

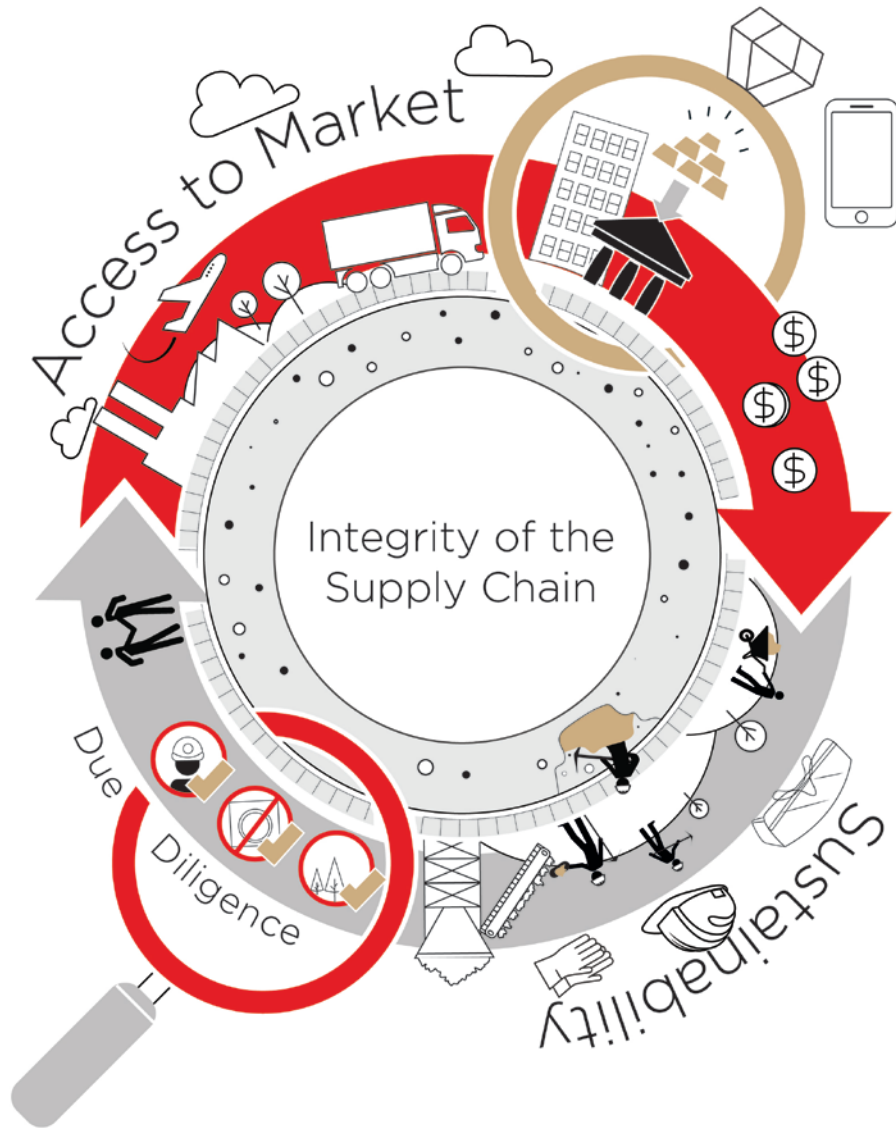
Sustainability Report 2017





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Letter to stakeholders

G4-1

The last two years have seen significant and dramatic changes to the political landscape in relation to the responsibility of businesses to build a more sustainable future.

In June 2017, President Trump abandoned the Paris Agreement, reversing decades of environmental progress, and denying the devastating effects of climate change. Since April 2017, the fate of section of the US 1502 Dodd-Frank Act has been thrown into doubt. Meanwhile, Europe has made excellent progress with the introduction of the EU Regulation on responsible supply chains for companies importing tungsten, tantalum, tin, and gold. Within this environmental divergence, more than ever, we, employees, customers, business partners, governments, NGOs and the international community need to continue joining forces to progress the sustainable agenda.

At Valcambi, we are proud to play our part in reducing greenhouse gas emissions and we advocate for US companies to continue tracing the origins of the minerals in their supply chains.

Responsible behaviour is integral to the way we conduct our business. We refine a natural resource that stands the test of time. Surely, we owe it to the natural world, which provides our precious material, to nurture it. For this reason, we have an unshakeable commitment to operating a rigorously controlled, transparent and ethical supply chain that lives up to that responsibility. It goes beyond the most thorough internal sourcing processes we have in place. It is also about supporting those who have the greatest needs at the very beginning of the value chain.

Over the last two years, we have been actively involved in supporting responsible gold mining and sourcing, with a special focus on the artisanal and small-scale mining (ASM) sector that plays a crucial role in offering a way out of poverty for millions of miners and their families around the world. Using our sectoral weight and working with committed organisations and associations, we have taken a leadership role to pull the ASM sector forward on responsible business practices (see page 25), creating positive impact in mining communities and increasing the mines' access to market.

This has taken the form of supporting projects on the ground to assist miners in adopting best practices, engaging with multi stakeholders to join more forces, and developing a specific ASM sourcing model (see page 23) I was particularly pleased when our sourcing approach attracted the interest of participants in the gold and other minerals sectors looking to learn from us. We would like our systems to benefit the entire industry and that, in turn, we can learn from others, introducing or improving responsible practices that will further contribute to sustainable development.

It has been a most fascinating journey, the details of which I am pleased to share in this report and which culminated recently in Valcambi starting to source from a small mine in Peru.

I know that this is only the beginning, and I also know that with you, partners and stakeholders, we can create a more sustainable gold industry.



Michael Mesaric, CEO & Board Member

Introduction

G4-14 Our contribution to sustainable development is integral to the way we manage our business. We are continuously seeking long-term, mutually beneficial outcomes for our business and stakeholders, with the ultimate goal of creating a better gold industry for all. We cannot achieve this ambitious vision on our own. It is undeniable that the gold sector faces many complex issues. Working in partnership with our stakeholders is the only way we can, together, improve the gold industry for the benefit of all. We are continuing to advance, in close collaboration with our partners, a number of initiatives to pursue our own sustainability agenda alongside the industry's as a whole.

G4-29
G4-28, G4-30 Our previous sustainability report was issued in 2016, covering 2014 and 2015. This 2017 report covers the 2016-2017 period. The next issue will be published in 2019, and will cover the year 2018.

G4-32 Our 2017 Sustainability Report - prepared in accordance with the Global Reporting Initiative (GRI) G4 "Core" option, and aligned with the United Nations Global Compact reporting framework - details the progress we have made on our programme, and outlines how we adapt what we do for greater impact.

We are proud of our achievements to date, but know that we can always do more. As part of our commitment to continuous improvement, we will continue developing our responsible business practices and further contribute to a sustainable future.

G4-33 Since most of the information contained in this report is based on data that has already been externally verified, and that meets some of the strictest reporting standards, it was not necessary to ask for an external review of this report.

G4-31 For further information on this report, please contact our Corporate Affairs and Communications department: sustainability@valcambi.com.

For more details on GRI and on "Materiality", please visit www.globalreporting.org.



Our profile

Valcambi at a glance

(as at December 31, 2017)

G4-3	Name	Valcambi sa
	Incorporated	1961
G4-7	Legal form	Company Limited by Shares
	Company Identification Number	CHE-102.067.731
G4-5 - G4-6	Headquarters	Balerna, Ticino, Switzerland
	Surface occupied	3.3 hectares
	Number of employees	171 (see details – Our Team)
	Shareholding structure	100% owned by Global Gold Refineries AG
	Share capital	CHF 12,000,000
	Precious metals refined	Gold, Silver, Platinum, Palladium
G4-17a	Holdings	65% Valcambi Gold N.V. until February 2016
	Annual combined refining capacity	Approx. 2,000 tons of precious metals
	Product throughput	Au 3.8 tons bars and coins per day Ag 1.8 tons bars and coins per day
G4-17b	Valcambi Gold N.V., an online retailer, is not covered by this report as it represents a very small part (<1%) of our turnover: the participation has been dissolved as of 01.03.2016	

Milestones

1961 - 1970	1961	Valori & Cambi established Receives "Patente di Fonditore"
	1962	First refinery building
	1967	Refinery completion 50% of Valcambi is sold to Credit Suisse
	1968	LBMA Good Delivery for Gold & Silver certification Another 30% of Valcambi is sold to Credit Suisse
1971 - 1980	1974	COMEX, CME Group CS brand for gold
	1978	Joins ASFCMP – Swiss Association of Manufacturers and Traders in Precious Metals
	1980	Remaining 20% of Valcambi is sold to Credit Suisse
1981 - 1990	1982	TOCOM CS brand for Gold
1991 - 2000	1992	TOCOM Valcambi brand for Platinum & Palladium
	1995	ISO 17025 Laboratory Accreditation
	1996	ISO 9001 Company Certification
	1997	Valcambi becomes a 100% subsidiary of Credit Suisse First Boston LPPM Good Delivery for Platinum & Palladium NYMEX, CME Group brand for Platinum & Palladium
2001 - 2010	2003	100% owned by EGR European Gold Refineries Holding sa New Electrolytic Gold Refinery IGE Valcambi brand for Gold, Silver, Platinum & Palladium
	2004	TOCOM Brand for Gold MCS for Gold & Silver
	2005	DMCC Valcambi brand for Gold & Silver
	2006	Expansion of the Electrolytic Gold Refinery and doubling of the gold refining capacity Implementation of Miller Refining Process Capacity increases by 400%
	2008	TOCOM Valcambi brand for Platinum Registration and Production of Valcambi Green Gold™
	2010	ISO 14001 Company Certification
	2011 – 2017	2012
2013		LBMA Responsible Gold Certificate
2014		Obtained Responsible Jewellery Council (RJC) Code of Practices (COP) and Chain of Custody (CoC) certifications
2015		Gained Fairtrade certification
2015		Global Gold Refineries AG acquires 100% of EGR Holding
2017		BS OHSAS 18001 Company Certification
2017		Valcambi obtained a Fairmined Licensee

Highlights



In January 2016, Valcambi processed Fairtrade Peruvian certified gold destined for the Fairphone 1 mobile device. Through this strategic partnership Valcambi helped Fairphone to become a pioneer in the transition to sustainability and environmental compatibility in the industry.

