

ARGOR-HERAEUS

The golden link

What is gold's value?



Letter from the CEO



We at Argor-Heraeus have always given equal value to sustainability and the materials we process. A value that is reflected in the way we all work every day, and that we have now decided to make official in this document. What led us to this decision? Time has shown that we have taken the right path: we are a mature Company, assuming our responsibilities for our economic, social, and environmental impact.

Nevertheless, to be socially responsible for all purposes and effects we have understood that it is essential to go beyond the limits of our organisation and that of our business partners. We must transmit our commitment to institutions, to the public, and to the media, i.e., to everyone for which Argor-Heraeus's commitment to sustainability may have value.

Therefore, this first Sustainability Report stems from our desire to offer society at large a presentation made of words, numbers, and images that explain our social-environmental commitment and provide a transparent assessment of whether our annual goals for improvement have been achieved.

With this important promise, we all pledge to improve the sustainability and efficiency of a market on which we have operated for sixty years.

A handwritten signature in a cursive script, appearing to read 'Arndt', written in a dark ink or color.

ARGOR-HERAEUS SA

Via Moree 14

CH-6850 Mendrisio

Tel. +41 91 640 53 53

Fax +41 91 646 80 82

info@argor.com

Overview

| | |
|---------------------------------|----|
| Guide to the report | 6 |
| Our history | 8 |
| Our shareholders | 10 |
| The Group | 11 |
| Corporate governance | 12 |
| Our operations | 13 |
| Accreditations and recognitions | 14 |
| Our stakeholders | 16 |
| Our approach to sustainability | 20 |

Economic responsibility

| | |
|--|----|
| Distribution of added value | 22 |
| Suppliers of services and accessory products | 24 |
| Our customers | 26 |

Environmental responsibility

| | |
|--|----|
| Water consumption | 28 |
| Chemical consumption | 32 |
| Energy consumption | 36 |
| Emissions | 40 |
| Waste material, packing materials, noise | 42 |

Social responsibility

| | |
|------------------------------------|----|
| Composition of personnel | 44 |
| Health and safety at the workplace | 48 |
| Training | 50 |
| Activities with our stakeholders | 52 |

Guide to the report



Scope. In this Sustainability Report, the first such report by the Argor-Heraeus Group, we have decided to concentrate on Argor-Heraeus SA. We believe that the exclusion of our affiliates Argor-Heraeus Deutschland, Argor-Heraeus Italia, and Argor-Aljba will not compromise the completeness of the report, given that our headquarters in Switzerland employs almost 90% of our personnel and processes all of the Group's precious metals. Nevertheless, we intend to include all of our affiliates in subsequent editions.

The value of the report's contents is ensured by a careful preliminary analysis, which led to selection of the performance indicators most representative of the Company's impacts on economic, social, and environmental systems. Specifically, these indicators comply with the following criteria:

completeness: we selected indicators that provide a complete picture of the economic, social, and environmental impacts generated by our Company; **significance:** for many years, Argor-Heraeus has compiled an enormous amount of information concerning the processes it performs. In order to provide a full but concise description to our stakeholders, we selected the indicators we consider the most significant and indispensable for forming an opinion/assessment of performance in each area; **measurability:** quantitative indicators will be comparable from year to year.

This report is organised in two macro-sections: the first is descriptive, and offers a brief profile of the Company (from historical outline to corporate governance) and a general picture of its stakeholders, with emphasis on the impacts that Company operations have on such parties and how Argor-Heraeus manages relations with them. The second regards the Company's annual report, with details of economic, social, and environmental results achieved in the reference period.

The annual report, organised by subject matter (for example: water consumption, use of chemicals, etc.), first provide quantitative data in absolute terms for an overall view of the impact of our business. Then (where possible) we have tried to relate such values to a parameter (for example: production) able to measure the efficiency of our performance trend. As a rule, such quantitative data cover a three-year period; this horizon will be maintained in future reports. Because this is the

first edition, we have chosen for reasons of completeness to report particularly significant events in terms of social-environmental impact, even if occurring outside such three-year horizon.

Our history



1951

Argor SA is formed in Chiasso, Switzerland

1973

UBS acquires 100% of the Company

1986

UBS and Heraeus Group (Germany) form a joint venture, creating Argor-Heraeus SA

1988

The new headquarters in Mendrisio, Switzerland is inaugurated

1999

Heraeus and Management acquire 100%; entrance of Commerzbank International

2002

Entrance of Münze Österreich to complete the new shareholder structure with Heraeus, Commerzbank, and Management

2004

A representative office in Chile is opened; Argor-Heraeus Deutschland is formed

2005

Argor-Aljba is formed in Mendrisio, Switzerland

2006

Argor-Heraeus Italia is formed

2010

Approval and expansion of Mendrisio, Switzerland facility

Our shareholders

Heraeus (26,5%) is a German multinational with over 12'000 employees and has operated in the precious metals and hi-tech sector for 160 years. Its shareholding provides important synergies at the industrial level and in terms of research and development.

Commerzbank (26,5%) is a large private German bank with almost 60'000 employees, more than 14 million private customers, and a million business customers worldwide. As shareholder, it provides the Group financial know-how and services.

Münze Österreich (24,3%), the famous Austrian mint since the 12th century, is 100% controlled by the National Bank. Its shareholding provides the Group well-established marketing and commercial know-how, with specific reference to creating synergies in distribution channels.

Management (22,7%)

*Fully paid-up share capital
CHF 6'369'000*

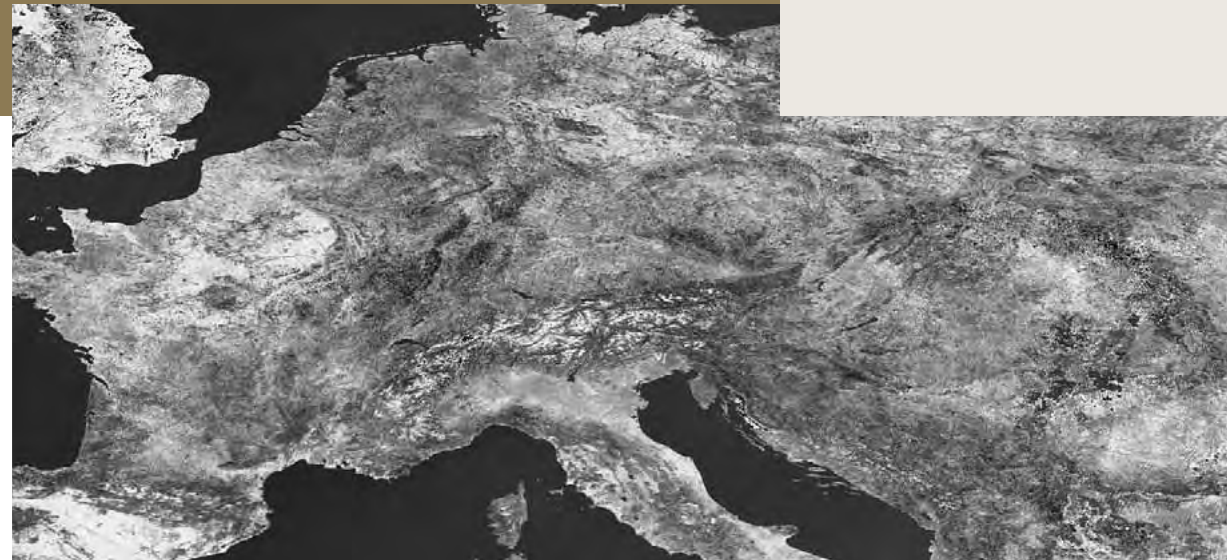
The Group

ARGOR-HERAEUS SA

ARGOR-HERAEUS Deutschland 100%

ARGOR-HERAEUS Italia 100%

ARGOR-ALJBA 50%



Corporate governance

For Argor-Heraeus, corporate governance is an essential tool for ensuring correct management by means of transparent functioning of the Company's directive bodies and internal control systems.

