



ARGOR-HERAEUS

The golden link

Corporate Responsibility Report 2014





Letter from the CEOs

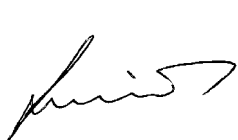
Dear Readers,

Our annual Sustainability Report is extremely important to us: it describes all of our efforts, successes, and areas for improvement in terms of sustainability, analyses the targets we have reached, sets our future goals, and shares our achievements with internal and external stakeholders.

Over the years, the Report has developed in content and size, just like our Group. Argor-Heraeus's role in the precious metals industry has become more and more important thanks to our contribution to the definition of standards and to our pioneering role in their adoption. For example, in 2014 we had the honour of being the first refinery in Switzerland, and among the first ones in the world, to receive Chain of Custody certification from the Responsible Jewellery Council for gold, platinum, and palladium coming from mines, industrial scrap, or grandfathered sources. We achieved this thanks to our business partners' help in creating a progressively more sustainable value chain and, especially, because of our employees' daily commitment. On the following pages, the managers of our affiliates and a few of our employees explain some of the key results achieved last year in terms of sustainability.

Lastly, this Report looks at small-scale and artisanal mines, a subject that is becoming increasingly critical for our industry and for which many of the initiatives we have helped develop in recent years are now being launched.

We have put a great deal of dedication and enthusiasm into preparing this Report - an important platform for dialogue - to make it as useful and complete as possible for all of our stakeholders. We hope you will enjoy reading it, and that it will transmit the passion we put into our work every day.



Christoph Wild
Co-CEO
Argor-Heraeus SA



Dr. Wilfried H. Hörner
Co-CEO
Argor-Heraeus SA

Argor-Heraeus Deutschland

Argor-Heraeus Deutschland celebrated its tenth year of business in 2014, working daily in compliance with legal and voluntary obligations and in conformity to the parent company's standards. Thanks to the joint efforts of the entire Group, we are one of the first companies in Germany to receive Code of Practices and Chain-of-Custody certification from the Responsible Jewellery Council. We provide our employees a safe and attractive workplace, and guarantee responsible conduct by means of compliance officers who ensure constant dialogue with the parent company's Compliance Office and Risk Officer and the auditor. We employ state-of-the-art technology and pay strict attention to differentiated collection and recycling of materials for environmental sustainability.



Herbert Kräher

General Manager
Argor-Heraeus Deutschland

Argor-Heraeus Italia

Argor-Heraeus Italia employs numerous methods to match our parent company's high operating standards. For example, in 2011, based on Italian Legislative Decree 231/2001, we adopted a governance system to monitor all of the legal aspects affecting the company. In addition, we constantly monitor our partners' responsibility by means of multifaceted due diligence processes. And even though our operations are almost exclusively commercial (therefore with extremely little environment impact), we repeatedly conduct measurements that go beyond legal requirements. Lastly, we help develop the sector by working with the public administration and playing an active role in Italian industry associations.



Giuseppe Larghi

General Manager
Argor-Heraeus Italia

The contribution of our affiliates to Group sustainability

Argor-Aljba

2014 was our tenth year of operation, with very positive results and a continued commitment to sharing Argor-Heraeus SA's sustainability targets. Despite increased output in recent years, we have been able to limit the increase in energy consumption by means of several optimisation measures, including the installation of new software programmes to run our machines. We are confident that the work done during the year will prevent the repetition of a few problems that caused less than efficient use of water. Our path is clear, and our focus for the future will be to further improve the ratio of consumption to production.

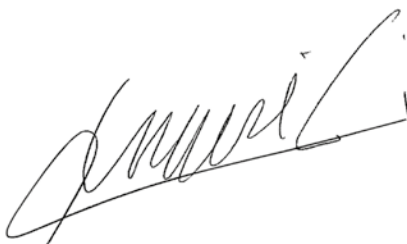


Daniele Marco Galatioto

CEO
Argor-Aljba

Argor-Heraeus America Latina

We adopted our parent company's sustainability standards on the day we were formed: they are part of our DNA. We give great importance to compliance, making certain that all of our partners work according to the highest standards, and developing long-term relations with them based on reciprocal knowledge and trust. In addition, we work closely with partners such as the Chilean Government and the Central Bank in order to share experiences and help develop the industry. For example, we and the Government recently laid the foundation for a project aimed at supporting small-scale and artisanal mines in the officialisation process. We are therefore confident of our ability to make a constantly greater contribution to honest development of the industry in Latin America.



Max Oemick

General Manager
Latin America

Letter from the CEOs
The contribution of our affiliates to Group sustainability

Overview

Guide to the Report	8
Our history	10
Our shareholders	12
The Group	14
Corporate governance	16
Our operations	18
Our approach to sustainability	20
Accreditations and recognitions	22
Our stakeholders	24

Close-up

Artisanal and small-scale mines: the industry's efforts	26
---	----

Contents

Economic responsibility

Distribution of added value	32
Supplies of services and accessory products	34
Our customers	36

Environmental responsibility

Water consumption	40
Chemical consumption	44
Energy consumption	48
Emissions	52
Waste materials, packing materials, noise	56

Social responsibility

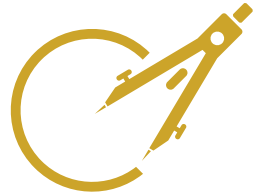
Composition of personnel	62
Health and safety at the workplace	66
Training	70



OVERVIEW



GUIDE TO THE REPORT



This Report, designed to be both complete and easy to read, is organised in two macrosections: the first provides an overview of the Group, while the second presents and analyses data regarding the Company's economic, environmental, and social impact. The two sections are separated by a close-up on a timely subject.

A Report that can be read by industry professionals and newcomers alike.

The overview describes the Argor-Heraeus Group, its operations and approach to sustainability, in just a few pages.

The analysis is organised in three key areas: economic responsibility, environmental responsibility, and social responsibility.

The information presented in this section concerns all of the Group's companies. With regard to the Mendrisio headquarters, where most operations are conducted, the reader will find complete information on indicators for economic, environmental, and social impact, whereas only significant data is provided with regard to affiliates. The same indicators used in previous Reports are used here to ensure year-to-year comparison.



An annual close-up on a significant topic for the precious metals industry.

Various initiatives have recently been launched to help artisanal and small-scale mines develop and operate according to the progressively higher standards set by the industry. The close-up explains these initiatives and the industry's steps to improve these mines. This section also introduces two Peruvian companies, Sotrami and Macdesa, whose representatives visited our Mendrisio headquarters in October.

A logical analytic structure with multiple reading levels.

In-depth reading: each section first gives a brief explanation of how a given resource is used at Argor-Heraeus, followed by key data on the use of this resource over a 3-year period at Mendriso and at our affiliates. Each analytic section concludes with a paragraph on measures taken in 2014 and a paragraph on commitments to future improvement.

Rapid reading: the essential contents can be understood by reading just the first paragraph of each section and the headings of paragraphs that summarise the contents.

At a glance: at the end of the Report, key data are summarised in just two pages.

OUR HISTORY



Our Company put down roots in Canton Ticino, in southern Switzerland, in the early 1950s.

Since then we have grown to become one of the world's largest precious metals refiners and transformers, with solid, long-term growth and special attention to the sustainability of our business.

- 2014** : The agreement to form Argor-Heraeus America Latina is stipulated
- 2013** : Expansion of Mendrisio headquarters
- 2006** : Argor-Heraeus Italia is formed
- 2004** : An office is opened in Chile;
Argor-Heraeus Deutschland and Argor-Aljba are 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



2014 FOCUS

Chain of Custody, ISO14001, OHSAS18001, the bases for our new Latin American affiliate, the re-engineering process, and much more! It is hard to summarise our year in one short paragraph, but if we had to use just one word, it would be "development."

OUR SHAREHOLDERS



Our shareholders have centuries of history and are recognised leaders both in their sector and internationally. Cooperation with our shareholders, supported by a common long-term vision, provides multiple strategic and industrial synergies.



2014 FOCUS

Argor Heraeus's role in its shareholders' organisations is as important as our shareholders themselves. This mutual trust strengthens the Group's companies and heightens our awareness of the value we are called to generate.



Heraeus

[\[www.heraeus.com\]](http://www.heraeus.com)

Cooperation with Heraeus provides numerous industrial and other synergies, the most important of which is access to advanced R&D in technological fields. Founded in 1851, Heraeus is a German multinational and a leader in the precious metals and hi-tech sectors. It has over 12,000 employees and more than 100 offices worldwide. The Group has 11 business units, with specialties such as the processing of precious and special metals, the design and development of solutions for the chemical industry, biomedical materials, and electronic components for a variety of industries.

Commerzbank

[\[www.commerzbank.com\]](http://www.commerzbank.com)

Our relationship with Commerzbank provides financial solidity and access to an international network. Founded in 1870, Commerzbank is a major commercial bank with branches and offices in more than 50 countries. With over 52,000 employees at more than 1,100 branches and 90 advisory centres, it is one of the most widely-established banks in Germany. Commerzbank offers financial services to over 15 million private customers and to a million corporate customers worldwide. It is also active in precious metals trading and is listed on the world's principal exchanges.

Austrian Mint

[\[www.muenzeoesterreich.at\]](http://www.muenzeoesterreich.at)

The Austrian Mint gives us access to numerous distribution channels, to advanced high-precision technologies, and to business and marketing expertise. With over 800 years of history, the Austrian Mint is recognised as one of the most respected players in its sector. With about 200 employees, it is wholly-controlled by the Austrian National Bank and produces an average of 450 million pieces per year. Located in one of Vienna's most prestigious historical buildings, it mints Euro coins for the Austrian Republic, coins for other countries, and a large number of collector's coins and medals.



THE GROUP

The Argor-Heraeus Group is present in Switzerland, Germany, Italy, and Latin America. In addition to physical proximity to our partners, this international presence lets us develop specific know-how and sensitivity with regard to different markets.





Argor-Heraeus Deutschland [Pforzheim]

Inaugurated in 2004 in the Baden-Württemberg region, this affiliate collects, assays, and markets precious metals and also manages logistics. Argor-Heraeus Deutschland's main business partners are operators in the jewellery sector and in the secondary market for precious objects, gold buyers, a variety of industrial operators, and banks active in the precious metals sector.



Argor-Heraeus Italia [Cavenago-Brianza]

Operating in Cavenago-Brianza since 2006, our Italian affiliate collects, assays, and trades precious metals and markets Swiss-made products for the high-end watch and jewellery industry. Argor-Heraeus Italia's main business partners are operators in the renowned Italian goldsmith sector as well as industrial operators in the precious metals sector.



Argor-Aljba [Switzerland, Mendrisio]

Formed in 2004 as a Swiss-Russian joint-venture, Argor-Aljba is a rapidly growing company based in Mendrisio. It conducts R&D and creates hi-tech coatings with applications in sectors such as industrial mechanics, medical devices, and watchmaking. Argor-Aljba's main business partners are tool manufacturers for a wide variety of applications, the medical technology sector, and watch manufacturers.



Argor-Heraeus America Latina [Santiago de Chile]

Argor-Heraeus was formed in Santiago, Chile in 2004. Up to 2014, this affiliate served mainly as a sales office, but with the inauguration of the new premises in 2015, Argor-Heraeus America Latina provides logistics and collection services, and assays and trades precious metals. Argor-Heraeus America Latina's main business partners are mines.

