

Press release

An international supply chain to support formalization of Peruvian artisanal gold miners

Switzerland, Peru, (June 10th 2020) – Announcement of a fully traceable and responsible international supply chain from the Arequipa region in Peru to the Swiss market, the result of an innovative partnership between Minera Yanaquihua S.A.C., Swiss Better Gold Association, its implementing partner, the Better Gold Initiative for Artisanal and Small-scale Mining and Metalor Technologies SA. to support the formalization of artisanal gold producers.

The Peruvian government has been moving towards formalization of the artisanal and small-scale gold mining sector since 2002. The objective of this effort is to improve the working conditions of artisanal miners by bringing them into the legal economy. The process entails various stages such as securing safety and environmental compliance, ensuring proper disposal of tailings, reduction of process water consumption, promotion of formal employment, elimination of child labour, reduction of mineral loss and increasing the value of ASM extracted minerals. However, implementing this process often remains a challenge on the ground.

Today's announcement results from collaboration, coordination and synergy between multiple stakeholders in the gold market. Confirming their support of the ASM formalization process, they are creating a pioneering value chain through which artisanal gold producers benefit from technical support and market incentives while progressing on their journey to formalization.

MYSAC is a small-scale gold mining company that operates the Alpacay production unit in the Arequipa region of Peru, between 2,580 and 2,680 metres above sea level. MYSAC produces around 45,000 oz of gold per year, approximately one third of which is produced by artisanal miners.

MYSAC implements a dual model whereby production from its two mining units (Yanaquihua Mina Esperanza and Chalhuane) is processed with mineral from artisanal miners from various neighbouring communities. The supply solution unveiled today supports formalization of these ASM producers and, while moving forward with this process, enables them to develop their activity legally and transparently. ASM producers are individually assisted by MYSAC's technical team who help them to

improve their working methods, implement better social and environmental extraction practices and, importantly, make progress towards formalization.

MYSAC has a long-term commitment to sustainable sourcing, having already obtained Responsible Jewellery Council (RJC) certification for Yanaquihua Mina Esperanza and Alpacay production unit back in 2014. The Chahuane mining operation is in the process of RJC certification. By becoming the first Peruvian gold producing company to achieve this international standard, MYSAC has demonstrated a transparent and verifiable supply chain management system with a robust due diligence process across its entire value chain, including artisanal producers within its influence, and confirmed full alignment with the main objectives of the OECD Due Diligence Guidance while building secure, transparent and verifiable supply chains from mines to market.

Dr. Antonio Samaniego, Chairman of MYSAC, comments:

“Our vision in working with artisanal and small-scale miners from the local communities is to be fully committed with them, to sharing principles of compliance, safety and environmental best practices and regulations.”

Since June 2019, as part of its commitment to ASM producers, MYSAC is working with the Better Gold Initiative for Artisanal and Small-scale Mining (BGI for ASM). The BGI for ASM provides additional guidance and support to the MYSAC technical team on the ground while assessing ASM sources. Deployed in Peru since 2013, the BGI for ASM is the result of a public-private partnership between the Swiss State Secretariat for Economic Affairs (SECO) and the Swiss Better Gold Association (SBGA). As such, the initiative demonstrates the importance of ASM to both public and private stakeholders.

Thomas Hentschel, BGI for ASM Programme Director, says:

“This collaboration and direct investments from the Better Gold Fund will significantly enhance the technical assistance provided to the artisanal miners. Nearly 300 artisanal miners will benefit from this joint initiative to support them in making the complex journey towards formalization.”

The creation of this value chain would not have been possible without the unconditional commitment of Metalor within the Swiss Better Gold Association (SBGA). The SBGA is a non-profit organisation formed in 2013 by key industry players to improve working and living conditions in artisanal and small-scale miners and to facilitate entry of responsibly produced gold to the Swiss market. SBGA members actively support the development and formalization of ASM producers and bring a business solution to ASM challenges on the ground. Collectively, SBGA members have developed a sustainable self-funding mechanism whereby purchases of Better Gold generate a USD 1 per gram incentive that is reinvested in technical, social and environmental development projects within ASM communities.

