

# Responsible Sourcing Framework for Umicore Precious Metals Refining

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Subject to yearly review.

Umicore is a global materials technology and recycling group that purchases and recycles metals for use in a wide variety of products and technologies.

Umicore's relationships with suppliers and customers are essential in its activities and play a key role in the promotion of social and environmental best practice. At Umicore we are committed to the principles of ethical business and sustainability development, and we seek to conduct business with partners that are equally committed.

Umicore's business unit Precious Metals Refining (UPMR) is specialized since decades in the recovery of precious and non-ferrous metals out of a wide range of complex raw materials, by-products, residues and (End-of-life) waste materials produced in a broad variety of sectors, such as other non-ferrous smelters, other precious metals refiners, pharmaceutical and (petro-)chemical industry, automotive and electronics manufacturing. In its collaboration with upstream suppliers, UPMR is a service provider for the treatment of those complex materials and recover of up to 17 metals.

UPMR is well aware of the risks related to the upstream supply. Besides the intrinsic governance risks related to our business, such as fraud, corruption, theft, bribery and money laundering, the risk sensitivity of conflict & terrorism financing is growing and infringements of human rights and other ESG aspect are reported to occur in certain parts of UPMR's supply chain, in particular in mining activities in high risk locations. To prevent and mitigate the risk of such practices in Umicore's supply chain, and consequently that of its customers, Umicore PMR uses a Responsible Sourcing Guideline, which is in use since more than a decade and has evolved since then. The guideline is outlined in this document.

**Part I** presents the heart of the Umicore culture, The Umicore Way, and describes our policy relevant to purchasing raw materials, implemented in Umicore's Global Sustainable Sourcing Policy.

**Part II** describes in-depth Umicore's specific policy for the business unit Precious Metals Refining (UPMR). It explains how UPMR assesses and responds to the risks in its supply chain.

## Part I. The Umicore Way

The Umicore Way is at the heart of our culture. It encapsulates our core values that determine how we do things. It incorporates policies and charters to ensure our activities are conducted in line with these values. These policies include the Umicore Code of Conduct and the Global Sustainable Sourcing Policy.

### Vision and Values

Umicore believes that metal related materials have a vital role, as they can be efficiently and infinitely recycled, which makes them the basis for more sustainable products and services. We invest in clean technologies, such as catalytic converters and materials for rechargeable batteries. Our unique recycling technology supports a closed loop approach. As such, our products and services help tackle global challenges, like raw materials shortages, clean mobility and sustainable energy generation and storage. We want to be and remain the leader in the development and supply of materials that fundamentally improve the quality of life.

Our core values are openness, respect, innovation, teamwork and commitment. Together they form the key to our success; together they create our culture.

## Code of Conduct

The main purpose of Umicore's Code of Conduct is to ensure that all persons acting on behalf of Umicore perform their activities in an ethical way and in accordance with laws and regulations and with the standards Umicore sets through its policies, guidelines and rules. In practice, this means upholding and respecting fundamental human rights when conducting our operations throughout the world, applying high standards of business and personal ethics, and following all applicable laws and regulations in the countries where we operate. Moreover, we seek to avoid situations that create or have the potential to create a conflict between the interests of Umicore and our personal interests. We therefore seek business partners whose policies and practices regarding ethical, social, environmental and health issues are consistent with our own.

## Global Sustainable Sourcing Policy

The [Umicore Global Sustainable Sourcing Policy](#) (UGSSP) defines what sustainability means to Umicore in the area of purchasing. The policy was developed to better reflect our commitment to sustainability in all areas of procurement – be it raw materials, energy, other goods or services. It outlines our commitment to our suppliers in terms of our own conduct and practices. In return, we expect that our suppliers take all necessary steps to ensure that their practices are compatible with the content and spirit of the UGSSP, which focuses on the areas of environment and climate, labour practices and human rights, supply chain, and business integrity.

## Part II. Responsible Sourcing Framework for Umicore Precious Metals Refining (UPMR)

Umicore has a group policy on "Responsible global supply chain of minerals from conflict affected and high-risk areas" which is available via its website. Building upon this policy, a dedicated framework has been developed for the sourcing of materials with precious metals and non-ferrous metals (lead, copper, nickel...), specifically for the business unit Umicore Precious Metals Refining and its market.

