



## OUTOKUMPU SUPPLIER REQUIREMENTS

### 1 Purpose and scope

The 'Outokumpu Supplier Requirements' defines Outokumpu's requirements towards its Suppliers and Subcontractors in relation to supplier selection, approval and management.

Outokumpu Supplier Requirements sets forth the minimum criteria that are required from all Outokumpu Suppliers and Subcontractors regarding Sustainability and Ethical Standards, Safety, Environmental Considerations, Quality Management, Supply and Production Control, Product Liability, Financial Statement, Intellectual Property Rights, Confidentiality and Security, Audits, and Business Contacts.

### 2 Applicability

The Outokumpu Supplier Requirements must be followed globally by all Outokumpu approved Suppliers, Subcontractors and their suppliers and subcontractors.

### 3 Main Principles

- All Suppliers and Subcontractors must perform according to the laws and regulations of the countries they operate in.
- All Suppliers and Subcontractors must meet Outokumpu Supplier Requirements, and become familiar and comply with Outokumpu Code of Conduct.
- All Suppliers and Subcontractors shall maintain a quality management system according to ISO9001 or an industry appropriate equivalent quality management system that is accepted by Outokumpu.
- All Suppliers and Subcontractors shall be able to clearly define, document and share their supply and production control process including material traceability, which Outokumpu may conduct audit from time to time.

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## 5 Sustainability and Ethical Standards

Outokumpu is strongly committed to operate in an ethically sound manner through responsible business practices and sustainable production throughout its whole supply chain. Outokumpu's ethical standards are described in Outokumpu's Code of Conduct. Suppliers and Subcontractors shall become familiar with Outokumpu Code of Conduct and perform according to similar ethical standards, and have their Code of Conduct or equivalent ethical values and standards documented.

- Suppliers and Subcontractors must comply with the laws and other regulations of the countries they operate in, and comply with the agreements and commitments they have made.
- Suppliers and Subcontractors must treat their employees and other human beings equally and fairly, irrespective of ethnic origin, nationality, religion, political views, gender, sexual orientation or age. The Suppliers and Subcontractors shall uphold the freedom of association and the effective recognition of the right to collective bargaining. Suppliers and Subcontractors must strictly condemn and prohibit the use of all forms of forced and compulsory labor and slavery, including without limitation child labor and human trafficking.
- Suppliers and Subcontractors operations must strive for sustainable economic, social and ecological development e.g. reduce emissions and enhance global environmental protection
- Suppliers and Subcontractors must condemn and have a zero tolerance policy for all forms of corruption and bribery, and comply strictly with applicable competition legislation and trade restrictions.

## 6 Safety

All Suppliers and Subcontractors shall have documented policies and processes in place to ensure that their operations comply with all relevant health and safety standards and legislations. Outokumpu requires its Suppliers or Subcontractors to have implemented OHSAS 18001 or ISO 45001 or equivalent management system for occupational health and safety. Suppliers and Subcontractors must show evidence of the last performed audit and the reported findings, if required by Outokumpu.

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

## 7 Environmental Considerations

The Suppliers and Subcontractors shall have an up-to-date, documented Environmental Policy including commitment to environmental protection, prevention of pollution, compliance with

environmental legislation, and continuous improvement. Outokumpu requires its Suppliers and Subcontractors to have implemented ISO14001 or equivalent environmental management system. Suppliers and Subcontractors must show evidence of the last performed audit and the reported findings, if required by Outokumpu.

Suppliers and Subcontractors shall ensure that the materials and services are produced environmental friendly and energy efficient way. The Suppliers and Subcontractors shall set environmental improvement targets and evaluate and report their performance.

## **8 Quality Management**

The Suppliers and Subcontractors shall maintain a quality system according to ISO9001 or an industry appropriate equivalent quality management system that is accepted by Outokumpu and has been certified by an accredited certification body. Suppliers and Subcontractors must show evidence of the last performed audit and the reported findings, if required by Outokumpu. 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, and ISO27001, etc.

