



PAMP.
Produits Artistiques Metaux Precieux

**Sustainability Report
2014**

There has been an increased interest in transparency and social responsibility among businesses in our sector. The recent change to the system for recording statistics of the origin of precious metals is symptomatic of that trend, as are the numerous drives by international organizations, associations and the economic world in general towards more ethically conscious management in the precious metals industry.

PAMP has made transparency and social responsibility the cornerstones of both its operational activities and its management philosophy for many years now. This publication, now in its fifth edition, is intended to shed light on that permanent commitment for all of our stakeholders: employees, the local community, customers, suppliers, institutions, shareholders, group companies, organizations and associations, mass media, competitors and ultimately everyone who comes into contact with us.

The results and comments set out in this document refer to the financial year from July 1st 2013 to June 30th 2014. In three sections (Social, Environmental and Economic Responsibility), we attempt to cover all of the questions that are important not only to us, but also to our stakeholders, with the aim of offering them a tool – the Sustainability Report – which provides a platform for dialogue and the exchange of views.

During the financial year in question, we faced a complex set of market circumstances in which the positive trend of recent years was reversed and a variety of indicators were significantly affected. In addressing the situation, we took a number of steps to reduce costs with as little impact on the workforce as possible.

CONTENTS

Highlights

1. Who We Are

- 1.1 History and Values
- 1.2 Business
- 1.3 Recognition

2. Social Responsibility

- 2.1 Production Chain
- 2.2 Suppliers
- 2.3 Employees
 - 2.3.1 Personnel Composition
 - 2.3.2 Training
 - 2.3.3 Health and Safety
- 2.4 Local Community

3. Environmental Responsibility

- 3.1 Resources Employed
 - 3.1.1 Energy
 - 3.1.2 Water
- 3.2 Waste and Emissions
 - 3.2.1 Waste
 - 3.2.2 Water and Soil Discharges
 - 3.2.3 Atmospheric Emissions

4. Economic Responsibility

- 4.1 Company Indicators
- 4.2 Contributions

HIGHLIGHTS

SA8000 – Voluntary International Ethics Certification

In May 2014, we obtained the SA8000 certification, an international standard that sets requirements for ethically correct conduct towards workers, and represents a major milestone for PAMP and its workforce. PAMP is the sixth company in Switzerland and the first precious metals refinery in the world to earn the prestigious mark of recognition.

MKS PAMP

The MKS group, of which PAMP is a part, has changed its name to MKS PAMP, demonstrating the key role we play within the group

Multi-Alliages en Or

After years of research and study, we have created the innovative product *Multi-Alliages* in gold. *Multi-Alliage* literally means “multi-alloy,” which accurately describes the ability to combine various gold alloys without using any soldering agents. The result is a unique semi-finished product to be used in jewellery and watchmaking, offering numerous possibilities in terms of application and customization.

Code of Ethics

After being awarded the SA8000 certification, we produced and published a Code of Ethics. In the wake of the policy already applied by the MKS PAMP group, the Code of Ethics serves as both a statement of our responsibility and a guideline for the entire business on how to manage the production chain. Our commitments in terms of ethics in the workplace are summarised in a list of points that cover child labour, forced labour, occupational safety, freedom of association, discrimination and violence at work.

World Heritage - International Coin Program

The UNESCO program – exclusively managed by PAMP – has a prestigious new member. In October, we launched the first commemorative coins dedicated to the Kingdom of Granada, issued by Fábrica Nacional de Moneda y Timbre – the Spanish national mint.

Good Delivery List – Gold

MMTC-PAMP, our sister company in India, was placed on the Good Delivery List for gold by the London Bullion Market Association (LBMA). MMTC-PAMP is the first and only refinery in the country to have that accreditation for both gold and silver.



WHO WE Are

PAMP stands for Produits Artistiques Métaux Précieux – artistic precious metals products – and we are the world's leading bullion brand, and one of the most trusted refiners and fabricators of precious metals, including gold, silver, platinum, palladium and rhodium.

1.1 HISTORY AND VALUES

PAMP, a world leader in precious metals processing, was founded in Ticino in 1977 and became part of the MKS Group – now known as MKS PAMP – in 1981.

Over the years, we have grown and expanded substantially at the international level, and are present on five continents and in 12 countries. We are also participating in a joint venture in India – MMTC-PAMP – together with the country's largest public trading company, Metals and Minerals Trading Corporation of India (MMTC).

We have built our business on five key values focused on meeting the needs of all our stakeholders, and we consider these constantly in our work:

- Excellence in products and services;
- Trust and reliability in ensuring an ethical, transparent value chain;
- Respect for the surrounding area, meaning the environment and community around us;
- Innovation, meaning the ongoing search for the best technical and procedural solutions;
- Development and protection of human resources in the workplace.

In recent years, a focus on sustainability has had a strong influence on our management philosophy, directing it even further towards ethics and transparency. That focus, combined with the quality standards that have always made our products exceptional, allows us to work with prestigious customers, including international institutions, central banks, national mints, commercial banks, mines and manufacturers.

***Sustainability and quality:
the pillars of our management
philosophy***

1.2 BUSINESS

We hold the ISO 9001 certification, which is the voluntary international standard, setting out the requirements for a quality management system to coordinate internal processes and functions to satisfy internal and external customers. Our second renewal of the three-year certification occurred this year, after a successful completion of an in-depth recertification inspection. As a result, we are now entering our seventh year of certification.

