

Sustainability Report

FINANCIAL YEAR 2023

AFV BELTRAME GROUP

AFV Beltrame Group

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Plant in Vicenza, Italy

SUSTAINABILITY REPORT

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LETTER TO STAKEHOLDERS



Plant in Vicenza, Italy

Dear Stakeholders,

The Group continues to communicate the results and impacts of its most relevant business-related activities achieved during 2023 through this new edition of the Sustainability Report.

The report clearly shows that we are increasingly committed to integrating ESG principles into all processes and locations, understood as ways of producing cost-effective, social and environmental value, with the goal of mutual growth for all our stakeholders.

Ours is a transparent commitment, which cannot fail to be linked to the awareness, now more than ever a certainty, that only by intertwining industrial strategy with that of sustainability is it possible to remain competitive. This is in both an increasingly challenging market and in a world whose socio-economic, financial, energy and climate scenarios continue to be uncertain and complex.

Far from retreating, this spurs us on to chart a new course for steel. More responsible production as demanded at EU level and to persevere, as innovators, in the decarbonisation of the sector, continuing forwards with what we started with Chalcibia.

The achievement of the project to provide a certified carbon neutral steel, as the first supplier in the long steel product market in Europe, has confirmed our positioning and our leadership among the leading steel groups in the country and in the Union. But this is not enough for us. Thus, last year we extended the scope in the area of sustainability to new projects, always related to the four drivers of greatest interest to us: production efficiency, circular economy, hydrogen and self-consumption of renewable energy. In this direction, in 2023 we set up a combination of solutions ranging from the purchase of hydroelectric and photovoltaic plants to signing PPA (Power Purchase Agreement)

**The foresight of a large Group
also lies in understanding when it is necessary to
know how to redesign its future if the times call for it.
And the times tell us that building a new paradigm for
sustainability remains possible.**

contracts to other consortium investments in ground-based solar power in Abruzzo, Lazio and Sicily, which will increase the percentage of Italian consumption covered by self-production about to 30%.

And again, at plant level, the replacement of three heating furnaces with more efficient technology in the French, Romanian and Swiss sites and an innovative smart energy platform for the digitisation of processes. This will allow us to monitor, manage and optimise consumption and intervene on anomalies from malfunctions and waste, thanks to artificial intelligence based on machine learning. The system will not only provide us with timely reporting of consumption and emissions from individual plants, but will also allow us to identify new long-term energy strategies, enabling us to achieve our decarbonisation targets.

Remaining on the topic of investments, the acquisition by incorporation of Idroelettriche Riunite, a company that has been active in the production of renewable energy for more than a century, brought us 12 hydroelectric power plants located in the Italian Alps.

These are small and large-scale plants with an average production of 160 GWh/year of renewable energy, which will contribute to a reduction of approximately 36,000 tonnes of CO₂ released into the atmosphere, thus constituting an important step forward in reducing Scope 2 emissions.

Another aspect in which we strongly believe is the increasingly close collaboration with partners spanning our entire supply chain, to achieve a virtuous acceleration to system-wide change, contributing to the large-scale use of low-carbon steel.

Therefore, also in light of the European guidelines on green building, the Taxonomy of sustainable activities and the application of the Minimum Environmental Criteria in the NRRP and Complementary Plan projects, the use of steel products with a high recycled content and a low CO₂ foot-

print will prove to be increasingly decisive.

This is why we are proud to report that, also for the year 2023, the percentage of materials from recovery cycles used in the rolled product production process was over 95%, bringing all our products to fully meet the criteria defined by the CAM under the banner of increasingly sustainable construction.

To conclude, let us thank all our people, whose professionalism and expertise have been key contributions to the growth we have recorded and who have allowed us to give you feedback on all this.

There is still a long way to go. We are convinced that the foresight of a large Group also lies in understanding when it is necessary to know how to redesign its future if the times call for it.

And the times tell us that building a new paradigm for sustainability remains possible.

Trying then becomes a duty.

Ours starts therefore also from here.

Alain Creteur

Chief Executive Officer and CEO
Stahl Gerlafingen



Antonio Beltrame

President and Chief Executive
Officer



Raffaele Ruella

Chief Executive Officer and
Group CFO



THE ADDED VALUE OF SUSTAINABILITY

In a global context increasingly oriented towards environmental and social sustainability, the steel industry has taken on a crucial role in defining new standards of action that emphasise a culture of responsibility vis-a-vis all stakeholders.

The Group's focus, as requested by the EU and reinforced by successive UNFCCC Conferences of the Parties over the years, is necessarily on reducing greenhouse gas emissions and combating climate change, which we address through a detailed and ambitious decarbonisation plan, also monitored by third parties.

As part of the integrated management of our business, we pay just as much attention to monitoring all other environmental aspects and work to reduce their impacts at all levels, as evidenced by the performance indicators of the issues we have set as the foundation of our sustainable action and which we constantly analyse.

Through the gradual introduction of renewable energy sources, the continuous optimisation of production processes, the responsible use of water, and the circular vision in the management of raw materials, auxiliaries, by-products and waste, the AFV Beltrame Group intends to increasingly consolidate its leadership in the sustainable steel industry and represent an international benchmark.

We also know how important it is to go beyond the environmental sphere and extend our action to social responsibility, to the involvement of communities, to active partici-

pation in associations for sustainable development shared with all the players in the value chain and stakeholders. We are actively committed to improving working conditions, enhancing a safety culture, promoting diversity, fostering employees' skills development and offering services that meet work-life balance needs. We strongly support projects aimed at education, health, economic growth and the development of the social fabric of the areas surrounding our plants.

With this new Sustainability Report, we therefore intend to disclose the results achieved in 2023 and present the future objectives and strategic lines of our business, relying heavily - a characteristic that distinguishes us - on transparency and the open sharing of data and results, as key elements of proper communication, supporting each piece of information with objective evidence.

We also recognise the challenges and objectives still to be achieved, explicitly stating our commitment to constantly improving our sustainable practices.

In conclusion, we believe that this report describes and summarises our constant commitment to the adoption of a responsible and sustainable industrial production model, in which we strongly believe and to which we intend to contribute as protagonists.

**The steel industry has taken on
a crucial role in defining new
standards of action and the
engagement of
all stakeholders.**

Giovan Battista Landra

Group Sustainability & Environment Director

Plant in Vicenza, Italy



METHODOLOGICAL NOTE

Foreword

This Sustainability Report of AFV Acciaierie Beltrame S.p.A. and subsidiaries, hereinafter "AFV Beltrame Group" or "the Group", has been prepared in accordance with the reporting principles proposed by the GRI. The document was also the subject of a limited assurance engagement according to the criteria set forth in ISAE 3000 Revised by the external auditing firm Deloitte & Touche S.p.A. The audit was carried out according to the procedures indicated in the "Independent Auditor's Report", included in this document. The AFV Beltrame Group does not fall within the scope of Italian Legislative Decree 254/2016 concerning the obligation to prepare a non-financial statement (NFS), but opted to voluntarily draft a sustainability report to increase transparency towards stakeholders and also communicate its performance and strategy with regard to ESG criteria and principles. The Report will be published annually.

The strategic approach to sustainability

Sustainability is increasingly at the heart of the AFV Beltrame Group's way of doing business, with the aim of leading the Group and making the greatest contribution to sustainable development. In fact, the AFV Beltrame Group has embarked on a process of integrating sustainability issues and ESG principles throughout the value chain, committing itself to integrating them into its activities. To this end, it adopts clear and measurable indicators (KPIs) by defining specific targets that all company departments are called upon to achieve. It also defines the guidelines that enable the creation of an integrated systemic process. The AFV Beltrame Group has set out its own Sustainability Policy to foster this integration, developing it around two key points: sustainability of production processes and enhancing relations with internal and external stakeholders.

Preparation of the Report and references used

The Sustainability and Environment Department coordinated the drafting of the 2023 Sustainability Report, transversally involving the entire organisational structure of the Group companies included in the reporting scope, each having its own operational sustainability committee (Country Sustainability Committee¹).

The contents of the Report have been prepared in accordance with the 2021 GRI Sustainability Reporting Standards published by the Global Reporting Initiative (GRI), with the "in accordance" option.

Objectives of the document

This 2023 Sustainability Report is the tool for communicating the annual results of the AFV Beltrame Group's sustainability journey to our stakeholders. The reporting scope of the Report includes the companies of the AFV Beltrame Group, with the aim of preparing a Group-wide document/report.

Details concerning the companies integrated within this perimeter can be found in the section "Reporting scope of the Report and period analysed".

Document definition

The reporting methodology of in "accordance" with the GRI Standards was confirmed by the Sustainability Steering Committee². The results of the process were first presented to the Sustainability Steering Committee and then to the Board of Directors. This report has been therefore approved by the Board of Directors on 6 of May 2024.

NOTE:

¹) Country Sustainability Committees: local operational committees that promote and support sustainability-related projects, also monitoring their progress; they work with the other corporate departments to collect data for the preparation of the Sustainability Report.

²) Sustainability Steering Committee - SSC: strategic committee responsible for developing the corporate sustainability strategy, defining and supporting improvement projects and activities, and defining priority areas.

Reporting scope of the Report and period analysed

The AFV Beltrame Group is present in Europe and operates through both direct subsidiaries and a dense network of distributors, subsidiaries, agents and direct sales forces. The Group consists of seven production plants. Three are based in Italy: Vicenza (VI), San Giovanni Valdarno (AR), San Didero (TO); one in Switzerland; one in France and two in Romania: Călărași and Târgoviște. This Report refers to the financial year 2023 (1 January to 31 December 2023) and offers a comparison with the figures for the previous two-year period (2021- 2022) where possible. This Sustainability Report will be published in the second quarter of 2024. The scope of the economic and financial data and information is the same as that in the Group's Consolidated Financial Statements as at 31 December 2023. The scope of the social and environmental data and information is instead composed with the following companies included:

- AFV Acciaierie Beltrame S.p.A., Parent Company with headquarters in Vicenza. With regard to social information (GRI 400), the data relating to the former Idroelettriche Riunite S.p.A. (I.R.) were also included, acquired on 22/06/2023 with a subsequent merger within AFV Acciaierie Beltrame S.p.A. on 31/12/2023. Instead, for the environmental information (GRI 300) of this entity, as an energy producer, the Group is preparing to report this information starting from next year.
- Laminés Marchands Européens S.A., a French subsidiary based in Trith Saint Léger, part of the AFV Beltrame Group since 1994;
- Stahl Gerlafingen A.G., a Swiss subsidiary based in Gerlafingen, part of the AFV Beltrame Group since 2006;
- Donalam S.r.l. (Călărași factory), a Romanian subsidiary based in Călărași, part of the AFV Beltrame Group since 2007.

The companies and/or plants which have been excluded or partially excluded are:

- Târgoviște plant (part of the company Donalam S.r.l.) acquired in March 2022 and not yet fully operational. For this plant, some updates with respect to the financial year 2022 as well as some specific social information are given in the Annual Report;
- Alternative Energy Innovation S.r.l., a company operating in the energy sector but not significant in terms of its contribution to the sustainability indicators reported;
- Sipro Beltrame A.G., as a company of insignificant size in terms of its contribution to the sustainability indicators reported;
- Laminoirs du Ruau S.A., as a company of insignificant size in terms of its contribution to the sustainability indicators reported;
- Donalam Siderprodukte A.G., as a company of insignificant size in terms of its contribution to the reported sustainability indicators;
- Ferriera Sider Scal S.r.l., as a company in the process of liquidation.

Any differences with respect to the reporting scope specified above or clarifications on the calculation method are indicated in the respective sections of the document.

Material topics reported

The GRI Standards require the Sustainability Report to contain information on material topics, i.e., current and potential, positive and negative, economic, environmental and social (including human rights) impacts. The principle of materiality is to provide stakeholders with complete and consistent information in order to assess the performance of companies. The approach used by the AFV Beltrame Group therefore referred to different disciplines, sources and methodologies.

With this aim in mind, the AFV Beltrame Group carried out a comprehensive and complex materiality analysis in 2022 involving internal and external stakeholders, integrating different methodologies, principles and international and industry guidelines, which allowed the list of material topics to be updated. This process included the active participation of both the Sustainability Steering Committee and the heads of the main departments at Group and country level. For 2023, as there were no substantial changes in the organisation of the Group and/or its activities, the list of material topics identified in the 2022 financial year was confirmed. The material topics are therefore a key element of the Group's integrated strategy, which has undertaken to identify elements that can influence its long-term performance from an ESG perspective. The material topics covered by sustainability reporting are:

- health, safety and well-being, including human rights;
- decarbonisation and climate change;
- energy management;
- environmental management: water, air, waste;
- economic performance;
- development and management of human capital;
- business ethics;
- policy and regulatory risk;
- community impact and development.

Contacts:

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01

The AFV Beltrame Group

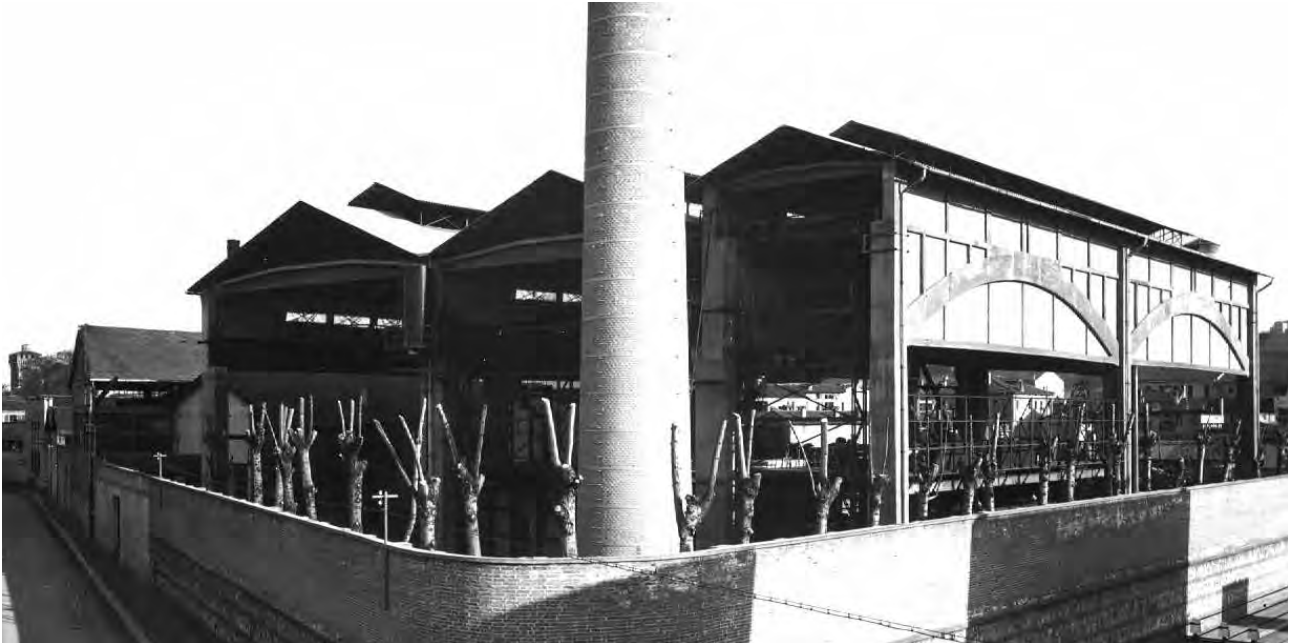
Chapter 1

AFV

1.1 HISTORY AND EVOLUTION

Profile and History of the AFV Beltrame Group

Established in 1896, the now more than century-old history of AFV Acciaierie Beltrame S.p.A. has been closely linked to the entrepreneurial life of the Beltrame family in a combination that has placed this production company in a leading position in the Veneto and national steel industry while always innovatively responding to the changing needs of the economic context, with a rational articulation of subsidiaries that ensures its presence in foreign markets.



early 1900s - Vicenza plant, Italy

The entrepreneurial business of the progenitor Antonio Beltrame began in 1896 with a small mechanical repair and carpentry business with a forge. The company gradually grew over time and in the first decade of the 20th century it was able to produce steam engines, compressors, pumps, transmissions, equipment for mills, industrial factories, spinning mills and applied manganese iron casting. With the outbreak of the First World War, the company was forced to temporarily move to Riva Trigoso, near Sestri Levante, where it found further opportunities for the specialisation and rationalisation of production.

After having returned to its original location in 1920, a small rebar rolling mill began operating, which then developed into the completion of the steel mill in 1926-1927.

The construction of the electric furnace in the new steelworks department, however, reopened the age-old problem of the autonomous supply of electricity; the Ditta Beltrame thus began the paperwork to obtain public concessions for the two plants in Debba and Colzè on the Bacchiglione River in 1925; subsequently, the construction of a 10,000 V line from the hydroelectric plant of Costozza on the Bacchiglione River in Vicenza was completed in 1938.

Beltrame presented a project in 1937 for the concession of a tributary of the Brenta River in the municipality of Valstagna, where a new power plant would be built after World War II. Still under the leadership of its founder, the company's expansion continued and in 1939 a 20-tonne Martin Siemens coal gas furnace was commissioned. By the end of the war, the industry had been largely destroyed and only parts of the facilities returned to operation. The construction of the second hydroelectric power plant was finally completed, and in 1951 the steelworks was established with a 10-tonne electric furnace.

The old rolling mills were stopped in 1960 and a roughing mill and a preparatory-finishing mill for the production of rounds and profiles were installed in their place. The 10-tonne furnace was insufficient for the new rolling mill, and the steel mill was upgraded with a 20-tonne furnace in 1963. The relocation of the factory to the industrial area of Vicenza began in 1971 with the installation of a new rolling mill for medium-sized profiles. Then construction of the new steel plant began in 1976 with the installation of a 60-tonne furnace and a four-line continuous casting machine, later increased to six lines. This was followed by the installation of a second rolling mill for small profiles in 1979. The steel mill was renovated from 1987 to 1990 with the installation of a new 120-tonne electric smelting furnace and a ladle furnace for refining steel; the larger rolling mill was modified to improve its functionality and a new four-line continuous casting machine was built. Technological/plant development made it possible to achieve leadership in Italy in the field of merchant bars. Further significant steps towards consolidating this supremacy were taken with the construction of a rolling mill in Friuli and the acquisition, completed in 1989, of a rolling plant in Marghera from the state-owned steel mills. The strengthening of the Group's presence on the foreign market began as early as the second half of the 1970s with the formation of commercial subsidiaries, in which the AFV Beltrame Group set up companies in partnership with former local agents to sell and distribute finished products in Germany, Austria, Switzerland, England and Benelux. Specialised companies for scrap procurement and transport management were also set up in Germany (the main European market). In the 1990s, the AFV Beltrame Group also began an internationalisation process for its production sites. A controlling stake was acquired in the Laminès Marchands Européens (L.M.E.) Group, previously held by the French Usinor Sacilor in a joint venture with the Belgians of Cockerill Sambre and the Luxembourgers of Arbed, which represented the AFV Beltrame Group's main European competitor and geographical complement. The deal was strategically instru-

mental in consolidating European leadership in the merchant bar sector.

The AFV Beltrame Group acquired its biggest Italian competitor in 2002: Siderurgica Ferrero S.p.A. of Turin, with its two production sites in San Didero (TO) and San Giovanni Valdarno (AR). Siderurgica Ferrero S.p.A. was merged by incorporation into AFV Beltrame S.p.A. in 2003. In 2006, the AFV Beltrame Group took over the majority of the Swiss company Stahl Gerlafingen A.G., while in 2007 it acquired a rolling plant in Călărași, Romania, through its subsidiary Donalam S.r.l. Consolidation in Romania continued in 2022 with the acquisition of the assets of the former Cos Târgoviște company in Târgoviște.

In particular, a multi-year investment plan has been provided for the Târgoviște plant in order to bring back into operation in the next few years not only the two rolling mills, which were already commissioned in the second half of 2022, but also the steel mill, for which a large part of the budgeted resources have been allocated. This strategy stems both from the domestic market context, which will see an increasing demand for finished infrastructure products in the years to come, and from the prospect of making the Călărași factory independent of semi-finished product supplies from third parties.

Lastly, on 22/06/2023 the Group acquired the company Idroelettriche Riunite S.p.A. (I.R.), a company operating in the production of 100% renewable energy for over a century, with subsequent merger within AFV Acciaierie Beltrame SpA on 31/12/2023.

The Parent Company has its historical headquarters in Vicenza, where the Group's most important factory operates. It currently employs over 900 of the total 2,883 employees (including Târgoviște) and also generates added value through numerous related activities. Throughout its 127-year history, the company has aligned its business objectives with environmental and social activities, never neglecting important investments in circular economy projects in all its locations according to the sustainability guidelines the company has set itself: optimisation of steel production processes with a view to continuous improvement, circular economy, people-centredness, and support for local communities. Finally, in this regard, the challenging decarbonisation plan that the Group has structured to accelerate production towards climate neutrality and the Chalibria brand, the certified carbon neutral steel launched in 2022 deserve mention. In 2023 Chalibria was the subject of a "European tour" which, thanks to dedicated events, made it possible to present the path that led from the idea to the creation to customers and stakeholders in detail.

With more than 2,800 employees, 12 rolling mills and four electric furnace steel mills (of which the one in Târgoviște is currently being modernised), the Group serves some 40 countries in Europe and the Mediterranean basin.

1.2 MISSION AND VISION

Production of merchant bars, beams, reinforcing steel and special steels for different applications, in particular for the construction and structural steels sector, shipbuilding, earth moving machines and the automotive industry. This is the AFV Beltrame Group's mission as a leading European steel company that works daily to ensure that the pursuit of business development goes hand in hand with that of the people who work in the Group, through the continuous improvement of the virtuous relationship between sustainable productivity, social innovation and collective value. A never-ending journey consisting of daily work, investments, training, sharing values and implementing best practices at all levels of the Group. Persevering in the creation of values of manufacturing excellence and quality by nurturing responsibility towards the local, national and international communities of which we feel part and with which we collaborate to create a more prosperous, equitable and sustainable environment, respecting each other's differences, identities and cultures.

1.3 TARGET MARKETS

Competence, striving for continuous improvement and reliability towards partners: the AFV Beltrame Group aims to create value for its people and its target market with these principles.

The Group has a highly favourable geographical distribution in relation to the areas of product consumption and raw material procurement. This structure allows it to be commercially present in all European and Mediterranean markets.

1.4 VALUES

Values consistent with innovation and continuous improvement must be made widely explicit and shared. The first level of action is certainly within the company through its leadership and management, who are the first to believe in and work to implement change (relating to processes, robotics, logistics but also to training, growth and services). The second step is outside the factory walls and involves suppliers, customers, institutions and training schools. An evolutionary process must be set in motion to unit these worlds, which sees human resources as people participating in innovation processes by leveraging values.

To realise this, the AFV Beltrame Group has spelled out a set of shared values pertinent to the very soul of the Group, in a crescendo of concepts that do not neglect the emotional side. Internalising these values is the driving force behind the creation of new interplay between company staff and suppliers, new relationships between producer and consumer: values that generate value.

Creating long-term value for shareholders, taking into account the interests of all stakeholders relevant to the company, together with the principles of proportionality and transparency, remains a primary objective that the Group intends to pursue.



mission

AFV Beltrame Group

The AFV Beltrame Group specialises in the production of merchant bars and special profiles for different applications: notably construction, structural steels, shipbuilding, earth moving machinery and the automotive industry.



vision

AFV Beltrame Group

The Group's vision envisages the pursuit of business development together with people development, through the continuous improvement of the virtuous relationship between sustainable productivity, social innovation and shared collective value.



values

AFV Beltrame Group

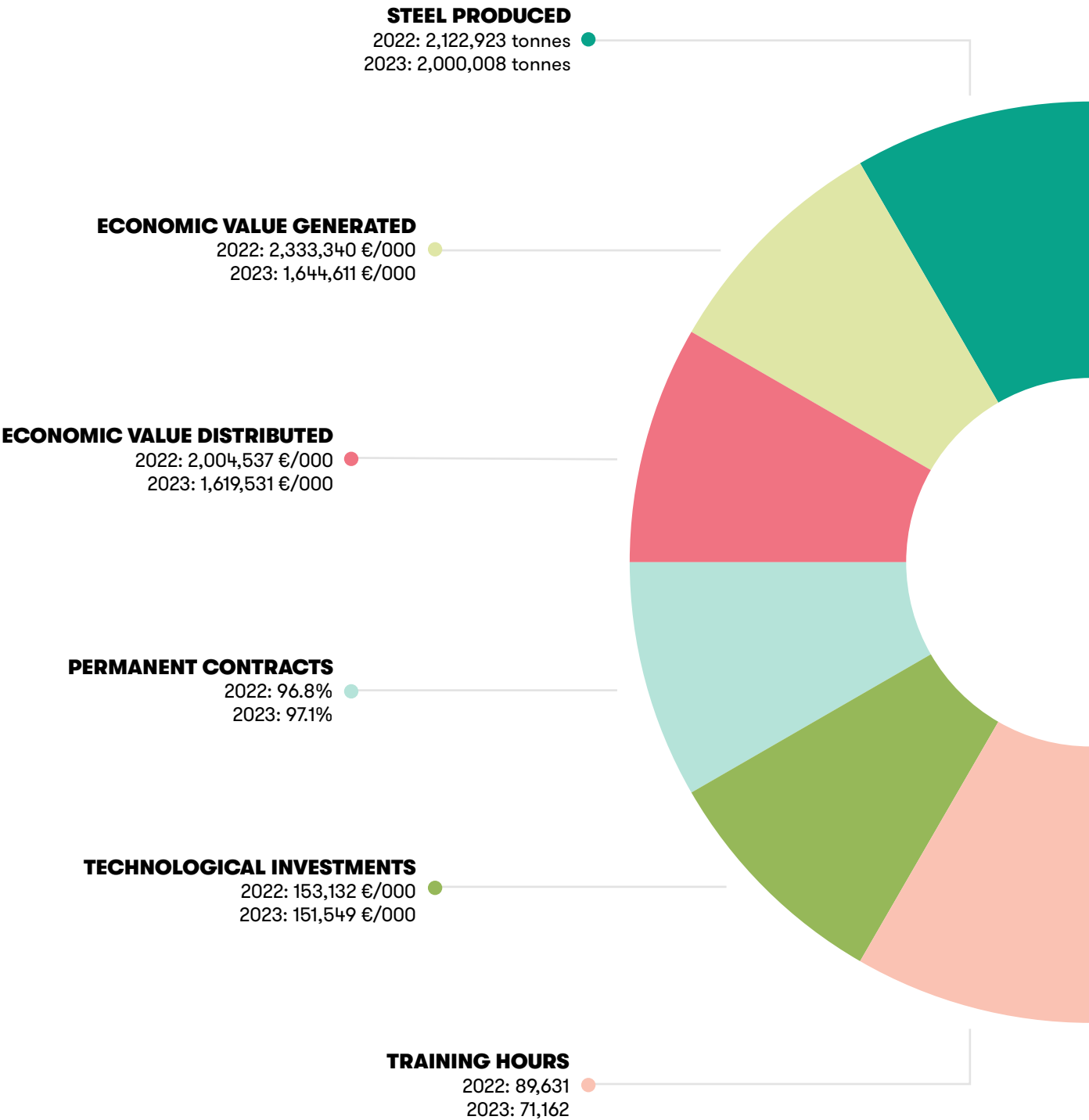
Since its foundation, the AFV Beltrame Group has been inspired by the principles that guide its every action and distinguish how it operates; principles that the Group is committed to promoting to its stakeholders through transparency, mutual growth and shared values and objectives.



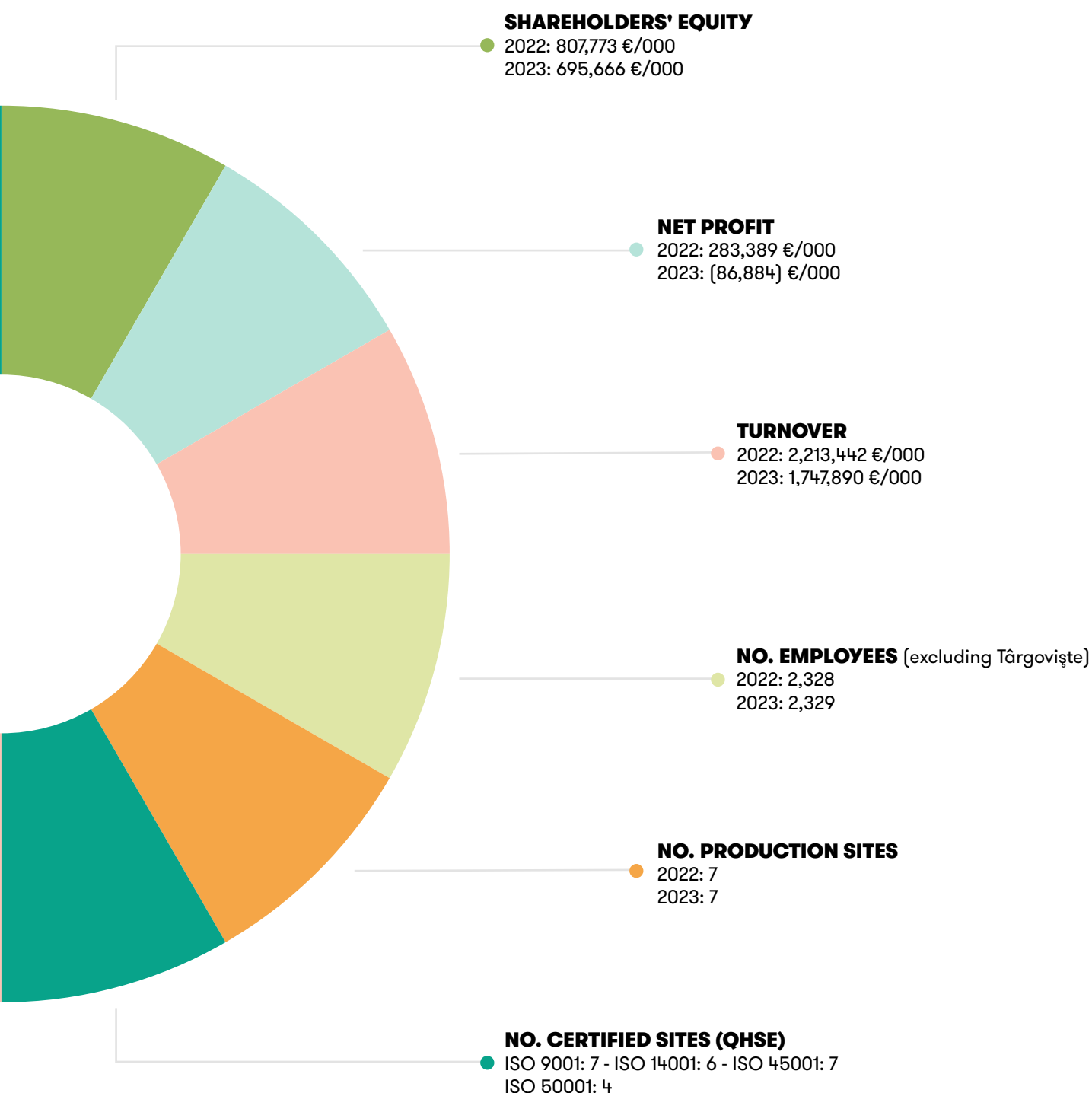
Workers at the Gerlafingen plant, Switzerland

1.5 CREATING VALUE FOR STAKEHOLDERS

Highlights: 2023 of the AFV Beltrame Group



Regardless of its size and the production context in which it operates, every company finds itself within an increasingly globalised network, on which it makes an impact and by which it is impacted. And the resources it uses, especially the natural ones, belong to a single environment which everyone must strive to safeguard. But to run its business sustainably, the company must find innovative solutions that enable it to analyse, understand and respond to the complexity of the context in which it operates. Furthermore, it must build a structured, constant relationship with its stakeholders. Only in doing so will it be able to move along a trajectory that combines economic growth, social development and preservation of the natural heritage.



To succeed in this objective, it is however essential that the company adopts a systemic, inclusive and transparent approach and improves its ability to measure business decisions by analysing all the impacts (economic and otherwise) they produce, in the short, medium and long term. It is therefore essential to maintain a constant, constructive dialogue with stakeholders, focused on listening to their needs and requirements on the basis of which to lay the foundations for a lasting relationship of trust as well as active engagement. Stakeholders represent a wide range of different interests: establishing and maintaining stable, long-lasting relationships according to the principles of transparency, fairness, clarity and completeness of information is crucial for the creation of shared, long-term value.



1.6 CORPORATE BODIES

Board of Directors:

Antonio Beltrame, President and Chief Executive Officer

Patrizia Beltrame, Vice President and Managing Director

Barbara Beltrame Giacomello, Vice President and Managing Director

Alain Creteur, Chief Executive Officer

Raffaele Ruella, Chief Executive Officer

Carlo Beltrame, Director

Carlo Carraro, Director

Board of Statutory Auditors:

Andrea Valmarana, President

Dario Semenzato, Regular Auditor

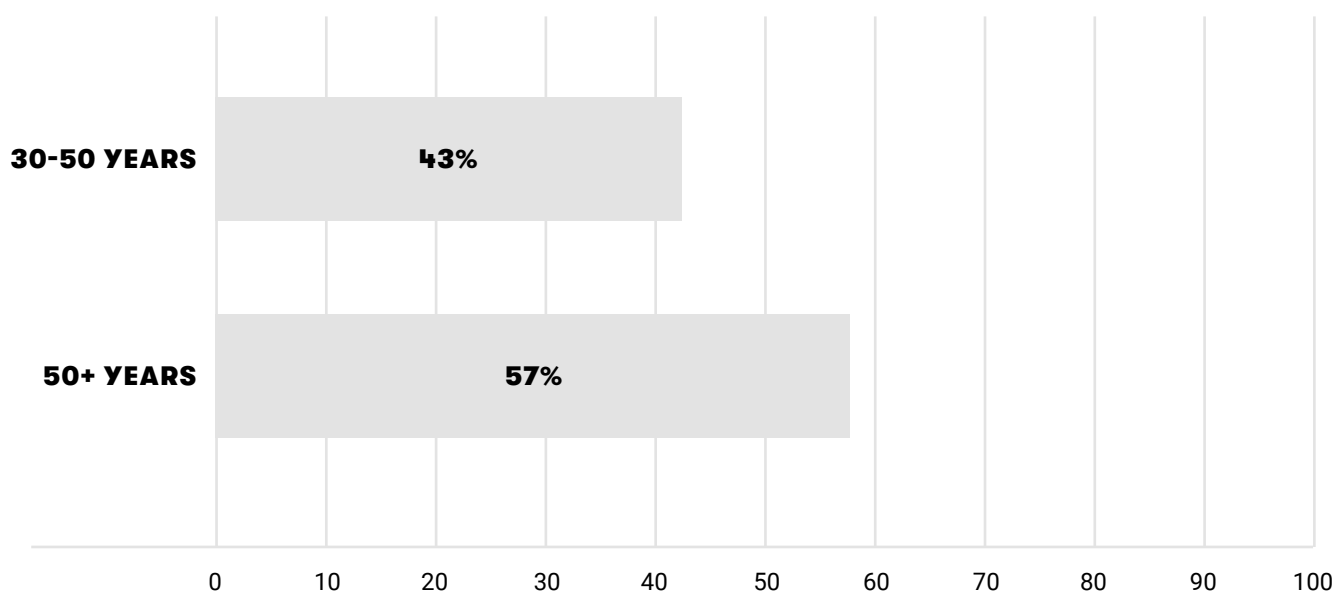
Primo Ceppellini, Regular Auditor

There are seven members of the Board of Directors, five of whom are men and two women. 43% belong to the 30-50 age group and the remaining 57% to the over-50 age group.

MEN

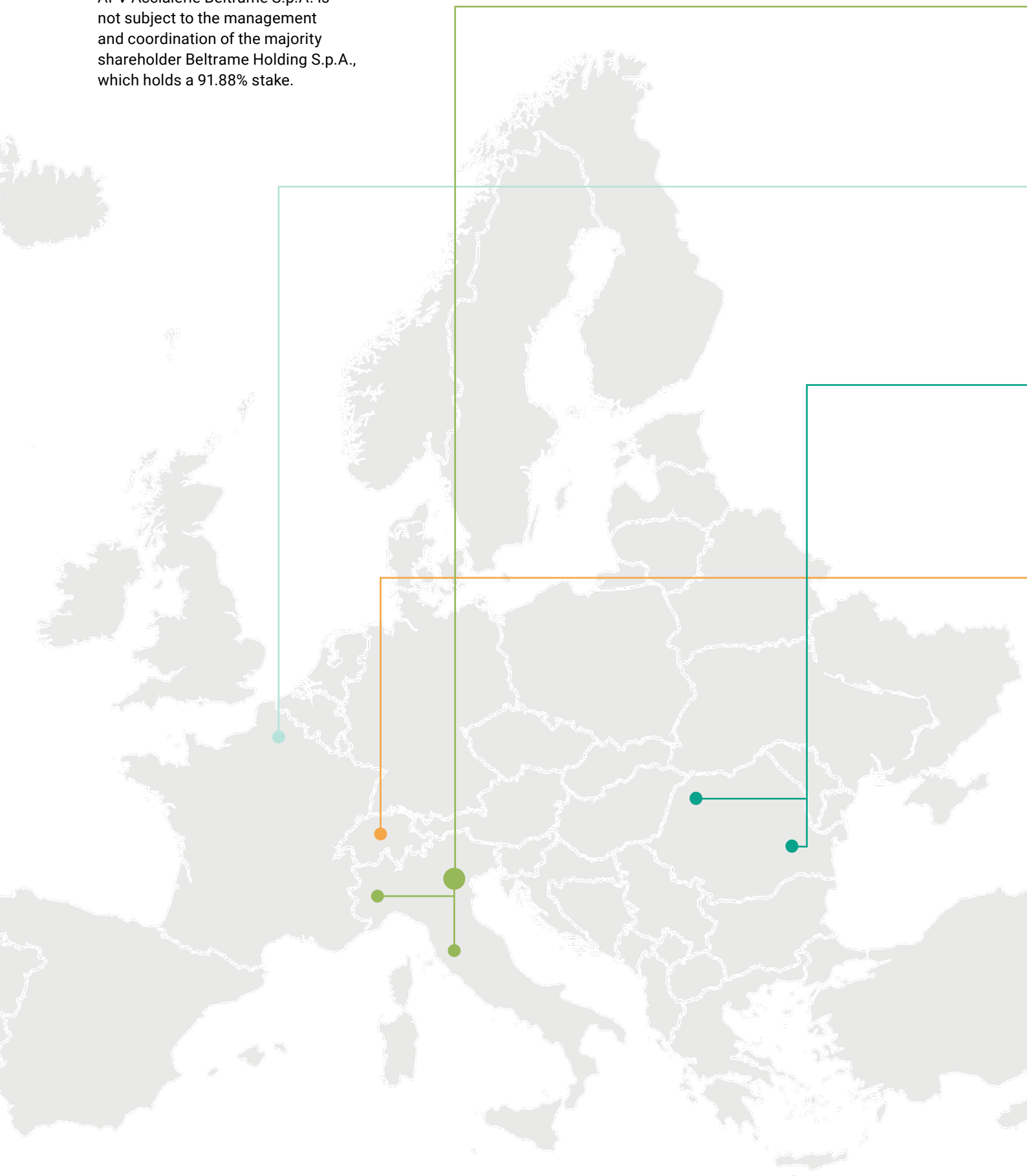


WOMEN



1.7 STRUCTURE OF AFV BELTRAME

AFV Acciaierie Beltrame S.p.A. is not subject to the management and coordination of the majority shareholder Beltrame Holding S.p.A., which holds a 91.88% stake.



PARENT COMPANY:**AFV Acciaierie Beltrame S.p.A.**

with headquarters and factory in Vicenza (VI), steel plants in San Giovanni Valdarno (AR) and San Didero (TO) and 10 production plants of hydroelectric energy between Veneto and Piemonte, Italy

SUBSIDIARIES:**80.23%**

Laminés Marchands Européens S.A.S.
based in Trith Saint Léger, France

**100%**

Laminoirs du Ruau S.A.
based in Monceau-sur-Sambre, Belgium

**94.49%****Donalam S.r.l.**

based in Călărași and factories in Călărași and Târgoviște, Romania

**75%****Donalam Siderprodukte A.G.**

based in Zurich, Switzerland

**86.47%****Stahl Gerlafingen A.G.**

based in Gerlafingen, Switzerland

**50%****Sipro Beltrame A.G.**

based in Zurich, Switzerland

**50%****Alternative Energy Innovation S.r.l.**

based in S.G. Lupatoto, Italy

**50%****Ferriera Sider Scal S.r.l.**

based in Vicenza, Italy

Appointment of Directors and Composition of the Board of Directors

As stipulated in the Articles of Association, the company has a Board of Directors that may consist of a minimum of three and a maximum of nine directors, both executive and non-executive.

Directors are appointed by the Shareholders' Meeting, which also determines their number, both for executive and non-executive members.

Pursuant to the Articles of Association, the term of office of Directors may not exceed a maximum period of three years. The Board of Directors currently consists of seven members who were appointed by the Shareholders' Meeting of 02 May 2023 and will remain in office for a three-year term (until the approval of the 2025 Financial Statements).

The assessment regarding the selection of the members of the Board of Directors, both executive and non-executive members, is carried out by the Shareholders' Meeting taking into account the views of the shareholders, gender diversity, independence and professional skills, so as to give the greatest possible weight to the plurality and complementarity of skills of the highest corporate governance body.



NAME	OFFICE	COUNTRY	GENDER
ANTONIO BELTRAME	CEO-Chairman	Italy	M
ALAIN CRETEUR	CEO-Executive Director	Belgium	M
PATRIZIA BELTRAME	Vice President	Italy	F
BARBARA BELTRAME GIACOMELLO	Vice President	Italy	F
RAFFAELE RUELLA	CFO-Executive Director, Head of Sustainability Projects	Italy	M
CARLO BELTRAME	Non-Executive Director	Italy	M
CARLO CARRARO	Non-Executive Director	Italy	M

The composition of the Board of Directors shows the presence of executive and non-executive members with different professional backgrounds, representing both shareholders, management and external professionals.

The President of the Board of Directors holds the delegated powers for the management of the company and is also a senior manager of the company.

In order to prevent conflicts of interest where potentially present, the President and members of the Board of Directors abstain from voting in the BoD.

Specifically in relation to sustainability, the Board of Directors plays the following roles:



→ **IT APPROVES AND MONITORS THE PROGRESS OF THE SUSTAINABILITY STRATEGY**



→ **IT APPROVES THE LIST OF MATERIAL TOPICS AND THE SUSTAINABILITY REPORT**



NOTE:

No critical issues were reported to the Board of Directors during 2023.

Given the dynamic context in which the company operates, any training activities related to sustainability issues for members of the Board of Directors are organised on the basis of specific needs. The activity carried out during 2023 concerning the re-approval of the list of material topics represented an opportunity for the entire Board of Directors of the Parent Company to be updated on sustainability issues and ESG criteria, in accordance with regulatory developments and best practices.

Conflicts of Interest

Conflicts of interest are managed consistent with the provisions of Article 2391 of the Italian Civil Code. In the event of resolutions concerning transactions in which one of the members of the Board of Directors has an interest, the Board of Directors must adequately justify the reasons and expediency. The legal provision is consistent with the general principle of transparency and the core values of the Group.

Remuneration Policies

The remuneration for the Board of Directors is determined by the Shareholders' Meeting upon appointment. In addition, the Board of Directors has the power to define the remuneration for its members holding special offices. As an unlisted company, there is no remuneration committee, nor does the Group use external consultants.

There is a specific "Remuneration Policy" for all other Group figures. The Policy establishes remuneration composed of a fixed and a variable part, and is communicated to the various company levels at the beginning of the year and reported at the end of the year with objective indicators, two of which are linked to an economic component and one to social sustainability.