In August 2016, Valcambi joined the Global Mercury Partnership, the UNEP's multi-stakeholder initiative on mercury. Its overall goal is to support the ratification and effective implementation of the Minamata Convention on Mercury, a global treaty to protect human health and the environment from the adverse effects of mercury, agreed in 2013. By joining the partnership Valcambi is eager to support the ASM sector in improving mercury use practices and to implement mercury management and mitigation actions.

In November 2016 Valcambi became a founding member and strategic partner of the European Partnership for Responsible Minerals (EPRM), a multi-stakeholder partnership aiming to increase the proportion of responsibly-produced tin, tantalum, tungsten and gold (3TG) from conflict-affected and high-risk areas (CAHRAS) and to support the responsible extraction of minerals in a way that contributes to local development. Fully aligned with Valcambi's strategy to support the ASM sector and drive responsible sourcing, this partnership of public and private actors, including governments, institutions, companies, industry associations and NGOs brings together the network, knowledge and financial resources to move the responsible minerals agenda forward globally.



**European
Partnership
for Responsible
Minerals**

G4-13

In July 2015, the Global Gold Refineries (GGR) bought 100% of the shares of European Gold Refineries (EGR). At that time, EGR owned 100% of the Valcambi shares. In order to reduce and simplify the corporate structure, in 2017 the Board of Directors decided to merge EGR into GGR by an upstream merger. Today GGR owns 100% of Valcambi's shares.



In 2017, Valcambi got a Fairmined Licensee, becoming a Fairmined Authorised Supplier to transform and trade Fairmined Gold. The collaboration between Valcambi and Alliance for Responsible Mining (ARM) – the NGO behind Fairmined – is another step to support ASM operations and to drive further transparency.

In April 2017, Valcambi joined the United Nations Global Compact, the world's largest corporate sustainability initiative. In joining Global Compact, Valcambi commits to driving the sustainability agenda beyond the gold sector by supporting, across industries and globally,



Global Compact's goal to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals. Valcambi is keen that its responsible practices approach benefits multiple sectors

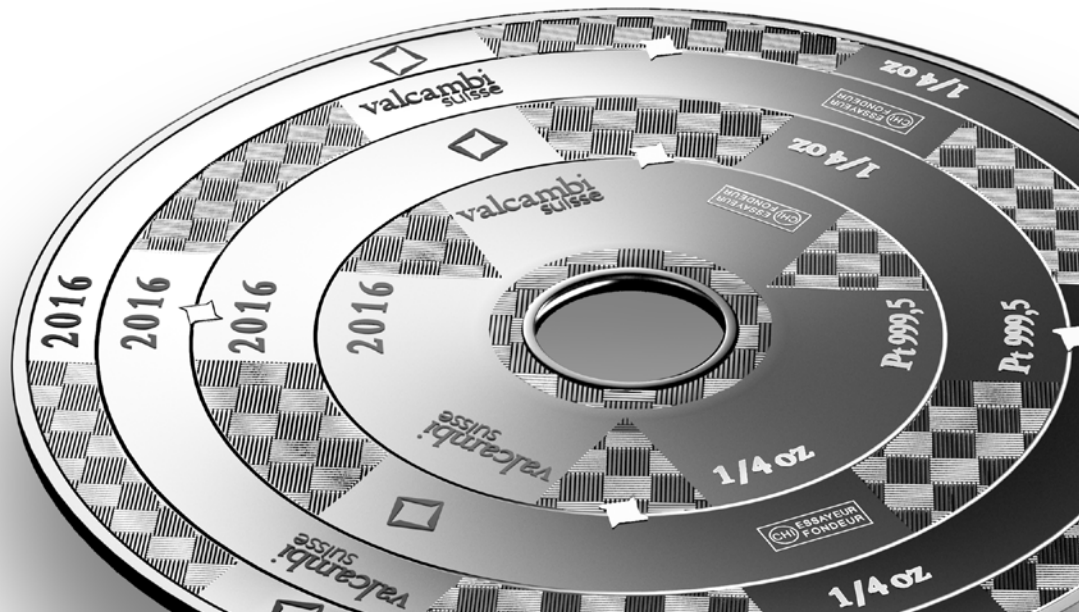
In May 2017, Valcambi joined the World Bank and OECD roundtables to discuss the development of a World Centre of Excellence, focusing on ASM. The initiative aims to develop a Global Community of Practice on ASM to collect and disseminate data in support of ASM development and to establish a donor-supported Global ASM Support Hub. This will help improve identification and coordination of all relevant cooperation projects in relation to ASM formalization, globally.

CRAFT

Throughout 2017, Valcambi chaired the Standard Committee on the development of CRAFT ("The Code of Risk-mitigation for ASM engaging in Formal Trade" - previously known as the Market Entry Standard) developed by the Alliance for Responsible Mining (ARM) and RESOLVE. Fully aligned with Valcambi's strategy to support ASM and based on the OECD Due Diligence Guidance, CRAFT aims to serve as a tool for all actors in the gold supply chain to collaborate in the mitigation of mining-associated risks and promotion of the continuous improvement of environmental, social and economic practices in the ASM sector.

Our governance and sustainability

G4-34, G4-46	Board of Directors	Valcambi's Board of Directors is responsible for setting and overseeing the strategy, organization, and sustainability of the company. The Board comprises two members, including Valcambi's CEO.
G4-36	Management	The CEO and six senior executives are ultimately responsible for the execution of the strategy, including the sustainability strategy and reporting.
	Personnel Commission	The Personnel Commission consists of five elected staff members. They represent the interests of both unionized and non-unionized personnel. Periodical meetings are held with the CEO and an HR representative, to discuss topics chosen by Commission members.
	Legal and Compliance Officer (LCO)	The Legal and Compliance Officer is responsible for overseeing and managing regulatory compliance issues, with particular focus on business due diligence. The LCO ensures that management and employees comply with the law, the rules and regulations of regulatory agencies, adhere to company policies and procedures, and behave according to Valcambi's Code of Conduct.
	Accreditation & Management Systems (AMS)	A three-person cross-functional team deals with issues related to sustainability, quality, environment and health & safety.
G4-56	Code of Conduct	Our ethical values and professional standards are reflected in our Code Of Conduct. This document is shared among all employees, and is available for download on our website. The Code of Conduct lays out the general principles that must be adhered to in order to act responsibly in all aspects of our business dealings. All employees must sign and comply with Valcambi's Code of Conduct.



Our ethical values and Code of conduct

Valcambi's values of conformity, integrity, responsibility, confidentiality and respect guide the way we operate and behave. Our Code of Conduct is our guide to doing the right thing, translating our values into practice and holding everyone at Valcambi to clear and strong principles related to the workplace, human rights, communities, the environment and business integrity.

G4-56

Conformity	We comply with all acknowledged sector regulations through clear control systems
Integrity	We consider integrity fundamental to our daily interactions and long term success
Responsibility	We take responsibility for our actions and honour our commitments towards our employees and stakeholders
Confidentiality	We adhere to the highest standards to upholding client confidentiality and protecting client information
Respect	We treat everyone with fairness and respect

Our professional standards

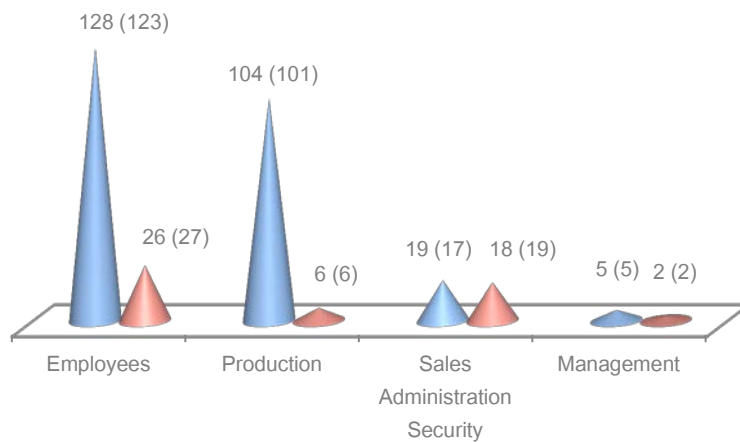
Risk culture	Our business culture is based on discipline and risk mitigation and, where possible, risk elimination.
Compliance with law	We adhere to the best practices and industry standards and strictly follow the rules, regulations and applicable laws.
Service and Excellence	We are a proactive business partner, treating our clients fairly, courteously and with integrity.
Sustainability	In all our business dealings we act in a socially and environmentally responsible manner.
Cooperation	We are committed to conducting all our activities in a constructive, transparent and collaborative mode.

Our team

G4-9 - G4-10

Valcambi's performance relies on our skilled and highly motivated workforce.

In 2016, Valcambi employed a total of 173 people, of whom 150 were permanent employees and 23 temporary employees (as of 31.12.2016). In 2017, Valcambi employed a total of 171 people, of whom 154 were permanent employees and 17 temporary employees (as of 31.12.2017).



