

# SUSTAINABLE SOURCING POLICY

## 0 Introduction

At Constellium, 'sustainable sourcing' refers to the integration of environmental, social, ethical and economic criteria into the selection process of suppliers. The Sustainable Sourcing Policy defines what sustainability means to Constellium around the area of procurement. The objective is to create shared value for the society and to comply with regulatory requirements whilst managing supply chain risks that impact the company's reputation and supply continuity.

The guiding principles supporting this policy are the universally recognized 'Ten Principles of United Nations Global Compact'.

This policy ensures compliance with applicable law and recognized guidance, such as OECD's Due Diligence Guidance for Responsible Business Conduct and Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, France's Loi sur le devoir de vigilance and Loi Sapin 2, German Law on Due Diligence in Supply Chains (LkSG), USA's Uyghur Forced Labor Prevention Act (UFLPA) and Dodd-Frank Act – Section 1502 (US Conflict Minerals Law), EU's Conflict Minerals Regulation.

This policy is intended to be updated regularly to address upcoming requirements that may apply to the Constellium Group or Constellium Sites in the future. The review will be conducted annually and the policy will be updated regularly, latest every five years, subject to the SVP & Chief Procurement Officer's approval.

## 1 Scope

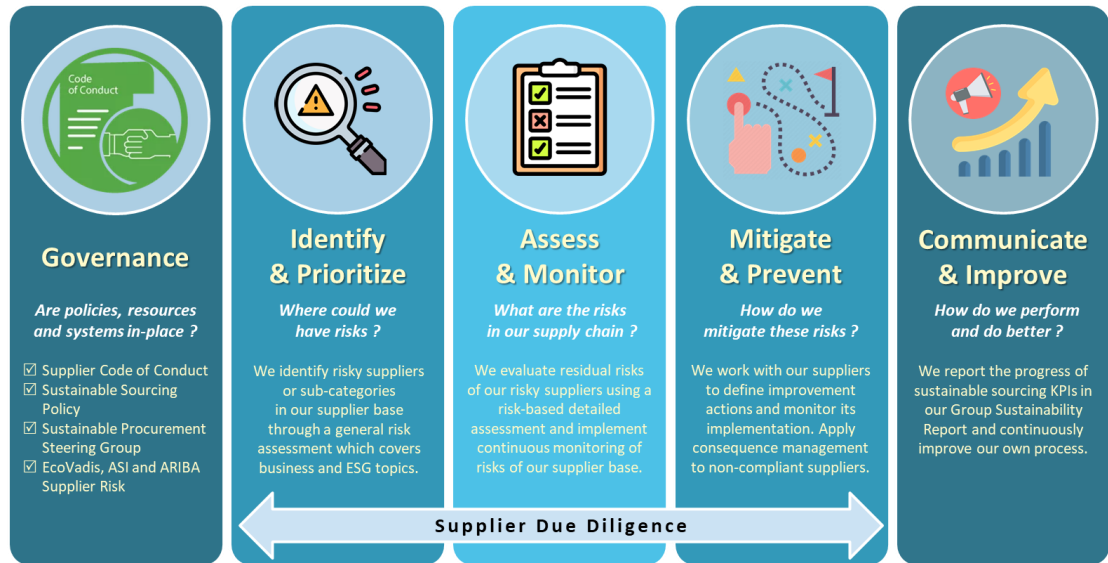
- This policy covers 100% of all the third-party spend of Constellium (=products or services procured externally).
- All employees working with external suppliers should ensure that the processes described in this policy are followed in their respective areas of responsibility and in line with other relevant Constellium policies and procedures. Where present, local policies must be aligned with this policy.
- This policy applies to the spend, and is therefore not limited to the Procurement function, and must be respected regardless of the function undertaking the purchasing activity across all reporting units (RUs), legal entities, and business units (BUs).
- *[For joint ventures, refer to the 'Internal Control at Joint Ventures Policy' on the applicability of this policy]*

## 2 Sustainable Sourcing Framework

The Sustainable Sourcing Framework defines and articulates Constellium's commitment, policies, requirements, and practices pertaining to the implementation of sustainable sourcing. It is structured into five main sections:

- Governance. We ensure that policies, procedures, resources, and tools are in place to support the sustainable sourcing framework.
- Identify and prioritize. We identify potential risky suppliers in our supplier base through an annual general assessment of *inherent risks* which covers both business and ESG (Environmental, Social and Governance) related topics.
- Assess and monitor. We evaluate the level of *residual risks* of our risky suppliers using a risk-based detailed assessment and implement continuous monitoring of such risks in our supplier base.
- Mitigate and prevent. We work with our suppliers to define improvement actions, monitor their implementation, and apply consequence management to non-compliant suppliers.
- Communicate and improve. We report the progress of sustainable sourcing KPIs (key performance indicators) in our Group Sustainability Report, conduct training to our key internal and external stakeholders, and continuously improve our process.

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## 3 Roles and Responsibilities

A cross-functional team drives the implementation and operation of the sustainable sourcing activities across all Constellium sites. The following describes the main roles and responsibilities:

- SVP & Chief Procurement Officer (CPO)
  - ▶ The CPO is the overall responsible executive for all the Group's procurement activities and accountable for its results, which includes approving this policy and supporting it through provision of resources.
- Sustainable Procurement Steering Council
  - ▶ This group directs the sustainable procurement approach at Constellium. It is composed of CPO, SVP and Legal Counsel, VP Group Sustainability, VP Internal Audit, Sustainable Sourcing Director and Indirect Procurement Director.
  - ▶ The group meets twice a year or on an ad-hoc basis when needed.
  - ▶ Ensures that the policy and policy implementation are in line with the criteria of the relevant ASI standard.
- Group Sustainable Sourcing Team
  - ▶ Globally coordinates the cross-functional team.
  - ▶ Has the operational responsibility of policy development and review, overseeing and monitoring the implementation of sustainable sourcing activities across the Group.
  - ▶ Responsible for driving awareness and conducting training across the Group and with suppliers.
- Procurement Teams (Group and Local)
  - ▶ Qualify suppliers and manage supplier relationships.
  - ▶ Manage the implementation of this policy in their respective sites.
  - ▶ Nominate at each site a 'Sustainable Sourcing Champion' having the responsibility to oversee the implementation of this policy, to support Group Sustainable Sourcing Team on the deployment of sustainable sourcing activities, to act as local representative for sustainable sourcing topics and to be the key user of the supplier risk management tool.
- Group Sustainability Department
  - ▶ Supports and advises the Group Sustainable Sourcing Team on the design and deployment of the sustainable sourcing policy, activities, and relevant trainings.
  - ▶ Supports and advises on the definition of assessment requirements and mitigation approaches on Environment and Human Rights risks.
- Group Compliance Champion
  - ▶ Defines assessment requirements and mitigation approaches on Anti-Corruption risk.

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- ▶ Supports the procurement function on the supplier assessment process related to Anti-Corruption.
- Key employees (all employees working with external suppliers)
  - ▶ Supervise and report supplier performance.
  - ▶ Do not use unqualified and disqualified suppliers.
- Internal Audit & Internal Control Department
  - ▶ Verify effectiveness of policy implementation at site level.
  - ▶ Lead investigations of identified Sustainable Sourcing Policy breaches that have impact on the Group's reputation.

## 4 Supplier Code of Conduct

The Supplier Code of Conduct (SCoC) sets the baseline in terms of responsible business conduct that all Constellium suppliers are expected to comply with in all their business operations. It applies to the whole supplier base.

- Communication with suppliers: Any employee working with external suppliers is responsible for sharing the SCoC with respective suppliers. For new suppliers, suppliers must confirm understanding and adherence to the SCoC before the approval of any purchase agreement (e.g., purchase order, frame agreement, contract).
- Monitoring: The Procurement team (or Procurement individual for smaller sites) is responsible for tracking (e.g. using a central tracking file or IT system) all the signed SCoC and safekeeping evidences (e.g. paper or electronic/digital form).
- Contractual Terms and Conditions: The Procurement team shall include an appropriate reference to the SCoC in any purchase agreement.

