

# 4. STAKEHOLDER AND CR MANAGEMENT

**Stakeholders are individuals and institutions who, for private or professional reasons, are interested in an organization because they are affected by the organization's actions or because they can influence its development.**

voestalpine's Corporate Responsibility Steering Committee and the CR Manager have identified the company's most important stakeholder

groups based on this definition. The list is reviewed at regular intervals as to its completeness and topicality.



Management has the important task of maintaining the company's relationships with its stakeholders, taking up their concerns and rec-

onciling divergent interests as best as possible. This has been and is the basis of voestalpine's successful and sustained development.

## 4.1 STAKEHOLDER COMMUNICATION

voestalpine is in regular contact with the stakeholder groups through its Management Board, as well as its executive and non-executive personnel. Numerous opportunities and formats such as shop talks and expert roundtables, conferences and trade shows as well as analyst and investor meetings are used to this end.

In addition, voestalpine is not only represented on a wide variety of bodies serving advocacy groups, trade associations, and lobbying campaigns, it also presents the company's concerns to these bodies. The company also supports platforms and initiatives that promote sustain-

able development. During the reporting period, communications with individual stakeholder groups regarding the topics relevant to the given group took place in various settings.

The following capsule descriptions show how contacts and communications with the stakeholders are structured. The examples presented show the key stakeholder groups and the most frequently used formats. voestalpine's executives also engage with other groups at different locations in various ways.

### 4.1.1 EMPLOYEES

The voestalpine Group currently has a global workforce of about 50,000 employees. Both the annual employee performance review and the regular Group-wide employee survey are key tools for engaging in structured communications with the company's employees. Employees' feedback is analyzed by management and flows into any measures the company develops, for example, with respect to personnel development.

In many voestalpine Group companies, a works council represents employees' interests. Local works councils are superseded by a European Works Council and a Group Works Council, both of which maintain an open dialogue with management.

Through internal audits and trainings—for example, in Compliance, health & safety, IT security, or data privacy and protection—voestalpine ensures not only that its employees abide by and implement a range of requirements but also that their knowledge is current.

## 4.1.2 CUSTOMERS AND SUPPLIERS

voestalpine maintains very open and close-knit relationships with all its business partners. These frequently long-term relationships with customers and suppliers provide the basis for trusting and transparent cooperation. Together with these partners, the company develops processes and products that satisfy the requirements of all parties involved and ensure low-impact utilization of resources.

Issues of sustainability are increasingly moving to the center of voestalpine's communications with customers and suppliers. Besides conven-

tional supply chain management issues such as quality, costs, availability, and delivery dates, increasingly the conversations are also focused on climate action, energy and resource efficiency as well as compliance with labor and human rights in production.

The voestalpine Code of Conduct is binding on all of the Group's suppliers and business partners and forms part of its terms and conditions. For more information on this issue, please see the chapter on "Transparency in the Supply Chain."

## 4.1.3 ANALYSTS AND INVESTORS

Institutional investors and analysts are a key stakeholder group of voestalpine in its capacity as a listed company. The members of voestalpine's Management Board and the managers of its Investor Relations department maintain close relationships with the company's shareholder representatives and investors through investor conferences, roadshows, as well as personal visits—increasingly via online meetings and virtual

conferences—in order to discuss current developments and the market situation. As far as the topic of sustainability is concerned, climate relevant emissions and risks, human rights in both the company and the supply chain, as well as the EU Taxonomy Regulation, are the central concerns discussed with analysts and investors alike.

## 4.1.4 RESEARCH INSTITUTES AND UNIVERSITIES

voestalpine's collaboration with both universities and unaffiliated research institutes is indispensable and boosts the Group's research and development work. The company supports outstanding dissertations, master's theses, and research projects. It also endows professorships that can generate knowledge relevant to its core business and contribute new insights.

The members of voestalpine's Management Board personally represent the Group during special student events (some of which are also held virtually) and answer questions from the students who, in their capacity as potential future employees, are considered an important stakeholder group.

### 4.1.5 NGOS, SPECIAL INTEREST GROUPS, AND PLATFORMS

Representatives of voestalpine belong to various working groups and committees of special interest groups and platforms. These include the World Steel Association (“worldsteel”); the Austrian Society for Metallurgy and Materials (ASMET); the European Steel Technology Platform (ESTEP); and the Austrian Financial Reporting and Auditing Committee (AFRAC). In addition, voestalpine actively engages in political debates with relevant industry associations such as the European Steel Association (EUROFER) and the European Rail Supply Industry Association (UNIFE) in order to present its views on various socially and politically relevant topics or to support a unified approach to the interpretation of particular statutory norms.

In April 2019, voestalpine became a member of ResponsibleSteel—a not-for-profit organiza-

tion and policy initiative that focuses on the sustainable production of steel and the sustainable procurement of both raw and other materials. voestalpine actively engages in the ongoing development of the standard on which these policy initiatives are based. In the Northern summer of 2021, the Group’s largest steel plant (located in Linz, Austria) submitted to an audit process aimed at obtaining the certification pursuant to the ResponsibleSteel Standard; it is one of the very first steel companies to have done so.

voestalpine also maintains good communications with non-governmental organizations (NGOs). Its Management Board and experts engage in intensive and constructive exchanges of opinion with several NGOs, particularly with respect to energy and climate policies as well as other environmental topics.

## 4.2 CORPORATE RESPONSIBILITY MANAGEMENT

Corporate Responsibility Management (CRM) and the identification of topics relevant to CR, as well as assessments regarding their materiality, are first and foremost the responsibility of the Corporate Responsibility Steering Committee and the CR Manager. The CR Manager is responsible for coordinating within voestalpine and represents the company at numerous events and initiatives related to corporate responsibility and sustainability.

The company’s CEO chairs the Corporate Responsibility Steering Committee. It comprises the heads of the following Group departments: Compliance, Legal, Environment, Research,

Communications, Human Resources, health & safety, Investor Relations, General Procurement and Raw Materials Procurement as well as International Business Relations.

This corporate body discusses issues that stakeholders bring to the attention of voestalpine in connection with particular events or that are becoming increasingly important in the ongoing sustainability debate. These discussions also involve exploring the direct and indirect ramifications of the company’s business activities in connection with these topics, and adopting measures as necessary to mitigate adverse effects.

