



## Supply Chain Due Diligence Reporting 2024

### Summary of VARTAs Commitment to Responsible Sourcing

#### Introduction

VARTA AG manufactures and distributes a comprehensive battery portfolio ranging from microbatteries, hearing aid batteries, household batteries and energy storage systems to customised battery solutions for a wide range of applications, setting industry standards as a technology leader in key areas.

The topic of due diligence and responsible sourcing is not only becoming increasingly important in society but also for VARTA. VARTAs business activities are based on a complex network of suppliers from whom VARTA procures a wide range of commodities, materials, and services from all over the world. Only within the framework of a trusting and appreciative cooperation can we improve the social and environmental conditions along our supply chains and thus our products. A variety of minerals is needed for their production. Some of these minerals are associated with the financing of conflicts, human rights violations, or environmental pollution. For prevention and mitigation of negative impacts, VARTA has implemented the principles of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. This Supply Chain Due Diligence Report summarises the VARTAs supply chain due diligence activities of critical minerals. For conflict minerals (3TG; tin, tantalum, tungsten and gold) and cobalt, the OECD framework and the supplements for the 3Tminerals were implemented accordingly. Furthermore, reporting templates to enhance supply chain transparency, have been created for selected minerals contained in batteries (aluminium, lithium, manganese, nickel, graphite, copper) in order to identify potential risks.





## OECD Step 1: Strong Company Management Systems

To ensure that corporate due diligence systems identify risks associated with minerals from high-risk areas, the requirements of the OECD Due Diligence Guidance have been implemented into the existing corporate VARTA Management System.

## VARTA's Human Rights and Responsible Sourcing Policies

VARTA AG and its affiliated companies are committed to apply the precautionary approach, to comply with human rights due diligence requirements, to strengthen human rights and to enable affected people to seek remediation in the event of a human rights violation. The strategy and measures to fulfil the responsibility are described in the officially communicated [Human Rights Policy Statement](#).

Although the company has no industrial, mining, or trading activities in conflict-affected and high-risk areas within its own business area, minerals or metals acquired by VARTA could originate from such areas.

Recognizing the potential negative consequences of mineral extraction, trade, handling, and export from conflict-affected and high-risk areas (CAHRA), VARTA adopted a [policy on responsible sourcing](#) of relevant minerals from CAHRAs. This serves as the foundation to fulfil our own commitment to respect human rights and prevent the exacerbation of conflicts. Furthermore, VARTA is committed to incorporating the policy into contracts with suppliers in order to promote risk awareness. VARTA bases this policy on the current established OECD guidelines (Annex II) as well as other high risks regarding health and safety violations, negative environmental impacts, and indigenous peoples and affected communities' rights impacts.

## Structure of internal management system

The structure of the internal Supply Chain Due Diligence Management System consists of various components: These include dedicated resources in various departments continuously exchanging information and further enhancing the system, reporting to senior management once a year, and conducting trainings. Trainings are available in two different formats internally to raise awareness of the importance of the Supply Chain Due Diligence Management System and externally to stay informed on any new developments regarding supply chain due diligence through various training courses offered by the Responsible Minerals Initiative.

## Establishment of a transparency system

To enhance supply chain transparency of the 3TG minerals and cobalt, the industry standard templates Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) are used. An external software service provider supports the automatic collection and aggregation of the information received. This software provider is a member of the Responsible Minerals Initiative (RMI) and thus helps to verify the identified smelters for their compliance with the Responsible Minerals Assurance Process (RMAP) audit. It also supports detecting red flags in the CMRTs and EMRTs that we received from our suppliers. To create transparency in the supply chain for minerals and metals not included in the CMRT and EMRT, such as lithium, nickel and graphite, we have also developed an



additional template (Supply Chain Questionnaire) that enables the entire supply chain to be traced back to its origin.

## Engagement with suppliers

We aim to pass on our requirements for responsible sourcing to our suppliers. Hence existing suppliers with increased sustainability-related risks as well as new suppliers receive the [Supplier Code of Conduct](#) and the [Responsible Sourcing Policy](#). The Supplier Code of Conduct contains the amfori Business Social Compliance Initiative (BSCI) Code of Conduct as well as the complete annex II of the OECD Due Diligence Guidance. In addition, environmental issues and requirements for transparency in the supply chain are also included. Furthermore, the reporting requirements under the Dodd-Frank Act for the 3TG minerals have been added to the Quality Assurance Agreement, as well as a reference to the disclosure of the origin of cobalt and other relevant minerals and metals.

