



ARGOR-HERAEUS

The golden link

Corporate Responsibility Report 2013





Letter from the CEOs

We are very happy to present the new edition of our Group's Sustainability Report. Looking back, is it surprising to see how many changes there have been since our first Report was published three years ago. At the end of 2013, after leading the company for 25 years, Erhard Oberli concluded his term in office as CEO, remaining a member of the Board of Directors. Argor-Heraeus has grown thanks to the commitment of all of our employees, and is now on international markets with significant numbers and an avant-garde headquarters that was recently enlarged and developed.

The path, while not always easy, has certainly been successful, and it is our duty to consider it, not for the sake of nostalgia, but to strengthen the foundations for further growth. This makes the Report extremely useful for measuring, monitoring, and constantly improving our performance in the context of sustainability. It has expanded along with the company: after the first three editions, which defined the bases for reporting the company's economic, environmental, and social results, we now take another step forward. This 4th edition has new graphics for quicker reading of key elements, plus an analysis of a specific business-related subject, with an explanation of the bodies and rules that govern the precious metals industry: a constellation of abbreviations and authorities that may be confusing for people who work outside our industry.

Year after year, we strive to raise the level of our company's commitment to sustainability, just as we do for the quality of our products. Therefore, we are confident that this new edition will give our stakeholders a complete picture of our company and its operations.



Dr. Wilfried Hörner
Co-CEO
Argor-Heraeus SA



Christoph Wild
Co-CEO
Argor-Heraeus SA

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Environmental responsibility

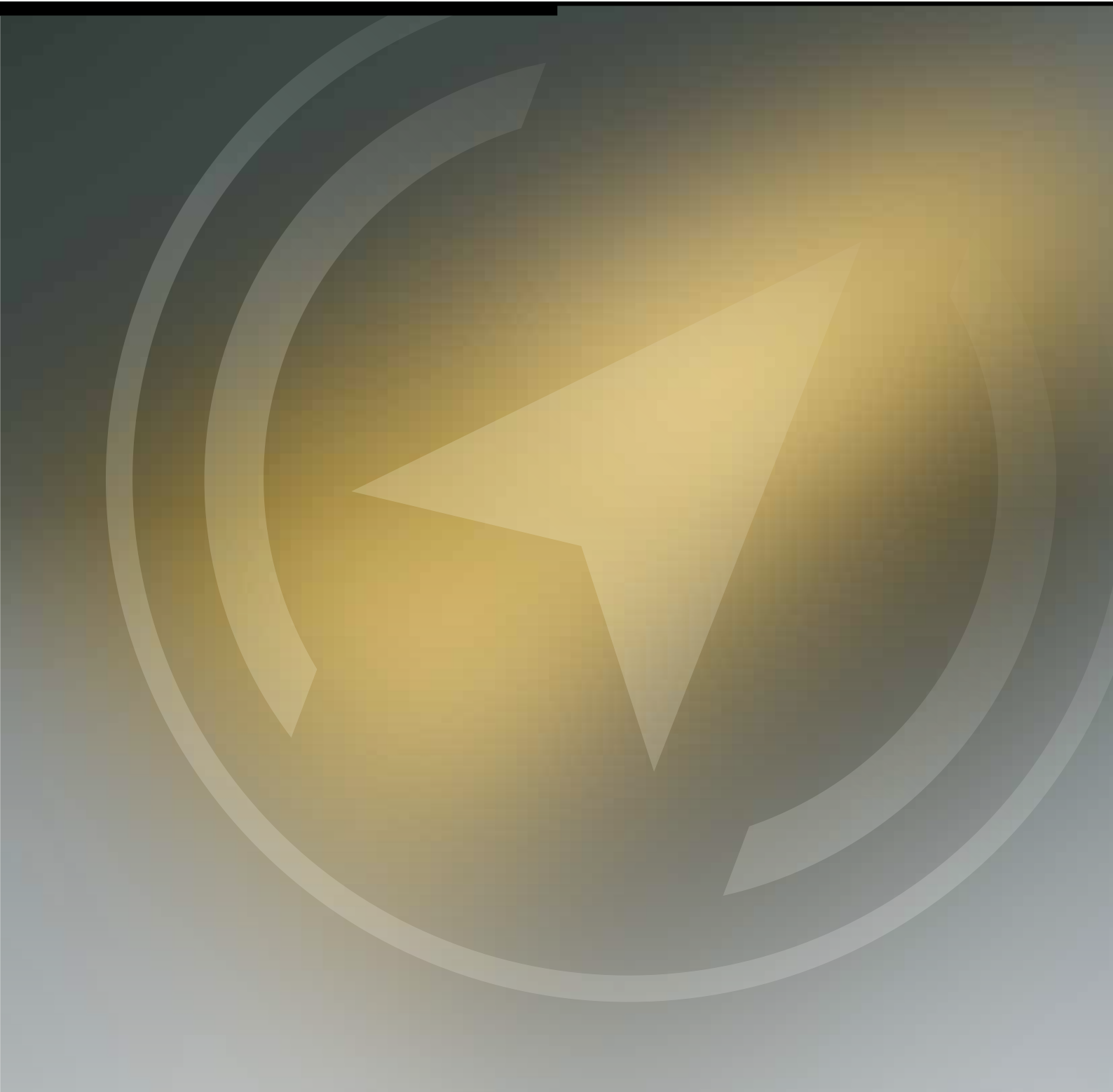
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OVERVIEW



GUIDE TO THE REPORT



Continuity and innovation

This 4th edition of the Report has a redesigned structure and new graphics for easier reading by stakeholders with different levels of technical proficiency and knowledge. Because year-to-year comparison is essential when evaluating a company's sustainability, the information and indicators presented in this Report reflect those in previous editions to ensure continuity.

Perimeter

The information and data presented in this Sustainability Report refer to all of the Group's companies. Given that the great majority of operations are conducted at our Mendrisio headquarters (which employs 90% of the Group's personnel), the analysis is structured at different levels. For the parent company, the numbers give a complete picture of the economic, social, and environmental impact of operations, whereas only significant indicators are reported for our affiliates.

Since Argor-Heraeus Latin America is currently inactive, this Report does not include any figures regarding its operations.



Continuity and innovation at the service of stakeholders

Structure

The Report consists of two macrosections:



Overview

This section provides a concise overview of the Group, of its operations and commitment, and of the values that guide it every day.

The analysis, the heart of the Report, provides an in-depth description of company performance in terms of:



Economic responsibility



Environmental responsibility



Social responsibility

Graphic and visual elements are used throughout the Report to help the reader understand its contents.

Key information is presented concisely and graphically at the beginning of each section and subsection.

Close-up

The overview is separated from the analytic section by a close-up devoted to the precious metals industry's commitment to a responsible production chain. Although the subject goes beyond Argor-Heraeus, we consider it essential to provide information on such an important and complex question, with a description of governing bodies and of the laws and rules aimed at limiting risks for everyone directly or indirectly involved in the industry.

Analysis

To make the analytic sections easier to understand, each subject is dealt with (where possible) by using a similar logical pattern: first, information and numbers on the company's use of resources; second, an index of resource consumption in the past three years, relating the figure to a production index in order to compare annual performance levels; third, sustainability improvement measures implemented in 2013, plus a look at the future.

OUR HISTORY



International growth,
strong local identity

- 2013** Expansion of Mendrisio headquarters
- 2012** Argor-Heraeus America Latina is formed
- 2006** Argor-Heraeus Italia is formed
- 2005** Argor-Aljba is formed
- 2004** An office is opened in Chile and Argor-Heraeus Deutschland is formed
- 2002** The Austrian Mint enters the shareholder structure
- 1999** Heraeus and Management acquire 100%;
entrance of Commerzbank International
- 1986** UBS and Heraeus form a joint venture and create Argor-Heraeus SA
- 1973** UBS acquires 100% of the company
- 1951** Argor SA is formed



2013 FOCUS

January: Work starts on the new Mendrisio building.

February: The new photovoltaic plant is inaugurated.

April: The Group's new website is launched.

May: Official inauguration of the new, expanded and reorganised headquarters.

June: Argor-Heraeus passes the LBMA Responsible Gold Audit.

August: Challenge Cup Day with employees.

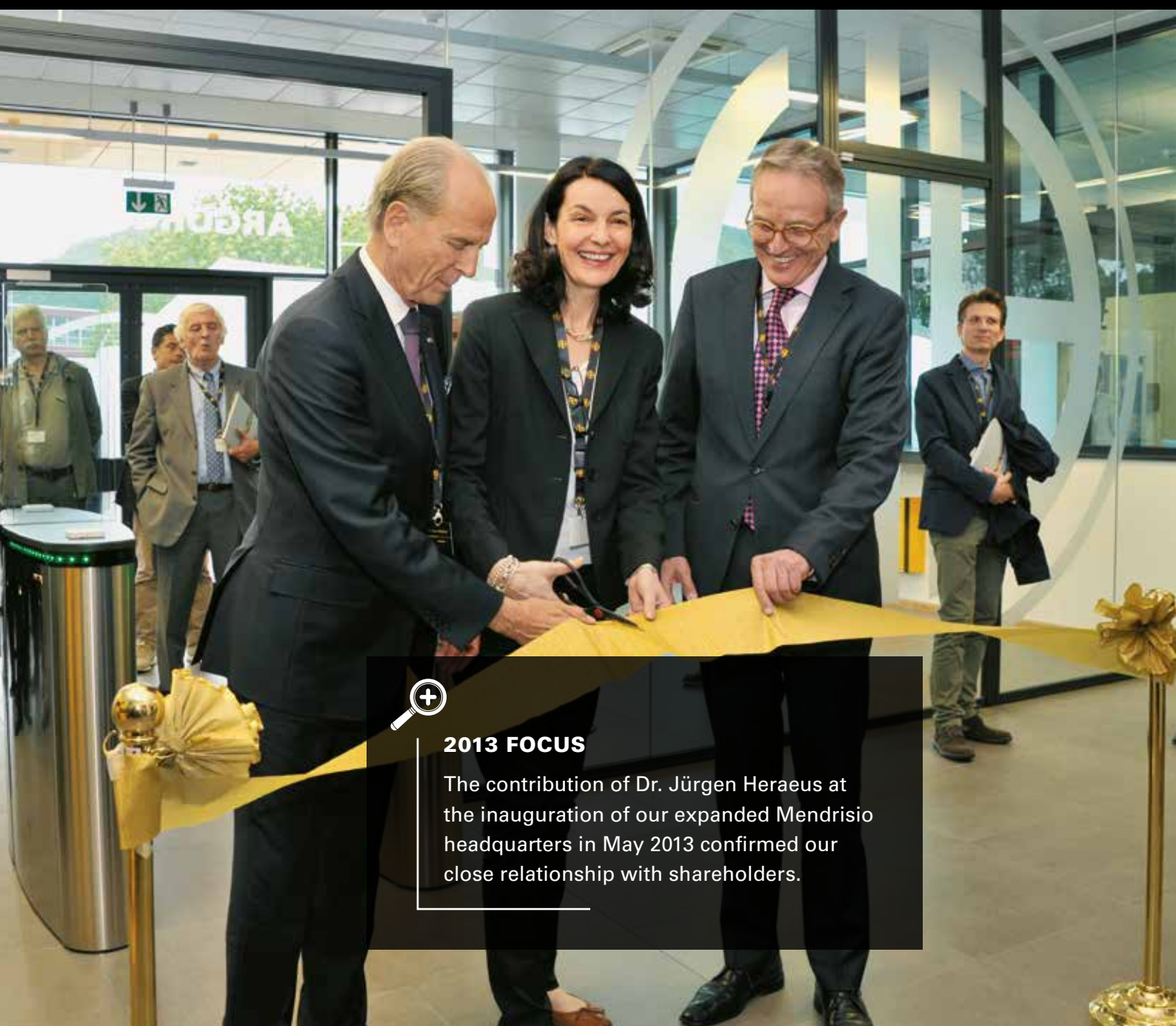
September: Awarding of the 2013 Mendrisio Mobility Prize by the city of Mendrisio. New platinum and palladium multicards are launched.

