

# SMS group Corporate Policy Statement

At SMS group, we are dedicated to the steadfast implementation of our corporate policy statements, which are integral to our business operations and reflect our commitment to excellence. This overall SMS group policy statement forms the framework for each subsequent policy statement. Beyond these policy statements, we have established a comprehensive suite of **regulations** covering the full spectrum of our activities, ensuring thorough governance and exemplary conduct. We continuously identify **clear targets** and set forth an **implementation roadmap**, complete with assigned responsibilities and **key performance indicators** (KPIs), to ensure alignment with our core values: Act, Care, Share, Innovate, and Succeed.

As one group with a unified approach, we embed the corporate policy statements across **all SMS entities**, creating a strong organizational anchoring that unites us in purpose and action. The present policy statements, which are backed by detailed corporate regulatory requirements, are living documents, subject to regular review and updates to remain relevant and effective. They are communicated transparently to all employees and stakeholders to foster a culture of informed engagement.

Achieving **compliance** with these policy statements demands the active commitment and participation of every member of the SMS group team. It is a collective effort where the Managing Board owns the overall **accountability** and provides **leadership** and **resources**, while all leaders, managers, and supervisors are tasked with implementation of the corporate requirements within their respective domains. Each employee is held accountable for adhering to these objectives and requirements.

We recognize the importance of equipping our workforce with the **awareness, knowledge and skills** necessary to uphold our policy statements. Therefore, we ensure that all employees receive appropriate training tailored to their roles and responsibilities. To maintain open and **effective communication**, we establish and maintain channels that facilitate regular discussions on corporate matters with our employees and other stakeholders.

Our path forward is one of **continual improvement**. We are committed to enhancing our management system and elevating our performance. This commitment includes the **regular review** of stakeholder requirements and updating of our regulations and programs to adapt to new challenges and opportunities. Together, we strive to embody the principles set forth in our policy statements ensuring that the SMS group not only complies with current standards but also sets new benchmarks in our industry.

Each entity has to ensure that the local objectives are defined and aligned with these corporate policy statements.

Mönchengladbach, 27/05/2024

On behalf of the Managing Board



Jochen Burg, CEO  
SMS GmbH

## Environmental Social Governance (ESG)

At SMS group, we acknowledge the significant impact our operations have on society and the environment. With a firm commitment to sustainability, social responsibility and ethical governance, we integrate ESG considerations into the core of our business ethos. Accordingly, we embed ESG in each subsequent policy statement.

Aspiring to be leaders in sustainability, we align our initiatives with the United Nations' Sustainable Development Goals (SDGs), focusing on Good Health and Well-being (3), Gender Equality (5), Decent Work and Economic Growth (8), Industry, Innovation, and Infrastructure (9), Responsible Consumption and Production (12) and Climate Action (13), while also supporting the broader SDG framework.

Together with the overall SMS group policy statement above, we commit to the following ESG policy statement which are a fundamental part of SMS group's core values and apply to all entities:

### Environment

- › Caring for the environment is a core value at SMS group, translating into tangible actions for its protection. As a reliable facilitator for the transition to a sustainable future, we invest in innovative technologies and research to develop more sustainable production and operational methods.
- › Circular economy principles are embedded in our practices, as we strive to increase circularity and integrate Re-X in both our customers' value chains and our own activities.
- › Our commitment to environmental protection extends to prioritizing measures that reduce our ecological footprint at the source and working diligently towards a long-term waste-free impact.
- › Detailed environmental and energy policy statements, along with product material compliance, guide our actions in this regard.

### Social

- › Health and safety are paramount priorities for SMS group, as detailed in our Health and Safety Directives.
- › We uphold our corporate values through leadership and social dialogue, fostering a workplace with zero tolerance for harassment and discrimination. Embracing diversity in all its forms is a fundamental aspect of our organizational culture.
- › We actively support career development opportunities, ensure work-life balance, and provide fair working conditions. We actively work towards recruiting, retaining, and empowering our employees to thrive.
- › Our commitment to respecting human rights is upheld throughout our value chain, specified in our dedicated [policy statement on respect for human rights](#).

### Governance

- › SMS group establishes robust governance structures to steer our business activities towards true sustainability. Committed to transparency and compliance, we adhere to designated directives, rules and procedures. We have created communication channels to offer our stakeholders the possibility to raise any concerns or needs (e.g., with our Whistle Blower System).
- › Our governance framework aims to prevent, monitor and resolve conduct or practices that violate legal, ethical and business standards. We reject all forms of corruption, fostering a business environment built on trust and integrity. Transparency, compliance and regular reporting are integral components of our governance approach.
- › We are dedicated to implementing ESG criteria across all our global processes, ensuring that sustainability is embedded in every aspect of our operations.

