

Year 2020

# Voluntary Consolidated

Non-Financial  
Statement 2020









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**Year 2020**

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# Letter to Stakeholder

102-14

**Dear Stakeholders,  
The Voluntary Consolidated  
Non-Financial Statement this  
year takes on a significance  
that extends beyond the  
reporting of our Group's  
commitment to virtuously  
reconciling business objectives  
with concrete, measurable  
results in the social and  
environmental spheres.**

The reason for this is that 2020  
was a year like no other.





As individuals we were swept up in an epidemic that caused one of the worst health, social and economic crises in history. As companies, we were faced with a challenge that stemmed directly from our role as an asset for the community the purpose of which is to create value, to do the common good. For us as businesswomen and men, this meant putting safety in the workplace at the forefront.

Even now, as I write this, we remain on the front lines, in the knowledge that we are a beacon for our internal and external community. At Feralpi, we reacted immediately, putting in place extraordinary measures and signing an experimental health protocol with institutions and social partners so that our manufacturing operations could continue to serve the supply chains of which we are a part.

**Taking concrete steps to meet the needs of our stakeholders is what we have always done. Including with our steel, whose tangible and intangible value you will find described in this Non-Financial Statement.**

Every action taken derives from a precise sustainability strategy, guided by the Sustainable Development Goals of the United Nations 2030 Agenda, to reduce our environmental footprint, i.e. to make our contribution to combating climate change as also envisaged by the European Green New Deal.

Decarbonisation and the energy transition – key concepts that are more crucial than ever before for a business like ours – steer the investments that are at the heart of a business plan that in turn integrates ESG criteria, including into the measurement of performance. The goal is to remain an international leader in the steel sector, anticipating the standards of excellence in the industry through technological innovation, sustainability and talent development, starting from our employees, young people and their energies.

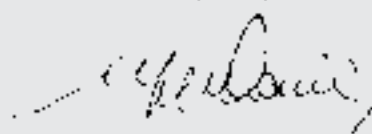
**These are goals that we can only achieve as part of a network of businesses with which we are connected. We have a duty – as a link in international construction and engineering supply chains – to act according to the principles of respect and integrity that are the basis of a "Responsibility Pact" with the other members of our supply chains.**

In these pages you may read about the results of our actions, the purpose and goals of which we reconcile with international projects. Confirmation of our support for the UN Global Compact, the signing of the WBCSD (World Business Council for Sustainable Development) CEO Guide to Human Rights and the Fondazione Sodalitas Charter for Equal Opportunities are all efforts in this direction.

Each of these commitments is framed by an ethical vision of business that Pope Francis seeks strongly to promote in the Encyclical "Fratelli Tutti." It is a model with which we identify, to collaborate towards development that assures the growth of equitable societies without borders.

***Enjoy the reading!***

**Giuseppe Pasini**  
Feralpi Group Chairman



# Methodology note

(102-1; 102-3; 102-4; 102-45; 102-46; 102-48; 102-49; 102-50; 102-51; 102-52; 102-53; 102-54)

**The name of the organisation being reported on is Feralpi Group, which comprises all the subsidiaries controlled by the parent company Feralpi Holding S.p.A. The Group is coordinated through Feralpi Holding S.p.A., which owns the operating subsidiaries and investee companies, in some cases through the use of sub-holding companies, with a structure based on sectors. Feralpi Holding S.p.A. has its registered office in Brescia, Via Aurelio Saffi, 15 and its administrative headquarters in Lonato del Garda, BS, Via Carlo Nicola Pasini, 11.**

Following the issuing of European Directive no. 95/2014/EU and subsequent implementation in Italy with Legislative Decree 254 of 2016, concerning the disclosure of non-financial information, the Feralpi Group has, for the second time, decided to draw up the voluntary Non-Financial Statement for the year 2020. This document also constitutes the Communication On Progress (COP) required by the UN Global Compact. The document is available in the section **Innovation and Future** section of the website [www.feralpigroup.com](http://www.feralpigroup.com).

The structure of the Report has been modified from the previous to better meet the needs of financial stakeholders on ESG issues and easier consultation for market stakeholders.

The scope of the report coincides with the Feralpi Group's Consolidated Financial Statements as of 31 December 2020. The consolidation criteria include all subsidiaries and exclude associated companies.

The frequency of publication of the Non-Financial Statement has been set at annual. In fact, the Group's last Non-Financial Statement was made available in June 2020.

Compared to 2019, the reporting scope of the economic and social indicators saw the inclusion of **Caleotto S.p.A.** and **Arlenico S.p.A.**, following the acquisition in March 2020, and **Co.ge.me Steel S.r.l.** and **Nuova Cogeme S.r.l.**, in voluntary liquidation since May 2020.

As for the environmental indicators, in addition to the four main operating companies, i.e. **Feralpi Siderurgica S.p.A.** with **Feralpi Holding S.p.A.**, based in Lonato del Garda (BS), **Acciaierie di Calvisano S.p.A.** in Viadana di Calvisano (BS), **Fer-Par S.r.l.** with **Feralpi Profilati Nave S.r.l.** in Nave (Brescia), **ESF Elbe-Stahlwerke Feralpi GmbH** with **Feralpi Stahlhandel GmbH** and **Feralpi Logistik GmbH** in Riesa, Saxony, reference is made to the most significant environmental indicators of the Italian production sites in Pomezia (Rome), Alzate Brianza (CO), Anzano al Parco (CO), Macclodio (BS), Borgaro Torinese (TO), Rivoli (TO), Saint-Soupplets in France, Kralupy in the Czech Republic and Czepeľ in Hungary, despite the little

relevance in terms of environmental impact. **Arlenico** with **Caleotto** was also included in the reporting of environmental KPIs.

The reporting does not include the environmental data of companies without production facilities (including **Nuova Cogeme**, which stopped production in March 2020) or with fewer than 15 employees, nor does it include the data of the companies **Faeco Ambiente S.r.l.**, **Eco-Trading S.r.l.** and **Co.ge.me Steel S.r.l.** as they are inactive, have no directly employed staff and do not have a governance model, risk analysis or specific procedures. As regards **Ecoeternit S.r.l.**, which is based in Montichiari (Brescia) and runs a business different from that of the other above-listed companies, the most significant environmental information is disclosed.

This Report was drawn up in accordance with **GRI Standards**: Core option.

## THE FOLLOWING DEFINITIONS ARE USED IN THE REPORT:

**the term Feralpi Group or Group** refers to the group as a whole, including the scope of the parent company Feralpi Holding's Consolidated Financial Statement;

**the term Feralpi Siderurgica** refers to the combination of operations at the Lonato del Garda site;

**the term Acciaierie di Calvisano** refers to the combination of operations at the Calvisano site;

**the term FERALPI STAHL** refers to the combination of operations at the Riesa site.

As with previous editions, in accordance with the decision of the Board of Directors, the Company had this voluntary Non-Financial Statement audited by a leading external auditor.

**FOR FURTHER INFORMATION ON THE NON-FINANCIAL STATEMENT, PLEASE CONTACT**

[sustainability@it.feralpigroup.com](mailto:sustainability@it.feralpigroup.com)





## The Feralpi Group

(102-2; 102-4; 102-6; 102-7)

**Feralpi's mission is to be among the international leaders in the steel industry, anticipating standards of excellence in the industry through technological innovation, sustainability, the circular economy and talent development. According to Feralpi's vision, its products and services extend beyond processes and investments, and creating shared value for stakeholders is a responsibility that goes hand in hand with business strategies.**

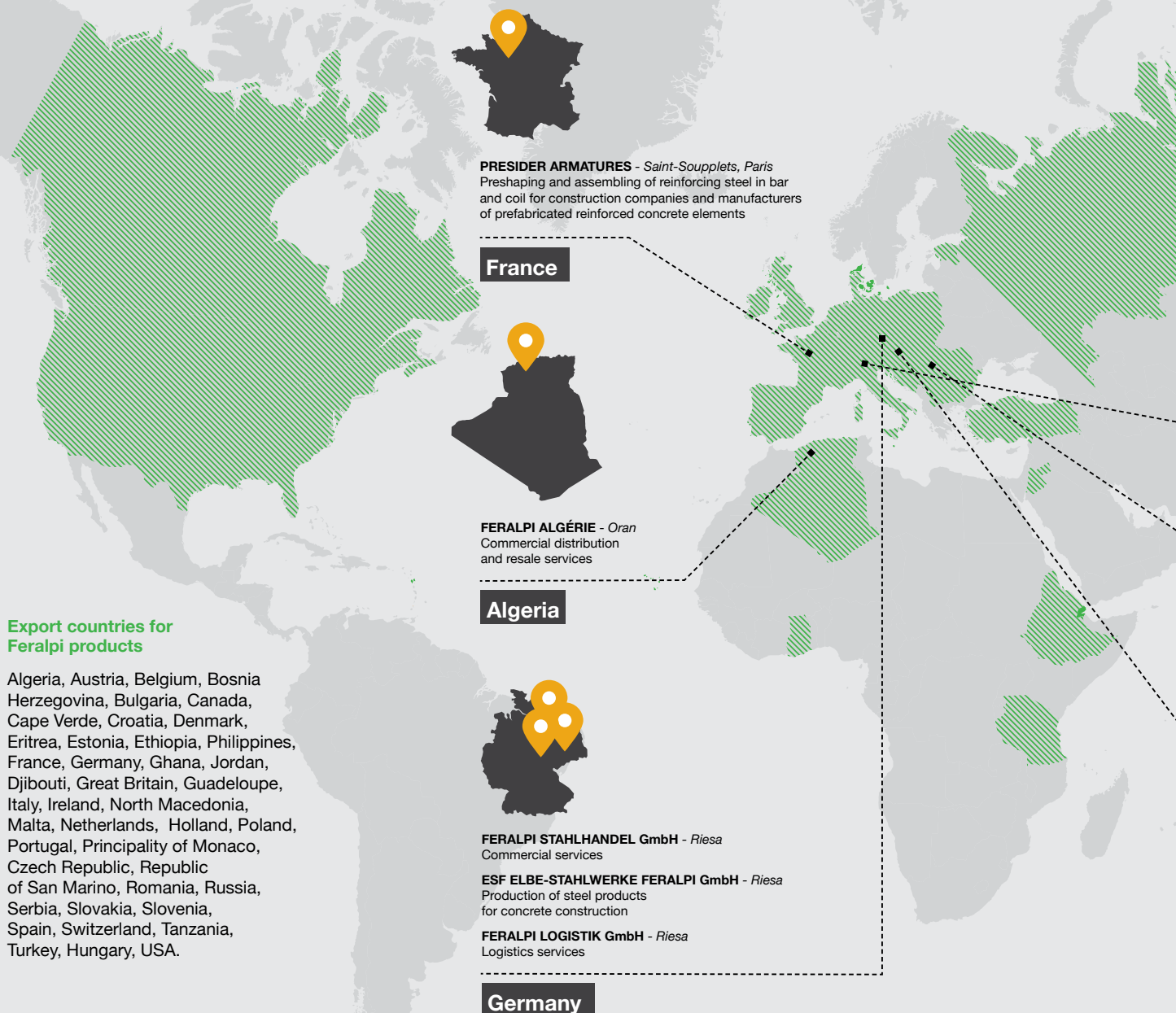
The Feralpi Group is one of Europe's leading steel manufacturers and specialises in producing steels for use in construction and industry. Internationalisation, verticalisation and diversification are the three main strategic directives of development that have led Feralpi Siderurgica, which was founded in 1968 in Lonato del Garda, near Brescia, to become the parent company of an industrial group with several production plants in Italy, Germany, France, Hungary, the Czech Republic and Algeria. Starting from the steelmaking tradition, the business has evolved through upstream and downstream verticalisations, developing internal

synergies within the Group, adopting the Organisational Model that envisages two business units, one dedicated to construction steels and one to special steels.

Each division has two business units that correspond to a specific product/geographical market combination.

The construction steel division includes Italian companies (Construction Steels Business Unit for Italy) and German companies (Construction Steel Business Unit for Germany) operating in the Group's historic market i.e. aimed at the more traditional building industry. The specialities division includes companies operating in the special steels industry (Specialities Business Unit) and the diversified products market (Diversified Products Business Unit). The Corporate Departments are central staff or business departments that provide services and draw up policies and guidelines for the entire Group.