A six-step strategic plan including various measures, KPIs and targets has been developed for suppliers with increased customer-related and legal requirements for specific mineral supply chains in order to achieve the goal of transparency and due diligence. This performance management plan is intended to achieve the objectives of increasing transparency and due diligence measures such as RMAP or equivalent certification of smelters and IRMA or equivalent audits at mines. It is based on six modules, which are interlinked but can also be completed independently of each other by each affected supplier. The modules include basic requirements such as the signing the Supplier Code of Conduct, the development of a due diligence management system and the third-party auditing of mines.

Further, company engagement with suppliers has been strengthened through consistent communication. Therefore, sustainability requirements are incorporated into our Terms and Conditions of Purchase and actively communicated to suppliers.

## Grievance mechanism

An important part of supply chain due diligence management is the establishment of a grievance mechanism. We provide various options for complaints, which are aligned with the UNGP criteria. In addition to VARTA's grievance mechanism ([VARTA Integrity Line](#)), the RMI and amfori BSCI provide further complaints mechanisms which are publicly available and supervised by the organisations themselves.

This enables stakeholders and whistleblowers to raise complaints of being negatively affected by our own business activities or those of our supply chain. The VARTA Integrity Line is publicly available on our company website and is also referred to in our policies. All grievances mechanisms are communicated to stakeholders within our sustainability report.

Results for the reporting year 2023:  
No evidence of non-compliance was recorded.

Results for the reporting year 2022:  
No evidence of non-compliance was recorded.

Results for the reporting year 2021:  
No evidence of non-compliance was recorded.



## **OECD Step 2: Identification and Assessment of Risk in the Supply Chains**

The aim is to identify and assess risks related to supply chain circumstances.

### **Risk-preassessment**

Before a risk identification was carried out as part of the second step of the OECD guidance, a risk pre-assessment was conducted by reviewing media reports and the Material Insights platform of the Responsible Minerals Initiative (RMI). In addition, the EU Battery Regulation (2023/1542) came into force on 18 February 2024. This regulation contains obligations for economic operators in chapter VII applicable from the 18 August 2025 with regard to the due diligence obligations relevant for the raw materials cobalt, natural graphite, lithium, nickel and chemical compounds from these raw materials that are required for the production of the active materials of batteries. For this reason and customer requirements, the focus is on aluminium, cobalt, copper, gold, graphite, lithium, manganese, nickel, tantalum, tin and tungsten in particular.

### **Identification of smelters/refiners in the supply chain**

We identify smelters/refiners for conflict minerals in the supply chain through the Conflict Minerals Reporting Template (CMRT) and the Extended Minerals Reporting Template (EMRT). This is obtained at the least once annually from our direct suppliers. In order to obtain reliable answers, these were also checked for plausibility according to defined criteria and, if necessary, returned with a request for correction.

A separate template, the Supply Chain Questionnaire was developed to obtain information on the supply chain of other relevant minerals such as lithium, nickel and graphite. The template is sent to material suppliers relevant to the production selected battery types.

Results for the reporting year 2023:

A total of 30 cobalt suppliers were identified who disclosed 29 refiners (identified through RMI smelter IDs). 100 % of the suppliers responded to our query.

A total of 55 suppliers of 3TG material were identified who disclosed 556 smelters (identified through RMI smelter IDs). These include 187 tin smelters, 59 tantalum smelters, 78 tungsten smelters and 233 gold smelters. 100 % of the suppliers responded to our conflict minerals survey

In the supply chains for lithium, nickel and graphite, 9 suppliers were identified for the currently relevant product groups. These suppliers have disclosed 10 processors.

Progress has also been made in the area of transparency in other relevant supply chains (e.g. aluminium, copper).

Results for the reporting year 2022:

A total of 29 cobalt suppliers were identified who disclosed 19 refiners (identified through RMI smelter IDs). 100 % of the suppliers responded to our query.



A total of 60 suppliers of 3TG material were identified who disclose 348 smelters (identified through RMI smelter IDs). These include 85 tin smelters, 38 tantalum smelters, 51 tungsten smelters and 174 gold smelters. 100 % of the suppliers responded to our conflict minerals survey.

