

CODE OF CONDUCT FOR BUSINESS PARTNERS OF VEREINIGTE SCHMIRGEL- UND MASCHINEN-FABRIKEN AG

(AS OF MARCH 2025)

Preamble:

Vereinigte Schmirgel- und Maschinen-Fabriken AG ("VSM") and its subsidiaries are a globally operating company with innovative products, a long tradition and strong values. For us, responsible action with a view to the future and the impact of our business on society and the environment is a core element of our business and corporate strategy. We believe that economic success and social responsibility are inextricably linked.

With this Code of Conduct, we as VSM commit ourselves to the following binding minimum standards for responsible and legally compliant action.

We also expect our business partners to comply with and implement national and local laws, to observe in particular the core labor standards of the International Labor Organization (ILO) Convention, the basic principles of the United Nations Global Compact and national standards, insofar as business partners have independently submitted to such standards.

This Code of Conduct is an integral part of the cooperation with our business partners. A breach of this Code of Conduct may give VSM cause to suspend the business relationship or to terminate it in the event of serious breaches.

I. Principles of business activity

1 Conduct in the business environment, principle of legality

We comply fully with the laws of the countries in which we do business. Acting ethically and in compliance with the law is an important responsibility of our company.

We also expect our business partners to adhere strictly to the laws that apply to them.

2 Fair competition

We respect the principles of fair and free competition. We observe the statutory regulations on antitrust and competition law and refrain from any action that hinders, restricts or distorts free and fair competition.

We expect the same from our business partners. This applies in particular to anti-competitive contracts, horizontal agreements with competitors regarding market or product restrictions or prices, as well as vertical agreements to restrict free or fair competition.

3 Prohibition of corruption and bribery

We are committed to complying with applicable local, regional and global anti-bribery laws, e.g. the German Criminal Code, the U.S. Foreign Corrupt Practices Act or the UK Bribery Act. We do not tolerate any form of embezzlement or fraud, corruption, granting of advantages, bribery or corruptibility or business conduct that could create the impression of undue influence or influence peddling. We ensure that our employees comply with these prohibitions.

Our business partners must also take appropriate measures to prevent such practices among themselves and their employees and comply with the applicable anti-corruption laws.

4 Safeguarding business secrets, confidentiality, data protection and intellectual property

We take appropriate measures to protect our own confidential information and that entrusted to us by our business partners. These include training and confidentiality obligations for our employees and our business partners as well as IT security measures. We comply with the data protection laws that apply to us and protect intellectual property against misuse.

We expect the same from our business partners; in particular, our intellectual property, to which our business partners have access, must be protected by our business partners.

5 Conflicts of interest

Conflicts of interest can arise when a person's own interests conflict with the interests of the company. Even the appearance of a conflict of interest is problematic if it gives the impression that a person's objectivity or independence could be compromised. We ensure that conflicts of interest are disclosed to our employees and that the integrity of our business activities is maintained.

It is essential for us that our business partners also avoid all conflicts of interest that could adversely affect the business relationship with VSM or lead to potential damage. Business partners are therefore obliged to disclose actual or even apparent conflicts of interest to VSM without delay and to resolve them immediately.

6 Customs requirements, export controls and economic sanctions

Compliance with all legal customs regulations, foreign trade laws, national and international sanctions and embargo regulations and guidelines applicable to VSM or our products, including legal and official requirements for export/import controls and economic sanctions, is a matter of course for us.

We also expect our business partners to comply with all customs and trade regulations, import regulations and foreign trade laws applicable to them, to comply with national and international sanctions and embargo regulations and guidelines, including legal and regulatory requirements for export/import controls and economic sanctions, and to have taken appropriate precautions to avoid violations.

7 Money laundering and terrorist financing

We only maintain business relationships with business partners whose integrity we are convinced of and whose identity is known to us. We comply with the applicable legal provisions on the prevention of money laundering and combating the financing of terrorism and report suspicious transactions to the relevant authorities. Through comprehensive internal controls and training, we ensure that all employees recognize the risks and signs of money laundering and terrorist financing and are able to act accordingly.

We also expect this from our business partners. They must implement appropriate measures and controls to ensure that their business practices are free from such illegal activities. In addition, we expect our business partners to inform us immediately of any suspicious transactions or activities and to cooperate with us and the relevant authorities to minimize any risks and ensure the security of the supply chain.

8 Information security and cyber security

The security and availability of our information and communication technology systems are important prerequisites for our business activities. To this end, we use advanced security technologies and continuously improve our security procedures.

We expect our business partners to also establish appropriate measures for information security and protection against cyber security and to familiarize their employees with them.

