

VAT GROUP LABOUR AND HUMAN RIGHTS POLICY

1. Purpose & Scope	3
2. Policy Statement	3
3. Practice & Principles	4
– Forced Labour and Freedom of Employment	
– Prevention of underage labour and the protection of young workers	
– Organization of working time	
– Fair wages and benefits	
– Fair treatment and anti-harassment	
– Non-discrimination	
– Freedom of association	
– Working conditions and employee well-being	
– Privacy of personal information	
4. References	11
5. Revision history	11
6. Responsible Business Alliance	11

1. Purpose & Scope

At VAT Group AG (“VAT Group”) and its affiliated companies (together “VAT” or “Company”), we are committed to conducting business with the highest level of integrity, responsibility, and respect for human rights.

This procedure sets the framework for deploying VAT’s labour and human rights practices throughout the VAT and covers labour and human rights in VAT operations and the various affiliated sites globally. The procedure is applicable to all VAT entities, employees and workers, including temporary, migrant, student, dispatch, outsourced, contract and any other type of worker. In addition, all VAT entities must ensure that their management of suppliers, service providers and subcontractors comply with elements detailed out within this procedure.

2. Policy Statement

We are committed to:

- Respect and promote the principles described in the Code of Conduct of VAT
- Comply with all applicable national and local laws
- Respect and promote labour and human rights described in this procedure, which are based on accepted international laws and practices, such as the United Nations Global Compact and the International Labour Organisation (ILO)

In addition, all VAT employees must ensure that they uphold the labour and human rights in all business relationships, including dealings with suppliers, subcontractors, customers and other partners. Each VAT employee must apply these standards and policies at all times regardless of where they work. Employees are expected to speak-up and report any violation of these policies and / or clarify any concerns that may arise.

3. Practice & Principles

Forced Labour and Freedom of Employment

The VAT Group does not practice and tolerate forced labour including bonded, trafficked and slave labour, or involuntary or exploitative prison labour. Working for VAT is voluntary, and employees are free to leave VAT upon their contractual or statutory notice period. Employees must also be allowed to move freely and leave their place of work at the end of their working hours.

i. Employment contract

As part of the hiring process, workers are provided with a written employment agreement, offer letter or a labour contract that contains description of terms and conditions of employment in a language they can understand. The written agreement must be provided to the employee prior to him / her starting in the agreed role. For foreign or migrant employees, the agreement must be provided and agreed prior to the employee departing from his or her country of origin.

At a minimum, a written employment agreement should contain:

- All legally required employment terms & conditions
- The employee's full name
- The role title or nature of the work to be performed
- The place or location where it will be performed
- The term and duration of the contract, and any terms and conditions for contract renewal (if applicable)
- Notice period to voluntarily terminate the employment
- Expected regular working hours
- Remuneration or base salary for the work to be done
- Other allowances and benefits associated with the employment

ii. Identity documents

Workers must not be required to surrender any government-issued personal identification, passports, or work permits as a condition of employment, unless the law requires the holding of work permits.

VAT and any labour agencies used to recruit employees must not hold or otherwise destroy, conceal, confiscate or deny access by employees to employees' identity or immigration documents, such as government-issued identification, passports or work permits.

iii. Recruitment fees

VAT would be responsible for the payment of all fees and expenses associated with recruiting and hiring employees into the company. For incoming foreign or migrant employees into the receiving country, all immigration and emigration costs associated in recruitment must be covered by the Company and not to be borne by the employee. All fees should be paid directly by VAT to recruitment companies and labour agencies.

In situations where the employee has made any payment, a reimbursement either directly in full or in instalments must be made to the employee within a 30 days upon notification. Any payment and / or reimbursement must be recorded as part of the employee's personal file. VAT must communicate these standards to local labour agencies, including in contractual requirements, conduct due diligence and verify their compliance on a yearly basis as a minimum.

VAT ensures that these standards and policies are communicated and understood by all employees and contractors working on VAT sites regardless of their scope and work level. Their contracts and relevant employment documents (included but not limited to personal files, pay slips and timesheet) must be available for review during periodic audits.

