

In our sustainability reporting we commit ourselves to Level B following the Global Reporting Initiative (GRI) 3.1 guidelines.

H.C. Starck's Sustainability Steering Committee defined the report content following the GRI process determining materiality. The report covers the business operations of H.C. Starck and its entities in 2011 and 2012.

## Strategy and Profile

1. Strategy and Analysis			
1,1	Statement from the Board	p. 1	Reported
1,2	Description of key impacts, risks, and opportunities.	p. 6-7	Reported
2. Organizational Profile			
2,1	Name of the organization.	H.C. Starck Gruppe	Reported
2,2	Primary brands, products, and/or services.	p 2-4	Reported
2,3	Operational structure of the organization	p 2-3, 8-9	Reported
2,4	Location of organization's headquarters.	Munich, Germany	Reported
2,5	Number of countries where the organization operates,	Worldwide, p. 2-3	Reported
2,6	Nature of ownership and legal form.	Opus Investment S.à r.l. is the parent company of the group. The company is owned by The Carlyle Group (majority) and Advent International	Reported
2,7	Markets served	p 2-3	Reported
2,8	Scale of the reporting organization.	p 2-3, 20	Reported
2,9	Significant changes during the reporting period regarding size, structure, or ownership	No significant changes	Reported
2,10	Awards received in the reporting period.	<ul style="list-style-type: none"> <li>• <b>Northeast Ohio Evolution of Manufacturing Awards (2011, 2012)</b> (Magazine „Smart Business“): Outstanding performance in production process and implementation of Lean Management, Six Sigma, sustainable Energy Management and environmentally-friendly production.</li> <li>• 2011 „Sony Green Partner“</li> <li>• <b>Green Flag Award for Protection of the Environment (2011)</b> (Industrial Estate Authority of Thailand): Activities in commercial and industrial areas related to protecting the environment and social responsibility</li> <li>• <b>Supplier Excellence Award (2011)</b> (Raytheon Integrated Defense Systems)</li> <li>• <b>EEF South West Region Innovative Operating Practices Award for the manufacturing</b></li> </ul>	Reported

		<p><b>site Calne, UK (2012):</b> Effective problem-solving in the area of product quality, adherence to delivery dates and amount of waste.</p> <ul style="list-style-type: none"> <li>• <b>Jury-Award UK Best Factory Awards (2011)</b> (Cranfield School of Management and „Works Management“): Excellence in production management (process optimization)</li> <li>• <b>Honor „In Anerkennung besonderer Verdienste für die Berufsausbildung“ (2011)</b> (Industrie- und Handelskammer Braunschweig, Germany)</li> </ul>	
<b>3. Report Parameters</b>			
3,1	Reporting period	01. January 2011 - 31. December 2012	Reported
3,2	Date of most recent previous report	First Report	Reported
3,3	Reporting cycle	Two-year cycle. Next full report will be published in 2015 covering 2013 and 2014.	Reported
3,4	Contact point for questions regarding the report or its contents.	<p>Dr. Astrid Görge, Vice President Sustainability Management sustainability@hcstarck.com</p> <p>Ulrike Reich, Director Corporate Communications sustainability@hcstarck.com</p>	Reported
3,5	Process for defining report content.	<p>H.C. Starck's Steering Committee Sustainability defined the report content following the GRI process determining materiality. All relevant units are part of the Steering Committee Sustainability (see page 9)</p> <p>The Steering Committee discussed possible topics to be included into the report and defined the report content according to the most material topics for H.C. Starck during a workshop in Munich at the end of 2012. The relevance of the selected topics for stakeholders was anticipated by the Committee. Being a First-Reporter, it is planned to ask stakeholders about their opinion on the published report and adjust with the next report.</p> <p>Materiality as defined in GRI Reporting Guidelines and used for this report: The information in a report should cover topics and indicators that reflect the organizations significant economic, environmental and social impacts; or that would substantively influence the assessments and decisions of stakeholders.</p>	Reported
3,6	Boundary of the report	H.C. Starck GmbH	Reported
3,7	Limitations on the scope or boundary of the report	The report covers the business operations of H.C. Starck and its entities. Limitations of data are marked where necessary.	Reported
3,8	Basis for reporting that can significantly affect comparability	The report covers the business operations of H.C. Starck and its entities.	Reported
3,9	Data measurement techniques and the bases of calculations.	<p>In our reporting we commit ourselves to the Global Reporting Initiative (GRI) 3.1 guidelines.</p> <p>Credible reporting is based on transparency and valid data. We register the data of all relevant organizational units and companies worldwide that fall within the scope of our consolidated</p>	Reported