CORPORATE GOVERNANCE

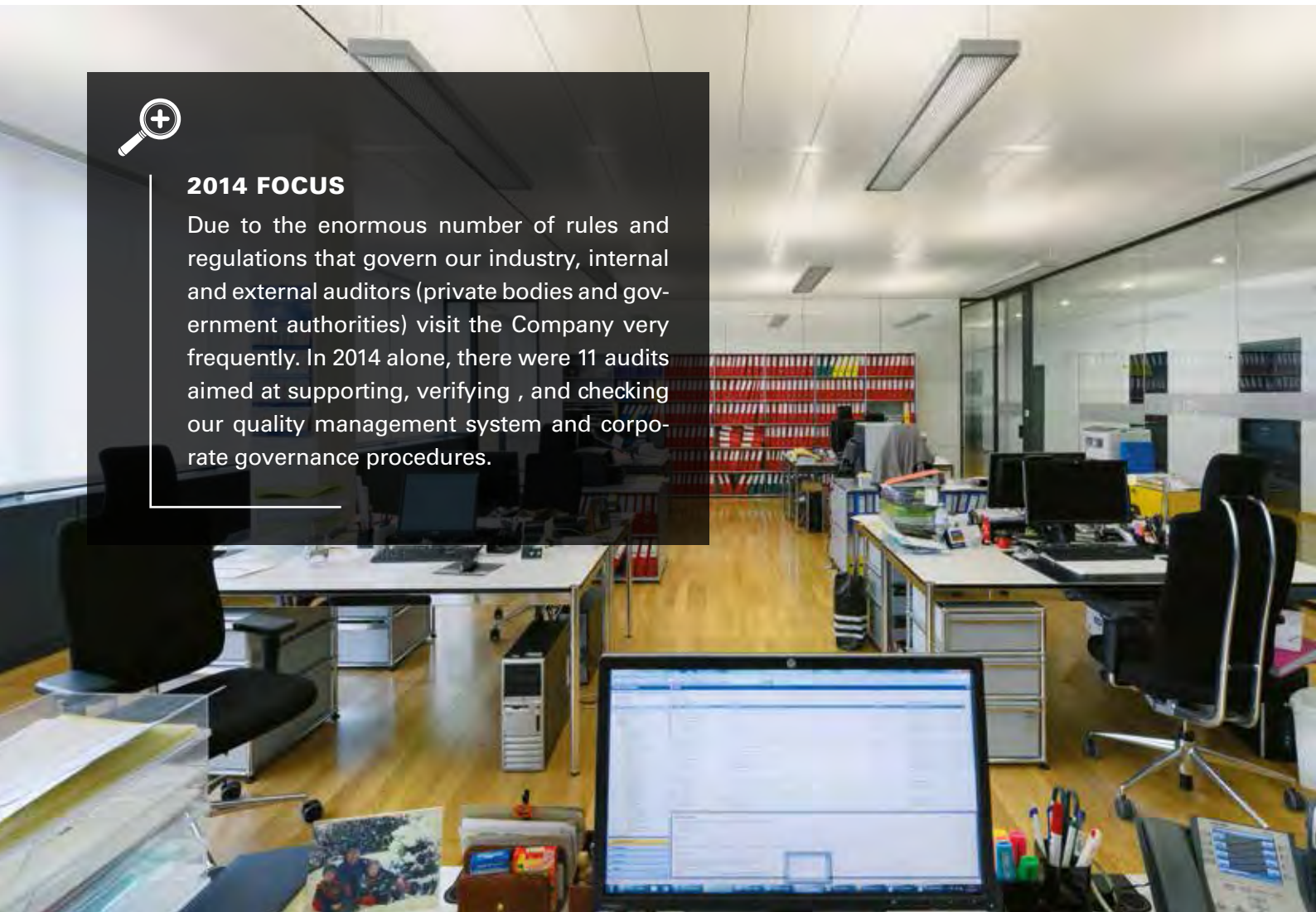


The Group has numerous bodies that supervise corporate governance at three levels: executive, managerial, and operative. These mechanisms apply to the entire organisation, and ensure satisfactory relations with our stakeholders as well as long-term, sustainable performance.



2014 FOCUS

Due to the enormous number of rules and regulations that govern our industry, internal and external auditors (private bodies and government authorities) visit the Company very frequently. In 2014 alone, there were 11 audits aimed at supporting, verifying, and checking our quality management system and corporate governance procedures.





Executive level

This level consists of the Shareholders Meeting, the Board of Directors, the Board of Directors Delegation, and the Risk Audit Committee.

Main tasks:

- Definition of corporate strategy and governance
- Risk assessment
- Support of management and rest of company in daily operations



Managerial level

This level consists of the Internal Compliance Committee, the Credit Committee, the Credit Office, and the Personnel Commission.

Main tasks:

- Allocation and control of resources in profit and service centres
- Check of correct application of guidelines, national and international regulations, and internal rules
- Assessment of responsibility of potential new partners



Operative level

This level consists of Technical and Quality Control Offices, the Quality Control Laboratory, and the full-time supervisor for safety, quality and the environment.

Main tasks:

- Assessment of quality of work performed in each department
- Monitoring of quality of products and processes
- Monitoring of safety at the workplace and of the Company's environmental impact
- Quality control of precious metals

OUR OPERATIONS



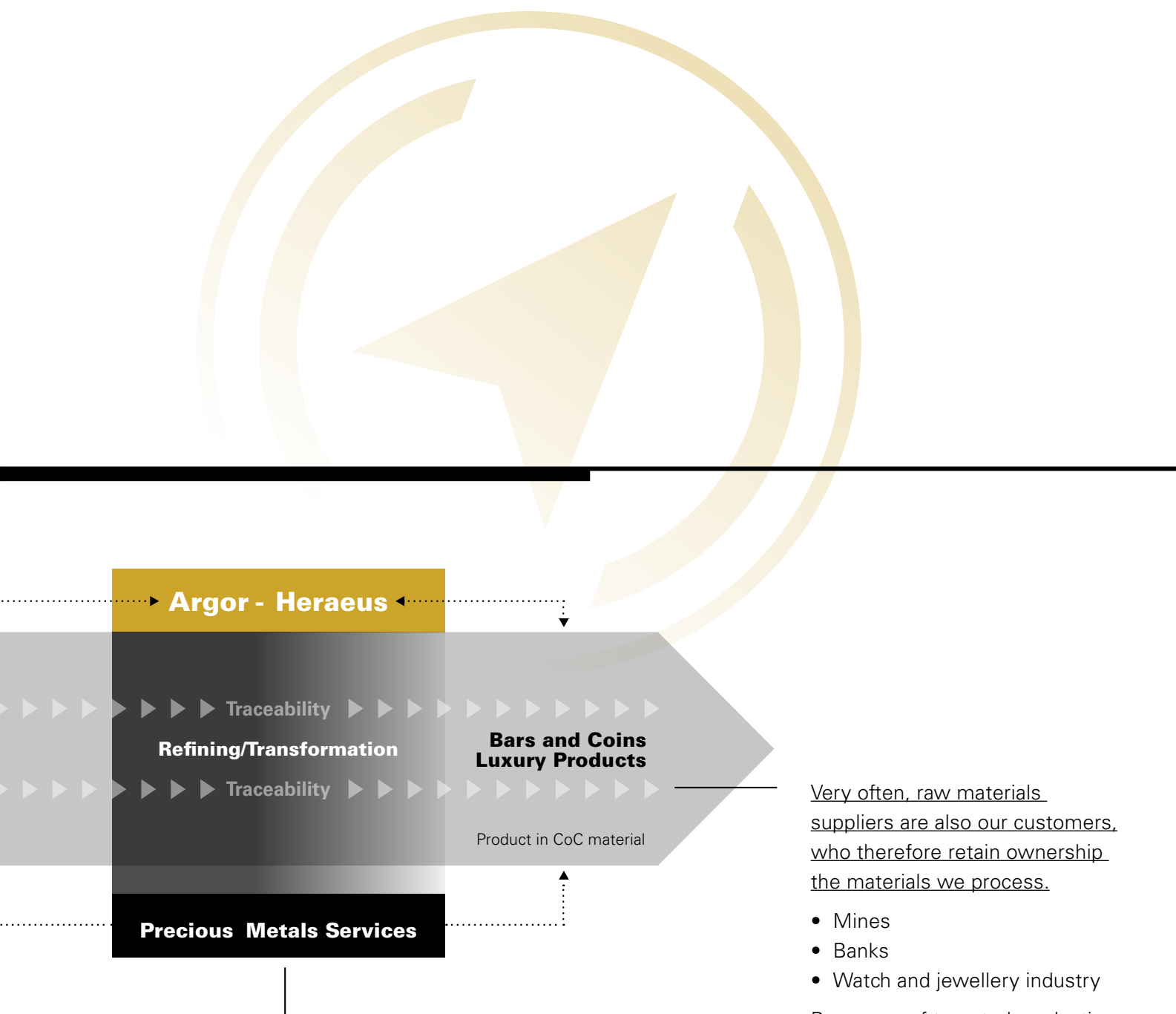
Given our position at the centre of the value chain, we aim to be the golden link between our suppliers and customers by means of our products and services. Innovation and compliance are two of the fundamental principles based on which we create value for our customers.



Raw materials – gold, silver, platinum, and palladium – are delivered to our plants in various forms:

- Industrial scrap and old jewellery
- Raw material from large, small, and artisanal mines
- Materials already certified Good Delivery, or already high-quality.

In all of these cases, we always check and confirm the origin and traceability of incoming materials.



We offer a variety of products and services, such as:

- **Refining:**
Chemical and electrolytic refining of gold, silver, platinum, and palladium is one of our core activities.
- **Smelted and Minted Products:**
We produce a wide range of smelted and minted products, such as bars and coins, as well as security devices for bars and banknotes.
- **Luxury Products**
We create numerous products and precious alloys for the high-end jewellery and watch market.
- **Precious Metals Services**
We guarantee our customers access to international precious metals markets, giving them information, executing trading orders, and providing many other financial services involving physical transactions of precious metals.

OUR APPROACH TO SUSTAINABILITY



Sustainability has always been a fundamental principle of our way of doing business. This is not only a moral commitment: it generates a series of tools – documents, guidelines, and rules – that help us make decisions every day, as well as close cooperation with organisations that govern the industry.



2014 FOCUS

To further strengthen our approach to sustainability, we conducted an internal workshop involving 86 employees with leadership roles in the Company. Thanks to Management's participation, there were numerous discussions regarding the importance of sustainability and the daily contribution of these employees to continuous improvement.

The precious metals sector is subject to a constantly growing number of regulations and standards. Not only do we comply with all of these rules, but we work actively to define them by cooperating with supervisory bodies to continuously enhance the entire industry's sustainability. In this sense, because we are at the centre of the value chain, we also perform the important task of making operators on the entire chain more aware of sustainability.

A concrete approach that involves us all.

Our approach to sustainability is supported by practical tools available to every employee and used every day to make decisions.



Clear and shared principles for a solid and well-defined identity.




Our principles (Vision, Mission, and Company Values) define our essence, our objectives, and the guidelines we apply every day.

Rules and procedures to ensure that our principles are in fact applied every day.

Company policies, contained in a series of documents, rules and codes of conduct, help all of our employees understand their roles and responsibilities and ensure that they make decisions in line with our principles and with certifications obtained over the years.

Cooperation with main national and international organisations to manage the challenges facing the precious metals industry.

This ancient, complex, and global industry requires a framework of rules and standards to ensure that all of its components are sustainable. As a long-term and recognised operator, we do not merely comply with obligations, but actively contribute to regulatory progress and to increasing the awareness of all players up and down the chain.

