

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

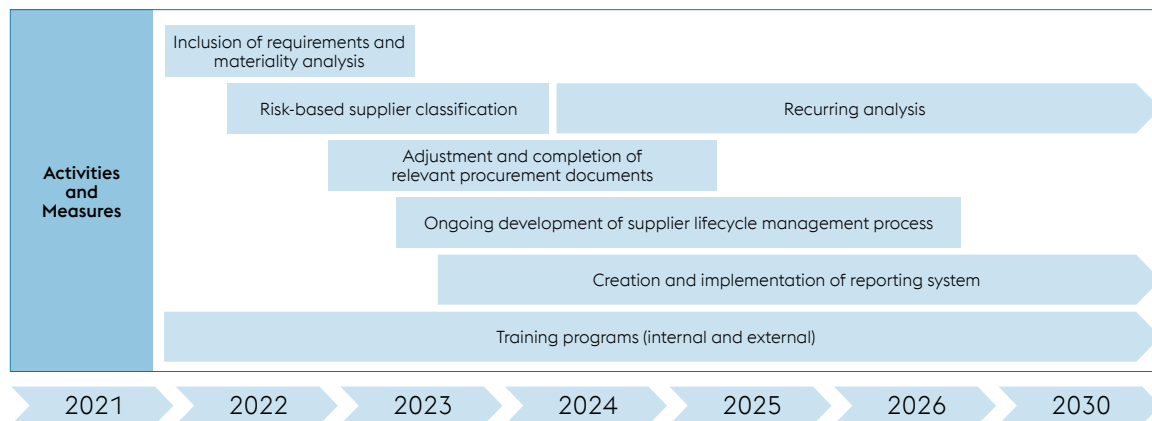
out the Purchasing Board's instructions to implement strategy and control purchasing within the Group:

- >> 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) CO₂ emissions.

SUSTAINABILITY IN THE SUPPLY CHAIN



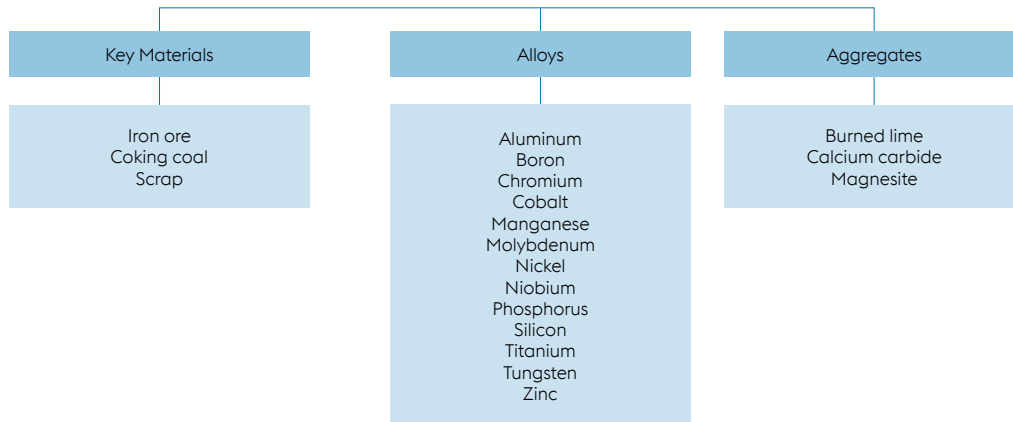
8.2 SUSTAINABLE SUPPLY CHAIN MANAGEMENT (SSCM) FOR RAW MATERIALS

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.

