

SUSTAINABILITY REPORT



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INTRODUCTION LETTER FROM THE GROUP' CHAIRMAN



We are pleased to share with you our 2023 sustainability report, giving evidence of the progress we are making in our ESG journey. A journey in which we are pioneering on the level of G(overnance) and S(ocial) whereas we are further exploring the E(nvironmental) challenges ahead.

In terms of good **Governance**, it is in our founding roots to behave towards our stakeholders in transparent and reliable modus, in conformity with the regulations and the standards required by our shareholders, our bankers and the local communities in our markets.

Though good governance is embodied in our DNA, we structured this good governance in a elaborated compliance policy and into our code of conduct. Not as a next document on the shelf, but as a working document used in our traineeships and in our daily bookings. In terms of systems, staff and diligent behavior, our target is to remain first of class in our sector. Good governance in trading is a license to operate, but also a value that brands our company and our staff. Steelforce is known as a competitive but reliable, professional and trustworthy party and that is the market brand we cherish, and we foster.

On the **Social** part of our ESG approach, Steelforce is driven and inspired by the international and multi-cultural environment in which it operates. By nature, we are dealing with diversity in terms of origin, culture, language and religion. A working environment that initiates and promotes diversity in perspective. That's the employer Steelforce wants to be and for which we search, educate and embrace our people.

On the **Environmental** part, we have started our journey a few years back with our own behavior in terms of mobility, responsible consumption, waste management and energy use. Creating awareness at individual level so to have onwards genuine support to develop actions at corporate level. As a next step, we fully "greened" the environment in which we operate by fully renovating our office building in compliance with the EU taxonomy. In this renovation project, we took the recommendations of our people at heart, combining the reduction of our ecological footprint with an upgrading of the office experience for our staff.

On the ecological footprint, the next challenge will be our business itself: Trading in Green Steel. It's a market that is in its initiation phase with suppliers exploring the best production methods and with customers still reluctant to pay premiums for green steel. Based on the contours we currently notice in the market, we are elaborating in, this sustainability report a vision on the trading in green steel.

In spite of the early stage of development, Steelforce is developing the skills and systems to be relevant in this business. Just like in the regular steel products, (overseas) trading will have to build the bridge between producing countries having green energy available and consuming countries able to pay a premium. The final market scope is not clear yet, but we are equipping ourselves to be the reliable, professional and trustworthy party in this new segment as well.

Kurt Crollet

Executive Chairman



OUR BUSINESS ENVIRONMENT

1.1 TOWARDS A VISION ON TRADING IN GREEN STEEL



“The future of steel is green”: It’s probably the most common baseline used these days in the steel industry. And for sure, there is no other way around for the steel industry, responsible for 8% of the worldwide GHG emissions.

The current climate of greening creates both a huge challenge and a great opportunity for the steel industry: a big **CHALLENGE** to turn an energy intense and heavy industry into an environmentally friendly activity; but a big **OPPORTUNITY** as well as the finished product has a much higher recycling rate compared to substitutes like concrete and plastics. If the steel industry manages its energy conversion well, steel will take a prominent role in the green society of tomorrow.

Whereas the ambitions are stated clearly, most market actors are still in an exploration phase and don’t know “how” yet. Customers and suppliers question us on what should be understood as green steel. Of course, information is exchanged on the oncoming trends, but the market is in search for standards. Standardization bodies still have a job to do here and as long as there are not mutually agreed standards, the markets cannot act and price in transparency.

In its ambition to produce green steel, the industry will have to deal with several constraints:

1. Shortage of natural resources

In general, there are two ways to produce steel with lower carbon emission: by using green energy to heat iron ore (mainly through green or low carbon hydrogen) or by further promoting the circularity of steel making use of scrap heated with green electricity.

Both green hydrogen and scrap are limited resources and cannot cover the green conversion of the overall steel industry. Limited resources will have to be allocated and in the logic of markets, the construction sector will rather source recycled steel as green steel whereas the manufacturing industry will more rely on grades produced through green hydrogen.

2. Shortage of (cheap) finance

The steel industry is not considered as the most fancy activity to finance. The returns on investment are low and slow, the activity is cyclical and the industry struggles with structural overcapacity. To decarbonize the full steel industry, investments are required at the level of 2 trillion USD, so the steel industry will have to search for funding outside financial markets with steel end users as well. Even for green investments, steel mills are struggling to fund their investments and thin returns on investments are further challenged by high interest rates, which are not relaxing yet.

3. Lack of market premium

In its search for new funding, the steel industry will have to give evidence of the return on environmental investments. As in spite of all good intentions: ecology will follow economy. Green steel will have to be priced with a “green premium” and though the consumer markets think more and more green, they don’t pay for green yet.

Most of the steel-using business segments (construction, automotive) are struggling today with weak demand, low margins, high costs and cannot absorb a higher purchase price which is not translated into a higher sales price for them. The post covid period of greedflation came definitely to an end in 2023. In absence of such price market mechanism, the market “has to be created” and tax carbon mechanism will force the markets and prices in a green direction.

In its aim to find markets, the steel industry will have to focus on finished products in mass production where the cost component of steel in the overall value of the product is low. In such context the premium of green steel can be “easily” absorbed in the sales price of the final product. The automotive industry could be a good example as the production of a car requires less than one ton of steel (less than 1% of the cost price) and a premium of 30 to 50% above the grey steel price could normally be ‘easily’ absorbed in the sales price of the car.

The other way around, it will be much more a challenge – from a cost perspective- to include green steel with a premium in construction projects, where steel cost in average represents 38% of the total cost. In these applications, the market premium will not be created by the price market mechanism and will have to be regulated with public tenders that will be open for “green steel only”.

Whereas the markets are still in an exploration phase, we will notice the market tendencies and we have to adjust our attitude and strategy accordingly:

- The EU has introduced the **CBAM** (Carbon Border Adjusted Mechanism) and the flow of imports into the EU will be re-designed. CO2 taxes will become an important factor in the price calculations of our trading transactions. The selection of our origins will be made on an “all in price” not only including the price of steel, logistics, finance and insurance but also the environmental cost of producing and transporting steel. Steelforce invested in due course in calculation systems and in-house know how to adjust its purchase attitude accordingly.

Considering the constraints as mentioned above, our orderbook will not move at once from grey into green steel but we are definitely in transition:

- We start measuring the CO2 emission of every trade.
 - We inform our suppliers, customers and logistic providers on the outcome.
 - We try to build awareness and have an impact in our role as intermediate expert.
- The market is missing **UNIFORM STANDARDS**, but we will not just wait and see for standards to come. Instead of having one unique ambition “to sell more green steel”, we prefer a progressive approach, with different gradation based on the content of CO2 produced:
 - Green steel
 - Steel with low emissions
 - Steel with reduced emissions
 - Steel with regular emissions

We have to aim to “upgrade” our orderbook to the next grade, hand in hand with our customers and suppliers. It is clear that more developed countries will be more susceptible for the green content as developing countries call on steel supplies to cover the primary needs of a civilization.

- **STEEL TRADE** traditionally occurs in case steel producing countries are confronted with a soft demand in their domestic markets and export the excess capacity. In the developed countries this trading logic is disappearing. Steel mills limit their production to the demand in the domestic and surrounding markets only and do not longer have allocations for export. In Europe this trend is already explicit and other origins might follow in a later stage.

However, the need for import to overseas markets will remain and will have to be covered by other origins. Trades that will not disappear but that will be re-allocated.

Steel is one word that, however, covers a wide range of products. Though countries might have enough steel production as a whole, there are always mismatches between local production and local consumption. This might be in terms of type of product (long/flat) in terms of quality, in terms of final application. Mismatches that create overseas trade in all directions.

The same market mechanism is expected to happen in the trade of green steel / low carbon steel. The markets that are already willing / are able to consume green steel are mainly the advanced economies that have the financial capacity and the environmental awareness to buy green steel at a premium. However, these markets are not the best placed countries to produce green steel as they lack green resources (wind, solar, hydrogen) to produce green energy.

In a very rough simulation, the world can be segmented as follows:

REGION	MARKET PREPARED TO PAY PREMIUM	COST FOR GREEN PRODUCTION
EUROPE	HIGH	HIGH
THE USA	HIGH	LOW
MIDDLE EAST	LOW	LOW
INDIA & other ASIA	LOW	HIGH



1.2 MAIN LOW-CARBON INVESTMENTS IN THE STEEL INDUSTRY IN 2023

The Leadership Group for Industry Transition updated 14 Nov 2023

The Leadership Group for Industry Transition (LeadIT) gathers countries and companies that are committed to action to achieve the Paris Agreement. It was launched by the governments of Sweden and India at the UN Climate Action Summit in September 2019 and is supported by the World Economic Forum.

GLOBAL SHIFT IN GREEN STEEL PROJECTS AS MAJOR INVESTMENTS MOVE BEYOND EUROPE INTO ASIA



TOTAL STEEL PRODUCED (MN TONNES P.A.)*	COMPANY	PROJECTS (WITH LAUNCH YEAR)
	China Baowu Gro...	TBC TBC
	ArcelorMittal	
	Nippon Steel Cor...	TBC
	POSCO	'26 TBC TBC TBC '28 '30 TBC TBC TBC TBC
	HBIS Group	2021 TBC
	Tata Steel	2025 2030 2017
	JFE Steel Corpora...	TBC
	Baotou Steel	TBC
	US Steel	TBC
	Techint Group	2026