	International organisations	OECD Organization for Economic Co-operation and Development		FATF Financial Action Task Force	
		US Law Dodd-Frank Act		Swiss Law <ul style="list-style-type: none"> • FINMA • Anti-Money Laundering Act (AMLA) • Precious Metal Control Act (PMCA) 	
	National laws	US Law Dodd-Frank Act		Swiss Law <ul style="list-style-type: none"> • FINMA • Anti-Money Laundering Act (AMLA) • Precious Metal Control Act (PMCA) 	
		US Law Dodd-Frank Act		Acts and ordinances on precious metals and anti-money laundering	
	Industry associations	RJC Responsible Jewellery Council		LBMA London Bullion Market Association	
		RJC Responsible Jewellery Council		WGC World Gold Council	EICC/ GeSI*

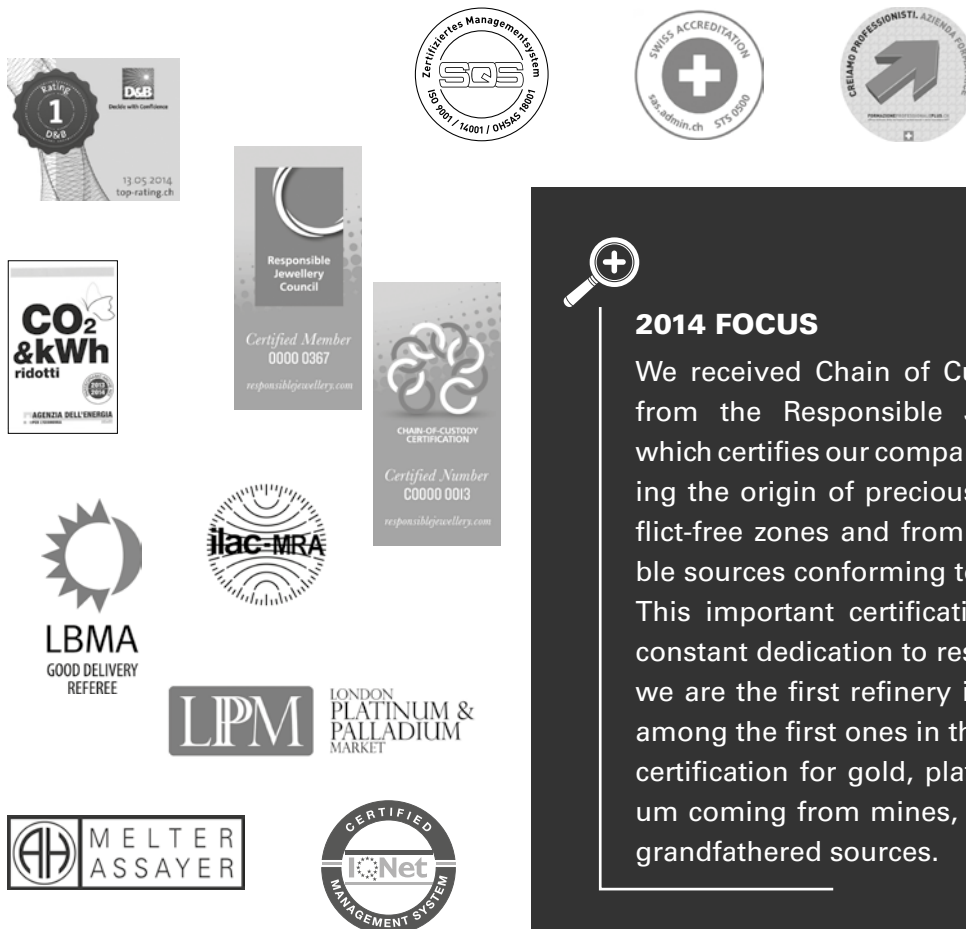
*EICC - Electronic Industry Citizenship Coalition

*GeSI - Global e-Sustainability Initiative

ACCREDITATIONS AND RECOGNITIONS



We are certified by the foremost authorities governing precious metals markets with regard to responsible supply, the fight against money laundering and the financing of terrorism, the quality of products and processes, environmental protection, resources, training, and safety. We work with these authorities to define new standards and guidelines.



2014 FOCUS

We received Chain of Custody certification from the Responsible Jewellery Council, which certifies our company practices regarding the origin of precious metals from conflict-free zones and from ethically responsible sources conforming to OECD guidelines. This important certification recognises our constant dedication to responsibility: in fact, we are the first refinery in Switzerland, and among the first ones in the world, to receive certification for gold, platinum, and palladium coming from mines, industrial scrap, or grandfathered sources.



A long history of commitment

1952

—
Melter & Assayer
Licence

1961

—
LBMA
Good delivery gold

—
LBMA
member

1974

—
COMEX
recognized operator

1978

—
Started providing
vocational training

1982

—
TOCOM
recognized operator

1992

—
LBMA
good delivery silver

2004

—
LBMA
referee

—
FINMA
authorization

—
SAS accreditation
ISO 17025

—
RJC
member

2005

—
DMMC
recognized operator

—
CO₂ reduced

2009

—
LPPM
member

2011

—
ISO 9001

—
RJC
Code of Practices

2013

—
LBMA RGG

—
Dun & Bradstreet
renewal

2014

—
RJC
Chain of Custody

—
ISO 14001

—
OHSAS 18001

—
RJC
Code of Practices -
recertification

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

Shareholders

- Shareholders Meeting
- Continuous collaboration and periodic targeted communication
- Annual Report, Sustainability Report, website



FOCUS

Every year, we organise sports and recreational events such as a ski trip, go-kart races, parties, and the Challenge Cup football tournament.

Employees

- Personnel policy and incentives
- Periodic newsletter
- Technical and professional training
- Sports and recreation group
- Annual Report, Sustainability Report, website, code of conduct
- Sustainable mobility programme

Public services

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

Customers and suppliers

- Compliance procedures
- Targeted personalised information
- Commercial activities, targeted visits, trade fairs
- Sustainability Report and website
- Supplier assessment procedures

Institutions

- Continuous collaboration and periodic targeted information
- Sustainability Report and website
- Visits to the Company
- Sustainable mobility programme

OUR STAKEH



FOCUS

We cooperate with the Diamante Foundation, which helps disabled persons in Ticino Canton, in the performance of a few work processes. During the year, we organised visits to our/their premises to strengthen our ties.

Non-governmental organisations

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

Mass Media

- Press and media relations office activities
- Website media area and Sustainability Report



OLDERS IN 2014



FOCUS

We hosted representatives of the Swiss NGO Max Havelaar and of two Peruvian mines at our Mendrisio headquarters to launch the Fairtrade Gold Project: an important occasion for sharing knowledge and viewpoints.

Industry associations

- Ticino Industries Association (AITI), member of the Ticino Canton Chamber of Commerce
- Continuous collaboration with principal associations governing the precious metals sector
- Sustainability Report and website



FOCUS

We worked with Pamp and Metalor to develop a tool to help players manage due diligence processes regarding their value chain, in compliance with LBMA Responsible Gold Guidance standards.

Competitors

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

CLOSE-UP

ARTISANAL AND SMALL-SCALE MINES: THE INDUSTRY'S COMMITMENT

- Artisanal and small-scale mines are run by individuals or by small companies that may find it hard to operate with adequate structures, safety measures, and technologies.
- It is estimated that almost 15% of the world's gold comes from artisanal mines, which employ 70-80% of the industry's labour force for its extraction.
- This subject is especially important in developing countries, which have a large number of such mines.
- Artisanal and small-scale mines are often excluded from regulated precious metals markets due to increasingly strict rules and standards. Players who cannot satisfy these requirements risk being cut out of the "official" market, with potential negative consequences for families and communities that depend on these mines for their livelihood.
- To tackle this problem, associations and operators in the precious metals sector have in the past few years launched a series of initiatives to help artisanal and small-scale mines sell their products on regulated markets and to help local communities grow in an honest way.

MAIN INITIATIVES



Better Gold Initiative (BGI)

[www.seco-cooperation.admin.ch]



The initiative:

Created by a partnership between the State Secretariat for Economic Affairs (SECO) and the Swiss Better Gold Association (a non-profit association formed by major groups in the precious metals field), it promotes long-term development of a responsible value chain, from mine to market, for gold produced by small mining communities.



Main tools/mechanisms:

- Helps create a simpler value chain to promote transparency and traceability
- Helps reach and implement current standards
- Develops relations and helps local governments achieve better conditions
- Promotes demand for material produced by participants in the initiative

Alliance for Responsible Mining – Fairmined gold

[www.communitymining.org]



The initiative:

Promoted by the Alliance for Responsible Mining, it is addressed to artisanal and small-scale mines for purposes of defining formalisation, environmental, labour, and traceability requisites for recognition as a responsible producer. Since 2014, this has been the recognised standard for obtaining RJC Chain-of-Custody certification.



Main tools/mechanisms:

- Supports the creation of conditions that respect employees and the environment
- Facilitates access to the market by eliminating unnecessary middlemen
- Sets a minimum selling price for gold
- Re-invests revenues in local development projects
- Develops a toolkit to handle the problem of forced labour in artisanal mines

Max Havelaar – Fairtrade gold

[www.maxhavelaar.ch]



The initiative:

Supported by the Max Havelaar Foundation, it promotes officialisation and legalisation of artisanal and small-scale mines and improvement of working and environmental conditions by creating a trademark attesting to the sustainability of the metal.



Main tools/mechanisms:

- Supports the development of long-term business relations
- Sets a minimum selling price for gold
- Re-invests revenues in local development projects
- Defines rules for safeguarding the population and the environment

From Peru to Mendrisio for a pioneering project

At the launch of the Max Havelaar Foundation's Fairtrade Gold initiative, we met representatives of the Peruvian Sotrami and Macdesa mines at our Mendrisio headquarters. It was a valuable opportunity to discuss topics and challenges concerning the industry and an occasion to get to know each other better in light of our closer cooperation.

INFORMATION SHEET - Sotrami: a state-of-the-art mine	
Year of formation	1989
Location	Santa Filomena, Ayacucho, Peru
Number of miners	About 900
Certifications	Fairmined and Fairtrade, obtained in 2011
Description	<p>The Sotrami mine, chosen as a pilot project for the certification of artisanal mines, has always worked (in cooperation with various local and regional organisations) to improve the sustainability of its operations. Since 2011, when it became the first artisanal mine to be certified, it has exported its product to markets all over the world. The added value received thanks to the sale of certified gold has been invested in several community development projects.</p> <p>This pioneering project confirms that artisanal mines can help develop entire communities. Other mines, such as the Macdesa, are about to obtain certifications that will allow similar projects.</p>
Main community development projects	<ul style="list-style-type: none">• Construction of a medical centre, subsidies for check-ups (dental, ophthalmological)• Educational support – every child goes to school• Improved roads and transportation to mines• Financing of electrical network for public services (city hall, post office, schools)• Creation of a subsidised supermarket to safeguard food security



ECONOMIC RESPONSIBILITY

Distribution of added value

Approximately 53 million francs in taxes paid over the last 25 years



Suppliers of services and accessory products

80% of supplies purchased in Switzerland



Our customers

We work with customers in almost 50 countries around the world



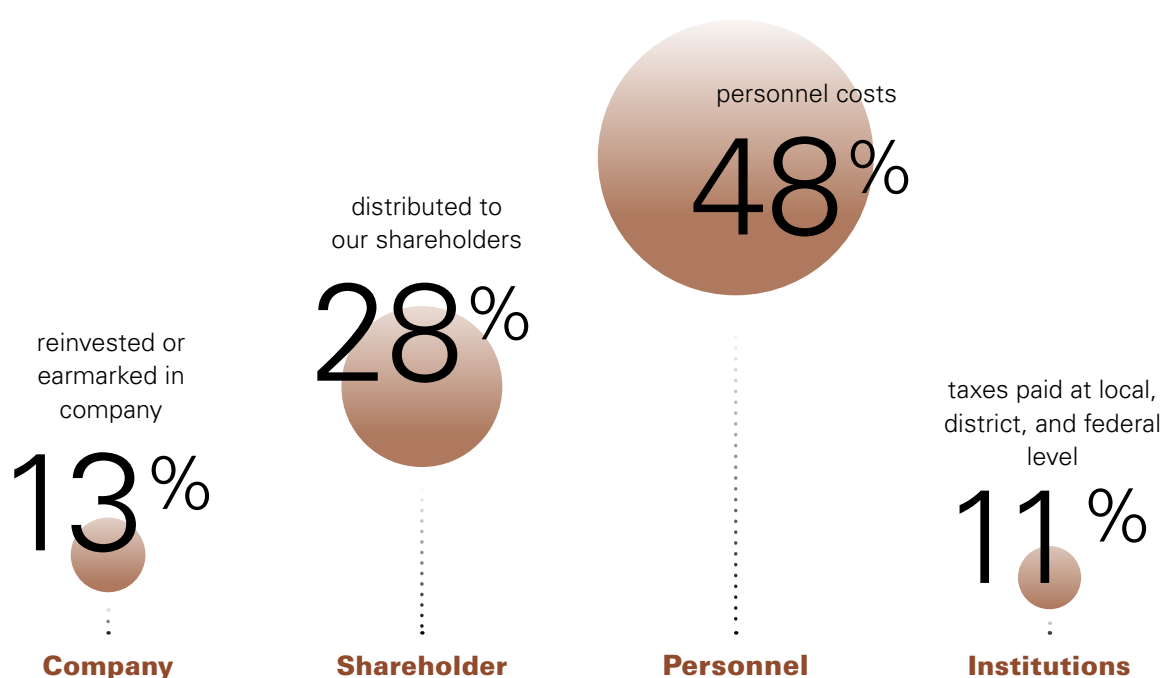
DISTRIBUTION OF ADDED VALUE



The wealth that a company generates is not limited to its annual results. A global assessment of the sustainability of economic impact has to consider how added value is redistributed to all internal and external stakeholders.

