# SUSTAINABILITY REPORT 2022

RODASTEEL CORPORATION®

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RODASTEEL CORPORATION®




# INDEX

# HIGHLIGHTS**2022**

**981 MILLION EURO** OF TURNOVER GENERATED
**889 MILLION EURO** IN VALUE DISTRIBUTED TO STAKEHOLDERS
**1200 EMPLOYEES**
**97%** OF PERMANENT EMPLOYEES
**28.3%** HIRING RATE
**18.4%** TURNOVER RATE
**1.8 MILLION EURO** PENT ON R&D AND INNOVATION
**50%** OF PROCUREMENT FROM LOCAL (NATIONAL) SUPPLIERS



# LETTER TO **STAKEHOLDERS**

Dear Stakeholders,
I am delighted to present the Rodasteel Group Sustainability Report for the fourth consecutive year.
For the fourth consecutive year, the Group has chosen to continue its sustainability reporting process to monitor the development of its performance and set increasingly ambitious objectives.
We are therefore proud to share with you the results achieved in the social, environmental, and occupational fields, resulting from our commitment to sustainability.
Paying special attention to the issue of sustainable development of its business, and in particular the protection of the environment, the Group continued in 2022 to work to reduce its environmental footprint by analyzing all areas where it is possible to move to minimize the impacts its activities produce on the areas surrounding its plants. Considering 2022, the excellent results achieved would not have been possible without the valuable contribution and constant commitment of Rodasteel's people, to whom I have sincere gratitude for the unwavering dedication they continue to demonstrate.

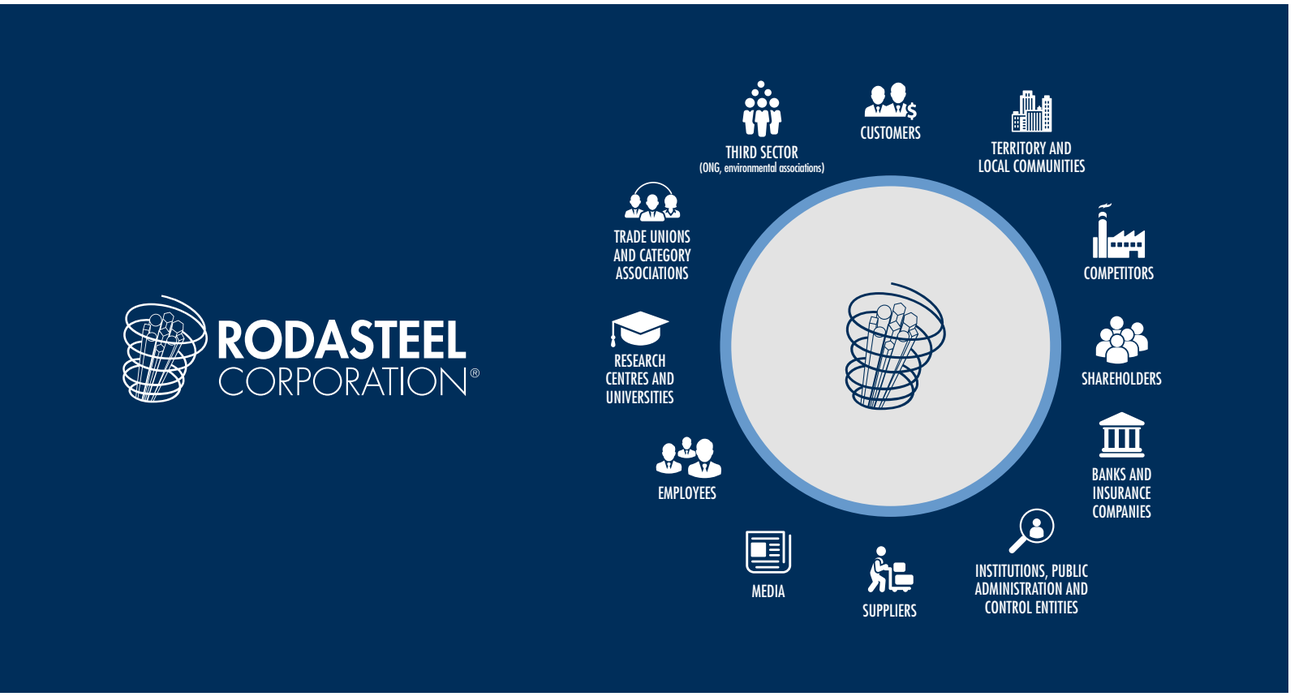
It is precisely for their well-being that the Group is committed by promoting initiatives aimed at ensuring health and safety in the workplace, fostering the personal and professional development and growth of all employees, and guaranteeing them benefits through dedicated corporate welfare plans.
Attention to people is also reflected above all in caring for our customers, who are a cornerstone of the company, and local communities. The Group constantly works to strengthen the relationships of trust and cooperation established over the years with our customers, and is committed to creating new ones, focusing on continuously offering products of high quality and reliability while ensuring a service that can readily respond to the diverse needs of consumers. Attention to local communities, on the other hand, is demonstrated by the prosecution of the many direct involvement activities begun in past years and the introduction of new initiatives, which have led, moreover, to the hiring of many local youth.
In conclusion, this Sustainability Report is meant to be a tool for clearly and transparently communicating our performance and all aspects of sustainability that are dear to the Group, which form the foundation for long-term value creation.

# **RODASTEEL** STAKEHOLDER

In order to identify Rodasteel's main stakeholders a mapping of the activities conducted, both business and non-business activities, and the analysis of the value chain and structure of the Group itself was carried out.

The term "Stakeholder" refers to entities or individuals who can be significantly affected by the Group's activities, products and services and whose actions can, at the same time, influence the Group's ability to successfully implement its strategies and achieve its established goals.

Rodasteel's stakeholders were grouped into 12 categories and homogeneous groups based on the different types of interests, needs and existing relationships with the Group.
There are numerous initiatives and ways in which Rodasteel interacts with each of these stakeholder categories in order to maintain solid relationships based on trust and continuous, long-term dialogue which takes account of their objectives and expectations.




| STAKEHOLDER CATEGORIES | MAIN CHANNELS OF COMMUNICATION AND METHODS OF INVOLVEMENT |
|---|---|
| EMPLOYEES | Intranet; code of ethics; direct communications; ongoing dialogue; periodic meetings; House Organ; training |
| TRADE UNIONS AND CATEGORY ASSOCIATIONS | Direct contact; trade union round tables. |
| SUPPLIERS | Direct contact; corporate communications; assessment questionnaires; ad hoc meetings and events. |
| CUSTOMERS | Direct contact; questionnaires and surveys; advertising campaigns; ad hoc meetings and events. |
| COMPETITORS | Direct contact; events and fairs; meetings; participation in trade association working groups. |
| INSTITUTIONS AND PUBLIC ADMINISTRATION; CONTROL AGENCIES | Direct contact; technical meetings; participation in hearings before supervisory authorities. |
| BANKS AND INSURANCE COMPANIES | Direct contact; regular meetings. |
| TERRITORY AND LOCAL COMMUNITIES | Direct contact; conventions; organisation of local events; interaction with community members and representative bodies |
| SHAREHOLDERS | Shareholders' meeting; financial reporting; website. |
| RESEARCH CENTRES AND UNIVERSITIES | Direct contact; dedicated working groups; events; career days. |
| MEDIA | Direct contact; website; business communications. |
| THIRD SECTOR | Direct contact; website; business communications. |

# MATERIALITY ANALYSIS

For the purposes of drafting the Sustainability Report and identifying the key content to be covered within it, the process, called "materiality analysis," of identifying sustainability topics relevant to the Rodasteel Group was of fundamental importance.
Relevant, or material, topics represent aspects that can, in terms of environmental, social and economic impacts, describe and/or influence the decisions and behavior of the Group and its own stakeholders.
Following the update of the GRI Standards in 2021, the method of identifying material topics has undergone substantial changes compared to the analysis carried out during previous reporting.

Specifically, the new methodology involves identifying topics that represent the most significant impacts the company has on the environment, people, and the economy, including impacts on human rights.
Rodasteel, in order to identify these impacts relevant to the company and its Stakeholders, conducted a benchmark analysis against national and international peers and competitors, for both Rodacciai Group companies and Olarra, of sustainability trends and documents produced by industry-specific associations and organizations. Following this analysis, Rodasteel identified its actual and potential impacts, defined as impacts that have already occurred and impacts that are likely to occur, respectively.
In addition, these impacts were classified as negative and positive. Next, the significance of the identified impacts was then assessed through quantitative and qualitative analysis, so that impacts could be classified as negligible, moderate, significant, or very significant.
Specifically, this analysis was carried out by evaluating the criteria provided by the GRI standards such as: severity scale, scope, irretrievable character, and likelihood.

For each of the aforementioned criteria, a score was assigned, which determined a final score that would allow the classification of the impact into the categories described above. In line with GRI methodology, all impacts above the threshold of significance, thus excluding the category of so-called negligible impacts, were considered significant.
The impacts were then grouped and traced back to a list of material topics for the Group, recognized and approved by corporate management.

The end result is the following list of material topics, and their associated positive and negative impacts, with a brief description of them and how they are managed by Rodasteel.

| MATERIAL TOPICS | IMPACT DESCRIPTION | | MANAGEMENT APPROACH BY RODASTEEL |
|---|---|---|---|
| Attention to employees and their development | **Damage to employee well-being from missed welfare initiatives**<br>Failure to establish welfare initiatives or activities to ensure the well-being of employees can generate detrimental effects on people's work-personal balance.. | Potential negative impact | Rodasteel strives to provide its employees with welfare initiatives and activities that ensure well-being and a balance between the private and personal spheres. |
| | **Development of workers' skills**<br>Rodasteel takes care of skill development through targeted training in terms of technical content and soft skills, which contribute to enhancing employees' technical and soft skills. | Actual positive impact | Rodasteel promotes a corporate culture geared toward developing the skills of its people through professional development paths that enable workers to fulfill their potential. |
| Energy consumption and climate change | **Climate change resulting from GHG emissions**<br>The processing and activities that occur along the group's entire value chain are characterized by the generation of high amounts of GHG emissions, which impact ongoing global climate change. | Actual negative impact | Rodasteel constantly monitors the emission impact of the Group's activities, also carries out energy efficiency measures in production processes to reduce its emission footprint. |
| | **Reduced energy availability due to high consumption**<br>Steel production, along the entire supply chain, is characterized by an intensely energy-intensive process, which, if not properly managed, could erode energy availability for other external stakeholders. | Actual negative impact | Rodasteel regularly implements energy efficiency measures at all its production sites to mitigate its impact on energy resources. |
| Socio-economic value creation and support for local communities | **Creation and distribution of economic value in the territory**<br>Rodasteel's business generates economic value along the entire value chain, contributing to the economic and social development of the communities and territories where it operates, directly or indirectly. | Actual positive impact | Rodasteel ensures high levels of medium - to long-term economic performance through operational and financial efficiency, consolidating the Group's presence internationally. |
| | **Supporting the integration of young people into the labor market**<br>Rodasteel promotes initiatives with local schools and universities aimed at introducing young people to the world of work, encouraging their employment or professional training experiences, and disseminating technical knowledge and skills. | Actual positive impact | Rodasteel has created a work environment that generates strong attractiveness to young talent through targeted programs with local schools, which are realized in the hiring of a portion of the students involved. |
| Circular economy | **Depletion of natural resources due to the use of virgin raw materials**<br>The supply of raw materials, if managed unsustainably, can affect their availability, affecting the proper balance of ecosystems. | Actual negative impac | Rodasteel promotes and implements circular economy initiatives, aimed at reducing the amount of virgin raw materials used, including through the valorization and reuse of processing waste. |
| | **Land occupation and pollution due to generation of non-recyclable/reusable waste**<br>Raw material extraction and production activities generate waste that, if not subjected to recycling or recovery activities, is destined for landfill disposal, resulting in the occupation of useful land and the generation of pollutants. | Actual negative impact | Rodasteel pays close attention to waste management in order to minimize impacts, promoting circularity through recovery and reuse activities. |
| Air pollutant emissions | **Damage to the ecosystem and people resulting from the generation of air pollutants**<br>Rodasteel's manufacturing activities generate air pollutants, which could have a significant impact on public health locally as well as on the surrounding environment. | Potential negative impact | Rodasteel conducts periodic monitoring activities of pollutant emissions, and adopts specific abatement systems. |
| Water resources management | **Damage to ecosystems by water scarcity due to water consumption**<br>The withdrawal and consumption of water resources for productive purposes, especially when done in water-stressed areas, can affect ecosystems and the organisms that live in them, reducing the availability of the resource for them. | Actual negative impact | Rodasteel constantly monitors its water consumption in order to identify improvement opportunities to increase efficiency and reduce losses. |
| Business integrity | **Damage to the socio-economic system from unfair business practices**<br>The occurrence of behavior contrary to laws and regulations on environmental, social, and governance issues, including issues of corruption and business ethics or inappropriate fiscal strategies, can impact both the market in which Rodasteel operates and the stakeholders related to its activities. | Potential negative impact | Rodasteel pursues ethically correct behavior in compliance with the Code of Ethics and current regulations, especially in terms of combating active and passive corruption. |
| Product quality and innovation | **Effects on end-consumer safety due to products of inadequate reliability**<br>Steel industry products, if not properly sized and controlled, can have a negative impact, in terms of safety, on the end consumer and the user of the finished product. | Potential negative impact | Rodasteel conducts quality control on the products that are supplied to customers, ensuring the safety of end consumers. |
| Respect for and protection of human rights | **Failure to respect equal opportunity and discrimination in the workplace**<br>Business processes are potentially prone to incidents where the risk of not always ensuring equal opportunity in labor relations emerges, generating discrimination based on aspects such as gender, ethnicity, religious belief, disability or sexual orientation. | Potential negative impact | Rodasteel guarantees equal professional opportunities for all workers while respecting all types of diversity (e.g., gender, ethnicity) and ensuring the full inclusion of people from protected categories. |
| | **Violation of fundamental human rights**<br>Along the entire value chain, which can be heterogeneous and geographically extensive, negative impacts on people related to the disregard of workers' human rights can occur. | Potential negative impact | Rodasteel has established a Corporate Code of Ethics, which formalizes the corporate values and principles that guide all relationships within and outside the Group itself. |
| Worker health and safety | **Effects on the health and safety of workers and co-workers**<br>Workers could be exposed to risks to their own health and safety attributable both to any suboptimal working conditions and to unsuitable worker behavior. | Actual negative impact | Rodasteel guarantees high standards in corporate health and safety, promoting the adoption of preventive measures to reduce potential risks and ensures continuous and specific training also through compliance with the rules in the M.O.G. (Legislative Decree 231/01). |

# 1. THE **RODASTEEL** IDENTITY

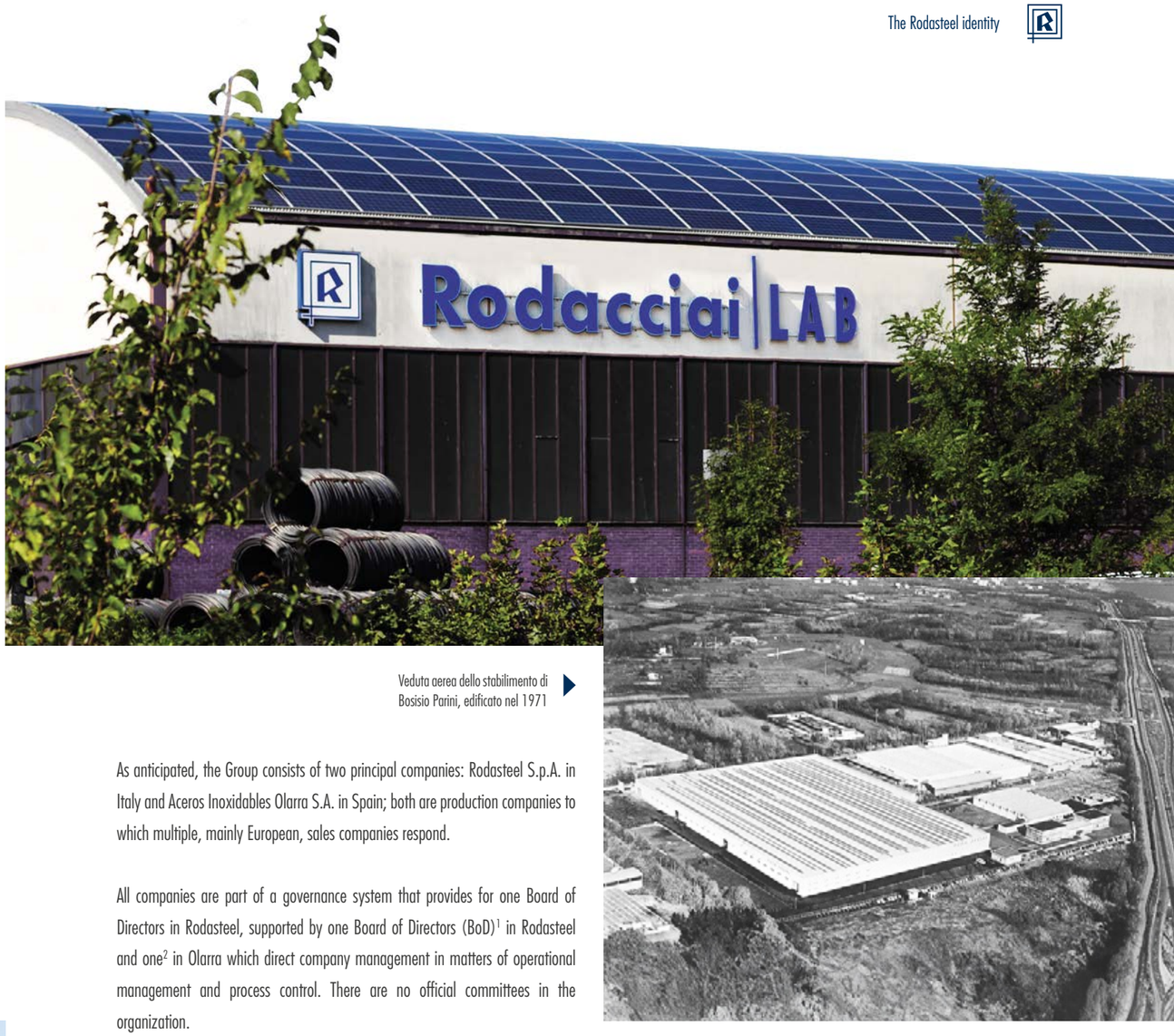
Today, the Rodasteel Group presents itself as one of the international leaders in steel production and processing.