The Responsible Sourcing Framework for UPMR follows the 5-step process for risk-based due diligence as outlined in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and the OECD Due Diligence Guidance for Responsible Business Conduct. Through this Framework, UPMR aims to minimize and manage the risk related to the upstream supply chain of raw materials with precious and non-ferrous metals – and subsequently that of its downstream customers – and prevent harm on people, society or the environment. This means that UPMR will not only seek for optimization of material intake and availability but also will consider the social and environmental impact of the practices upstream in its supply chain. How UPMR assesses its sourcing practices and related risks, what transparency UPMR reasonably

expects from its suppliers and how it responds to the risks or indications of potential irresponsible sourcing are explained in the following sections.

## UPMR's risk prioritization

### Zero-tolerance indicators

Zero-tolerance issues are evidence-based practices that are considered by UPMR as unacceptable and lead to elimination of the concerned party. UPMR will neither tolerate nor by any means profit from, contribute to, assist with or facilitate the commission of any of the zero-tolerance issues, where these are directly related to any product obtained by UPMR in its supply chain.

All suppliers of UPMR are screened for (indications of) zero-tolerance issues. During this screening, specific information on the possible prevalence of zero-tolerance issues is collected and assessed.

#### **Zero-tolerance indicators are listed as follows:**

- Material is known to originate from areas designated as World Heritage Sites ([UNESCO World Heritage Centre - World Heritage List](#))
- Material is known to be sourced in breach of international sanctions.
- Supplier, its upstream suppliers, its ultimate beneficial owners are known money launderers, fraudsters or terrorists, or have been implicit in serious human right abuses, support to illegitimate non-state armed groups.
- Any form of torture, cruel, inhuman treatment or punishment or worst forms of degrading treatment;
- Any form of forced or compulsory labour;
- Any form of child labour;
- War crimes or serious violations of international humanitarian law;
- Direct or indirect support to non-state armed groups, public or private security forces;
- Bribery and fraudulent misrepresentation of the origin of minerals;
- Hand-picking and/or artisanal mining (as primary source);
- Supplier is not willing to accept the principles stated in the Umicore Global Sustainable Sourcing Policy and does not have similar policies in place.

### Indicators of concern (Red Flags or High-Risks)

In addition to the zero-tolerance indicators, following indicators are considered as high-risk or red flag indicators or issues. Such indicators lead to enhanced due diligence and possibly with an improvement plan for mitigation. For certain types of low-risk material supply, high-risk indicators are accepted if the enhanced due diligence has led to sufficient information, transparency and comfort. A typical example is end-of-life waste originating from a CAHRA country.

#### **Indicators of concern are listed as follows and are grouped in location, supplier or material issues:**

##### **Location:**

- Material (claimed to be) originating from or transported through a CAHRA country.
- Material is claimed to originate from mixed sources and is refined in a country through which materials from CAHRA countries transit.
- Material originating from country with limited known reserves or stocks.

#### Supplier:

- Supplier operates in red flag locations.
- Supplier known to have sourced from red flag locations, directly or indirectly.
- Anomalies or unusual circumstances identified during screening.
- Supplier has shareholders, ultimate beneficial owners (UBO's) or other supplying interest in a location based high-risk area.
- Supplier's UBO's are politically exposed persons.
- Supplier has high-risk business activity such as arms, gaming/casino, antiques/art, sects...
- Supplier is known to have sourced from high-risk (CAHRA) countries from last 12 months.
- Supplier has material inconsistencies in the documentation provided or refuse to provide requested info.
- Supplier operates in a money laundering high-risk country.
- Supplier has significant unexplained geographic routing from their upstream supplier.
- Supplier does not have procedures in place to minimize environmental impact, to ensure a working environment that respects human and labour rights or to minimize adverse social impact and is alleged to malpractices in these matters.

