



Precious to us

2018 Sustainability Report



ARGOR-HERAEUS

The golden link

Greetings from Heraeus Precious Metals

For the businesses of the entire Heraeus Group, sustainability is an extremely important aspect. Therefore, it is essential that – in the interest of Heraeus customers and stakeholders – all Global Business Units are working to fully integrate sustainability in all functions including but not limited to sourcing and manufacturing.

Heraeus Precious Metals (HPM) is one of the Global Business Units of Heraeus. HPM is globally leading in precious metal services covering all steps of the precious metal value chain but mining, including precious metal trading, precious metal recycling and the manufacturing of value adding precious metals products.

As such we are innovating products for a large variety of applications and we are delivering our services and products to many industries such as the chemical, the electronics and the jewellery industry. We process all eight precious metals – gold, silver, platinum, palladium, rhodium, ruthenium, iridium and osmium.

As a leading precious metal house sustainability is a key strategic pillar of our business strategy. We invest substantial resources to create and implement global sustainability standards to promote our growth and success across different markets.

As Business Line Argor-Heraeus is fully integrated into HPM. Argor-Heraeus represents the global competence

centre for gold and silver within HPM. Argor-Heraeus business is truly global with representations in Switzerland, Hong-Kong, Italy and Germany. HPM and Argor-Heraeus share the same values and we fully support Argor-Heraeus business strategy. As a leading precious metal house we establish the highest sustainability standards for ourselves and our stakeholders. We are “Committed to your precious needs!”

André Christl

President Heraeus Precious Metals and
Chairman Argor-Heraeus SA

A handwritten signature in dark ink, appearing to read 'A. Christl', with a stylized, cursive script.

Letter to our stakeholders

Our Sustainability Report is the annual document that describes all of our efforts, results achieved, and aspects that require more work in the area of corporate responsibility. It is the tip of the iceberg of a much larger effort that we make every day to improve and become more and more sustainable, assuming the responsibilities deriving from our position at the centre of the value chain. We understand our CSR Report as an important work tool to monitor and improve our daily activity and a dialogue platform for communicating with our stakeholders and not just a marketing ploy to improve our corporate image.

This is why we have assumed the five commitments on which this Report is based. Five commitments that we publicly pledge to our stakeholders and that express the essence of our daily work. In this year's Report you can read (and see, in short videos) everything we do to maintain these commitments.

This is why we launched the online platform on our website in 2018, so that you can consult selected data on our consumptions and emissions on a quarterly basis: we are working to be more and more transparent. This is why, every year, we prepare our Sustainability Report according to the most recent guidelines and standards, so that we can dialogue with our stakeholders

on a shared basis. Likewise, this document is also a corporate responsibility report in which detail our progress and express our renewed support of the 10 principles of the UN Global Compact concerning human rights, labour, the environment, and the fight against corruption.

In 2018, we became closer and closer (including physically) to our partners through our important Hong Kong unit. By becoming part of Heraeus Precious Metals, we will work with our stakeholders to be a leader in a more solid and sustainable precious metals sector, faithful to the shared approach expressed by our guiding principles: "Precious to us" and "Committed to your precious needs."

Thank you for being with us on this long and exciting journey.

Christoph Wild

CEO Argor-Heraeus SA

A handwritten signature in dark ink, appearing to read 'Wild', with a stylized flourish at the end.

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*

Page 12

*2. Work for a
transparent
and responsible
chain*

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*3. Contribute
to local
development*

Page 28

*4. Protect the
environment*

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*5. Grow with
our employees*

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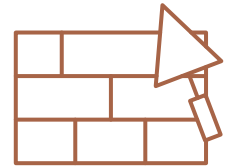
Argor-Heraeus

The Golden Link

www.argor.com

**FORMED
IN 1951**

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Headquarters
Mendrisio,
Canton Ticino, Switzerland

HERAEUS GROUP

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100% owned by Heraeus
Group and integrated in
Heraeus Precious Metals Global
Business Unit

LOCATIONS

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5 locations

- Switzerland
- Germany
- Italy
- Chile
- Hong Kong

GOVERNANCE AT 3 LEVELS

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- Executive
- Managerial
- Operative

PRECIOUS SOLUTIONS

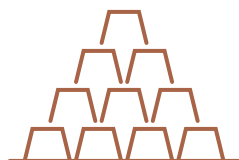
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- Precious metal refining
- Smelted and minted products
- Semi-finished products for the high-end jewellery and watch industry
- Financial and accessory services

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 UN Sustainable Development Goals

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

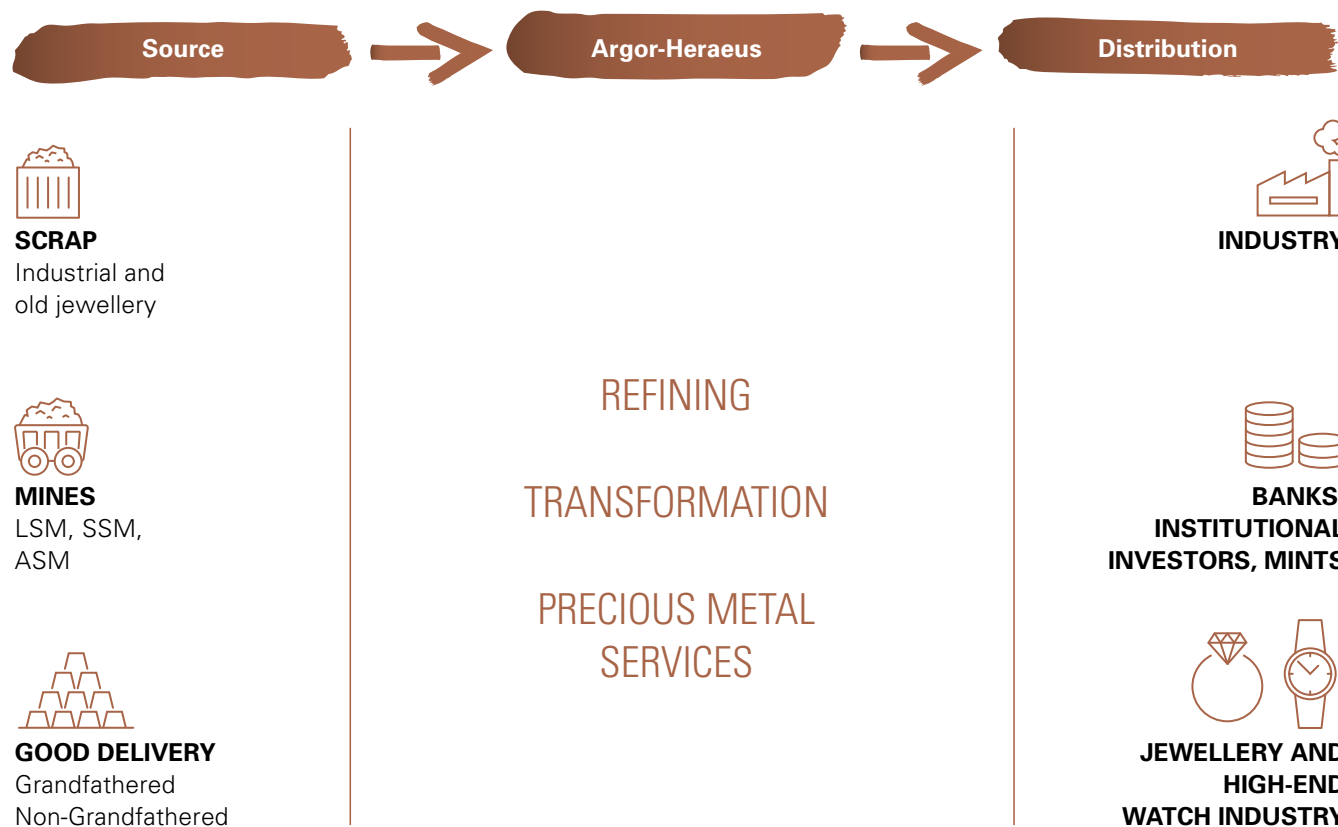
3. Contribute to local development

4. Protect the environment

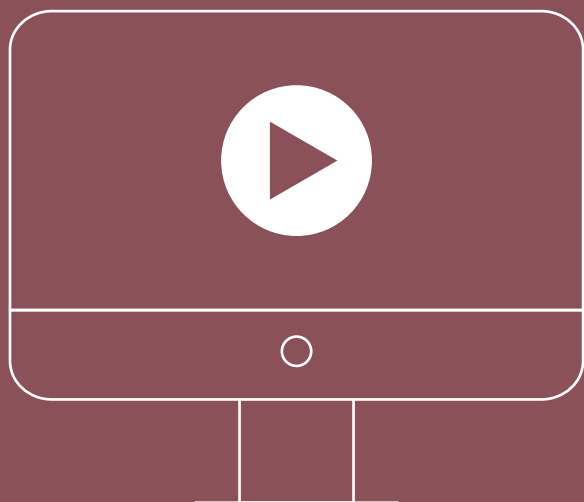
5. Grow with our employees



Sustainable Development Goals
www.un.org



1. Involve our stakeholders



**Watch the video by
Christoph Wild**
CEO, Argor-Heraeus

«To guarantee responsible and sustainable conduct on the chain, all of our stakeholders must be involved.»



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Our approach

Collaboration with our stakeholders is essential for our growth. We work every day to ensure that our stakeholders are an integral part of our operations.

What does this mean in real terms?

ATTENTION TO CONTEXT

An evaluation conducted with management has identified our most important stakeholders. The list is reviewed and updated periodically.

ATTENTION TO STAKEHOLDERS’ NEEDS

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

DIALOGUE AND COLLABORATION

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

SUSTAINABILITY REPORT AS DIALOGUE PLATFORM:

This is an essential tool for sharing results achieved and measures implemented.

How do we involve our stakeholders?

WHO ARE OUR STAKEHOLDERS? HOW DO WE INVOLVE THEM?

