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# ***Independent Practitioner's Reasonable Assurance Report***

Heraeus Deutschland GmbH & Co. KG  
Hanau

Reasonable assurance engagement on the LPPM Refiner's  
Compliance Report of Argor-Heraeus SA, Mendrisio (Switzerland)  
for the period 1 January to 31 December 2022

Engagement: DEE00093098.1.1



**Independent Practitioner's Reasonable Assurance Report**

To Heraeus Deutschland GmbH & Co. KG, Hanau

We have been engaged to perform a reasonable assurance engagement on the accompanying Refiner's Compliance Report prepared by Heraeus Deutschland GmbH & Co. KG, Hanau (Germany), ("Heraeus Deutschland") for the business group Argor-Heraeus SA, Mendrisio (Switzerland), (the "Refiner") as defined in the Compliance Report for the period 1 January to 31 December 2022 (the "Refiner's Compliance Report").

**Management's Responsibility for the Refiner's Compliance Report**

The Management of Heraeus Deutschland is responsible for the preparation and presentation of the Refiner's Compliance Report in accordance with the LPPM Responsible Platinum/Palladium Guidance (version 4) as of November 2022 (the "Guidance").

This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived. The criteria identified by management as relevant for demonstrating compliance with the Guidance are the activities described in the Refiner's Compliance Report. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant to the proper preparation and presentation of the Refiner's Compliance Report, which is free of material misstatements due to intentional or unintentional errors.

**Audit Firm's Independence and Quality Control**

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

The audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Practitioner's Responsibility**

Our responsibility is to express a conclusion on the Refiner's Compliance Report based on our work performed. Within the scope of our engagement, we did not perform an audit on external sources of information or expert opinions, referred to in the Refiner's Compliance Report.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" published by IAASB and the supplementary guidance set out in the LPPM Responsible Sourcing Programme – Third Party Audit Guidance (version 4) as of November 2022. This Audit Guidance requires that we plan and perform the assurance engagement to obtain reasonable assurance whether the Refiner's Compliance Report, prepared by Heraeus Deutschland for the business group Argor-Heraeus SA, Mendrisio (Switzerland), for the period 1 January to 31 December 2022, in all material aspects, describes fairly the activities undertaken during the year to demonstrate compliance, and management's overall conclusion contained therein is in accordance with the requirements of the Guidance.

The procedures selected depend on the practitioner's judgement. This includes the assessment of the risks of material misstatements of the Refiner's Compliance Report with regard to the Guidance. Within the scope of our work we performed amongst others the following procedures:

- Interviews with the compliance officers in charge of the preparation of the Refiner's Compliance Report;
- Interviews with management and employees of departments in charge of recycling, purchasing, material management and trading;
- Inspection of relevant corporate guidelines and documents describing the management systems, due diligence and risk management approach towards a responsible supply chain;
- Inspection of documents managed in underlying due diligence IT system (Know Your Customer - KYC);
- Review of documentation of requirements on the group-wide processes for collecting, analyzing and aggregating data on the supply chain of platinum and palladium;
- Performance of onsite visits at the Refiner's location in Mendrisio (Switzerland) as part of the inspection of relevant systems, processes and controls; including process walkthroughs from supplier selection to materials receipt and lot processing as well as a physical tour of the production site;
- Evaluation of the consistency of the statements provided in the Refiner's Compliance Report with the findings obtained during our engagement.

### **Inherent limitations**

Non-financial information, such as that included in the Refiner's Compliance Report, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the subject matter and the methods used for determining such information. The methods used by the Refiner to comply with the Guidance may differ. It is important to read the Refiner's conflict minerals supply chain policy available in the download section on Refiner's website:

<http://herae.us/conflictminerals>

## Conclusion

In our opinion, the Refiner's Compliance Report, prepared by Heraeus Deutschland GmbH & Co. KG, Hanau (Germany), for the business group Argor-Heraeus SA, Mendrisio (Switzerland) for the period 1 January to 31 December 2022, in all material aspects, describes fairly the activities undertaken during the year to demonstrate compliance, and management's overall conclusion contained therein is in accordance with the Guidance.

