



OUTOKUMPU RAW MATERIALS SUPPLIER REQUIREMENTS

1 Purpose and Scope

The Outokumpu Raw Materials Supplier Requirements describe the minimum requirements for all suppliers delivering raw materials to fulfill Outokumpu's Supplier responsibility standards. Raw materials are all ingredients that are in the steel we produce.

A raw material supplier is any company that is delivering Outokumpu raw materials regardless its position in the supply chain (direct suppliers or further upstream). We expect our direct suppliers to ensure that their suppliers and subcontractors comply with the Outokumpu Raw Materials Supplier Requirements as well.

Outokumpu Raw Materials Supplier Requirements set forth the minimum criteria that are required from Outokumpu Suppliers regarding Responsible and Ethical Business Practices, Human Rights, Health and Safety, Environment, Quality Management, Supply and Production Control, Product Liability, Intellectual Property Rights, Confidentiality and Security, Corporate Governance, Financial Statement, Self-assessments and Audits, and Business Contacts.

2 Main Principles

- Suppliers must operate their business in a safe, sustainable, compliant, and ethical manner
- Suppliers shall maintain a quality management system in accordance with ISO 9001 or an equivalent quality management system.
- Suppliers shall maintain a health & safety management system in accordance with OHSAS 18001 or ISO 45001, or an equivalent management system for occupational health & safety.
- Suppliers shall maintain an environmental management system in accordance with ISO 14001 or an equivalent environmental management system.
- Suppliers shall be able to clearly define and document their internal and external upstream supply chains and share those with Outokumpu.
- Suppliers shall have material control systems in place to ensure all outgoing material is in accordance with the specification, safe, and free from radioactivity.
- Suppliers shall have risk management practices in place to manage risks with regards to human rights, environment, quality, and supply continuity
- Suppliers shall have procedures in place for qualification, selection, and management of sub-suppliers. Sub-suppliers shall fulfil the Outokumpu Raw Materials Supplier Requirements as well.

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4 Responsible and Ethical Business Practices

Outokumpu is committed to conduct business with high integrity. Outokumpu conducts business in accordance with applicable laws and regulations, including but not limited to anti-corruption, competition law, data protection and trade sanctions related laws and regulations, and also requires this from its suppliers and sub-suppliers. Outokumpu expects that all its suppliers and sub-suppliers follow similar ethical standards as Outokumpu.

- **Key Ethical Principles:** The supplier agrees to comply with the Key Ethical Principles as stated in the Outokumpu Supplier Code of Conduct.
- **Anti-Corruption Obligation:** Outokumpu has a zero-tolerance policy for any forms of corruption. The supplier shall itself, and procure its sub-suppliers, to never offer, promise, authorize, give, or agree to give to any person, or accept or agree to accept from any person (either directly or indirectly) any gift, hospitality or payment, consideration or benefit of any kind which improperly influences any business decision or secures special treatment. Facilitation payments are also prohibited.
- **Gifts and Hospitality:** Any gifts or hospitality offered to Outokumpu representatives must be given in a legitimate business context and be reasonable, proportionate, and modest in economic value.
- **Avoiding Conflicts of Interest:** Supplier must act in an open and transparent manner and avoid and mitigate situations which create or have an appearance of a conflict of interest.
- **Competition Law Compliance:** The supplier is strictly obliged to obey and adhere to relevant competition law legislation in all its actions. The supplier is expected to take all necessary actions and training measures to ensure sufficient knowledge about, and strict adherence to, competition law compliance. In addition, the supplier is obliged to ensure that any information shared with Outokumpu do not contain competitively sensitive information.
- **Reporting of Concerns:** The supplier shall report any misconduct or unethical behavior related to the business relationship with Outokumpu. Such report can be made through Outokumpu's SpeakUp channel ([SpeakUp misconduct reporting | Outokumpu](#)).

