



FY 2021

Voluntary Consolidated
Non-Financial Statement

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Letter to stakeholders

(102-14)

Dear Stakeholders, the letter that opens this our Consolidated Voluntary Non-Financial Statement has special value. This is not to lighten the importance of what Feralpi Group has done in the past to virtuously reconcile sustainable development with business competitiveness and continuity. Rather, it means giving evidence that the past year and the early months of 2022 have propelled us into a dimension we never expected.

The continuation of the pandemic generated by Covid-19 and the war conflict in Ukraine have redefined our social priorities and charted new economic arrangements, but at the same time they have also reinforced the conviction that the centrality of people is the true cornerstone on which to build a shared future. In other words, take action to collaborate on a more equitable and inclusive society, innovate to counter climate change, and invest resources and capacity for a *net zero economy*.

The Voluntary Consolidated Non-Financial Statement that you can read starts right here, from the purpose that our Group has included in its business plan and made explicit in concrete and measurable actions according to the ESG (*Environmental, Social, Governance*) triple approach. It is a choice that allows us not only to identify and manage risks, but also to design solutions for continuous improvement also jointly with the players in the value

chains in which we are embedded. We have demonstrated, as the results of today and the past can testify, that a sustainable steel industry is not a chimera, but a tangible and, above all, responsive reality. We were able to react to the shock of rising raw material prices in the global marketplace and the soaring cost of electricity, two diriment variables for steelmakers. We have confirmed our goals, kept our commitments to the territories in which we operate, the communities in which we are embedded, institutions, economic players and, first and foremost, employees. It is precisely the social reading of the enterprise through the perspective of human rights that is another key point in its good management. Indeed, we are aware that we impact human rights every day through our interactions with employees, partners and communities. We have made it an ethical commitment already signed with the *World Business Council For Sustainable Development's (WBCSD) Guide for CEOs to Human Rights to emphasise the relevance of the impact of respecting these rights on the business system, its competitiveness and, consequently, the country system.*

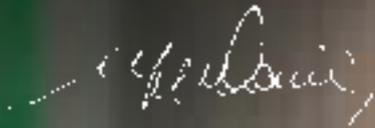
Indeed, in our vision, products and market services go beyond processes and investments. Creating shared value for stakeholders is a responsibility that goes hand in hand with business strategies to foster our Group's evolution toward a low-carbon economy through a progressive ecological and energy transition that permeates industrial processes, fostered by a clear commitment, effective, ethical Governance and dedicated to zero tolerance of corruption, with the active involvement of our people. Thanks must go to them, before anyone else, for their efforts this year that generated, despite the limitations still imposed by the pandemic, results beyond expectations not only financially, but also on the environmental side with positive social impacts.

A close-up portrait of Giuseppe Pasini, an older man with grey hair, wearing a dark blue suit, white shirt, and blue patterned tie. He is smiling slightly and looking towards the camera. The background is a blurred indoor setting with warm lighting.

In the following pages you can then enter Feralpi and learn, step by step, about our actions, which, once again, we have voluntarily chosen to show you with transparency and according to international standards.

Happy reading!

Giuseppe Pasini
Chair Feralpi Group

A handwritten signature in white ink, appearing to read "Giuseppe Pasini", is positioned over the lower left portion of the portrait.

Methodology note

(102-1; 102-3; 102-4; 102-45; 102-46; 102-48; 102-49; 102-50; 102-51; 102-52; 102-53; 102-54)

The name of the organisation reported is Feralpi Group, which includes all the subsidiaries of the parent company Feralpi Holding S.p.A. which holds the ownership of the operating subsidiaries and investee companies, also through the use of sub-holding companies, according to a sectoral logic. Feralpi Holding S.p.A. has its registered office in Brescia, Via Aurelio Saffi, 15 and its administrative headquarters in Lonato del Garda, BS, Via Carlo Nicola Pasini, 11.

This document **voluntarily implements** what is required by Legislative Decree 254 of 2016 regarding the reporting of non-financial information and also constitutes the *Communication On Progress (COP)* required by the *UN Global Compact*. This Report has been prepared in accordance with the “*GRI Sustainability Reporting Standards*” published by the “*GRI - Global Reporting Initiative*”, according to the Core option, with an annual publication frequency. In fact, the Group's last Non-Financial Statement was made available in June 2021.

The 2021 document structure resumes last year's structure with a view to comparability and continuity.

The scope of the report coincides with the Feralpi Group's Consolidated Financial Statements at 31 December 2021. The consolidation criteria include all subsidiaries and exclude associated companies. As for 2020, the perimeter includes Co.ge.me Steel S.r.l. and Nuova Cogeme S.r.l., in voluntary liquidation since May 2020, limited to economic data as they have no employees. Fer-Par S.r.l. legal entities with Feralpi Profilati Nave S.r.l. - acquired by Pre-sider S.p.A. - are included in the scope only for economic data and some social aspects related to governance.

As for the environmental indicators, in addition to the three main operating companies, i.e. Feralpi Siderurgica S.p.A with Feralpi Holding S.p.A., based in Lonato del Garda (BS), Acciaierie di Calvisano S.p.A. in Viadana di Calvisano (BS), ESF Elbe-Stahlwerke Feralpi GmbH with Feralpi Stahlhandel GmbH and Feralpi Logistik GmbH in Riesa, Saxony, reference is made to the most

significant environmental indicators of the Italian production sites in Alzate Brianza (CO), Anzano al Parco (CO), Borgaro Torinese (TO), Lecco, Nave (BS), Pomezia (Rome), Rivoli (TO), Saint-Soupplets in France, Kralupy in the Czech Republic and Czepel in Hungary, despite the little relevance in terms of environmental impact. The reporting does not include the environmental data of companies without production facilities and with fewer than 15 employees, nor does it include the data of the companies Faeco Ambiente S.r.l. and Eco-Trading S.r.l. as they are inactive, have no directly employed staff and do not have a management model, risk analysis or specific procedures. As regards Ecoeternit S.r.l., which is based in Montichiari (Brescia) and runs a business different from that of the other above-listed companies, the most significant environmental information is disclosed.

As with previous editions, in accordance with the decision of the Board of Directors, the Company had this voluntary Non-Financial Statement audited by a leading external auditor.



The document is available in the Innovation and Future section of the website www.feralpigroup.com. **For further information on the Non-Financial Statement, please contact sustainability@it.feralpigroup.com**

1

Feralpi Group

(102-2; 102-6; 102-7; 102-9)



PRÉSIDER ARMATURES - *Saint-Souplet, Paris*
Preshaping and assembling of reinforcing steel in bar and coil for construction companies and manufacturers of prefabricated reinforced concrete elements

France



SAEXPA (dal 2022) - *Barcelona; Ripoll*
Wire and strip processing for the world of logistics

Spain



FERALPI ALGÉRIE - *Oran*
Commercial distribution and resale services

Algérie



FERALPI STAHLHANDEL GmbH - *Riesa*
Commercial services

ESF ELBE-STÄHLWERKE FERALPI GmbH - *Riesa*
Production of steel billets, reinforcing steel in bar and coil, smooth and ribbed wire rod, recoiled wire, drawn wire and welded mesh

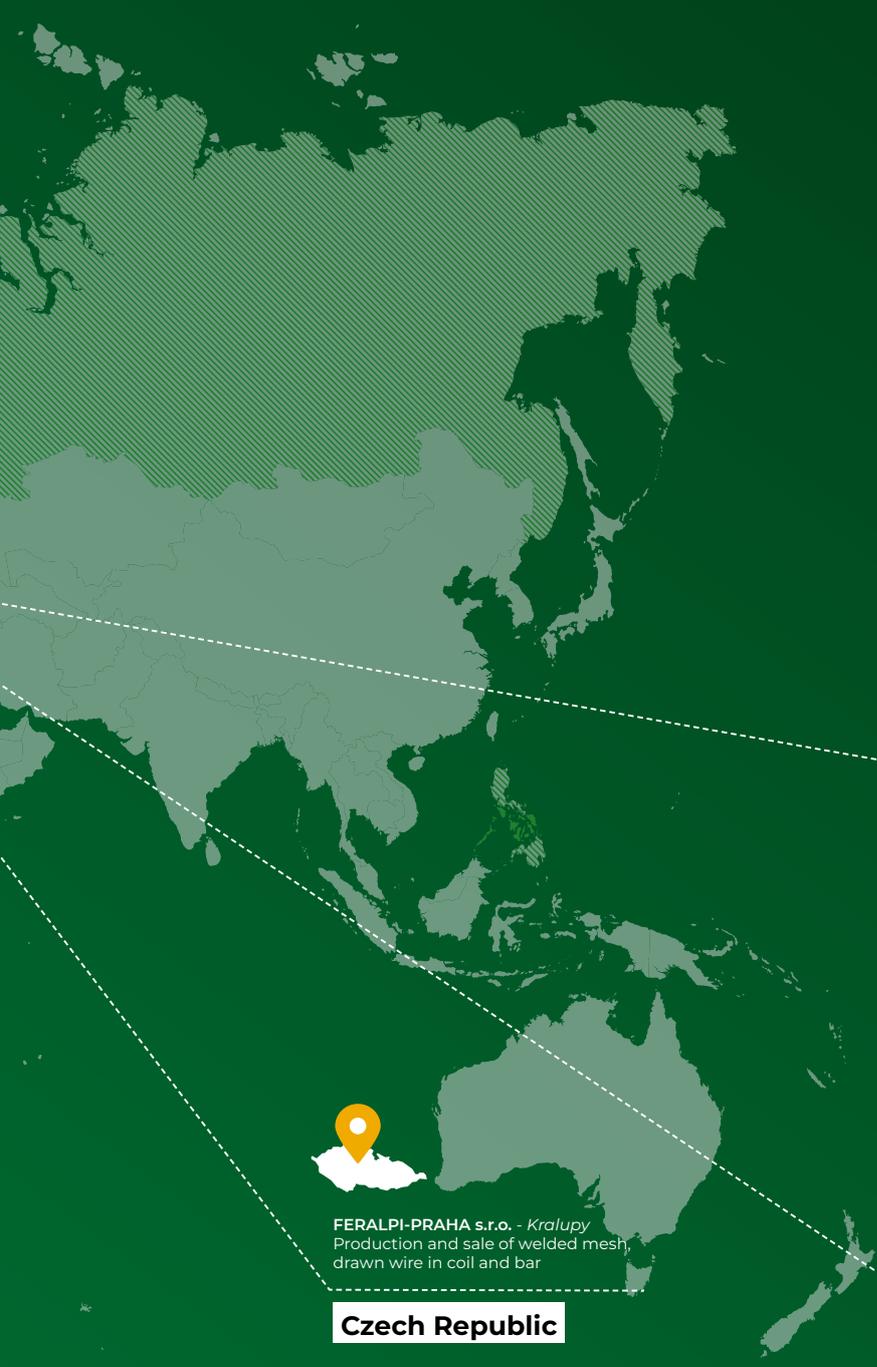
FERALPI LOGISTIK GmbH - *Riesa*
Logistics services

Germany

Export countries

Algeria, Austria, Belgium, Bosnia Herzegovina, Bulgaria, Canada, Cape Verde, Croatia, Denmark, Eritrea, Estonia, Ethiopia, Philippines, France, Germany, Ghana, Jordan, Djibouti, Great Britain, Guadeloupe, Italy, Ireland, North Macedonia, Malta, Netherlands, Holland, Poland, Portugal, Principality of Monaco, Czech Republic, Republic of San Marino, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Switzerland, Tanzania, Turkey, Hungary, USA.

Among the leading steel producers in Europe, Feralpi specialises in the production of steels for construction and special applications for both civil and industrial use. Established in Lonato del Garda in 1968, Feralpi Group is today a diversified and verticalised international group that produces more than two and a half million tons of steel and rolled products annually.



- FERALPI HOLDING** - *Lonato del Garda, Brescia*
Services
- FERALPI SIDERURGICA** - *Lonato del Garda, Brescia*
Production of steel billets, reinforcing steel in bar and coil, smooth and ribbed wire rod, recoiled wire, drawn wire and welded mesh
- ACCIAIERIE di CALVISANO** - *Calvisano, Brescia*
Production of billets, mainly for quality steel
- CALEOTTO** - *Lecco*
Marketing of wire rod in quality steels
- ARLENICO** - *Lecco*
Production of quality steel wire rod for Caleotto
- NUOVA DEFIM ORSOGRIL** - *Anzano del Parco Alzate Brianza, Como*
Production of electrowelded mesh, gratings, fencing
- PRESIDER** - *Borgaro Torinese, Turin; Nave, Brescia; Pomezia, Rome*
Preshaping and assembling of reinforcing steel in bar and coil for construction companies and manufacturers of prefabricated reinforced concrete elements
- METALLURGICA PIEMONTESE LAVORAZIONI (MPL)** - *Rivoli, Turin*
Service centre - Beam and angle processing service centre for the metallic carpentry sector
- ECOETERNIT** - *Montichiari, Brescia*
Landfill for non-hazardous waste and waste containing asbestos
- FERALPI POWER ON (from 2022)** - *Lonato del Garda, Brescia*
Development and operation of power generation plants mainly from renewable sources

Italy

Faeco-Ambiente, Eco-Trading, Co.ge.me Steel and Nuova Cogeme are included in the scope but are not represented on the map. For further details please refer to the Methodology Note.



FERALPI-PRAHA s.r.o. - *Kralupy*
Production and sale of welded mesh, drawn wire in coil and bar

Czech Republic

FERALPI-HUNGARIA kft. - *Budapest*
Production and sale of welded mesh and downstream products

Hungary

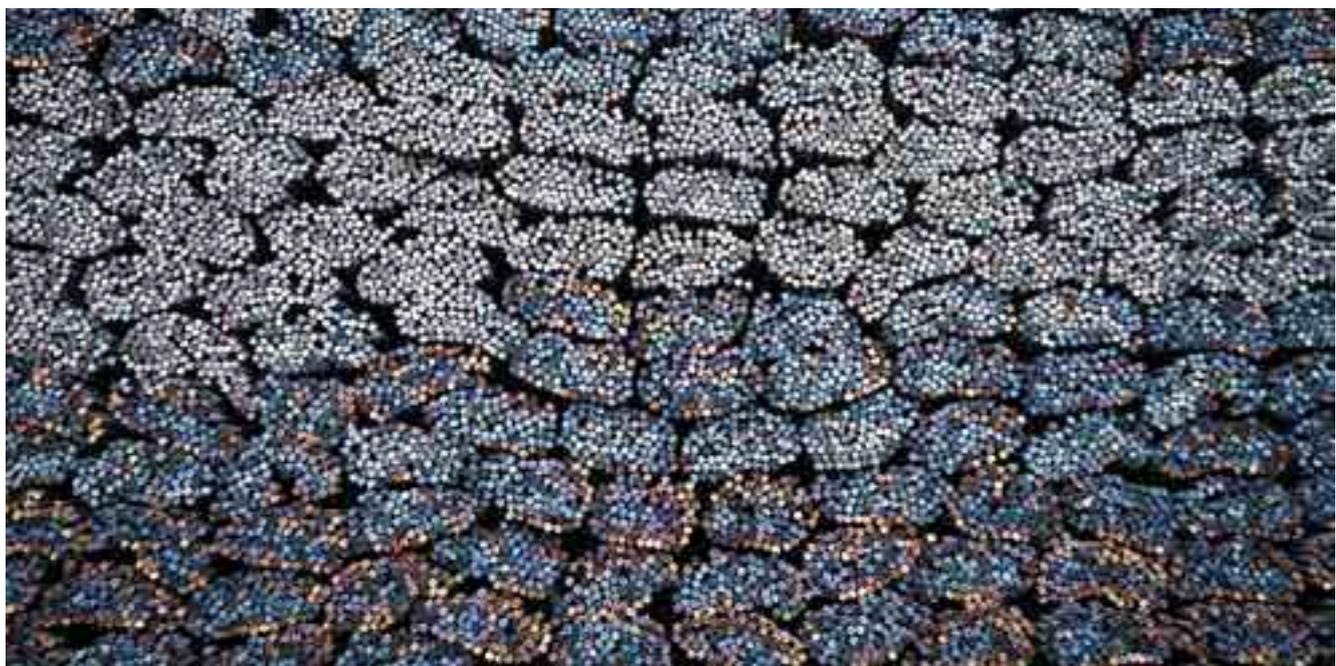
Purpose

Be among the international leaders in the steel industry, anticipating standards of excellence in the industry through technological innovation, sustainability, and talent development. From our beginnings, our goal has been not only to produce the best steel for construction, but to do so in the most sustainable way possible, contributing

to the economic and social progress of communities, the enhancement of the land and the well-being of our workers. Today, as a global player in the steel industry, we are called upon to embark on a path capable of responding to the challenges of our time, engaging in the transition to more inclusive, efficient and environmentally friendly models of development.

The strategic foundation

| | | | | |
|---|---|---|--|---|
|  <p>Verticalisation through the consolidation of downstream processes and presence at several levels in the supply chain to engage with end customers</p> |  <p>Diversification by entering new target markets for new products</p> |  <p>Internationalisation thanks to the further expansion of foreign markets</p> |  <p>Sustainability by creating value for stakeholders, reducing environmental impact and engaging with the community</p> |  <p>Production innovation through process research and development, and an ongoing focus on product quality</p> |
|---|---|---|--|---|



THE VALUE CHAIN AND CONTRIBUTION TO THE 2030 AGENDA

| | | |
|--|---|---|
|  <p>PROCUREMENT</p> | <p>Purchasing policies are shared at Group level with functional coordination by the Group Purchasing Department, particularly as regards the purchase of ferrous scrap, refractory materials, ferro alloys, electrodes and plants. Relations with suppliers of energy sources are managed by the Group Energy Department.</p> <p>The products and services purchased are technology and equipment, scrap, energy sources (power, methane gas and oxygen), subsidiary materials, recovery and reuse materials, steel and steel products, and other services.</p> |  |
|  <p>INBOUND LOGISTICS</p> | <p>Logistics is regulated by internal procedures described within the Management Systems, distinguished by establishments. The proper coordination of flows is managed with a special software that ensures constant traceability and identification.</p> <p>The means of transportation for incoming products are by road and rail.</p> |  |
|  <p>HOT AND COLD PRODUCTION</p> | <p>Three of the various production plants adopt electric-arc furnace (EAF) technology to transform ferrous scrap into billet cast steel: Feralpi Siderurgica, in Lonato del Garda (Brescia, Italy), which has a steel mill, two rolling mills and an outsourced cold processing department, Acciaierie di Calvisano in Calvisano (Brescia, Italy), with a steel mill, and ESF Elbe-Stahlwerke Feralpi GmbH in Riesa (Saxony, Germany), which has a steel mill, a rolling mill and a cold processing and machining department. In addition to these are then plants equipped with a reheating furnace for hot rolling (Arlenico in Lecco) and those with cold rolling (Presider and Presider Armatures, Nuova Defim, Feralpi-Prague and Feralpi-Hungary). In addition to services related to cutting and drilling of beams and laminates (MPL).</p> <p>Production is divided into hot casting and rolling and cold rolling.</p> |  |
|  <p>OUTBOUND LOGISTICS</p> | <p>Transport logistics are managed and organised by customers or directly by individual Feralpi Group plants through third-party suppliers. In addition to the product sold, the Group's plants also ship the by-product of the rolling process (e.g. scrap for internal recovery) to Feralpi Group steelworks or to external companies. The choice of logistics is based on market considerations and whether there is transport infrastructure alternative to road haulage connected to production plants or customers.</p> <p>The means of transportation for outgoing products are by road, rail and ship.</p> |  |
|  <p>THE MARKET</p> | <p>Thanks to a diversified and integrated structure, the Group's products and services meet needs at various levels of the construction supply chain and infrastructure on the one hand, mechanics and automotive on the other.</p> <p>The outlet market is the construction and industrial market - from mechanical engineering to the automotive sector - with a range of products that include steels for the building industry, special products and diversified steels.</p> |  |
|  <p>A SECOND LIFE</p> | <p>Steel is recovered and reused countless times without losing its inherent properties.</p> <p>Feralpi contributes to community development by transforming waste (into roads or cement products, materials for civil engineering works) and reusing the heat produced to heat buildings in the surrounding community.</p> |  |

Feralpi's support to the 2030 Agenda

Positive impact on climate, environment and human health
in terms of:

- R&D for decarbonisation
- Training activities
- Reduction of climate-changing emissions
- Safe water management



Positive impact on work culture and the workers
in terms of:

- Technological update on digital processes and systems
- Elimination of inequalities
- Opening of positions and growth paths for women and men without discrimination



Positive impact on the circular economy and national recovery rate
in terms of:

- R&D activities to minimise waste and encourage the development of circular processes
- Partnerships
- Efficient use of natural resources
- Recovery and reuse of production waste
- Active participation in inclusive and sustainable urban development



Positive impact on GDP and the employment rate
in terms of:

- Efficient use of energy resources
- Reduction of pollutant and climate-changing emissions
- Active R&D for inclusive and sustainable industrialisation
- Diversification and technological updating



Positive impact for the sector, the market and research
in terms of:

- Sharing of technological know-how
- Multilateral partnerships



Customers



Custom construction and machining suppliers

- Construction companies
- Pre-fabricators
- Processing centres
- Dealers and retailers of steel building products
- International traders
- Companies operating in large contracts
- *General contractors*
- Metal carpentry
- Companies and end users in industry



Distributors, processors, installers, original *equipment manufacturers*, and agricultural sector

- Construction and steel distribution enterprises
- Fence installers
- Transformers of gratings
- Manufacturers of sofa bed nets, axial fans, retractable doors, containers, cages, guards, cable trays, gabions, shelves and logistics
- Agrarian Consortia



Automotive, industrial processing and agricultural sector

- Manufacturers of screws, bolts, ropes, prestressed steel wire, chains, springs, tools, welding wire etc.

Products and services



Construction

Products

Long hot-rolled and cold pre-processed. In detail: billet, wire rod, drawn coil, spacers, lattice girders, bars, welded wire mesh, recoiled, shaped and pre-shaped, assembled and pre-assembled coils, mechanical joints.

Services

Pre-shaping and pre-assembly to project specifications, including on-site installation.



Special

Products

Wire rod with different chemical compositions (micro-alloyed and non-micro-alloyed), mechanical characteristics, tight dimensional tolerances, high levels of micro-purity, excellent surface quality characteristics according to the different sectors of end use. Comprehensive range of pre-machined steel beams and angles, intended primarily for steelworkers.

In detail: bolts and screws, special drawn products (low, medium and high carbon content), springs, chains, structural and construction products, high machinability, case-hardening, for welding, reclamation and tools.

Services

Additional processing such as heat and surface treatments.



Diversified

Products

Electro-welded mesh and gratings for industrial and construction use in standard and custom sizes.

Fences for professional, civil and sports use as well as façade cladding.

In detail: gratings, fences, nets, machined beams and laminates.

Services

- Co-design of the engineering department to give substance to the ideas of designers, the works of metalworkers and construction companies.
- Solutions using innovative materials.
- Integration of products with electronics complete the offering.

2

Strategy and management

(103-3; 205-3)

2.1.

Feralpi's background and strategy

2.2.

Business continuity

2.3.

Corporate offices, bodies and governance of sustainability

2.4.

ESG risks and management systems

2.5.

Organisational model and management systems

2.6.

Economic sustainability and value generated

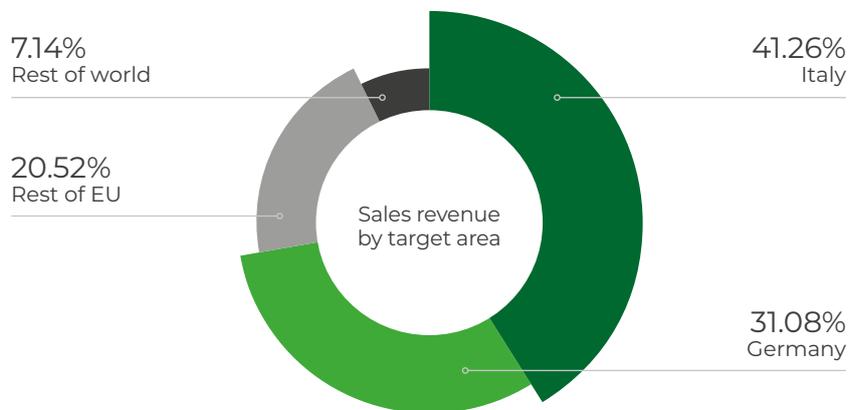
2.7.

Baseline indicators for "Strategy and Management"



1,928,446
(€/1,000) Revenues

+55.7% compared to 2020
+48.0% compared to 2019



€ 387 million

Gross overall value added 2021

Over the last three years (2019-2021), no cases of corruption were detected, nor were there legal cases against the company/employees, fines, or supplier relationships terminated due to corruption.

% of eligible activities under the Taxonomy

95%

Turnover

96%

Capital expenditures (Capex)

98%

Operating expenses (Opex)

Operating results

2.1.

Feralpi's background and strategy

Feralpi operates along international steel *supply chains*, supplying a global market that is increasingly focused on sustainable projects.

During 2021, the global economy experienced a continued recovery that was consolidated throughout the year, although the upswing proved unbalanced. Production, in most OECD countries, has exceeded the levels marked at the end of 2019, i.e. pre-pandemic, and has gradually returned to the previously expected path thanks in part to an intensive vaccination campaign. However, low-income economies, particularly those where Covid-19 vaccination rates have been particularly low, have not caught up.

According to the OECD *Economic Outlook* (December 2021)¹, 2021 would end with a rebound in global economic growth of +5.6%, rising to 4.5% in 2022, before settling at 3.2% in 2023, close to the rates seen before 2020.

However, the latter part of the year was marked by a sharp slowdown in growth in many of the advanced economies as well. The surge in demand for goods, long congealed by the pandemic, has collided with the inability of supply to keep up, causing bottlenecks along production chains. Shortages of skilled labour, closures due to pandemics, rising prices of energy, raw materials, and shortages of some basic materials have restrained growth and pushed up prices, causing inflation to rise with great force again in early 2022 affecting commodities, energy, gas, and food.

The conflict that erupted in Ukraine following the Russian attack in late February 2022 exacerbated the shortage of raw materials and gas in Western markets, Europe first and foremost, accelerating inflationary processes and casting shadows on the economy's growth process.

The steel sector is also fully recognised in this scenario. Despite the Chinese slowdown, world steel production also closed 2021 on an upward trend. The final figure certified by the World Steel Association² (the association that

brings together global steel producers) is a total output of 1.91 billion tons, a volume that marks a 3.6% increase over the previous twelve months.

The EU 27 performed even better, with y/y production growth of +15.4% to 152.5 million tons. Impacting this is the growth in real steel demand, which has rebounded sharply after a 2020 burdened by pandemic and lockdown. The figure, surveyed by Eurofer³ (the association of European steel producers) shows annual growth of 7.8% for 2021, while growth is expected to slow in 2022 due to tensions on energy and raw materials.

Italy, in this scenario, saw steel production grow by 19.8% y/y in 2021 to 24.4 million tons. For long products, a sector in which Feralpi operates, the year showed a major recovery, reaching 13.6 million tons with an annual increase of 22.1%⁴.

In line with the verticalisation and diversification approach developed in recent years, the business plan calls for further expansion of the core business through strengthening the business model toward sustainable development, which finds application and new opportunities throughout the value chain, from procurement to recovery, but also in the management processes themselves, as well as in impacts.

¹ <https://www.oecd.org/economic-outlook/december-2021/>

² <https://worldsteel.org/wp-content/uploads/December-2021-crude-steel-production-and-2021-global-crude-steel-production-totals-4.pdf>

³ https://www.eurofer.eu/assets/publications/economic-market-outlook/economic-and-steel-market-outlook-2022-2023-first-quarter/EUROFER_ECO_REPORT_Q1_2022-23.pdf

⁴ Federacciai

Feralpi's strategy leverages decarbonisation and digitalisation to strengthen its competitive advantage and improve its environmental impact. In fact, increasing the production efficiency and circularity rate of industrial activities as well as reducing energy intensity, at various levels, has positive impacts on both production efficiency and the environment.

Strategic pillars and ESG approach



In the climate strategy a new energy mix - TJE goals in 5 years

WHAT WE PLAN ON DOING

Continuously improving product and service quality

Combating climate change through the decarbonization of production processes

Investing in solutions to improve energy efficiency

Develop a circular economy, increasing the amount of waste sent to recovery and reuse processes to substantially reduce waste generation

Contributing to the ecological transition by increasing the importance of clean energies



clearly measure internal responsibilities and share business management progress with stakeholders in a structured and transparent way.

GOALS IN 5 YEARS

20%
% of consumption of **renewable energies** forecast for the Italian plants

118 MW
installed capacity of **renewable energies** at full operation

GOALS REDUCTION OF CO₂

over 90.000
t/a CO₂ at full operation

INVESTMENTS OF APPROXIMATELY
~100 mln €
energy at competitive prices compared to the market

Four lines of business development that, in line with the 7 pillars of sustainability, guide the Group in the development of a sustainable global economy, at the base of which is positioned the investment policy that, in addition to considering productivity and efficiency improvement, thus tends to respond to national and European parameters and guidelines in the ESG sphere.

The sector in which Feralpi operates is at the center of major challenges in terms of climate change, the digital revolution, global welfare, and the stability of the world geopolitical system. A responsible approach to social and environmental issues has a positive impact on the creation of lasting value for Feralpi's stakeholders, which is why a commitment to integrating ESG aspects within our long-term strategy is a key focus that the Group has been working on in recent years.

The fight against climate change

In terms of the environment, Feralpi is committed over the next 5 years to combating climate change and reducing its environmental impact through a decrease in direct and indirect CO₂ emissions, improving its energy mix by increasing the percentage of renewable energy up to 20%, and investing in solutions to improve energy efficiency, and increase the amount of residues sent for recovery.

The great skills challenge

To realise its industrial commitment, it is on people skills that the Group is focusing its attention today: on the one hand, Feralpi is working to enhance internal resources through *re-skilling* and *up-skilling* paths in relation to the investment plan and, on the other hand, to acquire talents from the market with the aim of strengthening skills already existing in the Group. On the side, work is being done to strengthen the long-term sustainability of the business by establishing a succession plan.



Comparability, automation and processes

At the Governance level, the key objective on which the Group is working at the level of financial and non-financial communication is to achieve the best market standards. For this reason, the commitment is multifaceted: on the one hand, the transition to international accounting standards (IAS/IFRS) and on the other hand, in adapting to all national and international regulations on sustainable development also in a voluntary form (European Taxonomy introduced by EU Regulation 852/2020, Legislative Decree 254/2016...). These same actions enable the Group to

Feralpi's commitment, especially in ESG terms, to drafting cross-cutting internal policies that are valid at the Group level is then confirmed.

Feralpi's ultimate goal, in terms of governance, is to bring the company in line with international best practices and thus be able to fully execute the potential of the business and strengthen the operating model.



Sustainability: ambitions to 2030

| PILLARS AND AMBITIONS TO 2030 | 2021 | REFERENCE |
|---|---|---|
|  <p>STRATEGY AND GOVERNANCE</p> <ul style="list-style-type: none"> Ethical Business Management | <ul style="list-style-type: none"> Integrate ESG (<i>Environment, Social, Governance</i>) aspects into the Group's business model <p>In terms of integration, Feralpi has been working on the business plan, investment policy, definition and forthcoming application of integrated MBOs, and sustainable finance strategy.</p> <hr/> <ul style="list-style-type: none"> Plan clear, measurable paths to improvement for all plants in line with national and international targets <p>Establishment of central Group functions dedicated to ecological and energy transition, environment and security, <i>cybersecurity</i>, and technical direction, with full operation from 2022. And at the same time of Group policies (<i>Quality, Human Rights, Stakeholder Engagement</i>).</p> <hr/> <ul style="list-style-type: none"> Guide change in the steel sector by encouraging companies in the supply chain to adopt sustainable policies <p>Media relations activities aimed at “<i>steel advocacy</i>” in ESG terms.</p> <p>–</p> <p>Acquisition of national and European guidelines in planning R&D activities in accordance with the priorities set by institutions with a view to sustainability.</p> <p>–</p> <p>Creation of partnerships on research and development projects to innovate the industry, dedicated to the implementation of research and sustainability strategies.</p> | <ul style="list-style-type: none"> Ch. 2.1 <hr/> <ul style="list-style-type: none"> Ch. 2.1 Ch. 2.2.3 Ch. 4.5 <hr/> <ul style="list-style-type: none"> www.feralpigroup.com/media Ch. 3.2 |
|  <p>INDUSTRIAL COMMITMENT</p> <ul style="list-style-type: none"> Product and service quality | <ul style="list-style-type: none"> Improving product and service quality by optimising processes through inclusive and sustainable industrialisation <p>Implementation of the special steels supply chain through quality monitoring at Acciaierie di Calvisano and data integration at the Arlenico mill. These research and development projects are therefore aimed at improving product quality and integrated quality monitoring throughout the entire production chain.</p> <p>–</p> <p>At the same time, customer enhancement efforts continued through the expansion of services on CRM platform, as well as the path toward Group <i>Total Quality Management</i> (TQM).</p> <hr/> <ul style="list-style-type: none"> Enhancing technological capabilities through research and development activities <p>Numerous R&D projects aimed at continuous improvement of industrial performance, energy efficiency and reduction of environmental impacts continued. The projects included access to new Research and Development Calls aimed at developing the previously mentioned points in accordance with the milestones indicated by the European Community.</p> <hr/> <ul style="list-style-type: none"> Creating value for the community by valuing work, safeguarding the cultural and natural heritage and contributing to sustainable urban development <p>Support for the local area translates into numerous donation and sponsorship activities, in line with the Policy for donations and sponsorships with social and cultural purposes and the commitment pursued over the years to the enhancement of local sports.</p> | <ul style="list-style-type: none"> Ch. 3.1 <hr/> <ul style="list-style-type: none"> Ch. 3.2 <hr/> <ul style="list-style-type: none"> Ch. 3.4.5 |

| PILLARS AND AMBITIONS TO 2030 | | 2021 | REFERENCE |
|---|---|---|--|
|  <p>ENVIRONMENTAL COMMITMENT</p> <ul style="list-style-type: none"> • Contribute to reducing consumption and impacts • Multiplying the use of matter • Work culture and education of new generations | <ul style="list-style-type: none"> • Countering climate change through the decarbonisation of production processes | In addition to the continued pursuit of increasing energy efficiency, mitigation actions aimed at reducing CO ₂ emissions have been implemented, such as process efficiency for optimising input material yield and the use in testing of polymers as a substitute for coal. | <ul style="list-style-type: none"> • Ch. 4.1 |
| | <ul style="list-style-type: none"> • Investing in solutions to improve energy efficiency and develop clean energy | Continued pursuit of technological excellence to reduce energy demand, as well as replacement and maintenance initiatives with the same view. In parallel, specific investments have been initiated for the development of clean energy that will find development in 2022. | <ul style="list-style-type: none"> • Ch. 4.1 |
| | <ul style="list-style-type: none"> • Increasing the quantity of waste sent to recovery and reuse processes, substantially reducing the production of waste | Continued efforts to reduce waste from steel processing and at the same time to increase production residues aimed at recovery: thus, the efficiency of existing recovery processes and the development of new ones were continued. | <ul style="list-style-type: none"> • Ch. 4.2 |
|  <p>SOCIAL COMMITMENT</p> <ul style="list-style-type: none"> • Care, safety and development of individuals • Inclusion and local development • Work culture and education of new generations | <ul style="list-style-type: none"> • Addressing inequalities, ensuring equal opportunities and adequate wages, while respecting labour and human rights | Development of projects aimed at the empowerment of people, regardless of gender, while respecting human rights. The enhancement of the Group's commitment to D&I found its first concrete development in the creation of a dedicated internal Working Group. | <ul style="list-style-type: none"> • Ch. 5.1 • Ch. 5.3 |
| | <ul style="list-style-type: none"> • Supporting the economic growth of the national economy | Commitment to corporate economic sustainability brings value shared and distributed among stakeholders every year. | <ul style="list-style-type: none"> • Ch. 2.4 |
| | <ul style="list-style-type: none"> • Promoting a safe, secure working environment for all the group's workers with constant attention to accidents at work | Numerous interventions have been made to ensure safety in plants, as well as internal training and awareness actions on safety culture. | <ul style="list-style-type: none"> • Ch. 5.2 |

Strategic investments

Feralpi, through its investment activities, represented in the Business Plan, intends to develop a competitive strategy integrated with ESG and risk management objectives and to obtain an adequate return on funding sources.

Since any investment presupposes a multi-year commitment, it is necessary that these commitments can be planned over the medium to long term. In planning, monitoring, and implementing its investment

projects, Feralpi considers environmental impact (E), social and human resources impact (S), and integration with business and sustainability goals (G) as priorities, along with process, product, and service quality, productivity increase, cost reduction, efficiency improvement (economic value generation), and thus implementation timing.

In 2021, Feralpi drafted the new investment policy, which aims to define and standardise guidelines for proper investment management; disseminate

an economic-financial culture within the organisation; train all departments involved in the management of investment projects; and gradually align investment selection criteria with market standards and national and European guidelines.

The policy, which incorporates aspects required by the European Taxonomy, was approved by the Board of Directors in March 2022.

In support of the investment choice, a *sensitivity analysis* is carried out whereby risks are analysed, their impacts are assessed, and then possible mitigation actions are identified for implementation.

In terms of investment, the Group's efforts focus on the following directions:

a) increasing economic and energy efficiency (with the “scrap” project, the “substation” project and the new company “Power On”); **b)** expanding the product range and increasing production capacity (with the new rolling mill at the Riesa plant in Germany and the “spooler” project in Lonato del Garda); **c)** increased production and commercial flexibility as a positive consequence of the “spooler” project.

New rolling mill in ESF Elbe-Stahlwerke Feralpi GmbH

Equipped with the best technologies aimed at efficiency and raising quality, with a **view to reducing environmental impacts and raising safety standards** - it will lead to an increase in market share in Germany, expansion of the product range, and the introduction of a new product for the German market: the spooler. This new product avoids cold processing, reduces production costs in the face of higher quality and the absence of direct emissions, thanks to inductive heating. Added to this are also energy efficiency and production efficiency, with reduced costs and internal transportation and the creation of new jobs.

Scrap park in Riesa

With the goal of increasing the yield of scrap and the materials themselves, the investment includes improvements in scrap sorting and cleaning. Improving scrap yield brings numerous benefits in terms of quality, production costs and energy efficiency. This investment brings with it improved productivity in the face of greater energy efficiency, as well as reduced electrode and ferro alloy consumption.

Substation

With the start-up (expected in late 2023) of a proprietary substation at the Feralpi Stahl plant, it will be possible for ESF Elbe-Stahlwerke Feralpi GmbH to have greater independence from the company that currently owns the substation on the one hand, and reduce costs through the elimination of energy transport on the other.

Spooler⁵

The investment involves the plants of ESF Elbe-Stahlwerke Feralpi GmbH and Feralpi Siderurgica (formerly a producer of recoiled wire), which, with the appropriate upgrades and investments in efficiency and environmental impact, will provide the Group with a growing market presence and greater commercial flexibility in terms of combinations and weights. The production of the *spooler* requires a new rolling mill in Germany with the best technology on the market (project in progress) and an improvement in terms of environmental impact in Italy. In fact, today for the production of the spooler it is necessary to provide a step with the methane furnace. The investment involves the manufacture of a product with the same or better thermomechanical characteristics using an induction furnace, which brings with it numerous advantages, including zero energy consumption for reheating during plant downtime, nullification of flake formation during reheating, minimisation of scrap, and maximisation of rolling mill utilisation.

New company Feralpi Power On

Created in 2021 and incorporated in January 2022, Feralpi Power On is the Feralpi Group's new renewable energy company. The company has a 5-year goal of producing zero-emission clean energy in an ethical and sustainable manner, with totally recyclable materials, to cover about 20% of the current energy needs of the Group's companies in Italy. The photovoltaic systems will be installed throughout the country and involve an investment of more than Euro 100 million.

Alignment to European Taxonomy

In June 2020, the European Union approved Regulation 2020/852 (hereinafter also Regulation) on “*criteria for deter-*

mining whether an economic activity qualifies as environmentally sustainable for the purposes of establishing the degree to which an investment is environmentally sustainable” (Art. 1). The Regulation established six objectives for the identification of environmentally sustainable economic activities:

- climate change mitigation,
- climate change adaptation,
- sustainable use and protection of water and marine resources,
- transition to a circular economy,
- pollution prevention and control,
- protection and restoration of biodiversity and ecosystems.

During 2021, in particular, delegated acts on climate change mitigation and adaptation targets were published, containing the criteria to be able to define an eligible (or admissible) and aligned activity under the European Taxonomy. The Commission has set two deadlines for the disclosure requirements of non-financial companies.

During 2022, with reference to 2021, companies subject to the non-financial statement disclosure requirements under Legislative Decree 254/2016 will have to report the share of eligible activities in terms of turnover, capital expenditure (CapEx), and operating expenditure (OpEx) and their supporting qualitative information.

An activity is then declared eligible under the Taxonomy if it is consistent with the definitions of activities presented in the delegated acts on climate change objectives (mitigation and adaptation).

Non-financial statements published on or after 1 January 2022, must therefore contain information on only the first two of the six environmental objectives identified in the Taxonomy Regulation. Beginning in 2022, the reporting requirement will include verification of how well these eligible activities are aligned with the Taxonomy in terms of turnover, capital expenditure, and operating expenses.

An economic activity is considered aligned under the Taxonomy when it:

- contributes substantially to the achievement of one or more of the environmental objectives,
- does not significantly harm any of the environmental objectives,
- is carried out in compliance with minimum safeguards,
- complies with the technical screening criteria set by the European Commission.

⁵ Hot spooling machine.

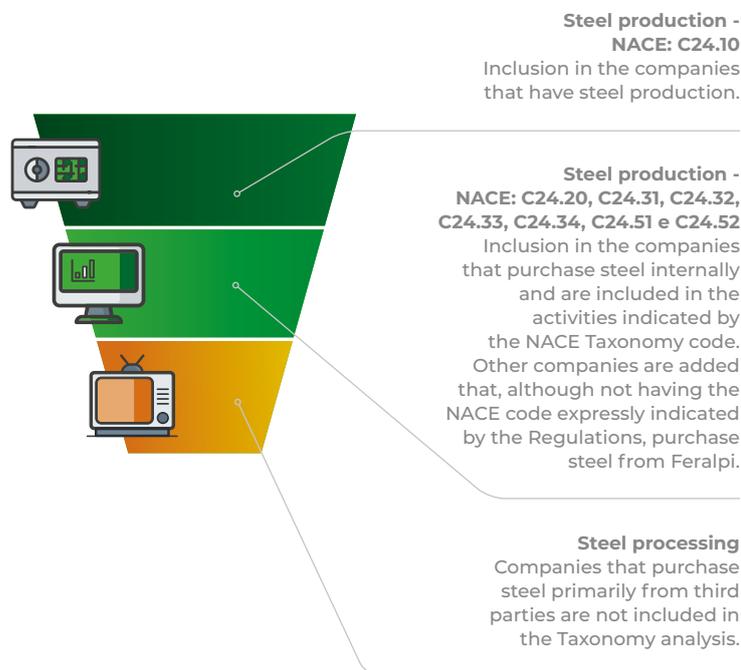
Although the Feralpi Group is not among the companies obliged to report its non-financial performance according to Legislative Decree 254/2016 - it has started the process of evaluating its economic activities to assess their inclusion in the European Taxonomy for the financial year 2021.

As there are still considerable uncertainties regarding the requirements and guidelines provided by the EU with respect to whether or not to include certain steel sector activities within the Taxonomy, the Group has developed a two-pronged approach: a more restrictive one, including only those activities that carry out EAF steelmaking, and an inclusive one, which also takes into account activities that carry out steel processing, although this second part is not really reflected (to date) in the technical criteria.

Following internal assessments and industry *benchmarks*, it was deemed more appropriate to continue with the inclusive approach by considering as eligible not only activities that carry out the production of steel, but also all subsequent stages of steel processing - such as the production and processing of electrowelded mesh, drawn products in coils, steel rods, bending and welding - that were for the most part in line with the NACE codes listed in the Taxonomy Delegated Act (NACE Codes: C24.20, C24.31, C24.32, C24.33, C24.34, C24.51 and C24.52). These processing steps are therefore included in economic reporting.

Feralpi considered eligible those processes carried out by companies that purchase steel directly from a company within the Group for its entirety or even companies that purchase steel from third parties to carry out subsequent processing only for the percentage related to Feralpi's provenance. Not included in the scope were those companies that source all (or the vast majority) of their supplies from third-party companies.

Inclusions and exclusions from the Taxonomy for category 3.9 Manufacture of iron and steel



Eligible activities under the European taxonomy and reference company

| COMPANIES INCLUDED | NACE CODES | TAXONOMY CATEGORIES |
|---|--|--|
| Feralpi Siderurgica | 24.1 - Steelworks and related trade of Products | 3.9 Manufacture of iron and steel |
| Acciaierie di Calvisano | 24.1 - Steelworks and related trade of Products | 3.9 Manufacture of iron and steel |
| Caleotto | 46.72.1 - Wholesale of metal ores, ferrous metals and ferrous semi-finished products | 3.9 Manufacture of iron and steel |
| Arlenico | 24.1 - Steelmaking - manufacture of iron, steel and ferro alloys | 3.9 Manufacture of iron and steel |
| Presider | 24.33 - Ironworking and metallic carpentry | 3.9 Manufacture of iron and steel |
| ESF Elbe-Stahlwerke Feralpi GmbH | 24.1 - Steelworks and related trade of Products | 3.9 Manufacture of iron and steel |
| Feralpi Stahlhandel | 46.74 - Wholesale of metal and plastic for construction | 3.9 Manufacture of iron and steel |
| Feralpi Praha | 25.93 - Manufacture of products made with metal wires | 3.9 Manufacture of iron and steel |
| Feralpi Hungaria | 25.93 - Manufacture of products made with metal wires | 3.9 Manufacture of iron and steel |

follows >

| COMPANIES INCLUDED | NACE CODES | TAXONOMY CATEGORIES |
|---------------------|---|--|
| Feralpi Logistik | 40.91 - Road transport | 6.6 Freight transport services by road |
| Immobiliare Feralpi | 68.2 - Real estate lease of own assets | 7.7 Acquisition and ownership of buildings |
| Presider Armatures | 25.93 - Manufacture of products made with metal wires | 3.9 Manufacture of iron and steel |

In addition to the activities listed in the table, for each company included Feralpi also mapped out a possible alignment for the activities 7.3, 7.4, 7.5 and 7.6 a with regard to capital expenditures (Capex), as suggested by the Regulation. In this regard, a partial alignment emerged for only a few companies including Feralpi Siderurgica, Acciaierie di Calvisano, Presider, ESF Elbe-Stahlwerke Feralpi GmbH, and for which we choose not to give evidence due to the low significance related to fiscal year 2021.

Key performance indicators required by the Taxonomy under the inclusive approach

| 2021 | TOTAL (€/1,000) | PROPORTION OF ACTIVITIES ELIGIBLE UNDER THE TAXONOMY (%) | PROPORTION OF ECONOMIC ACTIVITIES NOT ELIGIBLE UNDER THE TAXONOMY (%) |
|----------|-----------------|--|---|
| Turnover | 1,928,446 | 94.5 | 5.5 |
| Capex | 61,728 | 96.0 | 4.0 |
| Opex | 47,361 | 98.0 | 2.0 |

2.1.1.

