Sustainability Report

FINANCIAL YEAR 2022

AFV BELTRAME GROUP

Sustainability Report

Plant of Vicenza, Italy

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Plant of Vicenza, Italy

Letter to stakeholders

Dear Stakeholders,
We are pleased to present the progress our Group has made in 2022, a particularly important year for the projects in which we have been involved, thereby confirming the transparency with which we highlight our achievements not only in the economic-financial sphere, but also in the environmental and social spheres.
On the international front, the continuing geopolitical tension is unfortunately not conducive to, and indeed undoubtedly negatively interferes with, the achievement of global sustainability goals. But in such an uncertain scenario it is our duty as a company, but also as individual citizens of the communities in which we are present, not to give up, and to continue making our contribution. We can do this in concrete terms by investing, by networking along the entire value chain, by intensifying our efforts in the entire supply chain, by rethinking the directions mapped out in our growth plans so that they point towards new directions of development. And above all by putting sustainability at the centre, as a responsibility but also as an opportunity, to push us in new directions.
With vision. With courage.

This was our starting point last autumn when we launched Chalibria, the new carbon-neutral certified steel, as the culmination of a journey that has seen the Group embark on a virtuous path in integrating sustainability across all activities and processes.

> We feel it is incumbent on companies, especially energy-intensive ones like ours, to be the bearers of change and capitalise on it.

Chalibria is therefore primarily a starting point, with which we accelerate the implementation of programmes and investments supporting a structured, rigorous decarbonisation plan. A plan that we are sure will contribute to the necessary transformation of the steel sector as a whole, achieving the goal of low-carbon production within the timeframe required by European regulations.
With Chalibria, we hope to open the beginning of a new period in which carbon-neutral steel will become an essential element for many user industries (from construction to real estate, from infrastructure to automotive, from mechanics to energy, oil & gas...) to significantly reduce their impact on the environment, initiating a positive circularity for many key sectors of the Italian and foreign economies.

Another important project implemented in 2022 is Renewability, a consortium company whose objective is to invest in the construction of renewable generation plants and then supply the electricity produced to each member. The first lot we purchased includes three photovoltaic plants in Abruzzo and two in Lazio, totalling 24 MW, of which one third is destined for the AFV Beltrame 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 AFV Beltrame Group. Two new state-of-the-art reheating furnaces were installed at the French, Swiss and Romanian sites last year; they are equipped with advanced technology and are ready to also be used with hydrogen when it becomes possible, with a view to significantly increasing energy efficiency and reducing emissions.
The continued strategic actions aimed at the protection and efficient use of resources and the implementation of new circular economy practices, which you can read about in the following pages, have also been significant. But if by sustainable development we mean a fair balance between the creation of economic value, environmental protection and social responsibility, we cannot fail to mention the many projects with which we have opened the field to a whole series of activities that give the goals for sustainability a clear multidimensional characterisation. These activities take the form of our commitment to promote workplace safety, respect for equality, and support for social entities operating in our local areas in favour of disadvantaged people or those in need of care, sports groups, and charitable and cultural associations.

Lastly, we believe that the achievement of each and every one of the Group's results would not have been possible without the professional skills and dedication of all our people, to whom we extend our most heartfelt thanks. This is why we have continued to cultivate the topic of welfare, with a specific focus on the health, well-being and professional development of our employees.
Certainly much remains to be done, but we are determined to continue to achieve the growth objectives we have set ourselves, convinced that they are a priority for creating mutual economic and social development for both us and all our stakeholders.

Antonio Beltrame
President
and Chief Executive Officer

Alain Creteur
Chief Executive Officer
and CEO Stahl Gerlafingen

Raffaele Ruella
Managing Director
and Group CFO

The added value of sustainability

The synthesis between the strategic approach to business and stakeholder perspective is a means for developing sustainability priorities while continuing to generate shared value.

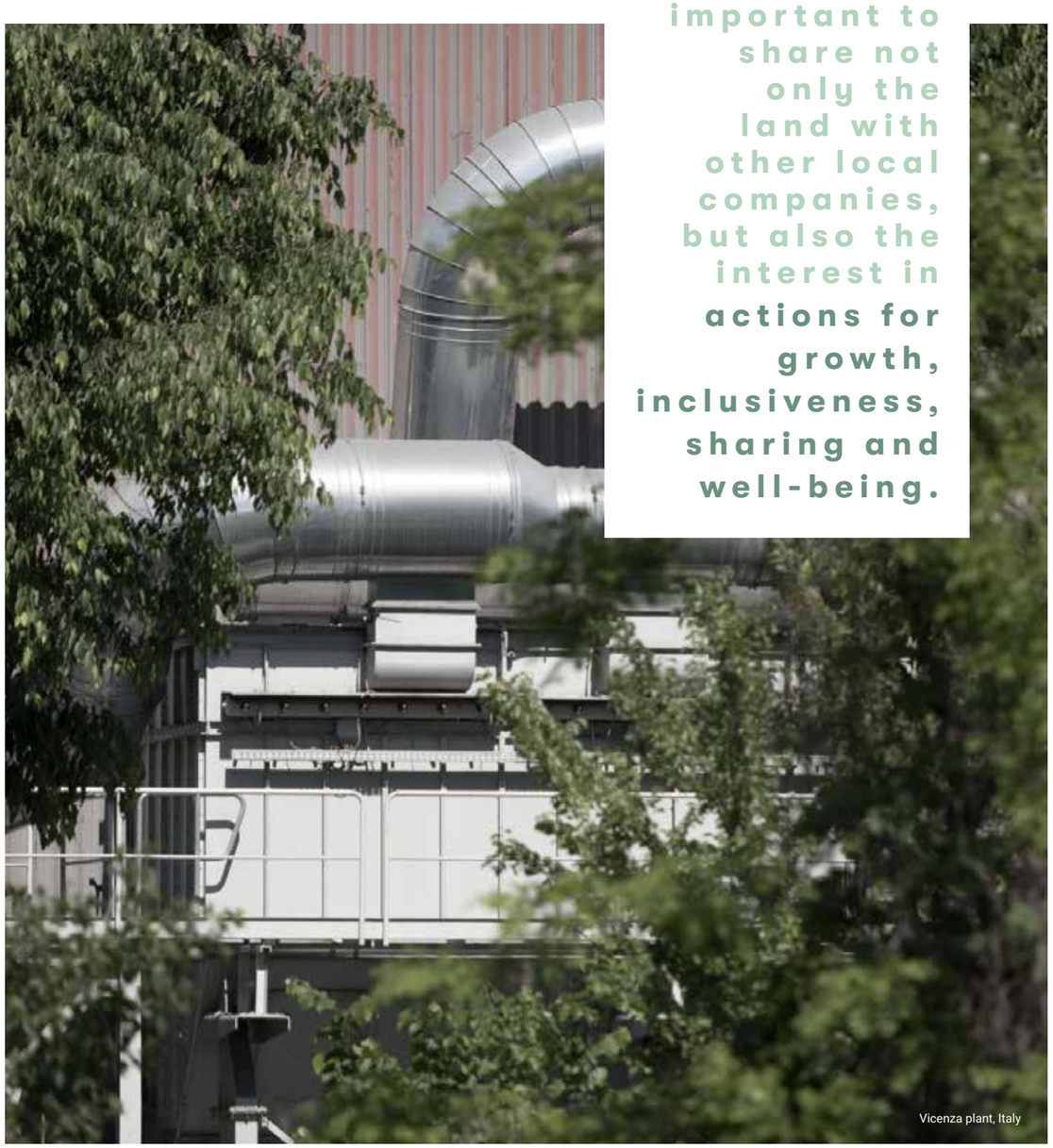
There is no doubt at this point. The three dimensions of sustainability (environmental, social, economic) condition and shape the business strategies developed by companies in every sector, be it production or goods and services. And this is a clear indication of how these dynamics are perceived not so much as a need to "ride the wave" of the moment, but are experienced with an awareness of the added value they can bring to all players involved.

The environmental aspect is perhaps the one receiving the most attention today, considering the now well-known contribution of mankind to global warming and the various consequences that this can generate on economic activities, as well as obviously on the entire planetary ecosystem. The 2015 Paris Agreement and the recent Conferences of the Parties (COP) have called for action by governments, institutions, business organisations and citizens to promote and accelerate actions to reduce greenhouse gas emissions, favouring climate-neutral investments, the development of renewable or non-fossil energy sources, and products with a reduced or zero-carbon footprint. It is also necessary to strengthen the capacities of countries, communities, and economies to adapt and be resilient to the effects of climate change.

Still in the environmental sphere, an emerging challenge in relation to the ability to mitigate and adapt to climate change is the development of plans to reduce water consumption and search for new sources of supply, which, in industry, can find responses from the combination of technological development and operations. The social dimension of sustainability requires companies to take a two-pronged approach. It starts from an internal vision, through which this issue takes on relevance with respect to the human resources employed and which is expressed in the maintenance of safe and healthy workplaces, in the establishment of rewarding welfare policies, in fostering the professional and personal growth of each individual through dedicated training courses focused on the issues, knowledge and skills required today. The vision directed outside the company scope is equally important, namely that towards the communities which not only share the physical environment with the company but also the interest in ensuring that the entire social fabric in which the company is embedded thrives and develops actions for growth, inclusiveness, sharing and well-being.

Last but not least we consider the governance aspect, in which the sustainable business model finds its fulfilment, ensuring business continuity, wealth distribution, credit facilitation, strategic vision, thanks to a conscious and involved organisational and decision-making structure. The AFV Beltrame Group is committed and works with conviction to ensure that all these factors, firmly rooted in its century-old history and values, continue to bear fruit and ensure the development of the entire value chain under the banner of sustainability.

Giovan Battista Landra
Group EHS and Sustainability Director



It is important to share not only the land with other local companies, but also the interest in actions for growth, inclusiveness, sharing and well-being.

Vicenza plant, Italy

Environmental sustainability, social sustainability and economic sustainability.

Methodological Note

Premise

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 review was carried out according to the procedures outlined in the "Auditor's Report" included herein. The AFV Beltrame Group does not fall within the scope of Italian Legislative Decree254/2016 concerning the obligation to prepare a non-financial statement (NFS), but opted to voluntarily draft a sustainability report to increase transparency vis-a-vis 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.

Drafting of the report and references

The Corporate EHS Department coordinated the drafting of the 2022 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 Committee*).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.

*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.

Document Objectives

This 2022 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 foreign 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 and period analysed'.

Scope of the sustainability report analysis and reporting period

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 (Calarasi and Targoviste).This Report refers to the financial year 2022 (1 January to 31 December 2022) and offers a comparison with the figures for the previous two-year period (20202021) where possible. This Sustainability Report is published in May. 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 2022.The scope of social and environmental data and information includes the companies belonging to the Group as at 31 December 2022 consolidated on a line-by-line basis within the Group's Consolidated Financial Statements, with the exception of the new Donalam - Targoviste plant acquired in March 2022, Alternative Energy Innovation S.r.l. established during 2022, and the companies Sipro Beltrame AG, Laminoirs du Ruau S.A, Donalam Siderprodukte A.G. and Ferriera Sider Scal S.r.l., as entities in the process of liquidation (Ferriera Sider Scal S.r.l.) and/or of insignificant size in terms of their contribution to the reported sustainability indicators.
The companies included are therefore:

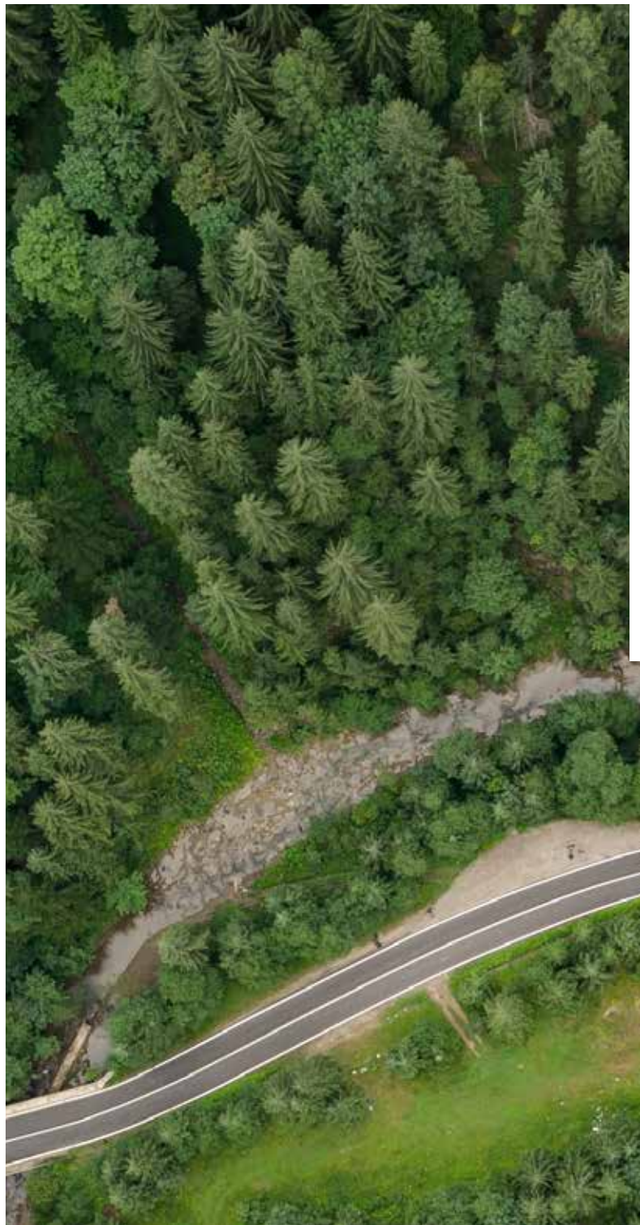
- AFV Acciaierie Beltrame S.p.A., Parent Company with headquarters in Vicenza, and the following foreign subsidiaries of the Group:
  - Laminés Marchands Européens S.A., a French subsidiary based in Trith Saint Léger, part of the AFV Beltrame Group since 1994;
  - Stahl Gerlafingen A.G., a Swiss subsidiary based in Gerlafingen, part of the AFV Beltrame Group since 2006;
  - Donalam S.r.l. (Calarasi plant), a Romanian subsidiary based in Calarasi, part of the AFV Beltrame Group since 2007.

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

Document definition

The reporting methodology of in 'accordance' with the GRI Standards was confirmed by the Sustainability Steering Committee**.The results of the process were first presented to the Sustainability Steering Committee and then to the Board of Directors.

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



Material topics reported

The GRI Standards require the Sustainability Report to contain information on material topics, i.e., actual 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 involved the use of 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.
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.

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Dr. Marchetto Matteo, Group Deputy Sustainability Manager: m.marchetto@beltrame-group.com

BELTRAME

01

BELTRAME

AFV Beltrame Group

1. 1 HISTORY AND EVOLUTION

AFV Beltrame Group profile and history

Early '900s - Plant of Vicenza, Italy

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 '900s - Plant of Vicenza, Italy

Early '900s - Plant of Vicenza, 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 plants, 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 distributary of the Brenta River in the municipality of Valstagna, where a new power plant would be built after World War Instil 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 plant 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 steelworks. 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 instrumental in consolidating European leadership in the merchant bar sector. The L.M.E. Group's three production sites - located in the north of France, Belgium and Luxembourg - made it possible to be present in Europe with almost double the previous volumes and to bring production even closer to the areas of consumption in order to reduce transport costs for both raw materials and product. The AFV Beltrame Group acquired its biggest Italian competitor in 2002: Siderurgica Ferrero spa of Turin, with its two production sites in San Didero (TO) and San Giovanni Valdarno (AR), the former of which also includes a steel plant. 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 Calarasi, Romania, through its subsidiary Donalam S.r.l. The consolidation in Romania continued in 2022 with the acquisition of the assets of the former Cos Targoviste company in Targoviste.

The Parent Company has its historical headquarters in Vicenza, where the Group's most important plant operates. It currently employs over 800 of the total 2,939 employees (including Targoviste) and also generates added value through numerous related activities. Throughout its 126-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. Lastly, the challenging decarbonisation plan that the Group has structured in order to accelerate production towards climate neutrality, and the new brand Chalibria, the certified carbon-neutral steel launched in 2022, both deserve mention.

With more than 2,900 employees (including Targoviste plant), 12 rolling mills (two of them at the Targoviste plant) and four electric furnace steel mills (of which the one at Targoviste is currently being modernised), the Group serves some 40 countries in Europe and the Mediterranean basin.

Plant of Trith Saint Léger, France

"Sustainable success, meaning the ability to create long-term value for the benefit of shareholders and taking into account the interests of all stakeholders relevant to the company, together with the principles of proportionality, transparency and flexibility, are key elements of the Group's objectives."

1.2 MISSION AND VISION

Production of merchant bars, beams, reinforcing bars 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 REFERENCE 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 plant 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 interweavings between company staff and suppliers, new relationships between producer and consumer: values that generate value.

mission
The 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
The AFV Beltrame Group

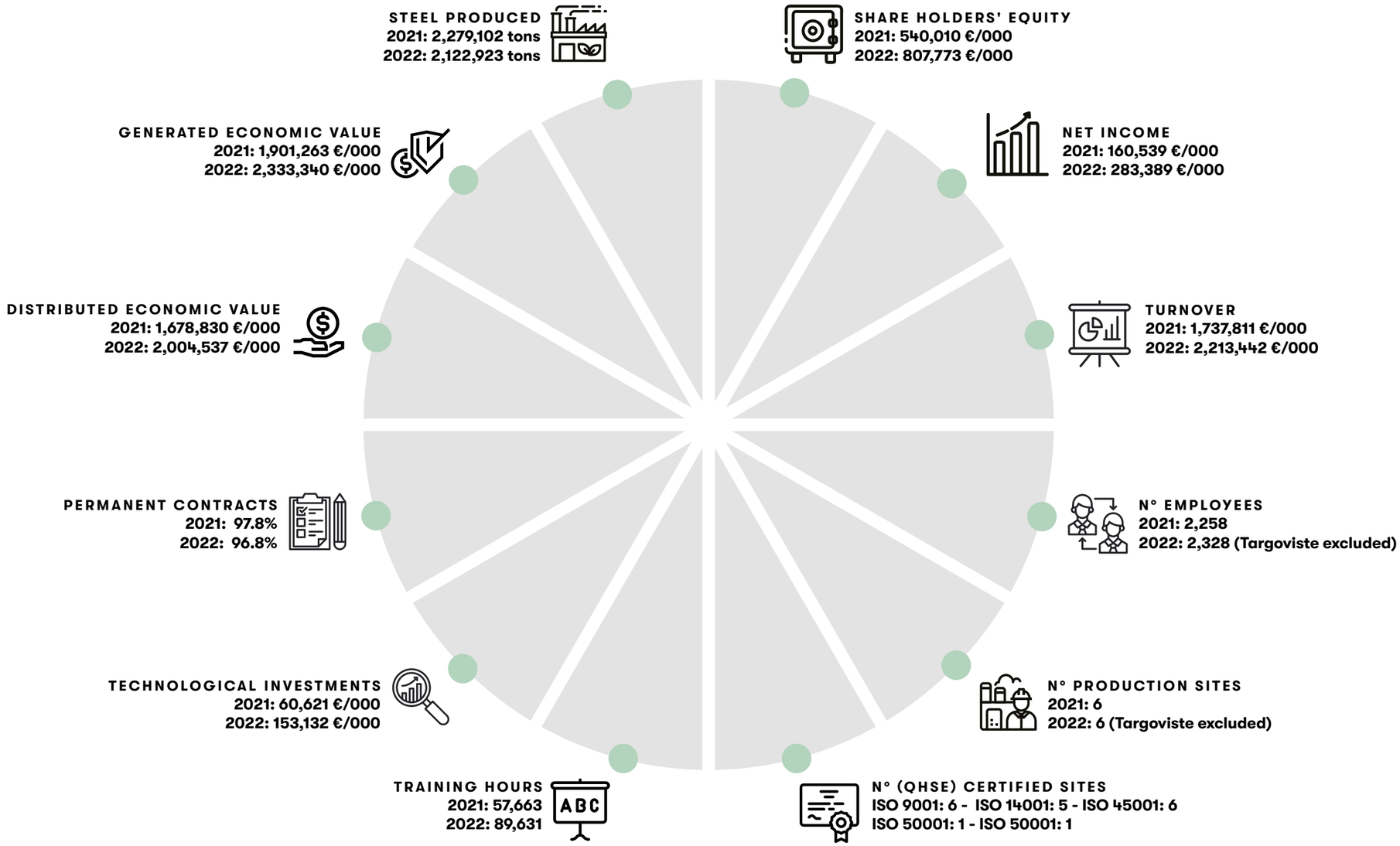
The Group's vision envisages the pursuit of business development together with people development, through the continuous improvement of the virtuous relationship between sustainable productivity, social innovation and shared collective value.

values
The 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.

1.5 CREATION OF VALUE FOR STAKEHOLDERS

Highlights: AFV Beltrame Group in 2022



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

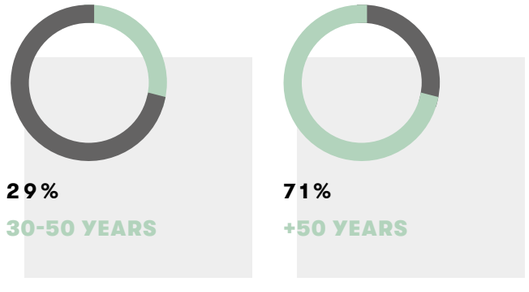
BOARD OF DIRECTORS

Antonio Beltrame, President and CEO
Patrizia Beltrame, Vice President and Managing Director
Angiola Beltrame, Vice President and Managing Director
Alain Creteur, Managing Director
Raffaele Ruella, Managing Director
Carlo Beltrame, Director
Carlo Carraro, Director

BOARD OF STATUTORY AUDITORS:

Andrea Valmarana, Chair
Dario Semenzato, Regular Auditor
Massimo Mari, Regular Auditor

There are seven members of the Board of Directors, five of whom are men and two women. 29% belong to the 30-50 age group and the remaining 71% to the over-50 age group.



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.

HOLDING COMPANY:
AFV Acciaierie Beltrame S.p.A.
with headquarters and plant in Vicenza (VI) and plants in San Giovanni Valdarno (AR) and San Didero (TO), Italy

SUBSIDIARIES:

80.23%
Laminés Marchands Européens S.A.
based in Trith Saint Léger, France

100%
Laminoirs du Ruau S.A.
based in Monceau-sur-Sambre, Belgium

93.69%
Donalam S.r.l.
based in Calarasi, Romania, with plants in Calarasi and Targoviste

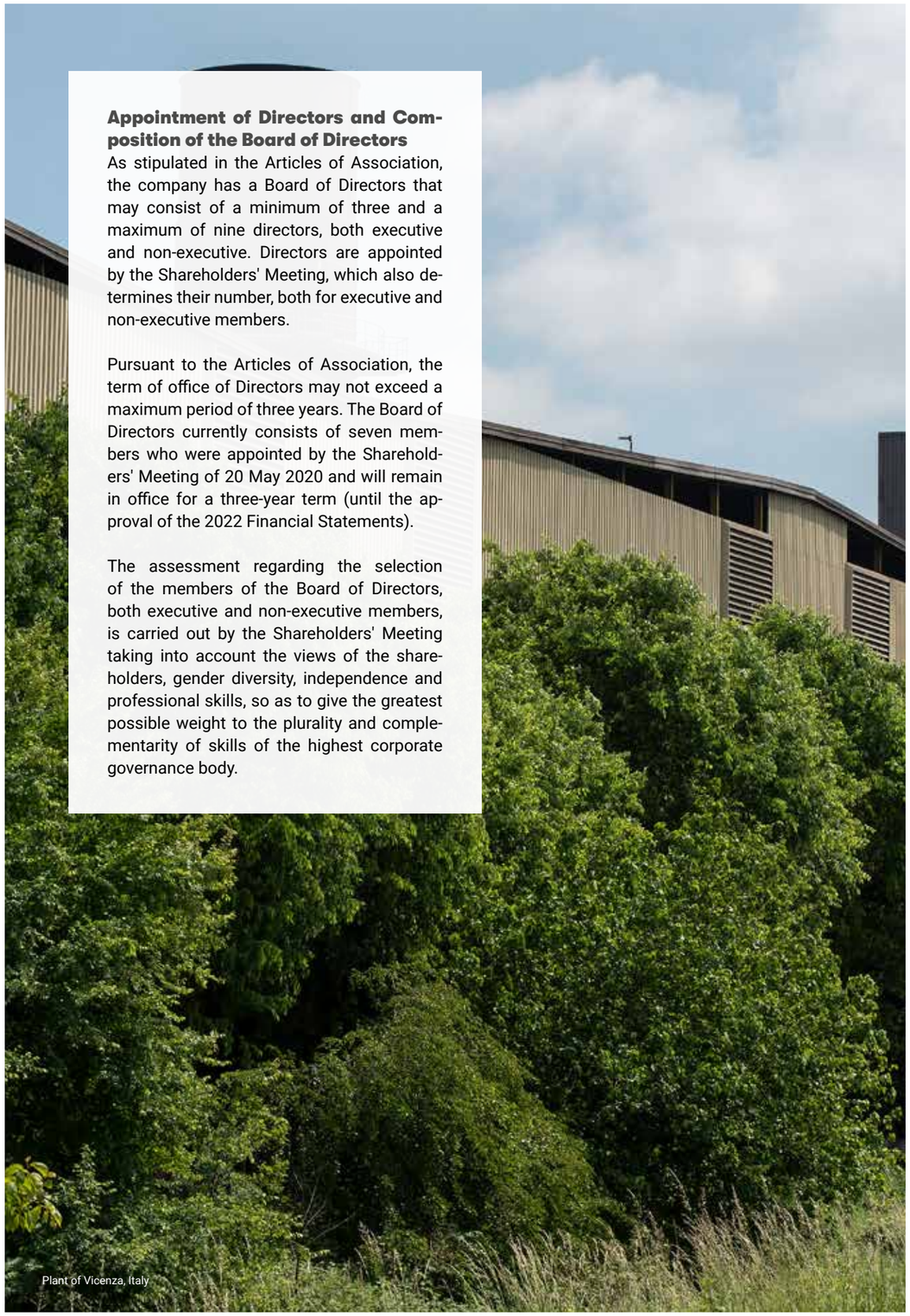
75%
Donalam Siderprodukte A.G.
based in Zurich, Switzerland

86.47%
Stahl Gerlafingen A.G.
based in Gerlafingen, Switzerland

100%
Ferriera Sider Scal S.r.l.
based in Vicenza, Italy

50%
Alternative Energy Innovation S.r.l.
based in S.G.Lupatoto, Italy

50%
Sipro Beltrame A.G.
based in Zurich, Switzerland



Plant of 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 20 May 2020 and will remain in office for a three-year term (until the approval of the 2022 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	ROLE	COUNTRY	GENDER
ANTONIO BELTRAME	Ceo-Chairman	Italy	M
ALAIN CRETEUR	Ceo-Executive Director	Belgium	M
PATRIZIA BELTRAME	Vice President	Italy	F
ANGIOLA BELTRAME	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:

APPROVES AND MONITORS THE PROGRESS OF THE SUSTAINABILITY STRATEGY

APPROVES THE LIST OF MATERIAL TOPICS AND THE SUSTAINABILITY REPORT

NOTE:
No critical issues were reported to the Board of Directors during 2022.

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 2022 concerning the updating 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

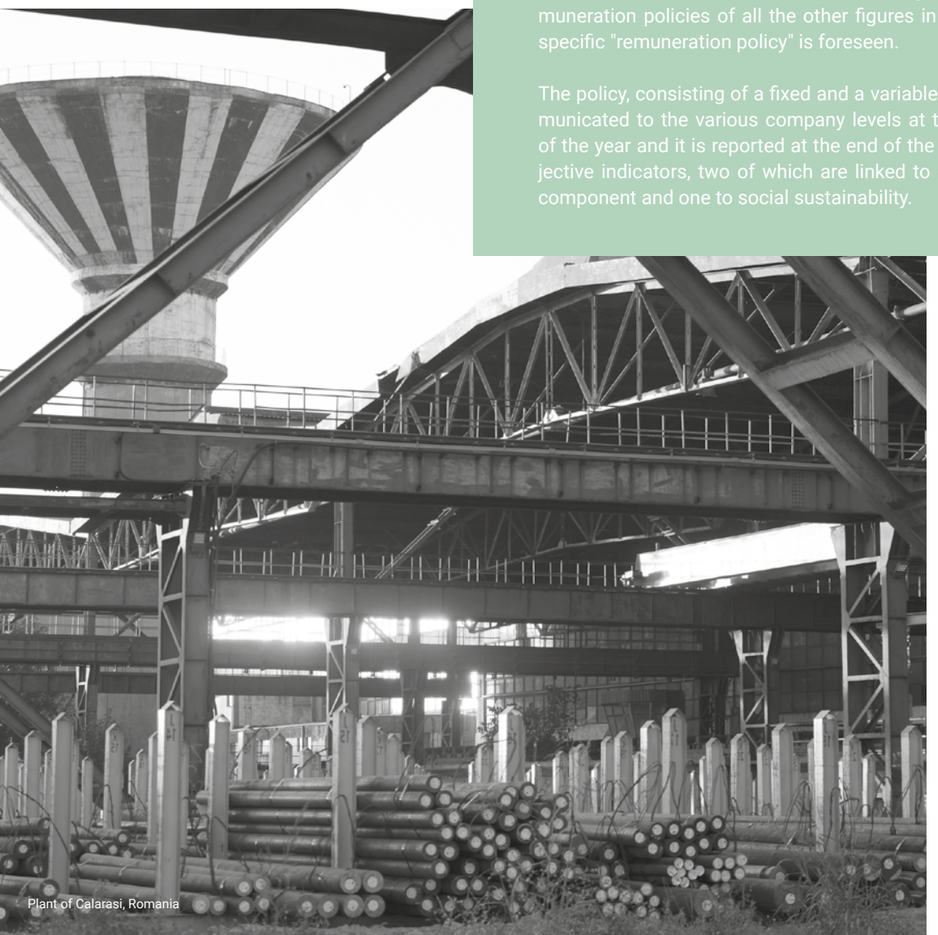
Conflicts of interest are managed consistent with the provisions of Article 2391 of the Italian Civil Code. In the event of resolutions concerning transactions in which one of the members of the Board of Directors has an interest, the Board of Directors must adequately justify the reasons and expediency.
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, consisting of the fixed component only, is defined by the Shareholders' Meeting at the time of appointment. Furthermore, the Board of Directors can define the remuneration for its members with particular offices.