Refining: We have a dedicated team separating and purifying precious metals 24 hours a day, with an annual production capacity of more than 450 tons for gold, 600 tons for silver and 30 tons for platinum group metals.

Analysis and sampling: Our assay laboratory is an independent body, supervised by the Swiss Central Office for the Control of Precious Metals. It is ISO/IEC 17025 accredited for compliance with specific standards on the competence of calibration and testing laboratories, and is therefore authorized to issue certificates based on officially validated and specific analysis processes.

Cast bars and ingots: We produce cast gold, silver, platinum and palladium bars and ingots with specific characteristics in terms of dimensions and purity.

Minted ingots: We produce minted ingots in gold, silver, platinum, palladium and rhodium, weighing from 0.3 g to 1 kg.

Products with traceable origin: We can manufacture our products using "segregated" processing and equipment to ensure full traceability of incoming material throughout the production chain up to delivery to the customer.

Gifts and collector's items: We offer a wide range of gifts and collector's items in gold, silver, platinum and palladium, including pendants and nameplates.

Coins and medals: We mint coins and medals, carrying out every phase from concept and design to packaging and distribution.

Semi-finished goods for industry: We serve the gold, chemical, electronics, pharmaceutical and automotive industries, which have a need for pure precious metals, gold alloys, components, and salts and solutions containing platinum group metals.

Storage: We offer a precious metals storage service in Switzerland, the United States and India.

Retail solutions: We provide our partners with a platform for retail sale of a full range of products without the need for specific knowledge of the sector and without taking on risks.

Financial services: As a part of MKS PAMP Group, we can also make our skills available to banks, financial institutions, fund managers and suppliers of financial services in relation to:

- Precious metal quotes 24 hours a day;
- Physical trading of precious metals;
- Unallocated trading;
- Location and purity swaps;
- Web-based trading applications (WTA);
- Web-based reporting;
- Daily market reports.

UNESCO World Heritage - International Coin Program

We have been UNESCO's exclusive partner since 2012 in the production of coins as part of the World Heritage International Coin Program for the UNESCO Member States and their central banks and national mints. In 2013-2014, we introduced:

- The *Rives de Seine* coin in collaboration with Monnaie de Paris, celebrating scenes on the banks of the Seine;
- A commemorative coin for the Emirate of Granada, named *Millennium of the Moorish Kingdom of Granada*, with Fábrica Nacional de Moneda y Timbre (FNMT);
- The *40th Anniversary of the Sydney Opera House* dollar promoted by the Royal Australian Mint to celebrate the 40th anniversary of the historic performing arts centre.

***A full range of products
and services tailored to
our customers***

1.3 RECOGNITION

London Bullion Market Association (LBMA) Ordinary Member: To date, this exclusive membership status has been awarded to only nine refineries worldwide.

Good Delivery Referee: Our assay laboratory has been recognized as a Good Delivery Referee (one of only three worldwide) by both the LBMA and London Platinum and Palladium Market (LPPM). That status is awarded to assay laboratories authorised to analyse and evaluate bars sent by candidate refineries seeking to obtain Good Delivery certification.

PAMP products are recognised as Good Delivery by:

- LBMA;
- Swiss National Bank (SNB);
- Tokyo Stock Exchange (TOCOM);
- New York Commodity Exchange (COMEX);
- LPPM;
- Dubai Gold and Commodities Exchange (DMCC);
- Chicago Mercantile Exchange (CME);
- Shanghai Gold Exchange (SGE).

We are an associate member of LPPM and TOCOM, and a non-clearing member of COMEX and CME.

We are also supervised by the Swiss Financial Market Supervisory Authority (FINMA), for our compliance with the regulations in the fight against money-laundering and the financing of terrorism.

Prestigious recognitions are the result of our ongoing commitment



SOCIAL Responsibility

"I have known PAMP for several years now and I visit the company regularly for various certifications, so I have been able to observe its ongoing development and growing commitment to various issues, such as care for the environment, quality, health and safety, and, last but not least, ethics. I see many different companies and institutions in my work, and I can confirm that PAMP's serious approach is worthy of note, as shown by its attainment of SA8000, a voluntary certification demonstrating proper, responsible management of human resources, which is something that stands out, even in Switzerland today."

Marcello Bettini, Regional Manager SGS, Société Générale de Surveillance

"I have worked for PAMP for about 2.5 years in the maintenance department, and was recently appointed Occupational Safety Representative. I will be responsible for supervising various factory operations, so that I can highlight any possible improvements in devices and safety procedures, and I am attending a special course to go into this area in more depth, as it is something the company is extremely aware of and attentive to. This training is also a new challenge for me and an opportunity to grow professionally. In a 12-year career, PAMP is the first company to offer me an opportunity like this, and I have seized it enthusiastically!"

Matteo Ferloni, Occupational Safety Representative, Maintenance Department

At PAMP, we are completely committed to protecting the people who come into contact with us, either directly or indirectly. This means looking out for the well-being of our employees, and listening and making ourselves available to the local community. The implications of a management philosophy shaped by sustainability are much wider, extending throughout the production chain.

2.1 PRODUCTION CHAIN

Maintaining control of the entire production chain

In a sensitive industry like precious metals processing, being responsible means not only checking our own work, but also being able to ensure that the entire production chain in which we operate is genuinely sustainable.