5 Human Rights

Outokumpu is committed to conduct its business with high integrity and in compliance with all national laws and international human rights principles including the *United Nations Universal Declaration of Human Rights*, the *International Covenant on Civil and Political Rights*, the *International Covenant on Economic, Social and Cultural Rights*, the *European Convention on Human Rights*, and the *International Labor Organization's Declaration on Fundamental Principles and Rights at Work*. We are committed to the *United Nations Guiding Principles on Business and Human Rights (UNGPs)*, the *OECD Due Diligence for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*, the *OECD Guidelines for Multinational Enterprises* and to the *United Nations Global Compact* as signatories to the *United Nations Global Compact*.



Outokumpu expects its business partners and other parties, whose own impacts may be directly linked to our operations, products, or services, to respect and not infringe upon human rights. We expect our suppliers to have in place or work towards having systems that are following the expectations of the UNGPs:

- To have in place or work towards a policy that expresses commitment to respect human rights.
- To have in place or work towards having systems to implement the policy and guidelines within their own operations.
- To have in place or work towards having systems to implement the policy and guidelines within their supply chain.
- To have or work towards having a grievance mechanism.
- To have or work towards having meaningful rights holder engagement in place.

We expect our suppliers to respect and protect all human rights, and pay specific attention to the following:

- To treat health and safety as a key value and principle.
- To treat all their employees equally, with dignity in recruitment, opportunities, compensation, career progress and termination.
- To apply zero tolerance against discrimination, intimidation, verbal, psychological, physical, or sexual harassment as well against abuse at work such as humiliating or physical punishment.
- To comply with international standards on living wage, working hours, overtime, breaks, rests and leave periods.
- To respect freedom of association.
- To condemn the use of forced labor, bonded labor, slavery, or any form of modern slavery as well as human trafficking. This includes restrictions of movement, excessive recruitment fees for employees, confiscation of identity documents and/or passports or withholding of wages.
- To condemn child labor.
- To respect the rights of indigenous people as laid out in the *Indigenous and Tribal Peoples Convention, 1989 (No. 169)* and the *United Nations Declaration on the Rights of Indigenous Peoples*. This includes but is not limited to their right to land and their right to free, prior, and informed consent (FPIC) when exploration or exploitation of resources of their lands is permitted or undertaken.
- To recognize and respect the work of human rights defenders and condemn all forms of human rights violations against human rights defenders.
- To make sure that any public or private security forces included in security assignments are subject to adhere to the voluntary principles on security and human rights.
- To restrict any non-state armed groups, direct -or indirectly in the business operations.

6 Health and Safety

Outokumpu is committed to providing a healthy and safe work environment for everyone at our workplaces - employees, contractors, and visitors. Outokumpu expects its business partners, contractors, suppliers to follow these standards. Main principles:

- We expect our suppliers to promote Health & Safety as an integral part of their business operations as well as their vision, strategy, and planning.
- We expect our suppliers to aim for Health & Safety excellence with implemented, standardized, and disciplined management practices and objectives.
- We expect our suppliers to aim to prevent all workplace injuries and occupational ill health by eliminating and minimizing Health & Safety risks, raising awareness, and developing a positive culture.
- We expect our suppliers to ensure that all their employees receive proper equipment and continuous training and supervision to be able to always operate in a safely manner.

Outokumpu requires its suppliers to have implemented OHSAS 18001 or ISO 45001 or an equivalent management system for occupational health and safety, establishing an organizational structure and procedures for properly managing health and safety risks.

In the event suppliers perform any services at Outokumpu's sites or facilities, suppliers must agree to abide and strictly comply with Outokumpu's applicable requirements for site access, work, activities, or services as well as health and safety rules.

7 Environment

The supplier shall have an up to date, documented environmental policy including commitment to environmental protection, prevention of pollution in air and noise, compliance with environmental legislation, and continuous improvement.

Supplier are expected to inform their employees and external partners, including Outokumpu, about any environmental issues which can impact human rights.

