

# 9. ETHICAL CORPORATE MANAGEMENT

**Ethical corporate management means accountable corporate governance of the Group that is geared to creating sustainable value in the long term and to ensuring that the conduct of all Group employees complies with statutory requirements and internal guidelines as well as fundamental moral and ethical values (Compliance).**

## **Ethical Corporate Management**

In order to ensure that accountable management and control of the Group serve to create sustainable value in the long term, the Group's Management Board and Supervisory Board undertook as early as in 2003 to comply with the Austrian Corporate Governance Code.

## **Compliance**

We commit to complying with all laws in all of the countries in which voestalpine operates. We believe, furthermore, that Compliance is the expression of a culture rooted in ethical and moral principles.

## **Human Rights**

We commit to upholding human rights in accordance with the UN Charter and the European Convention on Human Rights, and we support the UN Global Compact (UNGC).



## 9.1 COMPLIANCE

voestalpine requires its companies and all of its employees to comply with all laws in all of the countries in which it operates. For voestalpine, however, Compliance means more than just acting legally and in accordance with other external requirements. It is the expression of a culture that is also rooted in ethical and moral principles. The principles of this corporate culture as it relates to the treatment of

customers, suppliers, other business partners, and employees are spelled out in the voestalpine Code of Conduct.

Likewise, voestalpine requires its suppliers as well to comply, without limitation, with all applicable laws in the respective country and, in particular, to respect and uphold human rights as fundamental values.

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## 9.1.1 THE CODE OF CONDUCT

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*The voestalpine Code of Conduct was enshrined in writing in 2009. It is the result of numerous conversations and discussions at the level of the Management Board, the managing directors, and the department heads of the voestalpine Group. It is based on the Group's corporate values and provides the basis for ethically and legally sound conduct on the part of all of the Group's employees. The Code of Conduct was revised in the business year 2019/20 to integrate all those of the voestalpine Group's values and behavioral rules that had not yet been included in it as principles. It was published in German and twenty additional languages and may be downloaded from the Internet:*

<https://www.voestalpine.com/group/en/group/compliance/code-of-conduct-of-voestalpine/>

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### **The Code of Conduct covers the following areas:**

- >> Compliance with laws and other external and internal requirements
- >> Human rights, respect, and integrity
- >> Fair competition
  - > Competition and antitrust law
  - > Corruption, bribery, acceptance of gifts
- >> Donations and sponsorships
- >> Trade wars and conflict minerals
- >> Money laundering
- >> Conflicts of interest
- >> Data privacy and protection
- >> Protection of information and intellectual property
  - > Secrecy of confidential information
  - > Intellectual property
- >> Protection of corporate property and IT usage
- >> Workplace protections
- >> Environmental and climate protection
- >> Prohibition of abuses of insider information
- >> Corporate communications
- >> Reporting of misconduct

The Code of Conduct applies to all members of the management boards, the managing directors, and the non-executive employees of all entities in which voestalpine AG has a direct or indirect interest of at least 50% or which it controls in some other way. As regards all other companies in which voestalpine AG has a direct or indirect stake of at least 25% but does not control them, the Code of Conduct is brought to their attention with the request that they enforce it by having their corporate decision-making bodies recognize it of their own volition.

Every employee must reckon with disciplinary consequences if they violate statutory provisions, internal guidelines, regulations, and instructions, or the provisions of voestalpine's Code of Conduct. Moreover, violations may also have consequences under criminal and/or civil law, e.g., claims to compensation and claims for damages.

voestalpine aims to have the Code of Conduct apply throughout its sphere of influence. Suppliers and consultants are required to comply with the Code of Conduct for Business Partners. Additionally, Group companies are urged to bring the Code of Conduct to the attention of their customers and to strongly encourage them to commit to compliance therewith. All of voestalpine's business partners are also requested to reasonably promote adherence to the Code of Conduct among their own business partners along the supply chain.

voestalpine AG has adopted several Group guidelines that serve as a helpful tool for employees in applying the Code of Conduct. The Compliance rules and regulations associated with the voestalpine Code of Conduct currently comprise the following:

### **Business Conduct**

These guidelines supplement and flesh out the Code of Conduct with respect to issues of corruption, bribery, acceptance of gifts, and conflicts of interest. For example, they regulate the permissibility of gifts, invitations, and other benefits; donations and sponsoring; secondary employment as well as the private purchase of goods and services by voestalpine employees from customers and suppliers. The section entitled Business Conduct also addresses the prohibition of political contributions. The voestalpine Group does not allow donations to politicians, political parties, organizations affiliated with political parties, or political front organizations. This does not apply to political front organizations that are devoted solely to social issues and have been individually approved by the Management Board of voestalpine AG.

