

# Quality Assurance Agreement

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voestalpine Automotive Components

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## 1) SUPPLIER COMMITMENT

As a leading global supplier in the production, processing and continuing development of complex, ready-to-install assemblies made of various materials (steel, aluminum, hybrid), particularly for technology-intensive industries such as the automotive, railway and aviation and energy industries, voestalpine employs over

**50.000** Employees in

**500** Group companies and locations, in over

**50** Countries, on all

**5** Continents.

Due to our love of detail and our know-how and commitment, we are always a step ahead throughout the world when it comes to researching, developing and manufacturing cutting-edge body components, protecting our environment and securing our future.

We are specifically committed to strategic and future-oriented industries as mobility and energy. We cultivate long-term customer relationships and utilize all our knowledge to enhance the customer-specific value chain. Therefore, we are a stable and reliable partner in the ever-changing global economic environment.

### **We are flexible.**

Due to our decentralized structure, we are able to offer our customers better and faster solutions.

### **We are specialized.**

As a worldwide group of experienced specialists, we bring the right minds and expertise to the table for each project. We advise and support our customers as a FULL-SERVICE PARTNER – with our expertise in input materials, manufacturing production equipment and prototypes, small-batch and high-volume production, surface treatment and the supply of spare parts.

### **We drive development.**

We are open to new ideas, have the curiosity of researchers and are visionaries who think outside the box. Nothing is so good that it cannot be optimized.

With our worldwide production sites, we have set the goal of optimally assisting our customers on the path to globalization and to new solutions in automotive lightweight construction. We specialize in

cold stamping. For our components, we combine innovative connection technologies and efficient automation in high-precision, economical series production.

To safeguard – and further enhance – this expertise and efficiency, it is vital for our qualified employees and suppliers to understand and consistently apply both proven and new methods for the assurance of quality and all processes.

## Environment

For us, environmental and climate protection are a fundamental prerequisite for mastering future tasks. In our organization, there is great approval for more environmental and climate protection in many areas. We are concerned about the quality of the environment, which is why we also critically observe our internal commitment, but also the efforts of our external partners.

Management systems help us to improve our standards, the implemented management systems for quality and environment as well as our standards in the area of safety and energy make a significant contribution to the maintenance and continuous improvement of our environmental performance. The consistent implementation of action programs and regular progress monitoring are important elements of our environmental management system.

Environmentally conscious and competent action is only possible by anchoring environmental awareness in the entire workforce and with all external partners. At voestalpine, environmental protection therefore literally begins with every single employee and is understood as a continuous improvement process and integrated into all phases of our supplier management.

As our supply partner, you also have effective quality, environmental and energy-management systems and regularly provide appropriate documentation to prove their proper functioning.



Our customers demand continuous quality improvement and fulfillment of the obligation to meet the “ZERO DEFECT OBJECTIVE.” We also expect our supply partners to achieve this goal, which is based on the principle of continuous improvement.

Therefore, it is necessary that the customer-specific requirements for our products are passed down all the way to the last sub-supplier in the process chain and that the implementation of these requirements is reviewed, including an effectiveness check.

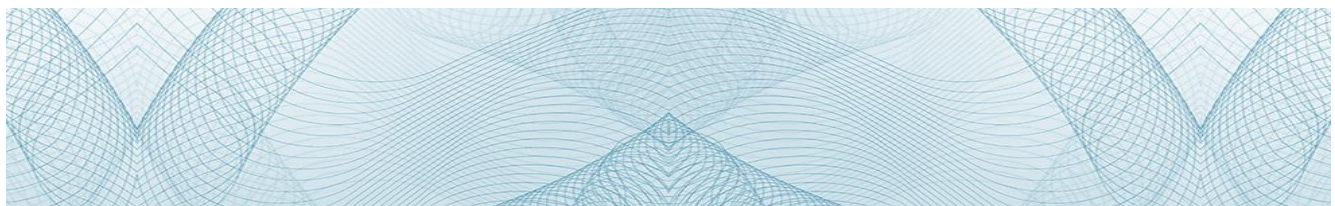
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### **Overall Responsibility for the Content**

The overall responsibility for the content of this quality assurance agreement lies with the responsible purchasing manager of the respective ordering voestalpine Automotive Components company. The individual subject contents were closely coordinated and developed with the departments. This is a living working document, and further suggestions from our supply partners are therefore expressly welcome.

Bad Urach, 30.01.2024



Tobias Grossmann  
Management

Michael Wieser  
Management

Dirk Holder  
Head of Central  
Purchasing

## 2) MANAGEMENT POLICY & PROCUREMENT STRATEGY

The goal of ZERO-DEFECT QUALITY is the core of our quality policy and the basic element of our quality management system. This high demand is also the central component of our procurement strategy and our supplier management system.

In addition, we are pursuing further programs to secure our position as a first-class partner to all major automotive manufacturers and suppliers. Our goal is to meet or exceed our customers' requirements and to comply with all relevant international standards. We achieve customer satisfaction through integrity and adherence to our commitments and thus support our customers in achieving their goals. We ensure the future success and sustainability of our business activities through the efficient use of resources, goal-oriented, continuous improvement, protection of the environment and compliance with all applicable laws - always ensuring the highest safety standards for our employees.

All areas of the production chain are geared towards the most economical use of resources (especially raw materials and energy) and minimizing the environmental impact of our processes and products. We expect the same from our external procurement volumes from our committed supply partners, who are certified to all required standards wherever possible.

*\*ISO 9001, API Specification Q1, ISO 14001, ISO 45001, ISO 50001, ISO 55001*

We see balance in productivity, quality, safety and the environment as the objective of our daily work and measure our success across five focus areas:

**Quality**

**Safety**

**Environment**

**Energie Saving**

**Asset Management**

### **Quality means for us:**

Flawless products and services

Customer satisfaction through customer orientation and fulfillment of customer requirements

Flexibility and delivery reliability

**Safety and health protection means for us:**

Technically: Safe workplaces, work equipment and systems, suitable protective equipment

Organizational: awareness raising, ongoing safety programs and training

Behavior: Safe action and setting an example at all levels

Health Promotion

**Environmental protection means for us:**

Careful use of resources

Minimization of emissions and avoidance of environmental pollution

Continuous improvement of environmental performance

Sustainable improvement of the CO<sup>2</sup>-footprint within own processes and in the procurement of external goods and services among others

- through the use of renewable energies instead of nuclear energy
- through the use of renewable raw materials and secondary materials

Best possible support for our customers in achieving the respective CO<sup>2</sup>-target values.

**Energy management means for us:**

Increase of energy efficiency - reduction of energy costs

Use of renewable forms of energy

Recycling management and sustainability

**Asset Management means for us:**

Cost minimization of assets over their entire life cycle

High availability of the plant park

Highly qualified employees for installation and maintenance of the systems

We ensure the effectiveness of the management system through excellent qualification, pronounced personal responsibility and high commitment of all employees as well as providing all the necessary resources safely and ensuring that our supply partners can identify with our key areas of focus and that these are incorporated and continuously developed within their organization.

Prevention is our daily motivation, because accidents at work, health impairments, environmental damage, quality problems and damage to plants can be avoided by preventive action. We regard errors that occur nevertheless as a chance to learn. They are therefore documented, analyzed and corrected.

The economical use of raw materials and energy as well as the minimization of environmental impacts are not only to the benefit of the environment, but also help us to save costs. In addition, the fruits of our product development (weight savings, lower fuel consumption, improved material usage) contribute to a reduction of environmental impacts during the production phase.

We are aware of our social responsibility and set standards in environmental technology within the scope of our economic possibilities. In doing so, we include the entire corporate environment. We see open communication and long-term partnerships with all interest groups as the basis for joint, sustainable solutions. The consideration of various concerns and the compliance with legal regulations are in line with our self-image.

In order to ensure the provision of services to our customers, we maintain partnership relations with our suppliers and actively involve them in our development work.

The conviction that economic success and environmentally conscious and socially responsible action are inseparably linked has always been an integral part of our corporate philosophy. However, sustainable environmental protection and social balance are only possible if they are achieved within the framework of what is economically feasible. In this sense, the following principles for environmental protection are lived out:

#### **Holistic responsibility for our products**

Voestalpine produces and develops products and system solutions in close cooperation with its customers and suppliers - taking into account ecological requirements such as long service life, resource conservation and the best possible reusability and recyclability.

#### **Optimization of production processes**

Voestalpine operates its operating facilities in accordance with economically justifiable application of the best available technology, thus minimizing the environmental impact of its production sites. Efficient use of raw materials and energy as well as the reduction and avoidance of environmental impacts of our production processes and activities is a central concern of voestalpine.

#### **Establishment of environmental management systems**

Voestalpine promotes the further development of corporate environmental management systems in its companies. The key points of these management systems are compliance with environmentally relevant regulations and the maintenance of a continuous improvement process.

#### **Integration of employees and supply partners**

Voestalpine considers environmental protection and continuous improvement to be the responsibility of every single employee and all supply partners, at all levels and in all areas.



Responsible and competent employees and supply partners ensure the best possible operation of technical equipment and contribute to continuous improvement through environmentally conscious behavior.

### **Open and objective dialogue**

Voestalpine leads with all internal and external stakeholders an open and objective dialogue about all relevant questions for the company group on the topic of environmental protection as a basis for joint, sustainable solutions.

A Group-wide exchange of knowledge between all production sites is also promoted, as a continuous exchange with the entire supplier structure.

### **Other good requirements for a long-term partnership cooperation are companies that:**

- the principles of our quality policy as their own and demand the same from their subcontractors to ensure complete traceability,
- a certified QM system (IATF 16949, DIN ISO 9001 or VDA 6.1),
- continuously improve and further develop their QM system,
- are willing to form a quality unit with us with the goal of having uniform quality concepts,
- are willing to introduce a certified environmental, energy and occupational safety management system,
- offer competitive services at world market prices and, on request, provide the requisite proof that the defined manufacturing process can produce the product in question in conformity with specifications and in the volume demanded by the customer over the long term,
- respond to our requirements in a timely manner and, above all, with flexibility,
- accept our conditions of purchase, framework agreements, QSV/supplier manual, warranty agreement, logistics regulations, routing order or other guidelines
- provide advice and support over the entire duration of the project as a quality-capable partner,
- have the farsightedness, responsiveness and authority to support our sustainable cost management system,
- are interested in establishing and cultivating a strategic partnership to set themselves apart from market competitors in an economically difficult environment through the use of cutting-edge know-how and innovativeness,
- follow us and our customers in all relevant sales markets and therefore obtain targeted know-how in matters relating to foreign markets,

- assist us in our efforts to improve performance through the use of e-business technologies and to enhance flexibility and response time.
- in particular, observe and comply with the specifications of the trigger matrix for the PPF process to the customer contained in VDA 2 Annex 2. This matrix provides clarity as to when changes on the part of the supplier are notifiable and must be sampled by the customer.

## 3) SUPPLIER MANAGEMENT

### 3.1 TASKS AND GOALS OF OUR SUPPLIER MANAGEMENT SYSTEM

Due to increasing globalization and the need to be present in relevant markets, we depend on reliable partners. The task of our supplier management system is to select suitable suppliers and monitor and improve their performance on an ongoing basis. Our goals – to enhance quality and lower costs within the partnership – ensure our competitiveness. Solution- and goal-oriented complaint management and sustained supplier development are the path to long-term strategic partnership. Therefore, our performance and cooperation criteria form the basis for any business relationship with suppliers. They are:

**Quality**

**Costs**

**Technology**

**Logistics**

**Communication**

**Innovation**

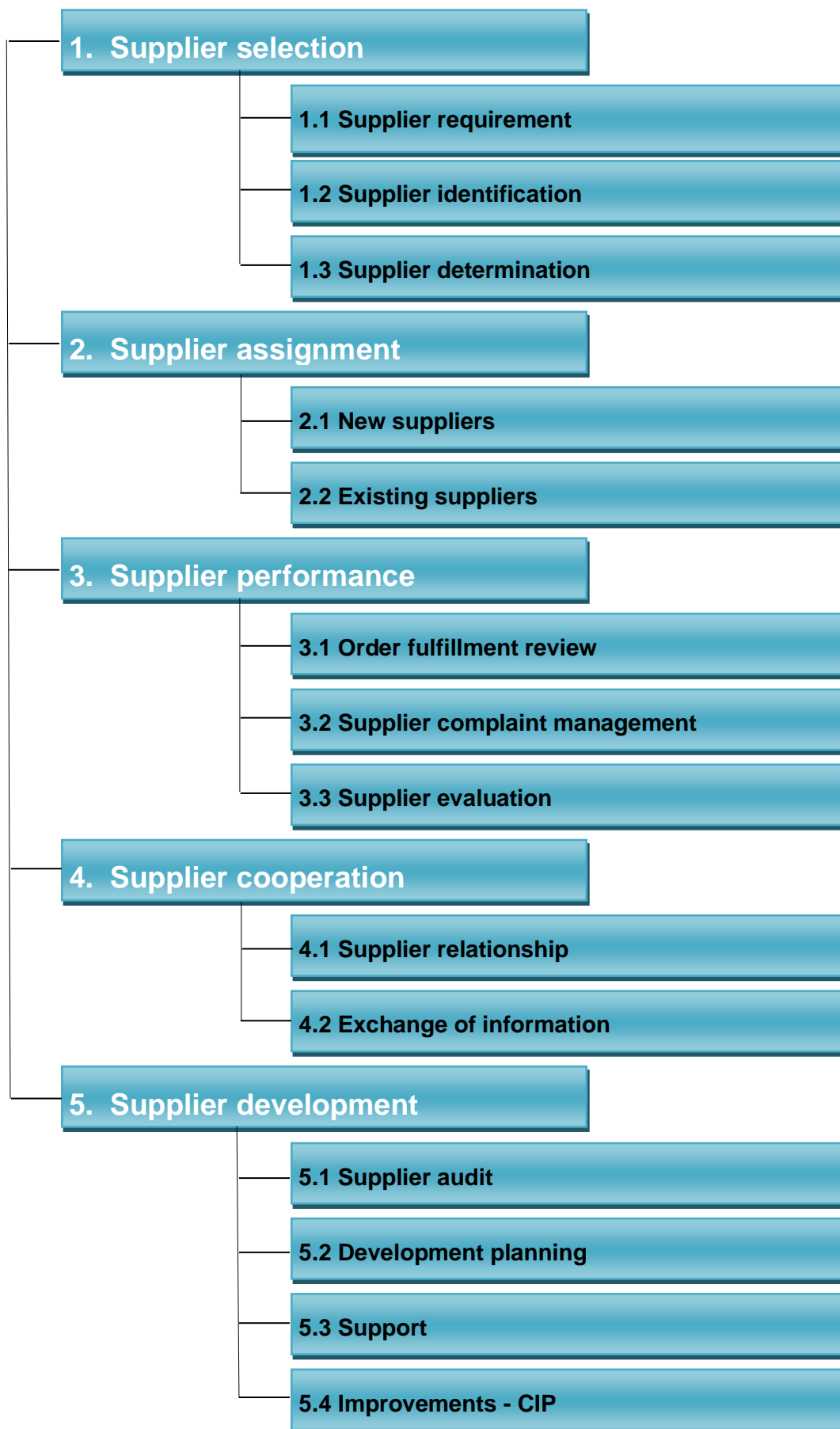
The substantive demands that our customers place on our performance and cooperation are the same demands that we place on our vendors.

### 3.2 SUPPLIER MANAGEMENT STRUCTURE

Our supplier strategy is determinative of the phases of our supplier management process. Our goals and strategy are based on the requirements of our external and internal customers and adapt to changing conditions and new challenges with foresight.

