

VEM Group Code of Conduct

As of 23 August 2024

This code of conduct represents the basic requirements for the actions of VEM Group (VEM) employees, managing directors and business partners, and serves to achieve and maintain compliance through preventive measures and measures to identify and address violations. Compliance means adhering to laws, standards, directives and other internal and external rules, which is a matter of course for VEM.

1. Environmental and human rights responsibilities

VEM is committed to upholding human rights and protecting the environment. We monitor our entire supply and value chain and prioritise compliance with human rights and environmental standards both in our own business processes and globally in our supply chains. Our clear objective is to prevent human rights and environmental violations and to offer those affected along our value chain access to support measures. In doing so, we are guided by the principles of the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, the European Green Deal, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO), and the United Nations Guiding Principles on Business and Human Rights.

1.1 Human rights

VEM attaches great importance to respecting the rights and needs of all groups of people directly and indirectly affected by our value creation activities. For us, this includes:

- all employees at our company's locations
- all employees of our suppliers and partners along our value chain
- local communities

The following rules of conduct for the observance of human rights form the basic prerequisites for all actions of VEM employees, managing directors and business partners:

- prohibition of all forms of forced and child labour
- prohibition of discrimination, and compliance with equal treatment
- prohibition of harassment
- compliance with minimum labour conditions
- granting of the right of assembly
- compliance with occupational health and safety measures

Prohibition of all forms of forced and child labour:

All forms of forced and child labour are prohibited, i.e. employment of persons against their will and employment of persons under the age of 15. In countries that fall under the exception for developing countries in accordance ILO Convention No. 138, the minimum age can be reduced to 14 years. The employment of persons who have not yet reached the age of 18 is subject to special protection, particularly with regard to working hours and working conditions.

Prohibition of discrimination, and compliance with equal treatment:

VEM promotes equal treatment and prohibits discrimination on the grounds of skin colour, origin, gender, religion or ideology, disability, age or sexual identity. This applies to all areas of cooperation, in particular recruitment and employment, training and professional development as well as promotion and transfer.

Prohibition of harassment:

The personal dignity of every human being must be honoured and respected. Any form of harassment, mental cruelty, sexual and/or threatening advances are therefore prohibited at VEM.

Compliance with minimum labour conditions:

VEM undertakes to comply with the applicable statutory minimum labour conditions. This includes payment of the statutory minimum wage and compliance with statutory rest periods and maximum working hours.

Granting of the right of assembly:

VEM promotes a culture of participation and close cooperation with employee representatives based on trust. Employees also have the right to form employee representative bodies and join trade unions. They will not suffer any disadvantage from this. Employees are regularly given the opportunity to discuss their employment relationship and development opportunities with their manager.

Compliance with occupational health and safety measures:

Employees must be afforded special protection against accidents at work. The obligation applies not only to managers, but also to colleagues and employees themselves. VEM is obliged to set up or provide the necessary protective measures, to inform employees about their use and to train them. Managers are obliged to monitor compliance with occupational health and safety regulations.

1.2 Environmental protection

For us, respect for human rights is always closely linked to our corporate responsibility towards the environment. VEM acts in accordance with applicable laws and is guided by international standards in order to minimise negative effects on the environment and to continuously improve our environmental and climate protection activities. All employees are made aware of environmental protection and the necessary training measures and courses are offered. VEM has taken appropriate environmental protection measures in the following areas:

- increasing energy efficiency
- reducing environmental pollution
- promoting resource efficiency
- reducing waste and ensuring proper disposal
- responsible handling of substances hazardous to people and the environment

Increasing energy efficiency:

As an ISO 50001-certified company, we always fulfil our obligation to reduce our energy consumption in the long term and to increase energy efficiency at our sites in a continuous improvement process. Our employees are directly involved in the continued development of the energy management system through regular information and communication and are encouraged to use natural resources sparingly and identify potential savings.

