

**ARGOR-HERAEUS SA
Mendrisio (Switzerland)**

**Independent Limited Assurance Report
LBMA Responsible Gold Guidance**

For the year ended 31 December 2023

Independent Limited Assurance Report to the Board of Directors of ARGOR-HERAEUS SA, Mendrisio, Switzerland

We were engaged by ARGOR-HERAEUS SA to provide limited assurance on its Refiner's Compliance Report for the year ended 31 December 2023.

The assurance scope consists of the Refiner's Compliance Report and the Country of Origin Annex.

Responsibilities

The Board of Directors of ARGOR-HERAEUS SA is responsible for the preparation and presentation of the Refiner's Compliance Report and the Country of Origin Annex in accordance with the *LBMA Responsible Gold Guidance* (the Guidance). This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived. The criteria identified by the directors as relevant for demonstrating compliance with the Guidance are the activities described within the Refiner's Compliance Report. Our responsibility is to carry out a limited assurance engagement in order to express a conclusion based on the work performed. We conducted our assurance engagement in accordance with International Standard on Assurance *ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board and the guidance set out in the *LBMA Responsible Gold Programme – Third Party Audit Guidance for ISAE 3000 Auditors (the Audit Guidance)*.

This report and its annex have been prepared for ARGOR-HERAEUS SA for the purpose of assisting the Board of Directors in determining whether ARGOR-HERAEUS SA has complied with the Guidance and for no other purpose. Our assurance report is made solely to ARGOR-HERAEUS SA in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than ARGOR-HERAEUS SA for our work, or for the conclusions we have reached in the assurance report.

Inherent limitations

Non-financial information, such as that included in the Refiner's Compliance Report and the Country of Origin Annex, is subject to more inherent limitations than financial information, given to more qualitative characteristics of the subject matter and the methods used for determining such information. The methods used by Refiners to comply with the Guidance may differ. It is important to read the ARGOR-HERAEUS SA supply chain due diligence policy available on ARGOR-HERAEUS SA's website.

Independence and competency statement

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We have applied International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and accordingly maintained a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Emphasis of matter paragraph

We draw attention to the fact that the Country of Origin Annex is not publicly available.

Conclusion

Based on the limited assurance procedures performed, as described above, nothing has come to our attention that would lead us to believe that ARGOR-HERAEUS SA's Compliance Report for the period from 1 January 2023 to 31 December 2023, did not in all material respects, describe fairly the activities undertaken during the year to demonstrate compliance, and Management's overall conclusion contained therein is not in accordance with the requirements of the LBMA Responsible Gold Guidance, Version 9 dated November 2021.

MAZARS Ltd



Franck Paucod
Licensed Audit Expert
(Auditor in Charge)



Aude Vatrej
Licensed Audit Expert

Geneva, March 28, 2024

Enclosures

- ARGOR-HERAEUS SA's Compliance Report 2023

Copy to London Bullion Market Association

Introduction

ARGOR-HERAEUS SA, headquartered in Mendrisio, Switzerland, provides highly customized solutions in terms of products and services, with particular attention to the quality and responsibility of the precious metals processed.

ARGOR-HERAEUS belongs to a family-owned company. In 2017, Heraeus Holding GmbH based in Hanau, Germany, increased its stake to 100% of the shares in ARGOR-HERAEUS and integrated the company into the Operational Company “Heraeus Precious Metals “.

ARGOR-HERAEUS’ products and services include the refining of gold, silver, platinum and palladium from primary and secondary sources as well as the production of coins, (investment) bars for banks and traders. Furthermore, semi-finished products and finished parts are manufactured for both watch and jewelry industry as well as products for the electronics and chemical industries.

ARGOR-HERAEUS 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 significant part of the raw material used by ARGOR-HERAEUS originates from mines.

Highly industrialized mines or Large-Scale Mines (LSM) are ARGOR-HERAEUS’ main cooperation partners. A small portion of the mined gold comes as well from artisanal/small scale mines (ASM).

