

Supply Chain Policy of Heraeus Precious Metals

As a family owned company with over 150 years tradition, Heraeus commits itself to the principle of sustainability. Heraeus already demonstrated its commitment by introducing the Heraeus Code of Conduct and by joining the United Nations Global Compact. Heraeus is aware that the choice and control of its suppliers, especially in precious metal trading and sourcing critical raw materials, is of key importance for a business activity focusing on sustainability.

Our Sourcing Policy is laying down and reshaping the already existing principles for the choice and control of suppliers, in particular for our precious metal trading and recycling businesses. Our worldwide efforts are focused on ensuring that precious metals come from legitimate, ethical sources, and that they have not been associated with crime, armed conflict or human rights abuse. We will not tolerate any misrepresentation of taxes, fees and royalties paid to governments for the purposes of extraction, trade, handling, transport and export of Precious Metals. Establishing business relationships with suppliers which act against those principles is not tolerated throughout our organization.

When purchasing risk products special duties of due diligence apply. Products are considered as risk products if their exploitation and purchase involve a particularly high risk of violation of human rights, violation of international trade rules and realization of criminal offenses. We do not tolerate nor profit from, contribute to or assist in

- Violation of occupational safety
- Child labor or any form of forced labor
- Violations of granting the freedom of association
- Violations of international humanitarian law
- War crimes, genocide or any other crimes against humanity

For years Heraeus has established a strong compliance management system to comply with the regulations set forth in the OECD due diligence guidance on conflict minerals and in order to target anti-money laundering and bribing in commercial transactions.

Since 2010, we pursue an appropriate gold supply chain policy which is corresponding to the model set out in Annex II of the OECD's due diligence guidance on conflict minerals. This sets out our responsibility for conducting risk based due diligence, for screening and monitoring of transactions and for governance structures in place for all Heraeus Precious Metals entities which are involved in purchasing, refining or other transactions with gold.

We perform enhanced due diligence and do not accept any gold that originates from or transits via a conflict affected area or a high risk human rights abuse area. In addition, we conduct appropriate scrutiny and monitoring of transactions which are undertaken in the course of the relationships with our counterparts.

An internal management system has been set up to define the governance, roles and responsibilities, internal audit, training schedules and communication. The compliance officer has been assigned to manage the process and has a direct line of reporting to the executive senior management.

Heraeus is an accredited Good Delivery producer according to the LBMA and made a commitment back in mid-2012 to abide to the LBMA's Responsible Gold Guidance as well.

Due diligence of our supply chain counterparts comprises of all the measures required by the LBMA's Responsible Gold Guidance and is performed before entering into a new business relationship with any of our gold supplying counterparts.

Our definition of high risk is in accordance with Annex II of the OECD due diligence guidance on conflict minerals and includes e.g. gold originating from the Democratic Republic of Congo or its neighboring countries.

The compliance officer has the authority to deny any new suppliers classified as high risk. Senior management retains the ultimate control and responsibility for the gold supply chain.

We perform annual training sessions with relevant employees and encourage them to raise any suspicious transactions to management immediately.

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. This process is now a formal requirement before entering any business relationship with a gold supplying counterparty. We divide our gold supplying counterparts into the following categories:

Mining counterparts:

We request a third party due diligence process to comply with OECD guidelines or do an on-site audit ourselves. We do currently not source from mining counterparts from the Democratic Republic of Congo or its neighboring countries.

Recycling material – secondary gold:

All our counterparties have to undergo a due diligence process, before we accept material. In order to recycle material from South Africa, the only African country we accept gold from, we engage in very strict due diligence processes to prevent any commingling of secondary gold with gold of unknown or conflict-affected origin.

For investment gold:

We are in the process of modifying our supplier agreements so that they make reference to the OECD due diligence guidance on conflict minerals.

We have a robust 'lot' receipts process, and specific documents must be received and transactional details entered before we process the gold-bearing material.

We are currently preparing for an independent third-party audit of our supply chain due diligence, scheduled for 2Q 2013.

Further information and specific details of how our systems, procedures, processes and controls have been implemented to align to the specific requirements in the *LBMA Responsible Gold Guidance* are currently further detailed in our gold supply chain policy and will be made available in the near future.