## 4.3 MATERIAL TOPICS

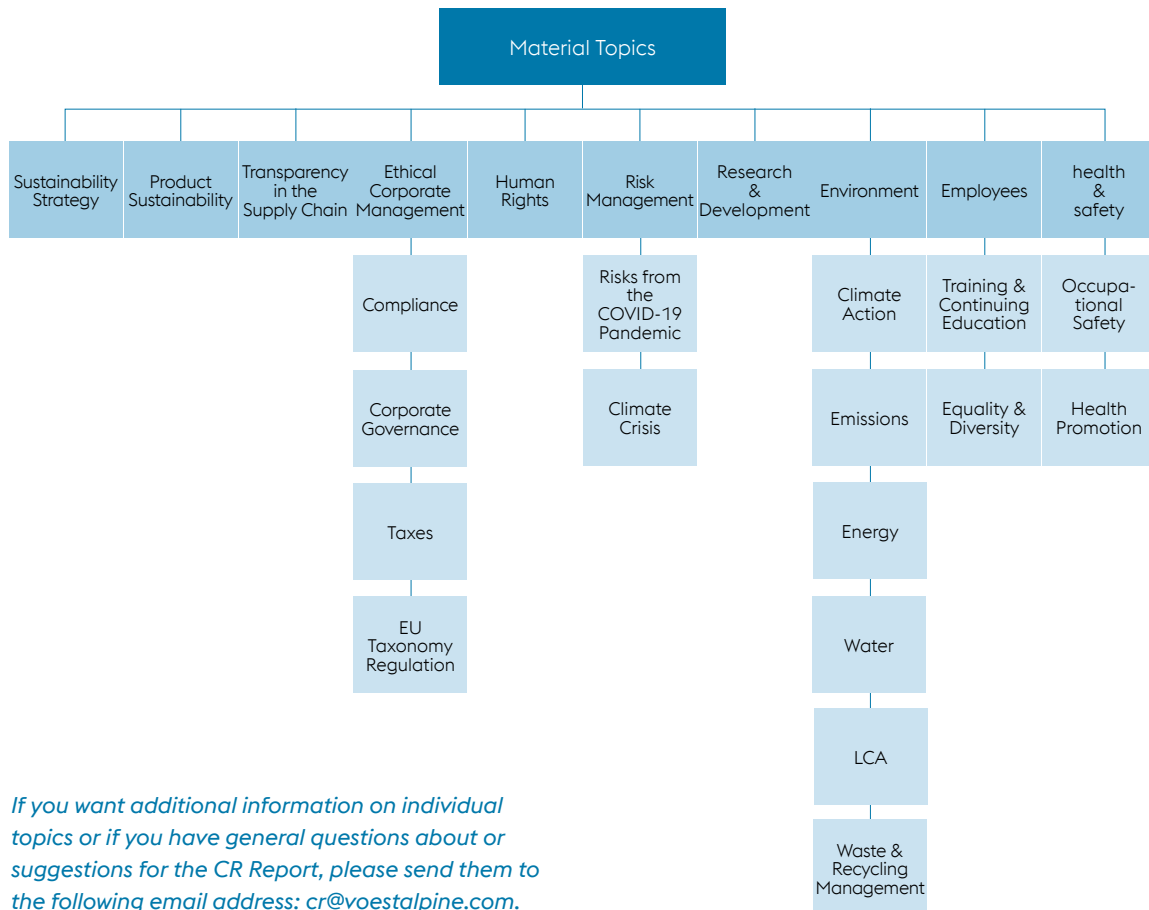
voestalpine uses its ongoing communications with internal and external stakeholder groups to identify those topics that are key to CR Management and the relevant reporting.

Prior to the preparation of the annual CR Report, the members of the Corporate Responsibility Steering Committee draw up a list of the topics considered most important by the stakeholder groups. The list is supplemented by those topics that have been identified in connection with the company's work in relevant bodies as

well as through analyses of trade publications and benchmark analyses of select competitors, suppliers, and customers.

A subsequent step involves assigning a materiality rating to all those topics that have or could potentially have positive or negative effects on voestalpine's business activities. Information on voestalpine's management approach, performance, and goals with respect to all material topics is published in the CR Report.

**The following topics were identified as central to the present CR Report:**



*If you want additional information on individual topics or if you have general questions about or suggestions for the CR Report, please send them to the following email address: [cr@voestalpine.com](mailto:cr@voestalpine.com).*



# 6. PRODUCT SUSTAINABILITY

**In Europe, both the political and the regulatory framework are aimed at redirecting the economic system toward a circular economy (also known as “circularity”). This lends particular significance to sustainability all along the supply and value chains.**

The concept of circularity requires analyzing products’ entire value chain—broken down by environmental, economic, and social factors—across all phases of their life cycle: from the raw materials to the products’ manufacture, utilization, and/or consumption, all the way to the end of their life cycle, which brings about the onset of a new life cycle.

voestalpine has been implementing and continually refining the core concerns of circularity at the level of both processes and products in many areas for a long time.

In and of themselves, steel products have a long useful life and contribute to the ongoing development of the circular approach. Modern lightweight steel and production processes (e.g., additive manufacturing) make it possible to reduce the amount of raw materials required for a given product. In their utilization phase, steel products can be repaired and put back together again through various processes, which extends their useful lives. Given their resistance and longevity, steel products can also be repurposed and repeatedly recycled. At the end of their useful lives, finally, they serve as secondary raw materials that are used to manufacture new high-value steel products. The cycle is closed and can be repeated any number of times; this is referred to as the “multirecycling of steel.” The use of waste and recycled materials from the company’s own

steel production also contributes to the circular economy, as does the use of waste and secondary raw materials from external production processes. In turn, the by-products of steel production can be utilized as secondary raw materials to manufacture products in other industries. Different types of blast furnace sand that are generated in the production of steel are examples of this kind of industrial symbiosis. They are used as grinding additives in the cement industry, thus conserving natural resources and lowering CO<sub>2</sub> emissions from the production of cement. voestalpine uses research & development to push the efficient use of alternative and/or secondary sources of raw materials.

The company’s current focus on determining products’ sustainability lies on environmental issues. Specifically, this involves analyzing the environmental impact of products and their decarbonization. Life cycle assessments (LCAs) are both a core element of this process and a methodological tool. This requires uniform, workable, and globally comparable methods that can help to level the playing field internationally, thus promoting sustainable economic growth.

Environmental product declarations (EPDs) are a critical tool that voestalpine uses to determine and communicate products’ environmental impact based on their life cycle assessments. EPDs are based on two international

standards—EN 15804 and ISO 14025—and are audited and verified by independent third parties. voestalpine has listed and published environmental product declarations for various products—e.g., hot-formed strip steel; hot-dip galvanized strip steel; hot-formed, pressed steel sections; prestressed concrete turnout sleepers; as well as rails and seamless tubes—in the declarations program of the German “Institut Bauen und Umwelt” (IBU), an association of building product manufacturers. EPDs for a number of other products are in preparation.

The decarbonization of the steel industry is a considerable challenge for both process and product development and is inseparable from circularity. It is important to ensure in the transformation toward largely CO<sub>2</sub> free production that the high quality of products and raw materials remains the same. Moreover, a technological transformation also affects existent substance and materials cycles as well as symbiotic industrial relationships and thus requires the ongoing and/or new development of sectoral and cross-sectoral approaches to circularity.

Regular exchanges with various stakeholders regarding decarbonization and product sustainability along the supply and value chains help voestalpine to continually refine its strategy for CO<sub>2</sub>-reduced steel production, which must also be climate neutral in the long term, and to flesh it out step by step.

To create the greatest possible transparency for its stakeholders and make the stages of the transformation as comparable as possible, the voestalpine Group undertakes to set targets for reducing its greenhouse gas (GHG) emissions

based on the parameters of the Science Based Targets initiative (SBTi). SBTi reviews and validates the Scope 1, Scope 2, and Scope 3 emissions targets based on state-of-the-art climate sciences.