Presenting itself to date as one of the international leaders in steel production and processing, the Rodasteel Group distributes finished products in stainless steel, alloy steels, and unalloyed steels worldwide.
Behind this success, multiple factors can be identified: from the wide and diverse range of high-quality products, to the constant attention paid to its customers, from the ability to continuously innovate while looking to the future, to the experience of its people, who are able to readily seize market opportunities.
In addition to all this, there is the ability to take advantage of profitable opportunities in terms of the acquisition and merger of new companies within the Group: in fact, it is thanks to the presence of production and sales offices on three continents (Europe, Asia and America), that the Group has acquired an international scope and has been able to develop a wide sales network.
The history of the Rodasteel Group includes those of Olarra and Rodacciai. In particular, the history of the latter begins in Italy, in the town of Pusiano (Como), where, in 1956, Trafileria Roda & C. was founded by a charismatic and innovative entrepreneur, Giuseppe Roda.
Starting as a small local cold-drawing company for steel bars in 1960, Trafileria Roda & C. embarked on a path of verticalization of the production process along the steel processing chain.
With the installation of a hot processing plant specifically for high-speed and special steels, the market offering, originally consisting of only cold semi-finished products, is thus expanded.
Thus began a structured and continuous path of growth and manufacturing verticalization that has led Rodasteel to become a major international group in the steel processing industry today.

Sede centrale di Bosisio Parini (Lecco)





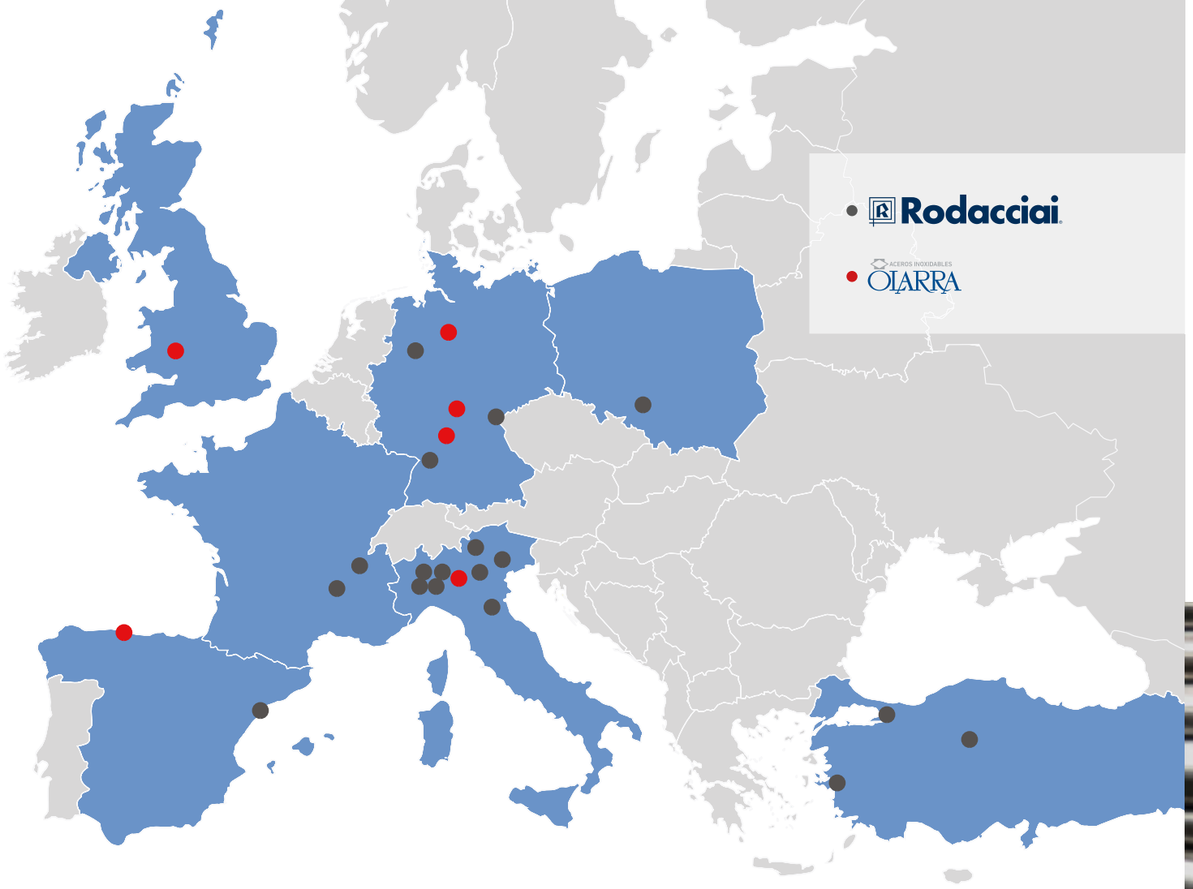

Veduta aerea dello stabilimento di Bosisio Parini, edificato nel 1971

As anticipated, the Group consists of two principal companies: Rodasteel S.p.A. in Italy and Aceros Inoxidables Olarra S.A. in Spain; both are production companies to which multiple, mainly European, sales companies respond.

All companies are part of a governance system that provides for one Board of Directors in Rodasteel, supported by one Board of Directors (BoD)[1] in Rodasteel and one[2] in Olarra which direct company management in matters of operational management and process control. There are no official committees in the organization.

A key figure within the BoDs of the two production entities and a promoter of sustainable development is the chairman, Mr. Gianluca Roda[3], who personally manages sustainability issues together with the other directors through monthly dedicated management meetings, with the involvement of both the front lines and additional delegated corporate functions, within which the results obtained in terms of sustainability and the achievement of the objectives of the two companies Rodacciai and Olarra are evaluated, which nevertheless remain autonomous in the management of the environmental and social impacts of their activities.
The content of the Sustainability Report is also shared within the Group's Board of Directors, after a review of the content by the Group's data owners, for validation, although there is currently no formal approval for publication

[1] At 31/12/20212 the Rodasteel Board of Directors is composed of five males, one aged less 30 years, two aged between 30 and 50 years and two aged over 50 years (situation changed compared to 2020 and 2021 when it consisted of three men in 2021, one aged between 30 and 50 years and two aged over 50 years, and two men in 2020, one aged between 30 and 50 years and one over 50).
[2] The Olarra Board of Directors consists of 5 members in 2022, as well as in 2021 and 2010. Throughout the three-year period, the board consists of 1 female over 50 years of age and 4 males over 50 years of age. .
[3] Gianluca Roda, chairman of the Board of Directors of Rodacciai, does not hold an executive position; therefore, there is no conflict of interest within the organization.




8 covered nations

27 distribution centres

## EUROPE

**Rodacciai**
Country: Italia
N° of distribution centres: 6
City: Bosisio Parini, Torino, Bergamo,Brescia, Padova, Bologna

**Rodastahl**
Country: Germania
N° of distribution centres: 3
City: Deisslingen, Hagen, Oelsnitz

**Rodastal PL**
Country: Polonia
N° of distribution centres: 1
City: Gliwice

**Rodacciai S L**
Country: Spagna
N° of distribution centres: 1
City: Barcelona

**BİMEKS ÇELİK**
Country: Turchia
N° of distribution centres: 3
City: Istanbul, Ankara, Izmir

**Euroda Aciers**
Country: Francia
N° of distribution centres: 2
City: Cluses, Chasse sur Rhône

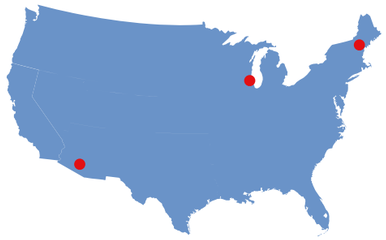
**CESI**
Country: Italia
N° of distribution centres: 1
City: Piacenza

**ALFER**
Country: Italia
N° of distribution centres: 1
City: San Giuliano Milanese

**ISM**
Country: Germania
N° of distribution centres: 3
City: Mulhem, Vaihingen, Francoforte

**OLARRA**
Country: Spagna
N° of distribution centres: 1
City: Bilbao

## USA



**OLARRA - Italia**
Country: Italia
N° of distribution centres: 1
City: Brescia

**OLARRA U.K LTD**
Country: Gran Bretagna
N° of distribution centres: 1
City: Cleobury Mortimer

**RodaSpecialtySteel**
Country: USA
N° of distribution centres: 3
City: Los Angeles, Chicago, New Jersey





The primary values that guide the work of corporate governance, and of the entire Group, include transparency and integrity, which must always form the basis of every internal and external decision and every action. These principles govern all Rodasteel activities and are clearly and publicly expressed in the Group's Code of Ethics, which establishes the code of conduct to be followed in external relations and in relations with employees, defines company policy and regulates the management of confidential information and conflicts of interest.
The Code of Ethics defines methods of preventing and mitigating certain conflicts of interest, among other issues. The Code of Ethics is an integral part of the Organization, Management and Control Model. This Model is subject to monitoring by the supervisory body, which, with periodic meetings and specific audits also against a flow of information from the various Process Owners, (as well as, for the part relating to Whistleblowing, from other stakeholders) proceeds to verify the proper maintenance of the system by drawing up reports on the progress of the activities analyzed.
As a confirmation of the Group's integrity, we report the absence of proven incidents of corruption and/or anti-competitive and discriminatory behavior that occurred during the entire three-year reporting period in both Rodacciai and Olarra.

FOCUS

## ORGANISATIONAL MANAGEMENT IN RODASTEEL: **MODEL 231**

Rodasteel adopted its own Organisation, Management and Control Model (or Model 231), approved by the company's Board of Directors.
The Board of Directors was also instructed to appoint the members of the Supervisory Board, which is responsible for verifying the effective adoption of the Model.
The document outlines the procedures developed by the company to manage and control the internal operating environment. The Model contains information and indications aimed at guiding the management process in a clear and uniform manner. The Model presents the essential elements of Rodasteel S.p.A. governance and corporate organisation, details the purposes of the document and its adoption and defines the disciplinary and penalty system as well as the sensitive business activities and control measures in place.
As of today, 142 hours of online training were provided to 76 managers and supervisors, with the future aim of promoting knowledge of the concepts of Model 231 and its specificities among the entire company population.
A whistleblowing procedure is being developed for an adaptation of the 231 Model, which will be managed by an external company, tasked with handling anonymous reports, which will then be screened by the Supervisory Board, which will then make a series of assessments. This procedure is expected to become operational during 2023.


**1956**

Foundation of
**Trafileria Roda & C.**
by Giuseppe Roda

**1960**

Introduction of
lead alloy steel processing,
considered to be the best
in the world

**1971**

Construction of the
new plant in
Bosisio Parini

**1981**

Construction of the
Sirone plant, with
the new rolling mill


**1984**

Trafileria Roda & C
becomes the
**Roda Acciai**
company

**1994**

Acquisition of the company
**Olarra Aceros**
**Inodixables**

**1995**
**2005**

Expansion of the commercial
network in Europe and acquisition
of smaller companies

**2007**
**2013**

Investments
for production
expansion


**2022**

Today, Rodasteel Group
is a point of reference
in the steel production
and processing sector

Rodacciai

# 1.1 EXPERIENCE AND COMPETITIVENESS

The Rodasteel Group provides an important competitive advantage

ACEROS INOXIDABLES OLARRA

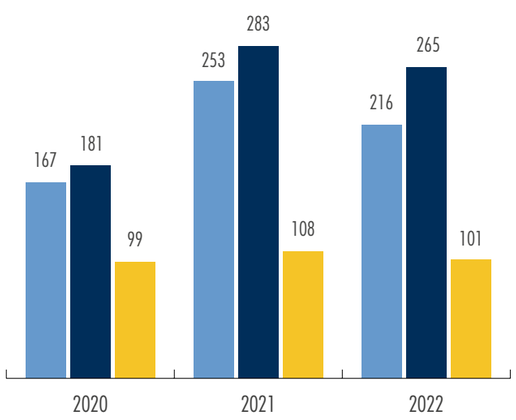
**Olarra, Bilbao** *(steelworks)*
Quantity of cast steel 2022:
**101,000 tonnes**

Rodacciai

**Rodacciai, Bosisio Parini** *(drawing mill)*
Quantity of finished product sold 2022:
**265,000 tonnes**

**Rodacciai, Sirone** *(rolling mill)*
Quantity of produced steel 2021:
**216,000 tonnes**

QUANTITY OF PRODUCT PER PRODUCTION UNITY (/000 tonnes)




The vertical integration achieved over the years by the Rodasteel Group, through both the expansion of Italian production facilities and the acquisition of the Spanish steel mill, offers an important competitive advantage: protection along the entire value chain, from sources of supply (thanks to significant bargaining power with suppliers) to the production of steel and the sale of finished processed products to the customer.

With regard to the Group's[3] production over the three-year period, Olarra recorded a 6% decrease in tons of molten steel compared to 2021 (up 2% compared to 2020). As for Italian mills, on the other hand, steel production from both rolling mill and drawing mill in 2022 was found to be down from the previous year, by 15% for rolling mill (produced steel) and 6% for drawing mill (finished products), respectively, up 29% and 46% from 2020.

Below is a description of the activities carried out at the Group's two production companies.

[3] It is specified that much of the mill's production flows, in the form of semi-finished products, into the drawing mill.



# STAINLESS STEEL SOLUTIONS
# **ALL IN HOUSE**
# FROM THE SCRAP
# TO THE FINISHED PRODUCT


SCRAP YARD


ELECTRIC ARC FURNACE


AOD CONVERTER


HOR. CONTINUOUS CASTING


BARS


HEAT TREATMENT

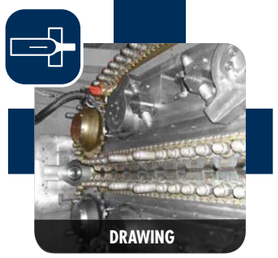

WIRE ROD


ROLLING MILLS


BILLETS


FURNACE


PEELING


DRAWING


GRINDING

**Rodacciai, Bosisio Parini** *(Drawing mill)*
**Rodacciai, Sirone** *(Rolling mill)*

ACEROS INOXIDABLES OLARRA **Olarra, Bilbao**
*(Steelworks)*

**STEEL MILL**

**ROLLING MILL**

**COLD FINISHING**

# 1.1.1 RODACCIAI, THE ITALIAN FACILITIES

## Two production plants in the province of Lecco

The Group's Italian production unit, Rodacciai, consists of two production plants located in the province of Lecco: Sirone, in which hot rolling is carried out, and Bosisio Parini, where cold drawing and other related specific processes take place.

The processes that take place at these two production sites make it possible to cover all stages of steel processing: from the purchase of billets as raw materials to the production of machined bars and coils, of different types. These products are then sold on the international market, and are aimed at multiple sectors, of which hydraulics, transportation, general mechanics, fittings, welding and stamping are examples.

Steel processing begins at the Sirone lamination plant, where billets, purchased from third-party suppliers, undergo hot deformation for transformation into wire rod (i.e. rolls) or rolled bars.

The hot rolling process endows steel with mechanical properties that make it suitable for subsequent processing for a variety of final uses.

The billets undergo a number of different processes: heating in a furnace up to temperatures of 1,300 °C; flaking to eliminate surface oxides formed during heating; and rolling to shape the product.

Before being sold or sent to the Bosisio Parini facility, the rolls and bars may undergo further heat treatments such as tempering and annealing depending on customer requirements and product specifications.

Having a proprietary rolling mill allows us to engage in rolling production based on the needs at any given moment, both in terms of timing and the product requir




Laminatoio Sede di Sirone (Lecco)


At the Bosisio facility, bars and rolls processed in Sirone (or purchased) undergo a series of cold processes to modify surface characteristics, dimensions and mechanical properties.

These processes are mainly drawing (using drawing dies to reduce the bar section through traction), peeling (removal of the surface layer of the rolled product to eliminate surface imperfections) and finally grinding (precision calibration using abrasive elements to improve product and surface dimensional tolerances).

The output of activities in Bosisio is therefore a wide range of bars and rolls of diverse shape/section ready for sale on the market.

Rodacciai products include square, round, hexagonal and special made-to-measure section bars.

Rodacciai can also offer products in a wide range of materials, such as:

- **Free-cutting steel:** this category accounts for the largest volume of Rodacciai manufacturing. It includes steel products used in carburisation and tempering, as well as other uses which do not involve heat treatment.

This category of steel is ideal for machine tool processing. The sulfur and lead content means the alloy can be processed at high speeds with less wear on the inserts;

- **Alloy steels:** used for structural purposes, for bearings, carburisation and tempering.

This steel type is classified as low alloy or high alloy based on the ratio of other elements to the iron and carbon base content of the alloy.

The additional element content determines how the steel is used;

- **Stainless steel:** used in different sectors including chemical plants, marine environments, offshore platforms and welding.

This category of steels consists of ferrous alloys with a minimum chromium content of 10.5%, to which may be added other elements such as nickel and molybdenum; the addition of these elements increases the steel's resistance to multiple forms of corrosion.

- **Carbon steel:** used in carburisation, tempering and for products intended for surface hardening.

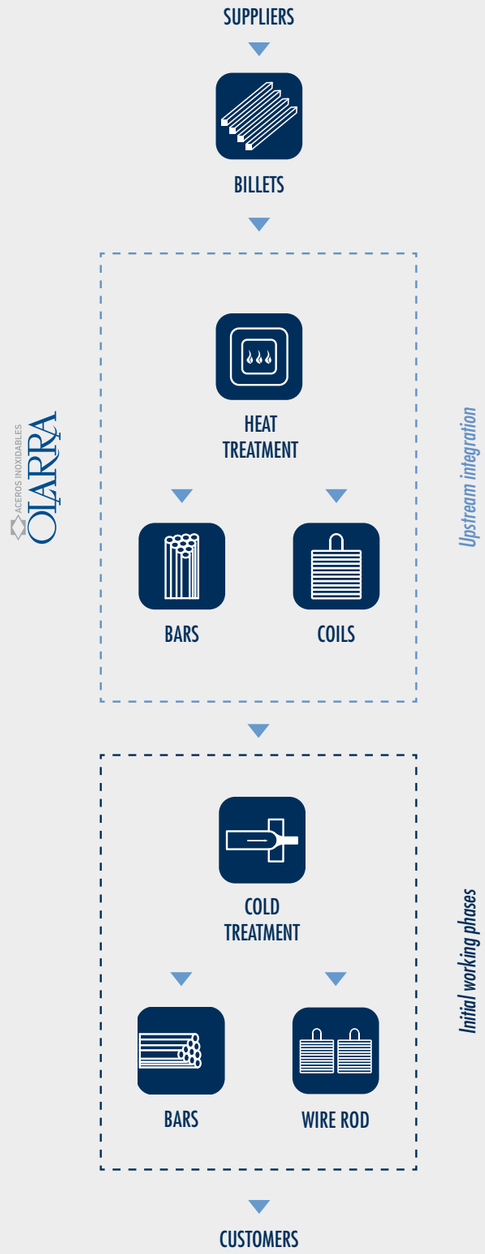
This type of steel is essentially an iron-carbon alloy and represents the least sophisticated category of steel.

