

SUSTAINABILITY REPORT 2023



All-round sustainability for 70 years



**SUSTAINABILITY
REPORT
2023**



A modern building with a grid of large glass windows. In the foreground, a dark blue sign stands on a lawn with lavender plants. The sign features the ALFA ACCIAI logo and name. The building's windows reflect the sky and surrounding landscape.

 **ALFA ACCIAI**



www.alfaacciai.it

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Letter to the stakeholders

GRI 2-22

Our fourth Sustainability Report provides updates on the strategies and tools implemented by the Group to ensure its contribution to sustainable development. However, we feel it is important to clarify for our stakeholders the **overall scenario** in which all of this transpires, and the challenges that the Italian steel industry, including our Group, has been facing in recent years.

2023 was characterised by the **continuation of vulnerabilities** in the global economy and international trade, relating to ongoing geopolitical uncertainty and continuing high inflation in the main advanced economies.

The early months of 2024 have shown that there is still significant pressure on the price of finished products, consistent with the previous financial year, following a level of demand that is still well below supply. As for other countries, the difficulties in the German market continue to have an impact, whereas improvements in the Italian market are envisaged as a result of accelerating the implementation of the National Recovery & Resilience Plan, expected in the second half of the year.

In order to minimise this impact on financial results, the Alfa Acciai Group has been working on containing costs while maintaining business excellence. This **resilience**, already being proven during the Covid, is now possible thanks to investment in product and process innovation driven by the Group's consistent financial stability, remarkable flexibility and an ability to adapt to varying market conditions.

With a substantially balanced budget, the **results achieved in 2023** included considerable focus placed on implementing a Zero Waste philosophy in line with previous policy, by recovering waste heat from the Alfa Acciai steelworks and feeding it to the public district heating network and endorsing new artificial aggregate from slag produced in the steelmaking process. Continuing with the environment, the Alfa Acciai Group has continually achieved improvements in the reduction of direct and indirect emissions, and holds certification regarding its corporate carbon footprint for all its production facilities, with direct and indirect climate-changing gas (GHG) emissions quantified as a starting point for defining targeted plans aimed at mitigation through specific actions and investments.

Certification held by Alfa Acciai and Acciaierie di Sicilia for their energy management systems has also contributed to the achievement of higher levels of sustainability and decarbonisation.

The Group's **strategic priority** is to continually improve its performance, including energy performance, by implementing actions to make production processes and related auxiliary services more energy efficient to reduce environmental impact.

With regard to social sustainability, investment in safety in the workplace confirms how this is central to our business, and personnel training, which is where the Group focuses its HR management policy, is progressing at pace.

Another general **trend** affecting the organisation is the difficulty in recruiting highly-qualified personnel, as required by the technology transformation and the gradual digitalisation of our processes. As a result, the Alfa Acciai Group set up the **Alfa Academy** in 2023 to train young people on installing and maintaining industrial plants. The same year, it started pursuing **gender equality certification** to promote the values of equity and inclusion.

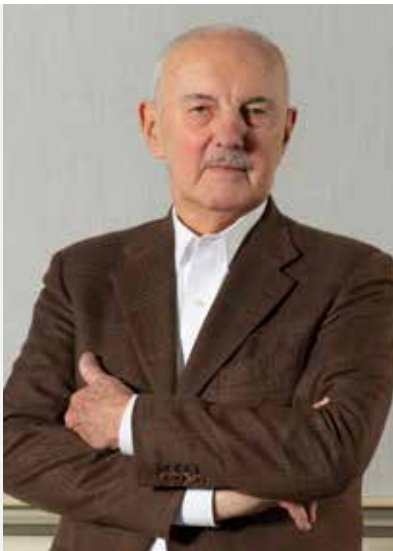
Regrettably, our **daily challenge is defending our EAF steelmaking model** - historically the Italian steel industry has been facing with **electricity** costs that are higher than those of European competitors and the rest of the world, and these differences remain despite our ongoing efforts to save energy.

Furthermore, **Europe's environmental policy** tends to place the huge cost of decarbonisation onto our electric steelmaking industry, without providing efficient tools that protect against aggressive non-European practices, such as social and environmental dumping and without considering imbalances in the **scrap** market, the only strategic raw material available in Europe. This has a considerable impact in Italy, which is the leading European producer of steel using electric arc furnaces.

Mindful of the significance of our role in the community from an organisational, economic and employment perspective, **our heartfelt thanks go to all personnel** who, during these years of ongoing upheaval, have always operated with pragmatism and rationality and have contributed to **attaining maximum efficiency and competitiveness** as our Group's guideline, progressed thanks to huge investment, ongoing improvement and consistent team work.

Enjoy the read.

Ettore Lonati
Chairman



Amato Stabiumi
Managing Director



Methodology Note

GRI 2-1; GRI 2-2; GRI 2-3; GRI 2-5

This document is the Alfa Acciai Group's fourth sustainability report. It has been produced to inform all internal and external stakeholders of the Group's achievements over the last few years in relation to sustainability and to outline future targets to be pursued.

For communication purposes the Alfa Acciai Group's reporting scope includes the parent company Alfa Acciai S.p.A. and its operating subsidiaries Alfa Derivati S.r.l., Acciaierie di Sicilia S.p.A., Tecnofil S.p.A. e Ferro Berica S.r.l. (hereinafter Ferroberica), with the exclusion of non-operating companies as they work in the real estate business..

With a view to ensuring the comparability principle, information and figures provided in this report on a voluntary basis relate to financial years 2021, 2022 and 2023 (01 January – 31 December).

The Sustainability Report was prepared in line with the GRI Standards published by the **Global Reporting Initiative (GRI)** in 2021. Furthermore, the fundamental principles of reporting, such as accuracy, balance, clarity, comparability, completeness, sustainability, timeliness and auditability were upheld in drawing up this document.

More specifically, the Group opted to prepare the document in accordance with the "With reference to" reporting mode provided by the GRI Guidelines, using a selected set of GRI Standards as a basis for reporting the information in this document.

For a list of the reported GRI indicators, with relevant sections and reference pages, please refer to the GRI Content Index at the end of this document.

In order to ensure data reliability and an accurate representation of performance, the use of estimates was limited as much as possible, and where this was necessary, they were calculated on the basis of the best available methods and reported in detail.

As a result of a refinement of the reporting process, the Alfa Acciai Group agreed to update some non-employee personnel data for the three-year period. The adjusted data can be found in section '4.1 -People in the Alfa Acciai Group'.

Last but not least, we would like to mention that this Sustainability Report was audited by the auditing firm PricewaterhouseCoopers S.p.A.

In line with the previous Sustainability Report, the Group has identified specific initiatives related to certain United Nations 2030 Agenda Targets and Objectives, whose achievement it contributes to.

Should you require any clarification or wish to learn more about the contents of this document, feel free to write to the following e-mail address: infobds@alfaacciai.it.

Highlights

GRI 2-6, GRI 2-7, GRI 201-1, GRI 301-2, GRI 302-1, GRI 302-3, GRI 305-4, GRI 306-4

	U,M,	2023	2022	2021
Total number of employees	No,	1,235	1,221	1,207
Total hires	No,	113	116	158
Total operating sites	No,	12	12	12
Net revenues from sales and services	€	1,105,576,450	1,598,548,225	1,256,394,782
Economic value distributed	€	1,108,046,616	1,530,313,826	1,234,959,241
Total capitalisation	€	627,287,972	698,357,645	502,817,262
- of which financial liabilities	€	91,648,244	118,181,776	155,985,186
- of which shareholders' equity	€	535,639,728	580,175,869	346,832,176
Net financial position	€	61,753,784	23,193,265	(54,132,590)
Total investments in intangible and tangible assets	€	48,286,274	40,960,304	24,423,871
Products sold	t	1,522,596	1,410,957	1,661,149
Scrap used	t	1,698,595	1,701,242	2,062,479
Recycled raw materials used	%	95%	95%	95%
Recovered waste	%	71%	70%	63%
Total energy consumed	GJ	5,162,059	5,287,949	6,316,445
Energy intensity	GJ/t	2.57	2.56	2.67
GHG emissions intensity (Scope 1 and Scope 2)	tCO ₂ /t	0.204	0.219	0.235



 **ALFA ACCIAI**
Group

An aerial photograph of a large industrial facility, likely a steel mill, with several long, parallel buildings and various structures. The plant is surrounded by lush green trees and fields. In the background, a highway and more distant industrial areas are visible under a clear blue sky.

1.

THE ALFA ACCIAI GROUP'S IDENTITY AND PROFILE

1. The Alfa Acciai Group's identity and profile

GRI 2-1

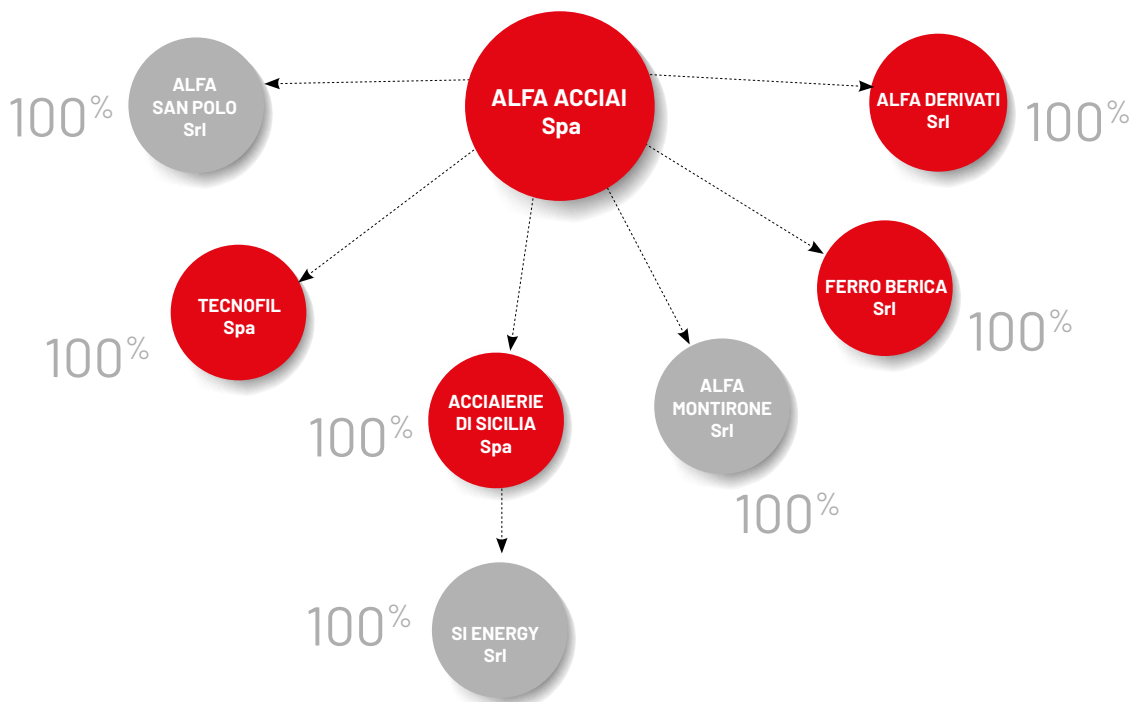
The Alfa Acciai Group has been one of Europe's leading manufacturers of reinforcing steel and wire rod for 70 years, with an overall annual production capacity of 2.5 million tonnes, and is now a benchmark in terms of cutting-edge technology and environmental awareness throughout the entire steel supply chain.

The Group, which is controlled by Siderurgica Investimenti, a holding belonging to Stabiumi and Lonati families, features high industrial flexibility and maximum operational efficiency upstream and downstream the melting process, alongside a sound financial position and assets. These characteristics

enable the Group to successfully respond to ongoing changes in the domestic and foreign steel markets and the increasing awareness of citizens regarding environmental issues, by keeping the same constant focus as Alfa Acciai has reserved to its employees and customers since the outset.

SEI e SI ENERGY

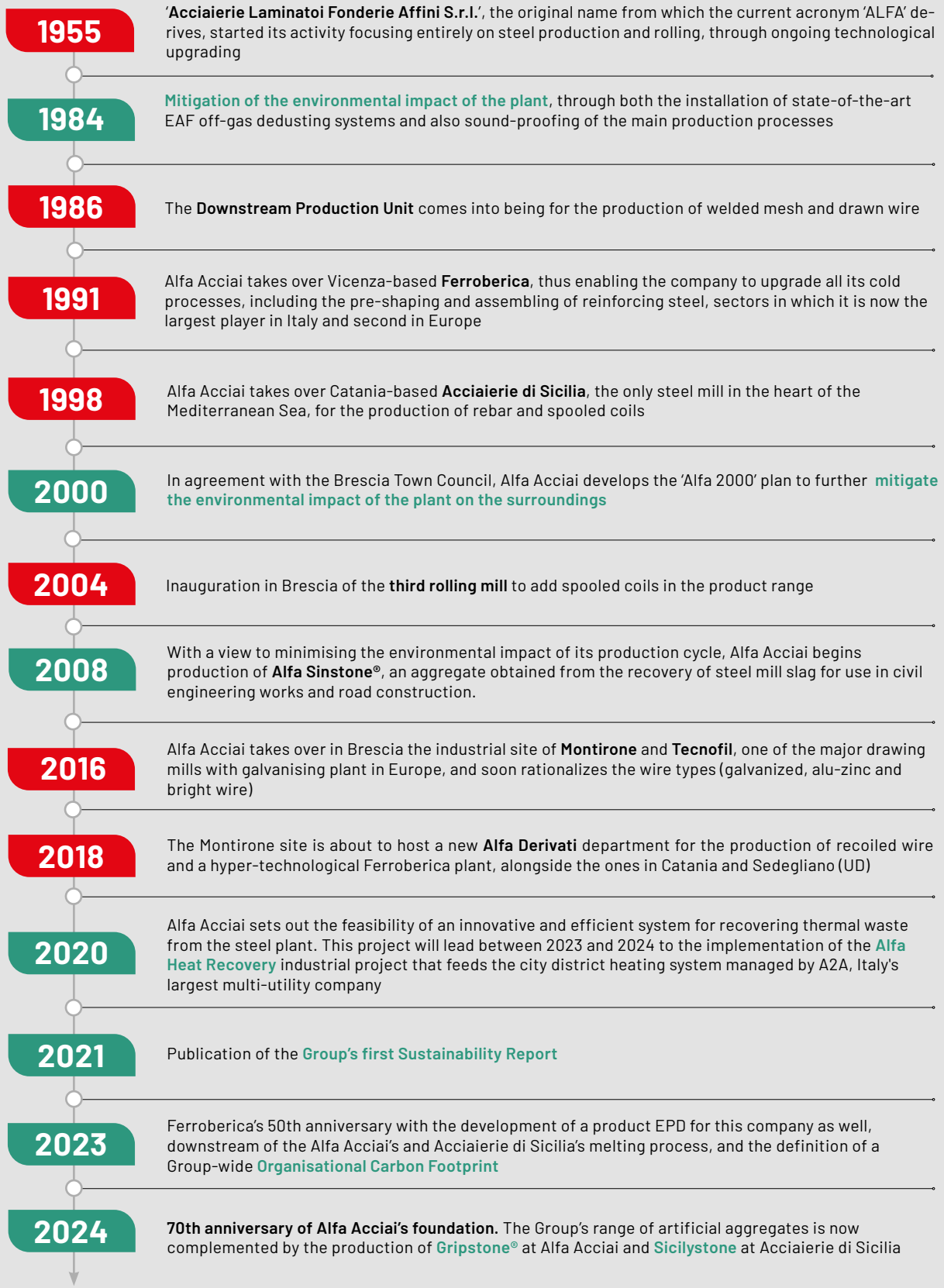
Through the subsidiaries SEI and SI ENERGY, which are not included in the Sustainability reporting scope, the holding company Siderurgica Investimenti has long been committed to the development and management of energy efficiency and renewable energy projects.



The companies on a red background are included in the scope of this report; those on a grey background are non-operating companies, which are not included in the reporting scope. For more details, please refer to the Explanatory Notes.

1.1 Background

GRI 2-1



1.2 Business activity and production sites

GRI 2-1; GRI 2-6

The Alfa Acciai Group comprises several well-established companies specialised in various steel-making areas in Northern and Southern Italy, a guarantee of products and services qualifying the Group as an excellent partner in terms of quality and reliability.

The Group is currently made up as follows:



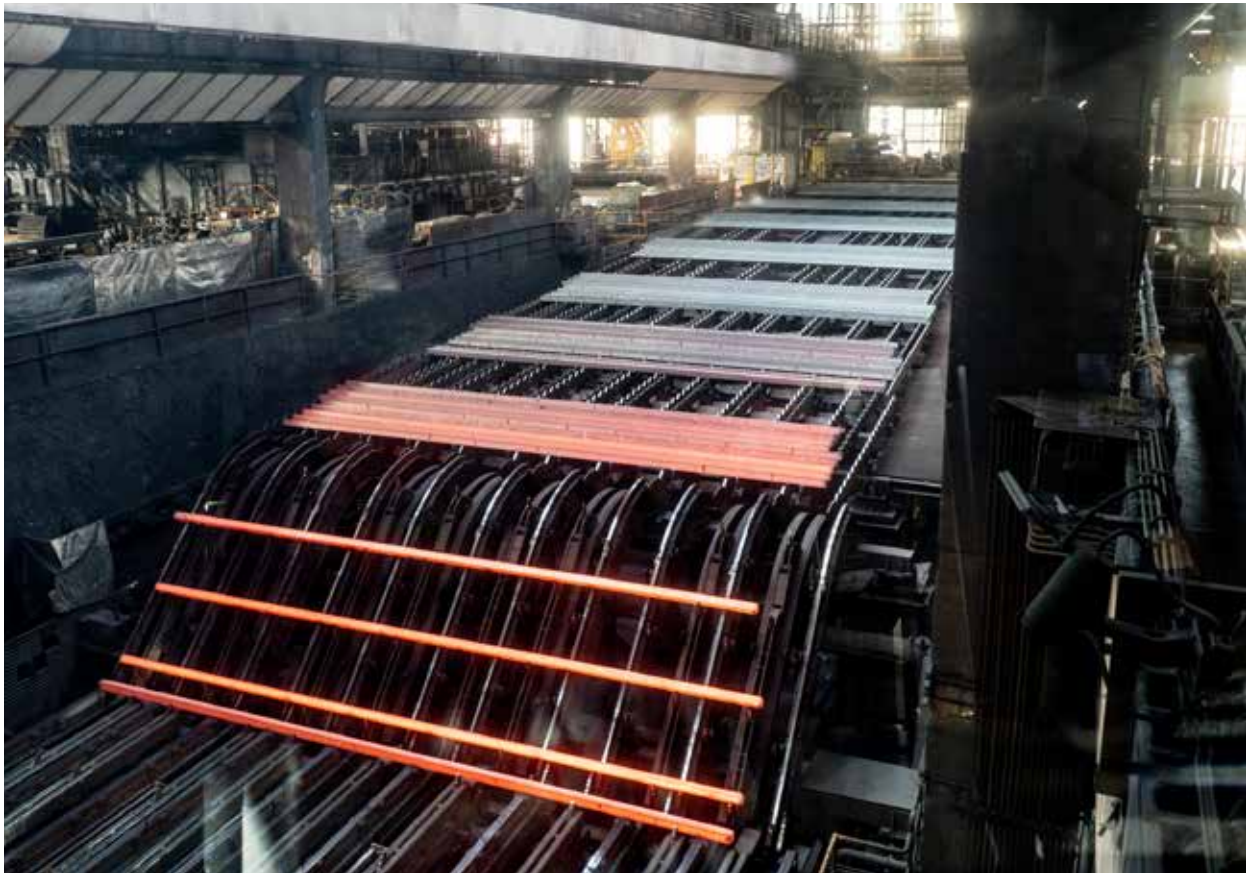
Situated in an area covering more than 353,000 sq.m. to the south-east of Brescia since it was established in the 1950s, the headquarters of Alfa Acciai lie within residential areas that were built later, in addition to major road networks.

The largest section of the industrial facility houses the steel mill, which stretches from the scrapyard area, where scrap can be put into the shredder, to the evacuation plat-

form with billets destined for the hot rolling process.

More specifically, the plant comprises two electric-arc furnaces (EAFs) and two ladle furnaces (LFs), representing the steel mill's true core process, from which two billet production lines depart to feed two five-strand continuous casting machines, the casting operating parameters of which are controlled by a complex fully automated system.





The steel mill turns out a range of square billets, which are the semi-finished products used in the three hot-rolling departments for the production of rebar and spooled coils for reinforced concrete under the ALFA ACCIAI brand, and wire rod.

The steel mill also produces Alfa Sinstone® and Gripstone® aggregates of industrial origin, by-products obtained from the processing of black steel mill slag, which are produced by a plant with a production capacity of about 200,000 t/y and are intended for use in civil engineering works and road construction.

The Hot Rolling Division is equipped with three independent mills with a total production capacity of up to 2 million tonnes, and the products obtained meet the requirements of the numerous certifications that the target markets demand.



Gripstone® artificial aggregate available in four sizes

Acciaierie di Sicilia

The only steel mill in the heart of the Mediterranean Sea and the Group's natural point of reference for the southern Italian market and for exports to countries bordering the Mediterranean Sea and beyond, Acciaierie di Sicilia is located in the Catania's industrial area.

With a production capacity of about 500,000 tonnes, the company turns out reinforcing steel in bar and coils under the ACCIAIERIE DI SICILIA brand, which is certified for various markets. These products are the result of the electro-fusion and continuous casting of Sicilian ferrous scrap

and the subsequent hot-rolling which, as of this year, uses a **hot-charge system** installed ahead of the bar-packaging devices arranged parallel to the spooling lines, which significantly reduces CO₂ emissions.

Thanks to its size, the latest technology used and premium quality products, Acciaierie di Sicilia has created a supply chain employing hundreds of people and has established reliable relationships with customers who have contributed to establish today's Sicily.



Alfa Derivati

Alfa Derivati has two production sites, one within the parent's San Polo-based industrial site and the other in Montirone (to the south of Brescia). They produce, for and under Alfa Acciai's brand name, high-ductility welded mesh for reinforced concrete in a standard format and recoiled wire for the domestic and international markets.

The recoiling/stretching process uses latest-generation high-output production lines, which optimise the mechanical characteristics of the wire being processed, while

maintaining high ductility to obtain HD-products, a characteristic common to all Alfa Acciai Group's products for the construction industry.

In recent years, following major investments at the Montirone site, it was possible to reinstate the railway link, which contributes to increase Alfa Acciai and Alfa Derivati exports to Central Europe, thus bringing significant environmental benefits.



FERROBERICA

With its registered headquarters and main production facility in Vicenza, Ferroberica was established 50 years ago and today is the leading operator in Italy and the second in Europe for the cutting and bending and assembling reinforcing steel for Europe's main construction companies. With the aim of increasing its market presence and providing a widespread service throughout Italy and Southern Europe, Ferroberica expanded over the years and opened additional production in Sedegliano (Udine) and Montirone (Brescia), whose production site represents the most technologically advanced and automated cutting and bending plant in Europe, plus two in Catania, using bars and coils from the subsidiary Acciaierie di Sicilia.

The company has belonged to the Group for over 30 years and, thanks to its expertise, reliable supplies and market competitiveness, it is a cutting-edge production facility with latest-generation equipment and a total annual production capacity of 400,000 tonnes.

At a national level, it relies on external loyal production companies located in strategic areas all over Italy, close to production-industrial estates or areas planned for expansion, with the aim of delivering a service that meets construction site requirements.

In addition to its core cutting and bending operations, since its onset, Ferroberica has made available its own highly specialized technical staff, who provide timely consulting service for feasibility analysis at the design stage, plus an efficient customer care service.

Ferroberica proudly celebrated its 50th anniversary in 2023 with its employees and updated proposals for customers, such as the introduction of dedicated project managers to handle projects, the development of the **EPD** certification for its products, thereby quantifying direct and indirect CO₂ emissions and, last but not least, the launch of large-scale prefabricated frameworks, clearly resulting in reduced implementation timescales for the entire project, greater quality and on-site safety.





Tecnofil was established in 1994 in Gottolengo (Brescia). Since its very beginning it has developed and strengthened its core business in the production of low and medium carbon content wire and in the drawing and galvanising process, thereby completing the downstream wire rod supply chain. It is currently the drawing mill with the largest galvanising plant in Europe.

In 2016, Tecnofil joined the Alfa Acciai Group and has now become one of the major drawing mills in Europe for the production of steel wire, galvanized wire, alu-zinc wire, bright wire, annealed wire, redrawn wire and skin-

passed wire for endless applications. The close cooperation with the Alfa Acciai steel mill and rolling mill has significantly increased its overall production capacity and product range. The installation of a new 40-wire galvanising line, allows it to turn out more than 100,000 tonnes of wire a year.

More specifically, Tecnofil is equipped with dry-drawing plants, some of which developed and designed in house, and two immersion galvanizing systems, while the area dedicated to wire production and processing covers a surface area of 30,000 square metres.



1.3 Markets served

GRI 2-6



As the result of the coordination and synergies created, the Alfa Acciai Group has strengthened its presence abroad and enlarged its product range: in addition to the construction industry, where it plays a leading role, it has made decisive moves into the world of bright wire, the automotive and household appliance industries, mechanical engineering and wire rod for a variety of applications.

Our well-established and highly qualified sales network enables us to serve the whole of Europe, North Africa, Northern, Central and South America.

The main products marketed by Alfa Acciai and Acciaierie di Sicilia are: **reinforcing steel (rebar, spooled coils, recoiled wire, welded mesh) wire rod and billets**. Being a highly regulated industry, our products are subject to stringent quality controls and well-defined statistical process controls to ensure the required specifications. More specifically, there is a need to obtain and maintain product qualifications with the various national bodies that carry out regular quarterly, half-yearly or annual audits (depending on the country) in order to be able to market and use reinforcing steel. During these audits, checks are carried out on both the product and the quality management system.

In terms of product target markets, the wire rod customers are usually the wire drawing mills that use the product to produce wire or strip for a variety of typical applications in the automotive and white goods industries,

mechanical engineering, construction, welded mesh for civil and military use, the manufacturing industry in general, agriculture and off-shore energy transmission cable reinforcement. Instead, customers for reinforcing steel are typically cutting and bending centres, distributors of building products and international dealers, as well as construction companies and precasters.

