



PAMP[®]
Produits Artistiques Metaux Precieux

SOCIAL AND ENVIRONMENTAL REPORT
2010/2011

Our Continuing Commitment to Ensuring Sustainable Development.

The 2010-2011 calendar year marks PAMP's second appointment with the Social and Environmental Report, which has increasingly become our instrument for dialogue and discussion with those in our community and the surrounding environment. We believe that this type of reporting is not only our duty to our counterparts, but the right of all our stakeholders.

The company, or any company for that matter, cannot be considered the exclusive property of partners and shareholders, but for all intents and purposes, a social organism that interacts on a daily basis with many people, and that lives and grows with its local community. Being aware of this 'public' aspect of business activities requires attention and sensitivity in the choices and decisions that we must make on a daily basis, as these choices naturally have an impact on people, institutions, and the surrounding environment.

We therefore intend to unite attention to company profitability with respect for human rights, the rights of the community and the surrounding, natural environment. We intend to pursue sustainable and long-lasting development and to assure everyone of the best and fairest living conditions.

During the last financial year we chose to continue along this highly complex and ambitious, but very necessary path. We have continued to operate according to the fundamental values that are the foundation of our business activities and that inspire our conduct, our choices, and our decisions: Quality, Environment, Safety, Health, and Ethics.

These values have also inspired the document which you are about to read, prepared for the second consecutive year and a source of great satisfaction for us as an impetus to constantly do better and to improve ourselves.



The Art of Precious Metal Transformation®

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STRUCTURE AND METHODOLOGY: HOW TO READ THIS SOCIAL AND ENVIRONMENTAL REPORT

For our company, the Social and Environmental Report has confirmed its role as a primary tool for communicating activities and results in the social and environmental area, and an essential means of dialogue with and dissemination to the various stakeholders

For the second consecutive year we have decided to make a public commitment to preparing a Social and Environmental Report, to demonstrate its adoption as a fundamental instrument in both maintaining relationships and the planning and management of our business activities.

This report presents the activities conducted, the underlying values, the organisation, the commitments, and the results achieved via the actors that come into contact with our company on a daily basis, either directly or indirectly.

The report is submitted annually, distributed to various interested parties, published in English and Italian, and may be consulted at www.pamp.com.

This document is organised into three sections. The first provides a company overview, and the following parts are respectively dedicated to the commitments made- and the results achieved- in the social and environmental area. In detail:

Who we are

Provides a preliminary description of our character; traces our history, and presents the business activities conducted in terms of products and relevant markets, stakeholders, recognition and certifications received, and the organisational structure that supports those business activities.

Social Responsibility

Describes the commitments made; the actions taken; performance compared with prior fiscal years, and the impact of our business activities on the principal company stakeholders.

Environmental Responsibility

Focuses on the implications of company business activities upon the surrounding environment by presenting the commitments made; the measures implemented; a comparison with the past, and the results achieved in the protection, preservation, and safeguarding of the environment and natural resources.

From a methodological point of view, the key performance indicators presented in the various sections of the document are inspired by the principal and applicable standards employed internationally.

The information presented pertains to the fiscal years July 2010 – June 2011 and July 2009 – June 2010.

We trust you will find this document both relevant and valuable.



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1 / WHO WE ARE

PAMP, Produits Artistiques Métaux Précieux, is one of the world's leading companies in the precious metals sector. The experience gained over almost 35-years of operation, together with our membership in the MKS Group, enables us to provide a complete and integrated product line. In synergy with our parent company, MKS (SWITZERLAND) SA, we serve an international clientele by developing 'turnkey' solutions that meet even the most complex requirements and can encompass, directly or indirectly, all principal areas of precious metals operations: from production to trading, logistics, and marketing.

A focus of the company's philosophy is the commitment to maintain maximum flexibility, while pursuing continuous and constant improvement. That effort would not be possible without the correct organisational structure behind it. Human and technological capital and the related know-how, and especially the combination of those factors, are fundamental elements of our ability to do business.

1.1 / HISTORY

PAMP was founded in 1977, became an integral part of the MKS Group a few years later, and has over time, received international recognitions and certifications.

- 1977** PAMP SA (an acronym for Produits Artistiques Métaux Précieux), was founded in Chiasso (Switzerland).
- 1981** MKS Finance SA (recently renamed MKS (Switzerland) SA), a trading company headquartered in Geneva (Switzerland) that focuses on the precious metals sector, acquires a strategic equity stake in PAMP.
- 1982** With its success in the production of precious metals ingots, PAMP initiates the construction of a much more extensive production structure.
- 1984** Opening of the new production facility in Castel San Pietro (Switzerland), PAMP's current headquarters.
- 1987** The quality of PAMP products receives international recognition. The Swiss National Bank (SNB) and the London Bullion Market Association (LBMA) award it the important 'Good Delivery' seal of approval, a quality standard that certifies conformance to a series of specifications and requirements for the production of gold and silver bars.
- 1989-1990** The 'Good Delivery' distinction is also received on the Tokyo (TOCOM) and New York (COMEX) commodities exchanges.
- 2003** Platinum and palladium ingots are also granted the 'Good Delivery' seal of approval by the London Platinum and Palladium Market (LPPM).
- 2004** PAMP receives the prestigious distinction of 'LBMA Good Delivery Referee' and becomes one of five refineries in the world that are qualified to certify the quality of other refineries' products, acting on behalf of the LMBA.
- 2005** The Dubai Gold and Commodities Exchange grant PAMP the 'Good Delivery' seal of approval.

PAMP receives ISO 17025 certification, which approves the competence of the testing and calibration laboratories.
- 2006** PAMP is designated a 'Deliverable Brand' by the Chicago Board of Trade (CBOT).

Launch of the e-PAMP information technology platform.

Creation of the FORS line of premium products.

2007 PAMP receives the distinction of 'Referee' from the London Platinum and Palladium Market (LPPM) and becomes only one of three companies in the world to be a Referee simultaneously both for the LBMA and the LPPM.

2008 'Good Delivery' accreditation for silver by the Tokyo Commodities Exchange (TOCOM).

PAMP receives ISO 9001 certification, which establishes the requirements for the implementation of a quality management system in an organisation.

2009 As testimony to PAMP's diligence in the areas of the environment and employee health and safety, the company receives certification under ISO 14001, which sets the requirements for an environmental management system, and OHSAS 18001 certification, which certifies voluntary implementation of a system that assures adequate management and control of employee health and safety.

2011 Presentation of the first Social and Environment Report for the fiscal year 2009-2010.

The Responsible Jewellery Council formally certifies that PAMP has achieved certification meeting the ethical, human rights, social and environmental standards as established by the RJC's Member Certification System.

The 12-coin collection 'Twelve Days of Christmas' is nominated for Series of the Year during the Fifth International Commemorative Coins Contest.



1.2 / BUSINESS

More than thirty years business experience and membership in the MKS Group enable us to provide an extensive line of products and services:

Analysis and Sampling Service

The assay laboratory conducts chemical analyses to determine the purity of the precious metals produced or the materials received for refining. Our lab is an independent entity strictly regulated by the Swiss Central Office for Precious Metals Control in Bern and conforms to the general competence requirements of the International Organisation for Standardisation (ISO/IEC '17025:2005').

Refining Service

The refining service consists of separation and purification of precious metals and other metals and materials.

Employing an electrolytic and chemical process, PAMP has an annual production capacity in excess of 450-tons of gold, 600-tons of silver and 30-tons of platinum group metals.

Precious metals are refined to the following purities:

- Gold: 999.9‰ to 999.99‰
- Silver: 999.0‰ to 999.99‰
- Platinum: 999.5‰
- Palladium: 999.5‰

The refining department operates 24-hours per day.



Bar and Ingot Production

We produce:

- Gold bullion bars of different purities, from 999.9‰ to 999.99‰. The weight varies from 400-ounces (approximately 12.5-kilograms, which is accepted as 'Good Delivery'), to 1-kilogram, 0.5-kilograms, 10-tola, 100- and 50-grams
- Silver bullion bars, of purities from 999.0‰ to 999.9 ‰. The weight varies from 1000-ounces (approximately 31-kilograms), which is accepted as 'Good Delivery' to 1-kilogram
- Platinum and palladium bars, each of a minimum purity of 999.5‰, and rhodium powder, of the same purity. The weight varies from 1-to 6-kilograms

Bar dimensions and purities are governed by the specific requirements of regional markets. All bars are subject to rigorous inspections prior to being stamped and marketed.

Ingot, Coin, and Medal Minting

Minted Ingots

Gold ingots of a weight of 1-gram to 1-kilogram are one of our principal product groups, so much so that we are the world leader, accounting for more than 50% of the global market for minted ingots weighing 1-gram to 100-grams. The introduction of PAMP's distinctive Fortuna motif on its gold bars has been a great international success, and the image is now also featured on minted silver, platinum, and palladium ingots.

