



Policy Statement on the Implementation of the German Supply Chain Due Diligence Act (“Grundsatzzerklärung”, § 6 (2) LkSG)

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DISCLAIMER

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Preamble

Preamble

As a leading global technology company and family business, the Heraeus Group has a responsibility to respect human rights and protect the environment. We are aware that our behavior along the entire supply chain has an impact on people and nature. Therefore, we are committed to conducting our business in accordance with international human rights standards and environmental laws.

This Policy Statement applies to Heraeus Holding GmbH (“Heraeus Holding”) and all affiliated companies over which Heraeus Holding has a controlling influence. It sets out our due diligence strategy and describes the measures we take to identify, assess and minimize human rights and environmental risks. With this Policy Statement, we emphasize our commitment to responsible corporate governance. At the same time, we are aware of our obligation to regularly review and assess the effectiveness of our measures and to initiate improvements when necessary.



A handwritten signature in blue ink, appearing to read 'F. Stietz', with a stylized flourish extending to the right.

Dr. Frank Stietz

CEO and Chairman of the Board of
Managing Directors of Heraeus Holding GmbH

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Structure of the Heraeus Group

Structure of the Heraeus Group

Heraeus is a [family-owned, global technology group](#) headquartered in Hanau, Germany. The company's roots go back to a family pharmacy started in 1660. Today, the Group operates in more than 100 locations across 40 countries and, with its products, is one of the leading providers in its global markets, including the markets for electronics, semiconductors, telecommunications, automotive products, chemicals, medical technology, pharmaceuticals, and steel.

Heraeus bundles diverse activities in currently [four Business Areas](#): Metals & Recycling, Healthcare, Semiconductor & Electronics, and Industrials. The Business Areas each comprise several [Operating Companies \(OpCos\)](#).

- The Business Area [Metals & Recycling](#) focuses on activities connected with metals, particularly precious metals, and with the circular economy.

- In the Business Area [Healthcare](#), Heraeus supplies its customers with materials and technologies for use in medical technology, orthopedics and infection management.
- The Business Area [Semiconductor & Electronics](#) offers technologies, materials and integrated material solutions for electronic packaging technology, electrochemical solutions, materials for semiconductor manufacturing equipment, and glass for optical fibers used in telecommunications.
- The Business Area [Industrials](#) provides its customers with materials and technologies for applications in industrial production. This includes measurement equipment for molten metal processes.

The OpCos are also supported by the [Heraeus Service Platforms](#), which provide the Group with high-quality services and consulting in areas such as finance, legal, human resources, and communications.

The OpCos pursue a joint approach to implementing the [German Supply Chain Due Diligence Act \("LkSG"\)](#) to ensure uniform implementation processes. Stricter requirements apply to particularly critical business partners of the OpCo Heraeus Precious Metals.

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Our commitment to the protection of human rights

The Heraeus Group is committed to the observance of universally recognized [human rights](#) and places a strong emphasis on the importance of [acting responsibly and with integrity over the long term](#). The corresponding core values are laid down in the [Heraeus Vision](#) and serve as guideline for the activities and conduct of the entire Group. Furthermore, the [human rights strategy](#) is anchored as follows:

At Heraeus

In 2007, the Heraeus Group has introduced the [Heraeus Code of Conduct](#) as a framework for business conduct that is binding for all employees. In 2018, the Code of Conduct was supplemented by the [Heraeus Human Rights Policy](#) in which Heraeus commits to [respecting and observing universally recognized human rights](#). The Heraeus Human Rights Policy is part of this Policy Statement by reference. The Code of Conduct is supplemented by a set of guidelines on various topics, which contain rules that are binding on all employees. The individual OpCos of the Heraeus Group may issue additional, binding standards of conduct for their employees. The [Heraeus human rights compliance management system](#) is designed to

ensure that the Heraeus Human Rights Policy is implemented in the business areas of the Heraeus Group. Please refer to [page 15](#) for more information.

In the supply chain

The various business areas of the Heraeus Group pursue the goal of aligning their value chains with due regard to the protection of human rights. In doing so, the Heraeus Group follows in particular the [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#) and the [requirements of the LkSG](#).

For this purpose, irrespective of the LkSG, all new suppliers, in particular in the areas of [precious metal trading](#) and [recycling of precious metal-containing materials](#), have been expected to fulfill the requirements of the [Heraeus Supplier Code of Conduct](#) for several years now. Suppliers in the business areas precious metal trading and recycling of precious metal-containing materials have been carefully selected and monitored for many years already. The Heraeus Group procures [conflict minerals](#) only from sources that have been certified by an

independent body as [safe sources of supply](#) for conflict minerals.

The principles for the selection and monitoring of suppliers, especially suppliers of precious metal-containing materials or conflict materials, are laid down in the Heraeus [Supply Chain Due Diligence Policy](#), which is part of this Policy Statement by reference.