		financial statements. The data measurement techniques, bases of calculations and limitations of data are explained below the relevant tables in the report and the GRI table. The reported data undergo plausibility checks to ensure a high level of data integrity.	
3,10	Explanation of any re-statements of information provided in earlier reports	First Report	Reported
3,11	Significant changes from previous reporting periods	First Report	Reported
3,12	GRI Index	GRI-Index: <a href="http://www.hcstarck.com/hcs-admin/file/ae23e4b240ca460501410cb72b590858.de.0/GRI_Index.pdf">http://www.hcstarck.com/hcs-admin/file/ae23e4b240ca460501410cb72b590858.de.0/GRI_Index.pdf</a>	Reported
3,13	External Assurance	The Sustainability Report 2012 has not been externally assured.	
<b>4. Governance, Commitments, and Engagement</b>			
4,1	Governance structure of the organization	<a href="http://www.hcstarck.com/en/hc_starck_group/about_hc_starck/organization.html">http://www.hcstarck.com/en/hc_starck_group/about_hc_starck/organization.html</a>	Reported
4,2	Indicate whether the Chair of the highest governance body is also an executive officer.	Supervisory Board: Dr. Engelbert Heimes (Chairman) Executive Board: Dr. Andreas Meier (Chairman)	Reported
4,3	Members of the Board of Directors that are independent and/or non-executive members	<a href="http://www.hcstarck.com/en/hc_starck_group/about_hc_starck/organization/supervisory_board.html">http://www.hcstarck.com/en/hc_starck_group/about_hc_starck/organization/supervisory_board.html</a>	Reported
4,4	Mechanisms to provide recommendations or direction to the highest governance body	Monthly Board Meetings and Business Review Meeting with shareholder representatives	Reported
4,5	Linkage between compensation and the organization's performance	H.C. Starck Compensations System	Reported
4,6	Processes to ensure conflicts of interest are avoided	Code of Conduct	Reported
4,7	Process for determining the qualifications and expertise of the Board members	<a href="http://www.hcstarck.com/en/hc_starck_group/about_hc_starck/organization.html">http://www.hcstarck.com/en/hc_starck_group/about_hc_starck/organization.html</a>  H.C. Starck GmbH follows the performance principle and non-discrimination rule – all positions are assigned according to performance and qualification.	Reported
4,8	Statements of mission or values, codes of conduct, and principles	p. 6-9	Reported
4,9	Procedures for overseeing economic, environmental, and social performance	p. 8-9	Reported
4,10	Processes for evaluating the highest governance body's performance	p. 8-9 H.C. Starck reports on a yearly basis a Performance Report including sustainability Key Performance Indicators to its owners.	Reported
4,11	How the precautionary approach is addressed	The precautionary approach is addressed in all decisions regarding investments. The aim is to	Reported