Whatever the final product, it is extremely important that Rodacciai monitor compliance with its high quality standards, in terms of both technical/product specifications and customer satisfaction.
The quality of outgoing products is monitored within the production sites through chemical/physical/metallographic tests aimed at identifying any non-compliance.
The treatment of non-compliant products depends on the type of defect found: downgrading to a lower quality class of products; recovery, for example by peeling to a smaller size and then re-released on the market; or scrapping in case of irremediable defect. T
o assess the level of customer satisfaction, Rodacciai sends questionnaires soliciting feedback on strengths and weaknesses identified.
Excellent customer satisfaction is a fundamental company objective and Rodacciai intends to establish a corporate function dedicated to customer satisfaction.

This attention to product non-conformity and customer satisfaction are the basis of one of the company's foundational priorities: quality.
A publicly available policy on customer satisfaction highlights a number of management objectives, which include combating waste and reducing costs, increasing product quality and continuous investment in know-how and technological innovation.
The Bosisio and Sirone production facilities are certified pursuant to the international standard ISO 9001:2015 for quality management systems.




## SUPPLY OF SEMI-FINISHED STAINLESS STEEL PRODUCTS




# 1.1.2 OLARRA, THE SPANISH FACILITY

Olarra is the second manufacturing company of the Rodasteel Group, is based in Spain near Bilbao and specializes in making stainless steel products.
Founded as a steel mill, over the years Olarra has inversely mirrored Rodacciai's path to success by integrating its production activity downstream with hot rolling and cold treatments.
The substantial difference with Rodacciai is the presence of the steel mill.
Within the mill, scrap metal purchased from suppliers is melted inside an electric furnace and the resulting steel is cast and solidified into billets.

As at the Italian facility, billets undergo hot rolling for the production of stainless steel bars and rods, which can be sold to Rodacciai as semi-finished products or remain at the Spanish site for cold finishing and then be sold to customers as finished products.
This integration between Olarra and Rodacciai based on the sale to the latter of semi-finished stainless steel products brings a double advantage: on the one hand, the Spanish company is able to optimise production capacity and absorb fixed costs, while on the other hand the Italian company enjoys more flexibility in purchasing steel quantities from the subsidiary based on market trends (i.e. on demand and prices).

ACEROS INOXIDABLES
OLARRA



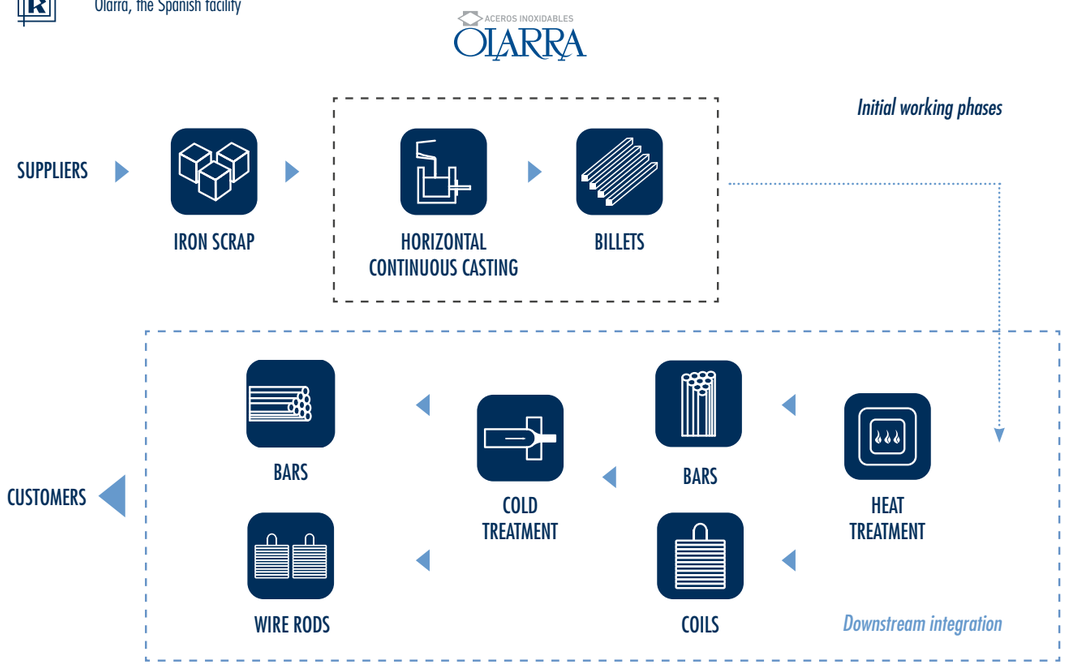


The finished products (stainless steel bars and rod) manufactured at the Spanish plant are sold in different profiles and sizes to distributors (largely) and end customers for use in multiple sectors including the automotive, construction, household appliance, welding and the health and food industries.
It is vitally important for Olarra, as it is for Rodacciai, to create and maintain a lasting and trusting relationship with the customer, assuring their satisfaction through high quality products and support services.

In order to improve the relationship with its customers, specific training courses were therefore provided at the Spanish plant by the Quality Department to the managers of the production areas, focusing on the ability to understand customer needs and the negative impacts potentially resulting from a lack of understanding.
Already certified according to the international standard ISO 9001:2015, in 2021 Olarra obtained IATF[4] 16949:2016 certification for quality management in the automotive field.
With a view to continuous improvement of its processes, and to ensure the health and safety of its employees, in 2021 Olarra obtained ISO 45001:2018 certifica

[4] International Automotive Task Force.

Olarra, the Spanish facility




# CONTINUOUS INNOVATION FOR THE QUALITY OF OUR PRODUCTS

Since its inception the Rodasteel Group has been defined by its continuous desire to innovate in the belief that knowing how to seek out and face new challenges without remaining anchored to the past is essential to being able to respond to changing market needs and explore new sales opportunities.

This means constantly investing in research and development to discover new materials and new solutions for efficient production lines, with the ultimate goal of maximising customer satisfaction in terms of response time and quality.

In recent years the Group's efforts have largely focused on expanding the production mix and increasing the variety of products we can put on the market, with a particular focus on the product and service quality offered to customers.

Rodacciai, for example, has started processing ferritic steels that can be used in magnetic applications and nickel-based alloys which can be used in the Oil & Gas industry (where products are subject to high corrosion).

Significant investments have also been made in Industry 4.0 to create a new product line (Roda Custom Line) that meets specific "customised" product configurations, with close attention to the reduction of defects and adherence to current regulatory provisions.

Warehouse WMS, manufacturing execution system (MES) and tracking software systems were introduced in 2022 to monitor, track, document and control the production process of goods from raw materials to finished goods.

Operators can check product availability directly on the control plane, computerizing a process that was previously handled in paper form.

A new portion of the Olarra facility is now given over to the production of martensitic stainless steels.

Other innovations include the Manifactu projects, which use artificial intelligence in predictive maintenance and process optimisation and Tarcinox, which involves advanced technologies for the recovery of metals and the carbonation of stainless steel waste. The Group's commitment to product and process innovation is also demonstrated in spending: expenditure on innovation, research and development projects and initiatives amounted to 1.8M€ in 2022[5] and includes, in particular, the investments described above.

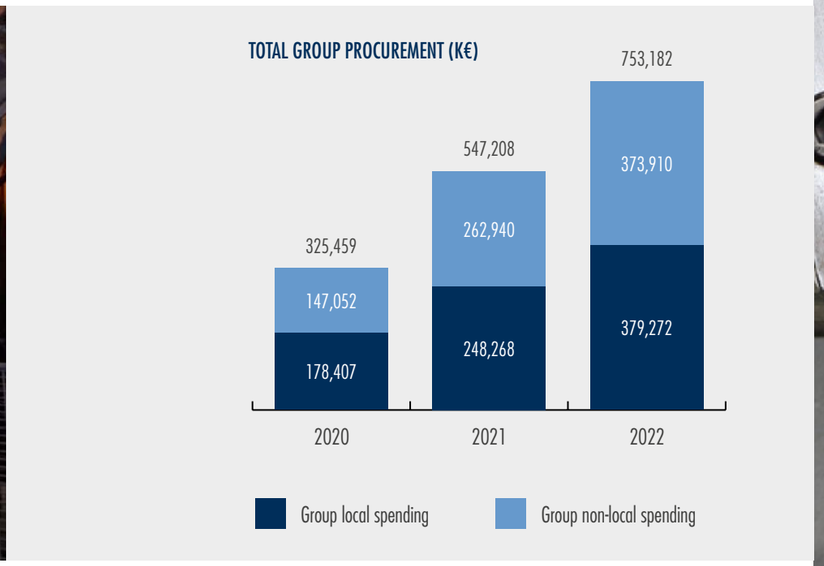
The decrease from previous years is due to the fact that projects started in 2020 and 2021 were continued in 2022, which was thus a year of consolidation, where the main focus was on product innovations.

[5] 7.2M€ in 2021 and 5.8M€ in 2020.

FOCUS



# 1.2 PROFESSIONALISM AND TRANSPARENCY IN THE SUPPLY CHAIN




Upstream of the Group's production activities is a supply chain with, by 2022, more than 2,400 active suppliers, 79% of which serve Olarra while the remaining 21% serve Rodacciai.
Toward this broad spectrum of suppliers, goods and services totaling about 753 million euro[6] were purchased in 2022 (up significantly from 2021: +38%), of which about 86% was spent on the procurement of raw materials input to production processes. This increase is mainly due to the increase in the cost of raw materials that occurred in 2022 compared to previous years.

In 2022, about 50% of purchases were made by the Group at the local level[7].
Considering the two companies Rodacciai and Olarra separately, the percentage of local proxy stands at 33% and 79% in 2022, respectively.
Currently, the selection of suppliers based on geographical proximity to the production plants is not envisaged.
Rodacciai's supplier selection is essentially based on any successful historical collaborations with the same supplier or on market reputation. In the event that a new good must be purchased, the purchasing department identifies a candidate supplier and verifies whether or not it is already listed as qualified.

If not qualified, a qualification process is initiated that involves sending a questionnaire comprising both general registration information and more specific questions relating, for example, to any certified Quality Management System. Depending on the type of product, the questionnaire may be accompanied by other documents such as purchase specifications or specific technical data sheets.
As an alternative to the questionnaire, a technical audit may also be carried out by the Quality department at the supplier's production site in order to assess its alignment with ISO9000 standards.
In 2021, the questionnaire has been updated, including questions related to suppliers environmental performance, such as the management of emissions into the atmosphere, water resources and waste.
All new suppliers selected during 2022 were therefore assessed according to environmental criteria.
The questionnaire does not include an assessment of suppliers on social criteria.
Qualified suppliers or new suppliers who have successfully passed the qualification process are sampled to perform quality and intrinsic property verification tests of the requested material.

[6] Includes intercompany purchases (e.g., laminated products supplied by Olarra for Rodacciai), accounting for about 9% of total procured.
[7] By local procurements, we mean purchases made on a national scope (Italy for Rodacciai and Spain for Olarra). The average value of local procurement over the three-year period 2020-2022 is about 52 percent.


If the outcome is favourable, the department in charge may place a procurement order for that particular product.
Qualified suppliers included in the Vendor List of Rodacciai and considered strategic for the supply of raw materials are subject to a six-monthly performance assessment process, based on three indicators: the quality of the material, based on non-conformities found; the quality of the service, determined by parameters such as delivery times and level of support; and the conditions of supply, such as price and payment terms.

This assessment process, which involves both the Quality department and the Purchasing department, ends with the assignment of an overall score deriving from the weight attributed to each indicator, which determines the supplier's position on a rating scale.

Suppliers to whom the lower judgment class is attributed must repeat the qualification process. With a view to transparency and collaboration, the results of the assessment are shared with the individual suppliers. Specifically, there were 2 new suppliers undergoing the qualification process in 2022 (compared to 2 in 2020 and 6 in 2021).
With the aim of monitoring environmental impacts throughout the value chain, Rodacciai also established a survey in 2022 to be submitted to its carriers regarding their environmental practices (see section 3.2 for more details).
Like Rodasteel, Olarra also has a system for assessing critical suppliers with the aim of classifying these into three categories based on satisfaction levels.

There are two assessment criteria: quality and certification (ISO 9001 or, as a minimum, successful completion of a specific internal questionnaire).
Specifically, the quality assessment (which carries the most weight of the two assessment criteria) is based on the severity of non-conformities found: these are considered serious when they are able to generate an economic impact on the process or pose a risk to the safety or the environment.
To date, there are no planned assessments of new suppliers on environmental and social criteria.
It is reported that in 2022 there were no cases of serious noncompliance, such as related to the supply of defective or contaminated products.





# 1.3 PROXIMITY TO LOCAL COMMUNITIES

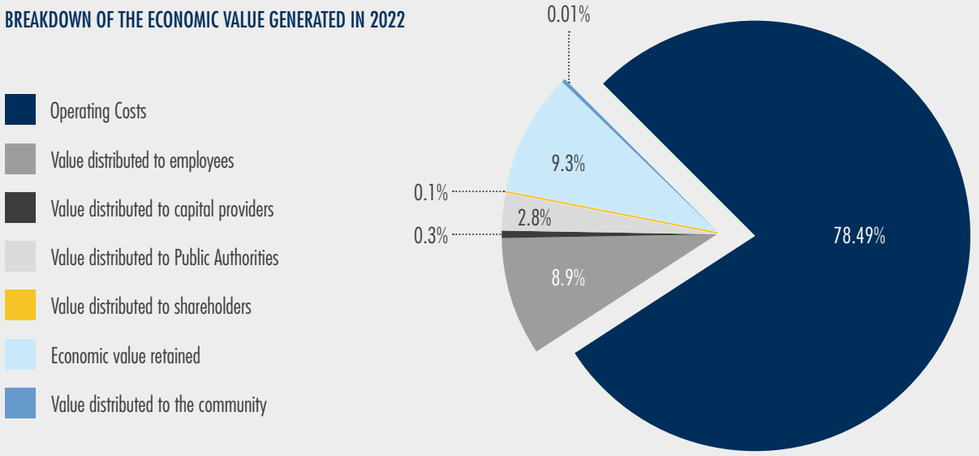
## The Group driven by a strong sense of social responsibility

In 2022, the Rodasteel Group generated an economic value of 981 million euros, an increase of about 28% over last year.
Of this, 9% (or about 92 million) was retained internally within the Group, while the remaining 91% (about 889 million) was redistributed to the Group's main stakeholders.
In particular, it should be noted that:

- operating costs amounted to 770 million euros, of which about 84% were to raw material suppliers;
- the value distributed to employees was 87 million euros, up from the previous year (up about 1.5%);
- a total of 31 million euros was distributed to capital providers and the public administration.

In addition to these contributions, there is also a share of economic value (about 109 thousand euros) that has been distributed to the community in the form of donations, membership contributions and sponsorships.
An industrial group cannot ignore the territory in which it is located and should be able to generate benefits for the surrounding community with a view to sustainability.
In today's world it is increasingly difficult for a company to maintain its licence to operate in a certain context if focused only on its own economic interest without allowing for the potential impacts of its activities on the local territory and the people who live in direct contact with it.

**BREAKDOWN OF THE ECONOMIC VALUE GENERATED IN 2022**



For the Rodasteel Group, which is driven by a strong sense of social responsibility, it is very important to maintain a long-term relationship of trust with the local communities surrounding its production facilities and to support charitable, sporting and cultural initiatives that benefit them as far as possible.

To support territorial development, with a focus on supporting younger people, Rodacciai promotes two initiatives:

- **Rodacciai Academy**, project inaugurated in 2015 that deals with the development and skills of the company's human resources and bringing new generations closer to the company and the industry, in collaboration with stakeholders and the local area. The goal is the transmission and development of values, experience, and technical skills and targets, with specific programs, employees, school and university students, and unemployed/NEET youth between the ages of 19 and 29.
- **Roadjob**, non-profit foundation that promotes STEM disciplines through orientation, training and retraining initiatives. Formed as a cultural association in 2019, Roadjob counts on the participation of 26 other companies and 11 training institutions and is active in the provinces of Como, Lecco and Monza and Brianza. The issues addressed are those of gender equality, skill mismatch and youth unemployment.
  The main activities consist in the provision of professionalizing training courses, aimed at unemployed, unemployed, NEET, precarious young people up to 29 years old, and orientation activities for high school students.

Rodacciai ACADEMY

ROADJOB
SHARE OUR FUTURE

Through these two specific projects, about 400 young people have been brought closer to the industrial sector, particularly in mechanical and manufacturing, since 2015. 97% of these within a year of completing the course found stable employment.
There are 160 participants who have since chosen to undertake the training course in Rodacciai aimed at toolmakers, maintenance workers, drawbenchers and specialists in the Group's sales and distribution network.
To date, 25% of the trainees work on the Italian plants/offices and one resource has been placed in the Hagen Branch, Germany, through the Academy.
Scholarships are also awarded annually to deserving students from local schools and universities. The testimonial who assisted in the awarding of the scholarships in 2022 was internationally renowned Italian astronaut Paolo Nespoli.
On this occasion The Company, in order to encourage the cultural theme aimed particularly at young people and, to allow, however, a general dissemination of the aspect related to reading, in addition to a financial check donated a copy of the book "L'unico giorno giusto per arrendersi" written by Nespoli himself.
The purpose of the Initiative is to develop the culture of merit and study as a means of both personal and collective enrichment, and to promote within the family environment a constant dialectical element.

In addition, in support of the local community, Rodacciai collaborates with the Erba-based non-profit organization "Noi Genitori" and, albeit to varying degrees, with Telethon initiatives, periodically hosting markets for sweets, plants, flowers, and other stationery items.
It is the same children, differently abled, of the Noi Genitori association who, guided by a tutor, pool their skills acquired in the non-profit organization's workshops.
The same goes for Olarra: the attention towards the local community is extremely important.
In fact, Olarra has always been involved with local institutions, associations and foundations, promoting and financing many initiatives, of a cultural and sporting nature. Considering the cultural side, Olarra has been financing the Fundacion del Museo Guggenheim Bilbao since 1997, aiming at promoting culture dissemination through the exhibitions and activities organized by the museum, whereas as far as the sporting side is concerned, the Spanish company promotes the Fundaciòn Bizkaia Bizkaialde, which favors local sports clubs in order to promote their development, both at a competitive and amateur level.
In addition, Olarra sponsors the local football club of the city of Loiu: Club Deportivo Loiu.



# 2. A STAINLESS BOND WITH PEOPLE

## The real strength of the entire Rodasteel Group is its people

Rodasteel's people have always represented the real strength of the entire Group. In fact, experienced and capable figures are employed throughout the production chain, whose professional skills, mutual cooperation and desire for continuous improvement enable Rodasteel to actively compete in the market and adapt to the multiple and changing needs of stakeholders.

Since people are the basis of our success, it is important for Rodasteel to create a work environment that attracts more and more talented individuals and retains those already present for as long as possible.
This means, for example, offering a path of professional development and enhancement, ensuring adequate standards of occupational health and safety and providing an extensive and varied programme of corporate welfare initiatives.

