



# POLICY STATEMENT ON HUMAN RIGHTS AND ENVIRONMENT

As globally engaged enterprises, the companies of the SHS Group, explicitly also including Dillinger and Saarstahl, are committed to the internationally recognized human rights standards and pursue a clear human rights strategy.

A central aspect of our strategy is to achieve economic success with the greatest possible respect for our fellow human beings, the environment/natural resources, and by fair, lawful business practices.

These basic ideas already find their expression in our **Code of Ethics** in force since 2012. In 2020, we published the **Code of Conduct for Sustainable Sourcing**. In addition to which we have been a business member of the UN Global Compact since 2021.

Besides the guidelines of the UN Global Compact, we are committed to all national and international standards applicable to us for respecting human rights and environmental protection. Compliance with the principles listed below is the basis of all our business relations with our suppliers as well as our employees:

- Respect for human rights, especially rejection of all forms of child labour, forced labour and slavery
- Commitment to occupational safety
- Respect for the freedom of association
- Prohibition of unequal treatment in employment and the hiring process
- Prohibition of withholding an adequate minimum wage laid down by applicable law
- Prohibition of causing harmful environmental factors unlawfully impairing the population's natural bases of life
- Prohibition of unlawful forced eviction from/expropriation of land, forests and waters attributable to business activities insofar as their use serves the population's livelihoods
- Prohibition of the hiring or use of private or public untrained security personnel for protecting the entrepreneurial project who resort to means of torture or other inhumane methods, injure body or life, or impair the freedom of association
- Prohibition of an illegal handling of mercury, persistent organic pollutants and waste



We have refined our human rights strategy and management of supply chain due diligence in keeping with the requirements, inter alia the German Act on Corporate Due Diligence Obligations in Supply Chains (Supply Chain Act or short SCA) . This involves annual risk-oriented analyses of our supply chains and internal business processes, the derivation of necessary precautionary and remedial measures, awareness-raising amongst the staff, and the documentation of all relevant processes and measures, including the reporting. To this end, the internal departments are continuously identified based on the needs, and involved in the implementation. The implementation of the requirements is regularly evaluated and audited in-house, if necessary also ad hoc. The Compliance Committee has been commissioned by the management board to monitor supply chain risk management within the meaning of Section 4 (3) Supply Chain Act in its capacity as the Human Rights and Environmental Office.

The starting point of the supplier risk analysis are first of all the risks associated with the country and branch of industry. These are concretized in a defined process. As a company in the steel industry, we can for example be exposed to higher risks amongst our suppliers in the area of resource procurement. We inter alia counter these risks by deliberately selecting our business partners with regard to the observance of and respect for human rights. It is our declared aim to contractually anchor our Code of Ethics in every business relationship. If we discover that our requirements are not being met, we work towards the suppliers recognizing and implementing suitable remedial measures, and addressing them along their supply chain as required, to the extent that we are able to influence them. Findings from incidents that have become known and from applied remedial measures are taken into account in the supply chain management in keeping with the aforementioned German Act. Improvement measures in this respect are based on reports of CSR risk checks, the information provided by the UN Global Compact, and own measures.

The risk analysis in our business area is based on the abstract and concrete risk analysis of the relevant areas of activity. The abstract analysis considers, among other things, business locations and fields, certifications in environmental and occupational safety areas, assessments by independent CSR rating companies and the SHS Group's whistleblower system, which has been established since 2020 and is publicly accessible to all stakeholders. It also takes into account the fact that all of our production processes take place within the EU. The concrete analysis is a basic component of the established risk reporting process, supplemented by an Supply Chain Act component.

The responsibility for the implementation of this human rights strategy is borne by the entire company management. This tone-from-the-top approach underscores the responsibility we want to assume for the respect for human rights and environmental protection.

The implementation of the supply chain management is integrated in the workflows of the competent departments. The pursuit of the human rights strategy, including the risk analysis, communication with suppliers, derivation and implementation of the respective prevention and precautionary measures is incumbent upon the respectively responsible purchasing and procurement departments. Other superordinate tasks such as the external and internal communication, the



organization and performance of training and awareness-raising measures, and continuous evaluation and improvement of the implemented process are realized across the departments. The compliance with our CSR strategy and environmental goals is separately reported in a sustainability report.

SHS – Stahl-Holding-Saar, Dillinger, Saarstahl –  
Management Board and Managing Directors  
January 2024

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