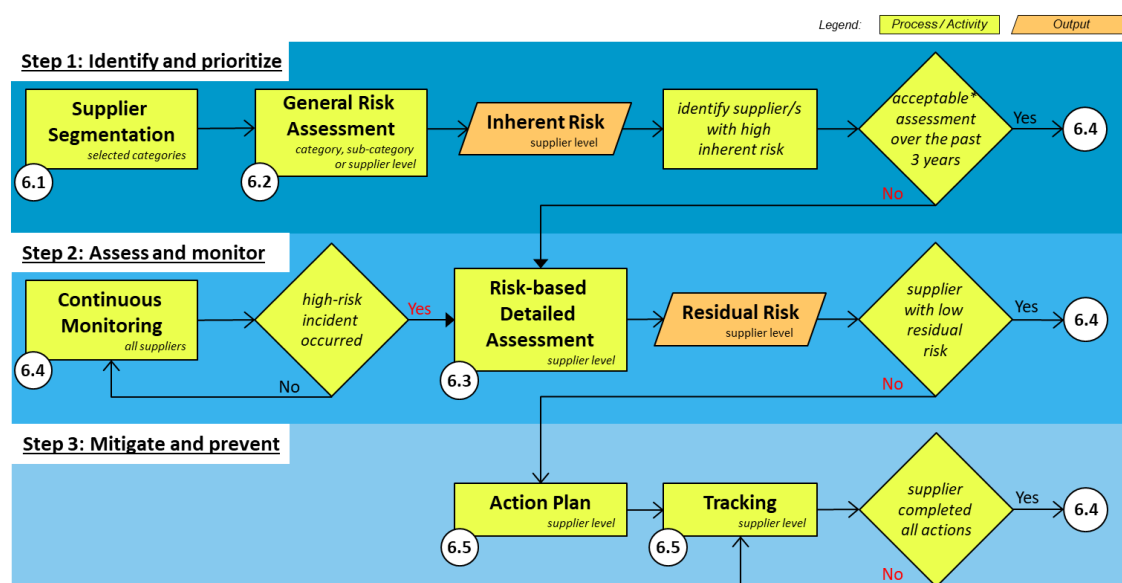
We expect all our suppliers to:

- Sign once the SCoC (in paper or electronic/digital form); this represents an understanding and commitment to adhere to the SCoC.
- Suppliers can only be exempted from signing the SCoC if it has been verified that the supplier's own code of conduct is in line with the Constellium SCoC and covers similar requirements to a comparable extent. Verification is performed by the Group Sustainable Sourcing Team.
- In case of key or significant changes in the SCoC, the SCoC must be signed again by the supplier.

## 5 Supplier Due Diligence

The supplier due diligence process is the core of the sustainable sourcing framework. It strives to avoid and to mitigate risks and negative impacts in the supply chain, driving positive changes where possible.

It has three key steps illustrated as a process flow chart below.



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## 5.1 Supplier Segmentation

Constellium has more than 10,000 suppliers across the Group. Around 5% of the supplier base are metals and energy suppliers, representing ~85% of the total third-party spend of the Group, while 95% of the supplier base belong to non-metal categories which represent the remaining ~15% of the Group spend (as per 2022 Group spend report).

Given this large supplier base, it is recommended to perform the general risk assessment (section 6.2) in most of the procurement categories at either category or sub-category levels. This will allow us to ensure efficiency in the process and address 'materiality'.

A sub-category is defined as a logical subgroup of suppliers within a category, where suppliers have similar characteristics in their risk profile (including goods/services/market/geographical location). The following criteria are recommended to be used in creating sub-categories:

- Geographical location
- Type of supplier (e.g. manufacturers or direct supplier, traders, wholesalers)
- Turnover/size of the supplier (e.g. large, medium, small)
- Product/material or service offering

It is important to always keep the risk profile in mind when creating sub-categories, and not necessarily using product or service segmentation as a shortcut to subcategorize. There can be suppliers that provide the same product or service but have a different risk profile, and similarly, it is not because two suppliers provide the same product or service that they have a similar risk profile.

Some procurement categories that are considered strategic to the Group will perform the general risk assessment (section 6.2) at the supplier level, if the annual spend is more than 1 Mio. Euro. Please refer to the table below where specific categories are identified.

