



Precious to us

2017 Sustainability Report

ARGOR-HERAEUS

The golden link



Follow the
quarterly evolution of
our indicators at
**[www.argor.com/
CSRindicators](http://www.argor.com/CSRindicators)**

Letter to our stakeholders

When we issued last year's Sustainability Report, we assumed five commitments to all of our stakeholders. Five commitments that give tangible and personal significance to the concept of "corporate social responsibility" through the work that all of us do every day. We are convinced that the dedication, experience, and good will that our employees put into their work are what makes the difference. Dedication that is naturally expressed in their respect of the standards, rules, regulations, and laws that govern this complex industry and that help make it more solid and transparent. A thorough sustainability report must take account of the most recent guidelines and standards for reporting and sustainability. Therefore, as in the past, we have prepared this report by following GRI (Global Reporting Initiative) guidelines. The report describes what we have accomplished this year as well as our support of the 10 principles of the UN Global Compact concerning human rights, labour, the environment, and the fight against corruption. Lastly, this year the Report introduces the UN Sustainable Development Goals as a further demonstration of our daily commitment to improvement. Our commitment is of course sustained by our long-time shareholder, whose name we bear since 1986 and which now owns 100% of our shares. Heraeus,

a global family-owned portfolio company based in Germany, has been a solid partner for many years and shares our values and our attention to responsibility and sustainability. Together, as the world's largest provider of services in the precious metals industry, we are ready to write a new chapter of our corporate history and of our sector.

Christoph Wild

CEO Argor-Heraeus SA

A handwritten signature in black ink, appearing to read 'Wild', written in a cursive style.

Precious to us

The metal we process and the attention we give our stakeholders are precious. Our devotion to being a successful company, which allows us to assume long-term responsibilities, is precious. Above all, the environment and the social and economic context influenced by our actions are precious. Therefore, “Precious to us” expresses our approach to sustainability, confirmed through five commitments.

Our commitments

1. Involve our stakeholders

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2. Work for a transparent and responsible chain

Page 16

3. Contribute to local development

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4. Protect the environment

Page 32

5. Grow with our employees

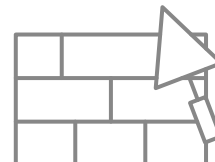
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Argor- Heraeus

The Golden Link

www.argor.com

**FOUNDED
IN 1951**



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Headquarters
Mendrisio,
Canton Ticino, Switzerland

HERAEUS GROUP



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100% part of the Heraeus Group and fully integrated within the Global Business Unit Heraeus Precious Metals

LOCATIONS



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4 branches
→ Switzerland
→ Italy
→ Germany
→ Chile

**GOVERNANCE
AT 3 LEVELS**

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- Executive
- Managerial
- Operative

PRECIOUS SOLUTIONS

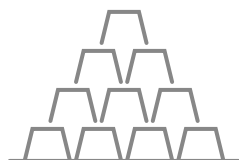
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- Precious metal refining
- Smelted and minted products
- Semi-finished products for the high-end jewellery and watch industry
- Financial and accessory services

**GOLD PRODUCTION
CAPACITY**

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Up to 1,300 tonnes/year

**CUSTOMERS IN ALMOST
50 COUNTRIES WORLDWIDE**

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- Banks
- Mines, formalised ASM communities
- Professionals in the high-end jewellery and watch industry

Our 5 commitments and the Sustainable Development Goals of the UN

By means of the 5 commitments that define our approach to sustainability, we provide a tangible contribution along the entire chain to the Sustainable Development Goals promoted by the United Nations. This report provides detailed descriptions of the aspects summarised in the following table.

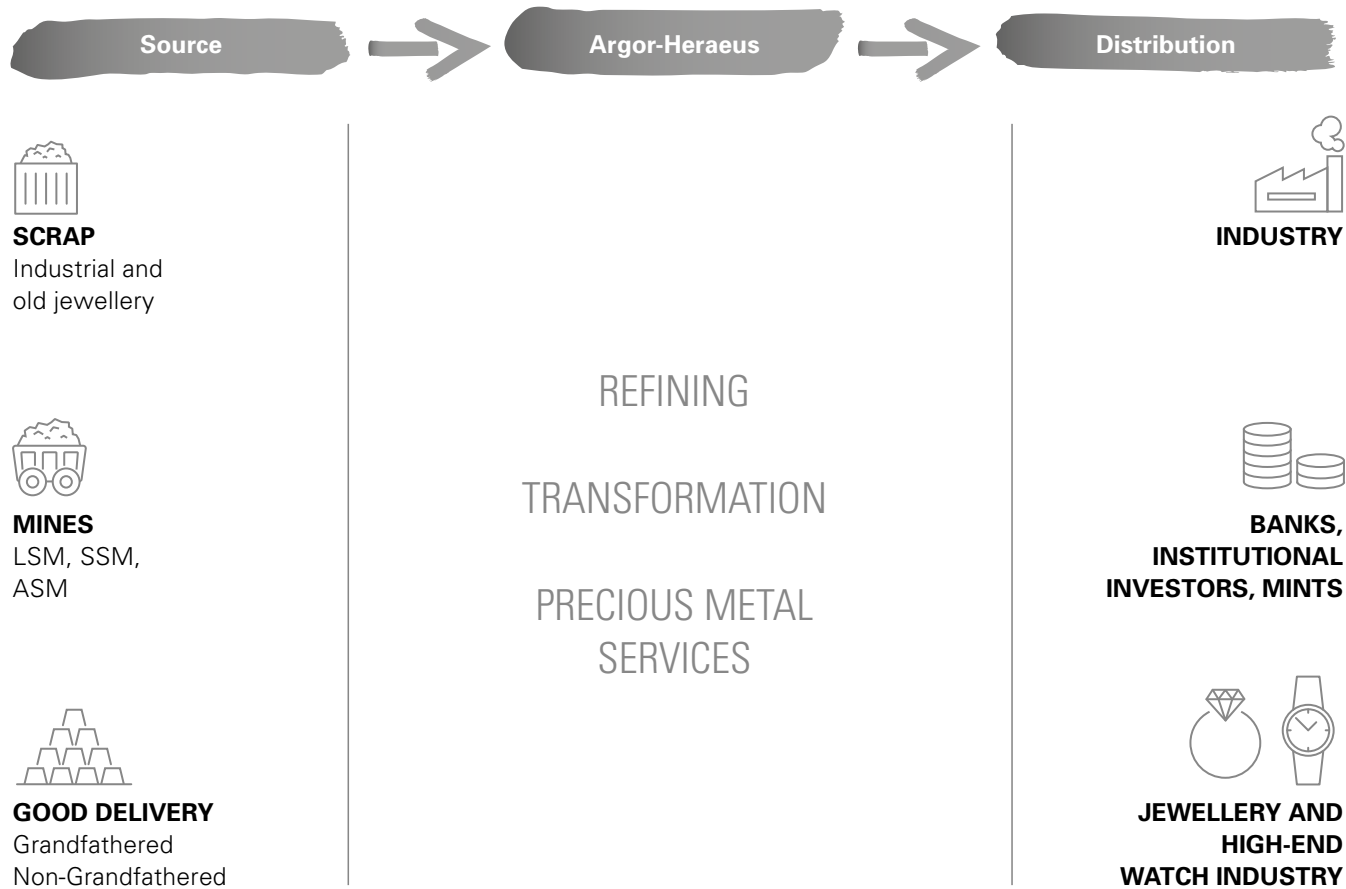
1. Involve our stakeholders

2. Work for a transparent and responsible chain

3. Contribute to local development

4. Protect the environment

5. Grow with our employees



1. Involve our stakeholders

Precious to us in our own words

We have regular meetings with a panel of sustainability experts from various fields to discuss what we do and how to improve. This open and transparent dialogue is fundamental for creating trust and synergies: the result of our team's years of experience in the industry and the expertise in responsibility and sustainability provided by professionals from different social contexts.

Christoph Wild, CEO, Argor-Heraeus

Today's commitment

NEW OWNERSHIP STRUCTURE

- In July 2017, we officially became 100% part of the Heraeus Group and fully integrated within the Global Business Unit Heraeus Precious Metals
- Together, we are the world's largest provider of services in the precious metals industry



NEW WEBSITE

- This year we launched our new website, an essential channel for dialogue with our stakeholders

A REPORT IN LINE WITH INTERNATIONAL PRINCIPLES AND GUIDELINES

- Global Reporting Initiative: GRI Standards
- 10 principles of the UN Global Compact
- UN Sustainable Development Goals



Tomorrow's commitment

EVEN CLOSER TO OUR BUSINESS PARTNERS

Heraeus Precious Metals global presence – especially through its Hong Kong branch – strengthened our role on the Asian market, increasingly important for the industry. This makes us even closer to our business partners, with which we diligently share our practices and principles.

TOWARD REAL-TIME REPORTING

We work hard to make each sustainability report a more solid tool in order to provide our stakeholders with a platform for sharing what we do and achieve. With this in mind, starting in mid-2018, they will be able to consult online and on a quarterly basis, selected data regarding our consumptions and emissions. Our goal? In the future, real time consultation of these data!

How do we involve our stakeholders?

Stakeholder	Key subjects of interest	Main activities
Shareholders	<ul style="list-style-type: none"> → Economic performance → Distribution of added value → Reputation → Ethics and integrity 	<ul style="list-style-type: none"> → Shareholders Meeting → Continuous collaboration and periodic targeted communication → Annual Report, Sustainability Report, video on sustainability, new website
Management	<ul style="list-style-type: none"> → Economic performance → Reputation → Employment conditions → Health and safety → Education and training → Ethics and integrity 	<ul style="list-style-type: none"> → Personnel policy and incentives → Monthly meetings of executives, workshops → Technical and professional training → Annual Report, Sustainability Report, video on sustainability, new website, code of conduct
Employees	<ul style="list-style-type: none"> → Ethics and integrity → Reputation → Employment conditions → Health and safety → Education and training → Efficiency and performance 	<ul style="list-style-type: none"> → Personnel policy and incentives → Periodic newsletter → Technical and professional training → Sports and recreation group → Annual Report, Sustainability Report, video on sustainability, new website, code of conduct → Sustainable mobility programme → Member <ul style="list-style-type: none"> – FocusMEM Ticino – HR Ticino – ICT Ticino – Swiss company for safety at the workplace (SSSL)
Customers and suppliers	<ul style="list-style-type: none"> → Quality of products and service → Reputation → Compliance → Ethics and integrity → Responsibility and transparency of suppliers → Supply practices 	<ul style="list-style-type: none"> → Compliance procedures → Targeted personalised information → Commercial activities, targeted visits, trade fairs → Sustainability Report, new website → Supplier assessment procedures
NGOs	<ul style="list-style-type: none"> → Ethics and integrity → Compliance → Responsibility and transparency of suppliers → Certification of commitment 	<ul style="list-style-type: none"> → Support to local non-profit associations → Assessment of involvement in non-profit projects linked to fair trade → Seminars → Sustainability Report, video on sustainability, new website

Stakeholder	Key subjects of interest	Main activities
Mass media	<ul style="list-style-type: none"> → Ethics and integrity → Supply practices → Relations with institutions → Use 	<ul style="list-style-type: none"> → Press and media relations office activities → Website media area, Sustainability Report, video on sustainability, new website
Industry associations	<ul style="list-style-type: none"> → Economic performance → Ethics and integrity → Collaboration on key projects 	<ul style="list-style-type: none"> → Member of various associations and initiatives: <ul style="list-style-type: none"> - European Chemicals Agency (ECHA) - Ticino Industries Association (AITI) - Swiss Precious Metal Industry Association (ASFCMP) - Ticino Watch Industry Association (ATIO) - Ticino Canton Chamber of Commerce (Cc-Ti) - CME Group Inc. - Dubai Multi Commodities Centre (DMCC) - Infosuisse - London Bullion Market Association (LBMA) - London Platinum and Palladium Market (LPPM) - Precious Metals & Rhenium Consortium (EPMF) - Responsible Jewellery Council (RJC), - Swiss Better Gold Association (SBGA, founding member) - UN Global Compact → Continuous collaboration with principal associations governing the precious metals sector → Sustainability Report, video on sustainability, new website
Institutions	<ul style="list-style-type: none"> → Payment of taxes → Observance of rules → Environmental impact → Employment and safety → Ethics and integrity 	<ul style="list-style-type: none"> → Continuous collaboration and periodic targeted communication → Sustainability Report, video on sustainability, new website → Visits to Company by politicians and representatives of institutions → SUPSI Award for best engineering diploma → Sustainable mobility programme
Public service	<ul style="list-style-type: none"> → Employee safety → Collaboration on safety → Environmental impact 	<ul style="list-style-type: none"> → Regular exercises during the year → Continuous collaboration and periodic targeted communication → Sustainability Report, video on sustainability, new website
Competitors	<ul style="list-style-type: none"> → Economic performance → Ethics and integrity → Partnerships on matters concerning the industry 	<ul style="list-style-type: none"> → Participation in workshops → Participation in ASFCMP (Association suisse Fabricants et Commerçants des Métaux Précieux) platform

