



Heraeus Supply Chain Due Diligence Policy

VERSION 4/2023

I. Introduction

As a family-owned company with over 165 years of tradition, Heraeus is committed to the principle of sustainability in its supply chains. Heraeus is aware that the selection and monitoring of its suppliers, especially in precious metal trading and in the sourcing of critical raw materials is of key importance for business activities which are focused on sustainability.

II. PREAMBLE AND SCOPE

The various business segments of Heraeus pursue the goal of aligning their value chains with due regard to the protection of human rights. In doing so, Heraeus follows in particular:

- the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas;
- the requirements of the German Supply Chain Due Diligence Act ("Act");
- the EU Conflict Minerals Regulation 2017/821;
- the Responsible Guidance of the London Bullion Market Association ("LBMA") and of the London Platinum and Palladium Market ("LPPM") and the Responsible Minerals Assurance Process ("RMAP") of the Responsible Business Alliance;
- the Responsible Jewellery Counsel ("RJC") standards (for those Heraeus Companies who follow that standard).

Heraeus aims at sourcing Risk Products (as defined below) only from legitimate sources that are not associated with crime, armed conflict or human rights violations.

The objective of the Heraeus human rights due diligence process is:

- to identify and assess the risk of violation of human rights;
- to prevent and mitigate the negative impact of the detected risks if these risks are directly or indirectly linked to the activities of Heraeus.

This Policy applies to all Heraeus Companies (as defined below) but is particularly important for Heraeus PM.

III. SOURCING PRINCIPLES

Heraeus will not tolerate, profit from, contribute to, assist with or be associated with:

- torture, cruel, inhuman and degrading treatment;
- the worst forms of child labor or any form of forced labor. The age of employees shall not be less than 15 years or, where permitted by applicable local law, not less than 14 years;
- other gross human rights violations and abuses such as sexual violence;
- corruption or any other illegal activities such as bribery or money-laundering;

- violations of the freedom of association or the right to organize, including the right to participate in collective bargaining and strikes;
- violations of international humanitarian law;
- war crimes, genocide, or any other crimes against humanity;
- the direct or indirect support of non-state armed groups;
- the involvement of public or private security forces, if, due to a lack of control, their use leads to a cruel or inhumane treatment of workers or to the injury of workers or the restriction of the freedom of association;
- the unauthorized sourcing from world heritage sites and protected areas;
- the unlawful eviction or the unlawful taking of land;
- the fraudulent misrepresentation of the origin of minerals;
- the non-payment of taxes, fees, and royalties to governments;
- the withholding of minimum wages provided for under applicable law;
- excessive working hours with the risk of mental or physical fatigue;
- harmful soil contamination, water or air pollution, harmful emissions, or excessive water consumption harmful to the health of humans or constituting a significant impairment of the basis for the preservation or production of food;
- insufficient safety standards or a working environment with an unacceptably high risk of occupational accidents;
- any breach of statutory requirements with a high risk of considerable bodily injury or harm to the environment.

Heraeus will not pursue any business opportunity or engage in any transaction with business partners and will immediately withdraw from existing business relationships if any of the risks listed above are identified by Heraeus, unless Heraeus can manage the identified risk by taking appropriate measures to eliminate or mitigate the risk. Business relationships with partners acting against those principles are not tolerated throughout the organization.

Heraeus reasonably ensures that the precious metals in its supply chain originate from legal and ethical sources, that the precious metals are not associated with crime, armed conflict or human rights abuses and that they will not be used for money laundering, the financing of terrorism, tax evasion, fraud or any other crime.

