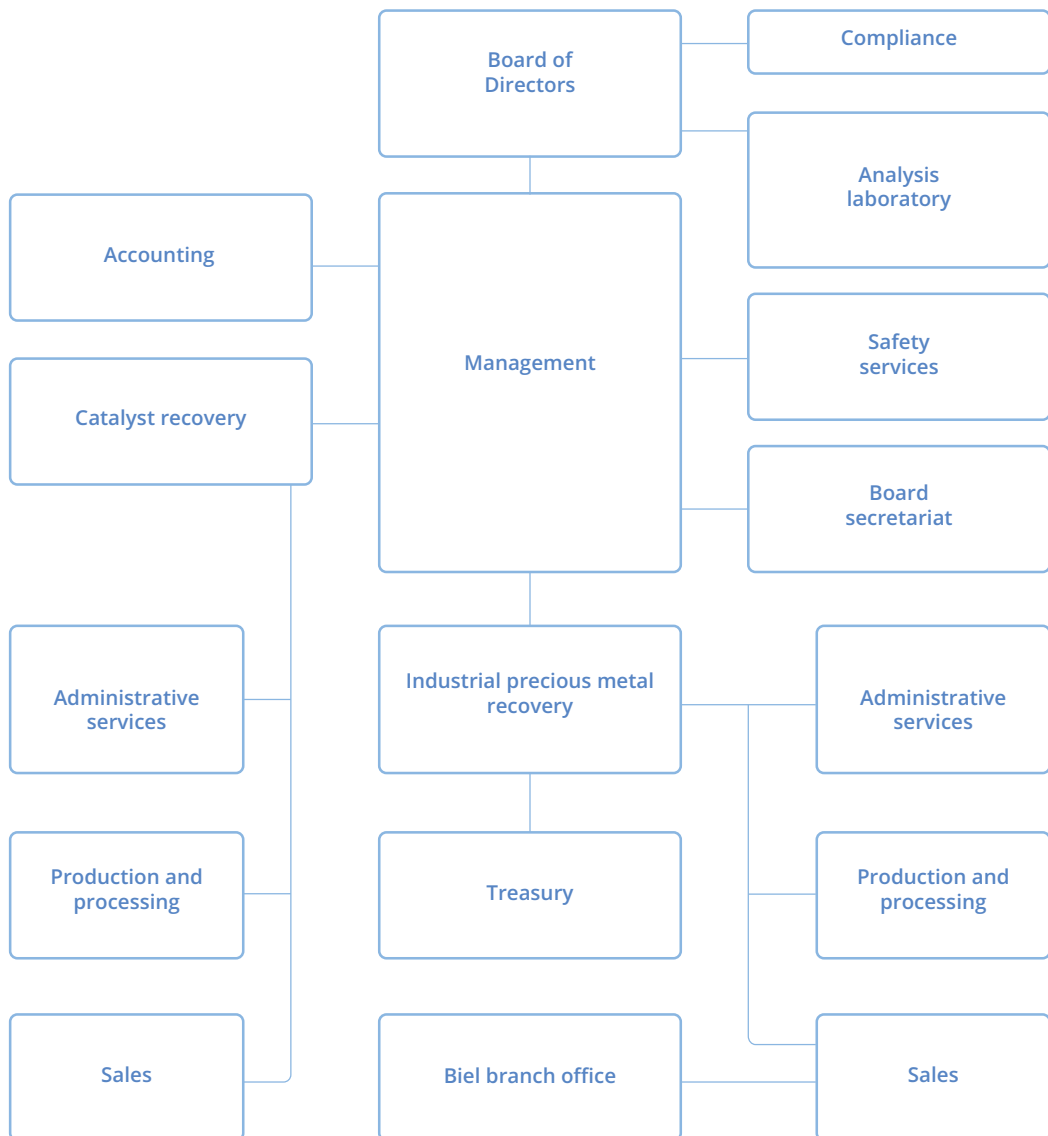
ciation of this gift of trust, the company operates in a fair and honest manner, for example, by allowing anyone who so wishes to personally follow the processing of their materials at our plant, always being at the complete disposal of the customer/supplier to dispel any doubts, and generally operating with the sole aim of providing the relevant stakeholders with timely and precise service.

Throughout our upbringing and education, we have grown up placing enormous value on the words 'trust' and 'loyalty': to betray them would be to betray ourselves. Lastly, we must not forget that almost all of the goods we handle constitute (and will continue to constitute after treatment) waste according to the Swiss Ordinance on the Movements of Waste (OMW): SAR RECYCLING SA is an authorised waste management facility, and waste materials are handled in full compliance with the provisions of the law. For this purpose, SAR RECYCLING SA has created an in-house Waste Office. Finally, we would like to emphasise the close working relationship that the company is honoured to have with the relevant cantonal and state offices (SPAAS and FOEN, respectively). In general terms, our business model is inspired by legality, transparency, and fairness, as well as the OECD Guidance for Responsible Business Conduct.

Company organisational structure

SAR has a pyramid organisation structure comprised of specific, independent roles. The entire Board of Directors is also part of Management, disconnected from the key figures in Compliance and the Analysis Laboratory; two signatories are required for any authorisation. Management is supported by Safety Services, Accounting, and the Board Secretariat. The Catalyst Recovery and Industrial Precious

Metal Recovery subsections branch off under Management. For both subsections, there are administrative, production, processing, and sales departments; in addition to the industrial precious metal recovery subsection, there is the Treasury and the Biel branch office, which was set up as a base for local customer services.



Compliance model

In full accordance with the current regulations governing the business of recovering and trading in precious metals, SAR RECYCLING SA's compliance model consists of an extensive ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING DIRECTIVE (AMLD), which is too long to be reproduced here in full. In any case, the relevant staff members are aware of this document, and it is available to customers, suppliers, and anyone else who may request it.

Briefly, we feel it is only right to point out here the principles on which our compliance model is based, and the main obligations that arise from it.

To protect the company and its stakeholders, each counterparty is thoroughly identified; in the case of a legal entity, identification is extended to the beneficial owner. Our model, in full accordance with the provisions of the AMLD, pro-

vides for a number of specific additional duties on the part of the company, such as knowledge of prohibited business relationships, the steps to be taken in the event of suspected money laundering, due diligence obligations, proper storage of documents, and strict labour distribution among the company's figures.

We would like to emphasise that the issues of KYC ('know your counterparty') and KYP ('know your product') are particularly important for SAR RECYCLING SA, as is the certainty that our customers operate in full compliance with the law; only by choosing sound business partners can we guarantee the company the security necessary to build a solid future.

Code of conduct

SAR RECYCLING SA has made the commitment to manage and develop its operations with a constant focus on continuously improving the quality of services intended to promote human rights, business ethics, workplace health and safety, and environmental protection.

Therefore, in implementing and managing its Organisational System, the company has committed to adopting the Responsible Jewellery Council's standards for responsible business practices. Aware of the social responsibility that companies must assume in order to achieve lasting and sustainable growth, Management applies the Responsible Jewellery Council's management requirements and undertakes to apply and promote ethics, respect for human rights, and social practices in a transparent and responsible manner.