We always reinvest the majority of the added value we generate to promote the growth of our Group and territory.

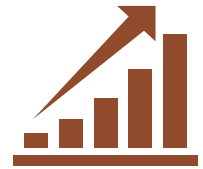
Our Group's operations benefit a variety of parties linked directly or indirectly to our business. Almost half of the value generated in 2014 was distributed to our employees as salary, and a large part was reinvested to ensure our future growth and stability. About 10% was paid in the form of taxes at the local, district, and federal level, and 28% was paid to our shareholders.





We have paid about 53 million francs
in taxes over the last 25 years.

SUPPLIERS OF SERVICES AND ACCESSORY PRODUCTS



We do not merely evaluate the quality of the products and services received from our suppliers: we assign equal importance to the fact that they share our core values of sustainability and transparency. Working with local business partners is very important to us, because it makes a real contribution to shared growth.

Quality and sustainability (including economic stability) to form long-term relations.

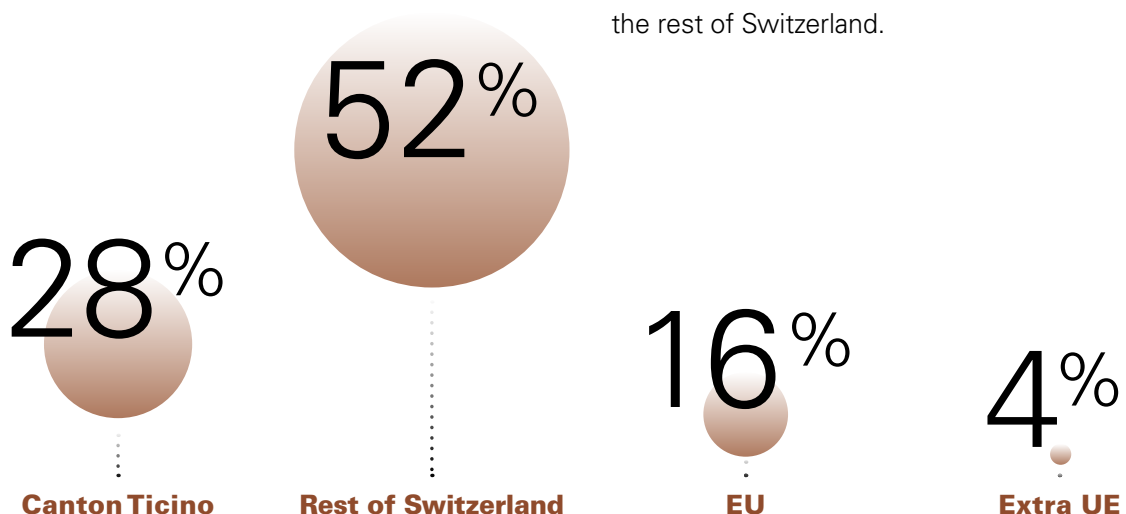
Chemicals, fuels, security services, consumables, and disposal services are the main products and accessory services we require.

We apply many criteria when choosing our suppliers. Of course, cost and quality are critical, but it is just as important that our partners share our values in terms of sustainability.

Out of every 10 francs paid to suppliers, about 3 remain in Ticino Canton and 5 go to other areas of Switzerland: we want our country to grow with us.

We choose local suppliers whenever possible, because our Company's growth also depends on its being part of a prosperous and progressive business environment. Another and equally important factor is that working with local companies reduces our environmental impact by lowering emissions from the handling of materials and the transportation of people.

This year, 28% of total expenditures for supplies went to companies in Ticino Canton and 52% to the rest of Switzerland.



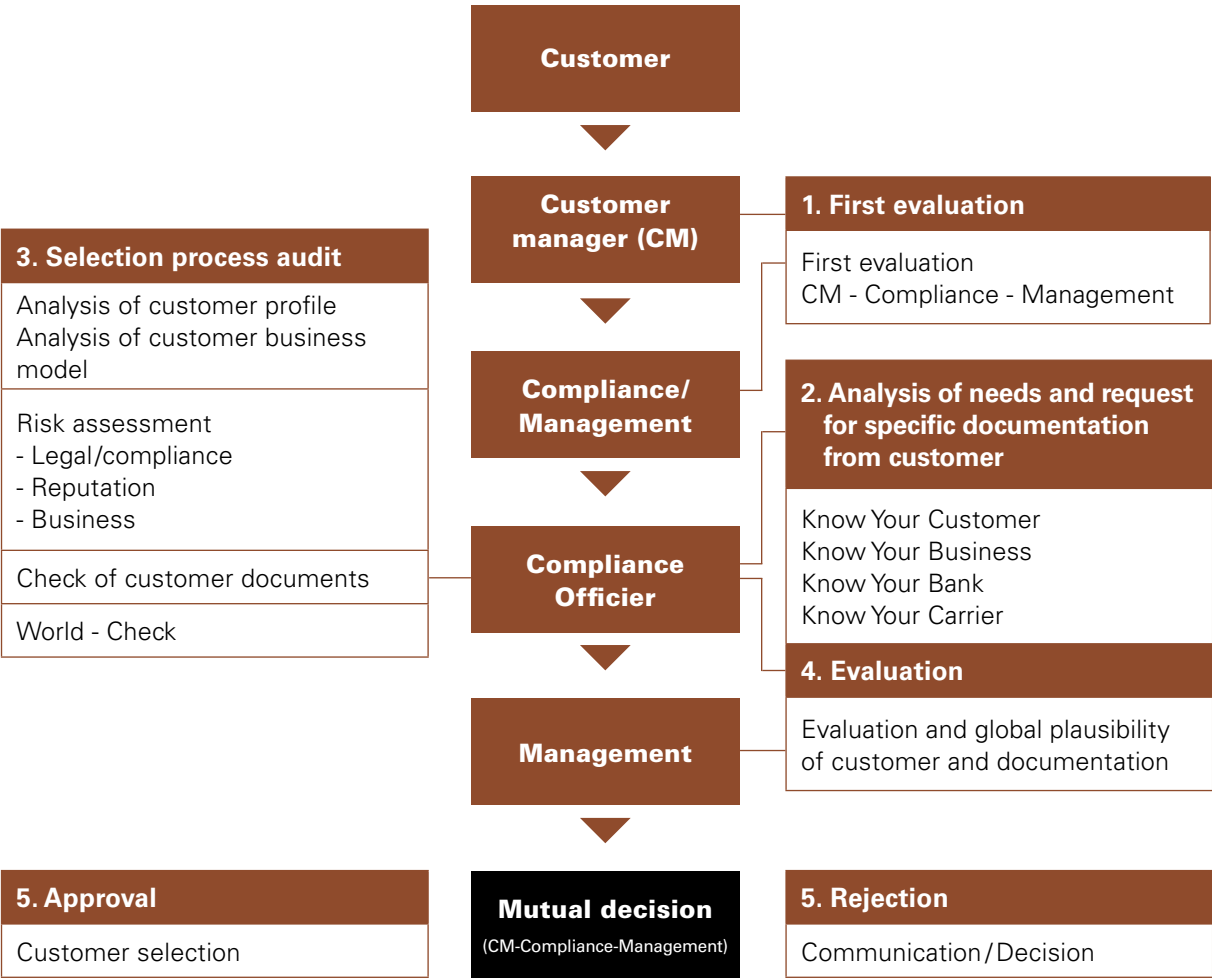


80% of expenditures for supplies
went to Swiss companies.

OUR CUSTOMERS



Our industry’s greatest challenge is to guarantee both the traceability of the metal we process and the nature of our customers’ operations. Therefore, we have developed a complex audit system for choosing our business partners: a considerable amount of work that generates value for our customers and is essential for safeguarding everyone involved.





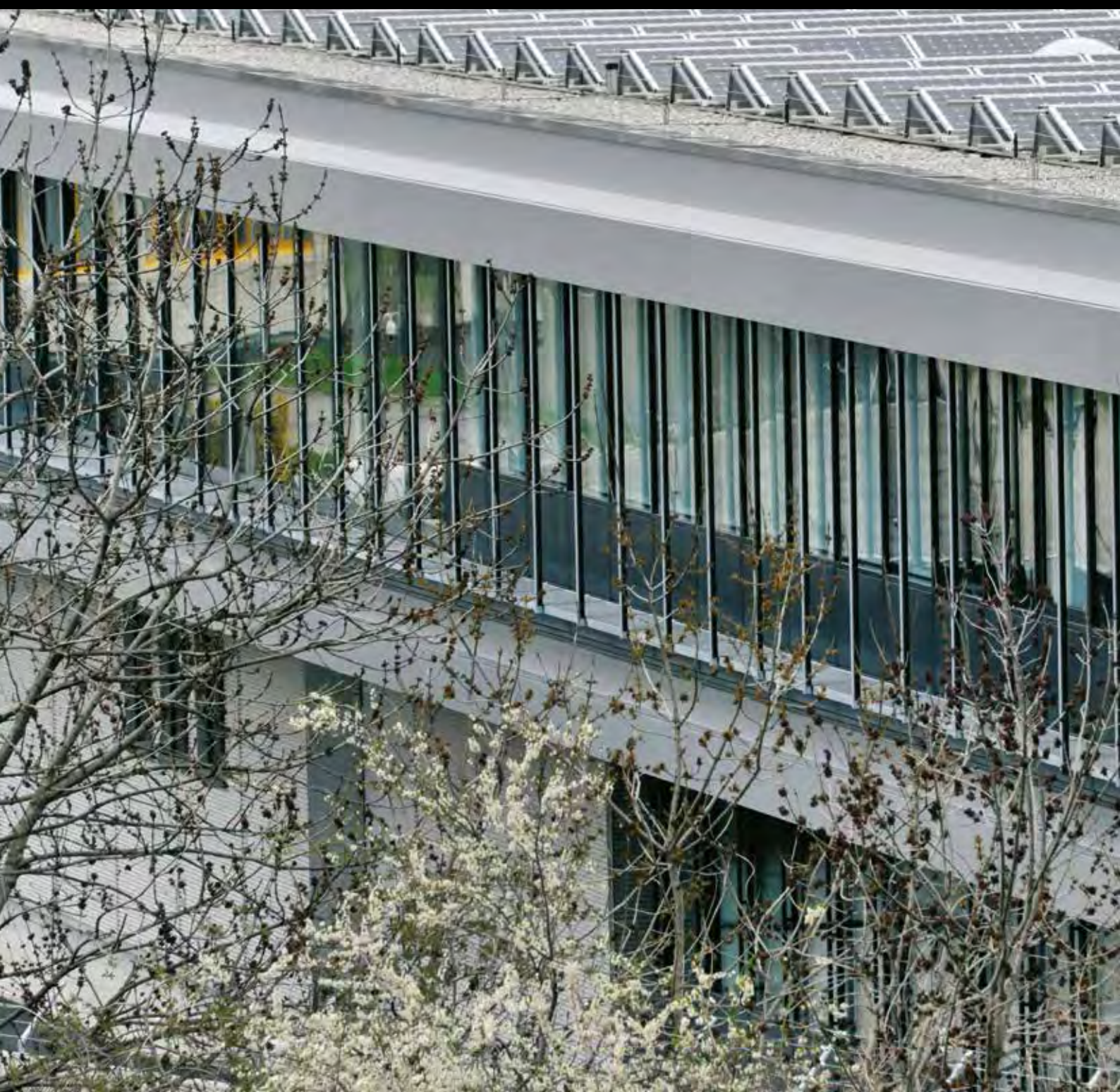
We work with customers
in 48 countries around the world.