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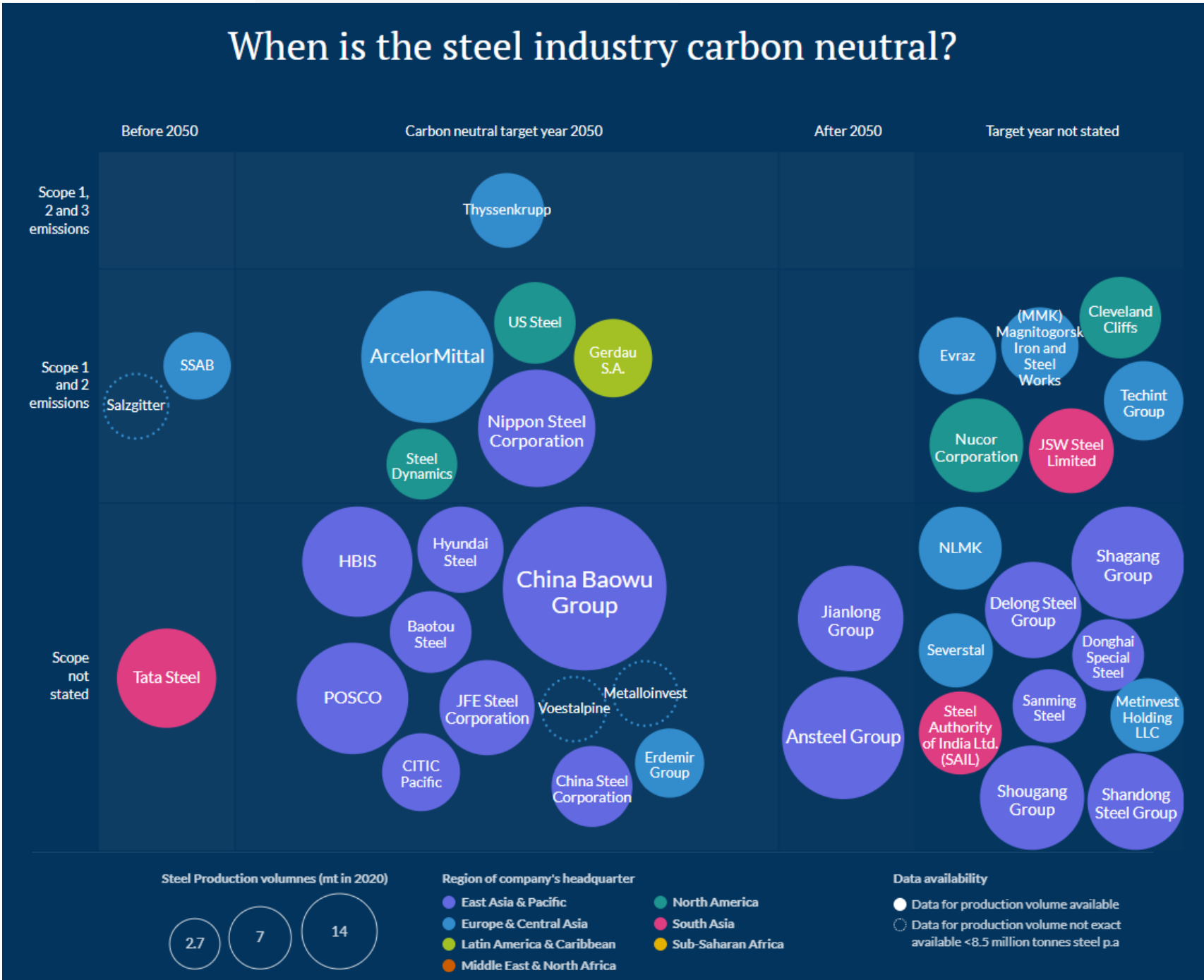
* Source: World Steel in Figures 2021

Project scale

- Full scale
- Pilot
- Demonstration plant
- R&D partnership

YET ONLY 17 OF THE LARGEST 50 STEEL PRODUCERS HAVE PUBLICLY COMMITTED TO ACHIEVING NET ZERO BY MID-CENTURY, DESPITE THESE 50 PRODUCERS BEING RESPONSIBLE FOR MORE THAN 60% OF THE SECTOR’S EMISSIONS. THE 17 PRODUCERS THAT HAVE A 2050 NET ZERO GOAL ACCOUNT FOR MORE THAN A QUARTER (527 MTPA) OF GLOBAL STEEL PRODUCTION.

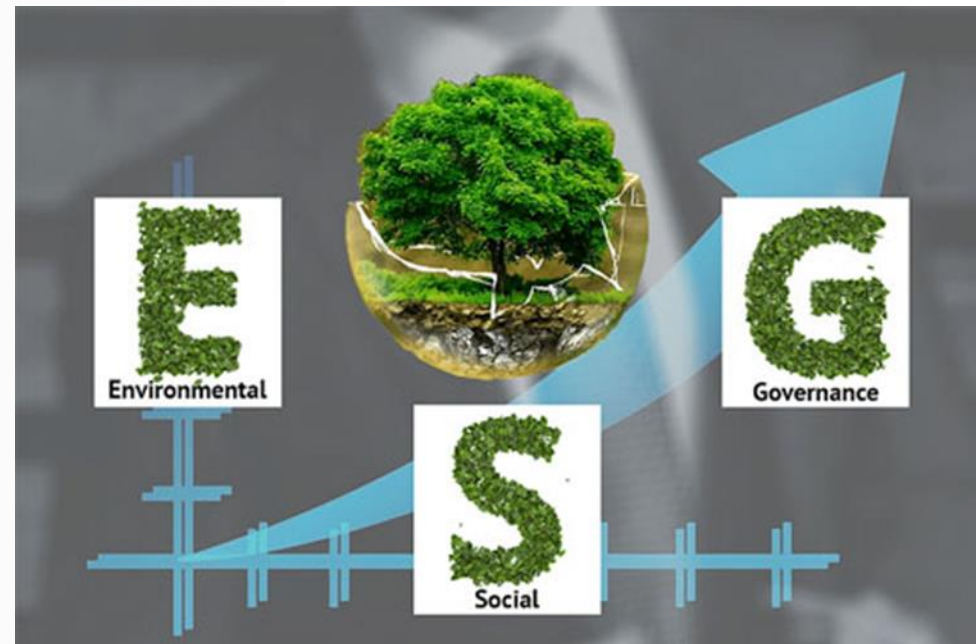
Source: www.industrytransition.org



STEELFORCE CORPORATE SUSTAINABILITY ROADMAP

2.1 STEELFORCE ESG JOURNEY

OUR GOAL IS TO GO BEYOND COMPLIANCE: WE STRIVE TO LIMIT ANY ENVIRONMENTAL IMPACT INDIRECTLY RESULTING FROM OUR TRADING ACTIVITY AND DIRECTLY FROM OUR OWN OPERATIONS



This report outlines our outgoing ESG journey towards a minimal environmental footprint , maximum social impact and ethical business practices.

The environmental component of ESG was the most complex of the three for Steelforce and it was therefore decided to start with the more obvious **GOVERNANCE** component . This process was further accelerated by the entry of Japanese shareholders, who themselves applied a very high-quality standard of compliance and internal code of conduct, a level that Steelforce wanted to match as quickly as possible. From that starting point, the ESG story has gained momentum, because you cannot be involved in governance without also touching on the social component.

Collaboration with HR soon followed, and a questionnaire was drawn up with issues related to the **SOCIAL** side of our company, the human factor: how people feel in the workplace, how they deal with the workload, how they communicate with each other, and how well-being at work can be improved in general. When renovating our head office, the office experience for our people was a main priority in our investment decisions. As a result, the Group HQ building combines energy efficiency and comfortable working in a smart way.. We are proud to report that this project was financed with a green loan because it was handled entirely in accordance with the guidelines of the EU taxonomy. The Group Headquarter building combines energy efficiency and comfortable working in a smart way. Naturally, the company has also been committed to green mobility for its own employees for some time, with the option to lease both cars and bicycles.

When it comes to the **ENVIRONMENTAL** impact of its own operations, Steelforce as a trader has little or no influence on the environmental impact coming from steel production. To put it in ESG terms: almost all relevant emissions are in scope 3, where Steelforce depends on its suppliers - steel-producing mills, but we still want to make a difference at the E level. That's why the company decided to be a responsible buyer and supplier as much as possible and use the influence we do have as a central player in the production and sales process to encourage a change in the mindset of the companies they work with to work.

At this initial phase we are convinced that the process is more important than the actual goal, and we would like to keep focusing on mindset change and not get stuck behind fixed emissions KPIs.

The first step in achieving this target was to map our supply chain in order to understand how carbon emissions were distributed. Part of this process is obviously driven by the reporting regulations, such as the EU CBAM, the EU mechanism that seeks to, among other things, put a fair price on importing carbon dioxide emissions, and subsequently the EU CSRD. On the other hand, Steelforce is committed to go further with its decarbonization project and set up a far-reaching application of carbon accounting. This ambition to go above and beyond the EU regulatory framework will also allow Steelforce's ESG work to be applied outside Europe, where 70 to 75 percent of its operations are located.

Next to the regulatory compliance processes, Steelforce has moved towards actual corporate carbon accounting. The power of the bottom-up approach to carbon accounting provides us with information for each transaction, and therefore allows our customer to be told very precisely what the emissions are with every purchase they make. That also allows our commercial team to communicate with their customers about the ecological footprint when and if they engage in business with Steelforce. Understanding of our carbon footprint is just the beginning. The project closure stage will be reached when incorporating all ESG aspects into commercial decisions of the Group. Only then we will be able to say that Steelforce became a sustainable company. Between the initial and that final stage, we will have to make a few more important steps and overcome many challenges. Lack of market and customer demand for low carbon material is one of them. We will have to work on building confidence in net zero future by engaging internal and external stakeholders and set motivating targets followed by actions. At the center of the effort is the ability to report mitigation results.

Steelforce is a master in the art of seeing opportunities where others mainly see challenges, and our ESG journey also fits into that philosophical attitude in a rapidly changing market. We act globally, while staying close to our clients and suppliers.

2.2 STEELFORCE GROUP PROFILE

Steelforce Group of companies runs offices in over 12 countries with more than 290 employees in total. We are proud to be a multicultural company with more than 20 nationalities are being employed at Steelforce. The team distribution in terms of both age and sex remained well balanced indicating a healthy inflow of new young people.

Thanks to the Group’s worldwide presence, Steelforce benefits from a geographically diverse set of operations. With employees spread across dozen countries we are conscious of the need for sustainable governance processes to ensure an efficient organization at work. We promote no-nonsense purposeful work with a positive impact on individuals, business and society. We have confidence in all our people, we understand that we can achieve much more when we join forces.

At Steelforce we foster a culture of diverse perspectives in the workplace. When we talk about diversity in the workplace, we are not just talking about meeting quotas or ticking boxes. We are talking about creating an environment where people feel valued and respected for who they are, where they can bring their full selves to work, and where their unique perspectives and experiences are seen as assets rather than liabilities. Diverse perspectives refer to a range of different viewpoints, experiences, and backgrounds that people bring to the table. We consider it a source of strength, creativity and performance

To ensure that our values are more than just words, we are setting out our new Sustainability strategy shaping the way we will work in next coming years. We strive to collaborate closely with our partners and stakeholders to realize this next step towards Steelforce’s sustainable future. We aim to attract, engage, and retain motivated, high-performing employees by promoting an open, inclusive culture, where everyone can thrive. We believe the best way to boost performance and innovation is to encourage employees to bring their best selves to work.