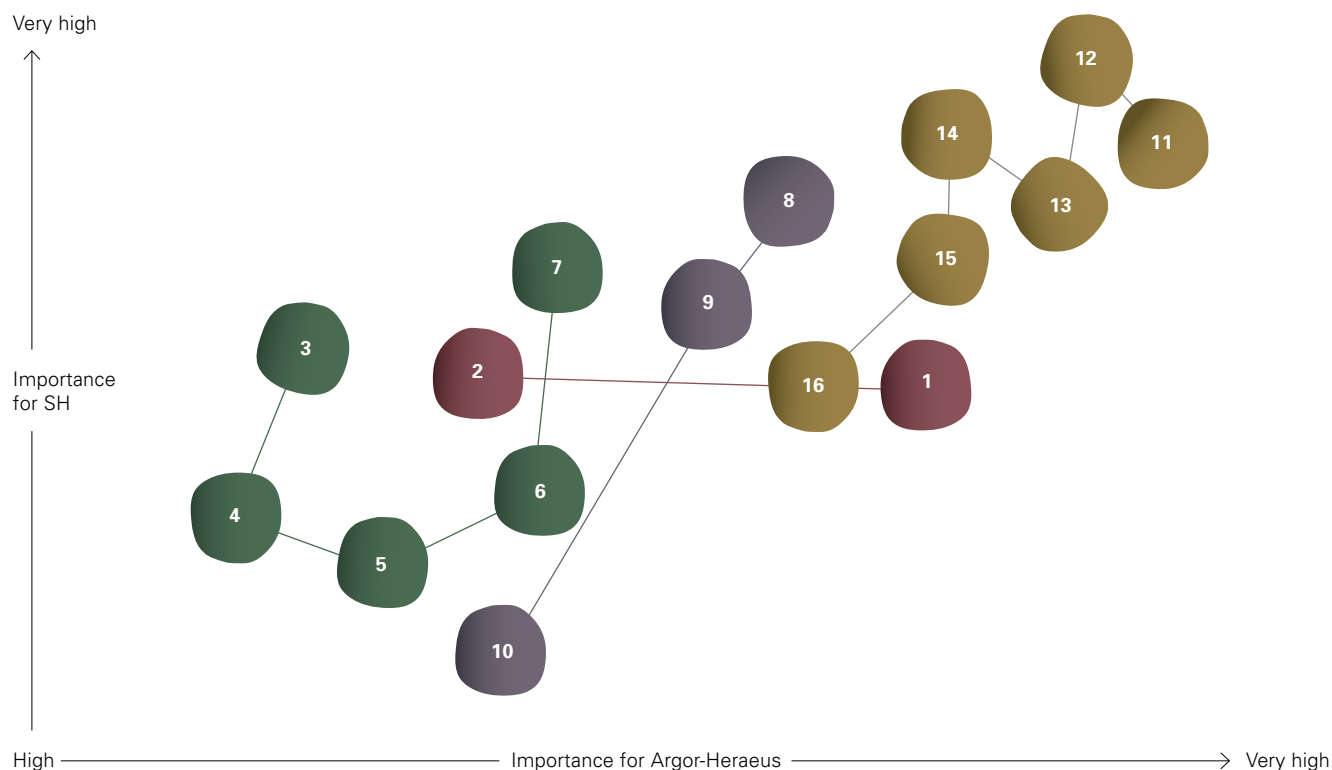
Priorities

IMPORTANT TO OUR STAKEHOLDERS, IMPORTANT TO US

When preparing this Sustainability Report, we identified our stakeholders and the economic, environmental, and social aspects that are most important to them on the basis of GRI standards.

These aspects were then mapped based on their importance for the Company and for our stakeholders, and form the basis of the topics dealt with in this report.

We constantly monitor these mapped aspects in dialogues with our stakeholders and, when necessary, add new aspects to be monitored with greater attention.



Economic aspects

- 1 – Economic value generated and distributed
- 2 – Supply practices

Environmental aspects

- 3 – Materials used
- 4 – Energy consumption
- 5 – Water consumption
- 6 – Exhaust and waste
- 7 – Emissions

Social aspects

- 8 – Employee health and safety
- 9 – Employment
- 10 – Training and education

Mixed aspects

- 11 – Ethics and integrity
- 12 – Compliance
- 13 – Respect of human rights
- 14 – Responsibility and transparency of suppliers
- 15 – Relations with stakeholders
- 16 – Certification of our commitment

Our approach

Collaboration with our stakeholders is essential for our growth. In a spirit of transparency and mutual benefit, we work continuously to ensure their involvement in our operations.

Specifically

ATTENTION TO CONTEXT

An evaluation conducted with management for our first Sustainability Report in 2010 identified our most important stakeholders. The list is reviewed and updated periodically.

ATTENTION TO STAKEHOLDERS' NEEDS

We listen carefully to our stakeholders' opinions and suggestions, gathered by means of formal and informal channels.

INVOLVEMENT AND DIALOGUE

We interact regularly with all of our stakeholders by means of numerous activities and on many occasions.

SUSTAINABILITY REPORT

This platform for dialogue with our stakeholders is essential for sharing results achieved and measures implemented.

Sustainable Development Goals



Sustainable Development Goals
www.un.org

2. Work for a transparent and responsible chain

Precious to us in our own words

We collaborate with UN Agencies (UNIDO, UNEP, GEF) to help artisanal and small-scale mining operations adopt more sustainable practices. Our objective? To reduce and gradually eliminate the use of mercury in extraction processes so that this precious metal, extracted responsibly, can be sold on the international market. This will achieve important results: better health of miners, environmental protection, and stimulation of the local economy.

Phaedon Stamatopoulos, Director of Refining and Bank Products, Argor-Heraeus

Today's commitment



POLICIES AND REGULATIONS

- Code of conduct
- Compliance and ethics policy
- Supply chain due diligence policy
- Human rights policy

2017 CERTIFICATIONS

- LRD, recertification
- LBMA RGG, recertification
- RJC, Chain of Custody, recertification
- RJC, Code of Practices, recertification
- Fairmined certification and Fairtrade recertification
- ISO 9001



COLLABORATIONS

- UNIDO, UNEP and GEF

Tomorrow's commitment

FAIRTRADE AND FAIRMINED RECERTIFICATION

Fairtrade and Fairmined are the two principal gold certification initiatives for artisanal and small-scale mines. Recertification is scheduled in 2018.

LBMA CERTIFICATIONS: NOT JUST GOLD

LBMA Responsible Gold Guidance recertification will take place in 2018. In addition, since January 2018 the LBMA also provides an analogous compliance system for silver (Responsible Silver Guidance), for which we will be one of the first companies to obtain certification. Even if there was previously no specific Guidance for silver, Argor-Heraeus has always applied the same governance system for all processed metals.

SUPPORT OF "GLOBAL PRECIOUS METALS CODE"

Our signing of the document in 2018 attests to our commitment to good practices at the global level in support of a sustainable and transparent precious metals market.

Principles, policies, and company procedures

CLEAR VALUES, TRANSPARENTLY COMMUNICATED,
FORM A SOLID FOUNDATION FOR EVERYTHING WE DO



POLICIES AND REGULATIONS: GUIDELINES IN A COMPLEX WORLD

These are regularly updated, publicly available, and provided to all employees. Workshops on policies are conducted on a regular basis.

HERAEUS AND ARGOR-HERAEUS: ALIGNED VALUES, ALIGNED POLICIES

In 2017 we became fully-owned by Heraeus. Indeed, after working together for over 30 years we share ideals and values. In this sense, at Argor-Heraeus we also refer and comply with policies of Heraeus in terms of compliance and sustainability.

Tools	Main areas of concern
Code of conduct	<ul style="list-style-type: none"> → Assure fair competition → Fight corruption → Fight money laundering and financing of terrorism → No activity in violation of regulations of domestic, international, or supranational organisations → Prevent conflicts of interest → Create and maintain safe and correct working conditions → Prevent discrimination → Protect the environment → Protect company assets → Relations with the media
Policy of Compliance and Ethics	<ul style="list-style-type: none"> → Maintain high standards of ethical conduct → Comply with all applicable laws → Transparency in all transactions → Relations only with persons and companies that comply with all laws and ethical principles → Supplies of materials only from parties that comply with international standards and accepted environmental practices
Supply chain due diligence policy	<ul style="list-style-type: none"> → No relations with any parties linked to violations of human rights → No relations with any partners that may be linked to parties that violate human rights → No relations with any armed non-state actors → No relations with any partners that may be linked to armed non-state actors → Zero tolerance of corruption and/or lack of transparency to gain any sort of advantage → Active effort to prevent or unmask money laundering and/or financing of terrorist groups in activities linked to our industry
Human rights policy	<ul style="list-style-type: none"> → Prohibition of child labour → Prohibition of forced labour → No discrimination → Freedom of association and protection of right to organise → Safety at the workplace → Human rights in the supply chain → Mandatory due diligence in human rights



Code of conduct
www.argor.com



Policy of Compliance and Ethics
www.argor.com



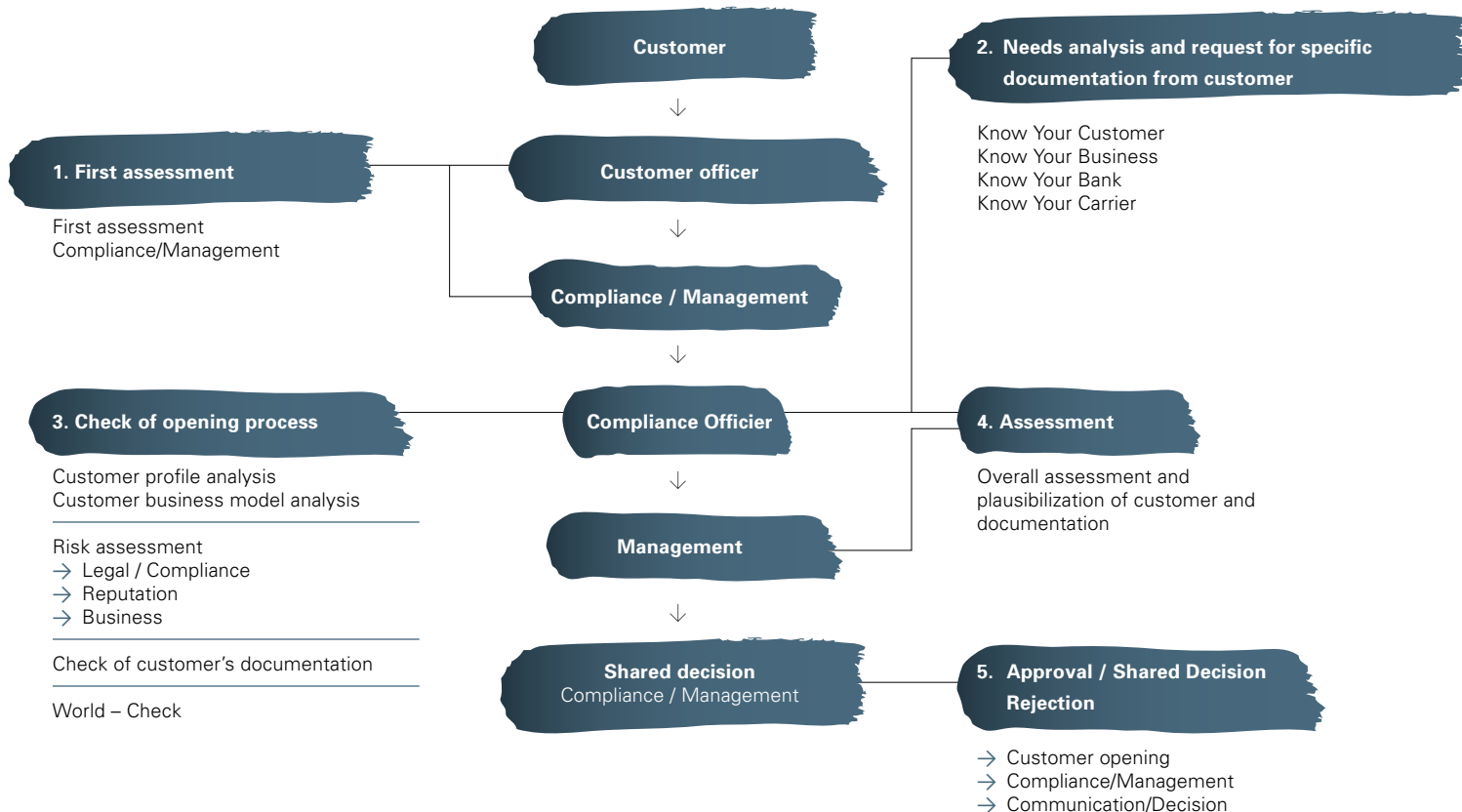
Supply chain due diligence policy
www.argor.com



Human rights policy
www.argor.com

OUR BUSINESS PARTNERS – KEYWORD: KNOWLEDGE

We subject all potential and current customers and business partners to a series of strict checks to assess their integrity. These checks are based on a series of protocols called “Know your...” (customer, customer’s customer, business, bank, carrier, etc.). If there are any doubts, the relation is not established and, if already existing, is interrupted. The checks include a wide range of criteria, such as the absence of cases of corruption, respect of human rights, absence of child labour and forced labour, respect of local communities, and impact on society and the environment. Moreover, all of our facilities and activities are subject to equally strict checks!



