

# Code of Conduct

## for Suppliers

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Dear supplier,  
Dear service provider,

VDM Metals is committed to dealing with all suppliers in a law-abiding, ethical and fair manner. At the same time, we expect you as our partners to behave in the same way. This Code of Conduct for Suppliers summarizes the many principles and rules of conduct with which VDM Metals suppliers must be familiar, in a set of rules that is binding for all suppliers. The general principles contained in the Code of Conduct of VDM Metals, which remains valid, are specified and further developed by the Code of Conduct for Suppliers with regard to the upstream supply chain.

You will probably take many of the points mentioned for granted. This document is intended to provide guidance and promote proper conduct particularly wherever suppliers and service providers face legal and ethical challenges in their business relations with VDM Metals. Strict compliance with this Code of Conduct for Suppliers can guarantee irreproachable behavior and increase the public's trust in the services and integrity of VDM Metals.

We expect our suppliers to treat employees with respect and dignity and to strictly observe the ban on child and forced labour. We reject discrimination and guarantee freedom of

association, both for us and for you as a supplier. We do not compromise on occupational safety and expect an equally clear stance on this from you. And we also reject the use of conflict minerals throughout the supply chain. We condemn bribery, corruption and other restrictions on competition and expect our suppliers to make a significant contribution to environmental, climate and species protection.

We are VDM Metals. And you, dear supplier, are part of us. Only together can we act sustainably and for the benefit of people and the environment.

Dr. N. Müller

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## § 1 – Compliance with legal statutes and human rights

VDM Metals is subject to numerous legal statutes, regulations, and standards, and observes them all. Therefore, all transactions entered into with VDM Metals must comply with applicable legal statutes, regulations, and standards in terms of form and content.

VDM Metals places special significance on human rights and on applicable international and national regulations concerning

- labor law and work safety;
- the prohibition of child labor and forced labor;
- environmental protection;

- the protection of competition;
- taxation and customs duties;
- and the prohibition and combatting of terrorism, money laundering, and corruption.

VDM Metals expects its suppliers to comply with these provisions and obligate their upstream suppliers and subcontractors to comply with them along the entire supply chain.

Wherever nationally or internationally applicable laws and regulations are stricter than this Code of Conduct for Suppliers, those laws and regulations must be observed.

## § 2 – Employee rights

The suppliers of VDM Metals treat their employees<sup>1</sup> fairly and according to the law.

This includes the following and other aspects:

### 2.1 Treating employees with respect and dignity

The suppliers of VDM Metals treat their employees with respect and dignity. Any type of physical, psychological, sexual, or verbal harassment, coercion, or force, and any other form of intimidation are forbidden, no matter what applicable local laws and standards might indicate. The suppliers of VDM Metals may not discipline any of their employees

who lodge a complaint against their working conditions, and especially against violations of this Code of Conduct for Suppliers. Every supplier of VDM Metals must set up reporting channels that enable its employees to report such violations (including anonymously) without having to fear sanctions or repression as a result.

### 2.2 Working time

The maximum weekly working time permitted must not exceed nationally established regulations. If no national regulation has been established, working times must at least meet applicable ILO standards. A weekly working time of 48 hours may be exceeded only in the exceptional cases specified by the ILO (International Labour Organization). The suppliers of VDM Metals must record their employees' working time in a suitable manner.

Overtime should remain the exception and may not exceed the maximum number of hours (12) prescribed by the ILO.

Any hours beyond that must always be provided voluntarily and remunerated for a reasonable hourly rate.

Furthermore, the suppliers of VDM Metals shall grant their employees the right to take breaks on every workday and the right to at least one day off every seven days, unless exceptions apply under collective agreements. If the national regulations that apply to the suppliers of VDM Metals are stricter, those regulations take precedence.

<sup>1</sup> In the following, the term "employee" means all employees of VDM Metals and its subsidiaries, including temporary workers and executive staff.