A total of 16 high-priority suppliers relevant to the production of lithium-ion batteries were identified. 75 % of the suppliers responded to our query.

Results for the reporting year 2021:

23 cobalt suppliers were identified who disclosed 23 smelters (identified through RMI smelter IDs). 100% of the suppliers responded to our query.

61 suppliers of 3TG material were identified who disclosed 371 smelters (identified through RMI smelter IDs). 100 % of the suppliers responded to our conflict minerals survey.

## **Identification of risk assessment scope**

The reporting templates which VARTA received were critically reviewed in accordance with set criteria. The criteria were partly defined by the external software provider and partly derived from customer requirements. Based on the collected information, red flags were defined. Each type of red flag was assigned different weightage according to their criticality. In order to be able to carry out the process in a risk-based and prioritised manner, the relevance of the suppliers for the company was also considered. Based on these two factors, a risk analysis and a risk matrix were drawn up. The risk matrix is divided into different sections, which determine the scope and priority of the due diligence measures.

## **Assessment of smelters/refiners due diligence measures**

Due to multiple supply chain actors between VARTA and the respective smelter/refiner, we do not evaluate their due diligence measures directly, but evaluate them according to their compliance with, for example, an audit by the Responsible Minerals Initiative (RMI). This information is provided automatically via the platform of the external software provider.

In addition, membership with the Responsible Minerals Initiative (RMI) provides various resources that we use to further improve our Supply Chain Due Diligence Management System. For example, the facility database provides information on smelters and companies identified in mineral supply chains, as well as additional guidance on the Responsible Minerals Assurance Process (RMAP) status. Furthermore, conflict-affected and high-risk areas are identified using the Global Risk Assessment Platform.

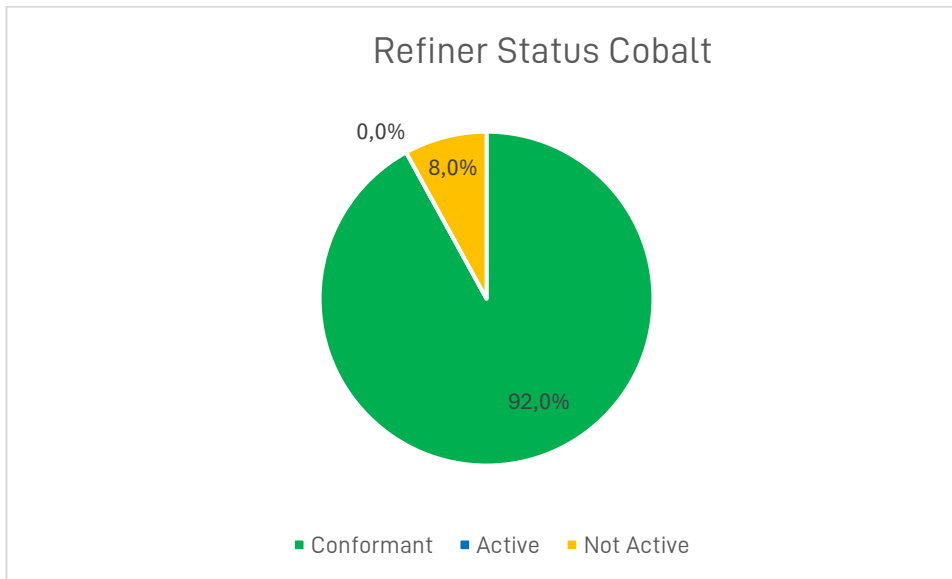
To get more insights into the supply chain, we also use a supply chain risk intelligence platform. This platform uses artificial intelligence (AI) to monitor supply chain risks and sustainability topics. This tool finds, evaluates and categorises risks affecting suppliers. For this purpose, it monitors information about suppliers in press articles, on social media and other channels and it automatically generates alerts in case of critical events. The collected data is then used to create risk profiles for suppliers/refiners in our supply chain.

Results for the reporting year 2023:



Of the total 25 cobalt smelters, 92 % have achieved RMI conformant smelter status. The remaining smelters are either in the process of RMI engagement or unknown to the RMI.