Sealed CertiPAMP packaging and official assayer signatures guarantee the quality, weight and content of every precious metals item.

Coin and Medal Minting

To commemorate the anniversaries of important and historical events, PAMP mints coins and medals in pure gold and silver, or their alloys. These products are developed both on the basis of specific customer requests, and within internally developed marketing programs, which cover everything from design to distribution via a global sales network. In this area we are also able to offer a personalised service, and adapt or produce special designs requested by individual customers.

Blanks

Blanks made of precious metals are also produced for minting purposes, and sold to government mints.

Products for Industry

We supply components and products necessary for the production processes of various industry sectors. For the gold jewellery and watch making industries, a vast line of gold alloys with different karat weights is produced, while wire, plates, disks, and grains are available on request.

For the pharmaceutical, chemical, electronics, and automotive industries, pure precious metals, as well as salts and solutions containing platinum group metals, are produced.

As noted above, PAMP received ISO 9001 certification in 2008 as testimony to our commitment to the production of quality products.

We dedicate resources to research new technological solutions, and consider Research & Development efforts of strategic importance as a support for growth. For this precise purpose, we are currently collaborating with the Tor Vergata University in Rome to further develop innovative ideas that can expand our product line.



Products for Industry



1.3 / RECOGNITIONS AND CERTIFICATIONS

The quality of the products we produce, worker health and safety, and protection of the environment are of the utmost importance to us, as evidenced by various recognitions, distinctions, and certifications that we have received over the years.

Recognitions

Our products are recognised as “Good Delivery” by:

- London Bullion Market Association (LBMA)
- London Platinum and Palladium Market (LPPM)
- The Swiss National Bank
- New York Commodities Exchange (COMEX)
- Tokyo Commodities Exchange (TOCOM)
- Dubai Gold and Commodities Exchange
- Chicago Metals Exchange (CME)

We are one of only three refineries in the world accredited as Referee by both the London Bullion Market Association and the London Platinum and Palladium Market.

We are an official member of:

- London Bullion Market Association: Associate Member
- London Platinum and Palladium Market: Associate Member
- Tokyo Commodities Exchange: Associate Member
- New York Exchange and Chicago Metals Exchange: Non-clearing Member

Certifications

We are the only refinery in Switzerland to simultaneously hold the following certifications:

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

During the financial year 2010-2011, we successfully completed the process necessary to obtain certification from the authoritative international body, the Responsible Jewellery Council (RJC). This association promotes ethics as well as social and environmental practices that respect human rights throughout the entire supply chain in the precious metals and diamond sectors.



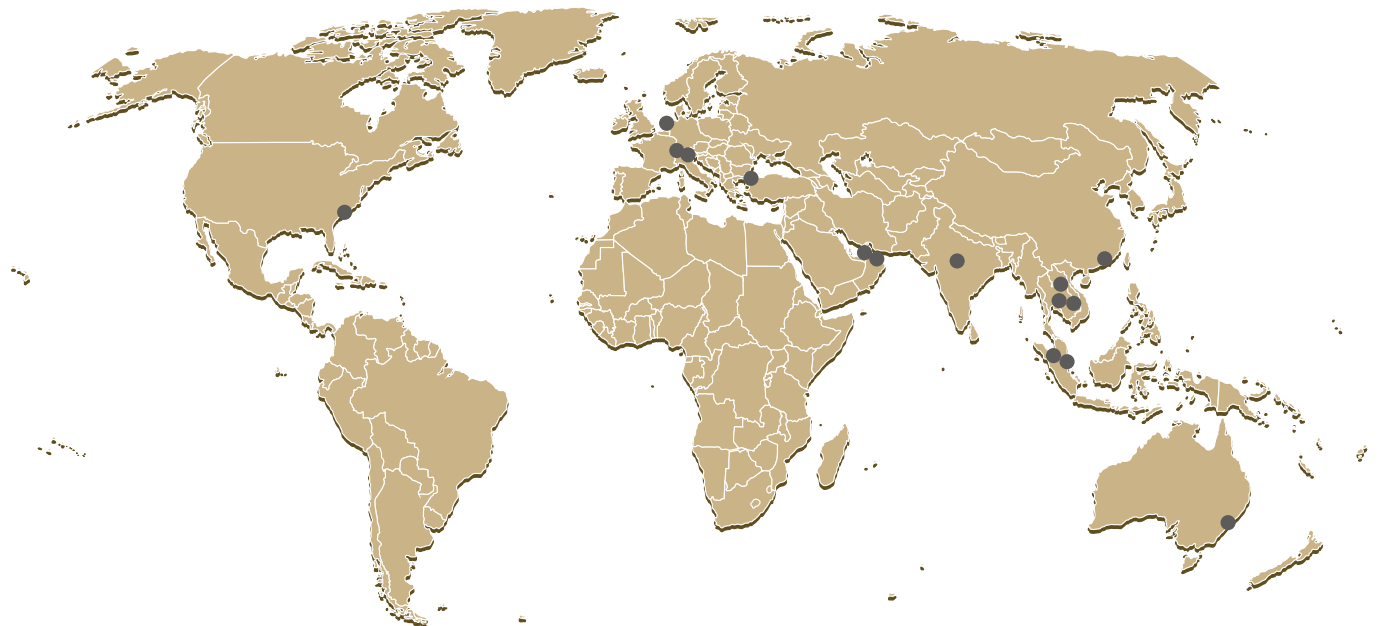
1.4 / GROUP

Our status as a member of the MKS Group assures us an international presence and allows us to offer markets highly integrated products and services.

Despite the fact our operations are geographically concentrated at the Castel San Pietro (Switzerland) production site, the MKS Group's international network of offices enables us to offer our products and integrated solutions globally.

The MKS Group, which has a presence on 5-continent and in 15-countries, has operated for more than 50-years in the precious metals sector, and counts more than 400-employees worldwide. Beginning in 2008, the group expanded its presence in India by forming MMTC-PAMP India Ltd, a joint venture with the Indian group MMTC, which is the largest trading company in India and its principal importer of precious metals.

Thus, our prestigious clientele comprises institutions throughout the world, including mines, central banks, government mints, commercial banks and various other industries and sectors.



1.5 / KEY FIGURES

A refining capacity in excess of **450**-metric tons per year in gold and **600**-tons silver

A refining capacity of **30**-metric tons per year in platinum group metals

The MKS Group maintains an active presence upon **5**-continents

Controls more than **50%** of the world market for gold ingots weighing less than 100-grams

175-PAMP employees in the financial year 2010-2011

CHF **10**-million in investments over the last 3-years

CHF **11.5**-million in investments in sustainability and environmental safety planned for the next 3-years