Implementing the Responsible Jewellery Council Standard entails a series of commitments in the following areas:

Business ethics

In particular, the company expresses its commitment to:

- Conduct its operations with the utmost respect for ethical standards ensuring integrity, transparency, and compliance with applicable laws;
- Not tolerate any form of corruption or money laundering and engage in monitoring so that any suspicious practices are flagged and countered;
- Disclose fully and in detail the characteristics of products and services.
- Ensure the traceability of the precious metals we process to guarantee they are in no way associated with illicit sources or areas affected by armed conflicts sustained by the proceeds of precious metal trading;
- Ensure compliance with our supply chain policy through direct and constant monitoring of our counterparties;
- Spread awareness of the importance of a responsible and carefully managed supply chain.

Human rights

In particular, the company expresses its commitment to:

- Uphold the Universal Declaration of Human Rights enshrined by the United Nations;
- Not use child labour or any form of forced or coercive labour;
- Ensure high safety standards in the workplace in accordance with national and international regulations;
- Not engage in any form of discrimination or degrading treatment, harassment, abuse, coercion, or intimidation of any form;
- Promote the importance of transparent communication at all levels of the organisation by encouraging reporting of any improper behaviour on the part of anyone working in the name and on behalf of the organisation;
- Comply with current labour legislation and ensure its observance;

Responsible supply chain

In particular, the company expresses its commitment to:

- Conduct its operations with the utmost respect for ethical standards ensuring integrity, transparency, and compliance with applicable laws;
- Not tolerate any form of corruption or money laundering in compliance with all national and international standards;
- Prevent any form of abuse for the purpose of money laundering or terrorist financing;
- Fulfil all due diligence obligations towards counterparties by strictly applying the KYC policy;
- Establish the identity of each counterparty and ascertain the lawfulness of the origin of the materials to be recovered;

- Discontinue any transaction deemed suspicious and promptly report suspicions to the relevant authority;
- Not enter into any business relationship with organisations whose beneficiaries are not identifiable;
- Disclose fully and in detail the characteristics of products and services;

Reporting on the overall system performance during the RJC Code of Practices Certification period, no deviations from the Code of Practices were detected, nor were there any risks in the supply chain according to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Cahra. Also in 2022, 100% of our suppliers were audited.

Due to the nature of the company's operations, sourcing from conflict-affected or high-risk areas is not a consideration. Based on the risk assessment carried out, all sources fall within a documented level of acceptability.

Furthermore, no direct or indirect violations of human rights have been identified.

Any comments, recommendations, reports, or complaints concerning the management system adopted by our company can be sent to the following email address: info@sarrecycling.com

Certifications

RESPONSIBLE JEWELLERY COUNCIL – CHAIN OF CUSTODY 2017 –
Certified Member



RESPONSIBLE JEWELLERY COUNCIL – CODE OF PRACTICE 2013 –
Certified Member



ASSAYER'S MARK REGISTRATION (rep. N. 180)



SELF-REGULATING BODY



APPRENTICESHIP TRAINING PROVIDER



Trade associations

SWISS ASSOCIATION OF MANUFACTURERS AND TRADERS IN PRECIOUS METALS
(ASFCMP, ASSOCIAZIONE SVIZZERA DEI FABBRICANTI E COMMERCIANTI DI
METALLO PREZIOSO)



ASSOCIATION OF TICINO INDUSTRIES
(AITI, ASSOCIAZIONE INDUSTRIE TICINESI)



IMPRENDITI





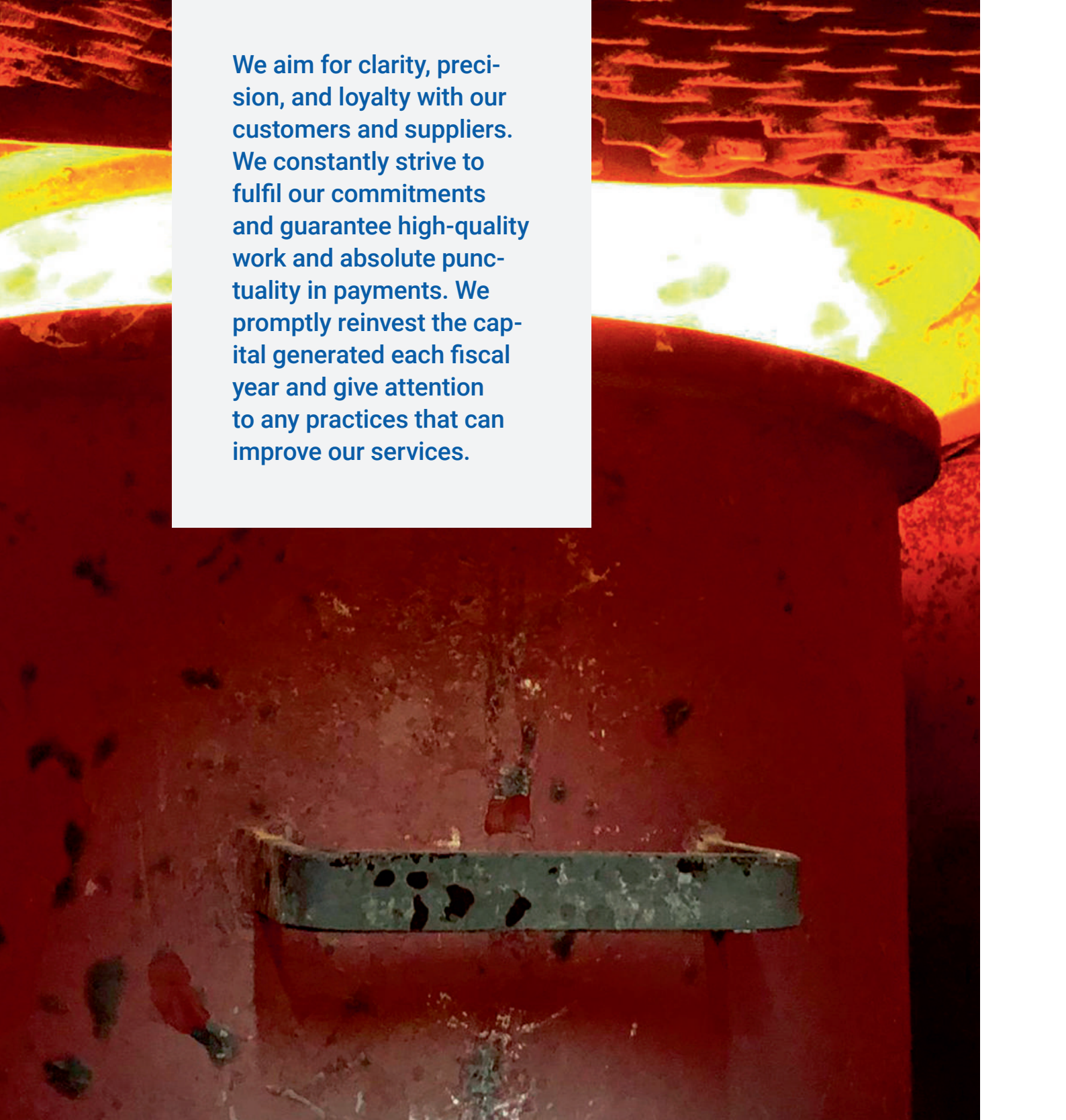


Territorial indicators

Sustainability is increasingly becoming a territorial issue and measuring the impact of companies is a key contribution.

