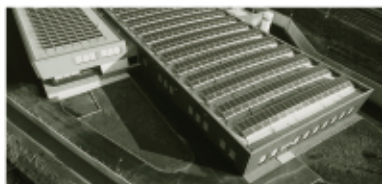




ARGOR-HERAEUS

The golden link

What is the value of a new home?





Letter from the CEO

2012 was a very exciting year, full of important decisions and changes.

Of course, the most obvious is our new headquarters in Mendrisio, which expanded and modernised our home. A state-of-the-art building that merges technology and safety with sustainability, demonstrated by the installation of one of Ticino Canton's largest photovoltaic plants on the roof, producing renewable energy at zero cost starting in 2013. Thanks to the expansion, we have also begun reorganising our production processes, which, together with the introduction of a new management system, will further improve the quality and efficiency of our work. We invite you to discover these new structures, spaces, and equipment through the photos in this Report.

But a home, even if state-of-the-art, cannot ensure a company's success on its own: this is done by the people who "live there", by means of their daily work and professional commitment. This is why we have asked them to give first-hand descriptions of their approach to social and environmental responsibility.

Our commitment to change has not made us lose sight of our mission: to be a top player on the world's precious metals market. We have grown thanks to our long-term strategy, and this Report, now in its third edition, is proof of what we have achieved. I hope you will enjoy reading it, and trust that it may provide food for thought and stimuli for constant improvement of our economic, environmental, and social responsibility.



Erhard Oberli
CEO Argor-Heraeus

ARGOR-HERAEUS SA

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OVERVIEW





Guide to the report



CONTINUITY AND COMPLETENESS OF REPORTING

Perimeter

This Report presents information and data that have an impact on our sustainability with respect to all of our stakeholders.

Because our four affiliates:

- Argor-Heraeus Deutschland
 - Argor-Heraeus Italia
 - Argor Aljba
 - Argor-Heraeus America Latina
- are considerably smaller than Argor-Heraeus SA in terms of personnel and quantities of precious metals processed, we have continued to monitor only the most significant indicators, introducing the values of the Argor-Aljba joint venture this year.

Because Argor-Heraeus Latin America has no production activity, it has not been included in the Reporting section.

A majority of the works for expansion of our Mendrisio headquarters – works that have an unavoidable impact on the environment – were completed in 2011 and described in the second edition of the Report. Only the building and engineering of the production processes were completed in 2012.

Value of contents

We have maintained the same values, information, and graphics used in previous editions of the Report to allow the reader to compare indicators and assess the trend of our impact and efforts in terms of economic, environmental, and social responsibility.

Structure

The Report is in two parts. The colours of the texts (gold and green) refer respectively to:

- The section devoted to the Group profile, which presents the Company.
- The section with indicators for measuring sustainability.

The highlights, important data or words, draw attention to key information in each sub-section.

As you turn over the pages of this Report, you will see photos of our “new home” in Mendrisio, fully operative since the start of 2013.

We have also included the viewpoints of our colleagues, whose thoughts, considerations and stories (presented in the reporting section) describe their daily application of the Company’s sustainable approach.

Reporting section

Each area of the reporting section is organised to ensure (where possible) the same order of information for easier understanding:

- Allocation of resources.
- Three-year trend in consumptions related to a parameter indicating the trend in processing of precious metals.
- Commitment to sustainability.

Our history



GROWING

FOR OVER SIXTY YEARS



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 Austrian Mint enters the shareholder structure.

2004 An office is opened in Chile; Argor-Heraeus Deutschland is formed.

2005 Argor-Aljba is formed in Mendrisio, Switzerland.

2006 Argor-Heraeus Italia is formed.

2012 Argor-Heraeus Latin America is formed.

2013 Official inauguration of the new, expanded, and reorganised headquarters.

Our shareholders



TECHNOLOGY, SOLIDITY,

KNOW-HOW

Heraeus

Heraeus is a privately-held German multinational that has operated in the precious metals and hi-tech sector since 1861. Among its many areas of expertise, it is particularly active in biomaterials, medical/dental/pharmaceutical products, quartz technologies, special and platinum group metals, and electronic and automotive parts. Heraeus has more than 13,000 employees in over 120 locations throughout the world and holds over 5,900 patents and licenses.

Competences and synergies:

Heraeus creates important synergies at the industrial level and in terms of research and development thanks to the Group's great potential in this area.

Commerzbank

Founded in 1870, Commerzbank is one of the most important players on the German market and has branches in over 50 countries. It provides banking and financial services to private, industrial, and corporate customers and has traded precious metals on the New York, London, Singapore, and Luxembourg exchanges since 1980. With more than 53,000 employees, it has one of the most extensive networks in Germany, with approximately 15 million private customers and over one million business customers.

Competences and synergies:

The bank's expertise and services contribute to the Group's growth and solidity by supporting Argor-Heraeus's worldwide operations.

Austrian Mint

The Austrian Mint, with over 800 years of experience, is one of the world's most important mints. It produces Euro coins for the Austrian Republic, as well as coins in other currencies for other countries and a wide range of collector's coins and medals, including the famous "Wiener Philharmoniker" in 24k gold or silver, the only European "bullion coin". 100% controlled by the National Bank, the Mint currently has over 200 employees and produces about 450 million pieces per year.

Competences and synergies:

The Austrian Mint provides Argor-Heraeus with synergies linked to distribution channels as well as extensive marketing know-how.

