

Highlights **2020**

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# Voluntary Consolidated

Non-Financial Statement

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## The Group

- 1 Strategy and Management**
- 2 Industrial commitment** and creation of **economic value**
- 3 Environmental commitment** and creation of **value for the planet**
- 4 Social commitment** and creation of **value for people**



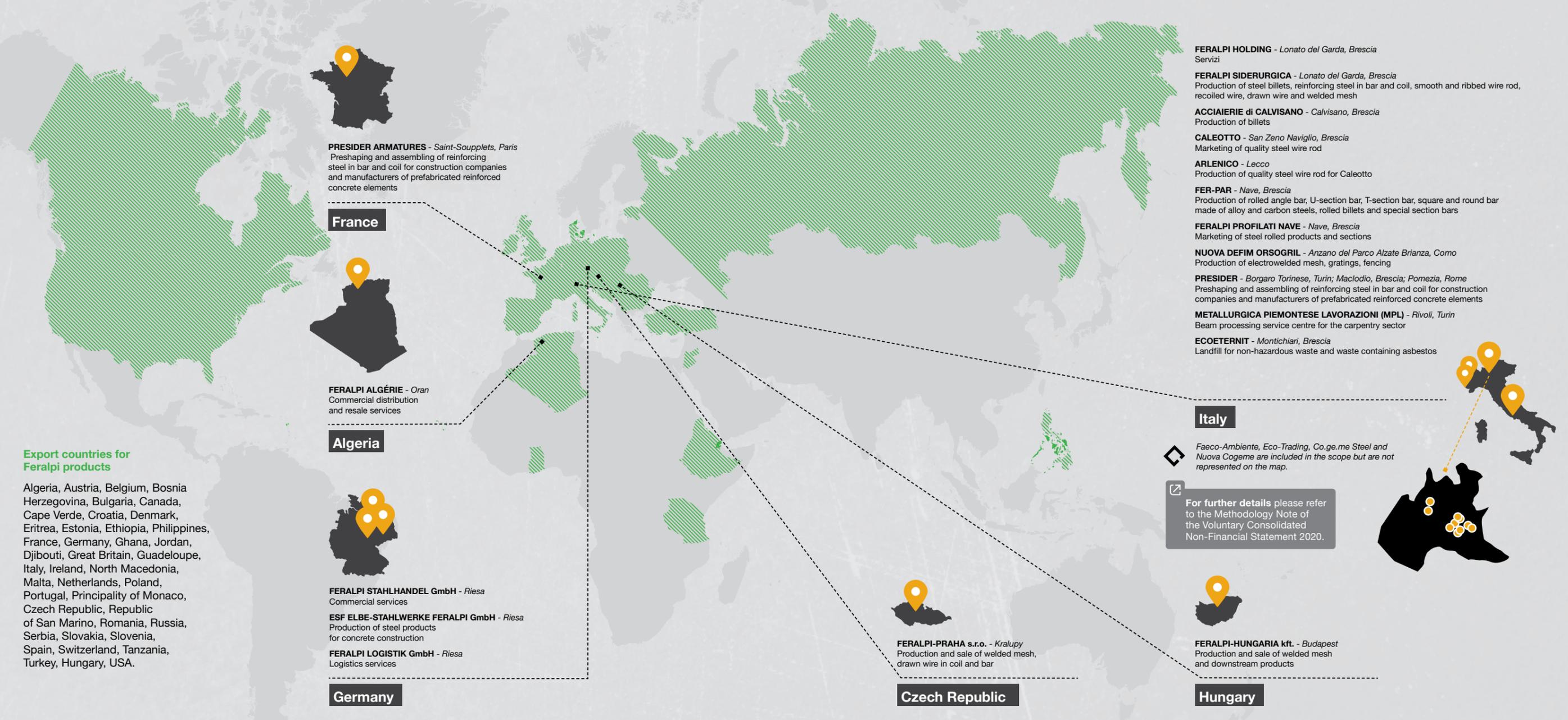
The Feralpi Group is one of Europe's leading steel manufacturers and specialises in producing steels for use in construction and industry. Feralpi's mission is to be among the international leaders in the steel industry, anticipating standards of excellence in the industry through technological innovation, sustainability, the circular economy and talent development. Its products and services extend beyond processes and investments, and creating shared value for stakeholders is a responsibility that goes hand in hand with business strategies.

*"The Feralpi Sustainability strategy, guided by the Sustainable Development Goals of the United Nations 2030 Agenda, aims to reduce our environmental footprint, i.e. to make our contribution to combating climate change as also envisaged by the European Green New Deal.*

*Decarbonisation and the energy transition – key concepts that are more crucial than ever before for a business like ours – steer the investments that are at the heart of a business plan that in turn integrates ESG criteria, including into the measurement of performance. This through technological innovation, sustainability and talent development, starting from our employees, young people and their energies."*