Organisational Structure for Sustainability

The AFV Beltrame Group is aware that the management of impacts on the economy, environment and people must be integrated into its strategy and operations; for this reason, although outside a regulated corporate governance system, the Group has equipped itself with an organisational structure dedicated to sustainability, in order to define strategic guidelines at a central level and coordinate all project activities related to sustainability issues at a local level, constantly monitoring impacts.

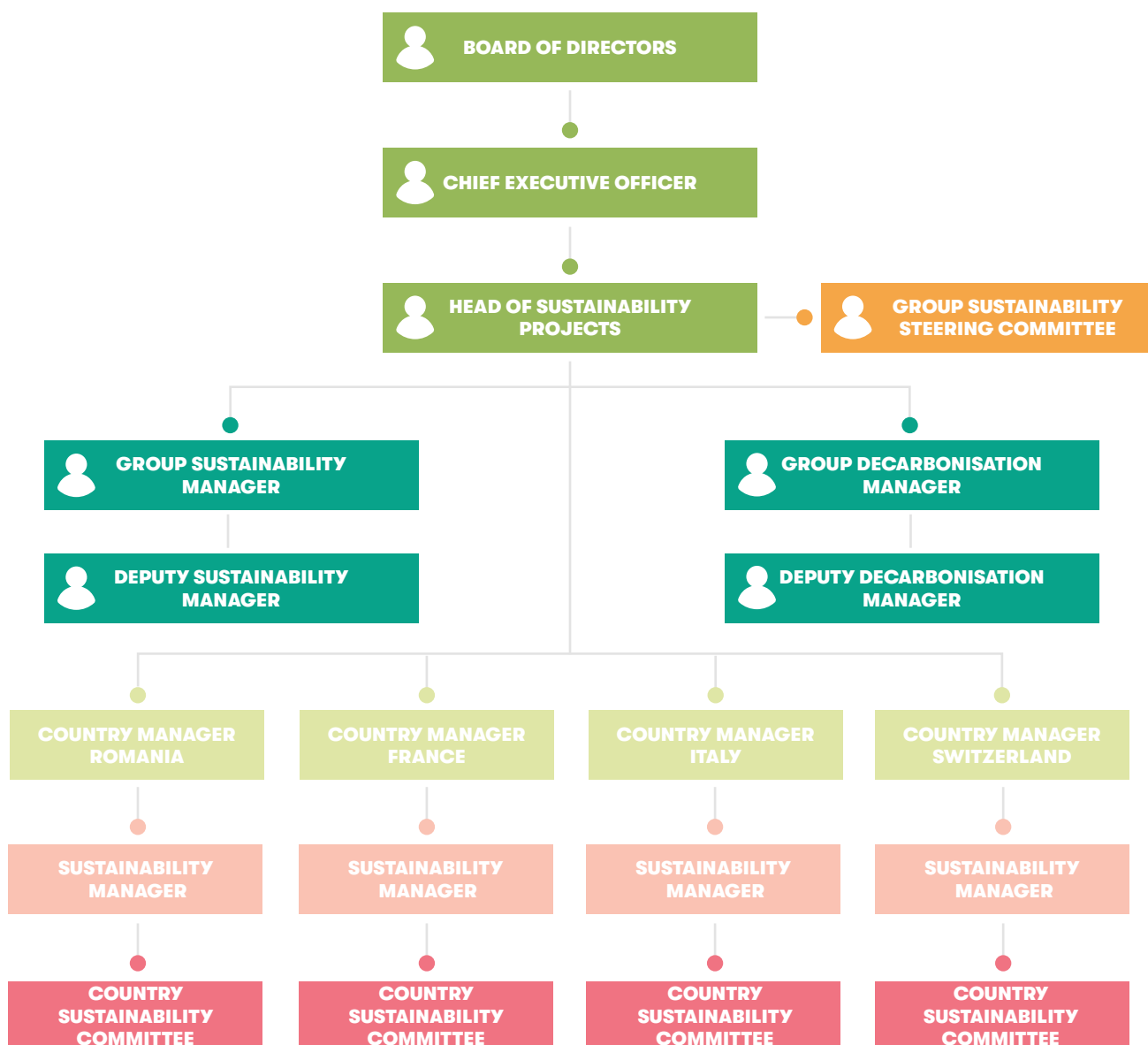
In fact, the Group CFO and Executive Director also holds the role Head of Sustainability Project, effectively creating a continuous link between the administrative body and the operational and organisational structure related to sustainability issues. The Board of Directors is the body responsible for defining, updating and approving the company's statement of purpose, mission and vision, as well as the integrated sustainability strategy and related objectives, proposed on the basis of the topics identified as material which emerge from the analysis conducted with the relevant stakeholders.

The role of the Chief Executive Officer as Head of Sustainability Project thus ensures full control of the processes with regard to sustainability dimensions and ESG criteria.



Plant in Vicenza, Italy

The organisational structure relating to sustainability and a description of the main roles can be found below:



Head of Sustainability Project

As an executive member of the Board of Directors, the Head leads the implementation of the sustainability strategy in cooperation with key corporate departments and reports on progress to the Board of Directors. The Head also actively participates in the definition of the materiality analysis.

Group Sustainability Manager

Coordinates Group activities related to the sustainability strategy, translating the objectives defined by the Group Sustainability Steering Committee into concrete actions and projects.

Group Decarbonisation Manager

In connection with the decarbonisation strategy within the framework of the sustainability organisation, the Manager defines the strategy, targets and concrete actions.

Country Sustainability Managers

Present in all the countries, they coordinate the Country Sustainability Committees. They collect data and compile dashboards and KPIs, validate projects from a sustainability perspective and monitor their progress.

Lastly, the Group decided to have specific committees at both central and country level, with the following tasks:

Group Sustainability Steering Committee

Strategic committee responsible for developing the corporate sustainability strategy, defining and supporting improvement projects and activities, and defining priority areas. The members of this committee include:

- CFO & Head of Corporate Services Managing Director (Head of Sustainability Projects);
- HR Director;
- Country Manager France
- Country Manager Switzerland;
- Country Manager Romania;
- Country COO Italy;
- Group Sustainability Manager;
- Group Decarbonisation Manager;
- Group Continuous Improvement Manager.

Country Sustainability Committee

Present in all the countries, it is an operational committee led by the Country Sustainability Manager with the presence and sponsorship of the Country Manager. Main tasks:

- Ensure that the sustainability strategy is incorporated into operational processes and practices;
- Assess the progress of KPIs
- Check the progress of projects;
- Scout for new ideas and projects;
- Oversee research and applications for grants and funds.

This structure enables the Group to **continuously monitor progress within its sustainability strategy and both its positive and negative impacts by means of defined KPIs**. The impact management approach is bottom-up, with the Country Sustainability Managers monitoring KPIs at the individual country level, informing their Country Sustainability Committee, which in turn **reports information to the Group level** via the Group Sustainability Manager and/or Group Decarbonisation Manager.

This information is lastly reported to the Sustainability Steering Committee at regular meetings, which is ultimately responsible for **communications with the highest corporate governance body**.

Finally, the Group is committed to implementing a risk control system with reference to sustainability issues, in accordance with international trends and increasing regulatory requirements in the area of disclosure.



Trith Saint Léger plant, France

1.8 POLICY AND REGULATORY RISK

The analysis of risks and the identification of how to govern them are essential elements of the AFV Beltrame Group's sustainable management and ESG criteria integration path. In fact, the relevance of this aspect also emerged from the analysis that led to updating and re-approving the list of material topics, bringing that of "Policy and Regulatory Risk" within the scope of materiality.

For this reason, an in-depth analysis of risks related to changes in national and international regulations and policies that could have an impact on the Group was carried out, both in terms of new reporting requirements and with regard to their impact on the business.

Sustainable Finance: CSRD and Taxonomy

The regulatory process on sustainable finance implemented by the European institutions aims to ensure common rules and an organic approach to counteract greenwashing and create dedicated financing channels for companies that can truly prove to be sustainable. The 2018 Action Plan for Sustainable Growth set out ten actions to be implemented at European level based on the three pillars of European sustainable finance:

- **the creation of a science-based classification system of sustainable activities (known as the Taxonomy);**
- **the introduction of a mandatory disclosure regime for both financial and non-financial companies concerning their impact on the environment and society, as well as the sustainability-related operational and financial risks they face;**
- **the provision of a set of tools (such as benchmarks, standards, norms and labels) designed to support companies, financial market participants and intermediaries in aligning their investment strategies with the Union's environmental objectives.**

The direct and indirect consequences for the Group relate to the fulfilments that today are already (and in perspective will further be) required by the financial, banking and insurance system. The CSRD (Corporate Sustainability Reporting Directive) will instead require an immediate commitment from the AFV Beltrame Group.

Taxonomy

EU Regulation 2020/852 introduced the Taxonomy of eco-sustainable economic activities into the European regulatory system; it is a classification of activities that can be considered sustainable based on alignment with the environmental objectives of the European Union and compliance with certain clauses of a social nature. To be eco-sustainable, an activity must meet the following criteria:

1. Make a "substantial contribution" to at least one of the six environmental objectives:
 - climate change mitigation;
 - climate change adaptation;
 - sustainable use and protection of water and marine resources;
 - transition to a circular economy;
 - pollution prevention and control;
 - protection and restoration of biodiversity and ecosystems.
2. "Do No Significant Harm" (DNSH) to any of the environmental objectives.
3. Be carried out in compliance with minimum social guarantees (for example, those envisaged by OECD guidelines and United Nations documents).
4. Comply with the technical screening criteria set by the European Commission.

CSRD

On 28 November 2022, the European Council definitively approved the Corporate Sustainability Reporting Directive (CSRD), one of the cornerstones of the European Green Deal and the Agenda for Sustainable Finance, which amends Directive 2014/95 (NFRD - Non-Financial Reporting Directive). The entry into force finally took place on 5 January 2023, and will apply to large companies, which are not currently subject to the Non-Financial Reporting Directive, and which meet two of the following criteria:

- turnover exceeding € 50 million;
- shareholders' equity exceeding € 25 million;
- over 250 employees

obligating them to submit their reports on issues related to sustainability performance starting from 2026 (with reference to 2025).

The aim of CSRD is to broaden the scope of subjects obliged to provide sustainability information to stakeholders, particularly financial stakeholders, by providing:

1

all the information on how developments in the field of sustainability influence and affect the company (e.g., the effects of climate change on the business model) from a financial materiality perspective.

2

all the information on the effects that the company itself has on the surrounding environment (e.g. the effect of emissions from production processes on the air quality of local residents) in terms of impact materiality.

These two perspectives generate the concept of "dual materiality", representing the impact on the company and the impact of the company.

The classification of taxonomic activities, together with the entry into force of the CSRD, already influences and will increasingly influence the considerations of financial institutions or other stakeholders and will make it more competitive for less "green" sectors or non-aligned companies to obtain financing.



The Group recognises that for an effective and competitive implementation of sustainability-oriented business strategies, three factors are crucial:



Leadership



Cooperation



Transparency

The Group's top management is committed to innovating business models by integrating sustainability practices with a cooperative and multi-stakeholder approach in order to gather resources, share risks and achieve new innovative solutions, increasing transparency to build trust and strengthen stakeholder engagement.

Climate Policies

As far as the European legislative context on climate policies is concerned, the last few years have been characterised by discussions and new proposals inspired by the principles of the Green Deal. From 2020 onwards, several innovations have been promoted regarding the mechanisms that guarantee sustainable growth, while respecting natural resources, biodiversity and people, in accordance with the climate neutrality goal by 2050.

FIT FOR 55

The "Fit for 55" package presented by the European Commission on 14 July 2021 aims to translate the ambitions of the Green Deal into legislation and consists of a series of proposals to revise climate legislation. This package has been the subject of several negotiations with provisional agreements that have not yet been finally approved. The main environmental aim of "Fit for 55" is to accelerate the decarbonisation of European companies, with an increasingly ambitious 2030 target of 55%, or even 62%, reduction in emissions compared to 1990 levels, as stated in the latest 2022 draft.

Among the main new aspects within the "Fit for 55" package that have a potential negative impact, those representing an element of risk for the AFV Beltrame Group are the revision of the EU-ETS emissions trading mechanism and the impact of the CBAM (Carbon Border Adjustment Mechanism), with possible consequences on production levels, income, company cash flows and competition in non-EU markets.

EU-ETS

The EU-ETS mechanism, currently in its fourth phase (2021-2030), is one of the most important policies for reducing EU greenhouse gas emissions. The ETS works according to the "Cap & Trade" principle, with a cap on emissions for the actors involved and the possibility of trading between the actors involved.

The progressive reduction of the cap therefore determines the need to reduce own emissions and to define a decarbonisation pathway for all European companies, beyond the annual compliance needs that can be met by accessing the market for CO₂ emission credits (EUAs). Furthermore, the reduction of the "cap" translates into the reduction of free allocations, which are indexed by a benchmark mechanism at the performance of the ten best European companies.

The provisional agreement of December 2022 contains the following proposals for changes to the EU-ETS:

- 62% reduction in emissions by all sectors included in the EUETS;
- reduction of total emissions (cap of the mechanism) and increase of the linear emission reduction to 4.3% between 2024 and 2027 and to 4.4% between 2028 and 2030;
- strengthening of the MSR (Market Stability Reserve) with an extension beyond 2023 of the 24% input forecast (with a threshold of 400 M tonnes) and dynamic management of the SRM as a control system for price fluctuations;
- increased demands on ETS companies regarding energy audits and decarbonisation and climate neutrality plans.



CBAM

The CBAM is a border carbon price adjustment mechanism that clearly addresses the risk of business relocation and carbon emissions (carbon leakage) resulting from the EU's increased climate ambition level. The purpose of this mechanism is to prevent EU emission reduction efforts from being offset by increased emissions outside the EU through the relocation of production or increased imports of less carbon-intensive products.

The risk of carbon leakage is already currently being addressed under the ETS system of the EU. For the sectors most affected by the risk of carbon leakage, free allowances and compensation for increased electricity costs are to be granted under state aid rules.



The potential impacts for the AFV Beltrame Group, in relation to the Fit for 55 package of proposals (amendment of the EU-ETS and introduction of the CBAM) can be summarised as follows:

- higher cost for covering the EUA deficit (resulting from both the increased linear reduction of the allocation in the EU-ETS reform and the inclusion of the iron and steel sector in the CBAM);
- risk of loss of competitiveness in non-EU markets, as the CBAM mechanism offsets the cost of purchasing the EUA only for products that are imported from countries outside the EU, and outside the EU the higher cost of emission rights per compliance will affect the marginal cost;
- risk of loss of competitiveness against direct competitors (due to the increase of the EUA cost variable) and possible imperfections in the CBAM mechanism.



The further reduction of the free allocation of CO₂ emission rights could entail additional costs and require significant investments, since the amount is already at the limit of the technically feasible operating conditions.

In addition, many non-European nations, having not yet established regulations on greenhouse gases, could introduce less stringent rules, leading to a competitive disadvantage with respect to imports, a disadvantage that will only be partially offset by the CBAM active from 2026, and which in any case will guarantee competition only within the European market.



Raffaele Ruella

CFO-Executive Director, Head of Sustainability Projects



The CSRD, the EU Taxonomy, the Fit for 55 package, as well as the ESG criteria will push banks, including Italian banks, to reduce credit to energy intensive companies unless they demonstrate that they are on the path to transition to low or zero-carbon solutions.

The Group monitors its emissions and has adopted a short- and medium-long term decarbonisation strategy in line with

best practices and that of the main players in the sector and has implemented it into measures to reduce its carbon footprint with investments for energy efficiency and other initiatives that will lead to a significant reduction in emissions. The overall impact of these new regulations on the Company's operations will depend on the timing of implementation and the progress of the projects.

Raffaele Ruella

CFO-Executive Director, Head of Sustainability Projects

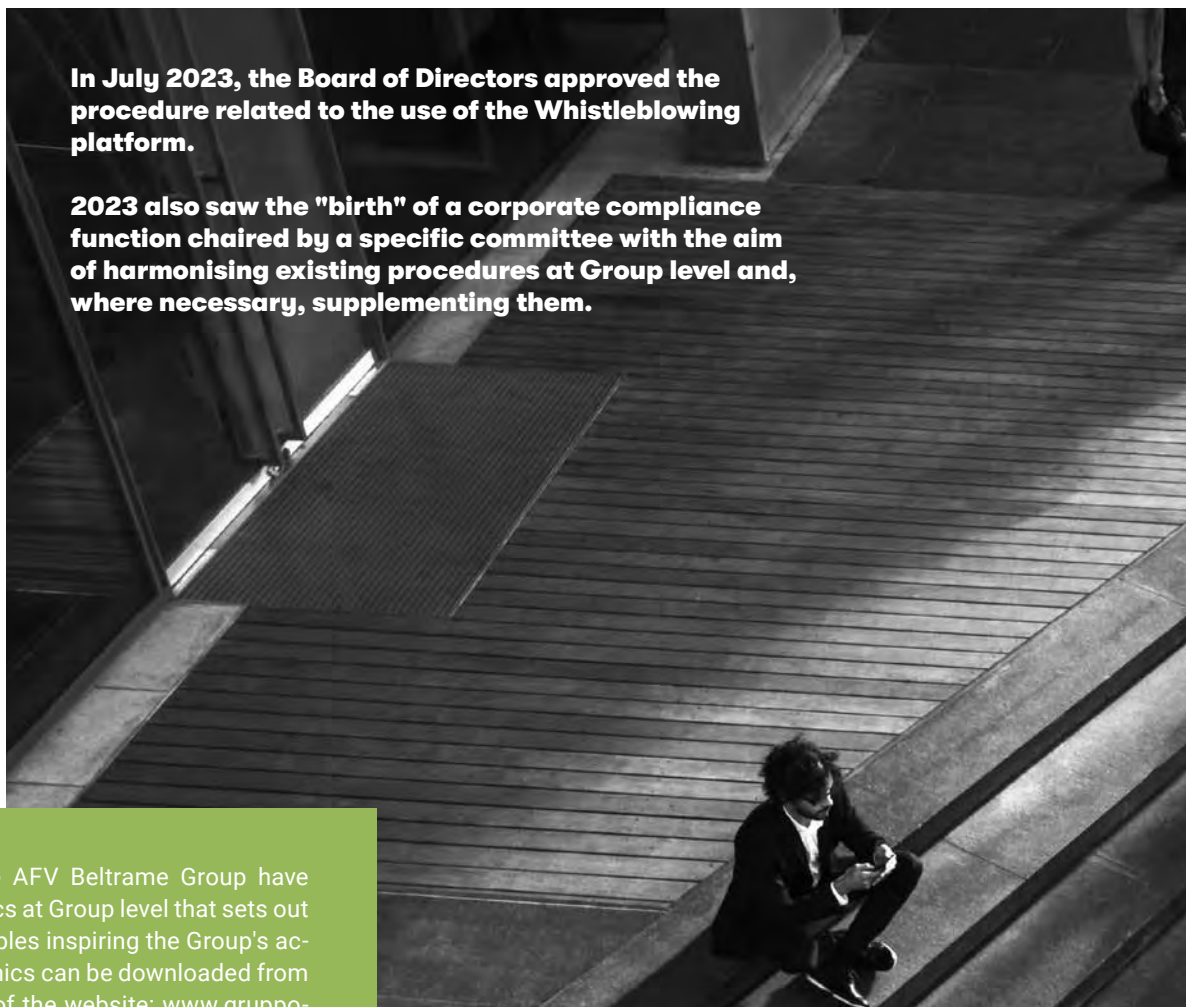


Plant in Gerlafingen, Switzerland

1.9 ETHICS, BUSINESS INTEGRITY AND COMPLIANCE

In July 2023, the Board of Directors approved the procedure related to the use of the Whistleblowing platform.

2023 also saw the "birth" of a corporate compliance function chaired by a specific committee with the aim of harmonising existing procedures at Group level and, where necessary, supplementing them.



The companies of the AFV Beltrame Group have adopted a Code of Ethics at Group level that sets out the fundamental principles inspiring the Group's activities. The Code of Ethics can be downloaded from the download section of the website: www.gruppo-beltrame.com

The Parent Company's Organisational Model

To assure the best conditions of correctness, transparency and lawfulness in the execution of its own corporate functions, with a resolution of 15 December 2008 the Board of Directors of AFV Acciaierie Beltrame S.p.A. adopted the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001, which governs the company's administrative liability for unlawful acts by top managers or employees or contractors in the interest or for the benefit of the company. An integral part of the Organisational Model is the Code of Ethics, approved concurrently with the Model, which contains the principles and rules of behaviour guiding the AFV Beltrame Group's activity. Considering that the Code of Ethics refers to principles of behaviour (including lawfulness, integrity and transparency) suitable also to prevent the unlawful behaviours under Italian Legislative Decree 231/2001, this document acquires relevance for the purposes of the Organisation, Management and Control Model and is thus complementary thereto.

The purpose of the Model is the construction of a structured, organic system of control procedures and activities, such as to allow, through monitoring areas of activity at risk, to intervene promptly to prevent or contrast the perpetration of the types of offences contemplated by Italian Legislative Decree 231/2001. Through the years, the Organisation, Management and Control Model was revised in view of the new offences taken into consideration by the lawmakers as requirements for the enforcement of Italian Legislative Decree 231/2001. The last update was made on 02/02/2023. There were no reports of violations of the 231 Model in 2023. Reports can either be sent via a special e-mail inbox or by physical mail in anonymous form.

Lastly, the company has appointed the Supervisory Committee to oversee the operation and compliance of the Organisation Model.

The Supervisory Committee is vested with autonomous powers of initiative and control and reports directly to the Board of Directors.



Code of Ethics

The companies of the AFV Beltrame Group have deemed it essential to adopt a Code of Ethics that clearly and transparently defines the set of values by which the Group is inspired in the achievement of its business objectives and whose observance is essential for the proper functioning of all activities as well as for its reliability, reputation and image, which are fundamental aspects for the current and future development of all Group companies.

The Code of Ethics contains the principles and rules of conduct that guide and inspire the activities of the AFV Beltrame Group, including legality, correctness and transparency, and expresses the commitments and responsibilities to which the directors, workers and collaborators of all Group companies are bound when carrying out activities aimed at achieving the company's objectives.

Compliance

With regard to the aspects of compliance with laws and regulations, there were two cases of reminders to comply in 2023, which were resolved without any sanctions. They both concerned management of the rain-water collection and treatment network of the Vicenza AFV plant, issued by the Provincial Administration. During 2023, no significant penalties were recorded for non-compliance with laws and regulations; only one significant sanction, with a value slightly over than €10,000.00, was paid relating to an urban non-compliance referred to 2016.



1.10 ANTI-CORRUPTION POLICY

No incidents of corruption, anti-competitive behaviour, antitrust or monopolistic practices were recorded during 2023.



Anti-Corruption Policy

The aim of the policy is to establish principles of conduct in order to avoid and prevent corrupt practices and to provide guidelines for complying with current anti-corruption provisions. The policy applies to AFV Acciaierie Beltrame S.p.A. and its subsidiaries.



Recipients and scope of application

The policy is addressed to employees, directors, customers, suppliers, financial partners and all subjects doing business with the Group.



References

Almost all states have laws prohibiting bribery in their public administration, just as many states (including Italy, France and Switzerland) have enacted legislation prohibiting bribery between private individuals.

The definitions provided by Italian legislation were mainly taken into account in drafting the policy, since they are substantially in line with those of other states.

External references:

- United Nations Convention against Corruption (Merida Convention);
- OECD Anti-Bribery Convention;
- Criminal and Civil Code in force in the individual countries where the Group companies are based;
- Specific reference legislation of the individual countries where the Group companies are based or where the activities that might be at risk are carried out.

Internal references:

- Code of Ethics;
- Organisation Model and Protocols.



Guiding Principles

The value of integrity is part of the culture of the AFV Beltrame Group, which does not tolerate either public or private corruption. The Group prohibits any practice of a corrupt nature and is committed to ensuring corporate conduct inspired by the principles of transparency, honesty and integrity and to complying with the laws and regulations in force in the countries in which it operates. The Code of Ethics and the Organisation Model adopted, with the relevant protocols, constitute reference regulations to prevent the commission of corrupt practices. This policy fits within such context as a supplementary and summarising tool of the guidelines that apply across the board to all corporate processes that may be at risk of corrupt conduct.



General Principle

Consistent with its Code of Ethics and Organisation Model, the Group prohibits corruption in any form and directed to anyone, without exception. Consequently, all forms of bribery against anyone are prohibited, whether public or private, direct or indirect, active (seen from the briber's point of view) and passive (seen from the bribed's point of view).



Corruption concerning the Public Administration

Corruption concerning the Public Administration occurs when a public official receives money or other benefits for himself or a third party or accepts the promise of money or other benefits either to perform an act of his office (direct corruption) or to omit or delay the performance of an act of his office or even to perform an act contrary to his office (indirect corruption). Not only is the conduct of the Public Official who receives the money or other benefit or accepts the promise thereof punished, but also that of the person who gives the money or other benefit or promises it.

Corruption between Individuals

Corruption between private parties occurs when directors, general managers, persons in charge of drafting company accounts, statutory auditors or liquidators of a company (or subjects under their management or supervision) receive money or other benefits for themselves or for a third party or accept the promise of money or other benefits either to perform or omit acts in breach of the obligations inherent in their office or their loyalty obligations, causing harm to the company. Accordingly, it is prohibited to give, offer, promise directly or through third parties, money or other benefits to one of the persons listed above (active corruption). It is also forbidden to receive and accept for oneself or third parties money or other benefits to perform or omit acts in breach of one's duties or obligations of loyalty, causing harm to the company (passive corruption).

Specific principles

Whether active or passive, corruption concerning the Public Administration or between private individuals, as recalled in the definitions in the previous section, generically consists of:

- giving or promising to give, receiving or agreeing to receive money;
- giving or promising to give, receiving or agreeing to receive other benefits.

The concept of other benefits includes many varying examples, such as gifts, staff recruitment, entering into consultancy contracts, discounts on products, etc. On the basis of the above considerations, the areas at risk with regard to corrupt conduct were therefore identified as those covered by the following 231 Protocols:



Implementation and monitoring

In order to ensure the implementation of this policy, specific audits are carried out by the Group Internal Auditing department to monitor compliance with the principles set out. Anyone who believes that there has been a violation may report it by e-mail or by ordinary mail addressed to the company's internal auditing department.

Antitrust Policy

In accordance with the values of its Code of Ethics, the AFV Beltrame Group is committed to operating on the market in manners which comply with the laws and regulations protecting free competition, not only in relations with competitors but also in relations with customers, suppliers and other third parties. The AFV Beltrame Group believes that an open market with free competition constitutes a value for consumers and businesses. Therefore, the Group is committed to safeguarding and respecting the principles of protection of competition and to operating independently of its competitors, making use of its own entrepreneurial merits. With this in mind, an Antitrust Policy has been adopted which provides employees with information on the regulatory environment as well as rules of conduct to be followed.



02



Sustainability for the AFV Beltrame Group

Chapter 2

2.1 APPROACH TO SUSTAINABILITY

What is Sustainability for the AFV Beltrame Group?

Sustainability for the AFV Beltrame Group is the foundation of its business model. Adopting an integrated ESG perspective, the Group attributes equal importance to reducing environmental impacts, developing human resources and creating value for stakeholders. In order to fully integrate these sustainability aspects into its strategic decision-making and operational activities, the Group has established a dedicated structure that has developed a virtuous path based on the identification of five pillars on which to focus attention and develop performance optimisation projects, applying clear indicators and transparent, ambitious targets. Improvement activities are focused (identified as the sustainability pillars) on the following areas:

Reducing electricity and natural gas consumption by promoting the use of renewable energy:

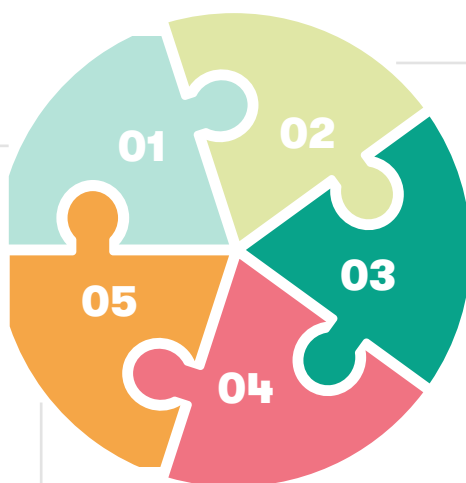
The AFV Beltrame Group is actively committed to reducing its environmental impact by reducing energy consumption. This objective is pursued through the implementation of practices and technologies aimed at optimising energy efficiency in production processes. At the same time, the adoption of renewable or non-fossil energy sources is promoted, thus helping to mitigate the use of non-renewable resources.

Reducing the organisation's carbon footprint:

The AFV Beltrame Group has made reducing its carbon footprint a key priority. This includes not only the limitation of direct emissions (Scope 1), but also focusing attention on the indirect emissions deriving from the purchase of energy (Scope 2). The adoption of low-carbon technologies and investment in sustainable energy sources are an integral part of this strategy. The Group is also committed to reducing Scope 3 emissions through optimisation of supply chains and logistics, stakeholder engagement and the innovative use of secondary materials.

Decrease in the index of accidents at work and days lost:

Sustainability in the context of the AFV Beltrame Group also extends to the well-being and safety of employees. The aim is to reduce the accident rate at work by promoting a safe and healthy working environment. The reduction in lost days is a direct indicator of commitment to accident prevention and occupational health promotion.



Reducing industrial water consumption:

The commitment to sustainability also extends to the responsible management of water resources. The AFV Beltrame Group constantly works to reduce water consumption in industrial processes, implementing efficient technologies and practices that limit the use of water without compromising product quality, promoting its recycling and reuse.

Optimal waste management with a focus on recycling and recovery:

Another key element of the sustainable strategy is the responsible waste management. The Group promotes the recycling and recovery of materials, thus reducing the environmental impact of disposal. Using waste as a resource is an integral part of the sustainability approach.

In summary, the AFV Beltrame Group integrates and coordinates these various sustainable initiatives to pursue a holistic vision of environmental, social and economic responsibility, contributing to long-term sustainable development.



Plant in Gerlafingen, Switzerland



Trith Saint Léger plant, France

2.2 STAKEHOLDER ENGAGEMENT & STRATEGY

The Group has always been strongly oriented towards stakeholder engagement and believes that exchanging information, listening to their needs and expectations and satisfying their mutual interests in a collaborative and bilateral perspective are conditioning factors for the business strategy, which can draw competitive advantage from this path. Transparency is also the moral prerequisite for the relationship the Group has with each stakeholder and it is closely linked to sustainability: this is why the Group has embarked on a path to dynamically map its stakeholders, their interests, possible areas of collaboration and material topics. This approach has provided a better understanding of the interests of all (primary and secondary) stakeholders and identify their interconnections.



Worker at the factory in Vicenza, Italy

Furthermore, given the industrial sector in which the Group operates, the increasing regulatory demands and the decarbonisation process that strongly interconnect stakeholder interests, a new approach is crucial for the success of long-term projects, typical of the steel sector, and to be able to collaborate on European climate neutrality goals.

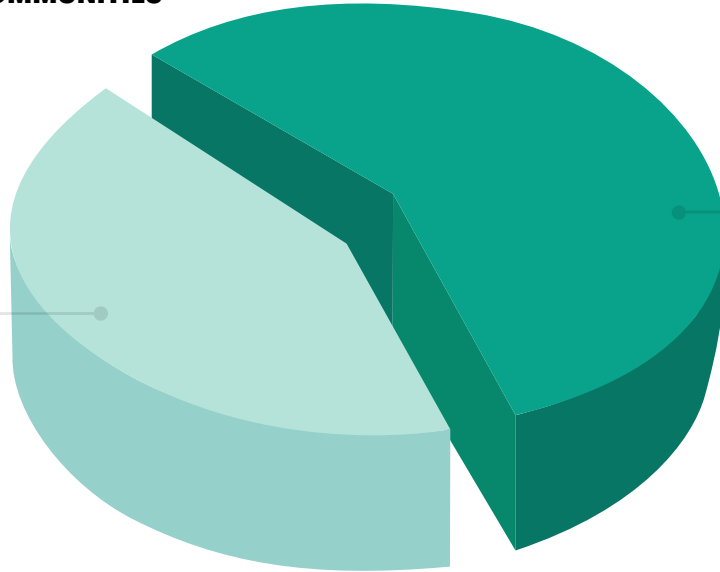
Improved knowledge of stakeholders will also enable the Group to refine its level of sustainability reporting and have an even clearer view of its material, current and future topics. The trust that an ongoing relationship with stakeholders generates can also provide additional benefits and foresee situations of possible conflict in the future, favouring better management. A clear stakeholder engagement activity involving an analysis of stakeholders' interests and needs, the definition of an engagement strategy and a clear system for managing stakeholder relations will create more value, and not merely economic.

The materiality study carried out in 2022 and confirmed in 2023 also highlighted the interconnections between the different stakeholder categories, emphasising how the Group's sustainable development goals and those of the 2030 Agenda are an integral part of long-term success strategies.

The main stakeholder categories identified and on which the process of analysis and definition of engagement strategies is ongoing are:

PRIMARY

EMPLOYEES
CUSTOMERS
SUPPLIERS
FINANCIAL ENTITIES
LOCAL COMMUNITIES



SECONDARY

COMPETITORS
UNIVERSITIES
MEDIA
ASSOCIATIONS AND NGOS
TRADE UNIONS AND SIMILAR
PUBLIC ADMINISTRATION AND PUBLIC BODIES





The Group's future goal is to identify relevant sub-categories for its stakeholders and to further implement its analysis of their interests and needs with a view to improving relations.

2.3 MATERIALITY ANALYSIS

Continuing the path taken in recent years, 2023 confirmed the Group's growing trend of attention to sustainability in all its dimensions.

With particular regard to the materiality of sustainability issues for the Group, the Board of Directors confirmed also for 2023 the study carried out in the previous year, which led to an update of the mapping of primary and secondary stakeholders, and finally to the identification of the list of material topics in compliance with the Standards of the Global Reporting Initiative (GRI) 2021.

As stipulated in the GRI Standards 2021 (GRI 3: Material Topics), in 2022 the Group carried out a comprehensive and complex materiality analysis involving internal and external stakeholders, integrating different methodologies, principles and guidelines in accordance with international and industry trends. This allowed the Group to update the list of material topics to be reported in its Sustainability Report, identifying all issues that can or could represent positive and negative, current and potential impacts on the economy, environment and people, including impacts on human rights.

The Group used a specialised consultancy firm and consulted external sources, also availing of complementary methodologies, in order to update the material topics and carry out an in-depth analysis of impacts. It also engaged in open dialogue with stakeholders, especially primary stakeholders; in fact, activities over the year included the active participation of both the Sustainability Steering Committee and the heads of the main departments at Group and country level. In addition, the Sustainability Steering Committee also acted as a "bridge" with the Board of Directors in order to share the analysis methodology adopted and the results obtained from each step of the analysis, as well as to verify consistency with the Group's strategic pillars (more details can be found in the section "Summary of 2023 results and targets for 2024" on page 168).

The study emphasised the fundamental interconnection between stakeholders and material topics, since the principle of materiality is to provide stakeholders with comprehensive and consistent information to assess the performance of companies. The approach adopted therefore involved the use of different disciplines, sources and methodologies. The material topics are a key element of the Group's integrated strategy, which has undertaken to identify elements that can influence its long-term performance from an ESG perspective. The Group carried out all the steps outlined in the new GRI Standards, summarised below:

1. Understanding of the context in which the Group operates:

A thorough analysis was carried out of the Group's activities, business relationships and the sustainability context in which these relationships manifest themselves. In addition, the mapping and analysis of stakeholders and their interests was updated to gather information and identify the impacts of the Group's activities. The stakeholder mapping update and the analysis of their interests and needs in relation to the Group's activities was based on the "Stakeholder Theory".

Furthermore, documents and papers produced by international trade associations and the most recent national and European regulatory proposals were taken into account to better understand the context and its evolution. Examples include, but are not limited to:

- Eurofer;
- Wordsteel;
- EFRAG;
- European Commission.

The context analysis also took into account the Group's strategic pillars.



2. Identification of current and potential impacts:

Subsequently, current and potential positive and negative impacts on the environment, economy and people, including their human rights, were identified.

The following is an illustrative, non-limiting list.

Positive impacts:

- Business continuity;
- Risk management system;
- Economic growth;
- Health and safety;
- Development of human capital;
- Inclusion and diversity policies;
- Business ethics;
- Decarbonisation;
- Reduction of emissions;
- Efficient resource management;
- Sustainable development;
- Transparency.

Negative impacts:

- GHG emissions;
- Availability of raw materials;
- Energy costs;
- Demographic changes;
- Climate change adaptation;
- Conflicts;
- Regulatory risks;
- Injuries.

The following methodologies were used to determine this list of impacts:

- the reverse approach to materiality;
- the reverse approach inspired by the SDGs;
- SASB's approach and the proposed materiality map for the reference sector;
- the dual materiality approach;
- the dynamic approach to materiality;
- the EU Taxonomy approach.

Each methodology provided an understanding of the current and potential risks and impacts to which the Group is exposed. The different analysis methodologies and approaches to materiality used made it possible to define a preliminary list of current and potential positive and negative impacts of the Group.

In applying the various methodologies, the Group used sector analysis tools and external sources (OECD, WRI, UN, Standard&Poors, Bloomberg, UNFCCC).

In this phase, the Group paid particular attention to listening to internal primary stakeholders such as:

- the Sustainability Steering Committee, with the role of coordinating and supervising activities as well as, through its members, keeping the Board of Directors updated on the results of this and all subsequent phases;
- the heads of the main Group departments interviewed individually on approaches, strategies and risks to avoid overlooking any critical elements and to identify possible improvements. The interviews thus provided a comprehensive picture of the Group's context and impacts;
- the heads of key departments at country level through their participation in a survey with specific questions on their business, knowledge and integration of ESG criteria, the specific needs of the country in which they operate, and possible developments in the regulatory and socio-economic environment.



Trith Saint Léger plant, France

3. Assessment of the importance of the impacts:

The preliminary list of impacts was then subjected to a qualitative and quantitative analysis, as required by the GRI.

The negative impacts were assessed according to their severity and likelihood, while the positive impacts were assessed according to their likelihood and magnitude. Also in the phase of assessing the importance of the impacts, which was carried out with the involvement of the main internal departments, the Group used the same consultancy firm as well as external sources and specific tools such as:

- Leeds University analysis tool in collaboration with MET;
- the paper "Sustainability trade-offs in the steel industry", by Zimek, Asada [et.al.], 2022;
- the paper "Physical and Policy Pathways to Net-Zero Emissions Industry", by Bataille, 2022;
- the paper "A Review of Technology and Policy Deep Decarbonisation Pathway Options for Making Energy-Intensive Industry Production Consistent with the Paris Agreement.", by Bataille, Åhman [et.al.], 2018;
- Energy Transitions Commission (ETC) results 2018. Mission Possible: Reaching Net-Zero Carbon Emissions from Harder-to-Abate Sectors by Mid-century. November. London: ETC;
- the paper "Industrial Transformation 2050: Pathways to Net-Zero Emissions from EU Heavy Industry" Cambridge: University of Cambridge Institute for Sustainability;
- results of the European Union Techno-Economic Assessments of Key Technologies and Measures. PhD diss., Chalmers University.

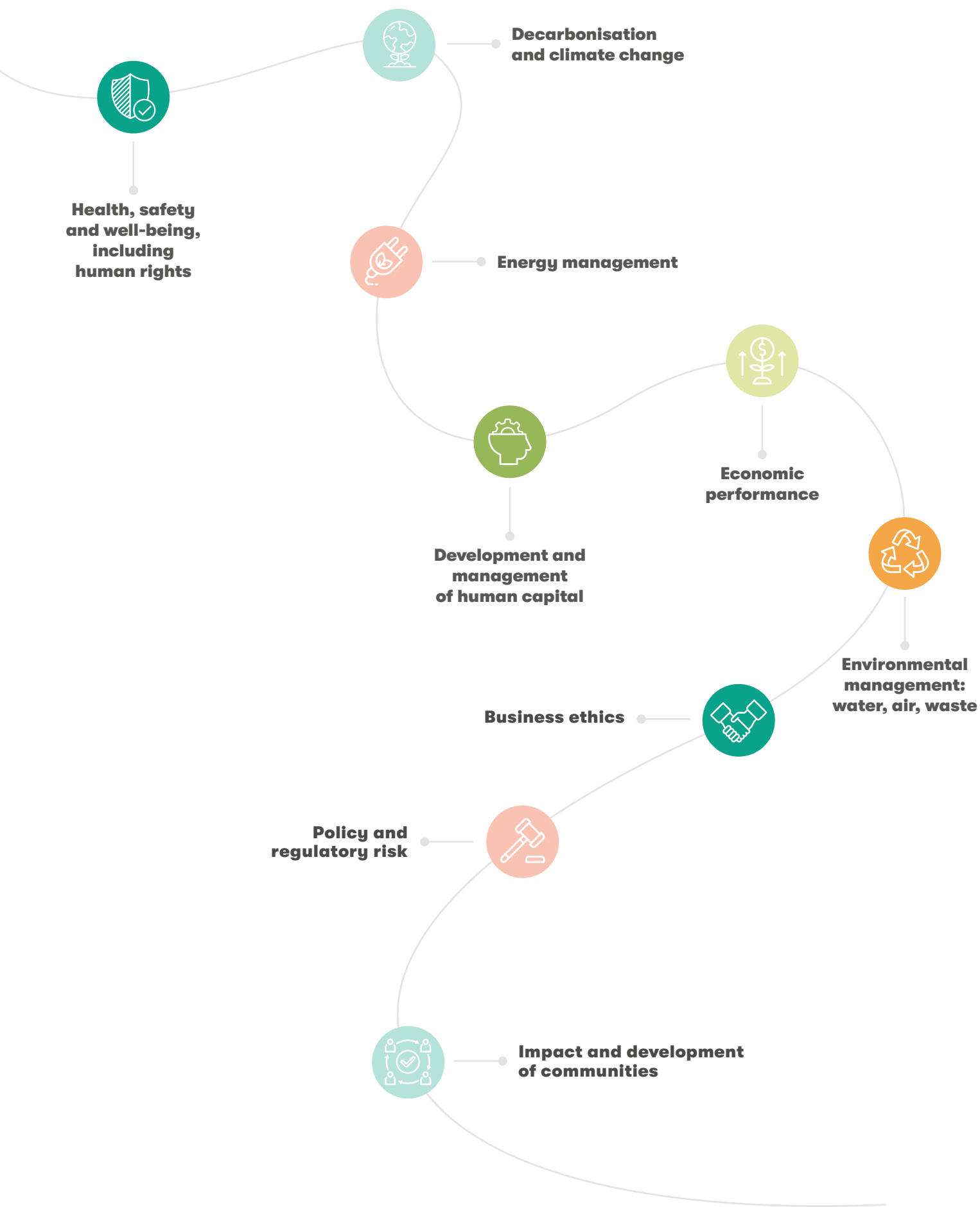
4. Prioritisation of impacts for reporting purposes:

Finally, as a last step, the topics were grouped by similarity and prioritised according to their significance. In order to do so, a threshold was set to determine which topics should be considered material. The threshold was defined as "high" within the study. The importance and relative prioritisation of each impact was assessed by the Sustainability Steering Committee coordinating with the external consulting company in relation to the other identified impacts. The different approaches used for the materiality analysis made it possible to verify the consistency and completeness of the material topics identified.

The Sustainability Steering Committee also guided the comparative analysis of the material topics, the different dimensions of sustainability and the consistency with the Group's five strategic pillars. Lastly, as suggested by the new GRIs, a comparison was made between material topics from the previous two-year reporting period (2020-2021) and the new list of material topics in order to see whether the previous ones were still included and were consistent.

The list of material topics identifies the areas on which to focus the Group's efforts to identify long-term value creation opportunities for all stakeholders. The methodological update of the analysis was also necessary in relation to the introduction of new regulatory obligations and reporting standards.