For categories with a limited number of suppliers or with a similar profile throughout suppliers, the general risk assessment (section 6.2) can be performed at the category level.

Recommended supplier segmentation scheme:

Supplier Level	Sub-Category Level	
<ul style="list-style-type: none"> <li>▪ Rolling Slabs</li> <li>▪ Primary Metal (P1020/P0610)</li> <li>▪ High-Purity Primary</li> <li>▪ Extrusion Billets</li> <li>▪ Extruded Profiles</li> <li>▪ Selected centrally managed indirect procurement categories</li> </ul>	<ul style="list-style-type: none"> <li>▪ Energy</li> <li>▪ Hardeners</li> <li>▪ Scrap</li> <li>▪ Selected centrally managed indirect procurement categories</li> <li>▪ Singen</li> <li>▪ Gottmadingen</li> <li>▪ Dahlenfeld</li> <li>▪ Neuf-Brisach</li> <li>▪ Issoire</li> <li>▪ Montreuil-Juigné</li> <li>▪ Nuits-Saint-Georges</li> </ul>	<ul style="list-style-type: none"> <li>▪ Muscle Shoals</li> <li>▪ Bowling Green</li> <li>▪ Ravenswood</li> <li>▪ White</li> <li>▪ Van Buren</li> <li>▪ San Luis Potosi</li> <li>▪ Decin</li> <li>▪ Valais</li> <li>▪ Changchun</li> <li>▪ Nanjing</li> <li>▪ Levice</li> <li>▪ Zilina</li> <li>▪ Vigo</li> </ul>

## 5.2 General Risk Assessment

Constellium runs an annual general risk assessment at supplier, sub-category, or category level (according to section 6.1) to determine the extent of business (i.e. financial, commercial or logistics) or ESG (i.e. environmental, human rights and labor, corruption) related *inherent risk*. The assessment makes use of recognized country risk, industry risk and/or commodity risk data that are publicly available. The line management (e.g. procurement team members such as category managers or buyers, key employees working with suppliers) are responsible to conduct the general risk assessment.

*Inherent risk is the amount of risk that exists in the absence of controls or before an organization implements any countermeasures at all.*

The output is consolidated through a risk mapping of procurement categories with its associated *inherent risk* level (i.e. low, medium or high). For procurement categories that are considered risky, relevant suppliers (under that category) have to be identified to undergo the risk-based detailed assessment (section 6.3). However, the

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risk-based detailed assessment will not be required if a supplier has had an *acceptable assessment* result over the past 3 years.

All aluminum smelters located in Conflict Affected and High-Risk Areas (CAHRAs), will be tracked in a dedicated list and considered as having a high *inherent risk* for human rights. Due diligence of relevant suppliers will be required as per Section 6.3. In case of medium or high *inherent risk*, the steps described in Section 6.5 will apply.

## 5.3 Risk-Based Detailed Assessment

Constellium has developed tools to evaluate suppliers' adherence with the Constellium Supplier Code of Conduct and mitigate potential deviations. For categories, subcategories or suppliers considered at risk, the Risk-Based Detailed Assessment aims to determine a supplier's *residual risk* level and provide Constellium with the basis to monitor and improve the performance of potentially risky suppliers in order to manage risks in the supply chain.

*Residual risk is the risk that remains after controls are accounted for or after an organization has taken proper precautions.*

Constellium recommends the following assessment alternatives to determine the extent of ESG related *residual risk*:

- Aluminium Stewardship Initiative (ASI): The ASI is an industry-led initiative that aims to promote sustainability throughout the aluminium value chain. Being certified demonstrates the commitment to social, environmental and ethical standards. This is recommended to aluminum suppliers (excluding scrap and hardeners).
- London Metal Exchange (LME): The London Metal Exchange is the world center for the trading of industrial metals. All brands approved for good delivery against LME contracts, such as all LME-listed brands must comply with the LME's responsible sourcing requirements. This is recommended to aluminum smelters.
- EcoVadis: This platform is considered the world's largest and most trusted provider of business sustainability ratings. The objective of the EcoVadis methodology is to measure the quality of a company's sustainability management system through its policies, actions and results. The assessment focuses on four themes: Environment, Labor & Human Rights, Ethics and Sustainable Procurement. Generally, this is the recommended assessment to any supplier.
- Supplier ESG Self-Assessment: Constellium developed a questionnaire to establish a baseline of supplier awareness and readiness to comply with the Constellium Supplier Code of Conduct. Limited documentation is required for verification. This is only used when a supplier persistently declines the EcoVadis assessment, or for smaller suppliers where structure and/or resources do not allow to properly undergo an ASI or EcoVadis assessment. If needed, this can be complemented with an audit program based on samples.

