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

Heraeus Deutschland GmbH & Co. KG  
Hanau

Limited assurance engagement on the LPPM Refiner's Compliance Report of Argor-Heraeus SA for the period 1 January 2020 to 31 December 2020

Engagement: 0.0966444.001





**Independent Practitioner's Limited Assurance Report**

To Heraeus Deutschland GmbH & Co. KG, Hanau

We have been engaged to perform a limited assurance engagement on the Refiner's Compliance Report prepared by Argor-Heraeus SA, Mendrisio (Switzerland), (the "Refiner") for the business group Argor-Heraeus SA as defined in the Compliance Report for the period 1 January 2020 to 31 December 2020 (the "Refiner's Compliance Report").

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

The Management of Heraeus Deutschland GmbH & Co. KG, Hanau (Germany) ("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 2) as of 20 February 2020 (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 (IDWQualitätssicherungsstandard 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 limited assurance 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 as of 15 October 2018 (version 1). This Audit Guidance requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters come to our attention that cause us to believe that the Refiner's Compliance Report, prepared by the Refiner for the business group Argor-Heraeus SA for the period 1 January 2020 to 31 December 2020, in all material aspects, does not describe fairly the activities

undertaken during the year to demonstrate compliance, and management's overall conclusion contained therein in accordance with the Guidance.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgment, including the assessment of the risks of material misstatement of the Refiner's Compliance Report with the Guidance.

Within the scope of our work we performed primarily on a test basis 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;
- 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 a virtual site visit 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;
- 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:

[https://www.argor.com/sites/default/files/download\\_file/PolicySupply%20chain%20due%20diligence%2001.01.17.pdf](https://www.argor.com/sites/default/files/download_file/PolicySupply%20chain%20due%20diligence%2001.01.17.pdf)

#### **Conclusion**

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that, in all material aspects, the Refiner's Compliance Report, prepared by Argor-Heraeus SA, Mendrisio (Switzerland) for the business group Argor-Heraeus SA, for the period 1 January 2020 to 31 December 2020, does not describe fairly the activities undertaken during the year to demonstrate compliance, and management's overall conclusion contained therein 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 of countries of origin of mined platinum and palladium" and the treatment of the Refiner. According to the LPPM Responsible Platinum/Palladium Guidance (version 2) as of 20 February 2020, 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, 12 May 2021

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft



Hendrik Fink  
Wirtschaftsprüfer  
(German Public Auditor)



ppa. Mirjam Kolmar

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# *Appendix*

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General Terms of Engagement:

Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften vom 1. Januar 2017

General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as of January 1, 2017

# ARGOR-HERAEUS

Switzerland

Refiner's details	
Refiner's name	ARGOR-HERAEUS SA
Location :	Via Moree 14, CH-6850 Mendrisio
Reporting year-end	01.01 - 31.12.2020
Date of Report	01.01.2021
Senior management responsible for this report	Christoph Wild, CEO, christoph.wild@heraeus.com

## 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 strong company management systems.

#### **Has the Refiner adopted a company policy regarding due diligence for supply chains of platinum and palladium?**

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 Chains Policy based on our company Policy of Compliance and Ethics. The supply chain policy is fully compliant with Annex II of the OECD Due Diligence Guidance.

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

#### **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. We have an efficient internal Compliance management system which 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. The managing of the Due Diligence process is clearly defined. The Compliance Officer is assigned with the right competence and knowledge to manage the entire process and to report to the general management.

#### **Has the Refiner established a strong internal system of due diligence, controls and transparency over platinum and palladium 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. We have 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. We have adopted a robust Precious Metals receipts process: specific documents must be received and transactional details

entered before we process the precious metal-bearing material. 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.

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

Argor-Heraeus has strengthened company engagement with platinum and palladium supplying counterparties, and where possible, assisted precious metals supplying counterparties in building due diligence capabilities.

We have also modified our supplier agreements in order to be fully compliant with the OECD guidelines.

On a regular basis, we conduct audits of our mining partners to verify and make sure they are in line with the requirements stated in our supply chain guidelines, with special focus on Child labor, Human rights and environmental issues.

**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.

Recently, we have implemented the Grievance Policy which provides any interested party to voice concerns regarding the circumstances of precious metals extraction, trade, handling and export in a conflict-affected or high-risk area. All reports can be made via different methods: by phone, e-mail, by post and face to face.

**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.

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.

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.

**Does the Refiner assess risks in light of the standards of their 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 LPPM and other applicable standards before entering into a business relationship with any precious metals counterparties. 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.

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

Argor-Heraeus reports risk assessment to general 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, Swiss AML-Rules . All new high risk suppliers must be approved by Senior Management, while those existing must be confirmed once a year.

### **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 adopted an automated and permanent screening and of all business partners to identifying 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 have to be taken.

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 measureable 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.

### **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 SA 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)

## **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 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 Platinum and Palladium Guidance for the reporting period?**

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

In conclusion, Argor-Heraeus implemented effective management systems, procedures, processes and practices to conform to the requirements of the LPPM Platinum and Palladium Guidance, as explained above in the “Summary of the activities undertaken to demonstrate compliance”, for the reporting year ended 31 December 2020.

Argor-Heraeus SA 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 SA with respect to this report, they can contact corporate relations on [christoph.wild@heraeus.com](mailto:christoph.wild@heraeus.com)

Christoph Wild  
CEO

Benedetta Masciari  
Director Finance & Administration