Rules, standards, and collaborations

PLAYERS ON THE PRECIOUS METALS MARKET

OUR INDUSTRY IS EXTREMELY COMPLEX. CLEAR RULES AND STANDARDS ARE ESSENTIAL.

WORKING FOR A BETTER INDUSTRY

Collaborations with supranational bodies, governments, and industry associations produce solutions to problems affecting our industry. We are members of numerous work teams, committees, associations, and task forces that make our industry more solid and transparent by defining new guidelines, rules, best practices, and much more.

PROMOTING POSITIVE CONDUCT

We assume the responsibility of making our all of our business partners aware of the importance of ethical and responsible conduct, demonstrating, when possible, the benefits (not only economic) that such conduct can generate.



SUPRANATIONAL BODIES

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



DOMESTIC LAWS

Swiss law FINMA
Anti money-laundering law (LRD)
Precious metals control law (LCMP)
US Law Dodd-Frank Act
Acts and ordinances on precious metals and money laundering



PROFESSIONAL ASSOCIATIONS

RJC Responsible Jewellery Council
LBMA London Bullion Market Association
WGC World Gold Council
EICC/GeSI Electronic Industry Citizenship Coalition / Global e-Sustainability Initiative

Accreditations and recognitions

METAL THAT IS TRACEABLE FROM THE MINE TO THE CONSUMER

Standards and recognitions prove to our partners that we process all of our metal transparently and responsibly, ensuring its traceability from the mine to the consumer. Our certifications have even more value because all of our employees have many years of experience: their commitment and sweat give a face to these recognitions.



CERTIFICATIONS AND RECOGNITIONS OVER THE YEARS

1952

UCMP Melter & Assayer Licence

1961

LBMA Associate Member
LBMA Good Delivery gold

1974

COMEX Recognised operator for gold

1982

TOCOM Recognised operator for gold and silver

1992

LBMA Good Delivery silver

1999

COMEX Recognised operator for platinum and palladium

2001

LME Silver

2004

LBMA Referee
FINMA Authorization
SAS ISO 17025

2005

DMMC Recognised operator
RJC member

2009

LPPM Good Delivery platinum and palladium

2011

SQS ISO 9001
RJC Code of Practices

2012

LBMA Full member
LBMA Responsible Gold Guidance
D&B Rating certificate

2013

SBGA Founding member

2014

RJC Chain of Custody
SQS ISO 14001 / OHSAS 18001

2015

Fairtrade Certification for gold

2016

COMEX Recognised operator for silver

2017

Fairmined Certification

Certifications obtained are reconfirmed at regular intervals (recertifications are not mentioned).

BEYOND CERTIFICATIONS

Not only are we certified by the most authoritative bodies governing the precious metals markets with regard to everything that happens on the chain, we work with these bodies to define new standards and guidelines by contributing our many years of experience. For example, we are one of the world's 5 referees for checking the quality standards of members on the LBMA Good Delivery list.



LBMA
www.lbma.org.uk

Our approach

Our responsibility goes beyond the company walls: we work to ensure that our partners all along the chain act responsibly from every point of view.

Specifically

PRINCIPLES, POLICIES, AND COMPANY PROCEDURES

These tell us how to make the right decisions in every situation, in order to ensure that we work only with transparent and responsible partners.

RULES, STANDARDS, AND CONTINUOUS CHECKS

We are certified by the most prestigious national and international organisations, with constant auditing of our chain management system by internal and external experts.

COLLABORATIONS FOR A MORE SUSTAINABLE INDUSTRY

We constantly dialogue and collaborate with other players in the industry to make it more sustainable. By creating "win-win" situations, we stimulate responsible conduct by our partners.

CONTINUOUS IMPROVEMENT

We continuously improve our management system by analysing events and any critical issues that may occur, both externally and internally.

Sustainable Development Goals



Sustainable Development Goals
www.un.org

3. Contribute to local development

Precious to us in our own words

We work with the scientific world and, especially, with SUPSI, the University of Applied Sciences and Arts of Southern Switzerland, in many fields. In addition to the annual award for the best Master in Engineering diploma, bachelor's degree students in business administration do their end-of-course field project with us. We also work with SUPSI on various applied research projects to improve company production practices. Indeed a precious collaboration!

Benedetta Masciari, Director of Finance and Administration, Argor-Heraeus

Today's commitment

DISTRIBUTION OF ADDED VALUE

- 14% to the company
- 54% to our shareholder
- 25% to employees
- 9% to institutions



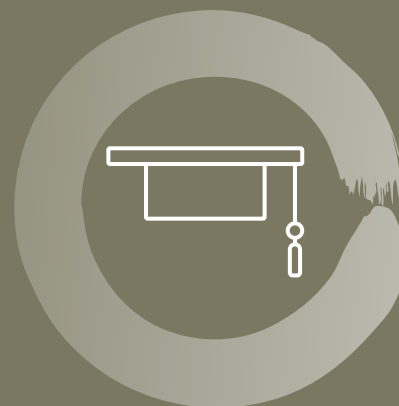
COMMITMENT TO THE REGION

- We have trained 13 apprentices in the last 10 years
- 40% of our employees live in Canton Ticino



SUPPLIERS OF ACCESSORY PRODUCTS AND SERVICES

- 24% in Canton Ticino
- 42% in Switzerland
- 25% in EU
- 8% Extra-EU



Tomorrow's commitment

ARGOR-HERAEUS AND SUPSI, A GROWING COLLABORATION

We work with SUPSI on numerous projects to improve internal company practices and support the university with various initiatives. Among the current projects is a preliminary study aimed at increasing the identifiability and protection of some of our products.

A TIME OF REFLECTION FOR LOCAL COMPANIES

In 2018, together with the City of Mendrisio, we have organised a meeting with the top companies in our region to reflect on the importance of corporate social responsibility. Convinced that local development is based on collaboration and dialogue among corporate leaders, we trust that this meeting will lead to the development of positive dynamics for the benefit of our region.

INTERNATIONAL GROWTH WITH A STRONG LOCAL IDENTITY

Our company has grown considerably over the years, expanding globally. Thanks to our new owner, we will significantly expand the range of our operations. Our increased international presence, characterised by strong identity and local presence, will let us "export" our corporate philosophy, our values, and a bit of our Swissness as well.

Distribution of added value

BEYOND OUR ANNUAL RESULTS

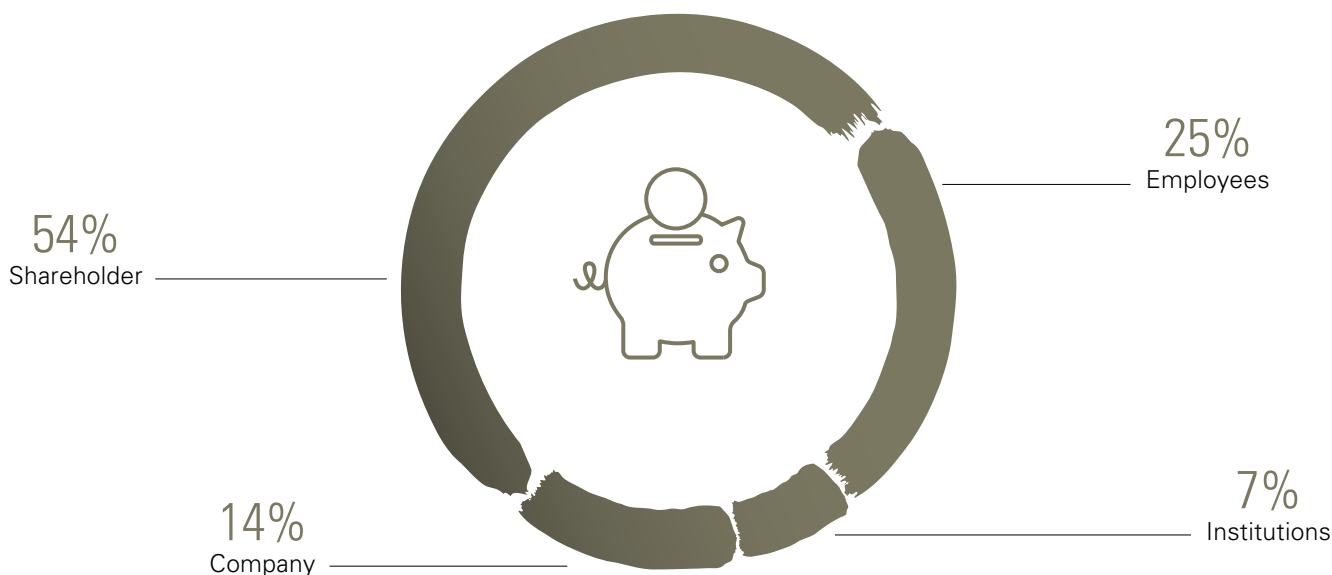
Every year, we think carefully about how we distribute the added value that we produce: an indicator that lets us look beyond our annual results and see how we generate value for our internal and external stakeholders.

NEW OWNERSHIP, SHARED VALUES

Heraeus acquired 100% of our shares in 2017. Heraeus has been our industrial partner for many years and our shareholder since 1986, and we share a common vision and values.

Our integration in Heraeus has produced an “irregular” figure in the distribution of added value in 2017. The share distributed to the shareholder was significantly higher than in the past for two fundamental reasons: first, the share was 0 in 2016 due to the acquisition process then under way; second, we are adapting to the financial policy of the Group to which we now belong.

DISTRIBUTION OF ADDED VALUE IN 2017 (%)



TANGIBLE SUPPORT FOR OUR COMMUNITY

Every year, we receive numerous requests for support or sponsoring from a wide variety of organisations, and evaluate these requests based on a clear policy that is consistent with our values. In addition, we proactively support selected local organisations. Among the initiatives supported in 2017 were:

→ **SUPSI**

- 7th annual award for the best thesis in Master in Engineering, Department of Innovative Technology.
- Start of collaboration with bachelor's degree students in business administration for field project at the company.

→ **Mendrisio Municipal Fire Brigade**

We have worked with the Fire Brigade for many years to guarantee safety at our buildings. The Brigade celebrated its 150th anniversary in 2017, and we supported the activities for festivities held throughout the year.

In addition to these initiatives, we support a number of local non-profit associations in the culture, sports, and social fields.

WE HAVE BEEN A TRAINING COMPANY FOR APPRENTICES SINCE 1978

It is essential for a company to contribute to its territory by employing local workers. We have been recognised as a training company by the Canton since 1978; 5 apprentices worked with us in 2017.

Almost 40% of our employees live in Ticino. This is a significant figure, considering our proximity to the Italian border and the industrial nature of our operations. Moreover, about 80% of Company management lives in Ticino.



Professional training
www.formazioneprof.ch

Suppliers of services and accessory products

SUPPLIERS: BEYOND QUALITY AND PRICE

When we select our suppliers, the quality/price ratio offered is naturally important. But we also give great weight to the possibility of developing long-term relations based on shared values and reliability of the work performed.