VAT also undertakes the expenses in cases of repatriation of foreign or migrant workers upon completion of the contract, including when the notice period is not respected, or on termination of the contract due to illness, incapacity or violation of workers' rights. This requirement does not apply if the migrant worker resigns to work for another company in the country. If the contract was terminated for misconduct, and a deduction of repatriation fees is authorized by law, the deduction must not exceed the legal limit.

iv. Deposits

No deposit or charge for specific material or equipment provided for the job duty (such as protective equipment, uniforms, etc.) shall be required by any employee working in VAT. VAT undertakes to ensure that all employees have the necessary tools and equipment required as part of their job. These tools and equipment provided should meet the safety and health standards of national and local laws.

v. Performance Management and Development

To ensure a continuous improvement of employees' skills, behaviours and contributions to overall goals of VAT, the performance management and development process is a critical element of the employee life-cycle throughout VAT. The annual process covers the evaluation of all employees based on two (2) aspects:

- Performance
- Potential or Promotability

The performance management is a joint responsibility between the line managers and the employees to which employees are encouraged to drive their own career and development and is supported by the Line Management. As part of the performance management process, VAT provides various opportunities for employees' training, learning and development.

When an internal training or on-the-job training is provided, the Company shall not require or request any employee to repay training fees directly related to these trainings upon departure from the Company. External training or studies may be financed by VAT in exchange for a retention period only if all the following conditions are met:

- A clear training contract defining the conditions is communicated, agreed and signed by the employee.
- The training / studies are voluntarily and requested by the employee.
- The training / studies are related to personal development and not on-the-job training / studies.

The retention period if part of the agreement with the employee prior to granting of the training / study should be proportional to the duration of the training / studies. In any case, the maximum retention period should be in reasonable relation with the amount invested and in-line with local law and market practice.

If an employee leaves VAT before the end of the retention period, the employee may be requested to reimburse VAT a prorated amount equivalent to the retention period not worked.

No reimbursement would be requested in the following situation:

- The Company terminates the employment of the employee during the retention period due to restructuring, reorganisation or performance management process.
- The employee moves to another position inside VAT.

Financial Support with training expenses may be agreed on for some part of the total cost. An additional bonus may be agreed upon for successful completion of the training.

vi. Freedom of movement

In the context of their duties and working time, workers must not be unreasonably restricted in their movement within Company facilities except for safety, security or confidentiality reasons.

Prevention of Underage Labour and the Protection of Young Workers

VAT undertakes to uphold all legal requirements in its operations. This includes ensuring that no underage employees are within its workforce and that the welfare of young workers are taken into consideration. National and local laws prevail in situations where the legal age differs if stated in this document.

VAT must not and does not employ individuals who are under the minimum legal working age in the specific countries that we are operating in. Young workers between the ages of 15 (minimum age) and 18, must not work in potentially hazardous areas, or work overtime or nightshift.

Before the start of an employment, the job to be undertaken must be subject to a risk evaluation based on local criteria to ensure that there is no harm for the young workers' health and safety. VAT must not and does not conclude business agreements with suppliers or subcontractors employing individuals below the minimum legal working age in all entities and operational locations.

i. Tracking mechanism and assistance

The Company must take appropriate measures to verify and confirm the age of all employees by requesting that identification is provided before the start of any employment. If it is made aware that an underage worker (below the minimum age) is discovered working on a site, either as a direct employee or a subcontracted worker, measures must be taken to exit the contract immediately.

In addition, the site or company entity must have a process and take action to remediate any negative consequence of the underage work or contract termination, such as medical and social assistance; completion of compulsory schooling; when acceptable by law, moving underage workers into proper apprenticeship positions; maintaining the child's income until legally eligible to work and encourage a job application at VAT when eligible.

Processes to verify age may differ from country to country and / or source of engagement based on local verification procedures available.

- Active age verification must be made during the recruiting and hiring of workers.
- Original documents such as government issued identification or passport (with photo identification) is mandatory.
- Identification must be checked against information provided. Identification documents must not appear to have been altered and the physical appearance of the applicant should be consistent with the identification provided.
- Date of birth including day, month and year must be used to verify that the applicant has reached minimum age by the hiring date.
- Records must be kept of the employee's hire date and date of birth, education, work profile and contact address.

ii. Interns

VAT promotes learning and development of young workers and aims to provide a conducive environment as part of their experience. National workplace apprenticeship learning programs in compliance with national and local laws is highly supported.

All VAT sites and entities must ensure proper management of interns including apprentices, student workers, PhD students or any other student status. As part of these programmes the well-being, health & safety of the interns are taken into the consideration.