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**Structures and processes for the fulfillment
of our due diligence obligations**

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Structures and processes for the fulfillment of our due diligence obligations

Structure and monitoring of the risk management system

To implement the requirements of the LkSG, the Heraeus human rights [compliance management system \(CMS\)](#) was further developed in Heraeus' own area of operations and in the supply chain.

The CMS includes, inter alia:

- the commitment to human rights in the form of the Heraeus Human Rights Policy and the Heraeus Supply Chain Due Diligence Policy,
- the definition of Heraeus internal responsibilities,
- the performance of regular and, if necessary, ad hoc risk analyses,
- the implementation of preventive and remedial measures,
- the evaluation of the effectiveness of LkSG implementation as part of monitoring,
- the grievance mechanism,

- training and communication, and
- reporting, information and documentation obligations within the Group and to the public (reporting obligations under the LkSG and the Corporate Sustainability Reporting Directive (CSRD)).

The [Responsibility Office](#) has a leading role in the implementation and coordination of the human rights strategy. The Responsibility Office is also responsible for establishing and maintaining the human rights CMS. The Responsibility Office is headed by the Heraeus Compliance Officer (HCO). The HCO and a Responsibility Manager have taken the thematic responsibility for setting up and structuring the processes required for the implementation of the LkSG. In this context, the Responsibility Office works closely with the Global Procurement, HR and EHS departments.

- The [Global Procurement](#) department is responsible for setting up the technical processes required for the implementation of the LkSG and for involving and training the procurement teams in the individual OpCos.

- The [Global HR](#) department develops and supports processes to implement human rights requirements in Heraeus' own area of operations.
- The [Global EHS](#) department supports the OpCos in reviewing and implementing environmental, health and safety issues and measures.

The [responsibility for the operational implementation of the LkSG](#), in particular for the risk analysis and any adequate measures taken based on such risk analysis, lies with the [managing director of the relevant Heraeus company](#), who may delegate the responsibility for the risk analysis to the procurement department (suppliers and supply chain) and to the human resources department (Heraeus' own area of operations) which are supported in the implementation of the LkSG by the Global Procurement department (suppliers and supply chain) or the Global HR department (Heraeus' own area of operations), respectively, and by the Responsibility Office.

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The Responsibility Office consolidates the reports of the relevant Heraeus companies and supports the relevant Heraeus companies in the reporting on the LkSG. The Responsibility Office is also responsible for establishing the grievance mechanism, receiving incoming complaints and supporting the relevant Heraeus companies in taking adequate measures based on the complaints.

The human rights CMS is monitored by the [Group Responsibility Committee \(GRC\)](#). The GRC performs its duties through two committees: the [GRC Human Rights Chapter](#) for Heraeus' own area of operations and the [GRC Supply Chain Chapter](#) for the supply chain. The Responsibility Office is responsible for convening and chairing the meetings of the GRC Chapters and for monitoring the agreed measures. The Corporate Audit department has included a review of the implementation of the LkSG in its regular audit plan as of 2024.

The GRC reports to the [Board of Managing Directors \(BMD\)](#), the management of Heraeus Holding GmbH, at least once per year and on an ad hoc basis on the results of the monitoring

of the human rights CMS. The reporting lines to the GRC are defined in internal company regulations for Heraeus' own area of operations and for the supply chain.

Risk analysis in the supply chain

The process for [risk analysis and risk assessment of suppliers](#) is laid down in a separate standard operating procedure and includes a requirement for a risk-appropriate review by the relevant Heraeus companies of their suppliers for the risks addressed by the LkSG. The first step involves an abstract [risk analysis based on country and industry risks](#). The country and industry risk is based on a logic that allows an overall classification of suppliers into the categories "low", "medium", "high" and "very high" risk. Suppliers in the "medium" and "high" risk categories with a certain annual purchase volume are subject to the second level of risk analysis. Suppliers in the "very high" risk category are subject to the second level of risk analysis regardless of their purchase volume. At level two, further complementary measures are taken in the context of an [individual assessment by the buyers](#) to ensure a more precise assessment of the expected

primary risks. For such assessment, the buyers may also use information which they have requested from their suppliers, researched themselves or obtained from external sources (e.g. from commercial KYC ("Know your customer") and ESG ("Environmental, Social and Governance") data providers) or that has come to their knowledge through the grievance mechanism.

Given the increasing complexity at each level of the value chain, the first step in the [supply chain screening](#) process is to identify the most important and, in terms of LkSG risks, the most critical supply chains. The next step is to identify the levels of the upstream supply chain. A risk assessment is carried out for the critical levels, taking into account the industry, country and specific risk of the supplier, to the extent that this information is known. If the indirect supplier is not known, the supplier audit processes of the direct supplier must be evaluated.