Together with the entire MKS PAMP Group, we are very aware of issues relating to sustainability, acting on multiple fronts to prevent any problems and supervising the production chain.

As well as complying with the group's strict internal directive (Responsible Precious Metals Group Policy), PAMP applies a Know Your Customer procedure to ensure that our partners are acting responsibly, in particular regarding:

- The origin of funds and of raw materials for processing;
- Respect for human rights and compliance with standards on working conditions;
- Consideration of the environmental impact of mining and production operations.

We also work with national and international organizations and associations on various levels (drafting regulations, implementing initiatives, deciding on shared rules), including:

- Responsible Jewellery Council (RJC);
- Organisation for Economic Co-operation and Development (OECD);
- World Gold Council (WGC);
- London Bullion Market Association (LBMA);
- Swiss Better Gold Association (SBGA);
- Public-Private Alliance for Responsible Mineral Trade (PPA).

We have also complied since 2011 with the voluntary certification standards set by the RJC to ensure responsible practices throughout the production chain, with a particular focus on business ethics, human rights, and social and environmental performance.

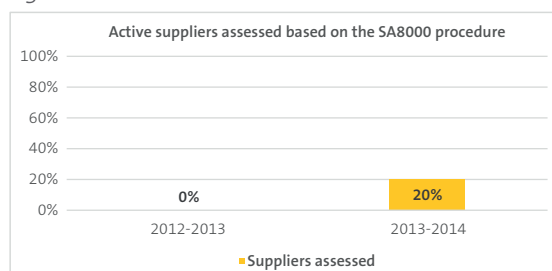
SA8000 Certification

In terms of our commitment to ethics and human rights, obtaining the SA8000 voluntary certification – one of the leading corporate social responsibility certifications available – in May of 2014 was particularly significant. SA8000 sets requirements for ethically correct conduct towards employees by the company. The certification requires us to develop rigorous analysis procedures for all our partners, to draw up a Code of Ethics, to introduce new internal communication tools and identify new roles within the company, to draw up a new employment contract focused on greater employee protection, and other accompanying measures. We also drew up a Redress Procedure for Minors – a handbook for managing any problems arising in relation to child labour at partner companies.

The certification requires us to be able to demonstrate our capacity to control the entire production chain.

As Figure 1 shows, to date we have assessed 20% of our active suppliers (i.e. those that have issued at least one invoice during the past year), out of a total of 624, using a questionnaire and other in-depth checks. Our objective for 2014 is to double this percentage, further enhancing our knowledge of our most important suppliers. Analysing our commercial partners in a timely fashion allows us to identify problems promptly and impart to our production chain a culture of human rights protection, safety, care for the environment and quality. It is a challenging task, both for us and for our suppliers, but one which offers indisputable benefits for everyone.

Figure 1



Supervision of the entire production chain to ensure ethical conduct and respect for human rights

2.2 SUPPLIERS

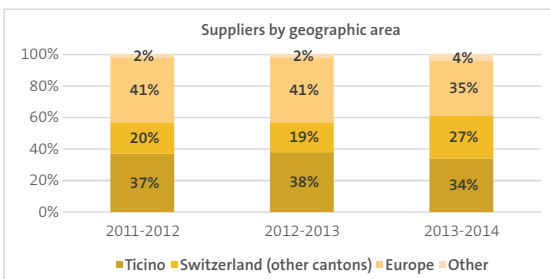
Contributing to the local economy by choosing local suppliers where possible

We receive raw materials for processing directly from our customers. So when we refer to our suppliers, we mean companies that provide us with consumables, equipment, machinery and services. We acknowledge the importance of mutual support for the local economy, especially in times of recession and strong competition from abroad, and we therefore work with locally-based suppliers as much as possible. This also allows us to maintain a fast supply network with minimal transport-related environmental impact.

As Figure 2 shows, more than one-third of our suppliers are based in Ticino. The percentage of Italian and European companies has also fallen in favour of Swiss companies: European suppliers have dropped from 41% to 35% (-6%) while the percentage of suppliers from other Swiss cantons has risen to 27% (+8%). In total, 61% of our suppliers are Swiss (+4% compared to the 2012-2013 financial year).

Our relationship management policy calls for a long-term relationship to be developed and maintained with all of our partners, maximizing the efficiency of the partnership and making full use of the synergies created.

Figure 2



We establish lasting relationships with our partners, based on mutual trust

2.3 EMPLOYEES

2.3.1 Personnel Composition

Providing a stable workplace for all our employees

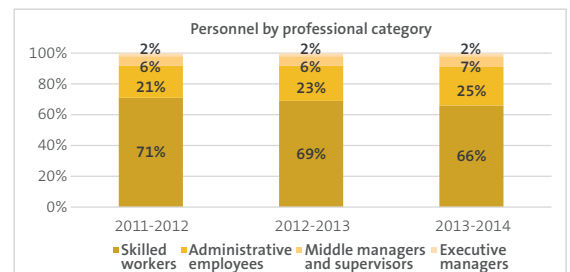
As mentioned in the initial comments for the financial year, market conditions have made it necessary to reduce the workforce, although not significantly. After a peak in growth in the number of employees in the 2011-2012 financial year, with an increase of 55 (from 175 to 230, settling on 225 last year) due to exceptional market demand, the number of employees stabilised from August 2013, gradually falling to 216 (Figure 3).