Giuseppe Pasini  
Feralpi Group Chairman

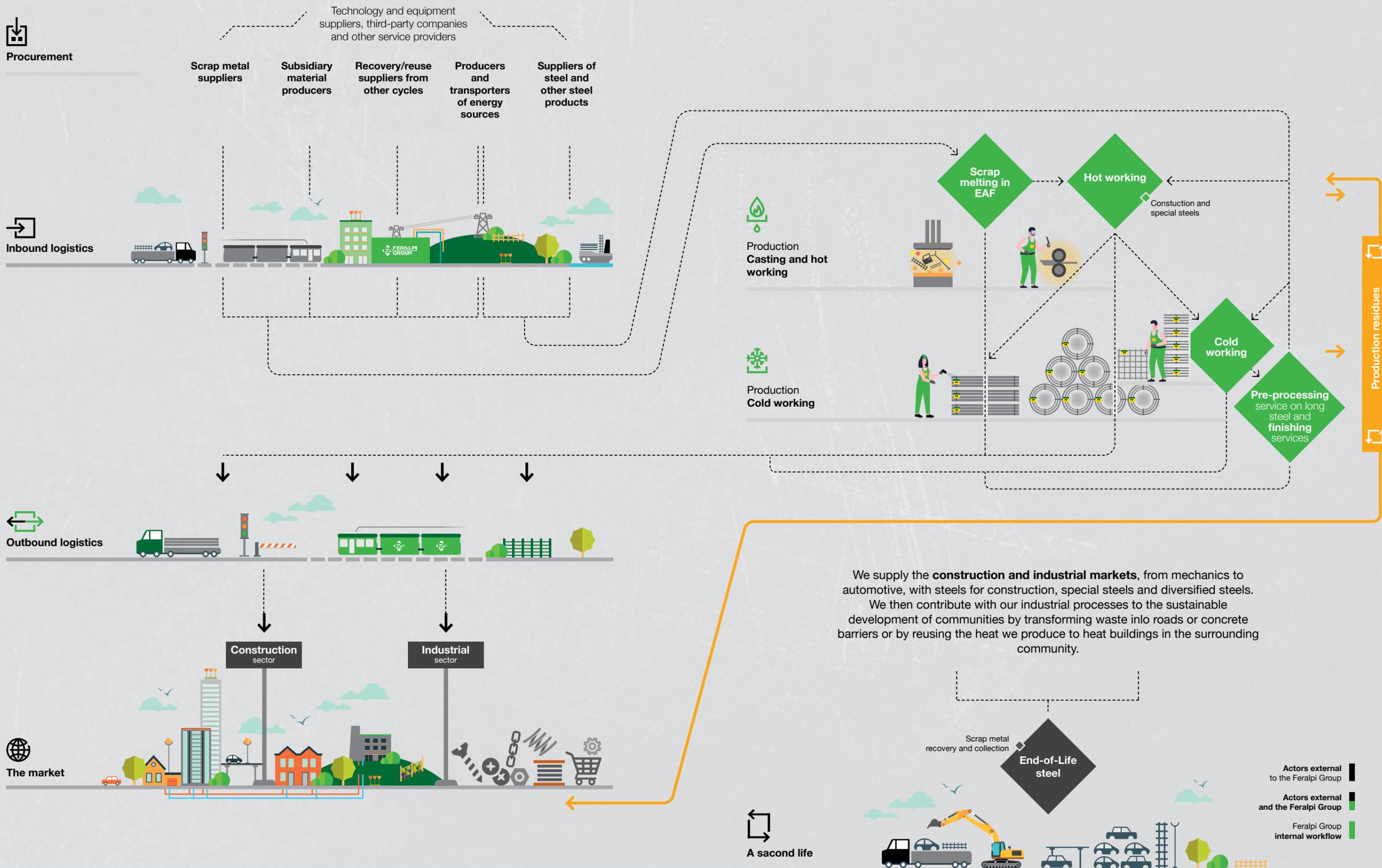
# FERALPI GROUP: sites and markets



## Timeline - The history of the Group



# The Feralpi Group's VALUE CHAIN



# 1 Strategy and Management

## Feralpi's journey to 2030: Ambitions

- ▶ **Integrate ESG** (environment, social, governance) aspects into the group's business model
- ▶ **Plan clear, measurable paths** to improvement for all plants in line with national and international targets
- ▶ **Guide change** in the steel sector by encouraging companies in the supply chain to adopt sustainable policies

- ◊ **Feralpi operates in international steel supply chains, supplying a global market that is increasingly oriented towards sustainable projects.**

Four lines of business development in line with the seven pillars of sustainability guide the Group in the development of a sustainable global economy. This approach is underpinned by a new investment policy that seeks to implement the competitive strategy within the limits of risk management objectives; to obtain an adequate return on investment sources; to formulate and standardise guidelines for proper management; to spread an economic and financial culture; to train all departments involved in the management of investment projects; and to align investment selection criteria with national and European parameters and guidelines, including in the ESG area.

**1,238,398** total turnover  
(€/1,000)

**5,450** profit/loss for the year  
(€/1,000)

**520,849** shareholders' equity  
(€/1,000)

## ◊ Risk Management

In addition to risks of an economic, commercial and financial nature, business activities involve social and environmental risks of a different nature, classified in line with the requirements of Legislative Decree 254/2016 on non-financial reporting.

**Management:** Code of Ethics, ERM, Code of Conduct, Group policies and plant policies, process certifications, product certifications, integrated management systems and measurement systems.

## Strategic Pillars

▶ Full core business potential

▶ Internationalization

▶ Sustainability / Innovation

▶ Strengthening the operating model

1 Contribute to reducing consumption and impacts

2 Multiply the use of materials

3 Develop a quality range

4 Ethical business management

5 Care, safety and development of individuals

6 Inclusion and local development

7 Work culture and youth education

## Feralpi's contribution to the 2030 Agenda

The Group's commitment to sustainable development goals finds application and new opportunities throughout the entire value chain, from procurement to recovery, as well as in the management processes themselves and impacts.