## Restriction on Use and Distribution

We issue this report on the basis of the engagement agreed with Heraeus Deutschland. The audit has been performed for purposes of Heraeus Deutschland and is solely intended to inform Heraeus Deutschland about the results of the audit. The report is not intended for any third parties to base any (financial) decision thereon. We do not assume any responsibility towards third parties.

We refer to the fact that the Refiner's Compliance Report subject to our assurance engagement comprises the Annex list "Goods Origin Dec 2022" and the treatment of the Refiner. According to the LPPM Responsible Platinum/Palladium Guidance (version 4) as of November 2022 (the "Guidance"), this Annex detailing the countries of origin of mined platinum and palladium has to be submitted to the LPPM Executive only and does not need to be disclosed publicly.

Munich, 8 May 2023

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft



Hendrik Fink  
Wirtschaftsprüfer  
(German Public Auditor)



Theres Schäfer  
Wirtschaftsprüferin  
(German Public Auditor)

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## Introduction

ARGOR-HERAEUS SA (ARGOR), headquartered in Mendrisio, Switzerland, ensures that the precious metals are transformed into a 99.99 percent pure and determinable form for our customers with the highest precision and a multitude of precisely coordinated melting, chemical and mechanical worksteps.

In 2017, Heraeus Holding GmbH, acquired 100% of the shares in ARGOR and integrated the company into the global business unit “Heraeus Precious Metals “.

ARGOR’s products and services include the refining of gold, silver platinum and palladium as well as the production of (investment) bars for banks and traders. Furthermore, ARGOR manufactures semi-finished products for both watch and jewelry industry as well as products for the electronics and chemical industries.

ARGOR processes precious metals that come from three different sources:

- from material already certified as “Good Delivery”
  - from material out of mines
- and
- from recycled material, such as return material from industrial activity or old jewelry.

A big part of the raw material used by ARGOR comes from mines.

About 3,200 tons of fine gold are mined annually by an estimated 15 to 20 million people in 70 different countries.

Highly industrial mines are ARGOR’s main cooperation partners. A small portion of the mined gold comes from artisanal/small scale mines.

Since the annual demand for gold exceeds the capacity of primary gold production, recycling is an important alternative source.

Around 1,300 tons of the fine gold produced annually worldwide comes from recycled gold.

Recycled material sources have various origin; also, in addition to industrial return material and old jewelry, the so called “post-consumer gold” for recycling can also come from other sources. Small amounts of gold appear in electronic scrap such as chips, plugs and circuit boards.

ARGOR is continuously committed to creating sustainable and transparent value for all players along the entire value chain.

National governments, international organizations and industry associations are working on rules and regulations to ensure that the chain from the extraction of the raw material to the final customer is sustainable, compliant with all legal requirements and in accordance with ethical standards. The mixture of “soft” and “hard” law, in which developments ARGOR participated and

# ARGOR-HERAEUS

Switzerland

contributed, has evolved significantly in the past years, and continue to do so in future within the scope of continuous improvement.

LBMA Responsible Gold and Silver Guidance as well as the LPPM Responsible Platinum and Palladium Guidance, applicable to the all the Good Delivery Refiners, in addition to the measures to combat money laundering, terrorist financing and human rights abuses globally, have extended their scope to Environmental, Social and Governance (ESG) responsibilities.

ARGOR's commitments, including ESG aspects, are reflected in our policies published on the website: <https://argor-heraeus.com/regulations>.

Refiner's details	
Refiner's name	ARGOR-HERAEUS SA
Location	Via Moree 14, CH-6850 Mendrisio
Reporting year-end	01.01. - 31.12.2022
Date of Report	01.01.2023
Senior management responsible for this report	Robin Kolvenbach (Co-CEO) & Hans-Jürgen Deutsch (Co-CEO)

## Summary of activities undertaken to demonstrate compliance

The scope of this report focuses on the ARGOR's site in Mendrisio, Switzerland. However, all systems measures, and statements refer to and encompass all Heraeus Precious Metals (HPM) sites and their precious metals sourcing principles. Hence, the report also includes references to HPM officers and committees, which provides an additional layer of compliance management systems.