We have a **lean structure**, organised into profit centres: bank products and mining (refining and foundry), industrial products (mechanics and semi-finished products), and precious metal services (trading and other services). All of these profit centres are served by a single financial, control and compliance, personnel, and IT department. The application of rules and procedures is guaranteed by:

- a dedicated **control body**, managed by an engineer responsible for safety at the workplace, which conducts social-environmental audits of all Company departments. The audits refer to three areas: environmental protection, safety at the workplace, and precious metals security, each directly supervised;
- a **Compliance office**, which supervises correct application of laws and of internal rules enacted by management;
- a **Risk Audit Committee**, formed within the Board of Directors, devoted to controlling risks deriving from the Company's operations in order to prevent and limit the consequences of unexpected results and to identify and exploit growth opportunities;
- **internal Due Diligence procedures**.

Our operations

Refining
- gold
- silver
- platinum
- palladium

Transformation into finished products
- bank ingots (cast and minted)
- Kinebar®
- Iridor® products
- coins and medals

Alloys and semi-finished products for the watch industry

Precious Metal Services

Diamond-Like-Coatings
dialong® and dianoir®



Accreditations and recognitions

Argor-Heraeus is:

- a recognised **LBMA (London Bullion Market Association) Good Delivery Producer** and, along with only four other companies world-wide, a **referee for the control of quality standards** of the LBMA Good Delivery List members;
- a recognised operator on LME (London), TOCOM (Tokyo), COMEX/NYMEX (New York), DMCC (Dubai);
- holder of the **Trade, Melter and Assayer License** issued by the Swiss Central Office for Precious Metals Control;
- authorised by the **Swiss Financial Market Supervisory Authority (FINMA)** to operate as a financial broker. This means that the Company complies with all Swiss anti-money laundering regulations and that it is regularly audited in this regard;
- accredited by the **Swiss Accreditation Service (SAS)** as a testing laboratory for analyses of precious metal alloys;
- a member of the **Responsible Jewellery Council (RJC)**;
- a member of the **Association Suisse des Fabricants et Commerçants des Métaux Précieux (ASFCMP)**;
- a certified and voluntary participant in the **Swiss CO₂ emissions reduction programme**;
- recognised as a **Professional Training Company** by the Canton.



As part of its commitment to sustainability, Argor-Heraeus constantly interacts and dialogues with its internal and external partners. This proactive approach began years ago and, thanks to the Sustainability Report, has become an annual means of communication and dialogue with all parties involved.

The following chart provides a clear and complete picture of the various stakeholder categories and of the participation activities conducted in 2010 in order to achieve precise social, environmental, and economic goals.

Our stakeholders

| Stakeholders | Goals | 2010 participation instruments |
|---------------------|--|---|
| Shareholders | <ul style="list-style-type: none"> Greater confidence in management Common strategy and vision Business development support Shareholder satisfaction Shareholding stability Increased industrial synergies | <ul style="list-style-type: none"> Periodic communication in line with the shareholder's information needs (example: monthly data, newsletter) Transparent communication and continuous dialogue Annual Report |
| Management | <ul style="list-style-type: none"> Shared growth and business strategy Long-term satisfaction and relations Identification and commitment | <ul style="list-style-type: none"> Personnel policy and incentives Monthly information meetings Development and sharing of crisis communication plan Annual Report Code of conduct |
| Employees | <ul style="list-style-type: none"> Sharing of mission and vision Low turnover High satisfaction Identification and commitment Support for Company image and reputation | <ul style="list-style-type: none"> Personnel policy and incentives Periodic information Code of conduct Sports and recreation group |
| Customers | <ul style="list-style-type: none"> Development of customer loyalty Commercial information (products/services) Sharing of values Being perceived as a reliable and qualified partner Know your customer policy | <ul style="list-style-type: none"> Know your customer assessment procedures Targeted personalised information Trade fairs Commercial activities (example: targeted visits) Code of conduct |
| Suppliers | <ul style="list-style-type: none"> Respect of the company's quality standards Sharing of values Being perceived as a reliable and qualified partner | <ul style="list-style-type: none"> Assessment procedures Code of conduct |
| Competitors | <ul style="list-style-type: none"> Cooperation on shared concerns (example: safety at the workplace, environmental protection) | <ul style="list-style-type: none"> Participation in workshops |

Stakeholders

Goals

2010 participation instruments

Institutions

Cooperation and support
Being perceived as reliable partners
Opening of a preferential information channel
Being perceived as sensitive to local needs

Visit to production facility and roundtable discussion with DFE (Department of Finance and Economy), Office of Economic Development, Chamber of Commerce, AITI (Ticino Association of Manufacturers), Municipality
Periodic targeted information
SUPSI (University of Applied Sciences and Arts of Southern Switzerland) open days
Institution of SUPSI Award for the best engineering diploma
Sticker for training company with 5 apprentices accepted

Public services

Being perceived as a reliable and qualified partner
Collaborative spirit and relationship of mutual trust

Regular exercises during the year
Periodic targeted information
Continuous collaboration

Industry associations

Renown and reputation
Being perceived as reliable partners
Opening of a preferential information channel

AITI, Chamber of Commerce affiliation
Visit to production facility and roundtable discussion with AITI and DFE
Continuous collaboration on a variety of matters
Member of Responsible Jewellery Council (RJC)
Member of Association Suisse des Fabricants et Commerçants des Métaux Précieux (ASFCMP)

Non-governmental organisations (NGOs)

Support and collaborative spirit
Exchange of information

Support of local non-profit associations
Assessment of involvement in non-profit projects linked to fair trade
Participation in conferences

Mass media

Being perceived as reliable partners
Opening of a preferential information channel

Creation of a reference for media relations
Involvement of the media in SUPSI open days
Creation of a company press office



Our approach to sustainability

Over the years, it has become increasingly clear that our social responsibility must go beyond the limits of our Company and expand to include our partners. Compliance with the law, constant efforts to achieve greater efficiency, unbiased personnel policies, and containment of environmental impact are no longer sufficient. Integration in the production chain means sharing responsibility with the partners that precede and follow us. Therefore, our challenge is to identify and work with partners that guarantee compliance with regulations, transparency, and traceability of the origin and destination of metals.

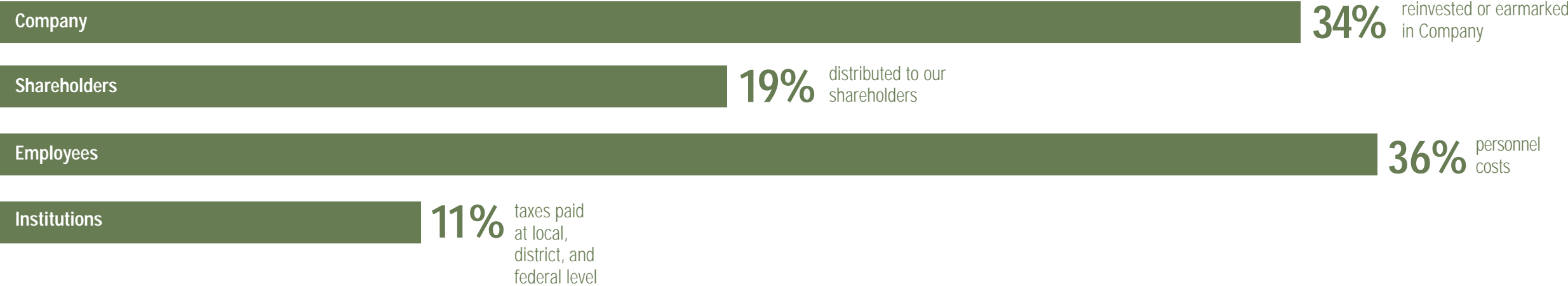
A difficult task that requires us to assess an enormous amount of information whose reliability cannot always be verified. To this we add caution, a principle which demands that we refrain from working in politically unstable countries or with potential partners shown to be unreliable. We have achieved impressive results by applying our sustainability strategy. But despite our efforts, the finishing line is still far off, and much remains to be done. This situation does not discourage us. On the contrary: it stimulates us to continue on this difficult path in order to guarantee fair and transparent management and to improve sustainability in the industry.

Observance of the law is the first important step in this direction. Argor-Heraeus is subject to strict Swiss regulations regarding environmental protection, the safeguarding of workers' rights, and the trading and processing of precious metals. To this we add observance of all laws and provisions that are binding at the international and supranational level, foreign trade regulations, and prohibitions on importing and exporting.

