Commitment to responsible raw material sourcing

Supply chain policy

Purpose of this document: This commitment defines the principles of LEUCO // Ledermann GmbH & Co.KG (hereinafter referred to as LEUCO) for responsible sourcing, handling and monitoring of raw materials along the supply chain. It forms the binding orientation framework for conflict-free, legally compliant and sustainable procurement practices.

1. Responsibility in the handling of metallic waste

As one of the world's leading carbide and diamond tool manufacturers, LEUCO is committed to responsible handling within the supply chain. The aim is to consistently minimise environmental impact and to comply with all relevant legal requirements and international agreements.

The disposal of metallic waste is carried out in accordance with the applicable environmental and recycling standards. In this way, LEUCO ensures that negative impacts on the environment and resources are avoided as far as possible.

2. Principles and Commitment

In line with LEUCO's mission statement and corporate values, we are committed to applying recognized best practices in the areas of safety, health, human rights and the environment in all phases of material procurement along the supply chain.

LEUCO is convinced that sustainable corporate success requires a resilient foundation. This includes continuous compliance with legal, industrial and environmental standards as well as additional, voluntarily imposed requirements.

3. Guiding principles for a sustainable supply chain

- LEUCO condemns all activities in the extractive sector that involve illegal or unlawful exploitation of ores, directly or indirectly finance or facilitate armed groups in conflict areas or contribute to serious human rights violations.
- LEUCO fully supports the activities of the Organisation for Economic Co-operation and Development (OECD) to address these risks and has implemented the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidelines).
- Compliance with Regulation 2017/821 will be ensured.

In addition, LEUCO is acting in accordance with the final regulation adopted by the U.S. Securities and Exchange Commission (SEC) in August 2012 regarding the procurement of metals and minerals from conflict-affected and high-risk areas pursuant to Section 1502 of the Dodd Frank Wall Street Reform and Consumer Protection Act.

LEUCO expects its suppliers not to use any metals and minerals from conflict-affected and high-risk areas to produce materials purchased from LEUCO.

LEUCO considers all suppliers as well as the members of the underlying supply chains to be key stakeholders in a responsible and successful procurement process.

4. Measures to comply with our principles

LEUCO works together with suppliers and customers to consistently exclude metals and minerals from conflict-affected and high-risk areas from the product supply chain.

Focus	**Implementation**
Supplier requirements	Cooperation exclusively with raw material suppliers who meet the requirements of the LEUCO Supplier Code of Conduct.
Risk assessment	Risk-based screening of potential business partners for negative media notices, embargo regulations and sanctions lists.
Exclusion criteria	Exclusion of business transactions in the event of missing evidence, insufficient certifications or origin from excluded risk areas.

- LEUCO only works with suppliers who meet the requirements of the LEUCO Supplier Code of Conduct (SCoC). This includes standards on labour rights, environmental protection, business ethics and conflict-free origin. The SCoC is based on the recommendations in Annex II as well as the supplement on tin, tantalum and tungsten of the OECD Guidelines.
- Primary raw materials are sourced exclusively from conflict-free sources.
- LEUCO identifies and monitors the use of metals and minerals from conflict-affected and high-risk areas in products and supply chains and conducts necessary due diligence activities to comply with applicable reporting obligations.
- LEUCO maintains a certified Integrated Management System (IMS), which currently includes a quality management system in accordance with ISO 9001 and an energy management system in accordance with ISO 50001.
- Potential business partners for primary raw materials are screened for negative media reports, embargo regulations and sanctions lists on a risk-based basis.
- Failure to comply with essential requirements, such as a lack of guarantees of origin, inadequate certifications or a lack of compliance with legal requirements, excludes the possibility of concluding a transaction.
- Primary raw materials originating in countries on the CAHRAS list of conflict-affected and high-risk areas are excluded from doing business.

5. Managing risks in accordance with OECD Guidelines

LEUCO's management system addresses, among other things, the risks listed in Annex II of the OECD Guidelines:

- serious human rights violations in connection with the mining, transport or trade of minerals,
- direct or indirect support to non-state armed groups;
- Participation of public or private security forces,
- Bribery, fraudulent misrepresentation of minerals and money laundering, and
- adverse effects from non-payment of taxes, fees and charges.

To manage these risks, the management system provides for the following measures in particular:

- Identifying, managing and mitigating the risks,
- defined consequences in the event of non-compliance by suppliers, including the exclusion of suppliers,
- Appropriate investigations into the country of origin as well as training of the responsible employees on relevant aspects of responsible raw material sourcing and
- Verification of suppliers against relevant embargo lists, including the CAHRAS list.

6. Whistleblower system and whistleblowing

LEUCO relies on responsible and honest action by employees, suppliers, customers and other stakeholders. Information that serves to uncover possible grievances is expressly welcomed.

Reporting channel: Reports of possible grievances in connection with LEUCO's procurement practices can be reported to governance@leuco.com.

7. Release

Date/Signature: 02.11.26

CEO Schrenk	**CFO Seifert**	**COO Günther**