This report represents a summary of measures/actions/processes in place at ARGOR to comply with the LPPM Responsible Platinum and Palladium Guidance and of the LBMA Responsible Gold and Silver Guidance.



## Step 1: Company management systems

We have fully complied with Step 1: Established strong company management systems.

## Has the Refiner adopted a supply chain policy regarding due diligence for supply chains of gold and/or silver?

### **Compliance Statement with Requirement:**

ARGOR has adopted a strong policy regarding due diligence for supply chains of Precious Metals.

In 2004, we completed and started applying the Precious Metals Supply Chain Due Diligence Policy based on our company Policy of Compliance and Ethics. The Supply Chain Due Diligence Policy is fully compliant with Annex II of the OECD Due Diligence Guidance as well as with the LPPM Responsible Palladium/Platinum Guidance and LBMA Responsible Gold/Silver Guidance, the Swiss Conflict Minerals and Child Labor Due Diligence Legislation. The document includes requirements on prevention of money-laundering and terrorist financing according to the Swiss Anti-Money Laundering Legislation.

Regarding the latter, the Policy sets out our full commitment to:

- fight human rights abuses associated with extraction, transportation, and trade of precious metals;
- fight money laundering and terrorism financing;
- responsibility to conduct systematic risk-based due diligence over the entire supply chain;
- screen and monitor the transactions and governance structures in place to maintain adequate records of Due Diligence documents and supply chain traceability;
- ensure ongoing training for the staff involved in the supply chain.

The Policy also includes Environmental, Social and Governance (ESG) factors as per the LPPM and LBMA guidance.

Supply Due Diligence Policy as well as other relevant Policies and processes, are approved, regularly reviewed, and updated, when required, by the ARGOR's Senior Management as well as by the Heraeus Precious Metals (Group) senior management and the respective committees. Policies on local and group level are made available on the respective websites:

- <https://argor-heraeus.com/regulations>
- [https://www.heraeus.com/en/group/about\\_heraeus/corporate\\_responsibility/corporate\\_responsibility.html#sr\\_compliance](https://www.heraeus.com/en/group/about_heraeus/corporate_responsibility/corporate_responsibility.html#sr_compliance)
- [https://www.heraeus.com/en/group/about\\_heraeus/corporate\\_responsibility/conflict\\_minerals.html](https://www.heraeus.com/en/group/about_heraeus/corporate_responsibility/conflict_minerals.html)

### **Has the Refiner set up an internal management structure to support supply chain due diligence?**

ARGOR has set up an internal management structure to support supply chain due diligence.

## ***Internal Compliance Management System***

An efficient internal Compliance Management System (CMS) is an integral part of ARGOR overall management system. CMS main effort is to embed the supply chain due diligence into every single structure and process and to define the governance, roles, responsibilities, internal audit, and communication.

At ARGOR, the CMS has the task of identifying, evaluating, managing, and removing inherent compliance risks within the company. In principle, various internal risk categories can be defined as follows:

- risk regarding legal and regulatory requirements;
- risk regarding regulations of trade and industry associations, professional and association rules and guidelines;
- litigation risk;
- risk of financial losses (country risk, counterparty risk, business, and transaction risk);
- reputational risk.

The CMS is therefore not only effective within ARGOR, but also within the Heraeus Group and outside the organization.

## ***Structure of the ARGOR's Internal CMS***

A central component of the CMS is the “Know your...” approach, which is continuously used to check the legitimacy of potential and existing business partners based on legal and sector specific requirements.

The Human Rights Impact Assessment also ensures that human rights issues are a decisive part of risk management.

The ESG Impact Assessment also covers the protection of biodiversity in the supply chain.

To this end ARGOR continuously collaborates with the competent stakeholders on elaboration and application of the best applicable standards on responsible sourcing.