The Group

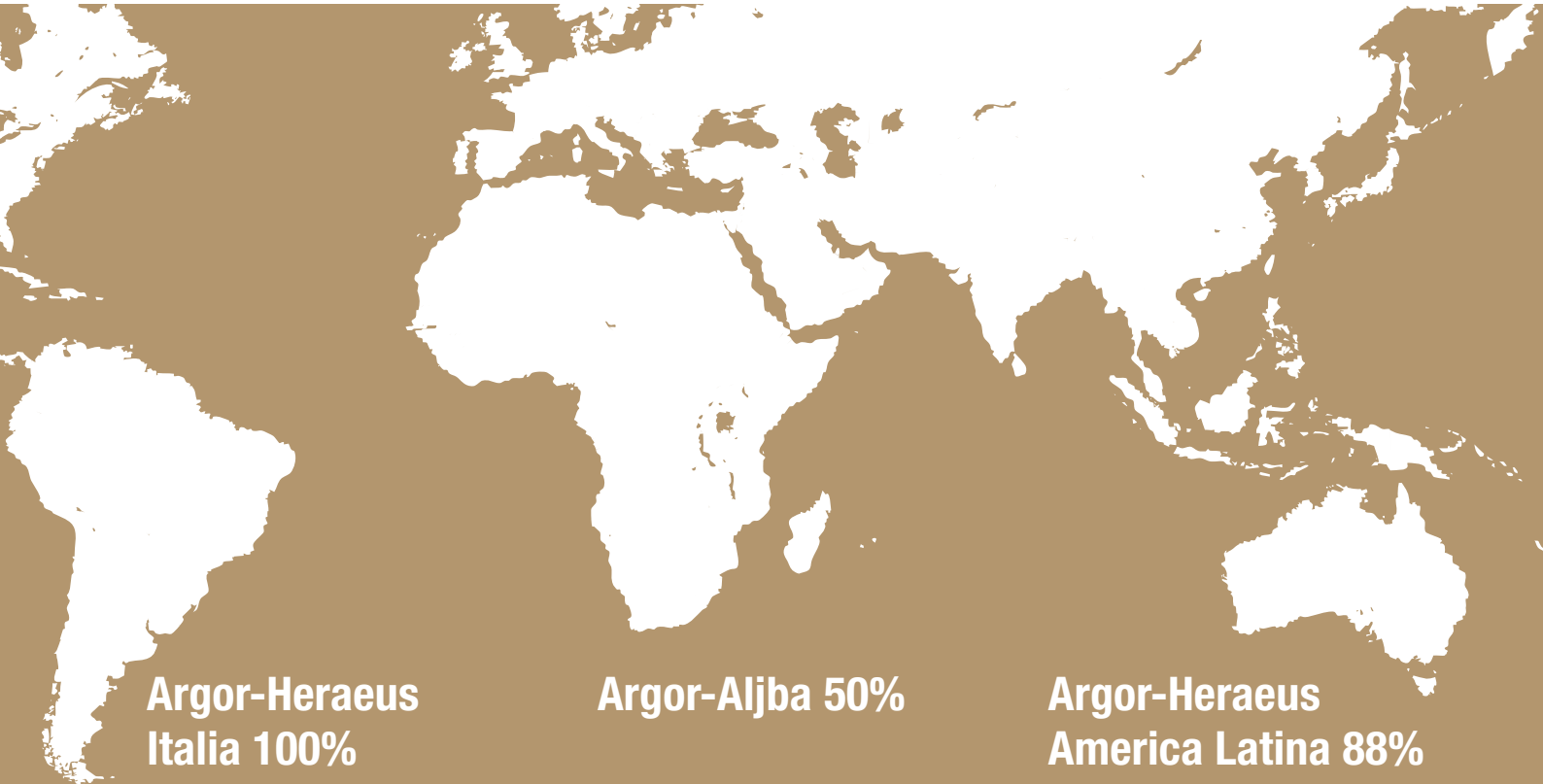
LOCAL ROOTS,

INTERNATIONAL PRESENCE

Argor-Heraeus Deutschland 100%

This affiliate has been present in Pforzheim (Baden-Württemberg) since 2004 and is the reference point for the German market.

Activities: The affiliate collects, analyses, and trades in precious metals, and provides logistics services.



Argor-Heraeus Italia 100%

Created in 2006 at Cavenago Brianza, this affiliate mainly serves Italian goldsmiths by providing technological know-how shared with the parent company.

Activities: The affiliate collects and analyses, and trades in precious metals, sells products for the jewellery and watch industry, and provides logistics services.

Argor-Aljba 50%

Argor-Aljba is a joint venture that develops high-tech coatings for many sectors and applications.

Activities: It conducts research and development of high-tech coatings and produces coatings for tools, mechanical parts, and watch parts. The innovative Diamond-like-Coating technique exploits the diamond's properties to ensure exceptional hardness and long life.

Argor-Heraeus America Latina 88%

Argor-Heraeus Latin America is the reference point for the South American market and provides closer support to customers and mines in this area.

Activities: Formed in 2012, the affiliate operates as a Sales Office; its production activities are in the planning stage.

Corporate governance



CONSTANT GOVERNANCE
BOTH IN-HOUSE AND OF THE ENTIRE CHAIN

EXECUTIVE LEVEL	Shareholders Meeting and Board of Directors	Define company strategies and manage the company
	Board of Directors Delegation	Support management in daily decisions
	Risk Audit Committee	Assess risks of strategic decisions and of daily operations.
MANAGERIAL LEVEL	Internal Credit Committee	Manage allocation of resources in the three profit centres
	Credit Office	Control actual use of resources in the profit centres
	Compliance Office	Monitor compliance with regulations, international guidelines and internal rules; perform due diligence on potential customers
	Personnel Commission	Along with Management, assist personnel in all matters
OPERATIVE LEVEL	Technical Offices	Assess operative quality of departments of each profit centre
	Full-time Safety, Quality, and Environmental Protection Supervisors	Based on the principle of continuous improvement, manage the safety of all personnel (whether employees or not) at the workplace, the quality of our products and processes, and the impact they may have on the environment.
	Quality Control Laboratories	Monitor quality of precious metals

Our Company's governance mechanisms operate at the executive, managerial, and operative levels to ensure responsible conduct toward stakeholders as well as long-term business sustainability.

They are applied to the entire corporate structure, which is based on 3 profit centres: bank products and mining (refining and foundry), industrial products (mechanics and semi-finished products),

and precious metal services (trading, laboratory, and other services), plus transverse services such as finance, control and compliance, personnel, and IT.

Our operations



OUR PRODUCTS ARE BASED ON
QUALITY AND INNOVATION

Argor-Heraeus refines precious metals such as gold, silver, platinum, and palladium with annual refining capacity of 450 tonnes for both gold and silver (the two principal metals). Our products

have been characterised by constant innovation, research, and maximum quality for over sixty years. Our commitment to raising the quality requisites of products, with special attention to

social-environmental sustainability of production processes, is a tangible sign of our ability to listen to our customers' needs.

Refining

Chemical and electrolytic refining for processing precious metals from mines and for recycling jewellery/industrial scrap

Bars and Coins

Production of a wide range of cast and coined products

Luxury products

Development of products for the jewellery and watch sectors

Trading

Information, financial, and accessory services for international precious metals markets

Accreditations and recognitions



MANY CERTIFICATIONS
FOR A SINGLE MISSION



LBMA (London Bullion Market Association) Ordinary Member	A recognised Good Delivery producer and referee for the control of quality standards of LBMA Good Delivery List members
LPPM (London Platinum and Palladium Market)	A recognised Good Delivery producer for platinum and palladium
Melter and Assayer	License issued by the Swiss Central Office for Precious Metals Control for certified and recognised production
SAS (Swiss Accreditation Service)	Accredited as a testing laboratory for analyses of precious metals and alloys
LME (London), TOCOM (Tokio), COMEX/NYMEX (New York), DMM (Dubai)	Recognised operator on principal financial markets
FINMA (Swiss Financial Market Supervisory Authority)	Authorised to operate as a financial broker
ASFCMP (Association Suisse des Fabricants et Commerçants des Métaux Précieux)	Member company
Responsible Jewellery Council (RJC)	Certified for responsible company practices throughout the chain
Reduced CO₂	Participant in the emissions reduction programme
Training Company	Recognised by the Canton for training of apprentices
ISO 9001	Certification of quality assurance and process safety policies
Dun & Bradstreet	Certification of the Company's solvency towards its business partners

We are one of the top players on the precious metals production chain and, as such, are a reference point for quality standards. Therefore, not only are we proud of being certified by the principal

international organizations that regulate precious metals markets, but we also work with their management boards to define and implement new guidelines. These recognitions refer to the excellence

of our Company's products, our ethical principles and transparency in the chain, our commitment to limiting the environmental impact of our operations, and our conduct as a responsible employer.