October: SUPSI open day.

November: Argor-Heraeus refutes again the accusations regarding the 2005 alleged acts of money laundering, raised by the NGO Trial in 2013.

December: Recognition by Goldbarren-Wiki as the year's top ingot producer.

OUR SHAREHOLDERS



2013 FOCUS

The contribution of Dr. Jürgen Heraeus at the inauguration of our expanded Mendrisio headquarters in May 2013 confirmed our close relationship with shareholders.



Stability and expertise at the service of business

Heraeus

A privately-owned German multinational operating in the precious metals and hi-tech sectors. Its fields of activity include the processing of precious and special metals, biomedical technologies, sensors, special light sources and quartz glass.

- **founded in 1851**
- **12,454 employees**
- **116 offices worldwide**
- **over 100 Group companies**

Commerzbank

A global bank based in Frankfurt and operating on international financial markets, providing banking and financial services to private, industrial, and institutional customers.

- **founded in 1870**
- **54,000 employees**
- **1,200 branches**
- **1 million business customers**

Austrian Mint

With centuries of experience, expertise, and state-of-the-art technologies, the Austrian Mint is one of the finest in the world. Its core business is the production of Euro coins for the Austrian Republic, as well as coins in other currencies and a wide range of collector's coins and medals.

- **founded in the 14th century**
- **200 employees**
- **450 million pieces per year**
- **¼ of turnover from foreign customers**



EXPERTISE AND SYNERGIES



Provides expertise,
technology, high-level R&D,
and key industrial synergies.



Financial solidity and
know-how plus widespread
international presence.



Synergies in distribution channels,
technology, and
marketing know-how.

THE GROUP



Argor-Heraeus Deutschland 100%

The reference point for the German precious metals market.
Based in Pforzheim (Baden-Württemberg), in the Southwest Germany.

-
- Activities**
- Collection of industrial scrap, smelting and assaying
 - Trading and logistics



Argor-Heraeus Italia 100%

Strategic hub for the renowned Italian goldsmith market,
shares technical know-how with the parent company.
Based in Cavenago Brianza, in Northern Italy.

-
- Activities**
- Collection, assaying, precious metals trading
 - Marketing of Swiss-made products for the high-end watch and jewellery industry
 - Logistics



Argor-Aljba 50%

Studies and implements hi-tech coating solutions for application in many sectors.
Located near the Mendrisio headquarters.

-
- Activities**
- Research and development of hi-tech coating solutions
 - Production of coatings for tools, mechanical components and watch parts with the innovative Diamond-like-Coating technique





Different locations,
common identity and
values

Argor-Heraeus Latin America 88%

The reference point on the South American market, providing support to customers and mines for logistics and compliance activities/services.

Activities • Branch office



2013 FOCUS

The Argor-Aljba joint venture has an international scope: in October 2013 we attended the 4th China Metal Working & Forming Exhibition in Nanjing, China to strengthen contacts with the Far East market.

CORPORATE GOVERNANCE



Governance bodies



Executive Governance

Executive control mechanisms support management in the responsible definition of strategy and in day-to-day governance of the company with weighted assessment of risks.

- Shareholders Meeting and Board of Directors
- Board of Directors Delegation
- Risk Audit Committee



Managerial Governance

Managerial governance bodies control the allocation and use of resources and assist employees in each profit centre. They are also in charge of the complex due diligence process (pursuant to regulations, international guidelines, and self-imposed rules) regarding the sustainability of potential customers.

- Internal Credit Committee
- Credit Office
- Personnel Commission
- Compliance Office



Operative Governance

Operative governance monitors the quality of the precious metals processed and the activities of each department. A number of supervisors are assigned to manage safety at the workplace as well as potential effects of activities on the environment based on the continuous improvement principle.

- Technical offices
- Quality Control laboratory
- Full-time supervisor for safety, quality and the environment



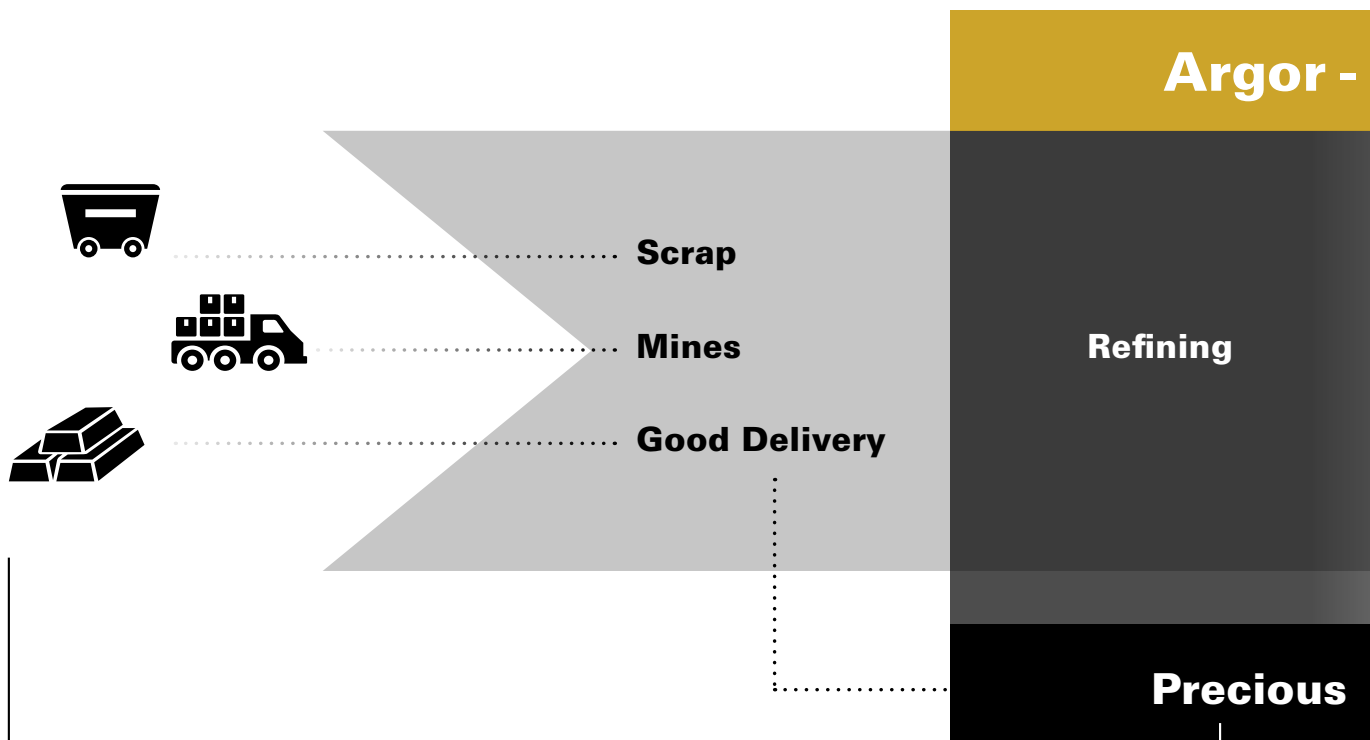
Clear rules and controls
for each profit centre



2013 FOCUS

Working with business partners who share our sustainability goals is fundamental: in 2013, our Compliance Office devoted over 260 man/days to customer due diligence and Management invested over 300 man/days in personally knowing and vetting our partners.

OUR OPERATIONS



Argor-Heraeus receives various types of raw materials for processing, including precious metals from old jewellery, scrap, raw material from mines, and precious metals already certified for Good Delivery.

We are the golden link because we transform raw materials into a wide range of products in gold, silver, platinum, and palladium. We refine precious metals chemically and electrolytically, transform them (Refining & Transformation), and support our customers with informative, financial, and accessory services for international precious metals markets (Precious Metals Services).



We are the golden link
for our customers' metal
along the entire chain

Heraeus

Transformation

**Bars & Coins
Luxury products**

We produce a wide range of
cast and minted coined products
(Bars & Coins), as well as products
developed for the high-end watch
and jewellery industry (Luxury
Products).

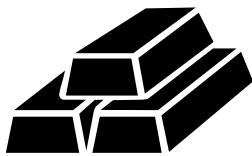
Metals Services



ACCREDITATIONS AND RECOGNITIONS



Excellence



Certifications for excellence in the control of quality standards made us recognised Good Delivery producers for gold, silver, platinum, and palladium, as well as an accredited assay laboratory for precious metal alloys. We are one of the world's 5 referees for the control of quality standards of LBMA Good Delivery List members.



Ethical principles and transparency

We are authorised financial brokers, certified for solvency in transactions with our business partners and for responsible practices throughout the precious metals chain.

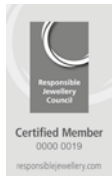


Socio-environmental responsibility

We are committed to limiting the potential environmental impact of our operations, and act responsibly in our relations with employees and the public.



