

## SUPPLY CHAIN POLICY

The Board of Directors of Barna Steel, S.A., on behalf of the entire Celsa Group ('**Celsa Group**'), in the context of its general and non-delegable power to determine the general policies and strategies of the Company, has approved this *Supply Chain Policy* (the '**Policy**').

### I. Purpose

This Policy is formulated as a development of the Sustainability Framework Policy, which is the backbone of the Celsa Group's sustainable development strategy. This Policy allows for the practical application of the general principles of the Sustainability Framework Policy throughout the entire value chain of the Celsa Group. As such, this Policy constitutes a comprehensive approach to the responsible management of our supply chain, reflecting our commitments expressed in the Code of Ethics and Professional Conduct and the Sustainability Framework Policy. This Policy should also be read and interpreted together with the rest of Celsa Group's Corporate Policies, which set out the Group's principles and objectives in environmental, social, and corporate governance matters.

The Celsa Group's supply chain is key to achieving environmental, social, and economic objectives due to its high impact on all areas and processes of the Celsa Group's activity. The effects that the Celsa Group's supply chain generates in the responsible and sustainable management of its business makes it necessary to prevent and mitigate any risks arising from this supply chain, whether from the goods and services provided or from the supplier actions. Thus, this Policy aims to establish our principles and values in the management of the supply chain, involving our suppliers, providers, and collaborators ('**Suppliers**') in the achievement of our environmental, social and economic commitments, which allows Celsa Group to assess the risks and opportunities associated with the contracting, procurement and sourcing of supplies and services at corporate and project level, as well as the development of sustainable business relationships.

## **II. Scope**

This Policy applies to Celsa Group and all the companies in it, taking into account their specific characteristics. Celsa Group will work to ensure that the company policies that compose its Group are in line with this Policy.

We have three main types of suppliers: General Suppliers, Logistics Suppliers, and Scrap Suppliers. This Policy applies to all our Suppliers.

## **III. General principles**

To achieve the purpose of this Policy, Celsa Group assumes the general principles and objectives described below, which will be equally applicable to all its Suppliers:

- To convey Celsa Group's Sustainability and Corporate Social Responsibility to our supply chain, providing accurate and transparent information on our requirements in terms of supplies.
- To demand that the products, services, and projects supplied strictly comply with the laws in force in each of the countries where they are carried out and that they are socially responsible. Particularly, to guarantee that the purchasing processes ensure the quality of the service, in the best conditions (technical, price, delivery time, level of service, financing conditions, etc.) and, with the minimum environmental impact, and preserving the health and safety of workers.
- To apply, in the selection of suppliers, the criteria of quality, service and price, as well as those of competition, objectivity, professionalism, transparency, and equal opportunities. Similarly, to apply safety, health, and sustainability criteria and prioritise suppliers with the best development in these areas.
- To advance in including environmental, social, and corporate governance criteria in contract negotiation procedures with the value chain.
- To value the fact that our Suppliers have an Environmental Management System, which includes carbon footprint and water footprint reduction targets and that they include projects such as energy efficiency and circularity plans. Likewise, to value our Suppliers' membership in collaboration with internationally recognised initiatives related to the supply chain.

- To ensure that the relationship with each of our suppliers' respects and pursues the values of the Celsa Group listed in the Code of Ethics and Professional Conduct, our Sustainability policies, good governance and regulatory compliance, ensuring that they are based, at all times, on the criteria of integrity, confidentiality, honesty, humility, and transparency.
- To ensure that the standard terms of contracts clearly reflect the commitment of suppliers to respect and act in accordance with the principles of the Global Compact in the areas of human rights, labour, environment, and anti-corruption, as well as the guiding principles of Human Rights of the United Nations.
- To promote collaborative innovation through partnerships with our suppliers to develop technological solutions that help to consolidate our sustainable strategy.
- To encourage long-term relationships with suppliers, ensuring that the commitments acquired by the contracting parties are fulfilled, allowing the traceability of the purchasing process, and promoting the sustainable development and growth of both parties.
- To encourage continuous improvement in the performance of our suppliers.

To ensure legal and ethical compliance in business practices involving the use of conflict minerals such as coltan, gold, cassiterite, tungsten, or their derivatives, extending this commitment to our suppliers to ensure the traceability of these materials.

