

## **Commonwealth Modern Slavery Act 2018 Statement in respect of Hartree Metals Sàrl (Hartree Metals LLC)**

This is the second statement issued by Hartree Metals Sàrl (Hartree Metals LLC) (“HMS”) and relates to the financial year ending 31 December 2022. It sets out the steps that HMS has taken to manage the risks of modern slavery occurring in its business and supply chains. It further sets out the additional steps that it intends to take over the coming year. HMS is committed to acting with integrity when conducting its business and to improving its practices to prevent slavery and human trafficking.

### **Organisation's structure**

HMS is a private limited company incorporated in Switzerland (CHE-262.592.160) which is also registered, as of 27 August 2021, as an overseas foreign company with the Australian Securities and Investments Commission (ARBN: 651 798 793) and is part of a global energy and commodities trading business. At the date of this statement HMS, based in Geneva, Switzerland has approximately twenty-two employees and its subsidiaries have approximately fourteen employees. It has four subsidiaries: Hartree Metals Peru S.A.C. (“HMP”), Hartree Metals Mexico, S. de R.L. de C.V. (“HMM”), Hartree Metals Chile SpA (“HMC”) and Hartree Metals Investments Sàrl (Hartree Metals Investments LLC). Its immediate parent undertaking is Hartree International Holdings Limited, a UK private holding company which holds 90 per cent of its share capital with the remainder of the share capital directly held by one of the directors. HMS’ ultimate parent undertaking is Hartree Partners, LP (“Hartree”), a limited partnership duly formed in the State of Delaware, United States of America and it is a part of the Hartree group of companies (the “Group”). The Group has around 866 employees worldwide (excluding the Sprague group of companies) and operates primarily in the United States of America, the United Kingdom, Singapore, Switzerland, Germany, Norway, South Africa, Australia, Dubai, China, Mexico and South America.

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### **Business**

HMS and its subsidiaries engage in proprietary trading in metal concentrates and semi-refined products (collectively, “Products”) and carry on the business of suppliers, distributors and dealers of such commodities. It primarily buys concentrates from mines and then sells to smelters often based in China. HMS is an employing entity. During the financial year ending 31 December 2022 HMS and its subsidiaries were active in the purchase and sale of Products in Europe, Africa, Asia, Australia, the Middle East and the Americas. HMS also made loans to two mine owners in Australia and such loans were linked to offtake arrangements; HMS started taking deliveries under both offtake arrangements during 2022.

### **Supply chains**

During the relevant financial year, HMS and its subsidiaries purchased gold, silver, copper, zinc, lead and nickel Products. HMP itself purchased zinc, copper, gold, lead and silver Products. HMM purchased zinc, lead and silver Products and HMC purchased zinc, lead, and silver Products. These Products were sourced

from a variety of geographies including Australia, North, South and Central America (USA, Brazil, Bolivia, Ecuador, Canada, Chile, Mexico and Peru), Africa (South Africa, Zambia and the Democratic Republic of Congo), Asia (Indonesia and Mongolia), the Middle East (Saudi Arabia) and Europe (Bulgaria and Serbia).

These Products are purchased, generally, directly from the owners of the source mines. The purchase of concentrates is undertaken through contracts that are negotiated for each spot and/or longer-term offtake purchase. In addition, HMS has term offtake contracts under which it purchases Products. HMS, HMP, HMM and HMC utilise contractors to provide freight/transport/logistics services in connection with the purchase and sale of Products.

### **Risks of Modern Slavery in Operations and Supply Chains**

HMS and its subsidiaries, as traders of Products, will not cause modern slavery practices as they are not involved in the extraction of the material and have no operations that may directly result in modern slavery practices. In light of Hartree's employment processes, coupled with the location and nature of the roles themselves, we believe that there is a low risk that employees of HMS and its subsidiaries may be the subject of modern slavery practices.

However, HMS and its subsidiaries, as purchasers of Products that are derived from mining extraction, acknowledge that there are risks that their supply chains may indirectly contribute to modern slavery practices for example through their supply contracts. In addition, there is a risk of HMS and its subsidiaries being linked to modern slavery practices through its business relationships.

HMS and its subsidiaries recognise that the extractives industry globally would be viewed as a higher risk sector for modern slavery risk given the potential to use lower skilled labour resources and short-term contracts. Some of the geographies from which concentrates are sourced are higher risk jurisdictions according to the Global Slavery Index 2023 and/or may exhibit contributing factors to slavery such as limited human rights and employment protections, weak rule of law and recent conflict situations.