# 2.1 THE STRENGTH OF ONE LARGE TEAM

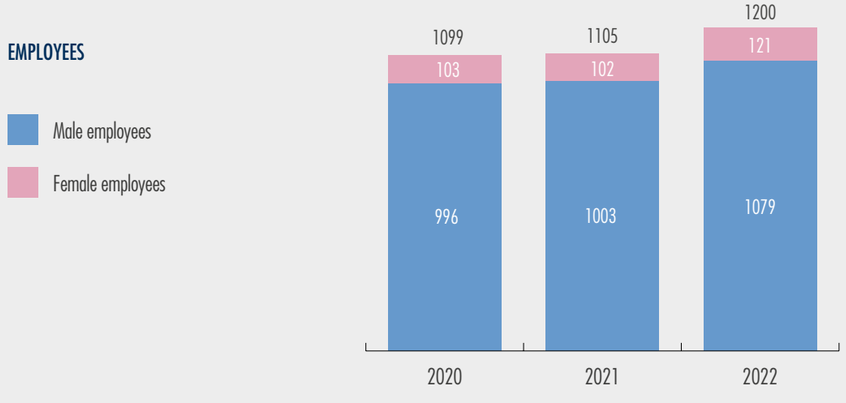
## Rodasteel offers and guarantees equal opportunities to all its employee

As of December 31, 2022, Rodasteel offers employment to 1,200 employees (+9.2% compared to 2020 and +8.6% compared to 2021), of which 1080 at the production sites in Bosisio Parini and Sirone in Italy (55%) and Olarra in Spain (45%), and 120 at the Group's sales offices. The Rodasteel team is predominantly male (about 90% in 2022), with a constant female presence rate of about 10% throughout the three-year reporting period. This percentage is strongly influenced by the absence, both in the steel mills and in the rolling mills, of women among the blue-collar workers, an occupational category that at the end of 2022 represents about 69% of the Group's entire workforce. By contrast, the rest of the employees are divided into white-collar workers (27%), middle managers (2%) and executives (2%). The following table shows the employees divided by professional category for the Group's production sites (Bosisio Parini and Sirone for Rodacciai and Olarra).

Rodasteel offers and guarantees equal opportunities to all its employees regardless of gender, geographic origin, disability or any other difference[8]. This attitude of inclusion and openness towards diversity is demonstrated for example, by the Policy of Equality and Respect (Politica de igualdad y respeto) drawn up in 2017 by the Spanish steel company. The policy condemns any act of violence and discrimination and stresses the company's commitment to the fair, timely and confidential management of any complaint brought before it.
Respect for diversity and combating discrimination are also central to the Rodacciai Code of Ethics, alongside other social topics such as the promotion and support of human rights.

[8] Approximately 2% of Group employees belong to a protected category.

**EMPLOYEES**






The Company, as early as the end of 2020, has had an organization, management and control model ex dlgs 231, as described in Chapter 1.
This model provides for monitoring and control, with the possibility of disciplinary intervention, on many aspects of corporate life that may refer to offenses that, with regard to the sphere of human resources refer to illicit brokering with exploitation of labor, employment of non-EU workers without a regular residence permit as well as everything related to protection and prevention measures and therefore the consequences in terms of manslaughter and serious or very serious culpable injury.
The principles of equality and respect supported by Rodasteel are shared and applied on a daily basis by all the people of the Group: indeed, there were zero incidents of discrimination reported during the three-year period 2020-2022 at Olarra and Rodacciai.
The Group's concern for its people is not only seen in its capacity to welcome diversity, but also in its ability to understand what employees need to make the most of their working lives.
As defined within the integrative contract, Rodacciai, for example, reserves many different kinds of company benefits for its employees.

Examples include the Individual Welfare Account, which can be spent on the purchase of vouchers and services on a dedicated online platform, flexible work in and out, medical care, and life insurance reserved for managers.
As of 2022, paid leave for medical examinations and the resulting help from a charitable, worker-Company, contracted collection has been added to go toward families who may be dealing with the loss of their loved one, an employee of the Company.
Also noteworthy is the Italian company's creation of a Time Bank, an initiative that, downstream of the outcomes deriving from a special Joint Commission, may allow employees to set aside overtime hours and other contractual institutions over the course of their working careers, to be used especially when approaching retirement, to decrease their working hours or to accelerate the period of their exit.
Other benefits, offered instead to Olarra's employees, are the possibility of a bus service for transportation along the home-work commute (with a consequent advantage also in terms of avoided emissions compared to a scenario of trips conducted alone), a physiotherapist available daily at the production plant, a dental service, and subsidies for their children's schooling.

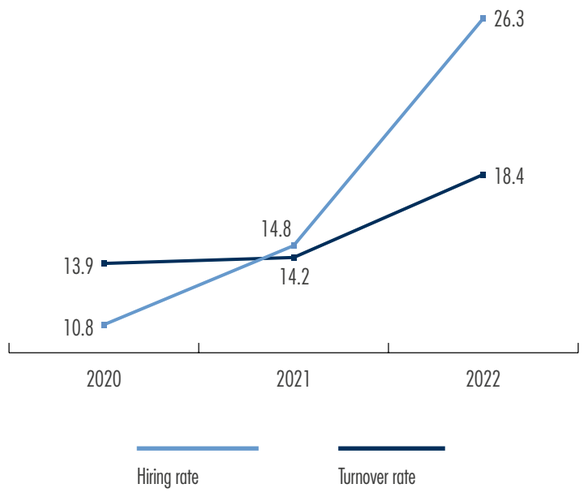
The following table shows the employees divided by professional category for the Group's production sites (Bosisio Parini and Sirone for Rodacciai and Olarra).

### EMPLOYEES BY PROFESSIONAL CATEGORY

| | | Rodacciai | | | Olarra | | |
|---|---|---|---|---|---|---|---|
| Professional category | Gender | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| Executives | Women | 0 | 0 | 0 | 2 | 2 | 2 |
| | Men | 10 | 9 | 8 | 6 | 6 | 6 |
| Managers | Women | 2 | 2 | 2 | 0 | 0 | 0 |
| | Men | 7 | 9 | 9 | 4 | 4 | 4 |
| White collars | Women | 34 | 36 | 51 | 39 | 37 | 37 |
| | Men | 87 | 80 | 89 | 88 | 88 | 90 |
| Blue collars | Women | 0 | 0 | 0 | 0 | 0 | 0 |
| | Men | 365 | 379 | 438 | 336 | 340 | 344 |
| **TOTAL** | **Women** | **36** | **38** | **53** | **41** | **39** | **39** |
| | **Men** | **469** | **477** | **544** | **434** | **438** | **444** |

The presence of a rich portfolio of corporate initiatives and benefits, together with the prospects for professional educational growth and the importance the Group devotes to creating a healthy and safe environment (see Sections 2.2. and 2.3), are excellent elements for attracting industry professionals and new generations of talent. In fact, over the three-year period, the hiring rate increased[9] by about sixteen percentage points, from 10.8% in 2020 to 26.3% in 2022, in response to an increasing number of hires over the three-year period (112, 163, and 316 in 2020, 2021, and 2022, respectively). New hires in the three-year period[10], mainly involved the male workforce between the ages of 30 and 50 (out of the total of about 53% in 2022). Parallel to the hires, terminations also increased over the three-year period (up 53% from 2020), originating an outgoing turnover[11] of 18.4% (up about five percentage points from 2020). Terminations[12] along the three-year period mainly involved men between the ages of 30 and 50 (out of the total of about 57% in 2022).

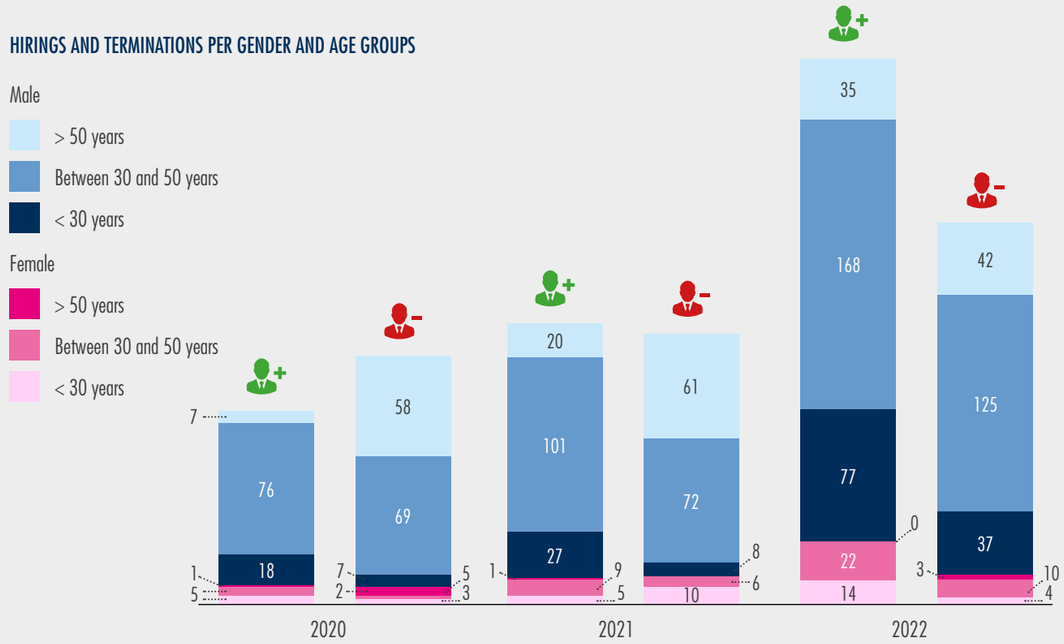
### HIRING AND TURNOVER RATE




[9] Recruitment rate = (number of recruits in the reporting year/total employees at 31.12 of the reporting year) x 100..
[10] 53% of which occurred in Spain
[11] Outgoing turnover = (number of partings in the reporting year/total employees at 31.12 of the reporting year) x 100
[12] 73% of which occurred in Spain



### HIRINGS AND TERMINATIONS PER GENDER AND AGE GROUPS




The following tables show data for the Group's production sites only.

### Rodacciai

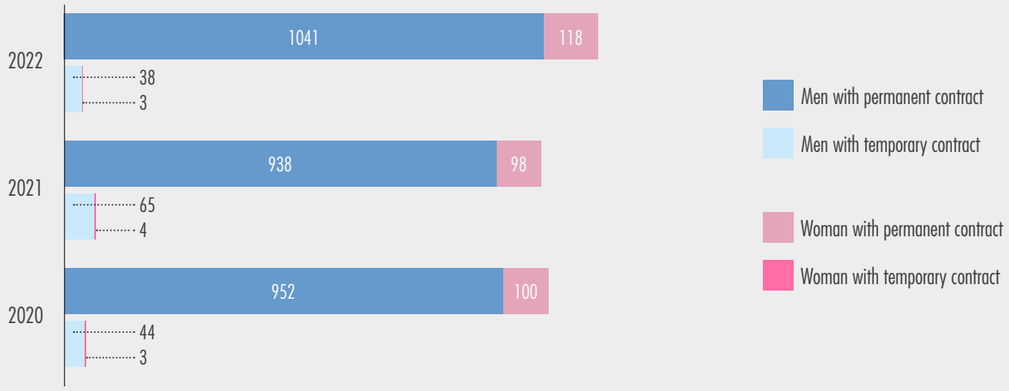
| | 2020 | 2021 | 2022 |
|---|---|---|---|
| **Hirings** | **15** | **59** | **137** |
| Women | 1 | 8 | 22 |
| Men | 14 | 51 | 115 |
| **Terminations** | **37** | **49** | **55** |
| Women | 1 | 6 | 7 |
| Men | 36 | 43 | 48 |
| **Hiring rate** | **3** | **11.3** | **22.9** |
| **Turnover rate** | **7.3** | **9.5** | **9.2** |

### Olarra

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| **Hirings** | **91** | **93** | **160** |
| Women | 7 | 6 | 7 |
| Men | 84 | 87 | 153 |
| **Terminations** | **99** | **91** | **154** |
| Women | 7 | 8 | 7 |
| Men | 92 | 83 | 147 |
| **Hiring rate** | **19.2** | **19.4** | **33.1** |
| **Turnover rate** | **21** | **19** | **31.2** |

In 2022, the majority of employees are hired on permanent contracts (97%). This situation is almost unchanged from previous years' data, where permanent contracts were 96% in 2020 and 94% in 2021.
In addition, employees are usually hired on a full-time type contract (98%), a situation almost similar to previous years, where full-time type contracts were 96% in 2020 and 98% in 2021.
Specifically, with regard to full-time contracts, in 2022 10% are related to female employees and 90% to male employees.
The following tables show data on employee contract types for the Group's production sites only.

## EMPLOYEES PER TYPE OF CONTRACT




## Rodacciai

| Employees by contract type | | Unit of measurement | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Permanent contracts | **Total** | **n.** | **505** | **515** | **597** |
| | female | n. | 36 | 38 | 53 |
| | male | n. | 469 | 477 | 536 |
| Temporary contracts | **Total** | n. | **-** | **-** | **-** |
| | female | n. | - | - | - |
| | male | n. | - | - | - |
| Total employees | | **n.** | **505** | **515** | **597** |

## Olarra

| Employees by contract type | | Unit of measurement | 2020 | 2021 | 2021 |
|---|---|---|---|---|---|
| Permanent contracts | **Total** | **n.** | **428** | **408** | **450** |
| | female | n. | 38 | 35 | 36 |
| | male | n. | 390 | 373 | 414 |
| Temporary contracts | **Total** | n. | **47** | **69** | **33** |
| | female | n. | 3 | 4 | 3 |
| | male | n. | 44 | 65 | 30 |
| Total employees | | **n.** | **475** | **477** | **483** |

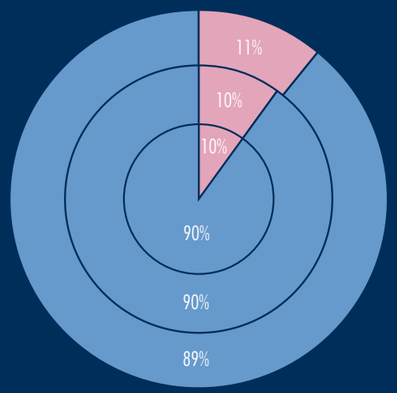
To complete the Rodasteel team, several workers not directly employed by the Group are also present at the production facilities. These amount to 104 people in 2022 (138 in 2020 and 166 in 2021).



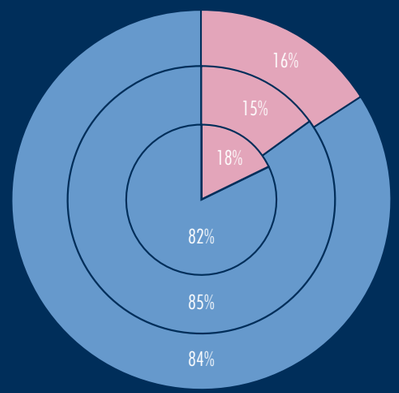
# EMPLOYEE DATA

FOCUS

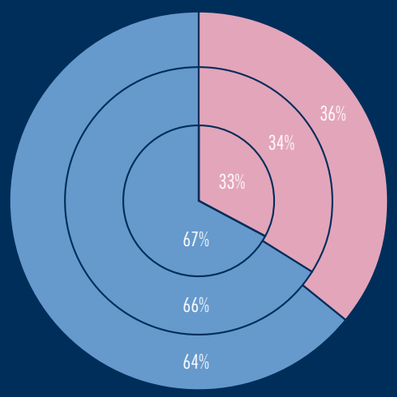
## Executives



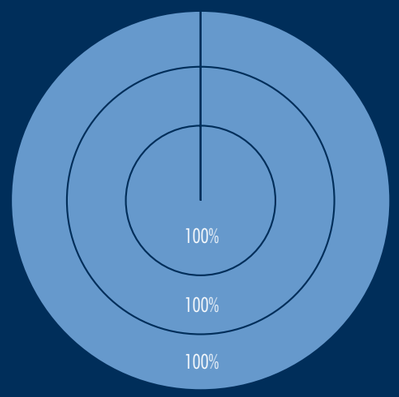

## Managers




## White collars




## Blue collars




*Gender* Male Female

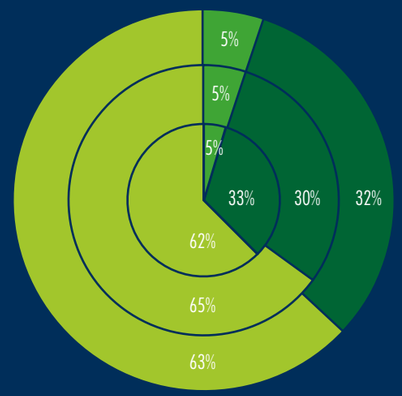




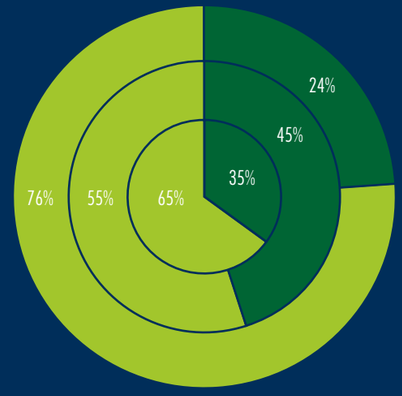
FOCUS

Representation of the professional categories of the Group, considering the production and commercial sites over the entire three-year period, by gender and age group, in the three-year period 2020-2022.
The innermost circle represents 2020 data, the middle circle represents 2021 data, and the outermost circle represents 2022 data.

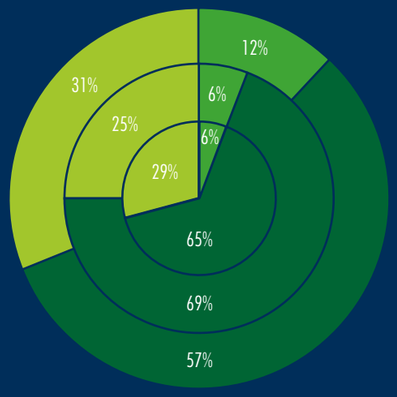
## Executives



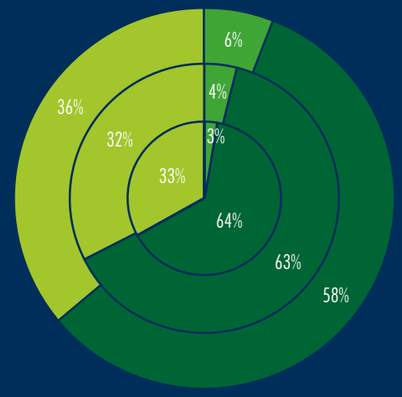

## Managers




## White collars




## Blue collars




*Age* < 30 years between 30 and 50 years > 50 years

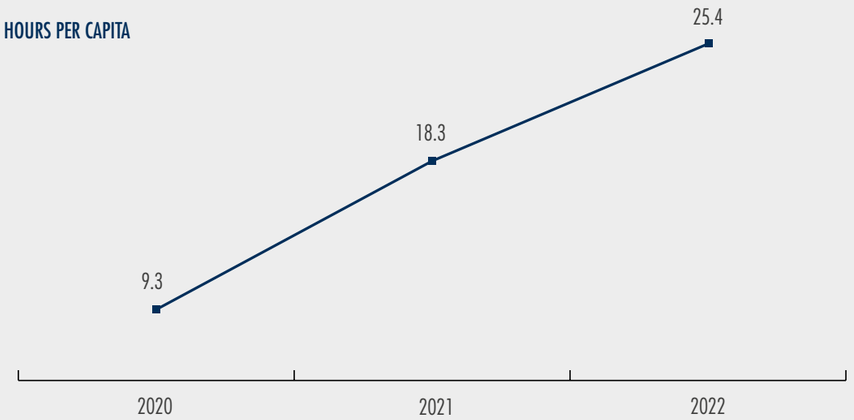
# 2.2 THE DEVELOPMENT OF HUMAN CAPITAL

## Implementation of training programmes aimedat increasing workers' skills and experience

Rodasteel's constant focus on employees also includes implementing structured training and development programmes to increase the professional skills and personal experience of Group employees in a variety of areas. The training catalogue offered by the Group covers a range of course types which are enriched with new content each year.
In 2022, 30,533 hours of training were delivered, an increase of 49% over 2021 (20,503 hours) and 200% over 2020 (10,202 hours).