As part of their operations, companies not only generate economic profit but also have a significant social and environmental impact. A company which has a positive economic balance sheet and which contributes to the well-being of its employees, the community, and the environment generates shared value and provides important support to the development of the region. Measuring this contribution becomes fundamental not only to allow the company itself to evaluate its strategies and plan its interventions, but also to construct parameters that allow performance to be analysed comparatively and benchmarked. Territorial indicators also represent an opportunity to increase dialogue between public administration, business associations, and enterprises, offering a valid tool for orienting choices and investments. Shared orientation on the issue of sustainability can in fact accelerate growth and protect the region's competitiveness, promoting energy transition and social inclusion. With this document, our company intends to offer its contribution in this direction, with the goal of constantly improving its results.

Relations with the market



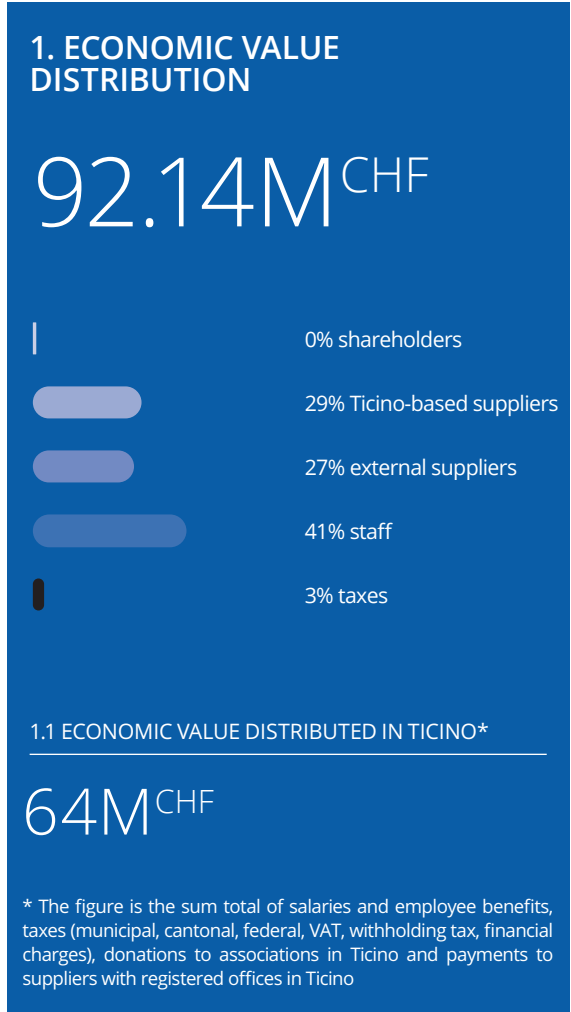
We aim for clarity, precision, and loyalty with our customers and suppliers. We constantly strive to fulfil our commitments and guarantee high-quality work and absolute punctuality in payments. We promptly reinvest the capital generated each fiscal year and give attention to any practices that can improve our services.

1. Distribution of value added

We draw attention to the figure reserved for 'Shareholders' (amounting to CHF 0.00): It is the shareholders' unanimous decision not to receive any dividend payouts and to reinvest any profit in the company's operations.

As is evident, the largest payout is to our staff: our type of work requires us to hire people who are always educated to degree level (for example, in the laboratories our colleagues are all university graduates) and who have increasingly advanced experience in the sector. We also emphasise that salaries are always commensurate with the value of the person receiving them, and that pay rises are awarded regularly in the course of a career.

Suppliers from outside Ticino are manufacturers of tools and goods that cannot be found in the region, both of which are quite expensive. For this reason, the graph represents them as equivalent to the Ticino-based suppliers, which are far greater in number. In fact, SAR RECYCLING SA prefers to purchase from local suppliers.



2. Investments in research and development

With regard to the fiscal year 2022, our investments were mainly oriented towards the purchase of new machinery, the implementation of 'tailor-made' management software, and the drafting of a quality manual. In addition to this, we invested in new marketing measures (recruitment of new administrative staff in the branch, new website and new brochures, professional advice on the subject) and in opening the Biel branch office.

Percentage of investments

Of approximately CHF 250 million in turnover, the company immediately reinvested CHF 0.39 million (30% of invoiced work alone, amounting to CHF 1.3 million). Such a significant investment is directly related to the above-mentioned agreement that there are no payouts to shareholders; all profits are promptly reinvested in the company. This contributes to the achievement of our planned development goals, as well as—especially in view of our imminent move to a new building—giving us resources to work with in order to build an even better-performing plant in terms of environmental impact, and create spaces equipped to accommodate all staff needs (including a gym).

2. INVESTMENTS IN RESEARCH AND DEVELOPMENT

<p style="margin: 0;">2.1 VALUE OF INVESTMENTS IN R&SI*</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">0.39M^{CHF}</p>	<p style="margin: 0;">2.2 VALUE OF R&SI INVESTMENTS ON TOTAL TURNOVER</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">0.156%</p>
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* Total costs incurred for staff, materials, external contractors, patents, etc. for R&SI during the reporting period

2. Best practices

The company is investing heavily in digitisation through the implementation of dedicated software that will automate a large part of administrative activities. The aim is not only to further speed up and simplify our colleagues' daily work, but also to drastically reduce paper consumption.

With regard to this last statement, it is important to emphasise that our offices use only recycled paper and that all our advertising materials (brochures, business cards, etc.) are printed on recycled paper.

We also invest a lot of time and money in the development of devices and tools that make it easier for production staff to perform their tasks and, above all, further limit the risk of accidents at work. Prevention is a priority for us, and we have gone so far as to substantially modify some machines, although already certified to current safety standards, to make them even safer (for example, by including controls requiring the use of both the operator's hands to operate). We would like to emphasise that many of the changes we have implemented will noticeably slow down the operator's work, a consequence that we consider absolutely secondary to the health of our colleagues.

Moving to the new location will also allow us to invest in the company's quality of life. In particular, we have planned spacious and comfortable dining and relaxation areas. We will also create an outdoor space in the surrounding green area for breaks and, in warm weather, lunch. There will be changing rooms and showers for all staff—including administrative staff—so that everyone has the option to exercise during their breaks in the work day; to encourage sporting activities, we will build a gym freely available to everyone,

with equipment for every level of athletic training. The new premises is bordered by the Laveggio stream, along which runs a beautiful cycle path; we plan to purchase bicycles for the staff so that they can enjoy the beauty of the area during their breaks. Providing company bicycles also has another purpose: to invite our staff to consider this type of vehicle as a valid means of transport, with the hope that some will begin to use them to commute to work.