While observance of the law is indispensable, our commitment to society goes well beyond: to face the challenges of the gold industry, we have voluntarily applied a series of obligations, such as a **code of conduct** and the **know your customer** principle, presented below in the section devoted to our social commitment.

Distribution of added value

A complete description of Argor-Heraeus's economic impact cannot be limited to an assessment of annual results, but must also consider the wealth generated for the region and for its stakeholders in general. Therefore, we measure our economic responsibility based on the net global added value generated for those who interact with our Company, either internally or externally. In 2010, over one third of the value our Company generated was allocated to our employees in the form of remuneration, while another third was ploughed back into the Company in order to ensure long-term stability and growth. In addition to the benefits generated indirectly by jobs and salaries, institutions received approximately 11% of the value created in Argor-Heraeus in the form of taxes.



Suppliers of services and accessory products

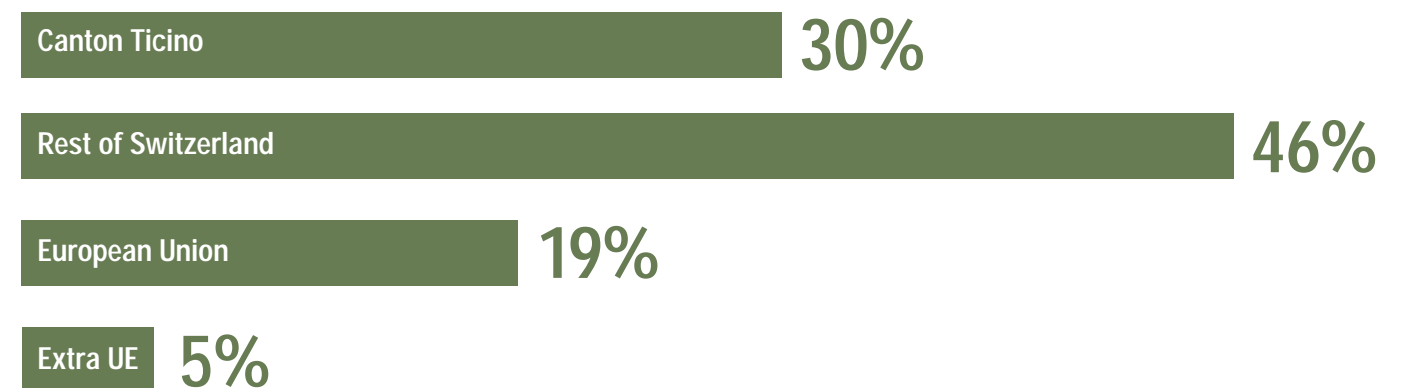
Argor-Heraeus selects suppliers of materials, services, and products based on the principles of quality, conformity to high standards of transparency, and sustainability.

Nevertheless, we believe the supply policies of a Company such as ours must include another fundamental factor: a tie with the region. Despite the fact that our business is global, we are convinced that our Company can continue to grow and stay competitive only if the region in which it is based grows and develops with it. For this reason, when we choose suppliers of chemicals, fuels, security services, disposal services, etc., we try to give priority to companies that operate in our local and regional economic system, i.e., in Mendrisio and in Canton Ticino. When it is impossible to choose a supplier from these geographic areas, we try to give preference to "Swiss Made" products.

In 2010, Argor-Heraeus worked with almost 650 suppliers for a very wide range of services, from stationery articles to the disposal of sludge generated from purification of water to be recycled in copper production. 76% of our expenditure for suppliers was allocated to Swiss companies, almost half of which are based in Canton Ticino.

In absolute terms, this means that last year Argor-Heraeus spent almost 5 million Swiss Francs to purchase products or services in Canton Ticino. Our policy of giving preference to local suppliers also generates an important ecological value: by limiting movements of goods and people, we indirectly contribute to reducing CO₂ emissions produced by means of transport.

Distribution of suppliers by region





Our customers

Customer satisfaction is the cornerstone of every business – including ours. In our sector, customers and suppliers of raw materials are often one and the same, given that customers generally retain ownership of precious metals throughout processing.

Therefore, we must know our partners very well to be certain that the precious metals we process are not the result of exploited labour and/or harm to the environment, and that they will not finance illegal or ethically questionable agendas.

“Know your customer” is the philosophy that encompasses a series of procedures Argor-Heraeus adopts to select its partners, whether they be mines, industrial customers, or organizations operating on financial markets. Because for our Company, being socially responsible also means evaluating whether our customers are sustainable for us.

Widening our gaze to the entire chain

We are aware of the impact that mining operations can have on local populations, on the environment, and on the landscape. This is why we always know our partners and the standards they adopt, visit their headquarters and, when possible, go to their mines to verify compliance with work safety regulations and environmental protocols.

In addition, we constantly monitor the quality and quantity of material received from each site in order to take prompt action in the event of discrepancies that may indicate that previously verified conditions are no longer respected.

Forming relations based on trust with our industrial customers

The key to ascertaining our partners’ sustainability is establishing transparent, long-term business relations in which we know our customers personally.

Trust, checks, personal relations, knowledge: our commitment involves a variety of equally important aspects, each necessary so that we may consider a customer responsible.

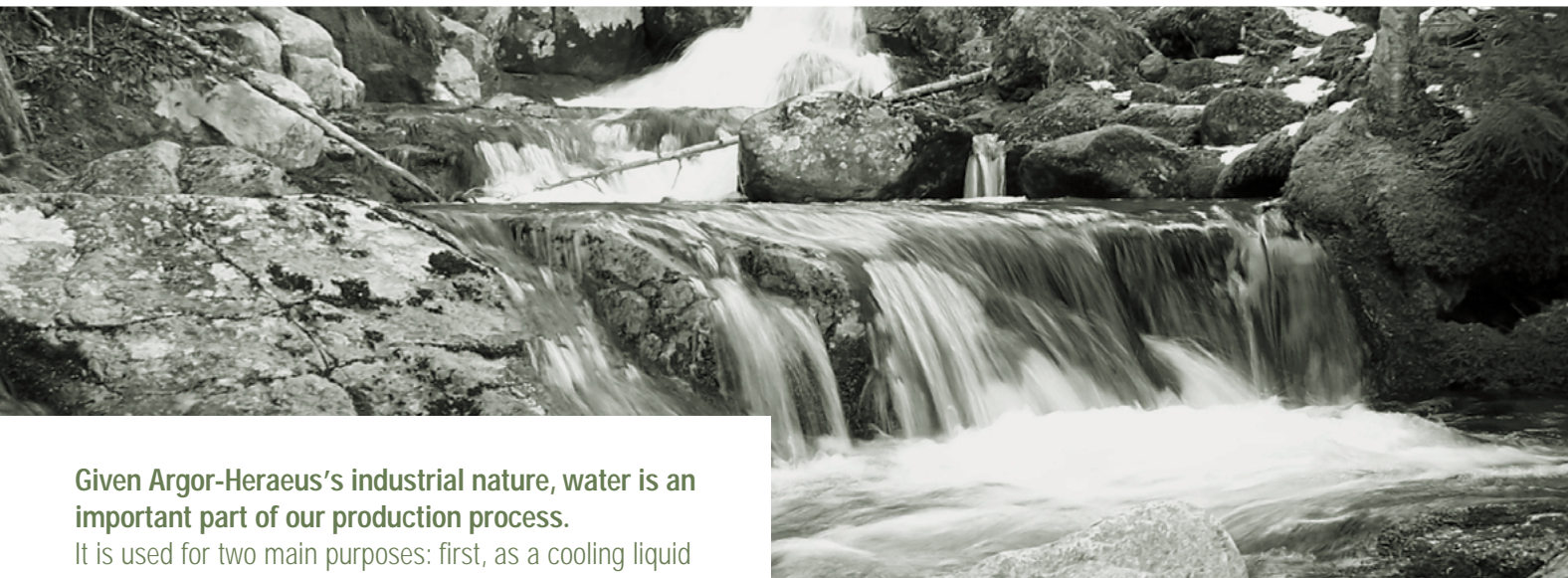
Transparency, documentability, and selection of transactions

Argor-Heraeus is a leading trader on the international bullion market thanks to the large quantities of materials it handles and processes.