Term	Definition	Number of smelters
Alleged Smelter	Smelter identified by the suppliers	25
Eligible	RMI recognized smelter eligible for RMAP	25
Conformant	Smelter who passed RMI RMAP audit	23
Active	Eligible smelter who is not yet conformant but is working with the RMI to become conformant	0
Not Active	Not actively working with the RMI. Also includes businesses that are not in operation - either temporarily or permanently.	2

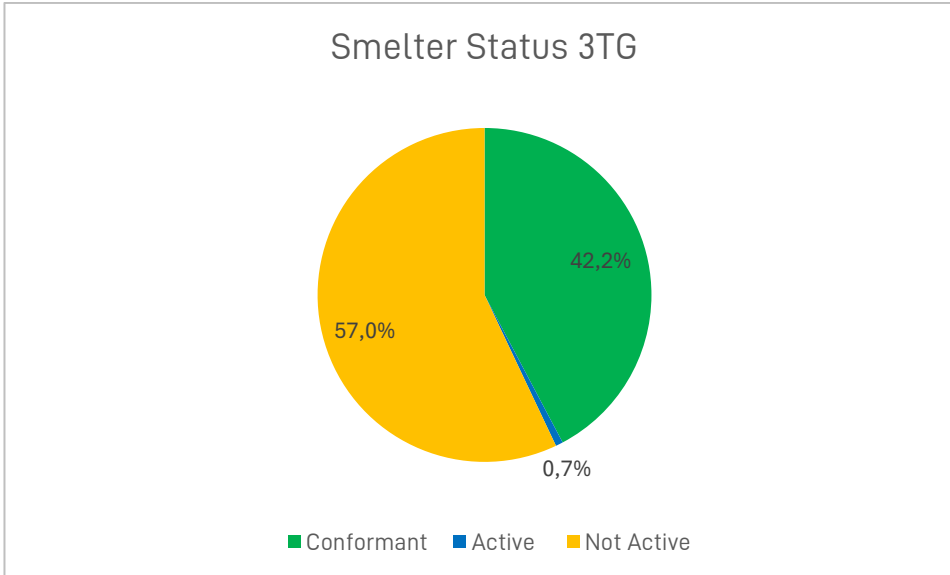


Of the total 557 tin, tantalum, tungsten and gold smelters, 42,2 % have achieved RMI conformant smelter status. Another 0,7 % are currently in the process of certification and are therefore listed as active. The remaining smelters are either in the process of RMI engagement or unknown to the RMI.

Term	Definition	Number of smelters
Alleged Smelter	Smelter identified by the suppliers	556
Eligible	RMI recognized smelter eligible for RMAP	334
Conformant	Smelter who passed RMI RMAP audit	237



Active	Eligible smelter who is not yet conformant but is working with the RMI to become conformant	4
Not Active	Not actively working with the RMI. Also includes businesses that are not in operation - either temporarily or permanently.	320

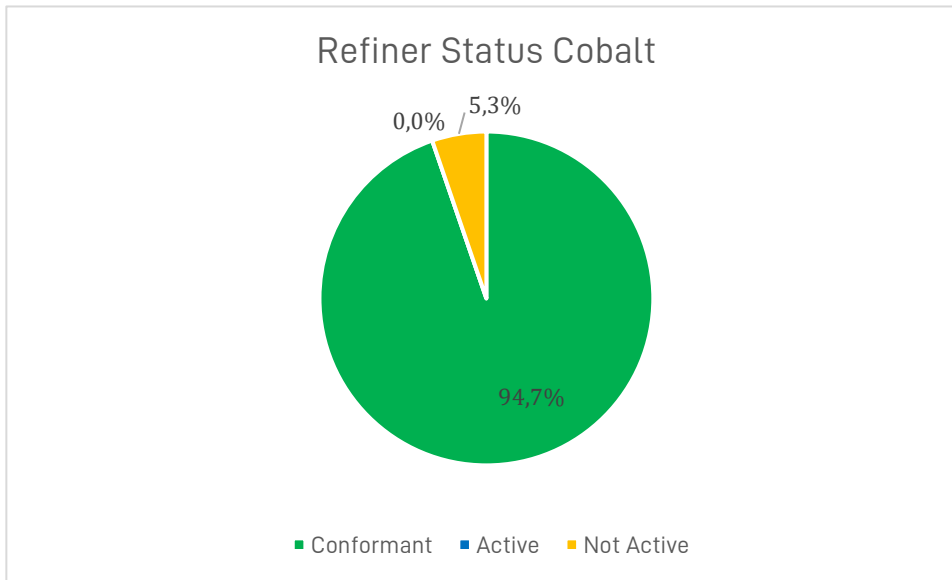


The assessment of the supply chains for lithium, nickel and graphite has not yet been completed.