The list of material topics shown below in order of priority was re-approved by the Board of Directors on 28/03/2024:



Comparison with the list of material topics from the previous two-year period 2020-2021:



Environmental impact of activities

The new list includes two new reporting categories in addition to the previous one of energy management, namely "Environmental management: water, air, waste" and "Decarbonisation and climate change".



Health, safety and well-being of workers

The new list includes topics in the new and expanded category "Health, safety and well-being, including human rights".



Energy efficiency

The new list proposes a focus on energy management.



Ethical and transparent management

The new list includes these topics under "Business ethics".



Technological and digital innovation

It is considered a cross-cutting topic in accordance with GRI 2 "General Disclosure".



Circular economy

These aspects are addressed in the category "Environmental management: water, air, waste".



Product quality and customer service

The new list includes some aspects in the "Economic performance" category, also considering the related risks.



Economic performance and job creation

The new list includes these aspects under "Economic performance".



Development and training of human resources

The new list includes these aspects in the category "Development and management of human capital".



Procurement/supply-chain

This is considered a cross-cutting topic under "Business ethics", "Decarbonisation and climate change", "Policy and regulatory risk".



Human rights of workers

included in "Health, safety and well-being, including human rights".

AFV Beltrame Group's Participation in Industry Associations

Through its Group companies, the AFV Beltrame Group is a member of a network of national and international associations relevant to its business. In particular, 2023 saw the membership of two important associations: GBC Italia and GSCC. The Green Building Council Italia (GBC) is a non-profit association whose members include the most competitive companies and the most qualified Italian professional associations and communities operating in the sustainable building segment. GBC Italia is part of the World GBC, a network of national GBCs in more than 70 countries, representing the world's largest international organisation active in the sustainable construction market. GBC Italia promotes a process of transformation of the Italian building market through the promotion of the third-party certification system and its own certification protocols (the GBC systems) expressly developed for the specificities of the Italian market, whose parameters establish precise criteria for the design and construction of healthy, energy-efficient buildings with low environmental impact. The Global Steel Climate Council (GSCC) instead represents an international coalition of steel producers and stakeholders committed to achieving a global average temperature increase scenario of no more than 1.5°C by 2050, and to establishing a global steel standard leading to a more sustainable future. To see the Group's commitment in more detail, please refer to section 4.6 "Decarbonisation and Climate Change".



To achieve the ambitious global targets by 2050 with a view to carbon neutrality, ever-closer synergy with the entire construction industry is essential. The steel industry, which is crucial to it, must therefore start by reducing its carbon footprint in order to find new ways of sustainable growth. Joining the Green Building Council Italia is therefore an opportunity for us to do just that.



Raffaele Ruella

CFO-Executive Director, Head of Sustainability Projects

Below is a summary of the main associations to which Group companies belong:

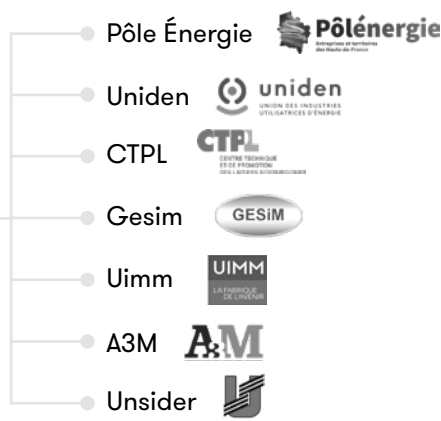
ITALY

The Parent Company AFV Acciaierie Beltrame S.p.A. participates in activities within associations representing trade interests, such as Confindustria and Federmeccanica, as well as technical associations such as Unisider, Ente Italiano di Unificazione Siderurgica for the dissemination of knowledge of international standards. The Parent Company's representation in a number of technical and research committees also deserve mention, such as the Reach Ferrous Slag Consortium and, as mentioned, its recent membership of GBC Italia.



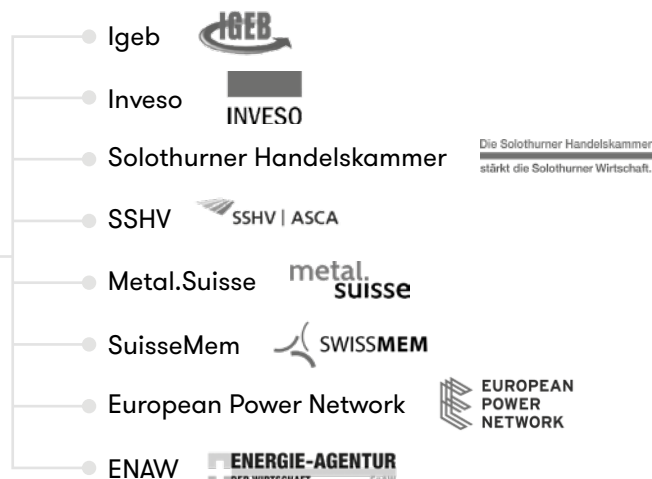
FRANCE

L.M.E. is a member of CTPL - Centre Technique et de Promotion des Laitiers sidérurgiques, Uniden - Union des industries utilisatrices d'énergie, A3M - Alliance des Minerais, Minéraux et Métaux, Pôle Energie, GESIM - Groupement des Entreprises Sidérurgiques et Métallurgiques and UIMM (Union des industries et métiers de la métallurgie) - La Fabrique de l'Avenir.



SWITZERLAND

Stahl Gerlafingen is a member of: VSM Svizzera Metallurgia, for the dissemination of materials science and technology and their applications; Interessengemeinschaft Energieintensive Branchen IGEB; INVESO Industrieverband Solothurn und Umgebung; Solothurner Handelskammer; Schweizerischer Stahl- und Haustechnikhandelsverband SSHV; Metal Suisse; Swissmem; European Power Network; Energie - Agentur der Wirtschaft EnAW.



ROMANIA

Donalam is a member of: Confindustria Romania; Uniromsider and American Chamber of Commerce in Romania (AMCHAM).



2.4 UN SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda represent an agenda for action for people, planet and prosperity and the 169 targets that make up the 17 goals are global in scope, concern and involve both countries and components of societies, public and private enterprises. The AFV Beltrame Group, which has always considered the three dimensions of integrated sustainability in a balanced manner, is committed to contributing to the achievement of the objectives of the 2030 Agenda relevant to its activities.

With the aim of understanding how to make the 17 goals more material to its strategy, the Group asked itself how it could incorporate them within its strategic activities and not merely consider them as objectives of philanthropic activities. Consequently, as in the definition of the new material topics required by the GRI Standards, the Group adopted an inverse approach to materiality, which allowed it to understand how to rethink and expand its integrated sustainability strategy¹.

The view that the SDGs are "lenses" with which to define corporate and value chain objectives in the economic, social and environmental context in which the company operates is also a unique opportunity for stakeholder engagement and collaboration, with whom the Group therefore shares objectives in a medium-term timeframe. Understanding global challenges thus allows the Group to define its long-term strategy, foreseeing future risks and impacts.

The process by which the Group made the SDGs "material" required a long-term analysis as well as the consideration of the entire value chain. The result of the analysis created a specific prioritisation of goals and a list of medium- and long-term ones (which requires the collaboration not only of the partners in the value chain, but also beyond). The result is that in the short term, the AFV Beltrame Group is contributing to the following goals of Agenda 2030:



Clean and accessible energy



Decent work and economic growth



Industry, innovation and infrastructure



Climate action



Peace, justice and sound institutions

In addition, the company will also strive to contribute to the following goals in the medium to long term:



Gender equality



Reducing inequalities



Life under water



Life on land



Partnership for the goals

NOTES:

¹⁾ This approach is the one suggested by the OECD, the WRI, the WEF, among others.

In particular, since the Group wishes to make a contribution to the SDGs through a responsible, innovative business model characterised by multi-stakeholder collaborations, the commitments for each goal of the 2030 Agenda can be described as follows:

SDGs: immediate contribution

GOAL 7	Clean and affordable energy Energy efficiency. Consumption and production of energy from renewable sources.
GOAL 8	Decent work and economic growth Workers' health and safety. Respect for human rights. Ethical and transparent management. Product quality and safety. Inclusiveness and merit. Diversity management. Support and training of local workers.
GOAL 9	Industry, innovation and infrastructure Digital innovation.
GOAL 13	Climate action Circular economy. Reduction of direct and indirect emissions. Responsible use of resources. Inclusion of risk assessment.
GOAL 16	Peace, justice and sound institutions Strong and authoritative governance. Business ethics. Transparency. Control and prevention systems.

SDGs: medium to long-term contribution (ambition)

GOAL 5	Gender equality Equality policies. Inclusiveness. Supply chain training.
GOAL 10	Reduced inequalities Control over the value chain. Anti-corruption. Respect for human rights.
GOAL 14	Life under water Responsible water management. Supporting biodiversity.
GOAL 15	Life on land Impact reduction. Supporting biological diversity. Environmental management systems.
GOAL 17	Partnership for the goals Multi-stakeholder approach. Collaborative innovation. Strategic alignment to the SDGs. Local community engagement.

In accordance with the principles of the UN Global Compact, the AFV Beltrame Group recognises the importance of three fundamental elements for the effective implementation of the SDGs:

- **LEADERSHIP:** to innovate the business model, integrating sustainability within core activities;
- **COLLABORATION:** recognising the key role of stakeholders in co-investing in innovative projects, reducing resources, sharing risks and finding scalable solutions;
- **TRANSPARENCY:** to build trust and strengthen relations with stakeholders.



03

The background of the slide features a stylized illustration. A large, light-skinned hand is shown from the wrist up, holding a glowing white lightbulb. Inside the lightbulb is a green plant with three leaves. Several green leaves are floating around the lightbulb. In the bottom left corner, there are solar panels. In the bottom right corner, there are three stylized green trees on a green hill. The overall color palette is warm, with shades of orange, red, and green.

Product sustainability: Circular Economy, Quality and Innovation

Chapter 3

3.1 CIRCULAR ECONOMY

The European Commission adopted an action plan for the circular economy in 2020 that is one of the main building blocks of the European Green Deal and aims to foster sustainable growth, reduce pressure on natural resources, contribute to the goal of achieving climate neutrality by 2050, halt biodiversity loss and create new job opportunities.

The electric-furnace steel supply chain is a driver of circularity in the management of steel products, which are recycled in percentages close to 100%, regardless of whether they belong to the pre-consumer waste category (waste recovered downstream from industrial processing), or derive from separate collection or recovery from post-consumer cycles, thus including products with a short (e.g. packaging), medium (e.g. motor vehicles) and long (e.g. construction products) life cycle. In fact, steel can be recycled countless times without losing any of its original properties, and is indistinguishable from new material. Moreover, the steel world has always been at the forefront in developing activities that support the transition from a linear development model (identified in the "from cradle to grave" concept) to a circular one ("from cradle to cradle"), in which the technical waste materials of its production cycles are destined to be recycled and reused in the process itself or enhanced in other activities, without finding an end as waste and therefore definitively discarded.



3.2 SUSTAINABLE SUPPLY CHAIN MANAGEMENT AND PROCUREMENT POLICY

The steel production of the AFV Beltrame Group requires the research and supply of well-defined services and materials, the main categories of which are listed below:

- scrap iron;
- other important and economically valuable raw materials (electrodes, ferroalloys and refractories);
- auxiliary and maintenance materials;

Not to forget the supply of energy, vital for the steel production cycle.

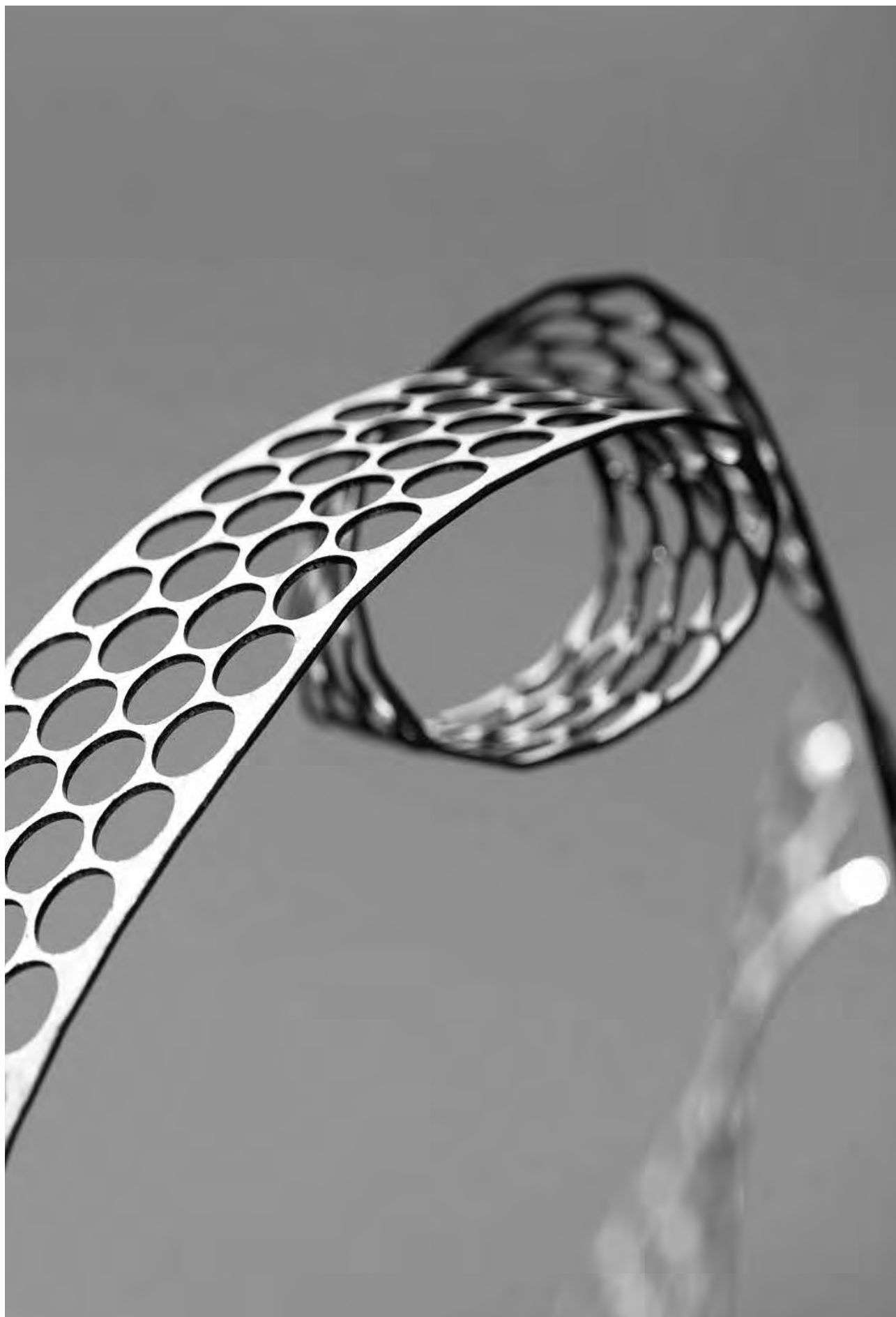
The procurement of all these materials and services has long been established with a process of analysis, research, definition of technical characteristics, supply and supplier management in terms of optimising value for money, sustainability and reliability, and possibly certification of suppliers, and if necessary, sub-suppliers.

In fact, particular attention is paid to meeting the reliability requirements of strategic suppliers, as well as paying the utmost attention to the security of service providers (partnerships), without neglecting budget and working capital management requirements. The criterion of selection and eventual rotation of the most important suppliers is constantly monitored in order to keep the quality of materials and accuracy of services at the highest level, also with continuous collaboration with internal users to achieve the best shared end result, which ultimately is complete customer satisfaction. There is, of course special focus on strategic suppliers, which are more important and more related to the conditions of a market that is no longer local or national but now worldwide. In order to improve relations with this type of supplier, the company is setting itself the goal of also sharing and using the experiences of other Group companies, so that it can extend its evaluation criteria to a broader spectrum of supplies. While the partnership with

mainly local service providers is an added value that is constantly monitored and verified to keep a high level of attention and focus on the desired result, as far as raw material suppliers are concerned, the supplier's service level, product quality verification and continuous analysis of market scenarios that change the economic conditions of supply in times and ways - unimaginable in the past - are constantly monitored. Moreover, research activities with raw material suppliers to identify real certified carbon footprint data of purchased products have been increasingly strengthened recently, seeking to use the same certification criteria used by the Group as far as possible. This leads to stronger relationships with suppliers also in the area of sustainability. As far as internal service providers are concerned, the utmost attention is paid to verifying the possession of certified management systems (e.g. ISO 14001, ISO 45001) in order to ensure maximum compatibility in terms of behaviour, procedures and verification of operations with a focus on safety and environmental management aspects. Most transport suppliers have also been selected and contracted to maintain a high and secure level of service as part of a customer service optimisation process, while energy suppliers are chosen from among the largest and most reliable international operators that guarantee supply continuity and reliability.

A large part of these suppliers have a process in place which includes regular audits and reviews, as well as update meetings, allowing for ongoing relationships and a continuous exchange of ideas and suggestions aimed at improving safety, economic and innovation aspects.

For all new suppliers, the Group sets compliance with UNI EN ISO 9001/14001/45001/50001 as a preferential, though not mandatory, requirement.



3.3 TECHNOLOGICAL INNOVATION

The DNA of the AFV Beltrame Group has always included technological innovation, as it represents one of the keys to the Group's development. This propensity for innovation is an indispensable feature to remain competitive in an ever-changing market environment. The steel sector in particular sees technological innovation as an indispensable feature to improve efficiency and production quality. Advanced technologies such as the Internet of Things (IoT) for real-time monitoring, the use of sensors for data collection and robotics for specific tasks contribute to making the steel mill more competitive, more automated and consequently also safer. For these reasons, in recent years the Group has integrated these technologies into its production processes where useful, while simultaneously providing specific training to the staff concerned.

A further lever for continuous development research is the Group's willingness to participate, where strategic, in national/ community calls of interest (e.g., RFCS, Horizon, etc.), aimed at carrying out shared projects of an innovative nature. These projects must always comply with requirements, in addition to innovation, relating to the sphere of sustainability, such as circularity or contribution to decarbonisation, in order to be eligible and financed. In particular, the Group's Italian sites have taken advantage of the incentives provided by Industry 4.0 in recent years for the research of innovative automated solutions within their production cycle. Industry 4.0 represents innovation that integrates advanced technologies interconnected with business systems in order to improve efficiency, production and resource management in the industrial environment.

Some examples of projects developed in Industry 4.0 in recent years are:

- polymer storage and blowing plant;
- portable tundish dryer station.

3.4 PRODUCT QUALITY AND SAFETY

The leadership sought by the AFV Beltrame Group is based on solid foundations, strategic projects and investments in technologies and the human resources that use them in order to increase knowledge, potential and ideas, thereby leading the entire Group structure to have the capacity to fully express its potential. A key contribution to the achievement of these goals is made by the quality departments in the Group's various plants.

In particular, 2023 marked the completion of some of the projects started in previous years, the consolidation of processes and the planning and organisation of new projects for new opportunities and goals. This process of changing mindsets that began years ago has allowed, for example, the development of the sale of products such as rods and frames in the moulding and chrome plating sectors, resulting in an increase in the volumes and quality grades available.

Looking more specifically at the individual plants, the Vicenza site recorded billet production in significant quantities for rebar, confirming its leadership in the construction steel market. The quality department continued this year with the renewal of technologies according to the new requirements imposed by the market.

Analysing then the Group's other foreign plants, the French site of L.M.E. confirmed its presence in the rebar trade market in 2023, and the Quality Department obtained all the necessary certifications for the product's quality guarantee. In 2023, the Swiss site of Stahl Gerlafingen continued the renovation of the equipment used in the raw material control process. Finally, looking at Romania, following the acquisition of the new production site in Târgoviște, the Quality Department of Donalam was called upon to design and implement the quality department of Târgoviște, selecting the staff, the equipment and preparing the operating procedures.

Below is the outline of the new department:

Donalam S.R.L. Quality Department Structure

QUALITY MANAGEMENT			
Quality Manager site 1 - Călărași		Quality Manager Site 2 - Târgoviște	
Quality Assurance site 1		Quality Assurance site 2	
Feasibility Analysis and Quality Planning		Quality Control - Final Inspection	
Laboratory	Mechanical Tests	Laboratory	Mechanical Tests
	Metallographic and NDT		Metallographic tests
	Sample Processing Workshop		Sample Processing Workshop
Inspection	Quality Certification	NDT inspections and raw materials	
	Receipt of raw materials		
	Anti-Mix		

In addition, the following certifications were obtained for the products at the Târgoviște site:



Certification of reinforcement steels grades B500B and B500C by the certification body "Procema Cercetare" for the Romanian market.



Certification of reinforcement steel grades OB37 and PC52 by the certification body QUALITAS for the Romanian market.



Certification of reinforcement steel grade B500B by BULGARKONTROLA, for the Bulgarian market.



Certification for SBQ bars, steel quality S355J2, 275J2, 235J2, according to SR EN 10025: 2015 by the certification body RINA.

Finally, new equipment was installed at the Târgoviște site, including:

In the Chemical Laboratory, equipment for determining the reactivity of lime such as the Dietrich-Fruechling Calcimeter, the automatic sieving machine, the mill for grinding raw materials and the crusher were installed.

Lastly, an optical microscope with image analyser was also purchased.

In the Metallography Laboratory, a complete line for sample preparation was purchased: cut-off machine, grinding/polishing machine and the mounting machine for metallographic samples.

3.5 CONTINUOUS IMPROVEMENT

The AFV Beltrame Group has set itself the vision of continuous improvement, striving to grow in every area of the company. The programme was launched in 2016 with the aim of disseminating the logic of proactive and ameliorative change, stimulating the generation and sharing of ideas, supporting project management by fostering teamwork, and pushing for performance measurement in order to enhance the results derived from projects. In order to pursue this vision, the Group has set up an organisational chart that includes figures dedicated to continuous improvement at each site. These resources act as facilitators between the departments and are committed to disseminating the results obtained. Moreover, thanks to a central structure consisting of Group resources, it is possible to support colleagues at the various production sites in promoting best practice projects and aligning management requirements.

More specifically, the continuous improvement programme is based on two project management pillars: APC (Action Plan and Control) and OpEx (Operational Excellence). The first applies to projects with a known solution to be implemented and involves defining all the activities needed to achieve the objective, the person responsible and their deadline, ensuring that the plans are shared and adhered to. The second uses a structured methodology for the development of projects with unknown solutions, applying the DMAIC model. This method is developed in five phases:

- Define: define the problem, the objective, the working group and the economic impact;
- Measure: measure the problem and possible causes;
- Analyse: analyse the data collected, identifying the root cause;
- Improve: implement the solution;
- Control: check the soundness of the solution, formalising it and verifying it over time.



APC Action Plan and Control

The pillars of **Continuous Improvement** are based on supporting strategic management activities through project management techniques.

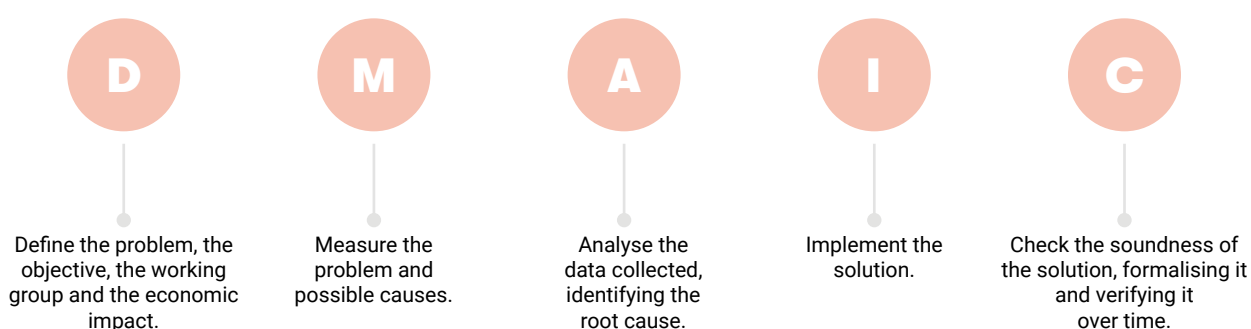
- **Structured approach:** achieving the goal with the APC method.
- **Standard:** project management.
- **Teams:** dedicated improvement teams for each project.





DMAIC

Method developed in five steps regulated by ISO 13053-2 and simplified with the acronym DMAIC:



These two project management methods find their appropriate application not only in the top-down support of strategic management activities but also in the structured management of bottom-up ideas through the application of Lean-Six-Sigma methodologies aimed at reducing variability (Six-Sigma) and improving business process flows (Lean Manufacturing). Many functions were involved in this improvement programme. In seven years of the Continuous Improvement programme, over 500 projects involving all aspects of our organisation have been managed and completed. The projects have helped to bring tangible economic benefits and improve the way the company works, achieving over €40 million in savings since 2016.

From 2023, in order to further promote OpEx issues within the departments, the new role of OpEx Champion was established. OpEx Champions are experts in the processes and organisation of their respective areas. Their role is to guide and support change through teamwork, in order to strive for operational excellence. The main tasks of the OpEx Champions are:

- support the implementation of the 5S¹⁾;
- ensure the updating of the notice board in their area;
- identify opportunities for improvement together with colleagues and facilitate their implementation;
- be the main reference for improvements in their area of expertise.

NOTE:

¹⁾ 5S: separate, set up, sweep, standardise, sustain; +: safety.

In fact, continuous improvement is certainly based on support for strategic projects, but this is not its only form: training, coaching and shopfloor management activities are a fundamental element in achieving process excellence.

Since 2016, over 570 resources have been trained in Lean Basics, 5S+, Yellow Belt, Green Belt and Black Belt courses in the Group. Called belts, the certifications are organised in a similar way to martial arts and are recognised internationally by the British Quality Foundation. It is thanks to these training initiatives that the number of people who have learned project management and Lean Six-Sigma techniques has continued to increase, without distinction between white- and blue-collar employees, with the ultimate aim of spreading the logic of continuous improvement and creating a self-sustainable culture.

Specific improvement activities are also applied directly in the production departments, such as 5S+ work sites, visual boards and stand-up meetings. The visual boards, or department notice boards, play a crucial role in facilitating communication and collaboration between the various teams and departments, guaranteeing everyone visibility on the departmental KPIs, safety, quality and OpEx performance of the area, stimulating the collection of new suggestions. Meanwhile, stand-up meetings are an effective way to coordinate daily activities and solve emerging problems. These short but focused meetings keep all team members updated on progress and priorities, ensuring effective management of time and resources, which can become the smart and lean key to excelling in a constantly changing market situation.

Finally, the 5S+ method represents a true workplace management and organisation strategy, i.e. a five-step methodology (separate, set up, sweep, standardise and sustain) that enables the efficient, clean and sustainable organisa-

tion of work areas. The "+" refers to the sixth "S", namely safety. Its systematic adoption can lead to several benefits, including optimisation of work spaces, reduction of waste and promotion of a culture of continuous improvement. Through the implementation of 5S+, operational efficiency and employee satisfaction can be significantly improved.

The ultimate goal of the function is therefore to achieve the excellence of each process, not through radical changes but through small and constant incremental improvements, to create a corporate culture that makes kaizen (from Japanese "change for the better") a daily activity for everyone, at every level. In fact, people are the focus of the continuous improvement programme, which can be considered a real philosophy, which begins with training and ends with the management of targeted work groups to develop projects. To date, it can be estimated that more than 40% of the Group's personnel are involved in continuous improvement activities.

In conclusion, in order to have an overview of the performance of the function, as it has to achieve targets established at Group level, roadmaps have been introduced that in a simple and explanatory format present the short-term planning of the activities of the function starting from 2022. These give visibility to the business areas directly involved in the improvement programme and the economic - and other - results expected. It can therefore be said that continuous improvement activities are firmly integrated into the Group's strategies and directly involved in all high-potential strategic projects, thus working across all processes.







04

A stylized illustration of a woman with long, flowing green hair adorned with several colorful flowers (pink, orange, and white). She has a serene expression with closed eyes and a slight smile. She is holding a large, green book with a white grid pattern. The background is a soft, warm beige with stylized green foliage and leaves. The overall style is modern and artistic.

Care for the Environment

Chapter 4

4.1 AFV BELTRAME GROUP'S COMMITMENT TO RESPONSIBLE ENVIRONMENTAL MANAGEMENT

The AFV Beltrame Group is actively committed to the responsible environmental management of its steel making activities, recognising and addressing potential interferences with various environmental compartments. The creation of an environmental management system made it possible to identify the relevant environmental aspects and to implement management and prevention actions in line with the results of the environmental impacts assessments. First and foremost, the Group keeps abreast of Best Available Techniques (BAT), used as a reference for plant upgrades and the implementation of operating procedures aimed at mitigating the impacts of activities, with a focus on prevention. During 2023, the plants underwent numerous internal audits to ensure legislative compliance on all environmental aspects and identify opportunities for improvement. The audits carried out as part of the certification of management systems confirmed the correct handling of authorisation and internal requirements, which are binding on the Group. Within the environmental management system, the Group constantly monitors performance through visual tools such as data dashboards and infographics to facilitate understanding. A key indicator is the eco-index, an aggregate number derived from a dozen parameters assessed against target values defined by laws, authorisations, budget objectives and internal targets. The main parameters considered are dust and CO₂ emissions, water consumption and discharge, waste recovery rate and specific consumption of natural gas in reheating furnaces. With a view to the circular economy, the AFV Beltrame Group is committed to minimising the production of waste for disposal, favouring its recovery and enhancement. For example, the black slag produced in the EAF melting furnaces is transformed into a certified product (BELTRECO in Italy and RUVIDO in Switzerland) that can be used in construction and infrastructure works.

4.2 THE QHSE INTEGRATED MANAGEMENT SYSTEM

To guarantee the principles of the Code of Ethics and of the quality, health and safety, and environment policies (QHSE), the Group has adopted an Integrated Management System. The purpose of this system is to facilitate the process for the identification, registration and measurement of QHSE results, in order to drive the continuous improvement process. The obtaining of a certification, by an external entity, is the logical step to implement a management system. The target is to obtain a credited and independent acknowledgement of the Group's commitment.

In particular, 2023 further consolidated the integrated approach to Quality, Health, Safety and Environment issues in accordance with the reference standards, and aspects were further explored relating to context analysis, the engagement of all stakeholders and the continuous improvement of processes and company management systems, with a view to sustainability.



Plant in Vicenza, Italy

Regulations adopted at Group level:

- ISO 9001:2015 - Quality Management Systems.
- ISO 14001:2015 - Environmental Management Systems.
- ISO 45001: 2018 - Occupational Health and Safety Management Systems.
- ISO 50001: 2018 - Energy Management Systems.

The obtaining of certifications allowed for the evolution of performance, thus facilitating the measurement of performance and ensuring the control of corporate processes. The table below shows the situation of the certifications obtained by the Group's plants as at the ending date of the 2023 financial year.

Company	Site	Quality Management System	Environmental Management System	Health and Safety Management System	Energy Management System
		EN ISO 9001	EN ISO 14001	EN ISO 45001	EN ISO 50001
AFV ACCIAIERIE BELTRAME S.P.A.	Vicenza (VI)	x	x	x	x
	San Didero (Turin)	x	x	x	x
	San Giovanni Valdarno (Arezzo)	x	-	x	x
STAHL GERLAFINGEN AG	Gerlafingen (CH)	x	x	x	-
LAMINÉES MARCHANDS EUROPÉENS SAS	Trith Saint Léger (FR)	x	x	x	x
S.C. DONALAM S.R.L.	Călărași (RO)	x	x	x	-
	Târgoviște (RO)	x	x	x	-

In particular, in 2023 the Group:

- renewed the certifications related to the Environmental Management System (ISO 14001), the Safety Management System (ISO 45001) and the Quality Management System (ISO 9001) at the Târgoviște site;
- confirmed the certification of the Environmental Management System (ISO 14001) for all sites, with the exception of the San Giovanni Valdarno factory;
- confirmed the certification of the safety management system (ISO 45001) at all sites;
- extended the certification of the environmental management system for quality (ISO 9001) at all sites;
- confirmed the certification of compliance of the energy management system with the ISO 50001 standard at the Trith Saint Léger site.

The standards taken as a reference belong to a high-level system (HLS-High Level Structure), which are integrated into a single management system. This approach involves the analysis of the context in which the company operates, as well as that of the needs and expectations of the parties involved, in this case presenting similarities with the requirements of the approach to sustainability identified by the ESG (Environment, Social, Governance) issues. The purpose of this approach is essentially to understand the most important aspects that can influence the way in which the company deals with its responsibilities in terms of health and safety. The assessment of risks and consequent opportunities is the tool that the Group has adopted to guide, both at strategic and operational level, its efforts in the implementation and continuous improvement of the safety management system. The standard also makes clear reference to the importance of management awareness and leadership skills and a strong drive towards consultation and participation of workers in issues concerning the safety management system, which the Group has put in place through constant contact with trade unions and workers' safety representatives.



4.3 EPD® - ENVIRONMENTAL PRODUCT DECLARATION

The Environmental Product Declaration (known as EPD®) is a voluntary product certification scheme, developed in application of ISO 14025 (Type III environmental labelling), according to the International EPD System Programme and validated by independent third-party bodies.

These declarations relate to the environmental impacts that may be associated with the product life cycle and which are assessed through the Life Cycle Assessment (LCA), so as to ensure transparency, objectivity and comparability of the results expressed, relating to the environmental performance of products. The information contained in the EPD is of an informative/communicative nature on environmental performance and there are no prescriptive performance thresholds.

The Group has numerous Environmental Product Declarations (EPD®) validated by independent third party bodies for its rolled merchant profiles, for reinforced concrete round bars in coils, for SBQ profiles and for the Beltreco industrial aggregate. Below is a summary of the environmental product declarations held by the Group:

EPD - Product	Plant AFV Beltrame Group	Registration date
Merchant bars	Vicenza	2023
Inert aggregate - Beltreco	Vicenza	2023
Merchant bars	San Didero	2023
Merchant bars	San Giovanni Valdarno	2023
Merchant bars	Stahl Gerlafingen	2022
Rebars	Stahl Gerlafingen	2022
Merchant bars	L.M.E.	2023
Rebars	L.M.E.	2023
Special steels - SBQ Bars	Donalam	2021

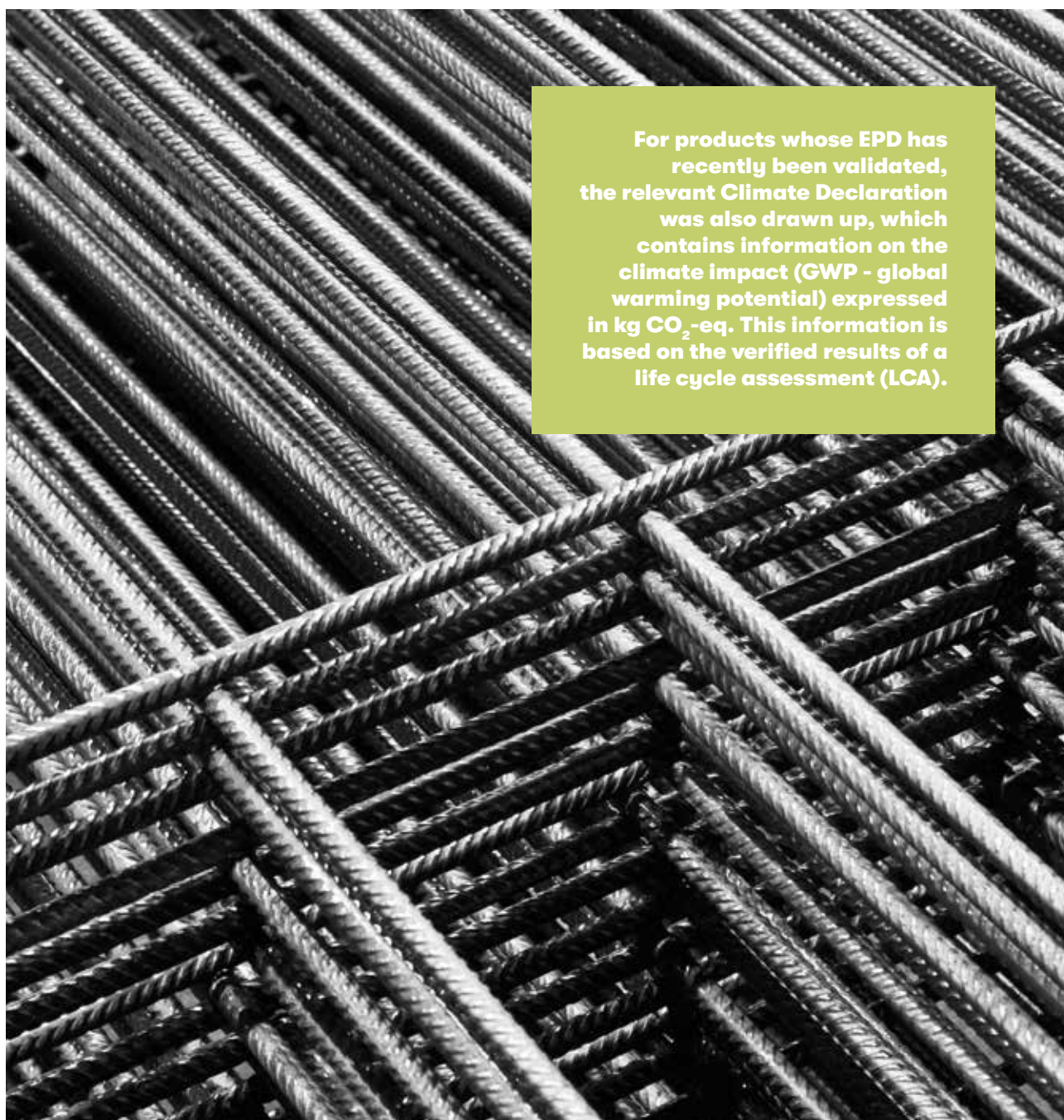
The EPD declarations of the Group's products have been validated and registered within the International EPD® System.

95%
Materials from
Recovery Cycles

With reference to the assessments on the impacts that emerge from the analysis of the life cycle and which are traced back to standard indicators, the EPD is used in the Group as an operational support in the continuous improvement process, as it allows to identify areas of intervention in the various phases of the production process, supply chain and customer supply.

The EPD declaration is also the starting point for identifying the carbon footprint of products (GWP - Global Warming Potential). In Italy, the validation of the environmental product declaration meets the requests of some national customers, related to "green" public purchasing and supply, for which the minimum environmental criteria for construction products are considered fulfilled when they have a Type III Environmental Product Declaration (EPD), which complies with UNI EN 15804 and ISO 14025.

Another fundamental element supporting the peculiar circularity of the electric furnace steel supply chain is the declaration of the content of recycled material present in the finished products. The certification issued by a third party and available within the EPD declarations, consistent with the UNI EN ISO 14021 standard, identifies the percentage of materials from recovery cycles used in the rolled product production process, which, also for the year 2023, was higher than 95%.



4.4 ENERGY FOR THE GROUP

Energy plays a major role for the AFV Beltrame Group, and is considered one of the Five Pillars on which the Group has decided to invest its efforts. This is due to the fact that energy is one of the company's most significant costs after raw scrap material, with the energy component accounting for around 30% of all other Group costs. Of this percentage, more than half is covered by electricity, about 45% by methane gas, and the remainder by oxygen and other technical gases used in the process. The Group's annual consumption is around 1.1 TWh/year for electricity and around 90,000,000 Sm³/year for natural gas.

The Group has always invested in reducing the energy consumption of production processes, ever since its inception. Efficiency and reduction of production costs have always been among the main drivers for the AFV Beltrame Group to be competitive. We want to continue in this direction, which is why the production efficiency strategy has been strengthened to further reduce energy consumption.

As evidence of the commitment to reduce energy consumption, the Group has set itself two targets, one for the steel mills and one for the rolling mills, with a time frame of five years already starting in 2022:

1

Reduction of specific energy consumption per tonne of steel produced related to the EAF furnaces (steel mill) by 1% for five years, taking the weighted average (tonnes of steel produced/energy consumption per tonne) of the three-year period 2019-2021 as a baseline.

2

Reduction of the specific consumption of natural gas (methane) per tonne of processed rolled products by 1% for five years, taking the weighted average (tonnes of processed rolled product/methane consumption per tonne of rolled product) of the three-year period 2019-2021 as the baseline .



In order to effectively monitor the performance of these two KPIs, as for those related to the other four "sustainability pillars" identified, the Group has set up a "Group Sustainability Dashboard" with the aim of collecting data for each factory on a monthly basis and aggregating them at Group level. Both targets were met in 2023.

The Group is also planning investments to achieve two ambitious targets by 2030: 40% renewable energy in total supply for AFV Acciaierie Beltrame (Italy) and Donalam-Călărași (Romania), and a significant increase in the amount of fossil-free energy sources for L.M.E. France) and Stahl Gerlafingen (Switzerland).

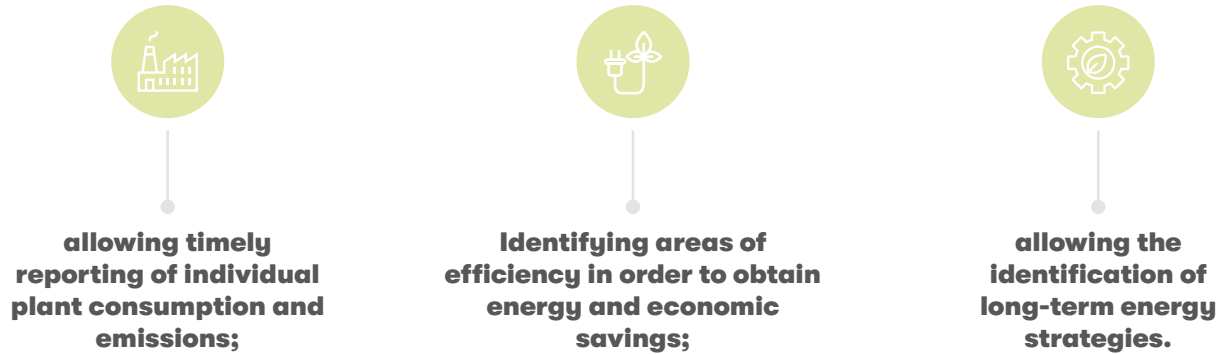
Another cornerstone of the Group's strategy is to achieve the best supply conditions. In order to achieve this, the Group is a member of the consorzio Metal Interconnector and also provides the "servizio di Interrompibilità" to the grid operator. The energy department also plays an active role in the purchase of energy carriers by monitoring the development of the markets daily, which stabilised in 2023 after the rally in the previous year; the lack of Russian gas and the prolongation of the war in Ukraine were mitigated by various effects such as mild winters, LNG flows, resumption of production from French nuclear power plants and falling demand on the industrial side. Therefore, in the course of the year and together with management, the energy department has a central role in order to adapt the company strategy to the current market situation.

Over the years, the Group has implemented and improved an energy monitoring system that can currently count on a network with about 300 meters, most of them located in the three main factories, Vicenza, Trith Saint Léger and Stahl Gerlafingen. These meters have allowed to develop energy performance indices, allowing an analysis of daily, weekly, monthly and annual consumption trends.

In the final part of the year, however, the Group decided to further strengthen the energy consumption monitoring system at all its sites. This desire led to the creation of a project in collaboration with Edison Next, a company of the Edison Group, for the integration of the innovative Edison Analytics platform within all Group sites.

More specifically, with an expected duration of five years, the project consists of the implementation of this innovative energy intelligence platform capable of monitoring, through digitisation and artificial intelligence, the energy consumption of the sites.

In particular, through the use of artificial intelligence based on machine learning, the platform will be able to:



Production efficiency will be researched and consolidated through the timely analysis of daily consumption KPIs in order to identify possible improvements to be implemented not only through the installation of new, more efficient equipment, but also through action on management and behavioural levers.