## Occupational Health and Safety

At SMS group, we are committed to ensuring the health and safety of our employees, contractors, visitors and other stakeholders. As a global technology provider, supplying plants and solutions for the metals industry and industry in general, we recognize the unique challenges and risks associated with our operations. We are dedicated to maintaining a safe and healthy working environment and preventing occupational accidents, injuries and illnesses. This also extends to psychological safety and overall employee well-being.

Together with the overall SMS group policy statement and ESG policy statement above, we commit to the following occupational health and safety statements, which are a fundamental part of SMS group's core values and apply to all entities:

### Risks & Opportunity Assessment and Control

- › We are committed to identifying risks & opportunities concerning occupational health, safety and well-being in all areas of our activities. We will identify and assess potential health and safety hazards associated with our operations and implement appropriate controls to eliminate and reduce risks.

### Leadership and Accountability

- › Senior management is responsible for providing leadership, resources and commitment to health and safety. All Leaders, managers and supervisors are responsible for implementing occupational health and safety measures within their areas of control. All employees are accountable for complying with health and safety regulations, procedures and standards.

### Compliance

- › We will comply with all applicable local, national and international health and safety laws and regulations and other subscribed requirements. Therefore, we will develop, establish and maintain internal standards to meet or exceed these requirements.

### Training, Awareness and Communication

- › We will ensure that all employees receive proper training on occupational health and safety matters relevant to their roles and responsibilities to maintain pace with changing industry practices and relevant areas of awareness.
- › We will establish and maintain effective channels for regular communication of health and safety matters to all employees and other stakeholders.

### Consultation and Participation

- › We will involve employees and where applicable, their representatives, in health and safety decision-making. Suggestions and feedback from all employees will be actively sought and considered.

### Incident Reporting and Investigation

- › We will establish clear procedures for reporting accidents, incidents and near misses. All incidents will be investigated to determine root causes and implement corrective actions.

## Quality and Product Compliance

At SMS group, we are dedicated to fostering a culture of excellence and continuous improvement. We lead by example and encourage high levels of innovation, quality and product compliance in every aspect of our activities.

Together with, the overall SMS group policy statement and ESG policy statement above, we commit to the following quality and product compliance statements, which are a fundamental part of SMS group's core values and apply to all entities:

### Customer Service Approach

- › By living our customer-centric “project-first” approach, we actively engage in understanding and anticipating the specific needs of our customers. Prioritizing these requirements shall enable us to deliver reliable products and services and to build strong partnerships based on trust and satisfaction.

### Quality Management

- › Our Quality Management System is fundamentally process-oriented and designed to align with our strategic objectives. Processes are inter-connected (end-to-end) to facilitate seamless operations and strengthen collaboration within the entire group worldwide.
- › A key component of our process-orientation is our proactive approach to risk management. We are convinced that this approach is essential to design and maintain robust work processes. Incorporating in-depth risk assessments allows us to anticipate potential issues, to address them accordingly and to guarantee consequently the quality of our products and services.

### Product Compliance

- › In our industry, the importance of product compliance throughout the entire lifecycle of a product, from creation to obsolescence, is essential. Embedded in our product compliance organization, our well-trained employees follow a continuous assessment and adjustment cycle to ensure that our products meet current product compliance requirements.
- › Processes that meet the legal requirements for product safety are comprehensively implemented and new findings to improve safety are constantly incorporated into our working methods.
- › In the event of deviations from product safety, our employees and business partners are required to immediately address these and define appropriate corrective or preventive measures to prevent similar safety problems.

### Liaison

- › At SMS group, we recognize that our employees are the cornerstone of our success. Quality is considered a collective effort, and we therefore want to highlight that improving our products, services or processes is not the sole responsibility of a single department but requires the active contribution of the entire organization.
- › To this end, we hereby entrust our global Quality Management Team with the promotion and continuous development of our Quality Management System.

## Environment Protection

At SMS group, we are dedicated to being a responsible leader in the global metals industry and develop solutions for the decarbonization of the metals industry.

