



## **Supply chain** [G4-12]

The supply chain of RHI Magnesita focuses on the requirements of the customers and manages the entire value chain from planning the raw material supply from own sources and external sources to providing products and services to the customers. After the combination of RHI and Magnesita the internal supply chain organization was reorganized to meet volatile market conditions. The combined plant footprint and all processes have been analyzed and set up according to best-in-class standards.

Focus is put on the optimization of the global supply network by meeting the customers' needs while optimizing costs. RHI Magnesita focuses on the following key issues:

- Which specific requirements does the customer have?
- Which RHI Magnesita products and services are needed when, where and in which quantity?
- Which raw materials can be procured from internal sources and which require external production and procurement sources?
- Where can the products be produced at optimal costs?
- How can the products be optimally packaged?
- How many distribution warehouses does RHI Magnesita need? Where should they be located in order to optimally balance out differences between production offer, delivery time and product mix, and the customer's requirements?
- How do market demands change and how does RHI Magnesita need to adapt its own capacities and external sources accordingly?
- How does RHI Magnesita need to adapt its global plant footprint in the next 5-10 years?

In this context, the alignment of market demand and supply at optimal costs is the main goal of RHI Magnesita's supply chain management. Furthermore, state-of-the-art tools and systems are in place in order to manage the highly volatile requirements of the market. In order to continuously improve supplier relations, RHI Magnesita conducts an annual evaluation of strategic suppliers, whereby the criteria total cost of ownership/price, service, quality and delivery reliability are evaluated.

In order to assure compliance with all applicable sanctions and embargos, whether related to terrorism, violation of human rights or to other reasons, RHI Magnesita implemented a screening process for all relevant transactions such as orders, deliveries, or payments. On the one hand, this process ensures checks of the company's business partners against UN, EU and US sanction lists and other applicable regulations. On the other hand, the products to be delivered to the customers are evaluated for compliance with applicable dual use regulations. Similar checks are done on the supply side to ascertain that no raw materials or other goods are purchased from conflicted sources.