

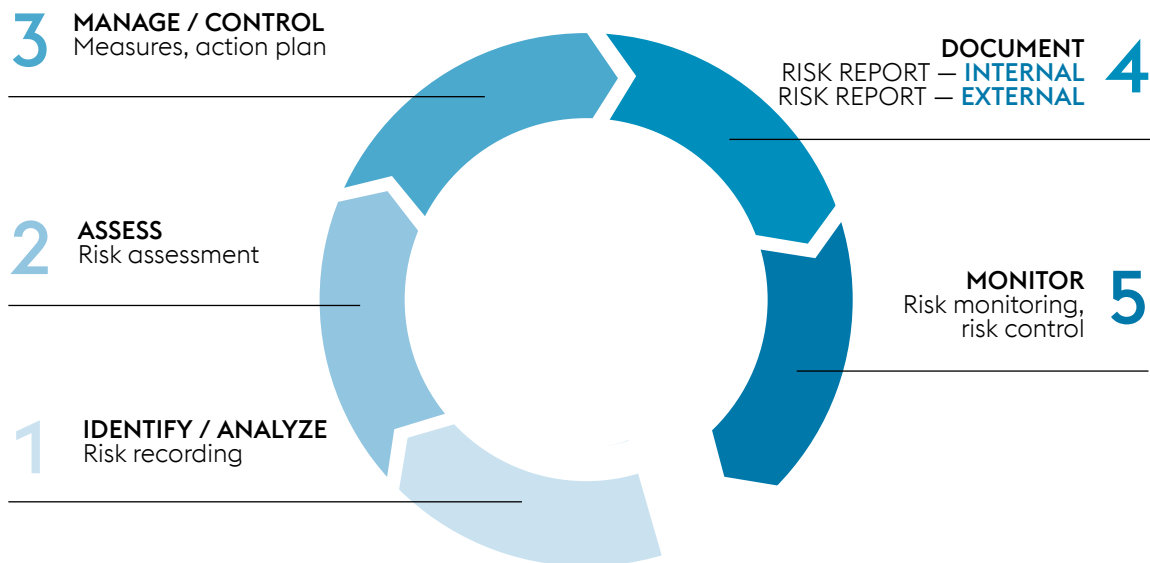
# 11. RISK MANAGEMENT

**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.