Reference points in a complex world



STS 423



2013 FOCUS

We were audited for purposes of renewing our Dun & Bradstreet certification attesting to the company's solvency in transactions with its business partners.



(Dr. Jürgen Heraeus and Erhard Oberli visit the production facilities)

Shareholders

- Periodic communication in line with the shareholder's information needs; continuous and transparent dialog
- Shareholders Meeting
- Invitation to inauguration of expanded Mendrisio headquarters
- Annual Report, Sustainability Report, website

Management

- Personnel policy and incentives
- Monthly meetings of executives, middle management, administration; workshops
- Technical and professional training
- Annual Report, Sustainability Report, website, code of conduct



(Middle management workshop)

OUR STAKEH



(Challenge Cup)

Employees

- Personnel policy and incentives
- Periodic information
- Technical and professional training
- Sports and recreation group, summer outing (Challenge Cup) and winter ski trip, Christmas toast and party
- Annual Report, Sustainability Report, website, code of conduct
- Invitation of families to inauguration of expanded Mendrisio headquarters

(Tour with customers at inauguration of expanded headquarters)



Customers

- Compliance procedures
- Targeted personalised information
- Commercial activities, targeted visits, trade fairs
- Sustainability Report and website
- Invitation to inauguration of expanded Mendrisio headquarters

OLDERS IN 2013

Non-governmental organisations

- Support of three local non-profit associations
- Assessment of involvement in non-profit projects linked to fair trade
- Participation in conferences
- Sustainability Report and website
- Position and audits concerning NGO Trial accusations (on website)

(Fausto Casolini, AITI, with Erhard Oberli at inauguration of photovoltaic plant)



Mass Media

- Involvement of media in SUPSI open day
- Professional press and media relations office activities
- Website media area and sustainability report
- Press conference at inauguration of expanded Mendrisio headquarters
- Press conference at inauguration of photovoltaic plant

Industry associations

- Ticino Industries Association (AITI), Ticino Canton Chamber of Commerce (Cc-Ti)
- Continuous collaboration with principal associations regulating the precious metals sector
- Website media area and sustainability report

Public services

- Regular exercises during the year
- Periodic targeted information
- Continuous collaboration
- Sustainability Report and website



(Exercises with Mendrisio Fire Brigade)

Institutions

- Periodic targeted information
- 4th edition of SUPSI Award for best engineering diploma and SUPSI Open Day
- Sticker for training company with apprentices
- Inauguration of expanded Mendrisio headquarters
- Inauguration of photovoltaic plant
- Sustainability Report and website



(SUPSI Open Day)

(Argor-Heraeus suppliers entrance)



Suppliers

- Due diligence
- Sustainability Report and website
- Renewal of Dun & Bradstreet certification

Competitors

- Participation in workshops
- Participation in ASFCMP (Association suisse Fabricants et Commerçants des Métaux Précieux) platform

OUR APPROACH TO SUSTAINABILITY



Constant commitment to sustainability at the company and industry level and for the entire production chain

Three essential aspects of our daily operations are business success, stability, and sustainability. This is why we work constantly to ensure that our company and all of our employees comply with national and international regulations, industry standards and guidelines, and our strict internal rules. We are also aware that surveillance must go beyond the company, and so we invest time and resources to ensure that all of our partners in the chain respect the principles of economic, environmental, and social responsibility.



2013 FOCUS

In 2013, we concluded an external audit for LBMA Responsible Gold Guidance certification to provide our customers further assurance that all of the gold we process comes from a conflict-free chain.

Our commitment

Specifically

Internal rules

We self-impose rules and procedures to guarantee that our key values are sustained within the Group.

- Code of conduct
- Know your customer
- Know your business
- Know your carrier
- Compliance and Ethics Policy

Guidelines / Industry standards

We participate in board meetings of international associations that govern the precious metals industry and work with their members to define a common goal and share expertise.

- OECD - Organisation for Economic Co-operation and Development
- WGC - World Gold Council
- LBMA - London Bullion Market Association
- RJC - Responsible Jewellery Council
- SECO – State Secretariat for Economic Affairs

We are certified by the principal authorities governing precious metals markets and, as a reference point on this market, we collaborate with their executive boards to define and implement new standards and guidelines.

- Accreditations and recognitions (ref. p.18)
- LBMA - Responsible gold guidance: passed external audit certifying compliance steps 1-5
- RJC - Code of Practice: passed external audit certifying compliance
Chain of Custody: audit scheduled for 2014

National Laws

We comply with all Swiss laws and ordinances regarding the precious metals market and financial transactions.

- Precious Metals Control Act (PMCA-PMCO)
- Anti-Money Laundering Act (AMLA-AMLAO)

We comply with all national laws that serve as guidelines for our operations.

- Swiss Criminal Code
- US Dodd-Frank Act
- Italian Decree Law 231/2001

International Organisations

We work with intergovernmental organisations to define and implement international standards for the promotion of legal, regulatory, and operative measures to improve practices and to limit threats to the precious metals market and the global financial system.

- OECD - Organisation for Economic Co-operation and Development
- FATF - Financial Action Task Force

CLOSE-UP PLAYERS ON THE PRECIOUS METALS MARKET



International organisations

OECD

FATF



National laws

US Law
Dodd-Frank Act

Swiss Law
Criminal Code
FINMA
Precious Metals
Control Act

Acts and ordinances on
precious metals and anti-money
laundering



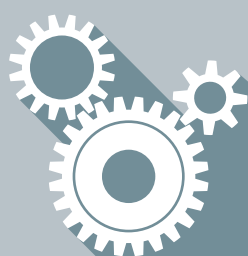
Industry associations

RJC

LBMA

WGC

EICC/GeSI



SOURCE

Scrap
Mines
Good delivery

TRANSFORMATION AND PROCESSING

Refineries

DISTRIBUTION

Industries
Banks
Watch & jewellery market

Due to the economic, environmental, and social challenges facing the precious metals sector, industry associations and international organisations collaborate to produce guidelines, regulations, and directives to achieve a transparent, responsible, and sustainable chain from raw materials to the final consumer. As a result, the industry has become a complex system of organisations and rules. The purpose of this Close-up is to give the reader a concise overview of this system and its mechanisms.

OECD – Organisation for Economic Co-operation and Development

Whom does it represent?	The OECD works with the governments of 34 developed and emerging countries to guide economic, environmental, and social change.
Scope:	Promotes policies to improve the economic and welfare conditions of the world's populations.
Instruments:	Due diligence guidance (Gold supplement)

FATF – Financial Action Task Force

Whom does it represent?	34 countries with the world's largest financial markets.
Scope:	Defines standards and promotes effective implementation of laws, regulations, and operative methods to combat money laundering and terrorist financing.
Instruments:	FATF Recommendations

RJC – Responsible Jewellery Council

Whom does it represent?	This non-profit certifying association, with over 450 members, represents companies at various levels of the jewellery chain.
Scope:	Defines and checks its members' responsible practices with regard to human rights, workers' rights, environmental impact, processing methods.
Instruments:	Code of Practices – Chain of Custody

LBMA – London Bullion Market Association

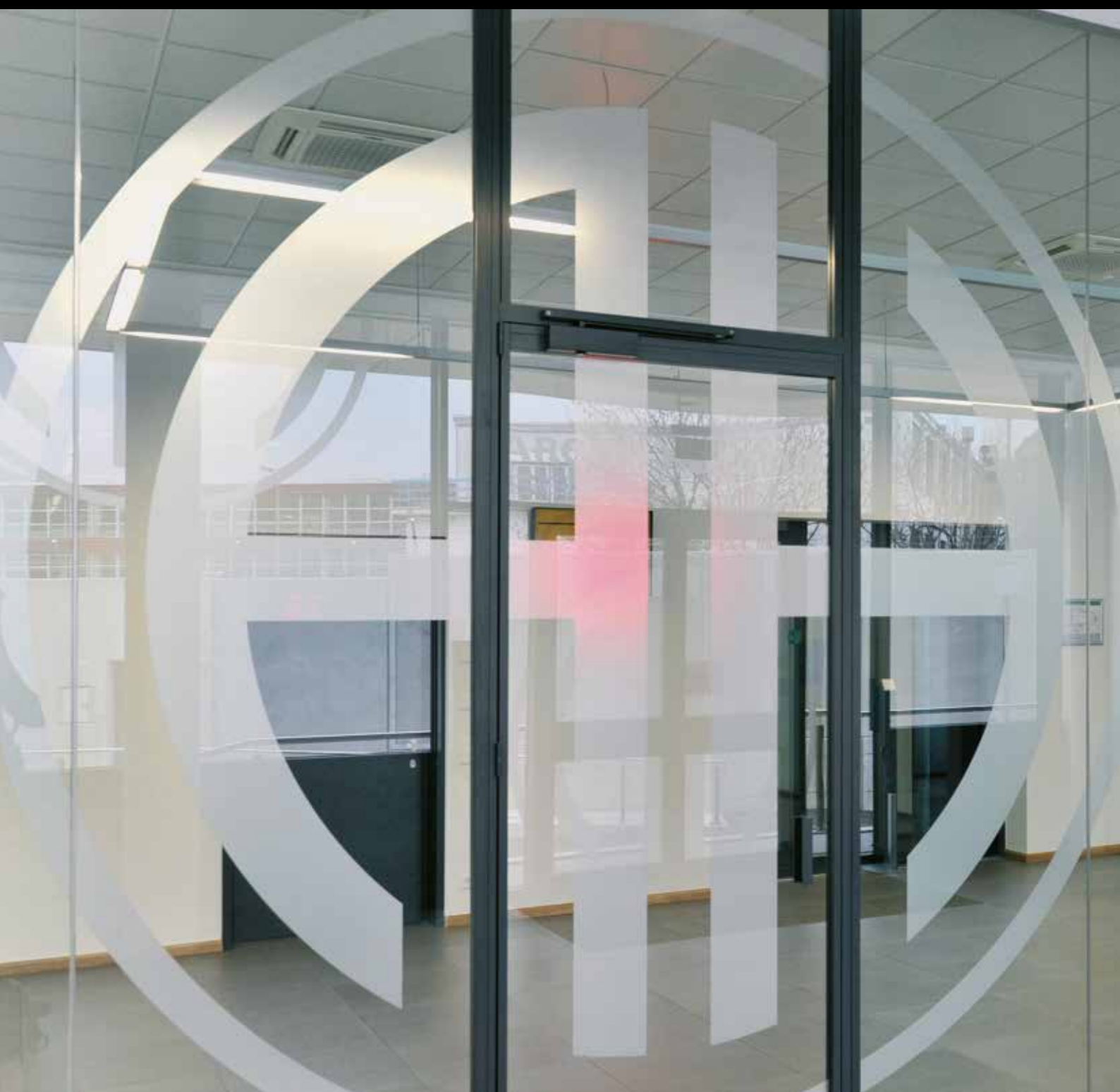
Whom does it represent?	International trade association representing the London gold and silver market. It has over 140 members, including refineries, banks, investors, mining companies, traders.
Scope:	Defines refining standards, governs gold and silver trading on the London financial market.
Instruments:	Good Delivery List – Responsible Gold Guidance