IV. SUPPLIER DUE DILIGENCE PROCESS AND MANAGEMENT SYSTEM

a. Supplier risk assessment

Heraeus sets up a process for risk analysis and the assessment of suppliers, which includes a requirement for a risk-appropriate review by the relevant Heraeus Companies of their suppliers for the risks listed above. The risk analysis is based on the evaluation of country and industry risks. For the risk analysis, the relevant Heraeus Companies may also

use information which they have requested from the supplier, researched themselves or obtained from external sources (commercial data and ESG data providers). The risk assessment process for the PM Business is described in more detail in Section IV. below.

b. Measures derived from the risk assessment

Based on the risk analysis, the relevant Heraeus Companies are required to take appropriate measures if deemed necessary. Depending on the risk identified, such measures can range from obtaining confirmations of compliance with the Heraeus Supplier Code of Conduct, to transmitting and evaluating questionnaires, collecting external data, committing the supplier to certain measures, and to on-site supplier audits. Or the relevant Heraeus Companies may even decide not to enter into a business relationship or to terminate an existing business relationship with certain suppliers. The terms of the sample purchase contracts and the terms of the Supplier Code of Conduct provide that the suppliers of the relevant Heraeus Companies are to commit their sub-suppliers in a risk-appropriate manner to also comply with the human rights and environmental standards laid down in the Heraeus Supplier Code of Conduct.

c. Management system

Human rights training courses are part of the compliance training seminars. Employees of the procurement department and of the PM Business are invited to specific human rights training courses on human rights risk in the supply chain. The relevant Heraeus Companies are required to report the results of the risk assessment and the implementation of preventive and remedial measures to their top management or their supervisory board. The processes for the implementation of the supplier risk assessment and the measures derived from the risk assessment will be reviewed at least annually by a supply chain expert group. Heraeus has a Compliance Hotline (“grievance mechanism”) which is available to employees and to third parties.

d. Responsibilities

The responsibility for the operational implementation of this Policy, in particular for the risk assessment and any adequate measures taken based on such risk assessment, lies with the managing director of the relevant Heraeus Company, who may delegate the responsibility for the risk assessment to the procurement department which is supported in the implementation of this Policy by the Procurement Center of Competence and the Responsibility Office (Heraeus Business Solutions GmbH).

V. ADDITIONAL PRINCIPLES AND PROCESSES FOR THE PM BUSINESS

a. General

Heraeus PM is a gold and silver producer accredited according to the LBMA standards and a platinum and palladium producer accredited according to the LPPM standards and it is our commitment to abide by LBMA's Responsible Gold and Silver Guidance as well as by LPPM's Platinum and Palladium Guidance.

Due diligence of supply chain counterparts comprises all measures required by the latest LBMA Responsible Gold & Silver Guidance and the corresponding LPPM Guidance and is performed before entering into a new business relationship with any of our precious metal business partners.

Heraeus PM has a robust incoming inspection process for each lot and specific documents must be received and transactional details entered before Heraeus PM processes any precious metal-containing material.

Heraeus PM distinguishes between the following categories of precious metal business partners:

i. Mining business partners

Heraeus PM requires a third-party due diligence audit report which complies with OECD guidelines. In the absence of such report, Heraeus PM will conduct on-site audits itself. Such audits are based on LBMA's or LPPM's questionnaire on mined material and include an assessment of the environmental impact of the mining site.

ii. Refining material suppliers – secondary precious metals

All refining material suppliers must undergo a due diligence process before Heraeus PM accepts any material. For refining material from high-risk countries, Heraeus PM applies very strict due diligence processes and material checks to prevent any commingling of secondary precious metals with precious metals of unknown or conflict-affected origin.

b. Risk assessment (additional elements to CMS described in Section III.)

Identifying and assessing risks in the PM Business

For every business partner, Heraeus PM has established a business partner database and allocated a risk profile according to internal compliance criteria. This process is a formal requirement before entering into any business relationships with our precious metal business partners.

If Heraeus PM is offered any minerals originating from or transiting through conflict-affected and high-risk Areas, Heraeus PM conducts an extensive due diligence check. Only if Heraeus PM can exclude all of the risks mentioned above for these products, a business relationship can be established.