Outokumpu requires its suppliers to have implemented an environmental management system in accordance with ISO 14001 or an equivalent environmental management system. Suppliers shall submit their valid ISO 14001 (or equivalent) certificate to Outokumpu. Suppliers must show evidence of the last performed audit and the reported findings, if required by Outokumpu.

Suppliers shall ensure that the materials and services are produced in an environmentally friendly and energy-efficient way. Suppliers shall ensure that all environmental risks are identified, assessed, and mitigated by defining appropriate prevention and mitigation actions. The effectiveness of the actions shall be monitored, evaluated, and reported.

Outokumpu has committed to the Business Ambition for 1.5°C objective according to SBTi and to reach carbon neutrality by 2050. On request, suppliers shall provide their most recent product specific GHG emissions (CO2 equivalent).

8 Quality Management

Suppliers shall maintain a quality system in accordance with ISO 9001 or an equivalent quality management system that is accepted by Outokumpu and has been certified by an accredited certification body. Suppliers shall submit their valid ISO 9001 (or equivalent) certificate to

Outokumpu. In specific cases, Outokumpu may require that the ISO 9001 certificate of a supplier shall bear the accreditation mark of a recognized IAF MLA (International Accreditation Forum Multilateral Recognition Arrangement) member and where the accreditation body's main scope includes management system certification to ISO/IEC 17021.

For specific cases Outokumpu may require compliance with additional standards or codes, for example ASME Boiler & Pressure Vessel Code, ISO/TS 16949, ISO 17025, ISO 20000, ISO 27001, or others.

In addition to external audits, suppliers must have an internal audit practice in place to continuously improve quality. The management of the supplier shall support the quality management system by periodically renewing it to verify its continued effectiveness and, as necessary, to develop it further. The management of the supplier shall allocate the resources necessary to achieve this objective.

Any supplier having its quality certification withdrawn by the issuing certification body or, by its own action, cancels their quality standard certification, must notify Outokumpu within five (5) working days of the de-certification.

9 Supply and Production Control

9.1 Internal and External Supply Chain

The supplier shall be able to clearly define and document their internal supply chain processes, for example in the form of flow charts, from customer order receipt to product or service delivery. The supplier shall be able to specify associated lead-times for the major steps of the whole demand/supply chain.

The supplier shall disclose, upon request from Outokumpu, the complete external (upstream) supply chain, this may include e.g.:

- Full legal names and addresses of each party in the upstream supply chain
- The activities that are performed by each party in the upstream supply chain
- The materials that are processed by each party in the upstream supply chain
- Common transport route between the parties in the upstream supply chain, all the way to the suppliers' facilities.

The means of transportation and global hubs shall be defined and documented for normal and urgent deliveries.

The supplier shall have documented procedures for measuring and monitoring internal and external supply chain performance and capability.

All suppliers of conflict minerals shall meet the requirements of the OECD Due Diligence Guidance, the Regulation (EU) 2017/821 of the European Parliament, and the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act. Suppliers of conflict minerals shall submit their supply chain regarding mineral country of origin and that only approved smelters and refiners have been utilized via the Conflict Minerals Reporting Template (CMRT) developed by the responsible minerals initiative (RMI).

Suppliers of cobalt shall submit their supply chain regarding mineral country of origin and that only approved smelters and refiners have been utilized via the Cobalt Reporting Template (EMRT) created by the Responsible Business Alliance® (RBA®). All supplies of cobalt shall follow the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

The supplier must have an agreed way to inform Outokumpu, without delay, of potential short- and longer-term delivery problems, e.g. capacity shortages, or transportation delays and how they intend to resolve them. Suppliers shall also inform Outokumpu about major changes in their upstream supply chains.

9.2 Production Process Control

Suppliers shall perform all operations according to documented process flow charts with reference made to relevant procedures and specifications. Any part of the process that is subcontracted or outsourced shall be clearly indicated and informed.

