

# Code of Conduct for Employees and Business Partners



## Foreword

The Hanomag Lohnhärterei Group enjoys a good reputation among its customers in relation to the company's trustworthiness, which is based on the fact that it conducts its business systematically and continuously with the highest level of integrity and in compliance with the laws and regulations applicable to its activities. Long-term and sustainable business success depends on building and maintaining the trust of customers, employees, authorities and the public.

This Code of Conduct explains what we expect from our business partners and our employees. Our Code describes the core principles that form the basis of responsible and trusting cooperation.

In our new version, we have incorporated a number of current topics in order to expand our scope of action and establish and develop cooperation with our business partners, employees and other interested parties.



Dipl.-Ing. Karsten Seehafer  
Owner



Dipl.-Oec. İlhami Günay  
Managing Director



Dipl.-Wi.Jur. (FH) Klaas  
Gerrit Zettelmeier  
Managing Director

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## Basic principles

The Hanomag Lohnhärtereie Group shall:

- ⇒ Comply with applicable laws and regulations
- ⇒ Demonstrate and promote its commitment to responsible business practice in policies, decisions and activities
- ⇒ Integrate the principles of this Code into critical processes
- ⇒ Require our business partners to comply with our Code.

Hanomag Lohnhärtereie Group prefers to work with component suppliers, consultants, distributors and other business partners that share the principles expressed in this Code of Conduct. Relating to the defence industry, we only work with those manufacturers who bindingly respect the War Weapons Control Act and the Foreign Trade Legislations. Child labour or forced labour must not be used or tolerated by our business partners.

## Business principles

### Marketing and sales

The Hanomag Lohnhärtereie Group shall present its products and services accurately and shall comply with applicable regulatory and legal requirements. The Company shall not make false statements or provide misleading information about its products or services. This also includes safety and environmental aspects.

### Fair competition practices / antitrust law

The Hanomag Lohnhärtereie Group shall compete in a fair manner and with integrity. The Company shall not enter into any agreements or arrangements with competitors, customers or suppliers, which unduly affect the market. The Hanomag Lohnhärtereie Group shall use legitimate methods to gather information about our competitors.

### Intellectual property and protection of information

The Hanomag Lohnhärtereie Group shall respect the intellectual property of third parties and treat it strictly confidentially in the course of its business activities and protect it against disclosure. Similarly, we use licensed services, such as patented heat treatment processes, within the framework agreed with our partners. We expect this approach to be taken by our customers and suppliers to the same extent. We expect our business partners not to use or reproduce any protected patents, trade secrets or any other protected information or rights of Hanomag or third parties without appropriate authorisation.

### Information security and data protection

Our business partners and employees must ensure that

- ⇒ sensitive financial or technical information
- ⇒ personal data
- ⇒ know-how and
- ⇒ trade secrets

are never disclosed without express permission or in violation of legal requirements.



To this end, we have introduced an information security management system in accordance with the TISAX label, which we are continuously expanding. At the Hanomag Lohnhärterei Group, we have established rules on data protection violations and cyber security. This includes emergency plans for cyber security, and we require our suppliers to provide details on information security and commit in writing to preserving data protection and the protection of trade secrets.

### Ethical principles for artificial intelligence

When evaluating AI-supported work processes, we follow the UNESCO recommendation on the ethics of artificial intelligence. We use AI to evaluate business data (BI). The following principles are decisive for us:

- ⇒ AI must respect, safeguard and promote human rights.
- ⇒ AI must be publicly monitored,
- ⇒ AI must contribute to social diversity,
- ⇒ Ethical (and legal) guidelines must be adhered to throughout the entire life cycle of AI systems,
- ⇒ AI must contribute to the realisation of the SDGs,
- ⇒ AI must not circumvent or violate data protection rules.

If AI is developed or used by our business partners, this must be done in a responsible, explainable and controllable manner.