The trend for reducing the percentage of semi-skilled workers in favour of skilled workers has continued, with the former falling from 69% to 66%, and the latter, which also includes technicians and specialist personnel, growing from 23% to 25%. That was due to an increased demand for the specific skills required to implement individual projects, such as product research and development, and the implementation of new internal procedures. The percentages of middle managers and senior managers remained mostly unchanged (Figure 4).

Figure 3

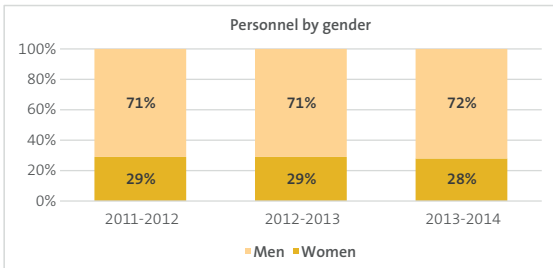


Figure 4



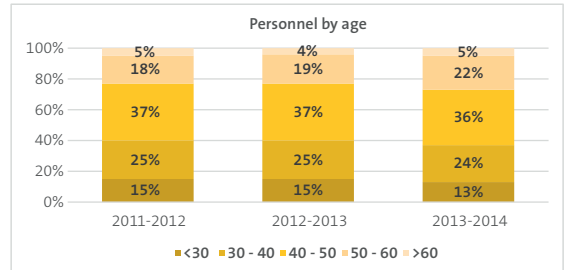
The percentages of men and women varied by a single percentage point compared to last year, accounting for 72% and 28% of the workforce respectively. Women are present in all four professional categories at levels proportionate to the company average, while holding a slightly greater presence among office workers (Figure 5).

Figure 5



There were no significant changes in the age distribution of the workforce in the 2013-2014 financial year. However, there was an increase in the percentage of employees aged 50-60, with a corresponding drop in the number of younger employees, indicating a degree of stability in firm-employee relationships (Figure 6).

Figure 6



Our priority in human resource management is to ensure that our employees are happy and feel as protected as possible. It is partly for this reason that we favour permanent contracts and encourage, through training, professional development of our personnel at every level. We monitor how long employees stay with the company, viewing it as evidence of loyalty and an indicator of satisfaction and well-being.

Although many new employees have joined the company in recent years, at present more than 60% of our personnel have been with us for over 3 years. The percentage of employees who have been with the company for less than 3 years has dropped 8 percentage points, compared to the previous financial year, which went from 47% to 39% (Figure 7).

Figure 7



To strengthen our personnel’s sense of unity and identification with the company, and to maintain an open relationship with all parties that encourages dialogue and transparency, we have continued to work on the communication tools introduced during the financial year 2012-2013. We were pleased to see a positive attitude among our employees towards the new tools, especially with the suggestion forms and ideas register being used more regularly. More frequent meetings with worker representatives has also led to some major benefits in terms of exchange of views and increased collaboration. We also developed a new procedure for the election of worker representatives. In January, more than 200 employees had the opportunity to express a preference and select the 11 current representatives out of 20 possible candidates.

Further progress has been made in relation to sustainable transport. After an initial study and launch phase for a carpooling project, we began to put together the first groups for car-sharing on the commute from home to work. We feel it is very important to raise employees’ awareness of that issue, both in terms of the major benefits to them and in relation to the community around us, where traffic congestion is an increasingly pressing issue. A few weeks after the start of the project, we have already reduced the fleet of vehicles travelling to PAMP every day by about 10, saving around 90,000 “driven” kilometres per year.

Dialogue and collaboration underlie the relationship with all our employees

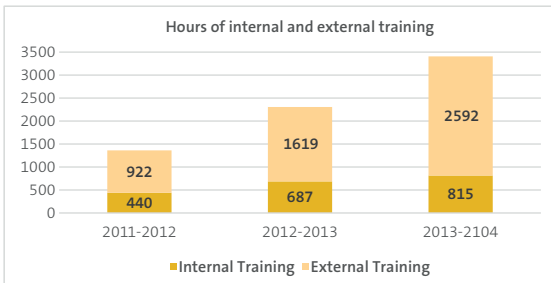
2.3.2 Training

Ongoing investment in our employees to develop their skills

We have invested heavily in training for our personnel during the past year, so as to offer employees the opportunity to develop their knowledge and skills with targeted courses. Our human resources policy is focused on the professional growth of the company's existing workforce, including for when specific capabilities that are not yet required in the company become necessary. The notable increase in external training hours (provided by specialist bodies), from a total of 1619 to 2592 hours (+60%), is primarily attributable to high-level professional development courses for individuals. The +18% increase in internal training hours (provided directly by our employees) is due to the ethics training received by all personnel (Figure 8).

When the SA8000 certification was obtained, each employee received a minimum of one hour's training on the ethical issues covered by the certification. Those opportunities for knowledge development, which we will offer annually, mean that we can make our workforce more attentive to complications arising anywhere on the precious metals production chain. That is both so that they are aware of the issue themselves and so that they can promptly identify critical situations, and contribute to managing and resolving them.

