



TELF AG®

RESPONSIBLE SOURCING POLICY

Lugano, 2025

PREFACE

Developed by: Compliance Department
RCS Global

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1. INTRODUCTION

- 1.1 Recognising that risks of significant adverse impacts which may be associated with extracting, trading, handling and exporting commodities from high-risk areas, and recognising that TELF AG (the “Company”) has the responsibility to respect human rights and not contribute to conflict, the Company commits to adopt, disseminate and incorporate in contracts and/or agreements with suppliers the following policy (the “Policy”) for the responsible sourcing of commodities that originate from or transit through conflict-affected and high-risk areas.
- 1.2 The Policy is fully aligned with Annex II of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, Third Edition (OECD Guidance). The Policy is also aligned with the China Chamber of Commerce of Metals, Minerals and Chemicals Importers & Exporters (CCCMC) Due Diligence Guidelines for Responsible Mineral Supply Chains and follows the requirements of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as other commodity-specific standards, such as Cobalt Refiner Supply Chain Due Diligence Standard.

2. WHY IS THIS POLICY BEING INTRODUCED?

- 2.1 The Company supports the responsible and ethical sourcing of commodities originating from or transiting through conflict-affected and high-risk areas.
- 2.2 We undertake due diligence on our supply chain to the point of extraction to identify and mitigate sourcing risks as advised in the standards mentioned above (section 1.2).
- 2.3 This Policy sets requirements for our suppliers based on internationally recognised standards for responsible commodities sourcing regarding:
 - (a) Serious human rights abuses;
 - (b) Direct or indirect support to non-state armed groups;
 - (c) Public or private security forces;
 - (d) Bribery and misrepresentation of the origin of minerals in scope;
 - (e) Money laundering and payment of taxes, fees and royalties to governments;
 - (a) Occupational health and safety conditions; and
 - (b) Environmental compliance and management.

3. MINERAL SUPPLY CHAIN DUE DILIGENCE

- 3.1 The Company’s management system for commodity supply chain due diligence is based on the five-step framework for risk-based due diligence in the mineral supply chain in Annex I of the OECD Guidance. In this context, we:
 - (a) Have established a strong company management system (step 1);
 - (b) Continuously identify and assess risks in the supply chains of commodities in scope (step 2);

- (c) Develop and implement a company-level risk mitigation strategy to respond to the identified risks (step 3);
- (d) Carry out third party audits of supply chain due diligence upstream in the supply chain of commodities in scope (step 4); and
- (e) Produce an annual report on our supply chain due diligence efforts (step 5).

3.2 Within the supply chain due diligence process, the Company also follows the guidance provided by the Responsible Minerals Initiative (RMI) and other frameworks and systems pertaining to responsible sourcing in order to achieve a comprehensive overview of its supply chains.

3.3 The specific procedures pertaining to how the Company conducts mineral supply chain due diligence, as well as reporting obligations of the Company employees are set out in the Responsible Sourcing Program.

3.4 The scope of commodities which this Policy applies to is set forth in Annex I.

4. THE COMPANY'S COMMITMENTS

4.1 Regarding serious abuses associated with the extraction, transport or trade of commodities:

While sourcing from, or operating in high-risk areas, we will neither tolerate nor by any means profit from, contribute to, assist with, or facilitate the commission by any party of:

- (a) The worst forms of child labour (hazardous work is one of the worst forms of child labour); Any forms of torture, cruel, inhuman and degrading treatment;
- (b) Any forms of forced or compulsory labour, which means work or service which is exacted from any person under the menace of penalty, and for which said person has not offered himself or herself voluntarily;
- (c) Other gross human rights violations and abuses such as widespread sexual violence; or
- (d) War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.

4.2 Regarding risk management of serious abuses:

We will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party committing serious abuses as defined in section 4.1.

4.3 Regarding direct or indirect support to non-state armed groups:

We will not tolerate any direct or indirect support to non-state armed groups through the extraction, transport, trade, handling or export of commodities. Direct or indirect support to non-state armed groups includes, but is not limited to, procuring commodities from or making payments to non-state armed groups or their affiliates who:

- (a) Illegally control mine sites or otherwise control transportation routes, points where commodities are traded and upstream actors in the supply chain;

- (b) Illegally tax or extort money or commodities at points of access to mine sites, along transportation routes or at points where commodities are traded; and/or
- (c) Illegally tax or extort intermediaries, export companies or international traders.

4.4 Regarding risk management of direct or indirect support to non-state armed groups:

We will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party providing direct or indirect support to non-state armed groups or their affiliates as defined in section 4.3.