Some of the goals considered most relevant to Feralpi are specific to the Group's core business and are those on which Feralpi is called upon to make an active contribution with its business so that the United Nations 2030 goals can be achieved. The others are equally important goals on which Feralpi can potentially have a different impact, but towards which it is nonetheless called upon to operate in a positive manner.

↓ **740,656** tCO<sub>2</sub>eq

CO<sub>2</sub> emissions (Scope 1 and Scope 2 - Location Based)

2019: 787,019 tCO<sub>2</sub>eq

↑ **12.51**

Rate new recruitments

2019: 10.80

↓ **1.96** GJ/t

Billet energy intensity\*

2019: 2.03 GJ/t

↑ **20**

Research projects proposed

2019: 13

\* Semi-finished products



Read our sustainable approach: visit the website

## The impact of Covid-19 on the business model

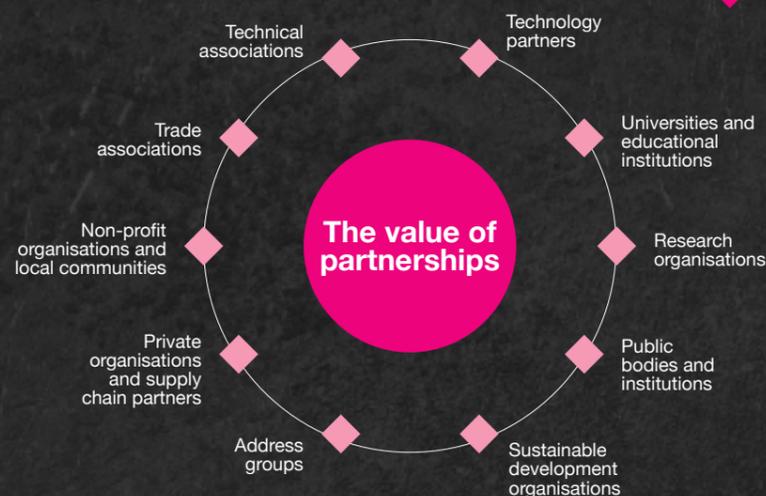
The adoption of initially more stringent containment measures by Italy than by its international European partners resulted in a deeper downturn in activity on the Italian market than for international partners.

The emergency challenged the entire global system, and Feralpi, already active in sustainable transformation, worked to ensure continuity of service by developing increasing flexibility in its organisational and IT processes.

In line with the ministerial decrees, Feralpi halted its production in Italy and took measures to safeguard health, protect the market and maintain the supply chain by adapting its management and commercial policies to the new scenario.

The interconnections and interdependencies within its value chain were protected and managed from an economic point of view in compliance with existing contracts, so that the entire system would not suffer an unstoppable shutdown.

## The Feralpi network



Feralpi is committed to renewing the global partnership for sustainable development through its network of partners, made up of organisations of various kinds that share the common goal of contributing to positive long-term growth. This commitment is realised through multilateral partnerships between public, public-private, civil society and business organisations, able to share their knowledge, skills, technologies and financial resources to support the achievement of sustainable development goals in all countries.



## Feralpi is a member of the United Nations Global Compact (UNGC)

a global network that already includes more than 18,000 companies from over 173 countries around the world, as well as of the Italian network (Global Compact Network Italy).

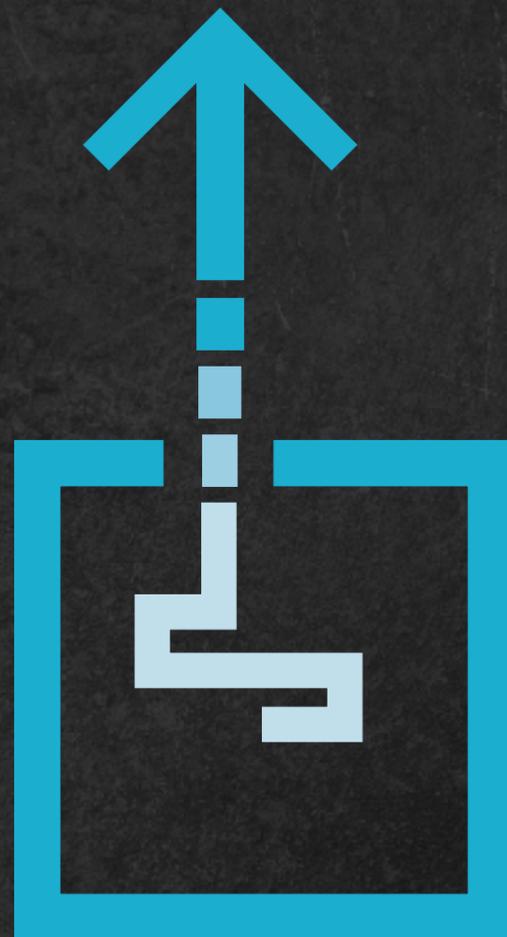
The importance of dialogue: visit our website

Read more on our website: Feralpi Group joins UN Global Compact

# 2 Industrial commitment and creation of Economic value

## Feralpi's journey to 2030: Ambitions

- ▶ **Improving** product and service quality by optimising processes through inclusive and sustainable industrialisation
- ▶ **Enhancing** technological capabilities through research and development activities
- ▶ **Creating value** for the community by valuing work, safeguarding the cultural and natural heritage and contributing to sustainable urban development



❖ The current health emergency and related compulsory social distancing measures have underscored the need for an increasingly digital industrial world, as is also evident in the Industry 4.0 investment plan.