### 2.3 Remuneration

The suppliers of VDM Metals shall remunerate their employees with legal currency in a timely manner, in full, and on a regular basis. The amount of that remuneration may not be less than the legally valid minimum wage that must be guaranteed. If agreements or standards exist under collective bargaining agreements, they must be complied with. The remuneration paid should enable the employees of the suppliers of VDM Metals and their families to enjoy a reasonable standard of living.

### 2.4 Prohibition of child labor

Any type of child labor is strictly forbidden. The suppliers of VDM Metals shall therefore comply with the provisions on protecting children contained in ILO Conventions Nos. 138 ("Concerning Minimum Age for Admission to Employment 1973") and 182 ("Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour 1999"). The age of an employee may not be lower than the age at which compulsory education ends in the country in which the employee works, and may not be less than 15 in any case. The exceptions of the ILO apply.

If the prohibition on child labor is breached, the supplier of VDM Metals shall use reasonable efforts to help rehabilitate and socially integrate the child concerned and allow them to earn their general diploma in accordance with domestic standards. It must be particularly observed that children are not released into circumstances in which they run the risk of

The suppliers of VDM Metals shall provide their employees with complete, comprehensible, and written information about the composition of their salaries.

Wages may not be withheld as punishment, and benefits in kind may not be provided in lieu of a salary.

having to earn a living or support their families through crime, drug trafficking, or prostitution. The families of those children must be suitably supported if applicable.

The suppliers of VDM Metals shall set up mechanisms in their hiring procedure to determine age (although this must not be used to treat those concerned in a humiliating or undignified manner).

### 2.5 Prohibition of slavery and forced labor

Every type of forced labor, slavery, and servitude is strictly forbidden. In particular: activities and services may not be imposed on anyone under threat of punishment who did not voluntarily offer to perform them, or demanded as repayment for debts. The suppliers of VDM Metals shall not withhold their employees' property, wages, or personal documents (such as passports, personal ID, social security ID, employment papers, or training certificates). And the suppliers of VDM Metals may not demand any recruitment fees when they hire employees. If this occurs nevertheless, those fees must be repaid in full to the employees in question.

### 2.6 Prohibition of discrimination

Every form of discrimination (especially discrimination based on gender; religion; age; race; caste; nationality; social, ethnic,

### 2.7 Freedom of association

The basic right of employees to freely associate; to establish and belong to employee representative bodies, a works council, and trade unions; and to be involved at tariff negotiations or for other employees, must be recognized. In countries in which those rights are limited by local laws, the possibility to enjoy them must be created in the business operations of the suppliers of VDM Metals. Employees must not be disadvantaged for acting as employee representatives.

VDM Metals expects its suppliers to (1) comply with the regulations and standards that apply to supplier markets (such as the California Transparency in Supply Chain Act 2010 or the United Kingdom Modern Slavery Act 2015) and to (2) obligate their upstream suppliers and subcontractors to that end along the entire value chain. If a supplier of VDM Metals fails to obligate an upstream supplier or a subcontractor to that end, that supplier shall notify VDM Metals thereof without undue delay.

or national origin; membership in a workers' organization; disability; or sexual or political orientation) is strictly forbidden.

The provisions set forth under this § 2 must not be circumvented, particularly by (spurious) training programs, temporary employment relationships, contract work, or the like.





## § 3 – Work safety

The workplace and the exercise of professional activity must not jeopardize the health and safety of any employee of a supplier of VDM Metals. To that end, the suppliers of VDM Metals must protect their employees from physical, chemical, and biological hazards at their workplace. The suppliers of VDM Metals must also take and document the necessary measures to avoid accidents, injuries, and work-related illnesses. The employees must be given comprehensible safety instructions to that end, and the workplace must be provided with adequate, safe protective equipment.