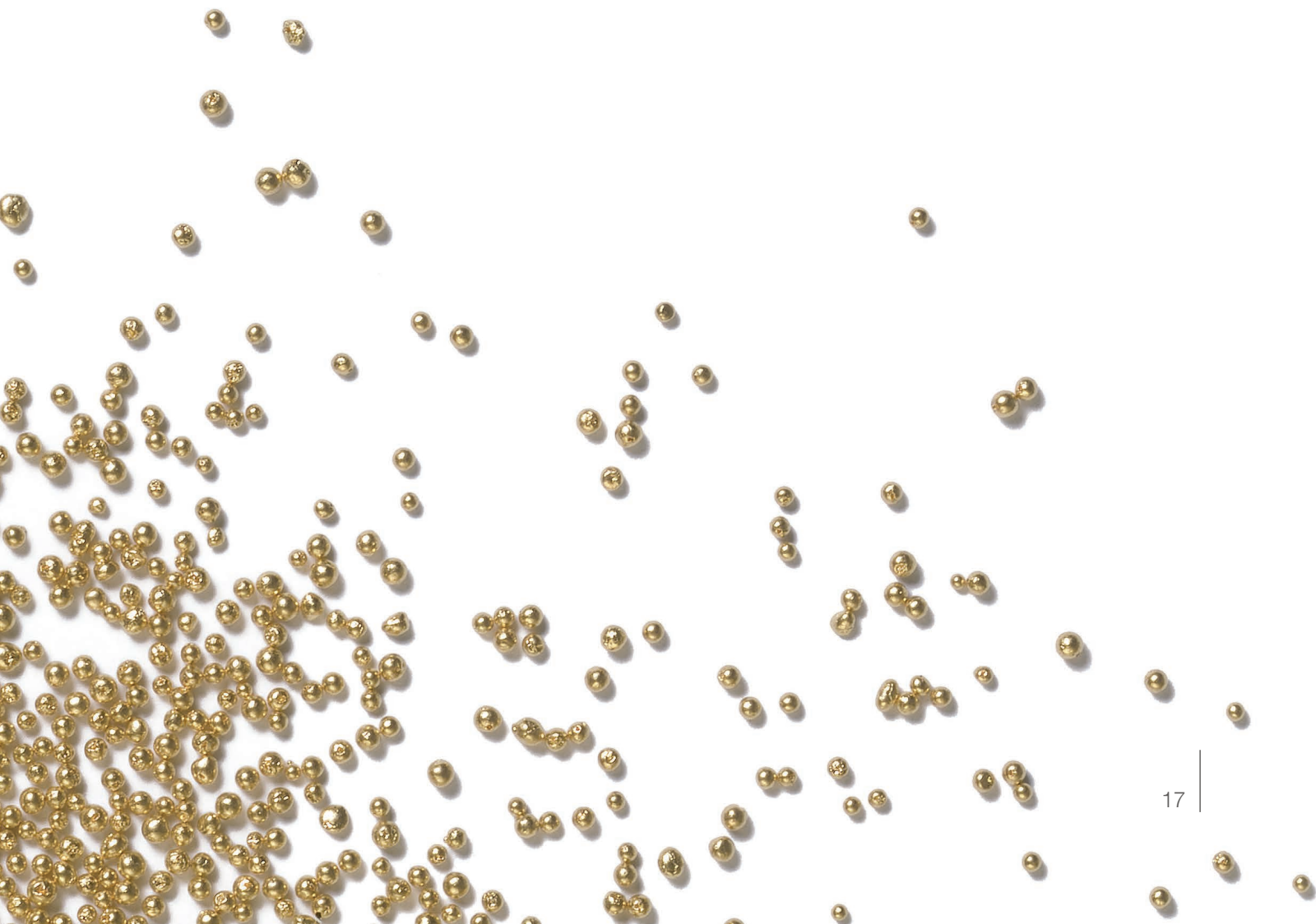
1.6 / STAKEHOLDERS

In conducting our business activities we must take into account the needs and expectations of different stakeholders with whom we may interact directly or indirectly. Strategic decisions are determined on the basis of those needs and expectations.

Every day we enter into contact with various actors that maintain different interests in PAMP. Those include customers, employees, MKS Group companies, suppliers of products and services, institutions, associations, the general public, environmental organisations, the media and competitors.

Our objective is to listen to and communicate with the various types of actors in a transparent and personalised way, in order to meet their various needs and requirements and to provide comprehensive information.

The Social and Environment Report therefore constitutes an instrument by which we establish a transparent, active, and mutually constructive dialogue with our stakeholders.



1.7 / VALUES AND ORGANISATION

QEHE: Together, Quality, Environment, Safety, Health and Ethics are the foundation of our business activities, and we pursue those goals through corporate governance and an Integrated Management System aimed at achieving the objectives set for the various subject areas.

Quality, Environment, Safety, Health and Ethics are the key obligations of our business activities. Progress and evolution in those areas has over time, led to an awareness of how observance and integration of our principles is indispensable to the success of the company.

That awareness has translated into concrete efforts and has prompted a transformation of our corporate governance, with the objective of integration of the various concepts formalised and summarised in the acronym QEHE (Quality, Environment, Safety, Health and Ethics).

We have created an integrated Management System (IMS), a cornerstone principle that ensures customer satisfaction through an expanded concept of quality that encompasses all of the other principles. The management system guidelines are therefore determined to be:

Customer Satisfaction

Continuous improvement of processes, products, and services by monitoring appropriately collected information.

Human Resources

Diligent training management, based on the concept that every employee must be competent and trained in his/her work at the company.

Technical and Production Resources

Researching and evaluating new technical and production solutions to improve performance, with complete respect for occupational safety and the environment.

Work Place Health and Safety

Continuous risk assessment, implementation of technical and organisational measures, continuous personnel training and audits of implementation of the directives issued.

Company Social Responsibility

Respect for human rights, respect for employees' rights, workplace health and safety guarantees.

Environmental Management and Respect for the Environment

Continuous improvement of environmental performance by minimising any negative impact on the surrounding environment, to the extent that it is technically feasible and sustainable.

Those guidelines form the basis of the precise organisational structure of the Integrated Management System, which identifies a member of Management as the Integrated System Manager. That choice was dictated by the decision to make system objectives and strategy central to the priorities of the governing body, the Management Committee.

At the operational level, three different cross-organisational teams have been created. They are the Quality Team, the Environment Team, and the Occupational Health and Safety and Ethics Team. Each operates by gathering comments and identifying needs pertaining to respective areas of responsibility, which are then passed on to the Integrated System Manager. That manager's role is to coordinate the work groups and to take action with company management. That process provides the necessary input for determining the projects to be undertaken and, under those projects, the objectives to be achieved with respect to the various issues.

Whenever possible, quantitative indicators are defined, which enable greater accuracy in monitoring the results achieved, and corrective action is taken when the need is recognised, pursuant to the basic objective of continuous improvement.

QEHE

Quality. Environment. Health & Safety. Ethics.

Those are the values that inspire our conduct and inform our choices.



3 / ENVIRONMENTAL RESPONSIBILITY

Preserving the environment in which we operate is one of our principal objectives, and achieving that requires protecting local resources, which in turn supports improvement of the community's living conditions.

That approach translates not only into compliance with applicable environmental laws and regulations, but also the constant search for optimal solutions that can combine company efficiency with respect for the local area. It is not by chance that the QEHE was developed specifically to exercise management control over production processes and the environmental issues connected to those processes, so as to achieve truly sustainable resource management.

This portion of the Social and Environment Report describes the means and the processes employed to act responsibly toward the environment, the resources utilised to conduct our business operations, and the discharges generated by those operations.

3.1 / ENVIRONMENTAL IMPACT MANAGEMENT

Objectives for reducing environmental impact, a program to achieve those objectives, a team of human resources dedicated to monitoring environmental issues, ad hoc training for personnel, and compliance with laws and regulations are all elements that ensure integrated management and constant control of our activities and their possible affects on the environment.

Objectives PAMP has always engaged in diligent and proactive management of all environmental issues. To that end, the QEHE system manager, in collaboration with the functions involved, has established a series of objectives aimed at continuous and reasonable improvement of environmental impacts. Specifically, those objectives involve a commitment to:

- Reduction of waste and the squandering of resources
- Reduction or elimination of the release of pollutants into the environment
- Design of products that minimise environmental impact in production, use, and disposal
- Control and containment of the environmental impact of raw materials purchasing
- Improvement of environmental management operating practices
- Environmental awareness on the part of personnel and the community

Environmental Management Program To achieve these objectives, we established one or more environmental management programs, and for each we specify a manager, means, resources, and time frames for achieving the objective. All personnel are involved and are required to carefully comply with the requirements of the system and of applicable laws.

Internal Organisation Our commitment is carried out by a specific organisational structure called the Environmental Management Team, which constantly monitors the interaction between company operations and the environment. Specific, critical areas are identified, such as atmospheric emissions, energy use, and waste generation, and a priority indicator is used to measure each. In turn, that indicator translates the importance of each factor into quantitative terms. Consistent with those activities, the team identifies the need for undertaking new environmental projects, which are broken down into specific objectives that must be achieved by specific deadlines.