Team by gender and department 2017 (2016)

■ Men ■ Women

The precious metal sector has traditionally been a male-dominated industry, especially in production roles. Valcambi has successfully increased the proportion of women in administration, where they hold management positions or highly specialised roles in functions including Accounting, Compliance, Health & Safety, Human Resources, Sales.

G4-11

All employment contracts are aligned with the 2018 mandatory Swissmem Collective Employment Agreement of the Mechanical and Electrical Engineering Industries that Valcambi joined in 2003.

Our memberships

We believe in the power of joining forces to achieve more. This is why we are an active member of many industry associations, partnerships and projects through which we exchange knowledge and experience, seek solutions to issues, and deepen our understanding of the many challenges facing our sector and the world at large. For example, through the EPRM, we have been opening a dialogue with actors in the cobalt sector looking to learn from our expertise in responsible sourcing and due diligence. Working in collaboration with the SBGA, the EPRM, the OECD and the World Bank, the Global Mercury Partnership and The Alliance for Responsible Mining, we are supporting the ASM sector to improve its practices so that these small mines can access global markets.

We are members of, or involved with, the following organisations:

G4-16

ACI Suisse	Association Cambiste Internationale Suisse
AITI	Associazione Industrie Ticinesi
ASFCMP	Association Suisse des Fabricants & Commerçants de Métaux Précieux
CME	Chicago Mercantile Exchange
COMEX	Commodity Exchange – Accredited Refinery
DMCC	Dubai Multi Commodities Centre
EPRM	European Partnership for Responsible Minerals
Fairtrade	Max Havelaar
Fairmined	Fairmined Certification System was developed by Alliance for Responsible Mining (ARM)
IGE	Istanbul Gold Exchange – Accredited Refinery
ILAC/MRA	International Laboratory Accreditation Cooperation
IPMI	International Precious Metals Institute
IPMI	European Chapter
LBMA	London Bullion Market Association – Good Delivery Refinery
LCTA	Lugano Commodity Trading Association
LPPM	London Platinum and Palladium Market – Good Delivery Refinery, Referee
MCX	Multi-commodity Exchange of India – Accredited Refinery
NYMEX	New York Mercantile Exchange – Accredited Refinery
RJC	Responsible Jewellery Council
SBGA	Swiss Better Gold Association
SILVER INSTITUTE	Fund to promote the Silver Industry
SWISS TESTING	Association of Swiss laboratories (STS 114)
TOCOM	Tokyo Commodities Exchange

G4-15

Our commitments to excellence

Our various voluntary certifications and accreditations, along with our compliance with, conformance and adherence to the highest industry standards and guidelines derive from, and testify to, our commitment to a culture of excellence.

Certified Standards

ISO 9001	Quality management systems – requirements
ISO 14001	Environmental management systems - requirements with guidance for use
BS OHSAS 18001	Occupational Health and Safety Assessment Series
RJC COP	Responsible Jewellery Council – Code of Practice Certification
RJC CoC	Responsible Jewellery Council – Chain of Custody Certification
Fairtrade	Fairtrade standard Gold ASP
Fairmined	Fairmined Authorized Supplier
RGGLBMA	Responsible Gold Guidance London Bullion Market Association

Accreditations

ISO 17025	General requirements for the competence of testing and calibration laboratories (first laboratory in a refinery accredited by the Swiss Federal Authorities)
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Voluntary Commitments

CFSP	Conflict Free Smelter Program
Dodd-Frank	SEC U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act
GRI	Global Reporting Initiative
OECD	Integration of the 'Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas – Supplement on Gold into Valcambi systems
SWISSMEM	Swiss mechanical and electrical engineering industry and associated technology-oriented sectors
UN Global Compact	A United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation
WGC	World Gold Council – Conflict Free Gold Standard

Our clients

G4-8

Our clients include mining companies, premium luxury jewellery and watch manufacturers, tech and digital manufacturers, international, governments and central banks.

Our ability to listen to our clients' needs and to meet their expectations with a highly professional and comprehensive range of first class products and services, is what distinguishes us from other refineries.

We find inspiration within and outside the precious metal sector, to provide our clients with unique and innovative products, combining cutting-edge hardware and software technologies, with over 55 years of experience. We offer premier refining services and avoid activities which could compete with our clients' businesses.

Our products

G4-4

Valcambi offers a distinctive wide range of top quality gold, silver, platinum and palladium products, with different kind of purities:

Au	995.0, 999.0, 999.9, 999.99 per thousand
Ag	999.0, 999.9 per thousand
Pt	999.5 per thousand
Pd	999.5 per thousand

Our products are produced according to the highest industry standards and in compliance with Swiss law.

- Minted Bars (Au, Ag, Pt, Pd)
- Cast Bars (Au, Ag, Pt, Pd)
- CombiBar™ (Au, Ag, Pt, Pd)
- Grain (Au, Ag)
- Round Bars
- Valcambi GreenGold™
- Coins & Medals
- Semi-Finished Products
- Sbead Coin
- Armillary Coins

Cast bars traditionally have a lower quality finish than minted bars and are produced by pouring molten precious metal directly into carefully prepared moulds.

Minted bars (sometimes called wafers) are cut from specially prepared rolled metal sheets. Our bars have a very high-quality finish, guaranteed purity and are produced in the same facility as our minted coins. Our standard minted bars show Valcambi's Hallmark (logo, weight, metal name, fineness, *essayeur fondeur* and bar number). The reverse is stamped with "Valcambi Suisse".

The first gold Valcambi CombiBar™ was issued in April 2011, in an innovative style of a 50g gold investment bar, comprising 50 detachable 1g bars. It offers the possibility of breaking the bar into groups of 1g gold bars or into 50 separate 1g pieces. Each bar is certified by Valcambi and will be accepted at any time and place for its gold value. The Valcambi gold CombiBar™ is available in different sizes (100g, 50g, 1oz, 20g and 5g star form) and different metals (gold, silver, platinum and palladium).

All metals and bars produced in our foundry and minting facilities are certified by our laboratory, carefully inspected by our operators, and individually packed and controlled before shipment. Reacting to the demands of investors in different markets around the globe, Valcambi has carefully developed a range of bar standards, forms and new designs to ensure we deliver precisely what the market needs.

The Hallmark is not only a guarantee of the quality of Swiss workmanship, it also guarantees the fineness of our bars. Valcambi's ability to adapt our production processes quickly and smoothly within the shortest possible timeframes enables us to produce a number of different products simultaneously.

Whenever you see Valcambi's Assay Mark (Assay stamp of refiner) on a bar or ingot, you will know that it has been refined, assayed and cast by Valcambi.

Valcambi manages and controls the entire production process. Traceability is maintained, guaranteed and documented through a track and trace system that controls the metal journey from mine to Valcambi and to product, for Valcambi GreenGold™, Fairtrade-certified and Fairmined-certified gold. Only gold which comes directly from the selected Fairtrade-certified, Fairmined-certified or GreenGold™ mines is used and is kept separated at all times in dedicated production lines throughout the entire process. Full documentation and independent validation by third-party supervisory and audit processes provide complete assurance.

Already in 2008 Valcambi introduced GreenGold™, a fully traceable gold, to the market. Valcambi Green Gold is a premium-quality precious metal product, the origins of which are fully documented and independently validated. Valcambi Green Gold is sourced only from mines which adhere to the highest standards of environmental stewardship, health & safety and the human rights of their labour force.

Our services

G4-4

To satisfy increasingly diversified market requests, Valcambi's "One Stop Shop" model allows our clients to find highly professional customized services, tailored to their needs and requirements. These include:

- Transportation
- Reception
- Assaying
- Refining
- Manufacturing
- Financing
- Storage

Valcambi provides its Clients with competitive, secure and first-class transportation solutions. We have a long association, and work exclusively, with the world's leading high-security transportation and logistics companies. Our forwarding agents comply with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High Risk Areas.

Valcambi operates a state-of-the-art testing laboratory. Our testing methods have been accredited ISO/IEC 17025 standards since 1995. All sampling and testing activities are performed by independent certified precious metals assayers in compliance with the Swiss Precious Metals Control Law and supervised by the Central Office for Precious Metals Control.

Our refining processes include:

- Miller chlorination gold refining
- Wohlwill electrolytic gold refining
- Wet chemical gold refining
- Moebius electrolytic silver refining
- Wet chemical platinum and palladium refining

Valcambi provides a range of financial solutions for most aspects of the physical precious metals business, allowing our Clients to grow their business and to keep costs low. Many years of experience and a deep knowledge of precious metals markets enable us to offer complete financing solutions and bespoke advisory services to our Clients. Our tailor-made solutions help to reduce upfront capital requirements.

Precious metals refining and subsequent processing, as well as storage, take place in Valcambi. The remaining services are offered thanks to collaboration with top-rated business partners, selected by Valcambi.