The materiality process and the main differences from 2020 (102-44; 102-46; 102-47; 103-1)

The materiality matrix is a tool introduced by the GRI to provide transparency in terms of reporting on issues considered most important and urgent for a company and its stakeholders. Today, after many years of use, it has become increasingly clear how ESG (Environmental, Social and

Governance) issues create risks and opportunities from a dual perspective: financial and impact. For this reason, the issue was about dual materiality⁶.

Thus, there is a shift from a concept of single materiality - whose focus was the corporate business - to a concept of dual materiality that goes to understanding how issues (with associated

risks and opportunities) can positively or negatively affect the business and the ecosystem where the company operates, and where it is necessary to correlate ESG assets with the goals the company wants to achieve.

Against this background, it is important to note that Feralpi had already introduced the concept of risk and opportunity in the last two updates of the matrix (2019 and 2020), precisely to go further in specifying the meaning of material topic. In 2021, it then sought to move closer to a dual materiality concept by modifying the questions asked of external stakeholders interviewed for the purpose of updating the matrix itself. Internal stakeholders were then asked to select the most important issues to oversee in terms

⁶ The concept of dual materiality was first introduced by the European Commission in the 2019 *Non-financial Reporting Guidelines* document and also taken up in the new *Corporate Sustainability Reporting Directive* proposal by the European Financial Reporting Advisory Group (EFRAG).

of their impact (positive or negative) on the business and risk management and the less urgent ones to oversee because the impact (positive or negative) on the company's business is less significant. With external stakeholders, even more strongly, the choice was made to investigate not so much the importance in relation to the business but the importance in relation to the ecosystem: thus it was required to assess the intensity of the impact on society and the ecosystem.

With this change, some important differences emerged in terms of the placement of topics in the matrix, especially on the outer axis (the one

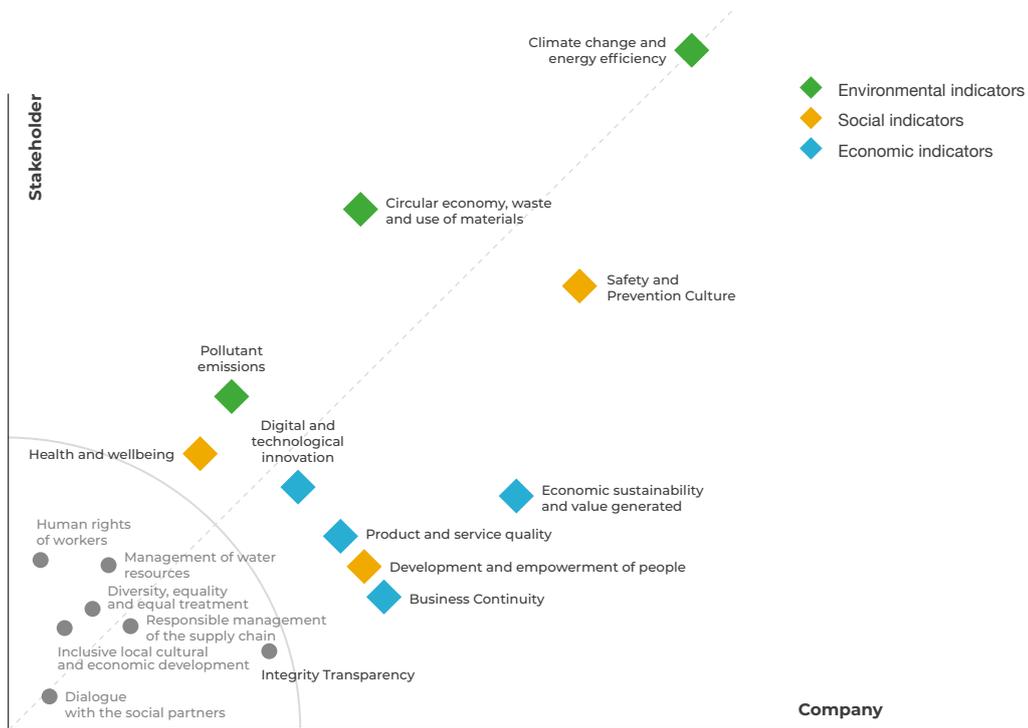
most impacted by the change in demand). For all stakeholders (internal and external) the key material issues are "climate change and energy efficiency", "circular economy, waste and material use", and "safety culture and prevention", followed by innovation and quality issues. Material for external parties are "health and well-being" and "pollutant emissions", while for internal parties are "economic sustainability and value generated", "people development and enhancement", and "business continuity". The majority of stakeholders agree that "dialogue with social partners" is of absolute least impact on the environment and ecosystem.

The material themes and contribution of the Sustainable Dialogue Network

Compared with 2020, the material themes have remained almost the same, with some slight changes in the explanation and nomenclature of them. The changes were made following a stakeholder engagement activity in July 2021, in which Feralpi's Sustainability Network (*Sustainable Dialogues*) was invited to a virtual meeting for a preview of the 2020 non-financial results and an in-depth look at the matrix.

| MATERIALS FOR EVERYONE | | |
|---|--|--|
| 1. CLIMATE CHANGE AND ENERGY EFFICIENCY | Energy efficiency of production processes and reduction of greenhouse gas emissions through innovative technological solutions. |  |
| 2. CIRCULAR ECONOMY, WASTE AND USE OF MATERIALS | Responsible management of waste, residues and raw materials, with a view to recycling, reuse and therefore of circular economy |  |
| 3. SAFETY AND PREVENTION CULTURE | Development of an internal culture that raises awareness of the importance of working safely and training for emergency situations, through specific actions and activities. Management and prevention of production risks that could impact employees, the community and the surrounding environment. |  |
| 4. DIGITAL AND TECHNOLOGICAL INNOVATION | Ability to create innovation through planned research, the development of new technologies and the promotion of initiatives and programmes aimed at digitalisation. |  |
| 5. PRODUCT AND SERVICE QUALITY | Ability of Feralpi to ensure high quality standards in terms of products and services provided, and therefore the development of customer relationships based on trust, which encourage loyalty and provide satisfaction with the service provided, and not just the product sold. |  |
| MATERIALS FOR EXTERNAL STAKEHOLDERS | | |
| 6. HEALTH AND WELLBEING | Protection of the well-being of the Group's employees through management aimed at promoting healthy and beneficial lifestyles in people's daily lives, in terms of safeguarding their psycho-physical health and support for a healthy balance of life/work. |  |
| 7. POLLUTANT EMISSIONS | Management of pollutant emissions with a view to reducing impact and complying with current legislation. |  |
| MATERIALS FOR INTERNAL STAKEHOLDERS | | |
| 8. ECONOMIC SUSTAINABILITY AND VALUE GENERATED | Ability of the company to remain competitive in the market while complying with competition, economic and environmental standards, generating value for stakeholders. |  |
| 9. DEVELOPMENT AND EMPOWERMENT OF PEOPLE | Ability to develop professionals through the continuous honing of their skills. |  |
| 10. BUSINESS CONTINUITY | Ability to have a vision and continuous updating of the organisational processes so that it is possible for the company to adapt to the changes underway and to the related risks, connected to technological development on one side, and to sustainable development on the other. |  |

The 2021 materiality matrix



Reconciliation table

| MATERIAL TOPICS 2021 | GRI | LEGISLATIVE DECREE 254/2016 | INTERNAL SCOPE | EXTERNAL SCOPE | LIMITATIONS |
|---|---|--|--|--|--|
|  CLIMATE CHANGES AND ENERGY EFFICIENCY | 302 - Energy 305 - Emissions | Environmental issues | Feralpi Group (establishments for which the specific indicators are significant) | Scrap suppliers, finished product transporters | - |
|  CIRCULAR ECONOMY, WASTE AND USE OF MATERIALS | 301 - Materials 306 - Waste 307 - Environmental compliance | Environmental issues | Feralpi Group (establishments for which the specific indicators are significant) | Contractors for internal operations | Reporting is not extended to <i>outsourcing</i> and contracting companies that carry out internal operations |
|  CULTURE OF SAFETY AND PREVENTION | 403 - Health and safety at work | Aspects relating to personnel | Feralpi Group | Contractors for internal operations at the plants in Lonato, Calvisano, Nave, Riesa, Borgaro Torinese, Maclodio, Pomezia (for Presider), Rivoli (for MPL), Montichiari (for ecoeternit), Saint-Soupplets (for Presider Armature), Oran (for Feralpi Algerie), San Zeno Naviglio (for Caleotto) | - |
|  DIGITAL AND TECHNOLOGICAL INNOVATION | - | Social issues | Feralpi Group | - | - |
|  QUALITY OF PRODUCTS AND SERVICES | 417 - Marketing and labeling | Social issues | Feralpi Group | - | - |
|  HEALTH AND WELL-BEING | 403 - Health and safety at work | Aspects relating to personnel | Feralpi Group | - | - |
|  POLLUTING EMISSIONS | 305 - Emissions 307 - Environmental compliance | Environmental issues | Feralpi Group (establishments for which the indicators are significant) | Scrap suppliers, finished products transporters, contracting companies for internal processing and <i>outsourcing</i> of cold production) | Reporting is not extended to <i>outsourcing</i> and contracting companies that carry out internal operations |
|  ECONOMIC SUSTAINABILITY AND VALUE GENERATED | 201 - Economic performance 204 - Procurement practices | Social issues | Feralpi Group | - | - |
|  DEVELOPMENT AND EMPOWERMENT OF PEOPLE | 401 - Employment 404 - Training and education 405 - Diversity and equal opportunities | Aspects relating to personnel | Feralpi Group | - | - |
|  BUSINESS CONTINUITY | - | Environmental issues Social issues Aspects relating to personnel Respect for human rights | Feralpi Group | - | - |

| NON-MATERIAL TOPICS BUT RELEVANT TO LEGISLATIVE DECREE 254/2016 | GRI | LEGISLATIVE DECREE 254/2016 | INTERNAL SCOPE | EXTERNAL SCOPE | LIMITATIONS |
|--|--|-----------------------------|----------------|----------------|-------------|
|  INCLUSIVE LOCAL CULTURAL AND ECONOMIC DEVELOPMENT | - | Social issues | Feralpi Group | - | - |
|  INTEGRITY OF GOVERNANCE AND TRANSPARENCY OF BUSINESS | 205 - Anti-corruption 206 - Anti-competitive conduct 207 - Taxes | Anti-corruption | Feralpi Group | - | - |
|  HUMAN RIGHTS OF WORKERS | 412 - Assessment of respect for human rights | Respect for human rights | Feralpi Group | - | - |
|  MANAGEMENT OF WATER RESOURCES | - | Environmental issues | Feralpi Group | - | - |

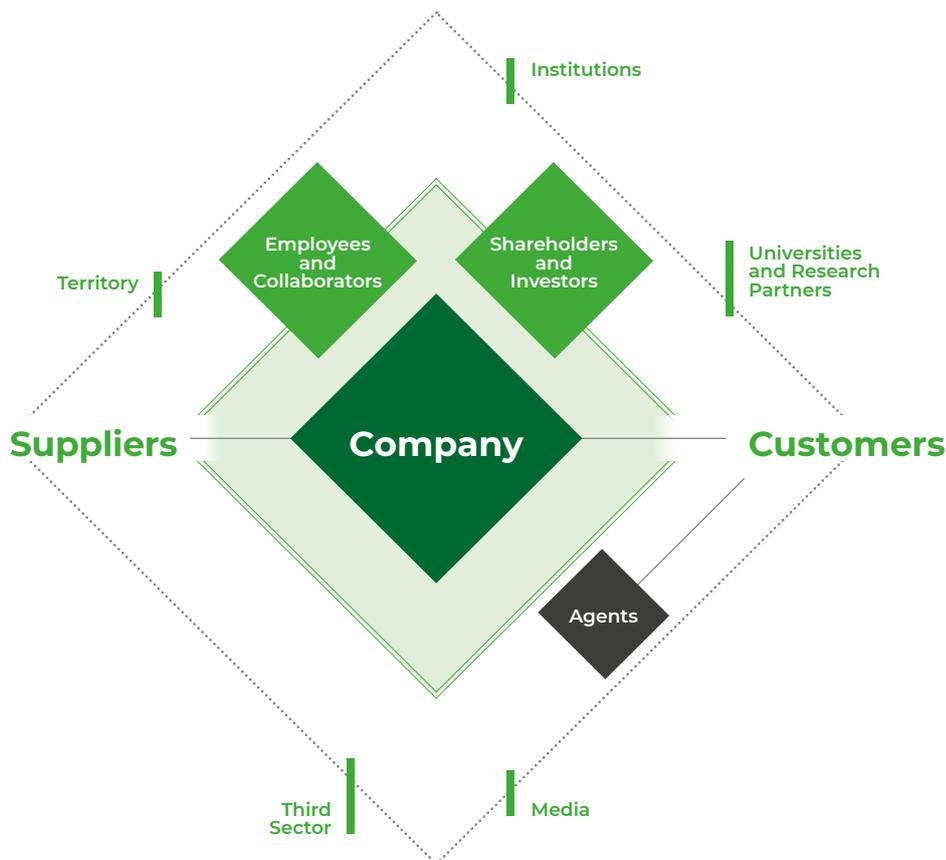
2.1.2.

Feralpi's stakeholders

(102-12, 102-13; 102-40; 102-42; 102-43)

It is also through its network of partners - composed of diverse organisations united by the shared goal of contributing to positive long-term growth - that Feralpi is able to ground its commitment to sustainable development.

In 2021, Feralpi updated its stakeholder map to better align with the reference context, thus including banks and insurance companies in the shareholders and investors category and emphasising research partners and universities in an independent category.



The New Stakeholder Management Policy

This update was promoted and defined during the preparation of the Group-wide “*stakeholder management*” policy, which aims to define and frame the Group's relations with its stakeholders in all activities and operations that find them connected.

Principles

- Listening
- Responsibility
- Transparency
- Collaboration

Commitments

- responding to stakeholder interests, preventing any critical issues;
- initiating processes of mutual contamination in terms of sustainable development;
- building trusting relationships that are long-lasting, stable and transparent;
- maintaining corporate reputation.

Responsibilities

The entire organisational structure of the Group is responsible for dialogue and mutual exchange initiatives with its stakeholders. Feralpi Holding's Sustainability and External Relations function acts as a Group-wide liaison with the aim of providing the right value inside and outside the Group, ensuring a coordinated approach.

Internal stakeholder engagement

In 2021, we proceeded with the definition of an internal engagement path capable of meeting the biennial listening event on the one hand and at the same time aimed at transforming listening into dialogue with a streamlining and renewal of engagement activities. With the ultimate goal of structuring a consistent and structured plan of listening, dialogue and action over time.

In the broader logic of ESG strategy, internal listening and dialogue are practices of sustainable business management in “*S*” (*social*) terms. However, within the survey, also monitored was as perceived in terms of *E* (*environment*) and *G* (*governance*), arriving at these main evidences:



| | | |
|--|--|---|
|  <p>ENVIRONMENTAL Great internal awareness of the Group's commitment to environmental sustainability</p> |  <p>SOCIAL Important value thrust in terms of inclusion and opening toward every kind of diversity. The company reputation in terms of sustainability and economic solidity is strongly perceived by all as distinctive, as is the dialogue with the territory</p> |  <p>GOVERNANCE Significant consideration of the importance of its role in order to achieve the company's sustainability goals</p> |
|--|--|---|

These are some aspects on which the corporate population suggests potential for improvement, such as:

- management of environmental impacts along the supply chain or of some individual plants;
- talent retention through skill development;
- mental and physical well-being of the employee;
- enhancement of diversity;
- awareness in terms of business strategy.

The Group then activated internal workshops to share results with ownership and executives to ground an initial action plan to be developed during 2022, with active input from Plant Managers, the HR Department, and the Sustainability and External Relations Department.

External stakeholder engagement

Engagement activities continued in 2021 with *Sustainable Dialogues - Feralpi's network* opened in 2020 to all Group stakeholders interested in developing an active and ongoing dialogue with Feralpi on sustainability issues. To date, the network has about a hundred members who have been involved over the course of 2021 several times:

- in January, in an initial exploratory survey designed to understand the issues of greatest interest, which was followed by a return of the results in the following months along with planning for future engagement activities;
- in July, in the first digital meeting dedicated to them to anticipate the release of the 2020 Non-financial Statement and 2020 results, however at the same time for sharing of views on material issues and the concept of dual materiality. On this occasion, proposed for 2022 was

the possibility of organising ad hoc tables on certain issues with specific categories of stakeholders;

- in October, in updating the materiality matrix.

Feralpi's participation in the world of associations

TRADE ASSOCIATIONS

- **Confindustria Brescia**, Industrial Association of Brescia
- **AIDAF**, Italian Association of Family Businesses
- **Federacciai**, Industry federation
- **Federmeccanica**, Trade union federation
- **Eurofer**, European Steel Association
- **Ramet**, Consortium for environmental research for metallurgy
- **A.N.SAG.**, National Association of Steel Shapers for C.A.
- **Assogrigliati**, National association among Italian manufacturers of electrowelded and pressed gratings made of steel and metal alloys
- **Wirtschaftsvereinigung Stahl**, German steel industry federation
- **Industrieverein Sachsen Chemnitz**, regional association of businesses of Saxony
- **Vereinigt Wirtschaftsforum Riesa**, local economic association
- **Deutscher Ausschuss für Stahlbeton e.V.**, Berlin, regional industrial association of Saxony - National committee for the setting of standards in German industry and the improvement and distribution of construction products
- **Regional Chamber of Commerce and Industry in Dresden**
- **SachsenMetall**, an association representing employers in the metal and electrical industry in Saxony

TECHNICAL ASSOCIATIONS

- **Fondazione Csr**, National study centre for corporate risk control and management
- **Riconversider**, Federacciai consultancy firm that deals with business organisation, technological innovation and financial management
- **Unsider**, Italian steel standards unification body for promoting the knowledge of national (UNI) and international (CEN and ISO) standards
- **AIM**, Italian metallurgy association
- **FEHS-Institut Duisburg**, building materials research institute, focusing mainly on the reuse and recovery of slag
- **BDSV**, Bundesvereinigung Deutscher Stahlrecycling-und Entsorgungsunternehmen e. V., German business union for steel recovery and disposal
- **ESN**, Entsorgungsgemeinschaft der Deutschen Stahl und NE-Metall-Recycling -Wirtschaft e V. German national association for the recycling of steel and non-ferrous materials
- **Sächsischer Hafen-und Verkehrsverein e.V. Dresden** Association for the management of ports in Saxony
- **ESTEP**, European Steel Technology Platform

2.2.

Business continuity

(103-2; 103-3)

For Feralpi, business continuity should be understood as the company's ability to manage crises and ensure agility in organisational processes through structured and efficient management systems. Such processes have been present in Feralpi for some time.

However, the continuous updates in the IT field, the evolution of extreme situations in terms of climate or the protection of human health, require continuous updates and adjustments and the active involvement of numerous company functions.

2.2.1.

Covid-19: second year of emergency

Feralpi Group continued its response to the SARS-CoV-2 health emergency, for which a specific task force had been formed and protocols for preventing the spread of Covid had been defined and revised.

In fact, the global pandemic continued in 2021, but the Group's sites were able to continue their production activities with all the necessary safety and hygiene measures, without any interruption of operations, however with careful management of shift schedules. In fact, the industry, as well as the Group, was not particularly affected during 2021, and it was possible to continue as usual. Thus, this has not led to the need to revise and/or set new targets or KPIs related to the effects of the pandemic, nor foresee potential development of business and company practices particularly related to working conditions.

Following the flow of contagions and the relevant regulations, the activities of monitoring, risk assessment, management of protective measures and related updating of procedures and protocols continued by HR functions together with the Covid Task Force, Plant Safety Officers and the relevant Directors, company doctors, function managers. Actions to safeguard worker safety were therefore maintained and optimised: from access rules, sanitising and cleaning activities to Greenpass control, an addition in 2021 that required widespread communication activities, exploiting not only the usual internal digital channels but also a specific "Covid 19" area specially prepared within the company intranet. Key content was also circulated through

posters in the most frequented places identified as suitable to avoid crowds during viewing.

According to the latest climate survey, more than 80% of respondents said they felt safe in the company in relation to the health emergency and its management in the Group. About 75% believe that the workplace is sufficiently safeguarded and that sanitary conditions in the company are maintained.

In terms of human resources, the effects of the pandemic thus lingered throughout the second year and brought with it new challenges: in fact, in addition to the actions put in place to ensure business continuity, new initiatives were activated in the Italian plants including the **vaccine awareness campaign** - which included the activation of a **specialised telephone counselling** service with doctors at the Spedali Civili di Brescia.

In Germany, on the other hand, the Covid 3G workplace regulation was introduced from November 2021, which made the swab a legal requirement. For this reason, a 24/7 center with a capacity of about 300 tests per day was activated at the Riesa plant. In addition to this, **two vaccination campaigns** were carried out during the year. These actions enabled more than two hundred employees of the company to be vaccinated.

Parallel to the measures to monitor and safeguard the health of workers, Feralpi has maintained - as long as necessary - remote work, with the gradual return of all functions to the company, in compliance with regulations and maintaining the obligation of protective PPE and personal protective barriers within the

work areas. In addition, the agreement with Fondazione Poliambulanza to perform - when deemed appropriate or necessary (e.g., when travelling abroad) - molecular n-f swabs (with swabbing performed within the company in-firmly and reporting the same day) remained active.

Distance and in-person training alternated throughout the year, always following the trend of infections and restrictions in place. Nevertheless, initiatives such as ITS and Sider+ (for which see Chapter 5.1) continued adapted to changing conditions. For school-work alternation and initiatives for employees' children, it was preferred to opt for a temporary suspension.

2.2.2.
The cost of energy and the suspension of production
 (102-10; 302-1)

The year 2021 was marked by a sharp increase in global gas prices and consequently electricity prices. These, also depending on the value of CO₂ quotas, have caused energy commodity prices to reach historically unreported peaks in Italy of even more than 400 €/MWh. Taking December 2021 as an example for comparison with the same month in 2020, there was an increase in the average monthly price of electricity of about 440%. After a slight decrease in January 2022, prices have returned to rise due to the conflicts that erupted in Eastern Europe, both for gas and electricity. As of today, the situation in the energy market is very uncertain and it is difficult to imagine how it might evolve. The war and political tensions are putting a strain on energy-intensive companies such as those in the Feralpi Group, which is trying to monitor and track developments on a day-to-day basis.

Despite such a scenario, between 2021 and early 2022 Feralpi has in essence maintained its own production normality, concentrating the production of certain departments on days and at time slots in which the cost of energy is less high and by carrying out some selective production shutdowns in the middle hours of the day, when the cost of energy was too high. As in previous years, each day in Feralpi the following

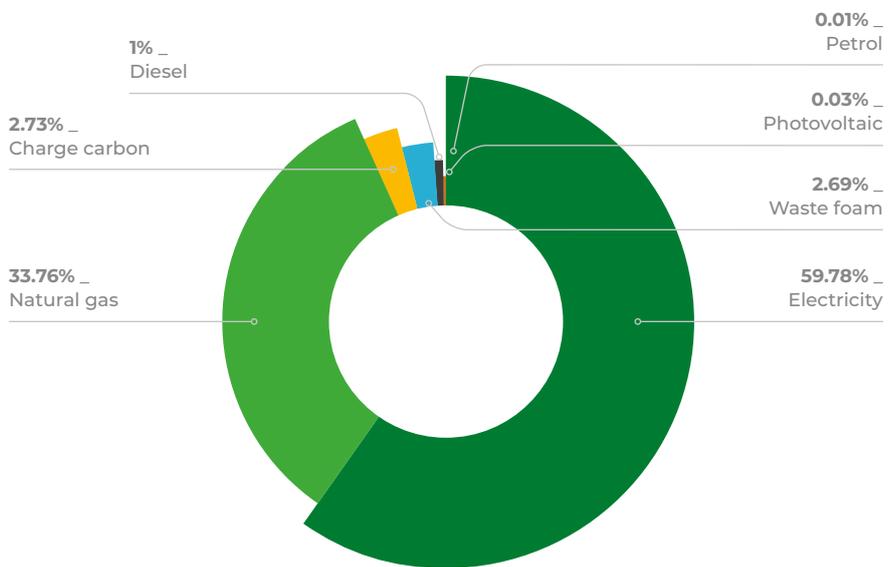
day's PUN⁷ is checked so as to identify the most expensive hours and manage production needs and their economic impact.

Electricity is in fact the main energy source in the steelworks (in 2021 accounting for 60% of total energy consumption), whereas natural gas is the main source in billet heating furnaces in the rolling mills (in 2021 accounting for 34% of total energy consumption).

leading companies and society to be increasingly dependent on technology – essential for business continuity but also riskier in terms of the vulnerability of information systems.

In 2021, Feralpi Group pursued a plan to secure data in response to possible cyber attacks. In addition to this technical aspect, the cyber strategy also includes internal awareness-raising actions aimed at a cultural change in the company and within the value chain

Use of energy by source, expressed in GJ (302-1)



Refer to the chapter "2.7 Baseline Indicators for Strategy and Management" to see the data on energy sources (GRI indicator 302-1) page 51

2.2.3.
Cybersecurity: management in security

The Covid-19 pandemic has resulted in expedited digitalisation, which is today

⁷ Single national price €/MWh.

Governance Cybersecurity

A new function within the IT department was created in 2021 with the aim of improving the Group's level of IT security.

The *Chief Information Security Officer* function with its team reports to the Group Information Systems Director and has the following responsibilities:

- Establish the Group's *cybersecurity* policies, communicate and implement them within the companies.
- Develop IT security plan and monitor control measures to identify/prevent potential vulnerabilities and threats to the organisation, and determine appropriate improvement actions.
- Establish and improve IT security processes/procedures to ensure implementation of required risk management measures.
- Monitoring the integration of IT/OT systems in accordance with data and information security policies.
- Planning and implementation of security awareness and training programmes for the entire workforce.

(specifically with suppliers), to respond to a new reality to which all employees at the private and professional level are exposed, thanks to the very fast development of new digital technologies and Industry 4.0. The main technical priorities are to map and improve *Information and Operational Technology* infrastructure and policies to share a strategy that spans all production and management areas of the company.

With a view to preventing economic and reputational risks, Feralpi has perfected and enhanced a continuous monitoring system aimed at identifying possible threats from cyberspace. The *cybersecurity* strategy plan encompasses the entire Feralpi Group and moves first over a 4-year time frame (2021-2024), accompanied by top-level specialised consultants and a dedicated new function within IT governance.

The centrality of employees plays a key role as, with the advent of digital, Feralpi's safety culture has expanded from the physical to the digital and global safety of plants and people, underscored by the **"I Am Safety"** campaign (refer to Chapter 5.2 "Safety Culture"). In this context, the "Move2G-Drive" project also has a key strategy: information has been migrated from *on-premise* file servers to the Cloud, to enable business continuity, the ability for continuous external and internal collaboration, with a view to business sustainability. The project to move SAP on Google Cloud Platform also strengthens the Group's *cybersecurity* strategy, as well as its environmental sustainability strategy.

Information security management is now a key element in ensuring business continuity.

2.2.4.

Logistics: between pandemic, sustainability and digitalisation

(102-10)

During 2021, the logistics industry was put under heavy stress worldwide and especially in Europe. The acceleration of economic recovery post-COVID, particularly in manufacturing, coupled

with shortages of raw materials and semi-finished goods, have put the entire transportation chain under strain. Examples of this are the exponential increase in freight costs worldwide, the shortage of personnel (mainly drivers) in the transport sector especially in Italy, the boom in requests for access to rail transport in Europe (as a substitute for road transport) that has brought rail freight into crisis, aggravated even by exceptional weather events that - especially in Germany - have brought the main rail hubs that handle the flow of goods to and from Italy to their knees for entire weeks.

It is therefore clear that if the reduction of the environmental impact of the transport sector must also come through a reduction in road transport, in favour of a growth in rail transport, a redesign of logistics is necessary both in the industrial sphere - with companies, whether producers or consumers, having to invest in order to have access to this mode of transport - and at the infrastructural level to upgrade the network, routes, and vehicles to be used for freight transport. All these aspects have led to an acceleration toward a digital transformation of logistics.

The project of *"Reorganisation of personnel/country logistics for the Covid-19 recovery"*, in Feralpi Siderurgica, to first respond to the critical issues that emerged during the health emergency, saw a general reorganisation of work with a division of roles and digitalisation of many aspects. In 2021, the implementation of a tracking system for all phases of goods entry/exit was completed, which enabled the definition of specific reports to monitor the number of vehicles handled daily and the time required to perform the various goods loading/unloading activities.

In addition, at ESF Elbe-Stahlwerke Feralpi GmbH, major investments in energy-saving and resource-efficient technologies have been analysed and prepared in 2021 to ensure the long-term continuity of business operations. These activities will make a positive contribution to the supply of environmentally friendly products and further improvement of the market position.

2.2.5.

The commodity crisis and the urgency of ensuring supply chain sustainability

(102-9; 102-10)

The first reason why the production chain in 2021 found itself in big crisis is mainly related to the management of the pandemic with impact on the free movement and availability of the workforce. However, many other connected reasons were also of impact, including the cost of energy, the sharp increase in the price of containers, and the crisis of raw materials.

The price of raw materials during 2021 saw very significant growth, reaching all supply chains, including steel, creating instability on the one hand and price volatility on the other.

During 2021, the price of ferrous scrap, net of cyclical fluctuations, experienced an underlying bullish trend, which accelerated in early 2022, and exploded due to the war conflict in Ukraine that effectively halted exports to the EU of scrap, pig iron, pre-shrinkage, ferro alloys and semi-finished products strategic to the Italian steel industry.

In Feralpi's case, it was particularly burdened by the impact of price increases in ferrous scrap and ferro alloys.

Added to the issue of quotations was the issue of scrap availability. Italy, which produces more than 80% of its electric furnace steel by melting scrap, is suffering from a chronic raw material deficit. In 2021, against domestic production of 24 million tons and scrap consumption of more than 20 million tons, net scrap imports were about 6 million tons (source: Federacciai).

For Feralpi, the crisis in raw materials (and therefore also in logistics) has impacted especially for products from non-European countries, such as China, India, Russia, and Korea, due to delays in delivery with consequent delays in timing. The strategy adopted was to increase the quantities of individual orders and to ask for order confirmation and information clause in case of delay, while not being sufficiently precautionary. In parallel, additional tactical actions were implemented in monitoring, order allocation, and alternative supplier selection.

Feralpi's main supply categories

ENERGY SOURCES (energy, methane gas and oxygen)

Feralpi's suppliers are large international players who can ensure security and continuity of supply and support in monitoring the market. The Group selects suppliers who have a common vision and with whom it can share ideas and projects for improving energy efficiency, creating relationships of mutual trust. Feralpi also works with ESCos (Energy Service Companies) to present and report on energy efficiency projects with a view to obtaining TEE (Energy Efficiency Certificates) to certify the actual savings.

SCRAP, SUBSIDIARY RAW MATERIALS AND STEEL PRODUCTS

For steel mills that have an electric-arc furnace (EAF), the most strategic and important suppliers are the ferrous scrap companies that must ensure constant, high-quality supply, as well as prices in line with the market, and suppliers of subsidiary raw materials.

For Group plants that deal with hot working or cold working, procurement may be intra-Group and therefore follow the arc furnace value chain or require the presence in the supply chain of other companies producing steel and other steel products.

TECHNOLOGIES AND PLANTS

Technology and plant suppliers are national and international companies with which Feralpi establishes co-design and partnership relationships, specialising in the construction of steel plants and services in general, based on the technological requirements and objectives of the projects, the degree of innovativeness, reliability and performance of the proposed process, with the aim of jointly developing processes and technologies.

SUBSTITUTE MATERIALS

More and more suppliers from other supply chains are offering innovative products for the development of viable circular solutions.

OTHER SUPPLIERS

This leaves external service providers or companies operating within the plants.

Ferrous scrap, HMS 1&2 (80:20) - FOB \$/t

Source: World Steel News - Metal Expert



Responsible management of the supply chain

In a general perspective, all steel raw materials represent a significant variable in the economic sustainability of a company, which in turn must respond to a much broader sustainable approach that takes into consideration the quality of the product that is closely linked to the quality of the raw materials (in addition to cost), as well as the environmental impact of production and related transportation.

Suppliers are selected based on technical and economic assessments, with priority given to suppliers able to ensure quality, adherence to delivery times and continuity of supply over time, but in line with a management approach increasingly oriented towards sustainable development. In fact, for some years, national and international scrap suppliers have been invited to provide information on sustainability aspects related to quality, the environment, health and safety and ethics. As far as qualification according to ESG criteria is concerned, in 2020, Feralpi used a digital platform of the Global Compact

Network Italy, which referred to the Ten Principles of the United Nations Global Compact and took into account the most relevant international standards and agreements on corporate sustainability. In 2021, on the basis of the work done over the years, an ad hoc questionnaire was developed internally, which in 7 parts contains over 70 questions on general and other specific aspects on human rights, labour, environment, corruption and quality. The procedure for the selection of non-Italian scrap suppliers will include a process for collecting environmental information. In Germany, a single questionnaire has been prepared for supplier qualification, in line with the integrated management system, which is sent to all suppliers of materials classified as relevant to the production process with the aim of monitoring aspects relating to quality, energy and the environment.

The Group, at the Italian level, is committed to increasing the percentage of scrap suppliers qualified according to these parameters and in Germany to increasing the percen-

tage of suppliers for whom a supplier assessment is binding.

At Feralpi, purchasing policies are shared at Group level with functional coordination by the Group Purchasing Department, particularly as regards the purchase of ferrous scrap, refractory materials, ferro alloys, electrodes and plants. Relations with suppliers of energy sources are managed directly by the Group Energy Department.

Relations with suppliers are governed by contractual agreements that require transparency, long-term collaboration and attention to product and service quality on both sides. Suppliers are required to comply with the Group's Code of Ethics, undertaking to adhere to the values and principles indicated, promoting awareness of them among their own employees and contractors. Acknowledgement and acceptance of the Code of Ethics are mandatory requirements for all Group purchase orders, in Italy and abroad. Furthermore, Feralpi in Italy follows the provisions of the Management and Control Model pursuant to Legislative Decree 231/2001.



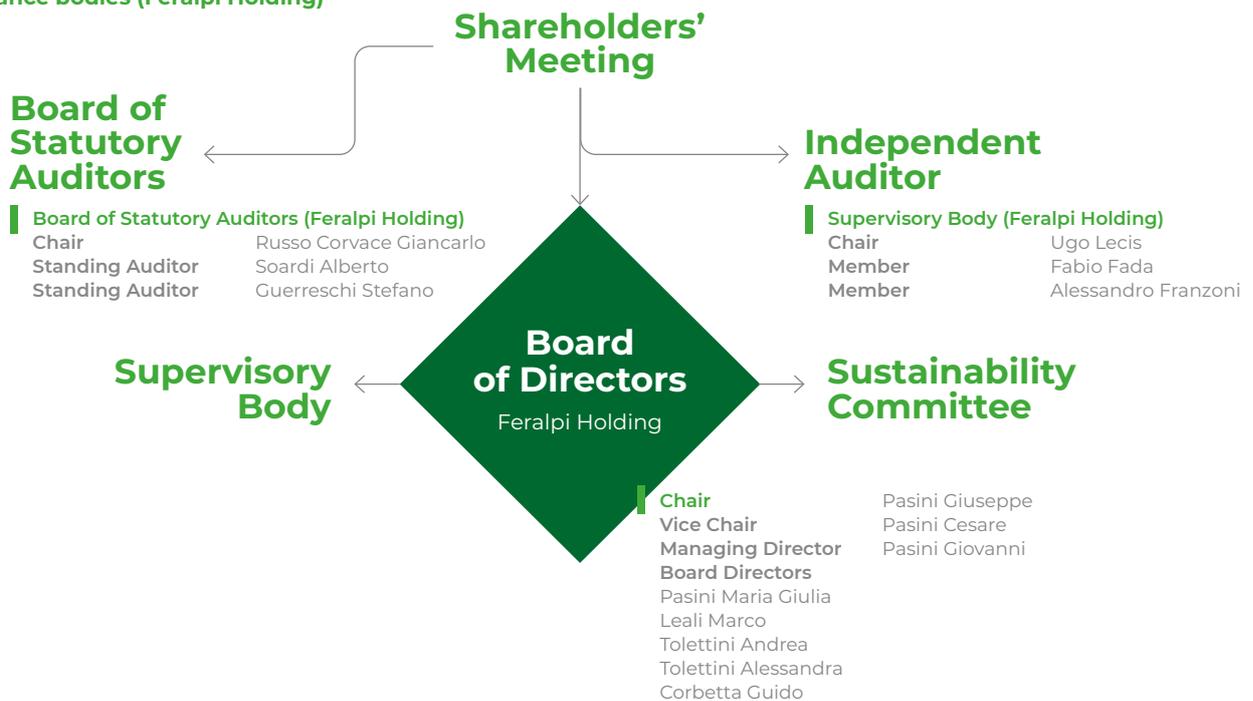
2.3.

Corporate offices, bodies and governance of sustainability

(102-5; 102-13; 405-1)

Feralpi Holding is controlled by stable family shareholders and has a traditional governance structure represented by the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors. Auditing is entrusted to an external company.

Governance bodies (Feralpi Holding)



Composition of the members of the Board of Directors of Feralpi Holding (405-1)



Please refer to the chapter "2.7 Baseline Indicators for Strategy and Management" to see the data on composition of Board members (GRI indicator 405-1) page 51

The Shareholders' Meeting appoints the Board of Statutory Auditors. The ordinary and extraordinary management of the company is the sole responsibility of the Board of Directors, which meets monthly. The Board members are selected on the basis of skills and experience gained at Feralpi, according to informal procedures based on trust relationships among shareholders, without any discrimination of gender, ethnicity or age.

The Board of Directors determines the Group' economic, social and environmental strategies in consultation with international market specialists and independent advisors.

2.3.1.

Sustainability governance

Feralpi has had an internal Sustainability Committee entrusted with governance of sustainable development since 2014.

It plays an advisory and supporting role for Feralpi Holding's Board of Directors, which is informed directly by the Group Chair, lays down guidelines for the development of the company's sustainability strategy, for the formulation of objectives and for the consequent executive management. In 2021, it was deemed necessary to provide for an update of the Sustainability Committee to include external members, in addition to internal members, in order to have a constant comparison with the context. While waiting for the new Committee to be officially established, there is now a pro-tempore Committee consisting of ownership and a few executives closely related to sustainability aspects.

The new Corporate Governance Code for Listed Companies has indicated sustainable success as the goal of corporate governance systems. In Italy, sustainability is increasingly integrated into corporate governance, and the sustainability committee must act as an internal stimulus and be a driver of sustainable business development.

The new Committee hypothesis that Feralpi is working on includes three external members, including one Chair, and six internal members. The role will be of management and control, and

internal components will then be responsible for implementing approved projects and drawing on specialised technical expertise by issue.

The sustainability function remains responsible for the entire process, taking a coordinating role for all ESG aspects and delegating to the relevant figures.

With a view to increasingly aligning the organisation with the Group's ESG goals, two new Group-wide business functions were established in 2021, in addition to the Sustainability and External Relations function: the Ecological and Energy Transition unit and the Group HSE unit, both of which report to the Group Chair and CEO. The two functions, with full operation starting in 2022, have as their goals:

- support the definition of Feralpi's inherent ecological and energy transition strategies, ensuring their implementation in all Group companies;
- coordinate the health, safety and environmental functions and related management systems of Feralpi companies, ensuring compliance with strategies and regulations, promoting the related dissemination of best practices.

Integrated Governance Index

Also in 2021, Feralpi participated in the **Integrated Governance Index (IGI)**, now in its sixth edition, along with 80 of Italy's leading companies (including 62 listed companies).

The IGI aims to express in a clear and concise way the positioning of companies in relation to key aspects of sustainability, such as the presence or absence of a sustainability committee, the existence of a remuneration policy linked to ESG parameters or the diversity of the board, thus taking a snapshot of the degree of progress in sustainability governance or integrated governance.

With this participation, Feralpi was awarded the *ESG IDENTITY - IGI COMPANY* label, a recognition for companies that have taken up the challenge of the *Integrated Governance Index 2021*. An indicator of consistency, commitment and vision: it attests to the company's ability to expose itself on ESG areas and activate a serious path of transformation and evolution.



Participation in major sustainability associations

In terms of sustainability, Feralpi is a member of the **United Nations Global Compact Network (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).

In addition, Feralpi is an active part of the professional network **Sustainability Makers** (better known as the CSR Manager Network), the **Sodalitas Foundation** and the **Symbola Foundation**, organisations committed to promoting and enhancing corporate sustainability. In addition to these are the participation in **AidAF**, the Italian Association of Family Businesses, the **Association Fabbrica Intelligente Lombardia**, the **National Cluster Intelligent Factory**, the **Association of Sustainable Infrastructure (AIS)**, the **Lombardy Mobility Cluster Association**, the **Green Economy Observatory** of the GREEN Research Center of Bocconi University, the **Klimaschutzunternehmen e.V.**, an excellence initiative of the German Federal Ministry of the Environment in which only companies that are committed to climate and environmental protection and pursue the goal of reducing CO₂ emissions can participate.

2.4.

ESG risks and management systems

(103-2)

The Board of Directors plays a central role in the risk management system, in terms of policy-making, evaluation of the process and of the systems in place, and is supported by all the *risk owners* in the main corporate functions, each according to their respective competencies.

Following a specific “*risk assessment*” process at Group level, in 2020, Feralpi began with the implementation of an *Enterprise Risk Management (ERM)* model. Risks have been defined as events, actions or lack of actions that may directly or indirectly impact the achievement of corporate objectives. When drafting the 2021 NFS, the Group carried out a context analysis in order to further investigate the main ESG risks identified by the analyses conducted in 2020.

During 2022, Feralpi will proceed with the update of the *Risk Assessment* previously carried out, so as to integrate the universe of Feralpi's ESG risks that can be considered relevant to the business, the findings of which will be represented within its upcoming sustainability reporting. In addition, this process will also include the identification of the main risk responses implemented in order to guard against and/or mitigate the effects generated by the occurrence of risky events.

2.4.1.

Environmental risks

Raw material: price fluctuation and availability of raw materials (level: high)
The effects of the Covid 19 pandemic on the supply chain, which manifested during 2021, led to a relative difficulty in the availability of raw materials and an increase in raw material purchase prices. In addition, the instability of the post-pandemic environment and the changing regulatory environment toward a green transition of the European economy contribute to market

Risk Assessment Process

It is with the specific path of “*risk assessment*” - carried out in 2020 - that Feralpi began its journey of implementing an *Enterprise Risk Management (ERM)* model.

The process has led Feralpi toward a Group-wide structured approach, spreading the risk management-oriented culture, as well as a change in management approach.

The process was carried out at Group level and involved various players, such as the Board of Directors, the internal functions responsible for the processes, the executives and top management of all the Group's Italian and German plants.

volatility, which may lead to further changes in the supply price, impacting the product cost structure.

In addition to the limited availability of materials and raw material cost inflation, the structure and limitations of logistics, resulting from unforeseen spikes in demand (e.g. increased demand for sea freight) or lack of resources (e.g. strike of rail transport workers) can also lead to production delays and fluctuations in product prices, potentially impacting supply obligations.

At the environmental level, **responsible management of raw materials** brings with it important opportunities in terms of the circular economy, but also risks related to competitiveness. In fact, Feralpi perceives the circular economy as a driver of business competitiveness. The Group has long invested in the recovery of residues from production processes for reintegration into them as raw materials or by creating synergies with other value chains, so that material recovery can become raw material in the EAF steel furnace production cycle, minimising waste production and thus reducing the cost of inputs.

Feralpi invests and works to reduce the environmental impact of its operations and, at the same time, to reduce production costs and mitigate any risks of unavailability of raw materials, thus enabling greater product competitiveness. However, integrating these measures within the production process may expose the Group to risks of unavailability of materials related to, for example, changes in the regulatory context or in the production practices/techniques from which these materials are derived.



For more information regarding the mitigation actions put in place by Feralpi, see the dedicated chapter: *"4.2 Circularity as a sustainable management model"* page 78

Radiation sources and radioactive materials (level: high)

At the plants equipped with smelting furnaces - Feralpi Siderurgica, Acciaierie Calvisano and ESF Elbe-Stahlwerke Feralpi GmbH - events with possible environmental repercussions include the risk of using radiation sources and the risk of melting radioactive sources.



For more information regarding the mitigation actions put in place by Feralpi, see the dedicated chapter: *"3.1 Product and service quality - Incoming controls"* page 58

Waste disposal (level: high)

It is important to monitor the risks associated with changes in regulations on the use of by-products reusable in the construction industry as part of a circular approach. The recovery of waste or maintenance of pavements and waterproofing, as well as the use of substances required for maintenance, are strategic issues in terms of circularity, use of landfill sites, and generation of impacts on the environment, especially in terms of soil pollution within the production site or groundwater.



For more information regarding the mitigation actions put in place by Feralpi, see the dedicated chapter: *"4.4. Environmental policies and management"* page 88

Energy sector dependence, price fluctuation and supply discontinuity (level: high)

Environmental risks have a direct impact on the economic sustainability of the business itself: some are closely related to the issue of energy - the main source of supply for the Electric Arc Furnace - in terms of possible disruptions due to today's geopolitical situation, but also price volatility or taxation for energy-intensive applications. In fact, the changing geopolitical context, which has led to an increase in the

cost of energy consumption, as well as regulatory developments, aimed at facilitating the transition of the energy system to the use of energy produced through renewable sources, have led to an increase in the risk of energy price volatility for the Group. The steel sector is particularly exposed to this risk, as it is energy intensive, and is therefore called upon to reduce the energy intensity of production, increase energy efficiency and use measures to continuously improve and decarbonise production processes.

Any interruption in the supply of energy in the required quantity and quality for the reasons stated above could lead to a halt in production, resulting in a delay in the fulfillment of contractual obligations.

In terms, on the other hand, of interruptibility and related renewal, i.e. the ability of the operator to interrupt the supply of energy at very high loads based on particular imbalances that may occur on the national grid, is no longer to be understood today as a risk over the short term but over the medium term, unlike what was found in the last risk analysis carried out.



For more information regarding the mitigation actions put in place by Feralpi, see the dedicated chapter: *"2.2.2. The cost of energy and the suspension of production"* page 32

Major accident hazards (level: high)

Within the framework of management of Major Accident Risks, full compliance with management measures and procedures makes it possible to prevent potential emergencies identified as *'top events'*, such as dust from steelworks fumes, or implications for the quality of water destined for discharge into surface water.

Uncontrollable/unpredictable phenomena leading to production stoppages - climate change (level: high)

Among the key uncontrollable risks, Feralpi has identified risks related to climate change, both physical and transitional. According to the Europe-

an Central Bank's Environmental and Climate Risk Guide, physical risks arise from the increase in the frequency and magnitude of natural disasters. They can be classified as "acute" if caused by extreme events such as droughts, floods and storms, and "chronic" if caused by progressive changes such as rising temperatures, sea level rise, water stress, biodiversity loss, land use change, habitat destruction and resource scarcity. Transition risks take into account the impact an institution may experience, directly or indirectly, as a result of the adjustment process to a low-carbon and more environmentally sustainable economy.