Our stakeholders

Shareholder

Management

Employees

Customers

Suppliers

Goals

2012 participation instruments

- Greater confidence in management
- Common strategy and vision
- Business development support
- Shareholder satisfaction
- Shareholding stability
- Increased industrial synergies

- Periodic communication in line with the shareholder's information needs (example: monthly data, newsletter)
- Transparent communication and continuous dialogue
- Annual Report
- Sustainability Report
- New website

- Shared growth and business strategy
- Long-term satisfaction and relations
- Commitment

- Personnel policy and incentives
- Monthly information meetings
- Development and sharing of crisis communication plan
- Annual Report
- Code of conduct
- Sustainability Report
- New website
- Better Gold Initiative
- Start of process to obtain Chain of Custody Certification from Responsible Jewellery Council

- Sharing of mission and vision
- Low turnover
- High satisfaction
- Identification and commitment
- Support for Company image and reputation

- Personnel policy and incentives
- Periodic information
- Code of conduct
- Sports and recreation group, summer picnic ("Orimpiadi"), winter ski trip
- Christmas dinner
- Sustainability Report
- New website

- Development of customer loyalty
- Commercial information (products/services)
- Sharing of values
- Being perceived as a reliable and qualified partner
- Know your customer policy

- Know your customer assessment procedures
- Targeted personalised information
- Trade fairs
- Commercial activities (example: targeted visits)
- Code of conduct
- Sustainability Report
- New website
- Better Gold Initiative

- Respect of the company's quality standards
- Sharing of values
- Being perceived as a reliable and qualified partner

- Assessment procedures
- Code of conduct
- Sustainability Report
- Dun & Bradstreet certification
- New website

Competitors

Institutions

Public services

**Industry
associations**

**Non-governmental
organisations
(NGOs)**

Mass media

Goals

2012 participation instruments

- Cooperation on shared concerns (example: safety at the workplace, environmental protection)

- Participation in workshops
- Participation in ASFCMP (Association Suisse Fabricants et Commerçants des Métaux Précieux) platform
- Joint press release

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

- Periodic targeted information
- Third edition of SUPSI Award for the best engineering diploma
- SUPSI open days
- Sticker for training company with apprentices
- Involvement of SUPSI to check laying of solar panels and evaluate inspection estimate
- Meetings and discussions with politicians
- Sustainability Report
- New website

- 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
- Sustainability Report

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

- AITI, Chamber of Commerce affiliation
- Continuous collaboration on a variety of matters with top associations regulating the precious metals sector
- Conferring of mandate to industry organisation for economic impact report
- Creation of brochure illustrating commitment of industry players
- Sustainability Report
- New website
- Better Gold Initiative
- Start of process to obtain Chain of Custody Certification from Responsible Jewellery Council

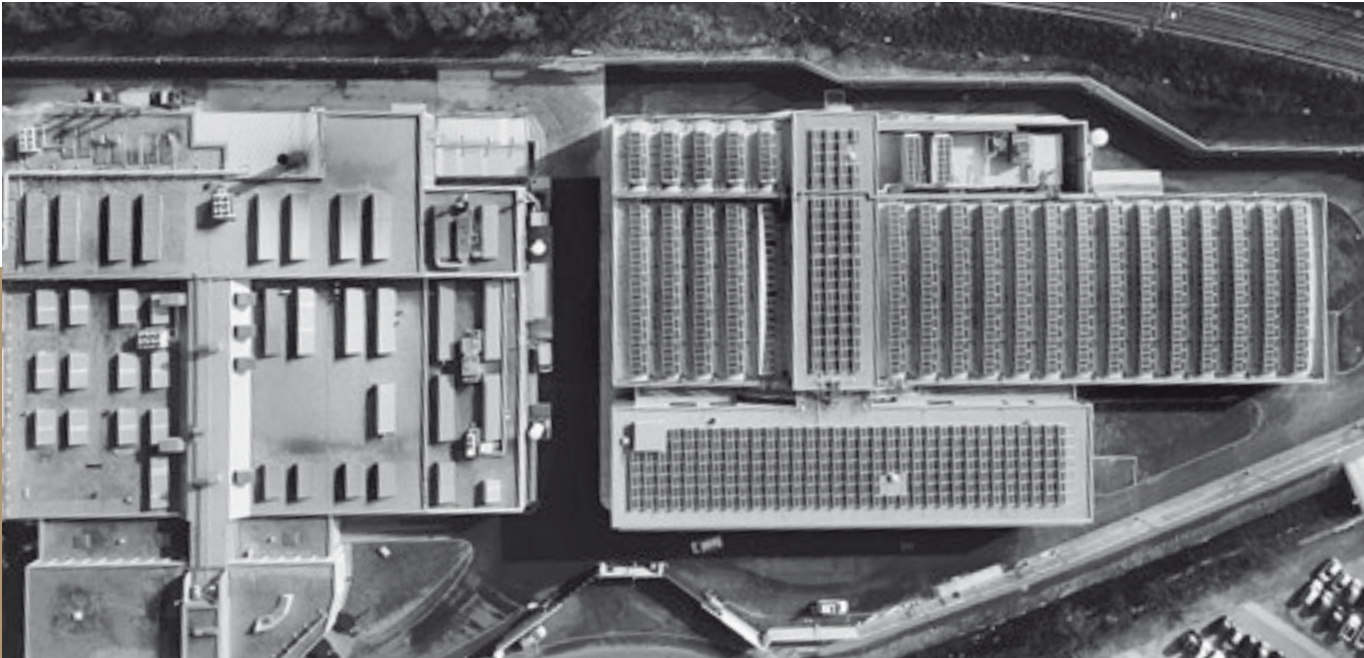
- Support and collaborative spirit
- Exchange of information

- Support of three local non-profit associations
- Assessment of involvement in non-profit projects linked to fair trade
- Participation in conferences
- Sustainability Report
- New website

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

- Involvement of the media in SUPSI open days
- Professional activity of press and media relations office
- Sustainability Report
- New website with dedicated media area

Our approach to sustainability



CLEAR RULES AND CONSTANT COMMITMENT
FOR A TRANSPARENT SUPPLY CHAIN

Our reputation is confirmed by the long tradition and high quality standards of our products. Nevertheless, working in the precious metals sector presents objective risks of direct or indirect involvement in actions that may harm human rights, the environment, or universally recognised ethical principles. Moreover, because we operate worldwide, we often have to deal with regulations that are not as strict as those in Switzerland.

