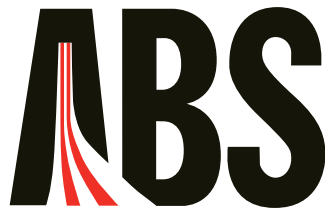


# Sustainability Report 2024



**LEVELUP**

Moving on together to the next level



*For the fourth edition of the Sustainability Report, we wanted to visually express our commitment to authentic and conscious sustainability.*

*The cover, which combines our iconic tower with two large leaves, embodies this vision: the large, detailed leaves symbolise our commitment to ESG (environmental, social and governance) issues.*

*Almost like a magnifying glass, these shapes demonstrate a willingness to look beyond the surface and carefully examine every aspect of our activities and processes to continuously improve and reduce our impact.*



# Sustainability Report 2024

**LEVELUP**

**Moving on together to the next level**

# LEVELUP

## Moving on together to the next level

Ready to move on together to the next level.

Attention, concentration, care, meticulous evaluation: these are the tools we rely on to improve the future. We work hard every day to raise the bar on what we expect of ourselves to give our partners the best.

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# LETTER TO THE STAKEHOLDERS

**“We are pleased to present our fourth Sustainability Report, which not only summarises our commitment to sustainability but also outlines the strategic goals we are pursuing and the path we are taking to achieve them.”**

This year we have extended the scope of our reporting to include Rott-Ferr, which has recently become part of our Group. This decision reflects our commitment to act in a unified and cohesive manner to improve efficiency and reduce emissions. We firmly believe that involving every part of our diverse business is the most serious and transparent approach to demonstrating our sustainable growth path.

To achieve these ambitious goals, we have invested in increasingly sophisticated tools to monitor and report environmental performance in a timely manner. By monitoring an increasing number of parameters, improved data collection and analysis allows us to achieve more accurate results. Data management is crucial: with a more accurate control, we can improve process analysis and increase our awareness, thus creating the conditions for more informed and forward-looking decisions.

Our sustainability initiatives not only meet our environmental and social responsibilities, but also create value for our customers. By streamlining processes, reducing emissions and innovating, we are creating more sustainable and competitive solutions that better meet market needs and make a tangible contribution to improving the steel industry as a whole.



At the same time, we continue to consider our relationship with the community and the territory in which we operate as central. Being a responsible company also means actively contributing to the welfare and development of the local community through initiatives that promote social and economic growth, environmental protection and the creation of opportunities for citizens. Our commitment to the community takes the form of projects aimed at improving the quality of life, promoting sustainable growth and strengthening the link between the company and the territory.

However, data quality is only a prerequisite: real change happens when the corporate culture also evolves. This is why we will continue to focus on training our people and sharing common goals. Our commitment to human capital development is a top priority. We believe in the potential of every employee and are committed to building lasting relationships and providing opportunities for personal and professional growth.

Occupational safety remains a central pillar of our activities. We are particularly proud of our record: thanks to the many investments we have made in recent years in training, technology and awareness, we now have one of the lowest accident rates in the industry. This achievement confirms that we are on the right track and encourages us to do even more.

Our economic and financial strength allows us to face future challenges with determination and confidence. Even in a market characterised by uncertainty, we are convinced that all the actions we have undertaken will position us as a solid, flexible and structured partner, ready to respond to our customers' needs in the recovery phase.

We look to the future with optimism, knowing that the solid foundations we have built will enable us to meet the challenges ahead. With a transparent, innovative and collaborative approach, we are confident that we can continue to create value for our customers, the community in which we operate and all our stakeholders. We are ready to build a sustainable future together.

***Camilla Benedetti***  
Chairwoman

# HIGHLIGHTS

## Environmental aspects



**93%**

**Raw materials  
of recycled origin**  
expressed by weight

**164,064 t**

**Slag recovery**  
(Ecog gravel Black + White)

**1.47 m<sup>3</sup>/t**

**Water intensity**

**0.437 tco<sub>2</sub>eq**

**GHG emission intensity**

## People



**203**

**New hires**

**21.1**

**Average training  
hours per employee**

**5.98**

**Rate of recordable  
work-related injuries**

# Economic aspects



**1,303.5 M EUR**  
1,303,490,389 EUR  
**Turnover**

**75.5 M EUR**  
75,514,538 EUR  
**Ebitda**

**41 M EUR**  
41,040,587 EUR  
**Investments  
in innovation**

**8.7 M EUR**  
8,670,720 EUR  
**Investments  
in R&D**  
last 3 financial years

## Sites



**100% of operating sites  
covered by certifications**  
**ISO 14001**  
**ISO 45001**

**ISO 50001**  
Cargnacco, Sisak

**PAS 2060**  
Cargnacco, Sisak, Metz

**ISO 14067**  
Systematic Approach  
Cargnacco, Sisak

01.

# Corporate identity

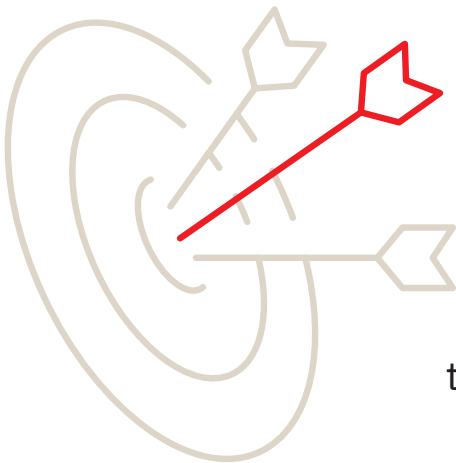
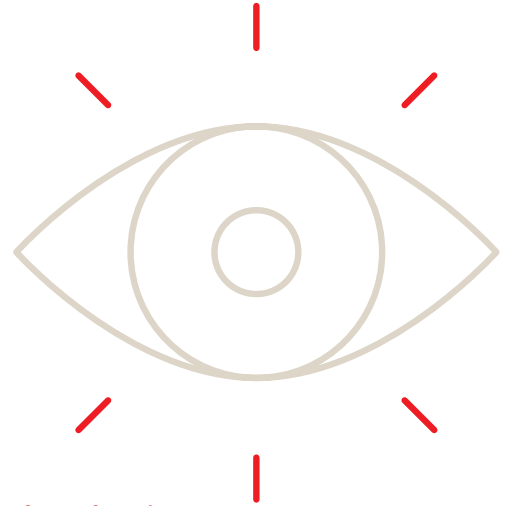


# ABSOLUTE STEEL QUALITY

## Vision

Our **vision** guides us every day to be a trusted partner to our customers and stakeholders, providing **valuable solutions** through **innovative processes** and **cutting-edge technologies** to support sustainable development.

We sum up our purpose in **LEVELUP**, which for us means moving on together to the next level. It is our invitation to grow together and overcome every challenge, not to settle for what is just enough, but to achieve the best.



## Mission

Together with our customers and stakeholders, we constantly strive to **refine, innovate and adapt**, pushing our boundaries to reach the **next level**.

Driven by the passion and excellence of our people, we work closely with our customers to achieve our mission of providing the highest quality products and services. At the same time, we continue to invest in technology and organisation to ensure the growth and well-being of all our stakeholders.

**With its Sustainability Report, ABS aims to voluntarily strengthen its unwavering commitment to pursuing and monitoring sustainability results and targets in a transparent and accountable manner. Since last year, the scope of reporting for 2024 has been extended to include Rott-Ferr Srl and ABS Sfere Srl.**

### **Tradition, innovation, sustainability**

With 200 years of experience in the production and processing of steel, our history is the custodian of a rich heritage of steel expertise that fuels our continuous drive for innovation today.

As part of the Danieli Group, a world leader in the design, production and installation of innovative machinery and equipment for the steel industry and non-ferrous metals, makes ABS a global player in the production of high-performance special steels, used in sectors such as automotive, trucks, earthmoving machines, agriculture, industrial vehicles, precision mechanics, wind energy, oil & gas, power generation, nuclear, railway, naval and military.

In addition to the production and marketing of special steels, ABS is committed to continuously improving the sustainability of its business, respecting the environment and the communities in which it operates.



# THE ABS GROUP

The Steelmaking Division, (hereinafter ABS), consists of:

## **ABS - Acciaierie Bertoli Safau S.p.A.**

Acciaierie Bertoli Safau S.p.A. (hereinafter ABS S.p.A.) was founded in Cagnacco (UD) in 1988 following the merger of two highly specialised historic steelworks – “Officine Bertoli”, active since 1813 and “Safau”, whose origins date back to 1934.

ABS S.p.A. produces and markets special long steels, grinding balls for the mining industry and industrial aggregates for the construction industry, obtained from the total recovery of smelting process waste. The company holds a leadership position in Europe in the special structural steels sector, with production to order of high quality products for highly specialised technical and mechanical uses.

Over the years, ABS S.p.A. has steadily increased its production capacity and currently has an annual capacity of approximately 1,500,000 tonnes of steel. Today, thanks to the commitment of more than 1,500 employees and collaborators, the company offers more than a thousand different types of steel in various forms, including ingots, blooms, bars, wire rods and billets. The company has three sites in Italy: the Cagnacco (UD) site, where the head office and main production plant are located, covers an area that includes the municipalities of Pavia di Udine, Udine and Pozzuolo del Friuli and has a total surface area of 1,215,000 square metres. The ABS sales offices are located in Brescia, a major steel industry centre in northern Italy, while ABS Service is based in the municipality of Brandico (BS).

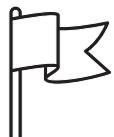
## **ABS SISAK d.o.o**

Željezara Sisak has a long tradition and experience in metallurgical production, which began back in 1938 with the construction of a blast furnace, owned by Società Mineraria – Fonderia Metallurgica Caprag. Steel production began in 1954. On May 31, 2012, Acciaierie Bertoli Safau bought the plants from the American company CMC, and became ABS Sisak d.o.o. Production was restarted at the end of 2017. The Croatian production plant in Sisak is the first plant worldwide to be equipped with an innovative Q-ONE digital melting furnace, developed and engineered by Danieli Automation.

At present, Sisak is aiming for an annual production of 450,000 tonnes of special steels, thanks to an increase in the workforce and the consolidation of processes.



**One site for  
over 1,000 types of products.  
A total production capacity of  
1.5 thousand tonnes per year.**



#### **OFFICINE BERTOLI**

Giuseppe Bertoli starts his steel business from a small artisanal forge, and creates Officine Bertoli.

# 1813



#### **ACCIAIERIE BERTOLI SAFAU**

The two pioneering steelmaking companies merge and become ABS Acciaierie Bertoli Safau, a new company in the Danieli Group.

# 1988



#### **LUNA**

The Luna in-line rolling plant enters operation, significantly reducing production times.

# 2001

# 1934

#### **SAFAU**

The joint-stock company Società per Azioni Ferriera & Acciaierie di Udine (SAFAU) is founded. The first step towards a future of great development.

# 1997

#### **DANARC**

The revolutionary DC electric furnace goes into operation with a capacity of 100 tonnes per load. Its name is the combination of Danieli Arc Furnace.

# 2007

#### **CONTINUOUS CASTING**

The semi-finished product with the largest cross-section in the world is cast. A true record: 850 mm and a large production capacity.





#### **ROTOFORGE**

Inauguration of the plant that combines forging and rolling into a single process for the manufacture of rolled products with diameters up to 500 mm.

**2015**



#### **QWR**

The QWR (Quality Wire Rod) rolling mill for the production of wire rod from 5.5 to 25 mm diameter comes on stream, by integrating and expanding ABS services and products.

**2021**



#### **ABS SFERE**

In Cagnacco ABS starts SFERE, the new line for the production of high-quality products for the mining industry. The new plant has a production capacity of 150,000 tonnes per year. Sfere products vary in size from 30 to 150 millimetres.

**2023**

**2017**

#### **QUALISTEEL**

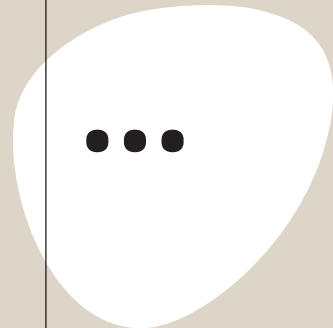
The line dedicated to downstream processes, with processing that improves the dimensional characteristics of the rolled products, has been integrated into ABS.



**2022**

#### **ABS SERVICE**

The first specific and dedicated service centre for machine shops opens in Brandico (BS): a service that guarantees all the certified quality of ABS steel.



## ACM - ABS Centre Métallurgique S.A.S.

The ABS research and development centre called ACM, or ABS Centre Métallurgique, was established in 2011. Located in Metz, France, in the heart of European steelmaking, in an area that includes a centre of academic excellence in materials research.

**ACM is the company dedicated to research and innovation in steelmaking.**

The entire supply chain, from raw material (scrap) to finished product, is the focus of the analyses.

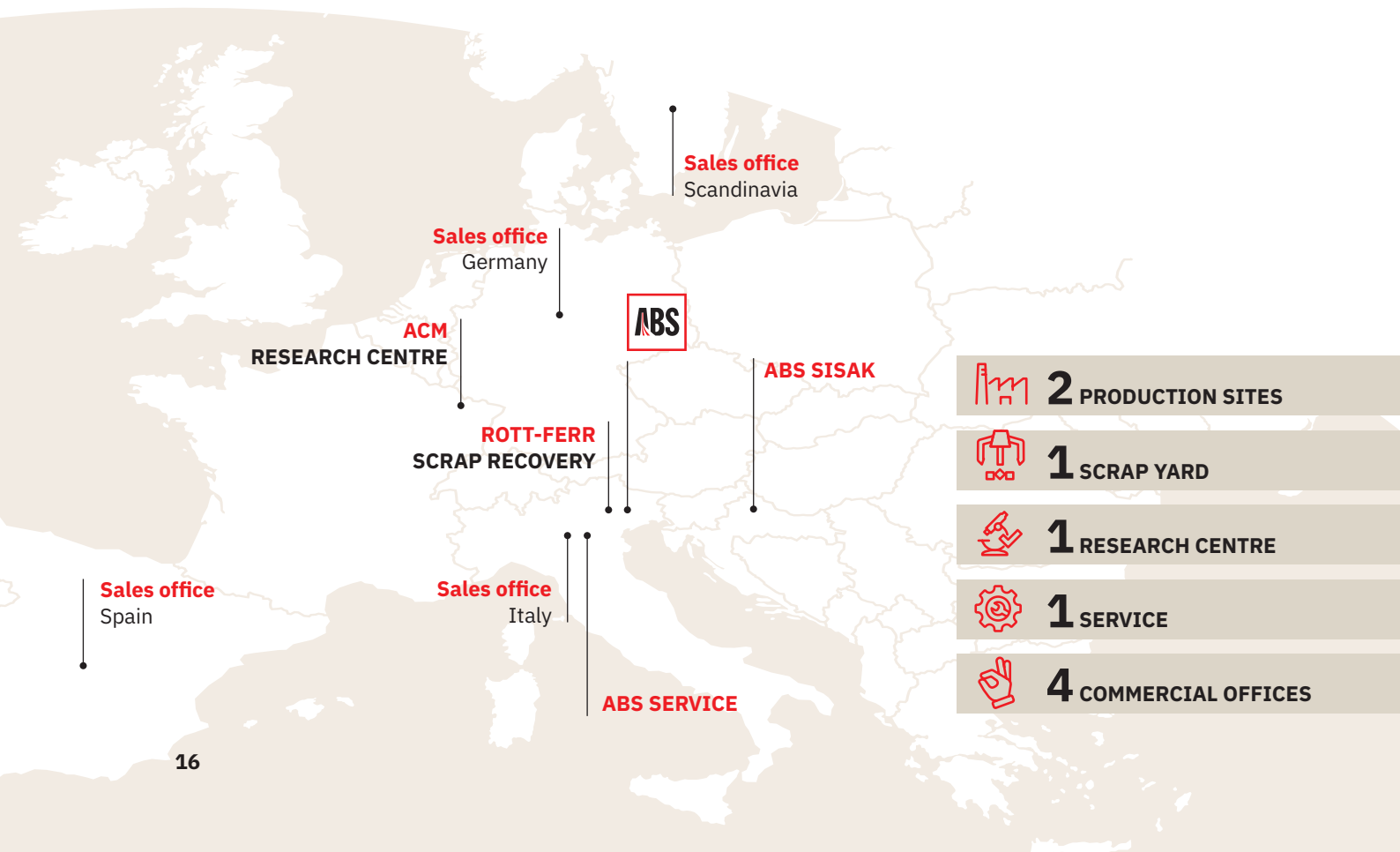
The main objectives of ACM are the development of new ranges of innovative high-performance steels with reduced CO<sub>2</sub> footprint, as well as the creation of digital twins <sup>[1]</sup> to support all the main production areas for the understanding of both metallurgical mechanisms and waste reduction, the motto being "Doing the right job the very first time".

Through accreditation according to the international standard ISO 17025 (General requirements for the competence of testing and calibration laboratories), ACM also carries out different types of tests such as: tensile tests, impact bending tests, hardness tests and chemical analysis.

## ABS Deutschland GmbH (Germany) ABS Scandinavia AB (Sweden) ABS Iberica SL (Spain)

The three companies operate in their respective markets for the **development of commercial activities and sales of special long steels**. A presence that consolidated over time, increasingly developing an on-demand service with local warehouses that allow a reduction in delivery times, greater flexibility in supply and greater customer satisfaction.

[1] Digital twins of plants that, through the development of advanced digital models, simulate their behaviour.



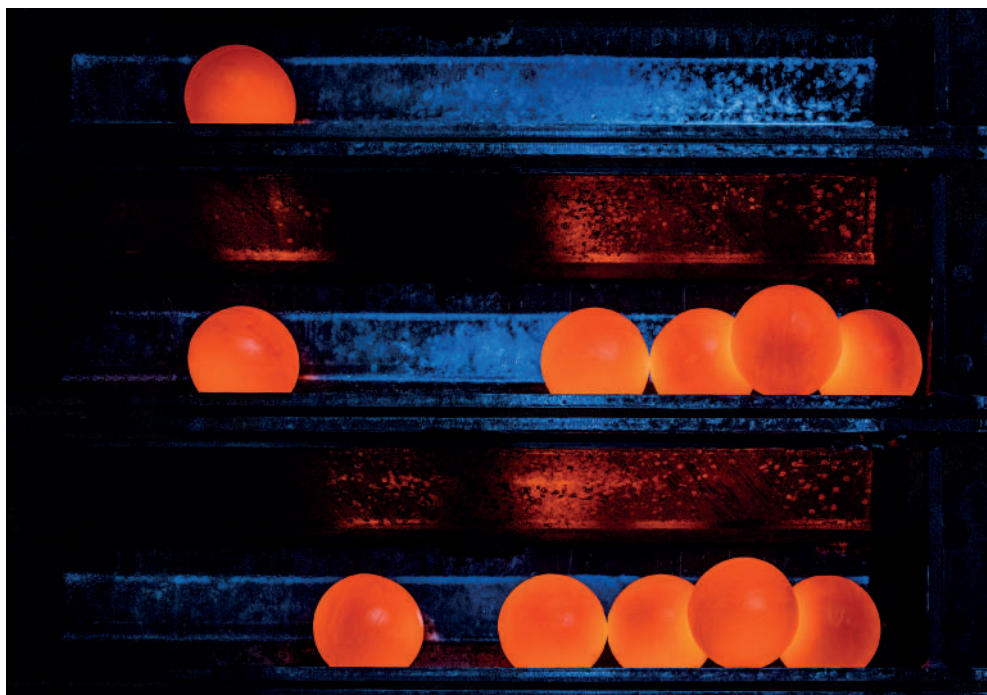
## Rott-Ferr

Rott-Ferr was founded in 1998 by Michele Montrone, who took over a **company specialised in scrap recovery** in Pavia di Udine, which had been operating in the area since 1974. During 2014, the company expanded its presence in the Pordenone area with the acquisition of De Anna Ambrogio s.a.s., a historic company in the scrap metal recovery sector. This enabled the introduction of new activities in the area of recovery of materials such as paper, plastic, wood and WEEE (Waste Electrical and Electronic Equipment).

As from July 2023, ABS S.p.A. acquired Rott-Ferr S.r.l. The addition of Rott-Ferr to the ABS corporate structure is intended to broaden the range of business opportunities, allow ABS to integrate the raw material collection process and consolidate the sustainability of its production cycle. From the point of view of supply chain and scrap procurement logistics, there are undoubted advantages both in the nature of the business operated by Rott-Ferr and in its geographical proximity, being less than 10 km from the ABS steelworks in Cagnacco (UD).

## ABS Sfere S.r.l.

New company incorporated on 16/01/2024 in partnership with Suprasteel World Wide S.L. It is responsible for marketing the grinding balls produced in the ABS plants.



# PRODUCTS

**ABS studies, designs and manufactures special long steels for highly skilled sectors for a wide range of advanced applications requiring excellent quality and service performance.**

**ABS steels, produced entirely in the electric scrap cycle, have a carbon intensity of 0.44 tCO<sub>2</sub>/t, which is 13.73% lower than the total carbon intensity of a Scrap-EAF cycle<sup>[2]</sup>, of 0.51 tCO<sub>2</sub>/t.** The comparison is made taking into account Scope 1 and 2 emissions for both cycles.

Special steels are a category characterised by superior chemical, physical and mechanical properties compared to ordinary steels. These properties are achieved by the addition of alloying elements such as chromium, nickel, molybdenum, vanadium and others, which give the steel increased corrosion resistance, hardness, toughness, heat resistance and the ability to maintain high performance under extreme conditions.

Special steels are used in highly technological and specialised applications, where operating conditions require materials with advanced performance, such as in the automotive, aerospace, energy, construction, tooling and mechanical engineering sectors. This type of steel is custom made to meet specific technical requirements and is subject to



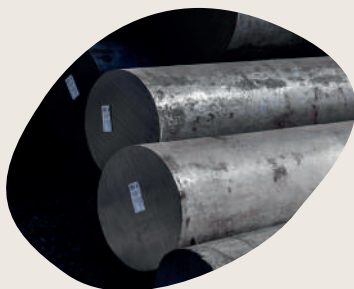
**SQUARE INGOTS**



**POLYGONAL INGOTS**



**CONTINUOUS CASTING BLOOMS**



**FORGED BARS**



**SQUARE ROLLED BARS**



**ROUND ROLLED BARS**

[2] World Steel Association data year 2022 - for scope 1 and 2  
(<https://worldsteel.org/steel-topics/sustainability/sustainability-indicators-2023-report/#co2-emissions-and-energy-intensity>)

## ABS steels are produced with 100% scrap cycle

strict quality control throughout the production process.

**ABS produces a range of special steels that is unique in its depth and breadth, comprising more than a thousand steel grades to meet customers' quality requirements and the growing demand for innovative solutions required by an ever-changing market.**

We distinguish the products according to their shape, and list the different types below.

### Semi-finished products

This category includes raw continuous casting products intended not only for sale but also to feed our own internal production flows of rolled and forged products. The wide **range** of **raw blooms** from continuous casting reaches a record-breaking 850 mm cross section.

Round, square, rectangular or polygonal sections can be produced by casting the **range** of **ingots** using a mould car or a fixed mould station. After casting, the ingots are either delivered to sales in their raw state or continue towards the rolling line.



**COLD FINISHED BARS**



**GRINDING BALLS**



**WIRE ROD**

# PRODUCTION PROCESS IN ABS

1.

SCRAP  
RECOVERY

2.

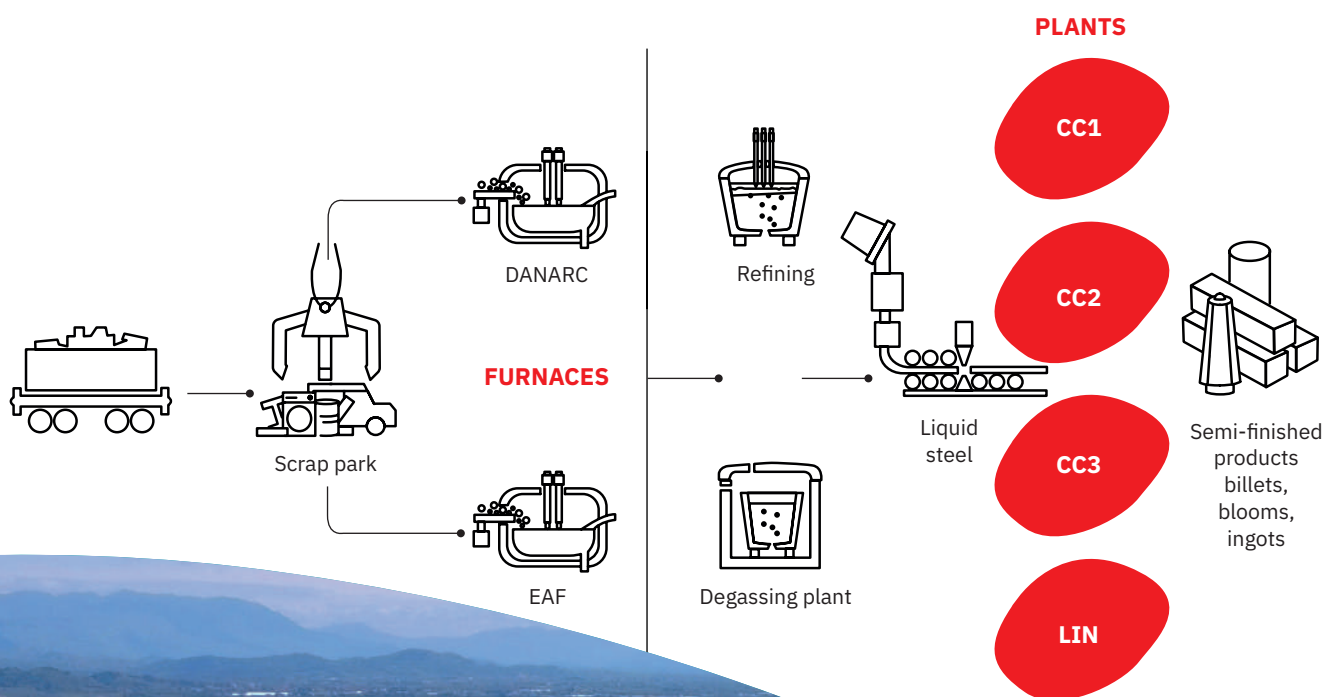
MATERIAL  
PREPARATION AND  
MELTING

3.

SECONDARY  
METALLURGY

4.

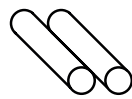
CASTING



5.

## ROLLING AND FORGING

### PLANTS



Bars



Wire rods

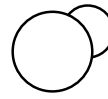


Forged products

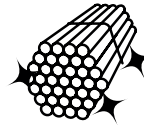
6.

## FINISHING

### PLANTS



Grinding balls



Verticalised products

7.

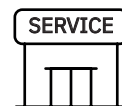
## SALE



Standard sale



Market place



ABS Service

## Forged and rotoforged

The **forged products** manufactured by ABS are part of a family of products extending over a range of sizes, types of steel (case-hardened, quenched and tempered steels), finishes and heat treatment. This type of product is produced by the Danieli Breda automatic forging plant, located in the MARTE line.

**Rotoforged** products were the exclusive products created to combine the strengths of rolled and forged products into a single large-size product. The rotoforged product combines the structural integrity of a forged product with the surface quality characteristic of rolled products.

In order to obtain it, the ABS S.p.A. team and the Danieli Group have designed the largest plant in the world for the rolling of long products: the RF 1800 Stand, with high value-added features.

## Rolled products

Most of the rolled products are processed in ABS S.p.A.'s two lines, Luna and Marte, which produce **different types of round and square bars**. The stands are fed from continuous casting products or with ingots, using the hot charge process for the latter in order to reduce energy consumption whenever possible.

To guarantee the maximum quality of the products, we select the most suitable rolling methods and constantly monitor the reheating parameters. The rolled products are then cooled using **multiple cooling cycles on air cooling beds, insulated cooling beds for controlled cooling at critical stages, or in slow cooling pits**. Finally, the product is thoroughly checked and conditioned for the repair of any defect that might have been detected. Rolled products can then be delivered to the customers directly or submitted to subsequent finishing and/or heat treatment processes, where necessary.

# Project...

## THE CARBON FOOTPRINT OF ABS PRODUCTS ACCORDING TO THE ISO 14067 SYSTEMATIC APPROACH

Reducing the environmental impact of industrial products is one of the priority objectives not only on the European agenda but also of ABS, which has long since embarked on a virtuous decarbonisation path aimed above all at creating added value for its product.

In order to provide customers with reliable and verified **information on the emissions resulting from the manufacture of our products**, we developed a Management System last year to systematically quantify the carbon footprint of our products.

**The management system for the ABS S.p.A. sites the Cargnacco and Sisak sites has been certified by RINA in accordance with the ISO 14067 Systematic Approach** standard, which defines the principles, requirements and guidelines for quantifying and reporting the product Carbon Footprint, understood as the sum of greenhouse gas (GHG) emissions and removals over the entire life cycle of a product, based on the international reference standards for LCA studies (ISO 14040 and ISO 14044).

## Wire rod

A special hot rolling process, carried out on the innovative Saturn - QWR line at ABS S.p.A., also produces wire rod. **This wire is produced in coils. It has a circular cross-section and a defined diameter.** The wire rod is used in many sectors for applications requiring high strength and precision, such as wire knitting, wire drawing, automotive components and many other industrial applications. Due to its versatility and mechanical properties, wire rod is an essential material for many constructions and manufactures.



The project resulted in a **thorough assessment of the environmental impacts associated with each stage of production, as well as the purchase and transport of materials and services related to the process.** This analysis, which actively involved many business functions and suppliers, provided the information and data needed to develop the ABS Life Cycle Assessment, which assesses the environmental impact of a product over its entire life cycle.

The **tool**, which has been developed and certified, **allows** the **carbon footprint of each product** to be calculated from cradle to gate by entering a series of data relating to the type of production.

This calculation tool accurately takes into account the production recipes of each steel brand and allows the climate impact of the raw materials used (scrap, ferroalloys, cast iron, etc.) to be defined. **The tool now allows the quantification of emissions associated with approximately 80% of ABS products.** In the short term, the aim is to extend the scope of the system to all ABS products covered by the PCR Basic Iron standard.

## Grinding balls

At the new Mercurio plant in Cagnacco (UD), the company uses rolled bars to manufacture a single product: **grinding balls for crushing and grinding in the mining industry**. ABS stands out in the market as one of the first companies to produce a range of grinding balls made of steel from an electric cycle from scrap.

## Cold finished bars

After production and hot rolling, certain types of products are further processed at room temperature at ABS S.p.A.'s Giove Line in Cagnacco. These processes, which may include **drawing, cold rolling, grinding or rolling**, improve the mechanical properties of the steel, such as strength, hardness and surface finish. Cold-finished special steels are often used in applications where precise dimensional tolerances, high-quality surface finishes and superior mechanical properties are required.

## Industrial aggregates

ABS S.p.A. is directly involved in the circular economy through the production of industrial aggregates from the treatment and processing of smelting slag at the Global Blue plant. These aggregates, referred to as **Ecog gravel** and **Ecog gravel White** (depending on the nature of the slag from which they are derived), are produced with EC marking and are used in the construction and road building markets.



# Sustainability focus

## THE DIFFERENT DEFINITIONS OF GREEN STEEL

The increasing focus on climate issues has prompted many industries to seek innovative solutions to minimise their environmental impact, and the steel industry is no exception. In this context, the summary term "green steel" came into use.

The term "green steel" represents a rapidly evolving field and, although characterised by some variability, also offers significant opportunities.

In fact, the term "green steel" is used to generically classify products in which various practices and technologies have been used to reduce carbon emissions during production. Companies are taking different approaches: some are using renewable energy sources such as solar and wind power to power their processes, while others are exploring the use of hydrogen as an alternative to coal. Although different, these initiatives represent an important step towards a more sustainable steel industry.

The variety of approaches to defining "green steel" may seem diverse and sometimes confusing, but it reflects the commitment of the various industry players to finding low-emission solutions. This active debate has also stimulated a climate of innovation, encouraging companies to invest in research and development to improve their practices.

There are currently no global standards and regulations, but many institutions are working to define clear criteria and reliable certification. This joint effort could lead to greater transparency in the industry, enabling consumers and user companies to make more informed choices. Indeed, growing consumer and investor demand for sustainable products is driving companies to improve their practices and communicate more clearly their commitment to sustainability.

Adapting production processes to incorporate cleaner technologies also offers economic and competitive advantages. Companies that embrace the transition to green steel can not only enhance their reputation, but also position themselves as leaders in the global marketplace, attracting green investment and stimulating demand for sustainable products.

In conclusion, although the definition of "green steel" may seem complex and confusing, it is important to consider its positive aspect: it represents a phase of transformation and innovation in the steel sector. With continued collaboration between industry, governments and institutions, it is possible to define a more sustainable future for steel production and contribute to global goals to reduce emissions and protect the environment.

# ETHICS

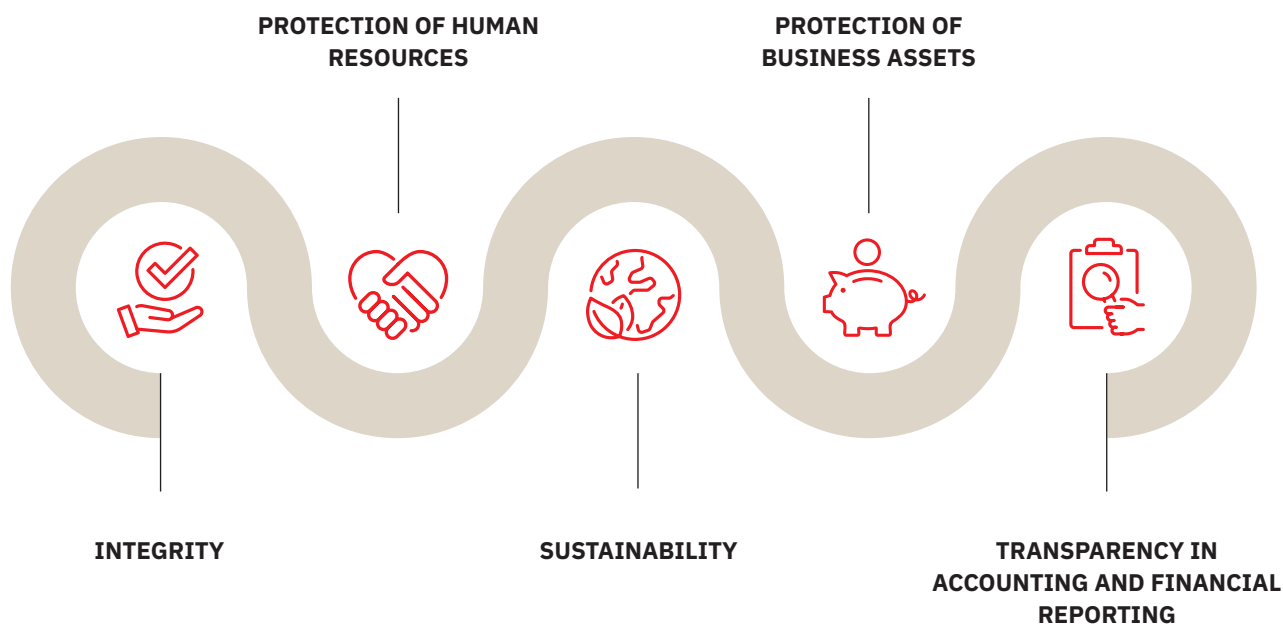
ABS places particular emphasis on the ethical values that guide its actions. Over the years, these values have been translated into guiding principles for all employees to help them make discretionary decisions and resolve ethical dilemmas.

## Code of ethics

The ABS Code of Ethics is a public document that can be freely downloaded and consulted on the Acciaierie Bertoli Safau website<sup>[3]</sup>. It applies to all group companies and to all aspects of corporate behaviour, from strategic planning in the meetings of Boards of Directors to human resources and supplier management, from sales techniques to accounting practices.

The Code of Ethics was approved by the Board of Directors of Acciaierie Bertoli Safau S.p.A. on 11 October 2022 and is based on the latest version of the Code of Ethics of the Danieli Group, approved by the parent company Danieli & Officine Meccaniche S.p.A. on 10 March 2022. This document sets out the fundamental principles that ABS believes in and which form an important basis for its work as a responsible actor in the community.

## These principles can be summarised as:



[3] <https://www.absacciai.com/en/downloads/>



For ABS, the Code of Ethics is an essential management tool designed to promote fundamental human and labour rights and to regulate relations with the local area.

It is a code of conduct for everyone working in the company. It is also an integral part of our corporate culture, reflecting our commitment to creating shared value. It is not only a tool for analysing behaviour in the event of a dispute, but also a benchmark for assessing performance and recognising merit.

At ABS S.p.A., every new employee receives a copy of the Code and is trained in its contents.

## **Respect for human rights**

Human rights are the inalienable rights of every individual, and their protection is fundamental to the responsible management of ABS activities.

In accordance with the UN Universal Declaration of Human Rights and Italian law, ABS guarantees all its employees the right to freedom of association and collective bargaining.

ABS in Italy has a well-established tradition of second-level supplementary bargaining involving 65% of employees with the aim of offering better conditions than those provided by national bargaining.

The ABS Group is committed to preventing all forms of discriminatory behaviour and categorically rejects any discrimination based on gender, sexual orientation, ethnicity, language, religion, political opinion or personal and social conditions. The company also prohibits all forms of forced, compulsory and child labour.

**The Code of Ethics is an essential management tool designed to promote fundamental human and labour rights and to regulate relations with the local area.**

## Fight against active and passive corruption

ABS considers it a priority to maintain fairness and transparency in its business operations to protect the company and its shareholders. In order to prevent specific offences, including active and passive corruption, the Board of Directors has, since 2011, implemented an organisational model and a Supervisory Body (SB) that collects reports on possible violations of the model and the Code of Ethics.

The Supervisory Body meets as required and reports its activities to the Board of Directors and the Board of Statutory Auditors for evaluation and approval. The organisational model and the behaviour to be adopted are the subject matter of specific information and training activities aimed at employees.

Suppliers of ABS S.p.A. Cagnacco are expected to share the Code of Ethics with the request to comply with its principles. The Code sets out clear rules for the management of relations with the Public Administration and defines correct behaviour in the management of contributions, subsidies and funding from public bodies. Offering gifts or benefits to employees of such entities is strictly prohibited, as is any attempt to improperly influence their decisions.

Over the next two to four years, the company plans to adopt a code of conduct and an anti-corruption policy to strengthen the management and awareness of these topics within the company.

**VIOLATIONS OF THE CODE OF ETHICS  
AND THE ORGANISATIONAL MODEL**

**SUPERVISORY  
BODY**

**Reports its activities**

**BOARD OF  
DIRECTORS**

**BOARD OF  
STATUTORY  
AUDITORS**

**Assess and approve**



## Whistleblowing and violations

During the current year, there were no violations related to active and passive corruption, anti-competitive practices, discrimination. As a result, no disciplinary action was taken by the company.

It should be noted that there were no cases of non-compliance with laws and regulations in FY 2023-24. However, monetary penalties related to tax disputes prior to 2017 of approximately 30 thousand euro were paid.

ABS S.p.A. and Rott-Ferr Srl comply with the whistleblowing provisions of Italian Legislative Decree 24/2023 by activating a platform and two procedures, respectively, the first approved by the Board of Directors on October 23, 2023, and the second, inspired by that of the Parent Company, approved by the Board of Directors on March 28, 2024.

This initiative not only ensures regulatory compliance, but also extends our commitment to transparent business practices.

### The implementation of the whistleblowing procedure in ABS promotes greater sustainability in terms of:



#### Transparency

The existence of secure reporting channels improved the ability to identify risks and violations.



#### Risk mitigation

Moreover, the adoption of the directive has a positive impact on the people working in ABS by:

- 1 increasing their confidence and sense of security in reporting problems;
- 2 strengthening anti-discrimination and equal opportunities policies.

# VALUES

Our business development model is based on a **7-value system that guides the Group-wide Steelmaking Development Plan**. These values are the benchmark for every aspect of ABS activity and provide a solid basis for the definition of medium and long-term performance indicators. The qualitative and quantitative indicators are adapted to the different business divisions to assess and measure the progress of individual, functional and corporate projects and plans.

At ABS, we integrate these values into the Hoshin Kanri framework to ensure that every business initiative and project is aligned with the Group's strategic objectives. We are committed to translating these values into behaviours that are embedded in our culture, so that they become an integral part of the daily operations and working practices throughout the organisation.