In these terms, Feralpi, although not located in high climatic risk areas, considers acute physical risk as one of the possible variables to be taken into account when assessing business risk, especially in terms of supplying incoming goods, meeting deadlines for outgoing products in addition to unpredictable workplace absences. In terms of chronic physical risks, Feralpi does not detect high-risk situations to date. However, over the long term, this will be a key aspect to consider, especially in terms of water stress and resource scarcity.

It is in terms of transition that Feralpi, as an energy-intensive company, notes the greatest risk. Indeed, dependence on the energy sector is the first critical element, in terms of price variability of energy resources. On the side is the possible difficulty for the entire market to adapt to the new technologies in place, which require economic investments that are sometimes too costly to sustain in the short to medium term.

Feralpi is also aware of its active role in climate change mitigation: while due to the specificity of its business, Feralpi inevitably contributes to the creation of climate risk; at the same time through the adoption of sustainable technologies and approaches the Group actively contributes to the reduction of that risk.



For more information regarding the mitigation actions put in place by Feralpi, see the dedicated chapter: "4.1. Emission reduction and adaptation to climate change" page 70

Risks related to regulatory compliance in ecological transition (level: medium)
As part of the development of ESG risk assessment and monitoring activities, for 2021, Feralpi Group took steps to further investigate risks related to regulatory compliance in the environmental field.

In recent years, as new scientific evidence has arisen, the European Union has re-evaluated its goals, paying particular attention to the environmental aspect. Evidence of the importance given by European institutions to environmental protection is the issuance of a series of Directives and Regulations, such as, for example, EU Regulation 852/2020 and EU Directive 95/2014, which follow up on the ecological transition by encouraging the development of environmentally sustainable economic activities. Evolving supranational

regulations, however, mean that companies run the risk of not aligning with new requirements in a timely manner, which can have a negative impact on corporate business. In this context, all organisations, and particularly energy-intensive ones, find themselves having to take new measures in order to ensure alignment with what is required by the regulatory framework, while avoiding preclusion from opportunities arising from compliance.

The increasing relevance of environmental issues means that national, supranational and international regulations are becoming increasingly stringent for the purpose of environmental protection. Such constraints could lead to higher organisation costs and activity limitations.

Compliance risks also include those related to the uncertainty of CO₂ emission price developments under the ETS to which Feralpi is subject. In this sense, the changing political-regulatory environment could lead to higher energy costs. In fact, according to the Commission's proposal for the revision of EU ETS Phase 4, the amount of carbon allowances distributed is expected to gradually decrease in order to increase the cost of emissions produced and meet climate targets.

In addition, the European Commission's proposal for the adoption of a *Carbon Border Adjustment Mechanism* would impose additional costs on imports of carbon-intensive products. This mechanism, proposed in July 2021, in fact provides for EU importers to acquire carbon certificates corresponding to the carbon price that would

| | PHYSICAL | | TRANSITIONAL | |
|----------------------------------|---|---|---|---|
| | Climate | Environmental | Climate | Environmental |
| Interesting risks | <ul style="list-style-type: none"> • Extreme weather events | <ul style="list-style-type: none"> • Water stress • Scarcity of resources | <ul style="list-style-type: none"> • Regulatory compliance • Technology | <ul style="list-style-type: none"> • Regulatory compliance |
| Market risks | <ul style="list-style-type: none"> • Risk of price volatility | | <ul style="list-style-type: none"> • Risk of technological investment, increased prices for energy supply | |
| Operational risks | <ul style="list-style-type: none"> • Risk of production stoppage or lower production efficiency due to logistical and people management difficulties | | <ul style="list-style-type: none"> • Risk of supply instability | |
| Business continuity risks | <ul style="list-style-type: none"> • Risk of temporary production stoppage or production slowdown | | <ul style="list-style-type: none"> • In case of delays or sudden introduction of climate policies there would be a very high risk of continuity over the long term | |

have been paid if the goods had been produced according to EU carbon pricing rules.



For more information regarding the mitigation actions put in place by Feralpi, see the dedicated chapter: "2.2.2. The cost of energy and the suspension of production" page 32

2.4.2.

Risks relating to personnel

Occupational health and safety risk (level: very high)

The health and safety of workers - the top risk for the Group - translates concretely into all those risks specific to each individual production operation, from risks associated with chemical agents, physical agents, biological agents, work environments, equipment, plant, fire and explosion to major accident risks (the latter only for Feralpi Siderurgica and Acciaierie di Calvisano). In parallel to these, there are also risks related to health protection, safety culture and care for mental and physical well-being.



For more information regarding the mitigation actions put in place by Feralpi, see the dedicated chapter: "5.2. Safety culture" page 114

Cybersecurity risk (level: very high)

As administrative and production processes become more interconnected and digitalised, *cyber* risk has direct impacts on business continuity as a whole, but also implications in terms of protecting data, personal and otherwise, and protecting the privacy of individuals.

Cyber-attacks and human errors with respect to IT (*Information Technologies*) and OT (*Operation Technologies*) systems could undermine the confidentiality of information, its reliability and integrity, and also the corporate reputation and the business of the organisation in general.

The repercussions resulting from failure to comply with regulatory requirements involve the risk for data controllers to be sanctioned and the loss of reliability. At the same time bringing important repercussions in terms of the working relationship between employer and employee.



For more information regarding the mitigation actions put in place by Feralpi, see the dedicated chapter: "2.2.3. Cybersecurity: management in security" page 32

Lack of professionalism and/or skills (level: medium)

In an increasingly cutting-edge, more technological and faster-paced marketplace, risks may emerge related to the organisation's difficulty in attracting or developing the skills needed for the business or the loss of appropriate professionalism or specific core competencies.



For more information regarding the mitigation actions put in place by Feralpi, see the dedicated chapter: "5.1 Development and enhancement of skills" page 110

Possible unpredictable and catastrophic events (level: medium)

As with environmental risks, unpredictable and catastrophic events such as a pandemic or catastrophic environmental event can adversely affect the health and safety of people and the continuity and efficiency of production. In fact, a high level of absenteeism due to phenomena impacting people's health and safety can contribute to a shutdown of the production system, resulting in delays and non-fulfillment of contractual obligations.



For more information regarding the mitigation actions put in place by Feralpi, see the dedicated chapter: "2.2.1. Covid-19: second year of emergency" page 31

Violation of human rights or discrimination

Less significant for the Group are risks relating to the topic of inclusion and integration, due to discrimination for reasons of nationality, religion, gender or age, as well as risks relating to the protection of human rights.



For more information regarding the mitigation actions put in place by Feralpi, see the dedicated chapter: "5.3 Human Rights and Diversity" page 117

2.4.3.

Social risks

Failure to comply with antitrust regulations (level: very high)

In social terms, the most significant risks involve market-related aspects, such as non-compliance with antitrust regulations that could lead to significant economic penalties and possible damage to the organisation's reputation.



For more information regarding the mitigation actions put in place by Feralpi, see the dedicated chapter: "2.5. Organisational model and management systems - Antitrust Manual" - page 43

Production stoppages resulting in delays on orders (level: high)

Business non-continuity for unforeseeable events such as climate change and pandemics inevitably has repercussions in terms of upstream and downstream supply chain resilience.



For more information regarding the mitigation actions put in place by Feralpi, see the dedicated chapter: "2.2.5. The commodity crisis and the urgency of ensuring supply chain sustainability" page 34

Risks associated with scrap suppliers (level: medium)

Scrap is a strategic raw material for Feralpi Group and for its continuity in terms of business: responsible management of relations with suppliers, as well as careful work to control the quality of the raw material are key aspects to prevent possible risks. Closely related to these are then the possible impacts on the final quality of the product and service (high), which could result in subsequent customer dissatisfaction if handled incorrectly.



For more information regarding the mitigation actions put in place by Feralpi, see the dedicated chapter: "Chapter 2.2.5. The commodity crisis and the urgency of ensuring supply chain sustainability - Responsible supply chain management"; "3.1. Product and service quality" page 34-58

Risks related to the local community and the territory where the Group's plants are located are not significant.

2.4.4.

Corruption risks

Risk of fraudulent conduct ("employment fraud", corrupt conduct, embezzlement and/or «financial statement frauds»)

Risks related to non-compliance with anti-corruption compliance, the resulting economic sanctions, possible reputational damage, or non-compliance with the Group's ethical principles are not considered an urgency or critical issue to date, but still fall within the macro fraud risk considered to be of medium magnitude.



For more information regarding the mitigation actions put in place by Feralpi, see the dedicated chapter: "2.5. Organisational model and management systems - Managing and combating corruption" page 43

2.4.5.

Human rights risks

Cybersecurity risk (level: very high)

The human rights that are immediately attackable are the right to health and the right to self-determination. In its broadest sense, the failure to protect human rights in a company operating at the European level in a regulated system can be related to *cybersecurity risk*: any cyber attack, in addition to causing huge impacts on business continuity, can result in a poor working environment, the undermining of the privacy of group personnel and labour relations, thinking, for example, of the mismanagement of a video surveillance or monitoring system for workers.

Risks related to human rights in the supply chain do not appear to be significant for the geographic region to which the Group's suppliers belong nor, more broadly, do risks related to discrimination by any type of diversity.



For more information regarding the mitigation actions put in place by Feralpi, see the dedicated chapter: "5.3 Human Rights and Diversity" page 117

2.5.

Organisational model and management systems

(102-16; 102-18; 206-1)

With the aim of taking into account the issue of sustainable development - and thus its risks and opportunities - and lowering it into all business processes to achieve the goals of the business plan, there is in Feralpi an organisational and corporate governance model capable of assigning specific tasks and responsibilities to the main corporate governance bodies.

Code of Ethics

During 2021, **Feralpi Holding's Code of Ethics** was updated, following the process of updating the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 and the drafting of the Group's new human rights policy. The Code of Ethics is the charter of rights and duties of the entire Group in which the ethical and social responsibilities of the company - internally and externally - and the values it adopts are defined.

Management Model

For each company in the Group⁸ there is a specific **Organisation, Management and Control Model (OMCM)** pursuant to article 6 of Legislative Decree 231/2001, as amended and supplemented: a document approved by the Board of Directors, containing general principles and specific rules aimed at ensuring conditions of transparency and fairness among all those who work within it and on its behalf. The OMCM allows individual companies to prevent and counteract the commission of predicate offences thanks to the correct planning of activities, a system of self-control and constant supervisory action on the areas of activity and enables individual companies to take prompt action to prevent and combat the commission of offences through constant supervisory action on the areas of activity at risk carried out by the Supervisory Body.

During 2021, the Models of Siderurgica and Holding were updated to comply with recent regulatory changes that have occurred regarding the introduction of new predicate offenses. This

will be followed in 2022 by Acciaierie di Calvisano, Caleotto, and Arlenico, and then all the others.

Companies operating in Germany are regulated by the Business Establishment Act (BetVG), which provides the right to participate in decision-making through the works council. In this model of corporate governance, employees and works councils are involved, at the same time exercising control and having information, consultation and veto rights. In addition, Feralpi has concluded collective agreements with the IG Metall union in Germany.

Antitrust Manual

Feralpi has drawn up an Antitrust Manual, accompanied by an operational handbook containing all the **principles and guidelines** for the personnel who maintain relations with third parties on behalf of the Group companies. The antitrust programme is updated and implemented every two years. In view of the risks found and the management methods in place, it is not considered necessary today to envisage further internal actions to increase awareness of this issue, in addition to the planned annual training session and audit with the staff most exposed to risk: in 2022, when the manual and operational vademecum are renewed, training for managers is planned.

Non-Italian Group companies regularly comply with the regulations in force in their countries and also join Feralpi Group compliance by adopting the same principles and values. In Germany, ESF Elbe-Stahlwerke Feralpi GmbH is an active participant in the Wirtschaftsvereinigung Stahl, the national federation of German steel companies through which all aspects related to fair

⁸ Italian perimeter, excluding Ecoeternit.

competition are identified and handled, in full compliance with all related guidelines and regulations.

In the three-year period 2019-2021, there are no facts or sanctions in this regard.

Supervisory Body (SB)

The Board of Directors appoints the Supervisory Body - a collegial body composed of two or three members, among whom the Chair is appointed - from which it in turn receives reports of critical issues coming from it, in compliance with the Management and Control Model drawn up in accordance with Legislative Decree 231/2001. At Acciaierie di Calvisano and in Nuova Defim the Supervisory Body, unlike in the other plants, is a single-member body. Nine Supervisory Bodies (SBs) are operational at 31 December 2021, in Feralpi Holding, Feralpi Siderurgica, Acciaierie di Calvisano, Nuova Defim, Fer-Par⁹, Presider, MPL, Caleotto and Arlenico, respectively. The holding company's Supervisory Body operates in collaboration with the supervisory bodies of all Italian Group companies.

For the Group's foreign companies, no Supervisory Bodies are put in place, since the Model 231 is not applicable, and the monitoring system is entrusted to the national law system and the competent authorities to whom the complaints are reported. No reports of violations of the organisational model or of the Code of Ethics were received during the period considered.

Whistleblowing

All Italian Group companies with **Model 231** in place have a special procedure for handling whistleblowing¹⁰. During 2021, internal communication was promoted among the corporate population of Feralpi Holding, Feralpi Siderur-

gica and Acciaierie di Calvisano, in line with some updates related to the 231 Management Model, with the aim of promoting this procedure, explaining conditions and then giving visibility of the different communication channels. Other Group companies will be informed jointly with the organisational model update programme.

At Feralpi Stahl, given a more complex national regulatory environment, a process for whistleblowing has not yet been established. Although Germany has signed the main conventions in the field of anti-corruption, it has not fully ratified them, leaving some regulatory gaps on very relevant profiles including, precisely, the protection of the Whistleblower. The protection of whistleblower workers is contained in a plurality of laws, such as freedom of conscience, freedom of expression and information, and the general right of action¹¹. During 2021, no reports were received by the Supervisory Bodies.

Managing and combating corruption

The Group combats all forms of malfeasance and prevents corruption crimes in full compliance with applicable laws and national regulations. The commitment at Group level is grounded in the Group's Code of Ethics, which also refers to potential risk due to corruption, stressing principles of **Transparency, Truth and Honesty** and appropriate conduct in relationships with government departments. Specifically in the Italian context, in relation to the crimes of Corruption towards the Public Administration and Corruption between private individuals, Italian companies (excluding Ecoeternit) find references in the Model relating to Legislative Decree 231/2001. The methods for managing sensitive activities and the related responsibilities are described in various procedures and refer in terms of reporting to the Supervisory Bodies of each company. Ecoeternit, in line with its size and specific characteristics, operates in synergy with the information defined at Group level.

There is also an internal procedure that governs relations with the Public Administration: regulation applied, for example, by assigning powers to delegate, sign and access accounts to specific executive roles only, and for specific transactions.

Companies that participate in public tenders indirectly provide specific training for commercial personnel to prevent acts of corruption between private parties.

Companies operating in Germany follow the requirements of the German legislation, which requires them to provide detailed information to the State on specific aspects potentially connected to corruption and money laundering risks, which are then checked and verified. The double-checking principle is also applied, whereby several members of company staff cross-check information.

What is expressed in the Code of Ethics and Management and Control Model 231/2001, as well as what is required for companies participating in public contracts and what is imposed by Italian and German regulations, are fundamental and sufficient for optimal management by the Feralpi Group.

This approach is also the key to fighting corruption in terms of the supply chain: the Group's suppliers are in fact invited to accept the Code of Ethics and the values expressed therein.

Privacy Management

Feralpi Group constantly monitors regulatory and enforcement practice developments in the area of personal data protection with the goal of implementing adjustment actions that lead to continuous improvement of the personal data protection system. In addition, based on the company's level of exposure, to the risks of loss of confidentiality, integrity and privacy of personal data, all Feralpi Group companies implement appropriate technical and organisational security measures to strengthen the protection of processed personal data, in accordance with the principle of accountability.

In the year just ended, dialogue continued between the Group's various sectors and with production facilities in Italy and Germany, in order to maintain the focus on data protection and security issues.

Increasing digitalisation, which has accelerated in all sectors partly as a result of the pandemic, has led to an in-

⁹ Fer-Par and Feralpi Profilati Nave continue to operate as legal entities and their associated data reporting includes only economic data. The SB at Fer-Par will continue to be active for 2021 and 2022 for particular aspects related to AIA (Integrated Environmental Authorisation).

¹⁰ The term "offences" means the commission - or possible commission - of an offence for which the liability of Entities is applicable pursuant to Legislative Decree 231/2001. The term "irregularity" means any violation of the rules laid down in the Feralpi Holding SpA Code of Ethics and/ or Organisational Model.

¹¹ <http://anticorruzione.eu/>

crease in the risk associated with cyber threats. As of today, in fact, an increasing number of threats in the “cyber” sphere resulting from the evolution and growing complexity of information systems and greater vulnerability of applications and ICT infrastructures also requires entities such as Feralpi to equip themselves with systems and procedures capable of guaranteeing high levels of security in the processing of data and information inside and outside the organisation. The measures are aimed at protecting privacy and data security of customers and suppliers, including their employees, on the one hand, and data protection of workers on the other.

As a result of the growing demand for reliability and compliance with specific requirements by Feralpi Group's largest customers, new business models that have created an context in which

data and information are widely shared and interconnected, as well as the sophistication, speed and impact of cyber attacks, the level of risk management complexity has increased, with negative consequences on two fronts: privacy and security.

The Group takes all the necessary precautions to minimise the risks inherent in the services it offers, implementing and adopting the best security standards and also turning its attention to the market to identify the appropriate tools to protect the technological structure in order to ensure confidentiality, integrity and availability of the company's information assets.

The year 2021 was focused for Feralpi on the consolidation of security and data protection policies with specific reference to *cybersecurity*, which resulted in a roadmap and the preparation of policies on secure data deletion and decommissioning of equipment, management of update patches for system security, and a mapping of the group's IT infrastructure, a process necessary to lead in 2022 to the definition of an updated and more resilient organisational model for information security.

In order to best safeguard and protect the data and information it handles, Feralpi Group has carried out all the activities required by the European Regulation 679/2016 (GDPR). Since 2018, in compliance with the regulatory framework defined by the European Regulation 2016/679 (GDPR - General Data Protection Regulation), Feralpi has a Group DPO (Data Protection Officer), with the main role of guidance, coordination and liaison with the individual legal entities. In Germany, the specifics of the German framework have led to the identification of an on-site DPO, who works in close coordination with the Group DPO.

As a testament to the Group's commitment to safeguarding data and information, during 2021, no complaints were received regarding customer privacy breaches or data loss.

During 2021, there were no *data breach* incidents, unlike in 2020, when there was one incident, which caused no major consequences. A request for the exercise of rights was received from a data subject, which was handled according to current regulations.

| GROUP POLICIES | | |
|--|----------------------|--|
|  ENVIRONMENTAL ISSUES | Energy | Different policies for establishments |
| | Environment | |
| | Safety | |
|  SOCIAL ISSUES | Diversity | Group Policy present |
| | Personnel | Policy not present |
| | Suppliers | |
| | Quality | Group Policy present - Italy only |
| | Charitable Donations | Group Policy present |
| | Cybersecurity | Group Policy present - 2022 |
|  CORRUPTION | Corruption | Policy not present |
|  HUMAN RIGHTS | Human Rights | Group Policy present |
|  TRANSVERSAL ASPECTS | Antitrust | Group Policy present |
| | Investments | |
| | Privacy | |
| | Stk Engagement | |
| | Social Media | Group Policy present - Italy only |

Certifications

| | SYSTEM | PRODUCT |
|--|--------|---------|
| FERALPI SIDERURGICA | | |
| UNI EN ISO 9001 | x | |
| CERTIFICATION OF MINIMUM RECYCLED CONTENT | | x |
| UNI EN ISO 14001 | x | |
| EMAS | x | |
| UNI ISO 45001 | x | |
| UNI EN ISO 50001 | x | |
| SUSTSTEEL | | x |
| EPD | | x |
| END OF WASTE End of Waste Compliance with Regulation (EU) 333/2011 | x | |
| SYSTEM CE 2+ GREENSTONE | | x |
| ACCIAIERIE DI CALVISANO | | |
| UNI EN ISO 9001 | x | |
| UNI EN ISO 14001 | x | |
| TUV Certificate PED AD2000W 0 Risk and safety control for pressure equipment | | x |
| PRESIDER | | |
| UNI EN ISO 9001 | x | |
| UNI EN ISO 17660-1 (load-transmitting welds) | | x |
| UNI EN ISO 17660-2 (non-load-transmitting welds) | | x |
| AFCAB NF-Armatures | | x |
| PRESIDER ARMATURES | | |
| AFCAB-POSE | | x |
| AFCAB NF-Armatures | | x |
| METALLURGICA PIEMONTESE LAVORAZIONI | | |
| UNI EN ISO 14001 | x | |
| UNI EN ISO 9001 | x | |
| UNI EN 1090-1 | | x |
| NUOVA DEFIM | | |
| UNI EN ISO 9001 | x | |
| UNI EN 1090-1 | | x |
| CALEOTTO AND ARLENICO | | |
| UNI EN ISO 9001 | x | |
| ESF ELBE-STAHLWERKE FERALPI GMBH | | |
| DIN EN ISO 9001 | x | |
| DIN EN ISO 140001 | x | |
| EMAS | x | |
| DIN EN ISO 50001 | x | |
| Entsorgungsfachbetrieb ¹² | x | |
| FERALPI STAHLHANDEL GMBH | | |
| DIN EN ISO 9001 | x | |
| DIN EN ISO 50001 | x | |

¹² German certification attesting to the capacity of FERALPI STAHL to be a disposal company, in line with the requirements of the National Waste Management Ordinance.

| | SYSTEM | PRODUCT |
|------------------------------|--------|---------|
| FERALPI LOGISTIK GMBH | | |
| DIN EN ISO 9001 | x | |
| DIN EN ISO 50001 | x | |
| FERALPI-PRAHA S.R.O | | |
| UNI EN ISO 9001 | x | |
| FERALPI-HUNGARIA KFT | | |
| UNI EN ISO 9001 | x | |
| ECOETERNIT | | |
| UNI EN ISO 14001 | x | |
| UNI ISO 45001 | x | |

By 2022, it is planned to obtain UNI EN ISO 14001 certification for Presider, obtain UNI EN ISO 50001 in Calvisano, and UK CARES certification for Presider Armatures. It is also planned to set up management system to plan a subsequent path to UNI EN ISO 14001 certification and to follow UNI ISO 45001

in Caleotto and, only for the latter in Presider and MPL. A project has also been initiated for the Lonato del Garda, Calvisano and Caleotto plants to certify according to ISO 14064-1:2018 and UNI EN ISO 14067:2018 Organisation Carbon Footprint (CFO) and Product Carbon Footprint (CFP), respectively.

2.6.

Economic sustainability and value generated

(103-2; 103-3)

2.6.1.

Group financial performance (€/1,000)

(201-1)

Added value is the wealth produced by Feralpi that is distributed to the various stakeholders - personnel, lenders, public administration, community - in different forms.

In 2021 the gross overall value added amounted to Euro 387.0 million, while the net value for the stakeholders comes to Euro 336.2 million. The breakdown of the net global added value sees a greater concentration in capital strengthening (47%), followed by the remuneration of staff (26%) and the

Public Administration (25%). Euro 3.9 million have been allocated to lenders and Euro 3.5 million to the community.

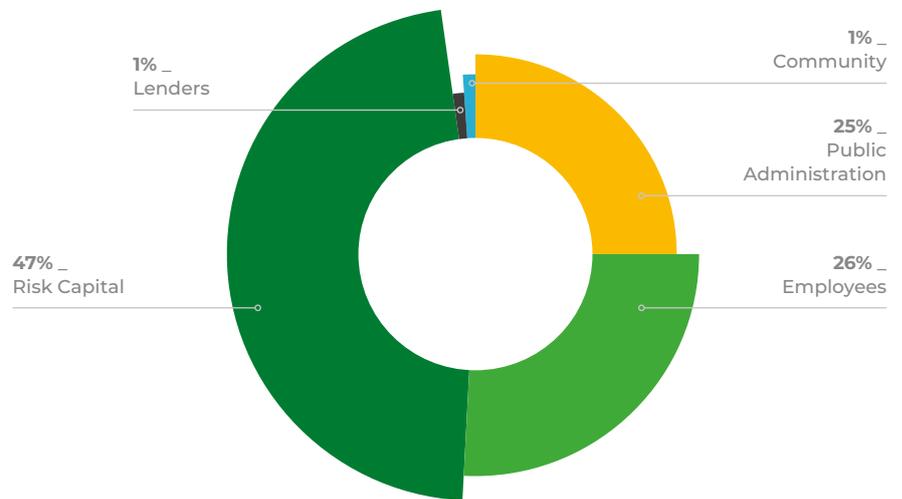
Compared to 2020, global net value added increased by 168.3%. This significant growth was driven mainly by sales price trends and was accompanied by significant growth in sales volumes. Likewise, there was an increase in the purchase cost of major commodities used for production, especially scrap, electricity and natural gas. This increase was particularly important in the final part of the year.

2021 depreciation is in line with the values reported in the year 2020.

Gross overall value added (€/1,000) (201-1)



Distribution of net overall value added to stakeholders (201-1)



2.6.2. Public and private funding for a green transition

(201-4)

Feralpi pursues its commitment to reducing environmental impacts also thanks to the adoption of green financial instruments capable of combining business development with sustainability.

The relationship with different financial institutions is based on a dialogue to:

- identify the most appropriate solutions for financing business plan investments in terms of the amount and duration of financing lines;
- activate investments and use financing instruments that prioritise aspects of sustainability, circularity and decarbonisation.

In these terms, in 2021 Feralpi signed with a pool of institutions a 100 million loan (club deal) intended, among other things, to cover the group's 2021-2025 investment plan to finance strategic interventions in Italy aimed at concretising the ecological and energy transition including through research, development and technological innovation projects related to the implementation of circular and decarbonising industrial models. This financing sees an improvement in the margin sustained by

Feralpi where the decrease in tons of CO₂ emitted per ton of finished product is confirmed.

The intervention is part of the broader financing plan for the entire Feralpi Group, which was inaugurated at the end of 2021 with the granting to ESF Elbe-Stahlwerke Feralpi GmbH, Feralpi Stahlhandel GmbH and Feralpi Logistik GmbH of multiple loans totalling 90 million from Unicredit Bank AG and Bnp Paribas Niederlassung Deutschland on credit lines made available by KfW, Kreditanstalt für Wiederaufbau (the equivalent of Italy's Cassa di Risparmio di Venezia) to finance strategic projects. KfW has granted an advantageous rate for investments whose related CO₂ emissions are significantly lower than traditional technologies.

Regarding past funding linked to ESG performance, this is the status:

- Positive loan proposed by BNL Gruppo BNP Paribas that provided for the reduction of direct emissions intensity (EU ETS) - on 31 January 2022, it was replaced with a pool loan having the objective of lengthening the average maturity of loans and streamlining the management of contractual relationships.
- Intesa Sanpaolo financing in 2021 with the first CE-linked interest

rate swap¹³ in the Italian market, which includes a commitment to a progressive reduction of the Feralpi Siderurgica environmental footprint through circular processes and energy transition. The financing sees as a KPI for improvement for the Lonato del Garda plant the percentage of waste recovered and disposed of out of total waste (increasing from 79.5% in 2019 to 91.37% in 2021 thanks to some particularly high-performing projects continued during the year), the percentage of Italian scrap suppliers qualified according to ESG criteria (going from 91.5% in 2020 to 94.8% in 2021), and an update of the internal governance system in terms of Model 231 (see Chapter 2.5. "Organisational model and management systems").

Sustainable finance instruments actively contribute to achieving the goals of Agenda 2030 and specifically Goal 3, Goal 8, Goal 9, Goal 12, Goal 13.

Public funding received from the government amounted to Euro 19,616,643.

2.6.3.

Feralpi's fiscal responsibility

(207-1, 207-2, 207-3, 207-4)

For a company, participating in the economic and social development of a country means not only investing in the area and creating employment, but also contributing through tax payments.

For years, the Italian companies of the Group have participated in the national tax consolidation scheme regarding direct taxes and since 2021, they have also participated in the Group VAT scheme. The Group prepares consolidated financial statements for tax purposes and pays Group VAT. The individual companies operate in compliance with local tax regulations.

To date, the Group has not received any requests from its stakeholders regarding tax issues. Should they be received, they will be dealt with by the corporate functions Feralpi provides the authorities in charge of controlling fiscal aspects with all necessary information in terms of completeness, correctness and timeliness in line with the principles outlined in the Group's Code of Ethics.

The Administration and Finance Department of the parent company is responsible for managing tax aspects and performs a supervisory, guidance and coordination function with regard to intragroup transactions. The Administration and Finance departments of each individual subsidiary are responsible for compliance. Tax-related risks are analysed and managed in accordance with the Company's overall *Enterprise Risk Management* model.



Refer to "2.4 Key Indicators for Strategy and Management" for country-by-country tax data (GRI indicator 207-4) page 38

¹³ Instrument that rewards the virtuous conduct of the company by improving the conditions of the derivative if circular economy goals are met.

Taxes (€ Mln)

| | | | | | | |
|------|-------------------------------------|--|--------------------------|--|---|--|
| 2021 | 1,928.4 | 55 | 215.3 | 1,374.6 | 11.0 | 59.4 |
| 2020 | 1,238.9 | 40.7 | 12.7 | 1,015.8 | 10.9 | 13.6 |
| | Revenue from sales to third parties | Revenue from intra-group transactions with other tax jurisdictions | Profit/loss before taxes | Property, plant and equipment other than cash and cash equivalents | Corporate income taxes paid on a cash basis | Corporate income taxes accrued on profits/losses |

2.7.

Baseline indicators for “Strategy and Management”

(302-1, 405-1; 201-1; 207-4)

Use of energy by source, expressed in GJ (302-1)

| | 2019 | 2020 | 2021 |
|--|------------------|------------------|------------------|
|  ELECTRICITY | 5,287,143 | 5,137,544 | 5,506,088 |
| Feralpi Siderurgica | 2,392,046 | 2,225,544 | 2,437,388 |
| Acciaierie di Calvisano | 934,944 | 895,232 | 1,028,203 |
| FER-PAR | 32,267 | 28,679 | - |
| Arlenico | - | 78,309 | 135,914 |
| Nuova Defim | 10,184 | 9,902 | 11,871 |
| Presider | 5,044 | 4,811 | 7,692 |
| MPL | 2,829 | 2,841 | 3,253 |
| FERALPI STAHL | 1,899,065 | 1,880,906 | 1,869,114 |
| Feralpi-Praha | 7,227 | 7,106 | 8,217 |
| Feralpi-Hungaria | 1,634 | 1,894 | 1,835 |
| Presider Armatures | 1,903 | 2,008 | 2,271 |
| Ecoeternit | - | 311 | 329 |
|  NATURAL GAS | 2,742,562 | 2,734,480 | 3,109,959 |
| Feralpi Siderurgica ¹⁴ | 1,377,508 | 1,403,215 | 1,669,295 |
| Acciaierie di Calvisano | 164,763 | 144,993 | 176,745 |
| FER-PAR | 143,637 | 111,075 | - |
| Arlenico | - | 209,861 | 311,439 |
| Nuova Defim | 7,331 | 5,583 | 7,341 |
| Presider | 1,103 | 1,029 | 1,681 |
| FERALPI STAHL | 1,047,564 | 858,150 | 943,040 |
| Feralpi-Hungaria | 657 | 575 | 418 |
|  PETROL¹⁵ | 537 | 512 | 760 |
| Nuova Defim | 0 | 4 | 0 |
| FERALPI STAHL | 279 | 283 | 419 |
| Feralpi-Praha | 151 | 126 | 242 |
| Feralpi-Hungaria | 107 | 100 | 100 |

follows >

¹⁴ The figure relating to natural gas was calculated using SNAM's Lower Calorific Value for 2019, 2020 and 2021.

¹⁵ For Super Petrol E10 and Super Petrol, the conversion factors used were 42.82 MJ/kg - 0.75kg/l and 43.13 - 0.75kg/l, respectively.

| | 2019 | 2020 | 2021 |
|---|------------------|------------------|------------------|
|  DIESEL¹⁶ | 83,446 | 88,926 | 92,096 |
| Feralpi Siderurgica | 15,361 | 14,428 | 14,033 |
| Acciaierie di Calvisano | 2,629 | 3,305 | 3,437 |
| FER-PAR | 5 | 5 | - |
| Arlenico | - | 1,893 | 3,067 |
| Nuova Defim | 2,817 | 2,725 | 2,949 |
| Presider | 0 | 609 | 430 |
| FERALPI STAHL | 61,687 | 63,818 | 65,979 |
| Feralpi-Praha | 899 | 826 | 710 |
| Feralpi-Hungaria | 48 | 69 | 71 |
| Presider Armatures | 0 | 46 | 36 |
| Ecoeternit | - | 1,201 | 1,383 |
|  CHARGE CARBON¹⁷ | 245,408 | 249,730 | 251,888 |
| Feralpi Siderurgica | 90,674 | 59,834 | 45,160 |
| Acciaierie di Calvisano | 25,162 | 29,472 | 27,860 |
| FERALPI STAHL | 129,572 | 160,424 | 178,868 |
|  WASTE FOAM⁹ | 204,952 | 175,255 | 247,519 |
| Feralpi Siderurgica | 18,029 | 5,707 | 89,316 |
| Acciaierie di Calvisano | 64,239 | 54,274 | 58,594 |
| FERALPI STAHL | 122,684 | 115,274 | 99,609 |
|  PHOTOVOLTAIC | 2,448 | 2,438 | 2,430 |
| Feralpi Siderurgica | 1,800 | 1,792 | 1,796 |
| Arlenico | - | 25 | 18 |
| Presider | 648 | 622 | 617 |
| TOTAL | 8,566,496 | 8,388,886 | 9,210,740 |

¹⁶ Italy: Specific weight 0.84 ton/m³ and ETS coefficient 42.877 for 2019 and 2020, 42.873 for 2021. FERALPI STAHL: GEMIS-Datebank conversion factors, 42.63 MJ/kg and 0.836 kg/l.

¹⁷ In 2019, a Lower Calorific Value of 29.349 GJ/t was used, of 29.378 GJ/t in 2020, and of 29.025 GJ/t in 2021 (table of ETS standard parameters).

Use of energy by source (302-1)

| | UNIT | 2019 | 2020 | 2021 | |
|---|----------------------|--|-------------------|-------------------|-------------------|
|  | ELECTRICITY | MWh | 1,468,652 | 1,427,095 | 1,529,469 |
| Feralpi Siderurgica | | 664,457 | 618,207 | 677,052 | |
| Acciaierie di Calvisano | | 259,707 | 248,676 | 285,612 | |
| FER-PAR | | 8,963 | 7,966 | - | |
| Arlenico | | - | 21,753 | 37,754 | |
| Nuova Defim | | 2,829 | 2,750 | 3,298 | |
| Presider | | 1,401 | 1,336 | 2,137 | |
| MPL | | 786 | 789 | 904 | |
| FERALPI STAHL | | 527,518 | 522,474 | 519,198 | |
| Feralpi-Praha | | 2,008 | 1,974 | 2,282 | |
| Feralpi-Hungaria | | 454 | 526 | 510 | |
| Presider Armatures | | 529 | 558 | 631 | |
| Ecoeternit | | - | 86 | 91 | |
|  | NATURAL GAS | Sm³ - Standard m³ | 74,031,697 | 70,556,922 | 80,429,918 |
| Feralpi Siderurgica | | 39,457,357 | 36,264,157 | 43,081,009 | |
| Acciaierie di Calvisano | | 4,719,399 | 4,156,842 | 5,009,637 | |
| FER-PAR | | 3,711,853 | 2,871,469 | - | |
| Arlenico | | - | 5,948,275 | 8,827,399 | |
| Nuova Defim | | 207,655 | 141,693 | 208,061 | |
| Presider | | 27,988 | 29,169 | 47,660 | |
| FERALPI STAHL | | 25,891,208 | 21,131,151 | 23,244,159 | |
| Feralpi-Hungaria | | 16,236 | 14,166 | 11,993 | |
|  | PETROL | Litres | 16,870 | 16,098 | 23,737 |
| Nuova Defim | | 0 | 133 | 0 | |
| FERALPI STAHL | | 8,762 | 8,874 | 13,218 | |
| Feralpi-Praha | | 4,744 | 3,961 | 7,453 | |
| Feralpi-Hungaria | | 3,364 | 3,130 | 3,066 | |
|  | DIESEL | Litres | 2,335,343 | 2,493,287 | 2,581,183 |
| Feralpi Siderurgica | | 426,500 | 403,000 | 392,000 | |
| Acciaierie di Calvisano | | 73,000 | 94,000 | 96,000 | |
| FER-PAR | | 146 | 146 | - | |
| Arlenico | | - | 52,867 | 86,200 | |
| Nuova Defim | | 78,225 | 76,186 | 82,377 | |
| Presider | | 0 | 16,904 | 12,000 | |
| FERALPI STAHL | | 1,730,912 | 1,790,634 | 1,851,273 | |
| Feralpi-Praha | | 25,218 | 23,183 | 19,935 | |
| Feralpi-Hungaria | | 1,342 | 1,940 | 2,004 | |
| Presider Armatures | | 0 | 1,077 | 1,000 | |
| Ecoeternit | | - | 33,350 | 38,394 | |
|  | CHARGE CARBON | t | 7,504 | 8,506 | 8,678 |
| Feralpi Siderurgica | | 3,089 | 2,037 | 1,556 | |
| Acciaierie di Calvisano | | 857 | 1,003 | 960 | |
| FERALPI STAHL | | 4,415 | 5,466 | 6,163 | |
|  | WASTE FOAM | t | 6,983 | 5,971 | 8,153 |
| Feralpi Siderurgica | | 614 | 194 | 2,702 | |
| Acciaierie di Calvisano | | 2,189 | 1,849 | 2,019 | |
| FERALPI STAHL | | 4,180 | 3,928 | 3,432 | |
|  | PHOTOVOLTAIC | MWh | 680 | 677 | 675 |
| Feralpi Siderurgica | | 500 | 498 | 499 | |
| Arlenico | | - | 7 | 5 | |
| Presider | | 180 | 173 | 171 | |

Members of the Feralpi Holding's Board of Directors by gender and age group (405-1)

| NO. | 2019 | | | 2020 | | | 2021 | | |
|-----------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Men | Women | Total | Men | Women | Total | Men | Women | Total |
| <30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 30-50 (including 30 and 50) | 2 | 0 | 2 | 2 | 0 | 2 | 1 | 0 | 1 |
| >50 | 4 | 2 | 6 | 4 | 2 | 6 | 5 | 2 | 7 |
| TOTAL | 6 | 2 | 8 | 6 | 2 | 8 | 6 | 2 | 8 |

| % | 2019 | | | 2020 | | | 2021 | | |
|-----------------------------|------------|------------|-------------|------------|------------|-------------|------------|------------|-------------|
| | Men | Women | Total | Men | Women | Total | Men | Women | Total |
| <30 | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| 30-50 (including 30 and 50) | 25% | 0% | 25% | 25% | 0% | 25% | 12% | 0% | 12% |
| >50 | 50% | 25% | 75% | 50% | 25% | 75% | 63% | 25% | 88% |
| TOTAL | 75% | 25% | 100% | 75% | 25% | 100% | 75% | 25% | 100% |

Creation of consolidated value added (201-1)¹⁸

| FIGURES IN THOUSANDS OF € | 2019 | 2020 | 2021 |
|--|------------------|------------------|------------------|
| Revenues from sales and services | 1,302,752 | 1,238,398 | 1,928,446 |
| Changes in inventory of work-in-progress | -16,729 | -25,427 | 109,917 |
| Increase in fixed assets for in-house work | 5,227 | 3,698 | 4,730 |
| Other revenues and income | 40,424 | 5,788 | 14,993 |
| A. VALUE OF PRODUCTION | 1,331,674 | 1,222,457 | 2,058,086 |
| Consumption of raw materials (scrap) | 620,289 | 585,692 | 994,271 |
| Energy | 91,314 | 79,242 | 206,318 |
| Consumable materials and supplies | 221,242 | 194,150 | 268,558 |
| Cost of services | 145,731 | 172,395 | 188,233 |
| Hire, purchase and leasing charges | 3,932 | 5,578 | 6,182 |
| Provisions for risks | 11,978 | 200 | 408 |
| Other provisions and write-downs | 1,569 | 4,698 | 2,717 |
| Other operating expenses | 2,860 | 2,899 | 4,891 |
| B. COST OF PRODUCTION | 1,098,915 | 1,044,854 | 1,671,579 |
| GROSS CHARACTERISTIC VALUE ADDED | 232,759 | 177,603 | 386,507 |
| Financial income | 534 | 444 | 632 |
| Adjustments to financial assets | -13,865 | -2,048 | -129 |
| Accessory items | -13,331 | -1,604 | 503 |
| Extraordinary items | 0 | 0 | 0 |
| GROSS OVERALL VALUE ADDED | 219,428 | 175,999 | 387,009 |
| Amortisation and depreciation | 53,343 | 5,708 | 50,800 |
| NET OVERALL VALUE ADDED | 166,085 | 122,291 | 336,209 |

¹⁸ Following a re-allocation of some items, the 2020 data has been restated from that published in the previous Non-Financial Statement.

Distribution of consolidated value added (201-1)¹⁹

| FIGURES IN THOUSANDS OF € | 2019 | 2020 | 2021 |
|--|----------------|----------------|----------------|
| Wages and salaries | 71,312 | 73,821 | 80,349 |
| Employee severance indemnity | 2,284 | 2,513 | 2,711 |
| Other charges | 6,353 | 4,107 | 4,309 |
| A - PERSONNEL | 79,949 | 80,441 | 87,369 |
| Taxes | 15,171 | 9,060 | 61,520 |
| Social security contributions | 19,672 | 20,631 | 22,344 |
| B - PUBLIC ADMINISTRATION | 34,843 | 29,691 | 83,864 |
| Provisions | 592 | 1,332 | 1,608 |
| Non-distributed profit / loss | 33,831 | 5,450 | 155,884 |
| C - RISK CAPITAL | 34,423 | 6,782 | 157,492 |
| Distributed profit | 7,000 | 0,00 | 0,00 |
| Financial expenses | 3,328 | 4,309 | 3,941 |
| D- LENDERS | 10,328 | 4,309 | 3,941 |
| Charity | 1,172 | 169 | 175 |
| Sponsoring of sports/recreational activities | 5,370 | 3,899 | 3,368 |
| E- COMMUNITY | 6,542 | 4,068 | 3,543 |
| NET OVERALL VALUE ADDED | 232,759 | 125,291 | 386,507 |

¹⁹ Following a re-allocation of some items, the 2020 data has been restated from that published in the previous Non-Financial Statement.

Taxes: Country-by-country reporting (207-4)

| COUNTRY | Number of employees | Revenues from thirdparty sales (€ Mln) | Revenues from intragroup transactions with other tax jurisdictions (€ Mln) | Profit/loss before tax (€ Mln) | Tangible asset other than cash and cash equivalents (€ Mln) | Corporate income taxes paid on a cash basis (€ Mln) | Corporate income taxes accrued on profits/losses (€ Mln) |
|--------------|---------------------|--|--|--------------------------------|---|---|--|
| 2021 | | | | | | | |
| Italy | 937.0 | 795.6 | - | 118.8 | 1,003.6 | 2.2 | 30.8 |
| Germany* | 795.0 | 599.3 | 36.2 | 96.5 | 352.4 | 8.8 | 28.5 |
| Other | 17.0 | 533.5 | 18.8 | - | 18.6 | - | 0.1 |
| TOTAL | 1,749.0 | 1,928.4 | 55.0 | 215.3 | 1,374.6 | 11.0 | 59.4 |
| 2020 | | | | | | | |
| Italy | 923.0 | 744.9 | 38.2 | (23.0) | 749.1 | - | 2.7 |
| Germany* | 770.0 | 471.0 | - | 35.7 | 253.5 | 10.9 | 10.9 |
| Other | 17.0 | 23.0 | 2.5 | - | 13.2 | - | - |
| TOTAL | 1,710.0 | 1,238.9 | 40.7 | 12.7 | 1,015.8 | 10.9 | 13.6 |

* Includes Feralpi Praha and Feralpi Hungaria

3

Manufacturing: quality, research and innovation 4.0

(103-3)

Feralpi is a steel group that constantly invests in state-of-the-art production processes and modern, environmentally friendly technological solutions to ensure inclusive and sustainable industrial development.

3.1.

Product and service quality

3.2.

Group policies and management systems

3.3.

Quality governance

3.4.

Industry 4.0 and digitalisation: from R&D efforts to technology development



2,624,412 t

Steel produced

+5.6%

Steel produced vs. 2020

55,996 (€/1,000)

Group technical investments

93%

Minimum recycled content

about 50

R&D project partners

For all the Group's factories, there are no cases of non-compliance regarding product information and labeling.

28

Current research projects

2021 Operating Results

3.1.

Product and service quality

(103-2; 103-3; 417-1; 417-2)

Quality is the set of characteristics and properties of a product, process or service, which give it the ability to satisfy customer needs.

The production of electric furnace steel involves the use of metals and materials, including lime, ferroalloys and refractories. The most important is scrap, which makes up the core of what is produced and then sold. The steel supply chain in which Feralpi operates develops a wide range of products, the quality of which - from production to the final product - is guaranteed through specific procedures for monitoring the entire process:

Supplier qualification and scrap quality

To guarantee the quality of scrap and with a view to reducing the risks associated with unsuitable supplies that could affect the quality of the final product, suppliers are constantly monitored through KPIs that assess the quality of the material delivered.

The scrap delivered can be of two types:

- **scrap consisting of scraps or processing residues** from a variety of industries (e.g. the automotive industry). New scrap is collected by third parties and delivered directly to steel mills or sold to companies that market them;
- **scrap from steel artefacts of all kinds** that reach the end of their life and are scrapped, such as cars, ships, decommissioned power plants, nets, railings, etc. This type of scrap may need further treatment to separate it from waste that is landfilled or from materials that can be recovered.

Feralpi's main suppliers of scrap are organisations that trade it or intermediaries on behalf of customers from steel mills, automakers, industrial supply chains, artisan supply chains, and carpentry and manufacturing. To prevent risks in the management and purchase of this material, Feralpi at the Italian level has also activated relationships with intermediary groups that market ferrous scrap in the territory, such as **Mediasteel**: one of the Group's main suppliers, whose percentage of control of Feralpi is 45%. In addition to a timely qualification process that ensures a quality of the suppliers it represents, the strategic choice is to prevent risks

of corruption or regulatory compliance, have support in presiding over the market, and try to ground more targeted business operations by operating more incisively.

While in Italy **30%** is imported and there is a high degree of fragmentation of suppliers, in Germany the supply pool is different and scrap can be recovered more easily, including from neighbouring foreign countries. Certainly the geographical location of ESF Elbe-Stahlwerke Feralpi GmbH, compared with that of Siderurgica or Calvisano, characterised by the remoteness of other steel mills, guarantees a constant supply. This is also combined with the possibility of buying scrap from the nearest foreign countries and at the same time less fragmentation of suppliers, compared with larger, more structured groups, allows for safer and at the same time more convenient management, as there are no intermediaries.

Incoming checks

The incoming material undergoes radiometric and detailed visual inspections that can verify the safety characteristics in order to be started for melting. At the Lonato del Garda, Calvisano and Riesa plants there is a scrap sorting treatment plant that eliminates inefficient fractions in the furnace melting process (oxides, non-ferrous metals and tailings), thus improving the energy efficiency of the process and the quality of the product.