Technological progress underpins efforts to achieve environment-related goals set out in the 2030 Agenda, such as increasing resource and energy efficiency, and as stimulated by the National Recovery and Resilience Plan - Next Generation (NRRP) and the European Green New Deal.

## ❖ Innovation and industry 4.0: an industrial responsibility

Feralpi is a large industrial group engaged in steel production. Building on a long tradition, the Group constantly invests in cutting-edge production processes to ensure inclusive, sustainable industrial development and provide modern, environmentally friendly technological solutions to the entire supply chain.

## 4 Fields of R&D action

- Product improvement
- Process and safety improvement
- Sustainability
- Process control and optimisation

**10**  
Ongoing projects

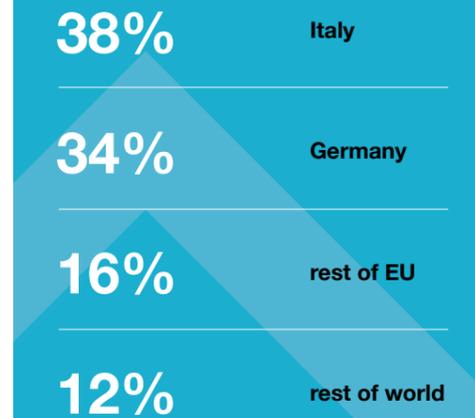
**50**  
Project partners

about **50**  
Feralpi people involved in research projects

## ❖ Results 2020

**1,238,398** Revenues  
(€/1,000)

### Revenues from sales by geographical area



**2,486,076 t**  
Steel produced

**178.5** million €  
Gross overall value added 2020

**55,597** (€/1,000)  
Technical investments

## Developing a quality supply chain

Quality is achieved by monitoring all stages of the process



Qualified suppliers



Incoming controls



Reporting non-conformities



Controls throughout the production process



Management of feedback information



Compliance with labelling regulations and information transparency



Service quality

One aspect that is strategic to supporting the quality management system is the commitment to **research** on individual phases or throughout production, as in the case of the Quality Integration project.

The production of electric furnace steel involves the use of metals and materials, including lime, ferroalloys and refractories. The most important of them all is scrap, which makes up the core of what is produced and then sold.

ISO 9001

Certified quality management systems

12

Plants with ISO 9001 certification

100%

agents added to the new CRM platform

No case of non-conformity

related to product information and labelling

Feralpi combined its commitment to reducing environmental impact with the introduction of new green financial tools, capable of merging business development and sustainability.

This is a concrete commitment that confirms the Feralpi Group's desire to continue to respond to what the market and society demand of companies looking to the future.

Feralpi is the first steel company to have been granted access to a positive loan offered by BNL Gruppo BNP Paribas: a line of financing whose terms are linked to precise sustainability indices that are measured and monitored.

After one year, the Group reduced its direct emissions by 1.2% compared to 2019, compared to an overall reduction of 5% by 2023.

The commitment to a progressive reduction of its environmental footprint through circular processes and the energy transition was also renewed through an Euro 40 million loan from Intesa Sanpaolo in 2021.

The first CE-linked interest rate swap was also signed with the bank: this instrument rewards the company's virtuous behaviour by improving the conditions of the derivative if circular economy objectives are met.

These steps are part of a financial process begun in recent years that enables Feralpi to ensure the continuity of its business plan (about 30 sustainable investments are planned) in line with the Feralpi Group's sustainability strategy and the United Nations Sustainable Development Goals.

## An avenue of Development

Feralpi contributes to the progress of its local area by means of local spending, hiring, donations and sponsorships.

This commitment – which translates into the creation of social economic value for the Group and its stakeholders – was strongly promoted in 2020, through support for the community, support for the national health system, protection of the supply chain and care for its own people.

124.7 million €

Net overall value added

65% Employees

23% Public administration

5% Risk capital

4% Lenders

3% Community

27%

of 2020 turnover paid to local suppliers

80.4 million €

paid to all persons employed by the Group

57

local organisations supported in projects with social and cultural purposes in support of the community

Over 4 million €

Feralpi Group's contribution to supporting local communities

### SUSTAINABLE DEVELOPMENT GOALS

Our industrial commitment to continuous improvement in quality and technologies is consistently grounded through management systems, investment in research and development,

with the ultimate goal of creating value in terms of inclusive and sustainable industrialisation, in line with specific goals of the United Nations 2030 Agenda.



