

# **Policy Statement**

## **on Respect for Human Rights and the Environment**

**CRONIMET Holding Group**

(Last updated: December 2023)

## **Context**

Human rights, as proclaimed in 1948 by the United Nations General Assembly in their ‘Universal Declaration of Human Rights’, represent both civilizing-humanist achievements as well as legal positions that are worthy of protection or are already protected. In its 30 Articles, the ‘Universal Declaration of Human Rights’ formulates civil, political, economic, social and cultural rights. Many of the agreements, laws or contracts established since are based on this declaration, among them regional human rights treaties like the European Convention on Human Rights.

In 2011, the Human Rights Council of the United Nations presented the ‘Guiding Principles on Business and Human Rights’. They are based on existing human rights commitments and illustrate in thirty-one principles the basic obligations and responsibilities in the context of economic human rights. They provide recommendations to governments and companies on the implementation of those principles and are considered the most important international framework defining the responsibility of companies to respect human rights.

Respect for the environment is also a key component of human rights, as it is the foundation of life and human dignity of all people. The environment is protected by various international treaties and conventions defining the responsibility of states and companies for preserving and improving the quality of our environment.

## **Our commitment to respecting human rights and the environment**

As a multinational, values-driven family business based in Germany that is guided by the principles of sustainability and the social market economy, we are unreservedly committed to respecting applicable human rights and the protection of our environment. We undertake to pursue a precautionary approach, to comply with human rights and environmental due diligence, and to provide assistance to affected people if their rights are violated. This commitment applies regardless of the ability or willingness of states and third parties to fulfil their obligations to protect human rights and the environment. It is our mission to achieve economic success while respecting human rights and environmental obligations, and through fair, ethical and lawful business practices. We believe we have a responsibility to work toward improving human rights situation worldwide and to develop social business relationships, especially in areas where our sphere of influence is high. It is with good reason that one of our five corporate values (“CRONIMET Values”) is: “We treat others as we want to be treated ourselves”.

We contribute to the respect and protection of applicable human rights and environmental obligations not only within our own business area, but also along the supply chain with our direct and indirect business partners. In our analyses, decisions and actions, we always include the perspectives of the rights holders, taking exceptional care to consider the justified interests and protection requirements of vulnerable persons and groups.

At CRONIMET, we respect all internationally recognised human and environmental rights and direct our business practices accordingly. In particular, we are committed to complying with the following legal regulations, standards, conventions, guidelines and related organisations:

- United Nations (“UN”):
  - o Universal Declaration of Human Rights
  - o UN Guiding Principles on Business and Human Rights
  - o UN Convention on the Rights of the Child
  - o UN Convention on the Elimination of all Forms of Discrimination Against Women
  - o UN Sustainable Development Goals
- International Labour Organisation (“ILO”):
  - o ILO Declaration on Fundamental Principles and Rights at Work
  - o ILO Core Labour Standards
- Organisation for Economic Cooperation and Development (“OECD”):
  - o OECD Guidelines for Multinational Enterprises
  - o OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
- Environmental and climate protection conventions:
  - o Minamata Convention on Mercury
  - o Stockholm Convention on Persistent Organic Pollutants
  - o Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal
  - o Paris Climate Agreement of 2015

Human rights and environmental requirements are also reflected in our internal regulations, guidelines, contract components and systems, such as:

- CRONIMET Values
- Code of Conduct
- Supplier Code of Conduct
- Supply Chain Policy
- Integrated Management System

We regularly train and sensitise our employees to respect and comply with the CRONIMET Values, the requirements of the Code of Conduct and human and environmental rights in their day-to-day work and in their interactions with our business partners. At the same time, our business partnerships are built on the foundation of our Supplier Code of Conduct. The Code of Conduct defines binding criteria for responsible practices in accordance with ethical and legal standards with regard to human rights and the environment.

CRONIMET promotes equal opportunities and firmly promotes a fair, trusting and safe working environment. Discrimination based on gender, skin colour, age, language, origin, race, disability, ethnic or cultural background, religion or world view, or sexual identity is not tolerated. Social and human rights responsibility also means paying appropriate wages, guaranteeing equal treatment, respecting the right to freedom of association, promoting appropriate working conditions at our locations, and consistently preventing the exploitation of children and other rights holders (e.g. temporary workers). We reject corruption as strictly as we condemn any form of violence, human trafficking, forced labour and modern forms of slavery. These principles and requirements apply unrestrictedly and groupwide. They are manifested in our CRONIMET Values and leadership principles, and thus also in our corporate culture.