Solar panels will also be installed in the new building, and a project is being developed to allow us to use the heat generated by the foundry as a source of heating for the office area. This last point will bring a twofold result: lower consumption of power from external energy sources and decreased use of chillers for cooling water.

Though these measurements have not yet been realised, they have already been in the planning and/or analysis stages since 2022, and the company has already incurred the costs for this study phase.

3. Suppliers

We distinguish between two types of suppliers: the first are companies that send us their materials for processing, the second are companies from which we purchase goods and services instrumental to our business.

The former are only technically ‘suppliers’ since we normally consider them to be customers, given that they are the target audience of our commercial activities. Establishing a business relationship with these suppliers involves a number of preliminary steps aimed at fully identifying the counterparty (including beneficial owners), determining whether there are any legal prerequisites to fulfil (e.g. possessing specific licences where necessary), and verifying the origin of the goods and the supply chain. Once the relationship has been established, each supplier/customer is afforded direct access to all company figures, including Management, made aware of their right to be present at all processing operations that concern them, and given all the attention we can provide in terms of assistance and advice to help them better understand each of our working processes. Our salespeople regularly visit counterparties to make sure they are satisfied, acknowledge their wishes, and offer any clarifications.

As for the second category of suppliers, we try to find them in the Mendrisiotto area where we are headquartered. If this is not possible because the local market does not offer certain products (typically of a technical nature), we turn to surrounding areas.

3. Best practices

Relations with our suppliers/customers are also characterised by absolute transparency, which basically translates into:

- The option to attend every step of the works at our plant, on the exclusive condition of compliance with system health and safety regulations;
- Access to administrative, laboratory, and settlement data.

3. RELATIONS WITH SUPPLIERS

<p style="margin: 0;">3.1 TOTAL NUMBER OF SUPPLIERS</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">216</p>	<p style="margin: 0;">3.2 PERCENTAGE OF LOCAL SUPPLIERS</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">48.6%</p>
<p style="margin: 0;">3.3 ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">240M^{CHF}</p>	<p style="margin: 0;">3.4 ECONOMIC VALUE DISTRIBUTED TO LOCAL SUPPLIERS</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">37.5%</p>
<p style="margin: 0;">3.5 NUMBER OF LOCAL SUPPLIERS</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">105</p>	<p style="margin: 0;">3.6 TURNOVER FROM LOCAL SUPPLIERS</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">90M^{CHF}</p>

Local suppliers are defined those with their registered offices in Ticino.

We have provided for the drafting of specific contracts and general conditions in which our activity is described in detail with the precise aim of making it more comprehensible and, in particular, so that the supplier/customer has an accurate and detailed view of the company.

“

Chimet SPA has known SAR RECYCLING since its foundation. Over the years we have developed a professional relationship based on mutual trust, which SAR has continuously earned by always working seriously and punctually and respecting its commitments.

Mario Crocini
CHIMET SPA

We are very proud to say SAR RECYCLING is among our best and most serious customers, and has been for many years. A very good relationship has also been established with the new branch in Biel. We also have received positive feedback from our finance department, which counts SAR among our best payers.

Daniele Cilluffo
BRINK'S SVIZZERA AG

Our business relationship with your esteemed company is characterised by mutual cooperation. We perceive SAR RECYCLING SA as a transparent and proactive partner in communication, reliable and punctual in the fulfilment of obligations. We hope to continue being able to count you among our valued customers in the future.

Matthias Anderegg
CREDIT SUISSE

Relations with collaborators



“

At school, we would do anything for our deskmate. It was a form of fellowship. In this sense, the figure of the deskmate was our first collaborator. Today, at SAR RECYCLING SA, we have the honour and good fortune to have over thirty deskmates while, at the blackboard, Adult Life teaches us new challenges.

4. Collaborator training

When the need or opportunity arises for a colleague to undertake a training course, the company bears the full cost and offers all the support necessary for them to reach their goal. This was the case, for example, in the following testimonials:

'SAR RECYCLING gave me the invaluable opportunity to complete the federal precious metals assay course, enabling me to obtain a diploma to practice the profession. During my three years of training, I received the support of all my colleagues and the Board of Directors so that I could devote the necessary time to study and practice. Management decided to invest in me, covering all the costs of my course and the necessary travel to attend it: a personal investment in me without any contractual constraints, which put me at the centre of a stimulating and much broader project.' (Enrica, sworn assayer)

'I am pleased that SAR invests in its employees' personal development by paying for language courses such as German and Italian. I also had the opportunity to take a one-week polishing course at WOSTEP to better understand the needs of our customers and an initial LBA training course in Lausanne at Polyreg. The company also offers great flexibility to allow me to take care of my son on days when I have childcare responsibilities or in case of illness, which is very much appreciated.' (Marcos, salesperson)

'I am very happy that SAR pays for us to take Italian lessons because it means I can learn a very practical language that will increase understanding in communicating with my colleagues in Riva.' (David, administrative clerk, Biel branch)

'We have had one hour of Italian lessons a week since 16 January 2023. I am pleased with this measure, which allows us to communicate more easily with our colleagues in Ticino.' (Anne, administrative clerk, Biel branch)

In addition to this, the company regularly provides training for each employee through specific courses—internal and external—on workplace safety, first aid, and fire prevention.

4. COLLABORATOR TRAINING

<p style="margin: 0;">4.1 TRAINING BY EMPLOYEE</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">35.84 hrs</p>	<p style="margin: 0;">4.2 TRAINED COLLABORATORS</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">6%</p>
<p style="margin: 0;">4.3 TOTAL NUMBER OF EMPLOYEES</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">33</p>	<p style="margin: 0;">4.4 EXTERNAL TRAINING</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">100%</p>
<p style="margin: 0;">4.5 HOURS PER YEAR HEALTH/SAFETY (BEYOND LEGAL OBLIGATIONS)</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">12.6 hrs</p>	

4. Best practices

The health of our colleagues is very important to Management, and it is essential for everyone to have a thorough knowledge of the risks associated with their work, especially in departments where the risk factor is naturally higher (such as the foundry). For this reason, not only are colleagues trained by the Worker Safety Officer, who offers specific courses in each area, but they also attend regular meetings convened by Management itself designed to increase awareness in this area. The message that is forcefully instilled has become a mantra: think rationally, proceed calmly, and always put health before performance. There is no meeting or informal gathering where these concepts are not repeated with assiduity and determination.

Management's door is always open for all colleagues to communicate directly about their needs and ideas. To make this relationship even closer, the Directors visit the production departments on a daily basis. A factor which has undoubtedly contributed to the creation of this close-knit environment

of peers is the fact that Management and staff are approximately the same age and very often share interests outside the professional sphere (sports, in general), which leads them to spend time together even after working hours.

In order to provide a better understanding of the functioning of the tools they use, production staff—interrupting their work activities—are regularly accompanied by the suppliers who work on the equipment. This not only enriches the staff's knowledge, but also gives them a more detailed understanding of all the technical aspects of their equipment.