As financial intermediaries, we are registered with FINMA, the Swiss authority that supervises financial transactions. All of our transactions are completely traceable, and we do not do business with retailers or conduct transactions that we deem less than transparent. These principles are fundamental for being considered responsible.

Argor-Heraeus does not speculate on the market: all of our trading operations are strictly linked to our physical business.

Water consumption



Given Argor-Heraeus's industrial nature, water is an important part of our production process.

It is used for two main purposes: first, as a cooling liquid for a number of machines and in fine metal smelting operations; second, it is essential in chemical and electrolytic refining processes and in the washing of finished products.

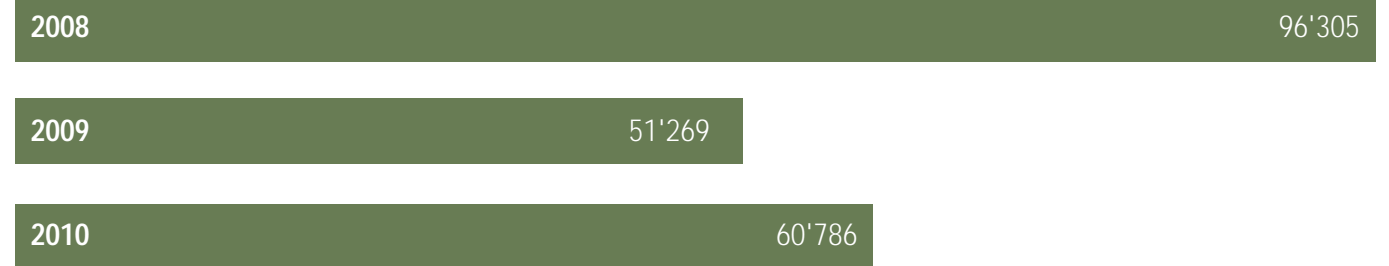
30%
Chemical and electrolytic treatments

10%
Cooling towers

54%
Cooling water

6%
Other

Total water consumption in m³



In 2010, total water consumption was 60'786 m³, approximately 18% more than in the previous year. The sharp drop in consumption from 2008 to 2009 (-47%) is mainly attributable to the transfer of Argor-Aljba to a separate and independent facility, where closed-circuit systems were installed, achieving a considerable reduction in water consumption by the Group's innovative joint venture. In addition, Argor-Heraeus installed thermostatic valves for much greater rationalisation of water use. Our constant efforts for greater water efficiency cannot be translated numerically into an indicator that expresses consumption based on production.

This is true for two reasons: first, cooling water for machines is used regardless of production speed and at an almost constant rate once the machines are started. Second, consumption of normal and demineralised water for chemical and electrolytic processes varies greatly, depending on the type of metal being treated.



Safety and the environment

All of the water used at Argor-Heraeus flows into the purification plant of the Mendrisio Water Purification Consortium.

About 20% of this water (11'725 m³ in 2010) is pre-treated, and requires special attention before it is conveyed to the Mendrisio plant.

This means that in addition to neutralising all process solutions, the water is systematically treated to completely remove any and all heavy metal residues. Moreover, before leaving Argor-Heraeus, all waste water is analysed to check its conformity to strict legal limits.

Almost 65% of consumption consists of cooling water, and we are constantly seeking ways to limit its use. For example, we recently installed devices that increase the efficiency of cooling water and reduce its consumption.



Chemical consumption



Hydrochloric acid, nitric acid, and caustic soda represent 90% of the chemicals used by our Company. We also use other chemicals in much smaller amounts.

Large quantities of the two acids are employed in the metal refining processes: solutions used to refine gold contain hydrochloric acid, while those used to refine silver contain nitric acid. The acidic solutions are neutralised with caustic soda, which is also used for some chemical treatments.

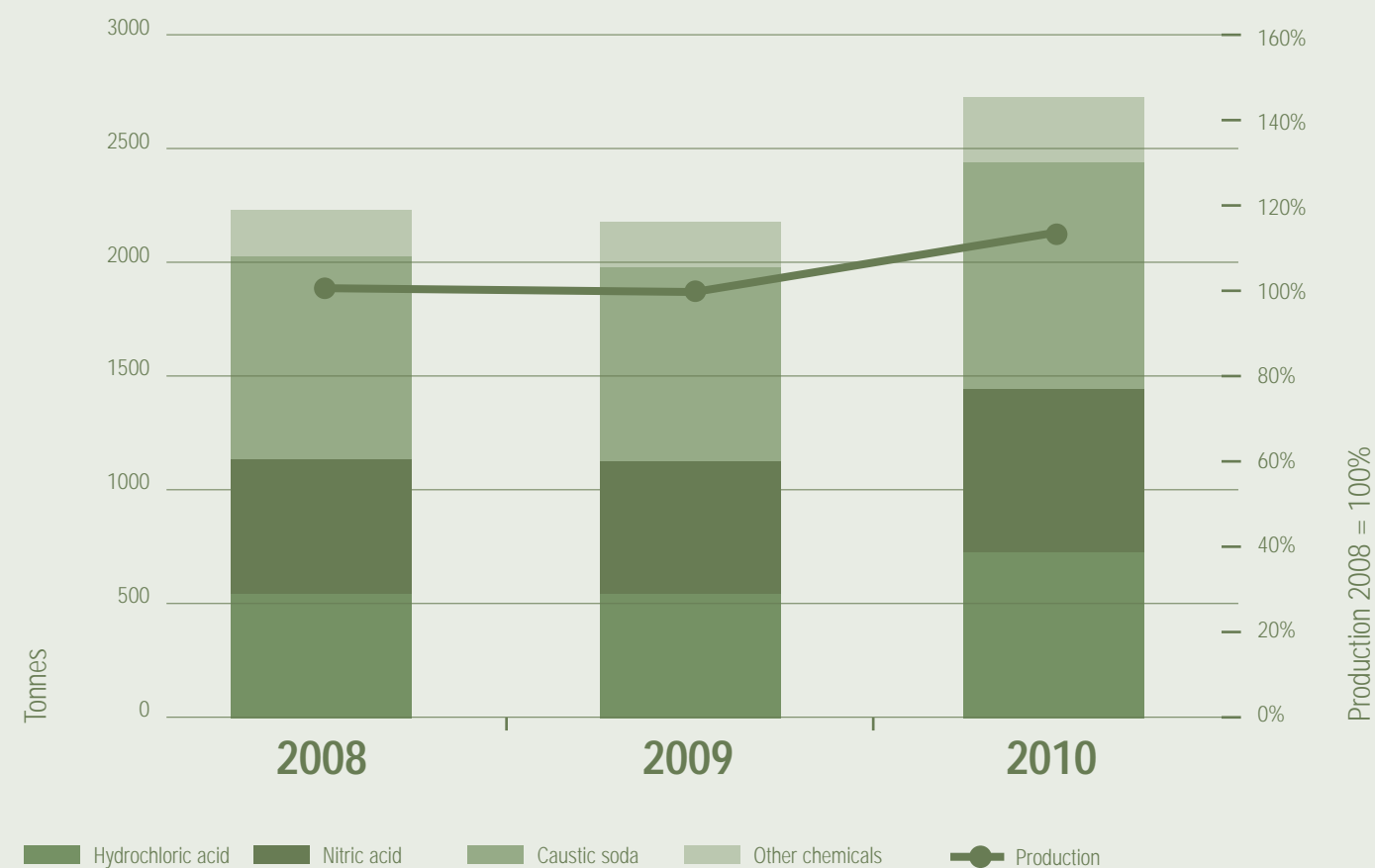
27%
Hydrochloric acid

26%
Nitric acid

37%
Caustic soda

10%
Other chemicals

Chemical consumption and production



In 2010, 2'719'601 kilos of chemicals were used in refining processes.

Compared to 2009, almost 25% more of the two principal acids and caustic soda were used.

In absolute terms, this increase is completely attributable to greater production in the year, and if we relate chemical consumption to the quantity of metals refined, we see that consumption was essentially unchanged.