WGC – World Gold Council

Whom does it represent?	Market development organisation representing the precious metals mining industry. It has 21 members, including the world's largest mining companies from over 50 countries.
Scope:	Defines guidelines for transparency, environmental and social responsibility in the gold industry.
Strumenti:	Conflict-Free Gold Standard

EICC - Electronic Industry Citizenship Coalition / GeSI - Global e-Sustainability Initiative

Whom does it represent?	Large ICT, electronics, software and IT services companies.
Scope:	To improve the social, ethical and environmental responsibility of the ICT supply chain. Makes players aware of conflicts linked to mining and takes steps to ensure that supplies come from reliable partners.
Instruments:	Code of Conduct (EICC) Conflict-free smelter program



ECONOMIC RESPONSIBILITY

Distribution of added value

49% of added value to employees



Suppliers of services and accessory products

31% of expenditures to suppliers in Ticino



Our customers

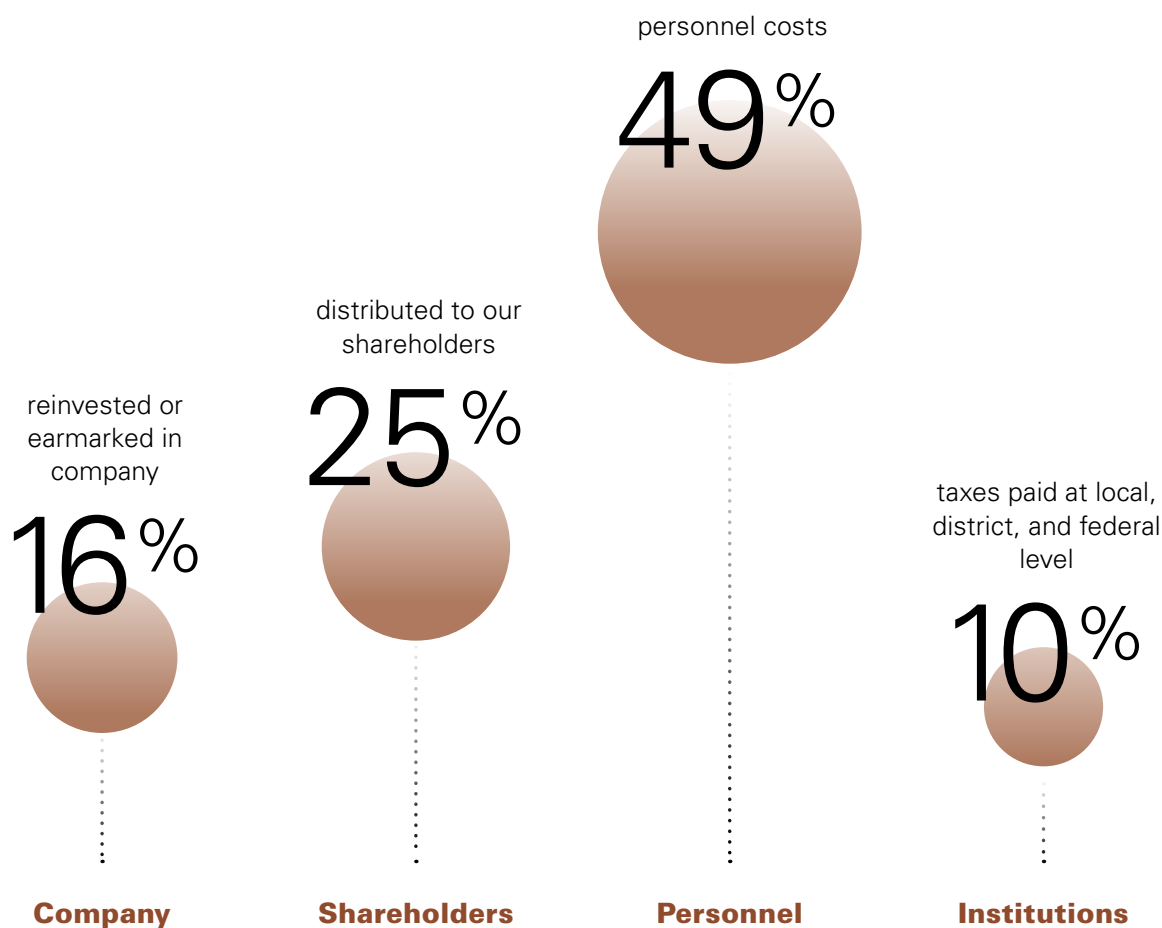
Know Your Customer for reliability and transparency



DISTRIBUTION OF ADDED VALUE



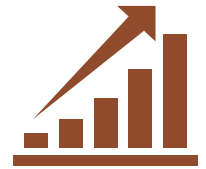
Understanding how Argor-Heraeus distributes added value to its stakeholders provides a complete picture of our role in society. In 2013, the largest share of the added value generated went to our employees in the form of salary.





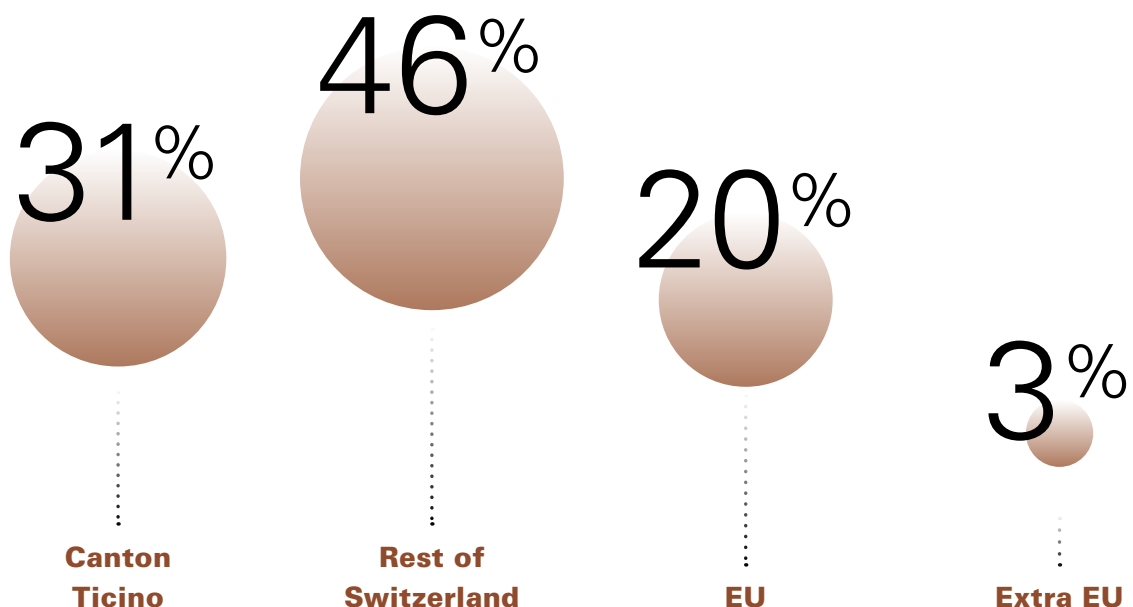
Added value is sustainable only
if shared with business partners,
employees, and the local area

SUPPLIERS OF SERVICES AND ACCESSORY PRODUCTS



We form long-term relations with our business partners, who are selected not only for their know-how and reliability, but also after affirming that their operations are based on the principles of sustainability and transparency. We are also aware that our company's growth is closely linked to growth in our local area. Therefore, over 30% of 2013 expenditures for goods and services (such as chemicals, fuels, security services, consumables, disposal services, etc.) went to companies based in Canton Ticino, where almost all of our production takes place.

➔ Moreover, to improve the supplier selection and management process, we are considering the introduction of an integrated system to assess performance and satisfaction.





77%

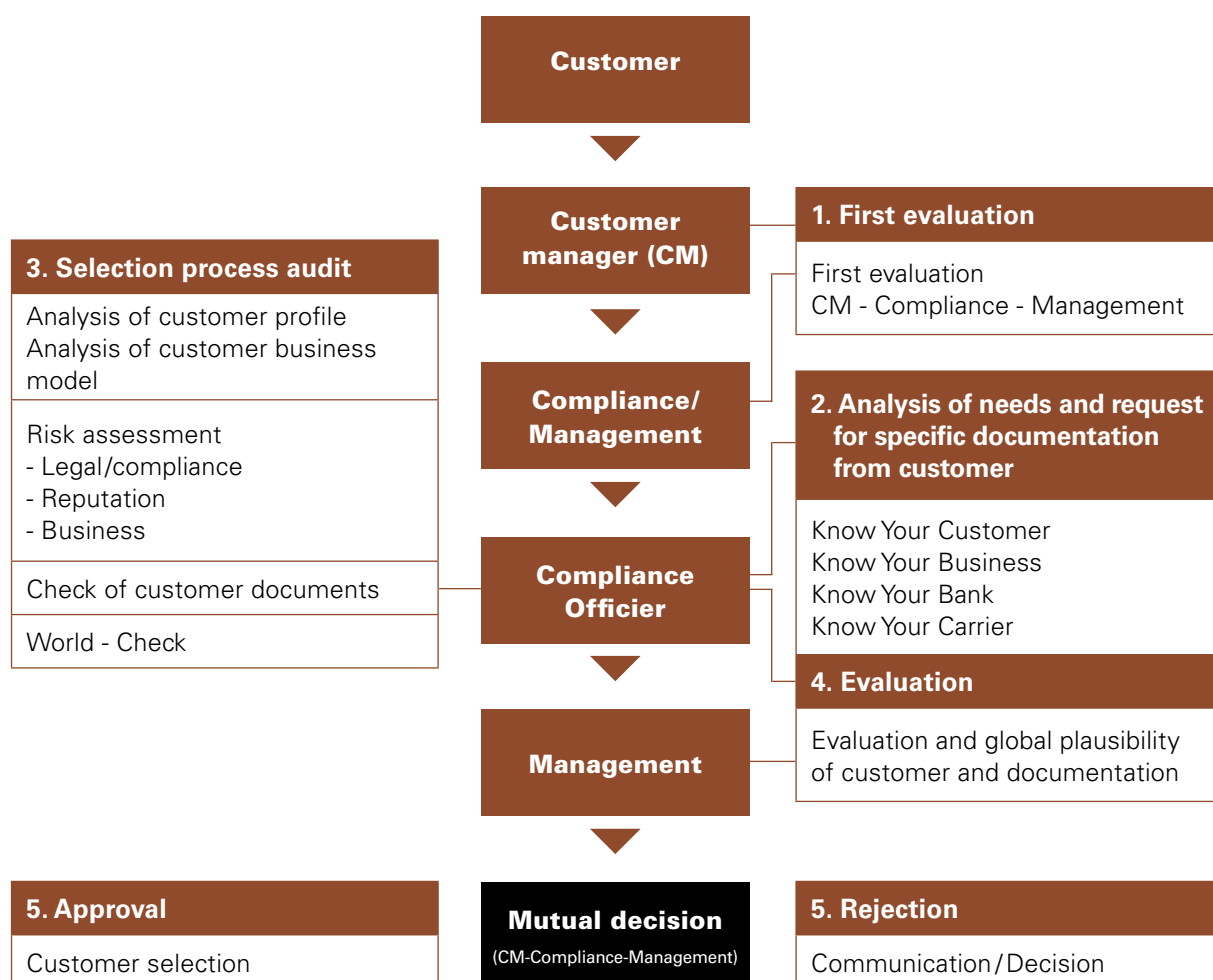
of expenditures for supplies
went to Swiss companies.
For Argor-Heraeus, growth
of the local economy is of
fundamental importance