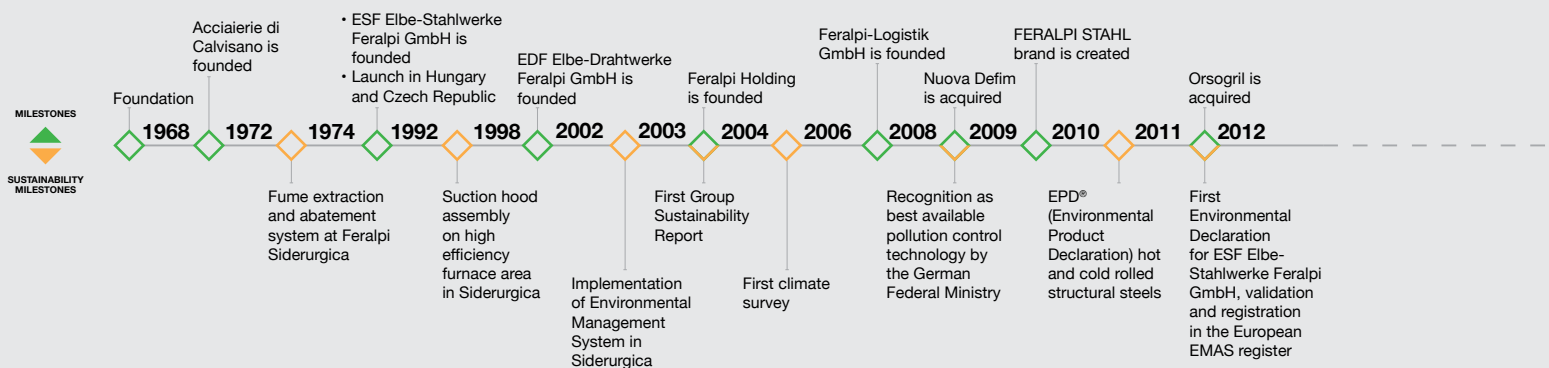
## Feralpi Group sites and markets



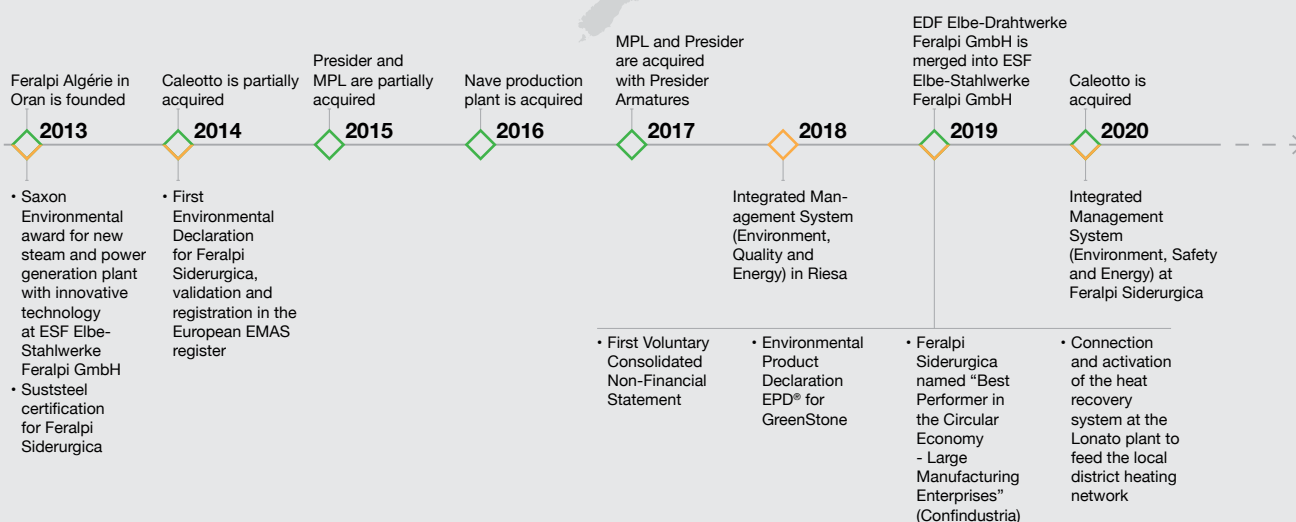
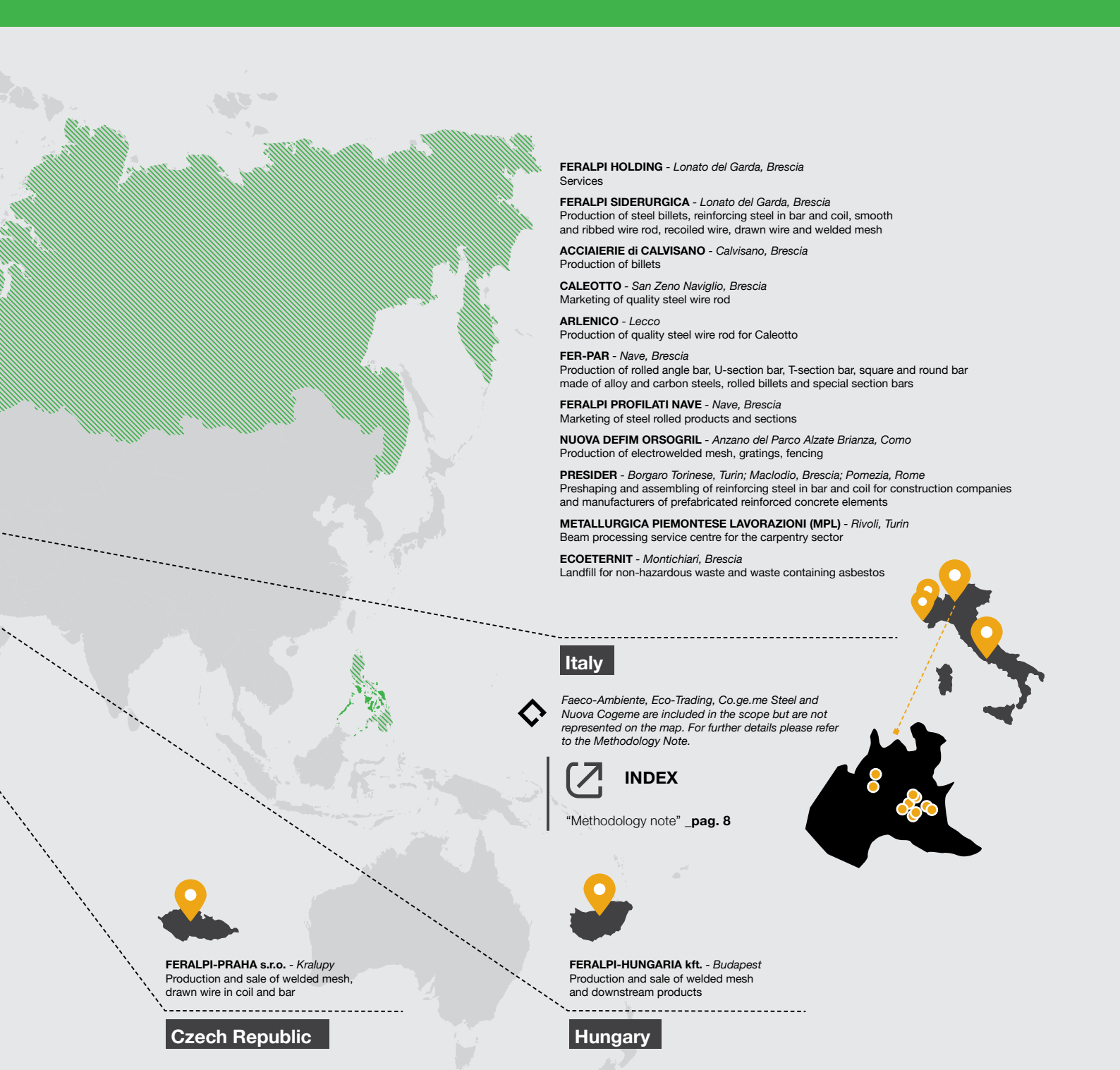
### Export countries for Feralpi products

Algeria, Austria, Belgium, Bosnia Herzegovina, Bulgaria, Canada, Cape Verde, Croatia, Denmark, Eritrea, Estonia, Ethiopia, Philippines, France, Germany, Ghana, Jordan, Djibouti, Great Britain, Guadeloupe, Italy, Ireland, North Macedonia, Malta, Netherlands, Holland, Poland, Portugal, Principality of Monaco, Czech Republic, Republic of San Marino, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Switzerland, Tanzania, Turkey, Hungary, USA.

## Timeline - The history of the Group







## The value chain

(103-2; 103-3; 102-9; 102-10; 308-1; 414-1)

**From its earliest stages, the Covid-19 epidemic has highlighted the strong level of interdependence between countries, mainly due to global value chains (GVCs), and how a local event can soon have worldwide economic repercussions.**

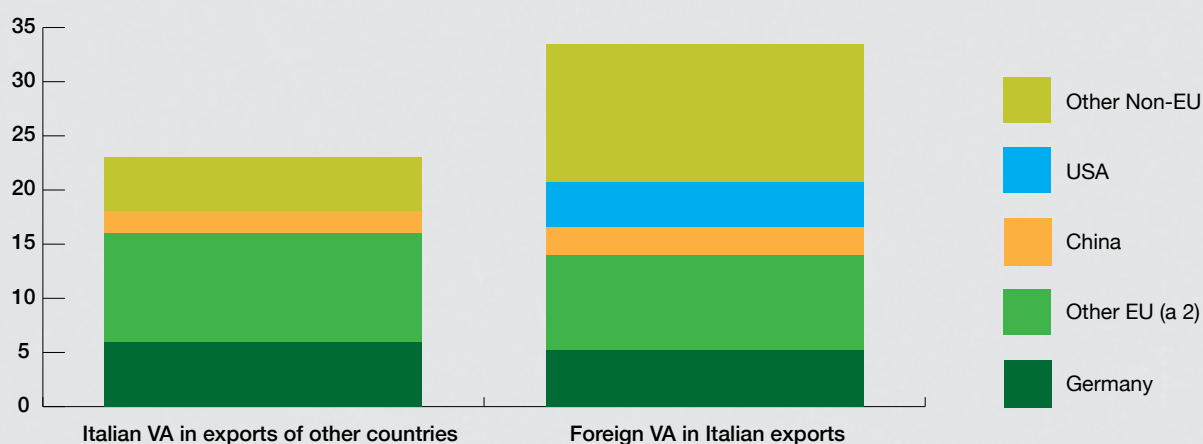
The long lockdown in the Hubei region, China's core industrial district, forced the world to come to terms with a fundamental part of the value chain not being active: China is in fact an important supplier of intermediate goods for the production and exports of other countries. This inactivity of the initial part of the chain inevitably had severe repercussions on another part of the same chain, in terms of halted investments and a reduction in consumption by Chinese families.

And so, in just a few months, a local crisis became a global crisis.

Like all countries, Italy is also strongly integrated into GVCs: consider, for example, the Italian value added connected to the exports of other countries (equal to 23% of Italian exports) and the share of foreign value added accounted for by Italian exports (equal to 33%)<sup>1</sup>.

### Italy highly integrated in global MEI value chains (Value added -VA-, as % of Italian exports, 2017)

Source: Prepared by Confindustria Research Centre using Unctad-Eora data



Steel manufacture in particular is a key sector that underpins the world economy, as it is situated upstream of numerous production national and international chains and is one of their main suppliers.

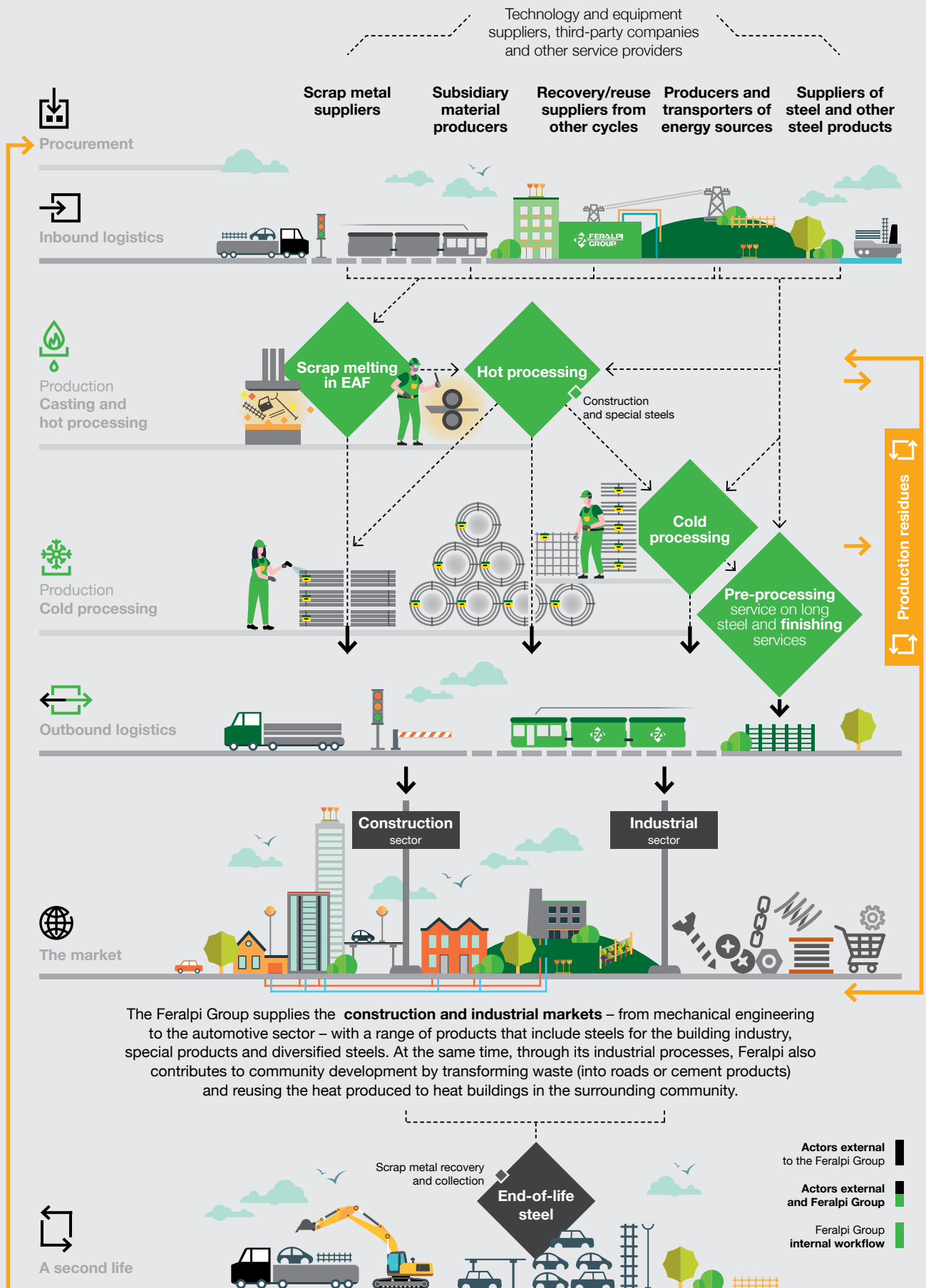
The Feralpi Group itself extends across national borders, especially in terms of sales and marketing, but also in terms of procurement: for example, raw material (ferrous scrap) and energy (sources), as well as the carbonaceous material, ferroalloys and electrodes that are an integral part of the production cycle.

**The Feralpi Group's steel production is underpinned by important managerial and strategic aspects that affect the entire value chain, from upstream to downstream, now going so far as to transform its very nature, integrating all aspects connected with recovery, from the procurement phase to the disposal of the product at the end of its life, passing through production. This thus led to a hybrid, innovative value chain with a shift towards more complex collaborative networks that inevitably involve value chains from other sectors.**

<sup>1</sup> Source: Unctad-Eora (2017 data).



## The Feralpi Group's value chain



## Procurement

**Upstream, supplies represent the first key element both for quality, and the Company's ability to be a competitive player in the market. The diversification that the Feralpi Group has pursued in recent years as the fulcrum of strategic development of its business, along with an ever-increasing search for circular solutions, has led to the introduction of new suppliers and types of raw materials.**

The main categories of suppliers, typical of Feralpi's steel and metallurgical process, are:

- **technology and plants**, national and international companies with which Feralpi establishes co-design and partnership relationships, specialising in the construction of steel plants and services in general, based on the technological requirements and objectives of the projects, the degree of innovativeness, reliability and performance of the proposed process, with the aim of jointly developing processes and technologies.
- **producers and transporters of energy sources** (energy, methane gas and oxygen), large international players able to ensure security and continuity of supply and support in monitoring changing market conditions. For a group like Feralpi, energy is an aspect to which great attention is paid. Always at the forefront in the pursuit of challenging objectives to achieve decarbonisation, the Group selects suppliers who have a common vision and with whom it can share ideas and projects for improving energy efficiency, creating relationships of mutual trust. Suppliers of national importance are selected as able to provide information on market trends and suggest solutions to further mitigate the environmental impact of a large production facility through energy saving or energy recovery. In this regard, Feralpi also works with ESCos (Energy Service Companies) to present and report on energy efficiency projects with a view to obtaining TEE (Energy Efficiency Certificates) to certify the actual savings.



At the level of the Italian national average mix, from 2018 to 2019 renewables were essentially stable, while the contribution of coal fell sharply, mainly due to the gradual exit from the market of this technology due to the surge in CO<sub>2</sub> prices from 2018 onwards. The increase in natural gas, on the other hand, was primarily caused by offsetting coal output and favourable natural gas prices in 2019 compared to 2018.

