
Argor-Heraeus SA

Mendrisio

***Independent Assurance Report
on the Refiner's Compliance Report
for the year ended 31 December 2016***





Independent Assurance Report on the Refiner's Compliance Report to the Management of Argor-Heraeus SA

Mendrisio

We have been engaged by Argor-Heraeus SA (the 'refiner') to provide reasonable assurance on its Refiner's Compliance Report for the period ended 31 December 2016.

The independent assurance scope consists of the Refiner's Compliance Report (the 'Compliance Report'), prepared by the management of Argor-Heraeus SA in accordance with the LBMA Responsible Gold Guidance (Version 6, dated 14 August 2015 – hereafter the 'Guidance').

Management's responsibility

The management of Argor-Heraeus SA is responsible for the preparation and presentation of the Refiner's Compliance Report in accordance with the LBMA Responsible Gold Guidance. This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived. The criteria identified by the management as relevant for demonstrating compliance with the Guidance are the activities described within the Refiner's Compliance Report.

Auditor's responsibility

Our responsibility is to perform an assurance engagement and to express an opinion on Refiner's Compliance Report. We conducted our engagement in accordance with International Standard on Assurance Engagements 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 (Version 3, dated 11 March 2016 – hereafter the 'audit guidance').

Those standards require that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance whether the Refiner's Compliance Report was prepared, in all material aspects, in accordance with the LBMA Responsible Gold Guidance.

Based on risk and materiality considerations, we performed our procedures to obtain sufficient and appropriate assurance evidence. The procedures selected depend on the assurance practitioner's judgement.

We performed among others the following procedures:

- Enquiries of management to gain an understanding of AHSAs processes and risk management protocols in place.
- Enquiries of relevant staff responsible for the preparation of the Compliance Report;
- Site visits to the Refiner.
- Assessing the suitability of the policies, procedures and internal controls that the Refiner has in place to conform to the Guidance.
- Review of a selection of the supporting documentation, including gold supplier counterparty due diligence file and transaction's documentation.

- Test a selection of the underlying processes and controls that support the information in the Report.
- Review of the presentation of the Compliance Report to ensure consistency with our findings.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 refiners to comply with the Guidance may differ. It is important to read the Refiner's gold supply chain policy available on the company website (www.argor.com).

Independence and competency statement

In conducting our engagement, we have complied with the applicable requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

In conducting our engagement, we confirm that we satisfy the criteria for assurance providers as set out in out in the Audit Guidance to carry out the assurance engagement.

Conclusion

In our opinion, the Refiner's Compliance Report prepared by Argor-Heraeus SA for the year ended 31 December 2016, in all material respects, 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 LBMA Responsible Gold Guidance.

Restriction of use and purpose

This report has been prepared for Argor-Heraeus SA for the purpose of assisting the management 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.

We further refer to the fact that the Refiner's Compliance Report subject to our assurance engagement comprises the Annex "List of countries of origin of mined gold". In accordance with the LBMA Responsible Gold Guidance, this Annex detailing the countries of origin of mined gold has to be submitted to the LBMA Executive only and does not need to be disclosed publicly.

PricewaterhouseCoopers SA



Roberto Caccia

Roberto Buonomo

Lugano, 31 March 2017

Enclosure:

- Refiner's Compliance Report

REFINER'S COMPLIANCE REPORT

Table 1 - Refiner's details

Refiner's name	Argor-Heraeus SA
Location	Via Moree 14, CH-6850 Mendrisio
Reporting period	01.01 - 31.12.2016
Date of Report	23.03.2017
Senior management responsible for this report	Christoph Wild, Co-CEO, christoph.wild@argor.com

Table 2 - Summary of activities undertaken to demonstrate compliance

Step 1: Establish strong company management systems

Compliance Statement with Requirement:

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

Has the Refiner adopted a company policy regarding due diligence for supply chains of gold?