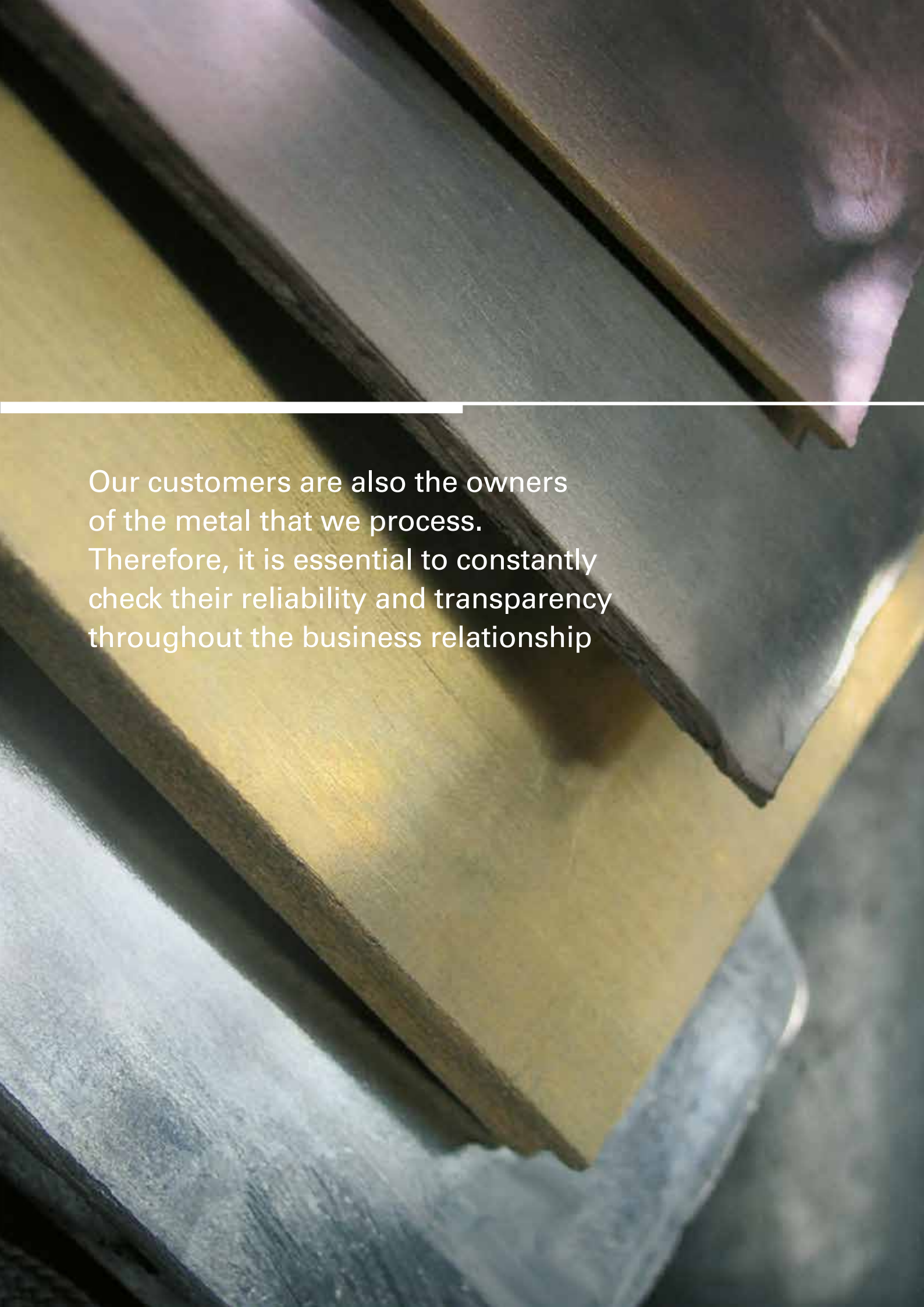
OUR CUSTOMERS



Every request from a potential customer launches a series of due diligence procedures that we call "Know Your Customer." We don't simply check whether a potential customer complies with national and international regulations, but

also investigate its history, its values, and its network of relations in the chain. This complex process includes numerous documents, visits, and personal interviews, and never stops as long as the business relationship is active.





Our customers are also the owners
of the metal that we process.
Therefore, it is essential to constantly
check their reliability and transparency
throughout the business relationship



ENVIRONMENTAL RESPONSIBILITY

Water consumption
-5% compared to 2012



Chemical consumption
-4% compared to 2012



Energy consumption
1% use of fuel oil (source of pollution)



Emissions
2013 Mendrisio Mobility Prize



Waste materials, packing materials, noise
Collaboration with PET Recycling Schweiz



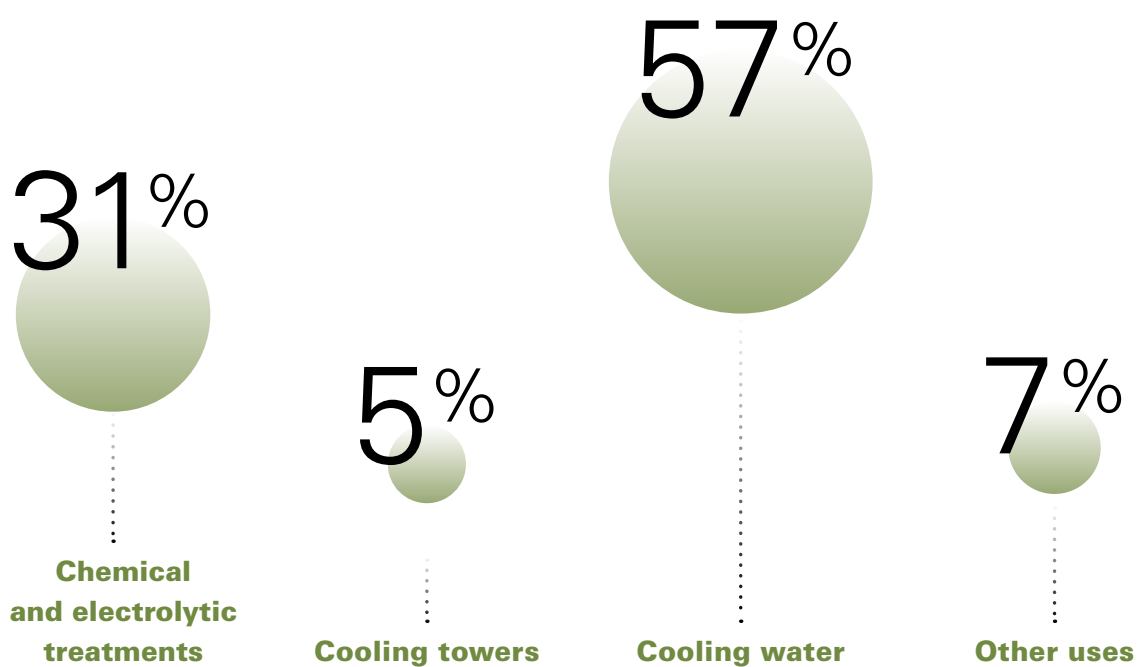
WATER CONSUMPTION



How is water used in our production processes?

→ It cools the machines we use daily to process precious metals.

→ Along with other substances, it is fundamental for generating the chemical and electrolytic reactions needed to separate precious metals from impurities in materials received.





-5%

Improved water management
in production processes achieved
a 5% drop in consumption
compared to 2012

TOTAL WATER CONSUMPTION

IN CUBIC METRES



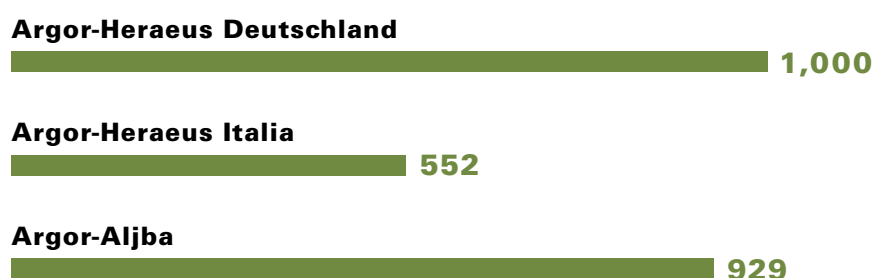
In 2013, total water consumption was 78,597 m³, approximately 5% less than in 2012.

This decrease was made possible by the inauguration of our new Mendrisio headquarters, which has state-of-the-art machinery with closed cooling circuits. We are pleased to have made this first important step toward better water management, and know that we can save even more in 2014. Last year, two factors generated higher consumption: first, the newly-installed systems required a period of fine-tuning, which involved temporary, inefficient use of water; second, there was strong demand for gold ingots, which required higher volumes of water for processing.