**The five main process phases – supplier selection, supplier assignment, supplier performance, supplier cooperation and supplier development – are shown in the following structural overview.**

### 3.3 PHASES OF THE SUPPLIER MANAGEMENT PROCESS



Full documentation of all activities with/by the supplier in accordance with the documentation-specifications

### 3.4 OBJECTIVES AND TASKS OF THE VARIOUS PROCESS PHASES

Process phase	Objective/task of the process phase
<p style="text-align: center;"><b>1</b></p> <p style="text-align: center;"><b>Supplier selection</b></p>	<ul style="list-style-type: none"> <li>▪ Preventative planning and evaluation of new suppliers to maintain a quality compliant strategic and operative “set of suppliers“ in line with quality standards, taking into account relevant economic, social and ecological aspects</li> <li>▪ Availability of suppliers for any technical challenge</li> <li>▪ Transparency with respect to supplier expertise</li> <li>▪ Ensuring qualitative and timely feasibility studies and submission of offers to decide on the award of contracts</li> <li>▪ Optimization of the quality of decisions regarding product properties</li> <li>▪ Ensuring that the supplier has adequate capacity</li> <li>▪ Detecting and assessing risks in the supplier chain</li> <li>▪ Planning/implementing methods of reducing quality risk</li> </ul>
<p style="text-align: center;"><b>2</b></p> <p style="text-align: center;"><b>Supplier assignment</b></p>	<ul style="list-style-type: none"> <li>▪ Awarding contracts to approved suppliers with analyzed supplier performance</li> <li>▪ Controllable and secure commissioning of new suppliers</li> <li>▪ Ensuring all requirements have been met for correct order placement</li> <li>▪ Supplier’s consent to fulfill all agreements</li> <li>▪ Control/monitoring of contract processing/contract performance</li> </ul>
<p style="text-align: center;"><b>3</b></p> <p style="text-align: center;"><b>Supplier performance</b></p>	<ul style="list-style-type: none"> <li>▪ Checking the quality of order fulfillment</li> <li>▪ Determining the PLAN/ACTUAL status of the agreed-upon requirements</li> <li>▪ Taking suitable measures when there are deviations and monitoring their effectiveness</li> <li>▪ Evaluation of the supplier and positioning</li> <li>▪ Analysis of the evaluation results and checking the effect on the “set of suppliers”</li> </ul>

<p style="text-align: center;"><b>4</b></p> <p style="text-align: center;"><b>Supplier cooperation</b></p>	<ul style="list-style-type: none"> <li>▪ Communication with suppliers as partners</li> <li>▪ Regular communication regarding goals, requirements, problems</li> <li>▪ Targeted/specific conversations about quality with problem suppliers</li> <li>▪ Exchange of information regarding customer developments and trends</li> <li>▪ Inclusion of quality, costs, technology, and innovation in our performance standards</li> </ul>
<p style="text-align: center;"><b>5</b></p> <p style="text-align: center;"><b>Supplier development</b></p>	<ul style="list-style-type: none"> <li>▪ Auditing of suppliers to determine their improvement potential</li> <li>▪ Development of measurement parameters, key indicators and performance criteria</li> <li>▪ Preparation of development plans for certain/selected suppliers</li> <li>▪ Improvement of the supplier's performance</li> <li>▪ Focus on a common performance orientation in the supply chain</li> <li>▪ Monitoring and regular review of supplier development for fulfillment of the target development level and for achievement of an acceptable minimum requirement, taking into account the purchasing-relevant requirements of the IATF and the sanctioned interpretations and the associated fields of action in the entire procurement process.</li> </ul>

### 3.5 SUPPLIER SELECTION PROCESS

Supplier selection shall be conducted exclusively by the Procurement Department in close collaboration with the Development, Project Management, Quality Assurance, Logistics and Production Departments in the respective subsidiaries. A well-defined supplier approval procedure in our corporate group ensures that we only admit companies to our set of suppliers, which ascribe to our high standards and demand that their sub-suppliers do so as well. We classify our suppliers based on the goods and services delivered to us.

**Our selection process is based on the following criteria, *inter alia*:**

- risk assessment based on consistent, defect-free delivery to customers
- relevant quality and delivery performance,
- evaluation of the supplier's quality management system,
- financial stability,
- complexity of the products, materials or services to be purchased,
- required technology (product or process)

- adequacy of the available resources (e.g. employees, infrastructure),
- development expertise (including project management),
- Manufacturing expertise,
- change management process,
- business continuity planning (e.g. preparation for catastrophes, emergency planning
- logistical processes, Among other things, delivery and packaging concepts
- Customer care/customer satisfaction/customer orientation
- results of supplier self-audit,
- proof of adequate capacity,
- Flexibility and delivery reliability
- Workplace safety (work equipment, facilities, protective equipment, safety programmes and training)
- Careful use of resources (minimisation of emissions and avoidance of environmental damage)
- Continuous improvement of environmental performance
- Energy efficiency - energy cost reduction
- Use of renewable forms of energy
- Sustainability
- High availability of the plant park
- Highly qualified employees for installation and maintenance of the equipment
- Prerequisite for the acceptance of a supplier in the area of production material, means of production, quality service providers/laboratories and suppliers of dangerous substances is the successful completion of the **qualification process** (FO-088), in which the supplier proves that its own quality management systems comply with our requirements.
- Moreover, our supply partners must be willing to introduce a certified **environmental, energy** and occupational **safety management system**.
- **Competitive performance at world market prices** for the duration of commissioning is an essential prerequisite for a long-term partnership.
- Our preferred suppliers are able to meet our customers' needs, **conform to their specifications**, and maintain the **capacity required** by customers. For highly complex order volumes, we reserve the right to take suitable measures to check capacity.
- In choosing our partners, we pay particular attention to the supplier's circumstances and its ability to supply our needs **on time and with flexibility** (manpower, working hours, shift work,

work weeks, production facilities, storage capacity, packaging, internal logistics, delivery and packaging concepts), as well as to ensure permanent supply security.

- **Financial stability** is a prerequisite for a long-term partnership and has a significant effect on determining our supplier.
- Depending on need, we choose suitable means of exchanging this necessary information with our supply partners (e.g. supplier self-disclosure, assessment of potential, audit).
- When our supply partner makes an offer, a qualified technical and commercial feasibility study must be carried out and attached to the offer as a **detailed elaboration**, depending on the complexity of the scope of the offer.

**We differentiate our suppliers according to the goods and services that are supplied to us.**

### **Suppliers of production materials / means of production**

Production materials suppliers (which includes outsourced processes) are suppliers that provide goods and services to us, which are directly incorporated into our end products or have a direct effect on the quality of the end products. This includes, e.g.:

#### **Production materials (Direct material)**

- split strips, sheet metal, tubes, round stock, shaped blanks
- components for assemblies (screws, nuts, pressed parts, turned parts, etc.)
- outsourced processes (punching, coating, assembly work, cleaning & degreasing, welding, vibratory grinding, blasting, in-series controls, etc.)

#### **Means of production**

- tools, tool components (e.g. standard components)
- gauges, testing and measuring equipment
- outsourced tool production processes; (Among other things, also services in this area)
- production facilities

Collaboration with these suppliers is based on a quality management system, the functionality of which must be proven through certification in accordance with one of the following standards and specifications (unless otherwise requested by our customers):



# IATF 16949

## VDA 6.1

### DIN EN ISO 9001

The supply partner must provide proof of the respective quality management systems in the form of a copy of the valid quality certificate **in due time and without being requested** to do so. A withdrawal of one of the listed standards must be reported immediately. If no proof/certificate has been sent 90 days after the deadline, an immediate classification in escalation level 3 "Business Hold" will be prepared.

Additional optional approval prerequisites for suppliers of production materials/means of production are:

- proof of a certified environmental management system in accordance to DIN EN ISO 14001 or higher,
- proof of a certified energy management system in accordance to ISO 50001 or higher,
- Proof of a certified occupational health and safety management system in accordance to OHSAS 18001, ISO 45001 or higher
- the existence of a signed Non-Disclosure Agreement,
- Evidence of an information security system (ISO 27001/TISAX/Self-Assessment)
- the existence of a filled-out supplier self-disclosure form (FO-260),
- the overall classification of "Approved supplier" in accordance with VDA 6.3 – P1,
- additional approval tests depending on the goods or services provided

#### **Supplier of non production related materials**

A supplier that delivers goods and services to us that are not directly incorporated into our end products but are only necessary to manufacture the end products is considered to be a supplier of non-production-related materials. In this case, there is no direct influence to the quality of the end product. This includes but is not limited to the delivery of:

- maintenance materials for machines, systems and buildings;
- overhead materials, such as oils, greases, lubricants, technical gases, welding and grinding materials, cleaning materials, processing tools, office materials;
- services, such as consulting services.

A certified QM system is not mandatory for these suppliers but is expressly desirable.

Additional optional approval prerequisites for suppliers of non-production-related materials are (depending on the goods or services provided):

- the existence of a signed Non-Disclosure Agreement,
- Evidence of an information security system (ISO 27001/TISAX/Self-Assessment)
- the existence of a filled-out supplier self-disclosure form (FO-260).

### **Quality service providers / laboratories**

Quality service providers are those suppliers that are used to ensure quality. These are sorting service providers and laboratories.

- Their services do not flow directly into the product, but have a direct and immediate influence on the quality of the end products.
- A certification according to DIN EN ISO 9001 should be available or should be aspired to.
- Laboratories require certification according to DIN EN ISO/IEC 17025.
- Further performance-specific certificates are desirable.

Further optional release requirements for non-production material suppliers are (depending on the delivered goods or services):

- the existence of a signed non-disclosure agreement
- Evidence of an information security system (ISO 27001/TISAX/Self-Assessment)
- the existence of a filled-out supplier self-disclosure form (FO-260)

### **Hazardous material suppliers**

Hazardous material suppliers are those suppliers whose scope of delivery partially exhibits one or more

hazardous properties for humans or the environment for example z. B. Toxicity, flammability or environmental hazard.

Three groups of hazardous substances are to be distinguished:

- input substances, either pure substances (e.g. benzene) or mixture of substances (e.g. cleansing material, cooling lubricant),
- substances that are only formed during the use of a product (z. B. welding fume, which arise during the welding of stainless steels) and
- substances released during use (z. B. solvent vapours released when painting with solvent-based paint).

In addition to correct and complete labelling (hazardous substance symbols and designations), manufacturers are also obliged to draw attention to particular hazards and to indicate the rules of conduct (safety data sheet) and to update them without being asked to do.

Our suppliers of hazardous substances also oblige their employees as well as all internal and external process participants to comply with the regulations and rules issued for the handling of hazardous substances during procurement, transport, storage and handling (obligations to provide proof, labelling, qualifications, training, etc.) and to provide proof of compliance to voestalpine upon request.

- Certification according to DIN EN ISO 14001 or higher must be demonstrably available..
- The supply partner must provide proof in the form of a copy of the valid certificate in due time and without being requested to do so. A withdrawal must be reported immediately.
- Deliveries of hazardous substances are subject to the requirements of the Hazardous Substances Ordinance, the Occupational Health and Safety Act and the BG law.

Further performance-specific certificates are desirable.

Further optional release requirements for suppliers of hazardous materials are:

- the existence of a signed non-disclosure agreement
- Evidence of an information security system (ISO 27001/TISAX/Self-Assessment)
- the existence of a filled-out supplier self-disclosure form (FO-260)

### 3.6 SUPPLIER PERFORMANCE

A supplier's delivery performance is monitored and evaluated on an ongoing basis. This is accomplished through order fulfillment checks, our complaint management system and through supplier evaluations.

As part of the order fulfilment inspection, we carry out formal (e.g. identity, quantity, deadline, packaging, obvious defects) and special (according to inspection plan) incoming goods inspections. This is limited to the comparison of the delivery papers, identity, packaging and any transport damage clearly visible on the outside of the packaging. To the extent that this is feasible in the ordinary course of business, voestalpine shall subject either the assembly manufactured using the supplies or the finished product manufactured using the assembly to an inspection before commencing the next stage of production. Further inspections are carried out according to the sampling plan or during assembly or during further processing.

In the event of a complaint, the supplier must ensure the flow of information and rapid processing. In particular, this applies to the preparation and sending of an 8D report.

In case of non-compliance with set processing deadlines, a reminder is triggered and a classification into escalation can take place. This unpartnership behaviour is also reflected negatively in the supplier rating. The corresponding expenses for this shall be borne by the supplier.

### 3.7 SUPPLIER EVALUATION

Suppliers are evaluated on a regular basis (at least once a year). Supplier evaluation is the basis for our further procurement strategy. If necessary, suppliers are invited to development and performance meetings if complaints arise or our requirements are not being met. At these meetings, reference is made to our **supplier escalation process**.

If an A rating is not achieved in the respective supplier rating, the supplier escalation process takes effect. In this case, it is imperative that you inform your management of this rating and that all necessary measures are taken to remedy the current status. In addition, we expect a detailed statement on the current problems including information on the respective initiated measures, responsibilities and deadlines no later than 30 days after the expiry of the objection period.

The supplier assessment is listed and described in detail in Appendix 1, our escalation process is listed in Appendix 3.

### 3.8 SUPPLIER COOPERATION / SUPPLIER ESCALATION PROCESS

Our supplier escalation process is a central component of our supplier management system. The goal of this procedure is to detect problems in the project and production process at an early stage so that suitable measures can be taken to deal with them. In the event of disruptions caused by suppliers, this process enables us to define appropriate remedial measures and ensure that they are implemented since the content of each escalation level is clearly defined.

The aim of the successful use of escalation is for measures, consequences and responsibilities to increase as the escalation level increases, as do our demands on methodology and resources for problem-solving.

Through three Q-stages, the escalation process ensures efficient cooperation between voestalpine Automotive Components and its partners.

Our escalation methods are secure under contract law since our suppliers have obliged themselves to zero-defect performance and effective improvement.

Details are given in Appendix 4 Supplier Cooperation/Supplier Escalation Process.

### 3.9 AUDIT PROGRAM

We conduct supplier audits in accordance to our audit program. They can be scheduled, event-driven or in the form of a self-audit. An audit team nominated by the Procurement Department handles the choice of an audit as well as its organization, planning and implementation in close collaboration with the individual departments. The supplier is given timely notice of the upcoming supplier audit and must ensure that it goes smoothly. With event-driven supplier audits, e.g. commencing with classification at Escalation Level 2, we reserve the right to conduct immediate audits and bill the costs to the party responsible. Outside of the escalation model, we reserve the right to audit our suppliers at least every five years.

The supplier must also prepare an audit plan, which codifies the regular performance of internal product and process audits and their scope. VDA Volume 6 Part 5 or VDA Volume 6 Part 3 or equivalent procedures must be used. Audits by sub-suppliers must be taken into account. voestalpine requires all process participants to conduct regular audits in accordance with applicable standards, etc., and authorize their execution by external partners to ensure compliance with all customer-, product- and process-specific requirements.

### 3.10 SUPPLIER DEVELOPMENT PLAN

Voestalpine concludes development plans (target agreements) with suppliers, which contain targets and agreements in various areas. We also require our suppliers to develop and improve their quality management system (QMS) and to independently and on their own responsibility carry out their supplier development with regard to the current sanctioned interpretations and to monitor compliance with these.

We consistently monitor punctual execution and check effectiveness. A review must be conducted at regular intervals. However, our supplier must also independently establish the priorities, nature, scope and timing of internal development measures, including those for its sub-suppliers and outsourced processes, and monitor the effectiveness of the defined continuous improvement measures.

Upon request, the relevant verification documents must be sent to voestalpine.

### 3.11 CONTINUOUS IMPROVEMENT PROCESS (CIP)

The supplier shall ensure that all processes associated with production flow are continually analyzed and optimized. The goal is to utilize the knowledge thus acquired to initiate consistent implementation of improvement measures and monitor their effectiveness.

## 4) SPECIFICATIONS THROUGH PURCHASING

### **VOESTALPINE PURCHASING**

You can find the responsible contact person of the respective ordering voestalpine Automotive Components company on our homepage.

### **GENERAL TERMS AND CONDITIONS OF PURCHASE**

Unless otherwise agreed, our Terms and Conditions of Purchase, our Quality Assurance Agreement, our Warranty Agreement, our Logistics Regulations and our Routing Order apply exclusively to all present and future procurement cases. If these documents are not available, they can be downloaded from our homepage ([Downloadcenter Böhmenkirch \(voestalpine.com\)](https://voestalpine.com)).

The use of external companies on our factory premises is subject to the regulations of the "Guideline of voestalpine Automotive Components regarding occupational safety, health protection, hazardous substances and information security for external companies".

This guideline is also available for download on our homepage. We will be happy to send you the relevant documents on request.

### **COMMITMENT TO COOPERATE WITH THE PURCHASING DEPARTMENT**

To achieve common aims, close cooperation between the supplier and Purchasing is imperative. To ensure optimum effectiveness, transparency and coordination, the supplier therefore undertakes to cooperate exclusively with Purchasing in all commercial matters.

The conclusion of framework contracts, purchase orders and procurement-related agreements is the sole responsibility of the purchasing department. The supplier is requested to consistently reject verbally received orders without an order number; invoices without a purchase order reference will be consistently returned. Visits of any kind to all of our locations are to be coordinated with the responsible purchaser or the responsible purchaser is to be informed immediately by the supplier in the case of upcoming appointments (information obligation of the departments involved to the central purchasing department).

## DEMANDS ON THE SUPPLIERS

### WE EXPECT,

English and/or German spoken and written when communicating with us.

### WE EXPECT,

that our suppliers include the following information on their invoices:

- the legally prescribed mandatory components of the ordering voestalpine plant
- the voestalpine purchasing document number (delivery schedule, purchase order, etc.)
- the date of the purchase document
- the name of the ordering party
- the voestalpine part or item number
- the invoice quantity with unit of measure
- the delivery note number of the supplier with delivery date

The date of receipt of the invoice by voestalpine always applies for the calculation of the payment deadline and the cash discount regulation. We reserve the right to charge additional expenses for missing or incorrect delivery note or invoice details in the amount of the actual additional expenses.

### WE EXPECT,

that when entering the voestalpine company premises, the employees of suppliers/external companies comply with the company's internal specifications and regulations on occupational safety and environmental protection. Corresponding agreements are to be confirmed in writing in advance.

### WE EXPECT,

regular inventory taking and timely reporting to voestalpine. Since we provide material or parts to the supplier free of charge for further processing, voestalpine may demand an inventory several times a year. voestalpine must conduct these inventories free of charge. The supplier must carry out these inventories free of charge. voestalpine reserves the right to invoice the supplier for the manufacturing costs of the difference quantity.



The stocks are to be reported in the specified time and form.

Return deliveries of stock provided for outsourced processes with a process-related deviation greater than 1% are officially complained about by the department as a quantity complaint.

However, the maximum difference rate in the 12-month observation horizon is limited to a maximum of 0.5%, whereby voestalpine reserves the right to examine all cases and to invoice the supplier for the manufacturing costs of the difference quantity. As a matter of principle, each assembly and each delivery is evaluated individually; cumulation is generally not permissible. Any special arrangements required must already be declared to voestalpine when submitting the offer and must be agreed in writing.