## CUSTOMER IS CENTRAL

Monitoring the present to identify real needs. By constantly striving to improve, we aim to meet the needs of our customers and accompany them step by step as the market evolves.

## PEOPLE

Creating a culture that promotes meritocracy, personal and professional development, and the enhancement of people. This is our starting point for achieving real and lasting results.



## TEAM SPIRIT

Focusing on the common good and putting personal interests aside, as a true team.

## ETHICS

Transparency, honesty, fairness, respect and responsibility: a common thread that unites and guides the behaviour of people and the whole organisation.





## INNOVATION

Spreading the culture of improvement by example means constantly looking for new ideas to improve one's own work and contribute to the company's progress.

## EXCELLENCE

Giving the best of ourselves at all times, in every activity, from the smallest to the most complex, in the pursuit of absolute quality, without compromise.



## SUSTAINABILITY

Recognising the importance of natural capital through the responsible use of resources.

A management process that uses the **Hoshin Kanri tool to align functions and activities across the organisation** was created in ABS. Hoshin Kanri is the tool that helps to organise activities and identify the steps to be taken to achieve strategic goals. This methodology is used to identify the projects needed to make changes that will have a positive impact on the work of the whole organisation, projects that involve people from all functions and lead to the achievement of a medium-term plan. From an operational point of view, there are dashboarding tools that summarise the progress of strategic projects, highlighting the stage of completion and any corrective measures.

02.

# Megatrends



# MEGATRENDS

Fundamental to the global economy and a wide range of industries, the steel sector is undergoing a profound transformation, driven by a number of megatrends affecting steel production and distribution, but also redefining business strategies, sustainable practices and market dynamics.

In this chapter, we will explore the key megatrends shaping the global steel industry.

## Sustainability and decarbonisation

The growing awareness of the environmental impact of the steel industry has led to a strong commitment to sustainability and decarbonisation.

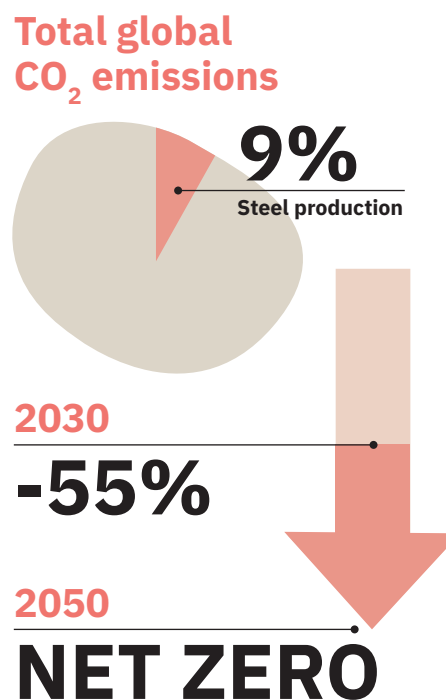
Many companies are optimising their processes and investing in innovative technologies. At the same time, the adoption of circular practices that promote the recycling and reuse of materials is becoming increasingly important. This is a best practice that not only avoids the depletion of natural resources, but also helps to reduce the carbon footprint of processes, lower production costs and increase business competitiveness.

Carbon emissions associated with steel production are significant, accounting for approximately 9%<sup>[4]</sup> of total global emissions. The steel sector is considered one of the most difficult to decarbonise (Hard to Abate) and is also energy intensive.

More than any other sector, the steel industry is therefore subject to the European Union's long-term CO<sub>2</sub> reduction targets, which aim to develop technologies to achieve a 55% reduction by 2030 and climate neutrality by 2050.

These are ambitious targets that require different strategies and pose a competitive challenge compared to non-European countries where environmental regulations are less stringent. In countries such as China, India and Turkey, the carbon-neutral approach is less rigid and requires less investment in emission-reducing technologies, thus also allowing cheaper steel to be imported into Europe.

COP 26 highlighted the urgency of decarbonising steel, a sector that continues to struggle to reduce emissions despite its growing commitment to Net Zero.



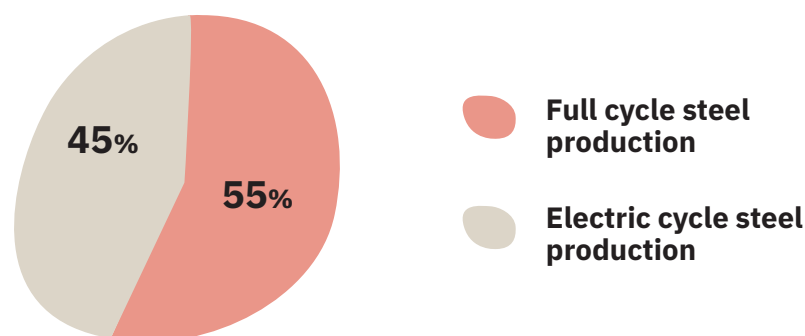
[4] Reducing the emissions from the steel sector by recycling CO<sub>2</sub> - European Commission (europa.eu)

In 2023, global steel production reached 1.89 billion tonnes<sup>[5]</sup>, with an average carbon intensity of 1.9 tCO<sub>2</sub>/t of steel<sup>[6]</sup>. While a large portion of steel production occurs in countries with Net Zero targets, there are discrepancies between corporate and national commitments.

Europe is the continent with the highest number of companies with Net Zero targets. In this scenario, new technologies offer great potential but require significant upgrading, with company size and investment capacity proving critical to successful decarbonisation. Electric arc furnace (EAF) steelmaking is the main contributor to Net-Zero targets, but requires major production changes. The risk of stranded assets is real, with increased transition costs and potentially significant social impacts on workers and communities.

The European Green Deal aims to create a level playing field between EU and non-EU markets by revising the ETS (Emission Trading System) and introducing the Carbon Border Adjustment Mechanism (CBAM), a tax that penalises products whose CO<sub>2</sub> emissions exceed European limits. The purpose of the CBAM is to protect decarbonising industries from external competition not subject to the same climate targets, to level the price of CO<sub>2</sub> between domestic and imported products, and to ensure that these targets are not undermined by the relocation of production to countries with less stringent policies.

Currently, carbon pricing mechanisms cover a very small portion of global steel production capacity and do not meet the requirements of the Net Zero process. It is estimated that the price per tonne of CO<sub>2</sub> should reach 120 USD by 2030 in order to achieve Net Zero by 2050. Although a lower threshold of 60 USD per tonne of CO<sub>2</sub> could be consistent with a target of zero emissions by 2060, today less than 10% of global steel production capacity is subject to this price level.



At the technological level, **55% of steel production in Europe is based on the full cycle with blast furnace<sup>[7]</sup>**, which uses hard coal and iron ore in the coke and cast iron production process, **while the remaining 45% is based on the electric arc furnace (EAF)<sup>[8]</sup>**, which mainly uses ferrous scrap as a raw material.

Italy is unique in Europe in that, with the exception of the full cycle located in Taranto, the entire national steel production is based on the electric cycle.

[5] World Steel Association, Data, Annual-production Steel Data 2023

[6] World Steel Association, Steel Topics, Sustainability, Sustainability Indicators 2023 Report

[7] World Steel Association, World Steel in Figures 2024.

[8] For more details: "Sustainability Focus" on page 58.

Compared to many European full-cycle competitors, it will therefore be easier to meet the European parameters, although the strong push to convert full-cycle plants, eliminating blast furnaces and coke ovens in favour of plants producing DRI (Direct Reduced Iron) or HBI (Hot Briquetted Iron), will most likely lead to a shortage of scrap and a deterioration in its quality. As a direct consequence, the circularity of scrap will be promoted through the development of technologies to manage this change, using steel so that it can be reused in the future without using a new smelting process.

In the European market, scrap prices increased mainly due to higher demand from steel producers. In particular, they reached 400-420 €/tonne in Italy in March 2023<sup>[9]</sup>, a trend also observed in France, Spain and Eastern Europe. The supply of scrap is therefore not only essential for steel production, but also a strategic material for decarbonisation.

## Technological innovation

The steel industry is embracing technological innovation like never before.

Industry 4.0 is giving way to 5.0, which not only focuses on digitalisation, automation and efficiency of production processes, but also puts **people at the centre**, improving their well-being and that of the community. This approach can be described as "**people-centred**" and manifests itself in a number of ways:



### PEOPLE AS A FUNDAMENTAL RESOURCE

Rather than replacing workers, advanced technologies become tools to improve the quality of work, even as companies structure themselves to fill the inevitable training gaps associated with a lack of digital skills.



### SAFETY AND WELL-BEING

The aim is to minimise risks at work and create a positive and inclusive working environment.



### INCLUSION AND ACCESSIBILITY

Technology is used to facilitate the integration of people with disabilities into the workplace.



### SOCIAL INNOVATION

Technological development is used to address social problems and improve people's quality of life.

From the fourth industrial revolution to the emergence of Industry 5.0, digitalisation has played a crucial role. The adoption of technologies for data analysis, remote control of industrial machinery, monitoring and reporting of consumption enabled companies to make processes more efficient, sustainable and safe. This automation allows many workers to do more creative work, improving their satisfaction and generating added value.

[9] New Campsider survey - FEDERACCIAI - March 2023

The transition from Industry 4.0 to Industry 5.0 marks an evolution from the use of technology to automate, digitalise and accelerate business processes, to the use of Internet of Things solutions, machine learning and artificial intelligence (AI).

In particular, AI is one of the most relevant and disruptive innovations of our time, with a growing impact on many industries, including steel. The use of AI-based solutions is revolutionising production processes, improving operational efficiency and contributing significantly to sustainability goals.



Thanks to AI, a huge amount of data from production lines can be monitored and analysed in real time, enabling more efficient management of resources and a reduction in energy consumption. Advanced algorithms predict and prevent malfunctions, minimising downtime and improving predictive maintenance. AI-powered data analysis reduces the environmental footprint of production, optimises the use of raw materials and reduces CO<sub>2</sub> emissions. AI also supports the development of innovative technologies, such as steel production using hydrogen, to facilitate the transition to more sustainable processes. Artificial intelligence-driven automation not only increases efficiency, but also improves occupational safety. The use of robots and intelligent systems can reduce worker exposure to hazardous conditions, proactively monitor plant safety and prevent accidents. AI also enables more effective management of human resources by analysing performance and continuously improving skills. The use of artificial intelligence in the steel industry is just beginning, with huge potential for growth and development.

## Hydrogen (Green H<sub>2</sub>)

The other factor, spanning technology and process innovation and decarbonisation, is the development of an integrated hydrogen production, transport and use chain. Considered an essential energy carrier to achieve climate neutrality by 2050, the European Union and other advanced economies are investing heavily in the development of climate-neutral technologies. In particular, green hydrogen, produced from renewable sources, is at the heart of forward-looking sustainability strategies.

European policies are stimulating research and development of hydrogen production, storage and distribution infrastructures, creating an ecosystem that could transform not only the energy and industrial sectors, but also the transport sector.

In parallel, hydrogen is also gaining importance in the mobility sector, requiring advanced materials as hydrogen-powered cars are developed alongside electric vehicles as a solution to decarbonising road transport. These vehicles, powered by fuel cells, promise longer range and faster refuelling than conventional electric cars and require advanced and durable materials for their construction. The production of the high quality steel required for safe and sustainable hydrogen vehicles can therefore represent a new market frontier for our industry.

For the steel industry in general, hydrogen also represents a potential revolution in production. The introduction of hydrogen as a reducing agent in production processes offers an unprecedented opportunity to drastically reduce CO<sub>2</sub> emissions and bring industry into line with global climate targets.

## Supply chain globalisation and redesign

The steel sector has always been influenced by globalisation and this trend continues to have a significant impact. However, recent trade tensions, tariff wars and supply chain disruptions caused by events such as the COVID-19 pandemic have caused companies to rethink their global strategies.

To increase resilience and reduce risks related to regulations and geopolitical instability, many companies are looking to diversify their sources of supply and invest in local productions. In this regard, the risks to the steel industry from the Russian-Ukrainian conflict and the critical situation in the Middle East must be taken into account.

The steel market benefited from the conflict in Ukraine, which reduced the supply of the products from the affected areas, but also created tensions related to shortages of certain raw materials and fluctuating energy prices.

Trends in the steel market must therefore be analysed not only in purely economic terms, but also in terms of the speed with which increasingly efficient and sustainable solutions are being developed.

Finally, when it comes to raw materials, and scrap in particular, regulatory input has an important impact on sustainability. The European Union is preparing a set of rules that will make the export of recyclable waste (in particular ferrous and non-ferrous scrap) to countries outside the Organisation for Economic Co-operation and Development (OECD) conditional on those countries demonstrating capacity for environmentally sound waste management.

## Changing market preferences

Consumer preferences are changing with a growing demand for sustainable and energy-efficient products. Sectors such as automotive, construction and renewable energy require materials that not only meet performance requirements, but also higher environmental standards. This is driving companies to develop special steels and advanced alloys. The success of steel companies will depend on their ability to adapt to these new market demands. In particular, the mobility sector is being completely redefined. Electric cars, with their potentially revolutionary impact on the environment, are one of the most concrete answers to the need to reduce CO<sub>2</sub> emissions. The transition to e-mobility is being driven not only by the increasing focus on sustainability and reducing carbon emissions, but also by the willingness of governments to drive this change.

This macro trend is also creating new development opportunities. The steel industry's focus is twofold: to make production choices that not only meet the technical requirements of electric cars, but also contribute to global sustainability goals.

The steel industry plays a crucial role in the realisation of lightweight, safe and sustainable electric vehicles. The use of advanced high-strength steels makes it possible to reduce the overall weight of the vehicles, improving energy efficiency and therefore battery life.

The steel industry is also developing new materials and production processes to meet the specific needs of the electric car market. The steel industry invests in research and development to create solutions that meet the challenges of the future. Close partnerships with electric car manufacturers and continuous innovation are essential to remain competitive in this growing market.

Alongside product development, servitisation becomes a priority development axis for companies that have Customer focus in their DNA; customised alignment between the timing of demand and internal supply ensures material certainty and minimises stock-outs, with a positive impact on fixed material costs and on Customer loyalty.

# Project...



## SERVITISATION ACCORDING TO ABS

Servitisation is a significant and recent development characterised by the integration of advanced services into the traditional product range.

This trend is based on a transition from the sale of goods to an integrated consultancy proposal that includes additional services to create greater overall value for customers.

Customer focus is one of our values, so for some time now we have been structuring integrated solutions to meet these new needs for customised timing of supply and demand.

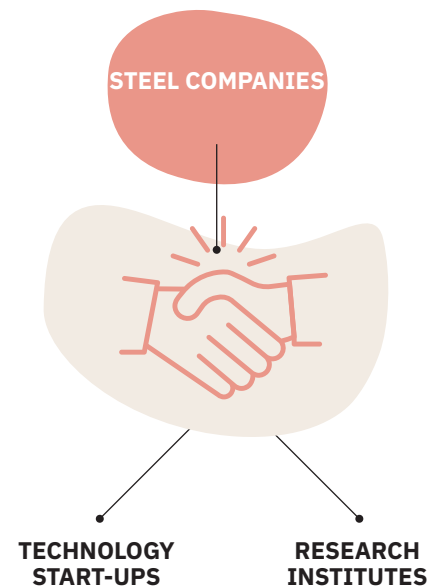
## Collaborations and strategic alliances

Collaborations and strategic alliances have become key tools to remain competitive. Steel companies are partnering with technology start-ups, research institutes and other industries to develop innovative and sustainable solutions. It is also not uncommon for companies to strategically expand into sectors on which they depend, such as energy production or the supply of raw materials.

Such choices are always driven by the need to increase the company's resilience, the desire to reduce the risks related to the purchase price or the shortage of essential production factors and, finally, the desire to increase the company's competitiveness by increasing revenues and gaining more or more profitable market shares.

Such synergies accelerate and strengthen the company's innovation process and can also lead to economies of scale and entry into new markets.

**The steel sector is at a crucial moment in its evolution, facing significant challenges and unique opportunities.** The ability to adapt to the megatrends identified in this chapter would determine not only the success of individual companies, but also the overall health of a sector that is fundamental to Italian and European economic growth and sustainability. **The companies that succeed in innovating, collaborating and investing in sustainable practices will be the ones that drive the future of the steel industry.**

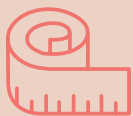


## ABS servitisation has four strategic directions:



### STRENGTHENING ONGOING CONSULTANCY

with a dedicated multidisciplinary team with a customised development plan and a differentiated resource pool of sales, marketing, technical accounts.



### IDENTIFYING TAILOR-MADE SOLUTIONS AND PRODUCTS

to improve process efficiency through the use of dedicated steels. We optimise products by selecting those with the most appropriate performance based on customer requirements.



### TARGETED STOCK MANAGEMENT AND INTEGRATED LOGISTICS

we aim to provide our customers with integrated inventory management to ensure continuous availability of required materials, optimise delivery times and reduce inventory costs. The customer-supplier chain will be able to operate with minimised inventory levels, resulting in both financial and income statement improvements.



### CAPILLARITY AND FLEXIBILITY IN DISTRIBUTION

Our sales channels are diverse to meet every need in terms of quantity and quality. ABS Service is the division dedicated to the needs of small and medium-sized machine shops, a centre dedicated to the consultancy and the supply of special steels, which reduces delivery times, but also offers a dedicated online marketplace that can be used by customers 24 hours a day.

03.

# Governance aspects



# BUSINESS MANAGEMENT

Governance is defined by the **Board of Directors**, which is responsible for checking the adequacy of the organisational, administrative and accounting structure, with a special attention to the internal control system and risk management. The Board also establishes the necessary rules and methods for the planning, management and control of ABS activities.

The ordinary and extraordinary management of the company is entrusted exclusively to the Board of Directors, the main governance body, which is composed of 5 members: the Chairwoman, 1 Deputy Chairwoman and 3 Directors, one of whom is an executive director.

The Board of Directors meets at least twice a year, or more frequently if exceptional events or the nature of the decisions to be taken so require.

The members of the Board of Directors are appointed by the Shareholders' Meeting and are responsible for developing economic, social and environmental strategies of the company, supported by external opinions and specialist advice as required.

The Board of Directors of Acciaierie Bertoli Safau S.p.A. met on October 25, 2022, and elected Camilla Benedetti as the Chairwoman of ABS and Carla de Colle as Honorary Chairwoman of ABS.

The current Board of Directors will remain in office until the approval of the 2023-2024 Financial Statements.

## Board of Directors

|                          |                                                         |
|--------------------------|---------------------------------------------------------|
| Camilla Benedetti        | <i><b>Chairwoman</b> (age between 30 and 50)</i>        |
| Anna Mareschi Danieli    | <i><b>Deputy Chairwoman</b> (age between 30 and 50)</i> |
| Giuseppe Flaborea        | <i><b>Director</b> (over 50)</i>                        |
| Giacomo Mareschi Danieli | <i><b>Director</b> (age between 30 and 50)</i>          |
| Paolone Rolando          | <i><b>Director</b> (over 50)</i>                        |



Diversity is an important element for ABS growth; in fact, within the Board of Directors, 60% of the members, 3, are between 30 and 50 years of age, while 40% of the members, 2, are over 50. Among the board members, 2 members are women (40%) and 3 are men (60%).

The Board of Directors has a mandate to approve both the economic and financial statements and the corporate sustainability reporting.

In accordance with its Code of Ethics, ABS has taken steps to identify and mitigate potential conflicts of interest and to ensure that Board decisions are made in an impartial and transparent manner, thereby protecting the integrity of corporate governance.

**The Company has established an internal audit function, which is responsible for checking the adequacy of the internal control and risk management system, conducting periodic audits in cooperation with the management of the various corporate functions and providing regular feedback on the results of its activities to the Board of Directors, the Board of Statutory Auditors and the Supervisory Body.**

The **Board of Statutory Auditors** monitors compliance with the law and the Articles of Association, as well as compliance with the principles of proper administration in the performance of the Company's activities.

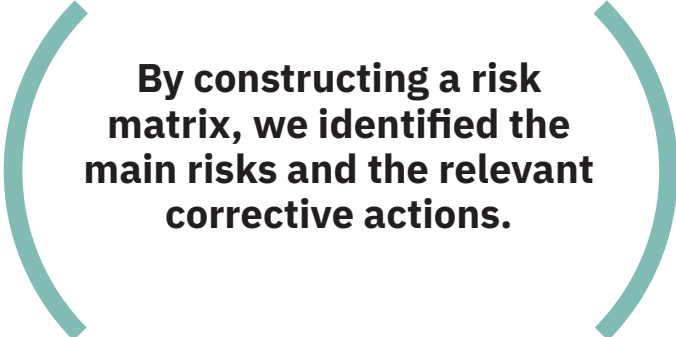
The Board of Statutory Auditors monitors the financial reporting process, as well as the adequacy of the Company's organisational structure, internal control system and administrative-accounting system, and the reliability of the latter in providing a fair representation of the operations. Finally, the Board of Statutory Auditors supervises the legal audit of the annual and consolidated accounts, as well as the independence of the legal auditing body.

The Board of Statutory Auditors includes 5 members, of which 4 are men (80%) and one is a woman (20%), all of whom are in the 50+ age bracket (100%).

## Board of Statutory Auditors

|                        |                                    |
|------------------------|------------------------------------|
| Giuseppe Alessio Verni | <i>Chairman (over 50)</i>          |
| Giuseppe Bertoli       | <i>Standing Auditor (over 50)</i>  |
| Laura Piusi            | <i>Standing Auditor (over 50)</i>  |
| Edgardo Fattor         | <i>Alternate Auditor (over 50)</i> |
| Alessandro Gambi       | <i>Alternate Auditor (over 50)</i> |

# OUR APPROACH TO RISK



**By constructing a risk matrix, we identified the main risks and the relevant corrective actions.**

## Enterprise Risk Management

ABS operates and evolves in an increasingly dynamic, competitive and uncertain international environment. One of the responses to these growing challenges has been to implement a robust **Enterprise Risk Management (ERM)** system. A system that, in an evolutionary perspective, **goes beyond the traditional defensive logic** focused on mitigating losses and **adopts an integrated and proactive risk management approach**, covering multiple types of risk, aimed at optimising business performance, exploiting synergies between different organisational objectives and, finally, maintaining a perspective that enhances its transversal nature.

Our ERM system permeates all company functions. Each function is involved in specific development plans that include a range of actions to mitigate identified risks. The Board of Directors has ultimate responsibility for risk management within ABS. Management and members of the Managing Board, composed of ABS Executives, are responsible for defining and implementing risk management procedures, ensuring that risks are appropriately addressed and considered during strategic and business planning and ensuring business continuity that takes into account people and the environment.

We see risk not only as a threat but also as an opportunity to create value. By constructing a risk matrix, we identified the main risks and the relevant corrective actions. This tool allows us to identify all the possible events that could occur, assessing them according to frequency and severity, and to define preventive corrective actions.

## Internal Audit

The Internal Audit function plays a key role in our approach. We conduct regular risk assessments, which are then classified into probability and impact matrices. This process allows us to prioritise risks and establish a three-year audit plan with regular follow-up. In 2021, we carried out a comprehensive risk assessment and, in the medium term, we will introduce a risk management system that will be regularly updated.

We applied this approach to the various corporate areas: environment, safety, human resources, quality, energy and cyber.

The Internal Audit function also verifies regularly and in compliance with international standards that the internal control and risk management system is functional and effective. This helps us to consider operational and contextual development.

In order to facilitate the achievement of the key objectives of ABS, the function:

- 1** Carries out specific interventions aimed at verifying the compliance of processes with internal and external regulations, ensuring that all the parties involved operate in accordance with the objectives set.
- 2** Provides regular feedback on these topics to the other control bodies, such as the SB (Supervisory Body) and the Board of Statutory Auditors.
- 3** Works together with the players in the internal control and risk management system ensuring that the Company is managed in a manner that is sound, fair and consistent with its objectives.

## ABS Certifications

We assess and manage risks with a structured approach to sustainability through the various management systems in place and in accordance with the certification schemes obtained. These include:



**ISO 14001** for environmental risk management.



**ISO 45001** for health and safety risks.



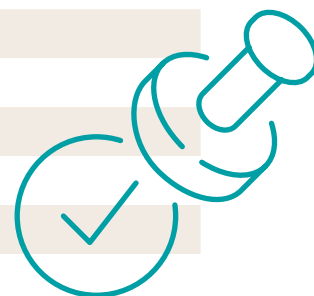
**ISO 50001** for the management of risks related to energy carriers.

Our risk assessment also covers more traditional areas, such as security, plant and functional risks, which are necessary to ensure business continuity and financial viability.

Since 2023, ABS S.p.A. has been ISO 27001 certified, confirming the central importance of cybersecurity for the company.

Last year, ABS Cargnacco, Sisak and ACM were awarded **PAS 2060 certification**, which certifies the path to climate neutrality. Moreover, ABS Cargnacco and Sisak obtained **ISO 14067 Systematic Approach** certification for the quantification of GHG emissions, covering approximately 80% of products to date.

| SYSTEM AND PRODUCT CERTIFICATIONS | ABS | Sisak | ACM | Rott-Ferr |
|-----------------------------------|-----|-------|-----|-----------|
| ISO 9001                          | ●   | ●     | ●   | ●         |
| ISO 14001                         | ●   | ●     | ●   | ●         |
| ISO 45001                         | ●   | ●     | ●   | ●         |
| ISO 50001                         | ●   | ●     |     |           |
| ISO 17025                         |     |       | ●   |           |
| IATF 16949                        | ●   |       |     |           |
| ISO 27001                         | ●   |       |     |           |
| ISO 14067 Systematic Approach     | ●   | ●     |     |           |
| PAS 2060                          | ●   | ●     | ●   |           |



In coordination with the parent company Danieli, we manage risks at the Steelmaking segment level by aligning ABS operating procedures with those of other companies in the Group.

In our business risk management system, we consider both exogenous and endogenous risks to ensure that we are prepared for any challenge that may arise, and classify the inherent risks into the following categories:

#### ECONOMIC AND FINANCIAL RISKS:

- Credit risk
- Country risk
- Exchange rate risk
- Liquidity risk
- Risks related to the financial market trends
- Risk of natural disasters
- Risk of partner default



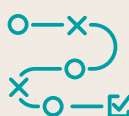
#### OPERATIONAL RISKS:

- Risks of business continuity
- Risks related to skills
- Risks related to maintaining adequate customer service
- Cyber risks
- Product security risks
- Risks related to product quality
- Environmental risks
- Health and safety risks



#### STRATEGIC RISKS:

- Risk of competition
- Positioning risk
- Risk of market/product failure
- Risks related to the management of energy values
- Risks associated with values and ethics
- Risks related to the supply chain
- Risks related to sustainability



#### COMPLIANCE RISKS:

- Risks related to product conformity
- Risks related to competition
- Risks related to the proper management of the business as defined by Italian Legislative Decree 231/2001
- Risks related to occupational health and safety as defined by Italian Legislative Decree 81/2008



## Cybersecurity

In the digital age, secure information management has become a strategic imperative. Modern enterprise architectures are characterised by an increasing interconnection with the entire value chain through sophisticated network infrastructures. This hyper-connectivity is creating new organisational interdependencies and radically changing business processes.

In this rapidly evolving landscape, a robust approach to cybersecurity plays a critical role in protecting information assets and systems from increasingly advanced and changing threats. **The resilience of the IT infrastructure is no longer just a technical issue, it is essential to protect the company's information assets, the sensitive data of customers, partners and employees, and ultimately the integrity of the organisation's reputation.**

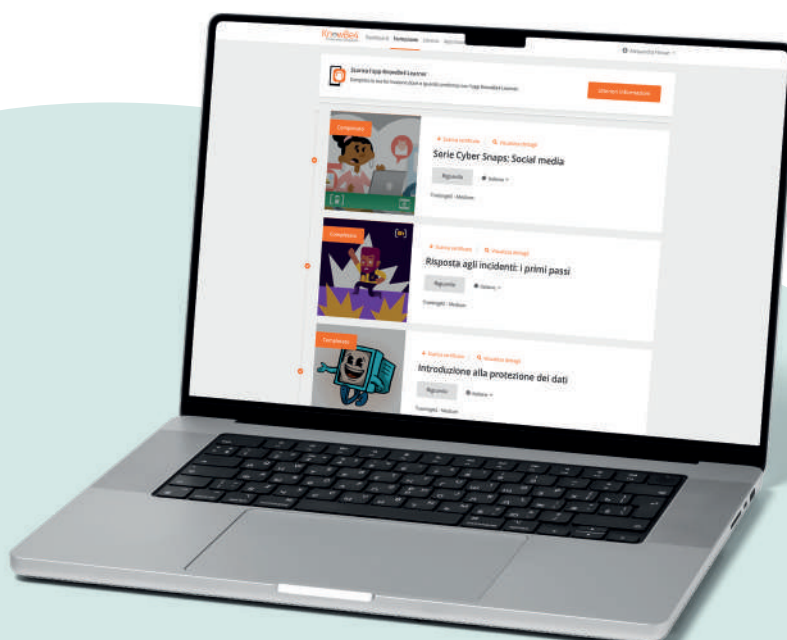
An effective cybersecurity strategy requires a multi-dimensional approach that integrates **state-of-the-art technologies, continuous monitoring systems** and a **comprehensive security awareness programme**. This holistic framework must constantly evolve to anticipate and counter emerging threats in today's complex digital ecosystem.

The Steelmaking Division's IT structure continues to consolidate management skills and technical governance: in September 2023, ABS extended its "ISO 27001 - Information Security Management Systems" certification to cover all processes, including software development and software lifecycle management, and was one of the first in Europe to upgrade its certification to the latest version of ISO 27001:2022.

### Detect and response

To protect its information systems and maintain the highest security standards, ABS has adopted a new "detect & respond" solution, one of the most advanced and secure on the market today. These technologies use Artificial Intelligence-based methods to detect the typical behaviour of a computer attack, while traditional antivirus software detects the presence of potentially malicious programmes. With these solutions, "detect & respond" software applications identify (detect) and block (response) the actions of a hacker attempting to infiltrate a corporate system, while also reporting the attack in progress.

Thanks to this continuous focus and the support of the external Security and Network Operation Centre, ABS S.p.A.'s IT Security Department was able to intercept two cyber attacks aimed at stealing credentials through targeted phishing.



Protecting production lines and the people who work on them is just as important as protecting information and systems. In this respect, several innovative pilot projects were initiated in the area of OT network protection during the previous financial year, all as part of the multi-year cybersecurity programme for production networks.

The industrialisation of one of these projects began in 2024; it will be responsible for monitoring our bar production line. This monitoring is made possible by the creation of a new data network, which ensures that each component of the plant (rolling cage, oven, etc.) is connected and can only exchange information to ensure that the process is working properly. In this way, any action on the network that does not correspond to a legitimate operation for the production process is immediately blocked, preventing a hacker from suddenly compromising the operation of the line and protecting the people working on it.

## Project...



### ABS CYBER SECURITY AWARENESS

The **Cyber Security Awareness** programme continues, with approximately 500 people taking part in more than 600 hours of training this year. The new platform introduced this financial year allows ABS to **measure some key indicators to assess the effectiveness of the training provided** and the level of maturity achieved by the participants.

These indicators are summarised in a single value called the Risk Score, which assigned to each individual. The Risk Score is calculated based on a number of factors of exposure to the risk of cyber attack, such as the company's role, participation in training courses, test results and any failures in simulated attack campaigns carried out during the year. ABS can then customise courses and tests on an individual basis, e.g. offering more intensive courses to those with a high Risk Score or short but targeted courses to those with a lower score. In this way, **ABS is able to adjust training strategies according to the performance of these indicators, ensuring the best possible balance between training hours and results.**



**500** PEOPLE

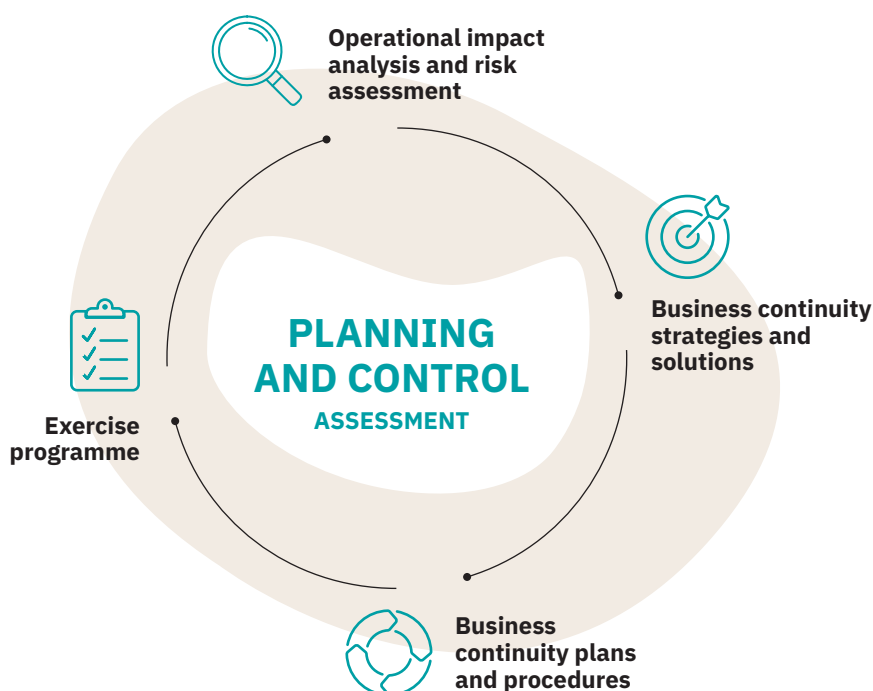


**600** HOURS OF TRAINING

## Business continuity

The need to identify potential threats that could affect our organisation and to establish processes to ensure the company's resilience in the event of adverse situations, while safeguarding operational safety, production capacity, interests and image, led to the initiation of a project to obtain ISO 22301 certification. This standard defines the basic requirements for the implementation of an effective business continuity management system in a company.

Risk management currently considers both the usual major operational risks and scenarios related to exceptional natural events and structural damage to plant and buildings. However, despite its breadth, it is fragmented into different management systems (Safety, Environment, Energy, Quality). In general, the implementation of a **Business Continuity Management System (BCMS)** according to the ISO 22301 standard, realised through the PDCA (Plan-Do-Check-Act) method, promotes the integration of operational and staff functions and represents an important methodological and organisational push towards greater sustainability of the company.



### The expected benefits of the project can be summarised as follows:

- Protection of company resources
- Increased organisational reputation and resilience
- Proactivity in risk prevention and management
- Reactivity in implementing measures during interruptions
- Reducing the impact of adverse events and their associated costs
- Ensure that the impact on the service is kept to a minimum (down to zero)

During the 2023-2024 financial year, ABS completed the implementation of the document system and in the early months of the 2024-2025 financial year, the final approval of the Business Impact Analysis (BIA) and the implementation of a first Business Continuity Plan exercise session in relation to the defined outage scenarios are planned. These activities were followed by a pre-audit for certification.

# INNOVATION

For ABS, innovation is synonymous with development and growth. Innovating means being at the forefront, regenerating as the main protagonists in known market contexts. We rely on the strength of ideas and projects to grow our work.

The key **components** that drive ABS innovation projects are set below:

- 1 the creation of enabling factors to foster internal research, the growth of incremental innovation, but also the interception of potentially disruptive elements;
- 2 the research and development of a network of qualified partners with whom to implement long-term projects, in an Open Innovation model.

Innovation at ABS is equally focused on products and processes, and is an ongoing commitment.

**PRODUCT INNOVATION:** developing new types of steel for emerging markets or improving the performance of existing lines.

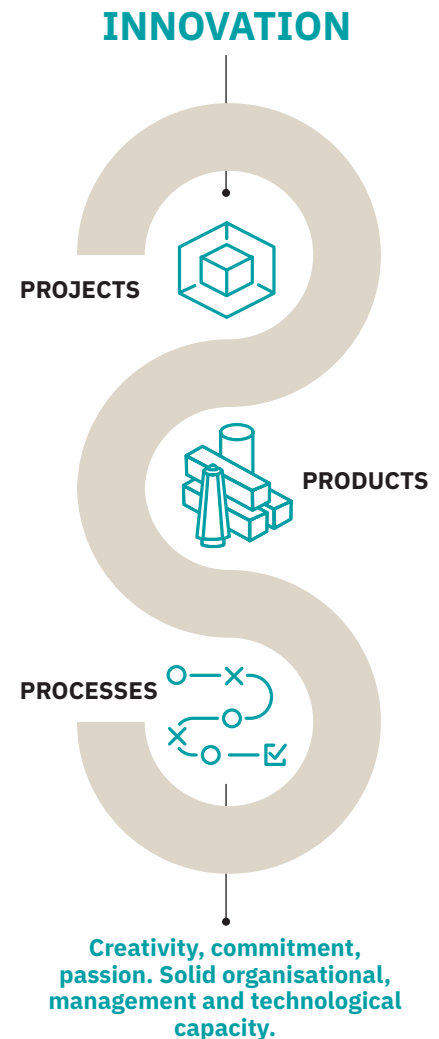
**PROCESS INNOVATION:** optimise production to ensure a "First time right" product as well as develop and test improved production processes within ABS flows.

The challenge of innovation drives ABS to encourage creativity, ingenuity and passion, supported by organisational, management and technology skills. This process is further reinforced by our subsidiaries, in particular ACM, which is an actual laboratory for the design and development of new projects. ACM works with all supply chains to co-design and develop innovative solutions in response to market challenges.

## Process innovation

ABS has adopted a general Portfolio Management process to analyse and manage innovation projects in their complexity: from the development of the project idea, to the search for financial sources, to the tracking of results, to project accounting. The function responsible for managing innovative projects has been included within the sustainability area.

Like the entire sustainability area it is considered highly strategic, and this specific placement will facilitate and optimize the processes of evaluation, cross-contamination and connection of corporate projects, in order to improve our sustainability performance. We have also recently set up a specific function dedicated to the systematic search for sources of subsidized finance that privilege paths of innovation and partnership at an international level.



Among the initiatives launched in the 2022-2023 financial year and continued in the 2023-2024 financial year are those that have been supported by national and European funding lines due to their innovative content.

**ENGINE PROJECT (HORIZON 2020 PROGRAMME):** this programme focuses on developing design and production systems for zero-defect metal products for the marine engine supply chain. The aim is to increase the competitiveness of the sector, reduce defects and production waste, create new business opportunities, improve worker welfare and environmental sustainability. This project not only improves product quality, but also optimises process efficiency, reduces costs and increases customer satisfaction.



**COGNIMAN PROJECT (HORIZON EUROPE PROGRAMME):** the Cogniman project aims to develop and validate an innovative cognitive and digital smart manufacturing concept. This approach is moving towards autonomous and predictive production, with greater flexibility, safety and efficiency. The use of advanced technologies such as artificial intelligence and the Internet of Things (IoT) can optimise production processes, minimise downtime and improve product quality.

**NORTH ADRIATIC HYDROGEN VALLEY PROJECT (HORIZON EUROPE PROGRAMME):** this project aims to create an economic, social and industrial ecosystem based on hydrogen. It aims to create new job opportunities and promote the transition to green and digital practices, contributing to the creation of a European hydrogen economy. The use of hydrogen as a clean energy source can significantly reduce CO<sub>2</sub> emissions, helping to combat climate change. ABS is involved in the NAVH project to test and implement innovative hydrogen burners for the heat treatment of steel ingots, including the creation of a pilot plant using green hydrogen supplied by a Slovenian partner. During 2023, the necessary procedures were initiated to start work in the 2024/2025 financial year.