Figure 8



Our strength: the professional growth of our human resources

2.3.3 Health and Safety

Bringing accident figures down to near zero

In spite of efforts to reduce accidents, we saw an increase in both their frequency and severity during the past financial year. Fortunately, no incidents have been recorded that gave rise to particular concerns, but nonetheless, given the slight recent increase, we work constantly to enhance safety regulations.

That has notably meant enhancing protection regulations, and intensifying training and update courses, in order to give each employee an increasingly in-depth awareness. We have also developed an internal checklist allowing us to systematically evaluate compliance with legislation and legal obligations on the subject of occupational safety. We have also given our employees new personal protective equipment.

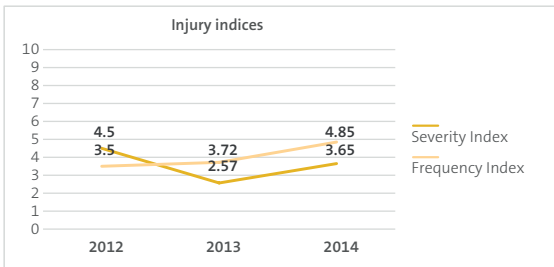
We constantly monitor the accident indices concerning:

- Frequency (IF), i.e. the number of accidents calculated per 100,000 hours worked;
- Severity (IG), i.e. the number of hours lost due to occupational accidents per 1,000 hours worked.

During the past year, 350,183 hours were worked in total. For a relatively small company like PAMP, even small-scale incidents or individual episodes have a major impact on those indices. However, taking into account the total hours worked and the type of activity carried out, we can nonetheless say that these figures – 4.85 for the frequency index and 3.65 for the severity index – are positive (Figure 9).

We pay a great deal of attention to occupational safety. This year we reconfirmed our OHSAS 18001 certification, an international standard demonstrating the voluntary application of a system that allows us to ensure compliance with the applicable regulations and adequate monitoring of worker health and safety.

Figure 9



We are constantly focused on improving occupational safety

2.4 LOCAL COMMUNITY

Maintaining an open dialogue with the community and supporting local bodies

We have two objectives when it comes to the community and the town in which we are based. First, we want local bodies, associations and all inhabitants to be able to have dialogue and collaboration with us, so that they are happy and feel that their concerns are heard. We therefore keep a line of direct communication open at all times, so that we can immediately follow up any requests or questions of interest. We meet representatives of institutions and associations on a regular basis, so that we can plan together and build to benefit the entire community.

A second, but no less important objective, is to support local bodies through our contributions. This year, we have again renewed our contract as the lead sponsor of the local football team, which was promoted to the next division in May, thanks to a healthy team spirit and an exceptional passion for the game.

The English course offered by PAMP at the Istituto Sant'Angelo di Loverciano, a special school that works with children and teenagers with learning difficulties, ended this year with a big party at which two professional hockey players from the Ambri Piotta hockey team interacted with the students (strictly in English).

We have also established a partnership with the school, so that our employees can have lunch at the cafeteria at a very reasonable price. We happily make use of this opportunity, including when we have guests, so that we have another way to support the school while helping our employees.

It is very important for us to be able to help those local bodies, which represent genuine values, and work for the community themselves. We therefore maintain a close, collaborative relationship, so that we can work together to find the most effective, practical ways of implementing and improving our support.

It is very important to us to be able to help local bodies



ENVIRONMENTAL Responsibility

“We have an excellent relationship with PAMP and we place a high value on the investments the company has made in recent years to manage the impact of its operations on the environment and on the local area as effectively as possible. The PLC system that PAMP recently installed to analyse and plan water discharges means that the municipal water treatment plant’s workload has been simplified and lightened, especially when it comes to managing concentrations of specific substances, such as nitrates in the water. We only receive water that has already been analysed and has a precise, agreed substance composition. Being able to rely on this kind of trust-based collaboration means a lot to us, and both the environment and the whole community benefit.”

Stefano Airaghi, Director of the CDACD – Water Treatment Consortium for Chiasso and Surrounding Areas

We hold ISO 14001 certification, the international standard that sets the requirements for an “environmental management system” capable of monitoring the environmental impact of our business, while systematically looking to improve it and achieve greater sustainability. The environmental management system maintains a focus on prudent use of resources (energy

and water), supervision and optimisation of waste and refuse disposal, and constant monitoring of atmospheric emissions.

3.1 RESOURCES EMPLOYED

3.1.1 Energy

Optimising the use of input energy

Energy consumption fell significantly during the past financial year, from 10,736 MWh to a total of 9,686 MWh (a reduction of approximately 10%). On one hand, a fall in electricity consumption is linked to reduced chemical and metallurgical production, while on the other; it is the result of increased process efficiencies. Also the reduced fuel oil consumption is largely due to the mild winter, as it is primarily used to heat indoor areas.

As Figure 10 below shows, 75% of total energy needs are covered by electricity. This is positive, as it is a clean energy type and comes in part from renewable sources.

Optimised use of input energy can also be observed. For each hour worked, 27.66 KWh were consumed in the financial year, indicating a reduction from the figure of 28.54 KWh in the financial year 2012-2013. We successfully kept use of electricity constant, standardising input energy so as to have regular consumption during the day and at night. We can therefore both avoid peaks in demand when the need for energy is generally greater and exploit night-time energy surpluses that would otherwise be lost. As Figure 11 shows, 70% of energy is used between 06:00 and 22:00 (16 hours) and the remaining 30% during the night, from 22:00 to 06:00 (8 hours). The percentage of hourly use is 4.4% during the day, which is therefore very close to the night-time figure of 3.8%.