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In addition, for suppliers of materials containing [tin](#), [tantalum](#) or [tungsten](#), [Conflict Minerals Reporting Templates \(CMRTs\)](#) of the [Responsible Minerals Initiative \(RMI\)](#) must be obtained. A supplier's CMRTs will only be accepted if the supply chain is fully identified and the listed smelters have RMI certification.

[Gold](#), which is also a conflict mineral, and other precious metals are subject to the comprehensive principles and processes of the precious metal business. The [risk analysis in the precious metal business](#) involves additional processes that are carried out exclusively by the legal entities of the OpCo Heraeus Precious Metals operating in the precious metal trading and recycling business. [Due diligence of supply chain counterparts](#) comprises all measures required by the latest [LBMA Responsible Gold & Silver Guidance](#) and the corresponding [LPPM Responsible Sourcing Guidance](#) and is performed before entering into a new business relationship with any of our precious metal business partners. Heraeus Precious Metals generally distinguishes between the following categories of precious metal business partners: [mining partners](#) and [secondary precious metal](#)

[suppliers](#). For the purposes of risk analysis in accordance with the LkSG, an additional, more detailed categorization of precious metal business partners into different risk classes was carried out.

For starting a business relationship with a mining partner, Heraeus Precious Metals additionally requires an [on-site assessment conducted by Heraeus or a third-party](#) which complies with [OECD guidelines](#). Even in ongoing business relationships, our mining business partners need to undergo regular on-site assessments which generally take place every three years, depending on the mine's risk categorization. The on-site assessments are based on LBMA's or LPPM's questionnaire on mined materials.

All [secondary precious metal suppliers](#) are required to undergo a [due diligence process](#) before Heraeus Precious Metals will accept material from them (with exceptions for customary, small quantities of precious metal-containing materials, such as scrap gold from private individuals).

For every business partner, Heraeus Precious Metals creates a profile in its [business partner database](#) and allocates a risk category according to internal compliance criteria. This process is a formal requirement before entering into any business relationship with precious metal business partners.

If Heraeus Precious Metals is offered any precious metal-containing materials that clearly originate from [conflict-affected and high-risk areas \(CAHRAs\)](#) or that clearly transit through CAHRAs or whose origin is not sufficiently transparent, it conducts an [enhanced due diligence check](#). In such cases, our standard due diligence check is complemented by further risk-based measures to prevent the acceptance of precious metals of unknown or conflict-affected origin. Depending on the individual situation, these measures can range from mandating third-party audits or certifications to requiring a more comprehensive proof of transparency (e.g. detailed transaction lists or documentation of preceding processing steps on video). Heraeus Precious Metals has a robust incoming inspection process for each lot, and specific documents must be received

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and transactional details entered and assessed before any precious metal-containing material is processed. The regions considered by Heraeus Precious Metals to be CAHRAs are documented in an internal standard operating procedure and were determined based on an evaluation of internationally recognized indices.

Risk analysis in Heraeus' own area of operations ("eigener Geschäftsbereich")

The risk analysis for Heraeus' own area of operations is also laid down in a separate standard operating procedure. In this context, the Heraeus Group can build on an existing [compliance management system](#) that is designed to strengthen human rights and promote the environmental aspects required by law. The [Responsibility Office](#) and the [Global HR and EHS departments](#) work closely together to expand the existing Heraeus compliance management system and to conduct the risk analysis.

The Global EHS department is responsible for evaluating environmental and occupational safety risks for the entire Group based on a [uniform Group EHS compliance management system](#) that fulfills the requirements of the LkSG.

Results of the risk analyses

Due to the broadly diversified portfolio and the decentralized responsibilities for operational implementation, a prioritization of individual risks as proposed in the LkSG, is not expedient for the Heraeus Group as a whole. Instead, the relevant Heraeus companies have prioritized the risks they have identified at their suppliers that fell into the categories of "high" and "very high" risk. Where required, these risks were further prioritized according to severity and probability of occurrence. Overall, the Heraeus Group identified the following [abstract risks at direct or indirect suppliers](#):

- Child labor
- Forced labor

- Non-compliance with occupational health and safety regulations and neglect or disregard of work-related health hazards
- Violation of the right to freedom of association and collective bargaining
- Unequal treatment in employment
- Denial of adequate wages
- Destruction of vital natural resources through environmental pollution
- Unlawful infringement of land rights
- Hiring or use of private/public security forces that could cause harm due to a lack of instruction or control
- Other obvious or severe human rights violations
- Illegal production, use and/or disposal of mercury (Minamata convention)

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- Illegal import/export of hazardous waste as defined by the Basel Convention

Some of the identified risks are unique to, or particularly prevalent in, mines from which precious metal-containing materials are obtained. Even before the introduction of the LkSG, there was a particular **focus on mines**, both in terms of scope of the due diligence assessment and the measures taken.