**WE EXPECT,**

that the requirements of our customers regarding product safety representatives at suppliers (e.g. from Formula Q-Konkret) must be fulfilled by our suppliers, regardless of whether volumes are currently already being supplied to the customers concerned. The tasks and requirements for this function can be mapped either by one or more qualified and appointed persons or by a responsible department (plant management, head of quality assurance).

Until an explicit designation is made, the management is required to personally perform this function.

**WE EXPECT,**

that our suppliers who are certified according to DIN EN ISO 9001 strive for certification according to IATF 16949 or at least show evidence of this by means of suitable measures and submit an implementation plan for certification upon request.

**WE EXPECT,**

that our suppliers agree to comply with the requirements and customer specifications listed herein as well as the additional requirements listed below; if sub-suppliers are involved, the supplier must also commit them accordingly:

- All legal and regulatory requirements
- IATF 16949 (latest version)
- ISO 9001 (latest version)
- VDA volumes (latest version)
- latest versions of AIAG handbooks (APQP, PPAP, FMEA, SPC, MSA, CQI etc.)
- ISO 27001/TISAX Level 2 or Self-Assessment by voestalpine
- corresponding technical drawings, CAD data, technical specifications and requirements
- voestalpine site-specific supplier requirements
- OEM/Tier1/customer-specific requirements
- other applicable national/international standards

**WE EXPECT,**

effective environmental management, which ensures compliance with the applicable environmental regulations and continuously and efficiently improves the supplier's environmental situation. This



represents a significant contribution to the security of supply. voestalpine therefore requires its suppliers to commit themselves to environmental protection in the form of an implemented environmental management system. Suppliers should operate an environmental management system that can be proven by certification according to ISO 14001.

All supplies must comply with the applicable laws and official regulations for environmental protection (e.g. EU Directive 2013/59/Euratom). Furthermore, the regulations applied to the automotive industry such as IMDS, Reach, ELV and, if applicable, customer-specific requirements or substance bans (e.g. according to ZFN9003) apply.

Upon request, the supplier has to demonstrate suitable recycling and disposal concepts for its products. The checklist "Environmental Management at Suppliers and Service Providers" is part of the procurement documentation and must be completed, signed and returned to the Purchasing Department within 5 days upon request.

**WE EXPECT,**

that our suppliers agree to enable lean and efficient business processes. Our supply partners must be able to support electronic data exchange via standard or web EDI systems.

**WE EXPECT,**

that the IMPLEMENTING REGULATION (EU) 2015/2447 is complied with and that our suppliers undertake to permanently declare the originating characteristics of their goods and services. This declaration must be in the required form and must cover the entire scope of supply and the maximum possible time period. Goods and services without preferential origin must also be listed separately.

**WE EXPECT,**

that our suppliers consistently comply with foreign trade regulations and laws. We therefore request that you always provide us with the customs and export control data for the products delivered to us. We require the following information on your delivery documents (invoices or delivery notes) alternatively as a separate statement on a separate form (annual declaration):

- Customs tariff number (8 digits)
- Country of origin (according to the UZK) alternatively according to preferential law
- Export control (dual use/US law)
- Preferential law (individual supplier's declaration on the invoice or annual declaration)
- Reach/UN classification for chemical products
- AALA (origin of the automotive industry) if available

You or your upstream supplier, the one who knows the technical parameters of the products and is therefore in a position to provide information as to whether or not a product is included in the export

list or the Dual Use Regulation; requires a written statement. This statement must be made in writing as a direct contractual partner to voestalpine. If the goods are included there, the export from the EU is subject to authorisation. A marking of the Dual Use classification within the EU is also required if the movement of goods takes place within the EU.

Please name a contact person in your company for clarification of any queries.

At our request, we ask the supplier to provide us with all further foreign trade data on his goods and their components in writing, and to inform us in writing without delay (before delivery of the goods affected by this) including all changes to the data already provided.

The voestalpine Compliance Guidelines are a binding component of all our contracts and agreements (available at: <http://www.voestalpine.com/group/de/konzern/compliance/>).

**WE EXPECT,**

that our recycling service providers and disposal companies ensure that products which deviate from the approved product or process do not re-enter the economic cycle, but are rendered unusable before they are disposed of. Our recycling service providers and disposal companies are obliged to document the process for evidence purposes. Disposal is carried out after approval by voestalpine, insofar as approval has been given by the customer. This only applies if the defective products cannot be reworked or repaired.

## 5) QUALITY ASSURANCE AGREEMENT

### General requirements / scope

#### Area of application

The “voestalpine Quality Assurance Agreement” (QAA) applies worldwide to the provision of external processes, products, and services to the various locations of the voestalpine Group and, to the extent applicable, to deliveries of software (which directly influences the quality of the voestalpine product). The voestalpine Quality Assurance Agreement is a controlled document within the meaning of IATF 16949. The requirements described in this document apply in addition to all applicable laws and regulatory requirements, the general requirements of the automotive industry described in ISO 9001 (current version), IATF 16949 (current version) and the applicable volumes of the VDA and/or the AIAG and any additional customer-specific requirements of the OEMs. In each case, the stricter provision shall apply.

The benchmark for the quality of our products and services is the satisfaction of our customers. As a customer-oriented company, we align our quality management so that the needs of our customers are understood, recorded and fulfilled beyond expectations. For this reason, it is necessary that our suppliers are fully integrated into our quality management. We see ourselves as a link in the chain between customer and supplier and are responsible for the consistency of the fulfilment of customer requirements.

#### Quality management system

The prerequisite for a supply relationship with voestalpine is an effective quality management system, which is structured in accordance with the applicable provisions of DIN EN ISO 9001/IATF 16949. The effectiveness of the QM system is demonstrated by the following:

- continuing and verifiable improvement in the processes, procedures and products;
- quality of deliveries;
- reliability of deliveries;
- effectiveness and speed of the implementation of corrective measures;
- communication on all levels;
- on-topic and on-schedule processing of new projects and change projects.

The purpose of this quality management system is to achieve our joint goal of “zero defects.”

The expiry of a certificate without planned recertification must be communicated to voestalpine at least six months before the expiry date. New certificates shall be sent to the competent contact partner in the voestalpine Procurement Department on the supplier's own initiative. If this is not done, the supplier can be brought into the voestalpine escalation process. This may have an impact on future business in certain circumstances.

The revocation of a certificate must be promptly reported to voestalpine. Certifications must be issued by accredited certification companies. voestalpine reserves the right to conduct audits and assessments of the quality management system, processes and/or products with prior notice, including with its customers, if necessary. voestalpine's agents and our joint customers shall be granted access to all relevant areas for this purpose, and the legitimate confidentiality interests of the supplier shall be given due consideration.

In accordance with the requirements of the IATF, the supplier must ensure that all externally provided processes, products and services comply with the applicable statutory and regulatory requirements of the exporting country, the importing country and the destination country identified by the customer – insofar as they have been communicated to the organization. Compliance with this requirement shall also be ensured within the supply chain.

### **Quality targets**

In quality planning, the supplier's most important task is to develop a "zero defects strategy" and take all necessary measures to achieve the quality target of "zero defects." The supplier shall define internal and external quality targets to measure and evaluate the quality achieved.

The following minimum requirements shall apply in this regard:

- determination of the internal and external complaint rates, preferably based on the number of complaints and the PPM (parts per million);
- determination of the internal and external costs of defects.

If necessary, voestalpine shall jointly agree on individual quality targets with the supplier (e.g. in the course of an improvement program).

Subject to deviating individual agreements, ppm values are to be halved annually. The supplier is responsible for determining and properly defining the functionally relevant and process-critical characteristics (if not specified) on the basis of the specification and requirements as well as for optimising the manufacturing processes and test methods. The supplier shall inform voestalpine immediately as soon as defective or suspicious products/services are detected.

## **PRODUCTION SPECIFIC QUALITY ASSURANCE AGREEMENT (PSQAA)**

The production specific quality assurance agreement (PSQAA) includes part-specific specifications for meeting customer requirements, which are either not explicitly included in the existing specifications, standards and drawings, or are focused on separately as an important product/process feature due to the risk of breakdown in the event of deviations (including test frequency, measuring and test equipment to be used, component cleanliness).

Depending on the order, production process or complexity of the component, this is additionally concluded with our suppliers and is considered a "co-applicable agreement".

## **SUSTAINABILITY**

voestalpine has committed to provide processes, products and services sustainably. The supplier must comply with the "voestalpine Code of Conduct for Suppliers" (available online at [www.voestalpine.com](http://www.voestalpine.com)) and pass it on within the supply chain.

## **PRODUCTION SAFETY**

Under the requirements of IATF 16949, the supplier must incorporate documented processes for the management of product safety-related processes, products and services. If necessary, based on additional customer-specific requirements that apply, a responsible person must be appointed as Product Safety Officer (PSO) for every production facility and this must be reported to the responsible contact partner in the voestalpine Procurement Department (as must any changes in this regard). Management is required to handle this function personally until a PSO is explicitly appointed.

## **SPECIAL CHARACTERISTICS**

Special characteristics require special attention since deviations in characteristics defined as "special" can affect product safety, useful life, assembly capability, functions or quality of subsequent manufacturing operations as well as statutory provisions to a significant extent. Such characteristics are established by the OEM and/or voestalpine. They are made clear in the relevant specifications and are documented in the document entitled "Special characteristics and documentation with special archiving" and/or are based on the supplier's risk assessment, e.g. based on the product and/or process FMEA.

All product and process characteristics are of special importance to voestalpine and must be complied with by the supplier.

The supplier must identify and label them in all relevant product and process documents, such as drawings, FMEAs, risk assessments, work, testing and production control plans. These characteristics must be given special consideration and monitoring during all relevant planning steps. For the

verification of critical characteristics, the scope and retention period for the necessary documents must be defined based on risk evaluation and with due consideration of voestalpine's and/or the OEM's requirements. Special characteristics shall usually be structured as follows:

- critical characteristics (characteristics with special verification) (e.g. CC/BCC),
- functionally important / process-important characteristics (e.g. SC/BSC).

The special characteristics per delivery batch shall be measured in sufficient numbers – by risk – and documented and retained for at least 30 years.

### **Verification for products with critical characteristics**

These are products with characteristics that have a significant effect on vehicle safety or on compliance with statutory requirements and which could result in product liability risk. These products and their characteristics shall be labeled in the technical documents and documented, if voestalpine has design responsibility, and/or, if the supplier has design responsibility, they shall be determined by the supplier during the designing process. In so doing, voestalpine's requirements shall be followed. The supplier commits to install a verification system for products with critical characteristics.

The content of the verification system must meet the requirements of VDA Volume 1 and be designed so that the care exercised can be proven in a claim (exculpatory evidence).

If these capabilities are not achieved, appropriate measures must be taken to achieve them during which appropriate 100% checks must be scheduled. The design must include traceability to ensure that details of the delivery can be correlated down to the production/test batches and input materials. It must be ensured that there is a functioning derivation system down to the subcontractor.

The documentation for this verification for special characteristics must be submitted to voestalpine, upon request, within 24 hours in the form requested by voestalpine.

### **SUBCONTRACTORS – CHANGE OF SUBCONTRACTORS**

The supplier shall be responsible for its subcontractors' product and process development in accordance with the requirements set forth in this QAA. If the supplier assigns orders to subcontractors, the relevant requirements of this document (QAA) must also be met by them. voestalpine must be notified of any change of subcontractors in advance (within a sufficient period of time) and the change requires voestalpine's written approval. If this is not done, it shall result in initiation of the voestalpine supplier escalation process. The supplier shall carry out the production process and product approval (PPAP) procedure. voestalpine reserves the right to also audit subcontractors, with prior notice and with its customers, if necessary. However, this shall not release the supplier from its responsibility toward the subcontractor and voestalpine. The costs of qualifying subcontractors shall be borne by the contractor.

## **FEASIBILITY STUDY**

Technical documents (e.g. drawings, specifications, environmental requirements, recycling provisions, product requirements, ...), which are prepared by voestalpine must be analyzed by the supplier as part of its contract review.

This review offers the supplier the opportunity to contribute its experience and suggestions to the advantage of both parties. The feasibility study shall be confirmed and proved to the Procurement Department when the offer is submitted and is a prerequisite for the placement of the order. At voestalpine's request, the contractor shall submit all relevant documents relating to the feasibility assessment (processes, products, services, production facilities, tools and testing facilities). All subcontractors to be utilized for products and processes must also be included in the feasibility assessment and documented for voestalpine.

## **CHANGES TO THE PRODUCT OR PROCESS**

voestalpine must be notified of changes to the product or process within a sufficient period of time, at least three months in advance, and such changes shall require the written approval of voestalpine. The supplier shall document these changes in a product and process history. A relocation or change of the supplier's production facility or production processes or of the production site where the contractual product is manufactured for voestalpine is only permitted with the prior written consent of voestalpine. Accordingly, the supplier must give voestalpine at least six (6) months' prior notice of this. In the process, the supplier shall provide voestalpine with an appropriate relocation scenario, including timetable, which takes all the effects on the production and delivery of the contractual products as well as new initial sampling, etc., into account.

## **PLANNING**

voestalpine has set itself the task of involving its suppliers in the quality planning of a new project at the earliest possible stage. As part of project management, we generally require our suppliers to undertake systematic planning in accordance with AIAG APQP unless voestalpine establishes a different procedure. This planning shall include both the parts manufactured by the supplier and purchased parts. voestalpine shall be notified of the project manager.

The supplier shall carry out at least all the following planning steps for the respective part or project. Feedback/communication shall be provided as agreed upon with voestalpine. Changes to a part or process shall be undertaken in a similar manner. A status report shall be prepared for the supplier's in-house parts and purchased parts (blanks, external processing, sub-suppliers), which summarizes the

individual evaluations and highlights critical items individually. voestalpine and the supplier shall agree on any requirements that go beyond the content of the QAA for specific projects.

Project status - voestalpine reserves the right to verify the progress of the project at the supplier's and/or sub-supplier's location, if necessary, by conducting a VDA 6.3 process audit.

## **PROJECT STATUS**

voestalpine reserves the right to verify the progress of the project on site at the supplier's and/or sub-supplier's premises, if necessary by conducting VDA 6.3 process audits.

## **PLAN CONTENT**

The content of the project plan, building on the items described in Sections 8.1-8.3 of IATF 16949, must at least include but not be limited to the following areas, including the utilization of sub-suppliers (if applicable):

- technical planning,
- capacity planning,
- schedule planning (including milestones).

## **SCHEDULE PLANNING**

The supplier shall prepare a schedule for the project based on the deadlines and milestones established by voestalpine and submit it to voestalpine.

## **PLANNING AND PROCUREMENT OF SYSTEMS AND EQUIPMENT**

All systems and equipment for the manufacturing of components must be planned for and purchased so there is sufficient capacity no later than the production trial run before the deadline for initial samples. Moreover, all devices and internal and external means of transportation must also be taken into account. The supplier must prove the capability or suitability of the equipment. If there are multiple devices or multiple forms of devices, the capabilities or suitability must be proven individually.



## **PLANNING FOR AND PURCHASING TESTING EQUIPMENT**

The supplier shall specify the testing method with the relevant testing equipment for all characteristics, if this has not already been specified, e.g. by customer-specific requirements or voestalpine's own requirements, as with defined special characteristics.

The procurement process shall be planned so that the necessary testing equipment is available for the production trial run and the suitability of the testing process has been demonstrated. The proof must be in accordance with the requirements of VDA Volume 5 or the customer's specifications.

## **PRODUCT SPECIFICATION**

Production specifications - Suppliers with development responsibility shall implement the customer's requirements in all necessary product descriptions (such as functional specification, drawings, internal standards, ...). However, production-related dimensions that are not described in 3D data models (e.g. connection points, form dividing seams) must generally be determined and specified. To avoid processing and conflict problems, they must be coordinated with the responsible voestalpine person who coordinates development at voestalpine.

## **PROCESS FLOW CHART**

The supplier shall prepare a process flow chart for the entire process chain. At voestalpine's request, this process flow chart shall be presented before the start of series production for joint discussion. The process flow chart must be consistent with the process FMEA and the production control plan.

## **PRODUCT AND PROCESS FMEA**

A Failure Mode and Effects Analysis (FMEA) shall be conducted to investigate possible risks and evaluate them in terms of importance, probability of occurrence and likelihood of detection. These risks shall be minimized by initiating appropriate measures. Therefore, the FMEA is an important means of avoiding defects.

The FMEA must be conducted in due time so that results and measures can be included in the planning. An FMEA must take into account all phases of the product life cycle, such as design, production, assembly, packaging, transport and use by the customer as well as recycling and disposal. FMEAs shall be prepared or revised on the following occasions (non-exhaustive list):

- development / production of new parts,
- introduction of new manufacturing process,
- site relocation,
- changes to drawings,

- changes to process,
- lessons learned,
- occurrence of defects.

VDA Volume 4 or AIAG FMEA describe the methodology in detail.

A product (design) FMEA shall be conducted for all components that are within the supplier's design responsibility. A process FMEA shall be conducted for every step in the process of manufacturing a component. The results of the product FMEA and the special characteristics (SC/CC) shall be given special consideration. In addition, an analysis of similar parts (danger of confusion) and a fault simulation shall be integrated.