Reliability of suppliers is a fundamental condition for being able to guarantee the contractual requirements agreed with customers and meet their expectations, while complying with applicable regulations. What is purchased,

only from reliable and qualified suppliers, is systematically checked at the factory entrance. In the face of these controls, for example, a decrease in non-compliance of **1.2%** was found in Feralpi Siderurgica.

Reporting in case of non-compliance

The supplier is quickly notified of any non-compliance issues, which are recorded in the log "for non-compliant scrap events". In the event that radiation contaminated material is found - through special portals that automatically scan the scrap in transit - the procedures involve stopping the vehicle, as well as cleaning up and verifying the danger with a qualified external expert. If the material is actually radioactive, it is immediately reported to the relevant authorities and handled accordingly.

Non-conformities intercepted within Feralpi Siderurgica have decreased by about **1.5%** thus favouring, through the reduction of inefficiencies, the volumes of marketed product. With regard to the Calvisano and Caleotto plants, the production of more sophisticated and high-quality special steels, such as Automotive, has not led to an increase in inefficiencies, particularly with regard to internal non-conformities, which show a reduction of more than 50%, while external non-conformities remain in line with the previous year.

Controls along the production process and management of feedback information

As part of the **Specialties BU** (specifically for the Acciaierie di Calvisano - Caleotto supply chain), following the closure of the Quality Integration research project, the system is active of timely identification of the onset of defects, of preventive address of the products to the recipient in relation to the quality classes of the product, to alert along all the process phases upstream or downstream of the presence of anomalous situations and analysis to develop the necessary corrective actions. Added to this is the newly installed laminate product detector to find any defects and ensure delivery of quality material. A predictive analysis aimed at defining product performance characteristics with the goal of reducing inefficiencies is underway at the Riesa plant.

In 2021, Feralpi implemented the special steels supply chain with the devel-

opment of careful quality monitoring at the Acciaierie di Calvisano through the association to each individual billet of detected Out-of-Processes so as to build a timely quality history, but also the prediction occurrence of Out-of-Processes, through Artificial Intelligence models, which is followed by the Out-of-Process and time series analysis to define the correlation of events. Parallel to this, the integration of the data collected with the mill at the Arlenico plant was continued through various functionalities, such as analysis collection, data collection, quality testing, data history, cloud support, and building Data Lake for Artificial Intelligence model training. Aiming to grow the internal organisational structure and give a strong quality message to the target market, Caleotto will obtain Automotive IATF 16949 Certification in the first half of 2022.

Compliance with labeling regulations and information transparency

Products are named according to national and European technical standards and directives: each product is associated with a label showing an ID code, the quality level stipulated by standards, the reference standards, dimensional references, a barcode, and the identifying symbol issued by standards organisations. The accuracy of labels is checked by inspection and certification bodies.

The company provides the certificate of control 3.1 in accordance with UNI EN 10204:2005 for the various types of products and, for structural steel, the certificate of qualification in accordance with the regulations of each country of reference.

Products are tracked through package labelling and delivery documents. In addition, on Italian products or on request according to the country of reference, a distinctive hot marking is applied to guarantee their origin. At a Group level, all products are assessed to ensure compliance with the technical standards of reference and client specifications. The Group applies product quality assessment criteria through the analysis of non-conformities and their resolution.

During the three-year period 2019-2021, there were no instances of non-compliance with regulations and voluntary

codes related to product information and labeling, with the exception of one non-compliance report in Presider Armatures in 2019 related to the placement of a logo, which was resolved with its removal. There were no certification losses or warnings from certification bodies.

Service quality

Continuous process innovation, research into innovative materials and certified quality management are key to guaranteeing real customer satisfaction over the long term.

With the aim of increasing the quality of service, in 2021, work has been done on developing a growing synergy between Feralpi Siderurgica and FERALPI STAHL in order to adequately respond to customer demands and meet deadlines. At the same time, with a view to logistical efficiency, a strategic analysis of the Lonato del Garda site was carried out to improve internal roadways and logistical movements to the outside world, with the aim of being more effective and present internationally as well. Finally, rail transportation planning has been revamped.

Also in terms of service quality in 2021, work has been done on expanding the services offered by the Customer Relation Management (CRM) platform, with the inclusion of credit management, thus the credit status of all customers constantly updated and visible to both the internal salesperson and the agent in the territory. Therefore, in 2021, one-to-one refresher meetings were held with agents.

Planned interventions in 2021, both for the product and service side, despite the increase in material sold, contributed in Feralpi Siderurgica to the reduction of the disputed quantity **by more than 37%**. In Riesa, technically accepted complaints remained in line with the previous year, and all inherent product quality goals were met.

In 2022, Feralpi will work on expanding the product range with a more international perspective to be closer to the needs of customers in different countries, as well as further expansion of users in CRM.

3.1.1.

Research and development for quality: Quality Integration

Feralpi also pursues a strategy in supporting the quality management system through R&D - at individual stages or throughout production - as in the case of the *Quality Integration project*, which in 2021, saw the pursuit of developing software systems for integrated quality vision in continuous casting and along the supply chain up to Caleotto. This was made possible, in particular, through a system (*Actual Quality*) capable of monitoring the status of the Continuous Casting process by giving indications of the occurrence of possible phenomena critical to product quality.

Further, Arlenico's *Deep Quality* project aimed at developing a rolling production analysis system to highlight process conditions that may give rise to defects on the wire rod product was initiated with qualified partners such as SMS Group. In addition there is the development at ESF Elbe-Stahlwerke Feralpi GmbH of a model that evaluates the process parameters of the mill during production and, with the data, predicts material properties.

The project is based on surveys started in 2020, with production and quality data from the previous four years. Correlations between process parameters and the resulting material properties were determined and classified, and a model was developed with them to examine rolling parameters, temperatures and chemical analyses in production.

The information is used to predict the expected tensile strength of the material: the model is based on the principle of machine learning, that is, it trains by constantly evaluating running process parameters and measured key quality figures. In addition to tensile strength prediction, mill process data will be examined for irregularities. Evaluation methods allow to know at any time where the rolling process is going.

AT A GLANCE - FERALPI'S COMMITMENT TO QUALITY



WHAT WAS DONE IN 2021?

- **Acciaierie di Calvisano and Arlenico:** Implementation of the special steels supply chain
- **Arlenico:** Data integration with Rolling Mill
- **FERALPI STAHL, Acciaierie di Calvisano and Caleotto/Arlenico:** SAP-QM integration process completed at plants
- **Feralpi Siderurgica and FERALPI STAHL:** Developing synergy between plants to adequately respond to customers
- **Feralpi Siderurgica:** Internal road improvement | CRM services expansion



WHAT ARE WE GOING TO DO IN 2022?

- **Feralpi Siderurgica:** Expansion of product range and target markets | Expansion of CRM services | Development of a logistics plan designed to improve service to all European customers
- **Feralpi Siderurgica:** Further implementation Supply chain quality
- **Feralpi Siderurgica:** Continued integration of SAP - QM into business processes
- **Feralpi Praha and Hungaria:** The production units, which are active in the processing of wire rod derivatives, continue through a close working relationship with Riesa to maintain and search for new markets particularly located in Eastern Europe.

3.1.2.

The digitalisation of quality: cloud and automation

With the introduction of the **Feralpi Cloud Platform (FCP)** - an environment for centralising production and quality data from a variety of sources and multiple production plants - it is possible to gain insight into the various analyses related to processes, their optimisation and management through a holistic approach.

The integration of all Feralpi Group plants within the cloud platform involves the continuous search for Artificial Intelligence solutions aimed at:

- identifying performance decays;
- preventing production stoppages;
- predicting maintenance needs.

SAP QM integration into operational processes in Germany has also been largely completed, and work has been underway during 2021 to develop new automated tools (BI tools) for report-

ing and monitoring product and process quality.

Also thanks to the cloud platform, customer focus has further increased through the provision of increasingly detailed product information and concurrently receiving feedback based on *customer satisfaction*, a relevant tool in prioritising and reviewing company policies.

Customer satisfaction can foster continuous improvement. The ability to ensure customer satisfaction is closely related to the ability to think in systemic terms, to understand why any problems or discontents arise, to identify the causes hindering performance, and to take timely action to overcome them.

For this reason, a satisfaction questionnaire was conducted in some of the Group's plants, such as Feralpi Siderurgica and ESF Elbe-Stahlwerke Feralpi GmbH.

3.2.

Group policies and management systems

Feralpi continues its journey in standardising and integrating the different Management Systems of the various companies so as to define common guidelines that, in the long run, will lead to a Group **Total Quality Management (TQM)**: a system where all business processes are defined according to agreed and shared procedures, personnel are continuously trained and empowered to perform at their best, and the approach relies on Research and Development projects as well as on the individual process steps of the entire production chain.

From this point of view, in agreement with the Company Management and with the support of the IT Management, confirmed at Group level is the concentration of all the activities of the quality area (i.e. tracking and control of products) on the Group software which, interfaced with the other company bodies already included in the SAP system, allows more reliable tracking of data and streamlining of the certification process, from the entry of the feasibility with the consequent order, up to the shipment and issue of the certificate.

At ESF Elbe-Stahlwerke Feralpi GmbH also, a rolling mill quality predictive model project is being implemented, which aims to predict the Tensile Strength Index from the chemical composition of steel and rolling mill process parameters. **There are also ongoing feasibility studies and conceptual development of intelligent material tracking systems with the**

goal of better quality control of semi-products within the production process that are aimed at being implemented in the near future.

With the exception of Ecoeternit and Presider Armatures – which in terms of quality meet precise product standards managed by the certifying body AFCAB – Group companies have a quality management system in accordance with UNI EN ISO 9001:2015, which also provides guidance on how to manage risks and opportunities, which are then described within the Quality Manual and the specific Group procedure.

The process of integrating the different Quality Systems of the various companies in the Group (Feralpi's *Total Quality Management - TQM*) saw in 2021 the definition of a Quality Policy common to all production sites as an expression of Management's intentions, aimed at providing guidance on the Quality of products and processes, explaining what is intended to be done about it. Quality is also incorporated within the overall management system at the companies based in Riesa.

Feralpi, through designated representatives, actively participates in the process of defining the contents of both national (UNI) and international (EN, ISO) standards, contributing to their creation, thus ensuring competitiveness and efficiency for the company. Such participation in Sub-committees and/or working groups, also allows for constant updates on standardisation activity in the steel field.

3.3.

Quality governance

The Group's quality management process, monitored through dedicated KPIs for each business process, involves various company departments, starting with the Group Quality Management and the plant departments, as well as the Integrated Management System contact person for the Riesa plant, through to the Sales Department, also involving logistics and customer care for service-related aspects.

The IT department provides support for technological matters, in addition to the R&D department, aided by the Group Technical Department for more innovative projects.

Complaint handling is shared among the functions in charge and is evaluated based on the extent of the anomaly revealed and the actual events. The decision whether to accept a complaint at a technical level is taken by the Quality Office following in-depth analysis. In case of technical acceptance, the Sales Office can take action with the customer to withdraw the material, replace the material or opt for an economic closure. Some customers, especially in the automotive industry, request more details of the incident, reasons, action plans and actions for resolution.

All of the Group's plants carry out an annual survey to monitor the degree of customer satisfaction, which includes requirements relating to the quality of service, such as relations with sales offices and flexibility in production and deliveries.



3.4.

Industry 4.0 and digitalisation: from R&D efforts to technology development

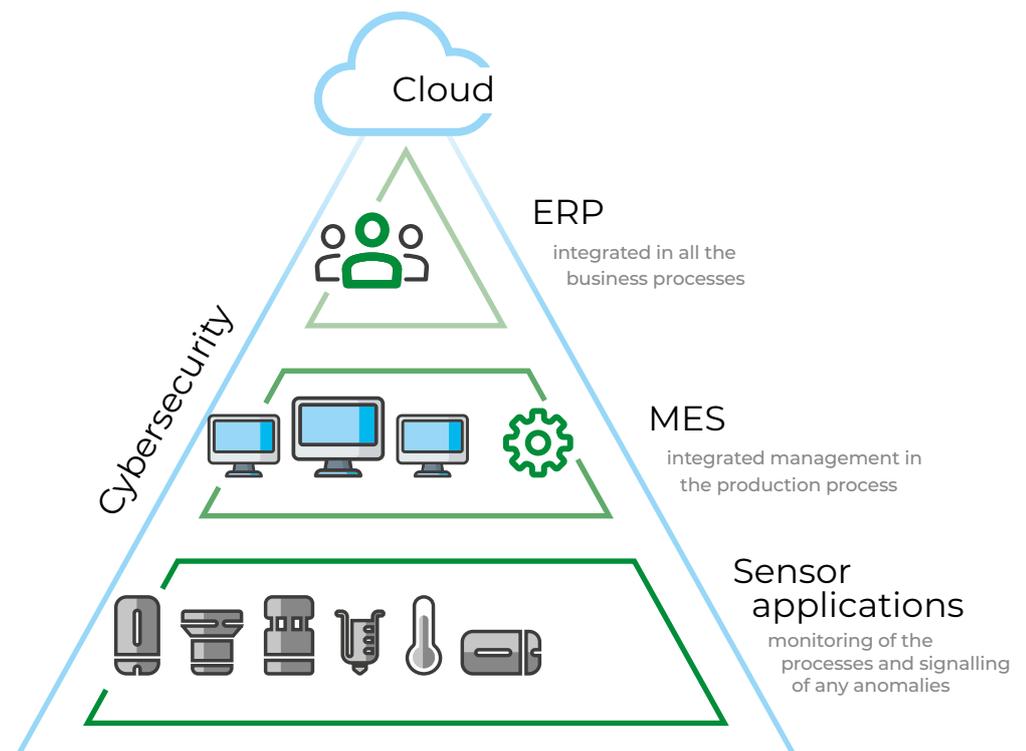
(103-2)

For Feralpi, innovation is the driver of development, an essential component of its corporate strategy for **inclusive and sustainable industrialisation**.

For a few years already, well before the pandemic, increasingly innovative technologies were radically changing not only processes, but indeed business models. Then, with the crisis due to the health emergency, it became more and more evident how strategic and fundamental digital technologies are

to remain competitive, so companies' digital ecosystems - such as Feralpi's - have been structured, strengthened, becoming more responsive to be able to anticipate critical issues and resilient to meet the challenges of new production processes and increasingly complex external context situations.

Feralpi Digital Ecosystem



The continuous trend toward technical-plant development aimed at the development of predictive technologies and automation, especially for special steels, is an indispensable condition for Feralpi to be efficient at the production level, to constantly reduce its environmental impacts and to improve industrial performance.

Underlying this approach are the **BAT (Best Available Techniques)** i.e. the set of advanced technical solutions (plant, business and control) that are financially and technically feasible within the scope of the relevant industrial sector. **The use of Industry 4.0 technologies, such as Internet of Things, Artificial Intelligence and Big Data, are indeed instrumental in monitoring and efficiency of energy consumption, CO₂ emission and for the reuse of seemingly end-of-life materials.**

Accelerating digitalisation in production areas is a goal of the Group, which sees uniform systems and full integration of data with different systems as the most important prerequisites. A series of preparatory activities took place in 2021 to implement a uniform **Manufacturing Execution System** for the entire Feralpi Group, with the goal of achieving more efficient descriptive and diagnostic data analysis and accelerated predictive analytics.

These are the prerequisites for taking production processes to a higher level in terms of energy efficiency and material efficiency, to which is added the issue of safety.

In fact, Feralpi with its technical investments promotes the continuous development of plants for the improvement of process performance and the reduction of production costs also supporting the increase of plant and operator safety.

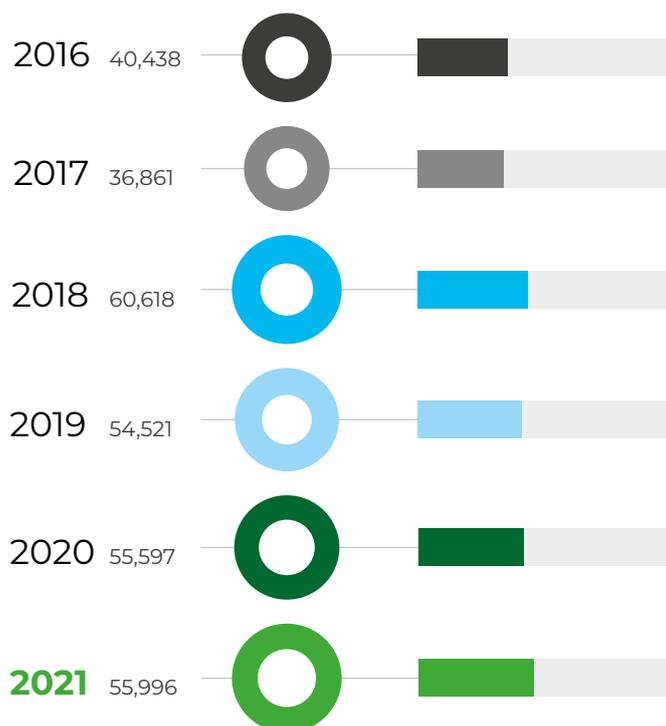
Technical investments amounted to Euro 56 million in 2021.

In July 2021, a Group Technical Department was created, a function that brings together technical-technological expertise at the corporate level. This Department is the organisational structure dedicated to the management of strategic projects and serves as the incubator for the Group's technical profiles. In support of this Department, the Group's "Research and Development" function takes

Main uses of Industry 4.0 technologies in Feralpi and its impact in environmental, social and economic terms

| TYPE OF TECHNOLOGY | SUSTAINABLE DIMENSION | SUSTAINABLE BENEFITS | ESG IMPACTS |
|-----------------------------|----------------------------|---|-------------|
| Simulations | Economic and environmental | More efficient production processes, improved process control and repeatability, improved product quality, optimisation of resources | E G |
| Cloud | Economic and social | Improving collaborative models, facilitating information integration and transparency, among departments, subsidiaries, and potentially suppliers and customers | S G |
| Big Data Analysis | Economic and environmental | Quality verification and validation, energy consumption | E |
| Internet Of Things | Economic and environmental | Interconnection and integration of processes, connection between quality results and adopted practices, monitoring of emissions and energy parameters | E |
| Cybersecurity | Economic and social | Guarantee for business continuity , understood both from an economic, technical and relational point of view | G S |
| Advanced sensor development | Economic and environmental | Survey product quality, check technological phenomena, improve departmental safety, improve repeatability and reliability of production processes. | S G |

Technical investments (€/1,000)



on a strategic role. In fact, the implementation of innovative technologies passes through an initial preliminary study phase, then the design of new cycles and systems and subsequently the testing of pilot solutions, up to full-scale industrial implementation.

These phases may be wholly or partly included in R&D projects and each application may have a different development path based both on specific economic evaluations and on technical needs and opportunities. In any case, for in-depth analysis, a specific dedicated approach is required, performing the various phases carefully, and this in turn necessitates, in addition to an economic approach, a thorough evaluation of the technical objectives and opportunities offered by the solution.

In terms of digitalisation of business processes, Feralpi has also set up a technological evolution in recent years, thanks to the use of the **Cloud**: a collaborative and paper-saving opportunity and e-mail over-generation, as well as optimisation of staff travel and service trips, including through video conferencing services. Even data management, migrated to the cloud, now allows for greater savings in environmental resources, as moving data from on premise to Cloud Data Center allows for lower resource consumption, due to the economy of scale involved. In fact, Google is the first among the partners so far recognised as carbon neutral (since 2007).



The increasing use of the Cloud fosters greater data resilience in terms of cybersecurity strategy, regarding which please refer to Chapter "2.2.3. Cybersecurity: management in security" pag. 32

It is thanks to the digitalisation of processes that during 2021 it was possible to continue the process of logistics optimisation, which saw the expansion to selected foreign suppliers of the possibility of pre-registration on the portal of incoming vehicles to deliver scrap, and is estimated to be expanded later, during 2022. In parallel, two paper documentation dematerialisation

projects were then completed: the first refers to the replacement of the paper DDT (Documentation of Transport) for Italian transporters, with a document in digital format (resulting in a 50% reduction in the use of paper); the second made it possible to totally digitalise the goods receipt bill sent to scrap suppliers (Italian and foreign), now managed only through publication on a web portal (resulting in a 100% elimination of paper use).

Finally, with the aim of bringing its digital innovation experiences to a high-level international interchange context, Feralpi's active collaboration as a member to the **SAP Advisory Council for Metals** continues. This year, Feralpi presented the project on predictive models for quality management at the International Mining Summit.

ESF Elbe-Stahlwerke Feralpi GmbH is also on the board of ITKAM in Frankfurt, the Italienische Handelskammer für Deutschland, which always deals with digital innovation issues and has recently presented Feralpi as a business case for internationalisation: in fact, in 2021, Feralpi was a speaker at several interesting ITKAM initiatives on digitalisation and sustainability, which included Confindustria Italia, BDI (German Confindustria) and Ayming (internationally renowned consultant for business innovation).

3.4.1. Research and Development

The main objective of Research and Development activities is the pursuit of the company's strategic guidelines in terms of:

1. **development of product lines;**
2. **development and optimisation of production processes;**
3. **increasing the sustainability of production.**

As these development paths are in some cases subject to risks in terms of the results that can be obtained and above all the costs involved in reaching definitive industrial solutions, it is useful for the projects to be supported by specific contributions in order to reduce the economic risk. The launch

of research projects, sometimes with complex partnerships and by external bodies, increases the possibility of identifying new ideas and forming collaborative relationships useful both for the development of projects and for the identification of innovative solutions, in some cases of a complex nature. The approval of research projects and the acquisition of funding thus offers fundamental support for the Group's innovation and development activities. Feralpi's research projects, in view of both the expertise they allow to be acquired and relationships with external research partners, can be an excellent vehicle for training and increasing company know-how.

The approach to innovation with which Feralpi enters the market translates into:

- Product improvement
- Improved process performance and safety
- Development of sustainability initiatives and reduction of the Group's environmental impact
- Process control and optimisation.

Product improvement

Feralpi has developed a specific line for the production of special steels for medium and high carbon, including for the bolting, automotive and other markets. To this end, Feralpi has promoted not only the creation of a specific structure and business unit and a renewal of its facilities and professional profiles, but also a specific R&D office and process technology to coordinate research activities.

Three areas for improvement identified:

- **development of new products and new steel grades** not previously present to expand the production range of special steels;
- **reduction of defects and improvement of steel mill quality** in terms of reduction of internal and surface cracks, porosity and reduction of unwanted components and inclusions;
- **reduction of defects on the laminated product** and improvement of product calibration and packaging.

In pursuit of these three areas, new plant solutions have been developed over time, partnerships with universities and research institutions have been developed, and new resources have been hired in the work teams.

The activities saw the implementation of various projects both nationally and internationally mainly related to data integration of quality and processes, aimed at adopting a systemic approach from steel mill to rolling, all possible actions both in terms of plant improvement, testing of changes in operating practices and implementation of simulation systems and control Industry 4.0.

Improved process performance and safety

Over the years Feralpi has worked to improve its plants, and the following have been fundamental to these efforts:

- external expertise;
- increasing the efficiency of processes;
- the implementation of Industry 4.0 logic, simulation and digitalisation to increase the ability to monitor and control the production process.

Development of sustainability initiatives and reduction of the Group's environmental impact

Feralpi believes in the development of zero-impact steel production through maximum exploitation of recovery possibilities: in this sense, Feralpi seeks to act comprehensively on all aspects necessary so that the integration of people, processes and information can enable cycle optimisation.

In order to proceed with the improvement processes in the projects concerned, it was essential to include plant actions, process simulations, monitoring systems and self-adaptive and present control systems for the entire production chain.

Extensive networking and partnership efforts therefore assume a strategic role in supporting this process.



DeepQuality

Development of logics and systems for process data analysis and product quality in rolling with a view of the entire supply chain by identifying the criteria for proper quality management and advanced control logics including through the implementation of artificial intelligence and self-learning criteria for the Arlenico plant.

Quality Integration

Application of technological developments and Industry 4.0 criteria with the development of a quality data integration platform to obtain a single view of the entire special steel supply chain including Acciaierie di Calvisano and Arlenico.

WireAccuracy 4.0

Application of technological developments and Industry 4.0 criteria for process control in order to obtain the highest quality wire rod product with thermal-mechanical treatment and improved dimensional tolerance.

SupportCast

Development of technological systems and monitoring systems for surface defects on billets in order to obtain improvements in the quality of billets produced by Acciaierie di Calvisano through reduction of internal defects in terms of segregation and surface crack defects.



SteelPro4.0

Technological developments and application of innovative control systems in the entire production cycle of billets in steel mills in order to improve production performance, energy efficiency, metal yield and product quality.

DeepQuality

Advanced sensing and process control logic to detect process anomaly situation through self-learning and feedback between process results and online process management parameters with the goal of improving process and product reliability.

OptiScrapManage

Application of an innovative casting process control system with prediction and simulation criteria in order to optimise the performance of the EAF process.

WireAccuracy4.0

Plant developments and application of control systems and Industry 4.0 to improve the performance of the entire production cycle and the reduction of energy consumption.



SteelZeroWaste

Research activities and study of demonstration systems to identify favourable solutions to reduce the environmental impact of steel production in all its forms, including solid and gaseous waste, as well as the development of a plant monitoring system based on quantitative KPIs.

Coralis

Development of examples of industrial symbiosis in different European areas in which to demonstrate a virtuous approach in terms of interchange of solid waste products for further use.

Onlyplastic

Development of innovative solutions to replace coal in the EAF process with the aim of identifying innovative materials capable of reducing CO₂ emissions.

Integrated

For the development of systems dedicated to energy recovery of otherwise wasted heat sources such as for radiant heat from hot products.

Process control and optimisation

The application of **digitalisation systems and Industry 4.0** in general have been a continuous, global effort for Feralpi. The main focus has been on applying better process monitoring and control, as these aspects are the necessary basis for controlling and increasing the repeatability of the processes.



iSlag

Development of a control system, based on slag conditions, aimed at optimising the liquid steel treatment process.

PerMonList

Development of a self-adaptive control system concerning EAF and LF (Ladle Furnace) process covering the whole liquid steel production process.

ConSolCast

Development of monitoring, simulation and measurement systems using innovative control systems – applied in continuous casting – to improve production performance and prevent/reduce the effects of anti-breakout criteria.

DeepQuality

Advanced sensing and process control logic to detect process anomaly situation through self-learning and feedback between process results and management parameters with the goal of improving product reliability.

AT A GLANCE - FERALPI'S COMMITMENT TO RESEARCH

2021

WHAT WAS DONE IN 2021?

- **Feralpi Siderurgica:** Injecting polymers from different injection points into EAF and carrying out test campaigns within the OnlyPlastic project | Implementation of new billet welding machine in wire rod rolling
- **Feralpi Siderurgica and Acciaierie di Calvisano:** Pilot testing campaigns for metal fraction recovery from metal oxides for internal reuse and to external processes, such as ferro alloys | Simulation of the entire production cycle (steel mill) - with totally Feralpi systems to predict and compare the effect of different operating practices on process evolution
- **Acciaierie di Calvisano:** Implementation in continuous casting of new linear magnetic stirrers (also called "linear stirrers") for improving internal quality of cast billets | Development of experimental defect detection systems applied online in continuous casting
- **Feralpi Siderurgica and Arlenico:** Review of the entire wire rod rolling process
- **FERALPI STAHL:** Applications of systems and logic 4.0 applied to production processes | Application trials of high-temperature RFID transponders for coil labeling

? 2022

WHAT ARE WE GOING TO DO IN 2022?

- **Feralpi Siderurgica and Acciaierie di Calvisano:** Continue use of alternative materials to coal in EAF in order to minimise the share of coal used both through injection and in baskets | Implementation of systems for slag composition relief in EAF and for slag transfer from ladle to tundish
- **Feralpi Siderurgica:** Completion of tests on pilot plants for metal fraction recovery from oxides for use in EAF and for obtaining ferro alloys | Implementation of new statcom system for stabilising reactive energy and electrical disturbances fed into the surrounding power grid | FS E AC - Pilot test for oxide material recovery.
- **Calvisano Steelworks:** Implementation of online temperature measurement system in tundish
- **FERALPI STAHL:** Optimisation and verification of RFID coil tracking systems

In 2021, among the many research projects developed over the years in which **4.0 logics** are applied (including PerMonList, ConSolCast, DeepQuality) or that have provided great impetus for **4.0 methods and strategies** (such as WireAccuracy 4.0, SteelPro4.0, iSlag, and Quality Integration) comes the **RFID - Labeling Project** that has seen the applicability of RFID¹ transponders at high temperature for labeling coil products.

Since conventional RFIDs lose their functionality due to high material temperatures, RFID transponders allow

contactless information exchange with special readers, enabling complete tracking of materials. In addition, the precise location of coils is intended to ensure the storage and further processing of laminated coils.

Tests in Riesa resulted in a **readability rate of 77%**, and based on the results, optimisation measures are being developed in cooperation with S+P Samson and will be verified with further tests in 2022.

¹ Automatic device that transmits a message predetermined in response to a received and predetermined signal.

4

Environment: toward decarbonisation through efficiency, circularity and cutting-edge technology

(103-3; 307-1)

The steel industry is called upon to pursue both efficiency and rational use of resources to modernise processes. Feralpi Group has embraced the challenges of decarbonisation, engaging in the process of ecological and energy transition towards models with a lower impact.

4.1.

Emission reduction and adaptation to climate change

4.2.

Circularity as a sustainable management model

4.3.

Measuring environmental impact: Life Cycle Assessment (LCA), Environmental Product Declaration (EPD) and Circular Transition Indicators (CTI)

4.4.

Environmental policies and management

4.5.

Environmental governance

4.6.

Baseline indicators for “Environment”



486,552 t (89%)

Waste for recovery, recycling and reuse on the total waste generated by steel processing*

+9 percentage points over 2020

+8 percentage points over 2019

No fines or penalties for non-compliance with environmental protection regulations were imposed on any Group company in 2021.

522,453 tCO₂eq

Indirect emissions Scope 2 (Category 2 - ISO 14064-1) resulting from electricity (according to the *location-based* method)

-3.04% compared to 2020

-10.35% compared to 2019

0.30 tCO₂/t finished product

Emission intensity (Scope 1 and Scope 2 by *location-based* method) relative to hot processing

0.32 tCO₂/t finished product in 2020

0.35 tCO₂/t finished product in 2019

Climate survey respondents 2021

75%

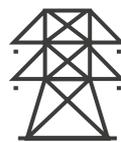
considers the Group's commitment to reducing emissions and in the recovery and reuse of waste and scrap to be adequate

82%

considers it a priority for the Group to contribute to the reduction of consumption and impacts

81%

is satisfied with the Group's commitment to environmental protection



2.02 GJ/t

Energy intensity per t of product (specifically billet)

1.96 GJ/ton in 2020

2.03 GJ/ton in 2019

2021 Operating results

*The figure does not consider Ecoeternit waste..

4.1.

Emission reduction and adaptation to climate change

(305-1; 305-2; 305-4)

In accordance with European targets to achieve *carbon neutrality*, Feralpi has defined a five-year Group *climate strategy* in 2021 that sees a CO₂ reduction target of more than 90,000 t/y (when fully operational), investments in the range of Euro 100 million, and more than 118 MW of installed power from renewable energy with the goal of cover 20% of the energy consumption of the Group's Italian companies.

The pillars of Feralpi's climate strategy



The main actions implemented over the short term are:

- advanced energy monitoring;
- enhancement of energy efficiency interventions, with strengthening of economic sustainability by obtaining white certificates;
- Advanced Control systems for optimising billet preheating furnaces;
- research alternative materials to the fossil source;
- accounting of CO₂ emissions in line with the methodology and guidelines of ISO 14064 and ISO 14067 by integrating risk management related to the application of Emission Trading;
- plant investments aimed at reducing direct emissions;
- investment in renewable energy production facilities.

nical plant aspects in terms of efficiency and energy consumption reduction. As the commitment continued to circular actions for the valorisation of production residues from steel cycle or other cycles.

We report below graphs of Indirect Greenhouse Gas Emissions from Electricity Use (Scope 2 - location-based and market-based methodology) and Scope 1 (Eu ETS) and Scope 2 (location-based methodology) greenhouse gas emission intensity trends.

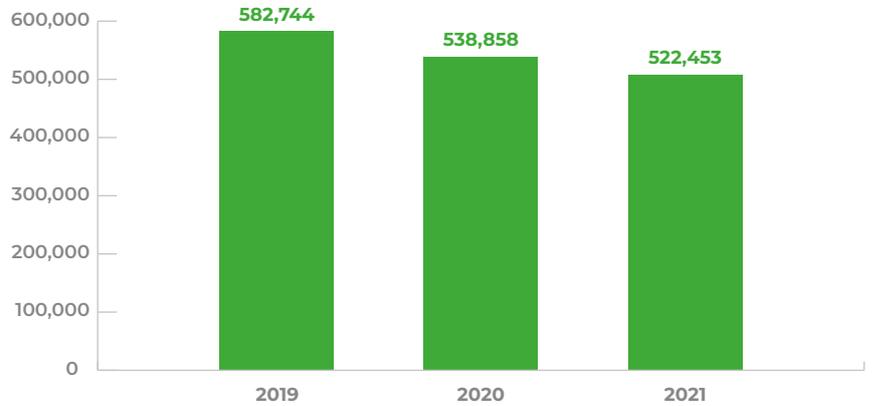
In absolute value, the Scope 1 direct emission figure increased in 2021 compared with previous years (in 2021 224,123 tons CO₂ eq, +11.06% compared with 2020, +9.72% compared with 2019). This increase can be read mainly in relation to the growth in manufacturing activity (+5.6%). Also in 2019, Caleotto was not included within the reporting boundary.

In implementing the strategy, in 2021, Feralpi worked on optimising all tech-

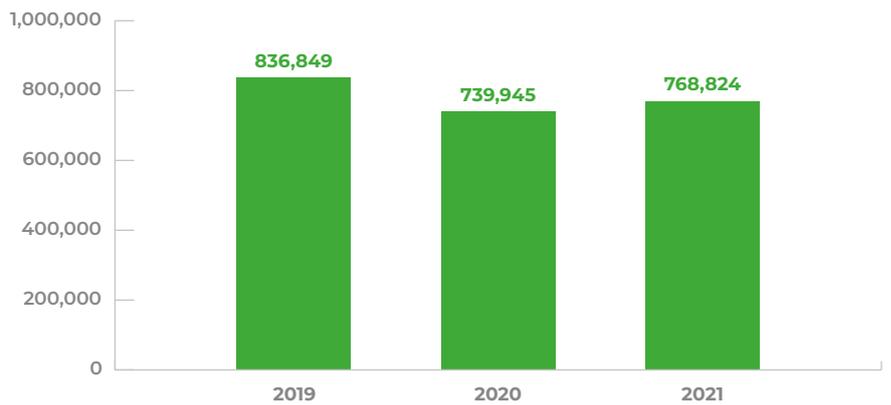


Indirect greenhouse gas emissions (GHG) resulting from electricity use (Scope 2: tCO₂eq) (305-2)

Location based



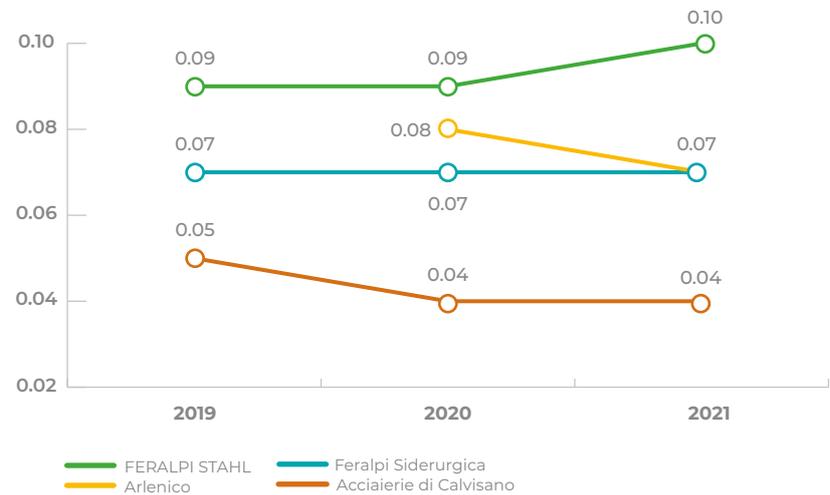
Market based



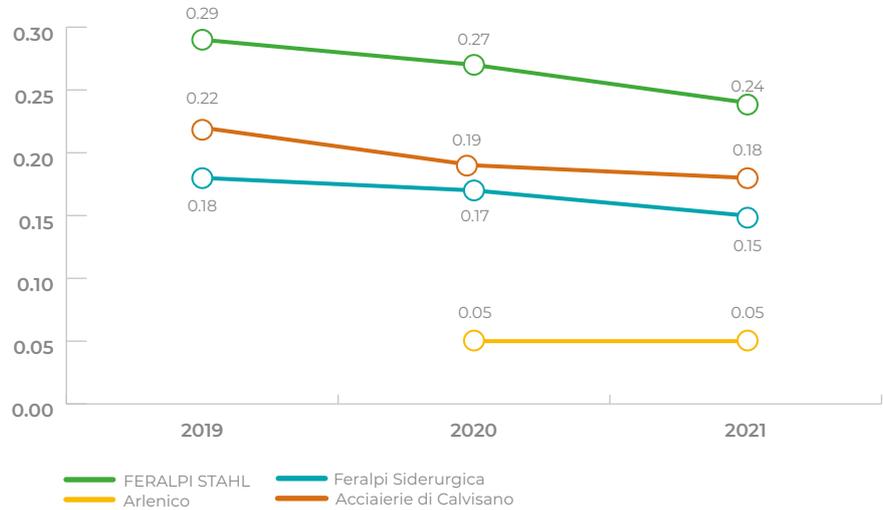
To consult **data on indirect greenhouse gas** (GHG) emissions from electricity use (Scope 2: tCO₂eq) - GRI indicator 305-2 - please refer to the chapter “4.6 Baseline Indicators for Environment” pag. 92

Greenhouse gas emission intensity trend - EU ETS and Indirect emissions from electricity - tCO₂/t product (305-4)

EU ETS - tCO₂/t product



Greenhouse gas emission intensity trend
Indirect emissions from electricity - tCO₂/t product



To consult the **data on greenhouse gas emission intensity** - GRI indicator 305-4 - please refer to the chapter “4.6 Baseline Indicators for Environment” pag. 92

In terms of measurement and monitoring, Feralpi Siderurgica in 2021 worked on establishing a **model for measuring indirect CO₂ emissions** (Scope 3 or Category 3+4+5+6 of ISO 14064-1). With this work, it was possible to define targeted efficiency actions and environmentally sustainable solutions for the Lonato plant and eventually for all plants. Work is also underway to optimise the energy management system with a new energy consumption monitoring platform.

During 2021, it was not deemed necessary to conduct an economic-financial assessment of the impacts related to climate change: the reduction of CO₂ is a commitment that Feralpi consciously chooses to pursue in order to increase its market competitiveness and thus its long-term sustainability. This is the reason why the decarbonisation strategy and related targets are an integral part of the business plan.

4.1.1.

Measures to reduce direct greenhouse gas emissions and other air emissions

With the aim of reducing direct emissions, decarbonising and making the steelmaking process more sustainable, Feralpi is committed to the increasing use of alternative materials to coal in its production process. Research and development projects aimed at replacing coal within production are a key investment in achieving the goals.

Thus, the **OnlyPlastic** project continued in 2021 with polymer injection tests from different points in the Feralpi Siderurgica electric furnace. Projects for the reuse of recoverable materials of alternative origin to fossil and polymeric materials were then initiated. Feasibility studies and pilot testing campaigns - which will be completed in 2022 - have been initiated to recover the metal fraction from metal oxides for use in EAF and for obtaining ferro alloys. Also in 2022, the use of alternative materials to the coal and polymer used in testing will be tested.

Following a study on the characterisation of the emissive effluent from the mill and an initial testing phase, Feralpi will proceed with the implementation of a pilot system to capture CO₂ through algae cultivation in 2022. Also from a technological and circular perspective, there are other actions planned for 2022 to reduce emissions:

1. Carrying out feasibility studies for using green hydrogen instead of other fossil fuels.
2. Implementation of a slag composition survey system in EAF and steel level measurement.
3. Pilot test with rapid sludge drying system for material recovery oxides.

In Riesa, emission reduction projects were implemented in 2021, such as a new **extraction hood** in the slag area with direct integration into the dedusting system. In this way, diffuse dust emissions released after slag extraction from the electric furnace and subsequent bed cleaning can be extracted even more directly and efficiently, avoiding fugitive emissions. The exhaust airflow of the extraction system is integrated into the existing dust removal system. In addition, there are plans to expand the slag area and cover and close the crane track in the fall works, which means an almost complete closure of the scrap processing sector. Regarding **noise emission reduction**, the renovation and maintenance of the roof hood of the furnace area (existing secondary extraction above the electric furnace) is scheduled for 2022. This is assumed to reduce noise emissions by 3dB.

Lastly, FERALPI STAHL, following work at the Riesa plant that involved covering a natural area site between the company parking lot and residential buildings, is implementing as required at the regulatory level a compensation measure with the planting of 3,000 shrubs and 20 larger trees.

This includes the investment for the new rolling mill in ESF Elbe-Stahlwerke Feralpi GmbH (refer to the chapter "Feralpi's Background and Strategy"), which involves 100% direct charging with inductive heating, with no direct CO₂ emissions.

AT A GLANCE - FERALPI'S COMMITMENT TO REDUCING DIRECT EMISSIONS

2021 

WHAT WAS DONE IN 2021?

- **Feralpi Siderurgica:** Testing of polymers instead of coal for foaming slag in the smelting phase | Implementation of oximo moving head burner for EAF process efficiency and flue gas reduction | Implementation of ladle reheating station with recuperative burners for energy recovery emission reduction
- **Presider:** Feasibility study for welding fume extraction systems
- **FERALPI STAHL:** Installation of air pre-heaters on horizontal ladle furnaces | Initiation of compensation actions

? 2022 

WHAT ARE WE GOING TO DO IN 2022?

- **Feralpi Siderurgica:** Replacement of methane billet heater, with electric inductors
- **Presider:** Installation of welding fume extraction systems
- **Arlenico:** Implementation of software to manage furnace combustion
- **FERALPI STAHL:** Implementation of a new stabilisation system, a slag relief system, a digital tundish temperature measurement system, and slag passage relief from ladle to tundish. Installation of a new fume hood in the slag shed area, a new roof hood for the smelting plant, and additional roofing of the scrap processing area
- **Acciaierie di Calvisano:** Use of polymers to replace hard coal in the smelting phase

4.1.2.

Energy efficiency measures

(302-2; 302-3)

Feralpi Group, in order to achieve its 2030 CO₂ emission reduction target, has planned process energy efficiency actions in EAF so as to reduce power consumption, process time and an improvement in metal yield.

Parallel to this is also the development of actions leading to the generation of electricity from renewable sources to cover a substantial share of the energy consumed by the plant and the development of energy recovery methods.

As part of its plan to reduce electricity consumption, Feralpi thus worked on improving the **efficiency of the compressed air distribution network and generation in the compressor station**, using cutting-edge technology that uses artificial intelligence and machine learning. This renovation, which began in 2020 and was carried out with the collaboration of Enel X, resulted in an increase in the efficiency of the main hall from 0.130 kWhe/Nm³ to 0.120 kWhe/Nm³

(+7.7%) in 2021, saving nearly 560 MWhe (105 toe). Further replacement of existing compressors with new, more efficient machines will be considered in 2022.

In terms of efficiency and decreasing gas consumption, two regenerative heat recovery burners have been installed now in 2019, resulting in 2021 energy savings of 20 toe. A structural modification to the burners was carried out in December 2021, allowing further energy efficiency, as well as optimisation of metal yield and a reduction in emissions.

In 2021, more than 8,000 MWht were recovered from EAF furnace flue gas line and more than 7,200 MWht were utilised in addition to the generation of cooling energy from heat recovery, which saw the production of nearly 220 MWht against the utilisation of 840 MWht. Upcoming evaluations are underway regarding thermal recovery from furnace flue gas at Rolling Mill 2, the possibility of thermal recovery from the entire EAF Feralpi Siderurgica furnace flue gas line, and expansion of the existing TLF network.

At the same time, with a view to energy efficiency, a new EAF scorification door was implemented in the Feralpi Siderurgica plant, limiting the entry of false air into the furnace and also reducing the emission of fumes. **The introduction of an induction furnace in Rolling Mill 1 and a turboexpander in the methane reduction station is being evaluated.**

In Acciaierie di Calvisano, the optimisation path for compressed air production has been started, which will be completed in 2022 with the replacement of the last old generation machine with estimated savings of about 240,000 Kw/h per year, and which will be accompanied by the systematisation of leak detection on the network to avoid energy waste.

In addition, extraordinary maintenance of the office building will be carried out in 2022, improving its energy performance by two categories.

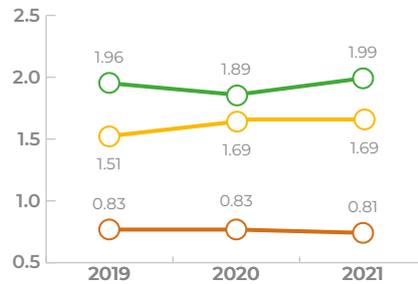
In Feralpi Siderurgica, underground compressed air storage is being soon evaluated. In ESF Elbe-Stahlwerke Feralpi GmbH, it is still undergoing optimisation. Leak detection has been ongoing since 2020, when an optimised concept was developed for the compressed air generation systems of the steel mill and rolling mill, with which 1,850 MWh/year of electricity and more than 1,000 MWh/year of heat can be saved.

At ESF Elbe-Stahlwerke Feralpi GmbH, with the installation of the combustion air pre-heater in the horizontal ladle furnaces, it was possible to reduce natural gas consumption (by 765 MWh or 7%) and associated CO₂ emissions in 2021, just as it was possible to reduce this consumption (by 1,240 MWh or 0.8%) with the replacement of the air pre-heater on the reheating furnace in the rolling mill.

With the aim of continuing to reduce energy consumption and increase energy efficiency, the replacement of the steel mill and rolling mill compressor plants, which is estimated to result in savings of 1,850,000 kWh per year, and Tempcore pumps, which will result in estimated energy savings of 141,000 kWh per year, have been planned at Stahl for 2023. Analyses are also underway for the use of hydrogen in the heating furnace of the rolling mill.

Energy intensity (Gj) per ton of product in plants with hot processing (302-3)

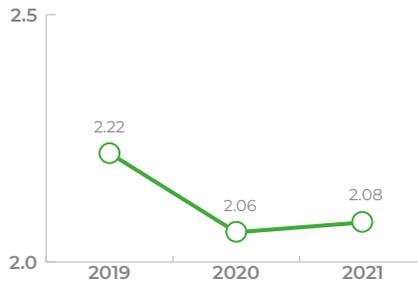
Feralpi Siderurgica



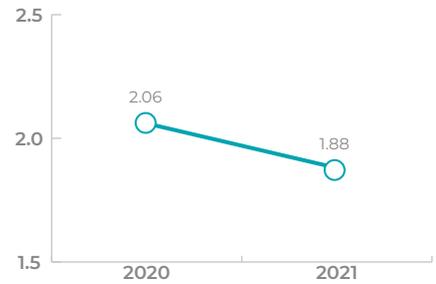
FERALPI STAHL



Acciaierie di Calvisano



Arlenico



Indirect energy consumption expressed in GJ - 2021 (302-2)

| UPSTREAM | | DOWNSTREAM |
|-------------------------|--|--|
| 23,488 Gj | 282,553 Gj | 458,752 Gj |
| Employee commuting 2021 | Transport and distribution incoming 2021 | Transport and distribution outgoing 2021 |

To consult the data on Energy Intensity (Gj) per ton of product - GRI indicator 302-3 - please refer to the chapter "4.6. Baseline Indicators for Environment" pag. 92

To consult the data on indirect energy consumption-indicator GRI 302-2 - please refer to the chapter "4.6. Baseline Indicators for Environment" pag. 92

AT A GLANCE - FERALPI'S COMMITMENT TO ENERGY EFFICIENCY AND REDUCING EMISSIONS FROM ELECTRICITY

2021

WHAT WAS DONE IN 2021?

