

HERMOS AG

# Code of Conduct for Suppliers

Company policy

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HERMOS AG  
Gartenstrasse 19  
95490 Mistelgau

## 1. preamble

HERMOS AG is committed to ecologically and socially responsible corporate management. We expect the same behavior from all our suppliers. We also expect our employees to observe the principles of ecological, social and ethical behavior and to integrate them into the corporate culture. We also strive to continuously optimize our business activities and our products and services in terms of sustainability and ask our suppliers to contribute to this in the sense of a holistic approach.

The Code of Conduct defines the minimum standards for compliance with corporate due diligence obligations in the supply chain that suppliers must observe and comply with in business transactions with HERMOS AG.

For future cooperation, the contracting parties agree to the validity of the following regulations for a joint code of conduct. This agreement shall form the basis for all future deliveries. The contracting parties undertake to comply with the principles and requirements of the Code of Conduct and to endeavor to contractually oblige their subcontractors to comply with the standards and regulations set out in this document. This agreement comes into force upon signing. A breach of this Code of Conduct may ultimately be cause and reason for HERMOS AG to terminate the business relationship, including all associated supply contracts.

The Code of Conduct is based on national laws and regulations, such as the Supply Chain Due Diligence Act (LkSG) and international conventions, such as the United Nations Universal Declaration of Human Rights, the Guidelines on the Rights of the Child and Business Conduct, the United Nations Guiding Principles on Business and Human Rights, the International Labor Standards of the International Labor Organization and the United Nations Global Compact.

## 2. requirements for suppliers

### 2.1 Social responsibility

- **Exclusion of forced labor**

HERMOS AG firmly condemns any use of forced labor, slave labor or similar comparable labor practices and rejects them in the strongest possible terms. All work must be voluntary and without threat of punishment. Employees must be able to terminate their work or employment relationship at any time. Furthermore, there must be no unacceptable treatment of workers, such as psychological hardship, sexual and personal harassment and humiliation. The hiring or use of security personnel must be prohibited if persons are treated in an inhumane or degrading manner or are injured during their deployment or if freedom of association is impaired.

- **Ban on child labor**

It is imperative that no form of child labor is used at any stage of the production process. Suppliers are requested to comply with the recommendation of the ILO conventions on the minimum age for the employment of children. Accordingly, the age should not be less than the age at which compulsory education ends according to the law of the place of employment and in any case not less than 15 years. If children are found at work, the supplier must document the measures to be taken to remedy the situation and enable the children to attend school. The rights of young workers must be protected and those under the age of 18 must not be employed for work that is harmful to the health, safety or morals of children. Special protective regulations must be observed.

- **Fair remuneration**

The remuneration for regular working hours and overtime must correspond to the national statutory minimum wage or the minimum standards customary in the industry, whichever is higher. The

remuneration for overtime must in any case exceed the remuneration for regular hours. If the remuneration is not sufficient to cover the costs of normal living expenses and to build up a minimum level of reserves, the supplier is obliged to increase the remuneration accordingly. Employees shall be granted all legally prescribed benefits. Deductions from wages as a punitive measure are not permitted. The Supplier shall ensure that employees receive clear, detailed and regular written information on the composition of their remuneration.

- **Fair working hours**

Working hours must comply with applicable laws or industry standards. Overtime is only permitted if it is voluntary and does not exceed 12 hours per week, while employees must be granted at least one day off after six consecutive working days. The weekly working time may not regularly exceed 48 hours.

- **Freedom of association**

The right of employees to form and join organizations of their choice, to bargain collectively and to strike must be respected. In cases where freedom of association and the right to collective bargaining are restricted by law, alternative possibilities for independent and free association of employees for the purpose of collective bargaining must be granted. Employee representatives must be protected from discrimination. Employees must not be discriminated against on the basis of founding, joining or being a member of such an organization. Employee representatives must be granted free access to the workplaces of their colleagues to ensure that they can exercise their rights in a lawful and peaceful manner.

- **Prohibition of discrimination**

HERMOS AG prohibits any form of discrimination or unequal treatment of employees in any form, unless this is justified by the requirements of employment. This policy extends in particular to discrimination based on gender, race, caste, national or ethnic origin, skin color, disability, state of health, political conviction, descent, ideology, religion, age, pregnancy or sexual orientation. The personal dignity, privacy and personal rights of each individual are respected.

- **Health protection, safety in the workplace**

The supplier is responsible for a safe and healthy working environment. The necessary precautionary measures against accidents and damage to health that may arise in connection with the work shall be taken by setting up and applying appropriate occupational safety systems. Appropriate measures must be taken to prevent excessive physical or mental fatigue. In addition, employees are regularly informed and trained on applicable health and safety standards and measures. Employees are provided with access to sufficient quantities of drinking water and access to clean sanitary facilities.

- **Preserving the natural foundations of life**

The supplier may not, in violation of legitimate rights, withdraw land, forests or waters whose use secures the livelihood of people. The supplier must refrain from harmful soil changes, water and air pollution, noise emissions and excessive water consumption if this harms the health of people, significantly impairs the natural basis for food production or prevents people from having access to safe drinking water or sanitary facilities.

- **Complaints mechanisms**

The supplier must pass on information received from HERMOS AG regarding accessibility, responsibility and the implementation of a complaints procedure to its employees in an appropriate manner. The complaints procedure must be accessible to employees while maintaining confidentiality of identity and effective protection against discrimination. If no information is provided, the supplier itself is responsible

for setting up an effective grievance mechanism at company level for individuals and communities that may be affected by negative impacts.

