



DUE DILIGENCE REPORT ON
CONFLICT MINERALS

TREIBACHER INDUSTRIE AG

2022

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

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

PREAMBLE

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

SECTION 1: INTRODUCTION AND COMPANY OVERVIEW

Treibacher Industrie AG is an Austrian, privately owned stock corporation that is globally successful in metallurgy and the chemical industries. The company's headquarters have been located in Althofen, Austria, since it was founded by Dr. Carl Auer von Welsbach in 1898.

We develop, produce and sell materials for technologically demanding applications worldwide. In addition to special hard materials for the carbide industry, the range extends from hydrogen storage alloys and coating components for the aircraft and catalyst industries to high-quality alloying additions for the steel and foundry industries. Beyond this, TIAG is a market and technology leader for recycling spent catalysts, e.g. from the petroleum industry, saving 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 enterprises in Carinthia, we have made it our mission not only to play a significant part in this province's economy but also to fulfil our responsibility in the supply chain of conflict minerals.

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

To implement the process of ensuring due diligence into the existing integrated management system, in 2021 we defined a cross-divisional Conflict Minerals Team and prepared corresponding specification documentation on the subject of due diligence. In 2022 these documents were updated and made more accessible to a wide range of employees as part of an internal company training campaign.

SECTION 2: APPROPRIATE INVESTIGATION OF THE COUNTRY OF ORIGIN

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

Corporate policy on the supply chain:

TIAG has developed a supply chain policy to avoid using 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-affected regions. This guideline 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 global scope and has been reviewed and approved in accordance with internal requirements. It is available to interested parties via the website.

Code of Conduct for Suppliers:

To establish the ethical and conduct requirements in our supply chain in addition to the quality requirements for our suppliers, we have drawn up a separate Code of Conduct for Suppliers. This is intended to support us in our efforts to further develop our suppliers.

Corporate strategy for the procurement of conflict minerals:

In the course of integrating the conflict minerals issue into our existing management system, we also defined the corporate strategy in this regard. It was defined that material will only be purchased from raw material suppliers that are listed with RMI or have a valid CMRT.

Establishing criteria for supplier selection and internal checking systems:

The corporate strategy referred to above is anchored in the corresponding specification documents of the management system and, in addition to the materials procurement process, also regulates the criteria for recruiting new suppliers. Before entering into business relationship with a new supplier, we thoroughly check whether this potential supplier meets all legal requirements and also our internal requirements (such as quality requirements, ethics and conduct requirements, etc.). We communicate our supply chain policy to all our suppliers and maintain an active exchange with them. In the course of regular incoming raw materials inspection, among other things we also closely check completeness of the delivery documents.

Annual supplier status review:

The national requirement according to the current Mineral Raw Materials Act stipulates that once a year Union importers must communicate the imported quantities and sources of supply (origin and provenance of minerals and metals) to the Federal Ministry using the "Reporting of Import Figures" template. The sources of supply used and their status (RMI listed) as well as the up-to-dateness of the CMRT are verified during the preparation of this report.

SECTION 3: CREATION OF THE DUE DILIGENCE FRAMEWORK

In line with our own Code of Ethics and Conduct, we see our commitment in the supply chain of the materials we produce as more than just a unilateral responsibility. Over the past few years we have already taken many measures to ensure that this responsibility is not limited merely to relationships with our customers and suppliers. Thus, we also see our due diligence as a social responsibility for safeguarding our location. In 2021, we expanded the framework of our operational due diligence when the conflict minerals topic was included in both our Code of Ethics and Conduct and our integrated management system.

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

SECTION 4: DUE DILIGENCE PERFORMED

In October 2021 we commissioned an external company to evaluate our due diligence measures. As a partner of the Responsible Minerals Initiative ("RMI"), the RCS Global Group is a global market leader in responsible sourcing audits. The review focused on the implementation of the OECD Due Diligence Guidance on Promoting Responsible Supply Chains for Minerals from Conflict-Affected and High-Risk Areas.

Furthermore, the internal requirements for proper transmission of the required data were defined in accordance with the national requirements stipulated by the Raw Materials Act Amendment, Section 222c (Subsequent checking when importing tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas) which came into force on January 1, 2021.

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

In fiscal year 2022 the implemented conflict minerals management system was audited by an internal audit with regard to its effectiveness. The potential for improvement identified during the audit was addressed in accordance with internal regulations.

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

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

SECTION 5: DUE DILIGENCE RESULTS

The RCS Group's external audit report is available for download 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 persons responsible. In summary, in line with applicable international and national regulations, this CMR is prepared annually and made available accordingly.

SECTION 6: EFFORTS TO DETERMINE ORIGIN

As already described in Section 2 under the item on internal checking systems, a review of the delivery documents is carried out during the incoming raw material inspection. The documents are attached to the purchase file in accordance with internal requirements.

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

SECTION 7: RISK MINIMIZATION STEPS

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

Creating an awareness of responsibilities among all supply chain stakeholders. As a first step, we intend to communicate the Code of Conduct for Suppliers that we have defined.

In addition, measures will be taken within the corporate group to support the establishment of due diligence in the individual companies and to facilitate cooperation on this topic. This includes exchanging information and mutual internal auditing.

Although TIAG does not source minerals directly 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, there is a team dedicated to resolving any problems that may arise.

CONCLUSION

Of course, we are also prepared to support our customers in their due diligence efforts and provide them with relevant documents upon request at any time. By publishing this report, we also want to emphasize to our suppliers the importance of sourcing materials from conflict-free sources.

¹⁾ Österreichischen Forschungsinstitut für Internationale Entwicklung