Together with the overall SMS group policy statement and ESG policy statement above, we commit to the following environmental protection compliance statements, which are a fundamental part of SMS group's core values and apply to all entities:

### Innovative Technologies

- › We will continue to innovate and develop technologies that reduce the environmental footprint of our operations and those of our customers and invest in research and development to contribute to the sustainable advancement of our customers' industries.

### Carbon Neutrality Approach

- › We pledge to work towards achieving carbon neutrality in our operations and in solutions that we provide to our customers. Consequently, we will monitor and report our greenhouse gas emissions and set targets for reducing them.

### Resource Efficiency

- › We will optimize the use of resources, such as energy and raw materials, to reduce waste and minimize our environmental impact. Recycling and circular economy principles will be integrated into our processes and solutions.

### Compliance

- › We will uphold all applicable environmental laws and regulations at the local, national and international levels and we will strive to meet or exceed industry standards in environmental performance.

### Pollution Control

- › We will proactively work to prevent pollution, protect ecosystems and reduce our impact on air, water and soil quality. Furthermore, we will implement advanced pollution control technologies where applicable.

### Collaboration and Stakeholder Engagement

- › We will actively engage with our stakeholders, including customers, suppliers, regulators, and the communities where we operate, to promote sustainability and responsible environmental practices. We will collaborate with stakeholders and organizations that share our commitment to environmental responsibility.

### Environmental Responsibility

- › We are dedicated to operate in a manner that respects and preserves the environment and is positively contributing to the communities in which we operate. Therefore, we invest in a responsible manner in products, machines and infrastructure.

## Information Security

As a responsible leader in the global metals industry, SMS group understands the importance of Information Security in protecting our systems, assets, customer data, and business processes. We are aware of the diverse cyber threats that can affect our industry and our customers on a daily basis. As SMS moves towards using more digital technologies, our tactics for managing risks are evolving alongside this changing environment. Our goal is to establish an IT-Security infrastructure that focuses on resilience against current threats and proactive measures to protect us from future risks.

Our management team is committed to providing leadership and resources to foster a culture of cybersecurity based on the overall SMS group policy statement and ESG policy statement above and the following principles, which are a fundamental part of SMS group's core values and apply to all entities:

### Awareness & Training for Employees

- › We ensure that all employees are trained according to the specifics of their role and level of responsibility in IT best practices to promote a high-level of security awareness throughout the company. We regularly test all team members' adherence to cyber safe behaviours through phishing campaigns.

### Continuous Improvement of Infrastructure

- › We are determined to constantly develop our IT-Systems and continuously improve security. This also includes investing in advanced technologies to protect our critical infrastructure and customer data.

### Risk Management

- › We conduct regular risk assessments to identify potential vulnerabilities and take appropriate measures to mitigate risks by optimizing our security architecture.

### Incident Management

- › We establish clear processes for reporting and investigating incidents and implement immediate actions to prevent future occurrences. Through a diligent incident review process, we evolve our response tactics and continually improve our organizational awareness.

### Compliance & Standards

- › We commit to complying with all relevant local, national and international Information Security laws, regulations and standards.

### Suppliers & Partners

- › We work closely with our suppliers and partners to ensure that our Information Security standards are maintained throughout the entire supply chain.

### Data Protection

- › We respect the privacy of our customers and employees and ensure that all personal data is handled in accordance with data protection regulations.



## Energy Efficiency

*For SMS group GmbH in Germany – Energy ISO 50.001 certified*

As one of the leading companies in mechanical and plant engineering, we know our obligation to use energy and natural resources responsibly. Therefore, environmental and climate protection are important corporate goals and form the basis of our corporate policy.

Together with the overall SMS group policy statement and ESG policy statement above, we commit to the following energy efficiency statements, which are a fundamental part of SMS group's core values:

### Energy Goals

- › Achieving the set energy goals are an important building block in achieving the energy transition. The goals are quantified in the strategic energy goals and are checked as part of management reviews and during internal and external audits.

### Transparency

- › The necessary human and financial resources are provided to the extent required to achieve the energy targets. Open communication to achieve our goals is part of our corporate culture.

### Compliance

- › Compliance with energy regulations and other requirements is a matter of course for us.

### Energy Management System

- › By maintaining an effective Energy Management System, we guarantee the continuous improvement of energy-related performance in the company.

### Integration in Procurement and Production Processes

- › Energy efficiency is a decision-making criterion in the procurement of energy-related goods and services in the company.

By linking energy data acquisition with production and operating data, we ensure energy-efficient operation even when capacity utilization fluctuates.