Suppliers must have Engineering Change Note (ECN) and Production Change Note (PCN) processes. Change approval process with Outokumpu must be agreed. Suppliers shall have clearly documented procedures for the control, handling and disposition of non-conforming products (scrap, use-as-is, rework). Where rework is performed the product shall be re-inspected in accordance with applicable procedures.

Suppliers shall have in-process Quality Control Plans. Operators shall have access to the Quality Control Plans and the related Standard Operation Procedures including the instructions for action in out-of-control situations.

Suppliers shall maintain inspection and test records as evidence that the products have been inspected and tested in accordance with applicable procedures. The time for maintaining the records needs to be agreed with Outokumpu.

Suppliers shall have a system for identifying the products regarding type and lot or serial number, and their status during all stages of production and testing. Suppliers shall maintain a method of traceability that ensures tracking of the supply chain back to the manufacturer of all items included in the product being supplied.

Suppliers shall control all product releases for delivery to Outokumpu in accordance with documented procedures and test plans.

9.3 Material Control

For the incoming materials the supplier must have a process to control and track the materials used in the production. The preferred way is to use AQL system (Acceptance Quality Limit) that is defined in ISO 2859-1. Such verification consists of incoming inspection reports, certificates of conformance, certificates of analysis, etc., which shall be available as Quality Record. All materials must conform to relevant specifications.

Suppliers shall have an operation that releases materials for production and positively identifies it by means of stickers, labels, lot number control, dispatch control, etc. Suppliers shall have a documented process for handling any arising claims promptly and efficiently.

For outgoing materials suppliers shall have appropriate controls in place to ensure that the levels of radioactivity in scrap and raw materials are below the IAEA recommended levels to protect human health.

All materials and components used in products must be non-hazardous and safe and their approval obtained from authorities as applicable (e.g. CE, UL etc.). Where applicable, suppliers shall provide product safety data sheets in accordance with the Regulation (EC) No. 1272/2008.

Where applicable, suppliers shall warrant that the material(s) purchased by Outokumpu are compliant with and registered under the REACH regulation (Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals).

9.4 Risk Management

Risks are part of business operations. Because risks can cause (unexpected) business interruptions, bring (reputational) damage to the corporation, or harm the human rights of people, it is essential to have risk management policies in place to identify and mitigate risks as well as define the necessary course of actions. Outokumpu expects from its suppliers to have effective risk management systems for the following areas of risks in place:

- a) Human rights, including environment
 - See section 5 and 7 for more information on the requirements for human rights and environmental risk management systems.
- b) Quality
 - See sections 8 and 9.1 to 9.3 for more information on the requirements for quality related risks.
- c) Supply continuity
 - To have procedures in place to be aware of risks threatening uninterrupted manufacturing and operations as a whole. Suppliers shall take the necessary steps to minimize the identified risks for uninterrupted production (strategic, financial, operational, commercial, technical, risks related to location, natural hazards, export control, product liability, etc.).
 - To have a documented Disaster Recovery Plan. The document shall establish the procedures and responsibilities to be used by the management to guarantee manufacturing operations continuity and customer services following a disastrous event which damages or destroys processes.

9.5 Qualification, Selection and Management of Supplier's Suppliers

The supplier shall have a documented process for their own supplier qualification, selection, and management, and their suppliers must fulfil Outokumpu Raw Materials Supplier Requirements. Suppliers shall continuously monitor their suppliers' performance by key indicators. Suppliers shall have a system to make complaints and claims to their suppliers and subcontractors. Suppliers remain responsible for the performance of subcontractors.

Suppliers shall not purchase materials or products from such sources that conflict with the Outokumpu Supplier Code of Conduct or the Outokumpu Raw Materials Supplier Requirements.

Suppliers shall not source to Outokumpu any products containing materials originating from or provided by: (i) a country or a region that is subject to comprehensive sanctions or embargoes imposed by the United Nations, the United States, or the European Union; or (ii) any person or entity subject to sanctions. "Sanctions" means economic or financial sanctions or trade embargoes or similar or equivalent restrictive measures as well as export control regulations imposed, administered, enacted or enforced from time to time by a government or governmental or inter-governmental body or organization or other relevant sanctions authority (including but not limited to those imposed by the United Nations, the European Union, the United States or any other jurisdiction to the extent applicable to each party, respectively).