In this regard, as a founding member of the Swiss Better Gold Initiative (SBGA), ARGOR-HERAEUS is strongly committed to supporting the ASM Sector. Ensuring responsible practices is crucial for a secure and sustainable social development in the respective mining communities. We acknowledge the complexities involved in formalizing ASM. However, we recognize that these efforts are necessary to support these miners to access the official precious metals market and good market conditions. By enabling this market access, we allow the ASM community to build a sustainable business case and thus contribute to improving the living and working conditions of the many individuals who directly or indirectly depend on these mines. As part of this commitment, we offer Swiss Better Gold, Fairmined Gold and Fairtrade Gold to our customers, hence advocating for more sourcing from responsible ASM suppliers. We are also actively involved in these initiatives to support the mines in phasing out the use of highly toxic mercury and doing without it altogether. By paying market prices and an additional premium, we not only enable an improvement in working and living conditions, but also protect flora and fauna and safeguard biodiversity. An important and alternative source to the mining is secondary sources.

Secondary material sources have various origins. It includes industrial scraps and old jewelry, the so called “post-consumer gold” and precious metals investment bars. Small amounts of gold are contained also in electronic scrap such as chips, plugs and circuit boards.

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ARGOR-HERAEUS is highly 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 origin of the precious metals to the final customer is traceable, sustainable, compliant with all legal requirements and in accordance with ethical standards. The mixture of industrial and legal regulations, in which developments ARGOR-HERAEUS participates and contributes, has evolved significantly in the past years, and continues to do so in future within the scope of continuous improvement.

The OECD Due Diligence Guidance for Responsible Supply Chains of minerals from conflict-affected and high-risk areas (OECD Guidance) with its five steps framework represent one of the benchmark references for the 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 responsible sourcing requirements like measures to combat money laundering, terrorist financing and human rights abuses globally, the Precious Metals industry Standards have extended their scope to Environmental, Social and Governance (ESG) responsibilities.

Regarding the Swiss applicable laws, ARGOR-HERAEUS, being a precious metals refinery, is classified as a financial intermediary and is subject to compliance with the Swiss AML Legislation. From January 1, 2023, it is subject to surveillance by the Swiss State Authority Central Precious Metals Control Office. Annual audits are conducted to ensure compliance of ARGOR-HERAEUS with the Swiss AML Legislation.

With the entrance in force on January 1, 2022, with the transition period of one year, of the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTrO), ARGOR-HERAEUS reviewed its Internal Compliance Management processes and procedures to ensure compliance with the DDTrO provisions as it was duly audited by an external auditor MAZAR.

ARGOR-HERAEUS' 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. - 31.12.2023
Date of Report	01.01.2024
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-HERAEUS' 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-HERAEUS to comply with the LBMA Responsible Gold and Silver Guidance, the LPPM Responsible Platinum and Palladium Guidance and with the Swiss Conflict Minerals and Child Labor Due Diligence and Transparency Obligations. In particular, art. 964 j-l of the Code of Obligations and the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTrO)

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-HERAEUS 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 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 LBMA guidance.

Following the enforcement of the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTrO) provisions of the Supply Chain Policy were integrated with additional references to child labor.

Supply Due Diligence Policy as well as other relevant Policies and processes, are approved, regularly reviewed, and updated, when required, by the ARGOR-HERAEUS' 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/hpm/responsibility/compliance_hpm/compliance.html

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

ARGOR-HERAEUS 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-HERAEUS 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-HERAEUS, 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-HERAEUS, but also within the Heraeus Group and outside the organization.

Structure of the ARGOR-HERAEUS' 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-HERAEUS 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.