66% OF EXPENDITURES TO SWISS SUPPLIERS

With the completion of re-engineering work, the expenditure for local suppliers (which rose significantly in recent years) has returned to normal levels. In 2017, 66% went to Swiss suppliers. When possible, we select local suppliers, thereby supporting the local economy while limiting the environmental impact deriving from the handling of merchandise and the movement of people.

DISTRIBUTION OF EXPENDITURES FOR SUPPLIERS OF ACCESSORY PRODUCTS AND SERVICES IN 2017 (%)



Our approach

Our growth aims to contribute to that of the region where we have been operating for almost 70 years.

Specifically

EMPLOYMENT POLICIES

Whose aim is to guarantee the creation of jobs and the preservation of safe and correct conditions.

SUPPLIER SELECTION POLICIES

That give priority to local or Swiss suppliers of products and accessory services. This applies to the parent company as well as our branches.

GUIDELINES FOR SPONSORING

That promote the funding of activities specifically linked to the development of local talent.

Sustainable Development Goals



Sustainable Development Goals
www.un.org

4. Protect the environment

Precious to us in our own words

We continuously discuss environmental matters with the competent authorities and invest heavily in technical infrastructures to reduce our impact on the surrounding environment. We want our business card to be not only the shining precious metal products that leave our company, but also the sustainability of our presence here in Mendrisio.

Alessandro Ruffoni, Environmental Officer, Argor-Heraeus

Today's commitment

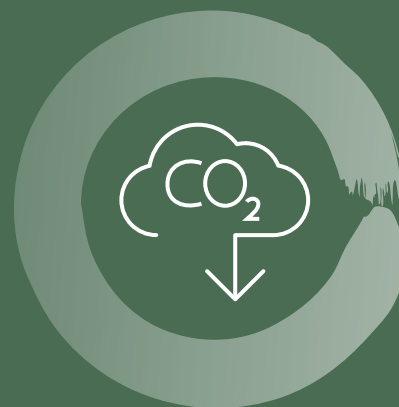


WATER CONSUMPTION

- -7% compared with 2016
- -47% in 5 years (2012-2017)

FUEL OIL CONSUMPTION

- -13% compared with 2016
- -61% in 5 years (2012-2017)



NITROUS OXIDE EMISSIONS

- -43% compared with 2016
- -77% in 5 years (2012-2017)

Tomorrow's commitment

FUEL OIL: A THING OF THE PAST?

With new methane boilers to heat our processes and rooms, we will be able to completely eliminate the use of fuel oil and also make more efficient use of methane.

MORE EFFICIENT REFINING

We have received significant funding from ProKilowatt for the purchase of new technology components that will make the electrolytic refining process much more efficient, with energy savings of up to 40%.

LEANER LOGISTICS

We have launched the "Lean Logistics" project to streamline all in/out logistics processes from/to customers and to eliminate paper by digitising all of the documents involved.

NOISE LEVELS UNDER CONTROL

We care about limiting the impact of our activities on our neighbours. We have been working with the Municipal authority in order to map all the sources of noise produced by our plants and implement the necessary steps to limit it.

Water consumption

WATER PLAYS AN ESSENTIAL ROLE FOR THE PRODUCTION OF PRECIOUS METALS

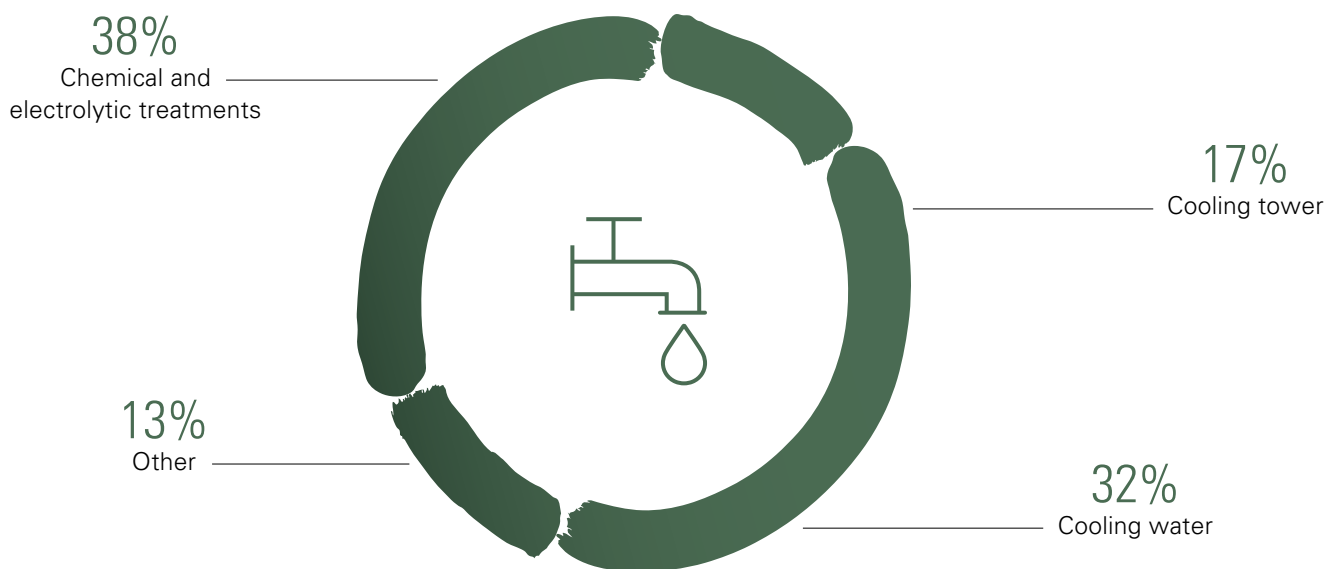
100% of our water comes from the town aqueduct, and is used for:

- **Chemical and electrolytic reactions:** needed to separate impurities in the precious metals we receive.
- **Cooling of machines:** used to process precious metals.

2017 WAS A RECORD YEAR FOR WATER CONSUMPTION

Years of effort and continuous improvements in production have achieved a significant reduction in water consumption. Compared with 2016, consumption in 2017 dropped 7%, to 43,843 m³. Extending the horizon to 2012, consumption has decreased by 47% despite a considerable increase in production. These results were made possible by the installation of new, closed-circuit cooling systems in recent years, which have provided significant savings.

USES OF WATER IN 2017 (%)



TOTAL WATER CONSUMPTION (M³)



NEGLIGIBLE IMPACT

Total water consumption by our international affiliates is only about 7% of that of our Mendrisio headquarters, where most production takes place. Nevertheless, the same philosophy applies: do everything possible to minimise consumptions and emissions. Looking at long-term data, we see that consumptions have stayed the same, or in some cases have decreased, whereas when water consumption has increased it has been less than proportional to increased production.

TOTAL WATER CONSUMPTION BY AFFILIATES IN 2017 (M³)

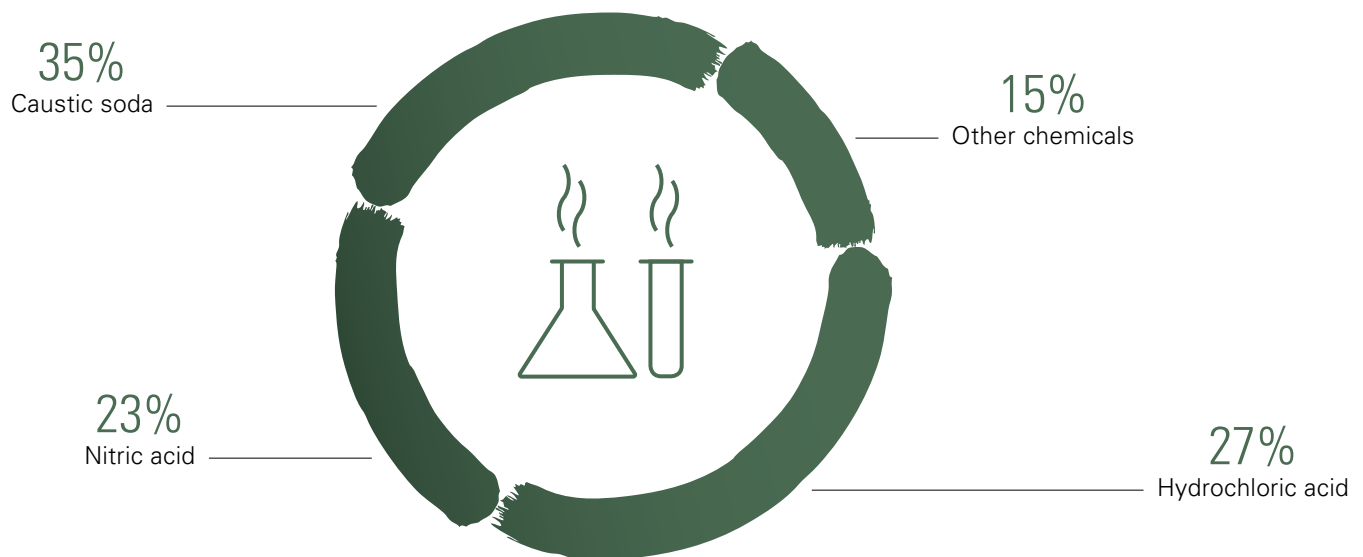


Chemical consumption

CHEMICALS MUST BE USED TO PROCESS PRECIOUS METALS

- **Hydrochloric acid:** essential for gold refining, represents about one-third of chemicals used.
- **Nitric acid:** used to generate chemical reactions needed for silver production.
- **Caustic soda:** used in our water and air purification system to neutralise acidic substances remaining after metal processing.
- **Other chemicals:** needed to refine platinum and palladium and for other production processes.

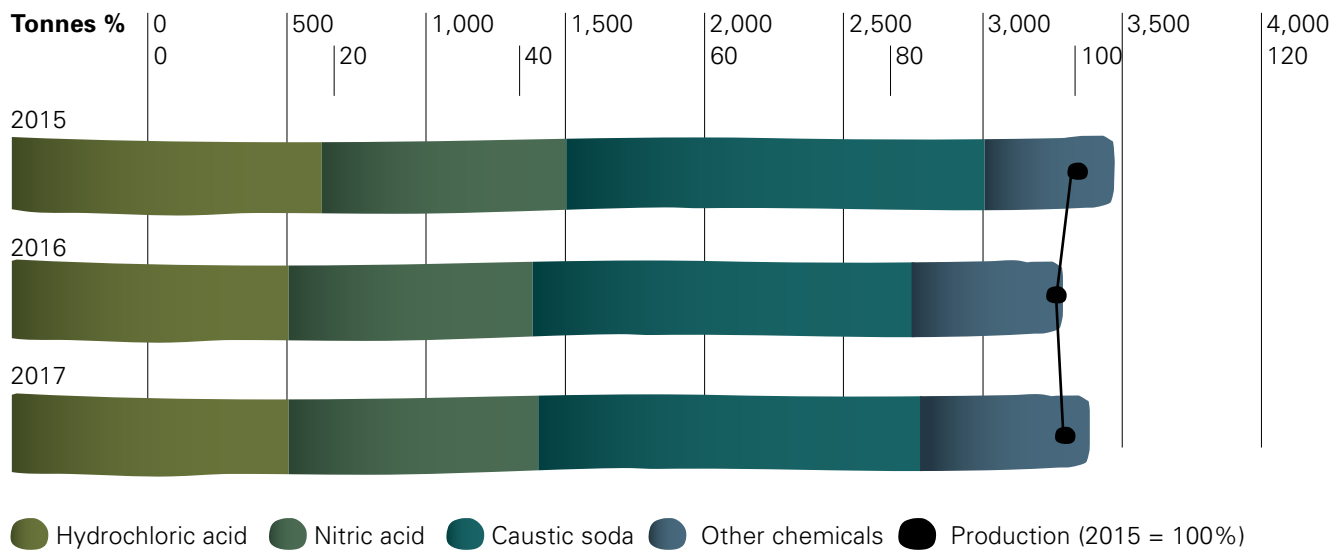
CHEMICALS USED IN 2017 (%)



THERE WAS A SLIGHT INCREASE IN THE USE OF CHEMICALS IN 2017: +3%

We consumed a total of 3,369,153 kilograms of chemicals in 2017, 3% more than in 2016. Looking at long-term data, consumption has remained quite stable, with "natural" fluctuations up or down depending substantially on production trends. In 2017, we consumed a greater quantity of oxygen, used to reduce and recycle nitrous oxide emissions.