Organization of working time

i. Weekly working time and days off

The average working hours in VAT must not exceed the amount set by the local or national requirements. The working hours must be limited to a maximum of 60 hours per week (or what is defined by the local regulations) including overtime except in emergency or extraordinary situations. Workers must have at least one day off for every seven days, which is 24 consecutive hours off in the same calendar day after six consecutive days of work.

ii. Overtime hours

Overtime is on a voluntary basis and must be in-compliance with local legislation including daily and monthly overtime limits. Structured and scheduled overtime are considered as regular voluntary overtime hours. The overtime must be in line with the local working time limit and covered by a valid Company or national / local agreement specifying the conditions, which has been communicated to the workers or specified in the employment contract.

Non-scheduled overtime in line with the local working time limit, can be requested by the employee. All requests must be formalized, agreed and recorded. Any request by the Management would require a written consent from the worker and must be recorded. Workers have the right to refuse to work non-scheduled overtime hours without any penalty or retaliation.

iii. Monitoring

All major sites and offices are required to put in place a system to monitor working time (including overtime) and days off, including at least summary reports to create awareness to the management team prior to exceeding these requirements. If a non-conformance is detected, corrective action must be taken and progress documented.

iv. Breaks

Breaks must comply with local laws. In the absence of local laws, sites must conduct an ergonomic assessment to define suitable break periods.

Fair wages and benefits

VAT seeks to offer a competitive compensation and benefits package based on industry benchmarking results in the regions where we operate. At a minimum, VAT complies with all applicable wage laws, including minimum wages, holidays, vacation, personal leave, and legally mandated benefits.

All time worked must be paid. Workers must be paid in a timely manner and in accordance with local laws including in the case of resignation. All workers must receive an itemized pay slip for every pay period, showing the basis on which they are paid.

i. Overtime pay

Operators and non-exempt employees are compensated for overtime and work on public holidays at pay rates of at least 125 percent of regular hourly rates.

ii. Termination

When a contract is terminated, all wages due up until the last day of work must be fully paid according to the local payroll payment date schedule.

iii. Deductions

Wage deductions are only permitted for the following situations.

- Mandatory taxes and social charges, in line with the applicable laws and regulations.
- Deductions for services provided, such as the canteen or loan repayments under the condition that the service is optional.
- Late arrival or work suspension due to disciplinary measures; the wage deduction must be proportional to the reduction of working time (pay equals time worked) and not deducted or reduced for disciplinary reasons.
- Termination with a notice period not respected – the wage deduction is proportional to the reduction of working time. For operators and technicians working in manufacturing functions, no further financial penalty or deductions can be made, unless mandatory by law. For all other employee categories, if authorized by the law, a financial penalty can be applied in line with the employment contract. The sum can be deducted directly from the wages, up to a maximum of 60% of the monthly wage. All wage deductions must be clearly itemized on the wage slip. Further deductions from wages are not permitted.

Medical tests

Job applicants must not be subjected to pre-employment medical tests except if required by applicable laws / industrial practices. Workers must not be subjected to medical tests (including pregnancy or virginity tests) or physical exams that could be used in a discriminatory way. Medical test results must be kept confidential, accessible only by medical staff, and be maintained by third party medical services. Medical tests may be conducted for admission to the pension fund or other social security insurances if they regard a risk assessment and insurance exclusions for medical preconditions. These assessments are no qualifying requirement for a job.

Fair treatment and anti-harassment

All workers must be treated fairly. In line with the Code of Conduct of the VAT, VAT does not tolerate any mistreatment of a worker by another worker, employee and / or manager, which may include violence; coercion; verbal, psychological, sexual or physical bullying and harassment; public shaming; or any behavior which disrupts or interferes with another's work performance or that creates an intimidating, offensive or hostile work environment.

All Sites must establish a grievance procedure that clearly defines the procedure for employees who may have witnessed or being mistreated to raise concerns and to ensure fair evaluations of those concerned without fear of retaliation. This procedure must be made known to workers and any grievances raised must have closure with findings and high-level action plan.

All sites must also have a disciplinary procedure that clearly defines and specifies how disciplinary actions are taken, recorded, appealed, and communicated to workers. The disciplinary process must be applied in a fair and non-discriminatory manner and include a management review by an objective party senior to the manager who imposed the disciplinary action. The procedure must be communicated to all workers and disciplinary actions are recorded for at least one year, if compatible with applicable laws. Workers are requested but not compelled to sign all written records of disciplinary action against them.