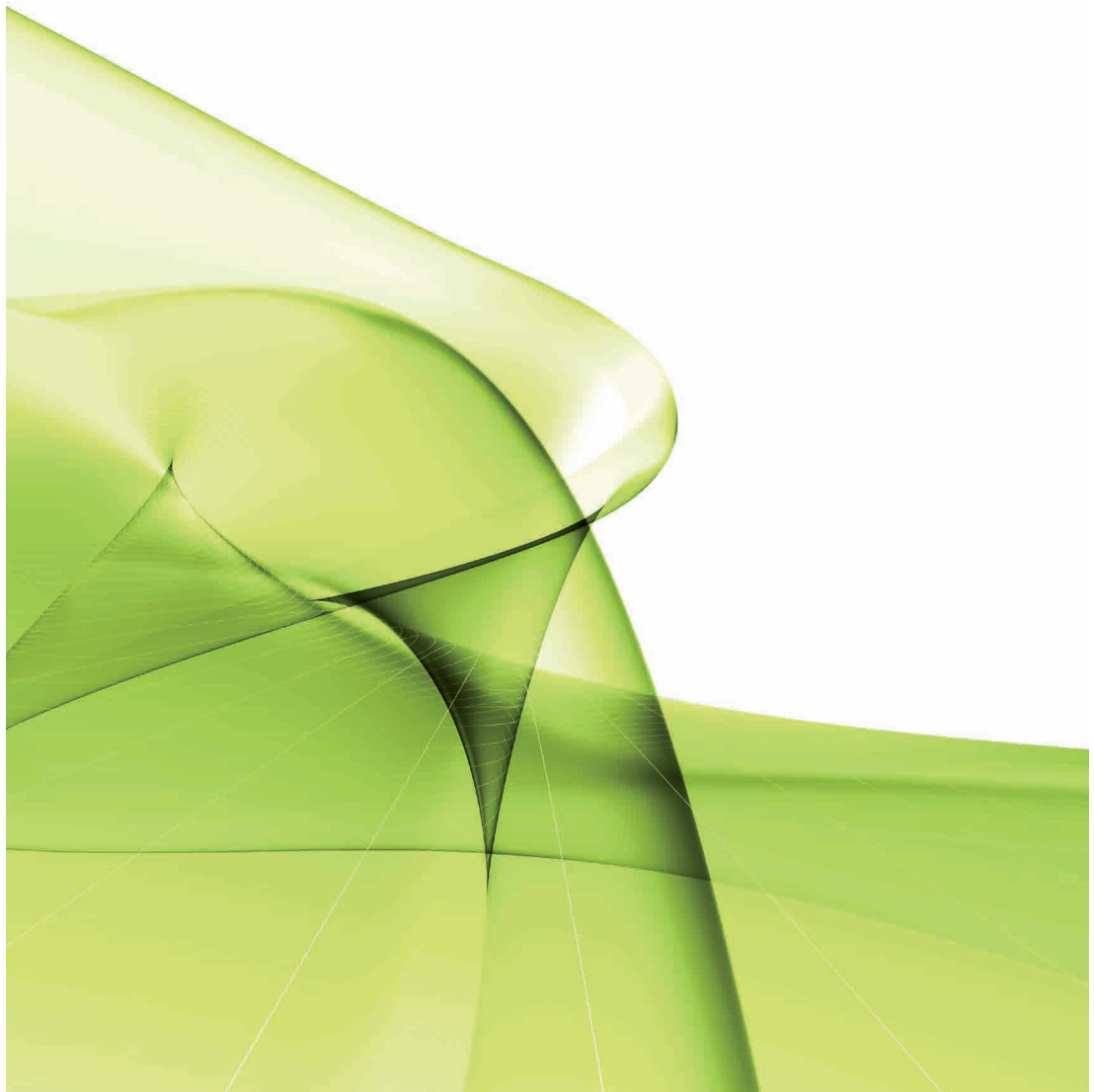
**Skills, Expertise
and Training**

The performance of duties and functions that could have a potential impact on the environment requires proper training, as well as preparation by the individuals responsible.

PAMP takes great care to identify basic training requirements, and has trained personnel who are aware of the critical nature of environmental issues, of their own roles and responsibilities, and of the consequences of failure to comply with internal procedures.

**Certifications
and Compliance**

In the financial year 2010-2011, PAMP received an important recognition demonstrating our commitment to respect for the environment: ISO 14001:2005. This certification proves conformance to internationally recognised environmental protection standards.



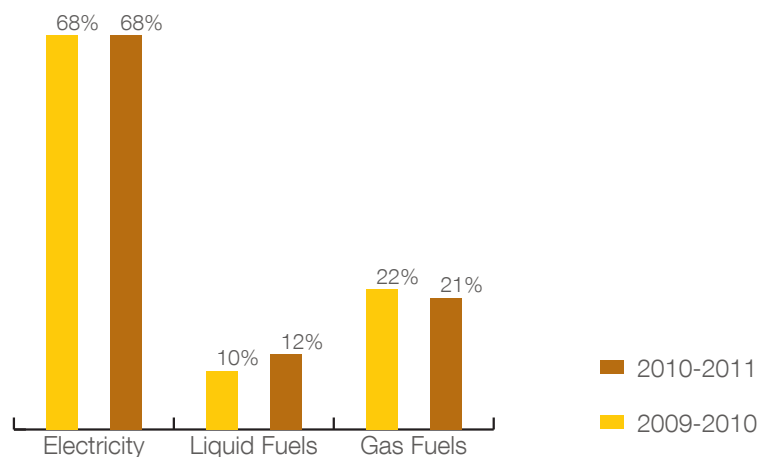
3.2 / RESOURCES EMPLOYED

The use of energy and water is indispensable to conducting production operations. We diligently seek new technological and procedural solutions to optimise consumption and minimise environmental impact.

Energy Requirements

Energy, specifically electrical power, is consumed mainly to operate plant facilities (in particular the melting furnaces), while liquid and gas fuels are utilised especially for ambient heating.

Energy Supply Sources

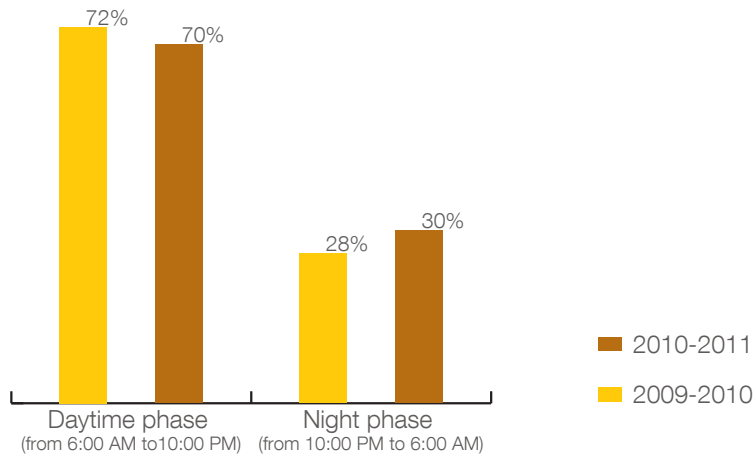


Total energy consumption for the year 2010-2011 was 10,700-MW, of which approximately 70% comes from consumption of electrical power, while the remainder is distributed between liquid and gas fuels.

Precisely because electrical power is the principal energy source, we have invested considerable efforts in the standardisation of its use during the day.

Homogeneous distribution of electricity over time makes it possible to avoid strain on community-wide electricity-resources during hours when overall demand is greatest. To that end, PAMP makes use of night time surplus generation, which would otherwise be lost, given the impossibility of storing electrical power.

Daily Distribution of Electricity Consumption (MW Per Year)



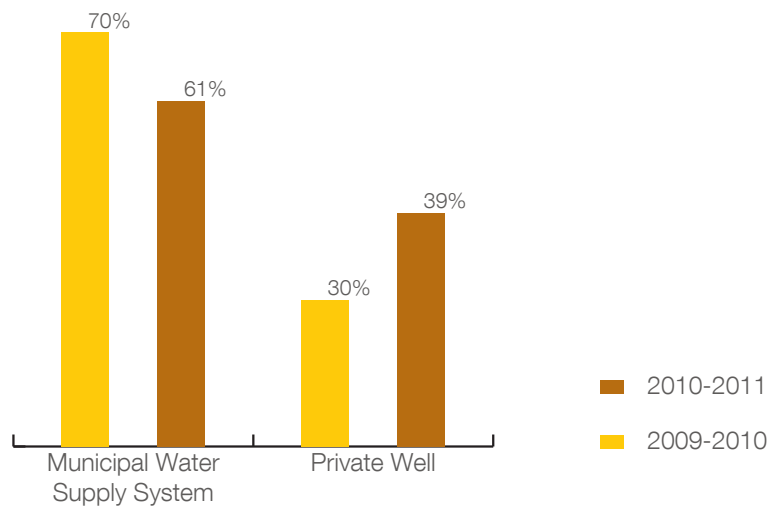
In the financial year 2010-2011 consumption was also stabilized throughout the entire day: 30% of electrical power was utilised during the eight hour night time phase, while the remaining 70% was utilised during the sixteen hour daytime phase.

Water Requirements

Water consumption is allocated to three principal uses:

- Production processes (chemical and electrolytic refining and the washing of finished products)
- Cooling of plant facilities
- Routine service purposes

Water Supply Sources



Water is supplied through the municipal water system and through a private well. Water consumption during financial year 2010-2011 was 28,513 cubic meters: It should be noted that during the last financial year, use of the municipal water system significantly decreased (from 70% to 61%), in favour of greater use of the private well (from 30% to 39%).

3.3 / WASTE, WATER DISCHARGES, SOIL DISCHARGES, AND ATMOSPHERIC EMISSIONS

Our objective is to minimise the environmental impact from the generation of waste substances, which are classified as waste, water discharges, soil discharges, and emissions of gaseous substances into the atmosphere. We accord great importance to waste recycling and disposal, as well as to the treatment of all substances that may come in contact with the surrounding environment.