As part of its comprehensive decarbonization strategy, voestalpine's Steel Division has already leveraged its “CO<sub>2</sub>-reduced steel” climate project to implement short-term decarbonization measures at its Linz, Austria, plant. The aim is to cut direct CO<sub>2</sub> emissions along the Group's existing steelmaking process chain. The environmental effects of the resulting products, particularly their carbon footprint, are determined and reported by way of LCAs carried out in accordance with internationally accepted methods and standards.

Sustainable and decarbonized products are becoming ever more important to the supply and value chains. It is absolutely necessary, therefore, to develop uniform definitions, methodologies, and parameters and thus level the playing field in the international competition for sustainable products.

These developments are supported by cross-sectoral entities, for example, by the advocacy organization, ResponsibleSteel, which voestalpine joined in 2019; it was one of the first steel companies to do so.

# 7. CLIMATE ACTION

The Supervisory Board's policy decision on the implementation of the Group's transformation program known as "greentec steel" is yet another critical step that voestalpine is taking en route to climate-neutral steel production in the long term. By adopting this ambitious, step-by-step plan—whose first phase already constitutes the largest program aimed at cutting CO<sub>2</sub> emissions in Austria—voestalpine is purposefully embracing an approach that considers different technological options contingent on potential political and regulatory parameters, thus minimizing the economic risk to the Group as best as possible and, at the same time, enabling a high CO<sub>2</sub> reduction potential. In addition, voestalpine continues to expand its "green" product lines as well as the generation of renewable energy in its own plants, especially through photovoltaics-powered, renewable electricity.

## 7.1 THE POLITICAL FRAMEWORK

At the level of the EU, measures such as the guidelines on energy efficiency and renewable energies, the future design of the electricity market, or the green gas market package have still not been finalized. A similar situation prevails in Austria at the time of writing with respect to topics concerning the implementation of these and other EU requirements.

The introduction of a European carbon border adjustment mechanism (CBAM) in conjunction with a revision of the EU's emissions trading system (EU ETS) sets the agenda for the steel industry. Consequently, starting in calendar year 2026, the CBAM will initiate an incremental phasing out of the no-cost allocations of emissions trading allowances by calendar year 2034.

The basic principle underlying the CBAM is the idea that importers must either satisfy a CO<sub>2</sub> pricing system that corresponds to the EU ETS or pay import tariffs. In a first step, the CBAM concerns the iron, steel, aluminum, cement, electricity, fertilizer, and hydrogen industries as well as select upstream and downstream products. A transition phase leading up to the program's actual launch in calendar year 2026 should start as early as in the Northern fall of 2023. To date, however, no solutions for exports from the EU have been found. Such exports would serve to offset the EU's higher climate action standards relative to other regions and thus also create more or less comparable competitive conditions. Nevertheless, the decision now places the affected companies' planning as to the availability of allowances in the future and the expected cost developments associated with the shift to CO<sub>2</sub>-reduced technologies on a much more stable footing than has been the case to date.



So far, there is no sign of an integrative and comprehensive approach to a “green” EU-wide industrial policy that addresses the long-term competitiveness of energy-intensive industries and their value chains (e.g., availability and prices of renewables, European hydrogen infrastructure, fiscal and other supportive policies). While the US “Inflation Reduction Act” provides USD 370 billion in investment subsidies driven

by strong fiscal supports and incentives for sectors relevant to energy and climate, so far the EU’s “Green Deal Industrial Plan” only contains proposals for two pieces of legislation—the “Net Zero Industry Act” that focuses on the energy system and the “Critical Raw Materials Act” that is aimed at boosting Europe’s domestic supply of strategically important raw materials.

## 7.2 EU EMISSIONS TRADING

The voestalpine Group’s need to buy additional allowances under the current ETS regime follows from the difference between its overall need for allowances (= amount of emissions) less the allocated no-cost allowances. Just as in previous years on average, in the business year 2022/23 it equated to about one third of its total CO<sub>2</sub>

emissions. Meanwhile, the allowance price has jumped 17%, from EUR 76 to just under EUR 90. Volatile price developments that continue unabated even caused the price to breach the EUR 100 threshold for a short time in February 2023.

## 7.3 THE greentec steel CLIMATE ACTION PROGRAM

In March 2022, the Supervisory Board of voestalpine AG greenlit the preparatory work for climate-friendly steel production at the Group’s plants in Linz and Donawitz (both Austria). This work has been consistently implemented since then. In March 2023, the Supervisory Board fundamentally approved an investment volume of about EUR 1.5 billion for building the two facilities.

The plan is to substitute two electric arc furnaces (EAFs) driven by green power for two coal-based blast furnaces. The EAF uses scrap, liquid pig iron, and hot briquetted iron (HBI), with the mix adjusted to specific quality requirements. voestalpine sources the required HBI primarily from the direct reduction plant in Texas, USA. This plant has been majority-owned by a global steel manufacturer since calendar year 2022, with voestalpine holding a 20% stake as well as secure long-term procurement contracts.

The decisions as to facilities and suppliers will be made before the end of calendar year 2023, construction will start in 2024, and both units will be commissioned in 2027. This will enable the Group to produce 2.5 million tons of CO<sub>2</sub>-reduced steel per year and thus cut its current emissions at both plants by some 30%. This equates to about 5% of Austria's current annual CO<sub>2</sub> emissions, making greentec steel the country's largest undertaking with respect to climate action. The modalities of the first implementation step are still contingent on clarification of open funding issues with the Austrian federal government and the upgrade of the electric power grid (a 220 kV transmission line in the country's core Upper Austria region) slated for the end of calendar year 2026 at the latest.

voestalpine is pursuing a long-term approach comprising several modular technological steps and options in order to manufacture net climate-neutral steel no later than by 2050 as envisioned under the EU's ETS target. These technological steps and options focus equally on the greatest possible CO<sub>2</sub> mitigation effect and on the project's actual feasibility (e.g., against the backdrop of applicable political and legal parameters, the availability of raw and other input materials as well as green energy and the requisite infrastructure).

Below is an overview of the key elements and milestones of voestalpine's greentec steel program:

- >> **Reduction in CO<sub>2</sub> emissions by 30% from 2027**
  - > Substitution of two coal-based blast furnaces in Linz and Donawitz by one green electricity powered electric arc furnace
- >> **Reduction in CO<sub>2</sub> emissions by 50% from 2030**
  - > Substitution of other conventional pig iron production facilities at both plants
- >> **Net zero CO<sub>2</sub> emissions by no later than 2050**
  - > Possible options include the use of fossil-free sources of energy—e.g., green hydrogen and bioenergy—and the sequestration (i.e., carbon capture, utilization, and storage (CCUS)) of CO<sub>2</sub>. The aim is to achieve the greatest possible flexibility, taking the economic feasibility of the net zero strategy into account.
  - > Hence the final decisions will be made at a later date to coincide with investment cycles and in accordance with then foreseeable requirements.

# 8. TRANSPARENCY IN THE SUPPLY CHAIN

voestalpine procures a very wide range of materials and products as well as services from a multitude of suppliers. As part of the company's supply chain management, data on the social and environmental effects and risks of suppliers' activities are systematically collected, evaluated, and integrated into the development of supplier relationships. voestalpine's Sustainability Strategy defines principles that govern both general procurement and raw materials procurement.