The substantial increase from previous years is due to the termination of restrictions resulting from the spread of the Covid-19 pandemic, which allowed in-person training courses to be delivered in 2022, and the renewal of mandatory health and safety courses, to be delivered every five years, which were in addition to voluntary courses delivered by the company.
The largest number of hours in absolute terms is devoted annually to courses on occupational health and safety. This is in line with the importance placed on the topic by the Group and responds to the need to raise employee awareness of safe behaviours to reduce the risk of work-related injury (see section 2.3 for further details).

**AVERAGE TRAINING HOURS PER CAPITA**



## AVERAGE TRAINING

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| Total training hours | 10,202 | 20,503 | 30,533 |
| **Total training per capita** | | | |
| Hours per capita | 9.3 | 18.3 | 25.4 |
| **Training per capita by gender (hours per capita)** | | | |
| Men | 8.7 | 18.6 | 20.3 |
| Women | 15.2 | 18.2 | 71.1 |
| **Training per capita by professional category (hours per capita)** | | | |
| Executives | 16.0 | 24.5 | 26.5 |
| Managers | 23.9 | 39.1 | 27.1 |
| White collars | 14.0 | 16.5 | 2.2 |
| Blue collars | 7.0 | 18.6 | 24.3 |


Courses include training in the use of forklifts and bridge cranes, fire and first aid courses, training on the specific risks of production lines and tasks and a course on the use of the defibrillator. Additional training hours are given over to managerial and management topics, delivered largely in Italy, which include the implementation of training on communication methods, process management and stress management.

There are also dedicated language courses, such as those in Italian and German for Olarra employees, English for Rodacciai employees, and training courses inherent to the technological innovation project (Industry 4.0) resulting from the introduction of new hardware and software technologies.

For Rodasteel, professional training is important for all individuals working within its plants and offices, in order to increase the quality of company operations and, thanks to courses on safety, reduce the risk of workplace accidents.

At Rodacciai, for example, the hiring of temporary workers, particularly those who first go through an Academy course, is carried out following a training process, financed by a dedicated external fund, focused on different topics such as safety, quality of the products offered, sales management and the production process (the latter using passive and active on-the-job training).

For the personnel who take the courses prepared by the Academy's project scheme and who should not be hired by the Company (if they are, instead, most often with an apprenticeship contract), there remains an important wealth of skills learned, expendable in the se arch for another job position, sometimes already prepared by the same administration agency that collaborated with Rodacciai.

Lastly, with the aim of providing its employees with a moment of confrontation to address the issue of well-being in the workplace and any critical issues, in 2022 Rodacciai launched a survey, through a specific questionnaire with multiple responses, from which Focus Groups, or group meetings, coordinated by a facilitator, then emerged, during which participants had the opportunity to express their feelings regarding the work environment, their own role and the management of company dynamics, opening themselves up to discussion.

To complete the training plan, Rodacciai has put in place a process of performance evaluation of its employees based also on individual meetings with workers in order to create a constructive moment of confrontation.

In this context, the need for training additions may be indicated by measuring aspects inherent to technical and transversal skills that in some cases may involve significant professional and/or economic development.

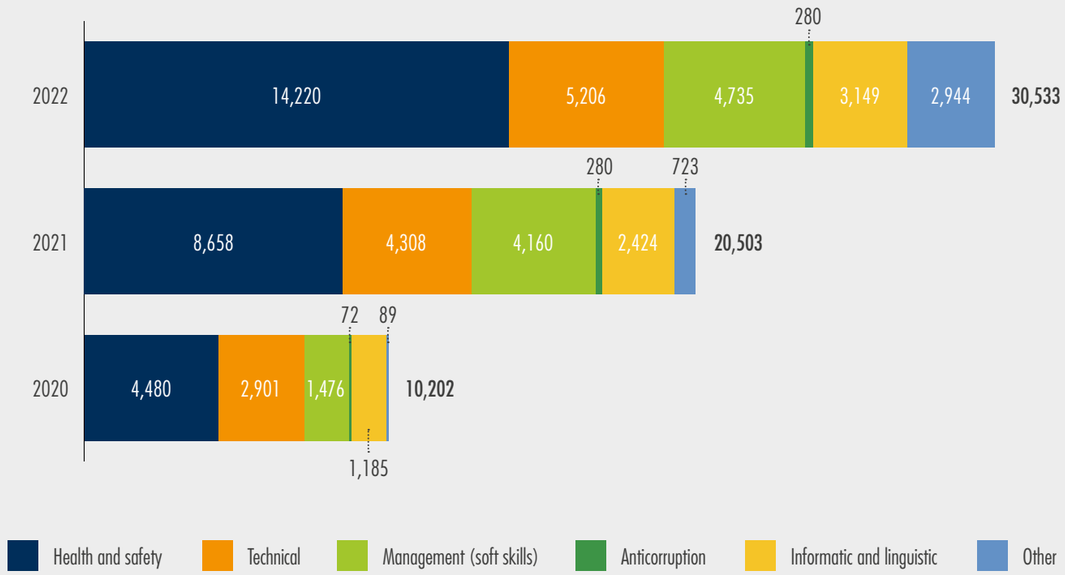
FOCUS

## SPECIFIC TRAINING ACTIVITIES

During 2022 Rodacciai carried out specific training activities designed to train professional figures dedicated to managing specific business processes, improving their knowledge and operational skills. These initiatives include paths dedicated to the training of:

- **Industrial relations and communication technician**: ath dedicated also to employee union delegates;
- **Written communication management and proper use of email:** considered important to fluidize the communication process between different functional areas
- **Performance appraisal:** a conceptual and practical path useful for developing the necessary familiarity with a tool that, at first paper-based has become computer-based but, above all, has provided a fundamental interpretative model for human resources development
- **Introduction to the topic of IATF regulations:** the specific standard for the automotive industry, provides quality management system requirements for continuous improvement, prevention of defects and reduction of variation and waste in the supply chain."

## TRAINING BY SUBJECT AREA




The following table shows the total hours of training and the per capita hours for employees of the Group's production sites.

| | | Rodacciai | | | Acceros Inoxidables Olarra | | |
|---|---|---|---|---|---|---|---|
| Course type | UM | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| Total hours of training | h | **3,351** | **12,517** | **22,592** | **4,691** | **5,523** | **5,543** |
| - of whom male empoloyees | h | 2,932 | 11,597 | 18,837 | 4,138 | 4,981 | 1,173 |
| - of whom female empoloyees | h | 419 | 920 | 3.755 | 553 | 542 | 4.370 |
| Hours per capite | h | **6.6** | **28.8** | **37.8** | **9.9** | **11.6** | **11.5** |

To complete the training plan, Rodacciai has put in place a process of performance evaluation of its employees based also on individual meetings with workers in order to create a constructive moment of confrontation. In this context, the need for training additions may be indicated by measuring aspects inherent to technical and transversal skills that in some cases may involve significant professional and/or economic development.




The number of people periodically evaluated by Rodacciai was 161 in 2020, 231 in 2021, and 487 in 2022; on average, of the people evaluated, about 92% were male workers, mostly blue-collar workers (about 70% of the total number of people evaluated).
As for the group's branches, 110 people were evaluated in 2022, up from 85 in 2020 and 90 in 2021.

The annual performance evaluation, which is carried out at two times during the year (in May and November), is associated with possible economic rewards. In addition, objective-based measurement (MBO) systems are adopted, which serve as leverage for the successful continuation of professional activity.
To date, however, there is no formalized system of annual employee performance evaluation at Olarra.

## HR EXCELLENCE

In continuity with the 2021 initiative, Rodacciai continued with the HR Excellence initiative in 2022, involving students in STEM disciplines with the aim of increasing, in those who represent the future of the country, the culture of excellence in technical knowledge and the correct way to interface in the company.

In collaboration with 6 technical institutes, 1 ITS and 2 universities, for the school year 2021/2022, 48 students were involved in activities such as Pathways for Transversal Skills and Orientation (PCTO), project work, labs, contests and thesis internships, who were supervised by 18 internal tutors from different functional areas of the business organization. Five of these have already started working in the company.

FOCUS

# 2.3 HEALTH AND SAFETY: THE PRIORITY OF RODASTEEL

Protecting and promoting the health and safety of employees is a top priority of business management for Rodasteel, which is reflected first and foremost in promoting and supporting all measures to ensure compliance with applicable regulations. Thus, prevention and control, risk assessment, training and communication on health and safety, investments in technological modernisation of plant and machinery and injury monitoring and cause analysis have always provided the basis for Rodasteel's approach and represent the key points underpinning safety policy for both Group production companies[13], along with their Code of Ethics.

In particular, the number of work-related[14] injuries involving Group employees amounted to 73 in 2020, 103 in 2021, and 97 in 2022, with an accident frequency index[15] that was about 50 in 2022, 56 in 2021, and 43 in 2020[16].

All occupational injuries recorded in the three-year period (consisting mainly of bruises, sprains and fractures) were injuries without serious consequences[17], except for two cases occurring at the Spanish steel mill (one in 2020 and one in 2021), and are mostly attributable to incorrect behaviour or carelessness on the part of operators.

[13] Enterprise Policy for Safety and the Environment (Rodasteel) and Integrated Management Policy (Olarra).

[14] A work-related injury is an injury occurring in the workplace that results in one of the following: death; absent days from work; limitations on duties or transfer to another duty; medical care beyond first aid or unconsciousness; serious injury. Commuting injuries are excluded.

[15] Injury frequency index: (Number of work-related injuries/hours worked) x 1,000,000.

[16] It should be noted that the 2020 and 2021 data reported in the text and graphs regarding the accident frequency index are different from those reported in the 2021 Sustainability Report, as a result of the inclusion of hours worked at the Group's branches, a figure that was not available last years.

[17] "Serious consequences" means non-fatal injuries which can cause permanent irreversible damage to the injured person or injuries that result in an absence from work greater than 180 days.

In addition to the injury frequency and injury with serious consequences frequency indices[18], Rodacciai also monitors the severity index[19], which scored 0.7 in 2020, 0.9 in 2021 and 0.9 in 2022.

Over the three-year period there were no fatal injuries within the Group.

Rodacciai has started to monitor injury data not only for Group employees but also about supply workers for the purposes of enhancing health and safety performance oversight and improving the understanding of the dynamics that lead to injury or hazardous situations within the facilities.

Over the three-year period, there were 13 injuries recorded for this category in 2020, 31 in 2021, and 15 in 2022, and none were classified as serious injuries. The accident frequency index decreased from 73.97 in 2020, to 107.9 in 2021, and to 71.5 in 2022.

In addition, the severity index decreased over the three-year period by about 26 percent, from 1.8 in 2020, to 1.8 in 2021 and 1.3 in 2022.

Regarding the occurrence of occupational disease incidents, a total of 5 cases (2 in 2020, 1 in 2021, and 1 in 2022) were recorded during the three-year period 2020-2022, all at the Olarra plant.

Specifically, the diseases encountered are epicondylitis, dermatitis, and tendonitis.

To improve health and safety oversight and drastically reduce injury rates the Group companies have defined plans and targets for the coming years and are implementing more and more health and safety initiatives.

Olarra, whose production facility is certified OHSAS 18001:2007 and, as of 2021, also ISO 45001:2018, has begun a process of computerizing its prevention system as of 2019, which allows it to identify and intervene more quickly when faced with a situation of possible safety risk.

Using tablet devices, any anomalies detected during safety checks can be photographed, geolocated and immediately reported to the maintenance and safety managers who can then promptly activate the health and safety protocols. This initiative is one of the activities that the Spanish steel industry is developing to achieve its safety objectives, which include the reduction of injuries, the improvement of health and safety training and the efficient administration of documentation relating to the integrated risk prevention management system at work (S.G.I.P.R.L, Sistema de Gestión Integrada de Prevención de Riesgos Laborales), of which the computerisation project is part.

[18] Injury with serious consequences frequency index: (Number of work-related injuries with serious consequences/hours worked) x 1,000,000.

[19] Severity index: (Days lost due to work-related injury/hours worked) x 1,000. The 2020 and 2021 figures have been revised from those reported in the 2021 Sustainability Report, following a methodological update and the inclusion of hours worked at the Group's branches, a figure not available last years.

This initiative will be joined in 2022 by the OLARRABIZI program, which, in addition to health insurance available to employees at the Spanish plant, offers physiotherapy services and training workshops on health-related topics. Rodasteel has also defined, for the period 2019-2024, a targeted prevention plan called "lower the index", which comprises several activities including updating the environment and safety policy, the launch of a periodic and preventive safety device maintenance programme and the formalisation of a detailed training plan. Rodasteel regards training and communication as indispensable tools to guarantee the protection of workers.

Safety is the responsibility of everyone, not only of the employer and supervisors but of each individual entering/leaving a Group site.

Rodasteel invests considerable resources to spread a "culture of safety" among its staff (see section 2.2) and ensure that everyone plays their part in reducing work-related injuries.

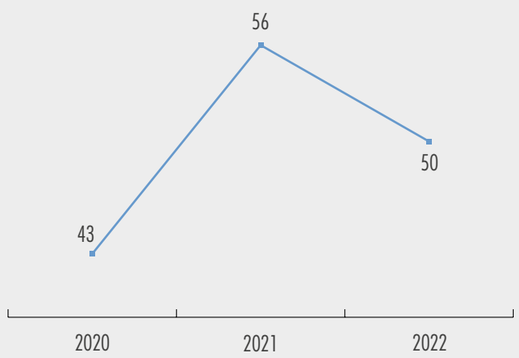
This commitment is evident in, for example, the annual training plan prepared by Rodacciai on health and safety that covers both the courses required by law and any emerging needs at production sites (such as newly identified risks).

To further encourage virtuous and safe behaviour within the company, Rodacciai has also decided to include a safety bonus as part of the incentive system defined in the supplementary agreement, in addition to the result bonus and the individual operating efficiency bonus.

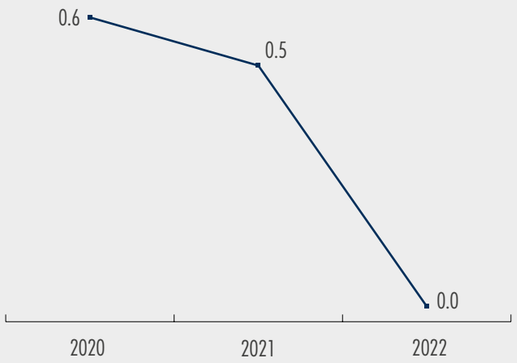
This safety bonus is based on a combination of the injury frequency index and the injury severity index and aims to reward the joint efforts made by the company, workers, and workers' safety representatives to improve workplace health and safety.

Finally, Rodacciai carries out specific controls on the noise and vibrations produced at production sites, as well as exposure to hazardous substances (such as lead). Annual blood tests are performed on employees to determine potential exposure to lead, particulates, and oil mists.

### INJURY FREQUENCY RATE




Injury frequency rate

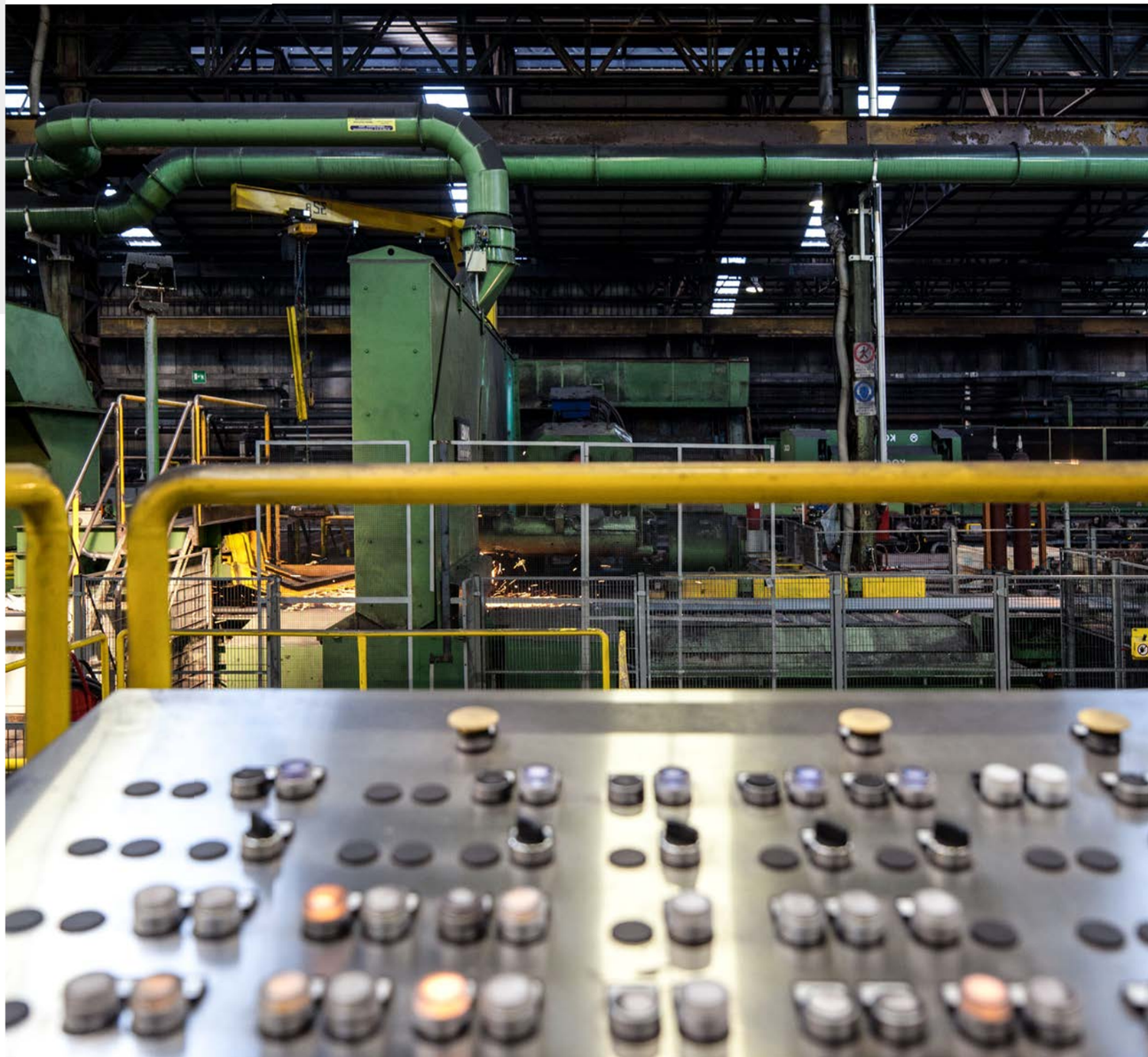



High consequences injury frequency rate

The following tables, on the other hand, show specific data for the Group's production sites.

