



2023

INTEGRATED REPORT

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2023

INTEGRATED REPORT

Contents

Letter from the Chairman	4
2023 Highlights	6
Foreword: Feralpi Group's integrated approach report and directions for reading the document	8

Report on Operations

1 The history of Feralpi Group	12
2 The Group structure	14
3 The Feralpi Group's business	16
3.1 Megatrends	18
3.2 The market environment and steel production	20
4 Strategy and investments of Feralpi Group	23
4.1 New strategic guidelines	23
4.2 State of implementation of Strategic Investments	26
5 Research and development activities	30
6 Production	32
7 Non-GAAP indicators	33
8 Analysis of the economic and financial situation	34
8.1 Revenues by geographical area	34
8.2 Reclassified economic situation	35
8.3 Reclassified statement of financial position	36
9 Significant transactions and events during the year	37
10 Risk management	38
11 Other information	47
11.1 Organisation and Human Resources	47
11.2 Transactions with related parties	48
11.3 National tax consolidation, Group VAT and Tax liability	48
11.4 Number and par value of shares of the parent company held by the company and its subsidiaries	49
12 Subsequent events	50
13 Business outlook	51

Sustainability Statement

14. General information - Sustainability in Feralpi Group	54
14.1. The sustainability strategy in Feralpi Group	56
14.2. The value chain: from raw material to products	60
14.3. The identification and management of ESG risks	63
14.4. The Materiality analysis process	65
14.5. The relationship with stakeholders	72
15. Environmental information	78
15.1. Climate transition plan	80
15.2. Circularity and zero-waste: material and energy management and enhancement	87
15.3. Management of water resources	93
15.4. Atmospheric emissions	95
15.5. Biodiversity	95
15.6. Transport and sustainable mobility	97
15.7. Product environmental sustainability and the changing market environment	97
15.8. The European Taxonomy (EU Reg. 2020/852)	98
16. Social information	106
16.1. Raising competencies: people growth and development	108
16.2. Protecting people: health and safety in the workplace	111
16.3. Welfare	113
16.4 Diversity, Equity, Inclusion	114
16.5. Human Rights in the workplace and along the supply chain	115
16.6. Creating value for the territory	118
17. Governance information	120
17.1. Governance and organisational structure	122
17.2. Code of Ethics and Management Models	124
17.3. Digitalisation and Cybersecurity	127
17.4. Governance and management of products and services	131
17.5. Sustainability governance	134
17.6. Governance and management of environmental aspects	136
17.7. Governance and management of social aspects	138
Appendix to the Sustainability Statement	
Methodology Note	142

Consolidated financial statements

Consolidated financial statements	204
Explanatory notes	212
Appendix to the Consolidated financial statements	285

Reports

Board of Statutory Auditors' Report	290
Independent Auditors' Report on the Consolidated financial statements	292
Independent Auditors' Report on the Sustainability Statement	294

Letter from the President

Dear Stakeholders,

in the last four years we have witnessed a profound economic and social transformation, which began with the global pandemic followed by the war in Ukraine and, more recently, the new war in the Middle East. Three serious events, compounded by many others, that ushered us into a new era, in which military and civil tensions spread to a level we could not and would not have imagined, with inevitable spill-over effects that contributed to worsening inequalities, volatility in the supply chain, and tensions in commodity and energy prices.

In this scenario, which seems to combine polycrisis and permacrisis, the effects of climate change have truly come to the fore, making it increasingly urgent to implement measures to counteract them. It is precisely in this context that our Group has reinforced its conviction of the need to structure a business model capable not only of withstanding discontinuities, but above all of reconciling its own continuity with the achievement of environmental and social objectives.

We have therefore chosen to draw up a unified report for Feralpi Group for the first time, a document that combines financial and sustainability performance, in order to offer you a complete and in-depth picture of our identity.

We have strived to anticipate future regulatory obligations introduced by the new Corporate Sustainability Reporting Directive because there is no evolution without vision. And in these pages we'll share with you our idea of the future and the paths we will take to build it.

We have identified the decarbonisation and circularity of our production processes, innovation and digitalisation, the centrality of people and talent development as ways of anticipating change, counteracting business risks and generating a real impact.

This is an evolutionary process that we oversee thanks to governance that directs a robust, synergistic business plan within an ESG strategy that we have summarised in a scorecard. It encompasses much more than the commitments and targets we have made in the medium term (2030) to actively contribute to the European goals. The scorecard implies a proactive approach that crystallises the purpose of our Group, which is to contribute to the economic and social progress of communities, to enhance the territory, and to care for the safety and well-being of our people.

This is the path we have chosen to evolve towards more sustainable and inclusive development models, offering the market steel products and solutions that serve the ecological transition for the infrastructure and mechanics of the future.

In 2023, although faced with a market that has slowed down compared to the extraordinary one experienced in the two-year period 2021-2022, Feralpi has confirmed the investments planned to extend the range and depth offered, to make our plants more flexible and efficient, electrifying production processes where possible, replacing or reducing the use of natural resources and fossil fuels, and developing renewable energy projects to target self-consumption.

These are some of the pillars underpinning our business plan, which, while looking at a medium- to long-term horizon, strengthens business continuity, making Feralpi an even more solid and strategic partner through its ability to offer innovative and sustainable responses to global steel supply chains thanks to a diversified, verticalised business focused on flexibility.

To accomplish this transformation, technologies are not enough. A company is sustainable to the extent that it fulfils a social role that cannot overlook the centrality of its people and respect for individuality. This is why we have accelerated and strengthened DEI (Diversity, Equity and Inclusion) activities, successfully introducing projects to promote the inclusion of female staff in production departments in a sector considered to be male-dominated. We have expanded the very governance of our Group with a dedicated management function, we have continued to listen to our people with an internal climate survey that we have been promoting for almost twenty years.

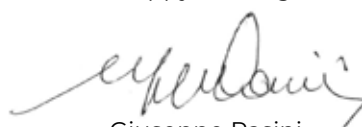
Every company is a link. It is both the end of one chain and the starting point of another. Corporate responsibility, therefore, also lies in the ability to act along its value chain by sharing ESG objectives and extending its commitment to human rights.

The year 2024 is again confronting us with a climate of uncertainty. We cannot act on the major global issues that will shape the months and years to come, but we can make our contribution to sustainable development by continuing along the path we have mapped out.

We are ready for the future. We have clear objectives, capable and motivated people, increasingly efficient technologies and processes with less of an impact. All this, combined with a unique offer in terms of its breadth and quality, is the value we share with those who want to face the challenges ahead with us.

In the following pages you can find out not only about our past, but get a glimpse of the future we strive to realise, with our steel and our people.

Happy reading!



Giuseppe Pasini
Chair of Feralpi Group

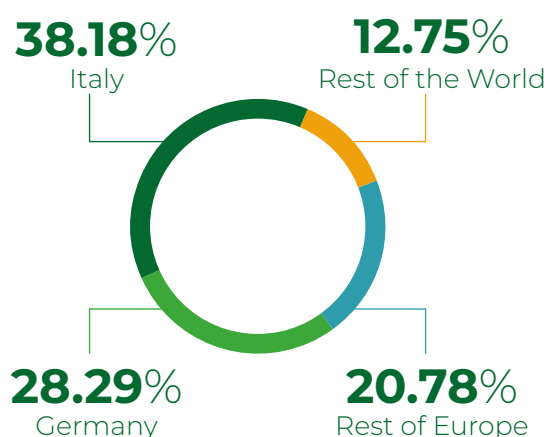
2023 highlights

Financial and economic



€1,724,2 million
revenues in 2023

Sales revenue
by target area



€78.3 million
EBITDA

€215.8 million
Overall gross added value 2023

Production and innovation



2,429,721
tonnes of steel produced 2023

-1.06% compared to 2022

€168.9 million
Group Technical Investments

>80 %
Strategic Investments
with **ESG content**

9 Funded research projects





Environmental



Specific CO₂ emissions
(Scope 1 and Scope 2)

0.31 tCO₂eq/t

out of total production of hot-rolled products
calculated according to the Market-based method

-24.09% compared to 2022

Indirect emissions Scope 2
(category 2- ISO 14064-1)

523,282 tCO₂eq

resulting from electricity according to
the Market-based method

-29.94% compared to 2022

Energy intensity
per t of product (billet)

2.04 GJ/t

+0.99% compared to 2022

Residues in circular processes **91%**

+3.00% compared to 2022

Minimum recycled content **98.6%**

+2.60% compared to 2022

Social



1,922 Persons of which

94% Permanent employees

+3.84% compared to 2022

Rate of new hires 2023

15.35%

+0.93% compared to 2022

45.538 Training hours

+3.53% compared to 2022

24 hours per capita

Total accident rate
at work*

15.52

-5.94% compared to 2022

** Considering only employees. The figure differs from
the ESG Scorecard as it also includes Feralpi Algérie.*

Group's contribution
to the territory

€4.9
million

Turnover paid to
local suppliers

28.44%

Foreword: Feralpi Group's integrated approach report and directions for reading the document

As a new and further demonstration of its commitment to sustainability and its deep integration with the company's activities and business, Feralpi Group presents for the first time its annual reporting based on an integrated approach, aimed at combining the reporting of financial performance with the disclosure of environmental, social and governance (ESG) information. The document was created with the aim of offering stakeholders, in a single report, a complete overview of the value generated by Feralpi and the strategies that the Group intends to pursue to continue generating that value in a sustainable manner in the short, medium and long term.

This choice also stems from the Group's desire to anticipate future regulatory obligations introduced by the new Corporate Sustainability Reporting Directive - CSRD (Directive 2022/2464). The CSRD, in fact, will change current sustainability reporting requirements, broadening the perimeter of companies in scope, introducing new reporting standards (ESRS - European Sustainability Reporting Standards developed by the EFRAG - European Financial Reporting Advisory Group) and obliging companies, progressively and through well-defined criteria, to include sustainability reporting in their annual report. Through CSRD, the European Union intends to pursue the objective of making the links between financial and sustainability information more explicit, while at the same time increasing the availability, accessibility and reliability of this information.

And it is precisely in order to move in this direction that, starting with this edition, Feralpi's Annual Report contains a new section: the Sustainability disclosure, i.e. the Consolidated Non-Financial Statement (NFS) pursuant to Articles 4 and 7 of Legislative Decree no. 254/2016, of a voluntary nature and drawn up in accordance with the GRI Sustainability Reporting Standards of the Global Reporting Initiative (GRI), including the reconciliation table, the GRI Content Index and the methodology note.



To bring the document in line with the new ESRS, in 2023, the Group initiated a gap analysis activity aimed at highlighting any gaps in its system and process for reporting ESG data contained in the Sustainability Statement with respect to the requirements of these standards. In addition, again in 2023, Feralpi decided to further deepen the analysis leading to the definition of its material issues, also taking into account the effect of a selection of risks related to ESG issues on the company's financial performance.

Feralpi has followed this approach based on the most recent international guidelines, with the aim of moving closer to the methodology required by CSRD to carry out the dual materiality analysis, which will require companies to report not only on how their activities generate or could generate impacts on society and the environment, but also to identify, assess, prioritise and monitor risks and opportunities that affect or could affect the financial variables that represent the company's performance.

The willingness to anticipate these requirements testifies to Feralpi's awareness of how the assessment of impacts, risks and opportunities along the value chain will play an increasingly central role in defining the Group's strategy, the performance of its activities and also in the preparation of its annual report addressed to stakeholders.

Finally, it should be noted that some of the information required by GRI or otherwise associated with the material issues identified have been included in full (or in greater depth) in other sections of the Report on Operations, as they are deemed to be closely related to financial issues and the general overview of the Group. This information can be easily identified by consulting the **GRI Content Index** in the Appendix to the Sustainability disclosure (page 145).







Report on Operations

1 The history of Feralpi Group

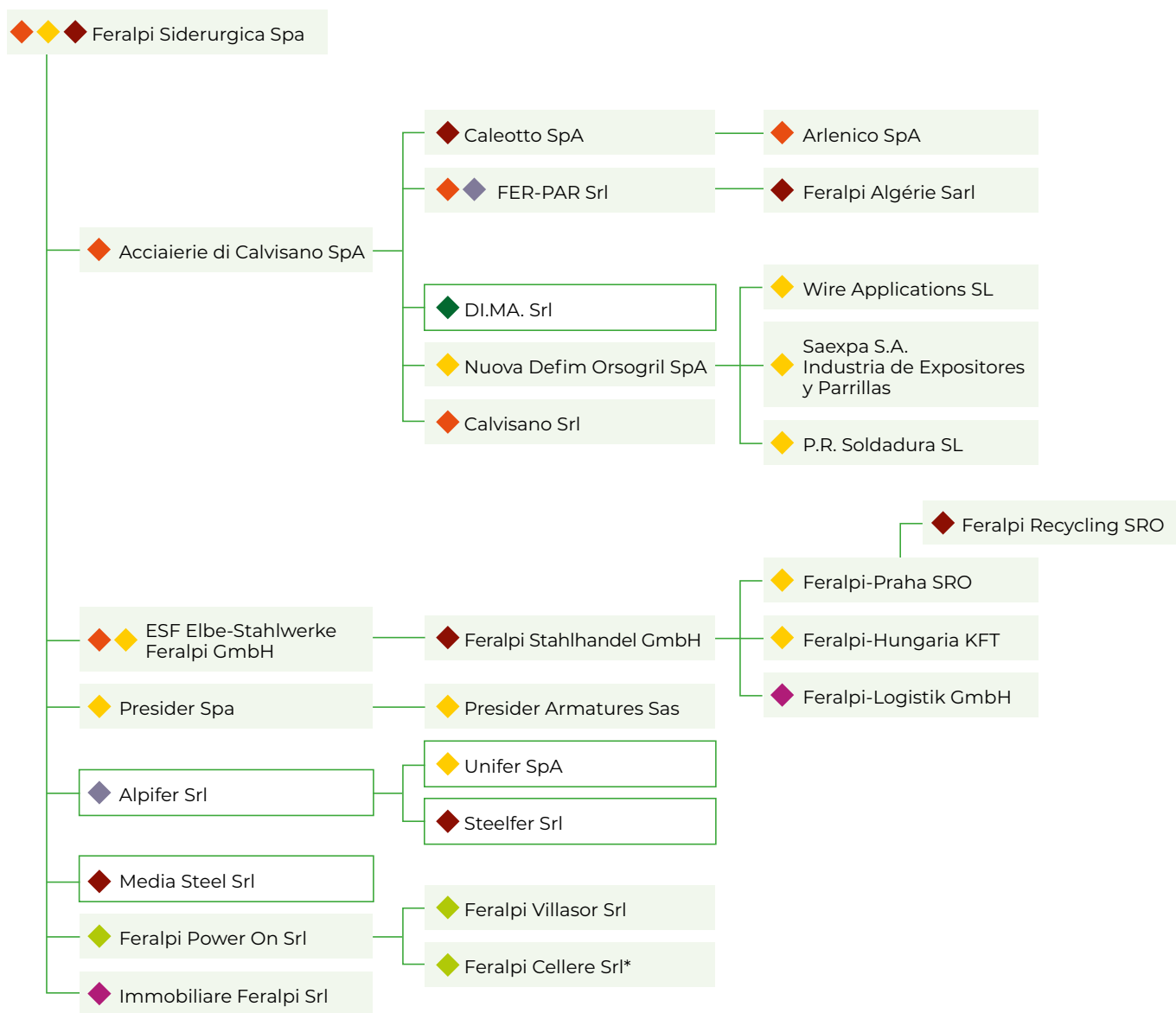
Growth, Innovation and Sustainability for over half a century: an Italian success story that began with the gesture of a woman - Giulia Tolettini - who took over the reins of running the family business in 1940. It was then her son Carlo, in 1968, who, together with other partners, built the first new steel complex in Lonato (BS). This was the first step on a path that led to the creation of an international Group, present in seven countries, capable of becoming one of the international leaders in the sector. Today, the Group ranks among the top players for construction steel, holding a significant market share in the strategic markets of Italy, Germany, France, Switzerland and Austria also thanks to a flexible and organised sales structure.

The development strategy, structured from the early years around internationalisation, diversification and verticalisation, has helped Feralpi become not only a large Group on a European scale, whose steel is present in numerous major infrastructure projects, but also a recognised industrial enterprise in special steels for industry and mechanics.

Feralpi operates in a sector in the midst of major challenges in terms of climate change, digital revolution, global welfare and the stability of the global geopolitical system. Aware of operating in a cyclical, capital intensive and hard to abate business, the Group has adopted a responsible approach to social and environmental issues, generating a positive impact on the creation of lasting value for its stakeholders, thus integrating ESG (Environmental, Social, Governance) aspects into its long-term strategy that includes sustainability and innovation in production among the pillars on which it builds its industrial development.

In fact, the Group leverages decarbonisation and digitalisation to couple strengthening its competitive advantage with reducing its environmental impact. Increasing production efficiency and the circularity rate of industrial activities and reducing energy intensity, at various levels, are the tools used by the Group to create positive impacts on the efficiency of the production process, the environment and the people who live in it, and on customers for whom Feralpi's steel is more than just a quality product, but a solution in line with market dynamics in which competitiveness is synchronous with sustainability.

Feralpi Siderurgica Organisational Chart



Key

Control	Steel production	Environment
Investment	Cold-derivative processing	Other
	Trade	Energy from renewable sources
	Investment Management	

* Established on 6 February 2024.

2 The Group structure

Business areas (Divisions)

Feralpi Group is active in three business areas: Construction Steel, which is the core business, where the Group is among the market leaders in Italy, Germany, France, Switzerland and Austria; the Specialties and Diversified Products business, which are complementary businesses to the construction business; Energy, which concerns the production of energy from renewable sources for self-consumption.

Construction Steel: the construction area is divided into two business units, one called Construction Italy, the other Construction Germany. The business started in 1968 in Italy and in 1992 in Germany. The two business units are active in the civil, residential and industrial construction sectors, with a focus on large projects. The Italy business unit focuses on the markets in Italy, France, Switzerland and Austria, while the Germany business unit focuses on the markets in Germany and Eastern Europe.

Specialties and Diversified Products: the area is divided into two business units. The Specialties business unit was started in 2014 and focuses on the mechanical engineering and automotive sectors, operating mainly in the markets of Italy and Germany. The Diversified Products business unit was launched in 2009 and operates in the construction and coatings sectors, focusing on industry and logistics in the markets of Italy, France, Spain and the UK.

Energy: covers energy production from renewable sources, photovoltaics and on shore wind power for self-consumption.

Special Steels

ITALY

Acciaierie di Calvisano Calvisano, Brescia	Billet production, mainly for quality steel.
Caleotto Lecco	Marketing of wire rod in quality steels.
Arlenico Lecco	Production of quality steel wire rod for Caleotto.

Diversified products

ITALY

Nuova Defim Orsogrill Anzano del Parco Alzate Brianza, Como	Production of welded mesh, gratings and fences.
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SPAIN

Saexpa Group Barcelona; Ripoli	Wire and tape processing for the logistics world.
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Feralpi Algérie

Acciaierie di Calvisano
Caleotto
Arlenico
Nuova Defim Orsogrill

Saexpa Group

Feralpi Power On

Feralpi Siderurgica
Presider

Feralpi-Hungaria Kft

Feralpi-Praha s.r.o.

ESF Elbe-Stahlwerke
Feralpi GmbH
Feralpi Stahlhandel GmbH
Feralpi-Logistik GmbH

Presider Armatures

Reference markets for Feralpi products

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

Renewable energies

ITALY

Feralpi Power-On

Lonato del Garda, Brescia

Development and operation of plants generating power mainly from renewable sources.

Steels for construction and industry

ITALY

Feralpi Siderurgica

Lonato del Garda, Brescia

Parent company owning the operating subsidiaries and investee companies. Service provider.

Production of steel billets, reinforcing steel in bar and coil, smooth and ribbed wire rod, recoiled wire, drawn wire and welded mesh.

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.

FRANCE

Presider Armatures

Saint-Soupplets, Paris

Preshaping and assembling of reinforcing steel in bar and coil for construction companies and manufacturers of prefabricated reinforced concrete elements.

GERMANY

ESF Elbe-Stahlwerke

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 Stahlhandel

GmbH

Riesa

Business services.

Feralpi-Logistik GmbH

Riesa

Logistics services.

CZECH REPUBLIC

Feralpi-Praha s.r.o.

Kralupy

Production and sale of welded mesh, drawn wire in coil and bar.

HUNGARY

Feralpi-Hungaria Kft.

Budapest

Production and sale of welded mesh and downstream products.

ALGERIA

Feralpi Algérie

Orano

Business services.

3 The Feralpi Group's business



Our Vision

Produce and grow with respect for man and the environment
(Carlo Nicola Pasini 1968).



Our Mission

Be among the international leaders in the steel industry, anticipating standards of excellence in the industry through technological innovation, sustainability, and talent development.



Our Value Proposition

Producing the best steel for construction and mechanical engineering in the most sustainable way possible, contributing to the economic and social progress of communities, to the enhancement of the territory and to the welfare of workers, while engaging in the transition towards more inclusive, efficient and environmentally friendly development models.



Values

In the context of Group management, the company's values are the foundation on which decisions and actions are based. These values embody Feralpi's identity and mission, guiding the strategic and operational choices aimed at achieving its objectives. Feralpi is committed to promoting the following core values:

- ◆ **Trust and Loyalty:** Feralpi recognises and promotes a climate of trust in relations between the parties. Relationships, both internal and external, are based on mutual trust.
- ◆ **Transparency:** Feralpi is constantly striving to provide stakeholders with complete, transparent, comprehensible and accurate information.
- ◆ **Equity:** The company bases its relations with employees on principles of fairness aimed at ensuring equal treatment and balanced recognition of merit.
- ◆ **Environmental protection and sustainable development:** Aware that Feralpi's production activities have environmental significance, the company is inspired by the utmost respect for the environment outside and inside its plants, to protect all stakeholders.
- ◆ **Protection of health and safety:** Feralpi guarantees working conditions that respect individual dignity, not only by ensuring compliance with current legislation on prevention and protection, but also by striving to ensure well-being in the workplace.

The company actively promotes observance of its values through the implementation of a strict code of ethics, which can be found in the [governance section](#) of the company website, which provides clear and binding guidelines to ensure behaviour in accordance with the highest standards of integrity and corporate responsibility.

Business Model

The Feralpi Group's Business Model divides the Group into Business Units.

The **Construction Italy business unit** covers the entire value chain: scrap supply, hot melting and rolling, cold working, pre-shaping and pre-assembly services, installation. It is characterised by production efficiency, the breadth and solidity of the relationship with the sales network, an extensive product range, the proximity to target markets, and the quality of production. Customers are the industry's key players, namely: prefabrication and construction companies, roll forming and machining centres, national and international traders, general contractors. The business unit offers a wide range of products including: billets, ribbed rebar, wire rod, nets, coils, recoiled, shaped and assembled, and drawn coil. Mechanical joints and trusses complete the range.

Similar to the Construction Italy business unit, the **Construction Germany business unit** is characterised by a high level of plant efficiency, a solid sales network, a comprehensive offering and proximity to markets.

The **Specialties business unit** was created to strengthen the strategy of diversification and integration downstream of the business. It is characterised by its well-established relationship with its customers, its product range being expanded towards larger diameters and its customised services. The product portfolio consists of quality steel billets and wire rod. The range is supplemented by additional processing such as heat and surface treatments.

The **Diversified Products business unit** was created with the aim of further complementing the product range by offering an assortment that is distinguished by its breadth, quality and design. The business unit is characterised by a high value-added product portfolio and innovative solutions, including the latest generation of alarmed fences and Cor-Ten steel solutions. Customers are companies operating in the architectural, construction and industrial fields.

The objectives of the **Energy business unit** are to help achieve Feralpi Group's targets in terms of: reduction of CO₂ emissions by reducing Scope 2 emissions; increasing profitability by producing energy at competitive costs compared to market purchase prices; mitigating supply risk through self-generation. Customers are represented exclusively by Feralpi Group companies.

Competitive advantages of Feralpi Group

Feralpi operates in a sector in the midst of major challenges in terms of climate change, digital revolution, global welfare and the stability of the global geopolitical system. A responsible approach to social and environmental issues has a positive impact on the creation of lasting value for Feralpi's stakeholders by integrating ESG aspects into the long-term strategy. In a competitive environment characterised by some stable long-term trends and significant changes, Feralpi can rely on the following competitive advantages, which constitute the levers on which the Group bases its strategy.

- ◆ **Trade relations for both commodities and specialties.** Business contacts/agreements with pre-shapers for access to end-users; for specialties, collaboration with customers for co-development of products through the homologation process.
- ◆ **Breadth of product range,** in the process of being further extended. Ability to satisfy customers' needs by optimising the cost base and product carbon footprint. Possibility of offering a wide range of products in terms of length and diameter sizes.
- ◆ **Brand reputation in the commodity segment.** For the construction business, the ability to ensure continuity of supply, respect for delivery times, volumes and the mix of products ordered by customers. For the specialties business, the ability to respond promptly to customer needs by ensuring the necessary flexibility and modifying production schedules according to customer demand.
- ◆ **Vertical integration, from scrap to pre-shaping.** Feralpi Group is one of the few operators able to control all aspects of the value chain.
- ◆ **Excellence in operational processes.** Ability to maintain a high level of efficiency, product quality and service level.
- ◆ **Leader in sustainability reporting.** Ability to consider sustainability in all business choices and investment decisions: "Produce and grow with respect for man and the environment" (C.N. Pasini 1968).

3.1 Megatrends

Climate Change

2023 was the hottest year ever recorded, with a temperature of +1.48°C above pre-industrial levels. This value is extremely close to +1.5°C, the threshold considered safe by the IPCC to avoid the most devastating consequences of climate change and on which the more ambitious goals of the Paris Agreement are based. The time left to avoid exceeding this threshold is getting shorter and shorter, which makes it necessary for us to speed up the decarbonisation process. This transition requires significant commitment along all value chains, promoting technological innovations, renewable energies and changes in production and consumption patterns.

Global instability

The global geopolitical context remains characterised by instability, with the continuation of the **Russian-Ukrainian conflict**, compounded by the re-escalation of **tensions in the Middle East and the Red Sea**. This has repercussions on the value chain, both logistically and in terms of energy and raw material supplies. The politicisation of sustainable investments in the US has contributed to a dampening effect on global demand for sustainable funds.

ESG regulation

The evolution of ESG regulations continues: 2023 saw the entry into force of the **Corporate Sustainability Reporting Directive (CSRD)**, which makes sustainability reporting mandatory for large companies and will gradually be extended to SMEs. Also in 2023, the new **IFRS Sustainability Standards (IFRS S1 and S2)**, the **European Sustainability Reporting Standards (ESRS)** and additional technical screening criteria were introduced under the **Taxonomy Regulation (Reg. EU 852/2020)**. Work continued on the **Corporate Sustainability Due Diligence Directive (CSDDD)**, which was approved at COREPER in March 2024 and is now awaiting formal adoption by the EU Council in April 2024. It will establish a due diligence obligation for companies to identify negative impacts on human rights and the environment along their value chains.

Sustainable and resilient supply chain

European legislators and the financial sector are paying increasing attention to how companies assess and address **ESG issues along supply chains**. Companies are urged to pay attention to environmental and social impacts along their supply chain, even down to mining activities. To mitigate these risks and impacts, companies are more careful to partner with suppliers who share their values and operate with respect for the environment and the human rights of workers and local communities. Supply chain resilience is crucial in an increasingly complex global reality, and the adoption of sustainable practices can positively contribute to operational efficiency and risk mitigation.

Innovation, Digital & AI

The intelligent adoption of new technologies is essential to remain relevant and competitive in a constantly changing world. The new **low-carbon technologies** are an essential tool for companies to offer new, more sustainable solutions to the market. Digitalisation is a strategic imperative, with **artificial intelligence (AI)** playing an increasingly fundamental role in automating business processes, reducing costs and improving productivity. At the same time, increasing digitalisation means greater exposure to **cybersecurity risks**, which can compromise the security and integrity of corporate information, as well as ethical aspects vis-à-vis employees.

Empowerment of the workforce

People's well-being and skills are increasingly crucial in the post-pandemic era. The latter highlighted the importance of physical and mental well-being and the urgency of developing skills adapted to the changing work environment. Globalisation and new technologies have revolutionised several areas of work, while phenomena such as **quiet quitting** and the **great resignation** have shown that people view the work-life balance increasingly as a priority, especially the younger generations. Companies and governments are encouraged to consider implementing policies to promote prosperity, attract talent and develop skills, ensuring sustainable economic growth and long-term success in the competitive global environment.

Diversity, Equity & Inclusion

In a more globalised and internationalised business environment, it is of primary importance to recognise and value the differences between people, **guaranteeing the same rights and opportunities** to all, regardless of gender, origin or religious orientation. By becoming increasingly committed to these aspects, companies can strengthen their social licence and enjoy benefits in terms of stimulating innovation and productivity, resulting from the integration of a broad range of perspectives therein. The adoption of fair and inclusive practices is an increasingly crucial aspect of making the work environment capable of attracting and retaining talent.

Use of resources

The transition towards a **new sustainable economic model** requires a global rethinking of production and consumption patterns. To ensure a reduction in the use of non-renewable resources, it is necessary to reduce waste and extend the life cycle of products, through re-use, repair and recycling of products and materials. We must also work to preserve natural systems, promoting the most harmonious coexistence possible between human activities and the ecosystem as a whole.

Evolving business models

ESG factors play an increasingly important role in the life of companies, which society asks to be **agents of change** and to **contribute to today's major environmental and social challenges**. This is why companies are urged to develop and adopt a more socially and environmentally conscious approach. Companies are called upon to take responsibility for the impacts they generate through their activities and to integrate ESG considerations into their strategies and governance models.

3.2 The market environment and steel production

In 2023, the global economic scenario weakened, in Europe due to the negative impacts of high inflation and monetary tightening, and in the emerging markets due to the dynamics of the Chinese economy, which is struggling more than expected. After the strong rebound following the Covid shock, global manufacturing activity came to a substantial standstill. Several factors have played a role: the shift of consumption from goods to services, the weakening of European industry, which gravitates around Germany, and the more difficult conditions for demand, especially for investment, due to the credit crunch and the gradual removal of emergency policies. This was reflected in a decline in world trade in goods, which is being held back in particular by high geo-economic uncertainty, the strengthening of the dollar (the currency of reference for much of the trade) and the multiplication of trade barriers. China continues to reduce its role as the main driver of trade, thanks to its new development model, which focuses on domestic demand and less dependence on foreign (mainly intermediate) products. Eurozone growth in 2023 was weak. As regards the major European economies, growth in the first part of the year was mainly supported by the healthy performance of Spain and France; Italy also drove growth in the area at the beginning of the year, but contributed to a slowdown in growth in the spring quarter. By contrast, Germany's performance was negative, due to both contingent and structural factors. The weakness in growth reflects the stagnation in household consumption, which remained virtually static with Germany and France reporting the steepest decline and Spain and Italy reporting good, and largely unexpected, growth. Investments recorded slight growth.

Meanwhile, slowing energy prices are bringing down total inflation. The decline in oil and gas prices since the end of 2022, which is not related to the ECB's restrictive moves, has helped to bring Frankfurt's inflation target closer.

The euro/dollar exchange rate fell below parity in October 2022, rose again until July 2023, and then fell again to around 1.05 in October, a level well below the average of recent years. The euro appreciated against a broad range of currencies, partly due to the asymmetric effects of the Russian energy price shock and the different responses of central banks in other world economies.

The prospects for 2024 remain weak and uncertain. Downside risks are predominant, mainly due to widening geopolitical tensions, linked to the new war in the Middle East, increased international production fragmentation and possible repercussions on commodity prices. But there are also factors that may surprise on the positive side: a bigger drive from robust US growth and a faster-than-expected slowdown in global inflation and, thus, an earlier easing of monetary policy tightening. Economic developments, expected to slow in the first part of 2024, should improve in the second half of the year, as lower inflation and the expected reduction in interest rates should help create more favourable conditions for businesses and households.

(Source: processing of data by management on the basis of Forecast reports - Confindustria Studies Centre).

Production 000 tonnes	December			January-December		
	2022	2023	% change 23/22	2022	2023	% change 23/22
World	143,318	135,666	-5.3	1,851,169	1,850,919	0
China	79,248	67,440	-14.9	1,019,054	1,020,250	0.1
Rest of the world	64,070	68,226	6.5	832,115	830,669	-0.2
India	11,086	12,141	9.5	125,377	140,171	11.8
United States	6,330	6,813	7.6	80,535	80,664	0.2
Turkey	2,659	3,224	21.2	35,134	33,714	-4
EU (27)	8,846	9,082	2.7	136,355	126,299	-7.4
Germany	2,693	2,631	-2.3	36,860	35,438	-3.9
Italy	1,245	1,326	6.5	21,599	21,061	-2.5
France	752	745	-0.9	12,119	10,011	-17.4
Spain	664	712	7.2	11,573	11,262	-2.7
Poland	404	480	18.8	7,407	6,437	-13.1
Other EU (27)	3,089	3,187	3.2	46,797	42,089	-10.1

Source: Processing of Worldsteel and Federacciai data

According to data compiled by Federacciai, world steel production in 2023 amounted to 1.9 billion tonnes, broadly in line with 2022 levels (-250 thousand tonnes, 0.0%) and with no major changes for both China (+1.2 million tonnes, +0.1%) and the rest of the world (-1.5 million tonnes, -0.2%). The European Union, on the other hand, showed weakness, with production decreasing by 10.1 million tonnes (-7.4%). Within the EU, Italy reported a value of 21.1 million tonnes, down 2.5% (-538 thousand tonnes) compared to 2022; Germany reported a value of 36.9 million tonnes, down -3.9% compared to 2022, and France recorded a decrease of 17.4%, with production down 2.1 million tonnes.

Considering the month of December alone, world steel production was 135.7 million tonnes, down 5.3% (-7.7 million tonnes) due to the double-digit drop in China, only partially offset by the different dynamics of the rest of the world, whose production was up 6.5% (+4.2 million tonnes) thanks to the performance of the main countries, including India, Russia and the United States. The EU (27) trend was positive and was driven in absolute terms by Italy (+81 thousand tonnes, +6.5%), followed by Poland (+76 thousand tonnes, +18.7%) and Spain (+48 thousand tonnes, +7.3%). Germany (-62 thousand tonnes, -2.3%) declined for the third consecutive month, as did France (-7 thousand tonnes, -0.9%).

As far as steel-using sectors are concerned, there was a general improvement in year-on-year activity; in particular, household appliances and construction recovered, while automotive returned to the negative territory.

Production 000 tonnes	December		January - December	
	000 tonnes	% change 23/22	000 tonnes	% change 23/22
Steel	1,313	-5	21,053	-2.5
Long laminates	712	7.7	11,712	-2.6
Beams and rigging	32	-16.8	789	4.9
Rebar	169	-4.2	2,682	3.8
Wire rod	295	7.5	4,874	-5.5
Merchant laminates	216	-19.1	3,367	-4.9
Flat laminates	619	-3.3	9,552	0
Coils	301	-37.0	6,817	-4.8
Hot and wide flat sheets	318	95.6	2,735	14.4

Source: Processing of Federacciai data

In the January-December 2023 period, long production amounted to 11.7 million tonnes, down 2.6% (-318 thousand tonnes) compared to the year 2022, while flat production remained stable at 9.5 million tonnes (-1 thousand tonnes, 0%). With reference to Italy, in December 2023 there was a different trend between long production, up (712 thousand tonnes, +51 thousand tonnes, (+7.7%)) and flat production, down (619 thousand tonnes, -21 thousand tonnes, (-3.3%)).

Strategy and investments of Feralpi Group **4**

4.1 New strategic guidelines

With the aim of defining a new growth cycle, Feralpi Group remodelled the contents of its Business Plan and extended its time horizon to the year 2027, updating its guidelines, main initiatives and related investments.

European economies continue to be heavily impacted by the following macroeconomic trends: the supply chain crisis, which leads to uncertainty in the supply chain of Europe's main industrial sectors; high inflation and high energy costs, albeit decreasing, due to geopolitical tensions; renewed regulatory push towards sustainability and the environment, starting with the reduction of emissions.

These trends also have significant implications for the electric steel industry in the following respects: scrap shortage, energy crisis, emission constraints. In particular, there is significant pressure on scrap prices due to limited availability, which will increasingly impact the Italian and German markets, characterised by a significant (in Italy) or growing (in Germany) share of electric arc furnace (EAF) production. The structural increase in electricity and gas costs is impacting and will continue to impact the energy-intensive electro-steel industry, causing a competitive disadvantage with respect to the full steel industry (which uses hard coal). Finally, market participants will incur higher operating costs due to the phasing out of the free allocation of CO₂ ETS allowances by 2034; conversely, the CBAM regulation will lead to a competitive gain towards imported steel.

During the year 2023, Feralpi implemented significant changes to its organisation to adapt to the new trends in the world of work, focusing on a human-centric vision and on enhancing the well-being and satisfaction of human resources through the development of the skills and talents of individuals, investing in knowledge and professionalism also with a view to strengthening the sustainability of the business in the long term. No less important was the centrality of the DEI (Diversity, Equity and Inclusion) path so that each Group company could offer a safe, secure and inclusive working environment for all, where everyone can feel free to give the best of themselves in full respect of their identity and, more generally, of all human rights. This vision is encapsulated in the DEI policy, which Feralpi structures into four pillars: global culture, inclusive leadership, gender balance and collective responsibility.

The Business Plan is based on a "sustainable development" scenario, which envisages a gradual recovery of post-Covid sales volumes, driven by the construction sector, by the year 2027. This scenario also predicts an increase in the cost of scrap, driven by rising requirements due to the transition of the full cycle to EAF technology; an energy price higher than the historical one but lower than the 2022 peak, due to a shift in the market mix towards renewables; a modest increase in CO₂ prices driven by regulatory tightening to reduce emissions. In particular, in the construction industry, the market for coil products is expected to grow at the expense of rebar due to the higher processing capacity of coil, reduced waste and better handling in the warehouse. In the other sectors, demand for coil products with increasingly larger diameters is expected.

In summary, the scenario analysis revealed the following opportunities and risks:

Exogenous factors



- ◆ **Growing demand** for recoiled product in construction
- ◆ Growing demand from **Eastern European markets** (net importers)
- ◆ **Growing demand for green products** still without a clear winning player
- ◆ **PNRR (National Recovery and Resilience Plan) investments in infrastructure** in Italy








- ◆ **Shrinking demand for rebar** oversupply, especially in Italy
- ◆ **Scrap shortage** and rising prices
- ◆ **High energy costs** with direct impacts on margins
- ◆ **Regulatory limits** on emissions

Feralpi Group is among the leading players in the major construction markets (Italy, Germany, France and Switzerland). The growth-oriented and sustainability-conscious Group, Europe's leading long steel producer, has defined five objectives for its Business Plan and to achieve these it has defined a specific mix of strategic initiatives:



The market context also highlights the need to have a solid decarbonisation pathway, which has unique characteristics depending on whether the business is construction or specialties. Until now, customers in the construction sector have shown interest in the specific emission intensity of products by requesting EPD certifications from their suppliers. In the future, operators with the lowest emissions will be at an advantage and, in this context, having a “green” offer will become a “licence” to operate. Specialty customers have so far shared extremely limited demand for purchasing decarbonised steel; however, it is reasonable to expect an acceleration in demand in the coming years, given the decarbonisation goals of the major downstream sectors (e.g. automotive). In specialties, Feralpi has a significant advantage over its competitors that produce through the full cycle (50+% market), and has already developed its EPD portfolio, positioning itself among the medium- to low-emission players. The Group's objective is to leverage its position to become a decarbonisation leader in the special steels sector.

Feralpi Group has identified five tools to achieve its decarbonisation goals:

Scope	Decarbonisation tool	Tool description
Scope 1	 Use of Green Fuels (biomethane and H ₂)	Replacement of natural gas in heating furnaces (non-electrified) with: <ul style="list-style-type: none"> • Biomethane for Lonato (Rolling Mill 2) and Caleotto: considering interest in Consortium "Green Metals", increasing use from 2026 (100% in 2030) • Hydrogen for Riesa (Rolling Mill A): considering planned developments of the hydrogen pipeline network in the country, increasing utilisation from 2028 (100% in 2030)
	 Electrification of the pre-heating furnace and energy efficiency	Replacement of natural gas heating furnaces with induction furnaces : Lonato (Rolling Mill 1) and Riesa (Rolling Mill B) from 2024 Energy efficiency with a view to operational excellence combining the multiple effects of individual initiatives (e.g. rollers in Lonato)
Scope 2	 Self-production from renewable plants (solar, wind)	Implementation of investments for renewable electricity generation in Italy (solar) and Germany (wind and limited solar), subject to implementation capacity
	 Purchasing "tactical" Green PPA / GdO	PPA : Purchase of electricity with a contract linked to a specific renewable generation plant, with established volumes and price calculation formula Guarantees of Origin : Purchase of spendable credits to certify renewable electricity consumption, to a non-structural extent but complementary with respect to PPAs
	 Decarbonising the country's energy mix	Electricity supply from market/grid whose emissions are decreasing over time due to the decarbonisation of the country mix

From an **ESG** perspective, the Group aims to:

- ◆ **contribute to change in the steel sector** by leveraging decarbonisation and digitalisation to strengthen its competitive advantage and improve its environmental impact;
- ◆ **ensure business continuity** by enhancing the company's ability to manage crises and ensure agility in organisational processes through structured and efficient management systems;
- ◆ **innovate for the future of production** by investing in state-of-the-art production processes and modern, environmentally friendly technological solutions to ensure inclusive and sustainable industrial development;
- ◆ **foster the ecological transition** by internalising the challenges of decarbonisation, engaging in the process of ecological and energy transition towards models with a lower impact;
- ◆ **ensure the safety and empowerment of people in their uniqueness**: Feralpi believes in policies and approaches to promote decent work. It pursues this commitment in full alignment with the International Labour Organisation (ILO), which promotes employment, the guarantee of labour rights, the extension of social protection and the development of social dialogue.

4.2 State of implementation of Strategic Investments

In order to execute the Business Plan, investment projects were carried out during the year 2023, some of which are a continuation of initiatives already started in previous years. In particular:

Construction Italy Business Unit

Feralpi Siderurgica S.p.A.

Steel mill

In order to increase plant uptime, a new continuous casting module was installed with the adoption of new removable tilting benches; with the same objective, new quick-change trolleys were installed for tundish movement.

To maintain the heat of the billets, new insulated hoods were installed on rollers in the continuous casting.

Studies continued on the completion of a volumetric scrap reduction system to increase the melting process performance of the electric arc furnace (EAF).

A new scrap shredder was installed to increase the density of the scrap loaded into the furnace and consequently increase the productivity of the steel mill.

Rolling mills

A new billet heating plant was started up at Rolling Mill 1, which included the replacement of the natural gas furnace with innovative induction furnaces.

Also at Rolling Mill 1, a new billet welding machine was started up in order to optimise the rolled product and reduce waste.

Engineering activities continued in order to realise a future revamping of the bar mill and produce new products.

A new sludge treatment plant was started at Rolling Mill 1 in order to reduce the amount of water in the sludge to be sent for disposal.

Construction work was started to prepare for the installation of the new Spooler plant; this work included the extension of the Rolling Mill 2 hall and the Recycling hall.

With the aim of eliminating the twisting of the rolled product at the entrance to the rolling stands, some stands were changed from horizontal to vertical.

Derivatives Area

A new mesh machine was installed to increase productivity of some diameters.

Logistics and infrastructure

A new building was built to allow the refurbishment of the furnace refractories, ladles, tundishes and inventory.

A new concrete building was constructed for the installation of a new osmosis plant and the relocation of the existing osmosis plant.

The installation of a 2.97 MW roof-mounted photovoltaic system was completed, which was completely rebuilt following a hailstorm that occurred during the summer.

The roof of the Rolling Mill 2 hall, which had been damaged by a hailstorm during the summer, was repaired.

Presider S.p.A.**Borgaro Torinese**

The installation of two new roll machines was completed and the smoke extraction and CO₂ distribution system was installed and tested.

Nave

All activities related to the conversion of the production site have been completed. In addition, the installation of a photovoltaic plant with a capacity of approximately 1 MWp was completed; two new pile production machines were installed and a fume extraction system and a CO₂ distribution system were installed.

Saint-Supplets

A new roll-former was installed to produce shaped product for the civil engineering market and a new bar-former was installed to improve efficiency and quality in production for the UK market.

Construction Germany Business Unit**ESF Elbe-Stahlwerke Feralpi GmbH****Steel mill**

A new scrap processing system was installed in order to increase the process performance of the melting area (phase 1), and studies and engineering activities were carried out to increase the amount of scrap processed (phases 2 and 3). In addition, a new transferor was installed in the continuous caster to optimise material flows between the steel mill and the rolling mill.

Rolling mill

The construction of the warehouses for the new Rolling Mill B, which will produce hot-rolled coil (spooler), was initiated.

Logistics and infrastructure

Work continued on the construction of a new electrical substation that will: increase the efficiency of the electrical systems; provide the electricity needed to power the new Rolling Mill B; and enable autonomous management of the substation owned by the energy supplier (Phase 1). The civil works for the complete supply of the plant with the new substation (Phase 2) were carried out.

A feasibility study was carried out on the installation of a photovoltaic power plant to be installed at the production site's premises.

Special Steels Business Unit

Acciaierie di Calvisano S.p.A.

A photovoltaic power generation system has been installed on the roofs and studies and engineering have been carried out with a view to installing panels at the car park and on the property grounds, with the aim of achieving a total capacity of more than 4.0 MW.

Steel mill

The first phase of the installation of a new electric furnace door (EAF) cleaning system to improve the performance of the melting process was completed.

The third wire pusher was commissioned in order to improve the metallurgical performance of the out-of-furnace area.

The “safety” project for continuous casting with a new segregation scheme was started.

Arlenico S.p.A.

Rolling mill

A new system of direct circuits was built to reduce water demand.

The construction site for a new coil bar plant has been started.

Studies and engineering were carried out for the construction of a district heating plant.

Diversified Products Business Unit

Saexpa

Investments were made to increase the production capacity of omega reinforcements for shelving, mesh shelves with reinforcements and to increase the welding capacity of circular fan nets.

Nuova Defim S.p.A.

A new photovoltaic system with a capacity of 450 kWp was installed on the roof of the building, which will enable the production of around 30% of Nuova Defim's energy needs.

A new edging and finishing plant for grating shelves was purchased, as well as a new plant for the production of electrowelded mesh.

Energy Business Unit

Feralpi Group has approved investments in mostly photovoltaic and, to a lesser extent, wind power plants to cover part of its 2030 electricity needs. Photovoltaic plants are mostly planned in different Italian regions and, to a lesser extent, in areas where production activities are carried out. For Italy, the main initiatives have been identified and, for these, the necessary activities have been put in place to obtain permits for the construction and operation of the plants, for which the Group is awaiting feedback from the competent authorities. For the company appurtenances, the facilities have almost all been built and are expected to be operational by the year 2024. For the production of energy through wind power plants, the Group has initiated the necessary scouting activities; given the greater complexity and status of the Group's activities, and in line with the timing of the authorisation processes, these plants are not expected to enter operations before the year 2028. To complement the direct investments, the Group is involved in ongoing evaluations of the purchase of already operational plants and co-investments with other operators.

For investments in self-generation of energy, the Group engaged a small number of specialised, highly professional operators with an excellent reputation. The operating model used follows guidelines that correspond to the best market standards and involves the purchase of shares in special purpose vehicles that have obtained authorisations to build energy production plants; the signing of contracts with EPC (Engineering Procurement Construction) operators; the signing of contracts with O&M (Operation & Maintenance) operators.

Feralpi Group recognises the centrality of the steel core business and the simultaneous strategic importance of investing directly in power generation, which, in combination with the Power Purchase Agreements and Guarantees of Origin, helps bolster a series of actions that are fundamental to achieving the goal of reducing CO₂ emissions (scope 2). The investment in self-generation will also increase profitability through the production of renewable energy at competitive costs with respect to market purchase prices and mitigate the risk of volatile supply prices.

5 Research and development activities

Construction Italy Business Unit

The following R&D projects started in previous years continued during the year.

Feralpi Siderurgica S.p.A.

Coralis Project co-funded through the Horizon 2020 scheme. Feralpi, in cooperation with project partners, defined a series of by-product mixes to be briquetted in order to recover metal fractions for development in industrial processes to be tested in an external pilot plant. Tests were organised at external experimental furnaces with international partnerships. Internal material recovery tests were carried out for the production of ferro-alloys and additives at external pilot plants.

OnlyPlastic Project funded by the European RFCS call for proposals and aimed at the complete replacement of all carbon-bearing fossil materials in EAF with residues of polymeric origin by recovering plastic materials in view of the circular economy. Feralpi completed a long-term test period and technical-economic evaluations of the combined material injection process were carried out until the project was completed.

“Steel Zero Waste” project co-funded by the Ministry of Economic Development (MISE), aimed at studying solutions for improving the environmental sustainability of the steel-making process through the implementation of innovative technologies for eliminating waste and significantly reducing emissions. The installation of an innovative sludge treatment system was completed and a study was carried out on the working cycles of the induction system in order to optimise energy inputs and reduce waste production. A study was also carried out on the layout of a scrap shredding machine with the aim of achieving improved melt performance and possible reuse of the oxides in other reduction processes.

ModHeaTech project the ModHeaTech project “Modular HEATing Technology through renewable resources for steel production” was launched for the Feralpi Siderurgica site in the year 2023 as part of the European CSP - Horizon funding call. The aim of the project is to promote, realise and test the introduction of alternative heating systems to the use of gas through the use of electrical sources in order to drastically reduce CO₂ emissions in steel production; applications are evaluated at two production sites. In particular, Feralpi Siderurgica will work on the development of a small-scale experimental solution of billet heating by electrical means as an alternative to both gas combustion and electrical induction in order to evaluate the effect of applying different heating solutions on different types of steel, including special steels. The project will evaluate, also with the help of research partners, both the extension of these applications in different configurations by Feralpi and the overall technical-economic aspects of the proposed application.

ModiPlant Project, the ModiPlant project “MODular hybrid technology in the Steel PLANT production” started for the Feralpi Siderurgica site in the year 2023 within the European funding call RFCS-2022-CSP-Big Tickets for Steel. The aim of the ModiPlant project is the study and development of solutions for the decarbonisation of billet and strip heating processes through hybrid technology solutions based on the electrification of the heating process and possibly the combination with other heating systems, including gas combustion. The development of different solutions will be applied by the two production sites. In particular, Feralpi Siderurgica aims to develop an innovative method of billet heating by electricity as an alternative to induction, leading to the implementation of an actual industrial-scale demonstration of the system. Instead, the support of research partners and universities will be dedicated to studying aspects of heating efficiency, also assessing metallurgical effects on the product. They will further be dedicated to the evaluation of different configurations to ensure the repeatability of the solutions adopted.

Construction Germany Business Unit

ESF Elbe-Stahlwerke Feralpi GmbH

ModHeaTech project, activities related to this project are carried out at the production sites of ESF and Feralpi Siderurgica. In particular, ESF will be responsible for supporting Feralpi Siderurgica in evaluating the configuration to be applied at Feralpi Siderurgica and assessing the repeatability for the site at the German site in different configurations in order to achieve an optimal solution for the site. Both the effects on ESF products and technical-economic aspects of the proposed solutions will be considered.

ModiPlant Project, activities related to this project are carried out at the production sites of ESF and Feralpi Siderurgica. In particular, ESF will support Feralpi Siderurgica in evaluating the industrial results of the application realised and the study of the technical solution adopted. In addition, ESF aims to evaluate repeatability at its site, assuming different configurations for its rolling department.

Special Steels Business Unit

Acciaierie di Calvisano S.p.A.

The **ISlag Project** continued in 2023, with the aim of optimising steel processing through innovative control systems and dedicated sensors to monitor and condition slag and facilitate its subsequent reuse. The implementation of on-line monitoring systems of slag and process simulators continued. Slag passing systems at different process periods and slag characterisation systems were evaluated. The latest developments see the implementation of rules to support process and waste management.

MultisensEAF Project, the project started during the financial year 2023 and aims to develop a new EAF process control approach for Special Steel through the coupled use of innovative process monitoring systems and the on-line application of predictive process modelling. The control methodology adopted will seek to improve process control capability and optimise plant operating practices in order to optimise energy consumption, productivity, metal losses and emissions.

Biorecast Project, during the year 2023, the Biorecast project was launched. The project includes the study and testing of the application of alternative materials to coal in the EAF process, such as biocoal, in order to reduce global CO₂ emissions related to the process. Issues such as the sourcing and procurement of these new materials, storage and utilisation methods, and effects on the process will be analysed in order to promote effective process-efficient substitution.

Arlenico S.p.A.

The Arlenico site saw the continuation of the **DeepQuality** project, aimed at implementing an advanced sensor system and a process parameter monitoring system to detect anomalies in the production process and treatment quality standards. A monitoring and process data analysis version has been released and is being used to provide, in a predictive manner, an assessment of the quality level of the rolled product and quality KPIs. A predictive model of product quality was also developed, based on Artificial Intelligence criteria, taking into account quality and process parameters.

6 Production

Steel in Billets - tonnes	Nation	2023	2022	% change
Feralpi Siderurgica SpA	Italy	1,057,574	1,151,223	-8.13%
Acciaierie di Calvisano SpA	Italy	440,215	438,944	0.29%
ESF Elbe-Stahlwerke Feralpi GmbH	Germany	931,933	865,705	7.65%
Total		2,429,722	2,455,872	-1.06%

Finished Product (rebar in bars - rebar in coil - Wire rod) - tonnes	Nation	2023	2022	% change
Feralpi Siderurgica SpA	Italy	1,243,966	1,298,516	-4.20%
Caleotto SpA	Italy	238,765	246,931	-3.31%
ESF Elbe-Stahlwerke Feralpi GmbH	Germany	838,963	778,934	7.71%
Total		2,321,694	2,324,381	-0.12%

Cold working - Derivatives - tonnes	Nation	2023	2022	% change
Total		1,286,749	1,403,497	-8.32%

The total production of **billet steel** and of **finished product in the year 2023** was substantially in line with the values reported for the year 2022, albeit with different trends in the individual plants. The volumes related to the processing of **cold products** on the other hand, declined and are a consequence of the dynamics in the relevant markets.

Non-GAAP Indicators

In order to allow for a better analysis of management performance, additional income statement and balance sheet indicators are presented in addition to those already provided for by IFRS. These indicators are not to be regarded as alternatives to IFRS indicators, whose calculation is not required by the accounting standards. In particular, **the alternative performance indicators** used in this document are as follows:

EBITDA (or GOP): an indicator used by the Group as financial targets in internal and external reports, and is a useful unit of measure for assessing the operating performance of the Group as a whole and of individual companies. This indicator is in addition to the operating profit. EBITDA is an intermediate economic indicator derived from the operating result, excluding depreciation, amortisation, provisions and any impairment of tangible and intangible assets.

Net Working Capital: this item consists of the value of inventories, trade receivables, current tax receivables and other receivables, from which the value of trade payables, tax payables and other payables are subtracted.

Net Invested Capital: this is the value of Net Working Capital plus the value of intangible and tangible fixed assets, equity interest, other fixed assets, and deferred tax assets, from which deferred tax liabilities, employee benefits and provisions for contingent liabilities and charges are subtracted.

Net Financial Position: this measure is the gross financial debt less cash and cash equivalents and other current financial receivables. The net financial position was determined in accordance with paragraph 175 of ESMA Recommendation 32-382-1138 of 4 March 2021.

Workforce: is given by the number of employees on the register on the last day of the reporting period.

8 Analysis of the economic and financial situation

8.1 Revenues by geographical area

(amounts in thousand euros)	2023	% tot 2023	2022	% tot 2022	% change
Italy	658,282	38.2%	870,118	36.5%	(24.3%)
Germany	487,698	28.3%	816,606	34.2%	(40.3%)
France	174,961	10.1%	264,266	11.1%	(33.8%)
Switzerland	105,412	6.1%	167,781	7.0%	(37.2%)
Austria	17,929	1.0%	57,936	2.4%	(69.1%)
Poland	60,019	3.5%	10,119	0.4%	>100%
Other countries	219,918	12.8%	198,751	8.3%	10.6%
Total	1,724,219	100.0%	2,385,577	100.0%	(27.7%)

The revenues reported in the year 2023 are down 27.7% compared to the values reported in the year 2022. This contraction was mainly caused by the generalised reduction in sales prices in all markets in which the Group conducts its business activities. It is a consequence of the significant slowdown phase the markets have entered and should be viewed in the light of the huge increase in sales prices that the market experienced in the year 2022 when compared to the year 2021, in conjunction with commodity cost increases, and in the year 2021 compared to the year 2020, when the markets emerged from the trends related to Covid-19. The reduction in revenues was less pronounced in Italy than in the remaining strategic markets for the Group. By contrast, the trade performance of the Polish market improved significantly.

8.2 Reclassified economic situation

Reclassified summary income statement (amounts in thousand euros)	31.12.2023	%	31.12.2022	%
Revenues from contracts with customers	1,724,219	100.0%	2,385,577	100.0%
EBITDA	78,300	4.5%	492,054	20.6%
Depreciation and amortisation	(65,391)	(3.8%)	(58,275)	(2.4%)
EBIT	12,909	0.7%	433,779	18.2%
Net interest expenditure	(5,440)	(0.3%)	(4,188)	(0.2%)
Exchange gains and (losses)	(30)	(0.0%)	1,420	0.1%
Share of profit of associates and write-down of non-current financial assets	2,006	0.1%	5,088	0.2%
Pre-tax result	9,445	0.5%	436,099	18.3%
Income taxes	3,451	0.2%	(100,907)	(4.2%)
Net result	12,896	0.7%	335,192	14.1%
Result for the Group	12,872		335,159	
Minority interest result	24		33	

The comparison of the results for the years 2023 and 2022 starts from the necessary premise that both years were exceptional, albeit for opposite reasons; 2022 because it recorded significantly better results than the historical average, and 2023 because, on the other hand, it recorded exceptionally lower results.

The significant reduction in sales revenues in the year 2023 compared to the values of the year 2022, although accompanied by a reduction in input costs, resulted in a substantial drop in EBITDA. This reduction was also affected by a significant decline in the value of inventory, accompanied by an increase in personnel costs. The latter is the result of three elements: transfer of the workforce from Feralpi Holding S.p.A. to Feralpi Siderurgica S.p.A. in execution of the corporate restructuring project; contractual adjustments; and an increase in the workforce. EBITDA was greatly affected by the slowdown in the German market and was weaker in the second half of the year than in the first, when it still benefited from tax credits in the Group's Italian entities.

EBIT followed the same trend as EBITDA and saw an increase in amortisation/depreciation due to the investment activities carried out by Group companies.

Net interest expenses (Financial Income - Financial Expenses) increased due to lower cash balances and higher use of short-term debt in 2023 compared to 2022, accompanied by a substantial increase in interest rates. In particular, the sharp rise in interest rates led to an increase in financial expenses for the portion of debt that Feralpi Siderurgica owed to its parent company; while the risk related to interest rate fluctuations for third-party debt is hedged by Interest Rate Swaps; the interest rate related to the debt to the parent company, which was partly repaid and partly converted into an equity reserve by the end of 2023, was not hedged.

As a consequence of the preceding dynamics, the Net Result for the year 2023 shows a significant decrease compared to the value of the year 2022, while still remaining in positive territory.

The reclassification of the value-added income statement according to GRI Indicator 201-1 Economic value directly generated and distributed is given in the Appendix, section "Economic Sustainability Indicators". → p. 160.

8.3 Reclassified statement of financial position

Reclassified balance sheet (amounts in thousand euros)	31.12.2023	% Revenues	31.12.2022	% Revenues
Net Fixed Assets	635,200	36.8%	534,887	22.4%
<i>Inventories</i>	295,196	17.1%	400,184	16.8%
<i>Trade receivables</i>	357,323	20.7%	441,585	18.5%
<i>Trade payables</i>	(340,774)	(19.8%)	(394,718)	(16.5%)
Commercial Working Capital	311,745	18.1%	447,051	18.7%
Net Non-Commercial Working Capital	26,588	1.5%	(52,730)	(2.2%)
Net Invested Capital	973,534	56.5%	929,208	39.0%
Net financial position	45,557	2.6%	24,620	1.0%
Shareholders' equity	927,978	53.8%	904,588	37.9%
Total Sources	973,534	56.5%	929,208	39.0%

Net Invested Capital as at 31 December 2023 increased compared to the value reported as at 31 December 2022 due to the increase in Net Fixed Assets, as a result of the investment activities in progress at the Group companies, and the simultaneous reduction in the absolute value of Commercial Working Capital, which as at 31 December 2023 reported a significant reduction compared to the same date in 2022, with the percentage of revenues decreasing from 18.7% to 18.1%. This trend was driven by the reduction in absolute value of inventories and trade receivables, whose percentages of revenues however increased.

As at 31 December 2023, the consolidated Net Financial Position showed a net debt value of €45.6 million, compared to €24.6 million as at 31 December 2022.

Net financial debt (amounts in thousand euros)		31.12.2023	31.12.2022
A	Cash	173,189	200,675
B	Cash equivalents	-	-
C	Other current financial assets	-	-
D	Liquidity (A+B+C)	173,189	200,675
E	Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	6,352	36,535
F	Current part of non-current financial debt	65,332	47,519
G	Current financial debt (E + F)	71,684	84,054
H	Net current financial debt (G - D)	(101,505)	(116,622)
I	Non-current financial debt (excluding current portion and debt instruments)	147,062	141,241
J	Debt instruments	-	-
K	Trade and other non-current payables	-	-
L	Non-current financial debt (I + J + K)	147,062	141,241
M	Total financial debt (H + L)	45,557	24,619

Significant transactions and events during the year

On 1 January 2023, the transfer by contribution (pursuant to Article 2343-ter of the Italian Civil Code) from Feralpi Holding S.p.A. (transferor) to the wholly-owned subsidiary Feralpi Siderurgica S.p.A. (transferee) of the business unit providing strategic, administrative, tax and accounting services and IT consulting services, previously performed by the transferor for various operating companies of the Group, took legal effect. The transfer of the business unit includes employees and business assets (software and hardware). The transfer of the business unit took place at the appraisal value drawn up pursuant to Article 2343-ter of the Italian Civil Code, and the net transferred amount of €100,000 was accounted for in the transferee as an increase in reported shareholders' equity.

On 13 September 2023, the Board of Directors of Feralpi Siderurgica S.p.A. approved the Cyber Security Policy of Feralpi Group. Technological evolution, the growing importance of digitalisation in the Group's strategy and the ever-changing national and international regulatory landscape require continuous efforts to adopt rules and best practices to protect the security of IT/OT assets and information. To this end, Feralpi has set up an IT/OT Security Governance framework aimed at defining the roles and responsibilities envisaged for the organisational units involved in the various IT/OT Security processes to support and protect Feralpi's business. The IT/OT Security Governance Framework is structured into three levels: the policy, which identifies the organisational roles involved and the responsibilities; the procedures, which outline the high-level requirements dictated by the policy; and the operational instructions, which define operational tasks.

In September 2023, Feralpi Siderurgica S.p.A. presented SBTi's letter of commitment to set emissions reduction targets both in the short and long term (2050) for the Group. The contents and targets are described in the relevant section below.

On 24 October 2023, the Board of Directors of Feralpi Siderurgica S.p.A. expressed a favourable opinion on the contents of the 2023-2027 Business Plan and approved the guidelines of the Energy Strategy and the "green products" offer, including the initiatives necessary to achieve the related objectives. Instead, the discussion of economic and financial targets was postponed to a later date pending normalisation of business activities in the main markets. The content of the strategy is described in the following section on Feralpi Group's Strategy and State of implementation of Strategic Investments.

Within the Group's strategy, a special role is played by the offer of an adequate range of "green" products, for which it needs to carry out the necessary activities to achieve the CO₂ emissions targets, which have been defined according to scientific criteria. For this reason, during its meeting held on 28 November 2023 the Board of Directors of Feralpi Siderurgica S.p.A. approved the Group's SBTi Targets, which are described in the relevant section.

10 Risk management

The continuous monitoring and effective management of risks in the Finance and ESG areas are key elements in protecting the Group's value generation tools, especially in the current operating environment, characterised by significant volatility and uncertainties at global level. Feralpi has adopted an Internal Control and Risk Management System (SCIGR) that is inspired by the provisions contained in the best reference practices, such as those set forth in Article 6 "Internal Control and Risk Management System" of the Corporate Governance Code - 2020 edition and, more generally, by the principles outlined in the "Enterprise Risk Management (also hereinafter "ERM") framework - Integrating with Strategy and Performance", of June 2017, published by the Committee of Sponsoring Organisations of the Treadway Commission (CoSO). This system constitutes the set of organisational structures, rules and procedures aimed at enabling the identification, measurement, management and monitoring of the main corporate risks within the Group, contributing to the sound and correct management of the company in line with the objectives defined by the Board of Directors and promoting the taking of conscious decisions consistent with the risk appetite, as well as the dissemination of a correct knowledge of risks, legality and corporate values.

The Feralpi Group's business activities involve the assumption of various types of risk; the Group has defined the scope of its Enterprise Risk Management (ERM) model in light of the objectives contained in the business plan and in consideration of its organisation.

The Group's risk management strategy is aimed at identifying the main uncertainties and minimising the negative effect on results. The monitoring of the main risks and the definition of adequate prevention, mitigation and remediation policies are responsibilities allocated to the Parent Company's top management: these management policies are actually defined and approved, in agreement with the administrative body, by the Top Management, which provides principles for risk management and the use of the appropriate tools.

The **Risk Model** adopted by Feralpi is divided into heterogeneous categories, enabling a holistic, high-level view of the Group's risk exposure.

A first level of categorisation divides the **business risks into the following subcategories:**

- a) **Strategic Risks:** risks associated with internal or external events and or decisions that could threaten the achievement of the Group's strategic objectives;
- b) **Operational Risks:** risks arising from events or circumstances that may adversely affect the efficiency and/or effectiveness of business processes and the safeguarding of assets;
- c) **Financial Risks:** risks related to the availability of financing sources, efficient liquidity management and volatility of currencies and interest rates;
- d) **Legal and Compliance Risks:** risks related to compliance with national and international laws, regulations and contractual agreements governing the Group's activities;
- e) **Reporting risks:** risks related to the reliability of internal and external reports, financial and non-financial information.

The list of main risks and related scenarios for the Group includes the definition of the risk register for Environmental, Social and Governance (ESG) areas, which are of central importance in addressing sustainable development objectives.

Risks are also given an additional categorisation:

- ◆ external, relating to factors not directly controllable by the company;
- ◆ process-related, concerning internal processes;
- ◆ information and decision-making, related to external and internal information flows, as well as to the decisions resulting from such information.

Against the backdrop of changing global dynamics, characterised by an increasing focus on ESG issues, an initial integration of financial risks with ESG risks took place in 2024. This important step reflects the growing awareness of the profound implications that ESG factors can have on business performance and sustainability in the long term. ESG risk integration is a proactive response to emerging challenges, offering organisations the opportunity to mitigate risks associated with reputation, regulation and investor pressures, while simultaneously fostering a responsible and future-oriented corporate culture.

The main risk factors for Feralpi Group are summarised below. The order in which they are listed does not imply any classification, neither in terms of the probability of their occurrence, nor in terms of their possible impact. The description of material risk factors contains a brief illustration of the uncertainties that may significantly affect the Group's business in the immediate future. It should also be considered that the Group has long had a Supervisory Board, which, through the 231 organisational model, contributes to the monitoring of risks relating to the various corporate functions.