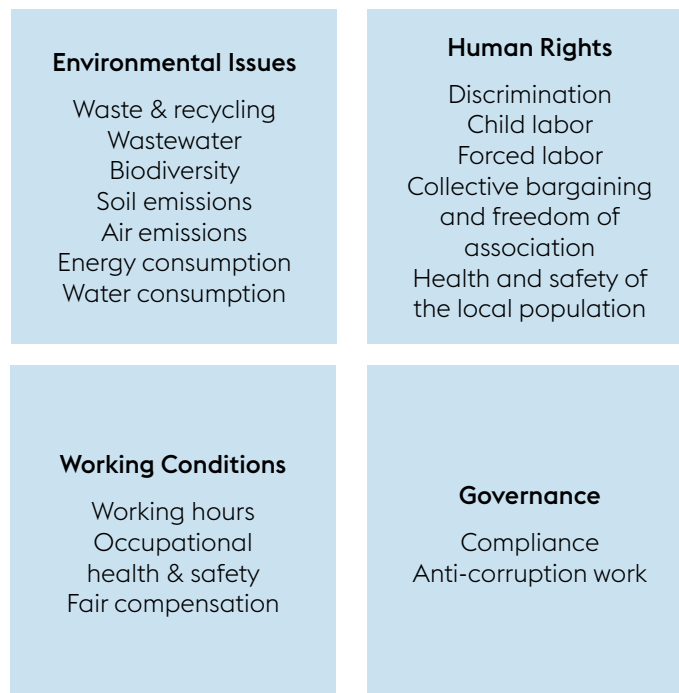
Key materials that were analyzed as part of the project:



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.

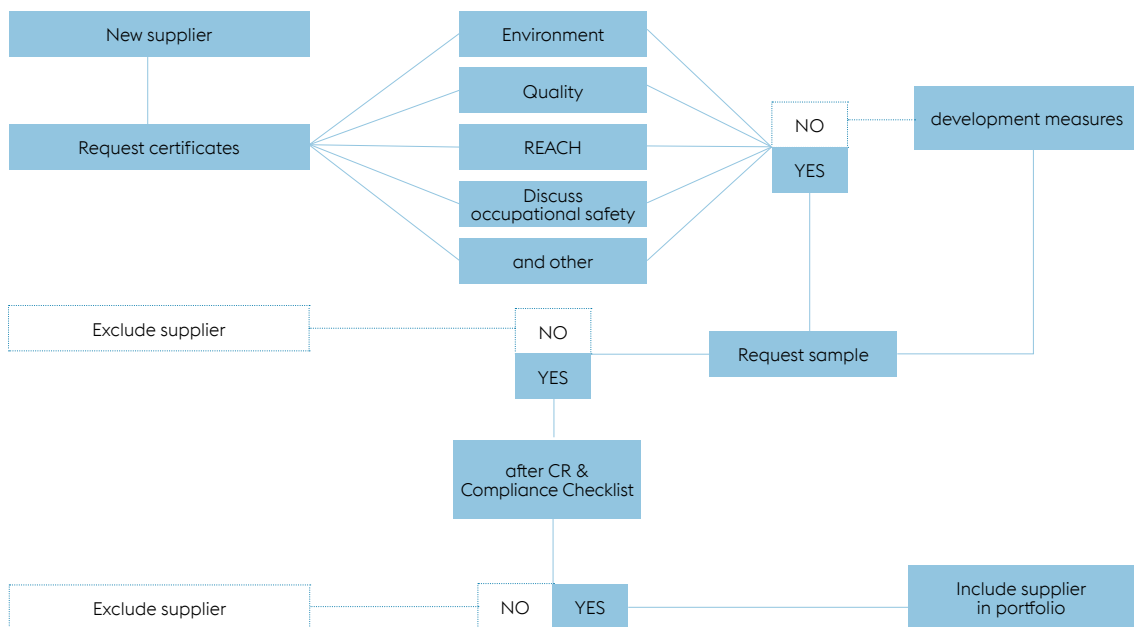
On-site visits are conducted regularly at least once a year; however, this did not apply during the COVID-19 pandemic. Such visits expand the supplier assessment in conjunction with both the CR Checklist and the Compliance Checklist and can help to eliminate any remaining questions as to potential risks.

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.