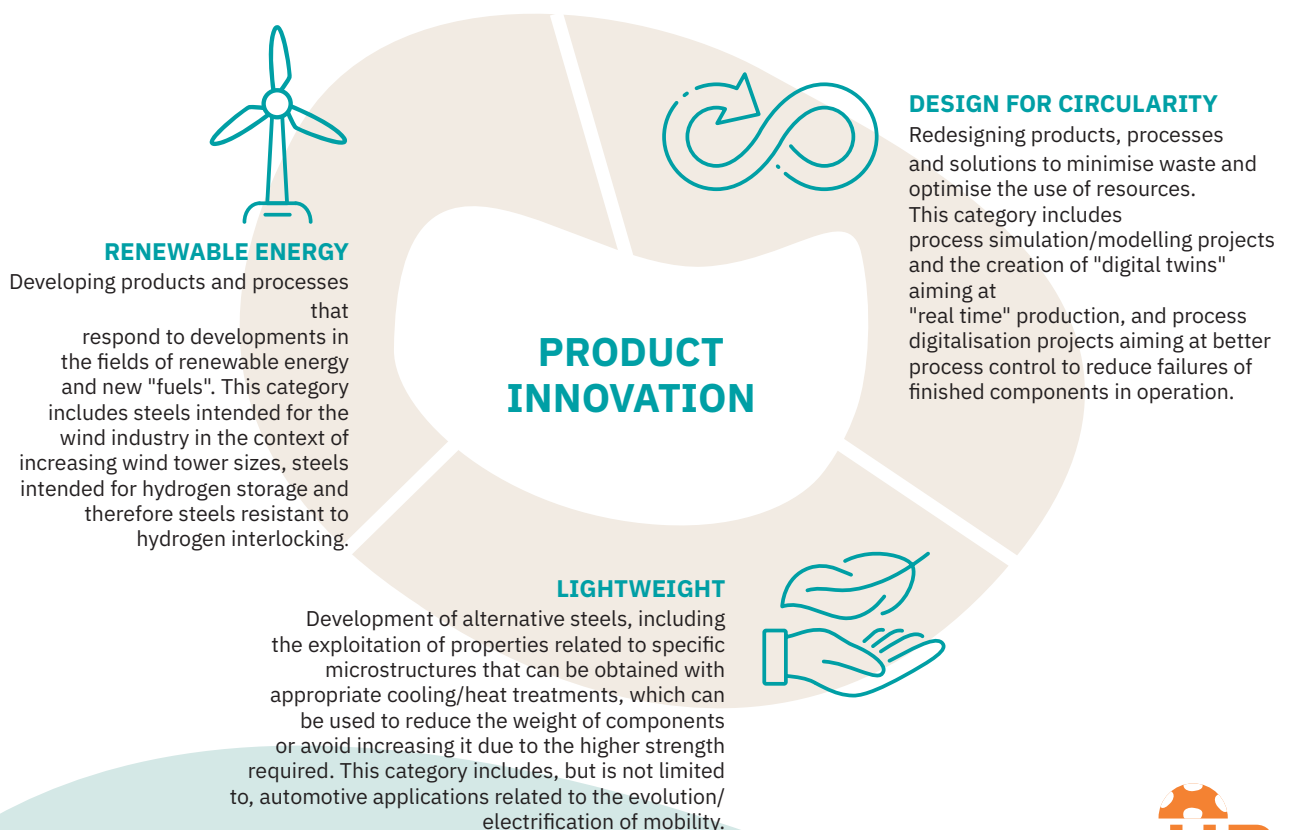
**CUSTARD PROJECT (INNOVATION FUND PROGRAMME):** the Custard project aims to develop technologies for the capture and utilisation of CO<sub>2</sub> that can decarbonise up to 50% of the flue gas from a reheating furnace and transform CO<sub>2</sub> into sodium bicarbonate. Not only does this reduce CO<sub>2</sub> emissions, but it also creates a saleable product that generates additional revenue for the company.

**CLUSTER EFFICIENCY PROJECT (CDS TA PROGRAMME):** this project is part of ABS Vision investment programme, which aims to grow the business and achieve environmental sustainability targets over the period from 2024 to 2030. It focuses on the energy efficiency of plants, using financial instruments such as "Development Contracts for Environmental Protection". The main objective is to reduce energy consumption and greenhouse gas (GHG) emissions. It is also proposed to take out non-repayable or subsidised loans to facilitate the company's growth according to the 2024-2030 Business Plan and to implement the decarbonisation strategy with greater economic sustainability, with a strong impact on ESG KPIs. As well as improving the energy efficiency of its facilities, the project will help to reduce the company's environmental impact and enhance its reputation and attractiveness to investors.

The project to install an electrolyser for the production of green hydrogen was spun off from the RRP and will be presented within the CdS TA Programme in the Efficiency Cluster.

## Product innovation

The ABS approach to product development addresses the following macro trends:



## Project...

### THE NEW INNOVATION COMMITTEE OF ABS

In a rapidly changing industrial environment, innovation is a pillar of competitiveness, sustainability and continuous growth. That is why, for several years now, we have been trying to stimulate and encourage creativity and initiative at all levels of the company.

ABS aims to encourage and facilitate the circulation of innovative ideas and to value the people who propose them. ABS wanted to gather ideas and innovations that would promote improvements not only in production processes, but in all business areas, with a focus on the growth of ABS. It was from this idea that the "**Level Up Your Idea!**" project was born.

For years, the parent company Danieli has organised the DIA (Danieli InnovAction Award), which collects and rewards the most deserving ideas from all those submitted by subsidiaries around the world. These proposals, which are mainly aimed at production and plant development, can become real development and research projects in the following years.

The Innovation Committee, which is responsible for examining proposals to be submitted to the DIA, was renewed and expanded this year. In collaboration with department heads, it organised dissemination meetings in departments and started a portfolio management of ideas received over the years.

The opportunity to participate in the process of sending projects to all parts of the company not only expanded the pool of ideas, but also fostered a widespread culture of innovation in which every employee feels an active part of the company's future.

These contributions show how the creative potential of our collaborators can be translated into concrete solutions that create value for the company and the community in which we operate.

We are committed to maintaining this innovative momentum by encouraging ongoing dialogue at all levels of the business and keeping channels open for new ideas. We look to the future with the conviction that creativity and internal collaboration are the keys to meeting tomorrow's challenges and building an increasingly resilient, sustainable and progress-oriented company.

## Hybrid Digital Green Plant

The **Hybrid Digital Green Plant** project involves the start-up of a new low-emission steel production line at the Cagnacco (UD) production site, which aims to become an international reference for the steel industry.

This plant incorporates a number of significant innovative technologies to modernise the steel industry and make it more sustainable. At the heart of the project is the "**Digimelter**" closed vault furnace, which uses the **Q-One** system for continuous scrap melting, ensuring advanced control of the production process, high efficiency and minimisation of secondary emissions.

The project is notable for its focus on environmental sustainability, with the aim of significantly reducing emissions and noise by separating production areas. Full recovery of cooling water and a significant waste minimisation are also planned, as well as the integration of self-generated renewable sources into the local power grid to improve energy efficiency, reduce climate-changing emissions and reduce dependence on non-renewable resources.

**It is estimated that the plant and its technologies will reduce direct and indirect emissions and energy consumption.**

This new plant will not only help to improve the efficiency and sustainability of ABS, but will also create around 200 new jobs, with a positive impact on local employment. During the authorisation process, which started in previous financial years with a formal application to the FVG Region, ABS actively interacted with various stakeholders, including local institutions and environmental agencies. The aim of this collaboration was to ensure that all regulatory requirements were met.



**- DIRECT AND INDIRECT EMISSIONS**



**- ENERGY CONSUMPTION**



**+ ENERGY SELF-GENERATED FROM RENEWABLE SOURCES**



**+ FULL RECOVERY OF COOLING WATER**



**- MINIMISATION OF WASTE**



**- REDUCTION OF NOISE IMPACT**



**+200 WORKPLACES**

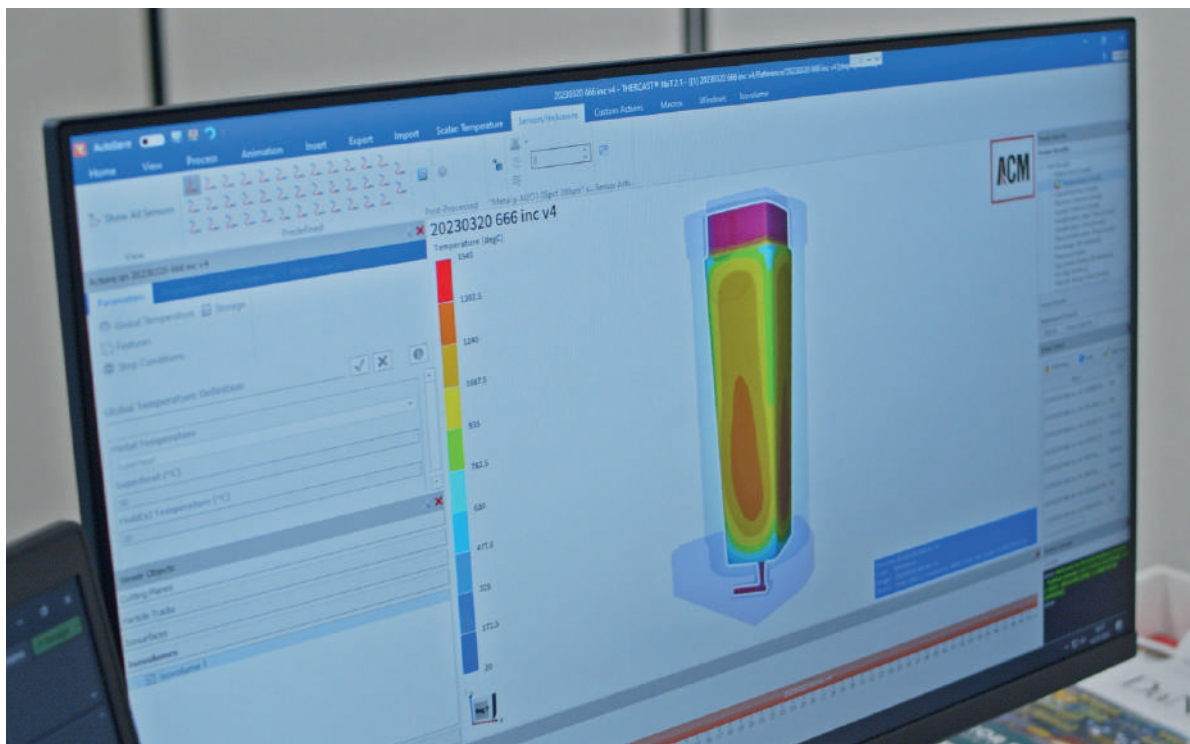
## The study of processes and materials for our customers: the work of ACM

ACM is committed to improving the quality of its ABS offer focusing on process modelling from the solidification phase to the finished product. This initiative leads to the creation of advanced digital twins that virtually simulate the results of different ABS processes. The main objective is to optimise production efficiency and ensure high product quality at the initial testing stage, while reducing waste and minimising environmental impact through more judicious use of resources.

Through the use of **advanced digital models**, ACM aims to improve the production process, ensuring greater optimisation and control at every stage of the production cycle. This approach reduces the risk of errors and waste, increases the sustainability of the process and limits the overall environmental impact to ensure the delivery of the highest quality products and a significant reduction in environmental impact.

During 2023-24, with the support of ABS process engineers, ACM continued to improve existing models and developed new digital twins of the product, deepening the mechanisms and understanding of the phenomena at different stages of production. ACM is also pursuing a doctoral theses at Arts&Métiers on the "Experimental and numerical study of the influence of the geometry of a porosity on its closure during rolling".

ACM is also involved in the **Horizon 2020 ENGINE** project, which is developing twins or product models for the transition from liquid steel in the tundish to rolled billets. At the same time, ACM continued to work on the grinding ball milling line models to optimise production and control the parameters required to produce ABS grinding balls. It also began using the beta version of the new "Opensolid" solidification software, which aims to provide a more refined understanding of segregation.



# MARKETS

The economic outlook for the EU remains complex, with many interrelated factors influencing growth. In 2023, the European economy showed resilience despite high inflation and geopolitical tensions, avoiding recession but recording lower growth than in 2022. GDP grew by just 0.6%, down from 3.4% a year earlier.

The performance of individual EU Member States varied considerably. Germany faced a mild recession in 2023, mainly due to a weak manufacturing sector, and expects modest growth in 2024. Other countries, such as Austria, Sweden, the Czech Republic and Hungary, are expected to recover from last year's recessions.

In contrast, Spain performed very well with growth above the EU average, while Italy and France had stable growth rates above the EU average.

Forecasts by EUROFER and leading institutions such as the IMF and OECD point to a slight increase in GDP growth in 2024, with realistic but cautious optimism. The IMF forecasts a growth in the Eurozone of 0.4% in 2024, rising to 0.8% in 2025, while the OECD shows similar figures. Previously rising inflation rates are showing signs of easing, but remain a concern. Energy prices have fallen, partly due to a transition to alternative gas sources, but geopolitical tensions in the Middle East and the ongoing war in Ukraine continue to pose risks.

Despite tentative signs of recovery, the economic scenario is full of uncertainties, including high interest rates and inflationary pressures that are expected to remain above the European Central Bank's (ECB) target.

EU economies expect to face a mix of opportunities and growth challenges in 2024-2025, with services driving economic contributions and the manufacturing sector struggling to regain full strength. The overall outlook suggests a cautious approach to economic recovery, relying on managing inflationary concerns and geopolitical instability, while seeking stability and growth in consumer confidence.

In 2023, Europe's apparent steel consumption<sup>[10]</sup> gradually declined to 126 million tonnes.

## Steel consumption in Europe - in million tonnes per year

| Year           | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|----------------|------|------|------|------|------|------|------|------|------|
| Million tonnes | 142  | 147  | 149  | 153  | 145  | 129  | 150  | 138  | 126  |

In 2023, imports of finished goods into Europe decreased overall (-11%). In particular, imports of flat products decreased (-8%), as did imports of long products (-22%).

[10] Source Eurofer.

Apparent consumption is the amount of a given product consumed within a country, whether from domestic production or imports.

The main importers of long products into Europe are India, Turkey, Vietnam, South Korea, Taiwan, Japan and China. For the whole of 2023, exports of finished products decreased (-3%), due to a drop in flat products (-9%) and despite an increase in exports of long products (+10%). More than half of the material went to the UK, USA, Turkey, Switzerland and Egypt. China, the United Arab Emirates (UAE), Ukraine and Norway followed. The phenomenon of storage along industrial supply chains even undermined steel purchases, although real consumption (steel use along industrial chains) remained good, at least in the first half of the year.

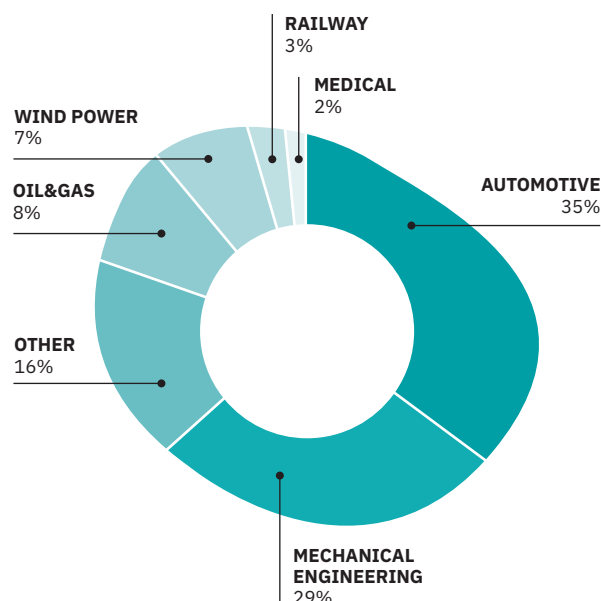
The reason for this lack of confidence that steel will hold its value reached in 2022 lies in the many global uncertainties, such as the trade war between the US and China, the ongoing and escalating conflicts in Ukraine and Palestine, the 2024 general elections in an extraordinary number of countries, the worsening of public debt in the post-Covid era, the gradual rise in interest rates, and the still undefined impact of the European Green Deal on the various industrial sectors (e.g. Automotive). As a result of this large reduction in apparent consumption, prices gradually fell until they reached unsustainable levels for many products by the end of the first half of 2024.

**ABS was able to keep its production capacity fully used throughout the financial year thanks to its diversification with an excellent product range and the development of different geographical and target markets.** However, **the gradual decline in prices**, which outpaced the reduction in costs, **affected the overall margins of the products.**

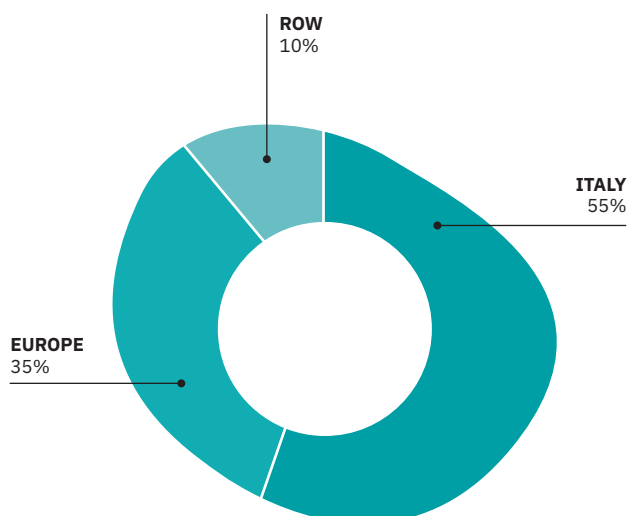
Ongoing projects to reduce lead times and stock levels have enabled us to offer the market an excellent service in these difficult times, in line with servitisation, which remains a key development axis for ABS. Another development axis that we pursued in the last financial year, and which will be intensified in the year ahead, is the development of new products. Thanks to the effective interaction between our ACM research centre, customers and operations, we are involved in a large number of projects aimed at commercialising innovative products.

Finally, we have had many discussions with end users to better understand and meet their needs related to the green transition of both products and production processes. For example, we have invested in guaranteeing the Carbon Footprint of our Products and are investing in guaranteeing the use of renewable energy. Therefore, in order to cope with the constant fluctuations in demand, ABS reaffirms its commitment to customer satisfaction by developing consultancy solutions with a high quality content, seamlessly combining the technology of its plants with its deep know-how of the steel production and transformation processes.

## Reference markets <sup>[11]</sup>



## ABS market turnover <sup>[11]</sup>



[11] Internal data processing

## The business lines

The development of ABS products is in line with the evolution of the markets.

ABS includes **6 business lines** specialised in die forming, forging, mechanical, wire rod, grinding balls and Global Export – the sixth line – that has, instead, a geographical focus.

The **forging line** accounts for approximately 90% of order volumes and is aimed at customers in the wind and oil&gas, railway, medical and automotive markets as well as the production of machinery for the industry. These products are used in the manufacture of rings, gearboxes, bearings, flanges, railway wheels and axles and components.

The **die forming** line is mainly aimed at customers in the automotive (passenger cars, commercial vehicles), truck and earthmoving sectors, as well as a constant number of customers in the oil & gas sector. The parts made with our steels include crankshafts, drive shafts, gear forks, gears, flanges and valve bodies.

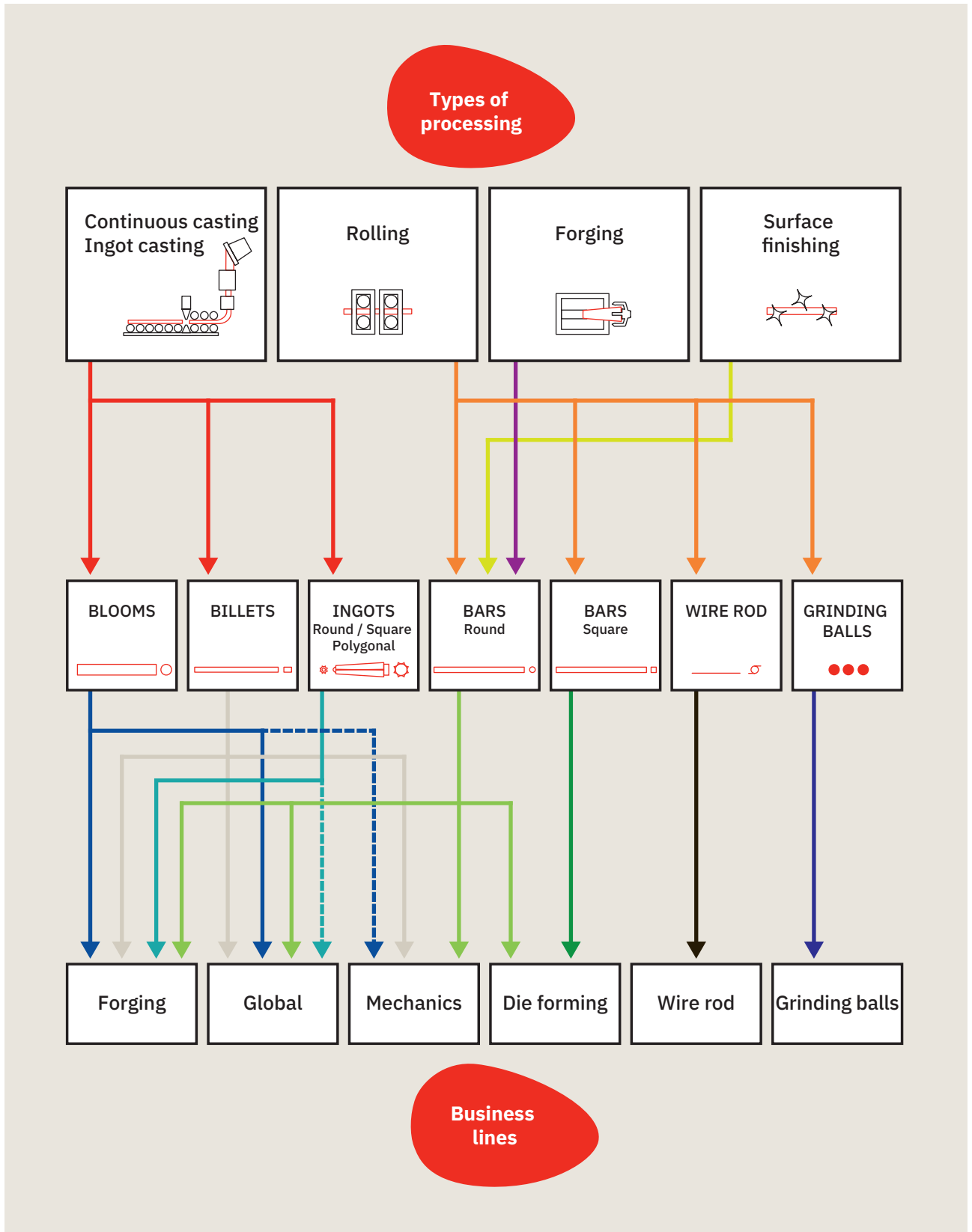
The **mechanical line** is focused towards mechanical workshops and distribution. Sales volumes are concentrated on treated rolled products and cold-processed products of the Qualisteel line, intended for the production of linkage for the wind and construction industry, gears, gearboxes, transmission shafts for the industrial, automotive, truck and earthmoving plant engineering sectors.

At the end of 2020, the QWR plant (Quality Wire Rod 4.0 - Saturn line) launched the **wire rod** line mainly to target the automotive market, for applications such as car springs and suspensions, bearings, engine fixing bolts, connecting rods, as well as the cold drawing, welding, prestressed reinforced concrete, and low and medium-high carbon sectors.

While the previous business lines are focused on the domestic and European markets, the **global export line**, on the other hand, is dedicated to the development of the entire ABS product range on a global level, with the aim of covering the automotive, truck (USA, Mexico, Brazil, UK), oil & gas (USA, Middle and Far East) and wind power (India, Brazil, South Africa) markets.

The **grinding ball line** aims at gaining a market share in the grinding media sector. The steel grinding balls, customised in sizes from 30 to 150 mm with customised mechanical properties, will mainly be used in the mills of the mining industries in South America, South Africa and Eastern Europe as well as in the cement industry.

ABS, with the aim of guaranteeing its Customers an excellent and widespread service, created the **service and distribution centre** called **ABS Service** in 2022, where it offers the quality of its products, even in small batches, to machine shops and SMEs. The customers can order the material in bundles, as a single bar and/or cut to the required length, also using the 24-hour online marketplace sales channel.



# Sustainability focus

## BLAST FURNACE STEEL AND ELECTRIC ARC FURNACE STEEL

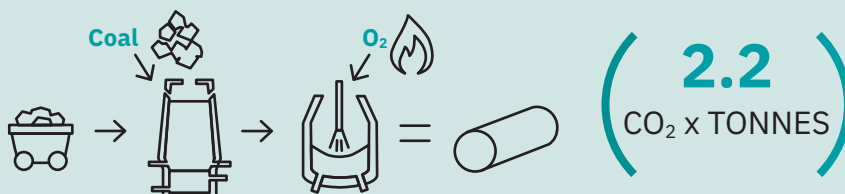
Sustainability is a critical issue in the steel sector, **which is responsible for approximately 7-9% of global carbon emissions. The two main methods of steel production are blast furnace production and electric arc furnace (EAF) production.**

**Blast furnace production** uses iron ore and coke, with high carbon emissions from the combustion of coke, a fossil carbon source. Despite efforts to improve energy efficiency, this method of reducing emissions is relatively slow.

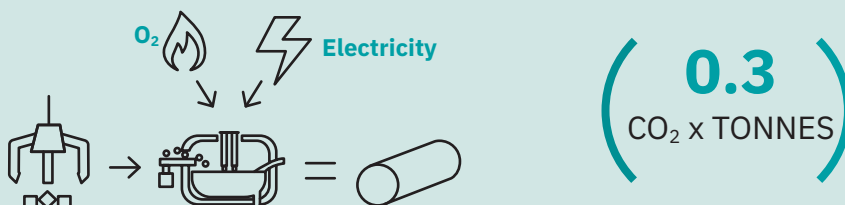
On the contrary, the **electric arc furnace production** uses mainly recycled steel and electrical energy. This method significantly reduces carbon emissions with the possibility of achieving even higher levels of sustainability, especially through the use of electricity from renewable sources.

The amount of steel produced by EAF has increased in recent years and it is estimated that the share will continue to increase until 2030. Moreover, in the medium to long term, companies that invest in innovative technologies, such as the use of green hydrogen, will further reduce their environmental impact.

### Full cycle



### Electric cycle from scrap



## DIFFERENCES BETWEEN LONG AND FLAT STEEL PRODUCTS

Among the various categorisations into which steel products can be divided, the market categorisation distinguishing between long and flat products is relevant. These two types differ in form, use and production process. Within each category, special steels are distinguished as those with improved specific properties.

### LONG STEEL PRODUCTS

Long steel products include items such as bars, wire rod, sections, beams, rails and tubes. They are characterised by a significant length in relation to their cross-sectional area. The main fields of application are construction, construction of infrastructure and the production of mechanical components.

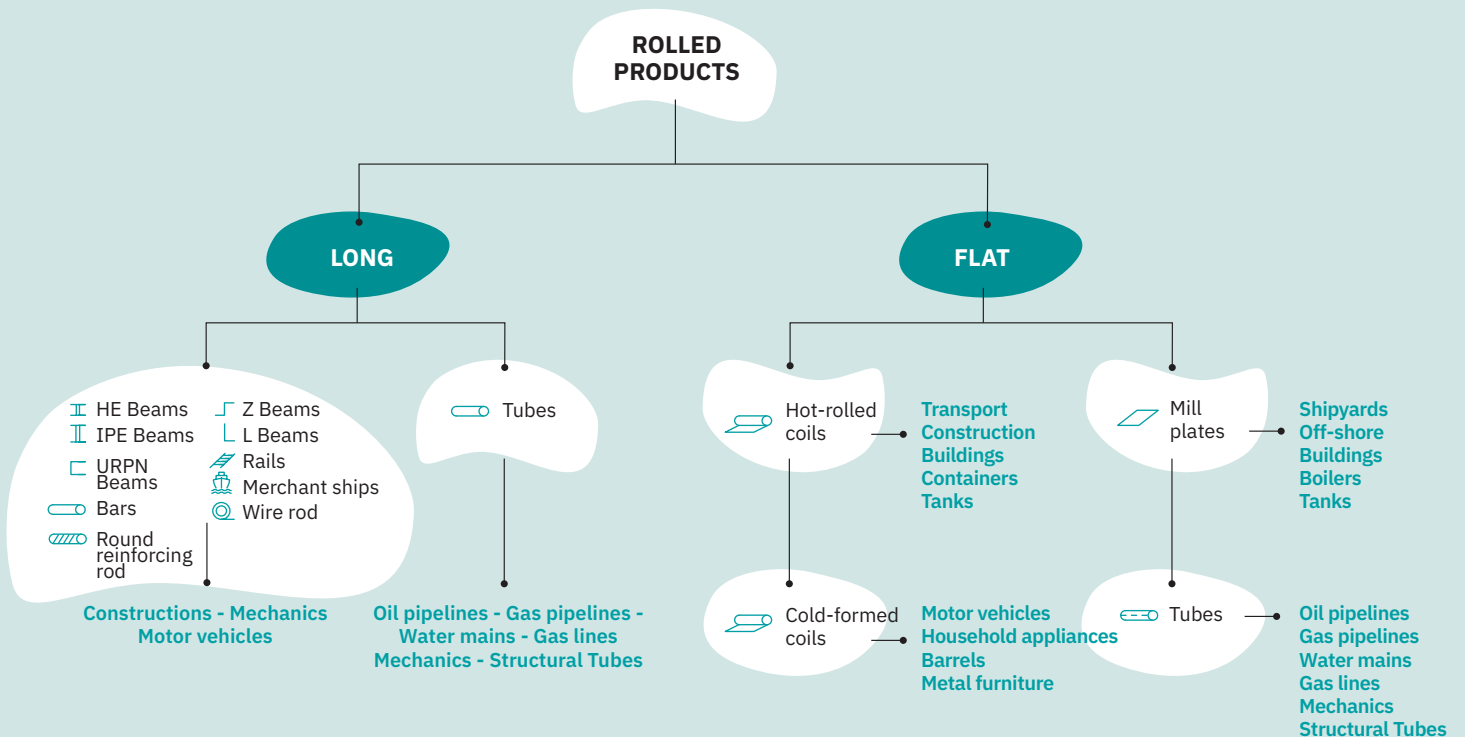
### FLAT STEEL PRODUCTS

Flat steel products include sheets, plates and strips, characterised by a reduced thickness in relation to length and width. They are mainly used in sectors such as automotive production, shipbuilding, household appliances, and construction (e.g. for roofing or wall covering).

### SPECIAL STEELS IN LONG AND FLAT PRODUCTS

Special steels in long products are steels with specific properties improved by the addition of alloys or by heat treatment. These products feature resilience, hardness, elasticity or corrosion resistance. Special steels are used in critical applications such as the production of driving shafts, gears, springs and cutting tools where a combination of superior mechanical properties is required.

The choice between long and flat products depends on the specific needs of the project and the properties required. Special steels, particularly in long products, offer significant advantages for high-performance applications, ensuring durability and reliability in demanding operating conditions.



# VALUE GENERATED AND DISTRIBUTED TO STAKEHOLDERS

| ECONOMIC VALUE<br>DIRECTLY GENERATED AND DISTRIBUTED | 30/06/2024   |
|------------------------------------------------------|--------------|
| A. Directly generated economic value                 | 1,322.77     |
| B. Distributed economic value                        | 1,255.70     |
| <b>(A-B) Characteristic retained economic value</b>  | <b>67.07</b> |
| (million of euros).                                  |              |

| ANALYSIS OF DISTRIBUTED ECONOMIC VALUE    | 30/06/2024      |
|-------------------------------------------|-----------------|
| Operating costs                           | 1,143.34        |
| Remuneration of Personnel                 | 92.25           |
| Remuneration of the Public Administration | 2.34            |
| Remuneration of Risk Capital              | -               |
| Remuneration to Lenders                   | 17.59           |
| Donations and sponsorships                | 0.18            |
| <b>TOTAL</b>                              | <b>1,255.70</b> |

(million of euros).

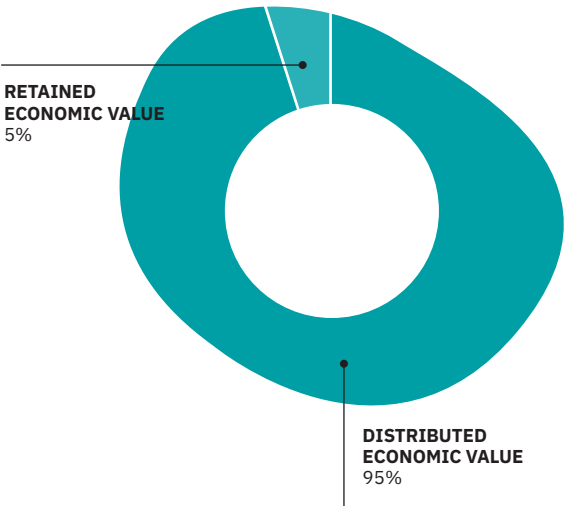
ABS contributes to the economic growth of the social and environmental context in which it operates by generating shared value. In the 2023/2024 financial year, the Directly Generated Economic Value amounted to 1,322.77 million euro.

Almost 95% of the company's wealth generated in the 2023/2024 financial year, amounting to approx. 1,255.70 million euro, was distributed to its stakeholders. Suppliers and employees are among the stakeholders who benefit most from the value produced by ABS.

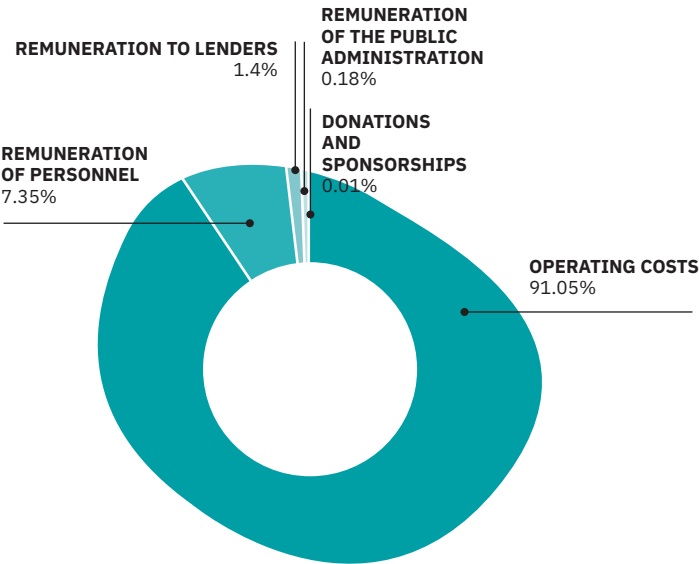
With regard to the main stakeholders, the economic value distributed was as follows:

- 1 Personnel** (including term contractors and Board Directors) **7.35%**, through direct remuneration consisting of salaries and severance payments and indirect remuneration consisting of social security contributions and costs for personnel-related services.
- 2 Suppliers 91.05%** - are identified in the operating costs that mainly represent payments to suppliers of goods and services.
- 3 Public Administration 0.18%** - through the payment of direct and indirect taxes.
- 4 Lenders 1.4%** - through the payment of financial charges.
- 5 Donations and sponsorships 0.01%** - through donations.

Directly generated economic value



Generated and distributed economic value



# Governance of sustainability

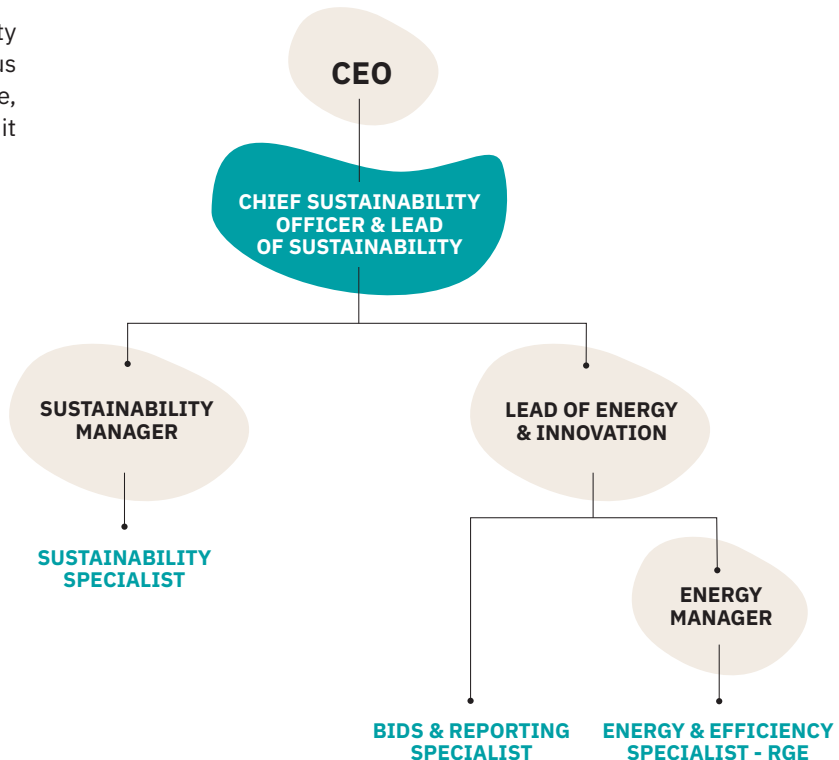
## The sustainability committee

As part of the initiatives to strengthen corporate governance, a Sustainability Committee has been set up from 2021, mandated by the Board of Directors, chaired by the CSO (Chief Sustainability Officer) and with the active participation of 12 Function Managers<sup>[12]</sup> and Plants reporting to the Chairwoman. The CSO has its own organisational structure that directly oversees the topics of Sustainability, Energy and Innovation.

In June 2024, a special regulation of the sustainability committee was approved by the Board of Directors, which regulates its appointment, operating modes, duties, powers and means.

The CSO, through the Committee, assists the Board of Directors with a preliminary activity, as a result of which it formulates assessments and/or opinions, particularly in the area of Sustainability policies, aimed at ensuring the creation of value over time, as well as the monitoring of national and international sustainability initiatives and the Company's participation in them, aimed at consolidating the results and the Company's reputation in this area. Moreover, the CSO is responsible for evaluating and interpreting changes in the external environment on sustainability issues to search for policies and initiatives in order to develop new lines of strategy for ABS. The CSO reports in writing on the Committee's activities to the Board of Directors at least every six months or whenever requested by the Chairman of the BoD or the Chief Executive Officer.

The governance of Sustainability is described below, with a focus on the Sustainability Committee, its members and the ESG issues it oversees.



[12] Chief Business Development Officer, Chief Operating Officer, Chief Sustainability Officer, Communication Manager, Finance and Administration Director, Human Resources Director, Internal Audit & Controlling Director, Plant Manager of Italian and foreign locations, Supply Chain Director, Legal and Corporate Affairs Manager.

## The ABS sustainability policy

In addition to the support of the Committee, Sustainability Governance benefits from the adoption of a Sustainability Policy, approved by the Company's BoD on June 25, 2024, which sets out ABS commitments to sustainable business practices. The regulations of the Sustainability Committee were also approved on that date.

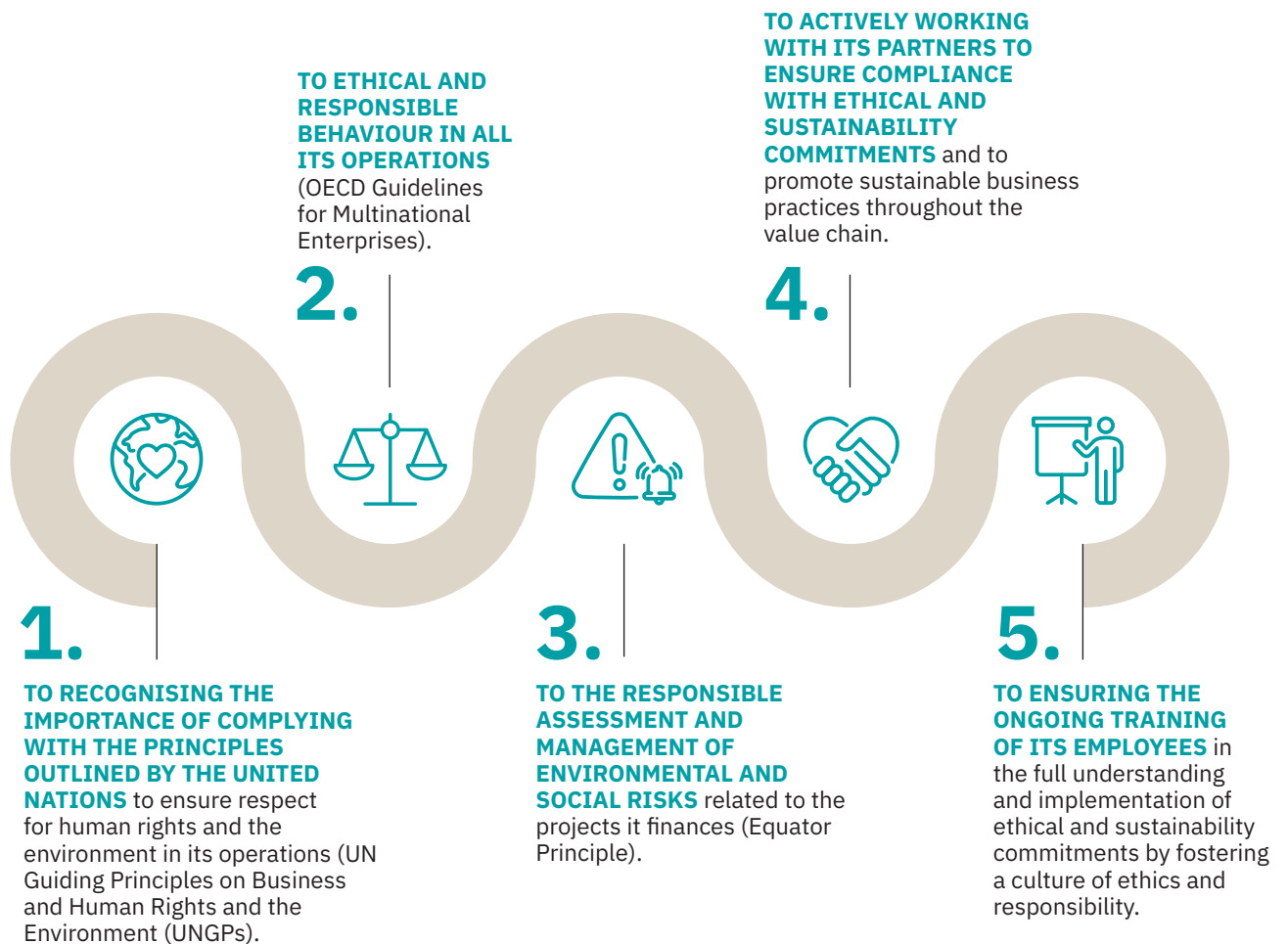
The Sustainability Policy is a set of principles and guidelines that guide strategic and operational decisions towards responsible management of environmental, social and economic resources.