Water consumption at the Group's affiliates was lower due to the smaller size of their systems.

TOTAL 2013 WATER CONSUMPTION

IN CUBIC METRES BY AFFILIATES





Strategies and small acts of attention for responsible water management

Achievements in 2013

- The commissioning of **closed circuits decreased consumption of water** coming from the mains and used to process precious metals.
- Approximately one fifth of the total consumed (14,276 m³), i.e., water from chemical and electrolytic reactions containing substances that are potentially harmful to the environment, was **purified by our internal purification plant to guarantee purity levels significantly higher than the limits set by district ordinances.**
- In 2013, we also developed **additional water-saving measures** and predict that, for equivalent quantities of metals processed, water consumption may drop to 70,000 m³ in 2014.

Next steps

- Together with the Environmental Protection Department of Canton Ticino, we **measured current water consumption in order to define guidelines for actions** aimed at more precise and efficient use of water in the immediate future.
- In 2014, **water metres** will be installed in the various departments to **record consumption trends and allocations so that actions may be taken in less efficient areas.**

CHEMICAL CONSUMPTION



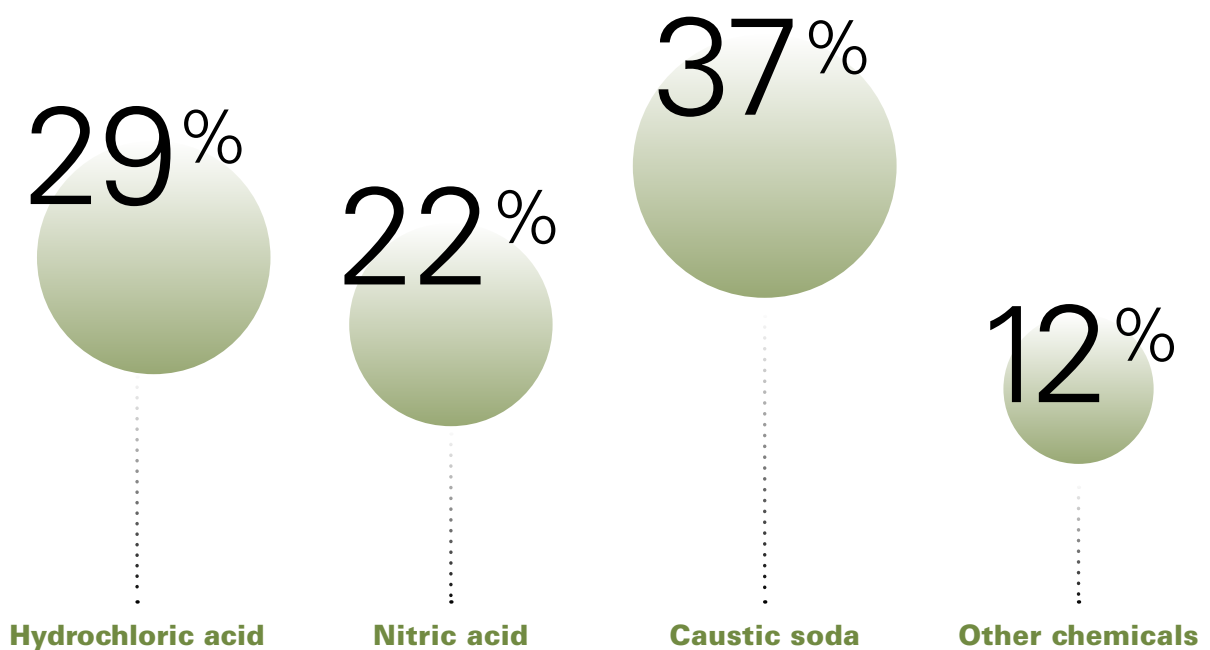
How are chemicals used in our production processes?

→ **HCl** Hydrochloric acid is used mainly for reactions involved in gold refining.

→ **HNO₃** Nitric acid is important for silver refining.

→ **NaOH** Caustic soda is used to neutralize the acidic solutions produced by chemical and electrolytic reactions, thereby reducing substances that are potentially harmful for the environment.

→ **Other chemicals** are used mainly for reactions involved in processing other precious metals.

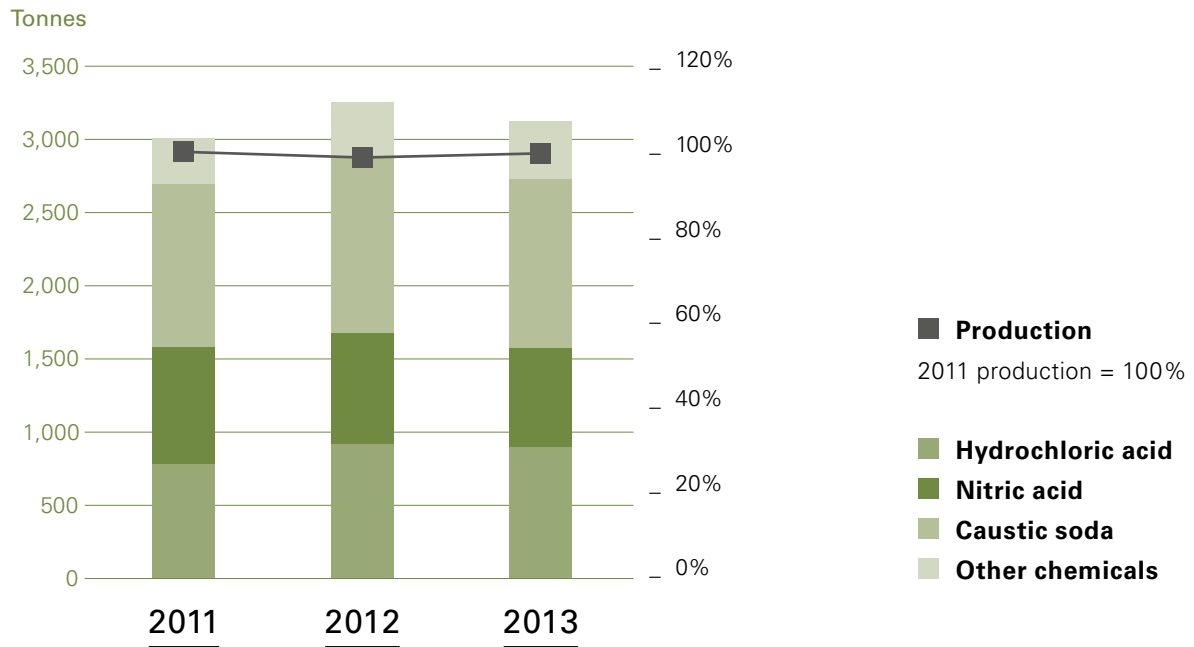


A photograph of an industrial facility, likely a water treatment plant, featuring a complex network of green-painted pipes, valves, and large cylindrical tanks. The scene is brightly lit, suggesting an indoor or well-lit outdoor environment. A semi-transparent circular graphic is overlaid on the left side of the image, containing text.

-123,000 kg
in 2013

Limiting consumption
is the first step toward
safeguarding the environment

CHEMICAL CONSUMPTION AND PRODUCTION

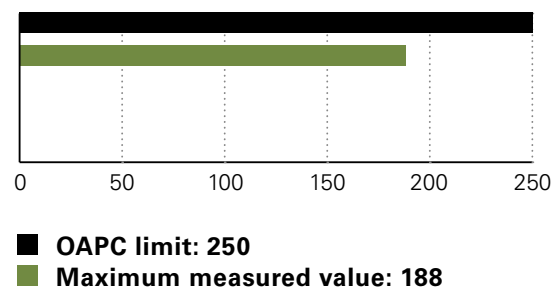


In 2013, we consumed 3,120,603 kg of chemicals, 4% less than in 2012, despite a slight increase in precious metals processing. This decrease derives from the fact that a large percentage of gold processing involved the re-smelting of metal already in circulation (Good Delivery) to obtain high-fineness ingots, which are in great demand. The processing of a metal that is already pure requires smaller amounts of chemicals in reactions, as opposed to the refining of raw materials from mines.

For the same reason, the amount of sludge (waste from chemical and electrolytic reactions) dropped from 271 tonnes in 2012 to 198 tonnes in 2013, a decrease of over 25%.

The Report does not include figures for the Group's affiliates, given the insignificant amount of chemicals used.

MAXIMUM HOURLY EMISSIONS OF NITROGEN OXIDE IN mg/m³ AND LIMITS IMPOSED BY THE FEDERAL ORDINANCE ON AIR POLLUTION CONTROL (OAPC), 2012 MEASUREMENT





A Group-wide commitment and greater awareness by every employee to minimise the impact of our operations

Achievements in 2013

→ With a system installed in 2011, we constantly monitored atmospheric emissions of nitrogen oxide and dioxide to maximise safety for employees and the environment. A commitment that goes beyond compliance with legal limits.

→ Quantities of dust and of organic and inorganic compounds were monitored at regular intervals and were always well below the legal limit.

→ There were no accidents involving chemicals in 2013.

→ Specialised companies managed disposal of our processing sludge for complete recycling of metal residues.

→ Sustainability also means reducing waste: we rationalised the consumption of accessory products used to process metals for luxury products – soaps, petrol, alcohol – and reduced consumption by almost 50%.

Next steps

→ Together with the Environmental Protection Department of Canton Ticino, we studied the trend of atmospheric emissions produced by chemical reactions and set goals to reduce them constantly over the next six years.

→ We have launched a procedure in the departments of our new headquarters to rationalise the consumption of accessory chemicals, just as we have done with luxury products.