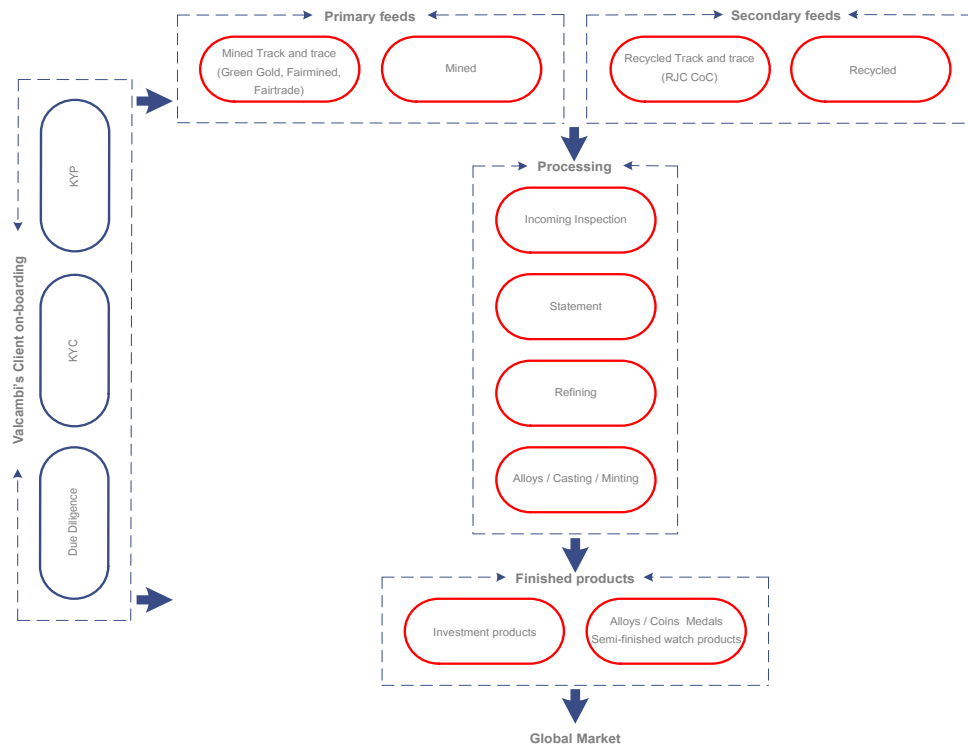
Our operations

G4-12

Valcambi's annual combined refining capacity is around:

- 2,000 tons per years.
- 5.4 tons per day for refining.
- 3.8 tons per day for production of cast and minted gold products.
- 1.8 tons per day for silver refining.

The precious metal supply chain is complex and multi-layered. Valcambi supplies services in precious metal refinery and finished or semi-finished products.



Precious metals origin can be divided into two groups:

Primary feeds: precious metal coming directly from mines

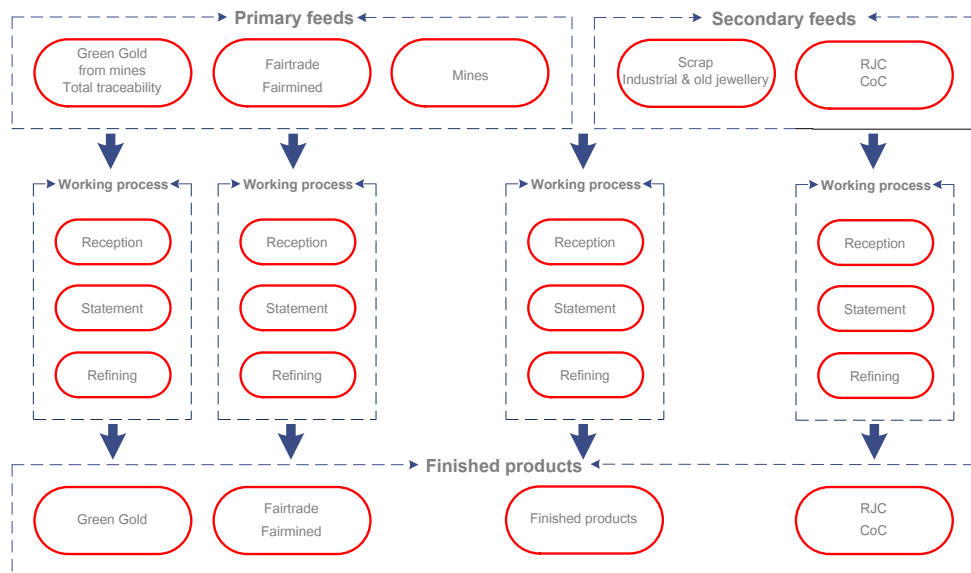
Secondary feeds: precious metals that have already undergone at least one refining cycle. Investment products (such as coins, cast bars or minted ingots, greater or equal to 995 ‰), jewellery and industrial recoveries from other sectors fall in this category.

Mined gold refined at Valcambi is traceable from the mine up to the statement process (weighing, melting and assaying).

After the statement process, the materials coming from different sources are commingled and refined in a continuous process.

Valcambi processes the following products with enhanced traceability standards:

- Products realised according to the RJC Chain of Custody standard, originate from recycled or grandfathered sources. Thanks to our traceability procedures and related records, we are able to trace back from the finished products up to the incoming material used.
- Valcambi GreenGold™ is sourced from mines that operate in accordance with some of the highest social and environmental standards and regulations (OECD Guidelines for MNEs, LBMA's Responsible Gold Guidance, World Gold Council "Conflict-Free Gold Standard", Dodd-Frank Act requirements, ISO 14001, and the International Cyanide Management Code). Traceability of Valcambi GreenGold™ is maintained through the refining process until the final product, and origin is guaranteed through full documentation and independent validation by third-party supervisory and auditing processes.
- Fairtrade and Fairmined gold originates exclusively from Fairtrade- and Fairmined-certified mines. Traceability of the supply chain is assured, and gold is kept separate throughout the whole refining and bar manufacturing process.

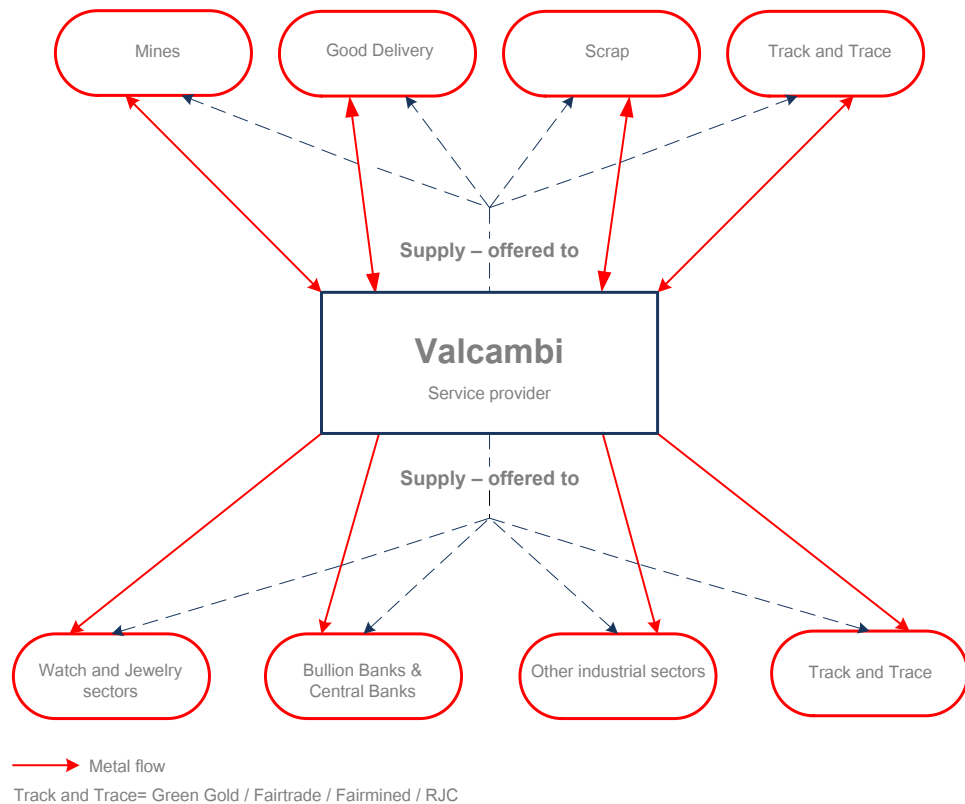


Track and trace products are accompanied by a document to attest to their supply chain. Valcambi GreenGold™ products are accompanied by a third-party certificate stating the origin and traceability. Fairtrade and Fairmined products are identified according to the standards and the supply chain information is uploaded in the Fairtrade or Fairmined traceability tools. RJC CoC products are accompanied by the RJC CoC Transfer Document.

The supply chain, sourcing and due diligence practices

G4-12

Precious metals refineries play a vital role in the precious metal supply chain and act on two sides: as a service provider for incoming material and as a semi-finished or finished product provider to the global precious metals market.



Having a responsible supply chain is vital to the sustainable success of our business and of our sector, and the sustainable development of the countries from which the raw materials originate.

At Valcambi we give the highest priority to transparency, and meet and go beyond the most stringent industry standards of traceability in compliance with and conformance to all the principle responsible sourcing frameworks. These include international regulations and voluntary standards and guidance such as the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the LBMA Responsible Guidances on precious metals, the Responsible Jewellery Council Code of Practice and Chain of Custody Standards, World Gold Council "Conflict-Free Gold Standard" and the Dodd-Frank Act Section 1502.

To ensure those standards are respected and upheld, we conduct extensive due diligence practices to identify and select our business partners. These include risk assessments covering white collar-related crimes and risks including money laundering, and crimes and risks relating to human rights, working conditions and child labour.

Our due diligence practices are not restricted to our first counterparty and cover, where needed, multiple levels along the supply chain up to the origin of the precious metals for mined materials.

The “client on-boarding” phase aims to identify those counterparties who could become a client of Valcambi. The Sales and Compliance Officers identify the applicant and the risk connected to the entity, its operations and operating environment, its due diligence practices and mining and sourcing practices, making sure the origin of precious metal is legitimate. It is only after the positive outcomes of these verification processes that Valcambi will enter into a commercial relationship with the counterparty.

Approved counterparties are periodically reviewed against Valcambi’s requirements and established international standards. Counterparties who do not continuously meet the requested requirements cannot pursue a commercial relationship with Valcambi.

We aim to go beyond compliance-based due diligence where necessary; we review our compliance systems and procedures and our counterparties assessment on an ongoing basis and as part of our continuous improvement processes.