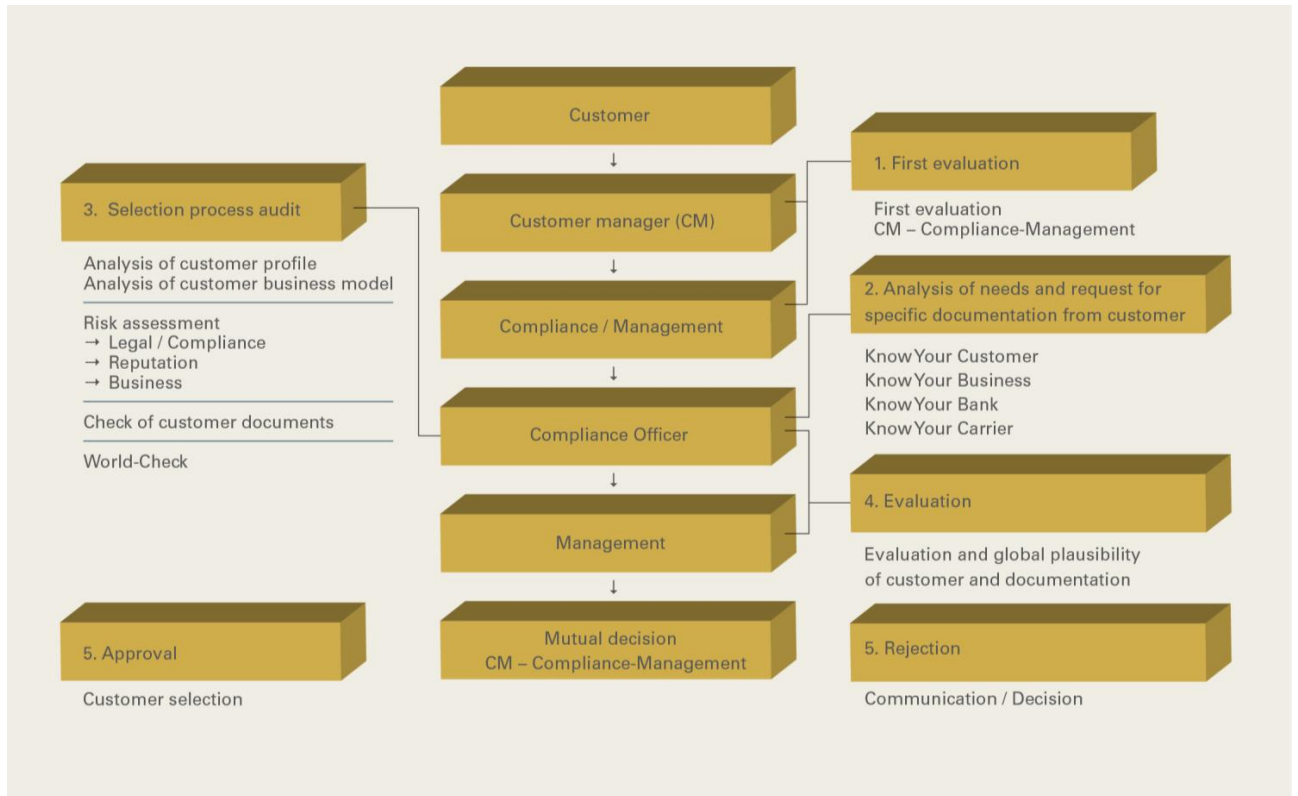
## ***Compliance Function***

The managing of the Due Diligence process is clearly defined. The Compliance Officer is assigned with the right competence and knowledge to take responsibility for the implementation of the supply chain due diligence processes and to report to the general management.

For the efficient implementation of the CMS at ARGOR, clear decision-making powers and reporting channels were defined. The system is based on three elements:

- Clear allocation of responsibilities
- Strict separation of competencies in compliance with the dual control principle
- A clear set of rules and transparent processes.

Reporting channels and accountability for control and decision-making:



The Compliance Officer is responsible for dealing with non-high-risk business relationships.

The decision-making power over high-risk partners, in turn, lies with the General Management.

The general management and its associated boards both locally (Risk Committee) and on Group level (Sourcing Committee) review major decisions. At the same time the global Compliance Officer oversees local decisions continuously. Part of the committee meetings is also transparency and training to foster transparency for all senior committee members.