Strategic Risks	Operational Risks	Financial Risks
Deterioration of the global macroeconomic environment (↓ // 🌐 - 🏢 - 📊)	Product quality and liability (↓ // 🌐 - 🏢)	Credit risk (↓)
Price fluctuation and shortage of commodities (↓ // 🌐 - 🏢)	Computer systems operation and cybersecurity (↓ // 🌐 - 🏢 - 📊)	Interest rate fluctuation (↓)
Energy sector dependence, price fluctuation and supply discontinuity (↓ // 🌐)	Pollution from radiation sources and radioactive materials (↓ // 🌐)	Exchange rate fluctuation (↓)
Transition to a sustainable product (↓ // 🌐)	Waste disposal (🌐)	Liquidity risk (↓)
Customer concentration and business relations (↓)	Occupational health and safety (↓ // 🏢)	Risks associated with possible covenant breaches (↓)
Physical impacts of climate change (↓ // 🌐)	Lack of professionalism and expertise (🏢)	
Impacts of the energy transition (↓ // 🌐)		
Legal and Compliance Risks	Planning and Reporting Risks	
Antitrust and business ethics (↓ // 🏢)	Financial disclosure and sustainability statement (↓ // 🏢)	
Compliance with environmental and occupational health and safety regulations (↓ // 🌐 - 🏢)		
Violation of human rights or discrimination (↓ // 🏢)		

↓ Financial Risk; 🌐 Environmental Risk; 🏢 Social Risk; 📊 Governance Risk

Strategic risks

Deterioration of the global macroeconomic and geopolitical environment

Feralpi Group companies are exposed to the risks associated with the economic trends of the specific markets in which they conduct their business activities. Sales of the Group's products are mainly influenced by investment activities in infrastructure, but also in residential housing and investments in the industrial sectors targeted by the Group's products. Economic events such as an economic recession, high inflation and persistent high interest rates together with unpredictable events such as pandemics or environmental disasters could lead to a reduction in the volume of purchases and/or a reduction in the sales prices of the Group's products and affect the health and safety of people and the continuity of production, causing absenteeism and blocking of the production system as well as having a significant negative effect on the Group's economic, financial and equity situation. In addition, the emergence of global wars and crises, the imposition of economic sanctions and embargoes on certain countries, anti-dumping and anti-subsidy tariffs, the establishment of protectionist policies in export countries, and possible restrictions on exports, could lead to difficulties in sourcing inputs with subsequent delays or business interruptions and the loss of markets and customers.

Feralpi Group has no operations in territories where there are ongoing wars or in countries characterised by major political instability. In addition, the Group does not trade in these markets. However, ongoing war events and geopolitical crises lead to indirect impacts on operating costs in view of trends in the cost of electricity and gas.

The Group handles such emergencies with particular care, setting up specific dedicated task forces and promptly adopting the necessary measures to prevent, control and contain the negative effects caused by them, while at the same time trying to ensure, as far as possible, business continuity.

Price fluctuation and shortage of commodities

These risks arise from the fluctuations, including significant, that the price of strategic raw materials, such as ferrous scrap and ferro-alloys, can experience even in the short term. Such cost increases may originate from supply market dynamics as well as inflationary trends.

At present, the Russian-Ukrainian conflict, regulatory developments on the ecological transition and logistical constraints have aggravated the difficulties in sourcing raw materials and further increased price volatility with consequences for supply obligations. Business non-continuity for unforeseeable events such as climate change and pandemics inevitably has repercussions in terms of upstream and downstream supply chain resilience.

The Group's inability to increase the selling price of finished products as a result of the increase in the cost of ferrous scrap and ferro-alloys could lead to a reduction in its contribution margin. Significant increases in sales prices could lead to losses in market share. Hedging transactions are assessed in light of the liquidity of the official markets where the main trades are executed and the visibility of sell orders.

In addition, the Group's responsible management of supplier relations and careful control of raw material quality are key to preventing risk and customer dissatisfaction, as well as offering opportunities in the circular economy and generating positive impacts on competitiveness and availability risk management.

Energy sector dependence, price fluctuation and supply discontinuity

Energy risks include possible supply disruptions, price volatility and taxation of energy-intensive activities. Geopolitical evolution and regulatory developments, aimed at the transition to renewable energy sources, have increased the risk of volatility in energy commodity prices to which the steel sector is heavily exposed. In order to contain energy costs and meet decarbonisation targets, the Group has defined a specific energy strategy; in addition, it has considered scenarios of possible energy supply disruptions and consequent production stoppages. In fact, the Group has achieved its own production flexibility in order to concentrate production on days and times when the cost of energy is lower and to reduce or stop production in a planned manner during periods of peak energy prices.

Transition to a sustainable product

The regulatory, social and economic environment makes it necessary to develop increasingly sustainable products in order to maintain a high level of competitiveness on the market. Feralpi believes that the development of a competitive offer linked to sustainability is of fundamental importance in order to meet growing customer expectations and to prepare adequately for possible sudden changes in market demands. The complexity of this path is reflected in the need for major investments, difficulties in forecasting and evolving market demand, and significant regulatory uncertainty combined with bureaucratic complexity for environmental authorisations.

Indeed, failure to meet product sustainability requirements could result in the loss of strategic suppliers, contracts and customers. To systematically address this challenge, the Group has structured a strategy to offer its customers a full range of low-carbon products and has taken an active role by joining the Global Steel Climate Council (GSCC) as a “Supporting Member”, which promotes the need to establish an emissions standard that is uniformly applicable to all steel producers globally.

Customer concentration and business relations

The target markets are characterised by a relatively small number of global and regional players and a high number of customers. Also due to the volatility of market prices, customer relations are mainly based on specific purchase orders in the absence of long-term contracts; this situation makes it difficult for the Group to make medium-term sales forecasts. The occurrence of such risks could lead to a reduction in revenues with significant negative effects on the Group’s economic, financial and equity situation.

Feralpi has established and maintained long-lasting business relations with its customers; however, it cannot be ruled out that the Group may have difficulties in the future in maintaining business relations with current customers or in developing business relations with new customers. Constant commercial supervision, continuous dialogue with long-standing and newly acquired customers, and the ability to provide high quality products and adequate service levels are elements that mitigate exposure to the aforementioned risk.

Physical impacts of climate change

The uncontrollable phenomena include physical aspects resulting from ongoing climate change. These risks have special characteristics that must be taken into account, such as the magnitude of the impact in terms of scope and scale, an uncertain and longer-term time horizon, and dependence on short-term initiatives. Physical risks from climate change are divided into:

- ◆ **Acute:** event-based risks, including an aggravation of extreme weather events such as storms, hail, fire, heat waves, etc.). These events are happening more frequently both regionally and globally.
- ◆ **Chronic:** refer to risks associated with long-term changes in climate, such as changes in temperature, wind and precipitation patterns, water stress and sea level rise. They can be identified as change processes rather than single events and are bound to become more significant in the long run.

Feralpi Group is most exposed to transition risk, described below, but also considers physical risks for business continuity and the resilience of its business plan and sustainability strategy. In 2023, it initiated a physical climate risk assessment to understand short- and long-term exposure and to take management measures for the sites most at risk. The first phase involved a **Climate Self Risk Assessment** and verification of prospective climate indicators according to an *ensemble* of three GCM-RCM (Global Circulation Model - Regional Climate Model) models guided by the **RCP 8.5 scenario** for sites included in the scope of the Taxonomy Regulation¹ in the short and long term. Subsequently, the Lonato del Garda and Riesa sites were analysed in detail, using various climate scenarios to understand the evolution of the risk up to 2050, with possible indications of worsening by the end of the century. A further detailed analysis was then carried out, based on different climate scenarios (**RCP 2.6, RCP 4.5 and RCP 8.5**) on the plants considered most strategically relevant: Lonato del Garda and Riesa. The assessment was expressed through the following metrics:

- I. **Maximum Value-At-Risk (MVAR)**: the MVAR corresponds to the estimated value in economic terms of the potential damage caused by a climate risk. The overall MVAR represents the aggregation of the estimated VARs for each physical risk.
- II. **Maximum Annual Loss (MAL)**: estimated value of damage to an asset for all climate risks combined, expressed in current currency, without discounting or adjustment for other transaction costs.
- III. **Failure Probability (FP)**: annual probability that a climate risk will cause disruption or malfunction of an asset with or without damage.

The Climate Self Risk Assessment indicated that the company's assets present a medium to low physical risk from climate change. The more specific risks to which the Group will pay more attention through preventive mitigation actions mainly concern extreme wind conditions and flash floods from heavy rain and thunderstorms.

The in-depth analysis, according to MVAR% metrics, assessed the overall risk for the Lonato del Garda plant as medium. As far as the Riesa plant is concerned, however, the overall risk is rated as low.

Impacts of the energy transition

Transition risks in the context of Feralpi Group indicate the potential financial loss that the company may suffer, both directly and indirectly, during the process of adapting to a low-carbon and more environmentally and socially sustainable economic model. The continuous evolution of climate and environmental regulations, technological developments and changes in market expectations and preferences (Green Steel) can have a major impact on the Group's economic performance. These risks can be subdivided into:

- ◆ **Executive risks**: arising from delays or lack of expertise in strategic projects, which may result in strategic projects not being identified or slowing down their implementation, also due to a lack of skills to manage them.
- ◆ **Regulatory risks**: arising from evolving regulatory actions to limit negative impacts or promote adaptation to climate change, including potential litigation;
- ◆ **Technological risks**: related to the introduction of new technologies that support the transition to a low-carbon economy, with possible interference on existing business systems;
- ◆ **Market risks**: related to possible changes in the demand for products and services by the Group's customers.

The adoption of a climate transition plan, which is fundamental to Feralpi's industrial strategy, required close attention to be paid to this type of risk. The Group has therefore conducted an analysis to identify and assess - in terms of type (execution, market, technological, regulatory), likelihood (low, medium, high) and severity (low, medium, high) - the risks associated with this process, as well as to develop strategies to effectively mitigate and manage them. The risks to which the Group will pay more attention are related to possible difficulties in implementing its strategy of self-generation of renewable energy

¹ For more details on risks and how they are managed, see Section 15.8 of the Sustainability Statement.

and to the evolving context regarding the use of alternative fuels such as biomethane and hydrogen.

Operational risks

Product quality and liability

The Group's products must comply with different quality, safety and regulatory standards, including through a careful selection of suppliers, consistent with the regulations required in the countries where they are marketed. If products do not meet the requirements of the different applicable regulations, it may be legitimate to return them, which could lead to increased costs and possible damage to the image of Group companies and also negatively affect their ESG performance. This type of risk is most relevant for the Specialties Business Unit, where product quality is crucial for the safety of the end consumer (automotive).

To this end, the Group carries out strict controls on its products: each production company has a quality risk management protocol, with specific control activities and procedures. There are dedicated functions at production units and audits at major scrap suppliers. In addition, the Group has product liability insurance coverage.

However, it is not possible to exclude the possibility of manufacturing defects or, in certain circumstances, the inadequacy of the above-mentioned insurance coverage.

Computer systems operation and cybersecurity

The growing use of digital technologies increases the cybersecurity risk, with possible impacts on business continuity, data protection and privacy. Cyber attacks or human error can compromise confidentiality, reliability, information integrity and corporate reputation. Failure to comply with regulatory requirements can lead to sanctions and loss of reliability, affecting relations between employers and employees. A cyber attack could also endanger the health and safety of workers and cause environmental damage by compromising software and monitoring equipment. Any errors, malfunctions and/or unauthorised access to the Group's software and related systems of suppliers and/or customers may also damage the production activities of the Group's suppliers and/or customers. The occurrence of such risks could have an adverse material effect on the Group's economic, financial and equity situation.

The Group considers the operational continuity of its management and operational information systems to be of major importance; therefore, it has carried out a specific risk analysis concerning internal and external attacks on information systems aimed at blocking their normal operation, or at extracting or corrupting Group information. In addition, the Group is finalising the implementation of a framework for managing these risks, with the aim of ensuring business continuity, availability, integrity and confidentiality of data, while also enabling compliance with the European GDPR regulation and applicable national regulations in individual EU member states. The centrality of information systems, as a lever of value for the Group, is also testified by the considerable investments made to update and digitalise systems and processes; in this context, the launch of programmes to optimise processes and automate certain activities, also through Robotic Process Automation solutions and solutions based on Business Intelligence and "data analytics" was emphasised in particular.

Pollution from radiation sources and radioactive materials

Pollution due to radioactive isotope decay could affect the input scrap, the melting furnace process and the finished products. This can lead to non-compliance with environmental and health and safety regulations, contamination of water, soil and air, fines and reputational damage, as well as production stoppages for clean-up operations.

The Group has adopted specific procedures, as part of its management system, to define and implement radioactivity control measures throughout the production chain, right from the material input stage.

Waste disposal

Monitoring risks related to regulatory changes in the use of by-products is crucial; keeping up with these developments prevents production slowdowns, economic and reputational damage. Strategic pavement and sealing maintenance is essential to prevent soil and groundwater contamination.

The Group's management of waste and production residues mainly involves recovery and/or qualification as by-products, with only residual disposal in landfills. Processes and facilities are organised to minimise the volumes to be landfilled. The Group is also committed to reducing the handling of raw materials and production residues, to reducing inputs and to raw material substitution.

Occupational health and safety

Health and safety risks to workers include exposure to chemical agents, physical agents, equipment and major accident hazards. Failure to secure facilities can lead to accidents, occupational diseases, fires and explosions, with social, legal and reputational consequences. The company could incur penalties for failure to take adequate preventive measures, training or PPE. Such risks can also lead to production stoppages as a result of physical damage, fire, explosion or work-related accidents requiring investigation.

The Group carefully monitors this issue on the basis of its own Group policy and the regulations of the countries in which its plants operate, and has different approaches depending on the type of production processes in place. Feralpi Siderurgica S.p.A. has a health and safety management system in place certified in accordance with the international ISO 45001 standard, that ensures that risks are continually monitored and improvement measures are identified. This system is being extended to all Group plants.

Lack of professionalism and expertise

The current market presents risks related to the difficulty of attracting, developing and retaining key skills and appropriate professionalism. Business success depends on a qualified and motivated management team. Failures in this area could lead to production slowdowns, reduced innovation and product quality. Dependence on external suppliers of core competencies exposes the company to risks, as the disruption of such business relationships could seriously damage strategies and production activities. Lack of staff knowledge and skills can also reduce competitiveness, resulting in a loss of attractiveness. Adaptation to new systems and technologies and knowledge transfer are crucial.

Feralpi is committed to enhancing people's skills as a key factor for business success. With a view to Talent Attraction, the Group has developed eight different recruitment and selection formats to foster the placement of young talent by offering a practical choice for professional development. As far as talent development is concerned, Feralpi has implemented a framework to map, monitor and efficiently manage the skills - technical and organisational - of its staff and act on any gaps through a series of internal training offers and in cooperation with external partners.

Financial risks

Credit risk

Feralpi is exposed to credit risk arising from the business relations it establishes with its customers. Failure by customers to meet payment deadlines could jeopardise the Group's overall financial situation.

Commercial credit risk is mitigated by the application of Group procedures and guidelines for the selection and assessment of the customer portfolio, the definition of credit limits, the monitoring of expected collection flows and any recovery actions. In addition, the Group takes out insurance policies with reliable counterparts and, in some cases, requires customers to provide additional guarantees. Credit risk management and monitoring are the tasks entrusted to Group Credit Management, which is committed to ensuring the effectiveness of the policies adopted and to identifying possible areas for improvement.

Interest rate fluctuation

Changes in interest rates affect the market value of the Group's financial assets and liabilities as well as net financial expenses. The interest rate risk to which the Group is exposed originates mainly from long-term financial payables which, at the date of this report, are at variable rates and almost entirely hedged by Interest Rate Swaps. Fixed-rate payables expose Feralpi Group to fair value risk.

Exchange rate fluctuation

Exchange rate risk refers to the possibility that exchange rate fluctuations may adversely affect the value of the Group's assets, profits or financial exposure. Feralpi's exposure to exchange rate risk is structurally modest given the almost total denomination of commercial transactions in euro.

Liquidity risk

Liquidity risk refers to the ability of available financial resources to meet payment commitments to commercial or financial counterparts on pre-established terms and deadlines. Prudent management of liquidity risk, arising from the Group's normal operations, involves maintaining an adequate level of cash and cash equivalents as well as funds available through committed credit lines. The Group Administration, Finance and Control Department monitors the forecasts for the utilisation of the Group's liquidity reserves, starting with the analysis of expected cash flows and arranges the necessary credit lines.

Risks associated with possible covenant breaches

In order to support the investment plan, the Group has medium- to long-term loan agreements in place. These loan agreements require compliance with certain financial and commitment covenants. The Group has reporting mechanisms in place to monitor historical and prospective compliance with the signed covenants and to define, if necessary, appropriate action plans aimed at preventing and mitigating any impacts related to covenant non-compliance.

Legal and compliance risks

Antitrust and business ethics

This risk refers theoretically to the possibility of conduct in breach of antitrust or competition law. As a result, the Group may face legal costs and reputational damage to stakeholders; in addition, it may receive sanctions, with similar impacts to those described above.

As a countermeasure, the Group has developed a compliance programme aimed at putting in place preventive measures against antitrust offences, including through the appointment of a top-level person who plays the role of “antitrust officer” and who has the task of verifying compliance with regulations by monitoring the individual conduct of the persons who could most expose the Group’s companies to this risk.

Compliance with environmental and occupational health and safety regulations

The Group’s industrial production is subject to administrative authorisations. Failure to renew or issue such authorisations could lead to legal-administrative liabilities of various kinds, resulting in production stoppage. The Group’s main plants have started the process to obtain ISO 50001 certification for energy efficiency, while in the environmental field the EMAS and ISO 14001 certifications have already been obtained. All of the Group’s production plants are required to adopt prevention and protection measures defined by current national regulations.

Furthermore, evolving European environmental regulations expose companies to the risk of late alignment, with negative business consequences and potential cost increases and business limitations. The biggest risks concern developments in the Emission Trading Scheme (ETS) and the adoption of a Carbon Border Adjustment Mechanism (CBAM).

Any workplace accidents, even minor ones, caused by non-compliance with the aforementioned regulations, could lead to criminal and administrative sanctions, with even serious consequences if they involve bans, even for limited periods, financial losses and/or reputational damage. The issuance of additional regulatory provisions applicable to companies, or changes to the regulations currently in force in the countries in which the Group operates, could require the Group to adopt stricter standards, also entailing costs for adapting production facilities.

Compliance with management measures and procedures reduces these risks and prevents emergency scenarios.

Violation of human rights or discrimination

Inclusion and integration risks, arising from incidents of mobbing, harassment and discrimination based on nationality, faith, gender or age, as well as risks related to the protection of human rights, although less significant, need to be monitored. The occurrence of such risks may lead to reputational damage with possible financial losses and legal action.

Planning and reporting risks

These risks are related to the possible negative impacts that irrelevant, untimely or incorrect information could have on the Group’s strategic, operational and financial decisions. In order to mitigate the risk associated with financial information, the Group has initiated a number of projects, including the implementation of a Corporate Performance Management tool for the preparation of the Consolidated Financial Statements, the Budget and the Business Plan. The Group has also adopted an Accounting Manual and materiality thresholds for the audit of the Consolidated Financial Statements have been used that conform to those applicable to public interest companies. In addition, to meet the requirements of process governance, a gap analysis was carried out related to the areas Information Technology General Controls and Segregation Of Duties. Finally, in order to better prepare for the Corporate Sustainability Reporting Directive (CSRD), to whose obligations the Group will be subject from the 2025 reporting, Feralpi is in the process of adopting integrated tools capable of monitoring the reporting and consolidation of financial and non-financial data in the ESG domain.

Other information

11.1 Organisation and Human Resources

In 2023, there was an overall increase in the workforce of 135 employees compared to 2022, with the consolidated figure rising from 1,752 to 1,887. This increase is mainly due to the transfer of about 60 employees of Feralpi Holding S.p.A., following the group reorganisation that took place on 1 January 2023. Specifically, the growth of the workforce is driven by the constant strengthening of skills in the technical and production areas; in fact, the hiring of qualified personnel has continued, together with the entry of new staff with the skills needed to work in the steel and engineering industries in general.

The table below shows the average number of employees per company:

Company	Average 2023	Average 2022
Presider S.p.A. (Italy)	78	78
Caleotto S.p.A. (Italy)	8	9
Arlenico (Italy)	103	93
Feralpi Siderurgica S.p.A. (Italy)	531	452
Presider Armatures (France)	4	4
Acciaierie di Calvisano S.p.A. (Italy)	129	125
Nuova Defim S.p.A. (Italy)	80	82
ESF Elbe-Stahlwerke Feralpi GmbH (Germany)	740	707
Saexpa-Industria Expositores y Parrillas S.A. (Spain) *	81	72
Wire applications SL (Spain) *	2	2
P.R. Soldadura SL (Spain) *	12	10
Feralpi Stahlhandel GmbH (Germany)	10	9
Feralpi Logistik GmbH (Germany)	32	34
Feralpi Algérie (Algeria)	13	13
Feralpi-Praha Sro (Czech Republic)	42	45
Feralpi-Hungaria Kft (Hungary)	22	17
Total	1,887	1,752

* Companies fully acquired/incorporated during 2022

The geographical breakdown now sees the prevalence of personnel employed by foreign companies over Italian ones:

Average workforce by geographical area	Average 2023	Average 2022
Italy	929	839
Foreign	958	913
Total	1,887	1,752

The situation at the end of the year saw an increase of 147 overall, with the total number of employees rising from 1,775 to 1,922.

Description	2023	2022
Executives	39	31
White-collars and middle managers	558	466
Blue-collars	1,325	1,278
Total	1,922	1,775

11.2 Transactions with related parties

Transactions with related parties do not qualify as either atypical or unusual, as they are part of the ordinary course of business of Group companies. Such transactions, when not concluded on standard terms or dictated by specific regulatory conditions, are in any case settled on market terms. For details of the economic and equity effects of transactions with related parties as at 31 December 2023, please refer to the relevant section of the notes to the consolidated financial statements (page 212).

11.3 National tax consolidation, Group VAT and Tax liability

The holding company Feralpi Holding S.p.A. adhered as tax consolidating company pursuant to Articles 117-129 of the T.U.I.R. The companies included in the consolidated financial statements are Feralpi Siderurgica S.p.A., Acciaierie di Calvisano S.p.A., Nuova Defim S.p.A., Fer-Par S.r.l., Presider S.p.A., Ecoeternit S.r.l., Immobiliare Feralpi S.r.l., Ecotrading S.r.l., Feralpi Farm S.r.l., Faeco Ambiente S.r.l., Caleotto S.p.A. and Arlenico S.p.A.. Starting from the fiscal year 2023, a new option to join the national tax consolidation was activated for the companies Feralpi Villasor S.r.l. and Feralpi Power On S.r.l.. Each company participating in the tax consolidation scheme transfers taxable income or a tax loss to Feralpi Holding S.p.A., which recognises a receivable (equal to the IRES to be paid) from the companies that transfer taxable income, or a payable to the companies that transfer a tax loss.

Feralpi Holding S.p.A., as consolidating company, is liable not only for any higher taxes assessed and related penalties and interest referred to its own individual total income, but also for any amounts that may be due, with reference to the consolidated tax return, also as a result of "formal control" activities pursuant to Article 36-ter of Presidential Decree no. 600/73, as well as, jointly and severally, for the amounts due corresponding to penalties imposed on companies participating in the consolidation that committed the breach in determining the individual position. Similarly, the consolidated companies are jointly and severally liable to Feralpi Holding S.p.A., as consolidating company, for the higher taxes assessed in relation to the consolidated company's income tax return referring to adjustments to the income resulting from its own tax return, also as a result of "formal control" activities pursuant to Article 36-ter of Presidential Decree no. 600/1973. All this, as regulated by the originally stipulated Fiscal Consolidation Agreement and subsequent updates

As of this year, Feralpi Siderurgica S.p.A. is the consolidating company under the Group VAT regime. The companies participating in the VAT grouping scheme are the following: Acciaierie di Calvisano S.p.A., Nuova Defim S.p.A., Fer-Par S.r.l., Presider S.p.A., Caleotto S.p.A., Arlenico S.p.A., Feralpi Villasor S.r.l. and Feralpi Power On S.r.l.

The individual companies operate in compliance with local tax regulations. 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 functions of each individual subsidiary are instead responsible for compliance. Tax-related risks are analysed and managed in accordance with the Company's overall Enterprise Risk Management model. Please refer to the Appendix, section "Economic Sustainability Indicators", for tax data. → p. 162

11.4 Number and par value of shares of the parent company held by the company and its subsidiaries

None of the Group companies hold shares in the holding company Feralpi Holding S.p.A.

12 Subsequent events

As part of Feralpi Group's corporate restructuring process started in 2022, aimed at optimising its organisational structure and corporate governance, a waiver request was sent on 17 November 2023 to the banking consortium, which in 2021 granted a loan of €100 million to support the investment plan. On 5 February 2024, the approval of the waiver request submitted by Feralpi Siderurgica S.p.A. was communicated through the Agent Bank. This request requires, among other elements, that the Financial Covenants set forth in the Loan Agreement, as at 31 December 2023 and for the remainder of the term of the loan, be calculated at the consolidated level of the Siderurgica Group instead of the Holding Group, the granting of greater flexibility for investments, also considering that the cash flow generated in 2021 and 2022 was much higher than expected, as well as the investment plans outlined in the recent update of the Group's Business Plan.

On 6 February 2024, Feralpi Cellere S.r.l. (a subsidiary of Feralpi Power On S.r.l.) was incorporated, whose main corporate purpose is the development and operation of plants for the production of electricity from renewable and non-renewable sources and the sale thereof.



Business outlook

According to the Economic and Steel Market Outlook published by Eurofer in February 2024, European demand for finished products in early 2024 remains weak, while raw material costs continue to be relatively high despite having fallen from their peak levels. Economic problems, international geopolitical tensions and the role played by environmental regulations such as the CBAM persist. This situation also affects the construction market. Thus, real steel consumption is expected to contract by 0.4% in 2024 compared to 2023, when it fell by 3.1% compared to 2022.

For 2024, Feralpi Group's management expects results in line with industry trends.

For the coming years, the long-term growth drivers, mainly related to infrastructure, continue to be confirmed. Feralpi Group can actually rely on a strong presence in its reference markets, a broad and extensive product portfolio, solid production efficiency, a widespread ESG culture within the organisation, and a strong capital structure, all factors which the management intends to leverage to capitalise on the growth opportunities offered by the markets. Investments, which are nearing completion, are being made with this in mind, aimed at completing the range of products offered to the market, boosting production efficiency, reducing CO₂ emissions of products and, in general, further bolstering the Group's commitment contained in the ESG Scorecard. The latter is, in fact, of paramount importance in the light of the continuous and increasing attention paid by stakeholders to ESG issues, which we expect to be a rewarding and distinctive element also at commercial level in the future.





Sustainability Statement





The background of the page is a photograph of an industrial facility, possibly a steel mill or refinery, featuring complex piping, walkways, and structural elements. A large, semi-transparent green geometric shape, composed of several overlapping triangles and polygons, is positioned on the left side of the page, partially obscuring the industrial scene. The title '14. General information - Sustainability in Feralpi Group' is written in a large, white, sans-serif font, centered horizontally and partially overlaid by the green shape.

14. General information - Sustainability in Feralpi Group

14.1. The sustainability strategy in Feralpi Group	56
14.2. The value chain: from raw material to products	60
14.3. The identification and management of ESG risks	63
14.4. The Materiality analysis process	65
14.5. The relationship with stakeholders	72
14.5.1. Internal Stakeholder Engagement	73
14.5.2. External Stakeholder Engagement	74
14.5.3. Scrap Suppliers Dialogue	75

14.1. The sustainability strategy in Feralpi Group

Sustainability is an integral part of Feralpi Group and is one of the **pillars of its business plan**. Through it, the Group aims to strengthen its resilience and ensure business continuity, as well as act as a guide towards the creation of shared value for itself and its stakeholders. The aim is to make a significant contribution to the well-being of the communities in which Feralpi operates, in line with international sustainability and climate change objectives.

The group's **sustainability strategy**, founded on **seven pillars**, is based on a holistic approach that places it at the heart of business processes, from strategic planning to operational management, investment allocation and risk analysis and management. The strategy is realised through:

- ◆ an ethical and responsible corporate culture towards the environment and society;
- ◆ the implementation of actions in terms of technological investments and process improvements;
- ◆ the definition of strategic ESG targets and KPIs linked to corporate ones;
- ◆ transparent dialogue with stakeholders on objectives, actions and performance.

Feralpi Group integrates the **Sustainable Development Goals (SDGs)**² of the United Nations into its strategy as a guide for setting out its ambitions, making its sustainability strategy effective and improving the understanding and management of its impacts. The Group contributes to the achievement of the SDGs on which it has a major impact through:

- ◆ conducting its business in an ethical and responsible manner;
- ◆ innovation in its products and services;
- ◆ job creation;
- ◆ support for skills development and training of young people.

The goals for the future concern the ever closer integration of the group's business plan and sustainability strategy. By adopting an integrated vision and planning, the Group intends to gain a better understanding of the dynamics that link the company to the socio-economic context in which it operates and to take steps to improve its impact on the environment and society in alignment with the expectations of its stakeholders.

² The Sustainable Development Goals (SDGs) address major economic, social, environmental and governance challenges and, to be achieved, require the taking of responsibility at global level and the participation of governments, businesses, cities and civil society (<https://sdgs.un.org/goals>).

The pillars of Feralpi Group's sustainability strategy

Pillars	Ambitions	Section	SDGs	KPI Scorecard
ENVIRONMENTAL Contribute to reducing consumption and impacts Multiply the use of materials	Countering climate change through the decarbonisation of production processes Investing in solutions to improve energy efficiency and develop clean energy Increasing the quantity of waste sent to recovery and reuse processes, substantially reducing the production of waste	15. Environmental information	    	Specific CO ₂ emissions (Scope 1 and Scope 2) CO ₂ emissions Scope 3 Renewable energy Residues in Circular Processes Specific water consumption
SOCIAL Care, safety and development of individuals Work culture and education of new generations Inclusion and local development	Addressing inequalities, ensuring equal opportunities and adequate wages, while respecting labour and human rights Supporting the economic growth of the national economy Promoting a safe, secure working environment for all the group's workers with constant attention to accidents at work	16. Social information	     	Inclusion of female staff (blue collar) in technical-production areas Collective training course on "Listening, Dialogue and Inclusion" issues % female staff in Feralpi Siderurgica - Corporate Services Accident frequency index % of staff working in ISO 45001 companies % of strategic suppliers (raw materials and equipment) involved in ESG mapping aspects
GOVERNANCE Ethical business management	Integrating ESG (Environment, Social, Governance) aspects into the Group's business model Defining unambiguous and measurable improvement paths at plant level, in line with national and international targets Guiding change in the steel sector by encouraging companies in the supply chain to adopt sustainable policies	17. Governance information	 	% of time the Board devotes to ESG issues (in meetings and induction sessions)/year ESG Financing % / Total Mid Long Term facilities % of strategic investments with ESG content
INDUSTRIAL COMMITMENT Product and service quality	Improving product and service quality by optimising processes through inclusive and sustainable industrialisation Enhancing technological capabilities through research and development activities Creating value for the community by valuing work, safeguarding the cultural and natural heritage and contributing to sustainable urban development		   	

The ESG Scorecard



















In 2023, Feralpi defined its **ESG Scorecard** - published for the first time in this document - with the main objective of reinforcing the solidity of its sustainability path, monitoring its progress with respect to the objectives set and meeting the requirements of communication to its stakeholders. The ESG Scorecard consists of **14 objectives** that relate to the perimeter indicated therein, whose progress and possible updates will be assessed annually in line with the evolution of the Group's strategy and industrial priorities. Internally, it makes it possible to:

- ◆ monitor the effectiveness of the sustainability strategy, highlighting areas and processes in need of improvement;
- ◆ integrate ESG considerations into strategic decision-making processes, ensuring more comprehensive and informed decisions;
- ◆ pro-actively identify and manage risks and opportunities related to ESG issues;
- ◆ involve Feralpi's employees more closely in the achievement of sustainability goals by promoting a responsible corporate culture.

Externally, it will make it possible to:

- ◆ communicate the company's ESG performance clearly and transparently, demonstrating Feralpi's commitment to achieving its sustainability objectives;
- ◆ provide investors, customers and local communities with a transparent and comprehensive assessment of the company's alignment with their expectations;
- ◆ stimulate a continuous improvement approach, encouraging collaboration with external stakeholders to develop joint sustainable solutions.

Feralpi ESG Scorecard

		Baseline	2023		Target	Scope	SDGs	
 Environmental	Specific ¹ CO ₂ emissions (Scope 1 and Scope 2)	2022	0.411 tonCO ₂ eq/tonnes	0.312 ⁴ tonCO ₂ eq/tonnes	-50%	2030	Feralpi Siderurgica's consolidated figure ¹     	
	CO ₂ emissions Scope 3		953,184 tonCO ₂ eq	nd ³	-25%			
	Renewable energy		0.46%	27.4% ⁴	50%			
	Residues in Circular Processes		88%	91%	96%			
	Specific Water Consumption		1.38 m ³ /tonnes	1.15 m ³ /tonnes	-50%			
 Human Resources	Inclusion of female staff (blue collar) in technical-production areas ⁵	2022	0%	8.6	≥5% / year new entries primary steelmaking	2027	Feralpi Siderurgica, Acciaierie di Calvisano, Arlenico, ESF  	
	Collective training course on "Listening, Dialogue and Inclusion" issues		0%	15.4% ⁶	100% population affected		Consolidated Feralpi Siderurgica ²	
	% female staff in Feralpi Siderurgica - Corporate Services		49%	49%	~50%		Feralpi Siderurgica - Corporate Services	
 Safety	Accident Frequency Index	2022	23.7 (average 2019-2022)	15.6	7 (0-10)	2030	Consolidated Feralpi Siderurgica ²  	
	% of staff working in ISO 45001 companies		25%	28%	100%			
 Social	% of strategic suppliers (raw materials and equipment) involved in ESG mapping aspects	2023	0%	0%	75% of the suppliers involved	2030	Feralpi Siderurgica, Acciaierie di Calvisano, Arlenico/Caleotto, FERALPI STAHL, Hungaria, Praha  	
 Governance	% of time the Board devotes to ESG issues (in meetings and induction sessions)/year	2022	23.7%	29.8%	35%	2030	Consolidated Feralpi Siderurgica  	
	ESG Financing % / Total Mid-Long Term facilities		74.4%	80.7%	>80%		Consolidated Feralpi Siderurgica	
	% of strategic investments with ESG content		>80%	>80%	>80%			

¹ Out of the total production of hot-rolled products calculated according to the market-based method.

² Feralpi Algérie not included.

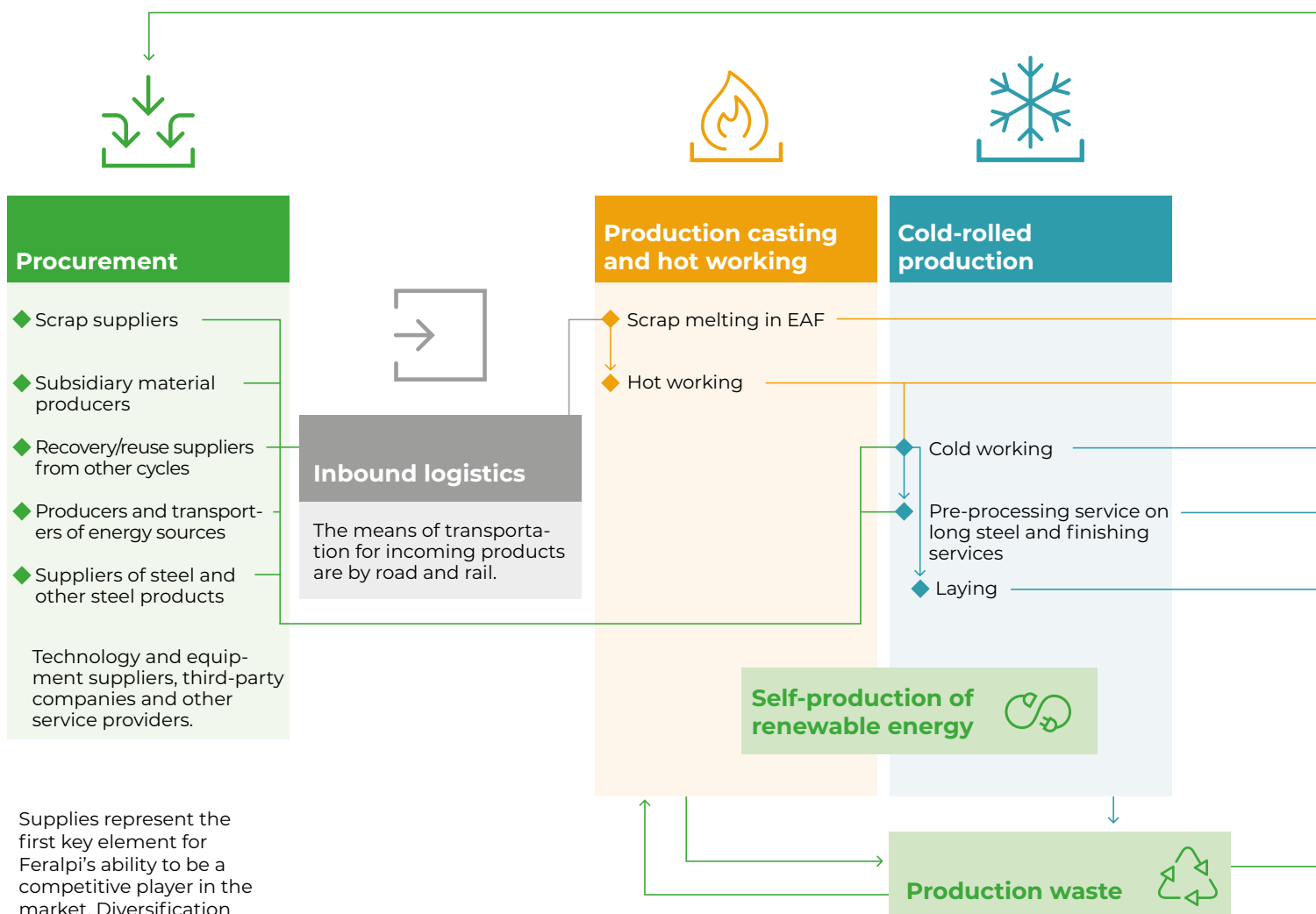
³ Figures available from FY 2024 reporting.

⁴ Increase from purchase and cancellation of GDOs.

⁵ Including those administered.

⁶ The figure refers to personnel who have completed the training course envisaged for the cluster they belong to.

14.2. The value chain: from raw material to products



Supplies represent the first key element for Feralpi's ability to be a competitive player in the market. Diversification and an increasing search for circular solutions led to the introduction of new suppliers and new types of raw materials. Purchasing policies are shared by the **Group Purchasing Department** as regards the purchase of ferrous scrap, refractory materials, ferro-alloys, electrodes and plants. Relations with energy suppliers are instead managed by the **Group Energy Department**.

Logistics is regulated by internal procedures described within the Management Systems, distinguished by plants and managed in cooperation, when appropriate, with the Group Purchasing function. The proper coordination of flows is managed with special **management software** that ensures constant traceability and identification of logistics flows.

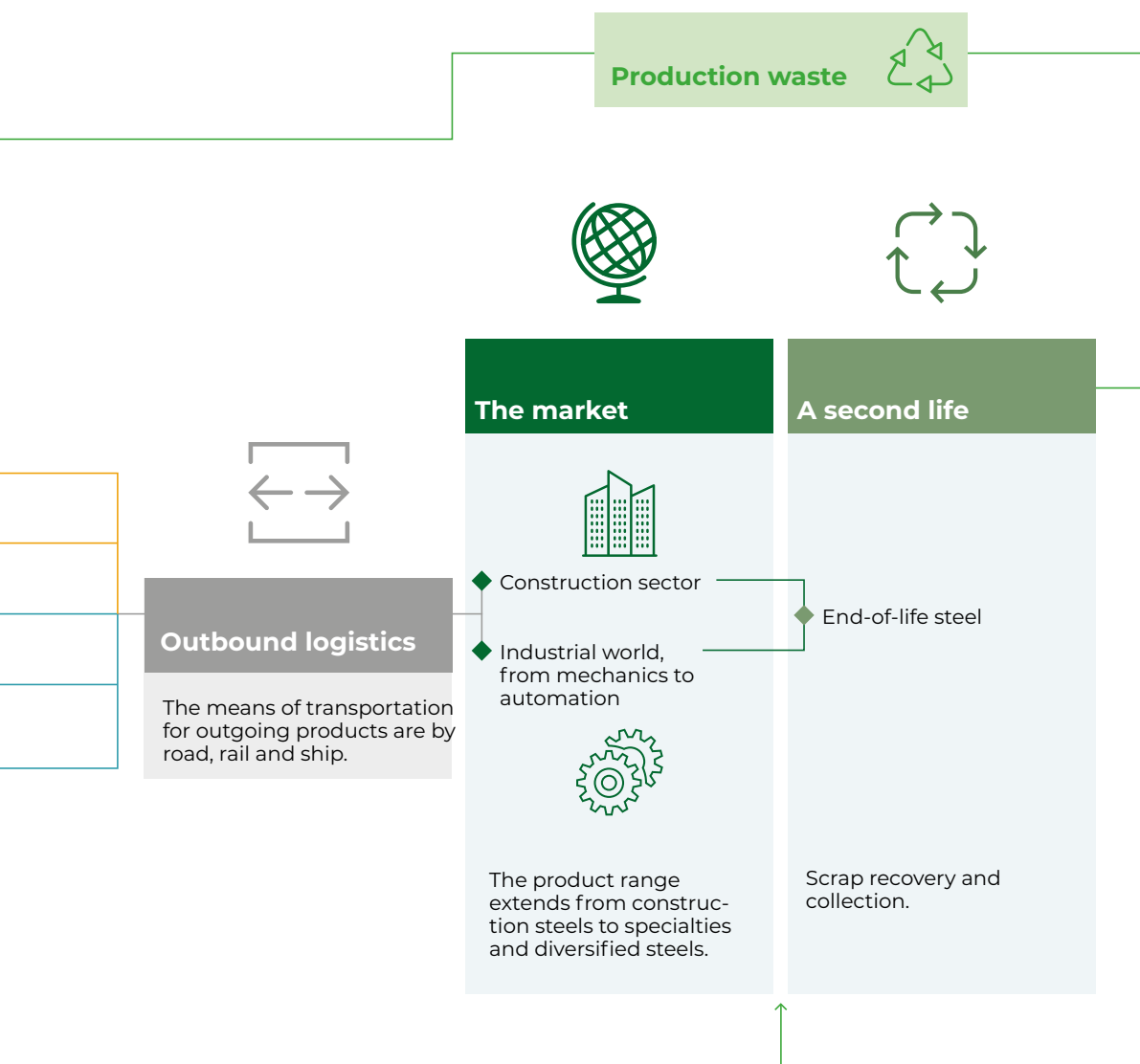
Production is divided into **hot casting and rolling and cold rolling**. **Electric Arc Furnace** technology for melting scrap and turning it into billets is present in the plants of: Feralpi Siderurgica, also equipped with two rolling mills and an outsourced cold transformation department; Acciaierie di Calvisano; ESF Elbe-Stahlwerke Feralpi GmbH, also equipped with a rolling mill and cold transformation and processing department. The Arlenico plant has a heating furnace for hot rolling, while those of Presider, Presider Armatures, Nuova Defim, Feralpi-Praha, Feralpi-Hungaria, the Saexpa Group and P.R. Soldadura are used for cold processing¹.



Actors external to Feralpi Group

Internal workflow Feralpi Group

¹ See the Group Locations map in section 1.1.1 for the geographical location of the plants.



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 waste and by-products of the steel production processes are shipped to Feralpi Group steelworks or to external companies. The choice of logistics is based on market considerations and whether or not there is alternative transport infrastructure to road haulage.

Thanks to **its diversified, integrated structure**, the Group's products and services meet needs at various levels of the supply chains of the construction and infrastructure industries, as well as the mechanical and automotive industries (special and diversified steels).

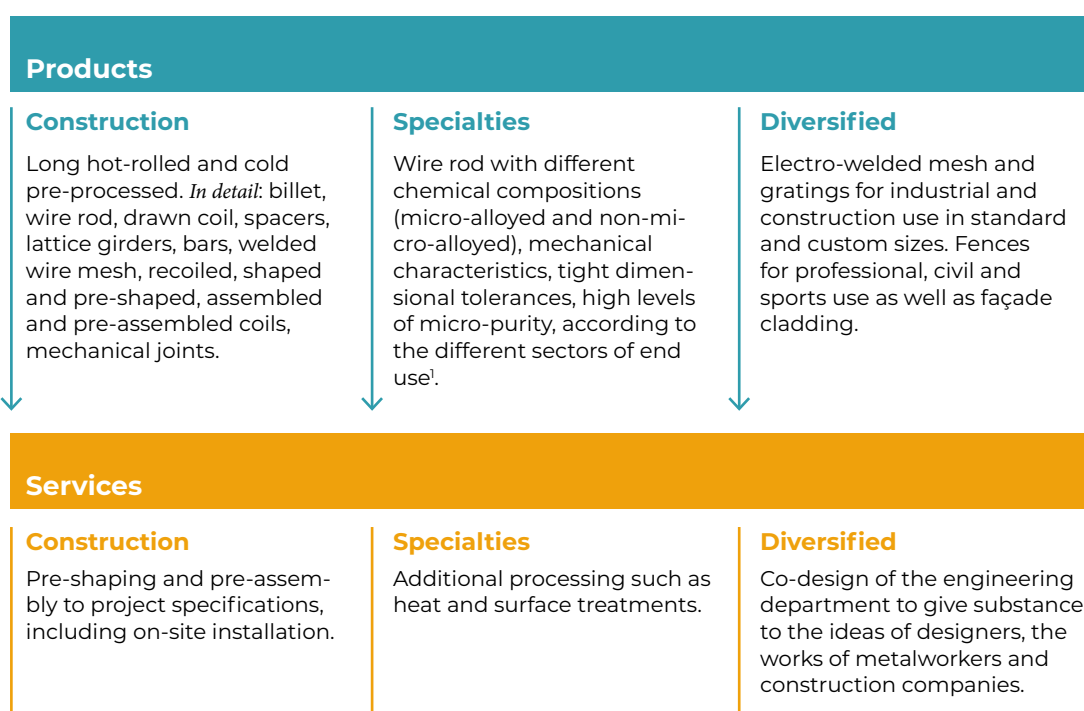
Steel is recovered and reused countless times without losing its properties. Feralpi also contributes to the circular economy through the **transformation of production residues** into materials for the construction of roads, cement products and civil engineering works, and through the **reuse of heat from production processes** to heat buildings in the surrounding community.



External actors and Feralpi Group

Actors external to Feralpi Group

The products



¹ In details: 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.

Customers

Custom construction and machining suppliers	Distributors, processors, installers, original equipment manufacturers and agricultural sector	Automotive, industrial processing and agricultural sector
<ul style="list-style-type: none"> ◆ 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 	<ul style="list-style-type: none"> ◆ 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 	<ul style="list-style-type: none"> ◆ Manufacturers of screws, bolts, ropes, prestressed steel wire, chains, springs, tools, welding wire, etc.

14.3. The identification and management of ESG risks

The last few years have been characterised by a series of **unexpected events** such as the Covid-19 pandemic, the conflict in Ukraine and the resurgence of tensions in the Middle East. This scenario requires companies to deal with an **increasing number of risks** due to external factors, over which they have no control, capable of influencing their operations with unpredictable consequences. The comparison with these types of risks is made even more difficult by their **lack of linearity**. They reflect the constantly changing global situation, materialising and gaining importance quickly and suddenly³.

To this end, as a first step in managing these challenges, in 2020 Feralpi implemented (and subsequently updated) its own **integrated risk management model (Enterprise Risk Management - ERM)** which includes both financial risks and environmental, social and governance (ESG) risks. In 2023, Feralpi made further additions by carrying out its **first assessment of physical and transitional risks related to climate change** to identify its impacts on its strategy and its production and commercial assets.

This section provides the list of identified and updated ESG risks, classified according to the structure of Feralpi's ERM model. An in-depth description of them, together with the method used, can be found in **Section 10 of the Report on Operations**.

³ WEF - The Global Risk Report 2024. In this paper, it is noted that several risks such as biodiversity loss and adverse AI outcomes score low in the two-year ranking while entering the top ten in the ten-year ranking.

Strategic Risks

Deterioration of the global macroeconomic environment	↓ // 🌐 - 🌐 - 🏢
Price fluctuation and shortage of commodities	↓ // 🌐 - 🌐
Energy sector dependence, price fluctuation and supply discontinuity	↓ // 🌐
Transition to a sustainable product	↓ // 🌐
Physical impacts of climate change	↓ // 🌐
Impacts of the energy transition	↓ // 🌐

Operational Risks

Product quality and liability	↓ // 🌐 - 🌐
Computer systems operation and cybersecurity	↓ // 🌐 - 🌐 - 🏢
Pollution from radiation sources and radioactive materials	↓ // 🌐
Waste disposal	🌐
Occupational health and safety	↓ // 🌐
Lack of professionalism and expertise	🌐

Legal and Compliance Risks

Antitrust and business ethics	↓ // 🏢
Compliance with environmental and occupational health and safety regulations	↓ // 🌐 - 🌐
Violation of human rights or discrimination	↓ // 🌐

Planning and Reporting Risks

Financial disclosure and sustainability statement	↓ - 🏢
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↓ Financial Risk; 🌐 Environmental Risk; 🌐 Social Risk; 🏢 Governance Risk

Risks related to human rights in the supply chain do not appear to be highly 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.

14.4. The materiality analysis process

The **dual materiality analysis** is essential to identify the importance of ESG impacts from two different but equally important perspectives:

- ◆ **Impact materiality:** evaluation of the significant negative or positive, actual or potential impacts generated by the Group on the environment, economy and people, including the effects on their human rights, in the short, medium or long term;
- ◆ **Financial materiality:** evaluation of the impacts and dependencies, both in terms of risks and opportunities for the Group, that may influence strategy, financial performance and corporate objectives.

The materiality analysis process for the financial year 2023 was developed on the basis of the experience built up over the last two years and the latest international guidelines with the aim of **moving closer to the method required by the Corporate Sustainability Reporting Directive (CSRD)**. In addition to the GRI reference standard, this was followed, where possible as things stand, by the draft of the **EFRAG guidelines**⁴ “**Implementation guidance for the materiality assessment**” published in October 2023. Through the interpretation of the aforementioned documentation, a **process and a scoring system** was defined and applied, which allowed for the identification, evaluation, aggregation and prioritisation of impacts in material ESG issues. The analysis identified the importance of ESG impacts by assessing the significant negative or positive, current or potential impacts generated by the Group on the environment, the economy and people, including the effects on their human rights, in the short, medium or long term.

Once the priority impacts and consequent material issues were defined, the analysis was further refined in order to move closer to the provisions of the **financial materiality analysis**: for each theme, the weight of a selection of sustainability risks and opportunities with a potential effect on the Group’s strategy and financial performance was assessed. For this assessment, the **ESG risk framework** within the Group and the information provided by the materiality matrices of **SASB**⁵ and **MSCI**⁶ were used.

The results presented below provide a timely and accurate picture of the Group’s impacts (positive and negative) on society, the environment and the economy.

Impact materiality assessment methodology

For the assessment of the **impact materiality**, the materiality determination process consisted of 5 steps:

1. Understanding of the organisation’s internal and external context, through internal document analysis (management system) and institutional economic, sustainability and sector reports;
2. Identification of potential and actual impacts through the involvement of internal and expert stakeholders and analysis of authoritative sources;
3. Evaluation of the significance of impacts;
4. Prioritisation of the most significant impacts for reporting purposes;
5. Definition of the list of material topics.

The assessment was conducted by considering *severity* given by *extent*, *scope* and, if the impact is negative, *impossibility of being remedied*, *likelihood* and *position along the value chain*. This was done through the identification of impacts at site levels with the involvement of the Executives and Managers of the different Group functions. The result was then reviewed and analysed to determine the significance of the identified impacts, rationalise them and group them into themes. External stakeholders were involved through a simpler survey based on the perceived importance of these issues.

⁴ European Financial Reporting Advisory Group

⁵ Sustainability Accounting Standards Board

⁶ Morgan Stanley Capital International

The analysis resulted in a list of material issues, representing the most significant impacts of the Group. As anticipated, once the material issues were defined, a selection of sustainability risks and opportunities with potential effect on the Group's strategy and financial performance was associated with them.

Results













Through the materiality analysis, the Group has identified its impacts on the environment, society and the economy (impact materiality), as well as the sustainability risks/opportunities to which it is exposed. Impacts were aggregated into themes on the basis of their affinity. The results presented in the table provide the title and description of the topic, the main impacts and associated risks/opportunities. The location of impacts along the value chain is also indicated. The results indicate that the most relevant sustainability issues are **Climate change and energy efficiency, Circular economy, waste and use of materials, Creation of shared economic value, and Safety and prevention culture**. More information on how the Group engages in impact mitigation and risks/opportunities is included in the specific sections of this document, also shown in the table. Compared to 2022, the number of material themes increased from twelve to seventeen, with four new themes and the revision of five pre-existing ones. The analysis saw a revision of the themes and the addition of **Nature and biodiversity, Diversity, Equity & Inclusion, Community development** and **Dialogue with the social partners**.

Interests and perceptions of relevant stakeholders

Group policy on stakeholder engagement (**Section 14.5.**) underlines Feralpi's commitment to listening to and actively involving its stakeholders and understanding their positions, concerns and expectations.












During 2023, **external stakeholders** were involved in the materiality analysis process in order to assess the perceived importance of ESG issues. The main objective was to identify both areas of alignment and misalignment in order to establish specific objectives and engagement processes based on the results achieved and the type of stakeholders involved. To this end, they were presented with a list of topics obtained from the internal dual materiality process through a standardised on-line questionnaire and asked to prioritise these topics. Participants also had the opportunity to elaborate on their answers through open-ended questions. The questionnaire was sent to **390 external stakeholders**, representative of the clusters of all Group companies. The response rate of the questionnaire was **41%**, thus confirming the validity of the results obtained.













Feralpi's material topics


Material topic	Description	SDGs	Impacts	Waste type	Risks and opportunities ¹
Climate change and energy efficiency (Section 15.1.) 	Feralpi constantly monitors the negative impact of its production activities on climate change. This impact is mitigated by the energy efficiency of production processes and the reduction of climate-changing emissions through innovative technological solutions and the progressive use of energy from renewable sources, so as to contribute to international targets for the energy transition.	  	GHG emissions from the Group's production activities (Scope 1 and 2) and along the value chain (Scope 3) Reducing emissions through electrification, energy efficiency and use of renewables Slowdown in energy transition due to uncertainties and regulatory gridlock influenced by political pressures and market dynamics	Negative (F, M, V) Positive (F) Potential negative (F, M, V)	Risk: increased costs due to greenhouse gas emissions Opportunities: competitive advantage in the market and the Group's financial position
Circular economy, waste and use of materials (Section 15.2.) 	The Group's activities have a negative impact on the environment from the production of waste and residues. This impact is mitigated through responsible management of these and raw materials, encouraging their recycling and reuse along the value chain, in order to preserve natural resources by preventing further extraction of raw materials and reducing waste generation.	  	Waste and residues from the group's production activities Contribution to the circularity of economic activities through recycling and reuse of waste and residues along the value chain by preventing further extraction of raw materials Increase in waste to be disposed of due to slowdown in the market for by-products/poor market receptivity	Negative (F, M) Positive (F, M, V) Negative (F, V)	Risk: maintenance of management costs and compliance needs of the waste produced Opportunities: opening of new markets interested in by-products generated by the steel process
Management of water resources (Section 15.3.) 	The Group's activities have a negative impact on the availability and quality of water resources for itself and the stakeholders with whom they are shared. This impact is mitigated through responsible use and sustainable management in terms of consumption, use and recovery, also with a view to reducing or eliminating potential negative impacts on aquatic ecosystems.		Consequences on the availability and quality of water resources for the group and the stakeholders with whom they are shared Reducing water consumption through projects and investments to optimise water flows and uses in production cycles	Negative (F) Positive (F)	Risk: possible conflicts with local communities and potential future criticality due to climate change in monetary and operational terms Opportunities: cost reduction and protection from possible penalties due to misuse of water resources
Pollutant emissions (Section 15.4.) 	Feralpi manages pollutant emissions due to its production activities with a view to reducing them, mitigating their negative impact on the environment and people through the containment and abatement actions envisaged by current legislation and permitted by current technological solutions.		Pollutant emissions from the group's steel activity Reduction of emissions through the adoption of new technologies, the use of materials that do not require surface treatment and improved internal handling logistics (pollutant emissions from thermal combustion of vehicles)	Negative (F) Positive (F)	Risk: possible penalties for exceeding the emission limits of the regulations Opportunities: reputational improvement and maintaining a positive relationship with local communities by reducing emissions









Key

(F): Impact regarding Feralpi; (M): Upstream impact; (V): Downstream impact

Material topic	Description	SDGs	Impacts	Waste type	Risks and opportunities ¹
Nature and biodiversity (Section 15.5.) 	Feralpi is aware that its activities have a negative impact on natural ecosystems both in direct terms, due to the expansion of production sites and their proximity to protected areas, and in indirect terms, due to the negative impact on climate change. For mitigation purposes, Feralpi has adopted management systems that take these aspects into account, such as EMAS, and intends to enhance its assessments of these issues.		Increase in waterproofed surfaces due to expansion of sites in previously undeveloped areas resulting in loss of natural areas and biodiversity	Negative (F)	Risk: possible occurrence of tensions with affected stakeholders and reputational damage Opportunities: opportunities to rehabilitate brownfield sites and improve relationships and partnerships with local communities and environmental organisations
			Deterioration of natural ecosystems and biodiversity, e.g. due to air and noise pollution from production activities	Negative (F)	
Development and empowerment of individuals (Section 16.1.) 	Feralpi's ability to enhance professional figures through the continuous development of their skills in order to increase opportunities for professional growth and enhance their value, to encourage alignment with corporate objectives and prevent talent drain.		Enhancement of professional figures through the continuous development of their skills, thus increasing opportunities for professional growth and favouring permanence in the company	Positive (F)	Risk: deterioration of employee retention and the ability to attract new talent in case of inadequate development of professionals and lack of attention to their well-being Opportunities: improved productivity, internal organisational skills and talent attraction through growth opportunities and guaranteed work-life balance
			Resignation of highly professional staff in cases of economic and organisational mismatch between roles performed and officially recognised roles	Potential negative (F)	
			Impediment to the professional growth of individuals resulting in a reduction of the company's ability to attract talent and an increase in turnover with the loss of company values that are formed with a solid and lasting team	Potential negative (F)	
					
Well-being, health and quality of life (Section 16.3.) 	Feralpi constantly strives to improve the well-being of its people, by implementing policies and projects aimed at encouraging healthy lifestyles, ensuring a work-life balance, and creating suitable working spaces and environments, seeking to mitigate any burnout caused by workloads.		Worker burnout caused by excessive workload	Negative (F)	
			Improving the health and well-being of employees through policies and projects aimed at encouraging healthy lifestyles and the promotion of screening initiatives and dissemination of a culture of prevention and early diagnosis	Positive (F)	
			Improving the well-being of employees through policies that foster work-life balance by allowing more time with families through the promotion of territorial welfare	Positive (F)	

Material topic	Description	SDGs	Impacts	Waste type	Risks and opportunities ¹
Safety and prevention culture (Section 16.2.) 	To mitigate its negative impact on workers' health and safety, Feralpi implements and maintains certified systems for managing employees and contractors, infrastructure and machinery. Training and prevention activities are also carried out to make staff aware of the importance of safety and prepare them for emergency situations. Environments and facilities are subject to improvement activities through adaptation to best available technologies.	 	Risk of occupational accidents and injuries inherent to the nature of the business, with consequent impact on workers' health and well-being	Negative (F, M)	Risk: reputational loss and the occurrence of possible criminal proceedings Opportunities: improving relations with workers' representative associations
			Reducing the risk of accidents through occupational safety training and prevention activities and the adoption of certified safety management systems	Positive (F, M)	
			Reducing the risk of accidents by improving the safety levels of environments and facilities with adaptation to best available technologies	Positive (F, M)	
Diversity, Equity & Inclusion (Section 16.4.) 	Feralpi is committed to recognising the diversity of its people, so that there is no unequal treatment and that different perspectives can act as a stimulus to innovation and team spirit, enhancing well-being and a sense of belonging and thus promoting a more inclusive, attractive and productive working environment.	  	Stimulation of innovation and team spirit with positive economic repercussions due to different perspectives, increased well-being and sense of belonging, promotion of a more inclusive and productive working environment.	Positive (F)	Risk: deterioration of employee retention and the ability to attract new talent if diversity is not recognised Opportunities: improvements in productivity and staff satisfaction through the enhancement of different perspectives
			Increased talent retention and attractiveness	Positive (F)	
Human rights and responsibilities along the supply chain (Section 16.5.2.) 	Through its code of ethics and the adoption of policies shared with its suppliers, Feralpi contributes to the dissemination of sustainable practices along its supply chain, seeking to prevent human rights violations from occurring and implementing any mitigation measures.	   	Difficulties in moving the environmental and social transition through the entire value chain due to different speeds of implementation between its components, different needs and lack of sharing	Potential negative (F, M, V)	Risk: reputational damage and sanctions due to human rights violations along the supply chain Opportunities: improved supply chain resilience through the dissemination and sharing of practices aimed at achieving climate, environmental and social objectives
			Lack of opportunity to influence the supply chain on sustainable practices, contributing to the maintenance of activities that impact on the environment and society	Potential negative (F, M, V)	
			Increased awareness and knowledge of impacts along the value chain in suppliers and increased opportunities for partnerships with sustainability as well as commercial targets through supplier engagement activities	Positive (F)	

Material topic	Description	SDGs	Impacts	Waste type	Risks and opportunities ¹
Community development (Section 16.6.) 	Through its activities and by choosing local suppliers, Feralpi contributes directly and indirectly to the economic development of the communities in which it operates, guaranteeing local employment and economic well-being. It also contributes to their socio-cultural development by supporting associations, organisations and educational institutions in the areas.		Contribution to local socio-cultural development by supporting associations, organisations and educational institutions in the relevant area	Positive (F, M, V)	Risk: reputational damage due to tensions with local communities Opportunities: improving relations with local communities by supporting their development
			Contribution to local economic development by contributing to the employment and economic well-being of the territories through the choice of local suppliers	Positive (F, M, V)	
			Increased tensions in local communities caused by company choices and activities	Potential negative (F, M, V)	
Dialogue with the social partners (Section 16.5.1.) 	Feralpi operates by developing open and constant dialogue with the social partners in order to improve workers' working and wage conditions and ensure compliance with contractual terms.		Improvement of workers' working and wage conditions through relations with trade union representatives	Positive (F)	Risk: possible impacts on the Group's business continuity caused by conflictual relations with social partners Opportunities: improving relations with all social partners and maintaining the social licence to operate
			Solid image for all stakeholders through adequate salaries and adherence to contractual terms	Positive (F, M, V)	
Product and service quality (Section 17.4.) 	Feralpi's ability to have a positive impact on society and the environment by guaranteeing high quality standards in terms of the product and service offered. By avoiding possible negative impacts on customers, the company is able to develop relationships of trust with them, targeted at loyalty and satisfaction with the service rendered and not just the product sold.		Development of relationships of trust with customers through the guarantee of high product/service quality standards and customer care	Positive (F, V)	Risk: deterioration of customer relations due to substandard products Opportunities: building long-lasting relationships through products that meet their needs in terms of quality and sustainability
			Certification of the product's level of sustainability through environmental footprint certification (EPD) and carbon footprint certification (CFP)	Positive (F, V)	
			Loss of skills and performance resulting in a decrease in production efficiencies and consequent deterioration of customer relations and disservice to the users of the works realised due to both the lengthening of construction time and the impossibility of full utilisation (e.g. tunnels, bridges, viaducts, etc.)	Potential negative (F, V)	
Creation of economic and financial value (Section 8) 	Feralpi operates in compliance with current regulations to ensure the creation of economic value, contributing to the economic growth of the regions and countries in which it operates, through its production activities and investments that benefit society and the environment as a whole.		Creation of job opportunities along the entire steel value chain and contribution to overall economic growth	Positive (F, M, V)	Risk: cost increases due to rapid energy transition imposed by regulators Opportunities: strengthening market demand by contributing to the overall economic growth of the countries in which the Group operates
			Group investments in community projects and initiatives that improve the quality of life in the surrounding areas	Positive (F, M, V)	
			Effects of an excessively rapid energy transition in terms of rising energy costs and collapsing profitability.	Potential negative (F, M, V)	

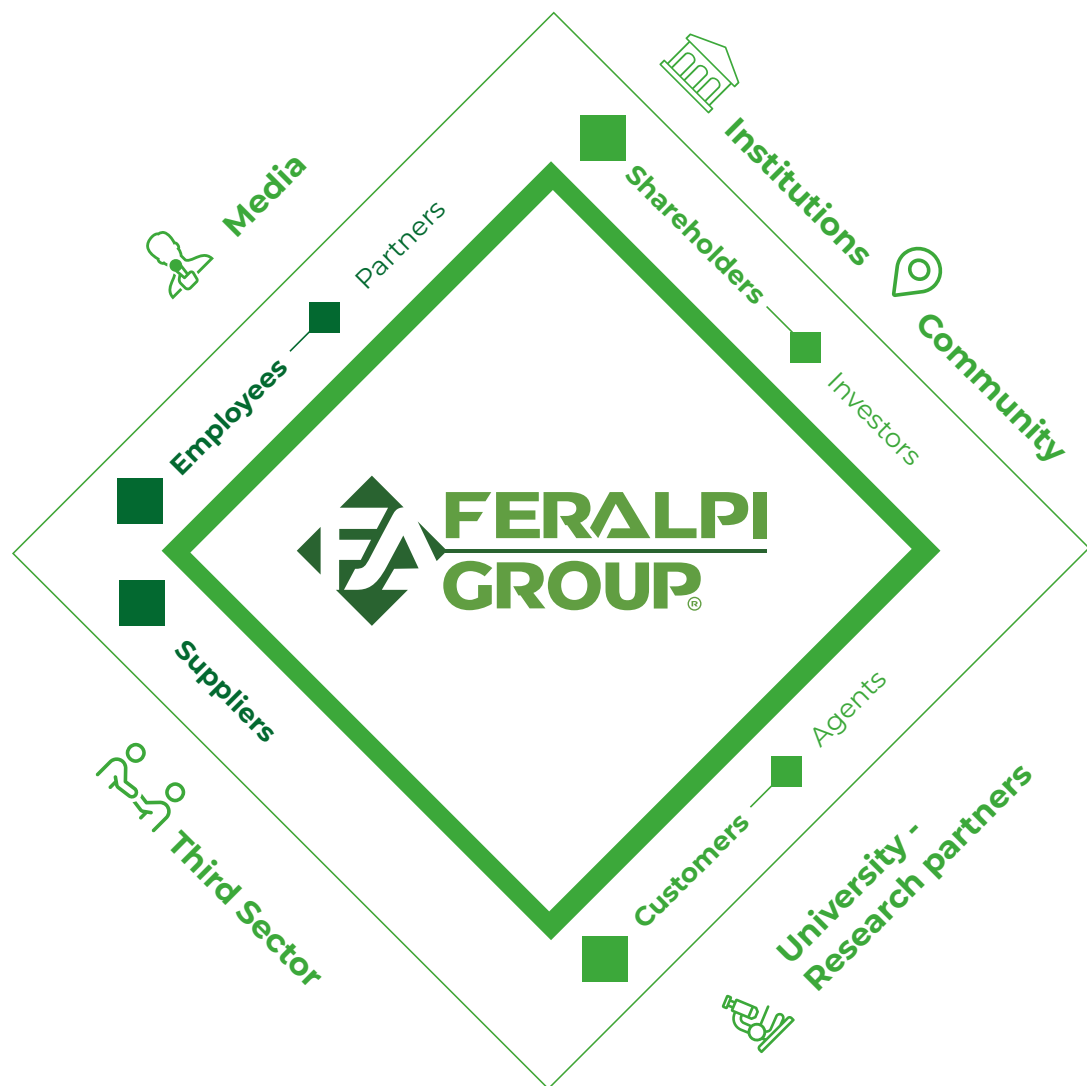
Material topic	Description	SDGs	Impacts	Waste type	Risks and opportunities ¹
Integrity of governance and transparency of business (Section 17.) 	Ability of the company to bring a positive impact throughout the value chain and towards its stakeholders by managing its business and governance in a correct, ethical and integral manner in terms of regulatory compliance (from antitrust to corruption), internal management and reporting in a transparent and honest manner.	 	Dissemination of principles of good governance, ethics, integrity and quality information along the value chain regarding corporate performance, certified by third-party regulatory compliance bodies	Positive (F, M, V)	Risk: reputational damage and possible sanctions due to antitrust violations or possible misconduct in breach of the principles of ethical governance and integrity. Opportunities: contribution to the creation of more resilient value chains and improved reputation through proper communication with stakeholders
			Optimisation of processes and governance through structured and controlled procedures complying with international information technology regulations and guidelines	Positive (F, M, V)	
			Risk that incorrect internal communication prevents correct external communication	Potential negative (F, M, V)	
Business evolution (Sec. 3, Sec. 14, Sec. 15.1, Sec. 15.7.) 	Through its vision and the continuous updating of its organisational processes, Feralpi is able to adapt to changes and risks related to sustainable development, new technologies and geopolitical tensions, in order to avoid or limit potential negative impacts on stakeholders along the entire value chain.	 	Absence of authoritative and shared “green steel” certification markets and standards	Negative (F, M, V)	Risk: changes in market dynamics due to changing and evolving customer needs with regard to ESG issues Opportunities: competitive advantage due to a leading position in the production of products that satisfy customers in terms of both quality and sustainability aspects
			Preserving business continuity and the ability to remain competitive by using the latest available technologies and R&D	Positive (F)	
			Need to adapt the company's business model to a low-carbon, environmentally sustainable and fair economy in an uncertain and unfair global regulatory environment that creates disadvantages compared to other competitors	Potential negative (F, M, V)	
Digital and technological innovation and cybersecurity (Section 17.3.) 	Feralpi's ability to create innovation through planned research activities, the development of new technologies and the promotion of digitalisation helps to have a positive impact on the environment, climate and society through technologies that enable the safe production of environmentally sustainable and low-carbon products, while ensuring the protection of sensitive data.		Heightened cybersecurity risks due to increased digitalisation of internal processes and activities, leading to plant malfunctions and possible accidents	Negative (F)	Risk: possible business continuity impacts in the event of the occurrence of cyber attacks Opportunities: productivity improvements through digitalising procedures and improving staff awareness of cybersecurity risks
			Development of staff skills due to the adoption of innovative working tools and improvement of working procedures and conditions	Positive (F)	
			Need for further digitalisation of processes due to deteriorating employee well-being caused by excessive manual work due to increased demands from the Group and external stakeholders	Negative (F)	

¹ This column presents a number of risks and opportunities as examples.

