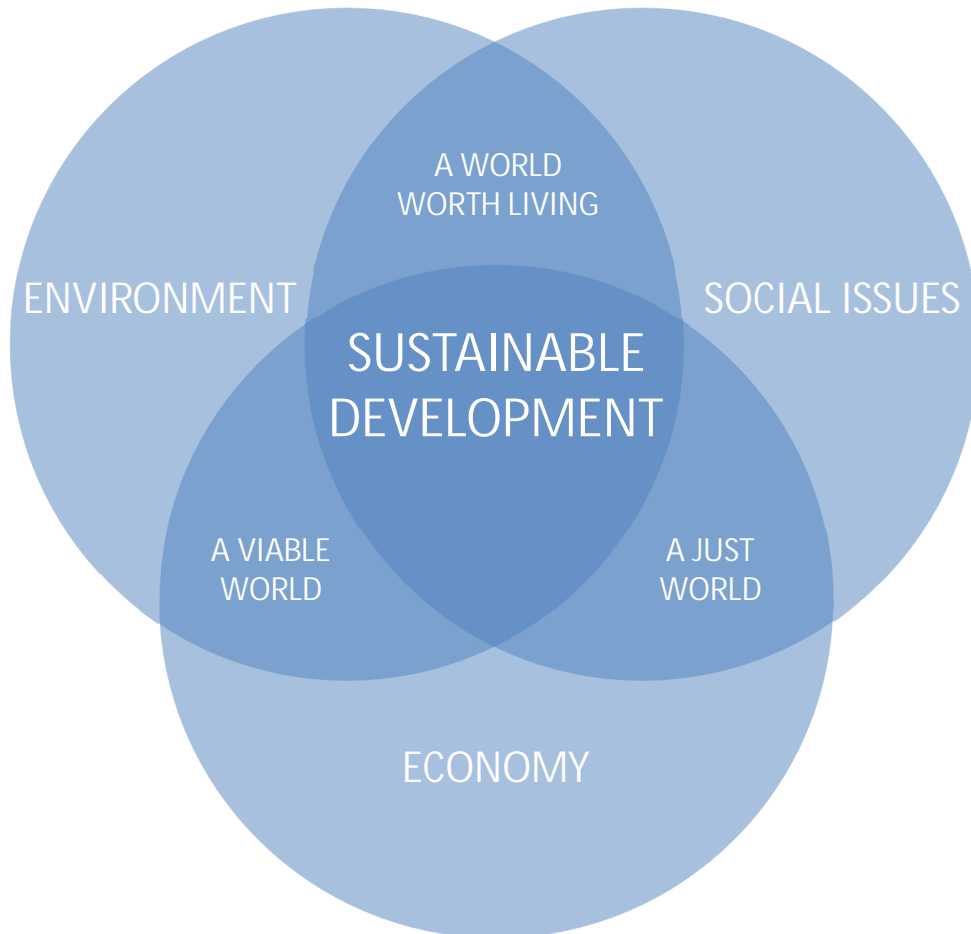


Sustainability directive



Valid for:
All locations (plants and administration sites)

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Preface

„Sustainable development means to satisfy the needs of the present without compromising the ability of future generations to satisfy their own needs“.

(Brundtland report, 1987)

From its beginnings as a wire drawing mill for piano strings founded in 1889 in Marktredwitz by Sigmund Scherdel, our family company evolved to an internationally leading and strongly growing company.

The flexibility and technical expertise of all sites is just as important to us as a well-balanced relationship between the autonomy of the individual locations and the synergy available within the Group.

The evolution of the Company shall take place in Germany and abroad within the framework of our resources in terms of personnel and finance, taking account of the products and markets with which we are familiar. We want to make a profit which will be sufficient to guarantee the growth of our Company and will enable us to achieve our other aims. In the markets accessible to us we want to belong to the leading suppliers in terms of technological leadership and competitiveness. We attach great importance to creativity and innovation and will always make use of new technologies as a means of achieving growth and rationalization.