At least annually, ARGOR conducts internal training to all the relevant employees on Anti-Money Laundering, Responsible Sourcing, and other pertinent topics.

Regarding the Annual Training 2022, 25 employees have participated, and the focus was on the following topics:

1. Anti-Money Laundering Legislation: current and new requirements;
2. Swiss Precious Metals Control Legislation: current and new requirements (including the Precious Metals Control Office as the new surveillance authority and obligation to apply for an authorization);
3. Responsible sourcing: Requirements and implementation of the LBMA Responsible Gold Guidance v. 9; LPPM Responsible Palladium and Platinum Guidance
4. Experience of ARGOR regarding the supply chain.

## 5. Compliance requirements on the Heraeus Group level.

The Internal Compliance Management System is continuously subject to updates as per applicable legislation, regulations, and internal standards within the scope of continuous improvement. In 2022 no breaches of the internal due diligence processes triggering internal sanctions have been noted.

Cash payments are generally forbidden, and no exceptions are made.

### **Has the Refiner established a strong internal system of due diligence, controls, and transparency over gold and silver supply chain, including traceability and identification of other supply chain actors?**

ARGOR has established a strong internal system of due diligence, controls, and transparency over Precious Metal supply chain, including traceability and identification of other supply chain actors.

ARGOR's Compliance Function responsibility includes evaluation, monitoring and plausibility checks of existing and potential business relationships upstream and downstream, as well as checking the economic background of its business activities and, if necessary, also of their partners along the value chain and to assess them.

Central elements of the evaluation process are:

- Identification and verification of the business partner, the acting persons, their partners, and suppliers (operating licenses, tax compliance, etc.);
- Determination and examination of the economic grounds as well as of the shareholders and controlling person/s;
- Determination and plausibility check of the intended business activity (assessment of economic sense, volume check);
- Determination and assessment of the origin of the material including respect of human rights, ESG factors and other relevant criteria as per the LPPM, LBMA and other relevant standards;
- On site visits: ideally before or within the first six months after start of a business relationship.

As per the above summary, we have established a strong internal system of due diligence, controls and transparency over the Precious Metal supply chain, including traceability and identification of other supply chain actors.

We have adopted a robust Precious Metals incoming receipts process: specific documents must be received, and transactional details entered before we process the precious metal-bearing material.

Particularly, within our traceability system, for each lot, based on the type of the material, we collect the following information/documents:

- Confirmation of the mining origin of the material;
- Type of the material received;

- Weight and assay;
- Shipping and transportation documents;
- A unique reference number assigned to each input and output order;
- Date of arrival and date of assay finalization.

Each lot received is accurately registered in our transactional system. Specific controls are carried out before processing the material as outlined in our internal guidelines.

ARGOR organizes regular training for the employees involved in the process to make sure the guidelines are followed and respected.

Any form of non-conformity is unacceptable and must be reported to the Compliance Officer, which proceeds with internal clarification and application of the respective processes. In 2022 there were identified no instances of incidents relating to the counterparty's identification, origin, and traceability of precious metals.

### **Has the Refiner strengthened company engagement with gold and silver supplying counterparties, and where possible, assisted precious metals supplying counterparties in building due diligence capabilities?**

ARGOR has strengthened its engagement with precious metals supplying counterparties, and where possible, assisted precious metals supplying counterparties in building due diligence capabilities.

We have also modified our supplier agreements to stay fully compliant with the OECD guidelines wherever possible.

On a regular basis, we conduct audits of our mining partners which are used to share ARGOR's values and standards and to assess their alignment with the requirements stated in our supply chain guidelines, with special focus on Child labor, Human rights and ESG issues. Proposals for possible optimizations of processes and documentations are discussed and document with our partners during on-site visits are followed up upon in future visits.

In principle, we expect all counterparties to adhere to OECD standards and submit respective assurance. Where visits are conducted by Heraeus, documentation and agenda are at a minimum followed along the most recent versions of the LPPM and LBMA questionnaires.

### **Has the Refiner established a company-wide confidential grievance mechanism?**

ARGOR has established a company-wide communication mechanism to promote broad-based employee participation and risk identification to management.