In addition, Heraeus PM reviews and monitors all transactions undertaken in the course of the relationship with its business partners using sophisticated IT systems.

c. Management System (additional elements to CMS described in Section III.)

Heraeus PM has established an effective and comprehensive compliance management system based on strong local and international KYC due diligence practices to target anti-money laundering, bribery in commercial transactions and to comply with the regulations set forth in the OECD Due Diligence

Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

This management system defines the processes and responsibilities of Heraeus PM for conducting risk-based due diligence assessments and for the screening and monitoring of all transactions and applies to all Heraeus PM entities.

For the PM Business, the Compliance Officer has the authority to deny any new suppliers classified as high-risk suppliers. The senior management retains the ultimate control and responsibility for the supply chain. Heraeus PM expects its suppliers of precious metals and precious metal-containing material to take appropriate steps to ensure that they adopt a policy similar to this Policy, and that the provisions of that policy are communicated to their employees and down their own supply chain.

Heraeus PM conducts audits or commissions a reliable third party to conduct audits if such audits are necessary based on Heraeus' internal risk assessment or if they are legally required.

Heraeus PM does not support any business models of suppliers aiming at tax evasion and at the non-payment of fees and royalties related to mineral extraction and trade and export from conflict-affected and high-risk areas. Any such taxes, fees and royalties must be paid to the relevant public authorities according to the supplier's position in the supply chain. Heraeus PM commits to disclose its payments in accordance with the principles set forth under the Extractive Industry Transparency Initiative (EITI).

For the PM Business, an independent third-party supply chain due diligence audit is performed annually based on the requirements of the LBMA, the LPPM and the Responsible Minerals Initiative ("RMI") and the regulations set forth in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

d. Further information

Further information on how our systems, procedures, processes and controls have been implemented to conform to the specific requirements set forth in the LBMA, LPPM and RMI Guidance are detailed in the annual compliance report and can be found in the download section here:

<http://www.herae.us/conflictminerals>

VI. GRIEVANCE MECHANISM

Heraeus encourages its own employees or any external stakeholders to use the Heraeus grievance mechanism, allowing to anonymously voice concerns about our supply

chain or any newly identified risks. Any reports made in good faith will be treated discreetly and are strictly confidential. Any attempt to identify a whistle-blower who has reported a concern in good faith and who has chosen to raise his concerns anonymously is strictly forbidden.

Internal compliance hotline:

+49 (0) 6181 / 35 - 5500

or write to heraeuscomplianceofficer@heraeus.com

External ombudsman:

+49 (0) 6105 / 921355

or write to

dr-buchert@dr-buchert.de

For the PM Business, concerns can also be reported to the grievance mechanism of the Responsible Minerals Initiative at:

<http://www.responsiblemineralsinitiative.org/minerals-due-diligence/risk-management/grievance-mechanism/>

Likewise, any other parties involved in gold or silver supply chains are encouraged to [contact the LBMA](#) about all concerns they may have in relation to this Policy.

VII. DEFINITIONS

Risk Products: Products or services are considered "Risk Products" if their exploitation and purchase involve a particularly high risk of violation of human rights, violation of international trade rules or of criminal offenses. According to Annex II of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, tin, tungsten and tantalum ("3Ts") as well as gold and their respective minerals are always considered as Risk Products.

Outside the PM Business and the 3Ts, products and services are considered as Risk Products if the risk analysis shows risks in the areas described in Section 3 above and in Section 2 of the Act.

Heraeus PM/PM Business: Heraeus Deutschland GmbH (business segment Heraeus Precious Metals) and its worldwide PM trading and recycling sites.

Heraeus/(relevant) Heraeus Companies: for the purpose of this Policy all Heraeus legal entities falling within the scope of the Act.

Precious Metals: Gold, silver, platinum, palladium, rhodium, iridium, ruthenium and osmium.

VIII. CONTACTS

If you have further questions regarding the PM Business, please contact Patrick Henritzi at

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For questions regarding other Risk Products, please contact conflictminerals@heraeus.com