With specific reference to Tecnofil, the company serves a variety of sectors as it produces low-to-medium carbon galvanised, zinc-aluminium and bright wire for such applications as building construction, agriculture, white goods and household appliances, automotive, enclosure security and fencing systems and many more everyday applications.

Last but not least comes Ferroberica, a leading company in Italy and second in Europe for cutting and bending and assembling reinforcing steel for leading construction companies in Italy and neighbouring countries, for use in all structural road, railway and maritime works and in public, industrial and residential buildings.





1.4 Membership associations

Alfa Acciai and Acciaierie di Sicilia are members of **Federacciai**, the national association representing the main Italian steel manufacturers, which also is a members of **Eurofer** – the European steel association. Alfa Acciai is a member of the **Brescia Industrialists' Association (AIB)**, while Acciaierie di Sicilia is a member of the **Catania branch of Confindustria**, the Italian Employers' Confederation, and Ferroberica is a member of the **Vicenza branch of Confindustria**. Alfa Acciai is also a member of the following organisations at local, national and international level.

Metals consortium, in which local metallurgical companies, such as steel mills, foundries and aluminium producers team up forces to promote biomethane projects in order to minimize the consumption of natural gas currently used in production processes.

By investing in the local biogas production chain linked to agricultural and livestock production, this consortium tends to capitalise on important local natural resources to put them at the service of its renowned industrial district with a view to increasing decarbonisation.

GREEN METALS BRESCIA CONSORTIUM

Since its onset in 2022, Alfa Acciai has joined the Green



Visit to the Alfa Acciai plant by members of the Alfa Acciai Observatory

RAMET

Ramet is a consortium that brings together 22 Brescia-based metallurgical companies in a joint project to study and monitor the impact of their production activities on the workplace and the surrounding environment, by involving them in roadmaps aimed at safeguarding the environment.

ALFA ACCIAI OBSERVATORY

In operation since 2007, the Observatory is a forum set up under the auspices of the Brescia Town Council and comprises the Councillor for the Environment, supra-communal Green areas and Parks, who acts as Chairman; the Head of the Environmental Sustainability Sector; the Chairman of the Council Commission for Ecology, Environment and Public Protection; the Minority Town Councillor; the representative of the Council for the Environment of the Municipality; Alfa Acciai's Representative; Alfa Acciai Employee's Union Representative; a Representative of 'San Polo Case' Administrative District Council and a Representative of San Polo Parco Administrative District.

The Observatory periodically assesses the impact of the steel mill on the environment, with particular reference to:

- state of progress of works underway;
- assessment of the main problems perceived by local residents and possible solutions;
- Assessment of the environmental monitoring data.

CO.DI.S.A.

Since 2011 Alfa Acciai has collaborated with a group of local residents, called CO.DI.SA, a health and environmental committee. Periodic meetings are held to inform the local residents and share with them improvement projects for the environment and production that the company has put in place or intends to develop.

UNISIDER

The Italian steel standards unification body, at the technical committees of which Alfa Acciai participates in the preparation and modification of standards for the steel-making industry. UNISIDER represents Italy at standards organisations in Europe (CEN) and worldwide (ISO) in the areas of expertise, including the steel industry (steel and cast iron).

AIM – Italian Association of Metallurgy

In 2023 Alfa Acciai hosted the travelling class on the 'Melting Machine'.

FINCO – The Italian Federation of Industries for Products,

Systems, Services for Construction and Maintenance.

ADETS – The French association for the development of welded wire mesh.

ESTEP – European Steel Technology Platform.

ANPAR – A trade association of inert waste recyclers in Italy and Europe.

REACH FERROUS SLAG CONSORTIUM

GLOBAL STEEL CLIMATE COUNCIL – The Global Steel Climate Council (GSCC) is an international coalition of steel producers committed to limiting the increase in average global temperature to within 1.5°C by the year 2050 and establishing a global standard for measuring and reporting carbon emissions from steel production that leads toward a sustainable future.

The main GSCC principles are as follows:

- reduce emissions of greenhouse gases from the steel industry;
- establish a reporting standard irrespective of the production technology, which has a span that includes Scope 1, 2 and 3 emissions;
- establish a standard in line with a carbon footprint reduction pathway that leads to limiting the average global temperature rise to 1.5°C by 2050;
- provide decision makers with information relating to sustainable steel production.



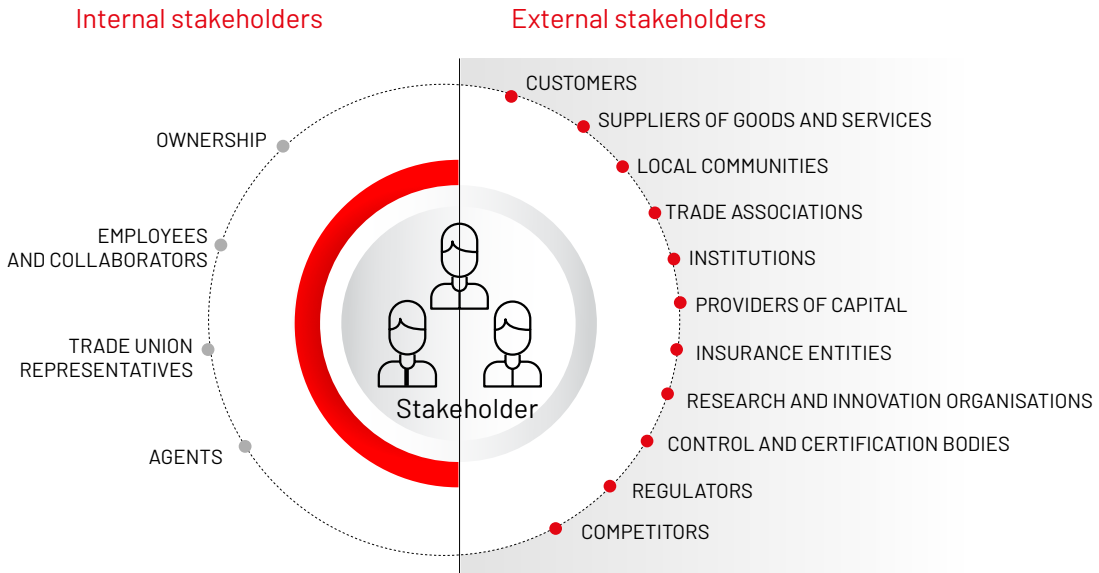
With specific reference to Ferroberica, this company is a member of **ANCE**, the National Association of Building Constructors, and regularly attends workshops held by the "Major Infrastructure Committee" to discuss regulatory developments and any ongoing rapid changes of the construction industry. Since January 2022, it has joined **ANSAG**, the National Association of Shapers for Reinforced Concrete, and is a member of the steering committee.

1.5 Our stakeholders

GRI 2-29;

In carrying out its business activities, the Alfa Acciai Group enters into relations with a number of **stakeholders**. According to GRI Standards¹, a stakeholder is an “entity or individual that can reasonably be expected to be significantly affected by the organisation’s activities, products and services, or whose actions can reasonably be expected to affect the organisation’s ability to successfully implement its strategies and achieve its objectives.”

In order to prepare a Sustainability Report in line with GRI principles the Alfa Acciai Group has mapped its internal and external stakeholders in order to identify the most relevant ones. The categories identified are listed below:



The Alfa Acciai Group has continued to develop relations with its stakeholders through different channels, which are diversified and tailored to each category of stakeholders: ranging from the more traditional ones, such as telephone calls and questionnaires, business meetings, formal briefings, technical conferences, external visits, notice boards, press releases and the well-established Alfa Acciai Observatory right through virtual ones, such as video conferences and the Group’s websites, where you can find useful information. Interaction on the

Group’s various social channels have continued over the years. More specifically, in 2020, the Group started to use Telegram with employees as a means of communicating ongoing pandemic rules in real time. Then, since the end of 2021, namely since the publication of the first Sustainability Report, the Group has been using a structured digital narrative on LinkedIn, which enhances the specificities of the individual group companies, while emphasizing the common core, thereby reaching out to a broader audience of stakeholders than in the past.

1) The ‘Global Reporting Initiative Sustainability Reporting Standards’ (GRI Standards) are the reporting standard chosen by the Alfa Acciai Group for the preparation of its sustainability report. These standards were defined in 2021 by the GRI –Global Reporting Initiative.

1.6 Materiality analysis and main impacts

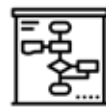
GRI 3-1; GRI 3-2; GRI 2-25

In line with the GRI Standard 2021, The Group adopted the selected reporting method and conducted a materiality analysis to identify the so-called “**material topics**”, which are defined as “*topics reflecting the impact of the organisation on the economy, the environment and people, including impact on human rights*”.

Identifying these material topics has required the Group to carry out various activities, including:



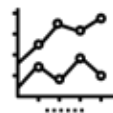
MAPPING THE RELEVANT
STAKEHOLDERS



IDENTIFYING POTENTIAL AND ACTUAL
IMPACTS



ANALYSING THE INTERNAL CONTEXT
AND PERFORMING DOCUMENTATION DESK
ANALYSIS (e.g., the Code of Ethics and the
Quality, Environment and Safety Policy)



ASSESSING THE RELEVANCE OF IMPACTS
APPLICABLE TO ALFA ACCIAI GROUP'S
OPERATIONS



ANALYSING THE EXTERNAL CONTEXT IN
WHICH ALFA ACCIAI GROUP COMPANIES
OPERATE












PRIORITISING IMPACT AND GROUPING INTO
MATERIAL TOPICS

Thanks to the aforementioned activities, the Alfa Acciai Group has defined a set of impacts in terms of sustainability that are relevant to the group's business and stakeholders. These have made it possible to identify material topics for the Group in line with the update to the methods stipulated by the 2021 GRI Standards. In detail, the 4-step analysis involved understanding the context surrounding the organisation, identification, evaluation and prioritisation of active and potential impacts of most significance to the company. These were then grouped to identify the company's material topics.

This analysis led to the identification of a list of positive and negative potential and/or current impacts that the companies in the Alfa Acciai Group could generate in the course of their operations. Following this analysis, the list of material topics identified in the Group's prior sustainability reports was validated, and the relevant table is shown below on the basis of the GRI 2021 reporting standard requirements.



Area	Priority topics	Main impacts	Impact type	Reference SDG
Governance	Economic performance	Positive economic performance represents an opportunity for the Alfa Acciai group. In carrying out its operations, the Group generates and distributes value through initiatives and practices that make the Group successful in the market, obtains sustainable lasting results, and contributes to the creation of wealth and the economic growth of the community in which it operates.	Actual positive	 
		The digital transition represents an opportunity for the Alfa Acciai group. By investing in the digitalisation of its business and production processes, the group can develop solutions for increasing its overall efficiency and reducing potential environmental impact. This action is managed continually by the entire Group and the IT department in particular.	Actual positive	
	Business integrity	Improving corporate reputation is an opportunity for the Alfa Acciai Group, which is clearly committed to pursuing high standards to create value for society and its stakeholders.	Actual positive	NA
		Any non-compliance with legislation and regulations represents a risk for the Alfa Acciai Group. For this reason, company departments manage continuous monitoring and improvements to ensure that the companies in the Alfa Acciai Group are complying with legislation and regulations when carrying out their operations, in order to prevent this risk from occurring.	Potentially negative	
		The potential loss of sensitive data represents a risk for the Alfa Acciai Group, for example due to cyber-attacks by hackers, with potentially negative repercussions on operations and the company's reputation. The IT department continually manages and invests in this regard.	Potentially negative	
	Environment	Circular economy	The Alfa Acciai Group's contribution to circularity is reflected in its use of scrap iron as a main raw material for its products (company products are 99% recycled content). Along with this, is another opportunity in the form of production waste, as the Group develops circular economy plans and initiatives to minimise its environmental impact. The Environment department continually monitors and improves this activity.	Actual positive
The Alfa Acciai group minimises its use of drawn or diverted water by carefully managing the water resources required for production processes, maximising internal recirculation and the reuse of rainwater where possible. The Maintenance department continually monitors and improves this activity, which is overseen by the Environment department.			Potentially negative	
Energy efficiency		Electricity and fuel represent the main energy sources used by the Group for its production processes. The Group has an Energy Management department that continually monitors the use of these resources, in order to increase energy efficiency, evaluate investment in process efficiency optimisation, and manage and mitigate any changes relating to energy supplies.	Actual negative	  
		Pollutant emissions management and decarbonisation	Emissions into the atmosphere represent a risk related to the Alfa Acciai group's operations. Monitoring pollutant emissions and greenhouse gases linked to energy consumption enable the Group to set up a system to assess and manage its carbon footprint and emissions, in order to minimise negative effects on people and the environment. The Environment department continually monitors and manages this activity.	

Area	Priority topics	Main impacts	Impact type	Reference SDG
Social	Employment, employee health and wellbeing	The presence of qualified, skilled personnel represents an opportunity for the Alfa Acciai Group, both in terms of professional development and achieving corporate objectives. Through initiatives and investment, the Group provides its employees with training courses to develop a workforce that is competent and up-to-date. The HR department manages this aspect.	Actual positive	NA
	Safety in the workplace	Through its safety and prevention measures the Alfa Acciai Group works to prevent, remove and mitigate potential safety risks. The Group continually focuses on prevention measures, monitoring and training in relation to safety.	Potentially negative	
		Developing a culture of health and safety in the workplace represents an opportunity for the Alfa Acciai Group. The Group supports its employees in managing operations safely, through initiatives to inform and raise awareness carried out directly or by specialist companies. This activity is overseen by the Group's company health and safety managers.	Actual positive	
	Focus on local communities	Ongoing stakeholder involvement represents an opportunity for the Alfa Acciai Group. Through various methods of involvement, the Group organises stakeholder engagement mechanisms to get their feedback and inform them about the Group's efforts in its sustainability approach.	Actual positive	
		Contributing to socio-economic development in host communities represents an opportunity for the Alfa Acciai Group. The creation of employment and the selection of suppliers generate economic benefits for local communities.	Actual positive	
	Responsible supply chain management	By combining social and environmental criteria when selecting suppliers, the Alfa Acciai Group can contribute to creating a sustainable supply chain and generating a positive impact on society.	Potentially positive	 
Product quality and customer satisfaction	Actively monitoring product quality and customer satisfaction based on scientific method with KPI metrics represents an opportunity for the Alfa Acciai group to implement and achieve Continuous monitoring Improvement.	Actual positive	NA	

1.7 Support to the 2030 Agenda

In line with Alfa Acciai Group's ongoing commitment to sustainability, the Sustainable Development Goals of the UN 2030 Agenda and corresponding targets have been analysed and identified, jointly with the corresponding targets to which the Group can contribute through initiatives that will be reported in the material topics. As part of the Global Compact, in 2015 the United Nations

approved a global agenda for sustainable development. All this has a certain level of urgency given the gradual deterioration in the environmental conditions of our planet, and encourages not only companies, but all economic and social players, countries included, to commit to achieving the 17 goals set out by 2030 (Sustainable Development Goals – SDGs).





 **ALFA ACCIAI**
Group

A blurred background image of an office meeting. Two men are seated at a table, looking towards the camera. The man on the left is wearing a light blue shirt, and the man on the right is wearing a dark jacket. The background shows office shelves and a window.

2.

**RESPONSIBLE
AND
TRANSPARENT
GOVERNANCE**

2. Responsible and transparent governance



2.1 The governance framework

GRI 2-9; GRI 2-13

The **parent company Alfa Acciai S.p.A.** has adopted a so-called “traditional” governance framework, with the following corporate bodies as envisaged in the Articles of Association:

- **Shareholders' Meeting:** with exclusively deliberative functions, whose decisions are limited by law to the most important decisions of corporate life, with the exclusion of managerial powers;
- **Board of Directors:** comprising three to thirteen members, vested with the broadest powers for the ordinary and extraordinary management of the company, with the power to perform all actions deemed necessary or appropriate for the achievement of the corporate purposes;
- **Board of Auditors:** comprising three statutory members, with supervisory functions over the company's administration in accordance with the provisions of Article 2403 of the Civil Code.

The shareholders' meeting has appointed KPMG S.p.A., a company of recognized high standing, to



perform the statutory audit pursuant to Legislative Decree 39/2010.

Alfa Acciai S.p.A.'s Board of Directors has delegated part of its powers to three Managing Directors, assigning each of them the following powers:

- **Chairman** and
- **Deputy-Chairman**, they both legally represent the company and are vested with the powers necessary for ordinary administration;
- **A Director with delegated powers**, who legally represents the company on occupational health and safety and environmental issues.

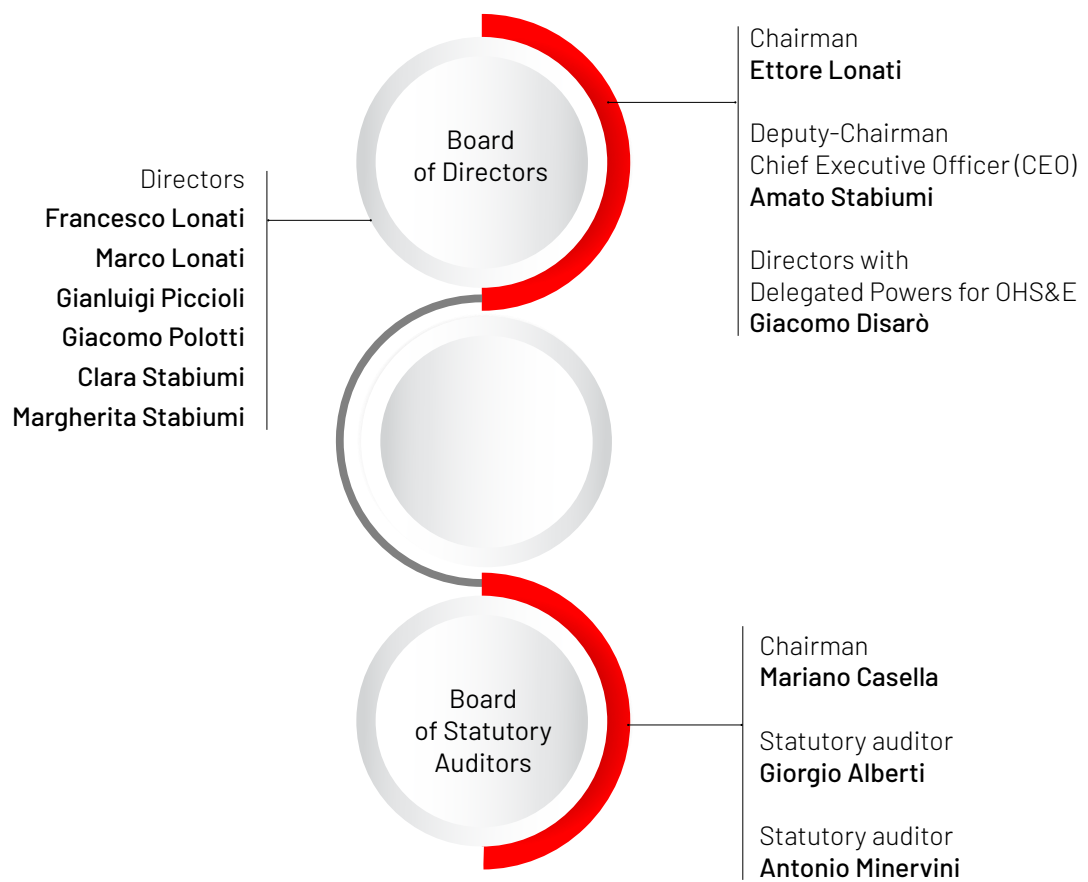
In relation to sustainability issues, Alfa Acciai has decided to delegate specific powers and responsibilities to one of its directors, who is supported in managing and monitoring individual aspects by the Directors/Employers of the Production Units, and by other figures in possession of special skills.

The **Subsidiaries** have equity, organisational and management autonomy. Each one has a Board of Directors comprising one or more directors who are vested with specific delegated powers.

It should be noted that Alfa Acciai S.p.A. carries out, through its own personnel, service activities for certain corporate functions of its subsidiaries on the basis of specific contracts governing their terms and conditions.

Alfa Acciai has adopted an **organisational model** based on Production Units and oriented towards a greater focus on preset objectives, with particular focus on product and process quality.

ALFA ACCIAI S.p.A. CORPORATE POSITIONS



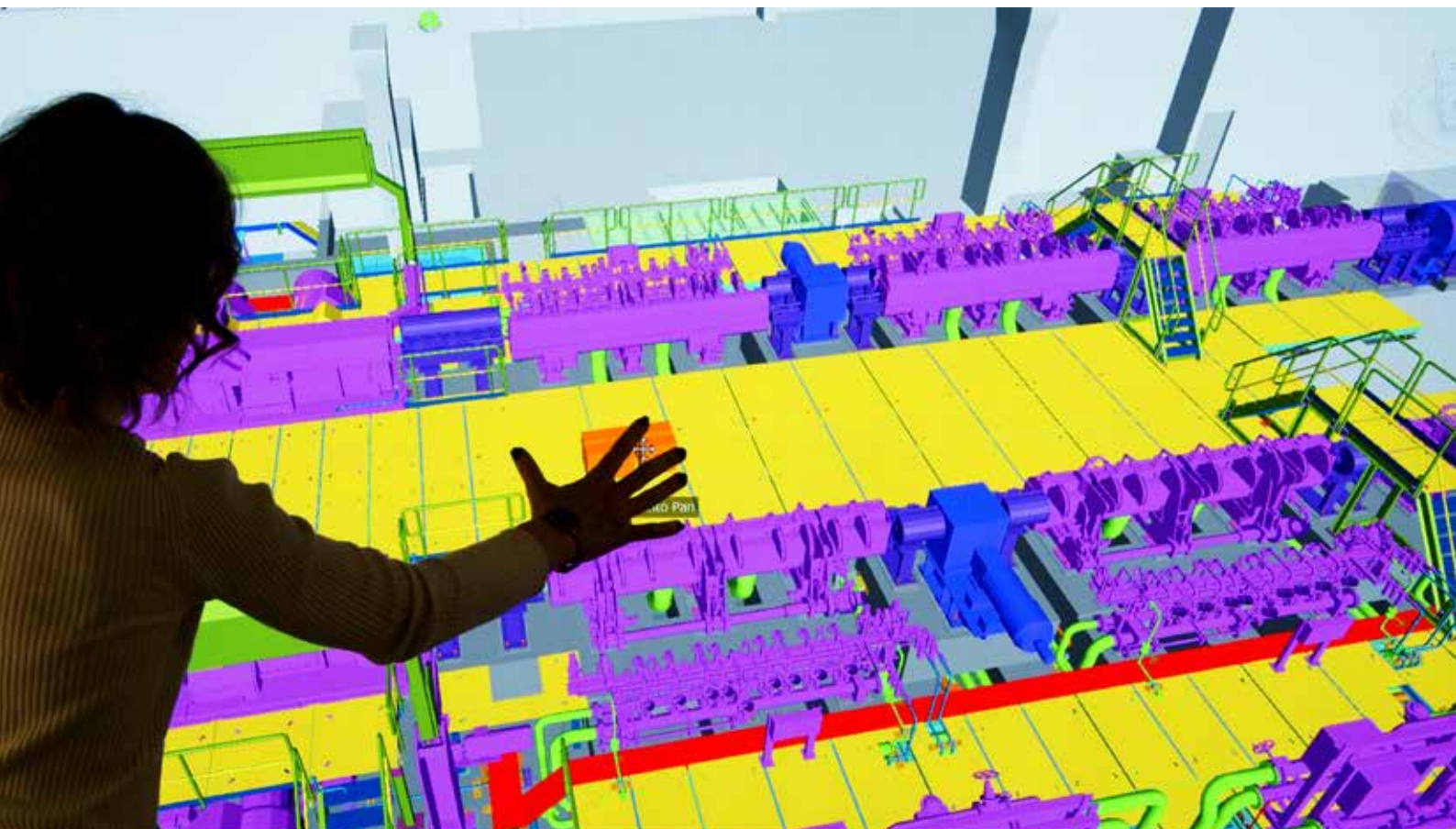
Alfa Acciai's current organisational structure is as follows:

- ▶ **Steel Mill Production Unit**, dealing with the manufacture of steel;
- ▶ **Rolling Mill Production Unit**, dealing with the manufacture of wire rod, hot-rolled rebars and coils;
- ▶ **Central Services Production Unit**, comprising the following company functions: Quality, Production Planning, Logistics, Information Technologies, Scrap Purchasing, Environmental Service, Process Energy Dynamics, Innovation and Sustainability, Technical Management, Safety Services;
- ▶ **Sales Department;**
- ▶ **Purchasing Department;**
- ▶ **Administration, Finance and Control Department;**
- ▶ **Human Resources Department.**

Each production unit has a manager, who also covers the role of employer.

The Production Units are coordinated by a Chief Operating Officer (COO) who interfaces with the various departments and is responsible for directing and supervising industrial operations as well as organising the sustainable development of production activity.

This safety organisation is in accordance with the above-mentioned organisational model featuring an internal division into the 3 operating units Steel Works, Rolling Mills and Central Services, each of which has its own management line. The 3 employers, elected by the Board of Directors, have in turn delegated their own Safety Managers. In this way, safety can go deeper into the Production Units.



2.2 Our guiding values

GRI 2-23

The Alfa Acciai Group is fully aware that a responsible and sustainable economic strategy is essential for achieving long-term business success. As a result, the Group has established and nurtures excellent relationships with people and the communities in which its premises are situated, and is committed to always conducting business operations in line with the following values:



COOPERATIVE APPROACH

The Group aims to maintain and develop a relationship of trust with its stakeholders whose input is necessary for achieving company objectives, or who have an interest in their achievement



PROPRIETY

Situations in which parties involved in business transactions have or appear to have a conflict of interests must always be avoided when undertaking any activity.



FAIRNESS

The Group does not discriminate on the basis of age, gender, sexual orientation, health, race, nationality, personal opinion or faith in decisions that affect stakeholders.



INTEGRITY

The Group uses organisational tools designed to prevent employees and collaborators from breaching principles of integrity, transparency and lawfulness and monitors compliance thereof.

In order to pursue the aforementioned values, the Group companies have expressed a desire to combine sound economic management with respect for people and the environment, by each adopting a Code of Ethics.