Results for the reporting year 2022:

Of the total 19 cobalt smelters, 94,7 % have achieved RMI conformant smelter status. The remaining smelter is either in the process of RMI engagement or unknown to the RMI.

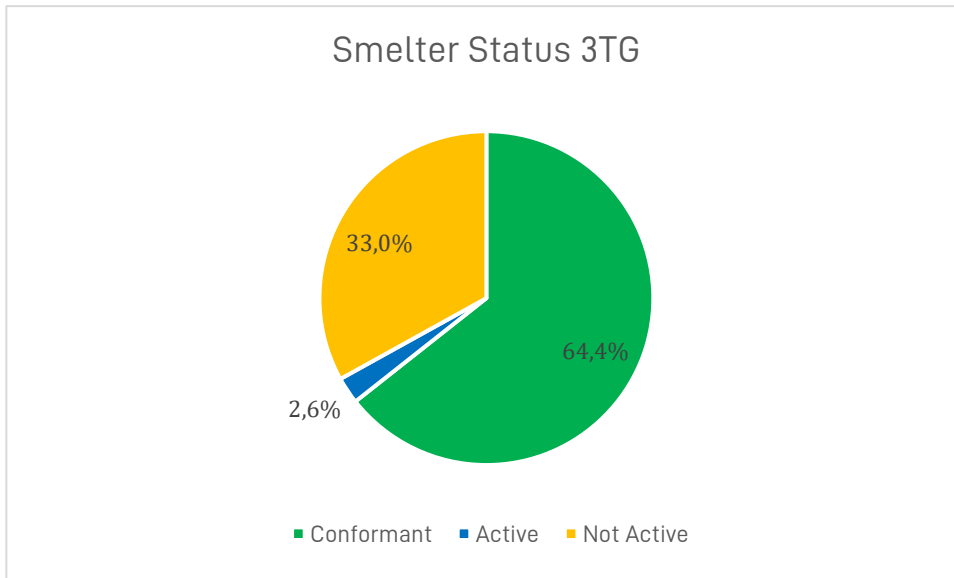
Term	Definition	Number of smelters
Alleged Smelter	Smelter identified by the suppliers	19
Eligible	RMI recognized smelter eligible for RMAP	18
Conformant	Smelter who passed RMI RMAP audit	18
Active	Eligible smelter who is not yet conformant but is working with the RMI to become conformant	0
Not Active	Not actively working with the RMI. Also includes businesses that are not in operation - either temporarily or permanently.	1



Of the total 348 tin, tantalum, tungsten and gold smelters, 64,4 % have achieved RMI conformant smelter status. Another 2,59 % are currently in the process of certification and are therefore listed as active. The remaining smelters are either in the process of RMI engagement or unknown to the RMI.

Term	Definition	Number of smelters
Alleged Smelter	Smelter identified by the suppliers	348
Eligible	RMI recognized smelter eligible for RMAP	327
Conformant	Smelter who passed RMI RMAP audit	224
Active	Eligible smelter who is not yet conformant but is working with the RMI to become conformant	9
Not Active	Not actively working with the RMI. Also includes businesses that are not in operation - either temporarily or permanently.	115





Results for the reporting year 2021:

Of 23 cobalt smelters, 73,9 % have achieved RMI conformant smelter status. Another 21,7 % are currently in the process of certification. The remaining smelters are either in the process of RMI engagement or unknown to the RMI.

Of 371 3TG smelters, 62,5 % have achieved RMI conformant smelter status. Another 4,9 % are currently in the process of certification. The remaining smelters are either in the process of RMI engagement or unknown to the RMI.



## **OECD Step 3: Strategy to Respond to Identified Risks**

Based on the identified red flags, risk management measures are defined in coordination with the suppliers.

### **Report to senior management**

The status of due diligence activities is reported to top management on an annual basis. The corresponding corrective action plan is also agreed in this context.