CHEMICAL CONSUMPTION (TONNES) AND PRODUCTION (%)

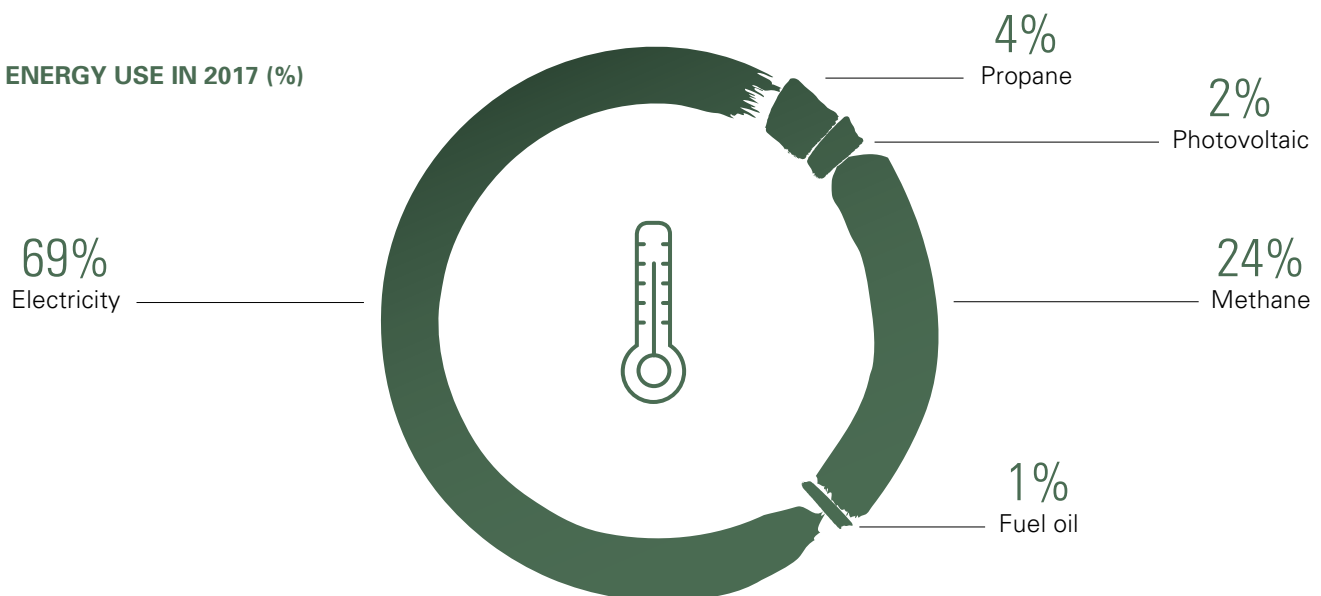


Energy consumption

WE USE DIFFERENT SOURCES OF ENERGY FOR PRODUCTION PROCESSES AND TO HEAT OUR FACILITIES

- **Electricity:** the main source of energy, needed to run our systems and facilities.
- **Methane and fuel oil:** used mainly to heat the rooms; consumption is linked to the climate.
- **Propane:** used in the foundry for protective flames during the smelting of gold and silver; consumption is linked to production trends.
- **Photovoltaic:** over 1,000 solar panels are installed on the roof of one of our facilities and generate part of the energy used for processes.

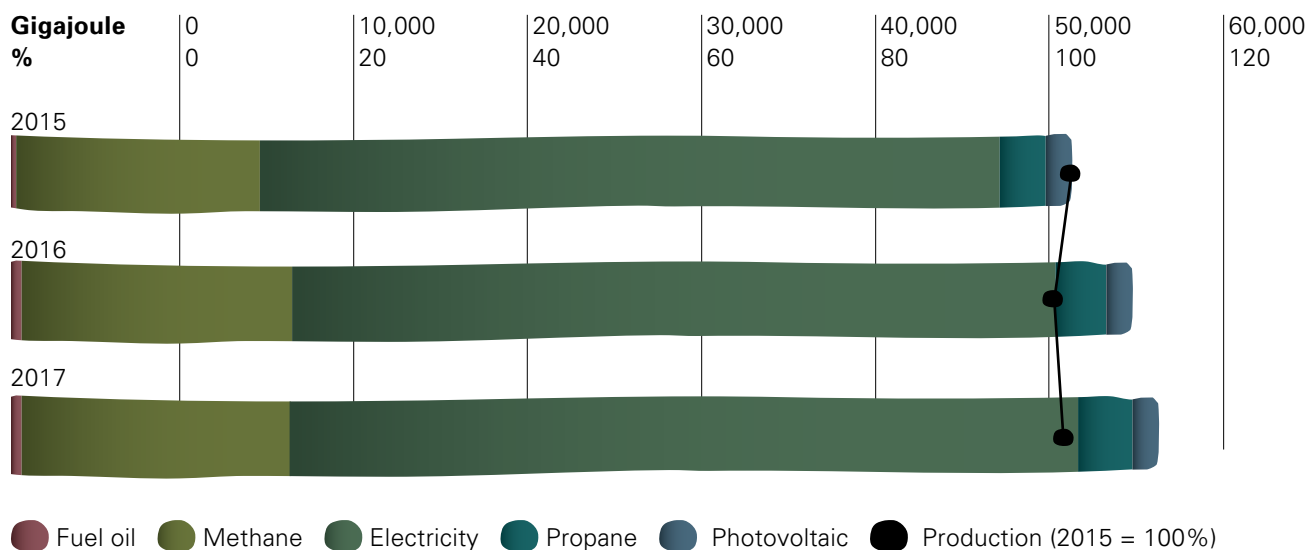
ENERGY USE IN 2017 (%)



WE CONSUMED A TOTAL OF 55,117 GIGAJOULES OF ENERGY IN 2017

Compared to the previous year, energy consumption in 2017 increased by 2%, in line with fluctuations and not attributable to specific reasons. When the new Argor-Heraeus facility became fully operational, there was an initial increase in consumption from 2012 to 2013 due to a larger production area. Thereafter, consumptions decreased by 3% despite increased production over the years.

ENERGY CONSUMPTION (GIGAJOULES) AND PRODUCTION (%)





ABOUT 6% OF THE TOTAL

As with other resources, energy consumption by our international affiliates is marginal compared to that of our headquarters in Switzerland. Energy volumes by our Latin-American affiliate have increased due to higher production.

2017 ENERGY CONSUMPTION BY AFFILIATES (GIGAJOULES)

Argor-Heraeus Deutschland



Argor-Heraeus Italia



Argor-Heraeus America Latina



Argor-Aljba

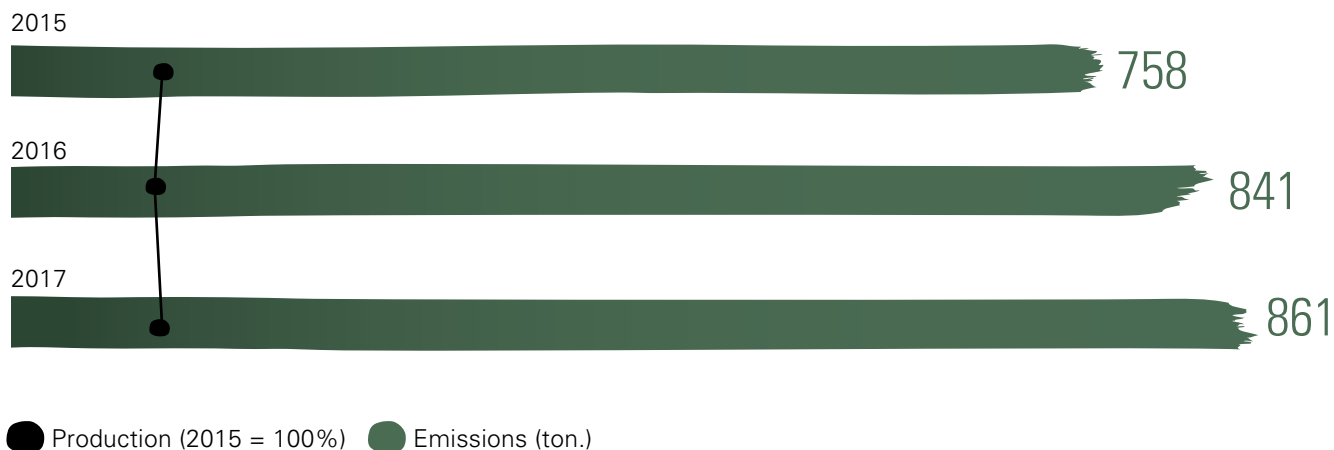


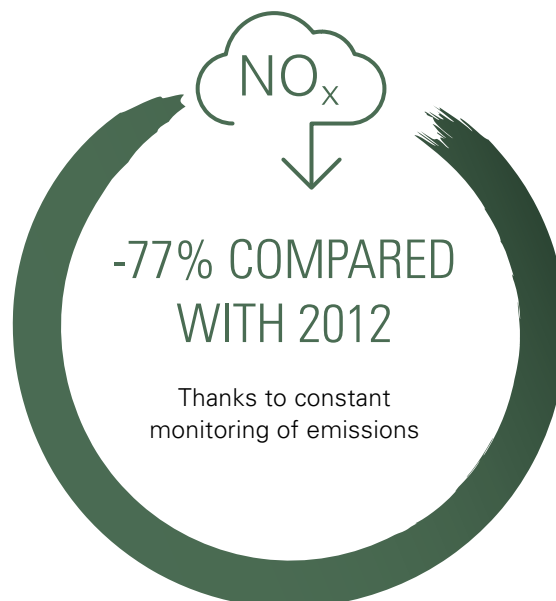
Emissions

THE FOSSIL FUELS WE USE FOR OUR PROCESSES AND TO HEAT OUR BUILDINGS EMIT CO₂ INTO THE ATMOSPHERE.

861 tonnes of CO₂ were emitted into the atmosphere in 2017 (2% more than in 2016). From a long-term perspective, despite the fact that we have doubled our production area, emissions have decreased by 2% from 2013 to today.

CO₂ EMISSIONS (TONNES) AND PRODUCTION (%)





NITROUS OXIDE EMISSIONS: THE DOWNWARD TREND CONTINUES

The use of nitric acid in metal refining processes generates nitrous oxide into the atmosphere. We have been working with the Canton for many years, and work to constantly reduce emissions of this chemical. Compared to the previous year, emissions in 2017 decreased by 43%, an even more significant decrease (-77%) if we consider the last 5 years. These improvements were made possible by the technical improvements introduced with the re-engineering of our first facility, by a greater use of oxygen to improve the absorption of gas treated in scrubbers, and by meticulous monitoring of emissions.



IN A HIGH-TRAFFIC ZONE LIKE MENDRISIO, WE REDUCE IMPACT IN VARIOUS WAYS: CARPOOLING, PUBLIC TRANSPORTATION, AND EVEN WALKING!

With our company mobility programme, we do everything possible to motivate our employees to use alternate means. Not an easy challenge, considering that they work in shifts and cannot always use public transportation or share a ride with colleagues. In 2017, we had 43 carpooling groups and subsidised 25 Arcobaleno public transportation passes.



Osservatorio ambientale della Svizzera italiana
www.oasi.ti.ch

Waste and scrap

THE WASTE WE GENERATE IS LINKED TO PRODUCTION (SPECIAL WASTES) OR IS COLLATERAL TO IT (GENERIC WASTES).

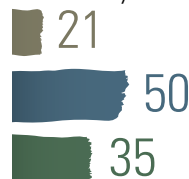
Special wastes demand specific and stringent disposal procedures defined by law. At our company, special wastes are linked to production and include, for example, recyclable metal hydroxides containing base metals separated from precious metals in refining processes.