Knowledge is the key to sustainability.

Every request for collaboration launches a series of complex due diligence procedures called Know your... (Customer, Business, Bank, Carrier) to ensure that potential business partners are in no way linked to practices such as (for example) violations of human rights or the financing of terrorism. Even after we have begun working with a partner, we continue to conduct internal and external audits to make certain that such partner remains reliable.

Auditing our business partners: at the vanguard of the industry.

Our procedures make us a pioneer in passing value chain sustainability audits. For example, as a result of our efforts we were the first refinery in Switzerland, and among the first ones in the world, to receive Chain of Custody certification from the Responsible Jewellery Council for gold, platinum, and palladium coming from various sources.



ENVIRONMENTAL RESPONSIBILITY

Water consumption

23,071 m3 saved: the equivalent of 10 Olympic pools



Chemical consumption

less sludge, lower emissions = lower impact



Energy consumption

Savings equal to the annual consumption of over 350 Swiss families



Emissions

18% lower CO2 emissions than in 2013



Waste materials, packing materials, noise

8% less PET consumed



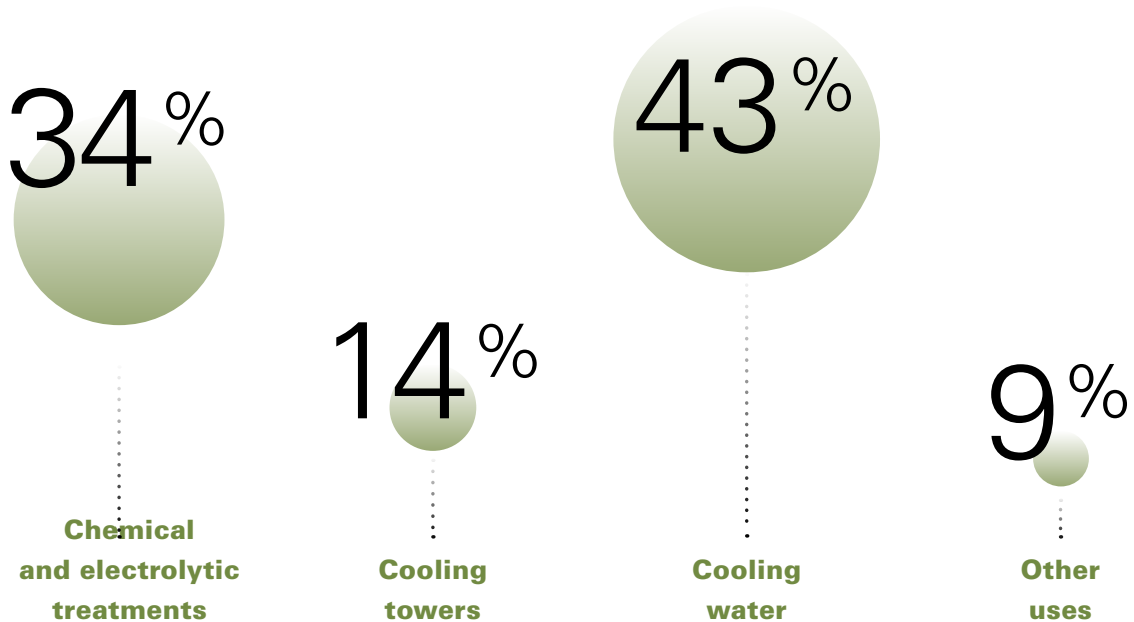
WATER CONSUMPTION



“Blue gold” is a precious resource even in Switzerland, with its countless rivers and lakes. We are therefore proud of the result achieved in 2014: significantly reduced water consumption thanks to years of effort to more efficiently monitor and limit its use.

Over half the water we consume is used to cool machines.

Water is essential for precious metals processing. Along with other substances, it is used to generate chemical reactions that remove impurities from the metals. In addition, the machines we use to process precious metals require a constant flow of cooling water to ensure their efficient operation.



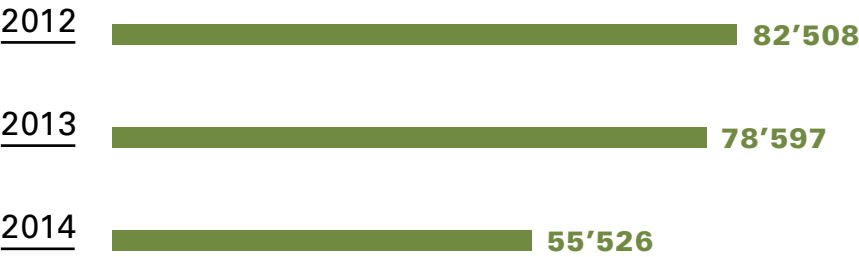


We saved the equivalent of the
water contained in 10 Olympic pools.

Water consumption dropped 29% compared to 2013 thanks to more efficient use of machines and to lower production of smelted bars.

We consumed 55,526 cubic metres of water in 2014 - 23,071 less than in 2013. This was the largest decrease in consumption in the period 2009-2014. This significant reduction is attributable to two main factors. First, the fine-tuning of systems at our new headquarters allowed more efficient use of the resource. Our new machines have closed circuits that considerably reduce the volume of water lost in production processes. Second, part of the reduction is attributable to the lower production of smelted bars, whose processing requires a large amount of water.

TOTAL WATER CONSUMPTION IN CUBIC METRES



Low consumption but great care at our affiliates.

Because our affiliates are much smaller than the parent company, their total water consumption is about one tenth that of the Mendrisio headquarters. This year's consumption was similar to the previous year. The increase at Argor-Aljba was due to a few technical problems that were solved during the year.



TOTAL 2014 WATER CONSUMPTION IN CUBIC METRES BY AFFILIATES

Argor-Heraeus Deutschland

1'000

Argor-Heraeus Italia

552

Argor-Aljba

4'274

Thanks to close cooperation with the managers of the Mendrisio purification plant, we installed a tank at the plant for on-site treatment of waste water that previously had to be transported outside the district.

This also reduced CO₂ emissions, because we no longer have to truck large volumes of waste water over 40 kilometres away for treatment.

We have also installed 10 water meters in various departments of our new plant to constantly monitor consumption and help identify possible measures of improvement.

With more efficient use of closed circuits in our production plants, we expect to reduce water consumption even more by 2016.