We have implemented the Grievance Policy which is accessible to any interested party, in person or anonymously, to voice concerns regarding the circumstances of precious metals extraction, trade, handling and export in a conflict-affected or high-risk area: <https://argor.adorator.io/wp-content/uploads/2021/07/Grievance-and-Whistleblowing-Policy.pdf> . Reports can be made via different methods: by phone, e-mail, by post and face to face.

In addition to the measures already in place such as trainings, portal posts and presentations during management meetings, we constantly enhance our processes and organization. In 2022, we focused on a stronger engagement with our parent and sister companies to profit from all staff experience. Furthermore, management oversight was strengthened beyond the legal entity CEOs to a Heraeus Precious Metals (HPM) Group level. Here, quarterly meetings of the sourcing committee with HPM-CEO, CFO, Compliance, Business Line Heads and local CEOs foster discussions, decisions and awareness of risk assessments, processes and organization.

In 2022 ARGOR did not receive grievances through the proposed reporting channels.

In addition to the official grievance channels, ARGOR is in constant contact with the relevant stakeholders including NGO's like SWISSAID, Human Rights Watch, Fastenaktion, others. As an example, at the end of 2022 we were contacted by Human Rights Watch, regarding one large scale mine in Africa. Notwithstanding the fact that the business relationship with the customer, subject of the request, was terminated, ARGOR supports continuous communication. It's of importance for ARGOR to be informed, be transparent and socially responsible.

## Step 2: Identify and assess risks in the supply chain

### **Compliance Statement with Requirement:**

We have fully complied with Step 2: identify and assess risks in the supply chain.

### **Does the Refiner have a process to identify risks in the supply chain?**

ARGOR has a process to identify risks in the supply chain.

We identify and assess risks in the supply chain. For every supplier, we have established a client database and allocated a risk profile according to our risk profile criteria. The process is a formal requirement before entering any business relationship with a supplying counterparty. Our due diligence process is carried out on a risk-oriented approach.

In particular, the time interval between checks on existing upstream business partners depends on whether the business partner is classified as a high risk or a non-high risk. The frequency of the reviews is once a year for high-risk customers and every three to five years for non-high-risk ones.

We use proper modelling techniques to map our KYC (Know Your Client) process which are used as a reference to identify possible risks in our supply chain and are also ideal training tools. Compliance Officer takes care of the risk assessments and continuous monitoring based on the information received internally or from the relevant tools. KYC screening tools include RepRisk, Factiva, Worldcheck and other open sources.

### **How does the Refiner classify identified risks in light of the standards of its due diligence system? Comments and Demonstrations of Compliance:**

ARGOR does assess risks in light of the standards of their due diligence system.

ARGOR performs its Supply Chain Due Diligence in line with all measures required by the LPPM, LBMA and other applicable standards before entering into a business relationship with any precious metal counterparty. We constantly monitor all transactions which take place through the course of the entire business relationship, and we conduct appropriate scrutiny and monitoring of the counterparts on a regular basis. Identified risks that require further investigation are managed by applying a strong risk-based approach.

The criteria for high-risk business relationships and transactions are regularly reviewed and updated, when required. These are based mainly on the Swiss Anti-Money Laundering Legislation, LBMA Responsible Gold and Silver Guidance and LPPM Responsible Palladium and Platinum Guidance.

Supply chain Due Diligence risk-based approach includes the risk categories based on the identification of the customer and on the origin of the material. These include (non-exhaustive list): Politically Exposed Persons; nationality, domicile of the customer, ultimate beneficial owner, legal representatives in high-risk countries; complex structures; presence in international sanctions lists; location of the operations in the high-risk area; origin of the material from high-risk country, World Heritage Site, protected area; transportation of precious metals via high-risk area; human rights and ESG negative impacts including mercury use; artisanal small-scale mining; money-laundering and terrorism financing risks and others.

High-risk assessment is performed by Compliance Officer with the use of external reliable sources and indexes such as Heidelberg barometer, FATF lists, SECO and International Sanctions lists, UNICEF workplace Index; EU CAHRA List, Dodd Frank's 1502, NGO Reports, others. Supporting instruments are also platforms like Worldcheck, FACTIVA, RepRisk.