9 Responsible procurement of raw materials, dealing with conflict minerals

We support the responsible procurement of raw materials and avoid the procurement and use of raw materials that were obtained illegally or through ethically reprehensible or unreasonable measures. We exclude the use of raw materials that are affected by embargoes or other import restrictions. This applies in particular to conflict minerals.

Our business partners must fully comply with our principles on the responsible procurement of raw materials and the handling of conflict minerals.

II. Human rights

1 Working conditions and fair wages

We are committed to our social responsibility for our employees and society. We comply with the laws that apply to us in our dealings with our employees, ensure fair working conditions for our employees and observe the ILO core labor standards.

We expect our business partners to comply with the statutory minimum regulations applicable to them with regard to working conditions, minimum wages, working hours, vacations and statutory social benefits when dealing with their employees and to observe the ILO core labor standards, unless local law mandates otherwise.

2 Occupational health and safety

We attach great importance to the health and safety of our employees. We implement occupational health and safety within the framework of the applicable national regulations.

We expect the same from our business partners. In particular, the employees of our business partners should have access to sufficient quantities of drinking water, clean sanitary facilities and a hygienic working environment.

3 Respect for human rights, especially rights of indigenous people

We treat each other with respect, fairness and loyalty and respect everyone's personality. We are committed to respecting globally recognized human rights as set out in the United Nations Guiding Principles on Business and Human Rights and respect the rights agreed in the International Bill of Human Rights. We avoid violating the rights of indigenous peoples, including the prohibition of unlawful eviction and dispossession of land, forests and waters and the destruction of cultural sites.

We expect our business partners to share our principles on respecting the rights of people and indigenous peoples and to ensure that they comply with them, as well as to observe and adhere to the basic values described in our Code of Conduct.

4 Prohibition of child labor or forced labor

We are committed to ensuring that no child labor or forced labor is used at any stage of the production or distribution of our products. We do not tolerate any form of child or forced labor or modern slavery. In particular, we do not employ anyone under the age of 15.

We expect our business partners to also comply with all applicable local laws prohibiting child labor or forced labor and to observe internationally applicable conventions prohibiting child labor or forced labor.

5 Freedom of association and the right to collective bargaining

We respect and uphold the freedom of association of our employees and recognize their right to collective bargaining in accordance with the laws applicable to us.

We expect our business partners to respect their employees' rights to freedom of association and collective bargaining and to ensure that their employees can exercise these rights without fear of retaliation or discrimination.

6 Equal opportunities and prohibition of discrimination

We do not tolerate any form of discrimination, particularly on the basis of skin color, gender, age, nationality, religion, sexual orientation or political activity. We create a working environment for our employees in which they are respected, accepted, supported and valued and are committed to equal opportunities in employment.

We also expect our business partners not to discriminate or tolerate discrimination of any kind and to ensure equal opportunities in employment.

III. Requirements for environmental protection and sustainability

We are aware of our responsibility towards the environment and conduct our business in accordance with the laws, regulations and industry guidelines on environmental management and the circular economy that apply to us. We comply with guidelines relating to the US Lacey Act, the EU Timber Regulation and similar laws. We promote the sustainability of our production chain and products, use resources sparingly and minimize the environmental impact of our business activities in order to continuously improve environmental protection.

We also expect this responsible attitude from our business partners.

1 Environmental management, waste and hazardous substances

We consider the impact of our activities on the environment and reduce the release of substances that pose a risk to people and the environment to a necessary minimum or avoid them altogether. We are aware of the risks to people and the environment posed by the disposal of waste and hazardous substances in particular and have taken measures to protect them. We comply with the laws and regulations that apply to us.

We expect our business partners to fully comply with applicable laws, regulations or guidelines on environmental management and to promote water protection and air pollution control by avoiding contamination. Our business partners should minimize their waste generation, label hazardous materials and chemicals in accordance with applicable regulations and laws and ensure their safe handling and reuse wherever possible.

2 Consumption of raw materials and natural resources and use of renewable energies

We avoid the excessive consumption of natural resources - including water and energy - in production and reduce the generation of all types of waste. We aim to reduce our energy consumption and increase our energy efficiency. We work towards using renewable energy to reduce greenhouse gas emissions.

We expect our business partners to ensure that the use of materials is reduced as far as possible during the development of products and services, that recyclable/renewable materials are used as a priority and that the use and consumption of energy and natural resources are minimized.

IV. Acceptance and modifications

By acknowledging and accepting this Code of Conduct, our business partner undertakes to act responsibly in accordance with the principles described in this Code of Conduct and will take appropriate care to ensure that the contents of our Code of Conduct are also appropriately passed on to its supply chain.

The business partner agrees to provide us with information on compliance with the contents of this Code of Conduct upon request. We are entitled to amend this Code of Conduct if necessary and will inform our business partner of the amendment.