As a sustainable group of companies, we pursue a holistic approach, which includes responsible treatment

of the environment in our supply and value chains. Considering the interaction between human rights and environmental risks is an integral part of our corporate responsibility. Hence, we strive in all our business activities to not only observe applicable environmental regulations and laws, but also to limit the impact of our activities to a minimum and to avoid endangering the environment.

Climate change is currently one of the greatest environmental threats. We recognise the effects of climate change as a global challenge and align our strategy and activities with the climate protection goals. At CRONIMET, we ensure, among other things, that metallic raw materials are preserved by means of recycling and returned into the materials cycle, which saves resources and emissions. Our business model in itself is a positive contribution to climate and environmental protection, and hence stands for sustainability in its purest form. In addition, we pursue the specific climate protection goal of becoming a climate-neutral corporation by 2030. To calculate our CO<sub>2</sub> emissions and formulate our reduction targets, CRONIMET uses the methods of the 'Greenhouse Gas Protocol' and the 'Science Based Targets Initiative'.

### **Structure, responsibilities and due diligence process at CRONIMET**

The fulfilment of human rights and environmental due diligence obligations is derived from both corporate responsibility and regulatory requirements. Overall responsibility for due diligence obligations of the CRONIMET Holding Group lies with the executive board of CRONIMET Holding GmbH. The board's responsibilities in this context include the basic definition of due diligence management, appointing the Supply Chain Due Diligence Officer, as well as determining the composition of the Human Rights Committee. In addition, the board is responsible for monitoring and controlling the activities of the responsible persons. To that end, the executive board is regularly informed on the work and results of the responsible staff members and departments on a regular basis, at least once per year.

The Human Rights Committee currently consists of the Supply Chain Due Diligence Officer and the Chief Compliance Officer. The operative and tactical responsibilities inferred from our due diligence obligations are integrated into the work processes of the responsible employees and departments and are coordinated by the Supply Chain Due Diligence Officer.

The CRONIMET Holding Group fulfils its due diligence obligations with fundamental structures, the establishment of an appropriate and effective risk management system, and a multi-step due diligence process compliant with the requirements of the German Supply Chain Due Diligence Act ("Lieferkettensorgfaltspflichtengesetz") and the recommendations of international standards (especially the OECD standards). The following graphic illustrates the multi-step due diligence process:

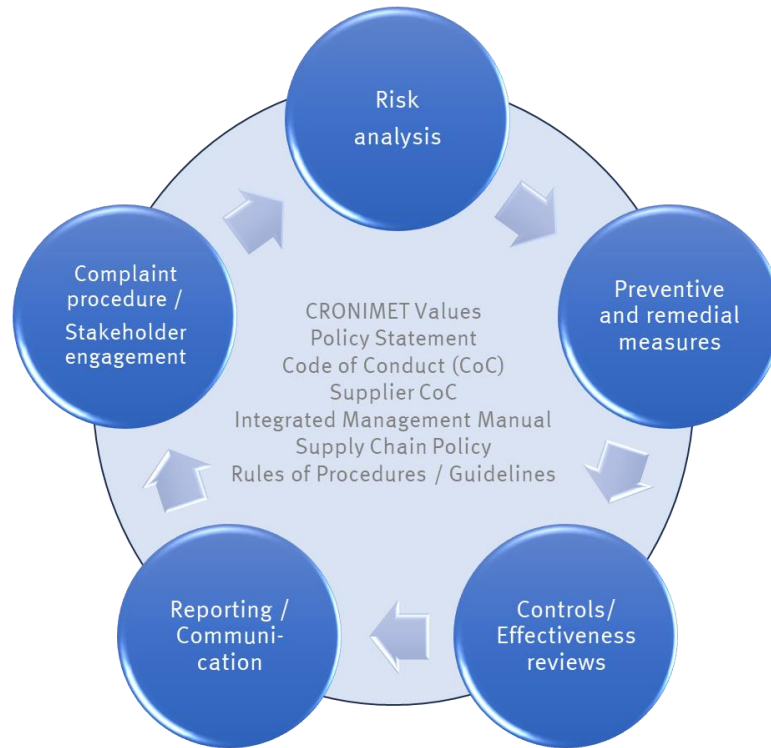


Figure 1: The CRONIMET Due Diligence Process

The key element of the due diligence process is the risk analysis. Its purpose is to identify and analyse risks of violations of human and environmental rights, as well as violations already occurring, as early as possible. We run the risk analyses in a database-driven, cloud-based IT application both annually and event-based. We always take the perspective of the holders of relevant rights and draw on the expertise and experience of the responsible employees, who are in regular contact with the affected business partners and/or rights holders.