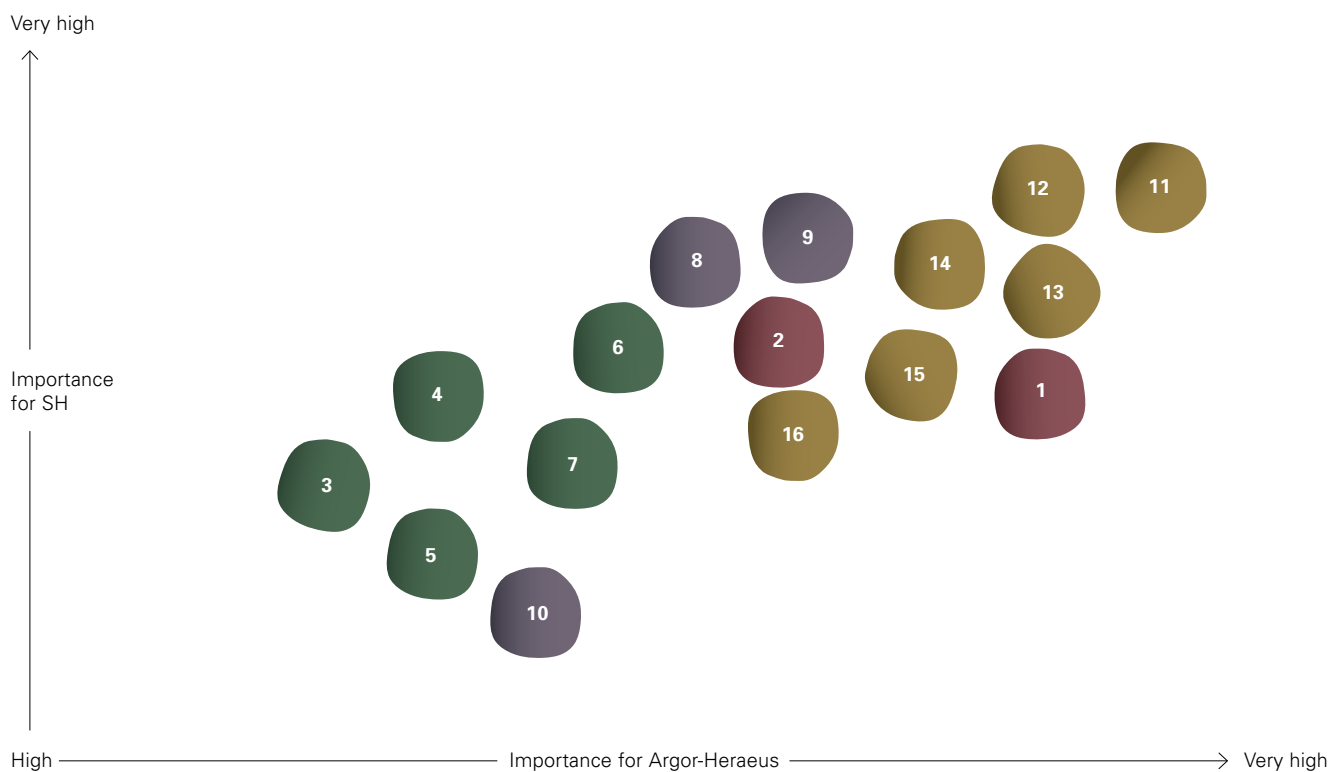
Stakeholder	Key subjects of interest	Main activities
Shareholders	<ul style="list-style-type: none"> → Economic performance → Distribution of added value → Reputation → Ethics and integrity 	<ul style="list-style-type: none"> → Shareholders Meeting → Board of Directors → Continuous collaboration and periodic targeted communication → Annual Report, Sustainability Report, video on sustainability, new website → Involvement/alignment of Heraeus CSR Benchmarking
Management	<ul style="list-style-type: none"> → Economic performance → Reputation → Conditions of use → 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 → Conditions of use → 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 → Safety day → 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 → Sounding board

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
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 → Sounding board → Visits to Company by politicians and representatives of institutions → SUPSI Award for best engineering diploma → CAS CSR, SUPSI teaching → Sustainable mobility programme → Company training project, Bachelor of Science SUPSI in Business Administration
Public services	<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, 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 platform

Priorities

WHAT ARE THE PRIORITIES FOR OUR STAKEHOLDER? HOW HAVE WE IDENTIFIED THEM?

- When preparing this Sustainability Report, we identified our stakeholders' priorities on the basis of GRI standards.
- **These priorities were then mapped based on their importance for the Company and for our stakeholders.**
- **These priorities form the basis of the topics dealt with in this Report.**
- We constantly monitor these topics and, when necessary, add new ones for evaluation.



Economic aspects

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

Environmental aspects

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

Social aspects

- 8 – Employment
- 9 – Employee health and safety
- 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 commitment at a glance



A challenge for the future?

We constantly work and dialogue with our stakeholders, even with those most critical of our industry. We always strive for an open and transparent dialogue: a frank and honest exchange of views to promote mutual understanding. Not an easy challenge, but one that is worth the effort in order to achieve long-term benefits for the entire industry.

Today's commitment

- **Quarterly sustainability indicators**
www.argor.com
- **Key subjects:**
Ethics and integrity, compliance, reliability of suppliers
- **Sustainability Report**
GRI, UN Global Compact, UN SDG

Tomorrow's commitment

THE 10TH EDITION OF OUR SUSTAINABILITY REPORT

We will release our 10th Sustainability Report in 2019. We are very proud of the way it is evolving: from an annual review of our efforts to be a responsible company to a daily work tool for our internal and external stakeholders.

TOWARD REAL-TIME REPORTING

We monitor consumptions, emissions, and other indicators every day – not just when we prepare our Sustainability Report. To offer greater transparency, our website has presented selected quarterly data on emissions and consumptions since 2018. In the future, we hope to offer all data in real time!

MORE COORDINATED SUSTAINABILITY

We have been 100% part of the Heraeus Group and integrated in the Heraeus Precious Metals Global Business Unit since 2017. We are already working together to completely integrate sustainability in all activities and at all levels in the interest of a shared vision, while still taking account of our respective specificities and needs.



GRI
www.globalreporting.org

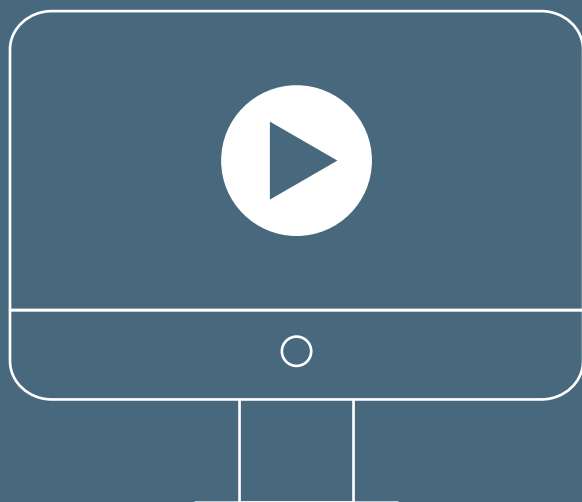


UN SDG
www.unglobalcompact.org



Sustainable Development Goals
www.un.org

2. Work for a transparent and responsible chain



**Watch the video by
Phaedon Stamatopoulos**
Director of Refining & bank
products, Argor-Heraeus

«The chain from mine to market
has to be as short as possible.»



www.argor.com

Our approach

We do our best to ensure that all of our business partners act responsibly toward the environment and society. We take our key role at the centre of the precious metals chain very seriously.

What does this mean in real terms?

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.

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.

RULES, STANDARDS, AND CONTINUOUS AUDITS

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

CONTINUOUS IMPROVEMENT

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

Company principles, policies and procedures

WHAT VALUES FORM THE BASIS OF OUR OPERATIONS?



HOW ARE THESE VALUES EXPRESSED IN REAL TERMS?

- **Regularly updated policies and regulations form the guidelines that express our values in real terms and are applied every working day.**
- The Heraeus Code of Conduct which also applies to Argor-Heraeus since 2017, stresses the personal responsibility of every employee.

→ Policies are shared internally with all employees, are a regular feature of workshops, and are available online. For example, in 2018 we conducted training sessions to implement the Heraeus Code of Conduct and the Heraeus Compliance Guidelines.

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 → Avoid conflicts of interest → Create and maintain safe and correct working conditions → Protect the environment → Respect human rights → Compliance with data protection laws
Argor 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
Guideline for the Procurement of Products and Services	<ul style="list-style-type: none"> → No acceptance of gifts exceeding 35 euros → No coverage for travel or accommodation expenses by business partners
Sustainable Sourcing Guideline	<ul style="list-style-type: none"> → Consideration of corruption perception index of Transparency International when forming business relations → Specific requirements for the purchase of products at risk (conflict minerals) → Additional requirements for the purchase and sale of precious metals (excluding from mines) and acceptance of precious metals for recycling → Strictest requirements for precious metals coming from mines



Code of Conduct

www.argor.com



Supply Chain Due Diligence Policy

www.argor.com



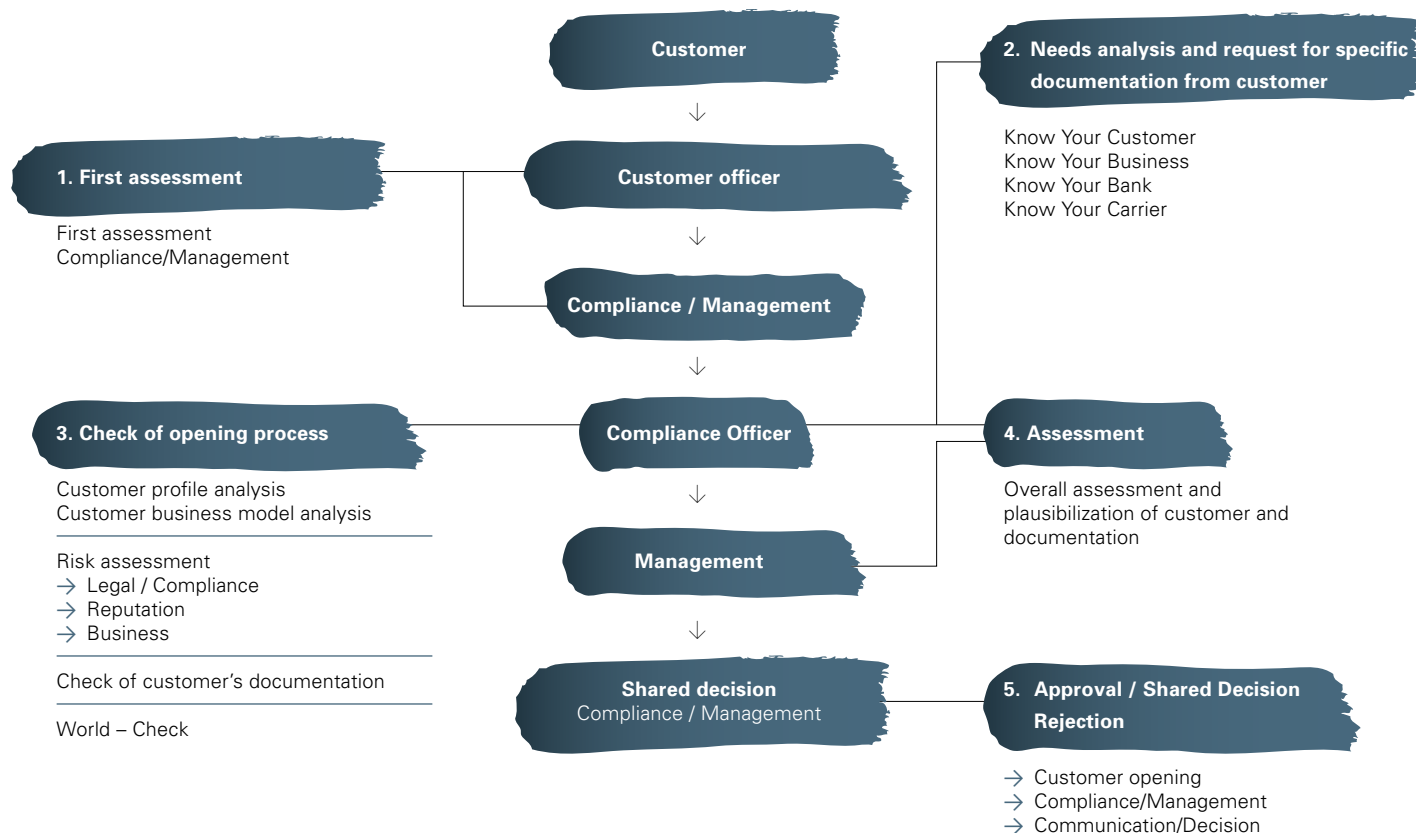
Human Rights Policy

www.argor.com

Tools	Main areas of concern
Guideline for the Prevention of Bribery (Entertainment & Gifts)	<ul style="list-style-type: none"> → Prohibition of cash gifts → Alignment of services with applicable laws and customers' internal rules → Approval required for gifts exceeding a certain value
Guideline for the Conclusion of Consultancy and Distribution Agreements	<ul style="list-style-type: none"> → Risk assessment → Self-declaration from consultant obtained in case of high or medium risk → Approval requisites for distribution or consulting agreements at high or medium risk → Insist on a written agreement → Prohibition of remuneration to third parties to an account located in a third country → Repeat of risk assessment after 1 to 5 years depending on risk category
Guideline for the Prevention of Money Laundering	<ul style="list-style-type: none"> → Prohibition of receiving and making cash payments → Approval process for third-party payments and payments to/from countries in which the business partner is not registered → Process to identify business partners in areas at risk → Screening of business partners on Heraeus list of countries at risk of money laundering and flagging of suspicious transactions
Guideline for the Prevention of Antitrust Violations	<ul style="list-style-type: none"> → Prohibition of price-fixing, price-reduction, or target price agreements → Prohibition of market-sharing and customer-sharing → No sharing of strategic information with competitors → No fixing of retail prices → Prohibition of abusing dominant market position
Data Protection Guideline for the Processing of Personal Data by Heraeus Employees	<ul style="list-style-type: none"> → Employees must treat personal data confidentially → Measures to guarantee the confidentiality, availability, and integrity of personal data

HOW DO WE ASSESS OUR BUSINESS PARTNERS?