The supplier's *residual risk* after the assessment will determine whether further assessment such as onsite audits or the development of improvement action plans are required.

Low	Medium	High
<ul style="list-style-type: none"> <li>▪ ASI certified on either Performance Standard or Chain of Custody Standard</li> <li>▪ EcoVadis score <math>\geq 45</math></li> <li>▪ Supplier ESG Self-Assessment risk rating = Low</li> </ul> <p>➔ No action plan required. Continue the relationship with the supplier.</p>	<ul style="list-style-type: none"> <li>▪ EcoVadis score between 25 and 44</li> <li>▪ Supplier ESG Self-Assessment risk rating = Medium</li> </ul> <p>➔ <u>Action plan is required</u> (see Section 6.5).</p>	<ul style="list-style-type: none"> <li>▪ EcoVadis score <math>\leq 24</math></li> <li>▪ Supplier ESG Self-Assessment risk rating = High</li> </ul> <p>➔ <u>Action plan is required</u> (see Section 6.5).</p> <p>➔ Onsite Audit (e.g. Working Condition Assessment) will be conducted for suppliers assessed with a high 'Labor &amp; Human Rights' risk.</p>

Where suppliers are identified with a high corruption risk the dedicated 'Third Party Due Diligence' procedure should be referred to.

## 5.4 Continuous Monitoring

Constellium selected 'SAP Ariba® Supplier Risk' as the single platform to support the Supplier Due Diligence process when conducting continuous monitoring of supplier risks. It is a supply-chain risk detection tool that can

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provide real-time insights into the activities of suppliers through monitoring of financial, operational, environmental, social, regulatory and legal risks.

By using 'SAP Ariba® Supplier Risk' all suppliers across all sites, regardless of risk level, will be continuously monitored for business and ESG risks, adding a continuous and external perspective to the Constellium internal risk assessment. When high risk incidents or alerts are raised by 'SAP Ariba® Supplier Risk', a risk-based assessment will be initiated following the similar process as described in Section 6.3.

The 'Sustainable Sourcing Champion' of the site will be the key user for 'SAP Ariba® Supplier Risk'.

## 5.5 Action Plan & Tracking

In case a supplier has been identified with either Medium or High *residual risk* (see Section 6.3) in terms of ESG, the supplier shall be contacted to discuss the findings and possible actions to mitigate and/or prevent such risks. An improvement action plan shall be established within a specified timeframe, agreed with the supplier and including a periodical progress monitoring.

- **Medium Risk:** Improvement action plan should be implemented and reviewed within 24 months.
- **High Risk:** Improvement action plan should be implemented and reviewed within 12 months.

Constellium may support suppliers in developing their capabilities and improving their performance with respect to Constellium's Supplier Code of Conduct. This may be done through dialogue, sharing of knowledge or best practices, or supplier development programs.

Constellium will apply consequence management with suppliers, in accordance with available contractual rights, if Constellium determines the relationship with the supplier presents an unacceptable risk or the supplier is not able or shows no willingness to implement the improvement action plan. The decision shall always be taken in consultation with the legal department to avoid potential legal and/or financial impacts.

- **Critical / strategic category or supplier:** Escalate the issue to the Sustainable Procurement Steering Council, which will take a decision. Procurement and key internal users will be informed of the decision and implement the necessary actions.