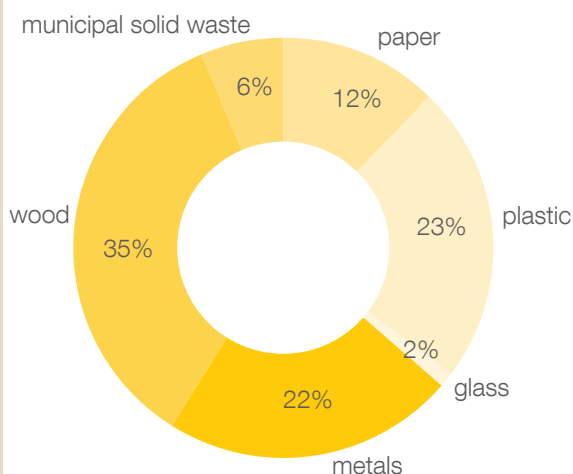
Itemisation of Waste

Ordinary Waste

We exercise diligence in the 'differential' collection of our waste. Waste is kept separate within the respective departments and is periodically transferred to suitable containers located outside.

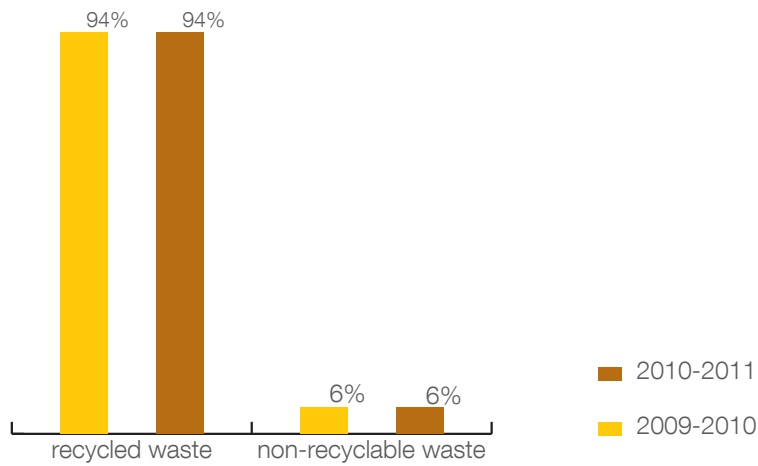
Before shipping to the waste disposal company, we accurately verify that no pollutants, chemical substances or substances different in nature from the waste itself are present.

Composition of Ordinary Waste 2010-2011



Ordinary waste mainly consists of wood (35%), plastic (23%) and metals (22%).

Recycling of Ordinary Waste



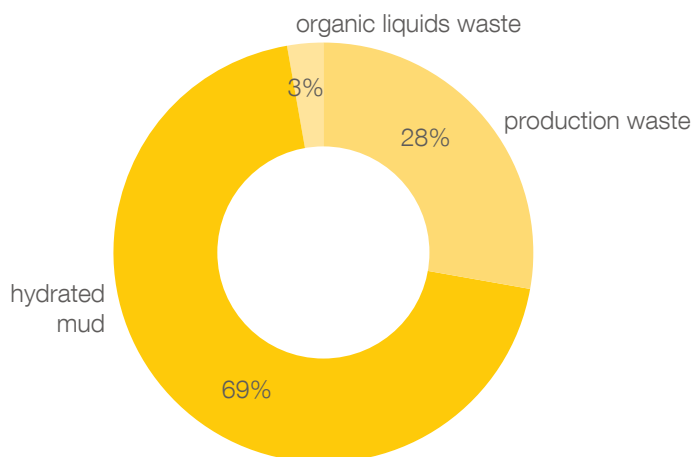
During the last financial year it was also possible to recycle 94% of ordinary waste by sending such waste to a company that specialises in industrial waste recycling.

Hazardous Waste

Hazardous waste is generated by:

- Spent products
- Waste generated during the processes of neutralisation and treatment of water utilised during production

Composition of Hazardous Waste 2010-2011



Water Discharges

We have established a series of internal procedures for the treatment and management of those substances. Specifically, that waste is stored in areas that ensure safe and proper preservation. Periodically, specialised operators authorised to perform treatment and recycling work collect waste.

Most of this waste consists of hydrated mud, which is generated by the water neutralisation and treatment processes prior to the discharge of processed water into the sewer system. The remainder of the hazardous waste consists of waste products requiring disposal (for example, oils, solvents, paint, etc.) and that are classified as spent materials to be stored in suitable containers and sent for disposal.

As indicated above, water is used for three principal purposes:

- Cooling of plant facilities
- As a component used during production processes;
- Routine purposes

Following those uses the water is discharged either into the Raggio Stream or into the sewer system, from which the Consortium Water Purification Plant then processes it.

Water for the Cooling of Plant Facilities

The water is discharged into a natural receptor, the Raggio Stream, and its discharge temperature is controlled. That water is free of pollutants because it does not come into direct contact with the facilities. Rather, heat is exchanged with other water contained in a closed circuit and which is the medium for the heat exchange.

Water as a Component of Production Processes

Special treatment is required for the purpose of recovering any materials dissolved in the water, which primarily leaves behind salts. The water enters into direct contact with the facilities, as well as with metals and chemical substances utilised in various processes.

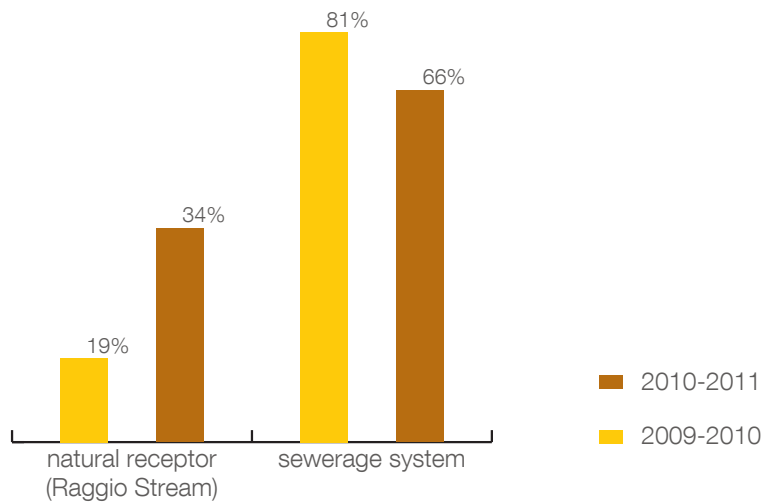
It is subsequently discharged into the sewer system and received by the Consortium Water Purification Plant, which can treat the waste substances.

On a daily basis PAMP performs all analyses necessary to ensure that the content of substances present in the water conforms to the parameters established by law. In addition, the Environmental and Planning Department has authorised PAMP to discharge liquids into the Consortium Sewer System, and in turn the Environmental and Planning Department periodically performs the necessary inspections.

Water for Routine Purposes

Water is discharged into the sewer system without undergoing any treatment.

Destination of Water Discharges



The quantity of water sent to the natural receptor increased from 19% to 34%, in comparison with the financial year 2009-2010. This increase was due to the introduction of a new cooling facility necessary to handle the increase in production.

Soil Discharges

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

A Safety Office Manager directly supervises all discharge operations involving chemical substances that have a potential pollution risk. A study performed in 2003 and submitted to the Canton of Ticino Environmental and Planning Department showed a complete absence of pollution.