Risks identified with the aid of an FMEA must be minimized in a cost-neutral manner by taking suitable measures. Deadlines and persons responsible for implementing the measures must be designated so that the measures are implemented before the start of series delivery. The measures taken shall be reevaluated with respect to the effectiveness test that was carried out. voestalpine must be promptly informed of any necessary design changes or procedural changes.

## **TEST PLANNING / DEVELOPMENT APPROVAL**

Suppliers with development responsibility shall develop and implement a plan in conformity with VDA Maturity Level Assurance for New Parts or APQP under which the design (development results) is checked for fulfillment of the design specifications. This plan must, among other things, provide information about the timing, nature and scope of the validation and about the samples. The difference between the plan and its realization shall be evaluated.

## **TESTING PLAN**

Based on the production control plan, the supplier shall prepare a testing plan, indicating all the characteristics to be tested and the relevant testing equipment for every operation. Alternatively, these items can also be part of the production control plan.

In addition to the expense of implementation, the planning shall take into account the training of employees and the setting up of workstations in terms of statistical process control (SPC).

## **COORDINATION OF SERIES MONITORING**

In general, all product and process characteristics are important and must be implemented. Testing intervals and random sample sizes must be established to verify this at reasonable intervals. Process

capability must be verified for special characteristics. For this purpose, the supplier must use suitable methods to monitor these special characteristics, e.g. with quality control charts (SPC).

If the process capability is not verifiable, there must be a 100% characteristic inspection (to the extent applicable) until this is verified. Suitable methods shall be used to monitor special characteristics that are not measurable or can only be monitored through destructive testing and this must be documented. Testing intervals and random sample sizes must be established here.

The planned monitoring of series special characteristics shall be coordinated with voestalpine. For this purpose, the supplier shall send the relevant "production control plan" to the competent voestalpine responsible party on schedule before initial sampling or submit it to the latter for inspection.

## **CAPABILITY CERTIFICATION**

The execution of a machine capability study and a process capability study are governed by VDA Volume 2, VDA Volume 4 and AIAG Document SPC, and they must be carried out accordingly. Deviations therefrom must be agreed upon with the competent voestalpine party.

### **Minimum requirements for capability parameters:**

Machine/short-term capability (MCA),

Cm/Cmk 2.0,

Preliminary process capability (PCS) Pp/Ppk 1.67,

Process/long-term capability (PCS) Cp/Cpk 1.33.

Divergent requirements (e.g. based on customer requirements) shall be agreed between voestalpine and the supplier.

### **Machine capability study/short-term capability:**

Machine capability studies shall be planned so that all verification is available no later than at the production trial run (run@rate or comparable).

### **Preliminary process capability study:**

The analysis of the preliminary PCS (PP/PPK) shall not be submitted until there are at least 25 random samples with 5 measured values in each case (125 measured values), but no later than at production/process approval (PPAP). Divergent procedures shall be agreed upon with the competent voestalpine party.

### **Process capability study/long-term process capability (CP/CPK):**

Upon request, the long-term process capability shall be reported to voestalpine as soon as it can be determined in accordance with the aforementioned provisions. In addition, the results of the PCS must be submitted upon request. Regular analysis of SPC records (preferably automated) shall be carried out no later than the start of series production.

## **CENTERED MANUFACTURING**

Centered manufacturing should be the goal for controllable characteristics (process control). For special characteristics, a controlled and capable process shall be followed and documented, with continuous, systematic analyses of test results by means of statistical process control (SPC) in accordance with the rules and regulations.

In the case of test processes for which no capability could be verified for its associated manufacturing processes and for non-controllable test criteria, such as tool-specific characteristics, the supplier may only utilize the tolerance reduced by the amount of measurement uncertainty. For characteristics limited on both sides, the measurement uncertainty must be deducted at both tolerance limits.

In the case of non-process-capable “special characteristics,” 100% inspection must also be documented through statistical methods.

## **PLANNING OF PREVENTIVE MAINTENANCE**

To ensure delivery capability, a system of preventative/predictive maintenance of production equipment must be developed. A maintenance plan must be created, which contains the maintenance intervals and the scope of maintenance work. Consistent implementation shall be documented in writing (see also IATF 16949).

In addition to determining the intervals for preventative/predictive maintenance, an emergency strategy must be created for the processes that affect delivery capability. This may include bottleneck machinery and special tools.

“Critical spare parts requirements” must be determined and such parts must be stockpiled as part of emergency planning or measures must be taken to ensure sufficiently quick access to them so that deliveries can be maintained. If external resources are accessed (e.g. maintenance by machine manufacturers or subcontractors), appropriate contracts must be maintained with them regarding response time and service hours.

## **STATUS OF SUBCONTRACTORS AND PURCHASED PARTS**

Upon request, a list of the sub-suppliers deployed shall be submitted.

### **Status of sub-suppliers:**

The quality capability of the subcontractors used in the project must be ensured. If they do not fulfill requirements, development programs must be established. Their implementation and validation must be ensured to voestalpine before the production trial run is carried out (run@rate) but no later than at production process and product approval (PPAP).

**Status of purchased parts:**

The status of quality planning shall be reviewed on a regular basis. The activities must be aligned so that production process and product approval of purchased parts is completed before production process and product approval (PPAP) of the product as a whole.

**LOGISTICS****Parts control**

To avoid batch mixing and ensure traceability, blanks, parts purchased from subcontractors and parts produced in-house shall be processed and delivered in accordance with the “first in – first out” principle. The supplier shall ensure traceability from voestalpine back to its sub-suppliers. For this purpose, the parts or the containers shall be suitably marked with the batch identifier and change status.

**Cleanless**

The supplier is responsible for the cleanliness of its parts and packaging – with due consideration to any permissible remaining residue standards issued by voestalpine. For this purpose, project-specific requirements can be agreed upon, such as VDA Volume 19.

**Traceability**

The supplier is responsible for thorough traceability within the established scope and for appropriate labeling of components and containers until delivery to voestalpine or a designated third party. Deliveries to voestalpine shall be clearly labeled in accordance with the drawing specifications with item numbers, batch and manufacturer’s labels, if appropriate. The supplier shall ensure traceability with a label affixed to the component. If there is a complaint, it must be possible to draw a clear conclusion about the disputed delivery in order to limit the quantities of defective parts and source materials. Upon request (e.g. if there is a claim), the supplier must be able to provide voestalpine with traceability regarding its production data, input materials and purchased parts, if any.

**PERSONNEL****Capacity**

Personnel planning for the project production volume must be done in due time. The planning must be designed to ensure that an adequate number of suitable, trained and instructed personnel are available.

## **Qualifications**

When a new workplace is set up or changed or the duties performed or the specifications and/or instructions in this regard have changed, every employee must be trained regarding to the new conditions. Appropriate proof of this must be maintained.

## **PRODUCTION TRIAL RUN (RUN@RATE)**

The supplier must conduct an (internal) production trial run (run@rate) under series production conditions to demonstrate the necessary output and quality capability of the process. After a successful production trial run by the supplier, voestalpine reserves the right to conduct an (external) production trial run (run@rate) on the supplier's premises to verify the performance and quality capability of the process.

## **EXTERNAL SUPPORT**

If there are repeated or continuing disruptions in the course of project, product and or process planning and/or realization activities, caused by the supplier, voestalpine reserves the right to classify and monitor the supplier in accordance with the voestalpine escalation model and the Warranty Agreement.

## **EMERGENCY PLANNING**

Each supplier must provide us with evidence of the existence of an emergency plan in accordance with the requirements of IATF16949 and update it at regular intervals and check its effectiveness. In the event of unforeseeable events (e.g. accidents, strikes, natural disasters), the ability to deliver shall be ensured and, in addition, a notification process shall be set up that includes the extent and duration of emergency situations that have an impact on voestalpine's business operations. This emergency plan shall be presented to voestalpine upon request.

## **PROCESS AND PRODUCT APPROVAL**

The PPA procedure is intended to demonstrate that the requirements agreed with the customer are met fulfilled in accordance with the drawings and specifications.

The supplier must evaluate and document its approvals of the individual stages of product and process development. Production process and product approval shall be effectuated either in accordance with VDA Volume 2 Submission Level 2 (PPA), in accordance with the production parts

acceptance procedure of AIAG PPAP Submission Level 3 and/or in accordance with the customer's requirements.

For primary materials (steel, aluminium, stainless steel), we also expect a cover sheet EMPB incl. possible additional qualification measures based on customer specifications, in addition to the specific test report 3.1, e.g. MBN11251, incl. BQF:

Raw material	Specification of the steel grade and coating with complete address of the production plant, taking into account any source of supply specification
Mechanical properties	Indication of all mechanical properties specified for the respective steel grade. For the elongation at fracture, only the quantity agreed upon in the order shall be indicated.
Chemical composition	Indication of the chemical composition with confirmation Non-IF or IF steel, if prescribed for the component.
Circulation mass	Indication of the circulation mass per side.
Electrolytic galvanizing	Carrying out the liability check and documenting the result.
Hot dipping galvanizing	Indication of the Al content of the zinc coating.
Oiling	Indication of the rolling oils, prelubes and drawing oils used (manufacturer's product designation).
Sheet thickness	Indication of the sheet thickness.

It must be ensured that all process and quality planning activities have been completed before the start of production process and product approval (PPAP). If necessary and with prior notice, voestalpine shall conduct process approval procedures (R@R) on the supplier's premises. Successful production process and product approval is one of the prerequisites for full payment of the costs of tools and devices for the specific project. If process acceptance on the supplier's or voestalpine's premises are not successful for reasons attributable to the supplier, and they must be repeated, voestalpine reserves the right to pass on the additional costs incurred in this regard to the supplier in accordance with the Warranty Agreement. The same shall apply to the additional costs of conditional acceptances.

The PPA report must be sent in advance to [fsr-supplier@voestalpine.com](mailto:fsr-supplier@voestalpine.com). Bei mechanischen Fastening elements are to be supplied without request with standard values as part of the initial sampling.

Missing or incomplete sampling documents or IMDS entries will be charged with the actual amount of additional expenses.

## **CHANGES TO THE PRODUCT OR PROCESS**

Changes to the product or process must be notified to voestalpine in sufficient time, but at least 3 months in advance, and require written approval from voestalpine. These changes shall be documented by the supplier in a product and process life cycle. Any relocation or modification of the supplier's production facility or processes or manufacturing site where the contractual products are manufactured for voestalpine shall only be permissible with voestalpine's prior written consent. Accordingly, the supplier shall inform voestalpine of this in advance with a notice period of at least 6 months.

The supplier shall submit to voestalpine a corresponding relocation scenario including a schedule taking into account all effects on the production and delivery of the contractual products as well as new initial sampling, etc. The supplier shall also submit to voestalpine a schedule for the relocation of the contractual products.

## **INITIAL SAMPLES**

Initial samples are products produced and tested under series production conditions (machines, systems, operating and testing equipment, machining requirements). The test results for all characteristics shall be documented in an initial sample test report, which shall be provided to voestalpine upon first request. The number of parts to be documented (min. three sample parts) shall be agreed upon with voestalpine. Initial sample parts shall be delivered separately and clearly labeled as such in the delivery. The current voestalpine sampling template must be requested from the respective Q contact partner and used, unless otherwise agreed. In addition, the supplier shall provide the voestalpine material number and relevant information on the product history in accordance with VDA Volume 2 as part of the initial sampling on the supplier's own initiative, unless otherwise agreed with voestalpine. The sequential numbering used to identify the characteristics in the initial sample test report must be the same as those in the stamped drawing. Assemblies manufactured in accordance with a voestalpine design must be subjected to initial sample testing, including the individual parts, and presented to voestalpine. For products of the supplier's own design, the supplier shall sample the assemblies and present them to voestalpine. Initial sampling must also be carried out for individual parts and subassemblies, if necessary. voestalpine shall be permitted to inspect this documentation, if necessary. Deviations from voestalpine's specifications, which were not detected during production process and product approval, do not release the supplier from its obligations, and justify voestalpine in complaining even at a later date. The overall decision shall be communicated to the supplier in written form.

Series production may not begin until the samples have been approved.



### **Initial sampling in accordance with a 3D data model**

Measurements must be made in accordance with the applicable 3D data model. The number of measuring points must be chosen so that all geometries are determined with certainty and in accordance with customer's specifications, if any. Details relating to the measurement must be agreed upon with the competent voestalpine party. The characteristics determined and established in Sections 1.8 and 2.13-15 shall be documented with the initial sampling.

### **Material data recording**

The recording of material data in the IMDS (International Material Data System) is a prerequisite for production process and product approval (PPAP). The material data sheets (MDS) must be sent to voestalpine on time. Missing material data sheets (MDS) shall result in conditional approval of initial samples or their rejection. In addition to Plant Test Certificate 3.1, we expect an initial sample test report cover sheet for input materials (e.g. steel, aluminum, stainless steel).

### **Documentation of initial samples**

The initial samples documentation in accordance with the requested submission levels shall be delivered at the same time as the initial samples. Missing, incomplete or deficient initial samples documentation will result in the inclusion of the supplier into the voestalpine escalation model.

### **Deviations with respect to initial samples**

The documents, records and initial sample parts may only be submitted when all the specifications have been fulfilled. If there are deviations, the supplier must give voestalpine prior written notice of the deviations. Initial samples with deviations that have not been approved or with missing or incomplete sampling documents or IMDS entries will be rejected and not processed by voestalpine and the actual amount of additional expenditures will be charged.

The supplier shall be notified of the overall decision in writing. Series delivery may only take place after release of the samples.

**Retention of reference samples** The supplier shall retain reference samples (retention parts) from initial sampling for at least 15 years after the end of production or in accordance with the customer's specific requirements. Deviations from this must be agreed upon with the competent voestalpine party in writing.

## **INTERNAL APPROVAL FOR SERIES PRODUCTION**

Approval to start series production may not be given until successful completion of all the planned project activities (including proof of tool and machine approvals, MCA, R@R, and individual part PPAP). The supplier must document approval by all managers in the Quality Assurance, Production and

Planning Departments, and other departments involved, if any. This documentation must be dated and signed and, upon request, sent to the competent voestalpine contact partner for quality matters.

### **Safe series run**

The supplier must take measures to ensure a safe series run over a defined period of time, at least 90 days. These measures are to be communicated to the competent voestalpine contact partner for quality matters in the course of process planning. In addition, voestalpine reserves the right to have an additional on-site test conducted for components or processes with increased risk, new suppliers, new technologies and suppliers with anomalies in the areas of logistics, quality or communication. If there are repeated deviations with no measurable improvement, this can lead to inclusion of the supplier in the escalation procedure.

### **Production approval**

Before the start of production, the supplier must approve all production and assembly workplaces in accordance with IATF16949 and ISO 9001. Any deviations found must be documented. To implement remedial actions and improvement measures, responsible persons and completion dates must be designated. The measures taken must be reviewed for effectiveness. There may be no approval to start production until after successful review of all items, and documentation.

## **CONFORMITY CHECK**

The delivery of goods by the supplier can lead to a delay in the transfer of risk and thereby to a delayed notice of defects (complaint), if any, to the supplier, because, under the “skip lot” procedure sometimes used by voestalpine, a potential defect may not be detected until the goods are withdrawn from warehouse inventory. Moreover, the scope of this inspection is solely an identity verification and completeness check in accordance with the purchase requisition, and an inspection for obvious damage (particularly damage in transit).

To this extent, the supplier hereby waives the defense of belated notice of defect.

This does not release the supplier from full responsibility, liability and the duty to take all necessary measures to eliminate defects in the products the supplier manufactured or placed in circulation. Under certain circumstances, not all failed parts shall be made available for analysis.

In the event of defective deliveries, the supplier must take immediate remedial action. If sorting or reworking activities are necessary, voestalpine shall inform the supplier immediately.

Immediately after becoming aware of this, the supplier shall decide who is to carry out the required activities (own employees, external service providers, voestalpine). If work is undertaken by voestalpine or external service providers are commissioned, the supplier must issue a written order. If the written order is not issued within the period specified by voestalpine, the necessary activities

(sorting, reworking) shall be commissioned by voestalpine. The costs incurred here will be charged on, taking into account the clear question of guilt.

## COMPLAINT PROCESSING

After every complaint by the voestalpine ordering plant, measures to remedy the defect must be initiated immediately, documented and, at the request of voestalpine, submitted in structured form as an "8D Report" in accordance with the method described in VDA Volume 4 within 24 hours. In the complaint procedure, the supplier must prove that it delivered goods that were within the requirements and specifications. In general, the cause must be analyzed in detail with suitable problem-solving methods (such as Ishikawa, 5 W questions, fault simulations, etc.). If other voestalpine companies or locations are affected, the supplier must promptly inform them. Checked and conforming components that formed the basis for complaints and follow-up deliveries from warehouse inventory or work in progress that were inspected due to previous defects must be labeled until verified elimination of the defect and validation of this, unless otherwise agreed. The transport carriers and each individual cargo must also be clearly labeled. In certain cases, the type of label for the individual part must be determined with the voestalpine approving plant.

There must be a response to the completed 8D Report within of 10 business days or in otherwise the supplier must request an extension for conclude with 8D report according with the nature of the non-conformity, the supplier must safeguard evidence of the agreement with the interested part by voestalpine.

If the supplier is activated to use the CAQ REM Portal, it must respond to these complaints via this portal. If the supplier does not comply with the established implementation periods, it can be classified in the escalation procedure and this can have a negative effect on the supplier's evaluation. The supplier must bear the relevant expenses.