Figure 10

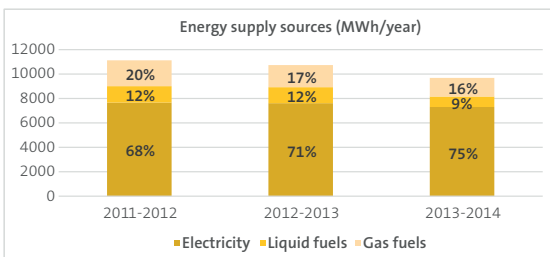
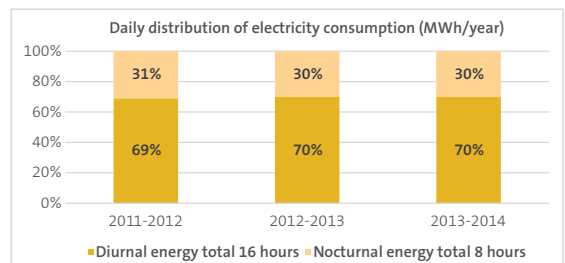


Figure 11



We consciously manage our energy supply

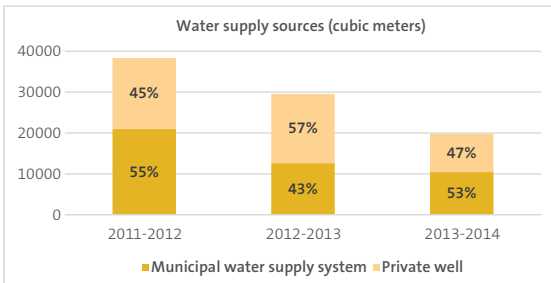
3.1.2 Water

Minimising water abstraction from the municipal aqueduct

Our water use has fallen 33%, from 29,550 m³ to 19,792 m³, and the use of water from our private well has dropped particularly strongly. Consequently, as Figure 12 shows, we are seeing a reverse in the trend from last year. Water from the well accounts for 47% of the total water (-10% compared to last year, 9,349 m³), while water from the aqueduct accounts for 53% (10,443 m³).

In general terms, we use water resources prudently and make as much use as possible of our private well. The more water we take from the well, the less we need from the municipal aqueduct, which already serves housing and various businesses.

Figure 12



We use water frugally, and invest to make ourselves self-sufficient

3.2 WASTE AND EMISSIONS

3.2.1 Waste

Reducing the quantity of waste produced and recycling the majority of it

During financial year 2013-2014, we brought waste production back to normal levels after the exceptional data from the previous year, which resulted from waste generated by various works carried out on our structures. As Figure 13 shows, the percentages for the various types of waste returned to the values of two years ago, since the spike in plastic was primarily due to modernization works. The waste types with the largest percentages are wood (36%) and plastic (26%), followed by metal (20%) and paper (11%). Municipal solid waste accounts for 6% while 1% of the total waste comes from glass.

We constantly work to ensure that most waste is recycled. We have therefore placed containers for differentiated waste collection to make it easier for our employees, making them aware of the importance of careful waste management. In line with previous years, we recycled 94% of ordinary waste this year (Figure 14).

Figure 13

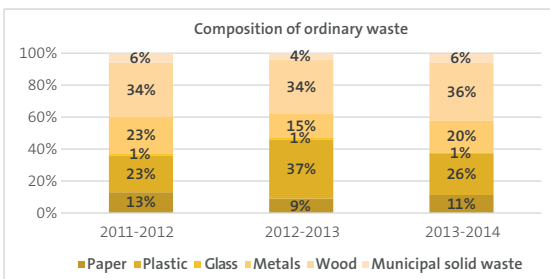
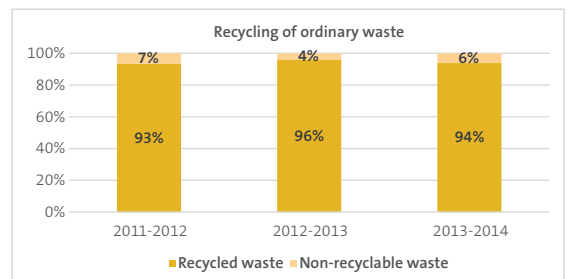


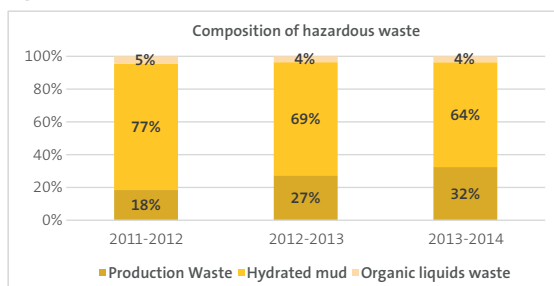
Figure 14



Hazardous waste – by-products derived from various types of processing, such as production slag and residues, hydrated sludge and depleted organic liquids – is stored in dedicated areas and treated by specialist recovery and recycling companies. As Figure 15 shows below, data on the composition of hazardous waste has changed significantly in recent years, in line with the various production operations at our premises. The percentage of hydrated sludge generated by the refinery department has notably fallen from 77% in the financial year 2011-2012 to 64% for 2013-2014 (-13%).