SPECIAL WASTES

Recyclable metal hydroxides (tonnes)



Other recyclable wastes (tonnes)



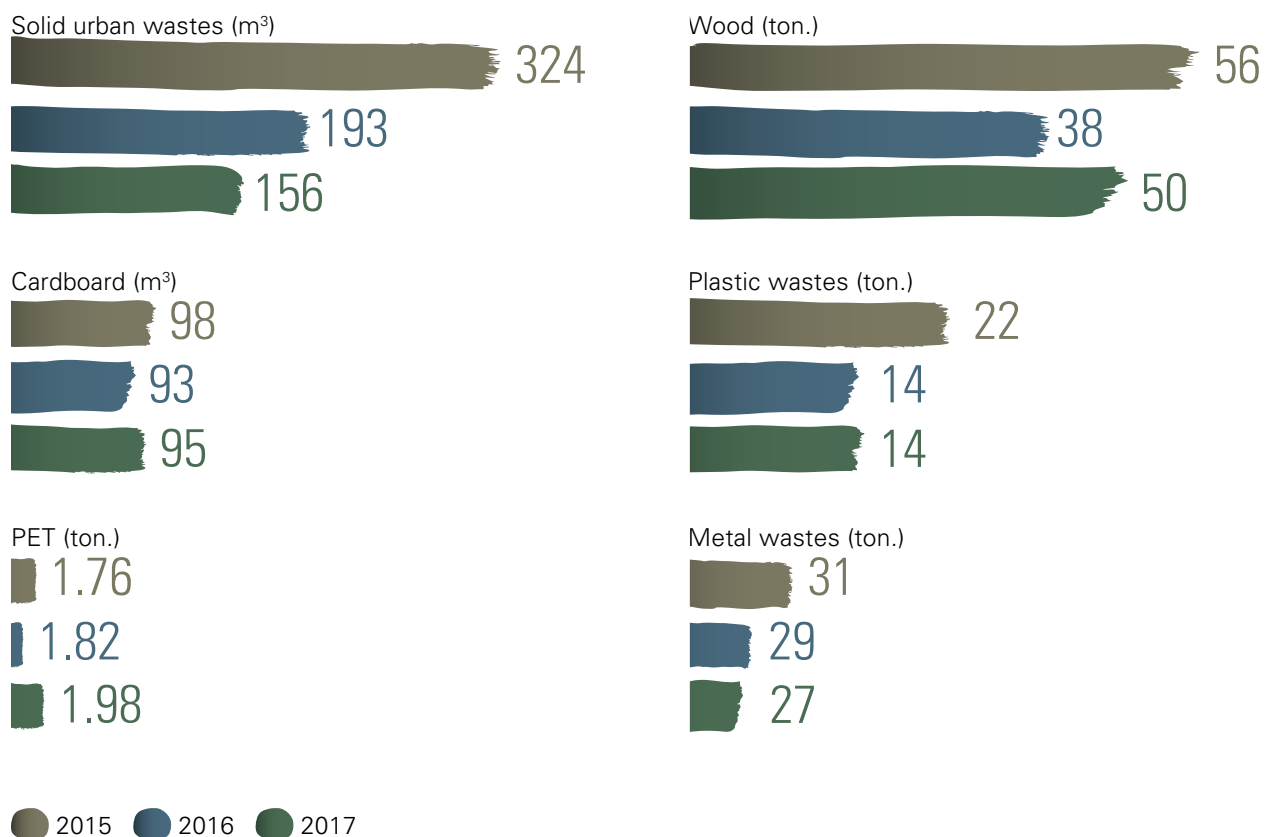
Non-recyclable wastes (tonnes)



2015 2016 2017

On the other hand, **generic wastes** are linked to daily operations and include, for example, solid urban waste and packagings for incoming materials, such as cardboard and wood.

GENERIC WASTES



Our approach

Fully aware of the inevitable impact that every industrial operation has on the environment, we make every effort to monitor and reduce the effects of our processes and advise our partners to do the same.

Specifically

CONSTANT MONITORING OF CONSUMPTIONS AND EMISSIONS

By means of indicators and continuous measurements.

STRICT LIMITS

Even though our classification as a chemical company requires very strict monitoring and very low legal limits, we try to self-impose even stricter limits.

COLLABORATION WITH AUTHORISED BODIES

We collaborate with a network of bodies and institutions to find shared measures aimed at reducing our impact.

STATE-OF-THE-ART TECHNOLOGIES

We always use production technologies that meet the most recent energy criteria and allow highly sophisticated monitoring.

EXPLICIT COMMITMENTS

To institutions to reduce impacts.

EXTERNAL AUDITS AND CERTIFICATIONS

To assess our impacts and management approaches.

INCREASED AWARENESS

By our business partners through collaborations that stimulate them to act responsibly toward the environment.

Sustainable Development Goals



Sustainable Development Goals
www.un.org

5. Grow with our employees

Precious to us in our own words

Rules, procedures, training, exercises, and a lot more. Safety at the workplace is an absolute priority. For example, in 2017, in collaboration with SUVA, we adopted the Safety Charter, a letter of intent that proposes measures to make workplaces safer by means of rules and good practices. The Charter was signed by all employees in production and is displayed as a valuable reminder of the importance of following good practices and avoiding hazards. This concrete step is part of our commitment to greater awareness of the importance of safety at the workplace.

Simone Frigerio, Head of Production, Refining and Bank Products, Argor-Heraeus

Today's commitment

COMPOSITION OF PERSONNEL

- 278 employees in Mendrisio
- 28% female
- 6.1% turnover rate
- 40% in the company for more than 10 years



HEALTH AND SAFETY AT THE WORKPLACE

- Magnitude Index: 0.13 days lost per 1,000 workdays
- Lost Time Injury Frequency: 0.78 accidents every 100,000 hours worked
- Adoption of Safety Charter

TRAINING

- 2,452 hours in 2017



Tomorrow's commitment

TRAINING AND SAFETY GO ARM IN ARM

A company that wants to call itself safe has to teach its employees rules and procedures to ensure safety at the workplace. Many safety initiatives will be conducted next year. Specifically, ad hoc courses will be organised for shift supervisors and production managers.

HERAEUS AND ARGOR-HERAEUS: WORKING TOGETHER FOR A SAFER COMPANY

Safety at the workplace is also an absolute priority for our shareholder Heraeus, which will conduct weekly safety awareness campaigns and targeted audits to support what we already do in-house by means of procedures, projects, and training activities.

Composition of personnel

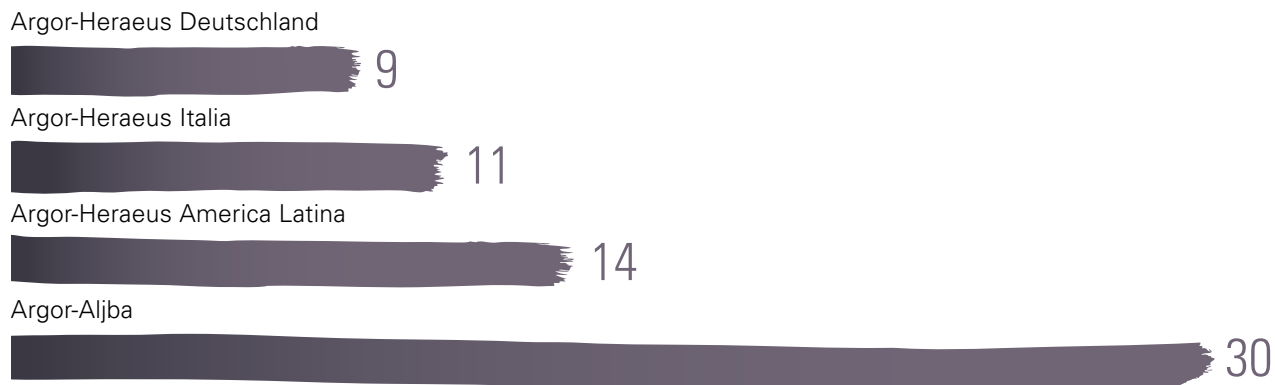
278 EMPLOYEES AT OUR MENDRISIO HEADQUARTERS

225 employees work at our Mendrisio location, assisted by 53 temporary employees who help handle the fluctuations in demand that characterise our industry. The number of employees at Mendrisio, practically unchanged in the last 3 years, has risen 20% since 2010, due in part to our expanded production area.

EMPLOYEES AND TEMPORARY PERSONNEL



NUMBER OF EMPLOYEES AT AFFILIATES IN 2017



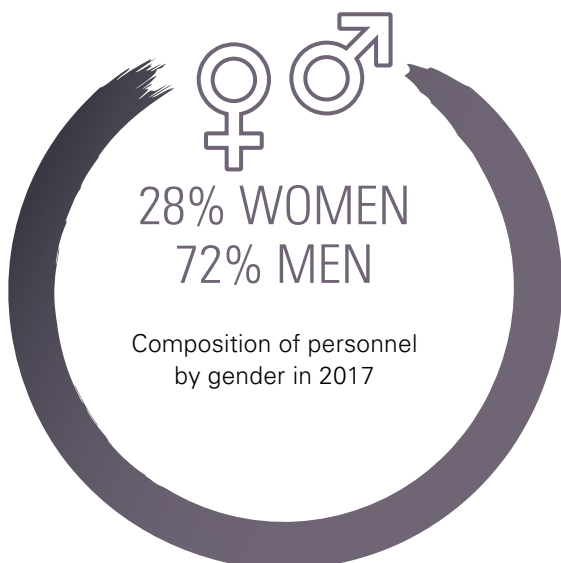
ABOUT 18% OF THE TOTAL

Our international affiliates have 64 employees, practically unchanged compared with 2016, when there was a significant increase in employees with the opening of Argor-Heraeus America Latina.

TURNOVER SLIGHTLY LOWER: 6.1%

Turnover is the rate at which employees leave the company compared to the total number of employees in a given time period. In 2017, the rate was 6.1%.

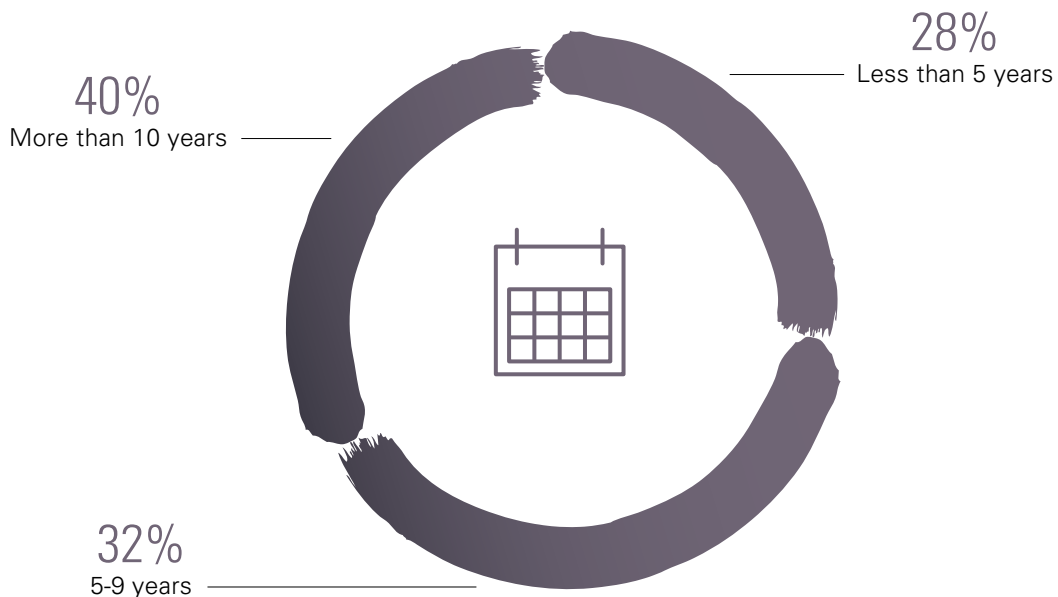
EMPLOYEE TURNOVER RATE IN 2017



4 OUT OF 10 EMPLOYEES HAVE BEEN WITH US FOR MORE THAN 10 YEARS

By looking at the tenure of our employees, we can see that 40% have been at Argor-Heraeus for 10 years or more and 32% for 5 to 9 years. Long-term tenure is not an end in itself, but instead an important criterion for developing a culture based on shared culture and values. Thanks to our long-term employees, we can count on a level of expertise and know-how that is rarely found elsewhere.