It covers a range of issues, including reducing carbon emissions, using resources sustainably, promoting fair labour practices, respecting human rights, supporting the local community and extending engagement to the supply chain.

The main objective of the Sustainability Policy is to minimise the environmental impact of the company's activities while contributing to social and economic well-being.

By integrating these practices, ABS not only improves its reputation and competitiveness in the market, but also contributes to a more sustainable future for present and future generations.

Specifically, ABS is committed:



## The other operational committees

The Sustainability Committee is part of a broader governance that encompasses all business processes and includes various Operational Committees, internal bodies in which employees and/or managers of the company participate. These Operational Committees report regularly to the Sustainability Committee. The people involved are entrusted with the task of monitoring decisions and identifying actions for the support of short- and medium-term results by the functions involved in the production process. These committees are appointed by the heads of the areas involved in the process.

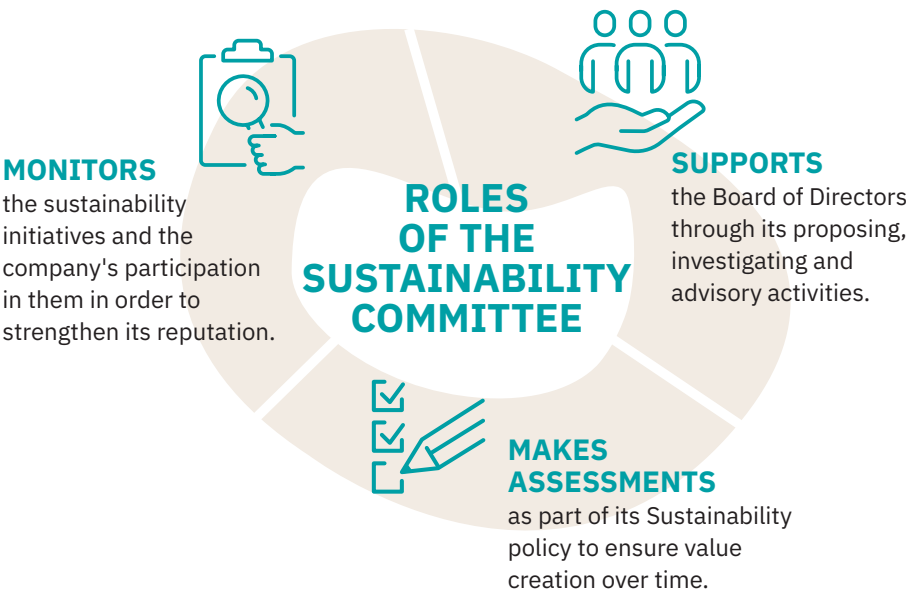
The importance of Operational Committees is that they provide a forum for discussing important issues that require the cooperation of several departments and/or corporate functions.

These Committees help to ensure that decisions are made collectively and collaboratively, that the various departments are adequately represented and involved in the decision-making process, and that they are kept informed of business trends and results.

The purpose of this governance structure is to promote an integrated and coherent management of business activities, ensuring that all functions work in synergy to achieve their objectives.



## The roles of the sustainability committee



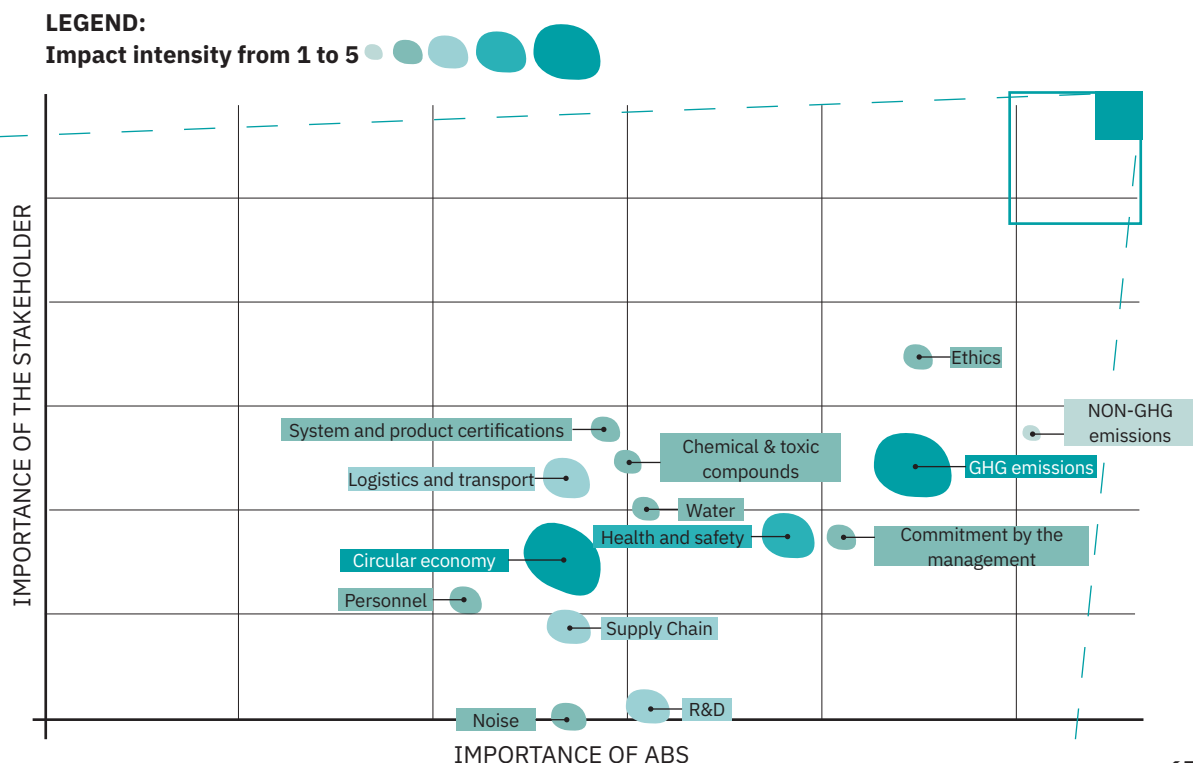
# STAKEHOLDERS, MATERIAL TOPICS AND SDGs

In ABS, the process of defining material topics began in 2016 and has evolved through the progressive involvement of different types of stakeholders. The classification of ABS stakeholders was defined following an in-depth analysis that led to the identification of the following main categories: **employees, customers, shareholders, suppliers, regulatory and government bodies, research institutes, organisations for the protection of the environment and local communities.**

Over the years, the definition of material topics has involved various stakeholders, mainly through the administration of surveys.

This process was managed by ABS S.p.A. and the results of the analysis are applicable to the entire Steelmaking division. Materiality analysis in ABS is an evolutionary journey, dynamically managed and aligned with the growing awareness of sustainability, its impact on business strategy and the risks and opportunities it presents. In this regard, **the transition to dual materiality is planned for the coming financial year, through the joint analysis of both the impact of business activities on sustainability components and the risks/opportunities that environmental, social and governance issues pose to ABS operations.**

In 2023, together with the heads of the various organisational functions of ABS, a process was developed to reinterpret the material issues in terms of the potential impacts generated. The analysis made it possible to assess the nature of the impact (positive or negative), the main sphere of influence (economic, environmental, social and/or human rights), the causes (whether direct or indirect), the extent of possible benefits or damages, the nature of the spillover (potential or actual), the geographical scope of the spillover, the effort required, where possible, to remedy a negative impact, the frequency of occurrence and whether or not the topic is subject to regulatory requirements. The results are shown in the graph below, where the size of the symbol indicates the intensity of the impact generated.



## Materiality matrix year 2023: relevant topics and intensity of impact generated

| MATERIAL TOPIC                                                                                   | IMPACT   |          | SPHERE OF INFLUENCE |               |        |              |
|--------------------------------------------------------------------------------------------------|----------|----------|---------------------|---------------|--------|--------------|
|                                                                                                  | positive | negative | Economic            | Environmental | Social | Human rights |
| <b>PERSONNEL:</b><br>fair remuneration                                                           | ●●       | ●●       | ✓                   | ✓             | ✓      | ✓            |
| <b>PERSONNEL:</b><br>skills development projects                                                 | ●●       | ●●       | ✓                   | ✓             | ✓      | ✓            |
| <b>PERSONNEL:</b><br>respect for human rights                                                    | ●        | ●●       |                     |               |        | ✓            |
| <b>OCCUPATIONAL HEALTH AND SAFETY</b>                                                            | ●●       | ●●●      | ✓                   |               | ✓      | ✓            |
| <b>GHG EMISSIONS</b>                                                                             | ●●●      | ●●●●     | ✓                   | ✓             | ✓      | ✓            |
| <b>NON-GHG EMISSIONS</b>                                                                         | ●        | ●        | ✓                   | ✓             | ✓      |              |
| <b>CIRCULAR ECONOMY:</b><br>procurement of raw materials                                         | ●●●      | ●●●      | ✓                   | ✓             | ✓      | ✓            |
| <b>CIRCULAR ECONOMY:</b> waste management that favours reuse and recycling over disposal         | ●        | ●●       | ✓                   | ✓             | ✓      |              |
| <b>CIRCULAR ECONOMY:</b> management of by-products (ABS Ecogravel)                               | ●        | ●●       | ✓                   | ✓             | ✓      |              |
| <b>NOISE:</b> measures to reduce noise and vibration emissions                                   | ●●       | ●        | ✓                   | ✓             | ✓      |              |
| <b>WATER:</b> proper water resource management                                                   | ●        | ●●       | ✓                   | ✓             | ✓      | ✓            |
| <b>CHEMICAL &amp; TOXIC COMPOUNDS:</b> reducing consumption                                      | ●        | ●●       | ✓                   | ✓             | ✓      | ✓            |
| <b>SUSTAINABLE SUPPLY CHAIN</b>                                                                  | ●        | ●●●      | ✓                   | ✓             | ✓      | ✓            |
| <b>ETHICS:</b> ethical management of the business                                                | ●        | ●●       | ✓                   | ✓             | ✓      | ✓            |
| <b>COMMITMENT BY THE MANAGEMENT:</b> to sustainability actions                                   | ●●       | ●●       | ✓                   | ✓             | ✓      | ✓            |
| <b>LOGISTICS AND TRANSPORT:</b> development of actions to reduce associated environmental impact | ●●       | ●●●      | ✓                   | ✓             | ✓      | ✓            |
| <b>RESEARCH AND DEVELOPMENT</b>                                                                  | ●●●      | ●●       | ✓                   | ✓             | ✓      |              |
| <b>CERTIFICATIONS</b>                                                                            | ●●       | ●        | ✓                   | ✓             | ✓      | ✓            |

**Intensity of generated impact:** ● slight ●● low ●●● moderate ●●●● significant

The acquisition of Rott-Ferr could redefine the intensity of the negative impacts highlighted for sustainable supply chain and logistics and transport in future analyses and materiality updates, as it provides the Cagnacco (UD) plant with the opportunity to have a "locally sourced" scrap supplier. The ABS vision of the most important issues in terms of impact and relevance, approved by the Board of Directors on July 20, 2023, was also considered valid for the 2023/2024 financial year.

## ABS contribution to SDGs

The topics found to be material, i.e. deserving, as a matter of priority, of special attention and strategic planning, are those pertaining to the following areas:

| MATERIAL TOPIC                                                                                                                                                                                                                      | SDGs SUB-TARGETS                                                                                                                                                                                                                                                                                                                                                                                                                                             | GRI AND CUSTOM KPI                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| Energy and GHG (greenhouse gas) emissions                                                                                                                                                                                           |  <b>7.2:</b> Increase substantially the share of renewable energy in the global energy mix by 2030.<br><b>7.3:</b> Double the global rate of improvement in energy efficiency by 2030.                                                                                                                                                                                      | <b>302</b><br><b>305</b>                                         |
| Other emissions into the atmosphere<br>Chemical & toxic compounds<br>Logistics and transport<br>Noise & vibration                                                                                                                   |  <b>12.4:</b> By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment.                                              | <b>305</b><br>Environmental investments;<br>Transport by train % |
| Ethical management of the business<br>Commitment of the management towards the adoption of sustainability policies                                                                                                                  |  <b>10.2:</b> By 2030, empower and promote the social, economic and political inclusion of all irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.                                                                                                                                                                         | <b>2-23 c.</b>                                                   |
| Development of practices to ensure full compliance with health and safety at work                                                                                                                                                   |  <b>8.8:</b> Protect labour rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment                                                                                                                                                                             | <b>403</b>                                                       |
| Management of water resources: withdrawals and discharges                                                                                                                                                                           |  <b>15.1:</b> By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.                                                                                                     | <b>303</b>                                                       |
| Circular economy actions and policies aimed at reducing the impact of the acquisition of raw materials and develop a virtuous waste management model, adopting, where possible, recovery and recycling policies instead of disposal |  <b>12.5:</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.                                                                                                                                                                                                                                                         | <b>301</b>                                                       |
| Sustainability-oriented supply chain management                                                                                                                                                                                     |  <b>12.6:</b> Encourage companies, especially large and trans- national companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.                                                                                                                                                                                 | <b>2-7</b>                                                       |
| Actions towards staff regarding remuneration policies, development of growth paths for skills and respect for human rights                                                                                                          |  <b>4.4:</b> By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.<br> <b>5.1:</b> End all forms of discrimination against women and girls everywhere. | <b>404</b>                                                       |
| Development of Innovation and Research & Development activities                                                                                                                                                                     |  <b>9.5:</b> Improve scientific research, increase the technological capacity of industrial sectors in all countries, especially in developing countries, by 2030, by promoting innovation and significantly increasing the number of people employed in research and development.                                                                                        | System, process and product innovation activities developed      |
| System and product certifications                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                              | System and product certifications obtained                       |

# OUR SUSTAINABILITY STRATEGY

ABS firmly believes that to be truly "sustainable", a company must be able to guarantee its operations over the long term, and today, this condition cannot be ignored when considering the ecosystem in which one operates and the integration of ESG (Environmental – Social – Governance) topics into the core business strategy.

In an evolving economic, social and regulatory environment for sustainability issues, **ABS is organising itself to address the regulatory changes related to the Corporate Sustainability Reporting Directive (CSRD)** in a way that will enable it to adapt to the needs of the future and reap its strategic benefits. As a result, the company is assessing the organisational and structural impacts required to meet the new ESG reporting and governance requirements. However, no materiality topics were reviewed and no external stakeholders were involved in this FY 2023/24. This will enable at a later stage the adoption of a dual materiality vision that can calibrate the relevance of each topic and prioritise corporate initiatives to maximise the positive impact on both the external and internal context.

**Our sustainable development strategy – defined taking into account enabling factors, megatrends and the 2030 Agenda – is leading ABS towards a low-carbon, high-innovation development model in which people are fundamental and customers central.** With this in mind, ABS followed a path of continuous improvement, because where impacts cannot be removed, they must be reduced to preserve the environment and create value for the community, anticipating future regulations related to carbon emissions or environmental, social and governance (ESG) aspects in order to gain a competitive advantage.

## Project...

### FAST DATA COLLECTION AND MONITORING SOFTWARE

ABS uses this technology to develop and implement sustainability-oriented data collection processes. In this context, the new version of the "Fast" software was used to improve communication within the ABS group. The updates concern the specific application of tailor-made internal procedures, which include precise authorisations and responsibilities for data, with the history of data updates, document management, literature references for each specific KPI, and the creation of a shared Business Intelligence system for analysing and displaying reports, as well as the technological implantation behind the software.



## The business plan

As part of the company's business development, ABS defined the guidelines for the company's growth in the medium to long term (from FY 2023/24 to FY 2029/30) and clearly identified:



These guidelines were set out in the **ABS Business Plan**, with clear objectives derived from the Corporate Vision, Mission and Values that form its backbone.

Closely related to the Business Plan is the distinctive approach of ABS to transforming the procurement of its products into a value proposition for its customers. Within this overall proposition, the value of Sustainability, understood not just as a statement but as an investment in the future of the entire supply chain, tends to ensure its long-term competitiveness.

The European Green Deal, which aims to achieve climate neutrality (NET ZERO) in Europe by 2050, formalised the growing public awareness of more planet-friendly production paradigms.

As an energy-intensive and emissions-intensive sector, the steel industry could not avoid organising itself accordingly, and both steel producers and users began to structure themselves to analyse and improve their processes with a view to reducing their environmental impact and using fewer natural resources.

To stay within the scope of our customers, many OEMs, Tier 1 and Tier 2 have already set direct and indirect CO<sub>2</sub> emission reduction targets, which are directly passed on to their suppliers, which is to be expected as almost 80% of their CO<sub>2</sub> emissions come from raw materials (semi-finished and/or finished products).

Driving Sustainability and reducing emissions will therefore reduce the environmental footprint of steel throughout the supply chain.

## The ESG plan

Sustainability issues, summarised under the acronym ESG (Environment, Social, Governance), guide and form the pillars of the ABS Strategic Plan, a document that is closely linked to the Business Plan, which defines objectives and actions in line with:

- The company's growth strategy as defined in the Business Plan;
- The relevant regulatory frameworks;
- The voluntary improvement targets of ESG issues.

The ESG Plan is the responsibility of the Sustainability function, which is tasked with coordinating, supporting and guiding all ABS areas/functions in defining short, medium and long-term objectives, as well as supporting the growth of all members of the Company towards a common awareness and action that makes these objectives effective and achievable.

## Strategic levers of the ESG business plan

The ESG Business Plan is structured on the basis of strategic levers recognised within the ABS Group.

Projects aimed at reducing emissions are in line with at least one of the following strategies:

- **Energy efficiency and process optimisation:** improve energy efficiency and invest in low-carbon technologies. Optimise processes by implementing advanced technologies and improving operational practices to minimise energy consumption and related greenhouse gas emissions.
- **Circular economy and recycling:** use the circular economy as an opportunity to minimise the need for primary raw materials while reducing emissions. Promote steel recycling and the development of efficient technologies to minimise dependence on metallic raw materials and reduce the energy-intensive stages of primary steel production.
- **Use of no- or low-carbon energy sources:** use carbon-free energy sources such as renewable energy, green hydrogen and/or biofuels to significantly reduce the carbon footprint of steel production, including electrification of components and process equipment.
- **Product and material innovation:** focus on research and development of new materials and product innovations that can contribute to decarbonisation. This involves the use of alternative raw materials and the development of new products that require less energy-intensive production processes.
- **CCU (Carbon Capture Utilisation) technologies and approaches:** implement CCU technologies to capture and use CO<sub>2</sub> emissions from steel production. CCU focuses on converting CO<sub>2</sub> into useful products such as chemicals or building materials.

- **Carbon Offset Management:** invest in natural climate solutions to offset emissions and participate in the Green Steel market as a short-term strategy until Net Zero is achieved.

The ESG Business Plan is intrinsically dynamic and can be revised over the years in response to new evidence and/or opportunities that arise during its implementation. Therefore, decarbonisation strategies are a fundamental reference for ABS to base initiatives on, providing a clear direction for reducing emissions, improving business performance and, more generally, proposing solutions of increasing value to our Customers. These strategies are also linked to the development of innovative technologies and further emphasise the Group's social contribution in relation to these topics.



04.

# Environmental aspects



# ENVIRONMENTAL ASPECTS

The production of ABS is characterised by a focus on the environment and sustainable resource management, using ferrous scrap as raw material for the production of special steel using electric furnace technology.

The commitment to environmental protection is further strengthened through the adoption of Best Available Techniques (BAT), which ensure high standards of environmental protection through the implementation of best practice in plant, management and control.

ABS decided to voluntarily obtain the UNI EN ISO 14001 Environmental Management System certification for all its production sites, including those in Cagnacco (UD), Sisak, Rott-Ferr and the Metz research centre. This tool is essential for continuously monitoring and improving compliance activities.

The Cagnacco (UD) production site has an Integrated Environmental Authorisation, renewed in 2020, which brings together all the other environmental authorisations required for its operation; this authorisation is valid for 12 years, two more than the usual ten years, thanks to ABS's ISO 14001 certification.

The Givoe - Qualisteel line, where cold processing takes place, has a Single Environmental Authorisation, which was transferred within ABS in 2020.

ABS Sisak also has an environmental authorisation issued by the competent authority in 2020, which specifies how emissions to air and water are to be monitored, including methods, frequency of measurements and evaluation of results.

In the context of the ESG Business Plan, projects related to the environmental aspect (E) are aimed at ensuring energy efficiency and process optimisation, promoting the use of energy sources with low or zero carbon content, encouraging product and material innovation, and developing circular economy and recycling activities.

In line with this strategy, ABS invested almost 1.5 million euro last year in initiatives to reduce the direct impact of emissions on the environment.

# SCRAP AND OTHER RAW MATERIALS

By weight, 86% of the raw materials used by ABS is ferrous scrap, an infinitely reusable resource that is the main raw material for the production of special steels using electric furnace technology. Compared to the full-cycle technology using iron ore, electric furnace technology using scrap significantly reduces the impact on natural capital.

Overall, the percentage by weight of recycled raw materials used during the year was 93% of the total, slightly down from 95% in the previous year. In addition to ferrous scrap, these include a portion of used cast iron and waste managed by Rott-Ferr. The decrease in the share of recycled raw materials is mainly due to the increase in the use of virgin cast iron from around 8,000 tonnes in 2023 to more than 48,000 tonnes in 2024.



# Sustainability focus

## RAW MATERIALS - SCRAP [13]

For every tonne of carbon steel scrap recycled, a CO<sub>2</sub> saving of 1.4 tCO<sub>2</sub> is achieved (World Steel Association LCA methodology).

### 1 t OF RECYCLED FERROUS SCRAP SAVES:



**1.1 t**  
OF IRON ORE



**630 kg**  
OF COAL



**55 kg**  
OF LIMESTONE



**652 kWh**  
OF ENERGY



**287 l**  
OF OIL



**2.3 m<sup>3</sup>**  
OF LANDFILL SPACE

FOR A TOTAL OF  
**-1.4 t CO<sub>2</sub>**

[13] BIR (Bureau of International Recycling)

### Raw materials by weight of recycled or non-recycled origin (t)

|                 | 2023             |               | 2024             |                |
|-----------------|------------------|---------------|------------------|----------------|
|                 | Recycled         | Not recycled  | Recycled         | Not recycled   |
| Scrap           | 1,419,781        | -             | 1,343,260        | -              |
| Electrodes      | -                | 2,655         | -                | 2,812          |
| Ferroalloys     | -                | 41,910        | -                | 44,717         |
| Cast iron       | 103,663          | 8,181         | 97,473           | 48,288         |
| Consumables     | -                | 659           | -                | 842            |
| Other materials | -                | 24,528        | -                | 14,764         |
| Incoming waste  | -                | -             | 9,496            | -              |
| <b>Total</b>    | <b>1,523,444</b> | <b>77,933</b> | <b>1,450,229</b> | <b>111,423</b> |

The technical and operational methods of scrap management are described in detail in the ABS Environmental Management Manual; more specifically, procedures and work instructions are defined to manage the steps of acceptance, radiometric and documentary verification of the material, checks on the incoming scrap metal, and possible rejection of the load if it does not meet the minimum quality requirements.



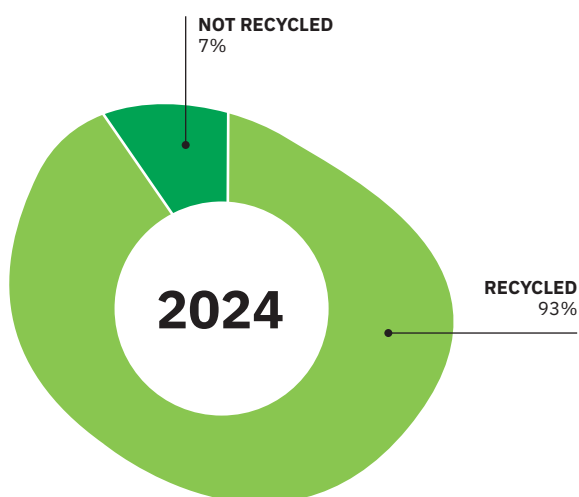
## Sustainability focus

### CIRCULAR ECONOMY PERMANENT STEEL MATERIAL

Permanent materials should be understood as a new category of durable materials that complements the oversimplified distinction between recyclable and non-recyclable materials or between renewable and non-renewable resources. The steel from which buildings, machinery, cars and everyday objects are made remains as a permanent value in the company, ready to be recycled to create a new cycle of steel products with the same properties as the original material<sup>[14]</sup>.

[14] FEDERACCIAI - 2023 Sustainability Report

## Materials used by weight or volume of recycled and non-recycled origin (%)



Materials used by weight or volume of recycled or non-recycled origin

|                          | 2023             |                   |                   | 2024             |                   |                   |
|--------------------------|------------------|-------------------|-------------------|------------------|-------------------|-------------------|
|                          | Recycled         | Not recycled      | Total             | Recycled         | Not recycled      | Total             |
| <b>Cubic metres (m³)</b> | <b>83</b>        | <b>66,760,666</b> | <b>66,760,749</b> | <b>65</b>        | <b>79,094,973</b> | <b>79,095,039</b> |
| Raw materials            | -                | 11                | 11                | -                | 14                | 14                |
| Noble gases              | 83               | 66,726,155        | 66,726,238        | 65               | 78,945,025        | 78,945,091        |
| Fluid gases              | -                | 34,500            | 34,500            | -                | 149,934           | 149,934           |
| <b>Tonnes (t)</b>        | <b>1,523,444</b> | <b>179,718</b>    | <b>1,703,162</b>  | <b>1,450,229</b> | <b>226,662</b>    | <b>1,676,891</b>  |
| Raw materials            | 1,523,444        | 77,933            | 1,601,376         | 1,450,229        | 111,423           | 1,561,652         |
| Ancillary materials      | -                | 92,719            | 92,719            | -                | 103,471           | 103,471           |
| Fluid gases              | -                | 37                | 37                | -                | 30                | 30                |
| Packaging                | -                | 951               | 951               | -                | 1,014             | 1,014             |
| Refractory materials     | -                | 8,078             | 8,078             | -                | 10,724            | 10,724            |

**Noble gasses** and **fluids** used in the production process and/or as ancillary materials, given their physical form, are quantifiable almost exclusively by volume.

Any **metals** used in the production process and subject to the Conflict Minerals Regulations are managed consistently with what ABS has defined in its Sustainability Policy, available on the ABS website, and in accordance with IPC-1755, maintaining the due diligence requirements for EU importers of minerals from conflict or high-risk areas (Regulation (EU) 2017/821 (D)), and in line with the US conflict minerals regulations (US Dodd-Frank Act - Section 1502).

ABS, in compliance with the obligations of the European REACH regulation, is required to collect and assess information on the properties of chemicals and on the hazards arising from them in order to improve the protection of human health and the environment.

# ENERGY

One of the most significant impacts of ABS, in terms of the production cycle, is related to the consumption of energy and the resulting greenhouse gas emissions. In order to manage energy resources in the best possible way, ABS has implemented an Energy Management System at ABS S.p.A. and ABS Sisak plants in accordance with the UNI EN ISO 50001:2018 international standard.

By implementing the management system, ABS is able to accurately monitor energy consumption in a timely manner, achieve important containment results and develop an **energy strategy** aimed at:

- minimising the risks arising from the characteristics of the energy scenario, which is subject to high price volatility and the risk of supply shortages in the event of geopolitical crises, by continuously monitoring the markets and monitoring plant performance;
- aligning existing decarbonisation policies that require a reduction in the carbon intensity of steel processes;
- seizing opportunities to reduce the specific costs of steelmaking processes offered by energy efficiency and decarbonisation projects in the form of incentives and/or non-repayable loans.

The trend towards continuous improvement and decarbonisation of production processes has led the company to step up its **investment efforts again this year, with a view to implementing strategic initiatives, modernising plants** and completing the first investment **in its own renewable electricity production capacity**. This set of investments resulted in an expenditure of almost 74 million euro as at June 30, 2024.

Over the next few years, investments totalling more than 50 million euros are planned to develop the energy strategy.

Last year, the **energy saving target of 3,400 toe was largely exceeded**, mainly due to the multi-year plan to upgrade the plant's combustion systems, which has so far reduced the plant's methane consumption by **6%** and CO<sub>2</sub> emissions by **4%**.

The first phase of the development of **on-site photovoltaic production** was completed with the commissioning of three plants totalling **5.3 MWp** and the renewal of the ISO 50001:2018 certification of the Pozzuolo del Friuli plant.

The photovoltaic panel installation project is part of a wider energy efficiency and decarbonisation strategy that includes several projects. More specifically, the main projects active in the ABS S.p.A. plant are the **Custard project**, the **North Adriatic Hydrogen Valley project** and the installation of the new **HYBRID DIGITAL GREEN PLANT line**, described in detail in the innovation area.

The **continuous investment** of ABS in **reducing environmental impact** is reflected in a coherent **long-term strategy**, as shown by the **replacement of 30 evaporative towers at the Cagnacco (UD) site**, which has brought benefits in terms of both reduced noise emissions and lower energy consumption.

At **ABS Sisak**, the evaluation of the static calculations of the roof structures of the existing buildings and the available area for the installation of photovoltaic panels was completed in order to **equip the plant with a photovoltaic power plant**.

In addition, parts of the heating system were replaced with electric heating sub-systems to reduce gas consumption. The lighting system is continually being upgraded to remove old equipment and replace it with **energy-efficient LED lighting**. To date, a large part of the planned project was implemented.

**Two new self-propelled excavators** were purchased at Rott-Ferr to improve the efficiency of scrap metal handling and loading/unloading operations, replacing two old, outdated machines. The investment led to a significant **reduction in diesel consumption** per tonne of material handled, and a consequent reduction in atmospheric emissions, thanks to improved engine efficiency. In addition, a **new shear press** was purchased to reduce the volume of scrap, thus optimising truck loading, with undoubted benefits in terms of both logistics and the reduction of energy consumption and emissions associated with road transport of the material.

**74 M EUR** INVESTED FOR:



**STRATEGIC INITIATIVES**



**PLANT MODERNISATION**



**RENEWABLE, SELF-GENERATED  
ELECTRICITY PRODUCTION**



**5.3 MWp** PHOTOVOLTAIC  
PLANT



**-6%** NATURAL GAS CONSUMPTION



**-4% CO<sub>2</sub>**



| Energy consumption in Giga Joule (GJ)<br>by fuel type <sup>[15]</sup> | Quantity (GJ)    |                  |
|-----------------------------------------------------------------------|------------------|------------------|
|                                                                       | 2023             | 2024             |
| <b>Non-renewable sources</b>                                          | <b>6,960,096</b> | <b>7,677,218</b> |
| Electricity                                                           | 3,645,245        | 4,008,556        |
| Polymer <sup>[16]</sup>                                               | 129,318          | 128,832          |
| Gas oil                                                               | 8,316            | 16,596           |
| GPL                                                                   | 3,576            | 3,209            |
| Other <sup>[17]</sup>                                                 | 4,959            | 3,316            |
| Unleaded petrol                                                       | -                | 62               |
| Methane gas                                                           | 2,580,635        | 2,809,117        |
| Coal                                                                  | 588,047          | 707,530          |
| <b>Renewable sources</b>                                              | <b>-</b>         | <b>5,058</b>     |
| Electricity (produced and consumed internally)                        | -                | 5,058            |
| <b>Total energy consumption within the organisation</b>               | <b>6,960,096</b> | <b>7,682,276</b> |

[15] Conversion factors to GJ for various fuels: UK Government - GHG Conversion Factors for Company Reporting 2023.

[16] Conversion factor to GJ by polymer: Table of national standard parameters updated on December 15, 2023.

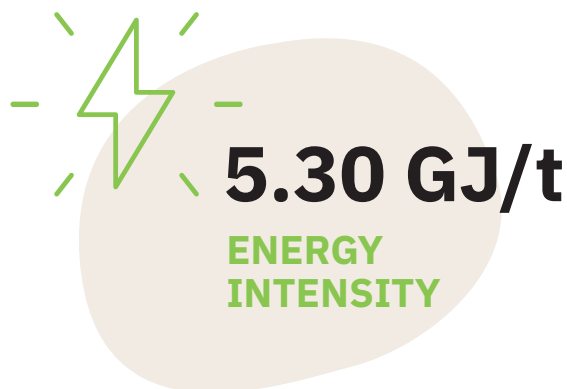
[17] The consumption figure for company cars has been estimated using criteria capable of providing as accurate and exhaustive a representation as possible.

As from 2023, ABS S.p.A. was authorised to use **polymers** in the EAF furnace as well. Polymers make a double positive contribution to the circular economy and to the reduction of greenhouse gas emissions.

For ABS, the use of this material has several advantages in terms of environmental sustainability, including an increase in the degree of circularity of processes due to the use of recycled plastic material obtained by recycling difficult-to-dispose-of packaging waste and a consequent reduction in direct GHG emissions, with an emission factor approximately 45% lower than that of anthracite<sup>[18]</sup>, and indirect emissions associated with a reduction in transport, as the supply of virgin materials is reduced.

In absolute terms, energy consumption increased by approximately 10% last year, due to the increase in domestic steel production and, to a small extent (0.01%), to the inclusion of Rott-Ferr in the shareholding structure.

**The overall energy intensity is 5.30 GJ/tonne of crude steel.**



[18] From the table of national standard parameters updated on December 15, 2023; in the specific anthracite conversion factor: 104.511 tCO<sub>2</sub>/GJ polymer conversion factor 56.731 tCO<sub>2</sub>/GJ.

# Project...

## ABS TOWARDS NET ZERO: THE CARBON NEUTRALITY OF ABS WITH THE ADOPTION OF THE PAS 2060 STANDARD

For ABS, the effective implementation of a carbon management system is a strategic choice for the business and for the future. In this regard, this year we have taken our commitment to decarbonisation to the next level with the important recognition of the certification of our **Carbon Neutrality Management System** to the international standard **PAS 2060**, which allows us to demonstrate our commitment to zero CO<sub>2</sub> emissions in accordance with the most stringent environmental requirements.

Obtaining this certification allows us to make our commitment to climate neutrality concrete and transparent, and to achieve tangible benefits such as:

1

### REDUCTION OF OPERATING COSTS

Optimising resources, reducing energy consumption and making transport more efficient can lead to significant economies of scale. ABS invests in more sustainable technologies, such as renewable energy and low-emission plants to reduce long-term costs. These initiatives not only contribute to the company's financial statements, but also demonstrate our commitment to sustainability and enhance our corporate image.

2

### IMPROVEMENT OF MARKET POSITIONING

By taking proactive steps towards carbon neutrality, we can differentiate ourselves. By actively promoting our climate practices, we address and involve a conscious and responsible customer base in our business.

3

### REPUTATIONAL BENEFITS

Investing in climate neutrality helps to build a strong and reliable brand. Our strong commitment to environmental and social responsibility enables us to build strong relationships with our stakeholders.

4

### IMPROVED RISK MANAGEMENT

As environmental regulations evolve and consumers and government authorities become increasingly concerned about climate emissions, ABS reduces its regulatory and financial risks by investing in sustainable practices. For us at ABS, better management of environmental risks also means less exposure to fluctuations in raw material costs, giving us greater economic stability.

# AIR

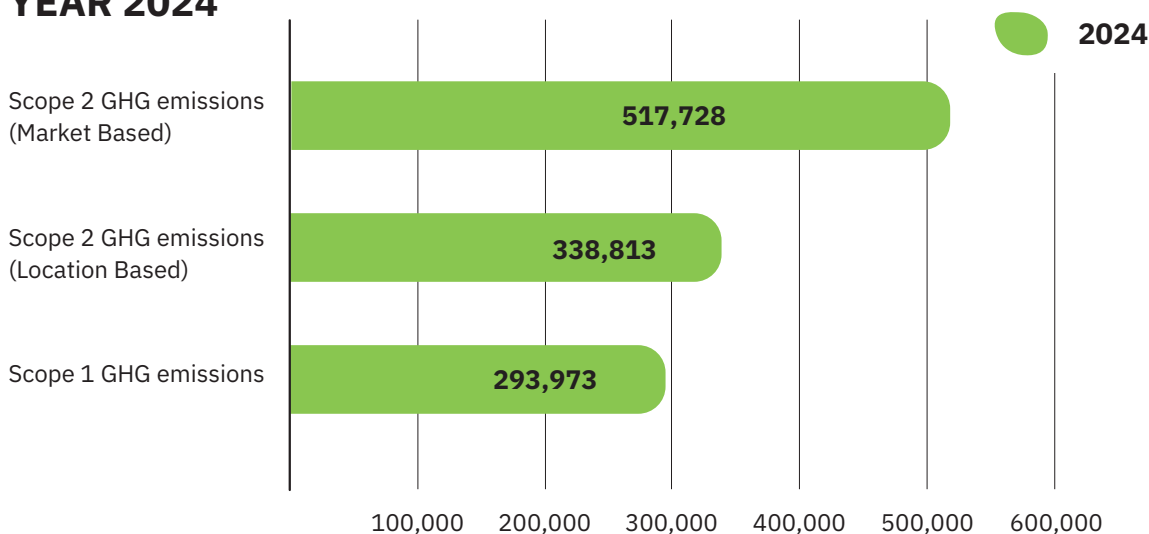
ABS's performance in the last financial year, calculated on a cumulative Scope 1 + Scope 2 Location Based basis, was 632,786 tonnes of CO<sub>2</sub>-equivalent: a 10% increase in absolute terms compared to the emissions recorded the previous year, due to the increase in production volumes.

| Scope 1 & 2 location and market based GHG emissions |                                               |                                                                   |                                                                 |                                                                                   |                                                                                 |
|-----------------------------------------------------|-----------------------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
|                                                     | Scope 1 GHG emissions<br>t CO <sub>2</sub> eq | Scope 2 GHG emissions<br>(location based)<br>t CO <sub>2</sub> eq | Scope 2 GHG emissions<br>(market based)<br>t CO <sub>2</sub> eq | Total GHG emissions<br>Scope 1 & 2<br>(location based)<br>t of CO <sub>2</sub> eq | Total GHG emissions<br>Scope 1 & 2<br>(market based)<br>t of CO <sub>2</sub> eq |
| ACM                                                 | 3                                             | 26                                                                | 58                                                              | 29                                                                                | 61                                                                              |
| CARGNACCO                                           | 258,771                                       | 301,591                                                           | 437,546                                                         | 560,362                                                                           | 696,317                                                                         |
| ROTT-FERR                                           | 638                                           | 36                                                                | 52                                                              | 674                                                                               | 690                                                                             |
| SISAK                                               | 34,561                                        | 37,160                                                            | 80,072                                                          | 71,721                                                                            | 114,633                                                                         |
| <b>Total</b>                                        | <b>293,973</b>                                | <b>338,813</b>                                                    | <b>517,728</b>                                                  | <b>632,786</b> <sup>[19]</sup>                                                    | <b>811,701</b>                                                                  |

The carbon intensity, quantified by assessing the CO<sub>2</sub> equivalent emissions of the companies in the Steelmaking division for Scopes 1 and 2 using a location-based method, is 0.44 tCO<sub>2</sub> eq/tonne of crude steel produced.