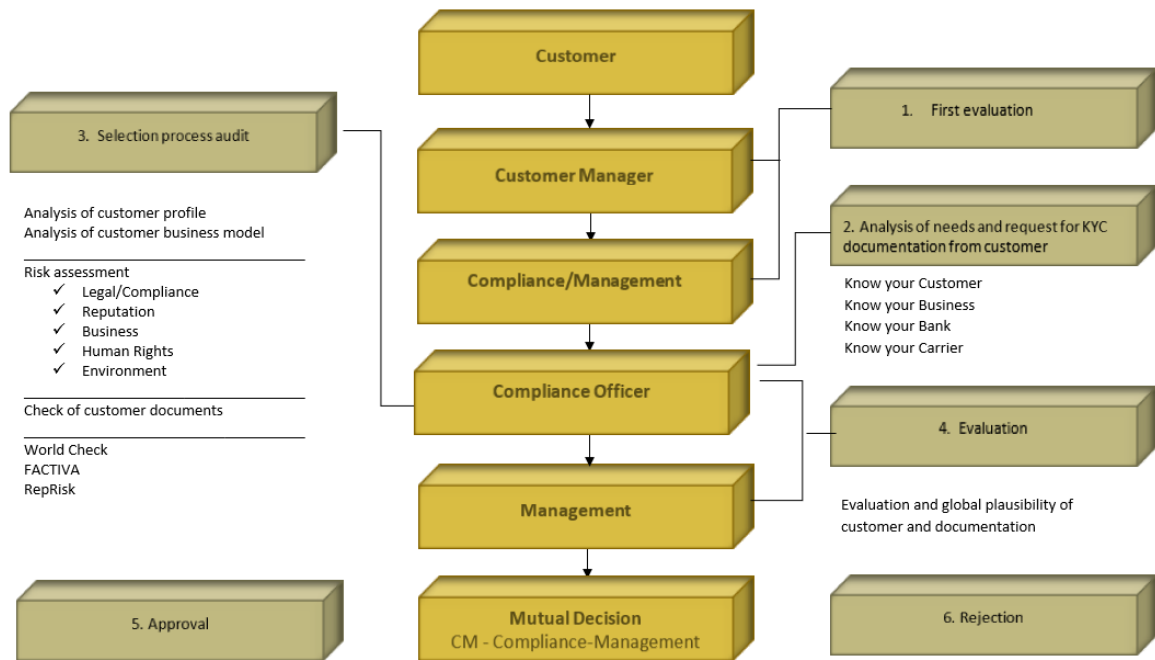
For the efficient implementation of the CMS at ARGOR-HERAEUS, clear decision-making powers and reporting channels were defined. The system is based on three elements:

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

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

Regarding the Annual Training 2023, conducted by the ASFCMP, a total of 38 employees, involved in compliance, from ARGOR-HERAEUS and the Heraeus Precious Metals Business Unit, attended. Focus of the training was on the Swiss Anti-Money Laundering Legislation; supervision of the Swiss precious metals industry; responsible sourcing with attention to transparency; different sources of risk; Non-Good Delivery Refineries. Additionally, internal training on ARGOR-HERAEUS Policies was conducted to all the employees of ARGOR-HERAEUS. On the Group level, on-line trainings on compliance topics, including anti-bribery and corruption, are regularly conducted.

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

2023 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-HERAEUS 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-HERAEUS' 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 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--HERAEUS 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 2023 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--HERAEUS 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..

On a regular basis, we conduct assessments of our mining partners which are used to share ARGOR-HERAEUS' 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. Proposals for possible optimizations of processes and documentations are discussed and documented with our partners during on-site visits are followed up upon in future visits.

In 2023, as a follow up of on-site visits to some of our mining business partners, we started implementation of improvement measures with 5 mines. Main topics of interest are EHS, Security Management, Human Rights and relationship with ASMs.

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

Payments

All the payments to/from ARGOR are done via banking channels. Cash payments are prohibited.

During reporting period, ARGOR didn't buy mined precious metals from a State-Owned Enterprises operating in an EITI country.

However, in 2023 ARGOR purchased gold from one State-Owned customer based in Azerbaijan.