		minimize the environmental impact in all new investments.	
4,12	Externally developed economic, environmental, and social charters to which the organization subscribes or endorses	p. 8, 10-11	Reported
4,13	Memberships in associations and/or advocacy organizations	ITAI, TIC, IMO, VCI, WVM, Arbeitgeberverband (Germany), pro Goslar, Aussenhandelskammer (Germany)	Reported
4,14	List of stakeholder groups engaged by the organization	<p>We are creating value for all our stakeholders and by doing so, we aim to increase our corporate value. All our business units and operations actively work toward these goals. Specifically, we create value:</p> <ul style="list-style-type: none"> <li>• <b>For our customers</b> by providing advanced materials and components that improve the performance of their products in a reliable and sustainable way.</li> <li>• <b>For our investors</b> by increasing the value of our company, outperforming the competition and by generating superior returns on investment while focusing on sustainable growth.</li> <li>• <b>For our employees</b> by providing a unique work environment in which they can follow their professional passions and find opportunities for development and growth.</li> <li>• <b>For our social and natural environment</b> by taking responsibility for the way we do business, by using scarce resources sensibly and by continuously improving the sustainability of our business.</li> </ul>	Reported
4,15	Basis for identification and selection of stakeholders	See 4,14	Reported
4,16	Approaches to stakeholder engagement	To date, approaches to stakeholder engagement are not measured strategically and cannot be reported.	Not Reported
4,17	Key topics and concerns raised through stakeholder engagement	To date, our stakeholder engagement is not measured strategically. Key topics and concerns raised through stakeholder engagement cannot be reported.	Not Reported

### Performance Indicators

Economic Performance Indicators			
MA	Management Approach	p. 10-11 <a href="http://www.hcstarck.com/en/hc_starck_group/about_hc_starck/corporate_conduct.html">http://www.hcstarck.com/en/hc_starck_group/about_hc_starck/corporate_conduct.html</a>	
EC1	Economic value generated and distributed	p. 20	Partially Reported

EC4	Significant financial assistance from government	In 2012, H.C. Starck received financial assistance from the government to the amount of 223,000 Euro.	Reported
EC5	Range of wage ratios	We highly value our employees and their contribution to the success of H.C. Starck, so we pay adequate and fair wages to all our employees including attractive benefits.	Reported
EC7	Procedures for local hiring	H. C. Starck employs mainly local personal at each site. In 2012, only three employees are "Expats", employees sent from other sites.	Reported
EC8	Infrastructure investments and services	We are a regionally important employer with a strong innovation track record in up-grading our sites (see pages 14/15).  Local dialogue is important for all our sites, for example with BUND e.V. and other environmental NGOs, as well as the citizens at our sites, scientific and educational facilities, see p. 18-19.	Reported
<b>Environmental Performance Indicators</b>			
MA	Management Approach	p. 14-15	
EN3	Direct energy consumption by primary source	p. 20	Partially Reported
EN4	Indirect energy consumption by primary source	p. 20	Partially Reported
EN8	Total water withdrawal	p. 20	Partially Reported
EN16	Direct and indirect greenhouse gas emissions	p.20	Reported
EN18	Initiatives to reduce GHG emissions	p. 14-15	Reported
EN20	NOx, SOx, and other air emissions	Gas Emissions: 2011: 187,285 kg, 2012: 148,285 kg. (Volatile Organic Compounds (VOC), Sulphur Oxides (SOx = SO2+SO3 calculated as SOx), Carbon monoxide (CO) and Nitrogen oxides (NOx))	Reported
EN22	Weight of waste	p. 20	Reported
EN23	Significant spills	p. 20	Reported
EN24	Waste deemed hazardous under the terms of the Basel Convention	p. 20	Reported