Focus on artisanal and small-scale mining

We play an active role in driving responsible supply chain best practices in our sector.

As part of this commitment, we have been actively involved in supporting responsible gold mining and sourcing, with a special focus on the ASM sector that plays a crucial role in offering a way out of poverty for millions of miners and their families around the world.

To this end, we have created best practice procedures to ensure responsible engagement with the ASM sources that allow us to source with confidence from ASM suppliers. It is our ambition that this benefits the ASM sector and producer nations while being feasible for the industry, by improving access to markets for ASM miners and being an ally to support their gradual legitimization and formalization.

In parallel, we have been supporting ASM projects on the ground working in collaboration with organisations such as Fairmined, Fairtrade, the ARM, the SBGA, the BGI, and the EPRM, among others.

Please read ‘Valcambi’s journey on ASM’ that tells the fascinating story of our involvement in the ASM sector since 2015.



Sourcing Model



Positive impact
for mining
communities



Access to
Global Market



Due Diligence



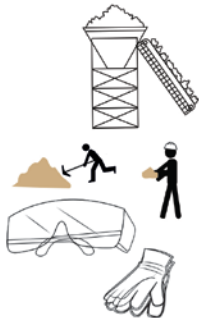
Improving
Practices



Projects
on the
Ground



ASM



Valcambi's journey on Artisanal and Small-Scale Mining

For Valcambi, responsible sourcing is not just a licence to operate. It is embedded into our company's culture of being a responsible business, and it is reflected in the company's values of conformity, integrity, responsibility, confidentiality and respect. We play an active role in driving best practices in our sector, working in collaboration with the various stakeholders along the value chain. As part of this commitment, we are extensively involved in supporting responsible gold mining and sourcing and have a special focus on the artisanal and small-scale mining (ASM) sector.

Artisanal and small-scale gold mining employs 90% of the workforce involved in global gold extraction, and is responsible for 17 to 20% of global gold production. There are 10 to 15 million artisanal gold miners worldwide, collectively mining around 400 tons of gold per annum and creating more than \$10 billion in value for rural economies in over 70 countries. The ASM sector overall plays a crucial role in offering a way out of poverty for over 100 million people, including miners and their families, around the world.

Using our sectorial weight, we want to take a leadership role to pull the ASM sector forward on responsible business practices, creating positive impact in mining communities and increasing the mines' access to global market. Our ASM journey started in 2015, when we decided to engage directly with the ASM sector. Our approach had to be from 'within' and working with 'the source'.

Developing ASM sourcing model

To develop the ASM supply chain, we had to establish and/or adapt various internal processes. Firstly, sourcing responsibly from ASM required us to develop a specific ASM sourcing model. Working with industry experts, we created best practice procedures, including comprehensive supply chain risk assessment, to ensure responsible engagement with, and sourcing from ASM.

To ensure these were most adapted to the reality and needs of our sector and the field, we consulted extensively with stakeholders, including clients, NGOs, ASM experts and industry associations, who provided their feedback. Crucially, we piloted these procedures on the ground with ASMs and, finally, we asked an independent academic institute to review.

"The piloting on the ground of our procedures was incredibly eye opening," comments Michael Mesaric, CEO of Valcambi. "This allowed us to understand what ASM looks like. We saw 'good practice scenarios' and spoke directly with miners and their stakeholders to learn from their experiences. We also gained greater understanding of the needs and wishes of the different actors involved in this process and how Valcambi's work on responsible sourcing from ASM could, in turn, benefit the artisanal mining sector."

Our procedures enable us to not only comply with all the principle frameworks for responsible gold sourcing, such as the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas; the LBMA Responsible Gold Guidance, and the Responsible Jewellery Council Chain of Custody Standard, but also to go beyond these, wherever needed.

It is important to understand that disengagement with mines not conforming with our due diligence criteria is not a solution for Valcambi. When we developed our due diligence procedures, our intention was not only to protect our business but to drive best practices within the ASM sector.

We have developed tools to appropriately communicate non-conformity situations and outline corrective measures, including remediation, in order to support the mines that are willing to improve the way they operate. This approach allows them to address the gaps in their practices so that, ultimately, we can work together. We do this with the help of entities such as civil society organisations, associations and governments that can provide the appropriate support and competence on the ground to manage a comprehensive remediation plan. This looks at technical aspects for operational improvements, and social and environmental aspects.

It is our ambition that our responsible sourcing approach benefits the ASM sector and producer nations, while improving access to markets for ASM miners.

Tuning up our operations

Secondly, we needed to solve very practical questions such as the dimensions of our refining units. “When we started, our equipment was scaled for quantities much higher than those produced by an artisanal mine,” says Simone Knobloch, COO of Valcambi. “Now our refining units are capable of batch refining very small amounts of doré, satisfying the needs of both the supply chains where ASM gold is requested and where ASM gold must be segregated.”

We also looked at the transportation costs and were able to set up favourable agreements for small volume deliveries comparable with the refining batch of our units.

Supporting ASM responsible mining on the ground

In parallel, we started engagement on the ground to assess the situation, identifying potential countries and mines from which we could source, and what support these mines needed to adopt the responsible mining practices that would allow us to work together. We soon learnt that ensuring responsible mining and harnessing ASM's potential for sustainable development demands a collaborative approach that starts with dialogue and engagement with multiple stakeholders including governments, NGOs, civil society, upstream and downstream sector associations and, of course, ASMs themselves.

We started working on a number of initiatives and projects on the ground in collaboration with a number of organisations and associations. These included Fairtrade, the Swiss Better Gold Association (SBGA) (of which Valcambi is a member) and the Better Gold Initiative (BGI); the Alliance for Responsible Mining and Fairmined; the European partnership for Responsible Minerals (founding member and strategic partner), among others.

We passed an important milestone in 2015. After obtaining the licence to process Fairtrade-certified gold, Valcambi became a strategic partner for Fairphone on its very outset. Processing gold coming from Minera Sotrami, a mine in Peru that at the time was Fairtrade certified, we helped Fairphone to become a pioneer in the transition to sustainability and environmental compatibility in the industry.

It was through our collaboration that Fairtrade introduced us to the Minera Limata co-operative, a small-scale mine near Puno, South Peru. As concession AFC12 (LIMATA AFC12) was working on improving its practices, we received the visit of the miners from the cooperative along with the Fairtrade project leads.

“It was a real privilege to welcome the miners at Valcambi,” explains Mesaric. “We opened our ‘books’ to each other. Valcambi introduced the miners to the world of refining and we outlined our ASM sourcing approach, emphasizing the importance of due diligence processes and traceability, not only at the mine but throughout the entire value chain.”

In turn, the miners presented their mining operations and discussions progressed on the various options a business relations could take. LIMATA AFC12 came on stream a couple of months later as the culmination of this great collaboration. It is a very important milestone for Valcambi and our sector,” comments Knobloch. “This project validates and puts into practice our ASM sourcing processes and, most importantly, demonstrates that responsible artisanal mining and sourcing are possible, and that ASM can access the international gold market.”

Some exciting perspectives

At the moment, Valcambi's focus is on bringing benefits to the ASM sector, supporting its formalisation of responsible practices that will allow the mines to access global market. “Given the small volumes that ASMs can currently provide, and factoring in the transport, refining, segregation and traceability costs, ASM sourcing is not commercially viable,” Mesaric acknowledges. “But we have to start somewhere and, as ASM sourcing increases, it will become more commercially viable for us and the industry, and will benefit ASMs.”

The many ongoing initiatives and projects led by various organisations are testament to the degree of interest that responsible ASM mining and sourcing has attracted from the many actors along the value chain. “Less than five years ago, only very few organisations would have considered sourcing from ASM, owing to both risk and commercial reasons,” concludes Mesaric. “Today, supply cannot meet the demand. This is a turning point for these mining communities as, with the right support and if they are willing to address the gaps in their practices, they will find buyers for their gold.”

Valcambi is supporting other mining projects that will come on stream in the near future.

Stakeholders and Materiality

Stakeholder engagement

G4-24, G4-25,
G4-26

We actively engage with diverse individuals or organisations including our employees, business partners, suppliers, governments, industry associations and NGOs, gathering and valuing their opinions and expectations to inform our offer and our practices. We work with them to look for solutions to the challenges facing the industry, and for improvements that can benefit our sector and the world at large.

Our relationship and engagement with each individual and organisation is unique and outlined in this section.



G4-24
G4-27

Stakeholder	Type of involvement	Actions
Shareholders	Periodical meetings	Periodical reports
Board	Periodical meetings Monthly reporting on business progress Monthly conference calls	Compliance with laws Adoption of sector best practices
Management	Periodical meetings	Objectives & strategies sharing KPI definition
Employees	Quarterly report (newsletter) Important communications updated on notice boards Meetings with union representatives Code of Conduct Coordination meetings Corporate website Company events Work climate survey Sustainability Report	Professional training Compensations and bonuses
Customers	Periodical customer satisfaction surveys On-going communication Interactions through industry associations Client on boarding process (Due Diligence) KYC (Know Your Client Process) Web site Sustainability Report	Satisfaction of their requests and expectations Corporate visits
Suppliers	Client on-boarding process (Due Diligence) KYC (Know Your Client Process) KYP (Know Your Product Process) Website, e-mail, telephone Suppliers evaluation process Code of Conduct	Clear and detailed contracts Updated and precise information
Competitors	Meetings organized by industry associations Website Meetings	Joining mutual projects
Local & National Institutions, Authorities	Monthly communication Information meetings	Compliance with laws and regulations On-going dialogue
Local Communities	Website Sustainability Report	Sponsorship
Public services	Regular communication Website	Security training exercises
Trade & Industry Associations	Periodical meetings	Joining proactive monitoring programmes Joining fairs and events
NGO's national & international	Website Sustainability Report	Communication activities
Mass media	Website (area news) Sustainability Report	Press release Media relation

Materiality analysis

G4-18

The materiality analysis is a stakeholder engagement process aimed at identifying the topics that have a direct or indirect impact on our company's ability to create economic, environmental and social value and maintain it over time. The insights are central to inform sustainability reporting, but are also valuable to strategic planning.