### Accounting and reporting

All financial transactions shall be documented in accordance with generally accepted accounting practices, and the accounting records must show the nature of all transactions in a correct and non-misleading manner. The reports produced

by the Hanomag Lohnhärterei Group are transparent, truthful and timely, with the aim of presenting the company's performance in a manner that reflects reality.

### Combating corruption

The Hanomag Lohnhärterei Group shall not participate in or endorse any corrupt practices. Employees of the Company may not accept payments, gifts or other forms of remuneration from third parties, which could actually affect, or appear to affect, the objectivity of their business decisions. In principle, this is not the case with gifts and invitations, which are within the framework of customary business hospitality, custom and courtesy.

### Prevention of money laundering and terrorist financing

The Hanomag Lohnhärterei Group shall not accept, enable or support money laundering and terrorist financing. We also expect this from our business partners in order to jointly ensure compliance with applicable national and international standards and laws.

### Taxation

Our company shall comply with the tax laws and regulations of each country in which it operates. We ensure compliance with tax regulations and expect our business partners to commit themselves equally to complying with laws and regulations relating to taxes, accounting and financial reporting.

### Export controls and sanctions

The Hanomag Lohnhärterei Group shall comply without exception with applicable trade regulations and shall follow the rules for import and export controls, sanctions and embargoes. We expect our business partners to behave in the same way.

## Dealing with conflict minerals

As a hardening plant and mechanical processing company, we process our customers' products, which means we are downstream of metal production and product manufacturing. This means that, *in accordance with EU Regulation 2017/821 establishing obligations on Union importers of tin, tantalum, tungsten, their ores and gold from conflict-affected and high-risk areas to exercise due diligence in their supply chains*, the Hanomag Lohnhärterei Group has no reporting or information obligations.

We expect business partners who process such materials themselves or have them processed in their supply chain to have established processes as part of their due diligence to report conflict minerals using the *Conflict Minerals Reporting Template*.

## Ownership/financial responsibility

We respect the material and intangible property of the company, which serves to achieve our goals. This is used within the framework of operational regulations.

## Social responsibility

### Anti-discrimination and inclusion

All employees shall have equal opportunities based on their competencies, experience and performance regardless of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, union affiliation, social background or ethnic origin. All employees shall be treated with respect. Discrimination, physical or verbal harassment, or any illegal threats shall not be tolerated. We prohibit any behaviour that may compromise a person's dignity.

We require our business partners to guarantee the same environment.

### Ethical recruitment

At the Hanomag Group, employees are selected regardless of their ethnic origin, skin colour, gender, religion, nationality, sexual orientation, social background or political views. The only deciding factor is their qualifications for the tasks at hand. We respect the equality of all people and strictly reject any form of discrimination.

### Remuneration and social benefits, right to occupational health and safety

Safeguarding the physical integrity and health of our employees and other persons with whom we work or who are guests at our sites is our highest priority.

When selecting suppliers, it is an integral part of our criteria that suppliers to the Hanomag Lohnhärterei Group comply with occupational health and safety rules and laws and can demonstrate that they provide safe workplaces, appropriate protective equipment and suitable workplace facilities.

We offer our employees a fair, equitable and competitive total remuneration and benefits package that complies with current legislation and is aligned with our company's strategy and objectives. This also includes ensuring a safe and healthy working environment that takes regular work and leisure time into account.

### Prohibition of child labour

The Hanomag Lohnhärterei Group shall not tolerate any form of child labour and requires the same from its business partners. For young adults up to the age of 18, we strictly adhere to the Youth Employment Protection Act and the legislation of the countries in which we operate, and we require the same from our business partners.

### Prohibition of forced labour

The Hanomag Lohnhärterei Group prohibits any form of forced labour, compulsory labour, human trafficking, debt bondage and any other form of modern slavery. We expect our business partners to ensure that their employees are free to choose their employment and can terminate their employment relationship in accordance with legal regulations and receive the payments to which they are entitled.