- **Feralpi Siderurgica:** Start-up of compressor room with new higher efficiency machines | Replacement of metal halide lamps with LED lamps (75% light fixtures replaced) | Heat recovery from EAF furnace fume line | Generation of cooling energy from heat recovery | Optimisation of combustion control system of Mill 2 furnace and of regenerative ladle horizontal heating burners | Implementation of new scorification door in EAF for EAF process efficiency | Internal awareness campaign related to actions to be performed to reduce consumption.
- **Acciaierie di Calvisano:** Optimisation in compressed air generation
- **Arlenico:** Replacement of metal hydride lamps with energy-saving LED lamps (70% of replacement carried out)
- **Nuova Defim:** Replacement of a chiller in Anzano with a state-of-the-art one
- **FERALPI STAHL (Riesa site):** Replacement of metal halide lamps with LED lamps (expected savings 100,000 kWh/a)

? 2022

WHAT ARE WE GOING TO DO IN 2022?

- **Feralpi Siderurgica:** Completion of lamp replacement | Optimisation of horizontal ladle heating burners | Training courses for employees on energy consumption
- **Arlenico:** Replacement of office heating boilers with new generation regenerative boilers | Replacement of old lamps with energy-saving LED lamps
- **Nuova Defim:** replacement of a chiller in Alzate | complete replacement of the power factor correction plant in Anzano del Parco
- **FERALPI STAHL:** Commissioning of a billet welder in the rolling mill | improvement of the availability of the waste heat utilisation system in the electric furnace to increase steam production | Structural improvement of the roof hood in the slag room and direct integration into the collection line for dust removal | Roofing of the furnace area | Replacement of 5 speed-controlled pumps | Construction at the Riesa plant of a scrap preparation hall
- **Acciaierie di Calvisano:** Replacement of the last old generation air machine

4.1.3.

Measures to support renewable energy

The share¹ of electricity from **renewable sources** can be estimated at around 3.93%² for the main supplier in Italy and around 13.9%³ for Germany.

The percentage of renewables for the main Italian supplier is low, primarily due to the composition of the portfolio, which is largely focused on industrial customers working in the B2B rather than B2C segments, and with volumes still low for small/retail customers.

The penetration of certification mechanisms such as the Guarantees of Origin (GO) market, in fact, is progressively moving up the supply chain, starting with B2C supplies, but has not yet had a significant impact on B2B.

To date, the measures implemented by Feralpi to support the deployment of renewable energy at the forefront relate to the establishment of local plants at individual establishments. Examples are the Feralpi Siderurgica 625.14 kWp photovoltaic plant with which nearly 500 MWh will be produced in 2021 or the 347 kWp photovoltaic plant in Presider, Pomezia, which covers the plant's entire production and generates an energy surplus that is sold to the Distributor.

In 2021, as part of increasing efforts, feasibility **studies were carried out to expand the Siderurgica photovoltaic park** on multiple plant roofs to increase the producible power by an additional 3,000 kWp. And at the same time feasibility studies for revamping current photovoltaic park, as well as initiating projects that enable the Group to invest directly in major photovoltaic fields in Italy over the next 5 years. Feralpi's commitment to reduce CO₂ emissions thus finds its grounding in a new company for the implementation of photovoltaic parks aimed at reducing dependence on non-renewable energy sources and capable of leading to savings of more than 90,000 t of CO₂ per year when fully operational, equivalent to about 128,571 equivalent trees planted⁴.

Feralpi Power On S.r.l., the Feralpi Group's new renewable energy company, will incorporate the plant-owning SPVs and manage their respective Power Purchasing Agreements (PPAs). The project involves the development of ground-mounted photovoltaic fields across the country and installation on Group properties (roofs and land). When fully operational, the installed capacity will be 118 megawatts, with an average annual energy production of about 200,000 MWh (estimated lifetime production 5.9 million MWh).

¹ The percentages do not necessarily refer to energy purchased by the companies in the Group, which may be allocated (in whole or in part) to other users that have specifically so requested.

² Duferco pre-consensus estimate - 2020.

³ RWE Supply and Trading GmbH - 2019.

⁴ The market-based CO₂ conversion coefficient was used for the calculation: (458.57 g CO₂/kWh) and for the number of "Parks for Kyoto" equivalent trees (1 tree=700 kg CO₂). With the location-based coefficient it would be 59,850 t equal to 90,000 equivalent trees.

AT A GLANCE - FERALPI'S COMMITMENT TO RENEWABLE ENERGY

| | |
|--|---|
|  <p>WHAT WAS DONE IN 2021?</p> | <ul style="list-style-type: none"> • Initiating activities to establish photovoltaic park and drafting first roadmap • Feralpi Siderurgica: Feasibility studies for photovoltaic park expansion and revamping • Ecoeternit: Preliminary feasibility study for a photovoltaic field |
|  <p>WHAT ARE WE GOING TO DO IN 2022?</p> | <ul style="list-style-type: none"> • Establishment of new company for renewable energy development engaged in the development of photovoltaic parks to which is added an activity to evaluate additional alternative energy sources, such as biomethane production • Feralpi Siderurgica: Design and implementation of expansion and revamping of photovoltaic plants • Presider and Presider Armatures: Feasibility studies for photovoltaic system installation • FERALPI STAHL: Assessing the best option for green energy supply Joining Industriebogen for the promotion of green hydrogen |

On the sidelines of this major investment, the Ecoeternit company is developing a **preliminary** technical and economic feasibility **study** aimed at building a photovoltaic field on the final cover of the landfill. On the one hand, the intervention would allow for the use of an otherwise unused/unusable surface area, and on the other hand, it would reduce the surface area directly exposed to weathering (particularly rainfall), resulting in increased guarantees of minimising the risk of seepage that would generate leachate. An additional advantage is the possibility of securing 20- to 30-year cash flows that would help cover the landfill post-management costs (lasting 30 years). The characteristics of the project are still being studied: the maximum area potentially affected by the intervention is about 40,000 square meters, with a maximum capacity of about 3 MW and an annual production of 3.5 million kWh/year, against an investment of Euro 2.5 to 3 million. The

(eventual) implementation timeline is expected from 2026 (upon completion of landfill closure operations).

Parallel to renewable energy, strong attention is increasingly being paid to the topic of hydrogen, especially by Saxon Minister for Energy and Climate Protection Wolfram Günther, which sees green electricity as the basis for business survival in Saxony - home to FERALPI STAHL. For energy-intensive industries, such as steel, green hydrogen, i.e. produced with renewable energy, offers enormous opportunities, and for this reason Saxony has defined its strategy in this regard. In this context, FERALPI STAHL together with other companies such as Wacker Chemie in Nünchritz, Mannesmann Röhrenwerke, and Schmiedewerke Gröditz have joined together in early 2022 in the Industriebogen energy network, with the goal of making hydrogen usable as an energy carrier.

4.1.4.

Measures for the development of sustainable mobility

Sustainable mobility is also an area of action for the Group, although it is not of particular relevance to date in terms of impact with respect to production activities. Despite this, the Group has chosen to pursue **actions aimed at developing increasingly sustainable mobility.**

In terms of logistics, Feralpi has included among its goals a **growth in rail transport**, as opposed to wheeled transport, especially with a view to internationalisation and market expansion.

The investment in the construction of a second rolling mill at the Riesa plant will also go some way toward supporting this goal, as the steel mill generates a lot of local traffic both incoming and outgoing, even though the plant is equipped with numerous sidings. While incoming is due to the fact that not all scrap yards have a junction (70% of scrap is delivered by truck and only 30% by rail), outgoing improves the situation but many steel billets currently go from Riesa to Italy for further processing because the steel mill can produce more billets than can be processed locally. A second rolling mill will therefore result in more on-site production and less traffic. This process could be further improved with a dedicated freight train running regularly between Riesa and Lonato del Garda: although in the face of objective difficulties stated by the railways on trains running from one shipper to one consignee or due to track shortages, negotiations with a private rail operator are underway.

Specifically at Feralpi Logistik GmbH, the Group's only logistics company, the issue of sustainable mobility is experienced with great attention: all vehicles in the fleet are no more than 4 years old and all trailers are no more than 10 years old, and the most modern trailers use liftable technology, which allows significantly lower fuel consumption. As of 2018, all vehicles in the fleet are minimum EURO 6 or better, and every new purchase is always aimed at **lower impact**. By 2021, 12 vehicles were replaced, which is estimated to bring an 8% reduction in specific diesel consumption in terms of kilometers driven, based on the average specific diesel

AT A GLANCE - FERALPI'S COMMITMENT TO SUSTAINABLE MOBILITY

2021

WHAT WAS DONE IN 2021?

- **Presider:** Corporate fleet efficiency | Start-up of Mobility Management activities and first draft of PSCL (Home-Work Commute Plan) for Borgaro Torinese | Establishment of a Mobility Manager
- **Nuova Defim:** Purchase of new electric forklifts
- **Feralpi Logistik:** Replacement of 12 vehicles (diesel consumption: 8% reduction)

? 2022

WHAT ARE WE GOING TO DO IN 2022?

- **Presider Armatures:** Corporate fleet efficiency
- **Presider:** Official presentation to the competent bodies of the PSCL and program start-up for the Borgaro Torinese plant
- **Feralpi Logistik:** Additional tractor units of only are planned to be replaced by 2023

consumption in 2016-2018. With further modernisation of the fleet, a further 8% reduction is expected by 2030.

At the level of internal plant mobility, work was carried out at Presider in 2021 to make the company's fleet more efficient (from diesel-powered to fully electric vehicles). Nuova Defim, with the purchase in 2021 of new 5- and 3.5-ton forklifts to replace the last diesel-powered ones used on the yards with new high-efficiency electric ones, has improved its efficiency by 35%, resulting in zero emissions. On the same line, Arlenico has replaced a diesel-powered wire rod handling forklift with an electric one, and in 2022 another diesel-powered forklift in maintenance will be replaced with an electric one.

In Germany, gradually, the cars in use by the company will be replaced with electric cars.

Electric car charging stations reserved only for employees and guests are available at the Feralpi Holding building, Feralpi Siderurgica technical offices, Acciaierie di Calvisano. At the Riesa office, these stations are also open to the public and can be used by everyone.

Finally, in Presider - for the Borgaro Torinese plant only - the figure of the Mobility Manager has been defined and a home-to-work travel plan set up, in line with Interministerial Decree no. 179 of 12 May 2021 aimed at enabling the

structural and permanent reduction of the environmental impact resulting from private vehicular traffic in urban and metropolitan areas, promoting new interventions to reorganise mobility demand.

4.2.

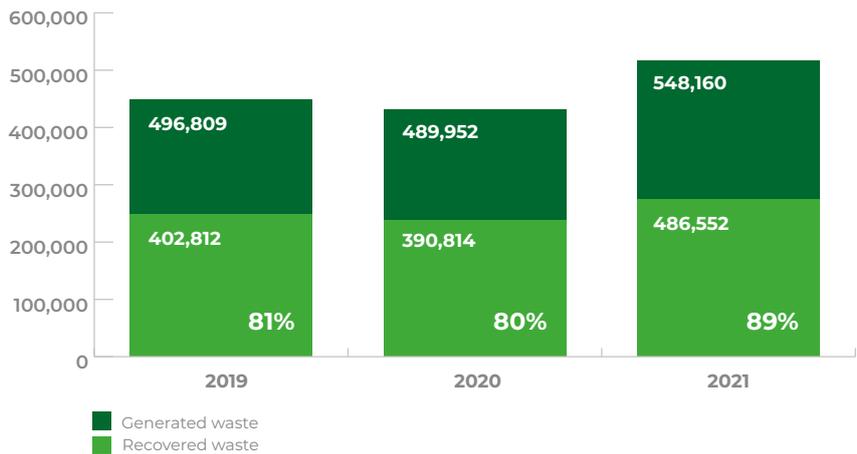
Circularity as a sustainable management model

(306-1)

Feralpi organises processes and facilities to minimise production residues, landfilling and raw material handling, investing in its replacement and circularity.

Materials used for steel production include scrap, additives, lime, ferro alloys, and refractories. Added to these are oxygen and inert gases. Some of these materials, for example scrap, are 100% materials recovered from other supply chains. Others, such as lime and refractories, have percentage of recycled matter (2% and 5%, respectively). The recycled share of additives (amounting to 18% in 2021) refers to filler coals, swellers, desulfurisers, deoxidisers, recarburisers and filler polymers.

Steel processing waste Generated vs Recovered



4.2.1. Use of recovered materials from other production cycles as raw material

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 that would otherwise be needed.

Ferrous scrap - the most important raw material for Feralpi - of different origins and compositions, can be considered as waste or non-waste, according to so-called "End of Waste" EU Regulation 333/2011, and hence be reused.

ding to so-called "End of Waste" EU Regulation 333/2011, and hence be reused.

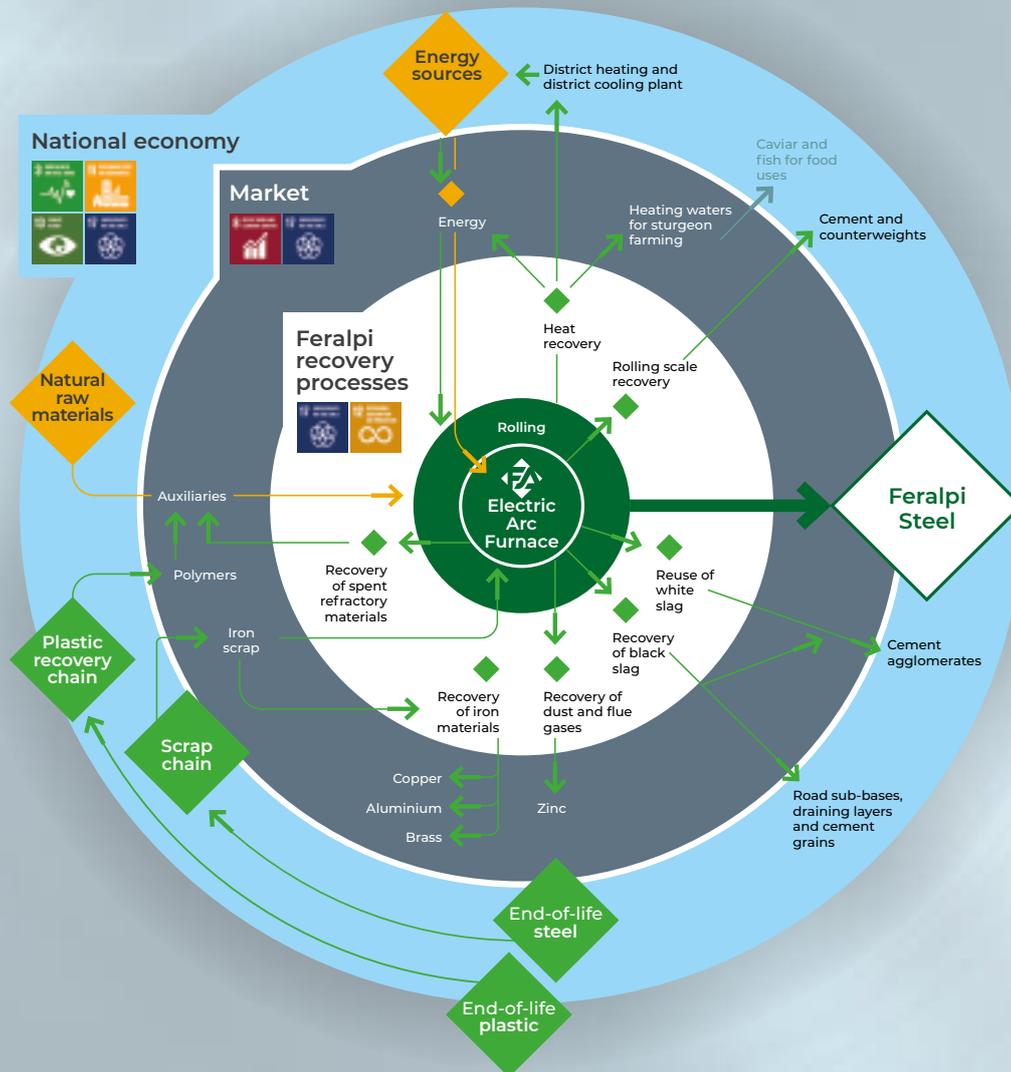


The steel produced by Feralpi consists of 93% recycled material: the figure has been subjected to validation, by a third party, with positive results to the verifications of the percentage content of recycled material of origin according to the UNI EN ISO 14021 standard.



To consult the data on waste from steel processing - indicator GRI 306-3, 306-4, 306-5 - please refer to the chapter "4.6. Baseline Indicators for Environment" pag. 92

Circular processes in Feralpi



In fact, the steelmaking process is constantly evolving. The Group applies innovative solutions that aim to reuse waste materials also from other supply chains, such as the valorisation of plastic waste, which is too often dispersed in the environment and slow to decay. Feralpi Group - in collaboration with partners I.Blu (IREN Group), Tenova and Euro-mec - now produces steel through the inclusion of technopolymers within the melting process of the electric furnace, replacing coal and its derivatives.

The polymers - sourced only from plastic packaging from separate waste collection - are subjected to sophistica-

ted sorting and classification processes at modern, qualified industrial plants and then to technological treatment for recycling. Such processes transform treated plastic materials into new "circular raw materials" that comply with regulations and quality standards, becoming important resources for various industrial applications.

Feralpi, after several years of testing, can now inject **BLUAIR⁵ material** into the electric arc furnace during scrap melting. In 2022, the use of polymers

⁵ Patented type of engineering plastics

or other recovered materials in the electric furnace will be expanded: in fact, there are plans to test the use of alternative materials, as well as new polymers, to further replace the hard coal used in the steelmaking stages. This method is considered the most appropriate for containing effects on the environment. Gaseous residues, resulting from the reaction that takes place following the blowing of the material into the steel and slag bath, can be destroyed at high temperature in the flue gas duct of the plant, which is specifically designed for this purpose already for conventional production. Laboratory studies and industrial te-

sts conducted have shown that the injection of such plastic-derived polymers inside the electric arc furnace does not cause undesirable emissions

compared to conventional production; thus, this action cannot be considered “dangerous” or “harmful.”



Environmental benefits

- Valorisation of a recovered material as a reducing agent (unlike other forms of disposal)
- Reduction of the consumption of non-renewable fossil fuels
- Reduction of electricity consumption
- Reduction of CO₂ emissions
- No negative impact on atmospheric emissions



Technical benefits

- Stabilisation of the production process thanks to the good “foaming” of the slag
- Reduction of distortions due to the electric arc
- Decreased overheating of cooled furnace panels
- Reduction of iron oxides in slag
- Reduction of sulphur content in steel



Economic benefits

- Cost of the material is advantageous (cheaper than coal)
- Possibility to programme constant supply flows for the benefit of industrial planning and accounting (less variability related to prices)
- Reduction of other variable costs (in particular, those related to energy and lime consumption)
- Higher productivity and better plant yield

| AT A GLANCE - FERALPI'S COMMITMENT TO THE VALORISATION OF RESIDUES FROM OTHER VALUE CHAINS | |
|--|---|
|  <p>WHAT WAS DONE IN 2021?</p> | <ul style="list-style-type: none"> • Feralpi Siderurgica: Tests of using polymers from recovered plastics instead of anthracite for foaming slag Completion of district heating to surrounding community of Lonato del Garda for energy recovery from EAF flue gas to obtain energy for civil heating Process optimisation related to using spent refractory bricks instead of lime |
|  <p>WHAT ARE WE GOING TO DO IN 2022?</p> | <ul style="list-style-type: none"> • Feralpi Siderurgica: Increase scrap cleaning by an additional 10% Testing the use of alternative materials and new polymers • Acciaierie di Calvisano: Tests of the use of recycled polymers in the furnace as a substitute for coal and consolidation of use • FERALPI STAHL: Increase the percentage of dolomite substitutes (to date 16%) |

4.2.2.

Valorisation of production residues within the production cycle or externally



Recovery and reuse of spent refractories in the production cycle in the place of raw materials

Spent refractory materials coming from the ladle are returned to the production cycle, as partial raw material substitutes. The raw material to be replaced is calcic lime and dolomite lime ("CaO cubes" and "40% CaO") to be used as a slagging agent in the EAF (electric-arc furnace). Their reuse in the furnace does not entail any negative impact on the environment or human health.



Recovery of dust and fumes to reduce the demand for mineral zinc

The metal zinc contained in the dust resulting from flue gas removal in the smelting process is mostly recovered at external plants in replacement of natural mineral. The dust produced by the ferro alloy plant are fed directly into the production cycle, the amount of which equals that of the materials from which dust originates.



Recovery of mill scale, to replace iron ore in the construction supply chain

Rolling scale is recovered for external use. *Green Iron* is the by-product obtained from the rolling scale that is sold to plants for the production of ballasts and concrete.



Recovery of non-ferrous metals from scrap sorting

The residual fraction produced by the scrap selection plant is sent to external plants for the recovery through mechanical sorting of non-ferrous metals (such as aluminium, brass and copper).



Sludge recovery

The project involves the construction of a system for drying sludge, a residue from water treatments, which will allow the production of a residue with lower moisture content and therefore more suitable for recovery in construction. The project is for future application.

AT A GLANCE - FERALPI'S COMMITMENT TO THE RECOVERY AND REUSE OF PRODUCTION RESIDUES

2021

WHAT WAS DONE IN 2021?

- **Feralpi Siderurgica:** Expanded white slag recovery path | Increased district heating users | Reduced water waste with optimised tower water make-up system
- **Acciaierie di Calvisano:** Started white slag recovery process
- **FERALPI STAHL:** Recovery of residual iron from ladle slag for reuse in EAF | Partial reuse of furnace slag, ladle slag and dust

? 2022

WHAT ARE WE GOING TO DO IN 2022?

- **Feralpi Siderurgica:** Treatment and recovery in the production cycle of scrap processing ends, which are now sent for external recovery | Increased white slag recovery | Realisation of sludge drying system | Use of induction system for billet heating | Feasibility study to improve separation and reuse of non-ferrous metals
- **Acciaierie di Calvisano:** Allocate all slag (black and white) for reuse
- **FERALPI STAHL:** Increase the percentage of dolomite substitutes (to date 16%) and in the medium term internal recycling of white slag (reuse in electric furnace) | Extensive use of EAF slag as recycled construction material for high internal construction activity | Treatment of excavated soil and concrete for reuse as recycling material





Slag recovery to replace materials of natural origin in the construction industry

Slag from the steel cycle can be black and white.

The recovery of the black slag and related processing are outsourced to external companies, which then handle related marketing. Specifically at the Lonato del Garda plant, the contracted company converts the slag into a commercial by-product called "Greenstone", which is used in the construction industry to replace materials of natural origin.

All Greenstone by-products have obtained the CE 2+ marking, according to UNI EN specifications. In addition, the black slag recovered at the Lonato plant has an EPD® (*Environmental Product Declaration*). The EPD is based on the application of the *Life Cycle Assessment* method (LCA regulated by ISO 14040 and 14044), which quantifies the environmental performance of a product during the various stages of its life cycle. Also at the Calvisano plant, the black slag waste is recovered for the production of products certified according to the 2+ system.

The black slag produced by Feralpi Siderurgica in 2021 was sent for total recovery.

In 2021, the recovery of white slag continued, enabling its partial use in the field of building construction: the share of white slag sent for recovery reached **40% (8% 2020)** of all white slag produced..



Heat recovery for clean energy generation

Heat is recovered from the cooling water systems of the Feralpi Siderurgica and the Riesa steel mills, preventing it from being released into the atmosphere. The flue gas recovery system at ESF Elbe-Stahlwerke Feralpi GmbH generates up to 30 t/h of steam that is partly conveyed by the Riesa town utility company (Stadtwerke Riesa - SWR) directly to Goodyear Dunlop Tires and partly used to generate electricity through an Organic Rankine Cycle (ORC) turbine. Waste heat from the compressor stations is used to heat and supply hot water to the technical administration offices.

Feralpi Siderurgica, through heat recovery, has instead built a plant that interfaces directly with the smelting furnace flue gas cooling system, allowing it to heat the hydraulic distribution circuit over around one kilometre and delivering 4 MWt at an operating temperature of **90°C**. The recovered heat has been used to heat the buildings inside the plant since 2018. Since 2019, public buildings and some residential buildings in town have been heated with the steel mill heat, thanks to the collaboration with the local government.

In 2021, a number of activities were carried out at the Lonato plant that resulted in an increase in the number of Lonato utilities connected to the grid for an increase in energy delivered to the city of **620 MWht** (total almost **3,500 MWht**) and the related removal of methane gas plants.

District heating:

- energy recovered from the EAF in 2021: almost 8,000 MWht;
- energy used by the various utilities in 2021: over 7,000 MWht;
- network performance: 88% (12% average dispersion);
- energy sold to Lonato: over 3,400 MWht (over 50% of the total used);
- primary energy from fossil sources not used: almost 6,000 MWht;
- missed consumption of methane gas: over 600,000 Sm³;
- normalised energy savings: over 600 TOE;

District cooling

- thermal energy used by the absorber in summer 2021: 840 MWht;
- cooling energy produced by the absorber in summer 2020: 220 MWht;
- Average COP: 0.26;
- electricity not consumed for cooling energy production with compression chillers: nearly 45 MWhe;
- normalised energy saving: 8 TOE.

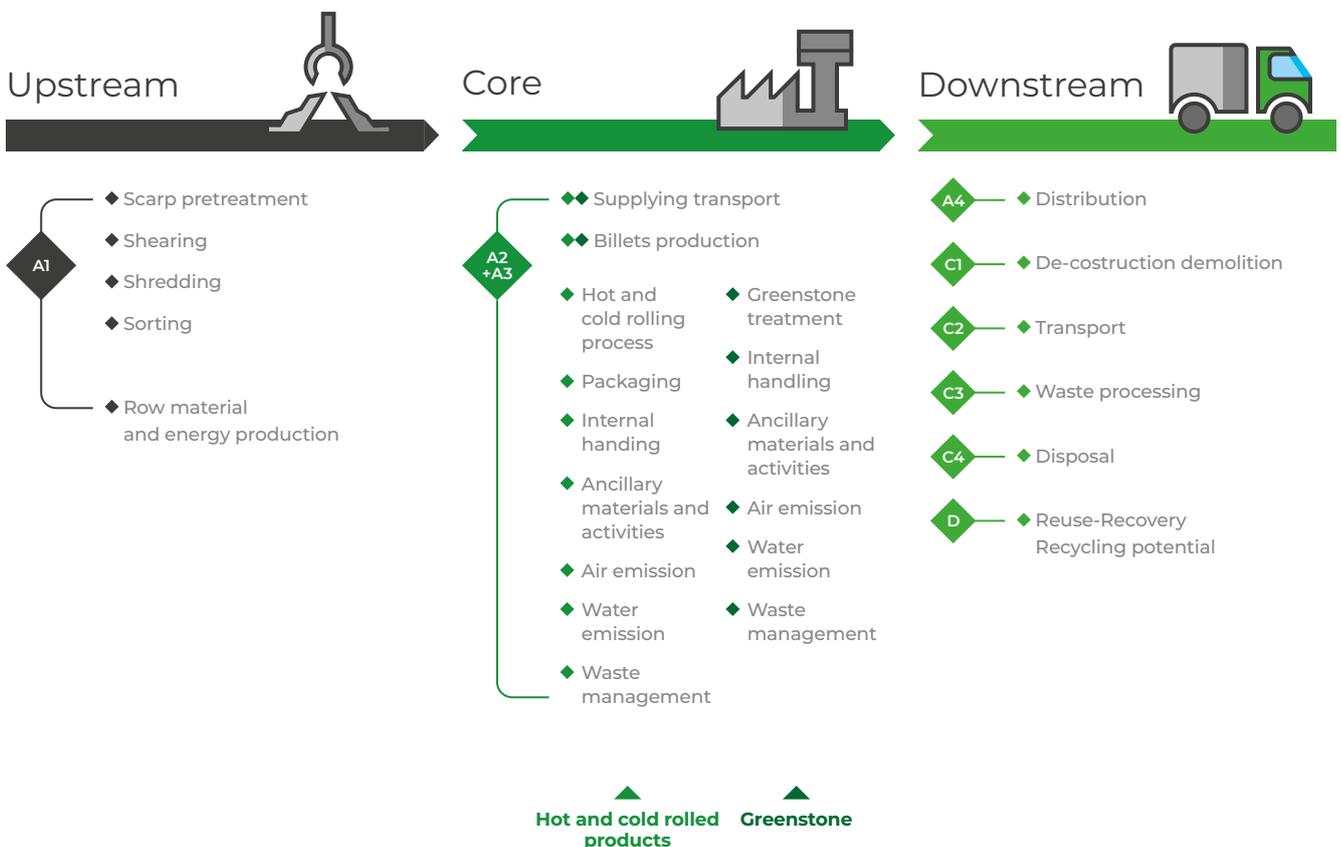
Evaluation of a possible extension of the district heating network beyond Lonato is underway.

4.3.

Measuring environmental impact: Life Cycle Assessment (LCA), Environmental Product Declaration (EPD) and Circular Transition Indicators (CTI)

Feralpi, and specifically the Feralpi Siderurgica plant, has measured the environmental impact of its products by applying Life Cycle Assessment methodology to the entire life cycle and obtaining EPD certification. The measurement is related to the production of hot-rolled steel, cold-rolled steel and the Greenstone, for which please refer to the chapter “Circularity as a sustainable management model”.

Main activities for the production of hot and cold rolled steel and Greenstone



For each of the three phases, different environmental indicators were measured, which are useful in understanding the impact that the production of a certain Feralpi product has on the environment with the goal of going to optimise production and its effects.

Main indicators measured:

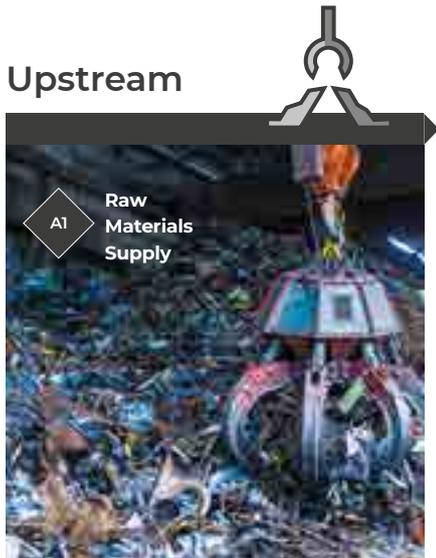
- **GWP** > Global warming potential, total
- **ODP** > Ozone depletion potential
- **AP** > Acidification potential
- **EP,f** > Eutrophication potential, freshwater
- **EP,m** > Eutrophication potential, marine
- **EP,t** > Eutrophication potential, terrestrial
- **POCP** > Photochemical ozone creation potential
- **ADPE** > Abiotic depletion potential of minerals and metals

- **ADPF** > Abiotic depletion potential of fossil fuels
- **WDP** > Water use reduction potential

Of all the indicators measured - available within the *Environmental Product Declaration 2021* published at www.feralpigroup.com - data on the impact of production on global warming are shown below for each of the three phases. On the ozone belt, the figure is not reported because it is equal to zero for all phases.

Global Warming Potential (GWP)

How much does a greenhouse gas contribute to global warming compared to carbon dioxide (CO₂)? To measure global warming caused by the greenhouse effect from a gas, carbon dioxide (carbon dioxide CO₂) is used as the unit of comparison.



Steel scrap collection (shredded both in external and internal plants) and other raw materials productions



Production of alloy elements



Specific secondary materials pre-treatment, where appropriate



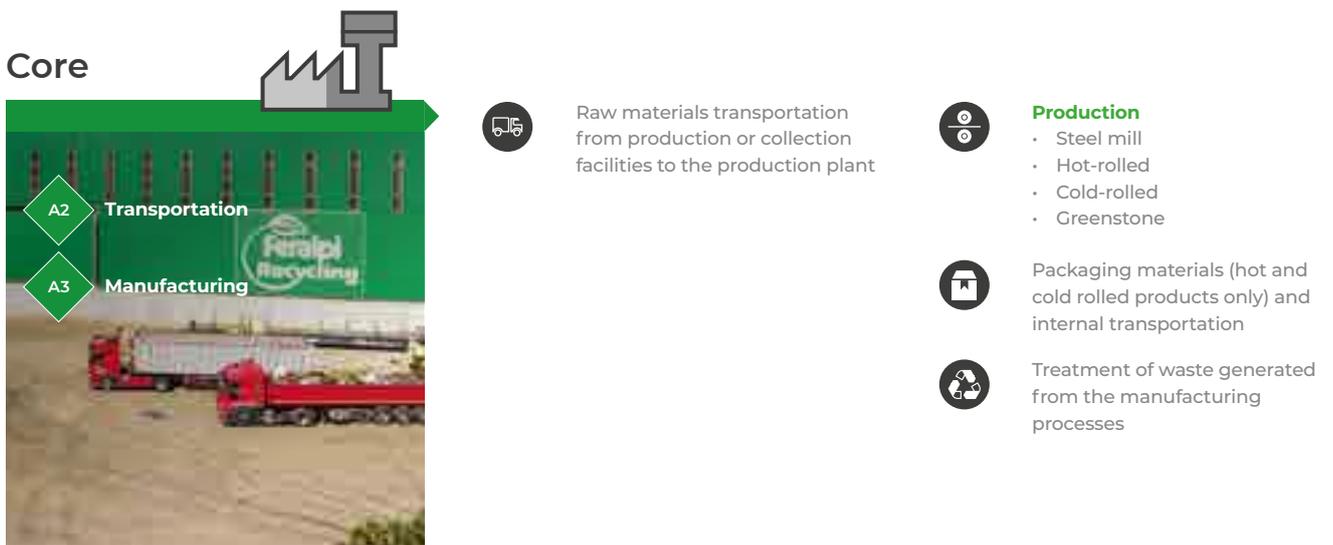
Generation of electricity and other fuels from primary and from secondary energy resources (excluding waste treatments)

Global Warming Potential (GWP): 2020

Hot-rolled production:
482 kg CO₂eq

Cold-rolled production:
522 kg CO₂eq

Greenstone production:
15 kg CO₂eq



Global Warming Potential (GWP): 2020

Hot-rolled production:
319 kg CO₂eq

Cold-rolled production:
345 kg CO₂eq

Greenstone production:
16 kg CO₂eq



Global Warming Potential (GWP): 2020

| | | |
|---|---|--|
| Hot-rolled production: 133.71 kg CO₂eq | Cold-rolled production: 64.71 kg CO₂eq | Greenstone production: 90.52 kg CO₂eq |
|---|---|--|

Circular Transition Indicators: framework for assessing circularity

During 2021, Feralpi Siderurgica took part in the application path of the *Circular Transition Indicators (CTI)*, a framework for assessing the circularity of companies promoted by *World Business Council For Sustainable Development (WBCSD)* in collaboration - for Italy - with *Sustainability Makers*. The framework focuses mainly on the circular and linear mass passing through the company. In addition to the ability to close the loop, the CTI provides insights into the overall optimisation of resource use and the relationship between the company's circular material flows and its business performance.

Analysis through a dedicated tool returned positive scores on Feralpi Siderurgica circular performance. This is related, at the *inflow* level, to the use of scrap for steel production. The management of waste and production residues mostly involves sending them for recovery and/or qualifying them as by-products. Only a residual part is expected to be landfilled. In addition, the products themselves (made of steel) are 100% recyclable and can therefore be fed back into the production cycle as ferrous scrap.



4.4.

Environmental policies and management

(102-11; 103-2; 103-3)

The steel sector is subject to the EU Integrated Pollution Prevention and Control (IPPC) framework, introduced since 1996 with the first *IPPC directive, Integrated Pollution Prevention and Control*.

Feralpi Group carries out its activities in compliance with current legislation: in Italy it operates in line with Legislative Decree 152/2006 and with the specific authorisation requirements of the competent bodies; in Germany with the federal law on the protection of emissions (Bimschg), in whose areas they report on any monitoring carried out in accordance with the assigned regulations.

Feralpi Group also applies the precautionary principle set out in article 15 of the Rio Declaration on Environment and Development (United Nations Conference in Rio de Janeiro of 3-14 June 1992), according to which *“where there are threats of serious and irreversible damage, the lack of full scientific certainty cannot be invoked as a justification for delaying the application of the most appropriate measures in order to prevent environmental degradation”*.

4.4.1.

Environmental management systems

Three of the Italian and foreign production facilities have more significant energy consumption and impact levels than others, given their high production volumes and process type: Feralpi Siderurgica, Acciaierie di Calvisano and ESF Elbe-Stahlwerke Feralpi.

FERALPI SIDERURGICA and ACCIAIERIE DI CALVISANO (*)

Integrated Management System
Environment, Safety and Energy

FERALPI STAHL

Integrated Management System
Environment, Quality and Energy

(*) ongoing in the first half of 2022

The Feralpi Siderurgica and Acciaierie di Calvisano sites are also among those at Risk of Major Accident, according to European Directive 2012/18/EU, regarding dust from steel mill fume abatement, in relation to the authorisation for temporary storage of the same within the site. Management of this risk is integrated into the Environment, Safety and Energy systems.

In 2022, to support management, it is planned to identify a **software tool** dedicated to the integrated management of Environment, Safety and Energy aspects, with which to reach all employees and make available effective information and tools for easy sharing of reports and opinions and subsequent resolution.

The rolling processes at the aforementioned sites and at the Arlenico plant

must be considered energy-intensive given the high amount of methane gas consumed to heat and process billets into semi-finished and/or finished products.

In 2021, the **integrated Environment, Safety and Energy policy** underlying certified management systems was confirmed in Feralpi Siderurgica - and extended in Acciaierie di Calvisano. Existing system certifications in Group companies have all been maintained. As part of its ongoing commitment to extending the scope involved by certified management systems, Feralpi Siderurgica also achieved certification of its Energy Management System to the UNI EN ISO 50001 standard and MPL achieved certification of its Environmental Management System to the UNI EN ISO 14001 standard. Presider aims to achieve Environmental Management System certification to the UNI EN ISO 14001 standard in 2022.

Germany has had an Integrated Management System Directorate since 2018, which centrally oversees all aspects of quality, occupational health and safety, fire protection and explosion risk, environmental protection and waste management.

At sites without certified systems, procedures are in place to ensure the proper oversight of environmental aspects with an impact on production site performance. However, as part of the extension of the scope - thematic and geographic - of certification, it is planned to extend the integration of policies in MPL, as done in Calvisano with the Environment, Safety and Energy policy, and to adopt a policy - homogeneous in content beyond a

different and more deferred timeline in the certification paths - in Presider and Caleotto.

Where management systems are in place, a policy of integrating them under the coordination of an **integrated management manual** (Environment, Safety, Energy) is pursued. All system procedures for all Group sites are referred to in the Model 231, which is operational in all Group companies.

Feralpi Siderurgica and the German companies based in Riesa have **obtained EMAS** (*Eco-Management and Audit Scheme*) registration, which requires companies to draw up a programme as part of their environmental management system and then produce a coherent Environmental Declaration verified by a third party.

The management of the Ecoeternit plant is regulated by the Integrated Environmental Permit, the Operational Management Plan in the current versions. The company adopts an integrated management system compliant with the UNI EN ISO 14001 and UNI EN ISO 45001 standards.

In 2021, activities inherent to the **Integrated Management System** were carried out, aimed at training and raising awareness among plant employees on health and safety, personal and collective responsibility, Covid-19 pandemic management, proper waste handling, environmental monitoring, and operating procedures for proper landfill management.

In 2021, during the process of Feralpi Siderurgica obtaining **ISO 50001** certification, an internal communication campaign on the topic was also carried out with the aim of raising awareness among people inside the plant. Also to increase internal environmental awareness, theoretical and practical training regarding the procedures to be followed in case of environmental emergencies and the available principles was included during the refresher training phases for emergency team members.

External awareness of environmental issues is raised through **annual reporting tools** (Sustainability Report, EMAS Environmental Statement) as well as digital communication tools (corporate website and social channels) and external relations (media relations, institutional

relations, stakeholder engagement, dialogue with the local community, events, house organ, etc.).

In 2021, environmental awareness initiatives were promoted to young people: on the occasion of the European Week of Reuse and Recycling, in partnership with the Ugo da Como Foundation, Feralpi promoted 5 training days in the area, dedicated to elementary school.

4.4.2. **Waste management** (103-2; 103-3; 306-2)

The management of waste and production residues mostly involves sending them for recovery and/or qualifying them as by-products. Only a residual part is expected to be landfilled. Processes and facilities are organised and managed to minimise the volumes of materials to be landfilled.

From a circular perspective, however, Feralpi's commitment is not limited to minimising waste, but extends to **reducing the movement of raw materials** and waste, reducing deliveries and replacing raw materials.

At the Italian sites, waste is managed according to procedures that are specific for the various plants.

At the Riesa site, the waste produced in the various companies is delivered to the central collection points within the site, where the differentiation, recovery and residual transfer to landfill is managed.

All **operational sites with a large amount of waste are inspected weekly by the waste management manager**, who also monitors and manages communications with the licensing and supervisory authority and applies for certificates (e.g. EMAS, ISO 14001, ISO 9001, etc.) from the recycler and disposer of archive waste.

In terms of the development of the circular approach, the Group's "Research and Development" function is also involved, which, in coordination with plant managers and environmental management system representatives, is committed to the constant search for new solutions. In this circular economy context, the intervention of independent private and public supply chain players is significant.

4.4.3. **Management of water resources** (103-2)

Feralpi's production processes, specifically those of smelting and hot processing, require **large quantities of water to cool the plants**. To avoid waste, constant monitoring of consumption, regular maintenance of facilities and, where appropriate, investments are made to reduce consumption.

Water withdrawal at the Feralpi Siderurgica and Acciaierie di Calvisano plants is done directly from the water table through wells, while at the FERALPI STAHL plant it is done from the municipal water supply, but it draws **small amounts of water through wells** for firefighting water supply. In general, water withdrawal does not exert significant environmental impacts, thanks to the use of closed circuits that allow for the continuous recycling of the water used: through the operation of cooling circuits, the Group guarantees a decrease in withdrawal and ensures a purification of the water released outside the plants.

The management of water resources is regulated and constantly monitored by means of analyses entrusted to accredited third-party agencies that certify compliance with legal limits for discharges into surface water bodies.

At ESF Elbe-Stahlwerke Feralpi GmbH, voluntary groundwater inlet and outlet surveys are conducted annually at all measuring wells and the impact of the company's operations on soil and groundwater. The company also collects **precipitation water** that accumulates on sealed surfaces, which is then used as service water for slag cooling. ESF Elbe-Stahlwerke Feralpi is authorised to discharge waste water from installations into the public waste water network (indirect discharge) of Großer Kreisstadt Riesa and Zweckverband Abwasserbeseitigung Oberes Elbtal Riesa in accordance with the provisions.

The Arlenico plant draws **water from the lake**, a valuable resource for the area. The discharged water is monitored continuously and the collected data are recorded, remaining available on a hard disk for a long time; monthly samples of the wastewater are taken and analysed by a third-party agency for compliance with Legislative Decree

152/06. In addition, again for the **protection of water resources**, a de-oiling system has been installed downstream of the indoor diesel fuel dispenser, which ensures that the **rainwater** that washes the forecourt near the dispenser is completely free of hydrocarbon pollutants when it reaches the clear water network. In 2021, a study was carried out to separate the direct cooling circuits from the indirect cooling circuits, devising a design that will most likely be implemented in 2022 bringing with it some important benefits in terms of environmental impact, such as the significant reduction in cooling water withdrawals.

Even Ecoeternit, with the same objective of reducing water withdrawals, uses, in accordance with the Integrated Environmental Authorisation in force, the percolation water for waste humidification operations and access routes to the lots under cultivation.

4.4.4.

Soil and groundwater protection

To protect the soil and the water table, Feralpi collects **water from the sewage system** inside its plants, sends it to the purification plant and releases it into the surface water system at the Lonato del Garda and Calvisano sites and into the urban sewage system at the Riesa site. In this regard, it has established **specific emergency procedures**, on which operators have been properly trained, and all discharge points are regularly monitored with laboratory analysis and online measurements. This is supplemented by careful maintenance of paving and waterproofing.

In order to contain any spills immediately, an emergency and collection kits are available in areas where hazardous substances and waste are stored at strategic points at the Italian and German sites.

Materials that could potentially contribute to soil contamination such as grease, solvents, oils or indirectly even contaminated equipment such as cleaning rags, filters, hydraulic hoses and containers, are collected and treated to be recycled or disposed of, in accordance with regulations and avoiding any type of spillage.

In this regard, Feralpi Siderurgica is working on the **progressive replacement of oil-derived lubricants with biodegradable vegetable lubricants** which will be completed in 2022. Substitution ensures better lubricity and no harmful impacts on humans due to a biodegradable base and self-extinguishing characteristics.

The handling and storage of substances and materials are overseen by procedures that indicate proper management from a safety and environmental standpoint: all of the Group's ISO 14001 environmentally certified factories periodically conduct **simulated emergency drills** that include oil and hazardous substance spills in addition to fire.

At Presider and MPL, in 2021, the environmental emergency plan was consolidated aimed at preventing any event or phenomenology of an extraordinary nature that could in some way generate negative effects: the plan was validated and corroborated through an exercise in collaboration with the maintenance team (for Presider) and with the employees of the production department (for MPL).

4.5.

Environmental governance

The environmental management of production processes, in line with the strategic directives set forth by top management and Group ownership, is entrusted to individual plants with plant managers and management system managers, the Ecological and Energy Transition unit, the *Group HSE Manager* unit, and the External Relations and Sustainability function.



The management of regulatory aspects for subsidiaries with significant energy consumption (electricity, methane, oxygen) is the responsibility of the Group Energy Department, which is also in charge of defining **strategic lines in terms of procurement and the sale of white certificates** related to efficiency measures. Support for companies with low consumption is related to supply contracts and regulatory issues.

Plant Managers are responsible for the management of waste materials, in cooperation with Integrated Management System Managers and Waste Management Managers. At the Italian sites, management is according to procedures that are specific for the various plants. A single management system is adopted at the Riesa site, whereby **waste produced in the different companies is collected at central points** within the site, from which it is then managed for sorting, recovery, and residual landfilling for disposal. The scrap purchasing department in cooperation with the environmental protection department are involved.

4.6.