This document is available on various Group websites (www.alfaacciai.it, www.tecnofil.net, www.ferroberica.it) in Italian and English, and is referred to in documentation directed at business partners. It is also attached to the main contracts agreed by the Group companies and is applicable in all locations in which they operate.

Each Group company has its own Organisation, Management and Governance model as per Legislative Decree 231/2001, the Code of Ethics is an integral part thereof, and through which they promote and disseminate

their business and corporate ethics. Likewise, all Group companies have appointed a Supervisory Body, which is responsible for overseeing the effective implementation of the Governance Model and reports to the Board of Directors on the activity performed. The Supervisory Body is made up of qualified members who guarantee consistent action, autonomy and independence with respect to top management.

Training on the Code of Ethics plays a key role in disseminating the guiding values and rules of conduct within the Group companies, provided in conjunction with direct training to the recipients of the Organisation and Management Model pursuant to Legislative Decree 231/01.

2.3 Legal and disciplinary action

GRI 205-3; GRI 206-1; GRI 2-27

As from 2001 Alfa Acciai and other Italian steel manufacturers has been involved in a dispute with the European Commission regarding anti-trust legislation, resulting in 3 decisions being reached over the course of almost two decades, the first two of which were annulled by the relevant courts.

More recently, in 2019, Alfa Acciai challenged the Commission's third decision before the Court of the European Union. The Commission submitted its own defence, and Alfa Acciai responded to this in January 2020. On 9 November 2022, the Court rejected Alfa Acciai's appeal as well as that of all the other companies involved. This decision was subsequently challenged by Alfa Acciai before the European Court of Justice whose ruling is expected in 2025.

Overall, at the end of 2023, Alfa Acciai still had pending one legal action related to alleged antitrust violations.

To support the focus given to this matter, Alfa Acciai adopted an **Antitrust Code** targeted at all of the Group companies, their managers, staff and collaborators. This code aims to clarify the principles and regulations stipulated to protect competition and develop a corporate culture to this effect, thereby preventing the risk of potential conduct that does not comply with anti-trust regulations.

It should also be noted that the Group companies have not been registered in any episodes of corruption, nor have they incurred in administrative or judicial sanctions relating to non-compliance with environmental, social and economic legislation and regulations.



2.4 Economic value generated and distributed

GRI 201-1

Overall, the economic and financial information in the 2023 Sustainability Report relates to the performance of Alfa Acciai S.p.A. and its operating subsidiaries: Acciaierie di Sicilia S.p.A., Alfa Derivati Srl, Ferro Berica S.r.l. and Tecnofil S.p.A.². More specifically, in addition to Alfa Acciai S.p.A., the following companies are included within the scope of consolidation:

Denomination	Head Office	Share capital (€)	Group share
Acciaierie di Sicilia S.p.A.	Catania	24,960,000	100%
Alfa Derivati S.r.l.	Brescia	11,000,000	100%
Tecnofil S.p.A.	Gottolengo (Bs)	3,500,000	100%
Ferro Berica S.r.l.	Vicenza	1,000,000	100%

The following table shows the Group's economic-financial figures for 2021-2023 in accordance with GRI 201-1. The domestic steel market continued to slow down in 2023, with a more market trend of imbalance between supply and demand.

After the year 2022, which had witnessed the onset of the Russian/Ukrainian conflict and had given rise to great instability in the energy commodities market, resulting in a sharp increase in the related costs, as well as in the costs of raw materials in general, a sharp reduction was

observed in 2023, which had partly already started at the end of 2022. The trend in the price of finished products in 2022 had managed to offset such increases, thus retaining significant margins. Conversely, 2023 was characterised by strong competitive pressure and still declining demand. The combined effect of these two factors resulted in a reduction in steel market prices well in excess of the drop in costs, which reduced the operating margin of the steel industry

Direct economic value generated and distributed	2023 (figures in EUR)	2022 (figures in EUR)	2021 (figures in EUR)
Direct economic value generated	1,134,867,610	1,738,438,521	1,292,784,939
Revenues ³	1,134,867,610	1,738,438,521	1,292,784,939
Economic value distributed	1,108,046,616	1,530,313,826	1,234,959,241
Operating costs	1,015,606,008	1,403,372,937	1,133,673,720
Employee wages and benefits	88,189,934	88,571,354	86,307,451
Payments to providers of capital	2,116,451	980,180	1,899,234
Payments to public administration	1,926,926	37,287,228	12,933,600
Community investments	207,297	102,027	85,236
Economic value retained	26,820,994	206,124,695	57,825,698

2) Given their peculiarities as real estate businesses, the non-operating companies have not been included in the scope of consolidation as they are not considered relevant for the purposes of this report.

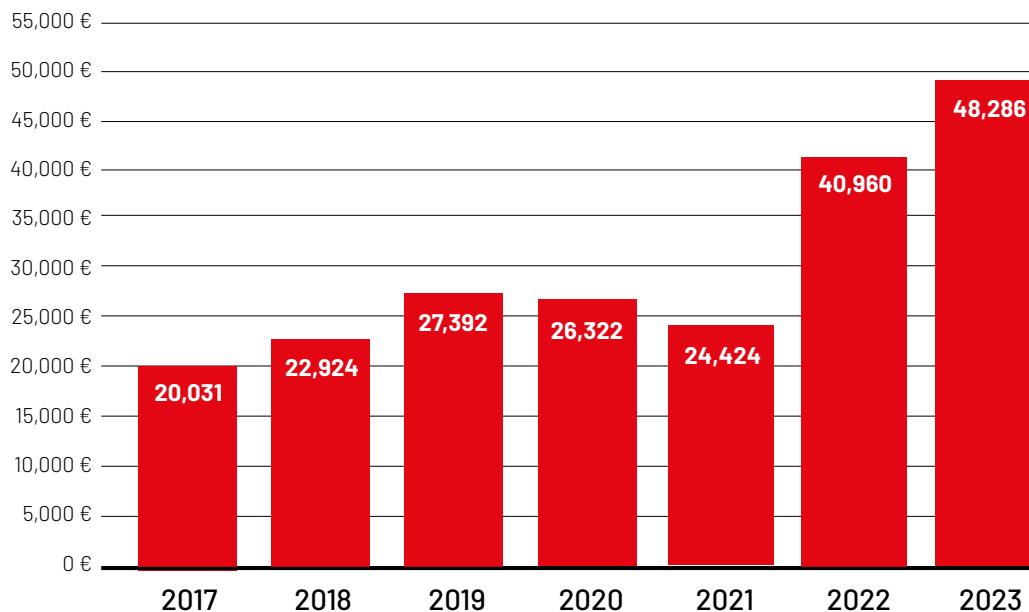
3) Revenues coincide with the economic value directly generated and include the value of production and revenues from financial

2.5 Investment plan

The Group's investment plan to increase safety standards, quality and environmental performance, and ensure more production efficiency and flexibility over the **entire product range**, by introducing **cutting-edge solutions**, also continued in 2023.

Actions involved all companies in the Group and all production departments because, based on strategic choices consolidated over the years, every company asset is systematically monitored and undergoes regular maintenance to ensure optimal functionality.

Figures in € ,000



During the 2023 financial year, the main investments concerned Alfa Acciai for 36.1 M€ and Acciaierie di Sicilia for EUR 5.7 M€, out of a total of 48.3 M€.

ALFA ACCIAI

36.1
million euro

Invested in 2023

ACCIAIERIE DI SICILIA

5.7
million euro

Invested in 2023

A breakdown of investments by purpose is shown in the table below.



Purpose	Amount	% incidence
Upgrade	33,195,223	69%
Efficiency improvement	9,903,050	21%
Environment and Safety	3,147,311	7%
Strategic spare parts	2,040,691	4%
Total	48,286,274	100%

In 2023, the main investments in **Environment** and **Safety** concern fire prevention, safety upgrades and improvements, improved water management and increased recovery of waste.

Note the following with regard to actions for the **Upgrade** and **Efficiency Improvement** of systems to reinforce competitiveness in various markets:

► **Alfa Acciai:**

Installation of a new slagging door for furnace 1, the re-vamping of the crane weighing systems in the scrap yard, the replacement and upgrading of the rolling stands and the automation system for the intermediate mill (rough-

ing mill) in the wire rod plant. During the year, the installation of new BGV fast cage finishing blocks and the relevant service facilities was also implemented.

► **Acciaierie di Sicilia:**

Installation of a new SVC-based dynamic reactive power compensation system, the upgrading of the continuous casting plant, the fast billet evacuation system and the implementation of a so-called 'hot charge' direct hot firing system.

► **Alfa Derivati:**

The purchase of a new machine for the production of welded mesh.

In 2023, investments that had an impact in reducing direct and indirect emissions accounted for 53% of the total for an overall amount of 25.5 M€.



Investments with an impact on Reducing Emissions	Amount
Reduction of direct emissions	4,814,900
Reduction of indirect emissions	20,667,442
Total	25,482,342

This figure is proof of the Alfa Acciai Group's utmost concern for climate-altering emissions and the striving to achieve its carbon footprint reduction targets as a competitive factor as well.

2.6 Information Technology Governance

By effectively and efficiently using IT resources, the organisation can achieve its objectives, while ensuring business resilience and continuity. With this in mind, the Group has undertaken a number of IT governance initiatives over the past year aimed at strengthening operational efficiency and security, as well as improving customer interaction and the accuracy of our production processes.

Among the most significant projects implemented are the redefinition and enhancement of the Industrial KPIs, the optimisation of software and plant interfacing, the implementation of a booking portal for customers and the revamping of the entire perimeter security architecture.

The redefinition and development of the Industrial KPIs, collected for all production lines, included a comprehensive update of the efficiency (KE), availability (KU), quality (KQ), non-conformance (KN) and compliance (KR) indicators. This project involved a thorough review of key industrial performance parameters, ensuring that they accurately reflect current and future operational requirements. The aim here was to achieve a more accurate and reliable measurement of the performance of each production line, thus facilitating ongoing process monitoring and optimisation. By analysing the new KPIs, improvement areas can be quickly identified, reducing downtime and increasing overall productivity.

Similarly, the interfacing between the software layer and the plants was optimised, in particular through the MES project at Alfa Derivati and the implementation of the Danieli software on the Wire Rod Mill. A key initiative in this area was the hot charge tracking project at Acciaierie di Sicilia, which provided greater integration and synchronisation between production management systems and physical facilities, thereby improving traceability and management of the production cycle. As a result of these streamline processes, the company improved its resource management and production planning significantly, with a positive impact on lead times and the quality of finished products.

Another major innovation was the introduction of a booking portal for customers, aimed at optimising the shipment of Alfa Acciai's finished products. This portal offers customers an intuitive interface to schedule their own pick-ups, reducing waiting times and improving stock management. The system allows customers' requests to be better coordinated with the company's logistics skills. The use of the portal also reduces the waiting time of trucks in the yard and thus less pollution from running engines.

Lastly, for the IT security of all Group companies, a complete revamping of the perimeter security architecture was completed, with the introduction of state-of-the-art security equipment. This project involved the implementation of new hardware and software solutions to strengthen protection against cyber threats. The adoption of sophisticated firewall technologies, intrusion prevention systems (IPS) and continuous monitoring solutions significantly raised the security level of our IT infrastructure. The new security architecture makes it possible to address cybersecurity challenges more effectively, protecting the integrity and confidentiality of corporate information.



2.7 The Group's tax approach

GRI 207-1

Being well aware of the importance of tax revenues in contributing to the economic and social development of the country, the Group has always pursued tax management with extreme integrity, by establishing relations of loyal cooperation and transparency with the tax authorities, in no way adopting conduct that could hinder their auditing and inspection activities.

The Group's main objectives can be summarised as a commitment to meeting tax obligations in a timely manner, ensuring taxation in the Group is correct, and overseeing and mitigating tax risk.

Furthermore, to achieve these objectives, the Group contributes to economic development by fulfilling various

tax requirements, such as:

- ▶ income tax, as a direct tax on corporate profit;
- ▶ property tax, collected on selling or leasing property;
- ▶ employment tax, which includes tax collected and paid to the tax authorities in relation to employees;
- ▶ indirect tax, such as VAT, customs duties and levies.

Tax compliance is ensured not only by Group personnel, but also by establishing partnerships with major tax advisory firms that support companies in meeting tax obligations and understanding new legislation introduced in the tax system.

Finally, it should be noted that all Group companies are resident in Italy and fulfil their tax obligations in our Country⁴.

2.8 2030 Sustainable Development Goals

Sustainable Development goals	Target	Alfa Acciai Initiatives
8 - Decent work and economic growth 	Target 8.2 ▶ Achieving higher standards of economic productivity through diversification, technological progress and innovation, including a focus on high value-added and labour-intensive sectors.	▶ In 2023, the Group continued its investment plan aimed at increasing safety standards, environmental and quality performance, as well as ensuring high production flexibility and efficiency across the entire product range by introducing the most technologically advanced solutions .

⁴) The Ferroberica branches established in the Principality of Monaco and in France fulfil their tax obligations in those countries as well.



A close-up, side profile of a sheep's head, showing its brown, woolly texture. The sheep is positioned on the left side of the frame, looking towards the right. The background is a soft-focus green field with some white flowers, suggesting a natural, outdoor setting.

3.

**ENVIRONMENTAL
RESPONSIBILITY
FROM CIRCULARITY TO
DECARBONISATION**

3. Environmental responsibility, from circularity to decarbonisation

GRI 2-23



Decarbonisation undoubtedly represents the greatest challenge the steel industry is currently facing. The main aim is to implement energy transition processes that progress towards achieving more efficient, low-impact models.

Environmental sustainability in the steel industry is a competitive factor that is acquiring greater importance, due to the increasing focus of European and international legislation and the expectations of stakeholders, who reward organisations that transparently communicate how they are re-designing their production processes to meet the challenges imposed by climate change.

Within this framework, the Alfa Acciai Group monitors the energy consumption and environ-

mental impacts of its production facilities, the most significant of which are generated by Alfa Acciai and Acciaierie di Sicilia, given the type of process and high output. Therefore, being aware of the environmental impact of its business activities, the Group is committed to making steel production increasingly sustainable through full compliance with current environmental regulations and continually seeking the best technical, management and organisational solutions to make consumption more efficient.

Goals & Targets



SOIL

Reducing the production of waste and increasing recovery



WATER

Reducing water consumption



AIR

Reducing greenhouse gas emissions



ENERGY

Intelligent energy management



CCF – Corporate Carbon Footprint – ISO 14064-1



In 2023, the Group obtained the Corporate Carbon Footprint certification. The process began with the development of an organisation's GHG inventory consisting of the identification and accounting of all direct and indirect greenhouse gas emissions - considered significant - resulting from imported electricity, transport, products and services used by the organisation, the use of products produced or marketed by the organisation and other sources. This inventory phase was screened according to significance criteria in order to identify and assess which GHG emissions to include in the study.

Following the inventory phase, data was collected on all input and output workflows from the previously defined reporting scope. Once the significant emission categories were identified, the data gathered was entered into specific software that processed the results in tonnes of CO₂ equivalent. The analysis of the results deriving from the certification report (Inventory Report) allows the Group to define an intervention plan useful to improve/mitigate its GHG emissions with specific measures. The study and its certification are the starting point for setting out a mitigation strategy for GHG emissions that contribute directly or indirectly to global warming, thereby demonstrating the Group's commitment to international climate agreements that systematically call on all the world's countries to reduce greenhouse gas emissions.

Emissions in 2024 were reported and certified for the year 2023: against an amount of 1,083,526 tCO₂eq GHG emissions in 2022, the 2023 figure stood at 1,071,904 tCO₂eq, resulting in a decrease in Group emissions of 11,622 tCO₂eq, a very positive result despite the increase in the emission factor related to energy supply, which scaled it down. This achievement highlights the steps taken by the organisation towards decarbonisation.

The Group's commitment is also evidenced by a series of initiatives implemented by the Group, including the application of the **precautionary approach**, introduced by the United Nations (UN) in Principle 15 of the 'Rio Declaration on Environment and Development', in order to protect the environment as a whole, be it the land surrounding production sites or the atmosphere surrounding the entire planet Earth.

Through an **integrated approach** involving all environmental matrices (air, water, soil, noise, etc.), all Group companies apply the Best Available Techniques (BAT)⁵, i.e. the most technically advanced solutions that can

be economically adopted within their industrial sector, driving processes toward ever higher levels of efficiency.

For the management of environmental issues, each Group company is organised according to specific systems with delegated powers and has appropriate organisational functions to monitor environmental risk. More specifically, the commitment to managing environmental topics and safeguarding natural resources has led Alfa Acciai, Acciaierie di Sicilia and Tecnofil to implement an Environmental Management System certified to **ISO 14001**.

The Group companies therefore have implemented a set

5) The BAT is the cornerstone of policies for the prevention and control of environmental impacts from industrial sources. Introduced in 1996 with the first IPPC (Integrated Pollution Prevention and Control) directive in the steel industry, it was last renewed in 2012 within the Iron & Steel BREF (BAT reference documents).

of policies, procedures, tools, measures and improvement plans for managing and monitoring their environmental performance at the best, including water and energy consumption, emissions and waste. Further internal frequent audits are scheduled to make sure that the current management system as a whole is aligned with the set objectives and the path pursued is really contributing to their achievement.



An important achievement for the Group's two steel-making companies was the **EPD** (Environmental Product Declaration) **certification** obtained for hot-rolled products (reinforcing steel in bars and coils) and, for Alfa Acciai only, wire rod, cold-rolled products, welded mesh, including the one for Alfa Sinstone® and Gripstone® industrial aggregates. Added to these is the EPD certification obtained by Ferroberica in 2023, relating to the shaping, cutting and welding of steel for reinforcing concrete. The EPD is based on the application of the Life Cycle Assessment (LCA) which, regulated by ISO 14040 and ISO 14044, quantifies the environmental performance of products at the various stages of their lifetime. Thanks to this certification, it is possible to calculate the environmental impact of products, identify focus areas for reducing this impact, define strategies and monitor

progress and improvements in performance.



Another step the Group has taken towards sustainability is the fact that Alfa Acciai and Acciaierie di Sicilia are among the first companies to obtain the European **Sust-Steel Certification** for sustainable steel established by Eurofer. This certification was designed to develop, manage and promote the concept of sustainable development based on a complex combination of economic, social and environmental issues for products used in the steel construction industry.



Last but not least, Alfa Acciai and Acciaierie di Sicilia have been awarded the **ICMQ ECO Gold** certification since 2013, a mark of sustainability that measures the environmental performance of hot-rolled products on the basis of three topics: safeguarding the environment, protecting resources and energy savings.



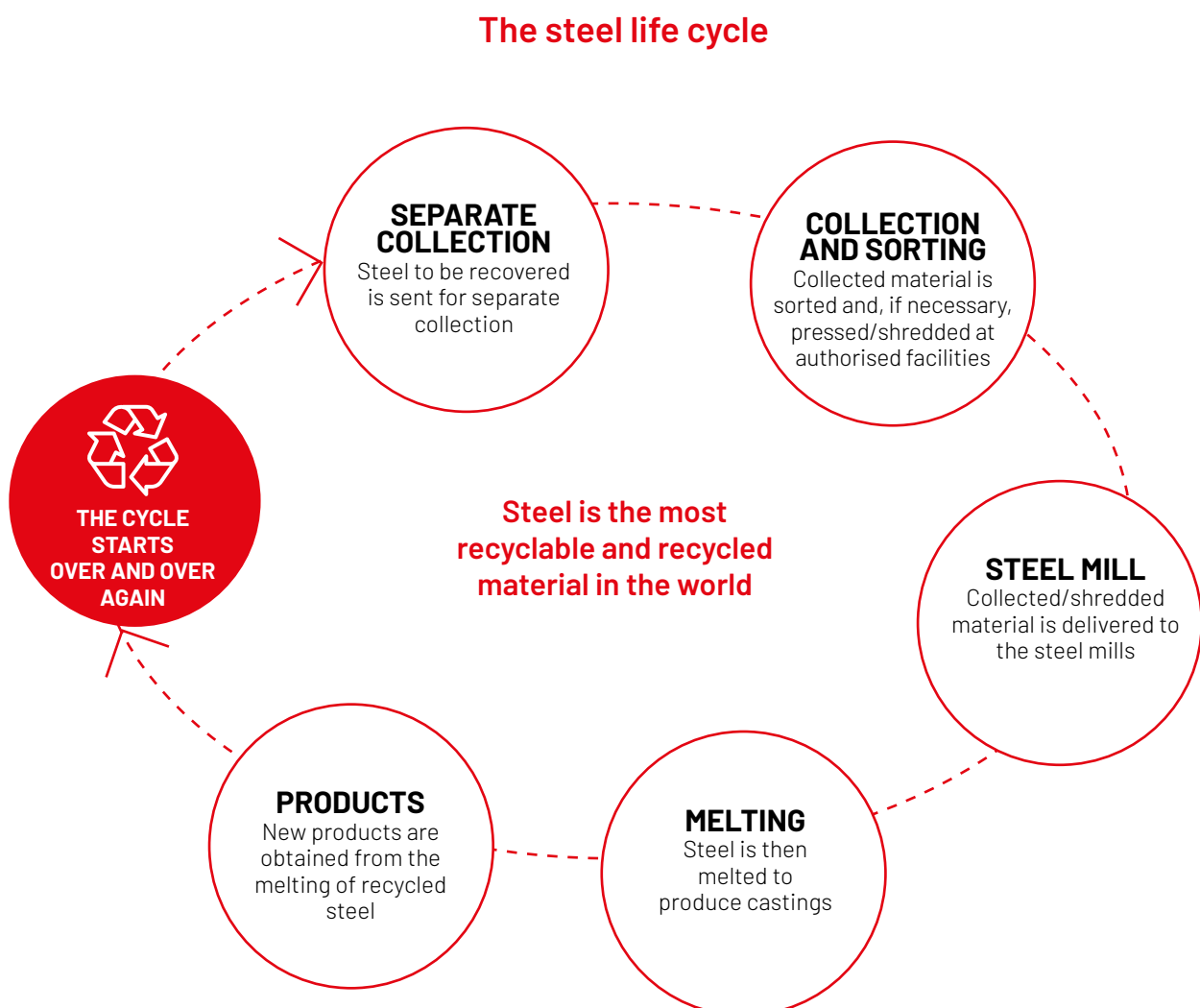
Every certificate held by the Group companies is based on an independent third-party certification scheme and is a tool that demonstrates transparency and communicates environmental and non-environmental performance levels to all stakeholders.

3.1 Alfa Acciai Group circularity

Steel is a permanent material and the products that leave the Group's steel mills for new applications can be recovered 100 per cent and countless times at the end of their life cycle through remelting. The special feature is that steel maintains its characteristics over time, without any loss of quality and without any degradation in mechani-

cal properties; it is therefore an essential material for the development of a sustainable economy. For these reasons, it is the **most recycled material in the world today**.

The following graph provides a clear, synthetic representation of the continuous cycle of steel recovery.



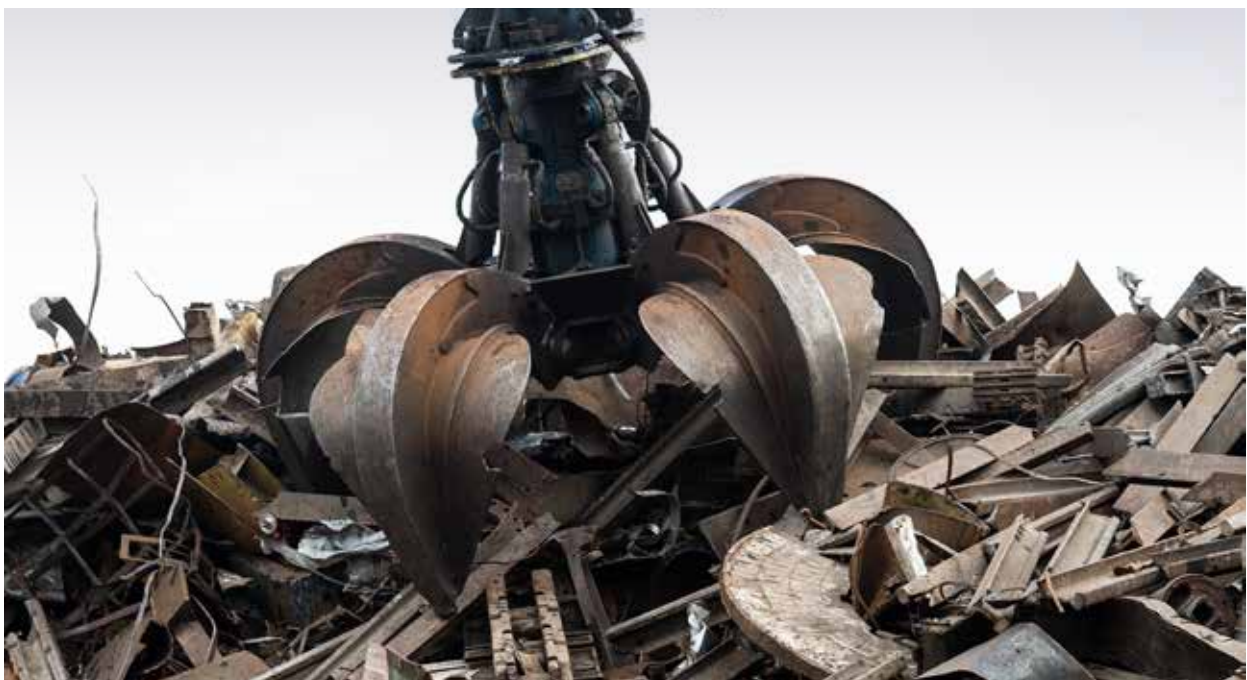
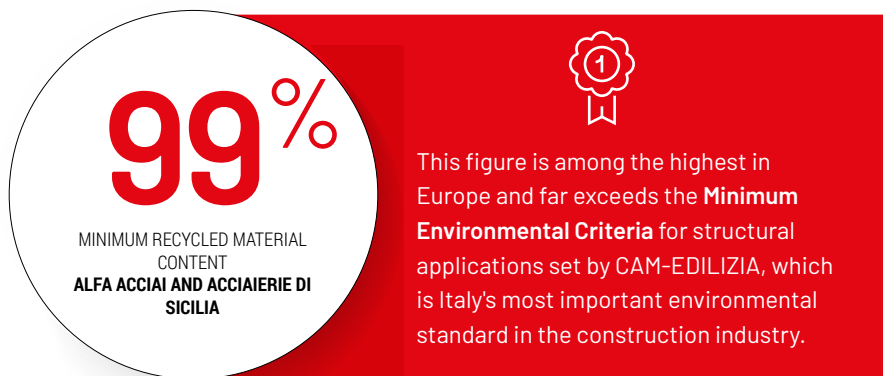
This concept is the mainstay of the EAF steel industry, which bases its processes on the circularity of the product that becomes its own raw material at the end of its life cycle.