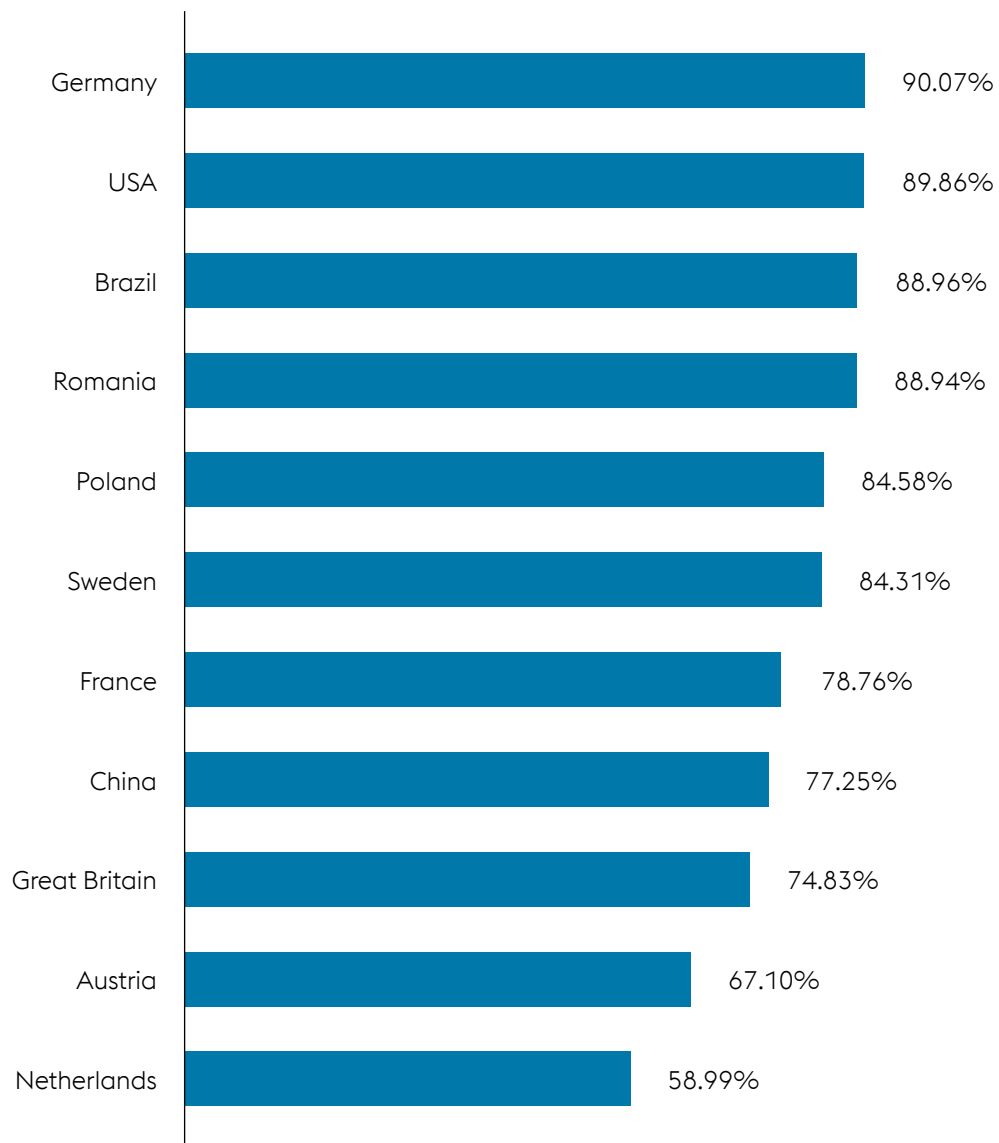
Suppliers that achieve an A or B rating are given preference in the procurement process. Corrective measures are jointly defined with B and C suppliers and set forth in writing; they must be implemented within one year.

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**
 - CO₂ 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.