

Annual Report 2021

in accordance with Article 7 of Regulation (EU) 2017/821

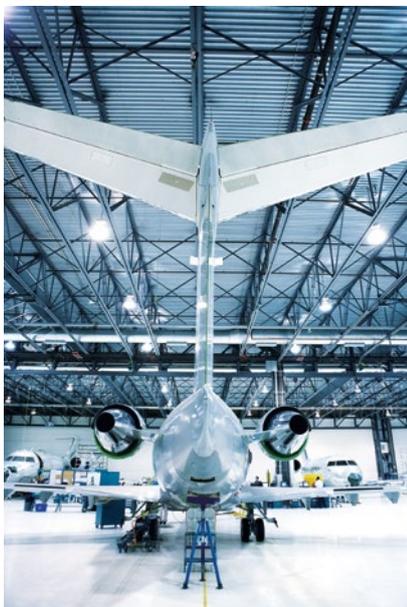
Implementation of the due diligence obligations for the import
of tin and tungsten in accordance with Regulation (EU) 2017/821
at thyssenkrupp Materials Services GmbH



About thyssenkrupp Materials Services

thyssenkrupp Materials Services is the biggest mill-independent materials distributor and service provider in the western world, with around 380 locations – including around 260 warehouse sites – in more than 30 countries. The company employs around 15,300 employees in 78 subsidiaries.

Materials Services' customers are mainly located in Europe and North America. The biggest customer groups are the metal processing and automotive industries as well as specialist distributors. As part of the strategic development of „Materials as a Service“ the company focuses on the supply of raw materials and materials as well as products and services in the area of supply chain management. Digital solutions ensure efficient and resource-saving processes for customers and thus provide the basis for sustainable action. By 2030 thyssenkrupp Materials Services will operate in a climate-neutral manner.



01 Obligations under the EU Conflict Minerals Regulation



As of 1 January 2021, new obligations from Regulation (EU) 2017/821, which regulates trade in four minerals – tin, tantalum, tungsten and gold – apply to the European Union. With the regulation, the EU aims to prevent the trade of these minerals from supporting armed conflicts

and forced labor. Since the adoption of the regulation, companies that import these raw materials into the EU have been subject to extensive due diligence and auditing obligations along the supply chain.

In the course of the risk assessment for its subsidiary thyssenkrupp Materials Trading, thyssenkrupp Materials Services has determined that it trades in the relevant conflict minerals.

thyssenkrupp Materials Trading is an internationally operating trading and service company headquartered in Essen, Germany. The product range includes raw materials such as alloys, nonferrous metals, minerals, coke, coal and ores as well as various raw materials for future technologies, metallurgical products such as steel and tubes, tube accessories, rolled steel and stainless steel as well as technical trading in new and used industrial equipment, machine tools, spare parts and construction elements for hydraulic steel engineering and the offshore sector as well as material and logistics services of all kinds. The range of services is completed by custom offerings, including financing and shipping.

As one of the largest importers of tin and tungsten in Germany, thyssenkrupp Materials Trading welcomes the full enforcement of the ordinance in the EU, as the company has already integrated the principles enshrined therein into its procurement policy since 2010. To this end, the management systems of the corporate structure have been adapted accordingly in recent years.

02 Risk assessment in the supply chain

Tungsten



Tin



The modern use of tin is in the field of electrosoldering as well as in tinning of food-safe preserves as well as in medicine. Tin is used as an alloying component in a variety of ways, mainly with copper to form bronze or as a component of metal alloys with a low melting point.

Most of the tungsten produced worldwide is processed into tungsten carbide, which is used for the production of carbide tools. In addition, tungsten is mainly used as an alloying element in high-temperature applications. Due to its high corrosion resistance, tungsten can also be used as a material for equipment in chemical plants.



Tin and tungsten are therefore necessary minerals that are used in modern industry. However, to ensure that this does not come at the expense of people and the environment, thyssenkrupp Materials Trading has for many years worked to ensure the sustainability of its supply chains. The company has not been sourcing tin or tungsten from conflict regions for more than a decade. Human rights, fair working conditions, environmental protection and the fight against corruption are values that are not only important within the thyssenkrupp group, but also critical to the entire supply chain. thyssenkrupp is therefore committed to the United Nations Global Compact through the Supplier Code of Conduct.

At thyssenkrupp Materials Trading, procedures have been in place for years to review tin and tungsten supply chains and identify risks. The company's supply chains are transparent and subject to regular audits. They also follow the regulations of the United States of America, usually shortened to the Dodd-Frank Act, although the company is not subject to SEC supervision and therefore has no legal obligation to comply with these requirements on conflict minerals.

The extraction of certain raw materials in countries such as the Democratic Republic of the Congo and neighboring states can contribute to significant human rights violations and the financing of violent conflicts in this region. thyssenkrupp Materials Trading therefore does not source raw materials that directly or indirectly finance or benefit armed groups and is in close contact with its suppliers at all times to increase transparency regarding the products supplied by them. The aim is to further expand cooperation with customers, suppliers and other stakeholders to ensure even better approaches and more practicable solutions.

thyssenkrupp Materials Trading sources its tin ores from long-standing partners in Bolivia, Malaysia, Brazil and Indonesia. Tungsten ores are imported exclusively from China. From the outset, thyssenkrupp Materials Trading has pursued a holistic approach in its cooperation with suppliers: The mining and processing of tin and tungsten are not only in line with human rights, but also with high labor and ecological standards.