- **We subject every partner in the chain to a series of strict checks to assess their integrity.**
- In line with our policies, these checks are based on a set of protocols called "Know your..." (customer, customer's customer, business, bank, carrier, etc...).
- The checks regard 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. All of our facilities and activities are subject to equally strict checks!
- **If there are any doubts, the relation is not formed and, if it already exists, it is interrupted.**

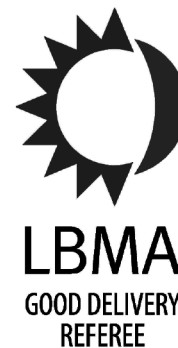


Accreditations and recognitions

WHAT DO CERTIFICATIONS DO?

- **Certifications guarantee our business partners that our operations are transparent.** We work every day to ensure that the metal we process is traceable and transparent. Our efforts are certified by the industry's most authoritative organisations.
- **Certifications testify to our efforts in a wide range of fields,** including product and process quality, responsible supply practices, the fight against money laundering and the financing of terrorism, and many others.

- **Beyond certifications:** We also conduct specific audits based on our customers' needs, for targeted assessments of individual suppliers of precious metal.
- **At the service of the industry:** We provide expertise for defining new quality and sustainability standards to govern the industry.



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

2018

LBMA

Responsible Silver Guidance

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

The industry's commitment

WHAT DO WE DO TO IMPROVE OUR INDUSTRY?

- We are members of numerous work teams, committees, associations, and task forces that make our industry more transparent by defining new and stricter rules and standards.
- **We work to make our business partners aware of the benefits (not only economic) deriving from ethical conduct.**
- We promote or participate in many initiatives to support artisanal and small-scale mines. For example, we collaborate with UN Agencies (UNIDO, UNEP, GEF) to help mines adopt progressively more sustainable practices in order to facilitate their access to the international precious metals market.

THE INDUSTRY'S COMMITMENT TO FACING CHALLENGES IN THE PRECIOUS METALS CHAIN

CHALLENGE

UNDER WHAT CONDITIONS IS THE PRECIOUS MATERIAL EXTRACTED?

It is crucial to verify that the metal was extracted with complete respect for the rights and safety of workers and the community, and in conformity with international, national, and local laws.

RESPONSE

- Supranational programmes (for example, EU Reach)
- National and international laws
- Industry standards: WGC, RJC, LBMA, OECD
- Specific standards for artisanal and small-scale mines: Fairmined, Fairtrade, SBTI
- On-site visits, "Finger printing"

THROUGH WHOSE HANDS HAS THE METAL PASSED?

It is essential to know and be able to trace all transfers of the metal in order to ensure the reliability of all parties in the chain and that the precious metal has not been used for illegal purposes (money laundering, financing of terrorism, corruption, etc.).

- National and international laws
- Industry guidelines for traceability of metal: WGC, RJC, LBMA, OECD
- Industry initiatives (such as EITI)
- Company protocols and rules: Know your... customer, bank, business, due diligence policy, etc.

IS IT PRODUCED SAFELY?

The precious metal must be refined and transformed in complete safety for workers and protected against theft and damage during all transfers along the chain.

- National and international regulations
- Industry safety standards (OHSAS 18001, RJC CoP, etc.)
- In-house safety exercises
- Company philosophy, policies and rules

Our commitment at a glance



A challenge for the future?

For many years, we have been involved in numerous projects aimed at helping artisanal and small-scale mines adopt more sustainable methods. One of the biggest challenges is to involve a larger number of mines in these projects so that the communities where the mines are located may receive social and economic benefits.

Today's commitment

- **LRD:**
recertification
- **LBMA:**
recertification for gold (Responsible Gold Guidance) and certification for silver (Responsible Silver Guidance)
- **Global Precious Metals Code:**
signed in 2018

Tomorrow's commitment

FAIRTRADE AND FAIRMINED RECERTIFICATION

Fairtrade and Fairmined are two of the principal gold certification initiatives for small-scale and artisanal mines.

RJC CHAIN OF CUSTODY RECERTIFICATION

RJC Chain of Custody (CoC) checks and certifies responsible value chain management practices in areas such as human rights, standards of use, environmental impact, and business ethics. In 2014, we were the first refinery in Switzerland – and one of the first in the world – to obtain this certification. We will apply for recertification in 2019.

LBMA CERTIFICATIONS: PLATINUM AND PALLADIUM AS WELL

In addition to certification for gold and silver, we expect a new LBMA certification for platinum and palladium (Responsible Platinum and Palladium Guidance) in 2019. Even though there were no specific LBMA certifications for these two metals before now, we have always used the same governance system to manage all metals along the chain.



World Gold Council
www.gold.org



RJC
www.responsiblejewellery.com

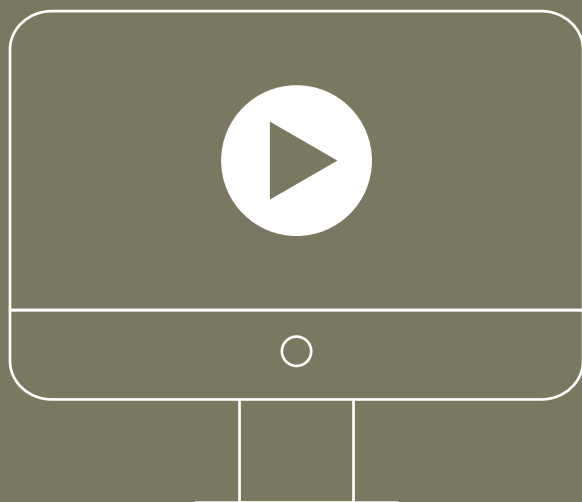


OECD
www.oecd.org



LBMA
www.lbma.org.uk

3. Contribute to local development



Watch the video by **Tania Camarini**

Head of Compliance,
Argor-Heraeus

«Of course, we as a company know that everyone has their virtues and faults, and that we can always improve by learning from each other.»



www.argor.com

Our approach

We started in Ticino, Switzerland, almost 70 years ago. We are convinced that our growth must go hand in hand with that of our region, and we do everything we can to make our contribution at each of our locations worldwide.

What does this mean in real terms?

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 local social development.

Distribution of added value

HOW DO WE REINVEST THE ADDED VALUE WE PRODUCE?

- **Our economic activity produces value for the territory with benefits for parties that are directly or indirectly related to our operations.**
- In 2018, over half of the value generated was distributed to our employees as salaries.
- 36% of the added value was distributed to our shareholder and 10% to institutions as city, cantonal, and federal taxes.

DISTRIBUTION OF ADDED VALUE IN 2018 (%)



HOW DO WE SUPPORT OUR COMMUNITY?

- Every year, we receive numerous requests for sponsoring or support from organisations in a wide variety of fields. We evaluate these requests based on their conformity with our internal guidelines for sponsoring.
- **We proactively support selected local organisations with which we have developed a relationship based on respect and trust over the years.**

- We have been a training company since 1978. We think it is important to contribute to the training of young people interested in a career in industry.
- 32% of our employees (at our Mendrisio headquarters) live in Switzerland, a figure that rises to 80% with regard to company management. These numbers are significant, considering our proximity to the Italian border and the industrial nature of our operations.

WITH THE TERRITORY, FOR THE TERRITORY

WE CONDUCT MANY ACTIVITIES WITH LOCAL ORGANISATIONS. FOR EXAMPLE, IN 2018:

→ Argor-Heraeus Award

Every year, we present a CHF 3,000 award to the Master in Engineering student who wrote the best thesis, evaluated based on criteria of innovation and sustainability. In 2018, we presented the award for the 8th time. We work with the University of Applied Sciences and Arts of Southern Switzerland (SUPSI) on many projects, of which we are very proud.

→ "Partita Doppia" theatrical event

In collaboration with the City of Mendrisio and with the sponsorship of CSR Ticino, we brought local businessmen to the theatre to see a performance about corporate social responsibility (Partita Doppia). A different sort of event to call attention to a subject that is very important to us!



SUPSI
www.supsi.ch



Municipality of Mendrisio
www.mendrisio.ch

Suppliers of accessory products and services

WHO ARE THEY?

- They are the suppliers of accessory products and services that we need in the company, such as: chemicals, fuels, safety, consumables, waste disposal, and many more.

HOW DO WE SELECT OUR SUPPLIERS OF PRODUCTS AND SERVICES?

- 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.
- **In 2018, almost 70% of expenditures for supplies went to Swiss companies (of which 26% in Ticino), in line with the figure for previous years.**

DISTRIBUTION OF EXPENDITURES FOR SUPPLIERS OF ACCESSORY PRODUCTS AND SERVICES IN 2018 (%)



Our commitment at a glance



A challenge for the future?

If we look back at the last several years, we can see that we have achieved a significant international presence. We are now directly present in 5 countries and indirectly on every continent! A crucial challenge in this process is to maintain a strong local identity and presence: taking good care of relations with local players is essential.

Today's commitment

- **Distribution of added value:**
54% to our employees
- **Suppliers of accessory products and services:**
70% from Switzerland
- **Support for training:**
a training company since 1978

Tomorrow's commitment

10TH EDITION OF THE ARGOR-HERAEUS AWARD

Next year we will present the 10th Argor-Heraeus Award for the best Master in Engineering thesis at SUPSI. This important prize supports training, the region, and the future of both by means of continuous, solid collaboration.

A COMMITMENT FOR SAFETY WITH OUR LOCAL PARTNERS

We collaborate regularly with organisations such as the police, ambulance service and fire brigade, insurance companies and public institutions on matters such as safety at the workplace. These collaborations help us make our company safer and also strengthen relations with our partners to the benefit of all.

SUPPORT TO THE COMMUNITY

In addition to proactively supporting local companies, every year we evaluate numerous requests from a variety of sources, local and regional. In 2019, we are working on a new programme to support targeted projects in line with our values.



Professional training
www.formazioneprof.ch

4. Protect the environment



**Watch the video by
Alessandro Ruffoni**
Environmental Officer,
Argor-Heraeus

«I think we can confirm our
commitment to protecting the
environment, so that future
generations can receive it in the
best possible condition.»



www.argor.com

Our approach

We pay the greatest possible attention to monitoring and reducing the environmental impact of our operations. We also urge our partners to do the same.

What does this mean in real terms?

DEDICATED GUIDELINES

A set of guidelines has been defined (Global Environment, Health & Safety Framework) to confirm the entire Group’s management system principles and to be applied by all Business Units. Compliance with these principles and legal requirements is checked periodically by means of specific audits (EHS Legal Compliance).

STRICT LIMITS

Our classification as a chemical industry imposes very strict monitoring and very low legal limits. We try to self-impose even stricter limits.

MODERN AND AVANT-GARDE TECHNOLOGIES

We adopt production technologies that conform to the most recent energy criteria and allow highly sophisticated monitoring.

EXTERNAL AUDITS AND CERTIFICATIONS

To assess our impacts and management approaches.

CONSTANT MONITORING OF CONSUMPTIONS AND EMISSIONS

By means of indicators and continuous measurements that consider all of our international locations. Starting next year, figures for the Hong Kong location will be included.