Argor-Heraeus has adopted a strong policy regarding due diligence for supply chains of Precious Metal

Comments and Demonstration of Compliance:

During the reporting year, we formalized our already since 2004 applied Precious Metal supply chain policy, which is based on our Policy of compliance and ethics and is consistent with the model set out in the Annex II of the OECD Due Diligence Guidance. This sets out our responsibility for conducting risk-based due diligence, screening and monitoring of transactions and governance structures in places

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

Comments and Demonstration of Compliance:

An internal management system has been set up to define the governance, roles and responsibilities, internal audit, communication and senior management review as per the adopted policy. The compliance officer has been assigned to manage the process, and has a direct line of reporting to the general management

Has the Refiner established a strong internal system of due diligence, controls and transparency over gold 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

Comments and Demonstration of Compliance:

Argor-Heraeus has a robust Precious Metal receipts process. Specific documents must be received and transactional details entered before we process the gold-bearing material. Each lot received is accurately registered in our transactional system. Specific controls as per our internal guidelines regarding the received material are carried out before processing the material

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

Argor-Heraeus has strengthened company engagement with gold supplying counterparties, and where possible, assisted gold supplying counterparties in building due diligence capabilities

Comments and Demonstration of Compliance:

We have already modified our supplier agreements so that they make reference to the OECD guidelines

Has the Refiner established a company-wide communication mechanism to promote broad-based employee participation and risk identification to management?

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

Comments and Demonstration of Compliance:

Since ever we have an internal communication system in place, allowing employees to voice concerns over the Precious Metal supply chain or a newly identified risk

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 process to identify risks in the supply chain

Comments and Demonstrations of Compliance:

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

Does the Refiner assess risks in light of the standards of their due diligence system?

Argor-Heraeus does assess risks in light of the standards of their due diligence system

Comments and Demonstrations of Compliance:

(Supply chain) due diligence comprising all measures required by the LBMA Responsible Gold Guidance is performed before entering into a business relationship with any counterpart. On a on-going basis counterparts are monitored. We performed enhanced due diligence for higher-risk categories, we conduct appropriate scrutiny and monitoring of transactions undertaken through the course of the relationship following a risk-oriented approach

Does the Refiner report risk assessment to the designated manager?

Argor-Heraeus reports risk assessment to general management

Comments and Demonstrations of Compliance:

The Compliance officer provides a commentary report to general management on a yearly basis. The CEO or his deputy must approve all new suppliers, especially the ones classified as high risk. General management retains the ultimate control and responsibility for the Precious Metal supply chain

Step 3: Design and implement a management system to respond to identified risks

Compliance Statement with Requirement:

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

Has the Refiner devised a strategy for risk management of an identified 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?

Argor-Heraeus has devised a strategy for risk management of an identified 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

Comments and Demostration of Compliance:

Identified risks are brought up form 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 have to be taken

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

Comments and Demostration of Compliance:

The relative procedure is in place and where and when necessary appropriately applied

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 Demostration of Compliance:

Argor-Heraeus SA engaged the services of the assurance provider PWC Lugano, and their independent reasonable assurance report can be viewed as soon as available on www.argor.com

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 SA systems, procedures, processes and controls have been implemented to align to the specific requirements in the LBMA Responsible Gold Guidance have been set out in our gold supply chain policy, which is available on our company website www.argor.com.

Table 3 - Management conclusion

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

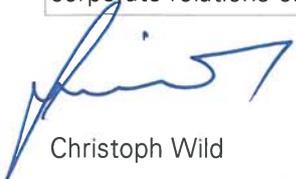
Yes

In conclusion, Argor-Heraeus implemented effective management systems, procedures, processes and practices to conform to the requirements of the LBMA Responsible Gold Guidance, as explained above in Table 2, for the reporting year ended 31 December 2016.

Argor-Heraeus SA is committed to continuous improvement, and any corrective actions identified will be monitored internally on a regular basis

Table 4 - Other report comments

If users of this report wish to provide any feedback to Argor-Heraeus SA with respect to this report, they can contact corporate relations on christoph.wild@argor.com and wilfried.hoerner@argor.com



Christoph Wild
Co-CEO



Benedetta Masciari
Director Finance & Administration