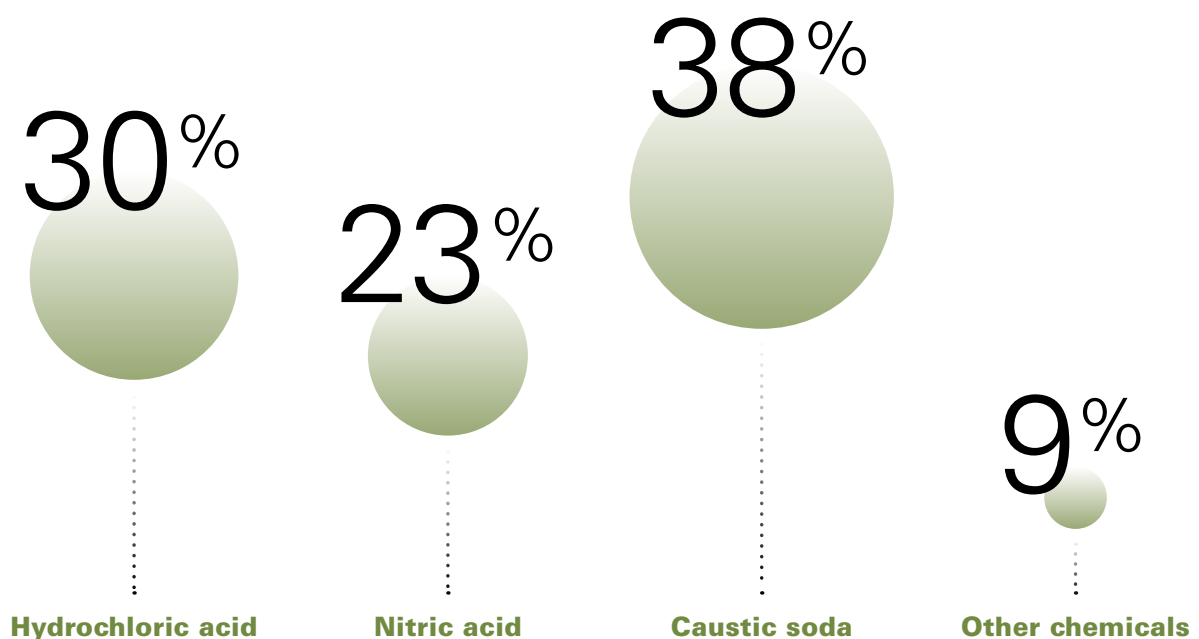
CHEMICAL CONSUMPTION

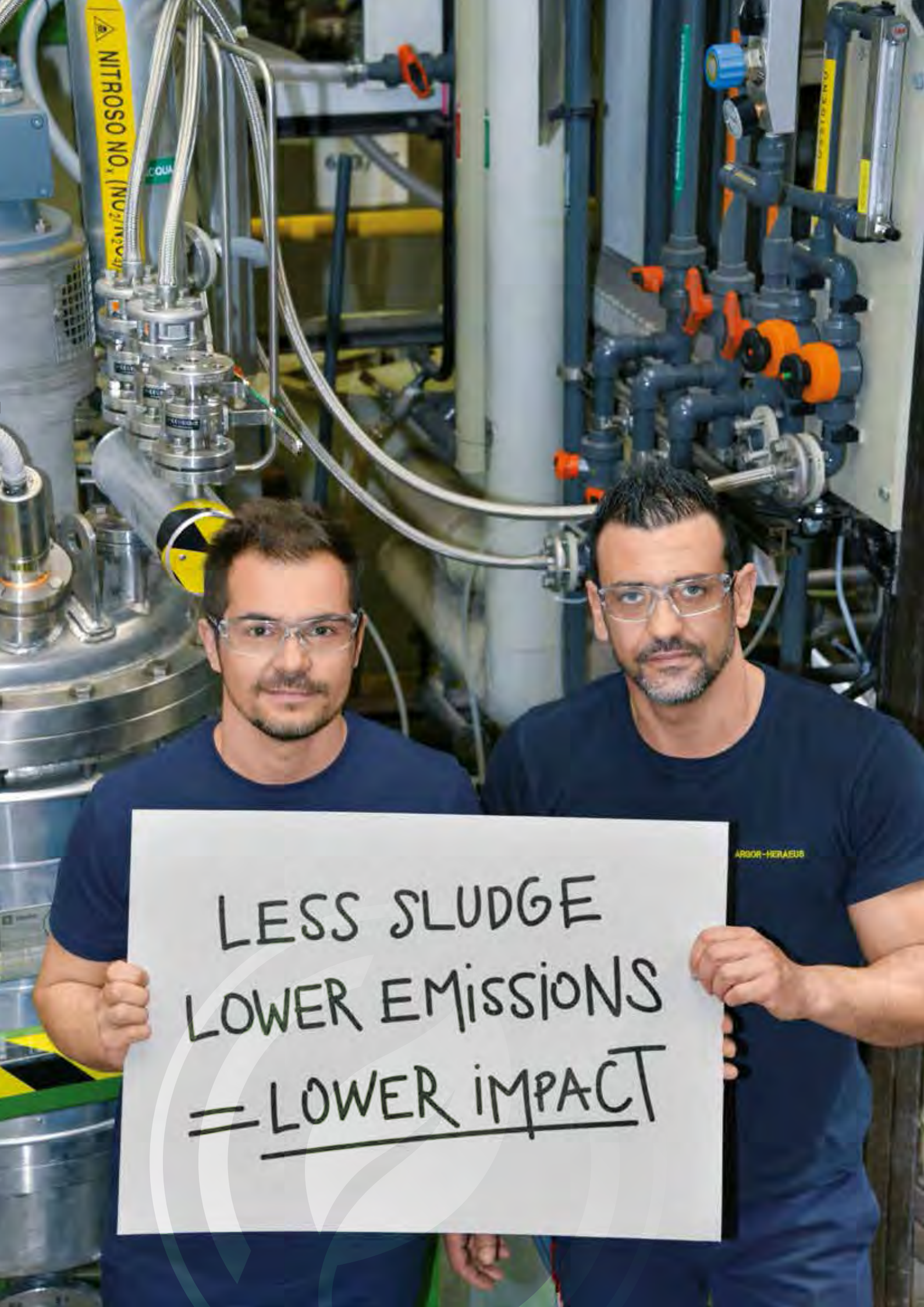


Chemicals are a “necessary evil” for many industrial operations. Well aware of this, we closely monitor their consumption and reduce their use by making our production processes as efficient as possible. In 2014, we cut chemical consumption by over 50,000 kilograms.

Chemicals are essential for obtaining extremely fine precious metals.

We use hydrochloric acid to refine gold and nitric acid to refine silver (the metals we process in the largest amounts). Caustic soda is used to neutralise the acidic solutions produced by chemical reactions and to limit the release of potentially harmful substances. Other chemicals are used mainly to process platinum and palladium.



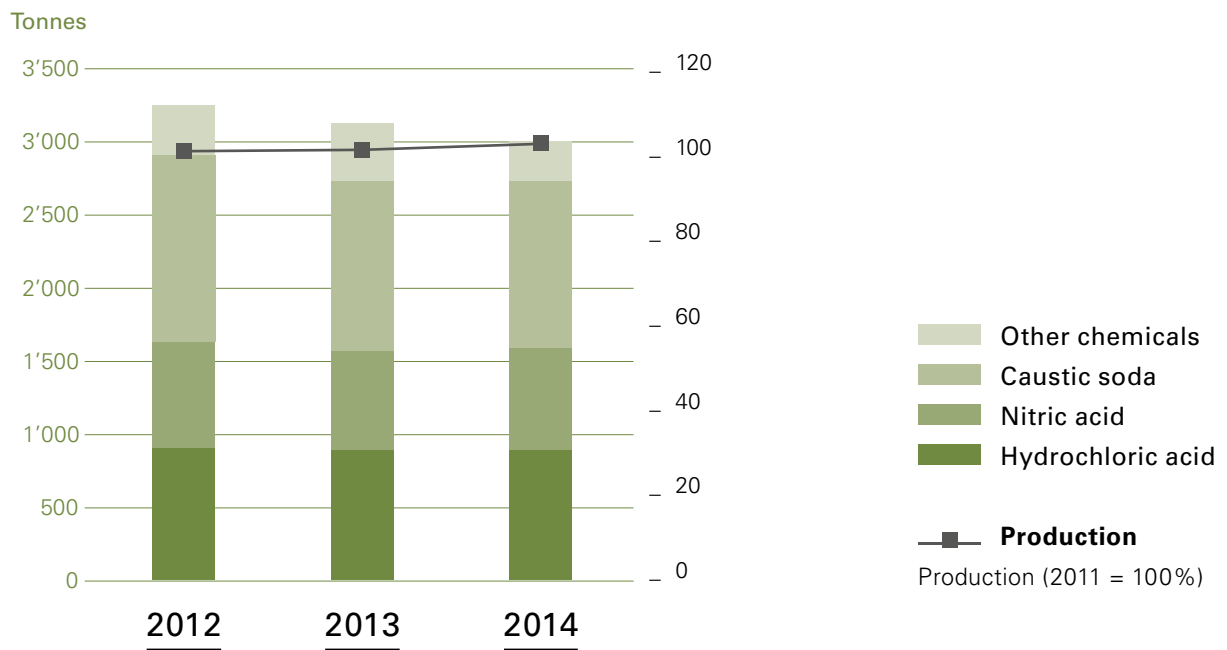
Two men with short dark hair and beards, wearing safety glasses and dark blue t-shirts, stand in a laboratory. They are holding a large white sign with handwritten text. The background is filled with complex industrial equipment, including pipes, valves, and a large stainless steel vessel. A yellow and black hazard symbol is visible on the equipment to the left. The man on the right has a small yellow logo on his shirt that reads "ARBOR-HERAeus".

LESS SLUDGE
LOWER EMISSIONS
= LOWER IMPACT

We reduced chemical consumption by 2% compared to 2013.

In 2014, we consumed 3,069,055 kilograms of chemicals, 51,548 kilograms (2%) less than in 2013.

In 2014, we also significantly reduced the use of soaps in our production processes. Only a part of this reduction (up to 50-70% depending on the type) is attributable to decreased processing of smelted products: most of the reduction was achieved thanks to the optimisation processes that were planned and implemented during the last two years.

CHEMICAL CONSUMPTION AND PRODUCTION

Chemicals produce two main types of waste: sludge from metal residues and atmospheric emissions. This year we reduced sludge by 26.9%, from 198 tonnes in 2013 to 174 tonnes in 2014.



State-of-the-art plants to monitor and continuously reduce atmospheric emissions.

In 2014, we took several steps to further reduce the impact of our plants. Among the main structural measures were replacement of the dust filter in the foundry with a new, more efficient one, and separation of the flues in the foundry and in the chemical departments to better monitor their emissions. In addition, we acquired new equipment to ensure uninterrupted monitoring of nitrogen oxide and dioxide emissions.

We work with government authorities to set more competitive targets for lower consumption.

Our plans to reduce emissions will continue non-stop in 2015. Re-engineering of the foundry and chemical department was fundamental and introduced further improvements. During the year, we worked diligently with the Canton to set new and more challenging targets and measurements.

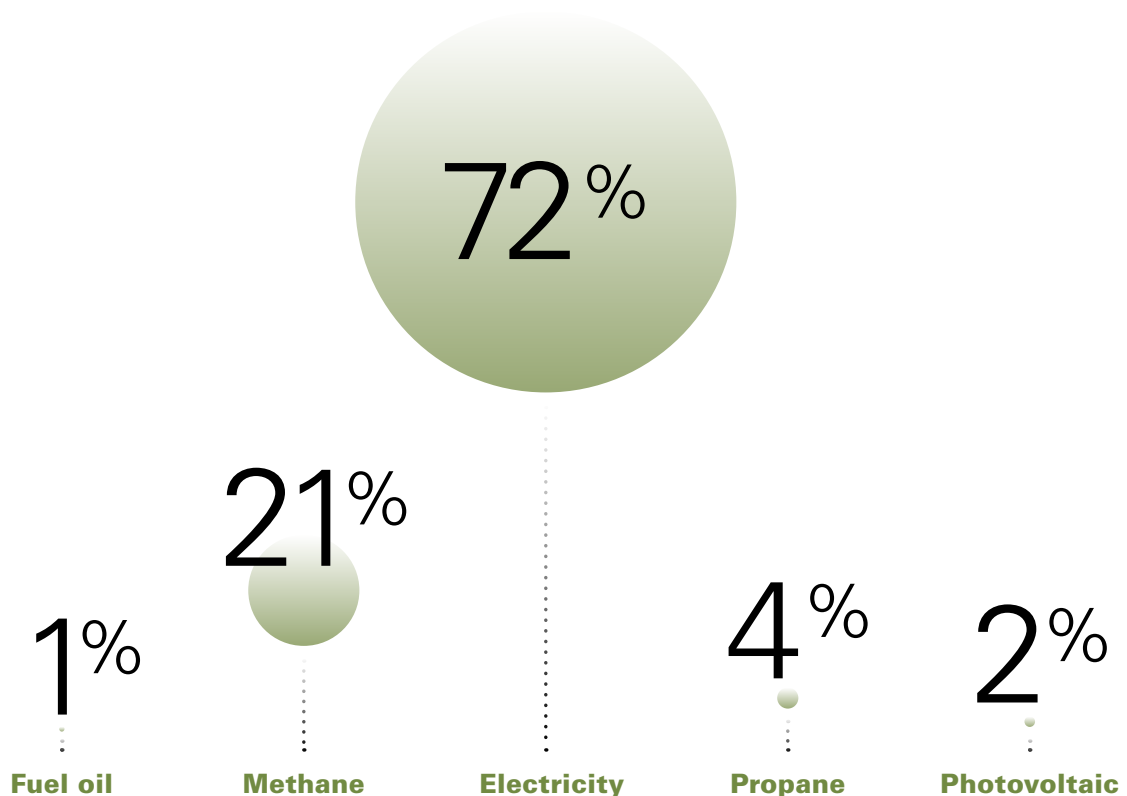
ENERGY CONSUMPTION



We use different energy sources with a single objective: minimise those with the greatest environmental impact. We are very happy to say that this year we almost halved our use of fuel oil, from 774 Gigajoules in 2013 to 436 in 2014.

Electricity for production, fossil fuels for heating.

Most of the energy we consume is used to run the machines that refine precious metals. Fuel oil and methane are used to heat our rooms, while propane is used to smelt silver and gold. In addition, we use the solar energy generated by our 1,074 panels for work done in our new plant, inaugurated in 2013.





We saved the equivalent of the annual energy consumption of 350 Swiss families.

Total energy consumption decreased by 11% compared to 2013.