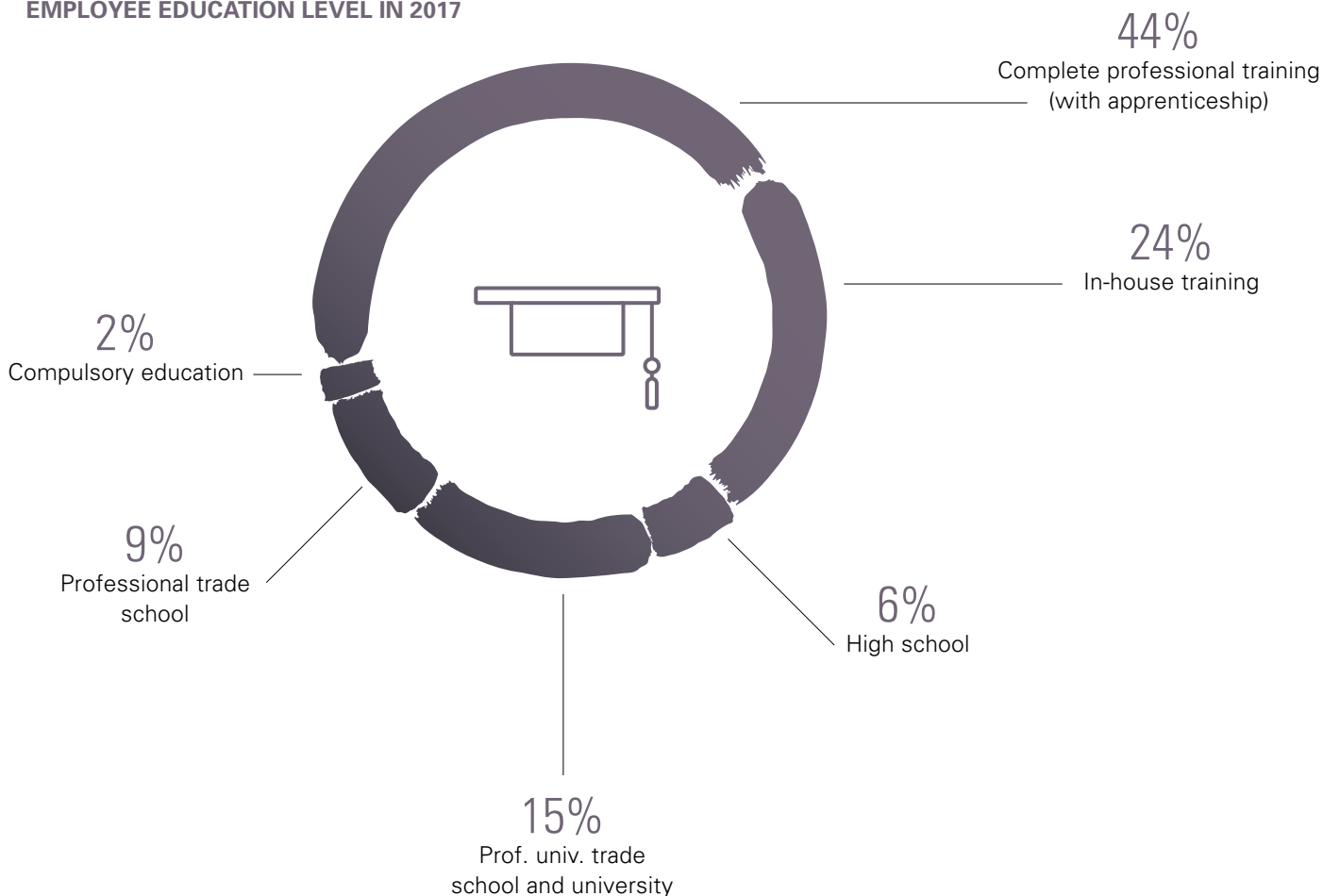
AVERAGE EMPLOYEE TENURE IN 2017



A COFFEE BREAK AT ARGOR-HERAEUS

If you take a coffee break at Argor-Heraeus, you'll meet economists, engineers, technicians, sworn assayers, workers, chemists, and professionals in many other fields. There are lots of interesting conversations! Over the years, we have seen that the industry is demanding increasingly diversified profiles: for example, since 2010, the number of our employees with a university degree has increased by 62%.

EMPLOYEE EDUCATION LEVEL IN 2017



Health and safety at the workplace

OUR SAFETY GOAL: 0 ACCIDENTS

We say it often and we'll never get tired of repeating it: every accident, no matter how small, is one too many. We try to create conditions so that our work can be performed optimally. By means of processes that we review regularly, code of conduct, collaborations with authorities, training sessions and meetings on safety, we try to make Argor-Heraeus safer and safer. For example, in 2017 we signed the SUVA (Swiss National Accident Insurance Fund) Safety Charter, whose signatories pledge to support a series of principles and rules regarding safety at the workplace, which are then translated into concrete measures and actions.

SAFETY INDICATORS: AN DOWNWARD TREND

A look at the key indicators over the last 5 years shows an downward trend in safety indicators. We monitor two main indicators: the Magnitude Index, which expresses the number of days lost due to accidents at the workplace every 1,000 days (0.13 in 2017; 0.31 in 2012), and the Lost Time Injury Frequency, which expresses the number of accidents recorded for every 100,000 hours worked (0.78 in 2017; 1.1 in 2012). An downward trend toward our goal of 0 accidents.

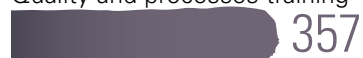
MAGNITUDE INDEX / LOST TIME INJURY FREQUENCY



Training

TRAINING HOURS IN 2017

Quality and processes training



Personal and professional development training



Safety training



● In-house training ● Outside training

SKILLS IN STEP WITH THE TIMES

Many of our employees have been with us for many years and have intimate knowledge of the precious metals industry, a complex sector whose regulations and technology are constantly evolving. To guarantee that we keep up with the times, we provide our employees with training in key aspects that govern the entire chain, in addition to refresher courses in processes and safety.



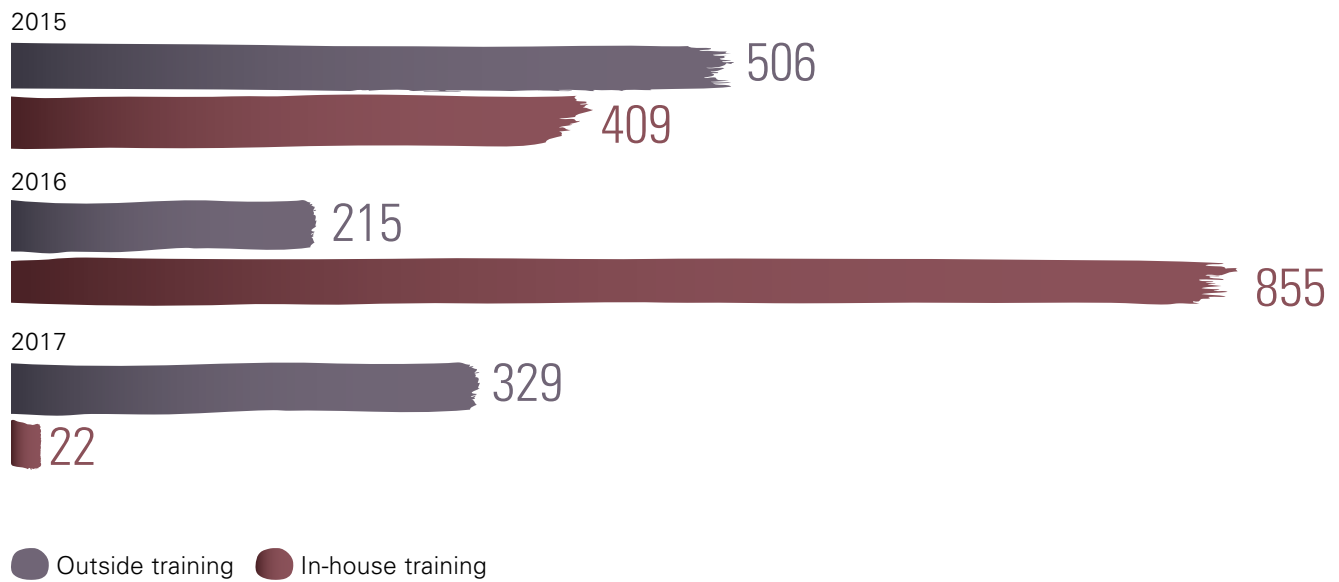
Safety Charter
www.charta-sicurezza.ch

THREE-DIMENSIONAL TRAINING

We provide training, either internally or with the support of outside partners (such as fire fighters, police, ambulance personnel, SUVA, etc.) in three main categories. First of all, we provide safety training, essential for guaranteeing that all employees understand and apply company safety rules, procedures, and practices. Second, we provide training in quality and

processes to ensure that all employees know our processes and internal procedures. Third, with training in professional and personal growth, we ensure that our employees are constantly updated in areas such as IT, management and soft skills, language skills, and much more.

SAFETY TRAINING HOURS



Our approach

Our employees are our most precious asset: we owe them our success. We do everything possible to offer them quality working conditions, ensure their safety at the workplace, and guarantee continuous training.

Specifically

CLEAR VALUES, PRINCIPLES AND RULES

By means of our principles, personnel rules, and code of conduct, we ensure an environment where duties and rights are shared in a context of complete transparency and respect.

CONSTANT MONITORING OF INDICATORS

We constantly monitor key indicators regarding our employees.

COLLABORATION

We collaborate with external bodies and institutions to guarantee constant updating on important issues.

AUDITS CERTIFICATIONS

We have OHSAS18001, ISO14001, and ISO 9001 certifications for management of safety, health, environment, and workplace quality.

Sustainable Development Goals



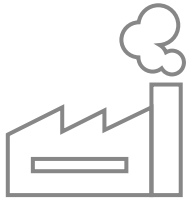
Sustainable Development Goals
www.un.org

About

Argor-Heraeus

History

Since 1951, we have been the “golden link” for our customers’ precious metal along the entire chain. Every day since then, we have worked to ensure that the quality of the service we offer our partners and the sustainability of our actions represent a precious added value of the metals we process.



1951

Argor SA is formed in Chiasso, Switzerland

1986

UBS and Heraeus form a joint venture and create Argor-Heraeus SA



1999

Heraeus and Management acquire 100%; entrance of Commerzbank International

1988

Argor-Heraeus moves to Mendrisio, Switzerland



1973

UBS acquires 100% of the company

2002

The Austrian Mint enters the shareholder structure





2004

An office is opened in Chile;
Argor-Heraeus Deutschland and
Argor-Aljba are formed

2016

Re-engineering works at Mendrisio
headquarters, begun in 2014,
are completed

2013

Mendrisio headquarters
is expanded

2006

Argor-Heraeus Italia
is formed

2017

Argor-Heraeus becomes
100% part of Heraeus Group
and is fully integrated within
the Global Business Unit
Heraeus Precious Metals

2015

Argor-Heraeus America Latina is
officially opened



The Heraeus Group

Since 2017, Argor-Heraeus has been a part of Heraeus Precious Metals (HPM). The Global Business Unit is a leading provider of precious metal services worldwide and part of the German Heraeus Group.

Founded in 1851, Heraeus is a family-owned portfolio company which traces its roots back to a pharmacy opened by the family in 1660. Today, Heraeus combines businesses in the environmental, energy, electronics, health, mobility and industrial applications sectors.

TOP 10

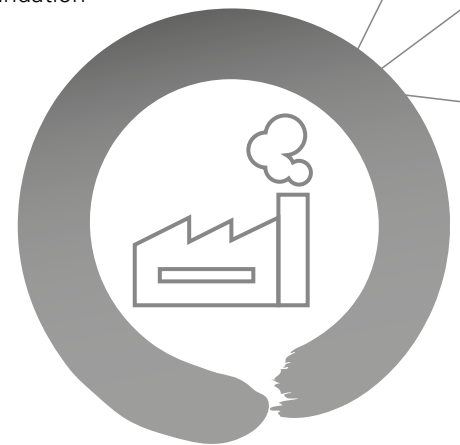
Family business in Germany
(Foundation for Family Businesses)

HANAU (D)

Group headquarters

1851

Year of foundation



Heraeus
www.heraeus.com



13,073

Employees
(approx.)



€ 21.8 BILLION

Total revenues



100

Sites
worldwide

10

Business units

40

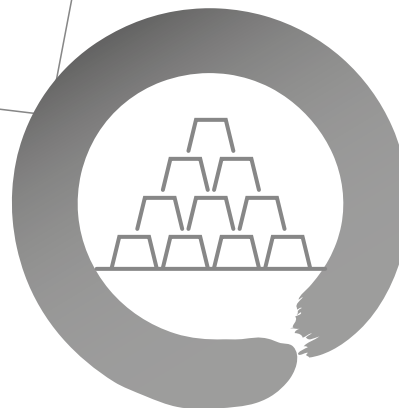
Countries

+ PRECIOUS METALS

Gold, silver, platinum, palladium, rhodium,
iridium, ruthenium

6,000

Patents and applications



Locations

We satisfy the needs of our global partners "on-site" thanks to our international presence.

ARGOR-HERAEUS DEUTSCHLAND

Pforzheim, Germany

Argor-Heraeus has operated in Germany since 2004, in Pforzheim (Baden-Württemberg region).

- Collection and assaying of industrial scrap
- Marketing of precious metals
- Logistics

ARGOR-HERAEUS ITALIA

Cavenago-Brianza, Italy

Employing technological know-how shared with the parent company, Argor-Heraeus Italia, inaugurated in Cavenago Brianza in 2006, operates mainly with the Italian goldsmith sector.