As a non-listed company, is not present a specific committee in order to determine remuneration nor does the Group make use of external consultants. With regards to the remuneration policies of all the other figures in the Group, a specific "remuneration policy" is foreseen.

The policy, consisting of a fixed and a variable part, is communicated to the various company levels at the beginning of the year and it is reported at the end of the year with objective indicators, two of which are linked to an economic component and one to social sustainability.



Plant of Calarasi, Romania

Organizational Structure for Sustainability

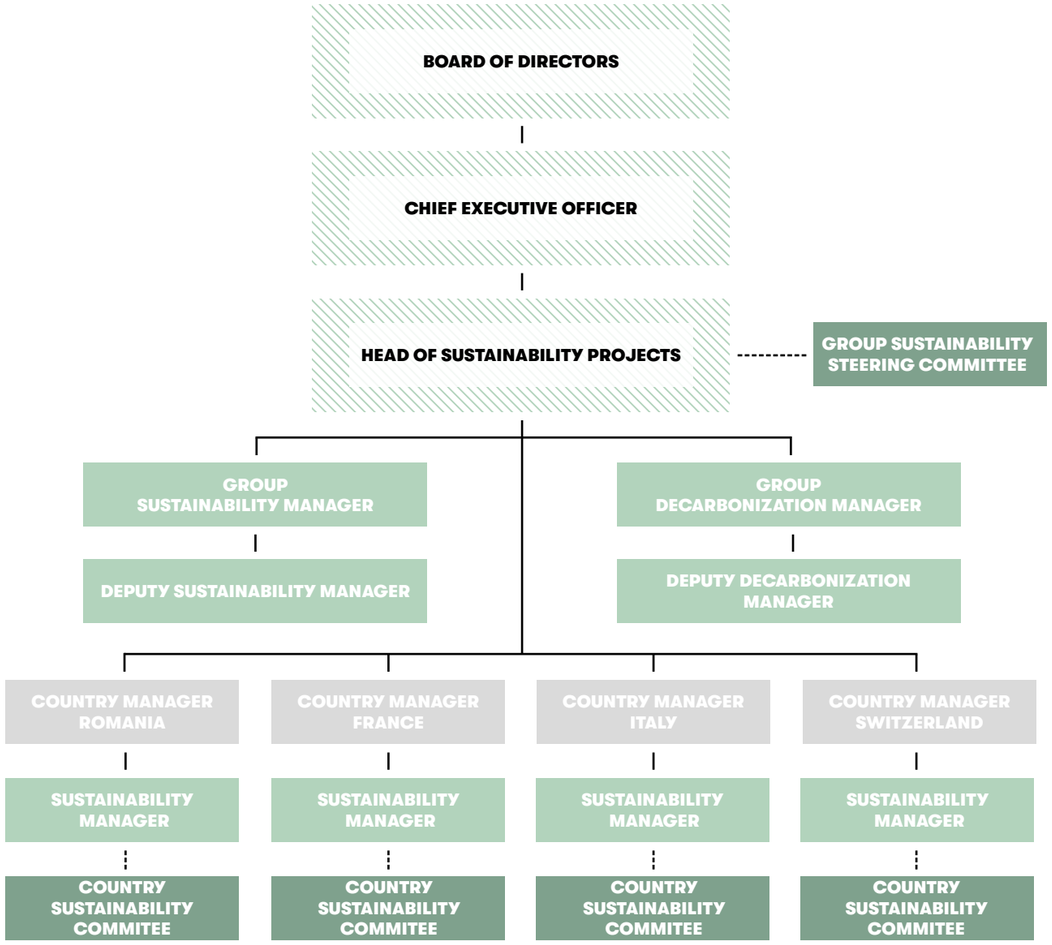
The AFV Beltrame Group is aware that the management of impacts on the economy, environment and people must be integrated into its strategy and operations; for this reason, albeit outside a regulated corporate governance system, the Group has equipped itself with an organisational structure dedicated 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 Executive Director as Head of Sustainability Project thus ensures full control of the processes with regard to sustainability dimensions and ESG criteria.

Plant of Trith Saint Léger, France

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 Decarbonisation Manager

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

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.

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 Decarbonization 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.

Lastly, 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.

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 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 in terms of 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. If the Taxonomy has an indirect impact linked to a possible willingness to access green finance and instruments, the CSRD (Corporate Sustainability Reporting Directive) will instead require an immediate commitment from the AFV Beltrame Group.

LA CSRD

in fact...

Proposed by the European Commission in 2021, the CSRD became final on 10/11/2022, and although it still has to be transposed by Italy (which has 18 months), it will make sustainability reporting an integral part of balance sheets. EFRAG (European Financial Reporting Advisory Group), a technical body that deals with accounting standards on an international level, is working on the European Sustainability Reporting Standards (ESRS) that will further specify all the components that must be reported.

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 Group's Italian, Romanian and French plants are subject to the EU-ETS Directive (EU Directive 2003/87). The Swiss plant is instead subject to Swiss regulations (Swiss Law 641.71 'Federal Law on the Reduction of CO_2 Emissions'). 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 CO_2 emission credits (EUAs). Furthermore, the reduction of the cap translates into the reduction of free allocations, as in the sector in which the AFV Beltrame Group operates, 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 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) with an extension beyond 2023 of the 24% input forecast (with a threshold of 400 mil. 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

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.

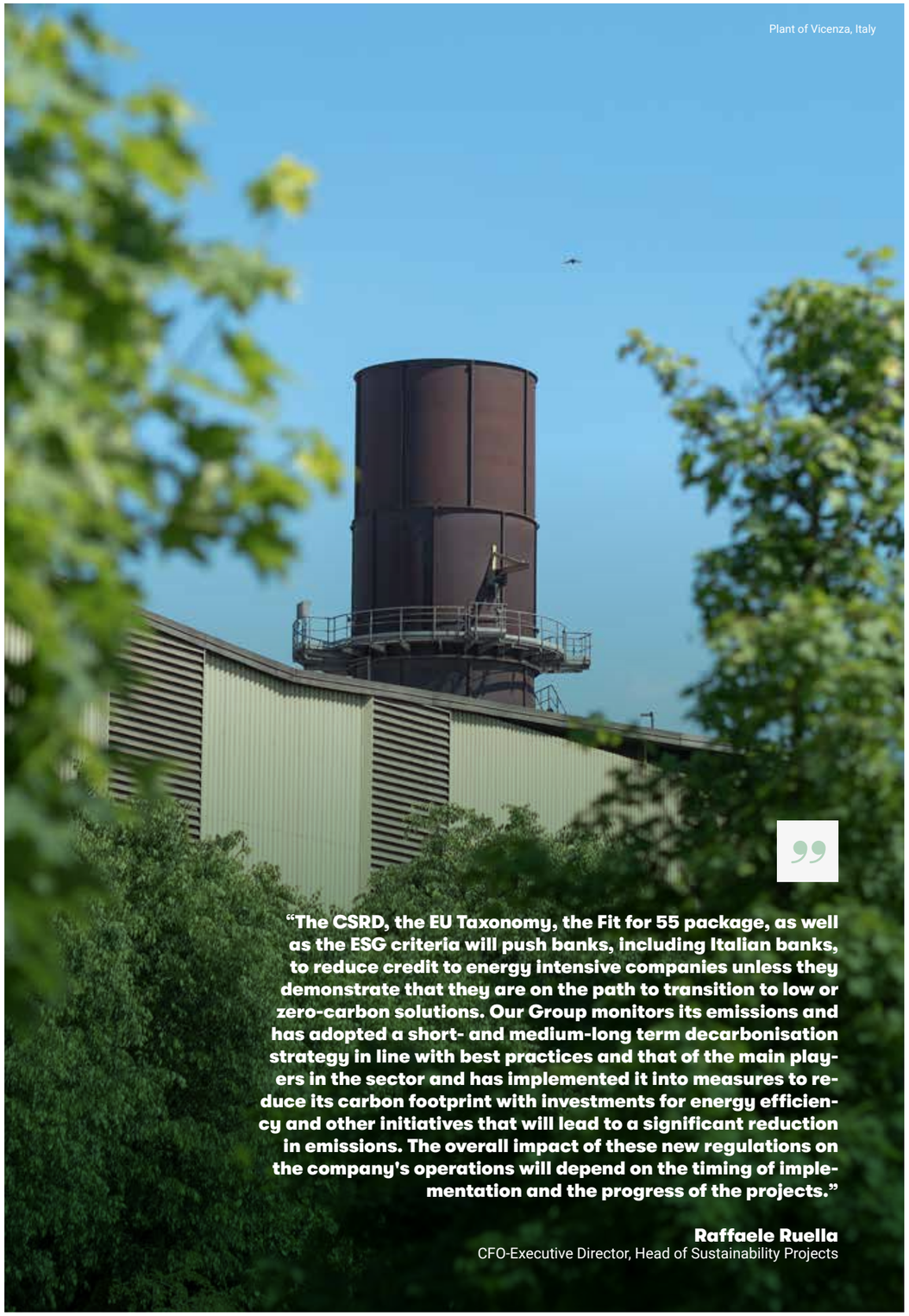
The risk of carbon leakage is already currently being addressed under the ETS system of the EU. For the sectors most affected by the risk of carbon leakage, free allowances and compensation for increased electricity costs are to be granted under state aid rules. The CBAM has been the subject of various discussions and proposals and its final definition is still uncertain: the December 2022 agreement is not final and has not been officially circulated. The aspects discussed include:
1. the timing and mode of introduction of the CBAM;
2. the extension of the inclusion of Scope 2 emissions (previously only Scope 1 emissions had been mentioned);
3. the definition of the sectors and sub-sectors included;
4. the consequent reduction of the free EU-ETS allocation for the included sectors.

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 exported into the EU, and outside the EU the higher cost of emission rights per compliance will affect the marginal cost;
- risk of loss of competitiveness vis-à-vis 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 CO_2 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



1.9 ETHICS, BUSINESS INTEGRITY AND COMPLIANCE

The AFV Beltrame Group identified a platform in 2022 specifically for its whistleblowing process, which will become fully operational in the course of 2023 once the relevant procedure for its use has been finalised and approved.

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.gruppobeltrame.com

The Holding 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 Model, Management and Control and represents a complementary element to this.

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 2022. 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.

“The Code of Ethics contains the principles and rules of conduct that guide the activities of the AFV Beltrame Group”

Compliance

With regard to the respect of laws and regulations, in 2022 there were two cases which required reminders in terms of compliance, which were resolved without any sanctions, concerning:

- logistical reorganisation and safety supervision at the new reheating furnace installation site in LME, issued by the Valenciennes labour inspectorate;
- presentation of a technical-managerial intervention plan to be carried out on the rainwater collection and treatment network of the AFV Vicenza plant, issued by the Provincial Administration.

No significant penalties were recorded for non-compliance with laws and regulations in 2022.

1.10 ANTI-CORRUPTION POLICY

No incidents of corruption, anti-competitive behaviour, antitrust or monopolistic practices were recorded during 2022.

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. This policy applies to AFV Acciaierie Beltrame S.p.A. and its subsidiaries.

Recipients and Scope of Application
This 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 Principles
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 of Public Administration
Corruption vis-a-vis 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 Private Individuals
Corruption among private individuals occurs when directors, general managers, those responsible for drawing up corporate accounting documents, auditors or liquidators of a company (or persons subject to their direction or supervision) receive for themselves or for a third party money or other benefits 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 of the obligations of loyalty, causing harm to the company.

Accordingly, it is prohibited to give, offer or promise, directly or through a third party, money or other benefits to any of the persons listed above (active corruption).
it is also prohibited to receive or accept to receive 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 vis-a-vis 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.

SOSTENIBILITÀ

02

SUSTAINABILITY

Sustainability in AFV Beltrame Group

2.1 APPROACH TO SUSTAINABILITY

What is sustainability for the AFV Beltrame Group?

The AFV Beltrame Group has set up its business according to the principles of sustainability, adopting an approach akin to the what is known as the so-called **"triple bottom line" (TBL)** model, which places similar emphasis on limiting its environmental impacts, helping people develop and creating value for its 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.

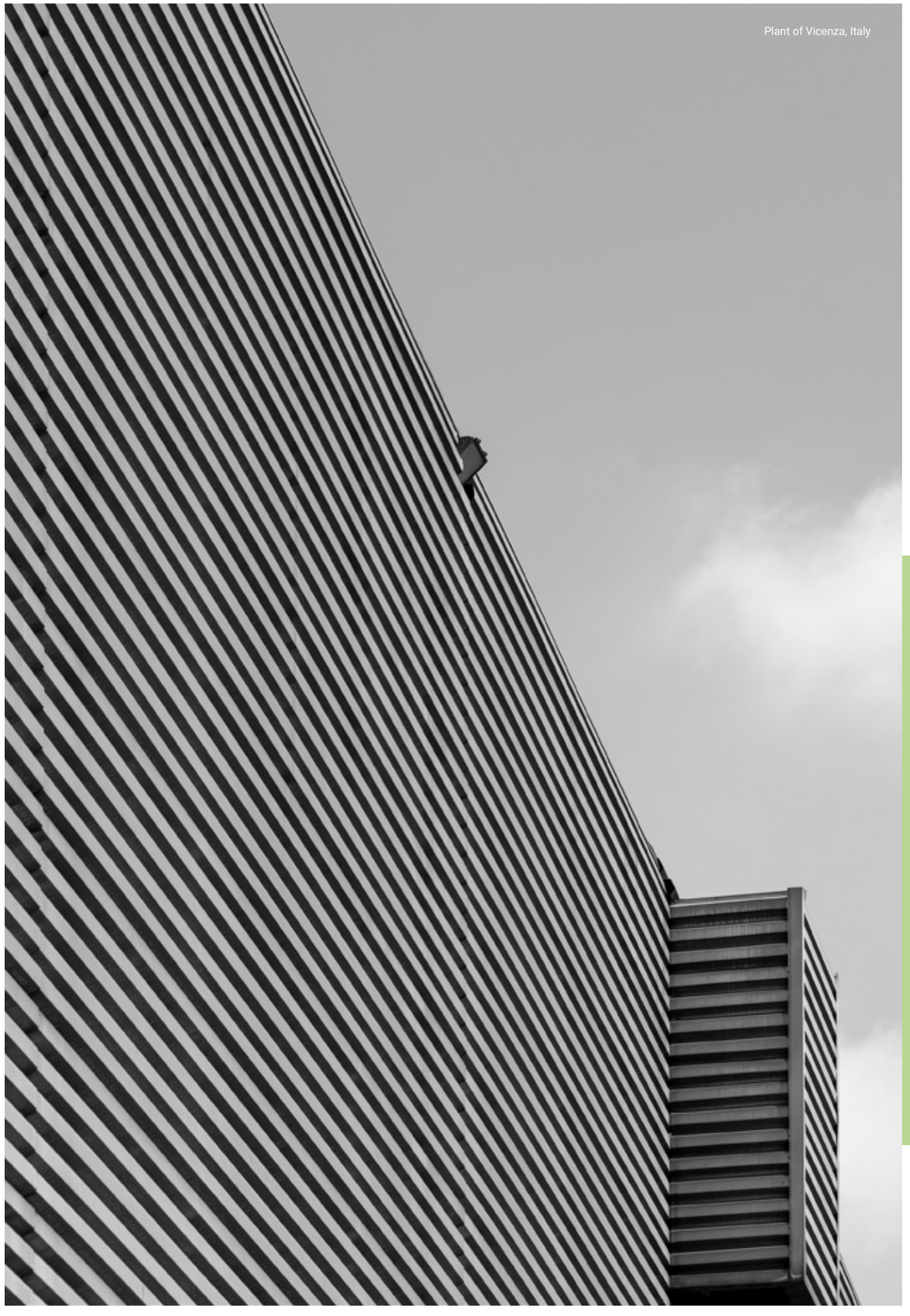
These pillars include:
- reducing the consumption of electricity and natural gas and using energy from renewable or non-fossil sources;
- reducing the organisation's carbon footprint (Scope 1 and 2);
- reducing industrial water consumption;
- optimal waste management, favouring waste recovery;
- decreasing the injury index related to events with lost days.

The indicators are monitored monthly basis at all Group production sites and are aggregated in a dashboard that allows the dynamic management of activities and projects affecting the parameters of interest. This dashboard is explained and discussed during management meetings and operational committees.

Giovan Battista Landra
Group EHS and Sustainability Director

This approach increases management's awareness of the Group's efforts and ensures full involvement of both senior and operational figures towards the common goal of sustainable development.

Plant of Gerlafingen, Switzerland


Plant of Vicenza, Italy

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 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.

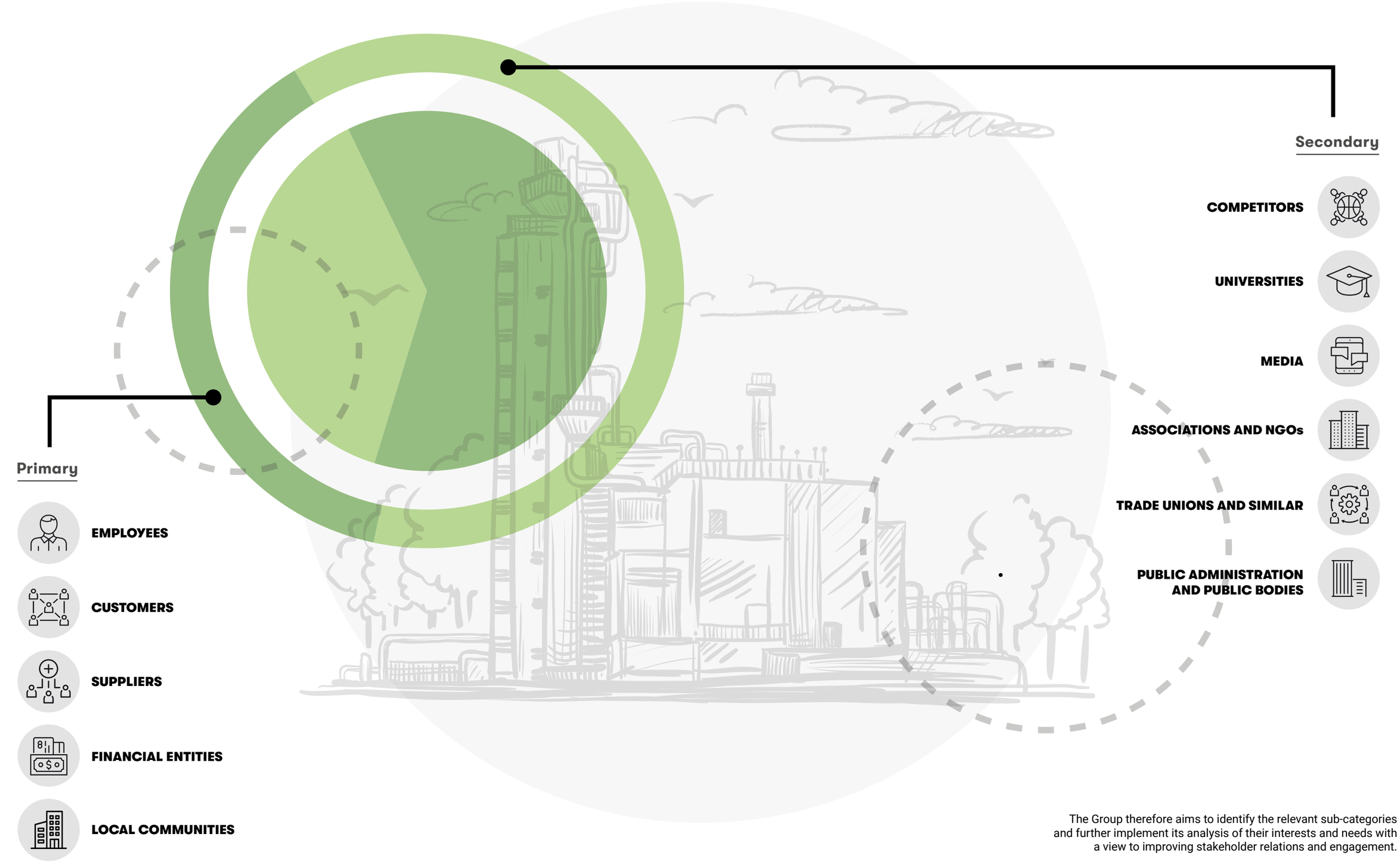
In 2022, it was therefore decided to embark on a path to improve stakeholders' relations in order to be able to define, in the near future, a specific and more extensive engagement strategy for the various categories with clear objectives and performance indicators. This approach will provide a better understanding of the interests of all (primary and secondary) stakeholders and identify their interconnections

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 during the year 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 therefore aims to identify the relevant sub-categories and further implement its analysis of their interests and needs with a view to improving stakeholder relations and engagement.

2.3 MATERIALITY ANALYSIS

Continuing the path taken in previous years, 2022 was characterised by the Group's focus on sustainability. The mapping of primary and secondary stakeholders was updated and the new stakeholder engagement strategy was studied during the year, with the aim of creating shared value and identifying material topics for the Group, in accordance with the Global Reporting Initiative (GRI) 2021 Standards.

In this regard, as stipulated in the GRI Standards 2021 (GRI 3: Material Topics), the Group carried out a comprehensive and complex materiality analysis involving internal and external stakeholders during the reporting, 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, actual 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 resorting to the use 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 2022 Results or 2023 Targets" on page 148).

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. Understand the organization context:

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. Identify actual and potential impacts:

Subsequently, actual 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 actual 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 actual 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, UNFCC).

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.

Plant of Vicenza, Italy

3. Assess the significance 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 Decarbonization 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.

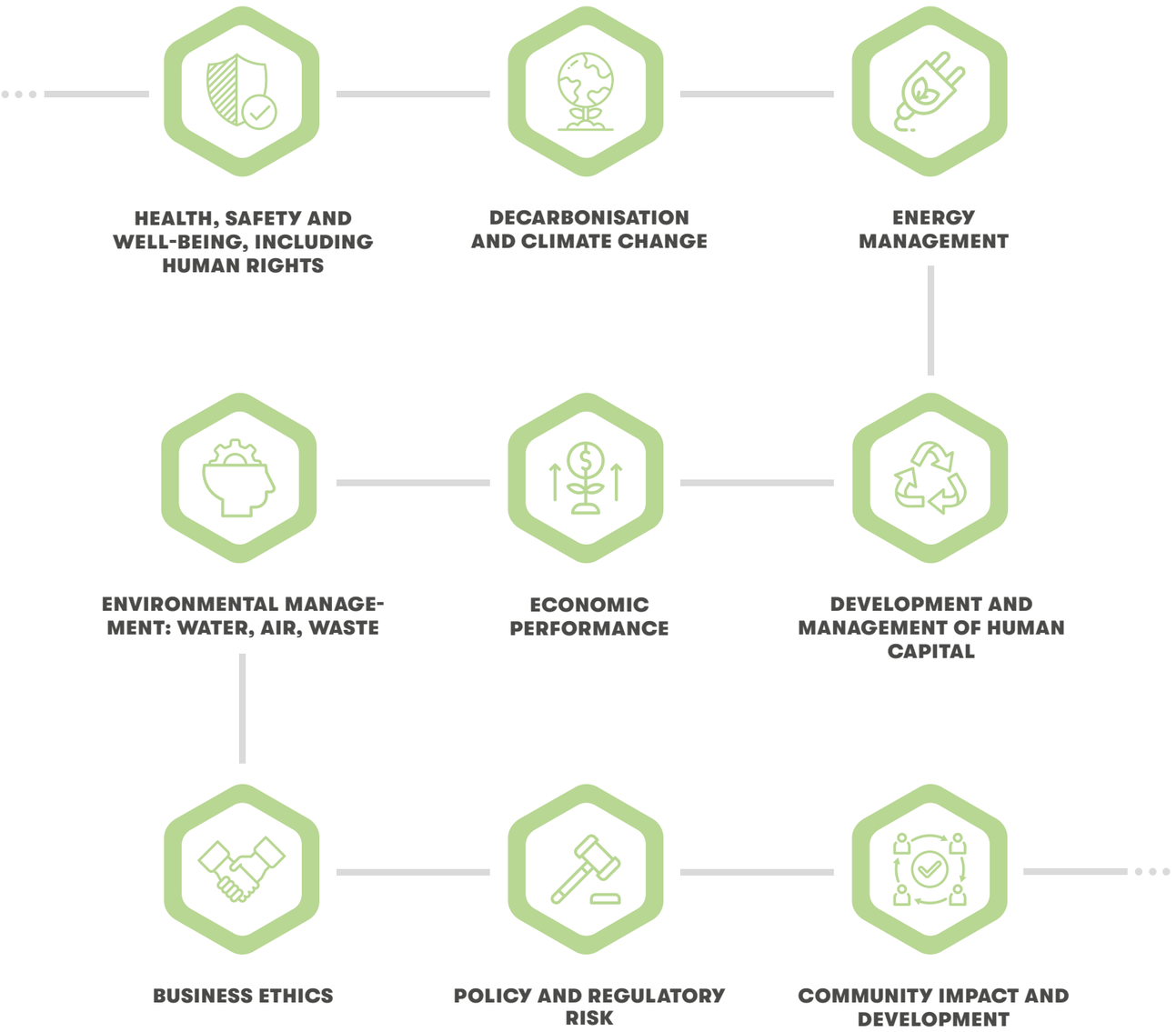
4. Prioritize the most significant impacts for reporting:

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 GRI Standards, 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 Sustainability Steering Committee actively participated in this phase as well through dedicated meetings.

The list of material topics shown below in order of priority was approved by the Board of Directors on 30/03/2023:



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

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 WELLBEING 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".

HUMAN RESOURCES DEVELOPMENT AND TRAINING
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".

Lastly, the Group decided to carry out a stakeholder engagement activity in relation to the main external stakeholders (customers, suppliers and transport), with the aim of informing them about the results of the materiality analysis carried out, and which led to the identification of the new material topics to be reported in the 2022 Sustainability Report.
In fact, the AFV Beltrame Group recognises that there is a fundamental interconnection between stakeholders and the material topics, and since the very principle of materiality is to provide stakeholders with complete and consistent information to assess company performance, an anonymous questionnaire was prepared to request feedback on the new material topics as well as the degree of satisfaction with the Group's sustainability reporting.

AFV Beltrame Group's Participation in Trade 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, the company participates in activities in the framework of associations representing trade interests (e.g. Confindustria, Federmeccanica); Technical associations (e.g. Unsider, Ente Italiano di Unificazione Siderurgica for the dissemination of knowledge of international standards); VSM Switzerland Metallurgy, for the dissemination of materials science and technology and their applications.

IT	
Confindustria	CONFINDUSTRIA
Federacciai	Federacciai FEDERAZIONE IMPRESE SIDERURGICHE ITALIANE
Federmeccanica	FEDERMECCANICA
Associazione Italiana di Metallurgia	ASSOCIAZIONE ITALIANA DI METALLURGIA
Aias	aias
Aidaf	AIDAF ITALIAN FAMILY BUSINESS

FR	
Pôle Énergie	Pôlénergie
Uniden	uniden UNION DES INDUSTRIES UTILISATRICES D'ÉNERGIE
CTPL	CTPL CENTRE TECHNIQUE ET DE PROMOTION
Gesim	GESIM
Uimm	UIMM
A3M	A3M
Unsider	UNSIDER

AFV Acciaierie Beltrame also participates in technical and research committees (e.g. Reach Ferrous Slag Consortium). LME 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 IUMM (Union des industries et métiers de la métallurgie) - La Fabrique de l'Avenir.Stahl Gerlafingen is a member of: 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. Donalam is a member of: Confindustria Romania; Uniromsider and Asociatia Romana a Exportatorilor - AREX.