Safety and the environment

The use of chemicals is the aspect of our business that could potentially have the most significant impact on the environment, and for this reason we give it maximum attention. Our commitment is three-fold: the substitution (where possible) of potentially harmful chemicals, careful management of the products of chemical reactions, and a secure infrastructure.

Substitution of potentially harmful chemicals

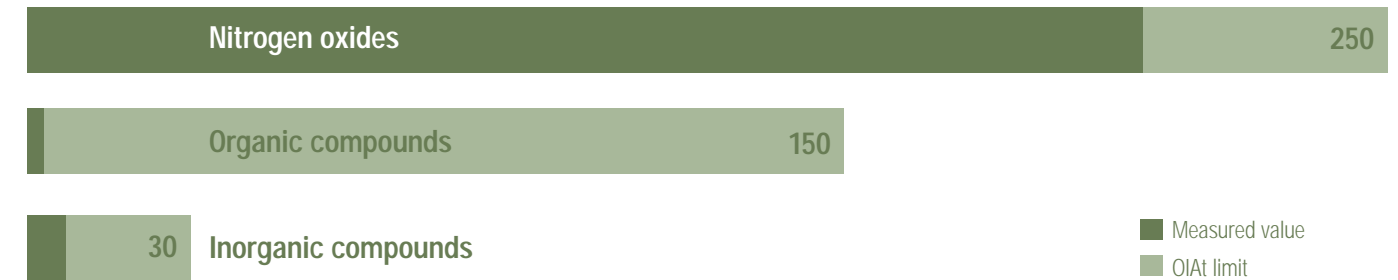
The best way to limit the impact of a harmful chemical is to stop using it. Therefore, from 2007 to 2009 we eliminated the use of two gases (chlorine and sulphur dioxide) for chemical treatment of precious metals, reducing risks of serious accidents as well as hazards linked to their storage.

Waste management

One of the cornerstones of our environmental policy is the disposal of residues from chemical reactions that occur during precious metal processing. These residues are divided into three categories: sludge, salts dissolved in waste water, and residual gases.

Sludge from metal residues (copper oxides), the majority of waste product deriving from chemical processes, originates in the non-noble metal component of the material being processed. Consequently, the amount to be recycled depends on the type and amount of the material being processed. All of the 257 tonnes of sludge collected in 2010 were delivered for treatment to authorised companies specialising in the recycling of metals.

Maximum hourly gas emissions in mg/m³ and OIAt limits, 2009



Waste water deriving from the neutralisation of process solutions contain salt residues and traces of metallic elements. These components are kept well below legal limits thanks to complex pre-treatments and, before being sent to the purification plant, are meticulously analysed to ensure full compliance with regulations concerning their discharge into sewers.

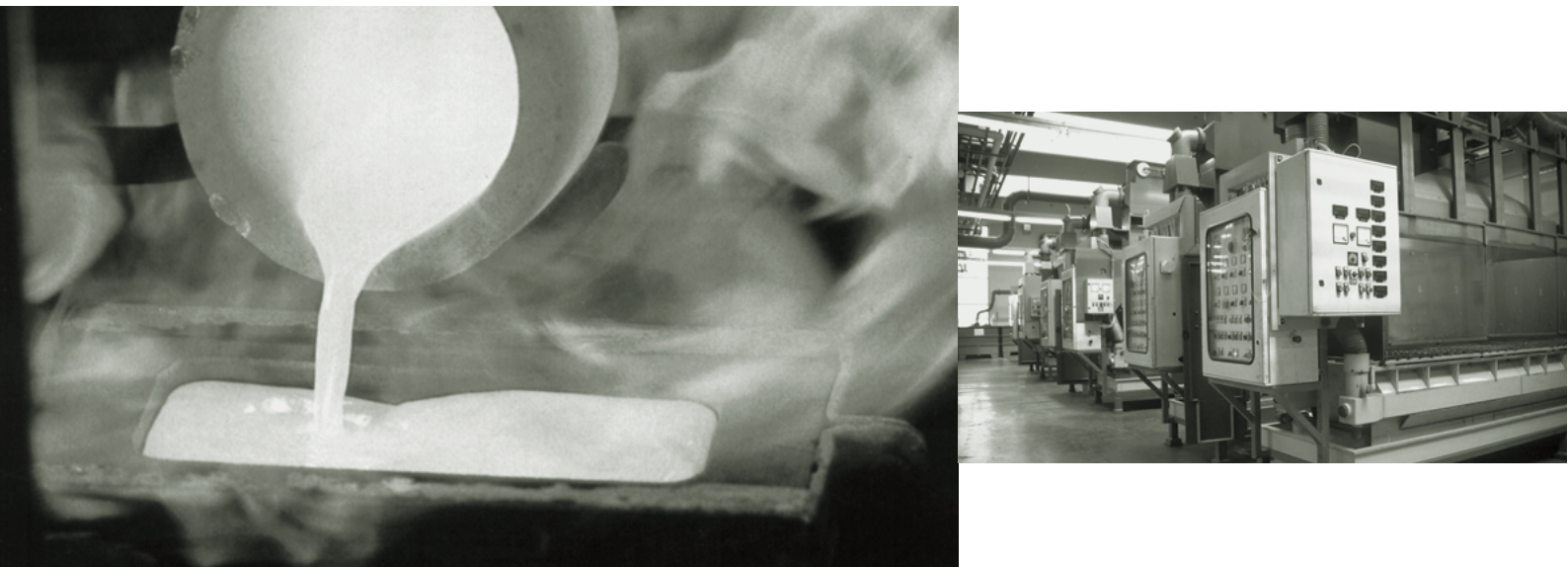
The third and final product of chemical reactions consists of gases such as nitrogen oxide and other organic and inorganic compounds. In 2009, measurements taken by the Environmental Protection Department of Canton Ticino revealed that the highest point of residual concentrations of such substances was well below the legal limits set by the Ordinance on Air Pollution (OIAt).

Secure infrastructure

While reducing the environmental impact of precious metal processing is part of our daily mission, Argor-Heraeus is also ready to manage unexpected events. Preparing for emergencies means working constantly on people and on infrastructure.

All of our employees who come into contact with chemicals are carefully trained, know and regularly practice emergency procedures, and undergo frequent medical checkups. Our Mendrisio production facility was designed so that the basement (where waste from departments that use chemicals is conveyed and treated) can act as a containment tank to prevent possible leaking into the environment. Moreover, in emergency situations, all chemical reactions are immediately interrupted to prevent toxic fumes from escaping into the atmosphere.