In Heraeus' own area of operations, the following risks were prioritized:

- Non-compliance with occupational health and safety regulations and neglect or disregard of occupational health hazards
- Unequal treatment in employment
- Destruction of vital natural resources through environmental pollution

Preventive and remedial measures

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 confirmation of compliance with the Heraeus Supplier Code of Conduct from suppliers**, to **deriving measures** from the questionnaires completed by the suppliers, **agreeing on action plans** or **conducting on-site audits**, from which further action plans can be derived. It is also possible for the relevant Heraeus company to decide not to enter into a business relationship or to terminate an existing business relationship with certain suppliers. The sample purchase contracts as well as the Heraeus 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.

In addition, the company's internal **guidelines on procurement strategies and practices** have been adapted. For instance, the Procurement Guideline was extended by a section that illustrates the potential impact of delivery times, purchase prices and the duration of contractual relationships on human rights and environmental risks.

The **Responsibility Office** has included LkSG-related training in its training concept. All relevant employees also receive human rights training as part of **compliance training**. The procurement departments also receive additional training on the implementation of the LkSG. The training concept also defines which training modules are assigned to the various addressees. The training concept is designed to ensure that employees of the Heraeus Group receive targeted training on the compliance regulations that are relevant to them. The training courses are aimed at raising employee awareness and explaining both the legal and Heraeus internal requirements for LkSG implementation.

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The Global EHS department monitors environmental and occupational safety risks as part of the [Heraeus EHS Framework](#). The EHS Framework is [binding for all production sites worldwide](#) over which Heraeus has a controlling influence. The [EHS Development Path](#) defines three levels (Basic, Advanced, Expert) that build on each other and outline the steps necessary to reach the next level. Implementation of the requirements of the Development Path is reviewed annually through the [EHS Assessment Program](#) in the form of a self-assessment. The results of such self-assessment are verified at least every two years in an EHS assessment conducted by an EHS manager from another production site. The EHS Framework is supplemented by [EHS compliance audits](#), which are conducted by the Global EHS department. The regular audits, which are also carried out by persons from outside the site, are intended to ensure that risks are identified and, where necessary, minimized.

Grievance mechanism

Heraeus has established a grievance mechanism in the form of the [Heraeus SpeakUp compliance reporting channel](#).

Heraeus SpeakUp allows employees and external business partners, especially suppliers and customers, to confidentially report [potential compliance violations, human rights abuses or unethical behavior](#) to Heraeus.

Reports through Heraeus SpeakUp can be made [via Internet, app and telephone](#). The link to Heraeus SpeakUp and the national telephone numbers for reporting are publicly available. Both internal and external reports are treated as confidential and the identity of whistleblowers will not be revealed without their express consent. While Heraeus welcomes whistleblowers who are willing to disclose their identity, anonymous reports are equally investigated. Any report that is not obviously implausible or abusive will be investigated. Comprehensive Rules of Procedure for Heraeus SpeakUp in German, English and Chinese are publicly available and describe the reporting process in detail. Any information reported through Heraeus SpeakUp is recorded and forwarded to the [Heraeus Compliance Officer \(HCO\)](#) or his or her deputy. The person or department responsible under the Rules of Procedure takes appropriate investigative

measures, involving the Corporate Audit department where necessary.

Employees may also report potential compliance violations by e-mail, telephone or in person to the [local Compliance Officer](#) or the [OpCo Compliance Officer](#). In addition, reports may be made to an [external ombudsperson](#) by telephone, e-mail, or in a personal meeting.

The person or department responsible will only share information with those persons within the Heraeus Group who need to be involved to investigate the matter or to decide on further action, and will ensure that the [identity of the whistleblower is protected](#). Retaliatory measures, in particular measures under labor law, against a whistleblower who has reported a possible compliance violation are prohibited and are themselves considered a compliance violation and punished accordingly. Intermediaries and supporters of the whistleblower are protected to the same extent.

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Evaluation of effectiveness

The [GRC Supply Chain Chapter](#) assesses the effectiveness of the LkSG implementation for the [supply chain](#), while the [GRC Human Rights Chapter](#) assesses the effectiveness of the LkSG implementation for [Heraeus' own area of operations](#). The [Responsibility Office](#), as the representative of the GRC Chapter, conducts [monitoring sessions with the OpCos](#) to jointly assess and evaluate the operational implementation by each OpCo, and initiates improvement measures if necessary. Based on the results of the monitoring, the overall concept for the implementation of the LkSG is reviewed at least once per year at the GRC Chapter meetings.

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HERAEUS GROUP

POLICY STATEMENT ON THE IMPLEMENTATION OF THE GERMAN SUPPLY CHAIN DUE DILIGENCE ACT

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PHOTOS

Heraeus (Page 1, 4)

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