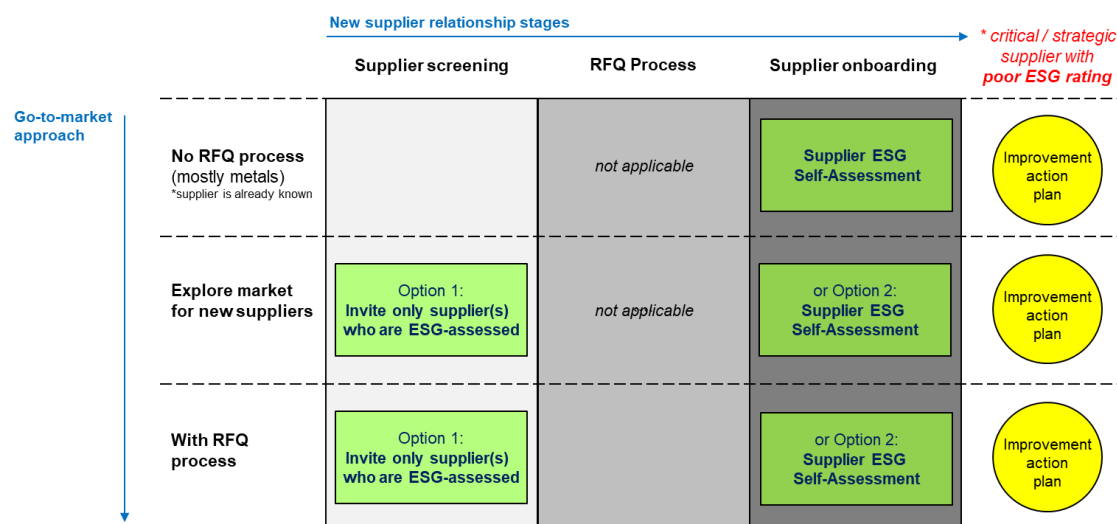
Critical / strategic can be defined as:

- ▶ Only 1-2 suppliers having the same profile currently existing in the supplier base.
- ▶ Defined locally per site or by Group Procurement and approved by the Group Procurement Directors.

- **Non-critical supplier:** Procurement with key internal users may decide to terminate supplier relationship (i.e. cancel existing or do not renew or prolong purchase agreements) and find an alternative supplier.

## 5.6 New Suppliers

As part of the supplier onboarding process, all new suppliers shall be pre-assessed to ensure adherence to the standards stipulated in the Supplier Code of Conduct. It is recommended to follow the options illustrated below to evaluate the ESG risks of new suppliers.