In addition to external audits, Suppliers and Subcontractors must have an internal audit practice in place to continuously improve quality. The management of the Suppliers and Subcontractors shall support the quality management system by periodically renewing it to verify for 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 or Subcontractor 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 Demand / Supply Chain**

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

The Suppliers and Subcontractors shall have defined the whole supply chain from manufacturing until delivery. The origin of the key materials, components or services must be documented. These key materials, components and service are separately defined.

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

The Suppliers and Subcontractors shall have documented procedures for measuring and monitoring internal and external demand/supply chain performance and capability.

The Suppliers and Subcontractors 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.

Suppliers and Subcontractors shall have a documented process for handling any arising claims promptly and efficiently.

## 9.2 Material Control

For the incoming materials the Suppliers and Subcontractors 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 and Subcontractors shall have an operation that releases materials for production and positively identifies it by means of stickers, labels, lot number control, dispatch control, etc.

For outgoing materials Suppliers and Subcontractors 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.). When applicable, Suppliers and Subcontractors 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).

## 9.3 Production Process Control

Suppliers and Subcontractors 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 and Subcontractors must have Engineering Change Note (ECN) and Production Change Note (PCN) processes. Change approval process with Outokumpu must be agreed. Suppliers and Subcontractors shall have clear 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 and Subcontractors shall have in-process Quality Control Plan. Operators shall have access to the Quality Control Plan and the related Standard Operation Procedures including the instructions for action in out-of-control situations.

Suppliers and Subcontractors 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 and Subcontractors shall have a system for identifying the products as regards type and lot or serial number, and their status during all stages of production and test. The Suppliers and Subcontractors shall have a system for ensuring finished product traceability back to the factory, date code and reference number as specified by Outokumpu.

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

#### **9.4 Risk Management**

Suppliers and Subcontractors shall have procedures in place to be aware of risks threatening uninterrupted manufacturing and operation as a whole. Suppliers and Subcontractors 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.).

Suppliers and Subcontractors shall 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 Supplier Selection and Management**

Suppliers and Subcontractors shall have a documented process for their supplier selection and performance evaluation, and their suppliers and subcontractors must comply with Outokumpu Supplier Requirements. Suppliers and Subcontractors shall continuously monitor their suppliers and subcontractors performance by key indicators. Suppliers and Subcontractors shall have a system to make complaints and claims to their Suppliers and Subcontractors. Suppliers and Subcontractors remain at all times fully responsible for their own subcontractors and outsourcing partners and their performance.

Suppliers and Subcontractors shall not purchase materials or products from such sources that conflict with Outokumpu Code of Conduct or Outokumpu Conflict Minerals Statement. Suppliers and Subcontractors shall confirm to Outokumpu by signing a Conflict minerals supplier certification that the materials and/or products they supply do not contain conflict minerals originating from the Democratic Republic of Congo (the "DRC") or adjoining countries.

Suppliers' and Subcontractors' 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 item name, specification, origin, revision level, quantity, delivery time, price, transportation, etc.



## 10 Product Liability

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

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

Suppliers and Subcontractors shall hold a global liability insurance including product liability coverage with a sum specified in frame agreement 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 are provided by Outokumpu are based on technical information or the know-how of Outokumpu, in whole or in part, then Suppliers or Subcontractors 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 and Subcontractors 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 and Subcontractors shall not disclose any Confidential Information to any third parties. 'Confidential Information' means and 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 and Subcontractors shall observe Outokumpu's reasonable instructions regarding the handling of the 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 and Subcontractors 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 and Subcontractors shall sign a Confidentiality/Non-Disclosure Agreement with Outokumpu, and shall comply with the requirements set forth in the Confidentiality/Non-Disclosure Agreement.



Suppliers and Subcontractors shall perform the 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' and Subcontractors' 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. Supplier 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 and Subcontractors shall share their latest financial statement, ownership structure and operative management to Outokumpu, if requested.

## **13 Audits**

Outokumpu or its duly authorized representative shall have the right to audit at Suppliers' or Subcontractors' facility their compliance. The degree and frequency of such audits will depend on the criticality of the product or service being supplied.

## **14 Business Contacts**

Suppliers and Subcontractors shall nominate contact person(s) such as an Account Manager to consistently handle business operations between Outokumpu and Supplier or Subcontractor.

### **DOCUMENT IDENTIFICATION**

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