

VAUTID GmbH is a medium-sized corporation and is not subject to the Supply Chain Sourcing Obligations Act. We understand that legislation requires companies of certain size and activity to comply with the provisions of the Supply Chain Sourcing Obligations Act and to check with its suppliers. However, this cannot imply an implicit obligation for all suppliers to define and monitor all instruments of the Supply Chain Sourcing Obligations Act, as the legal norm is not designed for this purpose.

In this respect, we are pleased to inform with the following statements about our Corporate Governance, which represents our basic attitude independent of legal regulations and is therefore valid for VAUTID GmbH independent of legal obligations:

Environmental protection

Environmental protection is a self-evident basis for our actions. The nature of our business is to protect iron and steel products against wear by applying energy and highly specialized, naturally occurring materials, or to produce material that serves this purpose, or to trade material that has such properties.

By using our materials, the service life and maintenance cycles of steel products and steel parts are extended, the service life of machinery and equipment is increased, their energy consumption is optimized, and they are protected over a long overall service life with materials that can be recycled in an environmentally friendly manner.

Although significantly more energy is thus saved overall in the product life cycle and value-adding cycle at our customers than we spend on the manufacture of our products and materials, a short-term CO₂ neutrality of our production is itself ruled out. It is possible to establish CO₂ neutrality as a corporate goal by means of substitute measures, although this is not expected to be achieved before 2039.

We always strive to use raw materials and energy sparingly. Where impacts on the environment cannot be avoided as a result of our activities, we do everything that is reasonable and possible beyond the legally prescribed level to limit these influences:

- We purchase electricity exclusively from a German supplier who offers 100% green electricity
- Gas and oil are only used for heating in small quantities
- The exhaust air generated by our dry manufacturing processes is extensively cleaned; all relevant emission limits are complied with and regularly checked
- Water is not part of our production and manufacturing processes and is only used to a small extent as process water in the social area
- In negative delineation, mercury and mercury compounds or persistent organic pollutants (POPs) are not contained in the company's products or waste
- Residual and waste materials from our production, our laboratories and the social area are collected separately and properly recycled or reused in Germany with appropriate documentation

Although the environmental impact is already low in this way, we are continuously working on further improvements. For example, we plan to make better use of waste heat in production processes from 2026. The purchase of electricity is to be replaced by our own production of around 20-25 percent from 2026, with a slight drop in overall demand due to corresponding efficiency improvements in production. Gas and oil are to be largely reduced by 2026 and further energy requirements replaced by alternative methods.

The management releases the necessary resources for this and is regularly informed about consumption values, evidence, compliance with legal limits and new measures. We also expect our Group companies as well as our suppliers to comply with all reasonable and possible measures to protect the environment and check this before entering into new supplier relationships.

Social relations

The people we work with are our most valuable asset. Protecting them and respecting their rights is a self-evident and indispensable obligation for us. Equality and equal treatment of all employees, regardless of their ethnic origin, gender, age, disability, religion, nationality, sexual orientation, social background or political views is always guaranteed.

VAUTID GmbH operates a comprehensive system of occupational safety and health protection as part of its process management.

The central instrument of the occupational safety and health protection system is the Occupational Safety and Health Protection Committee, in which the occupational safety specialist, the company medical prevention and care officer, the fire protection officer, the management, the works council, the production management and the human resources department meet regularly.

Regular reviews and meetings of the Occupational Health and Safety Committee are used as an opportunity to scrutinize existing processes, procedures and regulations, discuss suggestions for improvement, decide on the implementation of measures, schedule them and follow them through to full realization.

Employees in the production area are protected from possible hazards by comprehensive occupational health and safety measures. According to the STOP principle, hazards are categorized systematically and hierarchically and protective measures are brought to implementation, i.e. substitution, technical protective measures, organizational protective measures and personal protective measures are applied to all processes.

In addition to the implementation of protective measures, employees in production are subject to regular biomonitoring, i.e. urine and blood values as well as breathing air quality are measured at regular intervals and tracked in time series. Compliance with legal limits is monitored and reported.

Employees in administration are regularly offered comprehensive health monitoring and prevention as part of a voluntary system, where statutory regulations do not provide a corresponding standard.

Information on hazards and risks is part of regular training courses.

ESG framework of VAUTID GmbH

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Smoking is only permitted in designated areas outside the company. The company regularly offers its employees fresh fruit for consumption free of charge.

Compliance with labor rights and fair working conditions are a matter of course for VAUTID. Equal rights and equality of all employees, including with regard to gender-independent remuneration, is fundamental to our appearance on the labor market. Since 2018, the company is no longer a member of the employers' association, but with its tariff-independent employment contracts it is oriented towards the remuneration structures in the metal and electrical industry. The company makes voluntary additional payments and participates in employee health and retirement benefits.

The company has a works council with 5 members. It is supported in every respect in the performance of its duties, so that the employees benefit optimally from a trusting cooperation.

The Company conducts regular employee reviews at all levels in which employees receive feedback, but are also expected to provide feedback or voice complaints to their supervisors and management. The company also has an anonymous mailbox in which ideas for a continuous improvement program as well as complaints can be deposited. All submissions are reviewed together with the Works Council and evaluated at regular meetings. Employees can also contact the parent company directly with complaints at any time. Employees are asked to express their opinions anonymously in an annual survey on satisfaction and psychological stress. The evaluations, statements and (additional) information provided in this context are incorporated into improvement measures, the implementation of which is monitored by the Occupational Health and Safety Committee.

The company does not tolerate statements that discriminate against people with regard to distinction, exclusion or preference on the basis of race, skin color, sex, religion, political opinion, national origin or social origin, which has an effect on the elimination or impairment of equal opportunities or equal treatment in employment or occupation. The Company prohibits the display of anti-constitutional or right-wing extremist symbols, statements, images or the like in the workplace.

As part of its supplier management, VAUTID predominantly sources goods from the European Union, so suppliers must comply with European regulations regarding the prohibition of child labor, forced labor and discrimination, protection against land grabbing, the right to fair wages, the right to form trade unions, protection against environmental violations and other ESG regulations in their supply chains. In the case of international suppliers and service providers, VAUTID checks the situation before entering into business relationships and obtains corresponding guarantees in framework or supply agreements on a case-by-case basis. The company rejects materials from conflict countries and deliveries to conflict countries.

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Governance

The company and its management are committed to ethical corporate governance at all times. It attaches the greatest importance to promoting and monitoring the principles expected in the context of good commercial governance.

For the first time in 2016, the Company presented a comprehensive corporate governance catalog in which compliance and the prevention of corruption are discussed and regulated in detail.

The company's supervisory body is the management of the parent company, which is informed of the company's situation and relevant transactions in regular monthly reports.

As part of its process management in accordance with DIN/ISO 9001:2015, the company operates an extensive risk management system, which is regularly revised, monitored and audited. The subsidiaries are obliged to comply with a catalog of actions derived from this, unless they operate their own process management system, which is subject to local audits or reviews and contains at least the same obligations as the process management system of VAUTID GmbH.

Ruit, 3.3.2023
Dr. Udo Scheer