When there are complaints from the field, the supplier shall conduct systematic analyses, particularly for components for which no defect was found in the diagnostic process (NTF). In this regard, see the VDA Volumes:

- „Joint quality management in the supply chain“,
- „Marketing and customer service: defective part analysis, field“

The voestalpine or customer-specific warranty agreements that were agreed upon with the supplier in the individual case shall take precedence here. If there are defects of quality in the deliveries, voestalpine reserves the right to include the supplier in the escalation model.

## **RETENTION PERIODS**

Retention periods for document, records and reference samples are 15 years after end of production. These specifications do not replace statutory requirements. Longer retention periods are recommended based on the limitation periods for product liability claims and must be complied with in individual cases and in accordance with divergent project-specific customer requirements (with prior agreement). These specifications do not replace statutory requirements.

## **REQUALIFICATION TEST**

The supplier shall regularly check its deliveries for fulfillment of the specifications provided by voestalpine or its customers. voestalpine expects proof of periodic requalification of products and processes (VDA Volume 2) in accordance with the respective customer's requirements, but at least every three years. Technically coherent product groups can be formed in consultation with voestalpine. Any deviation must be agreed upon by the supplier and voestalpine in writing. The necessary documents must be sent to the requester no later than five business days after the written request. No charge is permitted for any expenses.

## **STEERING OF NON \_ COMPLIANT PRODUCTS**

If deviations from the specified requirements are detected, the responsible department at voestalpine must be informed immediately. Delivery of the affected parts may only take place after special release. The process must be documented in writing and the delivered goods must be marked with this special release.

## **SMALL QUANTITIES IN SERIES PRODUCTION**

Some QAA requirements may not apply to very small quantities – up to 500 parts per year and/or less than one order per quarter. Written notice must be given of any deviation from the requirements of this QAA and requires the permission of SQA voestalpine AC.

The following minimum requirements always apply to very small quantities, as described above:

- ISO 9001 plus
- AIAG minimum standard quality system for motor vehicles (MAQMSR)

## **APPROVAL OF DEVIATIONS**

If there are deviations from the specifications, approval must be obtained before delivery in the form of a deviation authorization. All deliveries made on the basis of deviation authorizations must also have labels on all load carriers in accordance with the approved deviation authorization.

## **ELECTRONIC HANDLING OF BUSINESS PROCESSES**

At the request of voestalpine, suppliers must convert to electronic handling of business processes as is customary in the industry, and use it.

### **„SELECTED SUPPLIER“**

In general, the QAA described herein with all other applicable documents and requirements of IATF 16949 shall fully apply to sources of supply/suppliers prescribed for voestalpine by the customer. Notwithstanding this, an interface agreement may be concluded between voestalpine, the customer and the supplier to regulate responsibilities in various relevant areas in differentiated ways.

## **CUSTOMER-SPECIFIC REQUIREMENTS AND SPECIFICATIONS**

Our suppliers must ensure the conformity of all products and processes - including spare parts as well as parts from external suppliers - with all customer requirements as well as applicable legal and regulatory requirements. Our suppliers shall document the process to ensure that all externally provided processes, products and services comply with the applicable legal and regulatory requirements of the exporting country, the importing country and the destination country specified by the customer, if notified to the organisation.

If the customer specifies special monitoring measures for certain products that are subject to legal and regulatory requirements, the organisation shall ensure that this monitoring is carried out as required and is continuously maintained - also for subcontractors and outsourced processes.

voestalpine and all sub-suppliers involved in the product development process have the obligation to ensure the quality of the products and processes through appropriate monitoring and further development of the production technology and tools used. Current norms and standards must also be constantly checked to ensure that they are up to date, and the development of quality management systems at our customers and at voestalpine must be proactively accompanied, both in in-house production and in external contracting.

We oblige all those involved in the process to carry out regular audits in accordance with the valid AIAG standards (CQI), among others, to safeguard all customer-, product- and process-specific requirements and also to approve the performance of external partners.

The specific standards, requirements and specifications of our customers are an integral part of this QAA. The supplier can request these from voestalpine if it does not have them. The respective current versions shall apply and shall also apply to any legal successors. If the end customer is not evident from our documents, the contractor must explicitly ask about this.

The appropriate statutory provisions and the provisions of the voestalpine Warranty Agreement shall apply to deviations and deficiencies with respect to requirements, specifications and time periods under this QAA and the resulting warranty claims

## 6) CORPORATE RESPONSIBILITY

### 6.1 PREAMBLE

As a globally active steel and technology group and a leader in our business areas, we are aware of our comprehensive economic, ecological and social responsibility. Corporate responsibility is an essential principle of all decisions and actions in our company. This ranges from the observance of human rights, the procurement of raw materials and production to the recycling of products, from training and further education to the health and diversity of our employees.

These Responsible Sourcing Standards are derived from the requirements for human rights, environmental protection and business ethics as applied by voestalpine AG and its affiliated companies pursuant to Section 15 of the German Stock Corporation Act (AktG) in their own business activities, and concretise these for suppliers (hereinafter also referred to as partners).

The benchmark is our Code of Conduct, our Statement of Principles on Social Responsibility and Human Rights, and our Group Policy on Environmental and Energy Management, including our ambition to achieve CO<sub>2</sub> neutrality.

Respect for human rights in accordance with the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights and the ILO core labour standards is a fundamental component of responsible corporate governance for voestalpine and applies equally in our supply chains. The following minimum requirements and expectations of the partner therefore aim to prevent, minimise or, as far as possible, end negative impacts on human rights worldwide.

Our environmental protection requirements aim to conserve natural resources and prevent environmental damage caused by economic activity, to repair it when it occurs and to compensate for it if it is unavoidable or unrecoverable. This covers a wide range of issues, including, for example, the prevention of air, soil and water pollution, harmful noise and odour emissions, the preservation of water resources and natural soil quality as well as forests, the promotion of renewable and clean energy sources and the safe management of hazardous substances and hazardous waste.

We expect our partners to demonstrate a systematic and holistic approach to environmental protection: The partner should anchor responsible corporate action in strategies and management systems, carry out an assessment of the environmental impacts of procurement, design and manufacture of parts, production materials and products in advance and integrate these into corporate decisions and address causes.

Our Responsible Sourcing Standards contain mandatory minimum requirements for all voestalpine suppliers, are an integral part of individual supply contracts and are applied worldwide. In addition, they show our expectations of our suppliers in order to establish and continuously develop, together with them, a "best practice" for the protection of human rights and the environment as well as for the fulfilment of duties of care for responsible corporate behaviour.

Our partners are obliged to communicate these requirements to their employees as well as to their direct suppliers and to ensure compliance within their scope of influence. voestalpine expects our partners to comply with all applicable laws and regulations as well as the standards implemented.

### **Steel is an essential part of our lives**

Steel plays an important role in all areas of human life. We are actively working on the development and application of resource-saving processes for steel production, measures in waste management and an active climate protection policy. We research products that indirectly save CO<sub>2</sub>, deal with Life Cycle Assessment (LCA) and support the establishment of the life cycle idea.

### **We protect human rights**

We are committed to the protection of human rights. We do not tolerate child labour, forced labour or discrimination of any kind, including in employment and occupation, either within the Group or among our business partners. Therefore, human rights are an important point in the Code of Conduct for Business Partners. Since 2013, we have supported the UN Global Compact (UNGC), whose ten principles include the promotion of human rights alongside labour standards, environmental protection and anti-corruption.

### **We ensure a transparent supply chain**

We are committed to responsible procurement and ensure transparency in the supply chain. We procure a wide range of materials and products, as well as services, from a large number of suppliers. Through our supply chain management, the social and environmental impacts and risks of suppliers' activities are systematically identified, assessed and taken into account in development. This is an essential part of our sustainability strategy and defines principles for general procurement as well as raw material procurement.

### **Appreciation and diversity for above-average employee integration**

High engagement and above-average retention of employees are essential pillars of our success. We rely on a culture of diversity and appreciation and on well-founded training and further education for all groups of employees, as well as on comprehensive safety measures and a Group-wide health management system.



### **Sustainability as an integrative component**

Sustainability is an integral part of our Group strategy and is operationalised in the individual divisional, business unit and functional strategies. Consistent sustainable business practices and the continuous systematic assessment of potential and actual environmental impacts in procurement, production and logistics as well as in new investments contribute to our ability to keep environmental impacts as low as possible and to conserve natural resources to a large extent. We will regularly evaluate our approaches internally as well as with our external partners and pursue all necessary measures and demand a noticeable and verifiable improvement in the areas of product sustainability and life cycle considerations, among others. Product sustainability also includes the aspects of our products, including purchased components and services, with regard to hazardous ingredients, conflict minerals, compliance with the requirements of applicable environmental laws and regulations (e.g. REACH, RoHS, ELV) as well as specific customer requirements for our products and their production processes.

### **Practising environmental and climate protection**

We are aware of our responsibility for the environment, the climate and people and are clearly committed to the global climate goals. Therefore, practising environmental and climate protection is a matter of course for us. The careful use of water, energy and raw materials as well as noise protection, air and soil purification are important obligations that we face every day. In all our plants, in all our processes and in all our procurement activities.

Both internally and externally, we place high demands on the processes and products to support these targets positively and proactively in the long term.

### **Continuous improvement**

We achieve continuous improvement of our environmental and energy work/performance e.g. via:

- Best available technology of installations and machines
- UMS and EnM as planning and control instruments
- Promotion of environmental awareness among employees
- Internal environmental and energy audits

## **6.2 OUR STANDARDS FOR RESPONSIBLE PROCUREMENT**

Responsible procurement begins with respect for human rights. At voestalpine, we take a holistic approach to respecting human rights in our supply chains, including the responsible treatment of our environment. In particular, we recognise the impact of climate change as a global challenge and align our strategy and actions with defined climate targets. Taking into account the interaction between human rights and environmental risks is an integral part of our corporate responsibility. We expect our

partners to make their contribution together with us, while respecting the principles of responsible business conduct.

These standards reflect voestalpine's self-image as an industrial company. They reflect relevant frameworks and are based not least on a continuous risk assessment, especially of raw material supply chains. voestalpine is working together with its partners to implement these standards.

In the event of knowledge of a violation of the requirements of the Responsible Sourcing Standards, voestalpine will take steps to avoid or minimise the violation, e.g. by agreeing on a corrective action plan. The partner is obliged to support these efforts to the best of its ability. In the event that the violation persists, voestalpine reserves the right to suspend or terminate the contractual relationship.

### **6.3 SOZIAL RESPONSIBILITY AND PROTECTION OF HUMAN RIGHTS**

The partner is committed to respecting human rights as defined in the United Nations Global Compact, the International Bill of Human Rights, the Declaration of the International Bill of Human Rights, and the UN Declaration of Human Rights. Charter on Human Rights, the Declaration of the Intern. Labour Organisation Declaration on Fundamental Principles and Rights at Work of 18 June 1998 and the United Nations Guiding Principles on Business and Human Rights of 16 June 2011.

#### **1. Human rights diligence**

##### **Minimum requirements for partners**

If the partner supplies products or provides services for voestalpine in whose value chain potentially negative impacts on human rights are to be expected, the partner undertakes to establish processes for human rights due diligence (e.g. human rights due diligence process) in its company within a reasonable period of time and to take systematic and appropriate due diligence measures in connection with human rights on the basis of these processes. The national due diligence laws applicable to the partner, but at least the requirements of the UN Guiding Principles on Business and Human Rights and the relevant OECD Guidelines and Principles, are decisive in this regard. In accordance with the UN Guiding Principles, the partner shapes the appropriateness and scope of these measures according to the size and turnover of its company, the type and origin of the product or service and the raw materials it contains, and in particular the associated risks.

##### **Expectations from partners**

The partner should establish effective processes to actively protect human rights with the aim of identifying, preventing, minimising and ending potential and actual negative impacts on human

rights throughout the value chain. To establish human rights due diligence processes, suppliers shall implement at least the following measures according to the OECD Guidelines for Responsible Business:

- i. Ensure that responsible corporate behaviour is anchored in strategies and management systems
- ii. Determine and evaluate actual and potential negative effects related to the company's business activities, products or services.
- iii. Eliminate, avoid and reduce negative effects
- iv. Follow up on implementation and results
- v. Communicating the use of effects
- vi. Make reparations, if necessary, or cooperate in doing

Relevant stakeholders, especially those whose human rights may be affected by the partner's business activities, should be involved in the establishment and implementation of the management system.

## **2. Transparency, cooperation and participation**

In order to ensure that suppliers comply with the minimum requirements and standards on human rights set out in these Responsible Sourcing Standards, voestalpine requires its partners to ensure the necessary transparency, in particular by fulfilling the following information and cooperation obligations:

### **Minimum requirements for partners**

At voestalpine's request, the partner is obliged to provide information on the processes established in its company for human rights diligence. This shall be done by means of a self-disclosure questionnaire provided by voestalpine, which the partner shall answer completely and truthfully to the best of its knowledge, submitting appropriate documents.

The partner shall inform voestalpine without being asked about identified risks and mitigating measures and provide documentation of its diligence measures upon request. In particular, the partner shall identify human rights critical "nodes" (e.g. mines, smelters and refineries) and provide information about them (e.g. about the company and production site of the "node"). voestalpine is committed to the UN Guiding Principles and aims to publish such human rights critical "nodes" in its supply chain.

To the extent that a violation of the human rights standards listed in this section at a partner cannot be ended in the foreseeable future, voestalpine will work with the partner and/or relevant third parties to develop and implement a corrective action plan designed to end the violation or minimise its severity within a specified time. The partner shall support voestalpine to the best of its ability.

voestalpine is entitled to inspect or audit the human rights diligence processes established by the partner, including the human rights diligence measures taken by the partner, as well as the timely implementation of a corrective action plan, or to have them inspected or audited by a third party commissioned by voestalpine. The partner shall provide voestalpine or a third party commissioned by voestalpine with all requested information and documents for inspection and give them the opportunity for discussions or interviews with business managers, executives and employees, as reasonably necessary in each case for these purposes. The partner shall permit voestalpine or an authorised third party to make copies and extracts. voestalpine may use the information and findings from these inspections and audits to fulfil legal obligations, such as reporting obligations, taking into account the business secrets and confidentiality obligations of the partner.

The partner undertakes to participate in training and further education on voestalpine's human rights standards and expectations at voestalpine's request.

The partner will pass on the contents of these human rights standards to its subcontractors, commit them accordingly and check compliance with the human rights standards in the supply chain. In particular, it is its responsibility to ensure that its subcontractors also act in accordance with these human rights standards.

If the partner does not meet the requirements of these Responsible Sourcing Standards, voestalpine reserves the right to take appropriate measures, which may ultimately lead to the suspension or termination of a supply relationship.

The partner undertakes to comply with the following human rights standards:

### **3. Prohibition of child labour**

#### **Minimum requirements for partners**

The partner assures that child labour is not tolerated under any circumstances within its business and towards direct suppliers. The partner is obliged to comply at least with ILO Conventions No. 138 on the minimum age for employment and No. 182 on the prohibition of the worst forms of child labour in its company and to verify the age data of employees and applicants for this purpose. Children shall not be hindered in their development and education. Their health and safety must not be

impaired. The partner is obliged to agree the requirements for the prevention of child labour with its subcontractors and to require them to pass them on as well.

### **Expectations for partners**

In a separate policy, partners shall prohibit child labour in accordance with ILO Conventions within their own operations and supply chains. The partner should integrate this requirement into legally binding contracts and agreements.

If the partner identifies child labour in its operations, the partner should not only remove the children from employment, but also ensure that adequate remedial measures are taken, such as enrolment in an appropriate education programme. Mere postponement of child labour should be prevented.

The partner should work collectively, e.g. in industry associations, to promote children's rights and access to education and healthy development.

## **4. Prohibition of forced labour and modern slavery**

### **Minimum requirements for partners**

The partner shall ensure that all employer practices are at least in line with ILO Conventions No. 29 on Forced Labour and No. 105 on the Abolition of Forced Labour, in particular that all employees, including outside workers, are free to work at their own will and to terminate their employment freely with reasonable notice. They must prohibit all forms of forced labour, including, in particular, compulsory labour, debt bondage, trafficking in human beings and all other forms of modern slavery.

No financial burden shall be imposed on workers by withholding wages or expenses or charging fees in the recruitment process.

The partner may not restrict the freedom of movement of its employees by withholding identification documents or taking other measures against the employees' will.

### **Expectations for partners**

The partner should have clear policies that set out implementation procedures for recruitment, promotion and termination. The partner should also outline how it monitors its labour and recruitment practices both within the company itself and with third parties, such as employment agencies and recruiters, and how it keeps appropriate records. Working conditions and employment contracts should be clearly documented in writing.

The partner should work collectively, e.g. within industry associations, to reject all forms of modern slavery and to protect workers' rights.

## **5. Freedom of association and right to collective bargaining**

### **Minimum requirements for partners**

The partner ensures to guarantee the freedom of association of its workers as defined in ILO Conventions No. 87 on Freedom of Association and No. 98 on the Right to Organise and Collective Bargaining and to actively recognise the right to collective bargaining without interference, discrimination, retaliation or harassment. The partner must respect the right of workers to associate, to join a union, to appoint representation and to be elected to union office. Where freedom of association and collective bargaining are restricted by law, the partner must seek alternative ways to best incorporate the principles of the ILO Conventions in accordance with local laws.