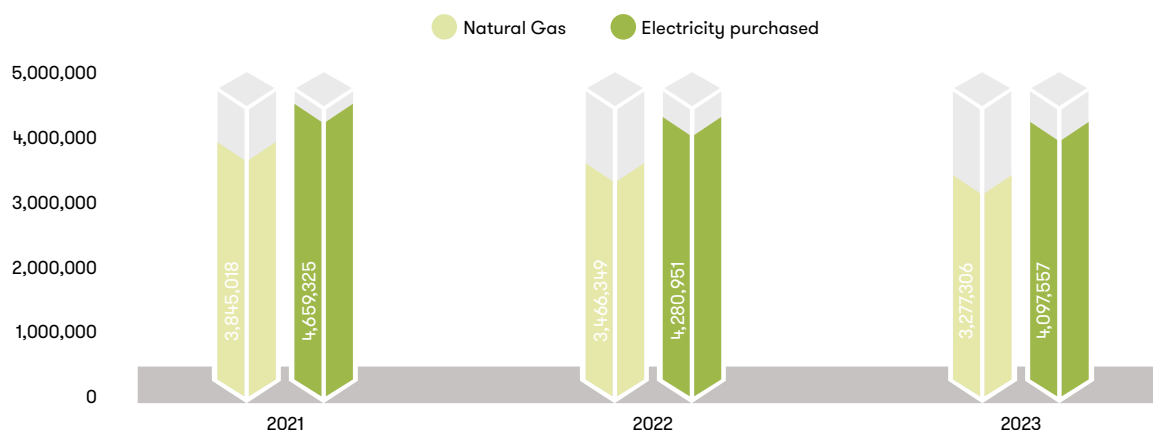


Gianmaria Zanni
Energy Chief Operating Officer

Finally, 2023 saw for the Group's three Italian sites the achievement of another ambitious goal in the pursuit of continuous improvement. In fact, ISO 50001:2018 energy certification was obtained for the Vicenza, San Didero and San Giovanni Valdarno plants, once again confirming the strategic importance of energy and its optimal management for the company. The ISO 50001 Energy certification allows for a structured system to control and update mandatory requirements, to constantly monitor energy performance, to increase sensitivity and awareness at all company levels on these issues and to minimise consumption, promoting energy efficiency projects that have always been in the Group's DNA.

This important milestone is therefore in addition to the integrated management system (QHSE) that has already been established for years.

ENERGY CONSUMED EXPRESSED IN GJ



As proof of this, the following pages illustrate some of the main projects implemented at Group level during 2023: projects mostly, but not only, aimed at integrating renewable energy sources into the Group's production cycles. Moreover, all these projects, together with those that will be reported in the dedicated section, contribute to the decarbonisation path undertaken by the Group.

RENEWABLE ENERGY

Photovoltaic plants 2023:

The AFV Beltrame group is strongly committed to the development of projects related to the supply of green energy, through direct investment in renewable energy production plants for self-consumption and through the signing of green power purchase agreements (PPAs). In the course of 2023, a number of initiatives came into operation that enabled, and will further enable with future developments, the reduction of indirect Scope 2 emissions (indirect CO₂ emissions from the purchase of electricity).

Renewability Consortium:

The Group had already established "Renewability" in 2022, a community of renewable energy consumers that aims to invest in the construction of solar power generation plants and to supply the energy produced by the plants to each member. This project makes it possible to break free from the instability of energy market prices by bearing only the industrial costs of the initiative and benefiting from energy produced from renewable sources. In particular, the AFV Beltrame Group will use renewable energy produced by "Renewability" photovoltaic plants in Lazio, Abruzzo and Sicily. Indeed, the first purchased includes three photovoltaic plants in Abruzzo and two in Lazio, totalling 24 MW, of which one third is destined for the Group. The second lot, purchased in Sicily, instead includes four photovoltaic plants of 1 MW each for a total of 4 MW of which, again, a third is destined for the Group. In total, therefore, the share of power allocated to the AFV Beltrame Group is about 9 MW, which translates into an annual production of about 14 GWh.



Renewability photovoltaic plant, Abruzzo, Italy

San Giovanni Valdarno

The Italian plant in San Giovanni Valdarno was also the focus of a major investment in 2023, consisting of the installation of a 1.6 MW photovoltaic plant. The plant was placed on the roof of the factory and consists of 2,970 photovoltaic modules that are spread over a total area of 11,000 m². This plant is designed to produce around 2 GWh/year of renewable energy, of which more than 70% will be self-consumed by the production plant itself, allowing a reduction in energy withdrawal from the grid of around 20%.



Photovoltaic plant, San Giovanni Valdarno, Italy

Sirio

Another Group investment in this direction is Sirio, a 3.3 MW ground-mounted photovoltaic plant consisting of more than 7,300 high-efficiency photovoltaic modules with horizontal axis tracker technology. Located in the province of Mantua, the plant was commissioned in July 2023, and was designed to produce around 5 GWh/year.

The renewable electricity produced by the plant is supplied to the AFV Beltrame Group through the signing of a PPA (Power Purchase Agreement) with the company that owns the plant.



Photovoltaic plant, Mantua, Italy

Other photovoltaic plants

The Group plans to develop new proprietary photovoltaic plants and sign additional PPA contracts to increase the share of renewable energy. In the next two years, a potential amount of around 40 MW is expected to be developed in Northern Italy, mainly on Group-owned land.



Photovoltaic plant, Mantua, Italy

Finally, already in the course of 2023, the Swiss Stahl Gerlafingen plant signed a utilisation contract with the energy cooperative ADEV Energiegenossenschaft for the installation of a photovoltaic plant with a capacity of 2 MW, installed on the roof of the profile rolling mill, consisting of 4,500 photovoltaic modules distributed over an area of approximately 9,000 m². Construction of the plant will begin in January 2024 and the plant is expected to provide around 2 GWh/year of renewable electricity starting from April 2024. 100% of the energy produced will be used in the form of self-consumption.

Idroelettriche Riunite

Ongoing climate change and the progressive energy price increase recorded in recent years has led to considering solutions that accelerate the energy transition, and with increasing urgency.

It is a question of implementing clean energy production that gradually but steadily replaces fossil fuels. Several systems can currently be used to exploit renewable energy, and many have been in place for some time. Among these, a leading role is played by hydroelectric plants, responsible for the production of a significant share of green energy in Italy. Their main advantage is that, by harnessing the power of moving water to produce energy, they do not generate polluting greenhouse gas emissions.

With the aim of an ever-increasing supply of clean energy to cover its energy needs, in June 2023 the AFV Beltrame Group acquired, with subsequent merger into AFV Acciaierie Beltrame S.p.A. on 31/12/2023, Idroelettriche Riunite S.p.A. (I.R.), a company operating in the production of 100% renewable energy for over a century. It was the forefather Antonio Beltrame, in the first decades of the last century, who realised that the construction of hydroelectric power plants would make it possible to directly power the family steel mill in a less expensive way than using only electricity from the grid.

Various plants were acquired or built over the years. The choice of location was obviously linked to the geographical conformation of Italy, characterised by the presence of the Apennine ridge and the Alpine arc.

Today, the Group owns 12 plants located in 10 sites between Piemonte and Veneto. These are small and large-scale plants with an average production of 160 GWh/year of renewable energy, equivalent to 30% of the energy needs of the Italian plants.

The acquisition of Idroelettriche Riunite is therefore an important step towards reducing indirect CO₂ emissions (Scope 2), thus contributing to the Group's decarbonisation goals.

In order to make the most of all the investments described above, the company has worked with the energy supplier to create an innovative contract that allows the energy produced by renewable plants (hydroelectric and photovoltaic) to be shared with the Italian production plants from 2024.



Colzè plant, Vicenza, Italy

The hydroelectric plants managed are:



Carturo plant

Location: San Giorgio in Bosco (PD)

Water: Brenta River

Year of construction: 1989-1992

Turbines: 2 Kaplan

Power: 400 kW

Average production: 16,400,000 kWh/year



Collicello plant

Location: Valstagna (VI)

Water: Brenta River

Year of construction: 2017

Turbines: 1 Kaplan

Power: 130 kW

Average production: 1,000,000 kWh/year



Colzè plant

Location: Longare (VI)

Water: Bacchiglione River

Year of construction: 1937-1939

Turbines: 1 Kaplan

Power: 750 kW

Average production: 3,500,000 kWh/year



Debba plant

Location: Longare (VI)

Water: Bacchiglione River

Year of construction: 1943

Turbines: 2 Kaplan

Power: 400 kW

Average production: 1,600,000 kWh/year



Valstagna plant

Location: Valstagna (VI)

Waters: Brenta River

Year of construction: 1942-1951

Turbines: 2 Kaplan and 1 Francis

Power: 7,000 kW

Average production: 33,800,000 kWh/year



Agrasina plant

Location: Montecrestese (VB)

Waters: Larecchio Dam, Isorno Stream

Year of construction: 2009-2013

Turbines: 1 Pelton and 2 Francis

Power: 5,100 kW

Average production: 7,500,000 kWh/year



Cipata plant

Location: Montecrestese (VB)
 Water: Agrasina Dam, Isorno Stream, Tomello Stream, Nocca Stream, Gillino Stream
 Year of construction: 1950-1953
 Turbines: 2 Pelton - Power: 10,600 kW
 Average production: 31,600,000 kWh/year



Montecrestese plant

Location: Montecrestese (VB)
 Waters: Isorno Stream, Melezzo Stream
 Year of construction: 1940-1946
 Turbines: 2 Francis
 Power: 700 kW
 Average production: 4,100,000 kWh/year



Nuova Ceretti plant

Location: Montecrestese (VB)
 Waters: Larecchio Dam, Isorno river
 Year of construction: 1927; 1995-1998
 Turbines: 1 Pelton
 Power: 10,500 kW
 Average production: 40,300,000 kWh/year



Pontetto plant

Location: Montecrestese (VB)
 Water: Melezzo river, Molini river, Isorno river, Fenecchio river
 Year of construction: 1925-1926
 Turbines: 2 Pelton and 2 Francis - Power: 8,800 kW
 Average production: 20,500,000 kWh/year



Sustainable Mobility:

The following two activities are different in nature, but still related to the virtuous pursuit of consumption efficiency by the company and its related stakeholders. Projects that were specifically carried out during 2023 and that cover both the environmental and social aspect of sustainability.

1. Drafting and sending the HWTP (Home-Work Travel Plan) - Mobility Management.
2. Installation of 26 charging stations for employees - E-Mobility.

Mobility Management

The HWTP was drafted in 2023 for the Italian plants in Vicenza and San Didero, as established by legislation.

Mobility Management consists of a practice oriented towards managing the need for mobility. The ultimate purpose of this initiative is to improve social and environmental well-being.

In summary, it therefore represents the set of corporate initiatives aimed at understanding, managing and where possible improving the mobility habits of employees, with a particular focus on the systematic journeys they make between home and work.

It is with this in mind that, for the two plants mentioned above, during the year activities were carried out that made it possible to understand the home-work travel habits of employees, eventually leading to the drafting and subsequent sending of the plan.

Below are the main steps that were followed in drafting the HWTP:

1. information and spatial analysis;
2. preparation, distribution and processing of the internal mobility survey;
3. definition of possible actions;
4. estimation of potential benefits.

E-Mobility

This investment, which complements the mobility management part, is also part of the broader decarbonisation path that the Group has been on for some years now, and which inevitably touches on a path that supports more sustainable mobility for all employees. The project, which saw the Vicenza plant as a pilot, consisted of the purchase and installation of 26 recharging columns with a nominal power of 7.4 kW for the exclusive use of employees. From the beginning of 2024, employees who wish to use this service will be able to recharge their cars using the parking spaces installed in the car park of the Vicenza plant, and will benefit from a fixed price set by the company for the duration of the year. The installation and start-up of the system was possible thanks to a framework agreement with Enel X. Lastly, the energy conveyed to the charging stations will be 100% "green" thanks to a specific PPA (Power Purchase Agreement) signed by the company.



4.5 ATMOSPHERIC EMISSION MANAGEMENT

The Group has always focused on controlling and reducing atmospheric emissions, obtaining significant results which are attested by monitoring concentration values of the various pollutants, which are significantly lower than the authorised legal limits.

The comparison with the different local legislations of the countries where the Group's factories are located allows the development of control policies and investments towards common prevention goals. All plant investments are assessed to ensure that they are consistent with the best available techniques set out in European documents (BREF - BAT Reference Document), which are periodically reviewed by the European Union.

All production plants are subject to monitoring and control plans defined and verified by the Inspection Bodies. The emissions of the smelting plants (EAF furnaces) are also subject to continuous monitoring to determine the flow rate and concentration of particulate matter exiting the chimneys located downstream of the flue gas treatment plants.

During 2023, the Group conducted the self-inspections required by the monitoring plans, demonstrating full compliance with the prescribed limit values. These self-checks represent a critical step in the environmental management process, confirming the consistency of operational practices with regulatory standards and testifying to the effectiveness of implemented technologies and processes.



Alarm management procedures are also applied, allowing immediate recovery actions in the event of plant failures, and a preventive maintenance programme is applied in all plants to ensure that plants are kept fully efficient.

Dosing systems of adsorbent material (activated carbon) are also installed along the flue gas duct for the control of organic micropollutants, ensuring emission levels far below the stringent European limits.

As an example, consider that the Group's two steel plants in Trith Saint Léger and Vicenza (see links at the bottom of the page) have total PCDD/F emissions equal to about 1% of the total emissions reported by European steel plants, to which the IED Directive 2010/75/EU applies and which are listed in the European Emission Register (Regulation (EC) No. 166/2006 (last available year: 2021)). It should be noted that this percentage is lower than the percentage of steel production in the European total.

It should further be noted that technical and procedural methodologies are also applied for the reduction of diffuse emissions from raw and auxiliary material handling processes, often through water mist systems or localised suction in loading/unloading areas.

Link:

<https://www.eea.europa.eu/data-and-maps/data/industrial-reporting-under-the-industrial-7>

4.6 DECARBONISATION AND CLIMATE CHANGE

Context

The AFV Beltrame Group oversees the issue of climate change, assessing the risks and opportunities associated with its activities over the short and medium to long term, both in terms of mitigation and adaptation. There are multiple and significant implications for the Group in terms of economic-financial, reputational and environmental impact.



The issue of climate change poses a new social challenge today that requires a higher, and above all, long-term level of understanding because it promises not only to reshape competitive strategies but also the value system and organisational behaviour in the near future, with important consequences on the competitive capacity of companies.



Raffaele Ruella

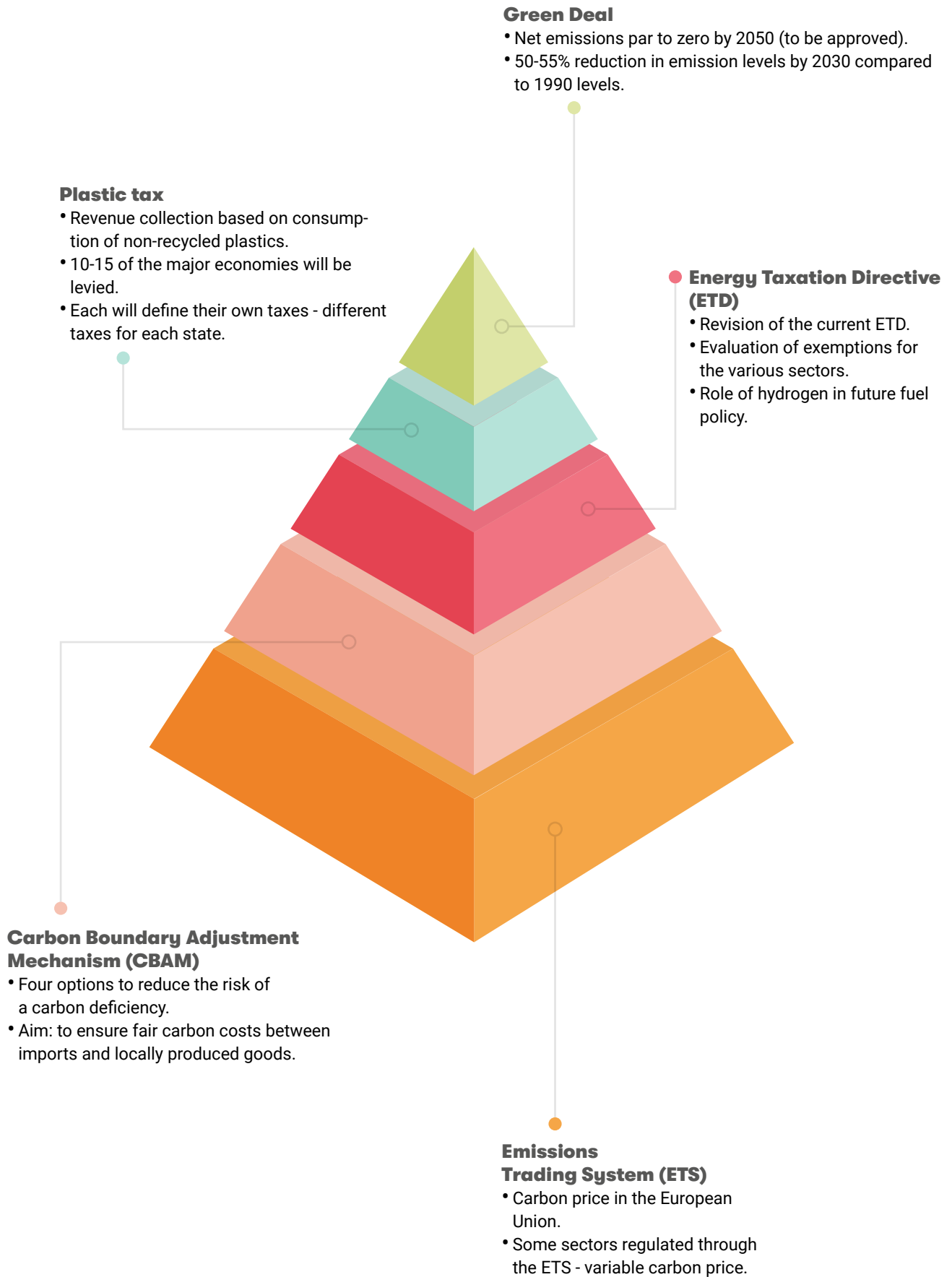
CFO Executive Director, Head of Sustainability Projects

Regulatory Developments and Possible Scenarios

The European legislative framework of climate policies is constantly evolving, with several proposals that may have an impact on the AFV Beltrame Group. In particular, new environmental obligations on greenhouse gas reduction may require additional capital expenditure, changes in operating practices and additional reporting requirements, even for the electric steel industry which already produces fewer emissions than the integrated cycle. On 11 December 2019, the European Commission officially presented the communication related to the "European Green Deal" to the European Parliament in plenary session. The European Green Deal includes an action plan aimed at:

- ensuring that there are no net greenhouse gas emissions by 2050;
- promoting the efficient use of resources by moving to a clean and circular economy;
- restoring biodiversity and reducing pollution.

The document presented illustrates the necessary investments and the financing instruments available and explains how to ensure a fair and inclusive transition. Each EU Member State is required to prepare a targeted action plan to meet the proposed sustainable growth objectives. The EU intends to achieve climate neutrality by 2050 and achieve a 55% reduction (compared to 1990 levels) by 2030. For this reason, member states but also individual economic entities must work to achieve the envisaged objectives.



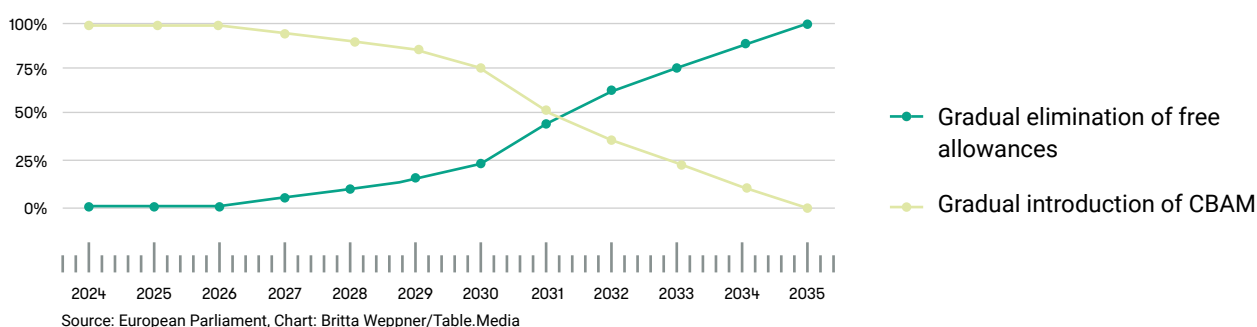
European Emission Trading System (EU-ETS) and CBAM

The proposals included in the Fit for 55 package for EU-ETS entities at risk of carbon leakage such as our company, also mentioned in the CBAM's forecast list, include:

- 62% reduction in emissions by all sectors included in the EU-ETS;
- reduction of total emissions (cap of the mechanism) and increase of the linear emission reduction to 4.3% between 2024 and 2027 and to 4.4% between 2028 and 2030;
- strengthening of the MSR (Market Stability Reserve);
- increased demands on ETS companies regarding energy audits and decarbonisation and climate neutrality plans.

Agreement triologue on the phase-out of free carbon allowances

with the simultaneous introduction of CBAM



Regarding the steel sector, all materials under the heading "cast iron and steel" in Annex I of Regulation (EU) 2023/1773 are subject to the CBAM, with the exception of scrap and certain ferroalloys. Among the latter, only ferrochromium, ferromanganese and ferronickel are considered. Furthermore, once fully implemented, the regulation envisages only counting direct emissions (thus excluding indirect emissions associated with electricity consumption) incorporated in the imported product.

On 1 October 2023, the transitional phase of implementation of the CBAM Regulation started. The quarter ending 31 January 2024 is the first reporting period for which disclosure requirements by importers (or indirect customs representatives) apply. During this transitional period, the EU Commission intends to collect information for the next review steps in order to implement a gradual transition to the full-scale phase starting on 01/01/2026. The following table summarises the fulfilments required in this phase.

CBAM Transitional Phase - Compliance Structure				
Subjects required to make a declaration	Type of fulfilment	Emissions subject to CBAM	Cost Emissions	Corrections
Importer or indirect customs representative who, in a given quarter of a year, imported the goods listed in Annex 1	Quarterly CBAM report containing information on goods imported during that quarter	There is no obligation to purchase certificates	Null	They do not apply

The timelines for the implementation of the various obligations during the transitional period are as follows:

31/1/2024	31/7/2024	31/12/2024	31/12/2024
CBAM First Quarterly Report Presentation.	Presentation of report and rectification of previous reports. Possible use of alternative calculation methods (art. 3 par. 3).	CBAM register of authorised CBAM registrants. Start of application submission: <ul style="list-style-type: none"> authorised declarant status; registration of operators and third-country facilities. 	Commission report on products to be included Calculation: possibility of using alternative methods (art. 3 par. 2).

During the transitional period, importers must communicate on a quarterly basis the quantity and emissions incorporated in the imported goods, separating the direct and indirect emissions, as well as the extent of any "carbon tax" resulting from the application of a taxation mechanism in the country of origin for the carbon dioxide released in the production process. One of the main tasks of the importer is to ensure the completeness of the list of imported quantities (according to the applicable CN codes) and other relevant factors required in the CBAM report, through the application of clear import monitoring procedures, with particular regard to:

- total quantity of each type of good, expressed in megawatt hours (MWh) for electricity and in tonnes for other goods (t), detailed by individual production plant in the country of origin of the goods;
- actual total CO₂e emissions, expressed per MWh of electricity or per tonne of each type of good;
- total direct CO₂ emissions from the specific production activities of each type of commodity;
- total indirect CO₂ emissions, including the amount of electricity consumed in the production process and the emission factor applied;
- carbon price due in the country of origin for emissions incorporated in imported goods, taking into account any taxation mechanisms applied.

With regard to the default embedded emission factors, which can be used in the transitional period, the JRC (Joint Research Centre) document "Greenhouse gas emission intensities of the steel, fertilisers, aluminium and cement industries in the EU and its main trading partners" was published in September 2023. This document contains the default emission factors broken down by product type and semi-finished product at the level of non-EU countries that can be used in the transitional period for reporting under the CBAM. These factors can be used for 100% of the total embedded emissions for the first three reporting quarters (until 31 July 2024) in the absence of specific values provided by the individual producers.

Below are a couple of example tables that illustrate, on the basis of the specific factors of the different countries, the cost associated with the embedded emissions in goods imported from non-EU countries.

CASE A) CN 72142000: Iron or non-alloy steel; bars and rods

Country	Direct [tCO ₂ /t]	Indirect [tCO ₂ /t]	Total [tCO ₂ /t]	Cost* [€/t]
China	1.84	0.34	2.18	+174
India	4.9	0.73	5.63	+450
Turkey	1.83	0.14	1.97	+158
Ukraine	2.16	0.29	2.45	+196

CASE B) CN 72249000: Semi-finished products of alloy steel

Country	Direct [tCO ₂ /t]	Indirect [tCO ₂ /t]	Total [tCO ₂ /t]	Cost* [€/t]
China	1.71	0.54	2.25	+180
India	2.72	0.57	3.29	+263
Turkey	1.87	0.27	2.14	+171
Ukraine	1.45	0.94	2.39	+191

*It is assumed that producer countries have not adopted a carbon tax mechanism. CO₂ price: €80/t

For a more detailed discussion of the actions included in the European Green Deal, please refer to the chapter "Policy and Regulatory Risk".

The AFV Beltrame Group's commitment

It is within this constantly evolving and increasingly challenging regulatory framework that the AFV Beltrame Group has decided to further emphasise its commitment to climate change by joining the Global Steel Climate Council (GSCC).

The GSCC is a non-profit association, founded by the world's leading players in the electro-steel industry, which aims to support the climate strategy defined in the 2015 Paris Agreement by setting a specific standard for the steel industry, supporting the reduction of carbon emissions, with a commitment to achieve a scenario of a global average temperature increase of no more than 1.5°C by 2050. The GSCC includes more than 35 international members, representing steel producers, trade associations, end users, scrap metal suppliers and non-governmental organisations.

Purpose of the GSCC Standard

In summary, the Steel Climate Standard has three important objectives:



1

To provide an unambiguous framework, independent of the technological processes used, for certifying steel products and setting science-based emission reduction targets, applicable to all steel producers equally on a global basis.

2

To ensure transparency in the communication to all buyers and users of the actual carbon emissions associated with steel products, ensuring objective assessments and informed purchasing decisions based on the actual carbon footprint of the process used to generate the products.

3

To create a clear and replicable industry-wide standard for achieving emission reduction targets consistent with the Paris Climate Agreement by 2050, through the monitoring, planning and implementation of targeted carbon reduction activities.



Valstagna Hydroelectric Plant, Italy

By embracing the indications of the Standard proposed by the GSCC, the AFV Beltrame Group expresses its commitment to pursue a reduction in specific carbon dioxide emissions resulting from its processes, in line with the pathway envisaged by the document itself. Specifically, the Group's commitment includes:

- A 40% reduction by 2030 in the total contribution of direct and indirect emissions from the production of the electricity consumed (Scope 1 + Scope 2), taking the 2015 figure as a baseline.
- The achievement of carbon neutrality, understood as the minimum value achievable with the use of the technologies available today and those under development, today with a very low degree of maturity, some of which are even in the feasibility assessment phase, although promising. According to the provisions of the Standard, the steel processes must reach a specific emission level, overall not exceeding 0.12 tonnes of CO₂ per tonne of finished product.

Added to this is the commitment to continuously improve the quality and accuracy of data on indirect emissions deriving from transport activities in the procurement phase and those embedded in the raw and ancillary materials used in the production process.

AFV Beltrame Group Business Activities

Regulatory developments, with the possible risks and opportunities that derive from them, together with the Group's increasing willingness in terms of commitment, have resulted in the Sustainability Steering Committee discussing the Group's decarbonisation targets already in 2022 and the strategies to be implemented to achieve the proposed level. In fact, the attention of our stakeholders and the regulatory context have offered new development opportunities: reducing CO₂ emissions today is the key to accessing the economic context of tomorrow, in which companies are called upon to be increasingly sustainable in order to remain competitive.

The AFV Beltrame Group has followed a structured and responsible approach in relation to CO₂ emissions which is based on three fundamental steps:



Measurement



Identifying actions



Reducing



Hydroelectric plant of Debba, Italy

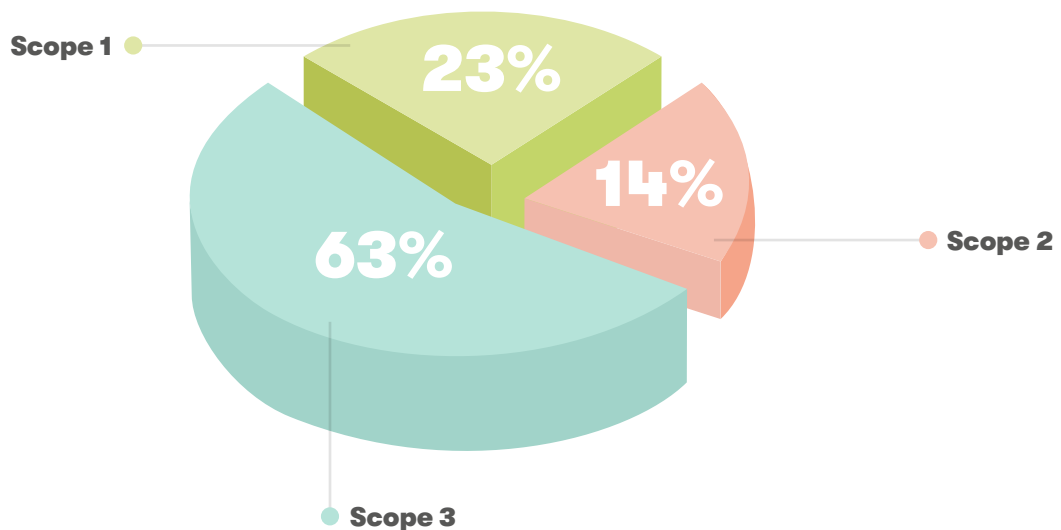
Measurement

It is impossible to reduce what has not been measured, which is why we have completed the measurement of CO₂ emissions generated by the value chain according to ISO 14064-1. The Group measures and monitors CO₂ emissions generated by the value chain, defined as Scope 1, 2 and 3. To calculate the emissions of the steel industry, there are two main options: the absolute value of the emissions and the CO₂ intensity, the latter expressed in tonnes of CO₂ per tonne of finished steel product. In particular, according to the downward trend identified in the Group's decarbonisation plan, in 2023 the KPI representing the Scope 1 and Scope 2 CO₂ emissions should have been 0.24 tCO₂/t. However, it should be emphasised that this indicator is influenced by two variables: production volumes (endogenous variable), which improve KPIs as production increases, and electricity emission factors (exogenous variable). In particular, the emission factor of France's electricity (source: AIB 2022) was significantly higher than the historical figure due to the exceptional and prolonged shutdowns of the French nuclear park. Therefore, according with the certification body, an estimate was made that was more representative of the real French energy mix in 2023. At Group level, the CO₂ emission in absolute terms (expressed in tonnes) of Scope 1+2+3 contributions for steel mills and rolling mills, referred to 2023 is equal to:

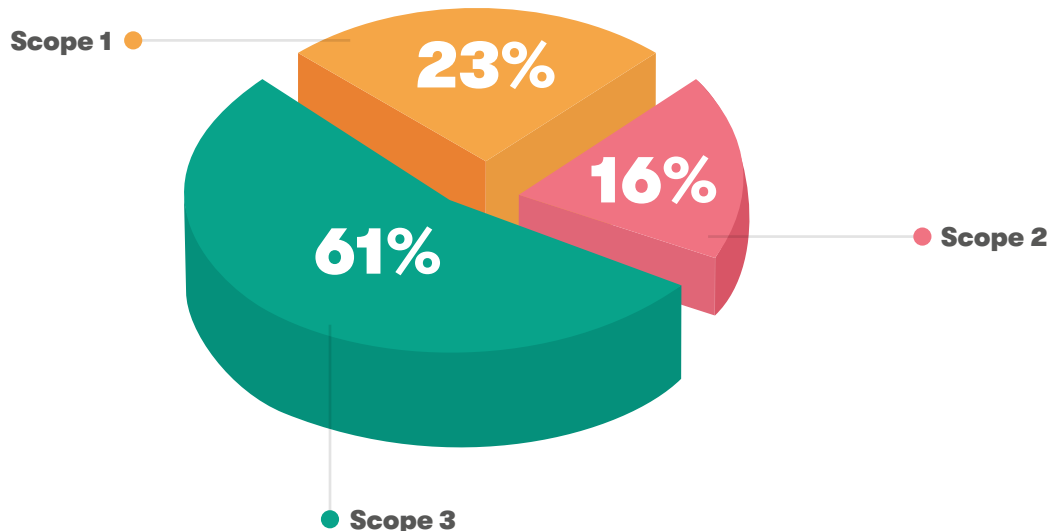
Considering Scope 2 Market Based: 1,272,863 tCO₂e.

Considering Scope 2 Location Based: 1,317,150 tCO₂e.

**Breakdown of Group CO₂ emissions
(Scope 2 Market Based)**



**Breakdown of Group CO₂ emissions
(Scope 2 Location Based)**



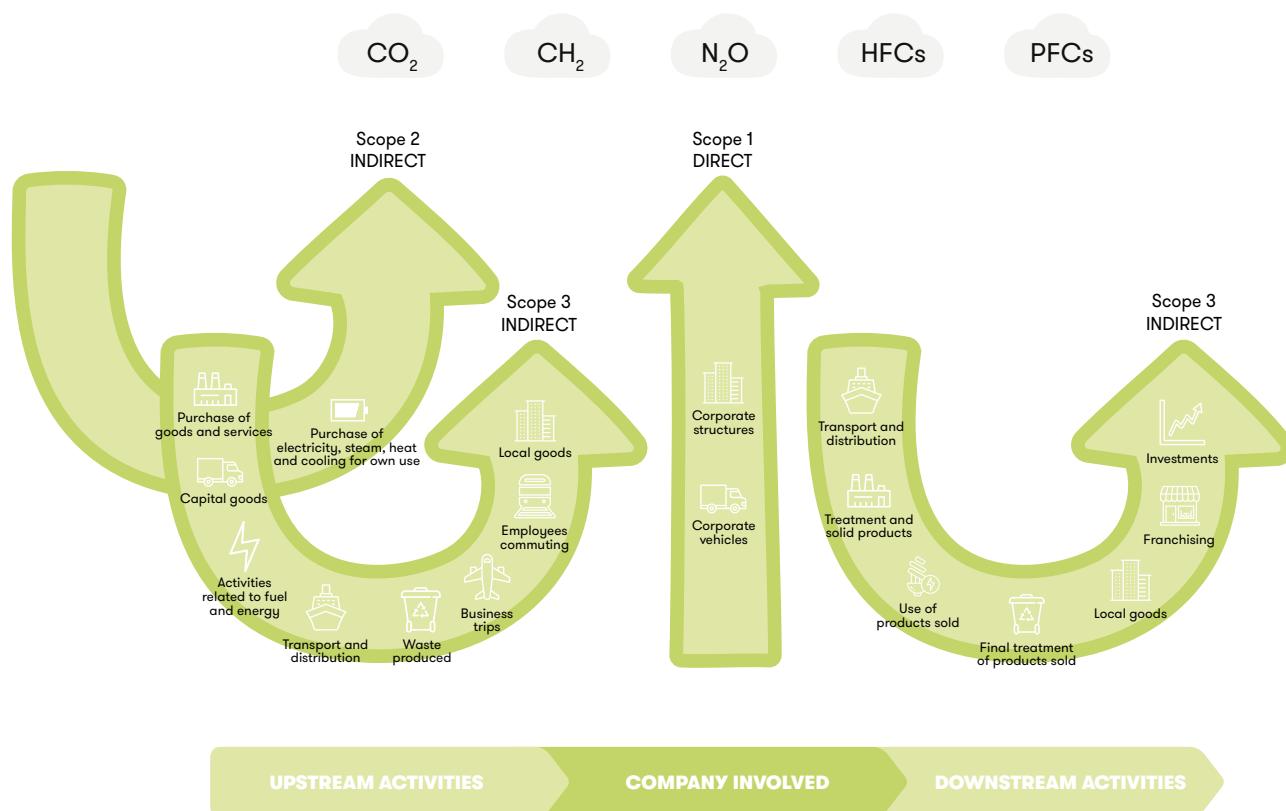


Carturo Hydroelectric plant, Italy

The CO₂ emission intensity, again referring to Scope 1+2+3 (upstream) emissions for steel mills and rolling mills, referring to 2023 and expressed in t CO₂/t of finished steel product is:

1. Considering Scope 2 Market Based: $0.575 \cdot \text{t CO}_2\text{e/tonne finished product}$.
2. Considering Scope 2 Location Based: $0.599 \cdot \text{t CO}_2\text{e/tonne finished product}$.

*The value relating to the issue intensity also considers the processing yield.



The Group's Italian, Romanian and French plants, which are part of the European Emission Trading System (EU-ETS), will see a decrease in free allocation in the coming years, with a consequent increase in operating expenses. The greenhouse gas emissions relevant to the Group and expressed in tCO₂e are summarised:

Quantification of Scope 1

The AFV Beltrame Group carefully monitors the evolution of regulations and the possible risks and opportunities that derive from these reforms. Discussions have been initiated within the Sustainability Steering Committee on the Group's decarbonisation objectives and on the strategies to be implemented to achieve the proposed level. The attention of our stakeholders and the regulatory context have offered new development opportunities: reducing CO₂ emissions today is the key to accessing the economic context of tomorrow, in which companies are called upon to be increasingly sustainable in order to remain competitive.

	2022			2023		
	AFV	L.M.E.	DONALAM	AFV	L.M.E.	DONALAM
Allocations	87,056	58,159	15,345	95,886	58,159	12,796
Emissions	119,614	74,592	13,576	116,824	72,416	16,553

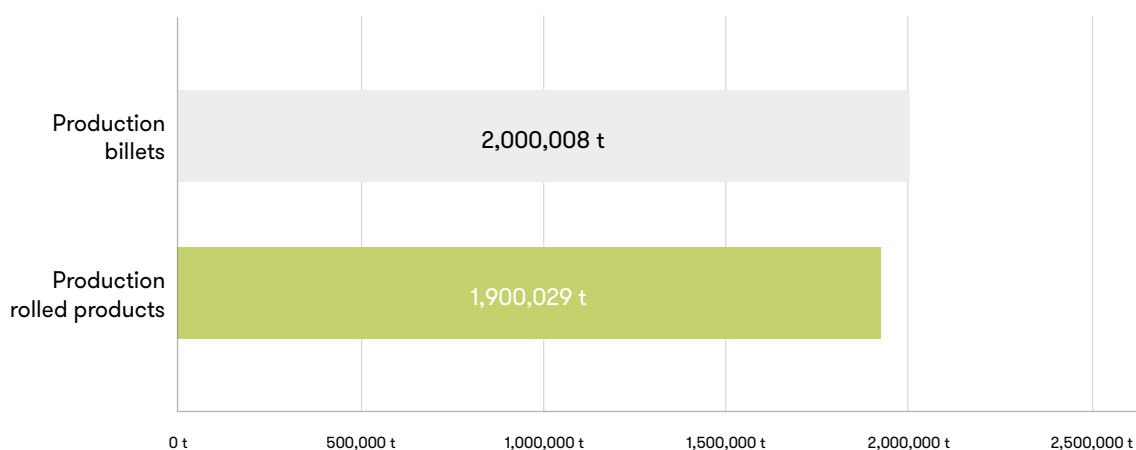
The Stahl Gerlafingen factory is instead not within the scope of the ETS (Emission Trading System) and is subject to the obligations prescribed by Swiss Law 641.71 "Federal law on the reduction of CO₂ emissions". The calculated emissions for 2023 are 85,863 tonnes.

Focus on emissions for 2023

Detail production and emissions	Production billets	Production rolled products	Total production	CO ₂ emissions from steel mill	CO ₂ emissions from rolling mill	Total CO ₂ emissions
Unit of measure	t	t	t	tCO ₂	tCO ₂	tCO ₂
AFV Vicenza	964,382	647,026	1,611,408	69,441	33,687	103,128
AFV San Didero	n.a. ^(*)	100,550	100,550	n.a. ^(*)	8,974	8,974
AFV San Giovanni Valdarno	n.a. ^(*)	44,566	44,566	n.a. ^(*)	4,721	4,721
Donalam	n.a. ^(*)	113,424	113,424	n.a. ^(*)	16,553	16,553
L.M.E.	493,940	428,825	922,765	42,747	29,669	72,416
Stahl Gerlafingen	541,686	565,637	1,107,323	49,110	36,753	85,863
Total	2,000,008	1,900,029	3,900,037	161,298	130,357	291,655

NOTE:

(*) n.a.: not applicable as stand-alone rolling plants.

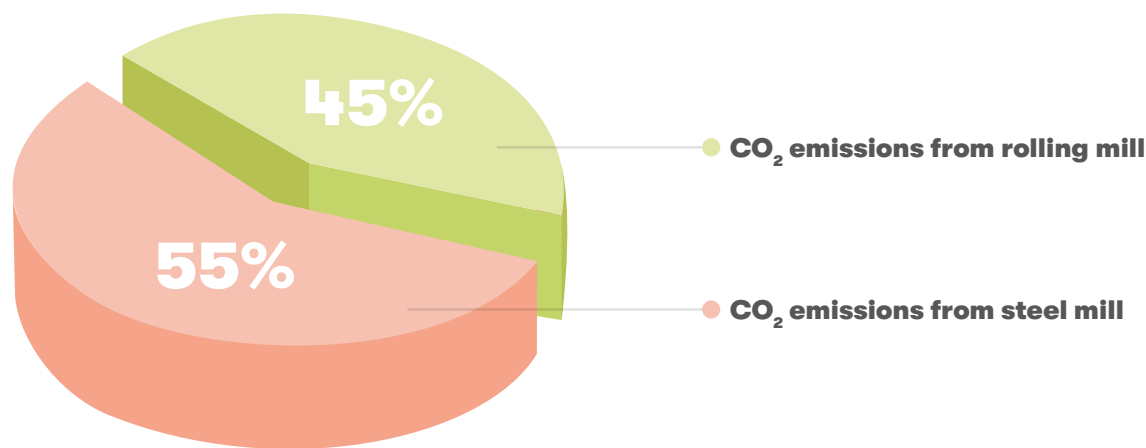


Subdivision of emissions	CO ₂ emissions from steel mill	CO ₂ emissions from rolling mill	CO ₂ emissions from steel mill	CO ₂ emissions from rolling mill
Unit of measure	%	%	tCO ₂ /t steel	tCO ₂ /t steel
AFV Vicenza	67	33	0.072	0.052
AFV San Didero	n.a. ^(*)	100	n.a. ^(*)	0.089
AFV San G. Valdarno	n.a. ^(*)	100	n.a. ^(*)	0.106
Donalam	n.a. ^(*)	100	n.a. ^(*)	0.146
L.M.E.	59	41	0.087	0.069
Stahl Gerlafingen	57	43	0.091	0.065
Total	55	45	0.081	0.069

NOTE:

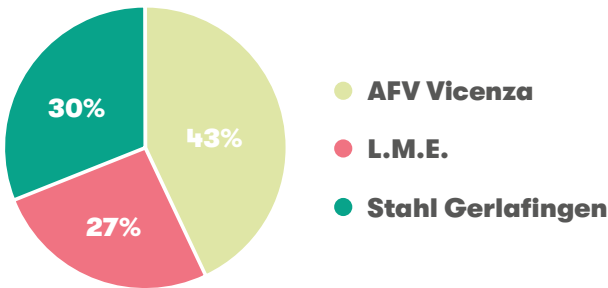
(*) n.a.: not applicable as these are stand-alone rolling plants.