- **Dealing with conflict minerals**

For the conflict minerals tin, tungsten, tantalum and gold as well as for other raw materials such as cobalt, HERMOS AG establishes processes in accordance with the guidelines of the Organization for Economic Cooperation and Development (OECD) for the fulfillment of due diligence to promote responsible supply chains for minerals from conflict and high-risk areas and expects the same from its suppliers. Smelters and refineries without appropriate, audited due diligence processes should be avoided.

## 2.2 Ecological responsibility

- **Treatment and discharge of industrial wastewater**

Wastewater from operational procedures, production processes and sanitary facilities must be typified, monitored, checked and, if necessary, treated before discharge or disposal. In addition, measures should be introduced to reduce the generation of wastewater.

- **Dealing with air emissions**

General emissions from operations (air and noise emissions) and greenhouse gas emissions shall be typified, routinely monitored, verified and treated as necessary prior to release. The supplier is also responsible for monitoring its emission control systems and is required to find cost-effective solutions to minimize any emissions.

- **Handling waste and hazardous substances**

The supplier shall follow a systematic approach to identify, handle, reduce and responsibly dispose of or recycle solid waste. The prohibitions on the export of hazardous waste in the Basel Convention of March 22, 1989, as amended, shall be observed. Chemicals or other materials that pose a risk when released into the environment shall be identified and managed in a manner that ensures safety during handling, transportation, storage, use, recycling or reuse and disposal. Mercury shall be used in accordance with the prohibitions of the Minamata Convention of October 10, 2013 and persistent organic pollutants in accordance with the Stockholm Convention of May 23, 2001, as amended.

- **Reduce consumption of raw materials and natural resources**

The use and consumption of resources during production and the generation of all types of waste, including water and energy, must be reduced or avoided. This is done either directly at the point of origin or through procedures and measures, e.g. by changing production and maintenance processes or procedures within the company, by using alternative materials, by making savings, by recycling or by reusing materials.

- **Dealing with energy consumption/efficiency**

Energy consumption must be monitored and documented. Economic solutions must be found to improve energy efficiency and minimize energy consumption.

## 2.3 Ethical business conduct

- **Fair competition**

The standards of fair business, fair advertising and fair competition must be observed. In addition, the applicable antitrust laws must be applied, which prohibit agreements and other activities that influence prices or conditions when dealing with competitors. These regulations also prohibit agreements between customers and suppliers that are intended to restrict customers in their freedom to determine their own prices and other conditions for resale.

- **Confidentiality/data protection**

The supplier undertakes to meet the reasonable expectations of its client, suppliers, customers, consumers and employees with regard to the protection of private information. The Supplier shall comply with data protection and information security laws and regulatory requirements when collecting, storing, processing, transferring and disclosing personal information.

- **Intellectual property**

Intellectual property rights must be respected; technology and know-how must be transferred in such a way that intellectual property rights and customer information are protected.

- **Integrity/bribery, taking advantage**

The highest standards of integrity must be applied to all business activities. The supplier must have a zero tolerance policy against all forms of bribery, corruption, extortion and embezzlement. Procedures for monitoring and enforcing standards shall be implemented to ensure compliance with anti-corruption laws. The Supplier shall ensure that it truthfully and accurately documents its activities, group structure and performance and discloses these in accordance with applicable regulations and industry standards.

## 3. implementation of the requirements

With regard to supply chains, we expect our suppliers to identify risks within these and to take appropriate measures. In the event of suspected violations and to safeguard supply chains with increased risks, the supplier shall inform HERMOS AG promptly and, if necessary, regularly about the violations and risks identified and the measures taken.

HERMOS AG shall verify compliance with the standards and regulations listed in this document by means of a self-assessment questionnaire and risk-based audits at the supplier's production sites. The supplier agrees that the client may carry out such audits once a year or for a specific reason to verify compliance with the Code at the supplier's premises during normal business hours, after reasonable advance notice, by persons

appointed by the client. The Supplier may object to individual audit measures if these would violate mandatory data protection regulations.

If a breach of the provisions of this Code of Conduct is identified, HERMOS AG shall notify the supplier in writing without delay within one month and set a reasonable grace period for the supplier to bring its conduct into line with these provisions. If a remedy is not possible in the foreseeable future, the supplier shall notify HERMOS AG immediately and, together with HERMOS AG, draw up a concept with a timetable for ending or minimizing the breach. If such a breach has culpably occurred, the grace period expires without result or the implementation of the measures contained in the concept, after expiry of the time schedule, does not bring about a remedy and a continuation of the contract until ordinary termination is unreasonable for the client, no milder means are available, HERMOS AG may terminate the contract/business relationship and terminate all contracts after fruitless expiry of the set period, if this was threatened when the grace period was set. A statutory right to extraordinary termination without setting a grace period, in particular in the case of breaches that are deemed to be very serious, shall remain unaffected, as shall the right to compensation.

#### 4. acknowledgement and consent of the supplier

By signing this document, the supplier undertakes to act responsibly and to comply with the principles/requirements listed. The supplier undertakes to communicate the content of this code to employees, agents and subcontractors in a manner that is comprehensible to them and to take all necessary precautions to implement the requirements.

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Business partner/company/address

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Name of the signatoryLegal

function of the signatory

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Place/DateSignature