The suppliers of VDM Metals must identify workplace risks and any emergency situations that arise and react appropriately by remedying those risks or reducing them with measures that must be coordinated with the safety authorities,

such as effective fire safety, emergency plans, and regular drills (such as those involving emergency medical care, evacuations, and first aid) to the greatest possible extent.

The suppliers of VDM Metals must provide their employees with clean sanitary facilities, separated by gender, and access to a sufficient amount of clean drinking water. When sleeping accommodations are provided, they must also be clean, safe, and separated by gender.

Every supplier of VDM Metals must consider the special health concerns and requirements of people in need of protection, such as pregnant women, young mothers, and people with disabilities.

## § 4 – Conflict minerals & cobalt

The Dodd Frank Act and the Conflict Minerals Regulation of the European Union created a statutory framework for dealing with and importing conflict commodities. These currently include tantalum, tin, tungsten, their ores (cassiterite, columbite-tantalite, and wolframite), and gold. Whenever the list of “conflict commodities” is supplemented by additional raw materials, those raw materials will automatically fall within the scope of the requirements of this Code of Conduct for Suppliers without having to be explicitly named. In view of the risks for human rights violations in the context of cobalt mining, VDM Metals has decided to consider cobalt as a conflict commodity as well and to extend its policy and its supplier requirements to cobalt.

Deficient working conditions and social and environmental standards in the regions where conflict commodities are cut and processed constitute human rights risks in addition to grave political risks. VDM Metals meets its due diligence obligations along the supply chain and complies with applicable statutory regulations. VDM Metals expects the same of all its direct and indirect suppliers.

VDM Metals minimizes risks in the raw materials supply chain, and in so doing is guided by the principles of the OECD directive on meeting the diligence. In this regard, VDM Metals has recognized and applies the industry standard of the Responsible Minerals Initiative (RMI). Any sourcing of conflict minerals – including cobalt – will only be pursued, if the direct and indirect suppliers (such as a smelter or a refinery) are listed on one of the active or conformant lists kept by RMI or if freedom from conflict is demonstrated by other means agreeable to VDM Metals.

All direct and indirect suppliers of VDM Metals are strongly encouraged not to deliver or use for VDM Metals any goods or products that originate in conflict or high-risk areas and might have caused or fostered infringements of human rights.

Therefore, VDM Metals urges all suppliers that are connected with conflict commodities to produce appropriate proof of freedom from conflict in the form of RMI's Conflict Minerals Reporting Template (CMRT) or RMI's Cobalt reporting template (CRT).

If a direct or indirect supplier (such as a smelting plant or a refinery) is listed on one of the active or conformant lists kept by the RMI or if freedom from conflict is demonstrated by other means agreeable to VDM Metals, using them is acceptable even if they are active in a listed CAHRA.

Moreover, VDM Metals reserves the right to introduce further investigations if this will help minimize risk.

## § 5 – Environmental protection

VDM Metals wants to make an important contribution to environmental and climate protection, so it undertakes to protect and maintain the soil, the water, the air, and the natural biodiversity and obligates its suppliers to do the same.

Every supplier of VDM Metals must actively endeavor to avoid and reduce negative effects on the environment through suitable measures and deal with natural resources carefully and sparingly. In particular, effective measures must be taken to protect the climate and reduce energy consumption, raw material consumption, and CO<sub>2</sub> emissions. And chemicals must be handled so as not to impair employees' health or the environment. Waste that accumulates during production of goods for VDM Metals must be suitably collected and sorted, recycled if possible, and otherwise disposed of in compliance with legal regulations.

Locally applicable environmental laws and ordinances must be observed. Suppliers of VDM Metals must document this and issue that documentation to VDM Metals on request.

Suppliers of VDM Metals with production sites and a company size of at least 30 employees must take suitable measures and precautions to introduce environmental management systems (such as those in accordance with ISO 14001 or the EMAS Regulation of the European Union).