14.5. The relationship with stakeholders

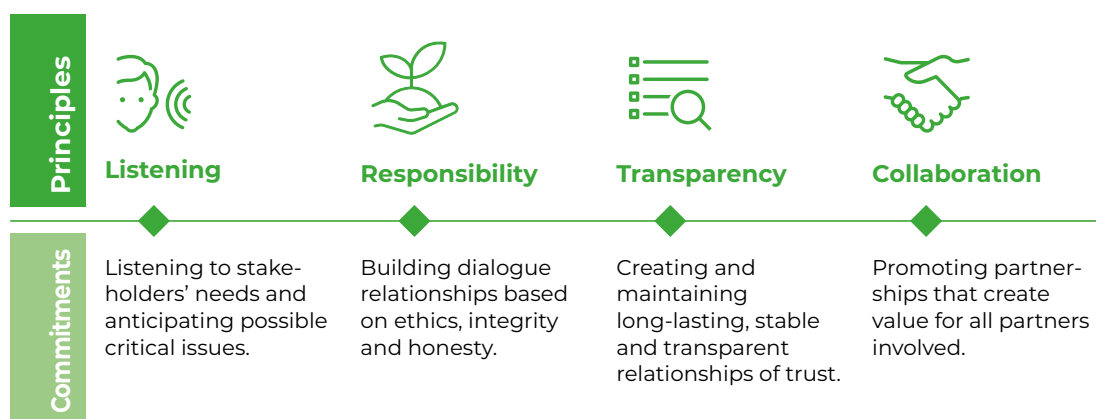
Feralpi Group operates with the conviction that collaboration with its stakeholders - both internal and external - is fundamental to building lasting relationships and ensuring a positive impact on people and the environment. Thanks to the strength of its stakeholder network, consisting of organisations and individuals united by the objective of promoting positive growth, Feralpi has succeeded over the years in making tangible contributions to sustainable development. In 2023, both through the **"Sustainable Dialogues"** network and with specific listening and feedback channels aimed at certain stakeholder categories, engagement activities continued with the aim of better understanding needs and strengthening dialogue and collaboration.

Relationship with stakeholders



The **Group “Stakeholder Management” policy** aims to define and frame the group's relations with its stakeholders in the activities and operations in which they are involved. The entire Group structure is responsible for stakeholder engagement initiatives. Feralpi's Communication and Sustainability Department acts as a link and coordinator.

Group “Stakeholder Management” policy



14.5.1. Internal Stakeholder Engagement

2023 saw the continuation of the project **“From Listening to Dialogue to Action”** with the launch of the ninth edition of the **Company climate survey** which involved plants in Italy, Germany, the Czech Republic and France with a **participation rate of 66%**. The survey, characterised by a socio-cultural approach, focused on surveying the level of satisfaction with work and the environment in which people work, the employees' sense of involvement, “commitment” and belonging, the perception of Feralpi Group's commitment on various macro-issues including environmental dynamics, well-being linked to the fulfilment of people's expectations, and the perception of listening in various areas, including welfare, health and safety. Specific elements of satisfaction with aspects of logistics and the physical working environment (specific and common spaces, canteen, etc.) are also surveyed.

An analysis of the results of the 2023 Survey through the ESG lens reveals:

- ◆ a high level of internal awareness of the Group's commitment to environmental sustainability;
- ◆ good recognition of aspects of inclusion;
- ◆ significant consideration of the importance of its role in order to achieve the company's sustainability goals.

Following the Survey, the Group set up a series of internal workshops to share results with the management and executives to implement an initial action plan to be developed during 2024, with active input from Plant Managers, the HR Department, the Communication and Sustainability Department, the Head of the Prevention and Protection Service and medical staff.

14.5.2. External Stakeholder Engagement

As is customary, an update of the **mapping of external stakeholders** was carried out in 2023, and extended also to the German scope. The aim of this operation is to keep the alignment of the company's strategy with the reference context current and effective. Subsequently, the usual annual engagement process was held to collect the **perceptions of stakeholders** on issues relevant to the materiality analysis (**section 14.4.**). The initiative aims to identify the most relevant and prioritised issues in order to focus attention on the critical success factors for defining a sustainability strategy based on the most relevant issues for the Group and its stakeholders.

In the same year, Feralpi Group participated in the tenth edition of **Made in steel**, the international Conference & Exhibition dedicated to the steel industry, which was attended by over 300 companies from more than 20 countries and over 18 thousand visitors, at **FUTURA EXPO**, an event where companies and citizens meet to talk about sustainability, technology and innovation through workshops, seminars, training and entertainment. Finally, in October Feralpi participated in the tenth edition of the **CSR and Social Innovation Show** where issues concerning governance in ESG terms and DE&I commitment were addressed. In Riesa, FERALPI STAHL organised the 7th **"Bella Gröba" Festival**, a family festival for the local community of Gröba, in Riesa, which Feralpi promoted for the first time in 2016 and which is attended each year by around 3,000 visitors.

Between June and September 2023, the **new Presider plant in Nave (BS)** for the processing of steels for infrastructure projects and the **warehouse for scrap preparation in Riesa** were unveiled. Both events were an opportunity to engage the relevant stakeholders of the two companies and share thoughts on economic, environmental and social issues.



14.5.3. Scrap Suppliers Dialogue

In 2023, at the Lonato del Garda (BS) site, a further meeting of the **“Scrap Suppliers Dialogue”** was held: opportunities for sharing, training and dialogue that saw the involvement, starting in 2022, of 20 brokerage companies and direct scrap suppliers, with the aim of making sustainability a standard in procurement processes, in order to reduce ESG risks and identify opportunities for improvement. Involving suppliers in sustainability strategies is intended not only to contribute to a reduction in reputational risks, but above all to help trigger a virtuous circle that takes on even greater value when applied to strategic supply chains such as those of ferrous scrap. The meetings dealt with topics that are fundamental for the resilience and competitiveness of the supply chain: human rights, labour, environmental protection and anti-corruption are all elements that characterise a truly sustainable supply chain. The proposed EU Directive on Due Diligence along the supply chain was also discussed. The events will continue in 2024 with the aim of increasing the number of suppliers involved.



	Trade associations	Technical associations	Sustainability associations
Italy	<p>AIDAF > Italian Association of Family Businesses</p> <p>Confindustria Brescia > Industrial Association of Brescia</p> <p>A.N.SAG. > National Association of Steel Shapers for C.A.</p> <p>Assogrigliati > National association among Italian manufacturers of electrowelded and pressed gratings made of steel and metal alloys</p> <p>Eurofer > European Steel Association</p> <p>Federacciai > Industry federation</p> <p>Federmeccanica > Trade union federation</p> <p>Ramet > Consortium for environmental research for metallurgy</p>	<p>AIM > Italian metallurgy association</p> <p>ESTEP > European Steel Technology Platform</p> <p>Fondazione Csr > National study centre for corporate risk control and management</p> <p>ISFOR > Training organisation promoted by Confindustria Brescia</p> <p>Riconversider > Federacciai consultancy firm that deals with business organisation, technological innovation and financial management</p> <p>UNSIDER > Italian steel standards unification body for promoting the knowledge of national (UNI) and international (CEN and ISO) standards</p>	<p>Global Compact of the United Nations (UNCC) > 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)</p> <p>Sustainability Makers > Professional network of Fondazione Sodalitas and Fondazione Symbola, organisations committed to the promotion and enhancement of corporate sustainability</p> <p>Associazione Fabbrica Intelligente Lombardia > A technology cluster for advanced manufacturing in the Lombardy Region that brings together companies, research centres, universities and industrial associations</p> <p>Cluster Nazionale Fabbrica Intelligente (CIF) > Association with the aim of implementing a strategy based on research and innovation for the competitiveness of Italian manufacturing</p> <p>Associazione Infrastrutture Sostenibili (AIS) > Association with the aim of fostering the dissemination of a culture of sustainability and awareness of the value of having sustainable infrastructures</p> <p>Associazione Cluster Lombardo della Mobilità > System providing services for research project development, innovation, internationalisation and access to public funding opportunities</p> <p>Green Economy Observatory of the GREEN Research Centre - Bocconi University > Platform for research and trend analysis of the Green and Circular Economy</p> <p>SYMBOLA > Foundation for Italian Qualities</p> <p>SODALITAS > Foundation dedicated to the promotion of Corporate Sustainability</p>

	Trade associations	Technical associations	Sustainability associations
Germany	<p>Regional Chamber of Commerce and Industry in Dresden</p> <p>SachsenMetall, Unternehmensverband der Metall- und Elektroindustrie Sachsen e. V. > Association representing employers in the metal and electrical industry in Saxony</p> <p>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</p> <p>EWI, Energie- und Wasserstoffallianz im Industriebogen Meißen > Association of the Meißen industrial region dealing with the availability of energy and hydrogen for the region</p> <p>Industrieverein Sachsen 1828 e.V., Chemnitz > Regional association of businesses of Saxony</p> <p>Vereinigtes Wirtschaftsforum Riesa > Local economic association</p> <p>Wirtschaftsvereinigung Stahl > German steel industry federation</p>	<p>BDSV, Bundesvereinigung Deutscher Stahlrecycling- und Entsorgungsunternehmen e. V., Düsseldorf > German business union for steel recovery and disposal</p> <p>ESN, Entsorgungsgemeinschaft der Deutschen Stahl- und NE-Metall- Recycling-Wirtschaft e.V., Düsseldorf > German national association for the recycling of steel and non-ferrous material</p> <p>ESTEP > European Steel Technology Platform</p> <p>FEhS, Institut für Baustoff-Forschung e.V., Duisburg > Building materials research institute, focusing mainly on the reuse and recovery of slag</p> <p>Sächsischer Hafen- und Verkehrsverein e.V., Dresden > Association for the management of harbours in the region of Saxony</p>	<p>Klimaschutzunternehmen e.V. > Initiative of the German Federal Environment Ministry exclusively for companies committed to climate and environmental protection</p>



15. Environmental information

15.1. Climate transition plan	80
15.1.1. Mitigation objectives	82
15.1.2. The levers of decarbonisation	83
15.1.3. Feralpi Power On	84
15.1.4. Energy efficiency measures and reduction of greenhouse gas emissions	84
15.2. Circularity and zero-waste: material and energy management and enhancement	87
15.2.1. Measures to improve circularity	88
15.3. Management of water resources	93
15.3.1. The present and future hydrological context	94
15.3.2. Soil and groundwater protection	95
15.4. Atmospheric emissions	95
15.5. Biodiversity	95
15.6. Transport and sustainable mobility	97
15.7. Product environmental sustainability and the changing market environment	97
15.8. The European Taxonomy (EU Reg. 2020/852)	98
15.8.1. Eligibility analysis	99
15.8.2. Alignment analysis	99

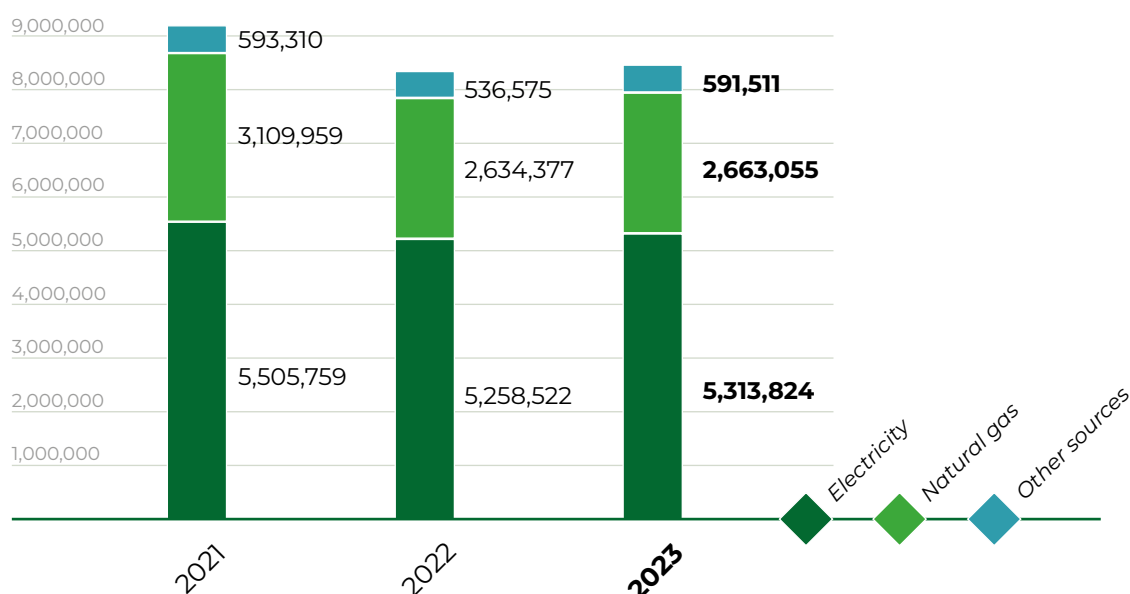
15.1. Climate transition plan

The **steel sector** generates a significant impact on climate, contributing about **8%⁷ of global emissions**. It is considered as a **“hard-to-abate” sector**, i.e. a sector where it is extremely difficult to reduce greenhouse gas emissions due to complex production processes that require high amounts of energy at high temperatures. Finally, the steel sector requires large long-term investments, which implies that many of the emissions generated today are defined as **“locked-in”** making them difficult to avoid in the short term due to existing infrastructures that take time to replace or upgrade.

Feralpi's production process, based on **electric arc furnace (EAF)** and **ferrous scrap** as primary material, has an **approximately three times less impact** than the more common full-cycle process with blast furnace and iron ore, which accounts for the bulk of steel production worldwide. Feralpi Group is aware of its impact on the climate, which occurs at different stages of the value chain. Greenhouse gas emissions, both **direct (Scope 1)** and from **energy purchases (Scope 2)** of Feralpi derive mainly from the steel melting and rolling process. For Scope 1 emissions, the main source is **methane gas** used in the billet heating furnaces entering the Group's own rolling mills, while Scope 2 emissions are generated by the **electricity** required for the scrap melting process with the electric arc furnace and, to a lesser extent, other production processes.

In 2023, energy consumption **increased by 1.65% compared to 2022, in line with the change in the production mix among the Group's locations**, while they decreased by 6.96% compared to 2021.

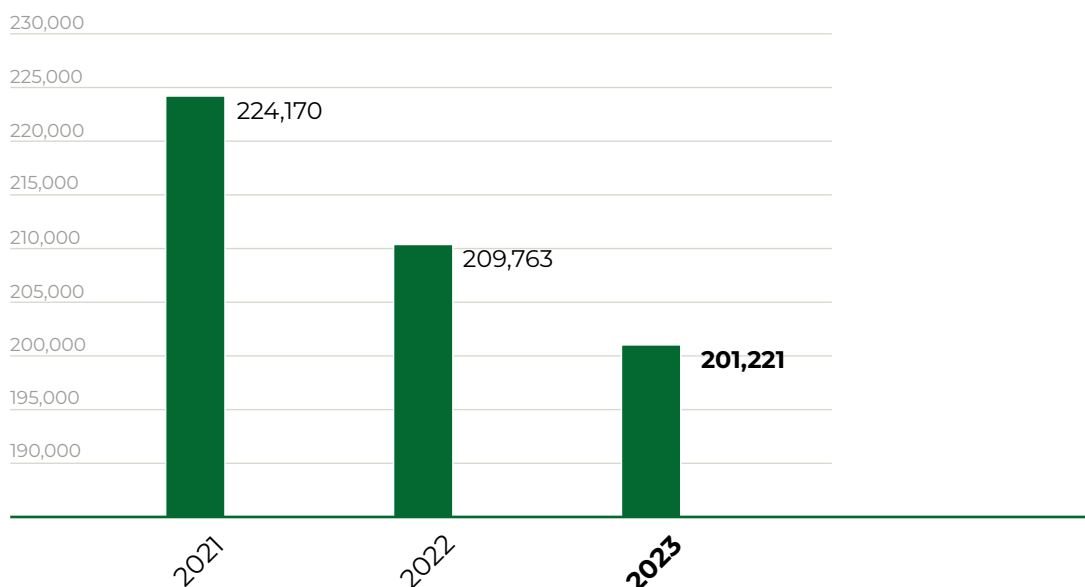
Use of energy by source in GJ



As regards greenhouse gas emissions, **direct emissions (Scope 1) show a progressive decrease, decreasing by 4.1% compared to 2022** and by 10.2% compared to 2021. This decrease is largely due to the electrification of the heating furnace at Lonato Mill 1 and, to a more marginal extent, the reduction in steel production in 2023.

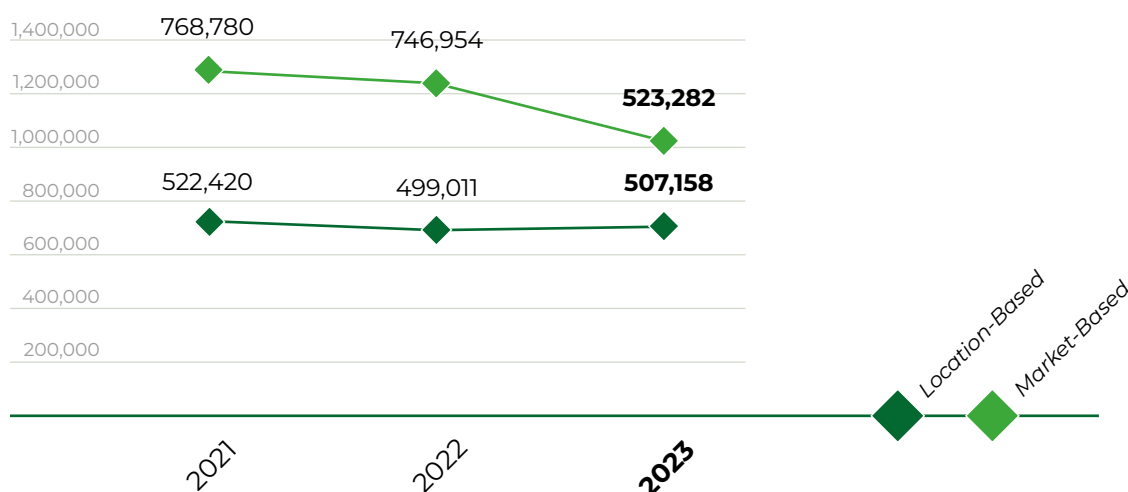
⁷ International Energy Agency (IEA) - <https://www.iea.org/energy-system/industry/steel>

Direct greenhouse gas emissions (GHG) (Scope 1: tCO₂eq)



Regarding **indirect emissions from energy purchase (Scope 2)**, calculated according to **the Location-based methodology**, they show an increase of 1.6% from 499,011 tCO₂eq in 2022 to 507,158 tCO₂eq in 2023. **When calculated according to the Market-based methodology, emissions decreased by 29.9%** from 746,954 tCO₂eq in 2022 to 523,282 tCO₂eq in 2023. This reduction was possible thanks to the acquisition of certified renewable electricity through the purchase of Guarantee of Origin (GdO) certificates. This form of energy is composed of an assortment of renewable sources, including solar, wind and hydroelectric.

Indirect greenhouse gas emissions (GHG) resulting from electricity use (Scope 2)



Feralpi's emissions depend not only on its own activities, but also on those **of the value chain (Scope 3 emissions)**. In 2023, the Group performed a detailed analysis to define the full profile of Scope 3 emissions based on the year 2022. In particular, most emissions come from the supply of raw materials such as scrap, lime and ferro-alloys. This is followed by emissions from the end-of-life phase of the product and those related to transport (upstream and downstream). Other relevant emissions concern those associated with waste disposal and those generated during the processing of billet and wire rod outside the Group's scope (i.e. customers).

The Scope 3 categories in the appendix of this report are consistent with those in previous years' reports. The Group is actively working to integrate the categories not yet included in the reporting system.

The **emission intensity** given by the Scope 1 and Scope 2 emissions (location-based methodology) of the finished product relating to **hot processing** is equal to **0.30 tCO₂/t** of finished product for 2023, in line with the previous two years.

Reducing greenhouse gas emissions in the sectors in which Feralpi operates is crucial to mitigating the impacts of climate change, which is why it believes that only through a proactive strategy characterised by **important direct actions** can it demonstrate its commitment and responsibility, as well as **stimulate other players to change**. Feralpi Group argues that the climate objectives of the Paris Agreement can only be achieved through synergistic action between companies along the value chains, the involvement of national and supranational governments and relevant players in the fight against climate change.

In response to this responsibility and to European regulatory developments and international agreements, in 2023 Feralpi Group developed a **climate transition plan** which takes the form of the definition, implementation and management of practices and processes, as well as investments in technological and process projects aimed at reducing Scope 1 and Scope 2 greenhouse gas emissions (**Section 15.1.4.**). At the same time, Feralpi is committed to working with supply chain players to reduce relevant indirect emissions from the supply chain and transport, including the materials needed to produce the Group's steel and products (Scope 3).

15.1.1. Mitigation objectives

In 2023, the Group completed activities to establish its greenhouse gas emission reduction targets, a key step in the development of the transition plan. This process involves a comprehensive analysis of its emissions and the setting of ambitious and realistic targets based on scientific criteria and industry practices.

Feralpi has divided the climate transition plan into two time horizons, short and long term, with the aim of helping to limit the global temperature increase to within 1.5°C:

Short-term objectives (2030):

- ◆ Reduction of Scope 1 and 2 emissions intensity (in relation to tonnes of hot-rolled steel produced) by 50% compared to base year 2022.
- ◆ Reduction of absolute Scope 3 emissions by 25% compared to base year 2022.

Long-term objectives (2050):

- ◆ Achieving the Net-Zero target, through the definition of a decarbonisation strategy based on long-term objectives and the neutralisation of residual emissions, is a considerable challenge that Feralpi has decided to undertake. The possibility of Feralpi achieving its objectives will depend on being able to establish solid partnerships with suppliers to act on the supply chain. In addition, national and European government policies and subsidy programmes to promote the development of innovative low or zero carbon technologies will play a crucial role.

In September 2023, Feralpi signed the **Commitment Letter** with the initiative **Science-based Targets (SBTi)**, an organisation that independently assesses and approves the corporate greenhouse gas targets, ensuring their alignment with the objectives of the Paris Agreement. The SBTi guidelines for the steel sector published in July 2023 were followed in defining its targets. Feralpi expects to have its targets approved by the first half of 2024. The approval status can be consulted at www.sciencebasedtargets.org. These targets are linked to the Group's overall sustainability plan and the climate KPIs reported in the Scorecard (**Section 14.1.**).

15.1.2. The levers of decarbonisation

At the same time, in 2023 the Group worked with strategic partners with expertise in the steel industry and climate transition plans to develop an **action plan** to achieve the targets set. In addition to measuring its own emissions, the Group carried out a detailed analysis of its current and prospective energy consumption profile based on the business plan. This led to the identification, evaluation and prioritisation of the **technological and system levers** available to reduce greenhouse gas emissions. The solutions identified will include:

Scope 1

- ◆ **Use of green fuels (biomethane and H₂):** replacement of natural gas in the (non-electrified) heating furnaces with biomethane for the Lonato and Arlenico sites through participation in the “Green Metals” consortium and with hydrogen (H₂) for the Riesa site considering future developments of the hydrogen distribution network pipeline.
- ◆ **Electrification and other energy efficiency measures:** replacement of gas furnaces with induction furnaces at the Lonato and Riesa sites, combined with energy efficiency measures aimed at operational excellence, which encompasses the multiple effects of individual initiatives.

Scope 2

- ◆ **Self-production from renewables:** implementation of investments for renewable energy production in Italy (solar) and Germany (wind and limited solar), including through the activities of Feralpi Group company Power On⁸.
- ◆ **Power Purchase Agreements (PPAs):** purchase of electricity through a contract linked to a specific renewable energy plant, with a defined quantity and price formula.
- ◆ **Guarantees of Origin (GdO):** purchase of certificates to be used to certify the consumption of green electricity as a complement to PPAs.
- ◆ **Decarbonisation of the national electricity grid:** electricity supply from market/grid, whose carbon intensity is decreasing over time due to the decarbonisation of the national grid mix.

The Transition Plan is based on both industrial and state collaborations. The Group has joined the **Green Metals** project, which aims to decarbonise the steel industry in the province of Brescia through the construction and reconversion of plants for the production of biomethane. For biomethane, a register on Guarantees of Origin is already available and the Group is currently examining the economic benefit of using this instrument.

On the German side, in 2022 FERALPI STAHL joined the **Alliance for Energy and Hydrogen in the Meissen Industrial Area (EWI)**, with the aim of making hydrogen usable as an energy carrier to replace methane.

The Group believes that to achieve decarbonisation targets, the adoption of new technologies with low or zero greenhouse gas emissions must accelerate globally. Therefore, Feralpi engages in **Research and Development** to contribute its own skills and know-how to the development of alternative technologies and processes (**Section 5 of the Report on Operations**).

Physical and transitional climate risks

In addressing the climate transition, Feralpi Group is committed to assessing and mitigating the risks associated with the path described above. An in-depth description of these risks is presented in **Section 10 of the Report on Operations**.

⁸ For more details see the section on Feralpi Power On (Section 15.1.3.) and Section 4 “Strategy and investments of Feralpi Group”

15.1.3. Feralpi Power On

Feralpi Power On is the Group's company dedicated to renewable energy projects. Its goal is to cover, through self-generation of energy from photovoltaic and, to a lesser extent, wind power plants, 20% (200 MW) of the current energy needs of the Group's companies by 2027.

In 2023, the pipeline of projects confirming the company's commitment in Italy was consolidated and the search for opportunities in Germany was started. The signing of commitments for the authorisation of the construction of a 100 MW photovoltaic plant in Sardinia was successfully completed. This project falls into the category of **agrovoltaic plants**. This means that the area for the installation of the solar panels will be integrated with the existing pastoral activities, thus allowing them to continue.

In the meantime, the authorisation processes for other photovoltaic plants in the country continued. In 2024, a pipeline of photovoltaic projects totalling about 10 MW located in central and northern Italy is expected to be acquired. Construction sites will be opened throughout the year as the authorisations are consolidated.

The second part of 2023 was marked by the need to deal with the emergency damage caused by the extreme hail events that occurred in July of that year in the province of Brescia, which severely compromised the photovoltaic plants at the Lonato site.

The company complies with the Group's Code of Ethics and policies, implementing careful analysis processes in the selection of business partners involved along the entire value chain related to self-production. Feralpi has, in addition, instructed external partners to carry out checks on these business partners to verify the presence of any pending criminal proceedings or judgements that have become final, as well as any proximity to criminal organisations, in order to reduce the risk of project failure and damage to the Group's reputation. Due diligence is also performed in cooperation with legal and technical professionals of international standing.

With regard to the focus on sustainability of technological supplies, for project components (modules, inverters) the possession of product carbon footprint certifications is required and, where possible, suppliers registered as Benefit Companies.

Photovoltaic initiatives approved and in conclusion

		Completion of work	Power (MW)	Type	Number of modules
Feralpi Siderurgica	Lonato	April 2023	2.94	Roof-mounted	7,338
Acciaierie di Calvisano	Calvisano	July 2024	4.24	Roof-mounted + ground-based	7,126
Presider	Nave	May 2023	1.07	Roof-mounted	2,527
Nuova Defim	Anzano	August 2023	0.45	Roof-mounted	1,124

15.1.4. Energy efficiency and greenhouse gas emission reduction measures

Feralpi annually adopts new energy efficiency measures, reducing the use of fossil fuels and increasing energy from renewable sources in order to reduce greenhouse gas emissions resulting from its production and transport processes.

In 2023, at the site of **Feralpi Siderurgica** in Lonato del Garda, extraordinary revamping work was carried out on two important production areas: continuous casting and Rolling Mill 1. The main operation was the replacement of the natural gas billet heating furnace with electric furnaces so that the continuous casting is directly connected to the existing rolling mill. This significantly reduced the energy required to heat the billets by optimising the use of residual heat energy (hot charge). Consequently, the environmental benefits relate to the abandonment of fossil fuels and substantial savings in CO₂ emissions. Induction heating technology is well established technologically; however, this is the first time it has been used in modern steelmaking.

In addition, a billet welding machine was installed at the rolling mill inlet, a basket exchange carriage, extractable oscillating benches and a new insulated hood system on rollers. Together, these works have made the site more modern, digital and efficient, not only from an energy point of view but also in terms of waste reduction, with a view to the circular economy (**Section 15.2**).

Infrastructural activities continued in preparation for the rollers that will be installed in 2024 in order to more efficiently transport hot billets to Rolling Mill 2, thus enabling them to enter at a higher temperature (around 700-800°C) than at present (450°C), again reducing the energy required to heat them to the necessary rolling temperature.

Operations to improve the cleanliness of the scrap continue constantly in order to improve the quality of the input material and consequently make the process even more efficient in terms of energy and material separation.

Finally, work was completed to improve the efficiency of the compressed air distribution network and generation in the compressor station, which will also be done using artificial intelligence technology based on machine learning. An evaluation is being carried out for the underground storage of compressed air.

In 2023, at the **Acciaierie di Calvisano** site, the area related to the ladle furnace - the treatment station between the furnace and continuous casting - was revamped in order to create a double pre-treatment position and thus increase the production capacity of high-quality castings for special steels. The installation of photovoltaic systems on roofs was completed. The two ground-mounted photovoltaic parks on their own land, which will provide a total of 4 MW, are currently under construction.

For **Presider**, the renovated factory in Nave (Brescia) opened in 2023. The plant underwent a complete revamp and new machinery for shaping and assembling steel structures was installed. The investments include a photovoltaic park - installation work on which was recently completed - capable of generating more than 1,200 MWh of renewable electricity.

Technical evaluations are in progress for the installation of a photovoltaic system also on the roof of the Borgaro Torinese plant. Structural upgrades for a 2 MW photovoltaic plant will begin in 2024, with the roof being renovated to improve indoor climatic conditions. At the same time, plans are in place to replace the halogen lamps with LED lighting.

In Pomezia, work is under way on a new 2,500 square metre warehouse, which will increase the site's production capacity by 40%. It is estimated that the work will be completed by the end of 2024. The feasibility of installing a photovoltaic system of approximately 400 kW on the roof of this new warehouse, in addition to the existing 347 kW system, is being evaluated. In the meantime, for the Borgaro Torinese site, the results of the 2022 thermal study led to the decision to install a condensing boiler for the offices in 2023, with plans to replace windows and doors to improve energy efficiency.

At the site of **Caleotto and Arlenico** work began in 2023 on the preparation of the Garret, a plant that allows the coiling and forming of wire rod with larger diameters at high temperatures (700-800°C). The plant will come on stream in the first half of 2024 and will enable Caleotto to expand the plant's diameter range, being able to supply customers with rolls up to 32 mm rebar. The new plant was designed according to high energy efficiency criteria to meet market demands for low-carbon products.

For **New Defim Orsogrill** at the Anzano del Parco site, the replacement of the power factor correction system was completed in 2023, which is essential to maintain a regular flow of energy and further improve the site's energy efficiency. In the same year, the installation of the photovoltaic system on the roof of the plant was completed, leading to a self-generation capacity of approximately 450 kWp, with completion scheduled for January 2024. Tests were carried out to assess the wear and tear of hydraulic power unit oils, allowing the identification of actions to reduce their use. In 2024, this activity will be extended to all the company's production facilities with the aim of halving the amount of oil used.

In 2023, **ESF Elbe-Stahlwerke Feralpi GmbH** has taken major steps to improve processes and production efficiency at the Riesa site in order to be ready for the future in the steel industry. At the beginning of March 2023, Landesdirektion Sachsen approved the start of construction activities for the new rolling mill at the Riesa site.

The **new Rolling Mill B** will be the first with a **K-Spooler** plant in Germany, capable of producing 8-tonne coils. The plant will be completed between 2024 and 2025. A connection to the existing continuous casting plant will be created in order to make these products. The billets will be transferred directly through 300-metre-long rollers, heated by induction - replacing the traditional gas furnace. Big Data and artificial intelligence systems will ensure lower energy consumption - thanks to dynamic control of the thermomechanical system - and better product quality. The new rolling mill will create almost 120 new jobs in rural Saxony.

The first phase of the new **plant for the sorting and preparation of scrap** was completed. The new plant, which was commissioned in February 2024, will both make the EAF steel production stage more efficient and reduce waste production.

The **power plant** was replaced so that the energy needed for the site's new production layout was available. The new power plant is a state-of-the-art facility with increased efficiency and power that will provide the necessary energy for the new scrap processing plant and rolling mill. The new power plant will use the **blue GIS (Gas Insulated Switchgear) technology from Siemens**. This will replace the insulating gas Sulphur hexafluoride SF₆ (the strongest known greenhouse gas with a global warming potential 25,200 times greater than CO₂ and which can remain in the atmosphere for up to 3,200 years) with an insulating medium based on pure air elements (such as N₂, O₂ and CO₂), thus providing fluorine-free energy distribution that will put an end to the use of fluorinated insulating gases.

Finally, activities related to the **logistics of the new layout** of the site were started with the aim of optimising the flow of materials and increasing safety at work. This includes building new internal road and rail links, reconfiguring truck scales and optimising truck traffic. A digital system, developed in cooperation with Uni Dresden, will support the efficiency of the logistics system.

ESF Elbe-Stahlwerke Feralpi GmbH continues to monitor the development of possible **use of hydrogen** in its production processes. In 2023, preparations were made to install a burner for the EAF furnace capable of being fuelled with hydrogen. The necessary pipelines will be completed in the first half of 2024, after which the first tests will take place. The hydrogen supply network remains a key issue for hydrogen utilisation in the Riesa region. ESF Elbe-Stahlwerke Feralpi GmbH is closely monitoring the development of the project concerning the creation of a **connection to Germany's hydrogen backbone network** through a local network that will be able to supply hydrogen to all plants that are part of the **Alliance for Energy and Hydrogen in the Meissen Industrial Area (EWI)** together with the local energy supplier and the State of Saxony.

15.2. Circularity and zero-waste: material and energy management and enhancement

Feralpi organises its production processes with the aim of minimising production residues, landfill waste and raw material consumption, investing in its replacement and circularity through materials derived from recycling processes. 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 sourced as waste or non-waste, according to the **"End of Waste" EU Regulation 333/2011**, and hence be reused.

Apart from scrap, the materials used for steel production are additives, filler polymers, lime and ferro-alloys. Added to these are oxygen and inert gases. Some of these materials, for example scrap and polymers, are 100% materials recovered from other supply chains. Others, such as lime and refractories, are recycled or recovered internally in lower percentages.

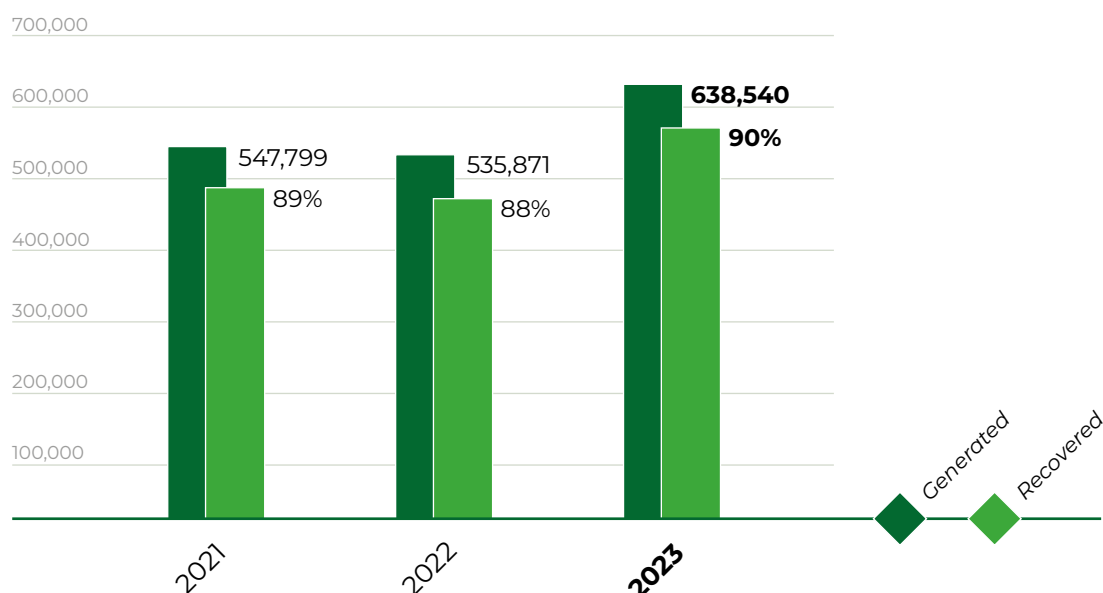
The steel produced by Feralpi consists of **98.6%⁹ from recycled, recovered or by-product material**. Since 2023, the calculation has also been made for the aggregates produced by the Group, which have the following values:

- ◆ **GREEN STONE (black slag) ≥ 96.8%**
- ◆ **GREEN LIME (white slag) ≥ 100%**
- ◆ **GREEN IRON (scale) ≥ 100%**

These figures have been subjected to validation, by a third party, with positive results produced by the checks on the percentage content of recycled material according to the UNI EN ISO 14021 and UNI/PdR 88:2020 standards.

In 2023, the percentage of recovered waste increased (+2 percentage points) due in part to an increase in the delivery of white slag to cement factories.

Steel processing waste Generated vs. Recovered (t)



⁹ The figure refers to the minimum value of recycled, recovered or by-product content among the values of the Group's three sites: Feralpi Siderurgica in Lonato (≥ 98.8%); Acciaierie di Calvisano (special steels ≥ 98.6%; construction steels ≥ 98.9%); ESF Elbe-Stahlwerke Feralpi GmbH (≥ 98.8%)

15.2.1. Measures to improve circularity

The steelmaking process is constantly evolving. The Group applies innovative solutions that aim to reuse waste materials from other supply chains as well.

At the site of **Feralpi Siderurgica** the installation of the new heating furnace (**Section 15.1.4.**), allowing a continuous process without interruptions between the steel mill and the rolling mill, has also made it possible to achieve a reduction in the production of scale¹⁰ thus also making the process more efficient from the point of view of waste and the circular economy.

At the end of 2023, a new sludge treatment plant dedicated to Rolling Mill 1 was installed, which became operational in January 2024 and will allow sludge to be produced with a lower moisture content, making it possible to recover water, thus reducing its consumption (**Section 15.3.**).

The use of plant structures and for resurfacing of yards constructed in concrete or asphalt with a higher content of artificial aggregate continued, which leads to a lower demand for natural aggregate.

The delivery of white slag as waste to cement factories, where it is used in the cement creation process, has become constant. Structural planning has been carried out in order to ensure a regular flow to the external cement factories. Finally, investments continue on improving scrap processing efficiency in order to increase the efficiency of the electric furnace.

¹⁰ The scale is an oxide layer that forms on the surface of steel products during hot working), thus also making the process more efficient in terms of waste and economy



At the site of **Acciaierie di Calvisano** the use of the technopolymer BlueAir started in 2023, and in 2024 the silo for its blowing in the EAF furnace went into operation.

The technopolymer replaces coal almost completely for the swelling of slag. The polymers - which come only from the plastic packaging from separate waste collection - are produced in line with the required regulations and quality standards.

At the site of **Caleotto and Arlenico** in 2023, the first activities related to the **district heating project** started, which will go live in 2024. The project involves the provision of an area to ensure the construction of the district heating plant by the party awarded the over 30-year concession. The Project involves the installation by Arlenico of a boiler to recover the thermal waste from the heating furnace to allow the supply of its heat to the district heating plant. The district heating network will extend approximately 16 km and will be divided into two heat production hubs. One of these will be located at the Arlenico site, which will supply heat from the **recovery of thermal waste** from the rolling production process.

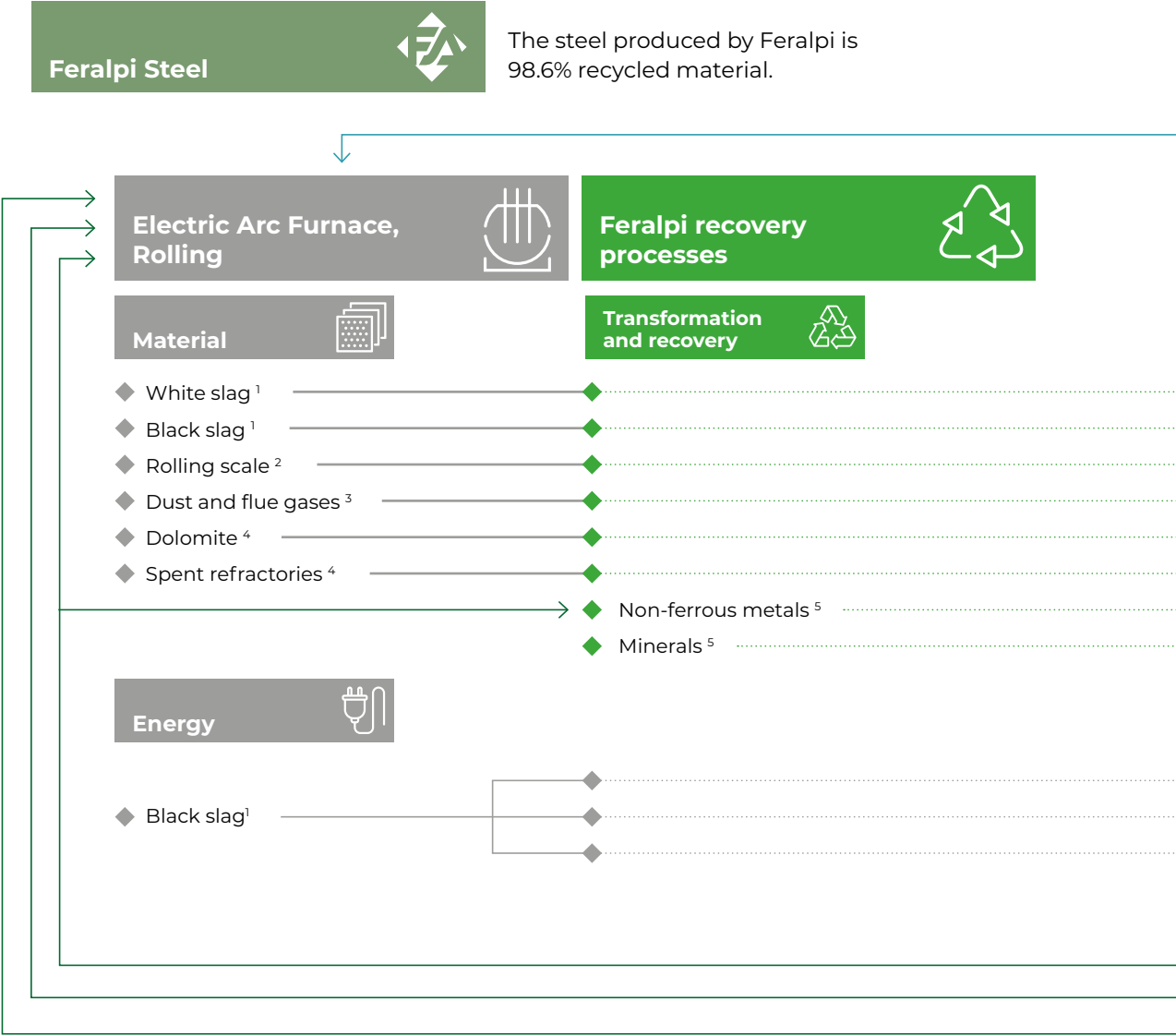
Action was also taken on the general layout of the plant, with benefits in the internal waste management, optimised by a different location and more frequent collection, and in the storage capacity of the finished covered wire rod product.

In 2023, at the **ESF Elbe-Stahlwerke Feralpi GmbH** site, the necessary activities have commenced to create the conditions for the re-use of white slag, as is the case at the Lonato site, in order to redirect it to the concrete industry. Another way is to reuse it in the electric furnace due to its high iron and calcium content. The aim is to reduce the amount of slag going to landfill. The replacement of hard coal with bio-coal is also planned to begin in 2024.



Circular processes in Feralpi

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

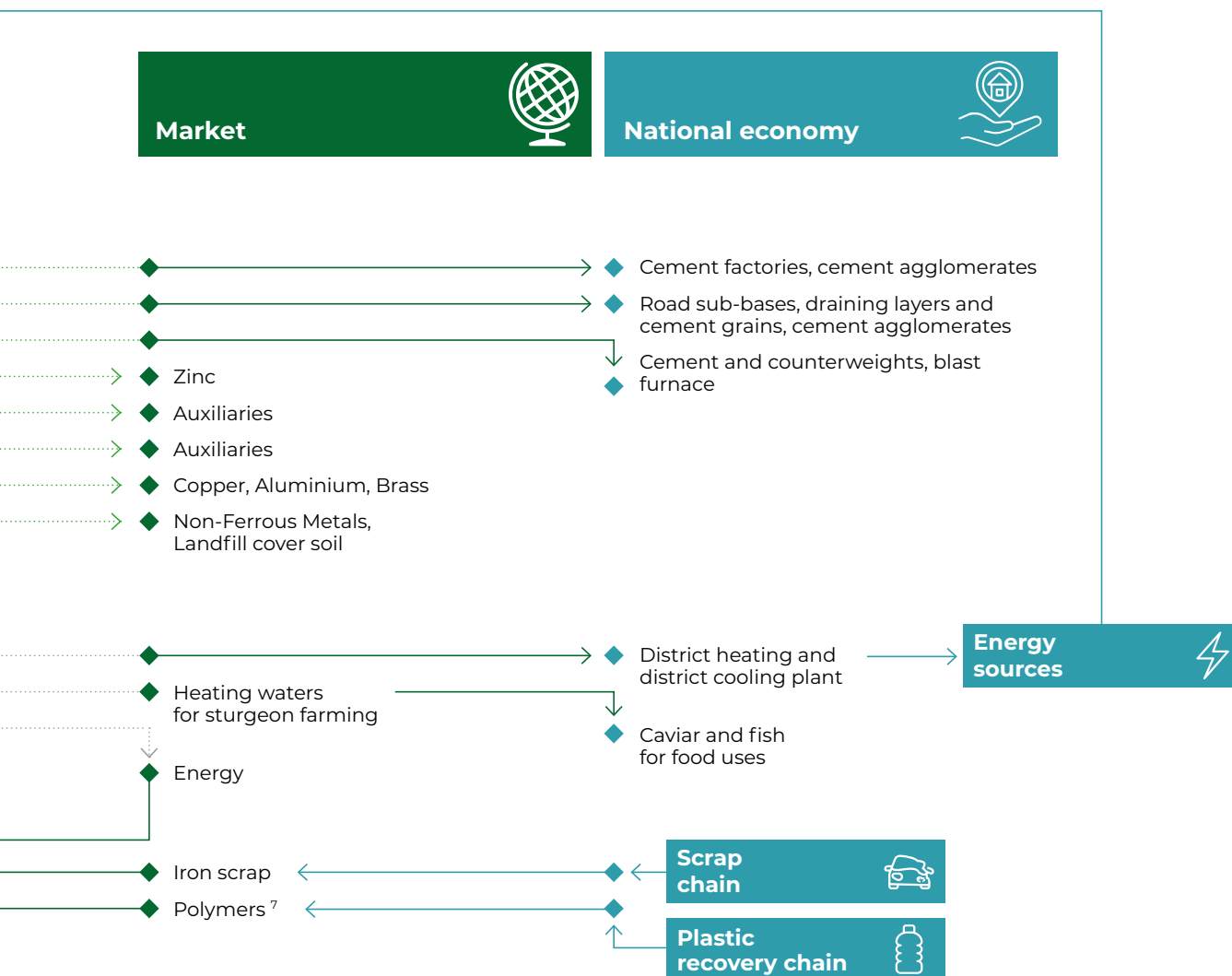


¹ **BLACK AND WHITE SLAG:** Slag from the melting process can be recovered to produce building materials, such as flooring and New Jersey blocks. The black slag is processed into the commercial by-product "Greenstone". Feralpi is conducting further studies to develop processes for the reuse of white slag in building limes, plastics and within production processes.

² **ROLLING SCALE:** 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.

³ **DUST AND FLUE GASES:** The metal zinc contained in the dust resulting from flue gas removal in the melting 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.

⁴ **DOLOMITE AND SPENT REFRACTORIES:** 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.



⁵ **NON-FERROUS METALS AND MINERALS:** 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).

⁶ **HEAT:** 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.

⁷ **POLYMERS:** The polymers - sourced only from plastic packaging from separate waste collection - are subjected to sophisticated 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.

Enhancement 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") whose use does not have 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 melting 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 Feralpi Siderurgica's Lonato site has a new sludge filtration plant, which allows the production of a residue with lower moisture content and therefore more suitable for recovery in construction.



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

The recovery of the black and white slag and related processing are outsourced to external companies, which then handle related marketing. At the Lonato del Garda plant, the black slag is processed into the commercial product "Greenstone" with CE 2+ marking, which is used in the construction industry as a replacement for materials of natural origin. It has an Environmental Product Declaration EPD. Also at the Calvisano plant, the black slag is recovered for the production of products CE 2+ certified. FERALPI STAHL has started to set up the necessary activities to create the conditions for the re-use of white slag at the Riesa site, as is the case at the Lonato site.



Heat recovery for energy generation

The Feralpi Siderurgica and Riesa facilities recover heat, respectively, from the cooling water systems and the steel mills' melting furnace. Feralpi Siderurgica's plant heats the buildings inside the plant and, thanks to cooperation with the local administration, also public buildings and some private ones in the municipality.

The 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. Waste heat from the compressor stations is used to heat and supply hot water to the technical administration offices of Riesa. In 2023, the district heating project started at the Arlenico site, which envisages the construction at the site of a heat production plant through the recovery of thermal waste from the rolling production process and a second hub in the SILEA area in Valmadrera where thermal recovery will take place through the waste-to-energy process, exploiting the heat produced by the plant currently dissipated into the atmosphere.

15.3. Management of water resources

The management of water resources is crucial in the steel industry, considering the important needs of water for plant cooling. Feralpi is committed to strict monitoring and reporting standards to ensure responsible management of water resources, understanding their shared value with ecosystems and local communities. In relation to **water discharges** thanks to its own plants and analyses by accredited third parties, the Group in Italy guarantees water purification and discharges into surface water bodies that comply with the legal limits of Legislative Decree no. 152/06. In Germany, it 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.

The **withdrawal** at **Feralpi Siderurgica** and **Acciaierie di Calvisano** is taken from the water table by means of wells, while at the plant of **ESF Elbe-Stahlwerke Feralpi GmbH** it is taken from the municipal water network, in addition to the use of wells to supply small quantities for fire-fighting purposes.

The plant of **Caleotto and Arlenico** draws water from the River Adda and constantly monitors the waste water. A third party analyses water samples on a monthly basis for compliance with Legislative Decree no. 152/06. A de-oiling system ensures that rainwater is cleaned of polluting hydrocarbons. In 2023, a **direct cooling water treatment circuit** was installed, operational from January 2024, reducing the plant's water consumption from 300 m³/h to 30 m³/h and reintegrating only evaporated water, thus significantly improving the efficiency of machine cooling and product quality.

In 2023, the volume of water withdrawn and discharged from sites with hot works was 4,358.31 ML (4,358,310 m³) and 1,688.63 ML (1,688,630 m³).

15.3.1. The present and future hydrological context

In 2023, Feralpi Group carried out an in-depth preliminary exploratory analysis of the risk of water stress due to annual physical phenomena in facilities that use water for production purposes (Feralpi Siderurgica, Acciaierie di Calvisano, Arlenico, ESF Elbe-Stahlwerke Feralpi GmbH), in order to assess the current and future challenges related to water quality and availability¹¹. For the water stress risk assessment, data from the Aqueduct software were used for the current period and, for the future to 2050, in line with a conservative approach, the output with the highest risk level between the two sources was used. The analysis was based on the water stress indicator, which reflects the competition for water resources, considering the relationship between human demand for water and availability. Looking at the climatic, hydrological and geomorphological aspects of the area, the analysis did not consider the specific type of activity of the Group.

Site	Water Basin	Water Stress Risk (Current - 2023)	Water Stress Risk to 2050
Feralpi Siderurgica - Lonato del Garda	Oglio (Po)	High	High
Acciaierie di Calvisano - Calvisano	Oglio (Po)	High	High
Caleotto - Arlenico - Lecco	Adda - Lake Como (Po)	Low-Medium	Medium-High
FERALPI STAHL - Riesa	Elba	Low-Medium	Medium-High

15.3.2. Soil and groundwater protection

Feralpi purifies water collected from the plants before releasing it into surface water bodies (Lonato, Calvisano) or the urban sewage system (Riesa) and has established emergency and monitoring procedures. Continuous maintenance work is carried out on pipes and seals. First aid kits are present at hazardous substance and waste storage facilities in all plants. All materials that can potentially contribute to soil contamination (grease, solvents, oils, rags, filters, etc.) are collected and processed for recycling or disposal. Feralpi continues to search for environmentally friendly lubricants, with the aim of gradually replacing petroleum-based lubricants with biodegradable plant-based alternatives that maintain the same performance and do not damage equipment. Substance management follows strict safety and environmental procedures, with regular drills in ISO 14001-certified plants.

¹¹ The World Resources Institute's Aqueduct Water Risk Atlas was used, as well as the results of climate risk analyses on company assets based on climate scenarios generated by GCM-RCM physical model ensembles (analysis conducted in 2023).

15.4. Emissions into the atmosphere

With the action plan “Towards zero pollution for air, water and soil”,¹² the European Union has set itself the ambitious goal of reducing pollution to sustainable levels for the planet by 2050.

Aware that steelmaking operations generate significant atmospheric emissions, Feralpi is committed to the proper management of these emissions, complying with current regulations and constantly monitoring production emissions.

In 2024, at **Acciaierie di Calvisano**, the suction hood of the electric furnace and above the steel processing area will be refurbished to improve efficiency in capturing waste fumes and to separate the dusty fraction, thus contributing to improved performance in terms of emissions.

15.5. Biodiversity

Feralpi recognises the importance of assessing the impacts of its activities and value chain on **biodiversity and ecosystem services**. It is precisely these that can affect various factors contributing to the loss of biodiversity, including the **use of water resources, climate change** and **emissions into the atmosphere**.

Feralpi is therefore also committed to managing any biodiversity-related impacts and meeting the expectations of its stakeholders, paying attention to **regulatory developments** that might affect the Group's activities.

Feralpi's production processes require a **constant water supply** for cooling the plants (**Section 15.3.**), which can have a non-negligible impact on the availability and quality of water resources in the territories in which the Group operates. Photovoltaic parks, linked to the Group's decarbonisation strategy, can also exert significant pressure on biodiversity and ecosystems. **Feralpi Power On**, the company dedicated to renewable energy projects, is also committed to mitigating these impacts.

¹² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021DC0400>

In 2023, in line with the Taxonomy Regulation (**Section 15.8.**), Feralpi started to examine its impact on biodiversity by focusing on its own operations. The first step was to identify the location of any protected natural areas in the vicinity of the Group's sites. To carry out the study, the "European protected sites" database¹³ of the European Environmental Agency was used, which provides a comprehensive overview of protected sites in Europe. None of Feralpi's sites fall within protected natural areas, while the sites of Caleotto and Arlenico (Lecco), FERALPI STAHL (Riesa) and Feralpi-Hungaria (Budapest) are located less than one kilometre from the perimeter of **protected natural areas**. The complete information can be found in the Appendix, section "Environmental Sustainability Indicators". → p. 175

Over the coming years, Feralpi will evaluate the potential benefits of adopting dedicated measurement and reporting frameworks, such as the **Science-based Targets for Nature** developed by the Science Based Targets Network and the reporting framework defined by the **Taskforce on Nature-related Financial Disclosures (TNFD)**.

Based on the results of the survey carried out in 2023 and the considerations made so far within the EMAS and ISO 14001 environmental management systems of the various plants, the Group will examine whether further improvement measures are necessary to reduce its impact on biodiversity.

¹³ <https://www.eea.europa.eu/data-and-maps/explore-interactive-maps/european-protected-areas-1>



Urban beekeeping project for biomonitoring

Feralpi is committed to maintaining and, if possible, improving biodiversity through projects that involve the regeneration of the ecosystem, promoting the repopulation of pollinators, which are fundamental to the balance of biodiversity. To this end, a biomonitoring programme using bees of the forest located on the western perimeter of the Lonato del Garda plant was started in 2022. Through four beehives, the bees will carry out daily micro-samples of the different environmental matrices (air, water, soil), making it possible to monitor the company's surroundings and activities. Each hive is able to perform approximately 10,000 daily micro-samples among the various environmental matrices: through this, another "tool" is available to monitor the context of the Group's activities. With this project, Feralpi is committed to protecting around 250,000 bees in order to safeguard a species that is essential for plant pollination, biodiversity and food production. In 2024, the number of hives will be doubled and new plant species aimed at supporting and maintaining bees will be introduced.

15.6. Transport and sustainable mobility

For **Feralpi-Logistik GmbH** sustainable mobility is a priority. All vehicles in the fleet meet EURO 6 emission standards as of 2018, and every new purchase must meet the more stringent emission standards. By 2024, a further 5 vehicle replacements are planned to continue reducing diesel consumption by 8% by 2030.

With regard to the transport of raw materials and products, in recent years the Group has focused on progressively increasing the use of rail transport and intermodal modes of transport for the movement of products in and out of its production sites, in order to reduce road journeys. The Group's objective is to equip the four main sites - Lonato, Calvisano, Lecco and Riesa - with a high-performance railway connection that will gradually enable them to increase volumes by rail in preference to road. In addition to logistical advantages, this choice stems from the desire to reduce greenhouse gas emissions and the impact of traffic on the communities in which the sites operate in terms of pollutant emissions and road safety. The Group is also investigating the possible future contribution that alternative fuels, such as e-fuels and biofuels, may have on the indirect emissions associated with the Group's inbound and outbound transport.

At the **Borgaro Torinese plant of Presider**, the Home-Work Travel Plan (PSCL) led by a Mobility Manager is active, in compliance with Interministerial Decree no. 179 of 12 May 2021, to reduce the environmental impact of private vehicle traffic in urban areas. The process of defining the PSCL has also begun for the **plant in Caleotto and Arlenico** in 2023, with a designated external Mobility Manager. Although the Lonato plant is not subject to the decree, the definition of the PSCL for the site of **Feralpi Siderurgica in Lonato** was launched in 2024, with expected drafting and submission by the end of the year.

15.7. Product environmental sustainability and the changing market environment

Feralpi has implemented methodologies to assess the environmental impact of its products, using **Life Cycle Assessment** which complies with ISO 14040 and ISO 14044 standards. This methodology, known as **"cradle to gate"**¹⁴ examines all stages of the product life cycle, from the raw material to leaving the company site.

These studies have resulted in **Environmental Product Declaration (EPD)** in accordance with ISO 14025 and EN 15804 standards, certified by independent third-party organisations to provide verified information on the ecological footprint of products.

In addition to the EPD, Feralpi has also conducted **Product Carbon Footprint (CFP)** studies for the products of Feralpi Siderurgica, Acciaierie di Calvisano, Presider, Caleotto and ESF Elbe-Stahlwerke Feralpi GmbH, certifying them through the standard **ISO 14067**. Both tools, EPDs and CFPs, provide a comprehensive assessment of environmental impact, allowing the environmental performance of products to be transparently communicated and gaining a competitive advantage in the market. These tools also make it possible to study Scope 3 emissions, identifying areas where action is needed along the production chain. All studies were subject to verification by recognised external bodies to ensure the accuracy and reliability of the results obtained.

¹⁴ The term "cradle to gate" refers to the path from the "cradle", the origin of the raw materials, to the "gate", the point where the product leaves the company to be distributed.

To address the need for low-carbon products to contribute to decarbonisation, both internally and at a European and global level, Feralpi embarked in 2023 on the **“Green Go-to-market”** project. Through it, the Group has developed a systematic strategy aligned with its transition plan (**Section 15.1.**) to offer a complete range of such products, working with leading international partners to assess the market positioning of its products in terms of carbon footprint.

To deal with the regulatory complexity, in 2023 Feralpi signed up as a “Supporting Member” to the **Global Steel Climate Council (GSCC)**, which promotes the establishment of an evidence-based emission standard that can be uniformly applied globally to reduce carbon emissions and contribute to the goal of limiting the global average temperature increase to 1.5°C.

15.8. The European Taxonomy (EU Reg. 2020/852)

Regulation (EU) 2020/852 (hereafter also “Taxonomy” or “Taxonomy Regulation”) is one of the European Commission’s initiatives to achieve the objectives of the European Green Deal and make Europe “carbon neutral” by 2050.

This regulation provides a classification system to identify environmentally sustainable economic activities that, therefore, are able to contribute substantially to the achievement of one of the following six objectives:

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

Further regulations were published in 2023 that amend the climate objectives¹⁵ and define a list of economic activities for the other environmental objectives¹⁶.

Although Feralpi Group is currently not among the companies obliged to do so under Legislative Decree no. 254/2016, the Group has nevertheless started a process of assessing its activities to verify their compliance with the European Taxonomy for the financial year 2023.

This assessment included the identification of eligible, ineligible and aligned activities that meet the criteria for substantial contribution and do not significant harm. At the same time, compliance with the minimum social safeguards at Group level was assessed.

¹⁵ Commission Delegated Regulation (EU) 2023/2485.

¹⁶ Commission Delegated Regulation (EU) 2023/2486.

15.8.1. Eligibility analysis

Feralpi identified its eligible activities for the purposes of the Taxonomy by analysing the activity descriptions in Delegated Regulation (EU) 2021/2139, Delegated Regulation (EU) 2023/2485 and Delegated Regulation (EU) 2023/2486.

For the climate objectives, Feralpi has undertaken to assess eligibility for **climate change mitigation**. The following activities were identified as eligible for this objective:

- ◆ activity 3.9 Manufacture of iron and steel (climate change mitigation);
- ◆ activity 4.1 Power generation using photovoltaic solar technology (climate change mitigation);
- ◆ activity 4.25 Production of heat/cooling using waste heat (climate change mitigation).

Compared to the previous year, the following activities were removed from the list of potentially eligible activities as they were not significant for the purposes of the Taxonomy:

- ◆ activity 6.6 Freight transport services by road (climate change mitigation);
- ◆ activity 7.7 Purchase and ownership of buildings (climate change mitigation).

With regard to activity 3.9, after examining the EU guidelines for the inclusion of the steel sector's activities in the Taxonomy, the Group decided to consider eligible not only the steel production activities, but also the subsequent processing stages, provided that the material originates exclusively from companies within the Group. This includes the production and processing of various forms of steel, in accordance with the NACE codes¹⁷ listed in the Taxonomy (C24.1, C24.20, C24.31, C24.32, C24.33, C24.34, C24.51 and C24.52). Companies that depend mainly on external steel suppliers were excluded from the scope of the evaluation.

With respect to the other environmental objectives, the Group has identified the following eligible activity in relation to the goal of transition to a circular economy:

- ◆ **Activity 2.7 - Sorting and recovery of materials from non-hazardous waste**

15.8.2. Alignment analysis

In order to be defined as aligned, eligible activities for the purposes of the Taxonomy must fulfil the following criteria:

- ◆ meet **the substantial contribution criteria (SCC)** related to the identified economic activity;
- ◆ **Do Not Significant Harm (DNSH)**, i.e. do not lead to adverse effects on other environmental objectives to which the economic activity does not substantially contribute;
- ◆ take place in compliance with the **minimum social safeguard (MS)** recognising the importance of human rights and labour standards.

¹⁷ Statistical classification of economic activities in the European Communities.

Analysis of substantial contribution criteria

Activity 3.9 - Manufacture of iron and steel

For the manufacture of iron and steel activities, their alignment with both criterion a) and criterion b) of Delegated Act I was assessed. On the basis of the data collected by the Group, it was found that, with regard to criterion a), the activities related to the Lonato and Riesa steel mills are within the threshold limits (0.209 tCO₂/tproduct), while Calvisano exceeds this threshold due to the type of steel produced. As far as the ratio of steel scrap input from electric arc furnaces (EAF) to product output is concerned, this exceeds the 90% threshold for the steel producing companies Feralpi Siderurgica, Acciaierie di Calvisano and ESF Elbe-Stahlwerke Feralpi GmbH (>96%). This allows criterion b), defined in Commission Delegated Regulation (EU) 2019/331, to be regarded as fully met.

Activity 4.1 - Power generation using photovoltaic solar technology

The power generation using photovoltaic solar technology activity of Feralpi Power On, the Group's company dedicated to renewable energy projects, contributes to the achievement of the climate change mitigation objective, as the Regulation does not require specific technical screening criteria.

Activity 4.25 - Production of heat/cooling using waste heat

The Lonato and Riesa plants recover heat from the cooling water and melting furnace of the steel mills respectively: this activity contributes to the achievement of the climate change mitigation objective, as the Regulation does not require specific technical screening criteria.

Analysis of Do Not Significant Harm criteria

Climate change adaptation

The Group performed an exposure risk assessment of its assets based on the climate scenarios presented in the IPCC assessment reports¹⁸ in cooperation with an external partner.

A preliminary analysis, which assessed the applicability to the Group's assets of the physical risks defined in Appendix A of Delegated Regulation 2021/2139, was followed by a current and prospective assessment of the effects, mitigation actions and residual impact related to chronic and acute physical risks.

The current assessment was constructed on the basis of claims attributable to adverse climatic phenomena and information gathered on climate trends in the geographical areas of interest, while the prospective assessment covered a time horizon to 2050 through the use of an *ensemble* of 3 GCM-RCM models (Global Circulation Models - Regional Climate Models) referring to the worst-case emission scenario¹⁹, in order to define the climate implications on reference assets and support the process of implementing further mitigating actions.

The physical risks identified as material to the Group were classified in line with the organisation's risk classification, taking into account the probability of occurrence and severity of the identified impacts.

¹⁸ IPCC - Sixth Assessment Report.

¹⁹ The scenario used (RCP 8.5) assumes emissions growth at current rates. It assumes, by 2100, atmospheric concentrations of CO₂ tripled or quadrupled (840-1120 ppm) compared to pre-industrial levels (280 ppm). Furthermore, the scenario is characterised by the occurrence of intensive consumption of fossil fuels and the failure to adopt any mitigation policies resulting in a global temperature rise of + 4-5°C above pre-industrial levels expected by the end of the century.

Following the results that emerged from this initial survey, Feralpi further investigated the effects of physical hazards on the most significant plants by conducting further detailed and deep-dive analyses, including through the use of average emission scenarios (RCP 4.5), in order to understand the evolution of exposure over time according to different climatic reference scenarios.

In this way, it was possible to confirm that the Group's assets are able to withstand the expected climate change during their life cycle, and Feralpi therefore considers that its eligible activities meet the criteria set out in Delegated Regulation 2021/2139.