4.5 Regarding public or private security forces:

- (a) We agree to eliminate, in accordance with section 4.6 below, direct or indirect support to public or private security forces who illegally control mine sites, transportation routes and upstream actors in the supply chain; illegally tax or extort money or commodities at point of access to mine sites, along transportation routes or at points where commodities are traded; or illegally tax or extort intermediaries, export companies or international traders.
- (b) We recognise that the role of public or private security forces at the mine sites and/or surrounding areas and/or along transportation routes should be solely to maintain the rule of law, including safeguarding human rights, providing security to mine workers, equipment, and facilities, and protecting the mine site or transportation routes from interference with legitimate extraction and trade.
- (c) Where we or any person in our supply chain contracts public or private security forces, we commit to or we will require that such security forces will be engaged in accordance with internationally recognised standards. In particular, we will support or take steps to adopt screening policies to ensure that individuals or units of security forces that are known to have been responsible for gross human rights abuses will not be hired.
- (d) We will support efforts, or take steps, to engage with central or local authorities, international organisations and civil society organisations to contribute to workable solutions on how transparency, proportionality and accountability in payments made to public security forces for the provision of security could be improved.
- (e) We will support efforts, or take steps, to engage with local authorities, international organisations and civil society organisations to avoid or minimise the exposure of vulnerable groups, in particular, artisanal miners where commodities in the supply chain are extracted through artisanal or small-scale mining, to adverse impacts associated with the presence of security forces, public or private, on mine sites.

4.6 Regarding risk management of public or private security forces:

In accordance with the specific position of the Company in the supply chain, we intend to devise, adopt and implement risk management plans with upstream suppliers and other stakeholders to prevent or mitigate the risk of direct or indirect support to public or private security forces, as identified in section 4.5, where we identify that such a reasonable risk exists. In such cases, we will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation within 6 (six) months from the adoption of the risk management plan or

where upstream suppliers or stakeholders refuse to engage in adopting such risk management plan.

4.7 Regarding bribery and fraudulent misrepresentation of the origin of commodities:

We will not offer directly or indirectly, promise, give or demand any bribes, and will resist the solicitation of bribes to conceal or disguise the origin of commodities, to misrepresent taxes, fees and royalties paid to governments for the purposes of commodities extraction, trade, handling, transport and export.

4.8 Regarding money laundering:

We will support efforts, or take steps, to contribute to the effective elimination of money laundering where we identify a reasonable risk of money-laundering resulting from, or connected to, the extraction, trade, handling, transport or export of commodities derived from the illegal taxation or extortion of commodities at points of access to mine sites, along transportation routes or at points where commodities are traded by upstream suppliers.

4.9 Regarding the payment of taxes, fees and royalties due to governments:

The Company will make all reasonable efforts to request and store documents from its suppliers that show that all taxes, fees, and royalties related to commodities extraction, trade and export from conflict-affected and high-risk areas are paid to governments. Where the supplier is a company operating in an Extractive Industries Transparency Initiative (EITI) implementing country, the Company will verify if the company commits and implements the EITI Principles and Criteria.

4.10 Regarding risk management of bribery and fraudulent misrepresentation of the origin of commodities, and payment of taxes, fees and royalties to governments:

The Company's Anti-Bribery and Corruption Policy strictly prohibits the offer or acceptance of a bribe in any form, including kickbacks or the use of any route of which the intention is to provide improper benefits to third parties, in both public and private sectors, whether made directly or indirectly. The Company adopts a zero-tolerance policy on the solicitation of bribes to conceal or disguise the origin of commodities, to misrepresent taxes, fees and royalties paid to governments for the purposes of commodities extraction, trade, handling, transport and export. We will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation of 6 (six) months.

4.11 Regarding child labour:

While sourcing from, or operating in high-risk areas, we will not employ, profit from, assist with, or facilitate, or source from, or be linked to, any party employing, profiting from, assisting with, or facilitating the employment of children under the minimum working age which is legally prescribed by the host country laws and regulations. If there is no relevant host country law or regulation, the minimum working age shall be 16 (sixteen) years.

4.12 Regarding risk management of child labour:

We will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party employing children as defined in section 4.11.

4.13 Regarding occupational health and safety:

We will make all reasonable efforts to ensure that we are sourcing from companies that provide direct and indirect employee's adequate occupational health and safety conditions for their physical and mental health.

4.14 Regarding environment management:

We will make all reasonable efforts to ensure that we are sourcing from companies that comply with all applicable environmental laws and regulations in the territories they operate and strive to protect the environment, including having a system of environmental management that seek to improve environmental performance and mitigate extraction impact.

5. PERSONS RESPONSIBLE

- 5.1 The Head of Compliance is responsible for monitoring compliance with this Policy on an ongoing basis.

6. FINAL PROVISIONS

- 6.1 This Policy is publicly available on the Company's website at www.telf.ch.
- 6.2 This Policy does not replace or amend any other policy of the Company.
- 6.3 The signed original of this Policy shall be kept by the Compliance Department.
- 6.4 The Company reserves the right to amend, update or withdraw this Policy at any time. Any changes to this document require the prior approval from the Board of Directors.

* * *

ANNEX I

This Policy applies to the following commodities purchased by the Company:

- 1 Cobalt;
- 2 Coal;
- 3 Ferroalloys;
- 4 Copper;
- 5 Chrome ore;
- 6 Nickel Ore; and
- 7 Iron Ore.