ENERGY CONSUMPTION



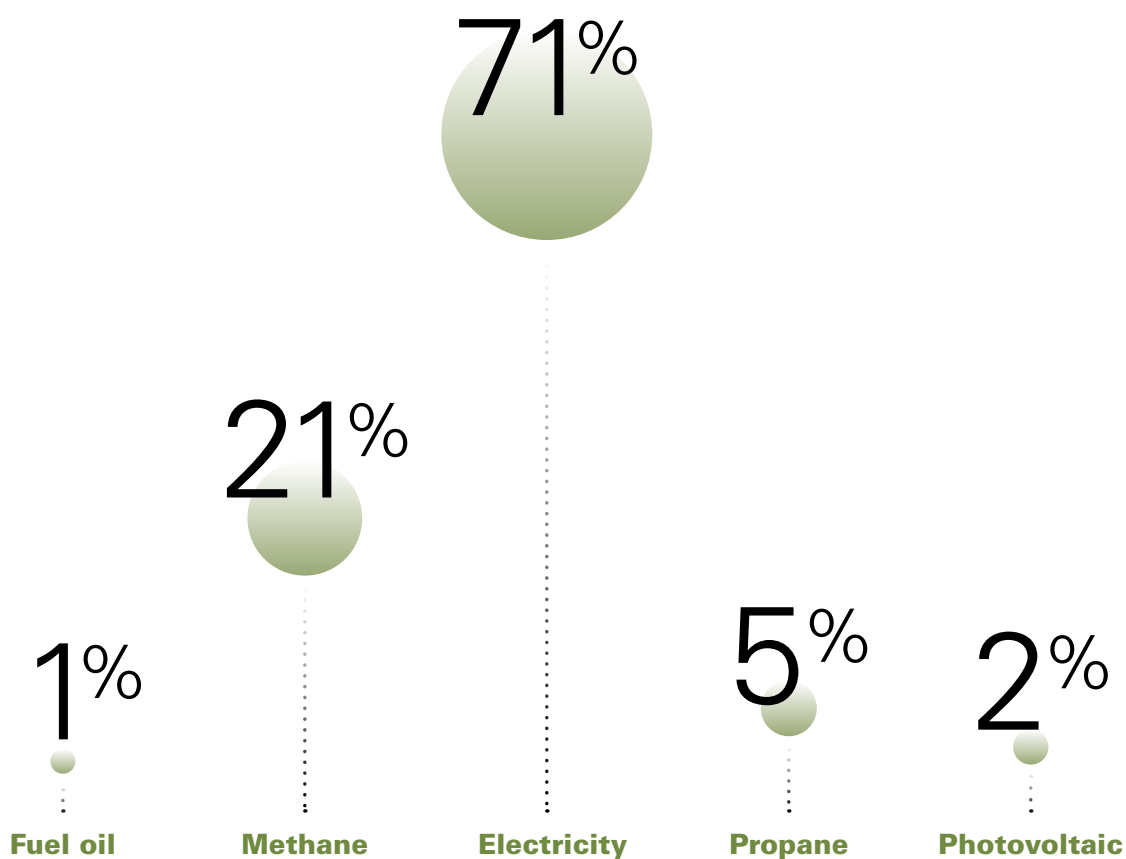
How are the various sources of energy used?

→ **Electricity:** operation of almost all the machines used to process precious metals.

→ **Propane:** smelting, mainly of silver, plus smaller quantities of gold.

→ **Methane and fuel oil:** heating of rooms and generation of steam for processes.

→ **Photovoltaic:** processes in the new headquarters.



Coverage of electricity
needs in the new headquarters
from our completely green
photovoltaic system



15%

ENERGY CONSUMPTION AND PRODUCTION

Gigajoule



We consumed 56,645 Gigajoule of electricity in 2013, 14% more than in 2012.

The increase is attributable to doubling of the production area after the complete commissioning of our new Mendrisio headquarters, as well as to the 2013 product mix, with record demand for smelted products. The new facility is extremely energy-efficient, which permitted a very limited increase in methane and electricity consumption (for an equivalent surface area, the new facility uses 1/5 the energy compared to the old system).

Thanks to the 1,074 solar panels installed on the roof of the expanded headquarters, our list of sources now includes a percentage of completely green, non-polluting photovoltaic energy. Propane consumption increased significantly (+24.5%) compared to 2012 due to much heavier demand for gold ingots.

The use of special machines and instruments for Argor-Aljba's innovative coating technologies generated a proportionally greater energy need compared to those of affiliates, which conduct more traditional operations.

Nevertheless, the joint venture optimised its use of electricity by using a new software system on machines at Argor-Aljba – whose turnover increased 26% in 2013 – and consumed only 10% more than in 2012.

2013 ENERGY CONSUMPTION

IN Gigajoule AT AFFILIATES

Argor-Heraeus Deutschland

195

Argor-Heraeus Italia

157

Argor-Aljba

1,732



Energy efficiency and greater use of renewable energy sources

Achievements in 2013

→ We continued our policy of decreasing our use of fuel oil, reducing consumption by an additional 8%. This is now the energy source least used at Argor-Heraeus, supplying less than 1% of our total needs.

→ Having borne the entire cost of the photovoltaic system, we now use 100% of the energy generated.

→ Since 2004, we have been working with the AenEc (Agency for Energy for the Economy) to introduce energy-efficiency measures. In nine years, we have implemented 17 measures that have saved 5.6 million kilowatt hours, worth 570,000 francs.

Next steps

→ In 2014, we will continue toward our planned elimination of fuel oil, to be replaced with greener energy sources.

→ In 2014, we will set with the AenEc voluntary but binding targets for reduced CO₂ emissions and optimised energy efficiency from 2013 to 2020.

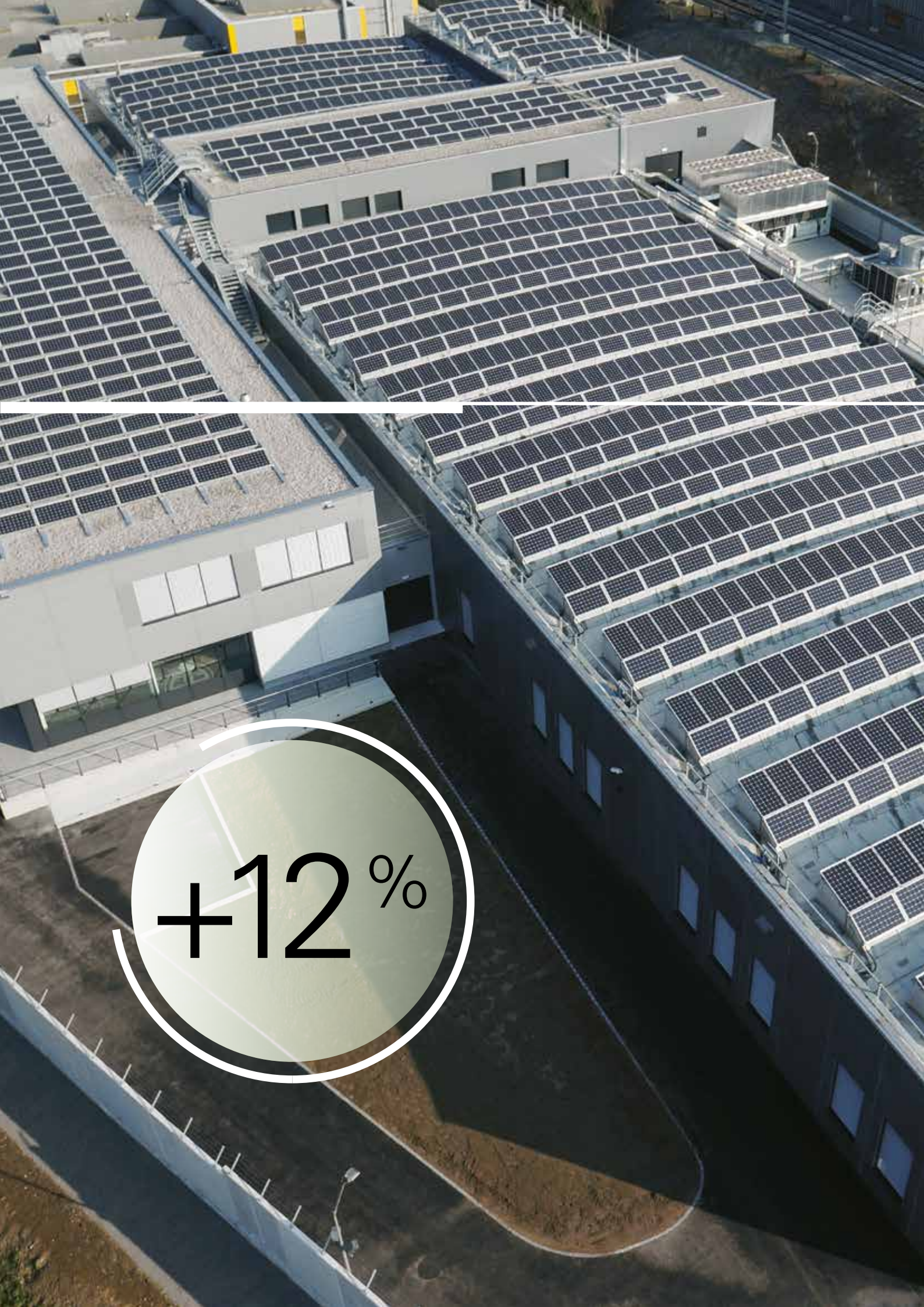
EMISSIONS



What activities generate CO₂ emissions?

- The processing of precious metals, which requires the use of fossil fuels to produce heat.
- Heating of the company's rooms.

Even though we have doubled our production space, we have managed to contain the increase of carbon dioxide emissions compared to 2012

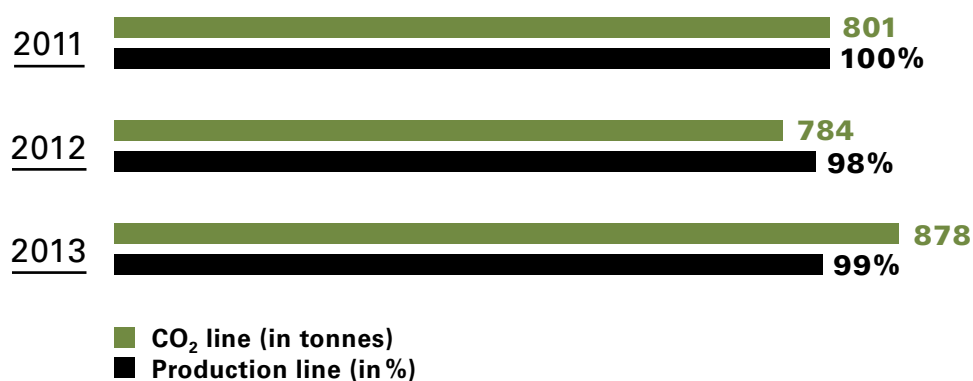


+12%



We breathe the air that comes out of our plants: a guarantee of our commitment to its protection

CO₂ EMISSIONS AND PRODUCTION



Our industrial operations produced 878 tonnes of carbon dioxide in 2013, 94 more than in 2012. There were two main reasons for the increase: the expansion of our production facilities, which required increased consumption of natural gas to heat the rooms, and greater use of propane in smelting processes.