The first step is to run an abstract risk analysis, where we determine mainly industry, raw material and country specific risks in our own business area and in the supply chains. These investigations are based on, for example:

- recognised national, product group, industry and legal position indexes,
- data, information and reports from internationally active organisations and institutions,
- publicly accessible news and press reports,
- database queries,
- CSR Risk Check of the German ‘Helpdesk Wirtschaft & Menschenrechte’ (Helpdesk Economy & Human Rights),
- ESG ratings, queries with credit agencies, and
- our own experience and expertise.

For those business partners and issues for which there is an increased risk disposition, we determine and analyse priority human rights and environmental risks as part of the concrete risk analysis. The risks are prioritised and weighted according to their severity (intensity of impact, scope of impact, irreversibility, etc.), their probability, and our ability to influence them. In all subsequent process steps, we focus on the most significant risks and events. The concrete risk analysis is based on the following sources of data and information:

- supplier self-assessments,
- certificates and reports specific to business partners, e.g. sustainability reports, audit reports or human rights impact assessments,
- suppliers visit reports,
- supplier audits,
- IT-supported analyses and database queries,
- press reports and posts in social networks,
- queries and information from associations,
- hints and complaints received,
- reports, studies, etc. from authorities, institutions and non-governmental organisations,
- ESG ratings, queries with credit agencies, and
- insights from trainings and surveys.

Based on the insights and assessments gained from the risk analyses, we define and implement an appropriate set of effective prevention, mitigation and remedial measures, taking into account any identified process gaps. The type and scope of measures to be taken depend on the severity of the risk, and on the degree to which CRONIMET contributed to the risk and can influence it. Possible measures include:

- building and developing long-term partnerships,
- documented dialogue with the business partners,
- conducting training measures,
- conducting dialogue processes and/or consultations,
- preparing impact analyses, e.g. 'Human Rights Impact Assessments Studies',
- preparing and implementing corrective measures plans to minimise or eliminate human rights and environmental risks and violations,
- preparing and implementing development plans,
- programmes for improving working and environmental conditions along the value chain, and
- contributing to the establishment of industry initiatives, stakeholder dialogues and alliances, in order to address systemic challenges together and with a greater sphere of influence.

We conduct appropriate preventive measures both in our own business area and with our direct suppliers. As soon as we detect an ongoing or imminent violation of human rights or environmental obligations in our own business area, we immediately take appropriate remedial measures to eliminate the violation. If a violation of human rights or environmental obligations occurs or is imminent in the organisation of one of our direct suppliers, we immediately take appropriate remedial measures to prevent, end or minimise the extent of its impact. If it is not possible to eliminate a human rights or environmental violation in the organisation of a direct supplier in the foreseeable future, a concept to eliminate or minimize the violation must be prepared and implemented without delay. The concept must contain a concrete implementation schedule.

In addition, the results of risk analyses are constantly integrated into the corporate decision processes of CRONIMET Holding Group with regard to internal business strategies as well as supplier selection and management of business relationships.

The measures taken and requested are monitored, reviewed for effectiveness and improved annually and event-based. This is done based on quantitative and qualitative indicators, previously generated insights and

experiences, as well as the involvement of experts, rights holders and other groups of stakeholders. Measures are considered effective if they can prevent or eliminate human rights and environmental risks or if the impact of those risks can be minimised. In our effectiveness reviews, impact and outcome-based indicators (e.g. increased rate of resolved complaints) take precedence over purely output-based indicators (e.g. number of people taking part in a training measure). Using the results of the effectiveness reviews, we can make any necessary adjustments and use our limited resources expediently, in keeping with our practice of continuous improvement.

The Supply Chain Officer and the Human Rights Committee inform the highest management bodies (above all the executive board of CRONIMET Holding GmbH) regularly and event-based about (i) the general human rights and environmental situation from the viewpoint of our group, (ii) the concrete results and insights from risk the analyses, (iii) the measures inferred, (iv) the assessment of the effectiveness of the measures, and (v) any complaints received. Rights holders and external stakeholders can refer to our annual sustainability report, among other documentation, to find information about our efforts to respect and promote human rights and environmental protection.

In order to become aware of human rights and environmental risks and violations early, we ensure that we (i) provide sufficient personnel and financial resources, (ii) continuously increase the level of knowledge and skills of our experts working with human rights and environmental issues, (iii) engage in consultations and dialogues with rights holders and affected persons and in particular (iv) receive reports and hints through our complaint and whistleblower systems. For instance, CRONIMET has a groupwide whistleblower system called '[Fairplay Supporter](#)' which, in combination with the CRONIMET Whistleblower Guideline to structure the process, satisfies the effectiveness criteria of the UN Guiding Principles for Business and Human Rights (Principle No. 31). Our whistleblower system is designed in such a way that anyone wishing to submit a complaint can do so easily and without barriers, in various languages, both openly and anonymously.