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| Number of injuries | 29 | 43 | 46 |
| - Of which high-consequences injuries | 0 | 0 | 0 |
| Worked hours | 772,812 | 945,189 | 1,021.,38 |
| Injury frequency rate | 37.5 | 45.5 | 45.0 |
| High- consequence injury frequency rate | 0 | 0 | 0 |

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| Number of injuries | 42 | 59 | 51 |
| - Of which high-consequences injuries | 1 | 1 | 0 |
| Worked hours | 749,292 | 703,108 | 693,548 |
| Injury frequency rate | 56.1 | 83.9 | 73.5 |
| High- consequence injury frequency rate | 1.3 | 1.4 | 0 |



# 3. ATTENTION TO THE ENVIRONMENT AND THE TERRITORY

## Rodasteel places environmental conservation as a fundamental aspect of its production activities and growth objectives

Aware of the potential effects on the environment and on the communities living near its production facilities and, at the same time, of the possibility of losing competitiveness within a market that is increasingly attentive to the protection of natural resources, Rodasteel manages all its activities guided by a strong sense of responsibility towards environmental protection, with a view to reducing the impacts generated by its production processes on the environment.

These processes are in fact characterized by different phases, from the melting of raw materials to hot treatment activities to cold processing, all operations that generate significant effects on the environment, in terms of consumption of raw materials, energy and water resources and generation of emissions of climate-changing gases, atmospheric pollutants and waste.

In line with the concepts expressed in their policies[20], both Group companies are committed to continuously monitoring and evaluating their environmental impacts above and beyond mere regulatory compliance to identify winning strategies and innovative solutions to mitigate and reduce these impacts.

Rodasteel's principal environmental impacts and the related management methods are described and analysed below.

[20] Enterprise Policy for Safety and the Environment (Rodasteel) and Integrated Management Policy (Olarra).

# 3.1 THE MANAGEMENT OF RAW MATERIALS

Responsible consumption of raw materials and the circular economy are environmental issues that are strongly interconnected and given much attention by the Group.

Steel is originally created from virgin ferrous minerals, although nowadays the most used raw material in steel production is scrap metal: end-of-life steel products and processing waste from the same steel production activities. In fact, steel itself turns out to be a durable, indeed "permanent," material that is 100 percent recyclable and capable of being remelted over and over again without ever losing any of its characteristic properties, such as strength and ductility, which make it the most suitable choice in numerous applications across multiple industries.

Recycling steel saves raw materials and energy when compared to a virgin steel production process.

For example, it is estimated that for every ton of carbon steel scrap recycled, a $CO_2$ saving of 1.4 t $CO_2$ is achieved (World Steel's LCA methodology)[21].

Rodasteel's commitment to reducing its environmental impacts means gradually reducing the consumption of virgin raw materials entering the production process and limiting the production of waste through recovery and reuse to promote a continuous and increasingly circular use of materials (for more details see paragraph 3.4).

If ferrous alloys and metal scrap are the raw materials to produce steel billets at Olarra, in the Italian facilities it is the billets themselves, together with bars and rod (or rolls), that are the raw material for production activities.

Starting in 2022, with a desire to reduce the use of virgin raw materials in its processes, Rodacciai has set up a questionnaire to send to its suppliers to assess the percentage of recycled material in the products they purchase. In blast furnace products, recycling is at lower percentages, while in electric furnaces this percentage is more significant.

During the three-year reporting period, the trend in consumption of materials (raw materials and semi-finished products) is closely related to the trend in production recorded by the Group, showing a considerable increase (37.5%) in 2021 over the previous year and then decreasing slightly (10%) in 2022.

[21] Source: Federacciai, Rapporto di sostenibilità – Assemblea Annuale 2021





## Rodacciai

| Materials (tonnes) | 2020 | 2021 | 2022 |
|---|---|---|---|
| **Raw materials** | **217,479** | **323,345** | **288,603** |
| Billets | 173,621 | 265,163 | 218,916 |
| Bars | 3,892 | 4,075 | 8,202 |
| Rolled coils | 39,966 | 54,107 | 61,485 |
| **Auxiliary materials** | **225** | **305** | **369** |
| Lubricating material | 225 | 305 | 369 |
| **Packaging materials** | **761** | **1,081** | **1,066** |
| Cardboard | 73 | 97 | 78 |
| Wooden packaging | 499 | 714 | 797 |
| Packaging straps | 189 | 270 | 191 |
| **TOTAL** | **218,465** | **324,731** | **290,038** |

## Olarra

| Materials (tonnes) | 2020 | 2021 | 2022 |
|---|---|---|---|
| **Raw materials** | **82,688** | **92,329** | **83,847** |
| Ferrous alloys | 13,592 | 17,434 | 17,365 |
| Metal scrap | 69,096 | 74,895 | 66,482 |
| **Auxiliary materials** | **10,505** | **11,838** | **11,937** |
| Lubricating oils | 132 | 137 | 126 |
| Refractory materials | 5.35 | 5.83 | 6.15 |
| Process gases ($O_2$, $N_2$, argon) | 8.626 | 9.561 | 9.967 |
| Acids | 1.742 | 2.135 | 1.838 |
| **Packaging materials** | **131** | **137** | **137** |
| Paper | 28 | 33 | 32 |
| Plastics | 12 | 3 | 4 |
| Wooden packaging | 91 | 101 | 101 |
| **TOTAL** | **93,324** | **104,304** | **95,921** |

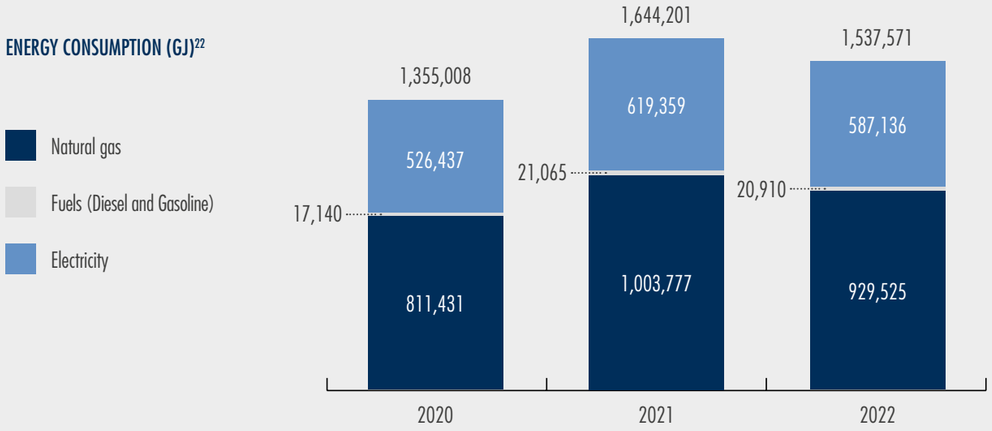
# 3.2 ENERGY AND GHG EMISSIONS

## Reducing environmental impact through the control of energy consumption

Particular attention is paid by Rodasteel to the efficiency and reduction of its energy consumption, which consists mainly of the use of electricity (38%) and natural gas (60%), used for steel production and processing (smelting and hot and cold treatments) and supporting activities, such as lighting and building heating.
The fuels used by the Group also include, albeit less significantly (2% of the total), diesel, used mainly as fuel for internal handling equipment at production facilities (e.g., forklifts) and for vehicles in the company's fleet, for which gasoline is also used in smaller quantities (-1%).
The trend of energy consumption at the Group level shows a slight decrease compared to consumption in 2021, after the sharp increase in 2021 compared to 2020 due to increased production.

Consumption in 2022 decreased by 6% compared to 2021 and increased by 13.5% compared to 2020.
Moreover, if energy consumption is related to production, it can be seen that energy intensity in the three-year period has remained almost constant: for example, in the Olarra plant this value fluctuates close to 7 GJ/ton of molten steel, while in the Bosisio Parini drawing mill of Rodacciai it takes values around 1 GJ/ton of finished product.
With the aim of reducing its consumption, Rodasteel has implemented a number of energy saving and energy efficiency initiatives during the three-year period.

**ENERGY CONSUMPTION (GJ)[22]**




[22] It should be noted that as a result of the updated calculation methodology applied, the data differs from what was presented in the previous edition of the Group Sustainability Report.



At Rodacciai, for example, in 2019, maintenance activities were carried out on the heating system of the furnace used for billet processing, with the aim of making it more efficient.
In addition, in order to optimize the use of electricity, the upgrade of lighting systems with LED lamps was promoted in the three-year reporting period.
Direct and indirect energy consumption causes another significant environmental impact for the Group: greenhouse gas (GHG) emissions, which are the largest contributor to climate change.
In 2022, at the Sirone plant, burners were revamped, which will now be able to operate with a hydrogen mixture, and work began on the construction of a regasifier for the use of biogas, the installation of which was completed during the first half of 2023 and is now awaiting testing and the necessary permits for its operation. At the Olarra plant, investments were made in two heat treatment furnaces in 2022. One of them was renovated in both the casing and the combustion system. In addition, investments were made in the purchase and installation of a new bell furnace for roll treatment.
Both innovations aim to achieve a higher degree of product quality and, at the same time, reduce natural gas consumption.
As for electricity consumption, the installation of solar panels in all production halls and the office building continued.
With this installation, the total installed peak power at Bilbao in Olarra is 2.9 MWh.
In addition to the energy consumption of the production sites and with a view to a greater understanding of its environmental impacts, since 2021 the Rodasteel Group has quantified the energy consumption attributable to the Rodacciai and Olarra sales offices.

FOCUS

## CIRCULAR ECONOMY AND STEEL

Unlike many other materials that are simply recyclable, steel is a durable material that can be remelted over and over again without ever losing any of its inherent properties such as strength, ductility, formability, which make it irreplaceable in multiple applications.
Therefore, to speak of steel as a material that is simply recyclable is today reductive: steel can in fact be classified as a "permanent material."
Permanent materials should be understood as a new category of durable materials that can complement the overly simplistic distinction between recyclable and non-recyclable material or between renewable or non-renewable resource.
In addition to the issue of recyclability, steel's contribution to the circular economy also needs to be evaluated for a number of other aspects more generally related to production processes and in particular the efficient use of natural resources, reduction of energy and water consumption, reduction of waste production, and reuse of by-products.
The virtuous recycling of ferrous scrap is one of the clearest industry-wide examples of how the two main strategic goals the EU has set for the coming decades can be combined together: circular economy and decarbonization. Italy is the top European country for scrap recycling: in 2020 alone, Italian steel mills remelted about 17 million tons of ferrous scrap.
To get a concrete idea of the relevance of this figure, one can calculate that this amount translates into a "recycling rate" in Italy of about 32 tons of recycled steel per minute.

This consumption was 4,993 GJ of natural gas and 1,822 GJ of electricity in 2021 and 4,624 GJ of natural gas and 1,756 GJ of electricity in 2022.
Rodasteel is conscious of the fact that everyone has an important role to play in the fight against total GHG emissions (and of the increasing concern that stakeholders have on the topic) and as such the group has undertaken a process of monitoring and managing its own emissions of climate altering gases.
The following emission types have been calculated at Group level again for the current year in accordance with the guidelines defined by the principal international standards[23]:

- **Scope 1 GHG emissions**[24], primarily from the combustion of fossil fuels used in Rodasteel activities (natural gas, diesel), from process emissions in steelworks and, to a lesser extent, from refrigerant gas leaks in air conditioning systems[25].
- **Scope 2 GHG emissions**[26], enerated by the purchase of electricity from Group suppliers. Specifically, these indirect emissions have been calculated by Rodasteel using two different approaches: Location-Based (LB) and Market-Based (MB). Scope 2 emissions calculated with the Location-Based approach are based on an average emission factor relating to the national electricity mix specific to each country in which Rodasteel operates.

[23] Specifically, reference was made to the GHG Protocol Corporate Accounting and Reporting Standard developed by the World Resources Institute (WRI) and the World Business Council on Sustainable Development (WBCSD)
[24] Emissions of direct origin, i.e. deriving from emission sources owned or directly controlled by the Group (e.g. combustion of fossil fuels)
[25] As for Olarra, this data is not available for the entire the three-year reporting period.
[26] Indirect emissions related to the purchase of energy (electrical or thermal) from suppliers outside the Group

The following tables show the energy consumption of the Group's production sites (Bosisio Parini and Sirone for Rodacciai and Olarra in Spain).

### ENERGY CONSUMPTION (GJ)

| Rodacciai | 2020 | 2021 | 2022 |
|---|---|---|---|
| Natural gas | 427,214 | 582,822 | 508,473 |
| Fuels | 9,770 | 12,875 | 13,194 |
| Electricity | 216,195 | 278,100 | 263,406 |
| TOTAL | **653,179** | **873,797** | **785,073** |

| Olarra | 2020 | 2021 | 2022 |
|---|---|---|---|
| Natural gas | 384,217 | 415,962 | 416,427 |
| Fuels | 7,370 | 8,190 | 7,716 |
| Electricity | 310,242 | 339,376 | 321,974 |
| TOTAL | **674,798** | **701,828** | **753,650** |



The higher the share of renewable electricity used in the country, the lower the emission factor associated with it.

The Market-Based approach instead considers the electricity market in which the Group chooses to purchase energy, referring to the contractual agreements stipulated with the supplier.

Under this approach, a zero emission factor is applied to any share of renewable electricity purchased with guarantee of origin (GO) certificates.

The remaining portion is multiplied by a residual mix factor, which considers the origin of electricity from non-renewable sources.

Since Rodasteel does not hold this type of certificate, the difference between the emission values calculated according to the two approaches differs solely from the different emission factor considered.

Along the three-year period 2020-2022 GHG emissions do not follow a linear trend, there is in fact a significant increase in 2021 compared to 2020 (+15%), impacted by Covid-19 and in line with the increase in production, and then a slight decrease in 2022 compared to 2021 (-5%), in line with the decrease in energy consumption. Specifically, total GHG emissions at the Group level are found to be 89,340[28] tons in 2020, 102,786 in 2021, and 97,048 in 2022, with Scope 2 emissions calculated using a Location Based approach, marking a 6% decrease in 2022 compared to 2021 and a 9% increase compared to 2020.

Under a Market Based approach for Scope 2, on the other hand, total GHG emissions are 99,418, 121,886, 114,667 tons in 2020, 2021, and 2022, respectively.

It should be noted that the Olarra plant and the Rodacciai plant based in Sirone are subject to the Emission Trading System, a system defined by European legislation, through Directive 2003/87/EC (ETS Directive), with the aim of reducing CO2 emissions.

For this reason, both plants are required to constantly monitor their direct emissions and report them annually to the relevant authorities.

Monitoring and calculating $CO_2$ emissions is the first practical step in a process of reducing emissions: in this way it is possible to identify the Group's most impactful activities and therefore those for which intervention is necessary (or possible).

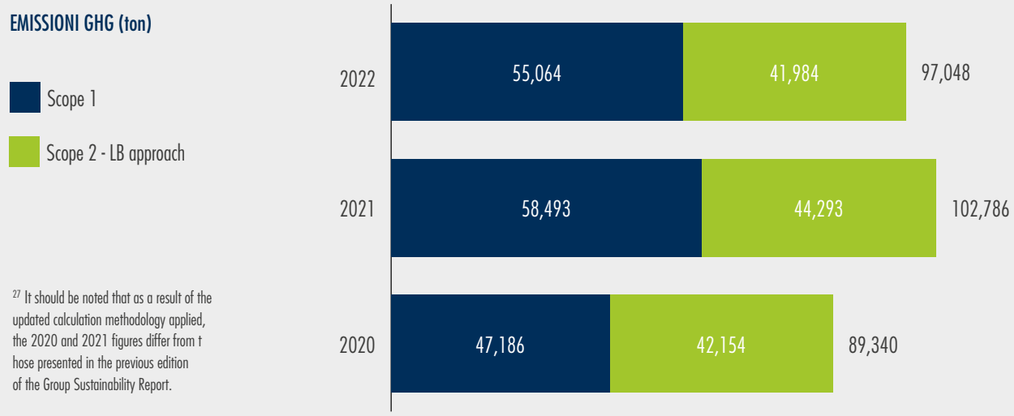
With the aim of also monitoring GHG emissions generated indirectly along the entire value chain, Rodacciai set up a survey in 2022 to be submitted to its transporters regarding their environmental practices, with the goal of mapping them and identifying the most virtuous ones, in order to identify solutions that guarantee a lower emission impact.

With this in mind, part of the transportation of materials has been shifted from trucks to trains, thus shifting to a means with less impact on ongoing climate change.

[28] Si segnala che, in conseguenza dell'aggiornamento della metodologia di calcolo applicata, i dati 2020 e 2021 differiscono da quanto esposto nella precedente edizione del Bilancio di Sostenibilità del Gruppo.

In the following graph, for 2021[27] and 2022, the greenhouse gas emissions produced by the Group's commercial offices have also been considered, in addition to the production ones.

**EMISSIONI GHG (ton)**




[27] It should be noted that as a result of the updated calculation methodology applied, the 2020 and 2021 figures differ from t hose presented in the previous edition of the Group Sustainability Report.

The following tables show the greenhouse gas emissions of the Group's production sites (Bosisio Parini and Sirone for Rodacciai and Olarra in Spain).