Baseline indicators for “Environment”⁶

(305-1; 305-2; 305-3; 305-4; 305-7; 302-2; 302-3; 301-1; 301-2; 306-3; 306-4; 306-5)

Total direct greenhouse gas emissions (GHG) (Scope 1: tCO₂eq)⁷ (305-1)

| | 2019 | 2020 | 2021 |
|--|----------------|----------------|----------------|
|  EU ETS EMISSIONS | 203,484 | 200,849 | 223,034 |
| Feralpi Siderurgica | 95,191 | 85,299 | 101,890 |
| Acciaierie di Calvisano | 21,988 | 18,910 | 19,491 |
| FER-PAR | 6,708 | 5,547 | - |
| Arlenico ⁸ | - | 11,801 | 17,509 |
| FERALPI STAHL | 79,597 | 79,292 | 84,144 |
|  GHG EMISSIONS FROM REFRIGERANT GAS LEAKS | 98 | 250 | 133 |
| Feralpi Siderurgica | 76 | 247 | 133 |
| Acciaierie di Calvisano | 0 | 0 | 0 |
| FER-PAR | 22 | 3 | - |
| FERALPI STAHL | 0 | 0 | 0 |
|  GHG EMISSIONS FROM NATURAL GAS | 410 | 339 | 507 |
| Nuova Defim | 410 | 281 | 413 |
| Presider | - | 58 | 95 |
|  GHG EMISSIONS FROM DIESEL | 207 | 388 | 478 |
| Arlenico | - | 139 | 227 |
| Nuova Defim | 207 | 201 | 217 |
| Presider | - | 45 | 32 |
| Presider Armatures | - | 3 | 3 |
|  GHG EMISSIONS FROM LPG FOR HEATING | 76 | 23 | 17 |
| MPL | 76 | 23 | 17 |
| TOTAL DIRECT EMISSIONS (SCOPE 1) | 204,275 | 201,798 | 224,169 |

⁶ It should be noted that the sum of environmental data reported in individual tables may not match the total values due to rounding of figures.

⁷ For FERALPI STAHL, Feralpi Logistik Scope 1 emissions for the year 2019 of 2,023.32 tCO₂ were not included.

⁸ Following an alignment, the 2020 figure relating to Eu Ets emissions by Arlenico has been restated with respect to those published in the previous Non-Financial Statement.

**Indirect greenhouse gas emissions (GHG) resulting from electricity use
(Scope 2: tCO₂eq) (305-2)**

| | 2019 | 2020 | 2021 |
|---|----------------|----------------|----------------|
|  LOCATION BASED¹ | 582,744 | 538,858 | 522,453 |
| Feralpi Siderurgica | 238,540 | 207,717 | 213,271 |
| Acciaierie di Calvisano | 93,235 | 83,555 | 89,968 |
| FER-PAR | 3,218 | 2,860 | - |
| Arlenico | - | 7,309 | 11,892 |
| Nuova Defim | 1,016 | 924 | 1,039 |
| Presider | 503 | 449 | 673 |
| MPL | 282 | 265 | 285 |
| FERALPI STAHL | 244,768 | 234,591 | 204,045 |
| Feralpi-Praha | 1,018 | 983 | 1,084 |
| Feralpi-Hungaria | 126 | 144 | 129 |
| Presider Armatures | 38 | 31 | 35 |
| Ecoeternit | - | 29 | 33 |
|  MARKET BASED² | 836,849 | 739,945 | 768,824 |
| Feralpi Siderurgica | 321,125 | 288,016 | 310,476 |
| Acciaierie di Calvisano | 125,514 | 115,856 | 130,973 |
| FER-PAR | 4,332 | 3,850 | - |
| Arlenico | - | 10,134 | 17,313 |
| Nuova Defim | 1,368 | 1,329 | 1,512 |
| Presider | 677 | 623 | 980 |
| MPL | 380 | 368 | 414 |
| FERALPI STAHL | 382,050 | 318,380 | 305,719 |
| Feralpi-Praha | 1,219 | 1,175 | 1,215 |
| Feralpi-Hungaria | 157 | 150 | 140 |
| Presider Armatures | 27 | 24 | 37 |
| Ecoeternit | - | 40 | 44 |

The national electricity emission factors were used to calculate indirect CO₂ emissions resulting from electricity using the *location-based* method⁹. To calculate indirect CO₂ emissions resulting from electricity using the *market-based* method, reference was made to the AIB (Association of Issuing Bodies)¹⁰.

⁹ Equal to: for Italian sites 359 gCO₂/kWh for 2019, 336 gCO₂/kWh for 2020 and 315 gCO₂/kWh for 2021; for Germany 464 gCO₂/kWh for 2019, 449 gCO₂/kWh for 2020 and 393 gCO₂/kWh for 2020; for the Czech Republic 507 gCO₂/kWh for 2019, 498 gCO₂/kWh for 2020, and 475 gCO₂/kWh for 2020; for Hungary 277 gCO₂/kWh for 2019, 273 gCO₂/kWh for 2020, and 253 gCO₂/kWh for 2020; for France 72 gCO₂/kWh for 2019 and 56 gCO₂/kWh for 2020 and 2021.

¹⁰ For 2019, reference was made to the 2018 Residual Mix, which for Italian sites is 483.29 gCO₂/kWh, for Germany 724.24 gCO₂/kWh, for Hungary 345.37 gCO₂/kWh, for the Czech Republic 607.16 gCO₂/kWh, and for France 51.23 gCO₂/kWh. For 2020, reference was made to the 2019 Residual Mix, which for Italian sites is 465.89 gCO₂/kWh, for Germany 609.37 gCO₂/kWh, for Hungary 285.74 gCO₂/kWh, for the Czech Republic 595.11 gCO₂/kWh, and for France 43.19 gCO₂/kWh. For 2021, reference was made to the 2020 Residual Mix, which for Italian sites is 458.57 gCO₂/kWh, for Germany 588.83 gCO₂/kWh, for Hungary 274.11 gCO₂/kWh, for the Czech Republic 532.44 gCO₂/kWh, and for France 58.52 gCO₂/kWh. For photovoltaic energy and the energy certified as renewable (e.g., green certificates) an emission factor of zero was used.

Other indirect greenhouse emissions (GHG)¹¹ (Scope 3) (305-3)

| | 2019 | 2020 | 2021 |
|---|---------------|---------------|---------------|
|  TRANSPORT OF INCOMING SCRAP OR PRODUCT - tCO₂ | 17,561 | 18,721 | 20,718 |
| Feralpi Siderurgica | 11,297 | 11,000 | 12,247 |
| Acciaierie di Calvisano | 2,147 | 2,825 | 3,508 |
| FER-PAR | 0 | 0 | - |
| Arlenico | - | 59 | 6 |
| Nuova Defim | 92 | 120 | 164 |
| Presider | 1 | 19 | 20 |
| MPL | 89 | 199 | 216 |
| FERALPI STAHL | 3,935 | 4,273 | 4,270 |
| Feralpi-Praha | 0 | 0 | 0 |
| Feralpi-Hungaria | 0 | 0 | 0 |
| Presider Armatures | 0 | 1 | 3 |
| Ecoeternit | - | 224 | 284 |
|  PRODUCT TRANSPORT OUTGOING - tCO₂ | 22,746 | 28,802 | 33,865 |
| Feralpi Siderurgica | 10,010 | 10,902 | 12,801 |
| Acciaierie di Calvisano | 624 | 789 | 1,224 |
| FER-PAR | 692 | 653 | - |
| Arlenico | - | 339 | 1,371 |
| Nuova Defim | 257 | 309 | 331 |
| Presider | 1,090 | 1,273 | 1,594 |
| MPL | 209 | 200 | 240 |
| FERALPI STAHL | 9,637 | 13,826 | 15,667 |
| Feralpi-Praha | 166 | 155 | 171 |
| Feralpi-Hungaria | 22 | 30 | 27 |
| Presider Armatures | 39 | 326 | 439 |
|  EMPLOYEE DISPLACEMENT - tCO₂ | 1,450 | 1,546 | 1,694 |
| Feralpi Siderurgica | 381 | 416 | 503 |
| Acciaierie di Calvisano | 156 | 125 | 163 |
| FER-PAR | 47 | 45 | - |
| Arlenico | - | 92 | 76 |
| Nuova Defim | 78 | 74 | 72 |
| Presider | 106 | 109 | 130 |
| MPL | 22 | 21 | 24 |
| FERALPI STAHL | 606 | 603 | 642 |
| Feralpi-Praha | 38 | 39 | 56 |
| Feralpi-Hungaria | 13 | 13 | 14 |
| Presider Armatures | 3 | 2 | 2 |
| Ecoeternit | - | 8 | 11 |

¹¹ ETS Standard National Parameters were used in the calculation.

Intensity of greenhouse gas emissions (305-4)

| tCO ₂ /t FINISHED PRODUCT | 2019 | 2020 | 2021 |
|--|------|------|------|
|  EU ETS DIRECT EMISSIONS (SCOPE 1) | | | |
| Feralpi Siderurgica | 0.07 | 0.07 | 0.07 |
| Acciaierie di Calvisano | 0.05 | 0.04 | 0.04 |
| FER-PAR | 0.09 | 0.09 | - |
| Arlenico | - | 0.08 | 0.07 |
| FERALPI STAHL ¹² | 0.09 | 0.09 | 0.10 |
|  INDIRECT EMISSIONS RESULTING FROM ELECTRICITY USE | | | |
| Feralpi Siderurgica | 0.18 | 0.17 | 0.15 |
| Acciaierie di Calvisano | 0.22 | 0.19 | 0.18 |
| FER-PAR | 0.04 | 0.05 | - |
| Arlenico | - | 0.05 | 0.05 |
| Nuova Defim | 0.06 | 0.05 | 0.05 |
| Presider | 0.00 | 0.00 | 0.01 |
| MPL | 0.01 | 0.01 | 0.01 |
| FERALPI STAHL ⁷ | 0.29 | 0.27 | 0.24 |
| Feralpi-Praha | 0.03 | 0.03 | 0.04 |
| Feralpi-Hungaria | 0.03 | 0.02 | 0.02 |
| Presider Armatures | 0.01 | 0.00 | 0.00 |

¹² Following a refinement of the collection process, the data for the three-year period 2019-2021 relating to the intensity of emissions (Eu Ets and electricity) of FERALPI STAHL have been restated with respect to those published in the previous Non-Financial Statement.

Atmospheric emissions¹³ (305-7)

| | UNIT | 2019 | 2020 | 2021 |
|--|------|--------|--------|--------|
|  DUST¹⁴ | t | | | |
| Feralpi Siderurgica | | 3.35 | 2.83 | 2.60 |
| Acciaierie di Calvisano | | 5.95 | 2.28 | 2.57 |
| FER-PAR | | 0.08 | 0.04 | - |
| Arlenico | | - | 0.01 | 0.90 |
| Nuova Defim | | 0.23 | 0.19 | 0.24 |
| FERALPI STAHL | | 0.67 | 1.31 | 2.45 |
|  PM10 | t | | | |
| Feralpi Siderurgica | | 0.41 | 0.46 | 0.84 |
| Acciaierie di Calvisano | | 0.93 | 1.57 | 2.25 |
| FERALPI STAHL | | 0.57 | 1.10 | 2.07 |
|  NOx¹⁵ | t | | | |
| Feralpi Siderurgica | | 153.18 | 172.76 | 165.15 |
| Acciaierie di Calvisano | | 92.20 | 50.65 | 131.49 |
| FER-PAR | | 0.34 | 0.80 | - |
| Arlenico | | - | 4.85 | 21.90 |
| FERALPI STAHL | | 50.87 | 61.63 | 137.85 |

follows >

¹³ The figures for Feralpi Algérie, Feralpi Praha, Feralpi Hungaria, Presider, Presider Armatures and Metallurgica Piemontese Lavorazioni (MPL) are not included in the table as insignificant.

¹⁴ Figure for the site.

¹⁵ The variability of NOx values depends on the way the reheating furnace is operated in relation to the product being rolled during sampling. Figure for the site.

| | UNIT | 2019 | 2020 | 2021 |
|---|---------------|----------|----------|----------|
|  CO¹⁶ | t | | | |
| Feralpi Siderurgica | | 1,293.89 | 1,021.59 | 1,729.96 |
| Acciaierie di Calvisano | | 421.42 | 333.13 | 584.95 |
| FER-PAR | | 24.69 | 0.39 | - |
| Arlenico | | - | 0.06 | 0.18 |
| FERALPI STAHL | | 619.54 | 844.64 | 1,322.29 |
|  DIOXINS AND FURANS | gI-TEQ | | | |
| Feralpi Siderurgica | | 0.05 | 0.02 | 0.02 |
| Acciaierie di Calvisano | | 0.03 | 0.04 | 0.05 |
| FERALPI STAHL | | 0.01 | 0.09 | 0.08 |
|  IPA | kg | | | |
| Feralpi Siderurgica | | 0.04 | 0.04 | 0.03 |
| Acciaierie di Calvisano | | 0.15 | 0.12 | 0.14 |
| FERALPI STAHL | | - | - | - |
|  COT | t | | | |
| Feralpi Siderurgica | | 48.33 | 51.63 | 57.21 |
| Acciaierie di Calvisano | | 17.77 | 3.81 | 11.27 |
| FERALPI STAHL | | - | - | - |
|  Pb | kg | | | |
| Feralpi Siderurgica | | 29.31 | 16.28 | 11.58 |
| Acciaierie di Calvisano | | 21.33 | 15.68 | 9.10 |
| Arlenico | | - | 0.03 | 0.90 |
| FERALPI STAHL | | 6.04 | 60.05 | 54.86 |
|  Zn | kg | | | |
| Feralpi Siderurgica | | 389.46 | 263.87 | 252.67 |
| Acciaierie di Calvisano | | 290.54 | 307.51 | 371.77 |
| Arlenico | | - | 0.03 | 8.76 |
| FERALPI STAHL | | 175.84 | 401.69 | 801.05 |
|  Hg | kg | | | |
| Feralpi Siderurgica | | 11.93 | 25.41 | 56.45 |
| Acciaierie di Calvisano | | 10.28 | 4.80 | 8.35 |
| Arlenico | | - | - | 0.07 |
| FERALPI STAHL | | 73.12 | 31.37 | 28.45 |
|  SOx¹⁷ | t | | | |
| Feralpi Siderurgica | | 3.34 | 9.02 | 7.25 |
| Acciaierie di Calvisano | | 28.21 | 51.64 | 72.66 |
| FER-PAR | | 4.56 | 0.04 | - |
| FERALPI STAHL | | 36.26 | 4.52 | 4.18 |
|  Pcb¹⁸ | kg | | | |
| Feralpi Siderurgica | | 0.08 | 0.13 | 0.01 |
| Acciaierie di Calvisano | | 0.01 | 0.55 | 0.10 |
| FERALPI STAHL | | 0.03 | 0.00 | 0.00 |

¹⁶ Figure for the site.

¹⁷ Figure for the site.

¹⁸ Dioxin-like without toxicity factor.

Indirect energy consumption expressed in GJ¹⁹ (302-2)

| | 2019 | 2020 | 2021 |
|--------------------------------|---------|---------|---------|
| FERALPI SIDERURGICA | | | |
| Employee commuting | 5,389 | 5,852 | 7,078 |
| Transport and distribution | 153,526 | 149,486 | 165,687 |
| Upstream | 158,914 | 155,338 | 172,764 |
| Transport and distribution | 136,037 | 148,161 | 173,177 |
| Downstream | 136,037 | 148,161 | 173,177 |
| ACCIAIERIE DI CALVISANO | | | |
| Employee commuting | 1,661 | 1,364 | 2,293 |
| Transport and distribution | 32,874 | 39,416 | 50,667 |
| Upstream | 34,535 | 40,780 | 52,950 |
| Transport and distribution | 9,566 | 11,006 | 17,668 |
| Downstream | 9,566 | 11,006 | 17,668 |
| FER-PAR | | | |
| Employee commuting | 692 | 575 | - |
| Transport and distribution | 0 | 0 | - |
| Upstream | 692 | 575 | - |
| Transport and distribution | 9,407 | 8,875 | - |
| Downstream | 9,407 | 8,874 | - |
| ARLENICO | | | |
| Employee commuting | - | 1,026 | 1,105 |
| Transport and distribution | - | 806 | 76 |
| Upstream | - | 1,831 | 1,180 |
| Transport and distribution | - | 4,612 | 18,555 |
| Downstream | - | 4,612 | 18,555 |
| NUOVA DEFIM | | | |
| Employee commuting | 1,066 | 1,004 | 924 |
| Transport and distribution | 1,254 | 1,629 | 2,222 |
| Upstream | 2,320 | 2,633 | 3,146 |
| Transport and distribution | 3,491 | 4,195 | 4,500 |
| Downstream | 3,491 | 4,195 | 4,500 |
| PRESIDER | | | |
| Employee commuting | 1,495 | 1,529 | 1,502 |
| Transport and distribution | 18 | 264 | 272 |
| Upstream | 1,513 | 1,793 | 1,774 |
| Transport and distribution | 14,807 | 17,304 | 21,560 |
| Downstream | 14,807 | 17,304 | 21,560 |
| MPL | | | |
| Employee commuting | 318 | 297 | 342 |
| Transport and distribution | 1,212 | 2,710 | 2,926 |
| Upstream | 1,530 | 3,007 | 3,268 |
| Transport and distribution | 2,836 | 2,721 | 3,251 |
| Downstream | 2,836 | 2,721 | 3,251 |
| FERALPI STAHL | | | |
| Employee commuting | 8,379 | 8,532 | 9,097 |
| Transport and distribution | 53,108 | 57,669 | 57,630 |
| Upstream | 61,487 | 66,201 | 66,727 |
| Transport and distribution | 130,056 | 186,583 | 211,428 |
| Downstream | 130,056 | 186,583 | 211,428 |
| FERALPI-PRAHA | | | |
| Employee commuting | 522 | 553 | 800 |
| Transport and distribution | 0 | 0 | 0 |
| Upstream | 522 | 553 | 800 |
| Transport and distribution | 2,243 | 2,095 | 2,314 |
| Downstream | 2,243 | 2,095 | 2,314 |

¹⁹ Incoming and outgoing transport refer to road transport only, and is estimated at 28 tonnes for each load. For incoming transport to Ecoeternit, 22 tons has been assumed for each load. With regard to employee commuting, one round-trip a day per person was considered.

follows >

| | 2019 | 2020 | 2021 |
|----------------------------|------|-------|-------|
| FERALPI-HUNGARIA | | | |
| Employee commuting | 184 | 184 | 199 |
| Transport and distribution | 0 | 0 | 0 |
| Upstream | 184 | 184 | 199 |
| Transport and distribution | 297 | 401 | 359 |
| Downstream | 297 | 401 | 359 |
| PRESIDER ARMATURES | | | |
| Employee commuting | 45 | 47 | 47 |
| Transport and distribution | 5 | 15 | 38 |
| Upstream | 51 | 62 | 85 |
| Transport and distribution | 533 | 4,433 | 5,941 |
| Downstream | 533 | 4,433 | 5,941 |
| ECOETERNIT | | | |
| Employee commuting | - | 104 | 104 |
| Transport and distribution | - | 3,044 | 3,044 |
| Upstream | - | 3,148 | 3,148 |
| Transport and distribution | - | 0 | 0 |
| Downstream | - | 0 | 0 |

Energy intensity in GJ per ton of product (302-3)

| | 2019 | 2020 | 2021 |
|---|------|------|------|
| BILLETS | | | |
| Feralpi Siderurgica | 1.96 | 1.89 | 1.99 |
| Acciaierie di Calvisano | 2.22 | 2.06 | 2.08 |
| FERALPI STAHL | 2.03 | 2.00 | 2.04 |
| RIBBED BAR | | | |
| Feralpi Siderurgica | 0.83 | 0.83 | 0.81 |
| FERALPI STAHL | 1.23 | 0.99 | 1.12 |
| REBAR IN COILS | | | |
| Feralpi Siderurgica | 1.51 | 1.69 | 1.69 |
| WIRE ROD | | | |
| FERALPI STAHL | 1.23 | 0.99 | 1.12 |
| WIRE ROD IN SPECIAL STEELS | | | |
| Arlenico | - | 2.06 | 1.88 |
| DOWNSTREAM PRODUCTS | | | |
| Feralpi-Praha | 0.21 | 0.21 | 0.23 |
| Feralpi-Hungaria | 0.38 | 0.32 | 0.28 |
| SECTION BARS | | | |
| FER-PAR | 2.28 | 2.20 | - |
| WELDED MESH AND GRATINGS | | | |
| Nuova Defim | 0.65 | 0.56 | 0.57 |
| SHAPED OR ASSEMBLED REINFORCING STEEL IN BAR | | | |
| Presider | 0.06 | 0.05 | 0.07 |
| Presider Armatures | 0.11 | 0.12 | 0.09 |
| GIRDERS AND ANGLE SECTIONS | | | |
| MPL | 0.10 | 0.11 | 0.12 |

The figures relate to December each year. In the calculation, the total consumption of natural gas, electricity, charge carbon and coal for foamy scrap was used for Feralpi Siderurgica, electricity and natural gas for Acciaierie di Calvisano and FERALPI STAHL, electricity and natural gas for Arlenico and total consumption of electricity for Nuova Defim, Presider, MPL, Presider Armatures and Feralpi-Hungaria.

Use of materials and % recycled (301-1, 301-2)

| MATERIAL | UNIT | 2019 | | 2020 | | 2021 | |
|-----------------------------------|-----------------------|-------------------|-------------|-------------------|--------------|-------------------|--------------|
| | | USED | % RECYCLED | USED | % RECYCLED | USED | % RECYCLED |
| SCRAP | t | 2,732,514 | 100 | 2,734,192 | 99.87 | 2,875,291 | 99.95 |
| Feralpi Siderurgica | | 1,278,486 | 100 | 1,231,412 | 100 | 1,344,205 | 100 |
| Acciaierie di Calvisano | | 477,249 | 100 | 484,282 | 99.25 | 533,706 | 99.72 |
| FERALPI STAHL | | 976,779 | 100 | 1,018,498 | 100 | 997,380 | 100 |
| ADDITIVES | t | 20,406 | 0.74 | 20,329 | 5.74 | 23,441 | 18.21 |
| Feralpi Siderurgica | | 8,231 | 0 | 7,559 | 13.15 | 8,971 | 26.31 |
| Acciaierie di Calvisano | | 2,906 | 0 | 2,896 | 0 | 2,818 | 0 |
| FERALPI STAHL | | 9,269 | 1.62 | 9,874 | 1.76 | 11,653 | 16.39 |
| LIME | t | 104,219 | 2.27 | 95,543 | 2.54 | 103,873 | 2.22 |
| Feralpi Siderurgica ²⁰ | | 49,936 | 4.74 | 45,797 | 5.29 | 53,471 | 4.31 |
| Acciaierie di Calvisano | | 21,664 | 0 | 15,990 | 0 | 14,336 | 0 |
| FERALPI STAHL | | 32,619 | 0 | 33,756 | 0 | 36,065 | 0 |
| IRON ALLOYS | t | 35,229 | 0 | 35,360 | 0 | 36,249 | 0 |
| Feralpi Siderurgica | | 16,139 | 0 | 16,382 | 0 | 16,458 | 4.31 |
| Acciaierie di Calvisano | | 6,154 | 0 | 4,927 | 0 | 6,061 | 0 |
| FERALPI STAHL | | 12,936 | 0 | 14,051 | 0 | 13,730 | 0 |
| REFRACTORY MATERIALS | t | 17,084 | 4.8 | 17,049 | 5.14 | 18,331 | 4.53 |
| Feralpi Siderurgica | | 6,639 | 0 | 6,780 | 0 | 7,028 | 4.31 |
| Acciaierie di Calvisano | | 3,874 | 0 | 3,601 | 0 | 4,475 | 0 |
| FERALPI STAHL | | 6,571 | 12.49 | 6,668 | 13.15 | 6,828 | 12.17 |
| OXYGEN | Sm³ | 70,527,025 | 0 | 71,413,324 | 0 | 78,781,810 | 0 |
| Feralpi Siderurgica | | 35,057,696 | 0 | 33,547,680 | 0 | 37,424,048 | 0 |
| Acciaierie di Calvisano | | 11,282,844 | 0 | 10,981,932 | 0 | 12,191,351 | 0 |
| FERALPI STAHL | | 24,186,485 | 0 | 26,883,712 | 0 | 29,166,411 | 0 |
| INERT GASES | Sm³ | 2,120,736 | 0 | 2,088,872 | 0 | 2,160,660 | 0 |
| Feralpi Siderurgica | | 1,005,737 | 0 | 1,062,005 | 0 | 1,121,086 | 0 |
| Acciaierie di Calvisano | | 421,943 | 0 | 387,478 | 0 | 412,916 | 0 |
| FERALPI STAHL | | 693,056 | 0 | 639,389 | 0 | 626,658 | 0 |

²⁰ The figure includes internally recovered lime and dolomite: 2,366 t for 2019, 2,423 t for 2020 and 2,307 t for 2021.

Waste generated (t) and breakdown by waste composition (306-3)²¹

| | 2020 | 2021 |
|---|----------------|----------------|
| HAZARDOUS WASTE | 112,099 | 124,206 |
| FUME ABATEMENT DUST | 40,132 | 44,494 |
| Feralpi Siderurgica | 18,092 | 21,336 |
| Acciaierie di Calvisano | 7,337 | 8,334 |
| FERALPI STAHL | 14,703 | 14,824 |
| OTHER WASTE | 71,967 | 79,712 |
| Feralpi Siderurgica | 126 | 164 |
| Acciaierie di Calvisano | 121 | 87 |
| FER-PAR | 47 | - |
| Arlenico | 22 | 86 |
| Nuova Defim | 6 | 8 |
| Presider | 4 | 31 |
| MPL | 0 | 0 |
| FERALPI STAHL | 540 | 440 |
| Feralpi-Praha | 0 | 1 |
| Feralpi-Hungaria | 0 | 1 |
| Presider Armatures | 0 | 0 |
| Ecoeternit ²² | 71,101 | 78,896 |
| NON-HAZARDOUS WASTE | 434,351 | 519,342 |
| HEAVY WASTE FROM SHREDDING | 0 | 0 |
| Feralpi Siderurgica | 0 | 0 |
| Acciaierie di Calvisano | 0 | 0 |
| FERALPI STAHL | 0 | 0 |
| LIGHT WASTE FROM SHREDDING (FLUFF) | 0 | 0 |
| Feralpi Siderurgica | 0 | 0 |
| Acciaierie di Calvisano | 0 | 0 |
| FERALPI STAHL | 0 | 0 |
| MILL SCALE | 38,215 | 39,884 |
| Feralpi Siderurgica | 17,543 | 18,614 |
| Acciaierie di Calvisano | 712 | 727 |
| FER-PAR | 885 | - |
| Arlenico | 2,794 | 3,620 |
| FERALPI STAHL | 16,088 | 16,722 |
| Feralpi-Praha | 175 | 166 |
| Feralpi-Hungaria | 18 | 35 |
| BLACK SLAG | 193,421 | 221,652 |
| Feralpi Siderurgica ²³ | 74,514 | 86,978 |
| Acciaierie di Calvisano | 22,415 | 27,013 |
| FERALPI STAHL | 96,492 | 107,661 |
| WHITE SLAG | 90,714 | 87,437 |
| Feralpi Siderurgica | 33,857 | 32,339 |
| Acciaierie di Calvisano | 35,507 | 36,674 |
| FERALPI STAHL | 21,350 | 18,424 |
| OTHER WASTE | 112,001 | 170,368 |
| Feralpi Siderurgica | 49,462 | 97,203 |
| Acciaierie di Calvisano | 18,037 | 17,214 |
| FER-PAR | 3,773 | - |
| Arlenico | 823 | 1,870 |
| Nuova Defim | 1,016 | 1,947 |
| Presider | 2,378 | 7,642 |
| MPL | 835 | 944 |
| FERALPI STAHL | 27,478 | 25,961 |
| Feralpi-Praha | 0 | 0 |
| Feralpi-Hungaria | 8 | 40 |
| Presider Armatures | 839 | 1,055 |
| Ecoeternit | 7,352 | 16,492 |
| TOTAL WASTE | 546,450 | 643,550 |

²¹ Following a refinement of the collection process, the 2020 data relating to waste from Acciaierie di Calvisano, Feralpi Hungaria and Ecoeternit have been restated with respect to those published in the previous Non-Financial Statement.

²² The figure refers to asbestos-containing waste (EWC code 17.06.05*) disposed of at the Ecoeternit landfill.

²³ The black slag is sent for recovery in a shared plant (DIMA) for the production of System 2+ certified products such as aggregates and cement mixtures, thus also contributing to the reduction of the use of natural raw materials from quarries.

Waste not intended for disposal (t) (306-4)

| | ON SITE | | | | | TOTAL | AT EXTERNAL SITE | | | | | TOTAL | |
|----------------------------|----------|--------------|-----------|-------------|-----------------|--------------|------------------|----------------|----------------|-------------|-----------------|----------------|--|
| | REUSE | RECYCLING | RECOVERED | COMPOST-ING | OTHER TREATMENT | | REUSE | RECYCLING | RECOVERED | COMPOST-ING | OTHER TREATMENT | | |
| 2021 | | | | | | | | | | | | | |
| HAZARDOUS WASTE | | | | | | | | | | | | | |
| Feralpi Siderurgica | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 19,058 | 0 | 0 | 19,058 | |
| Acciaierie di Calvisano | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,823 | 0 | 0 | 7,823 | |
| Arlenico | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 67 | 0 | 0 | 67 | |
| Nuova Defim | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 0 | 0 | 6 | |
| Presider | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 29 | 29 | |
| MPL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| FERALPI STAHL | 0 | 0 | 0 | 0 | 0 | 0 | 18 | 365 | 12,023 | 0 | 0 | 12,405 | |
| Feralpi-Praha | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Feralpi-Hungaria | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 1 | |
| Presider Armatures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Ecoeternit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| TOTAL | 0 | 0 | 0 | 0 | 0 | 0 | 18 | 365 | 38,978 | 0 | 29 | 39,389 | |
| NON-HAZARDOUS WASTE | | | | | | | | | | | | | |
| Feralpi Siderurgica | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 215,159 | 262 | 0 | 215,422 | |
| Acciaierie di Calvisano | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 45,707 | 0 | 0 | 45,707 | |
| Arlenico | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,490 | 0 | 0 | 5,490 | |
| Nuova Defim | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,881 | 66 | 0 | 0 | 1,947 | |
| Presider | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,588 | 7,588 | |
| MPL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 944 | 944 | |
| FERALPI STAHL | 0 | 6,662 | 0 | 0 | 0 | 6,662 | 0 | 113,862 | 48,245 | 0 | 0 | 162,107 | |
| Feralpi-Praha | 0 | 0 | 0 | 0 | 0 | 0 | 166 | 0 | 0 | 0 | 0 | 166 | |
| Feralpi-Hungaria | 0 | 0 | 0 | 0 | 0 | 0 | 35 | 40 | 0 | 0 | 0 | 75 | |
| Presider Armatures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,055 | 1,055 | |
| Ecoeternit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,202 | 0 | 0 | 1,202 | |
| TOTAL | 0 | 6,662 | 0 | 0 | 0 | 6,662 | 201 | 115,784 | 315,869 | 262 | 9,587 | 441,703 | |

| | ON SITE | | | | | | AT EXTERNAL SITE | | | | | |
|----------------------------|----------|-----------|-----------|------------|-----------------|----------|------------------|----------------|----------------|------------|-----------------|----------------|
| | REUSE | RECYCLING | RECOVERED | COMPOSTING | OTHER TREATMENT | TOTAL | REUSE | RECYCLING | RECOVERED | COMPOSTING | OTHER TREATMENT | TOTAL |
| 2020 | | | | | | | | | | | | |
| HAZARDOUS WASTE | | | | | | | | | | | | |
| Feralpi Siderurgica | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16,416 | 0 | 0 | 16,416 |
| Acciaierie di Calvisano | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,151 | 0 | 0 | 7,151 |
| FER-PAR | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 40 | 40 |
| Arlenico | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18 | 0 | 0 | 18 |
| Nuova Defim | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 0 | 0 | 5 |
| Presider | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 0 | 1 | 4 |
| MPL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FERALPI STAHL | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 428 | 11,857 | 0 | 0 | 12,305 |
| Feralpi-Praha | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Feralpi-Hungaria | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Presider Armatures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ecoeternit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 428 | 35,450 | 0 | 41 | 35,939 |
| NON-HAZARDOUS WASTE | | | | | | | | | | | | |
| Feralpi Siderurgica | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12,792 | 130,491 | 207 | 29 | 143,519 |
| Acciaierie di Calvisano | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 41,153 | 0 | 0 | 41,153 |
| FER-PAR | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 455 | 0 | 0 | 4,191 | 4,646 |
| Arlenico | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,617 | 0 | 0 | 3,617 |
| Nuova Defim | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 965 | 0 | 0 | 0 | 965 |
| Presider | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 2,292 | 0 | 82 | 2,378 |
| MPL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 835 | 0 | 0 | 835 |
| FERALPI STAHL | 0 | 0 | 0 | 0 | 0 | 0 | 24 | 106,619 | 54,765 | 0 | 0 | 161,408 |
| Feralpi-Praha | 0 | 0 | 0 | 0 | 0 | 0 | 175 | 0 | 0 | 0 | 0 | 175 |
| Feralpi-Hungaria | 0 | 0 | 0 | 0 | 0 | 0 | 18 | 8 | 0 | 0 | 0 | 26 |
| Presider Armatures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,039 | 0 | 0 | 8,039 |
| Ecoeternit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 790 | 0 | 175 | 965 |
| TOTAL | 0 | 0 | 0 | 0 | 0 | 0 | 217 | 120,843 | 241,981 | 207 | 4,477 | 367,726 |

Waste for disposal (t) (306-5)

| | ON SITE | | | | | AT EXTERNAL SITE | | | | |
|----------------------------|-------------------------------------|--|---------------|---------------------------|---------------|-------------------------------------|--|---------------|---------------------------|---------------|
| | INCINERATION (WITH ENERGY RECOVERY) | INCINERATION (WITHOUT ENERGY RECOVERY) | LANDFILLING | OTHER DISPOSAL OPERATIONS | TOTAL | INCINERATION (WITH ENERGY RECOVERY) | INCINERATION (WITHOUT ENERGY RECOVERY) | LANDFILLING | OTHER DISPOSAL OPERATIONS | TOTAL |
| 2021 | | | | | | | | | | |
| HAZARDOUS WASTE | | | | | | | | | | |
| Feralpi Siderurgica | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,442 | 2,442 |
| Acciaierie di Calvisano | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 598 | 598 |
| Arlenico | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 19 | 19 |
| Nuova Defim | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| Presider | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 5 |
| MPL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FERALPI STAHL | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 2,838 | 0 | 2,858 |
| Feralpi-Praha | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Feralpi-Hungaria | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Presider Armatures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ecoeternit | 0 | 0 | 78,896 | 0 | 78,896 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 78,896 | 0 | 78,896 | 0 | 20 | 2,838 | 3,066 | 5,925 |
| NON-HAZARDOUS WASTE | | | | | | | | | | |
| Feralpi Siderurgica | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 19,570 | 143 | 19,713 |
| Acciaierie di Calvisano | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 35,920 | 0 | 35,920 |
| Arlenico | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nuova Defim | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Presider | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 54 | 54 |
| MPL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FERALPI STAHL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Feralpi-Praha | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Feralpi-Hungaria | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Presider Armatures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ecoeternit | 0 | 0 | 6 | 0 | 6 | 0 | 0 | 0 | 15,284 | 15,284 |
| TOTAL | 0 | 0 | 6 | 0 | 6 | 0 | 0 | 55,490 | 15,481 | 70,971 |

| | ON SITE | | | | | AT EXTERNAL SITE | | | | |
|----------------------------|-------------------------------------|--|---------------|---------------------------|---------------|-------------------------------------|--|---------------|---------------------------|---------------|
| | INCINERATION (WITH ENERGY RECOVERY) | INCINERATION (WITHOUT ENERGY RECOVERY) | LANDFILLING | OTHER DISPOSAL OPERATIONS | TOTAL | INCINERATION (WITH ENERGY RECOVERY) | INCINERATION (WITHOUT ENERGY RECOVERY) | LANDFILLING | OTHER DISPOSAL OPERATIONS | TOTAL |
| 2020 | | | | | | | | | | |
| HAZARDOUS WASTE | | | | | | | | | | |
| Feralpi Siderurgica | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,802 | 1,802 |
| Acciaierie di Calvisano | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 307 | 0 | 307 |
| FER-PAR | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 7 |
| Arlenico | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 0 | 4 |
| Nuova Defim | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| Presider | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MPL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FERALPI STAHL | 0 | 0 | 0 | 0 | 0 | 0 | 31 | 2,907 | 0 | 2,938 |
| Feralpi-Praha | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Feralpi-Hungaria | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Presider Armatures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ecoeternit | 0 | 0 | 71,101 | 0 | 71,101 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 71,101 | 0 | 71,101 | 0 | 31 | 3,219 | 1,809 | 5,059 |
| NON-HAZARDOUS WASTE | | | | | | | | | | |
| Feralpi Siderurgica | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 31,592 | 265 | 31,857 |
| Acciaierie di Calvisano | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 35,519 | 0 | 35,519 |
| FER-PAR | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11 | 11 |
| Arlenico | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nuova Defim | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 51 | 0 | 51 |
| Presider | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MPL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FERALPI STAHL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Feralpi-Praha | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Feralpi-Hungaria | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Presider Armatures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ecoeternit | 0 | 0 | 16 | 0 | 16 | 0 | 0 | 0 | 6,371 | 6,371 |
| TOTAL | 0 | 0 | 16 | 0 | 16 | 0 | 0 | 67,162 | 6,647 | 73,809 |

Total water discharged by destination in m³

| | 2019 | 2020 | 2021 |
|--------------------------------------|----------------|------------------|------------------|
| DISCHARGED INTO SEWAGE SYSTEM | 20,399 | 27,634 | 21,660 |
| Feralpi Siderurgica | 0 | 0 | 0 |
| Acciaierie di Calvisano | 0 | 0 | 0 |
| Arlenico | - | 3,458 | 5,195 |
| Presider | 1,950 | 2,313 | 2,723 |
| FERALPI STAHL | 15,438 | 19,644 | 11,563 |
| Feralpi Hungaria | 912 | 854 | 1,068 |
| Presider Armatures | 2,099 | 1,365 | 1,111 |
| DISCHARGED INTO SURFACE WATER | 632,308 | 1,877,577 | 2,508,674 |
| Feralpi Siderurgica | 627,574 | 623,323 | 649,541 |
| Acciaierie di Calvisano | 4,734 | 4,254 | 5,280 |
| Arlenico | - | 1,250,000 | 1,853,853 |
| Presider | 0 | 0 | 0 |
| FERALPI STAHL | 0 | 0 | 0 |
| Feralpi Hungaria | 0 | 0 | 0 |
| Presider Armatures | 0 | 0 | 0 |
| TOTAL WATER DISCHARGED | 652,707 | 1,905,211 | 2,530,334 |

5

Social: People, supply chain and territory

(103-3)

Inclusive economic growth, through policies and approaches aimed at fostering decent work, is a commitment that Feralpi pursues in full alignment with the *International Labor Organisation (ILO)*, which promotes employment, guaranteeing rights at work, expanding social protection, and developing social dialogue.

5.1.

Development and enhancement of skills

5.2.

Safety culture

5.3.

Human Rights and Diversity

5.4.

The creation of economic value for the community

5.5.

Policy and management of social issues

5.6.

The governance of social aspects

5.7.

Benchmark indicators for "Social"



24,819
training hours

+38.7% compared to 2020
+6.9% compared to 2019

14 training hours
per capita

10 in 2020
15 in 2019

more than 150 hours
training on D&I issues

21.61 per million
hours worked

total occupational injury rate
(considering only employees)

25.84 in 2020
25.39 in 2019

Feralpi Siderurgica, as a participating member of the "Lombardy Technical Institute for New Mechanical and Mechatronic Technologies" Foundation, obtained a new certificate from Confindustria for its training courses (BITS, an acronym for Bollino Impresa in ITS).

14.1%
rate of new hires

12.5% in 2020
10.8% in 2019

79%

job satisfaction rate*
of the Group

75.3% of people in Feralpi would recommend their company to a young person

73.1% of employees consider Feralpi's actions on workers' rights to be effective

82.1% of employees feel adequately educated, informed, and trained on risks and prevention measures

80.4% of Feralpi workers feel secure in the company

66% satisfaction rate of welfare services and health care and prevention initiatives.



25%

2021 turnover paid to local suppliers



3.5 mln €

Group's contribution to the territory

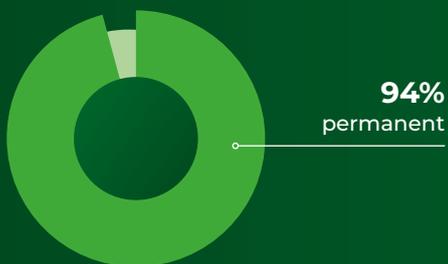
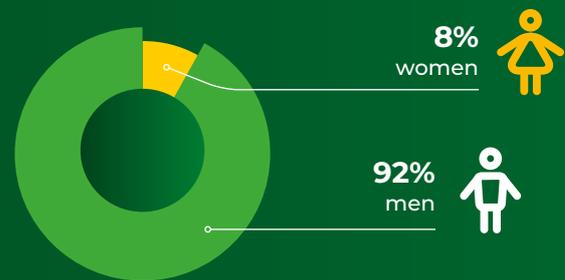
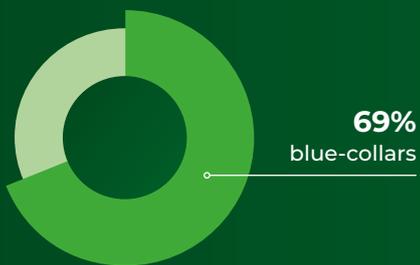
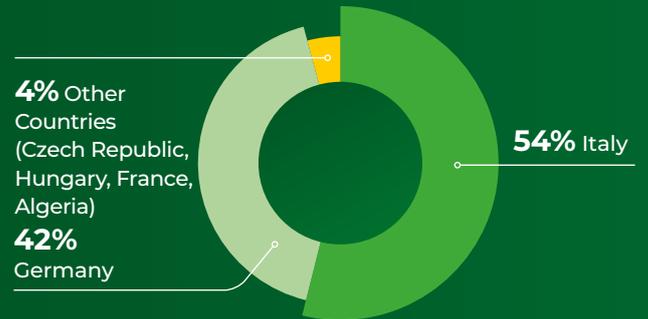
2021 Operating results

*Survey conducted in October 2021, with the biennial climate survey. The climate survey has seen an update in methodology and questions so comparability with the past is not always available.

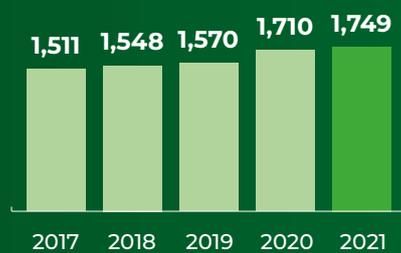




1,749
people



Number of Feralpi Group personnel



5.1.

Development and enhancement of skills

(103-2)

A number of talent acquisition and development actions were promoted in 2021: while in Italy the *Succession Planning*, for the development of potentials, and *Technical Graduate Program* projects for the acquisition of technical figures were launched, in Germany a new strategy of recruiting on the ground through digital and paper channels was developed.

5.1.1. Talent acquisition: new colleagues for business development

With the aim of actively contributing to the company's technical-technological development, the first **Technical Graduate Program**: was launched in 2021: a challenging opportunity for 9 young engineers who had the ability to win a place within the Group and launch their careers in a high-tech industry such as the steel industry.

The resources identified, following a structured selection process, will carry out a 20-month course that, between specialised technical training and shadowing experienced figures, will see them progressively involved in company projects within the Group's Technical Department.

The experience gained will then enable them to work in technical staff functions at the Group level or in *Operations*.

Other initiatives put in place in order to foster the integration of Technical Graduate Program participants include the introduction of the buddy figure in the company. The colleagues involved act with the goal of supporting new hires to navigate the complexity of the organisation, including accompanying them in socialisation.

The year 2021 also saw the launch of a new edition of the **Sider+** project to intercept resources to be placed in the production departments of the Group's plants. A dedicated selection process led to the identification of 17 candidates who underwent a 96-hour training course that, between distance technical training and in-person workshops, provided basic training useful for working in the steel industry. Interim evaluation moments, through gaming methodology in a digital perspective and a final test, then rewarded the commitment and motivation of 11 participants who were awarded a contract of employment in the company.



In Germany during 2021, there was a lot of investment in internal and external communication, with the development of talent acquisition campaigns and increased use of social channels. This, together with the hiring of trainees who have completed training, has led to a 3.7% increase in the workforce at the Riesa plant, thereby meeting the need for new staff capable of carrying out strategic projects, including the B mill.

5.1.2.

Enhancement of internal skills and talent retention (404-1)

During 2021, all compulsory training activities required by national regulations continued, including basic training modules aimed at all newly hired employees, for which learning verification is always carried out.

Alongside the mandatory training activities, additional training activities aligned with the strategic plan for skills development and growth were also promoted.

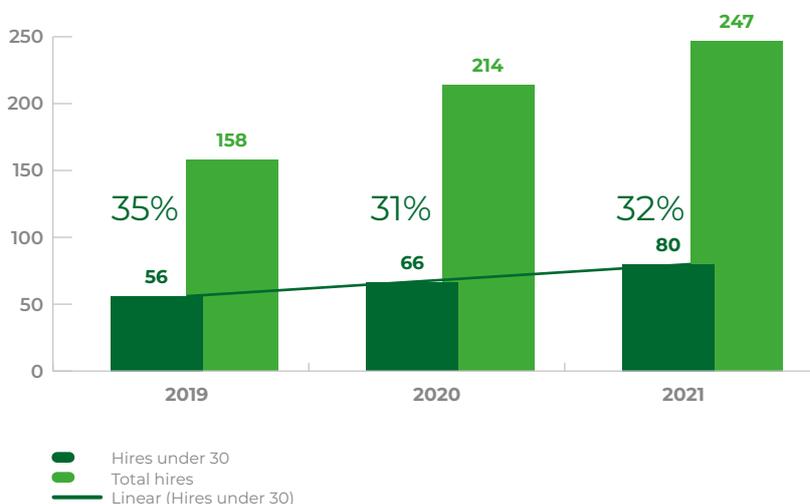
Of note is the training activity promoted within the corporate **digitalisation** process for the use of the cloud: in this regard, corporate ambassadors were identified and trained with additional insights.

In Riesa, on the other hand, extensive training of medium-high business levels has been promoted.

September 2021 saw the launch of the second edition of **Management 4 Steel**, implemented by the *Steel Academy* - launched in 2019 by Feralpi, with the Asonext, Duferco, and Pittini groups, and from 2020 also Ori Martin - with the aim of training 12 figures of potential with regard to organisational, management and soft skills. The objective of Management 4 Steel is to increase managerial culture on the one hand, including with reference to new technologies, and on the other, also encouraging the creation of a network in the steel industry.

Two additional training projects involving 32 hours of classroom and 8 hours of hands-on training at company sites were also launched in 2021, also as part of the *Steel Academy*.

Inbound turnover growth (2019-2021) New hires under 30 vs total



AT A GLANCE - FERALPI'S COMMITMENT TO TALENT ACQUISITION



WHAT WAS DONE IN 2021?