### **Our policies on slavery and human trafficking**

The Group is committed to ensuring that there is no modern slavery or human trafficking in its supply chains or in any part of its business. The concentrates trading business is one business of many businesses focusing on different commodities within the Group which itself continues to transition from a small boutique trading house to a larger company. Consequently, the Group continues to review its practices in this area as part of a broader and more holistic plan to look at the entirety of its corporate compliance programme. This holistic review resulted, during 2022, in the implementation of a global Hartree Code of Conduct which applies to employees working in the Group, including HMS and its subsidiaries, in addition to the implementation of an Environmental Social Governance Policy. During 2023 we will consider the need to implement a responsible sourcing policy which reflects our zero tolerance to slavery and human trafficking as well as a supplier code of conduct and a supplier due diligence questionnaire. The Group has a strong commitment to acting ethically and with integrity in all its commercial relationships and as we continue to expand our business and footprint, as part of that commitment, it will work towards

implementing and enforcing effective systems and controls that ensure slavery and human trafficking is not taking place anywhere in its supply chains.

## **Due diligence processes for slavery and human trafficking**

The Group, including HMS and its subsidiaries, conducts due diligence on all its counterparties prior to entering into any business relationship with them. Depending on the risk profile of a counterparty a varying level of due diligence will be conducted. The risk profile will be determined by a number of factors, including the type of counterparty, nature of their business, the type of relationship we are entering into and the jurisdiction within which they operate. These know your counterparty (“KYC”) checks also comprise screening for risks such as trade sanctions, money laundering and bribery infringements. This screening is undertaken on a regular basis and any issues of concern are escalated within the Group. It also comprises identification and review of adverse media reports and as such will highlight any issues with human rights that may be in the public domain with respect to a counterparty. We will continue to refine these processes and look at incorporating human rights and modern slavery into the risk assessment of our counterparties in a more systematised way.

## **Training**

Our intention as a Group is to provide relevant training to higher risk staff as appropriate. This training will need to be developed in conjunction with the review of the Group compliance programme. As our business evolves, we will continue to assess the need and relevant audience for training in this area since the target audience may need to expand as our business grows and our compliance programme matures. Any such training will apply to the employees of HMS and its subsidiaries based on an assessment of the modern slavery risks they encounter in performing their role.

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## **Our effectiveness in combating slavery and human trafficking**

As the Group builds out its corporate compliance programme, it will put in place a set of key performance indicators (“KPIs”) that will give it insight not only into the performance of the wider organisation but also the effectiveness of HMS and its subsidiaries’ compliance with the Commonwealth Modern Slavery Act 2018. Although it has yet to undertake this work, it is anticipated that some of the KPIs would include statistics relating to modern slavery and human rights training and other ethical training, the selection of potential suppliers which we believe to be higher risk from a slavery and human rights perspective which may include a review of any supplier due diligence questionnaires received.

## **Next steps**

We anticipate taking the following steps as a Group to further combat slavery and human trafficking which will impact HMS and its subsidiaries:

- Continue with a holistic review of the Group’s compliance programme;

- Implement, during 2023, a global telephone and web reporting mechanism available to both employees and third parties to facilitate the reporting of modern slavery issues with respect to the Group including HMS and its subsidiaries;
- Initiate a more detailed risk mapping exercise of any risks that HMS and its subsidiaries has in the slavery and human trafficking area in any of its supply chains;
- Consider the need for a responsible sourcing policy for HMS and its subsidiaries which will obligate any suppliers to respect human rights more generally but also include specific obligations with respect to slavery and human trafficking;
- Consider the implementation of a Supplier Code of Conduct which will include principles with which we will expect our suppliers to comply;
- Consider the implementation of a supplier due diligence questionnaire to be completed during the onboarding process; and
- Embed into our KYC processes the additional risks inherent in the human rights area.

## Consultation with Subsidiaries

HMS has the four subsidiaries detailed above. The companies operate as one metals concentrates business under common leadership. There is one common director to HMS and its subsidiaries under whom the day-to-day management and oversight of the concentrates business occurs. The boards of each of the subsidiaries have also approved this statement. This statement was approved by the board of HMS on

  
Hartree Metals LLC  
Pascal Larouche  
Head of Concentrates

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**Pascal Larouche**

Managing Officer (Director)

For and on behalf of **Hartree Metals Sàrl (Hartree Metals LLC)**

Date: 18 December 2023