In the Brescia- and Catania-based steel mills, the Alfa Acciai Group annually processes over 2 million tonnes of scrap. The finished product has a **minimum content** of certified **recycled material** (UNI/PdR 88:2020 certification according to UNI CEI EN ISO/IEC 17067) of **99.0%** for both Alfa Acciai and Acciaierie di Sicilia, thereby providing the market with truly 'green' products.

So, for every tonne of steel produced, we have been for long creating a benefit for future generations, who will

not need to produce new material from iron ore, thus minimising the use of new natural resources and the environmental impact associated with the extraction and processing cycle of this raw material.

The Group does not just give new life to ferrous scrap, but it constantly strives to recycle any waste produced and transfer it to other circular economies, feeding the value chain and thus supporting the recovery of materials. Significant **examples of material circularity** include the use of black slag, as further explained below, the recovery of zinc from dust coming from the off-gas removal system and the mill scale used to produce cement clinker.





BLACK SLAG RECOVERY AT ALFA ACCIAI AND ACCIAIERIE DI SICILIA

As a result of a controlled process of formation and subsequent solidification, the black slag generated during the melting of ferrous scrap in the electric arc furnace is shredded, deferrized and screened to become a high-performance artificial aggregate.

Controlling the process makes it possible to give slag certain chemical and physical characteristics, making it a material suitable for multiple uses in building construction, road surfacing and civil engineering works, and replacing materials of natural origin (quarry aggregates), thus saving non-renewable natural resources.

- **ALFA SINSTONE® and GRIPSTONE®**: mainly used for draining and levelling surfaces, or as aggregates for cement and bituminous mixes.
- **SICILYSTONE**: ideal for asphalt and cement mixes as well as civil engineering works and road construction

These by-products are registered at European level under the REACH Regulation.

Alfa Sinstone® and Gripstone® also hold EPD Certification.

ZERO WASTE philosophy is a cornerstone for the Group, which, by creating real forms of industrial symbiosis, makes it possible to systematically apply the principle of circular economy, with the aim of reusing, recovering and enhancing every material resulting from the various processing stages, thereby safeguarding precious natural resources.



3.2 Consumption of materials

GRI 301-1; GRI 301-2



The most important raw material in quantitative terms for steel production is ferrous scrap originating from Italy or abroad.

Alfa Acciai and Acciaierie di Sicilia conduct strict and severe inspections on ferrous scrap entering the plant, through documentary checks, under the supervision and

assistance of the Environment Service, as well as visual and radiometric checks, in accordance with the regulations in force⁶.

Radioactive source detection

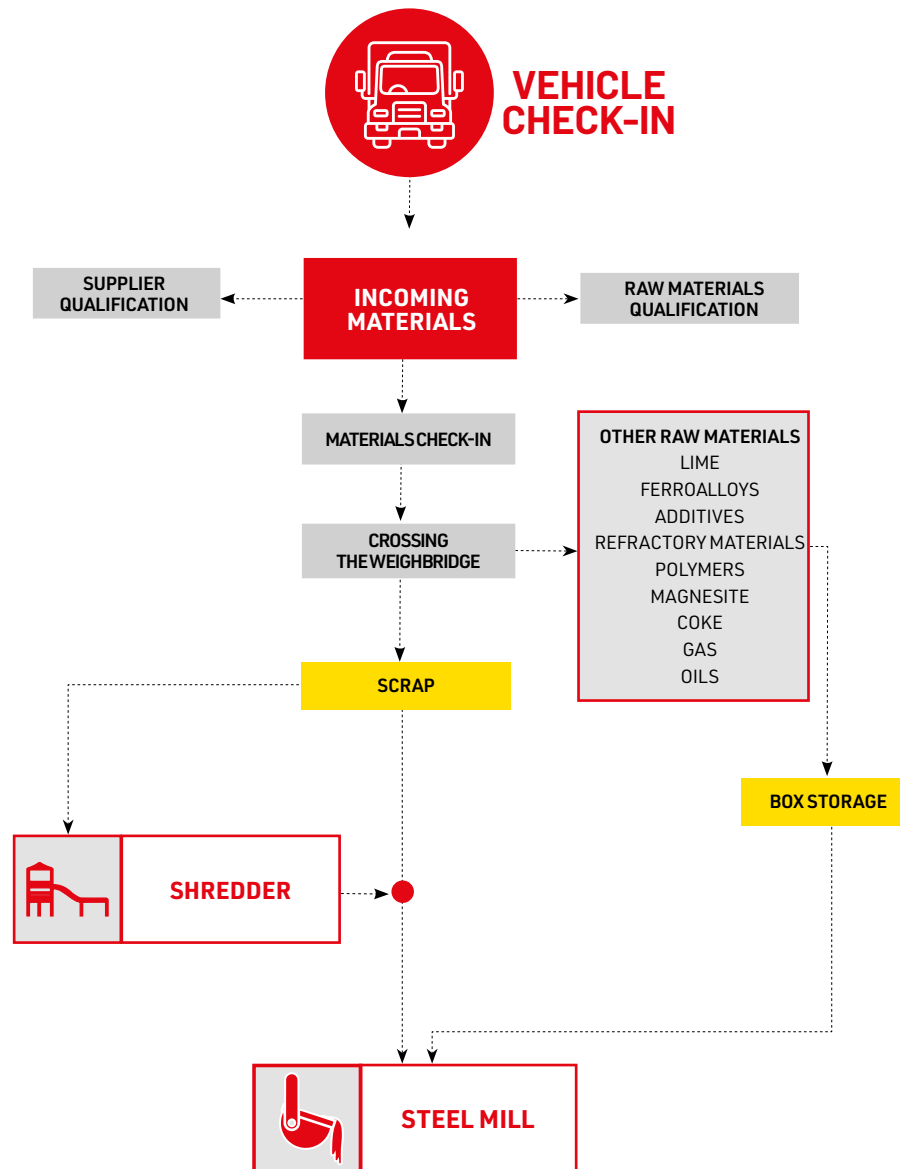
Among the scrap inspection operations, the most important one is a strict check to ensure that incoming scrap does not contain any radio-contaminated material.

Since 1997 the Group has been one of the first in Italy to implement an extensive and complete detection system covering the entire production activity in order to avoid the accidental melting of radioactive material.



A summary of the incoming raw materials acceptance process is given in the diagram below:

6) Further details on scrap procurement and radiometric source detection can be found in the Chapter "X-ray monitoring at the plant" and in the section entitled "Scrap incoming inspection" in the Alfa Acciai 2021 Observatory Report. Additional information on the supplier selection and assessment process is also available herein under Chapter 5.



Ferrous scrap is the main raw material used. In fact, in 2023 nearly 1.7 million tonnes of ferrous scrap were melted in the EAF at Alfa Acciai and Acciaierie di Sicilia, accounting for about 95% per cent of the total raw materials used by the two companies.

In addition to the various types of scrap, the steel mills use other materials such as lime, ferroalloys, magnesite and coke, while wire rod and bar for reinforcing concrete are the raw materials of Ferroberica, Tecnofil and Alfa Derivati, which verticalise the product. The following tables show the quantity of raw materials and process materials consumed in 2021-2023, where the **subdivision into renewable and non-renewable materials** required by

GRI is **not applicable to the steel industry**. In fact, the resources required are not generated in short periods of time. However, the **Group is committed** to containing its environmental impact and **reducing its use of resources, making extensive use of recycled raw materials**.

The year 2023 was characterised by stable production volumes in line with 2022 as a result of a demand that has been struggling to recover since the beginning of the Russian-Ukrainian conflict. The volume of materials consumed is comparable to that of the year 2020, which was marked by the pandemic that affected the production of the entire Group.

Raw materials	U.M.	2023	2022	2021
Non-renewable raw materials used				
<i>Ferrous scrap</i>	t	1,698,595	1,701,242	2,062,479
<i>Direct reduced iron (DRI)</i>	t	0	0	0
<i>Pig iron</i>	t	0	0	0
<i>Lime</i>	t	63,195	67,058	82,356
<i>Ferrous alloys</i>	t	18,322	18,010	21,250
<i>Magnesite</i>	t	917	844	2,955
<i>Magnesite from ground refractory materials</i>	t	1,388	1,540	1,330
<i>Coke</i>	t	3,375	2,463	2,496
<i>Wire rod / rebar for reinforced concrete⁷</i>	t	529,297	584,236	593,784
Total raw materials used	t	2,315,089	2,375,392	2,766,649

The manufacture of steel requires not only raw materials but also process materials which are crucial to production. For example, additives and process agents help to form and regulate the chemical composition of steel and

the slag protecting the molten steel; refractory materials protect the EAFs and ladles inside and reduce heat loss; inert gases are used to stir the bath to homogenise it. Basically, these materials are essential for a quality product.

Process materials	U.M.	2023	2022	2021
Non-renewable raw materials used				
<i>Oxygen</i>	m ³	55,359,692	54,442,257	63,946,430
<i>Inert gases (Argon + Nitrogen)</i>	m ³	3,294,180	3,165,271	4,204,288
<i>Additives and process agents⁸</i>	t	17,912	18,460	18,166
<i>Coal</i>	t	5,408	9,207	10,519
<i>Refractory materials</i>	t	10,677	8,723	12,494
<i>Oils/lubricants</i>	t	444	462	619
<i>Aluminium</i>	t	186	156	227
<i>Total zinc and alloys</i>	t	1,226	1,218	1,944
<i>Other process raw materials</i>	t	884	815	1,383
Total process materials used	m³	58,653,872	57,607,528	68,150,718
Total process materials used	t	36,738	39,213	45,351

In the ongoing commitment to reducing the use of fossil fuels in the steel production process, the use of recycled polymers was further materialised in 2023, with more

than 36% increase year-on-year, and a consequent and simultaneous reduction in the use of coal.

Additives and process agents from recycling	U.M.	2023	2022	2021
Polymers from recycling	t	4,679	3,430	1,232
Total additives and process agents used	t	17,912	18,642	18,166
% of recycled additives and process agents used	%	26%	18%	7%

7) This is the raw material used by the Group companies that verticalize production, i.e. Alfa Derivati, Ferroberica and Tecnofil.

8) Includes: electrodes, coal deoxidisers, de-sulphurising agents, calcium aluminates, various additives and, as from 2021, also polymers from recycling (amounting to 4,679 tonnes).



POLYMERS

A test project was launched at Alfa Acciai in 2021 involving the use of polymers obtained by recycling used plastics in accordance with standard UNIPLAST-UNI 10667, capable of partially replacing coal and its derivatives as a reducing agent in the oxi-reduction reactions of ferrous materials.

The replacement process transpired gradually with a use percentage rising to 26% in 2023, while the experimental phase is still in progress at Acciaierie di Sicilia.

The use of recycled materials facilitates a reduction in emissions and decarbonisation, while also ensuring that more plastics is recycled and optimised.



In addition to ferrous scrap, which is the main input for the process, another recovered material used consists of **spent refractory materials coming from the demolition of the melting furnace**, which are fed back into the production cycle as partial raw materials substitutes.

The raw materials to be replaced is magnesite, which is used as an additive in the Electric Arc Furnace (EAF) melting process. Their reuse of spent refractory materials in the furnace has no negative impact on the environment; indeed, it preserves the consumption of new natural resources.



Looking at the figures relating to **recycled raw materials** for the two steelmaking companies, **the percentage of use is 95% in 2023** as well, which is in line with the previous three years. This result highlights the Group's circular vocation with a very high portion of recycled materials entering the production process.

Recycled raw materials	U.M.	2023	2022	2021
<i>Ferrous scrap</i>	t	1,698,595	1,701,242	2,062,479
<i>Magnesite from grinding refractory material</i>	t	1,388	1,540	1,330
Total recycled raw materials used	t	1,699,983	1,702,782	2,063,809
Total raw materials used	t	1,785,792	1,791,157	2,172,865
% of recycled raw materials used⁹⁾	%	95.19%	95.00%	94.98%

For the purpose of sustainability along the entire value chain, in 2021 Tecnofil adopted a packaging system with metal straps in place of traditional plastic straps to ensure packaging that is 100% recyclable. The company is also constantly looking for packaging solutions with environmentally sustainable materials in order to further reduce its ecological footprint.



9) GRI 301-2 was calculated considering the amounts of raw materials used at Alfa Acciai and Acciaierie di Sicilia alone. This figure differs from that obtained from the UNI EN ISO 14021 certification (99% at Alfa Acciai and Acciaierie di Sicilia) because GRIs (301-1 and 301-2) have different calculation methods from the UNI standard.

3.3 Management of water resources

GRI 303-1; 303-2; 303-3



Water plays a crucial role in the steel production process. The effective use of water is very important for the Group, which uses supply sources that minimise impact on the territory and adopts the best technical solutions for cooling systems to limit water consumption.

Water comes from the council water supply for domestic and sanitation purposes and from company-owned wells for industrial use. More specifically, the water for industrial purposes is used to make up evaporated water from indirect circuits (furnaces, rolling mills, ingot moulds and continuous casting plants) and direct circuits (con-

tinuous casting spray and direct cooling for rolling mill products).

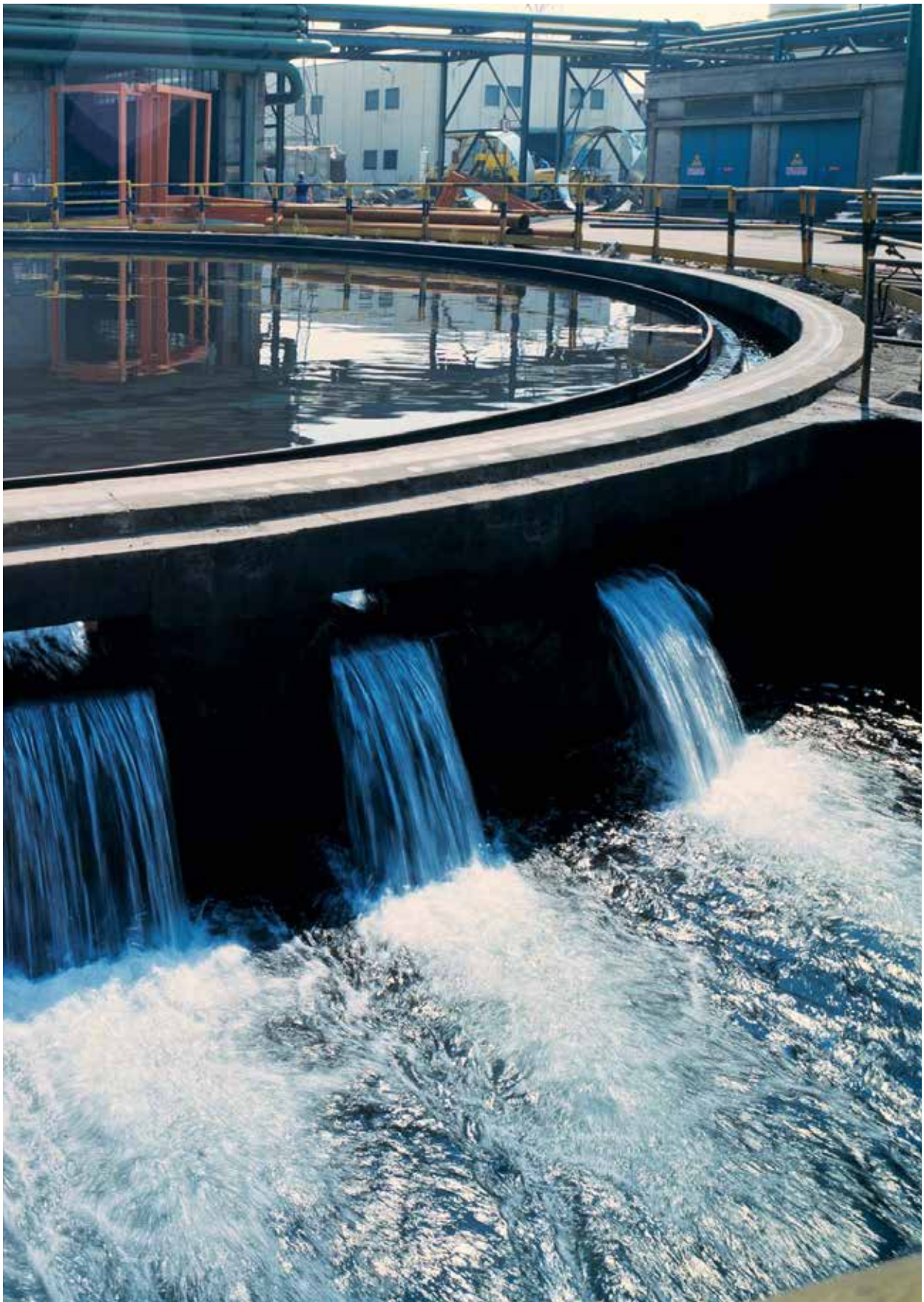
The table below shows the Alfa Acciai Group's water supply figures for the three-year period considered.

Water withdrawal ¹⁰	U.M.	2023	2022	2021
Total supplied	MI	3,112,547	2,830,849	3,296,637
- of which from water stress areas	MI	3,112,547	2,830,849	3,296,637
Water supplied by the company				
Total supplied by the company (groundwater – fresh water)	MI	3,074,951	2,799,494	3,243,747
- of which from water stress areas	MI	3,074,951	2,799,494	3,243,747
Water supplied by third parties				
Total supplied by third parties (groundwater – fresh water)	MI	37,596	31,355	52,890
- of which from water stress areas	MI	37,596	31,355	52,890

The water stress level was assessed using the Aqueduct tool, which is based on an overall water risk index and 13 indicators that cover various types of water-related risk, by aggregating and weighing all the indicators selected from Physical Quantity, Quality and Regulatory

& Reputational Risk categories, i.e. indicators that take into account the availability in quantitative terms of the resource, its quality and the regulatory framework and its evolution.

¹⁰) It must be noted that, unlike what was reported for the two-year period 2021-2020, water consumption at Acciaierie di Sicilia for the two-year period 2022-2023 was not estimated, as the price figure was available. Furthermore, for reporting purposes, water-stressed areas over the medium-high range were considered based on what is reported on the website www.wri.org.



Considering this overall indicator, all of the Group companies fall within a medium-high/high water stress category.

Consumption trends are affected by steel production in general. In practice, the increase in performance efficiency of cooling systems is directly proportional to the increase in steel production, as evaporation and discharge also occur with low production levels. With regard to Alfa Acciai alone, rainfall is a second factor affecting water supply as with higher levels of rainfall distributed throughout the year, more rainwater is recovered in direct cooling circuits. Unfortunately, rainfall levels have been below historic averages in recent years, and have been concentrated in short, intense bursts that have reduced volumes that could be reused in the site's water circuit.

More specifically, the year 2023 was characterised by low rainfall, which led to a decrease in the volumes recovered from rainwater, resulting in more volumes sourced from underground. This resulted in a 13% increase in specific consumption.

Alfa Acciai and Acciaierie di Sicilia consume the largest amount of water in the Group because hot processes, such as melting and rolling processes, require large amounts of water for the indirect cooling of plants and the direct cooling of products/semi-finished goods.

Alfa Acciai has its own water **collection and treatment** system for first flush and runoff rainwaters which, following a specific process, enables rainwater to be put back into the industrial water circuits, reducing the amount taken from wells. Moreover, the Group's policy is to reuse water as many times as possible before it is discharged.

The cooling system actually **recirculates the water for over 30 cycles** before discharging it. This enables significant water savings with regard to the need to cool plants, amounting to approximately 74 million m³/year for Alfa Acciai alone. Makeup water from wells represents less than 3% of plant requirements, and is required to offset steam from cooling towers and industrial discharges. **The remaining 97% of plant water required therefore undergoes continuous recirculation before being discharged.**

With regard to water discharged, given that Alfa Acciai, Acciaierie di Sicilia and Tecnofil have obtained Integrated Environmental Authorisation, they must comply with specific quality standards based on BATs in the respective production sectors. Where necessary, these are integrated with local evaluations implemented in the authorisations to establish quality and monitoring frequency. For Alfa Acciai alone, as a result of a revision of the authorisation obtained in July 2022, the monitoring frequency of industrial water discharge into surface water bodies was established on a monthly basis. Domestic wastewater, which can be discharged into the sewage system, is not monitored.

The Group systematically monitors water consumption and is committed to preventing water used in cooling processes from being wasted, by implementing closed circuits, using the latest technologies and blowing down indirect cooling circuits to fulfil the needs of direct cooling circuits.

3.4 Waste management

GRI 306-1; GRI 306-2; GRI 306-3; GRI 306-4; GRI 306-5

Based on one of the most established circular economies, the Group continues to pursue a responsible and, more importantly, sustainable production strategy, devoting the utmost attention not only to the use of resources but also to the valorisation of waste from its own production.

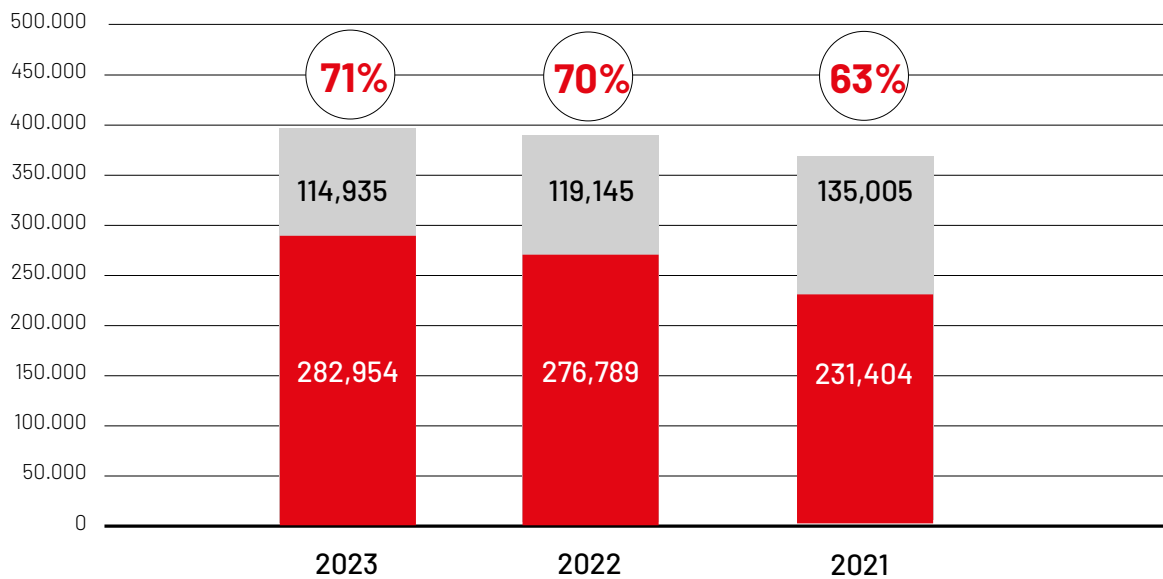
Alfa Acciai and Acciaierie di Sicilia, the two Group's steel mills, base their production process on circular economy principles by melting ferrous scrap in electric arc furnaces, thereby giving it new life and reducing the consumption of raw materials. Steel manufacturing also creates waste which the Group is committed to reuse in other production processes, thus fuelling **the value chain in other circular economies**, thereby optimising every output material.

Reducing the amount of waste produced is certainly one of the Group's main objectives, which is flanked by a series of measures aiming at optimising waste, where it cannot be minimised, thus encouraging recovery instead of landfilling.

The Group's commitment to this is demonstrated with Alfa Acciai's results alone, which currently generates more than 85% of the entire Group's waste, rising from 15% waste sent to recovery in 2017 to 76% in 2023, an increase of 5 points over 2022. The Group's result reflects these values with 71% of waste sent to recovery processes, up from previous years.

The upward trend of this indicator has consequently led to keeping the waste produced by the Group in the reporting year and sent to landfill at 29% for the year 2023. The results achieved show how efforts to achieve the Zero Waste objective underpin the Group's sustainable development policies.

Total waste generated (t)



The amount of waste generated sent for recovery is increasing steadily, up 10.5% compared to the average of the previous three years.