That reduction is offset by an increase in the percentage of production slag and residues from 18% in 2011-2012 to 32% in 2013-2014 (+14%). Those materials primarily originate from the milling of a greater number of crucibles due to an increase in the transformation work carried out in the foundry department.

Figure 15



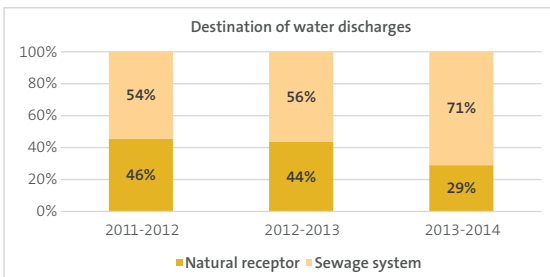
Prudent waste management by everyone

3.2.2 Water and Soil Discharges

Treating output water to make the work of the local treatment plant easier

A reduced need for water in production processes has led to a smaller percentage of water being drawn from our private well, as well as affecting discharges of water into the Raggio stream. Data on the destination of water discharges has therefore changed significantly compared to the previous year. As Figure 16 below shows, 71% of the water (approximately 13,000 m³) is discharged to the water treatment plant, while the remaining 29% (approximately 5,000 m³) is released back into the natural environment, namely the Raggio stream, after undergoing all necessary content checks.

Figure 16



We have acquired a PLC (Programmable Logic Controller) system to manage output water in order to reduce the workload of the municipal treatment plant as much as possible. The waste liquids produced by our production activities are initially treated internally to eliminate any traces of precious metals dissolved into the liquids and to reduce pollutants. After this process, the water is stored in special tanks and analysed by our laboratory. The PLC system works on an automated basis to:

- Mix the substances in the various tanks, making use of their composition to bring the pH of the water to within the interval set by law and agreed on with the treatment plant;
- Control discharges to the treatment plant so that it is not overloaded, i.e. planned timetables, volumes tolerated and the total nitrate content of the liquids is respected.

We also make sure that no contaminants are discharged into the soil, thanks to a system for storing materials and chemical agents in suitable tanks and containers. We can also immediately detect any leaks, and take prompt action both inside and outside our facility.

Specific analyses and treatment processes to ensure that the water we discharge is suitable

3.2.3 Atmospheric Emissions

Keeping emissions to a minimum and constantly within the parameters

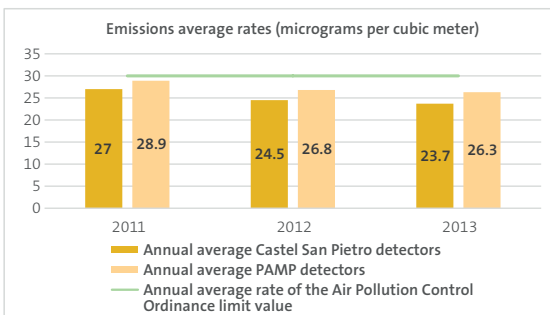
We pay a great deal of attention to the quality of the air emitted into the atmosphere through our processing of precious metals. In particular, we work with the Department of the Environment to monitor the quantities of nitrogen oxides (NOx) emitted from our stacks at all times.

The SPAAS (Water, Air and Soil Protection Section) of the Department of the Environment carries out regular tests to ensure that the limits set by the Order Against Atmospheric Pollution (OIA) are being respected, using various automatic detectors installed both in the immediate vicinity of our premises and in areas further away. The SPAAS has decided that in the future three of the five detectors placed near PAMP will be deactivated, as well as one of the two in the built-up area of Castel San Pietro, as it deems the remaining samplers to be sufficiently representative for the area.

As Figure 17 shows, we maintained our positive trend of reducing atmospheric emissions during the financial year 2013-2014, once again remaining below the OIA threshold, which has an annual average value set at 30 µg/m³. The Castel San Pietro detectors found an annual average of 23.7 µg/m³, compared to 24.5 µg/m³ the previous year. The detectors installed near the company detected an annual average of 26.3 µg/m³, which was 0.5 µg/m³ lower than the previous financial year. That data demonstrates our very limited nitrogen oxide output, and also shows that the total concentration is following a trend determined by exogenous factors, with the samplers placed further away from our premises having the same findings.

This year, to make our air quality checks even more thorough, we installed a special probe on one of the two main towers, which constantly samples the emitted air for immediate analysis and recording. The resulting data can be viewed and checked via computer, allowing us to constantly monitor the content of the emitted air and take action immediately if any anomalies are found.

Figure 17



Constant monitoring of the quality of air we emit into the atmosphere



ECONOMIC Responsibility

“Corporate social responsibility is a very important parameter for us, and as a matter of corporate policy we carefully assess it in various fields of application. For example, when granting a loan, as well as balance sheet figures, we carefully analyse the company’s conduct in relation to environmental protection and compliance with international ethics standards.

Especially in an industry which processes delicate raw materials like gold and precious metals, a regularly published Sustainability Report like PAMP’s is an important tool for us as it bears witness to transparency and, at the same time, makes our assessments easier, as it answers 99% of the important questions we have.”