This is why our priority is to work in a clear and acknowledged regulatory context, so that we may be certain of operating in a responsible chain with players that share all of our principles of sustainability and ethics.

For years, our Directors have played an active role in defining standards to achieve a sustainable and conflict-free precious metals industry, and in recent months have cooperated in the definition Chain of Custody Standards with the Responsible Jewellery Council and the Organisation for Economic Co-operation and Development. We have also shared our expertise to implement programmes such as:

- “Responsible Gold Guidance” of the London Bullion Market Association.
- “Due Diligence Guidance for Responsible Supply Chain Management of Minerals from Conflict-Affected and High Risk Areas” of the Organisation for Economic Co-operation and Development.
- “Conflict Free Gold Standard” of the World Gold Council.
- “Better Gold Initiative,” a collaborative programme of the Swiss Better Gold Association and the State Secretariat for Economic Affairs (SECO).

But a list of rules and guidelines are insufficient unless everyone in the precious metals industry shares their basic principles. This is why we support the commitment and contribution of people at various levels:

- We share our Company’s fundamental values with all of our employees and help them understand the risks and consequences of any non-conforming conduct.
- We constantly visit our customers and suppliers and form personal relationships that allow us to share our goals and principles of transparency.
- We attend board meetings of supranational associations that regulate the precious metals industry and work with their members to achieve common goals and share expertise.



ECONOMIC RESPONSIBILITY



Distribution of added value



1/3 OF GENERATED VALUE REINVESTED
FOR GROWTH

Distribution of added value



The allocation of added value reflects our commitment to satisfying the interests of our stakeholders: about half the added value generated by the Company

is distributed directly to our employees and paid to local institutions in the form of taxes, thereby supporting growth in the local area.

Our business also has positive effects on customers, suppliers, and all of the Company's shareholders.



“If after more than ten years I have the same enthusiasm that I had on my first day at work, I owe it to the Argor-Heraeus family, to the help I have always received from Management whenever I needed it, and to the knowledge that thanks to them I was able to send my son to university.”

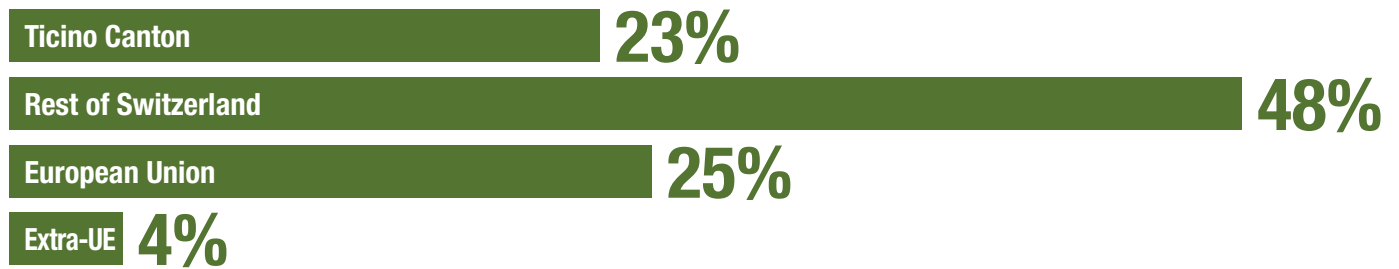
Daniele Covelli, Foundry Foreman

Suppliers of services and accessory products



CHF **14.7** MIO PAID TO SUPPLIERS IN THE TICINO CANTON
IN 2012 FOR EXPANSION OF HEADQUARTERS

Distribution of suppliers by region



Suppliers of products and services mainly provide:

- chemicals
- fuels
- security services
- consumables
- disposal services

We decide whether to work with potential suppliers after evaluating the quality of their products or services, in addition to technical aspects and economic advantages. But we do not stop here:

we make sure that sustainability and transparency are as deeply rooted in their culture as they are in ours. Belonging to the same “territorial culture” is an additional evaluation parameter. We believe that beyond providing advantages such as rapidity and immediacy, being based in a dynamic and economically developed district will stimulate and sustain our growth. When we were unable to work with companies based in the Mendrisio area because certain products, services,

or skills were unavailable, we nevertheless generated value for the territory through hundreds of nights spent in hotels or meals eaten in restaurants near Argor-Heraeus by teams of specialists who worked with us. In 2012, more than 70% of our supplier expenditures regarded Swiss companies. This figure is even more significant with respect to suppliers involved in the expansion of our headquarters, with 40% of 2012 expenditures allocated to companies in the Mendrisio area.



“ Working with local suppliers whenever possible not only transforms work relationships into friendships after work, it also makes me aware that I’m contributing to the region’s growth. ”

Daniele Albani, Project Engineer

Our customers



DUE DILIGENCE AND CONSTANT CHECKS

Our customers are also the suppliers of the precious metals we process, because in most cases customers retain ownership during processing. We check the reliability of every customer, making sure that all of our partners give the same priority to sustainability as we do, and that none of the raw materials we receive are linked to human rights violations, labour exploitation, environmental harm, money laundering, or ethically questionable agendas. To do this, we adopt strict selection procedures.

KNOW YOUR CUSTOMER

Whenever we receive a collaboration request, we conduct a series of strict admissibility checks:

1. Preliminary assessment:

the officer who manages relations with the customer gathers information about the potential partner and then the Compliance Office evaluates the request.

2. Management assessment:

the above information and assessment is delivered to Management, which examines the candidate and, based on geographical risk and compatibility with Company policy, decides whether or not to continue.

3. Audit process: After receiving the go-ahead from Management, the Compliance Office audits the candidate's position and conduct in the supply chain by:

- Gathering all of the documentation needed for compliance with strict Swiss regulations (mainly with regard to money-laundering laws imposed by FINMA, the authority that supervises financial transactions in Switzerland).
- Checking compliance with guidelines ratified by supranational associations.

The collaboration begins only when we are sure of the partner's reliability. But our checks do not stop here: the Compliance Office constantly monitors the customer to verify that it continues to operate responsibly and ethically.

“ To be absolutely certain that our partners are as responsible as we are, we examine everything according to our know your customer policy: their history, values, collaborators in the chain, and all of the legal documentation. ”

Alessandra Fuini Hofer, Compliance Officer

An aerial photograph of a large industrial building with a flat roof. The roof is covered with numerous solar panels arranged in rows. The building has several large, multi-paned windows. The entire image is overlaid with a semi-transparent green filter. In the background, there are railway tracks and some utility poles.