Sustainable use and protection of water and marine resources

For activity 3.9 Manufacture of iron and steel, the DNSH criterion in Appendix B requires the organisation to identify and manage risks of environmental degradation in relation to the preservation of water quality and the prevention of water stress, in accordance with Directive 2000/60/EC of the European Parliament and of the Council, and a water management plan. The environmental analyses carried out by the Group for the purposes of the EMAS Environmental Statement (Feralpi Siderurgica S.p.A., ESF Elbe-Stahlwerke Feralpi GmbH) and the context analysis for the purposes of ISO 14001 certification (Feralpi Siderurgica S.p.A., Acciaierie di Calvisano S.p.A., ESF Elbe-Stahlwerke Feralpi GmbH, Presider and Arlenico) also examine territorial and geographical aspects linked to water resources. In addition, EMAS itself also provides for the development of an Environmental Management Plan (EMP) that defines environmental objectives, actions and responsibilities for their implementation, methods for monitoring and verifying results, and necessary resources. Therefore, it is reasonable to assume that the DNSH criterion is met for these companies.

On the other hand, for those Group companies (Presider Armatures, Feralpi-Praha and Feralpi-Hungaria) that do not have an EMAS Environmental Statement or ISO 14001 certification, it cannot be said that the criterion is met.

Transition to a circular economy

For Activity 4.1 Power generation using photovoltaic solar technology and Activity 4.25 Production of heat/cooling using waste heat, the Group has assessed the availability and uses, where possible, equipment and components that are highly durable and recyclable and easy to dismantle and retrofit.

Pollution prevention and reduction

For activity 3.9 Manufacture of iron and steel, the DNSH criterion requires that the organisation is able to comply with Appendix C and that the activity has an emission level equal to or lower than the emission levels associated with the Best Available Technique Intervals (BAT-AELs) set forth in the most recent relevant Best Available Technique (BAT) conclusions of the Climate Delegated Act - Delegated Act I. Feralpi Group undertakes to comply with the applicable regulations and to follow the requirements of the EMAS Statement or BAT alignment documentation. These measures allow the Group to fulfil the criterion with regard to ESF Elbe-Stahlwerke Feralpi GmbH and Feralpi Siderurgica. Furthermore, with regard to Acciaierie di Calvisano, Presider, and Arlenico, thanks to the risk assessment conducted for ISO 14001 certification and the BAT alignment documentation, the criterion is also met. Finally, as far as Presider Armatures, Feralpi-Praha and Feralpi-Hungaria are concerned, the BAT alignment documentation allows only one of the two criteria to be met. Therefore, only a portion of the Group's activities is able to meet the criterion.

For Activity 4.25 Production of heat/cooling using waste heat, the equipment used, governed by the rules on eco-design and energy labelling complies, where applicable, with the requirements of the highest energy labelling class set out in Regulation (EU) 2017/1369 and the implementing regulations set out in Directive 2009/125/EC and represents the best available technology; therefore, the criterion is deemed to be met.

Protection and restoration of biodiversity and ecosystems

The DNSH criterion requires the organisation to be able to fulfil Appendix D, which requires an environmental impact assessment (EIA) or a review in accordance with Directive 2011/92/EU if the site under consideration is located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and major biodiversity areas, as well as other protected areas). The Group has conducted environmental analyses within the scope of the EMAS Environmental Statement (Feralpi Siderurgica S.p.A., ESF Elbe-Stahlwerke Feralpi GmbH) and context analysis for the purposes of ISO 14001 certification (Feralpi Siderurgica S.p.A., Acciaierie di Calvisano S.p.A., ESF Elbe-Stahlwerke Feralpi GmbH, Presider and Arlenico), analyses that consider territorial, geographical and ecosystem-related aspects in general.

According to an assessment of the location of the Group's production sites (**Section 15.5.**), Feralpi Siderurgica S.p.A., Acciaierie di Calvisano S.p.A., Presider and Feralpi-Praha do not fall within a Natura 2000 area or in the vicinity of other sensitive areas, therefore the requirements of the criterion are met. In contrast, ESF Elbe-Stahlwerke Feralpi GmbH, Arlenico and Feralpi-Hungaria are located in sensitive areas. ESF Elbe-Stahlwerke Feralpi GmbH conducted screening analyses for the purpose of obtaining the EMAS Environmental Statement. For Arlenico and Feralpi-Hungaria, no specific environmental impact assessments have been carried out, so their activities do not meet the criteria for the protection and restoration of biodiversity and ecosystems.

With regard to activity 4.1 Power generation using photovoltaic solar technology, all photovoltaic installations have instead obtained an EIA in accordance with Directive 2011/92/EU, so the criterion is considered to be met for it.

Minimum safeguards

The Group conducted an in-depth analysis to assess the compliance of its business activities with the EU Taxonomy Minimum social safeguards requirements. The analysis was based on the criteria specified in Article 18 of the Taxonomy Regulation and the recommendations in the Report on Minimum Safeguards prepared by the EU Platform on Sustainable Finance (October 2022). This assessment enabled the Group to gain a thorough understanding of the level of regulatory compliance in order to improve its performance in this area.

Compliance with the minimum safeguards was established through a criteria evaluation, which considered nine categories of requirements related to:

- ◆ Human rights, including workers' rights;
- ◆ Corruption;
- ◆ Taxation;
- ◆ Unfair competition.

Feralpi Group applies the principles of human rights protection in accordance with the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work and the Ten Principles of the Global Compact. The Group is equipped with a number of instruments to implement these commitments:

- ◆ Code of Ethics, which establishes the rules, values and fundamental principles that guide the Group's work by promoting ethical behaviour and responsible actions by all stakeholders (**Section 17.2.**);
- ◆ Human Rights Policy, which aims to promote and protect respect for human rights in the value chain and in the day-to-day activities of the company (**Section 16.5.2.**);
- ◆ Whistleblowing Procedure, which governs the process of reporting and handling offences and irregularities (**Section 17.2.3.**);
- ◆ Stakeholder Management Policy, which regulates the Group's relations with its stakeholders (**Section 14.5.**);
- ◆ Group DPO (Data Protection Officer), whose presence ensures compliance with the highest standards of security and privacy of customers' personal data (**Section 17.2.5.**).

Furthermore, the Group undertakes to prepare and send tax declarations to the competent Authorities that are complete, truthful and free from any form of falsity, doctored information or omission, in order to ensure full transparency of activities and to avoid any attempt at tax evasion. **(Section 11.3 of the Report on Operations).**

In 2023, Feralpi started a process aimed at adopting structured Due Diligence procedures on a voluntary basis, in advance of forthcoming European directives such as the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDD), and also taking into account the recent German Law on Due Diligence along the Supply Chain (Lieferkettensorgfaltspflichtengesetz - LkSG) **(Section 16.5.3.)**

This identified a series of activities that, once implemented, will enable Feralpi to define and execute a Due Diligence process aligned with the requirements of the Regulation.

Since these activities are still in the implementation phase, Feralpi conservatively considers that it is not aligned with the minimum safeguards, and therefore all of the Group's eligible activities are to be considered non-aligned with the requirements of the Taxonomy Regulation. The objective for the immediate future is to complete these activities so as to equip the Group with structured Due Diligence procedures, thus ensuring that the activities identified as eligible under the Taxonomy can be deemed to comply with the minimum safeguards.

Contextual information and KPI calculation methodology (Accounting Policy)

For the purpose of preparing the consolidated financial statements, the Group adopts international accounting standards. As stipulated in the Delegated Act "Disclosures", for the calculation of the KPIs required by the European Taxonomy, companies must use the same accounting standards as for the preparation of the consolidated annual financial statements, with the objective of comparability to the turnover disclosed in the consolidated financial statements. Consequently, when a consolidated non-financial statement is prepared, consolidation accounting standards would exclude intra-group transactions²⁰.

Turnover

In line with the Disclosure Delegated Act, the Group considered the following values for the calculation of the Turnover Ratio:

- ◆ **Denominator:** net turnover is defined as the amount derived from the provision of services after deduction of sales discounts and value-added taxes directly related to turnover. It is also specified that, in order to avoid any possible double counting, inter-company items have been eliminated and do not contribute to the determination of the KPI. Consequently, the denominator of the KPI corresponds to the item "Revenues from ordinary operations" of the perimeter under analysis, identifying a value of €1,724,219 thousand, and is in line with the provisions of IAS 1, par. 82 (a), mentioned in Annex I to the Delegated Act § 1.1.1.
- ◆ **Numerator:** the share of net turnover (taken into account for the calculation of the denominator) associated with eligible and aligned activities. For this assessment, the approach adopted was to identify all legal entities, included in the perimeter, generating turnover associated with the following eligible taxonomy activities:
 - 3.9 - Manufacture of iron and steel (96.10%);
 - 4.1 - Power generation using photovoltaic solar technology (0.01%);
 - 4.1 - Production of heat/cooling using waste heat (0%).

²⁰ Communication from the Commission on the interpretation of certain legal provisions of the Delegated Act concerning disclosure under Article 8 of the EU Taxonomy Regulation as regards the reporting of eligible economic activities and assets (2022/C 385/01).

Almost all of the turnover of the perimeter under analysis (96.11%) can therefore be considered eligible for the purposes of the European Taxonomy, and refers mainly to revenues from steel production and further processing of steel.

CapEx

In calculating the denominator of the CapEx KPI, the Group considered the additions incurred in the reporting period relating to tangible assets (development and restructuring of company assets) and intangible assets (patents, software and capitalised research and development costs). The approach used for the extraction of the above-mentioned figures involved a detailed analysis of management reports showing the investments made during the year by all the companies within the scope of the analysis. In line with the Disclosure Delegated Act, the Group considered the following values for the calculation of the CapEx share:

- ◆ *Denominator*: in line with national and international accounting standards, as well as the provisions of Annex I to the Delegated Act 2178/2021, the Group considered tangible assets accounted for in accordance with IAS 16, intangible assets (excluding goodwill) accounted for in accordance with IAS 38, and the right of use in accordance with IFRS 16. This analysis yielded a value of €187,165 thousand.
- ◆ *Numerator*: for the purpose of determining the numerator, investments relating to assets associated with eligible and aligned activities were considered, in line with the provisions of point A of Annex I to the Disclosure Delegated Act, § 1.1.2.2. In this regard, the Group has identified increases in the following eligible taxonomic activities:
 - 3.9 - Manufacture of iron and steel (93.72%);
 - 4.1 - Power generation using photovoltaic solar technology (4.23%);
 - 4.1 - Production of heat/cooling using waste heat (0.02%).

OpEx

In line with the Disclosure Delegated Act, the Group considered the following values for the calculation of the OpEx share:

- ◆ *Denominator*: the approach used was to proceed with a precise analysis of the Group's plan of accounts, considering the share of costs falling specifically into the categories indicated in Annex I to the Delegated Act 2178/2021. Specifically:
 - Non-capitalised R&D costs relating to internal and external projects, from which the cost component relating to the "managing" of R&D projects carried out has been eliminated, as recommended by the European Commission²¹. As expenses related to project management activities, all costs incurred during the year related to project managers were identified and eliminated from the calculation;
 - Short-term leases, whereby, according to Annex I to the Disclosure Delegate Act, leases recognised in the Income Statement relating to contracts with a term of less than 12 months must be considered as exempt from recognition in the Balance Sheet, in accordance with IFRS 16;
 - Costs related to maintenance and repairs, incurred during the year, on buildings and IT equipment. Costs related to employees involved in maintenance and repair activities were considered for this category, together with maintenance commissioned to third-party companies. Within the accounts for maintenance and repairs, renovations to buildings that can be assimilated into the concept of "building renovation measures", mentioned in the Annex to Delegated Act 2178/2021, were also taken into account. The result of this analysis yielded a value of €60,344 thousand.

²¹ Communication from the Commission on the interpretation of certain legal provisions of the Delegated Act concerning disclosure under Article 8 of the EU Taxonomy Regulation as regards the reporting of eligible economic activities and assets (2022/C 385/01).

◆ *Numerator*: operating expenses associated with point A have been identified²², in line with the indications of paragraph 1.1.3.2 of Annex I to the “Disclosure Delegated Act” and the clarifications provided by the European Commission, relating to assets or processes associated with taxonomy-aligned economic activities, derived in a timely manner from management systems. Below is a breakdown of operating expenses by eligible activity:

- 3.9 - Manufacture of iron and steel (98.01%);
- 4.1 - Power generation using photovoltaic solar technology (0%);
- 4.1 - Production of heat/cooling using waste heat (0%).

The operating expenses taken into account include direct non-capitalised costs related to maintenance and repair, leases and rentals, cleaning, expenses incurred for building renovation measures and non-capitalised R&D costs.

The approach used was to proceed with a precise analysis of the Group’s plan of accounts, considering the share of costs falling specifically into the categories indicated in Annex I to the Delegated Act 2178/2021.

Specifically:

- ◆ Non R&D costs relating to internal and external projects, from which the cost component relating to the “managing” of R&D projects carried out has been eliminated, as recommended by the European Commission²³. As expenses related to project management activities, all costs incurred during the year related to project managers were identified and eliminated from the calculation;
- ◆ Short-term leases, whereby, according to Annex I to the Disclosure Delegate Act, leases recognised in the Income Statement relating to contracts with a term of less than 12 months must be considered as exempt from recognition in the Balance Sheet, in accordance with IFRS 16;
- ◆ Costs related to maintenance and repairs, incurred during the year, on buildings and IT equipment. Costs related to employees involved in maintenance and repair activities were considered for this category, together with maintenance commissioned to third-party companies. Within the accounts for maintenance and repairs, renovations to buildings that can be assimilated into the concept of “building renovation measures”, mentioned in the Annex to Delegated Act 2178/2021, were also taken into account.

²² Paragraph 1.1.3.2 Annex I Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021.

²³ Communication from the Commission on the interpretation of certain legal provisions of the Delegated Act concerning disclosure under Article 8 of the EU Taxonomy Regulation as regards the reporting of eligible economic activities and assets (2022/C 385/01).



16. Social information

16.1. Raising competencies: people growth and development	108
16.2. Protecting people: health and safety in the workplace	111
16.2.1. We Are Safety	111
16.2.2. Initiatives at facilities to protect safety and the workers	112
16.3. Welfare	113
16.4. Diversity, Equity, Inclusion	114
16.5. Human Rights in the workplace and along the supply chain	115
16.5.1. Human rights in the workplace: protection, recruitment, pay	115
16.5.2. Human Rights along the value chain	116
16.5.3. The path to the Due Diligence process along the value chain	116
16.6. Creating value for the territory	118

Feralpi considers people to be the key success factor of any organisation and an indispensable element for sustainable development in the areas in which it operates.

The Group believes that the constant improvement of performance and the achievement of strategic goals is only possible through a professionally competent and motivated workforce.

Feralpi Group's focus on the growth and development of its people is based on the following four pillars:

Attracting talent - development of different recruitment and selection formats to attract talent to different business areas, offering an **Employee Value Proposition** including opportunities for professional growth and development, a safe and stimulating working environment.

Developing skills - promoting a culture of learning, constantly acting to map and manage the technical and organisational skills of its employees, promoting quality training initiatives, in line with the Group's strategic plan, and committing itself to the orientation of new generations, to support them in their fully-informed growth.

Ensuring a positive working environment: safe, inclusive and respectful - Feralpi has always invested in the safety and health of its people, implementing effective management systems and supporting initiatives aimed at improving their physical and mental well-being. The Group also offers a structured welfare system and promotes an inclusive working environment, supporting open and transparent communication, including through regular climate surveys. In addition, measures are taken to ensure work-life balance and parenting support.

Enhancing potential - offering its personnel opportunities to develop potential through targeted training, succession planning and performance management systems dedicated to different professional types. At the same time, fair compensation & reward policies are put in place, in line with employee performance and contribution.

16.1. Enhancing skills: growth and development of individuals

Feralpi values the skills of its people as a key factor for business success, constantly striving to enhance and evolve its **Employee Value Proposition (EVP)**. In 2023, the Group focused its attention on the organisational evolution of the Group Technical Department, the integration of new personnel and the mapping and development of internal skills, in order to meet the growing needs of an increasingly competitive and dynamic business environment.

The total number of Feralpi personnel as at 31 December 2023 amounts to **1,922 people**, an increase of 3.8% compared to 2022, with a balanced presence between Italy and Germany and a smaller percentage of employees from other countries.

In 2023, due to the expansion of the production site with the new Rolling Mill B, FERALPI STAHL has ramped up the **search for new professionals**, particularly strategic figures with knowledge of sustainability, new technologies and renewable energies. The company continued the process of **recruitment of Ukrainian refugees** with technical skills, reaching a total of 21 at the end of the year, and initiated collaborations with agencies for the recruitment of technical personnel from foreign countries, facilitating their integration into German social and working life.

Group Technical Excellence

Group Technical Excellence activities continued in 2023, a project forming part of Feralpi's People Strategy in the 2021-2025 Business Plan, to **enhance internal technical skills** and align the corporate structure with the Group's strategy. The project is structured along three lines:



Group Technical Department

The Group Technical Department is the central structure for the implementation of strategic investments, including those dedicated to the management and development of personnel skills, and is the heart of the Group's technological expertise.

In 2023, the Department, which reports directly to the Chairman and Chief Executive Officer, saw the integration of the activities of the Group Research and Development Area, previously an autonomous department, and the inclusion of staff from the Technical Graduate Programme.

Talent Attraction & Development

With a view to Talent Attraction, Feralpi has developed **eight recruitment and selection formats** to encourage the placement of talented young people by offering a practical choice of professional development.

Active recruitment formats

Technical Graduate Programme: development of specialised skills for young technicians with engineering degrees.	Operation Graduate Programme: development of technical team and soft skills.
Sider+: transfer of basic skills to access selection processes for the company's production areas.	Sider+ Advanced: development of intermediate technical skills for the steel industry for candidates with basic skills.
Future4Steel (IFTS): highly professional training by the Steel Academy to train "Experts in installation and maintenance techniques in civil and industrial plants".	ITS Meccatronica: teaching and hosting at Group plants for students of the ITS - Istituto Tecnico Superiore per la Meccatronica - Fondazione ITS Lombardia Meccatronica course.
Special recruitment projects (for professional clusters): recruitment and selection targeted at different professional clusters at national level.	Meetings with students: promoting students' awareness of the world of work, the steel industry and career and professional development opportunities.

2023 was the first year of operation of the new system **Feralpi PRO** for the plants in Lonato and Calvisano (Production). This system makes it possible to map, monitor and manage the competencies - technical and organisational - of staff, through a specially developed management application.

The training offer of the **Steel Academy** of which Feralpi is a founding partner, was enhanced in 2023 with the addition of the new module **Attitude4Steel**, dedicated to in-depth thematic studies aimed at operational managers who have already participated in the **Leadership4Steel** module on management skills and soft skills. Also in the context of the Steel Academy, in 2023 the third edition of **Management4Steel** was delivered, a course aimed at developing strategic and managerial skills to deal with current competitive scenarios, as well as cross-sector, personal and social skills needed to achieve a high level of professional performance.

During 2023 - in addition to the mandatory activities in the area of Safety as well as the specific We Are Safety project (**Section 16.2.1.**) - numerous training initiatives, both face-to-face and on-line, were promoted in line with the strategic skills development plan. The training to raise awareness of Cybersecurity issues (**Section 17.3.2.**) is of particular note.

Feralpi Bootcamp

Feralpi promotes training and orientation initiatives aimed at both its own employees and external entities. Feralpi Bootcamp represents the Group's commitment to the new generations, bringing together a series of autonomous but complementary initiatives, aimed at supporting the children of employees in their orientation towards conscious growth. These initiatives include programmes for qualified work experience during the school year and higher education through ITS and IFTS activities. In 2023, Alternanza Scuola Lavoro (work experience during the school year) activities were carried out, with a total of 240 hours in companies enriched by 52 hours of training also related to soft skills aspects for personal growth.



The SteelWomen project

Feralpi is committed to the development of projects aimed at recruiting female staff in all company areas, including technical areas. In 2023, a project was launched to recruit female workers in the Group's production areas, with the goal in the next four years to include 10 times as many new entrants as the current figure in the primary steel sector in Italy (0.5% - source: Istat 2021).

The project involved the participation of multiple corporate functions, from Governance, Production, to CSR, HR and DEI leadership functions. The objective of the SteelWomen project in terms of new entrants will also be extended to other Group locations, both Italian and foreign, always with a specific focus on primary steelmaking.

Succession planning

In 2023, activities continued on the Succession Planning project, aimed at addressing possible planned and unplanned replacement needs of employees in strategic roles in the company, with three participants completing the course and now occupying managerial roles in the Group. Further potential candidates for the project will be evaluated in the course of 2024.

Furthermore, in 2023 the course within the **Feralpi Corporate Executive Master in Business Administration (EMBA)** continued, developed together with the Graduate School of Management of the Milan Polytechnic, which will be completed in the first half of 2024.

16.2. Protecting people: health and safety in the workplace

For Feralpi, worker safety is a top priority. The Group is constantly striving to upgrade its facilities, environments and work procedures to ensure a safe and secure environment for all personnel, internal and external. By adopting a preventive strategy, Feralpi identifies and defines investments and policies for worker safety, with the aim of promoting a safety culture within the organisation. The company is committed to raising awareness of safety issues and reducing risk through training, constant monitoring and targeted initiatives that enable continuous improvement of working conditions.

In January 2024, a fatal accident occurred at the Lonato plant involving a worker of an external company that has contracted out, with its own staff and equipment, the entire activity of handling slag from steel melting. The event occurred during slag container handling operations. Due to causes that have yet to be clarified, and which are being looked into by the investigating bodies, during one phase of the operation, the crate containing the incandescent slag tipped over towards the vehicle used for transport, resulting in it catching fire and the death of the driver of the vehicle.

16.2.1. We Are Safety

In 2023, Feralpi successfully continued the **"We Are Safety"** project which began in 2022, using the Lonato site as a pilot before its subsequent extension to all Group companies. This project aims to promote a health and safety culture through a training and experiential approach involving all staff, from management to workers, developing key skills such as communication, conflict management, leadership and team management, in order to continuously improve safety standards and ensure a safe working environment for all.



**WE
ARE
SAFETY**

4,600

Total training hours



18

Safety game sessions



26

Days in the field

>600

People involved



26

Meetings in auditorium

As a result of these training activities, a Decalogue of **10 safety rules** was created. The process of **"Safety Observations"** will start from these rules, which will lead those in charge, through a mobile application specially developed within the project, to record and monitor compliance with the rules of the Decalogue and observe trends in their progress.

In 2024, the "We Are Safety" project will also be extended to the Acciaierie di Calvisano and Arlenico/Caleotto sites, based on a similar format to that adopted at Lonato. In addition, a possible integration between the We Are Safety project and similar health and safety culture projects at FERALPI STAHL is being investigated.

The Safety Culture project at FERALPI STAHL

In 2023, **FERALPI STAHL** continued the second phase of the **"Safety Culture"** project launched in 2021 at the Riesa site. The project focuses on promoting behavioural changes to improve safety at work through the continuous improvement of safe behaviour in the workplace. The second phase, called **"Join Us"** focuses on promoting the shared responsibility of all employees in the workplace with the aim of creating an environment that encourages a culture where employees support each other in complying with safety rules. This includes learning the concept of shared responsibility, how to communicate effectively and how to receive and give feedback.

16.2.2. Initiatives at facilities to protect safety and the workers

In parallel with the awareness-raising and training actions, Feralpi continuously carries out improvement actions in all plants.

The updating of the **risk assessment of all production sites** is carried out according to the frequency imposed by regulatory aspects as regards the assessment of physical and chemical risks, and in relation to all plant developments determined by changes to environments and production facilities carried out during the year. In all plants, **proactive auditing activities** and the **analysis of incidents and near misses** are carried out, and **reports** are collected by staff. All investments involving changes, revamping, additions or replacements of machinery and equipment at Group plants, in terms of improving environments, building extensions or production facilities, are conducted with the constant active participation of the Safety and Environment function, with a view to constantly improving the working conditions of the jobs affected by these plant developments. This aspect was particularly important in 2023 for the **Feralpi Siderurgica** site in Lonato, with the replacement of the billet heating furnace at Rolling Mill 1 and the works in the continuous casting area brought about by the installation of basket exchange carriages. As a consequence of these plant investments, the area segregation criteria and the related security controls on access requirements were entirely redesigned, enhancing the safety levels of production and maintenance staff.

Due to the major changes in the production layout of the Riesa site (**Section 15.1.4.**), **ESF Elbe-Stahlwerke Feralpi GmbH** has updated the signage for newly constructed buildings and plants and those under construction over the next two years. For the same reason, the minimum requirements for personal protective equipment (PPE) have also been changed. At the Riesa site, steps are also being taken to improve translations of relevant health and safety documents into the different languages, given the increasing presence of non-German-speaking workers, visitors and contractors on the site (in particular contractor management documents).

16.3. Welfare

The Group's Italian companies have a system of **flexible benefits**. 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 staff.

In 2023, further facilities related to the issues of work-life balance and support for parenthood came into effect. Leave has been introduced **for needs related to children's illnesses** whose costs will be borne by Feralpi of up to 32 hours per year for each child. For women returning from maternity leave, the right has been established to benefit alternatively from **part-time, home working or reduction of the lunch break**. Flexible working arrangements were also introduced for some staff, both in terms of working hours and in terms of how they are accounted for.

Feralpi also joins the **Local Reconciliation Alliance**, a public-private partnership of organisations and companies with the aim of promoting work-life balance projects financed by the Brescia Health Protection Agency.

Health and wellness: initiatives for mental and physical support

As a complement to the safety management system, Feralpi is also active in protecting and safeguarding corporate health, through prevention and awareness-raising measures aimed at reducing general risk factors and, in particular, those most closely related to the genesis of chronic non-communicable diseases. Feralpi Group joins the **WHP network - Workplace Health Promotion** - a European initiative rolled out at regional and provincial level thanks to the ATS (Health Protection Agency) system with the collaboration of the local Confindustria (Confederation of Italian Industries).

From 2013 to date, the Group has promoted a total of **38 good practices in the 6 different WHP areas of intervention**, with a focus on aspects related to promoting healthy eating, combating tobacco smoking, promoting physical activity and tackling harmful alcohol consumption and other addictions.

Total Worker Health (TWH)

In 2023, Feralpi joined the international programme of **Total Worker Health (TWH)**, in collaboration with the Department of Occupational Medicine of the University of Brescia. The programme, which will start in 2024, consists of a three-year project in which selected companies will participate in an all-round health and safety impact assessment of their people.

The TWH sees people's health as the result of a combination of a variety of social, political and economic elements: where one lives, where one works, the quality of one's surroundings, genetics, lifestyle, income and level of education.

FERALPI STAHL organises annual **health days** for all staff with the support of health insurance companies and other service providers. In addition to these promotion and awareness initiatives, employees can also rely on health insurance. Workers 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 recommended by the company doctor. In Italy, workers can enjoy supplementary health insurance, guaranteed by the sector's collective bargaining agreement, which goes as far as including family members.

The company also strives to improve the well-being of people and working environments. At the site of **Caleotto and Arlenico**, the production engineers' offices were refurbished and made more spacious, brighter and soundproofed, with the installation of a Mechanical Air Conditioning Ventilation (VMC) system. The canteen was also renovated, with the layout being redesigned and fixtures and furniture replaced, in addition to joining all group initiatives on nutrition.

At the Riesa site, **FERALPI STAHL** implemented major quality improvements in common areas, including rest rooms, toilets, changing rooms and shower areas, in order to ensure a comfortable and safe working environment for employees. In addition, with a view to fostering an even more positive working experience, the canteen area was renovated and a new canteen service provider was selected in order to ensure a quality, varied food offer in line with employees' needs and preferences, thus promoting a healthy lifestyle and a more welcoming working environment.

16.4 Diversity, Equity, Inclusion

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 enhancing this aspect by implementing the values enshrined 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.



Global culture

Attracting and valuing people with different perspectives and backgrounds.



Gender balance

Promote gender balance and encourage women to pursue professional careers in scientific subjects.

Inclusive leadership

Commitment to inclusive leadership to push one's people to be their best personally and professionally.



Collective responsibility

Increase awareness of potential biases that hinder the ability to be more inclusive and collaborative.



Feralpi is one of the signatories of the **“Businesses for People and Society” Manifesto of the UN Global Compact Network Italy**, with the aim of increasing the private sector’s commitment to the social dimension of sustainability in companies, along supply chains and in communities.

During 2023, Feralpi continued its commitment to promoting diversity, equity and inclusion (DEI) through several important initiatives. The **empowerment of the DEI Ambassadors** project continued, with an increase from 20 to 35 members representing all Group locations, both national and international.

Two internal Group campaigns were launched on the subject. The first campaign **“We Are Together - Getting to know and connect each other”** is dedicated to training activities on issues of inclusion and internal dialogue at the Lonato site, with the aim of involving all Group plants over the next three years. In parallel, the second campaign **“WAT - Inclusive Leadership”** offers specific insights for managers and business leaders on issues related to diversity and inclusion.

Feralpi supported the project **Girls Code It Better** by financing digital workshops to promote the empowerment of female students at the Istituto Comprensivo di Desenzano del Garda. In addition, it continued the **Deploy Your Talents** project, facilitating meetings between students and experts to share work experiences.

Finally, Feralpi participated in the **Safe4All project of ITKAM** - Italian Chamber of Commerce for Germany, helping to create an inclusive working environment for people with disabilities through the production of a dedicated professional manual.

16.5. Human Rights in the workplace and along the supply chain

16.5.1. Human rights in the workplace: protection, recruitment, pay

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. These are based on timely and transparent communication of information between the parties. Collective bargaining agreements cover all staff at the sites located in Italy, Germany, France and Spain **(96.14% 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.

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. For the companies based in Italy and Germany, Feralpi’s remuneration structure is composed not only of the basic remuneration provided for by the national collective agreement, but also of supplementary company agreements that establish more favourable conditions for the majority of employees **(98.11% excluding only management roles)**. As for the managerial level, a **formalised performance management system (MBO)** is in place, based on objective quantitative and qualitative indicators. In 2023, the ESG MBO approach was further expanded to include environmental and governance performance goals in addition to social performance goals. The MBO system will also be implemented at FERALPI STAHL from 2024, initially involving the companies located at the Riesa site.

16.5.2. Human Rights along the value chain

Respect for **human rights along the value chain** is a hugely important issue for the Group, as it involves a range of activities and relationships that can have significant impacts on the lives and well-being of the people involved at each stage of the production process.

Feralpi has established its own **Human Rights Policy** drawn up in Italian, English and German, which is sent to suppliers at the contractual stage. With it, Feralpi undertakes to promote and implement human rights principles throughout its supply chain, consistent with the *Universal Declaration of Human Rights*, the *UN Guiding Principles on Business and Human Rights* as well as the *Ten Principles of the Global Compact* and the *ILO's Declaration on Fundamental Principles and Rights at Work*. This commitment translates into observing the laws in force in the countries of operation and developing rules of conduct that respect human rights. In particular, Feralpi is committed to creating safe and healthy working conditions for contractors and subcontractors. In this context, it asks suppliers to be aware of the importance the Group attaches to human rights, and to this end requires them to accept the **Code of Ethics** and to undertake to respect its values and principles. Likewise, Feralpi works with its customers to ensure respect for human rights throughout the entire supply chain, combating all forms of human rights violations.

By involving its suppliers in ESG strategies, Feralpi aims not only to reduce reputational risks, but above all to help trigger a virtuous circle, with a view to seeing sustainability as a value of the entire supply chain for shared responsibility. In fact, Feralpi's aim is to extend its attention and capacity for action along its value chain - with a focus on the supply chain - not limited exclusively to the Group's internal activities.

Since 2018, Feralpi has initiated a series of activities to generate an in-depth knowledge of suppliers, starting with scrap suppliers, and map them with regard to sustainability aspects linked to quality, the environment, health and safety and ethics. Over the years, through a questionnaire consisting of 7 sections and over 70 questions on general and other specific aspects such as human rights, labour, environment, corruption and quality, the Group was able to qualify 95.2% of the scrap suppliers for Italy in 2023. With regard to non-Italian scrap suppliers, Feralpi has implemented a procedure for collecting environmental information, in line with the integrated management system, to ensure that foreign suppliers also comply with the environmental standards required by the company.

16.5.3. The path to Due Diligence process along the value chain

In the course of 2023, the Group conducted, together with its strategic partners, two important projects with the aim of implementing a structured Due Diligence process that is in line with the forthcoming European directives - the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDD) - and the recent German Law on Due Diligence along the supply chain (Lieferkettensorgfaltspflichtengesetz - LkSG).

Lieferkettensorgfaltspflichtengesetz - LkSG

On 1 January 2023, the German Law on Due Diligence of suppliers (Lieferkettensorgfaltspflichtengesetz - LkSG) came into force for companies with at least 3,000 employees, extended on 1 January 2024 to companies with at least 1,000 employees. The law aims to encourage German companies to monitor the observance of human rights and environmental protection along their supply chains. It brings with it obligations including those to implement a risk management system, appoint a risk manager and carry out regular (annual) analyses.

Feralpi is currently not subject to the LkSG, as its locations in Germany have less than 1,000 employees. However, it is indirectly affected by the law in that its customers may be subject to the LkSG. This entails the need for Feralpi to respond to requests for information and cooperation from customers, balancing their needs with its own interests. As a supplier, Feralpi could also face enquiries from customers regarding its human rights Due Diligence. Based on the answers provided, Feralpi could incur an evaluation process with possible impacts on business relations. In order to prepare for such a scenario, FERALPI STAHL, which is responsible for the German Group companies, carried out a Gap Analysis process in 2023 together with its strategic partners to identify the improvement points needed to respond to possible customer requests. Based on this study, Feralpi has drawn up an action plan that will lead to the definition of roles, responsibilities and processes, standard and *ad hoc* responses and the preparation of a process for collecting and sending information to customers who request it.

Corporate Sustainability Due Diligence Directive (CSDDD)

The Corporate Sustainability Due Diligence Directive was approved in COREPER in March 2024 and is now awaiting formal adoption by the EU Council. The main objective of the Directive is the protection of human rights and the environment along the entire value chain of European companies, with potential significant impacts also outside the EU.

In response to this prospect, Feralpi chose to adopt a proactive approach independent of approval times, completing an in-depth gap analysis in 2023, carried out in cooperation with its strategic partners. This activity identified the areas of improvement needed to comply with the currently discussed text of the Directive, providing a solid technical basis for the development and implementation of an action plan that will enable the Group to establish an effective Due Diligence process, ready to meet future regulatory obligations.

16.6. Creating value for the territory

Feralpi Group is an integral part of the territory where it operates. The economic value created, once generated, is distributed among its stakeholders, thus contributing to the economic and social progress of the communities, the enhancement of the territory as well as the well-being of its workers. The role that Feralpi Group's companies play in the area takes the form of:



Employment

direct and indirect (through the supply chain) employment.



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 2023 Feralpi Group paid 28.44% of its turnover to local suppliers, compared to 25% in 2022.

Feralpi also contributed €4.9 million to support the communities in the area in terms of charitable donations and sponsorships.

The Group has always supported local organisations, trade associations, institutions and public administration, educational, university and research institutions, sports associations and national non-profit organisations. This commitment takes the form of six specific areas in line with the seven pillars of the sustainability strategy and the SDGs to which the Group is committed (**Section 14.1**):

- ◆ Safeguarding and caring for the environment;
- ◆ Education, training and work as tools for change;
- ◆ Promotion of individual physical and mental well-being and safety at work;
- ◆ Social inclusion through sport and culture, and the creation of inclusive spaces;
- ◆ Community development;
- ◆ Global emergencies.

In addition to these six areas, there are four specific ones to support artistic and cultural heritage:

- ◆ culture as an educational tool;
- ◆ development of entrepreneurial culture;
- ◆ publication and education on the world of steel;
- ◆ preservation of the artistic and historical heritage of the community.

In continuity with the previous three-year period, Feralpi confirmed its support, for the three-year period 2023-2025, to **Brescia Musei Foundation** through the Alliance for Culture, which aims to enhance the city's artistic heritage and support major cultural communication events. The initiative is based on the sharing of a strategic cultural vision with the partners, in which events and shows represent the tool to enhance the social and economic development of the city of Brescia and its province.

The Group also confirmed its participation in the **“Amici della Rocca” Club** (Friends of the Fortress): an exclusive association promoted by the Fondazione Ugo da Como that brings together and welcomes private individuals and companies that support and share an interest in culture and wish to support central projects and activities as part of the process of enhancing the monumental complex of the “Rocca” of Lonato del Garda.

FERALPI STAHL supports the **Elbland Philharmonie Sachsen GmbH orchestra** for the promotion of classical music. It also supports and collaborates with the Universities of Freiberg and Dresden by supporting research and development projects.

Alongside the support of social and cultural initiatives, and driven by the strong link with the local area and the commitment to developing the local territory, also with a view to inclusion, there is also room for **sports sponsorships** through the support of activities such as football, cycling, triathlon, rugby, skiing, tennis and rowing.

2023: Bergamo Brescia Italian Capital of Culture

2023 was the year of Bergamo Brescia Italian Capital of Culture: for Feralpi this was a further opportunity to support the promotion of the artistic, historical and manufacturing heritage of the Brescia area. Several themes were shared by Feralpi with Bergamo Brescia Capitale: culture as a central element for civic education, skills creation, work and social and economic resilience, the theme of work - manufacturing capacity, work discipline, entrepreneurial vocation -, the relevance of culture and the importance of social and solidarity networks.

In fact, the relationship of a company with the area in which it was founded does not end within the perimeter of the company's activity because it is indissolubly linked to the culture and traditions in which it is steeped. Moreover, for Feralpi, investing in cultural events or projects is a way of coming into contact with local communities, to consolidate integration with the social fabric in which it operates in the conviction that the company, understood as the heritage of the community, has a responsibility to distribute value also in the form of cultural activities.

The Group has therefore promoted several initiatives, consistent with its ESG strategy, with the aim of generating primarily a social value and with a special focus on corporate culture. The main projects supported and/or organised include: the gift of the work “Mondo d’Acciaio”, created by Maestro Emilio Isgrò, to the city of Brescia, support for the Land Art works of the “Maddalena. Il bosco dell’arte” (The forest of art) course, support for the “Luce della Montagna” (Light of the Mountain) photographic exhibition, promoted by the Brescia Musei Foundation, the “Fabbrica del Futuro”, “Festival dell’Educazione” and “Oltrecultura Fest” initiatives to promote corporate values, and the organisation of Open Days and guided tours in the company within the FABBRICAPERTA initiative (at the Lonato del Garda and Calvisano sites).



17. Governance information

17.1. Governance and organisational structure	122
17.1.1. Organisational Model	122
17.2. Code of Ethics and Management Models	124
17.2.1. Organisation, Management and Control Model (MOG)	124
17.2.2. Anti-trust Manual	124
17.2.3. Whistleblowing	124
17.2.4. Managing and combating corruption	125
17.2.5. Privacy management	125
17.2.6. Updating certifications	126
17.3. Digitalisation and Cybersecurity	127
17.3.1. Digitalisation at Feralpi	127
17.3.2. Cybersecurity	127
17.3.3. Industrial Automation and Operational Technology	129
17.4. Governance and management of products and services	131
17.4.1. Product and service quality	131
17.4.2. Qualification of suppliers	132
17.4.3. Compliance with labelling regulations and information transparency	133
17.5. Sustainability governance	134
17.6. Governance and management of environmental aspects	136
17.6.1. Ecological and Energy Transition Unit	136
17.6.2. Environmental management policies and systems	136
17.7. Governance and management of social aspects	138
17.7.1. Human resources management	138
17.7.2. Health, Safety and Environment Management	139

17.1. Governance and organisational structure

17.1.1. Organisational Model

Feralpi Siderurgica is controlled by stable family shareholders and has a traditional governance structure with corporate bodies such as the Shareholders' Meeting, the Board of Directors (BoD) of Feralpi Siderurgica and the Board of Statutory Auditors. Auditing is entrusted to an external company.

The ordinary and extraordinary management of the Company lies exclusively with the Board of Directors, which comprises nine directors, among which the Chairman with executive powers and the Chief Executive Officer are appointed.

The Board has a three-year term (expiry with the budget approval in 2023) and meets monthly. Members are selected on the basis of their expertise and business experience, following informal procedures based on trust between shareholders. Currently, all shareholders, including minority shareholders, participate in the process of nominating and selecting board members.

BoD

Board of Statutory Auditors

Chairman:
Giancarlo Russo Corvace
Statutory Auditors:
Alberto Soardi
Stefano Guerreschi

Shareholders' Meeting

Independent auditors

Supervisory body

Chairman:
Franco Camillo
Members:
Fabio Fada
Alessandro Franzoni

Board of Directors

Chairman and Chief Executive Officer:
Giuseppe Pasini
Board of Directors:
Cesare Pasini
Giovanni Pasini
Alberto Messaggi
Giovanni Tolettini
Dante Giuseppe Tolettini
Faustino Leali
Ercle Tolettini
Lorenzo Angelini

Sustainability committee

Through the ongoing governance reorganisation and with the aim of adapting to new market challenges to ensure sustainable growth, the Group is working to integrate diversity, independence and ESG criteria more effectively.

The Board of Directors consists of nine members, seven of whom are non-executive and two executive. Board members also hold positions in Feralpi Group investees and external companies. Currently, there are no representatives of social groups represented on the Board. Details of the composition of the Board of Directors can be found in the Appendix, section “Social Sustainability Indicators” → p. 192.

The remuneration of board members is mainly fixed, but work is being done to introduce a variable component more significantly over time.

The Board of Directors appoints the Supervisory Body (SB) and the Sustainability Management Committee, the latter of which is headed by the Chairman of the Board of Directors of Feralpi Siderurgica, which helps to integrate the ESG (Environmental, Social and Governance) dimensions into the corporate mission. The Board receives reports of critical issues from the Supervisory Body and updates from the Sustainability Committee. The Board of Directors develops the Group’s economic, social and environmental strategies with the help of expert advice. To avoid risks related to potential conflicts of interest, matters concerning the extraordinary management of the company are always submitted to the Board of Directors for approval and deliberation.

The Board of Statutory Auditors consists of three members, supported by a secretary, appointed by the Shareholders’ Meeting and is responsible for supervising compliance with the law and the articles of association, ensuring compliance with the principles of proper administration and the regulations.

Supervisory Body (SB)

The Supervisory Body is a collective body composed of two or three members, among whom the Chairman is appointed - who receives reports of critical issues in compliance with the Management and Control Model drawn up in accordance with Legislative Decree no. 231/2001 (231 Model). The Supervisory Bodies of Acciaierie di Calvisano and Nuova Defim are single-member bodies. There are six SBs operational as at 31 December 2023: Feralpi Siderurgica, Acciaierie di Calvisano, Nuova Defim, Presider, Caleotto and Arlenico. Feralpi Siderurgica’s Supervisory Body operates in collaboration with the supervisory bodies of all Italian Group companies.

For the foreign companies, no Supervisory Bodies are in place, since the 231 Model is not applicable, and the monitoring system is entrusted to the national legal system and the competent authorities.

During the period under review, the Supervisory Bodies received no reports of violations of the Organisational Model or the Code of Ethics, neither with regard to specific instances of corruption nor with regard to complaints on environmental, human rights, health and safety at work and privacy regulations.

17.2. Code of Ethics and Management Models

Feralpi has an organisational and corporate governance model that defines specific tasks and responsibilities for corporate governance bodies in order to integrate sustainability aspects into processes and the business plan. The Code of Ethics of Feralpi Siderurgica defines the ethical and social responsibilities of the company - internally and externally - and the values it embraces. The document is publicly available on Feralpi Group website.

17.2.1. Organisation, Management and Control Model (MOG)

For each of the Group's relevant Italian companies, an Organisation, Management and Control Model (MOG) is in place in accordance with Article 6 of Legislative Decree no. 231/2001, approved by the Board of Directors. The MOG ensures transparency and fairness, preventing the commission of offences through careful planning, self-monitoring and constant vigilance in the areas at risk, carried out by the Supervisory Body. The updates for the MOGs of Caleotto and Arlenico will be approved in the first quarter of 2024.

Companies in Germany are regulated by the Business Establishment Act (BetrVG), 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.

17.2.2. Anti-trust Manual

Feralpi has prepared an Anti-trust Manual, complete with an Operational Handbook, containing principles and guidelines for personnel interacting with third parties. The anti-trust programme is updated and implemented every two years, with annual training sessions and audits for staff most exposed to risk. In Germany, ESF Elbe-Stahlwerke Feralpi GmbH actively participates in the Wirtschaftsvereinigung Stahl to ensure fair competition. The Group's other foreign subsidiaries adhere to Feralpi's principles and values and comply with local regulations. In the period 2021-2023, there were no other related violations or penalties.

17.2.3. Whistleblowing

In compliance with Legislative Decree no. 24/2023, which implements Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law and national regulatory provisions, the Group's Italian companies established an internal whistleblowing channel during 2023.

The system allows written or oral reports via an encrypted platform accessible from any device. Seven Italian companies have activated the channel: Feralpi Siderurgica, Acciaierie di Calvisano, Arlenico, Caleotto, Fer-Par, Nuova Defim and Presider.

The procedure for handling whistleblowing and protection of the whistleblower is made known to all employees and stakeholders through publication on the Group's website, in the section "[Whistleblowing](#)".

17.2.4. 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 Code of Ethics recalls the principles of “Transparency”, “Truthfulness”, “Honesty” and the standard of conduct to be observed in relations with the Public Administration. For Italian companies, specific references can be found in the 231 Model.

There is also an internal procedure governing relations with the public administration for the companies directly involved, which also offer specific training programmes on the subject for sales personnel.

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. Feralpi applies the double-checking principle, whereby several members of company staff cross-check information. Corruption is also tackled along the supply chain: the Group’s suppliers are actually invited to accept the Code of Ethics and the values enshrined therein.

17.2.5. Privacy management

The rise of cyber threats due to increasing digitalisation is driving Feralpi to constantly improve its systems and to implement and monitor internal procedures to ensure high levels of security in data management.

The Group, having adapted to the European Regulation 2016/679 (GDPR - General Data Protection Regulation), maintains a constant focus on the protection of personal data, under the supervision of the Data Protection Officer (DPO) of the Group, who works with contact persons in the individual operations and liaises directly with a local DPO for activities in Germany.

Feralpi implements additional technical and organisational security measures where the need arises and constantly monitors developments in European and Italian legislation, practice and best practice in this area.

Feralpi has strengthened its security and data protection policies over time, which include procedures such as secure data deletion and management of system security update patches, with a focus on cybersecurity. Following the mapping of the IT infrastructure and the definition of a multi-year roadmap, a more up-to-date and resilient organisational model for information security was developed.

As evidence of the Group’s commitment, there were no reported complaints or privacy breaches by suppliers, customers, employees or third parties, nor any data breach events during 2023.

Group Policies



Environmental issues



Social issues



Governance issues



External Relations

- ◆ Group policy - Italy only
- ◆ Group policy, present

- ◆ Different policies for plants
- ◆ Policy not present

Environment	◆
Energy	◆
Health and Safety	◆
Personnel	◆
Suppliers	◆
Quality	◆
Cybersecurity	◆
Diversity	◆
Human Rights	◆
Antitrust	◆
Anti-corruption	◆
Investments	◆
Privacy	◆
Stakeholder Engagement	◆
Charitable Donations	◆
Social Media	◆

17.2.6. Updating certifications

As regards **system certifications**, the validation process of the EMAS Environmental Statement for the Acciaierie di Calvisano site was completed in 2023. The process of including the site in the EMAS register is expected to be completed in 2024.

UNI EN ISO 14001 certification was also obtained for Presider's Environmental Management System (Borgaro, Nave, Pomezia sites) and for Caleotto and Arlenico. Also at the Caleotto site, the IATF maintenance audit and the conclusion of the review of the Integrated Environmental Authorisation (IEA) is scheduled for 2024.

At Feralpi, plans are in place to extend the coverage of ISO 45001 to all Group companies. Implementation of the relevant management systems is planned for the Arlenico, Presider and Calvisano sites in 2024. For the latter, the Group aims to complete the stage 1 audit for certification.

As regards **product certifications**, eSF Elbe-Stahlwerke Feralpi GmbH is certified for minimum recycled content, the Carbon Footprint according to ISO 14067 standard and the Environmental Product Declaration (EPD) of its products.

Caleotto and Calvisano obtained the Environmental Product Declaration (EPD) in the first quarter of 2024.

Presider obtained the UN EN ISO 14067 certification for its carbon footprint and in the first quarter of 2024 the Environmental Product Declaration (EPD) of its products.

For Presider Armatures, the Fiche Déclaration Environnementale et Sanitaire (FDES) certification²⁴ is expected to be obtained in 2024, covering construction products for the French market and describing the environmental and health performance of a construction product.

The up-to-date overview of system and product certifications for each Group company up to 2023 can be found in the Appendix and on the Product Certifications page of the website www.feralpigroup.com.

²⁴ The regulation is developed according to the international standards ISO 14040, ISO 14044 and ISO 14025, and the reference French national standards NF EN 15804/CN and PCR, and is therefore prepared on the basis of an LCA study. It also provides health-related information on indoor micro-pollution due to the application of the studied product.

17.3. Digitalisation and Cybersecurity

17.3.1. Digitalisation at Feralpi

Digitalisation is a major megatrend that is profoundly transforming the economy and society. For Feralpi, it is an essential tool to ensure business continuity and resilience, as well as to facilitate the transition to sustainable production.

The use of IoT (Internet of Things) technologies and business intelligence tools allows the Group to operate more efficiently, monitoring real-time operational data throughout the entire production cycle, from resource optimisation to emissions management. The adoption of digital tools is key to identifying impacts, risks and opportunities, improving accessibility and sharing of information both internally and with external stakeholders. Feralpi has been on a path of digitalisation of its business processes for years, thanks to Google Cloud technology, which allows it to be at the forefront in the following aspects:

- ◆ Flexibility and scalability: faster adaptation of IT resources;
- ◆ Cost reduction: eliminates the need to maintain on-premise hardware infrastructure;
- ◆ Accessibility and mobility: facilitates remote working and collaboration;
- ◆ Security and reliability: ensures data protection and business continuity;
- ◆ Environmental sustainability: reduces ecological impact through increased energy efficiency;
- ◆ Innovation: provides immediate access to the latest technologies and software updates.

17.3.2. Cybersecurity

While the increasing push for digitalisation of businesses improves efficiency, it also poses risks to business continuity. In particular, the opening of one's digital infrastructure to the outside world for diagnostic, maintenance and remote support purposes increases the attack surface and aggravates the risk of compromises from the supply chain.

In 2023, the rise of cyber-attacks on companies became more and more relevant, involving not only the service and utility sectors, but also the manufacturing sector. Businesses in this sector, perceived as more vulnerable, are often the target of hostile actions by cyber criminals, aimed at blocking production activities and demanding ransoms. The geopolitical context, marked by the Russian-Ukrainian conflict and tensions in the Middle East, fuelled further attacks by hostile state actors. There was continued espionage and information theft by Chinese and North Korean actors, targeting financial, governmental and highly innovative sectors. At regulatory level, the introduction of the European NIS 2 Directive has broadened the guidelines for the management of critical infrastructure, but the implications for Feralpi and other sectors are still to be defined.

This is one of the reasons why Feralpi Group has decided to take a proactive approach to the implementation of effective cybersecurity with a long-term perspective that sees it as a strategic investment. The Group is developing a governance and culture that sees cybersecurity as a collective responsibility, to make all its employees part of the cybersecurity shield.

In 2023, the Board of Directors approved the establishment of the IT/OT Security Governance framework, whose documents were drafted taking into account relevant international standards and best practices. They are available on the company intranet and are organised according to a three-level hierarchical structure:

- ◆ Policy: defines the organisational roles involved and the high-level principles to be addressed in IT/OT Security processes;
- ◆ Procedures: they outline the high-level requirements detailed in the Policy by defining the requirements and vertical operational flows on each security area and identifying operational responsibilities;
- ◆ Operational instructions: they define how to address the requirements set out in the operational procedures.

The IT/OT Security Strategic Committee was established, which is responsible for supporting the alignment between IT/OT Security risk response strategies and strategic business objectives through the involvement of the corporate organisation. It consists of the Chief Information Officer (CIO), the Chief Information Security Officer (CISO), the Chief Technology Officer (CTO), the Group Chief Financial Officer (CFO) and the Director of FERALPI STAHL. Depending on the needs, it may be supported by specific people of primary importance in the management of the processes involved in the IT/OT Security events for which the Committee is held accountable.

Cyber risk management complements the Group's more general corporate risk management process based on the international standards ISO 31000, ISO 27005 and NIST 830 in pursuit of the following objectives:

- ◆ Ensure understanding of IT/OT Systems in terms of risk and strengthen awareness in internal IT/OT Security risk management;
- ◆ Provide accurate, complete and timely information to enable the relevant organisational structures to make informed decisions and act pro-actively;
- ◆ Prioritise efforts in risk response in consideration of business needs and priorities;
- ◆ Ensure that technological and organisational risk management safeguards are implemented effectively and consistently with the IT/OT Security strategy and objectives.

The IT/OT Security risk management process includes a structured methodology for risk calculation, in order to identify risks that exceed the pre-determined acceptability threshold and for which it is necessary to mitigate, transfer or avoid the risk through targeted initiatives validated by the Strategic Committee.

With the ICT Business Continuity and Disaster Recovery procedure, the Group has adopted a methodological tool aimed at guaranteeing, in the event of an interruption of the IT systems supporting the business, the preservation of data and essential functions of Feralpi Group companies, the maintenance of critical business activities or, if necessary, the recovery of such data and the timely resumption of business activities.

Cybersecurity measures

In 2023, the Board of Directors approved the IT/OT Security Governance framework and a risk management tool, subject to annual updates unless events require a reassessment of the risk. The implementation of the Onapsis technology solution continued, a security monitoring system for the Group's ERP, and the Training & Awareness programme, aimed at enhancing employee awareness and skills on cybersecurity through e-learning training activities. Similar activities were also carried out in Germany. In addition, a monitoring system for industrial OT networks was introduced, linked to a security operations centre that ensures 24-hour monitoring, and a programme to assess the cybersecurity maturity level of IT/OT vendors was initiated. Finally, the OT Security by Design initiative continues, which provides for cybersecurity analyses of the Group's production facilities as part of new installations or modifications to existing facilities according to ISA 62443 standard.

In the immediate future, Feralpi Group aims to consolidate its Business Continuity Plan, improve cybersecurity education, boost awareness of third-party risks and adopt new technological measures to increase the protection of the Group's infrastructure. Further attention will be paid to maintaining relations with customers, suppliers and manufacturing companies in the area in order to form a common defence front.

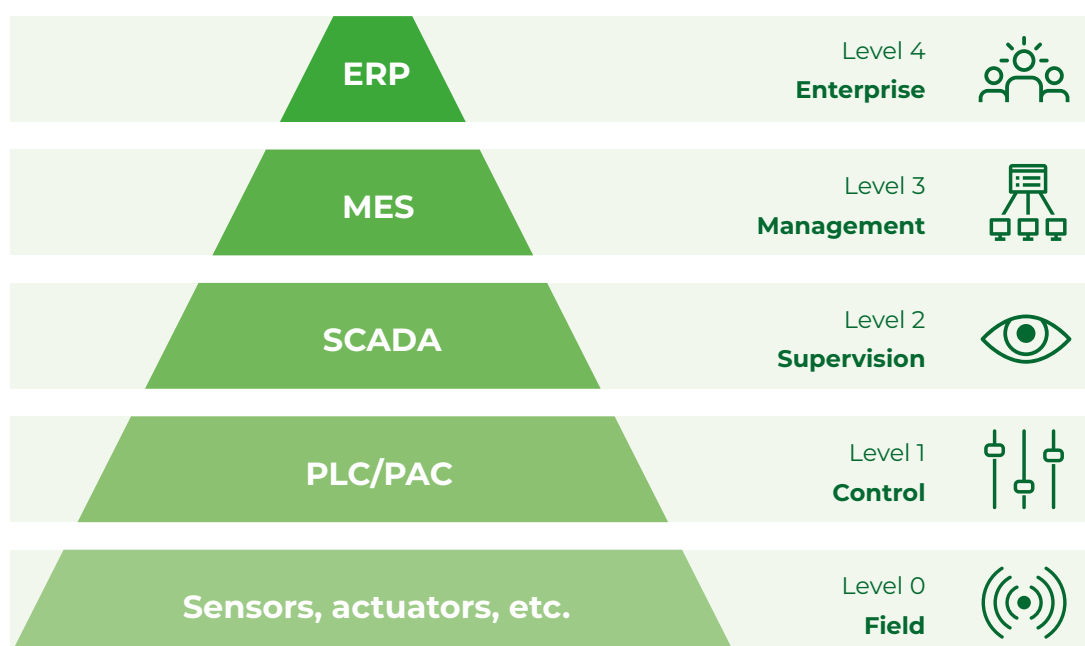
17.3.3 Industrial Automation and Operational Technology

Digitalisation and automation in the field of operational technology (OT) are a driving force for an ecological transition to ensure a sustainable future for production processes.

The adoption of smart manufacturing practices, fuelled by digitalisation and automation, plays a crucial role in enhancing operational efficiency, optimising the use of energy and resources and strengthening the link between technology investments, financial performance and environmental, social and governance (ESG) aspects. These digital infrastructures and solutions therefore become essential to maintain a competitive position in the market and to meet the growing expectations of stakeholders.

Feralpi is continuously working to refine its digital ecosystems to improve efficiency and flexibility in order to adapt to a complex external environment and requirements beyond simple productivity. This engagement takes place at all levels necessary for automation, which include: the field level where physical operations and data collection through instrumentation and sensors take place, the control level where processes are managed and monitored, the supervisory level where strategic decisions based on the analysis of collected data take place, as well as MES (Manufacturing Execution System) systems for production optimisation and ERP (Enterprise Resource Planning) for integrated enterprise resource management. This, particularly for special steels, is a key element in ensuring production efficiency, progressively reducing environmental impacts and enhancing business performance.

Digital ecosystem



This approach is based on the adoption of BAT (Best Available Techniques), i.e. the most advanced technical solutions and technologies related to Industry 4.0, such as Internet of Things (IoT), Artificial Intelligence and Big Data. This approach is essential to monitor and optimise energy consumption, reduce greenhouse gas emissions and promote the reuse of materials, thus avoiding landfilling or incineration.

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.

In 2023, automation activities focused on the energy efficiency of production processes. With the replacement of the natural gas heating furnace with the induction coil series at the inlet of Rolling Mill 1 (**section 15.1.4.**), algorithms for efficient temperature control were implemented to automatically redirect billets to the second rolling mill based on their temperature.

Implementation of the Manufacturing Execution System (MES) continued in 2023: the first phase of its implementation was completed at Rolling Mill 1 of the Lonato site, and it is currently being installed at other areas of the plant. The aim is to achieve a more efficient analysis of diagnostic data and an acceleration of predictive analysis.

Also at the Riesa site, ESF Elbe-Stahlwerke Feralpi GmbH is developing an MES for the existing processes and the new Rolling Mill B. At the beginning of 2024, in cooperation with external technology partners, the inlet area of the heating furnace of Rolling Mill A was also upgraded and made operational. Thanks to the implementation of automation systems, the speed and flow of the billets entering the rolling mill were improved, resulting in a reduction of the energy consumption required for their heating and a consequent increase in the overall energy efficiency of the rolling process.

In 2024, the Group will focus on the implementation and commissioning of the necessary automation systems for the new spooler product produced at the Lonato site, the Garret in Arlenico and the new Rolling Mill B in Riesa.

17.4. Governance and management of products and services

17.4.1. Product and service quality

The production of electric arc furnace (EAF) steel involves the use of scrap and other materials, including lime, ferro-alloys and refractories. Quality, understood as the set of characteristics and properties of products, processes or services that enable the customer's requirements to be met, is ensured through specific monitoring procedures. These include checking incoming raw materials, the entire production process and finished products to ensure that they meet customer requirements.

The Group manages quality through specific KPIs for each business process. Management is in the hands of the Quality Department and plant management, cascading to other functions where necessary. The **Group Quality Manager**, together with the quality managers of the individual production units act to address quality aspects on the basis of the set objectives. All group companies share the same **quality policy**. Complaints are handled by the **Quality Office** which decides on technical acceptance and the Sales Department on resolution with the customer.

Feralpi is committed to harmonising and integrating the various Quality Management Systems of its companies in order to progressively develop a **Group Total Quality Management (TQM)** system.

The quality management systems of the Group companies are certified according to **ISO 9001**. Through designated representatives, Feralpi **actively participates in the definition of both national (UNI, DIN) and international (EN, ISO) standards** and, through participation in sub-committees and/or working groups, keeps itself constantly updated on standardisation activities in the steel industry.

Quality is essential to constantly meet demands and anticipate future customer needs and expectations. For this reason, the Group's companies constantly strive, through appropriate management tools, to **understand and respond to their needs**. In 2023, an analysis was conducted to collect customer satisfaction data, using an on-line survey to which sixty-two companies responded.

Constant process innovation, research into innovative materials and certified quality management are key to fully meeting customers' needs. In 2023, the Group worked to improve the synergy between Feralpi Siderurgica and FERALPI STAHL in order to adequately respond to customer demands and optimise internal and external logistics, with the aim of being more effective and having a greater presence internationally too. Finally, the revamping of rail transportation planning continued.

In 2024, Feralpi will follow the regulatory process and obtain certifications to market the new product, the spooler.

17.4.2. Qualification of suppliers

Scrap suppliers

In order to guarantee scrap quality and reduce the risks of inadequate supplies that could compromise the final product, suppliers are continuously monitored by means of specific indicators that assess the quality of the material delivered. The supplier qualification process is crucial in order to guarantee the contractual requirements agreed with customers and to meet their expectations. A high quality of suppliers helps to prevent corruption or regulatory compliance risks, ensures a better control of the market and enables more incisive and targeted business operations.

In 2023, the Group started a project to further integrate ESG criteria into supplier qualification. In this way, Feralpi will be able to improve the assessment and sustainability performance of suppliers, integrating them into its decision-making processes through detailed statistics and reports. **(Section 16.5.2.)**

The scrap delivered can be of two types:

- ◆ scrap comprised of scraps or processing residues: new scrap is collected by third parties and delivered directly to steel mills or sold to companies that market them;
- ◆ scrap from steel structures of all kinds (cars, ships, disused power stations, nets, railings, etc.): this type of scrap may need further treatment to separate it from the waste that is landfilled or from materials that can be recovered.

Feralpi's main suppliers of scrap include traders and brokers, who acquire, in compliance with regulations in force, material from various sources, including waste collection and disposal centres, demolition companies, recycling plants, manufacturing industries and car manufacturers. In Italy, the supply profile is characterised by a high degree of parceling out and around 30% imports. To mitigate management and purchasing risks due to the high fragmentation of the Italian market, the Group has established relationships with intermediaries, such as Mediasteel, one of the main suppliers, 45% owned by Feralpi itself. In Germany, the strategic geographical position of ESF Elbe-Stahlwerke Feralpi GmbH, combined with less competition for raw material in the region, makes it easier to recover scrap, even from neighbouring foreign countries such as Poland and the Czech Republic.

The incoming scrap undergoes visual and radiometric controls, the latter aimed at searching for possible radioactive sources, in order to verify its conformity from a safety point of view before it is sent to the melting process. At the facilities in Lonato del Garda, Calvisano and Riesa, there are advanced plants for the selection and treatment of scrap allowing the removal of **non-ferrous aggregates**, i.e. materials other than steel that would negatively affect the energy efficiency of the melting process and the quality of the product itself.

During 2023, the Group initiated a series of internal audits at a selection of scrap suppliers, chosen on the basis of their strategic relevance and distributed through various intermediary partners with whom the Group has business relations. The primary objective is to gradually extend this practice to more and more suppliers. The audits focus on analysing the condition of the facilities, the type and quantity of material handled, resources and operating procedures, as well as sustainability aspects. The results of these audits are formalised in a technical report that is shared with the supplier in order to identify possible areas for improvement. This initiative not only enables the Group to assess the practices of its suppliers more thoroughly, but also helps to raise awareness of the importance of their actions in terms of sustainability and the crucial role they play in business relations with Feralpi Group.

Other supplier categories

For other product classes such as ferro-alloys and lime, a control is performed on the chemical analysis of the incoming product. The ingot moulds are checked for the required dimensions, both before and during their use, to ensure the efficiency of heat exchange during the steel solidification process. For the rolling cylinders, which are used to give the product its final shape, dimensions and hardness are checked to ensure that the requirements of the order are met.

Reporting non-compliance

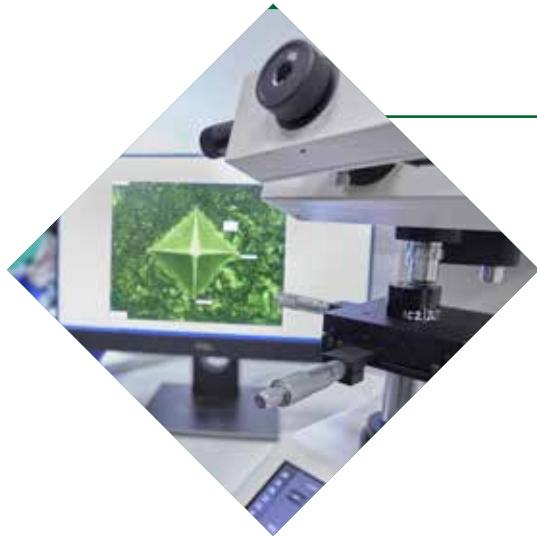
The supplier is quickly notified of any non-compliance issues, which are recorded in the "Register of non-compliant scrap events". If material that has been contaminated with radiation is detected through the appropriate portals, the procedures require the vehicle to be stopped, decontaminated, and the level of risk verified with a qualified, external expert. If the material is actually radioactive, it is reported to the relevant authorities and the material seized. For all other product classes, incoming checks are carried out and, in the event of non-compliance with the analytical limits entered in the company management system, the non-compliance is automatically highlighted to the purchasing department, which then oversees its financial management with the supplier.

17.4.3. Compliance with labelling 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, 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 construction 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.

In 2023, a **tag equipped with a QR code** was prepared, which will allow the customer to access all the technical and quality specifications of the product with all the bundle-specific information. The QR code does not replace the bar code, but provides an additional service to the labelling information already present with the aim of providing more transparency to the customer about the product purchased.

At a Group level, all products are assessed to ensure compliance with the technical standards of reference and client specifications. During the three-year period 2021-2023, **there have been no cases of non-compliance** with regulations or voluntary codes on product labelling and information. There were no certification losses or warnings from certification bodies.



Digitalisation applied to quality: the Feralpi Cloud Platform

The Feralpi Cloud Platform (FCP) is a cloud solution that centralises production and quality data, collected from different sources and from several of the Group's production plants. The platform allows a complete view of the processes, thus facilitating their management and optimisation. The integration of all Feralpi Group's plants into the cloud platform will also enable the implementation of increasingly elaborate Artificial Intelligence technologies, with the aim of identifying any drops in performance, preventing production stoppages and predicting maintenance needs.

17.5. Sustainability governance

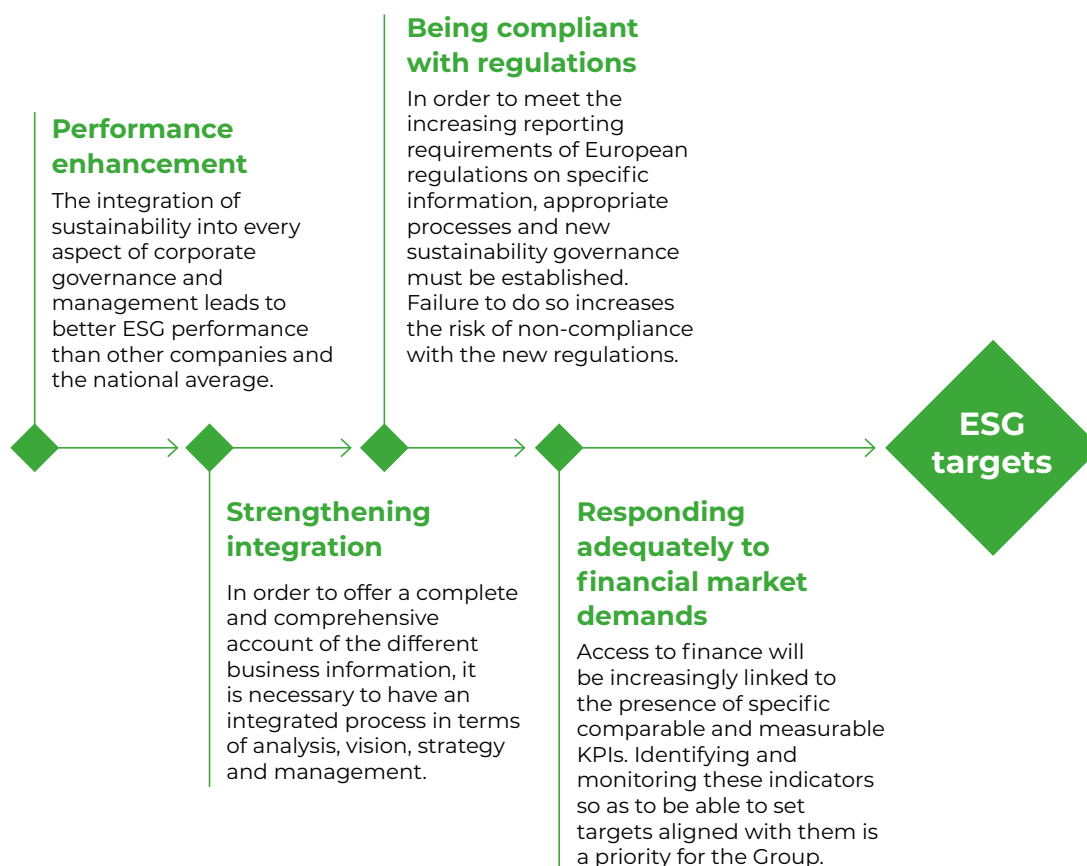
Feralpi's Sustainability Governance, led by the Board of Directors and supported by the Sustainability Management Committee and the External Relations and Sustainability Department, aims to improve ESG performance and fulfil sustainability commitments. The Board coordinates the development and implementation of the ESG strategy, aligning it with the UN SDGs and promoting ethical, sustainable and socially responsible practices.