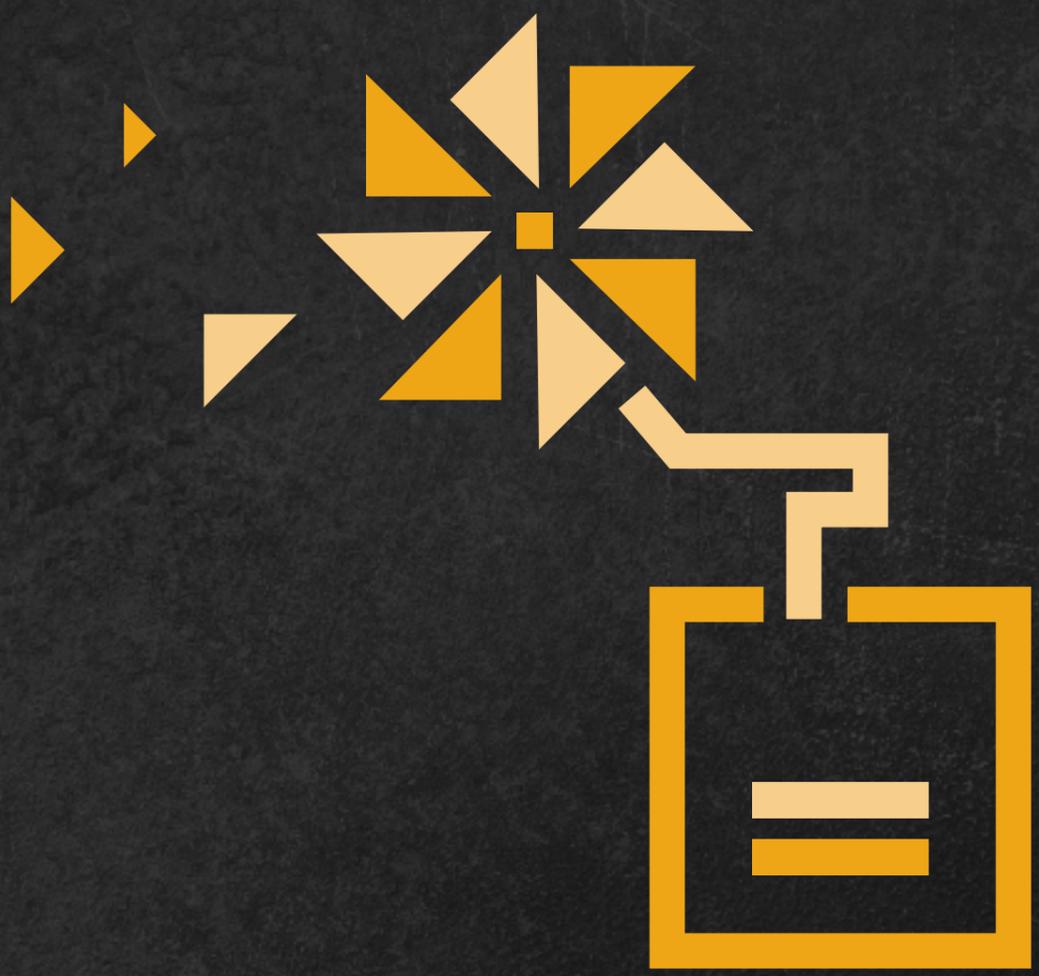
Read the story "Art and steel, culture and business. An unbreakable bond"

Read the news "Feralpi and the new sports centre in Lonato del Garda" (Italian only)

# 3 Environmental commitment and creation of value for the planet

## Feralpi's journey to 2030: Ambitions

- ▶ **Countering climate change** through the decarbonisation of production processes.
- ▶ **Investing in solutions** to improve energy efficiency and develop clean energy.
- ▶ **Increasing the quantity of waste sent to recovery and reuse processes**, substantially reducing the production of waste.



### Management system

Feralpi has numerous procedures and policies in place for managing its environmental impact: the Group's two main plants have certified integrated management systems and the improvement plans published in the latest EMAS Environmental Statements include numerous actions for improvement in terms of energy efficiency, reduction of polluting emissions and optimisation of waste management in a circular perspective, as well as projects to protect water, soil and the surrounding environment.

1 **ISO 50001** certified plant

FERALPI STAHL: Siderurgica and Calvisano underway by 2021

6 plants with **ISO 14001** certification

and 2 plants in progress by 2021

2 Group **EMAS** Environmental Statements

Feralpi Siderurgica and FERALPI STAHL

Over **100** improvement actions in

FERALPI STAHL and Feralpi Siderurgica's EMAS plans underway



Feralpi Siderurgica, FERALPI STAHL, Acciaierie di Calvisano and Ecoeternit

### 4 Integrated management systems

Acciaierie Calvisano, Fer-Par, Presider, Ecoeternit

### 4 Environment and Safety Policies

Feralpi Siderurgica

### 1 Environment, Safety and Energy Policy

Read more about the new Environment, Security and Energy Policy of Feralpi Siderurgica (Italian only)

Read our Environmental Declarations on our website

### Measuring the impact of products and by-products

In 2020 Feralpi worked on the republication of Environmental Product Declarations – based on the Life Cycle Assessment (LCA) methodology – with reference to the Lonato del Garda plant: one relating to the Greenstone industrial aggregate and the other two to hot- and cold-rolled structural steels.

Through this tool, the Group can assess the environmental impact of its products, identify areas where action can be taken to reduce this impact and monitor the improvements achieved over the years. They include the entire life cycle of products with particular reference to the phases of raw material extraction, steel (or Greenstone) production and end-of-life management, including the recycling process.

They are a tool to be used to respond concretely to the requirements of the Minimum Environmental Criteria (CAM) and Green Public Procurement (GPP) in Italy and, also at an international level, may satisfy awarding protocols such as LEED and BREEAM in addition to any specific tenders.

## 3 Environmental Product Declaration

- ◆ Greenstone
- ◆ Hot rolled
- ◆ Cold rolled

## Commitment to combating climate change

Climate change is not only a national, but also a global challenge. The European Union has committed to reduce greenhouse gas emissions by at least 55% compared to 1990 levels by 2030 and to be climate neutral by 2050.