The German national mix includes renewables above 50% for the first time (in 2019 they were at 46%), above fossil fuels. Germany, a major producer and exporter of electricity, from fossil and nuclear sources, is implementing an energy program that provides for the gradual decommissioning of nuclear power plants and coal- and lignite-fired plants, focusing on replacement with renewable energy. In Italy, ministerial investments

and calls for tenders continue to encourage the study and development of more efficient and less impactful technologies, as well as the creation of additional production capacity from renewable sources.

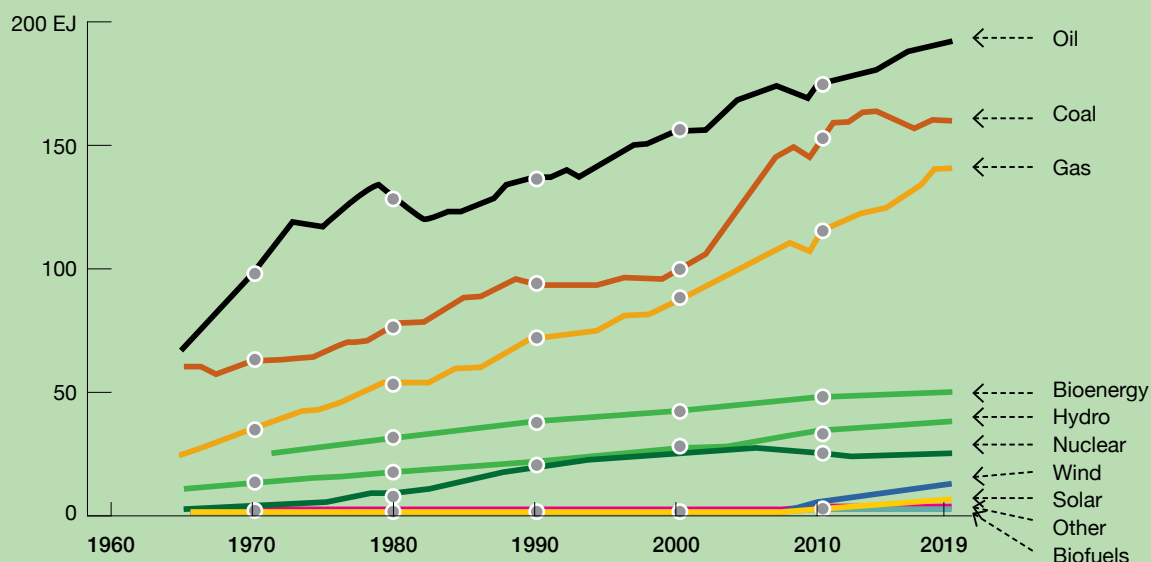
Both in Germany and in Italy, several initiatives and calls for tenders are being developed regarding the possibility of including hydrogen as a new energy vector. Compared to the sources currently used, such as methane, if the conversion were total, carbon dioxide emissions would be reduced to zero. However, the transition requires in-depth studies of the technology and design of industrially adaptable solutions.

Globally, renewable energy is growing exponentially, but this growth is still a long way from offsetting the growth in fossil fuel consumption.



### Annual global energy consumption

Global Carbon Project, Data: BP, IEA (bioenergy). This figure shows "primary energy" using the BP substitution method (non fossil sources are scaled up by an assumed fossil efficiency of 0,38). Source: BP 2020; Global Carbon Budget 2020



**Electricity is the main energy source in the steelworks (in 2020 accounting for 61% of total energy consumption), whereas natural gas is the main source in billet heating furnaces in the rolling mills (in 2020 accounting for 33% of total energy consumption).**

The share of electricity<sup>2</sup> from renewable sources can be estimated at around 6.06%<sup>3</sup> for the main supplier in Italy and around 13.9%<sup>4</sup> for Germany. The percentage of renewables for the main Italian supplier is low, primarily due to the composition of the portfolio, which is largely focused on industrial customers working in the B2B rather than B2C segments, and with volumes still low for small/retail customers.

The penetration of certification mechanisms such as the Guarantees of Origin (GO) market, in fact, is progressively moving up the supply chain, starting with B2C supplies, but has not yet had a significant impact on B2B.

<sup>2</sup> The percentages do not necessarily refer to energy purchased by the companies in the Group, which may be allocated (in whole or in part) to other users that have specifically so requested.

<sup>3</sup> Duferco - Year 2019.

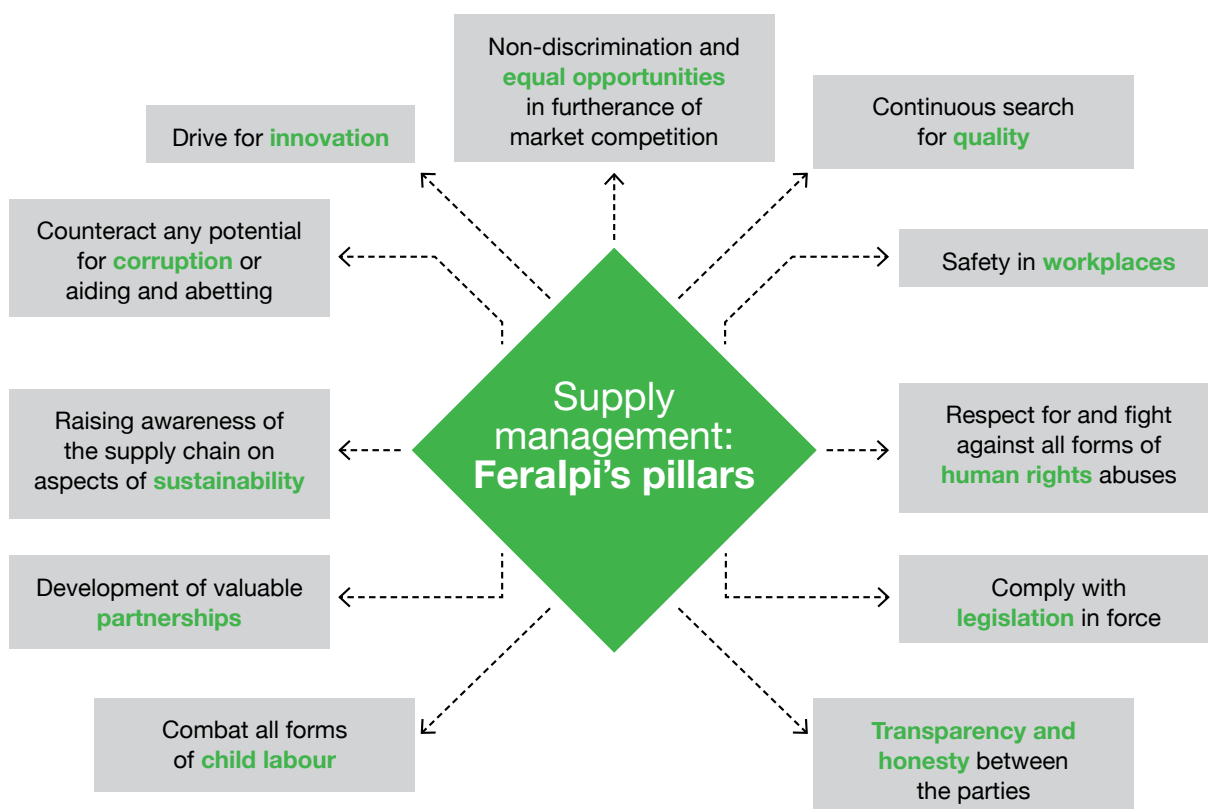
<sup>4</sup> RWE Supply and Trading GmbH - Year 2019.

Delving into the different types of production carried out by the Group in further detail, some specific aspects of procurement are discussed below:

- for steel mills that have an electric-arc furnace (EAF), the most strategic and important suppliers are the **ferrous scrap companies** that must ensure constant, high-quality supply, as well as prices in line with the market, and **suppliers of subsidiary raw materials**;
- for Group plants that deal specifically with hot processing or cold processing, procurement may

be intra-Group and therefore follow the arc furnace value chain or require the presence in the supply chain of other companies producing steel and other steel products.

In addition to these specificities of the supply chain, other service providers or external companies operating within the plants are also integrated. Then there are the suppliers of materials recovered/reused from other cycles: companies that offer innovative products for the development of circular solutions that can be used within the Group's value chain.



Purchasing policies are shared at Group level with functional coordination by the Group Purchasing Department, particularly as regards the purchase of ferrous scrap, refractory materials, ferroalloys, electrodes and plants. Relations with suppliers of energy sources are managed directly by the Group Energy Department.

**Relations with suppliers are governed by contractual agreements that require transparency, long-term collaboration and attention to product and service quality on both sides.**

Suppliers are required to comply with the Group's Code of Ethics, undertaking to adhere to the values and principles indicated, promoting awareness of them among their own employees and contractors.



Acknowledgement and acceptance of the Code of Ethics are mandatory requirements for all Group purchase orders, in Italy and abroad. Furthermore, Feralpi in Italy follows the provisions of the Management and Control Model pursuant to Legislative Decree 231/2001.

**The criteria for selecting suppliers are based on technical and economic assessments, with priority given to suppliers able to ensure quality, adherence to delivery times and continuity of supply over time, but in line with a management approach increasingly oriented towards sustainable development. The Group continued with the information gathering process on sustainability aspects linked to quality, the environment, ethics, and health and safety.**

The process of purchasing ferrous scrap is centralised for all Italian steel mills. Feralpi launched a specific process with Italian and foreign scrap suppliers with the aim of qualifying them according to Group criteria. This process initially involves a document check (during the accreditation phase) and then continues with two questionnaires, one on ESG aspects and the issues required by the decree on non-financial reporting and the other on quality-related aspects.

As far as qualification according to ESG criteria is concerned, Feralpi uses a digital platform of the Global Compact Network Italy, which refers to the Ten Principles of the United Nations Global Compact and takes into account the most relevant international standards and agreements on corporate sustainability. In 2020, 91.5% of Italian scrap suppliers were involved in completing the TenP questionnaire. The company is also working on integrating the questionnaire into the company's platform for scrap suppliers, with expansion to include foreign suppliers by 2021.

From 2020 the procedure for the selection of non-Italian scrap suppliers includes a process for collecting environmental information. This document collection constitutes the supplier qualification process.

To guarantee the quality of scrap and with a view to reducing the risks associated with unsuitable supplies that could affect the quality of the final product, suppliers are constantly monitored through KPIs that assess the quality of the material delivered.

In Germany, a single questionnaire has been prepared for supplier qualification, in line with the integrated management system (see the chapter "Environmental commitment and creation of value for the planet" for more details on the Group's environmental management systems), which is sent to all suppliers of materials classified as relevant to the production process with the aim of monitoring aspects relating to quality, energy and the environment.



## INDEX

See the chapter 3 "Environmental commitment and creation of value for the planet" for more details on the Group's environmental management systems **\_pag. 102**

## Inbound logistics

Logistics is governed by internal management procedures useful to monitor and regulate the processes of entry and exit of material into and from plants: these procedures are described in the Management Systems, which differ according to the various competent offices. Responsibility for incoming logistics is entrusted to the individual factories which, due to the specific nature of their production, manage incoming flows independently, in collaboration, where appropriate, with the Group Purchasing function.

**The proper coordination of activities and material flows is managed with the aid of a special software that ensures constant traceability and identification. The Group is constantly engaged in customising the various procedures in order to optimise flows in terms of time and safety. Thanks to this system, operators have an up-to-date overview of the traffic in front of and inside the plant.**

Optimisation of logistics processes at production facilities is becoming increasingly important. Accordingly, several projects are underway to meet the needs of the future supply chain. In Riesa, for example, a new logistics management system is being planned, along with a different internal transport plan, developed with the Dresden Technical University, chair of Business Management, ESP and Logistike. In further pursuit of continuous improvement and optimisation of logistics times, a project was launched in Lonato to optimise incoming, outgoing and in-plant vehicle traffic. Significant investments are also being planned to strengthen the internal and external rail link in order to increase the percentage of raw materials and finished products shipped by rail rather than by road.

For the **Construction Steel Division**, incoming goods are mainly composed of ferrous scrap, procured from domestic and foreign suppliers, which arrives at the production plants by road or rail. The incoming material is first checked through a careful process of qualification of suppliers, then through specific procedures for acceptance of the material, to verify that it meets the safety characteristics to be melted. In particular, the material is subjected to radiometric and detailed visual checks. At the Lonato, Calvisano and Riesa plants there is a scrap sorting treatment plant that eliminates inefficient fractions in the furnace melting process (oxides, non-ferrous metals and tailings), thus improving the energy efficiency of the process and the quality of the product. In addition to checks on incoming material, document checks are also performed. This is followed by the unloading phase which also involves the classification of the type of scrap which, based on its quality, is assigned to a different area for unloading at the scrap yard. The process concludes with outgoing weighing. Inbound logistics also include consumables and materials that are used for production such as nitrogen, oxygen and lime.

For the **Specialties Division**, incoming goods consist of semi-finished products from other Group plants or third-party suppliers. Management is implemented on the basis of production needs and existing orders and is assigned to the employees of the logistics office, purchasing office and technical office in agreement with the production department for the optimal management of the warehouse and the identification of requirements. Incoming transport to the plants is by road and, in some plants, also by rail. The main incoming material at the **Arlenico** plant is billet, while at **Nuova Defim** it is polished/galvanised drawn wire (Alzate Brianza) and strip from coil skiving (Anzano del Parco). At **Presider** and **Presider Armatures**, the main incoming material is reinforcing bar in bars or coils, BARTEC mechanical jointing sleeves and electrowelded mesh. At **MPL**, hot-rolled beams and merchant are delivered in bars to the Rivoli plant.



## Production

Three of the various production plants in Italy and abroad adopt electric-arc furnace (EAF) technology to transform ferrous scrap into billet cast steel: **Feralpi Siderurgica**, in Lonato del Garda (Brescia, Italy), which has a steel mill, two rolling mills and an outsourced cold processing department, **Acciaierie di Calvisano** in Calvisano (Brescia, Italy) with a steel mill and **ESF Elbe-Stahlwerke Feralpi** in Riesa (Saxony, Germany), which has a steel mill, a rolling mill and a cold processing department.

### **Production: casting and hot rolling**

The steel mill processes ferrous scrap into billet cast steel. The process takes place by melting the scrap using electric-arc furnace technology, appropriately refining the molten steel bath and casting it into a suitable shape for its subsequent use. At the end of melting and before tapping, the slag, produced by the metallurgy of melting, which is on the liquid metal, is removed and sent for recovery.

The liquid steel is cast in a continuous flow of billets which are cut to the required dimensions and which can then feed the lines of the internal rolling mills

(in the case of the Lonato and Riesa plants) or, in the case of quality and special steel billets (for mechanical construction), be earmarked by **Acciaierie di Calvisano** for subsequent rolling or forging (at the **Arlenico** plant in Lecco and **FER-PAR** in Nave). Hot rolling produces reinforcing bars and coils and wire rod (**Feralpi Praga** and **Feralpi Hungaria**).