## § 6 – Free competition

In all its business agreements, VDM Metals pays attention to the legal regulations for ensuring free competition. VDM Metals does not participate in any price-fixing or forbidden

coordination of market behavior. VDM Metals is committed to dealing fairly with competitors and demands the same of its suppliers.

## § 7 – Prohibition of corruption

VDM Metals rejects every form of corruption and corruptibility. VDM Metals would rather refuse to enter into a transaction than break applicable law and risk damaging its assets and reputation.

Suppliers of VDM Metals and the employees of those suppliers may not

- offer, promise, or grant any forbidden benefits if this might give the impression that this was done to attain favorable behavior toward the suppliers, VDM Metals, the person themselves, or third parties, or
- have anyone promise or grant them or third parties any forbidden benefits, if this might give the impression that such a benefit might influence business decisions.

And no third parties, consultants, brokers, agents, or other intermediaries may be brought in to circumvent this regulation.

Any mixing of private and business interests can lead to conflicts of interests and will therefore be rejected by VDM Metals.

Commissions and fees paid to consultants, representatives, brokers, or agents must always be transparently disclosed and stand up to the arm's length principle. They must be proportionate to the rendered and lawful services.

The prohibition on offering, promising, or granting benefits especially applies if the supplier of VDM Metals has contact with any foreign or domestic public officials or authorities. The suppliers of VDM Metals know that even employees of public or semi-public companies or people who act in the public interest might be public officials.

## § 8 – Gifts, invitations, entertainment

VDM Metals has instructed its employees not to offer or accept any gifts that could be seen as bribery. To that end, a "safe limit" of 25 euros applies for VDM employees, and gifts to public officials are generally forbidden. If suppliers appear on behalf of or act in the interest of VDM Metals, they are bound to the same strict rules concerning gifts.

VDM Metals has also instructed its employees not to give or accept any invitations to events that might be seen as bribery. To that end, a "safe limit" of 75 euros per person and invitation applies to VDM employees. In any case, employees of VDM Metals may give or accept invitations to events only if the invitation has an evident business connection to the employee's work. If suppliers appear on behalf of or act in the interest of VDM Metals, they are bound to the same strict rules concerning invitations.

Gifts and entertainment that have no directly apparent business connection or exceed the afore-mentioned safe threshold values must be approved by a compliance officer of VDM Metals.

VDM Metals points out that a violation against the preceding regulations might lead to an end of the business relationship with the supplier in question and to consequences under labor law for the respective employee of VDM Metals.



## § 9 – Selecting suppliers

VDM Metals seeks its suppliers in an orderly procedure according to objective and traceable criteria. Those criteria include complying with and implementing the provisions of this Code of Conduct for Suppliers.

As a rule, no public officials are used as suppliers, brokers, agents, or the like.

## § 10 – Money laundering; Foreign trade; Payment transactions and cash payment transactions

The suppliers of VDM Metals maintain relationships with business partners only if they know them, know their economic beneficiaries, and are convinced of their integrity. The suppliers of VDM Metals comply with the applicable provisions against money laundering and the financing of terrorism.

Making complete or partial payments with cash is forbidden except for isolated trivial cases. This applies to VDM Metals and its suppliers.

The suppliers of VDM Metals must observe the applicable laws governing the import and export of goods and services. Suppliers must be paid for deliveries and services received in accordance with the prescribed payment method and always through transfer to the direct supplier. And VDM Metals makes payments only to the direct supplier, and only into a business account in a country where that supplier has its registered office.



## § 11 – Protecting data and business secrets

The suppliers of VDM Metals must comply with the applicable laws on business secrecy and protecting the personal data of employees, customers, business partners, and other affected parties.

Breaches – including cases of unintentional data loss – must be reported to VDM Metals without undue delay.

If the information systems of a supplier of VDM Metals contain confidential information, business secrets, or data of VDM Metals and VDM Metals knows and approves of this, the information, business secrets, and data must be reasonably protected against unauthorized access or unauthorized use, disclosure, change, or destruction.