We have the responsibility to guarantee the employees secure jobs. For the SCHERDELGroup growth and secure jobs are major keys of success. Therefore our entrepreneurial action is subject to the principles of sustainability.

However sustainable development may be achieved only if the corresponding environmental, economic and social aspects are implemented at the same time. This makes it possible to ensure and improve the ecological, economic and social performances of our society.

This directive constitutes the basis of a sustainable development of all organizational units of the SCHERDELGroup. It is made available to all employees and contains the fundamental standards the SCHERDELGroup wants to observe.

Together we will rise the challenge to leave our children, grandchildren and subsequent generations a sound ecological, social and economic environment to our future generations.

Marktredwitz, 2023-03-07



General Management

1. General principles

Law-abiding behavior

For our Company the observation of laws and regulations is a top priority. Every employee has to observe the statutory provisions of the legal system within the framework of which he/she acts, i.e. in case of international activities also those of the corresponding foreign country. Every employee is personally responsible to observe the laws within his/her work area. It is strictly forbidden to make third parties carry out illegal activities or to deliberately participate in these activities. Any deviating actions lead to disciplinary consequences, independently of the legal sanctions.

Conflict raw materials

Conflict raw materials are raw materials which are cultivated or extracted in conflict regions. The production or extraction of these materials takes place illegally and outside any government control, e.g. by rebels or militias. For the purpose of the extraction, the violation of human rights or international laws as well as the over-exploitation of natural resources is very often systematically accepted.

The product range of the SCHERDEL*Group* shall remain free of conflict raw materials. In order to achieve this target, we closely cooperate with our suppliers.

Defense industry

Our products are mainly metal products for various sectors. Although we recognize the right of democratic governments to protect their citizens and to guarantee the internal security, we fundamentally exclude the manufacture of products which are supplied exclusively to the defense industry.

2. Attitude towards the employees

The jobs of our employees shall be secure on the basis of the work they do for the Company. We will use every means at our disposal to ensure that these jobs are secure. The individual achievements of the employee shall be recognized, thus helping him/her to identify himself/herself with his/her work and to acquire self-confidence and a feeling of personal satisfaction. Our aim is to encourage the initiative, creativity and personal responsibility of our employees by ensuring that the individual has plenty of scope for decision-making in relation to the achievement of clearly defined aims. We attach particular importance to ensuring that each employee is given tasks in accordance with his/her qualifications and that he/she receives optimum vocational and in-service training. We expect our employees to be prepared to work hard, to adapt to necessary business conditions and to take part in regular vocational and in-service training courses.

Human rights

We respect and encourage human rights. Together with the international community, SCHERDEL recognizes that certain human rights should be considered as being fundamentally and universally valid, based on internationally recognized laws and procedures like the Universal Declaration of Human Rights (AEMR) of the United Nations as well as on the Principles of the International Labor Organization (ILO) and the United Nations Global Compact.

Minimum age for employment

Child labor is prohibited. The minimum age for employment in accordance with governmental regulations is observed.

Forced labor

The SCHERDEL*Group* rejects any use of forced labor including debt-servitude and involuntary work by prisoners.

Equal opportunities

The SCHERDEL*Group* reflects the rich diversity of society, languages, cultures and ways of life. We respect and promote this diversity, because it guarantees our proximity to the society and to the customers as well as the development of new ideas. We do not tolerate any discrimination of employees or applicants, in particular due to their descent, religion, sexual orientation, nationality, origin, political or trade union activities nor due to their age, gender or any handicaps they might have.

Our employees are principally selected, employed and promoted based on their qualifications and capabilities.

Freedom of association

We recognize the fundamental right of all employees to form trade unions and to adhere to these trade unions. Where this right is limited by local legislation, alternative, legally conform possibilities of employee representation shall be promoted.

Our cooperation is characterized by mutual appreciation. We behave like partners and create a positive working atmosphere.

Working times

The working times of our employees correspond at least to the respective national legal requirements or to the minimum standards of the respective national industry sector.