### **Production: cold rolling**

The production process also includes some cold working processes, which consist of cold plastic deformation of coils and wire rod to improve their mechanical characteristics and include a stretching or drawing cycle with continuous rewinding for the packaging of coils and the production of electro-welded mesh. It also includes the plants involved in the pre-shaping and assembly of reinforcing bars and coils for the construction and prefabrication of reinforced concrete elements (**Presider** and **Presider Armatures**) and those engaged in the production of electro-welded mesh, gratings and fencing (**Nuova Defim**) as well as services related to the cutting and drilling of beams and laminates for the carpentry sector (**MPL**).

## Outbound logistics

Outbound logistics, which includes all outbound shipments of finished products, is managed by the departments dedicated to logistics in collaboration with the commercial departments and the functions dedicated to production planning and organisation. Generally speaking, it includes road and rail transport, plus ship transport for non-European exports. The choice of logistics is based on market considerations and whether there is transport infrastructure alternative to road haulage connected to production plants or customers.

In Lonato, efforts to shift a portion of foreign sales volumes from road to rail continued. For example, the rewind sold in Switzerland increased from 1,000 tonnes per month by rail in 2019 to 2,000 tonnes per month in 2020. The goal is to increase the share of sales transported by rail for Austria and France as well.

Transport logistics are managed and organised by customers or directly by individual Feralpi Group plants through third-party suppliers. Once the carrier has entered the plant and carried out the various checks, they proceed the weighbridge and then to the loading point where the product is then loaded and secured by forklift trucks, bridge cranes or forklifts depending on the product. The cycle ends with the weighing of the outgoing vehicle and the delivery of the DDT/CMR document.

In addition to the product sold, the Group's plants also ship the by-product of the rolling process (scrap for internal recovery) to Feralpi Group steelworks or to external companies.

## The market

Feralpi Group companies, which occupy different links in the supply chains in which they operate, serve customers operating in numerous, diversified fields at an international level. **Thanks to its diversified, integrated structure, the Group's products and services meet needs at various levels of the supply chains of the construction and infrastructure industries as well as the mechanical and automotive industries.** Its offer is thus addressed to both companies that require standard products and companies that need tailor-made products or services, satisfying demand for both upstream industrial production and downstream custom orders. Dealers, users, transformers, large construction companies and traders: these are all the target customers by the range offered by the various companies that make up the Group at the service of companies that contribute to the construction, for example, of small, medium and large infrastructure, or building projects in which

the **customer requires technical co-design consulting services.**

For Feralpi, such a broad spectrum of action means that we are committed to guaranteeing quality products and services, on time and according to the customer's specifications. It also means having a technical, production and sales structure capable of capturing and construing the demands of a range of players, and of exploiting every possible synergy within the Group. It is important to have a forward-looking view of the market, based on the development of individual products and, above all, their use in the various sectors for which they are intended. With this in mind, the Group structures its various sales networks to create a series of informed, competent commercial players capable of simultaneously presenting and representing the widest possible range of Group products and services.

## Customers

**Building constructors and pre-fabricators, converting and shaping centres, traders and retailers** of steel construction products, **international traders**, large contracting companies and **general contractors** are all part of the building construction industry.

Such companies as **structural steelwork shops**, the end users in industries, including large companies, request tailored products or services.

The range of customers targeted by the Group Companies operating in diversified sectors **include build-**

**ing construction and steel product distributors, OEMs** (original equipment manufacturers, such as the producers of sofa bed nets, axial fans, concealed doors, containers, cages, fences, cable trays, gabions, shelves and logistics), as well as **fencing fitters, grating converters and agricultural consortia.** Starting in 2020, following the acquisition of all of 100% of Caleotto, customers from the automotive and **industrial processing sectors** (such as manufacturers of ropes, pre-stressed steel wires, chains, springs, tools, welding wire, etc.) are also added.

## Products and services

Feralpi Group products are used in the construction and industrial sectors. The construction industry is divided into two major categories: civil and residential on the one hand, industrial and large-scale works on the other. The request for materials and components varies in terms of type and quality, depending on the applications. The industrial downstream sector is very broad and includes the use of pre-worked steel products and the request for services concerning the pre-processing of steel products.

### **BUILDING STEELS**

hot rolled and cold pre-processed long products and a pre-shaping and pre-assembly service to project specifications, including on-site installation.

### **PRODUCTS**

**billet, wire rod, drawn coil, spacers, lattice girders, bars, welded wire mesh, recoiled, shaped and pre-shaped, assembled and pre-assembled coils, mechanical joints.**



## SPECIAL PRODUCTS

wire rod with different chemical compositions (micro-alloyed and non-micro-alloyed), mechanical characteristics, tight dimensional tolerances, high levels of micro-purity, excellent surface quality characteristics according to the different sectors of end use. The range of services includes additional processing such as globular annealing and workability, pickling with phosphating and lime finishing, polymer.

## PRODUCTS

**bolts and screws, special drawn products (low, medium and high carbon content), springs, chains, structural and construction products, high machinability, case-hardening, for welding, reclamation and tools.**

## DIVERSIFIED PRODUCTS

Production of electro-welded mesh and gratings for industrial and construction use in standard and custom sizes. Fences for professional, industrial and civil use as well as façade cladding. Value is added to structural and architectural projects by pre-processing beams and laminates, giving concrete form to the ideas of designers, metalworkers and construction companies.

## PRODUCTS

**gratings, fences, nets, machined beams and laminates.**

### ***Feralpi and EPD certification for hot and cold products***

The Feralpi Group published its first Environmental Product Declarations (EPDs) in 2011 and will republish them in early 2021 for three of its products at the Lonato del Garda plant: one for Greenstone industrial aggregate and the other two for hot- and cold-rolled structural steels.



### INDEX

For further details on service quality and customer relations, please refer to the chapter **2.2** "Product and service quality" **pag. 90**



## A second life

**The first element of circularity is represented by the scrap** that can be reused countless times without losing its intrinsic properties, but various circular economy processes are connected to the process of melting and producing steel.

At the Lonato plant, plastic/polymeric materials pretreated in other plants are used in the electric furnace melting process, which also makes it possible to reduce the use of coal. In the Lonato and Riesa plants, various projects have been launched to recover energy from the fumes from the electric furnace, which has led, in Riesa, to the creation of a plant that generates steam that is partly used to generate electricity, and in Lonato to the creation of a district heating plant that heats the plant buildings and some public and private buildings in the municipal area, as well as of district cooling.

Circular processes are also connected to waste, for example the recovery of black slag and white slag for construction products, as in the case of Greenstone, which is used in the construction sector as a substitute for materials of natural origin.



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**3.2** "Circularity as the key to managing impacts" **pag. 120**

## The year 2020

**It is certainly an understatement to call 2020 an “atypical” year. The Covid-19 global pandemic did not merely triggered a major health emergency, it thoroughly rewrote social and economic models, restoring the focus to health, individuals and, more generally, well-being beyond the income dimension.**

This redefinition of paradigms was also acknowledged in Italy by the "BES - Benessere Equo e Sostenibile" (Equal and Sustainable Wellbeing), a set of indicators developed by ISTAT through which the social, environmental and economic development of a society can be assessed and which has therefore introduced specific indicators relating to health, digitalisation, human capital and climate change. The national picture, which is affected by the pandemic situation, provides a "snapshot" of Italy as one of the countries with the highest life expectancies at birth and with continuous improvements in all phases of life and the spread of healthier lifestyles among citizens. However, the spread of the pandemic threatened health by mainly affecting the elderly and the most frail, intensifying already present social inequalities.

Moreover, Italy has always been as a country in which family businesses – including some large family businesses – form the backbone of the economic – and hence the social – system. They too have been called upon to react forcefully to the impact of the pandemic. Not only in Italy, but in the whole world.

According to KPMG's Global Family Business Report, family businesses have not only continued to make a significant contribution to global GDP, employing a large part of the workforce, they have also responded through virtuous systemic development of three main characteristics. Firstly, protecting their employees, thus making a valuable contribution to the communities of which they are part. Secondly, reactively transforming their business models, including by integrating ESG strategies, to adapt to the changing market and demand scenario. Thirdly, a typical feature of family businesses, adopting a long-term vision, devoted to the continuity of the business.

This was also the context for the Feralpi Group's operations in facing and managing a difficult economic scenario.

## Economic scenario: the challenge for the industrial sector

**In 2020 the global economy experienced its most severe downturn since the Great Depression of 1930, with GDP falling by 20% in some countries during the lockdown. The numerous lockdowns imposed by the various national governments, which in some countries did not spare the steel industry, left a deep mark, especially in the second quarter of the year, but with significant differences between countries.**

For example, looking at Italy and Germany (the Feralpi Group's reference markets), GDP is expected to fall by -8.9% and -5.3% respectively in 2020<sup>5</sup>. In the first half of 2020, due to the spread of the pandemic and the adoption of strong containment measures, Italy suffered a deeper drop (-5.5% in Q1 and -13.0% in Q2). Thanks

to the decline in infections in the summer, a large rebound was recorded in Italy in Q3 (+16.0%), much larger than in Germany – so much so that it almost closed the gap. However, post-summer anti-pandemic restrictions led to a new downturn in Italy (-2.0% in Q4), while Germany avoided this relapse and began 2021 in better shape.

In a year of stagnation, the world steel industry nonetheless delivered a performance not far removed from what was achieved in the previous year. Although 2019 had already seen a general slowdown, it is also true that, according to data from the World Steel Association, global steel output reached 1.829 billion tonnes in 2020, only 0.9% less than the previous twelve months.

This result nevertheless conceals a gap that separates the West from the East, with China alone accounting for more than half of entire world steel production. Last year, China's 1.053 billion tonnes (+5.2%) made up 57.6% of the total, compared to 54.2% in 2019.



The situation is very different in Europe, where -11.8% y/y brings steel production to 138.8 million tonnes. Germany, the world's number-eight steel producer, declined by 10% (35.7 million tonnes). Italy<sup>6</sup> ended 2020 with steel production of 20.4 million tonnes, recording -12% y/y. Long products alone (a category that includes the Feralpi Group) were down by 9.6% or 11.2 million tonnes.

**These figures confirm that Europe suffered from a marked decline in demand for steel products in many of the industrial sectors included in its value chains. The Covid-19 outbreak also followed on an economic phase in which the EU's economy had been affected by slowdowns or processes of profound technological transformation, as in the case of the automotive sector, since 2019.**

On the contrary, however, the EU construction sector – which accounts for<sup>7</sup> 35% of European steel – continued to outperform the other main steel-using sectors.

The construction sector in Germany – where compared to Italy (4.3%) it has a higher weight on GDP (6.0%)<sup>8</sup> – performed well, despite the pandemic. In the first half of 2020, production in the construction sector increased slightly in Germany, while it slowed in Italy. Overall, activity in the sector grew by 2.6% in Germany, compared with around -7.0% in Italy.

However, 2021 began with an improved global economic outlook, aided by the gradual distribution of vaccines and further support for the economy, starting with the Next Generation EU endorsed by the European Council to support Member States affected by the COVID-19 pandemic and to steer the recovery towards sustainable, circular and inclusive economic models.

**According to the OECD<sup>9</sup>, global GDP growth is expected to be 5.5% in 2021 and 4% in 2022, with global GDP exceeding pre-pandemic levels by mid-2021. Despite the improvement in the global outlook, however, production and incomes in many countries will remain below the level expected before the pandemic, lengthening the time to recovery.**

## Main facts

(102-10)

### Acquisition of Caleotto Arlenico

Strengthen the Specialties Division through control of a historic industrial company in which the Group already had an interest. In short, this is the objective that led Feralpi to acquire 100% of **Caleotto S.p.A.** by purchasing the 50% interest held by Duferco Italia Holding. Following antitrust clearance, the transaction was finalised on 31 March 2020. Caleotto is fully, vertically integrated into the Feralpi Group's structure, which ensures its full support for the long-term development plan of a company that has been producing wire rod for the wire-drawing industry for over a century. The transaction is a sign of continuity with the past five years in which the Feralpi-Duferco synergy has effectively revitalised the plant from both a technical and commercial standpoint.

### Conversion of a plant in the municipality of Nave

Investing to grow in the building steels business, evolving to serve the infrastructure of tomorrow in Italy and around the world, confirming its presence in Nave (BS) to continue to create value for the local area: these are the three development objectives that led the Feralpi Group to design a new industrial structure for the Nave plant. Through the cold processing of steels destined for the construction industry, the Feralpi Group is strengthening its industrial unit targeting this market: the Nave plant will be transferred from **Fer-Par** to **Presider**, a Feralpi Group company specialising in the processing of steel destined for large-scale construction projects around the world.

### Memorandum of understanding to combat the Covid-19 emergency

Feralpi has signed the "Memorandum of understanding on organisational measures to combat the Covid-19 emergency in the workplace" and, together with the Brescia companies, has put in place a programme involving the collaboration of the University of Brescia, ATS Brescia and ATS Valle Camonica, drawing up its own internal health protocol and rules of conduct to be followed by personnel to prevent health and safety risks arising from the spread of the SARS-CoV-2 coronavirus.

<sup>5</sup> Source: Confindustria Research Centre

<sup>6</sup> Source: Federacciai

<sup>7</sup> Source: Eurofer

<sup>8</sup> Source: Confindustria Research Centre

<sup>9</sup> Economic Outlook, Interim Report March 2021



# 1 Strategy and Management

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## Feralpi's Journey to 2030 Ambitions

- ▶ **Integrate** ESG (Environmental, Social, Governance) aspects into the group's business model
- ▶ **Plan clear**, measurable paths to improvement for all plants in line with national and international targets
- ▶ **Guide** change in the steel sector by encouraging companies in the supply chain to adopt sustainable policies



## Feralpi operates in international steel supply chains, supplying a global market that is increasingly oriented towards sustainable projects.

Four lines of business development in line with the seven pillars of sustainability guide the Group in the development of a sustainable global economy. This approach is underpinned by a new investment policy that seeks to implement the competitive strategy within the limits of risk management objectives; to obtain an adequate return on investment sources; to formulate and standardise guidelines for proper management; to spread an economic and financial culture; to train all departments involved in the management of investment projects; and to align investment selection criteria with national and European parameters and guidelines, including in the ESG area.

**1,238,398**  
(€1,000)

total turnover

**5,450**  
(€1000)

profit/loss  
for the year

**520,849**  
(€1,000)

shareholders  
equity

## Risk Management

In addition to risks of an economic, commercial and financial nature, business activities involve social and environmental risks of a different nature, classified in line with the requirements of Legislative Decree 254/2016 on non-financial reporting.

Management: Code of Ethics, ERM, Code of Conduct, Group policies and plant policies, process certifications, product certifications, integrated management systems and measurement systems.

## Strategic Pillars



Full core  
business potential



Internationalization



Sustainability /  
Innovation



Strengthening  
the operation model

1

Contribute to  
reducing consumption  
and impacts

2

Multiply the use  
of materials

3

Develop a  
quality range

4

Ethical business  
management

5

Care, safety and  
development  
of individuals

6

Inclusion and local  
development

7

Work culture and  
youth education



## Feralpi's contribution to the 2030 Agenda

The Group's commitment to sustainable development goals finds application and new opportunities throughout the entire value chain, from procurement to recovery, as well as in the management processes themselves and impacts.