The costs of each course, whether or not it leads to a licence, certificate, or diploma, are borne in full by the company. This practice is also carried out where participation in a course stems from a colleague's wish, rather than a request from Management.

Ongoing collaborator training to prioritise protecting their health and provide opportunities for professional and personal growth

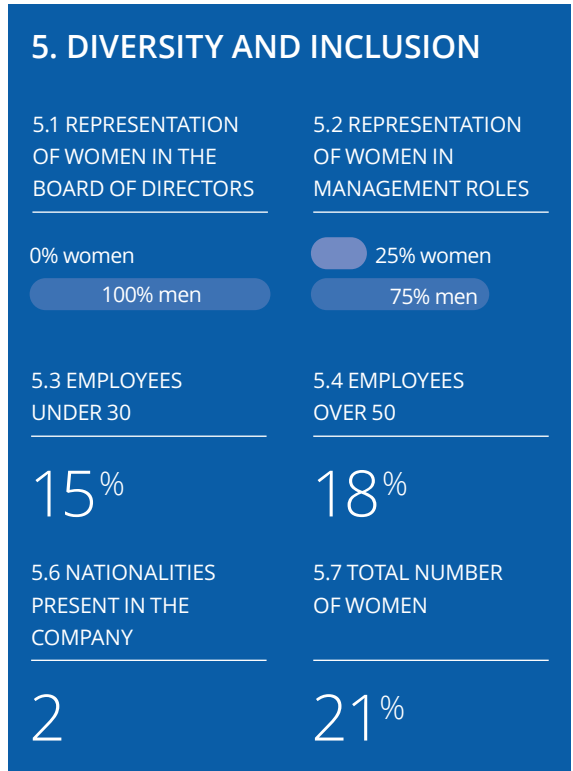


5. Diversity and inclusion

Racial, regional, religious, and gender prejudices are not part of our DNA. We can affirm with certainty that we do not have nor will we ever have among our colleagues a single individual who countenances such nonsense, especially considering that such attitudes are expressly forbidden by our Code of Conduct.

As far as employment of women is concerned, see the graph below, bearing in mind that certain jobs by their very nature are intended for the male gender (i.e. manual labour, where the physical component is fundamental).

Finally, we emphasise that salaries are determined solely on the basis of role and not gender.



6. Employment contracts

The employment contracts currently in place are all open-ended. We believe it is important to offer employees such a time horizon to allow them to plan their private lives.

In the company there is no clocking-in system: every colleague knows and respects their work schedule, loyally reciprocating the trust that the company places in them in this regard.

Among the main duties of every worker is strict compliance with internal regulations on workplace safety, with particular reference to the use of the extensive PPE available (respirators, fireproof clothing, protective clothing, etc.).

The company provides its employees with a pension fund that is higher than the compulsory scheme and also makes contributions at a 70:30 ratio, instead of the ordinary 50:50.

It is customary to give non-contractual bonuses or benefits

in the middle or at the end of each year, depending on the commitment each person has shown and sometimes even for the mere satisfaction of a personal need. In general terms, we strive whenever possible to meet each person's extra-professional needs:

'In 2019 I had my first daughter. SAR, in addition to giving me a one-year leave of absence, then gave me the opportunity to return to work from home, with no fixed schedule. I was therefore able to enjoy my daughter's first years before she went to nursery school; I had the opportunity to be a mother without the stress of office hours and, at the same time, I had a job and a salary.' (Anna, compliance worker)

'When I announced my marriage and asked for time off for my honeymoon, I not only received the company's good wishes but also was informed that the days on which I would be travelling would not be deducted from my holiday. Thank you!' (Fabio, foundryman)

The SAR team exudes a family atmosphere, and I am recognised for the effort I put in both at work and as a professional boxer (I have already been Italian champion twice). The entire SAR team physically supports me by cheering me on and Management has adjusted my working hours to allow me to train continuously. In honour of this, I proudly wear the SAR logo on my fighting uniform and I strive to go as far as possible as a boxer with this great company by my side! (Luliano, foundryman)

'Working at SAR is motivating. Although it's fast-paced and high-responsibility, my commitment is always rewarded. This is thanks to a management that sees and recognises everyone's efforts. This starts with a "thank you", which is always a pleasure, and ends with financial recognition, which is always greatly appreciated.' (Davide, chief chemist)

6. Best practices

As evidenced above by the direct testimonies of some of our employees, the company is very attentive to each colleague's personal needs.

In particular, we believe that pregnancy and maternity need greater protection than that established by statutory requirements, and for this reason we always agree to the requests of our pregnant and new mothers. The gestation and breastfeeding stages are obviously very important periods that, in our opinion, should be spent in peace. For our part, we have always faced the challenges resulting from a colleague's absence with the joy that these circumstances bring.

We support our colleague Luliano Gallo—an Italian professional boxer who, even as we compile this report, is preparing for his third national title—in whatever way necessary. Boxing is not only a matter of hard work, class, and courage; it also means putting yourself out there, it means sacrifice, the taste for a challenge, extreme respect for your opponent. These are the elements we want to promote by supporting Gallo, and we are proud that he fights under our colours.

Management is generally happy to change the working hours of anyone who requests it, within the limits of feasibility. This is because we believe that everyone has a right to fulfilment

6. EMPLOYMENT CONTRACTS

<p>6.1 GENDER PAY GAP*</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; font-weight: bold;">0%</p>	<p>6.2 NUMBER OF APPRENTICE CONTRACTS</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; font-weight: bold;">0</p>
<p>6.3 SICK LEAVE</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; font-weight: bold;">2.89%</p>	<p>6.4 EMPLOYEE TURNOVER**</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; font-weight: bold;">0%</p>
<p>6.5 ABSENCE DUE TO OCCUPATIONAL INJURY</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; font-weight: bold;">0.46%</p>	<p>6.6 PERCENTAGE OF FULL-TIME CONTRACTS</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; font-weight: bold;">84.8%</p>
<p>6.7 TRAINEE CONTRACTS</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; font-weight: bold;">0</p>	<p>* gender pay parity is achieved when the indicator is equal to 0%</p> <p>** Percentage of employees who left the company during the reporting period out of the total number of employees at the beginning of the reporting period</p>

outside the strictly professional sphere. We have colleagues who play instruments, cycle, and follow their football team, as well as those who simply want to spend more time with their children. If it is possible to be accommodating, it would be needlessly authoritarian not to do so.

We organise recreational team gatherings without resorting to professional coaches. In fact, we do not want these meetings to be team-building exercises but rather occasions for shared leisure where we are brought together not by duty but by desire. In the days leading up to Christmas, we host an annual dinner at a small local trattoria. Traditional dishes, a family atmosphere, and music provided by our accountant, who plays the bagpipes—here at SAR, we have a taste for simplicity!

7. Corporate welfare

It is the firm intention of SAR RECYCLING SA to draw up a structured welfare plan. To date, the initiatives aimed at improving the life of the company community have been numerous, but they have been carried out in the absence of a programmatic plan, which will be drawn up once the company has moved to its new location, which will include the construction of a small gym for staff use, a cycle parking area, and comfortable common areas (company dining and recreation areas).