CH	
Igeb	IGEB
Inveso	INVESO
Solothurner Handelskammer	Die Solothurner Handelskammer stärkt die Solothurner Wirtschaft.
SSHV	SSHV | ASCA
Metal.Suisse	metal. suisse
SuisseMem	SWISSMEM
European Power Network	EUROPEAN POWER NETWORK
ENAW	ENERGIE-AGENTUR DER WIRTSCHAFT EnAW

RO	
Confindustria Romania	CONFINDUSTRIA ROMANIA
Uniromsider	
AREX	ASOCIATIA ROMANA A EXPORTATORILOR

2.4 UN SUSTAINABLE DEVELOPEMENT 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 has always considered the three dimensions of integrated sustainability in a balanced manner, as also demonstrated by the sustainability reporting and materiality analysis it carried out for drafting this Report. The Group is committed to contributing to the achievement of the 2030 Agenda goals relevant to its business, and during the year it completed an in-depth study of its own production reality and the context in which it operates in order to define further short and medium/long-term engagement actions in relation to the SDGs.

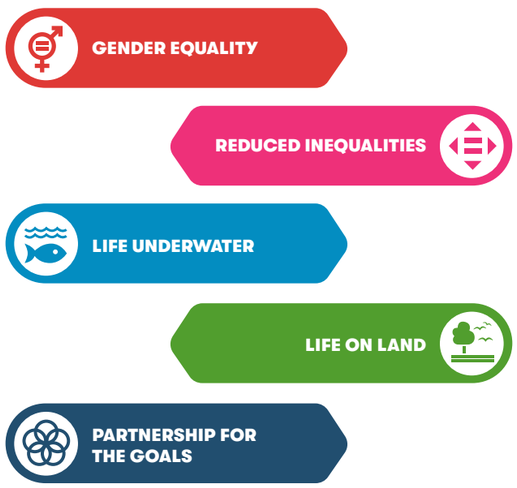
With the aim of understanding how to make the 17 goals more material to the Group's strategy, the company asked itself how it could incorporate them within its strategic activities and not merely consider them as objectives of philanthropic activities. Consequently, as in the definition of the new material 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 strategy[1].

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 able to contribute to the following goals of Agenda 2030:

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



NOTE:
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 STRONG INSTITUTIONS	Strong and authoritative governance. Business ethics. Transparency. Control and prevention systems.

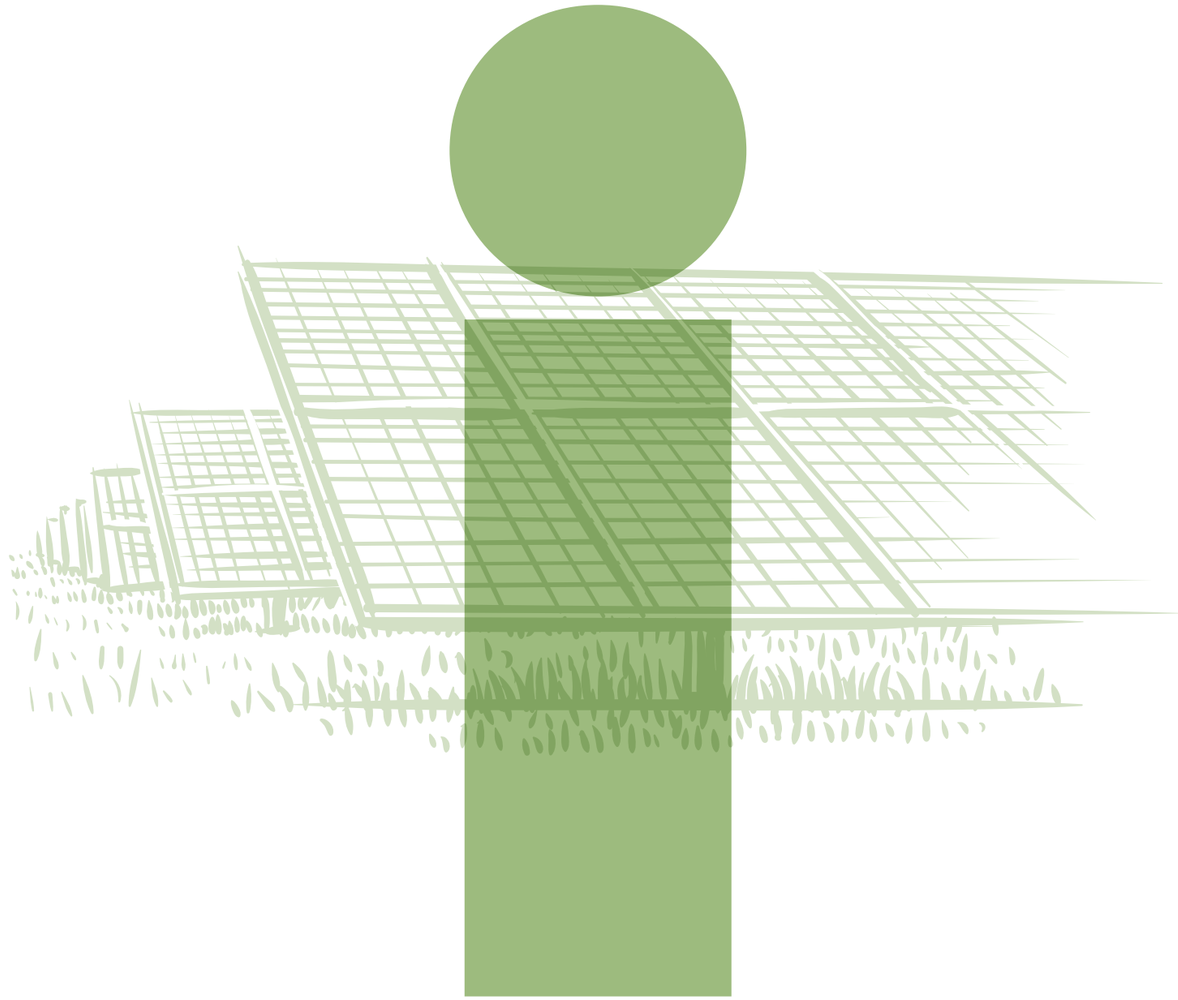
SDGs: medium to long-term contribution (ambition)

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 UNDERWATER	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.

INNOVATION AND QUALITY

03



INNOVATION AND QUALITY

Product Sustainability: Circular Economy, Quality and Innovation

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 in itself 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 search for and supply of certain well-defined categories:

- scrap iron;
- other important and expensive raw materials (electrodes, ferroalloys and refractories);
- auxiliary and maintenance materials;
- services;
- energy.

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.
All this is carried out while dedicating the utmost attention to the reliability requirements of strategic suppliers, the security of service providers (partnerships) and with equal attention to 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 and with continuous collaboration with internal users to achieve the best end result, which ultimately is complete customer satisfaction. There is, of course, a 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 analysis of market factors 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, using the same certification criteria used by the Group as far as possible. This leads to increased relations with suppliers also in the area of sustainability.
As far as internal service providers are concerned, the utmost attention is paid to the possession of certified management systems (e.g. ISO 14001, ISO 45001) 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 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 SRA INJECTION PROJECT

Secondary reducing agent

The SRA (secondary reducing agent) injection project has been ongoing at the Vicenza plant, and included the plant's commissioning on an industrial scale in the last months of 2022.The purpose of this plant is to inject polymeric material as a partial replacement for anthracite coal in order to:

- obtain the reduction of oxides in slag, promoting slag foaming during refining;
- reduce the carbon footprint of the steel produced.

As SRA is certified as a secondary raw material, the cornerstones of circular economy and green economy are respected.

Material characteristics:

The polymeric material Bluair Flakes produced and supplied to the Group by I.blu is a secondary reducing agent. Standardised by UNI10667-17, 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 EN15440), it can therefore be disregarded for the purpose of CO_2 emission quotas (ETS).

Results:

The use of the polymer in place of coal has made it possible to reduce the consumption of injected anthracite by between 35% and 50% without adversely affecting the process and/or environmental parameters, as revealed after the plant's commissioning. The use of the polymer when fully operational could allow:

- 10% to 15% reduction in CO_2 emissions compared to emissions directly related to anthracite coal alone);
- 30% to 35% reduction in the use of natural resources (anthracite coal);
- the use of a secondary raw material from end-of-life products

Current stage:

In the light of the results obtained, an industrial-scale plant was commissioned in the Vicenza plant for continuously injecting polymeric material.
The plant consists of a silo with a capacity of 200 m3 and two thrusters capable of injecting the polymeric material through two independent injection points.
The plant was commissioned in November 2022, with results confirming the trend seen during 2021 of a 35% to 50% reduction in the use of injected anthracite.

Objectives:

The objective for 2023 is to standardise the use of the material in order to achieve stable and continuous results of 35% decrease in the use of anthracite coal, thereby achieving a reduction of approximately 5% in emissions from the steelworks and saving money.

Future Developments:

The Group is also testing the use of polymeric materials in the Stahl Gerlafingen and LME plants, using pilot plants with the same technical characteristics as the plant in Vicenza, 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 plants for the LME and Stahl Gerlafingen plants.

3.4 AUTOMATION

Progetto Easy Coupler System - VICENZA

In a perspective of increasing application of new technologies and automatic processes, the Easy Coupler System project was developed in the Vicenza plant. This project consists of an automatic coupling composed of a male unit called "manipulator", installed in the turret, and a female unit installed on the ladles. The mechanism makes it possible to automatically connect the hydraulic fluid and cooling air required to move the ladle drawer without the operator having to intervene manually near the ladle containing the liquid steel.
The system has been fully tested in the CC2 turret with 99.9% effectiveness (500 couplings tested).In light of the results obtained, the same system was also installed on the CC1 turret and ladle carriages. This enabled achieving the same benefits for the steel mill's other machinery (ladle turret and ladle carriage), permanently removing the operator from the liquid steel and thus mitigating the possibility of serious accidents. Automatic cycling also reduces ladle changeover times in casting position and drawer opening, with a reduced risk of losing the production sequence (1 minute vs 2 minutes when using the manual system).

Polymer material Bluair Flakes

Recycled polymers are used instead of coal as a “reducing agent” in steel production, which are obtained by processing the part of unrecyclable plastics that remains after separate waste collection. With the use of this polymer, the CO_2 emissions from the steel mills (Scope 1) can be cut by around 5% when fully operational, in addition to reducing other pollutants developed by the process and allowing less electricity to be consumed.

3.5 PRODUCT QUALITY AND SAFETY

Some of the projects started in previous years were completed in 2022; in addition, processes were consolidated, and new projects for new opportunities have been planned and organised. The process of changing mindsets that began in the past few years has led to 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.

The new demands of these markets have caused processes and product controls to be rewritten. All this while confirming leadership in the construction steel market. The LME plant entered the rebar market, and the quality department obtained all the necessary certifications for the quality assurance of the product.

The leadership sought by the AFV Beltrame Group is based on solid foundations, strategic projects and investments in human resources and technologies that aim to increase knowledge, potential and ideas, thereby leading the entire Group structure to have the capacity to express its potential.

2022 was a year of consolidation and openness to new challenges for the AFV Beltrame Group, some dictated by new market requirements.

Teamwork between the countries, synergy, collaboration and sharing were strengthened in 2022. Cross-country training days were held to share the benefits of new investments. In doing so, the results of important work begun in recent years are being gathered.

The concept of sharing, participation and collaboration is becoming stronger and stronger over time. Investments were made in all the Group's laboratories in 2022. After acquiring a high-resolution 4K digital electron microscope used for metallographic investigations in the Italian laboratory in Vicenza, another one was acquired for the quality department of Stahl Gerlafingen.

The quality laboratory of the Vicenza plant is continuously renewing its technologies according to the new needs that the market imposes on us. This year, alongside the new 4K high-resolution digital electron microscope, the entire metallographic sample preparation system will be renewed in order to be able to prepare many more samples with optimal surfaces much faster.
In the Swiss site of Stahl Gerlanfingen the quality department has renewed all the instruments for the control of raw materials such as the new Crusher, Mill, Press, Separator and XRF Spectrometer and also, following the increase in volumes on the structural steel market on large size determined the new investment: Charpy pendulum 4.0 interconnected to the company system and testing processes.
In 2022, the French site of Trith Saint Lèger saw the expansion of the production range with the production of reinforcing bars and the relative obtaining of product certifications for sale on all European markets.

New high-tech portable equipment was purchased for the Italian plants of Vicenza and San Didero:

Sciaps Z-902:

Laser induced breakdown spectroscopy (LIBS) for elemental analysis of alloys.

This allowed us to have a new (faster and more effective) method for non-destructive testing and PMI (Positive Material Identification) analysis. Identification of low and high alloy steels, including carbon analysis up to an accuracy of 70 ppm. It immediately allows us to calculate the equivalent carbon content (EC). The Z-902 laser has an integrated argon gas tank and the high-resolution spectrometer allowed us to reduce the cost of individual tests. The powerful pulsed laser source operates at 5-6 mJ/pulse with a frequency of 50 Hz.
The high energy and repetition frequency allow for a "clean" discharge. Laser rastering allows multiple points to be quickly sampled during a single test in order to obtain more complete data and significantly reduce the time needed to check the material, thereby improving customer service. The Z-902 laser is the epitome of technology for controlling our material at a weight below 2 kg.

X-200 XRF Analyser

The X-200 XRF Analyser, in combination with the Z-902, allows us to verify our materials from scrap to anti-mix on bundles before shipment to the customer. This instrument also allows any pollutants in the scrap (e.g. sulphur) to be monitored.

Thanks to a high-performance SDD detector combined with a light, compact design, the speed of use helps the quality officer in his work on a daily basis. The now well-established cooperation with universities and local colleges always enables the creation of know-how exchanges between the world of work and the world of education.

The quality department in Vicenza also hosted a student for a school work internship in 2022 and developed a project with him: "application of integrated analytical methodologies for the study of decarburisation on billets rolled on the rolling mill", in which he also led a final meeting with the managers involved in the project at the end of the course. The last challenge faced by the group's quality department was to maintain consolidated relations with the UK market after Brexit by quickly obtaining the mandatory UKCA certification for the export of steel material from January 2025.

3.6 CONTINUOUS IMPROVEMENT

The AFV Beltrame Group has set itself the vision of continuous improvement, striving to grow in every area of the company. In order to pursue this vision, the Group has equipped itself with a central structure based on two pillars: OpEx (Operational Excellence) and APC (Action Plan and Control).The mission of the Operational Excellence (OpEx) area is to provide the methodology for team leaders to manage projects, with their application in every process, also beyond production, so as to guarantee the customer the quality that fully meets demands.

Team Leaders trained in Lean Six Sigma logic (a problem-solving approach that aims to reduce defects and stabilise production processes) they work to improve everyday activities, focusing on the awareness that the causes of inefficiencies are not people, but the organisation of processes. Many functions were involved in this improvement programme. In seven years of the OpEx programme, over 400 projects involving all aspects of our organisation have been managed and completed. The projects have helped bring tangible economic benefits and improved the way of working in the company.

The main characteristic of an OpEx project is that it seeks to solve a problem that has a significant economic impact and whose solution is not yet known. The problem is approached in a structured manner by a dedicated working group according to the DMAIC method by a dedicated working group. The DMAIC method is developed in five stages:

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

More than 220 DMAIC method specialists have been trained in the group, and are familiar with a relevant set of essential project management tools.
The hierarchy of OpEx specialists is internationally organised in a manner similar to martial arts, with white, yellow, green and black belts. The second pillar on which the Group's continuous improvement is based is called **Action Plan and Control (APC).**
It consists of structuring the action plans and projects with which the OpEx team supports the Group's activities.

DMAIC

A method that develops in 5 phases, regulated by ISO 13053-2, simplified with the acronym DMAIC.

D	M	A	I	C
Define the problem, the goal, the working group and the economic impact;	Measure the problem and possible causes;	Analyze the collected data, identifying the root cause;	Implement the solution;	Check the solidity of the solution, formalise it and verify it over time.

200 **The number of specialists trained on the DMAIC method**

APC

Action Plan and Control

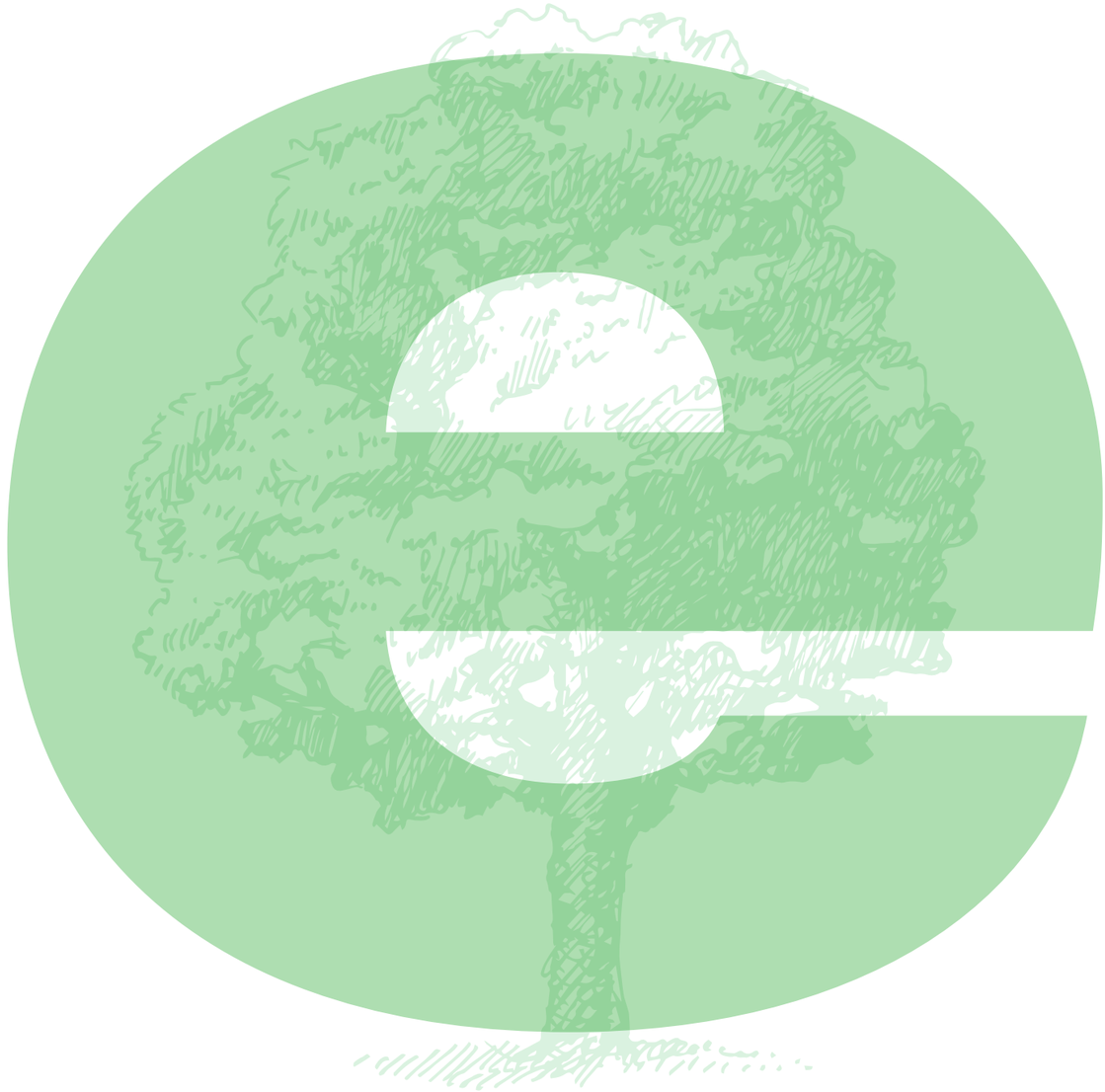
The objective is to maximise the effectiveness of all the meetings held in the Group, which should conclude with the identification of actions to be implemented, the definition of the person responsible for their execution and the expected timeframe for implementation. In addition to supporting the drafting of action plans, the APC department "beats the drum" by regularly checking that planned actions are progressing smoothly. In addition, if necessary, it develops analyses and guides activities to enable the planned results to be achieved within the planned timeframe.

In addition, Operational Excellence supports the departments in the application of the 5S+,i.e. a five-step methodology (separate, set up, sweep, standardise and sustain) that enables the efficient, clean and sustainable organisation of work areas. The "+" refers to the sixth "S", namely safety. The cleaner and tidier an area is, the lower the probability of an injury.

400

projects have been managed and completed in the five years of the OpEx program. These projects have involved all aspects of our organisation and have brought tangible economic benefits, as well as improving the way we work in the company.

04



ENVIRONMENT

Environment Awareness

ENVIRONMENT

4.1 AFV BELTRAME GROUP'S COMMITMENT TO RESPONSIBLE ENVIRONMENTAL MANAGEMENT

Steel mill activities present potential interferences in numerous environmental domains, which must be carefully addressed. The AFV Beltrame Group has long had an environmental management system that has allowed to highlight the main environmental aspects characteristic of its plants and to implement management and prevention actions consistent with the results obtained from the assessment of potential impacts with respect to environmental matrices.

Firstly, the Group constantly follows the evolution of the best available techniques (BAT), which represent the benchmark for plant upgrades and for the application of operational and management procedures to limit the impacts of its activities, with a view to prevention.
The Group's plants were subject to numerous internal audits in the 2022 financial year to ensure that legal compliance was maintained on all environmental aspects and to identify potential for improvement, according to the classic PDCA (Plan-Do-Check-Act) cycle.
The inspections conducted by control bodies (ARPA, DREAL, AFU, Ministry of the Environment) in the various countries where the Group is present also confirmed the correct management of the prescriptions of the environmental authorisations and requirements set internally, which are mandatory for the Group.

As part of its environmental management system, the Group also constantly monitors its performance through tools that favour a visual approach, with the use of easy-to-read data dashboards and infographics that use parametric analyses to integrate the main impacts into a single numerical indicator (called the eco-index).
The eco-index thus provides a representation of the environmental performance level of the plants through the aggregation of about ten parameters, each of which is assessed against target values defined by legal and authorisation requirements, budget objectives and internal targets. The main parameters considered are dust and CO_2 emissions into the atmosphere, water consumption and discharge, waste recovery rate and the specific consumption of natural gas in reheating furnaces.
With a view to the circular economy, the AFV Beltrame Group also pursues the criterion of minimising the production of waste sent for disposal, favouring its recovery and valorisation. In particular, the black slag produced in
the EAF smelting furnaces is transformed into a certified product (called BELTRECO in Italy and RUVIDO in Switzerland) that can be widely used in construction and infrastructure works. Lastly, the internal recycling process of the white slag produced in the steel refining phase was industrialised at the Vicenza plant.

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 SPA	Vicenza (VI)	x	x	x	-
	San Didero (TO)	x	x	x	-
	San Giovanni Valdarno (AR)	x	-	x	-
STAHL GERLAFINGEN AG	Gerlafingen (CH)	x	x	x	-
LAMINÉES MARCHANDS EUROPÉENS LME	Trith Saint Léger (FR)	x	x	x	x
S.C. DONALAM SRL	Calarasi (RO)	x	x	x	-

4.2 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.

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 system.

ISO 50001: 2011 - Energy management systems
The obtaining of certifications has allowed the evolution of performance, thus facilitating the measurement of the same 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 2022 financial year.

In particular, in 2022 the Group:
- confirmed the certification of the environmental management system (ISO 14001) for all sites, with the exception of the San Giovanni Valdarno plant;
- 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 makes also 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' representatives for safety.

The EPD declarations of the Group's products have been validated and registered within the main international schemes (International EPD® System and IBU - Institut Bauen und Umwelt).

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 elaborated a life cycle analysis and prepared an environmental product declaration for the hot-rolled merchant bars, produced in the Italian (in 2022 one EPD was registered for each Italian plant) and French plants, as well as for reinforcing bar in coils, produced by the Swiss subsidiary and SBQ profiles produced in the plant of Calarasi, to a specific environmental product declaration.

Still in 2022, a similar environmental declaration was also drawn up for the industrial aggregate deriving from the processing of EAF furnace slag produced at the Vicenza (Beltreco) plant.

>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.

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.

This certification, which is consistent with the UNI EN ISO 14021 standard, identifies the percentage of materials from recovery cycles used in the production process of the AFV Beltrame Group's rolled products, which was higher than 95% in 2022 as well. Independent third-party certification of the calculation procedure and related results for each Group plant is planned for 2023.

4.4 ENERGY CONSUMPTION

Energy is of primary importance to 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 the company's second largest cost after raw scrap material, with the energy component accounting for between 20% and 40% 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 1.2 TWh/year for electricity and around 100,000,000 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 horizon 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, considering 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, considering the weighted average (tonnes of rolled products/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 plant on a monthly basis and aggregating them at Group level. Both targets were met in 2022.

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-Calarasi (Romania), and a significant increase in the amount of fossil-free energy sources for LME (France) and Stahl Gerlafingen (Switzerland).

The main projects to achieve the energy consumption pillar targets include:

Development of plants for the self-generation of electricity.

Participation in projects related to the use of hydrogen.

Stipulation of PPA (Power Purchasing Agreement) contracts for the supply of green energy.

As proof of this, specific contracts for the supply of green energy have been established for the Swiss site, projects for the use of hydrogen in reheating furnaces have been initiated, and proprietary plants for the self-production of electricity are being developed.

Dam of Lareecchio, Montecrestese (VB), Italy

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 Metal Interconnector Consortium and also provides the Instant Load Breakdown service to the grid operator. The energy office also plays an active role in the procurement of energy carriers through the daily monitoring of the development of the increasingly insidious and complex markets: wholesale prices for electricity and natural gas were affected by the "energy war" between Russia and the EU and the summer drought in 2022, and rose to all-time highs during the summer before falling back in the second half of the year, also thanks to regulatory interventions. Therefore in the course of the year and together with management, the energy department took an increasingly central role in order to adapt the company strategy to the current market situation.
Over the years, the Group has implemented an energy monitoring system that can currently count on a network with about 300 meters, most of them located in the three main plants, Vicenza, Trith Saint Léger and Gerlafingen. These meters have allowed to develop energy performance indices, allowing an analysis of daily, weekly, monthly and annual consumption trends.

Monthly reports are prepared and discussed with the heads of each plant, with the aim of raising awareness of energy saving among staff.
Lastly, the energy department works closely with the maintenance and production departments in order to identify, study and implement energy efficiency projects within the plant processes. In addition to optimising production costs, energy efficiency measures also provide other significant benefits that are often overlooked but are of fundamental importance: these are the NEBs (Non Energy Benefits) such as:

- reduction of costs: maintenance, staff, environmental and tax;
- reduction of direct or indirect CO_2 emissions depending on the savings obtained or on natural gas or electricity;
- competitiveness: higher reliability and productivity, better process control;
- quality improvement: reduction of defects, product improvement, increased customer comfort;
- improved corporate image, increased employee professionalism, improved employee comfort;
- risk reduction: less risk of legislative and environmental compliance, less risk of interruptions or other production problems, less safety risks.

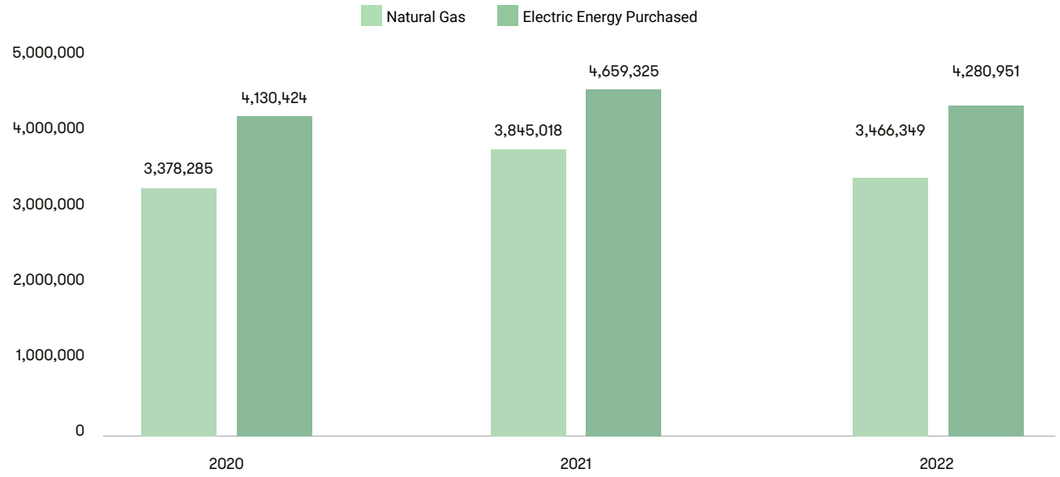

Hydroelectric plant of Pontetto (VB), Italy

The Group dedicates the utmost attention to this last point, as processes and procedures are analysed within all energy efficiency projects that impact machinery and its operational management, with a view to improving and possibly rethinking whether operator safety can be increased.
In recent years, between the installation of new plants, optimisation of existing plants and internal activities aimed at reducing consumption, about 80 energy efficiency projects have been undertaken in the Group.

The company has embarked on a path towards ISO50001: 2018 energy certification for its Italian and Swiss plants, to be completed by 2023 with the following targets:

- consolidate the practice of energy efficiency;
- reduce costs and environmental impacts;
- involve staff and create a shared culture;
- ensure business competitiveness.