Some of the goals considered most relevant to Feralpi are specific to the Group's core business and are those on which Feralpi is called upon to make an active contribution with its business so that the United Nations 2030 goals can be achieved. The others are equally important goals on which Feralpi can potentially have a different impact, but towards which it is nonetheless called upon to operate in a positive manner.

↓ **740,656** tCO<sub>2</sub>eq

CO<sub>2</sub> emissions (Scope 1 and Scope 2 - Location Based)

2019: 787,019 tCO<sub>2</sub>eq

↑ **12.51**

Rate new recruitments

2019: 10.80

↓ **1.96** GJ/t

Billet energy intensity\*

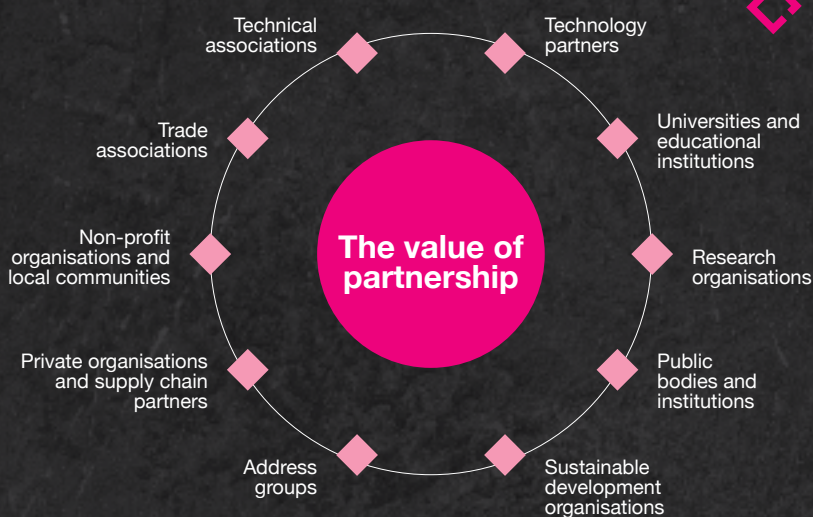
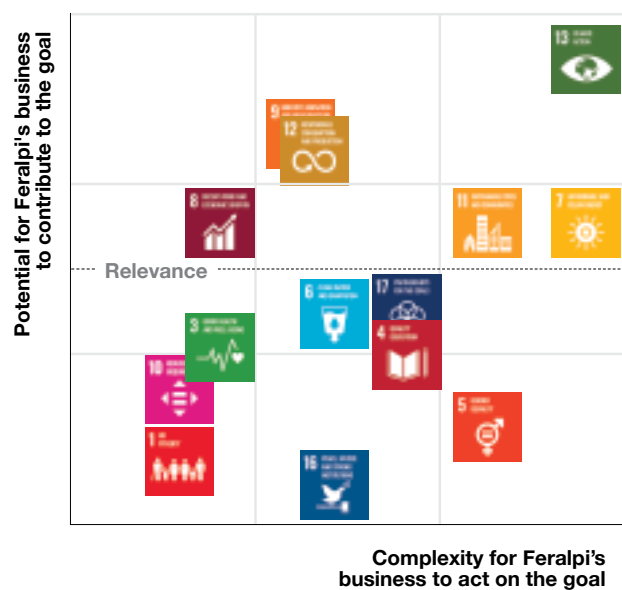
2019: 2.03 GJ/t

↑ **20**

Research projects proposed

2019: 13

\* semi-finished products



## The Feralpi network

Feralpi is committed to renewing the global partnership for sustainable development through its network of partners, made up of organisations of various kinds that share the common goal of contributing to positive long-term growth. This commitment is realised through multilateral partnerships between public, public-private, civil society and business organisations, able to share their knowledge, skills, technologies and financial resources to support the achievement of sustainable development goals in all countries.



## The Impact of Covid-19 on the Business Model



**The adoption of initially more stringent containment** measures by Italy than by its international European partners resulted in a deeper downturn in activity on the Italian market than for international partners.



**The interconnections and interdependencies** within its value chain were protected and managed from an economic point of view in compliance with existing contracts, so that the entire system would not suffer an unstoppable shutdown.



In line with the ministerial decrees, **Feralpi halted its production** in Italy and took measures to safeguard health, protect the market and maintain the supply chain by adapting its management and commercial policies to the new scenario.



**The emergency** challenged the entire global system, and Feralpi, already active in sustainable transformation, worked to ensure continuity of service by developing increasing flexibility in its organisational and IT processes.



### 1.8 Stakeholder engagement and the value of partnerships \_pag. 66

## Feralpi is a member of the United Nations Global Compact (UNGC),

a global network that already includes more than 18,000 companies from over 173 countries around the world, as well as of the Italian network (Global Compact Network Italy).

# 1.1.

## The strategy

(102-46; 102-47; 103-1)

In 2020 Feralpi developed its business plan for the next few years, based on the four pillars of its business strategy, with the aim of acquiring increasing leadership on the domestic and international markets.

In line with the approach to verticalisation and diversification pursued in recent years, the business plan calls for a major acceleration of the Group's core business by strengthening the operating model and developing a sustainable, innovative approach that seeks to increase the energy efficiency of processes, emit less carbon and reduce costs. The operational development of the plan is reflected throughout the Group's value chain, from procurement to the market, in view of the increasing transition to the circular economy. In fact, steel plays a strategic role in the development of a future low-carbon economy, as identified by the European Commission in the Green New Deal.

As part of the implementation of the Group's Business Plan, the Administration, Finance and Control Department coordinated the development of an investment policy with the following goals: to implement the competitive strategy within the limits of risk management objectives; to obtain an adequate return on investment sources; to formulate and standardise guidelines for proper management; to spread an economic and financial culture; to train all departments involved in the management of investment projects; and to align investment selection criteria with national and European parameters and guidelines, including in the ESG area.

The process is in preparation for increasing alignment with the European taxonomy, which includes a common classification system for sustainable investments. In addition to productivity and production efficiency, Feralpi's investment decisions are now also guided by the need to take environmental, social and governance aspects into account. In addition, the Group's investment decisions are grounded by its business strategy.

The increasing integration of sustainability in Feralpi's business strategies is a concrete response to the demands of an ever-changing external context that increasingly demands concreteness, comparability and transparency. Accordingly, in 2020 it was important to start a process of integration on several fronts – from strategy to the choice of investments and risk analysis – to understand the connections that business and sustainability inevitably bring with them.

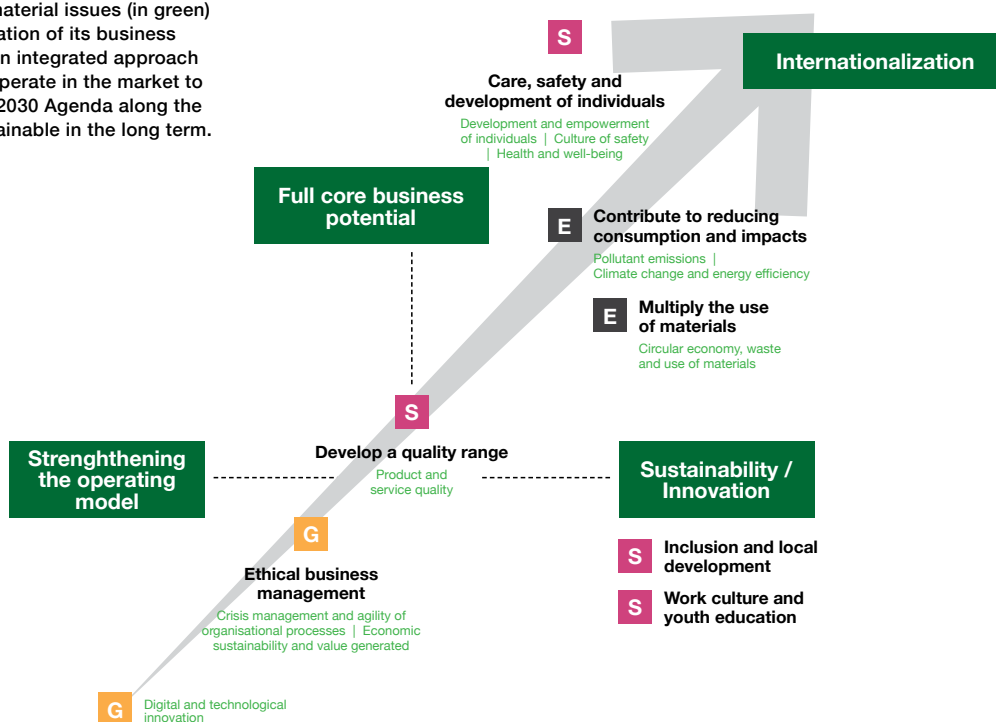


### INDEX

Please refer to the chapter "The value chain" \_pag. 12

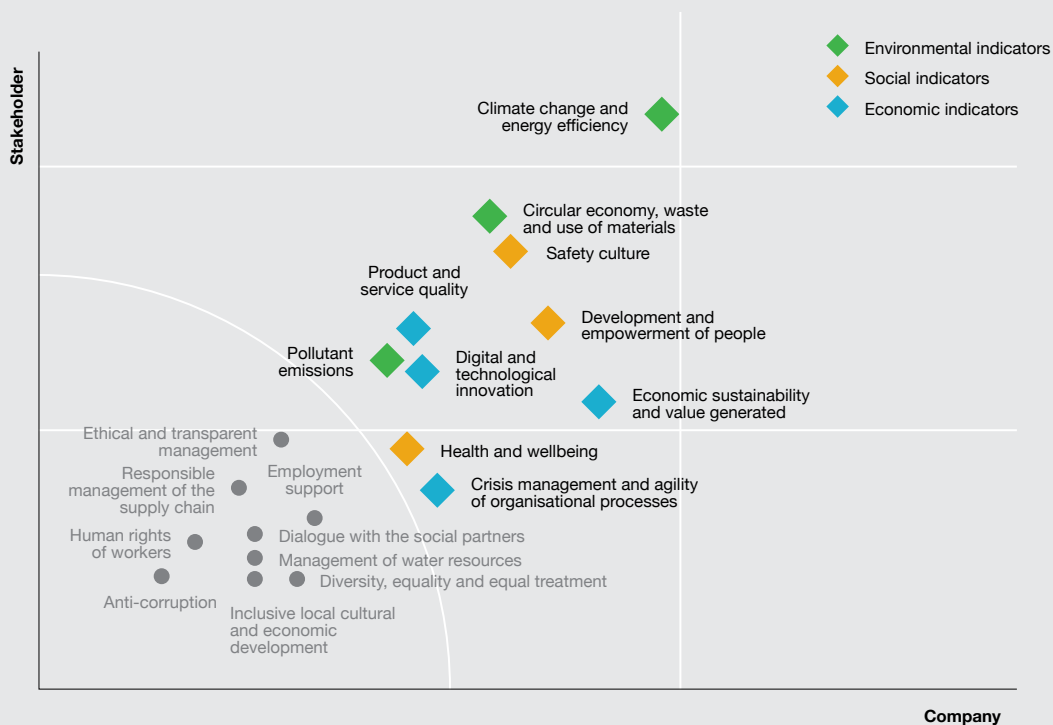
The chart aims to show how Feralpi Group's seven pillars of sustainability (in black in the chart) associated with material issues (in green) intersect with the foundation of its business strategy, showing how an integrated approach can help the company operate in the market to pursue the goals of the 2030 Agenda along the value chain and be sustainable in the long term.

- E** Environment
- S** Social
- G** Governance
- Business pillars**



## The 2020 materiality matrix: from reporting to vision

In addition to being a key tool in terms of reporting, the materiality matrix is also used as a tool for vision and continuous updating of the matrix: the Group's material topics are updated annually and aligned with the pillars, with the aim of having a consistent vision that is continuously aligned with the context in which the company operates.



### INDEX

For more information on Feralpi's engagement activities, please refer to the chapter 1.8 "Stakeholder engagement and the value of partnerships" **pag. 66**



## Material topics 2020

- **CLIMATE CHANGE AND ENERGY EFFICIENCY:**  
Energy efficiency of production processes and reduction of greenhouse gas emissions through innovative technological solutions.
- **SAFETY CULTURE:**  
Development of an internal culture that raises awareness of the importance of working safely and training for emergency situations, through specific actions and activities. Management and prevention of production risks that could impact employees, the community and the surrounding environment.
- **CIRCULAR ECONOMY, WASTE AND USE OF MATERIALS:**  
Responsible management of waste, residues and raw materials, with a view to recycling, reuse and therefore of circular economy
- **POLLUTANT EMISSIONS:**  
Management of pollutant emissions with a view to reducing impact and complying with current legislation.
- **CRISIS MANAGEMENT AND AGILITY OF ORGANISATIONAL PROCESSES:**  
Vision and continuous updating of organisational processes so that the Company can adapt to ongoing changes related to developing and maintaining a sustainable business.
- **DIGITAL AND TECHNOLOGICAL INNOVATION:**  
Ability to create innovation through planned research, the development of new technologies and the promotion of initiatives and programmes aimed at digitalisation.
- **PRODUCT AND SERVICE QUALITY:**  
Ability of Feralpi to ensure high quality standards in terms of products and services provided, and therefore the development of customer relationships based on trust, which encourage loyalty and provide satisfaction with the service provided, and not just the product sold.
- **HEALTH AND WELLBEING:**  
Safeguarding the wellbeing of Group employees through management aimed at promoting healthy lifestyles that benefit people's daily lives.
- **ECONOMIC SUSTAINABILITY AND VALUE GENERATED:**  
Ability of the company to remain competitive in the market while complying with competition, economic and environmental standards, generating value for stakeholders.
- **DEVELOPMENT AND EMPOWERMENT OF PEOPLE:**  
Ability to develop professionals through the continuous honing of their skills.

## Key differences from 2019

Compared with the 2019 matrix, there are some changes beyond the evolution of the individual topics. In 2020, following a reorganisation of environmental topics, which will see the topics of energy and climate change combined, there will be a decrease in the pollutant emissions topic and an increase in the climate and energy topic. The separation of water topics from the circular economy and waste management has taken the topic of water from material to non-material. From a social point of view, the focus on developing human resources was confirmed, with an increase in

the "health and wellbeing" topic on the internal axis, which this year also includes the topic of "time conciliation". From the economic point of view, the position of the innovation topic was consolidated and a new topic closely related to risks and the ability of the company to adapt to changes was added. Finally, the quality of the product and service declined in importance, as did ethical management of the business, which was not to be material, along with the responsible management of the supply chain.