### **Expectations for partners**

The partner should inform its workers of the relevant rights under ILO Conventions No. 87 and No. 98. The partner should train its managers in such a way that the rights arising from ILO Conventions No. 87 and No. 98 are applied without restrictions. In addition, clear rules and framework conditions for collective bargaining should be established, or alternative procedures established, if these rights are not guaranteed by law. These rules should apply to all workers.

## **6. Non-discrimination and equality**

### **Minimum requirements for partners**

The partner ensures that all employees are treated with respect and dignity in accordance with ILO Conventions No. 100 on Equal Remuneration and No. 111 on Discrimination in Employment and Occupation. The principle of equal pay for work of equal value regardless of gender must apply. The partner must guarantee equal opportunities in the workplace and prohibit all forms of discrimination. In particular, discrimination on the basis of gender, ethnicity, membership of certain population groups, skin colour, disability, trade union membership, political conviction, origin, religion, age, pregnancy or sexual orientation is not permitted.

The partner must make appropriate regulations and clearly communicate these to all employees. Measures must also be taken to immediately end specific incidents of discrimination and protect those affected.

### **Expectations for partners**

The partner should ensure that managers are adequately trained to recognise and prevent discrimination, especially in personnel decisions. All employees should be regularly sensitised on discrimination and harassment and steps to report violations should be explained, e.g. in the form of training.

The partner should provide maternity protection (leave and benefits) in accordance with local laws or ILO Conventions (No. 183, 103 and 3), whichever provision is more extensive. The type of employment and salary shall be protected upon return to work.

The partner shall aim to establish strategies to proactively support the individual life situations of its employees, including the creation of flexible working environments and working hours where the job performed allows. Diversity and inclusion in the workplace shall be promoted.

## **7. Health and safety at the workplace**

### **Minimum requirements for partners**

As an employer, the Partner shall ensure occupational health and safety within the framework of national regulations. Insofar as the manufacture of products or provision of services may have a significant impact on the health and safety of its employees, the partner undertakes to introduce and operate a recognised and certified occupational health and safety management system (e.g. in accordance with ISO 45001 or OHSAS 18001) and to provide voestalpine with evidence of this on request by submitting a corresponding certificate.

The partner must have guidelines on health and safety at work, support the continuous development and improvement of working conditions and provide relevant training to all employees on a regular basis.

The partner must protect its employees from work-related hazards due to accidents, hazardous substances and excessive physical and mental stress. The partner must ensure a safe workplace, necessary work equipment and appropriate protective equipment.

### **Expectations for partners**

The partner shall support continuous development to improve the working environment with the aim of having no work-related accidents and illnesses. It shall have guidelines and policies on occupational health and safety and promote a preventive approach, according to which occupational accidents and illness are fundamentally preventable.

The partner should conduct regular inspections to ensure worker safety, set ambitious targets for accident rates, fatalities and lost days, and report on their progress on an annual basis.

The partner should document all health and safety training of its workers and provide them with access to health services. Appropriate measures may include on-site clinics or a referral system to external health care providers.

## **8. Fair working conditions (remuneration and working hours)**

### **Minimum requirements for partners**

The partner must ensure the adequacy of the remuneration so that its level is at least equal to the minimum wage established under applicable law and enables workers to at least secure their livelihood. The cost of living as well as social security benefits in the country concerned and the remuneration for full-time employment shall be taken into account. Wages shall be paid in full for services rendered and shall not be unlawfully withheld.

The partner must set clear guidelines for working hours of employees in terms of ILO Conventions No. 1 and No. 30 on working hours.

The Partner warrants that the working hours comply with the respective local legal requirements or, insofar as these ensure a higher level of protection, with the respective industry standards.

### **Expectations for partners**

Wages and benefits should be reviewed regularly to determine whether they provide an adequate standard of living, taking into account a wage for full-time employment. They should be agreed in negotiations with trade unions or through alternative forms of participation.

The partner should advocate in industry initiatives for wages and benefits that exceed the legal minimum.

The partner shall arrange for overtime only on a voluntary basis.



## **9. Deployment of public and private security forces**

### **Minimum requirements for partners**

Insofar as the partner uses its own security forces to protect its operations or commissions private security service providers, it must ensure that these respect internationally recognised human rights. The partner may not contract private security service providers or use public security forces if these disregard human rights.

### **Expectations for partners**

The partner should actively promote the Voluntary Principles on Security and Human Rights in order to ensure that security forces are deployed in a manner that respects human rights. To this end, the partner should carry out appropriate checks, e.g. background checks for security forces to be deployed, in order to be able to exclude their possible links to human rights violations.

The partner should conduct training with all hired security forces on human rights compliance to be observed in the performance of their duties.

The partner should remedy adverse human rights impacts caused by private or public security forces in the context of a cooperation and work with affected persons or their representation to avoid recurrence.

## **10. Protection of human rights defenders**

### **Minimum requirements for partners**

Where potential risks to human rights defenders arise in connection with the value creation processes of products or services, the partner must oppose all forms of intimidation, threats, defamation and criminalisation of human rights defenders.

### **Expectations for partners**

The partner should work towards the protection of human rights defenders and declare its commitment to their protection in a publicly accessible document and also demand this claim from its subcontractors. The partner should engage in exchange with human rights defenders and seek constructive cooperation with them.

## **11. Protection of local communities and indigenous peoples**

### **Minimum requirements for partners**

The partner assures to respect the rights of local communities and indigenous peoples that may be affected by the business activities at the partner's sites and to consider the local impacts of its business activities. In particular, the Partner shall take appropriate measures to avoid potentially harmful impacts on the health, safety and livelihoods of local communities and indigenous peoples. The partner shall neither unlawfully force the resettlement of local communities and indigenous peoples nor unlawfully contribute to their involuntary resettlement.

The partner must respect the principles of free, prior and informed consent of indigenous peoples in its activities as defined in ILO Convention No. 169 on Indigenous and Tribal Peoples in Independent Countries. It must respect the rights of indigenous peoples and their social and cultural heritage, as well as their environmental and economic interests. This includes their connection with the land, including its management, and with other natural resources.

### **Expectations for partners**

The partner should work in trust with local authorities and relevant local stakeholders to achieve the best possible outcome for the people affected by their operations. To this end, they should also engage in local community development and create employment opportunities.

If resettlement is absolutely necessary, all adverse social and economic impacts should be minimised and compensated for with the aim of restoring previous living conditions.

The partner should establish a zero-tolerance policy towards direct suppliers with regard to land grabbing. In addition, the partner should establish remedial measures for land that has been illegally appropriated in the past.

The partner should ensure inclusion and cultural appropriateness in all activities and communication with local communities. The partner should communicate transparently and document all interactions with local communities.

The partner should introduce a policy to protect and preserve the culture of indigenous peoples and it should aim to promote the mutual exchange of skills and knowledge with indigenous peoples.

## **12. Responsible procurement of raw materials from conflict and high-risk areas (CAHRAS)**

### **Minimum requirements for partners**

The partner commits not to commit or engage in serious human rights violations such as torture, cruel, inhuman and degrading treatment, including corporal punishment, sexual violence, war crimes, crimes against humanity. Suppliers of raw materials originating from or transiting through conflict and high-risk areas, and suppliers using such raw materials in their products, must effectively conduct their supply chain due diligence to minimise the risks of actual and potential adverse impacts along the supply chain. They must describe in an appropriate policy how they systematically identify and prioritise risks and initiate countermeasures.

Suppliers of 3TG (tin, tantalum, tungsten and gold) and suppliers using these raw materials in their products must identify, disclose and assess all smelters and refiners within the supply chains as to whether they have implemented an OECD-compliant due diligence process. As a minimum, suppliers must use established procedures such as the Responsible Minerals Assurance Process (RMAP). Such suppliers ensure that, at the time of the start of production, these materials are sourced exclusively from refineries and smelters that meet the requirements (status: Conformant) of the Responsible Minerals Assurance Process (RMAP) of the Responsible Minerals Initiative (RMI). As proof, such suppliers provide a Conflict Minerals Reporting Template (CMRT) annually by 1 March at the latest. If a smelter or refinery used does not comply with this standard, voestalpine may require the partner to remove non-RMAP-compliant refineries and smelters from its supply chain destined for voestalpine in the long term.

### **Expectations for partners**

The partner should work with its upstream supply chains to strengthen its risk assessment capacity and improve its due diligence measures.

The partner should participate in industry-wide initiatives to strengthen corporate due diligence in commodity supply chains.

The partner should address adverse human rights impacts that it has caused or contributed to in the past. In working with affected people (e.g. through initiatives), the partner should create systems to avoid recurrence.

The partner should also provide training and develop educational initiatives to promote respect for human rights both within its own operations and in the community.

Suppliers of critical raw materials, as well as suppliers that use critical raw materials in their products, should identify, disclose and assess all smelters and refiners within their supply chains as to whether they have implemented an OECD-compliant due diligence process. Suppliers should at least use established procedures, such as the Responsible Minerals Assurance Process (RMAP), and introduce suitable raw material certificates (e.g. IRMA, ASI) in the event of a corresponding risk assessment.

## **6.4 ENVIRONMENTAL PROTECTION**

### **1. Environmental care**

#### **Minimum requirements for partners**

The partner must ensure that its production processes and all materials and substances used in its production as well as prefabricated products comply with the respective applicable environmental regulations as well as environmental standards that go beyond or supplement these. Furthermore, the partner must meet the requirements of the international conventions of Minamata (mercury), Stockholm (persistent organic pollutants) and Basel (hazardous waste). The partner must also systematically identify environment-related risks for its own production and its upstream supply chain and take appropriate measures to prevent or, if this is demonstrably not possible, minimise any environmental hazards and potentially resulting environmental damage in accordance with the precautionary principle.

#### **Expectations for partners**

The partner shall strive to develop and implement its own policies and procedures for environmental protection with the support of experts and local communities of interest. Where necessary, voestalpine expects the partner to go beyond local legal requirements. The partner shall publicly report on its goals and its approach to reducing and preventing environmental hazards and damage, and publish commitments, challenges and progress made. The partner should appoint and train employees who are competent to record and monitor all environmental requirements relevant to the operation. The partner shall actively engage in public dialogue on environmental issues and promote cooperation within the industry.

## **2. Climate protection**

### **Minimum requirements for partners**

The partner must develop appropriate corporate targets for its Scope 1, 2 and 3 emissions and take action to work towards achieving the Paris Climate Agreement. The partner must regularly monitor and report its progress to voestalpine, especially with regard to its CO<sub>2</sub> footprint at product level. In order to reduce CO<sub>2</sub> emissions, the partner must follow the principle of avoidance, reduction and only if this is not possible, compensation and neutralisation.

The partner must work towards following the Ambition 2039 of the Mercedes-Benz Group.

The partner must commit to voestalpine's material and component-specific CO<sub>2</sub> targets, which are agreed as part of the award process, and switch to CO<sub>2</sub>-neutral products in the medium term.

In order to contribute to these goals, these expectations must be passed on to the company's own supply chain.

### **Expectations for partners**

The partner should have its climate protection targets verified according to recognised scientific methods such as those of the Science Based Targets initiative (SBTi).

The partner should use efficient technologies and materials and use renewable energies.

## **3. Conservation of resources**

### **Minimum requirements for partners**

The partner must use natural resources such as water and technical resources such as input raw materials and energy consciously and as sparingly as possible in its procurement and own manufacturing processes, i.e. the partner must use efficient and technologically innovative solutions for the use of energy, production raw materials and water in its product procurement and manufacturing processes.

Furthermore, the partner must inform voestalpine about its use of secondary materials at product level.

### **Expectations for partners**

In addition, the partner shall decide to use secondary, bio-based and renewable materials if they are available and can be used according to qualitative and technical criteria. When using new materials,

environmental due diligence shall identify risks, including unintended impacts on the environment and human rights.

The partner should develop new secondary raw material sources through innovative processes or recycle raw materials to a higher value in order to make positive contributions to the circular economy. As a basis for this, the partner should ensure the high quality of recycling and compliance with the waste hierarchy for its own waste.

For the quantitative assessment of the supplier's resource efficiency, the supplier shall provide voestalpine upon request with the following information regarding its total annual order volume with voestalpine and its affiliates:

- Total energy consumption in MWh;
- CO<sub>2</sub> emissions from own and externally generated energy in t;
- Total water consumption in m<sup>3</sup>;
- Process wastewater in m<sup>3</sup>;
- Waste for disposal in t;
- Waste for recycling in t;
- VOC emissions (volatile organic compound) in t.

#### **4. Biodiversity and deforestation-free supply chains**

##### **Minimum requirements for partners**

The partner must ensure that its own business activity does not contribute to or benefit from the illegal conversion of natural ecosystems. This also applies to illegal deforestation, which is understood to mean the conversion of natural forests primarily into farmland. The partner must also take appropriate due diligence measures for its supply chain.

Where there are risks of conversion of natural forests or other natural ecosystems in the value chains of its products, the partner must take appropriate due diligence measures to support the long-term protection of these natural ecosystems, including the protection of natural and cultural values.

##### **Expectations for partners**

The partner should establish and implement commitments, procurement guidelines and supplier contracts in accordance with the Accountability Framework Initiative (AFI).

The partner should take special care to protect biodiversity in the context of legal deforestation and conversion of other natural ecosystems and strive to eliminate legal deforestation and conversion of ecosystems in its value chain. The partner should take appropriate and verifiable measures to promote biodiversity.

In cases where conversion of natural forests and other ecosystems has nevertheless occurred through its own production and/or upstream value chain, the partner should take effective and verifiable measures to restore and/or compensate or support such conversion.

## **5. Water protection and quality**

### **Minimum requirements for partners**

The partner must check the environmental compatibility of discharges and soil impairments in order to prevent the contamination of surface or groundwater. In particular, the partner must take appropriate organisational and technical safeguards to ensure that its product procurement and manufacturing processes do not endanger freshwater or seawater.

### **Expectations for partners**

The partner should take precautions in regions affected by water scarcity in order not to exacerbate existing water stress and not to jeopardise access to clean and sufficient water for the population.

## **6. Hazardous substances and waste**

### **Minimum requirements for partners**

When handling chemicals and other hazardous substances that are stored or processed on its premises or are generated during production, the partner must carry out appropriate identification and labelling and ensure the provision of suitable storage areas and processing procedures as well as the instruction of employees. Hazards from these substances, such as air and soil pollution, water pollution and other harmful effects, must be prevented as far as technically possible.

The Partner shall establish appropriate waste management systems and procedures to carefully classify, appropriately collect, store, condition and dispose of hazardous waste generated on site. The partner must also ensure that no waste is illegally disposed of during the disposal route.

### **Expectations for partners**

The partner should minimise the use of chemicals and other hazardous substances and thus also the generation of hazardous waste. Critical hazardous substances should be substituted by less critical substitutes. The partner should anchor a similar commitment in the supply chain.

## **7. Environmental management systems**

### **Minimum requirements for partners**

The partner must take a systematic approach to protecting the environment; suppliers of production materials must establish an environmental management system.

The partner must regularly review its environmental management systems and ensure that opportunities and risks, ambitions and targets are kept up to date and that competent employees operate the system.

### **Expectations for partners**

The partner shall seek certification of this environmental management system according to ISO 14001 or EMAS. This includes the establishment and ongoing development as well as external validation of at least its own production processes and sites to ensure that environmental impacts (e.g. from energy and water consumption, wastewater, air, noise and odour emissions, waste and hazardous substances) are identified and systematically considered. The partner should report publicly on the environmental impacts of its activities on a regular basis.

## **8. Energy management systems and energy efficiency**

### **Minimum requirements for partners**

The partner must establish a system to minimise energy waste, improve its energy performance and reduce its energy consumption.

The partner must regularly review its energy management systems and ensure that opportunities and risks, ambitions and targets are kept up to date and that competent employees operate the system.

### **Expectations for partners**

The partner should aim for certification of its energy management system (e.g. ISO 50001). If possible, the partner should use renewable energy sources.



## 6.5 RESPONSIBLE BEHAVIOR

### 1. Compliance with laws

#### Minimum requirements for partners

The Partner shall comply with all laws and regulations applicable to it in its own business operations and in its business relations with suppliers at local, national and international level. The partner must not actively engage or participate, directly or indirectly, in criminal practices in any country and in any manner.

The quality of products has a high priority at voestalpine. In particular, compliance with all product safety-related requirements and all technical regulations is the basis for voestalpine's cooperation with its suppliers. The partner must comply with the technical regulations that apply to its delivery item in accordance with the contractual and legal agreements (e.g. regulatory conformity, guidelines, laws and technical standards).

### 2. Corruption, bribery and extortion

#### Minimum requirements for partners

The partner is obliged not to commit or refrain from any actions that could lead to criminal liability for fraud or breach of trust, insolvency offences, offences against competition, granting of advantages, acceptance of advantages, bribery, corruptibility or comparable offences by persons employed by the partner or other third parties. In the event of a breach of this provision, voestalpine shall be entitled to withdraw from or terminate all legal transactions with the partner without notice and to break off all negotiations. Notwithstanding the above, the partner is obliged to comply with all laws and regulations concerning him and the business relationship with voestalpine.

In the case of transactions involving raw materials, the partner must in particular prohibit the solicitation of bribes with the aim of concealing or disguising the origin of minerals. Taxes, fees and royalties paid to governments for purposes of extraction, trade, handling, transportation and export must be truthfully declared. Suppliers of raw minerals must commit to disclose payments in accordance with the Extractive Industries Transparency Initiative (EITI) principles.