ORIGIN OF CONSUMED ENERGY EXPRESSED IN GJ



Main projects in 2022:

Significant efficiency measures were drawn up during the year in order to improve the already good condition of the plants:

IT VICENZA

the Vicenza site saw the implementation of a management procedure to improve the cleaning of the fume system filter and to reduce the compressed air dedicated to it, which recorded a saving of about 30%. During the year, the transformer dedicated to the LF ladle furnace was also replaced: this operation, related to a better and more precise setting of the currents and voltages of the electric arc, made it possible to improve and stabilise the consumption of the furnace. Lastly, studies and investments were undertaken in renewable energy supplies through PPAs and proprietary photovoltaic plants in 2022: the first initiatives corresponding to a total of about 14MWp will be commissioned by the end of 2023, which will allow about 4% of the annual energy consumed to be defined as green.

FR TRITH SAINT LÉGER

at the Trith Saint Léger site, work began on the new TGP heating furnace in 2022: the furnace, which in the future could also accept an 80/20 methane/hydrogen mixture, should make it possible to immediately reduce the consumption of methane dedicated to heating billets by about 16%, guaranteeing an excellent result both in terms of consumption and emissions. Actions were then taken to improve the hot charge dedicated to the TPP heating furnace: the initial results show an increase in the firing temperature of about 30°C with a consequent saving on natural gas consumption.

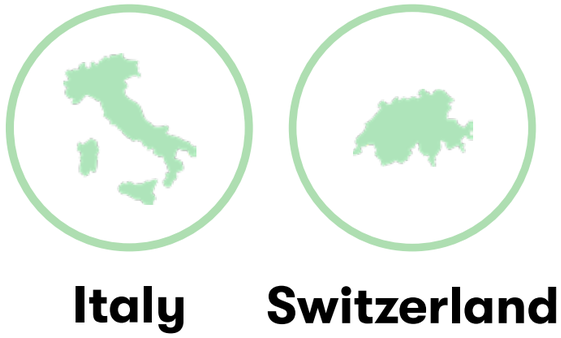
CH STAHL GERLAFINGEN

standard interventions continued at the Stahl Gerlafingen site, which the Group has now established as 'best practice' in its plants. In fact, several activities and projects were launched in 2022 that will allow significant savings from 2023, such as the installation of the new Kombi reheating furnace that will be commissioned in March 2023, as well as feasibility studies for the recovery of heat from steel mill fumes and the installation of photovoltaic systems. Other initiatives include the relamping of lighting through the installation of new LEDs and the replacement of motors with new high-efficiency IE4-class models. The savings for these interventions are substantial and range between 5% and 20% depending on the interventions themselves. Lastly, a part of the internal district heating network was renovated; this intervention will significantly reduce the gas consumption of the thermal power plant.

RO CALARASI

work began in 2022 at the Calarasi site, as at LME and Stahl Gerlafingen, on the replacement of the existing rolling furnace: this intervention scheduled to be commissioned in 2023 will lead to a reduction in methane consumption of around 30% compared to the current level. At the same time, the water treatment plant of the rolling mill was also revamped.

Photovoltaic plant, Renewability Company, Abruzzo, Italy



4.5 AIR EMISSIONS MANAGEMENT

The Group has always focused on controlling and reducing emissions into the atmosphere, 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 plants 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).
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. All the flue gas abatement systems installed in the various plants underwent thorough maintenance in 2022 in order to maintain high levels of efficiency.

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 mills in the European emissions register - the Trith Saint Léger and Vicenza plants (see link at the end of the page) have total PCDD/F emissions amounting to about 1% of the total reported emissions from 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 (latest year available: 2021)).

This percentage is lower than the percentage of steel production in the European total.
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.

The technical reference document for best available techniques applied to steel processing plants (FMB-Bref) was approved in 2022, which for the Group apply to the rolling mills. These indications have been taken on board and that which is applicable is continuously monitored.
Several European standards address the regulation of atmospheric emissions. A distinction is made between the regulation of industrial emissions on the one hand and air and environmental quality on the other.

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".

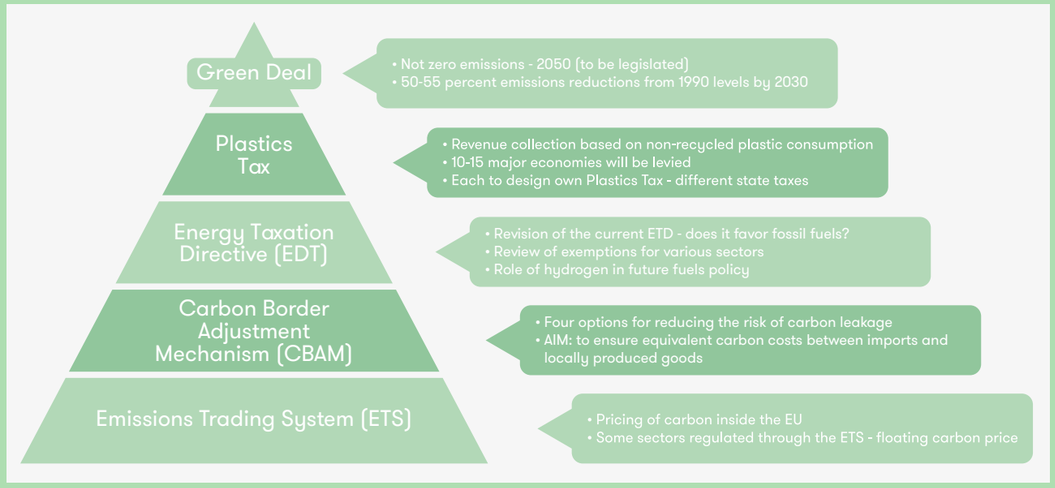
Raffaele Ruella
CFO Executive Director, Head of Sustainability Projects

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.
he EU intends to achieve climate neutrality by 2050 and achieve a 55% reduction (compared to 1990 levels) by 2030.
For this reason, states but also individual economic entities must work to achieve the envisaged objectives.

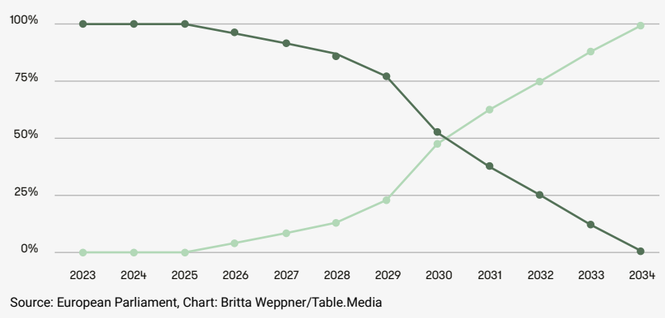


EUROPEAN EMISSION TRADING SYSTEM (EU-ETS) AND CBAM

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:

- the increase in the annual reduction rate of free quotas (over 4%);
- the total phase-out of the allocation by 2034.

Trilogue agreement on phase-out of free carbon allowances
whit concurrent phase-in of CBAM



Source: European Parliament, Chart: Britta Weppner/Table.Media

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 ACTIVITIES

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 CO_2 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 CO_2 emissions which is based on three fundamental steps:

MEASURE

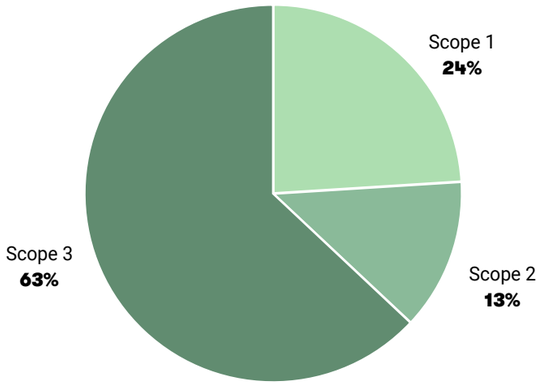
IDENTIFY ACTIONS

REDUCE

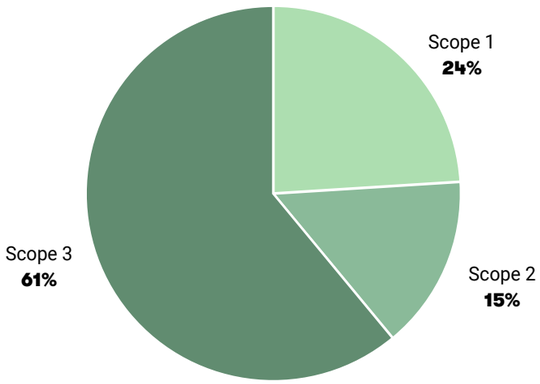
Measurement

It is impossible to reduce what has not been measured, which is why we have completed the measurement of CO_2 emissions generated by the "cradle-to-gate" value chain according to ISO 14064-1.The Group measures and monitors CO_2 emissions generated by the "cradle-to-gate" value chain, defined as Scope 1, 2 and 3 (upstream). To calculate the emissions of the steel industry, there are two main options: the absolute value of the emissions and the CO_2 intensity, the latter expressed in tonnes of CO_2 per tonne of finished steel product.
At the group level, the CO_2 emission in absolute terms (expressed in tonnes) of Scope 1+2+3 contributions for steel mills and rolling mills, referred to 2022 is:
1. Considering Scope 2 - Market-based: 1,294,985 t CO_2e.
2. Considering Scope 2 - Location-based: 1,328,275 t CO_2e.

GROUP CO_2 EMISSIONS BREAKDOWN (SCOPE 2 MARKET BASED)



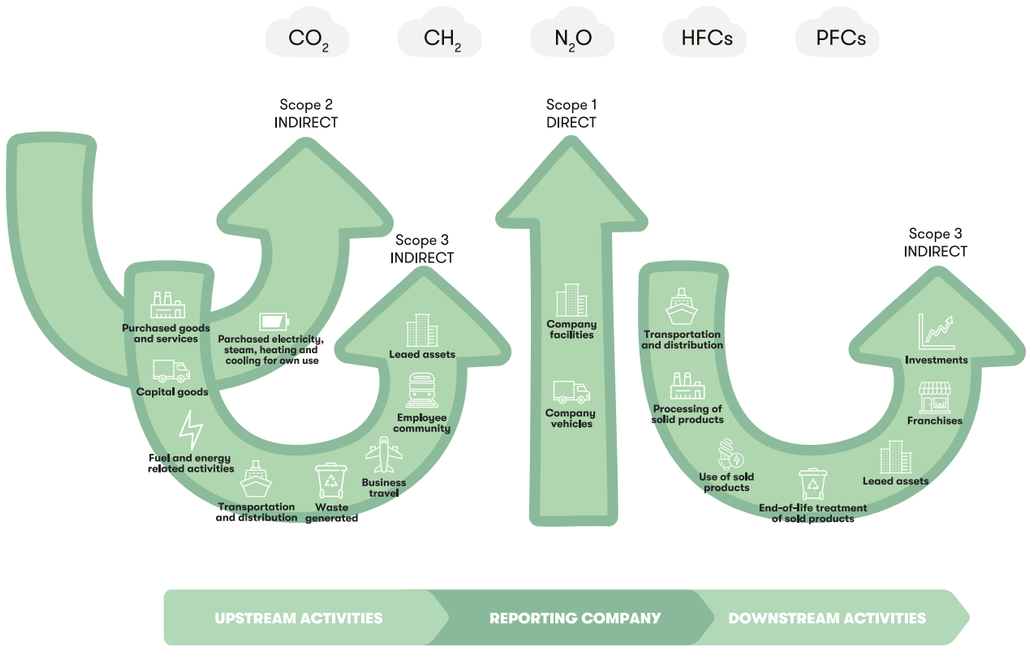
GROUP CO_2 EMISSIONS BREAKDOWN (SCOPE 2 LOCATION BASED)



Tank of charge, Valstagna plant, Valbrenta (VI), Italy

The CO_2 emission intensity, again referring to Scope 1+2+3 (upstream) emissions for steel mills and rolling mills, referring to 2022 and expressed in t CO_2/t of finished steel product is:
1. Considering Scope 2 - Market-based: 0.558* t CO_2e/tonne finished product.
2. Considering Scope 2 - Location-based: 0.578* t CO_2e/tonne finished product.

*The value relating to the emission intensity also considers the yield factor.



The Group's Italian, Romanian and French plants covered by the European Emission Trading System (EU-ETS) will see a decrease in free allocation in the coming years, with a consequent increase in operating costs.
The greenhouse gas emissions relevant to the Group summarised below and expressed in t CO_2e are:

QUANTIFICATION OF SCOPE 1

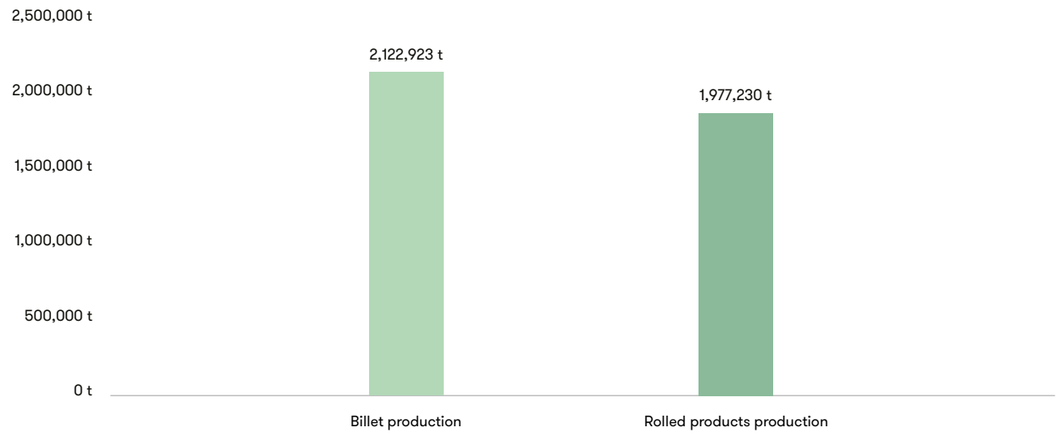
	2020			2021			2022		
	AFV	LME	DONALAM	AFV	LME	DONALAM	AFV	LME	DONALAM
Allocations	106,653	70,569	13,008	87,056	58,159	12,796	87,056	58,159	15,345
Emissions	101,572	60,524	17,116	127,032	67,450	22,773	119,614	74,592	13,576

The Stahl Gerlafingen plant 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 CO_2 emissions”. The calculated emissions for 2022 are 100,558 tonnes.

Focus on emissions for 2022

Production and emissions details	Billet production	Rolled products production	Total production	CO_2 emissions from steel mill	CO_2 emissions from rolling mill	Total CO_2 emissions
Unit of measurement	t	t	**t**	t CO_2	t CO_2	**t CO_2**
AFV Vicenza	950,442	575,947	**1,526,389**	74,129	29,185	**103,314**
AFV San Didero	n.a.(*)	127,087	**127,087**	n.a.(*)	11,220	**11,220**
AFV San Giovanni Valdarno	n.a.(*)	47,870	**47,870**	n.a.(*)	5,080	**5,080**
Donalam	n.a.(*)	89,964	**89,964**	n.a.(*)	13,576	**13,576**
LME	484,541	431,117	**915,658**	44,495	30,097	**74,592**
Stahl Gerlafingen	687,940	705,245	**1,393,185**	52,769	47,789	**100,558**
Total	**2,122,923**	**1,977,230**	**4,100,152**	**171,393**	**136,947**	**308,340**

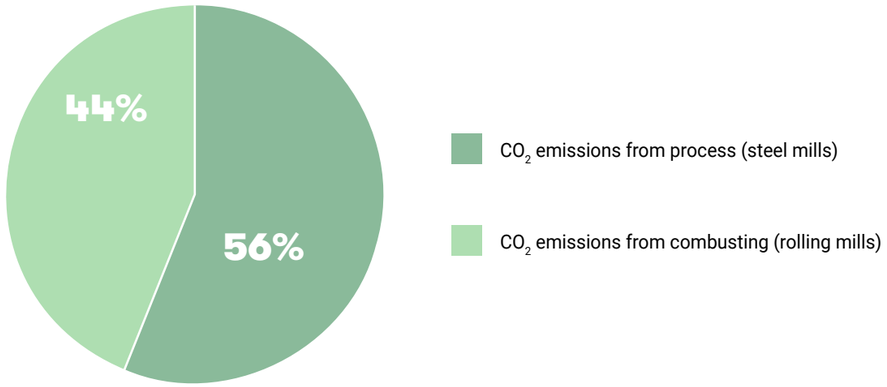
Note: (*) n.a.: not applicable as they are rolling mill plants - stand alone



Breakdown of emissions	CO_2 emissions from process (steel mills)	CO_2 emissions from comustion (rolling mills)	CO_2 emissions from process (steel mills)	CO_2 emissions from comustion (rolling mills)
Unit of measurement	%	%	t CO_2/t of steel	t CO_2/t of steel
AFV Vicenza	72%	28%	0.078	0.051
AFV San Didero	n.a.(*)	100%	n.a.(*)	0.088
AFV San G. Valdarno	n.a.(*)	100%	n.a.(*)	0.106
Donalam	n.a.(*)	100%	n.a.(*)	0.151
LME	60%	40%	0.092	0.070
Stahl Gerlafingen	52%	48%	0.077	0.068
Total	**56%**	**44%**	**0.081**	**0.069**

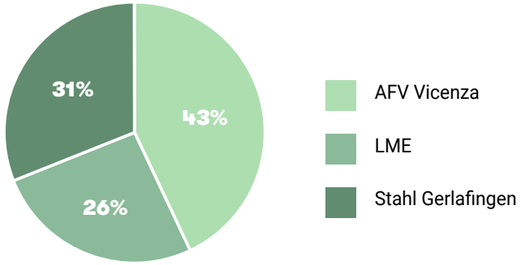
Note: (*) n.a.: not applicable as they are rolling mill plants - stand alone

CO_2 emissions split between steel mills and rolling mills 2022



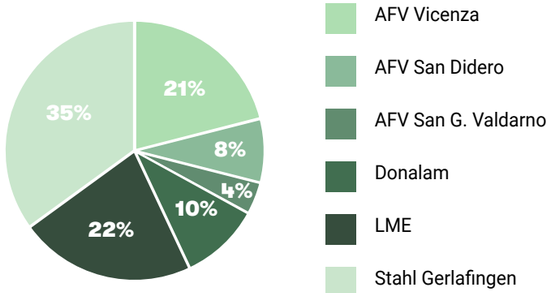
CO_2 EMISSIONS OF THE THREE MILLS COMPARED TO THE TOTAL FROM THE GROUP'S SEMI-PRODUCT PRODUCTION

PERCENTAGE EMISSIONS RELATED TO THE REPORTING PERIOD	PROCESS EMISSIONS (STEEL MILLS)
Unit of measurement	%
AFV Vicenza	43%
LME	26%
Stahl Gerlafingen	31%



CO_2 EMISSIONS FROM ROLLING MILLS

PERCENTAGE EMISSIONS RELATED TO THE REPORTING PERIOD	PROCESS EMISSIONS (ROLLING MILLS)
Unit of measurement	%
AFV Vicenza	21%
AFV San Didero	8%
AFV San Giovanni Valdarno	4%
Donalam	10%
LME	22%
Stahl Gerlafingen	35%



Scope 1 Category	Vicenza	San Giovanni Valdarno	San Didero	LME	Stahl Gerlafingen	Donalam	Total
	t CO_2	t CO_2	t CO_2	t CO_2	t CO_2	t CO_2	t CO_2
1.1 Direct emissions from stationary combustion	44,087	5,080	11,220	30,095	83,034	13,576	196,092
1.2a Direct emissions from mobile combustion[a]	755	0	175	212	2,154	343	3,639
1.2b Direct emissions from company's cars[a]	324	9	20	44	23	76	496
1.3 Direct process emissions	59,227	0	0	35,497	17,525	0	112,249
1.4 Direct fugitive emissions	60	5	12	174	0	31	282
Total							**312,758**

NOTE:
(a) Parameters used for Scope 1 emissions calculation.

Fuel	t CO_2e/t	kg/L	Emission Factor Source
Diesel (machinery)	3.215	0.85	IPCC + Calculation
Diesel (cars)	3.206	0.85	Fetransp 2020 + Calculation
Unleaded petrol	3.185	0.72	Fetransp 2020 + Calculation
LPG	3.25	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 CO_2 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).**

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 being Greenhouse gas emission intensity of electricity generation by country - EEA and with the source "Umweltbilanz Strommixe Schweiz 2018" - BAFU for Switzerland). Scope 2 emissions calculated using the Market and Location-based method are expressed in tonnes of CO_2, as the percentage of methane and nitrous oxide has a negligible effect on the total greenhouse gas emissions (CO_2 equivalents), as can be deduced from the relevant technical literature.**

	Scope 2 Location Based Emission Factors		Scope 2 Market Based Emission Factors	
Country	**Value (gCO_2/kWh)**	**Source**	**Value (gCO_2/kWh)**	**Source**
Italy	255	Greenhouse gas emission intensity of electricity generation by country - EEA 2022	293	Supplier mix
France	67	Greenhouse gas emission intensity of electricity generation by country - EEA 2022	49	AIB Residual Mix - 2022
Switzerland	128	Umweltbilanz Strommixe Schweiz 2018 - BAFU	0	Market Based Guarantees of Origin
Romania	323	Greenhouse gas emission intensity of electricity generation by country - EEA 2022	282	AIB Residual Mix - 2022

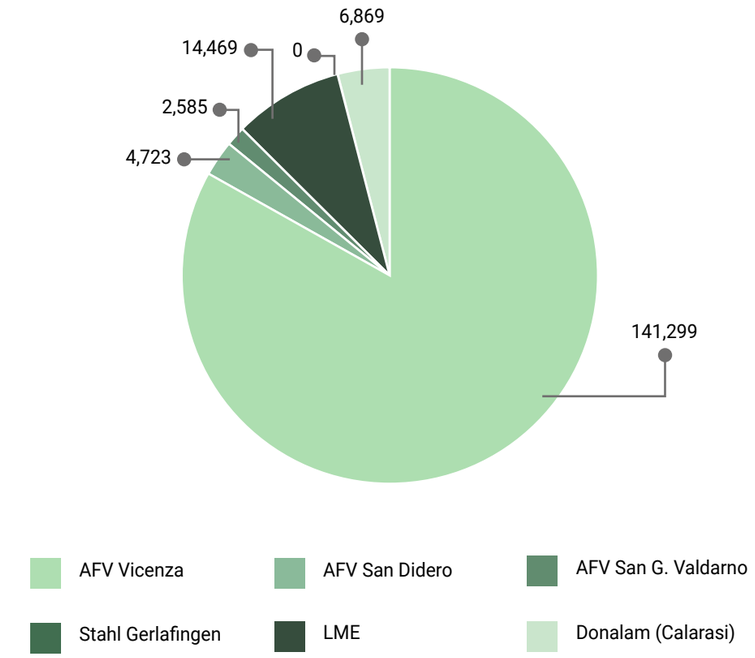
	Scope 2 Location Based in t CO_2e	Scope 2 Market Based in t CO_2e
AFV Vicenza	122,974	141,299
AFV San Didero	4,111	4,723
AFV San Giovanni Valdarno	2,249	2,585
LME	19,784	14,469
Stahl Gerlafingen	46,250	0
Donalam	7,868	6,869
Total	**203,236**	**169,945**

	Scope 2 Location Based Emission Intensity (t CO_2/t steel[(a)])	Scope 2 Market Based Emission Intensity (t CO_2/t steel[(a)])
AFV Vicenza	0.129	0.149
AFV San Didero	0.032	0.037
AFV San Giovanni Valdarno	0.047	0.054
LME	0.041	0.030
Stahl Gerlafingen	0.067	0
Donalam	0.087	0.076

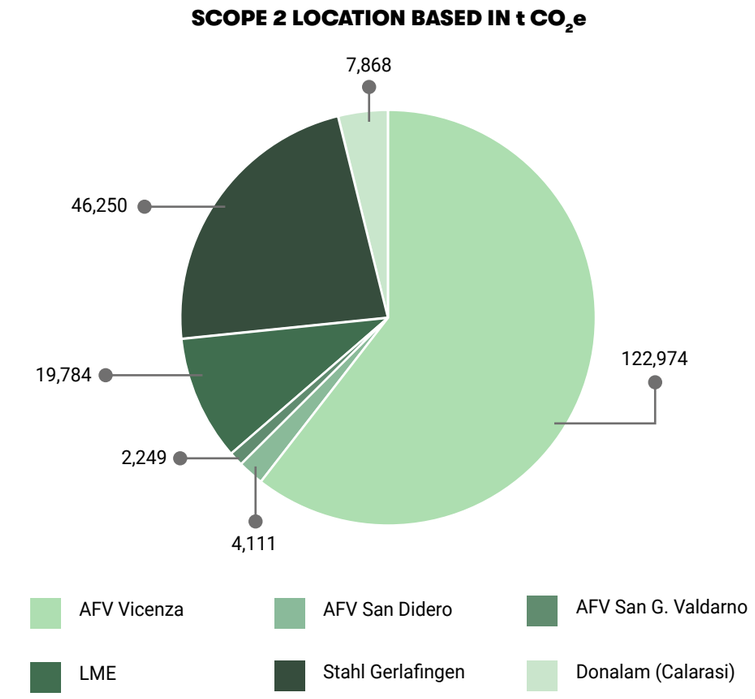
NOTES:

(a):
- AFV Vicenza, LME, Stahl Gerlafingen: tonnes of billets produced.
- AFV San Didero, AFV San Giovanni Valdarno, Donalam (Calarasi): tonnes of finished product.

SCOPE 2 MARKET BASED IN t CO_2e



SCOPE 2 LOCATION BASED IN t CO_2e



QUANTIFICATION OF SCOPE 3

With regard to Scope 3, i.e. indirect emissions produced within the Group's value chain, the relevant quantification and certification according to ISO 14064-1 was completed in 2022. Sources of GHG emissions were identified within the established organisational and operational boundaries, and the available data was collected in order to quantify them.
The calculation methodology used is based on the multiplication between the "activity figure", which quantifies the activity, and the corresponding "emission factor".
For the process of calculating de facto GHG emissions, mainly primary sources were used (particularly for de facto) and secondary data were used to quantify the emissions only where these could not be found.
To this end:

1

The primary source of the data refers to the main inputs and outputs corresponding to the steps under the organisation's control: these were provided directly by the organisation, as actual data. This includes bills, invoices, registers, etc.

2

Emission factors were taken from LCA-recognised databases (Ecoinvent, GHG protocol, etc.) and publications of industry associations (IPCC, UNFCC, etc.).

3

All other secondary information was taken from national statistics (FETRANSP from Ispra, Ispra's National Generation Park Emission Factors Study - ISPRA).

The Group's Scope 3 emissions of 812,282 t CO_2e account for more than 60% of total CO_2 emissions and fall mainly within the categories related to transport (upstream and downstream) and the purchase of goods/materials.

Scope 3 Category	Vicenza	San Giovanni Valdarno	San Didero	LME	Stahl Gerlafingen	Donalam	Total
	t CO_2	t CO_2	t CO_2	t CO_2	t CO_2	t CO_2	t CO_2
3.1 Indirect emissions from upstream transportation	24,473	4	207	12,507	11,218	12,949	61,359
3.2 Indirect emissions from downstream transportation	47,156	1,773	5,741	24,170	12,094	7,647	98,581
3.3 Indirect emissions from employees commuting	2,104	124	308	1,701	1,322	360	5,918
3.5 Indirect emissions from business travel	1,207	17	58	0	0	0	1,281
4.1 Indirect emissions from goods purchased	211,307	2,485	5,246	94,288	129,313	174,463	617,102
4.3 Indirect emissions from the disposal and treatment of waste	3,118	24	46	374	1,786	195	5,542
5.1 Indirect emissions from the use of products	19,590	0	0	2,719	63	0	22,372
5.2 Indirect emissions from the use of assets	0	0	0	0	127	0	127
Total							**812,282**

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

Already among the lowest in the sector, CO_2 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: 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. Several projects have already been approved to further reduce the KPI of gas consumption per tonne of steel produced and consequently reduce Scope 1 emissions.

2. 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.

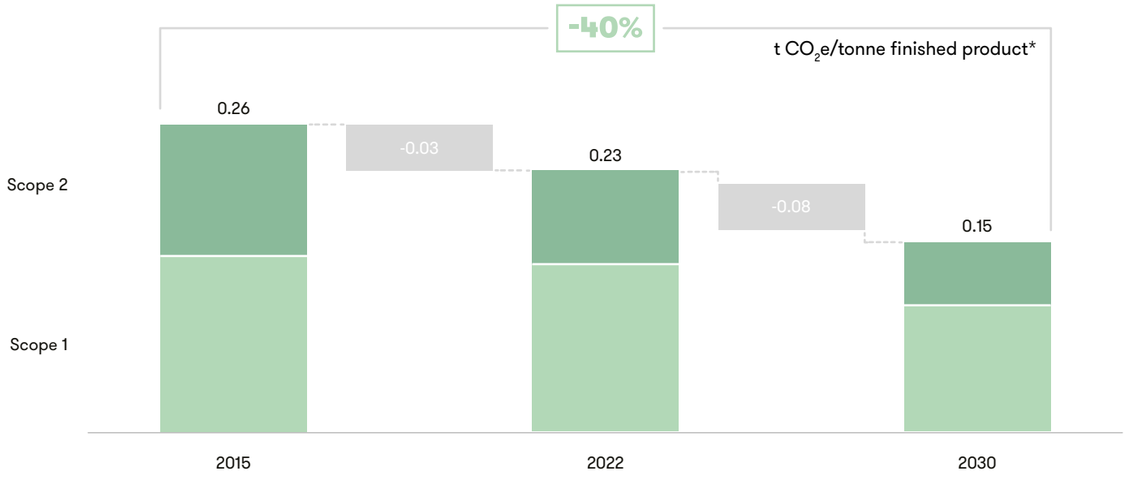
These applications have allowed the Group to consolidate the process of reducing waste and by-products sent to landfills, favouring the recovery of waste, which today covers about 90% of the total.
Furthermore, the AFV Beltrame Group's production is completely based on the use of scrap as a raw material; in fact, over 97% of all iron used as raw material is recycled.