03 Supply flows

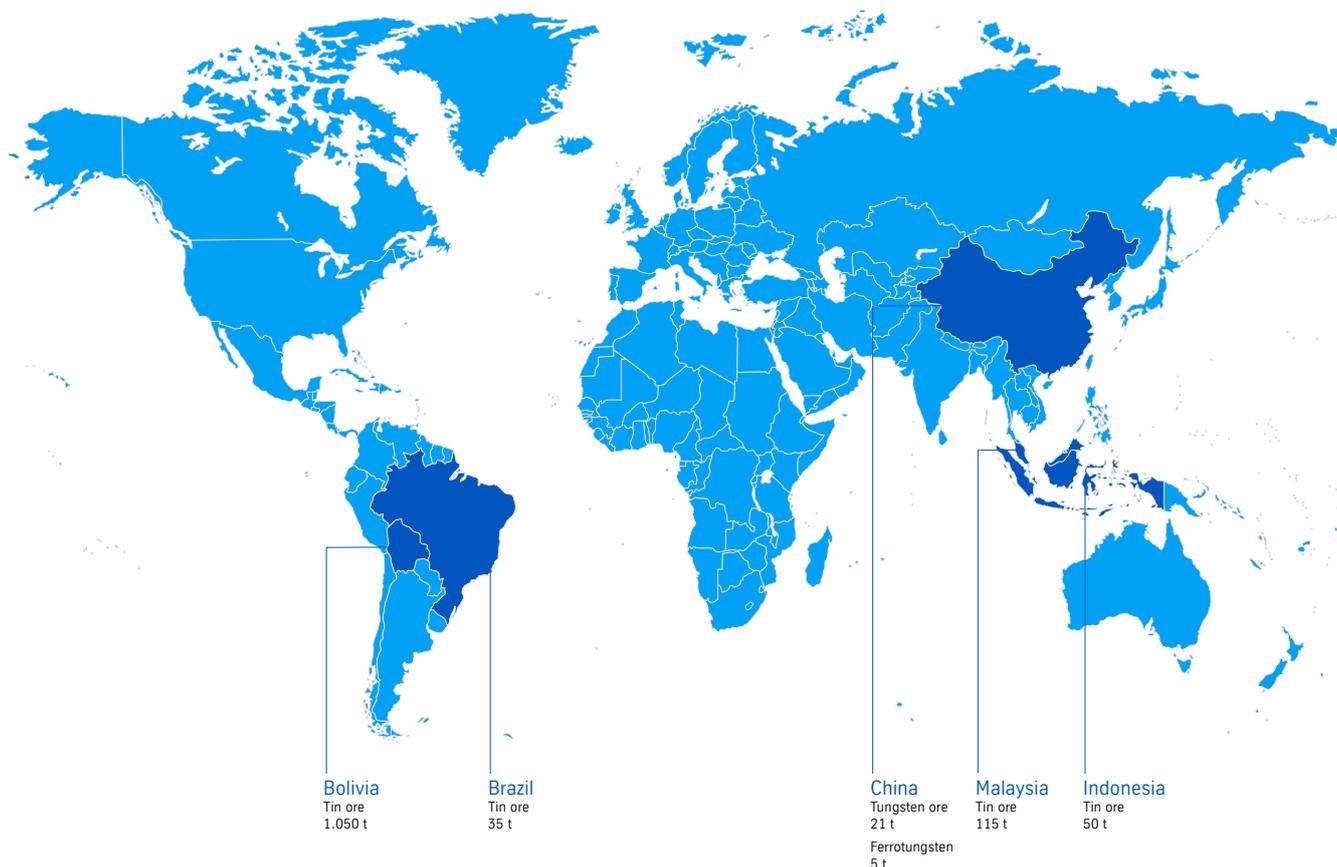
The year 2021 was characterized by the partly desolate situation in global logistics flows. There were practically no regular accesses that would have enabled plannable procurement. These exceptional circumstances continue to shape the procurement and supply performance of tin and tungsten demand in 2022.

In the first reporting year of the new conflict minerals regulation, thyssenkrupp Materials Trading imported a total of 1,250 tons of tin ores and 26 tons of tungsten ores. Approx. 13 percent of the tin ores came from Asia and approx. 87 percent from South America. The tungsten ores all came from China.

The free sources of supply are based on the list of audited suppliers of the EICC according to the current status.

A risk management strategy has been established for the presentation of the supply flows with the respective suppliers, which is checked by means of neutral audits. The aim is to provide the management with permanent information.

For communication with customers, thyssenkrupp Materials Trading prepares a revision of the CMRT form annually after the conclusion of the framework agreements. The CMRT form was developed by the Conflict-Free Sourcing Initiative (CFSI) and shows the tin supply chains for interested groups and customers.



04 Procurement process

If you have any questions regarding the procurement process of tin and tungsten, please contact the named employees of thyssenkrupp Materials Services GmbH in Germany:

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05 Complaints

Complaints may be addressed to:

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