All the customers classified as a high-risk are subject to the enhanced due diligence and continuous monitoring. On-site visits are mandatory, possibly before, but at least within the 6 months of the business relationship commencing.

Account opening of all the high-risk business relationships is subject to the approval by the general management as well as annual review and confirmation of the continuance of the business with such customers.

For existing customers, in case of identification of risks as per internal management strategies and processes, internal clarifications are performed. Based on their results, the business relationship will be terminated, suspended, continued with improvement plan or continued regularly if potential risks are not confirmed or are mitigated. In cases of known instances and founded suspicion, it is mandatory to proceed with communication to the relevant authorities and LPPM.

As of 31.12.2022 ARGOR had 71 customers classified as a high-risk. Mainly, these customers or their beneficial owners or legal representatives are located in a high-risk country (to consider that countries which are not FATF members are classified as a high-risk); they are Politically Exposed Persons or are Artisanal/Small Scale Mines. No zero-tolerance cases were identified.

**Has the Refiner undertaken EDD measures for identified high-risk supply chains?**

ARGOR undertakes the EDD measures based on the type of the precious metals bearing material. These include (non-exhaustive list): identification of all the participants of high-risk supply chain until the origin of the material, understanding of the risk of human rights violations, compliance with environmental standards, nature of security services provided in the mine, support to illegitimate non-state armed groups, compliance with tax requirements, assessment of due diligence processes for the recycling customer supply chain. Additionally, for artisanal/small scale mining, a detailed understanding of the structure and participants to the supply chain, mercury use. For the due diligence on this category of suppliers, ARGOR cooperates with the relevant organizations and standards like SBGA.

One of our EDD measures for high-risk customers is the on-site visit. For such a visit our main guidance regarding documentation and a help to set the agenda is the LPPM questionnaire. Visits are undertaken by experienced inhouse staff from ARGOR or from the Heraeus Group, trained on the job over time by other experts. Results are checked via four eye principle and documented as described. Additionally, external consultants can be engaged due to capacity reasons, travel restrictions or specific expertise. Basic visit contents and documentation expectance does not change though. Furthermore, external visits shall not be conducted by the same external entity twice and external visits shall always be followed by internal staff visits where possible. Furthermore, we aim to achieve a maximum of 5 years between visits with much shorter periods as needed.

Deviations from the standard (e.g., Covid travel restrictions) are mitigated by a constant transparency note to the Sourcing Committee about outstanding visits, priorities, and the scheduled roadmap to full policy compliance.

In our partnership with intermediate refiners, in addition to our internal Due Diligence requirements and the Independent Assurance Report on compliance with the OECD aligned responsible standard, we require additional information/documents which help us to understand and identify red flags on the Intermediate refiner supply chain. These additional requirements can be represented by, but not limited to, policies and procedures and work with our partners on roadmaps to receive independent assurance reports on the communicated policies. This process - where needed – is currently ongoing and progress is reported to the management.

ARGOR has informed the respective business partners on the requirements on Intermediate Refineries to comply with by the end of June 2023 in order to continue collaboration. In case of non compliance within the timeline, such business relationships will be stopped.

In 2022 ARGOR conducted programmed on-site visits to its mining and recycled material suppliers. Regarding mining customers, there were completed 8 on-site visits, two of which were conducted by external assessors.

In addition to the areas of assessment as per the LPPM and LBMA on-site visit report template, additional focus during most of the mining on-site visits has been put on the artisanal mining near the customers mining concessions and the connected risks, community relationships and environmental impact.

**Does the Refiner report risk assessment to the designated manager?**



ARGOR reports risk assessment to general management.

The Compliance Officer verifies the potential risks in line with the internal codes of ARGOR as well as the OECD guidelines and the FATF-Rules as well as Swiss AML-Rules. All new high-risk suppliers must be approved by ARGOR senior Management, while those existing must be confirmed once a year. Quarterly an internal risk committee of ARGOR is conducted. Additionally, (see above) the ARGOR Compliance Officer involves the Heraeus Precious Metals Compliance Officer, which in turn informs the HPM Sourcing Committee about high-risk suppliers.