ENVIRONMENTAL RESPONSIBILITY



Water consumption



75% OF WATER USED ONLY TO COOL
MACHINERY

27%

Chemical and electrolytic treatments

7%

Cooling towers

62%

Cooling water

4%

Other uses

The water we use performs two essential functions:

- It cools the machinery used to process precious metals.
- It mixes with reagents in chemical and electrolytic reactions to refine precious metals.



“ We manage and monitor all of our water purification processes to guarantee maximum environmental safety. Even in case of an accident, there is zero risk for the open spaces outside the Company thanks to containment tanks and state-of-the-art safety systems. ”

Jacopo Caruso,
Environmental Protection Manager

Total water consumption in m³

2010	60,786
2011	81,160
2012	82,508

In 2012, total water consumption was 82,508 m³, less than a 2% increase compared to the previous year.

Water consumption is mainly influenced by two factors: the type of metal process and the amount and type of chemicals used in reactions. Growth on the Swiss watch market confirmed the trend (begun in 2010) for higher demand of

semi-finished parts such as precious metal alloy watch cases. These products require purer metal, which demand longer processing time and greater quantities of cooling water for machinery (to be replaced with more efficient systems thanks to re-engineering). In addition, changes in the product mix may require the use of larger quantities

of chemicals and, consequently, of water. These factors clearly influenced water consumption in 2012 compared to the quantity of material processed (slightly less than last year).

The Group's affiliates have facilities much smaller than that of the parent, and therefore consumed significantly less water.

Total water consumption in m³ for affiliates

Argor-Heraeus Deutschland	690
Argor-Heraeus Italia	1,000
Argor-Aljba	496

Our commitment to sustainability

Our Company has a water purification department. We are committed to ensuring that every centilitre of water used in chemical reactions and containing residues of acids, heavy metals, or other substances potentially harmful to the environment is completely purified (with characteristics similar to sea water) before it leaves Argor-Heraeus and goes to the Mendrisio purification plant.

- Based on the Swiss Water Protection Act (LPAC), the Department for the Territory of Ticino Canton has issued a list of substances that may be discharged into water going to purification plants. We have compiled **a much shorter list of substances.**
- Three **analytic checks** conducted on all of the water to be discharged ensure that it no longer contains any pollutants.
- In 2012, we installed **closed cooling circuits** in our new headquarters, which will save many thousands of cubic metres of water.

Chemical consumption



0 ACCIDENTS
WITH CHEMICALS

28%

Hydrochloric acid

24%

Nitric acid

37%

Caustic soda

11%

Other chemicals

Chemicals are used for the chemical or electrolytic refining of precious metals:

- **Hydrochloric acid:** mainly for gold refining.
- **Nitric acid:** mainly for silver refining.

- **Caustic soda:** neutralises the acidic solutions produced by reactions; eliminates substances potentially harmful to the environment.
- **Other chemicals:** mainly for refining other precious metals.



“ The constant presence of a supervisor, direction signs, material tracing, safety zones, valves and alarms, measurement systems designed to minimise risks, and compliance with requisites stricter than regulations help me every day, so that in the last 34 years, that is, since I’ve been at Argor-Heraeus, there has never been a single spill of acids during delivery. ”

Salvatore Tassone,
Processing Materials Supervisor

Chemical consumption and production



We used 3,243,277 kg of chemicals in 2012 (200,000 kg more than in 2011) despite a slight decrease (-1.6%) in production.

The increase is attributable to the fact that the precious metals market is demanding products with greater purity, such as 999.99 gold, which is the highest on the market. To satisfy this

demand, the solutions used for chemical and electrolytic reactions must contain a higher percentage of chemicals and must be replaced more frequently.

2012 was marked by a tendency to receive raw materials with a low purity level, which required greater quantities of chemicals for refining.

Chemical and electrolytic reactions release gaseous substances (nitrogen oxides) and solid substances (sludge). Chemical consumption at the Group's other facilities is extremely low and has therefore been omitted. Almost all processing activities are conducted at Mendrisio.

