



Heraeus Corporate Policy

Supply Chain Due Diligence Policy

As a family-owned company with over 165 years tradition, Heraeus commits itself to the principle of sustainability in its supply chain. Heraeus is aware that the choice and control of its suppliers, especially in the precious metal trading and in sourcing critical raw materials is of key importance for a business activity focusing on sustainability.

Scope:

This POLICY applies to all Heraeus companies but is particularly important for HERAEUS DEUTSCHLAND GMBH AND ITS WORLDWIDE PM TRADING AND RECYCLING SITES (“PM Business”).

This Supply Chain Policy

... is lying down and reshaping the already existing principles for the choice and control of suppliers, in particular for the Heraeus PM Business. and the sourcing of Risk Products (as defined below). Our worldwide efforts aim at sourcing Risk Products (as defined below) only from legitimate and ethical sources that have not been associated with crime, armed conflict or human rights abuse.

We aim to establish long-term relationships with our immediate suppliers and counterparties.

We exercise due diligence with our precious metals suppliers consistent with the OECD Guidance, the respective responsible guidance of LBMA and LPPM, the Responsible Business Alliance’s responsible Minerals Assurance Process (RMAP) and for some companies also with the RJC standards (PM Business). We comply with the European Union regulation 2017/821.

Precious metals

... for us includes Gold, Silver, Platinum, Palladium, Rhodium, Iridium, Ruthenium and Osmium.

Handling of Risk Products

Products are considered “Risk Products” if their exploitation and purchase involve a particularly high risk of violation of human rights, violation of international trade rules and realization of criminal offenses.

Our definition of high risk is in accordance with Annex II of the OECD due diligence guidance on Minerals from Conflict-Affected and High-Risk Areas and includes Tin, Tungsten and Tantalum (“3Ts”) as well as Gold and their Minerals (“Risk Products”).

When accepting Risk Products in our supply chain special duties of due diligence apply. We do not tolerate nor profit from, contribute to, assist in or want to be linked to:

- Violation of Occupational safety
- Torture, cruel, inhuman and degrading treatment
- Worst forms of child labor or any form of forced labor
- Other gross human rights violations and abuses such as widespread sexual violence
- Corruption or any other illegal activities like bribery or money-laundering
- Violations of granting the freedom of association or the right to organize
- Violations of international humanitarian law
- War crimes, genocide, or any other crimes against humanity
- Direct or indirect support to non-state armed groups as well as public or private security forces
- fraudulent misrepresentation of origin of minerals
- Non-payment of taxes, fees and royalties to respective governments
- Non-compliance with Environment and Sustainability legal requirements

We will not engage respectively immediately disengage with any business opportunity or business partner where we identify a risk as described above. Business relationships with partners acting against those principles are not tolerated throughout our organization.

Our compliance management system for Risk Products

Heraeus has established an effective and comprehensive compliance management system based on strong local and international KYC due diligence practices to target anti-money laundering, bribing in commercial transactions and to comply with the regulations set forth in the OECD due diligence guidance on Minerals from Conflict-Affected and High-Risk Areas.

This sets our responsibility for conducting risk based due diligence, screening and monitoring of transactions and governance structures in place for all Heraeus entities involved in purchasing, refining or other transactions with Risk Products.

For the PM Business the Compliance officer has the authority to deny any new suppliers classified as high risk. Senior management retains the ultimate control and responsibility for the supply chain. We expect our suppliers of precious metal and precious metal containing material to take appropriate steps to ensure that they adopt a similar policy, and the provisions of this policy are communicated to their employees and down their own supply chain.

For the 3T business Heraeus only cooperates with suppliers that meet the RMI standards and provide adequate documentation of the supply chain for 3Ts. The documents provided by the supplier must fulfill the Heraeus standards for supply chain due diligence.

We perform annual training sessions with relevant employees and encourage them to raise any suspicious transactions to management immediately.

We conduct or ask a reliable third party to conduct audits if such audits are necessary based on our internal risk assessment or if they are legally required.

We report about the fulfillment of the due diligence requirements in accordance with the respective legal requirements.

We review our system for any deficiencies at least annually and improve our compliance system as necessary to meet any new requirements.

Identifying and assessing risks in the PM Business

For every supplier we have established a client database and allocated a risk profile according to our internal compliance criteria. This process is a formal requirement before entering any business relationship with our precious metals supplying counterparty.

If we are offered any minerals originating from or transiting through Conflict-Affected and High-Risk Areas, we conduct an extensive due diligence check. Only if we can exclude any risk mentioned above for these products a business relationship can be established.

In addition, we conduct appropriate scrutiny and monitoring of all transactions undertaken through the course of the relationship with our counterparts by using sophisticated IT systems.

An internal management system has been set up to define the governance, roles and responsibilities, internal audit, training schedules and communication. The compliance officer has been assigned to manage this process and has a direct line of reporting to the executive senior management.

Grievance mechanism

We encourage our employees or any external stakeholders to use our grievance mechanism, allowing to anonymously voice concerns over our supply chain or any newly identified risk. Any reports in good faith are treated discreetly, strictly confidential and 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.

Please use any of the following options so we can receive, review and respond accordingly to any supply chain grievance.

Our 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

Concerns can also be reported to the Responsible Minerals Initiative's grievance mechanism at:

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

Similarly, anyone else involved in the gold or silver supply chains is encouraged to [contact LBMA](#) with all legitimate concerns they may have.

LBMA and LPPM (PM Business)

Heraeus is an accredited Gold and Silver producer to the LBMA standards and Platinum and Palladium producer to the LPPM standards and it is our commitment to abide to LBMA's Responsible Gold and Silver Guidance as well as LPPM's corresponding guidance on Platinum and Palladium.

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

We have a robust lot-receipts process and specific documents must be received and transactional details entered before we process precious metal bearing material.

We distinguish our precious metals supplying counterparts into the following categories:

Mining counterparts

We request a third-party due diligence audit report to comply with OECD guidelines or – if not available - we conduct on-site audits ourselves. Such audits are based on LBMA's or LPPM's questionnaire on mined material including assessment of the environmental impact of the mining site.

Recycling material – secondary precious metals

All our counterparties must undergo a due diligence process before we accept material. For recycling material from high-risk countries, we engage 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.

For investment precious metals

Our supplier agreements do refer to the OECD due diligence guidance on Minerals from Conflict-Affected and High-Risk Areas.

Regarding the payment of taxes, fees and royalties due to governments

We will promote that all taxes, fees, and royalties related to mineral extraction, trade and export from conflict-affected and high-risk areas are paid to governments and, in accordance with the company's position in the supply chain, we commit to disclose our payments in accordance with the principles set forth under the Extractive Industry Transparency Initiative (EITI).

Third party audit

For the PM Business an independent third-party audit of our supply chain due diligence is performed annually based on the LBMA, LPPM and RMI requirements and the regulations set forth in the OECD due diligence guidance on Minerals from Conflict-Affected and High-Risk Areas.

Further information

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

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

If you have additional questions with regards to the PM Business, please contact Juergen Mueller-Schaefer, Head of PMCE, at juergen.mueller@heraeus.com. In case of questions with regards to other Risk Products, please contact Florian Schnitzler, Responsibility Manager, at florian.schnitzler@heraeus.com