COLLABORATION WITH PUBLIC BODIES AND INSTITUTIONS

To find shared criteria. The objective: constantly reduce our impact.

EXPLICIT AND BINDING COMMITMENTS

To institutions for the reduction of impacts.

INCREASE THE SENSITIVITY OF OUR BUSINESS PARTNERS

By means of collaborations that stimulate and at times impose the adoption of responsible environmental conduct.

Water consumption

HOW MUCH WATER DO WE CONSUME?

- **We consumed 44,027 m³ of water in 2018.** Water consumption – 100% from the Mendrisio aqueduct – was almost the same as last year (43,483 m³) despite higher production.
- **Over the last 5 years, from 2013 to 2018, we have reduced consumption by 44%** even if we have doubled our production area.

HOW DO WE EXPLAIN THIS TREND IN CONSUMPTION?

- **We recently installed new, closed-circuit cooling systems** that significantly reduce consumption by recirculating water and minimise loss.
- **Greater attention to consumption** has contributed to efforts to save water.

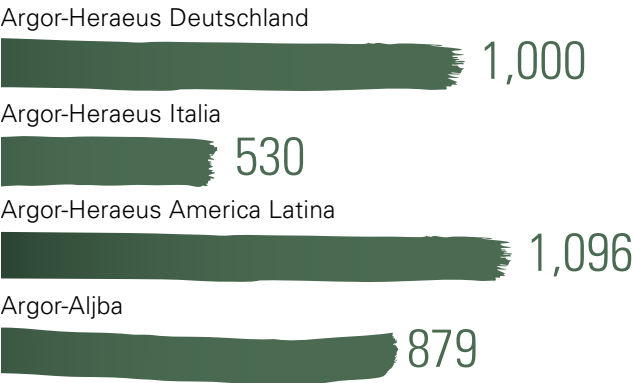
TOTAL WATER CONSUMPTION (M³)



HOW MUCH WATER IS CONSUMED AT OUR OTHER SITES?

→ Total water consumption at our other sites is 8% of that at our Mendrisio headquarters, where most production takes place.

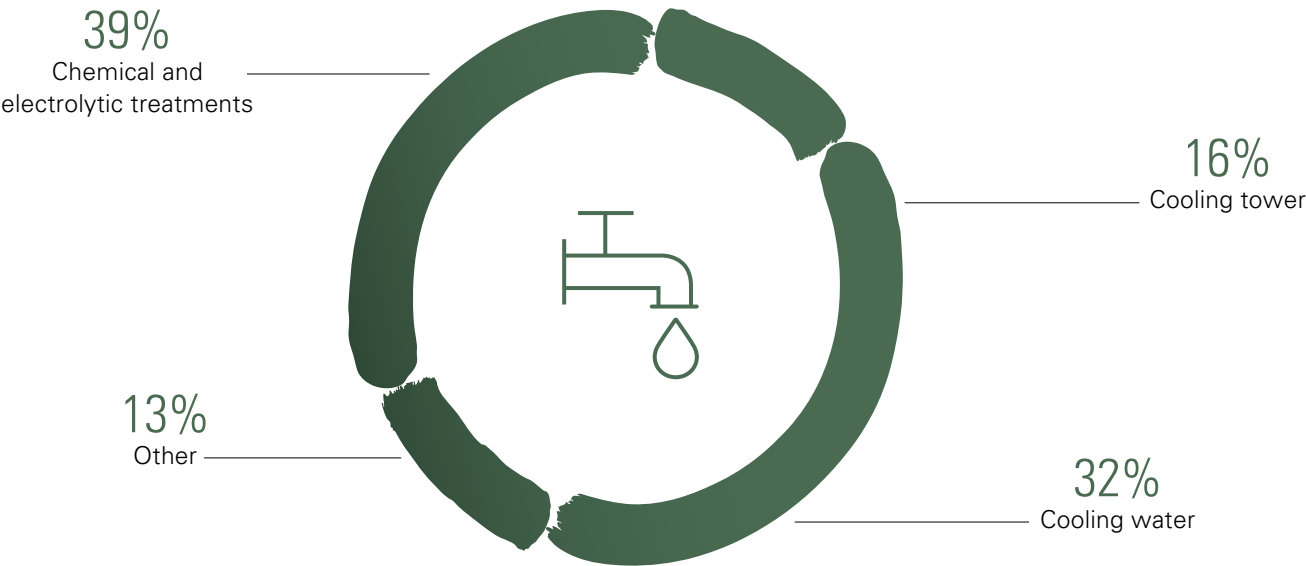
TOTAL WATER CONSUMPTION AT OTHER SITES IN 2018 (M³)



WHY DO WE USE WATER?

- **To produce metals**
Water is essential for the chemical and electrolytic reactions needed to refine precious metals.
- **To cool machines**
Machines must be cooled constantly in order to work correctly.

USES OF WATER IN 2018 (%)



Chemical consumption

HOW MUCH CHEMICALS DO WE CONSUME?

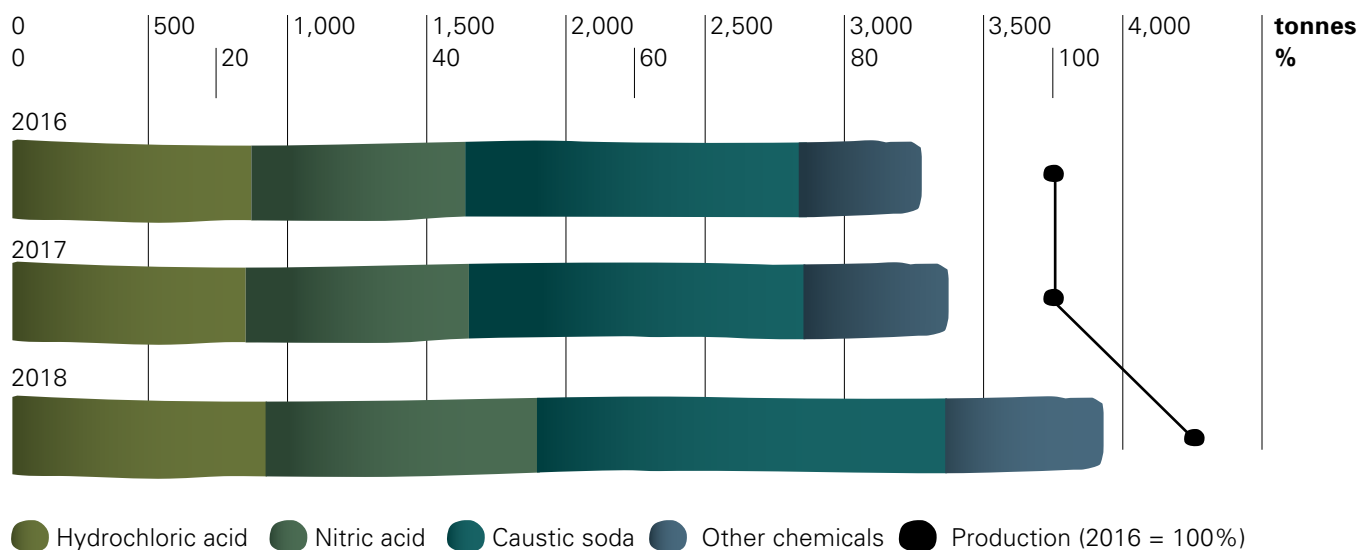
→ We consumed **3,946,647 kilograms of chemicals in 2018**, 17% more than in 2017 (3,269,368 Kg).

HOW DO WE EXPLAIN THIS TREND IN CONSUMPTION?

→ In general, the increase was caused by **higher production**.
 → **Metals received in a less pure state** required a quantity of chemicals in a higher proportion compared to increased production.

→ As a result, there was also **greater use of caustic soda (+20%) to neutralise the acidity of substances remaining** after the metal was processed.
 → In addition, **higher quantities of silver were refined**, generating greater use of nitric acid (+24%).
 → We are working to decrease the use of chemicals by installing innovative machines that refine metal without the use of acids.

CHEMICAL CONSUMPTION (TONNES) AND PRODUCTION (%)

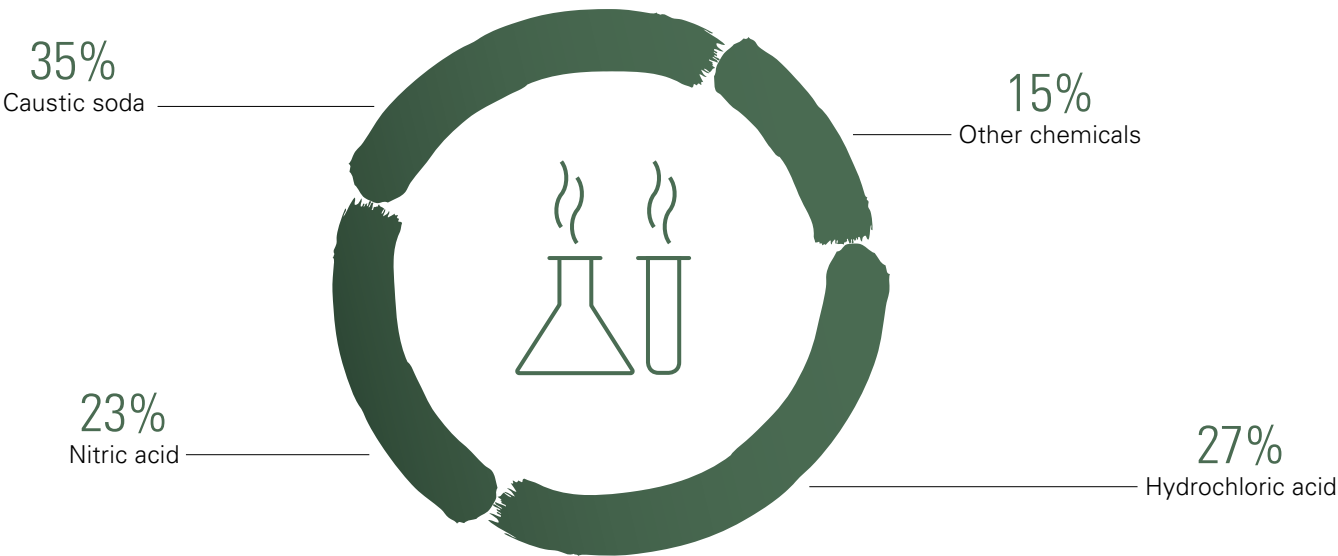


WHY DO WE USE CHEMICALS?

CHEMICALS ARE NEEDED TO REFINE PRECIOUS METALS:

- **Hydrochloric acid:** to refine gold.
- **Nitric acid:** to refine silver.
- **Caustic soda:** to neutralise solutions after processing.
- **Other chemicals:** to refine platinum and palladium, and for other production processes.