Suppliers' purchasing documents (e.g. purchase order) towards their suppliers shall include all information necessary to define materials or products to be ordered. Such information includes for example item name, specification, origin, revision level, quantity, delivery time, price, transportation, etc.

10 Product Liability

Suppliers shall have a documented liability procedure including recall procedure and clearly defined liability related responsibilities.

Suppliers must have a preventive action process from product development to final test, to protect against future product liability actions.

Suppliers shall hold a global liability insurance including product liability coverage with a sum specified in the contract or other terms and conditions agreement.

11 Intellectual Property Rights, Confidentiality and Security

11.1 Intellectual Property Rights

All intellectual property rights of Outokumpu shall remain the exclusive property of Outokumpu. In case the specifications provided by Outokumpu are based on technical information or the know-how of Outokumpu, in whole or in part, then suppliers shall not have any right to manufacture and/or sell or license the prototypes or products which are based on such technical information or know-how to third parties or otherwise utilize Outokumpu's technical information or know-how without the prior written consent of Outokumpu.

11.2 Confidentiality and Security

Suppliers shall treat all Confidential Information as strictly confidential from the date of receipt for a period of three years, unless otherwise agreed with Outokumpu. Suppliers shall not disclose any Confidential Information to any third parties. 'Confidential Information' means all information – including but not limited to technical, practical, and commercial information as well as physical objects – whether in written, oral, visual or other tangible or intangible form and all other information and materials relating to the Outokumpu's business.

Suppliers shall observe Outokumpu's reasonable instructions regarding the handling of Confidential Information and shall apply no lesser security measures and degree of care than

those which they apply to their own confidential information to provide adequate protection for the Confidential Information from unauthorized disclosure, copying or use.

Suppliers shall without delay return or destroy all Confidential Information, if requested by Outokumpu, and shall acknowledge in writing that the Confidential Information has been returned or destroyed.

Upon Outokumpu's request, suppliers shall sign a Confidentiality/Non-Disclosure Agreement with Outokumpu and shall comply with the requirements set forth in the Confidentiality/Non-Disclosure Agreement.

Suppliers shall perform services in such a manner that prevents any virus to infect or attack any data systems of Outokumpu, and any third party from obtaining access to the data systems of Outokumpu. In addition, suppliers' computers, and other electronic equipment directly or indirectly to be connected with data system of Outokumpu shall have adequate technical and administrative controls to protect information, information processes and IT systems including but not limited to technologies, people and processes. Suppliers shall make sure that its employees will adhere to all of Outokumpu's reasonable instructions for protecting the data system of Outokumpu.

12 Corporate Governance and Financial Statement

Suppliers shall share their latest financial statement, ownership structure and operative management with Outokumpu, if requested.

13 Self-Assessments and Audits

Suppliers agree to answer self-assessment questionnaires, issued by Outokumpu or a duly representative chosen by Outokumpu (e.g. EcoVadis) to assess their compliance with Outokumpu Raw Materials Supplier Requirements, Supplier Code of Conduct, and the supplier's performance in terms of Environment, Labor & Human Rights, Ethics, Sustainable Procurement and similar aspects.

Outokumpu or its duly authorized representative shall have the right to conduct different types of audits and/or impact assessments at the supplier's facilities. The type, degree, and frequency of such audits and/or impact assessments depends on the risk associated with the supplier and the criticality of the product or service being supplied. Examples for audits are product, process, and system audits in the area of quality management and supply continuity, social audits in the area of human rights, as well as human rights impact assessments.

Suppliers must show evidence of the last performed internal and external audits and the reported findings, if required by Outokumpu.

14 Business Contacts

Suppliers shall nominate contact person(s), such as an account manager, to consistently handle business operations between Outokumpu and the supplier.



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