Under this new initiative, the Better Gold Fund will co-invest in the formalization of ASM producers working with MYSAC.

Diana Culillas, Secretary General of the SBGA, comments:

“This programme showcases how a small-scale mining operation like MYSAC can drive positive change and promote formalization among artisanal miners. The relationship between an established operation and local communities of artisanal producers can be challenging. MYSAC shows how this relationship can also be harmonious and a force for good. Working with these artisanal miners is an efficient way to encourage and accelerate formalization. It's also a great opportunity to raise awareness of artisanal mining, help improve the lives of the local communities and reduce the environmental impacts of their activities.”

Mineral produced by MYSAC is channelled and refined by Metalor through a fully segregated and traceable chain of custody approach, then made available to the members of the Swiss Better Gold Association. Metalor is a leading Swiss-based refiner and supplier of precious metals with more than two decades of experience in Latin America.

Antoine de Montmollin, CEO at Metalor Technologies SA, comments:

“Metalor is one of the co-founding members of the SBGA and has always remained committed to the organisation's objectives and goals. We are confident that a concerted and structured dialogue with key stakeholders can lead to the creation of sustainable gold value chains. Metalor has always had a clear objective of continuously improving its standards in terms of responsible sourcing and compliance, and today we are happy to join forces with BGI for ASM and SBGA in doing so. It is our role to be part of a shared effort which leads to effective and long-term improvements for artisanal miners and their communities, and to the formalization of this important economic and social sector.”

Notes for editors

Minera Yanacocha S.A.C. (MYSAC) is a small gold producing company founded in 2000 in the district of Yanacocha, Arequipa, Peru. It operates two mining units in that region. Around 30% of production comes from artisanal and small-scale producers. So as to complete the supply chain, MYSAC will operate its own carbon desorption plant and produce dore in the coming months.

The Swiss Better Gold Association (SBGA) is a non-profit organisation that was set up by Swiss businesses active in gold supply chains, including refiners, jewellers, watchmakers and financial institutions. It aims to improve working and living conditions in artisanal and small-scale mining (ASM) communities and facilitate the entry of responsible artisanal gold to the Swiss market.

The SBGA partners with the Swiss Secretariat for Economic Affairs (SECO) in a public-private partnership: the Better Gold Initiative (BGI). This pioneering solution is aimed at creating transparency, responsibility and profitability in the ASM gold sector.

The **Better Gold Initiative for Artisanal and Small-scale Mining (BGI for ASM)** was set up in 2013 to improve the environmental and social situation of artisanal and small-scale miners by supporting them in conducting responsible mining practices. The BGI for ASM is a public-private partnership between the Swiss State Secretariat for Economic Affairs (SECO) and the Swiss Better Gold Association (SBGA). Following the first phase, which was implemented in Peru from 2013 to 2016, this initiative has now been extended to Colombia and Bolivia to further build transparency, responsibility and profitability in the gold value chain.

Metalor Technologies SA is a global supplier of precious metals and advanced materials with more than 165 years of history and experience. Based in Switzerland, the company operates five refineries around the world. It was founded in the Canton of Neuchâtel in 1852 by Martin de Pury as a specialist gold smelter and manufacturer of watch cases. Metalor is now part of the Tanaka Precious Metals Group, a world leader in precious metals applications since 1885.

The company refines all types of precious metals to offer a broad range of products and services of the highest quality, and uses Swiss precision technology to develop high purity metals, products and solutions which are used in a large number of applications across many industries.

Headquartered in Neuchâtel, the Group has 17 subsidiaries and operates refineries in Europe, USA and Asia. It employs 1,500 people worldwide, including 280 in Switzerland.

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