Energy consumption



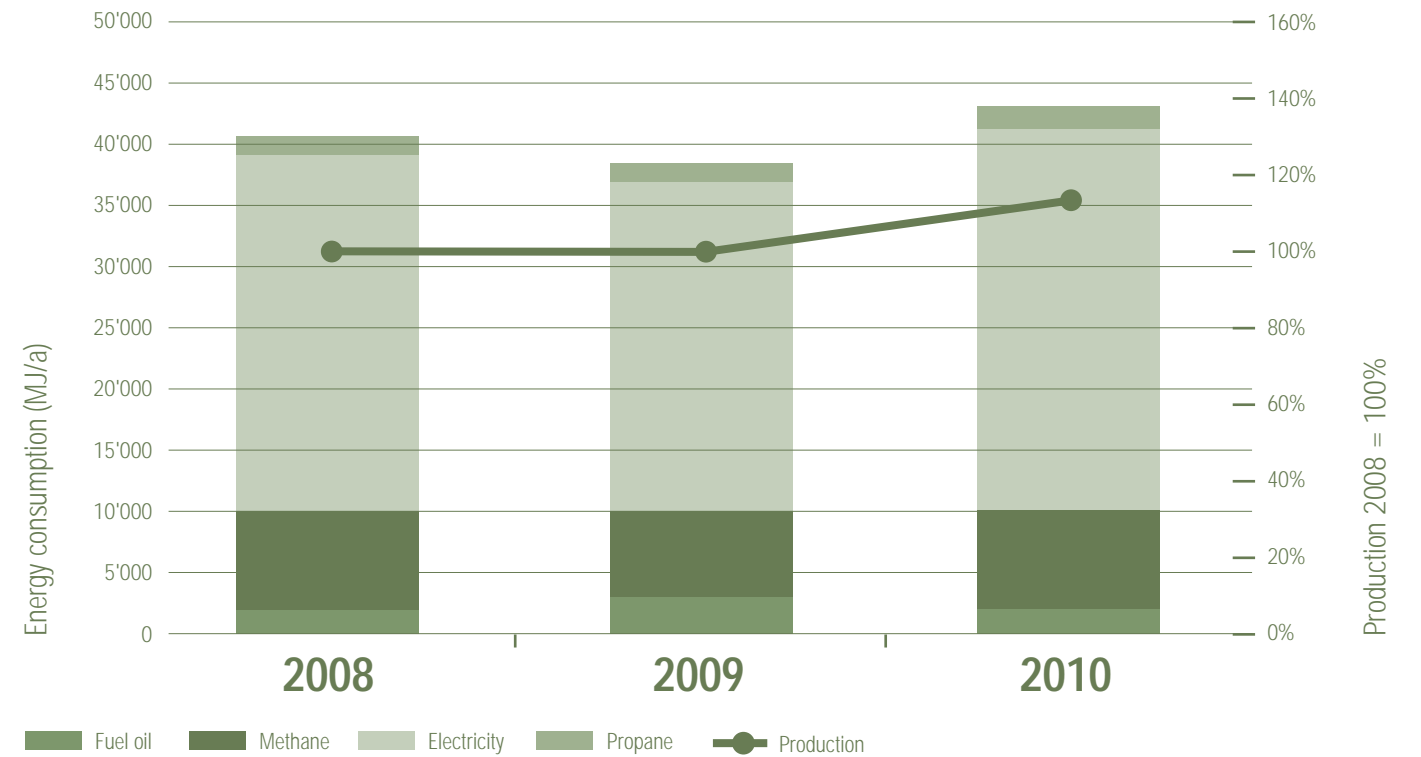
The 31'247 MJ/a of electricity consumed in 2010 are the primary source of energy for Argor-Heraeus's production.

Electricity drives the machines that mechanically process the metal, the induction smelting furnaces, systems for electrolytic refining, as well as all of the equipment utilised to provide services.

Methane and fuel oil are used principally to heat the rooms and to generate steam, which supplies heat for a number of chemical processes. Propane is used as a protective gas in smelting processes.

4% Fuel oil **19%** Methane **73%** Electricity **4%** Propane

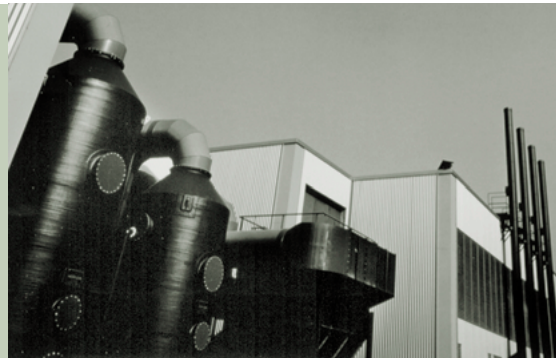
Energy consumption and production



Considering all of the various sources, we consumed a total of 43'002 MJ in 2010, +12.4% compared to 2009. As was the case for water and chemicals, this increase was closely linked to higher production (+13.5% in 2010),

even if, as with water, it is very difficult to define a numerical indicator for this relation for two fundamental reasons: first, the Company uses energy for many purposes other than the precious metal processing; second, energy consumptions do not depend solely on

the quantity of metal processed, but also on the type of metal, because different metals, or metals with different levels of purity, are subjected to specific processes with different energy requirements.



Safety and the environment

In recent years, our Company has implemented radical changes to its energy policy, especially with regard to the use of fossil fuels. In 2006, we decided to use methane gas supplied by the city mains. Today, two of our three boilers run on methane, and only one on fuel oil. This decision, based on ecological concerns, has produced positive results in economic terms and with regard to the diversification of energy sources.

Environmental ethics and attention to costs stimulate us to constantly search for greater efficiency in electrical consumption as well. For example, various minor actions conducted in the last two years, such as upgrading of production and support systems, reduced electrical consumption by more than 250 MJ in 2010 (corresponding to the average annual consumption of 15-20 Swiss households).



The Company's use of fuels complies with all safety regulations applicable to supply and storage operations, and its two fuel oil tanks are subject to the regular checks and inspections required by law.

Propane gas is stored in an external underground cylinder; filling operations are conducted in conformity to an internal procedure defined in compliance with the law.

As an additional guarantee, we have decided to install sensors in our facility in order to detect the presence of gas in the air and to immediately monitor any leaks.

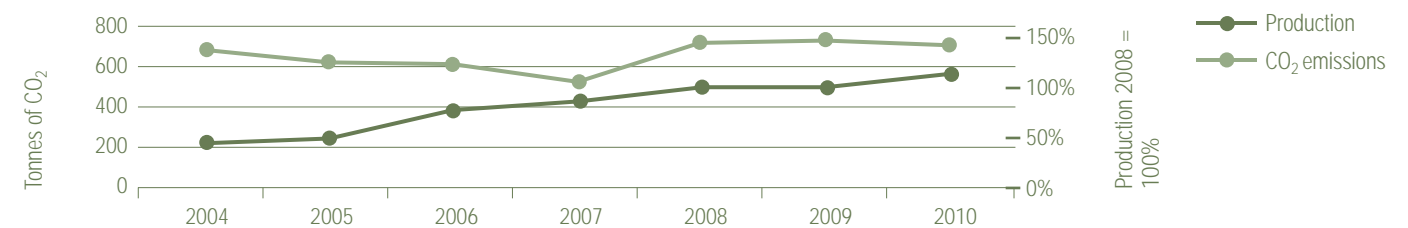
Emissions

CO₂ emissions

The main consequence of the use of fossil fuels such as fuel oil, propane, and methane is the production and emission of carbon dioxide. With the law on CO₂, Switzerland made a pledge to the international community to reduce emissions by an average of 10% in the period 2008-2012. This improvement is based on measures voluntarily adopted by companies and individuals and, secondarily, on incentives such as the CO₂ tax.

Argor-Heraeus fully shares these goals, and has therefore decided participate actively in AEnEc (Agency for Energy and the Economy) and in the "reduced CO₂" programme to cut emissions. In recent years, this formal commitment has been translated into concrete measures to improve our energy efficiency. In terms of impact, the principal measure was the above-mentioned partial substitution of fuel oil (the primary cause of carbon dioxide production in the Company) with natural gas.

CO₂ emissions and production



If we analyse the data on tonnes of CO₂ emitted by Argor-Heraeus since 2004, we see that total emissions have not increased significantly over the last seven years. Considering this data from the point of view of efficiency, very satisfactory results have been achieved: against continuous growth in production, emissions have not increased proportionally, and have even decreased in some periods. In short, while 2.1 tonnes of CO₂ were emitted for each tonne produced in 2004, only 0.9 tonnes of CO₂ were emitted for the same amount produced in 2010.

Dust emissions

The principal cause of dust emissions into the air is the smelting of material received, especially when such material contains a low percentage of precious metal. This very fine dust consists essentially of zinc oxide and lead oxide. We constantly monitor these emissions to guarantee that the quantity of dust does not exceed the limit of 20 mg/m³ set by the Ordinance on Air Pollution (OIA). The Environmental Protection Department of Canton Ticino conducts periodic measurements to check conformity to such parameter. The most recent measurement at Argor-Heraeus, conducted in 2009, revealed a maximum concentration of 0.8 mg/m³, one twenty-fifth of legal limit.

Fine dust emissions in mg/m³ and OIA limits, 2009 measurement



Waste material, packing materials, noise

Waste material

Our industrial activity produces various types of waste, such as paper/cardboard and wood from crates of incoming material, as well as plastic and metals. All of such waste is disposed by means of authorised disposal companies.

Environmentally more problematic materials, such as solvents used to wash parts in mechanical processing operations and oils used to lubricate machinery, are disposed of as special waste in compliance with law.