### **Adoption of the risk management plan**

The risk management plan includes three options: continuing trade while ensuring measurable risk mitigation efforts, temporarily suspending trade while pursuing ongoing measurable risk mitigation and/or disengaging with a supplier in case mitigation appears not feasible or unacceptable. The risk management plans are coordinated and agreed upon with the suppliers. A corrective action plan template is sent to each supplier with smelters that are not certified by the Responsible Minerals Assurance Process by the Responsible Minerals Initiative. This is then completed by the suppliers. It is expected that they will provide evidence of another audit or define appropriate measures on how they will develop the smelters towards certification and in turn also pass on these requirements to their suppliers.

Results for the reporting years 2023:

As part of the newly developed strategy plan, appropriate corrective measures are agreed with the suppliers and tracked and traced accordingly using a digital tool.

Results for the reporting years 2022:

Some suppliers have reported that the requirements have been passed to their suppliers and have provided evidence of such measures. Other measures of VARTAs suppliers included the suspension of the supply relationship with relevant smelters. Further measures have been agreed with suppliers who have not yet identified any smelters in their supply chain. They are requested to contact their suppliers and obtain further information. In addition, the topics are also evaluated internally at VARTA, and further measures are developed if necessary.

### **Implementation, monitoring, and performance of risk management**

The monitoring follows, if necessary, via audits or via the review of the CMRT and EMRT templates in the following year.

Results for the reporting year 2023:

Transparency improved significantly in this reporting year. Parts of the supply chain were identified, particularly in the lithium, nickel and cobalt sectors.



Results for the reporting year 2022:

For the new reporting year 2022, improvements have become visible, as many previously non-certified smelters are either no longer included in the supply chain or have passed an appropriate audit (e.g. Responsible Minerals Assurance Process audit conducted by the Responsible Minerals Initiative).

## **Additional facts and risk assessments**

Each risk management measure is reassessed to determine whether it creates new risks.

Results for the reporting year 2023:

Currently, no risks have been generated as result of the risk measures.

Results for the reporting year 2022:

Currently, no risks have been generated as result of the risk measures.



## **OECD Step 4: Independent third-party audit of Supply Chain Due Diligence**

The aim is not only to develop our Supply Chain Due Diligence Management System through membership in industry organizations, but also to actively participate in working groups to contribute to the advancement of due diligence procedures for various types of minerals and metals.

### **Checklist for suppliers**

A due diligence questionnaire has been developed, to ensure the implementation of the most critical requirements of a profound due diligence management system at relevant suppliers. In addition, the consistency of the data in the CMRT and EMRT is tracked and, if necessary, mitigation measures are triggered as part of risk management.

Results for the reporting year 2023:

The Due Diligence Audit questionnaire was sent to all relevant suppliers together with the revised Supply Chain Questionnaire. In particular, the requirement was included that the actors in the supply chain must have undergone an appropriate audit (e.g. RMAP for refineries or IRMA for mines). We collaborate with our customers to audit our direct suppliers accordingly.

Results for the reporting year 2022:

The Due Diligence Audit Questionnaire was implemented in the internal Supplier Quality Management Process and the procedure was trained accordingly.

### **Audits from customers on Supply Chain Due Diligence**

VARTAs due diligence management system was also reviewed by an independent third party with a focus on selected supply chains for aluminium, cobalt, copper, lithium, graphite and nickel. VARTA has passed the third-party audit with a few non-conformities. These findings are used to improve our Supply Chain Due Diligence Management System step by step.

### **Participation in an industry organisation**

Since the beginning of 2022, VARTA is an official member of the Responsible Minerals Initiative (RMI). By becoming a member of the Responsible Minerals Initiative, we not only would like to give this topic a great importance, but we would also like to use the benefits of membership to enhance our due diligence management system. We participate in the RMI working groups "Due Diligence Practices Team" and "Emerging Minerals" to contribute to the further development of due diligence processes for different types of minerals and metals.



## OECD Step 5: Report on Supply Chain Due Diligence

The report on due diligence approaches, measures, and results is published annually. Furthermore, the identified smelters are made publicly available via the CMRT and EMRT on our website. This is updated at regular intervals.

We are aware of our responsibility for human rights due diligence. This report demonstrates that VARTA takes charge of the due diligence obligations despite remaining challenges in the raw materials supply chain. Many of these challenges can only be mitigated in the long term and not by VARTA on our own. The report is intended to be the start of a meaningful dialogue with interested stakeholders. We look forward to receiving feedback on this report at [\*\*Conflict-minerals@varta-ag.com\*\*](mailto:Conflict-minerals@varta-ag.com).