Remuneration and benefits

The remuneration and benefits paid or provided for a normal working week correspond at least to the legally valid and guaranteed minimum level. If no legal or collective agreements are available, we orient ourselves to the sector-specific, customary, standard remuneration and benefits that guarantee the employees and their families an appropriate standard of life.

Data protection

Confidentiality regulations and secrecy agreements protect the data with regard to employees, suppliers, customers and supply chains. We collect, process and use personal data as well as external data only if this is authorized within the framework of the relevant laws and company directives or is necessary for the business relation.

Any documents containing personnel, sensitive data about the employees and the business partners are treated confidentially, archived carefully and disclosed only to authorized persons.

3. Attitude towards the market

Our activities are geared to the market and its requirements. Our claim to be a specialist and a problem-solver is supported by our wide range of products and our global presence. Our aim is to provide our customers with a high standard of quality and service. This is the only way to win and maintain their confidence. It must be evident to the business partners of each company belonging to the SCHERDEL Group that they are dealing with a single enterprise and that the same standards and principles apply to each of the various divisions of that enterprise. The customer must know that we understand his requirements and that we are making every effort to find efficient solutions to his problems. We regard it as our duty – in conjunction with our innovation team – to act as a fair and reliable partner for our customers, suppliers and competitors, in accordance with customary business practice.

Invitations and gifts

Only appropriate invitations which correspond to the recognized business practices may be accepted. These invitations must be voluntary and must not be proposed in expectation of a service in return.

The same is valid for the acceptance or proposal of gifts and other donations or advantages of any kind.

Corruption and bribery

The SCHERDEL Group expressly refuses corruption and unfair commercial practices. Benefits which could affect the capability to make objective and fair decisions or which are suitable to create the impression, are neither offered nor accepted by ourselves nor by assigned third parties.

Attitude towards public officials

Monetary or non-monetary contributions of any kind to the employees or representatives of public institutions or the family members of the latter are strictly prohibited.

Consultants / agents / intermediaries

The remuneration of consultants, agents and intermediaries must be appropriate with regard to the provided services and must not serve to offer any inadmissible benefits to the business partners.

Competition and cartel law

We observe the regulations of a fair competition and do not make any agreements which might influence the prices and conditions or might limit a fair competition inadmissibly in any other way.

Donations / sponsoring

The SCHERDEL Group supports politics, education and science as well as sports, art and culture. Donations must always be awarded in a transparent and documented manner. Donations must be voluntary and must not be proposed in expectation of a service in return. Sponsoring measures must not serve to any hidden promotion of interests.

The decision on the awarding of contributions of any kind to political parties or their representatives as well as to elected officials and candidates for political offices is taken exclusively by the General Management of the SCHERDEL Group or by the Plant Managers in the international plants. When awarding this kind of donations, the principle of unselfish acting must be observed and be clearly differentiated from sponsoring actions.

Supply chain

We encourage our business partners to introduce comparable ethical principles based on internationally agreed values, and expect them, within the framework of their business activities, to observe the valid laws, directives and standards, to avoid conflicts of interest, to respect our assets and the customs, traditions and social values of the countries and cultures in which we are present.

Money laundering

The SCHERDEL*Group* takes the necessary measures to prohibit any money laundering within its sphere of influence.

Conflicts of interest

Any business, financial or other direct or indirect interests or relationships of employees which conflict with the interests of SCHERDEL or which affect the employees' loyalty shall be avoided

Intellectual property

Our success is based, among other things, on our intellectual property and our know-how. Business information is released to third parties only against a confidentiality agreement. We respect the intellectual property of third parties, just as we expect them to respect ours. Market information is collected in compliance with the diligence that is commonly applied in the concerned sector as well as according to the antitrust regulations.

Counterfeit products

If products are not traceable within the supply chain, or if we become aware of counterfeit parts in circulation, we will take appropriate steps to protect our business partners and the market.