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

ARGOR-HERAEUS 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: [Grievance-Policy -EN 2024 clean.pdf \(adoratorio.app\)](#). Reports can be made via different methods: by phone, e-mail, by post and face to face. In 2023 we have added new channels for communication of grievances and increased the visibility of the grievance mechanism on our homepage <https://argor-heraeus.com/grievances>. In addition to those already existing, it offers now international telephone contacts with local phone numbers and in local language as well as an instant chat availability in more than 100 languages to broaden the possibilities of launching grievances.

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 2023, 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. The at least quarterly local compliance meetings have been conducted as well, involving all related functions, like compliance, legal, sales and management.

In 2023 ARGOR-HERAEUS did not receive grievances through the official reporting channels.

In addition to the official grievance channels, ARGOR-HERAEUS is in constant contact with the relevant stakeholders including NGO's such as SWISSAID, Human Rights Watch, Fastenaktion and many others.

As an example, the NGO Human Rights Watch approached ARGOR-HERAEUS with a case from previous years regarding the mining company Midroc Gold Mine Plc in Ethiopia.

ARGOR-HERAEUS stopped its business relationship with Midroc Gold Mine Plc in 2018, on the day our monitoring systems first detected negative public reporting. At all times ARGOR-HERAEUS have fully complied with the applicable due diligence requirements of the OECD, LBMA, and the Responsible Jewellery Council (RJC). The studies quoted by Human Rights Watch were produced only after the situation became known and we had already ended our relationship with Midroc Gold Mine Plc. Over the past years, several organizational and process changes were implemented to respond more directly to risks in ARGOR-HERAEUS' value chain. Since being contacted by Human Rights Watch, we have maintained regular contact through 2023 to evaluate and implement potential improvements. The report by Human Rights Watch on Midroc Gold Mine Plc was published in March 2023, resulting before and after the publishing date in clarifications processes with LBMA, RJC, the Watch & Jewellery Initiative 2030, but also several of ARGOR-HERAEUS' clients.

In 2023, ARGOR-HERAEUS was approached by the NGO Fastenaktion due to alleged negative impacts of activities of the mining customer MINEROS. Following several email exchanges, answers to numerous questions and an openness of ARGOR-HERAEUS to Fastenaktion to meet and to arrange a joint meeting with the customer Mineros for an open and transparent exchange, Fastenaktion refused the offer and cooperation. The Report published on October 12, 2023, was not reflecting the factual situation and ARGOR-HERAEUS firmly disagreed with its contents. At today, we continue the dialog with Fastenaktion.

Another case on which ARGOR-HERAEUS is working on, refers to concerns raised by representatives of communities in Dominican Republic due to the alleged negative impacts of a mine activities on the water quality and other aspects of the life of the community. Since first concerns were raised informally, ARGOR-HERAEUS is working with representative of the communities and the NGO supporting them, on the formalization of the grievance and implementing a solution finding with the respective mining company.

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-HERAEUS 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-based 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. The 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-HERAEUS does assess risks in light of the standards of their due diligence system.

ARGOR-HERAEUS performs its Supply Chain Due Diligence in line with all measures required by the 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

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 reports and 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 LBMA.

As of 31.12.2023 ARGOR-HERAEUS had 69 customers classified as a high-risk. Mainly, these customers or their beneficial owners or legal representatives are located in a high-risk country, according to the internal ARGOR-HERAEUS classification (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, including the risk of child labor were identified.

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

ARGOR-HERAEUS undertakes the EDD measures adopting the risk-based approach which is based on the risk profiles like location, supplier, and type of 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 (ASM), a detailed understanding of the structure and participants to the supply chain as well the use of mercury. For the due diligence on this category of suppliers, ARGOR-HERAEUS cooperates with the relevant organizations and standards like Swiss Better Gold Association (SBGA), FAIRMINED, FAIRTRADE, other relevant stakeholders.

One of our EDD measures for high-risk customers is the on-site visit. For such a visit our main guidance regarding documentation and help to set the agenda is the LBMA Standard. Visits are undertaken by experienced inhouse staff from ARGOR-HERAEUS 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.