**As a player in the Italian industrial sector, Feralpi is actively committed to reducing emissions through increasingly energy-efficient practices and the development of circular practices.**

The Group's commitment to combating climate change is developed in industrial processes, research and development activities and targeted interventions in the areas where it operates. Examples include plant innovation actions using artificial intelligence and machine learning, research projects aimed at attesting the sequestration and reuse of CO<sub>2</sub> and the search for alternative materials to coal, along with the scrap selection plant aimed at improving production efficiency and the contribution to the development of a district heating plant in the area.



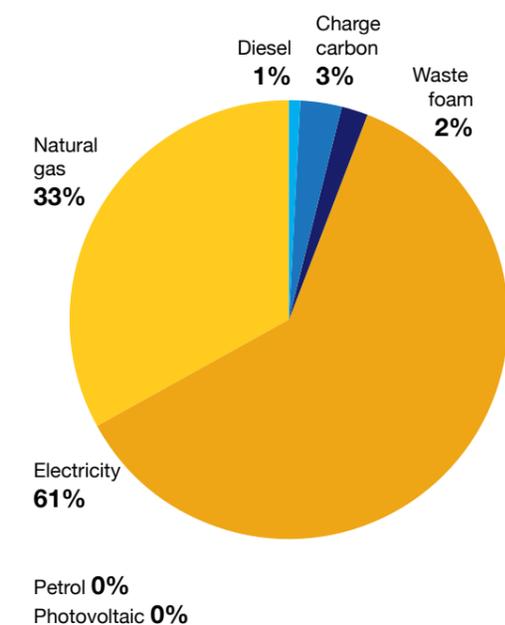
## The Circularity Of the Feralpi system

### Feralpi's production process is circular by nature:

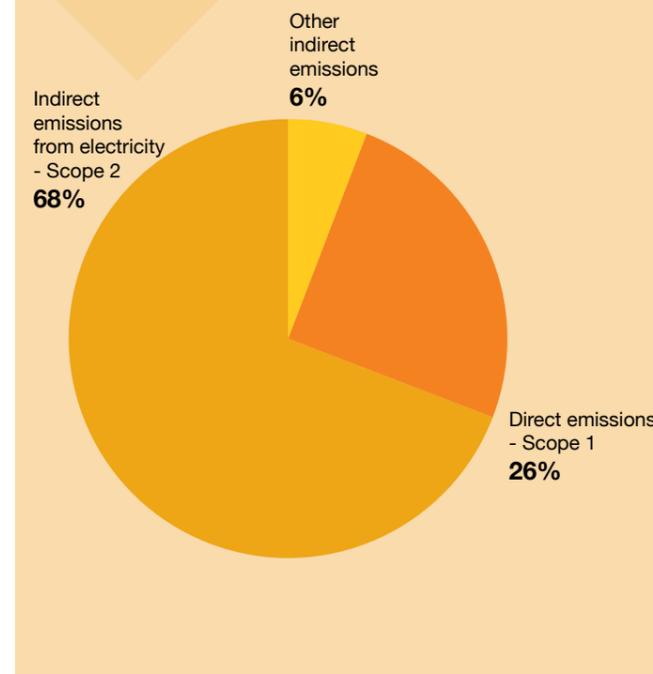
its circularity consists in producing steel from scrap, thus avoiding the release of waste into the environment and reducing the consumption of natural raw materials (e.g. iron ore) that would otherwise be needed.

In order to contribute to the objectives set out in the European **Green New Deal** and the sustainable development goals of 2030 Agenda, Feralpi does not limit itself to this intrinsic aspect of circularity. For years it has been engaged in developing numerous circular processes such as refractories, black slag, powders, non-ferrous metals, heat and recovered mill scale.

### Energy consumption by source (GJ)



### Greenhouse gas emissions (tCO<sub>2</sub>eq)



### SUSTAINABLE DEVELOPMENT GOALS

As a steel company, Feralpi is called upon to play an active role in combating climate change, by reducing its emissions and minimising its environmental impact, in line with the European Union's 2050 objectives and the United Nations' 2030 Agenda.

Accordingly, the Group is highly active in developing circular solutions and making its industrial processes more efficient, taking action at plant and process level to reduce CO<sub>2</sub> emissions, energy consumption and the production of waste.



**8**  
Ongoing or experimental circular projects

**93%**  
Minimum recycled content

**83%**  
Recovered steel processing waste

**5 Gwh**  
Use from thermal waste (district heating, internally and in Lonato)

Visit our website and read more about "Energy and climate"