#### **IV. Relationship with the supply chain**

Along with the general principles mentioned above, Celsa Group applies and requires them in its supply chain, Celsa Group also requires the adhesion of the following principles in specific matters of relevance supporting and encouraging compliance with them:

##### **a. Human rights and labour rights principles**

In line with the Health and Safety at Work Policy and the Human Rights Policy, Celsa Group will demand, throughout its supply chain, strict compliance with Human Rights, requiring its Suppliers to comply with international regulations on labour rights and the main international conventions and instruments. Therefore, Celsa Group:

- Rejects any kind of exploitation, abuse, and violation of human rights such as human trafficking, child labour exploitation or forced labour.
- Demands the prevention of any violation of the basic rights of subcontracted employees.
- Promotes the establishment of fair contractual terms of payment and delivery schedules that enable our Suppliers to comply with core labour standards, monitor compliance with local minimum wage laws, and the reduction of excessive working hours.
- Promotes equality, diversity, inclusion, and non-discrimination, identifying and assessing Supplier performance in these areas to prevent non-compliance and recognise best practices.
- Encourages its supply chain to support the principles of freedom of association and the right to collective bargaining.
- Furthermore, for Celsa Group it is essential that its suppliers adopt the necessary measures to avoid occupational health and safety risks, and in those risks that are considered unavoidable, all the necessary preventive and safety measures are put in place to prevent damage and deterioration of people's health.

**b. Corporate principles**

Celsa Group will promote the following in its supply chain:

- Measures are taken to support local, social, and economic development, opening channels of dialogue, and communication with local communities.
- Support the recruitment of local labour and, if possible, work with local suppliers where possible.
- Social impacts related to project closures, openings, and restructuring are reduced.

**c. Environmental principles**

In line with the Environment and Resource Management Policy and the Climate Action Policy, Celsa Group will demand active environmental protection policies from its Suppliers, including:

- Efficient use of natural resources, including energy and water.

- Reduction of gas emissions into the air, both greenhouse gases and other polluting gases such as NO<sub>x</sub>, SO<sub>2</sub>, CO, COV and particulates.
- Transition to more environmentally friendly product procurement.
- Promotion of the use of resources, materials, and products of recycled origin that can be reused or recycled at the end of their use.
- Conservation of biodiversity and the application of the mitigation hierarchy (avoid, minimise, restore, and offset).
- Waste management in accordance with the legislation in force in each country, always with authorised waste management companies and ensuring correct treatment.
- The implementation of an environmental management system (according to the requirements of ISO 14.001 and ISO 45.001 or a similar internationally recognised standard) that guarantees the effective planning, action, and control of the most relevant environmental aspects of its activity, as well as certification by a third party.

**d. Principles related to regulatory compliance**

In compliance with the principles set out in the Competition Compliance Policy and in the Anti-corruption and Fraud Policy, Celsa Group will require its supply chain to:

- Act with integrity, ethically, and in compliance with applicable international, national, and local laws and regulations.
- In particular, observe compliance with anti-corruption regulations by our supply chain, with zero tolerance for any form of corruption or conflict of interest practices.
- Prohibit anti-competitive behaviour by our suppliers that may pose a risk to free competition.

**V. Collaboration with the Suppliers**

Celsa Group will convey to its Suppliers, in a transparent manner, its commitments and expectations regarding the business relationship, based on this Policy and its possible developments. Celsa Group will also encourage the continuous improvement of its Suppliers'

performance, including both the restitution and resolution of cases of non-compliance and the improvement of Suppliers' capabilities.

To ensure optimal communication, Celsa Group and its Suppliers will work through a supplier portal to facilitate information flow, data exchange, and decision making. A separate document (known as the '*Supply Chain Due Diligence Protocol*') has been created to detail the initiatives in relation to the value chain and the tools implemented to maximise its efficiency and sustainable development.

## **VI. Alignment of the Suppliers with this Policy**

Celsa Group will incorporate all the ethical and sustainability requirements detailed in the previous sections of this Policy as a critical part of the approval of its Suppliers and as an element of risk assessment in their selection. These assessments help Suppliers to assimilate the expectations of Celsa Group and the other companies belonging to its Group in terms of responsible management of the supply chain.

In addition to the alignment of Suppliers with this Policy, Celsa Group will also assess the alignment with our Code of Ethics and Professional Conduct, as well as the adoption of certifications in terms of ethical and social responsible management by its Suppliers.

## **VII. Supervising compliance with this Policy**

Celsa Group will assess the active compliance of its Suppliers with this Policy and possible developments. To this end, it will establish monitoring systems and may conduct compliance audits and performance evaluations of Suppliers.

In the event of non-compliance with this Policy by any of its Suppliers, Celsa Group may discuss with the Suppliers the necessary corrections and provide guidance for improvement. In cases of repeated non-compliance or particularly significant breaches, the contract with the Suppliers may be terminated without prejudice to any other rights that may apply under the contractual clauses or applicable law.

Celsa Group will encourage providers that a possible breach of this Policy to report it the via ([speakup@gcelsa.com](mailto:speakup@gcelsa.com)).

This Supply Chain Policy was updated by the Board of Directors of Barna Steel, S.A., representing the entire Celsa Group, on 2023, July 13th.