Since 2021, the Group has started to revamp its sustainability governance to create long-term shared value for stakeholders, adapting to the growing demand for transparency on sustainable and socially responsible practices and considering the impact of ESG metrics on financial performance.

The **Sustainability Management Committee** has the task of assisting, with proposal-making and advisory functions, Feralpi's Board of Directors in assessing and deciding on sustainability issues connected with the Company's operations, the dynamics of interaction with the Group's stakeholders, corporate social responsibility, the integration of the strategic plan (also based on the analysis of material issues for the generation of long-term value) and the corporate governance of the Company and the Group. The Sustainability Committee currently consists of the Chairman, eight internal members and two external members, one person for the environmental part (E), and one person for the social (S) and Governance (G) part. The objective in the coming years is to ensure an **increase in the number of external members** in order to: further internalise expertise and experience on ESG issues; ensure compliance with laws and regulations and pro-actively address ESG risks; provide an unbiased and innovative viewpoint on sustainability strategy and initiatives; demonstrate the Group's commitment to transparent and responsible management; and create connections and relationships that generate new opportunities for improvement for the Group's sustainability strategy.

The **External Relations and Sustainability Department** is in charge of coordinating the various units and functions in the operational implementation of the strategy, as well as managing the data and information collection process for the **sustainability statement** (formerly non-financial statement - NFS) and the Taxonomy Regulation. Finally, it coordinates and strengthens relations with internal and external stakeholders in order to understand and meet their expectations, promote transparency and ensure constant and constructive dialogue.

Objectives of the Sustainability Committee



17.6. Governance and management of environmental aspects

The environmental management of the production processes is entrusted to the individual plants, with plant managers, management system managers, the UTEE, the Group HSE Manager and the External Relations and Sustainability Department. The Group Energy Department manages regulatory and strategic aspects (e.g. energy procurement, renewable development, sale of white certificates) for energy-intensive companies and supports the others on supply contracts and regulatory aspects. Plant managers, together with EMS managers, coordinate the management of waste materials. At the Italian sites, plant-specific procedures are followed, whereas at the Riesa sites, integrated and centralised management is adopted. The Scrap Purchasing and Environmental Protection Departments collaborate in the management of incoming waste.

17.6.1. Ecological and Energy Transition Unit

An Ecological and Energy Transition Unit (UTE) is in operation at Feralpi, engaged in the development and management of energy efficiency, decarbonisation and circularity projects. The main objective is to contribute to the definition and implementation of a clear strategy on the ecological transition and to act as a disseminator of best practices within the Group in order to facilitate the development of projects to achieve the pre-established environmental and decarbonisation targets, to monitor the progress of results and to intervene promptly in the event of any deviations from the original plans.

17.6.2. Environmental management policies and systems

The steel sector is subject to the EU Integrated Pollution Prevention and Control (IPPC) framework, introduced since 1996 with the first IPPC directive. Feralpi carries out its activities in compliance with current legislation: in Italy it operates in line with Legislative Decree no. 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 also applies the precautionary principle set out in Article 15 of the Rio Declaration on the environment and development, stating that “Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation”.

Feralpi's facilities with the most significant energy consumption and environmental impact levels, given their process type and high production volumes are: Feralpi Siderurgica, Acciaierie di Calvisano and ESF Elbe-Stahlwerke Feralpi. Feralpi Siderurgica and ESF are ISO 14001, ISO 50001 certified and EMAS registered, Acciaierie di Calvisano is ISO 14001, ISO 50001 certified and is on track to achieve EMAS registration. The rolling mill at the Arlenico site is considered energy intensive due to the high consumption of methane gas needed to heat and process the billets and has embarked on a path to 14001 certification. In 2023, Presider achieved Environmental Management System certification according to the UNI EN ISO 14001 standard.

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. The Integrated Management System Department of the Riesa sites centrally coordinates and manages all aspects of quality, occupational health and safety, fire protection and explosion risk, environmental protection and waste management. At sites without certified systems, there are procedures in place to ensure the proper monitoring of environmental aspects that have an impact on the production site's performance. All system procedures for all Group sites are referred to in the 231 Model, which is operational in all Group companies.

The management of waste and production residues mainly involves recovery and/or qualification as by-products, with only residual disposal in landfills. Processes and facilities are organised to minimise the volumes to be landfilled. Feralpi is also committed to reducing the handling of raw materials and production residues, to reducing inputs and to raw material substitution. At the Italian sites, specific operating and management procedures are applied 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. For all operational sites, managers inspect the sites on a weekly basis and manage communications with the authorities and with recyclers and disposers (e.g. application for certificates such as EMAS; ISO 14001, etc.). The "Research and Development" function works with managers and environmental contacts, constantly searching for new solutions. The circular economy involves actors in the supply chain, public and private, outside the organisation.

External awareness of environmental issues is raised through annual reporting tools (Sustainability Statement, EMAS Environmental Statement) as well as digital communication tools (corporate website, MyFeralpi portal and social channels) and external relations (media relations, institutional relations, stakeholder engagement, dialogue with the local community, events, company visits, house organ VerdeFeralpi).

17.7. Governance and management of social aspects

17.7.1. Human resources management

The Human Resources department has two integrated organisational structures: the first focused on the plants in Italy, France, Spain and Algeria. The second on plants in Germany and Eastern Europe.

With this in mind, the first structure reports hierarchically to the Group Chairman and the other to the General Manager of ESF Elbe-Stahlwerke Feralpi GmbH, with regard to management and organisational matters and national aspects of bargaining and labour relations. On the other hand, the Italian structure retains functional responsibility for strategic, steering or special project issues. Parallel to the HR functions, the HSE function for Safety and the External Relations and Sustainability Department for individual welfare, human rights, Diversity & Inclusion and the management of relations with the territory and key stakeholders also provide support.

The management of human resources adheres to the legislation and national regulations in the countries where the Group operates, and in line with the company values and principles outlined in its Code of Ethics, which is given to every newly hired staff member. To support the Code of Ethics, FERALPI STAHL also applies a specific company policy. Feralpi has always favoured permanent employment relationships with the goal of supporting the company's economic growth, ensuring the enhancement of human capital, adequate pay above the minimum wage, safe working environments, attention to the physical and mental well-being of the worker, and corporate welfare initiatives.

Human Rights

Feralpi operates in line with the International Charter of Human Rights, the fundamental conventions of the International Labour Organisation (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.

At the Italian locations, the reference document is the Organisational Model drawn up pursuant to Legislative Decree no. 231/2001, while in Germany the Group makes reference to the German Constitution (Article 1) and the Allgemeines Gleichstellungsgesetz law, transposed within the Group through the Code of Ethics and the "Diversity & Inclusion" and "Human Rights" policies.

Diversity, Equity, Inclusion and Welfare

Feralpi Siderurgica has a Diversity, Equity, Inclusion and Welfare (DEI & Welfare) Manager function with the aim of developing projects and strategies in the area of diversity, inclusion and employee well-being, following the four guidelines already present in the D&I Policy.

Welfare and well-being activities are overseen by a dedicated function, which, together with the relevant occupational physicians, local working groups at the sites, with the help of ATS and a dedicated budget, establishes and monitors activities for the current year. Activities are planned annually on a regional platform and are reported at the end of the year.

Relations with the territory

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. Aspects related to donations and sponsorships with social and cultural purposes are managed by a Group policy that identifies its areas of action in six pillars, augmented by an additional focus on cultural aspects.

17.7.2. Health, Safety and Environment Management

The function of steering and coordinating all Group companies in the field of safety and environment is assigned to the Group HSE Manager. The Group HSE Manager has the task of supporting Feralpi Group in defining Health, Safety, Environment and Energy strategies, guaranteeing the promotion and dissemination of strategies and policies in subsidiaries, ensuring the management of HSE processes, and supervising the implementation of approved projects. This figure functionally coordinates all internal contact persons in the Group companies who oversee environmental, safety and energy management systems where certified. In addition, it liaises with the plant management units and the contact persons of the environment and safety functions to ensure governance of the relevant issues is aligned to the Group's policies.

All choices and policies relating to the environment, safety and energy are therefore coordinated by exploiting synergies between the different companies, in order to standardise the application of strategies and the definition of objectives.

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 to work after long periods of sick leave.

Feralpi Group ensures a health service in all major locations with a nursing and medical presence and guarantees, in entities with less staff, that a company doctor will be in place to conduct periodic health checks relating to exposure to potential occupational hazards. As far as aspects more closely related to the personal health of employees are concerned, in addition to the medical staff, the HSE Manager and the RSPPs of the Group companies, the Human Resources Department and the External Relations and Sustainability Department are also directly involved, contributing to the definition and monitoring of the progress of projects relating to the promotion of health and well-being. As for the management of human rights, the Human Resources Department manages their protection among employees.

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 45001 international standard has been implemented, which ensures the constant monitoring of risks and the identification of improvement measures. Feralpi Siderurgica's system is governed by an integrated Environment, Safety and Energy policy. At FERALPI STAHL, the management system ensures constant monitoring of hazards and the definition of improvement measures. The goal for the coming years is to combine the integrated management system with a health and safety management system certified by the ISO 45001 international standard. In Feralpi, there is a plan in place to extend coverage from ISO 45001 certification to the health and safety management systems of all Group companies. In 2023, the setting up of these systems at the Calvisano and Arlenico sites was refined, by establishing homogeneous policies and a process of implementation of the systems for reaching the next certification steps scheduled for the years 2024 and 2025.

Furthermore, all Italian companies are subject to special inspections by the Supervisory Body to ensure the application of health and safety procedures, as required by the 231 Model. The foreign companies meet the requirements of national regulations.

Finally, the Feralpi Siderurgica and Acciaierie di Calvisano sites are both equipped with a Policy, a Risk Management System and an assessment of relevant accident risk scenarios in line with the provisions of Legislative Decree no. 105/15.

With regard to contract work, all companies have specific procedures for the technical and professional assessment of contractors and the management of interference risks. Before any activity is contracted out, a check is conducted 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 obligations required by the competent bodies, and coordination meetings are held with supervisors/employers of the parties, to eliminate or reduce any risks identified.

Companies located in Riesa adopt an external companies management manual signed by the General Manager 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 company, presenting safety equipment, directions in case of emergency, signs and emergency exits.

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 the indicators of the frequency and severity of accidents that have occurred through tools set up for periodic internal reporting.

The background of the page features a close-up, high-angle shot of a green field, possibly a golf course, with distinct mowed stripes. A prominent white geometric line, consisting of two connected segments forming a sharp angle, runs diagonally from the top left towards the bottom left, partially obscuring the field texture.

Appendix to the Sustainability Statement

Methodology note

The name of the organisation reported is Feralpi Group, which includes all the subsidiaries of the parent company Feralpi Siderurgica S.p.A. which owns the operating subsidiaries and investee companies, also through the use of sub-holding companies, according to a sector-based approach²⁵. Feralpi Siderurgica 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 represents the fourth Consolidated Voluntary Non-Financial Statement (hereinafter "NFS") of Feralpi Group²⁶. The data and information in this document refer to the 2023 financial year (from 1 January 2023 to 31 December 2023), which is equivalent to the cash flow statement and the scope of the Consolidated Financial Statements of Feralpi Siderurgica S.p.A., unlike previous editions, whose reporting scope was that of Feralpi Holding. The NFS is published on an annual basis. The Group's last NFS was made available in June 2023. The document has been drawn up in accordance with Articles 4 and 7 of Legislative Decree no. 254/2016 on the voluntary reporting of non-financial information and in accordance with the reporting requirements and principles of the GRI Reporting Standards. The document incorporates the October 2021 revision of the GRI Universal Standards, effective for reporting from 1 January 2023. The contents of the material topics were prepared according to the 2016 GRI standards, with the exception of the following:

- ◆ GRI 303 (Water and Effluents) and GRI 403 (Occupational Health and Safety) published in 2018.
- ◆ GRI 207 (Tax) published in 2019.
- ◆ GRI 306 (Waste) published in 2020.

Within the 2023 NFS, for purposes other than to comply with the requirements of Legislative Decree no. 254/2016, additional KPIs specific to the sector in which the Group operates were added, taking into consideration the indicators published by the Sustainability Accounting Standards Board (SASB). These indicators are clearly identified in the table on page 144 and are to be considered additional to the disclosures prepared in accordance with the GRI Standards in order to meet the requirements of Articles 3 and 4 of Legislative Decree no. 254/16. Unlike previous editions, the structure of the 2023 document takes up that recommended by the Corporate Sustainability Reporting Directive (CSRD) and the ESRS standards. The scope of the report coincides with Feralpi Group's Consolidated Financial Statements as at 31 December 2023²⁴. Compared to 2022, the reporting scope of the economic, environmental and social indicators saw the exclusion of MPL due to its sale in October 2022. Information on Feralpi Power On and Feralpi Villazor, entities in the renewable and non-renewable energy generation business, is reported in qualitative form as they lack production facilities and personnel.

The consolidation criteria include all subsidiaries and exclude associates. As in 2022, Co.ge me Steel S.r.l. and Nuova Cogeme S.r.l. (the latter in voluntary liquidation as of May 2020), are included in the scope limited to economic data, as they have no employees. The legal entity Fer-Par S.r.l. is included in the scope limited to economic data and some social aspects related to Governance.

As for the environmental indicators, in addition to the four main operating companies, i.e. Feralpi Siderurgica S.p.A., located in the Municipality of Lonato del Garda (BS), Acciaierie di Calvisano S.p.A., located in the Municipality of Viadana di Calvisano (BS), Arlenico S.p.A. with Caleotto S.p.A. in the Municipality of Lecco (LC), ESF Elbe-Stahlwerke Feralpi GmbH with Feralpi Stahlhandel GmbH and Feralpi-Logistik GmbH in the Municipality of Riesa, Saxony, reference is made to the significant environmental indicators of the Italian production sites in Alzate Brianza (CO), Anzano al Parco (CO), Borgaro Torinese (TO), Nave (BS), Pomezia (Rome), Rivoli (TO), Saint-Soupplets in France, Kralupy in the Czech Republic and Csepel in Hungary, Barcelona and Girona in Spain despite the low relevance in terms of environmental impact. The reporting does not include the environmental data

²⁵ The complete list of companies and locations reported can be found in section 1.1.1. - Locations of the Group in this document.

²⁶ The first three NFSs related to Feralpi Holding's scope.

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.

The following definitions are used in the report:

- ◆ the term Feralpi Group, Feralpi or Group refers to the group as a whole, including the scope of Feralpi Siderurgica S.p.A.'s Consolidated Financial Statements;
- ◆ the term Feralpi Siderurgica refers to the combination of operations at the Lonato del Garda site;
- ◆ the term Acciaierie di Calvisano refers to the combination of operations at the Calvisano site;
- ◆ the term Arlenico refers to the combination of operations at the Lecco site;
- ◆ the term FERALPI STAHL refers to the combination of operations at the Riesa, Kralupy and Csepel facilities.

The contents of this NFS were approved by the Board of Directors on 28 March 2024 and submitted to the Shareholders' Meeting together with the Consolidated Financial Statements for their approval and subsequent publication. This NFS was published in June 2024. Quantitative indicators that do not relate to any general or topic-specific disclosures of the GRI Standards, which are reported on the pages indicated in the Content Index, are not subject to limited review by EY S.p.A. The document is available in the Innovation and Future section of the website www.feralpigroup.com. For further information on the NFS, please contact sustainability@it.feralpigroup.com.

Table linking material topics| GRI - SASB - Legislative Decree no. 254/2006

Topics	GRI	SASB	Legislative Decree 254/2016
Climate change and energy efficiency	302 - Energy 305 - Emissions	EM-IS-110a.1 EM-IS-110a.2 EM-IS-130a.1 EM-IS-130a.2	Environmental issues
Circular economy, waste and use of materials	301 - Materials 306 - Waste	EM-IS-150a.1	Environmental issues
Management of water resources	303 - Water and Effluents	EM-IS-140a.1 (only for withdrawals and discharges)	Environmental issues
Pollutant emissions	305 - Emissions 2-27 Compliance with laws and regulations	EM-IS-120a.1	Environmental issues
Nature and biodiversity	304 - Biodiversity	-	Environmental issues
Development and empowerment of individuals	401 - Employment 404 - Training and education 405 - Diversity and equal opportunities	-	Employee issues
Well-being, health and quality of life	403 - Occupational health and safety	-	Employee issues
Safety and prevention culture	403 - Occupational health and safety	EM-IS-320a.1	Employee issues
Diversity, Equity & Inclusion	405 - Diversity and equal opportunities	-	Social issues
Human rights and responsibilities along the supply chain	-	-	Respect for human rights
Community development	-	-	Social issues
Dialogue with the social partners	2 - General disclosures	-	Social issues
Product and service quality	417 - Marketing and labelling	EM-IS-000.A (100% EAF)	Social issues
Creation of economic and financial value	201 - Economic performance 204 - Procurement practices	-	Social issues
Integrity of governance and transparency of business	205 - Anti-corruption 206 - Anti-competitive behaviour 207 - Tax	-	Anti-corruption
Business evolution	-	-	Environmental issues Social issues Employee issues Respect for human rights
Digital and technological innovation and cybersecurity	-	-	Social issues

GRI Content Index

GRI Standards	Section in the document	Omissions		
		Requirement omitted	Reasons	Explanation
GRI 2 - General disclosures (2021)				
THE ORGANISATION AND ITS REPORTING PRACTICES				
2-1 Organisational Details	Methodology note			
	Group Map			
2-2 Entities included in the organisation's sustainability reporting	Methodology note			
2-3 Reporting Period, Frequency and contact point	Methodology note			
2-4 Restatements of information	Methodology note			
2-5 External assurance	Methodology note			
	Independent Auditor's report			
ACTIVITIES AND WORKERS				
2-6 Activities, value chain and other business relationships	14.2. The value chain: from raw material to products			
2-7 Employees	16. Social information			
	Social sustainability indicators			
2-8 Workers who are not employees	16. Social information			
	Social sustainability indicators			
GOVERNANCE				
2-9 Governance structure and composition	17.1. Governance and organisational structure			
2-10 Nomination and selection of the highest governance body	17.1.1. Organisational Model			
2-11 Chair of the highest governance body	17.1.1. Organisational Model			
2-12 Role of the highest governance body in overseeing the management of impacts	17.1.1. Organisational Model			
2-13 Delegation of responsibility for managing impacts	17.1.1. Organisational Model			
2-14 Role of the highest governance body in sustainability reporting	17.1.1. Organisational Model			
2-15 Conflicts of interest	17.1.1. Organisational Model			
2-16 Communication of critical concerns	17.1.1. Organisational Model			
2-17 Collective knowledge of the highest governance body	17.1.1. Organisational Model			

		Omissions		
GRI Standards	Section in the document	Requirement omitted	Reasons	Explanation
2-18 Evaluation of the performance of the highest governance body	17.1.1. Organisational Model			
2-19 Remuneration policies	17.1.1. Organisational Model			
2-20 Process to determine remuneration	17.1.1. Organisational Model			
2-21 Annual total compensation ratio		2-21. a 2-21. b 2-21. c	Confidentiality constraints	It is not possible to report on the indicator for reasons of confidentiality and competitive advantage of the information it requires.
STRATEGY, POLICY AND PRACTICES				
2-22 Statement on sustainable development strategy	Letter from the President			
2-23 Policy commitments	17.2. Code of Ethics and Management Models 17.5. Sustainability governance			
2-24 Embedding policy commitments	17.2. Code of Ethics and Management Models 17.5. Sustainability governance			
2-25 Processes to remediate negative impacts	17.2. Code of Ethics and Management Models			
2-26 Mechanisms for seeking advice and raising concerns	17.2. Code of Ethics and Management Models			
2-27 Compliance with laws and regulations	17.2. Code of Ethics and Management Models			
2-28 Membership associations	14.5. The relationship with stakeholders			
STAKEHOLDER ENGAGEMENT				
2-29 Approach to stakeholder engagement	14.5. The relationship with stakeholders			
2-30 Collective bargaining agreements	17.7. Governance and management of social aspects 16.5.1. Human rights in the workplace: protection, recruitment, pay			
Material topics				
3-1 Process to determine material topics	14.4. The materiality analysis process			
3-2 List of material topics	14.4. The materiality analysis process			

GRI Standards	Section in the document	Omissions		
		Requirement omitted	Reasons	Explanation
Specific Disclosure				
Economic performance				
GRI 201 - ECONOMIC PERFORMANCE (2016)				
3-3 Management of material topics	8 - Analysis of the economic and financial situation			
201-1 Direct economic value generated and distributed	8 - Analysis of the economic and financial situation Economic sustainability indicators			
201-4 Financial assistance received from government	The value of public funding received by the government is €74,428,072			
GRI 204 - PROCUREMENT PRACTICES (2016)				
3-3 Management of material topics	17.4.2. Qualification of suppliers			
204-1 Proportion of spending on local suppliers	16.6. Creating value for the territory Economic sustainability indicators			
GRI 205 - ANTI-CORRUPTION (2016)				
3-3 Management of material topics	17.2.4. Managing and combating corruption			
205-3 Confirmed incidents of corruption and actions taken	No episodes			
GRI 206 - ANTI-COMPETITIVE BEHAVIOUR (2016)				
3-3 Management of material topics	17.2.2. Anti-trust Manual			
206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	17.2.2. Anti-trust Manual			
GRI 207 - TAX (2019)				
3-3 Management of material topics	11.3 - National tax consolidation, Group VAT and Tax liability			
207-1 Approach to tax	11.3 - National tax consolidation, Group VAT and Tax liability			
207-2 Tax governance, control, and risk management	11.3 - National tax consolidation, Group VAT and Tax liability			
207-3 Stakeholder engagement and management of concerns related to tax	11.3 - National tax consolidation, Group VAT and Tax liability			
207-4 Country-by-country reporting	Economic sustainability indicators			

GRI Standards	Section in the document	Require- ment omitted	Omissions	
			Reasons	Explanation
Environmental Performance				
GRI 301 - MATERIALS (2016)				
3-3 Management of material topics	17.6. Governance and management of environmental aspects			
301-1 Materials used by weight and volume	Environmental sustainability indicators			
301-2 Recycled input materials used	Environmental sustainability indicators			
GRI 302 - ENERGY (2016)				
3-3 Management of material topics	17.6. Governance and management of environmental aspects			
302-1 Energy consumption within the organisation	15.1. Climate transition plan Environmental sustainability indicators			
302-2 Energy consumption outside the organisation	15.1. Climate transition plan Environmental sustainability indicators			
302-3 Energy intensity	15.1. Climate transition plan Environmental sustainability indicators			
GRI 303 - WATER AND EFFLUENTS (2018)				
3-3 Management of material topics	17.6. Governance and management of environmental aspects			
303-1 Interaction with water as a shared resource	15.3. Management of water resources			
303-2 Management of water discharge related impacts	15.3. Management of water resources			
303-3 Water withdrawal	15.3. Management of water resources Environmental sustainability indicators			
303-4 Water discharge	15.3. Management of water resources Environmental sustainability indicators			
GRI 304 - BIODIVERSITY (2016)				
3-3 Management of material topics	17.6. Governance and management of environmental aspects			
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	15.5. Biodiversity Environmental sustainability indicators			
304-2 Significant impacts of activities, products and services on biodiversity	15.5. Biodiversity			

GRI Standards	Section in the document	Omissions	
		Requirement omitted	Reasons Explanation
GRI 305 - EMISSIONS (2016)			
3-3 Management of material topics	17.6. Governance and management of environmental aspects		
305-1 Direct (Scope 1) GHG emissions	15.1. Climate transition plan Environmental sustainability indicators		
305-2 Indirect (Scope 2) GHG emissions	15.1. Climate transition plan Environmental sustainability indicators		
305-3 Other indirect (Scope 3) GHG emissions	15.1. Climate transition plan Environmental sustainability indicators		
305-4 GHG emissions intensity	15.1. Climate transition plan Environmental sustainability indicators		
305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant emissions	Environmental sustainability indicators		
GRI 306 - WASTE (2020)			
3-3 Management of material topics	17.6. Governance and management of environmental aspects		
306-1 Waste generation and significant waste-related impacts	15.2. Circularity and zero-waste: material and energy management and enhancement		
306-2 Management of significant waste-related impacts	15.2. Circularity and zero-waste: material and energy management and enhancement		
306-3 Waste generated	15.2. Circularity and zero-waste: material and energy management and enhancement Environmental sustainability indicators		
306-4 Waste diverted from disposal	15.2. Circularity and zero-waste: material and energy management and enhancement Environmental sustainability indicators		
306-5 Waste directed to disposal	15.2. Circularity and zero-waste: material and energy management and enhancement Environmental sustainability indicators		

GRI Standards	Section in the document	Require- ment omitted	Omissions	
			Reasons	Explanation
Social Performance				
GRI 401 - EMPLOYMENT (2016)				
3-3 Management of material topics	17.7. Governance and management of social aspects			
401-1 New employee hires and employee turnover	Social sustainability indicators			
GRI 403 - Occupational Health and Safety (2018)				
3-3 Management of material topics	17.7. Governance and management of social aspects			
403-1 Occupational health and safety management system	16.2. Protecting people: health and safety in the workplace			
403-2 Hazard identification, risk assessment, and incident investigation	16.2. Protecting people: health and safety in the workplace			
403-3 Occupational health services	16.2. Protecting people: health and safety in the workplace			
403-4 Worker participation, consultation, and communication on occupational health and safety	16.2. Protecting people: health and safety in the workplace			
403-5 Worker training on occupational health and safety	16.2. Protecting people: health and safety in the workplace			
403-6 Promotion of worker health	16.3. Welfare			
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	16.2. Protecting people: health and safety in the workplace			
403-9 Accidents at work	Social sustainability indicators			
GRI 404 - TRAINING AND EDUCATION (2016)				
3-3 Management of material topics	17.7. Governance and management of social aspects			
404-1 Average hours of training per year per employee	16.1. Raising competencies: people growth and development Social sustainability indicators			
GRI 405 - DIVERSITY AND EQUAL OPPORTUNITIES (2016)				
3-3 Management of material topics	17.7. Governance and management of social aspects			

GRI Standards	Section in the document	Omissions		
		Requirement omitted	Reasons	Explanation
405-1 Diversity of governance bodies and employees	16.4 Diversity, Equity, Inclusion Social sustainability indicators			
405-2 Ratio of basic salary and remuneration of women to men	16.5.1. Human rights in the workplace: protection, recruitment, pay Social sustainability indicators			
GRI 417 - MARKETING AND LABELLING (2016)				
3-3 Management of material topics	17.4. Governance and management of products and services			
417-1 Requirements for product and service information and labelling	17.4.3. Compliance with labelling regulations and information transparency			
417-2 Incidents of non-compliance concerning product and service information and labelling	17.4.3. Compliance with labelling regulations and information transparency			
Other topics not covered by GRI standards				
DIGITAL AND TECHNOLOGICAL INNOVATION AND CYBERSECURITY				
3-3 Management of material topics	5 - Research and development activities 17.3. Digitalisation and Cybersecurity 17.4. Governance and management of products and services			
BUSINESS EVOLUTION				
3-3 Management of material topics	3 - The Feralpi Group's business 13 - Business outlook 15.7. Product environmental sustainability and the changing market environment			
COMMUNITY DEVELOPMENT				
3-3 Management of material topics	16.6. Creating value for the territory			
HUMAN RIGHTS AND RESPONSIBILITIES ALONG THE SUPPLY CHAIN				
3-3 Management of material topics	16.5. Human rights in the workplace and along the supply chain			

SDG Content Index

2030 Agenda	Relevant topics	Document section
SDG 1 No poverty	Community development	8 - Analysis of the economic and financial situation 4 - Strategy and investments of Feralpi Group 11.3 - National tax consolidation, Group VAT and Tax liability 16.6. Creating value for the territory
SDG 2 End hunger	Community development	8 - Analysis of the economic and financial situation 4 - Strategy and investments of Feralpi Group 11.3. - National tax consolidation, Group VAT and Tax liability 16.6. Creating value for the territory
SDG 3 Good health and well-being	Well-being, health and quality of life	16.3. Welfare
SDG 4 Quality education	Development and empowerment of individuals Community development	16.1. Raising competencies: people growth and development
SDG 5 Gender equality	Diversity, Equity & Inclusion	16.4. Diversity, Equity, Inclusion
SDG 6 Clean water and sanitation	Management of water resources	15.3. Management of water resources
SDG 7 Affordable and clean energy	Climate change and energy efficiency	4 - Strategy and investments of Feralpi Group 15.1. Climate transition plan 17.6.1. Ecological and Energy Transition Unit
SDG 8 Decent work and economic growth	Safety and prevention culture Human rights and responsibilities along the supply chain Dialogue with the social partners Development and empowerment of individuals Creation of economic and financial value	16.6. Creating value for the territory 16. Social information
SDG 9 Industry, innovation and infrastructure	Digital and technological innovation and cybersecurity Product and service quality Creation of economic and financial value	15.7. Product environmental sustainability and the changing market environment 17.3. Digitalisation and Cybersecurity 17.4. Governance and management of products and services
SDG 10 Reduced inequalities	Community development	16.6. Creating value for the territory

2030 Agenda	Relevant topics	Document section
SDG 11 Sustainable cities and communities	Pollutant emissions Circular economy, waste and use of materials Climate change and energy efficiency Management of water resources Community development	15. Environmental information 16.6. Creating value for the territory
SDG 12 Responsible consumption and production	Pollutant emissions Circular economy, waste and use of materials Climate change and energy efficiency Management of water resources	15. Environmental information
SDG 13 Climate action	Climate change and energy efficiency	15. Environmental information
SDG 14 Life below water	Management of water resources	15.3. Management of water resources
SDG 15 Life on land	Nature and biodiversity	15.5. Biodiversity
SDG 16 Peace, justice and strong institutions	Integrity of governance and transparency of business	17.1. Governance and organisational structure 17.2. Code of Ethics and Management Models
SDG 17 Partnership for the goals	Integrity of governance and transparency of business	14.1. The sustainability strategy in Feralpi Group 11.3 - National tax consolidation, Group VAT and Tax liability 5 - Research and development activities

The Taxonomy Regulation: KPI Tables

Turnover

FY 2023

	Year		Substantial contribution criteria						
	Code (s) (2)	Absolute turnover (3)	Share of expenses invoiced (4)	Climate change mitigation (5)	Climate change adaptation (6)	Marine waters and resources (7)	Pollution (8)	Circular economy (9)	Bio-diversity and eco-systems (10)
Economic activities (1)		k €	%	S;N;N/AM	S;N;N/AM	S;N;N/AM	S;N;N/AM	S;N;N/AM	S;N;N/AM
A. ACTIVITIES ELIGIBLE FOR TAXONOMY									
A.1 Environmentally sustainable activities (taxonomy-aligned)									
Manufacture of iron and steel	3.9		0%						
Power generation using photovoltaic solar technology	4.1		0%						
Production of heat/cooling using waste heat	4.25		0%						
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
of which enabling									
of which transitional									
A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not taxonomy-aligned)									
Manufacture of iron and steel	3.9	€1,656,970	96.10%		AM				
Power generation using photovoltaic solar technology	4.1	€130	0.01%		AM				
Production of heat/cooling using waste heat	4.25	- €	0.00%		AM				
Turnover from activities eligible for the taxonomy but not environmentally sustainable (activities not taxonomy-aligned) (A.2)		€1,657,100	96.11%						
Total (A.1 + A.2)		€1,657,100	96.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY									
Turnover from activities not eligible for taxonomy (B)		€67,119	3.89%						
Total (A + B)		€1,724,219	100.00%						

	Share of Turnover / Total Turnover	
	Taxonomy-aligned by objective	Eligible for taxonomy by objective
Climate change mitigation	0%	96.11%
Climate change adaptation	0%	0%
Water and marine resources	0%	0%
Pollution	0%	0%
Circular Economy	0%	0%
Biodiversity and ecosystems	0%	0%

“Do not significant harm” criteria							Share of taxono- my-aligned turnover, Year 2022 (18)	Category (enabling activity) (19)	Category (transitional activities) (20)
Climate change mitigation (11)	Climate change adaptation (12)	Marine waters and resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)			
S/N	S/N	S/N	S/N	S/N	S/N	S/N	%	A	T
							0.00%		
							0.00%	A	
							0.00%		T
							95.70%		
							0.01%		
							95.70%		
							95.70%		

CAPEX

FY 2023	Year		Substantial contribution criteria						
	Code (s) (2)	Absolute capital expenditures (3)	Share of capital expenditure (4)	Climate change mitigation (5)	Climate change adaptation (6)	Marine waters and resources (7)	Pollution (8)	Circular economy (9)	Bio-diversity and eco-systems (10)
Economic activities (1)		k €	%	S;N;N/AM	S;N;N/AM	S;N;N/AM	S;N;N/AM	S;N;N/AM	S;N;N/AM
A. ACTIVITIES ELIGIBLE FOR TAXONOMY									
A.1 Environmentally sustainable activities (taxonomy-aligned)									
Manufacture of iron and steel	3.9		0						
Power generation using photovoltaic solar technology	4.1		0						
Production of heat/cooling using waste heat	4.25		0						
Capital expenditures of environmentally sustainable activities (taxonomy-aligned) (A.1)		- €	0.00%						
of which enabling									
of which transitional									
A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not taxonomy-aligned)									
Manufacture of iron and steel	3.9	€175,419	93.72%						
Power generation using photovoltaic solar technology	4.1	€7,916	4.23%						
Production of heat/cooling using waste heat	4.25	€35	0.02%						
Capital expenditures of activities eligible for the taxonomy but not environmentally sustainable (activities not taxonomy-aligned) (A.2)		€183,370	97.97%						
Total (A.1 + A.2)		€183,370	97.97%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY									
Capital expenditure of activities not eligible for taxonomy (B)		€3,796	2.03%						
Total (A + B)		€187,165	100.00%						

	Share of CapEx / Total CapEx	
	Taxonomy-aligned by objective	Eligible for taxonomy by objective
Climate change mitigation	0%	97.97%
Climate change adaptation	0%	0%
Water and marine resources	0%	0%
Pollution	0%	0%
Circular Economy	0%	0%
Biodiversity and ecosystems	0%	0%

“Do not significant harm” criteria							Share of capital expenditure aligned (A1) or eligible for taxonomy (A2), Year 2022 (18)	Category (enabling activity) (19)	Category (transitional activities) (20)
Climate change mitigation (11)	Climate change adaptation (12)	Marine waters and resources (13)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	%	A	T
S/N	S/N	S/N	S/N	S/N	S/N	S/N			
							0.00%		
								A	
									T
							84.05%		
							4.68%		
							0.00%		
							88.72%		
							88.72%		

OPEX

FY 2023

	Year		Substantial contribution criteria						
	Code (s)(2)	Absolute capital expenditures (3)	Share of capital expenditure (4)	Climate change mitigation (5)	Climate change adaptation (6)	Marine waters and resources (7)	Pollution (8)	Circular economy (9)	Bio-diversity and eco-systems (10)
Economic activities (1)		k €	%	S;N;N/AM	S;N;N/AM	S;N;N/AM	S;N;N/AM	S;N;N/AM	S;N;N/AM
A. ACTIVITIES ELIGIBLE FOR TAXONOMY									
A.1 Environmentally sustainable activities (taxonomy-aligned)									
Manufacture of iron and steel	3.9		0						
Power generation using photovoltaic solar technology	4.1		0						
Production of heat/cooling using waste heat	4.25		0						
Capital expenditures of environmentally sustainable activities (taxonomy-aligned) (A.1)		- €	0.00%						
of which enabling									
of which transitional									
A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not taxonomy-aligned) (A.2)									
Manufacture of iron and steel	3.9	€59,140.15	98.01%						
Power generation using photovoltaic solar technology	4.1	- €	0.00%						
Production of heat/cooling using waste heat	4.25	- €	0.00%						
Capital expenditures of activities eligible for the taxonomy but not environmentally sustainable (activities not taxonomy-aligned) (A.2)		€59,140.15	98.01%						
Total (A.1 + A.2)		€59,140.15	98.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY									
Capital expenditure of activities not eligible for taxonomy (B)		€1,203.78	1.99%						
Total (A + B)		€60,343.92	100.00%						

	Share of OpEx / Total OpEx	
	Taxonomy-aligned by objective	Eligible for taxonomy by objective
Climate change mitigation	0%	98.01%
Climate change adaptation	0%	0%
Water and marine resources	0%	0%
Pollution	0%	0%
Circular Economy	0%	0%
Biodiversity and ecosystems	0%	0%

[illegible]

It should be noted that since the activities in the gas and nuclear sectors, which are included in the Complementary Delegated Act (Delegated Regulation 2022/1214), were not eligible, the relevant tables are not published.

Economic sustainability indicators

Direct economic value generated and distributed

(GRI 201-1)

Figures in thousand euros	2023	2022
Revenues from sales and services	1,724,219	2,385,577
Changes in inventory of work-in-progress	(86,549)	20,674
Increases in fixed assets for in-house work	6,541	5,464
Other revenues and income	23,519	12,473
A - VALUE OF PRODUCTION	1,667,730	2,424,188
Consumption of raw materials (scrap)	877,025	961,028
Energy	161,734	361,811
Consumable materials and supplies	194,194	270,626
Cost of services	204,766	211,455
Hire, purchase and leasing charges	9,082	5,658
Provisions for risks	2,050	142
Other provisions and write-downs	0	0
Other operating expenses	8,572	3,473
B - COST OF PRODUCTION	1,457,423	1,814,192
GROSS CHARACTERISTIC VALUE ADDED	210,307	609,996
Financial income	2,446	1,201
Adjustments to financial assets	3,122	4,461
Accessory items	5,568	5,662
Extraordinary items	0	0
GROSS OVERALL VALUE ADDED	215,876	615,658
Amortisation and depreciation	65,391	58,275
NET OVERALL VALUE ADDED	150,485	557,383

Distribution of consolidated value added

(GRI 201-1)

Figures in thousand euros	2023	2022
Wages and salaries	93,393	81,082
Employee severance indemnity	2,511	1,835
Other charges	4,608	4,942
A - PERSONNEL	100,513	87,859
Taxes	(2,031)	102,440
Social security contributions	25,895	22,835
B - PUBLIC ADMINISTRATION	23,864	125,275
Provisions	445	1,525
Non-distributed profit / loss	12,897	335,194
C - RISK CAPITAL	13,341	336,719
Distributed profit	0	0
Financial expenses	7,916	3,968
D - LENDERS	7,916	3,968
Charity	186	242
Sponsoring of sports/recreational activities	4,665	3,320
E - COMMUNITY	4,851	3,562
NET OVERALL VALUE ADDED	150,485	557,383

Proportion of spending on local suppliers²⁷

(GRI 204-1)

GEOGRAPHICAL AREA	2023	2022	2021
Province of Brescia	39.9	36.4	37.5
Province of Como	6.3	3.9	2.9
Province of Lecco	6.5	3.0	6.5
Province of Turin	2.6	2.4	3.6
District of Meißen/Dresden	12.6	7.2	6.9
District of Mělník	7.2	6.1	3.9
District of Csepel	7.9	5.0	3.7
Province of Barcelona	28.7	29.4	-

²⁷ Ratio of local purchases from suppliers of materials, products and services to total purchases, for the main production facilities. By "local" we mean 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.

Taxes: Country-by-country reporting

(GRI 207-4)

Country ¹	Number of employees	Revenue from sales to third parties (€ Mln)	Revenue from intra-group transactions with other tax jurisdictions (€ Mln)	Pre-tax profit/loss (€ Mln)	Property, plant and equipment other than cash and cash equivalents (€ Mln)	Corporate income taxes paid on a cash basis (€ Mln)	Corporate income taxes accrued on profits/losses (€ Mln)
2023							
Italy	937	658.3	-	5.5	(478.4)	13.2	(6.0)
Germany	875	487.7	28.5	3.9	451.9	5.6	2.4
Other	110	578.2	11.0	-	26.5	0.1	0.0
TOTAL	1,922	1,724.2	39.5	9.4	-	18.9	(3.6)
2022							
Italy	931	881.5	-	265.8	1,072.0	8.8	50.2
Germany	824	776.3	94.2	171.0	438.2	22.8	52.3
Other	101	740.3	26.0	-	29.9	0.1	0.0
TOTAL	1,856	2,398.1	102.2	436.8	1,540.1	31.6	102.5
2021							
Italy	937	795.6	-	118.8	1,003.6	2.2	30.8
Germany	795	599.3	36.2	96.5	352.4	8.8	28.5
Other	17	533.5	18.8	-	18.6	-	0.1
TOTAL	1,749	1,928.4	55.0	215.3	1,374.6	11.0	59.4

¹ The figure for Germany includes Feralpi-Praha and Feralpi-Hungaria.

Environmental sustainability indicators

Material use and recycling %

(GRI 301-1, 301-2)

Material	Unit	2023		2022		2021	
		Used	% Recycled	Used	% Recycled	Used	% Recycled
Scrap	t	2,657,177	100	2,719,283	99.98	2,875,291	99.87
Feralpi Siderurgica		1,182,816	100	1,270,953	100	1,344,205	100
Acciaierie di Calvisano		454,140	100	499,291	99.87	533,706	99.25
FERALPI STAHL		1,020,221	100	949,039	100	997,380	100
Additives	t	16,796	2.54	15,830	1.63	23,441	5.74
Feralpi Siderurgica		6,018	0	5,158	0	8,971	13.15
Acciaierie di Calvisano		3,706	0	2,573	0	2,818	0
FERALPI STAHL		7,072	6.03	8,098	3.18	11,653	1.76
Lime	t	105,176	3.35	108,561	4.51	103,873	2.54
Feralpi Siderurgica ¹		50,781	3.51	56,289	3.97	53,471	5.29
Acciaierie di Calvisano		21,285	0	19,700	0	14,336	0
FERALPI STAHL		33,109	5.25	32,572	8.19	36,065	0
Ferro-alloys	t	33,899	0.20	32,955	0	36,249	0
Feralpi Siderurgica		14,651	0	15,900	0	16,458	0
Acciaierie di Calvisano		5,823	0	4,892	0	6,061	0
FERALPI STAHL		13,425	0.49	12,163	0	13,730	0
Refractory materials	t	17,373	0	16,976	5.71	18,331	5.14
Feralpi Siderurgica		6,419	0	6,833	0	7,028	0
Acciaierie di Calvisano		4,254	0	4,052	0	4,475	0
FERALPI STAHL		6,700	0	6,092	15.91	6,828	13.15
Polymers	t	4,885	100	3,925	100	-	-
Feralpi Siderurgica		3,228	100	3,220	100	-	-
Acciaierie di Calvisano		1,657	100	705	100	-	-
Oxygen	Sm ³	70,921,189	0	69,537,814	0	78,781,810	0
Feralpi Siderurgica		33,100,160	0	33,055,552	0	37,424,048	0
Acciaierie di Calvisano		11,796,351	0	10,025,168	0	12,191,351	0
FERALPI STAHL		26,024,678	0	26,457,094	0	29,166,411	0
Inert gases	Sm ³	2,249,467	0	2,196,320	0	2,160,660	0
Feralpi Siderurgica		1,071,089	0	1,105,252	0	1,121,086	0
Acciaierie di Calvisano		561,836	0	417,682	0	412,916	0
FERALPI STAHL		616,543	0	673,385	0	626,658	0

¹ The figure includes internally recovered lime and dolomite: 2,307 t for 2021, 2,233 t for 2022 and 1,783 t for 2023.

Use of energy by source

(GRI 302-1)

		2023	2022	2021
Electricity	Units MWh	1,476,062	1,460,700	1,529,378
Feralpi Siderurgica		635,133	660,761	677,052
Acciaierie di Calvisano		253,455	254,012	285,612
Arlenico		37,625	39,214	37,754
Nuova Defim		2,942	2,948	3,298
Presider		1,717	1,662	2,137
MPL		-	626	904
FERALPI STAHL		541,630	497,820	519,198
Feralpi-Praha		1,437	1,882	2,282
Feralpi-Hungaria		479	486	510
Presider Armatures		502	495	631
Saexpa Group		1,045	745	-
P.R. Soldadura		96	51	-
Natural gas	Sm3 - Standard mc	67,639,919	71,307,784	80,429,918
Feralpi Siderurgica		33,170,607	38,434,909	43,081,009
Acciaierie di Calvisano		4,264,955	4,413,306	5,009,637
Arlenico		8,745,301	8,974,456	8,827,399
Nuova Defim		68,600	147,449	208,061
Presider		42,557	39,325	47,660
FERALPI STAHL		21,330,956	19,288,451	23,244,159
Feralpi-Hungaria		7,972	9,888	11,993
Saexpa Group		8,971	5,711	-
Petrol	Litres	45,478	33,588	23,737
FERALPI STAHL		27,704	18,068	13,218
Feralpi-Praha		13,328	11,770	7,453
Feralpi-Hungaria		2,946	3,750	3,066

		2023	2022	2021
Saexpa Group		1,500	1,456	-
Diesel	Litres	2,475,082	2,498,701	2,542,789
Feralpi Siderurgica		394,450	381,000	392,000
Acciaierie di Calvisano		110,240	108,755	96,000
Arlenico		84,556	86,482	86,200
Nuova Defim		62,457	57,047	82,377
Presider		16,402	12,900	12,000
FERALPI STAHL		1,745,784	1,802,392	1,851,273
Feralpi-Praha		19,459	22,172	19,935
Feralpi-Hungaria		5,819	2,651	2,004
Presider Armatures		2,000	2,000	1,000
Saexpa Group		29,155	21,753	-
P.R. Soldadura		4,760	1,549	-
Charge carbon	t	6,972	6,597	8,678
Feralpi Siderurgica		1,628	1,028	1,556
Acciaierie di Calvisano		2,652	733	960
FERALPI STAHL		2,692	4,836	6,163
Waste foam	t	4,756	85,159	8,153
Feralpi Siderurgica		11	22	2,702
Acciaierie di Calvisano		1,114	1,200	2,019
FERALPI STAHL		3,631	83,936	3,432
Polymers	t	4,885	3,925	-
Feralpi Siderurgica		3,228	3,220	-
Acciaierie di Calvisano		1,657	705	-
Photovoltaic	MWh	784	621	675
Feralpi Siderurgica		609	441	499
Arlenico		4	4	5
Presider		171	176	171

Use of energy by source in GJ

(GRI 302-1)

	2023	2022	2021
Electricity	5,313,824	5,258,522	5,505,759
Feralpi Siderurgica	2,286,479	2,378,738	2,437,388
Acciaierie di Calvisano	912,437	914,443	1,028,203
Arlenico	135,452	141,168	135,914
Nuova Defim	10,590	10,612	11,871
Presider	6,183	5,983	7,692
MPL	-	2,252	3,253
FERALPI STAHL	1,949,869	1,792,152	1,869,114
Feralpi-Praha	5,174	6,774	8,217
Feralpi-Hungaria	1,724	1,751	1,835
Presider Armatures	1,807	1,782	2,271
Saexpa Group	3,763	2,684	-
P.R. Soldadura	347	183	-
Natural gas	2,663,055	2,634,377	3,109,959
Feralpi Siderurgica ¹	1,313,371	1,360,451	1,669,295
Acciaierie di Calvisano	151,223	155,953	176,745
Arlenico	310,240	317,130	311,439
Nuova Defim	2,426	5,210	7,341
Presider	1,504	1,390	1,681
FERALPI STAHL	883,693	793,698	943,040
Feralpi-Hungaria	281	344	418
Saexpa Group	317	202	-
Petrol²	1,443	1,110	760
FERALPI STAHL	878	571	419
Feralpi-Praha	433	382	242
Feralpi-Hungaria	96	122	100
Saexpa Group	36	35	-

	2023	2022	2021
Diesel³	88,296	89,123	90,713
Feralpi Siderurgica	14,121	13,639	14,033
Acciaierie di Calvisano	3,937	3,890	3,437
Arlenico	3,008	3,063	3,067
Nuova Defim	2,236	2,042	2,949
Presider	587	462	430
FERALPI STAHL	62,220	64,237	65,979
Feralpi-Praha	694	790	710
Feralpi-Hungaria	207	94	71
Presider Armatures	72	72	36
Saexpa Group	1,044	779	-
P.R. Soldadura	170	55	-
Charge carbon⁴	200,770	189,473	251,888
Feralpi Siderurgica	46,885	29,538	45,160
Acciaierie di Calvisano	76,365	21,051	27,860
FERALPI STAHL	77,520	138,884	178,868
Waste foam⁵	136,971	119,054	247,519
Feralpi Siderurgica	328	643	89,316
Acciaierie di Calvisano	32,081	34,475	58,594
FERALPI STAHL	104,562	83,936	99,609
Polymers	161,208	135,580	-
Feralpi Siderurgica	106,521	111,228	-
Acciaierie di Calvisano	54,687	24,352	-
Photovoltaic	2,823	2,235	2,430
Feralpi Siderurgica	2,191	1,589	1,796
Arlenico	14	14	18
Presider	617	633	617
Total	8,568,390	8,429,474	9,209,028

¹ The figure relating to natural gas was calculated using SNAM's Lower Calorific Value for 2023, 2022 and 2021.

² For Super Petrol E10 and Super Petrol, the conversion factors used were 42.82 MJ/kg - 0.75 kg/l and 43.13 MJ/kg - 0.75 kg/l, respectively.

³ Italy: specific weight 0.84 tonnes/m³ and ETS coefficient 42.873 for 2021, 2022 and 2023. FERALPI STAHL: GEMIS-Datebank conversion factors, 42.63 MJ/kg and 0.836 kg/l.

⁴ In 2021 a Lower Calorific Value of 29.025 GJ/t, of 28.721 GJ/t in 2022, and of 28.797 GJ/t in 2023 (table of ETS standard parameters).

⁵ In 2021 a Lower Calorific Value of 29.025 GJ/t, of 28.721 GJ/t in 2022, and of 28.797 GJ/t in 2023 (table of ETS standard parameters).

Indirect energy consumption²⁸ expressed in GJ

(GRI 302-2)

	2023	2022	2021
Feralpi Siderurgica			
Employee commuting	9,315	7,766	7,078
Transport and distribution	88,274	108,406	165,687
Upstream	97,589	116,173	172,764
Transport and distribution	126,086	123,787	173,177
Downstream	126,086	123,787	173,177
Acciaierie di Calvisano			
Employee commuting	2,513	2,223	2,293
Transport and distribution	27,537	33,089	50,667
Upstream	30,050	35,312	52,950
Transport and distribution	10,603	10,533	17,668
Downstream	10,603	10,533	17,668
Arlenico			
Employee commuting	1,199	1,094	1,105
Transport and distribution	0	1,155	76
Upstream	1,199	2,248	1,180
Transport and distribution	47,629	20,257	18,555
Downstream	47,629	20,257	18,555
Nuova Defim			
Employee commuting	1,121	1,113	924
Transport and distribution	1,322	1,928	2,222
Upstream	2,443	3,042	3,146
Transport and distribution	2,896	3,200	4,500
Downstream	2,896	3,200	4,500
Presider			
Employee commuting	1,716	1,484	1,502
Transport and distribution	64	226	272
Upstream	1,780	1,710	1,774
Transport and distribution	11,078	16,876	21,560
Downstream	11,078	16,876	21,560
MPL			
Employee commuting	-	292	342
Transport and distribution	-	1,878	2,926
Upstream	-	2,170	3,268
Transport and distribution	-	2,121	3,251
Downstream	-	2,121	3,251
FERALPI STAHL			

²⁸ Incoming and outgoing transport refer to road transport only, and is estimated at 28 tonnes for each load. With regard to employee commuting, one round-trip a day per person was considered.

	2023	2022	2021
Employee commuting	9,884	9,051	9,097
Transport and distribution	53,977	47,324	57,630
Upstream	63,861	56,375	66,727
Transport and distribution	180,106	152,075	211,428
Downstream	180,106	152,075	211,428
Feralpi-Praha			
Employee commuting	753	808	800
Transport and distribution	0	0	0
Upstream	753	808	800
Transport and distribution	2,114	2,062	2,314
Downstream	2,114	2,062	2,314
Feralpi-Hungaria			
Employee commuting	261	240	199
Transport and distribution	0	0	0
Upstream	261	240	199
Transport and distribution	218	331	359
Downstream	218	331	359
Presider Armatures			
Employee commuting	46	47	47
Transport and distribution	55	39	38
Upstream	101	86	85
Transport and distribution	1,075	4,888	5,941
Downstream	1,075	4,888	5,941
Saexpa Group			
Employee commuting	1,472	1,586	-
Transport and distribution	475	318	-
Upstream	1,947	1,904	-
Transport and distribution	4,982	4,352	-
Downstream	4,982	4,352	-
P.R. Soldadura			
Employee commuting	51	42	-
Transport and distribution	0	2	-
Upstream	51	44	-
Transport and distribution	0	0	-
Downstream	0	0	-

Energy intensity in GJ per tonne of product²⁹

(GRI 302-3)

	2023	2022	2021
Billets			
Feralpi Siderurgica	2.08	2.01	1.99
Acciaierie di Calvisano	2.07	2.08	2.08
FERALPI STAHL	1.99	2.01	2.04
Ribbed bar			
Feralpi Siderurgica	0.68	0.78	0.81
FERALPI STAHL	1.11	1.04	1.12
Rebar in coils			
Feralpi Siderurgica	1.70	1.55	1.69
Wire rod			
FERALPI STAHL	1.11	1.04	1.12
Wire rod in special steels			
Arlenico	1.87	1.87	1.88
Downstream products			
Feralpi-Praha	0.20	0.20	0.23
Feralpi-Hungaria	0.30	0.26	0.28
Welded mesh and gratings			
Nuova Defim	0.63	0.59	0.57
Saexpa Group	0.47	0.34	-
P.R. Soldadura	2.57	2.23	-
Shaped or assembled reinforcing steel in bar			
Presider	0.05	0.06	0.07
Presider Armatures	0.10	0.09	0.09
Girders and angle sections			
MPL	-	0.11	0.12

²⁹ The figures relate to December each year. In the calculation, the total consumption of methane, electricity, charge carbon and coal for waste foam was used for Feralpi Siderurgica, the total consumption of electricity and methane for Acciaierie di Calvisano and FERALPI STAHL, consumption of electricity and natural gas for Arlenico and total consumption of electricity for Nuova Defim, Presider, Presider Armatures, Feralpi-Praha, Feralpi-Hungaria, Saexpa Group and P. R. Soldadura.

Water withdrawal in ML

(GRI 303-3)

	2023		2022		2021	
	Areas subject to water stress	All areas	Areas subject to water stress	All areas	Areas subject to water stress	All areas
Surface water (total)	0	1,223	0	1,459	0	1,914
Fresh water ($\leq 1,000$ mg/L total dissolved solid particles)	0	1,223	0	1,459	0	1,914
Feralpi Siderurgica	0	0	0	0	0	0
Acciaierie di Calvisano	0	0	0	0	0	0
Arlenico	0	1,223	0	1,459	0	1,914
FERALPI STAHL	0	0	0	0	0	0
Other water ($> 1,000$ mg/L total dissolved solid particles)	0	0	0	0	0	0
Feralpi Siderurgica	0	0	0	0	0	0
Acciaierie di Calvisano	0	0	0	0	0	0
Arlenico	0	0	0	0	0	0
FERALPI STAHL	0	0	0	0	0	0
Water table (total)	2,471	2,471	2,391	2,391	2,516	2,516
Fresh water ($\leq 1,000$ mg/L total dissolved solid particles)	2,471	2,471	2,391	2,391	2,516	2,516
Feralpi Siderurgica	1,839	1,839	1,761	1,761	1,887	1,887
Acciaierie di Calvisano	631	631	630	630	628	628
Arlenico	0	0	0	0	0	0
FERALPI STAHL	0	0	0	0	0	0
Other water ($> 1,000$ mg/L total dissolved solid particles)	0	0	0	0	0	0
Feralpi Siderurgica	0	0	0	0	0	0
Acciaierie di Calvisano	0	0	0	0	0	0
Arlenico	0	0	0	0	0	0
FERALPI STAHL	0	0	0	0	0	0
Sea water (total)	0	0	0	0	0	0
Fresh water ($\leq 1,000$ mg/L total dissolved solid particles)	0	0	0	0	0	0
Feralpi Siderurgica	0	0	0	0	0	0
Acciaierie di Calvisano	0	0	0	0	0	0
Arlenico	0	0	0	0	0	0
FERALPI STAHL	0	0	0	0	0	0

	2023		2022		2021	
	Areas subject to water stress	All areas	Areas subject to water stress	All areas	Areas subject to water stress	All areas
Other water (>1,000 mg/L total dissolved solid particles)	0	0	0	0	0	0
Feralpi Siderurgica	0	0	0	0	0	0
Acciaierie di Calvisano	0	0	0	0	0	0
Arlenico	0	0	0	0	0	0
FERALPI STAHL	0	0	0	0	0	0
Water produced (total)	0	0	0	0	0	0
Fresh water (≤1,000 mg/L total dissolved solid particles)	0	0	0	0	0	0
Feralpi Siderurgica	0	0	0	0	0	0
Acciaierie di Calvisano	0	0	0	0	0	0
Arlenico	0	0	0	0	0	0
FERALPI STAHL	0	0	0	0	0	0
Other water (>1,000 mg/L total dissolved solid particles)	0	0	0	0	0	0
Feralpi Siderurgica	0	0	0	0	0	0
Acciaierie di Calvisano	0	0	0	0	0	0
Arlenico	0	0	0	0	0	0
FERALPI STAHL	0	0	0	0	0	0
Third-party water (total)	0	665	0	623	0	649
Fresh water (≤1,000 mg/L total dissolved solid particles)	0	665	0	623	0	649
Feralpi Siderurgica	0	0	0	0	0	0
Acciaierie di Calvisano	0	0	0	0	0	0
Arlenico	0	0	0	0	0	0
FERALPI STAHL	0	665	0	623	0	649
Other water (>1,000 mg/L total dissolved solid particles)	0	0	0	0	0	0
Feralpi Siderurgica	0	0	0	0	0	0
Acciaierie di Calvisano	0	0	0	0	0	0
Arlenico	0	0	0	0	0	0
FERALPI STAHL	0	0	0	0	0	0
Total Water Withdrawal	2,471	4,359	2,391	4,473	2,516	5,079

Water discharge in ML

(GRI 303-4)

	2023		2022		2021	
	Areas subject to water stress	All areas	Areas subject to water stress	All areas	Areas subject to water stress	All areas
Surface water (total)	484	1,670	463	1,246	655	2,509
Fresh water ($\leq 1,000$ mg/L total dissolved solid particles)	484	1,670	463	1,246	655	2,509
Feralpi Siderurgica	478	478	456	456	650	650
Acciaierie di Calvisano	6	6	7	7	5	5
Arlenico	0	1,185	0	783	0	1,854
FERALPI STAHL	0	0	0	0	0	0
Other water ($> 1,000$ mg/L total dissolved solid particles)	0	0	0	0	0	0
Feralpi Siderurgica	0	0	0	0	0	0
Acciaierie di Calvisano	0	0	0	0	0	0
Arlenico	0	0	0	0	0	0
FERALPI STAHL	0	0	0	0	0	0
Water table (total)	0	0	0	0	0	0
Fresh water ($\leq 1,000$ mg/L total dissolved solid particles)	0	0	0	0	0	0
Feralpi Siderurgica	0	0	0	0	0	0
Acciaierie di Calvisano	0	0	0	0	0	0
Arlenico	0	0	0	0	0	0
FERALPI STAHL	0	0	0	0	0	0
Other water ($> 1,000$ mg/L total dissolved solid particles)	0	0	0	0	0	0
Feralpi Siderurgica	0	0	0	0	0	0
Acciaierie di Calvisano	0	0	0	0	0	0
Arlenico	0	0	0	0	0	0
FERALPI STAHL	0	0	0	0	0	0
Sea water (total)	0	0	0	0	0	0
Fresh water ($\leq 1,000$ mg/L total dissolved solid particles)	0	0	0	0	0	0
Feralpi Siderurgica	0	0	0	0	0	0
Acciaierie di Calvisano	0	0	0	0	0	0
Arlenico	0	0	0	0	0	0
FERALPI STAHL	0	0	0	0	0	0

	2023		2022		2021	
	Areas subject to water stress	All areas	Areas subject to water stress	All areas	Areas subject to water stress	All areas
Other water (>1,000 mg/L total dissolved solid particles)	0	0	0	0	0	0
Feralpi Siderurgica	0	0	0	0	0	0
Acciaierie di Calvisano	0	0	0	0	0	0
Arlenico	0	0	0	0	0	0
FERALPI STAHL	0	0	0	0	0	0
Third-party water (total)	0	18	0	20	0	12
Of which volume of water sent to other organisations	0	0	0	0	0	0
Feralpi Siderurgica	0	0	0	0	0	0
Acciaierie di Calvisano	0	0	0	0	0	0
Arlenico	0	0	0	0	0	0
FERALPI STAHL	0	0	0	0	0	0
Fresh water (≤1,000 mg/L total dissolved solid particles)	0	18	0	20	0	12
Feralpi Siderurgica	0	0	0	0	0	0
Acciaierie di Calvisano	0	0	0	0	0	0
Arlenico	0	0	0	0	0	0
FERALPI STAHL	0	18	0	20	0	12
Other water (>1,000 mg/L total dissolved solid particles)	0	0	0	0	0	0
Feralpi Siderurgica	0	0	0	0	0	0
Acciaierie di Calvisano	0	0	0	0	0	0
Arlenico	0	0	0	0	0	0
FERALPI STAHL	0	0	0	0	0	0
Total water discharge	484	1,688	463	1,266	655	2,520

Operational sites owned, leased or managed in protected areas and in areas of high biodiversity value outside protected areas or close to said areas

(GRI 304-1)

Company	Site	Country	Coordinates	Activities	Distance to protected area		Area name	Biodiversity value			
					Size (km ²)			Code	Area type	No. Habitat	No. Species
Feralpi Siderurgica	Lonato	ITA	45.462982042784596, 10.457660363709596	Steel production Cold processing/ Derivatives Trade	0.432	6.47 km	Morenico di Castiglione delle Stiviere Complex	IT20B0018	Habitats Directive	3	1
Feralpi Power On	Villasor	ITA	39.3806284298007, 8.940534877422671	Energy	TBD ¹	12.29 km	Cagliari Lagoon	ITB040023	Habitats Directive Birds Directive	11	29
Acciaierie di Calvisano	Calvisano	ITA	45.37312444551286, 10.33100675415722	Steel production	0.166	13.03 km	Morenico di Castiglione delle Stiviere Complex	IT20B0018	Habitats Directive	3	1
Arlenico / Caleotto	Lecco	ITA	45.85000134412464, 9.399545596508103	Steel production	0.092	459.51 m 792.47 m	Adda Nord Nature Park Monte Barro	390486 IT2030003	Site of National Interest (CDDA) Habitats Directive Birds Directive	5	86
Nuova Defim Orsogrill	Alzate Brianza	ITA	45.75846544177484, 9.207963109999055	Cold processing/ Derivatives	0.037	1.92 km	Lake Alserio	IT2020005	Habitats Directive Site of National Interest (CDDA)	7	1
Nuova Defim Orsogrill	Anzano del Parco	ITA	45.76444750843137, 9.208887256030854	Cold processing/ Derivatives	0.045	1.30 km	Lake Alserio	IT2020005	Habitats Directive Site of National Interest (CDDA)	7	1
Presider	Borgaro Torinese	ITA	45.135486118368874, 7.660684032054162	Cold processing/ Derivatives	0.038	1.30 km	La Mandria Regional Park	14611 IT1110079	Site of National Interest (CDDA) Habitats Directive	9	86
Presider	Nave	ITA	45.583424930476, 10.268357434662212	Cold processing/ Derivatives	0.045	4.53 km	Cariadeghe Plateau	IT2070018	Habitats Directive Site of National Interest (CDDA)	4	3
Presider	Pomezia	ITA	41.674940653191804, 12.516724218093568	Cold processing/ Derivatives	0.024	1.52 km	Decima Malafede Nature Reserve	178900	Site of National Interest (CDDA)	-	-
Presider Armatures	Saint-Soupplets	FRA	49.03589453910115, 2.7978417964428677	Cold processing/ Derivatives	0.035	8.41 km	Oise-Pays De France / Forêts picardes	FR2212005	Birds Directive Site of National Interest (CDDA)	0	4
ESF Elbe-Stahlwerke Feralpi	Riesa	GER	51.31293984265011, 13.284907508448773	Steel production Cold processing/ Derivatives	0.580	430 m	Elbtal zwischen Schöna und Mühlberg	DE4545452	Birds Directive Site of National Interest (CDDA)	0	69
Feralpi-Praha	Kralupy nad Vltavou	CZ	50.245200520959926, 14.328460894500042	Cold processing/ Derivatives	0.035	3.05 km	Veltrusy	CZ0213083	Habitats Directive Site of National Interest (CDDA)	0	2
Feralpi-Hungaria	Budapest	HU	47.43372836282799, 19.062947942285895	Cold processing/ Derivatives	0.018	773.38 m	Duna és ártère	HUDI20034	Habitats Directive	14	30
Saexpa	Barcelona	SPA	41.585973826005734, 2.254217572935788	Cold processing/ Derivatives	0.009	1.78 km	Riu Congost	ES5110025	Habitats Directive Site of National Interest (CDDA)	5	49
P.R. Soldadura	Ripoll	SPA	42.21618949487219, 2.168989125148698	Cold processing/ Derivatives	0.001	3.39 km	Riberes de l'Alt Ter	ES5120019	Habitats Directive Site of National Interest (CDDA)	9	33
Feralpi Algérie	Hai El Amir	ALG	35.70399504757903, -0.6474168262815372	Trade	0.006	7.98 km	Grande Sebkh d'Oran	900576 WDPA ID	Ramsar Site Wetland of International Importance	-	-

¹ TBD - The project is still under development and the size of the site has not yet been defined.