[19] The calculation of direct CO<sub>2</sub> emissions – Scope 1 was reparameterised for the Cargnacco and Sisak plants based on the certification issued by the Emission Trading System (ETS) for the calendar year 2023 and the tonnes of crude steel produced in the relevant financial year. The emission factors used for the calculation of indirect emissions are those proposed by Terna for Location-based Scope 2 indirect emissions (Terna, International Comparisons 2019), and the residual mixes for Market-based Scope 2 indirect emissions (AIB, European Residual Mixes 2022, Vers. 1.0 of June 1 2023). Emissions of Scope 2 are expressed in tonnes of CO<sub>2</sub>; however, the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO<sub>2</sub> equivalent) as can be inferred from the technical literature of reference. Read more on page 138.

## SCOPE 1 & 2 GHG EMISSIONS YEAR 2024



|             | Scope 1 GHG emissions | Scope 2 GHG emissions<br>(location based) | Scope 2 GHG emissions<br>(market based) |
|-------------|-----------------------|-------------------------------------------|-----------------------------------------|
| <b>2024</b> | 293,973               | 338,813                                   | 517,728                                 |
| <b>2023</b> | 266,431               | 309,838                                   | 463,518                                 |

# Sustainability focus

## GHG EMISSIONS

### INFO BOX: LOCATION AND MARKET BASED

The calculation of greenhouse gas (CO<sub>2</sub>) emissions, GHG (Greenhouse Gas Protocol), is divided into 3 different purposes. Scope 1, 2 or 3, depending on the type of emission.

#### SCOPE 1: DIRECT EMISSIONS

Direct greenhouse gas (GHG) emissions come from sources owned or under the direct control of the company. These emissions include those from the combustion of fossil fuels, such as in boilers, furnaces, engines, generators and other industrial equipment, as well as from company vehicles. Scope 1 also includes fugitive emissions, such as fluorinated gas leaks from cooling and air conditioning systems.

#### SCOPE 2: INDIRECT EMISSIONS FROM PURCHASED ENERGY

Indirect greenhouse gas (GHG) emissions associated with the production of electricity, heat or steam purchased and consumed by the company fall under Scope 2. The emissions associated with the electricity used in the company's own buildings and offices have been calculated.

Emissions are reported using two methods:

- **Location-based method:** This method is based on average emission factors for energy production within defined geographical boundaries, such as national borders.
- **Market-based method:** This approach takes into account the actual energy mix linked to contracts with energy suppliers. Electricity consumption covered by Guarantees of Origin (GO) is multiplied by an emission factor of zero, while consumption not covered by GO is multiplied by the emission factor of the "residual mix", which reflects the national energy mix without renewables. This reporting method makes it possible to enhance the share of renewable energy purchased directly by the company.

#### SCOPE 3: INDIRECT EMISSIONS ALONG THE VALUE CHAIN

Indirect greenhouse gas (GHG) emissions, which are covered by Scope 3, include all emissions that are not directly generated by the company's operations (Scope 1) or purchased energy (Scope 2), but occur throughout the company's value chain. Scope 3 categories include:

- |                                                                         |                                          |
|-------------------------------------------------------------------------|------------------------------------------|
| • Purchased goods and services                                          | • Upstream leased assets                 |
| • Capital goods                                                         | • Downstream transport and distribution  |
| • Fuel and energy-related activities not included in Scope 1 or Scope 2 | • Processing of sold products            |
| • Upstream transport and distribution                                   | • Use of sold products                   |
| • Waste generated in production                                         | • End-of-life treatment of sold products |
| • Business trips                                                        | • Downstream leased assets               |
| • Employee commuting                                                    | • Franchising                            |
|                                                                         | • Investments                            |

## Emissions into the atmosphere

The emissions into the atmosphere generated by the ABS production process can be of two types: channelled emissions and non-channelled emissions.

**Channelled emissions are generated at the stacks** and are directly related to specific production steps. In total, there are **more than 50 authorised emission points in the production lines of ABS S.p.A.**

Compliance is monitored in accordance with the monitoring and control plan issued by the competent Italian and Croatian authorities.

At the Cargnacco (UD) plant, following the replacement of the sandblasting plant at the Luna line, an update of the monitoring plan of channelled emissions is envisaged for the coming financial year.

The emission channelling stacks of the smelting area are equipped with a continuous emission monitoring system that enables any approach to the permitted limits to be detected immediately and the necessary corrective measures to be taken quickly.

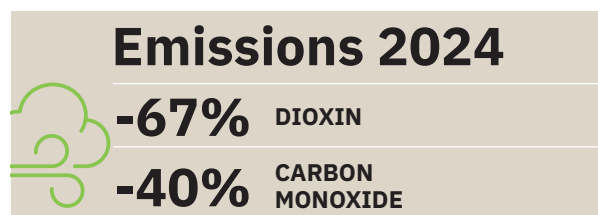
**ABS Sisak** installed the CEMS (Continuous Emissions Monitoring System), which allows the continuous monitoring and measurement of emissions of the following parameters: CO, NO, particulate matter (dust), PM10, quantity of flue gas released, volumetric ratio of O<sub>2</sub>, volumetric ratio of CO<sub>2</sub>.

At **Rott-Ferr**, major renovation work was carried out on the suction hood and extraordinary maintenance was carried out on the associated bag filter. This investment ensures a more effective fume suction and a reduction in dust the channelled emissions.

**Non-channelled emissions derive from activities such as internal handling and secondary processing.** To monitor this data, **ABS installed air quality samplers** at strategic points around the site. During the last annual campaign, no criticality was found in the monitored parameters, with average values falling within the reference limits. Last year, ABS S.p.A. started work to improve the capture of emissions from the secondary metallurgy plant, which will continue until December 2026.

Continuing to use the best technologies on the market to minimise air pollution, in 2017 ABS replaced the **use of activated carbon as a filter with an inert clay material**, significantly reducing dioxin emissions. **Clay has many advantages, including greater safety (it is non-flammable and non-explosive), naturalness and effectiveness** (almost 50% reduction in dioxin emissions during melting).

The emissions data for the current year at Group level show a significant reduction in emissions of dioxins of approximately 67% compared to the previous year, and of carbon monoxide of approximately 40%, while the values recorded for atmospheric particulates and nitrogen oxides are in line with those measured last year.



| <b>Emissions into the atmosphere <sup>[20]</sup></b> | <b>2023</b> | <b>2024</b> |
|------------------------------------------------------|-------------|-------------|
| Dioxin (gr)                                          | 0.29        | 0.10        |
| CO (t)                                               | 978.23      | 714.28      |
| NOx Nitrogen oxide (t)                               | 394.96      | 416.35      |
| Particulate matter (SPM) (t)                         | 30.49       | 32.61       |

[20] Data referring to the Cargnacco plant.  
 For more on Group data, please refer to page 138.

The reduction in dioxin emissions was particularly noteworthy and can largely be attributed to the **optimisation of the dosing system for the dioxin-adsorbing reagent. The intervention made it possible to homogenise the injection of the adsorbent product into the chimneys of the furnaces in the melting area.** This technical improvement has made the dioxin adsorption process more effective. The result is less dispersion of these substances into the atmosphere, improving not only air quality but also the well-being of surrounding communities.

The reductions recorded are even more significant when expressed in terms of intensity in tonnes of crude steel produced at the Cargnacco (UD) and Sisak steel plants; in fact, for dioxins and carbon monoxide the intensity value in 2024 decreased by an order of magnitude.

| <b>Intensity of emissions into the atmosphere</b> | <b>2023</b> | <b>2024</b> |
|---------------------------------------------------|-------------|-------------|
| Dioxins (gr/Mt crude steel)                       | 0.227       | 0.069       |
| CO(t/Mt crude steel)                              | 1,029.121   | 558.707     |
| NOX (t/Mt crude steel)                            | 311.480     | 289.058     |
| Particulate matter (t/Mt crude steel)             | 24.577      | 25.452      |

Thanks to the above, we have confirmed our commitment to an increasingly sustainable ecological footprint. The result achieved is not only in line with regulatory objectives, but also represents a fundamental step towards responsible and environmentally friendly industrial production. We will continue to monitor and improve our processes. We believe that sustainability can and should be at the heart of everything we do.

**A dosing system was used to  
 homogenise the adsorbent  
 product in the chimneys of  
 the furnaces  
 in the melting area.**

# WATER

## Supplies and discharges

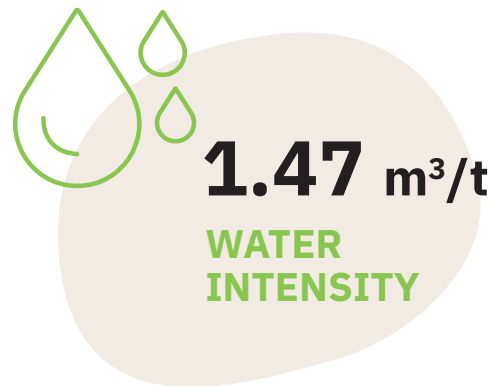
ABS is committed to sustainable water management and therefore to minimising water use in its operations. The strategy implemented aims not only to comply with the regulations in force, but also to promote responsible industrial practices with a focus on conservation, **using advanced treatment and cooling technologies to reuse water resources as much as possible, avoiding waste and water pollution.**

At the Cagnacco (UD) site, water for industrial use is drawn from pumped groundwater, while water for civil purposes, such as the canteen, toilets and changing rooms, is drawn from the waterworks. Water withdrawn from groundwater is pre-treated with chemical additives to make it suitable for industrial use. **These include the cooling of machinery and the hardening of products.** Water reuse systems are installed to significantly **reduce water consumption**, providing a sustainable and innovative solution to water management. These plants incorporate technologies for the recovery and filtration of the water used to reduce overall consumption and minimise environmental impact.

In **ABS Sisak**, 92% of the water supply comes from the Sava River.

**Rott-Ferr** in Pavia di Udine (UD) and Pordenone uses water from waterworks. The management of impacts related to water resources is characterised by continuous monitoring of water consumption with the aim of setting a target threshold below which water consumption should be reduced.

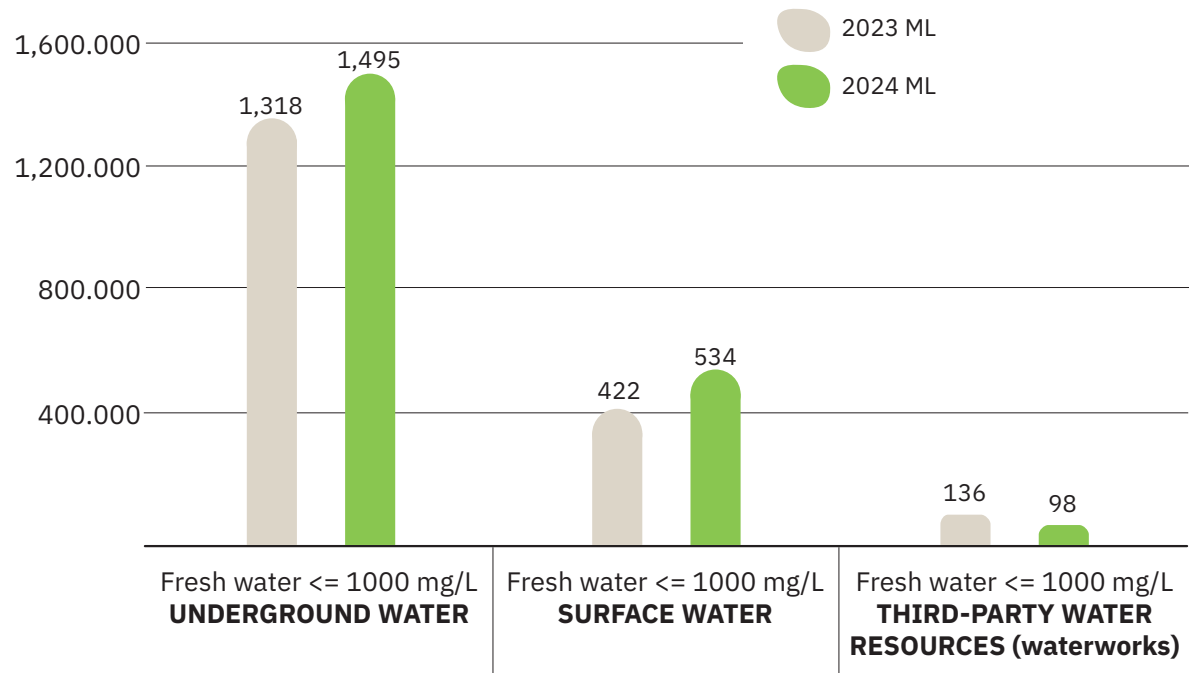
**In terms of water stress zones<sup>[21]</sup>, the areas of Cagnacco (UD) and Pavia di Udine and Pordenone (UD) are at high or medium-high risk, while Metz (France) and Sisak (Croatia) are at medium-low and low risk respectively.**



[21] With reference to water withdrawals in areas subject to water stress, the Group uses the Aqueduct Tool developed by the World Resources Institute (WRI) to identify areas potentially at risk. The WRI tool is available online at: <https://www.wri.org/our-work/project/aqueduct>.

For the analyses, the results in the "baseline water stress" column and the "high stress" and "extremely high stress" levels were taken into account.

### Water withdrawals (ML) by source and categories



| Water withdrawal by source (ML) <sup>[22]</sup> |              |                           | 2023         |                           | 2024      |                           |
|-------------------------------------------------|--------------|---------------------------|--------------|---------------------------|-----------|---------------------------|
|                                                 | All areas    | Water stressed areas (ML) | All areas    | Water stressed areas (ML) | All areas | Water stressed areas (ML) |
| <b>Underground water</b>                        | <b>1,318</b> | <b>1,317</b>              | <b>1,495</b> | <b>1,495</b>              |           |                           |
| Fresh water [TDS] <= 1000 mg/L                  | 1,318        | 1,317                     | 1,495        | 1,495                     |           |                           |
| <b>Surface water</b>                            | <b>422</b>   | <b>-</b>                  | <b>534</b>   | <b>-</b>                  |           |                           |
| Fresh water [TDS] <= 1000 mg/L                  | 422          | -                         | 534          | -                         |           |                           |
| <b>Third-party water resources (waterworks)</b> | <b>136</b>   | <b>86</b>                 | <b>98</b>    | <b>54</b>                 |           |                           |
| Fresh water [TDS] <= 1000 mg/L                  | 136          | 86                        | 98           | 54                        |           |                           |
| of which groundwater                            | 136          | 86                        | 98           | 54                        |           |                           |
| <b>Total water withdrawals (ML)</b>             | <b>1,875</b> | <b>1,403</b>              | <b>2,127</b> | <b>1,549</b>              |           |                           |

[22] For ABS Cargnacco, water withdrawals represent only water withdrawals for industrial use.

The increase in volume production had an impact related to water resources over the past year, with total withdrawals of just over 2.1 million cubic metres, an increase of 13% compared to the previous year; of these, 70% are related to water withdrawals from wells, 25% from surface water and the remaining 5% from waterworks.

**Water intensity increased from 1.42 m<sup>3</sup>/tonne of crude steel in 2023 to 1.47 m<sup>3</sup>/tonne in 2024.**

The ABS plant in Cargnacco (UD) has 11 discharge points into the sewer system, all of which are authorised. The first 5 mm of rainwater is captured and conveyed to the first rainwater basins, which are decanted before being sent to an external sewage treatment plant together with the wastewater. In order to ensure that rainwater falls within the limits of the authorisation issued by the sewer system managing body, a daily cleaning plan is in place for the yards by means of wet and dry motor sweepers in order to remove most of the waste deposited on the internal roads. At the WIRE plant, the first rainwater is instead reused in the production cycle.

**The main focus in Sisak during the last period was the evaluation and testing of a wastewater recovery system.** A pilot project is underway to return some of the wastewater from the CCM cooling system to the main sedimentation tank. Future projects involving roof drainage will be carried out in such a way as to convey water to the main sedimentation tanks if possible.

| Water discharge by destination (ML)               | All areas  |            |
|---------------------------------------------------|------------|------------|
|                                                   | 2023       | 2024       |
| <b>Surface water</b>                              | <b>559</b> | <b>701</b> |
| Fresh water <= 1000 mg/l total dissolved solids   | 559        | 701        |
| Other water > 1000 mg/l total dissolved solids    | -          | -          |
| <b>Third-party water resources (sewer system)</b> | <b>31</b>  | <b>17</b>  |
| Fresh water <= 1000 mg/l total dissolved solids   | 31         | 17         |
| Other water > 1000 mg/l total dissolved solids    | -          | -          |
| <b>Total</b>                                      | <b>590</b> | <b>718</b> |

# EARTH

## Waste management and circular economy

The principles defined by the European Commission state that proper waste management should give priority to measures aimed at preventing the generation of waste and, where this option is not feasible, opt for reuse and recycling activities. This methodology is fully applied in the waste management and circular economy strategy of ABS. The continuous implementation of projects to improve waste management practices also offers opportunities for greater efficiency and cost reduction.

The recovery of non-hazardous waste increased significantly last year.

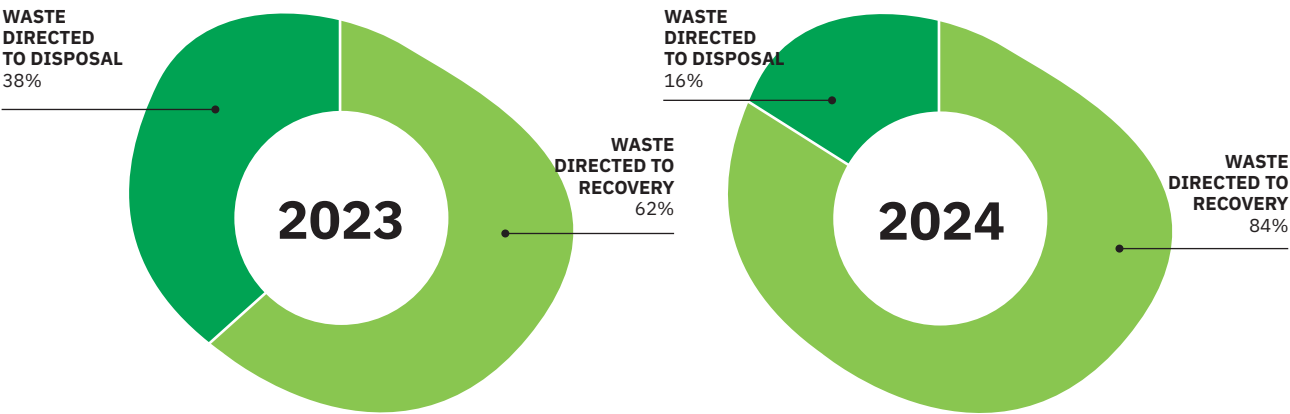
This trend reflects not only a change in waste management practices, but also a growing commitment by ABS to sustainability and environmental responsibility.



| Quantity (t) of waste produced by type and final destination | 2023           | 2024           |
|--------------------------------------------------------------|----------------|----------------|
| <b>Non-hazardous waste</b>                                   | <b>111,834</b> | <b>181,742</b> |
| Directed to recovery                                         | 71,285         | 161,056        |
| Directed to disposal                                         | 40,549         | 20,686         |
| <b>Hazardous waste</b>                                       | <b>36,129</b>  | <b>37,564</b>  |
| Directed to recovery                                         | 21,071         | 23,111         |
| Directed to disposal                                         | 15,058         | 14,453         |
| <b>Total</b>                                                 | <b>147,963</b> | <b>219,306</b> |

When analysing waste generated by material, the largest increases are in metals and waste from manufacturing or construction activities.

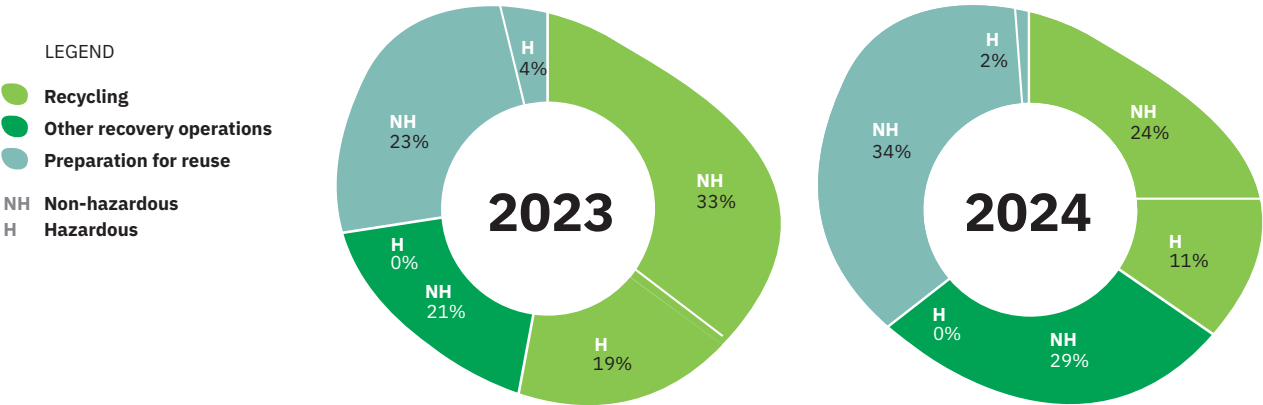
## Percentage of waste produced by type and final destination



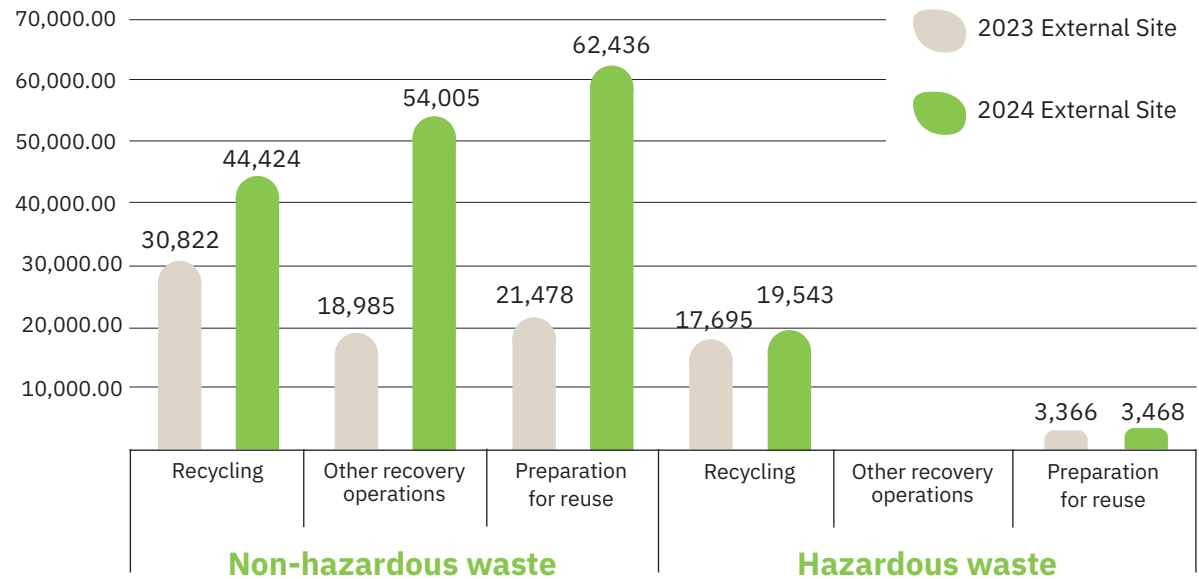
| Waste produced by material (t)                         | 2023           | 2024           |
|--------------------------------------------------------|----------------|----------------|
| Other waste from production or construction activities | 98,035         | 118,774        |
| Packaging                                              | 1,775          | 1,960          |
| Liquids from production activities                     | 1,040          | 1,442          |
| Metals                                                 | 47,113         | 97,131         |
| <b>Total</b>                                           | <b>147,963</b> | <b>219,306</b> |

Data analysis from the last financial year clearly shows that ABS has implemented more effective material recovery strategies, helping to reduce the amount of waste sent to landfill and converting waste into resources.

In particular, the percentage of industrial waste recovered increased by no less than 22 percentage points compared to the previous year. This has been achieved by raising awareness of the importance of recycling and reuse and by working with organisations that specialise in material recovery and recycling. This trend not only helps to conserve the planet's natural resources, but is also a successful strategy for ABS to adapt to a changing economic and social environment.



### Total weight in tonnes of waste for recovery by type of recovery and by treatment site<sup>[23]</sup>



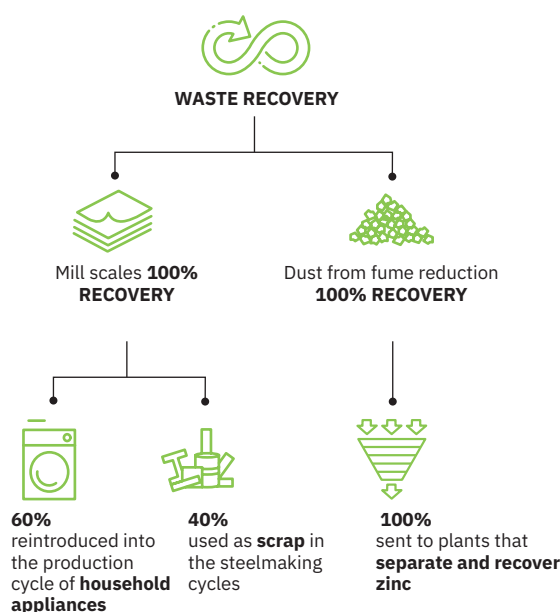
[23] Read more on page 139

## Waste recovery and reuse

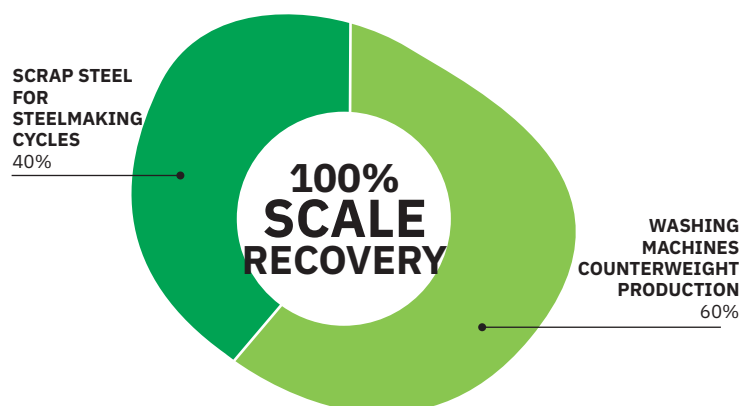
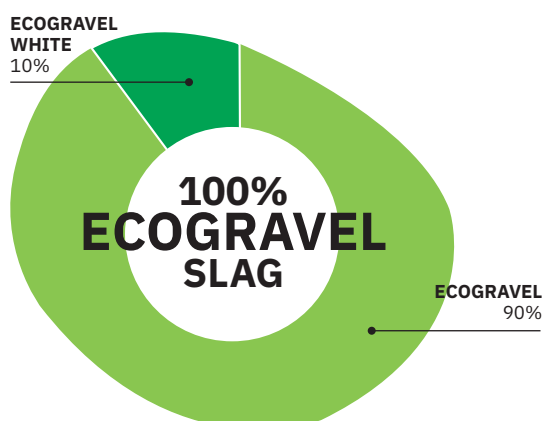
**ABS steel slag is not considered waste, as it is 100% recovered. Mill scale is 100% recovered:** about 60% is reintroduced into the production cycle of household appliances to make counterweights for washing machines; the remaining 40% is instead used as scrap in the steelmaking cycles of other mills also.

**The dust resulting from flue gas abatement** of smelting processes, which is rich in metals (especially zinc), **is sent by ABS to modern separation plants**, where the metals can be recovered and reused as raw material in other production cycles.

Waste separation at ABS shows positive responses related to increased in employee awareness during internal audits. Depending on the needs of employees, new recycling bins are purchased and placed where they are easily accessible.



## 100% slag and scale recovery



|                            | Waste directed to recovery (t) |                | Waste directed to disposal (t) |               |
|----------------------------|--------------------------------|----------------|--------------------------------|---------------|
|                            | 2023                           | 2024           | 2023                           | 2024          |
| <b>Non-hazardous waste</b> | <b>71,285</b>                  | <b>161,056</b> | <b>40,550</b>                  | <b>20,686</b> |
| Other waste                | 38,752                         | 110,395        | 27,105                         | 16,321        |
| Paper and cardboard        | 65                             | 76             | -                              | -             |
| Sludge                     | -                              | -              | 20                             | 216           |
| Metals                     | 4,423                          | 11,251         | -                              | -             |
| Plastic                    | 36                             | 55             | -                              | -             |
| Metal-content dust         | 3,193                          | 6,885          | -                              | -             |
| Refractory materials       | 6,424                          | 14,568         | 13,425                         | 4,150         |
| Mill scales                | 18,392                         | 17,827         | -                              | -             |
| <b>Hazardous waste</b>     | <b>21,071</b>                  | <b>23,111</b>  | <b>15,059</b>                  | <b>14,453</b> |
| Other waste                | 21,071                         | 23,110         | 13,127                         | 12,087        |
| Sludge                     | -                              | -              | 1,932                          | 2,366         |
| Metals                     | -                              | 1              | -                              | -             |
| <b>Total</b>               | <b>92,356</b>                  | <b>184,167</b> | <b>55,609</b>                  | <b>35,139</b> |

## The reuse of 100% of the slag

The waste prevention strategy of ABS dates back more than 15 years, starting with the **100% reuse of steel slag. This material is therefore not considered waste but a by-product.** ABS slag is processed into Ecog gravel, an EC-marked material used mainly in the construction industry.

**Ecog gravel:** represents approximately **90% of output** and **is obtained from the slag of the electric arc furnace**; it is used to replace natural aggregates in concrete and asphalt.

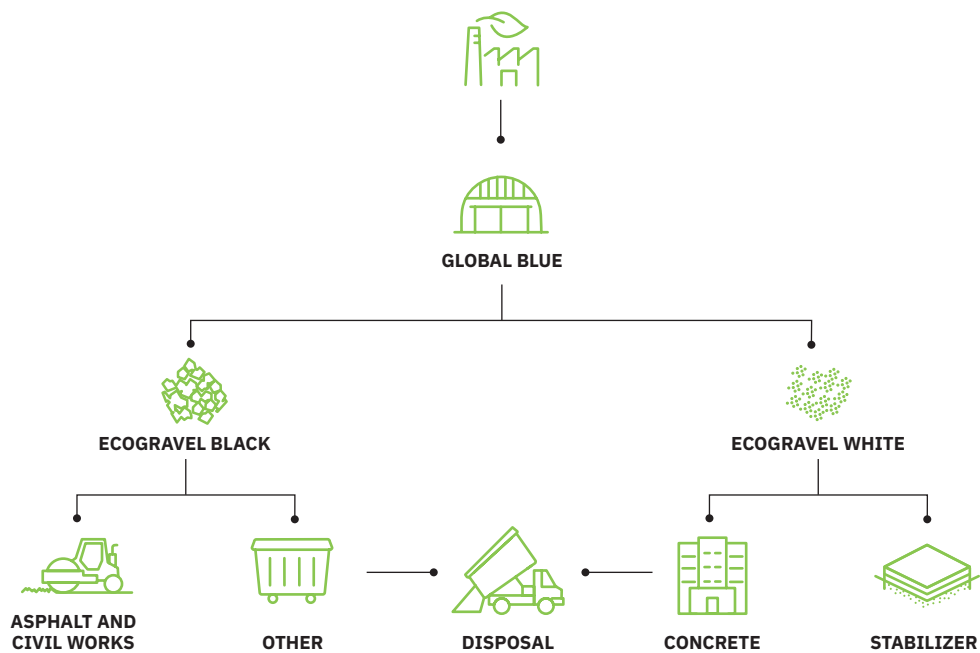
**Ecog gravel White:** accounts for **10% of production** and **is obtained from the ladle furnace**, mainly used for soil stabilisation.

| Ecog gravel production | 2023           | 2024           |
|------------------------|----------------|----------------|
| Ecog gravel (t)        | 132,958        | 155,227        |
| Ecog gravel White (t)  | 17,088         | 8,837          |
| <b>TOTAL (t)</b>       | <b>150,046</b> | <b>164,064</b> |

**If slag is also included in non-hazardous waste, the percentage of waste recovered by ABS rises to 91% of the total.**

The production of Ecog gravel in the last two years is in line, and considering the last five years, more than 800 km of roads have been built using Ecog gravel in Friuli Venezia Giulia, Veneto and Slovenia.

## Ecog gravel: cycle and uses

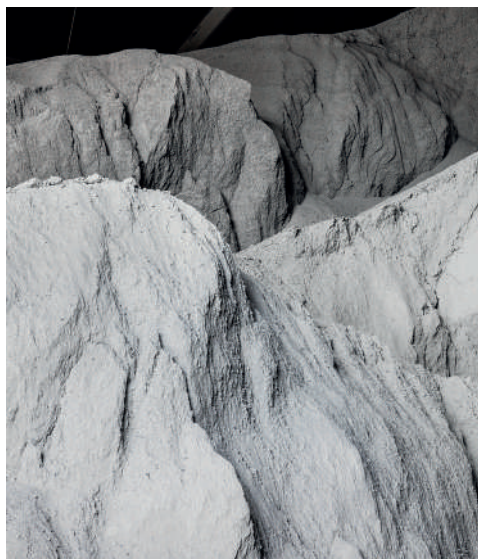


## 04. ENVIRONMENTAL ASPECTS

In Sisak, the process of abolishing the waste status of steel slag was initiated with the support of an external consultant. Once this process is completed, the organisation will be able to sell the recovered slag for use in roadbeds for the construction of the Zagreb-Sisak motorway. Moreover, the alumina-thermal process for the treatment of black slag was tested to obtain solidified iron residues and slag suitable for use in cement plants.



ECOGRAVEL



ECOGRAVEL WHITE

## Project...

### EPD ECOGRAVEL

Our commitment to sustainability and transparency for our Ecogavel and Ecogavel White products materialised in the development of the corresponding **Environmental Product Declarations (EPDs)** during 2023-2024. These EPDs provide a clear picture of the environmental impact of our products, based on rigorous analysis and internationally recognised certification.

This certification is a competitive advantage when participating in public tenders for the sale of such a product, as a recovered product is increasingly preferred to natural basalt rock.



# NOISE AND VIBRATION

Reducing the impact of noise and vibration is a key priority for all ABS production plants in Italy and Croatia. We are actively working to reduce the noise impact of our operations through a targeted programme of technical interventions.

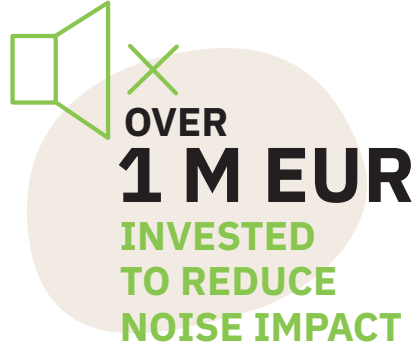
The measures already implemented at the Cagnacco (UD) plant include the replacement of the cooler fans with reduced acoustic impact and the addition of a silencer on the fume emergency valve. In the last twelve months we have completed the replacement of 30 evaporative towers to further reduce noise emissions.

Moreover, a project to replace the evaporative towers connected to the EAF furnace was initiated as part of the Environmental Noise Reduction Plan. These interventions are designed to significantly reduce noise emissions at critical points outside the company.

To ensure constant monitoring of the acoustic situation, a specialist technician carries out annual noise measurements at specific control points. Any concern identified is investigated immediately and corrective action is taken if necessary. At the same time, noise barriers of stabilised and inert steel slag were constructed along the southern and western boundaries of the site. These structures, which act as hills, have reduced noise emissions by more than 2 decibels and provide effective visual screening, improving the quality of life for people living near the steelworks.

In the 2023-2024 financial year, more than 1 million euro was invested in projects to reduce and contain the noise impact of our activities, in line with the needs of the community and residents of the surrounding areas. In the near future, we will continue with the installation of mitigation hills to minimise the impact on the area related to the operation of the Cagnacco (UD) plant.

The abundance of vegetation around the ABS Sisak plant mitigates and reduces the impact of noise, and the production site is not adjacent to residential areas. For these reasons, there are no particular critical issues for compliance with emission limits.



# LOGISTICS AND TRANSPORT

With a view to developing an increasingly sustainable distribution supply chain, **ABS is committed to favouring means of transport with reduced environmental and social impact** by increasing the use of rail and intermodal transport. These solutions reduce CO<sub>2</sub> emissions and other environmental impacts associated with road transport, helping to reduce the company's overall carbon footprint.

In the last financial year, ABS S.p.A. delivered its products to customers in **47 countries**; 3% of shipments were handled by intermodal transport (rail + ship), while 14% were shipped by rail, avoiding the need to put approximately 6500 trucks on the road.

Intercompany transport from the plant in Sisak, Croatia, to Cargnacco (UD) is almost entirely by rail, optimising time and resources. During the financial year, more than 94% of the total volume transferred by Sisak was transported by rail, avoiding the need for approximately 6000 trucks on the road.

In terms of material flows to Cargnacco, **65% of all incoming scrap arrived at the plant by rail**. During the financial year, we also worked on **balancing inbound** (incoming scrap and other materials) and outbound (finished product shipments) flows, with the aim of optimising both road and rail transport to reduce both total kilometres travelled and waste. Over 57 thousand tonnes of scrap were delivered to ABS at the Cargnacco (UD) site using wagons returning from the shipment of our finished product.

Finally, for the first time in 2023, we also started to transfer billets by train from the port of Monfalcone (TS) to the plant in Cargnacco (UD), in order to reduce the number of trucks in the region.

**Overall, in the reporting year, the impact of the train was 42% of the total flows handled.**

The total **finished product handled internally** by ABS Cargnacco last year exceeded 2,800,000 tonnes; the amount of this value also justifies the launch of several projects aimed at strengthening and developing the use of the train in the domestic environment.



**42%**  
**Total flows  
 handled by train**

**05.**

# **SOCIAL ASPECTS**



# PERSONNEL

In its process of growth, ABS has always recognised the fundamental importance of managing relationships with all those who are directly or indirectly involved in the company's activities. Along the way, ABS has developed and refined increasingly innovative and sustainable tools to enhance the contribution of all people and communities involved.

**ABS engages with people through an attitude of active listening, giving each person the opportunity to assert themselves and seeking to recognise the distinctive, valuable and individual talent that can bring innovation and growth to the community.**

To put these fundamentals into practice, ABS states that the fundamental principles on which it bases its approach to "human capital" are:



Maintaining a stimulating and proactive organisational climate is a fundamental principle followed by all ABS personnel, supported also by the value attributed to teamwork; this approach is the cornerstone of the efficiency and quality of ABS through the sharing of experience, knowledge and expertise. Therefore, the rotation of members between different working groups is done in order to meet specific organisational needs.

ABS is a company made up of cultural, territorial, historical and linguistic diversity, all of which are integrated, included and enhanced. The development of a culture of diversity is encouraged and seen as an aspect of enrichment and growth, both for individuals and for corporate know-how. Any form of violation is explicitly forbidden as stated in the Code of Ethics.

All individuals, **employees, suppliers and partners who comply with the ABS Code of Ethics are called upon to make a personal contribution to promoting and maintaining a working environment characterised by mutual respect, with particular attention to the sensitivities of others.**

In order to make the employee participation process in ABS S.p.A. and Rott-Ferr more efficient, the "My Net" application is used: a virtual internal communication space that informs, disseminates and narrates the company's activities. At Rott-Ferr, all employees can express their opinions, make suggestions or submit reports on the quality of the work of the Prevention and Protection Service and the Company Management.