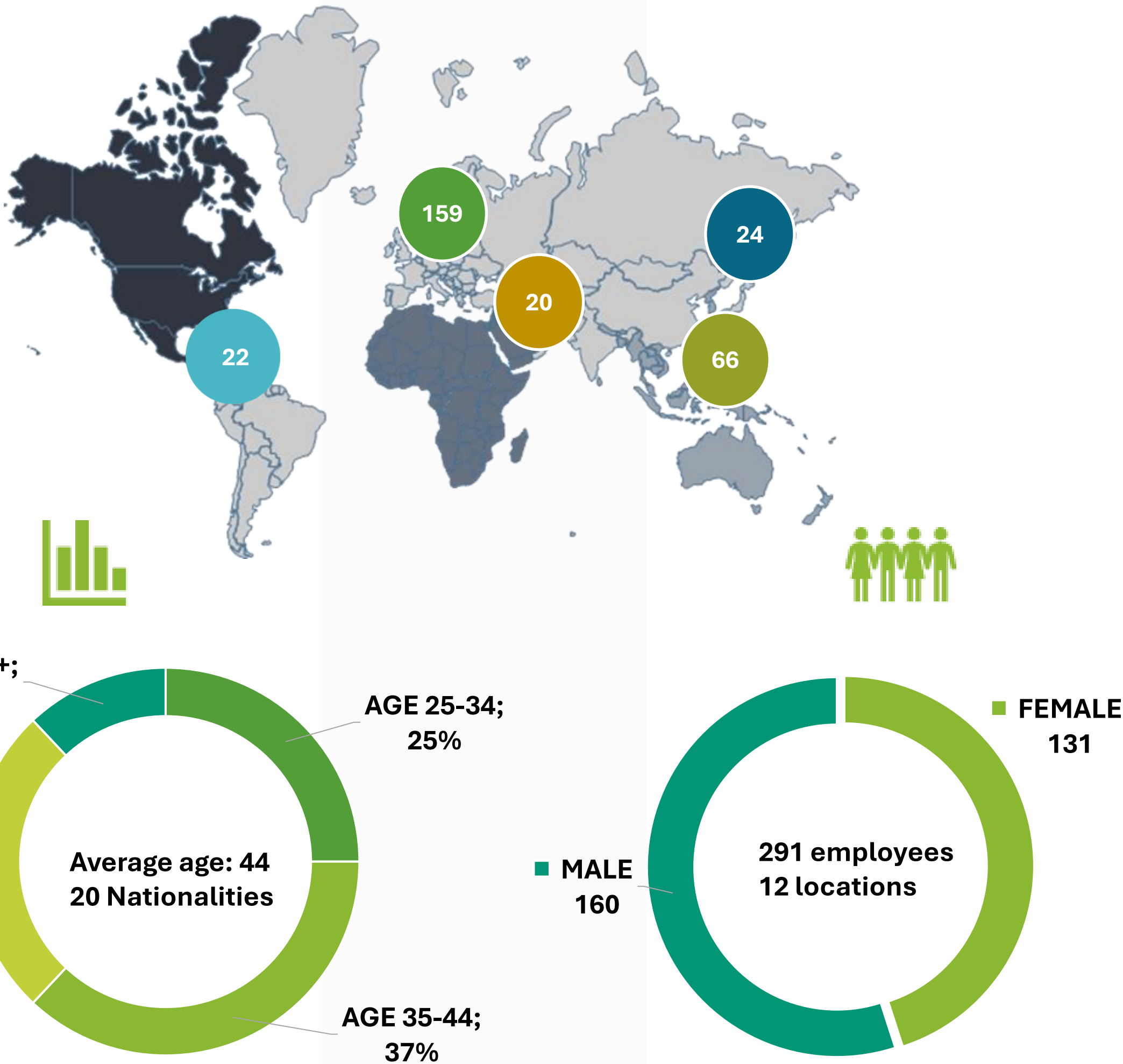


Figure 1: Distribution Steelforce population by age and gender

2.3 STEELFORCE ESG STRATEGY 2024-2030



Our ESG strategy is integral to Steelforce Group’s plans to create value for all stakeholders over the long term. We strive to limit any environmental impact indirectly resulting from our trading activity or directly from our own operations.

The biggest challenge is to align sustainability objectives with business strategy. The Steelforce Group of companies believes to optimize business value through the following sustainability objectives:

1. Development of the ESG Policy tailored to the company’s operations by the end 2024

Engagement of stakeholders in dialogue to find out what social and environmental issues matter most to them and involve stakeholders in the decision-making process; as well as by providing training to the Steelforce Group staff to ensure company’s sustainable employment. We strives to create new values in away that is different from the past.

2. Mapping and analyzing business partner’ portfolio by end 2025

Risk analyses and network value optimization, including steel product innovations and steel suppliers’ ambitions to get ready for the low carbon transition (such as, switching to renewable power and installing new electric arc furnaces, to reduce emissions, create cleaner products and ensure their commercial viability in a low-carbon economy).

3. Optimization of company’s operations by calculating company’s Carbon Footprint

Our goal is to turn our entire supply chain information into a detailed, accurate emissions report and risk analysis, based on which we will be able to review our group’ value chain.

4. Customers’ success is our success:

Promote Steelforce sustainability efforts to company’s global network. Support and encourage customers in their development of more sustainable practices and technologies, as the collective impact of consumer choices can be significant and can help to create a demand for more sustainable products and practices.

5.Promoting Green and Low-carbon steel products by following closely LowCo2 emissions projects at all our destinations and monitoring market changes:

We can expect the highest market concentration and pressure from our European customers to demand greener steel from steelmakers. This mainly relates to sectors that consume 20% of steel in EU or 29 mln tons has high potential demand for “green” steel. Automotive, renewables, white goods consume mainly flat steel products, that usually produced by conventional BF-BOF technology. The largest market operators have targets to reduce Scope 3. But the share of supply chain emissions in Scope 3 of automotive and domestic appliances industries is relatively small – up to 18%. Construction consumes mainly longs products, that usually produced via scrap-based EAF route and doesn’t have significant potential to reduce emissions by purchasing “green” steel. Therefore, chance is high that until 2030 the green steel consumption potential could be realized only partially. A higher price level will remain the biggest obstacle for all non-EU destinations.

6. Embedding ESG in business operations:

- Sustainable finance leading to sustainable growth and the transition to a climate-neutral economy. It affects Risk Management, Business Strategy & requires compliance with the new Regulations, such as the EU Green Deal. We also believe that transparency is critical to driving positive outcomes at both a financial and social level.
- Sustainable analyses and reporting will increase credibility with outside stakeholders, as well as provide internal assurance to management and board members that company’s business practices are sustainable. Accuracy and credibility of company’ data reporting is crucial and affects all company’s operations (carbon reporting to the EU authorities, sustainability ranking, assessments, evaluation of financial & non-financial assets, certification...etc).



DISCUSS ESG ISSUES & OPPORTUNITIES
DEVELOP ESG FRAMEWORK by end 2024



SUPPLIER PORTFOLIO ANALYSIS
by end 2025



CREATE A RESPONSIBLE STEEL SUPPLY CHAIN
by 2027



RESPONCIBLE SOURSING: MEET THE
SUSTAINABILITY NEEDS OF CUSTOMERS

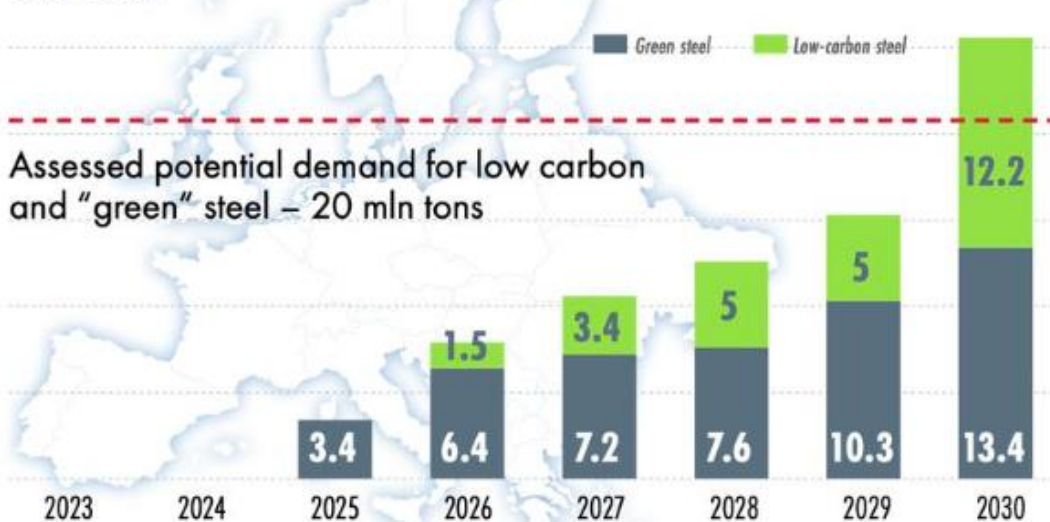


PROMOTE GREEN AND LOW-CARBON STEEL
PRODUCTS



ECONOMICALLY SUSTAINABLE OPERATIONS

Potential “green” and low carbon steel supply in Europe, mln tons



Source: GMIK Center calculations

2.4 STEELFORCE EXPOSURE TO ESG RISKS

When implementing ESG elements into Group's Business strategy, Steelforce should consider ESG risks, which are already becoming increasingly relevant. These risks are a combination of threats and opportunities that can have a significant impact on an organization's reputation and financial performance. It is therefore essential that companies proactively manage these risks to protect their reputation, ensure their long-term sustainability and meet their obligations to stakeholders. Effective ESG risk management can contribute to creating a more resilient, sustainable, and ethical business. Steelforce Group of companies is on its journey to identify and understand these risks for the company's operations.

So far, speaking about 2023 we can conclude the following:

Environment



Transition risks are risks related to the transition to a lower-carbon economy such as the introduction of a carbon tax, increased regulations, heightened permitting requirements and increased exposure to lawsuits.

Steelforce successfully managed 1st CBAM reporting and committed to fulfill all obligations to comply with all EU and other emerging regional regulations. Also, measurement of the company's carbon footprint was launched in 2023.

Carbon accounting, however, is not a hot topic in many developing countries; but the EU CBAM may level it up rapidly.

ENVIRONMENTAL RISKS

Physical risks are those related to the physical impacts of climate change such as increased frequency and severity of extreme weather events (e.g. wildfires, cyclones, hurricanes, floods).

The earthquake that occurred in February 2023 had a negative impact on the Turkish steel industry, as one third of steel plants were forced to temporarily halt production. In general, Steelforce experienced a very limited impact on its operations thanks to the Group' multi-sourcing business model.

Social



Social factors to consider in sustainable investing include a company's strengths and weaknesses in dealing with social trends, labor, and politics. Some social factor may lead to reputational damage, therefor workplace safety and well-being of employees should be a top priority.

The Group's management continue to support both Steelforce 'Communication team' and 'Well-being team' in their actions to ensure physical & emotional well-being and their initiatives to promote healthy practices within the company and local community. 2023 highlights:

- A new 2023 Steelforce homeworking policy allowing all employees to work from home 2 days per week on a regular basis to maintain their work-life balance.
- 'Social Media Collaboration Team' is a new initiative to shape & bust Steelforce social media identity by creating and posting business-oriented content.
- A newly renovated Head office provides Group's employees and their visitors with a healthy working environment and creates eco-friendly city infrastructure, while preserving the protected building within the city of Antwerp heritage.

SOCIAL RISKS

Governance



Governance risk includes the risks related to an organization's ethical and legal management, the transparency and accuracy of a company's financial performance, and involvement in other ESG initiatives important to stakeholders. By investing in employment, company ensures its own successful growth in the future.

Steelforce organizes regular in-house training sessions for newcomers and promotes a life-long learning for all employees. Our sessions are scheduled and held by treasury, logistic, risk and compliance teams as a part of the group's internal training program. We also creating awareness in ESG compliance and share our knowledge with our top customers. Below infographic shows evolution in compliance training.

GOVERNANCE RISKS

Gender diversity and gender equity represent another high-profile governance factor, with many institutional shareholders demanding better representation of women on corporate boards, and in the executive ranks, equal compensation, and access to career promotion for women.

Steelforce aims to secure diversity in perspective, which contributes to more balanced and diverse employment. Creation of STEELFORCE GROUP SUSTAINABILITY COMPASS with clear targets and KPIs will create a suitable background for actions and carrier plan for all employees.