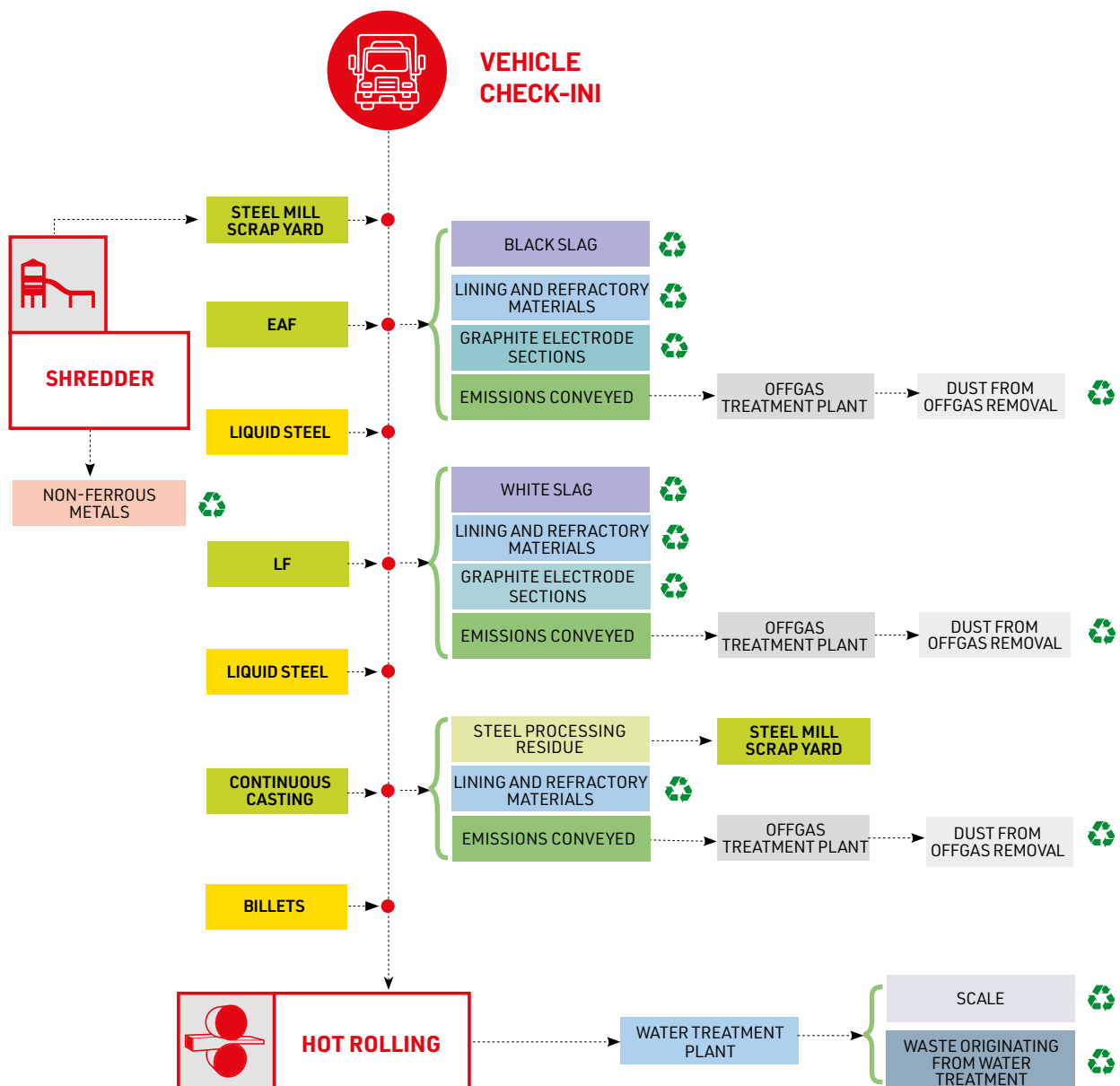
■ Intended for recovery
 ■ Intended for disposal

The diagram below shows how the ferrous scrap circular economy is related to other circular sub-economies resulting from the steel production process:

- ▶ **black slag** coming from the steel production process is first partly recovered internally as a by-product (Alfa Sinstone® and Gripstone®) and partly sent, in increasingly lesser amounts, to recovery facilities to obtain an inert material that can be used to replace virgin materials mined from quarries, thereby preserving natural resources;
- ▶ thanks to sorting operations, non-ferrous metals (such as aluminium and copper) are obtained from the fer-

rous scrap shredding process, which can be put to good use in other external production cycles;

- ▶ **metal dust** with a high zinc content is generated from the melting process, which enters other circular production cycles designed to extract zinc metal, a highly precious element for our economy;
- ▶ **mill scale** is generated from rolling processes, which is basically an iron used to produce cement clinker;
- ▶ recovering **refractory materials** is also important for making the most of production waste, as it preserves important natural resources.



The Group is continually looking for new opportunities that can further optimise the recovery of all production waste in accordance with legislation. In particular, the main efforts are focused on **white slag** (an aggregate that develops during steel treatment in the ladle), which is currently mainly intended for disposal and is the final obstacle to achieving 100% circular steelmaking.

The Group regularly monitors the waste data that are analysed by the corporate management system, with the help of dedicated facilities (environment departments). Backed up by well-established organisations, the process

of **digitisation and automation** aimed at anticipating the evolution of processes and regulations that require increasing attention continues in a constant and sustained manner.

The table below illustrates the quantities of waste produced in the reporting year, divided into hazardous and non-hazardous waste, over the three-year period 2021-2023. The data confirms that the circular economies to which we are linked are well established and therefore lead to high percentages of waste being recycled or sent to recovery facilities.

Waste generated	U.M.	2023	2022	2021
Total NON-HAZARDOUS waste	t	369,012	367,382	331,247
<i>Melting slag (black)</i>	t	165,203	177,245	155,839
<i>Secondary metallurgical slag (white)</i>	t	60,932	81,859	82,747
<i>Waste from shredding ferrous scrap</i>	t	92,904	70,927	55,692
<i>Mill scale</i>	t	15,784	21,662	21,528
<i>Refractory materials</i>	t	2,045	1,978	2,056
<i>Other waste</i>	t	32,143	13,712	13,386
Total HAZARDOUS waste	t	28,877	28,552	35,163
<i>Dust from off-gas removal</i>	t	27,461	27,182	33,111
<i>Other waste</i>	t	1,416	1,370	2,052
TOTAL WASTE	t	397,889	395,934	366,410

In line with the reporting standards adopted (GRI standards), a breakdown of the waste produced is shown in the table below, highlighting the quantities sent for recovery

and those for disposal, with an indication of the specific process used. All processes are carried out at external sites.

Waste intended for recovery	U.M.	2023	2022	2021
Total HAZARDOUS waste	t	258,069	251,915	199,983
<i>Melting slag (black)</i>	t	141,518	154,186	123,700
<i>Secondary metallurgical slag (white)</i>	t	5,255	10,751	10,886
<i>Waste from shredding ferrous scrap</i>	t	61,347	49,631	29,310
<i>Mill scale</i>	t	15,784	21,662	21,528
<i>Refractory materials</i>	t	2,045	1,978	2,056
<i>Other waste</i>	t	32,119	13,708	12,503
Total HAZARDOUS waste	t	24,886	24,874	31,421
<i>Dust from off-gas removal</i>	t	24,214	24,343	31,023
<i>Other waste</i>	t	672	531	398
TOTAL WASTE FOR RECOVERY	t	282,954	276,789	231,404

Waste intended for disposal (t)	2023				2022				2021			
	Incineration (with)	Landfilling	Other disposal operations	Total	Incineration (with)	Landfilling	Other disposal operations	Total	Incineration (with energy recovery)	Landfilling	Other disposal operations	Total
Total NON-HAZARDOUS waste	21	110,919	3	110,943	1	115,463	2	115,467	-	131,256	7	131,264
Melting slag (black)	-	23,685	-	23,685	-	23,059	-	23,059	-	32,139	-	32,139
Secondary metallurgical slag (white)	-	55,677	-	55,677	-	71,107	-	71,107	-	71,861	-	71,861
Waste from shredding ferrous scrap	-	31,557	-	31,557	-	21,297	-	21,297	-	26,381	-	26,381
Mill scale	-	-	-	-	-	-	-	-	-	0	-	0
Refractory materials	-	-	-	-	-	-	-	-	-	0	-	0
Other waste	21	-	3	24	1	-	2	4	-	875	7	882
Total HAZARDOUS waste	1	-	3,990	3,991	1	2,839	839	3,678	-	-	3,742	3,742
Dust from off-gas removal	-	-	3,247	3,247	-	2,839	-	2,839	-	-	2,088	2,088
Other waste	1	-	743	744	1	-	839	840	-	-	1,653	1,653
TOTAL WASTE FOR DISPOSAL	22	110,919	3,993	114,935	2	118,302	841	119,145	-	131,256	3,749	135,005

The Group's commitment to waste recovery is also expressed for hazardous waste: in fact, the amount of waste sent for recovery compared to the total hazardous waste generated by production processes is confirmed at over 86%.

The very low percentage (about 3%) of generation of hazardous waste sent for disposal, and therefore impacting the environment, compared to the total waste disposed of is also confirmed for the year 2023.

3.5 Commitment to energy efficiency

GRI 302-1; GRI 302-3; GRI 302-4; GRI 302-5



Alfa Acciai Group companies' strategic priority is the continuous improvement of performance, including energy performance, through the implementation of energy efficiency measures for production processes and related ancillary services, with a view to reducing their impact on the environment.



Though steelmaking facilities, which melt scrap using an electric arc furnace (EAF), have a lower environmental impact and generate fewer climate-changing gases (first and foremost CO₂) than production from ore on the one hand, they require large amounts of electricity on the other hand.

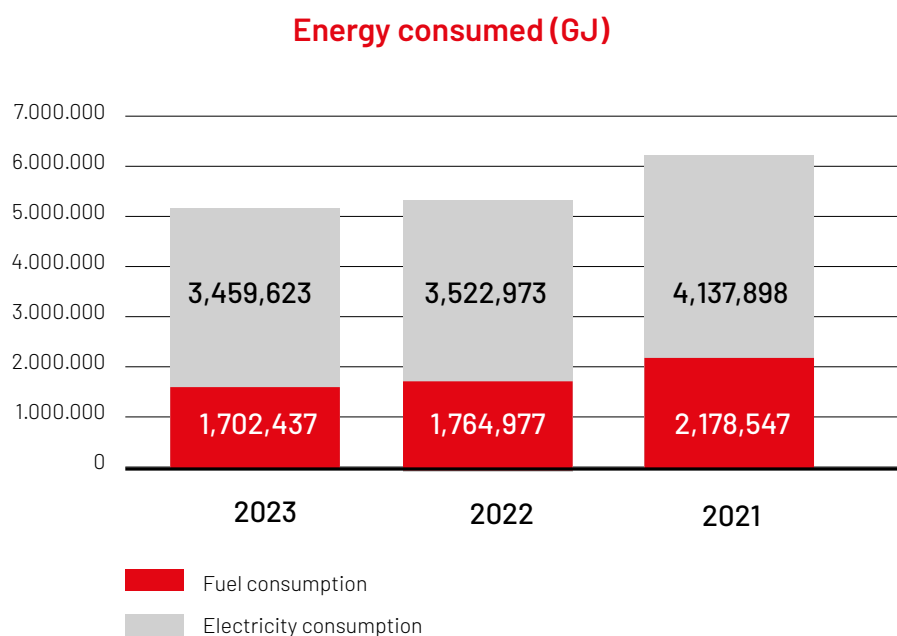
Alfa Acciai Group companies have set ambitious targets to reduce energy consumption from fossil fuels and are committed to increasing the amount of energy from renewable sources.

The main source of energy required to melt scrap is electricity, which accounts for the Group's main energy consumption, followed by the combustion of natural gas,

which is a much smaller source. Electricity consumption is also necessary for auxiliary processes, such as environmental monitoring and production services. With regard to the hot rolling of billets produced by the steel mill, the main source of energy is instead natural gas, which is used to power the billet heating furnaces, where electricity consumption is secondary.

Lastly, the consumption of Diesel fuel to power vehicles and the means used to handle the finished or semi-finished product is minimal, while the consumption of LPG for cutting rebar to size has been zeroed since 2023, thanks to the complete transition to cold cutting in the entire department at Ferroberica.

A comparison between 2022 with 2023 shows a slight decrease in all consumption items over the past year. Overall, the decrease accounts for 2.3%. A look at the energy intensity (GJ/t) shows a substantial stability compared to the year 2022.



Energy consumed ¹¹	U.M.	2023	2022	2021
Natural gas	GJ	1,667,377	1,729,597	2,139,464
LPG	GJ	0	15	51
Diesel oil	GJ	35,060	35,365	39,031
Fuel consumption	GJ	1,702,437	1,764,977	2,178,547
Purchased electricity	GJ	3,459,623	3,522,973	4,137,898
Electricity consumption	GJ	3,459,623	3,522,973	4,137,898
Total energy consumed	GJ	5,162,059	5,287,949	6,316,445

Looking at the energy intensity data, which relate total energy consumption to total finished/processed products, shows a substantial year-on-year equality.

Energy intensity	U.M.	2023	2022	2021
Energy consumed within the organisation	GJ	5,162,059	5,287,949	6,316,445
Alfa Acciai Group's total finished/processed products	t	2,005,425	2,068,959	2,362,130
Energy intensity	GJ/t	2.57	2.56	2.67

11) In line with GRI Standards requirements, energy consumption is expressed in GJ, using the 2020, 2021 and 2022 conversion factors stated by the Department for Environment, Food and Rural Affairs of the United Kingdom (DEFRA) for the years of reference.

12) The figure is net of grid losses and reflects the electricity actually consumed.



ISO 50001 CERTIFICATION

The Acciaierie di Sicilia site now boasts a new element: the **ISO 50001 certification**, the Energy Management System, which aims to facilitate the process of identifying, recording and evaluating energy-related results and is the best tool for managing and implementing its own Energy Policy. Alfa Acciai's strategic priority is to continually improve its performance, including energy performance, through the implementation of energy efficiency measures in production processes and related auxiliary services to reduce environmental impact. This is all thanks to:



Automation systems for monitoring energy parameters



Diagnosis of consumption and definition of actions



Choosing cutting-edge technologies that contain energy consumption



1**INITIATIVES TAKEN SINCE YEAR'S START**

Besides consolidating 2022 operations, in 2023 **Alfa Acciai** took new steps with a view to implementing actions leading to continued increases in energy savings and the use of renewable sources, namely:

- ▶ installation of a new slag door at Furnace 1 with a cleaner to reduce liquid cooling and oxidation to the benefit of energy consumption in the melting process;
- ▶ installation of a new high-efficiency burner at Furnace 1 to maintain the temperature of the ladles prior to tapping, the aim being to reduce electricity consumption of the secondary metallurgy process;
- ▶ monitoring of compressed air output of each production plant and the launch of targeted checks on the use of site compressed air with the aid of ultrasound devices for leakage detection;
- ▶ efficiency improvement of the off-gas extraction systems at Furnace 1;
- ▶ a new weighing system at the scrap yard, areas 2 and 3, resulting in improved process standardisation and energy efficiency at the melting furnaces;
- ▶ improving energy efficiency of the rolling mill production unit through the implementation of new algorithms for optimising reheating ramps and an innovative process tracking and job scheduling management, in order to achieve better control of reheating furnaces and production, thereby facilitating the loading of hot billets into the furnace;
- ▶ complete revamping of the intermediate phase of the wire rod mill (TV), which has resulted in benefits in terms of plant reliability, intended as availability (KU) and performance index (KE), following the revamping of electronics and the entire electrical power systems;
- ▶ replacement of part of the cooling water booster pumps of the wire rod rolling mill to increase pumping efficiency;
- ▶ The organisation is certified for its energy management system according to UNI EN ISO 50001; Alfa Acciai achieved energy certification in January 2023 and Acciaierie di Sicilia in December 2023.

2**INITIATIVES IN PROGRESS**

In the ongoing pursuit of greater energy savings, in 2023 Alfa Acciai implemented the following initiatives, the results of which will be quantified and verified in 2024.

- ▶ Level 2 system for combustion control of reheating furnaces that will optimise methane consumption during scheduled or accidental transients.

3**UPCOMING INITIATIVES**

- ▶ Implementation of 2 new, high-efficiency variable displacement compressors.
- ▶ Revamping of the Wire Rod Mill Train upgrading and an increase in plant availability and a decrease in electricity consumption.



ALFA HEAT RECOVERY: THERMAL WASTE RECOVERY AND HEAT TRANSFER PLANT

Alfa Acciai is aware of its role in the community and, thanks to the location of its facilities near the residential area to south-east of Brescia, it has been able to invest and implement over the years projects to research new sustainable solutions through the industrial plant transferring heat to the Brescia's district heating system.

The ALFA HEAT RECOVERY plant recovers the energy dissipated by the steel plant's off-gas cooling system to contribute to meet the energy requirements of Brescia's inhabitants by a highly energy-efficient heat exchange system that links the steelmaking process and the A2A district heating network. The heat transfer facility is based on a sophisticated control system that ensures the optimisation of heat energy recovery through predictive algorithms guiding the heat transfer station according to the steel mill process parameters.

The heating system consists of innovative components featuring high efficiency and thermal stability due to significant energy storage.

Completion of the energy recovery project covering the entire steel mill by linking both melting furnaces to the recovery plant continued successfully during the 2022-23 winter period. In addition, a project is currently underway to certify the transfer plant at 130°C. In this new configuration, the plant will be able to achieve the following results:

- ▶ savings amounting to 4,000 tonnes of oil equivalent (TOE) a year;
- ▶ atmospheric emissions saved: 10,000 tonnes/year of CO₂, 1,600 kg/year of CO and 8,000 kg/year of NOx plus a drastic reduction in PM10 and PM2.5 particles;
- ▶ reduction in the heat dispersed into the atmosphere and the consumption of makeup water by over 4,000 cubic metres/year - an increasingly relevant issue as a result of climate change.

Apart from being a virtuous example of circularity for the recycling of ferrous scrap, with this project Alfa Acciai is moving towards energy circularity and contributes to the decarbonisation of the urban fabric by valorising the heat that would otherwise be dispersed into the atmosphere.

Oil-equivalent savings

~4,000

CO₂ GHG emissions saved

~10,000

Reduced make-up water consumption

~4,000



Alfa Acciai: array of pipes supplying the heat recovery plant from the steel mill and storage tanks

As to **Acciaierie di Sicilia**, operations in 2023 focused mainly on the following:

- ▶ commissioning of the SVC (Static Var Compensator), a reactive power compensation system, which has optimised and stabilised the electric arc of the melting furnace process;
- ▶ installation and commissioning of the equipment required for the hot charge process (approx. 800 °C), and fine-tuning of the synchronisation of steel mill and rolling mill production process in order to achieve energy savings in methane consumption;
- ▶ certification of the UNI CEI EN ISO 50001 energy management system, which also included the upgrading of the energy consumption monitoring system.

On schedule for the year 2024:

- ▶ implementation of the Robot Scan in the steelworks, aimed at reducing the Power OFF times of the melting furnace to the benefit of the output: this system can automatically pick up the test specimen and take the temperature without the presence of an operator, which also contribute to increase operator safety;
- ▶ revamping of the continuous casting machine in order to increase the output of the relevant casting lines and decrease the associated energy consumption;
- ▶ partial revamping of the water treatment plant in order to achieve a reduction in the electricity consumption related to water circulation.

Tecnofil completed the operations implemented during 2023, namely:

- ▶ electrical revamping of the three wiring drawing machines, which involved switching from DC motors to AC motors, all in spite of difficulties in sourcing electronic components.

On schedule for 2024:

- ▶ implementation of an 11-pass drawing machine, featuring optimised automation for the production of a new range of small diameter wire;
- ▶ revamping of the electronics and automation of 2 drawing machines.

Alfa Derivati is planning to complete the following projects in the course of 2024:

- ▶ new equipment to reduce the product changeover times on welding machines used in the welded mesh production process;
- ▶ replacement of inverters to increase plant availability and energy efficiency;
- ▶ implementation of beryllium electrodes to optimize energy consumption in the mesh welding process.

Finally, in 2023, **Ferroberica** recorded zero consumption of LPG, as a result of the installation of cold bar cutting machines. This is a great achievement as it relates to a reduction in the use of fossil fuels and thus a decrease in CO₂ emissions (scope 1) released by this company.

3.6 Management and monitoring of GHG emissions

GRI 305-1; GRI 305-2; GRI 305-4



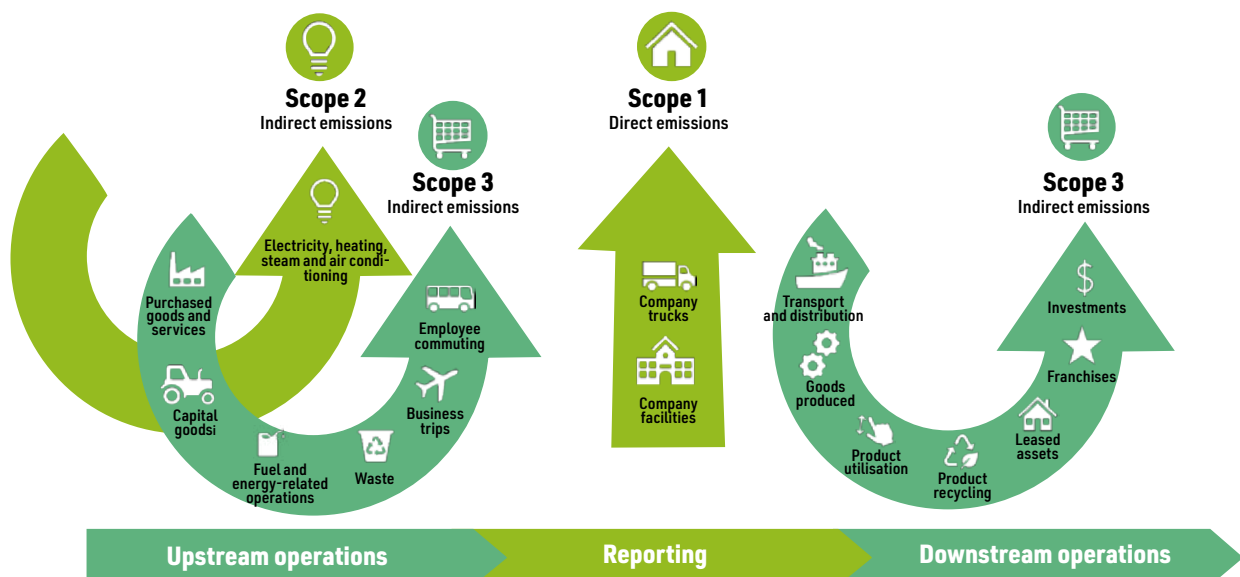
Energy efficiency levels are returning to pre-pandemic levels in Europe though they are not yet in line with the trend expected for achieving net zero in terms of pollutants and climate-changing emissions. The latest “Energy Efficiency 2023” report issued by the International Energy Agency (IEA) outlines the need to increase investments before 2030 to foster the expansion of technologies and solutions to reduce greenhouse gas emissions to 0 by 2050, as envisaged in the Roadmap to Net Zero by 2050. In order to achieve these goals, the EU emission trading system (ETS) regulatory scheme is evolving continuously (EU ETS): 2026 will see the implementation of the second part of period IV, which foresees a strong reduction in the number of greenhouse gas emission allowances allocated free of charge, according to the new European benchmarks for the industry, especially energy-intensive industries and power plants, including Alfa Acciai and Acciaierie di Sicilia, as they are EAF steel producers. In the third ETS III period (2013- 2020), the Alfa Acciai Group did not need to purchase allowances in addition to those allocated as it occurred in the first and second year (2021-2022-2023) of Period IV.

The emissions monitored and reported by Alfa Acciai Group companies are divided into **Scope 1**, **Scope 2** and **Scope 3** categories.

More specifically, according to the definition of the Environmental Protection Agency (EPA), Scope 1 emissions are direct greenhouse gas (GHG) emissions generated by sources controlled or owned by an organisation (e.g., emissions associated with the combustion of fuels in boilers, furnaces, vehicles).

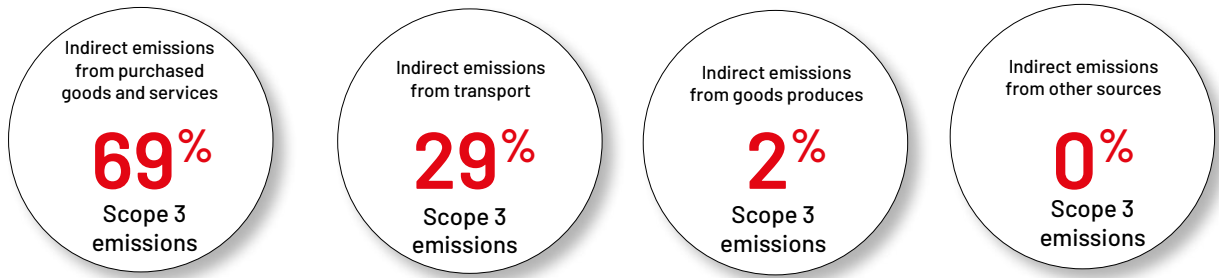
Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. Although Scope 2 emissions physically occur at the facility where they are generated, they are accounted for in an organisation's GHG inventory because they are the result of the organisation's energy use.

Scope 3 emissions are indirect emissions generated by operations carried out by the Group, which transpire from sources that it does not own or control. They account for the largest proportion of the company's carbon footprint and include emissions from operations upstream and downstream of the production system, i.e. transport and distribution, and the disposal of goods and services after they have reached consumers.

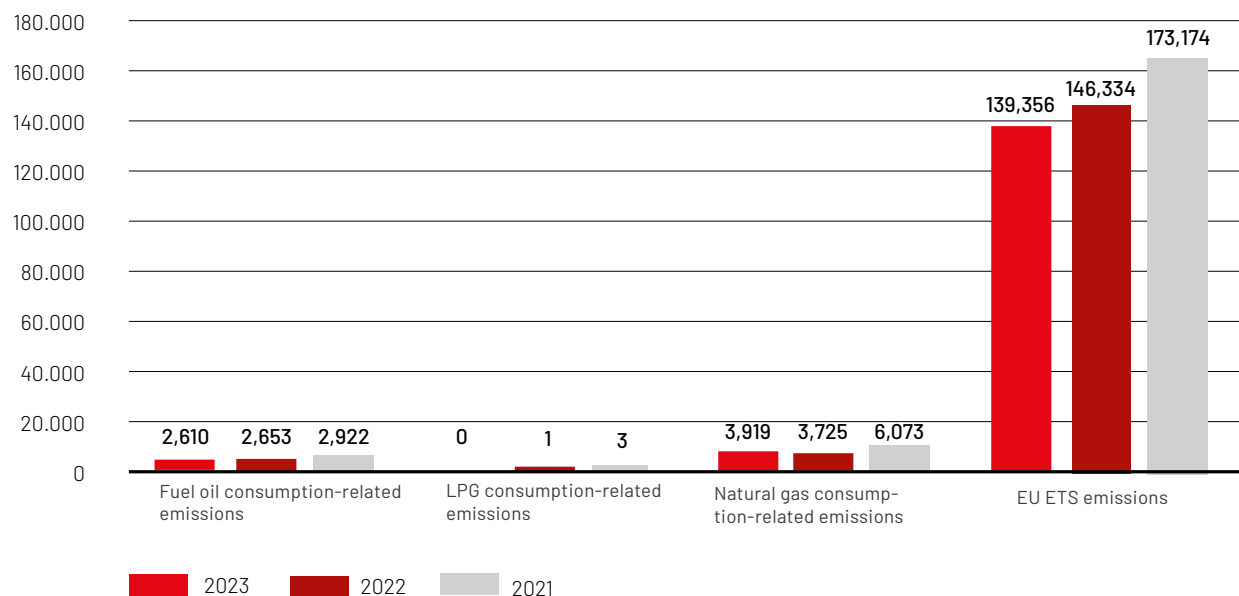


In 2022, the Group decided to quantify the climate-changing gas emissions generated by its organisation through the UNI 14064-1 certification scheme, also known as the Corporate Carbon Footprint (CCF), focusing on the same reporting scope as the Sustainability Report.