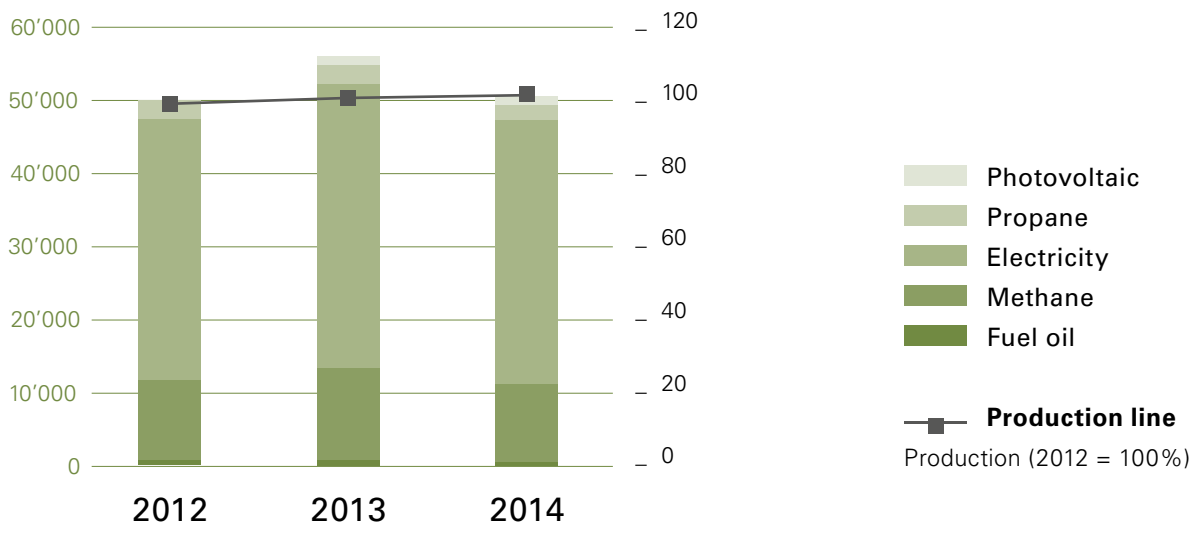
Our total energy consumption in 2014 was 50,462 Gigajoules, 6,183 less than in 2013. The decrease involved all energy sources, especially fuel oil (-44%). We have almost completely replaced this source with greener methane (only 1% of the energy we use is generated by fuel oil). This considerable reduction was achieved thanks to greater use of gas boilers to heat rooms, optimisation of our heating system and, lastly, a mild winter, which resulted in lower methane consumption (-12%) compared to 2013.

Reduced consumption of electricity (-10%) and propane (-17%) is attributable to lower demand for smelted bars, whose production requires a significant amount of energy.

The rainy 2014 summer did not worry only the tourist industry. Due to fewer sunny days, we produced and therefore used 4% less photovoltaic energy. Despite this, solar energy covered almost 14% of the electricity needs of our new plant.

ENERGY CONSUMPTION AND PRODUCTION

Gigajoule





Efficient growth for affiliates.

Due to their size, the total energy consumed by our affiliates is only about 5% of the energy used by the Group. Overall, consumption by affiliates grew about 10%. Although the Argor-Aljba joint venture increased its sales by more than 40%, its consumption increased by only 9%. This was achieved by greater cost efficiency deriving from higher production and by more efficient use of machines.

2014 ENERGY CONSUMPTION IN GIGAJOULE AT AFFILIATES

Argor-Heraeus Deutschland

 **184**

Argor-Heraeus Italia

 **234**

Argor-Aljba

 **1'884**

Less heat dissipation = lower consumption.

Pursuant to our second agreement with the Agency for Energy for the Economy (AenEC), we are committed to further increasing the energy efficiency of our technical plants to reduce CO₂ emissions and energy consumption by 2020.

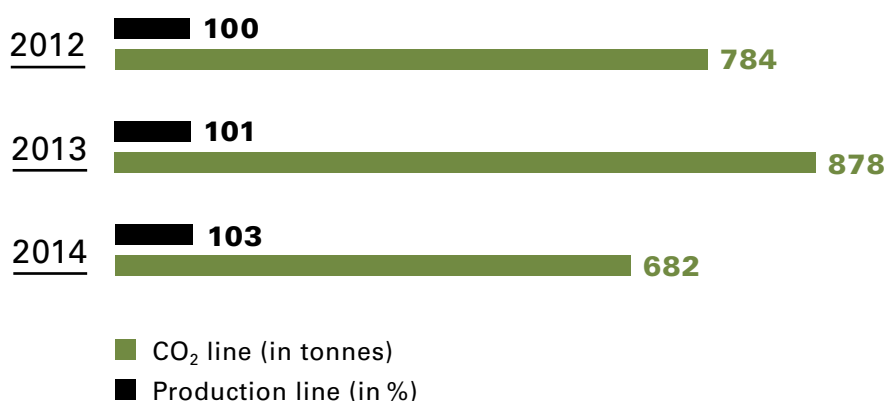
To achieve this, we will continue to modernise our heating system by replacing the boilers, which will further improve the use of energy sources to heat our buildings and thereby reduce dissipation and consumption.

EMISSIONS



Atmospheric emissions of CO₂ are generated from the use of fossil fuels. We lowered these emissions considerably in 2014 by reducing our use of fuel oil and by optimising our heating system. But because our responsibility does not stop at the end of the work shift, we also try to manage our employees' mobility in an ecologically friendly way.

CO₂ EMISSIONS AND PRODUCTION



We have reduced CO₂ emissions by 18% compared to 2013.

This reduction, amounting to 196 tonnes, is in large part due to the milder than normal winter.



A real commitment
to support mobility in harmony
with the territory



Car pooling, public transportation, strong legs: numerous ways to achieve sustainable mobility.

For a company like ours, which works in shifts during the day and sometimes at night, it is not always easy to find mobility solutions that satisfy the needs of employees as well as those of the territory and the environment. For the last few years, we have been conducting a multifaceted sustainable mobility programme that has produced good results. In 2014, we subsidised 50% of the annual public transportation pass for 12 employees as part of the Arcobaleno programme. In addition, all 41 car pooling groups, with 92 employees, have continued to share their cars to and from work. And quite a few employees have decided to avoid the parking tax by walking or bicycling to work.



Together with the AenEC, we have developed a series of measures to reduce CO₂ emissions and increase energy efficiency.

These measures involve infrastructure improvements and the replacement of inefficient machines. In addition, internal re-engineering will allow us to us implement a few measures not possible up to now.

WASTE MATERIALS, PACKAGING MATERIALS, NOISE



Our work to obtain environmental management certification was stimulated by a number of measures for efficient waste management.

Our efforts were partially thwarted by the introduction of new plants as part of our re-engineering project, whose installation inevitably generated a large amount of waste.

More waste from the installation of new plants: an investment for future efficiency.

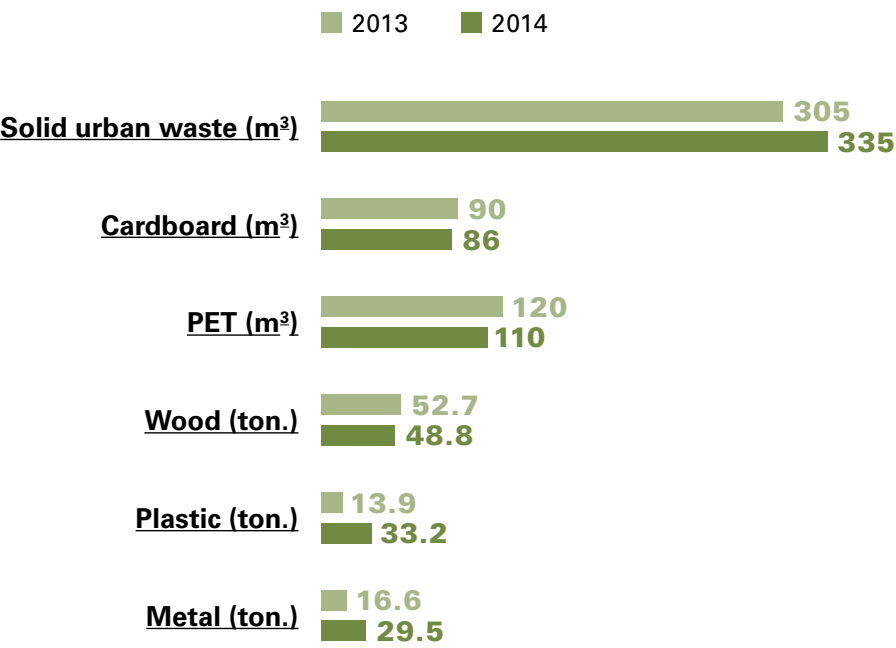
Argor-Heraeus is also very serious about disposing of waste that is not closely linked to production. All materials are disposed of in conformity to strict criteria, according to procedures for each specific type of waste and in cooperation with authorised disposal companies.

As part of our internal re-engineering project, we moved some of the machines from our old building to the new one, dismantling several old units and replacing them with latest-generation ones. These operations required the disposal of a larger quantity of materials and therefore generated an increase in plastic, metal, and solid urban waste. Despite all this work, we reduced the disposal and recycling of wood, cardboard, and PET. With regard to PET, since 1999 we have worked with PET Recycling Schweiz to collect and recycle the PET bottles we use. For many years, this important collaboration has allowed us to dispose of this material in the best possible way.



State-of-the-art infrastructures
and machines to achieve best
performance, silently!

WASTE DISPOSAL



Less noise from our systems thanks to work on infrastructure and procedures.

Like most industrial operations, our plants generate noise that affects employees and the surrounding area. Therefore, we try to reduce sources of noise in order to decrease health risks to employees and to minimise noise pollution.



With this goal in mind, we carried out numerous structural works during the year, such as replacing the smoke filter with a new, quieter, model, and silencing the cooling towers. In addition, we implemented management procedures to change the operating hours of our plants and therefore eliminate noise at night. Our commitment to reducing noise did not end in 2014: by means of an external audit, we identified new infrastructural and managerial procedures to carry out in the near future.



SOCIAL RESPONSIBILITY

Composition of personnel

170 jobs created in 10 years



Health and safety at the workplace

2.24 accidents for every 100,000 hours worked



Training

1 out of 3 employees took a social responsibility course



STRUCTURE OF PERSONNEL



We are firmly convinced that our employees are the driving force that ensures our long-term prosperity and success, and we guarantee them competitive employment conditions to keep them in the company for many years.

The numbers say we are on the right path and, despite a slight drop in the number of employees in 2014, we are ready to resume the growth that has created 170 jobs in the last 10 years.

DISTRIBUTION OF EMPLOYEES BY GENDER, 2014



Male

72%



Female

28%

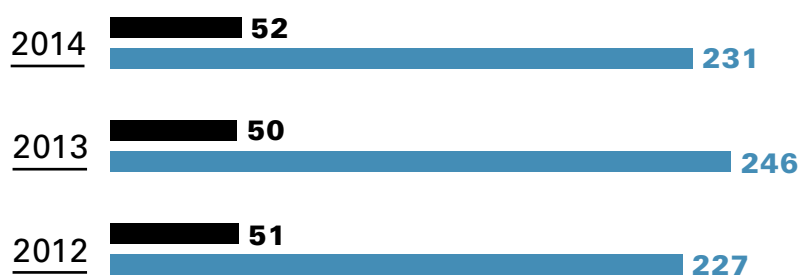
324 jobs at Argor-Heraeus Group: a large family and equally as large responsibility.

Our Mendrisio headquarters has 231 employees plus about 50 temporary employees needed to handle the sudden fluctuations in demand that characterise our sector. We had 6% fewer employees than in 2013, due to structural reasons (reorganisation of administration and production, retirements) and market conditions. This also means a higher employee turnover rate, i.e., the percentage of employees who left the company during the year (8.15%).



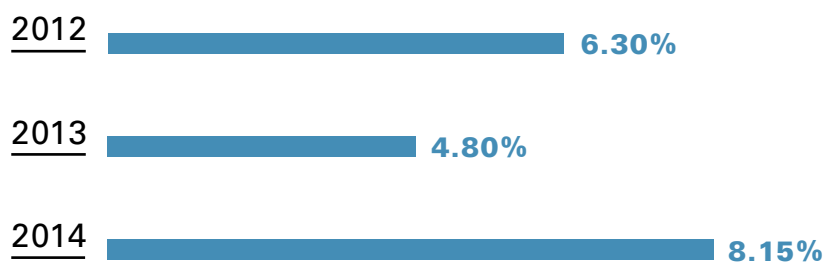
We have created
170 jobs in the last 10 years.