In-house Training in Compliance

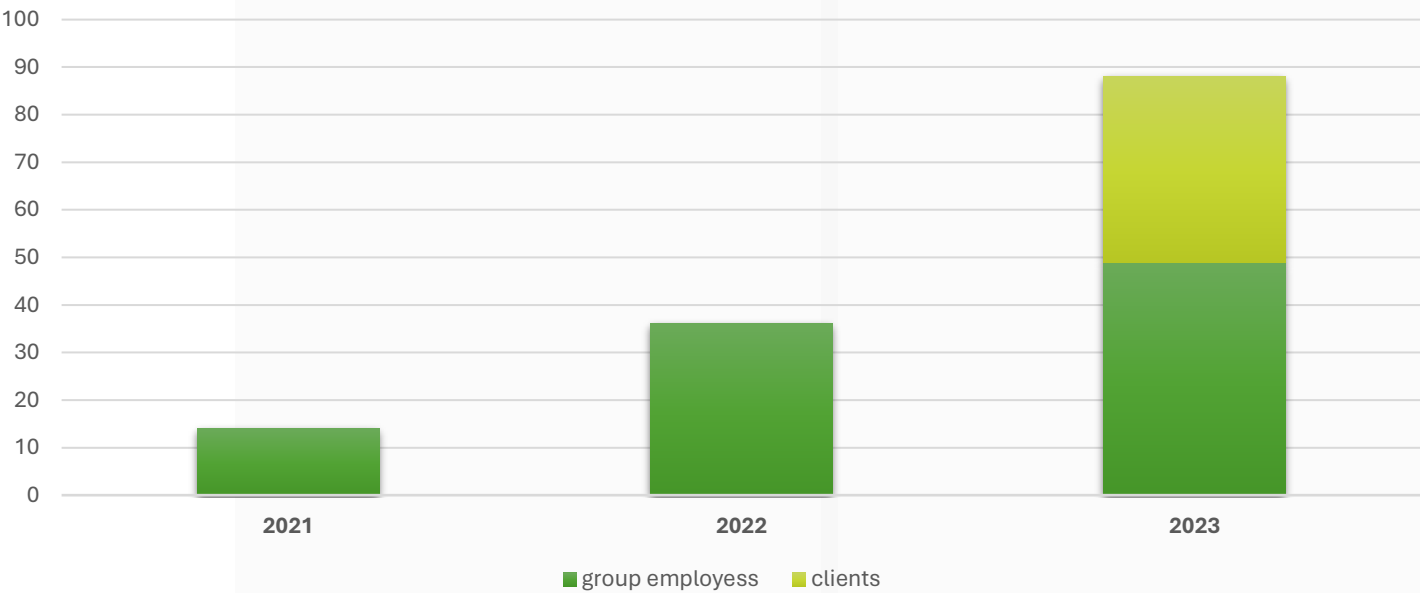
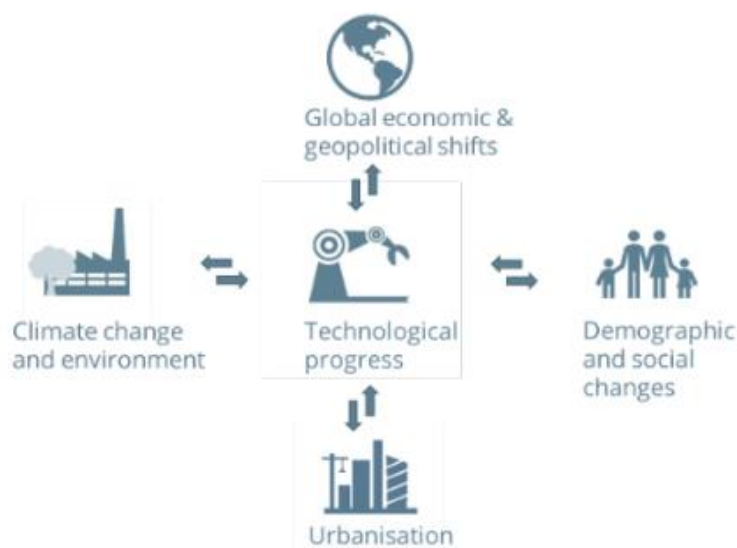


Figure 2: Steelforce in-house training in compliance evolution

2.5 EXPOSURE TO SUSTAINABILITY MEGATRENDS

As the world moves towards a new global (economic, geopolitical, industrial) order at an accelerating pace, identifying the right vision and strategies that ensure the long-term sustainability of our businesses gains the utmost importance. The past few years have seen a rapid acceleration in the ESG agenda being taken up by leading organizations across the globe. Most of these factors are part of broad trends currently affecting the economy and are impossible for businesses to ignore. A global, macro trends which have been observed spanning across multiple sectors are called **Megatrends**. It is generally argued that a megatrend should satisfy **3 criteria**: being long-term, having a broad scope and having a major impact. These **5 megatrends** will shape the future development of the world:



Source: WORLDSTEEL Association

Trends that will shape the future of the **steel industry**: urbanization and industrialization and together with ongoing megatrends, are expected to affect steel demand, steel products and the steel production process. **Urbanization** is a key driver in the development of the global construction industry and will further accelerate in the future with rapid **industrialization** in developing countries and the shift to a knowledge economy in advanced countries. Urban areas, or simply cities are at the heart of global transformation. Cities represent about 55% of the global population, 80% of global GDP, and 75% of GHG emissions & energy consumption. These statistics show very clearly that the green transition and technological progress will drive an accelerating transformation of cities and our urban lives around the world during the next few decades. Cities infrastructure will be built or/and transformed into more energy-efficient and multi-function neighborhoods to increase the occupation efficiency of buildings. The focus on the durability of materials is also likely to grow, as building designs will aim at achieving the longest possible lifetime with the lowest lifecycle impact.

Two main steel-using sectors, **construction and automotive** will play a major role in this transformation, both sectors will demand more eco-friendly steelmaking and high-performance products (such as high strength and toughness steel, high corrosion resistance steel). With digitalization and process integration we also expect to see a growing use of prefabricated components and modular construction. Demand for low-carbon materials, recycled and used materials will be growing as well. A rapid transformation of the automotive sector and mobility systems around the world is expected to gain its momentum from the mid-2020s. The massive rotation in the global vehicle fleet is predicted to take place in the 2030s. Recently, China and Europe have been leading the way in EV sales growth. Sales for BEV and PHEV in Europe increased by 137% in 2020 compared with the previous year (despite a 20% year-over-year decrease in the total car market). Europe now is the largest market for new plug-in electric vehicles, overtaking China's first spot. Global light vehicle sales are forecast to grow from around 80 million units today to more than 100 million units by 2030. The growth in demand is expected to come mainly from developing countries with vast populations and low motorization rates such as India. Automotive industry is also expected to demand durability and strength for steel components for electric vehicles to endure considerably higher mileage during a vehicle's lifetime. The global steel industry is countering alternate materials with new grades and new processes and expected to take a leading role in decarbonization of all steel-using industries.

Construction and automotive sectors, as well as packaging and machinery are pillars of Steelforce trading activity. Based on the **Group's Business Model** we expect the following megatrends to have a major impact (both positive and negative) on our business activities in the future:

CLIMATE CHANGE

- The EU Green Deal will define the competitiveness of steel imports. CO2et will be part of the price calculation.
- Outside Europe markets are less sensitive (yet) to climate change issues and rather focused on economic & social development.

SHIFT IN ECONOMIC POWER

- Industrialization of developing countries will 1) change the product type imported 2) create own steel production & reduce the need to import (our market potential)
- Shift in trade flows resulting from embargos, political issues, currency availability & local economic GDP

CHANGE IN CONSUMPTION PATTERN

- Steel replacing or/and being replaced by substitute products (plastic, glass, concrete)
- Demand for more sustainable steel (lighter & long-lasting steel products)

TECHNOLOGICAL CHANGE

- AI can improve efficiency & reduce operational costs , but also can reduce customer-oriented service
- Digitalization will change the way we communicate & meet people. Will our network of traders, agents & local offices still be the right asset to perform in the market? Digitalization will also improve market transparency & might reduce our role to bridge market gaps.

URBANIZATION

- Rapid positive growing sales to Latin America & Africa (construction infrastructure, housing , electrification...)
- Population growth in developing countries (our core markets : Africa & Asia)

STEELFORCE ESG COMMITMENTS

3.1 ESG FRAMEWORK BASED ON SDG

Keeping our dedication to the principles, that aligned with the 17 UN Sustainable Development Goals (SDGS) set out in 2015, as a company we are committed to the following set of 10 goals covering social, environmental-economic aspects , and governance:

- ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES (SDG 3)
- ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL (SDG 4)
- ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS (SDG 5)
- REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES (SDG 10)
- BUILD A RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION (SDG 9)
- MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE AND SUSTAINABLE (SDG 11)
- ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS (SDG 12)
- CLIMATE CHANGE AND SUPPORT FOR LOCAL COMMUNITIES (SDG 13)
- PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL (SDG 8)
- STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVITALIZE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT (SDG 17)

ENVIRONMENTAL RESPONSIBILITY

Steelforce promotes a **Circular Economy thinking**. Steelforce Group is committed to operating its business efficiently and in a financially sustainable way, to supply steel products and solutions (e.g., responsible Supply Chain, Digital Innovation & Data Accuracy) that satisfy customers’ needs and provide value to stakeholders. The Group requires its partners to conduct business in accordance with all applicable environmental laws and keeps recommending to continuously improve quality of their products and/or services by reducing environmental impact through technological innovation and **reduction of CO2 emissions**.

Steelforce strive to enhance a **proactive communication and open dialog** with regards to ESG matters by share concerns about difficulties in **shaping clear goals**. Steelforce continues to promote and offer more **durable products** to its clients and **strive to become a sustainable supplier**. We continue contributing to the circular economy and the EU decarbonization plan by **supporting and investing in sustainable projects within the Group (Steelforce Packaging ZERO EMISSION TINPLATE CAN project 2025)**.

Steelforce is committed to minimization of environmental impact by renovation and **modernization of the company’s facilities** and to improve energy efficiency in our business operations by **minimalizing our corporate carbon footprint**. To ensure responsible consumption Steelforce is 100% committed to our **in-house Waste Management Program** and strongly promotes conscious business travel and **smart mobility** by launching a revised **Company Car and Travel Policy**.

SOCIAL RESPONSIBILITY

Steelforce is strongly committed to a **culture of acceptance and promotes discrimination-free workplace and equality of opportunity**. Steelforce Group ensures equal treatment for all its employees. We believe we can reach great results as a company and find new solutions for every challenge by giving our employees **opportunity to build up their professional knowledge**. Steelforce promotes lifelong learning by providing all employees with various training courses to build their skills with special care for matters of Ethics and Code of Conduct, e.g. webinars, e-learning and diverse in-house trainings. To ensure **Physical & Emotional well-being** Steelforce guarantees that everyone in the company can get access to health-care services. Steelforce will take **more action in anticipate impending burnouts** or stress-related conflicts.

Steelforce promotes values and initiatives that show **respect for the people and communities** associated with our business markets. It is part of our core to travel around the world to meet our business partners and to get familiar with other cultures and alternative ways of thinking, and to humanly embrace international communities. The Group considers the environmental influence of the steel products being handled and keeps in mind preservation of the natural ecosystem. We continue helping those in needs. Steelforce strongly condemns the violence and express its empathy and **support to all our partners and colleagues** living in the war zone or suffered from natural disasters.