## Rodacciai

| GHG emissions (ton) | 2020 | 2021 | 2022 |
|---|---|---|---|
| **Scope 1** | **24,419** | **33,264** | **29,212** |
| From Combustion (in ETS) | 17,811 | 25,642 | 22,920 |
| From Combustion (not in ETS) | 6,604 | 7,552 | 6,261 |
| From leakage of refrigerant gas | 4 | 70 | 31 |
| **Scope 2 - LB approach** | **20,178** | **24,334** | **23,048** |
| **Scope 2 - MB approach** | **27,539** | **35,270** | **34,766** |
| TOTAL - LB approach | **44,597** | **57,598** | **52,260** |
| TOTAL - MB approach | **51,958** | **68,534** | **63,978** |

## Olarra

| GHG emissions (ton) | 2020 | 2021 | 2022 |
|---|---|---|---|
| **Scope 1** | **22,766** | **24,948** | **25,591** |
| From Combustion /Process (in ETS) | 22,716 | 24,908 | 24,615 |
| From leakage of refrigerant gas | 50 | 40 | 976 |
| **Scope 2 - LB approach** | **21,976** | **19,797** | **18,782** |
| **Scope 2 - MB approach** | **24,693** | **27,888** | **24,605** |
| TOTAL - LB approach | **44,742** | **44,745** | **44,373** |
| TOTAL - MB approach | **47,459** | **52,836** | **50,196** |





# EMISSION TRADING SYSTEM

The EU emissions trading system (EU ETS) is the European market for greenhouse gas emissions, an instrument created to combat climate change through the progressive reduction of GHG emissions.
Introduced in 2005, it is the first emission trading system ever created (and currently the most widely used: it is in force throughout the European Union and in Iceland, Liechtenstein and Norway).
The ETS sets emission limits for more than 11,000 industrial and energy installations operating within EU borders, as well as for airlines operating between EU countries. This system, which covers approximately 45% of GHG emissions generated within the European Union, operates a cap and trade mechanism.
This means that a cap is set on permitted GHG emissions that can be generated in the system, which is progressively lowered over time with a view to reducing GHG emissions. On the basis of this cap, each individual company subject to ETS receives a quota of economically quantifiable permits (emission allowances), which can be exchanged with other companies if needed. Every year, each company must hold a sufficient number of emission allowances to cover the GHG emissions it produces, otherwise it is subject to heavy penalties. Under this system a virtuous company (i.e. one which has generated fewer emissions than those allowed) will be able to keep the leftover permits for the following year or sell them to other companies that need them.

From 2021, in order to align with the European Union's emission reduction targets, the ETS has become even more stringent by entering Phase 4: in fact, the linear reduction factor, whereby the free allowances allocated to each company decrease linearly over the years, has been increased from 1.74% to 2.2%. I
n addition, the method of free allocation of allowances has been rewritten, so that the list of companies that will continue to receive 100% free allowances has been reduced to about 60 sectors, while for the remaining companies, considered to be operating in less exposed sectors, there is an initial 30% free allocation, which is expected to gradually decrease over the years. Rodacciai and Olarra are included in the ETS.
The Sirone site, which has been included in the scheme since 2013, was initially allocated emission allowances of 24,094 t $CO_2$, which decreased to 16,423 t $CO^2$ in 2022, while the Olarra site was allocated allowances of 22,350 t $CO_2$ in 2020, 19,644 t $CO_2$ in 2021 and 19,644 t $CO_2$ in 2022.

The Rodasteel Group with the support of external consultants is defining its road map with the aim of meeting the goals that the European community has defined with a view to reducing atmospheric emissions and using resources increasingly from renewable sources.

# 3.3 THE MANAGEMENT OF POLLUTANT EMISSIONS

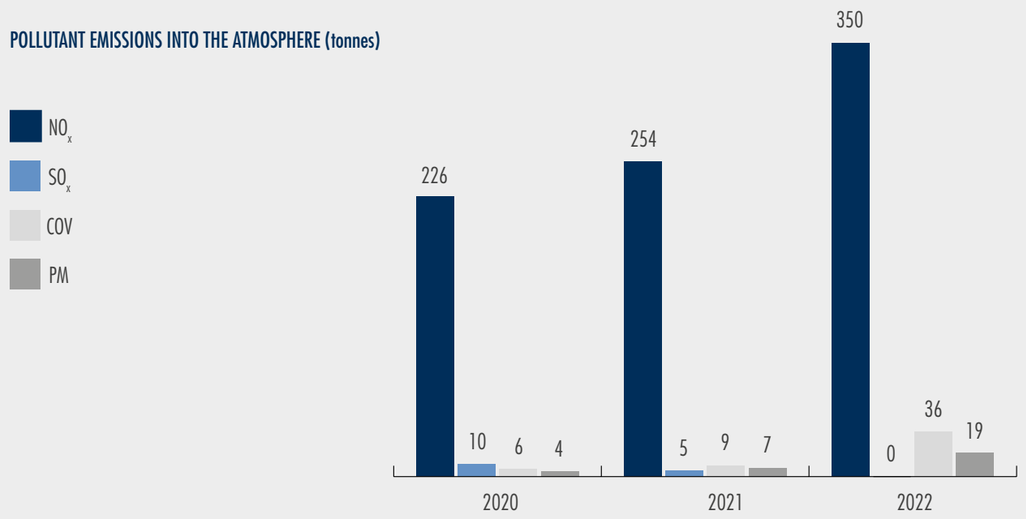
## Awareness of their environmental impacts and compliance with current regulations

In order to increase awareness of its environmental impacts and in compliance with current regulations, it assumes significant importance for the Group also the monitoring of emissions of pollutants into the atmosphere. The principal pollutant emissions generated by production activities at the various Group sites are:

- **Nitrogen oxides ($NO_x$)**, generated during combustion for specific phases of the steel production cycle (e.g. melting at the steel mill and hot rolling) and for indoor heating.
- **Sulfur oxides ($SO_x$)**, produced during chemical pickling (a sulphuric acid treatment to eliminate the layer of surface oxides formed on the steel during hot rolling;
- **Volatile organic compounds (COVs)**, generated by electric furnaces in the steelworks;
- **Particulate Matter (PM)**, deriving from various mechanical and chemical treatments applied to the steel along the entire production process (e.g. shot blasting, grinding, physical pickling, extrusion and drawing).

All these pollutants are periodically measured in accordance with the regulations in force in each country; therefore one or more measurements of pollutant concentration are carried out at the different emission points at each production site every year.

**POLLUTANT EMISSIONS INTO THE ATMOSPHERE (tonnes)**



In order to obtain an annual estimate of air emissions for each pollutant the Group first carried out sampling at each site and then multiplied the average concentrations measured at each chimney by the average flows recorded at the time of sampling and by the yearly operating hours of the systems. The lack of continuous monitoring (and the resulting estimate of emissions from limited point measurements over time) is the main reason why fluctuations (in some case substantial) can be observed in the three-year period 2020-2022 between the yearly values measured by Rodasteel for each pollutant. The precise time of measurement can strongly affect the measured value: this can vary considerably depending on the material being processed during sampling and on environmental variations (e.g. temperature).

### Rodacciai

| Pollutants (ton) | 2020 | 2021 | 2022 |
|---|---|---|---|
| $NO_x$ | 132 | 161 | 242 |
| $SO_x$ | 0.06 | 0.03 | 0.03 |
| COV | - | - | - |
| PM | 2 | 3 | 4 |

### Olarra

| Pollutants (ton) | 2020 | 2021 | 2022 |
|---|---|---|---|
| $NO_x$ | 94 | 93 | 108 |
| $SO_x$ | 10 | 5 | 1 |
| COV | 6 | 9 | 36 |
| PM | 2 | 4 | 14 |

## RODASTEEL AND NOISE MANAGEMENT

FOCUS

Upgrading the Rodasteel Group's production process is aimed not only at improving market performance but also at minimising impacts.
One of the principal impacts that the Group seeks to reduce is the noise pollution produced by the existing machinery at the Rodacciai and Olarra production sites. There were no violations of the legal emission limits during the three-year period 2020-2022 at the Italian sites. In addition, since 2018 Rodacciai has engaged in an annual campaign to monitor daytime and night-time noise emissions.
As regards the Spanish Olarra site, doors and sound-absorbing panels have been installed at its plants and actions have been taken to reduce noise pollution produced by the loudest machinery (e.g. motors and pumps).

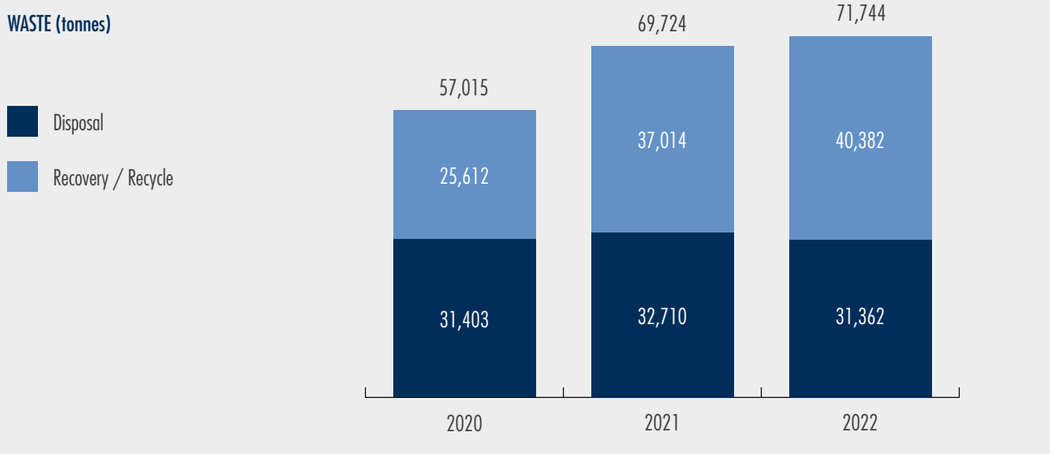




# 3.4 THE WASTE MANAGEMENT

Awareness of one's environmental impacts and compliance with current regulations

Waste management is extremely important for a company that aspires to monitor and consequently reduce its environmental impacts. In the three-year period 2020-2022, the amount of waste produced by Rodasteel increased as a result of maintenance activities at the Sirone plant and due to increased disposals of certain materials such as pickling acids and metal sludge at the Bosisio plant. The increase recorded in 2022 was 26% over 2020 and 3% over 2021.
While the total amount of waste generated has changed significantly over the three-year period, the breakdown of waste by hazard class has remained almost constant: each year, hazardous waste (5,051t in 2020, 5,840t in 2021, and 5,562t in 2022) has been around 8% while nonhazardous waste has been around 92% (51,964t, 63,884t, and 66,182t in 2020, 2021, and 2022, respectively).
The amount of waste sent for disposal in landfills has followed a downward trend over the three-year period, and in 2022 constitutes 44% of total waste, while the amount of waste undergoing recovery/recycling treatment stands at 56% in 2022. In line with the Group's principle of implementing circular economy initiatives, Olarra concluded in 2021 the project, started in 2018, aimed at enhancing the waste produced and reducing the consumption of virgin materials: the Tarcinox project. The initiative, which used to see Olarra partner with Tubacex (another company active in the steel sector), Elinfe (an industrial waste manager) and Tecnalia (specialised in research and technological development), aimed at recovering three of the main types of waste produced by Olarra: slag and dust in steelworks and sludge produced in rolling mills.



The project is a continuation of an earlier industrial waste initiative (PIVASI) which demonstrated that while some properties of the waste could make it useful in the production of cement and mortar, other properties (high expansivity) render it less suitable. Through the Tarcinox project Olarra now intends to study how to reduce these negative properties to use waste as a raw material and avoid its disposal in landfills. For sludge and dust (both having a high metal content) the aim of the project is to find a way to use them as raw materials in the production process through separation, by treatment with ionic liquids, of the potentially recoverable metal portion.

Furthermore, after the completion of the corporate packaging waste minimization plan (with a time horizon of 2018-2021), the Spanish company has begun to define a new plan for the three-year period 2022 - 2025, focused on the recovery of the metals contained in the settling sludge as well as in the search for alternatives for the management and valorisation of steel slag.

## Rodacciai

| Waste (ton) | 2020 | 2021 | 2022 |
|---|---|---|---|
| **Hazardous** | **919** | **1,127** | **1,325** |
| Destined for disposal | 690 | 818 | 434 |
| Destined for recovery/recycling | 229 | 309 | 891 |
| **Non-hazardous** | **22,522** | **32,283** | **35,190** |
| Destined for disposal | 102 | 285 | 85 |
| Destined for recovery/recycling | 22,420 | 31,998 | 35,105 |
| **TOTAL** | **23,441** | **33,410** | **36,515** |

## Olarra

| Waste (ton) | 2020 | 2021 | 2022 |
|---|---|---|---|
| **Hazardous** | **4,132** | **4,713** | **4,237** |
| Destined for disposal | 2,643 | 3,113 | 2,652 |
| Destined for recovery/recycling | 1,489 | 1,600 | 1,585 |
| **Non-hazardous** | **29,442** | **31,601** | **30,992** |
| Destined for disposal | 27,968 | 38,494 | 27,734 |
| Destined for recovery/recycling | 1,474 | 3,107 | 3,258 |
| **TOTAL** | **33,574** | **36,314** | **35,229** |



## RECYCLING PROJECT

FOCUS

Rodacciai has implemented the Recycling Project at the Bosisio Parini headquarters which aims to increase the internal recycling of waste and the reuse of incoming material. As part of this project, Rodacciai has developed specific filtering technologies to recover and reuse the phosphate used in the pickling phase.

By doing so, Rodacciai both generates less waste and saves on the consumption of new phosphating agent.

# 3.5 THE MANAGEMENT OF WATER RESOURCES

Responsible management of water resources is another important objective for environmental sustainability within the steel industry. The water collected is used both for industrial and civil purposes.

At the Bosisio plant in Italy about 70% of water deriving from the mains supply is used for industrial purposes and the rest for civil purposes while all well water is used in the production process (e.g. in pickling tanks) or used for machinery cooling.

Well water is also abstracted at the Sirone site for cooling the machinery used in the rolling process and in heat treatments. Specifically, the site uses a closed-loop water system whereby the continuously recycled water is abstracted from the well solely to restore water lost through evaporation.

The remainder of the Sirone water table consists of water drawn from the mains supply and intended solely for civil use. A closed-loop water system for cooling is also in place at the Spanish steelworks (more than 70%), where water is withdrawn to compensate for the portion that evaporates due to high process temperatures.

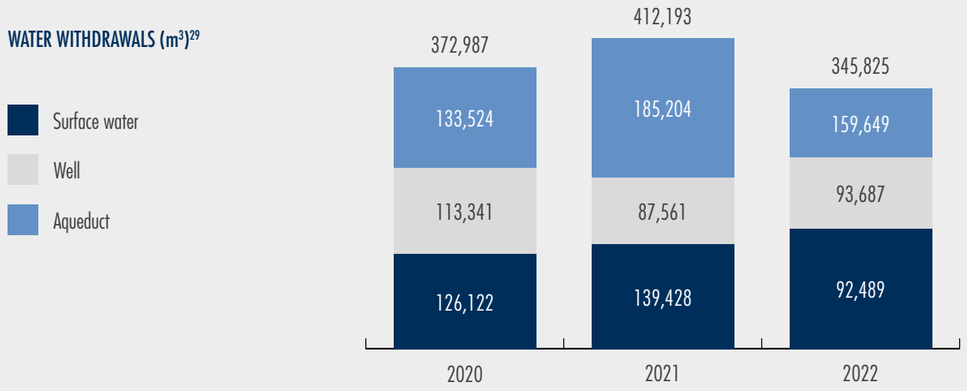
A small portion of the water drawn from the mains supply (less than 30%) is used for civil purposes.

As for Rodasteel, about 346 thousand cubic meters of water were withdrawn in 2022, a 16% decrease from the previous year (-7% from 2020), in line with production trends.

Of note, at the Spanish Olarra plant, there was a significant reduction in river water consumption (-33% compared to 2021), mainly due to the investment in a new cooling system for the steel mill, implemented in August 2021.

The data confirm the success of the Group's responsible water resource management projects.

**WATER WITHDRAWALS ($m^3$)[29]**




[29] It should be noted that the figures for water withdrawals in 2021 differ from those reported in the Sustainability Report 2021, following a correction of the figure in 2022.

A total of 142,925 $m_3$ of water was discharged by the Group into the sewerage system in 2022, which was 6% less than the value recorded in 2021 (152.505[30] $m_3$; 144.827 $m_3$ in 2020). Geographically, this discharge is represented on average over the three-year period by about 77% from Italy (76% in 2020, 74% in 2021, and 80% in 2022), and consists mainly of industrial (Bosisio) and civil and stormwater (Sirone). The remaining Spanish share (23%), on the other hand, consists mainly of meteoric wastewater (about 34,242 $m_3$ in 2020, 38,340 $m_3$ in 2021 and 28,144 $m_3$ in 2022).

In addition to discharges to sewers, stormwater discharges directly into surface water bodies are also reported at Italian sites[31].

Finally, with a view to protecting the water resource, both in terms of quantity and quality, it is important to point out that none of the areas where the production sites insist are subject to water stress[32] and that the water withdrawn and discharged has a total dissolved solids concentration below 1000mg/l.

[30] It should be noted that the figures for water withdrawals in 2021 differ from those reported in the Sustainability Report 2021, following a correction of the figure in 2022
[31] It is reported that, for surface discharges in Italian factories, there is no timely monitoring of discharged quantities to date.
[32] As defined by the World Resources Institute's "Aqueduct Water Risk Atlas.". Specifically, the Group's factories fall in medium to low water stress risk areas.

## Rodacciai

| Water with drawal ($m^3$) | 2020 | 2021 | 2022 |
|---|---|---|---|
| From surface water body | 0 | 0 | 0 |
| From well | 113,341 | 87,561 | 93,687 |
| From municipal water system | 100,201 | 143,377 | 124,871 |
| TOTAL | **213,542** | **230,938** | **218,558** |

## Olarra

| Water with drawal ($m^3$) | 2020 | 2021 | 2022 |
|---|---|---|---|
| From surface water body | 126,122 | 139,428 | 92,489 |
| From well | 0 | 0 | 0 |
| From municipal water system | 33,323 | 41,827 | 34,778 |
| TOTAL | **159,445** | **181,255** | **127,267** |



# METHODOLOGICAL NOTE

This document represents the third Sustainability Report of the Rodasteel Group and relates to the reporting year 2022 (from 1 January to 31 December 2022).
The Report also contains the performance data (where available) relating to the previous two-year period to allow for a comparison of the data for the three-year period 2020-22.
Unless otherwise indicated, the reporting scope includes only the Rodasteel Group production companies: Rodasteel S.p.A. and the Spanish company Aceros Inoxidables Olarra S.A.
Other companies of the Rodasteel Group, i.e. sales, real estate, service companies and financial holdings are excluded from the reporting perimeter of this document.
The details of the Rodasteel Group's production sites (Registered Office in Chiasso, via E. Bossi 50) included in the perimeter of these Sustainability Statements are shown at the beginning of Chapter 1.

The reporting standard adopted by Rodasteel Group in drafting the Sustainability Report 2021 is the GRI Sustainability Reporting Standards under the in accordance-core option.
As of the date of publication of the Annual Report, no significant events that occurred in 2023 that could be considered relevant to sustainability reporting have come to the Group's attention.
This document has been subject to limited examination ("limited assurance engagement") by EY S.p.A., whose Report is available at the end of the document.

# MATERIAL TOPICS

In accordance with the GRI Standards, the content reported in the Sustainability Report depends on the materiality analysis carried out by the Group, the definition process of which is described in the opening chapter.
The following table lists the material topics identified by Rodasteel, the corresponding GRI Topics and their perimeter in terms of impact, and any limitations to reporting due to the unavailability of data elsewhere.
For the coming years, the Rodasteel Group is committed to gradually extending the reporting scope of material aspects.

