

Responsible sourcing policy

Arvedi Acciai Speciali Terni (Arvedi AST) recognizes the importance of responsible sourcing to contribute to sustainable steel production, in line with Responsible Steel criteria and ESG (environmental, social and governance) principles. The objective of this policy, therefore, is to promote and support the responsible procurement of raw materials, reducing the environmental and social impact to a minimum, respecting human and workers' rights, as established in the company Code of Ethics.

The principles that guide Arvedi AST in the responsible sourcing process are the following:

1. Occupational health and safety

The safety and health of our employees are a corporate objective of equal standing with the quality of our products and our commercial success. Occupational safety and health protection are an integral part of all business processes and are included from the outset – starting in the planning phase – in all technical, economic, and social considerations. All employees shall promote safety and health in their work environment and comply with the health and safety regulations.

2. Conduct in business

- Compliance with law, rules and regulations is for us an essential basic principle of responsible business conduct. We adhere to legal prohibitions and requirements at all times, even if this involves short-term business disadvantages or difficulties for the Company or individuals.
- Our conduct on the markets is based on the compliance commitment.
- Corruption and antitrust violations threaten these success factors and are not tolerated (Zero Tolerance). Bribes, also through contractual relationships with agents, intermediaries, and advisors, are not a means of winning business.
- Arvedi AST does not tolerate bribery and ensure compliance with all United Nations (UN) and Organization for Economic Co-operation and Development (OECD) conventions against corruption, and with all governing anti-corruption laws.
- Arvedi AST strictly comply with the relevant international and national foreign trade regulations, including regulations concerning export controls and embargoes, monitoring business transactions to refrain from being involved in any illegal business dealings with persons, companies or organizations that are subject to sanctions.
- Arvedi AST duly exercise the duty of care to promote responsible raw material supply chains and to comply with all applicable statutory rules pertaining to conflict materials (Conflict Minerals), particularly including tin, tantalum, tungsten, gold and their ores and metals, to be procured from conflict-free sources.
- In cases where a product contains one or several conflict minerals or high-risk raw materials, e.g. cobalt, Arvedi AST assures transparency of their supply chain all the way to the smelter and origin of the material.

3. Human and labor rights

- Arvedi AST respects internationally recognized human rights and support their observance.
- It strictly rejects all forms of forced and child labor.

- It recognizes the right of all employees to form unions and employee representative bodies on a democratic basis, inspired by an open and constructive dialogue characterized by mutual respect. The right to appropriate compensation is recognized for all employees.
- Ensures the protection of employees concerning holidays, parental leave, working hours and personal privacy.

4. Sustainability and protection of environment and climate

- Arvedi AST conforms with the relevant energy and environmental laws, regulations, and standards, installs and applies an adequate environmental and energy management system. Resources, e.g. energy, water and raw materials, are consumed efficiently and responsibly while utilizing technologies aimed at preventing and reducing waste, CO₂, wastewater contaminations, and emissions of hazardous substances.
- Arvedi AST takes all appropriate measures for the disposal and management of toxic or dangerous products and also adopts all processes, controls and protocols or production standards that enable products, packaging, wrappings and packs to be as eco-friendly as possible.
- Arvedi AST promotes transparency with respect to own emissions as well as upstream activities, implementing effective measures aimed at reducing direct and indirect CO₂ emissions in accordance with the Paris Climate Agreement, working on continuous improvements, aimed to further advance the use of renewable and alternative energy sources.

5. Quality standards and products risk management

Arvedi AST always meet the technical and statutory requirements pertaining to the quality of products and processes. Any detected defects or shortcomings is corrected promptly, and the cause is investigated and eliminated permanently. As a general rule, processes are continuously reviewed and improved with the aim of increasing their performance in terms of function, costs and timeliness.

EXPECTED SUPPLIER BEHAVIORS

Arvedi AST expects suppliers to comply with the principles described in this policy. If they are not able to comply, we expect them to define and implement plans to reach the compliance.

In the event those plans are not fulfilled, or suppliers do not share their sustainability data, Arvedi AST reserves the right to terminate individual contractual relationships or all existing contractual relationships with the supplier without notice.

We also encourage suppliers to work together to identify and develop increasingly sustainable business practices in the areas of health and safety, human rights, ethics, and environmental stewardship.

Il Direttore Acquisti
Arvedi Acciai Speciali Terni
Michele Magistretti