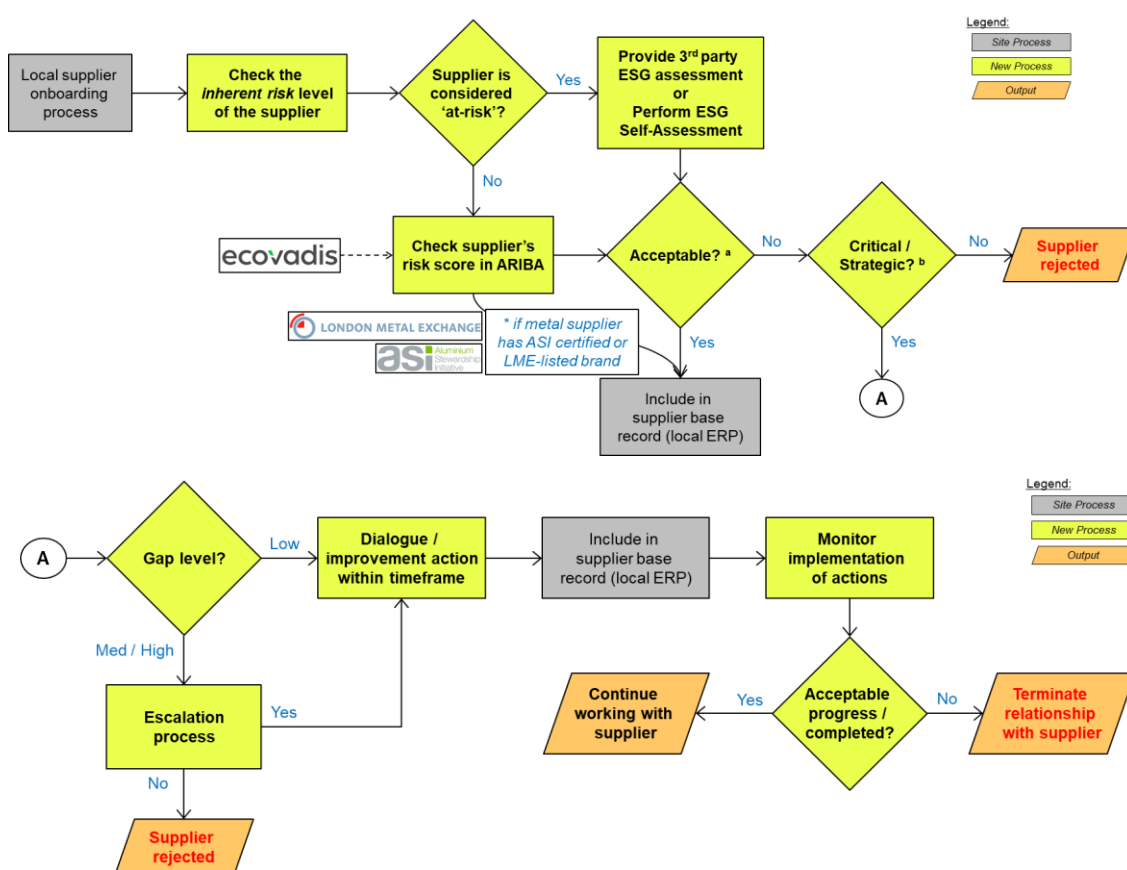


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**Option 1:** Invite only suppliers that have undergone an external desktop assessment on ESG risks (e.g. EcoVadis, ASI) and have an acceptable rating (see section 6.3 for guidance).

**Option 2:** In case the selected supplier does not have an external desktop assessment on ESG risks, the supplier must undergo the 'Supplier ESG Self-assessment' and have an acceptable rating (i.e. 'Low') prior to consider any purchase agreement. In case the supplier or its category is classified as critical / strategic and have an assessment rating equal to 'Medium' or 'High', the decision whether to accept or reject the supplier needs to be escalated to the Sustainable Procurement Steering Council. In case the risky supplier is conditionally accepted, an improvement action plan shall be established within a specified timeframe, agreed with the supplier and including a periodical progress monitoring. In addition, the purchase agreement should include clauses that enable Constellium to terminate the contractual relationship with the supplier that refuses to implement the improvement action plan or repeatedly and knowingly violates the Supplier Code of Conduct.

To better understand the process flow for Option 2, refer to the illustration below.



## 6 Training

Constellium will provide trainings and/or awareness campaigns related to this policy to both internal (e.g. procurement team, key internal employees) and external (i.e. suppliers) stakeholders on a periodic basis.

For procurement team members, training is required every 2 years.

## 7 Reporting

The implementation of our sustainable sourcing policy is monitored by the following Key Performance Indicators (KPIs). These KPIs are reported internally on an annual basis.

- Suppliers who have signed our Supplier Code of Conduct (or have an acceptable code of conduct in line with Constellium's Supplier Code of Conduct that covers similar requirements to a comparable extent).

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- General risk (business and ESG) assessment of all our suppliers.
- Risk-based detailed assessment of our risky suppliers.
- Implementation status of improvement action plans of risky suppliers.
- Number of internal and stakeholders who have undergone a training or an awareness campaign.

### 8 Zero Tolerance

Zero Tolerance Requirements are requirements that, if breached, imply severe negative impact to individual rights (e.g. child labor, forced labor, and human trafficking), life, safety or corporate reputation. Suppliers with a confirmed violation of a Zero Tolerance Requirement are not eligible to become Constellium suppliers. Existing suppliers with a suspected or confirmed violation of a Zero Tolerance criterion are required to cooperate with Constellium to determine whether a violation has occurred and whether remedial action is feasible, considering contractual terms and conditions. Suppliers would be required to immediately remedy the situation and, if Constellium decided that remedial action would enable the continuation of the relationship, present a detailed action plan within a period to be determined by Constellium, but no longer than one month, that adequately serves to prevent future reoccurrence. Lack of cooperation or failure to achieve tangible results within the time frame agreed in the action plan is a basis for excluding\* the supplier from Constellium supplier base.

\* When planning to exclude a supplier, please first consult with the legal department and Sustainable Procurement Steering Council Team.