



To the
Business partner of the
thyssenkrupp Materials UK

War against Ukraine - impact on our deliveries

Dear Sir or Madam,

We are addressing you today to inform you about the impact of the war against Ukraine on our company. First, however, it is important for us to make the following clear: our dismay at the events is difficult to express in words. We are deeply saddened by the suffering that this senseless war by Russia against Ukraine is bringing upon the people.

We and our suppliers are directly affected by the war in the supply of materials. Many upstream suppliers are lacking input material, as many supply chains have been interrupted due to the force majeure events of the war and the sanctions imposed. As a result, more and more upstream suppliers are invoking force majeure against us and not supplying us.

As part of a crisis team, we are continuously assessing the situation, examining other sources of supply to minimize risk, and are already in the process of implementing the procurement of alternative materials, although the latter is proving extremely difficult.

It is already clear that we will not be able to compensate for the emerging substantial and temporally unpredictable loss of deliveries from our upstream suppliers in the short term. The direct consequence for us and for you will be unavoidable delivery failures, which unfortunately cannot be avoided due to the sudden and drastic development of the situation; in these cases, we will invoke force majeure and the reservation of self-supply on our part. We will only be able to provide information on the exact amount of delivery failures and possible effects after further assessments of the situation.

Some of our customer industries have also been directly affected by the war against Ukraine and have had to shut down production or close plants at short notice.

In this exceptional situation, also against the background of a shared responsibility for our value chains, it is important for us to point out the following points:

- Despite an unclear information situation on many levels, we are doing everything in our power to create as much transparency as possible and to inform you about the concrete consequences for your deliveries as far as we are able.
- We also urgently need transparency from your side: Please prioritize your needs and provide us with information about deviations from requirements as early as possible.
- Despite the procurement risks, we will use all viable alternatives to provide you with materials. Please note, however, that this will only be possible at significantly higher prices and revised delivery dates.

Europe is facing extraordinary challenges as a result of the war of aggression against Ukraine. We are convinced that we will overcome these challenges together - with a sense of proportion and determination. We will keep you continuously informed of all significant developments regarding the supply chains and ask you to do the same with us.

With kind regards

thyssenkrupp Materials UK

thyssenkrupp Materials UK, along with our parent company in Germany, has been monitoring all the ongoing developments of the conflict which is currently escalating in Ukraine.

We are working closely across all our commodity segments to understand the supply chain implications, caused by the instability in the region, and both the direct and indirect consequences, which may impact production at all our key supply partners. As a group, we will continue to monitor the ongoing situation.

- At this point, in line with our group strategy and international sanctions, we have found none of the companies we deal with to be on any list of banned companies as listed by the UK and EU.
- As a business, we always look to understand our supply partners and supply chains across all our commodities. We look at options where we have fully integrated suppliers where possible.
- We are currently working with all our key partners to understand the specific challenges they will potentially face with their upstream supply chains.
- At this point, we have current orders which are in place as far out as January 2023 in some instances and with the current feedback, we are pleased to confirm that these orders will be honoured.
- In addition to specific orders, we do not envisage any changes to our long-term supply agreements that are already in place.
- With such a fluid situation, however, we have seen several suppliers put a hold on accepting new orders, as they review their supply chains to fully understand the possible impacts on their raw material, energy and logistical challenges that may lie ahead. We are in constant dialogue with all our key partners and aim to advise of any new developments immediately.
- We are monitoring the impact of any logistical challenges to rail and air that the no-fly zones may have, and also the cost and lead time implications. We understand that this has already meant that more freight will potentially use the key shipping routes from Asia and we are using our sourcing bases in Hong Kong and Singapore to ensure timely updates from these specific markets.
- We are closely monitoring and adhering to all government bans on sea freight.
- The potential energy cost increases are also being monitored and will be fully communicated to the market as we learn of any announced changes to base costs.
- thyssenkrupp will always act within the parameters laid down by the international community and adhere to any sanctions that apply to our commodity areas.
- We will aim to update customers regularly as the situation develops.

Simon Bowen
Head of Purchasing