CHEMICALS USED IN 2018 (%)



Energy consumption

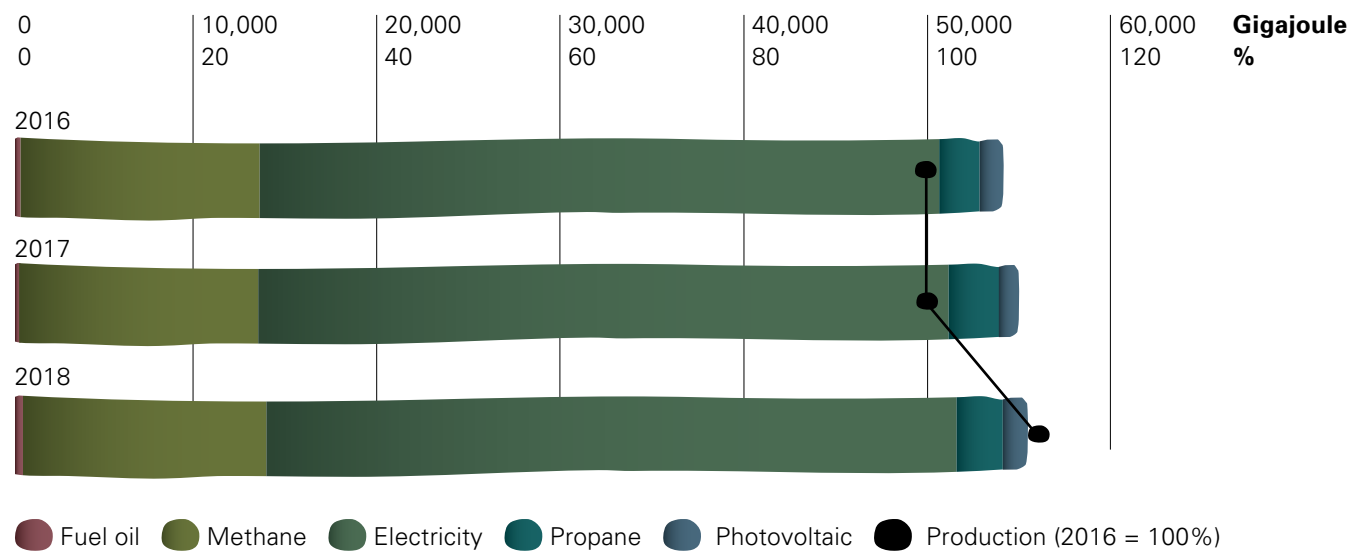
HOW MUCH ENERGY DO WE CONSUME?

- **We consumed 55,441 gigajoules of energy in 2018**, practically the same as in 2017 (54,207 Gj, +2%).
- **Energy consumption has increased by 29% compared to 2010.** In the same period, the production area doubled in size and production increased significantly.
- **Our “energy mix” is more sustainable than in the past:** in 2012 we installed a photovoltaic system that has generated over 300 MWh of energy, consumed entirely by our plant. We have practically eliminated the use of fuel oil, replacing it with methane to heat our rooms.

HOW DO WE EXPLAIN THIS TREND IN CONSUMPTION?

- **It is interesting to note that energy consumption was essentially stable compared with 2017 despite increased production.**
- A loan from the Swiss ProKilowatt program **allowed us to install new technological components that made the electrolytic refining process more efficient.** We reached our target: saving over 40% of electrical energy.
- **We replaced the heating and steam generation system in a production facility.** As part of this project, we completed the substitution of fuel oil with natural gas.

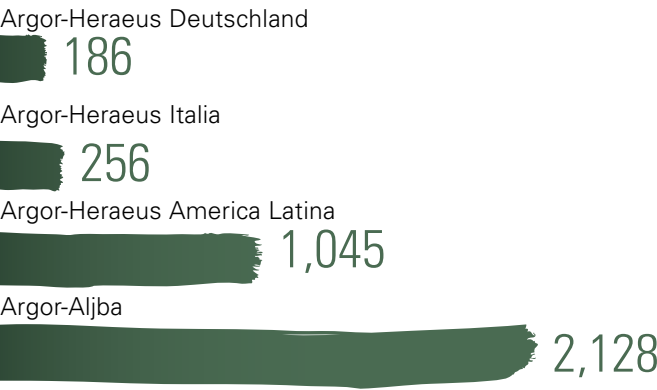
ENERGY CONSUMPTION (GIGAJOULES) AND PRODUCTION (%)



HOW MUCH ENERGY IS CONSUMED BY OUR AFFILIATES?

- **Electrical energy consumption by our affiliates is marginal (about 6.5%) compared to that of our Mendrisio headquarters.**
- Energy consumption at some of our affiliates (Italy, Germany) is practically the same every year because they have no production activities.

2018 ENERGY CONSUMPTION BY AFFILIATES (GIGAJOULES)

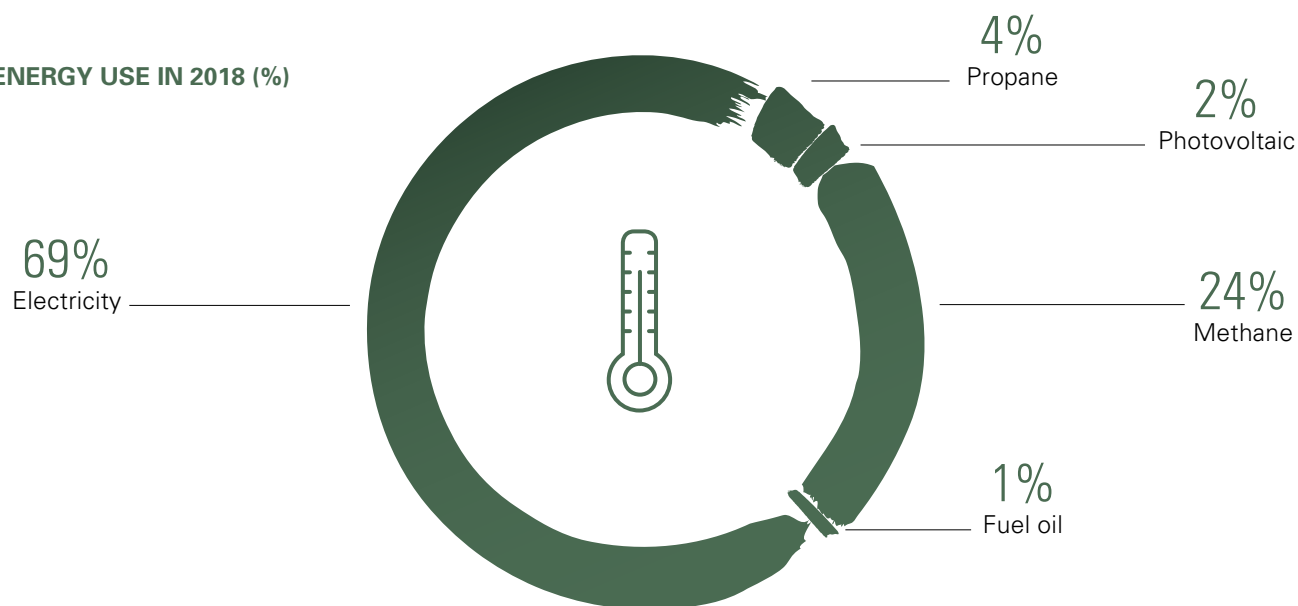


WHY DOES ARGOR-HERAEUS USE DIFFERENT ENERGY SOURCES?

DIFFERENT ENERGY SOURCES ARE NEEDED TO HEAT OUR FACILITIES AND FOR PRODUCTION PROCESSES.

- **Electricity:** to run our facilities and systems
- **Methane and fuel oil:** to heat our facilities and for chemical processes. Use is influenced by the climate.
- **Propane:** used for protective flames during the smelting and casting of gold and silver. Use is proportional to production.
- **Photovoltaic:** over 1,000 solar panels are installed on the roof of our newest facility and generate part of the energy used for processes.

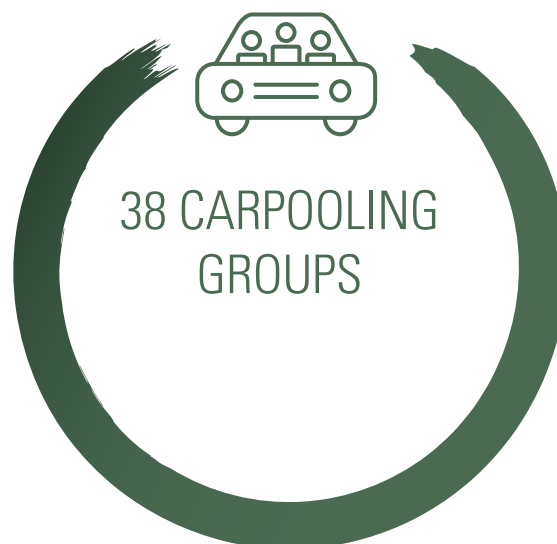
ENERGY USE IN 2018 (%)



Emissions

HOW HIGH ARE OUR EMISSIONS?

- We emitted **885 tonnes of CO₂** into the atmosphere in 2018 (3% more than the previous year).
- The trend of CO₂ emissions in the last 3 years has **nearly stabilised**, with slight annual oscillations.
- **Nitrous oxide (NO_x) emissions increased 5% in 2018**, proportionally less than the increase in production.
- Since 2012, when we began this measurement, **NO_x emissions have decreased by 75%.**



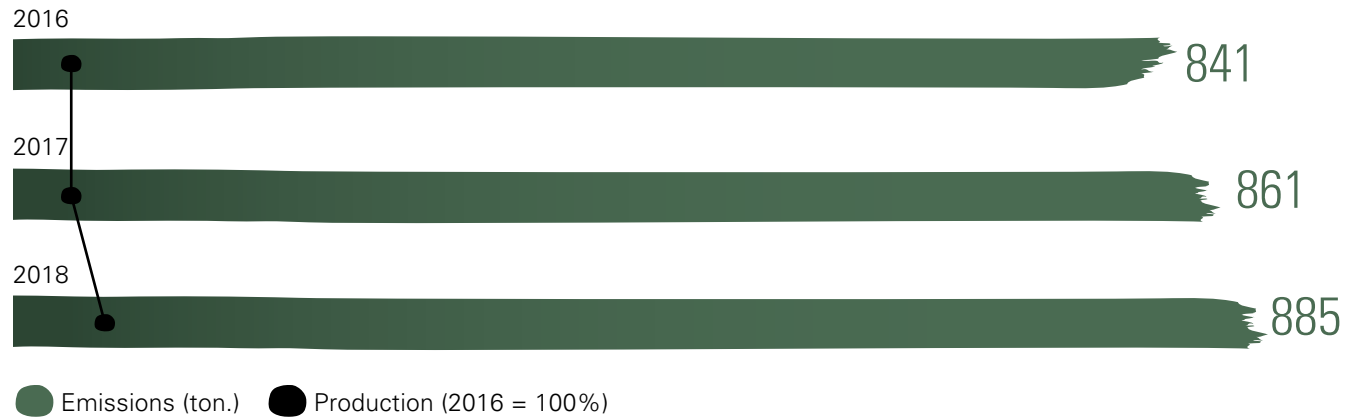
HOW DO WE EXPLAIN THIS TREND IN EMISSIONS?

- The reduction in CO₂ emissions is the result of **careful work to optimise the use of heating** in our rooms and of the decision to use cleaner energy sources (i.e., the total elimination of fuel oil).
- By carefully monitoring emissions and working with the Canton, we implemented a number of **technical improvements** that have sharply reduced nitrous oxide emissions in recent years.
- **We also try to reduce our impact on our local environment by encouraging our employees to use greener means of transportation**, such as public transportation, carpooling, or slow mobility. In 2018, we had 38 carpooling groups and subsidised 34 company passes for public transportation.



Arcobaleno pass
arcobaleno.ch

CO₂ EMISSIONS (TONNES) AND PRODUCTION (%)



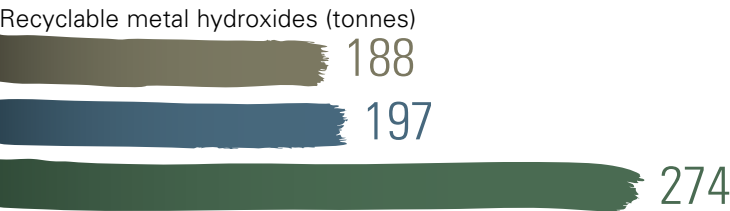
WHAT TYPES OF
EMISSIONS DO
WE GENERATE?

WE GENERATE TWO MAIN TYPES OF EMISSIONS:

- **CO₂**: the fossil fuels we use for our processes and to heat our buildings emit this gas into the atmosphere.
- **NO_x**: nitric acid used to refine precious metals generates nitrous oxide into the atmosphere.