**The ABS Code of Ethics promotes a working environment characterised by mutual respect and consideration for the sensitivities of others**

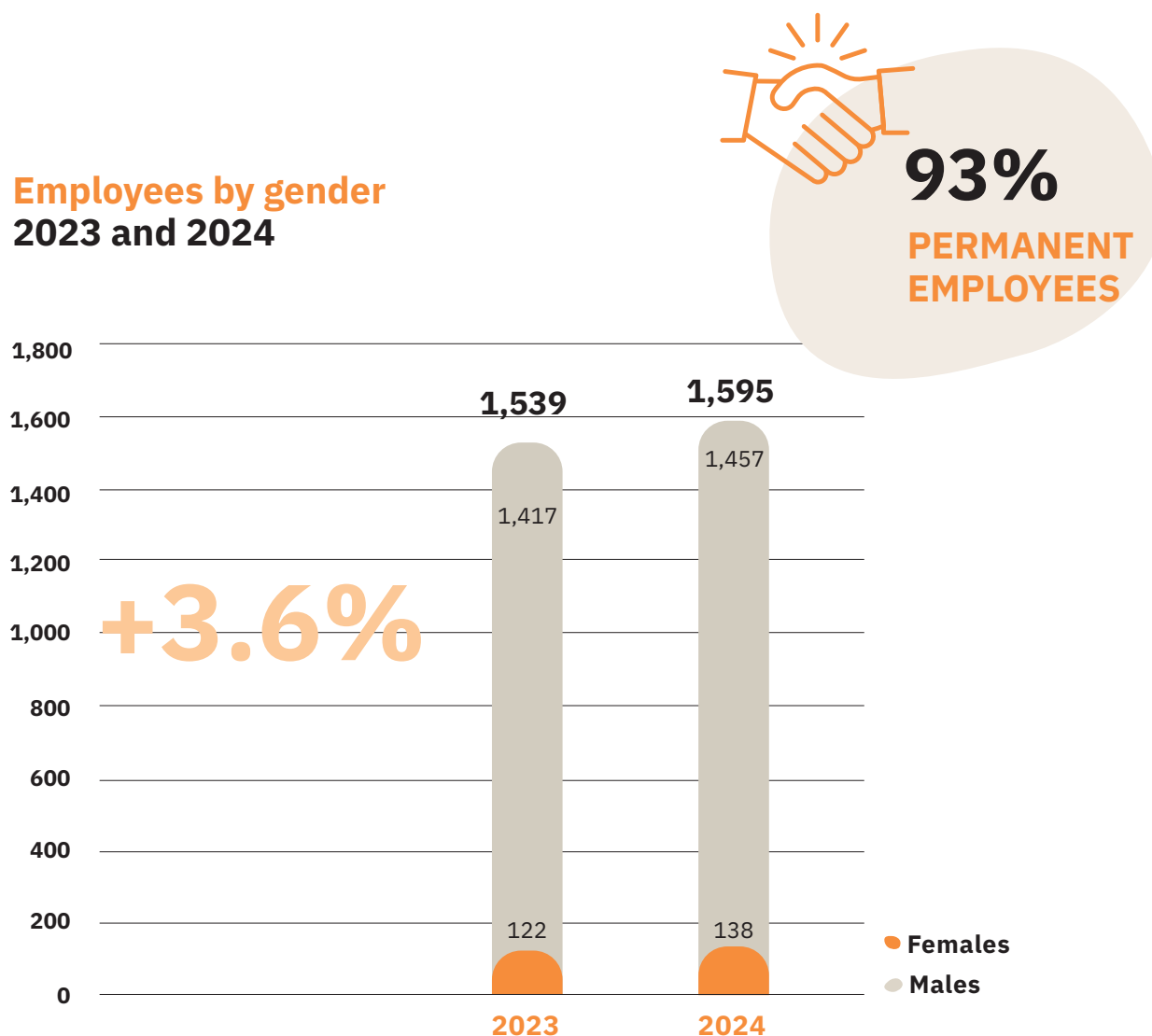


The working personnel<sup>[24]</sup> in ABS companies as at June 30, 2024 is equal to 1,595 employees, of whom 138 belong to the female gender and 1,457 to the male gender. Almost all people are currently employed on a full-time contract and 93% on a permanent basis. Moreover, there are also three external employees working in the Cagnacco (UD) office.

ABS promotes gender equality by seeking to remove barriers that may limit the employment of women in the steel industry. Aware of the male dominance in both in offices and production plants, concrete measures are being taken to create an increasingly inclusive and attractive environment.

**During the 2023/24 financial year, 20 women were hired. The number of female ABS employees increased to almost 9% compared to 2023.**

### Employees by gender 2023 and 2024

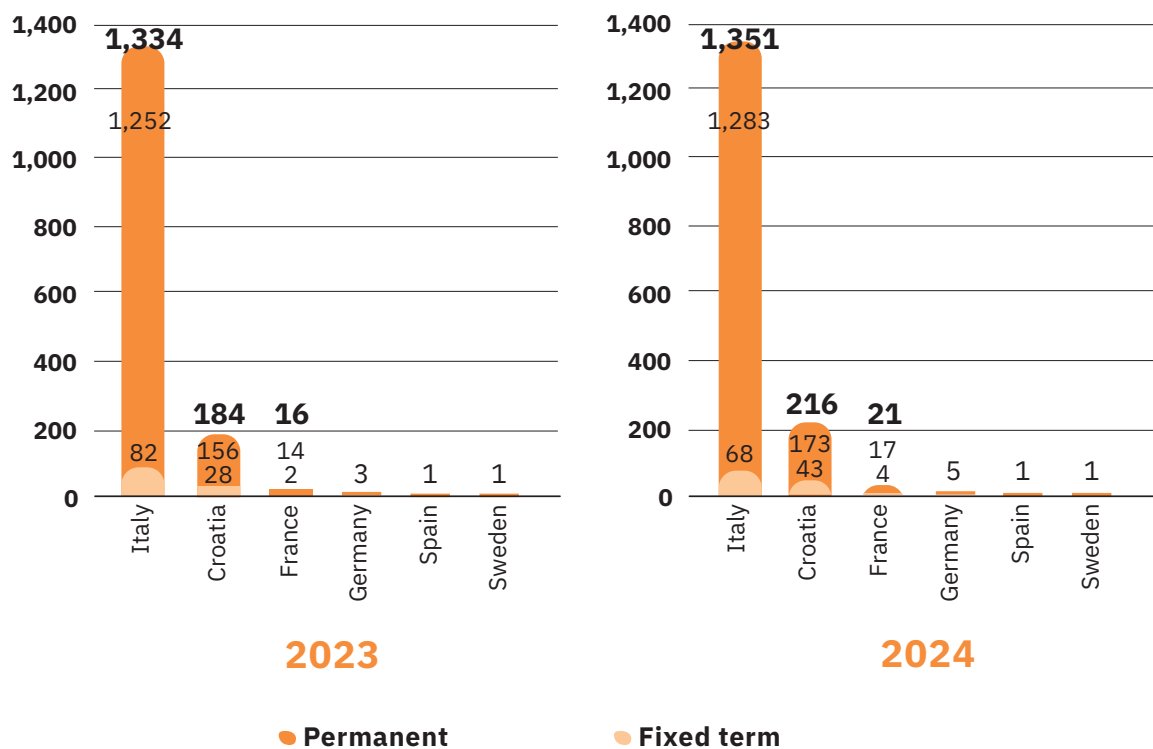


At the Cagnacco and Rott-Ferr plants there is a total of 1,351 employees, then we have the Croatian site, 216, the French site, 21, the German site, 5, and the Spanish and Swedish sites where there is only one employee.

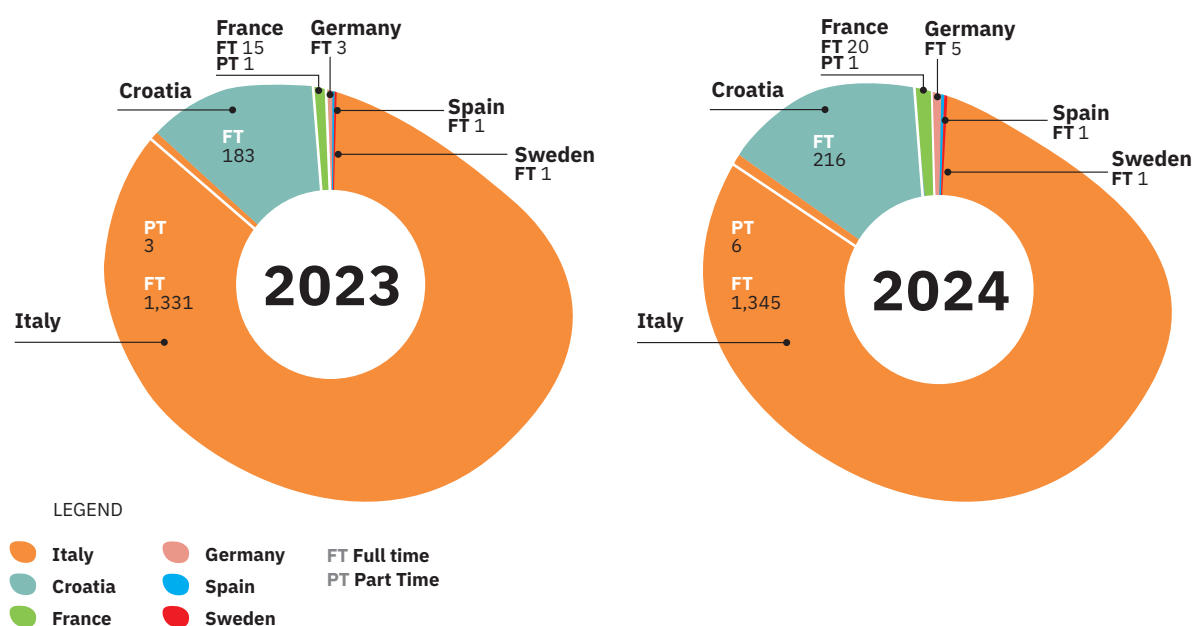
Overall, 86% of ABS employees was covered by collective bargaining agreements.

[24] Please note that there are no non-guaranteed hourly employees as at June 30, 2024.

## Employees by geographical area and by type of contract <sup>[25]</sup>



## Employees by geographical area and by type of employment <sup>[26]</sup>



[25] Read more on page 140

[26] Read more on page 141

| Employees by gender and by type of contract | Female     | Male         | Total        |
|---------------------------------------------|------------|--------------|--------------|
| <b>2023</b>                                 | <b>122</b> | <b>1,417</b> | <b>1,539</b> |
| Fixed term                                  | 13         | 99           | 112          |
| Permanent                                   | 109        | 1,318        | 1,427        |
| <b>2024</b>                                 | <b>138</b> | <b>1,457</b> | <b>1,595</b> |
| Fixed term                                  | 12         | 103          | 115          |
| Permanent                                   | 126        | 1,354        | 1,480        |

| Employees by gender and type of employment | Female     | Male         | Total        |
|--------------------------------------------|------------|--------------|--------------|
| <b>2023</b>                                | <b>122</b> | <b>1,417</b> | <b>1,539</b> |
| Part time                                  | 3          | 2            | 5            |
| Full time                                  | 119        | 1,415        | 1,534        |
| <b>2024</b>                                | <b>138</b> | <b>1,457</b> | <b>1,595</b> |
| Part time                                  | 3          | 4            | 7            |
| Full time                                  | 135        | 1,453        | 1,588        |

A combined analysis of last year's employee data showed continuity and stability in terms of actual headcount.

The data recorded 203 new hires, or 13% of the company's population and 174 people left, either due to age limits or to explore new job opportunities, with a total turnover rate of 11%.



**203**

**NEW HIRES**



**44%**

**OF THE WORKFORCE IS IN ABS FOR +10 YEARS**

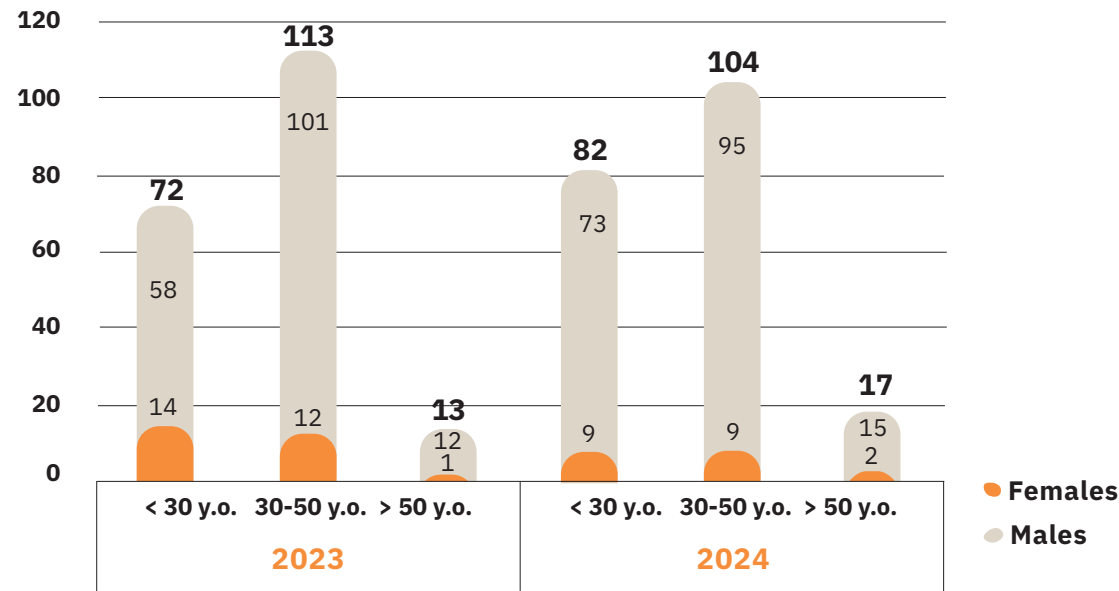


**9%**

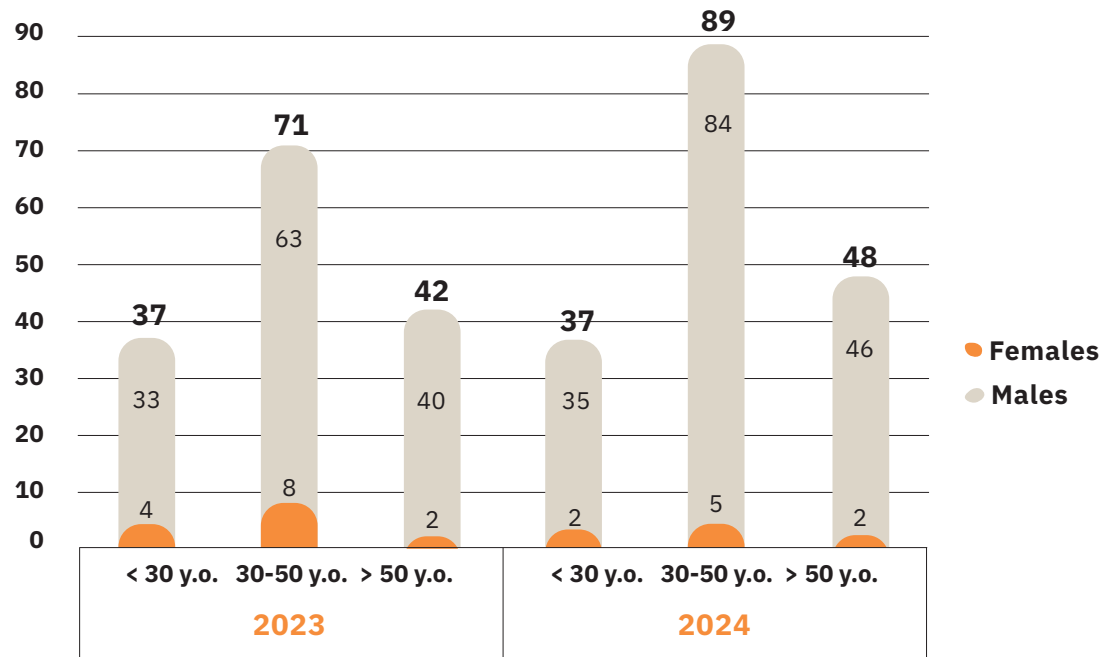
**FEMALE STAFF**



Employees hired by gender and age



Outgoing employees by gender and age



| Newly hired employees<br>by age and gender | Female                   |                | Male                     |                |
|--------------------------------------------|--------------------------|----------------|--------------------------|----------------|
|                                            | Newly hired<br>employees | % of new hires | Newly hired<br>employees | % of new hires |
| <b>2023</b>                                | <b>27</b>                | <b>22%</b>     | <b>171</b>               | <b>12%</b>     |
| < 30 y.o.                                  | 14                       | 54%            | 58                       | 26%            |
| 30 - 50 y.o.                               | 12                       | 16%            | 101                      | 13%            |
| > 50 y.o.                                  | 1                        | 5%             | 12                       | 3%             |
| <b>2024</b>                                | <b>20</b>                | <b>15%</b>     | <b>183</b>               | <b>13%</b>     |
| < 30 y.o.                                  | 9                        | 26%            | 73                       | 31%            |
| 30 - 50 y.o.                               | 9                        | 11%            | 95                       | 12%            |
| > 50 y.o.                                  | 2                        | 8%             | 15                       | 3%             |

ABS places great importance and interest in building strong and lasting relationships with its internal and external employees. As proof of this, this year we were delighted to present three of our colleagues with an award for 40 years of mutual trust.

**44% of our workforce has been active in ABS for more than a decade.** This helps to consolidate the company's know-how and bears witness to the strong corporate cohesion and collaborative climate that pervades the ABS working environment.

ABS Sisak is the largest steel plant in Croatia: a wage review for lower wages was carried out with the aim of retaining resources and know-how and reducing turnover in a very competitive labour market.

| Outgoing employees<br>by age and gender | Female                 |               | Male                   |               |
|-----------------------------------------|------------------------|---------------|------------------------|---------------|
|                                         | Outgoing<br>(Turnover) | % of outgoing | Outgoing<br>(Turnover) | % of outgoing |
| <b>2023</b>                             | <b>14</b>              | <b>11%</b>    | <b>136</b>             | <b>10%</b>    |
| < 30 y.o.                               | 4                      | 15%           | 33                     | 15%           |
| 30 - 50 y.o.                            | 8                      | 11%           | 63                     | 8%            |
| > 50 y.o.                               | 2                      | 10%           | 40                     | 9%            |
| <b>2024</b>                             | <b>9</b>               | <b>7%</b>     | <b>165</b>             | <b>11%</b>    |
| < 30 y.o.                               | 2                      | 6%            | 35                     | 15%           |
| 30 - 50 y.o.                            | 5                      | 6%            | 84                     | 11%           |
| > 50 y.o.                               | 2                      | 8%            | 46                     | 10%           |

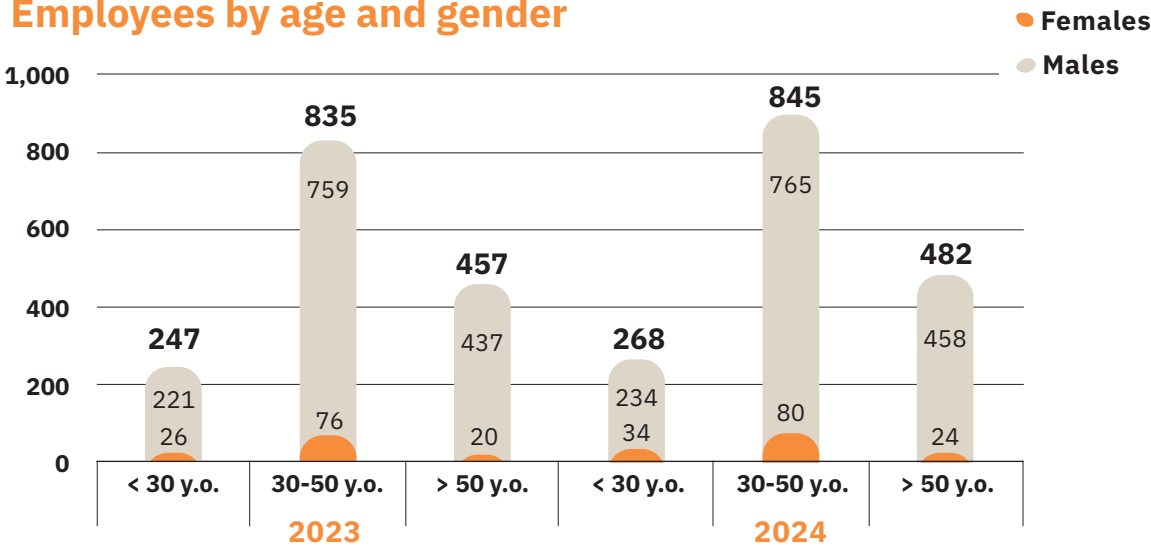
ABS is a dynamically evolving company. Its young and medium-high educated workforce enables it to embrace new perspectives on innovation and sustainability. Approximately 70% of the employees are under 50 and about 73% of the personnel employed in the company have at least a secondary school education.

ABS S.p.A. invests heavily in resources with a focus on young people and training plans; one of the tools of this strategy is the "ABS Future Factory Academy", an on-the-job training and professional development project launched in February 2024, from which 10 new maintenance workers joined the organisation with the aim of learning and acquiring all the necessary skills transferred from experienced colleagues. This approach also emphasises the importance of teamwork and building mutual trust.



70% of employees  
are under 50

Employees by age and gender



| Percentage of employees by professional category and gender (%) <sup>[27]</sup> | Female   | Male        | Total        |
|---------------------------------------------------------------------------------|----------|-------------|--------------|
| 2023                                                                            | 122 (8%) | 1,417 (92%) | 1,539 (100%) |
| Trainees                                                                        | (0%)     | 1 (0%)      | 1 (0%)       |
| Managers                                                                        | 3 (0%)   | 14 (1%)     | 17 (1%)      |
| White collars and middle managers                                               | 98 (6%)  | 301 (20%)   | 399 (26%)    |
| Workshop technicians                                                            | 21 (1%)  | 1,101 (72%) | 1,122 (73%)  |
| 2024                                                                            | 138 (9%) | 1,457 (91%) | 1,595 (100%) |
| Trainees                                                                        | 4 (0%)   | 2 (0%)      | 6 (0%)       |
| Managers                                                                        | 4 (0%)   | 15 (1%)     | 19 (1%)      |
| White collars and middle managers                                               | 111 (7%) | 317 (20%)   | 428 (27%)    |
| Workshop technicians                                                            | 19 (1%)  | 1,123 (70%) | 1,142 (72%)  |

[27] Please note that the percentages were calculated on the total number of employees as at June 30 of the reporting period.

| Percentage of employees by professional category and age (%) <sup>[28]</sup> | < 30 y.o.        | 30 - 50 y.o.     | > 50 y.o.        | Total               |
|------------------------------------------------------------------------------|------------------|------------------|------------------|---------------------|
| <b>2023</b>                                                                  | <b>247 (16%)</b> | <b>835 (54%)</b> | <b>457 (30%)</b> | <b>1,539 (100%)</b> |
| Trainees                                                                     | 1 (0%)           | (0%)             | (0%)             | 1 (0%)              |
| Managers                                                                     | (0%)             | 8 (1%)           | 9 (1%)           | 17 (1%)             |
| White collars and middle managers                                            | 47 (3%)          | 259 (17%)        | 93 (6%)          | 399 (26%)           |
| Workshop technicians                                                         | 199 (13%)        | 568 (37%)        | 355 (23%)        | 1,122 (73%)         |
| <b>2024</b>                                                                  | <b>268 (17%)</b> | <b>845 (53%)</b> | <b>482 (30%)</b> | <b>1,595 (100%)</b> |
| Trainees                                                                     | 6 (0%)           | (0%)             | (0%)             | 6 (0%)              |
| Managers                                                                     | (0%)             | 7 (0%)           | 12 (1%)          | 19 (1%)             |
| White collars and middle managers                                            | 55 (3%)          | 274 (17%)        | 99 (6%)          | 428 (27%)           |
| Workshop technicians                                                         | 207 (13%)        | 564 (35%)        | 371 (23%)        | 1,142 (72%)         |

[28] Please note that the percentages were calculated on the total number of employees as at June 30 of the reporting period.

## Training

Following confirmation of employment, newly recruited employees receive specific training for their role, including the correct use of Personal Protective Equipment (PPE) and general training on different management systems adopted by the organisation, such as the safety management system, the environmental management system, the quality management system and the energy management system. Based on the instructions of the function manager, who can be seen as a mentor, additional training can be organised in order to work on details and increase the professionalism of the employee.

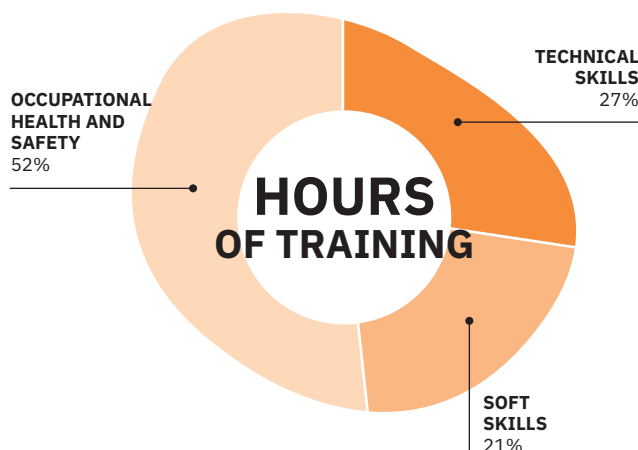
ABS understands the dynamics of the labour market and encourages employees to participate in technical and professional training courses throughout their employment with the company. All companies in the ABS group firmly believe that business development is closely linked to the development of the skills and knowledge of their personnel.

Last year, nearly 34,000 hours of training were delivered across 867 courses. This resulted in an average of 21.1 hours of training per employee, an average increase of 1.5 hours per employee over the previous year.

| Average number of training hours by professional category and gender | Average number of hours of training (female) | Average number of hours of training (male) | Average number of hours of training (Total) |
|----------------------------------------------------------------------|----------------------------------------------|--------------------------------------------|---------------------------------------------|
| <b>2023</b>                                                          | <b>18.9</b>                                  | <b>19.7</b>                                | <b>19.6</b>                                 |
| Trainees                                                             | -                                            | 26.0                                       | 26.0                                        |
| Managers                                                             | 19.7                                         | 20.1                                       | 20.1                                        |
| White collars and middle managers                                    | 20.4                                         | 20.8                                       | 20.7                                        |
| Workshop technicians                                                 | 11.6                                         | 19.4                                       | 19.2                                        |
| <b>2024</b>                                                          | <b>23</b>                                    | <b>21</b>                                  | <b>21</b>                                   |
| Trainees                                                             | 38                                           | 22                                         | 33                                          |
| Managers                                                             | 22                                           | 27                                         | 26                                          |
| White collars and middle managers                                    | 24                                           | 23                                         | 23                                          |
| Workshop technicians                                                 | 9                                            | 20                                         | 20                                          |

The training provided included courses dedicated to the development of technical skills, about 27% of the total number of hours provided.

Soft skill courses such as individual coaching, improving language skills in English and Italian, and management skills were also offered, which made up about 21% of the total number of hours. More than half of the training hours, 52%, were devoted to topics related to occupational health and safety.



| Total training hours by type and gender | 2023          |              |               | 2024          |              |               |
|-----------------------------------------|---------------|--------------|---------------|---------------|--------------|---------------|
|                                         | Male          | Female       | Total         | Male          | Female       | Total         |
| Hours of technical training             | 10,193        | 676          | <b>10,869</b> | 8,015         | 1,144        | <b>9,159</b>  |
| Hours of language training              | 570           | 271          | <b>841</b>    | 2,429         | 332          | <b>2,761</b>  |
| Hours of management training            | 2,626         | 364          | <b>2,990</b>  | 3,849         | 451          | <b>4,300</b>  |
| Hours of H&S training                   | 14,492        | 993          | <b>15,485</b> | 16,281        | 1,184        | <b>17,465</b> |
| <b>Total</b>                            | <b>27,881</b> | <b>2,304</b> | <b>30,185</b> | <b>30,574</b> | <b>3,111</b> | <b>33,685</b> |

## Performance assessment

Achieving positive results is a common heritage. In order to better manage merit, ABS recognises annually rewards determined on the basis of economic parameters that allow the performance of each individual department to be assessed according to their specificity. Following a similar philosophy, employee performance assessment is carried out annually with various meetings between managers and their subordinates. In order to manage, facilitate and share assessments with the people at the Cagnacco site, there is a tool for the formal management of annual employee performance assessments based on a Human Capital Management (HCM) software. This tool is built on the company's value system and on the job characteristics of each individual employee and is used throughout the year for the evaluation of human resources with regard to specific KPIs, behaviour and technical aptitudes.

## Welfare

ABS offers a wide range of welfare initiatives to its employees.

One of the initiatives with the greatest added value is the "Fondo Tranquillo", the Quiet Fund, an initiative launched more than 10 years ago and dedicated to solidarity in the event of bereavement, with a double contribution from the company and from employees who join it on a voluntary basis. In 2024, ABS also chose to apply the "Fondo Tranquillo" to a case involving an employee of a third company.

Since 2016, employees who have a negative holiday balance and need to care for a relative with a serious illness have also been able to allocate holiday hours on a voluntary basis. This initiative not only supports people in difficult times, but also strengthens the sense of community and solidarity within the company.

ABS Cargnacco joined the campaign to raise awareness among employees about plasma and blood donation, and has facilitated this gesture of solidarity through the regular presence of a bloodmobile in the company.

Employees with young children have preferential access to the Danieli Group's nursery school, kindergarten and primary school.

Last year, ABS S.p.A. committed 21,000 euro to provide scholarships to cover, in full or in part, educational costs for the children of ABS employees enrolled in secondary schools and university.

The Group, with the idea of creating team spirit and encouraging healthy lifestyles, also sponsors the "Sporting Club", where employees can practice sports such as tennis, football, running, cycling, volley ball and basket ball. Among the courses organised, the ski course, which took place on weekends in January and February 2024 and involved not only our employees but also their families, was a great success within our organisation.

In the 2023-2024 season, ABS Cargnacco took part in the Friuli Collinare Football League Championship with its own futsal team. In cooperation with the Danieli Sporting Club, the traditional 2024 Corporate Football Tournament was organised in which four representative teams from ABS participated.

ABS is also committed to supporting scientific research.

In December 2023, as we do every year, we contributed by participating in the Telethon event with two teams made up of both internal resources and friends and family.

Another decision taken by ABS Cargnacco in the area of gender policy was to allocate the parking spaces next to the main entrance to female employees in order to increase their sense of security. In addition, a number of reserved parking spaces have been set up for mothers-to-be inside the plant.

ABS S.p.A. also provides its employees with the Welfare Edenred portal through which each person can decide, with full autonomy, which type of service to activate, including reimbursement of health expenses, reimbursement of school expenses or purchase vouchers that allow them to benefit from dedicated discounts. Finally, through the Corporate Benefits application, offers discounts and online services at a favourable price.

To make it easier for employees to receive orders placed online, a self-service pick-up point with lockers has been set up in the ABS Cargnacco office building, where colleagues can have their purchases delivered, to be collected at their convenience.



**Rott-Ferr** is a member of the EBM Salute fund, the supplementary health fund for workers in the mechanical engineering industry. This membership gives employees access to a wide range of non-occupational medical and health services.

**ABS Sisak** has invested significantly in improving the welfare of its employees through various welfare initiatives. This includes providing free meals and working clothes. Systematic specialised check-ups at AGRAM Zagreb are part of our employee health care programme, which has proven to be extremely helpful in preventing illnesses identified in time, thus avoiding long-term health consequences for our employees. ABS Sisak completed the Future Resilience programme to create a stress-resistant environment by looking after the mental health of its employees. Wellness workshops are also planned to create a supportive and caring working environment. Employees in Sisak belong to various social organisations for some of which the company pays the membership fees.

**ACM** provides its employees with meal vouchers that can be redeemed via a dedicated platform for gift vouchers or exclusive offers for theatre, cinema, travel, online shopping and sports and leisure services. Moreover, ACM contributes 65% of the health insurance premium, which is higher than the market average of approximately 50%.

Once again in 2024, ACM participated in the challenge “Au boulot j'y vais à vélo !” that promotes the use of bicycles, public transport and smart working among its personnel in order to avoid CO<sub>2</sub> emissions by minimising the use of cars with a single driver.

## Project...

### LET'S DRINK WATER

Last year, the Cargnacco (Udine) site launched the “**Let's Drink Water**” project, a series of initiatives aimed at raising awareness among employees by reducing the use of disposable plastics.

The primary objective of the project was to reduce waste, eliminating up to **700,000 plastic bottles per year**, while ensuring unlimited access to drinking water not only for all employees, but also for personnel visiting the site.

The project included the installation of 26 microfiltered water dispensers throughout the plant. Employees and collaborators can drink unlimited “km0” water. To encourage the use of the dispensers, free water bottles were distributed to all employees.



# HEALTH AND SAFETY

Protecting people's health is a top priority for ABS. The goal of "Zero Accidents" is at the heart of all activities in its production plants, thanks to an operational and integrated process that ensures effective management of health and safety aspects.

**The plants in Cargnacco, ABS Service in Brandico (BS), Sisak (Croatia), and the ACM research centre in Metz (France) are all ISO 45001 certified, reflecting the company's ongoing commitment to the welfare and safety of workers.**

The presence of a management system ensures that all health and safety risks to which workers are or may potentially be exposed are carefully assessed and regularly updated. All the Group's PPEs (personal protective equipment) are subject to continuous inspections, maintenance and updates.

To improve the management of processes related to health and safety management, ABS has initiated projects aimed at making the control of specific regulatory aspects more efficient through the use of digital tools. A first example of such an approach is the commissioning of a **document archiving system that allows users to retrieve different types of documents in digital format** directly from their smartphones by scanning QR codes placed on special signs located directly in the areas where the specific document applies. In this way, safety data sheets for hazardous substances, procedures for accessing confined spaces, etc. can be found.

To ensure that its employees wear suitable PPE that complies with regulatory requirements, a service for washing, sanitising, checking the conditions, and repairing company uniforms has been in operation at the Cargnacco plant since 2016. A similar service has been in operation at the Sisak plant since 2023.

**"Zero Accidents" is not just a slogan but a real goal that ABS pursues through investment, training and by spreading a safety culture, awareness and good practice.**

Accidents, near misses and injuries are reported promptly to the Health and Safety Department that provides an immediate analysis of the case, suggests corrective and preventive actions, archives documentation, develops and produces reports to help manage risks more effectively and prevent future occurrences.

Aware of the fact that in order to achieve this challenging goal, it is necessary to act on behaviour, the **ABS - Accountable Behaviours for Safety project was resumed.**

The project aims to provide specific training to operational staff and shift leaders, with the aim of raising their awareness concerning the importance of adopting codified and safe behaviour, as well as emphasising the personal responsibilities related to the failure to comply with shared safety rules.



## ZERO accidents

Attention is also paid to external personnel, especially companies that have a permanent presence on the ABS site or are called in to carry out work that requires special measures, such as working in confined spaces. In addition to the usual supervisory activities, initiatives were undertaken to further integrate processes. To this end, a **specific health and safety audit plan** was implemented by the SPP, which regularly analyses procedures, work equipment and the application of coordination measures. This type of activity has led to a significant improvement in the monitoring of the performance of third-party companies and has also improved the exchange of information on hazardous situations, accidents and injuries. As a result, there has been an increase in the number of accidents involving external personnel, although this is more likely to be due to improved communication between ABS and third-party companies rather than an actual increase in the number of cases.

**“Zero Alcohol”** is a project where the acceptable blood alcohol level and the presence of drugs in the blood is zero for both employees and third-party companies within the company. All workers who find themselves in a difficult situation may access recovery programmes at specialised facilities, if they want to, in full respect of their privacy, with the guarantee that they will retain their job.

At the Cagnacco site, the **company infirmary** is open 24 hours a day and is staffed by a professional nurse.

Every year, as the winter season approaches, the company offers all its employees the opportunity to receive a free **flu vaccine**, administered directly at the internal medical centre, during working hours, under the supervision of the company doctor. Each year, several dozen employees take part in this initiative. The infirmary also offers all employees a free **tetanus vaccination**, subject to antibody testing.

 **24/7 COMPANY INFIRMARY**

 **13 DEFIBRILLATORS**



# Project

## DUVRI DIGITALISATION



Another major project was the digitalisation of the DUVRI, the document used to assess the risk of interference. As there was no application on the market that could meet the identified requirements, the tool was designed and developed in-house with the support of the IT function and an external supplier for the implementation phase.

Digitisation has made it possible to structure the document by means of a dynamic checklist that allows a detailed analysis of each aspect of a work activity, proposing a text that can be completed with the prevention and protection measures to be applied. Once created, the document is approved using an electronic signature, significantly reducing the time required to validate the document. Finally, it is emailed to all stakeholders and archived.

With several hundred DUVRIIs being processed by ABS each year, this is a tool that will save a considerable amount of time for everyone involved, while ensuring better control of the regulatory obligation.

A total of 13 semi-automatic defibrillators (AEDs) were installed at the Cargnacco and Sisak plants. The idea behind the **"ABS Cardio-protected Company"** project is that cardiac arrest can happen to anyone, and it occurs more frequently in those places where many people pass through or stay. From this point of view, the Group's plants ensure the constant presence, 24 hours a day, of people trained in the correct use of defibrillators, should the need arise.

From 2020, all Italian plants have a **Fire Prevention Certificate**, which certifies compliance with the requirements of fire prevention and fire safety regulations, placing ABS at the top of steelmakers in Italy in terms of safety. At the Cargnacco plant, fire-fighting equipment such as fire extinguishers, hydrants, fire doors and detection systems are checked more frequently than required by the reference standard.

Specific management tools were implemented to increase the involvement of external personnel working within ABS Cagnacco;**a dedicated e-learning platform was developed for the safety induction activity**, which can also be used remotely.

ABS pursues the continuous improvement of its health and safety performance by actively participating and promoting comparison with other industries, both domestic and foreign, through active participation in initiatives of industry organisations such as Federacciai and the World Steel Association.

**ABS Sisak**

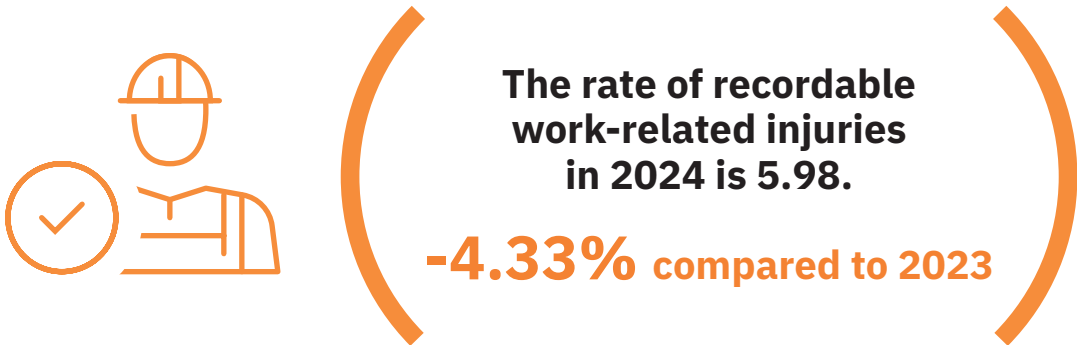
At ABS Sisak, health and safety risk measures and projects completed in the past year include:

- the construction of protection and signalling systems (signs and traffic lights) under the ladle turret area (continuous casting machine);
- the prevention of sudden exposure of people and vehicles during the loading and casting session;
- the reduction of the risk of potential accidents due to falling objects and exposure to molten metal.

Ladders and fall protection systems **were also installed to improve safety when accessing and maintaining the roof** without the need for an elevating work platform.

**Rott-Ferr**

In concretely ensuring better occupational safety conditions, significant progress has been made at Rott-Ferr in increasing the filtering efficiency of the suction hood used when cutting scrap metal with an oxy-propane torch, and at the same time improving the working conditions of the operators through more effective fume extraction.