To identify the issues that matter most to our business and our stakeholders, we used a formal materiality process, engaging a broad set of stakeholders.

The process has been structured along the following phases:

- Identification of a preliminary list of key environmental, social and governance issues of concern
- Consultation of internal and external stakeholders on the identified issues
- Prioritization of issues to determine associated risks and opportunities
- Systematization of the issues by placing on the materiality matrix displaying their position relative to the degree of stakeholder concern and potential business impact
- Validation of the matrix by the top management.

G4-23

With respect to our 2017 Sustainability Report, we update the materiality assessment process that helped us to focus on the supply chain traceability and ASM sourcing as our new most relevant objectives. Environmental performance remains on the target list, but is ranking behind the two others.

G4-22

Compared to the previous Sustainability Report contents, there are no major modifications regarding the information included.



Materiality Assessment

G4-19, G4-20,
G4-21, G4-27

Aspects	Relevance	Boundary of impacts		Materiality		
		Internal	External	Impact on Valcambi	Importance for stakeholder	Level of relevance
Economic performance						
Economic value generated & distributed	yes	✓	✓	*	*	*
Salaries vs. regional average in comparable industries	yes	✓	✓	*	*	*
Spending on local Suppliers	yes	✓	✓	○	○	○
Environmental aspects						
Materials	yes	✓	✓	*	*	*
Energy	yes	✓		*	○	*
Water	yes	✓	✓	○	○	○
Biodiversity	yes		✓	○	○	○
Greenhouse gas emissions	yes		✓	*	*	*
Waste and discharges	yes		✓	○	○	○
Transport of products	yes		✓	○	○	○
Environmental expenses	yes	✓		*	*	*
Suppliers' evaluation	yes	✓	✓	*	*	*
Social aspects						
Labour practices and decent work						
Work conditions	yes	✓	✓	*	*	*
Health and safety	yes	✓	✓	*	*	*
Employees involvement	yes	✓	✓	*	○	○
Training and education	yes	✓	✓	*	○	○
Equal opportunities	yes	✓	✓	○	*	○
Equal remuneration	yes	✓	✓	○	*	○
Suppliers' evaluation	yes	✓	✓	*	○	○
Management of grievances	yes	✓	✓	*	*	*
Human rights						
Activities involving human right screening	yes	✓	✓	*	*	*
Freedom of association	yes		✓	○	*	*
Child labour	yes		✓	*	*	*
Force labour	yes		✓	*	*	*
Rights of local population	yes		✓	*	*	*
Suppliers' evaluation	yes	✓	✓	*	*	*
Society						
Local communities	yes	✓	✓	○	*	○
Corruption control	yes	✓	✓	*	*	*
Anti-competitive behaviour	yes	✓	✓	*	*	*
Non-compliance with local laws	yes	✓	✓	*	*	*
Suppliers' evaluation	yes	✓	✓	*	*	*
Product responsibility						
Safety of products	yes	✓	✓	○	○	○
Information and labelling	yes		✓	○	*	*
Customer surveys	yes	✓	✓	○	*	*
Sale of banned or disputed products	yes	✓	✓	*	*	*

* high ○ medium

Materiality Matrix

The findings of the materiality analysis have been placed on a materiality matrix that displays issues of concern for our stakeholders and potential business impacts.

Importance to Stakeholder	HIGH	Pension plan coverage	Occupational Health & Safety CO ₂ Emissions	Human rights & Child labour screening Our people Trustworthiness, Ethical & Professional behaviour Control of supply chain & traceability Customer satisfaction
	MEDIUM	Water consumption Waste management Freedom of association	Equal Opportunities & Remuneration Value redistributed to employees & society Energy consumption Suppliers evaluation	Anti-corruption Economic performance
	LOW	Spending on local suppliers Materials		Training & Education
		LOW	MEDIUM	HIGH
		Influence on Business Success		

The vertical axis of the materiality matrix demonstrates the degree of importance stakeholders assign to the various topics. The horizontal axis mirrors the relevance from the perspective of the company and what may affect our business success. In the upper part, in the middle and on the right side of the matrix are therefore the issues on which, as part of our strategic objectives, a high level of commitment is planned for coming years such as:

- Trustworthiness, ethical and professional behaviour
- Our People, Health & Security
- Our Clients and their satisfaction
- Supply chain and traceability control
- Economic performance
- Water consumption

We are aware that priorities can change over time. Our aim is to continue to fine-tune this materiality process to best capture the evolving concerns of our stakeholders.

Our performance

Our economic performance

G4-DMA

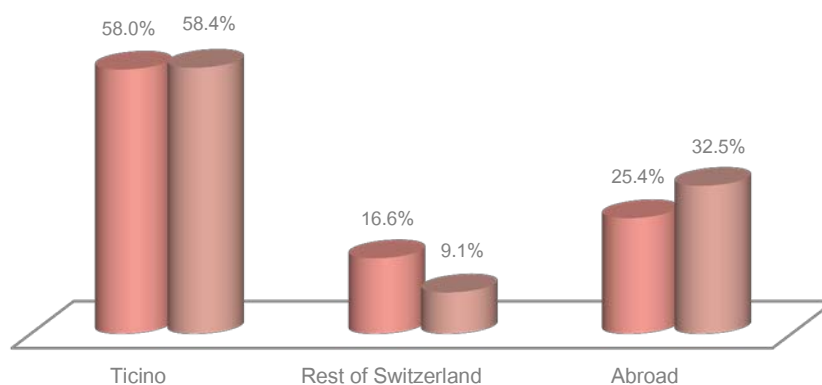
Over the last two years, and despite the global slowdown in the precious metals market, Valcambi had a positive economic performance development.

Our contribution to the economic progress of the region in which we operate is represented by the salaries and benefits paid, the direct and indirect taxes contributed and the purchase of goods and services:

- The total direct taxes paid by Valcambi at the communal, cantonal and federal level amounted to 28.7 per cent of the Net Profit in 2016, and 27.6 per cent in 2017

G4-EC9

- Total labour expenses amount to 31.2 per cent of our total turnover for 2016 and 28.3 per cent for 2017
- For the purchase of products and services, whenever possible, Valcambi favours local suppliers. Suppliers outside of Switzerland are only chosen when a comparable product or service is not locally available. In 2016 and 2017 Valcambi sourced more than 50 per cent of products and services from local suppliers (based in Ticino).



Proportion of spending on local suppliers

■ 2016 ■ 2017

G4-EC3

Our pension plan is managed by an external third party based on Valcambi's advises in regards to investment strategy, asset classes and risk profile. The risk profile chosen is in line with our overall risk approach culture. Risk must be measurable and manageable, considering that these assets belong to our employees and have the purpose of guaranteeing financial security during retirement. We have the obligation to find a healthy mix between capital preservation and a return on assets. Over the last two years we have maintained a coverage ratio of approx. 122 per cent and return of 4.3% in 2017 . The benefits we offer are superior to those required by the Swiss Law on Occupational Pensions (2nd pillar), since a generous pension plan is part of our incentives to attract and retain qualified staff.

G4-EC4

We did not receive any financial assistance from the Government in 2016 or 2017.

G4-EC5	Valcambi adheres to the Swissmem Collective Agreement that supports:
G4-LA13	<ul style="list-style-type: none"> • Equal opportunity and remuneration for women and men and no discrimination regarding sex, age, nationality, religion and sexual orientation; • Guaranteed minimum wage.
G4-EC6	The majority of Valcambi's employees are Swiss or Italian; all four members of our top management are local residents.

Our environmental performance

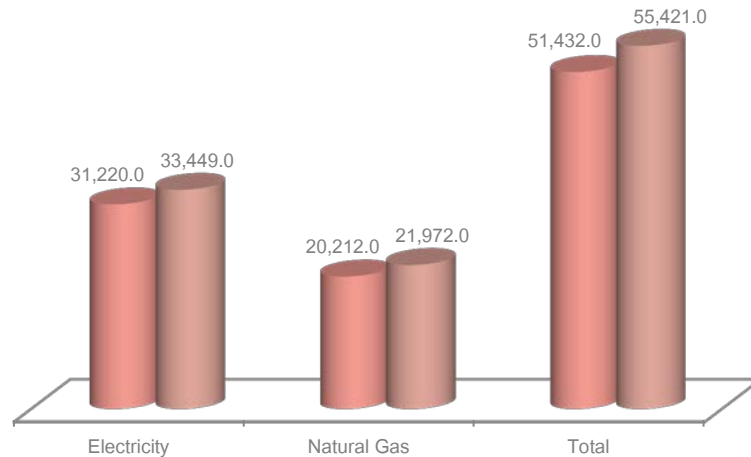
G4-DMA	<p>Switzerland has some of the strictest environmental protection regulations in the world. As part of our compliance obligations, we are periodically monitored by the local authorities and we carry out internal controls on a regular basis. The results are systematically reported to the authorities.</p> <p>We continuously strive to exceed the requirements of the laws and regulations with which we must comply, by minimizing our environmental footprint through operational efficiency and the use of new technologies.</p> <p>Precious metals refining and manufacturing requires a significant amount of water and energy and leads to GHG emissions and waste. According to the environmental impact analysis operated to achieve ISO140001 and OPIR certification, the environmental risks related to Valcambi's production are considered moderate to low.</p> <p>We work hard to improve our energy efficiency and reduce the use of chemical products, monitor our emissions, water consumption and waste disposal. In 2016 we implemented a management system (AMBOX) that allows us to monitor closely all the environmental aspects detected.</p>
G4-EN31	During the two-year period 2016 to 2017 we spent over three million Swiss Francs on environmental protection measures, mostly devoted to reduce water consumption and treating wastewater.
G4-EN32	We expect our suppliers to actively contribute to reducing the environmental impact their products or services have and we work with them to seek optimised solutions in the areas of shipping, transportation and processing.