In any case, we would like to reiterate here the broad flexibility we apply in determining everyone's work schedule in response to the needs represented by individual colleagues, as well as our recourse to the work-from-home practice. With respect to this last point, we believe that working from home perfectly pursues two aims (while maintaining the same quality of work): CO2 reduction, since all our colleagues take their own vehicles to work, and peace of mind for those it allows to work in greater comfort, without needing to plan outward and return journeys, allowing them to perform small domestic tasks during breaks, etc.

Staff Regulations are being drawn up and will cover many aspects of employee retention. It is necessary to draft this document because of the growth we are experiencing. The Regulations will be discussed with all employees and any changes suggested will be integrated. This way it will not be drafted and imposed from above but rather shared collaboratively, in keeping with the spirit of equality that we want to maintain with all staff.

7. CORPORATE WELFARE PLAN

7.1 ANNUAL INVESTMENT PER EMPLOYEE*	7.2 PARENTAL LEAVE DAYS BEYOND LEGAL OBLIGATIONS
2'575 ^{CHF}	0
7.3 NUMBER OF EMPLOYEES WITH FLEXIBLE WORKING HOURS	7.4 NUMBER OF ARCOBALENO TRAVEL CARDS
100%	0

* Expenditure on employees' fringe benefits including social contributions beyond legal obligations (e.g. non-mandatory health, disability, and old-age insurance), home-work travel passes, meal vouchers, and various discounts



Community relations



8. Community projects

Our world does not begin and end at our front door: We are part of a much larger community that hosts us on its territory. This has always been our view, but only recently have we started to act on it; now that our size and name are growing, we finally have a real chance to take action.

We looked for serious partners and concrete projects to support, moving in at least two directions: protection of the environment and protection of the individual.

In the first direction, we worked to redevelop the stream that flows a few metres from our headquarters. With respect to the second direction, we have turned to the care and protection of people in vulnerable categories or otherwise at risk of marginalisation.

The amounts paid out are very modest for now but there is great emotional involvement with this work's beneficiaries, and we aim to build this into substantial ongoing relationships with them.

In 2022, we also supported a Swiss association promoting sports, in the belief that respect for rules and respect for opponents are crucial concepts that can absolutely be reproduced in a business model.

8. COMMUNITY PROJECTS

8.1 TOTAL AMOUNT
DISBURSED IN
DONATIONS AND
SPONSORSHIPS

8.2 ASSOCIATIONS
BENEFITTING FROM
DONATIONS AND
SPONSORSHIPS

17'000^{CHF} 4

8. Best practices

Laveggio Park

Net of the donations that the company often makes to local cultural and sports associations (among which we are pleased to include the Balerna Scouts), we would like to highlight here our support for the '2023 - Laveggio Year' project, which aims to create new paths and an educational trail to make Laveggio Park into a local green space that can be enjoyed by all the residents of Mendrisiotto. The Laveggio is a stream originating in Stabio and flowing into the lake, and its path skirts the company's headquarters. We go there to run or walk during lunch breaks, and always admire the diversity and richness of the habitat it provides for flora and fauna. We are proud to be among the companies supporting this wonderful project promoted by the Associazione Cittadini with the support of the municipalities of Mendrisio, Riva San Vitale, and Stabio, and the cantonal Department of the Territory!



Cantonal Sociopsychiatric Organisation (OSC, Organizzazione Sociopsichiatrica Cantonale) of Mendrisio

A project is being developed for residents of the Cantonal Sociopsychiatric Organisation of Mendrisio. The project will involve participants in a contest aimed at prompting discussion on the subject of diversity—a key topic in various workshops at the centre and undoubtedly important to the participants themselves—through the creation of objects, made from everyday materials at the company (crucibles, cupels, etc.), that are intended for a 'different' use. The aim is to de-

monstrate that all things, with due consideration, can have important functions outside the uses to which they are normally put. Moreover, the importance of recycling and reuse will be emphasised, as the Environment is the theme of the annual OSC Festival in 2023. The contest entails a manual activity based on imagination and creativity. The prize will be something that can be shared with the community to which the winner belongs, promoting the idea that the important thing is to participate, and undermining the societal attitude which often sees a multitude of losers in the presence of few winners. The project will be pitched to the OSC by the middle of this year and we hope it will be well received. SAR RECYCLING SA staff will be present to follow the completion of the works and participate in a beautiful day of sharing and mutual understanding.

Watch City

We support the Watch City Association based in Biel, where our branch office is located. This Association promotes sport as 'a wonderful occupation and a school of life'. The EHC Biel, FC Biel, UHC Biel-Seeland, HS Biel, SHC Seelanders, and Biel-Bienne Athletics training centres not only teach their players sport, they help young people grow and teach them to 'constantly improve in order to get ahead in life'. Watch City offers its supporters the opportunity to attend sporting events and matches free of charge, and our colleagues living in Biel regularly take advantage of these benefits.



Treebù

This year we are beginning another important collaboration, with Treebù. The project is aimed at young people whose education has been interrupted, who find it difficult to maintain continuity, or who need support and references. In particular, Treebù welcomes young people referred by families, schools, social services, or training providers. It collaborates closely with a network of services and fosters complementarity in providing specific support to each. It offers sustainable and competitive activities in environmental ecology and peer meetings are encouraged to facilitate opportunities for exchange, integration, and gatherings.

The goal is to enhance skills through training and practical exercises, stimulate motivation to avoid dropping out of school, and restore initiative in facing daily challenges and future prospects.

We like Treebù's project very much; to draw an analogy with our work, it aims to 'extract' what is 'precious' in a person. This is the goal we would like to pursue by supporting Treebù's initiatives.



Environmental management



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‘After one look at this planet any visitor from outer space would say “I want to see the manager.”’

William S. Burroughs,
writer

9. Materials

All of the goods we handle are waste. Each type of waste is identified by a specific OMW (Ordinance on the Movements of Waste) waste code.

Some are categorised as non-hazardous waste (RNC, rifiuti non controllati), such as: 'mixed metals'; 'slag from primary and secondary production'; 'absorbents, filter materials, wiping cloths, and protective clothing, except those referred to in code 15 02 02'; 'components removed from discarded equipment, except those referred to in codes 16 02 15 and 16 02 97'; 'spent catalysts containing gold, silver, rhenium, rhodium, palladium, iridium, or platinum, except those referred to in code 16 08 07'; 'coatings and refractories from non-metallurgical processes, except those referred to in code 16 11 05'; 'ferrous materials extracted from bottom ash'; and 'metals'.

Others are subject to control (RC, rifiuti soggetti a controllo), such as 'electronic components removed from discarded equipment, except those referred to in code 16 02 15'.

Others are classified as special waste (RS, rifiuti speciali), including: 'packaging containing residues of or contaminated with substances or special waste materials with particularly hazardous characteristics'; 'absorbents, filter materials (including oil filters not otherwise specified), wiping cloths, and protective clothing contaminated with hazardous substances'; 'spent catalysts contaminated with hazardous substances'; and 'paints, inks, adhesives, and resins containing hazardous substances'.