### Freedom of association

The Hanomag Lohnhärterei Group respects the right of all employees to join an association to represent their interests as employees, to organise and to bargain collectively or individually.

### Political involvement

Hanomag Lohnhärterei maintains a neutral stance with regard to political parties.

### Conflicts of interest

Employees' private interests must not influence their judgement or behaviour in the performance of their duties. We expect

our employees to act in the best interests of the company.

We expect our business partners to act in the best interests of their cooperation with the Hanomag Lohnhärterei Group.

As soon as a business partner becomes aware of a conflict of interest that could damage the cooperation, they must inform us immediately.

### Use of public and private security forces

We do not work with security service providers to protect our properties. Should a situation arise that requires the assistance of private or public security forces, any use of excessive force, torture or violation of freedom of association and coalition is absolutely unacceptable.

We expect our business partners to respect internationally recognised human rights in this context.

### Rights of indigenous peoples and national minorities

The Hanomag Lohnhärterei Group shall respect the rights of indigenous peoples and national minorities who may be affected by our business activities. The protection of minorities is enshrined in the countries in which we operate.

In the course of our business activities, we shall respect the rights of these communities, which includes, in particular, prohibiting the illegal eviction of land, forests and waterways, as well as the destruction of cultural sites.

## Environmental principles

### Resource efficiency

The services and processes carried out by the Hanomag Lohnhärterei Group are

aligned in such a way that energy, natural resources and raw materials are used efficiently, and waste and residual materials are minimised or reused. This is intended to keep environmental impacts (emissions such as greenhouse gases) on air, soil and water as low as possible.

### Precautionary principle

Hanomag shall minimise risks to ensure the protection of the environment, health and safety and shall rely, among other things, on responsible chemical management with a focus on substitution.

### Circular economy

As an energy-intensive company, we are aware of the dangers that our heat treatment and machining processes pose to people and nature. On the other hand, we also recognise the contribution we make to reducing these impacts, as we significantly improve the longevity and service life of all types of components through our heat treatment.

The Hanomag Group has put regulations in place for energy- and environment-related procurement that enable the appropriate procurement of raw materials in accordance with current guidelines and limited to the necessary quantities. The procurement of operating resources complies with the EU's Eco-design Directive. When selecting new suppliers, a comprehensive assessment is carried out based on energy, quality and environmental criteria.

### Biodiversity

Our business area covers heat treatment and mechanical processing of metallic materials. Activities that compromise animal welfare are not part of our business. Our values require all employees of the Group to comply with all national and international legal standards on animal welfare and protection.

In our view, the reduction in biodiversity is a direct consequence of deforestation and

the overuse of land and water. We avoid any extensive land use in our activities. The operating and hazardous materials we use are monitored and substituted wherever possible. Hazardous waste is continuously reduced and disposed of in accordance with applicable regulations. When establishing or acquiring new parts of the company, we strictly comply with all applicable regulations, especially those pertaining to protected areas.

### Responsibility for compliance with this policy

The management and executives at the Hanomag Lohnhärtereie Group are responsible for introducing, implementing and amending this policy.



### Whistleblower system

All employees within the Hanomag Heat Lohnhärterei Group and external stakeholders are encouraged to report suspected violations of this Code of Conduct to their direct superiors or the managers of their superiors. We shall not tolerate any form of discrimination against persons who report information to us in good faith.

To this end, we have set up a whistleblower system that allows you to notify us of issues by telephone, post, in person or online.

Reports can be made to us by calling 0800 88 44 66 84 or by emailing <https://hanomag-149.hinweis.one/de/>.

#### **Hanomag Lohnhärterei Group**

Merkurstraße 14 30419 Hanover  
Telephone: +49 511 640 740 Fax:  
+49 511 640 74 309  
[hhc@haertecenter.de](mailto:hhc@haertecenter.de)



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