Human rights and environmental risks and violations along the supply chains and within our own business area can be addressed through other channels as well, e.g. by means of reporting them to the works council or other employee representatives, to the management team or to the Human Rights Committee. We review all incoming reports without prejudice, with a purposeful approach and in accordance with the requirements of the CRONIMET Whistleblower Guideline. If necessary, we consult external experts in addition to our internal bodies. We do everything we can to resolve all complaints as quickly as possible with the affected persons and (potential) violators. The results are communicated to the affected persons as quickly as possible, and are also integrated in the risk analyses, measures and reports.

For all our analyses, interpretations, evaluations, decisions and activities throughout the due diligence process, we emphasise the use of elements like in-company learning, continuous improvement and the development of management capacity and leadership in human rights and environmental issues.

## **Past insights and focus areas**

In our own business area, we have not determined any concrete violations of human rights and environment-related rights. Identified risks of potential violations of rights are addressed with effective and appropriate measures, e.g. in the area of work safety, with an increasing number of ISO 45001 certifications in our group's

companies as well as work safety measures and trainings on specific potential risks.

As a result of our past risk analyses and based on our vast experience and knowledge of the primary raw materials industry, we have determined that increased risks of human rights and environmental violations are particularly prevalent in mining and smelting operations in countries with weak governance and security structures, hence we focus our risk analyses and measures on these upstream stages in the value chain in the primary raw materials sector. Particularly high-risk exposure has been found with regard to the following legal positions:

- right to life, freedom and security,
- work safety and environmental impact of raw material extraction,
- freedom of association and equal treatment,
- prohibition of unlawful violation of land rights and abusive deployment or use of private and/or public security personnel, and
- prohibition of discrimination against minorities.

Thus, these areas receive special priority in our current and future reviews of business partners.

In general, we have found that, particularly in the area of secondary raw materials (scrap metal, production waste, etc.), transparency in the supply chains with regard to the original raw material extraction and refinement cannot be achieved or can only be achieved in fragments and with unreasonably high effort. To solve this problem, we at CRONIMET advocate the highest due diligence standards for the introduction of primary raw materials into the raw materials cycles, but that secondary raw materials cycles (e.g. recycling) can be managed with simplified structures.

### **Expectations of ourselves and our business partners**

We expect ourselves and our employees to respect, observe and promote current laws and regulations as well as internationally recognised human rights and environmental standards in our daily activities and decisions. The values and requirements defined in our Code of Conduct provide a binding framework for our actions. Violations are pursued immediately and resolutely, if necessary with legal means under labour law. In our business practices, we consider it our duty to ensure that our suppliers and service providers respect and observe human rights and environmental responsibilities. Cooperative and long-term business relationships based on openness, objectivity and our striving toward continuous improvement offer ideal conditions, which is why we promote such relationships whenever possible and lawful under competition regulations.

We expect our business partners to share and observe the values, principles and rights based on international regulatory frameworks. Our intention is to jointly bear the corporate responsibility with regard to human rights and environmental protection along the shared supply and value chains.

We furthermore expect our suppliers to respect and observe the human rights and environmental requirements integrated into our contract structures through the Supplier Code of Conduct. Complying with our Code of Conduct has a positive effect on our contract award decisions. To effectively achieve our goals in the international and multi-level supply and value chains, we also expect our suppliers to impose the human



rights and environmental requirements or equivalent regulations on their own business partners and upstream suppliers.

In the presence of human rights or environmental risks, we expect our suppliers to implement preventive measures to avoid the occurrence of rights violations. In the event risks or violations are already occurring, we expect our suppliers to take appropriate effective mitigation and remedial measures. If immediate mitigation or elimination of the rights violation is not possible, a scheduled plan of corrective measures to eliminate the violation must be agreed and implemented. In cases of particularly severe violations, where agreed measures do not remedy the situation and/or our influence on the supplier is not sufficient, we reserve the right to suspend or – as a last resort – terminate the business relationship.

### **Applicability and contact**

This Policy Statement is binding for CRONIMET Holding GmbH and for the business units of all companies of the group on which CRONIMET Holding GmbH has determining influence according to §15 of the German Stock Corporations Act (“Aktiengesetz”). In participations in companies on which CRONIMET Holding GmbH does not have determining influence, we strive for the application of this Policy Statement as appropriate.

Any matters concerning this Policy Statement and any other human rights and environmental aspects can be addressed to the Human Rights Committee ([humanrights@cronimet.de](mailto:humanrights@cronimet.de)) or reported through the CRONIMET whistleblower system ‘[Fairplay Supporter](#)’.

Karlsruhe, 08.12.2023

The Executive Board of CRONIMET Holding GmbH



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