## General Procurement

Entrepreneurial activity also entails the responsibility to satisfy both corporate and general social requirements. For many years now, the steel industry has considered voestalpine to be the benchmark in matters related to the environment and efficiency. The consistent implementation of sustainable supply chains makes an important contribution to the Group's Sustainability Strategy. The purchasing organization thus has started to implement the roadmap for "Sustainability in the Supply Chain."

Compliance with environmental and social principles is an important factor in the selection of voestalpine's suppliers. Sustainable supplier management is integrated into the procurement processes in view of maintaining long-term partnerships.

voestalpine ensures through informational events such as the Purchasing Power Day as well as the three-stage Purchasing Power Academy (which was developed in house) that its employees in procurement are given ongoing training and continued professional development (CPD) opportunities with respect to topics that include sustainability and compliance.

Procurement processes are continually updated and optimized in keeping with statutory as well as corporate requirements. voestalpine's relevant economic actions and decisions are based on its Code of Conduct for Business Partners.





## Raw Materials Procurement

Applying life cycle approaches (closed loop) in cooperation with our customers guarantees the highest efficiency in the process of recycling our raw and reusable materials.

We face the challenge of continually optimizing our supply chains jointly with our suppliers. Regular visits to the sources of raw materials and pre-materials, especially mines and deposits, are a fixed element of this process. Together, we develop methods for designing an efficient supply chain. New suppliers are assessed in terms of their corporate responsibility, quality, and performance, and are included in our portfolio of suppliers when the evaluation findings are positive. The Sustainable Supply Chain Management (SSCM) Project is used to screen our raw material supply chains from the bottom up, examining

key factors pertaining to corporate responsibility. voestalpine ensures that absolutely all of its raw materials are subjected to this process, thus mitigating risk over the long term.

The primary responsibility of raw materials procurement management is to secure the long-term, competitive supply of both raw materials and energy. A high degree of integration into upstream and downstream processes, scenario planning, and adaptive supply concepts serve to minimize potential risks.



## 8.1 SUPPLY CHAIN MANAGEMENT IN GENERAL PROCUREMENT

voestalpine's Purchasing Board is the decision-making and steering body of Group Purchasing. It is responsible for the Group's purchasing strategy and has overall authority for managing general procurement in the Group. The Purchasing Board meets once every quarter and continually fleshes out the parameters of the purchasing structure, adopts resolutions on strategic content, decides escalation procedures, and communicates current decisions and resolutions.

It is supported by the Purchasing Committee, which is tasked with both operational implementation of the purchasing strategy and Group-wide management of purchasing. The Purchasing Committee meets monthly, carrying

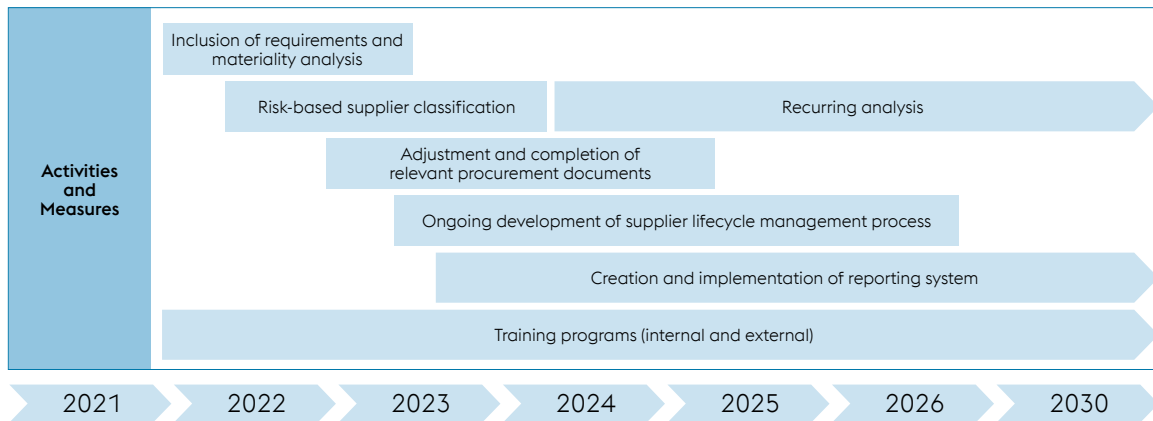
out the Purchasing Board's instructions to implement strategy and control purchasing within the Group:

- >> Monitoring and development of the purchasing structure, particularly the lead buyer structure
- >> Making decisions as to escalation processes arising from the purchasing and lead buyer structure
- >> Strategic prioritization of projects, requests, and topics
- >> Group-wide harmonization of the merchandise category structure
- >> Procedural coordination as to cross-divisional suppliers
- >> Regular status reports to the Purchasing Board

In the business year 2021/22, the Purchasing Committee not only developed a strategic plan that contains measurable milestones for ensuring transparency and sustainability in the supply chain but also started to implement the roadmap for Sustainability in the Supply Chain. Over and above compliance with applicable statu-

tory requirements—such as the German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz) or the pending EU Supply Chain Act—the roadmap is designed to ensure adherence to defined sustainability criteria in the supply chain and reduce (Scope 3) CO<sub>2</sub> emissions.

## SUSTAINABILITY IN THE SUPPLY CHAIN



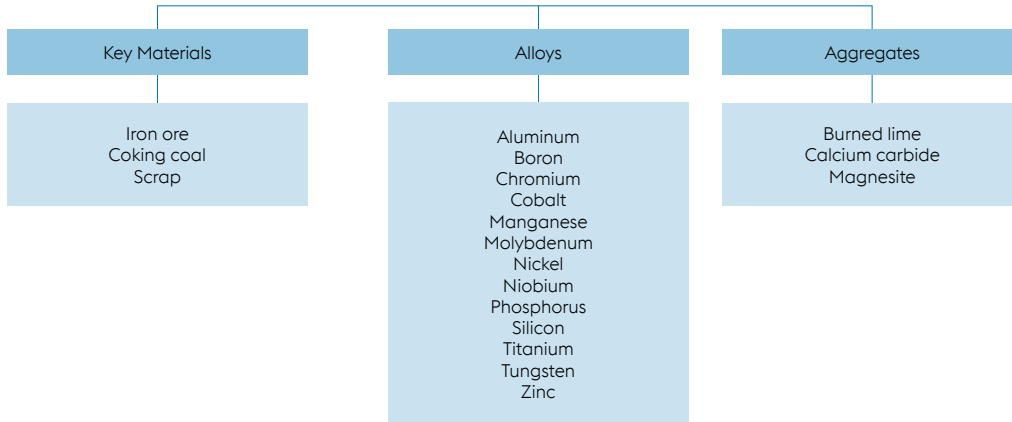
## 8.2 SUSTAINABLE SUPPLY CHAIN MANAGEMENT (SSCM) FOR RAW MATERIALS

Both voestalpine’s purchasing terms and conditions and its Code of Conduct, which apply to all suppliers, contain numerous criteria aimed at sustainable procurement and, in particular, compliance with human rights.

In addition, the company has implemented a process in connection with the procurement of raw materials that serves to identify sustainability risks in the supply chain and to avoid and/or minimize potentially adverse effects.