#### Material:

- Material sourced from ASM, or gold produced with mercury.
- Material & processing is contributing to catastrophic harm or highly adverse ESG factors.
- Material is from an intermediate refiner or trader with high-risk supply chain.
- Material is lacking any transparency on the origin or process that led to the material and the composition is not giving comfort or confirmation on the claimed process or origin.

## Supplier's performance expectations

UPMR expects its suppliers to meet the requirements set in the Umicore Global Sustainable Sourcing Policy and to respect and adhere to UPMR's requirements in case of zero tolerance indicators and indicators of concern. UPMR's expects from its suppliers an appropriate level of transparency and willingness to cooperate in case additional information or open questions remain. In addition, following more specific performance expectations are set per supplier group.

#### Producers of End-of-life materials and other waste

- Have the minimum required legal permits, licenses and certifications in place to deal with and import/export the materials.
- Apply sound EHS and labour & human right practices.
- Offer a process for all stakeholders to report grievances, incl. anti-retaliation.
- Comply with local tax and VAT requirements.
- Apply AML/CFT good practices, incl. use of a bank with AML/CFT compliance.
- Apply an anti-bribery policy and code of conduct.

#### Smelting, Refining and (pre)processing companies

- Have a responsible sourcing policy aligned with OECD due diligence guidance for responsible supply chains of minerals from conflict-affected and high-risk areas, with preference to a 3<sup>rd</sup> party certified responsible sourcing policy.
- Have required permits, license and certifications in place.
- Apply sound EHS and labour & human right practices.
- Offer a process for all stakeholders to report grievances, incl. anti-retaliation.

- Comply with local tax and VAT requirements.
- Apply AML/CFT good practices, incl. use of a bank with AML/CFT compliance.
- Apply an anti-bribery policy and code of conduct.

#### Mining companies

- Have required permits, licenses (mine license) and certifications in place.
- Mine specific EHS sound policies with attention to a mining closure plan, cyanide management, water usage management, biodiversity.
- Have a clear roadmap to contribute to sustainability and wellbeing of the local community and eco-system surrounding the mining activities.
- Offer a process for all stakeholders to report grievances, incl. anti-retaliation.
- Comply with local tax and VAT requirements.
- Apply AML/CFT good practices, incl. use of a bank with AML/CFT compliance.
- Apply an anti-bribery policy and code of conduct.
- UPMR strongly recommends the implementation of good governance initiatives such as the Extractive Industry Transparency Initiative (EITI) that strengthens public and corporate governance and accountability by providing disclosure of data related to mining extraction rights, the use of revenues, payment of taxes, fees and royalties to governments for the purpose of mineral extraction business.

#### Trading companies

- Have a responsible sourcing policy aligned with OECD due diligence guidance for responsible supply chains of minerals from conflict-affected and high-risk areas, with preference to a 3<sup>rd</sup> party certified responsible sourcing policy.
- Have the minimum required legal permits, licenses and certifications in place to deal with and import/export the materials?
- Offer a process for all stakeholders to report grievances, incl. anti-retaliation.
- Comply with local tax and VAT requirements.
- Apply AML/CFT good practices, incl. use of a bank with AML/CFT compliance.
- Apply an anti-bribery policy and code of conduct.
- Willing to actively cooperate in receiving additional information or additional due diligence on the traded material, upon request of UPMR and in case insufficient information and comfort exist.

Evidence of above expectations can be asked during the due diligence process. UPMR applies a risk based due diligence process. The level of due diligence is function of the risk level and risk indicators observed.

## Context of e-waste and other consumer end-of-life materials

UPMR is actively involved in the end-processing of different end-of-life materials such as e-waste, spent catalysts, municipal waste incineration bottom ashes and others, since decades.