3. Green energy supply: the Group is planning 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 LME (France) and SG (Switzerland).
For this reason, the Group has identified projects related to the procurement of renewable electricity, first through the development of renewable energy plants for self-consumption and then through green energy purchase agreements (Power Purchase Agreement). Among the main initiatives, in 2022 the Group established "Renewability", a community of renewable energy consumers; the consortium company thus created aims to invest in the construction of solar power generation plants and to provide the electricity produced by the plants to each member.

Besides contributing to the growth of renewables in Italy, the Renewability model allows companies to cope with rising energy costs due to international geopolitical instability. Members of the community have embraced a project that allows to safeguard against energy market prices.

4. Technological solutions that involve the use of hydrogen as an energy carrier: the AFV Beltrame Group is preparing to use green hydrogen as a fuel. The furnaces of the AFV Beltrame Group are 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.

The figure below shows the 2030 reduction target (compared to 2015) of Scope 1+2 (Market Based) as a Group target (t CO_2e/tonne finished product), as well as the 2022 result of 0.226* t CO_2e/tonne finished product.



*The value relating to the emission intensity also considers the yield factor.

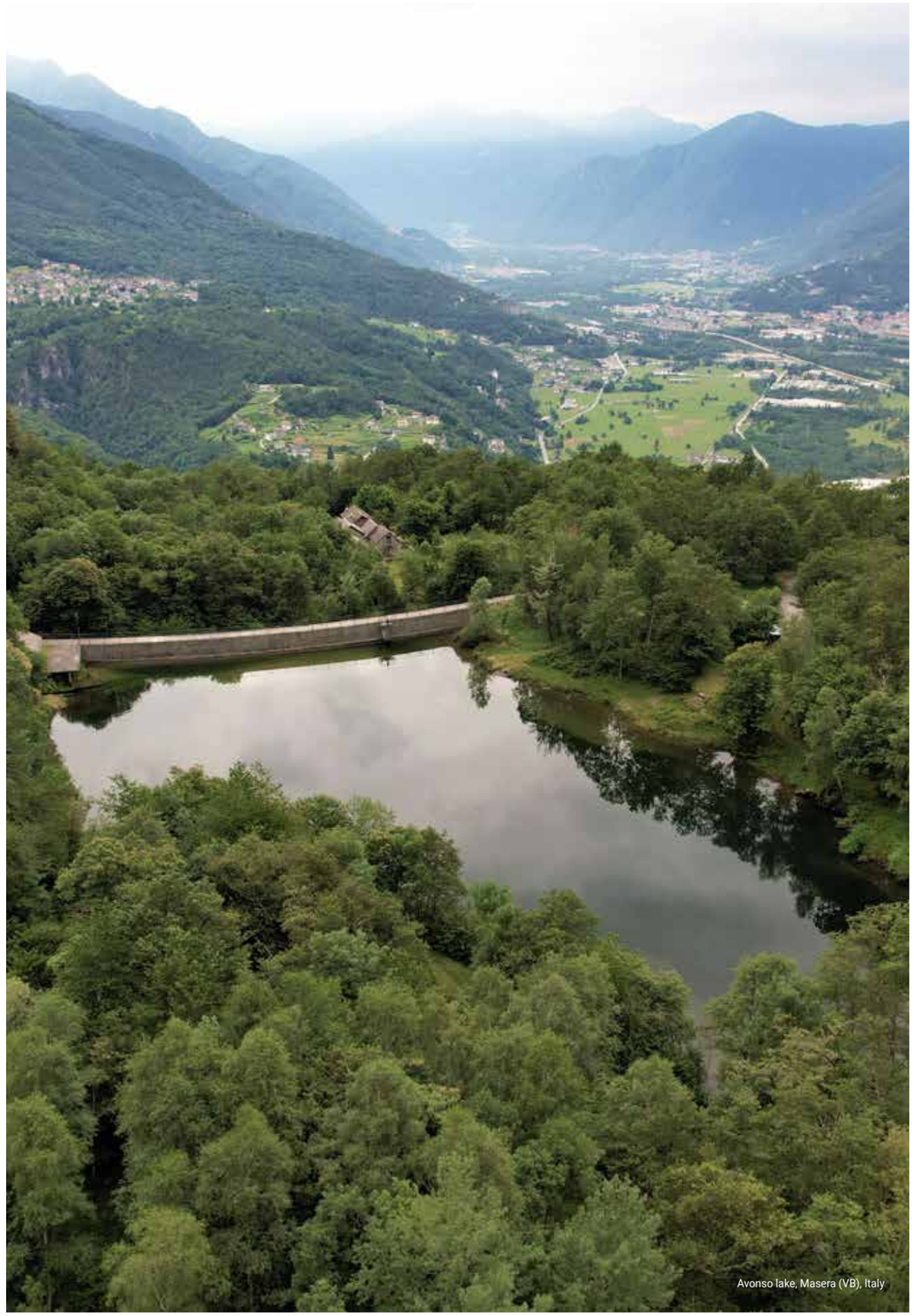
Identification of Actions for Scope 3

For this specific category of emissions, the Group has set itself the following interrelated targets for 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 CO_2 emissions;
2. improving the quality of indirect emission data by replacing data from databases with specific, point data.

Achieving these qualitative targets will allow the Group to identify a specific quantitative reduction target for this category of indirect emissions.


Larecchio lake, Montecrestese (VB), Italy


Avonso lake, Masera (VB), Italy


Chalibria
Carbon neutral steel by AFV Beltrame Group

Chalibria

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.

While the Group is committed to implementing projects that will allow to reduce CO_2 emissions, the Strategic Committee decided to launch the carbon-neutral steel brand Chalibria.

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 ISO14064-1 standard (Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals). The AFV Beltrame Group therefore 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.

www.gruppobeltrame.com/chalibria

Agrasina dam (VB), Italy

The boundaries of Chalibria's carbon neutrality are shown in the following diagram:

For the CO_2 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, Chalibria also allows our customers to reduce indirect emissions and to declare an equivalent reduction in the category of goods purchased for Scope 3. 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.

Carbon Credits

Voluntary carbon credits are certified credits that can be purchased by companies to offset the CO_2 emissions generated by their activities. These credits are generated by projects that contribute to removing or reducing the amount of CO_2 in the atmosphere. The AFV Beltrame Group only uses carbon credits that are verified by international standards (e.g. VCS -Verified Carbon Standard or Gold Standard).
To date, the project in which the AFV Beltrame Group participates contributes to financing a hydroelectric plant for the generation of green energy, with a capacity of 98.7 MW, located along the Chorokhi River in Georgia. This project contributes to 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.

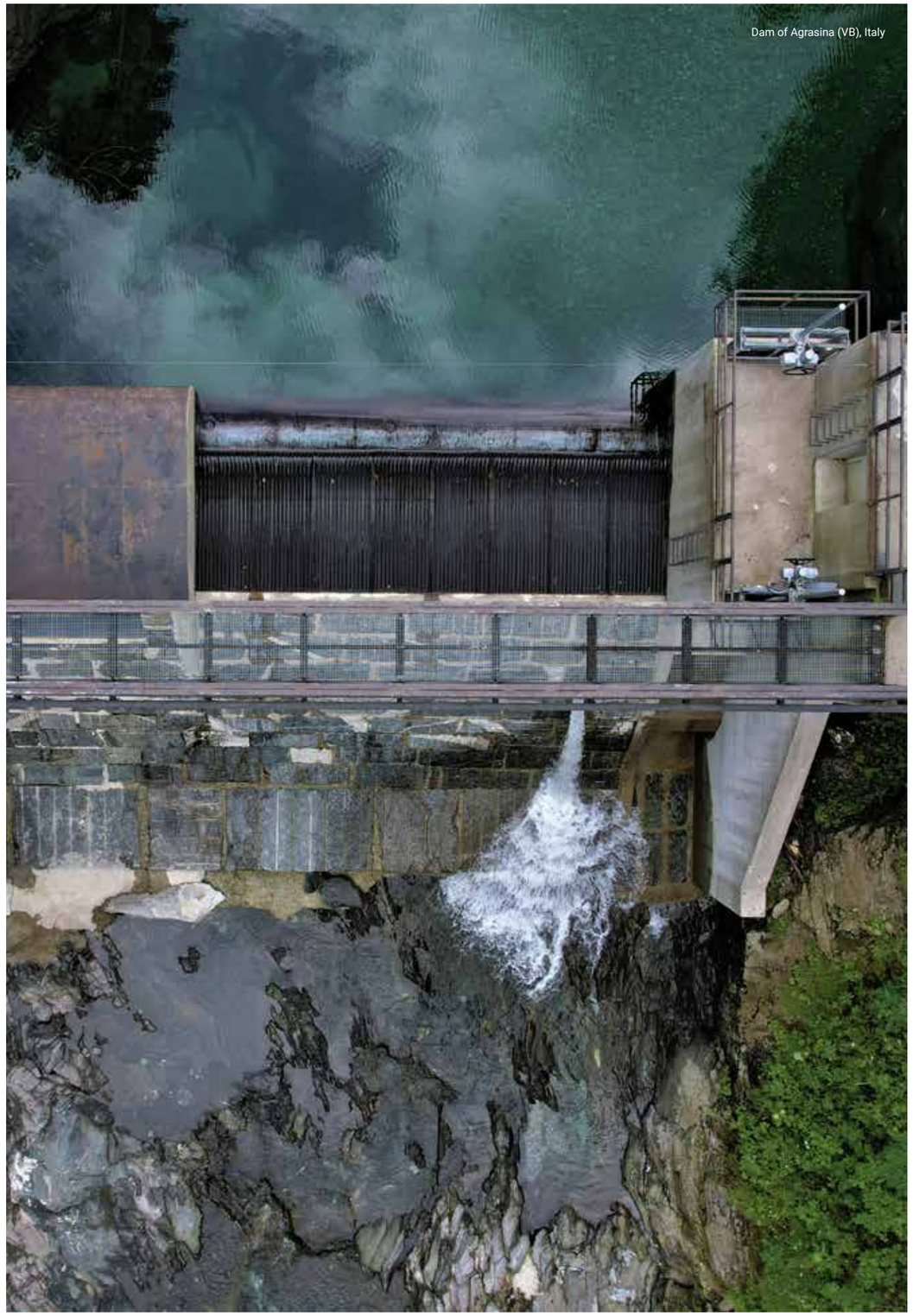
2

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.

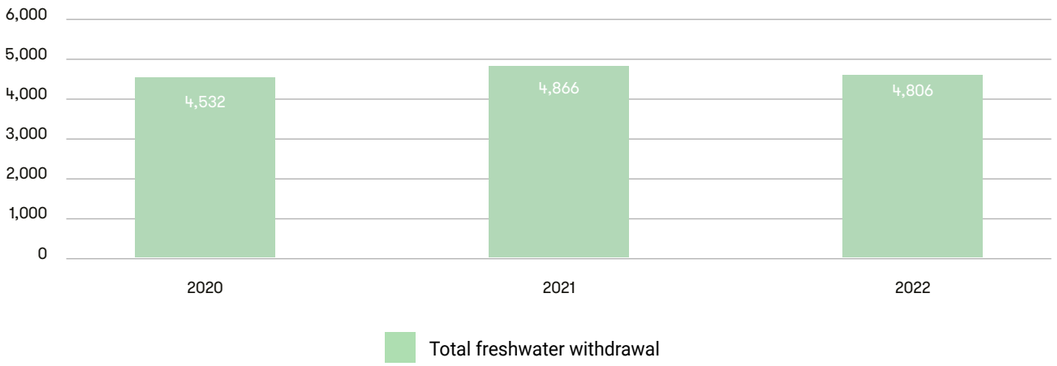
The AFV Beltrame Group's commitment through the investments of the Decarbonisation Plan will allow the reduction of cradle-to-gate value chain emissions and consequently a decreasing purchase of carbon credits.



Dam of Agrasina (VB), Italy

4.8 WATER RESOURCE MANAGEMENT

Total water withdrawal expressed in megalitres

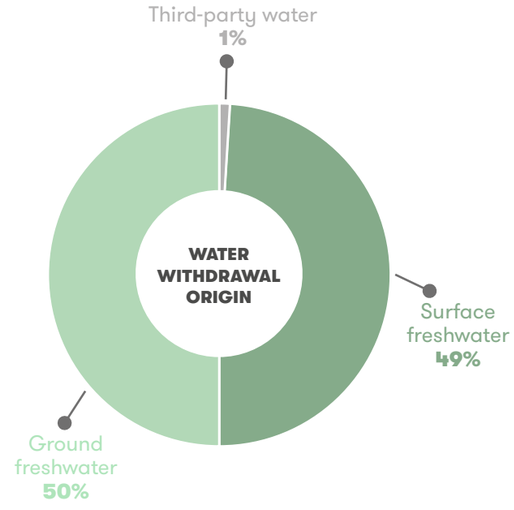


Another sustainability pillar for the AFV Beltrame Group, also confirmed by the Group's updated list of material topics, refers to the most important natural resource on our planet: water.
The Group devotes particular attention and much effort, also in terms of investments, to reducing industrial water consumption, fully aware of the two-way impact it has on this resource, moreover, which is fundamental for the proper functioning of the production plants.
The guideline governing the Group's approach to this vital resource is the continuous search for efficiency in the recovery process of any flows still suitable for reuse, as well as increasing the recirculation factor in the cooling plants. 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.


Dam and Hydroelectric plant of Cipata, Montecrestese (VB), Italy

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 plants and that of Calarasi, while in the Trith Saint Léger and Stahl Gerlafingen plant, water is mainly used from surface water courses. The cooling network of the Vicenza plant 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. Also in Vicenza, as in San Didero, some modifications have made it possible to recover water flows that had hitherto been discarded and are now being fed back into the network.
At the Trith Saint Léger plant, the optimisation of the rainwater treatment plant that runs through the steel plant and is released to the surface water body continued; a study was also carried out to identify possible secondary uses to be discontinued in the event of a water shortage.



Instead at Stahl Gerlafingen the study continued for the optimisation of the entire water cycle, aimed at the separation of the circuits relating to different types of water (industrial, civil, meteoric), which will consist of various application phases on a multi-year basis.

Lastly, there was also a series of changes in the Calarasi plant applied to the cooling circuit of the rolling furnace, with the construction of new flow recovery tanks and the installation of a set of evaporation towers much more efficient than the previous ones.

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.

95%

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%.

90%

WASTE CLASSIFIED AS NON-HAZARDOUS

The Group's annual waste production is around 500,000 tonnes, of which around 90% is classified as non-hazardous.

90%

RECYCLED AND VALORISED WASTE

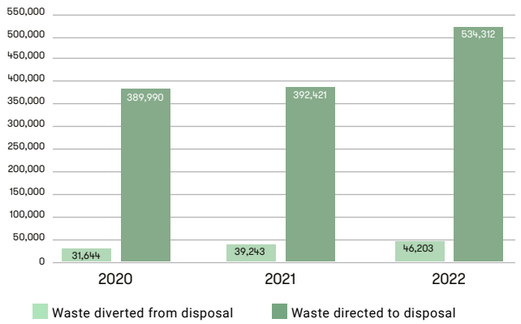
Also in the year 2022, the target to recycle and enhance at least 90% of the waste produced in the Group was met.

4.9 RAW AND AUXILIAR MATERIALS AND WASTE

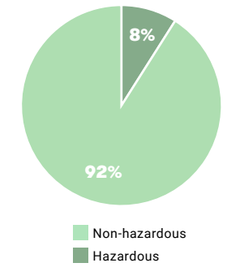
The AFV Beltrame Group pays great attention to ensuring that its activities have a reduced impact on the environment and are consistent with the expectations of stakeholders, also by limiting the use of raw materials and natural resources. For this purpose, the Group carries out continuous research on 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.

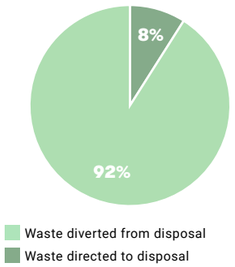
TOTAL WEIGHT OF WASTE GENERATED EXPRESSED IN TONNES AND BREAKDOWN BY DESTINATION



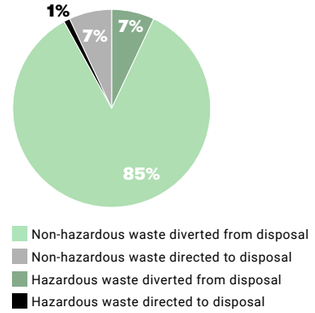
TOTAL WASTE GENERATED



DESTINATION OF WASTE DELIVERED



DESTINATION OF WASTE



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 (so-called 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 plants 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 plant, 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.

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 coupled with a significant saving of natural resources and a reduction of CO_2 emissions into the atmosphere.

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 plant. 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 about 40,000 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 500,000 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 2022.

“BELTRECO” Aggregate VICENZA PROJECT

The use of the inert aggregate BELTRECO achieves the dual purpose of reducing the exploitation of limited natural resources and reducing the formation of waste.
The use of this product achieves the dual purpose of reducing the exploitation of limited natural resources and simultaneously decreasing 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”, a Sustainable Industrial Aggregate - SWISS PROJECT

Slag from the electric furnace steel-making process conducted at the Stahl Gerlafingen plant 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 plant 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 plant (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 plant closely match our steel profiles (reinforcing bars) and improve the quality and sustainability of building structures and infrastructures made with RUVIDO.

Plant of Vicenza, Italy

Plant of Trith Saint Léger, France

4.10 RADIOMETRIC MEASUREMENTS

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 had 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 2022, the complete review of the methods for managing and controlling the systems for monitoring and reporting the levels of radioactivity present in the loads entering and leaving the Group's plants continued, with particular attention paid to the control of scrap loads. The operating procedures to be implemented with internal personnel or through third-party companies in the event of findings or radiometric anomalies were also defined. No significant anomaly was found in 2022.

The circularity principle of steel is primarily due to its characteristic of being infinitely recyclable. But if the logistical solution envisaged for transporting scrap, semi-finished or finished products is by road, the ecological advantage tapers off with each journey. From this observation, supported by the precise analysis of numbers and volumes, a strategic path towards maximising intermodality and beyond has been undertaken.

The AFV Beltrame Group carried out many initiatives in this sense, branching out among all the Group's plants, oriented towards a unified path of attention to the environment and certainly to costs. Rail transport in particular makes a significant contribution on the path to increasingly sustainable mobility.
It is also among the most energy-efficient and climate-friendly transport systems.

Plant of Gerlafingen, Switzerland

4.11 SUSTAINABLE SUPPLY CHAIN IN THE AFV BELTRAME GROUP

In the AFV Beltrame Group, attention to the environment is also seen across the board in all the Group's activities. A sustainable supply chain is therefore at the heart of the decarbonisation project. A strategic objective which, as far as the supply chain is concerned, is based on two pillars related to production planning and transport management.

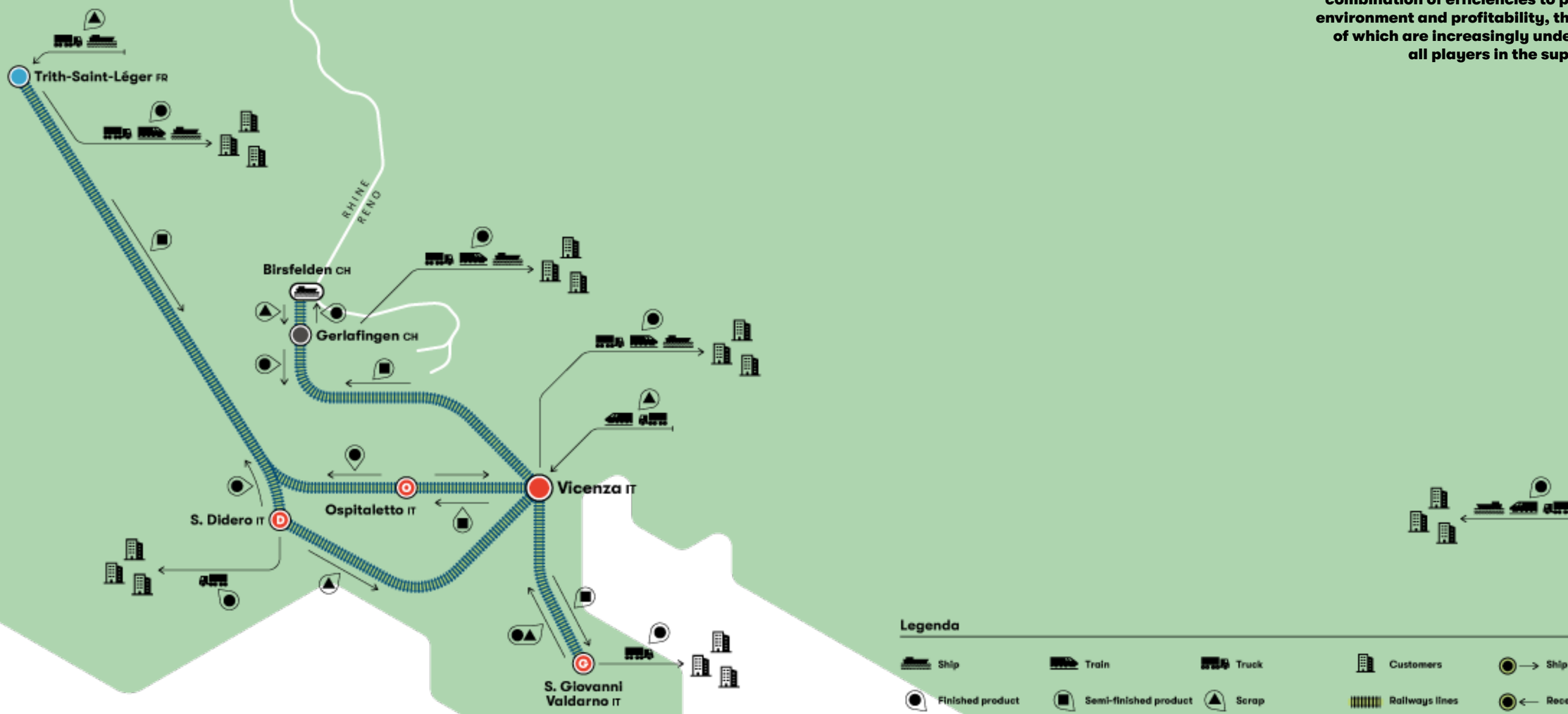
The first is the reduction of CO_2 emissions in both upstream and downstream transport, and the second is the increased digitisation of the supply chain itself. Undoubtedly underpinning the first pillar are the investments the Group has made in recent years in rail infrastructure to shift part of the transport from road to rail. Also in 2022, the Group continued the expansion of the Vicenza junction, giving continuity to the investments that since 2019 included first the reactivation of the San Giovanni Valdarno plant's junction, then the expansion of that at the San Didero plant, and the expansion of the Vicenza production complex at the same time. A few numbers: out of an annual average of 4.7 million tonnes handled in the Group from 2019 to 2022, we passed from a 22.4% share in 2019 to 28.6% in 2022 of goods transited entirely by rail. Intermodality is also an important aspect of the CO_2 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 train (i.e. lorry-train-lorry) but also lorry-ship (both sea and river).

The highly developed river transport in France is one of the features of our Trith Saint Léger plant, which has an inland port on the Escaut River and which is used to bring scrap from Belgian ports but also to bring the finished product to the same ports, which will then embark on the seagoing ship for export destinations. All in all, intermodality accounts for about 6.7% of the total handled.

Digitalisation:
The centralised and optimised supply chain is crucial for sustainability in the supply chain. The Chronos project and the Hermes project, the former on production planning and the latter on logistics in Vicenza, were launched in 2022.
The Chronos project consists of the introduction of advanced planning systems. On the one hand, we have implemented a demand planner tool that allows us to have accurate forecasts using machine learning logic, and on the other hand we are updating our macro-planner scheduler with harmonised production optimisation logic on the various sites, which will allow us to have the right product in the right plant at the right time according to predictive logic. This is precisely what will help us to reduce distances and time for delivery to the customer, with improved service and reduced atmospheric emissions.
With regard to internal logistics at the Vicenza plant, the Hermes project has been underway for several months. In collaboration with the Milan Polytechnic University, we are setting up a new access system for lorries with a system of smart video cameras based on computer visioning that will allow us to identify vehicles and immediately direct them to the assigned parking area and then to the right department for unloading/loading. Here, too, stopping times and lorry movement within our factory will be optimised and reduced, with better management of bookings and the consequent reduction of emissions into the atmosphere.

Intermodality: maximising transport synergies 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.



4.12 ECO-GRAZING AND BEEHIVES, WHEN BIODIVERSITY ENTERS IN THE COMPANY

This project is in line with the protection of biodiversity and the restoration of green corridors with reforestation paths and in the areas surrounding the Trith Saint Léger plant, with actions aimed at restoring and protecting the ecosystem and its biodiversity.

Protection which, in the French site, also means adopting responsible practices in the maintenance of green spaces, which again in 2022 have been "entrusted to the care" of herbivorous animals (goats, sheep and donkeys), i.e. in 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. Also in 2022, with a view to protecting biodiversity and promoting pollination processes, there are still two beehives in France, in addition to the eight in Switzerland.

In May 2022, 117 people from LME participated in an organised event, including awareness-raising games about the world of bees and the principles of pollination. All participants were given a jar of honey produced by the bees at the site. The Swiss employees were also given honey from the approximately 300 kg produced at the Stahl Gerlafingen plant.

PROJECT

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.

Plant ofTrith Saint Léger, France

For over 100 million years, bees have been essential for the maintenance of ecosystems on Earth. They are essential for the development of biodiversity, ensuring almost 80% of the pollination of plant species.

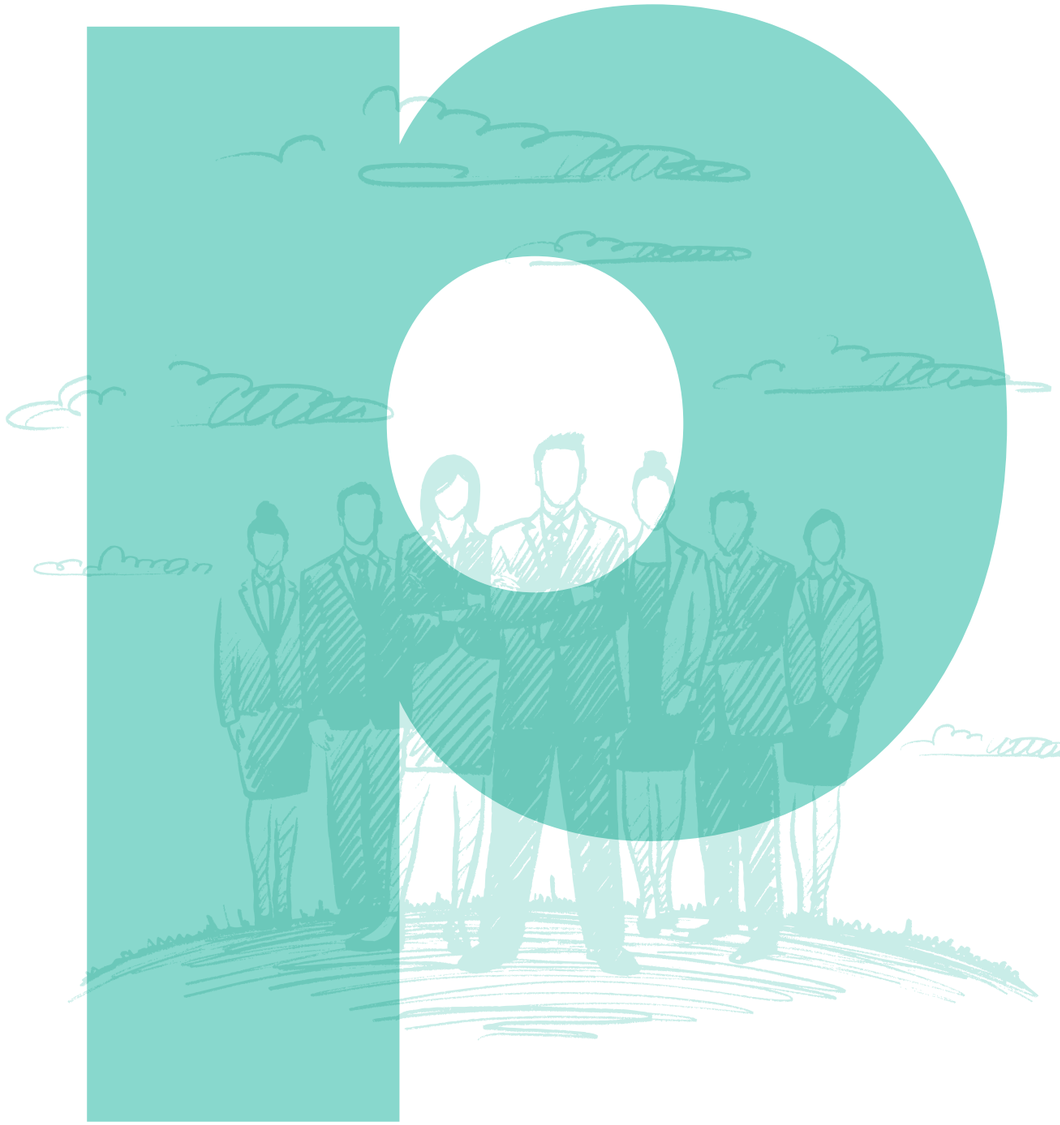
Eco-grazing in LME solves several problems:
- maintenance of hard-to-reach spaces;
- eradicates invasive plants, in particular Japanese knotweed;
- reduces environmental impact;
- conserves endangered breeds.