### **3. Financial disclosure and money laundering**

#### **Minimum requirements for partners**

The Partner shall ensure that all financial information, including required taxes, fees and royalties related to business activities, is disclosed in accordance with applicable national and international regulations and industry expectations. The Partner shall also make any necessary changes that are in line with applicable regulatory developments.

The Partner shall take necessary steps to identify and eliminate any instances or risks of money laundering arising from its business operations and those of its suppliers. To this end, the partner shall establish appropriate preventive measures.

### **4. Fair competition**

#### **Minimum requirements for partners**

The Partner must comply with laws that protect and promote fair competition and with all applicable antitrust laws. The Partner must comply with the rules of fair competition and must not engage in any agreement, business practice or conduct that would unlawfully restrict competition. The Partner must comply with the prohibition on contracting with competitors and avoid other actions that would impair the free market, such as, but not limited to, unlawful price fixing and market allocation.

### **5. Conflicts of interest**

#### **Minimum requirements for partners**

In dealing with business partners, the partner must make decisions solely on the basis of objective information and must not be influenced by personal interests. The partner must disclose potential or actual conflicts of interest and identify an appropriate response.

### **6. Data protection and security**

#### **Minimum requirements for partners**

The Partner must comply with all applicable laws and regulations on data protection and data security and handle data responsibly and transparently. The partner must take the necessary

measures to adequately protect personal data. This includes data of employees, customers, suppliers and business partners. The partner shall ensure the security of information. The partner shall take the necessary measures according to the current state of the art to protect confidential information from unauthorised access by third parties and shall only use it for the agreed purposes.

## **7. Intellectual property protection**

### **Minimum requirements for partners**

The Partner shall comply with all nationally and internationally applicable laws on the protection of intellectual property. Intellectual property includes registerable property rights (for example patents, trademarks, designs), domains, copyrights and fair trading requirements. In addition, the partner must ensure that it has all the necessary rights of use in order to avoid infringements of intellectual property rights.

## **8. Sanctions**

### **Minimum requirements for partners**

The partner must ensure that it complies with all applicable national and supranational sanctions and trade embargoes. To this end, the partner must take all necessary measures to avoid the risk of a sanctions violation.

Proof of the country of origin of the iron and steel pre-products used for the manufacture of the product in a third country, also within the EU, must be kept available for the customs authorities/BAFA (Federal Office of Import and Export Control). The proof must be presented at the customer's request. Suitable proof documents are

- Mill Test Certificates
- Invoices or delivery notes with details of the country of origin
- Quality certificates with country of origin information
- Long-term supplier declarations
- Calculation and production documents with details of the country of origin
- Customs documents of the exporting country with details of the country of origin

- Detailed production description with country of origin
- Declaration of the manufacturer on the country of origin
- Certificate of Origin

## **9. Artificial intelligence**

### **Minimum requirements for partners**

Partners who develop and/or use artificial intelligence (especially machine learning and deep learning) must ensure responsible use and handling, explainability, protection of privacy as well as safety and reliability in the application of artificial intelligence. In doing so, they follow an approach that ensures that humans remain the driving force behind the development and that opportunities and risks are taken into account in equal measure.

## **10. Animal protection**

### **Expectations for partners**

The partner shall implement standards and best practices to comply with the following ethical principles:

The British Animal Welfare Committee's (AWC) "Five Freedoms" for assessing animal welfare (freedom from hunger, thirst and malnutrition; from discomfort; from pain, injury and disease; from fear and suffering, and freedom to express normal behaviour), the World Organisation for Animal Health (OIE) principles on animal welfare (Terrestrial Animal Health Code and Aquatic Animal Health Code), and the "3Rs" principle on animal experimentation (Reduction, Refinement, Replacement); the aim of the 3Rs principle is to avoid animal experimentation altogether (Replacement) and to limit the number of animals (Reduction) and their suffering (Refinement) in experiments to the indispensable level.

## **11. Counterfeit parts**

### **Minimum requirements for partners**

The Partner shall comply with all customer (OEM) requirements concerning ownership of tooling and parts. The partner will ensure that products manufactured on behalf of voestalpine for use by

automotive OEMs are only supplied to voestalpine or to the OEM, depending of the contract. Any delivery of these products to third parties will be seen as a material breach of the contract and results in legal actions by voestalpine and will entitle voestalpine to terminate the contract and recover all subsequent costs from the supplier.

Defective parts which could not be delivered to voestalpine must also be rendered unusable before they can be disposed of as scrap.

## 6.6 REPORTING POSSIBILITY

Complainants may report any violations of these standards to voestalpine. If such a violation is within the sphere of the partner, the partner must immediately eliminate any associated risks. In addition, the partner is obliged to make known the existing complaint options in its supply chain, to ensure that they are passed on to the lower supply chain and to set up an equivalent complaint format for its own supply chain.

The Partner shall use its best efforts to include a similar reporting obligation in contracts with sub-suppliers, according to which corresponding suspicious activity reports must be made by sub-suppliers to the Partner.

## 6.7 REFERENCES

Internal. Charter of Human Rights, consisting of: Universal Declaration of Human Rights, Intern. United Nations Covenant on Civil and Political Rights, Intern. United Nations Covenant on Economic, Social and Cultural Rights

- UN Guiding Principles on Business and Human Rights
- UN Global Compact
- OECD Guidelines for Multinational Enterprises
- OECD Guidelines for Responsible Business Conduct
- OECD Due Diligence Guidance on Promoting Responsible Supply Chains for Minerals from Conflict-affected and High-Risk Areas
- OECD FAO Guidelines for Responsible Agricultural Supply Chains
- Guiding Principles on Business and Human Rights
- Mercedes-Benz Code of Conduct
- Mercedes-Benz Statement of Principles on Social Responsibility and Human Rights

- Core labour standards of the International Labour Organisation (ILO):
- -ILO Convention No. 138 on Minimum Age
- -ILO Convention No. 182 on the Worst Forms of Child Labour
- -ILO Convention No. 29 on Forced Labour
- -ILO Convention No. 105 concerning the Abolition of Forced Labour
- -ILO Convention No. 111 concerning Discrimination in Respect of Employment and Occupation
- -ILO Convention No. 100 on Equal Remuneration
- -ILO Convention No. 98 concerning the Right to Organise and to Bargain Collectively
- -ILO Convention No. 87 concerning Freedom of Association and Protection of the Right to Organise.
- Other relevant ILO Conventions:
- -ILO Convention No. 155 on Occupational Safety and Health and the Working Environment.
- -ILO Convention No. 183 on Maternity Protection
- -ILO Convention No. 169 on Indigenous and Tribal Peoples in Independent Countries
- -ILO Convention No. 131 on Minimum Wage Fixing, with Special Reference to Developing Countries
- ISO 45001 Standard for Occupational Health and Safety
- Voluntary Principles on Safety and Human Rights
- Declaration on the Right and Responsibility of Individuals, Groups and Organs of Society to Promote and Protect Universally Recognised Human Rights and Fundamental Freedoms
- Convention on the Elimination of All Forms of Discrimination against Women
- UN Declaration on the Rights of Indigenous Peoples
- OHCHR Basic Principles and Guidelines on Development Based Evictions and Displacement
- Paris Climate Agreement
- Mercedes-Benz Ambition 2039
- ISO 14001 Standard for Environmental Management
- ISO 50001 Standard for Energy Management
- Extractive Industries Transparency Initiative
- Minamata Convention
- Stockholm Convention (POP Convention)
- Basel Convention

## 7) Annex 1 - Supplier evaluation

Our supplier assessment is carried out by Central Purchasing in collaboration with local specialist departments and takes place at least once a year. This takes into account all production material suppliers (including any outsourced processes) as well as selected production equipment suppliers and non-production material suppliers that are of strategic importance due to type, scope, status, sales or developmental objectives. Exempt from assessment are suppliers that have not supplied anything in the assessment period, non-approved suppliers, suppliers with which a customer relationship also exists and 'associated enterprises'.

The following assessment logic is limited to the approach for production material suppliers; selected production equipment and non-production material suppliers are assessed exclusively on the basis of 'soft facts' (e.g. based on a project completion meeting).

Each assessment criterion is scored using points from 1 – 100 (100 being the best score and 1 the worst score). The assessment of the supply reliability meets VDA Recommendation 5001 (VDA 6.2). Criteria that have not been assessed are marked with n.a. (not assessed).

When assessing production equipment suppliers, the hard facts are not required.

### *Soft facts:*

Soft facts are the impact criteria that cannot be measured by machines or that can only be captured in a system with unreasonable economic effort. This applies for both objective and subjective criteria.

Soft Facts are marked (SF):

Regarding the individual criteria:

### Quality

*Quality ppm = ppm value (parts per million):*

The received quantity of materials is compared to the rejected quantity and thus provides an indication of the physical quality of the received goods. The ppm value is determined using the following formula:

$$\text{ppm value} = \frac{\text{Defective parts}}{\text{Delivered quantity}} \times 1,000,000$$

We always base our approach on the 'ZERO-FAULT GOAL' and therefore award points as follows in the event of deviations:

■ 0 ppm	= 100 points
■ 1 – 100 ppm	= 80 points
■ 101 – 250 ppm	= 60 points
■ 251 – 500 ppm	= 40 points
■ >500 ppm	= 1 point

*Quality complaints = complaint rate:*

The complaint rate is a key indicator (lead indicator) that shows the statistical number of goods or services with defects. The complaint rate establishes the percentage ratio between the number of complaints (Q reports) and the number of incoming goods items. This rate reflects our supplier's service quality. This key indicator also enables us to interpret the costs that we incur during a specific period.

Calculation formula:

$$\text{Complaint rate} = \frac{\text{Number of complaints}}{\text{Number of incoming goods items}} \times 100$$

*The following point scores apply:*



- 0% = 100 points
- >0-1% = 80 points
- >1-2% = 60 points
- >2-3% ("Lowrunner" up to max. 12 goods receipts p.a. <2 complaints) = 40 points
- >3% = 1 point

#### *Complaint behaviour (SF)*

- Very good = 100 points
- Good = 80 points
- Satisfactory = 60 points
- Unsatisfactory = 40 points
- Insufficient = 1 point
- Not assessed = n/a ('n.b.')

#### *Audit result for potential analysis/product process audit according to VDA 6.3 or special customer status (e.g. QHelp) caused by supplier (knock-out criterion) (SF)*

- Overall classification A = 100 points
- Overall classification B = 60 points
- Overall classification C = 1 point
- Special status caused by supplier = 1 point
- Not assessed = n/a ('n.b.')



Knock-out criterion for the soft facts. Should the supplier have caused a special status with the customer, a score of 1 will be awarded for all the soft facts

## **Delivery performance**

### *Adherence to delivery dates and quantities, additional shipping costs (SF)*

The adherence to delivery dates and quantities is calculated by the responsible materials planner by comparing the delivery quantity and the delivery date with the target specifications. If the delivery is

generally made on the agreed date (max. 1 day earlier), we award 100 points. Otherwise the following deviations apply:

*Deliveries mostly too early*

Delivery 1 day early	= 100 point
Delivery 2 days early	= 80 points
Delivery 3 days early	= 60 points
Delivery 4 days early	= 40 points
Delivery >4 days early	= 1 point

*Deliveries partly too late:*

Delivery 1 day late	= 80 points
Delivery 2 days late	= 60 points
Delivery 3 days late	= 40 points
Delivery >3 days late	= 1 point

*Additional shipping costs (extra trips caused) (SF)*

No extra trips caused	= 100 points
1 extra trip caused	= 80 points
2 extra trips caused	= 60 points
3 extra trips caused	= 40 points
>3 extra trips caused	= 1 point

## **Purchasing**

### *Competitiveness (value for money) (SF)*

Very good	= 100 points
Good	= 80 points
Satisfactory	= 60 points
Unsatisfactory	= 40 points
Insufficient	= 1 point

### *Quality certification*

IATF 16949	= 100 points
VDA 6.1	= 80 points
DIN ISO 9001	= 60 points
No certification	= 1 point

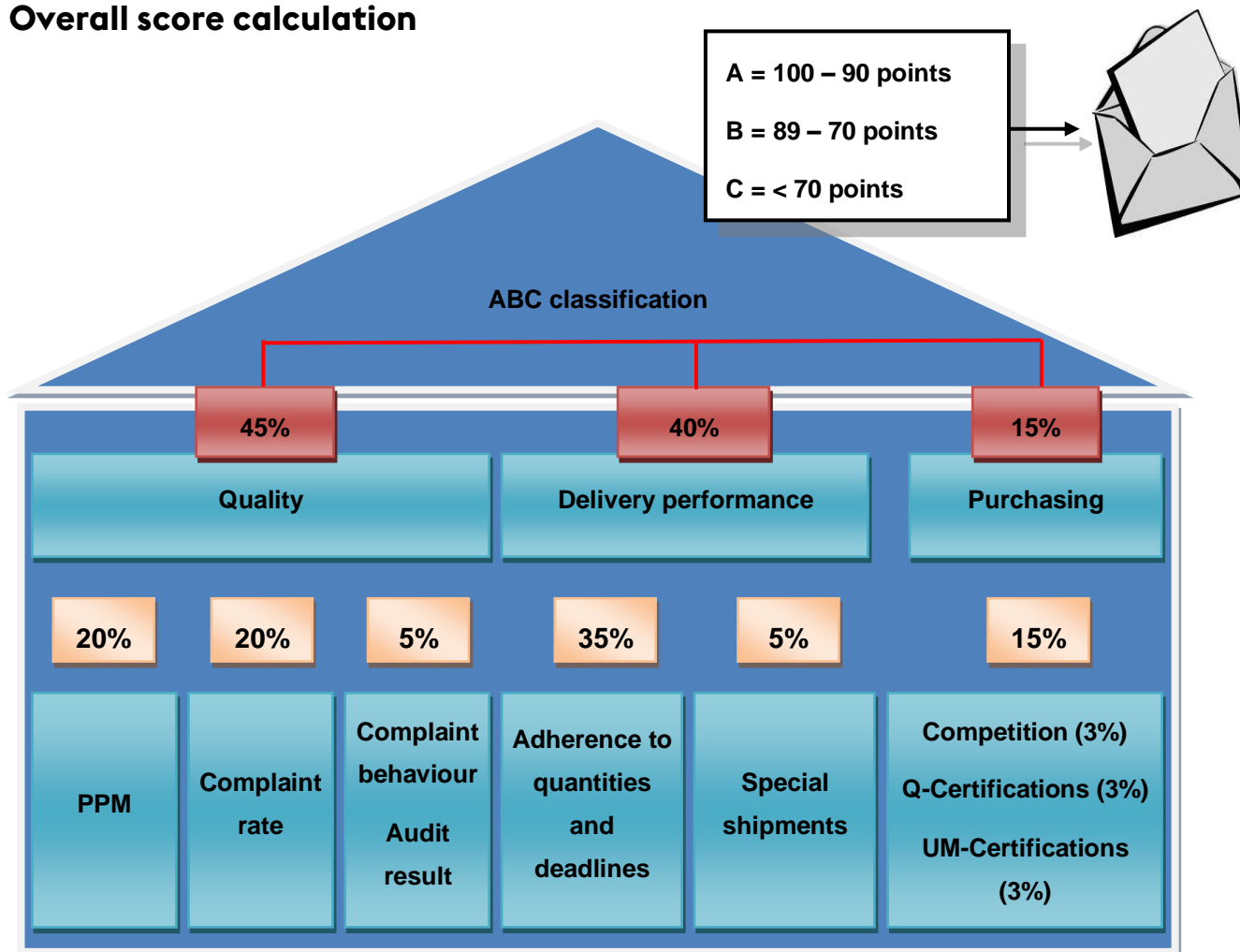
### *Environment*

DIN EN ISO 14001	= 100 points
Environmental questionnaire completed	= 60 points
Environmental questionnaire not completed	= 1 point

### *Cooperation (SF)*

Very good	= 100 points
Good	= 80 points
Satisfactory	= 60 points
Unsatisfactory	= 40 points
Insufficient	= 1 point

## Overall score calculation



## Classification

### A-suppliers:

As an A-supplier you will be given preference when it comes to new projects and will therefore not have any deductions during tender comparisons. You have proved to be a reliable partner and work on maintaining and further improving your high performance standard.

### B-suppliers:

If you are assessed as a B-supplier, we believe that you have potential for improvement. As a B-supplier you will have deductions during tender comparisons. Where tender prices are the same as those of an A-supplier, preference will be given to the A-supplier when awarding the contract. In such

cases we ask you to immediately contact your responsible purchaser and to our SQA to define opportunities to improve – together, timely, effective and sustainable.

**C-suppliers:**

If you are assessed as a C-supplier, there are severe deficits between our and our customers' requirements and your rendered performance. There are no grounds for successful collaboration and you will therefore be blocked for enquiries and new orders with immediate effect. You will be given the special status Q2 in line with our escalation process.

Your responsible purchaser and our SQA will contact your Management immediately to define necessary measures and tasks to improve and to ensure the immediate, effective and sustainable realization.