Clean water from Company land and from the roof is discharged into the Moree River. In 2008, to prevent possible contamination of the water supply

due to accidental spills, two gates were installed on the clean water and waste water pipes to immediately block discharges in case of emergency.

Packing materials

Our Company uses a wide variety of materials to pack its products, such as plastic, wood, or cardboard according to the type and configuration of the metal processed.

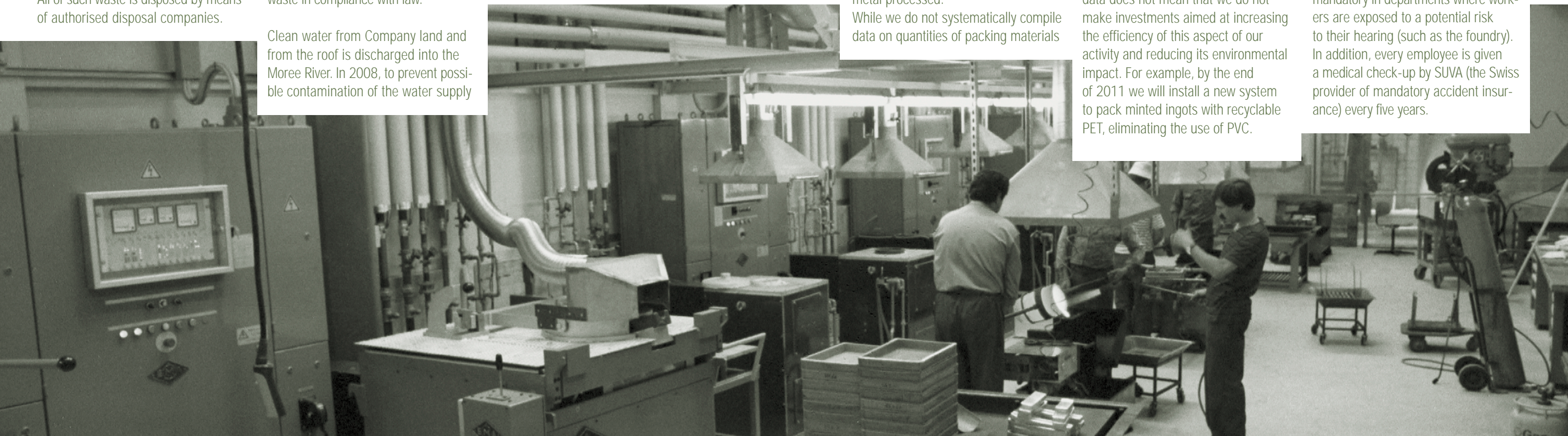
While we do not systematically compile data on quantities of packing materials

used, our objective for the near future is to define measurements and indicators that may enable us to make improvements in this area.

The absence of precise quantitative data does not mean that we do not make investments aimed at increasing the efficiency of this aspect of our activity and reducing its environmental impact. For example, by the end of 2011 we will install a new system to pack minted ingots with recyclable PET, eliminating the use of PVC.

Noise

We are very careful with regard to our employees' exposure to noise generated by the machines operated in our facility. The use of protective ear wear is mandatory in departments where workers are exposed to a potential risk to their hearing (such as the foundry). In addition, every employee is given a medical check-up by SUVA (the Swiss provider of mandatory accident insurance) every five years.



Composition of personnel



Even in a technologically avant-garde Company such as ours, our employees play a fundamental role: the people who come to work every day are Argor-Heraeus, and allow us to grow, compete, and create value for our stakeholders.

Our personnel policy focuses on people: guaranteeing a good pension, adequate insurance coverage, a workplace accessible to employees with reduced motor skills, and apprenticeships for young people are simple but concrete examples of our efforts.

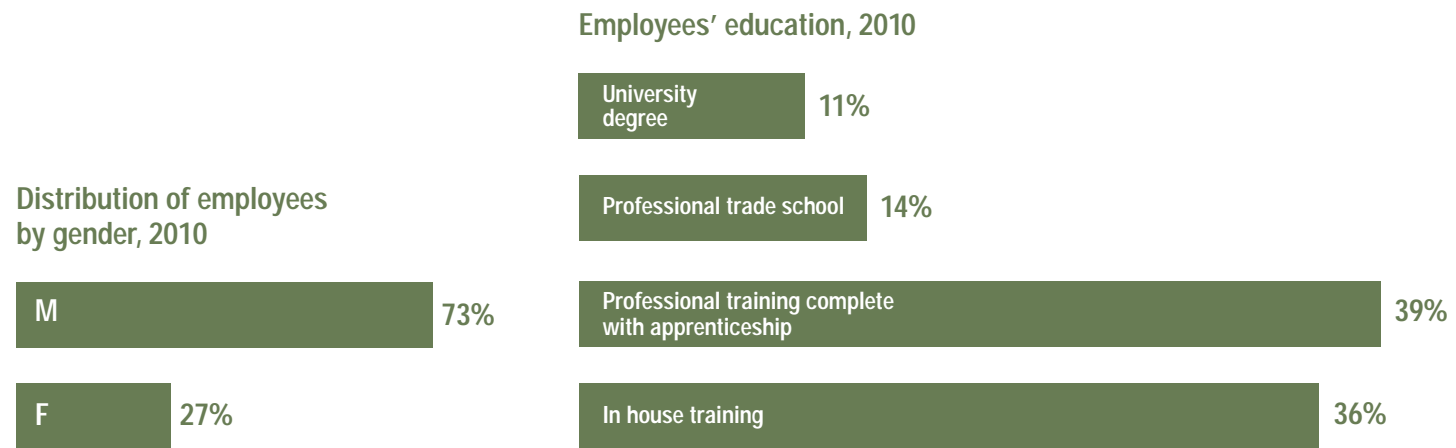
We also try to provide moments of recreation and relaxation: the sports group and events devoted to retired employees help strengthen a sense of belonging to the Argor-Heraeus family.

Thanks to increased production, our Company has grown considerably in recent years. At the end of 2010, we had 198 permanent employees (22 more than in 2009). In just ten years, Argor-Heraeus has created over 100 new jobs.

In addition to its permanent employees, Argor-Heraeus avails itself of temporary workers in light of the significant fluctuations to which our markets are subject. These workers, managed by two carefully selected agencies specialising in temporary work, vary in number and in duration of employment. In recent years, their contribution has been equal to that of approximately 30 permanent full-time employees.

Employees and temporary personnel



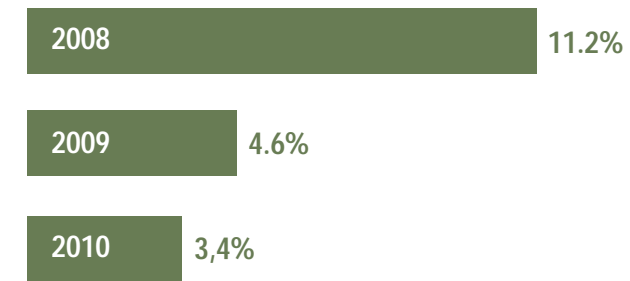


Almost 30% of our workers are women, and this percentage is practically the same for management, since women hold 6 out of 22 positions at that level.

58% of our workers come from the Italian side of the border, much lower than the average percentage for manufacturing companies in the Mendrisio area, where historically the border-worker component in industry is very significant.

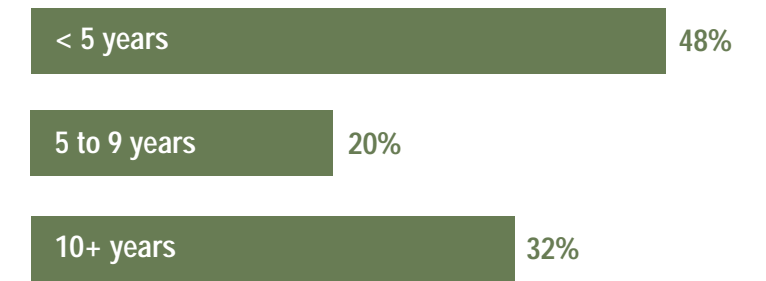
The use of hi-tech machines demands qualified personnel. Over 10% of our employees have a university degree, and almost 55% more have a diploma from professional trade schools. Workers involved in the production process who do not have specific professional training receive technical training in-house.