Each material contains precious metals (Au, Ag, Pt, Pd, Rh, Ir, Ru) in different concentrations, and our business's objective is to fully extract them.

Waste is governed by regulations controlling its movement, storage, and treatment. SAR RECYCLING SA operates in full compliance with these regulations.

Staff use appropriate personal protective equipment depending on the particular physical state of the individual material and the type of treatment envisaged.

9. MATERIALS

<p style="margin: 0;">9.1 MAIN MATERIALS USED BY THE COMPANY</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">160^t</p>	<p style="margin: 0;">9.2 MATERIALS OF RECYCLED AND/OR REUSED ORIGIN</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">100%</p>
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10. Energy

Energy

We have decided to source our electricity exclusively from renewable sources. In particular, the 248 MWh consumed in the year under review came from hydroelectric sources. Electricity consumption accounts for almost all of the company's energy consumption. The resulting energy intensity is 1.55 MWh per tonne of material processed.

We have recently signed a new supply contract confirming this choice for the coming years.

It should be noted that it is the company's intention to install a solar power system on the roof of the new headquarters. This will be carried out in 2024.

10. ENERGY

<p style="margin: 0;">10.1 TOTAL ENERGY CONSUMPTION</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">248 MWh</p>	<p style="margin: 0;">10.2 ENERGY CONSUMPTION FROM RENEWABLE SOURCES</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">100%</p>
<p style="margin: 0;">10.3 ENERGY INTENSITY*</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">1.55 MWh/t</p>	
<p style="margin: 0;">10.4 ENERGY CONSUMPTION**</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">248 MWh</p>	<p style="margin: 0;">10.5 ELECTRICITY FROM RENEWABLE SOURCES</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">100%</p>

* Energy consumed per company reference unit

** Total electricity consumed, from both fossil fuels and renewable sources, purchased outside the company. Excluding self-generated electricity

11. Water resources

Cooling water (indispensable for the foundry) is not wasted but rather kept in a closed-loop system, which means that the same quantity of water is cooled and reintroduced into the plant without drawing on new mains water. Any wastewater produced is only discharged by authorised professionals after being stored under compartmentalised conditions to prevent any possible dispersion.

We would like to point out that the indication of 'Total annual consumption' equal to zero refers only to production processes, which in fact do not require water. This does not account for the very modest water consumption from sanitary facilities.

11. WATER RESOURCES

<p style="margin: 0;">11.1 TOTAL ANNUAL CONSUMPTION *</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">0 m³</p>	<p style="margin: 0;">11.2 WATER CONSUMPTION INTENSITY **</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">0 m³/unit</p>
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* Total water withdrawal minus total water discharge

** Water consumed per company reference unit

12. GHG emissions

In 2022 we measured and calculated greenhouse gas (GHG) emissions in order to analyse possible areas of activity where the company's performance can be improved in the future. The emissions totalled 185 tonnes of CO₂ equivalents. In the analysis, we included GHG emissions related to assets owned by the company or that the company operationally controls (Scope 1), consumption of energy purchased from third parties (Scope 2) and indirect emissions from sources not owned or controlled by the company (Scope 3).

SAR RECYCLING's direct emissions (Scope 1) result mainly from the combustion of processed scrap gold and the use of fossil fuels (diesel) for the company's vehicles. To calculate these emissions, the official emission factors provided by the Federal Office for the Environment (FOEN) were taken into account.

Indirect CO₂ emissions (Scope 2) are mainly related to the consumption of electricity for production processes and offices. These emissions were calculated using the market-based method (1.7 tCO₂eq), considering that the company has signed a contract to supply electricity from renewable (hydroelectric) sources with emissions estimated at 7 g CO₂eq per kWh. Applying the location-based method, however, emissions are limited (4.3 tCO₂eq).

Indirect emissions (Scope 3) cover about 44% of the company's total emissions. The analysis included employee commuting, business trips, supplier transport, and freight logistics. The coefficients of the MobilTool, version 2.1 of January 2020, were used for the calculation.

Considering the total emissions in 2022 (Scopes 1, 2, and 3), we calculated the company's emission intensity by dividing our emissions by tonnes of material processed. This value is meaningful for the company because the suppliers who send us material for processing from the jewellery and transport sectors are also customers to whom we provide a waste management service.

'Our collaboration, as a supplier, with SAR Recycling SA dates back to 2019, when the company contacted us because it wanted to assess its atmospheric emissions. Such an assessment was clearly a matter of expressly internal interest to the company, since in Switzerland there is no obligation to carry out periodic analyses on emission chimneys, unless prescribed by the can-

12. GHG EMISSIONS

<p style="margin: 0;">12.1 TOTAL GHG EMISSIONS*</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">185 tCO₂eq</p>	<p style="margin: 0;">12.2 GHG EMISSION INTENSITY**</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">1.15 tCO₂eq/t</p>
<p style="margin: 0;">12.3 GHG EMISSIONS FROM COMMUTING</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">34 tCO₂eq</p>	
<p style="margin: 0;">12.4 GHG EMISSIONS FROM FREIGHT (EXTERNAL)</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">98 tCO₂eq</p>	<p style="margin: 0;">12.4 GHG EMISSIONS FROM BUSINESS TRAVEL</p> <hr style="border: 0.5px solid white;"/> <p style="font-size: 2em; margin: 0;">13 tCO₂eq</p>

* Total GHG emissions: including direct (Scope 1) and indirect (Scope 2), and, if available, Scope 3

** GHG emissions per company reference unit

ton. To this end, we collaborated with the company and the Canton of Ticino to define parameters relevant to the company's activities, which were then assessed in subsequent sampling campaigns. SAR Recycling SA was always available during the sampling operations and also accommodated our requests for the information required to draw up the Test Reports. This cooperation is also evident from an administrative point of view, as we have never encountered problems, even in terms of money.' (Marzorati Alessandro, FIGIT SRL)

12. Best practices

As confirmed by the above supplier testimony, we periodically analyse the emissions we produce, and we try to create 'worst-case' conditions while taking measurements. The results we have obtained are reassuring with respect to the methods of fume treatment and abatement we use, since the results of the analyses show compliance with the legal limits.

Upon moving to our new location, we are planning to use new instruments and machinery to further reduce the presence of volatile organic compounds.

13. Waste management

It should be noted that our production processes do not result in residual materials destined for pure disposal (be it landfill or recycling), but only products that—although technically defined as waste—have great intrinsic value due to their precious metals content. This is why the table shows 0t in section 13.1, where only the quantities of waste that cannot be recovered and/or recycled should be indicated. This is net of very small quantities of wastewater that are discharged by authorised personnel. Reducing environmental risk is one of our priorities, and we adapt our daily operations and development plans to this end. Our attentions are focused on three fundamental themes:

1. Waste management and disposal;
2. Emission control;
3. Water saving and proper waste disposal.

With regard to waste management and disposal, SAR RECYCLING SA has a precise procedure that aims to define how to manage the waste produced at the company, particularly in the laboratory. Waste management conforms to the principles of accountability and cooperation of all those involved in the production, distribution, use, and consumption of the goods from which the waste originates, in compliance with the principles of national and community law. Waste sent for final disposal must be reduced as much as possible, reinforcing prevention and reuse, recycling, and recovery efforts. In order to give an idea of the above-mentioned procedure, which is very extensive, we have included an index listing its content and the issues involved:



- purpose
- recipients
- references
- general rules
- definitions
- waste characterisation
- licences and permits
- treated/produced waste
- incoming waste
- outgoing waste
- disposal companies
- identification
- documentation
- acceptance and treatment of new waste

The staff members responsible for handling waste are aware of the full procedure.