Waste and scrap

SPECIAL WASTES



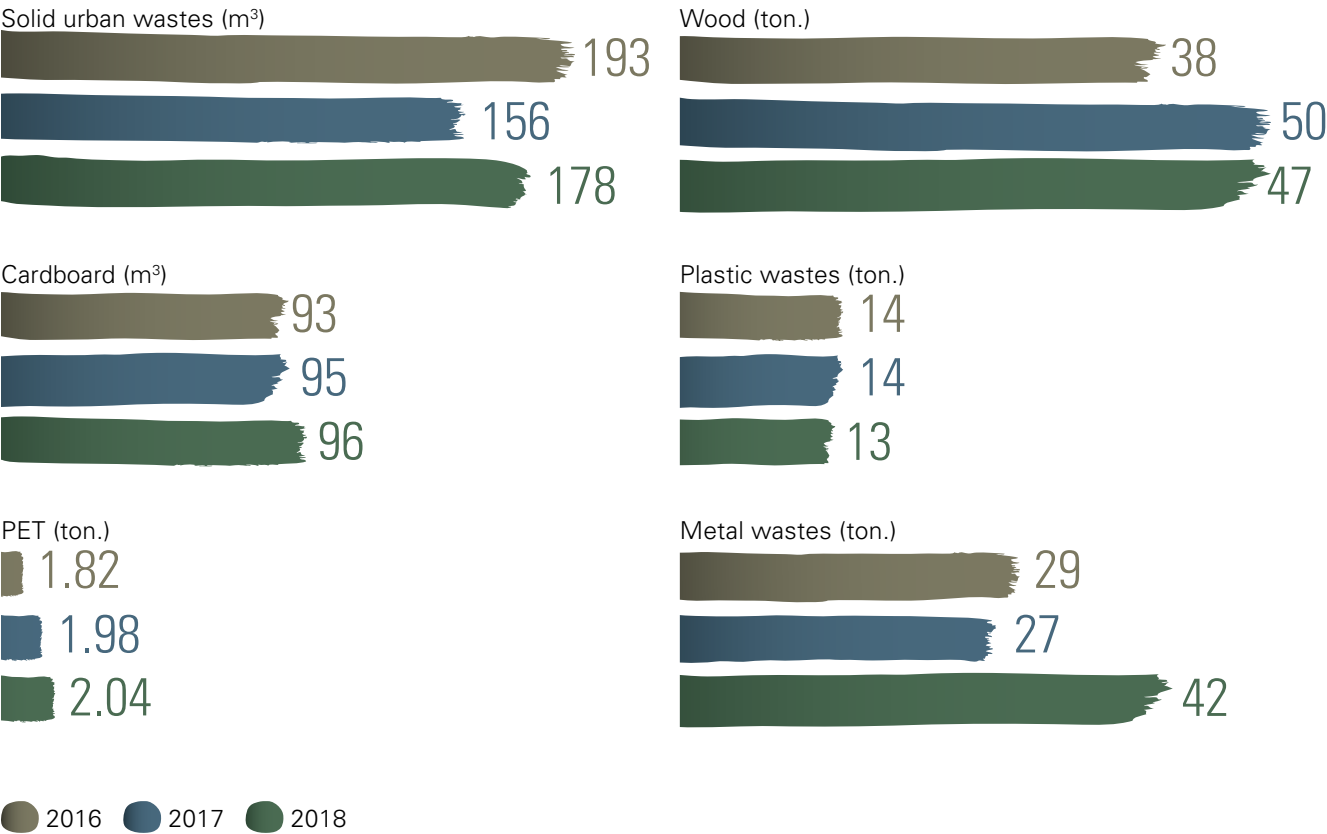
2016 2017 2018

WHAT WASTE MATERIALS DO WE GENERATE?

WE GENERATE TWO BASIC TYPES OF WASTE AND SCRAP, LINKED TO PRODUCTION OR COLLATERAL TO IT:

- **Special wastes:** Defined as such by the Federal Department of the Environment, Transport, Energy and Communications (DATEC), these require special disposal procedures.
- **Generic wastes:** these are linked mainly to daily operations and to packagings for incoming materials: PET, wood, solid urban waste and ferrous waste.

GENERIC WASTES



Our commitment at a glance



A challenge for the future?

We're doing everything we can to constantly reduce our impact in terms of consumptions and emissions. An important challenge in this context is our effort to increase the awareness of our partners in the value chain and stimulate them to act responsibly toward the environment, so that they understand the long-term benefits – including economic – of this approach.

Today's commitment

→ **Water consumption:**

- 44% in 5 years

→ **NO_x emissions:**

- 59% in 5 years

→ **Solid urban wastes:**

- 42% in 5 years

Tomorrow's commitment

QUIETER FACILITIES

We have been working with the authorities for years to monitor and limit the noise emissions generated by our facilities. We will install sound barriers to reduce our impact even more.

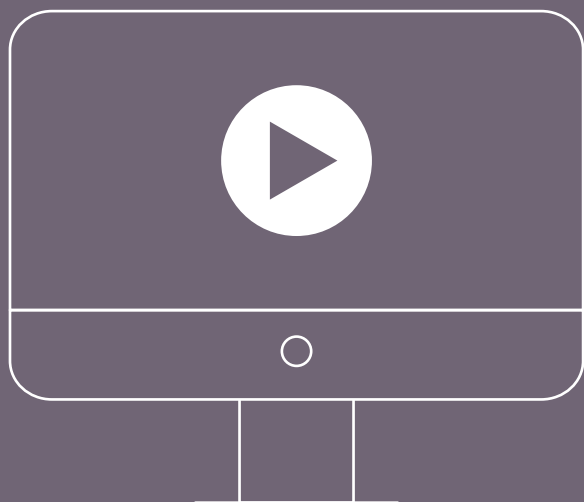
FROM SCRAP TO REUSABLE RESOURCE

We are preparing a process to reduce nitrates in waste water by transforming them into a product that can be used by other chemical industries.

ELIMINATION OF PAPER

We are working to eliminate paper in our company by digitising all processes. For now, we are focusing on the digitisation of the documents that accompany precious metal from when we receive it to when it is delivered.

5. Grow with our employees



Watch the video by Benedetta Masciari

Finance & Administration Director,
Argor-Heraeus

«Having a safe working environment, continuing to create innovation, and having all processes under control are definitely critical success factors for a company like Argor.»



www.argor.com

Our approach

Guaranteeing quality working conditions and safety at the workplace, and providing opportunities for training and continuous growth are absolute priorities. Thanks to our employees, we have become successful and can look to the future with confidence and optimism.

What does this mean in real terms?

VALUES, PRINCIPLES AND CLEAR 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 work in close contact with external bodies and institutions to guarantee constant updating on important issues.

AUDITS AND CERTIFICATIONS

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

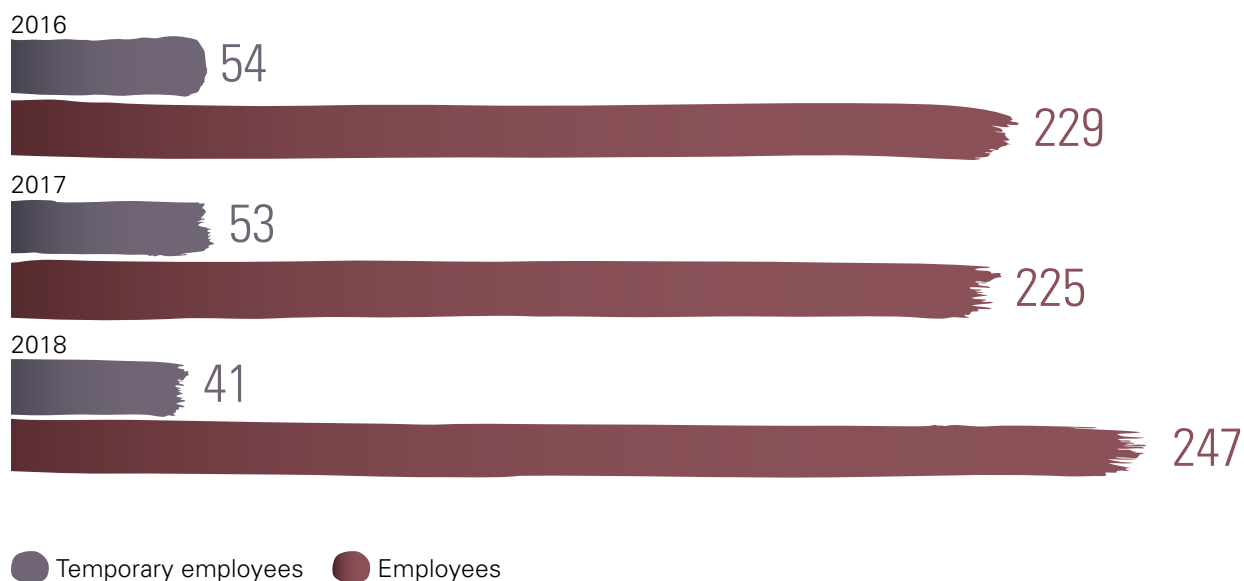
Composition of personnel

HOW MANY EMPLOYEES WORK AT OUR FACILITIES?

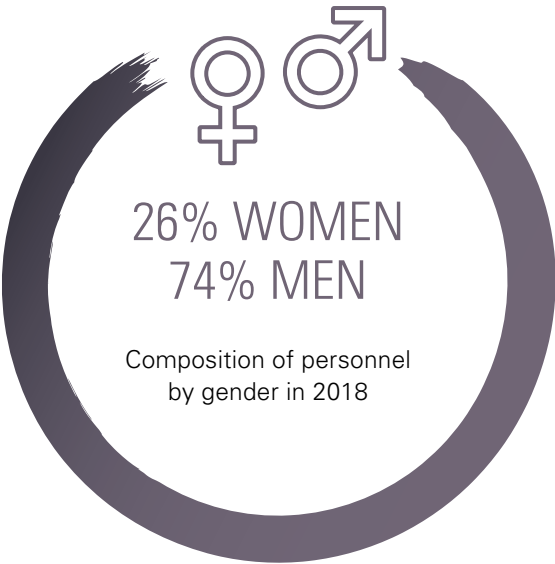
- In 2018, 288 employees worked at our Mendrisio headquarters, including 41 temporary employees who help handle the fluctuations in demand that characterise our industry.
- The number of full-time employees grew by 22 units in 2018.

- Compared to 2010, the year of our first Sustainability Report, the number of employees at Mendrisio has grown by 25%.
- **66 employees work at our other facilities. This figure does not yet include employees at the Hong Kong unit (about 60), who will be counted starting in 2019.**

EMPLOYEES



EMPLOYEES AT AFFILIATES IN 2018



WHAT IS THE TURNOVER RATE AT ARGOR-HERAEUS?

- Turnover is the rate at which employees leave the company compared to the total number of employees in a given time period. In 2018, the rate was 4%, down from 6.1% in 2017.
- The highest turnover was in 2014 (8.15%), after which it has always decreased.

EMPLOYEES TURNOVER RATE



WHAT IS THE AVERAGE TENURE OF OUR EMPLOYEES?

- **Our employees are very loyal: over 40% have been with us for 10 years or more**, and about 30% for 5 to 9 years.
- We are convinced that long-term tenure is a key factor in creating a shared company culture. We are also convinced that it is an important factor in our success.