CORPORATE GOVERNANCE

We focus on long-term value creation rather than short-term benefits, we continue to learn how to manage sustainability-related matters in our own operations and value chain in regards social and human rights, climate change, environment. We stay compliant with the EU ESG-related regulatory frameworks (CBAM, EU Taxonomy, CSRD). The Steelforce family of companies operate in many different countries and in every single region we have the responsibility to follow our internal policies and procedures, global and local laws, and international regulations that apply to our business. Our firm commitment to ethical and compliant conduct is embedded in **both Group’s Code of Conduct in Trading and Compliance Policy**. **We continue broaden our knowledge of Sustainability and building up Steelforce’s own know-how approach, which is forming the basis for the current and future ESG strategy of the company!**

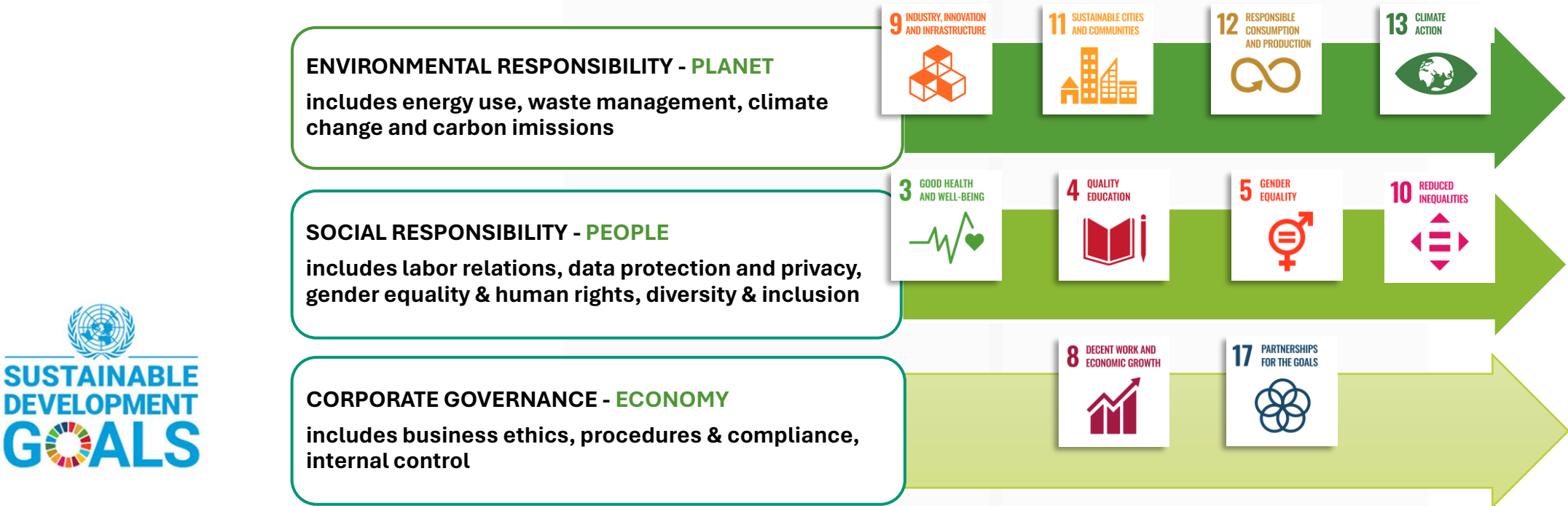


Figure 3: Steelforce FRAMEWORK based on 10 SDG

3.2 GREEN STEEL PROJECTS 2025-2027

ZERO EMISSION TINPLATE CAN PROJECT 2025

Steelforce is proud to be investing in research and development that will position the Group as a sustainable can-scrap buyer, sustainable supplier to the packaging industry and will contribute to the circular economy and the EU decarbonization plan.

Steelforce Packaging, responsible for the Group's tinplate business, continues working together with industry experts and scientists on further research and testing possibilities to produce the first ever emissions free steel for packaging. Steelforce Packaging cooperates with two steel producing mills, the Italian consortium for recycling and recovery of steel packaging and Italian metallurgical researchers.

Important to mention that this is an experimental procedure, and is supported by the Italian Ministry of Education, University and Research (MIUR) through the "Department of Excellence LIS4.0" project (Integrated Laboratory for Lightweight and Smart Structures).

Steelforce Packaging CAN Project is aiming to make the production of tinplate production climate neutral and fully circular, based on technological innovation: de-coating and recycling of already used packaging. Producing ETP/TFS packaging material out of scrap in an electric arc furnace, with separation of the coating prior melting scrap. The challenge is to make sure that tin and chrome coating do not end up inside the metal packaging suitable steel mix. According to the preliminary emission saving calculations decrease from 3kg to <0.3kg per ton.

This project started in the 3rd quarter of 2022 with preparation and researching, continued 2023 with some trial testing, and will continue throughout 2024 with constructing of a full-scale de-tinning structure able to de-tin about 250.000 tons of ETP (at an estimated cost of 120.000 EUR). The final phase of the project refers to coming to the EU market with the first ever tinplate out of an EAF produced using innovative uncoated scrap.



LOW CARBON STEEL PROJECT 2027

Our largest entity Steelforce NV, Antwerp has joined forces with Meranti Green Steel of Singapore to cooperate on offtake of Meranti's future Green HRC products. Steelforce will also co-develop branding and international marketing strategies including those for West and Central Europe. Steelforce brings its expertise in steel trade to the partnership, while Meranti introduces cutting-edge green steel technology and products from an integrated APAC supply chain. The partnership highlights a shared commitment to decarbonization of the steelmaking industry, leveraging renewable energy sources and advanced steelmaking technologies to produce low-carbon and green hot rolled coils.

Meranti Steel will be transforming the hot direct reduced iron into briquetted iron, which will be then available for steel making in an Electric Furnace for production of thin slabs and low carbon and/or green hot rolled coils (Green HRC). This approach is based on gradual increase share of green hydrogen used in mills' DRI process. In an initial stage, with the use of up to 25% green hydrogen in the DRI process and renewable energy for steelmaking, Meranti Steel is planning to achieve less than 600 kg of CO2 per ton of steel (or 0,6 tCO2e per ton), which is a significant reduction by more than 70% compared to the blast furnace-based method.

Once mill has fully transitioned, Meranti Steel is planning to achieve less than 150 kg of CO2 per ton of steel (or 0,15 tCO2e per ton) . This means 90% reduction compared to the blast furnace-based method. Meranti's Goal is to save nearly 4 million tons of CO2 annually.

Steelforce is committed to this fantastic project and look forward to shaping a more sustainable industry and planet together with our Asian partners!



3.3 STEELFORCE CARBON ACCOUNTING OUTLOOK

Decarbonization is the process of reducing the carbon footprint of a specific scope, such as a company, organization or region. The carbon footprint is a term used to describe the total carbon footprint of a system, including fossil fuel consumption, waste, land-use change, and other direct and indirect emissions. For companies, this process includes implementing changes in the way their products and services are produced, shortening their carbon footprint.

Scope 1 + Scope 2 + Scope 3 = Corporate carbon footprint:

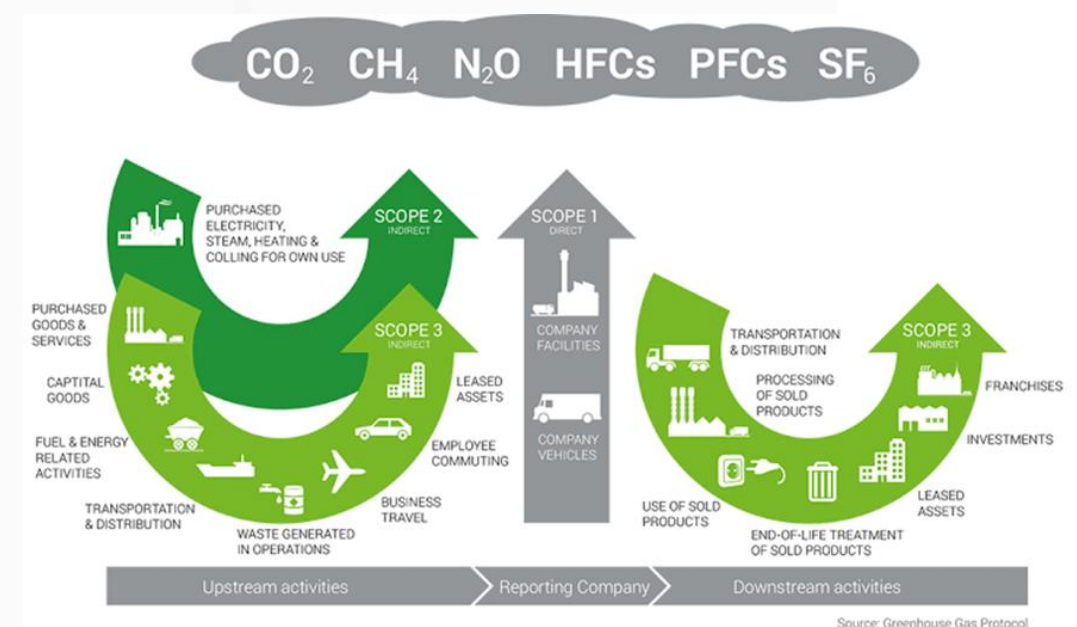
In order to take control of company's net-zero transition we have to understand the full picture of a company's carbon footprint, it is critical that our future corporate sustainability reports include all three scopes and the relevant scope 3 subcategories. For many businesses, Scope 3 carbon emissions account for more than 70 percent of their carbon footprint, for some business over 90% of their emission occur in Scope 3. However, many companies, as ours, have less control on how Scope 3 emissions are addressed. Current steel production generates around 8% of global CO₂ emissions. To bring the sector in line with a 2050 net-zero target, process emissions must fall by at least 30% by 2030. An effective corporate climate change strategy requires a detailed understanding of a company's greenhouse gas (GHG) emissions. Therefore, Steelforce focuses on Scope 3 emissions calculation covering a big part of our value chain from source to shipment.

SCOPE 1 GHG EMISSIONS (DIRECT GHG EMISSIONS) occur from sources that are directly controlled or owned by the organization, i.e., emissions associated with on-site stationary fuel combustion or mobile fuel combustion (vehicle fleet).

SCOPE 2 GHG EMISSIONS (INDIRECT GHG EMISSIONS) associated with the purchase of electricity, steam, heat, or cooling. Although scope 2 emissions physically occur at the facility where they are generated, they are accounted for in an organization's GHG inventory, because they are a result of the organization's energy use.

SCOPE 3 GHG EMISSIONS (INDIRECT EMISSIONS) are the result of activities from assets and services not owned or controlled by the reporting organization, but that the organization indirectly impacts in its value chain.

Source: Greenhouse Gas Protocol



Steelforce procurement strategy always was a multi sourcing strategy. Evaluating our existing multi sourcing supply chain will take some time.