### **Dealings with Brokers and Consultants**

This guideline contains additional supplemental information on issues of corruption, bribery, and the acceptance of gifts. It defines the procedure to be complied with before sales representatives, agents, and other marketing consultants are engaged. An objective analysis of business partners' environment and scope of activities before establishing business relationships with them serves to ensure that the business partners also comply with both applicable law and the voestalpine Code of Conduct.

### **Antitrust Law**

This guideline describes the prohibition of agreements restricting competition; provides rules for dealings and interactions with associations, professional associations, or other industry organizations; and defines concrete rules of conduct for all employees of the voestalpine Group. Additionally, manuals have been developed with respect to issues of information sharing and benchmarking, procurement alliances, and supplier relationships with competitors; they provide employees with information on these topics from an antitrust perspective.

### **Compliance Manual & Prevention Program**

These rules and regulations provide information on the Group's Compliance strategy; the Compliance structure; measures aimed at preventing, identifying, and responding to violations; sanctions; as well as the Web-based whistleblower system that also offers the option of reporting Compliance violations anonymously.

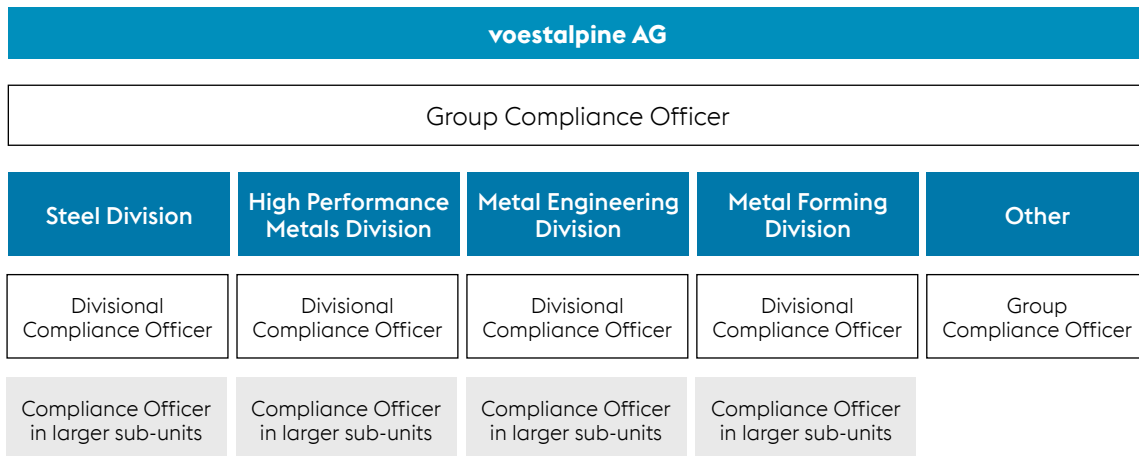
### **Code of Conduct for voestalpine's Business Partners**

The rules and regulations that are directed toward suppliers of goods and services as well as toward brokers, consultants, and other business partners define the principles and requirements for doing business with voestalpine. Among other things, voestalpine requires its business partners to respect and comply with human rights as fundamental values in accordance with the European Convention on Human Rights and the UN Charter. In particular, this applies to the prohibition of child and forced labor; the prohibition of human trafficking in any way, shape, or form; the equal treatment of employees; and the right to employee representation and collective bargaining.

### 9.1.2 COMPLIANCE SYSTEM

Responsibility for adherence to Compliance regulations rests with the respective management. A Compliance system was established in the voestalpine Group in the business year 2011/12 to help management fulfill its responsibility and to set up the processes required to this end.

Aside from a Group Compliance Officer, a Divisional Compliance Officer was appointed for each division; additional Compliance officers were appointed in certain divisional sub-units. The Group Compliance Officer reports directly to the Chairman of the Management Board and is not bound by instructions. The Divisional Compliance Officers report to both the Group Compliance Officer and the respective division heads.