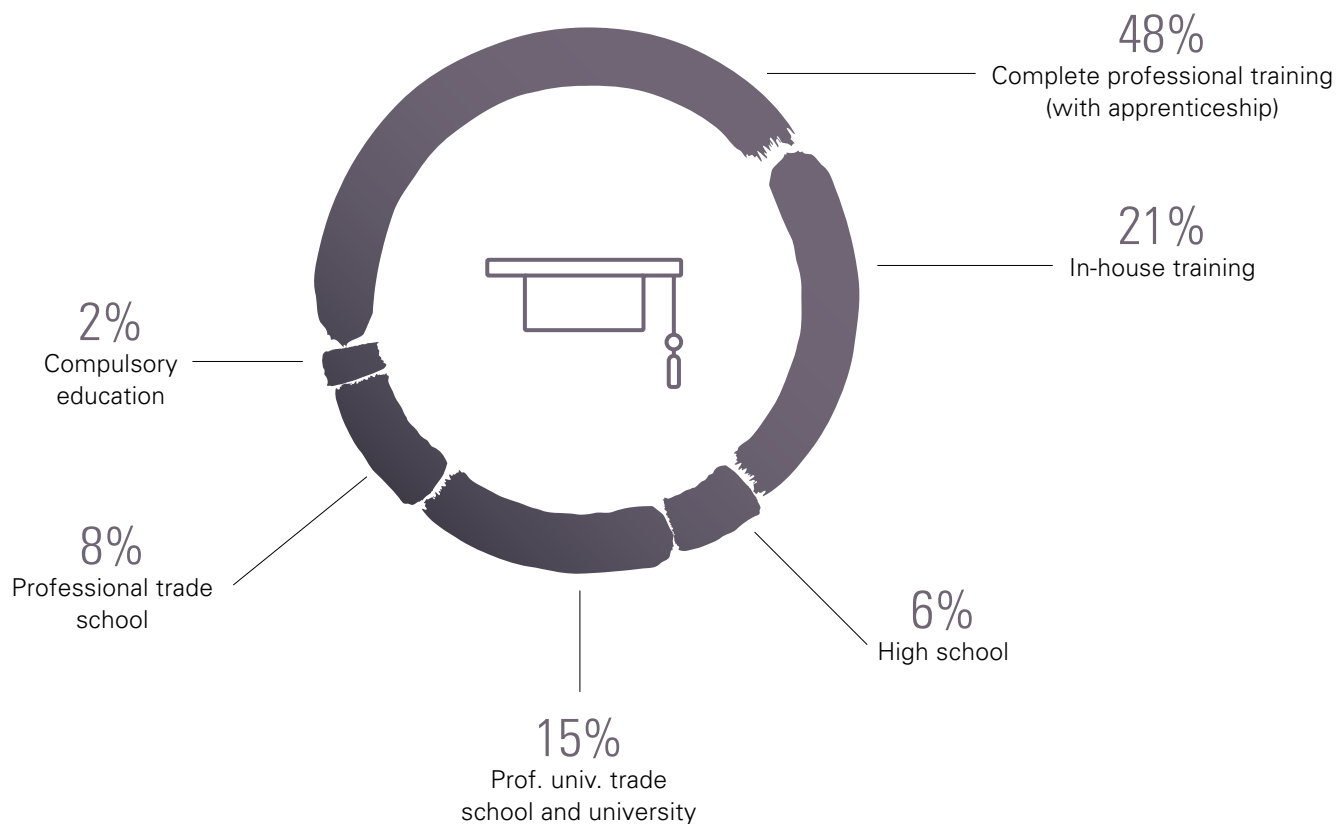
AVERAGE EMPLOYEE TENURE IN 2018



WHO IS THE TYPICAL ARGOR-HERAEUS EMPLOYEE?

- This is a very hard question to answer! **You can meet all kinds of professionals at Argor-Heraeus:** Economists, engineers, sworn assayers, jurists, chemists, technicians, workers, and many others.
- Our industry is very complex: numerous rules and regulations, business partners all over the world, state-of-the-art machinery and production processes. **Over 60% of our employees have complete professional training or a university degree.**
- **Since 2010, the number of our employees with a university degree has increased by 76%.**

EMPLOYEE EDUCATION LEVEL IN 2018 (%)



A PRIZE FOR GROWING TOGETHER

- **The Heraeus Award promotes ideas and projects of employees in Group companies throughout the world.**
- It awards exceptional ideas or projects in the following fields, essential for the Group's success: Innovation, Supply Chain, Commercial, Responsibility, Digital Transformation, and Leadership.
- **The 2018 Award in the "Responsibility" category went to a Heraeus Noblelight Project.**
- The team replaced the treatment of UV lamps with hydrofluoric acid by a new process: the lamps can be treated with ultrasound, significantly reducing environmental impact, increasing safety at the workplace, and cutting production costs. Congratulations!

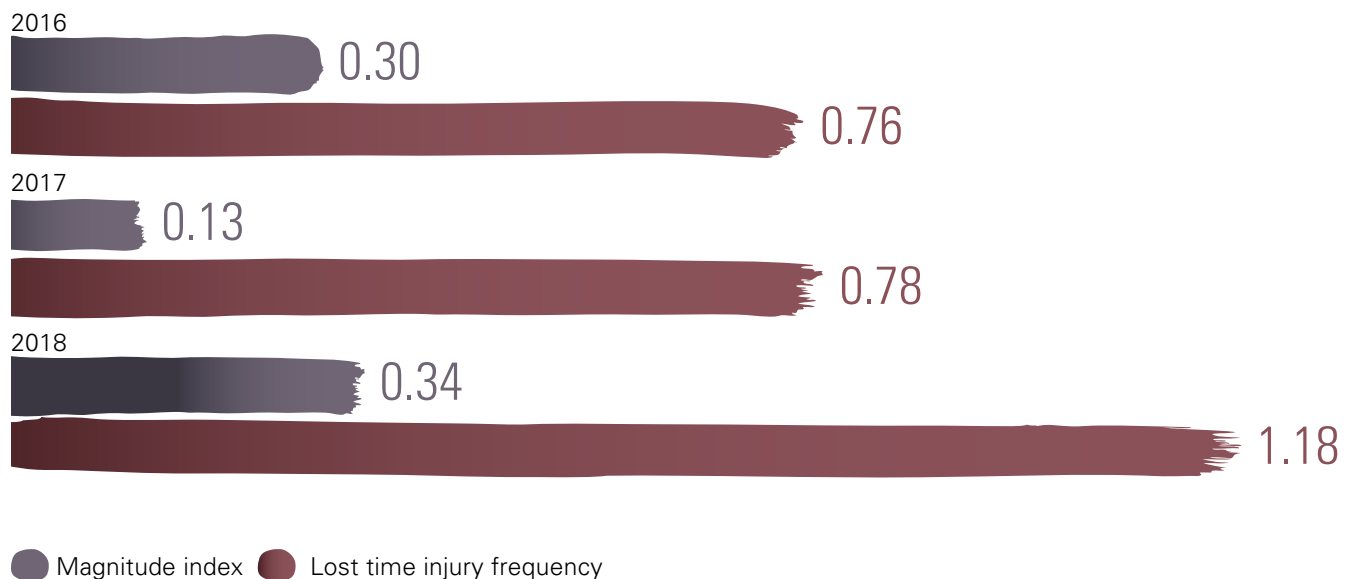
Health and safety at the workplace

CAN WE CONSIDER OUR COMPANY SAFE?

- It might seem a set phrase, but **safety is a priority for us**. We do a lot of work to ensure it: work process analyses, training courses, internal rules and codes of conduct, exercises and collaborations with outside partners.
- In 2018, the safety indicators worsened slightly, compared with the positive trend in previous years. There were a few more accidents (five compared with two last year) – fortunately not serious – that caused the employees involved to be absent from work for a few days.

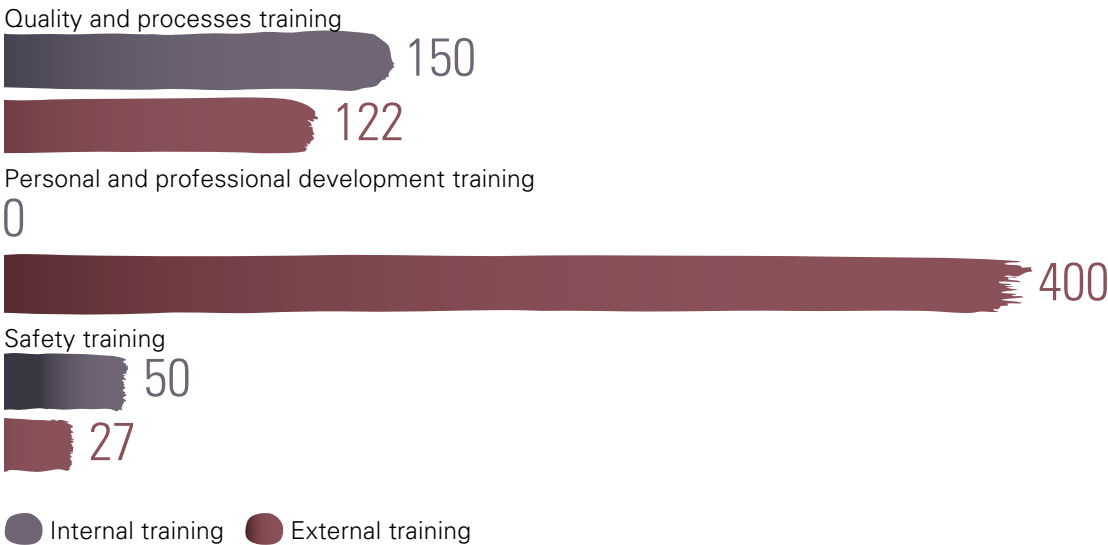
→ The Magnitude Index, which expresses the number of working days lost due to accidents every 1,000 days, was 0.34. The Lost Time Injury Frequency, which expresses the number of accidents recorded for every 100,000 hours worked, was 1.18.

MAGNITUDE INDEX / LOST TIME INJURY FREQUENCY



Training

TRAINING HOURS IN 2018



WHAT KIND OF TRAINING DO WE GIVE OUR EMPLOYEES?

We provide three types of training:

- **Quality and processes:** to ensure that all employees know our internal processes and procedures.
- **Personal and professional growth:** to increase our employees' skills in a wide range of fields (languages, IT, etc.).
- **Safety:** to inform all employees about company practices and safety rules.

EXACTLY HOW DO WE TRAIN OUR EMPLOYEES WITH REGARD TO SAFETY?

- **Group guidelines:** Safety is a crucial subject for Argor and our shareholder Heraeus. Therefore, a set of guidelines has been defined (Global Environment, Health & Safety Framework) to confirm the entire Group's management system principles and to be applied by all Business Units. Compliance with these principles and legal requirements is checked periodically by means of specific audits (EHS Legal Compliance).
- **Internal policies and procedures:** We have a series of internal rules and procedures for safety management that help our employees understand

and apply "good practices" concerning safety at the workplace.

- **Outside certifications:** Our management systems for safety, worker health, environment, and quality are validated by the most authoritative certification systems: OHSAS 18001, ISO 14001 and ISO 9001. The process for obtaining and maintaining these certifications demands rigorous instruction and training activities.
- **Training courses with outside partners:** In addition to internal training activities, we work with partners such as the Police, Ambulance personnel, and Fire Fighters to ensure that we can effectively handle possible crises and emergencies.

SAFETY TRAINING HOURS

2016



2017



2018



● Internal safety training ● External safety training

A SAFETY TASK FORCE

- To support our internal safety activities, Heraeus has created a Safety Task Force composed of experts and employees from several Group divisions.
- **Our objective? Increased awareness of safety at the workplace and prevent accidents in all sectors of the organisation.**
- The focus is on training managers and employees, on improving processes, and on targeted campaigns and safety days.
- All activities are reinforced by constantly updated communications to employees.

Our commitment at a glance



A challenge for the future?

The safety of our employees is an absolute priority. We will improve this aspect even more by revising our approach to management of health and safety at the workplace. The challenge for the future? Keep the number of accidents at 0. Every accident, no matter how small, is one too many.