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

(GRI 305-1)

	2023	2022	2021
EU ETS emissions	195,716	203,676	218,145
Feralpi Siderurgica	85,815	93,638	101,890
Acciaierie di Calvisano	25,788	25,975	19,491
Arlenico	17,525	17,865	17,509
FERALPI STAHL ¹	66,588	66,198	79,255
GHG emissions from refrigerant gas leaks	130	444	133
Feralpi Siderurgica	81	422	133
Acciaierie di Calvisano	49	22	0
FERALPI STAHL	0	0	0
GHG emissions from natural gas	240	382	507
Nuova Defim	136	293	413
Presider	86	78	95
Saexpa Group	18	11	-
GHG emissions from diesel	5,131	5,238	5,368
Arlenico	222	226	227
Nuova Defim	165	151	217
Presider	38	34	32
FERALPI STAHL	4,610	4,760	4,889
Presider Armatures	5	5	3
Saexpa Group	77	58	-
P.R. Soldadura	13	4	-
GHG emissions from petrol	4	3	-
Saexpa Group	4	3	-
GHG emissions from LPG for heating	-	20	17
MPL	-	20	17
TOTAL DIRECT EMISSIONS (SCOPE 1)	201,221	209,763	224,170

¹ Following an alignment, the 2022 figure relating to Scope 1 emissions by FERALPI STAHL 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: tCO₂ eq)

(GRI 305-2)

	2023	2022	2021
Location-based¹	507,158	499,011	522,420
Feralpi Siderurgica	200,067	208,140	213,271
Acciaierie di Calvisano	79,838	80,014	89,968
Arlenico	11,852	12,352	11,892
Nuova Defim	927	930	1,039
Presider	541	524	673
MPL	-	197	285
FERALPI STAHL	212,861	195,643	204,045
Feralpi-Praha	683	894	1,084
Feralpi-Hungaria	121	123	129
Presider Armatures	28	28	35
Saexpa Group	220	157	-
P.R. Soldadura	20	11	-
Market-based²	523,282	746,954	768,780
Feralpi Siderurgica	61,776	301,683	310,476
Acciaierie di Calvisano	79,295	115,974	130,973
Arlenico	8,057	17,904	17,313
Nuova Defim	1,345	1,346	1,512
Presider	785	759	980
MPL	-	286	414
FERALPI STAHL	370,491	307,573	305,719
Feralpi-Praha	1,002	1,035	1,215
Feralpi-Hungaria	153	134	140
Presider Armatures ³	63	24	37
Saexpa Group	288	221	-
P.R. Soldadura	27	15	-

¹ For the calculation of indirect CO₂ emissions from electricity with the location-based methodology, the respective national electricity emission factors were used: for Italian sites 315 gCO₂/kWh for 2021, 315 gCO₂/kWh for 2022 and 2023; for Germany 393 gCO₂/kWh for 2021, 2022 and 2023; for the Czech Republic 475 gCO₂/kWh for 2021, 2022 and 2023; for Hungary 253 gCO₂/kWh for 2021, 2022 and 2023; for France 56 gCO₂/kWh for 2021, 2022 and 2023; for Spain 210 gCO₂/kWh for 2022 and 2023.

² To calculate indirect CO₂ emissions resulting from electricity using the market-based method, reference was made to the AIB (Association of Issuing Bodies). For 2021, reference was made to the 2020 Residual Mix, which for Italian sites is 458.57 gCO₂/kWh, 588.83 gCO₂/kWh for Germany, 274.11 gCO₂/kWh for Hungary, 532.44 gCO₂/kWh for the Czech Republic, 58.52 gCO₂/kWh for France. For 2022, reference was made to the 2021 Residual Mix, which for Italian sites is 456.57 gCO₂/kWh, 617.84 gCO₂/kWh for Germany, 276.26 gCO₂/kWh for Hungary, 549.96 gCO₂/kWh for the Czech Republic, 48.57 gCO₂/kWh for France, 295.83 gCO₂/kWh for Spain. For 2023, reference was made to the 2022 Residual Mix, which for Italian sites is 457.15 gCO₂/kWh, 684.03 gCO₂/kWh for Germany, 319.96 gCO₂/kWh for Hungary, 697.21 gCO₂/kWh for the Czech Republic, 124.96 gCO₂/kWh for France, 275.11 gCO₂/kWh for Spain. For photovoltaic energy and the energy certified as renewable (e.g., green certificates) an emission factor of zero was used.

³ Following an alignment, the 2022 figure relating to market-based Scope 2 emissions by Presider Armatures has been restated with respect to those published in the previous Non-Financial Statement.

Other indirect greenhouse emissions (GHG) (Scope 3)³⁰

(GRI 305-3)

	2023	2022	2021
Transport of incoming scrap or product - tCO₂	12,705	14,367	20,434
Feralpi Siderurgica	6,525	8,013	12,247
Acciaierie di Calvisano	2,035	2,446	3,508
Arlenico	0	85	6
Nuova Defim	98	143	164
Presider	5	17	20
MPL	-	139	216
FERALPI STAHL	4,000	3,507	4,270
Feralpi-Praha	0	0	0
Feralpi-Hungaria	0	0	0
Presider Armatures	4	3	3
Saexpa Group	35	24	-
P.R. Soldadura	3	0	-
Transport of outgoing product - tCO₂	28,662	25,054	33,865
Feralpi Siderurgica	9,320	9,150	12,801
Acciaierie di Calvisano	784	779	1,224
Arlenico	3,448	1,497	1,371
Nuova Defim	214	237	331
Presider	929	1,247	1,594
MPL	-	157	240
FERALPI STAHL	13,346	11,269	15,667
Feralpi-Praha	156	153	171
Feralpi-Hungaria	16	25	27
Presider Armatures	81	361	439
Saexpa Group	368	322	-
P.R. Soldadura	0	0	-
Employee displacement - tCO₂	2,055	1,855	1,683
Feralpi Siderurgica	662	552	503
Acciaierie di Calvisano	178	158	163
Arlenico	101	78	76
Nuova Defim	83	82	72
Presider	147	129	130
MPL	-	21	24
FERALPI STAHL	698	639	642
Feralpi-Praha	53	57	56
Feralpi-Hungaria	18	17	14
Presider Armatures	2	2	2
Saexpa Group	109	117	-
P.R. Soldadura	4	3	-

³⁰ ETS Standard National Parameters were used in the calculation.

Intensity of greenhouse gas emissions

(GRI 305-4)

tCO ₂ /t finished product	2023	2022	2021
EU ETS direct emissions (Scope 1)			
Feralpi Siderurgica	0.07	0.07	0.07
Acciaierie di Calvisano	0.06	0.06	0.04
Arlenico	0.07	0.07	0.07
FERALPI STAHL	0.08	0.08	0.09
Indirect emissions resulting from electricity use (Scope 2)			
Feralpi Siderurgica	0.16	0.16	0.15
Acciaierie di Calvisano	0.18	0.18	0.18
Arlenico	0.05	0.05	0.05
Nuova Defim	0.06	0.05	0.05
Presider	0.00	0.00	0.01
MPL	-	0.01	0.01
FERALPI STAHL	0.25	0.25	0.24
Feralpi-Praha	0.03	0.03	0.04
Feralpi-Hungaria	0.02	0.02	0.02
Presider Armatures	0.00	0.00	0.00
Saexpa Group	0.03	0.02	-
P.R. Soldadura	0.15	0.13	-

Atmospheric emissions

(GRI 305-7)

	Unit	2023	2022	2021
Dust¹	t			
Feralpi Siderurgica		2.49	4.81	2.60
Acciaierie di Calvisano		6.37	4.82	2.57
Arlenico		0.81	0.20	0.90
Nuova Defim		0.19	0.21	0.24
FERALPI STAHL		1.87	2.43	2.45
PM10	t			
Feralpi Siderurgica		0.36	0.68	0.84
Acciaierie di Calvisano		1.89	1.26	2.25
FERALPI STAHL		1.59	2.05	2.07
NOX²	t			
Feralpi Siderurgica		75.06	107.81	165.15
Acciaierie di Calvisano		58.73	49.89	131.49
Arlenico		21.38	18.62	21.90
FERALPI STAHL		152.95	134.11	137.85
CO³	t			
Feralpi Siderurgica		1,675.47	1,144.32	1,729.96
Acciaierie di Calvisano		588.14	360.06	584.95
Arlenico		0.00	0.66	0.18
FERALPI STAHL		1,500.56	727.39	1,322.29
Dioxins and Furans	gI-TOE			
Feralpi Siderurgica		0.02	0.03	0.02
Acciaierie di Calvisano		0.05	0.13	0.05
FERALPI STAHL		0.00	0.08	0.08
IPA	kg			
Feralpi Siderurgica		0.03	0.03	0.03
Acciaierie di Calvisano		0.10	0.16	0.14
FERALPI STAHL		-	-	-
COT	t			
Feralpi Siderurgica		50.06	39.45	57.21
Acciaierie di Calvisano		12.78	8.19	11.27
FERALPI STAHL		-	-	-

	Unit	2023	2022	2021
Pb	kg			
Feralpi Siderurgica		19.02	27.63	11.58
Acciaierie di Calvisano		84.28	13.86	9.10
Arlenico		1.50	0.63	0.90
FERALPI STAHL		31.20	54.80	54.86
Zn	kg			
Feralpi Siderurgica		252.94	288.81	252.67
Acciaierie di Calvisano		1,277.75	260.41	371.77
Arlenico		3.17	9.35	8.76
FERALPI STAHL		666.03	853.71	801.05
Hg	kg			
Feralpi Siderurgica		22.37	31.09	56.45
Acciaierie di Calvisano		45.64	50.67	8.35
Arlenico		0.00	0.24	0.07
FERALPI STAHL		105.42	28.32	28.45
SOx⁴	t			
Feralpi Siderurgica		18.87	7.05	7.25
Acciaierie di Calvisano		23.18	30.98	72.66
FERALPI STAHL		44.45	4.23	4.18
Pcb⁵	kg			
Feralpi Siderurgica		0.01	0.01	0.01
Acciaierie di Calvisano		0.10	0.37	0.10
FERALPI STAHL		0.00	0.00	0.00

¹ Figure for the facility.

² The variability of NOx values depends on the way the heating furnace is operated in relation to the product being rolled during sampling.

³ Figure for the facility.

⁴ Figure for the facility.

⁵ Dioxin-like without toxicity factor.

Waste generated (t) and breakdown by waste composition

(GRI 306-3)

	2023	2022	2021
HAZARDOUS WASTE	42,119	43,127	45,310
Fume abatement dust	41,341	42,414	44,494
Feralpi Siderurgica	19,062	21,218	21,336
Acciaierie di Calvisano	7,099	7,130	8,334
FERALPI STAHL	15,180	14,066	14,824
Other waste	778	713	816
Feralpi Siderurgica	108	142	164
Acciaierie di Calvisano	75	70	87
Arlenico	107	78	86
Nuova Defim	7	8	8
Presider	19	8	31
MPL	-	0	0
FERALPI STAHL	462	406	440
Feralpi-Praha	1	1	1
Feralpi-Hungaria	0	0	1
Presider Armatures	0	0	0
Saexpa Group	0	0	-
P.R. Soldadura	0	0	-
NON-HAZARDOUS WASTE	596,421	492,744	502,849
Heavy waste from shredding	0	0	0
Feralpi Siderurgica	0	0	0
Acciaierie di Calvisano	0	0	0
FERALPI STAHL	0	0	0
Light waste from shredding (fluff)	0	0	0
Feralpi Siderurgica	0	0	0
Acciaierie di Calvisano	0	0	0
FERALPI STAHL	0	0	0
Mill scale	32,951	34,945	39,884
Feralpi Siderurgica	13,600	14,618	18,614
Acciaierie di Calvisano	1,530	448	727
Arlenico	3,746	3,837	3,620
FERALPI STAHL	13,930	15,815	16,722
Feralpi-Praha	117	193	166
Feralpi-Hungaria	28	35	35

	2023	2022	2021
Black slag	242,042	231,262	221,652
Feralpi Siderurgica ¹	99,556	99,259	86,978
Acciaierie di Calvisano	40,434	42,781	27,013
FERALPI STAHL	102,052	89,222	107,661
White slag	75,923	69,844	87,437
Feralpi Siderurgica	34,473	35,365	32,339
Acciaierie di Calvisano	22,452	16,870	36,674
FERALPI STAHL	18,997	17,609	18,424
Other waste	245,505	156,693	153,876
Feralpi Siderurgica	96,189	89,494	97,203
Acciaierie di Calvisano	16,783	16,479	17,214
Arlenico	2,013	2,185	1,870
Nuova Defim	1,160	1,098	1,947
Presider	2,428	3,343	7,642
MPL	-	730	944
FERALPI STAHL	125,666	42,103	25,961
Feralpi-Praha	146	201	0
Feralpi-Hungaria	67	28	40
Presider Armatures	838	885	1,055
Saexpa Group	209	140	-
P.R. Soldadura	6	7	-
TOTAL WASTE	638,540	535,871	547,799

¹ 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)

(GRI 306-4)

2023	On site						At external site					
Hazardous waste	Reuse	Recycling	Recover	Composting	Other treatment	Total	Reuse	Recycling	Recover	Composting	Other treatment	Total
Feralpi Siderurgica	0	0	0	0	0	0	0	0	17,264	0	0	17,264
Acciaierie di Calvisano	0	0	0	0	0	0	0	0	6,744	0	0	6,744
Arlenico	0	0	0	0	0	0	0	0	87	0	0	87
Nuova Defim	0	0	0	0	0	0	0	0	7	0	0	7
Presider	0	0	0	0	0	0	0	0	0	0	4	4
FERALPI STAHL	0	0	0	0	0	0	17	271	12,411	0	0	12,700
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
Saexpa Group	0	0	0	0	0	0	0	0	0	0	0	0
P.R. Soldadura	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	17	272	36,512	0	4	36,805

Non-hazardous waste	Reuse	Recycling	Recover	Composting	Other treatment	Total	Reuse	Recycling	Recover	Composting	Other treatment	Total
Feralpi Siderurgica	0	0	0	0	0	0	0	0	216,357	313	0	216,671
Acciaierie di Calvisano	0	0	0	0	0	0	0	0	63,050	0	0	63,050
Arlenico	0	0	0	0	0	0	0	0	4,879	0	0	4,879
Nuova Defim	0	0	0	0	0	0	0	111	49	0	0	1,160
Presider	0	0	0	0	0	0	0	0	0	0	2,424	2,424
FERALPI STAHL	0	0	53,371	0	0	53,371	0	5,373	189,279	44	0	194,696
Feralpi-Praha	0	0	0	0	0	0	0	129	134	0	0	263
Feralpi-Hungaria	0	0	0	0	0	0	28	67	0	0	0	94
Presider Armatures	0	0	825	0	13	839	0	0	0	0	0	0
Saexpa Group	0	0	0	0	0	0	0	201	8	0	0	209
P.R. Soldadura	0	0	0	0	0	0	0	6	0	0	0	6
TOTAL	0	0	54,196	0	13	54,209	28	6,886	473,757	357	2,424	483,453

2022	On site						At external site					
Hazardous waste	Reuse	Recycling	Recover	Composting	Other treatment	Total	Reuse	Recycling	Recover	Composting	Other treatment	Total
Feralpi Siderurgica	0	0	0	0	0	0	0	0	18,892	0	0	18,892
Acciaierie di Calvisano	0	0	0	0	0	0	0	0	6,703	0	0	6,703
Arlenico	0	0	0	0	0	0	0	0	64	0	0	64
Nuova Defim	0	0	0	0	0	0	0	1	7	0	0	8
Presider	0	0	0	0	0	0		0	0	0	1	1
MPL	0	0	0	0	0	0	0	0	0	0	0	0
FERALPI STAHL	0	0	0	0	0	0	42	281	11,184	0	0	11,506
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
Saexpa Group	0	0	0	0	0	0	0	0	0	0	0	0
P.R. Soldadura	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	42	281	36,850	0	2	37,175
Non-hazardous waste	Reuse	Recycling	Recover	Composting	Other treatment	Total	Reuse	Recycling	Recover	Composting	Other treatment	Total
Feralpi Siderurgica	0	0	0	0	0	0	0	0	211,106	196	0	211,302
Acciaierie di Calvisano	0	0	0	0	0	0	0	0	45,666	0	0	45,666
Arlenico	0	0	0	0	0	0	0	0	5,488	0	0	5,488
Nuova Defim	0	0	0	0	0	0	0	1,403	55	0	0	1,098
Presider	0	0	0	0	0	0	0	0	0	0	3,343	3,343
MPL	0	0	0	0	0	0	0	0	0	0	730	730
FERALPI STAHL	0	25,489	0	0	0	25,489	0	72,792	66,469	0	0	139,261
Feralpi-Praha	0	0	0	0	0	0	0	188	206	0	0	394
Feralpi-Hungaria	0	0	0	0	0	0	35	28	0	0	0	63
Presider Armatures	0	0	0	0	0	0	0	0	0	0	885	885
Saexpa Group	0	0	0	0	0	0	0	139	2	0	0	140
P.R. Soldadura	0	0	0	0	0	0	0	7	0	0	0	7
TOTAL	0	25,489	0	0	0	25,489	35	74,196	328,992	196	4,958	408,378

2021	On site						At external site					
	Reuse	Recycling	Recover	Composting	Other treatment	Total	Reuse	Recycling	Recover	Composting	Other treatment	Total
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
TOTAL	0	0	0	0	0	0	18	365	38,978	0	29	39,389
Non-hazardous waste	Reuse	Recycling	Recover	Composting	Other treatment	Total	Reuse	Recycling	Recover	Composting	Other treatment	Total
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
TOTAL	0	6,662	0	0	0	6,662	201	115,784	314,667	262	9,587	440,501

Waste for disposal (t)

(GRI 306-5)

2023	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	
Hazardous waste											
Feralpi Siderurgica	0	0	0	0	0	0	0	0	1,906	1,906	
Acciaierie di Calvisano	0	0	0	0	0	0	0	0	430	430	
Arlenico	0	0	0	0	0	0	0	0	20	20	
Nuova Defim	0	0	0	0	0	0	0	0	0	0	
Presider	0	0	0	0	0	0	0	0	15	15	
FERALPI STAHL	0	0	0	0	0	0	63	2,879	0	2,942	
Feralpi-Praha	0	0	0	0	0	0	1	0	0	1	
Feralpi- Hungaria	0	0	0	0	0	0	0	0	0	0	
Presider Armatures	0	0	0	0	0	0	0	0	0	0	
Saexpa Group	0	0	0	0	0	0	0	0	0	0	
P.R. Soldadura	0	0	0	0	0	0	0	0	0	0	
TOTAL	0	0	0	0	0	0	64	2,879	2,371	5,314	
Non-hazardous waste	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	
Feralpi Siderurgica	0	0	0	0	0	0	0	27,136	12	27,148	
Acciaierie di Calvisano	0	0	0	0	0	0	0	18,149	0	18,149	
Arlenico	0	0	0	0	0	0	0	0	879	879	
Nuova Defim	0	0	0	0	0	0	0	0	0	0	
Presider	0	0	0	0	0	0	0	0	4	4	
FERALPI STAHL	0	0	0	0	0	0	0	12,579	0	12,579	
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	
Saexpa Group	0	0	0	0	0	0	0	0	0	0	
P.R. Soldadura	0	0	0	0	0	0	0	0	0	0	
TOTAL	0	0	0	0	0	0	0	57,864	895	58,759	

2022	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
Hazardous waste										
Feralpi Siderurgica	0	0	0	0	0	0	0	0	2,468	2,468
Acciaierie di Calvisano	0	0	0	0	0	0	0	497	0	497
Arlenico	0	0	0	0	0	0	0	0	13	13
Nuova Defim	0	0	0	0	0	0	0	0	0	0
Presider	0	0	0	0	0	0	0	0	7	7
MPL	0	0	0	0	0	0	0	0	0	0
FERALPI STAHL	0	0	0	0	0	0	22	2,944	0	2,965
Feralpi-Praha	0	0	0	0	0	0	1	0	0	1
Feralpi-Hungaria	0	0	0	0	0	0	0	0	0	0
Presider Armatures	0	0	0	0	0	0	0	0	0	0
Saexpa Group	0	0	0	0	0	0	0	0	0	0
P.R. Soldadura	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	23	3,441	2,488	5,952
Non-hazardous waste	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
Feralpi Siderurgica	0	0	0	0	0	0	0	27,427	7	27,434
Acciaierie di Calvisano	0	0	0	0	0	0	0	30,911	0	30,911
Arlenico	0	0	0	0	0	0	0	0	533	533
Nuova Defim	0	0	0	0	0	0	0	0	0	0
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
Saexpa Group	0	0	0	0	0	0	0	0	0	0
P.R. Soldadura	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	3	0	0	58,337	541	58,879

2021	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
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
TOTAL	0	0	0	0	0	0	20	2,838	3,066	5,925
Non-hazardous waste	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
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
TOTAL	0	0	0	0	0	0	0	55,490	197	55,687

Social sustainability indicators

Feralpi Group personnel as at 31.12.2023

(GRI 2-7)

Personnel employed by gender and geographical area

	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total	1,735	187	1,922	1,680	171	1,851	1,602	142	1,744
of which Italy	850	87	937	845	81	926	851	81	932
of which Germany	746	68	814	694	62	756	682	51	733
of which Czech Republic	32	7	39	38	6	44	39	6	45
of which Hungary	19	3	22	21	3	24	15	2	17
of which France	3	1	4	3	1	4	3	1	4
of which Spain	73	20	93	67	17	84	-	-	-
of which Algeria	12	1	13	12	1	13	12	1	13

Contract type

	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent	1,642	168	1,810	1,583	159	1,742	1,507	137	1,644
of which Italy	809	79	888	803	78	881	810	79	889
of which Germany	696	58	754	646	53	699	634	48	682
of which Czech Republic	30	6	36	31	6	37	33	6	39
of which Hungary	19	3	22	21	3	24	15	2	17
of which France	3	1	4	3	1	4	3	1	4
of which Spain	73	20	93	67	17	84	-	-	-
of which Algeria	12	1	13	12	1	13	12	1	13
Temporary	56	13	69	56	8	64	50	2	52
of which Italy	34	7	41	31	2	33	32	2	34
of which Germany	20	5	25	18	6	24	12	0	12
of which Czech Republic	2	1	3	7	0	7	6	0	6
of which Hungary	0	0	0	0	0	0	0	0	0
of which France	0	0	0	0	0	0	0	0	0
of which Spain	0	0	0	0	0	0	-	-	-
of which Algeria	0	0	0	0	0	0	0	0	0
Total employees	1,698	181	1,879	1,639	167	1,806	1,557	139	1,696
Full-time	1,692	151	1,843	1,634	139	1,773	1,528	113	1,661

	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
of which Italy	842	77	919	833	71	904	838	74	912
of which Germany	712	45	757	662	43	705	644	32	676
of which Czech Republic	32	6	38	36	5	41	36	5	41
of which Hungary	18	2	20	21	1	22	15	1	16
of which France	3	0	3	3	1	4	3	0	3
of which Spain	73	20	93	67	17	84	-	-	-
of which Algeria	12	1	13	12	1	13	12	1	13
Part-time	6	30	36	5	28	33	9	26	35
of which Italy	1	9	10	1	9	10	4	7	11
of which Germany	4	18	22	2	16	18	2	16	18
of which Czech Republic	0	1	1	2	1	3	3	1	4
of which Hungary	1	1	2	0	2	2	0	1	1
of which France	0	1	1	0	0	0	0	1	1
of which Spain	0	0	0	0	0	0	-	-	-
of which Algeria	0	0	0	0	0	0	0	0	0
Total employees	1,698	181	1,879	1,639	167	1,806	1,557	139	1,696
Apprentices	37	6	43	41	4	45	45	3	48
Total personnel employed	1,735	187	1,922	1,680	171	1,851	1,602	142	1,744
Temporary and other types of contract	101	22	123	72	8	80	61	8	69
Interns	3	1	4	2	0	2	2	0	2
External companies¹	2,860	84	2,944	2,426	86	2,512	2,417	77	2,494
Total employees²	4,699	294	4,993	4,180	265	4,445	4,082	227	4,309

¹ The personnel of contracting companies refers to external personnel operating, as at 31.12.2023, at Feralpi Siderurgica, Acciaierie di Calvisano and Feralpi-Praha (for 2022 the figure includes Feralpi Siderurgica and Acciaierie di Calvisano, for 2021 Feralpi Siderurgica, Acciaierie di Calvisano, FER-PAR and Ecoeternit). These are augmented by 103 men and 11 women from external companies who worked at Presider and Presider Armatures (calculated on average - for Presider, Presider Armatures and MPL: in 2022, 121 men and 9 women; in 2021, 119 men and 11 women) and 333 men from external companies who carried out activities at ESF Elbe-Stahlwerke Feralpi GmbH in 2023 (calculated as FTE - 132 men in 2022, 113 men in 2021). These are mainly staff with employment contracts, employed in the following tasks: internal handling, railway handling, installation of new plants and related maintenance (electrical, hydraulic, mechanical), services (reception, security, catering, cleaning).

² Only for Germany, the figures do not take into account employees on parental leave or sick leave exceeding 62 weeks as at 31 December.

Governance structure and composition

(GRI 2-9)

Composition of the BoD	Women	Men	Total
BOARD MEMBERS	0	9	9
Non-executive members	0	7	7
Executive Members	0	2	2
Members with a requirement of independence	0	0	0
Members belonging to under-represented social groups	0	0	0

Movement of personnel by geographical area, gender and age group

(GRI 401-1)

Personnel recruitment (no.)

	Gender/ Age	2023				2022				2021			
		<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Group	Women	11	23	7	41	9	22	3	34	5	9	2	16
	Men	75	143	36	254	75	133	25	233	75	125	31	231
	Total	86	166	43	295	84	155	28	267	80	134	33	247
Italy	Women	7	7	0	14	5	4	1	10	4	5	1	10
	Men	31	43	8	82	32	47	14	93	31	63	16	110
	Total	38	50	8	96	37	51	15	103	35	68	17	120
Germany	Women	3	10	5	18	4	16	1	21	1	4	1	6
	Men	40	89	23	152	39	68	3	110	42	52	14	108
	Total	43	99	28	170	43	84	4	131	43	56	15	114
Other areas	Women	1	6	2	9	0	2	1	3	0	0	0	0
	Men	4	11	5	20	4	18	8	30	2	10	1	13
	Total	5	17	7	29	4	20	9	33	2	10	1	13

Personnel outgoing turnover (no.)³¹

	Gender/ Age	2023				2022				2021			
		<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Group	Women	2	12	11	25	1	18	8	27	3	7	3	13
	Men	27	100	66	193	35	111	74	220	30	75	90	195
	Total	29	112	77	218	36	129	82	247	33	82	93	208
Italy	Women	0	2	4	6	0	7	4	11	0	0	2	2
	Men	16	28	32	76	9	41	45	95	2	35	67	104
	Total	16	30	36	82	9	48	49	106	2	35	69	106
Germany	Women	1	8	5	14	1	6	3	10	3	7	1	11
	Men	11	62	27	100	26	55	24	105	20	36	21	77
	Total	12	70	32	114	27	61	27	115	23	43	22	88
Other areas	Women	1	2	2	5	0	5	1	6	0	0	0	0
	Men	0	10	7	17	0	15	5	20	8	4	2	14
	Total	1	12	9	22	0	20	6	26	8	4	2	14

Personnel recruitment rate (%)³²

	Gender/ Age	2023				2022				2021			
		<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Group	Women	40.74	21.90	10.77	20.81	42.86	24.72	4.92	19.88	31.25	12.50	3.70	11.27
	Men	29.30	17.06	5.71	14.72	30.86	16.30	4.03	13.87	34.88	15.68	5.25	14.42
	Total	30.39	17.60	6.18	15.35	31.82	17.13	4.11	14.42	34.63	15.42	5.12	14.16
Italy	Women	53.85	16.28	0.00	16.09	55.56	10.81	2.86	12.35	57.14	11.90	3.13	12.35
	Men	31.00	10	2.50	9.65	31.68	11.30	4.27	11.01	34.07	14.42	4.95	12.93
	Total	33.63	10.57	2.28	10.25	33.64	11.26	4.13	11.12	35.71	14.20	4.79	12.88
Germany	Women	25.00	27.78	26.32	26.87	36.36	48.48	5.56	33.87	12.50	16.67	5.26	11.76
	Men	27.78	25.57	9.02	20.35	29.77	21.25	1.23	15.85	35.90	16.10	5.79	15.84
	Total	27.56	25.78	10.22	20.88	30.28	23.80	1.53	17.33	34.40	16.14	5.75	15.55
Other areas	Women	50.00	23.08	13.33	20.93	0.00	9.09	12.50	9.68	0.00	0.00	0.00	0.00
	Men	33.33	18.33	8.93	15.63	36.36	23.38	16.00	21.74	28.57	27.03	4.00	18.84
	Total	35.71	19.77	9.86	16.96	33.33	20.20	15.52	19.53	25.00	23.26	3.57	16.46

³¹ 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.

³² The recruitment rate (A) is calculated according to the following formula: $A = \text{new hires} / \text{total workforce} * 100$.

Personnel outgoing turnover rate (%)³³

	Gender/ Age	2023				2022				2021			
		<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Group	Women	7.41	11.43	16.92	12.69	4.76	20.22	13.11	15.79	18.75	9.72	5.56	9.15
	Men	10.55	11.93	10.46	11.19	14.40	13.60	11.92	13.10	13.95	9.41	15.42	12.17
	Total	10.25	11.88	11.06	11.34	13.64	14.25	12.02	13.34	14.29	9.44	14.44	11.93
Italy	Women	0.00	4.65	12.90	6.90	0.00	18.92	11.43	13.58	0.00	0.00	6.25	2.47
	Men	16.00	6.51	10.00	8.94	8.91	9.86	13.72	11.24	2.20	8.01	20.74	12.22
	Total	14.16	6.34	10.26	8.75	8.18	10.60	13.50	11.45	2.04	7.31	19.44	11.37
Germany¹	Women	8.33	22.22	26.32	20.90	9.09	18.18	16.67	16.13	37.50	29.17	5.26	21.57
	Men	7.64	17.82	10.59	13.39	19.85	17.19	9.88	15.13	17.09	11.15	8.68	11.29
	Total	7.69	18.23	11.68	14.00	19.01	17.28	10.34	15.21	18.40	12.39	8.43	12.01
Other areas	Women	50.00	7.69	13.33	11.63	0.00	22.73	12.50	19.35	0.00	0.00	0.00	0.00
	Men	0.00	16.67	12.50	13.28	0.00	19.48	10.00	14.49	114.29	10.81	8.00	20.29
	Total	7.14	13.95	12.68	12.87	0.00	20.20	10.34	15.38	100.00	9.30	7.14	17.72

¹ 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.

³³ The outgoing turnover rate (T) is calculated according to the following formula: $T = \text{leavers} / \text{total workforce} \times 100$. 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.

Rate and number of accidents at work by area³⁴

(GRI 403-9)

Rate of accidents at work by area

Employees (Accident Rate)		2023	2022	2021
Group	Accidents recorded	15.52	16.50	21.62
	Serious accidents	1.52	0.99	0.70
	Deaths due to occupational accidents	0.00	0.00	0.00
Italy	Accidents recorded	11.20	13.95	14.66
	Serious accidents	2.36	1.90	0.00
	Deaths due to occupational accidents	0.00	0.00	0.00
Germany	Accidents recorded	22.27	21.06	32.80
	Serious accidents	0.00	0.00	1.73
	Deaths due to occupational accidents	0.00	0.00	0.00
External companies (Accident rate)		2023	2022	2021
Group ¹	Accidents recorded	14.30	12.45	12.80
	Serious accidents	0.00	0.00	0.91
	Deaths due to occupational accidents	0.00	0.00	0.00
Italy	Accidents recorded	11.44	11.13	10.63
	Serious accidents	0	0.00	1.33
	Deaths due to occupational accidents	0	0.00	0.00
Germany	Accidents recorded	29.78	19.27	20.72
	Serious accidents	0	0.00	0.00
	Deaths due to occupational accidents	0	0.00	0.00

¹ Following a refinement relating to Feralpi-Hungaria, the 2021 and 2022 data have been restated from those published in the previous Non-Financial Statement.

Number of accidents at work by area

Employees (no. of accidents)		2023	2022	2021
Group	No. of accidents recorded	51	50	62
	No. of serious accidents	5	3	2
	No. of deaths due to occupational accidents	0	0	0
	Hours worked	3,285,536	3,030,081	2,867,463
External companies (no. of accidents)		2023	2022	2021
Group	No. of accidents recorded	14	12	14
	No. of serious accidents	0	0	1
	No. of deaths due to occupational accidents	0	0	0
	Hours worked ¹	979,301	936,541	1,093,591

¹ Following a refinement relating to Feralpi-Hungaria, the 2021 and 2022 data have been restated from those published in the previous Non-Financial Statement.

³⁴ 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 2021-2023 include contusions, crushing, lacerated contusion injuries and fractures.

Average training hours per capita by gender and by professional category

(GRI 404-1)

Average training hours per capita by gender

	Gender	2023	2022	2021
Group	Men	23	25	14
	Women	32	12	18
	Total	24	24	14
Italy	Men	35	21	16
	Women	55	17	15
	Total	37	21	16
Germany	Men	12	34	12
	Women	15	9	25
	Total	12	32	13

Average training hours per capita by professional category

	Category	2023	2022	2021
Group	Blue-collars	20	21	12
	White-collars and middle managers	33	29	20
	Executives	30	24	13
	Total	24	24	14
Italy	Blue-collars	34	15	13
	White-collars and middle managers	43	30	21
	Executives	44	36	14
	Total	37	21	16
Germany ¹	Blue-collars	10	33	11
	White-collars and middle managers	20	31	22
	Executives	10	4	15
	Total	12	32	13

¹ At the level of Germany, starting in 2021, apprentice workers are considered below the category of "Blue collars".

Composition of the members of Feralpi Siderurgica's Board of Directors by gender and age group

(GRI 405-1)

Composition of the members of Feralpi Siderurgica's Board of Directors, number

no.	2023			2022		
Age	Men	Women	Total	Men	Women	Total
<30	0	0	0	0	0	0
30-50 (including 30 and 50)	0	0	0	0	0	0
>50	9	0	9	9	0	9
Total	9	0	9	9	0	9

Composition of the members of Feralpi Siderurgica's Board of Directors, percentage

%	2023			2022		
Age	Men	Women	Total	Men	Women	Total
<30	0	0	0	0	0	0
30-50 (including 30 and 50)	0	0	0	0	0	0
>50	100	0	100	100	0	100
Total	100	0	100	100	0	100

Composition of Group employees by gender, age group and other relevant categories

(GRI 405-1)

Age	2023						2022						2021					
	Men		Women		Total		Men		Women		Total		Men		Women		Total	
	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%
<30	256	13.32	27	1.40	283	14.72	235	12.70	21	1.13	264	14.26	215	12.33	16	0.92	231	13.25
30-50 (30 and 50 included)	838	46.60	105	5.46	938	48.80	824	44.52	89	4.81	905	48.89	797	45.70	72	4.13	869	49.83
>50	631	32.83	65	3.38	701	36.47	621	33.55	61	3.30	682	36.84	590	33.83	54	3.10	644	36.93
TOTAL	1,725	89.75	197	10.25	1,922	100.00	1,680	90.76	171	9.24	1,851	100.00	1,602	91.86	142	8.14	1,744	100.00

Other diversity indicators

Other diversity indicators	2023		2022		2021	
	Number	%	Number	%	Number	%
Protected categories	64	3.33	63	3.39	69	3.95
Other	46	2.39	33	1.78	26	1.49

Ratio (%) between average male and female remuneration³⁵

(GRI 405-2)

	Category	2023	2022	2021
Feralpi Siderurgica	White-collars and middle managers	68.69	-	-
Arlenico	White-collars and middle managers	61.36	57.04	55.25
Nuova Defim	Blue-collars	-	-	-
	White-collars and middle managers	-	-	65.22
Presider	White-collars and middle managers	76.84	76.93	72.68
ESF Elbe-Stahlwerke Feralpi	White-collars and middle managers	67.44	65.29	64.62

Ratio (%) between male and female base salary³⁶

(GRI 405-2)

	Category	2023	2022	2021
Feralpi Siderurgica	White-collars and middle managers	92.38	-	-
Arlenico	White-collars and middle managers	91.79	89.08	89.30
Nuova Defim	Blue-collars	-	-	-
	White-collars and middle managers	-	-	87.65
Presider	White-collars and middle managers	95.23	94.92	94.47
ESF Elbe-Stahlwerke Feralpi	White-collars and middle managers	100.00	100.00	100.00

³⁵ 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.

³⁶ 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.

System certifications

Feralpi Siderurgica	UNI EN ISO 9001, 14001, 45001, 50001, EMAS
Acciaierie di Calvisano	UNI EN ISO 9001, 14001, 50001
Presider	UNI EN ISO 9001, 14001
Presider Armatures	BS EN ISO 9001
Nuova Defim	UNI EN ISO 9001
Caleotto and Arlenico	UNI EN ISO 9001, 14001 IATF 16949 - Automotive Quality Management System
ESF Elbe-Stahlwerke Feralpi GmbH	DIN EN ISO 9001, 14001, 50001, EMAS, Entsorgungsbetrieb
FERALPI STAHLANDEL GMBH	DIN EN ISO 9001, 50001
FERALPI LOGISTIK GMBH	DIN EN ISO 9001, 50001
FERALPI-PRAHA S.R.O.	ISO 9001
FERALPI-HUNGARIA KFT	ISO 9001

Product certifications

Feralpi Siderurgica	<p>EPD UNI EN ISO 14067 Certificate of minimum recycled/recovered/by-product content for:</p> <ul style="list-style-type: none"> ◆ Steel ◆ Green stone ◆ Green lime ◆ Green iron <p>SUSTSTEEL SYSTEM 2+ GREEN STONE</p>
Acciaierie di Calvisano	<p>EPD UNI EN ISO 14067 TUV Certificate PED AD2000W 0 Risk and safety control for pressure equipment Certification of minimum recycled content</p>
Presider	<p>EPD UNI EN ISO 14067 EN ISO 17660-1 (load transmitting welds) and 17660-2 (non-load transmitting welds) AFCAB NF-Armatures</p>
Presider Armatures	<p>UK CERTIFICATION AUTHORITY FOR REINFORCING AFCAB NF-Armatures</p>
Nuova Defim	<p>UNI EN ISO 1090-1</p>
Caleotto and Arlenico	<p>EPD UNI EN ISO 14067</p>
ESF Elbe-Stahlwerke Feralpi GmbH	<p>EPD DIN EN ISO 14067 Certification of minimum recycled content</p>



Consolidated financial statements



Consolidated financial statements

Statement of financial position

Assets

(amounts in thousand euros)	Notes	31.12.2023	31.12.2022
Assets			
Non-current Assets			
Property, plant and equipment	8	562,243	458,116
Right-of-use assets	9	19,841	20,214
Intangible assets	10	11,092	9,981
Goodwill	11	8,077	8,077
Investments in associates and joint ventures	12	24,545	20,892
Other investments	13	434	442
Non-current financial assets	14	6,667	10,875
Deferred tax assets	15	16,763	16,388
Other non-current assets	16	1,362	6,097
Total non-current assets		651,024	551,082
Current assets			
Inventories	17	295,196	400,184
Trade receivables	18	326,707	408,769
Trade receivables from parent companies and for tax consolidation	19	9,069	25,523
Trade receivables from associates	20	30,616	32,816
Tax receivables	21	7,898	4,290
Current financial assets	22	7,560	9,904
Other current assets	23	63,560	56,425
Cash and cash equivalents and short-term deposits	24	173,189	200,675
Total current assets		913,795	1,138,586
Total assets		1,564,819	1,689,668

Statement of financial position

Liabilities and Shareholders' equity

(amounts in thousand euros)	Notes	31.12.2023	31.12.2022
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	25	50,000	50,000
Other reserves	25	864,808	519,150
Profit/loss for the year	25	12,872	335,159
Total Group Shareholders' Equity		927,680	904,309
Minority interest Shareholders' equity	25	274	246
Minority interest profit	25	24	33
Total shareholders' equity		927,978	904,588
Non-current liabilities			
Non-current financial payables	26	133,445	125,486
Non-current lease payables	9	13,617	14,634
Other non-current financial liabilities		-	1,120
Liabilities for employee benefits	27	5,272	4,155
Provisions for risks and charges	28	6,614	5,556
Deferred tax liabilities	15	3,078	5,625
Other non-current liabilities	29	860	860
Total non-current liabilities		162,886	157,436
Current liabilities			
Current financial payables	26	67,734	80,793
Current lease payables	9	3,949	3,261
Trade payables to parent companies and for tax consolidation	30	431	74,993
Trade payables	31	279,172	313,218
Trade payables to associates	32	61,602	81,500
Tax payables	33	19,434	33,101
Other current liabilities	34	41,633	40,778
Total current liabilities		473,955	627,644
Total shareholders' equity and Liabilities		1,564,819	1,689,668

Income statement

(amounts in thousand euros)	Notes	2023	2022
Revenues from contracts with customers	35	1,724,219	2,385,577
Rental income	36	1,043	1,551
Other income	37	22,475	10,921
Changes in inventories of finished and semi-finished products		(86,549)	20,674
Raw materials and consumables	38	(1,071,218)	(1,231,654)
Cost of services	39	(380,246)	(582,024)
Personnel costs	40	(126,408)	(110,695)
Other operating costs	41	(12,229)	(5,610)
Increases in fixed assets for in-house work	42	6,541	5,465
Depreciation and amortisation	43	(65,391)	(58,275)
Reversal/(Write-down) of financial assets	44	(1,177)	(2,151)
Financial income	45	2,446	1,201
Financial expenses	46	(7,886)	(5,389)
Share of profit of associates and joint ventures	47	3,855	5,088
Exchange gains and (losses)	48	(30)	1,420
Pre-tax profit		9,445	436,099
Income taxes	49	3,451	(100,907)
Net result		12,896	335,192
Result for the Group		12,872	335,159
Minority interest result		24	33

Statement of Other comprehensive income

(amounts in thousand euros)	Notes	2023	2022
Net result		12,896	335,192
Other comprehensive income components			
<i>Other comprehensive income components that will later be reclassified to profit/loss for the year net of tax:</i>			
Translation differences in foreign financial statements	25	(133)	58
Net (loss)/gain from cash flow hedges	25	(7,372)	5,738
Total other comprehensive income components that will later be reclassified to profit/(loss) for the year net of tax:		(7,505)	5,796
<i>Other comprehensive income components that will later not be reclassified to profit/(loss) for the year net of tax</i>			
Net gain/(loss) on equity instruments measured at fair value and recognised in the statement of comprehensive income	25	-	(93)
(Loss)/gain from revaluation on defined benefit plans	27	(99)	515
Total other comprehensive income components that will later NOT be reclassified to profit/(loss) for the year net of tax		(99)	422
Total other income statement items after tax		(7,604)	6,218
Total comprehensive profit/(loss) after tax		5,292	341,410
Result for the Group		12,872	335,159
Minority interest result		24	33

Cash flow statement

(amounts in thousand euros)	Notes	2023	2022
Net result		12,896	335,192
Adjustments to reconcile pre-tax profit with net cash flows:			
Depreciation and impairment of property, plant and equipment	43-8	57,757	51,949
Amortisation and impairment of intangible assets	43-10	4,096	2,189
Amortisation of right of use	43-9	3,538	4,137
Capital loss/gain on disposal of assets	41	2,790	-
Financial income	45	(2,446)	(1,201)
Financial expenses	46	7,886	5,389
Finance costs on financial lease liabilities		232	227
Income taxes	49	(3,451)	100,907
Share of profit for the year of associates and joint ventures	47	(3,855)	(5,088)
Write-down of current assets	44	445	19,567
Net change in employee severance indemnity and pension funds	27	(656)	(1,931)
Net change in provisions for risks and charges	28	1,058	(1,161)
Net change in deferred tax assets and liabilities	15	(2,102)	(158)
Interest paid		(5,359)	(5,860)
Income taxes paid		(18,898)	(30,174)
Changes in working capital:			
(Increase)/decrease in inventories	17	104,988	(19,577)
(Increase)/decrease in trade receivables	18	83,816	8,894
(Increase)/decrease in other non-financial assets		21,534	2,585
Increase/(decrease) in trade payables	18	(53,944)	(57,208)
Increase/(decrease) in tax payables	33	4,254	(63,526)
Increase/(decrease) in other non-financial liabilities		(74,561)	24,442
Other decreases/(Other increases) in net working capital		(7,940)	(28,281)
CASH FLOW GENERATED/ABSORBED BY OPERATING ACTIVITIES		119,184	6,122
Investing activities:			
Net investments in tangible fixed assets	8	(164,524)	(109,511)
Net investments in intangible assets	10	(2,206)	(3,871)
Net investments in financial fixed assets	9	8	17
Net investments in short-term financial assets		-	(2,822)
Acquisition of subsidiaries, net of cash acquired		-	(8,883)
CASH FLOW GENERATED/ABSORBED BY INVESTING ACTIVITIES		(166,722)	(125,070)

(amounts in thousand euros)	Notes	2023	2022
Financing activities:			
New loans	26	57,942	94,761
Repayment of loans	26	(31,418)	(154,645)
(Increase)/decrease in financial receivables (incl. derivative assets)		1,298	533
Increase/(decrease) in financial payables (incl. derivative liabilities)		(2,599)	-
Principal payments - lease liabilities		(3,068)	(4,955)
Dividends paid to shareholders		(15,000)	(25,000)
CASH FLOW GENERATED/ABSORBED BY FINANCING ACTIVITIES		7,155	(89,306)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(27,486)	126,938
Net cash and cash equivalents at the beginning of the period		200,675	73,737
Net cash and cash equivalents at the end of the period		173,189	200,675

Statement of changes in shareholders' equity 2023

(amounts in thousand euros)	Share capital	Other reserves	FTA Reserve	Reserve for actuarial gains (losses)	Cash flow hedge reserve	Profit/loss for the year	Total Group shareholders' equity	Minority interest Shareholders' equity	Minority interest profit	Total shareholders' equity
Balance as at 1 January 2023	50,000	510,134	(2,130)	(68)	11,214	335,159	904,309	246	33	904,588
Allocation of 2022 profit	-	335,159	-	-	-	(335,159)	-	33	(33)	-
Result for the period	-	-	-	-	-	12,872	12,872	-	24	12,896
Other comprehensive income	-	(133)	-	(99)	(7,372)	-	(7,604)	-	-	(7,604)
Total comprehensive income/loss	-	(133)	-	(99)	(7,372)	12,872	5,268	-	24	5,292
Dividends	-	(15,000)	-	-	-	-	(15,000)	-	-	(15,000)
Operations under common control	-	100	-	-	-	-	100	-	-	100
Shareholder payment	-	33,000	-	-	-	-	33,000	-	-	33,000
Other changes	-	1	-	-	2	-	3	(5)	-	(2)
Balance as at 31 December 2023	50,000	863,261	(2,130)	(167)	3,844	12,872	927,680	274	24	927,978

Statement of changes in shareholders' equity 2022

(Amounts in thousand euros)	Share capital	Other reserves	FTA Reserve	Reserve for actuarial gains (losses)	Cash flow hedge reserve	Profit/loss for the year	Total Group share-holders' equity	Minority interest Share-holders' equity	Minority interest profit	Total share-holders' equity
Balance as at 1 January 2022	50,000	383,167	(2,130)	(583)	5,476	152,540	588,470	248	(20)	588,698
Allocation of 2021 profit	-	152,540	-	-	-	(152,540)	-	(20)	20	-
Profit/loss for the year	-	-	-	-	-	335,159	335,159	-	33	335,192
Other comprehensive income	-	(53)	-	515	5,738	-	6,200	18	-	6,218
Total comprehensive income/loss	-	(53)	-	515	5,738	335,159	341,359	18	33	341,410
Dividends	-	(25,000)	-	-	-	-	(25,000)	-	-	(25,000)
Operations under common control	-	(518)	-	-	-	-	(518)	-	-	(518)
Other changes	-	(2)	-	-	-	-	(2)	-	-	(2)
Balance as at 31 December 2022	50,000	510,134	(2,130)	(68)	11,214	335,159	904,309	246	33	904,588

Explanatory notes

1. Corporate information

The publication of the consolidated financial statements of Feralpi Siderurgica S.p.A. and its subsidiaries (together the Group) for the year ended 31 December 2023 was authorised by the Board of Directors on 28 March 2024. Feralpi Siderurgica S.p.A. is a joint stock company registered and domiciled in Italy. The registered office is located in Brescia, via A. Saffi, no. 15.

The activities of the Company and its subsidiaries are described in Note 4, while Note 5 provides information on the structure of the Group. Information on the Group's relations with other related parties is presented in Note 6.7.

Feralpi Group is one of Europe's leading steel producers specialising in building steels, special steels and renewable energy production. See section 4 for further information.

2. Transactions during the year 2023

On 1 January 2023, the transfer by contribution (pursuant to Article 2343-ter of the Italian Civil Code) from Feralpi Holding S.p.A. (transferor) to the wholly-owned subsidiary Feralpi Siderurgica S.p.A. (transferee) of the business unit providing strategic, administrative, tax and accounting services and IT consulting services, previously performed by the transferor for various operating companies of the Group, took legal effect. The transfer of the business unit includes employees and business assets (software and hardware). The operation under common control of the transfer of the business unit took place at the appraisal value drawn up pursuant to Article 2343-ter of the Italian Civil Code, and the net transferred amount of €100,000 was accounted for in the transferee as an increase in reported shareholders' equity.

On 15 June 2023, the Ordinary Shareholders' Meeting of Feralpi Siderurgica S.p.A. was held, which resolved to distribute a dividend of €15,000 thousand to the sole shareholder Feralpi Holding S.p.A. This dividend was paid in July.

3. Company exercising management and coordination

Pursuant to Article 2497-bis, paragraph 4, of the Italian Civil Code, it is hereby disclosed that the Group is subject to management and coordination activities by the holding company Feralpi Holding S.p.A., with registered office in Brescia, Via Aurelio Saffi 15, (Economic and Administrative Repertoire no. 277718 and registration number with the Companies' Register BS 01898120173).

The following table provides key figures from the latest approved financial statements of the aforementioned company exercising management and coordination. It should be noted that the company whose figures are shown here prepares its annual financial statements and consolidated financial statements in accordance with Italian national accounting standards (OIC).

(amounts in thousand euros)	31.12.2022	31.12.2021
Non-current Assets	87,395	95,706
Current assets	127,603	97,448
Total assets	214,998	193,153
Current liabilities	68,001	54,202
Non-current liabilities	1,674	6,661
Total liabilities	69,674	60,863
Capital and profit	79,061	56,976
Reserves	66,263	75,314
Shareholders' equity	145,323	132,290
Revenues from core business	10,968	8,624
Profit (Loss) for the year	24,061	1,976

4. Scope of consolidation

The consolidated financial statements of Feralpi Siderurgica as at 31 December 2023 comprise 25 companies: the parent company Feralpi Siderurgica, its subsidiaries and associates.

The scope of consolidation includes the financial statements of the parent company and the companies in which it directly or indirectly exercises control. Please refer to the tables below for details of the companies consolidated on a line-by-line basis and using the equity method, respectively, as at 31 December 2023.

Subsidiaries:

Name and location	Address of registered office	Share capital	Reference currency	% of ownership	Equity relationship	Consolidation method
Acciaierie di Calvisano S.p.A.	Calvisano (IT)	3,250	Euro	100.00%	Direct	Line-by-line
Nuova Defim S.p.A.	Brescia (IT)	300	Euro	100.00%	Indirect	Line-by-line
Fer-Par S.r.l.	Lonato del Garda (IT)	20	Euro	100.00%	Indirect	Line-by-line
Presider S.p.A.	Borgaro Torinese (IT)	4,160	Euro	100.00%	Direct	Line-by-line
Presider Armatures S.a.S.	Saint Souplette (IT)	1,000	Euro	100.00%	Indirect	Line-by-line
Caleotto S.p.A.	Lonato del Garda (IT)	2,000	Euro	100.00%	Direct	Line-by-line
Arlenico S.p.A.	Lonato del Garda (IT)	1,000	Euro	100.00%	Direct	Line-by-line
Cogeme Steel. S.r.l.	Casalmaggiore (IT)	300	Euro	100.00%	Indirect	Line-by-line
ESF Elbe-Stahlwerke Feralpi GmbH	Riesa (DE)	11,000	Euro	100.00%	Direct	Line-by-line
Feralpi Stahlhandel GmbH	Riesa (DE)	2,100	Euro	100.00%	Direct	Line-by-line
Feralpi Logistik GmbH	Riesa (DE)	1,000	Euro	100.00%	Indirect	Line-by-line
Feralpi Praha Sro	Kralupy (CZ)	95,000	Czech Koruna	100.00%	Indirect	Line-by-line
Feralpi Hungaria KFT	Budapest (HU)	4,833	Euro	100.00%	Indirect	Line-by-line
Industria de Expositores y Parrilas S.A.	Barcelona (ES)	163	Euro	100.00%	Indirect	Line-by-line
P.R. Soldadura S.L.	Girona (ES)	3	Euro	100.00%	Indirect	Line-by-line
Wire applications S.R.,	Barcelona (ES)	3	Euro	100.00%	Indirect	Line-by-line
Immobiliare Feralpi S.r.l.	Lonato del Garda (IT)	1,000	Euro	100.00%	Direct	Line-by-line
Feralpi Algerié S.a.r.l.	Orano (DZ)	55,000	Algerian Dinar	70.00%	Indirect	Line-by-line
Feralpi Power On S.r.l.	Lonato del Garda (IT)	500	Euro	100.00%	Direct	Line-by-line
Feralpi Villasor S.r.l.	Lonato del Garda (IT)	50	Euro	100.00%	Indirect	Line-by-line
Feralpi Recycling Sro	Kralupy (CZ)	200	Czech Koruna	90.00%	Indirect	Line-by-line

Associates and joint ventures

Name and location	Address of registered office	Share capital	Reference currency	% of ownership	Equity relationship	Consolidation method
Dima S.r.l.	Montichiari (IT)	1,000	Euro	31.00%	Indirect	Shareholders' equity
Media Steel S.r.l.	Massa (IT)	200	Euro	45.00%	Direct	Shareholders' equity
Alpifer S.r.l.	Piacenza (IT)	9,560	Euro	50.00%	Direct	Shareholders' equity

It should be noted that during the year 2023, the scope of consolidation changed following the merger by incorporation of Feralpi Profilati Nave S.r.l. into Immobiliare Feralpi S.r.l., of which the incorporating company held 100%.

5. Group information

As at 31 December 2023, the Feralpi Siderurgica Group incorporates a group of companies mainly operating in the following sectors:

- ◆ Construction steels, in particular long hot-rolled and cold pre-processed products. More specifically: wire rod, drawn coil, spacers, lattice girders, bars, welded wire mesh, recoiled, shaped and pre-shaped, assembled and pre-assembled coils, mechanical joints and billets;
- ◆ Special steels, especially wire rod with different chemical compositions;
- ◆ Production of energy from renewable sources.

The Group's consolidated financial statements include:

Name	Main activities	Registered office	% share-holding
Acciaierie di Calvisano S.p.A.	Steelworks and trade in related products	Calvisano (IT)	100.00%
Nuova Defim S.p.A.	Wholesale of building materials	Brescia (IT)	100.00%
Fer-Par S.r.l.	Holding, management and assumption of equity investments	Lonato del Garda (IT)	100.00%
Presider S.p.A.	Ironwork and metal carpentry	Borgaro Torinese (IT)	100.00%
Presider Armature S.a.S.	Manufacture of wire products, chains and springs	Saint Souplette (FR)	100.00%
Caleotto S.p.A.	Wholesale of metal ores, ferrous metals and semi-finished products	Lonato del Garda (IT)	100.00%
Arlenico S.p.A.	Production of iron, steel and ferro-alloys	Lonato del Garda (IT)	100.00%
Cogeme Steel. S.r.l.	Production of iron, steel and ferro-alloys	Casalmaggiore (IT)	100.00%
ESF Elbe-Stahlwerke Feralpi GmbH	Steelworks and trade in related products	Riesa (DE)	100.00%
Feralpi Stahlhandel GmbH	Sale of metal and plastic for construction	Riesa (DE)	100.00%
Feralpi-Logistik GmbH	Road haulage services	Riesa (DE)	100.00%
Feralpi-Praha Sro	Manufacture of wire products, chains and springs	Kralupy (CZ)	100.00%
Feralpi-Hungaria KFT	Manufacture of wire products, chains and springs	Budapest (HU)	100.00%
Industria de Expositores y Parrilas S.A.	Manufacture of products from wire	Barcelona (ES)	100.00%
P.R. Soldadura S.L.	Manufacture of products from wire	Girona (ES)	100.00%
Wire applications S.R.,	Manufacture of products from wire	Barcelona (ES)	100.00%
Feralpi Power On S.r.l	Power generation using photovoltaic solar technology	Lonato del Garda (IT)	100.00%
Feralpi Villasor S.r.l.	Power generation using photovoltaic solar technology	Lonato del Garda (IT)	100.00%
Immobiliare Feralpi S.r.l.	Lease of owned real estate	Lonato del Garda (IT)	100.00%
Feralpi Algérie S.a.r.l.	Resale products in stock	Orano (DZ)	70.00%

The Group consolidates these entities on the basis of de facto control.

In addition, the Group holds investments in associates and companies accounted for using the equity method, which are listed below:

Name	Main activities	Registered office	% share-holding
Dima S.r.l.	Recovery and preparation for recycling of municipal solid waste, industrial waste and biomass	Montichiari (IT)	31.00%
Media Steel S.r.l.	Wholesale of scrap and by-products of industrial metal processing	Massa (IT)	45.00%
Alpifer S.r.l.	Management activities and trade in metal building products	Piacenza (IT)	50.00%

It should be noted that Alpifer S.r.l. owns UniFer S.p.A. and Steelfer S.r.l., companies active in the steel industry.

6. Main accounting standards

6.1. Drafting principles

The Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union.

The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments, financial assets represented by equities or bonds in the portfolio, and contingent consideration, which are recorded at fair value. The carrying amount of assets and liabilities that are the subject of fair value hedges and would otherwise be carried at amortised cost is adjusted for changes in fair value attributable to the hedged risks.

The consolidated financial statements are presented in Euro and all values are rounded to the nearest thousand, unless otherwise indicated.

The Group has prepared the Financial Statements on the basis of the continued satisfaction of the going concern requirement.

6.2. Content and form of the financial statements

The formats adopted by the Group, in accordance with IAS 1, are composed as follows:

- ◆ *Statement of financial position*: by showing current/non-current assets and liabilities separately, as specified in Section 6.4 "Classification criteria" below.
- ◆ *Consolidated income statement*: shows the items by nature, as it is considered the one that provides the most explanatory information.
- ◆ *Statement of other comprehensive income*: this includes other income and expense items that are allowed to be recognised in equity under IAS/IFRS.
- ◆ *Cash flow statement*: this presents the cash flows from operating, investing and financing activities as required by IAS 7.
- ◆ *Statement of changes in shareholders' equity*: shows the overall result for the year and further movements in the company's and the Group's risk capital.

6.3. Classification criteria

Assets and liabilities in the Group's balance sheet are classified on a current/non-current basis. An asset is current when:

- ◆ it is intended to be realised, or is held for sale or consumption, in the normal course of business;
- ◆ it is held primarily for trading purposes;
- ◆ it is intended to be realised within twelve months after the end of the financial year; or
- ◆ it is cash or cash equivalents unless it may be exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is current when:

- ◆ it is expected to expire in its normal operating cycle;
- ◆ it is held primarily for trading purposes;
- ◆ it must be extinguished within twelve months after the end of the financial year; or
- ◆ the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

With reference instead to the income statement, it should be noted that it is classified by nature, as it is considered that this representation is the one that best provides a correct representation of the Group's operations.

The Group has decided to present two separate statements, a *consolidated statement of profit/(loss) for the year* and a statement of other comprehensive income (OCI), rather than a single statement combining the two. The Group presents each OCI item net of the relevant tax impact.

The cash flow statement is presented using the indirect method.

6.4. Principles of consolidation

The consolidated financial statements include the financial statements of Feralpi Siderurgica S.p.A. and its subsidiaries as at 31 December 2023.

Control is achieved when the Group is exposed or entitled to variable returns from its relationship with the investee entity and, at the same time, has the ability to affect those returns by exercising its power over that entity. Specifically, as required by IFRS 10, the Group controls an investee if, and only if, the Group has:

- ◆ power over the investee entity (i.e. holds valid rights that give it the current ability to direct the relevant activities of the investee entity);
- ◆ the exposure or rights to variable returns arising from the relationship with the investee entity;
- ◆ the ability to exert its power over the investee entity to affect the amount of its returns.

Generally, there is a presumption that a majority of voting rights implies control. To support this presumption and when the Group holds less than a majority of the voting rights (or similar rights), the Group considers all relevant facts and circumstances to determine whether it controls the investee entity, including:

- ◆ Contractual agreements with other holders of voting rights;
- ◆ Rights arising from contractual agreements;
- ◆ Voting rights and potential voting rights of the Group.

The Group reconsiders whether or not it has control over an investee if facts and circumstances indicate that there have been changes in one or more of the three elements relevant to the definition of control. Consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control. The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the year are included in the consolidated financial statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.

The profit (loss) for the year and each of the other components of the statement of comprehensive income are allocated to the shareholders of the parent company and the non-controlling interests, even if this implies that the non-controlling interests have a negative balance. When necessary, appropriate adjustments are made to the financial statements of subsidiaries to ensure compliance with the Group's accounting policies. All intragroup assets and liabilities, shareholders' equity, revenues, costs and cash flows related to transactions between Group entities are eliminated completely upon consolidation.

Changes in ownership interests in a subsidiary that do not result in a loss of control are accounted for in equity.

If the Group loses control of a subsidiary, it must derecognise the related assets (including goodwill), liabilities, minority interests and other components of shareholders' equity, while any gain or loss is recognised in the income statement. Any retained interest must be recognised at fair value.

Conversion of items in foreign currency

The consolidated financial statements are presented in Euro, the functional and presentation currency adopted by the Parent Company. Each Group company defines its own functional currency, which is used to measure the items included in the individual financial statements. The Group uses the direct consolidation method; the profit or loss reclassified to the income statement upon the disposal of a foreign subsidiary represents the amount arising from the use of this method.

Below are the exchange rates used to convert the financial statements of companies in foreign currencies into euros:

Currency	2023 - Average exchange rate	31.12.23 - Exact exchange rate	2022 - Average exchange rate	31.12.22 - Exact exchange rate
Algerian Dinar	146.9354	148.2657	145.8720	146.5049
Hungarian Forint	381.8527	382.8000	407.6814	400.8700
Czech Koruna	24.0043	24.7240	24.2695	24.1160

6.5. Summary of the main accounting standards

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is determined as the sum of the consideration transferred, measured at fair value at the acquisition date, and the amount of the non-controlling interest in the acquiree. For each business combination, the Group determines whether to measure the non-controlling interest in the acquiree at fair value or in proportion to the non-controlling interest's share of the acquiree's identifiable net assets. Acquisition costs are expensed in the financial year and classified under administrative expenses.

The Group determines that it has acquired a business when the integrated set of activities and assets includes at least one factor of production and one substantial process that together contribute significantly to the ability to generate an output. The acquired process is considered substantial if it is critical to the ability to continue generating an output and the acquired inputs include an organised labour force that has the necessary skills, knowledge or experience to perform that process or contributes significantly to the ability to continue generating an output and is considered unique or scarce or cannot be replaced without significant cost, effort or delay to the ability to continue generating an output.

When the Group acquires a business, it classifies or designates the financial assets acquired or liabilities assumed in accordance with the contractual terms, economic terms and other relevant conditions in place at the acquisition date. This includes testing whether an embedded derivative should be separated from the host contract.

Any contingent consideration to be recognised is recorded by the acquirer at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent payment is recognised in equity. The change in fair value of contingent consideration classified as an asset or liability, such as a financial instrument that is within the scope of IFRS 9 Financial Instruments must be recognised in the income statement in accordance with IFRS 9. Contingent consideration that is not within the scope of IFRS 9 is measured at fair value at the reporting date and changes in fair value are recognised in the income statement.

Goodwill is initially recognised at cost represented by the excess of the aggregate of the consideration paid and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed by the Group. If the fair value of the net assets acquired exceeds the total consideration paid, the Group reassesses whether it has correctly identified all assets acquired and all liabilities assumed and reviews the procedures used to determine the amounts to be recognised at the acquisition date. If the remeasurement still results in a fair value of the net assets acquired exceeding the consideration, the difference (gain) is recognised in the income statement.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date to each cash-generating unit of the Group that is expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those units.

If goodwill has been allocated to a cash-generating unit and the entity disposes of part of the assets of that unit, the goodwill associated with the disposed asset is included in the carrying amount of the asset when determining the gain or loss on disposal. The goodwill associated with the discontinued operation is determined on the basis of the relative values of the discontinued operation and the retained portion of the cash-generating unit.

Investments in associates and joint ventures

An associate is a company over which the Group exercises significant influence. Significant influence means the power to participate in determining the financial and operating policies of the investee without having control or joint control over it.

A joint venture is a jointly controlled arrangement in which the parties with joint control have rights to the net assets of the arrangement. Joint control means sharing control of an arrangement on a contractual basis, which only exists when decisions on relevant activities require the unanimous consent of all parties sharing control.

The considerations made to determine significant influence or joint control are similar to those required to determine control over subsidiaries. The Group's investments in associates and joint ventures are accounted for using the equity method.

Under the equity method, an investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is increased or decreased to recognise the investor's share of the investee's profits and losses realised after the acquisition date. Goodwill pertaining to the associate or joint venture is included in the carrying amount of the investment and is not subject to a separate impairment test.

The statement of profit/(loss) for the year reflects the Group's share of the profit/(loss) for the year of the associate or joint venture. Any changes in the other components of the statement of comprehensive income relating to these investees are presented as part of the Group's statement of comprehensive income. Furthermore, in the event that an associate or joint venture recognises a change with a direct charge to equity, the Group recognises its share, where applicable, in the statement of changes in shareholders' equity. Unrealised gains and losses arising from transactions between the Group and associates or joint ventures are eliminated in proportion to the interest in the associates or joint ventures.

The Group's aggregate share of the profit/(loss) for the year of associates and joint ventures is recognised in the statement of profit/(loss) for the year after operating profit/(loss) and represents the profit/(loss) after tax and the share of the other shareholders of the associate or joint venture.

The financial statements of associates and joint ventures are prepared on the same date as the Group's financial statements. Where necessary, the financial statements are adjusted to bring them into line with Group accounting standards.

Subsequent to the application of the equity method, the Group assesses whether it is necessary to recognise an impairment loss of its investment in associates or joint ventures. The Group assesses at each reporting date whether there is objective evidence that investments in associates or joint ventures are impaired. In this case, the Group calculates the amount of the loss as the difference between the recoverable amount of the associate or joint venture and the carrying amount of the associate or joint venture in its financial statements, and recognises this difference in the statement of profit/(loss) for the year under the caption "share of profit/(loss) of associates and joint ventures".

Upon the loss of significant influence over an associate or joint control over a joint venture, the Group measures and recognises the residual investment at fair value. The difference between the carrying amount of the investment at the date of loss of significant influence or joint control and the fair value of the residual investment and consideration received is recognised in the income statement.

Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each reporting date.

Fair value is the price that would be received for the sale of an asset, or paid for the transfer of a liability, in a regular transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place:

- ◆ in the principal market of the asset or liability; or
- ◆ in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured by adopting the assumptions that market participants would use in pricing the asset or liability, assuming that they would act to satisfy their economic interest in the best way possible.

A fair value measurement of a non-financial asset considers the ability of a market participant to generate economic benefits by deploying the asset to its highest and best use or by selling it to another market participant who would deploy it to its highest and best use.

The Group uses measurement techniques that are appropriate to the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised according to the fair value hierarchy, as described below:

- ◆ Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- ◆ Level 2 - inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability;
- ◆ Level 3 - measurement techniques for which the input data are not observable for the asset or liability.

The fair value measurement is classified entirely in the same level of the fair value hierarchy in which the lowest level of the hierarchy input used for the valuation is classified.

For assets and liabilities recognised at fair value on a recurring basis, the Group determines whether transfers between levels of the hierarchy have occurred by reviewing the categorisation (based on the lowest level input, which is significant to the fair value measurement in its entirety) at each reporting date.

The Group Finance Department determines the criteria and procedures for both recurring fair value measurements, such as investments in equity instruments in unlisted companies, and non-recurring measurements, such as discontinued assets held for sale.

At each reporting date, the Group Finance Department analyses changes in the values of assets and liabilities for which remeasurement or restatement is required under Group accounting standards.

For the purposes of fair value disclosures, the Group determines classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as illustrated above.

Revenues from contracts with customers

Feralpi Group is a leading manufacturer of construction steels and special steels for the mechanical engineering and automotive industries.

Revenues from contracts with customers is recognised when control of the goods is transferred to the customer, generally upon delivery, in an amount that reflects the consideration the Group expects to receive in exchange for those goods.

The Group considers whether there are other promises in the contract that represent contractual obligations on which part of the transaction consideration is to be allocated (e.g. guarantees). In determining the price of the product sales transaction, the Group considers the possible effects of variable consideration and significant financial components.

If the consideration promised in the contract includes a variable amount, the Group estimates the amount of the variable consideration at the time the contract is entered into. This value is not recognised until it is highly probable that it will be recognised in view of what has been agreed upon.

Government grants

Government grants are recognised when there is reasonable certainty that they will be received and that all the conditions attached to them have been met. Grants related to cost components are recognised as revenues, but are systematically allocated between periods in order to be commensurate with the recognition of the costs they are intended to offset. The grant related to an asset is recognised as revenue on a straight-line basis over the expected useful life of the relevant asset.