Maximum hourly gas emissions in mg/m³ and OIAt limits, 2012



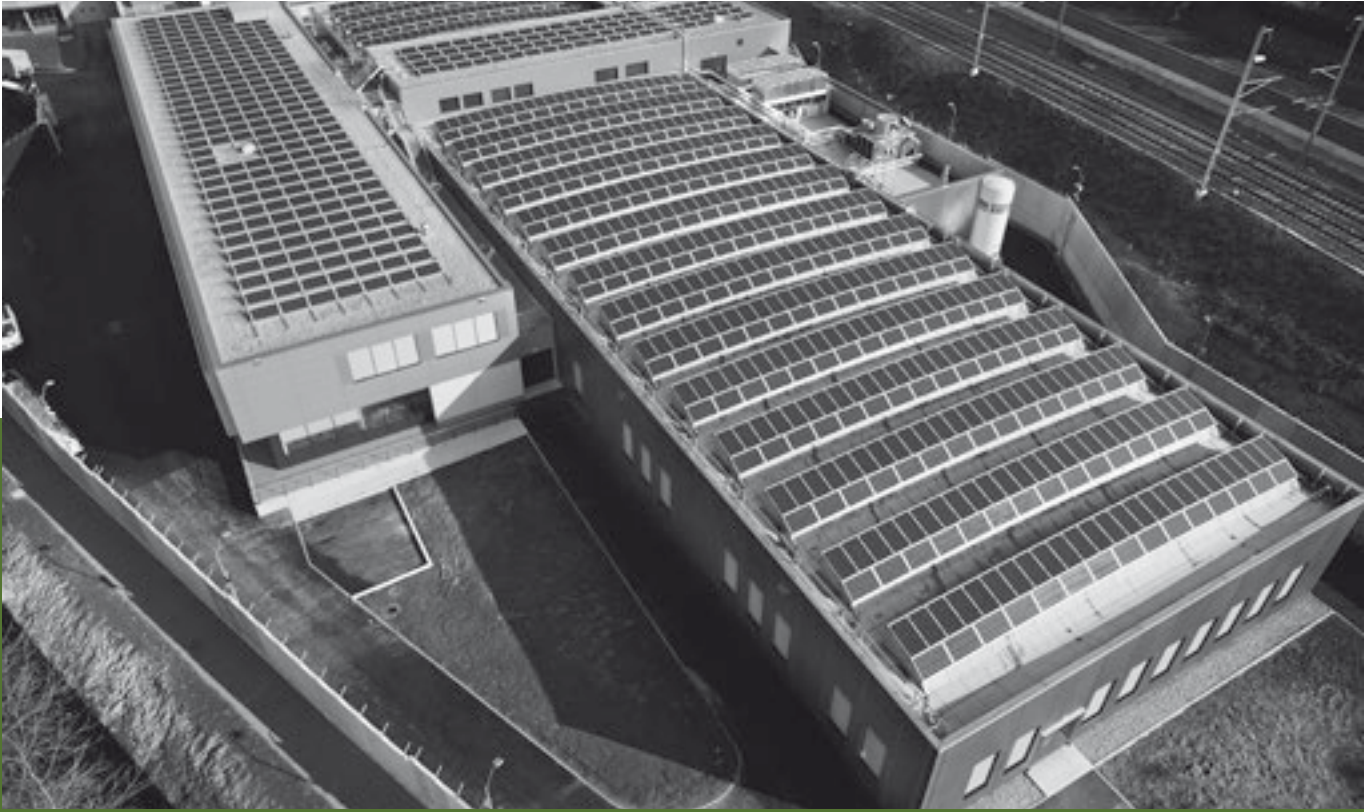
■ Maximum measured value
■ OIAt limit

Our commitment to sustainability

Our commitment to limiting the environmental impact of our operations ensures that constant improvements to processes also result in more efficient use of chemicals.

- In 2011 we installed a **system to monitor emissions of nitrogen oxides** (nitrogen monoxide and dioxide) to ensure that the quantities emitted are always below our self-imposed limits, thereby increasing safety for our employees and the surrounding area.
- Monitoring is supplemented with **systematic checks** conducted periodically by the **Air, water, and soil protection section (SPAAS)** of the Territorial Department of Canton Ticino to verify compliance with the Ordinance on Air Pollution (OIA). While the 2012 measurement confirmed our compliance, the result (under the limit) showed that further improvement is possible.
- Therefore, we have launched a **joint study** with the Territorial Department of Canton Ticino to **find additional methods to reduce nitrogen oxide emissions**.
- Thanks to our constant efforts to reduce emissions and to previous measured values below legal limits, the **SPAAS has decided not to conduct measurements of organic and inorganic compounds and dust**.
- The approximately **300 tonnes of sludge** produced in 2012 (similar to 2011 levels) are delivered to **specialised companies** for processing and recycling (for example, to extract copper for electrical wires).
- **Environmental risks**, even in case of leaks into the ground, are practically nonexistent thanks to internal and external storage areas and to supervision of all operations involving polluting substances.
- **Periodic exercises and training** in the classroom and at work prepare our employees to handle unexpected events.

Energy consumption



REPLACING

FUEL OIL

2%
Fuel oil

21%
Methane

73%
Electricity

4%
Propane

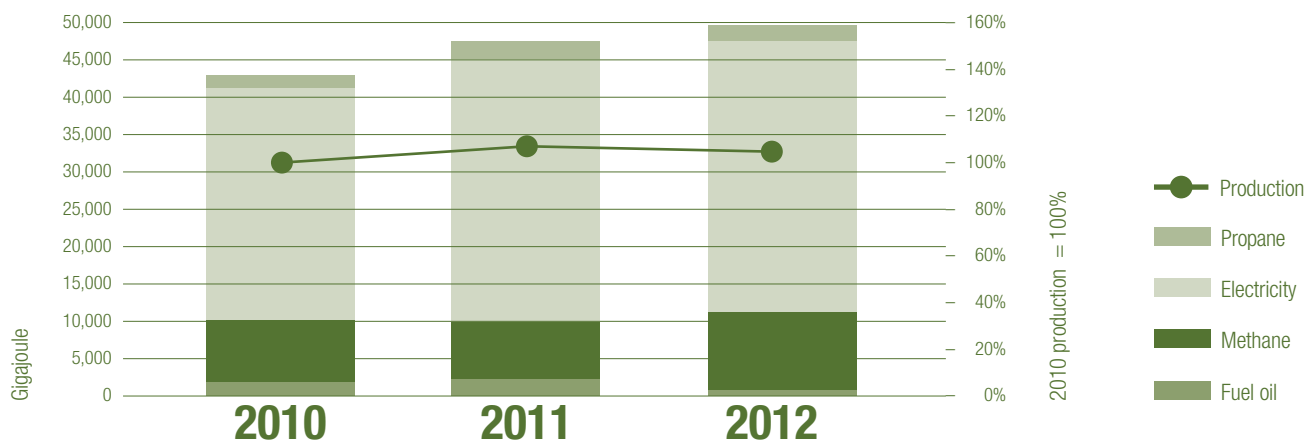
- Most of the Company's energy needs (electricity) derive from the operation of metal processing machines.
- Methane, a less polluting source that is replacing fuel oil, is used to heat the rooms.
- Propane is used for a few smelting processes, mainly regarding silver.



“ We worked very hard to ensure that our new headquarters was energy-efficient even in smaller ways. For example, we use photo-cells to efficiently control the lights in our offices. Working in an eco-friendly culture means that you pay attention to the environment outside the Company as well: I make a small contribution to energy saving by riding my bicycle to work whenever possible. ”

Davide Osmetti,
Industrial Products Production Manager

Energy consumption and production



49,757 gigajoules of energy were consumed in 2012. Processing times for precious metals were lengthened due to market demand for increasingly pure products. As a result, there was greater use of processing machines powered by electricity, increasing overall energy

needs by 4.9% compared to 2011 despite a slight drop in production. Consumption was also influenced by an increased tendency to receive low-purity materials from customers. Consumption of propane for silver processing decreased due to a change

in the product mix compared to 2011. Argor-Aljba, in proportion to its size, consumed more energy than the Group's other facilities due to its use of specific coating production machines that operate in a vacuum.

Consumption of energy in gigajoules by affiliates



Our commitment to sustainability

We installed 1,074 solar panels on the roof of our new headquarters in 2012. As large as 7 tennis courts, they provide an additional source of energy – completely green, renewable, and free – covering our needs and making an important contribution to the Company's sustainability.

- In 2012 we took another step to protect the environment: we decreased our use of fuel oil by replacing it with much greener **natural gas** to heat our rooms. In addition, our new headquarters will be heated exclusively with this resource.
- Even with the enormous effort demanded by re-engineering to complete and launch full-speed operations at our new headquarters, we continued to do **minor works** to improve energy efficiency in our current facility as well.
- Thanks to cutting-edge building and plant engineering techniques, the energy required to heat one square meter at our new headquarters will be reduced by 75% compared to current levels.