Reducing environmental pollution:

The minimisation of risks and environmental impacts and the identification and reduction of potential hazards are non-negotiable obligations for VEM. Our processes, activities and measurable targets are controlled and monitored by an integrated management system and the performance of our products and processes is regularly evaluated by company management. The environmental impact of our activities is analysed, recorded and evaluated and we are committed to continuous improvement and prevention of environmental pollution.

Promoting resource efficiency:

In order to meet the demands of the global market as well as those of our customers and shareholders with regard to environmental protection and the conservation of natural resources, we prioritise the economical and responsible use of the resources available to us as well as continuous efficiency improvement measures. We promote environmentally conscious behaviour and expect all players along our value chain to act responsibly and independently with regard to the use of natural resources. We offer all employees, partners and suppliers the opportunity to actively participate in improvement processes.

Reducing waste and ensuring proper disposal:

VEM has set itself the task of minimising the waste materials generated in the course of our value-adding processes. Waste volumes are categorised and recorded annually at our sites in order to document progress, identify possible inefficiencies and initiate optimisation measures. We continue to make an active contribution to minimising environmental pollution through consistent requirements for waste separation and avoidance as well as oversight of professional and legally compliant waste disposal by our waste management officers.

Responsible handling of substances hazardous to people and the environment:

The responsible handling of hazardous substances to protect our employees and the environment is a top priority for us. We carry out comprehensive risk assessments in order to identify risks when handling hazardous substances and implement suitable protective measures at our plants. In areas where hazardous substances are used, employees are regularly instructed to ensure that they know and comply with all relevant hygiene and safety rules. All hazardous materials are properly labelled and stored safely to avoid confusion and prevent hazards. Preventive emergency planning is an integral part of our safety concept so that we can react quickly and efficiently in the event of an accident.

1.3 Implementation of responsibilities

The systematic anchoring and implementation of our responsibility to respect human and environmental rights is a central component of our corporate strategy. Our stated aim is to take into account the responsibilities described in points 1.2 and 1.3 in all of our business decisions. To achieve this, we have established structures and accountabilities, methods of analysis, complaints offices, preventive and remedial measures, effectiveness checks, as well as guidelines on reporting, transparency and improvement. These are described in detail in the following points.

1.4 Structure and accountabilities

The exercise of due diligence with regard to human rights and environmental protection is a central component of the corporate strategy and is included in decision-making processes at all levels of the company. We promote conscious behaviour with regard to safety, quality, environment and health, and we expect our employees to act responsibly and independently, actively and continuously involving them in improvements. The processes, activities and measurable targets are controlled and monitored by an integrated management system.

In 2024, we also created the position of Human Rights Officer to promote and monitor human rights and environmental due diligence processes within the company. This role is intended to serve as a central point of contact for human rights issues, complaints and measures and to oversee the implementation of the code of conduct along the entire supply chain. Our Human Rights Officer is supported by various departments, in particular the Sustainability Manager, in the implementation of specific projects relating to human rights and environmental due diligence. They provide resources and expertise on specific topics to ensure compliance with human rights due diligence and provide information on current human rights issues along the supply chain as required.

1.5 Risk management and analysis

A key component of our approach to ensuring human rights and environmental due diligence is a robust process for identifying, analysing and assessing risks along our value chain. In order to promptly identify areas requiring action and to initiate appropriate measures, we have implemented a comprehensive risk management system, which we use to regularly record and assess potential human rights and environmental risks. The scope of our analysis includes potential risks, their potential effects on our business processes, and possible human rights violations, along the entire supply chain. Through regular risk assessments, which are linked to a standardised assessment model, we ensure continuous compliance with our human rights and environmental requirements and can initiate measures or adjustments at short notice. Clear accountabilities and processes have been defined within our Group to ensure the monitoring and reporting of risks.