Where the Group receives a non-monetary contribution, the asset and the related contribution are recognised at nominal value and released to the income statement on a straight-line basis over the expected useful life of the relevant asset.

Contract assets

The contract asset represents the entity's right to obtain the agreed consideration for the transfer of control of assets to the customer.

If the Group settles the obligation by transferring goods to the customer before the customer pays the consideration or before payment is due, the entity shall recognise an asset arising from the contract, excluding amounts presented as receivables.

Trade receivables

A receivable is recognised if the consideration is unconditionally due from the customer (i.e. it is only necessary for time to run out for payment of the consideration to be obtained). Please refer to the paragraph on principles in the section on Financial instruments - Initial recognition and subsequent measurement.

Contract liabilities

A contract liability is an obligation to transfer to the customer goods or services for which the Group has already received consideration (or for which a portion of the consideration is due). If the customer pays the consideration before the Group has transferred control of the goods or services to the customer, the contract liability is recognised when payment is made or (if earlier) when it is due. Liabilities arising from contracts are recognised as revenues when the Group fulfils its obligations to do so under the relevant contract.

Income taxes

Current taxes

Current tax assets and liabilities for the year are valued at the amount expected to be recovered or paid to the tax authorities. The tax rates and regulations used to calculate the amount are those enacted, or substantially in effect, at the reporting date in the country where the Group operates and generates its taxable income.

Current taxes related to items recognised directly in equity are also recognised in equity and not in profit/(loss) for the year. The Management periodically assesses the position taken in the tax return in cases where tax rules are subject to interpretation and, where appropriate, makes provisions.

Deferred taxes

Deferred taxes are calculated by applying the liability method to temporary differences at the reporting date between the tax amounts of assets and liabilities and the corresponding carrying amounts.

Deferred tax liabilities are recognised on all taxable temporary differences, with the following exceptions:

- ◆ deferred tax liabilities arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the financial statement result nor the tax result;
- ◆ the reversal of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures can be controlled, and it is probable that it will not occur in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and unused tax credits and tax losses carried forward, to the extent that it is probable that sufficient future taxable income will be available to allow the utilisation of deductible temporary differences and tax credits and tax losses carried forward, except where:

- ◆ the deferred tax asset associated with deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the financial statement result nor the tax result;
- ◆ in the case of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that they will reverse in the foreseeable future and that there will be sufficient taxable income to allow for the recovery of such temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available in the future to allow all or part of this credit to be utilised. Unrecognised deferred tax assets are reviewed at each reporting date and are recognised to the extent that it becomes probable that taxable income will be sufficient to allow for the recovery of these deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which these assets are realised or these liabilities are settled, taking into account the rates in force and those already enacted, or substantially in force, at the reporting date.

Deferred taxes relating to items recognised outside the income statement are also recognised outside the income statement and, therefore, in equity or in the statement of comprehensive income, consistently with the item to which they relate.

Tax benefits acquired as a result of a business combination, but which do not meet the criteria for separate recognition at the acquisition date, may be recognised at a later date, when new information on changes in facts and circumstances is obtained. The adjustment is recognised as a reduction of goodwill (up to the value of the goodwill), if recognised during the measurement period, or in the income statement, if recognised subsequently.

The Group offsets deferred tax assets and deferred tax liabilities if and only if there is a legal right to offset current tax assets and current tax liabilities, and the deferred tax assets and liabilities refer to income taxes owed to the same tax authority by the same or different taxpayers that intend to settle current tax assets and liabilities on a net basis.

Indirect taxes

Costs, revenues, assets and liabilities are recognised net of indirect taxes, such as value added tax, with the following exceptions:

- ◆ the tax applied to the purchase of goods or services is non-deductible, in which case it is recognised as part of the purchase cost of the asset or part of the cost recognised in the income statement;
- ◆ trade receivables and payables include the applicable indirect tax.

The net amount of indirect taxes to be recovered from or paid to the Treasury is included in the balance sheet either as a receivable or as a payable.

Transactions and balances

Foreign currency transactions, if any, are initially recognised in the functional currency, applying the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate on the reporting date. Realised exchange rate differences or those arising from the translation of monetary items are recognised in the income statement. Taxes attributable to exchange rate differences on monetary items are also recognised in the statement of comprehensive income.

Non-monetary items measured at historical cost in foreign currencies are translated at the exchange rates on the date of initial recognition of the transaction. Non-monetary items recorded at fair value in a foreign currency are translated at the exchange rate on the date the value was determined. The gain or loss that arises from the translation of non-monetary items is treated consistently with the recognition of gains and losses related to the change in fair value of those items (i.e. translation differences on items whose change in fair value is recognised in the statement of comprehensive income or the income statement are recognised in the statement of comprehensive income or the income statement, respectively).

Property, plant and equipment

Property, plant and equipment under construction are recognised at historical cost, less any accumulated impairment losses. Property, plant and equipment are recognised at historical cost, less accumulated depreciation and accumulated impairment losses. This cost includes costs for the replacement of part of machinery and plant at the time they are incurred, if they meet the recognition criteria. Where it is necessary to replace significant parts of plant and equipment on a regular basis, the Group depreciates them separately in accordance with their specific useful lives. Similarly, in the case of major overhauls, the cost is included in the carrying amount of the plant or machinery as in the case of replacement, where the criterion for recognition is met. All other repair and maintenance costs are recognised in the income statement when incurred.

Depreciation of tangible assets is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Category	%
Buildings	2.5% - 5%
Lightweight construction - Roofing	10%
Plant and machinery	from 5% to 20%
Industrial and commercial equipment	12,50% - 20% - 25%
Other assets	12% - 20% - 25%

The carrying amount of an item of property, plant and equipment and any significant components initially recognised is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain/loss arising on derecognition of the asset (calculated as the difference between the net carrying amount of the asset and the consideration received) is recognised in the income statement when the item is derecognised.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed at each year-end and, where appropriate, adjusted prospectively.

Leases

The Group assesses when entering into a contract whether it is, or contains, a lease. In other words, if the contract confers the right to control the use of an identified asset for a period of time in return for a consideration.

Group as lessee

The Group adopts a single recognition and measurement model for all leases, except for short-term leases and leases of low-value assets. The Group recognises liabilities relating to lease payments and the right-of-use asset representing the right to use the underlying asset.

Right-of-use assets

The Group recognises right-of-use assets on the lease commencement date (i.e. the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, net of accumulated amortisation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets comprises the amount of recognised lease liabilities, initial direct costs incurred and lease payments made on or before the commencement date net of any incentives received. Right-of-use assets are amortised on a straight-line basis from the effective date of the contract to the end of the useful life of the asset underlying the right-of-use or the end of the lease term, whichever is earlier.

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the asset consisting of the right of use reflects the fact that the lessee will exercise the purchase option, the lessee shall amortise the asset consisting of the right of use from the effective date until the end of the useful life of the underlying asset.

Right-of-use assets are subject to impairment. Please refer to section s) Impairment of non-financial assets.

Lease liabilities

At the lease inception date, the Group recognises lease liabilities by measuring them at the present value of unpaid lease payments due at that date. Payments due include fixed payments (including fixed payments in substance) net of any lease incentives to be received, variable lease payments that depend on an index or rate, and amounts expected to be paid as guarantee for the residual value. Lease payments also include the exercise price of a purchase option if it is reasonably certain that such option will be exercised by the Group and lease termination penalty payments if the lease term takes into account the Group's exercise of its lease termination option.

Variable lease payments that do not depend on an index or rate are recognised as expenses in the period (unless incurred in the production of inventories) in which the event or condition that generated the payment occurs.

In calculating the present value of payments due, the Group uses the incremental borrowing rate at the start date if the implied interest rate cannot be easily determined. After the effective date, the amount of the lease liability increases to reflect interest on the lease liability and decreases to reflect payments made. In addition, the carrying amount of lease payables is restated in the event of any changes to the lease or for the revision of the contractual terms for the change in payments; it is also restated in the event of changes in the valuation of the option to purchase the underlying asset or for changes in future payments resulting from a change in the index or rate used to determine such payments. The Group's lease liabilities are recorded under the specific item "Finance lease payables" (current/non-current).

Short-term leases and leases of low-value assets

The Group applies the exemption for the recognition of short-term leases relating to machinery and equipment (i.e., leases that have a term of 12 months or less from the commencement date and do not contain a purchase option). The Group has also applied the low-value asset exemption in respect of leases relating to office equipment whose value is considered low. Lease payments for short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

Group as lessor

Lease agreements that essentially leave the Group with all the risks and rewards of ownership of the asset are classified as operating leases. Lease income from operating leases must be recognised on a straight-line basis over the lease term, and is included as revenues in the income statement due to its operating nature. Initial trading costs are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Unbudgeted rents are recognised as revenues in the period in which they accrue.

Financial expenses

Financial expenses directly attributable to the acquisition, construction or production of an asset that requires a substantial period of time before it is available for use are capitalised on the cost of the asset. All other financial expenses are recognised as an expenses in the year in which they are incurred. Financial expenses consist of interest and other costs that an entity incurs in connection with obtaining financing.

Intangible assets

Intangible assets acquired separately are initially recognised at cost, while those acquired through business combinations are recognised at fair value at the acquisition date. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, with the exception of development costs, are not capitalised and are recognised in the income statement of the year in which they are incurred.

The useful life of intangible assets is assessed as finite or indefinite.

Intangible assets with a finite useful life are amortised over their useful life and are tested for impairment whenever there are indications of possible impairment. The amortisation period and amortisation method for an intangible asset with a finite useful life is reviewed at least at each year-end. Changes in the expected useful life or the manner in which the future economic benefits associated with the asset will be realised are recognised through changes in the period or method of amortisation, as appropriate, and are considered changes in accounting estimates. The amortisation of intangible assets with a finite useful life is recognised in the statement of profit/(loss) for the year in the cost category consistent with the function of the intangible asset.

Intangible assets with an indefinite useful life are not amortised, but are tested annually for impairment, both at the individual and cash-generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether this allocation continues to be sustainable, otherwise, the change from indefinite to finite useful life is applied on a prospective basis.

An intangible asset is derecognised on disposal (i.e., on the date the acquirer obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement.

Patents and licences

The Group paid advances to acquire patents and licences. The patents were granted for use by the relevant body for a minimum period of 10 years, with an option to renew at the end of that period. Licences for the use of intellectual property were granted for a period of five to ten years, depending on the specific licence. Licences could be renewed at no or minimal cost.

Amortisation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Intangible fixed assets

Category	%
Development costs	20%
Industrial patent rights	20%
Concessions, licences and trademarks	10% 20%
Customer list	20%

Customer list

The Group accounts for the customer list at fair value, if acquired for consideration in a business combination. The fair value of an intangible asset reflects the expectations of market participants at the acquisition date about the probability that the future economic benefits inherent in the asset will flow to the entity. This fair value is calculated by an appraiser on the basis of an independent valuation.

Financial instruments - Recognition and measurement

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

*Financial assets*Initial recognition and measurement

Upon initial recognition, financial assets are classified, as appropriate, according to subsequent measurement methods, i.e. at amortised cost, at fair value through OCI and at fair value through profit or loss.

The classification of financial assets upon initial recognition depends on the contractual cash flow characteristics of the financial assets and the business model the Group uses to manage them. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are valued at the transaction price as illustrated in paragraph (e) Revenues from contracts with customers.

The purchase or sale of a financial asset that requires delivery within a time-frame generally established by regulation or market conventions (a standardised sale or regular way trade) is recognised on the trade date, i.e. the date on which the Group committed to purchase or sell the asset.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified into four categories:

- ◆ Financial assets at amortised cost (debt instruments);
- ◆ Financial assets at fair value through other comprehensive income with reclassification of cumulative gains and losses (debt instruments);
- ◆ Financial assets at fair value through other comprehensive income without reversal of accumulated gains and losses on derecognition (equity instruments);
- ◆ Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or revalued.

Investments in equity instruments

Upon initial recognition, the Group may irrevocably elect to classify its equity investments as equity instruments recognised at fair value through other comprehensive income (OCI) when they meet the definition of equity instruments under IAS 32 “Financial Instruments: Presentation” and are not held for trading. The classification is determined for each individual instrument.

Gains and losses realised on such financial assets are never reversed to the income statement. Dividends are recognised as other revenues in the income statement when the right to payment has been resolved upon, except when the Group benefits from such income as a recovery of part of the cost of the financial asset, in which case such gains are recognised in the statement of comprehensive income.

The Group has chosen to irrevocably classify its unlisted equity investments in this category.

Financial assets at fair value through profit or loss

Financial instruments at fair value through profit or loss are recognised in the statement of financial position at fair value and net changes in fair value are recognised in the statement of profit/(loss) for the year.

This category includes derivative instruments and listed equity investments that the Group has not irrevocably elected to classify at fair value through other comprehensive income. Dividends on listed equity investments are recognised as other income in the statement of profit/(loss) for the year when the right to payment has been established.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised in the first instance (e.g. removed from the Group's statement of financial position) when:

- ◆ the rights to receive cash flows from the asset are extinguished, or
- ◆ the Group has transferred to a third party the right to receive cash flows from the asset or has assumed a contractual obligation to pay them in full and without delay and (a) has transferred substantially all risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of it.

Impairment loss

The Group recognises an expected credit loss ("ECL") for all financial assets represented by debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows the Group expects to receive, discounted at an approximation of the original effective interest rate. Expected cash flows will include cash flows from the enforcement of collateral held or other credit guarantees that are an integral part of the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected losses. Therefore, the Group does not monitor changes in credit risk, but fully recognises the expected loss at each reporting date. The Group has established a matrix system based on historical information, revised to consider forward-looking elements with reference to specific types of debtors and their economic environment, as a tool for determining expected losses.

For assets represented by debt instruments measured at fair value through OCI, the Group applies the simplified approach allowed for low credit risk assets. At each reporting date, the Group assesses whether the debt instrument is considered to have low credit risk using all available information that can be obtained without undue cost or effort. In making this assessment, the Group monitors the creditworthiness of the debt instrument. Furthermore, the Group assumes that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified upon initial recognition as financial liabilities at fair value through profit or loss, as mortgages and loans, or as derivatives designated as hedging instruments.

All financial liabilities are initially recognised at fair value plus, in the case of mortgages, loans and debts, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, mortgages and loans, including overdrafts and derivative financial instruments.

Subsequent measurement

For the purposes of subsequent measurement, financial liabilities are classified into two categories:

- ◆ Financial liabilities at fair value through profit or loss
- ◆ Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

This is the most relevant category for the Group. After initial recognition, loans are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liability is extinguished, as well as through the amortisation process.

Amortised cost is calculated by recognising the discount or premium on the acquisition and the fees or costs that form part of the effective interest rate. Amortisation at the effective interest rate is included in financial expenses in the statement of profit/(loss).

This category generally includes interest-bearing loans and receivables.

Derecognition

A financial liability is derecognised when the obligation underlying the liability is discharged, cancelled or fulfilled. Where an existing financial liability is exchanged for another financial liability of the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability, accompanied by the recognition of a new liability, with any differences between the carrying amounts recognised in the statement of profit/(loss) for the year.

*Derivative financial instruments and hedge accounting*Initial recognition and subsequent measurement

The Group uses derivative financial instruments including forward currency contracts, interest rate swaps and forward commodity contracts to hedge its currency exchange risks, interest rate risks and commodity price risks, respectively. These derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are accounted for as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

When initiating a hedging transaction, the Group formally designates and documents the hedging relationship to which it intends to apply hedge accounting, its risk management objectives and the strategy pursued.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk and how the Group will assess whether the hedging relationship meets hedge effectiveness requirements (including analysis of the sources of hedge ineffectiveness and how the hedge ratio is determined). The hedging relationship meets the eligibility criteria for hedge accounting if it satisfies all of the following hedge effectiveness requirements:

- ◆ there is an economic relationship between the hedged item and the hedging instrument;
- ◆ the effect of credit risk does not prevail over changes in value resulting from the aforementioned economic report;
- ◆ the hedging ratio of the hedging relationship is the same as that resulting from the amount of the hedged item that the Group actually hedges and the amount of the hedging instrument that the Group actually uses to hedge that amount of the hedged item.

Transactions that meet all the qualifying criteria for hedge accounting are accounted for as follows:

1) Fair value hedges

The change in the fair value of hedging derivatives is recognised in other expenses in the statement of profit/(loss) for the year. The change in the fair value of the hedged item attributable to the hedged risk is recognised as part of the carrying amount of the hedged item and is also recognised in the statement of profit/(loss) for the year in the specific item.

When an unrecognised firm commitment is designated as a hedged item, subsequent cumulative changes in its fair value attributable to the hedged risk are recognised as assets or liabilities and corresponding gains or losses recognised in the statement of profit/(loss) for the year.

2) Cash flow hedges

The portion of the gain or loss on the hedged item relating to the effective portion of the hedge is recognised in other comprehensive income in the “cash flow hedge reserve”, while the ineffective portion is recognised directly in the statement of profit/(loss) for the year. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged item.

The Group uses forward currency contracts to hedge its exposure to exchange rate risk related to both planned transactions and already established commitments; likewise, it uses forward commodity contracts to hedge against the volatility of commodity prices. The ineffective portion of forward currency contracts is recognised in other expenses and the ineffective portion of commodity forward contracts is recognised in other operating income or expenses.

The Group only designates the spot component of forward contracts as a hedging instrument. The forward component is cumulatively recognised in the statement of comprehensive income in a separate item.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the income statement as a reclassification adjustment in the same period or periods during which the hedged cash flows impact the income statement.

If cash flow hedge accounting is discontinued, the amount accumulated in the statement of comprehensive income must remain so if the hedged future cash flows are expected to occur. Otherwise, the amount must be immediately reclassified to profit/(loss) for the year as a reclassification adjustment. After suspension, once the hedged cash flow occurs, any accumulated amount remaining in the statement of comprehensive income must be accounted for depending on the nature of the underlying transaction as described above.

Inventories

Inventories are valued at the lower of cost and net realisable value. The valuation criterion adopted is the weighted average cost method.

The costs incurred in bringing each asset to its present location and condition are recognised as follows:

- ◆ Raw materials: purchase cost calculated using the weighted average cost method
- ◆ Finished and semi-finished products: purchase cost calculated using the direct weighted average cost method of materials and labour plus a share of production overheads, defined on the basis of normal production capacity, excluding financial expenses, through a bill of materials.

Net realisable value is the estimated normal selling price in the normal course of business, less estimated completion costs and estimated costs to realise the sale.

Provisions are calculated for obsolete or slow-moving inventories, taking into account their expected future use and realisable value.

Impairment of non-financial assets

At each reporting date, the Group assesses whether there are any indicators of asset impairment. In such cases, or in cases where an annual impairment test is required, the Group makes an estimate of the recoverable amount. The recoverable amount is the higher of the fair value of the asset or cash-generating unit, less costs to sell, and its value in use. The recoverable amount is determined for each individual asset, except when that asset generates cash flows that are not largely independent of those generated by other assets or groups of assets. If the carrying amount of an asset is greater than its recoverable amount, that asset has suffered an impairment loss and is consequently written down to its recoverable amount.

For assets other than goodwill, at each reporting date, the Group assesses whether there are any indicators of the reversal (or reduction) of previously recognised impairment losses and, if such indicators exist, estimates the recoverable amount of the asset or CGU. The value of an asset previously written down may only be reinstated if there have been changes in the assumptions on which the calculation of the determined recoverable amount was based, subsequent to the recognition of the last impairment loss. The write-back may not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years. This reversal is recognised in profit/(loss) for the year unless the fixed asset is recognised at revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment at least once a year or more frequently if circumstances indicate that the carrying amount may be impaired.

Goodwill impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. If the recoverable amount of the cash-generating unit is less than the carrying amount of the cash-generating unit to which goodwill has been allocated, an impairment loss is recognised. The impairment of goodwill cannot be reversed in future years.

Cash and cash equivalents and short-term deposits

Cash and cash equivalents include cash balances, unencumbered deposits and other treasury investments with an original scheduled maturity of three months or less. A cash investment is considered to be a cash equivalent when it is readily convertible to cash with no significant risk of change in value and when it is intended to meet short-term cash commitments and is not held for investment purposes.

Provisions for risks and charges

Provisions for liabilities and charges are made when the Group has a present obligation (legal or constructive) as a result of a past event, an outflow of resources to meet that obligation is probable, and a reliable estimate of the amount can be made. When the Group believes that a provision for risks and charges will be partly or fully reimbursed, for example in the case of risks covered by insurance policies, the indemnity is recognised separately as an asset if, and only if, it is practically certain. In this case, the cost of the provision, if any, is presented in the statement of profit/(loss) for the year net of the amount recognised for the indemnity.

If the effect of the time value of money is significant, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the specific risks of the liabilities. When the liability is discounted, the increase in the provision due to the passage of time is recognised as a financial expense.

Liabilities for employee benefits

The cost of expected benefits under the defined benefit plan is determined using the projected unit credit actuarial method.

Revaluations, which include actuarial gains and losses, changes in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position by debiting or crediting retained earnings through other comprehensive income in the period in which they arise.

Revaluations are not reclassified to the income statement in subsequent years.

Past service cost is recognised in the income statement at the earliest of the following dates:

- ◆ the date on which an amendment or curtailment of the plan occurs; and
- ◆ the date on which the Group recognises related restructuring costs or employee termination benefits.

Net interest on the defined benefit liability/net asset is to be determined by multiplying the liability/net asset by the discount rate. The Group recognises the following changes in the net defined benefit obligation in the costs to sell, administrative expenses and selling and distribution costs in the income statement (by nature):

- ◆ Labour costs, including current and past labour costs, gains and losses on non-routine reductions and extinguishments;
- ◆ Net interest income or expense.

Discretionary assessments and significant accounting estimates

The preparation of the Group's financial statements requires the directors to make discretionary assessments, estimates and assumptions that affect the amounts of revenues, costs, assets and liabilities and the disclosure of contingent liabilities. The uncertainty surrounding these assumptions and estimates could lead to outcomes that will require a significant adjustment to the carrying amounts of these assets and/or liabilities in the future.

Discretionary assessments

Duration of lease agreements containing an extension option

The Group determines the lease term as the non-cancellable period of the lease to which is added both the periods covered by the lease extension option where there is reasonable certainty of exercising that option and the periods covered by the lease termination option where there is reasonable certainty of not exercising that option.

The Group has the option, for some of its leases, to extend the lease or terminate it early. The Group applies its judgement in assessing whether there is reasonable certainty of exercising the renewal options. That said, the Group considers all factors noted that may result in an economic incentive to exercise the renewal options or to terminate the contract. After the commencement date, the Group revises its estimates of the lease term in the event of a significant event or a significant change in circumstances within its control that may affect the ability to exercise (or not exercise) the option to renew or to cancel the lease early (e.g., investment in leasehold improvements or significant specific changes to the leased asset).

Estimates and assumptions

The main assumptions concerning the future and other major causes of valuation uncertainty that, at the reporting date, present a material risk of giving rise to significant adjustments to the carrying amounts of assets and liabilities within the next financial year are illustrated below. The Group has based its estimates and assumptions on parameters available at the time the consolidated financial statements were prepared. However, current circumstances and assumptions about future events may change due to variations in the market or events beyond the Group's control. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

An impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The calculation of value in use is based on a discounted cash flow model. The cash flows are derived from a 5-year business plan and do not include restructuring activities for which the Group has not yet committed or significant future investments that will increase the results of the business included in the cash-generating unit being measured. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model, as well as the expected future cash flows and the growth rate used for extrapolation.

Given the uncertainties involved, it is important for entities to provide detailed information on the assumptions made, the evidence on which they are based, and the impact of changing key assumptions (sensitivity analysis). Given the level of inherent risk and the variability of judgements and estimates, disclosure of the key assumptions used and the assessments made in estimating recoverable amount plays a key role. Entities will need to assess the key assumptions used to determine the recoverable amount for different CGUs. The key inputs used in the models with reference to the determination of value in use and fair value less cost to sell will have to be reviewed to determine any impact.

Provision for expected losses on trade receivables and contract assets

The Group uses a matrix to calculate ECLs for trade receivables and contract assets. Provisioning rates are based on days past due for each class of customers grouped into the various segments with similar historical loss trends (e.g. by geographic area, product type, customer type, rating and collateral).

The matrix is initially based on the Group's observed historical default rates. The Group calibrates the matrix to refine the historical data on credit losses with forward-looking elements. For example, if forecast economic conditions (e.g. gross domestic product) are expected to deteriorate in the following year, this may lead to an increase in the number of defaults in the manufacturing sector, and historical default rates are therefore adjusted. At each reporting date, historical default rates are updated and changes in estimates are analysed on forecasting elements.

Assessing the correlation between historical default rates, forecast economic conditions and ECLs is a meaningful estimate.

The amount of ECL is sensitive to changes in circumstances and expected economic conditions.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that there will be a taxable profit in the future that will allow the losses to be utilised. Significant estimation by management is required to determine the amount of tax assets that may be recognised based on the level of future taxable profits, the timing of their occurrence and the applicable tax planning strategies.

Defined benefit plans (pension funds)

The cost of defined benefit pension plans and other post-employment benefits and the present value of the defined benefit obligation are determined using actuarial valuations. As far as the Group is concerned, it is only applicable for Italian companies and with insignificant impacts. Actuarial valuation requires the development of various assumptions that may differ from actual future developments. These assumptions include the determination of the discount rate, future wage increases, mortality rates and future pension increases. Due to the complexity of the valuation and its long-term nature, these estimates are extremely sensitive to changes in assumptions. All assumptions are reviewed annually.

The discount rate is the parameter most subject to change. Bonds are subjected to further qualitative analysis and those with a credit spread deemed excessive are excluded from the basket of bonds from which the discount rate is calculated, as they do not represent a high quality bond category. The mortality rate is based on available country-specific mortality tables. These tables tend to vary only in response to a change in demographic assumptions. Future wage and pension increases are based on expected inflation rates for each country. These plans currently only apply to the Group's Italian companies.

Fair value of financial instruments

When the fair value of a financial asset or financial liability recognised in the statement of financial position cannot be measured by reference to prices in an active market, fair value is determined using various measurement techniques, including the discounted cash flow model. The inputs into this model are taken from observable markets where possible, but where this is not possible, some degree of estimation is required to define fair value. The estimates include considerations on variables such as liquidity risk, credit risk and volatility. Changes in assumptions about these items could have an impact on the fair value of the financial instrument recognised.

Contingent consideration related to business combinations are measured at fair value at the acquisition date in the business combination as a whole. If the contingent consideration meets the definition of a derivative and is therefore a financial liability, its value is subsequently remeasured at each reporting date. The determination of fair value is based on discounted cash flows. The key assumptions take into account the probability of achieving each contractually agreed performance target and the discount factor.

Lease - Estimating the incremental borrowing rate

The Group cannot easily determine the implicit interest rate of the lease and therefore uses the incremental borrowing rate to measure the lease liability. The incremental borrowing rate is the interest rate the lessee would have to pay for a loan, with a similar term and guarantees, required to obtain an asset of similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group would have had to pay, and this requires estimation when there is no observable data (as in the case of investees that are not direct counterparts to financial transactions) or when rates need to be adjusted to reflect the terms and conditions of the lease (for example, when the leases are not in the investee's functional currency). The Group estimates the incremental borrowing rate using observable data (such as market interest rates) if available, and making specific considerations about the conditions of the investee (such as the creditworthiness of the investee alone).

Decommissioning provisions

The Feralpi Siderurgica Group did not set aside any decommissioning provisions for the plants because it considered their useful life to be more than 50 years. Consequently, it was concluded that although a present obligation exists from past events, the amount of the obligation cannot be measured with sufficient reliability. This conclusion was reached on the basis that liquidation dates are indeterminate and that other estimates, such as discount rates over too long a time horizon, do not represent an observable measure and are therefore not considered reliable. Consequently, there is a decommissioning and restoration obligation that cannot be recognised or quantified and is referred to as a contingent liability.

Goodwill

In accordance with the accounting standards adopted for the preparation of the Financial Statements, goodwill is tested annually for impairment to be recognised in the Income Statement. In particular, this test involves the allocation of goodwill to groups of cash-generating units (CGUs) and the subsequent determination of the related recoverable amount, understood as the higher of fair value and value in use.

If the recoverable amount is lower than the carrying amount of the group of cash-generating units to which the goodwill has been allocated, the goodwill allocated to them is written down.

With reference to the impact of the adoption of IFRS 16 - Leases, the carrying amount of cash-generating units includes the value of the rights of use belonging to the CGUs themselves. In determining the present value of future cash flows, flows relating to the repayment of lease obligations are excluded as they represent flows from financing activities. Consequently, the value of lease payables is excluded from the carrying amount of the CGU at the impairment test date.

6.6. Recently enacted standards

The following standards, interpretations and amendments with mandatory application from 1 January 2023, endorsed by the European Commission, had no significant impact on the Group's consolidated financial statements or are not applicable:

- ◆ Amendments to IFRS 17 - Insurance Contracts: First-time Application of IFRS 17 and IFRS 9;
- ◆ Amendments to IAS 12 - Income Taxes: Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction;
- ◆ Amendments to IAS 1 - Presentation of Financial Statements including amendments to IFRS Practice Statement 2 - Making Materiality Judgements;
- ◆ Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors;
- ◆ Amendments to IAS 12 - Income Taxes: International Tax Reform - Pillar Two Model.

Amendments to IAS 1 and "IFRS Practice Statement 2 Making Materiality Judgements" replace the Group's obligation to disclose its "significant" accounting policies with an obligation to disclose its "material" accounting policies; this has resulted in an assessment of the materiality of the accounting policies disclosed in these financial statements, although it has no impact on the measurement, recognition and presentation of the elements of the financial statements.

The amendments to IAS 12 (Income Taxes) were introduced to respond to the BEPS Pillar Two rules of the OECD and include:

- ◆ a temporary mandatory exemption to the recognition and disclosure requirements for deferred taxes resulting from the implementation in jurisdictions of the Pillar Two rules; and
- ◆ disclosure requirements for affected entities to help users of financial statements better understand the income tax impacts arising from such legislation, particularly prior to the effective date.

The temporary mandatory exemption - for the use of which notice is required - is immediately applicable. The remaining disclosure requirements apply for financial years beginning on or after 1 January 2023, but not for interim periods prior to 31 December 2023.

The Pillar Two rules introduce a minimum effective taxation of 15% on a jurisdictional basis for multinational enterprise groups and large domestic groups with annual revenues of at least €750 million in the consolidated financial statements in at least two of the previous four financial years. Many of the countries in which the Group operates have enacted national tax regulations on the Pillar Two rules effective as of 1 January 2024, including Italy, France and Germany.

The Group did not recognise any tax charges or liabilities relating to Pillar Two in 2023, as the legislation was not in force at the reporting date. Since the Pillar Two rules are complex in determining the tax burden, management is currently evaluating and determining the possible impact on the Group; based on the information available to date, management does not foresee any significant impact on the Group as a result of the entry into force of the national tax rules. The changes to the accounting standards listed above did not result in changes to the Group's financial statements.

Other endorsed or unendorsed standards, interpretations or amendments that have not yet come into force at the date of this document are summarised in the table below:

Description	Endor- sed	Expected effective date
Amendments to IAS 1 Presentation of Financial Statements:		
- Classification of liabilities into current and non-current;		
- Classification of liabilities into current and non-current - deferral of effective date;	YES	1 January 2024
- Non-current liabilities with covenants.		
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	YES	1 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosure: Supplier Finance Arrangements (issued on 25 May 2023)	YES	1 January 2024
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)	NO	1 January 2024

The Group has not early adopted new standards, interpretations or amendments that have been issued but not yet in force. The possible impacts on the Group's consolidated financial statements resulting from the application of these new standards/interpretations are currently being assessed; however, they are not expected to be significant.

6.7. Information on transactions with related parties

During the year, transactions with related parties of both a commercial and financial nature were carried out at market conditions. Transactions with related parties, when not dictated by specific regulatory conditions, were usually settled at market conditions.

Details of the transactions that took place during the year and the previous year are given below:

2023 financial ratios (amounts in thousand euros)	Assets	Liabilities	Costs	Revenues
	Receivables	Payables	Expenses	Income
Feralpi Holding S.p.A.	8,049	400	2,606	-
Dima S.r.l.	-	-	-	202
Alpicapital	2,400			139
Total	8,049	400	2,606	202

2023 trade relations (amounts in thousand euros)	Assets	Liabilities	Costs		Revenues	
	Receivables	Payables	Services	Other	Services	Other
Feralpi Holding S.p.A.	18	1,315	188	-	15	-
Media Steel S.r.l.	288	59,200	-	219,402	-	50
Alpifer S.r.l.	30,328	923	-	2,743	-	67,076
Ecoeternit S.r.l.	-	4	15	-	-	3
Dima S.r.l.	-	841	2,432	-	-	-
Agroittica Lombarda S.p.A.	211	693	53	1,592	-	64
Comeca Tecnologie S.p.A.	0	3,769	935	528	-	0
Feralpialò S.r.l.	-	-		3,907	-	-
Far Energia	-	39	43	-	-	-
Tuxor	2,707	-	-	-	-	18,137
Total	33,552	66,785	3,713	224,264	15	85,330

7. Business combinations

7.1. Acquisitions and disposals in the year 2023

During 2023, the Feralpi Siderurgica Group did not make any significant acquisitions.

7.2. Acquisitions and disposals in the year 2022

7.2.1. Acquisition of Saexpa Group

On 19 April 2022, the Feralpi Siderurgica Group, through the company Nuova Defim S.p.A, acquired 100% of the companies: Industria de Expositores y Parrilas S.A., P.R. Soldadura S.L. and Wire applications S.R., collectively referred to as the Saexpa Group. The Spanish Saexpa Group is a leader in wire and strip processing for the logistics industry. The acquisition of the Group was made in order to expand the product offering and to achieve further synergies.

The fair value of the companies' identifiable assets and liabilities at the acquisition date was:

(amounts in thousand euros)	Fair value recognised upon acquisition
Assets	
Intangible assets	692
Property, plant and equipment	2,328
Right-of-use assets	1,604
Other non-current assets	97
Inventories	3,261
Trade receivables	4,047
Other current assets	5
Cash	3,134
Total assets	15,169
Liabilities	
Current/non-current financial payables	1,231
Deferred taxes	237
Trade payables	3,278
Non-current lease liabilities	1,347
Current lease liabilities	257
Current financial payables	410
Other current and non-current liabilities	926
Total liabilities	7,685
Total net identifiable assets at fair value	7,484
Minority interests measured at fair value	-
Goodwill arising from the acquisition	8,077
Acquisition consideration	15,560
Consideration payable	3,300
	Cash flows from acquisition
Net cash and cash equivalents of the subsidiary	3,134
Payments made	(12,260)
Net cash flows from acquisition	(9,126)

The Group measures acquired lease liabilities by considering the present value of the remaining lease payments at the acquisition date. The right-of-use asset was recognised at the same value as the lease liability.

Below are details of the changes to the carrying amounts as a result of the allocation of the price paid to assets and liabilities ("Purchase Price Allocation") for the Saexpa Group at the acquisition date:

- ◆ €596 thousand on the higher values recognised to the customer list and €96 thousand on the non-competition agreement signed with the previous owners;
- ◆ €8,077 thousand related to goodwill.

The values of intangible assets described above were determined with the support of an expert.

The PPA process was completed as at 31 December 2022.

7.2.2. Sale of Metallurgica Piemontese Lavorazioni S.r.l.

On 28 October 2022, the sale of the shares representing 100% of the share capital of Metallurgica Piemontese Lavorazioni S.r.l. (abbreviated as MPL S.r.l.) by Acciaierie di Calvisano S.p.A. to a primary European sector operator was finalised, for a price of €2,731 thousand.

This sale generated a capital loss of €1,022 thousand at 31 December 2022.

8. Property, plant and equipment

The net carrying amount of property, plant and equipment as at 31 December 2023 was €562,243 thousand, compared to €458,116 thousand the previous year.

Changes in tangible fixed assets and their respective accumulated depreciation are shown below:

(amounts in thousand euros)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances to suppliers	Total property, plant and equipment
Historical cost - 31 December 2022	338,885	879,975	15,815	52,003	75,761	1,362,439
Increases	11,083	24,540	1,238	2,228	129,853	168,942
Decreases	(4,288)	(14,662)	(164)	(759)	(2,791)	(22,664)
Change in the scope of consolidation	-	-	-	-	-	-
Reclassifications	8,784	14,495	62	2,083	(25,424)	(0)
Historical cost - 31 December 2023	354,464	904,348	16,951	55,555	177,399	1,508,717
Accumulated depreciation - 31 December 2022	(143,835)	(704,999)	(13,684)	(41,805)	-	(904,323)
Depreciation	(9,818)	(43,353)	(821)	(3,765)	-	(57,757)
Decreases	932	13,773	157	744	-	15,606
Reclassifications	-	-	-	-	-	-
Accumulated depreciation - 31 December 2023	(152,721)	(734,578)	(14,348)	(44,826)	-	(946,474)
Net carrying amount - 31 December 2022	195,049	174,976	2,131	10,198	75,761	458,116
Net carrying amount - 31 December 2023	201,742	169,770	2,603	10,729	177,399	562,243

During the period, the Group made investments totalling €168,942 thousand. Investments mainly relates to new plants and revamping of existing plants at the various production sites. For more details, please refer to the Report on Operations in section 4. Feralpi Group's strategy and state of implementation of strategic investments.

During the year, there were disposals of €4,267 thousand, of which €3,356 thousand related to land and buildings and €889 thousand to plant and machinery. The disposals generated a total capital gain of €1,466 thousand.

Decreases in assets under construction of €2,791 thousand refer to the decommissioning of the photovoltaic plant damaged by an atmospheric event in the summer of 2023 at the Lonato del Garda production site of the parent company Feralpi Siderurgica.

9. Right-of-use assets

The Group has lease agreements in place for property, plant, machinery, cars and equipment that are used in operations. Leases relating to buildings generally last between 6 years and 12 years, those relating to equipment between 2 years and 8 years, those for plant and machinery between 3 years and 12 years, and those for cars between 3 and 5 years. The Group's liabilities under these leases are secured by the lessor's title to the leased assets. Generally, the Group may not grant the leased assets to third parties and certain contracts require the Group to meet certain liquidity ratios. There are many leasing agreements that include options for renewal and cancellation and variable payments, which are better described below.

The Group also has certain leases for machinery with a duration of 12 months or less and office equipment with a low value. For these contracts, the Group has chosen to apply the exemptions in IFRS 16 regarding short-term or low-value leases. See section 39 for further information.

Below is a breakdown of the right of use by nature of the underlying assets as at 31 December 2023 and the previous year:

(amounts in thousand euros)	Properties	Equipment	Plant and machinery	Cars	Total Right of Use
Right of use as at 31 December 2022	7,832	3,909	17,424	1,227	30,392
Change in the scope of consolidation	-	-	-	-	-
Increases	2,616	2,211	8	268	5,104
Decreases	(1,907)	-	-	(33)	(1,940)
Exchange rate effect	-	-	-	-	-
Right of use as at 31 December 2023	8,542	6,120	17,432	1,462	33,556
Accumulated amortisation as at 31 December 2022	2,279	2,451	4,524	924	10,177
Change in the scope of consolidation	-	-	-	-	-
Increases	1,013	741	1,576	208	3,538
Decreases	-	-	-	-	-
Accumulated amortisation as at 31 December 2023	3,292	3,192	6,100	1,131	13,715
Net carrying amount as at 31 December 2022	5,553	1,458	12,900	303	20,214
Net carrying amount as at 31 December 2023	5,250	2,928	11,332	331	19,841

Financial liabilities are detailed below:

(amounts in thousand euros)	31.12.2023			31.12.2022		
	Total financial lease liability	of which short-term	of which long-term	Total financial lease liability	of which short-term	of which long-term
Properties	5,425	999	4,426	5,523	688	4,835
Equipment	2,965	933	2,031	1,471	437	1,033
Plant and machinery	8,843	1,849	6,994	10,595	1,968	8,627
Cars	335	168	167	306	168	139

The IBR (Incremental Borrowing Rate) was calculated as the sum of the risk free rate (Swap Standard Rates vs 6-month Euribor) for each maturity, measured as at 31 December 2023, and a pure risk component reflecting the “credit risk” attributable to Feralpi Group. The Risk free component takes into account the economic environment in which the Group operates.

10. Intangible assets

The net carrying amount of intangible assets at 31 December 2023 was €11,092 thousand, compared to €9,981 thousand at 31 December 2022.

Below are the changes in intangible assets and their respective accumulated amortisation.

(amounts in thousand euros)	Patent Rights	Other intangible fixed assets	Total intangible fixed assets
Historical cost - 31 December 2022	7,557	31,963	39,520
Increases	4,624	584	5,208
Decreases	-	-	-
Change in the scope of consolidation	-	-	-
Reclassifications	-	-	-
Historical cost - 31 December 2023	12,181	32,548	44,729
Accumulated amortisation - 31 December 2022	(4,986)	(24,554)	29,540
Amortisation	(3,364)	(733)	(4,096)
Decreases	-	-	-
Change in the scope of consolidation	-	-	-
Reclassifications	-	-	-
Accumulated amortisation - 31 December 2023	(8,350)	(25,286)	33,636
Net carrying amount - 31 December 2022	2,571	7,410	9,981
Net carrying amount - 31 December 2023	3,831	7,261	11,092

The increase in patent rights is mainly attributable to licences of the SAP Group ERP, which were present in the transfer of the business unit from Feralpi Holding S.p.A. in the amount of €3,001 thousand.

The increase in other fixed assets was due to the purchase of Co₂ quotas for a total of €584 thousand. As at 31 December 2023, Co₂ quotas were recognised in the amount of €3,966 thousand.

The item other intangible assets includes deferred charges relating to the Metalinterconnector consortium. This consortium aims to make investments in the Metalinterconnector project through the construction of interconnection power lines with foreign countries and has the purpose of granting consortium members the purchase of electricity at lower prices than the market. The value recorded was €2,621 thousand as at 31 December 2023 against €3,145 thousand in the previous year.

11. Goodwill

As at 31 December 2023, goodwill amounted to €8,077 thousand and related to the acquisition of the Saexpa Group. Below is a breakdown with the comparative of the previous year:

(amounts in thousand euros)	31.12.2023	31.12.2022
Saexpa Group	8,077	8,077
Total	8,077	8,077

The value is entirely allocated to the Diversified Products CGU. For more details on the acquisition in 2022, see Note 7.2.1.

11.1. Recoverability of goodwill and intangible assets

According to IAS 36, goodwill is not subject to amortisation and is tested for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to cash-generating units (CGUs). The impairment test must be carried out by verifying that the fair value of the individual CGUs does not exceed the total carrying amount of the goodwill and all net assets independently capable of producing cash flows (CGUs). Goodwill acquired through business combinations is allocated to cash-generating units for impairment testing purposes.

For the year 2023, the Group performed its own impairment test on the excess cost generated in connection with the acquisition of Saexpa, which is part of the Diversified Products CGU. The test was carried out on the basis of a specific procedure drawn up by company management and subject to specific approval by the Board of Directors. In reviewing its impairment indicators, the Group takes into account, among other factors, the development of its reference markets and the cost of major commodities. The situation of uncertainty caused by geopolitical events and macro-economic trends generated a reduction in business for both the building division and the specialties division, leading to a reduction in sales volumes as well as in margins. The company management expects this situation to continue in the year 2024, while it expects a recovery in volumes due to the infrastructure business for the construction division and the main product-using sectors of the specialties division, of which the Diversified Products CGU is a part.

The recoverable amount was estimated on the basis of the value in use, which in turn was defined by applying the Discounted Cash Flow (DCF) method in its unlevered version, by discounting the expected cash flows over an analytical and residual forecast period (Terminal Value). Cash flows were determined on the basis of projections from the business plan for a five-year period, approved by the Board of Directors. The Terminal Value was in turn estimated as the yield of a normalised cash flow at full capacity, possibly increasing by a factor g.

If the value of the assets thus obtained, the Enterprise Value (EV), was lower than their carrying amount, an impairment loss, equal to the difference, would arise to align the carrying amount with the recoverable amount.

The business plan used for the DCF was prepared on the basis of 2024 Budget to which an additional four years were added by applying growth rates for revenues, profitability and cash flow evolution based on knowledge of the business and expected developments in the relevant sectors.

The impairment test was conducted by identifying cash flow projections for the years 2024-2028 obtained through the indirect method. The discounting of the expected cash flows from the aforementioned projections was obtained through an appropriate discount rate expressive of the related business risk, applying the Discounted Cash Flow. The present value of the 2024-2028 explicit cash flows was supplemented by the Terminal Value, i.e. the present value of the perpetual annuity obtainable with a normalised cash flow. Specifically, a WACC (weighted average cost of capital) of 9.4% and a g-rate of 0.5% were used.

The discount rates reflect the market assessment of the specific risk, taking into account the time value of money and the specific risks of the underlying assets that have not already been included in the cash flow estimate. The calculation of the discount rate is based on the specific circumstances of its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and shareholders' equity. The cost of shareholders' equity is derived from the expected rate of return on investments by investors in comparable companies. The cost of debt is based on the onerous financing it has to cover. Sector-specific risk is incorporated by applying specific beta factors. Beta factors are reviewed annually on the basis of available market data. The discount rates considered are net of the tax effect.

The EBITDA margin used is based on the 2024 budget and has been increased over the plan period in relation to expected improvements in market dynamics and expected volume growth.

In determining the Terminal Value, an average Value of Production of the last three plan years and an EBITDA margin reflecting the average of the same three years were used.

A sensitivity analysis was carried out to test the change in the Enterprise Value and, therefore, of the cover (EV - Capital Employed - Excess Cost) by alternatively assuming increases in investments, reductions in EBITDA, increases in WACC and reductions in the g-rate compared to the values used for the base case. The sensitivity analysis led to the following results:

- ◆ a linear decrease in EBITDA of 40.2% over all plan years, all other variables being equal, could lead to a cover of zero;
- ◆ an increase in the WACC rate of 6.5 percentage points, all other variables being equal, would result in a cover of zero;
- ◆ a decrease in the g-rate by 100% could lead, all other variables being equal, to a reduction in cover of 9%.

The impairment test as at 31 December 2023 of the Diversified Products CGU did not reveal any impairment losses, as the estimated recoverable amount was higher than the respective carrying amount.

12. Investments in associates and joint ventures

Investments in associates and joint ventures held by the Group are summarised below:

(amounts in thousand euros)	31.12.2023	31.12.2022
Media Steel S.r.l.	3,163	3,124
Dima S.r.l.	2,370	1,991
Alpifer S.r.l.	19,012	15,777
Total investments in associates and joint ventures	24,545	20,892

The increase is due to the adjustment of the value of investments in associates to shareholders' equity, which resulted in a total income of €3,855 thousand during the year. During the period, a dividend of €201 thousand was collected by the subsidiary Acciaierie di Calvisano S.p.A. from Dima S.r.l..

Financial information on the Group's investments in the three companies is given in the appendix.

13. Other investments

Other investments amounted to €434 thousand as at 31 December 2023 compared to €442 thousand in the previous year.

The most significant item refers to Webuild and Astaris participatory financial instruments in the amount of €228, unlisted and not negotiable on any regulated market or organised multilateral trading system, issued by the composition with creditors of Astaldi S.p.A., which give the creditor/owner the right to contribute to the net proceeds of the liquidation of the assets included in the earmarked assets, assigned to creditors in the ratio of 1 SFP for each euro of credit claimed.

14. Non-current financial assets

Non-current financial assets amounted to €6,667 thousand as at 31 December 2023 compared to €10,875 thousand at 31 December 2022. Details are given below:

(amounts in thousand euros)	31.12.2023	31.12.2022
Derivative assets	5,396	9,705
ESF security deposits	1,001	1,001
Financial receivables from others	270	169
Total non-current financial assets	6,667	10,875

The item derivative instruments receivable refers to the long-term portion of derivatives subscribed by the Group. The decrease from the previous year is mainly due to the termination of energy hedging derivatives entered into by the ESF Group.

Security deposits refer mainly to the ESF Group and were taken out to guarantee the retirement of its employees.

The Group's outstanding derivative contracts are summarised below with their market value as at 31 December 2023.

Contract type	Counterpart	Position	Start date	Expiry date	Notional (Euro)	Market value as at 31.12.23 (Euro)
Rate Coverage	UNICREDIT	Buy	31/01/2021	31/01/2026	4,000	54
Rate Coverage	UNICREDIT	Buy	31/01/2021	31/01/2026	6,000	125
Rate Coverage	INTESA SANPAOLO	Buy	05/03/2021	04/03/2026	29,500	766
Rate Coverage	INTESA SANPAOLO	Buy	05/03/2021	04/03/2026	10,500	273
Rate Coverage	Bper	Buy	31/01/2022	30/12/2026	60,000	309
Rate Coverage	INTESA SANPAOLO	Buy	31/01/2022	30/12/2026	60,000	586
Rate Coverage	BNL	Buy	31/01/2022	30/12/2026	60,000	406
Rate Coverage	B.co Bpm	Buy	31/01/2022	30/12/2026	60,000	331
Rate Coverage	Crédit Agricole	Buy	31/01/2022	30/12/2026	60,000	310
Rate Coverage	UNICREDIT	Buy	31/01/2022	30/12/2026	60,000	408
Rate Coverage	Bper	Buy	31/01/2022	30/12/2026	20,000	171
Rate Coverage	INTESA SANPAOLO	Buy	31/01/2022	30/12/2026	20,000	330
Rate Coverage	BNL	Buy	31/01/2022	30/12/2026	20,000	229
Rate Coverage	B.co Bpm	Buy	31/01/2022	30/12/2026	20,000	186
Rate Coverage	Crédit Agricole	Buy	31/01/2022	30/12/2026	20,000	174
Rate Coverage	UNICREDIT	Buy	31/01/2022	30/12/2026	20,000	230
Rate Coverage	Cariparma	Buy	02/01/2020	02/07/2029	6,013	280
Rate Coverage	UNICREDIT	Buy	28/02/2021	28/02/2026	5,500	167
Rate Coverage	UNICREDIT	Buy	31/03/2021	31/03/2026	2,000	58
Total						5,393

IRS derivatives designated as hedging

The IRS derivative contracts in place were designated to hedge the exposure to the variability of future interest expense flows generated by a recognised financial liability, whose effects impact the company's income statement at the same time as the related interest expense is recognised in the accounts.

The specific objective that the Group intends to pursue through the hedging interest rate derivatives portfolio is to mitigate its exposure to the risk arising from market rate volatility by fixing the cost of its variable-rate debt.

15. Deferred tax assets and deferred tax liabilities

Deferred tax assets as at 31 December 2023 amounted to €16,763 thousand, compared to €16,388 thousand in the previous year. Deferred tax liabilities as at 31 December 2023 amounted to €3,078 thousand, compared to €5,624 thousand in the previous year.

(amounts in thousand euros)	31.12.2023	31.12.2022
Deferred tax assets	16,763	16,388
Deferred tax liabilities	(3,078)	(5,624)
Total	13,685	10,764

It should be noted that the offsetting of tax assets and liabilities has been carried out at the level of the individual consolidated company in cases where the prerequisites provided for in this regard by IAS 12 are met. The tax effect related to temporary differences as at 31 December 2023 and 31 December 2022 is determined based on the tax rates in effect in the relevant countries at the assumed realisation date of the temporary differences. Deferred tax liabilities and deferred tax assets are thus analysed according to the nature of the most significant temporary differences:

(amounts in thousand euros)	31.12.2023	31.12.2022
<u>Deferred tax assets:</u>		
Amortisation and depreciation	8,426	5,080
Inventory write-down	4,151	3,647
Provisions for sundry risks	868	777
Maintenance	828	1,049
Leases	560	369
Tax losses	543	618
Elimination of Profit in stock	461	2,225
Write-down of receivables	398	380
Impairment of fixed assets	81	81
Other minor items	447	2,130
Goodwill	0	31
Total	16,763	16,387
<u>Deferred tax liabilities:</u>		
Derivative instruments	1,301	4,820
Customer list	97	126
Amortised cost	92	110
Discounting of employee severance indemnity and FISC	158	0
Temporary difference ESF costs	783	0
Other	647	568
Total	3,078	5,624

Temporary differences leading to the recognition of deferred tax assets are, in most cases, differences that are expected to be realised in the next financial year. It is also emphasised that deferred tax assets are only recognised if it is considered reasonably certain that the Group will be able to generate taxable income in future years that is adequate for the full recovery of the recognised credits.

The Group has no tax losses for which no deferred tax assets have been recognised.

16. Other non-current assets

Other non-current assets amounted to €1,362 thousand as at 31 December 2023 compared to €6,097 thousand as at 31 December 2022. Details are given below:

(amounts in thousand euros)	31.12.2023	31.12.2022
4.0 tax credits	1,343	3,246
Receivables from others	18	2,580
Tax receivables	-	271
Total other non-current assets	1,362	6,097

The significant decrease in the item is attributable to the reduction in the portion of 4.0 tax credits that can be utilised beyond the year and therefore reclassified as current assets. In addition, there was a sharp reduction in the item receivables from others as the receivable from AFV Beltrame is all due within the year.

17. Inventories

Inventories, net of the related finished goods and merchandise write-down provision, amounted to €295,196 thousand as at 31 December 2023, compared to €400,184 thousand in the previous year. Details are provided below:

(amounts in thousand euros)	31.12.2023	31.12. 2022
Raw materials, supplies and consumable	130,362	165,568
Work in progress and semi-finished products	36,137	34,220
Advances	1,028	342
Finished products and goods	143,539	216,885
Contract work in progress	478	585
Inventory write-down provision	(16,348)	(17,416)
Total	295,196	400,184

Inventories valued at the lower of cost and market value are valued using the weighted average cost method. This method appears more appropriate to normalise price variations of both the raw material and, consequently, of the finished product, allowing the reader a better interpretation of the data.

Inventories are recorded net of an inventory write-down provision totalling €16,348 thousand, of which €12,833 thousand relates to the provision for obsolescence of ancillary inventory and €3,464 thousand to adjust finished products to their estimated realisable value.

The reduction in the value of inventories compared to the previous year is attributable to a mix of price effect with a reduction in the unit value of goods in stock and quantity effect.

Below is a breakdown of inventories by company as at 31 December 2023:

(amounts in thousand euros)	Gross inventory value	Inventory write-down provision	Total inventories 31.12.2023
Siderurgica S.p.A.	110,449	(7,928)	102,521
ESF Elbe-Stahlwerke Feralpi GmbH	101,601	(4,402)	97,199
Calvisano S.p.A.	29,923	(2,767)	27,157
Caleotto S.p.A.	19,742	(541)	19,201
Presider S.p.A.	16,133	(530)	15,603
Nuova Defim S.p.A.	12,653	-	12,653
Arlenico S.p.A.	8,734	-	8,734
Presider Armature	3,857	(180)	3,677
Feralpi Praha Sro	3,777	-	3,777
Industria de Expositores y Parrilas S.A.	2,906	-	2,906
Feralpi Algerié S.a.r.l.	2,680	-	2,680
Feralpi Hungaria KFT	740	-	740
Aggregate total	313,195	(16,348)	296,848
Consolidation entry	(1,652)		(1,652)
Total inventories	311,543	(16,348)	295,196

18. Trade receivables

As at 31 December 2023, the value of the Group's trade receivables amounted to a total of €326,707 thousand (as at 31 December 2022, it amounted to €408,769 thousand) net of the related provision for doubtful debts of €5,654 thousand. Details are given below:

(amounts in thousand euros)	31.12.2023	31.12.2022
Trade receivables from third parties	332,361	415,930
Provision for doubtful debts	(5,654)	(7,161)
Total	326,707	408,769

The nominal value of receivables was adjusted to their presumed realisable value by means of a special provision for doubtful debts, which underwent the following changes during the year:

Balance 1 January 2023	7,161
Provisions	445
Provision uses/releases	(1,952)
Balance 31 December 2023	5,654

The decrease in trade receivables is closely related to the reduction in turnover compared to the previous year, as there are no significant deferrals in terms of collection.

The credit quality of customers is assessed on the basis of an evaluation of their creditworthiness. Individual credit limits are also set for all customers on the basis of this assessment. Outstanding receivables from customers and contract assets are regularly monitored. At each reporting date, an impairment analysis is conducted on receivables, using a matrix to measure expected losses. Impairment percentages are determined on the basis of days past due and by grouping receivables from customers that are characterised by similar causes of impairment (geographic area, type of product, type of customer, rating, presence of guarantees or other insurance). The calculation is based both on the probability of credit recovery and on a historical analysis of credit losses, which, it is noted, have never been of a significant amount. Finally, the valuation takes into account the time factor of money, and information on past events that are available at the reporting date, current conditions and expected market scenarios.

Below is the breakdown of receivables by past due band and geographical area:

(amounts in thousand euros)	Total as at 31/12/2023	Not past due	Past due 0-30	Past due 30-60	Past due 60-90	Past due 90-180	Past due over 180
Italy	233,904	222,477	2,593	3,614	880	1,280	3,061
Europe	75,266	67,466	6,516	917	153	142	72
Extra - Europe	23,192	16,634	6,463	11	42	43	-
Gross trade receivables	332,361	306,576	15,572	4,542	1,074	1,464	3,133
% write-down of receivables	-1.7%	-0.3%	-5.2%	-10.5%	-53.1%	-54.7%	-67.5%
Write-down of receivables	(5,654)	(878)	(813)	(478)	(570)	(800)	(2,114)
Net trade receivables	326,707	305,699	14,759	4,064	504	664	1,019

19. Receivables from parent companies of a commercial nature and for tax consolidation

As at 31 December 2023, the value of receivables from parent companies of a commercial nature and for tax consolidation amounted to a total of €9,069 thousand compared to €25,523 thousand in the previous year.

(amounts in thousand euros)	31.12.2023	31.12.2022
IRES credits	9,049	19,863
Trade receivables	20	172
IVA credits	-	5,488
Total current receivables from parent companies	9,069	25,523

The significant decrease in the item is due to the collection of tax consolidation receivables from the parent company for the entire amount accrued up to 31 December 2022 and the changeover to the Group VAT system, with Feralpi Siderurgica S.p.A. as Parent Company, starting from the 2023 financial year.

As at 31 December 2023, the item IRES credits consisted of the tax consolidation income accrued by the Group's Italian companies during this year.

20. Trade receivables from associates

As at 31 December 2023, the value of trade receivables from associates amounted to a total of €30,616 thousand compared to €32,816 thousand in the previous year. This item refers mainly to trade receivables for sales of wire rod made to the associate Unifer S.p.A., owned by Alpifer S.r.l., from Feralpi Siderurgica S.p.A. and Caleotto S.p.A.

21. Tax receivables

As at 31 December 2023, the Group's tax receivables amounted to €7,898 thousand, compared to €4,290 thousand in the previous year.

As in the previous year, this item refers entirely to the IRAP receivable claimed by the Group.

22. Current financial assets

As at 31 December 2023, the Group's current financial assets amounted to €7,560 thousand, compared to €9,904 thousand in 2022. Details are provided below:

(amounts in thousand euros)	31.12.2023	31.12.2022
Financial receivables - purchase of equity investments	4,663	2,822
Receivables from Alpicapital	2,400	-
Other receivables	497	-
Derivative assets	-	7,082
Total current financial assets	7,560	9,904

Financial receivables for the purchase of equity investments refer to the advance paid by the company Feralpi Villasor S.r.l., for the purchase of shares in a company whose objective is to obtain the necessary authorisations for the construction of a photovoltaic park.

Receivables from Alpicapital relate to the interest-bearing loan granted to the related party due on 31 December 2024.

Other receivables, on the other hand, refer to receivables for interest income accrued but not yet collected.

The zeroing of derivative assets is due to the closing of the commodity hedging derivatives of ESF Elbe-Stahlwerke Feralpi GmbH.

23. Other current assets

As at 31 December 2023, the Group's other receivables amounted to €63,560 thousand, compared to €56,425 thousand in the previous year. Details are provided below:

(amounts in thousand euros)	31.12.2023	31.12.2022
Energy-intensive subsidies	27,634	40,309
VAT credit	12,558	3,084
Tax credits for R&D and Industry 4.0	8,242	5,225
Insurance receivable	6,139	-
Sundry receivables	2,433	1,922
Stock sale credit - customers to AFV Beltrame	2,418	2,125
Energy and mineral oil tax credits	1,709	2,111
Accrued income and prepaid expenses	1,198	1,292
Other tax receivables	1,076	
Social security institutions	153	150
Reimbursement of energy costs	-	208
Total other current assets	63,560	56,425

This item shows an overall increase over the previous year as a result of a combination of events, the main ones of which are discussed below:

- ◆ Reduction in energy-intensive subsidies of €12,675 thousand. The contributions entered as at 31 December 2023 relate to the company ESF Elbe-Stahlwerke Feralpi GmbH;
- ◆ Increase in VAT credit for a total of €9,474 thousand mainly due to the ESF Group having a VAT credit of €9,579 thousand while in the previous year the balance was a debit;
- ◆ Recognition of accrued receivable from insurance companies in the amount of €6,139 thousand for reimbursement of damages resulting from an atmospheric event. The receivable was collected during the first months of 2024.

24. Cash and cash equivalents and short-term deposits

As at 31 December 2023, the Group's cash and cash equivalents and short-term deposits amounted to €173,189 thousand, compared to €200,675 thousand in the previous year. Details are provided below:

(amounts in thousand euros)	31.12.2023	31.12.2022
Bank and postal deposits	129,080	150,669
Cash and valuables in hand	8	6
Restricted current account	44,101	50,000
Total cash and cash equivalents	173,189	200,675

The restricted current account as at 31 December 2023 amounting to €44,101 thousand refers to one-month term deposit accounts of the subsidiary ESF Elbe-Stahlwerke Feralpi GmbH.

The balance includes cash in hand and in bank accounts, as well as bank deposits that bear interest at a rate in line with the market rate. For a better understanding of cash outflows and inflows during the year, please refer to the cash flow statement.

25. Shareholders' Equity

For an analysis of the changes, please refer to the statement of changes in consolidated shareholders' equity. The following is a breakdown of shareholders' equity.

(amounts in thousand euros)	31.12.2023	31.12.2022
Share capital	50,000	50,000
Other reserves	863,261	510,134
First Time Adoption reserve	(2,130)	(2,130)
Cash flow hedge reserve	3,844	11,214
Reserve for employee benefits	(167)	(68)
Profit/loss for the year	12,872	335,159
Total	927,680	904,309
Minority interest Shareholders' equity	274	246
Minority interest profit	24	33
Total shareholders' equity	927,978	904,588

Share capital

As at 31 December 2023, the Share capital of the Parent Company Feralpi Siderurgica S.p.A. amounted to €50,000 thousand, unchanged from the previous year and fully subscribed and paid-up; it consisted of 5,000,000 ordinary shares with a value of €10 each. There are no shares encumbered by rights, privileges or restrictions on the distribution of dividends. The item Other reserves is detailed below.

Description (amounts in thousand euros)	31.12.2023	31.12.2022
Share premium reserve	13,600	13,500
Reserves for shareholders' capital contributions	33,000	0
Revaluation reserves	27,460	27,460
Legal reserve	8,259	8,259
Foreign exchange difference reserve	696	826
Retained earnings/(accumulated losses)	780,246	460,089
Total Other reserves	863,261	510,134

Share premium reserve

As at 31 December 2023, this item amounted to €13,600 and increased as a result of the contribution of a business unit described in Note 2.

Legal reserve

As at 31 December 2023, this reserve amounted to €8,259 thousand, unchanged from the previous period.

Revaluation reserve

As at 31 December 2023, it amounted to €27,460, unchanged from the previous year.

Reserves for shareholders' capital contributions

The increase in reserves for shareholders' capital contributions in the amount of €33,000 thousand reflects holding company Feralpi Holding S.p.A.'s waiver of part of the shareholder loan in order to provide Feralpi Siderurgica S.p.A. with the resources needed to realise planned future investments.

First Time Adoption reserve

The reserve relates to the recognition made on the first-time application of IAS/IFRS.

Reserve for actuarial gains (losses)

The item "Reserve for actuarial gains (losses)" as at 31 December 2023 includes the net effect on actuarial gains (losses) resulting from the application of the amendment to IAS 19 (Employee Benefits), recognised directly in equity.

Cash flow hedge reserve

The reserve as at 31 December 2023 amounted to €3,844 thousand and included the change in fair value of derivatives net of the related tax effect.

Retained earnings/(accumulated losses)

As at 31 December 2023, the item amounted to €780,426 thousand and the changes occurred during the year mainly related to the carry-forward of the 2022 profit and the distribution of dividends to the holding company Feralpi Holding S.p.A. for €15,000 thousand.

25.1. Other comprehensive income components, net of tax

Details of the changes in other comprehensive income components are shown below:

(amounts in thousand euros)	Cash flow hedge reserve	Hedging cost reserve	FV reserves for financial assets measured at FV through other comprehensive income	Reserve for translation differences	Asset revaluation reserve	Reserve for employee benefits	Total
Exchange rate differences on translation of foreign currency transactions				(133)		-	(133)
Forward contracts on commodities	(3,838)					-	(3,838)
IRS contracts	(3,534)						(3,534)
Actuarial changes on pension plans						(99)	(99)
	(7,372)	-	-	(133)	-	(99)	(7,604)

25.2. Reconciliation statement between Shareholders' equity and net profit of the parent company and consolidated Shareholders' equity and net profit

The reconciliation between Feralpi Siderurgica S.p.A.'s shareholders' equity and net profit for the year and the respective figures in the Consolidated financial statements as at 31 December 2023 is as follows:

(amounts in thousand euros)	Result for the period - 2023	Capital and Reserves	Shareholders' equity 31.12.2023
Feralpi Siderurgica S.p.A. (ITA GAAP)	30,792	501,781	532,573
Intra-group margins included in the value of inventories	4,558	(5,750)	(1,191)
Subsidiary contribution	(12,939)	750,332	737,393
Elimination of equity investments in subsidiaries		(356,727)	(356,727)
Dividend elimination	(15,000)	15,000	-
Consolidation with the equity method	3,310	10,466	13,776
Other minor items		(126)	(126)
IFRS effects	2,175	105	2,280
Feralpi Group (IFRS)	12,896	915,082	927,978
Minority interest share	24	274	298
Total Feralpi Group (IFRS)	12,872	914,808	927,680

25.3. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to the Parent Company's ordinary shareholders (after adjustment to account for interest on bonds convertible into preference shares, if any) by the weighted average number of ordinary shares outstanding during the year and those potentially arising from the conversion of all convertible bonds.

The result and share information used in the calculation of basic and diluted earnings per share are presented below:

(amounts in thousand euros)	2023	2022
Profit attributable to ordinary shareholders of the Parent Company:		
Operating assets	12,872	335,159
Assets held for sale	-	-
Profit attributable to ordinary shareholders of the Parent Company for basic earnings	12,872	335,159
Interest on convertible bonds	-	-
Net profit attributable to ordinary shareholders of the Parent Company adjusted for diluted effect	12,872	335,159
Weighted average number of ordinary shares (excluding treasury shares) for the purpose of basic earnings per share	5,000,000	5,000,000
Effect of dilution:		
Stock options	-	-
Bonds convertible into preference shares	-	-
Weighted average number of ordinary shares adjusted for dilution effect	5,000,000	5,000,000
Net profit/(loss) attributable to ordinary shareholders of the Parent Company for the purpose of calculating basic and diluted earnings per share from discontinued operations	2.57	67.03

26. Financial payables (current and non-current)

As at 31 December 2023, financial payables amounted to €201,180 thousand (€206,279 thousand as at 31 December 2022). The item is split between current and non-current portions, respectively, amounting to €67,734 thousand and €133,445 thousand. Please refer to the table below for more details:

(amounts in thousand euros)	31.12.2023	31.12.2022
Loans to banks	133,191	125,487
Payables for derivative instruments	254	-
Total non-current financial liabilities	133,445	125,487
Loans to banks	49,018	30,470
Bank overdrafts and invoice advances	16,018	16,373
Convertible bonds	-	-
Payables to other lenders	-	0
Payables for derivative instruments	295	-
Financial payables to parent companies	1,283	31,830
Financial payables to factors	-	-
Liquidation of VAT credit	-	-
Deferred price for acquisition of Saexpa Group	1,120	2,120
Total current financial payables	67,734	80,793
Total financial payables	201,180	206,279

Current and non-current financial payables showed an overall decrease of €5,101 compared to the previous year. The negative change is attributable to the conversion into a capital reserve of €33,000 thousand and the repayment of the remainder of the loan granted by the holding company Feralpi Holding S.p.A.. As at 31 December 2023, only interest expense accrued and not yet paid to the parent company is recognised.