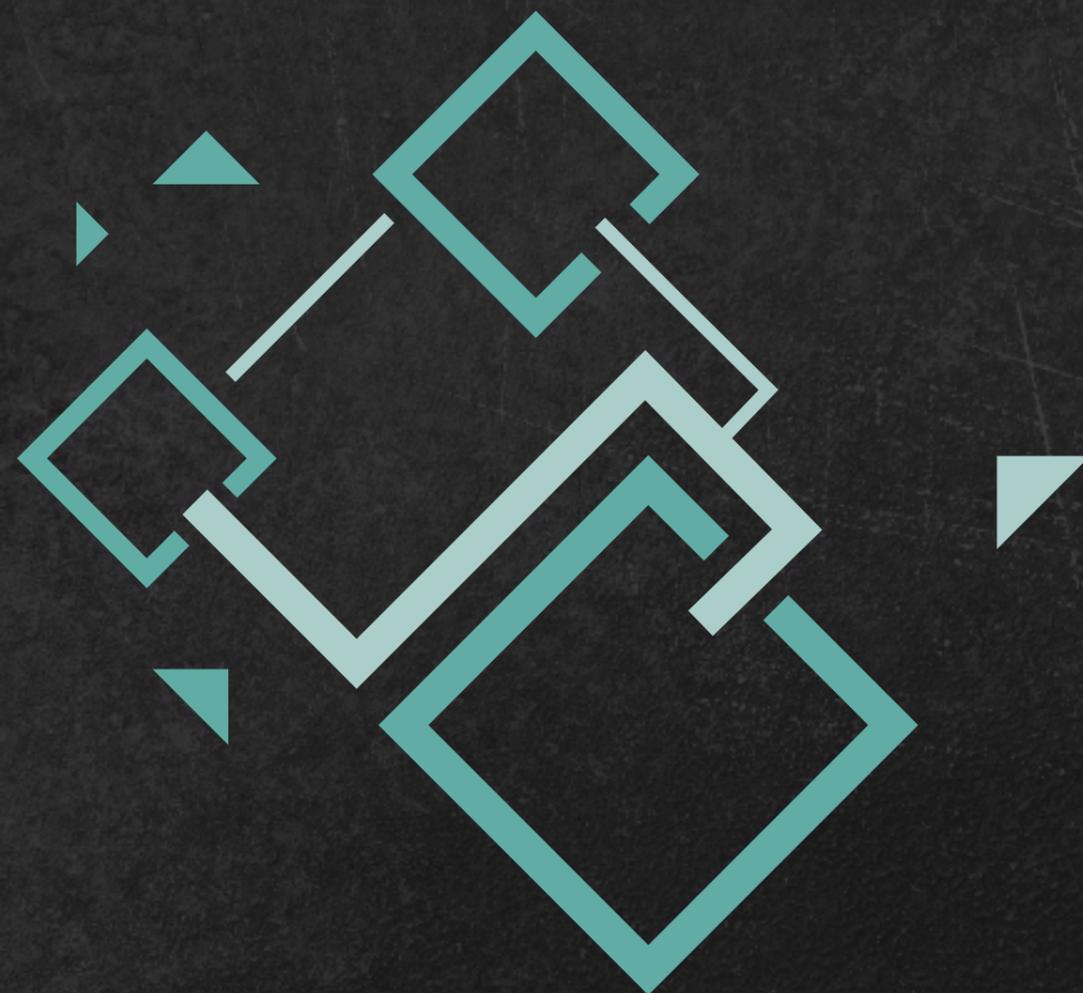
Read the story about the re-use of alternative materials and the decarbonization" (Italian only)

Read the story "SteelZeroWaste - a multi-circular model for reducing the environmental footprint"

# 4 Social commitment and creation of value for people

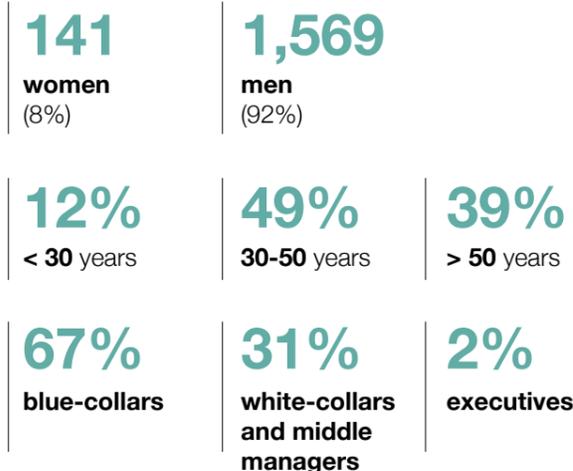
## Feralpi's journey to 2030: Ambitions

- ▶ **Addressing** inequalities, ensuring equal opportunities and adequate wages, while respecting labour and human rights
- ▶ **Supporting** the economic growth of the national economy
- ▶ **Promoting** a safe, secure working environment for all the group's workers with constant attention to accidents at work



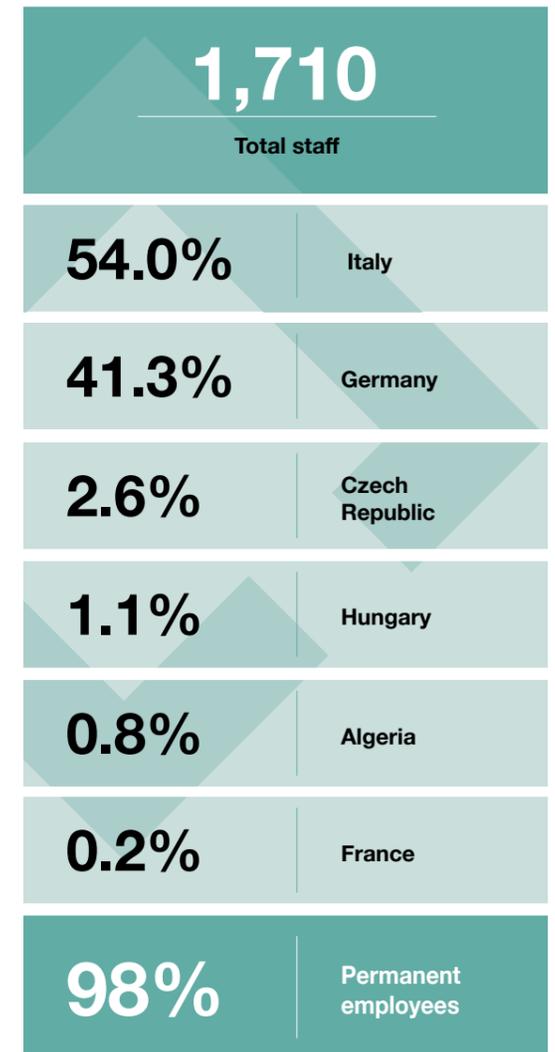
## Feralpi's Approach

In line with the International Labour Organization (ILO), whose agenda is centred around the promotion of employment and enterprises, the guarantee of rights at work, the extension of social protection and the development of social dialogue, Feralpi is constantly committed to inclusive economic growth through policies and approaches aimed at promoting decent work that, in addition to being beneficial to individual workers and their families, have a positive impact on the entire local economy.