In particular the supply and value chain of electric & electronic equipment (EEE) and the waste generated out of it, waste of electric and electronic equipment (WEEE). This has proven to be problematic since decades and requiring much attention and care to develop sound recycling chains for such WEEE on a global basis, as has become a growing waste stream of materials containing precious metals, base metals and harmful substances together. WEEE flows are generated both in developed and in emerging countries, because many EEE typically finds a second or next live in countries in Africa, South America, Middle East and Southeast Asia. Good examples are the reuse of cell phones en ICT equipment, finding its way typically to emerging countries – but not alone – and generating there WEEE that needs to be treated properly. It is because of this context that the supply and sourcing of e-waste fractions with precious metals (i.e. printed circuit boards, ICT components, cell phone

handsets, ...) needs to be looked at from a broader perspective than the responsible sourcing due diligence as described in this document. In particular when the sourcing is done with the aim to have as sound end-treatment and refining of the (precious) metals involved. This global problem of WEEE recycling has been addressed by many associations, such as World Resources Forum (WRF : [STEP - World Resources Forum](#)) , Basel Action Network (BAN : [Basel Action Network](#)) United Nations University (UNU) and Unitar ([The Global E-waste Monitor 2024 - E-Waste Monitor](#)) to name a few.

UPMR considers e-waste as low-risk material and will actively and directly support all fair and trustworthy initiatives for e-waste being properly collected - also in high-risk countries - and offered to UPMR directly for appropriate final treatment. Such direct cooperation with local collectors, regardless of its size (large company or SME) aims to avoid long and untransparent e-waste flows via different intermediates that risk sub-standard, EHS unsound or even illegal treatment practices.

Above rationale can be transferred to other End-of-Life materials.

## UPMR's Responsible Sourcing due diligence process

An inhouse developed risk-based screening tool is used to do the standard screening of the business partner (BPS – business partner screening).

### Supply identification (KYC / KYM / KYT) & monitoring.

1/ Standard due diligence: based on the completed basic Company Information Document (CID) by the business partner, or based on other reliable sources such as a detailed company website, UPMR can do a first screening with focus on (non-exhaustive info):

KYC (know your counterpart):

- company identity and traceable address.
- country of company registration and active location(s)
- management and ultimate beneficial owners.
- declared activity.
- company size (# employees, revenue).
- date of incorporation.
- company registration, tax, vat & other registration codes.
- available licenses, permits, certifications and policies.
- availability of adverse media about the company, its management and beneficial owners (via specialized external tool).

KYM (know your material):

- origin (location) of material and process that produces material.
- composition and physical aspect of material.
- relation between material and declared activity.

KYT (know your transaction):

- bank location related to company location.
- transport routes (country and port of departure).

The 'know-your-origin' component is embedded in all 3 components mentioned above. In case of identified increased risk (location, type of business or material) or incomplete info, specific due diligence questionnaires can be sent out at this level, before continuing and concluding the due diligence.

2/ Automatic screening in the background & ongoing checks:

- Material screening by proper sampling and assaying @ UPMR: PMR conducts a profound 100% sampling of all incoming raw materials, giving detailed information about the full composition of the material. This is solid info to screen trustworthiness and correctness of the declared material. Off-spec composition will lead to additional screening via the supplier.
- Continuous screening on available sanctions on persons and entities by means of a specialized external tool. This positive hits are evaluated by Umicore Trade Compliance.
- Transport & shipping documents per shipment are cross checked on conformity of agreed origin, type of material and quantity.

## Risk assessment

The standard screening leads to a first identification of the supply and its risks. This info will enable to do a proper assessment and classification of the supply risk. Enhanced due diligence will be done in several situations:

1/ Mined material:

For mined material, offered directly or indirectly, the mine and origin of the material must be known for a default enhanced due diligence on that material with focus on:

- producing mining company identity, management & UBO's
- certification, policies, licenses in place
- adverse media

The outcome may lead to due diligence questionnaires with or without on-site visit.

2/ Increased risk identification:

Any material and any supplier with an increased risk, due to high-risk location, supplier or material high risks or a combination hereof, will lead to an enhanced due diligence, with appropriate internal escalation via corporate units such as Trade Compliance, Tax, Security and ESG. The outcome may lead to additional due diligence questionnaires with or without on-site visit.

## Due Diligence Conclusion

After completion of the due diligence based on the required information reasonably obtained, UPMR concludes to:

- approve the supplier and offered material.
- decline the supplier and/or offered material.
- discuss and mutually agree on an improvement plan and mitigation measures based on gaps observed.

Due diligence files are reviewed on a regular basis by default, or when new relevant information is obtained (i.e. adverse info, company change...).

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