At LME, honey jars and beeswax candle kits are produced and given to employees as gifts.
A similar project is also being implemented at the Stahl Gerlafingen plant.

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.

PEOPLE

05



PEOPLE

Attention to Human Capital

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

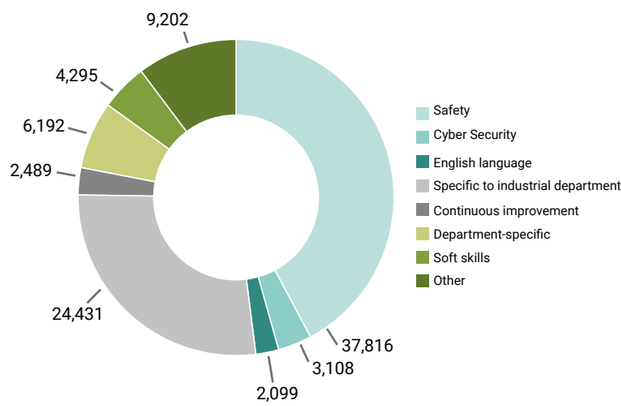
Attention to Human Capital

In a company like ours 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 a very important aspect.
The critical issue arises in the attraction phase, given the competition with companies and sectors that are much 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.
We are 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 professional social networks. We manage 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, we have developed a welfare and total compensation system that offers employees more than just a salary: we try 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.

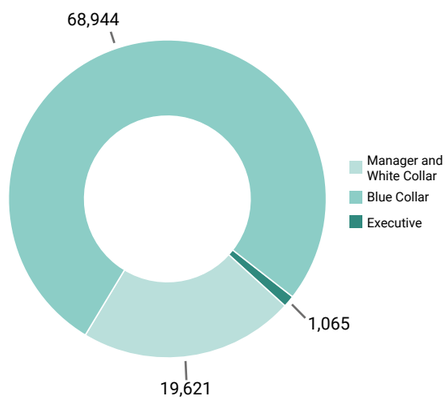
Some colleagues have worked in the company for generations, and when possible proudly continue to introduce their children to the work for which they have developed such passion. And this is in our DNA: there is no way to build such a sense of belonging through marketing methodologies or labour psychology alone, but through decades of caring and person-centredness.

Enhancing human capital has always been one of the company's priorities and was also one of the most important challenges imposed by the Covid-19 pandemic. Digital transformation is the key to restarting after the pandemic and companies must seize this opportunity, which is also a great chance to modernise and lead to new growth.

TRAINING HOURS BY TOPIC



TRAINING HOURS BY CATEGORY



5.2 THE TREND 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 Federacciai* data, 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**.

With regard to the AFV Beltrame Group specifically, the number of employees at Group level has been growing over the last three years, reaching 2,939 (including the Targoviste 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).

*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

Worker of Gerlafingen plant, Switzerland

5.3 HUMAN RESOURCES COMPENSATION

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. The Swiss site of Stahl Gerlafingen continued to comply with this law in 2022, as already verified by an external consulting company in 2021.
Staff at Stahl Gerlafingen are pleased that the company fully complies with these regulations year after year.

EQUAL TREATMENT OF MEN AND WOMEN

EQUAL PAY

GUARANTEE OF EQUAL 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 (GGEI) 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)

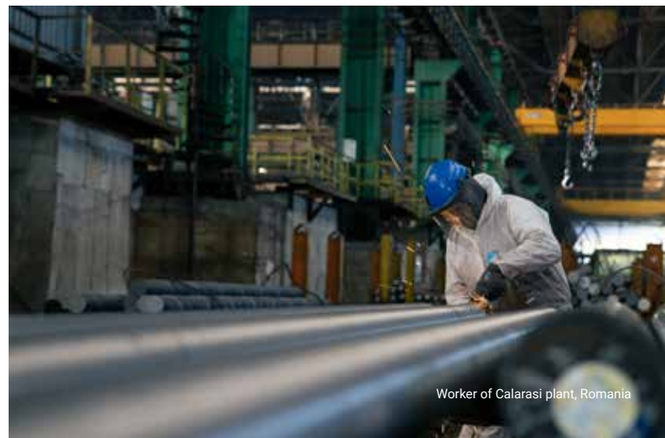
On 1 July 2020, private and public employers were given one year, i.e. until 30 June 2021, to analyse their wage practices in order to identify any gender pay gaps between men and women. The employers were free to choose the method with which they carried out the analysis. However, the method had to be scientific and in accordance with the law (Art. 13c, par. 1 LPar).

Check (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.



Worker of Calarasi plant, Romania

5.4 THE ACADEMY FOR TRAINING

The AFV Beltrame Group also continued with high-quality "on-demand" training in 2022 with its own Learning Management System.
The System is a digital, fully online Academy offering interdisciplinary activities for the training and skills development of all managers, employees and internal collaborators and for the enhancement of the company's business.

The objective of the AFV Beltrame Group is to provide continuous training on managerial, technical and linguistic content through a dedicated and customised platform, with courses lasting up to four hours and viewable every day and at any time, from any device (PC, tablet, smartphone). A veritable online knowledge repository is thereby available to the Group, from which skills can be drawn not only when required by the company, but also according to the wishes and needs of employees in a self-training perspective. The project is active for all Group locations: in Italy, France, Switzerland and Romania. Participants are engaged with periodic reminders, with a notice board displaying the training proposal in Italian, French, German and English.

There are training courses of a more technical nature, such as rolling processes and safety, up to courses dedicated to current topics such as sustainability and finance, as well as language courses. The multimedia content, fact sheets, reports and presentations can be downloaded at any time and develop various themes. Each country can also include its own content. In total, there are over 500 basic training snippets created and distributed by Skilla in cooperation with Niuko, a training company of Confindustria Vicenza, dedicated to soft skills, to which are added those on technical training in the sector, digitised by Festo Consulting/Academy with content created by in-house experts, and those on Cybersecurity with the supplier "Knowbe4".

Speexx instead covers the language training aspect, which includes both one-to-one courses in the various languages of interest and basic training in English; Oltrematica provided the Tutorami platform for content management and consultation, with a configurator that allows training sessions to be prepared on the basis of materials, videos, lessons and know-how provided by the company.

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

- CYBER SECURITY
- ENGLISH LANGUAGE
- LEADERSHIP
- PROBLEM SOLVING
- ORIENTATION TOWARDS RESULTS
- DIGITAL SKILLS
- SAFETY
- ROLLING COURSE
- PEOPLE MANAGEMENT
- SECURITY AWARNESS
- 231 MODEL

The AFV Beltrame Group's Corporate Academy arose in a current general context where changing scenarios, which generate complexity and indeterminacy, require companies like ours to constantly realign their strategies and adapt their training to maintain competitiveness. Our aim is to ensure the professional, cultural and human growth of our people by creating value, supporting change processes, ensuring the alignment of company values and strengthening our competitive position in the market.

Worker of Trith Saint Léger plant, France

5.5 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 plant;
- 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 be put in place 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.

5.6 DIGITIZATION

Corporate digitization 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 HR processes, we realised that there was room for improvement and optimisation, and to do this we chose the path of digitisation. 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 in the process, 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; furthermore, the increased ease of data extraction and processing is completely changing the way we approach information. Information that used to fill up paper files, forcing people to be physically present to fill out forms, and whose contents had to be transferred manually to the system, or worse remain on paper without being able to be processed, is now available for consolidation and analysis. From the Exit questionnaires (forms given to employees leaving the company followed by an interview with HR managers concerning the reasons for the change) we can, for example, 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.

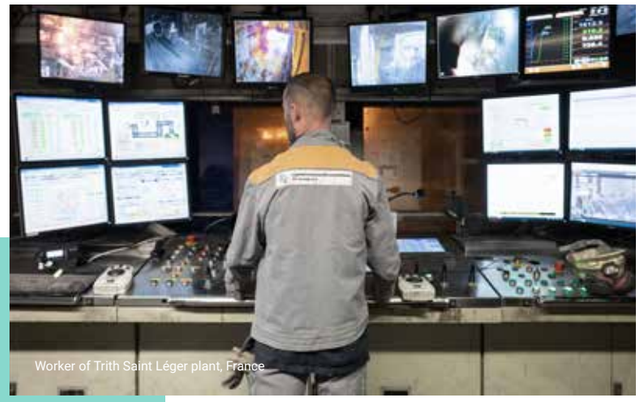
The same thing is already taking place with the annual appraisal reviews (staff appraisals carried out by managers on their employees followed by an interview and employee feedback questionnaire), a process that has already been successfully tested in the Swiss office, and with the management of the end-of-probationary period questionnaires administered online to new hires and managers.

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, which generates a series of automatic e-mails for all corporate entities involved in order to optimise activities that were previously carried out manually with a great deal of time and no added value.

A new approach to digital

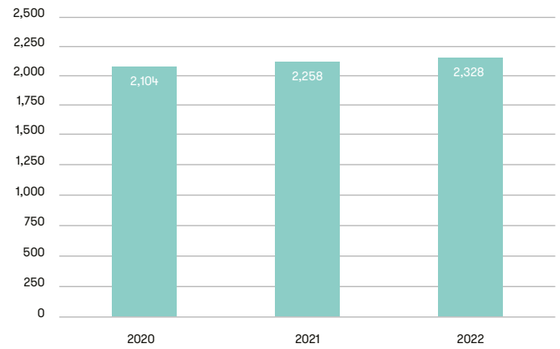
The AFV Beltrame Group produces large quantities of steel, and this translates into an equally large amount of data generated which, if properly managed, allows high quality standards to be maintained. This is why the company is pursuing digitisation projects across all business units, favouring increasingly optimal management of the resources used while delivering higher customer services.

The digital projects mainly have a Group-wide connotation, i.e. they are designed to be implemented in all our countries both in Italy and abroad. This aspect is not as trivial as it seems if one considers that the Group is multi-business, where logics differ from company to company. This approach to digital projects has generated a common mindset in the Group's people which, flanked and supported by digital collaboration platforms, has made interactions smoother and easier, contributing to 'simplification' in operational management.
On the customer and third-party side, regardless of the country, multilingual digital services have been implemented such as web portals that allow information and documentation to be accessed remotely 365 days a year. Customers interested in benefiting from fully digitised management of the order process are also connected via EDI (Electronic Data Interchange), eliminating the use of faxes, emails and optimising data entry in the various interconnected systems. Processes in the various corporate areas have instead been analysed to reduce the use of paper and encourage the use of IT document management platforms.
The digital projects have acted as a driving force for cultural integration, contributing to the amalgamation of international teams, strengthening their cooperation and collaboration and achieving exciting results.

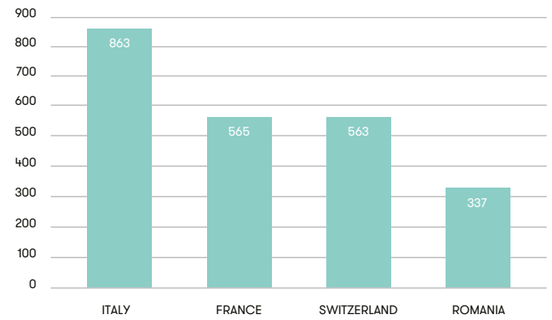

Worker of Trith Saint Léger plant, France

Some data on human resources in AFV Beltrame Group (Targoviste excluded)

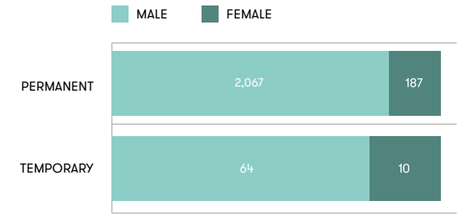
TOTAL NUMBER OF EMPLOYEES



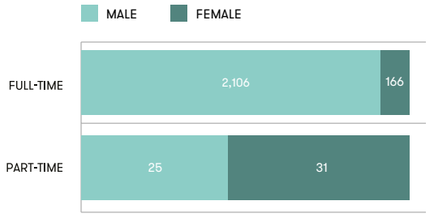
TOTAL NUMBER OF EMPLOYEES BY GEOGRAPHICAL AREA 2022



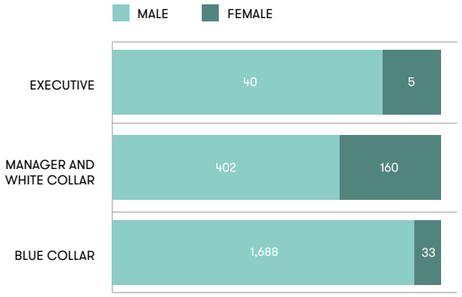
TOTAL NUMBER OF EMPLOYEES BY TYPE OF CONTRACT



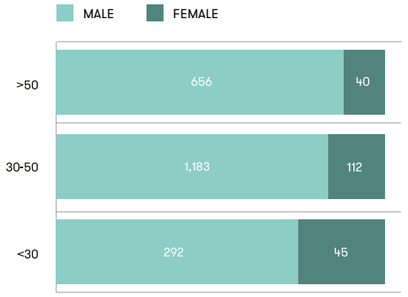
TOTAL NUMBER OF EMPLOYEES BY TYPE OF EMPLOYMENT



TOTAL NUMBER OF EMPLOYEES BY TYPE OF CONTRACT



TOTAL NUMBER OF EMPLOYEES BY AGE GROUP



5.7 TRAINING AND CYBERSECURITY

The Group's IT strategy is based on five macro-themes coordinated by Business Relationship Management. Two of these are 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 and the related cyber-war that has been going on for months (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, even if existing backups can be restored. 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, 75% of companies will suffer a cyber attack by 2025.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 2022, investments in this area also 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, backup systems, WAF, disaster recovery systems, vulnerability assessment and penetration testing, to name a few. In 2021 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. It also established a Security Operations Centre (SOC) service in 2021.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 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.).
The service was further strengthened in 2022, as it is extremely useful for ensuring effective monitoring and timely reaction and support in the event of an attack.
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 successful due to the human factor: a password that is easy to guess, an unreasoned click on a wrong link, the use of an unverified USB stick, access to a compromised website, or replying to a fraudulent SMS, can compromise the security of a plant or the entire Group.
For this reason, the AFV Beltrame Group's HR department is continuing with its persistent Cybersecurity Training campaign for all Group employees, based on the KnowBE4 multimedia platform (multi-platform training available 24x7).

The most relevant topics for training in 2022 include:

- Security Awareness Proficiency Assessment Retired;
- IT Security in the Workplace;
- Information Security on Mobile Devices with Quiz;
- Business Conduct Series: Acceptable Use Policy;
- Secure Passwords;
- Beating Ransomware;
- CEO Fraud - Fake President with Quiz;
- Data Protection with Quiz;
- Insider Threat;
- Understanding URLs and Bad links;
- Threat Management;
- Security Awareness Foundations;
- Phishing Foundations;
- Creating Strong Passwords - Security Awareness Training;
- Social Media: Staying Secure in a Connected World.

CYBER ATTACK

SUSPICIOUS EVENT DETECTION

THREAT TRAINING AND BLOCKING

5.8 WELFARE

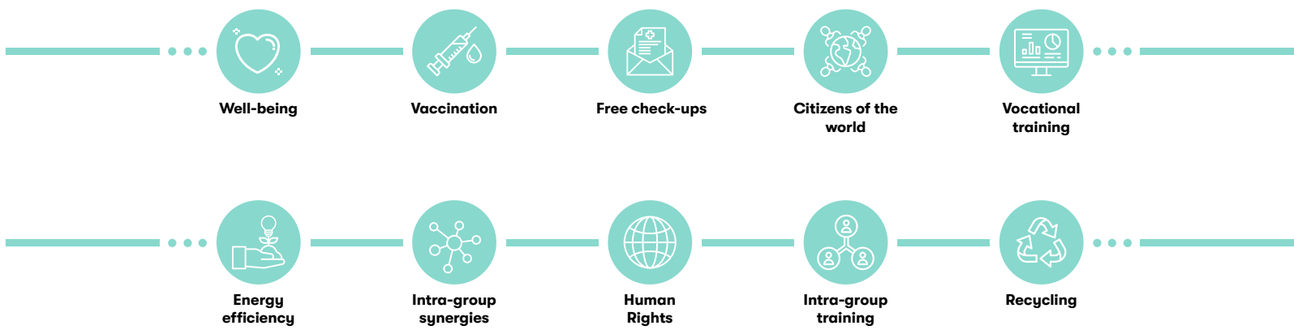
The AFV Beltrame Group has historically been very sensitive to the welfare of its employees and the area in which it operates, having belonged to the same family for generations, and having employees who in turn have worked in the company for as many generations: "spontaneous" welfare was applied in the past, whereby the owners personally met the needs of the employees in an unstructured, but extremely human and effective way. As this is no longer possible, in a move to be closer to the needs of employees, the company has decided to focus recent initiatives on two invaluable values: time and health.

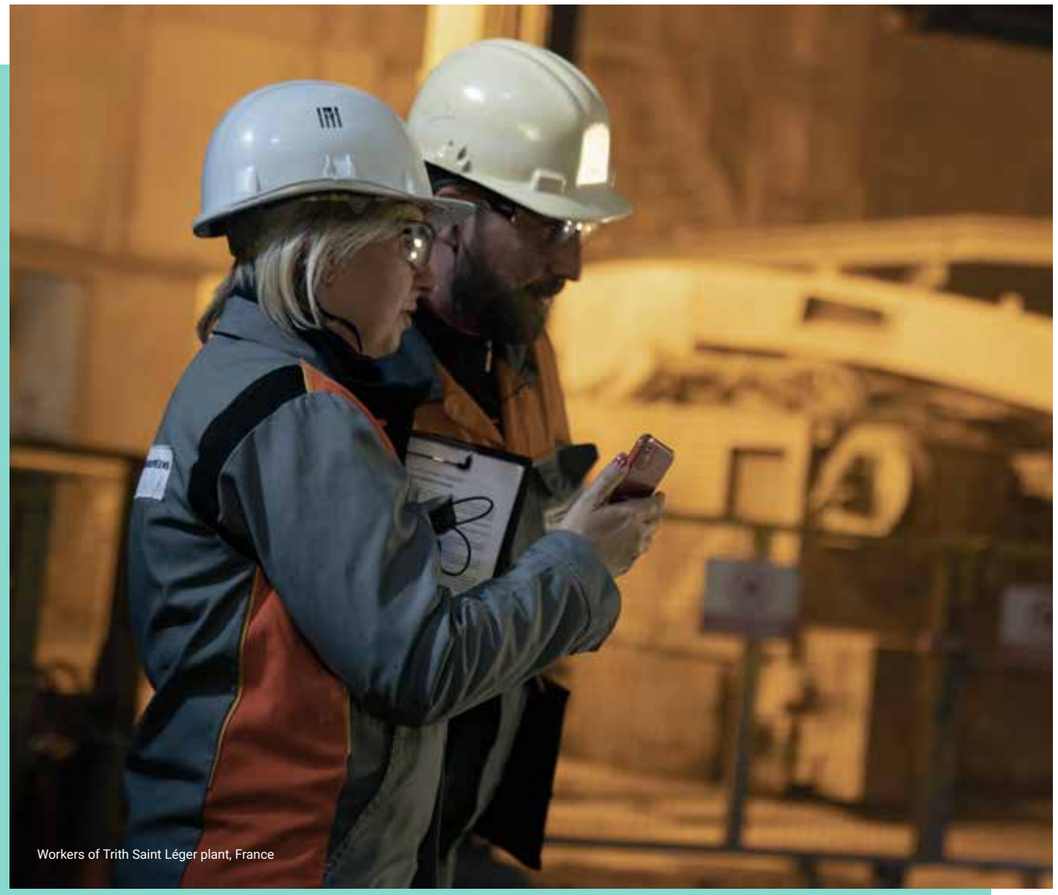
Trying to offer employees in-house services that they would otherwise have to seek outside saves them personal time (and travel, with costs and everything related thereto), and more free time means being able to devote that time to their interests and affections. A mix of time and health is safeguarded by administering flu vaccines at all Italian locations, usually in the autumn and depending on the availability provided by the health authorities, giving all employees who wish to do so the opportunity to be vaccinated free of charge by a doctor present in our infirmaries for this purpose. Another initiative in favour of health and prevention that has also been much appreciated is the one proposed as a traditional gift to female colleagues on Women's Day, whereby all female employees in Italy can take advantage of a free check-up in a circuit of affiliated laboratories.
In addition, again in 2022, all AFV Italy employees were given the opportunity to have a free cardiological check-up in the company, thanks to the collaboration with a medical centre that provided a dedicated camper to carry out the required examinations. The effort made by the company to improve the canteen also deserves mention, which seeks to offer balanced meals according to the guidelines of an expert nutritionist and dietician, making them healthier, and distribute free fruit in the offices and plant in Vicenza.
Other particularly popular initiatives include the possibility of using a launderette at special prices that picks up garments directly at the company's premises in Vicenza. Parent Company employees can also call a contracted mechanic who provides assistance directly in the company's car park, avoiding the need for employees to go to the repair shop or call a tow truck if their car breaks down.

In the immediate future, a further effort will be made in relation to remote work, which will exponentially increase the serenity and well-being of the employees who take advantage of it. All these initiatives also bring a great advantage in terms of sustainability, reduced social costs, and environmental benefits. Welfare is in the DNA of the AFV Beltrame Group. In the 1930s, Cesira Beltrame, daughter of founder Antonio, gave interest-free loans as salary advances and subsidies in particular cases of illness.

The company already had a canteen service for workers. Provisions included an internal health insurance fund, free medical, pharmaceutical and hospital care. The recreational organisation also organised trips and stays at the seaside and in the mountains. Even then, people's well-being was paramount. Giancarlo Beltrame himself, at the helm of the company in the 1960s, had the people and the territory at heart and always carried out initiatives to support them. This has brought, and strengthened over time, a strong sense of belonging, well-being and shared goals within the company.

The AFV Beltrame Group has since become a large international Group that includes multiple players with different territorial and regulatory requirements, but the training, welfare and empowerment solutions continue to consider all our workers in order to accompany, support and meet their needs.




Workers of Trith Saint Léger plant, France

5.9 EQUAL OPPORTUNITIES AND RESPECT FOR HUMAN RIGHTS

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 particular, with the support of a specialised external consultant, an analysis activity on the topic of diversity & inclusion was started in AFV Italy in 2022, 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 2023 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. We strive to ensure that this merit is given the right support, 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 25th of November in all Group plants.

Worker of Trith Saint Léger plant, France

No incidents of discrimination have been reported during the reference year and consequently any corrective measure was needed.

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 our Group's activities or that might exert some influence on the effects themselves. Examples include employees, directors, shareholders, customers, suppliers, financial partners, trade associations, trade unions, public institutions.
Our 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 Convention of the International Labour Organisation - ILO (no. 29, no. 87, no. 98, no. 100, no. 105, no. 111, no. 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 a negative impact on them, counteracting such an impact should it 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 rights of humanity

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

Rights of workers

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.

5.10 YOUTH POLICIES

THE PARTNERSHIP WITH THE NATIONAL INSTITUTE OF APPLIED SCIENCES (INSA) OF VALENCIENNES

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. LME confirmed the partnership with INSA in 2022.
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.LME 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 LME, offering the most deserving students a career path in the company.

INVESTING IN THE TALENT OF RESOURCES: INTERNS AND APPRENTICESHIPS

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 locations. 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 2022. Furthermore, LME is in partnership with AFPI (Centre de formation in the area Nord Pas-de-Calais) and has been present at their career day since 2021.

DONALAM

2022 was a particularly significant year for the AFV Beltrame Group in Romania, with the investment in the Targoviste site, in addition to the existing Calarasi site, for structuring a Human Resources Department with the right skills to support the plant's rapid growth.
In fact, more than 620 people were recruited between the two sites in just a few months, with a special focus on diversity in the selections, especially for over-50s and women. An internal training project to acquire on-the-job qualifications was also launched, and with a view to staff engagement, a very welcome Christmas party was organised for the children of employees.
The efforts will continue in 2023 and will focus on young people, on consolidating the already excellent relations with local schools or organising internships in the company for students, so as to bring young people closer to our reality, and on digitisation, as the project to align with the Group in the use of software for managing human resources and the personnel budget has begun.
In addition, employees of the Vicenza plant were given the opportunity, on a voluntary basis, to join a "Job Rotation" with the new Targoviste plant starting in 2023. The purpose of this initiative will be to ensure a transfer of "know-how" between the two plants, further strengthening the collaboration at Group level.

STAHL GERLAFINGEN

Stahl Gerlafingen initiated some very interesting projects for the Group over the year in order to enhance the skills of highly experienced staff who have since retired, offering former employees the opportunity to join the Group again, at a time and in the manner of their choice and with a strong pension benefit, in order to train new incoming staff and simplify the generational transition.
The sensitivity of the Swiss headquarters for the inclusion of young recruits through internships, apprenticeships and part-time contracts for students is always high, and a renewed focus on balancing personal and working life has led to the offer of part-time contracts and work-from-home jobs for employees whose assignment allows it and who have expressed the need.
There has also been a great effort in extending the number of discounts for employees for services such as the gym, accountants, laundry or mobile phones and in different types of shops, and a very useful service for the free in-company delivery of groceries ordered online from local supermarket has been offered.

LAMINÉS MARCHANDS EUROPÉENS (LME)

At the French plant, the year 2022 was characterised by a willingness to invest in human capital in order to help the current managers grow in terms of leadership and responsibility. This important managerial skills development initiative was completed during the year and targeted all managerial functions in the plant at all levels.
Once again, therefore, 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.

5.11 THE HEALTH AND SAFETY OF EMPLOYEES

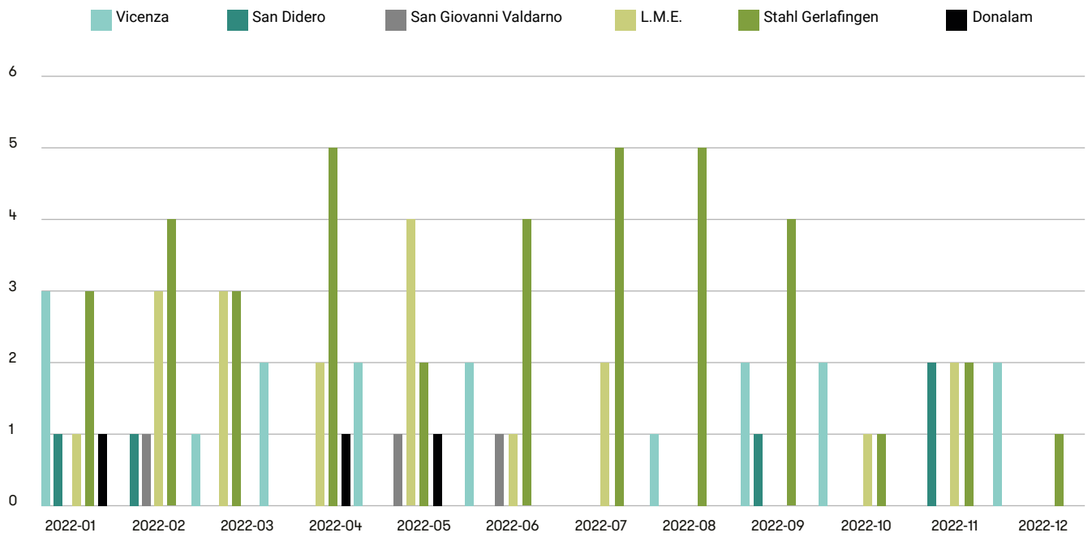
The Group's main plants have health coverage with a guaranteed nursing service to provide immediate first aid and medication in the event of a minor accident or worker illness.

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 2022.

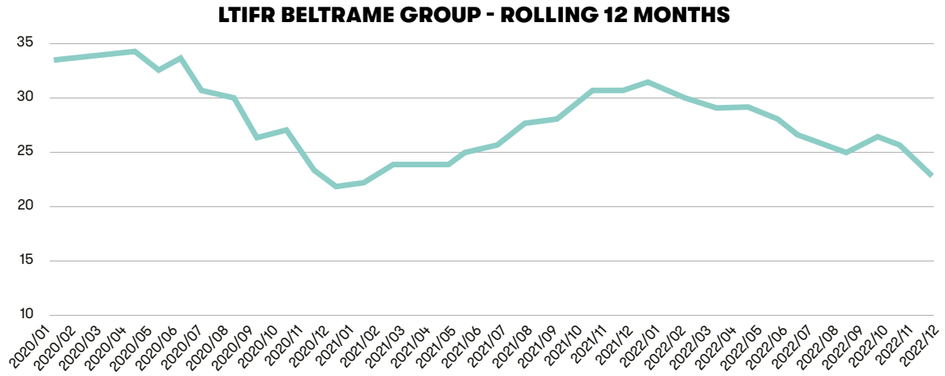
All Group sites have a Health and Safety Management System (HSMS) implemented and certified in compliance with the relevant international standard. The approach to safety favoured by the application of the system consistent with the indications of the ISO 45001 standard concerns the organisation's analysis 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 aim 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.