CO₂ emissions split between steel mill and rolling mill 2023



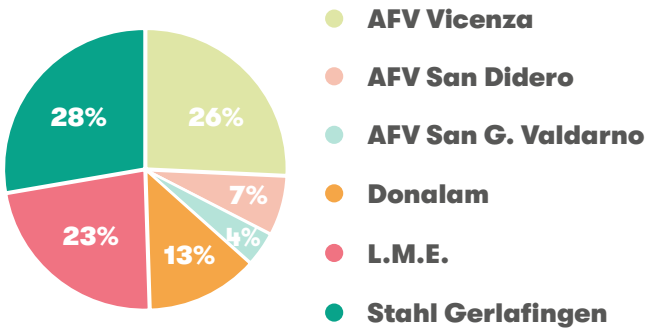
CO₂ emissions of the three steel mills compared to the total from the Group's semi-product production

PERCENTAGE EMISSIONS REFERRING TO THE REPORTING SCOPE	EMISSIONS FROM STEEL MILL
Unit of measurement	%
AFV Vicenza	43
L.M.E.	27
Stahl Gerlafingen	30



CO₂ emissions from rolling mills

PERCENTAGE EMISSIONS REFERRING TO THE REPORTING SCOPE	EMISSIONS FROM ROLLING MILL
Unit of measurement	%
AFV Vicenza	26
AFV San Didero	7
AFV San Giovanni Valdarno	4
Donalam	13
L.M.E.	23
Stahl Gerlafingen	28



Category Scope 1	Vicenza	San Giovanni Valdarno	San Didero	L.M.E.	Stahl Gerlafingen	Donalam	Total
	tCO ₂	tCO ₂	tCO ₂	tCO ₂	tCO ₂	tCO ₂	tCO ₂
1.1 Emissions from stationary combustion	48,474	4,721	8,974	38,440	67,413	16,553	184,575
1.2a Emissions from mobile combustion ^(a)	808	0	162	195	2,318	174	3,658
1.2b Company cars ^(a)	354	9	20	61	30	72	547
1.3 Process emissions	54,655	0	0	33,976	18,450	0	107,081
1.4 Fugitive emissions	254	27	3	13	0	0	297
Total							296,158

NOTES:

^(a) Parameters used in the calculation of Scope 1 emissions .

Fuel	tCO ₂ e/t	kg/L	Emission Factor Source
Diesel (machinery)	3.215	0.85	IPCC + Calculation
Diesel (cars)	3.200	0.85	Fetransp 2020 + Calculation
Unleaded petrol for automotive use	3.195	0.72	Fetransp 2020 + Calculation
LPG	0	0.5	ETS (Romania)

Quantification of Scope 2

The calculation of Scope 2 emissions, which concerns the indirect contribution of emissions from the generation of purchased electricity consumed by the Group, was based on the plants' total energy consumption and emission factors according to two different approaches:

1

The market-based approach uses the CO₂ emissions emitted by the energy suppliers from which the organisation purchases electricity through contracts, and can be calculated by considering: energy Guarantee of Origin certificates and direct contracts with suppliers, supplier-specific emission factors, emission factors related to the "residual mix", i.e. energy and emissions not monitored or unclaimed (methodology used, with source emission factor: AIB - European Residual Mixes, 2022; specific emission factor of the supplier for the Italian plants and estimation of the 2023 French factor based on the breakdown of energy sources used during the year).

2

The location-based approach uses average emission factors related to power generation for well-defined geographical boundaries, including local, sub-national or national boundaries (methodology used, with the emission factor source: Greenhouse gas emission intensity of electricity generation by country - EEA; "Umweltbilanz Strommixe Schweiz 2018" - BAFU for Switzerland and ISPRA 306/2023 report for the Italian plants). Scope 2 emissions calculated using the market and location-based method are expressed in tonnes of CO₂, as the percentage of methane and nitrous oxide has a negligible effect on the total greenhouse gas emissions (CO₂ equivalent), as can be deduced from the relevant technical literature.

Country	Scope 2 Location Based Emission Factors		Scope 2 Market Based Emission Factors	
	Value (gCO ₂ /kWh)	Source	Value (gCO ₂ /kWh)	Source
Italy	293	ISPRA Report 386/2023	284	Supplier mix
France	68	Greenhouse gas emission intensity of electricity generation by country - EEA 2022	69	2023 estimation (AIB Residual Mix) ^a
Switzerland	128	Umweltbilanz Strommixe Schweiz 2018 - BAFU	0	Market Based Guarantees of Origin
Romania	247	Greenhouse gas emission intensity of electricity generation by country - EEA 2022	276	AIB Residual Mix - 2022

Site	Scope 2 Location Based in tCO ₂ e	Scope 2 Market Based in tCO ₂ e
AFV Vicenza	144,907	139,951
AFV San Didero	4,142	3,931
AFV San Giovanni Valdarno	2,363	2,248
L.M.E.	20,284	20,352
Stahl Gerlafingen	37,827	0
Donalam	6,713	5,468
Total	216,236	171,950

Site	Scope 2 Location Based Emission Intensity (tCO ₂ /t steel ^(a))	Scope 2 Market Based Emission Intensity (tCO ₂ /t steel ^(a))
AFV Vicenza	0.150	0.145
AFV San Didero	0.041	0.039
AFV San Giovanni Valdarno	0.053	0.050
L.M.E.	0.041	0.041
Stahl Gerlafingen	0.070	0
Donalam	0.059	0.048

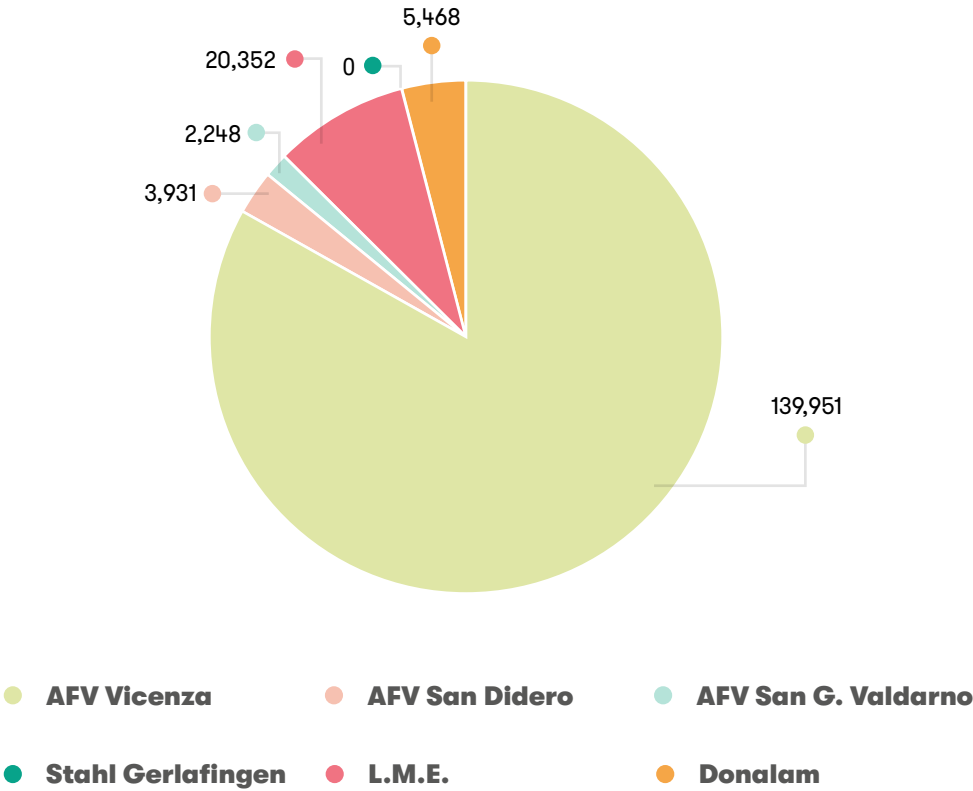
NOTES:

^(a) Value estimated starting from the distribution of energy sources and the French emission factor of 2021 (source AIB Residual Mix), re-proportioned on the basis of the French energy mix of 2023 (source ENTSO-e).

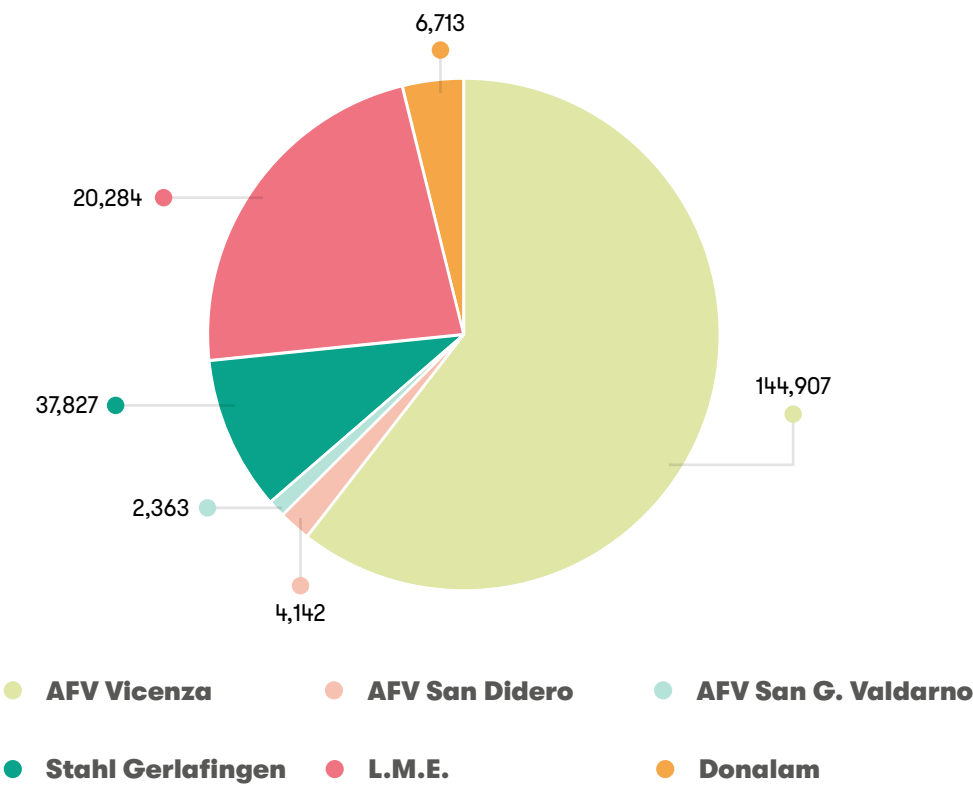
^(b) • AFV Vicenza, L.M.E., Stahl Gerlafingen: tonnes of billets produced.

• AFV San Didero, AFV San Giovanni Valdarno, Donalam (Călărași): tonnes of finished product.

Scope 2 Market Based in tCO₂e



Scope 2 Location Based in tCO₂e



Identification of Actions and Reduction Targets for Scope 1 and Scope 2

Already among the lowest in the sector, CO₂ emissions will be further reduced thanks to a decarbonisation plan that aims to reduce Scope 1 and 2 emissions by 40% by 2030 compared to 2015 levels. The activity plan is oriented towards four main areas of action:

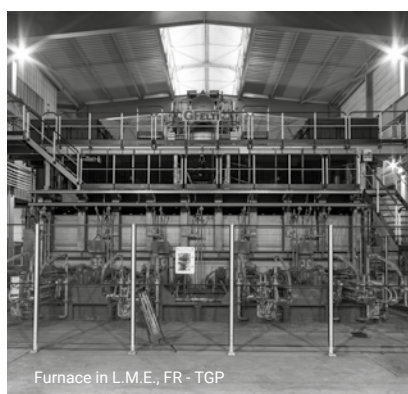
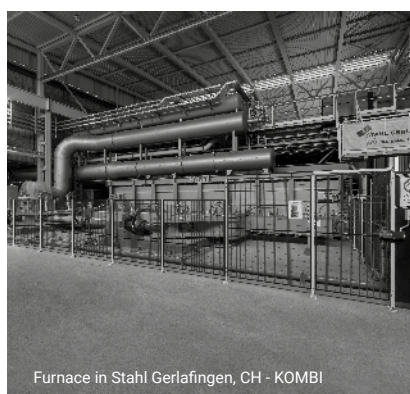
1. Production efficiency

Production efficiency: with projects aimed at improving the efficiency of production processes through various key initiatives for the Group, such as the:

- revamping of the main heating furnaces of rolling mills;
- use of digital control systems for the melting and rolling furnace;
- increase in the inlet temperatures of the billets in the rolling mills;
- optimisation of operating procedures.

Upgrading and renovating plants (e.g. heating furnaces) has always been a priority for the AFV Beltrame Group to reduce energy consumption and production costs. In fact, important projects started in 2022 that go in this direction were completed in 2023. More specifically:

- In early 2023, Stahl Gerlafingen commissioned the new reheating furnace for the Kombi rolling mill, dismantling the old one. The furnace was installed in a different position than before to avoid long production interruptions and to create sufficient space for future improvements. The new furnace will enable more efficient and sustainable production, increasing the mill's productivity on the one hand and reducing natural gas consumption on the other. The system is equipped with regenerative burners, which recover heat to pre-heat the combustion air very efficiently. This saves between 15 and 20% of natural gas consumption and direct CO₂ emissions. In addition, the residual heat from the cooling circuit and flue gases are recovered to preheat water in the heating network.
- The L.M.E. plant put the new reheating furnace for the TGP rolling mill into operation at the end of February 2023. The construction of the new furnace lasted about a year as it was necessary to carry out some ancillary works (moving underground networks, construction of a new building, etc.). This project aims to make the production line even more reliable and sustainable and to optimise the consumption of natural gas. In fact, this new furnace is equipped with regenerative burner technology (with heat recovery on each burner through ceramic systems) that allows to aim for savings of between 10 and 15% in methane gas consumption and CO₂ emissions from the rolling furnace.
- In June 2023, the Călărași (Donalam) plant commissioned the new rolling furnace replacing the existing one. The total investment for the construction of the new moving-bar furnace represents an important step in terms of energy savings and decarbonisation. In addition to expanding the range of products offered to customers and improving production efficiency, the new furnace is equipped with state-of-the-art technology (e.g. hot air recirculation, regenerative burners).



2. Circular economy practices

Circular economy practices: with measures to improve the quality of scrap and other raw materials, together with measures for the reuse of waste from production processes and the replacement of raw materials with recycled materials. Some examples of such actions are:

- the internal reuse of steel mill slag or the production of certified industrial aggregates, thus creating the conditions to meet green procurement requirements in the construction chain;
- the use of recycled products, deriving from the separate collection chain of plastic in partial replacement of coal.

With particular reference to the latter point, 2023 saw the completion of an important project:

SRA - Secondary Reducing Agent

Starting in late 2022, and on an industrial scale in 2023, the Vicenza plant commissioned the SRA (Secondary Reducing Agent) injection plant as a partial replacement for anthracite coal, and constantly monitors the progress of the project. The project is part of decarbonisation initiatives with a specific circular economy focus.

SRA, a material certified as a "secondary raw material", is a technopolymer derived from the mechanical processing of plastic waste that acts as a reducing agent, enabling it to partially replace the carbon blown into the EAF furnace. Standardised by UNI10667, the polymeric material consists of less fossil carbon than coal and therefore has a lower emission factor. Consequently, the adoption of the polymer makes it possible to lower CO₂ emissions and reduce the carbon footprint of the steel produced. In addition, the polymer also has a non-negligible proportion of biogenic carbon, but with zero impact in terms of EU-ETS by providing the appropriate measurements.

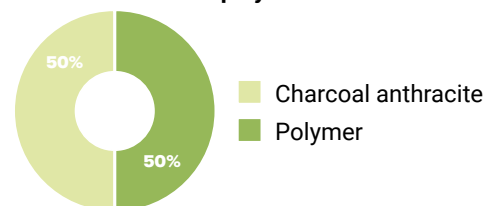
In addition, the use of this material enables to cut slag oxides by favouring the skimming of the slag during the refining.

Results

Some preliminary results due to the introduction of the polymer in the first months of 2023 are highlighted:

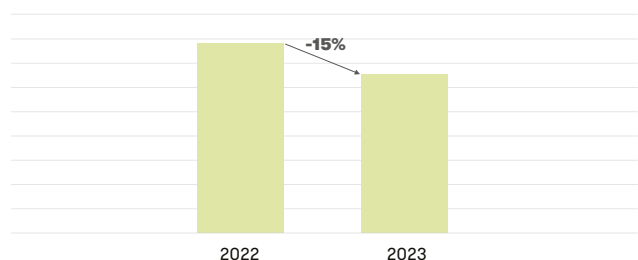
- the component of fine coal blown into the EAF furnace has already reduced by 50% compared to 2022; this allows, in addition to encouraging circular economy practices, to reduce the use of natural resources and dependence on the import of materials from abroad.

Distribution of anthracite vs polymer use



- To date, the adoption of the polymer makes it possible to reduce CO₂ emissions due to the use of coal in the process by 15% compared to 2022, considering only the fossil carbon component contained therein.

Specific CO₂ emissions (SRA project)



These results are in line with the project's objectives and are continuously monitored for CO₂ reporting purposes.

Future developments

The AFV Beltrame Group is evaluating the extension of this project to the Swiss Stahl Gerlafingen and French L.M.E. plants as well, in order to verify the actual percentage of carbon-anthracite substitution obtainable in the production processes of these two plants and thus be able to correctly size future industrial systems for the L.M.E. and Stahl Gerlafingen plants.



Specific material characteristics:

The polymeric material Bluair Flakes produced and supplied to the Group by I.blu is a secondary reducing agent. Standardised by UNI 10667-17, the material contains a mixture of polyolefins (PE, PP, PS) with an average carbon content of 75% and hydrogen content of 15%. Since it has a biogenic carbon content of 20% (according to standard EN 15440), it can therefore be disregarded for the purpose of CO₂ emission quotas (ETS).

In summary, these applications have allowed the Group to consolidate the process of reducing waste and by-products sent to landfills, favouring the recovery of waste, which today covers about 90% of the total.

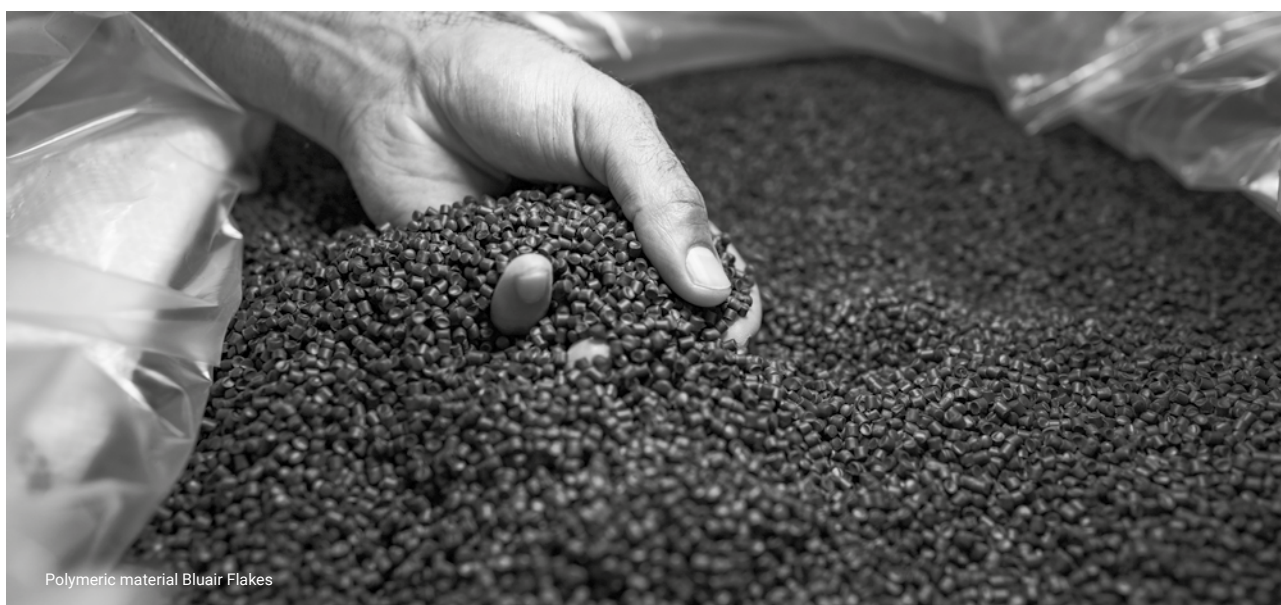
Furthermore, the AFV Beltrame Group's production is completely based on the use of scrap as a raw material; in fact, over 97% of all iron used as raw material is recycled.

3. Green energy supply

Green energy supply: the Group is carrying out and planning further investments to achieve two ambitious targets by 2030: 40% renewable energy in total supply for AFV Acciaierie Beltrame (Italy) and Donalam (Romania), and a significant increase in the amount of fossil-free energy sources for L.M.E. (France) and SG (Switzerland). To see the efforts made by the Group in this direction in detail, please refer to paragraph 4.4 "Energy for the Group".

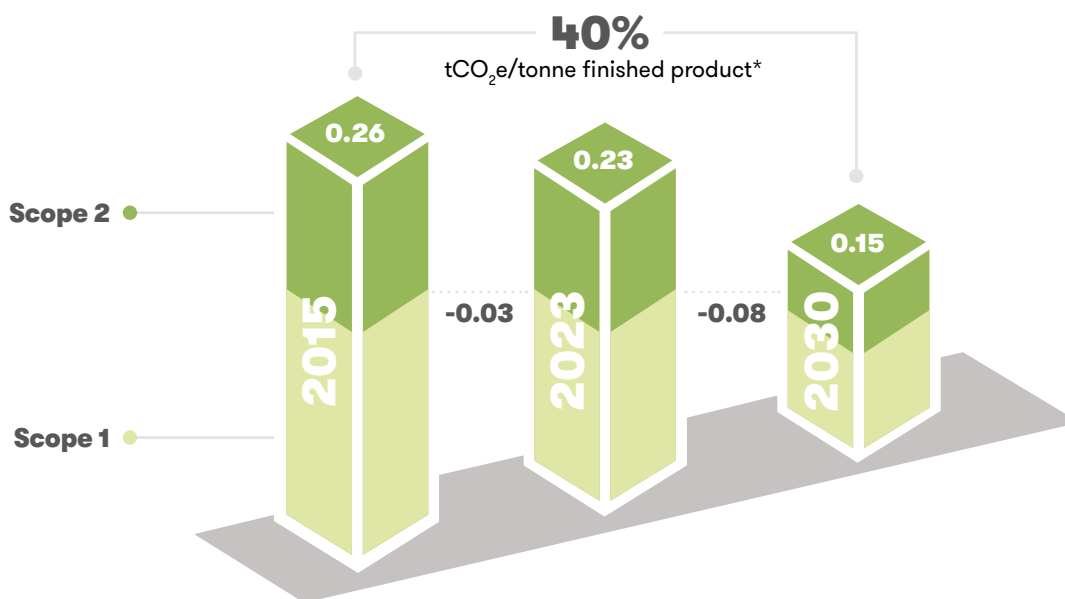
4. Technological solutions

Technological solutions involving the use of hydrogen as an energy carrier: the AFV Beltrame Group is preparing for the use of green hydrogen as a fuel, even participating in EU-funded projects to study these solutions. The furnaces of the AFV Beltrame Group are also already set up to use hydrogen as a fuel mixed with natural gas. The potential use of green hydrogen is a long-term opportunity (roughly starting from 2026, according to various ongoing studies) which envisages a fuel mix (80% natural gas and 20% green hydrogen) and the support of induction furnaces.



Polymeric material Bluair Flakes

The figure below shows the 2030 reduction target (compared to 2015) of Scope 1+2 (Market Based) as a Group target (tCO₂e/tonne finished product), as well as the 2023 result of 0.231* tCO₂e/tonne finished product.



* The value relating to the issue intensity also considers the processing yield. Furthermore, this intensity value is intended as a weighted average on the production of finished product of all plants considered within the reporting perimeter.

Identification of Actions for Scope 3

For this specific category of emissions, the Group pursued and achieved the following interrelated objectives in 2023:

1. the engagement of suppliers through specific questionnaires related to logistics and the supply chain in order to create awareness on the issues of quantification and reduction of CO₂ emissions;
2. improving the quality of indirect emission data by replacing data from databases with specific, point data.



In fact, the Group is strongly convinced of the need to further investigate the carbon footprint of its indirect Scope 3 emissions, which cover almost 60% of total emissions, and for this reason has undertaken a stakeholder engagement process focused on the main suppliers of raw materials and transport upstream and downstream, i.e. the items with the greatest impact within the Scope 3 category.

The first step was to map the strategic suppliers from the point of view of CO₂ emissions by dividing them into the most impactful macro-categories. Subsequently, a questionnaire was prepared in which information of various levels was requested, such as the type and quantity of material supplied, country of origin, product CO₂ emissions, means of transport used during the supply and other useful information for the purpose of decarbonisation.

The questionnaire was sent to more than 80% of the finished product transporters and more than 95% of the suppliers of the most CO₂ impacting raw materials. The participation of suppliers was high, with a response rate of more than 80% in

all categories concerned.

After analysing the answers from the questionnaires, the Group is undertaking in-depth interviews with the main impact partners at Scope 3 level in order to:

- know the level of customer awareness on sustainability and decarbonisation issues;
- verify the presence of specific data (e.g. CO₂ emissions), methods used in the calculation and/or presence of any certifications (e.g. ISO14064-1) to improve the quality of the GHG emissions inventory;
- encourage the improvement of suppliers' awareness of environmental issues with the possibility of considering future partnerships.

The objective of the project is to improve the quality of the GHG emission inventory through the acquisition of primary data from suppliers with specific emission factors instead of using average database values.





Chalibria 
Carbon neutral steel by AFV Beltrame Group

4.7 CHALIBRIA - CARBON NEUTRAL STEEL

The Idea

The creativity of the term Chalibria leads to a kind of journey back in time, specifically to the Latin people of the Chalybes, to whom the classics attribute the invention of the iron and steel industry, reaching present times where care and protection of the environment have forced even steel to find a new balance.

The interweaving profiles depicted in the logo form three Cs (Carbon neutral, Circular, Commitment), referring on the one hand to the circularity of the intrinsic value of our business and on the other to the balance we wish to pursue, starting from the reduction of our carbon footprint and placing ESG principles on an equal footing in all activities and processes.

For all this, Chalibria stands for transparency and accountability. A name that looks from the ancient forges to the future of an increasingly conscious, circular steel.



Highlights 2023

2023 was a very important year for the new Chalibria brand. One of the main focuses was in fact sharing the path that led from the idea to the implementation of this ambitious project with the Group's stakeholders. The launch of the new brand in late 2022 was followed by workshops and various sharing events for customers and stakeholders in 2023, to whom the new brand was presented.

At each event, a round table was organised with experts from different professional backgrounds, members of institutions, and representatives from both the public and private sectors of the economy, all sharing a deep understanding of sustainability and decarbonisation issues.



The Central & Eastern European Forum

10-11 January, Vienna, Austria

The CEE Forum is the platform that brings the leading representatives of the main multilateral bodies involved in the region - EBRD, IFC, EIB, IMF, European Commission and ESM - together in the same event focused on the future of this important territorial area. For 28 years, it has brought together issuers, investors, intermediaries and policy makers from the CEECs and beyond, to network, acquire valuable knowledge and contribute to defining the agenda for the year to come. The 2023 CEE Forum addressed some of the most pressing issues for CEE market participants:

- energy security: the costs of keeping the lights on;
- reconstruction of Ukraine;
- playbook for the crisis: an overview of the regional banking sector;
- monetary policy: fiscal accelerator, monetary interruption - conflict management;
- rate de-synchronisation and its implications for the CEE.



Decarb Connect Europe

12-14 June, Antwerp, Belgium

The mission of Decarb Connect, carried out through events, relationships and networks, is to accelerate decarbonisation by working with the leaders of the most energy-intensive sectors and with those with complex challenges to solve. Decarb Connect offers free access to webinars and workshops, industry reports, podcasts and more. The system intermediates access to difficult-to-reach information and facilitates collaborations, with the aim of accelerating decarbonisation in hard to abate sectors.



CEE Sustainable Finance Summit

15-19 May, Prague, Czech Republic

The CEE Sustainable Finance Summit aims to promote the debate on sustainable finance and the opportunities it offers to Central and Eastern Europe. The summit is hosted by like-minded organisations in the region and invites financial sector professionals, policy makers and key stakeholders from business, politics and civil society to participate in the discussion on how to unlock the potential of sustainable finance. The summit also serves as a space for the different countries in the region to network and exchange experiences.



Assofermet Autumn Conference

5-6 October, Rome, Italy

ASSOFERMET is the national association of entrepreneurs engaged in trade and pre-processing in the iron and steel, non-ferrous metals, ferrous scrap, ironmongery and related sectors, divided into four national unions, namely: Assofermet Acciai; Assofermet Rottami; Assofermet Metalli; Assofermet Ferramenta. AFV Beltrame Group participated in the Autumn Conference held in Rome in October: "Going green: the wave sweeping through companies and changing paradigms". The topic covered included sustainability, steel industry, circular economy and how major global trends impact the Italian and international economy. The decarbonisation process undertaken by AFV Beltrame Group and the challenges of electric furnace steel were described by Enrico Fornelli, CCO (Chief Commercial Officer) and Giovan Battista Landra, Group Sustainability & Environment Director.

Following the commitment to implement projects that enable and will allow the reduction of CO₂ emissions, the Group Strategy Committee decided to launch the carbon-neutral steel brand Chalibria as early as autumn 2022.

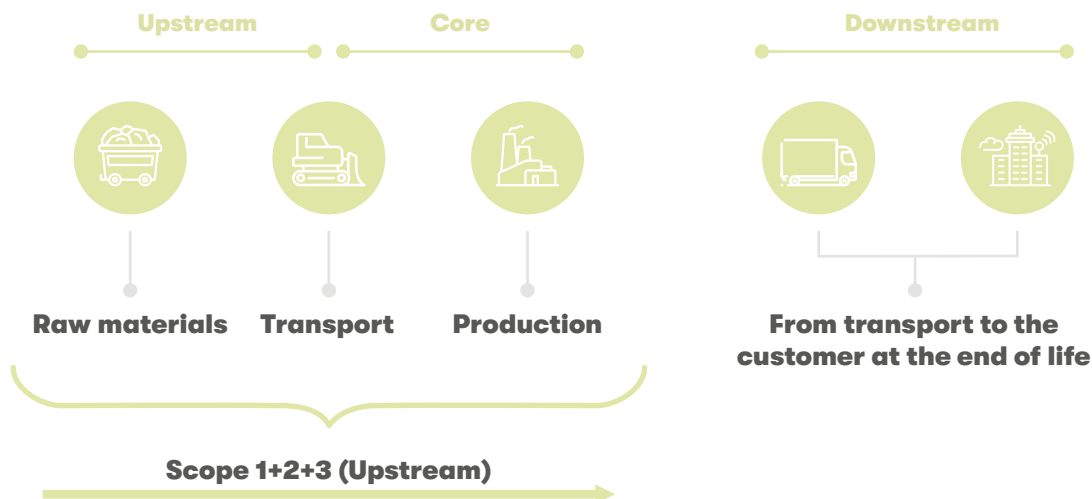
Chalibria is the carbon neutral steel of the AFV Beltrame Group in relation to Scope 1 + 2 + 3 emissions (upstream) along the "cradle-to-gate" value chain, whose quantification has been verified by the accredited certification body RINA in compliance with the ISO 14064-1 standard (Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals).

The AFV Beltrame Group makes use of RINA's digital platform that supports its audit activities, "DIAS" (Data Integrity Audit Services platform). This platform ensures traceability, integrity and transparency of data along the cradle-to-gate value chain for carbon-neutral Chalibria steel.

For the CO₂ emissions that the Group is not yet able to reduce through the projects included in the decarbonisation plan, Chalibria's carbon neutrality is obtained by offsetting these emissions through the purchase of carbon credits on a voluntary basis, in line with the PAS 2060 certification (Specification for the demonstration of Carbon Neutrality). Carbon neutrality is validated through a certificate issued by RINA in accordance with the standards and sent to all our customers who purchase Chalibria steel. In line with international greenhouse gas standards.

The certificate sent to our customers that certifies the carbon neutrality of Chalibrian steel shows the reference project for the carbon credit used for offsetting, together with the verification of the compliance of carbon credits issued by RINA in line with the PAS 2060 certification.

The boundaries of Chalibrian carbon neutrality are shown in the following diagram:





Carbon Credits

Voluntary carbon credits are certified credits that can be purchased by companies to offset the CO₂ emissions generated by their activities. These credits are generated by projects that contribute to removing or reducing the amount of CO₂ in the atmosphere. The AFV Beltrame Group carefully selects the projects that generate carbon credits, basing its purchasing process on evaluation criteria that ensure the integrity and quality of the project, in particular:

1

Procurement of CO₂ credits from programme operators included in the IETA-ICROA code of conduct (e.g. VCS - Verified Carbon Standard, CDM - Clean Development Mechanism, GS - Gold Standard), validated and verified by independent and reliable third parties.

2

Selection of projects that meet the minimum eligibility criteria (additionality, permanence, no-double counting), with preference given to those subject to a robust CO₂ quantification system (reduction and/or removal).

3

Ensure that projects contribute not only to the reduction of CO₂ emissions, but also to a wider positive impact on the environment, local communities and sustainable development (SDGs).

In 2023, the carbon credits used by the Group contributed to financing a 98.7 MW hydroelectric plant for the generation of green energy, located along the Chorokhi River in Georgia. This project contributes to some of the Sustainable Development Goals (SDGs) as set out in the United Nations 2030 Agenda. More specifically:

1

SDG 7 "Affordable and clean energy":

the project produces electricity from renewable energy sources using hydropower as an energy source, and contributes to Georgia's growing demand for electricity through sustainable, low-carbon technology.

2

SDG 8 "Decent work and economic growth":

the plant ensures safe employment opportunities for the local community, contributing to the region's economic development.

3

SDG 13 "Climate Action":

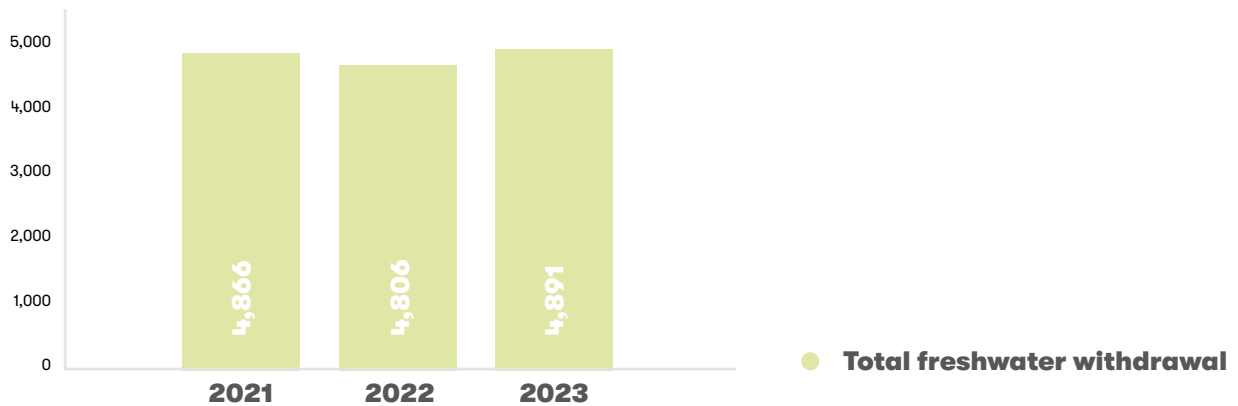
the plant contributes to improving the environmental situation in the region and country by improving air quality and thereby reducing negative effects on the climate.

The investments of the Decarbonisation Plan will reduce the emissions of the "cradle-to-gate" value chain and consequently will decrease the purchase of carbon credits.



4.8 WATER RESOURCE MANAGEMENT

Total water withdrawal expressed in megalitres



Another pillar for the AFV Beltrame Group, also confirmed by the re-approval of the list of material topics, refers to the most important natural resource: **water**.

Steel production processes require, by their very nature, large volumes of water mostly for cooling production plants. Fully aware of the bi-directional impact on this resource, over the years the Group has developed an approach aimed at improving efficiency and consequently reducing industrial water consumption, an approach made possible by constant attention and great effort also in terms of investments.

The main practices implemented to achieve efficiency and consumption reduction targets include, for example, research into the recovery of any flows still suitable for reuse as well as increasing the recirculation factor in cooling systems.

In addition, the Group is increasingly investing in the implementation of closed-loop technologies. More generally, good practices applied to the use of this resource are based on evaluations related to:

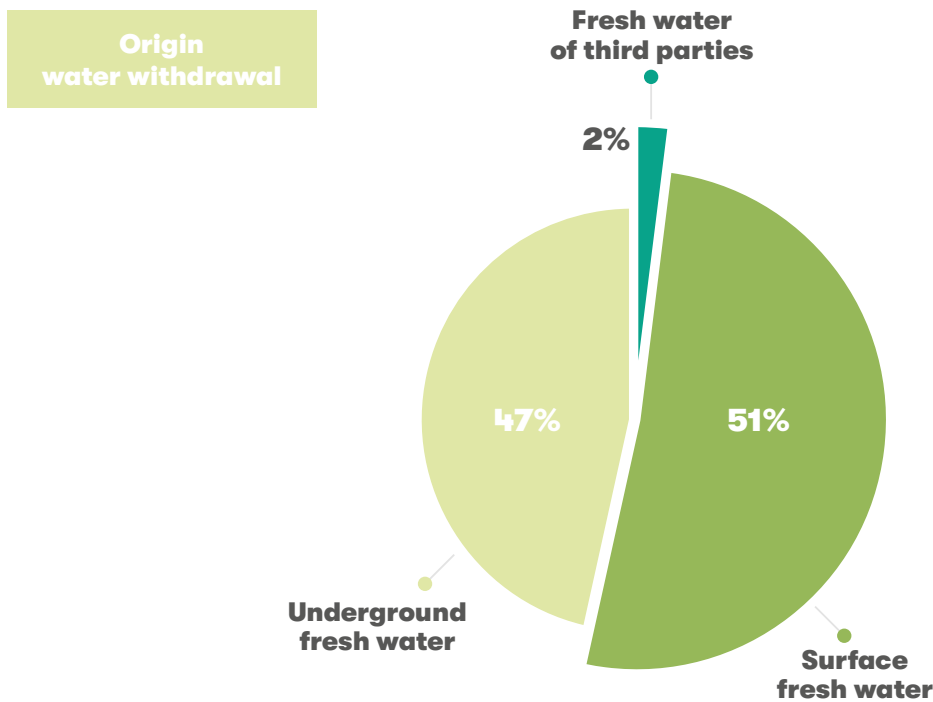
- the purpose of the water used and identification of the equipment to be cooled;
- the possible need for water pre-treatment;
- downstream purification processes;
- the identification of the various utilisation flows and related circuits;
- quantitative data of circulating flow rate, recirculation rate, treatment efficiencies;
- continuous monitoring of treated water quality;
- rational use of chemicals.



Cipata Dam and Hydroelectric Plant, Montecrestese (VB), Italy

As mentioned, the use of water in the Group's plants is basically related to the cooling process of production plant components, which takes place either through exchangers (indirect cooling) or through direct contact (e.g. in the continuous casting plants and rolling mills).

The water supply mainly comes from groundwater in the Italian factories and that of Călărași, while in the Trith Saint Léger and Stahl Gerlafingen plants, water is mainly used from surface water courses. The cooling network of the Vicenza factory is equipped with differentiated circuits but which are placed in cascade with each other and has been upgraded with the installation of a new set of cooling towers characterised by improved thermodynamic, sound and energy performance.



Main activities in 2023:

The configurations of the cascade cooling circuits have been further refined at the Vicenza and San Didero plants; this contributes to water savings also through the recovery of secondary water flows used in activities ancillary to production. This cutting-edge approach is an integral part of the Group's vision for sustainable water management.

At Trith Saint Léger, water use optimisation successfully continued with the inauguration of the new treatment plant, which treats all water collected at the site, including industrial effluents and all rainwater, thus enabling it to be used for secondary uses. The quality of the water leaving the station respects a high level of quality, before returning to the river, thanks to a physical-chemical process that brings together all the best available technologies, with a flow rate of up to 120 m³/h.

In Gerlafingen, the study for the optimisation of the entire water cycle is still ongoing, aiming at the separation of circuits involving different types of water (industrial, civil, meteoric). Developed on a multi-year basis, this project represents a further step towards efficient and sustainable water management.

The Călărași plant also consolidated improvements in the cooling circuit of the rolling furnace. The construction of new flow recovery tanks and the installation of a set of high-performance evaporative towers has not only helped to reduce water consumption, but also to optimise overall process efficiency.

In line with the AFV Beltrame Group's long-term vision, these initiatives demonstrate a tangible commitment to sustainable water management, promoting practices that go beyond regulatory compliance and actively contributing to the conservation and efficient use of water resources.

Lastly, also in relation to this pillar, the use of the Group Sustainability Dashboard allows the group to collect, monitor and aggregate data on the water consumption of each plant on a monthly basis, thus allowing, based on the analysed data, the definition of a medium-long term strategy that guarantees an increasingly efficient use of this resource, also promoting a positive impact of the Group on it.

4.9 RAW MATERIALS, CONSUMABLES AND WASTE



MATERIAL CONTENT FROM RECYCLING OPERATIONS

The Group's steel mills use electric arc furnace (EAF) technology. On average, the content of material deriving from recycling activities in the Group's finished product is over 95%.



WASTE CLASSIFIED AS NON-HAZARDOUS

The Group's annual waste production is around 520,000 tonnes, of which around 90% is classified as non-hazardous.



RECYCLED AND VALORISED WASTE

Also in the year 2023, the target to recycle and valorise at least 90% of the waste delivered was met.

The AFV Beltrame Group pays great attention to ensuring the impact reduction of its activities on the environment and are consistent with the expectations of stakeholders, also by limiting the use of raw materials and natural resources. For this purpose, the Group carries out continuous research on techniques and operating methods that make it possible to replace natural materials with by-products of industrial origin and products deriving from waste recovery flows and to optimise the efficiency of its production plants. This approach is a practical representation of how sustainability, articulated in this case in its environmental dimension, is an integral part of the Group's operational management.



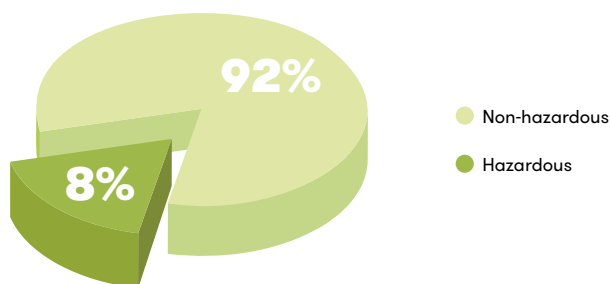
In fact, the enhancement of all secondary streams of the steel-making process is one of the fundamental pillars on which the Group's sustainability strategy is based, which is carefully monitored in the dedicated dashboard through the indicator that identifies the percentage of recovered waste with respect to the total delivered. We have set ourselves the Group goal of keeping this parameter constantly above 90% through continuous research into the best technological solutions suitable for the purpose, as we are convinced that the terms waste or by-product must be associated with the concept of a resource and therefore with the circularity of processes.

The Group's steel mills use electric arc furnace (EAF) technology, which involves the use of selected ferrous scrap of predetermined quality. This secondary smelting process, unlike the primary process that starts with the coke furnace treatment of iron ore, already represents a circular approach in itself, as more than two million tonnes of scrap iron are recovered annually in the Group and transformed into new steel with the same characteristics, properties and performance as the original one, in a recurring and practically infinite life cycle.