In 2024, the certification was updated to include the year 2023 references (see box on page 45).



Direct GHG emissions (Scope 1) (tCO_{2e})



Direct GHG emissions (Scope 1) ¹³	U.M.	2023	2022	2021
Fuel oil consumption-related emissions	tCO _{2e}	2,610	2,653	2,922
LPG consumption-related emissions	tCO _{2e}	0	1	3
Natural gas consumption-related emissions ¹⁴	tCO _{2e}	3,919	3,725	6,073
EU ETS emissions¹⁵	tCO_{2e}	139,356	146,334	173,174
- of which emissions related to natural gas	tCO _{2e}	88,743	92,421	111,389
- of which emissions related to the use of carbon	tCO _{2e}	50,614	53,913	61,784
materials	tCO_{2e}	145,886	152,713	182,172
Total Scope 1 emissions (tCO_{2e})				

Scope 1 emission intensity is steadily improving, decreasing by 5.4% compared to the previous three-year average.

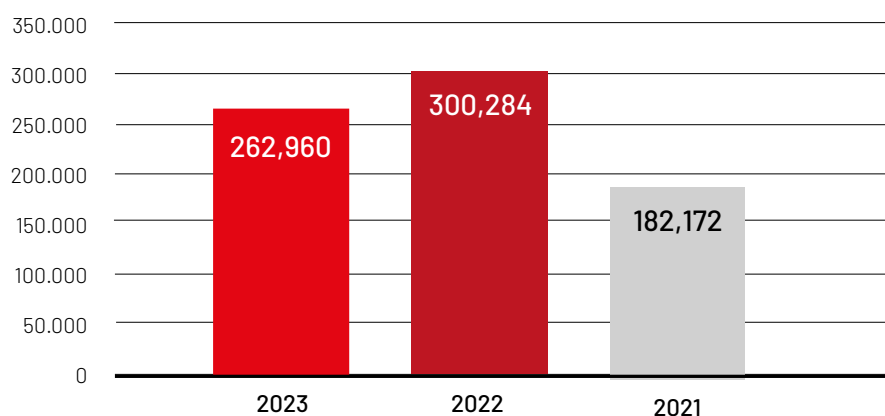
The steady decrease in Scope 1 value and especially the about 5.7% decrease in emission intensity compared to 2021 are clear evidence of the results of the organisation's commitment to mitigate climate-changing gas emissions. Scope 2 also shows an improved performance compared to the previous report due to the combination of two factors: firstly, the reduction of the overall energy intensity at Group level and secondly, the improvement of the Italian production mix, which was reduced by about 33gCO_{2p}/kWh, with a decrease of about 14 kgCO₂/t due to the combination of the factors described above.

13) For the calculation of direct CO_{2,eq}(Scope1) emissions, DEFRA emission factors 2021, 2022 and 2023 were used for the relevant years.

14) Relating to Alfa Derivati, Ferroberica, Tecnofil.

15) For the calculation of emissions linked to the consumption of natural gas and the use of carbon materials at Alfa Acciai and Acciaierie di Sicilia, which are covered by the EU-ETS Emissions Trading Scheme, the 2021, 2022 and 2023 ETS method has been adopted for the reporting years.

Emissions from purchased electricity (Scope 2) (tCO_{2e})



Indirect GHG emissions from energy consumption (Scope 2) ¹⁶	U,M,	2023	2022	2021
Emissions from purchased electricity	tCO _{2e}	262,960	300,284	372,227
Total Scope 2 emissions – Location Based	tCO_{2e}	262,960	300,284	372,227

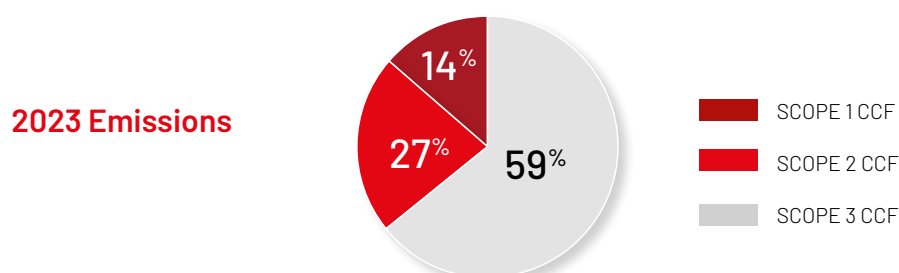
Scope 2 (local based) emission intensity is improving steadily, decreasing by 15.6% compared to the average of the previous three years.

Looking at the Group's emission intensity, the continuous improvement is particularly noticeable, at about 13% less than in 2021 including in 2022.

GHG emission intensity	U.M.	2023	2022	2021
Total Emissions Scope 1 and Scope 2 LB	tCO _{2e}	408,846	452,998	554,399
Total Alfa Acciai Group's finished/processed products	t	2,005,425	2,068,959	2,362,130
Emission intensity	tCO_{2e}	0,204	0,219	0,235

Scope 1 and Scope 2 (local based) emission intensity is steadily improving, decreasing by 12% compared to the previous three-year average.

Based on the breakdown by scope of greenhouse gas emissions from the CCF calculated according to ISO 14064-1, indirect Scope 3 emissions account for almost two-thirds of the Group's total greenhouse gas emissions (tCO_{2e}).



16) For purchased electricity, the AIB 'production mix' emission factors for Italy, published the year before the reporting period (2021 and 2020 respectively), were used. For 2023, the updated emission factors were published on 30 May 2024, during the audit of emission values. Therefore, the updated factors were used for the above calculation.

Given the importance of indirect Scope 3 emissions, the Group is also committed to reducing greenhouse gas emissions generated by **transport**. Alfa Acciai in 2020 and Acciaierie di Sicilia in 2021 launched **the booking system for time slots of scrap deliveries**. After the positive experimentation carried out in 2022 of the booking system for finished product shipments at Alfa Acciai, the system was definitively introduced in 2023 and will be subsequently extended to Acciaierie di Sicilia. These interventions are aimed at generating a more regular

and sustainable flow of incoming and outgoing means of transport, with the elimination of waiting times and traffic jams and, consequently, a reduced environmental impact.

The Group's further significant commitment to sustainable logistics is the use of an intermodal transport mode to and from Central Europe, thereby finished products are exported and raw materials (ferrous scrap) are imported through the Montirone railway hub.



The railway hub in Montirone, Brescia

3.7 Other atmospheric emissions

GRI 305-7

Nitron dioxide (NOx) and other significant emissions

The management of emissions is a priority for the Group, which is carried out in accordance with the environmental permits obtained by the individual production sites with a view to reducing impact and complying with the applicable law.

Atmospheric emissions from the off-gas removal stacks connected to the melting and rolling process, especially at Alfa Acciai and Acciaierie di Sicilia, account for almost all the Group's emissions.

By setting up systems to continuously monitor the performance of off-gas systems and related parameters, it is possible to achieve very high performance in containing the dust leaving the stacks, even exceeding the performance indicated at the EU level in the BAT conclusions.

The Alfa Acciai Group regularly monitors significant emissions generated by its production processes, the total values of which are presented in the table below.

Other significant emissions	U.M.	2023	2022	2021
NOx emissions	t	254	264	331
CO emissions	t	1,845	1,437	1,778
COT	t	81	42	121
Total dust (PTS)	t	24	21	17
Inorganic chlorine compounds expressed as HCl	t	18	5	7
HF	t	2	2	3
Pb	kg	659	449	701
Zn	kg	8,061	4,814	5,871
Other metals (As, Cd, Cr, Ni, Cu, Sn, V, Co, Mn)	kg	1,472	1,066	890
Hg	kg	12	16	35
Dioxins and furans PCDD/F	g-TEQ	0.12	0.08	0.11
IPA	kg	0.75	0.60	5.03
Pcb	kg	0.26	0.12	0.57

The emission analysis in terms of volume flows shows a certain stability compared with previous years, thanks to extensive monitoring and maintenance activities allowing high performance of environmental protection equipment and their preservation at a very high level over the years.

The mass flow of emissions is calculated in the same way for all Group companies and is entirely based on the certificates of analysis regarding emissions, as set out in the monitoring and control plan of the various existing environmental authorisations.





All the measures taken to reduce emissions of dust into the atmosphere have contributed significantly to minimising the emissions of other pollutants emissions associated with the concentration of dust, such as heavy metals and organic micro-pollutants. In particular, Alfa



Acciai and Acciaierie di Sicilia are equipped with an activated carbon injection system which, combined with the monitoring of process parameters and raw materials, effectively contributes to reduce the concentration of dioxins and furans (PCCD/F). These concentrations are constantly monitored using a permanent sampling device called Dioxin Monitoring System (DMS).

The Group also undertakes ongoing maintenance programmes in order to keep equipment efficient and ensure high performance resulting in dust and metal emissions close to as low as technically possible.

All the measures put in place, combined with careful management of the environmental installations, make it possible to keep the concentrations of atmospheric emissions **well below the limits set by the integrated environmental authorisations.**

3.8 2030 Sustainable Development Goals

Sustainable Development Goals	Target	Alfa Acciai action
6 - Clean water and sanitation 	Target 6.4 ▶ Considerably increase the efficiency of water use in every sector by 2030 and ensure sustainable drinking water supplies and procurement to address water scarcity and substantially reduce the number of people impacted by it.	▶ 97% of water demand at Alfa Acciai's facilities, relating to water withdrawn from wells, is continuously recirculated for more than 30 cycles before being drained off. In this way, some 74 million m ³ /year of water savings can be achieved in relation to the plant cooling needs of Alfa Acciai alone. ▶ Alfa Acciai has a first flush and runoff rainwater collection and treatment system that, following a specific process, allows rainwater to be replenished into industrial water circuits, thus reducing withdrawals from wells.
7 - Clean and affordable energy 	Target 7.3 ▶ Double the rate of improvement in energy efficiency globally by 2030.	▶ Throughout 2023, Alfa Acciai confirmed the energy efficiency measures implemented and generated energy savings equal to 38,062.54 GJ compared to 2022 baseline.
9 - Industry, innovation and Infrastructure 	Target 9.1 ▶ Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human wellbeing, with a focus on affordable and equitable access for all.	▶ Through an innovative and efficient system for recovering thermal energy from Alfa Acciai's production site, the thermal waste recovery plant contributes to the supply of the district heating network already serving the city of Brescia.
11 - Sustainable cities and communities 	Target 11.6 ▶ Reduce the adverse per capita environmental impact of cities by 2030, including by paying special attention to air quality and municipal and other waste management	

Sustainable Development Goals	Target	Alfa Acciai action
<p>12 - Responsible consumption and production</p> 	<p>Target 12.2</p> <p>▶ Achieve the sustainable management and efficient use of natural resources by 2030.</p>	<p>▶ The finished product of Alfa Acciai and Acciaierie di Sicilia has a minimum recycled content of 99% percent for both steel mills as proven by UNI/PdR 88:2020 Certification according to UNI CEI EN ISO/IEC 17067.</p> <p>▶ Spent refractory materials from the demolition of the melting furnace are shredded and returned to the production cycle as partial raw material substitutes (magnesite).</p> <p>▶ Since 2023 Alfa Acciai has started producing Gripstone, a material from the processing of black slag, used as aggregate for cement and bituminous conglomerates instead of natural materials.</p>
<p>13 - Promoting actions, at all levels, to combat climate change</p> 	<p>Target 13.2</p> <p>Integrate climate change measures into national policies, strategies and planning.</p>	<p>▶ Alfa Acciai is committed to replacing coal and its derivatives, which are used as additives and process agents, with recycled polymers that help reduce emissions. In 2023, the percentage of polymers used compared to process additives was 26%, up 25% on the previous year.</p> <p>▶ Alfa Acciai and Acciaierie di Sicilia have implemented a booking scrap and process raw materials supply time-slot system, thereby reducing the environmental impact of PM10 dust emissions generated by heavy vehicles, which are partly responsible for the complex phenomenon of environmental pollution.</p>





4.
**SOCIAL
RESPONSIBILITY**
**CARING FOR PEOPLE
AND LOCAL COMMUNITIES**

4. Social responsibility, caring for people and local communities



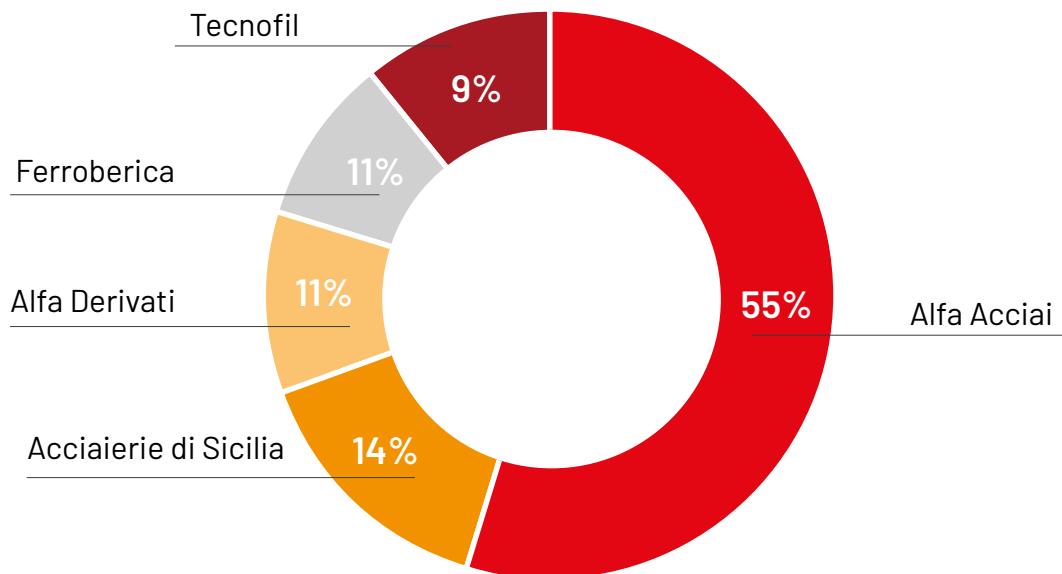
4.1 The people of the Alfa Acciai Group

GRI 2-7; GRI 2-8; GRI 401-1; GRI 405-1

A key factor in the success of a company lies with its employees and collaborators. For this reason, as indicated in the Code of Ethics, all Group's companies protect and promote the value of human resources with a view to enhancing and increasing everyone's skills and expertise.

Personnel management complies with the principles of the Code of Ethics and is overseen by Alfa's HR department, which also provides support to the other Group companies.

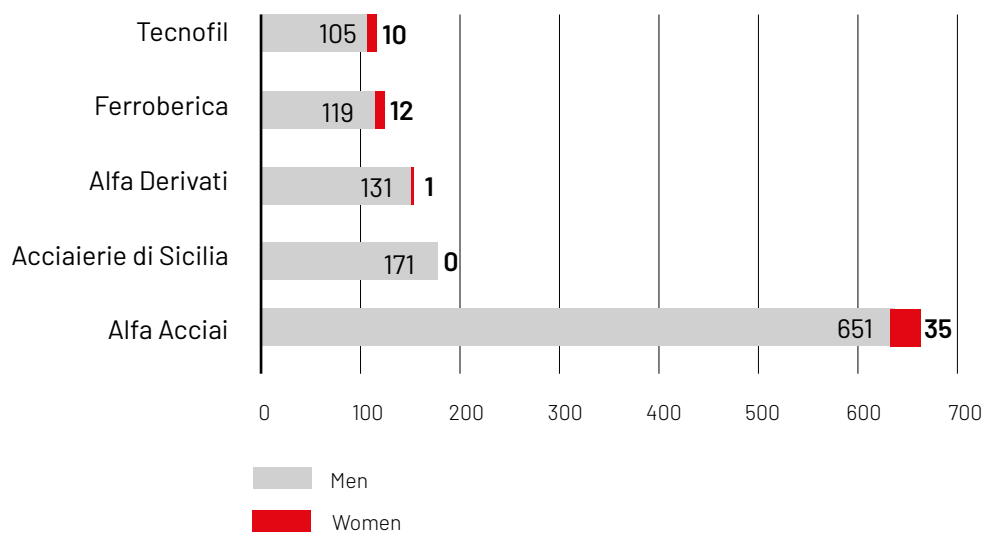
Workforce by company (2023)



Group companies saw an increase in the number of employees from 1,221 in 2022 to 1,235 in 2023, of which more than 55% are within the Parent Company, thus ensuring job stability and security in a time characterized by general instability and job uncertainty.

Historically, the steel manufacturing industry has mainly employed men. Keeping pace with development in wider society, the Alfa Acciai Group has also given female employees at the company opportunities to progress in traditionally male roles, and sets a yearly goal to increase the percentage of female recruits.

Workforce by company and gender in 2023



GENDER EQUALITY CERTIFICATIONS - UNI PDR 125:2022

At the end of 2023, Alfa Acciai set out on a roadmap for gender equality certification under the UNI PDR 125:2022 scheme, thereby proving its commitment to fostering a respectful and welcoming work environment. This commitment will be translated into the goal of achieving gender equality certification by 2024, further reinforcing our own dedication to the values of equity and inclusion.

Thanks to the flexibility provided by the Group, employees are able to reconcile their personal and working lives, pursuing a path of professional growth without having to give up wellbeing.

Employees by qualification	Gender	2023	2022	2021
	Total	18	17	17
Executives	<i>Men</i>	17	16	16
	<i>Women</i>	1	1	1
	Total	27	28	24
Middle-managers	<i>Men</i>	26	27	23
	<i>Women</i>	1	1	1
	Total	327	319	311
White-collars	<i>Men</i>	271	266	260
	<i>Women</i>	56	53	51
	Total	863	857	855
Blue-collars	<i>Men</i>	863	857	855
	<i>Women</i>	0	0	0
	Total	1,235	1,221	1,207
Total	<i>Men</i>	1,177	1,166	1,154
	<i>Women</i>	58	55	53

For their own operations, the Alfa Acciai Group companies contract external staff for in-house services, such as cleaning, plant installation work¹⁷, ordinary and extraordinary maintenance. The table below shows an estimate

of the number of workers hired by contractors that have operated permanently in Group companies in the previous three years¹⁸.

Outsourced staff	Gender	2023	2022	2021
	Total	543	518	562
Alfa Acciai and Alfa Derivati¹⁹	<i>Men</i>	512	488	538
	<i>Women</i>	31	30	24
	Total	75	75	75
Acciaierie di Sicilia	<i>Men</i>	75	75	75
	<i>Women</i>	0	0	0
	Total	120	110	79
Tecnofil	<i>Men</i>	118	108	77
	<i>Women</i>	2	2	2
	Total	287	312	212
Ferroberica	<i>Men</i>	287	312	212
	<i>Women</i>	0	0	0
	Total	1,025	1,015	928
Totale	<i>Men</i>	992	983	902
	<i>Women</i>	33	32	26

17) These installation works are classed as "contracts" or "construction sites" under legislative decree 81/08.

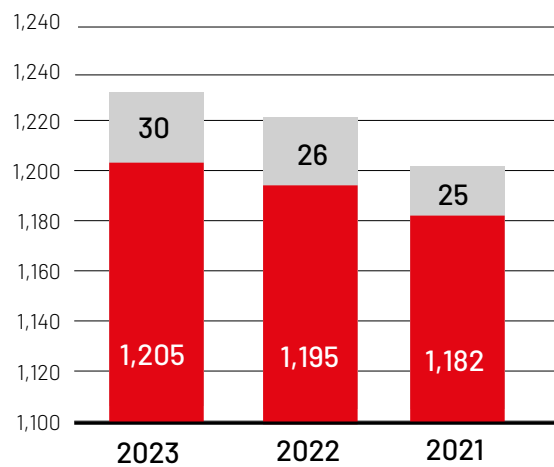
18) It is specified that for Alfa Acciai and Alfa Derivati these data were extracted from the AlfaGest software, adopted by the two companies for the computerized management of safety. For Acciaierie di Sicilia, Tecnofil and Ferroberica, however, this is a rough estimate based on the number of personnel employed by permanently outsourced companies.

19) It is worth noting that the AlfaGest software provides the incoming clocking in of workers from outsourced companies and access to Alfa Acciai and Alfa Derivati is through the same gatehouse. Therefore, data are provided jointly for these two companies.

In line with Group policies, the most represented form of contract is the open-ended contract, with a contractual presence of 96%, in line with 2022 due to the inclusion of some positions in Alfa Acciai with other types of contracts. Moreover, as in the previous two-year period,

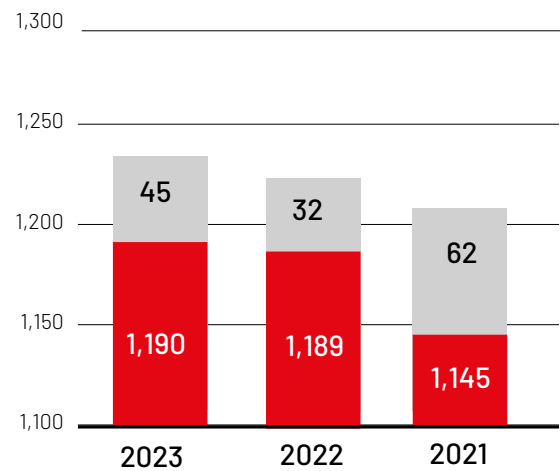
98% of the Group's personnel were employed full-time in 2023. Through these contract types, the Group receives and offers stability: it ensures the experience and presence of a stable workforce on the one hand, and offers its employees security and continuity on the other.

Number of employees by type of employment



■ Full-time
■ Part-time

Number of employees by type of contract



■ Open-ended
■ Fixed term



Number of employees by type of employment		Gender	2023	2022	2021
Full-time	Men		1,171	1,160	1,151
	Women		34	35	31
	Total		1,205	1,195	1,182
Part-time	Men		6	6	3
	Women		24	20	22
	Total		30	26	25
Total	Men		1,177	1,166	1,154
	Women		58	55	53
	Total		1,235	1,221	1,207
Number of employees by type of contract		Gender	2023	2022	2021
Tempo indeterminato	Men		1,134	1,135	1,094
	Women		56	54	51
	Total		1,190	1,189	1,145
Tempo determinato	Men		43	31	60
	Women		2	1	2
	Total		45	32	62
Total	Men		1,177	1,166	1,154
	Women		58	55	53
	Total		1,235	1,221	1,207

External staff		Gender	2023	2022	2021
Alfa Acciai	Men		11	2	2
	Women		1	0	0
	Total		12	2	2
Acciaierie di Sicilia	Men		0	0	0
	Women		0	0	0
	Total		0	0	0
Alfa Derivati	Men		6	16	20
	Women		0	0	0
	Total		6	16	20
Tecnofil	Men		3	7	1
	Women		0	0	0
	Total		3	7	1
Ferroberica	Men		8	5	2
	Women		0	2	2
	Total		8	7	4
Total	Men		28	30	25
	Women		1	2	2
	Total		29	32	27

During 2023, the hiring rate settled at 9% with a greater concentration in the middle-age bracket. The increase in new hires during 2023 is mainly related to the hiring of new personnel at Alfa Acciai, Alfa Derivati and Ferroberica, as a result of the integration of new technical and management resources to replace personnel leaving

due to retirement and ensure the achievement of the set production targets. Low staff turnover is a prerequisite for minimising the risk of losing talent and expertise: the layoff rate in 2023 came to 8%, virtually in line with the previous year.

Recruitment	2023		2022		2021	
	No.	%	No.	%	No.	%
Total Group recruitment	113	9%	116	10%	158	13%
Men	106	9%	109	9%	148	12%
Women	7	1%	7	1%	10	1%
<30 years	36	3%	42	3%	53	4%
30 ≤ x < 50 years	61	5%	61	5%	83	7%
> 50 years	16	1%	13	1%	22	2%

Layoffs	2023		2022		2021	
	No.	%	No.	%	No.	%
Total Group layoffs	99	8%	102	8%	119	10%
Men	95	8%	97	8%	113	9%
Women	4	0%	5	0%	6	1%
< 30 years	14	1%	22	2%	23	2%
30 ≤ x < 50 years	39	3%	38	3%	36	3%
> 50 years	46	4%	42	3%	60	5%



Info point for Alfa Acciai employees

4.2 Caring for wellbeing

GRI 2-30; GRI 406-1

Among the key objectives pursued by the Group is the focus on the wellbeing of employees to ensure a corporate climate that values people and fosters a harmonious coexistence between working life and the private domain.

As our Group operates in a country that has ratified the fundamental human rights conventions of the International Labour Organisation (ILO), all the Alfa Acciai Group companies are engaged to comply with these protocols.

In line with previous years, the Group is committed to maintaining an ongoing dialogue with trade unions with the aim of ensuring compliance with regulations and meeting the needs of its employees. In particular, collective bargaining applies to 100% of the Group's staff and

follows the stipulations of collective agreements for first and second level employees.

The elimination of discrimination in the workplace (ILO conventions 100 and 111) is facilitated by the fact that the Alfa Acciai Group employees who work on production sites are of various nationalities and operate in a climate of sound social integration and mutual respect. Such diversity represents added value for the Group, and no cases of discrimination were reported for the three years reporting period.





#ALFAPEOPLE

The Alfa Acciai Group is a firm believer in the importance of building solid, satisfying relationships that stand the test of time.

Since 2023 some of the Group's collaborators have been involved in the project named #AlfaPeople, which aims to capitalise on people's background and highlight their talents, experience, commitment and dedication, featuring them on the Group's company websites and social media channels.

Get to know the people who we celebrate for their daily contribution to the success of the Alfa Acciai Group via #ALFAPEOPLE #TECNOFILPEOPLE #ADSPEOPLE. Not only do these accounts emphasise the human values in the Alfa team, they also represent a crucial element of the Group's sustainability strategy, based on recognising and appreciating human resources.

The Alfa Acciai Group is aware that policies and benefits for employees show appreciation and improve the working environment by enabling a satisfactory work-life balance, and it has invested on rewarding the company's most important asset, its employees, as being a key strategic and crucial element for business success. In 2022 a company **welfare platform** was implemented in some of the Group's companies, which was created from the outset with a focus on the integration of dedicated services that respond to the needs of employees. The opportunities on offer were made available via a technological platform containing a basket of services and charitable options that can be accessed directly via a portal.