To understand our emissions, we should be able to measure on a continuous and objective basis all emissions across our supply chain. Steelforce Group decided to implement a bottom-up approach system whereby the emissions can be measured for each trade. Steelforce Group deliberately stayed away from other carbon accounting systems which use a more top-down approach, we believe we would end up with a framework which would not actionable enough for a company like Steelforce.

We also believe that technology is a key driver in this exercise, helping businesses collect the data they need, not just from their own operations, but also from those of their entire supply chain. Businesses need data to know their steps take them in the right direction. Mapping and reviewing our current supply chain is a crucial part of our strategy. And finally, in 2023 Steelforce started to build up knowledge in a very complex way of measuring, understanding, and managing our transactional emissions. **Our goal is to turn our entire supply chain information into a detailed, accurate emissions report and risk analysis.**

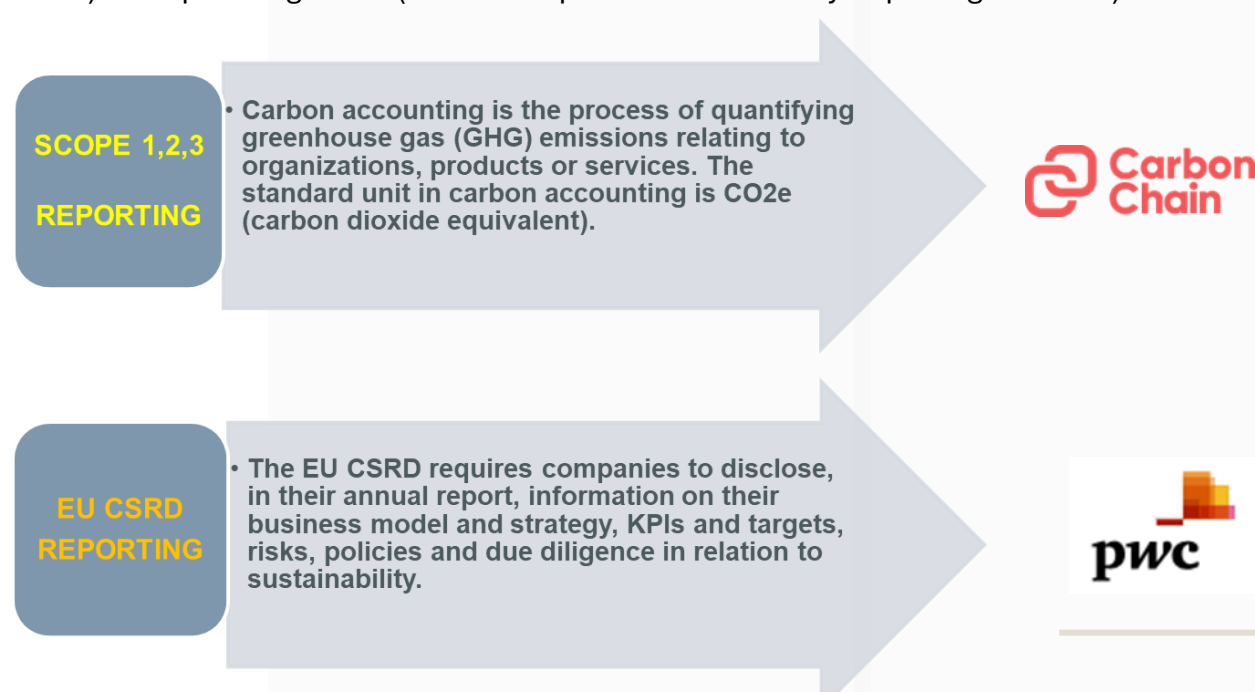
To assure the independence and verifiability of our carbon accounting measurements, Steelforce has partnered up with the UK based CarbonChain.

We have not just purchased a tool, but, due to complexity and a large trade flow of Steelforce, we gradually developed a process of co-creation.

Through CarbonChain online platform, Steelforce Group has been measuring and tracking the carbon impact of its specific steel trades since January 2023. Today CarbonChain's platform is one of the world's most trusted carbon accounting systems with methodology based on the Greenhouse Gas Protocol and supported by Carbon Disclosure Project (CDP). CarbonChain's carbon accounting methodology has been third-party verified by Bureau Veritas and SGS, both validating that CarbonChain's latest methodology is aligned with global carbon accounting standards (specifically, the GHG Protocol). CarbonChain is also trusted by top European banks such as Société Générale, Rabobank and ING. By investing in this co-creation of a strong tool for carbon accounting, Steelforce is ready to roll out its services in all regions outside Europe that are not currently very concerned about ESG issues. We are aware of the differences that exist around the world, and we are ready to support steel producers and end customers around the world in a greener, more sustainable way of working by offering that extra option of taking care of everything related to regulation and carbon accounting.

This does not make Steelforce a company that sells ESG solutions, but a steel trader that can provide additional services to its business partners.

The carbon accounting platform will also allow us to set up a reporting system which will be in full compliance with the ongoing EU CBAM regulation (the EU Carbon Border Adjustment Mechanism) and upcoming CSRD (The EU Corporate Sustainability Reporting Directive).



3.3-1 STEELFORCE CARBON FOOTPRINT CALCULATION: SCOPE 3

When you know your company’s carbon footprint, you know how relevant your own and your value chain (scope 3) emissions are, so you can make data-driven decisions and improve where it is needed the most. Quantifying Scope 3 GHG emissions is not an easy task and requires reviewing of company’s data management, which usually demands dedication and some additional work. The quality of the input data is important; the more comprehensive and accurate the input is, the more reliable the carbon accounting output is. The basic outcomes of carbon accounting typically important for both internal and external corporate reporting. On the actionable level, corporate carbon accounting leads to:

- Fulfilling the EU regulatory requirements for carbon disclosure, such as EU CBAM and CSRD
- Setting science-based targets to show evolution of company's efforts to contribute to the global decarbonization process
- Demonstrating transparency to all internal and external stakeholders
- Measuring GHG emissions reveals risks and reduction opportunities
- Provide a competitive edge in the market, support customers in their ESG journey

In 2023, the Steelforce Group made substantial progress in the measurement and management of carbon emissions by implementing a robust carbon accounting system, ensuring more accurate data **covering Scope 3 Upstream and Downstream indirect GHG emissions**. For 2022 and 2023, Scope 3 emissions we have screened almost four thousands transactions at the Group level, which are being translated consequently into 55 per cent from the total realized volume in 2022 and 68 per cent in 2023.



Calculation	2022 year	2023 year
TOTAL TRADES	1,637 K	2,240 K
TOTAL VOLUME	1,03M Mt	1,40M Mt
% REALIZED VOLUME	55%	68%
TOTAL EMISSIONS	2,36M tCO2e	3,27M tCO2e
Av. INTENSITY	2,29 tCO2e/t	2,33 tCO2e/t

Steelforce purchases steel products directly and through other trading channels from almost 250 production facilities. Depending on production process (blast furnace–basic oxygen furnace (BF-BOF) or scrap-based electric arc furnace (EAF)) we can indicate a clear difference in CO2 emissions and energy intensity per each supplier and type of steel products.

By screening all transactions registered in our ERP system in the past 2 years, we can conclude that average intensity of our suppliers varies in the range between 3,65 and 0,38 tCO2e/t, and only 8% of our supplier we can consider as more sustainable. These are Turkish and European manufacturers. All supplier with 2,0 tCO2e/t and higher are BF-BOF type producers.

Within Steelforce we do understand that our sustainability performance, as a trustworthy supplier, will very soon become crucial for the EU customers’ buying decisions. In Latin America, the Middle East and Africa customers are not yet ready to build their business model around ESG topics, but we should be prepared for new international regulations and governments’ policies which will push heavy industries around the globe to take actions and participate in decarbonization process.

Steelforce suppliers performance
EMISSION INTENSITY (TCO2E/T)

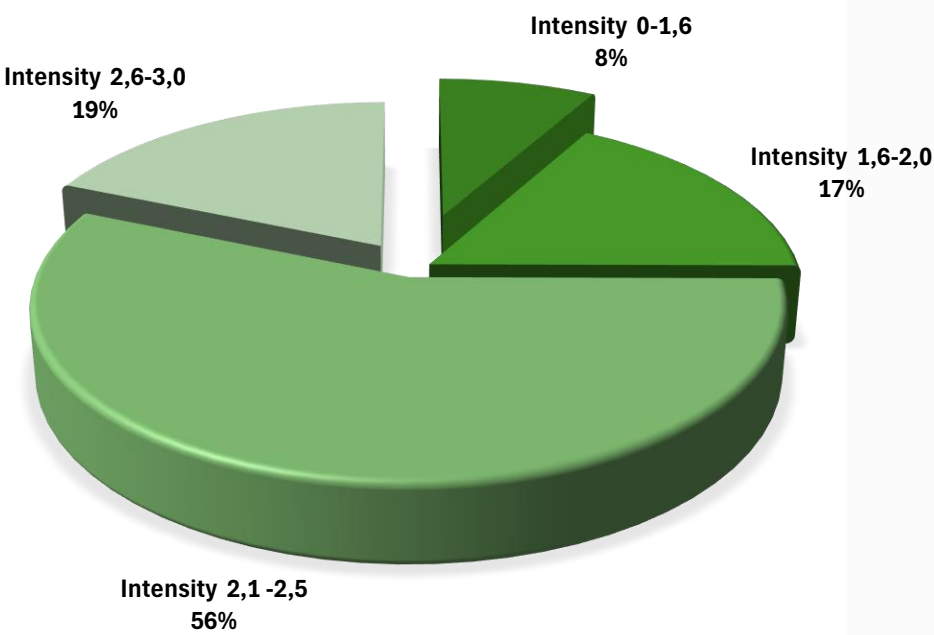
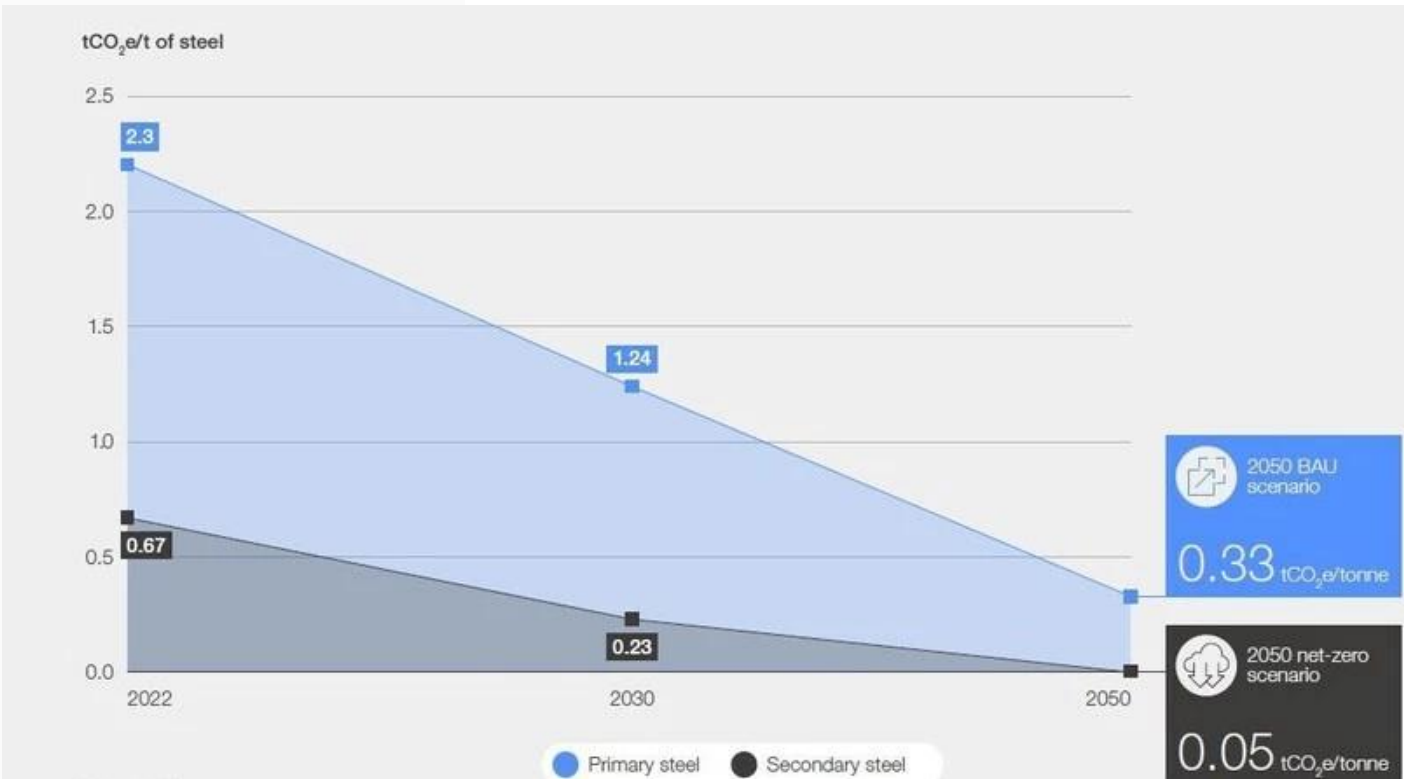