1.6 Preventive and remedial measures

VEM pursues a preventive approach to safeguarding environmental and human rights. It is our conviction that human rights violations and environmental damage are fundamentally avoidable. Derived from our risk analysis, our aim is to establish an effective culture of prevention, eliminating the causes of infringements and thus preventing their occurrence. The following preventive measures are aimed at circumventing negative impacts on human rights and the environment:

- anchoring human and environmental rights in the Code of Conduct, company policy, works agreements and safety instructions
- Integrity Next Platform for measuring supplier compliance with the LkSG
- awareness-raising and training measures
- internal and external reporting office for complaints and violations

If the preventive measures fail to prevent a violation and it is only discovered after the fact, we will endeavour to limit the impact and rectify the damage as quickly as possible. If our company itself is responsible for a violation of human or environmental rights, we immediately initiate measures to stop the harmful activities or significantly improve them in accordance with our guidelines. If human rights violations are reported along our value chain, we investigate the matter in depth and, in the event of verification, work towards the rapid implementation of remedial measures. Depending on the extent and scope of a violation, we also reserve the right to take appropriate measures against suppliers and partners in the value chain.

1.7 Effectiveness monitoring and continuous improvement

In order to continuously improve VEM's performance in terms of monitoring compliance with environmental and human rights along our value chain and in terms of the effectiveness of any necessary adjustment measures, it is essential for us to regularly analyse the effectiveness of our control systems. This includes continuous monitoring and regular internal audits.

1.8 Reporting and transparency

Comprehensive reporting in combination with transparent exposition of human rights and environmental issues along our value chain forms the basis upon which we can fulfil our obligations in terms of human rights and environmental due diligence. Our sustainability report, which we publish annually on the company website, aims to provide open and transparent information about our pro-

gress and challenges with regard to safeguarding environmental and human rights along our supply chain. Our report will contain detailed information on identified risks, measures taken and results achieved and is intended to help strengthen confidence in our value creation processes.

2. Guidelines for dealing with business partners

By clearly defining and consistently adhering to guidelines in our dealings with business partners, we ensure that our entire supply and value chains are organised in a sustainable and responsible manner. Our aim here is not only to respect applicable law, but also to contribute to the promotion of fair and sustainable competition. The following guidelines form the basic prerequisites for cooperation with VEM:

Corruption and bribery:

VEM does not tolerate corruption, bribery or extortion and will combat these before they occur. All employees must avoid conveying the impression of being receptive to personal advantages in the course of their work. This means they must not demand, be promised, accept or offer to others any rewards, gifts or other benefits for themselves or for a third party in relation to their work.

Money laundering:

VEM will not participate in money laundering activities. Financial transactions must always be traceable and verifiable. Relevant documents must not be deliberately altered in a misleading way. Conspicuous payment flows, such as recipients other than the client, must be scrutinised and reported if necessary.

Competition:

VEM supports fair competition. This excludes anti-competitive practices, in particular those that violate antitrust law. It includes the obligation to recognise the intellectual property of third parties, to refrain from price fixing, market sharing and other unfair competitive practices.

Conflict minerals and conflict countries:

VEM supports fair trade. Therefore, suppliers must be scrutinised with appropriate efforts to prevent purchases from conflict countries and purchases of conflict minerals. Suppliers must be obliged to comply with the local rules of conduct. Compliance with these rules must be checked by VEM to an appropriate extent.

Data protection:

VEM processes, stores and protects personal data in compliance with legal regulations. Personal data is collected confidentially, only for legitimate, predetermined purposes and in a transparent manner. We only process personal data if it is protected against loss, alteration and unauthorised use or disclosure, using appropriate technical and organisational measures.

3. Complaints procedure

Our primary goal is to prevent violations of human and environmental rights and fair business practices. VEM expressly supports preventive measures to ensure compliance with these rules of conduct and the detection of violations. To this end, VEM has set up a reporting office that enables internal and external whistleblowers to report violations punishable by criminal penalties and fines, insofar as the violated regulation serves to protect life, limb, health or the rights of employees, and to report violations of these rules of conduct and selected federal, state and EU laws.

The reporting office can be contacted by telephone or email:

Hotline (ext.): +49 351 208 3311

Hotline (int.): 4 3311

Email: hinweis@vem-group.com

These contact details are transmitted to all partners and suppliers when the contract is concluded as part of our compliance requirements. Our reporting office can also be found on the company website.