- Acquiring new talent through the *Technical Graduate Program* and *Sider+2021* projects in Italy and the area *marketing* campaign in Riesa, using *qualified head hunters* to select professionals and engineers

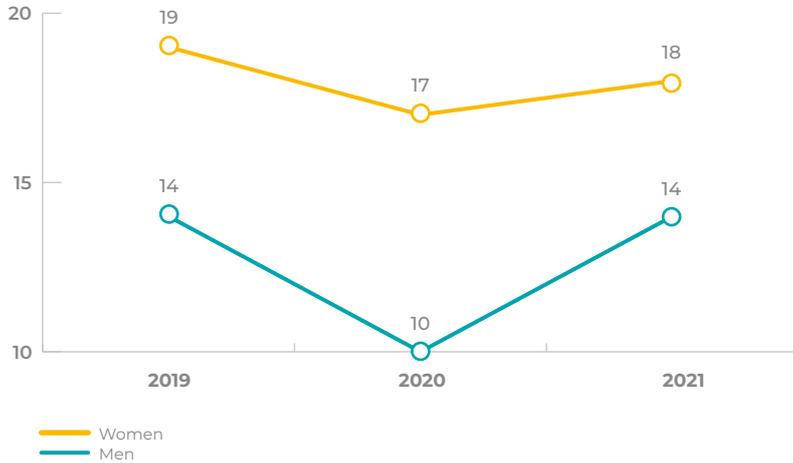


WHAT ARE WE GOING TO DO IN 2022?

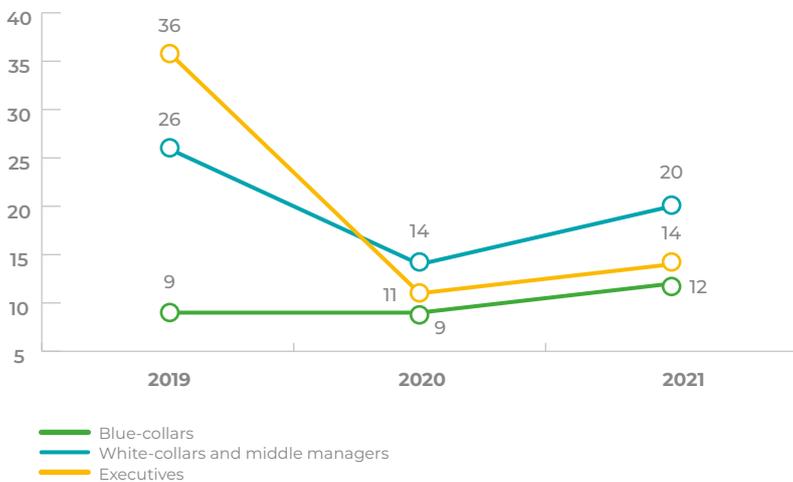
- Italy Group:** Development of ad hoc projects for the selection of new figures, functional for investment management to support the company's growth. Activities related to *Succession Planning* will also continue through the assignment and monitoring of development goals for the candidates involved
- FERALPI STAHL:** Succession plan accompanied by talent development | Improved contacts with universities and schools to acquire talent on German soil

Performance per capita average training hours by gender and by professional category

Training hours per capita by gender



Training hours per capita by professional category



- **Mechanical4Steel** aims to increase the technical skills of mechanical maintenance workers, foster a mindset open to innovations, and promote networking among specialists in the same field.
- **Leadership4Steel** is the module that offers an innovative pathway aimed at developing soft skills. Aimed at Operations Managers, this high-level training course strengthens the synergy between players in the steel industry with a view to shared growth.

Leadership4Steel is an example of how training, in addition to capturing technical and business needs, is increasingly geared toward developing pathways inherent in soft skills in order to enable optimal coverage of roles requiring personnel management or significant interaction with other entities.

Other examples of training courses of particular note, either because of the breadth of the topics covered or the level of depth of the topics, in which employees from both technical and staff areas participated during the reporting period were as follows:

- Master in Industrial maintenance, jointly run by the MIP Politecnico di Milano Graduate School of Business and the SdM - School of Management of the University of Bergamo;
- Master's degree in Enterprise Management and Innovation, organised by ISFOR, developed with the support of Confindustria Brescia and in collaboration with the University of Brescia;
- Metal University, created from the alliance between AQM, Isfor and Riconversider;
- Executive Master Lean Lifestyle Leadership 2021, sponsored by Lenovys.

With the aim of coping quickly and successfully with the (planned or sudden) replacement of employees in strategic business roles, a **Succession Planning** project was activated.

This project aims at the early identification of candidates for succession in key positions, thus ensuring continuity and distinctive skills over time.

In addition, the project also aims to motivate and retain potential employees by defining skill, career and individual salary development paths for them.



The project - which was initially promoted only on the Italian facility - had the 24 candidates participate in a series of tests and assessments that defined their level in terms of development potential. Potentials were then identified whose skills and motivation made them eligible for the process, and development plans and growth goals were defined for them.

In FERALPI STAHL, nine trainees - with in fifteen available positions - were hired who had begun their work in 2021, in the roles of process technicians, industrial mechanics, industrial technical experts, materials testers, machine and plant operators, and electrical engineers, bringing a broad spectrum of different professions to the company. After the apprenticeship, employment follows.

AT A GLANCE - FERALPI'S COMMITMENT TO THE ENHANCEMENT OF ITS HUMAN RE-SOURCES



WHAT WAS DONE IN 2021?

- Succession Planning
- Second edition of Management 4Steel
- Ad hoc training for internal talent development



WHAT ARE WE GOING TO DO IN 2022?

- Continuation of Succession Planning with supervision of project candidates, with extension to FERALPI STAHL plants
- Defining standard pathways for professional development in manufacturing and maintenance, with creation of a model to systematise the transfer of related technical skills

5.2.

Safety culture

(403-1; 403-2; 403-3; 403-4; 403-5; 403-7)

According to the 2021 Climate Survey, 9 out of 10 employees say they follow the necessary provisions and measures specified by the company regarding safety, and 82% feel adequately trained.

Feralpi adopts a prevention strategy to identify and define investments and policies for employee safety, and to reinforce awareness with ongoing training and activities to raise awareness among all collaborators. In fact, **health and safety training activities** continued in 2021 for all new additions and proposed training updates on equipment use, working at heights and in confined spaces, first aid, defibrillator use, and fire fighting. In FERALPI STAHL, ad hoc training courses

were promoted for managers and employees through digitalisation of training documents, in line with what was awarded in 2020 “Clever Fox” (Schlauer Fuchs). Training and education of all former Fer-Par personnel on the use of the new shaping equipment was also promoted both at the shaping equipment suppliers' training centers and at Presider's Borgaro Torinese and Maclodio plants and later at the Nave plant through on-the-job training.

Climate Survey 2021 - How much do you agree with the following statement regarding staff health and safety within the Feralpi Group?



The I am Safety campaign

In 2021, the **I am Safety** initiative was presented at Feralpi Siderurgica, designed to engage *Safety Tutors* and all workers in developing proactive safety conduct.

The project's operational activities were subsequently postponed pending the identification of an optimal characterisation in the context of the Group's safety culture and awareness training project under development and intended to touch - in stages - all Group companies, involving within each personnel at all levels, starting with Management.

For the implementation of this comprehensive project, the company with whose cooperation the training programme will be conducted has been selected and identified, the first assessment activities of which will take place in the parent company in the first quarter of 2022.

It remains established practice to listen to and talk with workers, supervisors and workers' safety representatives on a daily basis.

Interventions in establishments to protect safety and the worker

In parallel with the awareness and training actions, Feralpi continuously carries out improvement actions in all plants with a view to prevention and safety protection.

In the area of prevention, during 2021, work was carried out at the Feralpi Siderurgica plant related to improved vehicular traffic management, with changes to horizontal and vertical signs, the implementation of speed bumps and new safety signs. Also with the aim of minimising residual risks related to vehicular handling, action was also taken on the in-house vehicle fleet, continuing with the upgrading of the forklift fleet, taking the opportunity to flank environmental improvements by encouraging the use of electric-only forklifts. At FERALPI STAHL, work has also been done on standardising and expanding factory signage with regard to warning, obligation and prohibition signs. Since mid-July 2021, all FERALPI STAHL buildings in Riesa have been gradually retrofitted with new signage, with the aim of simplifying and supplementing the safety signs previously installed at the entrances to the various areas. The signals have a reflective property so that they can

be easily recognised even in low light and from long distances. The project on reporting is based on the provisions in accordance with the new definition of minimum standards for IPR on site. The plant was therefore divided into **protection zones** corresponding to the **hazard potential** of individual areas. Minimum PPE provisions exist for each protection zone. The colour used for the background of the new signs corresponds to the respective protection zone.

As was the case last year, FERALPI STAHL won an award in 2021 for its culture of prevention, thanks to its ongoing commitment to occupational safety and health protection. In addition to training trainees in safety days, the reasons for the award also include the constant analysis of possible hazards, workplace accidents and potential accidents, and the derivation of preventive measures.

Certification projects for complex lines at the Feralpi Siderurgica plant continued, with preliminary work on Rolling Mill 2 and in the continuous casting cooling plate area and hot charge of billets at the Rolling Mill 1 furnace, and marking related to the scrap sorting plant complex was obtained. Similarly, projects related to the configuration of hardware and software systems of segregations and access to production facilities continued.

On the subject of optimising work at height, **new anchor points, new lifelines and new metal platforms** have been installed at Feralpi Siderurgica to carry out specific maintenance activities. Three new hoists, a motorized reel for crane rope replacement were also installed, and the automatic electrode screwing system was further evolved.

The year 2021 also saw the redevelopment project of the Nave plant, Presider's new production unit. This project included the complete renovation of the span of the building occupied by the production facilities, with the installation of new production equipment that allowed operations to start in September. The work involved the complete resurfacing of the interior flooring, restoration of masonry works, resurfacing of horizontal and vertical signage, construction of new technological systems and installation of new lifting equipment.

At the Arlenico plant, **work to eliminate man-machine interference** inside the rolling mill was carried out during 2021. In particular, the semi-product storage areas and the control and packaging area were secured: this has been done through the implementation of physical barriers preventing free access and the drafting of procedures regulating access. It then began with the installation of safety keys and PLC safety¹ of the latter areas. The work will be completed during 2022, directing the plant toward certification of the overall plant's compliance with the Machinery Directive.

At the plant located in Calvisano, new plant operations were planned and carried out in 2021 aimed at making significant improvements in the safety of equipment and facilities in several areas of the plant, including the new unified control room for EAF and LF plants, equipped with a specifically designed control console and equipped with high-definition, wide-view monitors. The intervention has significantly improved safety management, both through the adoption of modern devices with high standards of functional safety and improved control of process steps. The inert gas ladle inflow system was also implemented, which significantly reduced the frequency of operator interventions in risky areas. Regarding work at height, a new jib crane has been installed, making maintenance work at the Continuous Casting safer, and new lifelines have been constructed, for safety in work operations. Finally, an upgrade of the fire detection system was carried out, including control in new areas and new sirens for evacuation signal.

Also in Calvisano, projects were also started on plant systems to obtain certification of compliance with the Machinery Directive by leveraging actions to segregate dangerous areas and managing the logic of the entrances with safety keys and safety PLCs.

¹ Programmable Logic Controller.

AT A GLANCE - FERALPI'S COMMITMENT TO SAFETY AND THE SPREAD OF A SHARED CULTURE



WHAT WAS DONE IN 2021?

- **Feralpi Siderurgica:** Improvement of vehicular traffic and fleet management | Certification of complex lines | Interventions for work at height
- **FERALPI STAHL:** Introduction of minimum PPE standards | Training of all managers responsible for personnel on “Creating a culture of responsibility” | Standardisation and expansion of reporting at the plant related to warning signs and indicators
- **Presider:** Nave site redevelopment | On-the-job training
- **Arlenico:** Safety interventions
- **Acciaierie di Calvisano:** Plant interventions aimed at making significant improvements to the safety of equipment and facilities



WHAT ARE WE GOING TO DO IN 2022?

- **Group assessment,** starting with Feralpi Siderurgica, aimed at defining the contents of the project for the overall enhancement of the safety culture to be followed by the various training phases. Continuation in complex plant certification processes.
- **FERALPI STAHL:** Introduction of a health and safety mentor (“Bella Steel”) who informs employees about proper conduct and the use of PPE | Introduction of new certified workwear | Analysis of the existing transportation system and implementation of a new and updated solution | Introduction of an e-learning campaign to digitalise training courses for outside companies, visitors and their own employees
- **Arlenico:** Completion of mill safety works. Preparation of management system for future safety certification
- **Acciaierie di Calvisano:** Continuation in complex plant certification processes | Preparation for future safety certification

5.3.

Human Rights and Diversity

(102-41)

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* and in compliance with the principles and values referred to in the Group's Code of Ethics.

Given the nature of its activities and its geographical location, Feralpi considers the issue of human rights broadly on aspects of personnel management, primarily the enhancement of diversity and inclusion, as well as on aspects of the supply chain.

5.3.1.

Human Rights

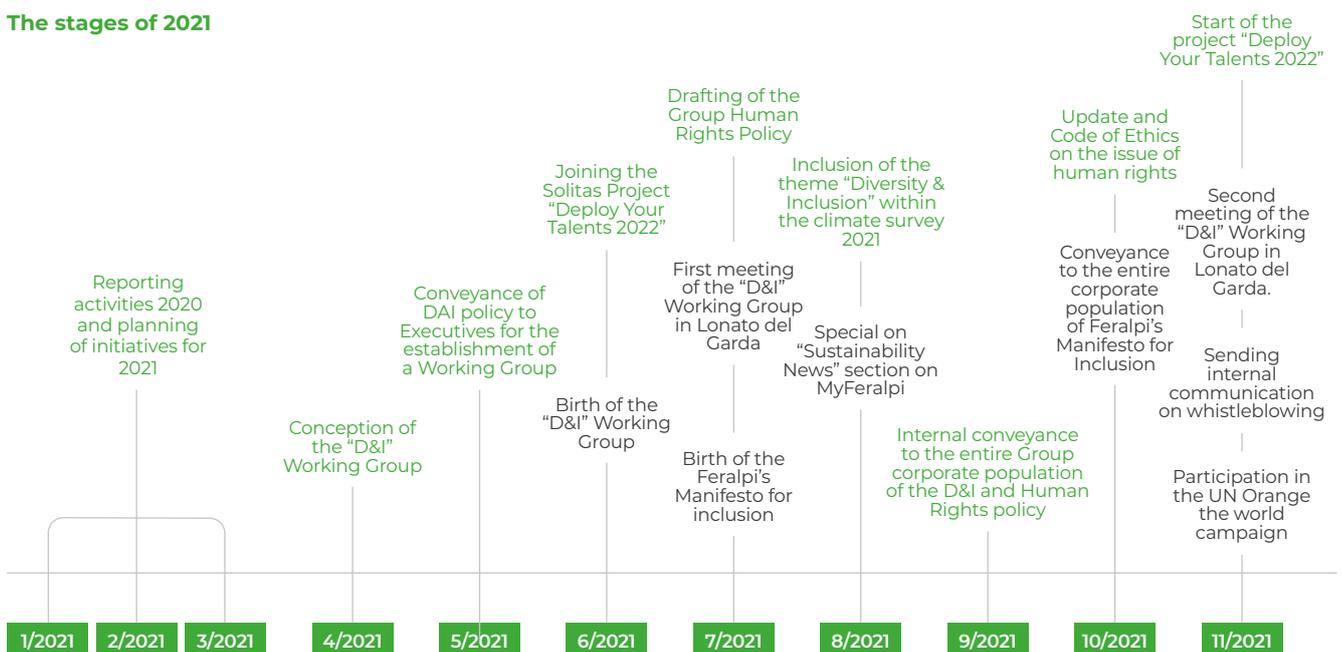
(103-2; 102-41; 405-2; 412-2)

Guiding the modus operandi of all Group companies with regard to equality, human rights and equal opportunities are the Organisational Model drawn up pursuant to Legislative Decree no. 231/2001 in Italy, the German Constitution (art. 1) and the Allgemeines Gleichstellungsgesetz law, transposed within the Group through the Code of Ethics and the new "Diversity & Inclusion" policy, drafted at the end of 2021.



From the latest climate survey, Feralpi emerges as a company where **the value of inclusion is perceived as strategic and important**. Rights protection (73.1%), intergenerational inclusion (66.4%), gender inclusion (66.1%) as well as cultural inclusion (65.6%) are aspects on which Feralpi's work is considered effective. At the same time, 75.3% would recommend the Group to young people, 75.2% to people of different nationalities, and 72.8% to people with different religious denominations.

The stages of 2021



During 2021, it was not deemed necessary to proceed with a specific training activity on the topic of human rights. Instead, it was decided to **proceed with internal outreach** through ad hoc communications and one-on-one meetings between key function managers and the Sustainability and External Relations unit. Instead, the topic of human rights was given space during training activities aimed at the front line of the Italy Group in the first quarter of 2022.

Protection

In the workplace, human rights are protected in many ways. The **Code of Ethics** enshrines the moral and behavioural rules to be adopted in the corporate community. Industry collective bargaining agreements and company supplementary agreements, guaranteed by the free representation of staff at all operating locations, are the basis of the labour relations system. The latter, marked by **constant and constructive dialogue between the parties**, are based on timely and transparent communication of information that may have direct or indirect influence on employees and aimed at reaching shared understandings between the parties. Collective bargaining agreements cover all staff at the sites located in Italy, Germany and France (96% of the Group) and the quality of industrial relations is subject to the assessment of periodic meetings between the social partners.

In Germany, the Works Council is in charge of protecting workers' rights, as well as implementing measures for the inclusion of foreign workers, and promoting the recruitment and integration of workers with disabilities. For this reason, FERALPI STAHL participated in the event "Respect! - No Place for Racism" of IG Metall.

Recruitment

Feralpi, in the recruitment and selection stages, considers multiple issues related to the proper management of the related process. The same, in addition to taking into account the specific labour market conditions in the various territories where the plants are located, ensures **respect for equal opportunity** and, more generally, **diversity**. Employees who are involved in the recruitment and selection process of personnel, whether belonging to HR, Operations or staff entities, must operate while ensuring respect for personal

dignity as well as objectively evaluating on the basis of technical and aptitude suitability criteria.

The hiring of new resources is tracked and transparent and always contemplates the approval of the various entities of the organisation involved.

Remuneration

Feralpi's pay structure is composed not only of the basic pay provided for in the national collective bargaining agreement, but also of **supplementary agreements** that stipulate better conditions for all employees. As for the managerial level, a formalised performance management system (MBO) is in place, based on objective indicators, both quantitative and qualitative.

Rights along the supply chain

Along the supply chain, the Purchasing Department is directly involved in the protection of human rights, in terms of protection of working relationships between workers and external contractors/subcontractors and with which Feralpi can have direct or indirect commercial relationships.

Feralpi's commitment is reflected in the **documentary verification of the Contractors/Subcontractors** regarding the correct application of the rules in terms of respect for the protection of their workers and in terms of safety in line with the requirements of Legislative Decree 81/2008 at the Italian level: all staff who access the plant must be regularly hired, punctually paid and subject to health surveillance, which determines their suitability for carrying out the related activities.

For each contractor, technical and professional requirements are verified by obtaining documentation certifying compliance with contribution obligations (DURC), obligations imposed by the relevant authorities are being met (social security requirements (INPS) and appropriate employee insurance (INAIL)) and suitable third party and public liability insurance policies covering their personnel have been organised. It also checked that all personnel are equipped with suitable PPE and that they are properly trained in terms of both compulsory and specific training if they have to carry out particular activities.

Access permits are not issued to under-age workers nor to those with employment contracts on secondment or with vouchers, workers with atypical forms of contract such as internships or apprenticeships are also excluded.

In addition to these checks, there are documentary checks on any work equipment brought into the plant to verify that such machines, for safety purposes, are in good condition, maintenance and efficiency when they enter the plant.

Feralpi also acquires from contractors/subcontractors, a declaration in which they commit to contribute to the reduction of energy consumption and plant environmental impacts by ensuring, on their part, an elimination of waste and malfunctions by using energy efficient and sustainable equipment.

| AT A GLANCE - FERALPI'S COMMITMENT TO THE PROTECTION OF HUMAN RIGHTS | |
|--|--|
|  <p>WHAT WAS DONE IN 2021?</p> | <ul style="list-style-type: none"> • Drafting and internal dissemination of the Group Policy "Human Rights" • Update Code of Ethics in relation to new policy • Internal outreach activities with key departments |
|  <p>WHAT ARE WE GOING TO DO IN 2022?</p> | <ul style="list-style-type: none"> • Disclosure of the "Human Rights" Policy to all suppliers • Human rights awareness activities along the supply chain |

If the contractor indicates a need to subcontract, it will be authorised, always in writing, only for specific activities that differ from those carried out by the contractor. Subcontractors will also be subject to the same verification of possession of the technical and professional requirements as above.

★
Feralpi Group bans any discriminatory act, guarantees equal opportunities for all at the work level, and aspires to become an increasingly inclusive and unique reality.

casional, sporadic tactical approach of tactical and not long-term, strategic actions. Feralpi is thus committed to a defined path characterised by consistency, frequency and ubiquity.

Starting with a mapping exercise of all the initiatives and projects promoted over the past few years, it was possible to understand where the Group is positioned in these terms, the possible indicators for measurement, and thus the basis of awareness on which to set subsequent work.

Thus, in 2021 we began to ground the strategic direction stated in the Group Policy, drafted and disseminated in 2020, and to move away from an oc-

5.3.2. Diversity & Inclusion

(103-2; 405-1)

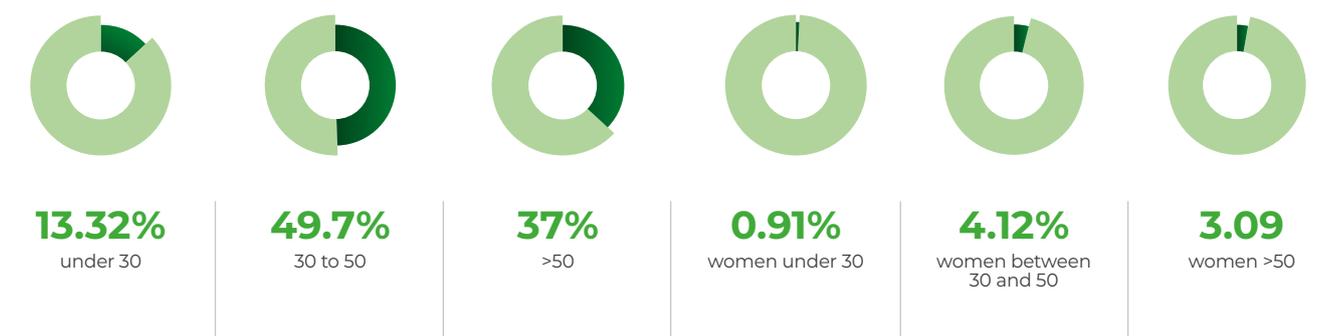
In line with the European Commission for which the diversity of people in terms of age, sexual orientation, gender identity, ethnicity, religion, and ability is considered an intrinsic value of the uniqueness of each person, Feralpi is committed to the enhancement of this aspect by implementing the values expressed in the Group's Code of Ethics, observing the United Nations Universal Declaration of Human Rights, and following the principles of the *Global Compact*, to which it adheres.

Guiding this ambition are four pillars:

| | |
|--|---------------------------|
| | GLOBAL CULTURE |
| | GENDER BALANCE |
| | INCLUSIVE LEADERSHIP |
| | COLLECTIVE RESPONSIBILITY |



Composition of Group employees by gender, age groups (405-1)



Strategic pillars and actions implemented in the 2020-2021 biennium

| | | | |
|---|---|--|---|
|  |  |  |  |
| GLOBAL CULTURE | GENDER BALANCE | INCLUSIVE LEADERSHIP | COLLECTIVE RESPONSIBILITY |
| We worked in terms of internal awareness through communications on the subject and participation in campaigns to raise awareness. | We worked on the development of internal policies and the joining of an ad hoc project for the promotion of STEM professions among girls. | The commitment was in terms of signing on to national and international commitments. In addition to the involvement for the creation of the Working Group. | Creation of a "D&I" Working Group. |
|  |  |  |  |

The "D&I" Working Group

In 2021, in line with the Group Policy and the actions previously promoted and carried out, it was decided to continue with the commitment in this direction and to work in a structured and timely manner on one of the 4 pillars, "Collective responsibility".

Therefore, a Working Group, dedicated to this issue, was created, involving about 20 people representing all the Group's Italian and international plants, of all levels and seniority, and headed by the Human Resources Department and the External Relations and Sustainability Department.

The "D&I" Group was created in response to Feralpi's need to involve people trained and knowledgeable on the topic who are able internally to understand the opportunities and/or possible risk situations that may arise in the company and thus have the tools and clear governance vision of the issue.

The Working Group is called upon to:

- recognise the value of diversity and share experiences
- act ethically and socially responsible by actively promoting and supporting D&I principles within their work environment
- propose shared and constructive solutions to make corporate governance increasingly inclusive

- actively contribute to the internal communication of these issues
- communicate inclusively
- actively promote and support D&I principles in the company and with stakeholders in our value chain (from suppliers to customers)

In 2021, the Working Group met twice in-person and carried on the project remotely, developing an internal vademecum to promote inclusion among colleagues and collaborating to build

the "Deploy Your Talents" project, sponsored by Sodalitas, to promote STEM professions among girls.

Feralpi and associations sensitive to the issue of inclusion and diversity

Feralpi's established participation in the Confindustria Brescia Association of Women Entrepreneurs and Young Entrepreneurs continues also in 2021. The former are engaged in the enhancement of *best practices* in both the digitalisation of SMEs and in the

| AT A GLANCE - FERALPI'S COMMITMENT TO VALUING DIVERSITY | |
|--|--|
|  WHAT WAS DONE IN 2021? | <ul style="list-style-type: none"> • Creation of internal working group (WG) on D&I at Group level • Internal dissemination of the Manifesto on Inclusion, produced by the D&I GdL • Joining Sodalitas' Deploy Your Talents project to promote STEM subjects among girls • In FERALPI STAHL, a new bargaining agreement has been established to support people with disabilities |
|  WHAT ARE WE GOING TO DO IN 2022? | <ul style="list-style-type: none"> • Continuation of the activities of the D&I GdL • Activation of training on the topic among Italy Group executives • At the Stahl plant, work will be done to reduce barriers for people with disabilities • Initiatives to promote the hiring of women and migrants at the plant located in Riesa |

area of *Diversity and Inclusion*, while the latter in vocational school and job training projects for the younger generation and in positive, hate-free communication that can attract young people within the business realities of the Brescia area.

FERALPI STAHL is a member of the association "Economia per una Sassonia cosmopolita e.V.", which is sponsored by the Saxon State Ministry of Economy, Labour and Transport and aims to promote the topic of immigration at a national level.

5.3.3.

Health and wellness: from welfare to initiatives for mental and physical support

(403-6)

In addition to the safety management system, Feralpi is also active in protecting and safeguarding company health, through prevention and awareness measures. Feralpi Group has been a member since 2013 of the WHP Network - *Workplace Health Promotion* - a European initiative organised at the regional and provincial level thanks to the system of national ATSs (Health Protection Agencies), which provide methodological and scientific support to the project, and collaboration with Confindustria. Over the years, the

Group has been committed to pursuing a course of initiatives dedicated to improving the health and well-being of workers by reducing general risk factors and particularly those most related to the genesis of chronic non-communicable diseases.

Four companies in the Feralpi Group – Feralpi Holding, Feralpi Siderurgica, Acciaierie di Calvisano and Nuova Defim – took part in the WHP Lombardy network initiatives, with the coordination of the Health Protection Agencies (ATS), and the collaboration of Confindustria Brescia and Confindustria Como. There are plans to expand the network to reach establishments not included to date.

Since 2013 to date, the Group has promoted a total of **33 best practices in the different areas of intervention.**

FERALPI STAHL organises annual health days for all staff with the support of health insurance companies and other service providers. In 2020 and 2021, **health days** were very well received by employees and suppliers, from workplace safety equipment to corporate pension providers, despite the difficulties related to the pandemic. In total, nearly five hundred employees participated.

In addition to these promotion and awareness initiatives, employees can also count on health insurance. Work-

ers in Germany have occupational accident insurance that also covers private life: employees have access to mandatory examinations and other examinations offered, during which the current state of health is determined and, if necessary, measures are suggested by the company doctor. In Italy, workers can enjoy supplementary health insurance, guaranteed by the sector's collective bargaining agreement, which goes so far as to include family members.

Training on additive behaviour

With the aim of increasing knowledge and awareness of the risks of alcohol, drug and gambling addiction, Feralpi, with the collaboration of ATS Brescia, promoted training on additive behaviour in 2021. The recipients of training are the professionals who play an intermediate role between management and workers because they are often the first to grasp or have information about a possible problem. Hence the importance of gaining more awareness about the harms of certain activities and, at the same time, information about supporting procedures.

With the aim of acquiring more and more skills and abilities in recognising the signs of additive behaviour and related development, Feralpi is replicating this training course in 2022 as well, to which is added a training course - promoted by ATS Brescia - for the company doctors of the Group's Brescia offices.

The project is divided into six different areas of focus



Nutrition



Physical activity



Combating smoking



Combating addiction



Cross-cutting actions across all areas



Other practices

Work-life balance, welfare, corporate social responsibility, adherence to preventive behaviours

Rachialgia and postural dysfunction project

In continuity with the observational study using stabilometric platform promoted in 2020 by Feralpi in collaboration with the University of Brescia (Department of Medical and Surgical Specialties, Radiological Sciences and Public Health Dental Clinic), a project for the rehabilitation of workers with rachialgia and postural dysfunction was launched in 2021 through collaboration with the Complex Rehabilitation Operating Unit of the Spedali Civili di Brescia, a primary hospital facility in the city of Brescia.

Although a homogeneous distribution of the presence of pain and postural stiffness emerged in each age group, those workers with rachialgia and postural alterations were identified. For them, after an initial physiatric examination, an **Individual Rehabilitation Project** was formulated indicating the rehabilitation programme suitable for implementation. Cycles of 8 sessions, paid for by the company, of individual or small group treatment homogeneous by type of clinical picture have been scheduled to take place in the company. The project, with voluntary participation, concerns employees of the Brescia offices.

Welfare

There is a *flexible benefits* system in the Group's Italian companies, guaranteed at both internal and national contract levels. This system allows the use of goods and services through a special platform (*marketplace* using *welfare* credits). In addition, there are local agreements with commercial or service-providing businesses that provide various kinds of facilities for Group personnel. For German subsidiaries, the provision of *flexible benefits* is entrusted to the Human Resources Department. In addition, in Germany, going beyond regulatory requirements, the Company provides support for employees' company pension scheme and offers company incentives for personal savings plans and medical expenses.

With a view to recognising care work and domestic work - often unpaid and mainly entrusted to women - and with the intention of encouraging shared responsibility within families, the Group offers specific corporate benefits such as reimbursement of expenses for child care and education from kindergarten to college, babysitting or family care ex-

penses, household help, transportation to school, and meals for children. In addition to reimbursements, care services and home help are also available at reduced rates, as well as discounts at kindergartens, especially in Germany.

In addition, Feralpi also joined the Local Conciliation Alliance of the relevant district areas in 2021, guaranteeing its employees vouchers to partially cover expenses incurred for family services and confirming its part in the territorial network.

According to the 2021 climate survey, there is a generally good satisfaction rate for welfare services, with 2/3 of employees convinced and "engaged," and health care and prevention initiatives, also characterised by a similar satisfaction rate.

AT A GLANCE - FERALPI'S COMMITMENT TO WELLNESS PROMOTION AND HEALTH PROTECTION

| | |
|---|---|
|  <p>2021</p> <p>WHAT WAS DONE IN 2021?</p> | <ul style="list-style-type: none"> • Italy and Germany: Health support services (e.g. vaccinations, dedicated Covid swab center...) • Italy Group: Remote yoga for Italian plants Opening "Here for you" listening desk • Feralpi Holding, Feralpi Siderurgica and Acciaierie di Calvisano: Active participation in the training project aimed at WHP contact persons organised by ATS Brescia, sharing Feralpi experiences • Feralpi Holding, Feralpi Siderurgica and Acciaierie Calvisano: Rehabilitation project for workers with rachialgia and postural dysfunction • Nuova Defim, Arlenico and Caleotto: Extension of the WELFer platform to employees • Feralpi Holding and Feralpi Siderurgica: Training on additive behaviour • Nuova Defim: Detection of cardiovascular risk • FERALPI STAHL: Construction of new locker rooms at the plant New company doctor at the Riesa plant |
|  <p>2022</p> <p>WHAT ARE WE GOING TO DO IN 2022?</p> | <ul style="list-style-type: none"> • FERALPI STAHL: Opening of newly renovated locker rooms • Italy Group: Evaluation on how to increase psychological support in the company General training for workers on additive behaviour Training course for Medical Experts on Additive Behaviour Training for corporate WHP liaisons on social marketing and diversity enhancement |

5.4.

The creation of economic value for the community

(103-2; 103-3)

Feralpi is an integral part of the territory where it operates: the economic value created by the Group, once generated, is distributed among its stakeholders, thus contributing to the economic and social progress of the communities in which it operates, the enhancement of the territory as well as the welfare of its workers.

The role that feralpi group companies have on the territory translates into:



EMPLOYMENT

Direct of employees and indirect (through the supply chain).



CARE FOR THE TERRITORY

In terms of community development and support.



TERRITORIAL ENHANCEMENT

Through sports, cultural or sustainability projects.

Considering its main production sites in Italy and abroad, in 2021 the Feralpi Group paid over 25.38% of its turnover to local suppliers.

Feralpi also contributed Euro 3.5 million to support the communities in the area in terms of charitable donations and sponsorships.

In fact, alongside donations with social and cultural purposes, cultural and sports sponsorships find ample space, driven by the group's strong ties to the local area and its commitment to enhancing sports and local culture. Feralpi's support for the local area with a view to inclusion thus also translates into supporting local sports: cycling, soccer, rugby, and rowing are the sports activities the Group has long supported.

5.5.

Policy and management of social issues

(103-2; 103-3)

5.5.1.

Human Resources Management

The management of human resources is in accordance with legislation and national regulations in the countries where the company operates, and in line with the company values and principles outlined in its Code of Ethics (document provided upon hiring), which is given to every new hire. To support the Code of Ethics, there is also a company policy in FERALPI STAHL.

Feralpi has always favoured permanent employment relationships with the goal of supporting the company's economic growth, ensuring an enhancement of human capital, adequate wages above the minimum wage, safe working environments, attention to the psycho-physical well-being of the worker, and corporate welfare initiatives.

5.5.2.

Safety Management

(103-2)

Safety is managed in accordance with legislation in the sites and countries where the Group's facilities operate, and the procedures vary depending on the type of production processes in place.

In Feralpi Siderurgica, an integrated safety, **environment and energy management system** certified according to the ISO 45000 international standard has been implemented, which ensures the constant monitoring of risks and the identification of improvement measures: in fact, a risk assessment document is drawn up and all identified improvement measures are monitored. Feralpi Siderurgica's system is

governed by an integrated policy for Environment Safety and Energy; this policy, which defines objectives addresses and commitments in the area of safety, is also present in Presider, MPL and Ecoeternit (integrated safety and environment policies).

In Feralpi Siderurgica and Acciaierie di Calvisano, **scenarios (Top Event) of major accident risk were also examined and assessed**, through the preparation of a specific Safety Report since both facilities have a Policy and a Major Accident Risk Management System, which integrates procedures for emergency management and coordination for the management of the External Emergency Plan, in accordance with the provisions of Legislative Decree 105/15.

Feralpi Holding is not part of the integrated safety and environment management system, but is subject to an operating procedure that includes safety regulations for personnel, risks arising from working in offices, emergency management, access to affiliated companies, and the plan for monitoring safety equipment and refers to relevant specific procedures of the Feralpi Siderurgica management system for the organisation of all safety-related processes.

All Italian companies are subject to special inspections by the Supervisory Body to ensure the application of health and safety procedures, as required by Model 231². Foreign companies do not have a certified safety management system, but they comply

² With the exception of Ecoeternit.

with the requirements of national legislation. Specifically, at FERALPI STAHL there is a certified integrated quality, environment and energy management system that also includes the international EN 45001 (safety) standard, certification of which is a goal for 2023. As regards the aspects related to safety, this is based on **management and operational procedures** that ensure constant control of hazards and the definition of improvement measures. The company is also a member of the professional association Berufsgenossenschaft Holz und Metall (BGHM), which sets out safety rules and practices for companies and personnel.

With regard to contract work, all companies have specific **procedures for the assessment of contractors and the management of interference risks**. In fact, before any activity is contracted out, a check is made on the possession of the technical and professional requirements of the chosen company and its subcontractors, if any, by acquiring a series of documents attesting to the correct fulfillments required by the competent bodies, and coordination meetings are held with supervisors/employers of the parties, within which specific or punctual problems are addressed and cooperation is established to eliminate or reduce the risks arising from them. Companies performing contract work are subject to the specific guidance provided in the Protocol for the Prevention of the Spread of Covid-19, shared prior to the performance of contract work. Notably, all contract workers are also measured for temperature at entry and are subject to the same documentation control procedures at entry (e.g. Green Pass) as are in effect from time to time.

During 2021, at the Riesa plant, the involvement of contract work suppliers in the overall process of managing health, safety, and environmental risks, as well as energy performance, continued. Awareness-raising, training and audits during the activities carried out by suppliers at the plant therefore increased. Companies located in Riesa also adopt an outsourced management manual signed by the CEO of ESF Elbe-Stahlwerke Feralpi GmbH and the workers' representative that encompasses all procedures pertaining to safety, and an information sheet with rules of conduct for visitors and the workers themselves is prepared in each com-

pany, presenting safety equipment, directions in case of emergency, signs and emergency exits.

As a general rule, any report is handled entirely in accordance with the procedures established by the Safety Management System and dealt with in accordance with company regulations, supervised by the General Management in consultation with the Head of the Prevention and Protection Service.

Feralpi maintains constantly monitored and updated information on reported accidents, emergencies, and near misses by processing and disseminating data on indicators of frequency and severity of accidents that have occurred through tools set up for periodic internal reporting.

5.5.3.

Territory relations management

The management of relations with the territory is the responsibility of the Management of each plant, in continuous alignment and coordination with the External Relations and Sustainability Department, which supports where necessary the grounding of the various projects.

Managing the aspects of handouts and sponsorships with social and cultural purposes is a Group policy that identifies its areas of action in 6 pillars, to which are added an additional 4 focuses on cultural aspects.

| APPROACH ESG | PILLARS OF GROUP SUSTAINABILITY | PILLAR COMMITMENT HANDOUTS AND SPONSORSHIPS WITH SOCIAL PURPOSES | PILLAR COMMITMENT HANDOUTS AND SPONSORSHIPS WITH CULTURAL PURPOSES | GOAL AGENDA 2030 |
|--------------|--|---|--|---|
| E | Contribute to reducing consumption and impacts | <ul style="list-style-type: none"> Safeguarding and caring for the environment | - |      |
| | Multiply the use of materials | - | - | |
| G | Ethical business management | - | - |  |
| S | Develop a quality offer | - | - |  |
| | Care, safety and development of individuals | <ul style="list-style-type: none"> Promotion of individual physical and mental well-being and safety at work | <ul style="list-style-type: none"> Culture as an educational tool Preservation of the artistic and historical heritage of the community Development of entrepreneurial culture Publication and education on the world of steel |     |
| | Inclusion and local development | <ul style="list-style-type: none"> Social inclusion through sport and culture, and the creation of inclusive spaces Community development | |    |
| | Work culture and youth education | <ul style="list-style-type: none"> Education, training and work as tools for change | |  |

5.6.

The governance of social aspects

A Human Resources department is in place to manage the sites in Italy, France and Algeria and meet the various needs of company personnel appropriately and effectively, and a second department covers sites in Germany and Eastern Europe.

Both departments, one of which reports directly to the Chair and the other to the CEO of ESF Elbe-Stahlwerke Feralpi GmbH, work independently on management and organisational issues, national contract aspects and union relationships, but they remain continually aligned on strategic matters, policy and special projects.

Parallel to the HR functions, the HSE function in terms of Safety and the Sustainability and External Relations Department for aspects related to individual well-being, human rights and *Diversity&Inclusion* also work in support. The Sustainability and External Relations Department is also responsible for managing relations with the territory and key stakeholders, in close coordination with other internal functions.

From an organisational point of view, in Feralpi Siderurgica there is the **Prevention, Protection and Environment Function**, the Head of which during 2021 also exercised a guiding and coordinating role for the Acciaierie di Calvisano plant and for Feralpi Holding. At Nuova Defim, MPL, Presider and Presider Armatures, in 2021, responsibility for health and safety activities is assigned to the General Management in conjunction with the Head of the Prevention and Protection Service (RSPP). At the Arlenico plant, the company organisation includes an in-house RSPP who is also in charge of managing activities in the Environmental area.

As of 2022, the function of guidance and coordination in the area of safety and environment of all Group companies has been further formalised by

entrusting Feralpi's Head of Environmental Protection Prevention Service with the role of Group HSE Manager, with the task of supporting Feralpi in defining strategies pertaining to Health Safety Environment and Energy, ensuring the promotion and dissemination of strategies and policies in subsidiaries, and ensuring overall and integrated management of processes in the area of HSE designed to implement these strategies, overseeing the activities of implementing approved projects.

At Ecoeternit, this is managed by the Technical Director and Head of the Prevention and Protection Service in close collaboration with the Managing Director. One or more internal employee safety representatives are elected by employees at sites in Italy, under company union representation.

Similar mixed bodies have been set up at ESF Elbe-Stahlwerke Feralpi GmbH, where there is a committee with a Plant Manager, a Factory Council and a company doctor, who also facilitates the return of personnel after long periods of sick leave. In ESF Elbe-Stahlwerke Feralpi GmbH, there has been an *Integrated Management System* department since 2018.

Feralpi Group ensures a **health service** in all major locations with nursing and medical presence and guarantees, in situations with less staff, the monthly activity of the company doctor to carry out periodic health checks relating to exposure to potential occupational hazards. With regard to aspects more closely related to the personal health of employees, in addition to the Group's medical staff and head of the Preven-



tion and Protection Service, the Human Resources Department and the External Relations and Sustainability Department are also directly involved.

As for the **management of human rights**, it is the Human Resources Department and the Health and Safety Department that manage their protection among employees. In terms of the supply chain, however, the Purchasing Department intervenes. It serves as an alignment is the Sustainability and External Relations Department, specifically for aspects related to ESG issues.

Any complaints are handled entirely in accordance with the procedures established and described by the 231/2001 model and are dealt with in accordance with company regulations, supervised by the general management in consultation with the personnel office.

5.7.

Benchmark indicators for “Social”

(102-8; 204-1; 401-1; 405-1; 405-2; 403-9; 404-1)

Feralpi Group's personnel as at 31.12.2021 (102-8)

| | 2019 | | | 2020 | | | 2021 | | |
|---|--------------|------------|--------------|--------------|------------|--------------|--------------|------------|--------------|
| | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| PERMANENT | 1,395 | 108 | 1,503 | 1,501 | 132 | 1,633 | 1,512 | 137 | 1,649 |
| of which in Italy | 736 | 54 | 790 | 835 | 73 | 908 | 815 | 79 | 894 |
| of which in Germany | 602 | 45 | 647 | 603 | 49 | 652 | 634 | 48 | 682 |
| of which in the Czech Republic | 31 | 5 | 36 | 32 | 6 | 38 | 33 | 6 | 39 |
| of which in Hungary | 12 | 2 | 14 | 16 | 2 | 18 | 15 | 2 | 17 |
| of which in France | 3 | 1 | 4 | 3 | 1 | 4 | 3 | 1 | 4 |
| of which in Algeria | 11 | 1 | 12 | 12 | 1 | 13 | 12 | 1 | 13 |
| TEMPORARY | 22 | 3 | 25 | 25 | 4 | 29 | 50 | 2 | 52 |
| of which in Italy | 10 | 0 | 10 | 10 | 1 | 11 | 32 | 2 | 34 |
| of which in Germany | 8 | 2 | 10 | 9 | 3 | 12 | 12 | 0 | 12 |
| of which in the Czech Republic | 4 | 1 | 5 | 6 | 0 | 6 | 6 | 0 | 6 |
| of which in Hungary | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| of which in France | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| of which in Algeria | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EMPLOYEES | 1,417 | 111 | 1,528 | 1,526 | 136 | 1,662 | 1,562 | 139 | 1,701 |
| Full-time | 1,407 | 94 | 1,501 | 1,516 | 109 | 1,625 | 1,533 | 113 | 1,666 |
| Part-time | 10 | 17 | 27 | 10 | 27 | 37 | 9 | 26 | 35 |
| TOTAL EMPLOYEES | 1,417 | 111 | 1,528 | 1,526 | 136 | 1,662 | 1,562 | 139 | 1,701 |
| Apprentices | 41 | 1 | 42 | 43 | 5 | 48 | 45 | 3 | 48 |
| TOTAL PERSONNEL EMPLOYED | 1,458 | 112 | 1,570 | 1,569 | 141 | 1,710 | 1,607 | 142 | 1,749 |
| Temporary and other types of contract | 85 | 13 | 98 | 67 | 9 | 76 | 62 | 8 | 70 |
| Interns | 1 | 1 | 2 | 3 | 0 | 3 | 2 | 0 | 2 |
| Contracted personnel ³ | 2,492 | 85 | 2,577 | 2,353 | 74 | 2,427 | 2,417 | 77 | 2,494 |
| TOTAL EMPLOYEES⁴ | 4,036 | 211 | 4,247 | 3,992 | 224 | 4,216 | 4,088 | 227 | 4,315 |
| TOTAL PERSONNEL EMPLOYED BY GENDER AND GEOGRAPHICAL AREA | 1,458 | 112 | 1,570 | 1,569 | 141 | 1,710 | 1,607 | 142 | 1,749 |
| of which in Italy | 752 | 54 | 806 | 848 | 75 | 923 | 856 | 81 | 937 |
| of which in Germany | 644 | 48 | 692 | 651 | 56 | 707 | 682 | 51 | 733 |
| of which in the Czech Republic | 36 | 6 | 42 | 39 | 6 | 45 | 39 | 6 | 45 |
| of which in Hungary | 12 | 2 | 14 | 16 | 2 | 18 | 15 | 2 | 17 |
| of which in France | 3 | 1 | 4 | 3 | 1 | 4 | 3 | 1 | 4 |
| of which in Algeria | 11 | 1 | 12 | 12 | 1 | 13 | 12 | 1 | 13 |

³ Contracted personnel refers to external personnel operating, as at 31.12.2021, at Feralpi Siderurgica, Acciaierie di Calvisano, FER-PAR, Ecoeternit and, with the exception of 2021, Presider Armatures. To these are added 119 men and 11 women from external companies who worked at Presider, MPL and Presider Armatures in 2021 (calculated on average - for Presider and MPL: in 2020, 124 men and 8 women - in 2019, 125 men and 5 women) and 113 men from external companies who carried out activities at ESF Elbe-Stahlwerke Feralpi GmbH in 2021 (calculated as FTE - in 2020, 123 men and 2 women; in 2019, 91 men and 3 women).