Accident Phenomenon 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 2022 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 86 accidents in 2022 resulting in a loss of working days (LTI), compared to 97 in the previous year, and 52 accidents that did not result in a loss of working days (MI).



The Group frequency index was 21.2.
This indicator, expressed as a 12-month rolling average, shows a marked decreasing trend, the result of the actions undertaken in the last two years.



The analysis of the causes of injuries (LTI) shows that the main causes are:
- unsafe behaviour or actions for 73.3% of cases;
- organisational deficiency in 17.4% of cases;
- technical causes or dangerous situations in 9.3% of cases.

The main types of injuries that occurred in 2022 are related to collisions and crushing and trips and slips, which involved the upper and lower limbs for about half 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. In 2022 no cases were reported with definitive responsibility for claims related to liabilities for work-related illnesses or causes of mobbing.

During 2022, two accidents leading to the death of workers, in both cases from outside companies, occurred at the Vicenza and Donalam-Calarasi sites. Following these events, the Group was fully available to the competent authorities in order to carry out all the required investigations. In addition, at the initiative of management, a voluntary fundraising campaign by employees was initiated in both cases. The funds collected will then be supplemented with at least an equal amount provided by the company. The collected funds will be allocated in 2023.

Sharp Project

During 2022, the activities implemented to increase safety awareness and culture at all levels were consolidated through the project called SHARP, from which a continuous improvement of the injury trend is also expected, through the application of the rules illustrated below. 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 snippets" or training breaks), by managers, 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. dissemination of press releases and information brochures on incidents or accidents, sharing causes and possible common actions between the Group's sites;
5. planning of periodic interactive visits to the production departments by managers, 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 whistleblowers;
8. dissemination of 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.

In 2022, targets were defined for certain categories of activities and various methods of monitoring and formalising them were tested.

SAFETY FIRST

Application of Group standards

In 2022, the monitoring programme for the application of the centrally defined standards on specific safety issues continued in all Group plants. 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 LOTOTO (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 dedicated to the definition of specific improvement plans for each 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, helmets and protective eyewear, in order to standardise the technical characteristics of the devices.

Investments in health and safety

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 portals at all sites;
- rationalisation of internal traffic plans to reduce vehicle-pedestrian interference and refurbishment of roadways within the plants;
- installation of new cranes in Vicenza and Gerlafingen;
- 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 south 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.

Sharing and Exchange of Information - Cross Audit

A constant exchange of information and checks was maintained within the Group in 2022, 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 plants 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;
- Occupational health and safety;
- Reporting of accidents/injuries and near misses;
- Pollution prevention and control;
- Suppliers, contractors and visitors;
- Working at heights;
- Internal logistics and circulation plan;
- Isolation of energy sources (LOTOTO);
- Machinery safety;
- Workplace tidiness, cleanliness and organisation;
- Management of temporary workers;
- EHS Management System;
- Occupational health and safety;
- Reporting of accidents/injuries and near misses;
- Pollution prevention and control;
- Suppliers, contractors and visitors;
- Working at heights;
- Internal logistics and circulation plan;
- Isolation of energy sources (LOTOTO);
- Machinery safety;
- Workplace tidiness, cleanliness and organisation;
- Management of temporary workers;
- ESG reporting.

Workers of Trith Saint Léger plant, France

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 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).

Ocjo, Safety on Stage

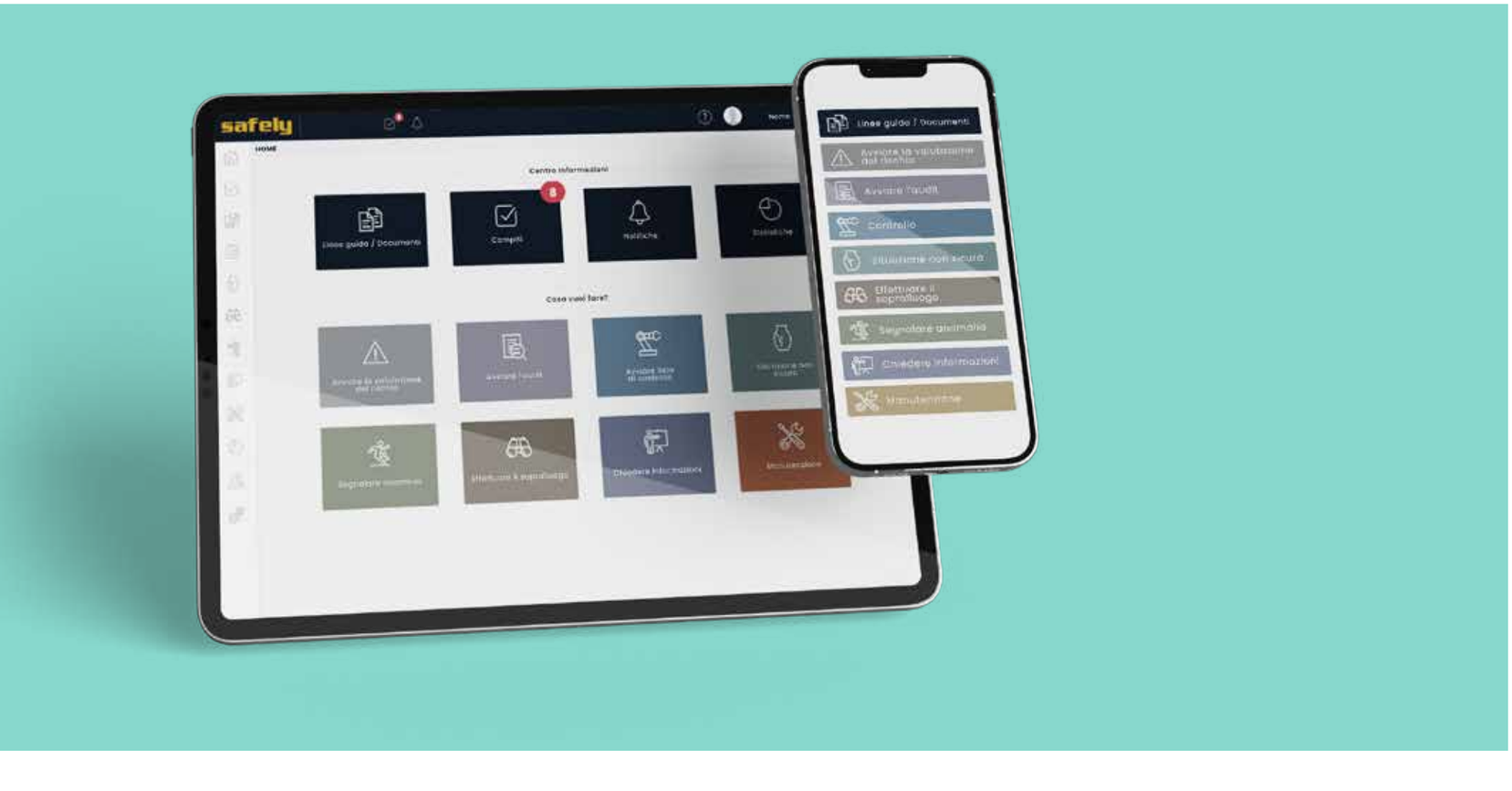
Ocjo is a theatrical project, one of a kind, a training experience with a strong emotional impact which the employees of the Vicenza plant were able to attend.
In a certainly unusual way, the play seeks to raise awareness and transmit the culture of prevention in the field of health and safety at work. 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.

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.

In December 2022, a "Group Safety Awareness and Commitment Workshop" was also organised remotely, which involved all Group departments and local contacts, in which guidelines and actions were discussed and shared to increase awareness, participation and the culture of safety at all levels.

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.



// STAHL GERLAFINGEN //

WORKING SAFELY FOR OUR FUTURE

The 'Safely' management system for workplace health and safety was adopted at Stahl Gerlafingen in 2022. This system has brought numerous advantages, such as:

- optimisation of whistleblowing;
- greater clarity in the filing structure;
- clear and demonstrable documentation;
- compliance with applicable laws and standards;
- digitisation of all points related 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, sustainable control of activities and deviations is possible at all times.

REVERSING ALARMS

According to legal requirements, some of the vehicles inside the Stahl Gerlafingen plant 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.

// LME //

ZERO-ACCIDENT TARGET

Workplace risk prevention must involve everyone at every level. In order to raise the awareness of all employees and others, the LME plant has developed a health and safety approach 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, plant of Gerlafingen, Switzerland

TERRITORY

06

TERRITORY

Connection with Territory

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.

Our runners participated in the best-known national and international competitions in 2022.After the stop due to COVID, the 2022 sports season saw the full resumption of competitions and our colleagues were not caught unprepared.

We support sport as a space for sharing and personal growth.

They began with the "Mezza di Brugnera" and were then present at the "Ultrabericus", "Dogi's Half Marathon", "Bibione Half Marathon", "Bari Med Marathon", "Moonlight Half Marathon" in Jesolo, "Corsa del Trenino" in Asiago, "Enego Marcesina", "Race.0 Summer Edition", "Strarzignano", "Running Sicily" in Mondello, Sicily, "Stravicenza 10 Km", "Mezza dei 6 Comuni" and finally in December the "Valencia Marathon", one of the most characteristic in Europe. But our athletes also participated in other races abroad last year, such as the "Vienna Marathon", the "Prague Marathon" and the "Copenhagen Half Marathon".

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 areas close to us 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 2022, their bikes took them on the roads from Monte Grappa to Stelvio to Lake Garda.

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.

// FRANCE //

In France, Laminés Marchands Européens S.A. supports the Valenciennes baseball team "Les Vipères" founded in 1989, Saint-Amand Handball, a local women's team, the "Red Swans" handball club and the "US Hordain" football team.

// SWITZERLAND AND ROMANIA //

In Romania, Donalam S.r.l. supports the handball sports association "Club Tonus Calarasi".

6.2 DONATIONS IN FAVOUR OF THE TERRITORY

The AFV Beltrame Group continued its charitable initiatives in 2022, financing charitable projects in favour of local non-profit organisations and associations with social solidarity aims, especially in the cultural and healthcare sectors in favour of children.
Last year the company supported:

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).

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 work on hospital premises to make them more functional and welcoming, always with a view to improving services for children.

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".

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.

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.

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.
It is the hospital itself that 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.

Il Calabrone Onlus:
Il Calabrone is a social cooperative founded in Brescia in 1981 at Village Praline under the banner of trust and hope, thanks to the work of Don Pier Verzeletti and a group of people sensitive to the problems of youth discomfort and marginalisation, who gave rise to an experience for drug addicts through hospitality in the community. The founders of the cooperative wanted to offer support to young people experiencing difficulties so that they would be able to relate positively to themselves and others, and be able to make conscious and autonomous choices. This aspiration has been translated into the name and motto adopted by the cooperative: "according to the most eminent scientists, the "Calabrone" cannot fly because the weight of its body is disproportionate to the reach of its wings. But the bumblebee does not know this and flies".
This has guided the cooperative's commitment and choices since 1981, as well as its focus on the individual and the acceptance of his or her needs, possibilities and poverty. Today the cooperative has been UNI EN ISO 9001 sector EA 38F-certified since 2004. it is accredited by the Lombardy Region as an auxiliary body for the treatment of drug addiction, and manages two therapeutic rehabilitation residential communities and services aimed at harm reduction and serious marginalisation.

I bambini delle fate:
This association has been providing financial support to social inclusion projects and pathways run by local partners for the benefit of families with autism and other disabilities since 2005.

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" 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.

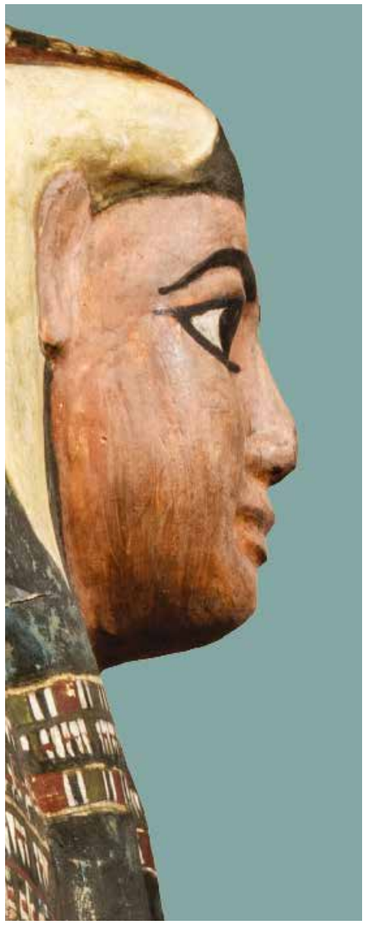
Comitato Bolzano Palestre:
The association was founded in 2019 in Bolzano Vicentino by a few friends who are passionate about sports, particularly athletics. The aim is to promote sport in Vicenza. A.S.D. ARDENS is a CSI affiliate registered with CONI.

The common good is sustained first and foremost by protecting the individual. Respecting the needs of our people and communities is the same as caring for the land. We are company and society, but we are also an ecosystem.

Cultural Sponsorships:

The relationship with the local area is an important factor for the Group, which has always endeavoured to enhance and support multiple cultural, sport and social activities.

One example is the sponsorship of the exhibition: "The creators of eternal Egypt. Scribes, artisans and workers in the service of the Pharaoh", hosted in Basilica Palladiana, Vicenza, since the end of 2022.



180 original artefacts, 160 from the Egyptian Museum in Turin and 20 from the Musée du Louvre in Paris, including statues, decorated tombs and sarcophagi, papyri, bas-reliefs, carved and painted stelae, amphorae, amulets, musical instruments, papyrus scrolls and millennia-old artefacts, have made it possible to reconstruct the daily life of the inhabitants of Deir el-Medina. The village Deir el-Medina was founded around 1500 BC on the west bank of the Nile, opposite the present-day city of Luxor, and was intended to house the skilled craftsmen (and their families) who were responsible for building and decorating the royal tombs in the Valley of the Kings and the Valley of the Queens for much of the New Kingdom (circa 1539-1076 BC).

The exhibition guided visitors to discover ancient Egypt and its imagery through the material expressions of a complex and articulated world: from everyday tools to the pomp and sacredness of the Pharaohs. Over the centuries, their tombs have preserved the objects, memory and splendour of this ancient civilisation thousands of years old, with which we are still fascinated today. The exact location of the royal tombs was secret, known only to the priests, to guard and protect the remains and great wealth of the rulers during their journey to the afterlife. For this reason, the workers and their families lived isolated from the rest of society in a small village, Deir el-Medina, which was in fact nestled in the rocky hills not far from the royal necropolis, on the opposite bank of the Nile from Thebes. The very idea we have of ancient Egypt was shaped thanks to the ingenuity and work of its inhabitants.
The exhibition, therefore, took visitors on an ideal journey from the Palladian Basilica, at the centre of Vicenza today, to the monumental Thebes of 3,300 years ago, and then across the Nile to the small village of Deir el-Medina to discover the city of the dead and a fantastic afterlife created by the patient and expert work of men in the service of the Pharaoh.

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

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 our 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, LME finances the apprenticeship fees at the school, while the Institute is responsible for promoting the company and organising the in-company internships.

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, the consideration of issues such as sustainable development and social responsibility.
LME 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 that they have the opportunity to develop over the course of the school year and present at the end. In the 2022-2023 school year, LME sponsored ten classes, or almost 300 pupils.

The Swiss 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-Mitteland 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 Calarasi in 2022.

ACHIEVEMENTS

07

ACHIEVEMENTS

Our Sustainability Achievements

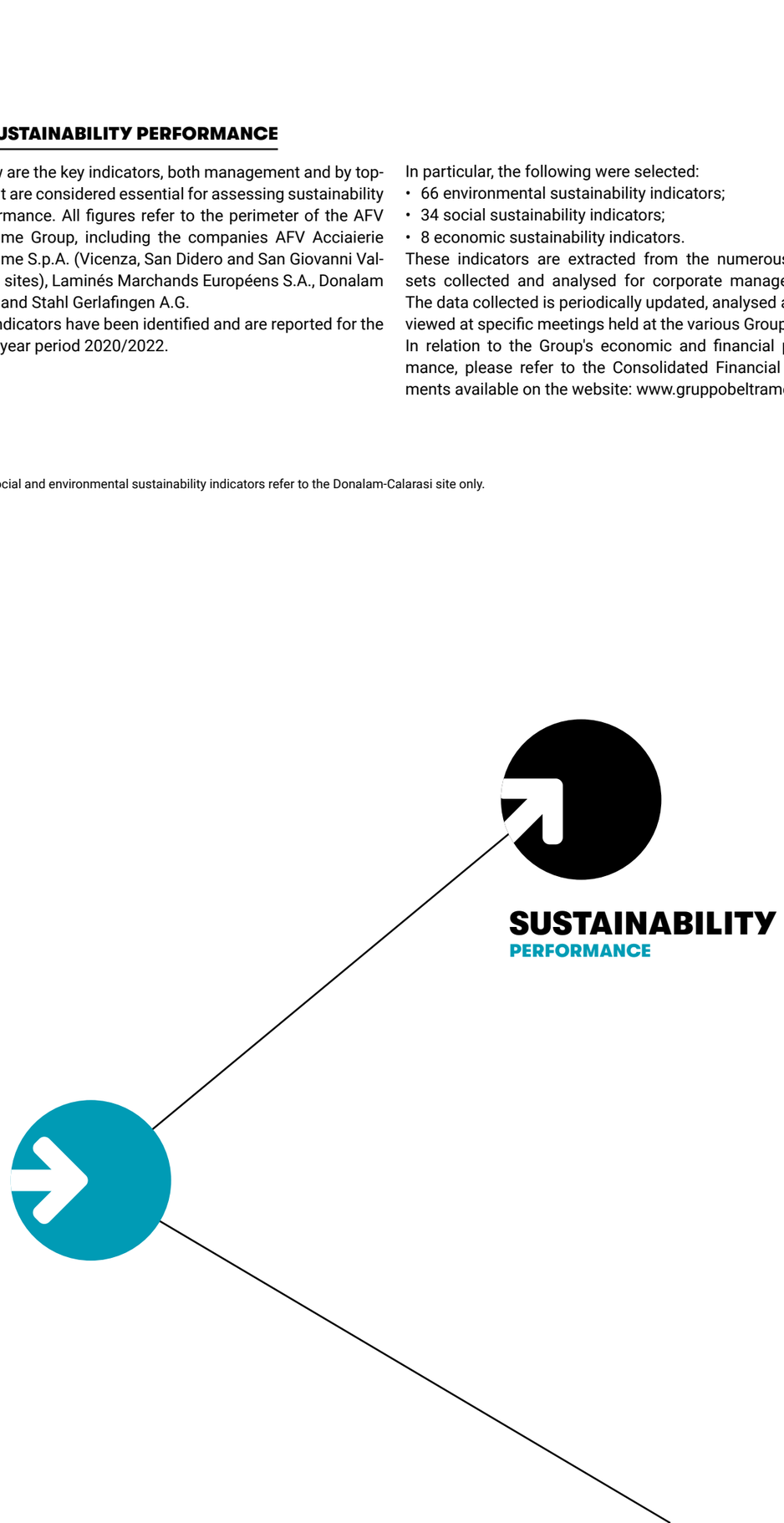
7.1 SUSTAINABILITY PERFORMANCE

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 2020/2022.

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-Calarasi site only.



ENVIRONMENTAL
SUSTAINABILITY

Ensuring natural resource availability and quality.

GRI 300	N. KPI	REFERENCES
301-1	1	Materials used by weight or volume
302-1	7	Energy consumption within the organization
302-3	4	Energy intensity
303-1	4	Interactions with water as a shared resource
303-2	1	Management of water discharge-related impacts
303-3	4	Water withdrawal
305-1	7	Direct (Scope 1) GHG emissions
305-2	7	Energy indirect (Scope 2) GHG emissions
305-3	7	Other indirect (Scope 3) GHG emissions
305-4	4	GHG emissions intensity
305-7	3	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions
306-1	1	Waste generation and significant waste-related impacts
306-2	3	Management of significant waste-related impacts
306-3	2	Waste generated
306-4	5	Waste diverted from disposal
306-5	5	Waste directed to disposal
308-1	1	New suppliers that were screened using environmental criteria
N. indicators	66	

SOCIAL
SUSTAINABILITY

Ensuring quality of life, safety and services for citizens.

GRI 400	N. KPI	REFERENCES
401-1	2	New employee hires and employee turnover
401-2	2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
402-1	2	Minimum notice periods regarding operational changes
403-1	2	Occupational health and safety management system
403-2	4	Hazard identification, risk assessment, and incident investigation
403-3	1	Occupational health services
403-4	2	Worker participation, consultation, and communication on occupational health and safety
403-5	1	Worker training on occupational health and safety
403-6	2	Promotion of worker health
403-7	1	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
403-9	7	Work-related injuries
404-1	1	Average hours of training per year per employee
405-1	2	Diversity of governance bodies and employees
406-1	2	Incidents of discrimination and corrective actions taken
407-1	2	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
413-1	1	Operations with local community engagement, impact assessments, and development programs
N. indicators	34	

ECONOMIC
SUSTAINABILITY

Ensuring economic efficiency and income for the enterprise.

GRI 200	N. KPI	REFERENCES
201-1	2	Direct economic value generated and distributed
205-3	4	Confirmed incidents of corruption and actions taken
206-1	2	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices
N. indicators	8	

7.2 SUMMARY OF 2022 RESULTS AND 2023 TARGETS:

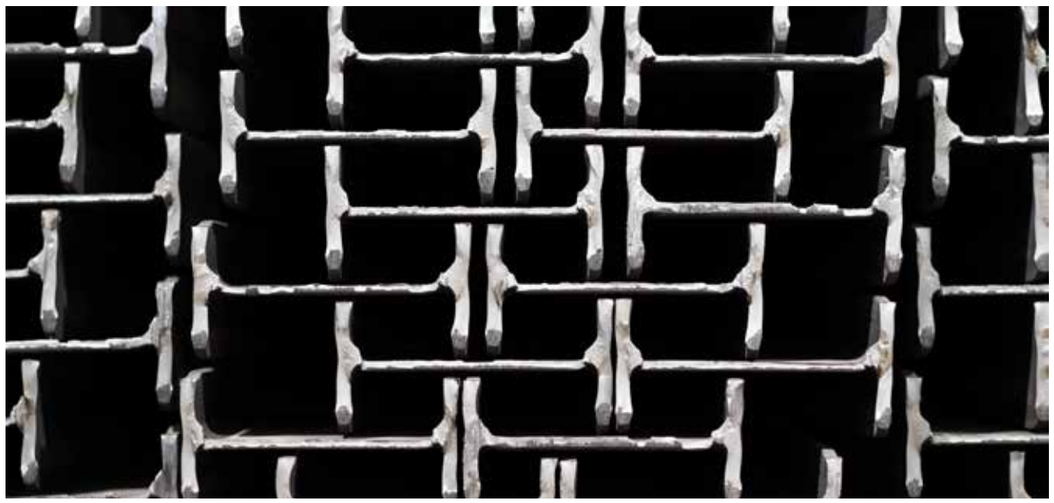
The activities described in the preceding chapters detail the Group's involvement in the development of concrete actions in favour of sustainability and manifest the pursuit of a well-defined strategy and a tendency towards continuously improving performance in ESG issues.
In fact, the year 2022 brought the almost complete achievement of all the ambitious targets the Group had set for itself with regard to the five Sustainability Pillars identified.

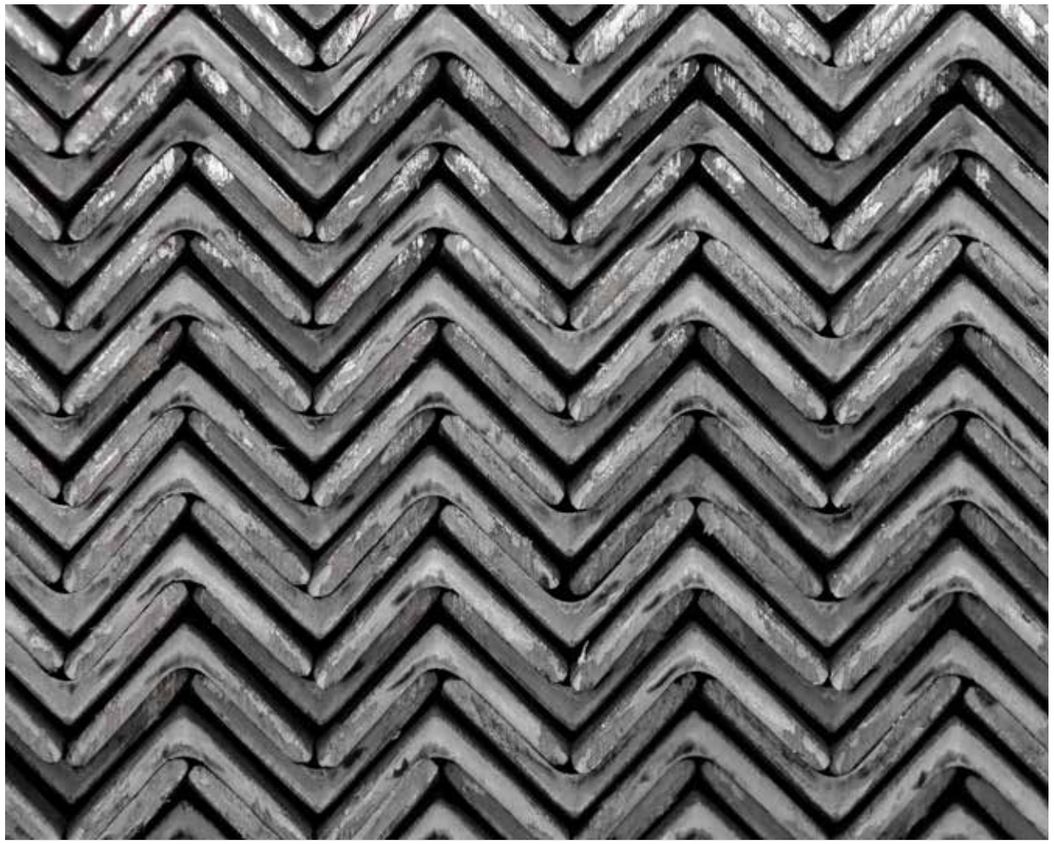
1. Energy Consumption.
2. Water Resource Management.
3. CO_2 Emissions.
4. Waste Management.
5. Injuries Rate.

Below, with more details, an overview of all the KPIs identified for each of the 5 Pillars, with the related 2022 Group targets (1) and results (2):

Pillar	KPI	KPI target description	Unit of measure	2022 Target	2022 Result
Energy consumption	Electric energy consumption (EAF)	Reduction of the consumption equal to 1% compared to the weighted average for the production for the three-year period 2019-2021	kWh/ton semi-product (billets)	372.15	364.25
Energy consumption	Natural gas consumption (rolling mills)	Reduction of the consumption equal to 1% compared to the weighted average for the production for the three-year period 2019-2021	Sm3/ton finished product	35.76	34.98
Water management	Water withdrawal	Optimization of processes for the use of water resources and reduction of water withdrawal	m3 H_2O/ton steel produced	1.98	1.69
CO_2 emissions	Carbon Dioxide (CO_2) emissions	Reduction of CO_2 emissions (Scope 1 and Scope 2 Market Based) in line with the Group strategic plan for decarbonisation to 2030	t CO_2e/ton finished product	0.250	0.226
Waste management	Fraction of valorised waste	Percentage of waste delivered destinated to recovery operations (including internal recycling)	%	90	93.99
Injuries rate	Lost Time Injury Frequency Rate (LTIFR)	Reduction of the injuries frequency rate (with loss of working days)	n°/MioH	25	21.18

NOTES:
(1) The Group targets were calculated as a weighted average of the individual plant targets.
(2) The Group 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 5 Pillars identified in 2023, as well as the related KPIs monitored.
In particular, the Group has set itself the following targets for 2023:

Pillar	KPI	Unit of measure	2023 Target
Energy consumption	Electric energy consumption (EAF)	kWh/ton semi-product (billets)	368.43
Energy consumption	Natural gas consumption (rolling mills)	Sm3/ton finished product	35.41
Water management	Water withdrawal	m3 H_2O/ton steel produced	1.89
CO_2 emissions	Carbon Dioxide (CO_2) emissions (Scope 1 and Scope 2 Market Based)	t CO_2e/ton finished product	0.240
Waste management	Fraction of valorised waste	%	90
Injuries rate	Lost Time Injury Frequency Rate (LTIFR)	n°/MioH	21

The targets reported for 2023, especially those relating to energy consumption and CO_2 emissions, represent the targets according to the five-year (2022-2026) reduction plan for EAF and methane gas consumption for the Group's rolling mills and, for CO_2 emissions, the target in line with the Group's decarbonization plan to 2030.