EMPLOYEES AND TEMPORARY PERSONNEL



■ Temporary personnel
■ Employees

EMPLOYEE TURNOVER RATE



EMPLOYEES AT AFFILIATES

Argor-Heraeus Deutschland



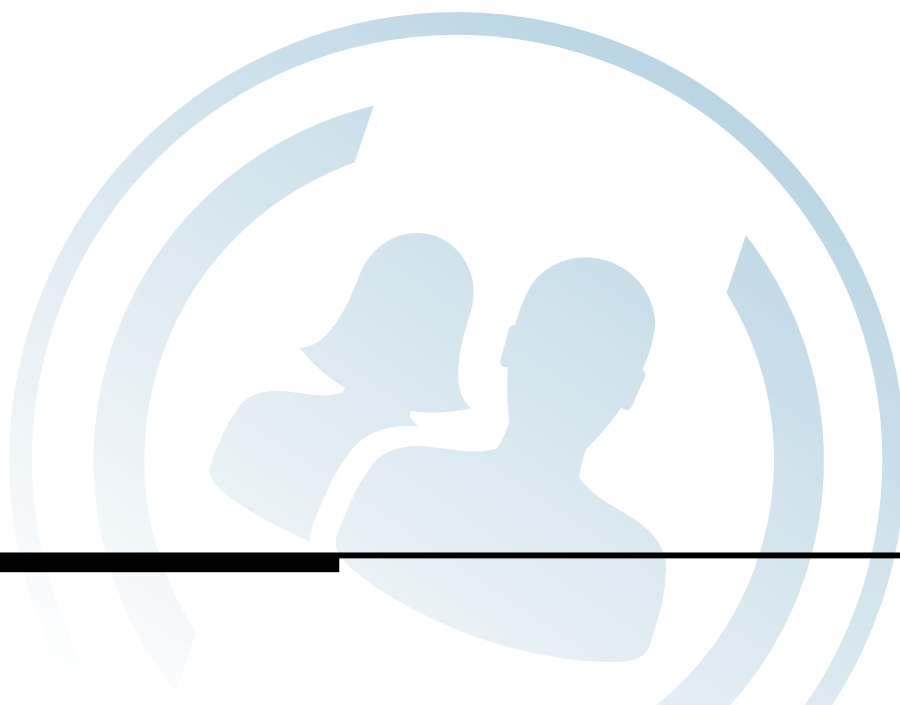
Argor-Heraeus Italia



Argor-Aljba



Our affiliates employ about 12% of the Group's personnel and, thanks to Argor-Aljba's excellent performance this year, have created 7 new jobs.



AVERAGE STAY IN COMPANY

Meno di 5 anni



Da 5 a 9 anni



10 + anni



Almost 90% of the employees who were at Argor-Heraeus 5 years ago are still with us: stability is essential for developing skills and shared values.

Almost a third of our employees (32.45%) have worked here for more than 10 years, and an even larger percentage (34.2%) from 5 to 9 years. In addition, considering these numbers net of new employees, we are proud to say that 87% of the people who were with us 5 years ago are still in the Argor-Heraeus family.

EMPLOYEE EDUCATION LEVEL, 2014

Prof. univ. trade school and university



Professional trade school



**Complete professional training
(with apprenticeship)**



In-house training:



Over 7 out of 10 employees have complete professional training or a university degree.

Our industry is complex at all levels: a multiplicity of rules and standards, partners all over the world, highly sophisticated machinery and production processes with numerous interdependencies. This is why almost 30% of our employees have a university degree or a diploma from a professional trade school.

HEALTH AND SAFETY AT THE WORKPLACE



Employee safety is our number one priority. The indices that measure the frequency and magnitude of accidents at work are generally good, but we intend to improve. We are currently analysing and revising our work processes to guarantee our employees maximum safety.

The safety mosaic is composed of many elements.

Training courses, exercises, internal and external audits, certifications, codes of conduct, rules and standards are only some of the methods we apply every day to guarantee health and safety at the workplace.

The two main indices used to monitor the safety of our employees 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 expresses the number of days lost due to accidents at the workplace every 1,000 days. For an equal number of hours worked and number of employees, these indices present the frequency and seriousness of accidents.



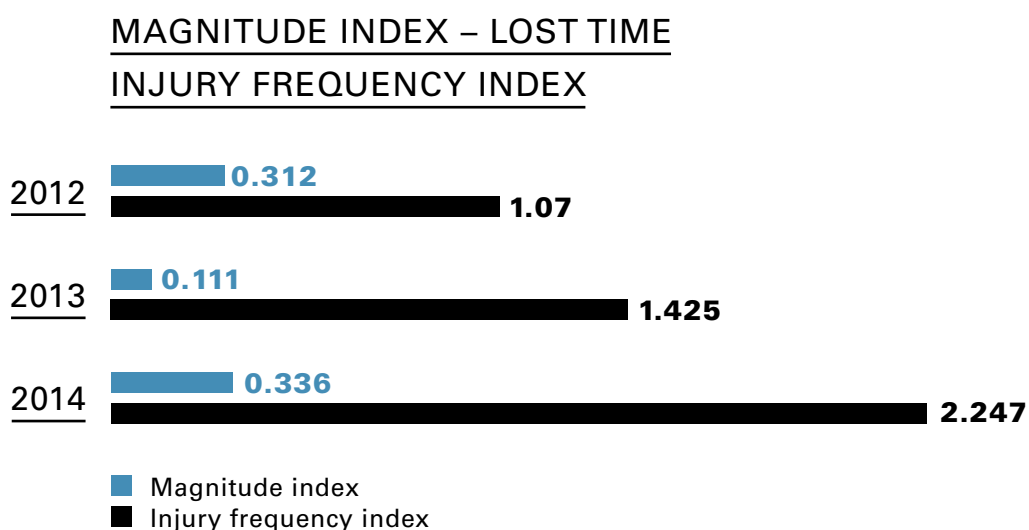
2,25 / 100'000



Slightly more than 2 accidents
for every 100,000 hours worked.
Just a few, but still too many.

On average, 0.3 days are lost for every 1,000 worked due to accidents.
A result we intend to improve.

This year, the indices were higher than in 2013 due to an accident involving two employees in September 2014. Although they returned to their normal jobs after a period of absence, we are well aware that every accident is one too many. Therefore, we carefully analysed the accident and have taken additional steps to minimise the risk that other accidents (of any kind) may occur.





New processes and new certifications for greater efficiency and safety.

We are beginning an internal re-engineering process that will greatly improve the work spaces and procedures in the building that contains the refinery, with significant improvements in terms of safety. In 2014, we also received OHSAS18001 / ISO14001 and ISO 9001 certification for our integrated health, work safety, environmental management, and quality systems, whose preparation allowed us to consolidate and formalise many of the measures we have implemented in these areas.

Safety is based on employee awareness.

We work hard to guarantee “infrastructural” safety, i.e., to organise our productions and systems in the best possible way. Employees must work safely every day. We invest heavily to ensure that all employees understand and agree with the reasons for certain measures, while always keeping the door open for dialogue to promote improvement.

A commitment to safety that extends beyond our boundaries.

We work regularly with outside organisations such as the police, fire brigade, ambulance services, insurance companies, and public institutions on topics regarding safety at the workplace.

TRAINING



The continuously evolving technological and regulatory environment in which we work requires that our employees increase their skills at an equal rate.

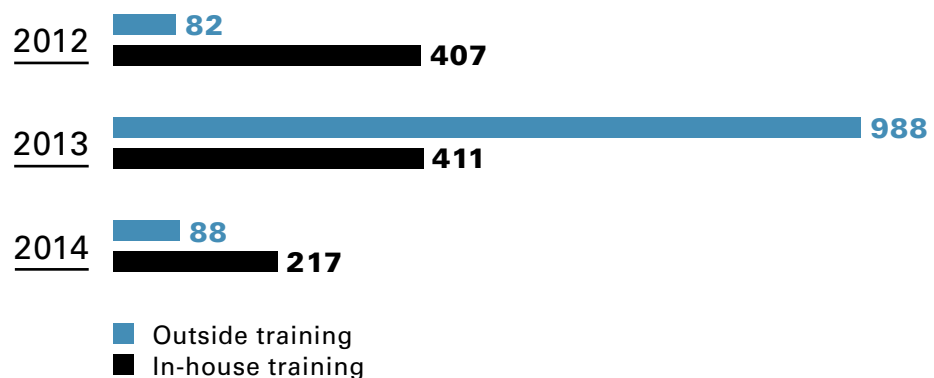
This is why training plays an essential role at Argor-Heraeus. In 2014, almost 2,000 hours of training were provided in three main areas: safety, quality, and professional growth.

A significant investment to make all employees more aware of the importance of safety.

We work on safety in-house and with outside partners. In 2014, we provided 217 hours of in-house refresher courses (so that employees understand and apply company practices regarding conduct and safety) and 88 hours of training with the Police Force, Ambulance Service, and Fire Brigade (to be prepared for possible crises and emergencies), for a total of 305 hours.

The unusually large number of hours in 2013 regarded ad hoc training for the new role of shift foreman.

SAFETY TRAINING HOURS





About 1 out of 3 Argor-Heraeus employees took the training course in corporate social responsibility.

ISO, Chain of Custody and many others: conforming to standards requires continuous training.

To ensure that we pass the constant inspections and audits performed by the various authorities that govern our activity, it is essential that every employee be aware of his/her role and of the right way to do his/her job. With this in mind, we conducted 418 hours of “formal” certification training in 2014. In addition, there were countless examples of “informal” training, such as internal meetings and daily offerings of advice and help among employees.

A variety of courses to promote personal and professional growth.

Language skills are essential at Argor-Heraeus, because many of our employees work daily with customers and colleagues all over the world. In 2014, in addition to our customary outside courses for employees, we created our first in-house English course. Professional growth is also promoted by workshops to increase accessory skills, such as IT, managerial ability, and many others.

Lastly, we teach all new employees our Code of Conduct, company values, processes, and procedures, so that they immediately understand what it means to work for our company. In 2014, we provided a total of 990 hours of training for professional growth, inside and outside the company.



TRAINING HOURS

■ In-house training ■ Outside training

Safety training

217 88

Quality and processes training

250 168

Personal and professional development training

173 817

Corporate social responsibility - every employee's responsibility.

Our employees work responsibly every day: procedures to follow, data to measure, forms to fill out are part of their daily task. But given the complexity of our industry and the proliferation of rules and regulations demanding compliance, it is not always easy to understand why all of these efforts are made and what methods and resources are available. Therefore, in 2014 we conducted a special in-house workshop on what being a responsible company means to Argor-Heraeus and on its commitment at the corporate, value chain, and industrial level. The workshop emphasised the importance of the

Sustainability Report and the role it plays in monitoring and improving our performance.

Almost 90 employees - executives, middle managers, and shift foreman – took part in the workshop and, in turn, explained its contents to their colleagues, members of the same team. This awareness programme will continue in 2015, when the colleagues involved will be asked to propose concrete ways to make their work more responsible.

2014 AT A GLANCE



64

years of operation



Head-

quarters:
Mendrisio, Canton Ticino,
Switzerland



324

employees



Core

activities:
precious metals refining
and transformation



4

number of offices
worldwide: (Switzerland,
Italy, Germany, Chile)



15

number of
accreditations and
certifications



350-400

tonnes/year:
Gold refining capacity



2.24

accidents for every
100,000 hours worked



1 out 3

employees took a social
responsibility course



53 milion

francs in taxes paid over
the last 25 years



80%

of supplies purchased
in Switzerland



50

we work with customers
in almost 50 countries
around the world



23'071 m³

saved:
the equivalent of
10 Olympic pools



less

sludge, lower emissions
=
lower impact



350

savings equal to the
annual consumption of
over 350 Swiss families



-18%

lower CO₂ emissions
than in 2013



- 8%

less PET
consumed



170

170 jobs created
in 10 years

ARGOR-HERAEUS SA

Via Moree 14

CH-6850 Mendrisio

Tel. +41 91 640 53 53

Fax +41 91 646 80 82

info@argor.com

www.argor.com