Materials

G4-DMA	We continuously look to reduce the quantities of chemical products we use, by taking advantage of technical developments and by seeking better solutions for production such as using less environmentally-impactful reagents and sourcing precious metals from secondary feeds.
G4-EN1	During 2016 we consumed approximately 1,164 tons of chemicals and materials (excluding precious metals). This compares to 1,206 tons in 2015. In both 2016 and 2017 (as in 2015) more than 50 per cent of total consumption of materials utilised was made up of the top three chemicals used in the refining process, all acid and alkaline solutions.
G4-EN2	In 2016, 83.4 per cent of precious metals refined were sourced from secondary feeds and 16.6 per cent from primary feeds, while in 2017 72.2 per cent were sourced from secondary feeds and 27.8 per cent from primary feeds.

Energy

- G4-DMA The electricity consumed is supplied by the local distributor AGE SA and originates mainly, albeit not exclusively, from renewable sources, such as hydropower and biomass.
- G4-EN3 The total 2016 energy utilisation amounted to 51,432 GJ, an increase of 12.7 per cent versus 2015. In 2017 the consumption was 55,421 GJ, an increase of 7.7 per cent versus 2016.
- G4-EN6 The increase in energy consumption in 2016 versus 2015 is due to Valcambi starting operating its new Electro Silver Refining (ESR) building. The further increase in 2017 related to the consumption of electricity by the Water Saving System and by the full use of the new ESR.



Energy consumption (in Gigajoule)

■ 2016 ■ 2017

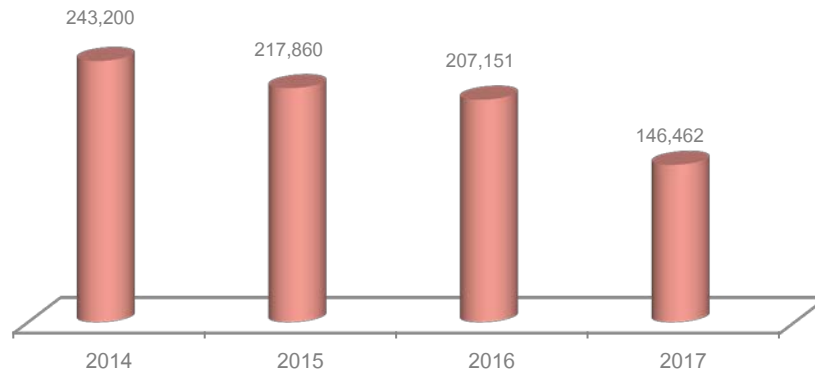
Water

G4-DMA
G4-EN8

The water we use is sourced from the public water supply, managed by the Municipality of Balerna through its subsidiary Azienda Acqua Potabile. The totality comes from a groundwater source located in the immediate vicinity of our premises.

In the two-year period 2016 and 2017, we conducted and completed a water saving project aimed at reducing our water consumption by 70 per cent. The balance of the last four months of 2017 showed a 71.8 per cent reduction compared to the same period in 2016. At the end of 2018, we will be able to fully evaluate the benefits of the intervention carried out.

For production, cleaning, human consumption and hygienic purposes we purchased 207,151 cubic meters of water in 2016, which represents a decrease of around 5 per cent versus 2015. In 2017 we purchased 146,462 cubic meters, representing a reduction of 29.3 per cent in comparison to 2016. The reduction in water consumption is a direct result of the new Water Saving System and at the end of 2018 we will be able to fully evaluate the effects of the Water Saving Project.



Water consumption (in m³)

G4-EN22

In 2016, we released 195,140 cubic meters of waste water, a reduction of 4.8 per cent compared to 2015. In 2017, we further reduced water waste by 27.6 per cent versus 2016, releasing 141,250 cubic meters as a result of the Water Saving Project. The waste water is pre-treated in our on-site Waste Water Treatment Plant before being sent to the Sewage Treatment Plant.

Waste

G4-DMA

The efficient management of hazardous and non-hazardous waste is at the heart of Valcambi's practices. At the beginning of 2017 we implemented a new waste management system, consisting of procedures and instructions aimed at managing the entire waste process, from waste production through to packaging, collection, storage and transport - carried out by specialized and authorized companies.

G4-EN23

Valcambi generates three types of waste:

Domestic non-recyclable wastes generated by Valcambi canteen activity are collected by the local garbage collection company (not tracked).

Recyclable waste that can be transformed into reusable materials, reducing the consumption of raw materials, is collected by specialised, legally-recognised recycling companies.

Special wastes with environmentally friendly disposal require a set of specific technical and organisational measures and are collected by specialised companies legally recognised for disposal.

In 2016 we produced 4.8 tons of special waste, and 6.1 tons in 2017. More than 50 per cent of these special wastes were mineral and synthetic waste oils, about 20 per cent emulsions and aqueous solutions, and 10 per cent waste solvents.

Fully 100 per cent of recyclable waste is collected by specialised and legally authorised recycling companies.

The recyclable waste collected was divided as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Wood & Paper	28.3 t	34.3 t	30.8 t
Metals (Al, Cu, Ferrous)	24.3 t	28.6 t	23.2 t
Plastics	17.6 t	29.5 t	19.4 t
Other recycling materials	<u>70.7 t</u>	<u>57.6 t</u>	<u>56.6 t</u>
Total	140.9 t	150.0 t	130.0 t

Greenhouse Gas – (GHG) Emissions

G4-DMA

According to the Greenhouse Gas Protocol (GPP), direct and indirect emissions can be categorized as follows:

- Scope 1: greenhouse gas emissions from sources owned or controlled by the organisation.
- Scope 2: indirect emissions of greenhouse gases deriving from the generation of electricity purchased by the organisation.
- Scope 3: other indirect greenhouse gas emissions that are a consequence of an organisation's operations, but are not directly owned or controlled by the organisation such as commuting employees, business trips, production of purchased goods, emissions from use of products sold.

In 2017 we commissioned a specialised company to measure and analyse our 2016 GHG emissions. Our direct and indirect GHG emissions measured in tons of CO₂ equivalent were as follows:

G4-EN15
G4-EN16
G4-EN17

- Scope 1 1,144.9 tCO₂ eq.
- Scope 2 2,039.1 tCO₂ eq.
- Scope 3 2,009.9 tCO₂ eq.

Scope 2 represents the consumption of electricity while the value of Scope 3 is mainly generated by the commuting of Valcambi employees. At the time of production of this Report, the data on GHG emissions for 2017 were not yet available. We will report these data in our 2018 Sustainability Report.

G4-EN19

The 2016 data cannot be compared with the previous data of 2014 and 2015 as they have been calculated with greater precision by a specialized company appointed by Valcambi.

G4-EN20

Valcambi does not emit ozone-depleting substances into the atmosphere.



Our social performance

G4-DMA

Social issues that are particularly relevant for Valcambi are:

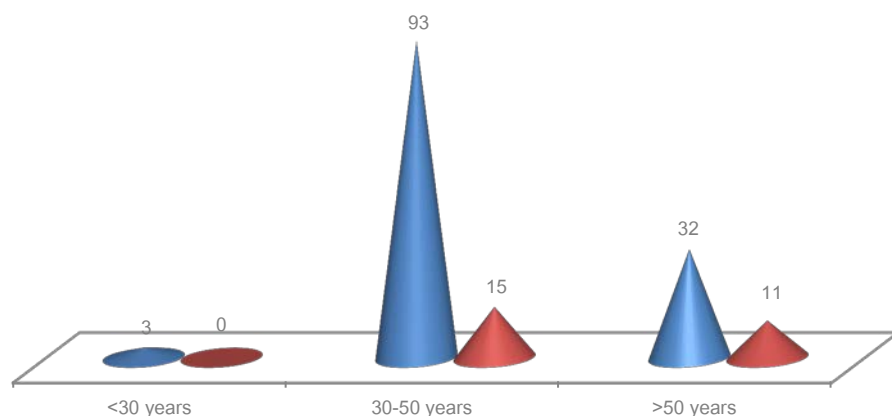
- Providing a healthy, safe, and rewarding work environment for each of our employees;
- Providing training for our employees;
- Offering the best services and products to our business partners, fully compliant with the highest industry standards and government regulations;
- Compliance with all legal and regulatory requirements in regards to the origin of the precious metals;
- Adherence to Swiss Law and the most stringent international standards for our client onboarding process.

We are well aware that significant social issues can occur in the precious metals market, particularly in the upstream part of our value chain. At Valcambi we operate with a zero-tolerance policy to activities such as white collar related crimes including money laundering, human rights related crimes including working conditions and child labour: we will not enter into a business relationship with entities or individuals displaying non-transparent business conduct or where doubts may occur in regards to the origin of metals.

Labour practices and decent work

G4-DMA

Valcambi's wealth is our people. We offer advantageous contractual agreements, we guarantee good social performance and we endeavour to continuously improve our work environment.