Export and import controls and economic sanctions

Imports, exports and re-exports are carried out in compliance with all applicable trade rules and regulations on embargoes, boycotts and other economic sanctions.

4. Our HSE policy

Policy of the SCHERDELGroup with regard to safety, health and environment

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Our six company objectives are: **KEEN CUSTOMERS, SATISFIED EMPLOYEES, MARKET EXPANSION, SUCCESSFUL INNOVATION STRATEGY, SUSTAINABILITY** and **INTEREST RETURN ON CAPITAL INVESTED**.

This policy is an important part of our „Sustainability directive“, which describes the basis of a sustainable development for all organizational units of the SCHERDELGroup.

We are aware of our ecological and corporate responsibility. For this purpose, we maintain an active health, safety and environment (HSE) management system in which participates everyone in the company. The following commitments provide the framework for the definition of our HSE objectives.

1. We commit ourselves to continuously improve our HSE management system as well as our HSE performance.
2. We commit ourselves to provide the resources and the information that are necessary to achieve our HSE objectives.
3. Our production processes are constantly developed further, the usage of energy, water, raw material and chemicals as well as the emissions and waste quantities are continuously determined and evaluated to avoid, reduce or control the creation, emission or discharge of any type of pollutant or waste, in order to reduce adverse environmental impacts.
4. When procuring products and services and when laying out processes, installations, etc. we prefer energy-efficient versions and attach great importance to the observance of our environmental standards within the whole supply chain and the whole life cycle.
5. We commit ourselves to eliminate dangers, also within the framework of emergency care, through preventive fire protection, provision of personal protective equipment, ensuring machine safety, building/event and personal protection, as well as safe handling when dealing with chemicals. We constantly strive to reduce risks in the work process, in order to avoid any occupational injuries or illnesses. By doing this, we want to maintain the safety and health of our employees.
6. We commit ourselves to provide safe, healthy and ergonomic working conditions. For this purpose, we commit ourselves to consult and involve our employees and their substitutes.
7. By means of regular examinations we commit ourselves to guarantee the observance of the valid legal obligations and other requirements.
8. We cooperate, in a trusting and open manner, with our customers and suppliers, the authorities and the public in terms of HSE aspects. We respect the land, forest and water rights of the local population and distance ourselves from forced evictions.
9. With our suppliers we work towards the observance of our standards
10. In our Company, environmental protection, energy efficiency and work safety are the tasks of every employee. Employees from all areas of responsibility of the SCHERDELGroup participate in the corresponding activities or are requested to improve the HSE performance.

The General Management examines the observance of this policy and the functionality of the HSE management system as well as the observance of our HSE objectives.

5. Obligation to comply with the requirements

The Managers of the respective units are responsible to comply with the requirements. All employees of the SCHERDELGroup are obliged to declare any serious violation of laws and internal directives within the framework of the existing information system. Third parties are also instructed to report serious incidents (whistleblowing).

Any notification or information given may help to detect violations as soon as possible and to avoid damages for the Company, the employees and the business partners.

For any concerns which cannot be treated by the superior nor by the employee representatives, it is possible to report this internally or externally to the SCHERDELGroup via the online reporting system on the homepage www.scherdel.com. The senders of this kind of e-mails are automatically anonymized and are not visible even for the ombudsman, unless the names are indicated in the e-mail texts. This makes it possible to preserve the anonymity of the informers. It is however disadvantageous for clarifying the facts or informing the senders about the results of the analysis.

Within a few days, a receipt is sent and the further approach in terms of confidentiality or distribution of the information is determined. If there are no serious reasons against it, the accused person or group of persons is also immediately informed about the facts.

We do not tolerate any actions directed against employees declaring this kind of violation. Employees and persons who provide information are protected against the resulting disadvantages (protection against retaliation). Reports on violations are processed according to firmly defined basic principles.

In the interest of our trustworthy employees and business partners, the employees having violated these requirements must be prepared to be subject to labor law and disciplinary actions. This kind of violation may also result in penal or liability consequences.

GL Gremium

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