Age, lifestyle and family needs are useful indicators, because they determine personal life experience. The company has focused on these very aspects by promoting a greater value and range of services that the company welfare platform makes available.

Moreover, unlike salaries and other contractual entitlements, corporate welfare constitutes the only element in the employer-employee relationship that concerns a private and personal aspect, such as wellbeing and, in order to protect it, the Group monitors that the government regulations and the in-house process management policies are strictly observed.

With regard to sustainable commuting, in 2023 some of the Group's companies reviewed the **Work-Home Travel Plan** to promote this important topic among employees. The plan aims to incentivise the use of forms of transport other than private cars, to help to reduce CO₂ emissions and improve the quality of working life.

To gather data for updating the plan, personnel at the Brescia site were sent questionnaires to be completed anonymously, as an essential step in defining the most effective measures for encouraging sustainable commuting.

4.3 Training and professional development

GRI 404-3

The Group is committed to delivering regular training courses on different topics to facilitate professional development and update the skills and knowledge of personnel.

The training courses are generally outsourced and, in the last three years, they mainly covered the following topics:

- ▶ **Health and safety in the workplace;**
- ▶ **Environmental skills;**
- ▶ **Metallurgical and engineering skills;**
- ▶ **Management skills.**

In order to constantly stimulate the growth and further personnel training, Group companies regularly participate in qualified seminars, COACHING CLASSES, webinar and conferences, covering a multitude of topics, both specific to the steel industry and general economic and industrial trends.

A priority for the Group is to develop the skills of personnel with the support of qualified industry professionals, who provide on-the-job training and class-

room-based theoretical courses.

The topic of health and safety has always been critical to the Group and the peace of mind that comes with managing processes safely in the workplace and in a suitable environment is a must that Alfa Acciai's companies have set for themselves in their day-to-day operations.

With a view to innovating part of the processes, support was given to the training in new techniques specific to the industry in which the Group operates.

Furthermore, in order to be able to approach an increasingly broader and different audience with which employees can compare and share skills, English language classes divided into groups according to the departments concerned so as to achieve specific language learning.



#ALFARECRUITING

The company invests in training for graduates in the area, and attends events organised by local universities to meet talented young people and offer them career development opportunities.

In 2023 the Group took part in Brescia University's Career Day, which enabled businesses to meet new talent. The event gave us the opportunity to meet numerous Italian and international engineers of the future interested in the opportunities our Group has to offer.

These sessions were highly stimulating for our team, and gave us an insight into the opinions and expectations of a new generation ready to embark on a career. After the event, interviews were carried out and relationships established for dissertations and work experience purposes, thereby consolidating our commitment to training and professional development for talented young people.

Business organisation is defined on the basis of its processes. The Group strives to always implement different training plans to develop skills that are specific to all professional areas, improving related processes ethically

and consistently as a result. This is the spirit in which the Alfa Academy was established, to train specialist plant installation and maintenance personnel.

ALFA Academy



The Alfa Acciai Group has set up its Alfa Academy initiative in collaboration with the Machina Lonati Technical College in Brescia, with the aim of employing young people and focusing specifically on innovation and digitalisation. This project demonstrates the Group's commitment to social and economic sustainability, by facilitating the development of highly-skilled specialists and investing in the development of the skill set required by participants in the initiative.

Alfa Academy's main aim is to train young people on the installation and maintenance of steel production and processing plants. The training course which commenced on 1 November 2023 will end on 31 October 2024, and included:

- ▶ **internal training in Alfa Acciai**
- ▶ **training in external educational institutions and laboratories managed by the Machina Lonati Technical College**
- ▶ **work on the company site.**

The Alfa Academy aims to have a positive impact in various regards:

- ▶ **Employing younger generations** - the Academy offers young people training and employment, helping to reduce unemployment in this age bracket and improve entry into the job market.
- ▶ **Innovation and digitalisation** - training that targets digital and technological skills produces a workforce that can meet the present-day requirements of industry, fostering ongoing innovation within the company.
- ▶ **Generational turnover** - the Academy facilitates an exchange of skills between young people and skilled workers, creating a consistent learning environment that is useful both for new recruits and experienced employees.

The project has aroused considerable interest and attracted lots of talented young people who want to embark on a career in industry. The combination of practice and theory, along with direct work experience, is an effective model for training qualified professionals.

The Alfa Academy project fits perfectly into the Group's sustainability initiatives. By investing in the skills of young people, the company is helping to build a sustainable and prosperous future for generations to come in the Brescia area.



Professional growth is key to business development. As part of the Group's ongoing plan for improvement, there has been an employee appraisal process in place since 2010, and in 2023 this involved 11% of active employees, manual staff included, up two percentage points on the previous year.

Percentage of employees receiving regular performance and professional development appraisals	Gender	2023	2022	2021
Executives	Total	44%	41%	53%
	Men	47%	44%	56%
	Women	0%	0%	0%
Middle-managers	Total	46%	50%	58%
	Men	48%	52%	61%
	Women	0%	0%	0%
White-collars	Total	26%	26%	24%
	Men	29%	63%	27%
	Women	11%	3%	10%



4.4 Safety in the workplace and current management system

GRI 403-1; GRI 403-2; GRI 403-4; GRI 403-6; GRI 403-7



The safeguarding and enhancement of occupational health and safety is one of the Alfa Acciai Group's top priorities.

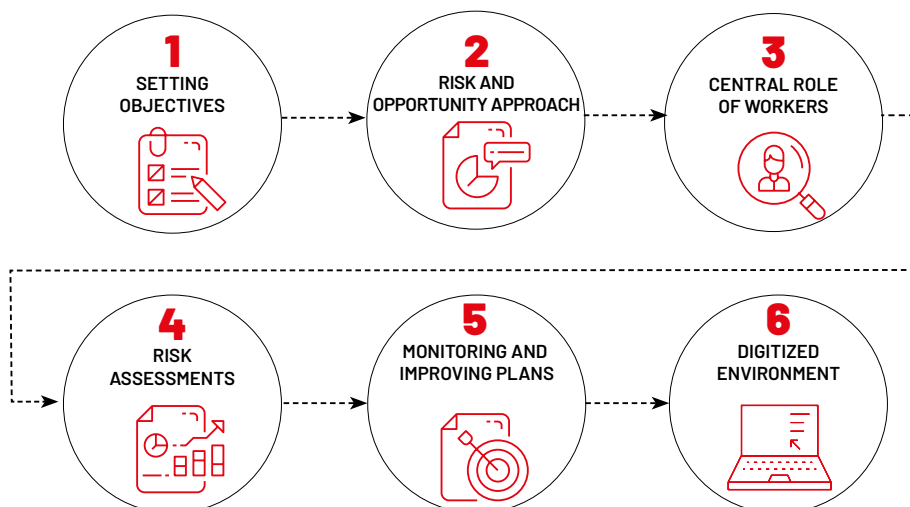
Occupational health and safety risks in a steel production environment are high and imply a constant commitment to maintain a high level of attention on this topic, especially in contexts where routine actions lead workers to reduce their attention to risk and automatically apply procedures without reflecting on the implications of minimal differences.

In this regard, the Group companies²⁰ – Alfa Acciai, Acciaierie di Sicilia, Alfa Derivati and Tecnofil – have adopted and implemented the workers' Health and Safety Management system in accordance with the **UNI ISO 45001** standard, which is certified by an accredited independent body²¹ and undergoes yearly audits to ensure compliance with the reference standard.

The Group's companies are well aware of the fact that management systems are an instrument of assurance for all stakeholders that they are managed with a view to monitoring and continually improving the safety and health performance of their workers.

In this regard, the management system is supported, maintained and improved alongside an articulated system of delegation that assigns powers and responsibilities; it is the main organisational tool with which to plan, implement and verify the pillars of the corporate strategy shared with all stakeholders and articulated in programmes of measurable and periodically monitored objectives and targets.

The current Management System is characterized by five key elements:



20) Ferroberica's Management System is not yet certified due to the specific operations carried out.

21) All updated company certificates on management systems can be viewed on the Group's website: www.alfaacciai.it

1. When **setting safety objectives and targets**, employers, jointly with their delegates, take into account the Safety Policy, legal requirements, analysis of accidents occurred and any communications from stakeholders, the outcome of Risk Assessment and Management reviews, operational needs and possible effects on the organisation's public image. All these elements enable the Group to define clear, relevant and comprehensive objectives.

2. In order to ensure the Group's ability to achieve its objectives, the Group has developed and is adopting an **approach based on the Risk and Opportunity concept**, and all companies share the following responsibilities with regard to safety:

- ▶ promoting continuous improvement by ensuring that the relevant Management²² / Entities / Competent Departments achieve the safety objectives;
- ▶ ensuring that the implementation process of the Safety System is complied with in the various work phases;
- ▶ ensuring that the Entities and/or Functions under their direct control operate in compliance with the Safety System and contribute to its improvement.

3. As regards the **role of workers** in the management of safety aspects, they are also involved in the development and implementation of the OH&S system through workers' safety representatives (WSR). Participation takes place through periodic meetings at intervals that vary from company to company and formal and informal meetings held on a daily basis.

4. The results of **specific risk assessments, including the Risk Assessment Document pursuant to Legislative Decree 81/2008**, are shared with managers and the WSRs in order to inform workers on risks and the management of all accidents and events, by posting the relevant analyses on notice boards in company's communal places.

5. For the purposes of **monitoring OH&S improvement plans and objectives**, each Group company has set up periodic meetings at company level, during which the performance trends and process indicators are illustrated, any anomalous trends are analysed, opportunities for improvement are assessed and, in the event of significant deviations from the planned schedule, the competent

Management establishes the corrections to be implemented, including any extensions.

As a rule, the corporate improvement plans are reviewed annually as part of Management Reviews and following the occurrence of any critical events or situations.

6. Digitalised safety management through the creation of a **digitalized environment** was implemented in 2004 at various levels by Alfa Acciai, Alfa Derivati and Acciaierie di Sicilia via the **AlfaGest** software. Thanks to the continual optimisation of its functions and application modules, AlfaGest is now able to collect and manage all information and data relating to work environments, employees, machinery, plants and equipment. AlfaGest makes it possible to have up-to-date documents and dynamic risk assessments, in line with legislation and corporate objectives. This software is also used as a health monitoring tool through an Occupational Medicine module. Access to this module is limited solely to company doctors, who can create a medical record for each employee containing health monitoring information, and can carry out statistical analyses regarding the workforce. Furthermore, in the case of environmental and biological analyses, aggregate results can be compared with average values observed in the wider population outside the company.

The latest features implemented in AlfaGest concern:

- ▶ the contractor approval and authorisation system, whereby contractors are required to upload all necessary documents to the system using a login ID and password. All documents must be approved by Alfa Acciai before authorisation to enter the site is issued.
- ▶ the digital editing of the Combined Risk & Interference Risk Assessment document (DUVRI) by employer representatives and operations managers of both Alfa Acciai and the contractors involved. This also applies to construction site management as per section IV of legislative decree 81/08. The new system guarantees more control over the contractor approval process, the definition of tasks assigned to parties in the DUVRI to manage contracted work, and the widespread creation of printed and digital copies of the DUVRI.

In recent years, Alfa Acciai and Alfa Derivati have made

22) Employers as defined by Legislative Decree 81/08

numerous investments in the development of new application modules for the AlfaGest software, which plays a crucial role in security management and is being extended to other companies in the Group.



As part of the project promoted by Confindustria Brescia entitled *Le Persone Prima!*, which is dedicated to health and safety in the workplace, Alfa Acciai volunteered to be a **Safety Ambassador** in 2023 along with 13 other companies in the province of Brescia. The initiative includes focus sessions and training on safety, diversity and inclusion policies, company benefits and safety innovation, with proposals developed systematically and across the

board to improve all areas dedicated to personal safety, with the aim of involving and engaging with different stakeholders in the industrial fabric of the province. To this effect, in June 2024 Alfa Acciai presented its safety organisation to the Confindustria Brescia Safety Watchdog, in addition to its safety reporting system and the Safety Walk & Talk initiative involving all employees.



SAFETY REPORTING IN ALFA ACCIAI

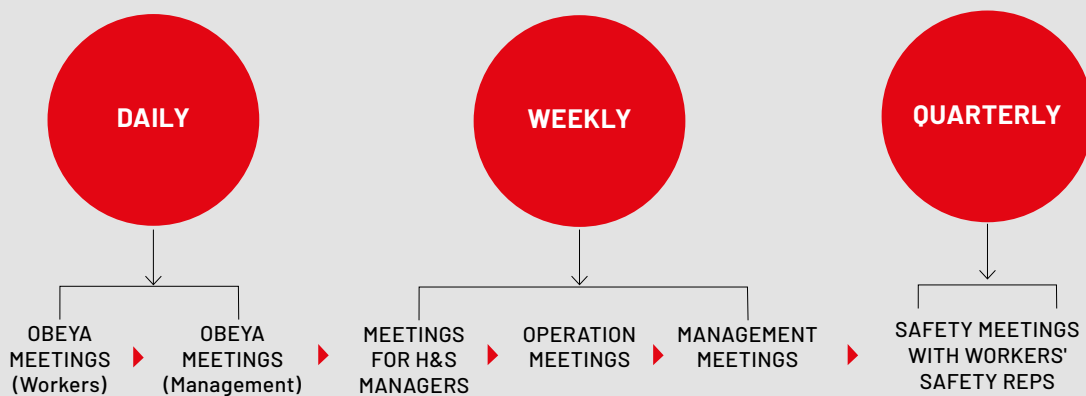


The Alfa Acciai Group has a deep-rooted awareness of how the accurate, detailed analysis of reports underpins the **ongoing improvement** of management systems. As a result, Alfa Acciai has developed a detailed, structured process for handling reports concerning safety over the years.

The system includes a bottom-up process with information flowing from workers to management, and a top-down process with information flowing in the opposite direction to workers. Thanks to this procedure Group personnel maintain a high level of focus on the subject, while implementing proactive reporting practices to keep the safety management system up-to-date.

Bottom-up actions mainly consist of meetings and discussions on a daily, weekly or quarterly basis depending on the personnel involved.

Bottom-up safety reporting information flow



During daily meetings (Obeya Meetings), operational teams including workers, shift supervisors and maintenance managers, list events and near-misses that transpired the previous day, analysing possible causes and suggesting corrective actions or improvements. Information reported by workers is then analysed again in the presence of management (including line managers and appointed representatives). The validity of causes identified is assessed, and corrective actions/improvements are evaluated.

Health and Safety Managers analyse events/reports discussed in the Obeya meetings and log the details in the PDCA file to check status on a weekly basis. During operational meetings, the COO (chief operating officer), their staff and production unit managers prioritise discussions on safety with weekly updates on safety figures, events, corrective actions or improvements. Using a similar approach, safety is prioritised in management meetings, with senior managers discussing weekly updates on safety figures, events, corrective actions or improvements relating to the previous week.

Finally, safety meetings with workers' safety representatives take place quarterly, the first of which is always the routine meeting as per article 35 of legislative decree 81/08. All events and reports listed in the PDCA are analysed alongside the workers' safety representatives in these meetings, in addition to the status of each one.

Everything that emerges in the meetings is logged on the management system using the PLAN - DO - CHECK - ACT method, in order to update the status, check the effectiveness of actions taken, and continually improve the system itself.

SAFETY WALK & TALK

Top-down activities are another important feature of the safety reporting management system. Set up on a monthly basis, Safety Walk & Talk sessions are held in the production departments to provide opportunities for surveillance and discussion among the COO (Chief Operating Officer) and his staff, all the directors (DLs) of the production units the OH&S representatives of the production unit involved and the HR manager and workers' safety representatives. During safety walks, attendees observe work areas and point out any irregularities concerning pedestrian routes, vehicle routes, signage, safety measures, environmental aspects and housekeeping.

Considerable focus is placed on employee conduct during normal activities, with the aim of highlighting and analysing any unsafe practices and checking the suitability of employee PPE. Discussions and engagement with employees (talk) with regard to specific safety procedures as they work is of crucial importance. Positive and negative feedback is gathered during walking sessions, even via photographs, and deviations are logged using the PLAN - DO - CHECK - ACT method.

4.5 Occupational diseases

GRI 403-10

As stated in the risk assessment documents, the companies in the Alfa Acciai Group carry out surveys and health monitoring activities to prevent occupational diseases.

Preventing occupational diseases and safeguarding the health of employees are implemented in all of the Group companies as follows:

- ▶ regularly monitoring physical and chemical risks by measuring hazardous factors such as noise, microclimates, vibrations, electromagnetic fields etc.;
- ▶ by containing exposure through ongoing research and the gradual replacement of substances that are harmful to health, a reduction in laborious operations, an improvement in work areas, soundproofing machinery etc.;
- ▶ ongoing training aimed at making employees aware of risks to health and the need to use PPE correctly (ear defenders, safety masks, gloves etc.);
- ▶ health monitoring, consulting company doctors on healthy lifestyles and protecting vulnerable employees.

The steelmaking industry has shown particular sensitivity to the following occupational diseases over time:

- ▶ hearing loss due to noise exposure;
- ▶ tumours due in particular to asbestos exposure in the past;
- ▶ musculoskeletal disorders due to incorrect work posture and/or trauma.

The results achieved to date include:

- ▶ the implementation of protective cabins along production lines and soundproofed control stations;
- ▶ distribution of ear defenders, including customized versions;
- ▶ the absence of carcinogenic substances in production processes;
- ▶ ergonomic studies and investigations using electronic sensors and the application of inertial systems for motion analysis.

4.6 Health monitoring

GRI 403-3

Health monitoring covers all medical procedures that protect employee health and safety in relation to occupational risk factors, the work environment and methods for carrying out work tasks.

Every company in the Group manages a company medical centre set up on the basis of individual company characteristics. Qualified medical personnel work every day to carry out medical examinations, as a preventative measure or on request, laboratory investigations and consultation on various personal issues presented by employees.

All environmental data, aggregate medical data and general population data are regularly analysed and compared in order to prevent any issues or irregularities.

The task of company doctors, who work jointly with OH&S managers, is to develop an in-house health protocol on the basis of the results of specific risk assessments.

The risk of occupational disease is monitored, as a preventive measure taken via regular medical examinations at the company medical centre, at intervals determined by the duties of each employee.

Furthermore, company doctors and healthcare staff are able to carry out first aid as required and apply minor dressings. Doctors may also request specialist examinations at hospital out-patient departments if necessary, and provide advice on various health issues suffered by employees.

4.7 Safety training

GRI 403-5

The Group feels that disseminating a culture of safety in all its locations and production facilities is of the utmost importance.



The Group companies are strongly committed to disseminating an appropriate health and safety culture in the workplace in order to avoid (or at least minimise) any risk to health or physical safety and optimise working conditions by choosing suitable equipment and working methods.

Accordingly, staff training plays a decisive and invaluable role and, right at the beginning of each year, all Alfa Acciai Group companies usually plan their training activities by defining the Training Plan to be implemented during the year and any updates, as required.

The main courses held are:

- ▶ Safety training for all workers (general and specific, according to the Central-Regional Government agreement);
- ▶ Managers;
- ▶ Supervisors;
- ▶ Fire-fighting;
- ▶ First aid;
- ▶ Use of equipment (forklift trucks, cranes, elevating-platforms);
- ▶ Category III PPE.

The courses are held in-house and generally by accredited training schools and/or freelance technical teachers. In addition, ad hoc training courses and meetings are held for workers following the review of operating procedures and instructions, while newly-hired employees or ones who have changed their position are followed by experienced workers (tutors) who assess their learning and final performance skills.



4.8 Injuries

GRI 403-9

In 2023, the number of accidents for direct employees increased slightly compared to 2022, considering that the number of hours worked remained virtually stable. Indeed, 69 accidents were recorded (49 in 2022 vs 81 in 2021) with a frequency rate of 34.83 (26.08 in 2022 vs 40.71 in 2021).

Instead, the number of accidents among non-employed workers dropped, considering a considerable reduction in the number of hours worked. Only 2 accidents occurred in 2023 (7 in 2022 and 10 in 2021) with a frequency rate of 61.27 (95.64 in 2022 and 55.07 in 2021).

This shows a tendency – evident in Alfa Derivati - to convert temporary employees into direct employees.

As a general rule, also for 2023 the type of accidents is characterised by a **low severity index** and is mainly linked to bruises, sprains and strains caused by stumbling and slipping. In this regard, the Group companies

are concentrating on housekeeping activities, to improve the cleanliness and orderliness of work areas (see in this regard the focus box “Safety reporting management in Alfa Acciai” and the Safety Walks and Talks section in particular), as well as activities to raise awareness among supervisors for more accurate supervision in this regard.

At Alfa Derivati – where a few workers experience painful conditions that lead to consequent limitations in their fitness for work – training hours are provided in **ergonomics**. Workers are trained in the ergonomics of human body movements in the classroom, and practical activities are carried out at workstations, such as simulating work operations: during these simulations, incorrect and non-ergonomic movements are signalled by the vibration of sensors placed on the workers' bodies, who physically perceive the error and are then enabled to correct it, repeat the operation by making the correct movements.

Employee injuries	2023		2022		2021	
	No.	Rate ²³	No.	Rate	No.	Rate
Injuries reported as at 31.12 ²⁴	69	34.83	49	26.08	81	40.71
of which fatalities	0	0.00	0	0.00	0	0.00
of which severe injuries ²⁵	1	0.50	0	0.00	1	0.50
Hours worked	1,980,911	-	1,878,836	-	1,989,491	-

Non-employee injuries (other workers) ²⁶	2023		2022		2021	
	No.	Rate	No.	Rate	No.	Rate
Injuries reported as at 31.12	2	51.86	7	95.64	10	55.07
of which fatalities	0	0.00	0	0.00	0	0.00
of which severe injuries	0	0.00	0	0.00	1	0.00
Hours worked	38,568	-	73,188	-	181,582	-

23) Injury rate is the ratio between the total number of accidents and the total number of worked hours, multiplied by 1,000,000.

24) A recordable injury is one that results in an absence of at least 24 hours.

25) A severe injury, as defined by GRI Standards, is one that results in an absence of at least 180 days.

26) Note that the term “non-employee - other workers” refers only to those temporary staff for whom the reporting of injury rates was required.

4.9 Engaging with local communities

GRI 413-1



The Alfa Acciai Group feels that it is essential for local communities to view the presence of the Group companies as a benefit and opportunity in terms of employment and economic and social development.

With its major industrial facilities, the Alfa Acciai Group has a significant presence in the areas in which it operates. As a result, engagement with local communities has always been essential for developing enduring relationships of trust.

This enables communities to get to know the world of Alfa Acciai and understand the organisation and how it operates, while creating value for these communities wherever possible.

An initiative with a significant environmental impact is the Alfa Heat Recovery project (discussed in Chapter 3), established in the 2023/2024 thermal season. The system recovers heat from the thermal waste of the steel mill and conveys it to the city's district heating network, contributing to the heating of the San Polo district with the use of renewable sources and hence the decarbonisation of the district.

ALFA ACCIAI OBSERVATORY



The main tool used by Alfa Acciai to monitor the local socio-economic context is the Alfa Acciai Observatory, which is described in chapter 1. Managed by the Brescia Municipality's Councillor for the Environment, with the participation of districts and environmental associations, this commission was set up in 2007 to facilitate a transparent dialogue and gather instances relating to the environmental impact caused by production activities and the benefits the company can offer the community. The Observatory's reports, which can be consulted on the www.alfaacciai.it and Brescia Council (www.comune.brescia.it) websites, provide information on territorial initiatives and place the focus on containing emissions and combating climate change. In general, this document contains organised, commented and immediately readable data, which use effective dissemination schemes and takes into account the questions and/or concerns most frequently raised by citizens and other stakeholders.

Additional initiatives have been set up thanks to ongoing engagement with the community. These included involving young people via student visits and attendance at Futura Expo 2023, the largest Italian event for businesses, the public and establishments to come together to discuss sustainability, and where the video game "Alfa E-World" was inaugurated to raise awareness of the circular economy that is the main feature of our corporate philosophy. Alfa Acciai also supports the **Smart Future Academy**, a project for young people set up in Brescia which has achieved national significance, and participates in events on robotics and AI, such as **Da Vinci 4.0** and **C@nnizz@Robot**, promoting work culture and technological innovation.



Young students visiting our stand at Futura Expo 2023

A BRIDGE OF INNOVATION BETWEEN BRESCIA AND CATANIA

Talented young people discovering robotics and technology



The Alfa Acciai Group has always been committed to technical innovation and seeking environmental sustainability solutions, and set up two projects on these very topics for high school pupils in the area in 2023.

The application of new technologies and digitalisation is essential for the development of our processes, which target maximum circularity and environmental sustainability. Supporting initiatives that focus on these subjects is crucial for preparing future generations to tackle forthcoming challenges, creating a bridge between education and work, and facilitating innovation and sustainable growth.

This was the spirit in which the Group took part in the C@nnizz@Robot and DaVinci4.0 projects.

CANNIZZAROBOT

Brescia's Niccolò Copernico State School took part in the national robotics competition known as C@nnizz@Robot at the Cannizzaro Technical College in Catania, with the support of the Alfa Acciai Group. This project involved 31 pupils from the Brescia school in the creation of robots for sorting domestic and special waste.

The final event was hosted by the Cannizzaro Technical College in Catania, with the participation of Acciaierie di Sicilia, therefore it was natural for us to contribute to facilitate the participation of pupils from Copernico State School, thereby building a bridge between Brescia and Catania.



Presentation of competition projects at the N. Copernico Institute in Brescia

DA VINCI 4.0

The Da Vinci 4.0 project is an initiative involving high school pupils from the province of Brescia, which promotes innovation and the use of technology. The project aims to enable pupils to develop creative and technological skills. This year the theme was Public Spaces, which prompted the pupils to create innovative solutions to improve public areas while being mindful of sustainability and collective wellbeing.

During the competition pupils were trained in methods for developing innovative designs, such as design thinking, planning and rapid prototyping, which involved some of the Alfa team accompanied by The FabLab.

Not only did the competition put the pupils' technical abilities to the test, it also encouraged their entrepreneurial spirit, team work and ability to plan, which are all essential skills that underpin the Alfa Acciai Group's philosophy.