- Collection and assaying of precious metals
- Marketing of precious metals
- Sale of products to the jewellery and watchmaking industry
- Marketing of gold for investment
- Logistics

ARGOR-HERAEUS SWITZERLAND

Mendrisio, Switzerland

The main production site in Mendrisio is where 90% of our employees work and where almost all precious metal processing is done.

- Refining and assaying of precious metals
- Production of cast and minted bars
- Products for watchmaking and jewellery, electronics and chemical industries
- Services to support physical trading of precious metals

ARGOR-ALJBA

Mendrisio, Switzerland

Argor-Aljba is a joint-venture that develops hi-tech coatings for numerous industries and applications. The innovative Diamond-like-Coating technique exploits the properties of amorphous carbon to give coated objects exceptional hardness and long life.

- Production of tool coatings
- Production of coatings for mechanical components
- Production of decorative coatings for the watchmaking industry
- Research and development of hi-tech coating solutions

ARGOR-HERAEUS AMERICA LATINA

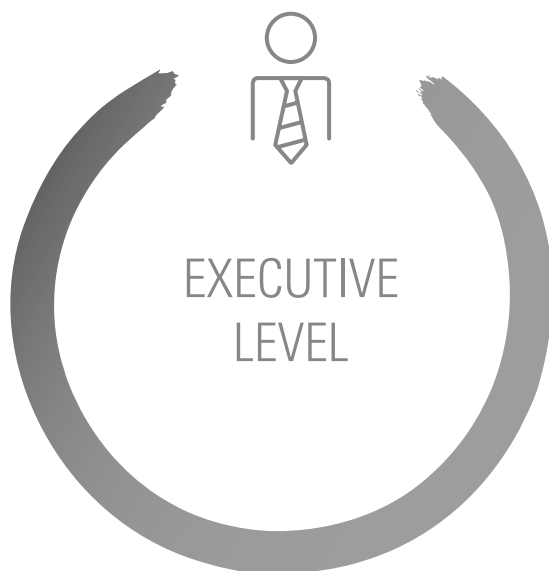
Santiago de Chile, Chile

The South American branch of Argor-Heraeus is a joint venture formed in 2004, first as a sales office and, since 2015, as a complete production facility.

- Processing of metals from mines (collection, homogenisation and assaying of material)
- Provision of logistics services as logistical hub for Latin-American customers
- Marketing of precious metals
- Sale of cast and minted bars

Governance

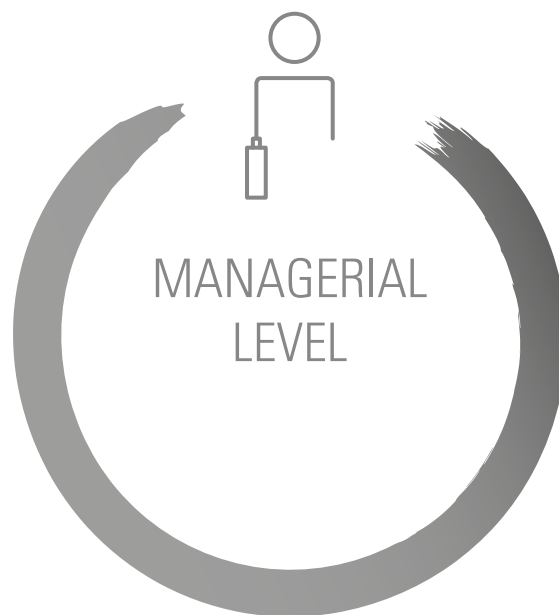
Numerous governance bodies guarantee a solid system of checks and controls of our company's entire structure. In 2017 we became wholly-owned by Heraeus; after working in close contact for over 30 years, we are certainly guided by shared ideals and values. Our goal for the near future is to ensure that these shared values correspond to harmonisation of our governance structure with that of Heraeus Group with regard to all aspects of corporate social responsibility.



Shareholders Meeting
Board of Directors
Board of Directors Delegation
Risk audit committee

ROLE

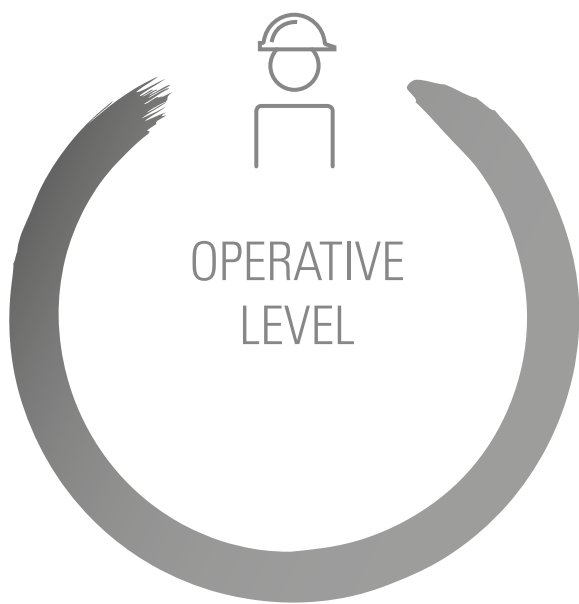
- Define corporate strategy and governance
- Assess risks
- Support management and rest of company in daily operations



Internal Compliance Committee
Credit Committee
Credit Office
Personnel Commission

ROLE

- Manage allocation of resources in profit and service centres and control their use
- Check correct application of guidelines, national and international regulations, and internal rules
- Assess responsibility of potential new partners



Technical and Quality Control Offices
Quality Control Laboratory
Full-time safety, quality and environment supervisors

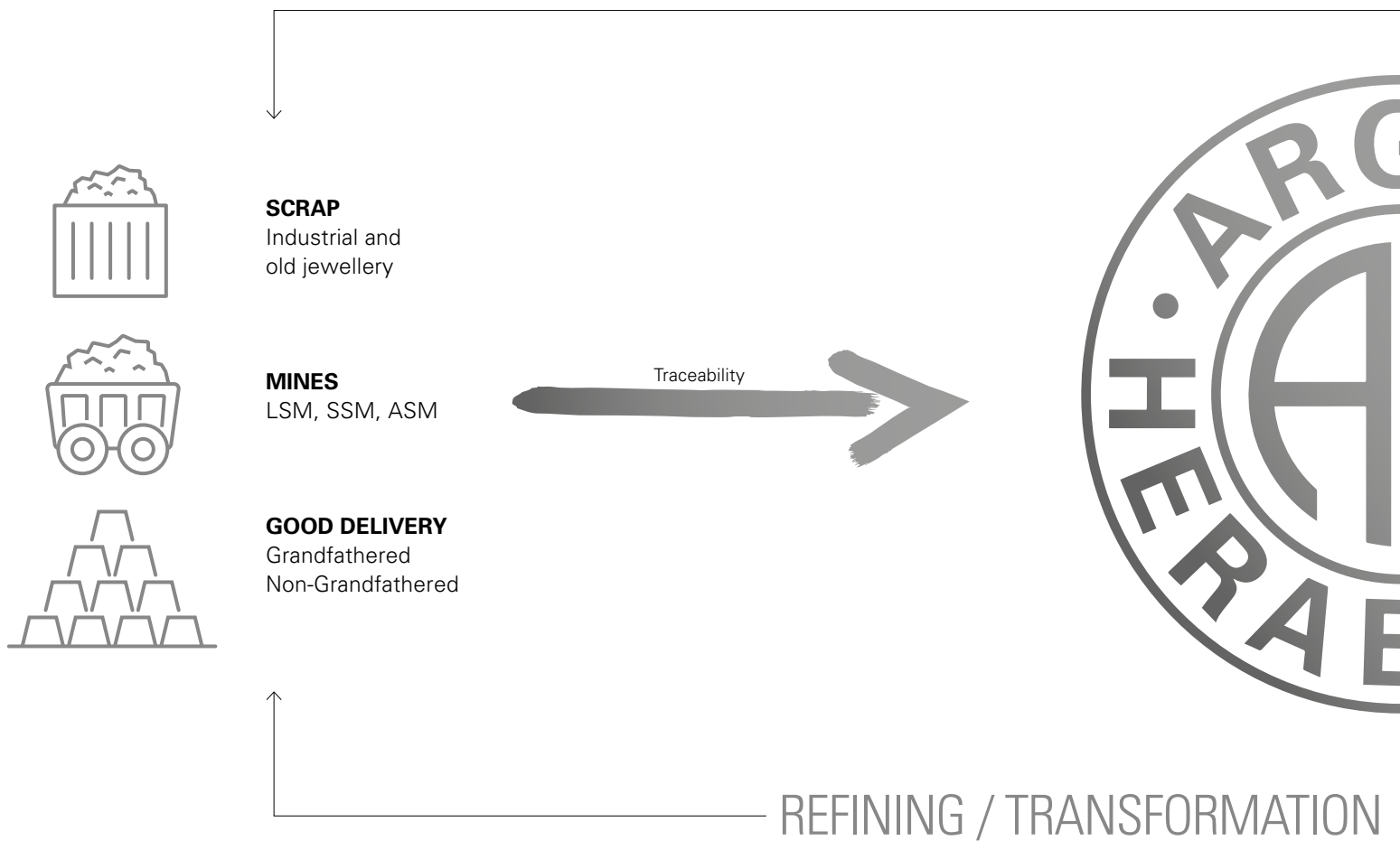
ROLE

- Assess quality of work performed in each department
- Monitor quality of products and processes
- Monitor safety at the workplace and Company's environmental impact
- Control quality of precious metals

Internal and external auditors
(private bodies and government authorities)
Audits and checks of process quality management system

Operations

We offer our customers what we call **precious solutions**, completely personalised solutions for the refining and transformation of gold, silver, platinum and palladium, for the creation of products for the high-end watchmaking and jewellery market, and for the physical trading of precious metals.



INCOMING MATERIAL

Precious metals (gold, silver, platinum and palladium) arrive as:

- Industrial scrap and old jewellery
- Raw material from large and small mines
- Good Delivery material, already high-quality

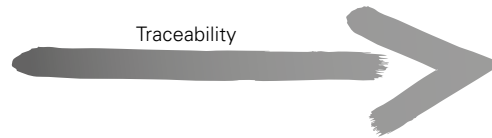
PERSONALISED SOLUTIONS

Our services include:

- Chemical and electrolytic refining of precious metals
- Bars and Coins
- Semi-finished products for the high-end jewellery and watchmaking industry (Luxury solutions)
- Financial and accessory services for physical trading of precious metals (Precious Metals Services)

PRODUCTION CAPACITY

- Gold refining up to 1,300 T/year
- Silver refining 1,100 T/year
- Smelted bars 5-5.5 million pieces/year
- Minted bars 2.5-3 million pieces/year
- Semi-finished products 120 T of alloys



BAR & COINS



LUXURY SOLUTIONS



PRODUCT IN COC MATERIAL

/ PRECIOUS METAL SERVICES

CUSTOMERS AND SUPPLIERS

Very often, our suppliers are also our customers and therefore retain ownership of the materials we process. Our customers do business worldwide, and are primarily:

- Banks
- Mines
- Companies in the high-end watchmaking and jewellery industry

About this report

Perimeter

The information contained in the section “About Argor-Heraeus” refers to the entire company. With regard to the indicators in the first part of the Sustainability Report, the figures refer mainly to the Mendrisio facility, where almost all the production takes place and most of the company’s employees work. Only significant indicators are reported for the affiliates.

An open platform

In a world that is constantly growing more complex and hyper-connected, a world with permeable borders, we want our report to be the starting point for a wide-ranging journey in sustainability. Therefore, the report contains numerous links to documents, websites, and other sources that offer comprehensive information on subjects covered here.

Accounting cycle and reference period

This Sustainability Report, prepared on an annual basis, covers the period from 1 January to 31 December 2017. The previous Sustainability Report refers to 2016.

Format

This report has been prepared in accordance with the GRI Standards: Core option.

External audit

Most of the information contained in this Sustainability Report was checked during the internal and external audits required for Argor-Heraeus certifications. Likewise, the measurement standards adopted for the reporting of data are the strictest and most often adopted worldwide. Therefore, we have decided not to subject this Sustainability Report to additional external certification audits.

For more information on this report

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info.argor@heraeus.com | www.argor.com

GRI Index

GRI 102: GENERAL DISCLOSURES (2017)

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GRI 102-4	Location of operations	6, 7	
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GRI 102-42	Identifying and selecting stakeholders	14	
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