Emissions



-2.1% EMISSION OF CO₂
INTO THE ATMOSPHERE

Carbon dioxide emissions derive mainly from:

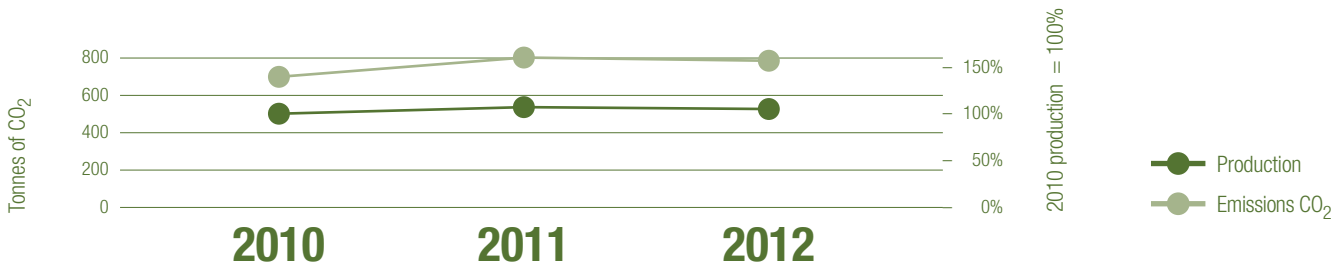
- the use of fossil fuels to generate heat needed to process precious metals
- the heating of rooms.



“ I started coming to work by bicycle because one of my colleagues did, and I enjoyed it so much that I now cycle to work whenever possible. You start the day in a different frame of mind, in addition to knowing that you're helping the environment. Plus, I know the Company supports my choice. ”

Daide Mapelli,
Chemical Laboratory technician

CO₂ emissions and production



2012 carbon dioxide emissions amounted to 784 tonnes (compared to 801 tonnes in 2011), a decrease typical of an industrial company such as ours. Our decision to protect the environment by replacing fuel oil with less polluting energy resources such as natural gas has significantly reduced CO₂ production.

Nevertheless, this drop was offset by an increase in emissions (as well as in consumption of water, chemicals, and energy) deriving from longer processing times (and therefore greater use of production facilities) to satisfy market demands for increasingly pure products.

Carbon dioxide emissions generated by the Group's affiliates were insignificant because production takes place almost exclusively at Mendrisio.

Our commitment to sustainability

In line with our Company's policy of environmental responsibility, which includes an ambitious expansion project for our headquarters with state-of-the-art characteristics to reduce pollution caused by HVAC (heating, ventilation and air-conditioning), our sustainable mobility policy teaches employees to reduce activities that cause pollution (such as emissions of greenhouse gas and CO₂, smog and traffic when coming to work) even off the job.

- Thanks to our **sustainable mobility** programme, 19 employees have benefited from the Company's 50% contribution to the annual "*Arcobaleno aziendale*" pass for travelling to and from work; 36 car-pooling groups have been created; a covered bicycle rack has been installed for employees who come to work by bike, and revenues from the parking tax were used to subsidize "*Arcobaleno aziendale*" passes and for recreational activities.
- We have **worked with the AEnEc** (Agency for Energy for the Economy) **for many years** to increase efficiency with regard to CO₂ emissions by participating in the CO₂ Reduction programme.
- The modern production processes installed in our new facility will guarantee low emission levels.
- In 2012 we laid the foundation for renewing our collaboration with Giset (*Gruppo Industrie Svizzera Energia Ticino*) to improve energy efficiency. The agreement takes effect in 2013.

Waste, packaging materials, noise



ECOLOGICAL PET

USED TO PACKAGE INGOTS

Waste

- We are an industrial company that produces many types of waste with different impact on the environment. In compliance with Swiss law, we work with **authorised disposal companies** that handle and recycle ordinary waste.
- Special waste, such as oils and solvents used in processing operations, is stored in special areas and treated in conformity to **specific procedures**.

Packaging materials

- In 2012 we commissioned a new machine that produces packaging **exclusively in PET** (replacing less ecological PVC) for minted ingots that require plastic, so that we now provide sustainable packaging as well.

- Our customers have given us positive feedback on this new packaging, proving that an investment in sustainability can directly benefit business.
- We use ecologically sustainable materials such as **wood or cardboard** for external packaging whenever possible.

Noise

- We conducted a **check of noise emissions** generated by the machinery in our current facility, which identified points to be improved.

- With regard to our expanded headquarters, a **noise audit** conducted by an independent company confirmed that the emissions generated by the noisiest machines in our new facility are within the limits set by the Swiss Noise Abatement Ordinance (NAO).
- We have **invested heavily** in the quietest possible machines and, where current technology was insufficient, we built special noise barriers and silencers so that our expanded headquarters will be efficient with regard to noise pollution as well.



“ I package and number the ingots, and the quality of my job and work station have improved immensely thanks to the new machine. In addition, I feel more responsible about the work I do because I'm aware that I use completely recyclable material. ”

Domenica Germino,
Mechanical Department Employee

A pair of clear safety glasses with a black frame is positioned diagonally across the frame. The glasses are resting on a green, perforated metal surface, likely a conveyor belt or a similar industrial component. The background is a solid green color, and the overall image has a monochromatic green tint. The text "SOCIAL RESPONSIBILITY" is overlaid in white, bold, sans-serif font in the center-left area of the image.

**SOCIAL
RESPONSIBILITY**



Composition of personnel



20 EMPLOYEES

HIRED IN 2012

Employees and temporary personnel

2010	198	33
2011	207	56
2012	227	51

■ Employees
■ Temporary personnel (FTE)

- We are convinced that a company's success depends on people, and are proud that we were able to hire **20 employees** in 2012.
- We prefer **open-ended contracts**, aware that this policy ensures our employees greater job security, skills development, and absorption of company culture.
- We also have a number of temporary employees due to the extreme volatility of demand. Nevertheless, starting from January 2013 we were able to hire **one quarter of our temporary personnel**.



Employees at affiliates

A-H Deutschland	11
A-H Italia	9
Argor-Aljba	16

- Starting in 2013, all of our employees will enjoy **higher quality work stations** thanks to the opening of our new facilities and the reorganisation of current production processes.

“ I've been at Argor-Heraeus for 24 years, and it's become like a family. The work environment is positive, and I have an excellent relationship with my co-workers and superiors. This is why I voluntarily assume responsibilities beyond my work description, like being the Chairman of the Personnel Commission and working on the sustainable mobility project. ”

Ignazio Presti,
 Weighing Operations Manager,
 Bank Products Profit Centre

LONG STAY IN THE COMPANY LOW TURNOVER RATE

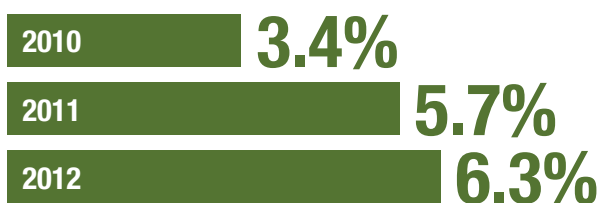
Distribution of employees by gender, 2012



Employee education level, 2012



Employee turnover rate



Average stay in Company



- We are a state-of-the-art industrial company, and almost 30% of our employees have a **university or professional trade school education**.
- **The turnover rate is very low**, and changes compared to last year are due mainly to physiological reasons such as retirement (4 in 2012) or end of apprenticeship (2).
- **The numbers referring to average years of employment are even more positive** if “purged” of the growth in the number of employees in recent years. In fact, 79% of the 152 employees with us 5 years ago are still at the Company.