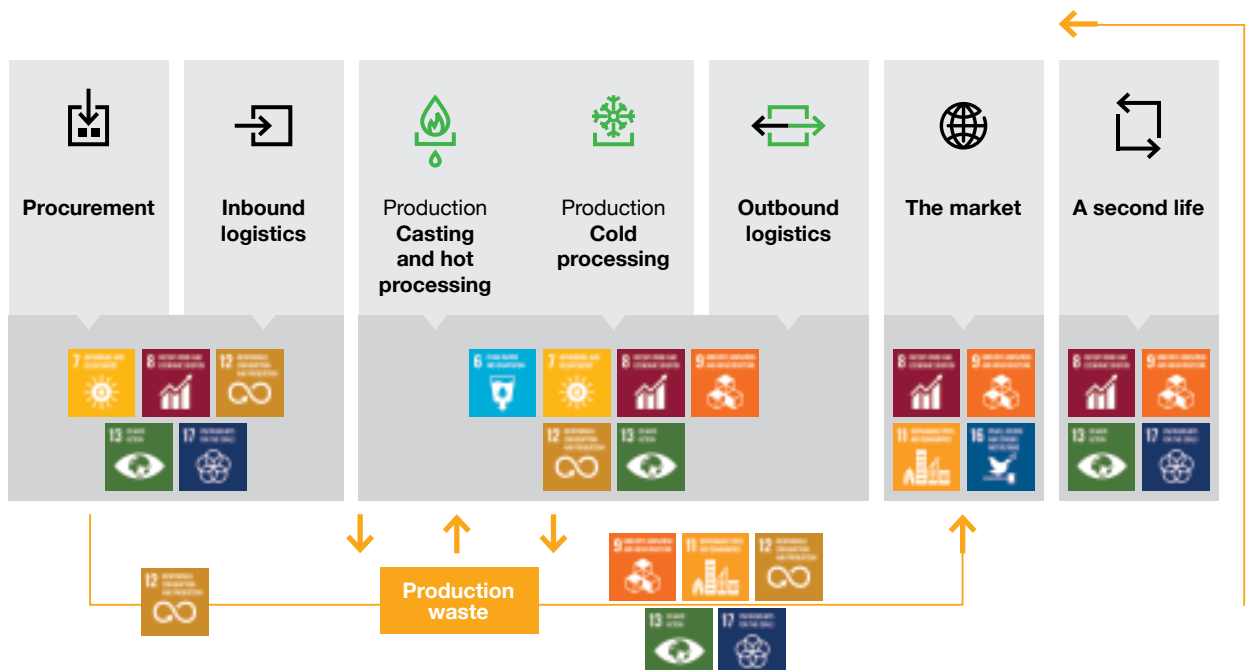
## Methodology

The materiality matrix was updated in eight steps – from the document analysis of the external context to the final approval of the 2020 matrix, through engagement initiatives. In summer and autumn 2020, internal focus groups were run by the sustainability function with owners, executives, managers and middle managers related to strategic issues for the sustainability of the business. One of the results of this activity was the updating of the internal axis of the matrix. In parallel with internal activities, the opinions of the Group's main stakeholders were collected through a digital questionnaire.



Feralpi's commitment to the United Nations 2030 Agenda is constantly evolving. Through sustainable management of its core business, the Group operates by creating important spin-offs on a territorial, national

and global scale. Accordingly, the goals for which it has strong responsibility, in terms of impact, and to which it is called upon to commit are those closely linked to the Group's value chain.















Further connections between Feralpi and the Sustainable Development Goals also emerge clearly in the processes supporting the business, which translate into transparent management of the company, the development of responsible practices, positive relations with the community and the local area, and a commitment to the people who work in the company.






Feralpi's commitment to the Agenda is capable of fostering positive change within the organisation, while also giving rise to positive impacts externally, either by contributing indirectly or by becoming an enabling actor in achieving certain specific targets of other Agenda goals.


















## Commitments and actions: status

Commitments 2020	2020 actions and results	2030 Agenda	2021 commitments
<div><div></div><div><b>PILLAR 1 - Contribute to reducing consumption and impacts</b></div><div></div></div> <div><div>Material topics: Climate change and energy efficiency   Pollutant emissions   Circular economy, waste and use of materials   Digital and technological innovation.</div><div>See section 3.1 for further information_pag 106</div></div>			
<ul style="list-style-type: none"><li>Reducing direct emissions and energy consumption by 5% over five years.</li></ul>	<p>Direct emissions (Scope 1) decreased by 1.2% in 2020 compared to 2019 and energy consumption decreased by 1.0% compared to 2019, also due to the production shutdown.</p>	<p>Feralpi's contribution lies in combating climate change and developing sustainable industrialisation, through greater resource efficiency and the adoption of environmentally friendly technologies.</p> <div></div>	<p>Continuing with the 2020 commitments, quantifying its impacts through specific KPIs.</p>
<ul style="list-style-type: none"><li>Promoting the development of renewable energies.</li></ul>	<p>The share of renewable energy used by the Group is currently identical to 2019. Please refer to the chapter “The value chain &gt; Procurement”.</p>	<p>The contribution that Feralpi wishes to make between now and 2030 relates to increasing the share of renewable energy.</p> <div></div>	
<div><div></div><div><b>PILLAR 2 - Multiply the use of materials</b></div><div></div></div> <div><div>Material topics: Circular economy, waste and use of materials   Digital and technological innovation</div><div>See section 3.2 for further information_pag 120</div></div>			
<ul style="list-style-type: none"><li>Investing in innovative solutions aimed at reusing materials within or outside the production cycle.</li></ul>	<p>In 2020, new research and development activities were launched aimed at defining production processes without residues or reusing them (Steel Zero Waste Project, Coralys Projects, iSlag).</p>	<p>Feralpi's contribution is to encourage the reduction of waste in Italy by reusing steel at the end of its life, as well as other subsidiary materials. Feralpi is also a key player in multi-stakeholder partnerships for the development of the SDGs.</p> <div></div>	<p>Continuing with the 2020 commitments, quantifying its impacts through specific KPIs.</p>
<ul style="list-style-type: none"><li>Choosing technologies aimed at reducing emissions with a view to circular economy.</li></ul>	<p>With a view to limiting CO<sub>2</sub> emissions, the Group has launched a specific project to test the sequestration and reuse of CO<sub>2</sub>, which is already present in other sectors but not yet in the steel industry (the implementation of pilot solutions is included in the SteelZeroWaste project).</p>	<p>Feralpi contributes to this project in terms of reducing CO<sub>2</sub> emissions and thus combating climate change.</p> <div></div>	

Commitments 2020	2020 actions and results	2030 Agenda	2021 commitments
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<div>  <b>PILLAR 3 - Develop a quality range</b>  </div>			
Material topics: Digital and technological innovation   Product and service quality   Economic sustainability and value generated. <div>See section 2 for further information_pag 80</div>			
<ul style="list-style-type: none"> <li>Enhancing relations by investing in dialogue, timeliness and offer.</li> </ul>	<p>Implementation of digital systems such as CRM for agents and a dedicated customer portal to speed up processes, improve service efficiency and increase satisfaction.</p> <p>Development of synergies between plants and creation of a Group information system.</p>	<p>Feralpi contributes to the Agenda by investing in customer acquisition and loyalty, thus supporting Italy's economic growth and increasing its economic productivity.</p> 	<p>CRM user expansion, customer profiling and development of related aspects.</p> <p>Expand the product range with a more international perspective to be better adapted to the needs of customers in different countries.</p>
<ul style="list-style-type: none"> <li>Improving supply quality from a sustainable perspective.</li> </ul>	<p>Qualification according to sustainability criteria by questionnaire of 91.5% of scrap suppliers. Continuous monitoring of the quality of the material delivered (scrap), through an evaluation indicator. Development of dialogue initiatives with some clients active in sustainable development, as well as partnerships for the development of sustainable solutions.</p>	<p>Feralpi's contribution translates into supporting inclusive industrialisation, promoting the technological capabilities of industrial sectors through research and development activities, and encouraging companies to adopt sustainable policies.</p>  	<p>Enlargement of the scope of suppliers included in the qualification activity according to ESG criteria.</p> <p>Continuation of total quality management.</p>
<ul style="list-style-type: none"> <li>Developing the culture of quality throughout the supply chain.</li> </ul>	<p>Pursuit of Group Total Quality Management.</p> <p>Introduction of SAP QM at FERALPI STAHL. Integrated quality control and management, from procurement to production and delivery, to better meet ever-increasing customer expectations for consistent quality. In addition, a new labelling system to ensure uniformity and conformity of product labelling.</p>		<p>Continued integration of SAP - QM into business processes in Germany and improvement of process stability with regard to product quality of production facilities and evaluation in cooperation with production managers.</p>

<div>  <b>PILLAR 4 - Ethical business management</b>  </div>			
Material topics: Crisis management and agility of organisational processes   Economic sustainability and value generated. <div>For further information, please refer to the entire document for the parts of interest</div>			
<ul style="list-style-type: none"> <li>Preparing and implementing in-house policy guidelines.</li> </ul>	<p>In 2020 the Group's "Diversity &amp; Inclusion" policy was drafted and Feralpi Siderurgica's "Environment, Safety and Energy" policy was updated.</p>	<p>By drawing up its D&amp;I policy, Feralpi is helping to spread a business model that guarantees equal opportunities for its workers, reducing the overall number of reports. In general, Feralpi's commitment helps protect labour rights by promoting a safe, secure working environment for all workers.</p>  	<p>Certifications obtained: ISO 50001 for Feralpi Siderurgica and Acciaierie di Calvisano; ISO 14001 for Presider and MPL; ISO 45001 to be added for FERALPI STAHL in 2022.</p> <p>Adaptation of FERALPI STAHL to the whistleblowing system.</p>
<ul style="list-style-type: none"> <li>Formalising ethical and sustainable management via certifications and transparency.</li> </ul>	<p>In 2020 Feralpi Siderurgica began the process of ISO 50001 certification and its integrated Environment, Safety and Energy management system is active.</p>	<p>Feralpi's contribution is to increase the number of companies that transparently report their non-financial information in a comparable, structured manner.</p> 	<p>Review of the Code of Ethics and 231 Models of Feralpi Holding and Feralpi Siderurgica.</p> <p>Drafting of a Group Quality Policy.</p>
<ul style="list-style-type: none"> <li>Raising awareness and informing the supply chain on sustainable practices and measures.</li> </ul>	<p>In 2020, engagement initiatives were carried out upstream and downstream within the supply chain regarding sustainable development issues.</p>	<p>Feralpi's contribution is to raise awareness in the supply chain concerning the development of decent working conditions, to reduce emissions throughout the supply chain, and to encourage companies to report their non-financial information.</p>   	<p>AUTOMOTIVE IATF 16949 certification obtained for the Lecco.</p>

Commitments 2020	2020 actions and results	2030 Agenda	2021 commitments
<div>  <b>PILLAR 5 - Care, safety and development of individuals</b>  </div> <div> Material topics: Development and empowerment of people   Safety culture   Health and wellbeing. See section 4 for further information_pag 128 </div>			
<ul style="list-style-type: none"> <li>Investing in and enhancing existing and new talents within the company.</li> </ul>	<p>In 2020, in addition to continuing internal training activities, a Steel Academy was launched in partnership with other companies in the sector to train technical professionals. An internal study was also launched to develop and enhance internal skills for future succession plans.</p>	<p>Feralpi's contribution lies in increasing the number of young people and adults with technical, technological and professional skills.</p> 	<p>Continue with the 2020 commitments, through specific initiatives to observe and enhance correct lifestyles, including by maintaining and integrating good practices in the company.</p>
<ul style="list-style-type: none"> <li>Developing and raising safety awareness and culture.</li> </ul>	<p>In 2020, FERALPI STAHL was honoured by the BGHM Association for Digital Safety Training with the "Clever Fox" award.</p> <p>This came in addition to the management of safety throughout the Covid-19 pandemic and the spread of accurate information to counter fake news.</p>	<p>In 2020, Feralpi's contribution was to support Lombardy's health service in managing the Covid pandemic, by circulating correct information through its own channels and supplying PPEs to the entire company population and local facilities to ensure safety and support prevention. In parallel, Feralpi is working to bring about positive change in the national work accident rate.</p>  	<p>Launch of a process of development and enhancement of "Diversity&amp;Inclusion".</p> <p>Development of safety involvement/awareness initiatives in terms of risk awareness and behaviour.</p>
<ul style="list-style-type: none"> <li>Designing welfare solutions in support of well-being and health.</li> </ul>	<p>Continuation of WHP project and implementation of good practices.</p> <p>Support opportunities for families and care-givers continue, in terms of agreements on specific services and welfare initiatives.</p>	<p>Feralpi's contribution translates into implementing actions aimed at preventing addictive behaviour and providing welfare services to support families to encourage a reduction in female domestic work.</p>  	



Commitments 2020	2020 actions and results	2030 Agenda	2021 commitments
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## PILLAR 6 - Inclusion and local development



Material topics: Economic sustainability and value generated

See sections 1.8 and 2.3 for further information\_pag 66 e 95

<ul style="list-style-type: none"> <li>• Continue to contribute actively to local development.</li> </ul>	<p>The Group donated over 4 million € in support of the local community's needs, requirements and development. This was in addition to the numerous projects in which it actively participated. In particular, the Group supported some of the main cultural organisations in the Brescia area, through both donations and sponsorships and by contributing directly to certain projects.</p> <p>In Germany, the Group is committed to the Staatliche Kunstsammlungen Dresden, supporting purchases, restorations, research projects and the public effectiveness of the museums.</p> <p>The district heating project in Lonato del Garda also continued, with connection to the municipal network.</p>	<p>In 2020 the Group contributed to alleviating situations of poverty in the area through donations of materials and funds; it contributed to the protection of public health in the Covid era with material goods and funding; it contributed to women's education through scholarships guaranteeing equal opportunities; and it supported projects aimed at female victims of violence to guarantee them equal rights. Through its cultural projects, the Group also contributed to supporting local, sustainable tourism.</p> <p>Through district heating, Feralpi contributed to increasing inclusive, sustainable urban development and the capacity for participatory management of human settlements, in addition to increasing the economic value invested in infrastructure through public-private partnerships.</p> <div data-bbox="655 1032 949 1176"> </div>	<p>Continue the 2020 commitments, focusing on supporting local stakeholders in cultural heritage, local development, promoting sustainability, as well as sport, health, education, equality, community and social cohesion.</p> <p>Extend the district heating network across the local community.</p>
<ul style="list-style-type: none"> <li>• Develop dialogue and engagement activities with the non-profit world.</li> </ul>	<p>A Feralpi network was set up in 2020 with the aim of maintaining an active, constant dialogue with the Group's stakeholders, including the non-profit world. In 2020, the dialogue with the Fondazione Comunità Bresciana and some specific local organisations involved in the sustainable cultural development of the community remained particularly active.</p>	<p>Feralpi's contribution found a place in common projects with a number of local non-profit organisations that work to ensure inclusion, participation, equal opportunities and the absence of discrimination. This contribution was particularly significant in terms of protection and conservation of cultural and natural heritage as well as in promoting cultural tourism.</p> <div data-bbox="655 1547 874 1615"> </div>	

