



DUE DILIGENCE REPORT ON
CONFLICT MINERALS

TREIBACHER INDUSTRIE AG

2023

Legal information

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Equality:

The masculine form of address is used in this report for ease of reading. However, all genders are, of course, always referred to and addressed.

CONTENTS

SECTION 1: INTRODUCTION AND COMPANY OVERVIEW.....	4
SECTION 2: APPROPRIATE INVESTIGATION OF THE COUNTRY OF ORIGIN.....	4
SECTION 3: DESIGN OF THE DUE DILIGENCE FRAMEWORK.....	5
SECTION 4: DUE DILIGENCE PERFORMED	5
SECTION 5: RESULTS OF THE DUE DILIGENCE	6
SECTION 6: EFFORTS TO DETERMINE ORIGIN.....	6
SECTION 7: STEPS TO MINIMIZE RISK	6
CONCLUSION.....	7

FOREWORD

The Conflict Minerals Report ("CMR") of Treibacher Industrie AG (hereinafter referred to as "TIAG", "we" or "our") is prepared in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ("CSHRA-OECD Guidance" or "OECD Guidance") and the Responsible Minerals Initiative ("RMI") Public Due Diligence Guidance.

SECTION 1: INTRODUCTION AND COMPANY OVERVIEW

Treibacher Industrie AG is an Austrian, privately owned stock corporation that is globally successful in the metallurgy and chemicals sector. The company has been headquartered in Althofen, Austria, since it was founded by Dr. Carl Auer von Welsbach in 1898.

TIAG develops, produces and distributes materials for technologically demanding applications worldwide. In addition to special hard materials for the hard metal industry, the spectrum ranges from hydrogen storage alloys and coating components for the aircraft and catalytic converter industry to high-quality alloy additives for the steel and foundry industry. In addition, TIAG is the market and technology leader in the recycling of spent catalysts, e.g. from the oil industry, which saves thousands of tons of primary resources such as vanadium, nickel and molybdenum every year. For more details see: <https://www.treibacher.com>

As one of the largest industrial companies in Carinthia, TIAG has made it our mission not only to play a significant role in the economy of this country, but also to fulfill our responsibility in the supply chain of conflict minerals.

For the materials tantalum and tungsten, we are active as a Union importer in accordance with the criteria of EU Regulation 2017/821 (Regulation laying down supply chain due diligence obligations for Union importers of tin, tantalum, tungsten, their ores and gold originating from conflict-affected and high-risk areas). These materials are used in one of our four strategic business areas, the "Hard Metals and Energy Storage" business area, for the production of high-quality raw materials for cutting, drilling and milling tools.

To implement the process for ensuring due diligence in the existing integrated management system, a cross-divisional Conflict Minerals Team was defined in 2021 and corresponding due diligence documentation was created. In 2022, these documents were updated and communicated to a broad group of employees as part of an internal training campaign. As described in more detail in section 4, TIAG was audited by external parties in 2023 with regard to the implementation of the applicable provisions for Union importers.

SECTION 2: APPROPRIATE INVESTIGATION OF THE COUNTRY OF ORIGIN

The following measures and regulations have been defined to establish an appropriate internal system for the continuous investigation of the country of origin

Corporate Supply Chain Policy:

In order to avoid the use of conflict minerals that directly or indirectly finance or benefit armed groups and/or are associated with other serious human rights violations in high-risk and conflict regions, TIAG has developed a supply chain policy. This policy is aligned with the third edition of the CAHRA-OECD Guidance and covers all risks identified in Annex II of the OECD Guidance. The supply chain policy for conflict minerals has a global scope and has been reviewed and approved in accordance with internal requirements and is available to interested parties via the homepage.

Code of Conduct for Suppliers:

In order to establish our ethical and behavioral requirements in our supply chain in addition to the quality requirements for our suppliers, a separate code of conduct for suppliers has been drawn up. This is intended to support us in our efforts to further develop our suppliers.

Corporate strategy for the procurement of conflict minerals:

As part of the integration of the conflict minerals issue into our existing management system, the corporate strategy was defined in this regard. It was defined that material is only procured from raw material suppliers that are listed with RMI or have a valid CMRT.

Establishment of criteria for supplier selection and internal control systems:

The aforementioned corporate strategy is anchored in the corresponding specification documents of the management system and regulates the criteria for recruiting new suppliers in addition to the material procurement process. Before entering into a business relationship with a new supplier, we thoroughly check whether this potential supplier meets all legal requirements and our internal requirements (such as quality requirements, ethical and behavioral requirements, etc.). We communicate our supply chain policy to all our suppliers and are in regular contact with them. As part of the regular incoming raw materials inspection, the completeness of the delivery documents is also checked in detail.

Annual supplier status review:

The national requirement under the applicable Mineral Raw Materials Act stipulates that Union importers communicate the imported quantities and sources of supply (origin and provenance of the minerals and metals) to the Federal Ministry once a year using the "Reporting of import figures" template. When preparing this report, the sources of supply used and their status (RMI listed) as well as the up-to-dateness of the CMRT are checked.