Atmospheric Emissions

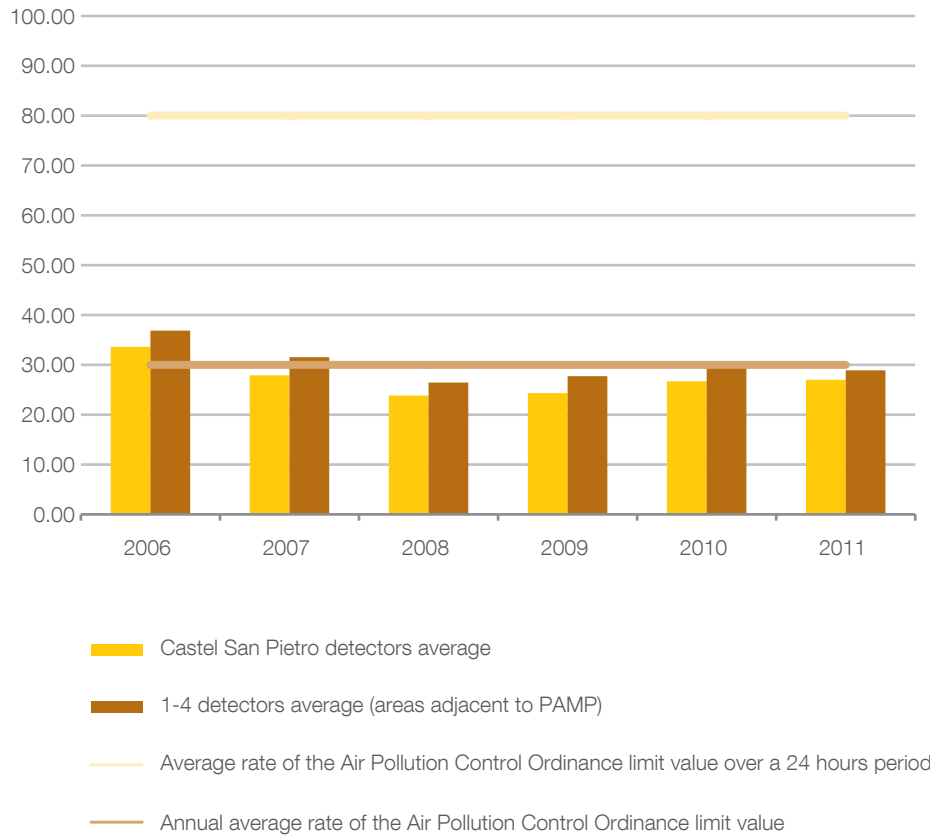
We are committed to significantly reducing atmospheric emissions of gases, which mainly consist of nitrous oxides that are released as a result of precious metals refining operations.

In recent years there has been a further rationalisation of the fume discharge system and an optimisation of the use of existing pollution reduction facilities. Specifically a modification of the silver electrolysis facilities, with the adoption of an automatic regulation and metering system, resulted in a significant reduction in NO_x emissions (mono-nitrogen oxides NO and NO₂). We are also equipped with an emissions analysis instrument, which makes it possible to examine and verify the results of the measures adopted.

All of those measures were adopted in close cooperation with the Environmental and Planning Department and in particular its Air, Water, and Soil Protection Section. The latter is responsible for performing systematic controls and inspections to audit compliance with limits established by the Federal Air Pollution Control Ordinance. Automatic detectors located both within the vicinity of the production plant and at more distant locations perform controls.



NO_x Emissions Average Rates (micrograms per cubic meter)



As can be seen in the graph, the average nitrous oxide emission levels are less than the Air Pollution Control Ordinance average, on both an annual and daily basis. That data demonstrates our efforts have a genuine, beneficial effect, especially considering the substantial increase in production that has occurred in recent years.



2 / SOCIAL RESPONSIBILITY

Social responsibility requires diligence and commitment, and for PAMP, represents an ongoing investment in our future. Interacting with and relating to different categories of stakeholders every day enables us to not only pursue our strategic objectives, but to also generate value to be distributed and reinvested.

For this reason, having an open, transparent, and constructive relationship with employees, customers, suppliers, and the local community is indispensable in overcoming challenges and mutual growth.

This section presents the various means of interaction and dialogue with our stakeholders, the commitments made, and the results achieved during the financial year 2010-2011.

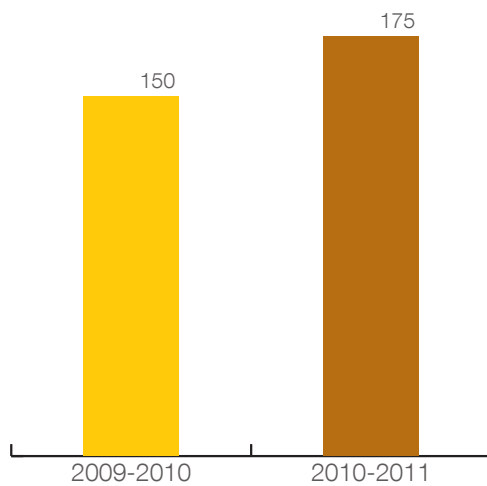
2.1 / HUMAN RESOURCES

PAMP comprised 175-employees during the financial year 2010-2011, most of whom are permanent employees. More than 50% have been working with us for at least 5-years, and 570-hours were dedicated to training activities.

Employee Distribution

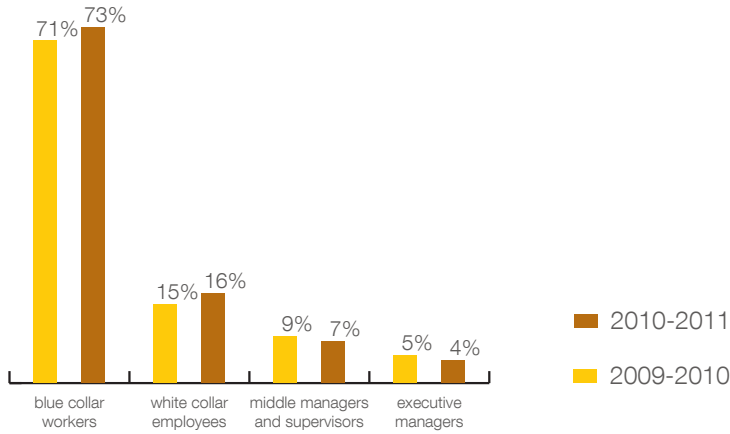
During the financial year 2010-2011, the company posted a considerable increase in the average number of employees who work with us every day.

Average Number of Employees



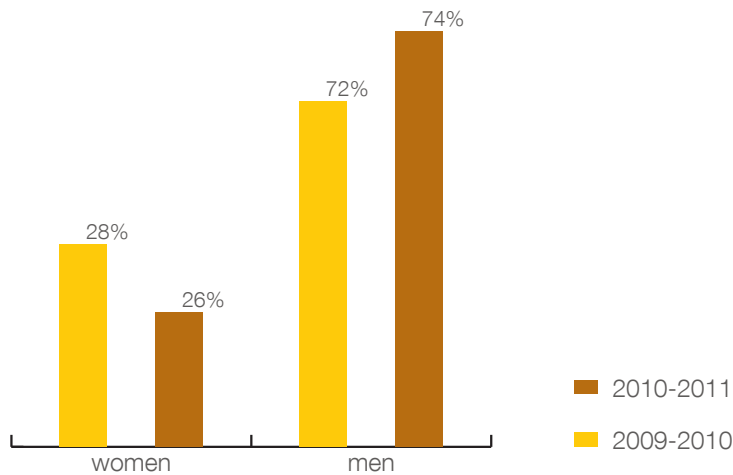
The average staffing level went from 150- to 175-employees, a 17% increase. Considering the current state of the global economy, that increase is particularly significant, as new hires are in fact permanent, not temporary, PAMP employees.

Personnel by Professional Category



Prompted by a significant increase in production, the increase in the number of employees primarily reflects factory floor and administrative staff, who represent, respectively, 73% and 16% of the total workforce.

Personnel by Gender



PAMP devotes particular attention to the issue of equal opportunities. Indeed despite the fact that the increase in personnel primarily pertained to factory floor staff, we attempted to maintain the balance between the number of male and female employees. That attempt resulted in a situation similar to that recorded in the prior financial year, with male employees representing 74%, and female employees representing 26%.

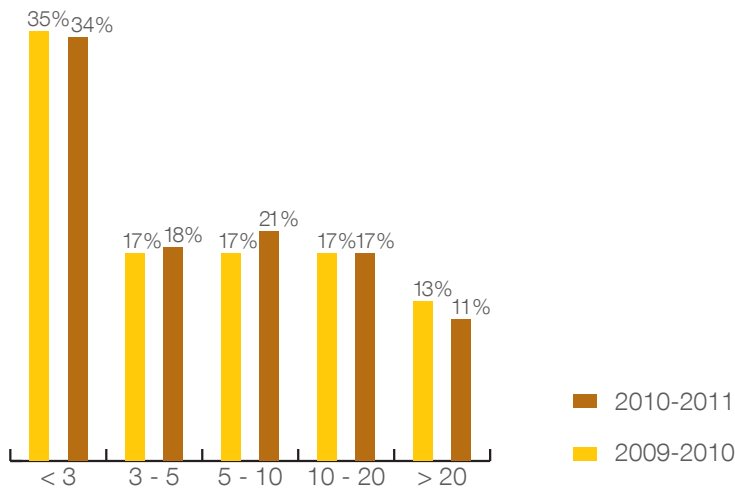
Employee Relations

Creating an atmosphere of trust, loyalty, and mutual respect with employees is paramount at PAMP. We wish to encourage an open, ongoing dialogue, with the belief that communication and the freedom to express opinions are key factors in promoting and stimulating the growth of all.

As regards employee relationships, PAMP prefers permanent employment, because it allows employees ample opportunity to develop and accrue key skills and expertise essential to optimal work performance, and to become fully committed to company principles. In turn, employees gain the confidence necessary to perform their work activities.