**Compliance officers are responsible for the following areas:**

- >> Antitrust law
- >> Corruption
- >> Compliance with capital market regulations
- >> Fraud (internal cases of theft, fraud, misappropriation, or embezzlement)
- >> Conflicts of interest
- >> Special topics assigned to the Compliance system by the Management Board of voestalpine AG (e.g., in connection with issues related to UN or EU sanctions)

All other Compliance issues—e.g., environmental law, taxes, accounting, labor law, protection of employees or data—are not part of the Compliance officers' sphere of responsibility. These Compliance issues are handled by the respective departments.

### 9.1.3 PREVENTIVE MEASURES

As part of its Compliance activities, voestalpine places particular importance on preventive measures including, in particular, education and training, discussions with management, and communications. As a result, managing directors, sales personnel, and other employees have attended face-to-face training that is aimed at sensitizing them to issues of antitrust law since 2002.

Employees of the voestalpine Group have completed a total of more than 66,400 e-learning courses on the Code of Conduct and antitrust law (including refresher and advanced courses) since e-learning courses were introduced in the voestalpine Group (antitrust law from 2009, Code of Conduct from 2012).

The existent e-learning courses on antitrust law (including an advanced course) and on the Code of Conduct were redesigned and rolled out in the business year 2019/20. In addition to the learning units, the courses also present case studies and require a final test.

The e-learning courses are continually supplemented by face-to-face training tailored to target groups, particularly sales and marketing personnel. This face-to-face training is generally focused on adherence to the law and internal guidelines as well as on corruption and antitrust law as it applies to the participants' respective sphere of activity.

Compliance training is mandatory for young executives: Six to seven training sessions are conducted per year for up to 40 employees each. Face-to-face training on issues of adherence to capital market regulations is also provided to employees of voestalpine AG.

Furthermore, Compliance is a regular topic in Group communications and is addressed repeatedly—including by top management—during major employee events at the level of the Group and the divisions.

#### KEY E-LEARNING TOPIC: “COMPLIANCE BASICS”

What is Compliance	Compliance at voestalpine	Routine Compliance	Consequences of violations	Case studies and final test
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#### KEY E-LEARNING TOPIC: “FAIR COMPETITION”

Overview of antitrust law	Legal basics and consequences	Collusion between competitors	Collusion between suppliers and buyers	Case study: Sharing market information	Final test
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#### KEY E-LEARNING TOPIC: “RECAP”

Collusion between competitors	Abuse of market position	Case study: Pricing policies	Case study: Sales prices
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### 9.1.4 REPORTING COMPLIANCE VIOLATIONS

Reports of Compliance violations should be made openly for the most part, i.e., divulging the whistleblower's name. Pursuant to the Code of Conduct, such reports may be addressed to the individual's direct supervisor; the appropriate legal or human resources department; the management of the respective Group company; Internal Audit of voestalpine AG; the Group Compliance Officer; or one of the Divisional Compliance Officers. Upon request, whistleblowers are ensured of absolute confidentiality.

Furthermore, an option to anonymously report violations via a web-based whistleblower system has been available since 2012. However, reports using this system may be filed solely with respect to antitrust law, corruption, fraud, and conflicts of interest; put differently, only reports on these issues are processed through this system. The system makes it possible for the appropriate Compliance Officers to communicate with whistleblowers while maintaining absolute anonymity.

## 9.2 CORPORATE GOVERNANCE

The Management Board and the Supervisory Board of voestalpine AG resolved as early as in 2003 to recognize the Austrian Corporate Governance Code (the "Code"), and they have also implemented all of the amendments introduced in the meantime without exception.

In addition to the mandatory "L rules" (legal requirements), voestalpine AG voluntarily complies with all of the Code's "C rules" (comply or explain) and "R rules" (recommendations). The Code provides Austrian stock corporations with a framework for managing and monitoring their companies. It is based on the provisions of Austrian stock corporation, stock exchange, and capital market law as well as, generally, on the OECD Principles of Corporate Governance.

It was most recently revised in January 2020. The Code achieves validity when companies voluntarily undertake to comply with it. It aims to establish an accountable corporate governance system for companies and Groups that is geared to the creation of sustainable value in the long term. By voluntarily undertaking to abide by the Code, voestalpine supports these objectives and commits to providing a high degree of transparency to all of the company's stakeholders.

Business transactions with associated companies and parties as well as pending legal proceedings are reported in the semi-annual and annual financial statements of voestalpine AG.

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