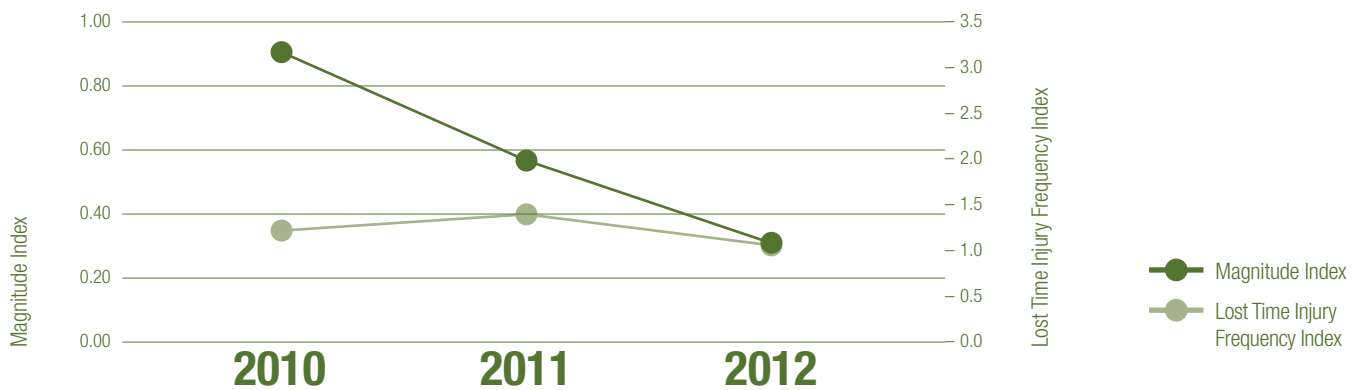
Health and safety at the workplace



-45%

ON INDEX OF SERIOUS ACCIDENTS

Magnitude Index – Lost Time Injury Frequency Index



- The Lost Time Injury Frequency (LTIF) index, which expresses the number of accidents recorded for every 100,000 hours worked, **fell 23%** compared to 2011.
- The Magnitude Index (MI), which measures the number of days lost due to accidents at the workplace every 1000 days, **fell 45%** compared to 2011.
- Thanks to our efforts to achieve maximum employee safety by means of continuous training, exercises, internal rules and codes, **both indices have fallen considerably in the last three years.**
- A **specialised safety engineer** devotes 100% of his time to monitoring and instructing our personnel on the importance of a safe workplace.
- Safety is at the top of the list, and we have **invested heavily** in state-of-the-art safety features at our expanded headquarters.
- We have **replaced the fire extinguisher system** at our current facility to guarantee maximum employee safety even in case of unexpected events.
- Great attention was also paid to the **transfer** to our new facility, which took place **without any accidents.**



“ My daily work, which includes operating a forklift and using tools to engrave series of ingots, can present serious risks for me and for others if done improperly. I feel completely at ease when I come to work every morning because I know the Company protects me by providing me every possible precaution and constantly updating me on safety. ”

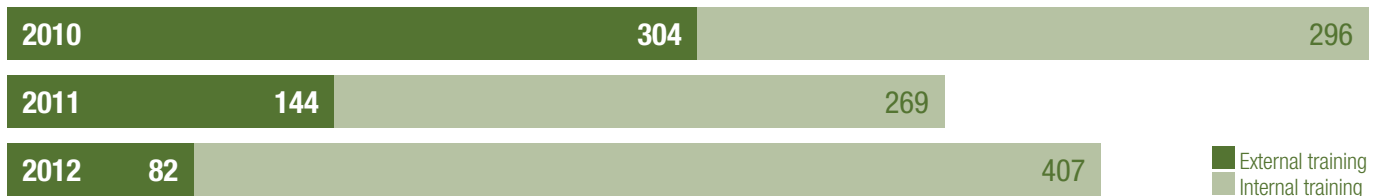
Gaston Ariel Bramajo,
Supply Chain Employee

Training



TRAINING COURSES
FOR EMPLOYEES

Hours of safety training



- A **safe workplace** is fundamental, and we invest heavily every year to ensure that all employees are always aware of this.
- In 2012, we began work on our **new SAP management system**, which during the next few years will reorganise all of our IT procedures, rationalising and making them more efficient and introducing best practices. We have committed large resources to teach our employees about the new system's uses and functions (not included in the hours of professional training). Training was also conducted in work groups to standardise perception of the new procedures.
- Likewise, the Reporting does not include extensive **on-the-job** instruction by department managers to support the continuous training of employees.
- We also held a series of meetings to reinforce practices regarding ISO 9001 certification and hired a quality assurance expert.
- Trained and skilled employees are the key to our success: this year as well, our employees attended almost **1,000 hours of internal and external courses** on safety, quality and professional skills (specific technical courses, IT and language courses, seminars for executives and managers for the development of management and strategic skills).
- A specific course on **precious metals security rules** was added for all employees.



“ I started working at Argor-Heraeus just a few months ago, and I immediately became aware of the usefulness and quantity of training that every employee receives: in addition to my first day at work devoted entirely to safety, which taught me the importance of safety in a work environment like mine, I still receive daily training to increase and improve my professional skills, and one hour a week I also receive instruction in administrative matters.”

Andrea Campanale,
Raw Materials Manager

Activities with our stakeholders



Olimpiadi

In the summer, the sports/recreation group organised a day devoted to sports, outdoor activities, and togetherness for all of our employees and their families, because these opportunities to share fun and recreation away from work are important for creating a positive climate on the job.



Ski trip

In the winter, our employees spent some wonderful days together on the splendid slopes of Carì, where exciting skiing alternated with activities on the snow.





Open day for students

We continued to support technical training in Ticino in 2012: as in the last three years, we held an open day for students of the Department of Innovative Technologies of SUPSI, with the aim of supplementing their studies by means of a guided tour of our production facility and discussions with our engineers. A 3,000 franc award was also presented to the student with the year's best diploma.

A toast to our new home

At the close of the year, we celebrated the conclusion of works on our new home with the symbolic delivery of the key. We shared this moment with all of our employees, uniting and toasting this important milestone.



Christmas dinner

We spent a delightful evening with our current and retired employees to celebrate an exciting and important year.