SECTION 3: DESIGN OF THE DUE DILIGENCE FRAMEWORK

In accordance with our own Code of Ethics and Conduct, we see our obligation in the supply chain of the materials we produce as more than just a one-sided responsibility. Over the past few years, many measures have been taken to ensure that this responsibility is not limited to relationships with our customers and suppliers. We also see our duty of care as a social responsibility to safeguard our location. By incorporating the topic of conflict minerals into both our Code of Ethics and Conduct and our integrated management system, we expanded the scope of our operational duty of care in 2021.

In 2022, the integrated management system was audited and assessed by an internationally recognized company (EcoVadis) with regard to the environment, labour and human rights, ethics and sustainable procurement. More information on sustainability and due diligence is available to interested parties at <https://treibacher.com/en/company/sustainability/>

SECTION 4: DUE DILIGENCE PERFORMED

An external company was commissioned in October 2021 to assess our due diligence measures. The RCS Global Group, as a partner of the Responsible Minerals Initiative ("RMI"), is the global market leader for audits of responsible sourcing. The focus of the audit was on the implementation of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Furthermore, in accordance with the national requirements of the Mineral Resources Act Amendment §222c (Subsequent control of imports of tin, tantalum, Tungsten, their ores and gold from conflict and high-risk areas), which came into force on January 1, 2021, the internal requirements for the proper transmission of the required data were defined.

TIAG is also audited in accordance with ISO 9001 and ISO 14001 by an accredited provider. We reaffirm our commitment to the supply chain policy and have introduced internal procedures for supply chain management, which also include the due diligence process for raw materials.

In the 2022 financial year, the effectiveness of the implemented conflict mineral management system was audited in an internal audit. The potential for improvement identified was addressed in accordance with internal regulations.

The topic of due diligence for conflict minerals has been included in the scope of the IMS management review. Targets and measures for pursuing targets that have arisen from identified potential risks, for example, are regularly evaluated and addressed.

In 2022, a positive result was confirmed for Treibacher Industrie AG in the course of a study conducted by ÖFSE1) on the status of implementation of EU Regulation 2017/821.

In March 2023, the effectiveness of conflict minerals management was reviewed by external auditors as part of the LRQA monitoring audit. In fall 2023, the Federal Ministry of Finance Section VI - Telecommunications, Post and Mining Department VI/5 - Mineral Resources Policy audited TIAG's implemented conflict minerals management system with regard to the requirements of the applicable Mineral Resources Act.

Furthermore, a positive result was confirmed for Treibacher Industrie AG in 2023 in the course of the 2nd study conducted by ÖFSE1) on the status of implementation of EU Regulation 2017/821.

A further external assessment by EcoVadis will be launched in 2024. In order to ensure that the measures taken internally on the subject of due diligence for Union importers of conflict minerals are also reviewed again by an internationally recognized institution, a new audit by RCS Global Group, as a partner of the Responsible Minerals Initiative ("RMI"), has been scheduled for the end of 2024.

SECTION 5: RESULTS OF THE DUE DILIGENCE

RCS Group's external audit report is available on the website. The results of the internal due diligence review are part of our management review system and are reported to the Management Board by the responsible persons. In summary, this CMR is prepared annually in accordance with the applicable international and national regulations and made available accordingly.

SECTION 6: EFFORTS TO DETERMINE ORIGIN

As already described in section 2 under internal control systems, a review of the delivery documents is carried out during the incoming goods inspection. The documents are attached to the purchasing file in accordance with internal guidelines.

Raw material deliveries without a clear origin are not accepted and therefore not used for our production.

SECTION 7: STEPS TO MINIMIZE RISK

TIAG intends to take the following steps to continuously improve our due diligence process:

Creating awareness of responsibilities among all parties in the supply chain. A first step will be the communication of our defined Code of Conduct for Suppliers.

Furthermore, measures are being taken within the Group to support the establishment of due diligence in the individual companies and to facilitate cooperation on this topic. This includes the exchange of experience and mutual internal auditing.

Although TIAG does not directly source minerals from conflict-affected and high-risk areas (CAHRA), we have an open channel (Conflict_Minerals@treibacher.com) to communicate potential grievances. In accordance with internal quality standards, a team is dedicated to solving any problems that may arise.

At the end of 2023, increased attacks by Yemeni Houthi rebels in the Red Sea disrupted international shipping traffic. The supply of raw materials with conflict minerals for Treibacher Industrie AG was naturally also affected by this. The identified risk was assessed as part of an internal analysis and measures to minimize the risk were taken together with our shipping partners. This made it possible to minimize any impact on supply security.

CONCLUSION

It goes without saying that we are also prepared to support our customers in their due diligence efforts and to provide them with the relevant documentation at any time on request. By publishing this report, we also want to emphasize to our suppliers the importance of procuring materials from conflict-free sources.

¹⁾ Österreichischen Forschungsinstitut für Internationale Entwicklung