This was based on the SSCM Project that examined a typical supply chain in steelmaking for risks associated with materials, countries of origin, and suppliers. voestalpine included both external and internal experts in the project as early as in 2016, and has conducted personal conversations with many long-term suppliers since then in order to identify potentially negative effects in the supply chain.

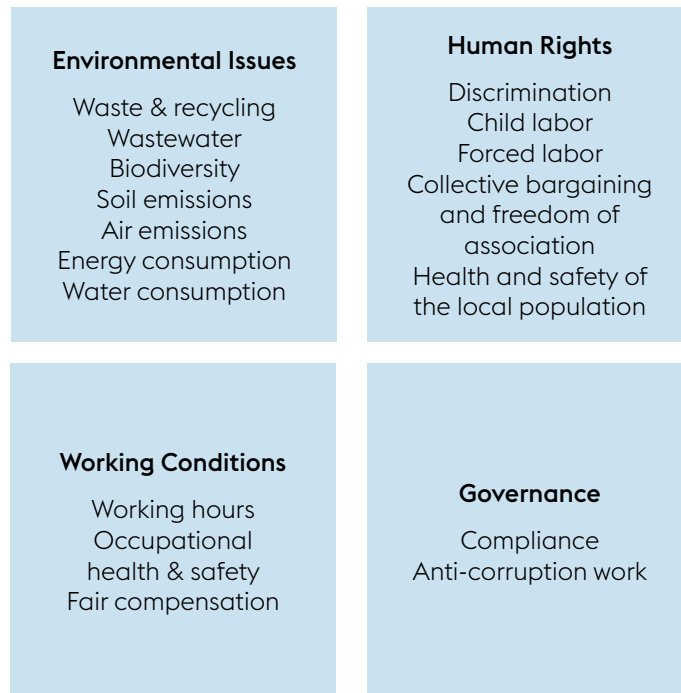
Key materials that were analyzed as part of the project:



The following source countries (listed alphabetically) for these materials were included in the examination of the supply chain:

Albania • Australia • Austria • Brazil • Canada • China • Czechia • Finland • Germany • Norway • Poland • Russia • South Africa • Sweden • Türkiye • Ukraine • USA

Raw materials, countries of origin, and suppliers were examined with respect to:



The insights gained in the project were entered into a matrix that highlights potential risks, i.e., so-called hot spots. This made it possible to rule out human rights hotspots, particularly regarding child labor and forced labor, for all suppliers.

Whenever there are challenges at suppliers with respect to environmental issues, the given suppliers are asked to describe the situation and

suggest solutions; on-site supplier visits are conducted for verification purposes. The majority of suppliers (if they are producers) have already obtained their ISO 14001 or ISO 45001 certification.

---

*An evaluation of the SSCM Project for raw materials suppliers is planned for the business year 2024/25.*

---

## 8.3 CR & COMPLIANCE CHECKLIST

A questionnaire that asks suppliers to provide information about themselves—the “CR & Compliance Checklist”—was developed simultaneously with the SSCM Project. Besides questions about general corporate information, it especially contains detailed questions on various sustainability issues, such as human rights, occupational safety, environmental policies, and compliance. The Checklist, which so far has been used chiefly in connection with raw materials purchases, is gradually being rolled out to general merchandise procurement categories also. It is evaluated on a regular basis and adjusted to changing parameters, such as supply chain legislation.

Going forward, communications with suppliers regarding the questions and their ongoing development as well as the analyses of the questionnaires will take place via user-friendly IT systems.

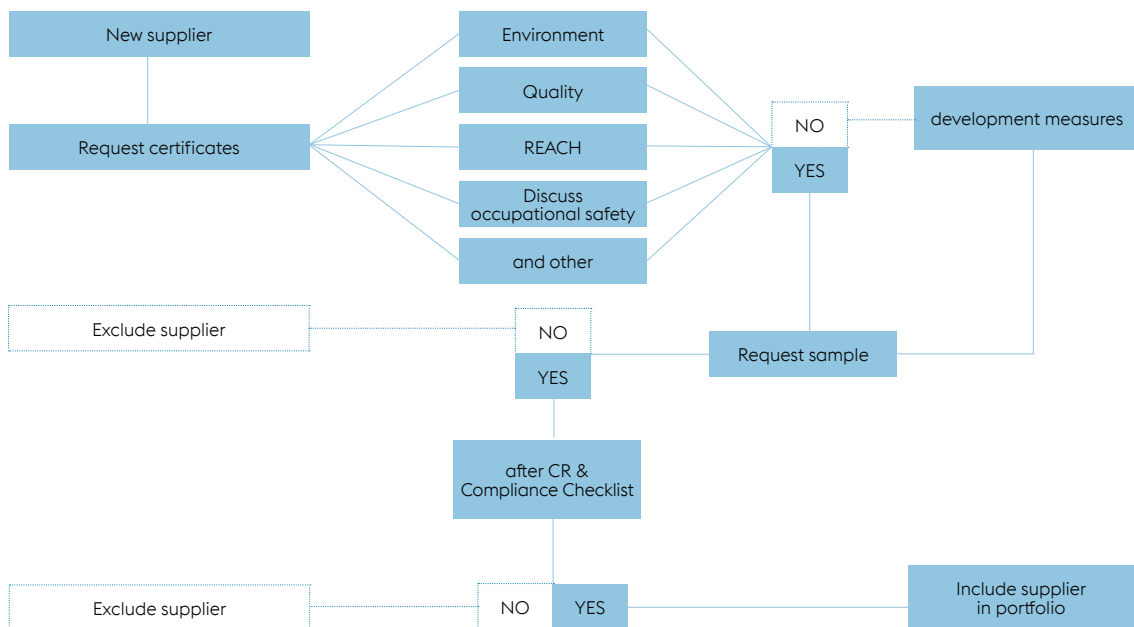
On-site visits are conducted regularly at least once a year; however, this did not apply during the COVID-19 pandemic. Such visits expand the supplier assessment in conjunction with both the CR Checklist and the Compliance Checklist and can help to eliminate any remaining questions as to potential risks.

## 8.4 SUPPLIER ASSESSMENT

A systematic process based on personal meetings, a standardized questionnaire, and a quality assessment of the materials is used to select companies commissioned to supply those raw materials, products, and services to the voestalpine Group that directly affect the end products.

Suppliers must also undergo a mandatory acceptance process pursuant to the Responsible Sourcing Policy for them to be included in the supplier portfolio of voestalpine Rohstoffbeschaffungs GmbH. Deliveries to voestalpine are precluded until this process has been successfully completed.

Schematic overview of the process:



The raw materials suppliers are evaluated once a year and subsequently rated as A, B, or C suppliers. Depending on the raw materials category, different parameters are used to this end, e.g., environmental management, innovation, quality management, or even flexibility and ability to stick to deadlines.