14. Investments

Investments in infrastructure and furnishings have been very modest, whereas investments in machinery account for almost all of the investments made.

Our investments are relatively subdued for the obvious reason that we are about to relocate, and we have allocated total investments of approximately CHF 2,000,000 for the move. The surface area of the current location is in fact at capacity and there is no room for further investments, nor is there any interest in making them due to the fact that the business will be moved elsewhere over the course of 2024.

14. INVESTMENTS IN
INFRASTRUCTURE,
FURNISHINGS, MACHINERY.
(ANNUAL AMOUNT)

0.2M CHF







Conclusions

We consider CSR reporting to be a fundamental tool. Indeed, it allows Management to analyse the company's performance from different points of view, inviting it to pay more and more attention to considerations of sustainability. At the same time, it provides our stakeholders with a true snapshot of our company, allowing them to reach a better understanding of its identity, philosophy, and conduct.

Summary

The following table shows all the data collected in the report, thus providing an overview of SAR RECYCLING SA's commitment to sustainability. Going forward, these indicators can be compared with the data collected at canton level, allowing average thresholds to be defined and used to gain insight into the local economy. This data collection also represents a useful tool for analysing results over the years, thus making it possible to monitor the positive or negative evolution of the data and plan future interventions, defining the objectives to be achieved. The table also facilitates comparison with the main indicators in the international guidance.



Category	N.	Indicator	Unit	Data
1. Added Value	1.1	Economic value distributed in Ticino	CHF Mio	64
2. Investment in research, development and innovation (R&SI)	2.1	Value of investments in R&SI	CHF Mio	0.39
	2.2	Percentage of value of R&SI investments on total turnover	%	0.156
3. Suppliers	3.1	Total number of suppliers	n.	216
	3.2	Percentage of local suppliers	%	48.06
	3.3	Economic value distributed to suppliers	CHF Mio	240
	3.4	Percentage of economic value distributed to local suppliers	%	37.5
4. Collaborator training	4.1	Training by employee	hours	35.84
	4.2	Percentage of trained collaborators	%	6
	4.3	Total number of employees	n.	33
5. Diversity and inclusion	5.1	Representation of women in the Board of Directors	%	0
	5.2	Representation of women in management roles	%	25
	5.3	Percentage of employees under 30	%	15
	5.4	Percentage of employees over 50	%	18
6. Employment contracts	6.1	Gender pay gap	%	0
	6.2	Number of apprentice contracts	n.	0
	6.3	Percentage of sick leave	%	2.89
	6.4	Percentage of employee turnover	%	0
	6.5	Percentage of absence due to occupational injury	%	0.46
	6.6	Percentage of full-time contracts	%	84.8
	6.7	Number of fixed term contracts	n.	5
7. Corporate welfare	7.1	Annual investment per employee	CHF/per	2'575
8. Local community projects	8.1	Total amount disbursed in donations and sponsorships	CHF	17'000
	8.2	Associations benefitting from donations and sponsorships	n.	4
9. Materials	9.1	Main materials used by the company	t	160
	9.2	Percentage of materials of recycled and/or reused origin	%	100
10. Energy	10.1	Total energy consumption	MWh	248
	10.2	Percentage of energy consumption from renewable sources	%	100
	10.3	Energy intensity	MWh/t	1.55
11. Water resources	11.1	Water consumption	m3	0
	11.2	Water consumption intensity	m3/unit	0
12. GHG emissions	12.1	Total GHG emissions	tCO2eq	185
	12.2	GHG emission intensity	tCO2eq / t	1.15
13. Waste management	13.1	Total volume of waste produced	t	0
	13.2	Total volume of recycled waste	%	0
14. Investments	14.1	Investments in infrastructure, furnishings, machinery.	CHF Mio	0.2

Next steps

In all respects, corporate life at SARRECYCLING will improve significantly with the move to the new premises in Mendrisio-Rancate.

The new factory, which benefits from double the surface area of our current facility (almost 2000 square metres) and green spaces, will provide: 1) compartmentalised areas for different processes (approx. 600 square metres); 2) a large and efficient analysis laboratory (approx. 200 square metres); 3) more comfortable and spacious staff services (dining area, changing rooms, etc.); 4) more welcoming and spacious offices (approx. 400 square metres); 5) even more efficient fume treatment plants; 6) thermal and plumbing systems powered by solar panels.

All these improvements will achieve several results simultaneously: improved company life, reduced environmental impact, and increased quality and speed in our work.

It is anticipated that the site will be opened around mid-2024 and the company will fully relocate over the course of the following six months.

At the moment, we are limited by our facility's inadequate available floor space and the fact that we do not own the building in which we operate. We have had to forgo the purchase of some machinery because we would not have space for it; we have forgone some hires because the present facilities are at capacity; and we have had to rule out structural works which would have significantly advanced our capabilities but which would not have been approved by the landlord.

Thus, the main next step is to carefully plan our new spaces to facilitate our pursuit of the following objectives.

Objectives

With all of this in mind, we separate our objectives into two categories: two short-term (i.e. to be reached by June 2024) and medium-term (i.e. to be reached by the end of 2024) objectives.

1. By 30 June 2024

- Installation of extraction facilities by means of new hoods and cyclones: The purpose of these works is to avoid the dispersion of pyrolysis fumes and to prevent fire in the bag filter.
- Putting the Quality Manual into use: This will make it easy for our operators to consult procedures and working methods, and for our stakeholders to review them.
- Emission control: Continue with the existing control strategy, with sampling carried out at regular intervals.
- Wastewater control: Continue with the existing control strategy, with sampling carried out at regular intervals.
- Community outreach through participation in initiatives like that of Laveggio Park or by setting up projects to raise environmental awareness.
- Establishment of worker representation: We will ask all colleagues to identify a spokesperson, external to the Board of Directors and Management, who can convey their concerns and requests. The company will guarantee a space for workers' meetings and the possibility of meeting during working hours.
- Recreational opportunities: Plan recreational, cultural, and sports initiatives for all colleagues, fully covered by the company.

2. By 31 December 2024

- Building site works and relocation to the new building in Mendrisio-Rancate:
- Installation of solar power system.
- Installation of additional fume abatement systems.
- Allocation of recreation spaces.
- Creation of a small outdoor dining area in the green spaces surrounding the company.
- Formal invitation to interested customers/suppliers and stakeholders to visit the new plant.
- Drafting of welfare plan.



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