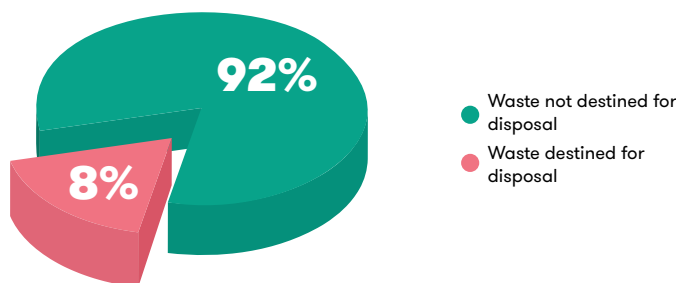
Scrap that re-enters the steel production stream at the end of its life cycle comes both from the industrial sector (processing waste, classified as pre-consumer) and from collection downstream of common use (known as post-consumer). On average, the content of material deriving from recycling activities in the Group's finished product is over 95%.

The scrap iron entering the factories can be classified either as a product deriving from a recovery cycle ("end of waste" according to European regulation EU 333/2011) or as waste and must comply with strict purchase specifications as well as be subject to strict verification and classification protocols upon entrance to the scrap yard area. Some scrap streams undergo further internal processing to optimise their performance. A scrap pre-selection plant is in operation at the Group's French factory, which makes it possible to select high-performance ferrous materials for the electric furnace, guaranteeing high yields and reduced energy consumption. The resulting material deriving from the selection of scrap has a significant content of non-ferrous metals, which is recovered and enhanced in processing cycles outside the site. The iron and steel production process also includes the addition of consumables, which provide energy and chemical value to the liquid steel bath present in the furnace (with reducing and fluxing functions, etc.). They are typically represented by lime, dolomite, coal and other slag necessary for the formation of slag of adequate quality for the protection of the plants and its subsequent use.

Total waste generated



Destination of the waste delivered



With a view to the circularity of products and processes, the Group has identified alternative materials and substitutes for some of these raw materials flows. In particular, some types of residues, which originate from internal processes, are reused as slagging agents, helping to reduce the consumption of lime and therefore the exploitation of non-renewable natural resources. Also in Vicenza, an industrial-scale plant for the injection of polymers, deriving from the recovery cycle of the plastic fraction of differentiated waste collection, was installed to partially replace the coal blown in the EAF furnace. The results have shown excellent metallurgical performance combined with significant savings of natural resources and a reduction of CO₂ emissions into the atmosphere (for further details, please refer to section 4.6 "Decarbonisation and Climate Change").

Similar tests with plastic recovery materials are carried out at the Stahl Gerlafingen site, while fractions of various sizes from end-of-life tyre recovery are used for the same purpose at the Trith Saint Legér factory. The Group is also focused on identifying recovery paths for other waste streams produced and has made contacts with specific supply chains (e.g. cement and concrete production or infrastructure works), which have shown interest in recycling black slag and industrial aggregate in their processes. The latter is marketed in Italy and Switzerland with the EC marking in accordance with European product standards and managed according to a third-party certified factory production system (FPC). In France, EAF slag is commonly used in road and building construction, consistent with SETRA ministerial guidelines. A further example of circular practice is the recovery of zinc in dust originating from the flue gas filtration treatment of the fume abatement plant for the steel mill fumes.

The recovery process is implemented in external plants through thermal processes and avoids the landfilling of several tens of thousands of tonnes of hazardous waste each year. The ferrous flake resulting from the rolling process is used in the production of counterweights, in cement works, glassworks or in primary smelting steel plants. The Group's annual waste production is around 520,000 tonnes, of which around 90% is classified as non-hazardous.

Consistent with the strategic objective of the sustainability pillar that falls under the heading "waste management", the target of recovering and enhancing at least 90% of the waste delivered at Group level was also met in the year 2023.

Beltreco

The use of the BELTRECO inert aggregate makes it possible to achieve the dual purpose:

- reduce the exploitation of limited natural resources;
- simultaneously decrease the formation of waste.

The inert aggregate BELTRECO (fractions 0/40, 0/90, 0/8, 8/16, 16/31.5) is produced according to the technical specifications EN 13242 (for road foundations), EN 12620 (for concrete) and EN 13043 (asphalt mixes), with the corresponding EC marking, in accordance with the 2+ system of attestation of conformity as laid down in European Regulation 305/2011.

The 2+ attestation system includes the examination of tests (ITT - initial type test), the activation of in-plant production control, and the intervention of a Notified Certification Body which verifies and certifies the in-plant production control system through an initial visit and an annual surveillance visit. The aggregate produced has been registered with the European Chemicals Agency under the European REACH Regulation (EC) 1907/2006.

Ruvido

Slag from the electric furnace steel-making process conducted at the Stahl Gerlafingen factory has historically been processed into industrial aggregates in a certified process and used as road foundations, embankments and as a sustainable base for the production of concrete or asphalt, replacing natural resources extracted from quarries.

The slag aggregate produced at the Stahl Gerlafingen factory is marketed under the RUVIDO brand.

For years, partnerships have been established with numerous manufacturers and users to promote its use in bonded form as aggregate for concrete, and today concrete produced with RUVIDO is also used in the construction of many in-house structures at the Stahl Gerlafingen factory (interlocking structures, floors and foundations).

The RUVIDO concrete aggregate in sizes 0-16 mm is sold to concrete batching plants in Switzerland, each of which has developed its own dedicated design mix which, thanks to RUVIDO's high mechanical properties, guarantees increased mechanical strength and elasticity modulus.

We can therefore state that the "industrial rocks" produced by the Stahl Gerlafingen factory closely match our steel profiles (reinforcing bars) and improve the quality and sustainability of building structures and infrastructures made with RUVIDO.



Plant in Vicenza, Italy



4.10 RADIOMETRIC CHECKS

Specific directives are in force in the steel industry at an international level that call for the radiometric inspection of scrap metal in order to prevent the accidental melting of radioactive sources, the consequence of which can lead to contamination of industrial matrices and the environment, as well as creating radiation risks for workers and the general public.

The Group has put in place a series of procedures for the radiometric surveillance of scrap metal and other consumables in place for years, as well as stringent control over all steel batches produced or procured.

All the plants have radiometric detection systems on road and rail vehicles, at weighing equipment, and instruments for measuring the radioactivity of steel specimens and environmental radioactivity.

In 2023, the complete review of the methods for managing and controlling the systems for monitoring and reporting the levels of radioactivity in the loads entering and leaving the Group's plants continued, with particular attention paid to the control of scrap loads.

An assessment of the available innovations along the scrap management chain is also underway, in order to highlight, where appropriate, new opportunities to improve prevention activities against the presence of orphan radioactive sources. The procedures to be implemented by internal staff or third-party companies in the event of radiometric findings or anomalies were also disseminated to all operational levels. Lastly, no significant anomalies were found in 2023.



Trith Saint Léger plant, France

4.11 A SUSTAINABLE SUPPLY CHAIN IN THE AFV BELTRAME GROUP

The AFV Beltrame Group has a 360° focus on the environment, thus inevitably also including the supply chain. In fact, a sustainable supply chain is one of the pillars of the Group's decarbonisation plan. A strategic objective which, as far as the supply chain is concerned, is based on two pivotal points related to production planning and transport management:

1

Reduction of CO₂ emissions in upstream and downstream transport.

2

Supply chain digitisation.

Confirming what was said in 2023, the Group has continued to pursue its sustainability objectives, in particular with two very important projects. The first, Chronos, concerns the digitisation of production planning, while the second, the Hermes project, was specific to the Vicenza plant and concerns the reorganisation of truck accesses to the plant. These are complex and ambitious projects that started at the end of 2021 and will see their conclusion in 2024.

More specifically, the Chronos project consists of two parts, the first consisting of an advanced forecasting tool that adopts machine learning logics (demand planner), the second part being the macro planner consisting of a planning tool that exploits heuristic logics for planning at Group level.

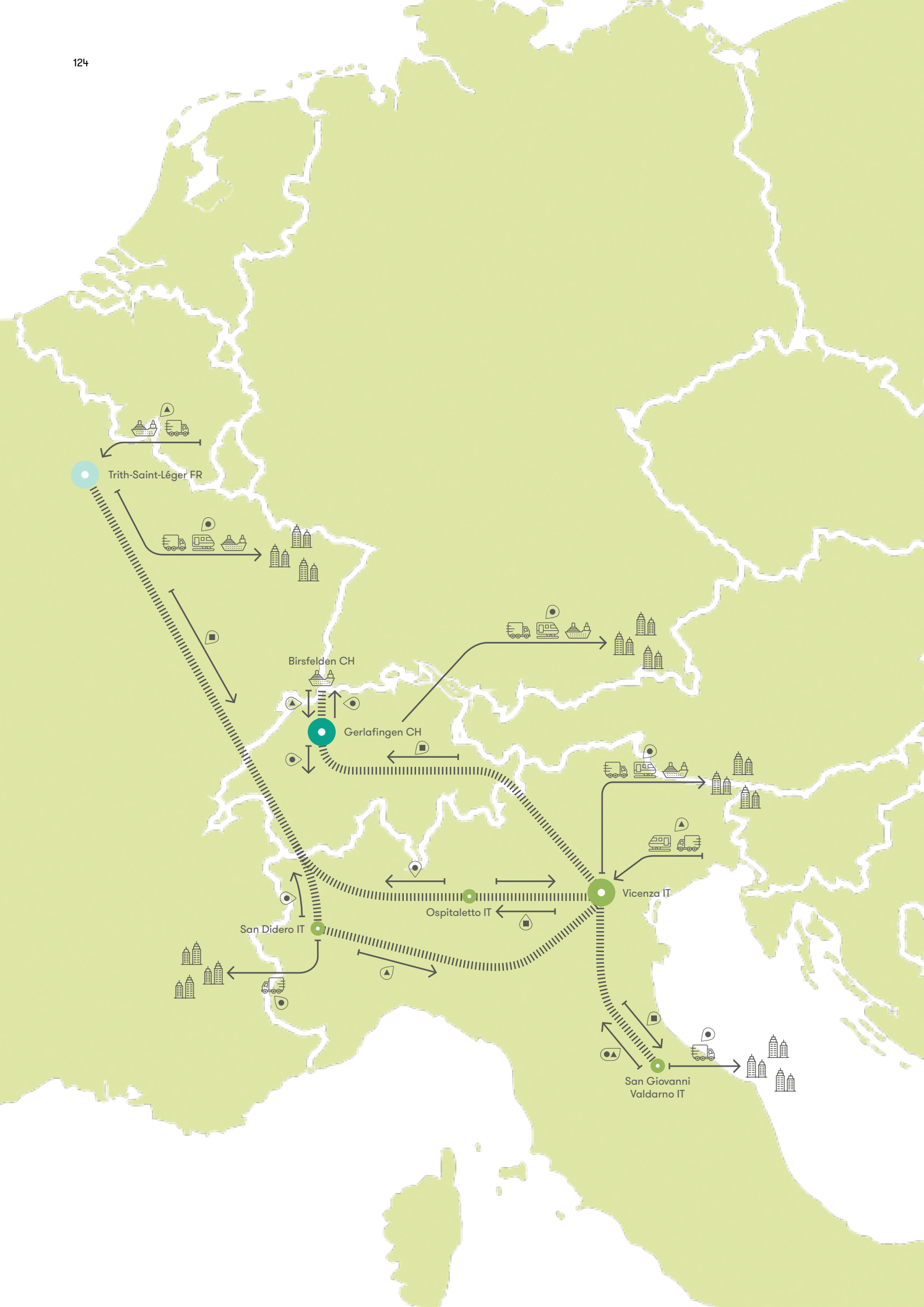
The demand planner is already in use throughout the Group and allows forecasts to be shared across all markets, increasing forecast accuracy and involving all sales forces.

The macro planner, whose implementation is underway and will be completed during 2024, will instead consist of an artificial intelligence-based tool that will propose production scenarios based on pre-set KPIs.

The Hermes project at the Vicenza plant and still in progress instead aims to implement a new access system for trucks thanks to a smart camera system based on computer visioning. Structured, organised and technologically advanced vehicle access to "loading/unloading" means less parking and handling of vehicles within the plant, with a consequent reduction in CO₂ emissions and a lower risk of accidents.

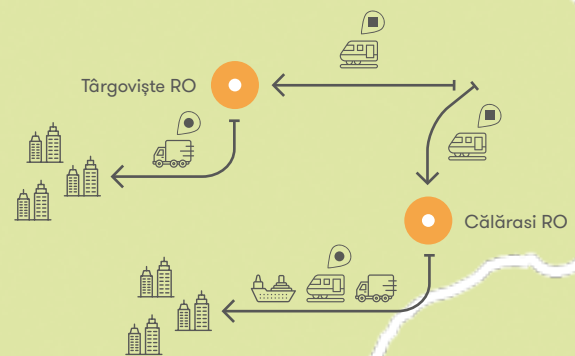
Furthermore, the investments made in recent years in railway infrastructures in order to shift part of the transport from road to rail have been fundamental for the Group's decarbonisation strategy. Intermodality is also an important aspect of the CO₂ emissions reduction strategy. Again, this shifts part of the journey from our plants to our customers from road to other modes of transport, most of which are by train. Despite having been a year with many market difficulties, the data from 2023 paint a picture of consolidation in the use of this mode of transport, consistently with the path undertaken in previous years by the Group.

Lastly, the French site of L.M.E. is distinctive in this sense. The highly developed river transport in France is one of the features of this factory, which has an inland port on the Escaut River used to bring scrap from Belgian ports but also to bring the finished product to the same ports, which then embarks on seagoing ships for export destinations. In fact, approximately 19% of the goods entering and leaving the plant were handled by inland waterways in 2023.



Intermodality: maximising synergies in transport makes steel even more sustainable

The AFV Beltrame Group has deployed a combination of efficiencies to protect the environment and profitability, the benefits of which are increasingly understood by all players in the supply chain.



Key



Ship



Train



Lorries



Customers



Send



Receive



Railway lines



Scrap



Semi-finished products



Finished product



AFV Beltrame Group



Laminés Marchands Européens



Stahl Gerlafingen



Donalamin

4.12 BIODIVERSITY IN THE COMPANY

As part of the approach and awareness on the theme of biodiversity, an unused space near the rolling mill plant in Trith Saint Léger, France, was made "green", giving fauna and flora a place to thrive. In this regard, various species were planted, including hornbeam hedges, shrubs, various melliferous plants and a flowery meadow area was created to meet the needs of multiple pollinating insects.

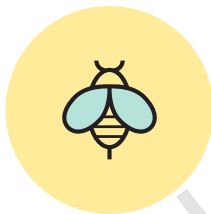
Posters were also put up to make all employees aware of the importance of preserving biodiversity and good practices for managing green spaces. All the furnishings necessary for the construction of these areas were designed and built by the plant's employees using wood waste from the various production activities, while the plants' irrigation will be carried out using recovered rainwater.

Still in the French site, the maintenance of green spaces has

been "entrusted to the care" of herbivorous animals (goats, sheep and donkeys) again in 2023, i.e. eco-grazing.

It is precisely thanks to the animals that even the most difficult spots are effectively reached and invasive plants are eradicated in a natural manner. All with zero environmental impact. Dedicated enclosures have also been created to house ditch goats, an endangered species (there are only 900 in France). Maintenance and care visits are carried out by a contracted external company.

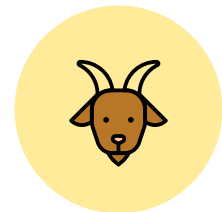
Lastly, both the Swiss plant of Stahl Gerlafingen and the French plant of Trith Saint Léger still have apiaries housing beehives.



For over 100 million years, bees have been essential for the maintenance of ecosystems on Earth. They are essential for developing biodiversity, guaranteeing almost 80% pollination of plants.

Eco-grazing in L.M.E. allows several problems to be solved:

- maintenance of hard-to-reach spaces;
- eradicates invasive plants, in particular Japanese knotweed;
 - reduces environmental impact;
 - conserves endangered breeds.



L.M.E. produces honey jars and kits for beeswax candles that are given to employees. A similar project is also being implemented in the plant in Stahl Gerlafingen.



Plant in Gerlafingen, Switzerland

Bees are an excellent indicator of the healthiness of the area, allowing an inventory to be drawn up of pollution and the quality of the local environment.

Setting up beehives is a concrete action in favour of biodiversity.

It is also about making employees aware of the challenges of biodiversity and sustainable development, and mobilising them around a virtuous and federative project.

Eco-grazing is an alternative method for landscape maintenance in urban or peri-urban areas.

From May to October, a flock of sheep, goats or donkeys settles in certain areas to graze the meadow.

As the name suggests, this practice is environmentally friendly as it reduces noise, pollution and the use of chemicals. In addition to protecting existing biodiversity, it also represents a real reduction in the cost of maintaining green spaces.



Trith Saint Léger plant, France



05



Care for Human Capital

Chapter 5



Workers of Vicenza plant, Italy

5.1 THE GROUP'S HUMAN RESOURCES. PEOPLE. RELATIONSHIPS. VALUE.



Care for Human Capital

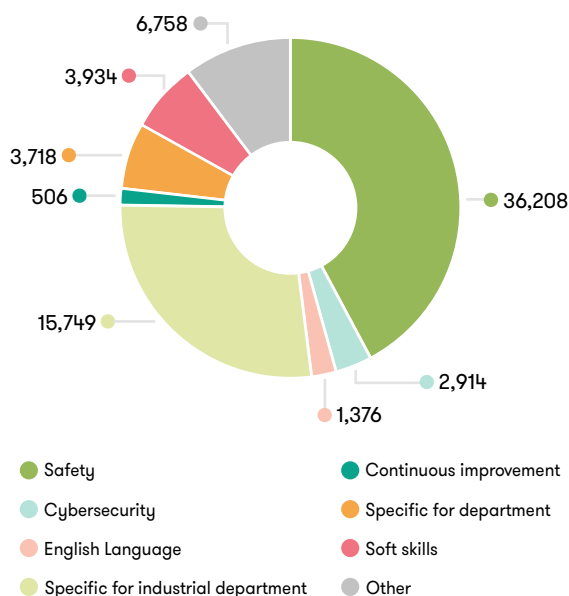
In a company where specialisation in certain professions is very high and where the training for certain roles takes months, sometimes even years, attention to human resources is not only very relevant but strategic for the Group's development. The critical issue arises in the attraction phase, given the competition with companies and sectors that are more attractive than ours for potential candidates, thus making it necessary to propose something different, trying to offer the new secondary school or university graduate, as well as the established professional, what they would expect from a major company and market leader.

AFV Beltrame Group is present at job fairs and career days for recent graduates, we organise company visits for school classes and associations, and are active in the main profes-

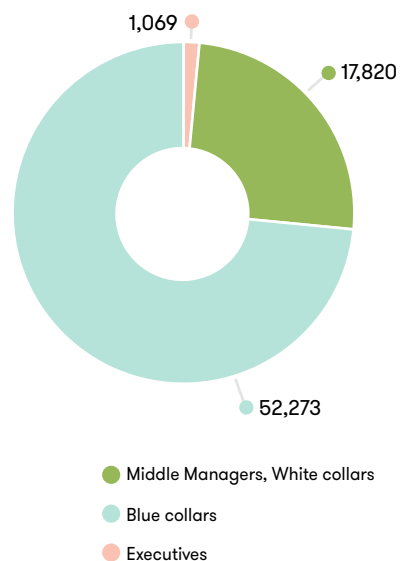
sional social networks. It manages the search, selection and onboarding process in a professional and structured manner, trying to win candidates over before they win us over. Given the difficulty in training the more specialised profiles, people retention is a priority once in the company, as well as properly managing their entry and exit. In terms of retention, the Group developed a welfare and total compensation system that offers employees more than just a salary, trying to accommodate employees with flexible working hours and flexible shifts, by bringing services into the company that would otherwise have to be sought outside in their free time, by focusing on prevention and health, and by investing as a company to ensure that everything possible is done in this direction.

In summary, human capital is the main resource in which to invest in order to ensure a managerial class that is up to the task of facing the increasingly complex challenges of today and tomorrow, also with particular regard to the issue of sustainability.

TRAINING HOURS DIVIDED BY TOPIC



TRAINING HOURS DIVIDED BY CATEGORY



5.2 TRENDS IN EMPLOYMENT LEVELS

The steel industry is one of the main production sectors of the national and European industrial system. Its supply chain contributes to job and wealth creation and includes a plurality of downstream manufacturing sectors for which steel is the fundamental raw material. From the production of crude steel to its transformation into primary and derived products, the iron and steel sector, according to the data reported in Federacciai's latest sustainability report to 2021*, employs 70,000 direct workers in Italy, equal to about 2% of the employees in the national manufacturing sector, which with the allied industries reaches 140,000, with an indirect employment impact estimated at three times as much.

Steel is used in a wide variety of strategic manufacturing sectors: from construction to mechanical engineering, from automotive to medical and food, to shipbuilding. However, the main sector of use remains construction with a 30% share, according to Federacciai data. In 2021, the steel industry in Europe directly employed 326,000 people and indirectly employed more than about 2.7 million throughout the supply chain and related activities**.

Specifically with regard to the AFV Beltrame Group, the number of employees at Group level stands at 2,883 (including the Târgoviște plant). The employment policy continues to focus on major investments in development and training activities, specific induction paths (e.g. Induction Week), training activities in cooperation with institutions in the territories where the Group operates (e.g. *Giovani d'Acciaio* [Youth of Steel]).

*<https://federacciai.it/rapporto-di-sostenibilita-2021/>

**https://ftp-siderweb.s3.eu-west-1.amazonaws.com/speciali/Speciale_Il%20futuro%20dell%27industria%20siderurgica%20europea_2022.pdf



Plant worker in Gerlafingen, Switzerland

5.3 REMUNERATION OF HUMAN RESOURCES

The implementation of the AFV Beltrame Group's "Corporate Compensation Policy" establishes the reference framework and guidelines to be followed by the countries in the development of their remuneration programmes, taking into account the specific regulatory provisions of each one.

Remuneration policy standards must be aligned with the Group's business objectives, economic performance and financial sustainability. The approach to be adopted must adhere to international regulatory requirements and be linked with individual and collective performance, in the interest of all stakeholders. The remuneration policy must be inspired by the principles of fairness and transparency in compliance with the company mission and values. The aim of the Corporate Compensation Policy is to foster the growth and motivation of human resources in a sustainable manner, in line with the company's results and strategies. The Corporate Compensation Policy applies to all Group companies and covers the economic treatment of all categories of employees, managers, white collars and blue collars. The remuneration policy of the AFV Beltrame Group must pursue the following principles: clear and transparent management of remuneration programmes; compliance with regulatory requirements and principles of good professional conduct; continuous benchmarking of trends and practices in the labour market to ensure a balance between internal and external remuneration; respect for the principle of internal equity, both at an individual country level and at a Group level; sustainable remuneration linked to company results. The remuneration policy is aimed at employee retention, with a focus on talent and resources with key skills. The benefits policy does not differentiate between full-time employees and part-time or temporary employees. As far as insurance coverage is concerned, some countries have taken out specific health insurance policies.

The Federal Act on Gender Equality in Switzerland

The Federal Act on Gender Equality in Switzerland has recently been revised, and the law was supplemented with an obligation for employers to conduct an internal equal pay analysis. The amendment aims to strengthen the constitutional right to equal pay for equal work and work of equal value. Staff at Stahl Gerlafingen are pleased that the company fully complies with these regulations in 2023 as well.



**Equal treatment
of men and women**



**Equal
pay**



**Equal guarantee
of rights and protections**

Equal pay in Switzerland has been enshrined in the Federal Constitution since 1981 (Art. 8, par. 3 Cst.). It is also specified in the Federal Law on Gender Equality (LPar) that came into force in 1996. Equal pay is an obligation that applies in all employment relationships, in both private and public employment. Starting 1 July 2020, employers employing at least 100 male and female workers have been subject to new obligations regarding equal pay. All male and female employees are counted, irrespective of the employment rate, while apprentices are not counted. In concrete terms, the new provisions lay down three obligations for employers: to analyse, to verify and to inform.

Analyse (1 July 2020 to 30 June 2021)

On 1 July 2020, private and public employers were given one year, i.e. until 30 June 2021, to analyse their wage practices in order to identify any gender pay gaps between men and women.

The employers were free to choose the method with which they carried out the analysis. However, the method had to be scientific and in accordance with the law (Art. 13c, par. 1 LPar).

Verify (1 July 2021 to 30 June 2022)

Once the analysis was carried out, the employers had to have it verified by an independent body (Art. 13d LPar).

Inform (1 July 2022 to 30 June 2023)

Employers are obliged to inform employees in writing about the result of the equal pay analysis within one year of its conclusion (Art. 13g LPar). If the equal pay analysis indicates that it is respected, no further analysis is necessary. Otherwise, the analysis must be repeated four years later. The Swiss company Stahl Gerlafingen of the Beltrame Group has obtained the certification attesting full compliance with all relevant regulations.



5.4 TRAINING AND EVENTS IN A CORPORATE COMMITMENT PERSPECTIVE

In 2023, various training activities were carried out with the aim of increasing the sense of belonging to the company with a view to retention and attraction, but above all to increase the knowledge and skills of the individual.

For example:

- a training and information day, SAFETY DAY, was planned and designed for all Italian plants;
- projects such as induction week and the GraduAcademy were continued and resumed for new entries.

The induction week in September involved newly recruited staff in three days of training to get to know and further enter the heart of the company thanks to a presentation by the manager of the relative companies. The objective of the induction week is certainly to introduce new colleagues to the company and promote integration quickly and effectively by answering any doubts or questions the new employee may have.

HR	Staff administration	HR management	Health and Safety
Environment and Sustainability	Organisational Model and Code of Ethics	Regulations in Privacy matters	Technologies and computer crimes
Purchases	Administration and Finance	Scrap Purchasing	Quality
Continuous Improvement	The production process	Communication	Energy
Sales	Controlling	Logistics and Supply Chain	Central Technical Function

As an excellent opportunity to share information, knowledge and establish new relationships, it was greatly appreciated by the participants, who expressed satisfaction and evaluated the initiative as useful in the satisfaction questionnaire given at the end of the course.

The GraduAcademy programme instead envisages the participation of staff with specific characteristics (newly or recently graduated and a maximum corporate seniority of around a few years) in a training programme in which courses in Finance for non-financials, Yellow Belt and a one-to-one language training package are offered. This project aims to foster the growth of new generations in the company by promoting the acquisition of new cross-cutting skills. These activities, together with the planning of plant tours for office staff, has made it possible to involve a large section of the company population, with the aim of improving and increasing the sense of belonging and commitment.

5.5 TRAINING ACADEMY

The AFV Beltrame Group decided to continue with the Digital Academy in 2023, offering its employees interdisciplinary activities for the training and skills development of all managers, employees and internal collaborators.

The aim is to continue with the creation of a digital archive from which one can draw, not only when asked by the company, but also according to one's own wishes and needs, with a view to self-development. The project was implemented in all Group locations, facilitating the sharing of internal know-how.

In addition to the courses present, the Academy was integrated with specific PLC automation and calibration courses. Training designed and delivered by employees with a high level of knowledge and technical expertise.

In addition to the 500 soft skills training snippets distributed by the e-learning platform Skillia in cooperation with Niuko, cybersecurity and safety training, in 2023 the digital platform was integrated with another technical provider, SMC Consulting, thanks to which it was possible to plan digital training sessions on topics such as pneumatics, electrical engineering, hydraulics and robotics. 231 training delivered directly by the Internal Auditing Department, and an English language course open to all employees, as well as one-to-one training in French, German, Italian, English and Romanian, in cooperation with the digital platform Speexx, are always available on the platform.

Some of the topics covered in the AFV Beltrame Group's Digital Academy:



Therefore, the AFV Beltrame Group's goal is to guarantee the professional, cultural and human growth of its employees so that they can feel constantly aligned and ready for a current general context characterised by changing scenarios, uncertainty and the demand to adapt with the external market.



Worker at the Trith Saint Léger plant, France

5.6 INDUSTRIAL RELATIONS

Industrial relations in the AFV Beltrame Group are characterised by clear and transparent communication between the company and workers' representatives. To follow up on this approach, periodic meetings are organised in all countries between the HR departments and trade unions and/or workers' representatives, where the following topics are analysed:

- results and improvement policies on health, safety and the working environment;
- economic and industrial results of the Group, of the country and of each individual factory;
- general analysis of the market situation and the outlook for the next year, for the country and for the Group;
- human resources management strategies.

In Italy these periodic meetings are called "observatories". They are organised quarterly in each plant and generally once a year on a national basis. The observatories are an innovative tool in the panorama of industrial relations, featuring co-participation between the company and workers' representatives on the results and actions to implement in order to improve the company's overall performance, in all areas and for the benefit of all, in both good times and bad. It is a highly innovative approach based on transparency and accountability that aims to create a cohesive system where all social partners, each with their own role, come together to share results and discuss the company's prospects. The minimum notice period for operational changes is consistent with national contracts and legislation and proportionate to the extent of the changes required. In the context of the activities carried out by the AFV Beltrame Group along the entire value chain, there are no risk elements that could restrict the right to freedom of association and collective bargaining.

5.7 DIGITISATION

Corporate digitisation firstly starts with a change of mindset, adapting all internal processes to the modern and current requirements imposed by the digital age, where speed of execution and efficiency are crucial.

Analysing the HR processes, we realised that there was room for improvement and optimisation, and to do this we chose the path of digitisation, where possible with the help of the HR management system already used by the company, otherwise with systems designed ad hoc by the IT department. Where paper documentation is not compulsory by law, we have tried, and are still trying, to transfer the entire cycle of the employee's working life into a digital format, with a view to sustainability, simplification, and the greater added value given to activities with content, as opposed to repetitive and insignificant ones.

The benefits have been evident from the very beginning of the project, as has the satisfaction of the staff involved, who have seen the level of their contribution to the activities raised. The decrease in human errors of execution and forgetfulness, standardisation and reduction of timeframes are just some of the aspects we have seen emerge. In addition to what has already been mentioned, there is a greater ease of data extraction and processing, which is completely changing the way we approach information. In fact, the various information related to personnel was previously kept in paper files, making it necessary to be present in the company to fill in forms and various records, whose contents had to be subsequently uploaded manually to the system or, in some cases, ended up remaining on paper without being able to be processed.

Of the digital processes currently implemented in the company, the Exit Interview questionnaires (forms given to employees leaving the company followed by an interview with

HR managers concerning the reasons for the change) allow us to extract the most frequent reasons for resignation, and we can do so by period, by area, or by any other criteria tracked, and punctually intervene when necessary. Annual Appraisal Reviews (staff appraisals carried out by managers on their employees followed by an interview and employee feedback questionnaire), a process that has already been successfully tested in the Swiss office, and end-of-probationary-period questionnaires, which are administered to new hires and their managers, are also managed with the HR management software.

The process of assigning MBOs (Management By Objectives) has also been digitised starting this year in the Italian offices: using the same HR management software, the HR department shares the annual objectives (previously defined by top management) with the managers, who must approve them and share them in turn with their employees who are entitled to this type of bonus for validation and acknowledgement.

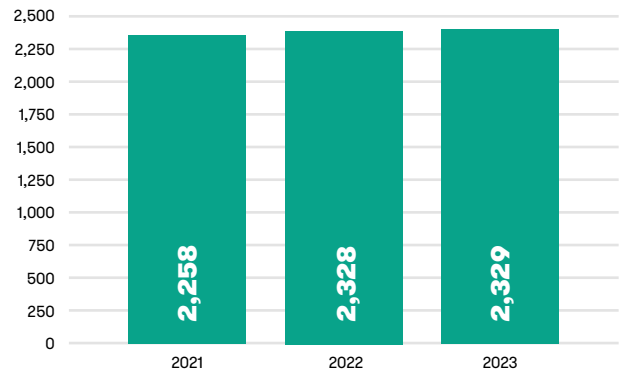
Even the process of requesting work tools for new recruits is a checklist filled in online by human resources and managers in the Italian offices, developed by the company's IT department. This generates a series of automatic e-mails for all corporate bodies involved, optimising activities that were previously carried out manually with a great deal of time and no added value. This flow is also followed for requests for work tools and IT devices in the case of new job assignments and for the withdrawal of work tools and devices for resigning employees.



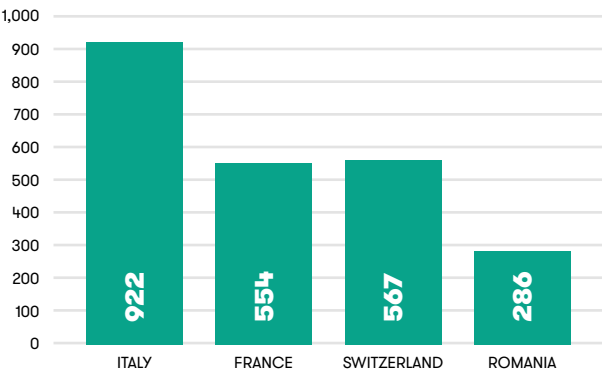
Worker at the Trith Saint Léger plant, France

SOME DATA ON HUMAN RESOURCES IN THE AFV BELTRAME GROUP (excluding Târgoviște)

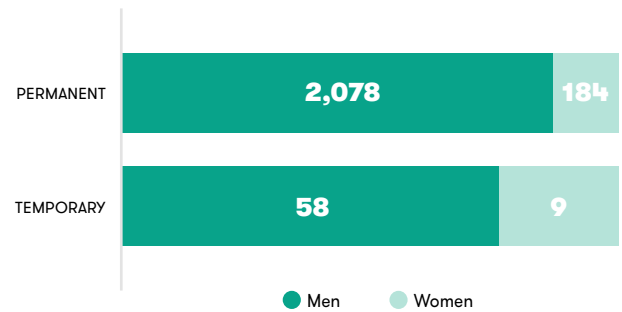
Total number of employees



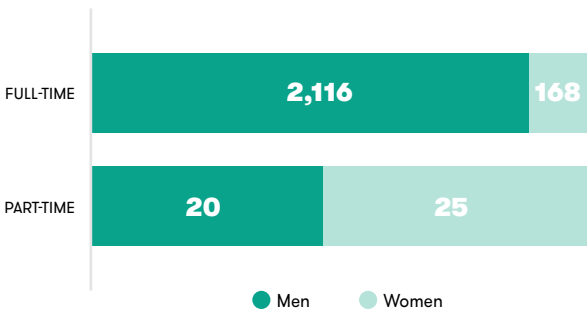
Total number of employees divided by geographical area



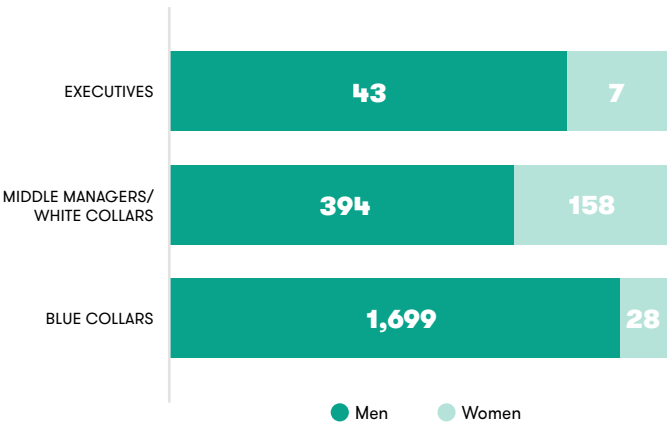
Total number of employees divided by professional category



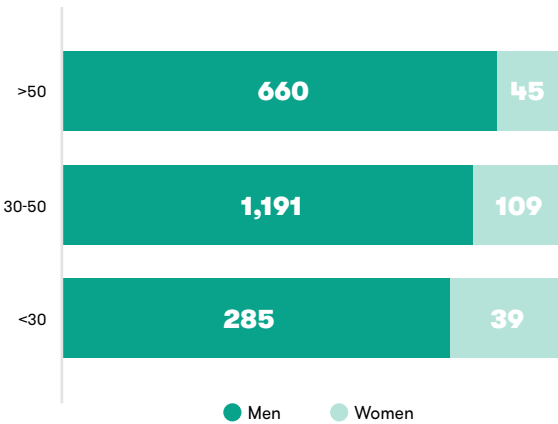
Total number of employees divided by type of employment



Total number of employees divided by type of contract



Total number of employees divided by age bracket



5.8 TRAINING AND CYBERSECURITY

The Group's IT strategy continues to be based on five macro-themes coordinated by Business Relationship Management. Two of these remain Digitisation and Cybersecurity. Both of these closely related areas have undergone an exponential increase in every industry in recent years, and it is easy to understand how the rise of digital technologies and computerisation of processes has dramatically increased business benefits and performance, but has also brought a huge increase in the risks of exposure to cyber attacks and cyber crime. The steel sector is obviously not immune to these threats.

Like companies in other manufacturing sectors, those in the steel industry therefore run the risk of cyber attacks for money extortion, the risk of attacks by activists, and the risk of attacks for the purpose of damage by competitors. Moreover, the recent events involving Russia and Ukraine, as well as the Israeli-Palestinian conflict and the related cyber war that has been going on for months as a background to the real one (with large-scale cyber attacks also in the news recently), have made it even more important and urgent to oversee an issue that has been on the desk of every CIO (Chief Information Officer) worldwide for some years now. Modern and advanced, the Group uses information technology in all key areas of its production process: active cycle, passive cycle, production scheduling, production plant management, field sensors, transport, etc.

A cyber attack can bring the entire computer system of a company to its knees, and thus also of a steel mill. Without a computer system, it is impossible to manage customer orders, plan production, send orders to suppliers, or consult field data or equipment. An attack can cripple a company for several weeks or months if the necessary countermeasures are not taken. Furthermore, cyber crime can also target production facilities. The (also recent) successful cyber attacks in various industries, not least in the steel sector, have had a heavy impact:

- stopped plants or services (and therefore lost money);
- ransom demands amounting to several tens of millions of euros.

The companies involved are major international groups that invest considerable sums in cybersecurity, but it is an area where there is no such thing as 100% protection due to the exponential increase in technologies and attack techniques. According to a forecast by the multinational company Gartner, by 2025, 75% (three out of four) of companies will suffer a cyber attack, and estimates of cyber attack-related costs in 2027 indicate that they will reach the MONSTRE figure of USD 28.82 trillion.

The AFV Beltrame Group is obviously very attentive to this issue and has increased its investments in IT and cybersecurity to increase the security and protection of the company from cyber crime. In 2023, investments in this area also significantly increased to cope with new threats and constantly evolving attack methods. The Group has undertaken and applies constant monitoring and remediation activities on cybersecurity-sensitive areas through antivirus, XDR, antispam, patching and upgrading obsolete systems, password complexity, multi-factor authentication,

incorruptible backup systems, WAF, disaster recovery systems, vulnerability assessment and penetration testing, to name a few.

Some years ago, it procured SIEM (Security Information Management and Security Event Management): a system that automates the process of collecting and orchestrating the system logs of the entire Group and thus makes it possible to monitor IT events and in particular those that are potentially dangerous from a cybersecurity perspective. The AFV Beltrame Group has also equipped itself with a SOC (Security Operations Centre) service. The SOC is the organisational unit responsible for supervising and managing the security of information systems. This body monitors IT events 24 hours a day and is able to report and take action against any suspicious event that occurs within the company perimeter (for example, access to the system at night or during unusual hours, access to unauthorised areas, suspicious behaviour, abnormal events, etc.).

In 2023, the service was further strengthened with new CTI (Cyber Threat Intelligence) services to search for potential active threats in the Dark Web or elsewhere, and continues to be an extremely useful system for ensuring effective monitoring and speed of reaction and support in the event of an attack.

In addition, in 2023 the AFV Beltrame Group also underwent Cybersecurity Bitsight certification (an organisation recognised worldwide and used as a risk index also by insurers against cyber attacks) and it has currently received the certification for an Advanced ranking of protection. Despite large investments, efforts and technical measures put in place by companies, more than 90% of attacks, as revealed by IBM's "Cyber Security Intelligence Index", are unfortunately successful due to the human factor: a password that is easy to guess, an unwitting click on a wrong link, the use of an unverified USB key, access to a compromised website, or replying to a fraudulent SMS, can compromise the security of a factory or the entire Group.

The new frontiers opened by developments in artificial intelligence, used offensively and in social engineering, have further worsened the picture in terms of the options available to criminals for possible cyber attacks.

For this reason, the AFV Beltrame Group's HR department and IT department are continuing with persistent Cybersecurity Training campaign for all Group employees, based on the KnowBE4 multimedia platform (multi-platform training available 24x7).

Over the years, membership and participation rates at group level have greatly increased, significantly reducing the KPIs linked to these risk factors.

The most relevant topics for training in 2023 include:

- identity theft;
- locating the wrong link with a quiz;
- Internet of Things/connected devices;
- Phishing;
- threat management;
- Insider Threats;
- Ransomware;
- understanding URLs;
- social engineering;
- classification of documents;
- incident reporting;
- Data protection with Quiz;
- External devices/physical access;
- Cloud services;
- CEO fraud - Fake president with quiz;
- Passwords/Third-party applications;
- excessive social media sharing;
- defeating ransomware;
- multi-factor authentication/Phone-Phishing;
- password security;
- secure passwords;
- business conduct: acceptable use policy;
- Whaling;
- security of information on mobile devices with quizzes;
- mobile devices;
- IT security in the workplace;
- Freeware;
- Assessment of security competence.

5.9 WELFARE

With a view to increasingly approaching employee needs also in terms of saving their time that they can devote to their interests and loved ones, in 2023 the AFV Beltrame Group has again dedicated significant investments to services such as free vaccinations and, for the Vicenza plant, an affiliated mechanic as well as the in-house laundry service.

Among the innovations of 2023, the attention to all those services that promote prevention and employee health certainly deserve emphasis. The dermatological check-up is of great importance, thanks to the collaboration with a medical centre that has provided an ad hoc camper to carry out the requested visits.

In all the Italian sites, colleagues were offered the possibility on Women's Day, as is tradition, of a free check-up in a circuit of affiliated laboratories. In addition, all employees of the Group's Italian sites can get a free flu vaccination at our infirmaries.

The effort made by the company to improve the canteen also deserves mention, offering balanced meals according to the guidelines of an expert nutritionist and dietician, making them healthier. The initiative to distribute fresh fruit free

of charge in the offices, a service that had been interrupted due to the pandemic, was also resumed at the Vicenza plant.

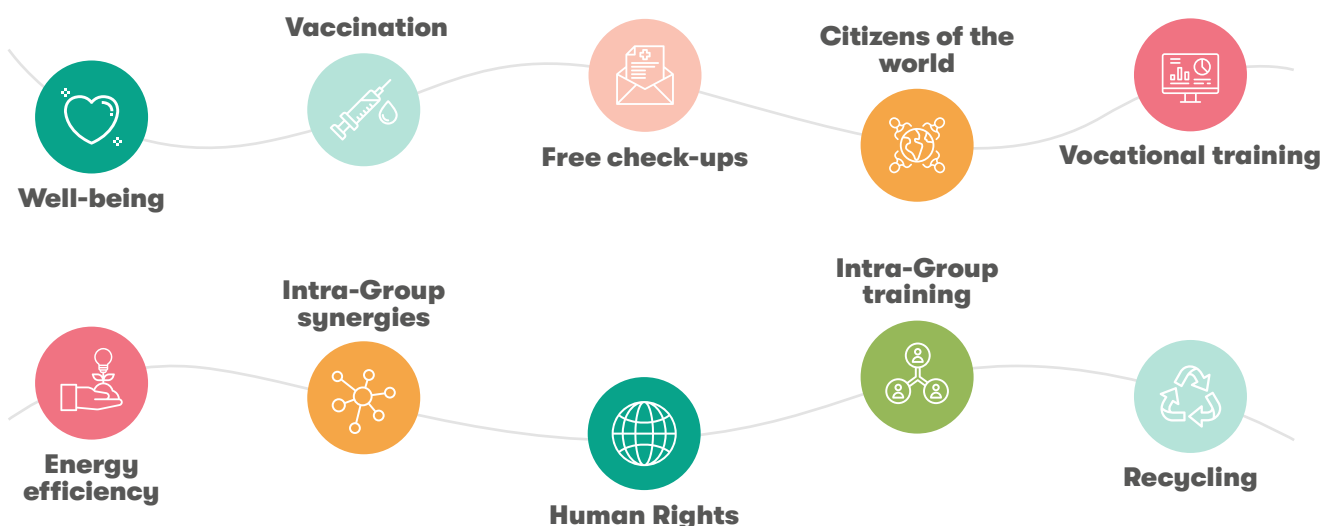
Flexible, or smart, working was also formalised in 2023 in order to increase the serenity and well-being of the employees who use it.