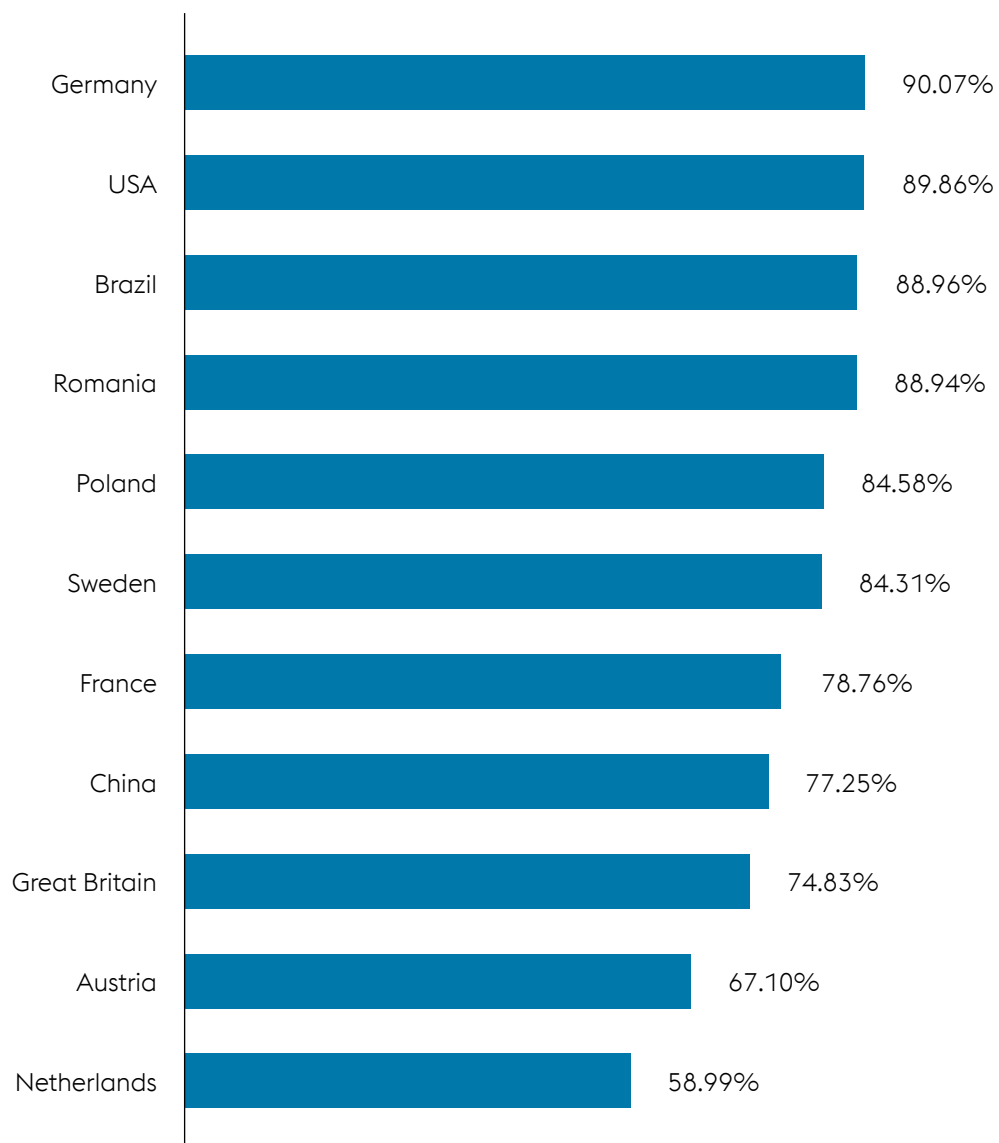
Suppliers that achieve an A or B rating are given preference in the procurement process. Corrective measures are jointly defined with B and C suppliers and set forth in writing; they must be implemented within one year.

## 8.5 LOCAL SUPPLIERS

For the most part, voestalpine Group companies procure the range of products they need from producers, traders, and wholesalers. Whenever possible, the companies make their purchases regionally, thus boosting host country economies. Regional proximity is pronounced, espe-

cially in connection with the procurement of services. The following graph shows the respective share of local suppliers. Suppliers whose businesses are domiciled in the same country as the voestalpine company they supply are considered local.

### BUSINESS YEAR 2022/23



## 8.6 CODE OF CONDUCT FOR BUSINESS PARTNERS

The Management Board of voestalpine AG adopted an updated Code of Conduct for Business Partners at the close of the business year 2022/23. This Code defines voestalpine's principles and requirements. It is designed to ensure that business partners' practices conform to both voestalpine's values and as applicable laws and regulations.

The principles and requirements are rooted in the Human Rights Policy and the voestalpine Code of Conduct as well as in the UN Guiding Principles (UNGPs) on Business and Human Rights; the principles enshrined in the UN Global Compact (UNGC); the International Bill of Human Rights; and the United Nations Convention against Corruption.

The Code of Conduct for Business Partners regulates the following issues:

- >> **Compliance and responsible corporate governance**
  - Compliance with laws
  - Prohibition of active and passive corruption
  - Prohibition of bribery (e.g., making gifts to employees)
  - Money laundering
  - Fair competition
  - Protection of information, intellectual property, and data
  - Trade restrictions and sanctions
- >> **Social responsibility**
  - Respect for human rights and working conditions
  - Prohibition of child labor
  - Prohibition of forced and bonded labor, human trafficking, and modern slavery
  - Collective bargaining and right to freedom of association
  - Diversity, equal opportunity, and prohibition of discrimination
  - Compensation and working hours
  - Health and workplace protections
  - Training of security staff
  - Local communities and indigenous peoples
- >> **Environmental protection & climate action**
  - CO<sub>2</sub> footprint
- >> **Supply Chain Management**
  - Raw materials and base minerals
- >> **Misconduct reporting**
- >> **Cooperation and collaboration**

## 8.7 ADVOCACY ORGANIZATIONS AND SUPPLY CHAIN TRANSPARENCY PROJECTS

voestalpine is active in a number of advocacy organizations that work on issues of supply chain transparency. For example, experts from a number of different departments participate in working groups set up by ResponsibleSteel in order to help develop both the organization's certification standard and product-specific requirements related, in particular, to input materials and greenhouse gas (GHG) emissions. In November 2021, voestalpine's Linz, Austria, plant was granted ResponsibleSteel's Certificate following a detailed audit conducted by independent auditors.

The collaboration of the World Steel Association with TD International (TDI)—which provides a platform for the systematic compilation of risks related to materials and source countries—also allows voestalpine to contribute its pertinent expertise.

Internally, the Group has already established suitable working groups tasked with analyzing current supply chain transparency regulations and preparing the company for the EU's forthcoming supply chain legislation.

In the course of the business year 2023/24, voestalpine's suppliers will be informed of the company's basic policies on responsible procurement and notified of the steps it intends to take with respect to climate action and environmental protection as well as human rights.

# 10. HUMAN RIGHTS

**In its absolute commitment to safeguarding human rights, voestalpine bases its activities on the UN's Universal Declaration of Human Rights and the European Convention for the Protection of Human Rights and Fundamental Freedoms (EHCR). Since 2013, voestalpine has supported the UN Global Compact (UNGC) whose ten principles address labor standards, environmental protection, and the fight against corruption besides the promotion of human rights.**

Respecting and upholding human rights is of great importance to voestalpine. voestalpine does not tolerate child or forced labor, nor discrimination of any kind—neither within the Group nor at its business partners.

The company's commitment to respecting and upholding human rights is enshrined in detail in the chapter of the voestalpine Code of Conduct entitled "Respect and Integrity." The obligation to uphold human rights is also firmly established in the company's binding Code of Conduct for Business Partners.