### Step 3: Risk management

#### **Compliance Statement with Requirement:**

We have fully complied with Step 3: Design and implement a management system to respond to identified risks.

#### **Does the Refiner have a process to respond to the identified risks by either (i) mitigating the risk while continuing to trade, (ii) mitigating the risk while suspending trade or (iii) disengagement from the risk?**

ARGOR has adopted an automated and permanent screening of all business partners to identify risks in the supply chain. The screening allows us to manage risk through a rigorous risk assessment of all business partners and transactions through a regular re-assessment. In addition, identified risks are brought up from Compliance or business or any other stakeholder to the internal Risk Committee which after a careful analysis decides how to proceed and what kind of action/measures must be taken. Additionally, the risks with potential higher impacts are as well reported and monitored to/by the HPM Sourcing Committee.

The results of the risk management strategy adopted are the following: to identify the risk by either (i) mitigation of the risk while continuing to trade, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk, reporting accordingly.

#### **Where a management strategy of risk mitigation is undertaken, it should include measurable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk and regular reporting to designated senior management.**

Corresponding procedures are in place and are applied accordingly. In case our risk assessment identifies high risk criteria, we actively approach our supplier to receive further information. If we cannot mitigate our risk assessment, the decision of closing the business relationship could be taken. Preferably, we engage our existing partners with requests for a long-term roadmap commitment, where short-term actions are not feasible. With this approach, we ensure ongoing and productive cooperation and retain measurable next steps. A clear commitment to specified steps and goals however is mandatory for a continuation of business.

During 2022 ARGOR conducted Internal clarifications on 9 cases. The adopted measures, based on the case, included contact with the relevant customer, internal analysis, and research, contact with authorities and relevant stakeholders, on-site visits.

All the measures as described above were duly implemented, followed, and registered. Cases still to complete, are subject to continuous monitoring.

There are two cases where customer engagement has been terminated due to information acquired during regular DD. With both, business relationships were already blocked before 2022.

ARGOR continuously cooperates with the relevant stakeholders including national, international authorities, associations, NGO's. Constructive and efficient cooperation is a necessary step to a transparent and responsible supply chain.

#### Step 4: Arrange for an independent third-party audit of the supply chain due diligence

##### **Compliance Statement with Requirement:**

We have fully complied with Step 4: arrange for an independent third-party audit of the supply chain due diligence.

##### **Comments and Demonstration of Compliance:**

ARGOR engaged the services of the assurance provider PricewaterhouseCoopers GmbH, and their independent reasonable assurance report can be viewed as soon as available on [www.argor.com](http://www.argor.com). PwC has been chosen as a trusted, independent, and accredited global LPPM and LBMA partner.

#### Step 5: Report on supply chain due diligence

##### **Compliance Statement with Requirement:**

We have fully complied with Step 5: Report on supply chain due diligence.

Further information and specific details of how ARGOR systems, procedures, processes, and controls have been implemented to align to the specific requirements have been set out in our supply chain policy, which is available on our company website [www.argor.com](http://www.argor.com).

##### **Management conclusion**

##### **Is the Refiner in compliance with the requirements of the LPPM Responsible Palladium and Responsible Platinum Guidance for the reporting period?**

Yes, ARGOR is in compliance with the requirements of the LPPM.

In conclusion, ARGOR implemented effective management systems, procedures, processes, and practices to conform to the requirements of the LPPM Responsible Palladium Guidance and of the

Responsible Platinum Guidance, as explained above in the “Summary of the activities undertaken to demonstrate compliance”, for the reporting year ended 31 December 2022. ARGOR is committed to continuous improvement, and any corrective actions identified will be monitored internally on a regular basis.

## Other report comments

If users of this report wish to provide any feedback to ARGOR with respect to this report, they can contact corporate relations on [hans.deutsch@heraeus.com](mailto:hans.deutsch@heraeus.com).



Hans Deutsch

Handwritten signature of Hans Deutsch in black ink.

Co-CEO

Robin Kolvenbach

Handwritten signature of Robin Kolvenbach in black ink.

Co-CEO