The deferred price for the acquisition of the Saexpa Group refers to the short-term portion of the deferred price, see Note 7.2.1 for more details.

The bank loans received by Feralpi Group as at 31 December 2023 are summarised below at nominal value.

Counterpart	Original amount	Amount as at 31.12.23	Disbursement date	Expiry	Parameter	Spread
INTESA SAN PAOLO	10,500	5,250	05/03/2021	04/03/2026	6-month Euribor	0.95
INTESA SAN PAOLO	29,500	14,750	05/03/2021	04/03/2026	6-month Euribor	0.70
MPS	1,500	500	26/04/2021	01/10/2024	6-month Euribor	2.20
UNICREDIT	10,000	1,462	01/06/2015	30/06/2025	6-month Euribor	0.85
UNICREDIT	6,000	1,875	21/01/2021	31/01/2025	3-month Euribor	1.30
UNICREDIT	4,000	3,000	21/01/2021	31/01/2026	3-month Euribor	0.75
SIMEST	480	480	04/06/2021	31/12/2027	Fixed rate	0.55
BNL	60,000	51,400	31/01/2022	30/12/2026	6-month Euribor	1.15
BNL	20,000	20,000	31/01/2022	30/12/2026	6-month Euribor	1.40
UNICREDIT	10,000	10,000	02/03/2023	31/12/2027	3-month Euribor	0.90
INTESA SAN PAOLO	10,000	10,000	02/03/2023	31/12/2027	3-month Euribor	0.90
UNICREDIT	282	282	12/06/2023	31/12/2025	6-month Euribor	1.90
UNICREDIT	2,421	1,941	12/06/2023	31/12/2025	Fixed rate	0.80
MPS	3,500	1,542	11/03/2021	28/02/2026	6-month Euribor	1.00
MPS	1,500	500	26/04/2021	01/10/2024	6-month Euribor	2.20
Banca Santa Giulia	550	367	14/05/2021	01/10/2025	6-month Euribor	2.00
MPS	1,500	661	11/03/2021	28/02/2026	6-month Euribor	1.00
UNICREDIT	2,000	1,500	31/03/2021	31/03/2026	6-month Euribor	0.75
MPS	1,500	500	26/04/2021	01/10/2024	6-month Euribor	2.20
Banca Santa Giulia	360	360	27/04/2021	31/12/2027	6-month Euribor	0.55
Banca Santa Giulia	550	367	14/05/2021	01/10/2025	6-month Euribor	2.00
Banca Santa Giulia	950	633	21/09/2021	01/10/2025	6-month Euribor	2.75
UNICREDIT	5,500	4,125	11/02/2021	28/02/2026	6-month Euribor	0.75
BNP PARIBAS	1,500	159	29/10/2018	29/04/2024	Fixed rate	2.10
MPS	1,500	500	26/04/2021	01/10/2024	6-month Euribor	2.20
KWF1 Club Deal	25,000	25,000	14/04/2022	31/12/2028	Fixed rate	1.50
KWF2 Club Deal	25,000	25,000	29/11/2022	31/12/2028	Fixed rate	1.50
Banco de Santander	400	27	11/04/2019	11/04/2024	Fixed rate	0.95
Banco de Sabadell	400	27	30/04/2019	30/04/2024	Fixed rate	0.95
Banco de Santander	700	236	30/04/2020	30/04/2025	Fixed rate	0.98
Banco del Sabadell	900	410	31/03/2021	31/03/2026	Fixed rate	0.85
Total	237,993	182,855				

It is confirmed that as at 31 December 2023 all existing covenants have been respected.

The Group's outstanding liability derivative contracts are summarised below with their market value as at 31 December 2023. It should be noted that there were no derivative contracts with market value liabilities in the previous year.

Contract type	Counterpart	Position	Start date	Expiry date	Notional (Euro/000)	Market value 31.12.23 (Euros)
Rate Coverage	UNICREDIT	Buy	30/06/2023	31/12/2027	10,000	127
Rate Coverage	INTESA SANPAOLO	Buy	09/05/2023	31/12/2027	10,000	127
Currency Coverage	Credem	Buy	21/12/2023	02/04/2024	5,540	84
Total						338

Contract type	Counterpart	Position	Start date	Expiry date	Notional (MWh)	Market value 31.12.23 (Euros)
Commodity Swaps	INTESA SANPAOLO	Buy	05/01/2022	31/12/2023	26,280	150
Commodity Swaps	UNICREDIT S.P.A.	Buy	26/01/2022	31/12/2023	8,760	13
Commodity Swaps	INTESA SANPAOLO	Buy	03/11/2021	31/12/2023	26,280	49
Total						211

IRS derivatives designated as hedging

Please refer to the description in note 14. Non-current financial assets.

Currency derivatives designated as hedging

The currency forward contract entered into was designated as hedging of planned purchases in US dollars. The derivative was entered into on a certain purchase of raw materials by Feralpi Siderurgica S.p.A. in the first quarter of 2024.

Derivatives: Commodity Swaps designated as hedging

Derivative contracts related to commodities are used to hedge the exposure to the variability of future cash flows attributable to a specific risk factor related to expected transactions for the purchase of electricity and/or natural gas that are considered highly probable, the effects of which impact the company's income statement at the same time as the related cost items are recognised.

The hedged underlyings are represented by a group of highly probable forecast transactions; specifically, future transactions for the purchase of electricity and/or natural gas and related cash flows are subject to accounting designation as Hedged Items.

The forecast purchase volumes generated by the Group's energy procurement portfolio are determined with the aim of monitoring the expected exposure profile and verifying the reliability of the volumes being hedged using derivative financial instruments.

26.1. Analysis of net financial debt

The net financial debt schedule was prepared on the basis of the latest ESMA guidelines.

(amounts in thousand euros)		31.12.2023	31.12.2022
A	Cash	173,189	200,675
B	Cash equivalents	-	-
C	Other current financial assets	-	-
D	Liquidity (A+B+C)	173,189	200,675
E	Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	6,352	36,535
F	Current part of non-current financial debt	65,332	47,519
G	Current financial debt (E + F)	71,684	84,054
H	Net current financial debt (G - D)	(101,505)	(116,622)
I	Non-current financial debt (excluding current portion and debt instruments)	147,062	141,241
J	Debt instruments	-	-
K	Trade and other non-current payables	-	-
L	Non-current financial debt (I + J + K)	147,062	141,241
M	Total financial debt (H + L)	45,557	24,619

Cash and cash equivalents include €44,101 thousand relating to one-month term current accounts.

27. Liabilities for employee benefits

As at 31 December 2023, liabilities for employee benefits amounted to a total of €5,272 thousand, compared to €4,155 thousand in the previous year, and related solely to the Group's Italian companies.

Balance 31 December 2022	4,155
Provisions	2,739
Use of provisions and payment to social security funds	(3,366)
Other changes	1,674
Discount interest from previous year	0
Actuarial gains and losses	70
Balance 31 December 2023	5,272

The provision set aside represents the company's actual debt at year-end to employees in force at that date, net of advances paid. The item other changes refers to the amount related to the provision for severance indemnity conferred by the holding company Feralpi Holding S.p.A. to the parent company Feralpi Siderurgica S.p.A. on 1 January 2023 as a result of the transfer of the business unit as described above.

The valuation of the provision for severance indemnity, as required by the international accounting standard IAS19, follows the method of projecting the present value of the defined benefit obligation with an estimate of the benefits accrued by employees.

Following the changes introduced by Law no. 296 of 27 December 2006 ("2007 Budget Law") and subsequent implementing Decrees and Regulations, the severance indemnities accrued up to 31 December 2006 will continue to remain with the company, constituting a defined benefit plan (obligation for accrued benefits subject to actuarial valuation), while the portions accruing from 1 January 2007 as a result of the choices made by employees during the year, will be allocated to supplementary pension schemes or transferred by the company to the treasury fund managed by INPS, representing defined contribution plans (no longer subject to actuarial valuation) from the moment the choice is formalised by the employee.

The determination of the employee severance indemnity is thus the result of the application of an actuarial model that is based on various assumptions, both demographic and economic.

The table below shows the economic technical bases used:

Summary of economic assumptions	31.12.2023	31.12.2022
Annual discount rate	3.17%	3.77%
Annual inflation rate	2.30%	2.30%
Annual rate of increase in employee severance indemnity	3.000%	3.225%
Annual rate of salary increase	1.00%	1.00%
Summary of demographic assumptions	31.12.2023	31.12.2022
Turnover rate	3.00%	3.00%
Advance rate	3.00%	3.00%
Probability of death	RG48	RG48
Probability of disability	INPS Tables	INPS Tables
Retirement	100% upon fulfilment of AGO requirements	100% upon fulfilment of AGO requirements
Sensitivity analysis of key evaluation parameters	DBO as at 31 December 2023	DBO as at 31 December 2022
Turnover rate +1.00%	5,287	4,174
Turnover rate -1.00%	5,255	4,135
Inflation rate +0.25%	5,335	4,205
Inflation rate -0.25%	5,209	4,107
Discount rate +0.25%	5,179	4,085
Discount rate -0.25%	5,367	4,227

The discount rates used for the valuation of the liability are defined, as provided for in para. 83 of IAS 19, based on the yield curves of high-quality fixed-income securities, whereby the amounts and maturities correspond to the amounts and maturities of estimated benefit payments.

28. Provisions for risks and charges

As at 31 December 2023, the item Provisions for risks and charges amounted to a total of €6,614 thousand, compared to €5,556 thousand in the previous year.

Below is a breakdown of their movement and composition:

(amounts in thousand euros)	Supplementary customer allowance	Slag disposal	Other risk provisions	Total provisions for risks and charges
Balance 31 December 2022	992	855	3,709	5,556
Provisions	98	506	2,958	3,562
Provision discounting	10	-	-	10
Provision uses and releases	(60)	(855)	(1,600)	(2,514)
Balance 31 December 2023	1,040	507	5,067	6,614

As shown in the table, the provisions for risks and charges include the supplementary customer allowance, the provision for slag disposal and other risk provisions. Other risk provisions amounted to €5,067 thousand and related to accruals made during the year for €2,958 thousand, of which €2,013 thousand related to a dispute with the tax authorities and for which the Group considers the risk of losing the case to be probable, and €907 thousand for the estimated charges of the CO₂ quotas pertaining to the current year. The remainder amounted to €1,228 thousand for settlements with personnel, €500 thousand related to reclamation charges, €200 thousand for a dispute received from a supplier, and other miscellaneous and minor amounts of €218 thousand. The release of €1,600 thousand relates to the favourable settlement of an outstanding dispute in the German subsidiary ESF Elbe-Stahlwerke Feralpi GmbH.

Information on pending litigation

The Group has ongoing legal disputes with personnel and for the reclamation of land belonging to Feralpi Siderurgica S.p.A. Adequate risk provisions have been set aside for both types. In addition, some Group companies have outstanding tax disputes for which a specific provision has been set aside.

29. Other non-current liabilities

Other non-current liabilities amounted to €860 thousand as at 31 December 2023, unchanged from the previous year:

(amounts in thousand euros)	31.12.2023	31.12.2022
Security deposits	858	858
Other non-current liabilities	2	2
Total other non-current financial liabilities	860	860

The item security deposits includes €850 thousand for security deposits received by the German subsidiary ESF Elbe-Stahlwerke Feralpi GmbH as a guarantee for the supply of goods.

30. Trade payables to parent companies and for tax consolidation

Trade payables to parent companies and for tax consolidation as at 31 December 2023 amounted to €431 thousand, compared to €74,993 thousand in the previous year. Details are given below:

(amounts in thousand euros)	31.12.2023	31.12.2022
Payables to parent companies for IRES	399	64,113
Trade payables to parent companies	32	7,014
Payables to parent companies for IVA	0	3,865
Total current receivables from parent companies	431	74,993

The significant decrease in the item is due to the payment of tax consolidation payables to the holding company Feralpi Holding S.p.A. for the entire amount accrued up to 31 December 2022 and the changeover to the Group VAT system with Feralpi Siderurgica S.p.A. as Parent Company as from 2023.

As at 31 December 2023, the item IRES payables consisted of the tax consolidation charge accrued by Nuova Defim S.p.A. during the year.

31. Trade payables

Trade payables as at 31 December 2023 amounted to €279,172 thousand, compared to €313,218 thousand last year. Details are given below:

(amounts in thousand euros)	31.12.2023	31.12.2022
Trade payables to suppliers	272,726	308,327
Advances	6,446	4,891
Total	279,172	313,218

Trade payables are stated net of trade discounts. The nominal value of these payables has been adjusted for returns or allowances (billing adjustments) to the extent of the amount defined with the counterpart. As at 31 December 2023, trade payables decreased from the previous year due to the reduction in costs, particularly energy and scrap.

As at 31 December 2023, payables for advances are €4,600 thousand related to Feralpi Siderurgica S.p.A. for the advance received for the future sale of an area to the high-speed rail network. The remainder are advances received from customers.

The Group has no significant overdue amounts.

32. Trade payables to associates

Trade payables to associates as at 31 December 2023 amounted to €61,602 thousand compared to €81,500 thousand in the previous year.

Trade payables to associates mainly include payables of the parent company and Acciaierie di Calvisano S.p.A. to the associate Media Steel S.r.l. for scrap supplies.

33. Tax payables

Tax payables as at 31 December 2023 amounted to €19,434 thousand, compared to €33,101 thousand in the previous year.

The item includes only income tax payables of the foreign companies and Cogeme Steel S.r.l. as they do not participate in the tax consolidation whose consolidating company is Feralpi Holding S.p.A. and therefore the receivables/payables for income/expenses from consolidation are recognised in the balance sheet item trade receivables from or payables to parent companies and for tax consolidation.

34. Other current liabilities

Other current liabilities amounted to €41,633 thousand as at 31 December 2023, compared to €40,778 thousand the previous year. Details are given below:

(amounts in thousand euros)	31.12.2023	31.12.2022
Personnel costs allocated	17,048	15,797
Bonuses to customers	7,074	6,707
Payables to social security institutions	6,088	4,868
Accrued expenses and deferred income	5,516	5,969
Irpef debt	2,584	2,745
Other current liabilities	1,860	2,141
VAT debt	1,462	2,551
Total other current liabilities	41,633	40,778

The most significant debt relates to the December salaries of employees and partners, which are, as usual, paid within the first few days of the following month.

The item for accrued expenses and deferred income refers for €5,406 to the deferral of contributions of tax credits 4.0.

Bonuses to customers, on the other hand, refer to bonuses earned by customers of the subsidiary ESF Elbe-Stahlwerke Feralpi GmbH who are members of the consortium.

35. Revenues from contracts with customers

Revenues from contracts with Group customers as at 31 December 2023 amounted to €1,724,219 thousand, compared to €2,385,577 thousand in the previous year.

(amounts in thousand euros)	2023	2022
Revenues from contracts with customers	1,724,219	2,385,577
Total revenues from contracts with customers	1,724,219	2,385,577

A breakdown by geographical area is given below:

(amounts in thousand euros)	2023	2022
Italy	658,282	862,732
E.U. countries	921,628	1,322,815
Non-EU countries	144,309	200,030
Total revenues from contracts with customers	1,724,219	2,385,577

For further details, please refer to the description in the Report on Operations in section 8. *Economic results*.

36. Rental income

The Group's rental income as at 31 December 2023 amounted to €1,043 thousand, compared to €1,551 thousand in the previous year.

(amounts in thousand euros)	2023	2022
Rental income	1,043	1,551
Total rental income	1,043	1,551

Rental income refers to recharges of rented space to companies outside the scope of consolidation and to the rental of industrial mobile platforms to third parties. The decrease compared to the previous year mainly refers to the lower revenues earned by Presider S.p.A. for the rental of industrial platforms.

37. Other income

As at 31 December 2023, other Group income amounted to €22,475 thousand, compared to €10,921 thousand in the previous year. Details are provided below:

(amounts in thousand euros)	2023	2022
Operating grants	5,337	6,485
Insurance reimbursements	6,982	587
Capital gain on sale of assets	2,126	1,778
Refund of customs charges	1,020	0
Energy revenues	576	0
Release for litigation closure	1,600	0
Other income	4,834	2,071
Total other income	22,475	10,921

The main operating grants are as follows:

- ◆ €2,269 thousand related to subsidies from institutional bodies for research and development or investment projects;
- ◆ €2,823 thousand related to the reimbursement of costs related to CO₂ recoveries;

The item Insurance reimbursements mainly refers to the reimbursement related to a weather event that occurred at the Group's Italian plants in Lonato del Garda and Calvisano.

38. Raw materials and consumables

As at 31 December 2023, costs for raw materials and consumables used by the Group amounted to €1,071,218 thousand, compared to €1,231,654 thousand for the year. Details are provided below:

(amounts in thousand euros)	2023	2022
Purchase of finished products, raw materials, supplies and consumables	1,052,029	1,220,419
Change in inventories of raw materials, supplies and consumable and goods	19,189	11,235
Total costs for raw materials and consumables	1,071,218	1,231,654

See note 17 to the statement of financial position for changes in inventories. It should be noted that the cost of scrap accounted for 80% of the total raw material cost.

For more information on the economic performance for the year, please refer to the Report on Operations.

39. Cost of services

As at 31 December 2023, the Group's cost of services amounted to €380,246 thousand compared to €582,024 thousand in the previous year. Details are provided below:

(amounts in thousand euros)	2023	2022
Miscellaneous energy and utilities	165,155	325,123
Maintenance and third-party services	63,592	106,247
Internal transport and transfers	61,183	57,010
Production services	39,202	38,114
Consultancy, Insurance, Advertising	18,429	19,362
Commissions	15,412	17,735
Fees for user licences	3,483	276
Hires - Rentals	2,531	1,490
Directors' compensation	2,020	2,149
Board of Statutory Auditors' compensation	170	166
Service charge from parent company	-	10,199
Other miscellaneous minor items	9,071	4,151
Total cost of services	380,246	582,024

During the year 2023, the main reduction is attributable to the decrease in energy and gas costs, resulting in a decrease of €159,969 thousand compared to 2022. In 2023, the Group's energy-intensive companies obtained grants, to be used as tax credits for higher energy costs in the amount of €59,359 thousand, which were booked as a reduction of the related costs.

The zeroing of the item service charge from parent company is related to the transfer of the business unit from Feralpi Holding S.p.A. to Feralpi Siderurgica S.p.A., following which the latter performs management fee services for the Group's subsidiaries.

The increase in fees for user licences is also related to the contribution following which all IT costs and related licences are borne by Feralpi Siderurgica S.p.A.

Hires and rentals mainly refer to short-term contracts for machinery hire and to contracts with a lower amount than the thresholds indicated by IFRS 16.

40. Personnel costs

As at 31 December 2023, the Group's personnel costs amounted to €126,408 thousand, compared to €110,695 thousand in 2022. Details are provided below:

(amounts in thousand euros)	2023	2022
Wages and salaries	93,393	81,092
Social security contributions	25,895	22,835
Employee severance indemnity	2,739	2,704
Other personnel costs	4,381	4,073
Total personnel costs	126,408	110,695

This item includes the entire expense for employees, including merit increases, promotions, automatic cost-of-living increases, the cost of untaken holidays and provisions as provided for by law and collective agreements, bonuses to be paid for the achievement of certain objectives, and costs related to temporary staff if employed.

In the year 2023, personnel costs increased by €15,713 thousand. This increase is mainly due to the transfer of about 60 employees of Feralpi Holding S.p.A., following the group reorganisation on 1 January 2023 and contractual salary increases in Italy and cost-of-living adjustments in the German subsidiaries.

Below is a breakdown of the number of Group employees by category and the average number:

Employees at year-end	2023	2022
Executives	39	31
Employees	558	466
Blue-collars	1,325	1,278
Total employees	1,922	1,775

Average annual employees	2023	2022
Executives	39	29
Employees	522	464
Blue-collars	1,326	1,259
Total employees	1,887	1,752

41. Other operating costs

As at 31 December 2023, other operating costs amounted to €12,229 thousand, compared to €5,610 thousand in 2022. Details are provided below:

(amounts in thousand euros)	2023	2022
Provisions for risks	2,050	142
Loss on sale/disposal of assets	3,450	217
Loss on disposal of equity investment	-	1,022
Charity	112	190
Membership fees	814	458
Miscellaneous taxes and duties	1,968	1,839
Deductible credit losses	272	1
CO ₂ quotas	2,062	-
Other operating costs	1,501	1,741
Total other operating costs	12,229	5,610

In 2023, the Group set aside a provision for risks in the amount of €2,050 thousand mainly for a dispute with the tax authorities for which the risk of losing the case is considered probable.

The item loss from disposal of assets mainly refers for €2,790 thousand to the disposal of the photovoltaic plant damaged by an atmospheric event in summer 2023 at the Lonato del Garda production site of the Parent Company Feralpi Siderurgica S.p.A., as well as the sale of a plant in the subsidiary Arlenico S.p.A. for €527 thousand.

The item CO₂ quotas refers to the accounting of the cost related to offsetting CO₂ emissions compared to those allocated.

Miscellaneous taxes and duties mainly refer to costs for IMU (municipal property tax), regional taxes for land reclamation, TARI (waste tax).

42. Increases in fixed assets for in-house work

As at 31 December 2023, increases in fixed assets for in-house work amounted to €6,541 thousand, compared to €5,465 thousand in the previous year.

(amounts in thousand euros)	2023	2022
Increases in fixed assets for in-house work	6,541	5,465
Total increases in fixed assets for in-house work	6,541	5,465

Increases in fixed assets refer to the participation of internal staff in the extraordinary maintenance and construction on a timework basis of certain parts of investments carried out during the year.

43. Depreciation and amortisation

As at 31 December 2023, the Group's depreciation, amortisation and write-downs amounted to Euro 65,391 thousand, compared to €58,275 thousand in the previous year. Details are provided below:

(amounts in thousand euros)	2023	2022
Amortisation of intangible fixed assets	4,096	2,189
Depreciation of tangible fixed assets	57,757	51,949
Amortisation of right of use	3,538	4,137
Total depreciation, amortisation and write-downs	65,391	58,275

As regards depreciation and amortisation, it is specified that it was calculated on the basis of the useful life of the assets and their use in the production phase, taking into account technical and technological obsolescence, as well as physical-technical degradation.

The increase of €7,116 thousand is mainly due to the commissioning of new plants during the year and to a lesser extent to the transfer of the above-mentioned business unit, which generated higher amortisation of intangible assets.

44. Reversal/(Write-down) of financial assets

As at 31 December 2023, the item Reversal/(write-down) of financial assets was negative and equal to €1,177 thousand, against a positive €(2,151) thousand in the previous year. Details are provided below:

(amounts in thousand euros)	2023	2022
Reversal / (Write-down) of receivables included in current assets and cash and cash equivalents	672	(2,151)
Write-down of Metal Interconnector equity investment	(1,849)	-
Total Reversal/(Write-down) of financial assets	(1,177)	(2,151)

The amount of the reversal of financial assets in the amount of €672 thousand is mainly attributable to the positive adjustment of the provision for doubtful trade debts calculated in accordance with IFRS 9 concerning the expected credit loss.

The item write-down of equity investment refers to the write-down held in Metal Interconnector following the capital increase carried out during the year by Feralpi Siderurgica S.p.A. and Acciaierie di Calvisano S.p.A., as they did not consider its value recoverable.

45. Financial income

As at 31 December 2023, the Group's financial income amounted to €2,446 thousand, compared to €1,201 thousand in the previous year. Details are provided below:

(amounts in thousand euros)	2023	2022
Interest income - Time deposit	1,704	-
Interest income on current accounts	429	-
Other financial income	226	245
Credit discounting and other assets	87	276
Income from derivative instruments	-	680
Total financial income	2,446	1,201

The significant increase, as shown in the table, is due to interest accrued on time deposits made during the year and interest income accrued on current account balances.

46. Financial expenses

As at 31 December 2023, the Group's financial expenses amounted to €7,886 thousand, compared to €5,389 thousand in 2022. Details are provided below:

(amounts in thousand euros)	2023	2022
Interest to Feralpi Holding S.p.A.	2,611	1,301
Bank interest for mortgages	2,564	1,913
Bank interest for credit lines	1,582	1,183
Interest on credit facilities	479	740
Finance charges on financial lease liabilities	355	192
Other interest expenses	294	43
Hedging interest	-	16
Total financial charges	7,886	5,389

Financial expenses on mortgages and financial expenses towards the parent company increased significantly compared to the previous year due to the increase in interest rates related to the economic situation.

47. Share of profit of associates and joint ventures

As at 31 December 2023, the share of profit of associates and joint ventures amounted to €3,855 thousand, compared to €5,088 thousand in the previous year. Details are given below:

(amounts in thousand euros)	2023	2022
Alpifer S.r.l.	3,236	3,894
Dima S.r.l.	570	5
Media Steel S.r.l.	49	203
Beta SA	-	341
Comeca S.p.A.	-	645
Total share of profit of associates and joint ventures	3,855	5,088

48. Exchange gains and (losses)

Exchange gains and (losses) amounted to a negative €30 for the year 2023, compared to a positive €1,420 thousand for the previous year. The change is mainly attributable to the sharp decrease in purchases of raw materials from non-European countries compared to the previous year.

49. Income taxes

The tax burden for the year 2023 totalled a positive €3,451 thousand. As at 31 December 2022, the Group closed with an income tax balance of €100,907 thousand.

Details are given below:

(amounts in thousand euros)	2023	2022
Current taxes and income/expenses from consolidation	2,631	(105,091)
Deferred tax assets	499	5,289
Deferred tax liabilities	321	(1,105)
Total income taxes	3,451	(100,907)

The reconciliation between the theoretical tax burden determined by applying the current Italian IRES tax rate of 24% (same value in 2022) and the actual tax burden is as follows:

(amounts in thousand euros)		2023		2022	
		Taxable	Tax	Taxable	Tax
Pre-tax profit	A	9,445		436,099	
Applicable tax rate (IRES)	B		24.00%		24.00%
Theoretical taxes	C=AxB		2,267		104,664
Deduction of contributions for the period		(28,088)	(6,741)	(4,906)	(20,443)
Hyper/super amortisation		(5,467)	(1,312)	(402)	(1,675)
Joint venture shares		(3,308)	(794)	(293)	(1,221)
Intra-group dividend taxation effect		(192)	(46)	0	0
Non-deductible write-downs		2,375	570	372	1,550
Allocations to non-deductible provisions		2,563	615	0	0
Higher taxation effect of foreign companies		3,550	852	2,391	9,964
Other increases/decreases		3,021	725	89	370
Total changes	D		(6,131)		(11,455)
IRAP effect	E		413		7,698
Tax charge recorded in the income statement	F=C+D+E		(3,451)		100,907

The change in the tax rate in 2023 is mainly due to the higher impact of the tax exemption of grants received in the period and of hyper/super amortisation compared to the previous year.

See note 15 for details of deferred tax assets and liabilities.

50. Information on financial risks

The Group's main financial liabilities, other than derivatives, include bank loans and financing, and trade and other payables. The main purpose of these liabilities is to finance the Group's operating activities. The Group has financial and other receivables, trade and non-trade receivables, cash and cash equivalents and short-term deposits that originate directly from operations. The Group enters into derivative contracts.

As required by IFRS, information on the main financial risks to which the Group is exposed is provided below. In particular, the Group is exposed to the following risks: market, interest rate, foreign exchange, commodity price, securities, credit and liquidity.

The Group's management is responsible for managing these risks. It receives support in this activity from the Administration, Finance and Control Department, which provides information on financial risks and suggests an appropriate Group-wide risk management practice based on appropriate business practices and procedures so that financial risks are identified, assessed and managed as required by Group policies and procedures. It is the Group's established practice not to enter into derivatives for trading or speculative purposes. The Board of Directors reviews and approves the management policies for each of the risks outlined below.

50.1. Market risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument will change due to changes in the market price. Market price risk comprises three types of risk: interest rate risk, currency risk and other price risks, such as equity risk and commodity price risk. Financial instruments affected by market risk include loans and financing, deposits, debt and equity instruments and derivative financial instruments.

The sensitivity analyses presented below refer to positions as at 31 December 2023 and 2022 and have been prepared under the assumption that the amount of net debt, the ratio of fixed and variable interest rates on debt and derivatives, and the portion of financial instruments in foreign currencies are all constant and aligned with the designation of hedges in place as at 31 December 2023.

The analyses exclude the impact of movements in market variables on the carrying amount of pension plans and other post-employment obligations, provisions and non-financial assets and liabilities of foreign subsidiaries.

The following assumptions were made in the calculation of the sensitivity analyses:

- ◆ the sensitivity analysis of the relevant elements of the statement of profit/(loss) for the year is the effect of changes assumed with respect to market risks. It is based on financial assets and liabilities held as at 31 December 2023 and 2022 including the effect of hedge accounting;
- ◆ the sensitivity analysis on equity is calculated considering the effect of any cash flow hedges and hedges of net investments in foreign operations as at 31 December 2023, associated with the effects of estimated changes in the underlying risk.

50.2. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will change due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates is primarily related to long-term debt with variable interest rates.

The Group manages its interest rate risk through a balanced portfolio of loans and financing at fixed and variable interest rates. The Group's policy is to hold medium- to long-term loans at variable rates, excluding loans related to discontinued operations, against which interest rate swaps (IRS) are entered into for no less than 50% of the amount of medium- to long-term debt. Through IRSs, the Group agrees to exchange, at defined intervals, the difference in amount between the fixed and variable rate calculated by reference to an agreed amount of notional principal. These swaps are designated to hedge the underlying debt.

The following table illustrates the sensitivity to a reasonably possible change in interest rates on that portion of debts and loans, after the impact of hedge accounting. With all other variables held constant, the Group's pre-tax profit is affected by the impact on variable-rate loans as follows:

(amounts in thousand euros)	Increase/decrease in basis points	2023	2022
Pre-tax profit	+50	141	50
	-50	(141)	(45)

50.3. Exchange rate risk

Exchange rate risk is the risk that the fair value or future cash flows of an exposure will change as a result of changes in exchange rates. The Group's exposure to the risk of exchange rate changes mainly relates to the Group's operating activities (when revenues or costs are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries. The exchange rate risk, which is very modest, as most transactions are carried out in euros, is hedged with currency forward contracts.

50.4. Commodity price risk

The Group is affected by the volatility of the price of certain commodities such as mainly ferrous scrap, energy and natural gas. The Group is exposed to changes in the price of scrap with regard to planned purchases of this product. The Group's Board of Directors has developed and implemented a risk management strategy, including the increase in sales prices to customers related to rising commodity prices, aimed at mitigating the impact of commodity prices on margins.

In the long run, trends in the price of ferrous scrap and electricity on the one hand and the price of the finished product on the other tend to run on parallel lines; any hedging transactions are assessed in the light of the liquidity of the official markets in which the main trades are conducted.

The following table shows the effect of the change in raw material prices after the effect of hedging.

(amounts in thousand euros)	Year-end price change	Effect on pre-tax profit		Gross effect on shareholders' equity	
		2022	2023	2022	2023
Iron scrap	10%	45,885	85,876	45,885	85,876
	-10%	(45,885)	(85,876)	(45,885)	(85,876)
Energy	10%	19,480	17,365	18,837	17,365
	-10%	(19,480)	(17,365)	(17,868)	(17,365)
Methane gas	10%	4,958	3,749	4,958	3,749
	-10%	(4,958)	(3,749)	(4,958)	(3,749)

50.5. Equity price risk

The Group's listed and unlisted equities are exposed to market price risk arising from uncertainties in the future values of securities. The Group manages price risk through diversification and by placing single or total limits on equities. Reports on the share portfolio are regularly submitted to the Group's management. The Group's Board of Directors reviews and approves all equity investment decisions.

50.6. Credit risk

Credit risk is the risk that a counterpart will not fulfil its obligations linked to a financial instrument or commercial contract, thus leading to a financial loss. The Group is exposed to credit risk arising from its operating activities (mainly trade receivables and credit notes) and its financing activities, including deposits with banks and financial institutions, foreign currency transactions and other financial instruments.

50.6.1. Trade receivables and contract assets

Trade credit risk is mitigated by the application of Group procedures and guidelines for the selection and assessment of the customer portfolio, for the definition of credit limits, for monitoring expected collection flows and for any recovery actions. They provide, where possible and appropriate, for the conclusion of insurance policies with leading counterparts as well as, in some cases, requesting additional guarantees from customers. Group Credit Management manages and monitors credit risk in the Group.

The Group considers the concentration risk of trade receivables and contract assets to be low, based on the size of the customer portfolio and the location of customers, which operate in different countries and in partly independent markets.

50.6.2. Financial instruments and bank deposits

Credit risk related to relations with banks and financial institutions is managed by the Group Treasury in accordance with Group practice. The investment of available funds is made only with approved counterparts and within the credit limits allocated to each counterpart. Counterpart credit limits are reviewed annually by the Board of Directors and may be updated throughout the year. Limits are defined to minimise the concentration of risks and, consequently, mitigate the financial loss generated by the potential failure of the counterpart.

50.7. Liquidity risk

The Group monitors the risk of a liquidity shortage using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity in the availability of funds and flexibility in their utilisation through the use of instruments such as bank overdrafts, bank loans and leasing contracts. It is the Group's policy to adjust the maturity of loans to the cash flow generation perspective; to this end, the Group Treasury prepares financial projections that are derived from the Business Plan, Budget and Forecast. As at 31 December 2023, 32% of the Group's debt was due in less than one year. The Group assessed the risk concentration, with reference to debt refinancing, and concluded that it is low. Access to financing sources is sufficiently available and debts due within 12 months can be extended with existing lenders.

50.7.1. Risk of over-concentration

Concentration arises when a number of counterparts are engaged in a similar business or exercise their activities in the same geographical area or have economic characteristics such that their ability to honour contractual commitments is affected by economic, political or other changes. Concentration indicates the relative sensitivity of the Group's result to changes that may affect a particular sector.

In order to avoid excessive risk concentration, the Group's rules and procedures include specific guidelines for maintaining a diversified portfolio. If situations of credit risk concentration are identified, they are controlled and managed accordingly.

The table below summarises the maturity profile of the Group's financial liabilities on the basis of contractually agreed undiscounted payments.

As at 31 December 2023 (amounts in thousand euros)	At sight	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Loans and borrowings	16,019		49,018	133,191		198,228
Lease liabilities			3,949	10,507	3,110	17,566
Other financial liabilities	-	1,283	1,120	-	-	2,403
Trade payables	279,172	-	-	-	-	279,172
Downstream products	-	-	295	245	-	549
Total	295,191	1,283	54,382	143,952	3,110	497,918

As at 31 December 2022 (amounts in thousand euros)	At sight	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Loans and borrowings	15,107	1,265	30,470	125,487		172,329
Lease liabilities	-	-	3,261	14,634	-	17,895
Other financial liabilities	-	-	1,000	1,120	-	2,120
Trade payables	313,218	-	-	-	-	313,218
Total	328,325	1,265	33,731	141,241	-	504,562

50.8. Capital Management

For the purposes of the Group's capital management, the definition includes the issued share capital, the share premium reserve and all other capital reserves attributable to the shareholders of the parent company. The main objective of capital management is to maximise shareholder value. The Group manages the capital structure and makes adjustments according to economic conditions and the requirements of financial covenants. In order to maintain or adjust the capital structure, the Group could take action on dividends paid to shareholders, repay capital to shareholders or issue new shares. The Group monitors assets using mainly three indicators: Gearing Ratio, consisting of the ratio between Net Financial Position and Shareholders' Equity; Debt Coverage Ratio, consisting of the ratio between Net Financial Position and EBITDA; Debt Service Coverage Ratio, consisting of the ratio between Free Operating Cash Flow after taxes and loan instalments to be repaid plus related interest. The Group's policy is to maintain this ratio so as to keep safety margins with respect to financial covenants. The Group's Net Financial Position includes interest-bearing loans, borrowings, leases and in general financial liabilities less cash and cash equivalents and short-term deposits and excluding discontinued operations.

(amounts in thousand euros)	2023	2022
Interest-bearing loans and borrowings	201,179	207,399
Lease payables	17,566	17,895
Less: cash and cash equivalents and short-term deposits	(173,189)	(200,675)
Net debt	45,556	24,619
Group and minority interest Shareholders' equity	927,978	904,588
Capital and net debt	973,534	929,207
<i>Gearing ratio</i>	4.7%	2.6%

Interest-bearing loans and borrowings also include other non-current financial liabilities. In order to achieve this, the Group's capital management aims, among other things, to ensure that the covenants, linked to interest-bearing loans and borrowings, which define the capital structure requirements, are met. Violations of covenants would allow banks to demand immediate repayment of loans and financing. In the current and previous years, there were no breaches of covenants in connection with interest-bearing loans and borrowings.

No changes were made to capital management objectives, policies and procedures during the year ended 31 December 2023.

50.8.1. Fair value measurement

The table below compares, by individual class, the carrying amount and fair value of financial instruments held by the Group, excluding those whose carrying amount reasonably approximates fair value:

(amounts in thousand euros)	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Non-current financial assets	6,667	6,667	10,875	10,875
Current financial assets	7,560	7,560	9,904	9,904
Cash and other liquid assets	173,189	173,189	200,675	200,675
Total financial assets	187,416	187,416	221,454	221,454
Financial liabilities				
Non-current financial payables	133,445	136,346	125,486	123,984
Non-current lease payables	13,617	13,617	14,634	14,634
Other non-current financial liabilities	-	-	1,120	1,120
Current financial payables	67,734	67,734	80,793	80,793
Current lease payables	3,949	3,949	3,261	3,261
Total financial liabilities	218,745	221,646	225,294	223,792

Management has verified that the carrying amount of cash and cash equivalents and short-term deposits, trade receivables and payables, bank overdrafts and other current liabilities approximates fair value as a result of the short-term maturities of these instruments.

The following methods and assumptions were used to estimate fair value:

- ◆ Long-term loans and receivables, both fixed-rate and variable-rate, are assessed by the Group on the basis of parameters such as interest rates, country-specific risk factors, the individual creditworthiness of each customer and the characteristic risk of the financial project. On the basis of this valuation, allocations for estimated losses on these receivables are recognised in the accounts.
- ◆ The fair value of listed securities and bonds is based on the quoted price at the reporting date. The fair value of unlisted instruments, such as loans from banks or other non-current financial liabilities, is estimated by discounting future cash flows using current rates available for debt with similar terms, such as credit risk and remaining maturities. In addition to being sensitive to reasonably possible changes in expected cash flows or the discount rate, the fair value of equity securities is also sensitive to reasonably possible changes in growth rates. The evaluation requires management to use unobservable input data. Management regularly defines a range of reasonably possible alternatives for these significant unobservable inputs and determines their impact on total fair value.
- ◆ The fair value of investments in unlisted companies was estimated using the discounted cash flow model. The assessment requires management to make certain assumptions with respect to model inputs, including expected cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably verified and are used in management's estimates of fair value for these investments in unlisted companies.
- ◆ There is an active market for the Group's investments in listed shares and listed debt instruments.

- ◆ The Group enters into derivative financial instruments with various counterparts, mainly financial institutions with an assigned credit rating. Derivatives measured using valuation techniques with observable market data consist mainly of interest rate swaps, currency and commodity forward contracts. The most frequently applied valuation techniques include “forward pricing” and “swaps” models, which use present value calculations. The models consider various inputs, including the credit quality of the counterpart, foreign currency spot and forward rates, interest rate curves and forward rate curves of the underlying commodities, the yield curves of the respective currencies, and the base spread between the respective currencies. All derivative contracts are fully secured by liquidity, thus eliminating both counterpart risk and the risk of default by the Group. As at 31 December 2023, the mark-to-market value of other derivative assets is shown net of an adjustment related to the recognition of counterpart default risk in the derivative contract. The change in counterpart credit risk did not have a material effect on the assessment of hedge effectiveness for derivatives designated as hedging and for other financial instruments recognised at fair value.
- ◆ The fair value of the Group's loans and borrowings that bear interest is determined using the discounted cash flow method and using a discount rate that reflects the interest rate of the issuer at the end of the financial year. The Group's default risk as at 31 December 2023 was assessed as insignificant.

The following table shows the fair value hierarchy for the Group's assets and liabilities as at 31 December 2023 and in the previous year:

(amounts in thousand euros)	31.12.2023			31.12.2022		
	Prices quoted in an active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Prices quoted in an active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets						
Non-current financial assets	-	6,667			10,875	
Current financial assets	-	7,560			9,904	
Cash and other liquid assets	173,189	-		200,675	-	
Total financial assets	173,189	14,227		200,675	20,779	
Financial liabilities						
Non-current financial payables		136,346		-	123,984	
Non-current lease payables		13,617		-	14,634	
Other non-current financial liabilities				-	1,120	
Current financial payables		67,734		-	80,793	
Current lease payables		3,949		-	3,261	
Total financial liabilities	-	221,646		-	223,792	

During the year 2023, there were no transfers between Level 1 and Level 2.

51. Other information

51.1. Off-balance sheet commitments, guarantees and risks

The guarantees issued by the Group are summarised below:

Guarantees (amounts in thousand euros)	31.12.2023	31.12.2022
Guarantees - subsidiaries	58,953	58,952
Guarantees - associates	94,860	87,835
Other guarantees	36,100	37,073
Total	189,913	183,860

The above guarantees refer to letters of patronage in favour of Group companies for loans and credit facilities granted and for the purchase of certain commodities.

51.2. Amount of compensation to directors, statutory auditors and independent auditors

The compensation paid in 2023 to the Directors and the Board of Statutory Auditors (Article 2427, no. 16 of the Italian Civil Code) of the parent company for performing this function also in other companies included in the scope of consolidation is shown below:

(amounts in thousand euros)	2023 compensation
Directors	2,020
Board of Statutory Auditors	170
Total	2,190

Such compensation includes emoluments and any other sum of a remuneration, social security and welfare nature due for the performance of the function of director or auditor that constituted a cost for the Group, even if not subject to personal income tax.

Below are details of the fees due to the independent auditors for the statutory audit and other services rendered during the year:

Statutory audit and other services (amounts in thousand euros)	2023 compensation
Statutory audit services	365
Other audit services performed	43
Other non-audit services	382
Total	790

51.3. Categories of shares issued and securities issued by the Group

The share capital of €50,000 thousand, fully subscribed and paid-up, is divided into 5,000,000 shares, each with a value of €10.

The Group has not issued any securities or similar instruments.

51.4. Tax consolidation

Feralpi Siderurgica S.p.A. has adhered, as a “consolidated company”, to the national tax consolidation scheme pursuant to Articles 117-129 of the T.U.I.R. (Consolidated Act on Income Tax), with its holding company Feralpi Holding S.p.A. In the year 2023, a new option to join the national tax consolidation was activated. During the course of the financial years, other Group companies adhered to this procedure, as can be seen in the “OP - Communications for regimes”, namely Acciaierie di Calvisano S.p.A., Nuova Defim S.p.A., Fer-Par S.r.l., Feralpi Profilati Nave S.r.l., Presider S.p.A., Ecoeternit S.r.l., Immobiliare Feralpi S.r.l., Ecotrading S.r.l., Feralpi Farm S.r.l., Faeco Ambiente S.r.l., Caleotto S.p.A., Arlenico S.p.A., Feralpi Power On S.r.l. and Feralpi Villasor S.r.l.

Each company participating in the tax consolidation scheme transfers taxable income or a tax loss to Feralpi Holding S.p.A., which recognises a receivable (equal to the IRES to be paid) from the companies that transfer taxable income, or a payable to the companies that transfer a tax loss. Feralpi Holding S.p.A., as consolidating company, is liable not only for any higher taxes assessed and related penalties and interest referred to its own individual total income, but also for any amounts that may be due, with reference to the consolidated tax return, also as a result of “formal control” activities pursuant to Article 36-ter of Presidential Decree no. 600/73, as well as, jointly and severally, for the amounts due corresponding to penalties imposed on companies participating in the consolidation that committed the breach in determining the individual position. Similarly, the consolidated companies are jointly and severally liable to Feralpi Holding S.p.A., as consolidating company, for the higher taxes assessed in relation to the consolidated company's income tax return referring to adjustments to the income resulting from its own tax return, also as a result of “formal control” activities pursuant to Article 36-ter of Presidential Decree no. 600/1973. All this, as regulated by the originally stipulated Fiscal Consolidation Agreement and subsequent updates.

It should be noted that the German companies Feralpi Stahlhandel GmbH and Feralpi-Logistik GmbH also adhere to the tax consolidation scheme in Germany where the consolidating company is ESF Elbe-Stahlwerke Feralpi GmbH.

51.5. Information pursuant to Article 1, paragraph 125, of Law no. 124 of 4 August 2017

With reference to Article 1 paragraph 125 of Law 124/2017, the company is obliged to disclose public grants received. To this end, the following table shows the main grants and subsidies received during the year.

Feralpi Siderurgica S.p.A.

Name of granting body	Amount	Collection date	Reason
Acquirente Unico S.p.A.	3,747,974	09/06/2023	Subsidy/interest grant Reg.(EU) 2015/1589 procedural aid notified pursuant to Art. 108 TFEU Environmental protection Aid to companies in certain sectors to compensate for the increase in electricity prices resulting from the integration of the costs of greenhouse gas emissions in application of the EU ETS ("aid for indirect emission costs")
			Aid scheme
			Measure: Legislative Decree no. 47 of 9 June 2020 - Implementation of Directive (EU) 2018/410 of the European Parliament and of the Council of 14 March 2018 amending Directive 2003/87/EC to support more cost-effective emission reductions and promote low-carbon investments, as well as adaptation of national legislation to Reg. (EU) 2017/2392 and Decision (EU) 2015/1814 on the establishment of a market stabilisation reserve
			Aid for indirect emission costs 2021
Excise, Customs and Monopolies Agency - Italian State	21,708	09/10/2023	Refund of subsidised excise duties
Tax credit	4,138,682		Electricity tax credit assignment approved by order of the Director of the Revenue Agency prot. no. 253445 of 30 June 2022 and subsequent amendments as per order prot. no. 376961 of 6 October 2022, prot. no. 450517 of 6 December 2022, prot. no. 24252 of 26 January 2023, prot. no. 116285 of 3 April 2023 and prot. no. 237453 of 27 June 2023
Tax credit	10,842,135	direct compensation	Electricity tax credit assignment approved by order of the Director of the Revenue Agency prot. no. 253445 of 30 June 2022 and subsequent amendments as per order prot. no. 376961 of 6 October 2022, prot. no. 450517 of 6 December 2022, prot. no. 24252 of 26 January 2023, prot. no. 116285 of 3 April 2023 and prot. no. 237453 of 27 June 2023
Tax credit	828,067	direct compensation	GAS tax credit assignment approved by order of the Director of the Revenue Agency prot. no. 253445 of 30 June 2022 and subsequent amendments as per order prot. no. 376961 of 6 October 2022, prot. no. 450517 of 6 December 2022, prot. no. 24252 of 26 January 2023, prot. no. 116285 of 3 April 2023 and prot. no. 237453 of 27 June 2023

Name of granting body	Amount	Collection date	Reason
Tax credit	2,647,448	direct compensation	GAS tax credit assignment approved by order of the Director of the Revenue Agency prot. no. 253445 of 30 June 2022 and subsequent amendments as per order prot. no. 376961 of 6 October 2022, prot. no. 450517 of 6 December 2022, prot. no. 24252 of 26 January 2023, prot. no. 116285 of 3 April 2023 and prot. no. 237453 of 27 June 2023
Tax credit	430,192		INDUSTRY 4.0 Law 178 of 30 December 2020 paragraph 1057 Law 234 of 30 December 2021 The total amount of €430,192.00 is available in 3 equal instalments starting from the year of interconnection (2023)
European Community	319,359	06/10/2023	European CSP project called ModHEATech - PREFINANCING (advance)
European Community	10,639	27/11/2023	European RFCS project called MultisenseEAF - Project share
Ministry of Economic Development	250,350	10/08/2023	Ministerial Project called Wire Accuracy 4.0 (01/08/2018 - 01/08/2022) (Sustainable Fund 0017804000003) - Project portion (To date, 90% of the contribution has been disbursed in 2 tranches: €807,033.09 (02.12.2021) and €250,350.04 (10.08.2023)
Brescia Musei Foundation	9,750	31/10/2023	ART BONUS 2022 Charitable donation made for the purposes of Article 1. ART-BONUS-Tax credit to promote charitable donations in support of culture (Decree Law no. 83 of 31 May 2014, converted with amendments into Law no. 106 of 29 July 2014, as amended) Tax credit equal to 65% of the donated amount to be divided into 3 annual instalments (€3,250.00 sub. expenditure - 1st instalment 2023 - 2nd instalment 2024 - 3rd instalment 2025)
Lombardy Region - DG Training and Labour	10,666	29/08/2023	TRAINING FOR EMPLOYMENT Aid scheme Temporary Framework Regulation for interprofessional funds for continuing training for the granting of State aid exempted under Regulation (EC) no. 651/2014 and under the de minimis regime under Regulation (EC) no. 1407/2013

Acciaierie di Calvisano S.p.A.

Name of granting body	Amount	Collection date	Reason
Acquirente Unico S.p.A.	1,291,521	27.06.2023	<p>Aid for indirect emission costs 2021 Subsidy/Interest grant Reg.(EU) 2015/1589 procedure aid notified pursuant to Article 108 TFEU</p> <p>Legislative Decree no. 47 of 9 June 2020 - Implementation of Directive (EU) 2018/410 of the European Parliament and of the Council of 14 March 2018 amending Directive 2003/87/EC to support more cost-effective emission reductions and promote low-carbon investments, as well as adaptation of national legislation to Reg. (EU) 2017/2392 and Decision (EU) 2015/1814 on the establishment of a market stabilisation reserve. Collection by AU Acquirente unico - Granting of State Aid</p>
Excise, Customs and Monopolies Agency - Italian State	23,430	29.12.2023	Refund of subsidised excise duty
EUROPEAN COMMUNITY (Orderor Rheinisch-Westfälische Technische Hochschule)	80,521	27.11.2023	European RFCS project called MultiSens EAF - Transf. Project share
Tax credit	5,906,456	direct compensation	Electricity tax credit (I+II QUARTER 2023) Assignment approved by order of the Director of the Revenue Agency prot. no. 253445 of 30 June 2022 and subsequent amendments as per order prot. no. 376961 of 6 October 2022, prot. no. 450517 of 6 December 2022, prot. no. 24252 of 26 January 2023, prot. no. 116285 of 3 April 2023 and prot. no. 237453 of 27 June 2023
Tax credit	412,182	direct compensation	GAS Tax credit (I+II QUARTER 2023) Assignment approved by order of the Director of the Revenue Agency prot. no. 253445 of 30 June 2022 and subsequent amendments as per order prot. no. 376961 of 6 October 2022, prot. no. 450517 of 6 December 2022, prot. no. 24252 of 26 January 2023, prot. no. 116285 of 3 April 2023 and prot. no. 237453 of 27 June 2023
Tax credit	214,783	direct compensation	<p>INDUSTRY 4.0</p> <p>Law 178 of 30 December 2020 paragraph 1057 Law 234 of 30 December 2021 The total amount of €214,783.98 is available in 3 equal instalments starting from the year of interconnection (2023)</p>

Arlenico S.p.A.

Name of granting body	Amount	Collection date	Reason
Acquirente unico S.p.A.	150,157	27/06/2023	INTEREST GRANT State Aid Scheme / Aid for Indirect Costs of Emissions 2022 D.D. 10/08/2023 Aid to companies in certain sectors to compensate for the increase in electricity prices resulting from the integration of the costs of greenhouse gas emissions in application of the EU ETS ("aid for indirect emission costs")
Tax credit	1,322,952		Electricity tax credit (I+II QUARTER 2023) assignment approved by order of the Director of the Revenue Agency prot. no. 253445 of 30 June 2022 and subsequent amendments as per order prot. no. 376961 of 6 October 2022, prot. no. 450517 of 6 December 2022, prot. no. 24252 of 26 January 2023, prot. no. 116285 of 3 April 2023 and prot. no. 237453 of 27 June 2023
Tax credit	878,813		GAS tax credit (I+II QUARTER 2023) assignment approved by order of the Director of the Revenue Agency prot. no. 253445 of 30 June 2022 and subsequent amendments as per order prot. no. 376961 of 6 October 2022, prot. no. 450517 of 6 December 2022, prot. no. 24252 of 26 January 2023, prot. no. 116285 of 3 April 2023 and prot. no. 237453 of 27 June 2023
EUROPEAN COMMUNITY (VDEh-Betriebsforschungsinstitut Gesellschaft mit beschränkter Haftung)	75,234	17/10/2023	European RFCS project called DEEP QUALITY Transf. Project share
Fondimpresa	7,540	25/01/2023	Aid for Training - Continuous training (Provisions for the drafting of the annual and multi-year State budget - 2001 Budget Law)

Presider S.p.A.

Name of granting body	Amount collected	Collection date	Reason
GSE	130,300		Incentives related to the use of the photovoltaic system

51.6. Significant events occurring after the end of the year

As part of Feralpi Group's corporate restructuring process started in 2022, aimed at optimising its organisational structure and corporate governance, a waiver request was sent on 17 November 2023 to the banking consortium, which in 2021 granted a loan of €100 million to support the investment plan. On 05 February 2024, the approval was communicated through the Agent Bank of the waiver request submitted by Feralpi Siderurgica S.p.A. This request requires, among other elements, that the Financial Covenants set forth in the Loan Agreement, as at 31 December 2023 and for the remainder of the term of the loan, be calculated at the consolidated level of the Siderurgica Group instead of the Holding Group, the granting of greater flexibility for investments, also considering that the cash flow generated in 2021 and 2022 was much higher than expected, as well as the investment plans outlined in the recent update of the Group's Business Plan.

On 6 February 2024, Feralpi Cellere S.r.l. (a subsidiary of Feralpi Power On S.r.l.) was incorporated, whose main corporate purpose is the development and operation of plants for the production of electricity from renewable and non-renewable sources and the sale thereof.

Lonato del Garda, 28 March 2024

On behalf of the Board of Directors
The Chairman
Giuseppe Pasini

APPENDIX

1. Financial information on associates and joint ventures

1.1. Media Steel S.r.l.

The Group holds a 45% stake in Media Steel S.r.l., whose corporate purpose is the purchase and resale to the steel industry of scrap used by the steel industry as raw material.

The following table summarises the financial information of the Group's investment in Media Steel S.r.l.:

(amounts in thousand euros)	31.12.2023	31.12.2022
Current assets	80,385	108,071
Non-current Assets	576	570
Current liabilities	(73,624)	(101,424)
Non-current liabilities	(309)	(275)
Shareholders' equity	7,028	6,942
Group share of shareholders' equity	45%	45%
Carrying amount of the Group's equity investment	3,163	3,124

(amounts in thousand euros)	2023	2022
Revenues from contracts with customers	303,571	382,798
Raw materials and consumables	(297,224)	(378,179)
Cost of services and other operating expenses	(2,657)	(2,865)
Financial expenses	(2,772)	(905)
Pre-tax profit	918	849
Taxes	(810)	(398)
Net profit for the year (from continuing operations)	108	450
Other comprehensive income components that may be reclassified to profit/(loss) for the year net of tax	-	-
Other comprehensive income components that will later not be reclassified to profit/(loss) for the year net of tax	-	-
Total comprehensive income (from continuing operations)	108	450
Group net profit for the year	49	203

The associate has no contingent liabilities or commitments as at 31 December 2023.

1.2. Dima S.r.l.

The Group holds a 31% stake in Dima S.r.l., which is involved in the treatment and reuse of inert materials.

The Group's investment in Dima S.r.l. is accounted for in the consolidated financial statements using the equity method.

The following table summarises the financial information of the Group's investment in Dima S.r.l.:

(amounts in thousand euros)	31.12.2023	31.12.2022
Current assets	10,571	6,084
Non-current Assets	6,974	7,464
Current liabilities	(9,622)	(6,882)
Non-current liabilities	(277)	(243)
Shareholders' equity	7,645	6,423
Group share of shareholders' equity	31%	31%
Carrying amount of the Group's equity investment	2,370	1,991

(amounts in thousand euros)	2023	2022
Revenues from contracts with customers	13,113	13,326
Raw materials and consumables	(2,273)	(2,230)
Cost of services and other operating expenses	(8,110)	(8,235)
Write-down of financial assets	-	(8)
Financial expenses	(58)	(56)
Pre-tax profit	2,672	2,797
Taxes	(834)	(715)
Net profit for the year (from continuing operations)	1,838	2,082
Other comprehensive income components that may be reclassified to profit/(loss) for the year net of tax	-	-
Other comprehensive income components that will later not be reclassified to profit/(loss) for the year net of tax	-	-
Total comprehensive income (from continuing operations)	1,838	2,082
Group net profit for the year	570	645

The associate has no contingent liabilities or commitments as at 31 December 2023

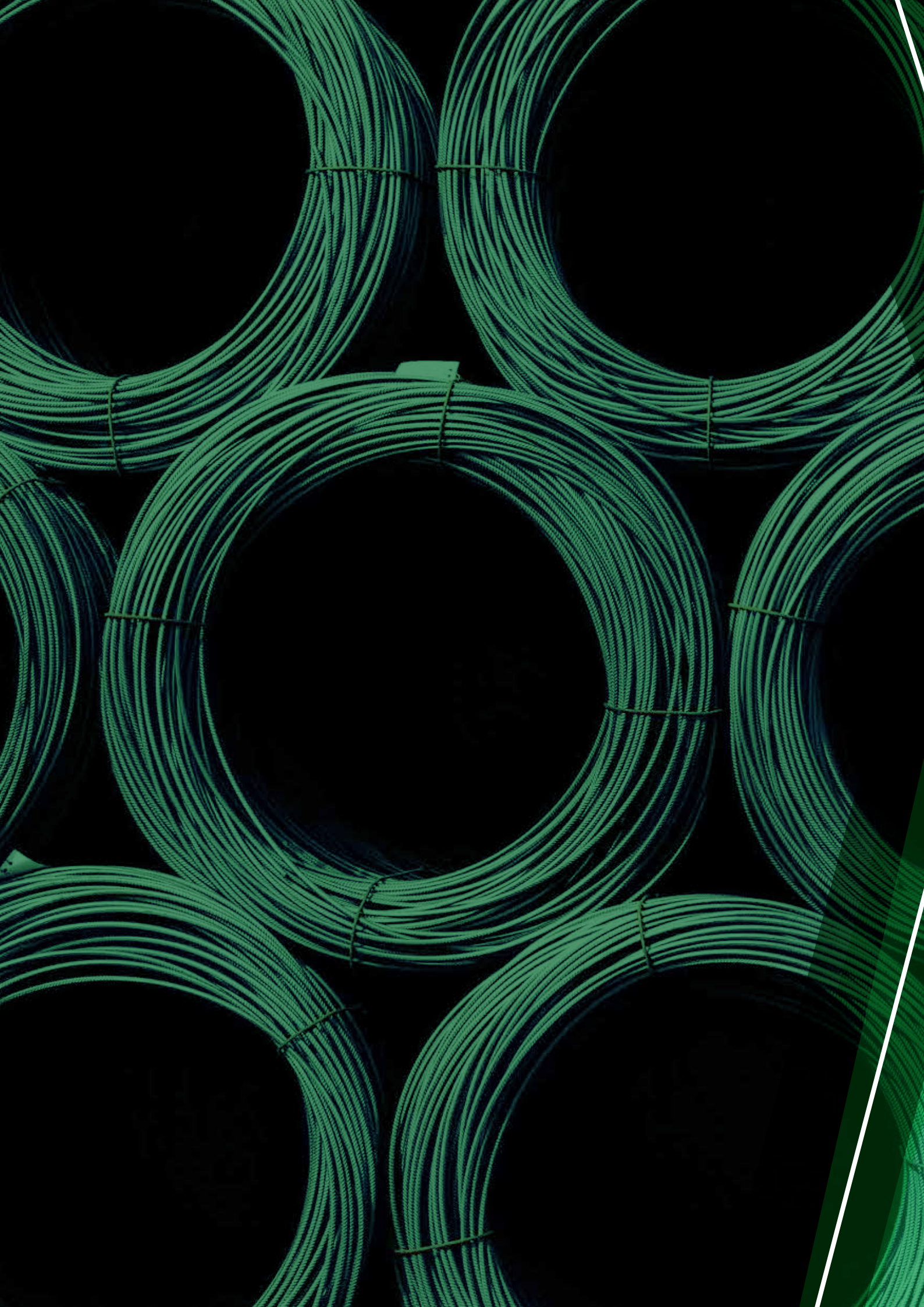
1.3. Alpifer Group

Feralpi Group holds a 50% stake in Alpifer S.r.l., which in turn controls Unifer S.p.A. and Steelfer S.r.l. The Alpifer Group is active in the processing of steel products for the construction industry.

The following table summarises the financial information of the Group's investment in Alpifer S.r.l.:

(amounts in thousand euros)	31.12.2023	31.12.2022
Non-current Assets	27,872	23,731
Current assets		
Current liabilities	(52,595)	(62,365)
Non-current liabilities	(129)	(120)
Shareholders' equity	38,024	31,554
Group share of shareholders' equity	50%	50%
Goodwill	-	-
Carrying amount of the Group's equity investment	19,012	15,777
(amounts in thousand euros)	2023	2022
Raw materials and consumables	(84,395)	(124,034)
Cost of services and other operating expenses	(15,929)	(16,296)
Financial expenses	(574)	(107)
Pre-tax profit	8,665	10,569
Taxes	2,193	2,782
Net profit for the year (from continuing operations)	6,473	7,787
Other comprehensive income components that may be reclassified to profit/(loss) for the year net of tax	-	-
Other comprehensive income components that will later not be reclassified to profit/(loss) for the year net of tax	-	-
Total comprehensive income (from continuing operations)	6,473	7,787
Group net profit for the year	3,236	3,894

The associate has no contingent liabilities or commitments as at 31 December 2023.





Reports

Board of Statutory Auditors' Report

Report of the Board of Statutory Auditors to the Shareholders' Meeting of Feralpi Siderurgica S.p.A., pursuant to Art. 2429 of the Italian Civil Code

To the Shareholders' Meeting of Feralpi Siderurgica S.p.A.,

Foreword

This report was approved collectively, in time for it to be filed at the Company registered office, and summarises the activities concerning the reporting required by Art. 2429, paragraph 2, of the Italian Civil Code, referring to the financial year ended as at 31.12.2023, which was inspired by the Rules of Conduct of the Board of Statutory Auditors recommended by the National Institutes of Chartered Accountants. In this context, the Board of Statutory Auditors, not being entrusted with the legal audit, therefore carried out the supervisory activities envisaged in Rule 3.8. of the “*Rules of Conduct of the Board of Statutory Auditors of Unlisted Companies*” on the financial statements, consisting of an overall summary control aimed at verifying that the financial statements had been correctly drawn up. The independent auditor, EY S.p.A., issued its report dated 14.05.2024 containing an unqualified opinion.

According to the report of the independent auditor, the financial statements as at 31.12.2023 give a true and fair view of the financial position, results of operations and cash flows of your Company and have been prepared in accordance with the regulations governing their preparation.

Supervisory activity

The supervisory activity during the financial year was carried out taking into consideration the type of activity carried out by the Company, its size, management complexity and organisational and administrative structure, also taking into account the effectiveness of the transfer of the strategic, administrative, tax and accounting services and I.T. consulting business unit from Feralpi holding S.p.A. as from 1 January 2023.

In particular:

- we monitored compliance with the law and with the articles of association, as well as observance of the principles of proper administration;
- we have obtained information from the corporate bodies, during the various meetings and gatherings, on the general performance of operations and on its foreseeable evolution in view, in particular, of the effects of the Russian-Ukrainian conflict and of the current macro-economic context;
- we have regularly participated in Shareholders' Meetings and Board of Directors' Meetings, which were held in compliance with the statutory and legislative provisions governing their conduct, and therefore we can reasonably ensure that the actions resolved upon are in accordance with the law and the articles of association, and are not manifestly imprudent, risky, in potential conflict of interest or such as to compromise the integrity of the company assets;
- we monitored the organisational structure and the administrative and accounting system of the Company;
- we exchanged information with the contact persons of the independent auditing company;
- we exchanged information with the Supervisory Body pursuant to Legislative Decree 231/2001.

During the course of the supervisory activity, as described above, no facts or findings emerged that need to be mentioned in this Report.

With reference to the additional duties of the Board of Statutory Auditors, we inform you that: (i) no complaints were received from third parties; (ii) during 2023, the additional engagements - also at group level - that were entrusted to the independent auditors are disclosed in the financial statements; (iii) no action had to be taken due to omissions on the part of the Board of Directors pursuant to Art. 2406 of the Italian Civil Code; (iv) no complaints were made pursuant to Art. 2409, paragraph 7, of the Italian Civil Code; (v) we have not made any reports to the Board of Directors pursuant to Art. 25-octies of Legislative Decree no. 14 of 12 January 2019, and no reports were received from qualified public creditors pursuant to Art. 25-novies of Legislative Decree no. 1 of 12 January 2019.

Comments and proposals on the financial statements and their approval

With regard to the financial statements as at 31.12.2023, prepared by the Board of Directors, we have:

- noted that the Directors did not adopt any exemptions under Art. 2423, paragraph 4, of the Italian Civil Code;
- ascertained that the financial statements correspond to the facts and information of which we are aware, as a result of both the performance of our supervisory, inspection and control duties and of our participation in meetings of the corporate bodies;
- verified compliance with the legal requirements concerning the preparation of the Management Report.

During the course of the control activity, as described above, there are no observations that need to be highlighted in this Report.

Conclusions

As a result and taking into account the above, as well as the results of the work performed by the body entrusted with the legal audit, it is proposed that the Shareholders' Meeting approve the separate financial statements, for the financial year ended as at 31.12.2023, as prepared by the Board of Directors. Furthermore, there are no observations to make with regard to the proposal of the Board of Directors concerning the allocation of the annual result.

Lonato, 14 May 2024

The Board of Statutory Auditors

Mr. Giancarlo Russo Corvace

Mr. Alberto Soardi

Mr. Stefano Guerreschi

Independent Auditors' Report on the Consolidated financial statements



Feralpi Siderurgica S.p.A.

Consolidated financial statements as at December 31, 2023

**Independent auditor's report pursuant to article 14 of
Legislative Decree n. 39, dated 27 January 2010**



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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

To the Shareholders of
Feralpi Siderurgica S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Feralpi Siderurgica Group (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of Feralpi Siderurgica S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Feralpi Siderurgica S.p.A. or to cease operations, or have no realistic alternative but to do so.

EY S.p.A.
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Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998

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The statutory audit committee (“Collegio Sindacale”) is responsible, within the terms provided by the law, for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Feralpi Siderurgica S.p.A. are responsible for the preparation of the Report on Operations of Feralpi Siderurgica Group as at 31 December 2023, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the consolidated financial statements of Feralpi Siderurgica Group as at 31 December 2023 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of Feralpi Siderurgica Group as at 31 December 2023 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Brescia, May 14, 2024

EY S.p.A.
Signed by: Andrea Barchi, Auditor

This report has been translated into the English language solely for the convenience of international readers.

Independent Auditors' Report on the Sustainability Statement



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 Siderurgica 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, paragraph 1.G) of CONSOB Regulation adopted with Resolution 20267/2018, on the voluntary consolidated disclosure of non-financial information of Feralpi Siderurgica S.p.A. and its subsidiaries (hereinafter the "Group" or "Feralpi Group") for the year ended on December 31, 2023 in accordance with article 4 and article 7 of the Decree, presented in the specific section of the Director's Report of the Group's consolidated financial statements and approved by the Board of Directors on March 28, 2024 (hereinafter "DNF").

Our limited assurance engagement does not cover the information included in the paragraph "*The European Taxonomy (EU Reg. 2020/852)*" 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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Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998

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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 International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. In the year to which this engagement relates, our audit firm has applied the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, has maintained 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 evidence 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:
 - o Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
 - o policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
 - o main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

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 Siderurgica S.p.A. and with the personnel of Acciaierie di Calvisano S.p.A. and Arlenico S.p.A. 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 site of Calvisano) and Arlenico S.p.A. (production site of Lecco) 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 Group for the year ended on December 31, 2023, 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 above conclusions on the DNF of the Feralpi Group do not refer to the information included in the paragraph "The European Taxonomy (EU Reg. 2020/852)" of the DNF itself, that are required by art.8 of the European Regulation 2020/852.

Other aspects

The comparative data presented in the DNF in relation to the financial year ended on December 31st, 2021, and the financial year ended on December 31st, 2022, have not been audited.

Brescia, May 14th, 2024

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.