## HUMAN RIGHTS TRAINING FOR EMPLOYEES

All employees of the voestalpine Group are required to complete a Human Rights e-learning course. This e-learning course is being rolled out in three modules:

- >> Module 1: Fundamentals of Human Rights
- >> Module 2: Human Rights in Day-to-Day Work
- >> Module 3: Human Rights in the Supply Chain

The e-learning course is available in the following languages: German and English as well as Mandarin & Cantonese, Czech, Dutch, French, Italian, Polish, Portuguese, Romanian, Russian, Spanish, Swedish, and Turkish.

In the business year 2022/23, fully 84% of the company's employees already completed Module 1. Module 2 was rolled out in early April 2023; completion of this course is mandatory too.

## HUMAN RIGHTS POLICY

voestalpine's Management Board adopted a Human Rights Policy in March 2023. voestalpine requires not only its executive and non-executive employees, but also all of its business partners to uphold human rights.

## HUMAN RIGHTS TRAINING FOR SECURITY PERSONNEL

voestalpine's plant security staff largely comprises the company's own employees, who are subject to the voestalpine Code of Conduct. All third-party security personnel used are subject to the Code of Conduct for Business Partners. Both documents mandate compliance with human rights. voestalpine provides human rights training for its own employees; external security personnel are trained by their own employers.

## COLLECTIVE BARGAINING AND THE RIGHT TO FREEDOM OF ASSOCIATION

voestalpine champions every employee's freedom and their right to join unions. About 75% of all of the voestalpine Group's employees are in an employment relationship that is governed by a collective agreement or comparable industry-wide agreements. The Group also has a European Works Council and a Group Works Council, both of which maintain good levels of communication with management.

## COMPENSATION AND WORK HOURS

Work hours must comply with national legislation and prevent employees from experiencing excessive physical and mental fatigue. Employees should be entitled to at least one day off per week.

Employees must be compensated in accordance with applicable legal regulations and collective agreements, and this compensation must be sufficient to meet the basic needs of both employees and their families and to provide them with a decent standard of living.

## CHILD LABOR

voestalpine absolutely rejects any form of child labor. Furthermore, care must be taken to ensure that the employment of young people does not jeopardize their health, safety, and development.

## FORCED AND BONDED LABOR, HUMAN TRAFFICKING, AND MODERN SLAVERY

voestalpine does not tolerate any kind of forced or bonded labor, human trafficking, or modern slavery. Forced and bonded labor refer to all work or services performed by individuals coerced to do so under threat of punishment. This also includes the withholding of identification documents and passports, restrictions on the freedom of movement, and debt bondage.

Both the voestalpine Code of Conduct and the company's Code of Conduct for Business Partners explicitly mention and expressly prohibit human trafficking and modern slavery.

## RIGHTS OF INDIGENOUS PEOPLES

As voestalpine operates solely in developed industrial areas, its business operations do not impinge on the rights of indigenous peoples and/or local communities. Suppliers are required to comply with the rights of indigenous peoples as part of their supply chain management.

## DIVERSITY, EQUAL OPPORTUNITY, AND BAN ON DISCRIMINATION

voestalpine is committed to respecting all people with whom it has a relationship-irrespective of gender, skin color, nationality, ethnicity, religion or worldview, disability, age, sexual orientation, and identity. This commitment and corresponding actions promote a climate of acceptance, equal opportunity, and mutual trust. As laid out in the “Respect and Integrity” chapter of the voestalpine Code of Conduct, the Group does not tolerate any form of discrimination.

## HUMAN RIGHTS IN THE SUPPLY CHAIN

As part of the company's review of its supply chains (Sustainable Supply Chain Management, SSCM), suppliers are evaluated in targeted fashion with respect to compliance with human rights and, specifically, any violations of the prohibition of child, forced, and bonded labor. In case of violations, voestalpine takes appropriate measures that may ultimately lead to the suspension or termination of the supply relationship.

## UN GLOBAL COMPACT'S HUMAN RIGHTS ACCELERATOR 2023

voestalpine has been participating in the UN Global Compact's “Business & Human Rights Accelerator” program since February 2023. This is a six-month program that supports companies in their efforts to strengthen human rights.

## REPORTS OF VIOLATIONS

Reports of human rights violations can always be submitted in person to supervisors, the local Human Resources (HR) departments, Group HR at voestalpine AG as well as to the Management Board. Violations may also be reported to the Human Rights Officer (see below) or via voestalpine's online whistleblower system at <https://www.bkms-system.net/voestalpine>. This web-based whistleblower system allows reports to be submitted anonymously.

## HUMAN RIGHTS OFFICER

voestalpine has created the position of a Human Rights Officer. In addition to the aforementioned whistleblower system, emails sent to [humanrights@voestalpine.com](mailto:humanrights@voestalpine.com) or [menschenrechte@voestalpine.com](mailto:menschenrechte@voestalpine.com) are read by the Human Rights Officer, who will promptly forward incoming reports to the relevant authorities for review. Depending on the incident in question, this may involve different departments such as local management, local HR departments, or relevant procurement departments. Compliance with human rights is also reviewed as part of regularly occurring risk management processes.

# UN GLOBAL COMPACT— THE 10 PRINCIPLES

## HUMAN RIGHTS

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

## LABOR STANDARDS

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labor;
- Principle 5: the effective abolition of child labor; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

## ENVIRONMENT

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

## ANTI-CORRUPTION

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

---

*By signing the Code of Conduct for Business Partners as required, voestalpine's business partners undertake to respect and comply with human rights as fundamental values on the basis of the European Convention on Human Rights and the UN Charter. In particular, this applies to the prohibition on child and forced labor, equal treatment of employees, and the right to employee representation and collective bargaining.*

---

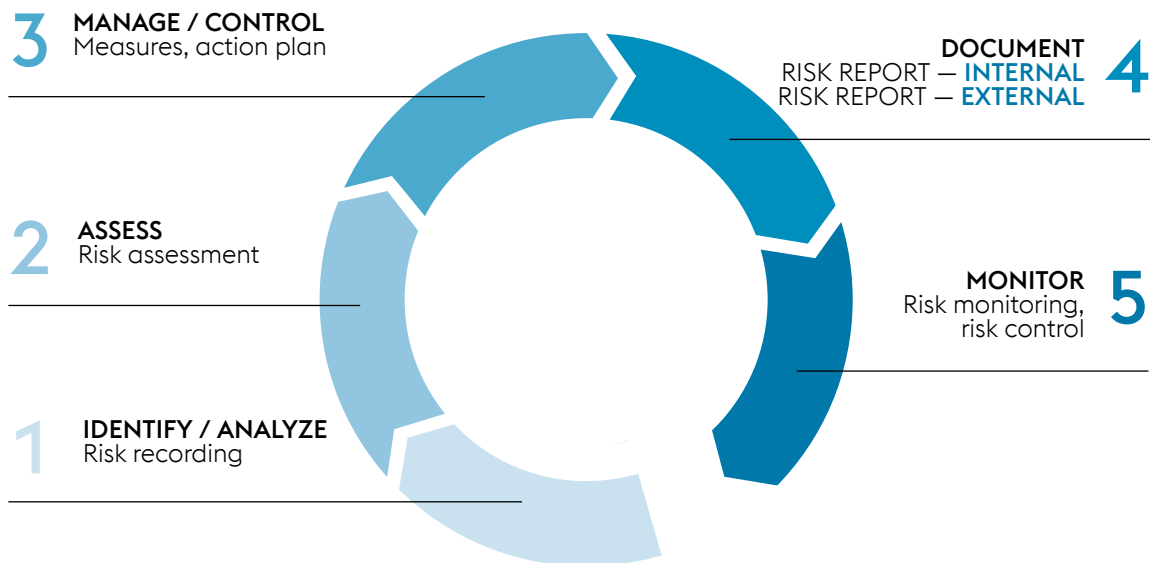
# 11. RISK MANAGEMENT

**Proactive risk management—as it has been understood by and regularly practiced in the voestalpine Group for many years—serves to ensure the Group’s existence as a going concern in the long term and to boost its value; it is thus a key to the success of the voestalpine Group. The company’s risk management also covers sustainability risks.**