Commitments 2020	2020 actions and results	2030 Agenda	2021 commitments
<div>  <b>PILLAR 7 - Work culture and youth education</b>  </div> <div> Material topics: Climate change and energy efficiency   Pollutant emissions   Circular economy, waste and use of materials </div> <div> See section 1.8 for further information_pag 66 </div>			
<ul style="list-style-type: none"> <li>Contributing to the education of young people by raising their awareness of climate change and the rational consumption of resources</li> </ul>	<p>In 2020, in partnership with the Ugo da Como Foundation, the Group promoted a playful educational initiative on climate change for local elementary schools. This was in addition to the engagement activity dedicated to the 2030 Agenda and the workplace, promoted during the Smart Future Academy event at the Brixia Forum, aimed at high school students. In 2020, more students working on their theses were supported with degree projects on topics related to sustainable development and the circular economy.</p>	<p>The Group contributes to increasing the knowledge and skills needed by students to promote sustainable development, as well as improving education and awareness of climate change. This is complemented by its contribution to ensuring that all people have access to and are aware of information on sustainable development.</p> <div>    </div>	Engagement with youth as defined in 2020 will continue in 2021.
<ul style="list-style-type: none"> <li>Investing in entrepreneurial projects relating to sustainable development</li> </ul>	<p>In 2020 the Group also actively participated in the group "The women entrepreneurs of AIB", virtually hosting one of the meetings regarding the project E.L.I. - Essere L'Impresa, aimed at analysing and supporting the work of entrepreneurs, to focus on how his figure is perceived, in terms of value for society.</p> <p>Feralpi launched a partnership with the University of Brescia to support the C-Lab project, aimed at encouraging entrepreneurship among young people.</p>	<p>By participating in Di.ma, the Group is committed to developing circular businesses that transform waste or production residues into products or energy saving systems. This participation contributes to the creation of decent work and the growth of entrepreneurship in small and medium-sized enterprises.</p> <div>   </div>	

# 1.2.

## **Innovation at Feralpi and its impact on the Italian economy**

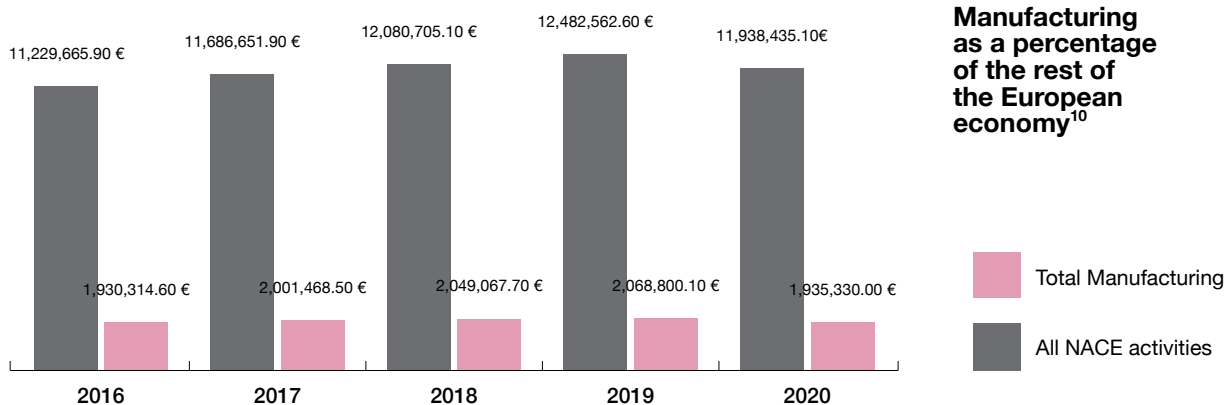
(103-2; 103-3)

**The need to expand market opportunities and identify new business opportunities has always been an important driver of progress in the steel sector.**

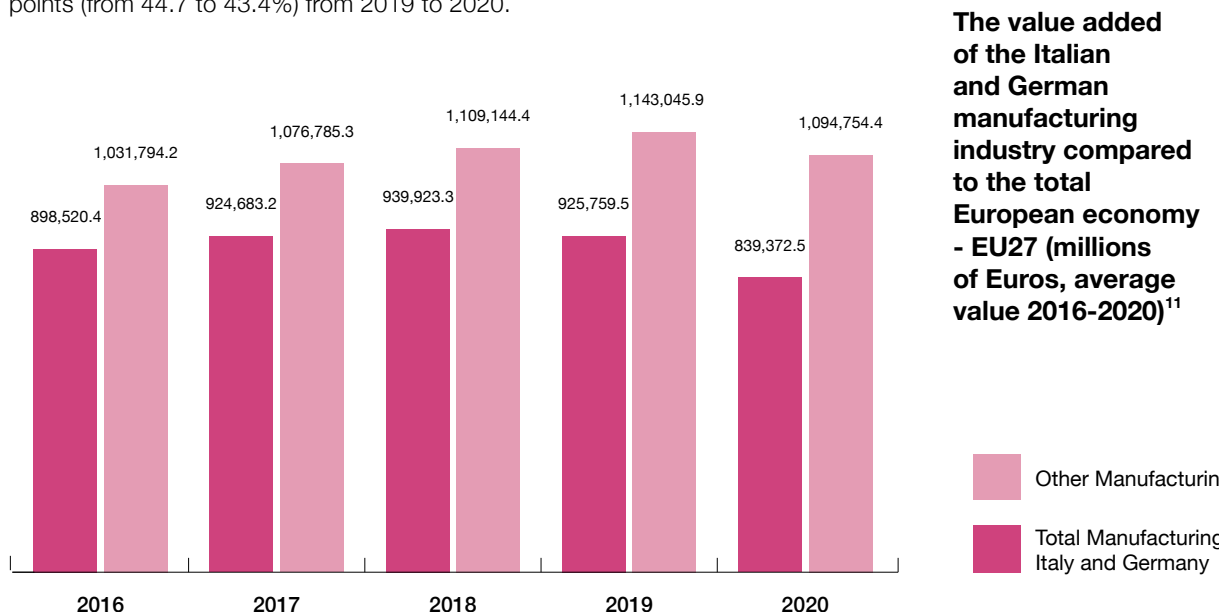
It is complemented by the major challenge, at a national and international level, of promoting inclusive, sustainable industry, thus significantly increasing the sector's share of employment and gross domestic product. A challenging target, especially in view of the

pandemic shock, which inevitably has led to a decline in value added.

At the level of the 27 member states of the European Union, in 2016 manufacturing accounted for 17.2% of the total economy, compared to 16.2% in 2020. The value added of manufacturing alone, which rose steadily from 2016 to 2019 (+7.2%), fell in 2020 by 6.5% compared to the previous year, **from €2,068,805 million to €1,935,330 million.**



In manufacturing alone, the share of the total EU market represented by Italy and Germany remained over 40% in the last five years, declining by 1.3 percentage points (from 44.7 to 43.4%) from 2019 to 2020.



<sup>10</sup> Eurostat.

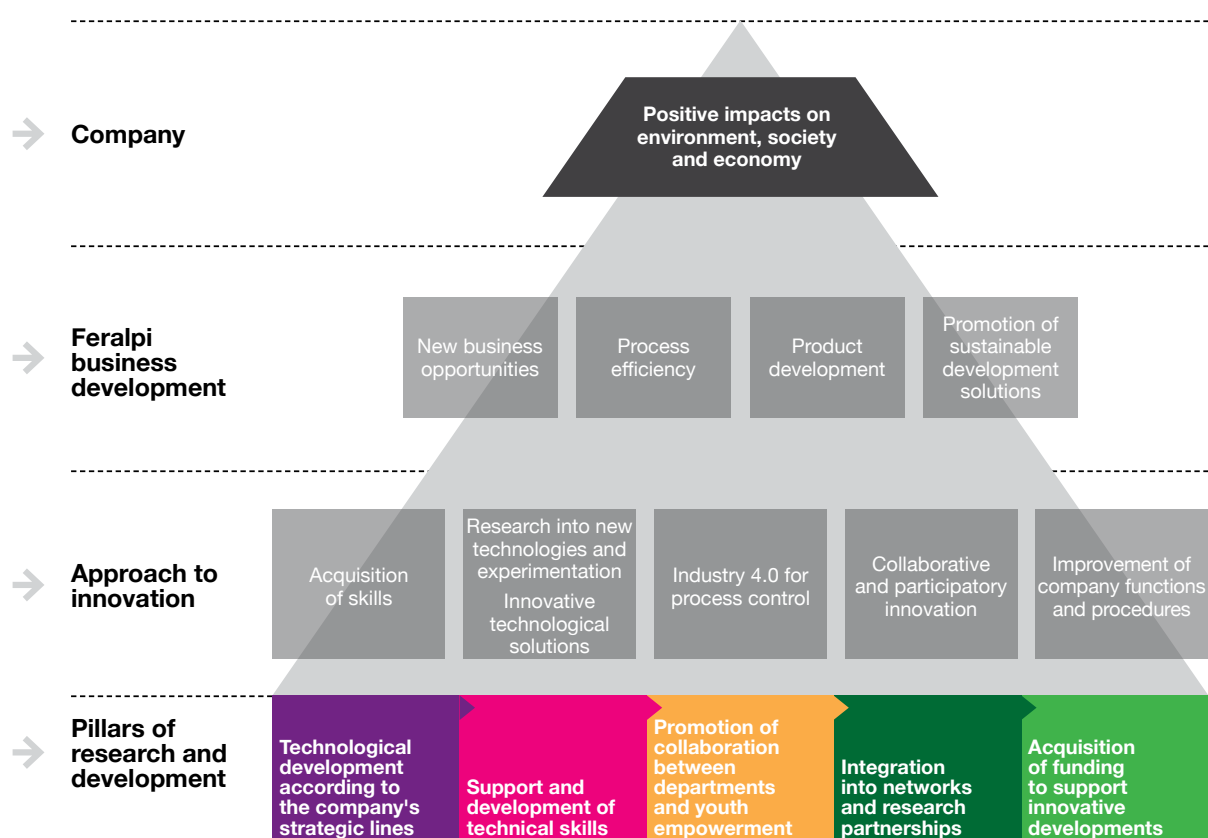
<sup>11</sup> Eurostat.



In spite of the external context, Feralpi is rising to the challenge, choosing to continue to contribute actively to achieving this goal, ensuring that its competitiveness on the market is based on projects that lend substance to sustainability. Indeed, the Group is constantly committed to achieving optimal technical performance by reducing consumption, cutting emissions and increasing safety standards in a continuous progression.



For Feralpi, innovation is the driver of development, an essential component of its corporate strategy and of inclusive, sustainable industrialisation at the level of the Italian national economy. The Group therefore invests in the continuous development of its plants, products and processes to raise production efficiency, increase quality and improve corporate sustainability.



Feralpi's approach to innovation is based on the five cornerstones of research and development. The main objective of research activities is the pursuit of the company's strategic guidelines in terms of:

1. development of product lines;
2. development and optimisation of production processes;
3. increased sustainability of production for the benefit of the surrounding community, internal operators and stakeholders.

In terms of research and development, Feralpi pursues these strategies through:

- acquisition of skills and improvement of company structures;
- identification of qualitative, commercial objectives for product development;
- identification of technological solutions.

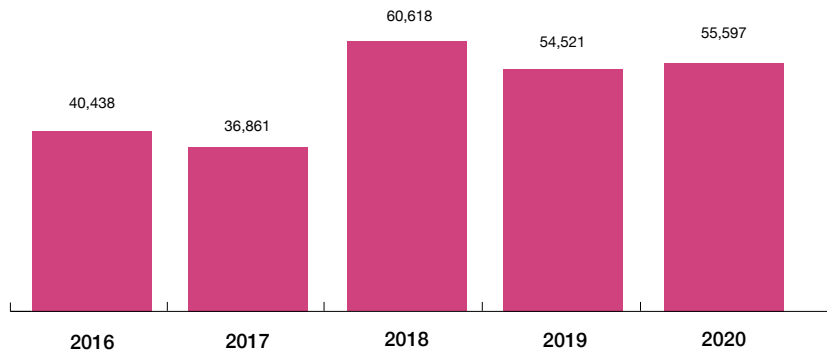
## The positive impact on the national economy for Feralpi is as follows:



At the same time, the implementation of innovative technologies typically involves an initial phase of preliminary study, then the design of new cycles and systems and subsequently the testing of pilot solutions. It culminates in full-scale industrial implementation. These phases may be wholly or partly included in R&D projects and each application may have a different development path based both on specific economic evaluations and on technical needs and opportunities. In any case, for in-depth analysis, a specific dedicated approach is required, performing the various phases carefully, and this in turn necessitates, in addition to an economic approach, a thorough evaluation of the technical objectives and opportunities offered by the solution. As these development paths are in some cases subject to risks in terms of the results that can be obtained and above all the costs involved in reaching definitive

industrial solutions, it is useful for the projects to be supported by specific contributions in order to reduce the economic risk. The launch of research projects, sometimes with complex partnerships and by external bodies, increases the possibility of identifying new ideas and forming collaborative relationships useful both for the development of projects and for the identification of innovative solutions, in some cases of a complex nature. The approval of research projects and the acquisition of funding thus offers fundamental support for the Group's innovation and development activities. Through its technical investments, Feralpi promotes the ongoing development of its plants to improve process performance and reduce production costs, in support of increasing the safety of plants and the operators who work in them, in the continuing belief that people are at the heart of company activities.

## Technical investments (€/1,000)



**Technical investments  
amounted to € 55.6  
million euros in 2020**

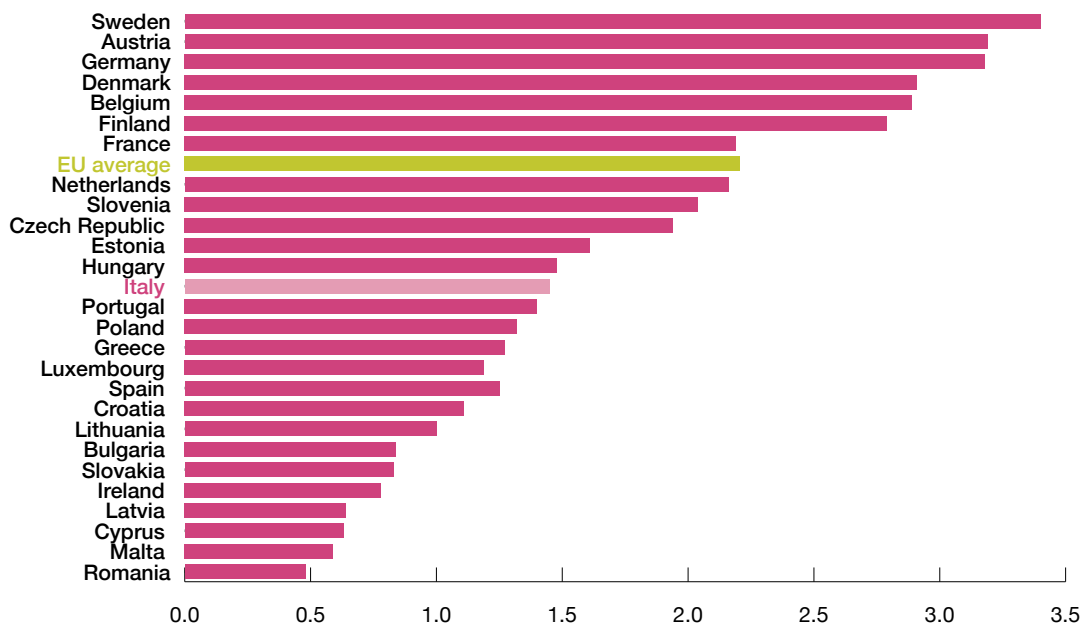
**Feralpi is part of a European research network that makes it possible to monitor research developments in the sector and to identify partners who can support Feralpi's participation in specific projects and in training and cultural development events. Research projects, in view of both the expertise they allow to be acquired and relationships with external research partners, can be an excellent vehicle for training and increasing company know-how. R&D activities are also a considerable stimulus to the growth of young people in the company who, thanks to these activities, can be involved gradually and according to their skills.**

This approach allows the Group to remain competitive in the market, identify new opportunities and market outlets, while also ensuring the development of sustainable industrialisation in the sector and improving the impact on the national economy, in addition to contributing positively to technological developments in the sector.