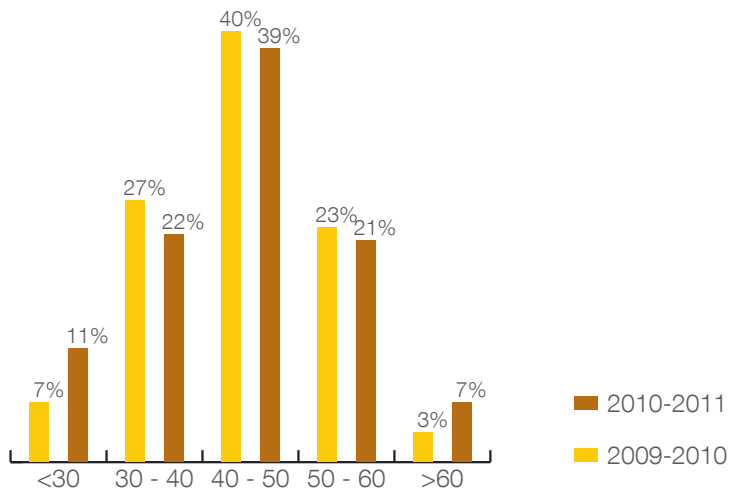
However, in some circumstances, to deal with peaks in demand or market requirements, it is necessary to utilise temporary staff.

Personnel by Seniority of Employment



The bond that employees have established with PAMP also testifies to the atmosphere of trust and loyalty the company endeavours to create. Despite the considerable increase posted in the last financial year, approximately 50% of employees have been working for us for at least five years, and almost 30% for more than 10-years.

Personnel by Age



We believe that PAMP may be considered a ‘young’ company as more than 70% of employees are less than 50-years old and in the last financial year employees below the age of 30 grew from 7- to 11-percent.

Joint Initiatives with Employees

PAMP is pleased to highlight several initiatives organised to further enhance the atmosphere within the company and to encourage social relationships and dialogue among colleagues. Such occasions are intended as opportunities to participate in informal and entertainment-oriented events outside of the work environment.

In August 2010 a cookout was held at the Castello playing field that welcomed PAMP employees and soccer players from the Castello Sports Association, a soccer team PAMP sponsors, and which played informal matches for the occasion.

At the 2010 Christmas dinner, our employees had the opportunity to not only exchange greetings, but to also participate in a lottery offering various types of prizes.

In June 2011, employees spent an entire weekend together on an excursion to Grindelwald, which involved group activities and various get-togethers.



We dedicate a great deal of attention to the issue of training and to increasing the skills and expertise of the company's human resources. It is important for every employee to be properly trained for the type of work that he/she is to perform, and it is our objective to ensure an understanding and correct implementation of the QEHE system.

Education and Training: A Process of Continuous Growth

At the time of employment, personnel are informed of their tasks and responsibilities, and of the risks to which they could be exposed during work activities.

Every employee has a continuous development plan marked by training periods and, if necessary, specialised training. Training is implemented directly by the managers of the divisions in which employees work. Training is planned utilising tools that enable evaluation and monitoring of the growth of each employee.

In the event that an employee needs impromptu or additional, specialised training, the manager works with the personnel office to ensure that training is implemented, and that all requirements of skill and expertise are met.

Lastly, human resources evaluations are conducted annually, to review the performance of each employee from professional, social, and proactive points-of-view. Each employee actively participates in the preparation of the evaluation questionnaire, thereby ensuring a two-way dialogue and the opportunity to openly discuss the employee's growth process.

PAMP Training Policies

Training programs are conducted both internally and externally, in a manner consistent with the objectives stated above. Programs involve three different types of training coursework:

- Type 1: To increase employee knowledge and awareness of the QEHE concept and, more generally, the company philosophy
- Type 2: To increase and enhance specific skills and expertise, as well as courses in workplace health and safety.
- Type 3: For personal enrichment, such as information technology or language courses, or courses that are informative in nature (for example, concerning Social Security needs).

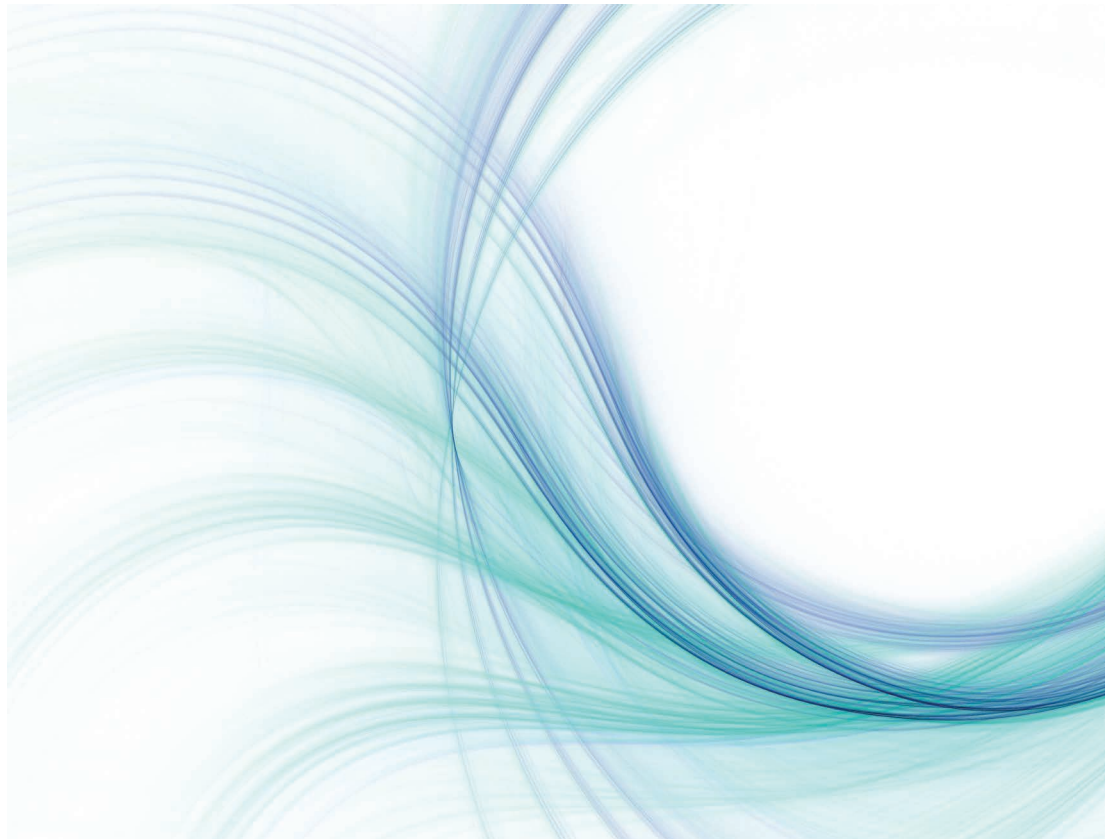
Internal Organisation

It is essential to provide all employees a safe work environment that ensures their physical safety throughout all work activities undertaken. That obligation translates into comprehensive training programs that provide instruction in all procedures to be followed while performing work; in addition to continuous monitoring activity that manages and controls risks to which personnel are exposed. Therefore, the Occupational Health, Safety and Ethics Team constantly monitors and maintains control of safety plans, and of the Hazards Portfolio, which continuously documents analysis of work activity risks.

In 2007 the Worker Representatives Group was established, which acts as a commission on safety and environmental problems. During a series of meetings the comments received from employees are presented and, if necessary, action plans are implemented to resolve any and all problems.

Certifications

In 2009, PAMP received the internationally recognised OHSAS 18001:2007 Certification, which certifies an organisation's voluntary implementation of a system that ensures adequate management and control of employee health and safety.