GRI Topics 308: *Supplier Environmental Assessment 2016* e *414: Supplier Social Assessment 2016* were considered cross-cutting to all identified impacts, so they are not shown in the following table but are reported within the Sustainability Report.

| MATERIAL TOPICS FOR RODASTEEL | GRI TOPIC | PERIMETER OF THE TOPIC | | REPORTING LIMITATIONS (PERIMETER) | |
|---|---|---|---|---|---|
| | | INTERNAL | EXTERNAL | INTERNAL | EXTERNAL |
| **Attention to employees and their development** | 404: Training and education 2016 | Group | | | |
| **Energy consumption and climate change** | 302: Energy 2016<br>305: Emissions 2016 | Group | Suppliers | | Reporting not extended to suppliers |
| **Socio-economic value creation and support for local communities** | 201: Economic performance 2016<br>204: Procurement practises 2016<br>401: Employment 2016 | Group | | | |
| **Circular economy** | 301: Materials 2016<br>306: Waste 2020 | Group | | | |
| **Air pollutant emissions** | 305: Emissions 2016 | Group | | | |
| **Water resources management** | 303: Water and effluents 2018 | Group | | | |
| **Business integrity** | 205: Anti-corruption 2016<br>206 Anticompetitive behaviour 2016 | Group | | | |
| **Product quality and innovation** | NON-GRI topic* | Group | | | |
| **Respect for and protection of human rights** | 405: Diversity and equal opportunities 2016<br>406: Non discrimination 2016 | Group | | | |
| **Worker health and safety** | 403: Occupational health and safety 2018 | Group | Suppliers and contractors | | Reporting partially extended to contractors |

(*) With regard to the issue in question (not directly linked to a topic covered by GRI Standards), the Rodasteel Group reports the management approach adopted and, where available, specific internal indicators.



## PRINCIPLES DEFINING THE CONTENT AND GUARANTEEING THE QUALITY OF THE GROUP REPORT

The Sustainability Report of the Rodasteel Group is prepared in accordance with the Reporting Principles defined by GRI Standard 1, namely the principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability for the overall quality assurance of the document.

## REPORTING PROCESS AND CALCULATION METHODOLOGIES ADOPTED

The contents expressed in the Rodasteel Group Sustainability Report have been defined based on materiality analysis.

Qualitative-quantitative data relating to social, environmental, and economic/financial matters were collected (on an annual basis) through the use of specific data collection forms sent to the representatives of the Group's main departments, who were also involved in a series of interviews to identify the information to be reported in the Report.

Below are the principal calculation methods and assumptions adopted for the performance indicators included in the Sustainability Report, which are in addition to what is already expressed in the document.

For unavailable environmental data, conservative estimation was used that led to selecting the hypotheses associated with the least positive environmental performance for the Group. Greenhouse gas (GHG) emissions have been reported in accordance with the guidelines defined by the principal internationally recognised reporting standards.

Specifically, reference was made to the GHG Protocol Corporate Accounting and Reporting Standard developed by the World Resources Institute (WRI) and the World Business Council on Sustainable Development (WBCSD).

Emissions were calculated based on the following formula:

CO2 emissions = activity figure x emission factor x GWP (Global Warming Potential). The calculation of greenhouse gas emissions shall also consider the emission associated with any refrigerant gas leakage.

In this case, the amount of refrigerant lost is multiplied by the respective GWP.

Emissions generated by the Rodasteel Group and subject to the Emissions Trading System (ETS) scheme were assumed to be equal to the value communicated by the Group in the official declaration forwarded to the scheme's management body.

The emission factors and *GWPs* used are shown in the following table:

| SCOPE | COEFFICIENT | UNITY OF MEASURE | PERIMETER | 2020 | 2021 | 2022 | SOURCE |
|---|---|---|---|---|---|---|---|
| SCOPE 1 | Natural gas E.F. | $TonCO_2/1000\ stdm^3$ | GRUPPO | 1.984 | 1.983 | 1.991 | Ministry for the Environment, Land and Sea |
| | Diesel E.F. | $TonCO_2/Ton$ | | 3.155 | 3.169 | 3.169 | |
| | GWP R410A | $Kg\ CO_{2eq}./Kg$ F-Gas | | 2,088 | 2,088 | 2,225.5 | IPCC, 4th Assessment Report (AR) (2020 e 2021), 6th Assessment Report (AR) (2022) |
| | GWP 407C | | | 1,774 | 1,774 | 1,907.9 | |
| | GWP R32 | | | 675 | 675 | 771 | |
| | GWP R134A | | | 1,430 | 1,430 | 5,810 | |
| | GWP R448A | | | - | 1,386 | - | |
| SCOPE 2 | Market-Based Electricity E.F. | gCO2eq. /kWh | ITALIA | 458.57 | 456.57 | 475.15 | AIB – European Residual Mixes |
| | | | SPAGNA | 286.53 | 295.83 | 275.11 | |
| | Location-Based Electricity E.F. | gCO2eq. /kWh | ITALIA | 336 | 315 | 315 | Terna – International Comparisons |
| | | | SPAGNA | 255 | 219 | 210 | |

For the calculation of the Group's GHG emissions and energy consumption, the conversion factors used (lower calorific value and density of natural gas and diesel) are derived from the annually updated DEFRA (Department for Environment, Food and Rural Affairs) database of the Government of the United Kingdom.

For information and further details relating to this document, please contact:

Rodacciai

Via Giuseppe Roda, 1
23842 Bosisio Parini (LC) - ITALIA
Tel. +39 031 878111
info@rodacciai.com

# GRI CONTENT INDEX

| | |
|---|---|
| DECLARATION OF USE | Gruppo Rodasteel has published this report in compliance with GRI Standards for the period 01/01/2022 – 31/12/2022 |
| GRI 1 USED | GRI 1 - Fundation 2021 |
| RELEVANT GRI SECTOR STANDARD | Not applicable |

| GRI STANDARDS | DISCLOSURE | INDICATOR DESCRIPTION | DOCUMENT SECTION | NOTES AND OMISSIONS |
|---|---|---|---|---|
| GENERAL DISCLOSURES | | | | |
| | 2-1 | Organisational details | Methodological note | - |
| | 2-2 | Entities included in the organisation's sustainability reporting | Methodological note | - |
| | 2-3 | Reporting period, frequency, and contact point | Nota Metodologica | - |
| | 2-4 | Restatements of information | GRI Content Index | No restatements of information were made in relation to the previous Sustainability Report. Any changes to 2020 and 2021 data due to changes in methodology or errors in charts are appropriately flagged within the text. |
| | 2-5 | External assurance | Methodological note | - |
| | 2-6 | Activities, value chain and other business relationships | 1. The Rodasteel identity | - |
| | 2-7 | Employees | 2.1 The strength of one large team | - |
| | 2-8 | Workers who are not employees | 2.1 The strength of one large team | - |
| | 2-9 | Governance structure and composition | 1. The Rodasteel identity | - |
| | 2-10 | Nomination and selection of the highest governance body | GRI Content Index | The board of directors of Rodasteel is appointed by the sole shareholder's meeting in accordance with the provisions of the bylaws. The selection process is consolidated over time and, at the end of each term, one of the main criteria for evaluating and selecting candidates is the maintenance of continuity. |
| | 2-11 | Chair of the highest governance body | 1. The Rodasteel identity | - |
| | 2-12 | Role of the highest governance body in overseeing the management of impacts | 1. The Rodasteel identity | - |
| | 2-13 | Delegation of responsibility for managing impacts | 11. The Rodasteel identity | - |
| | 2-14 | Role of the highest governance body in sustainability reporting | 1. The Rodasteel identity | - |
| | 2-15 | Conflicts of interest | 1. The Rodasteel identity | - |
| | 2-16 | Communication of critical concerns | GRI Content Index | There is a criticality communication process that starts from the bottom, where the Boards of Directors of the two companies are a point of reference before reaching the Rodasteel Board. In the three-year reporting period, there were no criticality communications to the BoD. |
| | 2-17 | Collective knowledge of the highest governance body | 1. The Rodasteel identity | - |
| | 2-18 | Evaluation of the performance of the highest governance body | GRI Content Index | Currently, board members are not subject to periodic performance evaluation on sustainability issues. |
| | 2-19 | Remuneration policies | GRI Content Index | Currently, there is no standard regarding remuneration. |
| | 2-20 | Process to determine remuneration | GRI Content Index | Currently, there is no standard regarding remuneration. |

| GRI STANDARDS | DISCLOSURE | INDICATOR DESCRIPTION | DOCUMENT SECTION | NOTES AND OMISSIONS |
|---|---|---|---|---|
| | | GENERAL DISCLOSURES | | |
| | 2-21 | **Annual total compensation ratio** | GRI Content Index | The annual total pay ratio is not reported within the document due to confidentiality constraints, the information being confidential and non-publishable. |
| | 2-22 | **Statement on sustainable development strategy** | Letter to stakeholders | - |
| | 2-23 | **Policy commitments** | 1. The Rodasteel identity | - |
| | 2-24 | **Embedding policy commitments** | 1. The Rodasteel identity | - |
| | 2-25 | **Processes to remediate negative impact** | Materiality analysis | - |
| | 2-26 | **Mechanisms for seeking advice and raising concerns** | 1. The Rodasteel identity | - |
| | 2-27 | **Compliance with laws and regulations** | GRI Content Index | In the three-year reporting period, noncompliance was found with respect to regulations in 2022, resulting in fines. |
| | 2-28 | **Membership associations** | GRI Content Index | Rodasteel is a member of the following associations: Federacciai, Cetroinox, Eurofer, Italian Metallurgy Association. |
| | 2-29 | **Approach to stakeholder engagement** | Rodasteel stakeholdersl | - |
| | 2-30 | **Collective bargaining agreements** | GRI Content Index | All Group employees are covered by collective bargaining agreements. |



| GRI STANDARDS | DISCLOSURE | INDICATOR DESCRIPTION | DOCUMENT SECTION | NOTES AND OMISSIONS |
|---|---|---|---|---|
| **MATERIAL TOPICS** | | | | |
| GRI 3: Material topics 2021 | 3-1 | Process to determine material topics | Materiality analysis | - |
| | 3-2 | List of material topics | Materiality analysis Methodological note | - |
| **ATTENTION TO EMPLOYEES AND THEIR DEVELOPMENT** | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics | 2.2 The development of human capital | - |
| GRI 404: Training and education 2016 | 404-1 | Average hours of training per year per employee | 2.2 The development of human capital | - |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews | 2.2 The development of human capital | - |
| **ENERGY CONSUMPTION AND CLIMATE CHANGE** | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics | 3.2 Energy and GHG Emissions | - |
| GRI 302: Energy 2016 | 302-1 | Energy consumed within the organisation | 3.2 Energy and GHG Emissions | - |
| | 302-4 | Energy intensity | 3.2 Energy and GHG Emissions | - |
| GRI 305: Emissions 2016 | 305-1 | Direct (Scope 1) GHG emissions | 3.2 Energy and GHG Emissions | - |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | 3.2 Energy and GHG Emissions | - |
| **SOCIO-ECONOMIC VALUE CREATION AND SUPPORT FOR LOCAL COMMUNITIES** | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics | 1.2 Professionalism and transparency along the supply chain<br>1.3 Proximity to local communities<br>2.1 The strength of one large team | - |
| GRI 201: Economic performance 2016 | 201-1 | Direct economic value generated and distributed | 1.3 Proximity to local communities | - |
| GRI 204: Procurement practices 2016 | 204-1 | Proportion of spending on local suppliers | 1.2 Professionalism and transparency along the supply chain | - |
| GRI 401: Employment 2016 | 401–1 | New employee hires and employee turnover | 2.1 The strength of one large team | - |
| | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 2.1 The strength of one large team | - |
| **CIRCULAR ECONOMY** | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics | 3.1 The management of raw materials<br>3.4 The waste management | - |
| GRI 301: Materials 2016 | 301-1 | Materials used by weight or volume | 3.1 The management of raw materials | - |
| GRI 306: Waste 2020 | 306-1 | Waste generation and significant waste-related impacts | 3.4 The waste management | - |
| | 306-2 | Management of significant wasterelated impacts | 3.4 The waste management | - |
| | 306-3 | Waste generated | 3.4 The waste management | - |
| **AIR POLLUTANT EMISSIONS** | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics | 3.3 The management of pollutant emissions | - |
| GRI 305: Emissions 2016 | 305-7 | Nitrogen oxides ($NO_x$), sulfur oxides ($SO_x$) and other significant air emissions | 3.3 The management of pollutant emissions | - |
| **WATER RESOURCES MANAGEMENT** | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics | 3.5 The management of water resources | - |
| GRI 303: Water and effluents 2018 | 303-1 | Interaction with water as a shared resource | 3.5 The management of water resources | - |
| | 303-2 | Management of impacts related to water discharge | 3.5 The management of water resources | - |

| GRI STANDARDS | DISCLOSURE | INDICATOR DESCRIPTION | DOCUMENT SECTION | NOTES AND OMISSIONS |
|---|---|---|---|---|
| **WATER RESOURCES MANAGEMENT** | | | | |
| GRI 303: Water and effluents 2018 | 303-3 | Water withdrawal | 3.5 The management of water resources | - |
| | 303-4 | Water discharge | 3.5 The management of water resources | - |
| **BUSINESS INTEGRITY** | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics | 1. The Rodasteel identity | - |
| GRI 205: Anti-corruption 2016 | 205-3 | Episodi di corruzione accertati e azioni intraprese | 1. The Rodasteel identity | - |
| GRI 206: Anticompetitive behaviour 2016 | 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | 1. The Rodasteel identity | - |
| **PRODUCT QUALITY AND INNOVATION** | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics | FOCUS: Continuous innovation for the quality of our products 1.1 Experience and competitiveness | - |
| **RESPECT FOR AND PROTECTION OF HUMAN RIGHTS** | | | | |
| GRI 3: Material topics 2021 | 302-1 | Management of material topics | 2.1 The strength of one large team | - |
| GRI 405: Diversity and equal opportunities 2016 | 405-1 | Diversity of governance bodies and employees | 2.1 The strength of one large team | - |
| GRI 406: Non discimination | 406-1 | Incidents of discrimination and corrective actions taken | 2.1 The strength of one l arge team | - |
| **WORKER HEALTH AND SAFETY** | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics | 2.3 Health and safety: the priority of Rodasteel | - |
| GRI 403: Occupational health and safety 2018 | 403-1 | Occupational health and safety management system | 2.3 Health and safety: the priority of Rodasteel | - |
| | 403-2 | Hazard identification, risk assessment, and incident investigation | 2.3 Health and safety: the priority of Rodasteel | - |
| | 403-3 | Occupational health services | 2.3 Health and safety: the priority of Rodasteel | - |
| | 403-4 | Worker participation, consultation, and communication on occupational health and safety | 2.3 Health and safety: the priority of Rodasteel | - |
| | 403-5 | Worker training on occupational health and safety | 2.2 Lo sviluppo del capitale umano 2.3 Health and safety: the priority of Rodasteel | - |
| | 403-6 | Promotion of worker health | 2.3 Health and safety: the priority of Rodasteel | - |
| | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 2.3 Health and safety: the priority of Rodasteel | - |
| | 403-9 | Work-related injuries | 2.3 Health and safety: the priority of Rodasteel | - |
| | 403-10 | Work-related ill health | 2.3 Health and safety: the priority of Rodasteel | - |
| **CROSS-CUTTING INDICATORS ACROSS ALL THEMES** | | | | |
| GRI 3: Material topics 2021 | 3-3 | Management of material topics | 1.2 Professionalism and transparency along the supply chain | - |
| GRI 308: Supplier environmental assessment 2016 | 308-1 | New suppliers that were screened using environmental criteria | 1.2 Professionalism and transparency along the supply chain | - |
| GRI 414: Supplier social assessment 2016 | 414-1 | New suppliers that were screened using social criteria | 1.2 Professionalism and transparency along the supply chain | - |

EY S.p.A.
Via Meravigli, 12
20123 Milano

Tel: +39 02 722121
Fax: +39 02 722122037
ey.com

# Independent Accountant's Assurance Report on the "2022 Sustainability Report"

(Translation from the original Italian text)

To the Board of Directors of
Rodasteel Corporation AG

We have been appointed to perform a limited assurance engagement on the Sustainability Report of Rodasteel Group (hereinafter "the Group") for the year ended on December 31, 2022.

## Directors' responsibility on the Sustainability Report

The Directors of Rodasteel Corporation AG are responsible for the preparation of the Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative ("GRI Standards"), as described in the paragraph "Methodological note" of the Sustainability Report.

The Directors are also responsible for that part of internal control that they consider necessary to allow the preparation of a Sustainability Report that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for defining the commitments of Rodasteel Group regarding the sustainability performance, as well as for the identification of the stakeholders and of the significant matters to report.

## Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality, and professional behavior.

Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

EY S.p.A.
Sede Legale: Via Meravigli, 12 – 20123 Milano
Sede Secondaria: Via Lombardia, 31 – 00187 Roma
Capitale Sociale Euro 2.600.000,00 i.v.
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## Auditors' responsibility

It is our responsibility to express, based on the procedures performed, a conclusion about the compliance of the Sustainability Report with the requirements of the GRI Standards. Our work has been performed in accordance with the criteria established by the principle "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of procedures to obtain a limited assurance that the Sustainability Report is free from material misstatements.

Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the Sustainability Report were based on our professional judgment and included inquiries, primarily with Company's personnel responsible for the preparation of the information included in the Sustainability Report, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. Analysis of the process relating to the definition of material aspects included in the Sustainability Report, in order to assess the reasonableness of the selection process followed having in mind the reporting standard used;
2. Understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the Sustainability Report.
   In particular, we have conducted interviews and discussions with the management of Rodasteel Corporation AG and with the personnel of Rodacciai S.p.A. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of data and information to the department responsible for the preparation of the Sustainability Report.
   Furthermore, for significant information, considering the Group's activities and characteristics:
   - at Group level
     a) with reference to the qualitative information included in the Sustainability Report, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidences;
     b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
   - for Sirone plant of Rodacciai S.p.A., that we have selected based on its activity, relevance to the consolidated performance indicators and location, we have carried out a site visit during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.



## Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report of the Rodasteel Group for the year ended on December 31, 2022 has not been prepared, in all material aspects, in accordance with the requirements of the GRI Standards as described in the paragraph "Methodological note" of the Sustainability Report.

Milan, 31 October 2023

EY S.p.A.
Massimo Meloni
(Auditor)

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

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Rodacciai

Bosisio Parini (LC) Via Giuseppe Roda 1, 23842
Tel. +39 031878111
www.rodacciai.com

ACEROS INOXIDABLES
OLARRA

Loiu (Bizkaia) Spagna - Larrabarri 1, 48180
Tel. +34 944711517
www.olarra.com