The management of human resources, in terms of safety and digitalisation, made a major contribution to the resilience of all Feralpi plants during the pandemic period, creating value in terms of business continuity and respect for existing working relationships.

Visit our website: our values



## Enhancement, development and welfare

With the aim of building the loyalty of its employees and guaranteeing their wellbeing, Feralpi favours permanent employment contracts, promoting training and skills development, appropriate remuneration, a safe working environment, corporate welfare and personal wellbeing initiatives, and internal career paths.

ECONOMIC BENEFITS

PROFESSIONAL GROWTH

DEVELOPMENT OF SKILLS

are three key aspects of employee satisfaction that are significantly integrated with the sphere of well-being, which includes

PSYCHO-PHYSICAL HEALTH

ABILITY TO POSITIVELY RECONCILE WORK AND PERSONAL TIME



**17,889**

Total training hours

**1,342**

People trained

Discover more on our website: people's wellbeing and welfare

Read the story "Workplace Health Promotion"

The culture of health is at the heart of the Group's business model: even during the pandemic, Feralpi encouraged promotion and prevention initiatives for its employees.

## Covid-19 emergency Safety and health

During the 2020 health emergency, managing people's safety and health was the top priority.

Maximum attention was therefore given to the development of safety protocols for all internal and external stakeholders and to the activation of the processes necessary to launch flexible working methods. The health and safety response to the Covid-19 emergency followed three parallel tracks:

MONITORING THE HEALTH of staff while ensuring privacy

MAKING WORK ENVIRONMENTS SAFE by sanitising spaces in accordance with the requirements of national and regional public health authorities.

RAISING AWARENESS OF SAFETY AND PREVENTION through guidelines and communication campaigns.

In response to the Memorandum of Understanding between the Lombardy Region, Confindustria Lombardy and ANMA (National Association of Company Doctors) of March 2021 - aimed at extending the Covid-19 vaccination campaign to manufacturing companies in Lombardy - the Italian companies of the Feralpi Group expressed their willingness to further promote the vaccination campaign by making available medical personnel and the infirmary premises at the Lonato del Garda plant.

Watch the video: "Coronavirus: President's message"

Over **700** employees subjected to molecular swab and serological testing in the first phase of the emergency

**5** months of monitoring through an experimental app for the involvement in the experimentation of the Advanced Health Surveillance Plan ("Sced-Cov" Project) coordinated by the University of Brescia

Over **700** employees subject to serological testing in autumn 2020

**385** employees who chose to be vaccinated in-house for seasonal flu

## Human rights, inclusion and equal opportunities

Given the nature of the Group's activities and the geographical location of its plants, Feralpi takes a broader view of the issue of human rights, focusing on aspects relating to the management of relations with personnel in compliance with the principles and values set out in the Group's Code of Ethics.

In terms of human rights, Feralpi operates in line with the International Charter of Human Rights, the fundamental conventions of the International Labor Organization (ILO), the Organisation for Economic Cooperation and Development (OECD) guidelines for Multinational Enterprises and the ten principles of the United Nations Global Compact.

### Key facts 2020

Adoption of the Sodalitas Charter for Equal Opportunities and Equality at Work.

Drafting of the Group's "Diversity & Inclusion" policy.

Participation in the "Orange the World" awareness campaign, promoted by UN Women, the United Nations body for gender equality and the empowerment of women.

Signature of the CEO Guide to Human Rights, promoted by WBCSD, World Business Council for Sustainable Development, an organisation led by CEOs from over 200 international companies.

## Safety: what's new in 2020

Feralpi Siderurgica updated its integrated safety, environment and energy management system certified according to the international EN 45001 standard.

The first "Shared protocol for the regulation of measures to combat and contain the spread of the Covid-19 virus in the workplace" was made official. It lays down the official guidelines for prevention within the company and relations with internal and external personnel.

FERALPI STAHL received the renowned "Clever Fox" occupational safety award from the BGHM Association thanks to digital training courses.

### SUSTAINABLE DEVELOPMENT GOALS

Our commitment to the responsible management of human resources, the promotion of a culture of safety and prevention, the protection of the mental and physical wellbeing of our employees and the protection of human rights has positive impacts on specific goals of the United Nations 2030 Agenda.



Read our Code of Ethics

Discover more: "Clever Fox" prize (Italian only)

For more information on the  
Non-Financial Statement,  
please contact  
[sustainability@it.feralpigroup.com](mailto:sustainability@it.feralpigroup.com)



**Read**  
the Voluntary Consolidated  
Non-Financial Statement  
2020 (full document)



**Read**  
the summary



**Read**  
the Consolidated  
Annual Report 2020



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