**The rate of recordable work-related injuries in 2024 is 5.98, sharply down from the previous year (10.31).**

In total, more than 500,000 hours of absence were recorded during the year, **with accidents accounting for only 1% of the total.**

| Hours of absence per type | Female        | Male           | Total          |
|---------------------------|---------------|----------------|----------------|
| Parental leave            | 5,555         | 5,108          | 10,662         |
| Disease                   | 5,325         | 102,905        | 108,230        |
| Injuries                  | -             | 4,045          | 4,045          |
| Other                     | 21,241        | 359,838        | 381,079        |
| <b>Total</b>              | <b>32,120</b> | <b>471,896</b> | <b>504,017</b> |

With more than 2,650,000 hours worked in the last year, there were 16 accidents among employees. On the other hand, there were twelve injuries to external workers.

| <b>Work-related injuries GRI 403-9<sup>[29]</sup></b>                                  | <b>2024</b>      | <b>2023</b>      |
|----------------------------------------------------------------------------------------|------------------|------------------|
| Total injuries while travelling to/from work (if transport is organised by the entity) | -                | -                |
| Total injuries at work                                                                 | 16               | 26               |
| Total high-consequence work-related injuries (absence >180 days)                       | -                | -                |
| Total fatalities as a result of work-related injuries                                  | -                | -                |
| <b>Total recordable work-related injuries</b>                                          | <b>16</b>        | <b>26</b>        |
| <b>Total hours worked by employees (number)</b>                                        | <b>2,677,047</b> | <b>2,522,216</b> |
| Rate of recordable work-related injuries                                               | -                | 10.31            |
| Rate of high-consequence work-related injuries                                         | -                | -                |
| Rate of fatalities as a result of work-related injuries                                | -                | -                |

| <b>Type of work-related injuries GRI 403-9</b>             | <b>2024</b> | <b>2023</b> |
|------------------------------------------------------------|-------------|-------------|
| Bruises and lacerations                                    | 8           | 14          |
| Sprains and fractures                                      | 5           | 6           |
| Muscle tears and joint pain                                | -           | 2           |
| Others (loss of consciousness, burns, inhalation of fumes) | 3           | 4           |
| <b>Total type of work-related injuries</b>                 | <b>16</b>   | <b>26</b>   |

| <b>Injuries of external workers GRI 403-9</b>                                          | <b>2024</b> | <b>2023</b> |
|----------------------------------------------------------------------------------------|-------------|-------------|
| Total injuries while travelling to/from work (if transport is organised by the entity) | -           | -           |
| Total injuries at work                                                                 | 12          | 3           |
| Total high-consequence work-related injuries (absence >180 days)                       | -           | 1           |
| Total fatalities as a result of work-related injuries                                  | -           | -           |
| <b>Total recordable work-related injuries</b>                                          | <b>12</b>   | <b>4</b>    |

| <b>Type of injuries of external workers GRI 403-9</b>      | <b>2024</b> | <b>2023</b> |
|------------------------------------------------------------|-------------|-------------|
| Bruises and lacerations                                    | 8           | 3           |
| Sprains and fractures                                      | 3           | -           |
| Muscle tears and joint pain                                | -           | -           |
| Others (loss of consciousness, burns, inhalation of fumes) | 1           | 1           |
| <b>Total type of injuries of external workers</b>          | <b>12</b>   | <b>4</b>    |

[29] The data includes ABS internal employees and external workers who are not employees but whose work and/or workplace is under the control of ABS where it is possible to monitor at the main production sites.

The Rate of work-related injuries represents the ratio between the total number of injuries and the total number of hours worked in the same period, multiplied by 1,000,000; injuries while travelling to/from work are included only when transport was organised by the organisation. The Rate of high-consequence work-related injuries represents the ratio between the total number of injuries that have caused more than 180 days of absence and the total number of hours worked in the same period, multiplied by 1,000,000. The rate of fatalities as a result of work-related injury represents the ratio between the total number of fatalities and the total number of hours worked in the same period, multiplied by 1,000,000.

In the table on injuries of external workers, the rates of work-related injuries, of high-consequence work-related injuries and of fatalities as a result of work-related injury are not calculated because the data on hours worked by this category of workers is not available, as ABS has no direct control over the data provided by the employers of these workers.

# SUPPLIERS

The strategic approach to the supply chain is undergoing a profound transformation, driven by new regulations, but also by a proactive commitment of companies to greater sustainability. In this context, ABS embarked on an ambitious project to strengthen its supply chain. **Promoting sustainability in the supply chain is an important pillar of our strategy, contributing to ABS resilience and market competitiveness.**

We believe that the ability to manage and improve impacts throughout the product life cycle is fundamental to ensuring business continuity and optimising costs.

**Stakeholder consultation is central to this approach, and preventing and mitigating negative impacts is a priority.**

Continuous monitoring and transparent reporting are emerging as pillars of corporate strategy in ABS, with significant governance implications as they increase management awareness and accountability, and require attention to internal regulations and contracts throughout the value chain.

## Selection and assessment

Supply chain selection is guided by a detailed and well-defined supplier assessment process based on two complementary principles: **competitiveness and sustainability.**

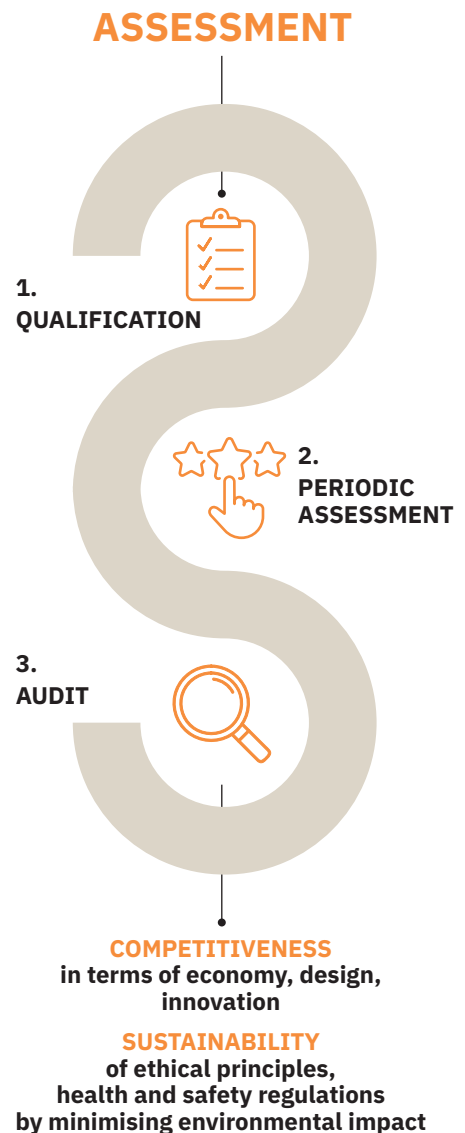
This approach identifies suppliers who meet our requirements in terms of economic, design and innovation benefits, while at the same time demonstrating responsible business behaviour, ensuring compliance with ethical principles, human and workers' rights, health and safety regulations and minimising environmental impact (on air, soil and water resources).

The current qualification procedures require ABS S.p.A. suppliers to sign the Code of Ethics and to propose to their partners that they adopt similar ethical standards and share the same values of integrity and fairness.

Suppliers are **assessed** in three stages:

1. during the **qualification** phase, when a new supplier proposes to work with ABS S.p.A;
2. during the joint **periodic assessment** by the purchasing department and the departments served by the supplier;
3. during **audits**, carried out at the suppliers' premises.

The purchase department assesses compliance with the principles set out in our code of ethics during qualification and verifies the existence of formalised policies to ensure compliance with (internal and external) occupational health and safety regulations and to exclude the use of any form of slavery, including servitude, forced, compulsory or child labour and human trafficking.



In line with our sustainability policy, we require transparency and ethical raw material procurement practices from our suppliers that comply with international regulations and standards on minerals from conflict zones (Regulation (EU) 2017/821 and Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Act of 2010).

Collect and assess information on the properties of chemicals and on the hazards arising from them according to the REACH regulation, making safety data sheets available to personnel, in order to improve the protection of human health and the environment.

With regard to environmental aspects, the selection and monitoring of suppliers are checked for compliance with regulations, the existence of legally required authorisations for emissions into the atmospheric and waste disposal, and any system certifications. The non-compliance of a supplier results in a request for improvement actions in order to grow in terms of sustainability and decarbonisation goals.

During the 2023/24 financial year, 284 suppliers of ABS S.p.A. were identified as having at least one activity in a product class that is potentially hazardous to the environment, and no corrective action was required as the measures and procedures adopted were in compliance.

100% of new suppliers to ABS S.p.A. are asked to provide information on environmental and social aspects. Companies rated positively on these aspects accounted for 40% of the total number of new suppliers for 2023/24 <sup>[30]</sup>.



[30] Re-qualified suppliers and suppliers not subject to qualification according to internal procedures were not considered, but only new suppliers with a successful qualification process.

## The sustainability process of our supply chain

An evaluation process was initiated at ABS with a special focus on the decarbonisation approach of our supply chain. This project aims to promote the systematic adoption of best practices, stimulate collaborative innovation and increase transparency throughout our value chain. The means envisaged include proportionate and appropriate tool, ranging from the inclusion of specific contractual clauses, training, the possibility of assessing support to SMEs, to, as a last resort, the termination of business relations.

The main objectives of this project:

### 1. IMPROVING SUSTAINABILITY

In the 2023-24 financial year, we developed a supplier assessment approach that allows us to more accurately measure and assess their performance across multiple dimensions of sustainability, with a **focus on greenhouse gas emissions**. This allows us to identify areas for improvement and to support our suppliers in their process towards more sustainable practices on the one hand, and to have an initial mapping of our Scope 3 emissions on the other.



### 2. RISK MITIGATION

Through a structured and weighted analysis of suppliers' answers to sustainability-related questions, ABS will be able to develop a system to analyse and identify critical points and **potential risks in our supply chain**. This approach will enable risks to be effectively anticipated and managed in the near future.



## THE SUSTAINABILITY PROCESS OF THE SUPPLY CHAIN

### 4. TRANSPARENCY AND COMMUNICATION

The supplier assessment approach provides us with a solid basis for transparently communicating our sustainability and risk management initiatives and progress.



### 3. PROMOTING COLLABORATION

Over the next two to five financial years, ABS will promote active collaboration with our strategic supply partners. By providing them with a clear overview of our expectations, we encourage them to work together to improve performance and meet our sustainability standards.



The project took its first steps in the 2022/23 financial year and its development led to the following activities in the 2023/24 financial year:

- **Survey on sustainability:** the supplier sustainability analysis started in 2022/23 was extended by sending a revised and enriched sustainability questionnaire to more than 350 suppliers, including 177 at the ABS site in Cagnacco (UD). The same questionnaire was also sent to suppliers at other group sites (ACM, ABS Sisak and Rott-Ferr). The suppliers involved are those who supplied materials or services belonging to product categories that are considered strategic in terms of market complexity and importance of the good/service purchased for ABS. The questions covered a range of topics including governance, human rights, environment, greenhouse gases, emissions into the atmosphere, use of water and land resources, compliance, and health and safety. The suppliers who responded to the questionnaire represent 76% of the total.
- **Training of ABS S.p.A. supply chain operators (buyers and warehouse) on sustainability issues:** in order to increase the knowledge and awareness of the purchasing department and the warehouse about sustainability and the projects implemented by ABS, **internal training** was provided on the following topics: CBAM and ETS, Energy Efficiency and ISO 50001, Carbon Footprint, European Regulations against Russia and Belarus, Conflict Minerals, REACH and Safety Data Sheets, Ecovadis and IATF. The training sessions also promoted inter-functionality between different ABS departments. Buyers were also trained in procurement risk management and sustainability issues through a course provided by ADACI (Italian Association of Purchasing and Supply Management).
- **Supplier qualification questionnaires:** the supplier assessment questionnaires are being updated to include **sustainability questions** in line with priority ESG issues.
- **Monitoring of supply chain risks:** with particular reference to the conflict in Ukraine and the crisis in the Red Sea, during the 2023/24 financial year, a **geo-political risk of the supply chain** was monitored (in order to avoid delivery delays and production stoppages) with a systematic approach to checking suppliers' compliance with EU regulations (in order to ensure compliance with EU regulations). A clause on the origin of steel products was added to requests for tenders and contracts to ensure compliance with the regulations in force and customer requirements.

The next steps in assessing and monitoring the social and environmental impact of our main suppliers include integrating sustainability information into the rating in the following steps:

- **Classification and comparison:** suppliers will be divided according to their scores.
- **Planning and control:** An action plan will be developed to work with suppliers in need of improvement.
- **Summary and reports.**

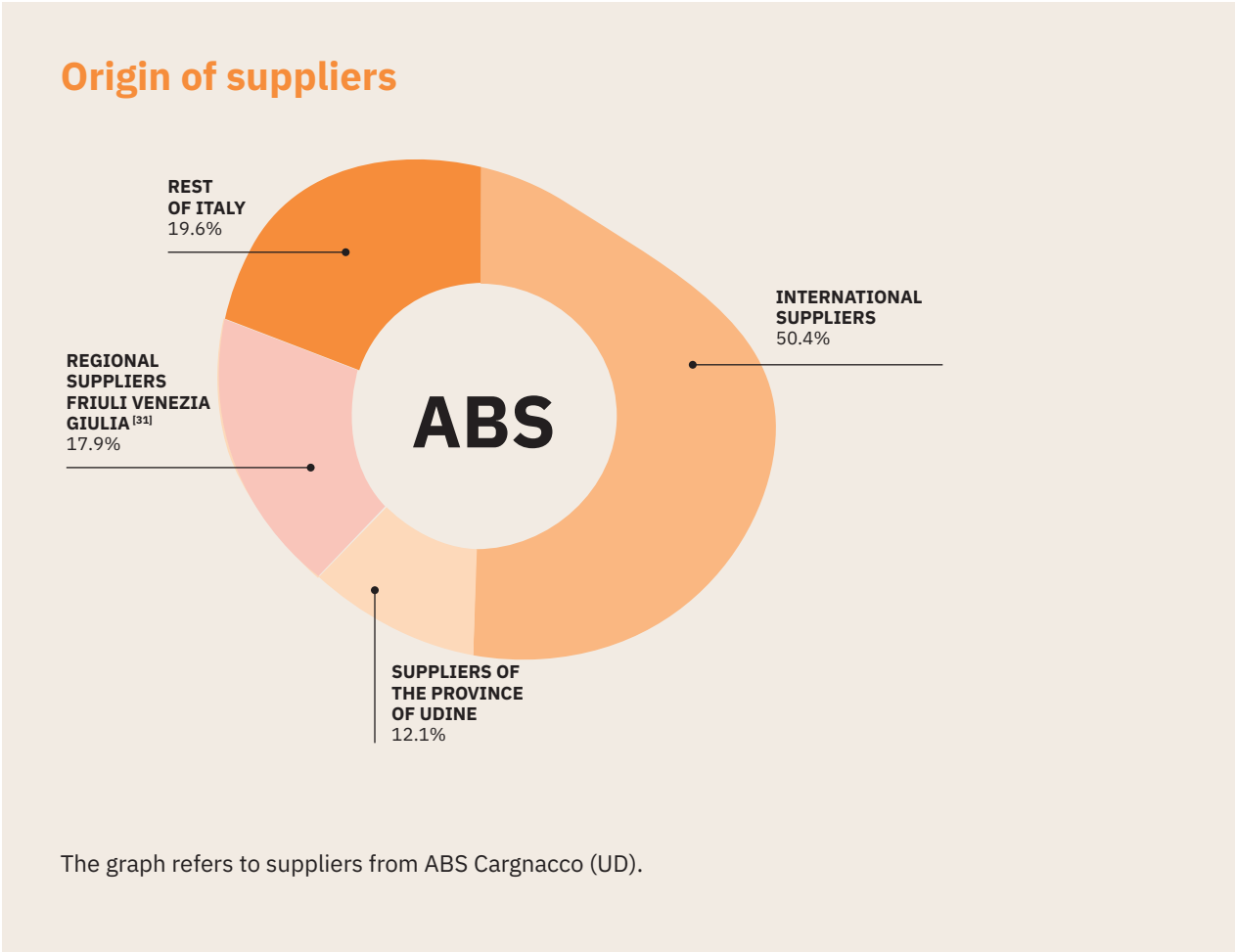
During the year, the project of evaluating ABS S.p.A. suppliers according to Safety criteria continued, classifying them according to the occupational health and safety performance related to their activities in ABS. The objectives are to bring ABS partners into line and support them in adopting safe practices, organisation and behaviour, similar to what we do in our own Company.

# Impact of ABS on the local economic system

ABS is a member of the community and believes that its contribution is fundamental to sustainable economic and industrial development in the area, which is why **ABS invests in a local supply chain wherever possible**.

For ABS S.p.A., the procurement of products and services from local suppliers in the province of Udine amounted to 12% of the total procurement budget in the last financial year, a figure in line with the previous year. 18% of ABS S.p.A.'s purchases are channelled through partners in Friuli Venezia Giulia, and on average half of the purchases made by the Italian branch come from national suppliers.

In **Sisak**, about 5% of the supply comes from local companies and more than 45% from national suppliers, who also cover more than 80% of the service contracts. Overall, ABS, considering the two production sites, sources approximately 11% of its purchase spending from local suppliers and approximately 49% from national suppliers.



[31] excluding the province of Udine

# SUPPORT TO THE COMMUNITY

The local community and the sense of belonging to the territory are and will continue to be the cornerstones of ABS Social Responsibility work. This commitment is translated into concrete actions aimed at generating positive effects by supporting various initiatives that benefit the community.

In particular, ABS focuses on youth sports, cultural, social, health and environmental projects and analyses their impact on the community. Over time, the collaboration with some associations has grown and is renewed each year with a new commitment.

In the current financial year, ABS has supported a total of 38 local associations, of which approximately ten are dedicated to various sports such as football, cycling, running and basketball, and the remainder are voluntary, social and cultural organisations.

Following an internal evaluation and a suggestion from an employee, we would like to mention the activation of an important new collaboration, set up to support the "Associazione Sclerosi Laterale Amiotrofica di Pordenone" (Pordenone Amyotrophic Lateral Sclerosis Association), aimed at realising the dream of a young girl suffering from ALS who participated in the New York Marathon.

|                                                                                   |                                                          |
|-----------------------------------------------------------------------------------|----------------------------------------------------------|
|                                                                                   | <b>38 Associations</b>                                   |
|  | <b>8 SPORTS</b>                                          |
|  | <b>30 VOLUNTEERING,<br/>SOCIAL AND CULTURAL ENTITIES</b> |
|  | <b>10 FULL MEALS<br/>DONATED PER DAY</b>                 |



With the 19th edition of the Buttrio 24-hour race, ABS, together with the "Circolo Culturale del Gruppo Alpini" of Buttrio, achieved the goal of **purchasing a car, which was then donated to the Tarcento district** for the home transport of people who are not self-sufficient.

In May 2023, ABS donated a **car to the municipality of Pozzuolo del Friuli**.

For a number of years, the company has made similar donations to neighbouring municipalities, contributing to the efficiency of administrative activities and the mobility of citizens involved in voluntary and community service. Significant contributions were made to the **"Associazione Operaprima - Wien"** for the Puccini 2024 project and to the **"Associazione Percoto Canta"**, which is involved in the 37th edition of the "Percoto Canta" international music competition.

In addition to maintaining ties with the local communities, ABS has also been involved with sports associations and continues to support the Telethon relay and the **A.S.D. UCC Pozzuolo, Polisportiva Libertas Cussignacco and A.S.D. Blu Team** associations, collaborating each year to provide uniforms and support for football and basketball activities.

Since the second quarter of 2021, ABS Cargnacco (UD) has started a collaboration project with the **Associazione Banco Alimentare FVG ONLUS**, aimed at reducing food waste. The project involves the recovery of surplus food from the company canteen, which is then distributed to the Associazione Famiglie Numerose (Large Families Association), using food that is still edible. This year, approximately 10 full meals were donated each day.

At the end of 2022, work began on the construction of the **new angiography room at the "Santa Maria della Misericordia" hospital in Udine**, thanks to funding from ABS and the Danieli Group. Opened in June 2024, the 450-square-metre room is equipped with the latest technology and machinery to reduce waiting lists for interventional cardiology and increase the number of procedures performed each year by 30%.



**ABS Sisak**

Sisak supports numerous initiatives in various fields, with a focus on health, and supports two important projects: the **Ana Rukavina** Foundation, which is dedicated to expanding the stem cell donor registry, and the **Multiple Sclerosis Association SMŽ**, which supports patients by facilitating access to treatment and building support networks.

For what concerns young people, the Udruga Sisak Association, which promotes education and community involvement among students, was supported, along with the "Coordinamento dell'Unione Giovanile Sisak e del Club Giovanile Skwath" (Sisak Youth Union and Skwath Youth Club Coordination), a network of youth associations dedicated to cultural and social events for young people.

Collaborations were launched with the Faculty of Metallurgy, including the sponsorship of the book "Chemical and Biological Properties", and with the "Croatian Society of Chemical Engineering and Technology", for the creation of teaching materials on the history of metallurgy in Croatia. In the field of culture, Sisak supports various artistic and cultural institutions, such as the NUR association, the international short film festival and the Stardance Dance Studio. In sports, it supports a range of disciplines including karate, athletics, mini-football and water polo. In the field of education, it has worked with the Romani Cultural Centre and the Faculty of Metallurgy, financing two publications.

Years ago, ABS Sisak contributed to the creation of a pond for the local community and currently maintains the project by maintaining the pond and managing the adjacent forests.

To promote the well-being of employees, ABS Sisak offers season tickets to athletes and co-funds 20% of the cost.

On International Women's Day, ABS Sisak promoted gender equality in a traditionally male-dominated field by highlighting women's roles and breaking down stereotypes. ABS Sisak is committed to equal opportunities and to creating a fair and equitable working environment based on merit alone, while overcoming historical prejudices.

## Collaborations with schools

At ABS, we believe that collaboration between schools and business should be ongoing and reciprocal, allowing schools to be enriched by business innovation and young people to bring new ideas into the world of work. This synergy is not only a virtuous circle, but also a multiplier of knowledge and ideas. ABS has a long-term vision that includes the training of human capital, starting with universities and colleges. We work together to reduce the gap between supply and demand, particularly for STEM profiles, and contribute to the development of innovative educational projects, including at the territorial level.

**ISIS Malignani**

The link with the Istituto Statale di Istruzione Superiore "Arturo Malignani" in Udine is strengthened by the **"Professionisti d'Acciaio" project**, in which ABS offers a training course that integrates production activities. As part of the pathways for soft skills and orientation (PCTO), students in the third, fourth and fifth classes of the mechanical and mechatronics courses participate in training modules that include factory visits and work placements.

**Istituto G. Bearzi**

In November 2023, a new collaboration was launched with the Istituto Salesiano "G. Bearzi" under the name **"SteelLink"**. This agreement provides for the creation of a training course for the development of soft skills and orientation, aimed at students in the fourth and fifth classes of the mechanical, mechatronics and energy courses. The programme includes classroom activities, factory visits and apprenticeships.

### **Università degli Studi di Udine**

In December 2023, the two-year **Master's course in Metallurgical Engineering at the University of Udine**, which was attended by two colleagues, came to an end. ABS wanted to support this process of growth by encouraging and incentivising their commitment, knowing that the newly acquired skills would be used to improve the work of the entire Quality Control team and increase the knowledge culture within the company.

### **EEIGM and Institut universitaire de technologie de Metz (IUT)**

ABS has also expanded its network internationally, signing new agreements with the Ecole Européenne d'Ingénieurs en Génie des Matériaux (EEIGM) and the Institut universitaire de technologie de Metz (IUT), both in France.

EEIGM is a European centre of excellence in Materials Engineering and is the only one in Europe to offer a training course with a compulsory 3-6 month stay abroad, providing a direct link with ABS. This partnership is innovative as ABS is the first Italian company to formalise a contract with this prestigious school. The IUT is nationally recognised for the quality of its training programmes, which prepare students for the world of work.

These agreements have created the need for further collaboration in the coming years to develop attractive plans for young talent in the region.

### **ABS Sisak**

ABS Sisak is an integral part of the Regional Competence Centre and contributes to vocational training and lifelong learning programmes. To this end, an important collaboration is underway with the Faculty of Metallurgy to support higher education by providing refurbished classrooms during the post-earthquake reconstruction. A partnership that not only improves the education of students, but also promotes integration between education and industry.

Moreover, ABS Sisak works hand in hand with the Sisak Society of Engineers and Technicians, providing educational support and promoting knowledge exchange, creating valuable connections between industry and professional associations so that both can flourish.

By continuously investing in the development of skills and working conditions of its employees, ABS Sisak consolidates its position as a regional leader in steel production. A scholarship and training programme was set up in synergy with the vocational school for electricians to provide practical experience for university and high school students.

Cooperative education is also an important part of this initiative. ABS Sisak collaborates with the Faculty of Metallurgy in the development of the pilot project - the Triple Propeller Centre of the SIMET Foundry, which involves the participation of the ABS Quality Control Department and faculty members, with the aim of validating the results through inter-laboratory exchange. This cooperation helps to attract primary and high school students to careers in metallurgy, enabling them to discover their potential. During the 2023-2024 academic year, students from the technical schools in Bjelovar and Sisak had the opportunity to visit ABS Sisak to learn more about the steel production industry.

### **ACM**

ABS ACM is a supporting member of A3TS (Association de Traitement Thermique et de Traitement de Surface) and FVA (Forschungsvereinigung Antriebstechnik e.V.). It actively participates in research and development projects sponsored by the German gear industry

and the "Club Metz Technopole", a group of local academic and industrial companies in Metz. Over the years, ACM established significant collaborations with various working groups, including the dilatometry group, which aims to share best practices and standardise dilatometer techniques, and the UltraSound (US) group, which brings together experts in ultrasonic test tanks to standardise procedures in the meso-cleaning of steel.

Since its establishment, ACM has also collaborated with ENSAM (École Nationale Supérieure d'Arts et Métiers), one of France's most prestigious engineering schools, through doctoral thesis projects.



06.

# OUR FUTURE OBJECTIVES

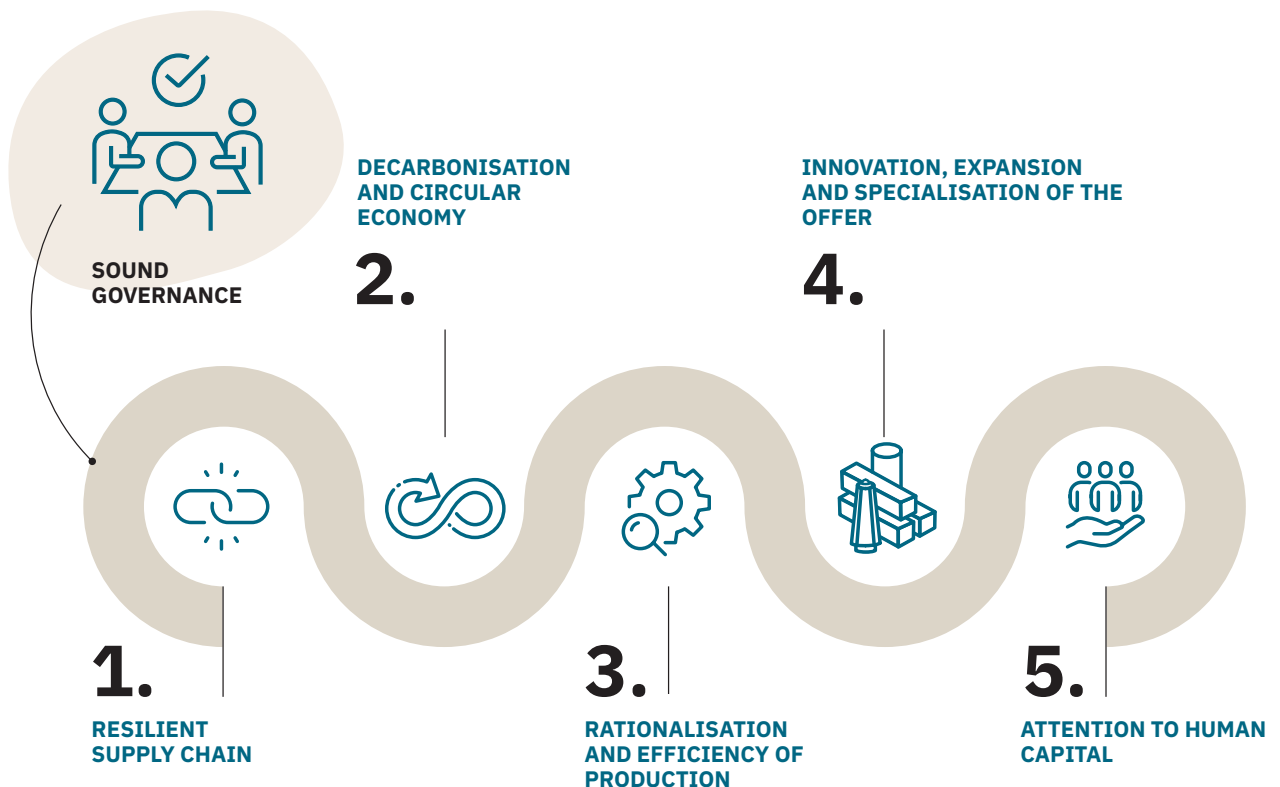


# SUSTAINABILITY TARGETS

The new 2023/24 - 2028/29 business plan of ABS is based on a careful analysis of the main risks and, above all, of emerging market opportunities related to sustainability topics.

The plan, called **Vision Digital Green**, envisages the implementation in ABS Steelmaking of an investment plan with actions of almost 1 billion euro over the period from 2023/24 to 2028/29.

The development measures, which also aim to increase the volume of shipments from approximately 1,400,000 to over 2,000,000 tonnes, are based on the consolidation of sound Governance and the structuring of five strategic priorities identified in response to the main emerging trends in the market:



The initiatives for each focus are then presented with three different time horizons: 2024-25 target, 2-5 years target and 2030 target.

# 2024-25 TARGETS



## Governance

**Risk assessment:** The aim of the risk assessment review, with comprehensive risk mapping, is to ensure a proactive approach to managing the company's vulnerabilities, integrating potential financial and operational threats with sustainability topics. This will help ABS S.p.A. to identify critical issues and opportunities, and to develop responsible strategies for greater resilience and reputation in the market.

**Double materiality analysis:** The double materiality analysis is essential to ensure the sustainability of the organisation. It will make it possible to assess the economic impact of activities and how environmental and social dynamics influence performance. This approach will help identify risks and opportunities related to sustainability and stakeholder expectations, and integrate this information into business strategies.

**Responsible Steel (Reprogrammed Target):** This non-profit organisation undertakes to promote and drive sustainability in the steel sector. In the coming year, ABS S.p.A. will carry out a preliminary assessment to verify compliance with the requirements of the certification standard. Joining Responsible Steel is an important step towards better integrating ESG (environmental, social and governance) issues into business strategy.



## Decarbonisation and circular economy

**Extension of CFP calculation tool:** The management system for calculating the carbon footprint of products developed during 2023-2024 allows the quantification of greenhouse gas (GHG) emissions for approximately 80% of our range. For the next financial year, ABS S.p.A. aims to include all products that fall into the PCR Basic Iron category.

**Scope 3 calculation:** The target for next year on the calculation of Scope 3 emissions is ambitious and strategic. ABS intends to map and quantify greenhouse gas emissions from indirect activities in order to define an action plan to significantly reduce them, thereby contributing to the organisation's long-term sustainability goals.

**Purchase of Green Energy:** In the next financial year, it is planned to purchase Guarantees of Origin (GoO) to strengthen the commitment to the use of renewable energy. This decision will make it possible to certify the sustainable origin of purchased energy, thus helping to reduce the environmental impact of our operations and products.

**Climate neutrality:** ABS Sisak is committed to achieving climate neutrality by 2050 by

defining and implementing a plan to reduce net emissions to zero. In the 2024/2025 financial period, concrete measures will be implemented, including the replacement of ladle heaters with natural gas-efficient models, to significantly reduce the environmental impact of the ETS.

**Logistics and transport: Lean RoadMap Sisak Delivery Process.**

In the coming financial year, ABS Sisak aims to optimise the inland traffic of finished products by introducing a rail transport system to replace the current road method. Through the "Sisak Delivery Process" Lean RoadMap project, the company aims to develop new shipping operations that significantly reduce greenhouse gas emissions and improve delivery times. The aim of this strategic process is to strengthen ABS Sisak's competitiveness and flexibility in the market and to respond effectively to customer needs.

**Investments in electric mobility (reprogrammed target):** ABS Sisak aims to develop a sustainable infrastructure network by the 2024-2025 financial year by installing two charging stations for electric vehicles and completing the process of converting the company's fleet to electric vehicles.

**Logistics optimisation and sustainability:** By 2025, ABS S.p.A. plans to install new tracks in the Luna area to optimise logistics operations, allowing finished products to be shipped directly from production and internal transfers to be made by rail. This intervention aims to reduce the use of flat wagon transport, thereby reducing CO<sub>2</sub> emissions in the parks and improving the overall operational efficiency of the plant.



## Rationalisation and efficiency of production

**Revamping plants in Cagnacco (UD):** During the 2023-24 financial year, work continued to optimise the efficiency of the EAF and DANARC melting furnaces by introducing innovative technology packages that not only improve operational efficiency but also reduce safety risks to personnel. A major investment to remove bottlenecks in the LUNA finishing process is still underway and will be completed during this 2024/25 financial year. This will ensure more efficient use of the plant, help reduce emissions from the billet reheating furnace and improve the energy efficiency of the entire production line.

**Sustainable management of water resources:** Rott-Ferr proposes to renovate the first and second rainwater filtration plant from September 2024 to comply with the size and quality criteria of the Regional Water Protection Plan (PRTA, Piano Regionale di Tutela delle Acque). This initiative involves an investment of more than 200,000 euro and aims to significantly improve the quality of effluent discharged, ensure greater environmental sustainability and contribute to the protection of water resources.



## INNOVATION, EXPANSION AND SPECIALISATION OF THE OFFER

**Plant for the production of grinding balls:** Last year, ABS S.p.A. completed the installation of the steel grinding balls rolling plant at the Cagnacco (UD) site, specifically designed for grinding mills in the mining sector.

The first shipments of material began in FY 2023/24 and the installation of the heat treatment furnace, which will expand the customer base, is nearing completion.

The aim is to offer customised grinding balls with unique mechanical properties, tailor-made for each customer and sustainable because they are made by melting scrap in an electric arc furnace and processed in induction furnaces. At full production, the plant will have an annual capacity of 150,000 tonnes.

During this financial year, ABS S.p.A. is committed to increasing its presence in the grinding ball sector, participating in trade fairs and congresses to present this innovative product and meet the growing demand in this sector for materials with a low environmental impact.



## Attention to human capital

**Targeted health and safety interventions:** for the 2023-24 financial year, ABS S.p.A. allocated approximately 3.7 million euro for occupational health and safety.

For the 2024-25 financial year, ABS is providing an additional 2.2 million euro to implement further initiatives to improve risk reduction and protection of people working in production facilities.

**Other initiatives:** In the field of training, ABS S.p.A. will continue to implement programmes focused on the development of soft skills. These courses aim to strengthen essential skills such as communication, teamwork and leadership. The aim is to improve operational efficiency, promote a collective mindset and increase employee satisfaction in the workplace.

## 2-5 YEAR TARGETS



### Governance

**Code of conduct:** The implementation of an ABS code of conduct is essential to promote an ethical and responsible business environment. The code will establish clear principles and standards of integrity that reflect the specific needs of the organisation.

**Responsible Steel:** ABS S.p.A. aims to achieve Responsible Steel certification in 2024-2025, reflecting its commitment to sustainable and responsible steel. The award recognises the quality of practices and the aim to reduce the environmental impact of processes while improving social conditions in the sector.

**Risk Management, ISO 22301 (reprogrammed target):** ISO 22301 is a key international standard for business continuity management, helping companies to remain resilient in the face of unforeseen events. This certification by ABS S.p.A. not only improves the ability to prevent and manage disruptions, but also increases customer and stakeholder confidence.



### Resilient supply chain

**ACQ portal:** ABS S.p.A. aims to introduce a new supplier selection and assessment portal that promotes sustainability by integrating ESG (environmental, social and governance) criteria into the procurement process. This tool will enable us to select suppliers that are not only economically sound, but also share our ethical values and sustainable practices. By adopting this approach, the company will be able to build a responsible supply chain, reduce its environmental and social impact and enhance its reputation in the market, thereby increasing consumer and investor confidence.



### Decarbonisation and circular economy

**EPD process development:** In the coming years, ABS S.p.A. will develop a certified management system that will enable it to issue Environmental Product Declarations (EPDs) for steel products. The collection and analysis of environmental data provides transparency on the environmental impact of processes and products.

**Science Based Target Initiative (SBTi) - reprogrammed target:** As part of its sustainability strategy, ABS S.p.A. aims to join the Science Based Targets Initiative (SBTi) within the next two years, a fundamental step following the completion of the Scope 3 emissions calculation.

This accession will align emission reduction targets with the scientific evidence required to make a significant contribution to limiting global temperature rise.

**Implementation of technologies to reduce gas consumption:** ABS S.p.A. will continue to implement advanced technologies to achieve an overall 10% reduction in methane gas consumption by 2019, through a plan of targeted interventions that optimise energy efficiency and promote sustainable practices.

**Recovery of waste heat:** In the coming years, the company plans to implement sustainable production facilities that integrate a closed-loop water treatment system and optimise waste heat recovery. This approach will allow the water used to cool the steel to be reused, ensuring energy efficiency for both heating and cooling, thereby reducing the environmental impact and improving the sustainability of ABS S.p.A.'s operations.

**Implementation of sound-absorbing barriers:** ABS S.p.A. will continue the installation of the hills, which provide an effective acoustic and visual mitigation system. The aim is to minimise the impact of plant operations and ensure a more sustainable environment for the surrounding communities.

**Optimising the re-use of production waste:** As part of the Vision programme, ABS S.p.A. is committed to enhance the value of production waste with the aim of maximising its recovery and reuse. In particular, the Global Blue plant, which produces Ecog gravel and Ecog gravel White products, is expected to see a significant increase in production in the coming years as a result of the commissioning of the Digital Green plant. Opportunities to partially replace lime in the scrap melting process through the use of Ecog gravel White and significant projects to maximise the recovery of refractory materials are also being investigated.

**Integration of ESG parameters in MBO:** ABS S.p.A. plans to adopt ESG criteria in the structuring of its managers' remuneration in order to incentivise the achievement of key targets related to the company's environmental and social issues.

**Focus on rail transport:** ABS S.p.A. aims to optimise Logistics through the development of rail transport in order to achieve a significant shift away from road transport. The plan is to develop a rail infrastructure network within the Plant, supported by joint regional and national initiatives, which will increase the transport of inbound scrap by rail from 64% to 70% and the transport of outbound scrap by rail from 16% to 45%.

These interventions will also reduce Scope 3 GHG emissions by more than 23,000 tonnes of CO<sub>2</sub> per year. To achieve these goals, investments of more than 20 million euro are planned for infrastructure and a new logistics hub connected to the tracks.



## Rationalisation and efficiency of production

**Hybrid Digital Green Steel plant:** see specific in-depth paragraph in this regard.



## **INNOVATION, EXPANSION AND SPECIALISATION OF THE OFFER**

**Periodic collection of feedback:** The intention is to set up a dedicated programme to collect feedback from customers through specific surveys, analyse their satisfaction levels and identify specific needs. The data collected will be used to implement corrective and improvement actions to enhance service quality, with the aim of optimising customer satisfaction. This strategy aims to build strong and lasting relationships with customers and to promote a continuous process of improvement in the services offered.

**Monitoring system of impacts on local communities:** ABS S.p.A. will develop an internal observatory to monitor the environmental and social impact of our operations in order to ensure responsible and conscious management of activities. This will allow us to actively protect local communities and promote constructive dialogue and mutual respect in the context of our operations.

**Carbon Capture for the production of sodium bicarbonate:** In FY 2023/24, the European Community awarded a grant of approximately 4 million euro to the Carbon Capture and Usage (CCU) project called Custard, presented by ABS and Danieli as part of the Innovation Fund - Small Scale Projects.

The project envisages the installation of a plant, during FY 2024/25 - 2029/30, to capture the CO<sub>2</sub> contained in the fumes of the billet reheating furnace of the wire rod mill and use it for the production of sodium bicarbonate.

When fully operational, the project will avoid the emission of approximately 15,000 tonnes of CO<sub>2</sub> per year and produce up to 25,000 tonnes of bicarbonate per year.

The methodology developed in the project may be replicated both by ABS in its plants and by Danieli globally, paving the way for decarbonisation also in other industries, such as chemical and power plants.



## **Attention to human capital**

**Other initiatives:** ABS S.p.A. aims to strengthen the involvement of its employees through the continuous collection of feedback and the implementation of Diversity & Inclusion initiatives. The aim is to create a welcoming, respectful and diverse working environment, which will help to improve both productivity and the overall well-being of the organisation.