Figure 4: Steelforce Performance by suppliers: Emission intensity

Global Steel Industry Net-Zero Goals 2030 - 2050
EMISSIONS INTENSITY TRAJECTORY FOR PRIMARY AND SECONDARY STEEL



Source: World Economic Forum

3.3-2 THE EU CBAM REGULATION

Emissions from heavy industries that produce primary materials like steel, chemicals, cement, glass and paper, are energy intensive. Steelmakers are responsible for 8% of the world’s carbon emissions , which is approximately 3.6 billion metric tons of carbon dioxide (70-80% of all GHG) a year. All emission intensive goods moving through EU borders are now under the spotlight. Before an imported cargo of steel arrives into the EU, it’s already generated a significant carbon footprint. Europe’s Green Deal is prompting industries to examine their processes and supply chains to better understand where their CO2 emissions happen and how to shrink the overall footprint.

The EU’S CBAM (the EU Carbon Border Adjustment Mechanism) is a key pillar of its fit for 55 PACKAGE. This new regulation applies to energy-intensive sectors such as Iron & Steel, Aluminum, Electricity, Cement, Hydrogen and Fertilizers. Sectors to be covered by 2030: Oil refining, Glass & Ceramics, Acids & Organic chemicals, Lime, Aviation & Maritime.

CBAM geographical scope includes the EU plus Iceland, Liechtenstein, Switzerland and Norway and it applies to the following greenhouse gases: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and Sulphur hexafluoride (SF6).

The EU’s CBAM has multiple objectives: limit carbon leakage by preventing industries from moving elsewhere when the cost of emissions goes up in the EU and protect EU-based companies from unfair international competition from companies based in countries with less stringent climate policies. The successful implementation of CBAM should serve as a testament to the viability of an international carbon tax.

In the short term, the EU CBAM is making compliance more complex, as importers and installations navigate new rules and as the European Commission itself experiences some errors in CBAM implementation. CBAM is also a physical and logistical challenge; after the transitional period, importers may not be allowed to import CBAM-covered steel products into the EU if they’re not compliant with the carbon reporting and CBAM certificate-purchasing rules. Most of all – and this is the EU’s primary intention – CBAM will impact the way in which carbon emissions accounting and reporting is embedded into business operations, supplier relations and procurement in the steel and other energy intensive sectors. By putting a price on these emissions, CBAM aims to drive transparency and decarbonization towards global climate goals, in a way that carbon regulations applying to home-made goods can’t do alone.

In the long term, however, CBAM will encourage global climate action. The CBAM will require countries that want to engage commercially with the EU to implement stronger climate policies to avoid the carbon costs associated with their exports. This could lead to increased adoption of cleaner technologies and practices worldwide. It could also influence the entire supply chain of CBAM products. Exporting countries may encourage their suppliers and manufacturers to adopt more sustainable practices and reduce emissions throughout the production process to remain competitive in the EU market. The revenues generated from the carbon border tax can be used for various purposes, such as supporting domestic businesses to decarbonize their operations, funding other solutions for climate mitigation and adaptation, or providing financial assistance to developing countries to address their environmental challenges.

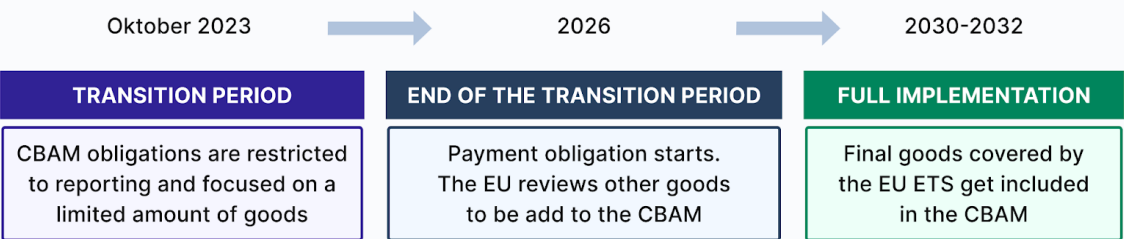
Currently, imported goods represent almost 20% of the EU’s GHG footprint, and the emissions embedded in imports have grown in recent years. A recent study found that the direct emissions caused by CBAM goods imported into the EU stand at 83 metric tons (Mt) of CO2, and encompassing all industries considered by the EU ETS would increase the coverage of the CBAM to 179 Mt CO2. The most ambitious and comprehensive CBAM that would address all imports to the EU and all indirect emissions would cover approximately 1,558 Mt of CO2.

Other jurisdictions may consider instating their own carbon prices to retain money otherwise paid to the EU: The CBAM is a first-of-its-kind tool because it is the first to extend carbon pricing to imports; however, some are looking at it cautiously, including the United States, whose government has taken a different approach. Rather than taxing carbon like the EU, Americans are subsidizing decarbonization through tax credits to support the development of green technologies under its Inflation Reduction Act. The UK Government has already confirmed that it will implement a Carbon Border Adjustment Mechanism (CBAM) by 2027. It will apply a charge on the carbon emissions embodied in imports from the following sectors: aluminum, cement, ceramics, fertilizers, glass, hydrogen, iron and steel.



Figure 4: The implementation of the EU CBAM

The EU Carbon Border Adjustment Mechanism (CBAM): Key steps



With the introduction of the EU Carbon Border Adjustment Mechanism (CBAM) in October 2023, Steelforce had to swiftly adapt to a new complex regulation. Importing thousands of tons of steel products through the EU each year, Steelforce was already tracking the carbon footprint of many of its product lines using the CarbonChain platform. And yet, like the rest of the industry, our company had never before been subject to customs-level carbon reporting requirements. The challenge was two-fold:

- Submitting its first ever CBAM declarations by the 31st of January 2024, which meant understanding and following the European Commission’s new rules in a tight timeframe;
- Ensuring international suppliers were (a) aware of CBAM requirements and (b) monitoring their emissions in an EU-approved way, ready to provide Steelforce with primary data when it becomes mandatory for CBAM reporting (by the 31st of October 2024)

With the risks of fines for non-compliance and with critical supplier relationships at stake, Steelforce sought a trusted partner to streamline the process and ensure accurate and timely reporting. So, we turned to CarbonChain for their digital solution and steel carbon accounting expertise once again. We proud to announce that our 1st reporting covering the very first reporting period (October 2023- December 2023) was successfully submitted into the EU CBAM Transitional Registry.

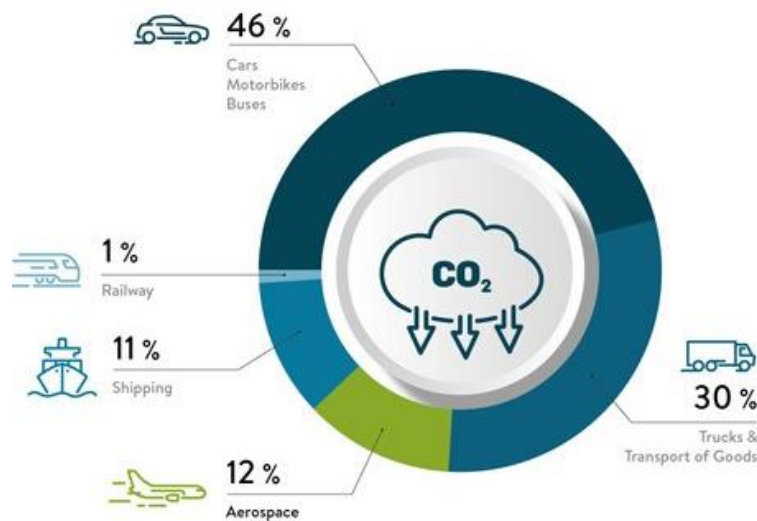
All 5 EU Entities of the Group are subject to reporting (Steelforce NV / Steelforce Europe NV / Steelforce Packaging BV / Steelforce Italy / Expono as). Based on Customs Declarations we have reported a total volume of 41,218 metric tons of steel products imported into the EU in the last quarter of 2023. Total volume of emissions reported as per Group’s first report and based on the EU default values is **96.287,96 MtCO2e**.

Steelforce UNIT	Steelforce ENTITY	VOLUME in Mt	VOLUME in tCO2e
EXPONO TEAM	STEEFORCE EXPONO AS	563,46 Mt	1.324,14 tCO2e
EUROPE TEAM	STEEFORCE EUROPE NV STEEFORCE NV	15.303,08 Mt	35.607,11 tCO2e
PACKAGING TEAM	STEEFORCE PACKAGING NV STEEFORCE ITALY	25.049,03 Mt	59.356,72 tCO2e
GRAND TOTAL	GROUP EU ENTITIES	41.218,71 Mt	96.287,96 tCO2e

3.3-3 STEELFORCE MOBILITY 2023

Individual mobility is a basic human need. It is a sign of personal freedom and independence - and contributes significantly to the international business and intercultural understanding: people wish to travel, and travelling connects individuals and countries. Whereas mobility of people has to be cherished, we gained with our staff consciousness on the way we circulate around the world. A state of mind to opt and select **efficient and sustainable transport as part of a global decarbonization process.**

Today, modern aircrafts consume on average 80 percent less fuel per seat-kilometer compared to aircraft in the late 1960s. However, demand for air travel has risen sharply since then and this trend is set to continue in the future. According to statistics, approximately 80 percent of the world's population has never traveled by air. Global air travel remains the most climate-intensive form of transport. And this is only set to rise. Between 2005 and 2019, aviation traffic in Europe grew 67%, causing its emissions to grow at a time when they need to be falling- and emissions are projected to grow by a further 38% by 2050. The aviation industry has therefore set ambitious sustainability targets, as an increasing demand should not come at the expense of future generations. Today, the International Energy Agency (IEA) puts global CO2 emissions from the entire transport sector at 8 billion tons. 46 percent are caused by car traffic, 30 percent by trucks and freight transport, 12 percent by aviation, 11 percent by shipping and 1 percent by railroads. Business travel represents approximately 30% of all air travel in Europe. Business travelers make up 12% of airline passengers—but an impressive 75% of revenue on certain flights (!). This is because corporate flyers are typically frequent flyers. In fact, frequent flyers – less than 1% of the world's population – account for more than 50% of aviation emissions.