Non – Retaliation:

VAT does not tolerate retaliation including against anyone in good faith who raised concerns / issues on misconduct or participate in an internal investigation. Good faith here refers to honestly believe a concern to be true and does not mean that the concern is right. Retaliation here can be referring to an adverse action such as changing the employees' scope of work, demoting, transferring, excluding anyone for raising a question in good faith.

Non-discrimination

In accordance with the Code of Conduct of the VAT, we maintain a culture free of discrimination and harassment, where individuals are treated with respect and dignity, regardless of their race, colour, ethnic or social background, national origin, age, gender, physical characteristics, disability, political opinion or affiliation, religion, gender identity and expression, sexual orientation, marital or maternity status, union affiliation, or any other non-job-related personal characteristic.

VAT is committed to attracting, developing and retaining its workforce respecting diversity and providing equal opportunities to all employees based on their behaviour, skill and abilities.

Decisions concerning recruitment and selection, job assignment, compensation and benefits, opportunity for training and development, transfer or promotion, termination and discipline, must be based on a fair assessment of an individual's qualifications, skills and ability, as well as past and current performance. Sites must have a process to periodically review the practices applied at each step to ensure there is no discrimination.

i. Security practices

All security practices must be subject to applicable laws and regulations, gender appropriate, non-intrusive and equally applied across all employees.

ii. Religious accommodation

If a significant number of religious followers request to accommodate religious practices in the workplace, and if permitted by local law and culture, the site may put reasonable measures in place to allow workers to meet their religious obligations. Requests may be refused for safety or security concerns, or impact on: business operations, operating costs or other stakeholders. In the case where the request cannot be met, the site will provide a documented answer in a timely manner.

Freedom of association

In accordance with ILO Conventions, workers are free to choose whether or not to organize and join lawful associations. VAT respects these rights and does not, restrict or interfere with workers' efforts to join a lawful association of their choice, and this includes any behaviour that involves threatening, interrogating, spying on, penalizing or discriminating workers. In addition, VAT does not interfere with or finance (directly, indirectly or through in-kind gifts or benefits) any employee representative, organization or trade union, except if required by law.

Workers and their representatives must be able to communicate openly with each other and with management regarding working conditions without fear of reprisal, intimidation, discrimination or harassment.

Working conditions and employee well-being

i. Worker protection

VAT is committed to providing a safe and healthy work environment conducive to worker well-being by meeting international standards for health and safety management systems on top of local and international legal requirements. VAT encourages proactive attentive and safe behaviour in the workplace and encourages worker suggestions to eliminate the potential causes of accidents or injury.

VAT sites must identify positions deemed hazardous for pregnant workers, nursing mothers, and workers with a medical condition. Sites must take reasonable measures to ensure the safety and health of such workers, including the elimination of their workplace health and safety risks or move such workers to a position adapted to their condition.

For pregnant workers it includes a worker-specific pre-natal risk assessment of the worker's job to assess risk to worker and fetus once pregnancy is reported. Once the worker returns to work a worker-specific post-natal risk assessment of the worker's job must be conducted to assess risk to worker and possible impacts on the baby through breastfeeding.

The site must provide a nursing room and reasonable break time to express breast milk for nursing mothers and make reasonable arrangements to accommodate pregnant women.

ii. Health & Safety Information

Health and safety related information must be clearly posted in the facility and workers must be provided with an appropriate workplace health and safety training in a language they can understand.

Privacy of Personal Information

VAT is committed to safeguarding the privacy of the personal data we gather concerning prospective, current, former employees, as well as temporary workers, contract workers, independent contractors, and consultants. It is VAT's policy to comply with the privacy and information security legislation within each jurisdiction in which VAT operates.

i. Reporting violations and non-retaliation

VAT promotes a 'speak up' culture, allowing everyone to express, in good faith and without fear of retaliation, any concern they might have of a potential violation of the VAT Code of Conduct, applicable laws, the Company's policies or values.

All workers and employees (including new hires as soon as they join VAT) must be made aware of the Company's reporting channels, compliance and external support hotline. No one who speaks up in good faith shall suffer any acts of retaliation such as intimidation, harassment, adverse employment or career consequences.

ii. Labour agency due diligence

It is required to conduct pre-selection due diligence to ensure labour agency compliance with applicable laws and regulations, and the applicable requirements of the Code of Conduct of VAT.

4. References

– Code of Conduct of VAT Group AG

5. Revision history

Version: 1.0
Approved by: Corporate Human Resources
Date: March 31, 2023
Revision notes:

6. Responsible Business Alliance

Appendix: **Responsible Business Alliance (RBA)**