Final award ceremony of the Da Vinci 4.0 project

Alfa Acciai also collaborated with the Soldano Foundation and Don Marco Mori in the **'Camp Now! From Me to We'**, a three-year initiative involving an increasing number of teenagers from suburban parishes in various

Italian cities who, through art and culture, give thought to the future and social commitment. This project offers a unique opportunity in Italy for young people who are growing up in disadvantaged circumstances.



From Me to We 2023

As a tribute Brescia and Bergamo being named the Italian 'Capital of Culture' in 2023, Alfa Acciai is supporting the 60th edition of the **Festival Pianistico Internazionale Brescia Bergamo**, with the season opening in April 2023

with the La Scala orchestra directed by maestro Riccardo Chailly, who returned to the Brescia's Teatro Grande after many years.



Focus on education and sports is highlighted by support for local football teams, the promotion of rugby in schools and the **Multistars** project, an international decathlon and heptathlon event that will reach its climax in the Paris 2024 Olympic Games. Multistars 2024 saw the

participation of athletes from all over the world and was a wonderful opportunity to see the young people of the district involved, also thanks to the 300 or so youngsters involved in side competitions.



In March 2024, **Acciaierie di Sicilia** hosted a stage of the '**Verso Sud - Forum internazionale del Mediterraneo**' roadshow organised by The European House-Ambrosetti. The event was attended by more than 80 people, including leading institutional figures and entrepreneurs from Southern Italy. This opportunity made it possible to highlight the historical presence of the Alfa Acciai Group in the South of Italy, represented by Acciaierie di Sicilia and Ferroberica, which cover the entire construction supply chain, from scrap to construction site, with an integrated zero-kilometre system.

With these initiatives, the Alfa Acciai Group proves its commitment to promoting socio-economic development, environmental sustainability and the wellbeing of local communities.





Gruppo
ALFA ACCIAI Acciaierie di Sicilia FERROBERICA

Presentazione del Gruppo Alfa Acciai nella tappa siciliana
del Road Show 2024 VERSO SUD di The European House - Ambrosetti

L'importanza della filiera siderurgica per una Sicilia
come baricentro delle nuove opere strategiche del Sud

VERSO SUD 2° TAVOLO DI LAVORO CATANIA, 18 MARZO 2024 The European House Ambrosetti

4.10 2030 Sustainable Development Goals

Sustainable development goals	Targets	Alfa Acciai initiatives
<p>4 – Quality education</p> 	<p>Target 4.4</p> <p>► By 2030, significantly increase the number of young people and adults with the necessary skills, including technical and vocational skills, for employment, decent jobs and entrepreneurial skills.</p>	<p>► The Group has been taking part in several initiatives, with the aim of bringing young people closer to sustainability and the circular economy, such as the Futura Expo 2023 event and the national robotics competition “C@nnizz@Robot”</p> <p>► The Group launched the Alfa Academy project, a training initiative aimed at getting young people into the employment market by promoting the development of highly specialised professionals.</p>
<p>5– Gender equality</p> 	<p>Target 5.C</p> <p>► Adopt and strengthen effective policies and enforceable laws for the promotion of gender equality and empowerment, i.e. strength, self-esteem and awareness of all women, girls and young women at all levels.</p>	<p>► Alfa Acciai has undertaken the journey towards gender equality certification according to the UNI PDR 125:2022 scheme, thereby proving its commitment to promoting the values of equity and inclusion.</p>
<p>8 – Decent work and economic growth</p> 	<p>Target 8.8</p> <p>► Protect the right to employment and promote a healthy and safe working environment for all workers, including immigrants, especially women and precarious workers.</p>	<p>► The Group is committed to safeguarding its employees' health and safety by providing safe, secure and healthy working environments. In addition, the Group companies have implemented and certified their Management System in accordance with UNI EN ISO 45001, except for Ferroberica in consideration of the type of business.</p> <p>► The Group has a comprehensive and timely Safety Reporting Management System. Thanks to Safety Walks and Talks, all company personnel (from field workers to managers) take an active part in monitoring safety and continuously updating the Management System.</p>
<p>11 – Sustainable cities and communities</p> 	<p>Target 11.4</p> <p>► Bolster efforts to protect and safeguard worldwide natural and cultural heritage</p>	<p>► Support for the 60th edition of Festival Pianistico Internazionale Brescia Bergamo</p>





5.
**QUALITY
SYSTEM:
FROM SUPPLIER
TO CUSTOMER**

5. Quality system: from supplier to customer



All companies in the Alfa Acciai Group have an integrated quality, environmental and safety system to ensure the maximum product quality, reliability and competitiveness for all stakeholders, safeguard occupational health and safety, and respect the environment.

In line with the Group's highly vertical approach, the supply chain is involved at various levels in quality systems to optimise supply operations, ensure the repeatability of our processes, and guarantee customer satisfaction, commencing with the knowledge and expertise of our collaborators through to the planning, monitoring and ongoing improvement of processes.

5.1 Relationships with suppliers

GRI 2-6

All companies in the Group are aware of the strategic importance of their supply chain, therefore selecting stable, reliable and ethically responsible partners is deemed crucial.

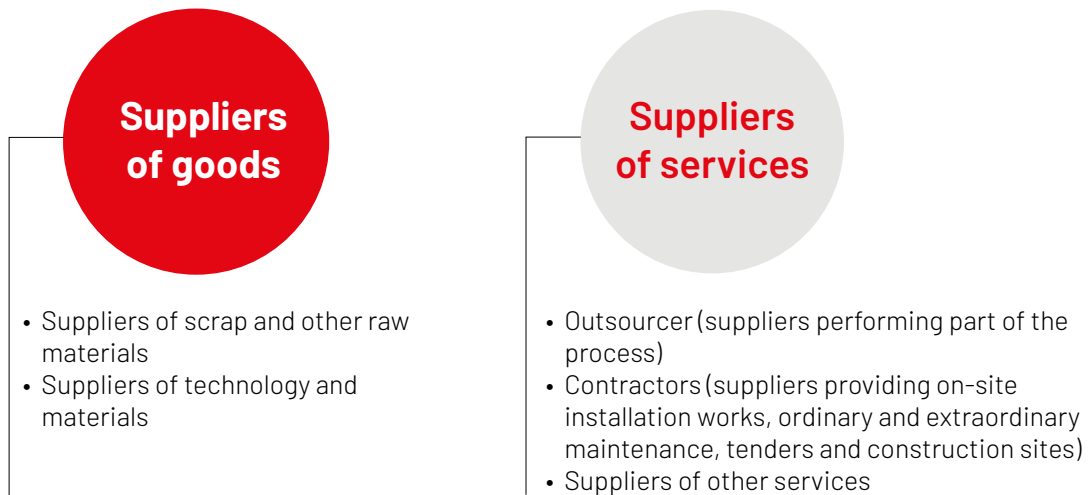
In line with the principles defined in the Code of Ethics, including operating with the utmost expertise and as well as full compliance with legislative requirements when managing relationships with suppliers, the Group companies may not enter into contact with parties involved in activities that are illegal or do not meet requirements of seriousness and reliability, nor may they establish relationships with third parties carrying out activities that are detrimental to the environment, health and disregard human rights. For example, Ferroberica works with numerous companies to provide manufacturing, assembly, installation and haulage operations,

and only uses suppliers registered in the White List held by the relevant authorities. Furthermore, the integrity of tender contracts relating to companies that permanently working with Ferroberica has been endorsed by the Certification Commission in the Marco Biagi Department of Economics (University of Modena and Reggio Emilia).

Special care must then be given to the quality of the good or service rendered and the manner in which it is provided. Therefore, the Group is committed to selecting as suppliers the best partners for the achievement of corporate objectives based on such

criteria as **competitiveness, quality, innovation, market reputation** and **environmental protection policies**. To this end, the Group has adopted specific policy and procedures for selecting and evaluating suppliers in order to identify the most reliable ones.

Supply chain management within the Alfa Acciai Group is structured by grouping suppliers into two macro-classes:



Illustrated below are the two separate **supplier selection and assessment procedures** used by the Group - one for ferrous scrap suppliers and the other for suppliers of other goods and services.

5.2 Selecting suppliers of goods and services

The Quality Service and the Procurement Department, each within their own tasks, deal with the procedure for selecting suppliers of goods and services.

As part of the internal management system, the qualification process involves the option of sending suppliers a questionnaire to verify their compliance with quality standards and to plan checks to ascertain the ability of suppliers to meet product and/or system requirements, in addition to understanding any particular aspects of their organisation.

With regard to a supplier's initial assessment, different checks are carried out depending on whether or not there is a quality system certified by an officially recognized accreditation body. If suppliers pass the supplier qualification stage they are approved and added to the Vendor List.

Approval is valid for two years, and during this time their

performance is continually monitored before and after use to establish and assess the supplier over time.



5.3 Selecting scrap suppliers

GRI 308-1

Given the specific nature of scrap, the selection of suppliers follows a detailed in-house procedure. Everything is done digitally through a dedicated web portal accessible and editable by the suppliers themselves, where the documentation is prepared and subsequently examined by the relevant departments. Supplier qualification involves

an assessment of compliance with **reference regulations** and **environmental factors**.

The Scrap Supplier Qualification process includes the following steps:



As was the case for suppliers qualified in previous years, all the new scrap suppliers of Alfa Acciai and Acciaierie di Sicilia, namely 25 domestic and foreign suppliers in 2023, were assessed in terms of environmental criteria and financial soundness, in accordance with the Qualification procedure.

In order to maintain the qualification of Group's scrap suppliers and subcontractors the following is assessed:

- ▶ the continued fulfilment of the requirements for their initial qualification;
- ▶ compliance of the scrap delivered with the requirements for its acceptance, in accordance with the applicable regulations.



5.4 Spending on local suppliers

GRI 2-6

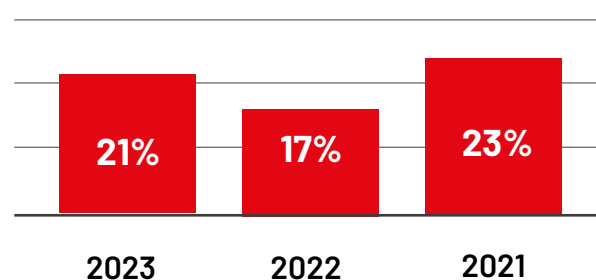
Ever attentive to the communities in which it operates, when selecting its suppliers, the Group is committed to enhancing the value of players located in the vicinity of the production units by seeking out and selecting, where possible, local suppliers with the aim of further contributing to the socio-economic development of the area.

More specifically, all suppliers are considered 'local' if they are based in the same province in which the operations of the various Group companies are established: namely Brescia for Alfa Acciai, Tecnofil and Alfa Derivati, Catania for Acciaierie di Sicilia, and Vicenza for Ferroberica.

Overall, the percentage of expenditure with local suppliers at Group level is 21%. In particular, Acciaierie di Sicilia

has a very good percentage of local suppliers, at 51% in 2023, up compared to 45% in 2022.

% of expenditure on local suppliers



5.5 Product quality and organisational structure

The Group aims at satisfying its customers by setting itself as a benchmark in the EAF steel market in terms of product quality, production process efficiency and after-sales service expertise.

Quality is one of the key factors in establishing precise and rigorous standards in production processes in order to obtain a compliant product. Quality management is organised in such a way as to identify specific figures: the Group Quality Manager, the Quality Managers of the production units, the Quality Management System and Product Certification Manager, the Customer Technical Service representative and the Central Metallography Laboratory representative.

The constant mutual interaction between these figures and the relationship with the functions in their departments, units, or companies makes it possible to quickly

address problems that arise, review quality KPIs, and facilitate the flow of information and the progress of improvement activities related to the product, process or installations.

This is done under the close supervision of the Group Quality Manager who coordinates all operations aimed at continually improving Method, Process and Product.

Furthermore, the Group Manager coordinates the Corporate Quality Organisation, the aim being to achieving full customer satisfaction by actively involving every worker in the continuous improvement process by means of dedicated training activities and 'on-the-job' tutoring.



5.6 Quality Management System (ISO 9001)

GRI 416-2; GRI 417-2

Underpinning the importance attached to the quality, the Alfa Acciai Group has adopted a Quality Management System complying with UNI EN ISO 9001:2015 and certified by IGQ - Italian Institute for Quality Assurance - and by IQNet - International Certification Network.

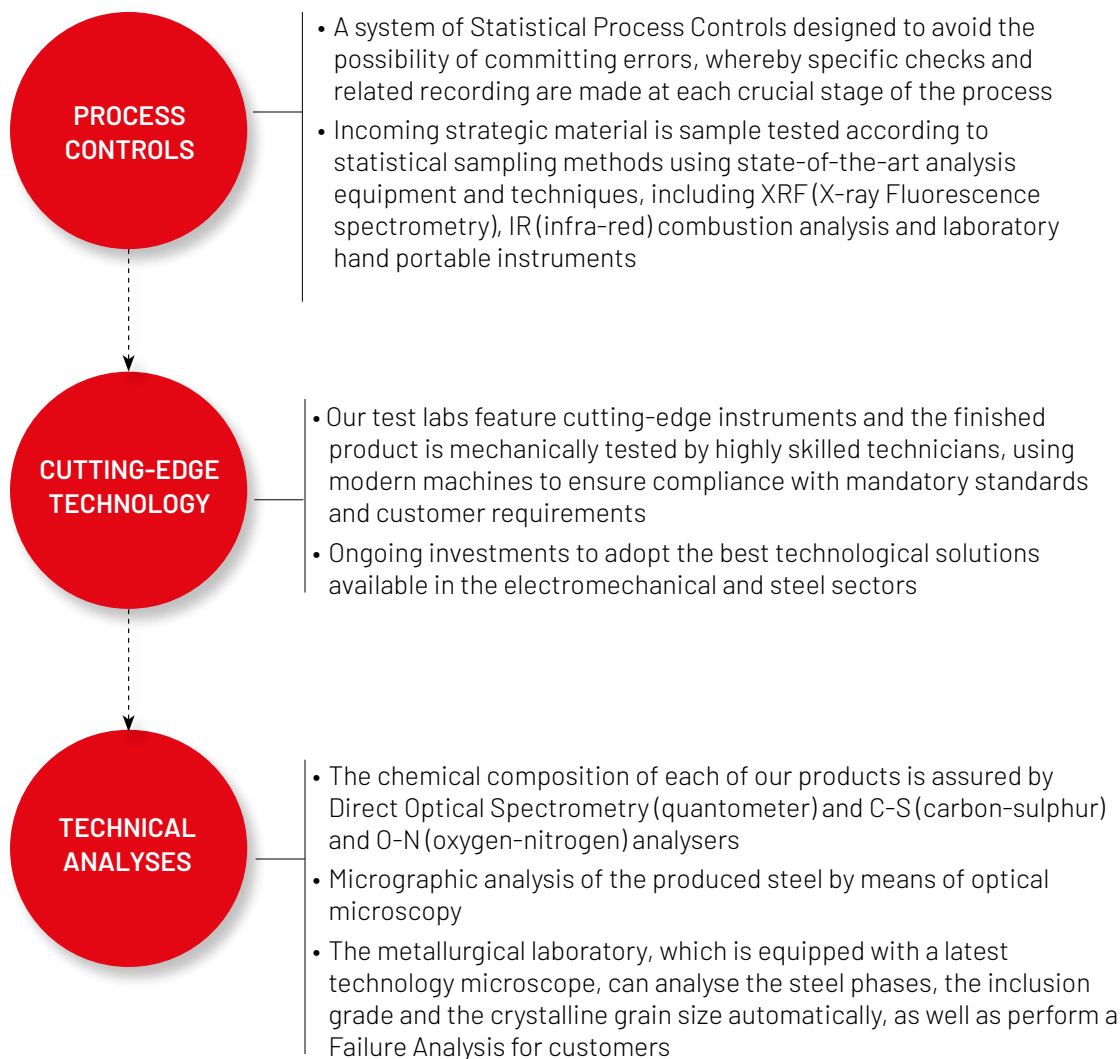
The Quality Management System guarantees operation in accordance with clear operating procedures and instructions that are constantly updated to the company's technical and organisational development, covering all operations: from the acceptance of incoming materials to the process and the finished product inspection and testing.

Striving to be a benchmark in the EAF steel market in terms of efficiency and quality in the production process for customer satisfaction, the Group has developed a quality system based on the following pillars:

- ▶ Continuous improvement based on scientific method, adopting KPI (Key Performance Indicators) metrics;
- ▶ Application of LEAN Production principles, in order to streamline the production process by reducing it only to the phases that create added value;
- ▶ Painstaking attention to detail, for the achievement of objectives and continuous improvement, while trying to keep the logic of maximum cost efficiency in relation to the quality requirements expected by the target customers.
- ▶ Involvement of all people at all levels, by defining roles and responsibilities;
- ▶ Active participation in the Steering Committee of UNISIDER (Italian steel unification body), for the drafting and development of technical standards both at national and European level;
- ▶ Thinking and acting fast to be always one step ahead. so avanti.



As a whole, the quality level of the Group's products, recognized both nationally and internationally, is guaranteed by the following factors:



In addition to the inspections envisaged for system certification, the effectiveness of the management systems in place is guaranteed by the numerous control procedures carried out both in-house and outside. During 2023, at Alfa Acciai alone, a total of 810 hours of inspections were carried out, including external system and product audits, including audits for the Sinstone® CE mark and in-house audits. Furthermore, Group companies are also

continually subjected to audits by national certifying bodies for the marketing of reinforcing steel.

As a result of the continued focus on quality and the monitoring of production processes, in the last three years the Alfa Acciai Group has neither reported any noncompliance cases regarding the impact of the health and safety of product sold nor any non-conformities regarding the information and labelling of products and services.

5.7 Investing in quality

Over the years, the Alfa Acciai Group has devoted considerable resources to improving the quality of its products, through dedicated research and development activities as well as heavy investment in equipment, digitalisation and personnel training.

With a view to managing the entire production cycle correctly, in order to enhance product quality and end-customer satisfaction, the Group has decided to invest heavily in process digitisation and Industry 4.0 in order

to interface production plants with IT systems and access data automatically.

For this purpose, major investments were made in 2023 to expand the company's ability to characterise the mechanical properties of its products. This involved the purchase of a new tensile testing machine and a vibrophore to carry out in-house fatigue testing on ribbed steel for applications in the construction industry, as stipulated in various international standards.



5.8 Partnerships in favour of quality

GRI 2-6

As evidence of the importance of the role played by cooperation with external partners, understood in terms of a competitive factor, the Group's current major initiatives and collaborations to date are listed below.

Harsco Metals

With the aim of achieving maximum efficiency upstream the melting process and improving the quality of the ferrous scrap used, Alfa Acciai has chosen Harsco Metals as its strategic partner. This US-based multinational is a global leader in the supply of innovative technologies and services to steel manufacturers in their processing operations, logistics and recovery of metals from process waste.

From the outset, the agreement contributed significantly to the digitalisation of the steel mill and scrap yards through this partner's expertise, and the collaboration is progressing successfully, resulting in the ongoing improvement in managing furnace charge and slag optimisation.

Danieli

Throughout 2023, activities continued on the collaboration with Danieli (Alfa Acciai's historical partner) that started up in 2020 and is aimed at improving the production process of semi-finished and finished products, enhancing the company's know-how and the major plant-engineering work on the Wire Rod Rolling Mill with the introduction of a new second level automation system.

With the Danieli Group's strong technological backup, it was possible to pursue planned activities to improve the production and quality performance of equipment as well as the economic and environmental performance of both plants and production processes.

Università di Brescia

The fruitful partnership between the Alfa Acciai Group and Brescia University continues, and over time this has made it possible to achieve improvement and efficiency targets related to production performance, using statistical techniques designed to manage vast amounts of data. Also significant is the technical-scientific contribution from collaboration on projects regarding particular study activities and failure analysis.

Milan Polytechnic

In addition to the collaboration in the field of digitisation that has affected the entire Alfa Acciai plant, in 2023 Alfa Acciai and the Milan Polytechnic started a collaboration to investigate the technological aspects that mainly impact the so-called 'fatigue lifetime' of the finished product for reinforced concrete.

5.9 Customer satisfaction

The Alfa Acciai Group has been able to proactively experience the context in which it operates by anticipating and interpreting the megatrends that have affected the world of steelmaking over the years. A holistic view of business management always starts from its focal point - the Customer.

The overall corporate strategy is based on two key factors:

- ▶ **Analysis of customer satisfaction;**
- ▶ **Management of complaints.**

On the first point, the degree of customer satisfaction is determined, understood and satisfied on a regular basis, using different types of monitoring activities, such as satisfaction questionnaires, marketing visits, technical site surveys and consulting services for the development of dedicated products and business activities.

In this regard, in 2023 Alfa Acciai monitored the degree of customer satisfaction by setting up an easy yet detailed online questionnaire, available in several languages, focusing on the different aspects characterising the business relationship, such as product quality, order management and after-sales service, the communication level, the staff's readiness and expertise, as well as the perceived priorities within the business relationship.

The results of the questionnaires enabled the Group to

precisely understand the generally very high customer satisfaction level, even in relation to competitors, and to take targeted action, wherever discrepancies between expected and promised quality were found.

The second point, complaint management, is a crucial aspect of quality management as it is organised in a proactive and well-structured manner that allows rapid analysis to respond quickly and effectively to problems and, at the same time, allows action to be taken on the process or product to avoid the recurrence of the same situation. The Group believes that only in this way can the real needs of customers be interpreted at best, being then able to design and manufacture a product that faithfully respects what is expected in terms of assured performance and repeatability.

All the endeavour has a twofold advantage:

- ▶ not overlooking issues that could damage the company's business, rather seeking to prevent and solve them;
- ▶ learning from experience by trying to 'make it our own' and enhance the ongoing improvement process.

Alfa Acciai can share experience from within the Group with customers, by capitalising on the verticalisation process with its subsidiaries Alfa Derivati, Ferroberica and Tecnofil which, as processors of products marketed by Alfa Acciai and Acciaierie di Sicilia, provide continuous opportunities for improvement.




Ferroberica construction site: S.S. 640 Caltanissetta-Agrigento main road with tunnel

Using the same approach, every critical issue is addressed and resolved quickly, thereby ensuring that customers receive the best service. The development process of new products and applications is also performed swiftly, taking into account the customer's needs. The Group's objective is to be considered a reliable partner and not

just a supplier: in a logic of partnership, by sharing the know-how developed, a process of common growth is established, thus combining the right mix of continuity and innovation that has always characterised the Group's history.



5.10 2030 Sustainable Development Goals

Sustainable goals	Targets	Alfa Acciai Initiatives
<p>8 – Decent work and economic growth</p> 	<p>Target 8.5</p> <p>► By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p>	<p>► In managing relations with their suppliers, Group companies always refer to the principles defined in the Code of Ethics, including: utmost proficiency and expertise, as well as maximum regulatory compliance. Furthermore, the Group is committed to selecting its suppliers also on the basis of their competitiveness, taking into account elements such as quality, innovation, market reputation, and environmental protection policies.</p>

GRI Content Index

GRI Standard 2021	Disclosure	Page	Notes / Omissions
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Disclaimer: The Alfa Acciai Group has reported the information mentioned in this GRI content index for the period 01-01- 2023 / 31-12- 2023 with reference to the GRI Standards.

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General disclosure

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Limited assurance on the Sustainability Report 2023

To the Board of Directors of Alfa Acciai SpA

We have undertaken a limited assurance engagement on the Sustainability Report of Alfa Acciai Group (Alfa Acciai SpA and the companies Acciaierie di Sicilia SpA, Tecnofil SpA, Ferro Berica Srl and Alfa Derivati Srl are considered together, for the purposes of this Report, hereinafter the "Group" or "Alfa Acciai Group") for the year ended 31 December 2023.

Responsibilities of the Directors for the Sustainability Report

The Directors of Alfa Acciai SpA are responsible for the preparation of the Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), as illustrated in the "Methodological note" section of the Sustainability Report.

The Directors are also responsible for the internal control determined to be necessary to enable the drafting of a Sustainability Report that is free from material misstatements due to fraud or non-intentional events and behaviours.

The Directors are also responsible for defining the sustainability performance targets of Alfa Acciai Group, as well as for identifying its stakeholders and material topics to be reported on.

Auditor's Independence and Quality Management

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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

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Auditor's Responsibilities

Our responsibility is to express a limited assurance conclusion, based on the procedures we have performed, regarding the compliance of the Sustainability Report with the requirements of the GRI Standards. We conducted our work in accordance with "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" (hereinafter also "ISAE 3000 Revised") issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. That standard requires that we plan and perform procedures to obtain limited assurance about whether the Sustainability Report is free from material misstatement.

Therefore, the procedures performed were less in extent than those performed in a reasonable assurance engagement conducted in accordance with ISAE 3000 Revised and, consequently, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the Sustainability Report were based on our professional judgement and included inquiries, mainly of personnel of the Group responsible for the preparation of the information presented in the Sustainability Report, inspection of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the process of definition of the material topics reported on in the Sustainability Report, with reference to the method applied in the analysis and understanding of the Group's environment, the identification and prioritisation of the actual and potential impacts, and the internal validation of the results of the process;
2. understanding of the processes underlying the generation, collection and management of significant qualitative and quantitative information included in the Sustainability Report.

In detail, we held meetings and interviews with the management personnel of the Group, and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, aggregation, processing and submission of non-financial information to the function responsible for the preparation of the Sustainability Report.

Moreover, for material information, considering the activities and characteristics of the Group:

- at parent company level
 - a) with reference to the qualitative information presented in the Sustainability Report, we carried out interviews and obtained supporting documents to verify its consistency with available evidence;
 - b) with reference to quantitative information, we performed both analytical procedures and limited tests to verify, on a sample basis, the accuracy of data aggregation.
- for the following companies Acciaierie di Sicilia SpA, Tecnofil SpA, Ferro Berica Srl and Alfa Derivati Srl, selected on the basis of their activities, their contribution to performance indicators and their location, we carried out interviews during which we met the persons in charge and obtained documentary evidence, on a sample basis, regarding the correct application of the procedures and calculation methods applied for the indicators.



Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Alfa Acciai Group for the year ended 31 December 2023 is not prepared, in all material aspects, with reference to the requirements of the GRI Standards as illustrated in the “Methodological note” section of the Sustainability Report.

Brescia, 12 September 2024

PricewaterhouseCoopers Business Services Srl

Signed by

Paolo Bersani
(Partner)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the Sustainability Report 2023 translation.





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