



Open letter to the attention of the Executive Directorate of Metalor

The Alliance for Responsible Mining (ARM) wants to express its concern **about Metalor's recent decision to suspend commercial relations with artisanal and small-scale miners (ASM)** due to the perceived impossibility of ensuring compliance of its suppliers with the requirements of the OECD Gold Due Diligence Guide. This withdrawal of Metalor sends an unfortunate signal to the entire sector and does not solve the causes of "informality", while it deepens the lack of guarantees for the development of more responsible value chains from the ASGM. ARM wants to recall some key points related to the supply chains from the ASM:

First, **recognizing the challenges of the sector and helping to overcome them is to recognize the human rights** of more than 100 million people whose lives depend on this activity around the world. It must be remembered that the vast majority of artisanal mining producers contribute directly to the economies of their countries, with the demand for goods and services in rural areas, and generating foreign exchange and royalties. Above all, with a 90% participation of formal and informal employment in the gold mining sector, the ASM sector plays a key role in the generation of income in communities, where other opportunities can be scarce. Contributing to the sustainable development of ASM communities must reach beyond corporate social responsibility policies that contribute to one-off formalization processes. The current reality demands that industrial actors contribute directly with the structural transformation of the ASM.

Second, **closing the possibility of access to legal and responsible markets is a way to exclude artisanal and small-scale miners and maintain them in the informal sector.** For the ASM miners it is already a costly and difficult task to comply with all existing state regulatory frameworks that, in most cases, challenge the financial and technical capabilities of the miners. Formalization efforts are warranted whenever there is a ready market to pay a fair price that allows the progressive adoption of best practices. If that market closes its doors, ASM miners will have access to only illegal markets and criminal organizations. The fact that Metalor, one of the largest refineries in the world that has historically bought many tons of gold from ASM, decides to disassociate itself from the ASGM sector, it directly opposes the spirit of the Due Diligence of the OECD, which invites the supply chain actors to engage and constructively collaborate with miners, in line with the objective of promoting responsible value chains.

There are several examples of responsible involvement by actors in the gold supply chain from ASM. These responsible chains are functional and demonstrate feasibility and economic viability in countries such as Colombia, Peru, Mongolia, among others. The practical experience of the Fairmined initiative demonstrates that the additional costs of certification and the implementation of the due diligence and traceability process can and must be assumed by all the actors in the chain. Instead of withdrawing, Metalor and other operators in the gold value chain **must consider supporting the capacity building of the ASM to become part of a Due Diligence process in responsible supply chains.** Access to legal markets is a positive incentive for the adoption of good practices of mining organizations and contributes substantially to community and social



ALIANZA POR LA
MINERÍA RESPONSABLE

development, since **an ASM organization that identifies and mitigates its risks is competitive and sustainable.**

Metalor's decision is especially worrisome, as it suggests that the transformation of the ASM into a legal and responsible activity is not feasible, and that disengagement is the best solution for operators in the chain. We urge Metalor and other actors in the gold supply chain to continue participating in the efforts to transform the Artisanal and Small-scale Gold Mining, using the access to fair commercial conditions as an incentive. This would be a meaningful and real contribution to the construction of responsible, traceable and inclusive supply chains with ASM.

ARM is willing to serve as a liaison helping to resolve Metalor's concerns, and talk about the involvement of the company in the sector. We are convinced that by seeking solutions together, Artisanal and Small-scale Mining can change for better.

Sincerely,

Yves Bertran.