In addition to the services listed above, the shopping project with in-house delivery started at the Vicenza plant. Each employee has the opportunity to shop their groceries online, which is delivered on certain days directly to the company car park. To support this initiative, the company contributed by giving employees using the service a cooler bag.

In addition, tax advisory services and the in-house library service received a positive rating.

Also for 2023, the services available to all Group employees include access to the infirmary.

All these initiatives also bring a great advantage in terms of sustainability, reduced social costs, and environmental benefits.



5.10 EQUAL GENDER OPPORTUNITIES

The company promotes staff development based on fully meritocratic criteria, in which there is no room for gender or other discrimination, neither at the selection stage nor during employees' internal career paths. The AFV Beltrame Group's primary objective in enhancing its people is to create a working environment where everyone can express their full potential, regardless of gender. Diversity is a fact, but valuing it and fostering inclusion requires concrete actions.

In November, on the occasion of the day against gender-based violence, the company released a leaflet that collecting practical tips to prevent attacks and support the fight against domestic violence. In addition, free anti-aggression sound alarms were given to all female employees and red whistles were made available to all staff on a voluntary basis, with donations being made to a number of anti-violence associations throughout the country to raise awareness of the importance of the initiative.

No incidents of discrimination were reported during the reporting year and consequently no corrective measures were necessary.

Human Rights

Human rights are the indispensable prerogatives of human beings as well as the basis of freedoms and justice and the foundation of just and peaceful societies. Respect for human rights is a universal value that must inspire principles of conduct even where the state has not enacted specific regulations to protect them. The AFV Beltrame Group has drawn up a specific policy on this issue, with the aim of establishing principles of conduct to ensure the respect, protection and promotion of human rights while carrying out business activities.

The recipients are all individuals and stakeholder groups that might be affected positively or negatively by Group activities or that might exert some influence on the effects themselves. Examples include employees, directors, shareholders, customers, suppliers, financial partners, trade associations, trade unions and public institutions. The policy is in line with the international treaties and European regulations listed below and applies their basic principles:

External references:

- United Nations Universal Declaration of Human Rights;
- European Convention on Human Rights;
- OECD Guidelines for Multinational Enterprises;
- Fundamental Conventions of the International Labour Organisation - ILO (no. 29, 87, 98, 100, 105, 111, 138).

Internal references:

- Code of Ethics;
- Organisation Model and related protocols;
- Human Rights Policy.

The AFV Beltrame Group respects and promotes human rights, pledging not to violate them and not to engage in activities that may have negative impacts on them, counter-acting such impacts should they occur.

Considering that activities violating human rights can consist of both actions and omissions, the following human rights on which the Group's activities may have an impact have been identified:

General human rights

1. Rights to life, freedom of thought and opinion.
2. Rights of local communities.
3. Right to privacy.
4. Right to personal safety and health and to respect for and protection of the environment.

Specific workers' rights

1. Forced or compulsory labour.
2. Trade union freedom and the right to organise and collective bargaining.
3. Equal pay and discrimination in employment or occupation.
4. Health, safety and respect for the environment.
5. Child labour.
6. Right to recreation and rest.

5.11 YOUTH POLICIES

Equal Gender Opportunities

The Group promotes staff development based on fully meritocratic criteria, in which there is no room for gender or other discrimination, neither at the selection stage nor during employees' internal career paths.

The AFV Beltrame Group's primary objective in enhancing its people is to create a working environment where everyone can express their full potential, regardless of gender. Diversity is a fact, but valuing it and fostering inclusion requires concrete actions.

In particular, with the support of a specialised external consultant, an analysis activity on the topic of diversity & inclusion was continued in AFV Italy in 2023, comparing, for example, the distribution of employment levels, salaries and training hours provided by gender, generation and other specific indicators.

This path will be continued in 2024 with further initiatives and will lead to objective results that can clearly depict the situation in AFV Italy in relation to these issues.

The company is committed to fostering a culture of merit and talent in all processes and actions. The strive to ensure that to this merit is guaranteed the right support is given, for example, by offering equal career opportunities, support for parenthood; conventions that help employees with services that allow for a better work-life balance; and equal investment in training and combating any form of violence or harassment.

To this end, an awareness-raising event fighting violence against women is organised every year on 25 November in all Group plants.



Next Gen Days:

The "Next Gen Days" programme is promoted by the Foreign Investors Advisory Board (ABIE) of Italian Manufacturers' Federation, which aims to enhance the professional and leadership skills of young corporate talent through training and networking days with colleagues from other companies. In today's business environment, more and more companies are collaborating and sharing expertise to foster an integrated and strategic vision. The appointments provided ad hoc training on four macro-areas considered fundamental to succeed in today's working environment: manufacturing, leadership, sustainability and business management. During each session there were moments for networking and informal discussion between coworkers, useful to stimulate the exchange of experiences and best practices.

The AFV Beltrame Group also supported this project in 2023 by participating in training two of the Group's talents, considering it an opportunity for professional growth dedicated to potential managers of the future.

Post-graduate research project:

The AFV Beltrame Group funded a post-graduate research project by the IT department of the University of Verona entitled: "Development of a selective profilometry algorithm for the accurate microstructural characterisation of neuronal beams".

The project was based on the feasibility of early detection of possible neuronal diseases. The expected results concerned the development of an algorithm capable of improving the accuracy of the neuron connection analysis. This would allow a better understanding of many diseases of the nervous system, such as Alzheimer's, MS or multiple sclerosis and Parkinson's, by studying how these diseases progress in the patient in more detail. It would also lead to more effective planning of (eventual) neurosurgical interventions, which would be useful in the case of tumour removal.

Investing in resource talent: interns and apprentices

The AFV Beltrame Group believes in apprenticeships as a training model and is committed to developing a long-term project for young interns in all its sites. The possibility of offering an internship or apprenticeship pathway is a strategic lever for all Group companies, and also represents a concrete opportunity for professional and personal enrichment for young people, bridging the gap in their access to the world of work.

In fact, it is a matter of finding that indispensable synergy between the education system and the world of professions in order to meet the needs and expectations of the younger generations.

The offer of an internship within the AFV Beltrame Group has functional characteristics of both a training structure in a broad sense and of the implementation of a learning method aimed at enhancing project-management autonomy and the assumption of responsibility in the field. The placement of apprentices at the end of their contract continued in Trith Saint Léger in various offices in 2023. In addition, L.M.E. is in partnership with AFPI, (Centre de formation in the Nord Pas-de-Calais area) and participates in their career day.

National Institute of Applied Sciences (INSA) - Hauts-de-France

The National Institute of Applied Sciences (INSA) is a section of the Polytechnic University (UPHF) of Hauts-de-France, with locations in Valenciennes and Maubeuge. It arose from the merger of three components of UPHF:

- the Valenciennes Institute of Science and Technology (ISTV);
- the National School of Engineers in Computer Science, Automation, Mechanics, Energy and Electronics (ENSIAME);
- the Faculty of Sport Sciences and Crafts (FSMS);
- it is one of 204 French engineering schools accredited, as of September 2020, to confer a degree in engineering.

The aim of the school is to train engineers in the fields of modelling, numerical simulation and experimental validation of complex phenomena related to mechanics, energy, mechatronics and associated advanced materials. INSA Hauts-de-France offers three training paths for engineers: the student path, the apprenticeship path and continuing education. During 2023, L.M.E. confirmed the partnership with INSA.

The aim of this collaboration is to implement various educational actions, vocational training actions, support for students' work projects and at the same time provide financial support to the Institute. L.M.E. offers future INSA engineers the opportunity to prove themselves in the field, working on important projects and inspiring them to seek practical solutions to problems that arise. The partnership with INSA is also intended to be an important selection and recruitment pool for L.M.E., offering the most deserving students a career path in the company.



Worker at the Trith Saint Léger plant, France

5.12 EMPLOYEE HEALTH AND SAFETY

The Group's plants are equipped with a health centre and infirmary available to all workers.

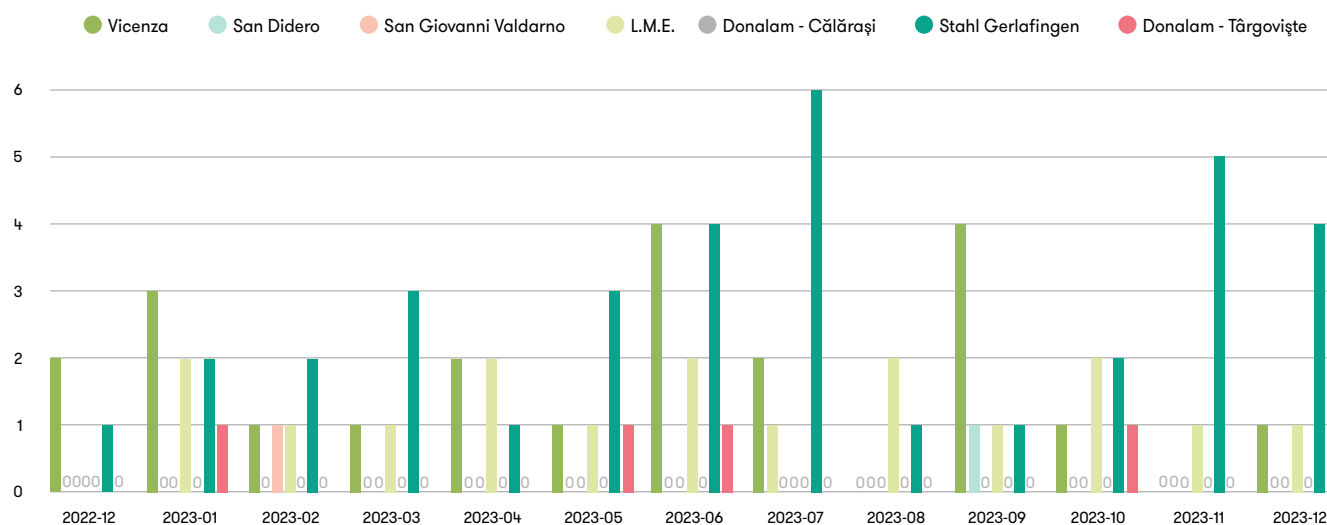
Activities relating to the protection of health and safety in the workplace are among the main assets of the Group. The commitment and worker information, instruction and training, the evolution of plant and work environments, the constant improvement of the company's Health and Safety Management have been used to achieve their maximum optimisation. Activities pertaining to workplace health and safety continued in 2023.

All Group sites have a Health and Safety Management System (HSMS) implemented and certified in compliance with the relevant international standard. The approach to safety favoured by the application of the system consistent with the indications of the ISO 45001 standard concerns the organisation's analysis of the context in which it operates, as well as the needs and expectations of the stakeholders, as "preliminary" requirements for the correct formulation of the entire Health and Safety Management System (HSMS).

The standard is clear in outlining the purpose of these new activities, the essential goal of which is to understand the most important issues in the context that may positively or negatively (risks/opportunities) influence how the company addresses its health and safety responsibilities. To this end, the context analysis aims to provide the organisation with knowledge that it must use, at both strategic and operational levels, to guide its efforts in the implementation and continuous improvement of the HSMS. Like the context, the points related to leadership and worker consultation and participation are also key aspects of ISO 45001, which are reflected in the participatory safety management in place in the Group.

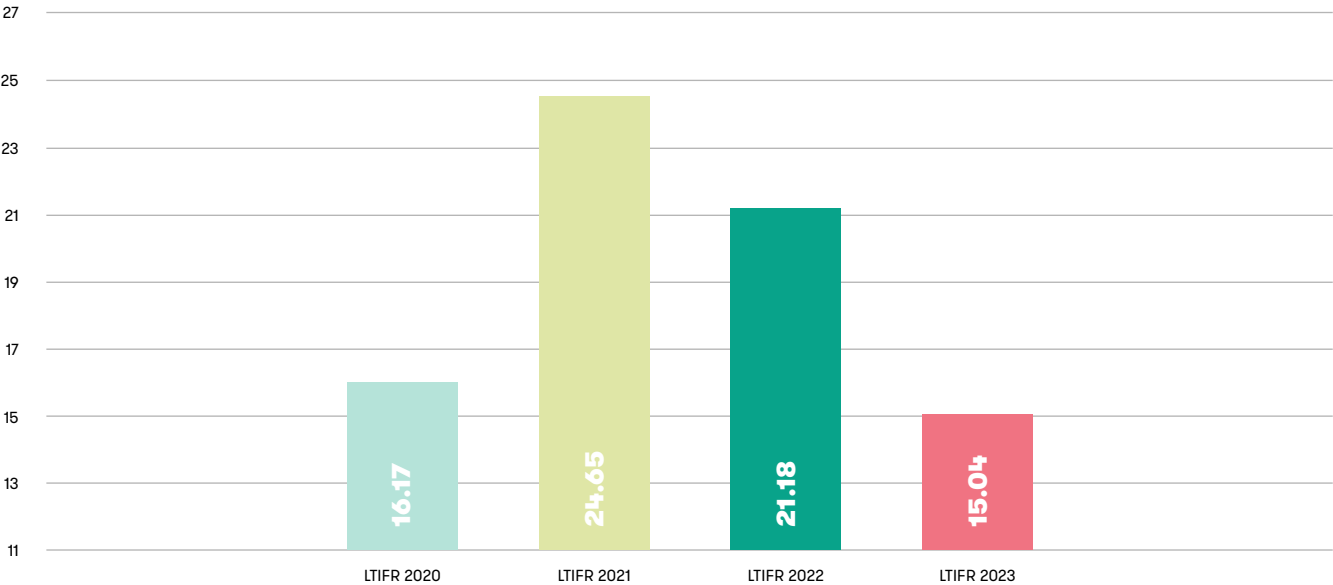
Accidents and Occupational Diseases

With regard to accidents, it should be noted that the occurrence of accidents in the Group has progressively improved over the last few years, again confirmed in 2023 with a reduction in the LTIFR frequency index (Lost Time Injury Frequency Rate), a parameter that includes all the accidents that have involved absence from the workplace of at least one day. There were 78 accidents in 2023 resulting in a loss of working days (LTI), compared to 86 in the previous year, and 24 accidents that did not result in a loss of working days (MI).



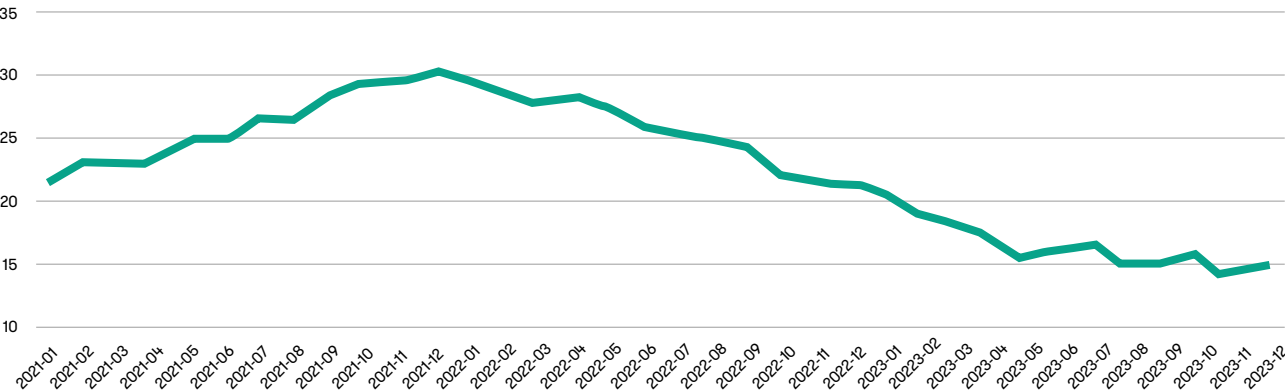
The Group-wide frequency index was 15.04.

FREQUENCY INDEX TREND



This indicator, expressed as a 12-month moving average, shows a marked decreasing trend, the result of the actions undertaken in the last two years.

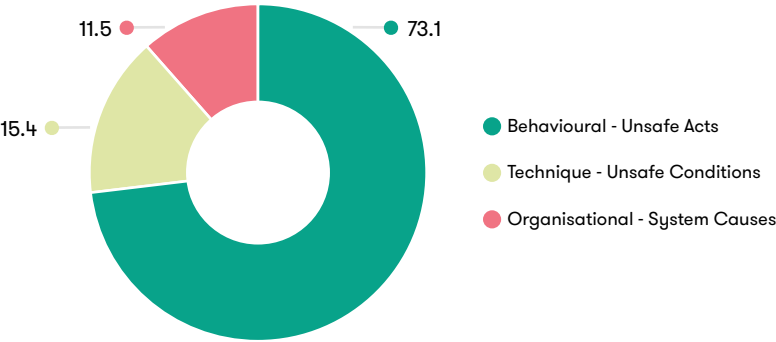
LTIFR BELTRAME GROUP - ROLLING 12 MONTHS



The analysis of the causes of injuries (LTI) shows that the main causes are:

- unsafe behaviour or actions for 73.1% of cases;
- technical causes or dangerous situations in 15.4% of cases;
- organisational shortcomings in 11.5% of cases.

PRIMARY CAUSE OF ACCIDENTS



The main types of injuries that occurred in 2023 were related to sprains, crushes and cuts due to tripping or bumping/impacts, which involved the upper and lower limbs for about 40% of all injuries. All the events were analysed and discussed also with the injured party on their return to work, with the aim of identifying the causes, implementing remedial actions and increasing awareness of a safe approach to the various work phases. This last aspect is significant since about two thirds of the accidents occurred during routine activities. In 2023 no cases were reported with definitive responsibility for claims related to liabilities for work-related illnesses or causes of mobbing.

Main interventions

During 2023, activities were consolidated to increase safety awareness and culture at all levels through the SHARP project, which started in 2022.

The application of the Good Practices illustrated below has contributed significantly to the continuous improvement of the accident trend, favouring communication and sharing of various safety aspects.

The following steps were taken:

1. execution of focuses on safety or short training breaks in the departments during the work shift (so-called "safety pills" or training breaks), by managers/supervisors dealing with specific topics or contingent issues related to the safe approach of department activities;
2. organisation of safety meetings in production departments, involving EHS with shift managers and department managers, for a periodic examination of accidents that have occurred and their causes, near-misses, reports received on dangerous situations or behaviours;
3. preparation of an accurate and timely analysis of accidents and near-misses with the functions concerned, identifying the root causes of the event by means of specific methodologies (RCA). Approach to any cause identified with radical and targeted action, without neglecting any element that may have contributed to the event;
4. disseminating communications and brochures on significant events, i.e. accidents but also near misses, sharing causes and possible common actions between Group sites;
5. planning periodic interactive visits to the production departments by corporate management with EHS representatives, to make it clear that the priority on safety belongs to all hierarchical levels and organisational functions (Visible felt leadership);
6. resumption and strengthening of interactive visits (SWAT) through an observational approach and the direct involvement of the operators met;
7. assessment and taking charge of the reports that come from workers with resolution plans and feedback to the reporters;
8. disseminating safety slogans, by installing panels containing safety messages in work areas;
9. periodic review of work procedures with respect to technical-organisational changes and correct application in the field;
10. definition of a medium-term training programme on behavioural safety and awareness-raising according to international standards.

Another important activity carried out in the Group's Italian plants was the creation of the EHS Tutor. Not required by Italian Legislative Decree 81/08, this figure is a member of the team who sees the EHS aspects with a careful eye every day and contributes to solve problems daily, promoting the EHS culture.

Purpose of the role:



Promoting the EHS culture by engaging with colleagues



Facilitating the resolution of EHS issues in the field



Collaborating with plant supervisors and EHS

Lastly, targets were defined for certain categories of activities and various methods of monitoring and formalising them were tested in 2023.

SAFETY FIRST

Application of Group standards

In 2023, the monitoring programme for the application of the centrally defined standards on specific safety issues continued in all Group factories.

In particular, the implementation of the ten standards defined, applied and monitored was verified:

1. H&S Reporting and Investigation and Environmental reporting (management of reports relating to incidents and accidents and reports relating to the monitoring of environmental parameters);
2. Mobile Equipment (mobile vehicles and risk of pedestrian/vehicle interference);
3. Work at height;
4. Housekeeping and 5s implementation (order/organisation and cleaning in the workplace);
5. Contractor Safety Management;
6. EHS Audit - EHS Scorecard (audit of the different companies);
7. Energy Isolation and LO.TO.TO. (isolation of energy sources before maintenance operations);
8. Liquid steel (risk management related to liquid steel and slag in all phases of handling and transport);
9. SWAT programme (behavioural audit);
10. JSA - Job Safety Analysis for risk assessment of non-routine operations.

Meetings were held to define specific improvement plans for each individual site (with specific focus on EHS issues) with the involvement of local committees and the supervision and coordination of Group management. A benchmarking programme was also concluded on the main personal protective equipment (PPE) used in the Group, with particular regard to safety shoes, hard hats and protective goggles, in order to standardise the technical characteristics of the equipment.

Health, safety and environment investments

The main investment projects for the management of the environment, health and safety concern:

- improvement of plants and machine tools (MASAI - Machine Safety Improvement Project);
- progress of the programme to upgrade the radiometric monitoring equipment at all sites;
- rationalisation of internal traffic plans to reduce vehicle-pedestrian interference and refurbishment of roadways within the factories;
- general arrangement of accesses to work areas, parking areas for operating personnel and changing rooms;
- lateral segregation of the Vicenza scrap yard with perimeter wall on the north side;
- upgrading of electrical equipment, following an update of the risk assessment;
- installation of redundant protections on machinery;
- positioning of bins for the safe storage of various waste;
- extraordinary maintenance of fire prevention systems;
- refurbishment of the chemical products storage area in Gerlafingen.

Sharing and exchange of information - Cross Audit

A constant exchange of information and checks continued within the Group in 2023, conducted through comparisons carried out both in person and on a virtual platform, on aspects of legislative compliance and operational management, aimed at sharing of best practices and the identification of ideas for improvement. Meetings were organised with all Group EHS managers, often face-to-face, for continuous discussion on various aspects of the Health, Safety and Environment Management System, with reference to the state of application and implementation activities in progress in the plants. The self-assessments on EHS performance of the various factories were also resumed, aimed at conducting intra-group cross-audits, whose methodology and purposes were described in a dedicated workshop ("EHS Cross Audit introduction & training workshop") focused on the following topics:

EHS Management System

Reporting of accidents/injuries and near misses

Suppliers, Contractors and Visitors

Internal logistics and circulation plan

Machinery Safety

Management of temporary workers

Health and Safety Employment

Pollution prevention and control

Working at heights

Isolation of energy sources (LOTOTO)

Workplace tidiness, cleanliness and organisation

ESG reporting

Event Investigation

Both events leading to an injury and accidents without consequences for workers are recorded and analysed in the Group, using a methodology to identify root causes (RCA - Root Cause Analysis). The identification of the causes of events, both direct and indirect, is a fundamental tool for the definition and implementation of appropriate improvement plans in order to prevent the recurrence of such events.

A great deal of importance is also given to the reports received from the departments, which are analysed and handled according to their priority, providing feedback on the actions taken.

SWAT (Safety Walk and Talk)

Interactive safety visits (SWAT) are focused on observing unsafe acts and conditions and taking the necessary action to correct them.

The SWAT programme allows to reinforce key safety behaviours, fostering the development of a preventive culture in our organisation and encouraging everyone's participation, with the ultimate goal of aiming for injury-free work.

Awareness-Raising Campaigns

An awareness-raising campaign has also begun in the Group's plants with the use of pictures and signs displayed in areas of major transit to the production departments, concerning the five basic rules of safety and the invitation to think before acting ("STOP" rule).

The five rules are:

1. use of PPE (personal protective equipment);
2. compliance with safety procedures and instructions;
3. reporting near-misses, dangerous behaviour and conditions;
4. securing machines and plants before maintenance work, zero energy status (LOTOTO: lockout/tagout/tryout);
5. compliance with prohibitions (smoking ban, alcohol and drug regulations, restrictions and proper use of mobile phones during work).

Safety Day

All three Italian plants of the Group were involved in a training and information day called SAFETY DAY. The event was attended by almost all the employees of the three Italian plants in order to maximise the importance of the day and the subject matter.

The day included short speeches by in-house managers on topics such as safety, energy, sustainability and decarbonisation, and continued in the afternoon with theatrical performances that allowed employees to feel emotionally involved and raise awareness of sensitive topics such as accidents at work and general safety.

Rock'N'Safe

During the Safety day organised for the employees of the Vicenza site, the Rock'N'Safe band took the stage. Greatly appreciated by Vicenza employees, the show is the first communication format that combines the rebellious and revolutionary approach of rock with health and safety issues. This particular "rebel approach" aims to accompany companies and their HSEs to explore new ways of communicating safety in order to undermine outdated beliefs on the issue and generate enthusiasm for safeguarding and respecting the greatest asset we have, life. Be Safe! Be Rock!



Safety Day, Fiera di Vicenza, Italy



Ocjo, Safety on Stage

Ocjo is a unique theatrical project: a training experience with a strong emotional impact that the employees of the San Didero and San Giovanni Valdarno plants were able to enjoy.

In a certainly unusual way, the play seeks to raise awareness and transmit the culture of prevention in the field of health and safety at work. The theatrical technique goes right to the worker's innermost being, allowing him or her to be trained not only on a notional level, but also and above all on a human level.

In fact, the theatrical performance creates a level of involvement that also activates the emotional level of the participants, who are thus led to reflect on their role as protagonists of change, memorising and internalising the information they have learnt about safety. Theatre becomes a training tool capable of affecting perceptions of risk and fostering a change of mentality in the workers themselves, who feel like an active part of the company's prevention system.



Safety Leadership:

The AFV Beltrame Group offers safety leadership to its managers and supervisors who are called upon to implement concrete actions to improve the safety conditions of the people for whom they are responsible. Each site has a committee to guide health and safety activities and programmes.

STAHL GERLAFINGEN

LED

In 2023, we replaced 290 old lamps in the rolling mills with new LEDs. The aim of the project was to improve safety and comfort in the workplace, increase energy efficiency and reduce maintenance costs. In particular, the new LEDs allow stronger visual feedback for nearby operators.

Working safely for our future

Stahl Gerlafingen continued to use the "Safely" management system, introduced in 2022, for occupational health and safety in 2023. This system has once again confirmed numerous advantages such as:



**optimisation of
reports**



**greater clarity in the filing
structure**



**clear and demonstrable
documentation**



**compliance with applicable
laws and standards**

**digitisation of all
the points relating to ISO 45001**



**greater possibility of use, for
example for maintenance,
fire protection, first aid,
occupational accidents,
non-occupational accidents,
near-misses.**



Thanks to the "Safely" management system, the sustainable control of activities and deviations is possible at any time.

Reversing alarms

According to legal requirements, some of the vehicles inside the Stahl Gerlafingen factory must be equipped with an audible reversing alarm. To protect residents from annoying acoustic signals, the respective machines were converted to broadband noise (white noise).

The broadband noise is clearly perceived in the direct danger area of the machine. In the wider environment, however, this noise is lost in the overall noise level and is therefore not perceived as annoying.

In addition, machines entering industrial buildings have been fitted with a "Red-Light" optical reversing warning system. The broadband noise is clearly audible, and together with the visual alarm system is an ideal solution to protect our employees.

L.M.E.

Zero-Accident Target

Workplace risk prevention must involve everyone at every level. In order to raise the awareness of all employees and others, the L.M.E. plant has confirmed its developed approach to health and safety for 2023, whose target is to aim for "zero accidents". This approach is based on concrete actions rooted in the daily lives of employees and their subcontractors.

The commitment to workplace health and safety encourages continuous improvement based on five key points, affecting the behaviour and involvement of all employees:

- demonstrate involvement and leadership by integrating health and safety into daily and monthly safety meetings;
- strengthen the analysis, prevention and control of risks related to near-misses and accidents;
- employee awareness-raising and training with a focus on changing individual behaviours;
- strengthen preventive actions vis-a-vis subcontractors working on the site;
- bring our facilities, and more specifically our machine tools, up to standard.



Reversing Alarms, Gerlafingen, Switzerland



06



Connection with the Local Area

Chapter 6

6.1 TERRITORY AND COMMUNITY

Sport strengthens cohesion, the spirit of belonging and the fellowship in all feeling like part of one big team. For this reason, the Group encourages and sponsors a number of sports associations, from runners to cyclists, both with a view to team building and sharing, and with a view to health. In Italy, the company sponsors two amateur clubs: the ASD Beltrame 1989 runners and the AFV Acciaierie Beltrame 1986 cycling club. The runners participated in the best-known national and international competitions in 2023.

The 2023 sports year saw the more than 60 athletes of the AFV Beltrame Group take part in numerous competitions in the region and abroad, often achieving flattering results and collecting numerous category podiums.

The Group supports sport as a value of both personal growth and social inclusion.

The athletes remain the true value of the company and the Group spirit is particularly strong.

The runners again took part in many races this year, from the classic "Montefortiana" to the "Cursa dels Nassos" in Barcelona, as well as the traditional: "Giulietta e Romeo Half Marathon" in Verona, "Stravigenza", "Bologna Marathon", "Ultraberibus Trail" in Vicenza, "Piana Winter Trail" and "Aim Energy Trail" in Valdagno and Malo, from the "Dogi's Half Marathon" on the Brenta Riviera to the "Prague Half Marathon", from the "Pure 10000" in Zanè, to the "Padua Marathon". They were in Milan at the "10k" at the hydroscale, in Trieste at the "Trieste Half Marathon" and in Bibione with the "Bibione Half Marathon", passing through the "10km della riviera" at the "Strabacino", for "Durona Trail" and "Bolzarun". Many summer races saw them as protagonists on the Asiago plateau and throughout the Dolomites. The year ended overseas with the "Chicago Marathon" and the marathon par excellence, the "TCS NEW YORK CITY MARATHON".





In the course of the year, we moved on to longer tours: from the beloved Berici hills of Vicenza to the Asiago plateau, passing through Lusiana, Eneo, Tonezza, Passo Vezzena, and Passo Coe, to name but a few. In the summer, long races were held in the Dolomites and on the Sellaronda, also touching other places in Trentino, such as Arco, Monte Bondone and the Mendola Pass. The bravest cyclists also circumvented the Ortles via the Tonale, Gavia, Stelvio and Palade passes (250 km and 5,700 m of altitude difference). But our riders also made stops abroad, sporting the AFV jersey in Portugal and in the Swiss Alps: a bikepacking tour, tackling the Spluga, S. Bernardino, S. Gottardo and Furka passes.



The group of cyclists brings together employees and also retired colleagues who still want to have fun together and stay in touch with the company, rediscovering the beauty of the nearby areas with amateur outings on two wheels, but also real trips to neighbouring regions under the banner of healthy exercise and the desire to be outdoors. In 2023, their two-wheelers made their first official outing at the Granfondo Why Sport in Valdagno, which counted almost 100km and 2,000m of elevation gain.



The willingness to support small local sport clubs includes the foreign subsidiaries' commitment to finance sports clubs in which their employees compete or to promote local city teams.

FR

In France, L.M.E. supports: **Hand ball Saint Amand**, a handball team from Saint-Amand-les-Eaux, which currently competes in the French Women's Handball First League since 2020 and plays its home matches in the Complexe Jean Verdavaine et Salle Maurice Hugot; **Basketball Saint Amand**, a women's basketball sports club. The team has a high-quality training centre, which allows youngsters playing in the national leagues (Cadettes France, NF2) to progress, thus providing a pool of talent that can enter the professional section. The club has been playing in the highest level of the national women's league since 2010. In addition, L.M.E. supports **C.O. Trith Basket porte du Hainaut** and the **Saulzoir Montrécourt Cycling Club**.

CH & RO

In Romania during 2023, Donalam also supported the organisation of the National School Sport Olympics in Călărași as well as supporting the Călărași Sports Club Association to organise the first edition of the "Danube Man" triathlon competition.

6.2 DONATIONS FOR THE LOCAL AREA

During 2023, the AFV Beltrame Group supported multiple charitable initiatives in favour of local organisations and associations with the aim of social solidarity, especially in the cultural and health sectors in favour of children.

Last year the company supported:

Meyer Paediatric Foundation:

The Meyer Paediatric Hospital Foundation was created to support the communication, marketing and fundraising activities for Meyer, the Children's Hospital in Florence, a reference point for national paediatrics in terms of research, innovative methods of care and child care.

The Florentine hospital represents healthcare excellence, and the foundation supports it with high "added value" actions that further qualify it from a technical-scientific point of view and make it increasingly appreciated and cherished by the public. It offers many reception projects for children, allowing them to play in a comfortable environment full of colours and fun, to experience the many activities of the educational workshops in the toy library, to listen to music together with their parents, to share the playfulness of clowns and the experience of "pet therapy".

Vicenza for Children:

The association arose from the joining of forces of many families and volunteers who offer their time, commitment, enthusiasm and experience to stand by sick children and support their families. The activity mainly concerns San Bortolo Hospital in Vicenza and San Bassiano Hospital in Bassano del Grappa. Vicenza for Children is a voluntary association that collaborates with the General Management of Ulss 8 Berica and operates in the Paediatrics Department, Oncohaematology Day Hospital and NIC (Neonatal Intensive Care Unit). In synergy with the healthcare staff, the association offers children and their families support, mainly emotional and affective. It also financially supports families experiencing hardships and contributes to guaranteeing an additional service to children, increasing their comfort by purchasing medicines and specific electro-medical instruments for the Vicenza hospitals of reference. Within the framework of projects agreed with hospitals, it also works to carry out renovation of hospital premises to make them more functional and welcoming, always with a view to improving services for children.

ASD Delfini 2001:

A non-profit organisation that exclusively pursues the goal of enhancing and assisting disabled persons who, through sport and integration with able-bodied persons working within the organisation, receive adequate psychophysical support.

The organisation carries out educational and rehabilitation activities for children and young people with motor, sensory and mental problems caused by congenital or acquired disabilities and proposes competitive and amateur sports activities through participation in and promotion of tournaments, events, competitions, wheelchair basketball competitions and other sports for the disabled, in particular those envisaged by the Italian Paralympic Committee in the province of Vicenza in the Veneto region, in Italy and abroad, covering all age groups (children, teens, adults, the elderly).





ASD Delfini 2001, Vicenza, Italy

Zovencedo San Gottardo Alpine Group:

The AFV Beltrame Group supports the Alpine Group of Zovencedo in organising the summer school camp for primary school children, who are thus able to participate at no cost to their families.

I bambini delle fate:

AFV Beltrame Group supports the initiative "Prove d'ufficio", a project that started recently and is implemented by the "I bambini delle fate" Association that supports young people with autism and other disabilities in social inclusion activities. This programme specifically aims to create a shared, structured and intuitive working environment. The context is the ABAut Association, of which the young people are members, engaged in small and simple tasks of filing, secretarial work, arranging and preparing material for the association's projects, each to the extent of their own abilities, aptitudes and the need for different times and spaces. All this takes place with a view to personal fulfilment, where very often it is the activity itself that is reinforcing since it puts them in a position to act. Fortunately, the term disability is increasingly moving away from a mere concept of inability. The primary objective is precisely to provide concrete proof that everyone can contribute, just as they are.

Società del Quartetto:

The Società del Quartetto of Vicenza is a non-profit association that has been organising and promoting concert seasons, festivals and individual concert events for more than a century, as well as working to spread the knowledge of music in nursery and primary schools. The AFV Beltrame Group supports the "Incontri al Quinto Piano" [Meetings on the Fifth Floor] Project promoted by the Association in collaboration with S. Bortolo Hospital in Vicenza. The "Incontri al Quinto Piano" are very informal live performances through which music is brought, on tiptoes, to a very special place: the oncology ward, offering patients, their families, and medical and paramedical staff moments of serenity and hope through music.

Amiche per la pelle:

Amiche per la pelle is an APS association that was established in the province of Treviso in 2016 to implement projects and activities for the prevention of breast cancer and the humanisation of the treatment pathway. The association is mainly made up of women who have experienced the signs of illness and treatment first hand and who have a clear understanding of the importance of being able to take care of themselves and the full meaning of "being a woman". This is why "Amiche per la pelle" wants to help women exercise their right to prevent the disease and to continue to feel like a woman throughout their treatment.

Io sto con Regina Margherita Onlus:

The non-profit organisation was set up on 21 July 2008 by the founding members Roberta Musso Bona, Maria Cristina Scarafia, Eugenio Bona and Walter Ceresa and was formalised pursuant to Article 39 et seq. of the Italian Civil Code as the Committee called "Io Sto con il Regina Margherita" - Committee for the Development of the Children's Hospital of Turin. The hospital itself informs the Foundation of the most critical and urgent areas for intervention, the technologies to be acquired, the projects to be supported. Having assessed the feasibility of the objective, the Foundation activates the relevant fundraising to seek funds and achieve the result. The Executive Committee that manages the operations is a non-profit organisation that aims to achieve social solidarity with the following purposes:

- promote the care and assistance of sick children and the moral and material support of their families;
- support research and study in the field of children's diseases by collaborating with the Regina Margherita S. Anna Children's Hospital in Turin for the acquisition of medical equipment and material;
- promote conferences, congresses and industry initiatives;
- promote and implement the collection of funds, resources and endowments, which are indispensable to support the indicated activities.

All the activities are completely carried out by volunteers, whose work is never remunerated, not even by the beneficiary.

De Leo Foundation:

The De Leo Fund is a non-profit organisation founded in 2007 by Cristina and Diego De Leo with Federica Zoppellaro and Arianna Caldon that works together with a group of friends and volunteers (doctors, psychologists and other "survivors") to bring concrete and psychological help to all those who have suffered traumatic bereavement due to road and work accidents, suicide, homicide, natural disasters or human errors. In 2023, in addition to the ordinary activities of the association, the De Leo Fund organised the first edition of a National Literary Prize awarded to a novel published during the year with the positive value of existence as its content. The first edition, supported by the AFV Beltrame Group, was won by Nicola Gardini with the novel "Nicolas" (Garzanti). The award ceremony took place on 21 October at the Castello del Catajo in Padua.

Premio Letterario Il Libro della Vita, scelta la terzina finalista.



School camp Gruppo Alpini Zovencedo, San Gottardo, Italy



Whether environmental or social, sustainability is a concept that drives us to reconsider the consequences of our actions, not limiting them to the “here and now” but expanding them both in space (considered as the environment and society) and in time (the future of the next generations), calling into question, for both dimensions, our responsibility.

Ukraine Concert: Il Ponte - Mict

The humanitarian and cultural association "Il Ponte - Mict" has been interested in Ukraine for over 25 years. In 2023 it was engaged in the implementation of a series of cultural initiatives to promote knowledge of the country and an understanding of the current war events in which it is involved. Among them was a concert supported by the Beltrame Group and conducted by Maestro Oksana Lyniv, who performed in Vicenza at the Teatro Comunale with her "Youth Symphony Orchestra of Ukraine", which she founded in 2016 and is made up of young people between the ages of 12 and 23, all from Ukraine. The overall project involved the Association's cooperation with cultural institutions - the Fondazione Monte di Pietà di Vicenza, the Accademia Olimpica, the Fondazione Istituto di Storia, the Istituto Storico Italiano della Resistenza, the Istituto Rezzara - and with associations, including Ukrainian ones - "Ukraine Together" and "Dialog". Many of the young musicians went through traumatic experiences before being able to take refuge in Germany, where Maestro Lyniv continues to follow and direct them, with concerts in Graz, Berlin and Bonn. In their extensive repertoire, Lyniv includes pieces by little-known Ukrainian composers, often specially commissioned for the orchestra, thus contributing to the dissemination of knowledge of their country's culture.



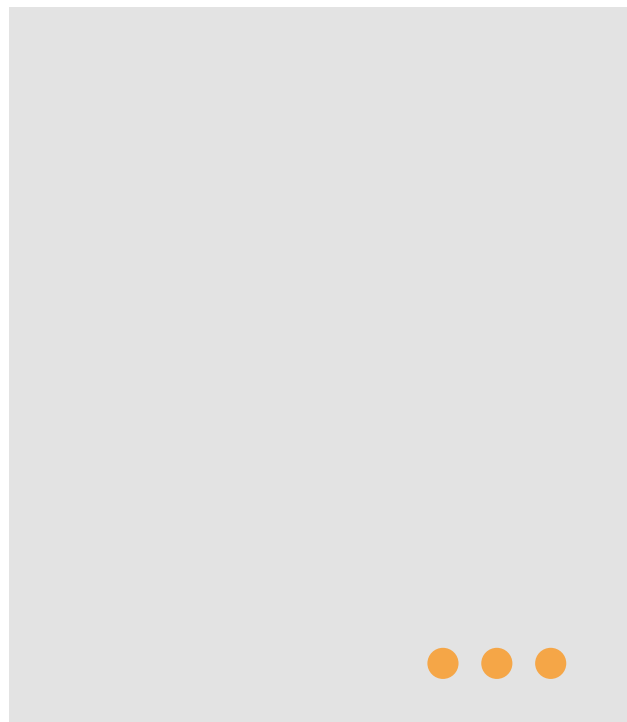
Caritas

Caritas Diocesana Vicentina is the pastoral body established by the Diocese of Vicenza for the promotion and coordination of welfare initiatives. It works in the local area, with charity and solidarity projects for those most in need. Many people live in conditions of severe marginalisation. The causes of discomfort are varied: job loss, breakdown of the family network, lack of prospects for the future and difficulties in social integration. Needs are not reduced to mere basic necessities; they have more to do with human warmth, with being welcomed by others. Casa Santa Lucia, Centro San Faustino and Casa San Martino operate around these needs, as structures belonging to Caritas Diocesana Vicentina and to which the Mezzanino of the Ozanam Onlus Association of Vicenza joins. AFV Beltrame Group supported their activities during 2023.

Sagra d'le Cisi - Municipality of San Didero

AFV Beltrame Group supported the Municipality of San Didero in organising the event: "Sagra d'le Cisi". The project was created to promote the culture of the local area by also enhancing its local agricultural production.

After careful research in the city's historical archives, the municipality discovered that in 1777, large copper cauldrons for cooking chickpea soup offered to needy citizens by the Confraternity of the Holy Spirit on the Solemnity of Pentecost were sold. Even today, chickpeas are grown by both local farmers and by a group of young volunteers, scholars and agriculture enthusiasts today, who in 2022 recovered some land owned by the municipality in the San Didero plain, near the A32 motorway. This wide-ranging initiative involved groups not only from the area but also from outside the Susa Valley and from all over Piedmont. The programme also included themed lectures, medieval encampments with ancient crafts, archery, combat lessons, falconry, juggling and dance shows, Occitan dance and music, armour fights, and the reconstruction of a medieval wedding in the Casaforte. At the same time, the zero edition of "Medievalis Segusium et Turris" took place, destined to become a travelling event between the municipalities of San Didero, San Giorio and Val della Torre.



Quadri Secondary School Planetarium

The Secondary School G.B. Quadri provides training and education in scientific subjects and is the only school in the province of Vicenza that has a planetarium. The work was realised in 2007 thanks to a grant provided by AFV Beltrame Group, which financed part of the project cost.

Located in a closed and darkened classroom for the vision and study of the sky, despite being situated inside the institute, today the planetarium is available to all local schools, amateur associations and all citizens, thus providing them with a great service for the entire community. However, with changing safety regulations, it became necessary to implement filtering and ventilation systems in order to increase the number of visits and their overall capacity.

For this reason, AFV Beltrame Group incurred part of the costs to support the completion of the interventions necessary to make it usable again, also allowing the students to learn more about the subjects of astronomy and astrophysics.

Concert: "Partirò le rondini"

With its usual spirit of openness and support for cultural activities promoted by Vice President Patrizia Beltrame, the AFV Beltrame Group supported the symphonic opera concert "Partirò le rondini" by the Veneto Symphony Orchestra, conducted by maestro Marco Titotto and featuring the famous tenor Cristian Ricci.