Source: European Environment Agency

Steelforce is not an exception, a result driven company with business partners all over the globe, we do expect our commercial people travel to their markets, improve their business relationships with both suppliers and customers, but we should try to travel smart and as green as possible. Individual mobility (private as well as business travel) refers to **Scope1 GHG emissions** and we have been working on optimizing our own operations as well. Steelforce has recently renewed its General Travel policy in addition to its Car policy. We continue to monitor our corporate travel behavior and expend our carbon accounting covering all Scopes of emissions. Already now we can obtain relevant data from our Travel agent Uniglobe and report our Air travel footprint:



YEAR	Sum of CO2 Emission (ton) with RF	Sum of CO2 Distance (km)
2019	458,03	2.025.609,76
2020	180,07	817.665,51
2021	231,35	1.041.176,88
2022	476,95	2.301.774,97
2023	811,47	3.902.381,09
Grand Total	2.157,86	10.088.608,21

We continue to support alternative transport covering short distances: travelling by rail remains the most sustainable and affordable for travelers in Europe. The European Commission has said it wants high-speed rail traffic to triple by 2050. With one of the densest networks in the world, rail in the EU can play a key role in advancing a much more efficient transport system, built around dense urbanization. Shifting passengers from road and air transport to rail transport is also a necessity to achieve the EU climate targets in time. Back in 2021, we approved our new car policy with the idea to greenify our car fleet by switching to electric vehicles which are clearly better for the environment than petrol or diesel cars. Steelforce transition to zero-emission mobility started by offering hybrid or fully electrical cars. Number of diesel cars is drastically decreased from 81% in 2018 to 33% in 2022 and finally 29% in 2023; number of petrol car remains is down to 12% and will be decreased to zero, when the lease comes to an end. First 3 PHEVs were ordered in 2021, 2 HEVs were ordered and delivered in 2022 + 1 full electric ordered for delivery in 2023. Now we proud to report that total number of greener vehicles reached 60% (or 10 out of 17) of Steelforce Belgium car fleet.



Type	2018	2019	2020	2021	2022	2023
% Diesel Engine	81%	71%	71%	50%	33%	29%
% Petrol Engine	13%	21%	21%	25%	20%	12%
% PHEV	6%	7%	7%	24%	33%	41%
% HEV					13%	12%
% FEV						6%
# Total	23	19	15	17	15	17

Steelforce continues to promote other sustainable alternatives including city and electrical bikes and public transport subscriptions.

- We stay committed to the bike lease program:
 - in 2021 financial year (which was exceptionally prolonged to 15 months instead of 12)
 - 19 employees of our Antwerp office used bikes for their work- home travel (with 32.858 kms total)
 - in 2022 financial year 17 Steelforce Antwerp employees used bikes for their work-home travel (with 25.722 kms in total)
 - In 2023 financial year 18 Steelforce Antwerp employees used bikes for their work-home travel (with 24.298 kms in total).
 - Since 2023 our newly renovated Head office building foresees the bike parking including charging stations for electrical bikes.

Excluding the impact of covid 19, we have reached a stable level of participants in our bike lease program with one third of our HQ staff transiting by bike. In our view, it makes no sense to try to increase the number of bikers and shine with the KPI s resulting from it. As a company we should create the facility, the philosophy and offer the set of options to our staff. Creating a change of mind in terms of personal mobility is a sustainable target with a long-term impact rather than KPI scoring.

- 15 employees make use of a full-time public transport subscriptions, 4 persons do have a part-time public transport subscriptions, combining it with the bike. We expect the number of people using bikes and public transport for their work-home travel to remain stable for the next few years.

Steelforce encourage similar actions and initiatives at all other locations than Antwerp .



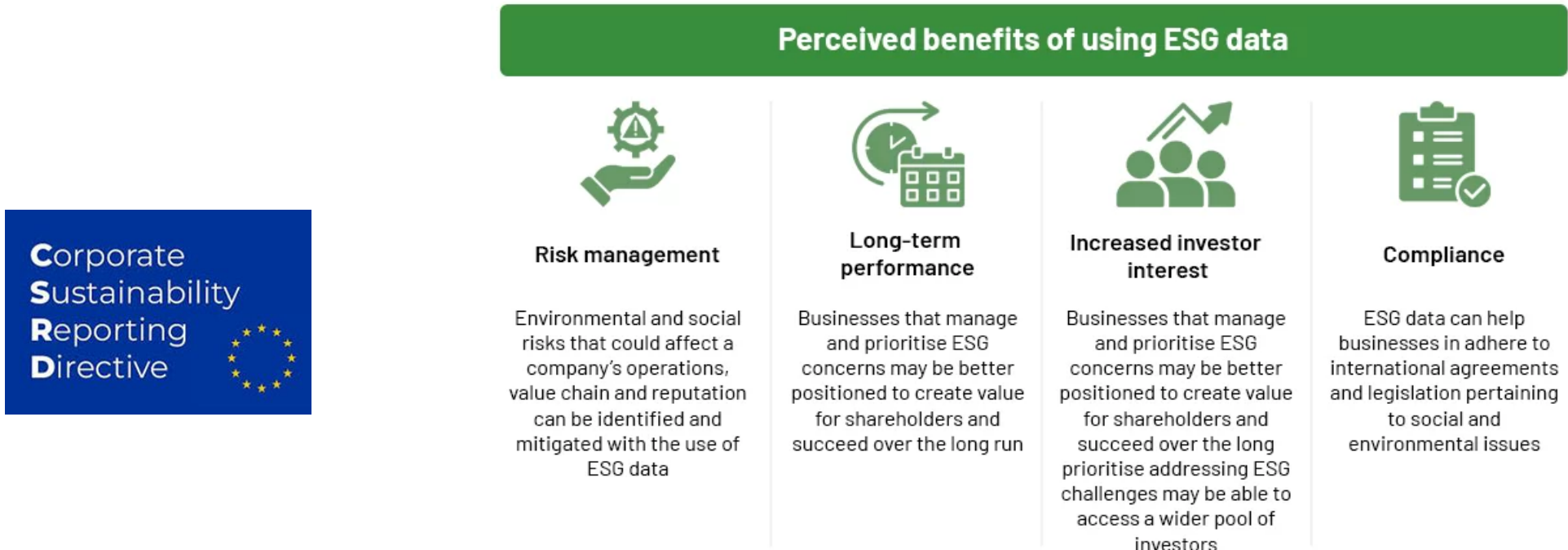
3.4 ROADMAP TOWARDS INTEGRATED REPORTING & CSRD

The ESG reporting landscape is changing rapidly. Recent regulations have brought a variety of businesses under the compliance reporting umbrella. Sustainability reporting has already become a strategic topic: voluntary carbon reporting has become a business norm, and supply chains are under the spotlight. Policymakers and civil society are increasingly expecting transparency and action in high-emitting sectors. Investors, analysts, businesses, lawmakers and other stakeholders already use ESG data to comprehend and make well-informed decisions on risk, sustainability and business effectiveness. Banks are under increasing pressure from authorities and stakeholders to disclose their financed emissions and reduce the GHG emissions from their financing activities.

The EU Taxonomy Regulation (2020/852) sets criteria to determine whether an economic activity is environmentally sustainable, helping investors make green choices. A robust regulatory landscape within the European Union (EU) has been created to promote sustainability and responsible business practices. Important frameworks have been put in place to guide companies towards sustainable investing and transparent reporting. The EU Corporate Sustainability Reporting Directive (CSRD) itself has brought about 50,000 companies under the ambit of mandatory ESG reporting from 2024. This suggests that the first CSRD reports are due in 2025, but a lack of data to adequately report on dozens of metrics will likely be a challenge.

The EU CSRD prescribes stricter reporting obligations for companies, ensuring the disclosure of material sustainability-related information. This directive forces companies to assess and address the environmental and social impact of their activities throughout their value chain. For many organizations, the CSRD will be a catalyst for business transformation. To push sustainable value creation forward, we will have to establish a clear vision about how to integrate the SDGs into our daily operations. Companies will need to rethink their organization and uplift their data management and 'collect to report' processes in designing cost-efficient, robust, and in-control processes to gather and consolidate required data at the group and local level, calculate the material metrics and KPIs, and report them in the required ESRS format. Furthermore, companies will need to build reporting dashboards to track their progress on their sustainability ambitions and share information with internal and external stakeholders.

The CSRD requires companies to report according to the European Sustainability Reporting Standards (ESRS), which are developed by EFRAG. It also makes it mandatory for companies to digitalize and make available for audit the sustainability information that they report. There are 12 ESG standards: two cross-cutting, five environmental, four social, and one governance. A total of 82 disclosure requirements (quantitative and qualitative) represents around 1,144 data points. Despite the complexity of this regulation and enormous workload, ESG data offers insight on the ESG facets of a business's operations. CSRD is all about data management, and the main benefits of ESG data are as follows:



As from 2026 (reporting year 2025) Steelforce Group will also become a subject to CSRD and will be obliged to follow the European Sustainability Reporting Standards (ESRS) when preparing Group's Integrated report. We have already stated our preparations and engaged a consulting company to guide us through this very complex and labor-intensive exercise.

We believe that we are developing our company's **material 'sense'**, we are determining what's 'material', meaning what our stakeholders would want to know when investing in our company, when choosing Steelforce as a client or employer! To achieve this, we put an updated set of values at the heart of our company.

A double materiality assessment is a key concept in the CSRD and by performing it we evaluate the impact of a company on the environment and society, and vice versa. This analysis should form the basis for the future ESG strategy of the company, and our internal control and reporting systems will be adjusted in alignment with this strategy. Steelforce newly formed CSRD Team will continue with this project throughout year 2024.

- INCLUSIVITY - PEOPLE SHOULD HAVE A SAY IN THE DECISIONS THAT IMPACT ON THEM
- MATERIALITY - DECISION MAKERS SHOULD IDENTIFY AND BE CLEAR ABOUT THE ISSUES THAT MATTER
- RESPONSIVENESS - ORGANIZATIONS SHOULD ACT TRANSPARENTLY ON MATERIAL ISSUES

The EU CSRD is game changing because of the authoritative element and Steelforce strives to leverage this legal requirement as an opportunity!

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CORPORATE SUSTAINABILITY TEAM
RESPONSIBLE FOR THIS REPORT



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