Accident Indicators

Continuous monitoring of employee safety is achieved by measuring two indicators: the frequency indicator and the severity indicator:

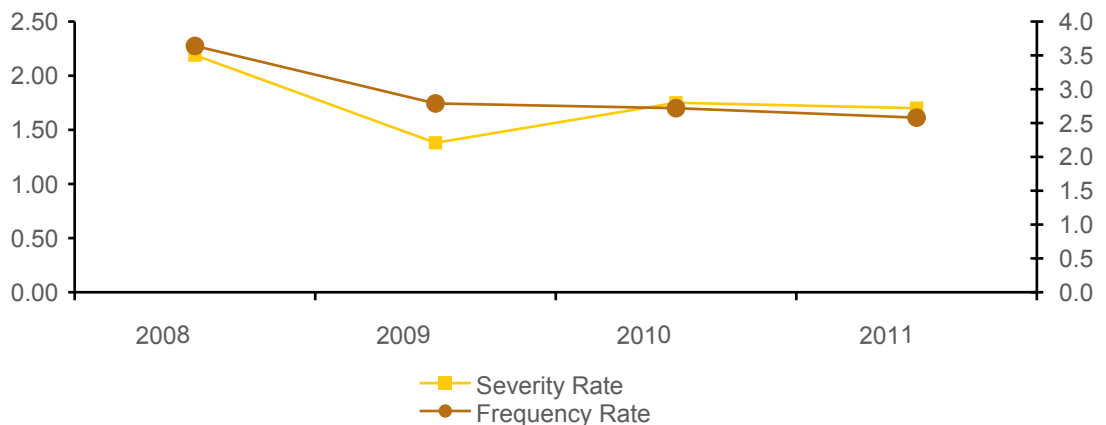
The Frequency Indicator (FI) represents the number of accidents per hundred thousand hours worked (n° of accidents \times 100,000/hours worked).

That indicator has demonstrated continuous improvement at PAMP, given that between 2008 and 2011, the number of accidents decreased by approximately 30%. The FI has been stable for several years with occurrences averaging between 2 and 3, as compared to a national average of 6-7, indicated by official SUVA statistics for the metals processing segment.

The Severity Index (SI) represents the number of hours lost via work accidents per thousand hours worked (hours lost \times 1,000/hours worked). That indicator has also posted levels that are very low in an absolute sense, and from 2008 to 2011, the SI decreased 22%. An increase in the SI in the years 2010 and 2011, compared with 2009, was due to an increase in the hours lost as a result of accidents which, overall, remained the same, but were marked by longer recovery times.

It is important to bear in mind the fact that when considering a strictly numerical assessment of the frequency and severity of accidents within the company, the relatively low number of employees must also be taken into account, as one or two instances are sufficient to cause a positive or negative fluctuation in the period in question.

Injury Rates



2.2 / CUSTOMERS

Satisfaction and loyalty are indispensable to establishing long-term relationships with our customers. To achieve those objectives it is necessary to guarantee quality products and quality service, and at the same time establish an open and transparent relationship.

Customer Categories

Our Customer Portfolio covers the complete range of precious metals market participants: central banks, government mints, commercial banks, mines and industries located throughout much of the world.

An interesting feature of the precious metals processing business is that often customers are also suppliers of raw materials that are subsequently processed. For this reason, we assume responsibility not only for guaranteeing the utmost quality of the finished product, but also for the careful evaluation of the provenance of raw materials; the labour standards employed; environmental impact; compliance with proper working conditions, and ethical principles.

All of the above presupposes a relationship of trust and transparency among the parties, based upon in-depth knowledge of one another and long-term business relationships.

Attention to Customer Relationship Management

Precisely because relationships are a fundamental component of customer relations, PAMP devotes particular attention to relationships during the phase of customer acquisition, and to management of relationships over time.

Acquisition

New customers are acquired through both our sales office and via close collaboration with MKS (SWITZERLAND) SA.

With particular regard to issues of integrity and respect for ethical values and human rights, we have established a series of strict procedures to be followed in the acceptance of new customers, which specify rigorous suitability requirements.

Relationship Management

Each existing customer is provided a dedicated manager as a primary point of contact to rely upon throughout the entire business relationship.

That manager, in addition to receiving requirements, handling bids and offers, and filling orders, constantly monitors and audits customer satisfaction, receives and oversees any claims or complaints filed, and constantly monitors and controls the customer's faithfulness to ethical and behavioural principles.

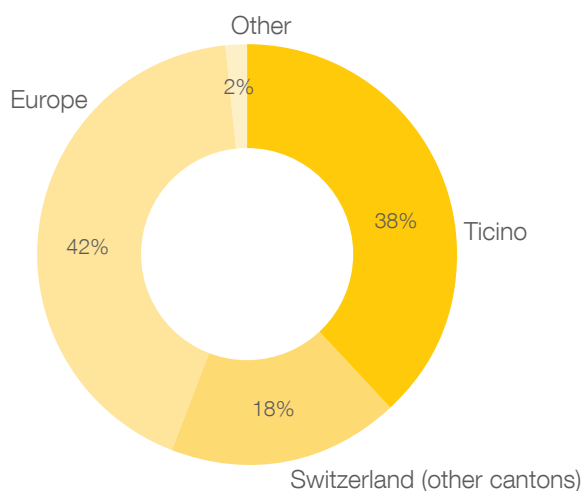
2.3 / SUPPLIERS

We consider our suppliers to be strategic partners instrumental to PAMP's attainment of the highest levels of quality. Suppliers are selected by carefully evaluating financial, technical, organisational, environmental, and geographic requirement, and it is no coincidence that nearly 60% of our suppliers are located within Switzerland.

Supplier Breakdown

To conduct our business operations we make use of a substantial number of suppliers.

Suppliers by Geographic Area



In the financial year 2010-2011, 56% of suppliers were located in Switzerland, and in particular, 38% in the Canton of Ticino.

Supplier Qualification and Selection

Purchasing does not concern raw materials (those containing precious metals, are supplied directly by customers) but rather, exclusively consumables, investments in the plant and/or machinery, and services.

Qualification and subsequent evaluation of suppliers is based upon verification of the fulfilment of technical, financial, and organisational quality requirements, and upon proof of conformance to environmental, ethical, and safety standards.

All suppliers are subjected to a thorough analysis phase that encompasses the collection of information from various sources, a request for the completion of an appropriate evaluation questionnaire, on-site inspections at supplier premises, and analysis and testing of various samples.

The fact that most suppliers are located within Ticino is no coincidence and is the obvious response to PAMP's decision to pursue specific objectives and to achieve high quality results. Proximity first guarantees PAMP greater simplicity in communication and collaboration among the parties, and secondly, has a positive impact from an environmental point-of-view due to a reduction in and rationalisation of shipping and distances of transportation.

2.4 / LOCAL COMMUNITY

For more than 30-years, PAMP has maintained strong ties with the Castel San Pietro community, and is proud to be an active and integral member. We contribute to its economic and social development through participation in local initiatives such as workgroups, sponsorship of various types of projects, active dialogue with the local media, and through collaboration with local government at various levels.

Dialogue with the Local Area

We are committed to constant dialogue with the community in which we operate, by participating in consultation, dissemination of information, and involvement in initiatives that concern, in particular, the neighbourhoods located near the Castel San Pietro production plant.

For several years we have actively participated in programs and initiatives conducted by the community, such as a workgroup established by the Vivigorlaedintorni Citizens Association (for Gorla and the surrounding area) and by the Town of Castel San Pietro, precisely because we deem it indispensable to listen to, engage with, and cooperate with the surrounding area.

Sponsorships

In the year 2010-2011 we successfully fulfilled our commitments to two projects tied to the local community, initiated the previous year: For the third consecutive year PAMP is the principal sponsor of the Associazione Sportiva Castello, and also sponsored a drawing/illustration course at the Istituto Sant'Angelo di Loverciano.

Working with the Istituto Sant'Angelo is particularly significant, to both PAMP and the school, since it enables students of the institute to continue with a curriculum designed to allow them a new means of personal expression, which in turn may help with overcoming difficulties caused by their handicaps.

We also decided to recognise the children's progress by selecting the subject of the company Christmas card from their drawings, and at the end of the course we held a public exhibition of the student body's work.

To expand our contributions in environmental and educational areas, PAMP lent its support to the activities of the Park of the Breggia Gorge in the spring of 2011.



Media

Relations with the press and the various media are always maintained in keeping with the principle of transparency, which is the basis for this report. The media have given the presentation of this report considerable coverage in the pages of the Ticino daily newspapers, trade journals and magazines dedicated to the local area. PAMP's cooperative attitude in providing information and clarifications, when requested by sector specialists, is properly balanced by attention to and respect for the privacy of customers and employees. We therefore choose to provide factual information without giving rise to speculation. We also actively inform media outlets of the activities conducted by the Istituto Sant'Angelo and the Castello Sports Association. Significantly, the major Ticino daily newspapers gave particularly positive coverage of the private preview of our exhibition of artwork by the students of the Istituto Sant'Angelo.

Collaboration with Government Agencies

PAMP collaborates with local governments and government agencies on several fronts and for various purposes.

In regards to the Environmental and Planning Department, we continue to maintain the commitment to compliance with established parameters regarding, for example, water discharges and atmospheric emissions.

With emergency services organisations such as Fire, Police, and the Green Cross, we periodically organise exercises for the purpose of optimal management of emergency situations.

Through the distribution of value generated, and specifically by meeting our tax obligations, PAMP participates in the redistribution of wealth generated within the local area.





The Art of Precious Metal Transformation®

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