7.3 GRI CONTENT INDEX

Statement of use	AFV Beltrame Group has reported in accordance with the GRI Standards for the period 01/01/2022 - 31/12/2022
GRI 1 used	GRI 1: Fundation 2021
Applicable GRI Sector Standard	-

GRI Standard / Other Source	Disclosure	Location	Page	Requirements Omitted	Reason	Explanation	GRI Sector Standard Ref. No.
GRI 2: General Disclosures 2021	2-1 Organizational details	Structure of AFV Beltrame	21				
	2-2 Entities included in the organization's sustainability reporting	Methodological note	10				
	2-3 Reporting period, frequency and contact point	Methodological note	10-11				
	2-4 Restatements of information	Methodological note	10-11				
	2-5 External assurance	Methodological note, Indipendent Auditors' report on the Sustainability Report	10 166				
	2-6 Activities, value chain and other business relationships	History and evolution	14-15				
	2-7 Employees	Creation of value for stakeholder, Group's human resources. People. Relationships. Value Social sustainability indicators	18-19 112 159				
	2-8 Workers who are not employees	Social sustainability indicators	159				
	2-9 Governance structure and composition	Corporate bodies	20				
	2-10 Nomination and selection of the highest governance body	Organizational structure for sustainability	22				
	2-11 Chair of the highest governance body	Organizational structure for sustainability	23				
	2-12 Role of the highest governance body in overseeing the management of impacts	Organizational structure for sustainability	25-27				
	2-13 Delegation of responsibility for managing impacts	Organizational structure for sustainability	25-27				

GRI Standard / Other Source	Disclosure	Location	Page	Requirements Omitted	Reason	Explanation	GRI Sector Standard Ref. No.
GRI 2: General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	Organizational structure for sustainability	25-27				
	2-15 Conflicts of interest	Structure of AFV Beltrame	24				
	2-16 Communication of critical concerns	Ethics, business integrity and compliance	34-35				
	2-17 Collective knowledge of the highest governance body	Structure of AFV Beltrame	25-27				
	2-18 Evaluation of the performance of the highest governance body			2-18 a. - b. - c.	Information unavailable / incomplete	AFV Beltrame Group is committed to provide these information in the medium term	
	2-19 Remuneration policies	Remuneration policies	24				
	2-20 Process to determine remuneration	Remuneration policies	24				
	2-21 Annual total compensation ratio			2-21 a. - b. - c.	Information unavailable / incomplete	AFV Beltrame Group is committed to provide these information in the medium term	
	2-22 Statement on sustainable development strategy	Letter to stakeholders	6-8				
	2-23 Policy commitments	Ethics, business integrity and compliance, Anticorruption Policy, Equal opportunities and respect for human rights	34-35 36 123				
	2-24 Embedding policy commitments	Ethics, business integrity and compliance, Anti-corruption Policy	34-35 36-37				
	2-25 Processes to remediate negative impacts	Organizational structure for sustainability, Ethics, business integrity and compliance	25-27 34-35				
	2-26 Mechanisms for seeking advice and raising concerns	Ethics, business integrity and compliance	34-35				
	2-27 Compliance with laws and regulations	Ethics, business integrity and compliance	35				
	2-28 Membership associations	AFV Beltrame Group participation in trade associations	52-53				

GRI Standard / Other Source	Disclosure	Location	Page	Requirements Omitted	Reason	Explanation	GRI Sector Standard Ref. No.
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	Stakeholder engagement & strategy, Materiality analysis	43-45 46-47				
	2-30 Collective bargaining agreements	Social sustainability indicators	159				
Material topics							
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality analysis	46-49				
	3-2 List of material topics	Materiality analysis	50				
Economic Performance							
GRI 3: Material Topics 2021	3-3 Management of material topics	Creation of value for stakeholder, Policy and regulatory risk	18-19 28-33				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Economic sustainability indicators	158				
Policy and regulatory risk							
GRI 3: Material Topics 2021	3-3 Management of material topics	Creation of value for stakeholder, Policy and regulatory risk	18-19 28-33				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Social sustainability indicators	158				
Business ethics							
GRI 3: Material Topics 2021	3-3 Management of material topics	Ethics, business integrity and compliance, Anticorruption Policy	34-35 36-37				
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Anticorruption Policy	36				
Energy management							
GRI 3: Material Topics 2021	3-3 Management of material topics	Beltrame's commitment to responsible environmental management, QHSE Integrated Management System	68 68-69				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Environmental sustainability indicators	162				
	302-3 Energy intensity	Environmental sustainability indicators	162				

GRI Standard / Other Source	Disclosure	Location	Page	Requirements Omitted	Reason	Explanation	GRI Sector Standard Ref. No.
Environmental management: water, air and waste							
GRI 3: Material Topics 2021	3-3 Management of material topics	Water resource management, Policy and regulatory risk, Air emissions management, AFV Beltrame Group's commitment to responsible environmental management, Raw and auxiliary materials and waste	98-99 28-33 76-77 68-69 100-102				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water resource management	98-99				
	303-2 Management of water discharge-related impacts	Water resource management	98-99				
	303-3 Water withdrawal	Environmental sustainability indicators	163				
GRI 305: Emissios 2016	Disclosure 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environmental sustainability indicators	163				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Raw and auxiliary materials and waste	100-102				
	306-2 Management of significant waste-related impacts	Raw and auxiliary materials and waste	100-102				
	306-3 Waste generated	Environmental sustainability indicators	164				
	306-4 Waste diverted from disposal	Environmental sustainability indicators	164				
	306-5 Waste directed to disposal	Environmental sustainability indicators	164				
Decarbonization and climate change							
GRI 3: Material Topics 2021	3-3 Management of material topics	Decarbonization and climate change Chalibria - Carbon Neutral Steel	78-90 94-97				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Decarbonization and climate change	82-85				
	305-2 Energy indirect (Scope 2) GHG emissions	Decarbonization and climate change	80; 85-87				

GRI Standard / Other Source	Disclosure	Location	Page	Requirements Omitted	Reason	Explanation	GRI Sector Standard Ref. No.
GRI 305: Emissions 2016	305-3 Other indirect (Scope 3) GHG emissions	Decarbonization and climate change	88				
	305-4 GHG emissions intensity	Environmental sustainability indicators	163				
Health, safety and well-being, including human rights							
GRI 3: Material Topics 2021	3-3 Management of material topics	Group's human resources. People. Relationships. Value The health and safety of employees	112 126-131				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	The integrated QHSE management system	68-69				
	403-2 Hazard identification, risk assessment, and incident investigation	The health and safety of employees	126-131				
	403-3 Occupational health services	The health and safety of employees	126-131				
	403-4 Worker participation, consultation, and communication on occupational health and safety	The health and safety of employees	126-131				
	403-5 Worker training on occupational health and safety	The health and safety of employees	126-131				
	403-6 Promotion of worker health	The health and safety of employees	126-131				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	The health and safety of employees	126-131				
	403-9 Work-related injuries	Environmental sustainability indicators	160				

GRI Standard / Other Source	Disclosure	Location	Page	Requirements Omitted	Reason	Explanation	GRI Sector Standard Ref. No.
Human capital development and management							
GRI 3: Material Topics 2021	3-3 Management of material topics	Group's human resources. People. Relationships. Value, The trend in employment levels, The Academy for training	112 115 116				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Social sustainability indicators	159				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human resources compensation	115				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Creation of value for stakeholder, Social sustainability indicators	18-19 161				
Community impact and development							
GRI 3: Material Topics 2021	3-3 Management of material topics	Connection with territory	133-143				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Donation in favour of the territory	136-137; 139				
Disclosed indicators not connected with material topics							
Anti-competitive Behavior							
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Anticorruption Policy	36				
Materials							
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Environmental sustainability indicators	162				

GRI Standard / Other Source	Disclosure	Location	Page	Requirements Omitted	Reason	Explanation	GRI Sector Standard Ref. No.
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	59				
Labor/management relations							
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Social sustainability indicators	159				
Diversity and equal opportunity							
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Social sustainability indicators	161				
Non-discrimination							
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Equal opportunities and respect for human rights	123				
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	117				

Worker of Trith Saint Léger plant, France

7.4 INDICATORI DI SOSTENIBILITÀ ECONOMICA

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 2022.

EVG&D Model Items (€/1000)	2022
ECONOMIC VALUE GENERATED	**2,333,340**
Revenues	2,326,684
Financial income and charges	6,656
ECONOMIC VALUE DISTIBUTED	**2,004,537**
Operating costs	1,734,851
Employee wages and benefits	169,656
Payments to providers of capitals	11,212
Dividends distributed to shareholders[a]	29,998
Payments to the Public Administration	58,712
Community Investments	108
ECONOMIC VALUE RETAINED	**328,803**

NOTES:

- The values shown in the table are expressed in thousands of euros.
- (a) The figure for "Dividends distributed to shareholders" refers to the amount proposed by the Board of Directors on 30/03/2023, and which will be approved by the Shareholders' Meeting at the time of the approval of the Financial Statement.

7.5 SOCIAL SUSTAINABILITY INDICATORS

GRI 2-7 Employees [a]

		2020			2021			2022		
Total of employees		Male	Female	Total	Male	Female	Total	Male	Female	Total
Total number of employees	n°	**1,945**	**159**	**2,104**	**2,076**	**182**	**2,258**	**2,131**	**197**	**2,328**
Employees by type of contract and gender		Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent (Perm.)	n°	1,933	154	**2,087**	2,033	175	**2,208**	2,067	187	**2,254**
Temporary (Temp.)	n°	13	4	**17**	43	7	**50**	64	10	**74**
Employees by contractual hours and gender		Male	Female	Total	Male	Female	Total	Male	Female	Total
Full-time	n°	1,923	131	**2,054**	2,049	154	**2,203**	2,106	166	**2,272**
Part-Time	n°	23	27	**50**	27	28	**55**	25	31	**56**
Employees by type of contract and geographical area		(Perm.)	(Temp.)	Total	(Perm.)	(Temp.)	Total	(Perm.)	(Temp.)	Total
Italy	n°	802	5	**807**	828	11	**839**	858	5	**863**
Romania	n°	273	0	**273**	338	0	**338**	337	0	**337**
Switzerland	n°	527	2	**529**	552	0	**552**	563	0	**563**
France	n°	485	10	**495**	490	39	**529**	496	69	**565**
Employees by contractual hours and geographical area		(Full-Time)	(Part-Time)	Total	(Full-Time)	(Part-Time)	Total	(Full-Time)	(Part-Time)	Total
Italy	n°	785	22	**807**	815	24	**839**	838	25	**863**
Romania	n°	273	0	**273**	338	0	**338**	336	1	**337**
Switzerland	n°	505	24	**529**	523	29	**552**	534	29	**563**
France	n°	491	4	**495**	527	2	**529**	564	1	**565**

GRI 2-8 Workers who are not employees [b]

		2020			2021			2022		
External employees		Male	Female	Total	Male	Female	Total	Male	Female	Total
Interns	n°	0	0	**0**	1	0	**1**	25	6	**31**
Temporary workers	n°	50	4	**54**	57	3	**60**	94	5	**99**
Total	n°	**50**	**4**	**54**	**58**	**3**	**61**	**119**	**11**	**130**

GRI 402-1 Minimum notice period for operational changes: the minimum notice period is determined by the CCNL
GRI 2-30 Collective bargaining agreements: 100% of workers are covered by collective bargaining agreements in the various countries where AFV Beltrame Group operates

		2020			2021			2022		
Employees covered by a national collective agreement		Male	Female	Total	Male	Female	Total	Male	Female	Total
Executive	n°	34	4	**38**	33	3	**36**	40	5	**45**
Manager and White collar	n°	363	137	**500**	390	152	**542**	402	160	**562**
Blue collar	n°	1,548	18	**1,566**	1,651	27	**1,678**	1,688	33	**1,721**

GRI 401-1 New employee hires and employee turnover

		2020				2021				2022			
New hires during the reporting period, by age group and gender of the employee		<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Male	n°	82	99	31	**212**	144	160	46	**350**	110	150	44	**304**
Female	n°	11	10	3	**24**	19	24	5	**48**	23	20	4	**47**
Total	n°	**93**	**109**	**34**	**236**	**163**	**184**	**51**	**398**	**133**	**170**	**48**	**351**
Male	%	32.0	9.2	5.1	**10.9**	49.8	14.1	7.1	**16.9**	37.7	12.7	6.7	**14.3**
Female	%	42.3	10.6	7.9	**15.1**	55.9	23.1	11.4	**26.4**	51.1	17.9	10.0	**23.9**
Total rate	%	**33.0**	**9.3**	**5.3**	**11.2**	**50.5**	**14.8**	**7.3**	**17.6**	**39.5**	**13.1**	**6.9**	**15.1**
Terminations of employment contracts during the reporting period, by age group and gender of the employee		<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Male	n°	28	55	64	**147**	55	100	66	**221**	71	90	89	**250**
Female	n°	6	11	4	**21**	8	9	6	**23**	6	17	8	**31**
Total	n°	**34**	**66**	**68**	**168**	**63**	**109**	**72**	**244**	**77**	**107**	**97**	**281**
Male	%	10.9	5.1	10.6	**7.6**	19.0	8.8	10.2	**10.6**	24.3	7.6	13.6	**11.7**
Female	%	23.1	11.7	10.5	**13.2**	23.5	8.7	13.6	**12.6**	13.3	15.2	20.0	**15.7**
Total rate	%	**12.1**	**5.6**	**10.6**	**8.0**	**19.5**	**8.8**	**10.4**	**10.8**	**22.9**	**8.3**	**13.9**	**12.1**

Total number of turnovers in the reporting period, by geographical area		Employees recruited	Employees who left the company	Employees recruited	Employees who left the company	Employees recruited	Employees who left the company
Italy	n°	79	47	105	73	85	61
Romania	n°	57	54	129	64	69	70
Switzerland	n°	90	53	97	74	110	99
France	n°	10	14	67	33	87	51
Total	n°	**236**	**168**	**398**	**244**	**351**	**281**

NOTES:

(a) Wtihin The Group are not present non-guaranteed hours employees.

(b) The increase of external workers in 2022, especially interns, is mainly due to school-to-work projects in particular in LME.

GRI 403-9 Work-related injuries [c]

		2020	2021	2022
Employees injuries				
Fatal injuries	n°	0	0	0
High-consequence injuries (excluding fatalities)	n°	6	4	1
Total recordable injuries (LTI+MI)	n°	94	163	138
Other workers injuries				
Fatal injuries	n°	0	0	2
High-consequence injuries (excluding fatalities)	n°	0	0	0
Total recordable injuries (LTI+MI)	n°	8	9	17
Main types of injuriy - Employees				
Stumbles and slips	n°	20	29	13
Impacts and crushing	n°	31	61	69
Cuts (injuries)	n°	10	14	8
Other	n°	33	59	48
Main types of injuriy - Other workers				
Stumbles and slips	n°	2	3	4
Impacts and crushing	n°	6	3	10
Cuts (injuries)	n°	0	1	0
Others	n°	0	2	3
Employees worked hours				
Total	h	**3,223,610**	**3,934,370**	**4,060,437**
Safety indicators - Employees				
Fatal injuries rate	(°)	-	-	-
High-consequence injuries rate (excluding fatalities)	(°)	1.86	1.02	0.25
Total Recordable Injury Rate (LTI+MI) (TIFR)	(°)	29.16	41.43	33.99
Total rate of Injuries with lost working days (LTIFR)	(°)	16.17	24.65	21.18

NOTES:

(c)
INJURIES:
- Injuries to temporary employees are also included.
- The indicator "Total Recordable Injuries (LTI+MI)" includes occupational injuries involving an absence from work of more than one day (LTI) and medication (MI).
- Injuries en route are only included when transport has been organised by the organisation.
- Injuries with serious consequences refer to injuries that have caused more than 180 days of absence.
- LTIFR index included in the table from 2022.

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 between the number of accidents and the total number of hours worked in the same period, multiplied by 1,000,000.

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

		2020			2021			2022		
Average per capita training hours		Male (per capita)	Female (per capita)	**Total (per capita)**	Male (per capita)	Female (per capita)	**Total (per capita)**	Male (per capita)	Female (per capita)	**Total (per capita)**
Executive	h	24	14	**23**	13	11	**13**	24	25	**24**
Manager and White collar	h	15	21	**16**	26	26	**26**	37	29	**35**
Blue collar	h	13	29	**13**	25	34	**26**	40	27	**40**
Total average	h	**14**	**22**	**14**	**25**	**27**	**26**	**39**	**28**	**39**

Annual training hours per type

			2020		2021		2022	
Type of training								
Safety and Environment	h	%	18,952	57	30,556	52	37,816	42
Informatics	h	%	1,156	3	443	1	3,108	3
Languages	h	%	920	3	2,178	4	2,099	2
Industrial	h	%	3,502	10	11,036	20	24,431	27
Opex	h	%	0	0	301	1	2,489	3
Department-specific	h	%	4,278	13	2,895	5	6,192	7
Transversal skills	h	%	3,446	10	5,227	9	4,295	5
Other training courses	h	%	1,208	4	5,027	8	9,202	10
Total	h	%	**33,462**	**100**	**57,663**	**100**	**89,631**	**100**

GRI 405-1 Diversity of governance bodies and employees

		2020			2021			2022		
Employees by category and gender		Male	Female	**Total**	Male	Female	**Total**	Male	Female	**Total**
Executive	%	1.6	0.2	**1.8**	1.6	0.1	**1.7**	1.7	0.2	**1.9**
Manager and White collar	%	17.3	6.5	**23.8**	17.3	6.7	**24**	17.3	6.9	**24.1**
Blue collar	%	73.6	0.9	**74.4**	73.1	1.2	**74.3**	72.5	1.4	**74**
Total	%	**92.4**	**7.6**	**100**	**91.9**	**8.1**	**100**	**91.5**	**8.5**	**100**

Employees by category and age		<30	30-50	50>	**Total**	<30	30-50	50>	**Total**	<30	30-50	50>	**Total**
Executive	%	0	1	0.9	**1.8**	0	0.7	1	**1.7**	0	0.8	1.2	**1.9**
Manager and White collar	%	2.3	13.6	7.8	**23.8**	2.5	13.8	7.7	**24**	2.7	14.6	6.8	**24.1**
Blue collar	%	11.1	41.6	21.8	**74.4**	11.8	40.5	22.1	**74.3**	11.7	40.2	22.0	**74**
Total	%	**13.4**	**56.1**	**30.5**	**100**	**14.3**	**55.0**	**30.7**	**100**	**14.4**	**55.7**	**29.9**	**100**
Employees by gender and age		<30	30-50	50>	**Total**	<30	30-50	50>	**Total**	<30	30-50	50>	**Total**
Male	%	12.2	51.7	28.6	**92.4**	12.8	50.4	28.8	**91.9**	12.5	50.8	28.2	**91.5**
Female	%	1.2	4.5	1.9	**7.6**	1.5	4.6	1.9	**8.1**	1.9	4.8	1.7	**8.5**
Total	%	**13.4**	**56.1**	**30.5**	**100**	**14.3**	**55**	**30.7**	**100**	**14.5**	**55.6**	**29.9**	**100**

		2022		
Total vulnerable employees by category and gender		Male	Female	**Total**
Executive	%	0	0	**0**
Manager and White collar	%	0.2	0	**0.2**
Blue collar	%	0.6	0	**0.6**
Total	%	**0.8**	**0**	**0.8**

Parental leave

		2021			2022		
Parental leave		Male	Female	**Total**	Male	Female	**Total**
Total number of employees who were entitled to parental leave	n°	768	77	**845**	786	81	**867**
Total number of employees who took parental leave	n°	2	8	**10**	3	7	**10**
Number of whom returned to work during the reporting period after parental leave	n°	*1*	*2*	***3***	*3*	*3*	***6***
Number who were still on parental leave at the end of the reporting period	n°	*1*	*6*	***7***	*0*	*4*	***4***
Total number of employees who returned to work after taking parental leave and remained employed by the organisation for 12 months after returning	n°	2	3	**5**	1	1	**2**

7.6 ENVIRONMENTAL SUSTAINABILITY INDICATORS

GRI 301-1 Materials used by weight or volume [a]

		2020	2021	2022
Division of Materials				
Raw materials (Scrap and Cast Iron)	*t*	2,189,869	2,548,203	2,371,091
Ferroalloys	*t*	28,421	34,076	31,925
Fluxes	*t*	115,916	140,806	135,838
Electrodes	*t*	2,484	2,946	2,734
Oxygen	*1,000 m3*	72,711	86,838	83,202
Subdivision Fluxes				
Lime	%	72.4%	73.1%	71.1%
Fluidifying agents	%	4.6%	4.8%	4.6%
Carbons	%	23.0%	22.1%	24.2%
Productions				
Semi-products - billets	*t*	1,960,059	2,279,102	2,122,923
Rolled profiles	*t*	1,897,891	2,145,756	1,977,230

GRI 302-1: Energy consumption within the organization [b]

		2020	2021	2022
Energy consumptions by type of fuel				
Natural Gas	*GJ*	3,378,285	3,845,018	3,466,349
Diesel	*GJ*	39,747	52,117	52,619
LPG	*GJ*	1,880	2,614	1,116
Gasoline	*GJ*	1,315	1,472	1,971
Electric energy purchased	*GJ*	4,130,424	4,659,325	4,280,951
Total	***GJ***	**7,551,652**	**8,560,545**	**7,803,006**
of which from renewable energy sources	*GJ*	1,323,821	1,309,350	1,304,365
of which from non-renewable energy sources	*GJ*	6,227,831	7,251,195	6,498,641

GRI 302-3: Energy intensity

		2021	2022
Specific energy consumption per tonne of steel produced [c]			
Natural Gas	*m3/t finished product*	50.79	49.61
Electric energy purchased	*kWh/t finished product*	603.17	601.42
Natural Gas rolling mills [d]	*m3/t finished product*	36.76	34.98
Electric energy EAF furnaces [d]	*kWh/t semi-product*	369.50	364.25

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 35.337 GJ/1000sm3 (source ISPRA 2022);
Diesel: equal to 42.873 GJ/t (source ISPRA 2022);
GPL: equal to 45.858 GJ/t (source ISPRA 2022);
Petrol: equal to 43.128 GJ/t (source ISPRA 2022);
Electricity: International System equal to 0.0036 GJ/kWh.

(c) Finished product = Rolled profiles; Semi-product = Billetts.

(d) Indicator inserted into the table from 2022.

GRI 303-3: Water withdrawal [e]

		2020	2021	2022
Source refered to all areas				
Surface water	*Megaliters*	2,244	2,312	2,346
Groundwater	*Megaliters*	2,226	2,479	2,392
Seawater	*Megaliters*	0	0	0
Produced water	*Megaliters*	0	0	0
Third-party water	*Megaliters*	62	75	68
Total Water withdrawal	***Megaliters***	**4,532**	**4,866**	**4,806**

		2021	2022
Industry-specific water consumption per tonne of steel produced [f]			
Water withdrawal	*m3/t*	1.58	1.69

GRI 305-7 Nitrogen oxides (NO_X), sulfur oxides (SO_X), and other significant air emissions [g]

		2020	2021	2022
Emissions				
NO_x	*Value kg*	419,512	417,573	442,664
SO_x [h]	*Value kg*	99,710	105,160	86,082
Particulate Matter (PM)	*Value kg*	10,787	15,006	14,953

GRI 305-4 GHG emissions intensity

		2021	2022
Specific CO_2 emissions per tonne of finished product [i]			
Direct CO_2 emissions (Scope 1) [l]	*t CO_2/t*	0.15	0.15
Indirect CO_2 emissions (Scope 2 - Market-based) [m]	*t CO_2e/t*	0.12	0.07
Indirect CO_2 emissions (Scope 2 - Location-based)	*t CO_2e/t*	0.09	0.09
CO_2 emissions (Scope 1 + Scope 2 Market-based) [m]	*t CO_2e/t*	0.26	0.23
Indirect CO_2 emissions Scope 3 [m]	*t CO_2e/t*	0.31	0.33

NOTES:

(e) With regard to water withdrawals in water-stressed areas, AFV Beltrame Group used the Aqueduct Tool developed by the World Resources Institute (WRI) to identify areas potentially at risk. According to this analysis, company sites and plants were not found to be located in water stress areas. The WRI tool is available online at: https://www.wri.org/our-work/project/aqueduct. For the analysis, the results in the "baseline water stress" column were taken into account.
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).

(f) Indicator inserted from 2022.

(g) More details on how emissions are calculated can be found in section 4.5 "Air emissions management".

(h) Calculated as the sum of the values of the plants in Vicenza, San Didero, Trith Saint Léger, Gerlafingen and Calarasi.

(i) The values relating to the emission intensities also consider the yield factor.

(l) The 2022 figures relating to Scope 1 also include direct emissions from mobile combustion.

(m) Indicator inserted into the table from 2022.

GRI 306-3 Waste generated [n]

			2020		2021		2022	
Total weight of waste generated								
Hazardous	t	%	38,757	8	48,392	9	43,133	8
Non-hazardous	t	%	455,366	92	464,381	91	488,488	92
Total	**t**	**%**	**494,123**	**100**	**512,772**	**100**	**531,621**	**100**

GRI 306-4 Waste diverted from disposal [o] [p]

			2020		2021		2022	
Total weight of waste diverted from disposal								
Hazardous	t	%	37,274	10	41,900	11	39,826	7
Non-hazardous	t	%	352,717	90	350,521	89	494,486	93
Total	**t**	**%**	**389,990**	**100**	**392,421**	**100**	**534,312**	**100**
Waste diverted from disposal by recovery operation								
Hazardous	**t**	**%**	**37,274**	**10**	**31,842**	**9**	**39,826**	**7**
Preparation for reuse	t	%	2	0	0	0	4	0
Recycling	t	%	10,657	3	10,857	3	10,255	2
Other recovery operations	t	%	26,615	7	20,985	6	29,567	5
Non-hazardous	**t**	**%**	**352,717**	**90**	**306,734**	**91**	**494,486**	**93**
Preparation for reuse	t	%	16	0	2	0	48	0
Recycling	t	%	206,696	53	156,321	46	194,418	37
Other recovery operations	t	%	146,005	37	150,412	45	300,020	56
Total	**t**	**%**	**389,990**	**100**	**338,576**	**100**	**534,312**	**100**

GRI 306-5 Waste directed to disposal [o] [q]

			2020		2021		2022	
Total weight of waste directed to disposal								
Hazardous	t	%	1,417	4	4,506	11	3,306	7
Non-hazardous	t	%	30,227	96	34,737	89	42,897	93
Total	**t**	**%**	**31,644**	**100**	**39,243**	**100**	**46,203**	**100**
Waste directed to disposal by disposal operation								
Hazardous	**t**	**%**	**1,417**	**4**	**4,506**	**11**	**3,306**	**7**
Incineration (with energy recovery)	t	%	62	0	537	1	156	0
Incineration (without energy recovery)	t	%	109	0	81	0	54	0
Landfilling	t	%	1,236	4	2,452	6	1,570	4
Other recovery operations	t	%	10	0	1,436	4	1,526	3
Non-hazardous	**t**	**%**	**30,227**	**96**	**34,737**	**89**	**42,897**	**93**
Incineration (with energy recovery)	t	%	456	2	696	2	670	1
Incineration (without energy recovery)	t	%	0	0	0	0	0	0
Landfilling	t	%	29,398	93	33,390	85	41,464	90
Other recovery operations	t	%	373	1	651	2	763	2
Total	**t**	**%**	**31,644**	**100**	**39,243**	**100**	**46,203**	**100**

		2021	2022
Valorisation of Waste Delivered [r]			
Valorised waste fraction (including internal recycling and waste-to-energy)	%	92.67	93.99

NOTES:

(n) The main categories of process waste include EAF furnace slag, LF furnace slag, flue gas treatment dust and mill scale.

(o) The higher amount of waste delivered compared to the amount produced in 2022 is mainly due to the resumption of external use of EAF slag and industrial aggregate, due to new positive conditions in the market for inert materials and the realisation of infrastructure works, which affected the Vicenza and Trith Saint Léger plants in particular.

(p) Approximately 6% of non-hazardous waste was sent to on-site recovery operations during 2022.

(q) All waste was disposed of outside the Group's facilities.

(r) Indicator inserted from 2022.

Transport details

		2020	2021	2022
Scrap purchase				
by truck	%	73	67	67
by train	%	22	26	31
by ship [s]	%	5	7	2
Total	**%**	**100**	**100**	**100**
Finished products delivered				
by truck	%	78	78	58
by train	%	19	20	27
by ship	%	3	2	4
intermodal (TWT) [t] [u]	%	-	-	11
Total	**%**	**100**	**100**	**100**

NOTES:

(s) With reference to the "scrap", intermodal transport has been included under the heading "by ship".

(t) The term TWT refers to the intermodal transport mode Truck-Wagon-Truck.

(u) Indicator inserted into the table from 2022.

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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, 2022.

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* ("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 control

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

Our auditing firm applies *International Standard on Quality Control 1* (*ISQC Italia 1*) and, accordingly, maintains a comprehensive system of quality control including documented policies and 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. 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 Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders 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 parameters" of the Sustainability Report with those included in the Group's Financial Statements;

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 with the employees of Laminés Marchands Européens S.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;

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- for AFV Acciaierie Beltrame S.p.A. and Laminés Marchands Européens S.A., which we selected based on their activities, their 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, 2022 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

Padova, Italy,
May 19, 2023

This report has been translated into the English language solely for the convenience of international readers.

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