Today's commitment

- **Number of employees:**
+10% in 2018
- **Turnover rate:**
4%
- **Health and safety at the workplace:**
0.34 working days lost per 1,000 worked

Tomorrow's commitment

REVISION OF SAFETY MANAGEMENT APPROACH

Our approach to the management of health and safety at the workplace will be fully revised in 2019, with a complete analysis of all processes involved.

NEW SAFETY TRAINING ACTIVITIES

We will continue the training of all line and functional managers together with a leadership programme that will allow all levels of the company's hierarchy to make their contribution.

ISO 45001 CERTIFICATION

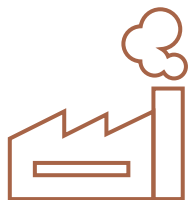
OHSAS18001 certification regarding management systems for health and safety at the workplace, which we obtained in 2014, was replaced by the new ISO45001 in 2018. We will undergo the evaluation process again to obtain the new certification.

About Argor-Heraeus

History

What are the principal events in our development?

We were founded in Ticino (Switzerland) in 1951, and since then we have been the “golden link” for our customers’ precious metal along the entire chain. In 2017 we became part of Heraeus Precious Metals (HPM) in Heraeus, the German technology group. HPM is the world’s leading provider of precious metals services.



1951

Argor SA is formed in Chiasso, Switzerland

1986

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

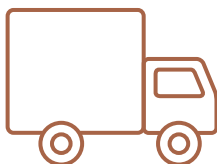


1999

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

2017

Argor-Heraeus becomes
100% owned by
Heraeus Group and is integrated
in the Heraeus Precious
Metals Global Business Unit.

2013

Mendrisio headquarters
is expanded

2006

Argor-Heraeus Italia
is formed

2018

Strengthened presence
in Asia with addition
of the Hong-Kong facility.

2015

Argor-Heraeus America Latina
is officially opened



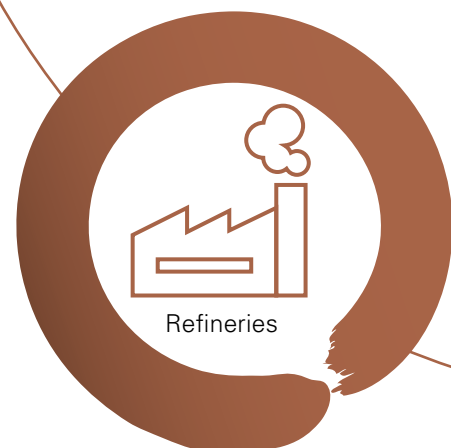
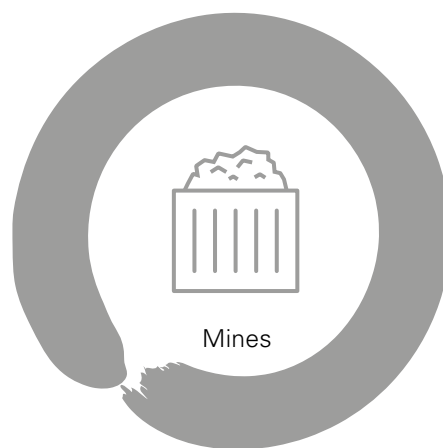
Heraeus Precious Metals

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. In the 2018 financial year, Heraeus generated revenues of 20.3 billion with approximately 15,000 employees (including staff leasing) in 40 countries.

Argor-Heraeus is fully integrated in Heraeus Precious Metals (HPM). HPM is a Global Business Unit of the Heraeus Group. HPM is a leading provider of precious metals services and products. All activities are related to a comprehensive expertise in the precious metals loop – from trading to precious metals products to recycling.

Heraeus Precious Metals is the world's largest refiner of precious metals and a leading name in industrial precious metals trading. Our precious metals products are used in a wide variety of industries, including the chemical, pharmaceutical, glass, electronics and automotive industries. Top quality solutions and products are based on many years of experience and technical expertise. Heraeus is a reliable development partner for its customers and find the best solutions for their requirements.

With eleven production and four trading sites in all relevant time zones, it provides a global production and logistics network. Trust and reliability, strict adherence to leading compliance standards, transparency and financial stability have formed the foundation of the business for more than 160 years.



Precious Metals Services

- Sale and purchase of physical/non physical precious metals
- Precious Metals risk management, pool accounts, transfers
- Recycling and Refining

Precious Metals Products

- Chemical Products
- Catalytic Gauzes
- Chemical Catalysts & Emission Catalysts
- Hydrogen Solutions
- Semi-finished products
- Functional Materials
- Pharmaceutical Ingredients
- Precious Coatings

2,300

Employees worldwide

4

Commercial sites

11

Production sites

OVER 100

Active patent families with patents in several countries around the globe

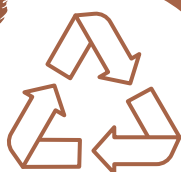
Product in 12 global industries

15

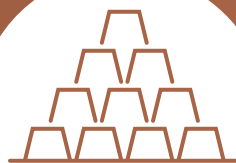
Technology platforms

110

Developers and researchers



Recycling



Products



Trading



Heraeus

www.heraeus.com



Heraeus Precious Metals

www.heraeus.com

Locations

WHERE ARE WE LOCATED?

We have a direct presence in 5 countries, and the Heraeus network gives us an indirect presence in over 40 countries. This widespread presence means that we can satisfy the needs of our global partners "on-site," forming long-term relations based on trust.

ARGOR-HERAEUS DEUTSCHLAND

2004 – Pforzheim, Germany

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

ARGOR-HERAEUS ITALIA

2006 – Cavenago-Brianza, Italy

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

ARGOR-HERAEUS AMERICA LATINA

2015 – Santiago de Chile, Chile

- 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

ARGOR-HERAEUS SWITZERLAND

1951 – Mendrisio, Switzerland

- 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-ALJBA

2004 – Mendrisio, Switzerland

- 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

HERAEUS PRECIOUS METALS HONG KONG

2018 – Hong Kong

- Refining and assaying of precious metals
- Production of cast and minted bars
- Services to support physical trading of precious metals

Governance



ROLE

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

REALIZED BY

- Shareholders meeting
- Board of directors
- Board of directors delegation
- Risk audit committee



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

REALIZED BY

- Internal compliance committee
- Credit committee
- Credit office
- Personnel commission

HOW DOES OUR CORPORATE GOVERNANCE SYSTEM WORK?

Our governance system doesn't just make rules to be followed: it involves all of our employees to ensure prosperous relations with our stakeholders and long-term success. We are now completing the harmonisation

of Argor-Heraeus' governance systems with those of Heraeus with regard to all aspects involving corporate social responsibility. Our representative is a member of the governance committee for CSR at the Group level to guarantee that alignment of the policies will cover every aspect of work performed in this context.



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

REALIZED BY

- Technical and quality control offices
- Quality control laboratory
- Safety, quality, and environment supervisors

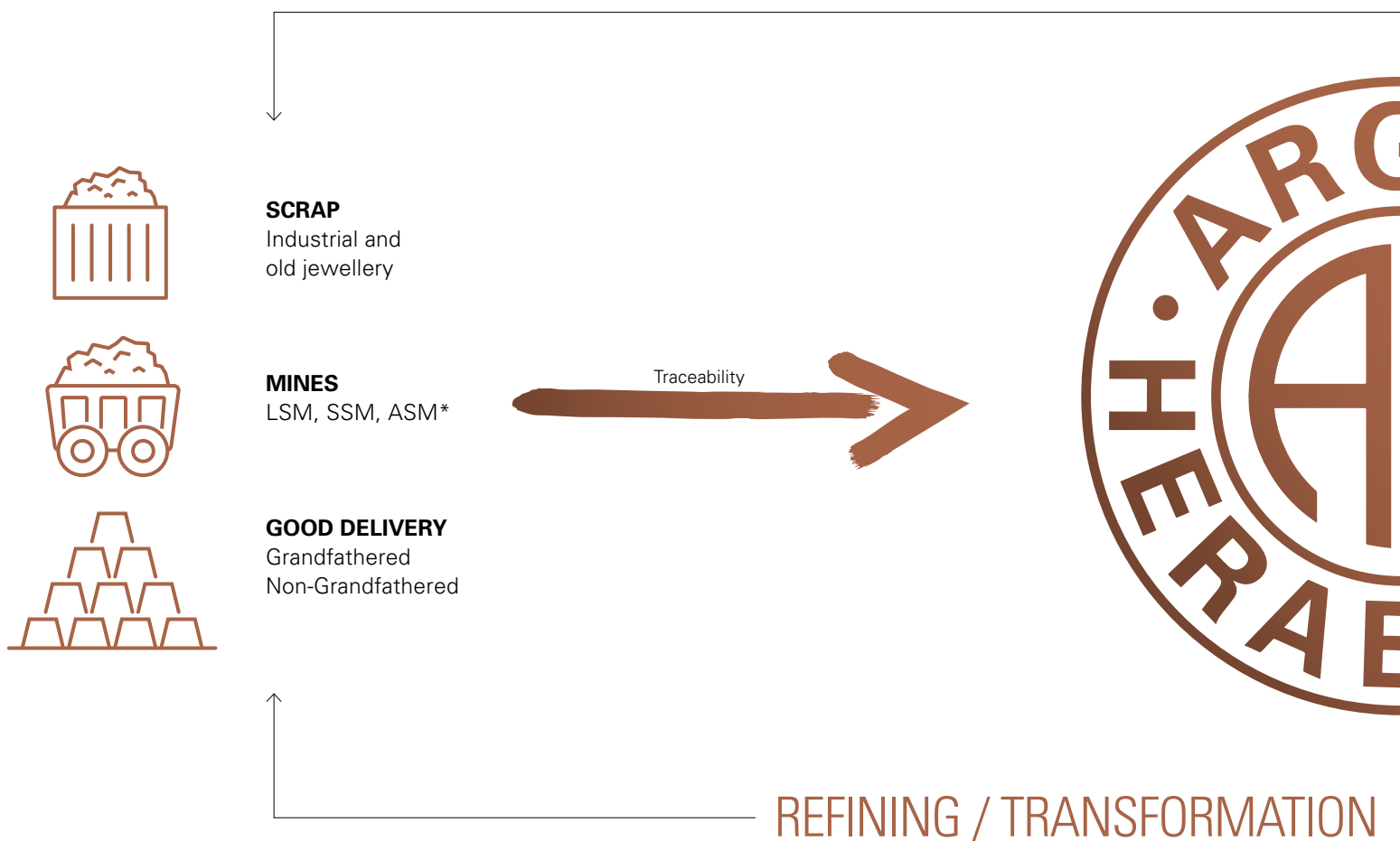
Internal and external auditors (private bodies and government authorities)

Audits and checks of process quality management system

Operations

WHAT DO WE DO?

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.



* LSM: Large-scale mines
SSM: Small-scale mines
ASM: Artisanal mines

WHAT METALS DO WE PROCESS?

We process gold, silver, platinum, and palladium that arrive as:

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

WHAT SERVICES DO WE OFFER?

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).

What is our 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

WHO ARE OUR CUSTOMERS?

In our industry, 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



Key challenges for the precious metals value chain (p. 26)

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 headquarters, where almost all the production takes place and most of the company’s employees work. Only significant indicators are reported for other locations. The Hong Kong affiliate was formally added in 2018, and only qualitative information is included for such year. Greater inclusion in the Sustainability Report will be evaluated starting next year.

Reference period

This Sustainability Report, prepared on an annual basis, covers the period from 1 January to 31 December 2018. The previous Sustainability Report refers to 2017.

Reference to GRI guidelines

This Sustainability Report was prepared in conformity to the latest Global Reporting Initiative (GRI) guidelines, “Core” option (version adopted: GRI Standards).

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 widely adopted. Therefore, we have decided not to subject this Sustainability Report to additional external certification audits.

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GRI Index

GRI 102: GENERAL DISCLOSURES (2018)

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