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-HERAEUS 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 2023 ARGOR-HERAEUS conducted programmed on-site visits to its mining and recycled material suppliers. Regarding mining customers, there were completed 17 on-site visits, 2 of which were conducted by external assessors.

In addition to the areas of assessment as per the 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.

Within the scope of ARGOR-HERAEUS social responsibility commitment, we continue supporting responsible ASM Sector. In 2023, in cooperation with the Swiss Better Gold Association (SBGA), to our supply chain in Peru we added sourcing from one medium scale mine. The business model of the mine includes cooperation with ASM's. The EDD was conducted, therefore, on the supplier and the supply chain of the mine, which is already accredited by the SBGA. Particular attention was paid to confirmation of the origin and traceability of the material and assurance and monitoring of compliance of ASM's. During the on-site visit to the mine, conducted prior to the opening of the business relationship, visits were also conducted to ASM's which are part of this supply chain. During the visit were discussed relevant aspects for the mine and ASMs, challenges, and points referring to continuous improvement. At the date of the visit there were not identified specific risks requiring additional clarifications or other EDD measures to be implemented.

Does the Refiner reports risk assessment to the designated manager?

ARGOR-HERAEUS reports risk assessment to Senior Management.

The Compliance Officer verifies the potential risks in line with the internal codes of ARGOR-HERAEUS 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-HERAEUS 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-HERAEUS 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-HERAEUS 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 2023 ARGOR-HERAEUS conducted Internal clarifications on 7 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 clarification processes were concluded, and the level of details received gave us comfort to continue with the business relationships subject of to the continued implementations or application of risk mitigation measures.

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 2023.

In particular, from the risk mitigation perspective, during 2023, ARGOR-HERAEUS cooperated with 5 mining customers identified as those having improvement measures to implement on their mine sites. The risk mitigation process started following an internal or external on-site assessments to these suppliers. All the on-site assessments were based on the LBMA Responsible Gold Guidance (RGG) as well as the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas (OECD DDG).

As part of ARGOR-HERAEUS's ongoing monitoring of risk management at the above-mentioned mines, action plans were established and reviewed, and supplementary information provided by the mines following recommendations made in the mine site assessments report. Regular contacts with these suppliers and external consultant were in place.

Findings of the mine site assessments referred mainly to (i) the occupational health and safety, (ii) the management of social performance and engagement with artisanal miners, (iii) the management of security and related risks of impacts on human rights.

Given the significant, multiple, and complex nature of the risks identified, it was not expected that all agreed actions would be completed within six months as per the LBMA RGG, nor that risks would be eliminated within the period. The expectation and the conducted work and cooperation were focused on the constant progress in risk management and mitigation. During the relevant period, implementation of the Improvement Plans was still ongoing.

ARGOR-HERAEUS 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-HERAEUS engaged the services of the assurance provider MAZAR SA, and their independent reasonable assurance report can be viewed as soon as available on www.argor.com. MAZAR SA has been chosen as a trusted, independent, and accredited global LBMA and LPPM 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-HERAEUS 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.

Management conclusion

Is the Refiner in compliance with the requirements of the LBMA Responsible Gold Guidance and Responsible Silver Guidance for the reporting period?

Yes, ARGOR-HERAEUS is in compliance with the requirements of the LBMA, LPPM and the DDTro.

In conclusion, ARGOR-HERAEUS implemented effective management systems, procedures, processes, and practices to conform to the requirements of the LBMA Responsible Gold Guidance and of the Responsible Silver Guidance, as explained above in the "Summary of the activities undertaken to demonstrate compliance", for the reporting year ended 31 December 2023. ARGOR-HERAEUS 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-HERAEUS with respect to this report, they can contact corporate relations on hans.deutsch@heraeus.com.

Hans Deutsch



Co-CEO

ARGOR-HERAEUS SA

Robin Kolvenbach



Co-CEO

ARGOR-HERAEUS SA