EN26	Initiatives to mitigate environmental impacts	p. 14-15	Reported
EN28	Significant fines and sanctions	No significant environmentally-related fines during reporting period.	Reported
<b>Social Performance Indicators</b>			
<b>Labor Practices and Decent Work</b>			
MA	Management Approach	p. 16-17	
LA1	Workforce by employment type	p. 20	Partially Reported
LA5	Minimum notice period(s)	German Law (“Betriebsverfassungsgesetz”) minimum notice periods apply to H.C. Starcks sites in Germany. Minimum notice periods are not specified in collective agreements.	Reported
LA7	Rates of injury and number of work-related fatalities	p. 20, p. 17 Cases Contractors (Germany): Number of Days Away from Work Cases of third party Contractors: 2011: 1, 2012: 3	Reported
LA8	Education programs for workforce and others on health and safety topics	p. 17 Total Number of Regular Occupational Health Checkups: 2011: 2,294, 2012: 2,545 Number of In-service HS Training for HCST Employees: 2011:6,211 , 2012: 8,203 Number of First Aid Trainings: 2011: 313, 2012: 258	Reported
LA13	Employees according to gender, age group, and other indicators of diversity.	p. 20 The quota of people with disabilities employed at H.C. Starck in Germany in 2012: Hermsdorf: 1.6 %, Goslar: 2.97 %, Laufenburg: 2.68%	Reported
LA14	Ratio of salary of men to women	H.C. Starck GmbH follows the performance principle and non-discrimination rule – all positions are assigned and paid according to performance and qualification.	Reported
<b>Human Rights</b>			
MA	Management Approach	p. 10-11	
HR3	Training on aspects of human rights	Since January 1 <sup>st</sup> , 2011, all new employees are informed about the content of the corporate code of conduct, including human rights, anti-corrupction and compliance. Per cent of employees with corporate code of conduct trainings: Employees worldwide 2011: 16,4% Employees worldwide 2012: 18,32 %	Reported
HR4	Incidents of discrimination and actions taken	No incidents registered during reporting period.	Reported
HR6	Incidents of child labor	Corporate Code of Conduct (available upon request: send email to sustainability@hcstarck.com) 2012: Six of 14 manufacturing sites monitored by external auditors Supply Chain: see page 10-11	Reported
HR7	Risk for incidents of forced labor	No incidents registered during reporting period.	Reported

<b>Society</b>			
MA	Management Approach	p. 18-19 Corporate Code of Conduct (available upon request: send email to sustainability@hcstarck.com) covering anti-corruption, competition regulations and Corporate Compliance. See p. 10-11	
SO1	Programs to assess impacts on communities	Each of our sites is engaged in social projects. For examples see p. 18-19.	Reported
SO2	Units analyzed for risks related to corruption	So far not part of analysis and reports. The H.C. Starck Travelling Guideline has been reviewed for corruption risks.	Reported
SO5	Public policy positions and lobbying	Public policy positions and lobbying are not monitored at all sites of H.C. Starck. Monitoring is planned to start in 2013.	Reported
SO7	Anti- competitive behavior, anti-trust, and monopoly practices	No incidents registered during reporting period.	Reported
SO8	Significant fines for non- compliance with laws and regulations.	No incidents registered during reporting period.	Reported
<b>Product Responsibility</b>			
MA	Management Approach	p. 12-13	
PR1	Assessment of health and safety impacts	Hazardous material is highly regulated by law: "Substitutionspflicht" and REACH Impact on health an environment has to be reported transparently for each material. H.C. Starck has to apply product innovations in case they are improvements for health and safety of customers and/or employees.	Partially Reported
PR3	Product and service information	Material Safety Data Sheets, see <a href="http://www.hcstarck.com/en/products/products_a-z.html">http://www.hcstarck.com/en/products/products_a-z.html</a>	Reported
PR5	Practices related to customer satisfaction	Customer satisfaction is monitored by external audit and surveys: 2011: CER and others Customer Survey 2012: FPR Customer Survey 2013: AMCP Customer Survey Plus, Customer satisfaction is part of regular customer site visit reports and customer audits at H.C. Starck manufacturing sites. Customer satisfaction is reported to the Board in management reviews.	Reported
PR6	Marketing and adherence to laws and standards	Not relevant: H.C. Starck is a B2B company with no marketing or advertisement activities directly addressing end-customers. All product information is highly regulated by law (see Material Safety Data Sheets)	Reported
PR8	Customer privacy and data	Customer Data is managed in a central data base, maintaining high security status. No incidents registered during reporting period.	Reported