Material risks are identified, analyzed, and assessed systematically and early on via both the uniform risk management process (which all Group companies undergo several times a year) and the internal control systems (which also are integral components of the organizational and operational structure). Taking both risk appetite and risk capacity into account, actions taken to control risk entail different strategies. This includes wording such as “avoid/avert,” “mitigate,” and “secure” as well as combinations thereof; the wording, “to bear risk,” comes into play to the extent that financial considerations

preclude any other actions. Local management is responsible for making decisions as to what steps to pursue and implement.

voestalpine’s risk management covers all divisions and all hierarchy levels—both strategically and operationally. The risk management process follows several steps; its structure is similar to the recommendations in the guidelines of the Organization for Economic Cooperation and Development (OECD) for multinational groups.





A Risk Management Questionnaire (RMQ) specific to voestalpine is available to all operating units and is to be used as a checklist that supports the identification of potential risks. The current RMQ comprises 13 chapters that cover, inter alia, strategic risks, financial risks, compliance risks as well as risks related to human rights, the environment, and climate change. It is assessed regularly, but at least once a year, in terms of its relevance to current conditions and supplemented as necessary.

Specific processes were analyzed in connection with the assessment of risks enumerated in the EU Taxonomy Regulation, and new assessments were introduced; see the chapter on “Ethical Corporate Management” for more detail.

### **Human Rights Risks**

The Risk Management Questionnaire explicitly addresses risks that may arise on account of human rights violations. For one, an analysis regarding human rights violations by customers or suppliers is conducted as part of market observations. For another, voestalpine ensures compliance with international standards such as workplace safety, diversity policies, and human rights protections—with a particular focus on potential discrimination as well as child and/or forced labor—both in the company and at business partners.

### **Physical Risks of Climate Change**

The voestalpine Group has taken comprehensive proactive measures to deal with risks from natural disasters: e.g., floods or low water levels, heavy snowfall, droughts as well as strong wind or fluctuations in temperatures. Among other things, this includes construction measures, fire alarms, sprinkler systems, flood protection as well as logistical adjustments in case of low water levels. Existing preventive measures are evaluated as to their current appropriateness and/or completeness and adjusted to new circumstances or expanded as necessary in connection with regular run-throughs, tests of existing emergency plans as well as physical inspections and risk surveys carried out with insurance companies. The Group’s existing insurance policies for natural disasters and other risks are regularly reviewed as to their current relevance in cooperation with voestalpine Insurance Services GmbH (the Group’s internal insurer).

In addition to the steps taken within the company, regular information sharing with internal and external insurance companies helps to minimize the fallout from any such risks for the Group as much as possible.

As regards raw material supplies (e.g., deliveries by ship to the plant in Linz, Austria), any climate-induced fluctuations in river water levels and any imminent difficulty in the navigability of rivers (e.g., the Danube River) as a result thereof are considered on a case-by-case basis in the light of the number of ships utilized and the freight volume.

### **Other Material Sustainability Risks**

Risks from areas such as personnel issues and the fight against corruption are taken into account at all levels, including their ramifications. For details, see the respective sections of the present CR Report.

### **Risks From the COVID-19 Pandemic**

The Group-wide crisis management, which consists of teams at three decision-making levels (Group, divisions, companies), continued to take effective steps in the business year ended to counteract the COVID-19 pandemic and its ramifications. The maintenance or situational adjustment of the precautionary measures that were already initiated at the onset of the pandemic (e.g., hygienic and protective measures, work from home (WFH)) as well as of the activities initiated to supplement them (e.g., regular exchanges of information with key customers and suppliers, adjustment of production activities in line with existent supply chains, securing liquidity) also helped during the business year 2022/23 to ensure the organization's stability as best as possible. Given ensuing developments worldwide and the incremental reversal of the legislative measures various countries had put in place, the Group's crisis management was put on hold at the end of January 2023. However, we continue to monitor pandemic-related developments as before so that we will be able to reactivate the Group-wide crisis management as necessary. Emergency and crisis plans that were implemented along with additional measures are evaluated at regular intervals and adjusted and/or expanded as necessary in the light of new information.

# 16. SOCIETY

**voestalpine has been putting its social responsibility into practice for decades—at both the Group level and in the orbit of its Group companies. Concrete projects in the arts, culture, and sports as well as in the social arena are selected at different facilities and sponsored through donations in money and in kind.**

## **voestalpine’s Earthquake Assistance**

voestalpine believes that providing financial support as quickly and as unbureaucratically as possible in response to global disasters such as the earthquakes in Türkiye and Syria is part of its responsibility toward people.

The Group donated a total of EUR 300,000 in the form of a comprehensive emergency aid package to specific projects run by UNICEF, Doctors Without Borders, and Hilfswerk International (an Austrian relief organization). In each case, the funds were divided equally between relief projects in Türkiye and in Syria. The given projects focused on the provision of direct humanitarian assistance, such as relief supplies or emergency medical treatment, to the population in the crisis region. This donation helped to alleviate the victims’ suffering on site. While voestalpine operates two facilities in Türkiye with more than 300 employees that are located outside of the disaster areas, the Group does not have any footprint in Syria.

## **“voestalpine cares” run— “Together We Move the World”**

As part of an internal social sponsoring program, voestalpine motivates its employees to engage in sports together and thus to do something simultaneously for a good cause and their health. The donations that voestalpine has made available for social projects and organizations were released via an app thanks to employees’ joint engagement in sports. This is how athletic and charitable engagement were fused. Over and above the EUR 300,000 donated in direct assistance for the victims of the earthquake in Türkiye and Syria, another EUR 400,000 were earmarked for three specific aid projects. These funds were distributed to the Austrian Red Cross for its “Direct Assistance to Families in Need” program; to UNICEF’s “Get Back to Learning” program, which enables child refugees from Ukraine to once again access educational opportunities via digital learning programs; and to “Blue Dots” Romania, which offers protection as well as basic and medical assistance to displaced Ukrainian women and children.

# MANAGEMENT BOARD

## voestalpine AG

Herbert Eibensteiner

Franz Kainersdorfer

Robert Ottel

Franz Rotter

Peter Schwab

Hubert Zajicek

Linz, May 26, 2023

**voestalpine**  
ONE STEP AHEAD.