# 2030 TARGETS



## Decarbonisation and circular economy

**Energy from renewable sources:** The goal for 2030 is to increase the share of renewable energy and reduce greenhouse gas emissions through the implementation of a phased installation project of photovoltaic panels to reach a total capacity of 16 MW by 2030, of which 2.5 MW specifically for green hydrogen production.

**Strategy towards Net-Zero:** By 2030, ABS is committed to reducing Scope 1 and 2 emissions by 30% from 2023 levels, with every project and initiative in the business plan in line with this goal. Moreover, by complying with Science-Based Targets, ABS will pursue a more precise strategy to achieve zero net emissions by 2050.





# ATTACHMENTS

## GRI CONTENT INDEX

The ABS Group has reported the information specified in this GRI Content Index for the period 1 July 2023 - 30 June 2024 with reference to the GRI Standards.  
The GRI 1 used: GRI 1 - Foundation 2021.

| GRI          | DISCLOSURE                                                                  | REFERENCE                                                                 | Page                          | NOTES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------|-----------------------------------------------------------------------------|---------------------------------------------------------------------------|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>GRI 2</b> | <b>GENERAL DISCLOSURES</b>                                                  |                                                                           |                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 2-1          | Organisational details                                                      | Corporate Identity<br>The ABS Group                                       | 13-17                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 2-2          | Entities included in the organisation's sustainability reporting            | Corporate Identity<br>Methodological Note                                 | 13-17;<br>146-147             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 2-3          | Reporting period, frequency and contact point                               | Methodological note                                                       | 146-147                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 2-4          | Restatements of information                                                 | Methodological note                                                       | 146-147                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 2-5          | External assurance                                                          | Methodological note,<br>Report of the independent auditors                | 146-147;<br>148-151           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 2-6          | Activities, value chain and other business relationships                    | Corporate Identity,<br>Suppliers,<br>Methodological note                  | 13-25;<br>114-118;<br>146-147 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 2-7          | Employees                                                                   | Personnel,<br>Table of Contents                                           | 99-101;<br>140-141            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 2-9          | Governance structure and composition                                        | Governance aspects,<br>Governance of sustainability,<br>GRI content index | 41-42;<br>62-64;<br>134       | There are no independent Directors on the BoD.<br>Directors hold office for three financial years, are eligible for re-election and expire on the date of the shareholders' meeting. (Articles of Association).<br>There are no under-represented social groups on the BoD.<br>The BoD also receives information from the environmental and human resources delegates and makes decisions based on this information. Directors represent the following stakeholders: shareholders, employees. |
| 2-11         | Chair of the highest governance body                                        | Governance aspects                                                        | 41-42                         | The ABS Code of Ethics, Model 231 and policies are designed to eliminate and, where appropriate, manage conflicts of interest.                                                                                                                                                                                                                                                                                                                                                                |
| 2-12 a.      | Role of the highest governance body in overseeing the management of impacts | Governance of sustainability                                              | 62-64                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 2-13 a.      | Delegation of responsibility for managing impacts                           | GRI content index                                                         | 134                           | The BoD appointed senior managers responsible for impact management on the following topics<br>Environmental permits.<br>Environmental management system.<br>Emissions into the atmosphere<br>Water protection. Waste.<br>Noise emissions.<br>Health and safety.                                                                                                                                                                                                                              |
| 2-14         | Role of the highest governance body in sustainability reporting             | Methodological note<br>GRI content index                                  | 134;<br>146-147               | The BoD approves the annual non-financial statement and the evaluation of material topics.                                                                                                                                                                                                                                                                                                                                                                                                    |
| 2-16 a.      | Communication of critical concerns                                          | Ethics                                                                    | 26-29                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

| GRI          | DISCLOSURE                                                                       | REFERENCE                                       | Page      | NOTES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------|----------------------------------------------------------------------------------|-------------------------------------------------|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2-22         | Statement on sustainable development strategy                                    | Letters to the stakeholders                     | 6-7       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 2-23 c.      | Policy commitments                                                               | GRI content index                               | 135       | <p>Company policy documents<br/> <a href="https://www.absacciai.com/wp-content/uploads/2023/01/Politica-sicurezza-informatica-rev-0.pdf">https://www.absacciai.com/wp-content/uploads/2023/01/Politica-sicurezza-informatica-rev-0.pdf</a><br/> <a href="https://www.absacciai.com/wp-content/uploads/2024/06/Politica-integrata-rev-15.pdf">https://www.absacciai.com/wp-content/uploads/2024/06/Politica-integrata-rev-15.pdf</a><br/> <a href="https://www.absacciai.com/wp-content/uploads/2023/02/Codice-etico-ABS_2022_ITA.pdf">https://www.absacciai.com/wp-content/uploads/2023/02/Codice-etico-ABS_2022_ITA.pdf</a><br/> <a href="https://www.absacciai.com/wp-content/uploads/2024/08/Politica-sostenibilita-Acciaierie-Bertoli-Safau-S.p.A_v0.pdf">https://www.absacciai.com/wp-content/uploads/2024/08/Politica-sostenibilita-Acciaierie-Bertoli-Safau-S.p.A_v0.pdf</a></p> |
| 2-26         | Mechanisms for seeking advice and raising concerns                               | Ethics, Our approach to risk                    | 26-29; 43 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 2-27         | Compliance with laws and regulations                                             | Ethics                                          | 29        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 2-28         | Membership associations                                                          | Support to the community                        | 119-122   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 2-29         | Approach to stakeholder engagement                                               | Stakeholder, Material topics and SDGs           | 65-67     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 2-30 a.      | Collective bargaining agreements                                                 | Ethics, Personnel                               | 99        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>GRI 3</b> | <b>MATERIAL TOPICS</b>                                                           |                                                 |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 3-2          | List of material topics                                                          | Stakeholders, Material topics and SDGs          | 66        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|              | <b>TOPIC STANDARD</b>                                                            |                                                 |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>201</b>   | <b>Economic Performance</b>                                                      |                                                 |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 201-1        | Direct economic value generated and distributed                                  | Value generated and distributed to stakeholders | 60-61     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>204</b>   | <b>Procurement Practices</b>                                                     |                                                 |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 204-1        | Proportion of spending on local suppliers                                        | Suppliers                                       | 118       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>205</b>   | <b>Anti-corruption</b>                                                           |                                                 |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 3-3          | Management of material topics                                                    | Ethics                                          | 28-29     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 205-3        | Confirmed incidents of corruption and actions taken                              | Ethics                                          | 29        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>206</b>   | <b>Anti-competitive behaviour</b>                                                |                                                 |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 3-3          | Management of material topics                                                    | Ethics                                          | 28-29     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 206-1        | Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices | Ethics                                          | 29        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>300</b>   | <b>ENVIRONMENTAL SERIES</b>                                                      |                                                 |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>301</b>   | <b>Materials</b>                                                                 |                                                 |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 3-3          | Management of material topics                                                    | Scrap and other raw materials                   | 74-77     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 301-1        | Materials used by weight or volume                                               | Scrap and other raw materials                   | 76-77     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

| GRI        | DISCLOSURE                                                                      | REFERENCE                          | Page                | NOTES |
|------------|---------------------------------------------------------------------------------|------------------------------------|---------------------|-------|
| <b>302</b> | <b>Energy</b>                                                                   |                                    |                     |       |
| 3-3        | Management of material topics                                                   | Energy                             | 78-81               |       |
| 302-1      | Energy consumption within the organization                                      | Energy                             | 80                  |       |
| <b>303</b> | <b>Water and Effluents</b>                                                      |                                    |                     |       |
| 3-3        | Management of material topics                                                   | Water                              | 86-88               |       |
| 303-1      | Interactions with water as a shared resource                                    | Water                              | 86-88               |       |
| 303-2      | Management of water discharge-related impacts                                   | Water                              | 86-88               |       |
| 303-3      | Water withdrawal                                                                | Water                              | 87                  |       |
| <b>305</b> | <b>Emissions</b>                                                                |                                    |                     |       |
| 3-3        | Management of material topics                                                   | Air                                | 82-85               |       |
| 305-1      | GHG direct emission Scope 1                                                     | Air,<br>Tables of indicators       | 82;<br>138          |       |
| 305-2      | Energy indirect (Scope 2) GHG emissions                                         | Air,<br>Tables of indicators       | 85;<br>138          |       |
| 305-7      | Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions | Air,<br>Tables of indicators       | 82;<br>138          |       |
| <b>306</b> | <b>Waste</b>                                                                    |                                    |                     |       |
| 3-3        | Management of material topics                                                   | Earth                              | 89-93               |       |
| 306-1      | Waste generation and significant waste-related impacts                          | Earth                              | 89-93               |       |
| 306-2      | Management of significant waste-related impacts                                 | Earth                              | 89-93               |       |
| 306-3      | Waste generated                                                                 | Earth                              | 91                  |       |
| 306-4      | Waste diverted from disposal                                                    | Earth,<br>Tables of indicators     | 89-90;<br>139       |       |
| 306-5      | Waste directed to disposal                                                      | Earth,<br>Tables of indicators     | 89-90;<br>139       |       |
| <b>308</b> | <b>Supplier Environmental Assessment</b>                                        |                                    |                     |       |
| 308-1      | New suppliers that were screened using environmental criteria                   | Suppliers                          | 115                 |       |
| <b>400</b> | <b>SOCIAL SERIES</b>                                                            |                                    |                     |       |
| <b>401</b> | <b>Employment</b>                                                               |                                    |                     |       |
| 3-3        | Management of material topics                                                   | Personnel                          | 97-104              |       |
| 401-1      | New employee hires and employee turnover                                        | Personnel,<br>Tables of indicators | 102-103;<br>142-145 |       |
| <b>403</b> | <b>Occupational Health and Safety</b>                                           |                                    |                     |       |
| 3-3        | Management of material topics                                                   | Health and safety                  | 109-113             |       |
| 403-1      | Occupational health and safety management system                                | Health and safety                  | 109-113             |       |

| GRI        | DISCLOSURE                                                                                                    | REFERENCE                      | Page           | NOTES |
|------------|---------------------------------------------------------------------------------------------------------------|--------------------------------|----------------|-------|
| 403-2      | Hazard identification, risk assessment, and incident investigation                                            | Health and safety              | 109-113        |       |
| 403-3      | Occupational health services                                                                                  | Health and safety              | 109-113        |       |
| 403-4      | Worker participation, consultation, and communication on occupational health and safety                       | Health and safety              | 109-113        |       |
| 403-5      | Worker training on occupational health and safety                                                             | Personnel, Health and safety   | 106;109        |       |
| 403-6      | Promotion of worker health                                                                                    | Health and safety              | 109-113        |       |
| 403-7      | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Health and safety              | 109-113        |       |
| 403-9      | Work-related injuries                                                                                         | Health and safety              | 112-113        |       |
| <b>404</b> | <b>Training and Education</b>                                                                                 |                                |                |       |
| 3-3        | Management of material topics                                                                                 | Personnel                      | 105-106        |       |
| 404-1      | Average hours of training per year per employee                                                               | Personnel                      | 105-106        |       |
| <b>405</b> | <b>Diversity and Equal Opportunity</b>                                                                        |                                |                |       |
| 3-3        | Management of material topics                                                                                 | Personnel, Business management | 41-42; 97-105  |       |
| 405-1      | Diversity of governance bodies and employees                                                                  | Business management, Personnel | 41-42; 104-105 |       |
| <b>406</b> | <b>Non-discrimination</b>                                                                                     |                                |                |       |
| 3-3        | Management of material topics                                                                                 | Ethics, Personnel              | 27-29; 98      |       |
| 406-1      | Incidents of discrimination and corrective actions taken                                                      | Ethics                         | 29             |       |
| <b>414</b> | <b>Supplier Social Assessment</b>                                                                             |                                |                |       |
| 414-1      | New suppliers that were screened using social criteria                                                        | Suppliers                      | 115            |       |

# TABLES OF INDICATORS

| CUSTOM KPI                                                                                                                 |                      | Page |
|----------------------------------------------------------------------------------------------------------------------------|----------------------|------|
| Information on industrial buildings and travels made with car fleet                                                        | The ABS Group        | 13   |
| Certification's scheme                                                                                                     | Our approach to risk | 45   |
| Level of education                                                                                                         | Personnel            | 104  |
| Seniority                                                                                                                  | Personnel            | 103  |
| Noise: percentage of investments in the last three years for activities seeking to contain noise impacts and/or vibrations | Noise and vibration  | 94   |
| Climate Risk                                                                                                               | Our approach to risk | 45   |

For further information on the risks related to Climate Change as well as the Group policy adopted, please refer to the Danieli Group Annual Report (section "Management of business risks").

## Climate-changing emissions (table supplementing page 82)

| Emissions into the atmosphere                                                   | 2023           | 2024           |
|---------------------------------------------------------------------------------|----------------|----------------|
| Direct CO <sub>2</sub> emissions - Scope 1 (tCO <sub>2</sub> eq)                | 266,431        | 293,973        |
| Indirect CO <sub>2</sub> emissions - Scope 2 Location based (tCO <sub>2</sub> ) | 309,838        | 338,813        |
| Indirect CO <sub>2</sub> emissions - Scope 2 Market based (tCO <sub>2</sub> )   | 463,518        | 517,728        |
| <b>Total Scope 1 + Scope 2 Location Based</b>                                   | <b>576,269</b> | <b>632,786</b> |
| <b>Total Scope 1 + Scope 2 market based</b>                                     | <b>729,949</b> | <b>811,701</b> |

## Channelled emissions (table supplementing page 85)

| Nitrogen oxides (NOX), sulphur oxides (SOX), and other emissions | 2023     | 2024   |
|------------------------------------------------------------------|----------|--------|
| Dioxin (gr)                                                      | 0.30     | 0.10   |
| CO (t)                                                           | 1,361.73 | 810.89 |
| NOx (Nitrogen oxide t)                                           | 412.15   | 419.53 |
| Particulate matter (SPM) (t)                                     | 32.52    | 36.94  |

## Waste diverted from disposal (t)

(table supplementing page 90)

| Waste diverted from disposal (t)                            | 2023     |               | 2024       |                |
|-------------------------------------------------------------|----------|---------------|------------|----------------|
|                                                             | On-site  | External Site | On-site    | External Site  |
| <b>Hazardous waste</b>                                      |          |               |            |                |
| Recycling                                                   | -        | 17,695        | -          | 19,543         |
| Preparation for reuse                                       | -        | 3,366         | -          | 3,468          |
| Other recovery operations                                   | -        | 10            | 3          | 98             |
| <b>Hazardous waste diverted from disposal (t)</b>           | <b>-</b> | <b>21,071</b> | <b>3</b>   | <b>23,108</b>  |
| <b>Non-hazardous waste</b>                                  |          |               |            |                |
| Recycling                                                   | -        | 30,822        | -          | 44,424         |
| Preparation for reuse                                       | -        | 21,478        | 6          | 62,436         |
| Other recovery operations                                   | -        | 18,985        | 184        | 54,005         |
| <b>Waste Non-hazardous waste diverted from disposal (t)</b> | <b>-</b> | <b>71,285</b> | <b>190</b> | <b>160,866</b> |
| <b>Total</b>                                                | <b>-</b> | <b>92,356</b> | <b>193</b> | <b>183,974</b> |

## Waste directed to disposal (t)

(table supplementing page 90)

| Waste directed to disposal (t)                      | 2023     |               | 2024       |               |
|-----------------------------------------------------|----------|---------------|------------|---------------|
|                                                     | On-site  | External Site | On-site    | External Site |
| <b>Hazardous waste</b>                              |          |               |            |               |
| Incineration (with energy recovery)                 | -        | 1             | -          | 83            |
| Incineration (without energy recovery)              | -        | 24            | -          | 0.1           |
| Landfill disposal                                   | -        | 13,912        | -          | 12,499        |
| Other disposal operations                           | -        | 1,122         | -          | 1,872         |
| <b>Hazardous waste directed to disposal (t)</b>     | <b>-</b> | <b>15,059</b> | <b>-</b>   | <b>14,454</b> |
| <b>Non-hazardous waste</b>                          |          |               |            |               |
| Incineration (with energy recovery)                 | -        | -             | -          | 2             |
| Incineration (without energy recovery)              | -        | -             | -          | -             |
| Landfill disposal                                   | -        | 40,522        | -          | 20,274        |
| Other disposal operations                           | -        | 28            | 132        | 278           |
| <b>Non-hazardous waste directed to disposal (t)</b> | <b>-</b> | <b>40,550</b> | <b>132</b> | <b>20,554</b> |
| <b>Total</b>                                        | <b>-</b> | <b>55,609</b> | <b>132</b> | <b>35,008</b> |

## Total number of employees by contract category (fixed-term and permanent), gender and geographical area

(table supplementing page 100)

|                | Female     | Male         | Total        |
|----------------|------------|--------------|--------------|
| <b>2024</b>    | <b>138</b> | <b>1,457</b> | <b>1,595</b> |
| <b>Italy</b>   | <b>94</b>  | <b>1,257</b> | <b>1,351</b> |
| Fixed term     | 9          | 59           | 68           |
| Permanent      | 85         | 1,198        | 1,283        |
| <b>Croatia</b> | <b>37</b>  | <b>179</b>   | <b>216</b>   |
| Fixed term     | 2          | 41           | 43           |
| Permanent      | 35         | 138          | 173          |
| <b>France</b>  | <b>5</b>   | <b>16</b>    | <b>21</b>    |
| Fixed term     | 1          | 3            | 4            |
| Permanent      | 4          | 13           | 17           |
| <b>Germany</b> | <b>1</b>   | <b>4</b>     | <b>5</b>     |
| Fixed term     | -          | -            | -            |
| Permanent      | 1          | 4            | 5            |
| <b>Spain</b>   | <b>1</b>   | <b>-</b>     | <b>1</b>     |
| Fixed term     | -          | -            | -            |
| Permanent      | 1          | -            | 1            |
| <b>Sweden</b>  | <b>-</b>   | <b>1</b>     | <b>1</b>     |
| Fixed term     | -          | -            | -            |
| Permanent      | -          | 1            | 1            |
| <b>2023</b>    | <b>122</b> | <b>1,417</b> | <b>1,539</b> |
| <b>Italy</b>   | <b>84</b>  | <b>1,250</b> | <b>1,334</b> |
| Fixed term     | 10         | 72           | 82           |
| Permanent      | 74         | 1,178        | 1,252        |
| <b>Croatia</b> | <b>33</b>  | <b>151</b>   | <b>184</b>   |
| Fixed term     | 3          | 25           | 28           |
| Permanent      | 30         | 126          | 156          |
| <b>France</b>  | <b>4</b>   | <b>12</b>    | <b>16</b>    |
| Fixed term     | -          | 2            | 2            |
| Permanent      | 4          | 10           | 14           |
| <b>Germany</b> | <b>-</b>   | <b>3</b>     | <b>3</b>     |
| Fixed term     | -          | -            | -            |
| Permanent      | -          | 3            | 3            |
| <b>Spain</b>   | <b>1</b>   | <b>-</b>     | <b>1</b>     |
| Fixed term     | -          | -            | -            |
| Permanent      | 1          | -            | 1            |
| <b>Sweden</b>  | <b>-</b>   | <b>1</b>     | <b>1</b>     |
| Fixed term     | -          | -            | -            |
| Permanent      | -          | 1            | 1            |

## Total number of employees by type of contract (full-term and part-time), gender and geographical area

(table supplementing page 100)

|                | Female     | Male         | Total        |
|----------------|------------|--------------|--------------|
| <b>2024</b>    | <b>138</b> | <b>1,457</b> | <b>1,595</b> |
| <b>Italy</b>   | <b>94</b>  | <b>1,257</b> | <b>1,351</b> |
| Part time      | 2          | 4            | 6            |
| Full time      | 92         | 1,253        | 1,345        |
| <b>Croatia</b> | <b>37</b>  | <b>179</b>   | <b>216</b>   |
| Part time      | -          | -            | -            |
| Full time      | 37         | 179          | 216          |
| <b>France</b>  | <b>5</b>   | <b>16</b>    | <b>21</b>    |
| Part time      | 1          | -            | 1            |
| Full time      | 4          | 16           | 20           |
| <b>Germany</b> | <b>1</b>   | <b>4</b>     | <b>5</b>     |
| Part time      | -          | -            | -            |
| Full time      | 1          | 4            | 5            |
| <b>Spain</b>   | <b>1</b>   | <b>-</b>     | <b>1</b>     |
| Part time      | -          | -            | -            |
| Full time      | 1          | -            | 1            |
| <b>Sweden</b>  | <b>-</b>   | <b>1</b>     | <b>1</b>     |
| Part time      | -          | -            | -            |
| Full time      | -          | 1            | 1            |
| <b>2023</b>    | <b>122</b> | <b>1,417</b> | <b>1,539</b> |
| <b>Italy</b>   | <b>84</b>  | <b>1,250</b> | <b>1,334</b> |
| Part time      | 2          | 1            | 3            |
| Full time      | 82         | 1,249        | 1,331        |
| <b>Croatia</b> | <b>33</b>  | <b>151</b>   | <b>184</b>   |
| Part time      | -          | 1            | 1            |
| Full time      | 33         | 150          | 183          |
| <b>France</b>  | <b>4</b>   | <b>12</b>    | <b>16</b>    |
| Part time      | 1          | -            | 1            |
| Full time      | 3          | 12           | 15           |
| <b>Germany</b> | <b>-</b>   | <b>3</b>     | <b>3</b>     |
| Part time      | -          | -            | -            |
| Full time      | -          | 3            | 3            |
| <b>Spain</b>   | <b>1</b>   | <b>-</b>     | <b>1</b>     |
| Part time      | -          | -            | -            |
| Full time      | 1          | -            | 1            |
| <b>Sweden</b>  | <b>-</b>   | <b>1</b>     | <b>1</b>     |
| Part time      | -          | -            | -            |
| Full time      | -          | 1            | 1            |

## Total number of newly hired employees and percentage by age group, gender and geographical area

(table supplementing page 102)

### 2024

|                | Female                |                | Male                  |                |                             |                      |
|----------------|-----------------------|----------------|-----------------------|----------------|-----------------------------|----------------------|
|                | Newly hired employees | % of new hires | Newly hired employees | % of new hires | Total newly hired employees | % of total new hires |
| <b>2024</b>    | <b>20</b>             | <b>14%</b>     | <b>183</b>            | <b>13%</b>     | <b>203</b>                  | <b>13%</b>           |
| <b>Italy</b>   | <b>13</b>             | <b>14%</b>     | <b>105</b>            | <b>8%</b>      | <b>118</b>                  | <b>9%</b>            |
| < 30 y.o.      | 7                     | 32%            | 45                    | 24%            | 52                          | 25%                  |
| 30 - 50 y.o.   | 5                     | 8%             | 56                    | 8%             | 61                          | 8%                   |
| > 50 y.o.      | 1                     | 9%             | 4                     | 1%             | 5                           | 1%                   |
| <b>Croatia</b> | <b>5</b>              | <b>14%</b>     | <b>73</b>             | <b>41%</b>     | <b>78</b>                   | <b>36%</b>           |
| < 30 y.o.      | 1                     | 10%            | 26                    | 60%            | 27                          | 51%                  |
| 30 - 50 y.o.   | 3                     | 20%            | 36                    | 39%            | 39                          | 36%                  |
| > 50 y.o.      | 1                     | 8%             | 11                    | 25%            | 12                          | 21%                  |
| <b>France</b>  | <b>1</b>              | <b>20%</b>     | <b>4</b>              | <b>25%</b>     | <b>5</b>                    | <b>24%</b>           |
| < 30 y.o.      | 1                     | 50%            | 2                     | 40%            | 3                           | 43%                  |
| 30 - 50 y.o.   | -                     | -              | 2                     | 20%            | 2                           | 17%                  |
| > 50 y.o.      | -                     | -              | -                     | -              | -                           | -                    |
| <b>Germany</b> | <b>1</b>              | <b>100%</b>    | <b>1</b>              | <b>25%</b>     | <b>2</b>                    | <b>40%</b>           |
| < 30 y.o.      | -                     | -              | -                     | -              | -                           | -                    |
| 30 - 50 y.o.   | 1                     | 100%           | 1                     | 50%            | 2                           | 40%                  |
| > 50 y.o.      | -                     | -              | -                     | -              | -                           | -                    |
| <b>Spain</b>   | <b>-</b>              | <b>-</b>       | <b>-</b>              | <b>-</b>       | <b>-</b>                    | <b>-</b>             |
| < 30 y.o.      | -                     | -              | -                     | -              | -                           | -                    |
| 30 - 50 y.o.   | -                     | -              | -                     | -              | -                           | -                    |
| > 50 y.o.      | -                     | -              | -                     | -              | -                           | -                    |
| <b>Sweden</b>  | <b>-</b>              | <b>-</b>       | <b>-</b>              | <b>-</b>       | <b>-</b>                    | <b>-</b>             |
| < 30 y.o.      | -                     | -              | -                     | -              | -                           | -                    |
| 30 - 50 y.o.   | -                     | -              | -                     | -              | -                           | -                    |
| > 50 y.o.      | -                     | -              | -                     | -              | -                           | -                    |

## 2023

|                | Female                |                | Male                  |                |                             |                      |
|----------------|-----------------------|----------------|-----------------------|----------------|-----------------------------|----------------------|
|                | Newly hired employees | % of new hires | Newly hired employees | % of new hires | Total newly hired employees | % of total new hires |
| <b>2023</b>    | <b>27</b>             | <b>22%</b>     | <b>171</b>            | <b>12%</b>     | <b>198</b>                  | <b>13%</b>           |
| <b>Italy</b>   | <b>22</b>             | <b>26%</b>     | <b>123</b>            | <b>10%</b>     | <b>145</b>                  | <b>11%</b>           |
| < 30 y.o.      | 10                    | 71%            | 40                    | 22%            | 50                          | 25%                  |
| 30 - 50 y.o.   | 11                    | 19%            | 78                    | 12%            | 89                          | 12%                  |
| > 50 y.o.      | 1                     | 13%            | 5                     | 1%             | 6                           | 2%                   |
| <b>Croatia</b> | <b>4</b>              | <b>12%</b>     | <b>47</b>             | <b>29%</b>     | <b>51</b>                   | <b>28%</b>           |
| < 30 y.o.      | 4                     | 36%            | 17                    | 50%            | 21                          | 47%                  |
| 30 - 50 y.o.   | -                     | -              | 23                    | 29%            | 23                          | 26%                  |
| > 50 y.o.      | -                     | -              | 7                     | 18%            | 7                           | 14%                  |
| <b>France</b>  | <b>1</b>              | <b>25%</b>     | <b>1</b>              | <b>8%</b>      | <b>2</b>                    | <b>13%</b>           |
| < 30 y.o.      | -                     | -              | 1                     | 33%            | 1                           | 25%                  |
| 30 - 50 y.o.   | 1                     | 50%            | -                     | -              | 1                           | 10%                  |
| > 50 y.o.      | -                     | -              | -                     | -              | -                           | -                    |
| <b>Germany</b> | <b>-</b>              | <b>-</b>       | <b>-</b>              | <b>-</b>       | <b>-</b>                    | <b>-</b>             |
| < 30 y.o.      | -                     | -              | -                     | -              | -                           | -                    |
| 30 - 50 y.o.   | -                     | -              | -                     | -              | -                           | -                    |
| > 50 y.o.      | -                     | -              | -                     | -              | -                           | -                    |
| <b>Spain</b>   | <b>-</b>              | <b>-</b>       | <b>-</b>              | <b>-</b>       | <b>-</b>                    | <b>-</b>             |
| < 30 y.o.      | -                     | -              | -                     | -              | -                           | -                    |
| 30 - 50 y.o.   | -                     | -              | -                     | -              | -                           | -                    |
| > 50 y.o.      | -                     | -              | -                     | -              | -                           | -                    |
| <b>Sweden</b>  | <b>-</b>              | <b>-</b>       | <b>-</b>              | <b>-</b>       | <b>-</b>                    | <b>-</b>             |
| < 30 y.o.      | -                     | -              | -                     | -              | -                           | -                    |
| 30 - 50 y.o.   | -                     | -              | -                     | -              | -                           | -                    |
| > 50 y.o.      | -                     | -              | -                     | -              | -                           | -                    |

## Total number of outgoing employees and percentage by age group, gender and geographical area

(table supplementing page 102)

**2024**

|                | Female                 |                  | Male                   |                  |                                 |                              |
|----------------|------------------------|------------------|------------------------|------------------|---------------------------------|------------------------------|
|                | Outgoing<br>(turnover) | %<br>of outgoing | Outgoing<br>(turnover) | %<br>of outgoing | Total<br>outgoing<br>(turnover) | %<br>of<br>total<br>outgoing |
| <b>2024</b>    | <b>9</b>               | <b>7%</b>        | <b>165</b>             | <b>11%</b>       | <b>174</b>                      | <b>11%</b>                   |
| <b>Italy</b>   | <b>8</b>               | <b>9%</b>        | <b>120</b>             | <b>10%</b>       | <b>128</b>                      | <b>10%</b>                   |
| < 30 y.o.      | 1                      | 5%               | 21                     | 11%              | 22                              | 11%                          |
| 30 - 50 y.o.   | 5                      | 8%               | 61                     | 9%               | 66                              | 9%                           |
| > 50 y.o.      | 2                      | 18%              | 38                     | 9%               | 40                              | 10%                          |
| <b>Croatia</b> | <b>1</b>               | <b>3%</b>        | <b>45</b>              | <b>25%</b>       | <b>46</b>                       | <b>21%</b>                   |
| < 30 y.o.      | 1                      | 10%              | 14                     | 33%              | 15                              | 28%                          |
| 30 - 50 y.o.   | -                      | -                | 23                     | 25%              | 23                              | 22%                          |
| > 50 y.o.      | -                      | -                | 8                      | 18%              | 8                               | 14%                          |
| <b>France</b>  | <b>-</b>               | <b>-</b>         | <b>-</b>               | <b>-</b>         | <b>-</b>                        | <b>-</b>                     |
| < 30 y.o.      | -                      | -                | -                      | -                | -                               | -                            |
| 30 - 50 y.o.   | -                      | -                | -                      | -                | -                               | -                            |
| > 50 y.o.      | -                      | -                | -                      | -                | -                               | -                            |
| <b>Germany</b> | <b>-</b>               | <b>-</b>         | <b>-</b>               | <b>-</b>         | <b>-</b>                        | <b>-</b>                     |
| < 30 y.o.      | -                      | -                | -                      | -                | -                               | -                            |
| 30 - 50 y.o.   | -                      | -                | -                      | -                | -                               | -                            |
| > 50 y.o.      | -                      | -                | -                      | -                | -                               | -                            |
| <b>Spain</b>   | <b>-</b>               | <b>-</b>         | <b>-</b>               | <b>-</b>         | <b>-</b>                        | <b>-</b>                     |
| < 30 y.o.      | -                      | -                | -                      | -                | -                               | -                            |
| 30 - 50 y.o.   | -                      | -                | -                      | -                | -                               | -                            |
| > 50 y.o.      | -                      | -                | -                      | -                | -                               | -                            |
| <b>Sweden</b>  | <b>-</b>               | <b>-</b>         | <b>-</b>               | <b>-</b>         | <b>-</b>                        | <b>-</b>                     |
| < 30 y.o.      | -                      | -                | -                      | -                | -                               | -                            |
| 30 - 50 y.o.   | -                      | -                | -                      | -                | -                               | -                            |
| > 50 y.o.      | -                      | -                | -                      | -                | -                               | -                            |

## 2023

|                | Female                 |                  | Male                   |                  |                              |                              |
|----------------|------------------------|------------------|------------------------|------------------|------------------------------|------------------------------|
|                | Outgoing<br>(turnover) | %<br>of outgoing | Outgoing<br>(turnover) | %<br>of outgoing | Total outgoing<br>(turnover) | %<br>of<br>total<br>outgoing |
| <b>2023</b>    | <b>14</b>              | <b>12%</b>       | <b>136</b>             | <b>10%</b>       | <b>150</b>                   | <b>10%</b>                   |
| <b>Italy</b>   | <b>9</b>               | <b>11%</b>       | <b>93</b>              | <b>7%</b>        | <b>102</b>                   | <b>8%</b>                    |
| < 30 y.o.      | 3                      | 21%              | 16                     | 9%               | 19                           | 10%                          |
| 30 - 50 y.o.   | 6                      | 10%              | 43                     | 6%               | 49                           | 7%                           |
| > 50 y.o.      | -                      | -                | 34                     | 9%               | 34                           | 8%                           |
| <b>Croatia</b> | <b>2</b>               | <b>6%</b>        | <b>40</b>              | <b>26%</b>       | <b>42</b>                    | <b>23%</b>                   |
| < 30 y.o.      | 1                      | 9%               | 16                     | 47%              | 17                           | 38%                          |
| 30 - 50 y.o.   | -                      | -                | 18                     | 23%              | 18                           | 20%                          |
| > 50 y.o.      | 1                      | 9%               | 6                      | 16%              | 7                            | 14%                          |
| <b>France</b>  | <b>3</b>               | <b>75%</b>       | <b>3</b>               | <b>17%</b>       | <b>6</b>                     | <b>31%</b>                   |
| < 30 y.o.      | -                      | -                | 1                      | 33%              | 1                            | 25%                          |
| 30 - 50 y.o.   | 2                      | 100%             | 1                      | 13%              | 3                            | 30%                          |
| > 50 y.o.      | 1                      | 100%             | -                      | -                | 1                            | 50%                          |
| <b>Germany</b> | <b>-</b>               | <b>-</b>         | <b>-</b>               | <b>-</b>         | <b>-</b>                     | <b>-</b>                     |
| < 30 y.o.      | -                      | -                | -                      | -                | -                            | -                            |
| 30 - 50 y.o.   | -                      | -                | -                      | -                | -                            | -                            |
| > 50 y.o.      | -                      | -                | -                      | -                | -                            | -                            |
| <b>Spain</b>   | <b>-</b>               | <b>-</b>         | <b>-</b>               | <b>-</b>         | <b>-</b>                     | <b>-</b>                     |
| < 30 y.o.      | -                      | -                | -                      | -                | -                            | -                            |
| 30 - 50 y.o.   | -                      | -                | -                      | -                | -                            | -                            |
| > 50 y.o.      | -                      | -                | -                      | -                | -                            | -                            |
| <b>Sweden</b>  | <b>-</b>               | <b>-</b>         | <b>-</b>               | <b>-</b>         | <b>-</b>                     | <b>-</b>                     |
| < 30 y.o.      | -                      | -                | -                      | -                | -                            | -                            |
| 30 - 50 y.o.   | -                      | -                | -                      | -                | -                            | -                            |
| > 50 y.o.      | -                      | -                | -                      | -                | -                            | -                            |

# METHODOLOGICAL NOTE

This document represents the Voluntary Non-Financial Statement (in the document also “NFS” or “Sustainability Report” or “Non-Financial Statement”) of Acciaierie Bertoli Safau S.p.A. (hereinafter also “ABS S.p.A.”, and, with its subsidiaries, “ABS”), drawn up in accordance with Articles 3 and 4 of Italian Legislative Decree 254/2016 (hereinafter also “decree”), containing information relating to environmental, social, personnel topics, respect for human rights and the fight against corruption, in a transparent and complete way.

ABS has chosen to voluntarily comply with the provisions of Legislative Decree no. 254 of 30 December 2016, concerning the communication of non-financial information, in implementation of European Directive 2014/95/EU.

The Sustainability Report of ABS S.p.A. is published annually and was approved by the Board of Directors on September 24, 2024, and is published on the institutional website.

ABS reported the information mentioned in this document for the period from July 1, 2023, to June 30, 2024 with reference to the GRI Standards, published in 2021 by the Global Reporting Initiative (GRI).

The Sustainability Report by ABS has been prepared with a strategic approach in view of the creation of sustainable value for stakeholders. The information contained in the Sustainability Report refers to topics envisaged by the decree, topics identified as material and related indicators.

The process of identifying the most important topics, on which to focus efforts and resources, started in 2016 and updated over the following years, led to the definition of material topics, understood as “topics that can generate significant economic, social and environmental impacts” on ABS activities or that could substantially influence stakeholders' assessments and decisions.

In particular, the definition of the content of this document is based on the principles of materiality, stakeholder inclusiveness, completeness of the data and information provided and considering the sustainability context.

The data and information presented in this document refer to the financial year 2024 (from 1 July 2023 to 30 June 2024).

Where possible, the information presented in the NFS has been complemented with a comparison to the 2022-2023 financial year in order to ensure the principle of comparability between the data presented.

The boundary of the economic, financial and social data and information in this document is the same as in the Consolidated Financial Statements of ABS S.p.A. The environmental indicators include data from the production companies ABS S.p.A., SISAK d.o.o., ACM and, from this year, Rott-ferr S.r.l., which was acquired in July 2023, and the newly established ABS Sfere S.r.l.. While, ABS Deutschland GmbH (Germany), ABS Scandinavia AB (Sweden) and Acciaierie Bertoli Safau Iberica S.L. (Spain) are excluded, as they are sales offices with insignificant environmental impacts.

The quantification of the various KPIs for the current year is not fully comparable with the values calculated in the previous year, precisely because of the presence of the Rott-Ferr

contribution for ESG variables this year. The intensity data may also show slight shifts due to the fact that only the steel companies Cagnacco (UD) and SisaK (Croatia) contribute to the denominator of these indicators, which is always represented by tonnes of crude steel produced.

In order to provide a correct representation of performance and to ensure the reliability of the data, the use of estimates was limited as much as possible and when present, they are appropriately flagged.

There were no significant changes in the size, structure or supply chain of the organisation during the year compared to the previous reporting period.

The reporting process of the indicators presented in this document is based on a comprehensive collection per operating site. Indicators for which the data origin is exclusively central are excluded due to intrinsic characteristics of the management model.

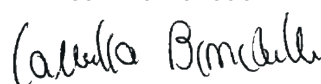
A correspondence table “GRI Content Index” identifies each indicator used taken from the GRI Sustainability Reporting Standards and provides a clear view of the information and sustainability content following the standard.

This document has been submitted for conformity assessment (“limited assurance engagement” according to the criteria indicated by the ISAE 3000 standard, revised) by Deloitte & Touche S.p.A., which certifies in a separate report the conformity of the information provided pursuant to Article 3, paragraph 10, of Legislative Decree 254/2016. 254/2016.

The audit was carried out in accordance with the procedures set out in the “Independent Auditors’ Report”, included in this document.

Pozzuolo del Friuli (UD), September 24, 2024

Chairwoman of the Board of Directors  
Camilla Benedetti



# REPORT OF THE INDEPENDENT AUDITORS



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## INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND ART. 5 OF CONSOB REGULATION N. 20267/2018

To the Board of Directors of  
Acciaierie Bertoli Safau S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Acciaierie Bertoli Safau S.p.A. and its subsidiaries (hereinafter "ABS Group" or "Group") as of June 30, 2024 prepared, on a voluntary basis, in accordance with art. 4 of the Decree, and approved by the Board of Directors on September 24, 2024 (hereinafter "NFS").

### Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors of Acciaierie Bertoli Safau S.p.A. (hereinafter "Company") are responsible for the preparation on a voluntary basis of the NFS in accordance with art. 7 of the Decree, and in accordance with the provision of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI – Global Reporting Initiative (hereinafter, "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the content of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organization of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies adopted by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona  
Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.  
Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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#### **Auditor's Independence and quality control**

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

During the year covered by this assurance engagement, our auditing firm applied International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintained a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### **Auditor's responsibility**

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. Such standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatements. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS are based on our professional judgement and included inquiries, primarily with Company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as deemed appropriate.

Specifically, we carried out the following procedures:

1. analysis of relevant topics with reference to the ABS Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art.3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the ABS Group as of June 30, 2024;
4. understanding of the following matters:
  - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;

# REPORT OF THE INDEPENDENT AUDITORS

**Deloitte.**

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- policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
- main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a) of this report;

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Acciaierie Bertoli Safau S.p.A. and performed limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the Group's level:
  - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify consistency with the available evidence;
  - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- For Acciaierie Bertoli Safau S.p.A., which we selected based on its activities, its contribution to the performance indicators at the consolidated level and its location, we carried out site visits, during which we have met management and gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.



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**Conclusion**

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the ABS Group as of June 30, 2024, is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the GRI Standards, with reference to the selection of GRI Standards.

DELOITTE & TOUCHE S.p.A.

Signed By  
**Filippo Verardo**  
Partner

Udine, Italy  
October 3, 2024

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





**ABS Acciaierie Bertoli Safau S.p.A.**

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**ACCIAIERIE BERTOLI SAFAU**  
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