The event took place in the evocative Church of Santa Corona in Vicenza and was like a "musical flight", one of the most beautiful opera novels and symphonies of all time, dedicated to all Venetians in the world.

Veneto Symphony Orchestra

AFV Beltrame Group supported the Veneto Symphony Orchestra's commitment to promoting musical excellence in our region.

On the occasion of the Venice Film Festival in September 2023, the Orchestra organised a concert with the special participation of Tenor Cristian Ricci.

The concert programme was dedicated to the soundtracks of the most beautiful films of all time, interspersed with some of the most famous opera compositions.



The Group's foreign companies are also committed to supporting their local communities. These are the main activities financed by the French company L.M.E.:

INSA - Hauts de France:

Created in January 2020 within the Université Polytechnique Hauts-de-France, INSA Hauts-de-France rests on a solid foundation that allows it to be a recognised institution in the region, nationally and internationally.

The training courses are provided in cooperation with the Polytechnic University of Hauts-de-France. It offers basic Bac+2 to Bac+8 training mainly in engineering, but also has a wide range of over 50 courses that meet the challenges and needs of the socio-economic and environmental world. The goal is to promote the world of the steel industry through dedicated courses, offering know-how to the Institute, and to ensure the renewal of our workforce through the development of company-hosted apprenticeships with internships that are growing year by year (the goal is to reach 10% of the workforce). As a partner of INSA, L.M.E. finances the apprenticeship fees at the school, while the Institute is responsible for promoting the company and organising the company internships.



Festival du Cinéma

L.M.E. supported this special cultural partnership, giving employees the opportunity to attend the film premiere and to enjoy a special moment with their children on a Sunday morning, offering them the chance to watch a film/cartoon and also learn what is behind the camera, learning editing techniques.



Réseau Entreprendre Association

Réseau Entreprendre works to create a network of entrepreneurs who wish to contribute to job creation in the area, developing their business and participating in the creation of a strong local ecosystem. The goal is to pass the know-how of experienced and active entrepreneurs on to start-uppers, social entrepreneurs and young people from disadvantaged neighbourhoods through constructive and stimulating peer-to-peer exchanges.

The aim of this partnership is to support future project leaders in the success of their new venture and to provide them with precise advice and expertise on the project they are running in terms of ideas, financing, competition, innovation and, more generally, consideration of issues such as sustainable development and social responsibility.

L.M.E. brings expertise, know-how and experience on a variety of topics and plays the role of a major local player. If the plan is validated, the project leader may be granted an unsecured loan. The partnership therefore serves to finance this aid for young people, helping them achieve their entrepreneurial dreams.

Choisis ta Planète Association

Choisis ta Planète is focused on raising awareness of sustainable development issues among the younger generation. The partnership enables the association to invest in educational material, to make entertaining short films and to involve children in a "Planet Challenge" competition which they have can develop over the course of the school year and present at the end. In the 2022-2023 school year, L.M.E. sponsored ten classes, or almost 300 pupils.



The company Stahl Gerlafingen finances training and internship courses at Mittelland Technical College, whose training offerings have a specialised focus on mechatronics and construction technology, and at the Thal-Mittelland Vocational Training Association for apprentices in industrial and commercial professions, which also offers training and further education courses for adults and acts as a referral partner for commissioned work.

The Romanian company Donalam supported the cultural association "Viitorul Muzical" and continued the sponsorship with the "Danubius" Scientific High School in Călărași in 2022.

In Romania, Donalam supported an extremely important initiative: the "Steel Craftsmen" programme, a training learning project aimed at preparing the next generation of electromechanics to join our team. The three-year programme attracted 40 students from Târgoviște and Călărași secondary schools. In addition to the theoretical knowledge acquired in the classroom, these students will carry out practical training in our plants, learning directly from our experienced employees.





07

Our Sustainability Achievements

Chapter 7

7.1 SUSTAINABILITY PERFORMANCE

Below are the key indicators, both management and by topic, that are considered essential for assessing sustainability performance. All figures refer to the perimeter of the AFV Beltrame Group, including the companies AFV Acciaierie Beltrame S.p.A. (Vicenza, San Didero and San Giovanni Valdarno sites), Laminés Marchands Européens S.A., Donalam S.r.l.* and Stahl Gerlafingen A.G. 108 indicators have been identified and are reported for the three-year period 2021/2023.

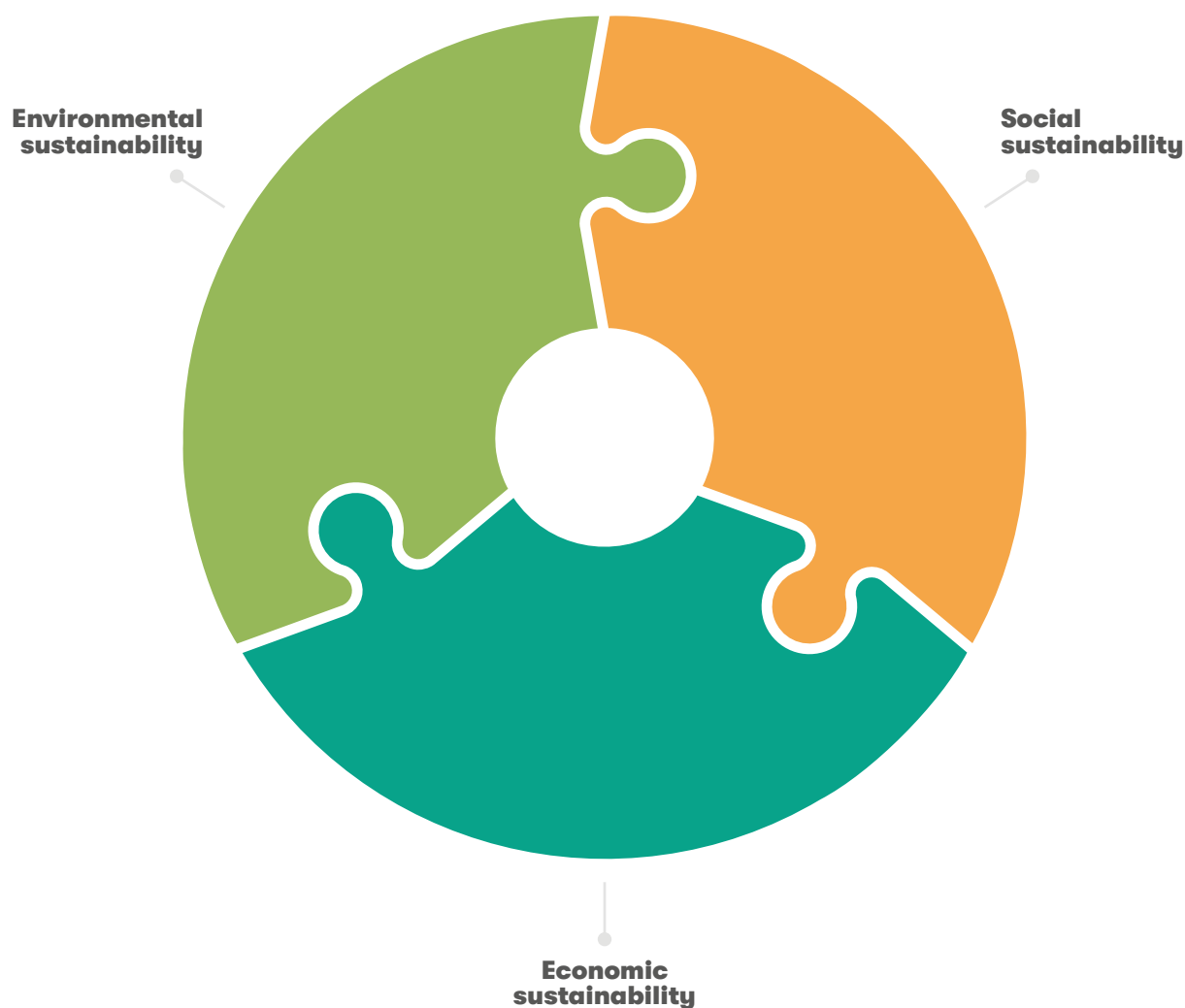
In particular, the following were selected:

- 66 environmental sustainability indicators;
- 34 social sustainability indicators;
- 8 economic sustainability indicators.

These indicators are extracted from the numerous data sets collected and analysed for corporate management. The data collected is periodically updated, analysed and reviewed at specific meetings held at the various Group sites.

In relation to the Group's economic and financial performance, please refer to the Consolidated Financial Statements available on the website: **www.gruppobeltrame.com**

*The social and environmental sustainability indicators refer to the Donalam-Călărași site only.





ENVIRONMENTAL SUSTAINABILITY

Ensuring the availability and quality of natural resources.

GRI 300	No. KPI	REFERENCES
301-1	1	Materials used
302-1	7	Energy consumed
302-3	4	Energy intensity
303-1	4	Water management
303-2	1	Management of impacts related to water discharge
303-3	4	Water withdrawal
305-1	7	Direct GHG emissions
305-2	7	Indirect GHG emissions
305-3	7	Other greenhouse gas emissions GHG
305-4	4	Intensity of greenhouse gas emissions GHG
305-7	3	Significant emissions
306-1	1	Waste management
306-2	3	Impacts related to waste
306-3	2	Waste produced
306-4	5	Waste recovery
306-5	5	Waste disposal
308-1	1	Supplier assessment

No. indicators 66



SOCIAL SUSTAINABILITY

Ensuring quality of life, safety and services for citizens.

GRI 400	No. KPI	REFERENCES
401-1	2	Recruitment and turnover
401-2	2	Benefits
402-1	2	Advance notice
403-1	2	Occupational Health and Safety Management System
403-2	4	Danger, risks, accidents
403-3	1	Occupational medicine
403-4	2	Consultation participation
403-5	1	Health/safety training
403-6	2	Health promotion
403-7	1	Impact prevention
403-9	7	Accidents
404-1	1	Training
405-1	2	Diversity
406-1	2	Non-discrimination
407-1	2	Freedom of association
413-1	1	Local communities

No. indicators 34



ECONOMIC SUSTAINABILITY

Ensuring economic efficiency and income for the company.

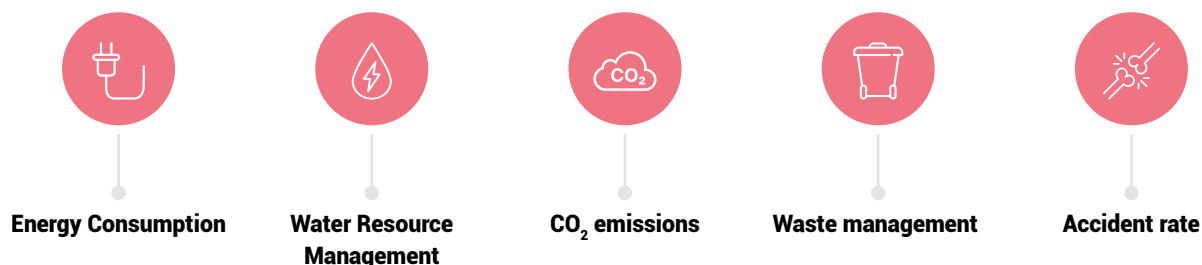
GRI 200	No. KPI	REFERENCES
201-1	2	Economic value
205-3	4	Corruption risks
206-1	2	Anti-competitive behaviour

No. indicators 8

7.2 SUMMARY OF 2023 RESULTS AND TARGETS FOR 2024

The activities described in the preceding chapters detail the Group's involvement in the development of concrete actions in favour of sustainability and manifest the pursuit of a well-defined strategy and a tendency towards continuously improving performance in ESG issues.

In fact, the year 2023 brought the achievement of all the ambitious targets the Group had set for itself with regard to the five Sustainability Pillars identified.



Below, in more detail, is an overview of all the KPIs identified for each of the Five Pillars, with related 2023 Group-wide targets⁽¹⁾ and results⁽²⁾:

Pillar	KPI	KPI target description	Unit of measure	Target 2023	Result 2023
Energy consumption	Energy consumption of EAF furnaces	Reduction of consumption compared to the weighted average for production for the three-year period 2019-2021	kWh/tonne semi-finished products (billets)	368.43	367.11
Energy consumption	Natural gas consumption rolling mills	Reduction of consumption compared to the weighted average for production for the three-year period 2019-2021	Sm ³ /tonne finished product	35.41	35.26
Water Resource Management	Water withdrawal	Optimisation of water utilisation processes and reduction of water withdrawals	m ³ H ₂ O/tonne steel produced	1.89	1.80
CO ₂ emissions	Carbon dioxide emissions	Reduction of carbon dioxide emissions (Scope 1 and Scope 2 Market Based) in line with the Group's strategic plan for decarbonisation by 2030	tCO ₂ e/tonne finished product	0.240	0.231
Waste management	Waste fraction valorised	Percentage of waste delivered to recovery operations (including internal recycling)	%	90	92.15
Accident rate	Lost Time Injury Frequency Rate (LTIFR)	Reduction in accident frequency index (with loss of working days)	No./MioH	21	15.04

NOTES:

⁽¹⁾ The Group-wide targets were calculated as a weighted average of the individual plant targets.

⁽²⁾ The Group-wide results were calculated as a weighted average of the individual plant results.

The AFV Beltrame Group intends to focus its efforts on pursuing the sustainability improvement objectives articulated in the Five Pillars identified in 2024, as well as the related KPIs monitored. Specifically, the Group has set itself the following targets for 2024:

Pillar	KPI	Unit of measure	Target 2024
Energy consumption	Energy consumption of EAF furnaces	kWh/tonne semi-finished product (billets)	363.02
Energy consumption	Consumption of natural gas rolling mills	Sm ³ / tonne finished product	33.00
Water Resource Management	Water withdrawal	m ³ H ₂ O/tonne steel produced	1.89
CO ₂ emissions	Carbon dioxide emissions (Scope 1 and Scope 2 Market Based)	tCO ₂ e/tonne finished product	0.223
Waste management	Fraction of recovered waste	%	92.3
Accident rate	Lost Time Injury Frequency Rate (LTIFR)	No./MioH	18

The targets reported for 2024, especially those related to energy consumption, represent the targets as per the five-year (2022-2026) reduction plan for electricity consumption from EAF furnaces and methane gas for the Group's rolling mills. On the other hand, as regards CO₂ emissions, the target is in line with the Group's decarbonisation plan by 2030.



Plant in Gerlafingen, Switzerland

7.3 GRI CONTENT INDEX

Declaration of use:

the AFV Beltrame Group presented a report in compliance with the GRI standards for the period 01/01/2023 - 31/12/2023

GRI 1 used:

GRI 1: Fundamental Principles - Version 2021

Relevant GRI industry standards:

-

Source	Disclosure	Location	Page	Requirements Omitted	Reason	Explanation	Ref. No. Industry Standards
GRI 2: General disclosures 2021	2-1 Organisational details	Structure of AFV Beltrame	24-25				
	2-2 Entities included in the organisation's sustainability reporting	Methodological note	13				
	2-3 Reporting period, frequency and contact point	Methodological note	12-13				
	2-4 Restatements of information	Methodological note	12-13				
	2-5 External assurance	Methodological note; Independent Auditor's Report on the Sustainability Report	12 184-186				
	2-6 Activities, value chain and other business relationships	History and Evolution	16-17				
	2-7 Employees	Creating Value for Stakeholders; The Group's Human Resources. People. Relationships. Value; Social Sustainability Indicators	20-21 131 177				
	2-8 Workers who are not employees	Social Sustainability Indicators	177				
	2-9 Governance structure and composition	Corporate Bodies	23				
	2-10 Nomination and selection of the highest governance body	Appointment of Directors and Composition of the Board of Directors	26				
	2-11 Chair of the highest governance body	Appointment of Directors and Composition of the Board of Directors	27				
	2-12 Role of the highest governance body in overseeing the management of impacts	Organisational Structure for Sustainability	29-30				
	2-13 Delegation of responsibility for managing impacts	Organisational Structure for Sustainability	29-30				
	2-14 Role of the highest governance body in sustainability reporting	Organisational Structure for Sustainability	29-30				
	2-15 Conflicts of interest	Structure of AFV Beltrame	28				
	2-16 Communication of critical concerns	Ethics, Business Integrity and Compliance	38-39				
	2-17 Collective knowledge of the highest governance body	Structure of AFV Beltrame	29-31				
	2-18 Evaluation of the performance of the highest governance body			2-18 a. - b. - c.	Information not available / incomplete	The AFV Beltrame Group undertakes to provide this information in the medium term	
	2-19 Remuneration policies	Remuneration Policies	28				

Source	Disclosure	Location	Page	Requirements Omitted	Reason	Explanation	Ref. No. Industry Standards
GRI 2: General disclosures 2021	2-20 Process to determine remuneration	Remuneration Policies	28				
	2-21 Annual total compensation ratio			2-21 a. - b. - c.	Information not available / incomplete	The AFV Beltrame Group undertakes to provide this information in the medium term	
	2-22 Statement on sustainable development strategy	Letter to Stakeholders	8-9				
	2-23 Policy commitments	Ethics, Business Integrity and Compliance; Anti-Corruption Policy; Equal Gender Opportunities	38-39 40 141				
	2-24 Embedding policy commitments	Ethics, Business Integrity and Compliance; Anti-Corruption Policy	38-39 40-41				
	2-25 Processes to remediate negative impacts	Organisational Structure for Sustainability; Ethics, Business Integrity and Compliance	29 38-39				
	2-26 Mechanisms for seeking advice and raising concerns	Ethics, Business Integrity and Compliance	38-39				
	2-27 Compliance with laws and regulations	Ethics, Business Integrity and Compliance	39				
	2-28 Membership associations	AFV Beltrame Group's Participation in Trade Associations	56-57				
	2-29 Approach to stakeholder engagement	Stakeholder Engagement & Strategy; Materiality Analysis	47 50				
	2-30 Collective bargaining agreements	Social Sustainability Indicators	177				
Material Topics							
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Analysis	50-51, 53				
	3-2 List of material topics	Materiality Analysis	54				
Economic performance							
GRI 3: Material Topics 2021	3-3 Management of material topics	Creating Value for Stakeholders; Policy and Regulatory Risk	20-21 32-37				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Economic Sustainability Indicators	176				
Policy and Regulatory Risk							
GRI 3: Material Topics 2021	3-3 Management of material topics	Creating Value for Stakeholders; Policy and Regulatory Risk	20-21 32-37				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Economic Sustainability Indicators	176				
Business ethics							
GRI 3: Material Topics 2021	3-3 Management of material topics	Ethics, Business Integrity and Compliance; Anti-Corruption Policy	38-39 40-41				
GRI 205: Anti-Corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Anti-Corruption Policy	40				

Source	Disclosure	Location	Page	Requirements Omitted	Reason	Explanation	Ref. No. Industry Standards
Energy management							
GRI 3: Material Topics 2021	3-3 Management of material topics	AFV Beltrame Group's Commitment to Responsible Environmental Management; The QHSE Integrated Management System	72 72-73				
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Environmental Sustainability Indicators	180				
	302-3 Energy intensity	Environmental Sustainability Indicators	180				
Environmental management: water, air, waste							
GRI 3: Material Topics 2021	3-3 Management of material topics	Water Resource Management; Policy and Regulatory Risk; Atmospheric Emission Management; AFV Beltrame Group's Commitment to Responsible Environmental Management; Raw Materials, Consumables and Waste	116-117 32-37 86 72-73 118-119				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Resource Management	116-117				
	303-2 Management of water discharge-related impacts	Water Resource Management	116-117				
	303-3 Water withdrawal	Environmental Sustainability Indicators	180				
GRI 305: Emissions 2016	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	Environmental Sustainability Indicators	180				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Raw Materials, Consumables and Waste	118-119				
	306-2 Management of significant waste-related impacts	Raw Materials, Consumables and Waste	118-119				
	306-3 Waste generated	Environmental Sustainability Indicators	181				
	306-4 Waste diverted from disposal	Environmental Sustainability Indicators	181				
	306-5 Waste directed to disposal	Environmental Sustainability Indicators	181				
Decarbonisation and Climate Change							
GRI 3: Material Topics 2021	3-3 Management of material topics	Decarbonisation and Climate Change; Chalibria - Carbon Neutral Steel	87-107 110-115				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Decarbonisation and Climate Change	94-99				
	305-2 Energy indirect (Scope 2) GHG emissions	Decarbonisation and Climate Change	94; 100-101				
	305-3 Other indirect (Scope 3) GHG emissions	Decarbonisation and Climate Change	94; 102				
	305-4 GHG emissions intensity	Environmental Sustainability Indicators	181				

Source	Disclosure	Location	Page	Requirements Omitted	Reason	Explanation	Ref. No. Industry Standards
Health, safety and well-being, including human rights							
GRI 3: Material Topics 2021	3-3 Management of material topics	The Group's Human Resources, People, Relationships, Value; Employee Health and Safety	131 144-151				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	The QHSE Integrated Management System	72-73				
	403-2 Hazard identification, risk assessment and incident investigation	Employee Health and Safety	144-151				
	403-3 Occupational health services	Employee Health and Safety	144-151				
	403-4 Worker participation, consultation, and communication on occupational health and safety	Employee Health and Safety	144-151				
	403-5 Worker training on occupational health and safety	Employee Health and Safety	144-151				
	403-6 Promotion of worker health	Employee Health and Safety	144-151				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Health and Safety	144-151				
	403-9 Work-related injuries	Social Sustainability Indicators	178				
Development and Management of Human Capital							
GRI 3: Material Topics 2021	3-3 Management of material topics	The Group's Human Resources, People, Relationships, Value; Trends in Employment Levels; Training Academy	131 132 135				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Social Sustainability Indicators	177				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Remuneration of Human Resources	133				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Creating Value for Stakeholders; Social Sustainability Indicators	20 179				
Impact and development of communities							
GRI 3: Material Topics 2021	3-3 Management of material topics	Connection with the Local Area	154-163				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments and development programs	Donations for the Local Area	156-159				
Indicators reported not related to material topics							
Anti-Competitive Behaviour							
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Anti-Corruption Policy	40				

Source	Information	Location	Page	Requirements Omitted	Reason	Explanation	Ref. No. Industry Standards
Materials							
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Environmental Sustainability Indicators	180				
Supplier Environmental Assessment							
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Sustainable Supply Chain Management and Procurement Policy	62				
Labour and trade union relations management							
GRI 402: Labor/management Relations 2016	402-1 Minimum notice periods regarding operational changes	Social Sustainability Indicators	177				
Diversity and Equal Opportunity							
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Corporate bodies; Social Sustainability Indicators	23 179				
Non-discrimination							
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Equal Gender Opportunities	141				
Freedom of association and collective bargaining							
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Industrial Relations	136				



Donaliam plant, Romania

7.4 ECONOMIC SUSTAINABILITY INDICATORS

The economic value generated by the Group and consequently distributed to stakeholders is represented by the diagram of the value generated, retained and distributed shown below. This value is determined by the value generated in the reporting period from the sale of services and products and other income (financial income, other income, etc.) net of depreciation and amortisation, and value redistributed, in various forms, to the Group's stakeholders.

This value was based on the items in the income statement format used in the Group's Consolidated Financial Statements as at 31 December 2023.

EVG&D Form Items (€/1,000) ^(a)	2023
GENERATED VALUE	1,644,611
Revenues	1,642,237
Financial income and expenses	2,374
DISTRIBUTED VALUE	1,619,531
Operating expenses	1,409,999
Salaries and employee benefits	179,438
Payments to capital providers	19,048
Dividends distributed to shareholders ^(b)	0
Payments to Public Administration	10,903
Investments in the community	145
RETAINED VALUE	25,080

NOTES:

^{a)} The values shown in the table are expressed in thousands of euros.

^{b)} The figure for "Dividends distributed to shareholders" refers to the amount proposed by the Board of Directors on 28/03/2024, and which has been approved by the Shareholders' Meeting when it approves the Financial Statements on 06/05/2024.

7.5 SOCIAL SUSTAINABILITY INDICATORS

GRI 2-7 Information on employees and other workers ^(a)

		2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Total employees										
Total number of employees	No.	2,076	182	2,258	2,131	197	2,328	2,136	193	2,329
Total employees broken down by type of contract and gender										
Permanent contract (Perm)	No.	2,033	175	2,208	2,067	187	2,254	2,078	184	2,262
Fixed term (Fixed)	No.	43	7	50	64	10	74	58	9	67
Total employees divided by contract hours and gender										
Full-time	No.	2,049	154	2,203	2,106	166	2,272	2,116	168	2,284
Part-time	No.	27	28	55	25	31	56	20	25	45
Total employees by type of contract and geographical area										
Italy	No.	828	11	839	858	5	863	914	8	922
Romania	No.	338	0	338	337	0	337	286	0	286
Switzerland	No.	552	0	552	563	0	563	565	2	567
France	No.	490	39	529	496	69	565	497	57	554
Total employees divided by contract hours and geographical area										
Full-time	No.	815	24	839	838	25	863	903	19	922
Part-time	No.	338	0	338	336	1	337	285	1	286
Switzerland	No.	523	29	552	534	29	563	544	23	567
France	No.	527	2	529	564	1	565	552	2	554

GRI 2-8 Information on employees and other workers

		2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
External workers										
Interns	No.	1	0	1	25	6	31	4	7	11
Temporary workers	No.	57	3	60	94	5	99	41	1	42
Total	No.	58	3	61	119	11	130	45	8	53

GRI 402-1 Minimum notice periods regarding operational changes: The minimum notice period is determined by the CCNL (National collective bargaining agreement).

GRI 2-30 Collective bargaining agreements: 100% of employees are covered by collective bargaining agreements in the various countries in which the AFV Beltrame Group operates.

		2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of employees covered by national collective agreement										
Executives	No.	33	3	36	40	5	45	43	7	50
Middle managers and white collars	No.	390	152	542	402	160	562	394	158	552
Blue collars	No.	1,651	27	1,678	1,688	33	1,721	1,699	28	1,727
Total	No.	2,074	182	2,256	2,130	198	2,328	2,136	193	2,329

GRI 401-1 New employee hires and employee turnover

		2021				2022				2023			
		<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
New hires during the reporting period, divided by age group and gender													
Men	No.	144	160	46	350	110	150	44	304	100	112	21	233
Women	No.	19	24	5	48	23	20	4	47	14	9	6	29
Total	No.	163	184	51	398	133	170	48	351	114	121	27	262
Men	%	49.8	14.1	7.1	16.9	37.7	12.7	6.7	14.3	35.1	9.4	3.2	10.9
Women	%	55.9	23.1	11.4	26.4	51.1	17.9	10.0	23.9	35.9	8.3	13.3	15
Total Rate	%	50.5	14.8	7.3	17.6	39.5	13.1	6.9	15.1	35.2	9.3	3.8	11.2
Terminations of employment contracts during the reporting period, divided by age group and gender													
Men	No.	55	100	66	221	71	90	89	250	68	95	94	257
Women	No.	8	9	6	23	6	17	8	31	12	19	3	34
Total	No.	63	109	72	244	77	107	97	281	80	114	97	291
Men	%	19.0	8.8	10.2	10.6	24.3	7.6	13.6	11.7	23.9	8	14.2	12
Women	%	23.5	8.7	13.6	12.6	13.3	15.2	20.0	15.7	30.8	17.4	6.7	17.6
Total Rate	%	19.5	8.8	10.4	10.8	22.9	8.3	13.9	12.1	24.7	8.8	13.8	12.5
Total number of turnover in the reporting period, by geographical area													
Employees hired													
Italy	No.	105		73		85		61		89		60	
Romania	No.	129		64		69		70		24		75	
Switzerland	No.	97		74		110		99		107		103	
France	No.	67		33		87		51		42		53	
Total	No.	398		244		351		281		262		291	

NOTES:

^(a) There are no non-guaranteed hourly employees in the Group.

GRI 403-9 Work-related injuries ^(b)

		2021	2022	2023
Accidents - employees				
Fatal accidents	No.	0	0	0
Accidents at work with serious consequences (excluding deaths)	No.	4	1	2
Total recordable injuries (LTI + MI)	No.	163	138	102
Accidents - other workers				
Fatal accidents	No.	0	2	0
Accidents at work with serious consequences (excluding deaths)	No.	0	0	0
Total recordable injuries (LTI + MI)	No.	9	17	14
Main causes of accidents - employees				
Stumbles and slips	No.	29	13	26
Collisions and crushing	No.	61	69	37
Cuts (wounds)	No.	14	8	10
Other	No.	59	48	29
Main causes of accidents - other workers				
Stumbles and slips	No.	3	4	2
Collisions and crushing	No.	3	10	7
Cuts (wounds)	No.	1	0	1
Other	No.	2	3	4
Total hours worked by employees				
Total	hours	3,934,370	4,060,437	5,184,493
Safety indices - employees				
Fatal accident rate	(°)	-	-	-
Rate of injury with serious consequences (excluding deaths)	(°)	1.02	0.25	0.39
Total rate of recordable injuries (LTI + MI) (TIFR)	(°)	41.43	33.99	19.67
Total lost time injury rate (LTIFR)	(°)	24.65	21.18	15.04

NOTES:**b) ACCIDENTS:**

- Accidents to contracted employees are also included.
- The item "Total Recordable Injuries (LTI+MI)" includes occupational injuries involving an absence from work of more than one day (LTI) and medication (MI).
- This only includes any accidents en route when the transport was organised by the organisation.
- Accidents with serious consequences refer to accidents that caused more than 180 days of absence.
- Accident data for Târgoviște plant are included.
- Accident data for hydroelectric power stations are not included.

OTHER WORKERS:

- Workers of the main contracting companies present at the Group's Italian and foreign sites.

ACCIDENT RATE

- (°) The rate is calculated as the ratio of the number of accidents to the total number of hours worked in the same period, multiplied by 1,000,000.

GRI 404-1 Average hours of training per employee per year

Average training hours per capita		2021			2022			2023		
		Men (per capita)	Women (per capita)	Total (per capita)	Men (per capita)	Women (per capita)	Total (per capita)	Men (per capita)	Women (per capita)	Total (per capita)
Executives	hours	13	11	13	24	25	24	22	16	21
Middle managers and white collars	hours	26	26	26	37	29	35	34	29	32
Blue collars	hours	25	34	26	40	27	40	30	38	30
Total average	hours	25	27	26	39	28	39	31	30	31

Hours of training per year by type

Type of training		2021			2022			2023		
Safety and Environment	hours %	30,556	52		37,816	42		36,208	51	
Information technology	hours %	443	1		3,108	3		2,914	4	
Languages	hours %	2,178	4		2,099	2		1,376	2	
Industrial	hours %	11,036	20		24,431	27		15,749	22	
Opex	hours %	301	1		2,489	3		506	1	
Specific to department	hours %	2,895	5		6,192	7		3,718	5	
Transversal skills	hours %	5,227	9		4,295	5		3,934	6	
Other training courses	hours %	5,027	8		9,202	10		6,758	9	
Total	hours %	57,663	100		89,631	100		71,162	100	

GRI 405-1 Diversity in governance bodies and employees

		2021			2022			2023					
Total employees broken down by category and gender		Men	Women	Total	Men	Women	Total	Men	Women	Total			
Executives	%	1.6	0.1	1.7	1.7	0.2	1.9	1.8	0.3	2.1			
Middle managers and white collars	%	17.3	6.7	24	17.3	6.9	24.1	16.9	6.8	23.7			
Blue collars	%	73.1	1.2	74.3	72.5	1.4	74	72.9	1.2	74.2			
Total	%	91.9	8.1	100	91.5	8.5	100	91.7	8.3	100			
Total employees divided by category and age		<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	%	0	0.7	1	1.7	0	0.8	1.2	1.9	0	1.07	1.07	2.15
Middle managers and white collars	%	2.5	13.8	7.7	24	2.7	14.6	6.8	24.1	2.36	14.04	7.30	23.70
Blue collars	%	11.8	40.5	22.1	74.3	11.7	40.2	22.0	74	11.55	40.70	21.90	74.15
Total	%	14.3	55.0	30.7	100	14.4	55.7	29.9	100	13.91	55.82	30.27	100
Total employees by gender and age		<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	%	12.8	50.4	28.8	91.9	12.5	50.8	28.2	91.5	12.2	51.1	28.3	91.7
Women	%	1.5	4.6	1.9	8.1	1.9	4.8	1.7	8.5	1.7	4.7	1.9	8.3
Total	%	14.3	55	30.7	100	14.5	55.6	29.9	100	13.9	55.8	30.3	100

Total vulnerable employees by category and gender		2022			2023		
		Men	Women	Total	Men	Women	Total
Executives	%	0	0	0	0	0	0
Middle managers and white collars	%	0.2	0.0	0.2	0.1	0.1	0.2
Blue collars	%	0.6	0	0.6	0.7	0	0.7
Total	%	0.8	0	0.8	0.8	0.1	0.9

Parental leave

Parental leave		2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Total number of employees who were entitled to parental leave	No.	768	77	845	786	81	867	835	90	925
Total number of employees who have taken parental leave	No.	2	8	10	3	7	10	11	7	18
Number of whom returned to work during the reporting period, after parental leave	No.	1	2	3	3	3	6	11	3	14
Number of whom were still taking parental leave at the end of the reporting period	No.	1	6	7	0	4	4	0	4	4
Total number of employees who returned to work after taking parental leave and remained employed by the organisation in the 12 months following their return	No.	2	3	5	1	1	2	3	2	5

7.6 ENVIRONMENTAL SUSTAINABILITY INDICATORS

GRI 301-1 Materials used ^(a)

		2021	2022	2023
Breakdown of materials				
Raw materials (scrap and pig iron)	t	2,548,203	2,371,091	2,236,957
Ferroalloys	t	34,076	31,925	31,143
Fluxes	t	140,806	135,838	137,254
Electrodes	t	2,946	2,734	2,431
Oxygen	1,000 m ³	86,838	83,202	80,594
Subdivision of fluxes				
Calcium	%	73.1	71.1	67.9
Fluidifiers	%	4.8	4.6	3.9
Coals	%	22.1	24.2	28.2
Production				
Semi-finished products - billets	t	2,279,102	2,122,923	2,000,008
Rolled profiles	t	2,145,756	1,977,230	1,900,029

GRI 302- 1: Energy consumption within the organisation ^(b)

		2021	2022	2023
Energy consumption by fuel type				
Natural gas	GJ	3,845,018	3,466,349	3,277,306
Diesel	GJ	52,117	52,619	53,311
LPG	GJ	2,614	1,116	1,204
Petrol	GJ	1,472	1,971	2,420
Electricity purchased	GJ	4,659,325	4,280,951	4,097,557
Total consumption	GJ	8,560,545	7,803,006	7,431,797
of which from renewable energy sources	GJ	1,309,350	1,304,365	1,103,944
of which from non-renewable energy sources	GJ	7,251,195	6,498,641	6,327,853

GRI 302-3: Energy intensity

		2021	2022	2023
Specific energy consumption per tonne of steel produced ^(c)				
Natural gas	m ³ /t finished product	50.79	49.61	48.65
Electricity purchased	kWh/t finished product	603.17	601.42	599.05
Natural gas rolling mills	m ³ /t finished product	36.76	34.98	35.26
Electricity for EAF furnaces	kWh/t semi-finished product	369.50	364.25	367.11

GRI 303-3: Water withdrawal ^(d)

		2021	2022	2023
Source referring to all areas				
Surface water	Megalitres	2,312	2,346	2,511
Ground water	Megalitres	2,479	2,392	2,309
Sea water	Megalitres	0	0	0
Water produced	Megalitres	0	0	0
Third-party water	Megalitres	75	68	70
Total water withdrawal	Megalitres	4,866	4,806	4,891

		2021	2022	2023
Industry-specific water consumption per tonne of steel produced				
Water withdrawal	m ³ /t	1.58	1.69	1.80

GRI 305-7 Nitrogen oxides (NO_x), sulphur oxides (SO_x), and other significant air emissions ^(e)

		2021	2022	2023
Emissions				
NO _x	Value kg	417,573	442,664	333,185
SO _x ^(f)	Value kg	105,160	86,082	124,160
Particulate matter (PM)	Value kg	15,006	14,953	17,039

NOTES:

- a) The materials listed in Table 301-1 are non-renewable.
- b) The following conversion factors were used to calculate energy consumption in GJ:
- Natural gas: equal to 35.457 GJ/1000sm³ (source ISPRA 2023);
 - Diesel: equal to 42.873 GJ/t (source ISPRA 2023);
 - LPG: equal to 45.858 GJ/t (source ISPRA 2023);
 - Petrol: equal to 43.128 GJ/t (source ISPRA 2023);
 - Electricity: International System equal to 0.0036 GJ/kWh.
- c) Finished product = Rolled Profiles; Semi-finished product = Billets.
- d) With reference to water withdrawals in water-stressed areas, the AFV Beltrame Group used the Aqueduct Tool developed by the World Resources Institute (WRI) to identify areas potentially at risk. According to this analysis, the company offices and factories were not located in water-stressed areas. The WRI tool is available online at: <https://www.wri.org/our-work/project/aqueduct>. The results from the "baseline water stress" column were taken into account for the analysis. Water-stressed areas are defined as those with an Extremely High risk. All water sampled is fresh water (≤1,000 mg/l total dissolved solids).

GRI 305-4 GHG emissions intensity

		2021	2022	2023
Specific CO₂ emission per tonne of finished product^(g)				
Direct CO ₂ emissions [Scope 1] ^(h)	tCO ₂ e/t	0.15	0.15	0.15
Indirect CO ₂ emissions [Scope 2 - Market Based]	tCO ₂ e/t	0.12	0.07	0.08
Indirect CO ₂ emissions [Scope 2 - Location Based]	tCO ₂ e/t	0.09	0.09	0.10
CO ₂ emissions [Scope 1 + Scope 2 - Market Based]	tCO ₂ e/t	0.26	0.23	0.23
Indirect CO ₂ emissions Scope 3	tCO ₂ e/t	0.31	0.33	0.34

GRI 306-3 Waste generated⁽ⁱ⁾

		2021	2022	2023
Total weight of waste produced				
Hazardous	t %	48,392 9	43,133 8	40,344 8
Non-hazardous	t %	464,381 91	488,488 92	481,165 92
Total	t %	512,772 100	531,621 100	521,499 100

GRI 306-4 Waste diverted from disposal⁽ⁱ⁾

		2021	2022	2023
Total weight of waste diverted from disposal				
Hazardous	t %	41,900 11	39,826 7	38,384 8
Non-hazardous	t %	350,521 89	494,486 93	440,586 92
Total	t %	392,421 100	534,312 100	478,970 100
Waste non destined for disposal by type of recovery operation				
Total hazardous waste	t %	31,842 9	39,826 7	38,384 8
Preparation for reuse	t %	0 0	4 0	0 0
Recycling	t %	10,857 3	10,255 2	8,616 2
Other recovery operations	t %	20,985 6	29,567 5	29,768 6
Total non-hazardous waste	t %	306,734 91	494,486 93	440,586 92
Preparation for reuse	t %	2 0	48 0	20,671 4
Recycling	t %	156,321 46	194,418 37	160,254 34
Other recovery operations	t %	150,412 45	300,020 56	259,661 54
Grand total	t %	338,576 100	534,312 100	478,970 100

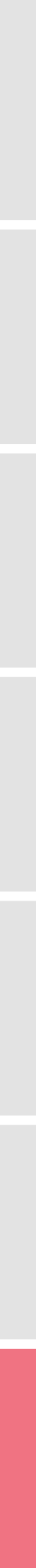
GRI 306-5 Waste directed to disposal^(m)

		2021	2022	2023
Total weight of waste directed to disposal				
Hazardous	t %	4,506 11	3,306 7	1,956 5
Non-hazardous	t %	34,737 89	42,897 93	38,862 95
Total	t %	39,243 100	46,203 100	40,818 100
Waste destined for disposal through disposal operations				
Total hazardous waste	t %	4,506 11	3,306 7	1,956 5
Incineration (with energy recovery)	t %	537 1	156 0	150 0
Incineration (without energy recovery)	t %	81 0	54 0	62 0
Landfill	t %	2,452 6	1,570 4	735 2
Other disposal operations	t %	1,436 4	1,526 3	1,009 3
Total non-hazardous waste	t %	34,737 89	42,897 93	38,862 95
Incineration (with energy recovery)	t %	696 2	670 1	636 2
Incineration (without energy recovery)	t %	0 0	0 0	0 0
Landfill	t %	33,390 85	41,464 90	37,759 92
Other disposal operations	t %	651 2	763 2	467 1
Grand total	t %	39,243 100	46,203 100	40,818 100

NOTES:

- e) More details on how emissions are calculated can be found in Section 4.5 "Atmospheric Emission Management".
- f) Calculated as the sum of the values of the factories in Vicenza, San Didero, Trith Saint Léger, Gerlafingen and Călărași.
- g) The values for emission intensities also consider the processing yield.
- h) The 2023 data for Scope 1 also include direct emissions from mobile combustion.
- i) The main categories of process waste include EAF furnace slag, LF furnace slag, flue gas treatment dust and rolling flake.
- j) Approximately 12% of non-hazardous waste was sent for on-site recovery operations during 2023.
- m) All waste was disposed of outside the Group's facilities.

Data relating to transport			2021	2022	2023
Scrap purchasing					
By truck	%		67	67	69
By train	%		26	31	18
By ship	%		7	2	13
Total	%		100	100	100
Shipping of finished products					
By truck	%		78	58	60
By train	%		20	27	23
By ship	%		2	4	5
Intermodal	%		-	11	12
Total	%		100	100	100





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INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY REPORT

**To the Board of Directors of
AFV Acciaierie Beltrame S.p.A.**

We have carried out a limited assurance engagement on the Sustainability Report of the AFV Acciaierie Beltrame Group (hereinafter also "the Group") as of December 31, 2023.

Responsibility of the Directors for the Sustainability Report

The Directors of AFV Acciaierie Beltrame S.p.A. are responsible for the preparation of the Sustainability Report in accordance with the "*Global Reporting Initiative Sustainability Reporting Standards*" established by GRI – *Global Reporting Initiative* (hereinafter "GRI Standards"), as stated in the paragraph "Methodological note" of the Sustainability Report.

The Directors are also responsible, for such internal control as they determine is necessary to enable the preparation of the Sustainability Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the definition of the Group's objectives in relation to the sustainability performance, for the identification of the stakeholders and the significant aspects to report.

Auditor's Independence and quality management

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies *International Standard on Quality Management 1*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the Sustainability Report with the GRI Standards.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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We conducted our work in accordance with the criteria established in the “*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. The standard requires that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement.

Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with *ISAE 3000 Revised*, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on the Sustainability Report are based on our professional judgement and included inquiries, primarily with Company personnel responsible for the preparation of information included in the Sustainability Report, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we carried out the following procedures:

1. analysis of the process relating to the definition of material aspects disclosed in the Sustainability Statement, with reference to the methods of analysis and understanding of the context, identification, evaluation and prioritization of actual and potential impacts and to the internal validation of the process results;
2. comparison between the economic and financial data and information included in the paragraph “7.4 Economic sustainability indicators” of the Sustainability Report with those included in the Group’s Financial Statements as of December 31, 2023;
3. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the Sustainability Report.

In particular, we carried out interviews and discussions with the management of AFV Acciaierie Beltrame S.p.A. and we carried out limited documentary verifications, in order to gather information about the processes and procedures, which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the Sustainability Report.

In addition, for material information, taking into consideration the Group’s activities and characteristics:

- at Group level:
 - a) with regards to qualitative information included in the Sustainability Report, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;

- for AFV Acciaierie Beltrame S.p.A., that we selected based on its activities, its contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met their management and have gathered supporting documentation on a sample basis with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of the AFV Acciaierie Beltrame Group as of December 31, 2023, is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph “Methodological note” of the Sustainability Report.

DELOITTE & TOUCHE S.p.A.

Signed by
Cristiano Nacchi
Partner

Padua, Italy
June 4, 2024

This report has been translated into the English language solely for the convenience of international readers.

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