⁴ Only for Germany, the figures do not take into account employees on parental leave or sick leave exceeding 62 weeks as at 31st December. It is worth noting that 3 employees hired by Feralpi Holding and Feralpi Siderurgica occasionally worked at Eco-Trading in 2021 (3 in 2020, 4 in 2019), a Group company currently not operational and with no personnel employed.

| | N. | % |
|--------------------------------------|--------------|-------------|
| FERALPI GROUP - AGE | | |
| <30 | 233 | 13% |
| 30-50 | 869 | 50% |
| >50 | 647 | 37% |
| TOTAL | 1,749 | 100% |
| FERALPI GROUP - QUALIFICATION | | |
| Blue-collars | 1,200 | 69% |
| White-collars and middle managers | 511 | 29% |
| Executives | 38 | 2% |
| TOTAL | 1,749 | 100% |

| | <30 | 30-50 | >50 | TOTAL |
|--------------------------------------|------------|------------|------------|--------------|
| FERALPI GROUP - GENDER BY AGE | | | | |
| Women | 16 | 72 | 54 | 142 |
| Men | 217 | 797 | 593 | 1,607 |
| TOTAL | 233 | 869 | 647 | 1,749 |

Movement of personnel by geographical area and age group (401-1)

| GENDER/AGE | PERSONNEL RECRUITMENT (NO.) | | | | | | | | | | | |
|--------------------|-----------------------------|-----------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|
| | 2019 | | | | 2020 | | | | 2021 | | | |
| | <30 | 30-50 | >50 | TOTAL | <30 | 30-50 | >50 | TOTAL | <30 | 30-50 | >50 | TOTAL |
| GROUP | | | | | | | | | | | | |
| Women | 7 | 8 | 1 | 16 | 7 | 12 | 0 | 5 | 5 | 9 | 2 | 16 |
| Men | 49 | 75 | 18 | 142 | 59 | 114 | 22 | 195 | 75 | 125 | 31 | 231 |
| TOTAL | 56 | 83 | 19 | 158 | 66 | 126 | 22 | 214 | 80 | 134 | 33 | 247 |
| ITALY | | | | | | | | | | | | |
| Women | 0 | 3 | 0 | 3 | 1 | 5 | 0 | 6 | 4 | 5 | 1 | 10 |
| Men | 14 | 17 | 4 | 35 | 19 | 50 | 5 | 74 | 31 | 63 | 16 | 110 |
| TOTAL | 14 | 20 | 4 | 38 | 20 | 55 | 5 | 80 | 35 | 68 | 17 | 120 |
| GERMANY | | | | | | | | | | | | |
| Women | 7 | 4 | 1 | 12 | 6 | 7 | 0 | 13 | 1 | 4 | 1 | 6 |
| Men | 30 | 52 | 12 | 94 | 33 | 53 | 11 | 97 | 42 | 52 | 14 | 108 |
| TOTAL | 37 | 56 | 13 | 106 | 39 | 60 | 11 | 110 | 43 | 56 | 15 | 114 |
| OTHER AREAS | | | | | | | | | | | | |
| Women | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Men | 5 | 6 | 2 | 13 | 7 | 11 | 6 | 24 | 2 | 10 | 1 | 13 |
| TOTAL | 5 | 7 | 2 | 14 | 7 | 11 | 6 | 24 | 2 | 10 | 1 | 13 |

| GENDER/AGE | PERSONNEL OUTGOING TURNOVER ⁵ (NO.) | | | | | | | | | | | |
|--------------------|--|-----------|-----------|------------|-----------|-----------|-----------|------------|-----------|-----------|-----------|------------|
| | 2019 | | | | 2020 | | | | 2021 | | | |
| | <30 | 30-50 | >50 | TOTAL | <30 | 30-50 | >50 | TOTAL | <30 | 30-50 | >50 | TOTAL |
| GROUP | | | | | | | | | | | | |
| Women | 4 | 6 | 2 | 12 | 3 | 4 | 2 | 9 | 3 | 7 | 3 | 13 |
| Men | 40 | 54 | 42 | 136 | 33 | 60 | 69 | 162 | 30 | 75 | 91 | 196 |
| TOTAL | 44 | 60 | 44 | 148 | 36 | 64 | 71 | 171 | 33 | 82 | 94 | 209 |
| ITALY | | | | | | | | | | | | |
| Women | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 | 0 | 0 | 2 | 2 |
| Men | 5 | 14 | 26 | 45 | 5 | 11 | 40 | 56 | 2 | 35 | 68 | 105 |
| TOTAL | 5 | 14 | 26 | 45 | 5 | 11 | 42 | 58 | 2 | 35 | 70 | 107 |
| GERMANY | | | | | | | | | | | | |
| Women | 4 | 6 | 1 | 11 | 3 | 4 | 0 | 7 | 3 | 7 | 1 | 11 |
| Men | 26 | 37 | 14 | 77 | 21 | 40 | 27 | 88 | 20 | 36 | 21 | 77 |
| TOTAL | 30 | 43 | 15 | 88 | 24 | 44 | 27 | 95 | 23 | 43 | 22 | 88 |
| OTHER AREAS | | | | | | | | | | | | |
| Women | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Men | 9 | 3 | 2 | 14 | 7 | 9 | 2 | 18 | 8 | 4 | 2 | 14 |
| TOTAL | 9 | 3 | 3 | 15 | 7 | 9 | 2 | 18 | 8 | 4 | 2 | 14 |

⁵ At the Italy level, outgoing personnel on 31/12 of the reporting year are counted among both personnel in force and workers leaving in the reporting year. At the foreign level, outgoing personnel on 31/12 of the reporting year are counted among both personnel in force but not among workers leaving in the reporting year. These workers will be reported among the outgoing workers in the next reporting year. As for Nuova Cogeme, the company in voluntary liquidation has no employees. The entire personnel (20 employees in 2020) is reported to be terminated.

| GENDER/AGE | PERSONNEL RECRUITMENT RATE ⁶ (%) | | | | | | | | | | | |
|--------------------|---|--------------|-------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| | 2019 | | | | 2020 | | | | 2021 | | | |
| | <30 | 30-50 | >50 | TOTAL | <30 | 30-50 | >50 | TOTAL | <30 | 30-50 | >50 | TOTAL |
| GROUP | | | | | | | | | | | | |
| Women | 58.33 | 14.04 | 2.33 | 14.29 | 43.75 | 15.79 | 0.00 | 13.48 | 31.25 | 12.50 | 3.70 | 11.27 |
| Men | 27.68 | 10.61 | 3.14 | 9.74 | 31.55 | 14.96 | 3.55 | 12.43 | 34.56 | 15.68 | 5.23 | 14.37 |
| TOTAL | 29.63 | 10.86 | 3.08 | 10.80 | 32.51 | 15.04 | 3.29 | 12.51 | 34.33 | 15.42 | 5.10 | 14.12 |
| ITALY | | | | | | | | | | | | |
| Women | 0.00 | 9.68 | 0.00 | 5.56 | 33.33 | 11.36 | 0.00 | 8.00 | 57.14 | 11.90 | 3.13 | 12.35 |
| Men | 21.21 | 4.78 | 1.21 | 4.65 | 25.68 | 12.14 | 1.38 | 8.73 | 33.33 | 14.42 | 4.91 | 12.85 |
| TOTAL | 20.90 | 5.17 | 1.14 | 4.71 | 25.97 | 12.06 | 1.28 | 8.67 | 35.00 | 14.20 | 4.75 | 12.81 |
| GERMANY | | | | | | | | | | | | |
| Women | 70.00 | 21.05 | 5.26 | 25.00 | 50.00 | 28.00 | 0.00 | 23.21 | 12.50 | 16.67 | 5.26 | 11.76 |
| Men | 28.04 | 16.51 | 5.41 | 14.60 | 30.84 | 16.83 | 4.80 | 14.90 | 35.90 | 16.10 | 5.79 | 15.84 |
| TOTAL | 31.62 | 16.77 | 5.39 | 15.32 | 32.77 | 17.65 | 4.44 | 15.56 | 34.40 | 16.14 | 5.75 | 15.55 |
| OTHER AREAS | | | | | | | | | | | | |
| Women | 0.00 | 14.29 | 0.00 | 10.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Men | 125.00 | 16.67 | 9.09 | 20.97 | 116.67 | 31.43 | 20.69 | 34.29 | 28.57 | 27.03 | 4.00 | 18.84 |
| TOTAL | 100.00 | 16.28 | 8.33 | 19.44 | 100.00 | 26.19 | 19.35 | 30.00 | 25.00 | 23.26 | 3.57 | 16.46 |

⁶ The recruitment rate (A) is calculated according to the following formula: A=new hires/total workforce*100.

| GENDER/AGE | PERSONNEL TURNOVER RATE ⁷ (%) | | | | | | | | | | | |
|----------------------------|--|--------------|--------------|--------------|---------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
| | 2019 | | | | 2020 | | | | 2021 | | | |
| | <30 | 30-50 | >50 | TOTAL | <30 | 30-50 | >50 | TOTAL | <30 | 30-50 | >50 | TOTAL |
| GROUP | | | | | | | | | | | | |
| Women | 33.33 | 10.53 | 4.65 | 10.71 | 18.75 | 5.26 | 4.08 | 6.38 | 18.75 | 9.72 | 5.56 | 9.15 |
| Men | 22.60 | 7.64 | 7.32 | 9.33 | 17.65 | 7.87 | 11.13 | 10.33 | 13.82 | 9.41 | 15.35 | 12.20 |
| TOTAL | 23.28 | 7.85 | 7.13 | 9.43 | 17.73 | 7.64 | 10.61 | 10.00 | 14.16 | 9.44 | 14.53 | 11.95 |
| ITALY | | | | | | | | | | | | |
| Women | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7.14 | 2.67 | 0.00 | 0.00 | 6.25 | 2.47 |
| Men | 7.58 | 3.93 | 7.88 | 5.98 | 6.76 | 2.67 | 11.05 | 6.60 | 2.15 | 8.01 | 20.86 | 12.27 |
| TOTAL | 7.46 | 3.62 | 7.39 | 5.58 | 6.49 | 2.41 | 10.77 | 6.28 | 2.00 | 7.31 | 19.55 | 11.42 |
| GERMANY⁸ | | | | | | | | | | | | |
| Women | 40.00 | 31.58 | 5.26 | 22.92 | 25.00 | 16.00 | 0.00 | 12.50 | 37.50 | 29.17 | 5.26 | 21.57 |
| Men | 24.30 | 11.75 | 6.31 | 11.96 | 19.63 | 12.70 | 11.79 | 13.52 | 17.09 | 11.15 | 8.68 | 11.29 |
| TOTAL | 25.64 | 12.87 | 6.22 | 12.72 | 20.17 | 12.94 | 10.89 | 13.44 | 18.40 | 12.39 | 8.43 | 12.01 |
| OTHER AREAS | | | | | | | | | | | | |
| Women | 0.00 | 0.00 | 50.00 | 10.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Men | 225.00 | 8.33 | 9.09 | 22.58 | 116.67 | 25.71 | 6.90 | 25.71 | 114.29 | 10.81 | 8.00 | 20.29 |
| TOTAL | 180.00 | 6.98 | 12.50 | 20.83 | 100.00 | 21.43 | 6.45 | 22.50 | 100.00 | 9.30 | 7.14 | 17.72 |

⁷ The turnover rate (T) is calculated according to the following formula: $T = \text{leavers} / \text{total workforce} * 100$. At the Italy level, outgoing personnel on 31/12 of the reporting year are counted among both personnel in force and workers leaving in the reporting year. At the foreign level, outgoing personnel on 31/12 of the reporting year are counted among both personnel in force but not among workers leaving in the reporting year. These workers will be reported among the outgoing workers in the next reporting year.

⁸ Only for Germany, the figures do not take into account employees on parental leave or sick leave exceeding 62 weeks as at 31 December. These employees, considering only Germany, are not included in the total workforce. New hires, on the other hand, include personnel who returned to work in the reporting year following the use of parental leave.

Comparison between average male and female remuneration⁹ (405-2)

| CATEGORY | 2019 | 2020 | 2021 |
|------------------------------------|-------|-------|-------|
| FERALPI HOLDING | | | |
| White-collars and middle managers | 86.18 | 84.48 | 85.94 |
| ARLENICO | | | |
| White-collars and middle managers | - | 58.48 | 55.25 |
| NUOVA DEFIM | | | |
| Blue-collars | 87.73 | 81.69 | - |
| White-collars and middle managers | 57.66 | 60.64 | 65.22 |
| PRESIDER | | | |
| White-collars and middle managers | 74.76 | 72.89 | 72.68 |
| ESF ELBE-STAHLWERKE FERALPI | | | |
| White-collars and middle managers | 66.31 | 65.99 | 64.62 |

⁹ The table shows only the sites and categories where female personnel are present or where the breakdown by role concerns at least 6 members of female personnel.

Comparison between male and female base salary¹⁰ (405-2)

| CATEGORY | 2019 | 2020 | 2021 |
|------------------------------------|-------|-------|-------|
| FERALPI HOLDING | | | |
| White-collars and middle managers | 94.9 | 95.81 | 95.32 |
| ARLENICO | | | |
| White-collars and middle managers | - | 89.16 | 89.30 |
| NUOVA DEFIM | | | |
| Blue-collars | 97.21 | 97.39 | - |
| White-collars and middle managers | 82.98 | 86.09 | 87.65 |
| PRESIDER | | | |
| White-collars and middle managers | 96.09 | 95.93 | 94.47 |
| ESF ELBE-STAHLWERKE FERALPI | | | |
| White-collars and middle managers | 100 | 100 | 100 |

¹⁰ The table shows only the sites and categories where female personnel are present or where the breakdown by role concerns at least 6 members of female personnel.

Composition of Group employees by gender, age group and other relevant categories (405-1)

| | 2019 | | | | | | 2020 | | | | | | 2021 | | | | | |
|----------------------------|--------------|--------------|------------|-------------|--------------|------------|--------------|--------------|------------|-------------|--------------|------------|--------------|--------------|------------|-------------|--------------|------------|
| | MEN | | WOMEN | | TOTAL | | MEN | | WOMEN | | TOTAL | | MEN | | WOMEN | | TOTAL | |
| AGE | no. | % | no. | % | no. | % | no. | % | no. | % | no. | % | no. | % | no. | % | n° | % |
| <30 | 179 | 11.4 | 12 | 0.76 | 191 | 12.16 | 188 | 10.99 | 16 | 0.94 | 204 | 11.93 | 217 | 12.41 | 16 | 0.91 | 233 | 13.32 |
| 30-50 (30 and 50 included) | 699 | 44.52 | 57 | 3.63 | 756 | 48.15 | 762 | 44.56 | 76 | 4.44 | 838 | 49.01 | 797 | 45.56 | 72 | 4.12 | 869 | 49.69 |
| >50 | 580 | 36.94 | 43 | 2.74 | 623 | 39.68 | 619 | 36.2 | 49 | 2.87 | 668 | 39.06 | 593 | 33.91 | 54 | 3.09 | 647 | 36.99 |
| TOTAL | 1,458 | 92.87 | 112 | 7.13 | 1,570 | 100 | 1,569 | 91.75 | 141 | 8.25 | 1,710 | 100 | 1,607 | 91.88 | 142 | 8.12 | 1,749 | 100 |

Other diversity indicators (405-1)

| | 2019 | | 2020 | | 2021 | |
|----------------------|------|-----|------|------|------|------|
| | NO. | % | NO. | % | NO. | % |
| Protected categories | 66 | 4.2 | 62 | 3.63 | 69 | 3.95 |
| Other | 0 | 0 | 14 | 0.82 | 26 | 1.49 |

Per capita average training hours by gender and by professional category (404-1)

| GENDER | 2019 | 2020 | 2021 |
|----------------|-----------|-----------|-----------|
| GROUP | | | |
| Men | 14 | 10 | 14 |
| Women | 19 | 17 | 18 |
| TOTAL | 15 | 10 | 14 |
| ITALY | | | |
| Men | 19 | 8 | 16 |
| Women | 26 | 12 | 15 |
| TOTAL | 20 | 9 | 16 |
| GERMANY | | | |
| Men | 9 | 12 | 12 |
| Women | 14 | 26 | 25 |
| TOTAL | 10 | 13 | 13 |

| CATEGORY | 2019 | 2020 | 2021 |
|-----------------------------------|-----------|-----------|-----------|
| GROUP | | | |
| Blue-collars | 9 | 9 | 12 |
| White-collars and middle managers | 26 | 14 | 20 |
| Executives | 36 | 11 | 14 |
| TOTAL | 15 | 10 | 14 |
| ITALY | | | |
| Blue-collars | 14 | 6 | 13 |
| White-collars and middle managers | 29 | 14 | 21 |
| Executives | 47 | 12 | 14 |
| TOTAL | 20 | 9 | 16 |
| GERMANY¹¹ | | | |
| Blue-collars | 5 | 13 | 11 |
| White-collars and middle managers | 25 | 15 | 22 |
| Executives | 7 | 11 | 15 |
| TOTAL | 10 | 13 | 13 |

¹¹ At the level of Germany, starting in 2021, apprentice workers are considered below the category of "Blue collars".

Rate of accidents at work by area¹² (403-9)

| EMPLOYEES (INJURY RATE) | 2019 | 2020 | 2021 |
|--------------------------------------|-------|-------|-------|
| GROUP | | | |
| Accidents recorded | 25.39 | 25.84 | 21.61 |
| Serious accidents | 0.00 | 0.37 | 0.70 |
| Deaths due to occupational accidents | 0.00 | 0.37 | 0.00 |
| ITALY | | | |
| Accidents recorded | 23.95 | 14.03 | 14.64 |
| Serious accidents | 0.00 | 0.00 | 0.00 |
| Deaths due to occupational accidents | 0.00 | 0.00 | 0.00 |
| GERMANY | | | |
| Accidents recorded | 26.58 | 40.05 | 32.80 |
| Serious accidents | 0.00 | 0.87 | 1.73 |
| Deaths due to occupational accidents | 0.00 | 0.87 | 0.00 |

¹² Index = (no. accidents/hours worked)x1,000,000. The calculation of accidents takes into account accidents that occur in the workplace. Commuting accidents are excluded, with the exception of those occurring with transport organised by the company. Reported incidents (recordable injuries) are those that resulted in absence from the workplace for a period of 24 hours or more, including medical treatment beyond first aid or transfers to another job that resulted in days away from work. Injuries with serious consequences are those that resulted in a number of days lost of 180 or more. The main types of injuries encountered in the three-year period 2019-2021 include contusions, crushing, lacerated contusion injuries and fractures.

| EXTERNAL COMPANIES (INJURY RATE) | 2019 | 2020 | 2021 |
|----------------------------------|------|------|------|
|----------------------------------|------|------|------|

GROUP

| | | | |
|--------------------------------------|-------|-------|-------|
| Accidents recorded | 16.47 | 10.60 | 12.78 |
| Serious accidents | 0.00 | 0.00 | 0.91 |
| Deaths due to occupational accidents | 0.00 | 0.00 | 0.00 |

ITALY

| | | | |
|--------------------------------------|------|------|-------|
| Accidents recorded | 7.08 | 2.79 | 10.60 |
| Serious accidents | 0.00 | 0.00 | 1.33 |
| Deaths due to occupational accidents | 0.00 | 0.00 | 0.00 |

GERMANY

| | | | |
|--------------------------------------|-------|-------|-------|
| Accidents recorded | 49.50 | 38.40 | 20.72 |
| Serious accidents | 0.00 | 0.00 | 0.00 |
| Deaths due to occupational accidents | 0.00 | 0.00 | 0.00 |

| EMPLOYEES (NO. OF INJURIES) | 2019 | 2020 | 2021 |
|-----------------------------|------|------|------|
|-----------------------------|------|------|------|

GROUP

| | | | |
|---|-----------|-----------|-----------|
| No. of accidents recorded | 66 | 70 | 62 |
| No. of serious accidents | 0.00 | 1 | 2 |
| No. of deaths due to occupational accidents | 0.00 | 1 | 0 |
| Hours worked | 2,599,900 | 2,709,431 | 2,869,263 |

| EXTERNAL COMPANIES (NO. OF ACCIDENTS) | 2019 | 2020 | 2021 |
|---------------------------------------|------|------|------|
|---------------------------------------|------|------|------|

GROUP

| | | | |
|---|-----------|---------|-----------|
| No. of accidents recorded | 19 | 10 | 14 |
| No. of serious accidents | 0.00 | 0.00 | 1 |
| No. of deaths due to occupational accidents | 0.00 | 0.00 | 0.00 |
| Hours worked | 1,153,468 | 943,827 | 1,095,291 |

Percentage of turnover invoiced by local suppliers at the main production sites out of total supplies¹³ (204-1)

| GEOGRAPHICAL AREA | 2019 | 2020 | 2021 |
|--------------------------------|------|------|------|
| Province of Brescia | 37.1 | 39.3 | 37.5 |
| Province of Como | 6.3 | 5 | 2.91 |
| Province of Lecco | - | 7.2 | 6.53 |
| Province of Turin | 3.7 | 5.2 | 3.58 |
| District of Meißen/Grossenhain | 7.2 | 7.2 | 5.85 |
| District of Mělník | 4.6 | 5.5 | 3.92 |
| District of Csepel | 5.3 | 6.7 | 3.73 |

¹³ Ratio of local purchases from suppliers of materials, products and services to total purchases. By 'local' is meant the Province or District of reference. For Feralpi-Praha and Feralpi-Hungaria it is not possible to identify local suppliers. In calculating the indicator, it was considered the item related to other operating expenses in the Income Statement, which incorporate most of local suppliers out of total charges.



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SDG content index

| 2030 AGENDA | RELEVANT ISSUES FOR FERALPI | CHAPTER IN NFS | RELEVANCE TO FERALPI |
|--|---|---|----------------------|
| GOAL 1 NO POVERTY | <ul style="list-style-type: none"> Inclusive local cultural and economic development | 2.5.1. Group financial performance 5.4. The creation of economic value for the community | |
| GOAL 2 ZERO HUNGER | <ul style="list-style-type: none"> Inclusive local cultural and economic development | 2.5.1. Group financial performance 5.4. The creation of economic value for the community | |
| GOAL 3 GOOD HEALTH AND WELL-BEING | <ul style="list-style-type: none"> Health and well-being | 5.3.3. Health and wellness: from welfare to initiatives for mental and physical support | |
| GOAL 4 QUALITY EDUCATION | <ul style="list-style-type: none"> Development and empowerment of people Inclusive local cultural and economic development | 5.1. Development and enhancement of skills 5.4. The creation of economic value for the community | |
| GOAL 5 GENDER EQUALITY | <ul style="list-style-type: none"> Diversity, equality and equal treatment | 5.3.2. Diversity & Inclusion | |
| GOAL 6 CLEAN WATER AND SANITATION | <ul style="list-style-type: none"> Management of water resources | 4.4.3. Management of water resources | |
| GOAL 7 AFFORDABLE AND CLEAN ENERGY | <ul style="list-style-type: none"> Climate change and energy efficiency | 4.1.2. Energy efficiency measures 2.1. Feralpi's background and strategy | |
| GOAL 8 DECENT WORK AND ECONOMIC GROWTH | <ul style="list-style-type: none"> Safety and prevention culture Human rights of workers Dialogue with social partners Development and empowerment of people Economic sustainability and generated value | 5.5.1 Human Resources Management 5.5.2 Safety Management 5.3.1. Human Rights 5.4. The creation of economic value for the community | |
| GOAL 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | <ul style="list-style-type: none"> Digital and technological innovation Product and service quality Economic sustainability and generated value | 2.5.1. Group financial performance 3.1. Product and service quality 3.2. Industry 4.0: from R&D efforts to technology development 3.3. Digitalisation of processes 5. Social: People, supply chain and territory | |
| GOAL 10 REDUCE INEQUALITIES | <ul style="list-style-type: none"> Inclusive local cultural and economic development | 5.4. The creation of economic value for the community | |
| GOAL 11 SUSTAINABLE CITIES AND COMMUNITIES | <ul style="list-style-type: none"> Pollutant emissions Circular economy, waste and use of materials Climate change and energy efficiency Management of water resources Inclusive local cultural and economic development | 4. Environment: toward decarbonisation through efficiency, circularity and cutting-edge technology 5.4. The creation of economic value for the community | |
| GOAL 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | <ul style="list-style-type: none"> Pollutant emissions Circular economy, waste and use of materials Climate change and energy efficiency Management of water resources | 4. Environment: toward decarbonisation through efficiency, circularity and cutting-edge technology | |
| GOAL 13 CLIMATE ACTION | <ul style="list-style-type: none"> Climate change and energy efficiency | 4. Environment: toward decarbonisation through efficiency, circularity and cutting-edge technology | |
| GOAL 14 LIFE BELOW WATER | - | - | |
| GOAL 15 LIFE ON LAND | - | - | |
| GOAL 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | <ul style="list-style-type: none"> Integrity of governance and transparency of business | 2.5. Organisational model and management systems | |
| GOAL 17 PARTNERSHIP FOR THE GOALS | <ul style="list-style-type: none"> Integrity of governance and transparency of business | 2.5.3. Feralpi's fiscal responsibility 2.5.2. Public and private funding for a green transition 3.2. Industry 4.0: from R&D efforts to technology development 2.3. The governance of sustainability | |

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GRI content index

(102-55)

| GRI STANDARDS | DISCLOSURE | PAGE REFERENCE | OMISSIONS | | |
|--|--|---|-----------|---------|-------------|
| | | | Omissions | Reasons | Explanation |
| GRI 102 GENERAL DISCLOSURE 2016 | GENERAL DISCLOSURE | | | | |
| | Disclosure 102-1 Name of the organization | Methodology note | - | - | - |
| | Disclosure 102-2 Activities, brands, products and services | 1. Feralpi Group | - | - | - |
| | Disclosure 102-3 Location of headquarters | Methodology note | - | - | - |
| | Disclosure 102-4 Location of operations | Methodology note | - | - | - |
| | Disclosure 102-5 Ownership and legal form | 2.3 Corporate offices, bodies and governance of sustainability | - | - | - |
| | Disclosure 102-6 Markets served | 1. Feralpi Group | - | - | - |
| | Disclosure 102-7 Scale of the organization | 1. Feralpi Group | - | - | - |
| | Disclosure 102-8 Information on employees and other workers | 5.7 Benchmark indicators for "Social" | - | - | - |
| | Disclosure 102-9 Supply chain | 1. Feralpi Group 2.2.5. The commodity crisis and the urgency of ensuring supply chain sustainability | - | - | - |
| | Disclosure 102-10 Significant changes to the organisation and its supply chain | 2.2.2 The cost of energy and the suspension of production 2.2.4. Logistics: between pandemic, sustainability and digitalisation 2.2.5. The commodity crisis and the urgency of ensuring supply chain sustainability | - | - | - |
| | Disclosure 102-11 Precautionary Principle or approach | 4.4. Environmental policies and management | - | - | - |
| | Disclosure 102-12 External initiatives | 2.1.2. Feralpi's stakeholders | - | - | - |
| | Disclosure 102-13 Membership of associations | 2.1.2. Feralpi's stakeholders 2.3 Corporate offices, bodies and governance of sustainability | - | - | - |
| | STRATEGY | | | | |
| | Disclosure 102-14 Statement from senior decision-maker | Letter to stakeholders | - | - | - |
| | ETHICS AND INTEGRITY | | | | |
| | Disclosure 102-16 Values, principles, standards and norms of behaviour | 2.5. Organisational model and management systems | - | - | - |
| | GOVERNANCE | | | | |
| | Disclosure 102-18 Governance structure | 2.5. Organisational model and management systems | - | - | - |
| STAKEHOLDER ENGAGEMENT | | | | | |
| Disclosure 102-40 List of stakeholder groups | 2.1.2. Feralpi's stakeholders | - | - | - | |
| Disclosure 102-41 Collective bargaining agreements | 3.5.1. Human Rights | - | - | - | |
| Disclosure 102-42 Identifying and selecting stakeholders | 2.1.2. Feralpi's stakeholders | - | - | - | |
| Disclosure 102-43 Approach to stakeholder engagement | 2.1.2. Feralpi's stakeholders | - | - | - | |
| Disclosure 102-44 Key topics and concerns raised | 2.1.1. The materiality process and the main differences from 2020 | - | - | - | |
| REPORTING PRACTICES | | | | | |
| Disclosure 102-45 Entities included in the consolidated financial statements | Methodology note | - | - | - | |
| Disclosure 102-46 Defining report content and topic boundaries | Methodology note 2.1.1. The materiality process and the main differences from 2020 | - | - | - | |
| Disclosure 102-47 List of material topics | 2.1.1. The materiality process and the main differences from 2020 | - | - | - | |
| Disclosure 102-48 Restatements of information | Methodology note | - | - | - | |
| Disclosure 102-49 Changes in reporting | Methodology note | - | - | - | |
| Disclosure 102-50 Reporting period | Methodology note | - | - | - | |

| GRI STANDARDS | DISCLOSURE | PAGE REFERENCE | OMISSIONS | | |
|---|--|--|-----------|---------|-------------|
| | | | Omissions | Reasons | Explanation |
| GRI 102 GENERAL DISCLOSURE 2016 | Disclosure 102-51 Date of most recent report | Methodology note | - | - | - |
| | Disclosure 102-52 Reporting cycle | Methodology note | - | - | - |
| | Disclosure 102-53 Contact point for questions regarding the report | Methodology note | - | - | - |
| | Disclosure 102-54 Claims of reporting in accordance with GRI Standards | Methodology note | - | - | - |
| | Disclosure 102-55 GRI content index | 6. GRI Content Index | - | - | - |
| | Disclosure 102-56 External assurance | 7. Audit report | - | - | - |
| SPECIFIC DISCLOSURE | | | | | |
| GRI 200 ECONOMIC INDICATORS | | | | | |
| ECONOMIC PERFORMANCE | | | | | |
| GRI 103 MANAGEMENT APPROACH 2016 | Disclosure 103-1 Explanation of the material topic and its boundary | 2.1.1. The materiality process and the main differences from 2020 | - | - | - |
| | Disclosure 103-2 The management approach and its components | 2.6. Economic sustainability and value generated | - | - | - |
| | Disclosure 103-3 Evaluation of the management approach | 2. Strategy and management | - | - | - |
| GRI 201 ECONOMIC PERFORMANCE 2016 | Disclosure 201-1 Direct economic value generated and distributed | 2.6.1. Group financial performance | - | - | - |
| | Disclosure 201-4 Financial assistance received from government | 2.6.2. Public and private funding for a green transition | - | - | - |
| REPORTING PRACTICE | | | | | |
| GRI 103 MANAGEMENT APPROACH 2016 | Disclosure 103-1 Explanation of the material topic and its boundary | 2.1.1. The materiality process and the main differences from 2020 | - | - | - |
| | Disclosure 103-2 The management approach and its components | 2.6. Economic sustainability and value generated | - | - | - |
| | Disclosure 103-3 Evaluation of the management approach | 2. Strategy and management | - | - | - |
| GRI 204 PROCUREMENT PRACTICES 2016 | Disclosure 204-1 Proportion of spending on local suppliers | 5.7. Benchmark indicators for "Social" | - | - | - |
| GRI 300 ENVIRONMENTAL INDICATORS | | | | | |
| MATERIALS | | | | | |
| GRI 103 MANAGEMENT APPROACH 2016 | Disclosure 103-1 Explanation of the material topic and its boundary | 2.1.1. The materiality process and the main differences from 2020 | - | - | - |
| | Disclosure 103-2 The management approach and its components | 4.4.2. Waste management | - | - | - |
| | Disclosure 103-3 Evaluation of the management approach | 4. Environment: toward decarbonisation through efficiency, circularity and cutting-edge technology | - | - | - |
| GRI 301 MATERIALS 2016 | Disclosure 301-1 Materials used by weight and volume | 4.6. Baseline indicators for "Environment" | - | - | - |
| | Disclosure 301-2 Recycled input materials used | 4.6. Baseline indicators for "Environment" | - | - | - |
| ENERGY | | | | | |
| GRI 103 MANAGEMENT APPROACH 2016 | Disclosure 103-1 Explanation of the material topic and its boundary | 2.1.1. The materiality process and the main differences from 2020 | - | - | - |
| | Disclosure 103-2 The management approach and its components | 4.4. Environmental policies and management | - | - | - |
| | Disclosure 103-3 Evaluation of the management approach | 4. Environment: toward decarbonisation through efficiency, circularity and cutting-edge technology | - | - | - |
| GRI 302 ENERGY 2016 | Disclosure 302-1 Energy consumption within the organisation | 2.2.2. The cost of energy and the suspension of production 2.4. Baseline indicators for "Strategy and Management" | - | - | - |

| GRI STANDARDS | DISCLOSURE | PAGE REFERENCE | OMISSIONS | | |
|---|---|--|-----------|---------|-------------|
| | | | Omissions | Reasons | Explanation |
| GRI 302 ENERGY 2016 | Disclosure 302-2 Energy consumption outside the organisation | 4.1.2. Energy efficiency measures 4.6. Baseline indicators for "Environment" | - | - | - |
| | Disclosure 302-3 Energy intensity | 4.1.2. Energy efficiency measures 4.6. Baseline indicators for "Environment" | - | - | - |
| EMISSIONS | | | | | |
| GRI 103 MANAGEMENT APPROACH 2016 | Disclosure 103-1 Explanation of the material topic and its boundary | 2.1.1. The materiality process and the main differences from 2020 | - | - | - |
| | Disclosure 103-2 The management approach and its components | 4.4. Environmental policies and management | - | - | - |
| | Disclosure 103-3 Evaluation of the management approach | 4. Environment: toward decarbonisation through efficiency, circularity and cutting-edge technology | - | - | - |
| GRI 305 EMISSIONS 2016 | Disclosure 305-1 Direct (Scope 1) GHG emissions | 4.6. Baseline indicators for "Environment" | - | - | - |
| | Disclosure 305-2 Energy indirect (Scope 2) GHG emissions | 4.1. Emission reduction and adaptation to climate change 4.6. Baseline indicators for "Environment" | - | - | - |
| | Disclosure 305-3 Other indirect (Scope 3) GHG emissions | 4.6. Baseline indicators for "Environment" | - | - | - |
| | Disclosure 305-4 GHG emissions intensity | 4.1. Emission reduction and adaptation to climate change 4.6. Baseline indicators for "Environment" | - | - | - |
| | Disclosure 305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant emissions | 4.6. Baseline indicators for "Environment" | - | - | - |
| WASTE | | | | | |
| GRI 103 MANAGEMENT APPROACH 2016 | Disclosure 103-1 Explanation of the material topic and its boundary | 2.1.1. The materiality process and the main differences from 2020 | - | - | - |
| | Disclosure 103-2 The management approach and its components | 4.4.2. Waste management | - | - | - |
| | Disclosure 103-3 Evaluation of the management approach | 4. Environment: toward decarbonisation through efficiency, circularity and cutting-edge technology | - | - | - |
| GRI 306 WASTE 2020 | Disclosure 306-1 Waste generation and significant waste-related impacts | 4.2. Circularity as a sustainable management model | - | - | - |
| | Disclosure 306-2 Management of significant waste-related impacts | 4.4.2. Waste management | - | - | - |
| | Disclosure 306-3 Waste generated | 4.6. Baseline indicators for "Environment" | - | - | - |
| | Disclosure 306-4 Waste diverted from disposal | 4.6. Baseline indicators for "Environment" | - | - | - |
| | Disclosure 306-5 Waste directed to disposal | 4.6. Baseline indicators for "Environment" | - | - | - |
| ENVIRONMENTAL COMPLIANCE | | | | | |
| GRI 103 MANAGEMENT APPROACH 2016 | Disclosure 103-1 Explanation of the material topic and its boundary | 2.1.1. The materiality process and the main differences from 2020 | - | - | - |
| | Disclosure 103-2 The management approach and its components | 4.4. Environmental policies and management | - | - | - |
| | Disclosure 103-3 Evaluation of the management approach | 4. Environment: toward decarbonisation through efficiency, circularity and cutting-edge technology | - | - | - |
| GRI 307 ENVIRONMENTAL COMPLIANCE 2016 | Disclosure 307-1 Non-compliance with environmental laws and regulations | 4. Environment: toward decarbonisation through efficiency, circularity and cutting-edge technology | - | - | - |

| GRI STANDARDS | DISCLOSURE | PAGE REFERENCE | OMISSIONS | | |
|---|--|--|-----------|---------|-------------|
| | | | Omissions | Reasons | Explanation |
| GRI 400 SOCIAL INDICATORS | | | | | |
| EMPLOYMENT | | | | | |
| GRI 103 MANAGEMENT APPROACH 2016 | Disclosure 103-1 Explanation of the material topic and its boundary | 2.1.1. The materiality process and the main differences from 2020 | - | - | - |
| | Disclosure 103-2 The management approach and its components | 5.5. Policy and management of social issues | - | - | - |
| | Disclosure 103-3 Evaluation of the management approach | 5. Social: People, supply chain and territory | - | - | - |
| GRI 401 EMPLOYMENT 2016 | Disclosure 401-1 New employee hires and employee turnover | 5.7. Benchmark indicators for "Social" | - | - | - |
| OCCUPATIONAL HEALTH AND SAFETY | | | | | |
| GRI 103 MANAGEMENT APPROACH 2016 | Disclosure 103-1 Explanation of the material topic and its boundary | 2.1.1. The materiality process and the main differences from 2020 | - | - | - |
| | Disclosure 103-2 The management approach and its components | 5.5.2. Safety Management | - | - | - |
| | Disclosure 103-3 Evaluation of the management approach | 5. Social: People, supply chain and territory | - | - | - |
| GRI 403 OCCUPATIONAL HEALTH AND SAFETY 2018 | Disclosure 403-1 Occupational health and safety management system | 5.2. Safety culture | - | - | - |
| | Disclosure 403-2 Hazard identification, risk assessment, and incident investigation | 5.2. Safety culture | - | - | - |
| | Disclosure 403-3 Occupational health services | 5.2. Safety culture | - | - | - |
| | Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety | 5.2. Safety culture | - | - | - |
| | Disclosure 403-5 Worker training on occupational health and safety | 5.2. Safety culture | - | - | - |
| | Disclosure 403-6 Promotion of worker health | 5.3.3. Health and wellness: from welfare to initiatives for mental and physical support | - | - | - |
| | Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 5.2. Safety culture | - | - | - |
| | Disclosure 403-9 Work-related injuries | 5.7. Benchmark indicators for "Social" | - | - | - |
| | TRAINING AND EDUCATION | | | | |
| GRI 103 MANAGEMENT APPROACH | Disclosure 103-1 Explanation of the material topic and its boundary | 2.1.1. The materiality process and the main differences from 2020 | - | - | - |
| | Disclosure 103-2 The management approach and its components | 5.1. Development and enhancement of skills | - | - | - |
| | Disclosure 103-3 Evaluation of the management approach | 5. Social: People, supply chain and territory | - | - | - |
| GRI 404 TRAINING AND EDUCATION 2016 | Disclosure 404-1 Average hours of training per year per employee | 5.1.2. Enhancement of internal skills and talent retention 5.7. Benchmark indicators for "Social" | - | - | - |
| DIVERSITY AND EQUAL OPPORTUNITIES | | | | | |
| GRI 103 MANAGEMENT APPROACH 2016 | Disclosure 103-1 Explanation of the material topic and its boundary | 2.1.1. The materiality process and the main differences from 2020 | - | - | - |
| | Disclosure 103-2 The management approach and its components | 5.3.2. Diversity & Inclusion | - | - | - |
| | Disclosure 103-3 Evaluation of the management approach | 5. Social: People, supply chain and territory | - | - | - |
| GRI 405 DIVERSITY AND EQUAL OPPORTUNITY 2016 | Disclosure 405-1 Diversity of governance bodies and employees | 2.3. Corporate offices, bodies and governance of sustainability | - | - | - |
| | | 2.4. Baseline indicators for "Strategy and Management" | - | - | - |
| | | 5.3.2. Diversity & Inclusion 5.7. Benchmark indicators for "Social" | - | - | - |
| Disclosure 405-2 Ratio of basic salary and remuneration of women to men | 5.3.1. Human Rights 5.7. Benchmark indicators for "Social" | - | - | - | |

| GRI STANDARDS | DISCLOSURE | PAGE REFERENCE | OMISSIONS | | |
|--|--|---|-----------|---------|-------------|
| | | | Omissions | Reasons | Explanation |
| MARKETING AND LABELLING | | | | | |
| GRI 103 MANAGEMENT APPROACH 2016 | Disclosure 103-1 Explanation of the material topic and its boundary | 2.1.1. The materiality process and the main differences from 2020 | - | - | - |
| | Disclosure 103-2 The management approach and its components | 3.1. Product and service quality | - | - | - |
| | Disclosure 103-3 Evaluation of the management approach | 3. Manufacturing: quality, research and innovation 4.0 | - | - | - |
| GRI 417 MARKETING AND LABELLING 2016 | Disclosure 417-1 Requirements for product and service information and labeling | 3.1. Product and service quality | - | - | - |
| | Disclosure 417-2 Incidents of non-compliance concerning product and service information and labeling | 3.1. Product and service quality | - | - | - |
| OTHER MATERIAL TOPICS NOT COVERED BY GRI STANDARDS | | | | | |
| DIGITAL AND TECHNOLOGICAL INNOVATION | | | | | |
| GRI 103 MANAGEMENT APPROACH 2016 | Disclosure 103-1 Explanation of the material topic and its boundary | 2.1.1. The materiality process and the main differences from 2020 | - | - | - |
| | Disclosure 103-2 The management approach and its components | 3.4. Industry 4.0: from R&D efforts to technology development | - | - | - |
| | Disclosure 103-3 Evaluation of the management approach | 3. Manufacturing: quality, research and innovation 4.0 | - | - | - |
| CRISIS MANAGEMENT AND AGILITY OF ORGANISATIONAL PROCESSES | | | | | |
| GRI 103 MANAGEMENT APPROACH 2016 | Disclosure 103-1 Explanation of the material topic and its boundary | 2.1.1. The materiality process and the main differences from 2020 | - | - | - |
| | Disclosure 103-2 The management approach and its components | 2.2. Business continuity | - | - | - |
| | Disclosure 103-3 Evaluation of the management approach | 2.2. Business continuity | - | - | - |
| OTHER NON-MATERIAL ISSUES | | | | | |
| INCLUSIVE LOCAL CULTURAL AND ECONOMIC DEVELOPMENT | | | | | |
| GRI 103 MANAGEMENT APPROACH 2016 | Disclosure 103-1 Explanation of the material topic and its boundary | 2.1.1. The materiality process and the main differences from 2020 | - | - | - |
| | Disclosure 103-2 The management approach and its components | 5.4. The creation of economic value for the community | - | - | - |
| | Disclosure 103-3 Evaluation of the management approach | 5.4. The creation of economic value for the community | - | - | - |
| MANAGEMENT OF WATER RESOURCES | | | | | |
| GRI 103 MANAGEMENT APPROACH 2016 | Disclosure 103-1 Explanation of the material topic and its boundary | 2.1.1. The materiality process and the main differences from 2020 | - | - | - |
| | Disclosure 103-2 The management approach and its components | 4.4.3. Management of water resources | - | - | - |
| | Disclosure 103-3 Evaluation of the management approach | 4. Environment: toward decarbonisation through efficiency, circularity and cutting-edge technology | - | - | - |
| HUMAN RIGHTS OF WORKERS | | | | | |
| GRI 103 MANAGEMENT APPROACH 2016 | Disclosure 103-1 Explanation of the material topic and its boundary | 2.1.1. The materiality process and the main differences from 2020 | - | - | - |
| | Disclosure 103-2 The management approach and its components | 5.3.1. Human Rights | - | - | - |
| | Disclosure 103-3 Evaluation of the management approach | 5. Social: People, supply chain and territory | - | - | - |
| GRI 412 HUMAN RIGHTS ASSESSMENT | Disclosure 412-2 Employee training on human rights policies or procedures | 5.3.1. Human Rights | - | - | - |
| INTEGRITY OF GOVERNANCE AND TRANSPARENCY OF BUSINESS | | | | | |
| GRI 103 MANAGEMENT APPROACH 2016 | Disclosure 103-1 Explanation of the material topic and its boundary | 2.1.1. The materiality process and the main differences from 2020 | - | - | - |



| GRI STANDARDS | DISCLOSURE | PAGE REFERENCE | OMISSIONS | | |
|---|---|---|-----------|---------|-------------|
| | | | Omissions | Reasons | Explanation |
| GRI 103 MANAGEMENT APPROACH 2016 | Disclosure 103-2 The management approach and its components | 2.4. ESG risks and management systems | - | - | - |
| | Disclosure 103-3 Evaluation of the management approach | 2. Strategy and management | - | - | - |
| GRI 205 ANTICORRUPTION 2016 | Disclosure 205-3 Confirmed incidents of corruption and actions taken | 2. Strategy and management | - | - | - |
| GRI 206 ANTICOMPETITIVE BEHAVIOUR 2016 | Disclosure 206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices | 2.5. Organisational model and management systems | - | - | - |
| GRI 207 TAX 2019 | Disclosure 207-1 Approach to tax | 2.6.3. Feralpi's fiscal responsibility | - | - | - |
| | Disclosure 207-2 Tax governance, control, and risk management | 2.6.3. Feralpi's fiscal responsibility | - | - | - |
| | Disclosure 207-3 Stakeholder engagement and management of concerns related to tax | 2.6.3. Feralpi's fiscal responsibility | - | - | - |
| | Disclosure 207-4 Country-by-country reporting | 2.6.3. Feralpi's fiscal responsibility | - | - | - |



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Audit report

(102-56)



Building a better
working world

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Independent auditors' report on the voluntary consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of January 18, 2018

(Translation from the original Italian text)

To the Board of Directors of
Feralpi Holding S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree December 30, 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the voluntary consolidated disclosure of non-financial information of Feralpi Holding S.p.A. and its subsidiaries (hereinafter the "Group" or "Feralpi Group") for the year ended on December 31, 2021 in accordance with article 4 and article 7 of the Decree, and approved by the Board of Directors on May 26, 2022 (hereinafter "DNF").

Our limited assurance engagement does not cover the information included in the paragraph "Alignment to European Taxonomy" of the DNF, that are required by art.8 of the European Regulation 2020/852.

Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

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Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the DNF with those included in the Feralpi Group's consolidated financial statements;
4. understanding of the following aspects:
 - Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
 - policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
 - main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.



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With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below.

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.

In particular, we have conducted interviews and discussions with the management of Feralpi Holding S.p.A. and with the personnel of Feralpi Siderurgica S.p.A., Acciaierie di Calvisano S.p.A. and ESF Elbe-Stahlwerke Feralpi GmbH and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

Furthermore, for significant information, considering the Group activities and characteristics:

- at Group level,
 - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
 - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for Acciaierie di Calvisano S.p.A. (production sites of Viadana di Calvisano, Italy) and ESF Elbe-Stahlwerke Feralpi GmbH (production site of Riesa, Germany), that we have selected based on their activities, relevance to the consolidated performance indicators and location, we have carried out remote interviews during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the Feralpi Holding S.p.A. Group for the year ended on December 31, 2021 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Our conclusions on the DNF of the Feralpi Holding S.p.A. Group do not refer to the information included in the paragraph “*Alignment to European Taxonomy*” of the DNF itself, that is required by art.8 of the European Regulation 2020/852.

Brescia, June 10, 2022

EY S.p.A.

Signed by: Andrea Barchi, Partner

This report has been translated into the English language solely for the convenience of international readers.



For more information on the Non-Financial Statement, please contact sustainability@it.feralpigroup.com.

The document is available under the **'Reporting and certification'** section on the website www.feralpigroup.com.

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