Employee turnover rate



Identification with Company values, trust, and experience in handling precious materials are closely linked with a low turnover of employees. For this reason, we are extremely pleased by the considerable drop in the turnover rate (i.e., the ratio of

Average stay in Company



the number of employees who have left the Company to the total number of employees). Our goal for the future is to keep turnover at the low levels achieved in 2010. Data on the average number of years at the Company is even more encouraging: over 50% of our employees have been with us for more than 5 years,

and 32% for more than 10. Considering that Argor-Heraeus had 89 employees at the end of 2000, this means that 70% of them have remained with us the entire time.

Health and safety at the workplace

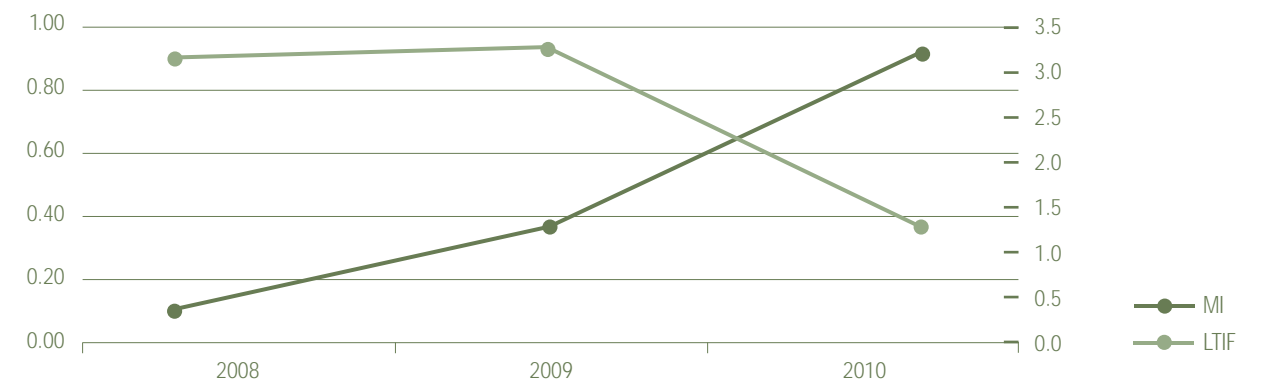
Argor-Heraeus is composed of people, not simply workers, and safety at the workplace is our unconditional priority.

Above all, safety derives from our infrastructure, processes, and observance of regulations, and we are convinced that an orderly, calm work environment helps eliminate risks. But all of these factors would be ineffective without the contribution and commitment of the people who work here.

Increasing our employees' awareness of safety rules, procedures, and principles by means of training sessions, exercises, signs, and warnings is part of our daily commitment. To this we add formal documents, such as the personnel rules and code of conduct, that every employee is required to know and respect.

At Argor-Heraeus, we have a safety engineer who devotes 100% of his time to monitoring and instructing our personnel on the importance of a safe workplace.

Magnitude Index – LTIF



We evaluate two aspects when monitoring worker safety: the frequency and magnitude of accidents. The Lost Time Injury Frequency (LTIF) index expresses the number of accidents recorded for every 100'000 hours worked. 2010 was an especially positive year in this sense: the index decreased 62% compared to the previous year.

The Magnitude Index (MI) measures the number of days lost due to accidents at the workplace every 1'000 days. In the last three years, this indicator rose sharply due to two cases of accidents (not directly connected to production activities) that required extremely long recovery times. Even if the accidents occurring at Argor-Heraeus may be considered minor, we have renewed our commitment to reducing of any indicator attesting to an accident suffered by an employee.

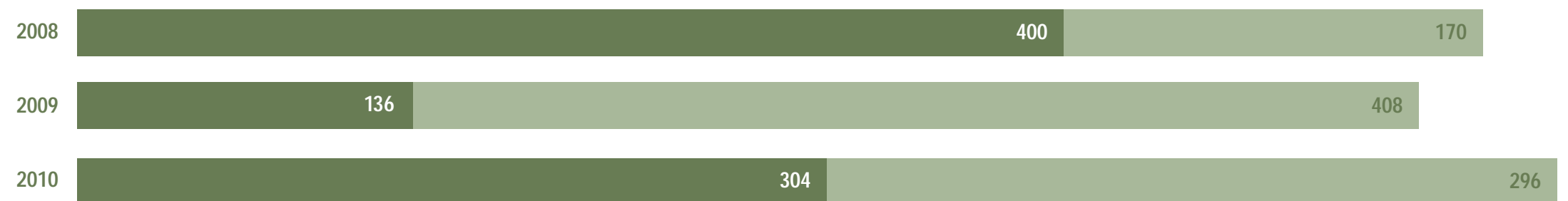
Training

Developing the Company's know-how, providing employees a path for professional growth, and guaranteeing a safe workplace are just a few of the goals that could not be achieved without a constant commitment to training. In 2010, we organised training courses and activities (both in-house and with outside specialists) that involved department personnel and different levels, with awareness that every employee must contribute to increasing skills in the Company.

These courses and activities included:

- technical-professional training (including courses in metallurgy, assayer certification, CAD) for supervisors of electrical plants, as well as seminars on specific topics.
- continuous training in safety and instruction for administration;
- instruction on the code of conduct and on the Company's ethical and professional values;
- language courses (German, English, French) fundamental for our global operations;
- meetings and seminars for executives and managers, often held on dedicated weekends, with the aim of developing management and strategic skills such as conflict management, leadership, evaluation, and enhancement.

Hours of safety training



■ External training
■ Internal training

Given the heterogeneity and extent of training activities conducted during the year, we are unable to reliably estimate the Company's total commitment in terms of expenses and paid working hours devoted to training. A quantitative assessment may be provided only with regard to the aspect that we deem the most important and imperative: training to ensure employee safety. All of our employees – including apprentices and temporary personnel – devote their first day of work to safety training. In addition, internal or external courses are held during the year concerning specific aspects of safety in each job performed at the Company.

In terms of numbers, there were 600 hours of safety training in 2010. The increase compared to 2009 is attributable the larger number of employees, in addition to our commitment to increased investment in an area of fundamental importance to our Company.

Activities with our stakeholders

Even though Argor-Heraeus is a global Company with customers, suppliers, and competitors throughout the world, we have always given utmost importance to ties with our region and its stakeholders, and believe that cooperation is essential for long-term, sustainable growth. Corporate culture, ethics, business style, and human relations among workers are closely linked to our Company's history and location.



In February, State Councillor Laura Sadis, Director of the DFE (Department of Finance and Economy), Arnaldo Coduri, Director of the Economics Division, economic promotion managers, and representatives of top management of AITI were welcomed for an important meeting between the Company and institutions.



In November, a 3'000 Swiss Francs award was presented to a SUPSI student (Department of Innovative Technologies) for the best diploma earned after three years of study. The award is part of our policy to support and stimulate technical training.



Also in November, the doors to our production area were opened to third-year engineering students at SUPSI, who met and spoke with our engineers who once attended the same school.

Argor-Heraeus supports the Fondazione Provida Madre in Balerna, devoted to helping disabled minors and adults, the Istituto Torriani in Mendrisio, which provides after-school tutoring for minors, and the Istituto Canisio in Riva San Vitale, which provides special education services to young people and adults. In addition, our Company supports a number of associations in the Mendrisio area and, more generally, in Canton Ticino, involved in cultural, ecological, and sports activities.



Those who once worked at Argor-Heraeus are always welcome: in 2010, our retired employees were invited to visit the offices and production areas where they previously worked and to join us at our Christmas dinner.



Constantly increasing traffic and the consequent rise in pollution are topics that concern our region and, therefore, Argor-Heraeus as well. Thanks to our collaboration with Infovel, consultants for sustainable mobility, we have brought these problems to the attention of everyone in the Company, and have promoted sustainable mobility solutions aimed at discouraging the use of cars and promoting alternate means of transportation.



It is essential that Argor-Heraeus employees work in a positive and stimulating environment in which each person feels part of a common mission.



To achieve this, we offer our employees and their families the opportunity to participate in gatherings and recreational activities, including a winter ski-trip and summer sports tournaments.