Permanent staff 2017, age groups by gender

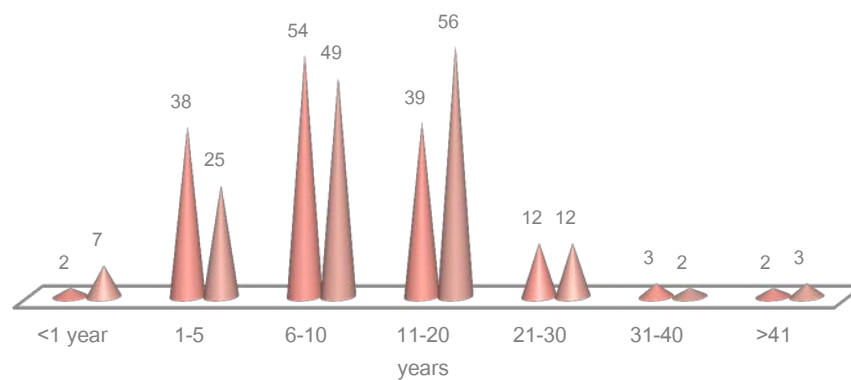
■ Men ■ Women

G4-LA1

In 2016, Valcambi employed a total of 173 people, of whom 150 were permanent and 23 temporary employees (as of 31.12.2016), a decrease of 5.47 per cent versus 2015. The total people fluctuation rate in 2016 was 2.6 per cent annually. In 2017, Valcambi employed a total of 171 people, of which 154 were permanent and 17 temporary employees (as of 31.12.2017), a decrease of 1.16. per cent versus 2016. The total people fluctuation rate in 2017 was 6.6 per cent annually.

This is due to the global economic slowdown that affected the minerals and precious metals sector and the natural workforce turnover. Increased mechanisation and job rotation in the processing departments also allow for some flexibility to reduce temporary manpower when the plant is not operating at full capacity

In 2016 and 2017 70 per cent of all employees had worked at Valcambi for more than five years. Eight per cent of our employees have been with us for more than 25 years. The average employee tenure is 12 years.



Length of employment, permanent staff - 2017

■ 2016 ■ 2017

Remuneration is based exclusively on the evaluation of skills and experience; the variable remuneration is assessed against a balanced scorecard of individual and team-based performance objectives.

G4-LA2

Despite the global economic slowdown, 100 per cent of our workforce received a performance bonus in 2016 and 2017.

G4-LA9

We have increased and diversified our training offer. In 2016, the working hours dedicated to training amounted to 1,949 hours and 120 employees received training for an average of 16.24 hours each. In 2017 training hours amounted to 2,335 hours with 159 people trained for an average of 14.68 hours each. Some of the training offered was mandatory, while other sessions were optional; the subjects covered aspects including health and safety, IT, languages, lean manufacturing, finance, fire service, quality management, compliance, sworn assayer, precision measuring instruments and taxation.

We offered our personnel the chance to join internal and external training courses.

Health & Safety issues are supervised by our Health & Safety Manager, in collaboration with the HR department.

G4-LA6

Our safety target remains to achieve a "Zero Incidents rate" and to protect and continually improve the health of our workforce. To enhance health and safety measures our staff receive training on an ongoing basis.

In the period 2016 to 2017 a limited number of injury events of low gravity have been registered. The number of accidents has remained constant in comparison to the two previous years while seriousness has decreased by 45 per cent. The absentee rate has slightly decreased.

	<u>N° events</u>	<u>FR</u>	<u>LDR</u>	<u>AR</u>
2015	4	12.7	207.5	5.6%
2016	4	13.2	133.9	5.3%
2017	5	15.3	115.2	4.9%

FR (Frequency Rate) = number of injuries / number of worked hours x 1,000,000

LDR (Lost Days Rate) = number of lost days due to injury / number of worked hours x 1,000,000

AR (Absentee Rate) = number of lost hours / number of worked hours

To support the OHSAS 18001 certification, a broad training programme has been implemented and great efforts have been deployed to raise awareness and foster a culture of prevention on health and safety aspects.

Product responsibility

G4-DMA All our products leave our factory with clear labelling, either stamped or, when this is not possible as in the case of gold and silver grain or certain semi-finished products, accompanied by a certificate.

G4-PR3 The stamp or certificate includes data on weight, metal description, fineness, Hallmark (CHI Essayeur Fondeur) and, where appropriate, a serial number.



G4-PR5 Assessing how satisfied our customers are with our products and services is necessary to capture the essential meaning of quality. In 2016 and 2017, Valcambi measured its customers' satisfaction using the following instruments/indicators:

- Visits Report (to measure overall satisfaction).
- Customers Complaints (where we also monitor the resolution time with the objective of keeping it short).
- Customer Turnover and Sales Statistics (if the service does not meet their expectations, customers could end the business relationship and turn to other suppliers, decrease their referrals, or not complete an order. If they are satisfied, customers are likely to continue the business relationship with us).
- Feedback from Customers (emails / phone calls).

Based on their feedback we can state that in 2016 and 2017 our customers were very satisfied with our products and services.

In the fourth quarter of 2017 we conducted a client satisfaction survey. The findings of these will be shared in our 2018 Sustainability Report.

Society

G4-DMA
G4-SO3

Bribery and corruption are considered a potential risk in the precious metal supply chain. Valcambi's ethical standards, as described in the Code of Conduct and the Precious Metals Supply Chain Policy, (www.valcambi.com) request behaviours that do not tolerate any form of corruption or bribery. Rigorous policies, procedures and controls are applied internally (for employees and external contractors) and externally (in the supply chain of precious metals).

G4-SO4
G4-SO10

All Valcambi employees are required to understand, adhere to and sign our Code of Conduct. Any information regarding incidents related to any form of corruption or bribery as well as misconduct, dishonest or illegal activities occurring at Valcambi have to be reported. Our employees can also submit an observation in the form of an anonymous communication. Our whistleblowing procedure is known by all our employees, and training on these subjects is held periodically.

Valcambi has implemented the compliance with the Precious Metal Supply Chain Policy which is audited on an annual basis by independent auditors according to LBMA guidelines. The policy as well as the audit results are publicly available on our company's website.

Human Rights

G4-DMA

Valcambi is committed to ensuring respect for human rights in conducting its activities.

G4-HR5
G4-HR6
G4-HR10
G4-HR11

Valcambi frames its commitment to human rights in line with the UN Guiding Principles on Business (ILO) and Human Rights, the OECD Guidelines for Multinational Enterprises, and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-affected and High Risks Areas. We comply with the transparency guidelines set by GRI and uphold the framework set by the 2030 Agenda for Sustainable Development. We comply with relevant sector standards such as the LBMA Gold Guidance, the Responsible Jewellery Council Code of Practice and Chain of Custody Standard and the Fairtrade Standard for Gold and Associated Precious Metals from Artisanal Mining.

The Legal and Compliance Officer is responsible for overseeing and managing Human Rights Abuses and White Collar Crimes. He/she ensures that management and employees are in compliance with the rules and regulations of regulatory agencies and value-related risks, when dealing with potential and current business partners.

Valcambi recognizes and respects the importance of labour standards to protect workers and provides a guide to employees to ensure compliance with labour laws and regulations in Switzerland in order to promote a positive and ethical work environment.

Valcambi confirms social responsibility standards by collaborating with suppliers ensuring that they follow international standards on freedom of association and collective bargaining, forced labor, child labor, harassment or abuse, disciplinary practices and discrimination, among other practices

Acronyms and Abbreviations

Ag	Silver
Al	Aluminium
ASFCMP	Association Suisse des Fabricants & Commerçants de Métaux Précieux
ASM	Artisanal Small-Scale Mining
ARM	Alliance for Responsible Mining
Au	Gold
BGI	Better Gold Initiative
CAHRAS	Conflict-Affected and High-Risk Areas
CS	Credit Suisse
Cu	Copper
EPRM	European Partnership for Responsible Minerals
ESR	Electro Silver Refining
GHG	Greenhouse gas
GJ	Giga Jules
GRI	Global reporting initiative
ILO	International Labour Organization
IT	Information Technology
LBMA	London Bullion Market Association
LPPM	London Platinum and Palladium Market
NGO	Non-Governmental Organization
OECD	Organisation for Economic Co-operation and Development
OPIR	Ordinance on Protection against Major Accidents
Pd	Palladium
Pt	Platinum
SBGA	Swiss Better Gold Association
tCO ₂ eq.	tons of CO ₂ equivalent
UNEP	United Nations Environment Programme
WWTP	Wastewater Treatment Plant

UN Global Compact

Principles	Global Compact Principles	page
Human Rights		
1	Businesses should support and respect the protection of internationally proclaimed human rights	41
2	Businesses should make sure they are not complicit in human rights abuses	41
Labor Standards		
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	15, 41
4	Businesses should uphold the elimination of all forms of forced and compulsory labor	41
5	Businesses should uphold the effective abolition of child labor	23, 38
6	Businesses should uphold the elimination of discrimination in respect of employment and occupation	34
Environment		
7	Businesses should support a precautionary approach to environmental challenges	7
8	Businesses should undertake initiatives to promote greater environmental responsibility	34
9	Businesses should encourage the development and diffusion of environmentally friendly technologies	34
Anti-Corruption		
10	Businesses should work against corruption in all its forms, including extortion and bribery	41



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G4-4	18, 19	-	Primary brands, products, and services
G4-5	9	-	Location of the organization's headquarters
G4-6	9	-	Name & number of countries where the organization operates
G4-7	9	-	Nature of ownership and legal form
G4-8	18	-	Markets served
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Report Profile			
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G4-29	7	-	Date of most recent previous report (if any)
G4-30	7	-	Reporting cycle (such as annual, biennial)
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G4-36	13	-	Executive-level positions with responsibility for economic, environmental and social topics
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Ethics and Integrity			
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G4-DMA	34	-	-	Generic disclosures on management approach
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Sub-category: labour practices & decent work				
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Material aspect: forced or compulsory labour				
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