## 8) Annex 2 - Locations

Ser.	Location/plant/company
1	Plant 1000 voestalpine Automotive Components Dettingen GmbH & Co. KG Plant Dettingen D – 72581 Dettingen/Erms
2	Plant 1100 voestalpine Automotive Components Dettingen GmbH & Co. KG Location Schmölln – Hall 1 D – 04626 Schmölln
3	Plant 1100 voestalpine Automotive Components Dettingen GmbH & Co. KG Location Schmölln – Hall 2 D – 04626 Schmölln
4	Plant 2100 voestalpine Automotive Components East London (Pty) Ltd. ZA – 5601 East London
5	Plant 2300 voestalpine Automotive Components Aguascalientes S. de R.L. de C.V. MEX – 20340 Aguascalientes
6	Plant 3000 voestalpine Automotive Components Fontaine S.A. FR – 90150 Fontaine
7	Plant 4000 voestalpine Automotive Components Böhmenkirch GmbH & Co. KG D – 89558 Böhmenkirch
8	Plant 6000 voestalpine Automotive Components Nagold GmbH & Co. KG D – 72202 Nagold

9	Plant 7000 voestalpine Automotive Components Birkenfeld GmbH & Co. KG D – 55765 Birkenfeld / Nahe
10	Werk 5000 Voestalpine automotive components Schwäbisch Gmünd GmbH & Co. KG D – 73529 Schwäbisch Gmünd

## 9) Annex 3 - SUPPLIER COOPERATION/ SUPPLIER ESCALATION PROCESS

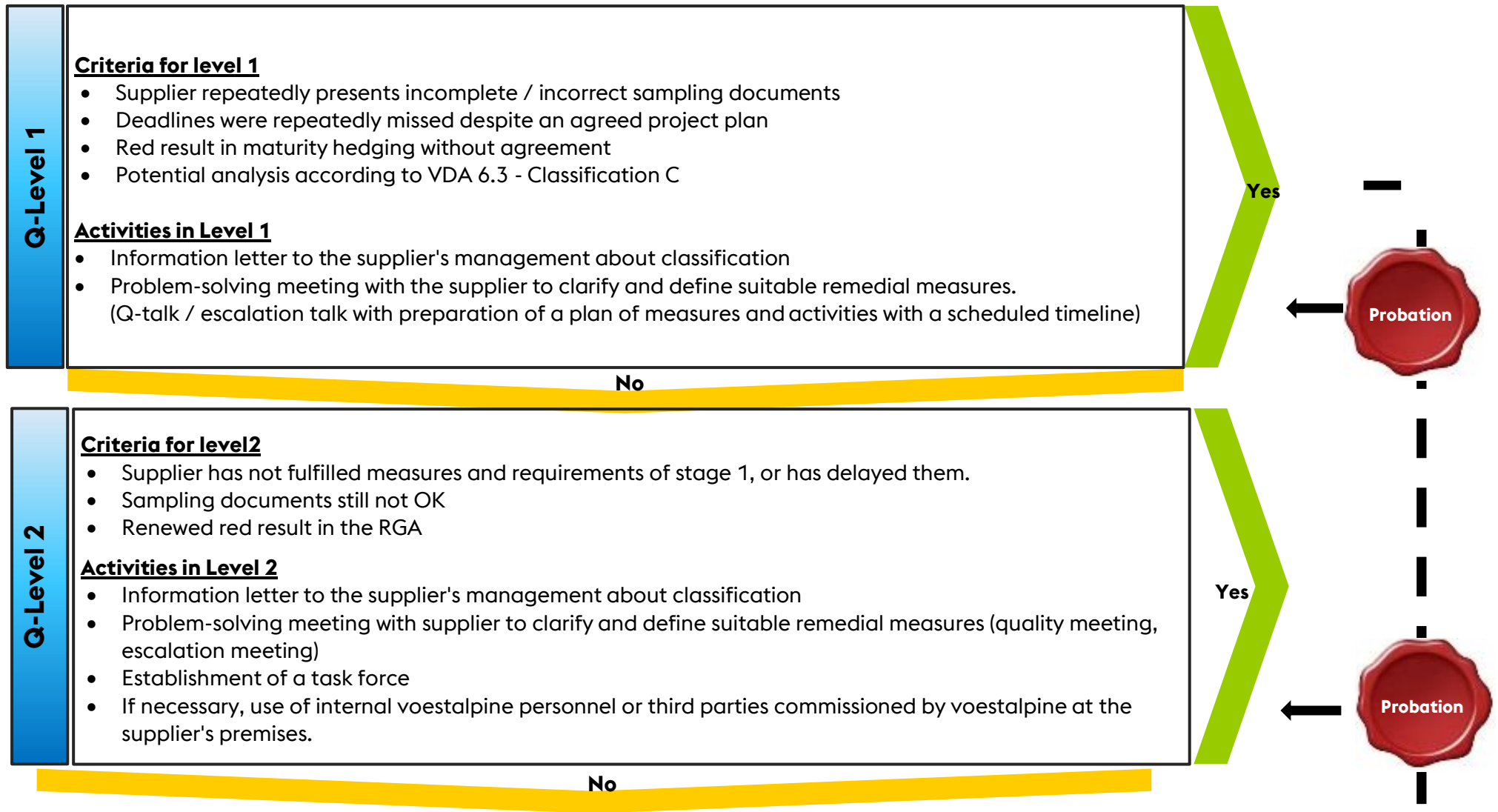
- ❖ In order to meet the high quality standards of voestalpine Automotive Components and those of the automotive industry, as well as the zero defect target, effective methods for defect detection, elimination and prevention are required throughout the supply chain.
- ❖ Our supplier escalation process is a central component of our supplier management and supports our partners in achieving the requirements with regard to the project / pre-series phase, delivery quality and logistics in series production as well as in the supply of spare parts.
- ❖ Successful use of escalation is sought through measures, consequences and responsibilities intensifying as the escalation level increases, as do our demands on the methodology and resources for problem solving.
- ❖ Through three Q-stages, the escalation process ensures efficient cooperation between voestalpine Automotive Components and its partners.
- ❖ Our escalation methods are contractually secured, as our suppliers have committed to zero-defect performance and effective improvement.

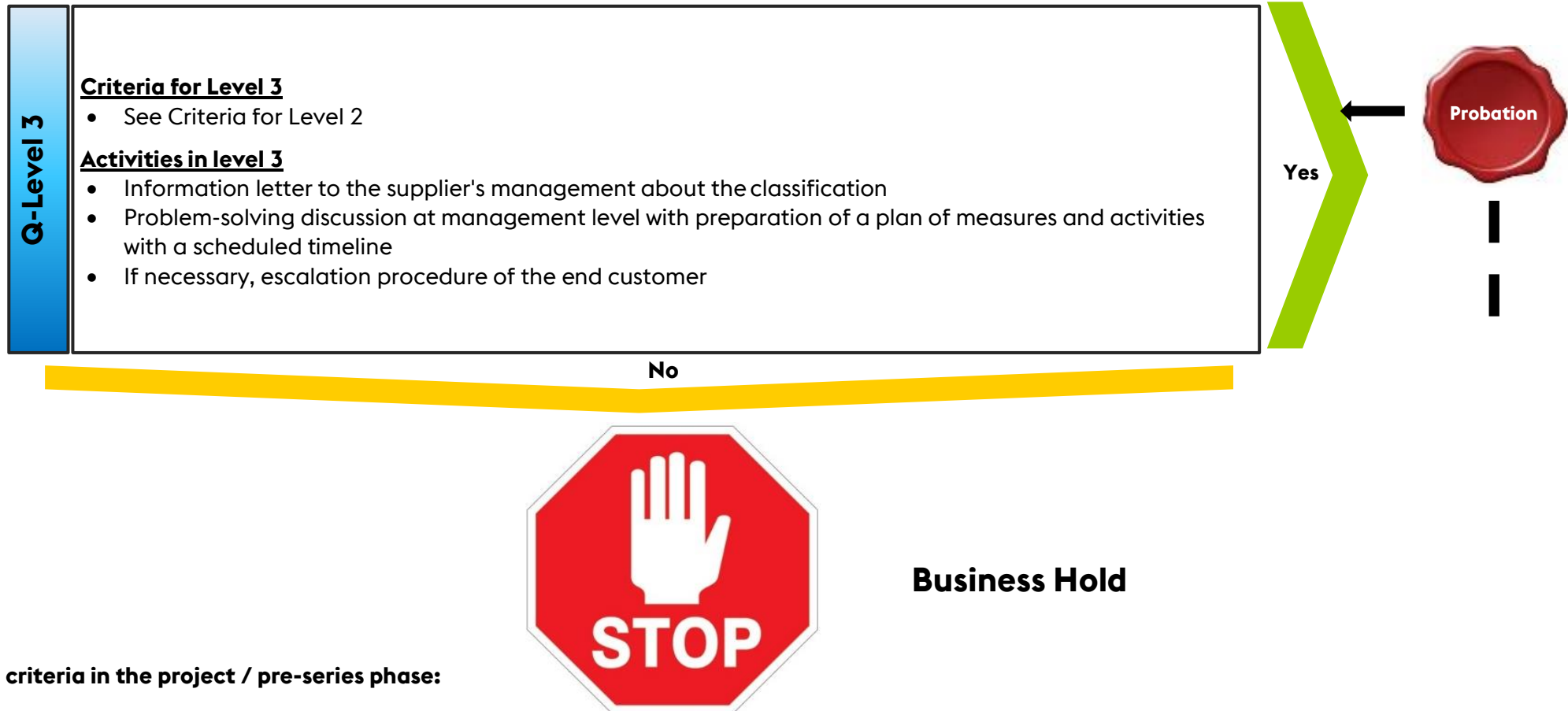
### Schematic representation of the escalation process in the product life cycle





Criteria and activities for or in the classification in the project / pre-series phase

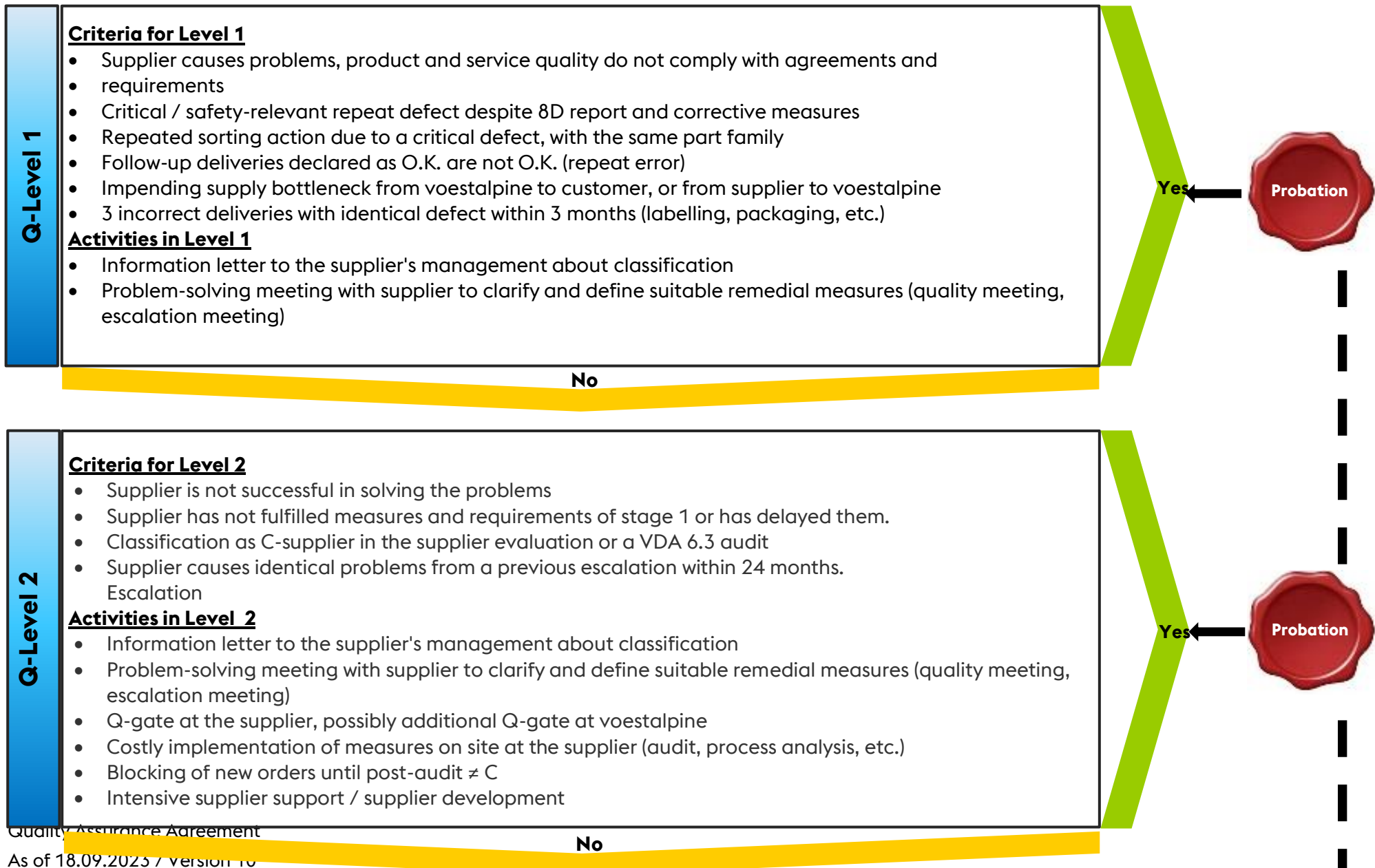


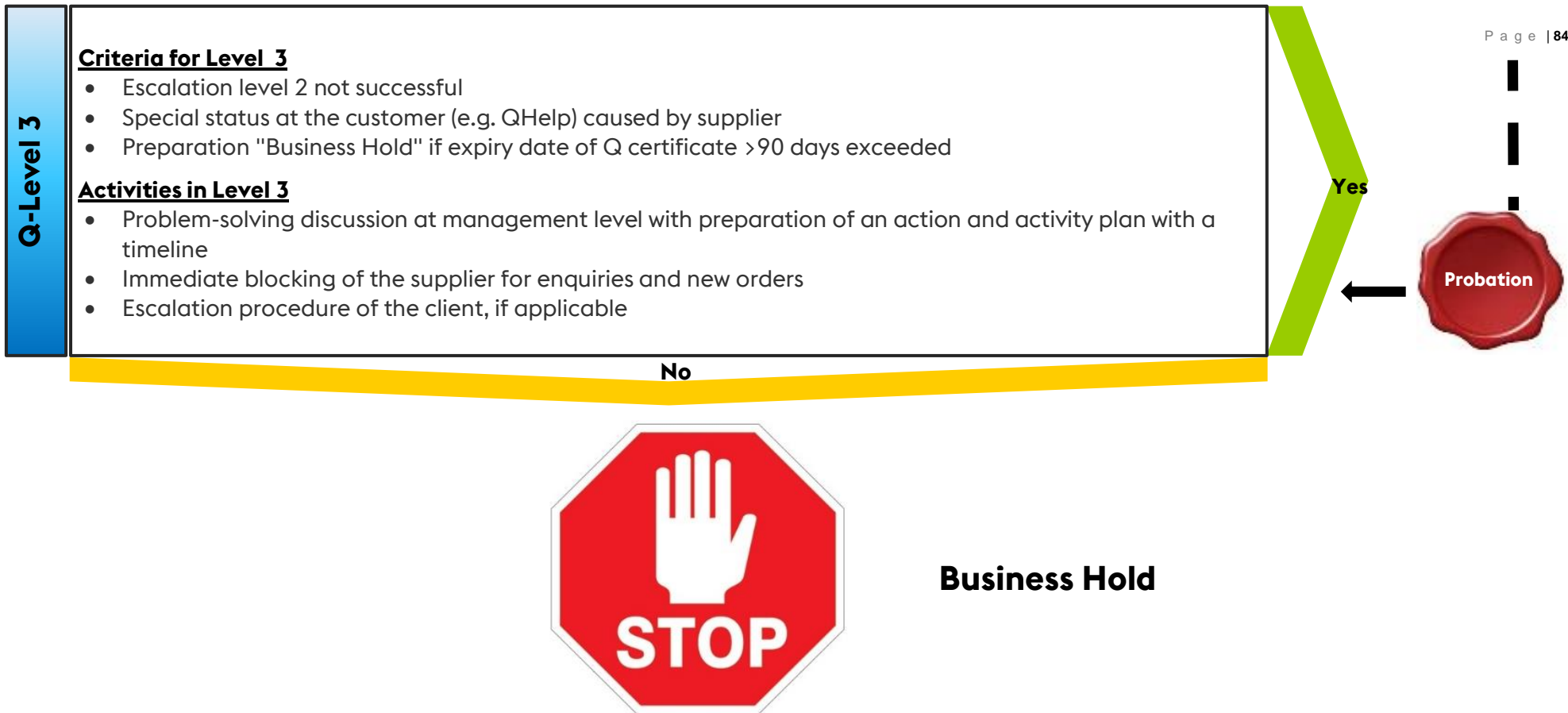


**Exit criteria in the project / pre-series phase:**

- For a classification to be withdrawn, the partner's agreed measures must have been implemented.
- The elimination of the problem must be proven by an effectiveness check.
- The problem must be eliminated within the probationary period.
- A post-audit according to VDA 6.3 must be rated at least B.

Criteria and activities for or in delivery quality / logistics





**Exit criteria in delivery quality and logistics:**

- For a classification to be withdrawn, the partner's agreed measures must have been implemented.
- The elimination of the problem must be proven by an effectiveness check.
- The problem must be solved within the probation period.

