Code of Conduct for Sustainable Sourcing

We have a long tradition of making high-quality steel products.

High quality refers to excellent properties of our products and outstanding technical expertise as well as responsibility in our corporate conduct with regard to our society and future generations. As an international company, we act as part of the global production chains. In order to create sustainable and successful products, a shared standard of ethical values and a legal framework within the production chain is indispensable.

Consequently, it is central to our strategy to achieve our economic success observing standards of human rights as well as health and safety and in an environmentally sustainable way conserving natural resources. Illegal acts and practices must be avoided.

We collaborate with suppliers who recognize their local and global responsibility for their own employees, their own communities and their impact on the environment.

Consistently, the majority of our suppliers has established their own ethics and compliance codices and is certified in accordance with international quality standards.

This Code of Conduct is a key component in our strategy for sustainable sourcing and is a symbol of our commitment to sustainability. In this way, economic value creation and a reduction of our environmental footprint are achieved.

Based on sustainable and ethical business practices, we intend to foster and strengthen relationships with suppliers that are based on ethics, based on mutual benefit and on a shared commitment to fulfil the requirements of our customers more efficiently. We strongly support the transparency of our supply chains.

The following guidelines provide a basis for the relationship with our suppliers regarding sustainable and ethical conduct:

- the ten principles of the United Nations Global Compact
- OECD Guidelines for Multinational Enterprises
- Principles of the International Finance Corporation (IFC)
- Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO)
- Principles of the United Nations Convention Against Corruption

All suppliers and service providers are informed about the Code of Ethics of SHS-Stahl-Holding-Saar-Group (SHS-Group). The principles mentioned above are integrated in the general terms and conditions and in our management handbooks.

1. Legally Compliant Conduct

In order to ensure sustainable and ethical business practices through guidelines, corporate targets, management systems and management processes, we expect our suppliers and service providers to comply with applicable national and international laws, rules and regulations as well as specific standards that are relevant to the specific supplier or service provider. Likewise, we expect subcontractors to comply with the same stipulations.

Our suppliers are expected to have in place appropriate measures to prevent fraud, bribery, money laundering and corruption or our suppliers are expected to implement such measures. Attaining unfair competitive advantages by demanding, granting or receiving payments or other illegal benefits is strictly prohibited.

As fair market participants, we recognize the importance of confidentiality in competition as a prerequisite for a free market economy and we reject violations of antitrust and competition legislation. Resultingly, we and our suppliers are committed to the principles of fair competition and we observe the antitrust and competition laws of the countries where we conduct business.

2. Observing Human Rights

We and our suppliers distance ourselves from all business practices that violate internationally recognized human rights.

We expect our suppliers to ensure fair working conditions which include the following:

- granting employees the right for rest and recreation and to provide employees with appropriate compensation and further benefits
- prevention of discrimination with regards to race, skin color, gender, sexual orientation, religion, political views, union membership, disabilities, nationality, age or social origin
- employees have the right of free assembly and association
- absolutely no tolerance for child labor, forced labor and human trafficking
- employment of children under the age of 15 must not be accepted

Suppliers and service providers are accountable for complying with applicable labor laws including compliance with legal working hours.

3. Principles for Environmental Protection and Health and Safety

Environmental Protection

We expect our suppliers and service providers to reduce their environmental impact to legally compliant threshold values and we expect compliance of their environmental performance to be permanent. Since aspects as climate change and climate protection, biodiversity and environmental friendliness are significant to the decision making processes of suppliers and service providers, it is essential to conserve natural resources.

Health and Safety

We expect our suppliers and service providers as well as their subcontractors working for us to meet the same standards in health and safety that we have set for our own operations. This is applicable regardless of whether a supplier, service provider or subcontractor is an independent, autonomous third party exercising their own rights and responsibilities.

Safety of Production Processes
The construction and the operation of production facilities and production processes of suppliers and service providers must be safe for their employees, the public and communities in close proximity.

A continuous risk analysis is required for all production facilities serving to prevent major incidents in particular. As a result of this continuous risk analysis, preventative measures should be implemented if necessary.

This includes transporting materials in a way that is neither harmful to human health nor has a negative impact on the environment.

Product Safety
We expect the products of our suppliers and service providers to be safe when used properly with regard to human health and the environment.

All relevant information as well as applicable certifications necessary for safe operation of the products must be provided by the suppliers and service providers. Special attention must be paid to hazardous products and materials.

4. Conflict-Free Supply Chains

We take a careful approach to “conflict minerals“ and we take care as much as we can not to source materials from countries which finance armed groups directly or indirectly (examples include the following countries: Democratic Republic of Congo, Central African Republic, Sudan, Rwanda, Burundi, Tanzania or Zambia). For tracking and verification, appropriate processes have been established as for instance the smelter ID according to RMI.

We expect our suppliers and service providers to purchase or process raw materials which are DRC-Conflict-Free.

5. Evaluation of Suppliers

Our responsible supply chain process is focused on two major challenges:

- all suppliers are expected to comply with our defined standards for sustainability
- we are aiming to establish a focused collaboration with our strategic suppliers to continuously improve standards for sustainability in our value chain for instance with regard to knowledge transfer, process optimization, resource efficiency as well as environmental and social standards.

Based on the risk management of the SHS-Group and supplier evaluations, specific risks are identified and mitigated. Our risk management is based on procedural instructions that have been established company-wide.

We are committed to inducing positive impacts in the entire value chain.

In order to ensure sustainable management of the supply chain, suppliers are evaluated. For this purpose, suppliers have to disclose information about themselves. Suppliers are asked to answer a questionnaire about sustainability in their own operations with regard to the following topics: quality management, health and safety, environmental protection, energy management, corporate social responsibility as well as supply chain management. Depending on the results, on-site audits may be conducted or specific measures may have to be implemented.

We aim to conduct annual evaluations of suppliers of products and services that are critical to product quality in order to discuss potential areas for improvement. Additionally, regular audits of pre-selected suppliers are conducted.

We protect personal information from unauthorized access by using appropriate IT and data protection measures and installations which are continuously updated.