## § 12 – Complying with this Code of Conduct for Suppliers

Every sub-supplier of VDM Metals is obligated to comply with this Code of Conduct for Suppliers and must ensure that all production processes occur under conditions that comply with it as well.

To that end, every supplier of VDM Metals must introduce appropriate structures with which compliance with this Code of Conduct for Suppliers can be continually monitored and documented. Verified abuses must be reported internally and rectified in collaboration with the supplier's management. Moreover, every supplier of VDM Metals is urged to continually improve existing processes.

All the employees of a supplier of VDM Metals must be in a position to peruse this Code of Conduct for Suppliers in a language they can understand. Therefore, every supplier of VDM Metals must inform its employees of the provisions

contained in this Code of Conduct for Suppliers. In cases of illiteracy, this Code of Conduct of Suppliers must be explained orally.

## § 13 – Universal application of this Code of Conduct for Suppliers along the entire value chain

Since the regulations set forth in this Code of Conduct for Suppliers must apply to the entire value chain, the suppliers of VDM Metals must obligate their upstream suppliers and subcontractors to comply with this Code of Conduct for

Suppliers. If a supplier of VDM Metals fails to obligate an upstream supplier or a subcontractor to that end, that supplier shall notify VDM Metals thereof without undue delay.

## § 14 – Audits

VDM Metals continually evaluates its suppliers in terms of their compliance with this Code of Conduct for Suppliers and reserves the right to bring in third-party firms known as “CSR service providers” when making that evaluation.

The supplier must participate in such a certification on request by VDM Metals.

VDM Metals or third parties they nominate may also carry out audits in the supplier's facilities and operations at any time to check whether the specifications in this Code of Conduct for Suppliers are being complied with. Those audits may be announced or semi-announced, with an indicated time window for implementation. To that end, every supplier of VDM Metals must give VDM Metals or third parties they nominate complete, unhindered access to its facilities and operations and the documents relevant for the audit.

Every supplier of VDM Metals shall on request obligate all upstream suppliers and subcontractors that are concerned with VDM Metals, from the beginning to the end of the production chain, to grant VDM Metals or third parties they nominate a corresponding right. VDM Metals ensures that reasonable and necessary precautions are in place to protect the confidentiality of sensitive data. If a supplier of VDM Metals fails to obtain the necessary willingness to cooperate from upstream suppliers or subcontractors, that supplier shall notify VDM Metals thereof without undue delay.





## § 15 – Sanctions

Compliance with this Code of Conduct for Suppliers by all its suppliers along the entire value chain is especially important to VDM Metals. VDM Metals reserves the right to enforce suitable consequences which, in the event of infringements, might extend to the termination of the business relationship. VDM Metals may pass on the audit costs incurred, to the full extent, if serious violations against the Code of Conduct

for Suppliers are determined during an audit and in the event of lacking cooperation (refusal to grant access or insufficient documentation, for example). VDM Metals may dispense with doing so, at its discretion, if the supplier can prove it has introduced effective measures without undue delay for remedying current and avoiding future violations.

## § 16 – Reporting violations

Employees and suppliers of VDM Metals, those suppliers' employees, and third parties may report violations against this Code of Conduct for Suppliers, or further breaches of regulations or the law (especially those concerning the relationship between VDM Metals and the supplier), to the following office, confidentially and anonymously, without needing to fear reprisals or other disadvantages for doing so:

<https://secure.ethicspoint.eu/domain/media/de/gui/105118/index.html>

The person making the report should report only the facts of the case, the content of which they assume in good faith to be true. VDM Metals shall pursue those reports and, if applicable, take necessary measures to rectify any breaches and abuses that are determined.

Otherwise, the known points of contact at the General Purchasing and Metal Trading departments of VDM Metals, and the employees of the compliance team, are available to them. Contact can be established via "compliance@vdm-Metals.com" or the Compliance Hotline at +49 2392 55 7777.