We have not considered carbon dioxide emissions produced by the Group's affiliates because their operations do not have a significant impact on the environment.

Achievements in 2013

→ Our sustainable mobility programme won the 2013 “Mendrisio della Mobilità” Award.

→ But even more important, the programme generated valuable results for 2013, and allowed us to:

- subsidize 50% of the annual Arcobaleno pass for 21 employees
- create 41 car-pooling groups
- use the revenues from the parking tax paid by non-sharing drivers to subsidize coverage of Arcobaleno passes and recreational activities.

→ After nine years of collaboration with the AenEc, we have reduced CO₂ emissions from 100% to 69%.

Next steps

→ We have renewed our collaboration with AenEc, advancing from a declaration of intent to the stipulation of a stricter agreement, expiring in 2020, that commits Argor-Heraeus to developing additional measures to reduce CO₂ emissions and to increasing energy efficiency.

→ In addition, there will be a formal structured commitment by means of a bonus (refund of CO₂ tax) or malus (penalty if targets are not reached) system to further increase our commitment in this area.

WASTE MATERIALS, PACKAGING MATERIALS, NOISE



Waste materials

- At Argor-Heraeus, potentially hazardous residues (such as solvents and lubricants) are handled in full compliance with special waste regulations.
- After obtaining ISO 14001 certification, which will introduce measures for more efficient waste management, we will improve our sustainability with regard to these materials.
- We work with PET Recycling Schweiz to collect and recycle the PET bottles we use. Although this requires a greater organisational effort, we gladly (consistent with our policy of maximum commitment to sustainability) participate in this project because it is an opportunity to make our employees more aware of differentiated waste collection.

Packaging materials

- All of the packaging materials we use, such as paper, cardboard, wood, and plastic, are handled by authorised disposal companies.
- In 2013, we disposed of and recycled about 50 tonnes of wood, 90 cubic metres of cardboard, and 8 tonnes of plastic, figures slightly higher than average because they include the materials used to transfer equipment to our new headquarters.
- We are careful to ensure that the materials used to package our products are always recyclable (such as PET in case of plastic).



Noise

→ The acoustic tests conducted by an independent company (concluded in 2013) confirmed that noise levels in the new headquarters are within the limits specified in the Swiss Noise Abatement Ordinance (NAO).

→ In 2013, with the goal of reducing noise pollution in the area surrounding the company, we continued our analysis of all noise generated by our headquarters and began work to resolve high-priority issues.

Advanced technologies and green materials



SOCIAL RESPONSIBILITY

Composition of personnel

+ 8.4% workforce



Health and safety at the workplace

~ 0 Magnitude Index



Training

1,400+ safety training hours



STRUCTURE OF PERSONNEL

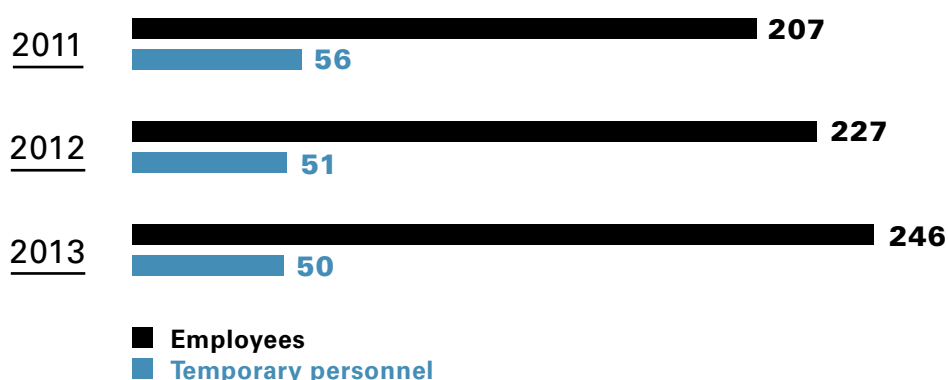


→ Our employees are our most precious resource. That is why, in addition to their salary, we guarantee them a pension, insurance coverage, training, and recreational and entertainment activities. Our culture is merit-based, and our executives and managers are always on hand to speak to employees and consider their needs.

→ Our company's growth is also measured by the number of new employees – 19 in 2013 – which expanded our workforce by 8.4%.

→ Our business is marked by extremely volatile demand, and in 2013, as in previous years, we added 50 temporary employees with long-term contracts.

EMPLOYEES AND TEMPORARY PERSONNEL

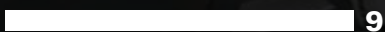




We have created 158 jobs
in Mendrisio in 10 years.
An important achievement for
our company and the local area

EMPLOYEES AT AFFILIATES

Argor-Heraeus Deutschland



9

Argor-Heraeus Italia



10

Argor-Aljba



15

DISTRIBUTION OF EMPLOYEES BY GENDER, 2013



Male

72%



Female

28%

EMPLOYEE EDUCATION LEVEL, 2013

Prof. univ. trade school and university:

14%

Professional trade school:

15%

Complete professional training (with apprenticeship):

42%

In-house training:

29%



State-of-the-art machinery and systems require specific technical skills: almost 30% of our employees have a university degree or a diploma from a professional trade school. Our company also provides internal training for employees who have completed compulsory education.



To have a satisfied customer,
you first need a satisfied
employee

AVERAGE STAY IN COMPANY

< 5 years



5 to 9 years



> 10 years



EMPLOYEE TURNOVER RATE

2011 **5.7%**

2012 **6.3%**

2013 **4.8%**

The percentage of employees who left the company in 2013 remained very low, a major index of employee satisfaction.

Employees who stay at the company for many years have absorbed our values and work methods, and we are proud that, net of the increase in their number, many employees who were with us ten years ago are still part of the Argor-Heraeus family.

Almost two out of five employees live in Canton Ticino, a significant figure if one considers the company's purely industrial nature and its location just a few kilometres from the border.

HEALTH AND SAFETY AT THE WORKPLACE



What are the Lost Time Injury Frequency (LTIF) Index and the Magnitude Index (MI)?

→ **The LTIF Index** expresses the number of accidents recorded for every 100,000 hours worked.

→ **The MI** measures the number of days lost due to accidents at the workplace every 1,000 days.

→ Employee safety is our number one priority, and we work hard every year to guarantee that working conditions in our industrial environment do not conceal potential risks.

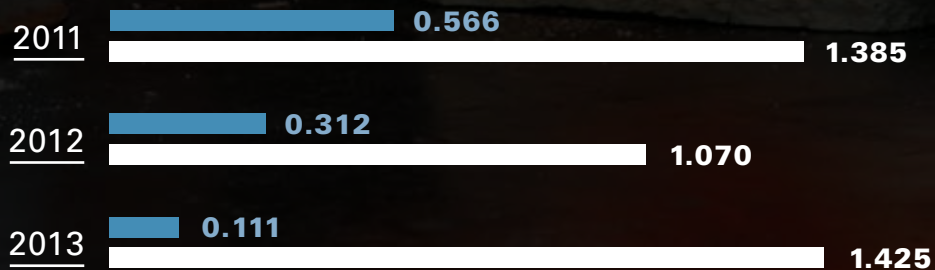
→ We are proud to say that the Magnitude Index has dropped, demonstrating that our technical and organisational efforts are generating good results. This number becomes even more important if one considers that 2013 was a year of "adjustment" for our employees, who had to become familiar with new machines and systems in our new headquarters.

→ In 2013, we launched a machine conformity project to achieve a steady reduction in accidents. With the help of outside consultants, this project examined a large number of machines and systems and provided an additional upgrade of technical and organisational safety levels.

Indices under control are the sign of adequate safety measures and, in general, of a healthy workplace

MAGNITUDE INDEX – LOST TIME

INJURY FREQUENCY INDEX



■ Magnitude index
■ Injury frequency index

TRAINING



What types of company-supported training do our employees receive?

➔ **Safety training.** To ensure a safe workplace, we invest heavily to teach our employees the importance of safety. Outside training, conducted with the help of specialised companies, regards technical areas such as health, fire prevention/fighting, emergency management, and precious metals security. In-house training mainly regards the company's safety procedures.

➔ **Other training.** We also offer our employees courses in other areas as part of a continuous growth process. These areas include: quality and processes, professional growth (specific technical courses, IT and language courses, seminars for executives and managers to develop management and strategic skills), and code of conduct (primarily to teach new employees our Group's rules, values, and principles).

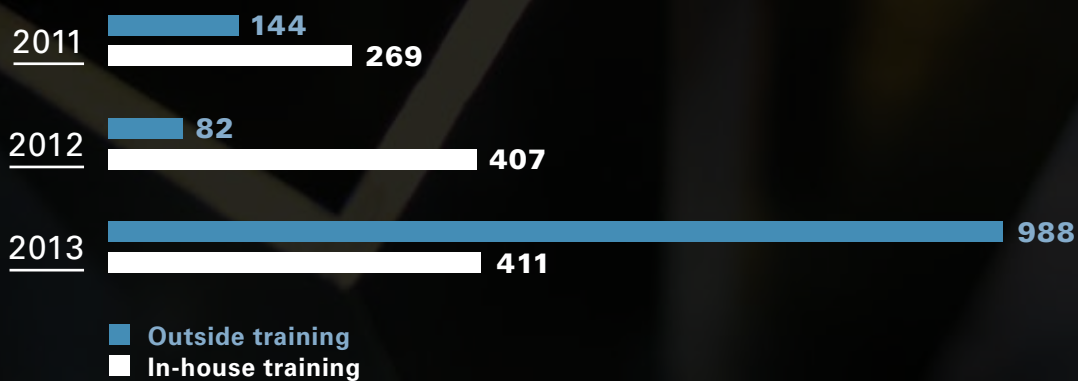
➔ In 2013, we created the new hierarchical level of shift foreman for better coordination of management activities. This new level involved a large number of in-house and outside training hours for 35 employees, which explains the increase in hours compared to 2012.

➔ In 2013, we also appointed an employee who devotes all of his time to quality control, comparable to the work performed by the safety engineer.

➔ In addition, we concluded the introduction and training phase of our new SAP management system, which rationalises and increases the efficiency of all our IT procedures.

➔ As a Swiss training company, we created 6 positions for apprentices/interns in 2013.

SAFETY TRAINING HOURS



We are convinced that developing skills is the key to long-term success as an individual and as a company

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