Renato Boldini, Managing Director UBS

At PAMP, we have a very responsible approach to financial management and our key objective in all our operations is to ensure that the company is on a firm footing. Only prudent administration allows us to maintain stable contributions to the community, continue to invest in research and development, maintain long-term relationships with suppliers and customers, and protect our employees, even in today’s changing market conditions.

4.1 COMPANY INDICATORS

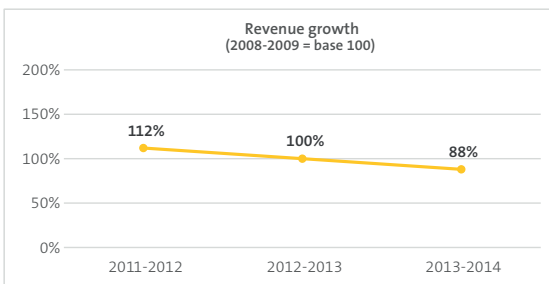
Ensuring company stability

As mentioned in the introduction to this Sustainability Report, during the financial year 2013-2014 we were faced with rather unfavourable and complex market conditions.

We have seen a fall in demand that began during the previous financial year, continued during the first quarter of 2013-2014 and gathered pace in the second half of the year. That trend is primarily attributable to a general slow-down in the precious metals market, which affected the entire industry, both in Switzerland and abroad, and was linked to poor economic conditions worldwide.

In relation to the company indicators used, as Figure 18 shows, turnover fell 12% compared to the previous financial year, with a result equal to the base 100 result (year 2008-2009), and settled on values similar to those of 2010-2011.

Figure 18



Reflecting the trend in turnover, as they did in 2012-2013, investments dropped from 119% to 81% (again taking the 2008-2009 financial year as 100 – Figure 19). In spite of that downward trend, substantial resources are constantly devoted to research and development in order to keep technical innovation at high levels, allowing us to remain efficient and guarantee the quality of our products and services to our customers.

Our prudent, forward-looking management philosophy has allowed us to continue our positive capitalization development, which has stabilized at 181%, compared to 174% in the previous financial year (+81% compared to the year taken as 100, namely the financial year 2008-2009 – Figure 20). That result demonstrates that our base of own funds is constantly increasing, and is a sign of the financial robustness and stability of the company, which provides us with security.

Figure 19

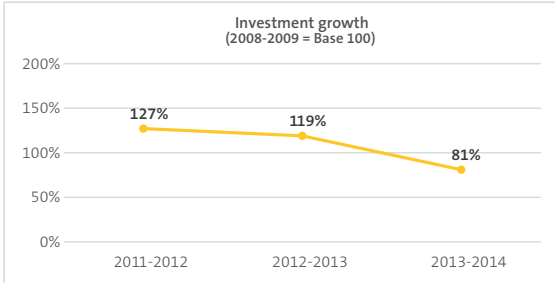
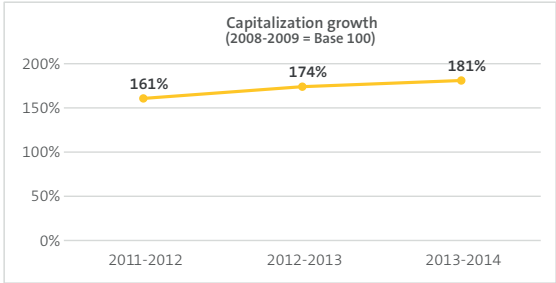


Figure 20



We abide by a constantly future-focused management philosophy

4.2 CONTRIBUTIONS

Supporting the community around us

Taxes have followed the trend in our economic results, consequently seeing a fall of 22 percentage points, compared to 2012-2013, and finishing at 32% of the base 100 value from the financial year 2008-2009 (Figure 21).

In spite of complex market conditions, we were keen to maintain our commitment to the local bodies we have now been working with for some time by renewing existing sponsorships. Our investment level was 130%, which was slightly below the previous two years when we were able to contribute more resources due to favourable economic results.

That level was also above the 2010-2011 level and in line with the 2009-2010 level (Figure 22).

It is particularly important for us to strengthen our collaboration with the institutions we have supported from one year to the next, as we are conscious of its significance and importance to them. At the same time, we are working to intensify dialogue in order to find the most effective way to put our sponsorship to use based on their needs.

Figure 21

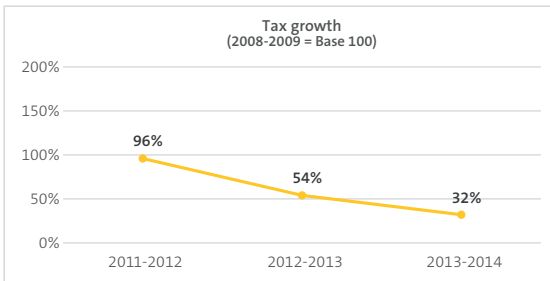
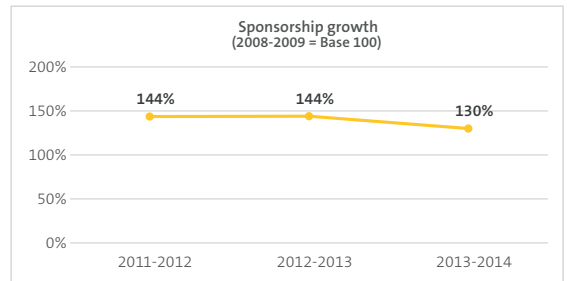


Figure 22



We have a long-term commitment to the community

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