The Feralpi Group is a proactive player in the field of basic research. Facilitating scientific research and improving the technological capabilities of the industrial sector is a priority that Feralpi is pursuing by participating actively in national and international projects in the belief that investing resources in generating innovative applications lays the foundation for further research and applications in the medium-to-long term.

R&D expenditure as a percentage of GDP is one of the five indicators identified by the Europe 2020 Strategy to monitor the progress made by individual countries towards the objectives of smart, inclusive and sustainable growth.





#### Research and development expenditure in Europe as a percentage of GDP (Source Eurostat, 2019)

These three objectives are also at the basis of the European Union's Green New Deal, i.e. the action plan that the EU has launched with the ultimate aim of combating climate change and environmental degradation. It foresees a new growth strategy to transform the Union into a modern, resource-efficient and competitive economy. This should lead the EU to be not only the first fully decarbonised continent, i.e. free of net greenhouse gas emissions, but also a region in which economic growth is decoupled from resource use and where social inclusion is fully realised, making the transition fair and inclusive for all.

Achieving this goal requires action by all sectors of the economy, with particular attention to industry. This is one of the reasons why the EU has adopted an industrial strategy to support “green” transformation, which aims to help companies seize opportunities at home and globally. To support this change, the EU is providing financial support to incentivise the transition and to support those most affected by the transition to the green economy.

**Energy-intensive industries, such as the steel industry, play a key role in this process, which has decarbonisation and modernisation as one of its main objectives.**

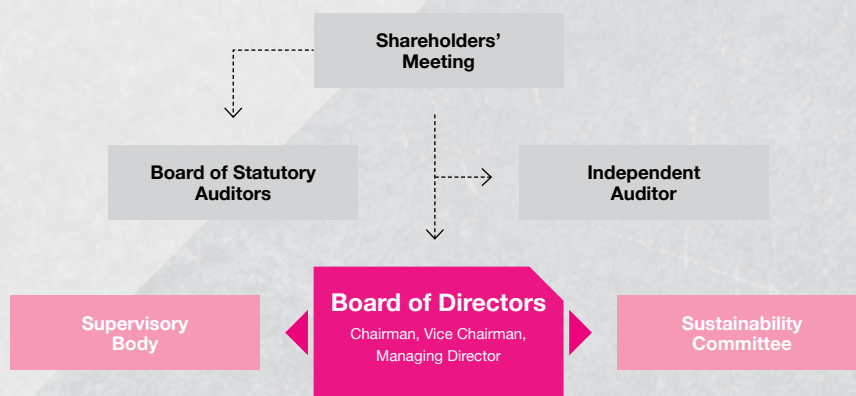
**Achieving climate neutrality in 2050 entails many actions, including the efficient use of resources, shifting to a clean circular economy. This process will also include the decarbonisation of the energy sector, with plans to transition to progressively less impactful models.**

# 1.3.

## ◆ Governance structure: roles and responsibilities

(102-5; 102-18; 405-1)

**Feralpi Holding is controlled by family shareholders base and has a traditional governance structure represented by the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors. Auditing is entrusted to an external company.**



**Governance bodies  
(Feralpi Holding)**

In accordance with the law, the **Shareholders' Meeting** appoints the **Board of Statutory Auditors**, which consists of three members assisted by a secretary.



### **Board of Statutory Auditors** (Feralpi Holding)

Chairman  
Statutory Auditor  
Statutory Auditor

**Russo Corvace Giancarlo**  
**Soardi Alberto**  
**Guerreschi Stefano**

The ordinary and extraordinary management of the Company lies exclusively with the Board of Directors, which comprises eight directors, among which the Chairman with executive powers, the Vice-Chairman and Managing Director are appointed. The Board of Directors meets every month. The board members are selected on the basis of skills and experience gained at Feralpi, according to informal procedures based on trust relationships among shareholders, without any discrimination of gender, ethnicity or age. The Board of Directors determines the Group' economic, social and environmental strategies in consultation with international market specialists and independent advisors.



### **Board of Directors of Feralpi Holding** Eight members of the Board of Directors

Chairman  
Vice Chairman  
Managing Director

**Pasini Giuseppe**  
**Pasini Cesare**  
**Pasini Giovanni**

Directors

**Pasini Maria Giulia**  
**Leali Marco**  
**Tolettini Andrea**  
**Tolettini Alessandra**  
**Corbetta Guido**

**30-50 years of age**  
**Men**



**> 50 years of age**  
**Women**



### **Supervisory Body**

Feralpi Holding's Supervisory Board was appointed by the Board of Directors on 28.03.2019 for a term of three years and consists of three members:

Chairman  
Member  
Member

**Adv. Ugo Lecis**  
**Dr. Fabio Fada**  
**Dr. Alessandro Franzoni**

The holding company's Supervisory Body operates in collaboration with the supervisory bodies of all Italian Group companies.





## Towards more integrated, digital ESG governance

### Feralpi has had an internal Sustainability Committee entrusted with governance of sustainable development since 2014.

It plays an advisory and supporting role for Feralpi Holding's Board of Directors, which is informed directly by the Group Chairman, and lays down guidelines for executive management of the development of the company's sustainability strategy and for the formulation of objectives. The Chairman is also involved in overseeing and implementing new practices, policies or measurement systems, as well as being personally involved in promoting initiatives to improve sustainability in the steel and industrial sectors.

With a view to increasing integration and attention to sustainability issues on the part of the institutional and financial communities, as well as the Group's direct stakeholders, in 2020 Feralpi began to adopt ESG factors, a fundamental element used by the financial community to direct investment decisions towards companies that present fewer risks and greater opportunities in the environmental, social and governance spheres. The most significant factors were identified based on benchmark analysis and shareholder perceptions of the various ESG ratings available.

The various requests were then analysed and, with the collaboration of the corporate functions, an internal assessment was carried out to identify the current status of strategy, governance and sustainability reporting. Preliminary results were analysed internally with the aim of identifying the main areas for improvement. The purpose of the interviews was to assess the practices in place and the potential gaps with respect to what is required by ESG rating agencies together with the responsible owners.



The interviews and the assessment revealed a number of ideas for improvement and a series of strengths within the Group, which show that at Feralpi the management of most sustainability issues is often directly integrated into the business. The analysis and mapping phase was completed from December 2020 to January 2021, with training actions aimed at executives, managers and key figures on these topics.



**A number of potential improvement actions are now being evaluated internally.**

In 2020, together with 73 other Italian companies, Feralpi also took part in the **Integrated Governance Index 2020**, an awareness-raising tool that enables companies to understand their positioning on key sustainability issues and quantitatively analyses the degree of integration of ESG factors in the strategies of the top 100 Italian listed companies, companies that have prepared a non-financial statement and the top 50 Italian unlisted companies.

This ongoing process at the governance level can be supported and sustained by digital solutions and new technologies. In fact, in 2020, the Feralpi Group began a process of transformation towards **digital ESG governance**: a new dedicated software programme – GRI certified – was introduced to facilitate the immediacy and security of information flows, allowing easier accessibility, better interaction and guaranteed traceability of flows. This software increases engagement on ESG KPIs, reduces the risk of litigation by outlining the organisational chain of responsibility on ESG factors, strengthens the sustainability reporting process and keeps compliance and currency with evolving regulatory requirements.

# 1.4.

## Risk management system

(102-16; 103-1; 103-2; 103-3; 206-1)

The current political and economic environment is increasingly focused on risks and risk management, particularly those of a "non-financial nature" or "ESG" risks. According to the World Economic Forum's Global Risks Report, the most likely risks over the next decade include extreme climate events, failure of mitigation action and man-made environmental damage, as well as concentration of digital power, digital inequality and cybersecurity failures. Among the risks with the highest impact, infectious diseases stand out in first place – as seen in the Covid-19 pandemic – followed by the failure

of climate action and other environmental risks, along with weapons of mass destruction, livelihood crises, debt crises and IT infrastructure failures.

Faced with this overview, in which it is impossible to disregard the environmental and social risks to business continuity itself, the financial and institutional communities are asking companies to analyse, map and identify the risks, generated and borne, by their operations and explain how these risks are managed and what results they bring.

### Global Risk Landscape<sup>12</sup>



<sup>12</sup> World Economic Forum - The Global Risks Report 2021

## Risk assessment process

**In 2020 the Feralpi Group started a specific "risk assessment" process at Group level, beginning with the implementation of an Enterprise Risk Management (ERM) model.**

The definition of a structured Risk Identification and Management System enabled Feralpi to strengthen its awareness that early identification and adequate assessment of risks can affect the achievement of business objectives, increase the company's value and take advantage of opportunities, as well as reduce the impact on the business and the company's value should risks materialise.

The main objective of the process set up this year was to share a structured approach and spread a culture oriented towards risk management, as well as initiate a change in the approach to proactive risk management, through simplification, optimisation, transversality and value creation. The process was carried out at Group level in the midst of a pandemic crisis and involved various players, such as the Board of Directors, the internal functions responsible for the processes, the executives and top management of all the Group's Italian and German plants.

## Main actors in the ERM organisational system

**The Board of Directors currently plays a central role in the risk management system, in terms of policy-making, evaluation of the process and of the systems in place, and is supported by all the risk owners in the main corporate functions, each according to their respective competencies.**

## Risk identification and management procedure

**Risks have been defined as events, actions or lack of actions that may directly or indirectly impact the achievement of corporate objectives.**

The starting point was an analysis of the business processes and corporate governance structure, with a benchmark in the area of industry-specific risk inventory. Following the risk identification phase, an assessment was conducted, expressed as a combination of the "impact" and "probability" parameters, and the risks identified were then classified according to scales of importance. This was followed by an assessment of the mitigation measures implemented by the Group and an evaluation of the "residual" risk in light of the control measures implemented and the existing mitigation factors.

The assessment resulted in specific matrices, heat maps and descriptive tables, aimed in part at yielding an associated summary value related to the risk and the identification of priority risks ("top risks").

The outcome of the risk assessment activities was summarised and reported to the project contacts through the creation of risk catalogue for the Group.

**Special action plans will be formulated in 2021 to make what was developed in 2020 an integral part of the Feralpi Group's daily operations and a strategic element in terms of its business plan and sustainability.**

## Management tools and models

**Feralpi is now able to lay the foundations for a structured risk management system at Group level, comprising tools, organisational structures, standards and strategic company rules that are essential for correct management of the company in the long term. The set of company procedures and policies that Feralpi now has at its disposal are a point of reference for all employees and stakeholders in terms of business management and related risks.**

### Code of Ethics

Feralpi's Code of Ethics is adopted by all the Group companies. The principles and provisions set out therein are binding on the Directors, all individuals employed by Feralpi and anyone working on behalf of Feralpi. A printed copy of the Code of Ethics is handed over to new hires and, as to suppliers, they are requested to sign it as a binding clause of the supply agreement.

### Corporate Governance Code

In view of promoting a general improvement in governance processes, in 2019 **Feralpi Holding** decided to voluntarily join the Corporate Governance Code for non-listed companies, promoted by the Italian Family Business Association (AIDAF) and Bocconi University. The implementation of a modern governance model helps optimising decision-making processes and business policies, more effective control of risks and potential conflicts, an improvement of corporate reputation, thereby bringing significant benefits for all stakeholders of the company.

### Governance models

In Italy and Germany, Feralpi has a governance and monitoring model, consisting of a set of principles, rules and provisions, led by the Group's Code of Ethics, aimed at ensuring conditions of transparency and fairness among all those who operate within or on behalf of the Group. As an Italian Group, a specific Organisation, Management and Control Model (OMCM) has been prepared and adopted by each company pursuant to Article 6 of Legislative Decree 231/2001 as amended. Ecoeternit is an exception, due to the small size of the company. The model is approved by the Board of

Directors and contains general principles and specific rules; it is divided into a "general part" and into sections or "special parts" dedicated to the prevention measures for each type of predicate offence giving rise to liability for entities and is accompanied by administrative and technical procedures. The OMCM allows individual companies to prevent and counteract the commission of predicate offences thanks to the correct planning of activities, a system of self-controls and constant supervisory action on the areas of activity and enables individual companies to take prompt action to prevent and combat the commission of offences through constant supervisory action on the areas of activity at risk carried out by the Supervisory Body.



**A process is underway to update the Models of Group companies, which starting from the early months of 2021 will lead to an update for Feralpi Holding and Feralpi Siderurgica and then gradually for the other companies, in order to comply with recent legislative changes concerning the introduction of new predicate offences.**

As to the companies based in Germany, they refer to the national legislation (Betriebsverfassungsgesetz - BetrVG), which defines the right to co-decision, through the establishment of the "Workers' Committee" (Betriebsrat). A model based on sharing, whereby workers and trade unions participate in decisions and at the same time exert a sort of control in terms of information, consultation and veto. The details are regulated in the German Company Law (Betriebsverfassungsgesetz - BetrVG).

### Anti-trust Manual

Feralpi has drawn up an Anti-trust Manual, accompanied by an operational handbook containing all the principles and guidelines for the personnel who maintain relations with third parties on behalf of the Group companies. The anti-trust programme is updated and implemented every two years.

In view of the risks encountered and the governance method implemented, it is not deemed necessary to currently envisage further internal actions to increase the sensitivity on this issue.

Group companies outside Italy regularly comply with the regulations in force in their countries and also join Feralpi Group compliance by adopting the same principles and values. In Germany, **ESF Elbe-Stahlwerke Feralpi GmbH** is an active participant in the Wirtschaftsvereinigung Stahl, the national federation of German steel companies through which all aspects related to fair com-



petition are identified and handled, in full compliance with all related guidelines and regulations.

In 2019, the Feralpi Group also opposed, at European level, a penalty from the Antitrust Authority of Euro 5.125 million for anti-competitive behaviour. The penalty relates to events between 1992 and 2000 that have already been subject to a penalty of Euro 10,250,000 by the EU Antitrust Authority on two occasions. In both cases, the company successfully appealed the EU Antitrust decision and those penalties were overturned.

Except of the above facts, no other events of this kind and type occurred throughout 2018-2020.

## **Supervisory Body (SB)**

The Board of Directors appoints the Supervisory Body and the Sustainability Committee, the latter of which is headed by the chairman of **Feralpi Holding's** Board of Directors. Reports of critical issues arising from the activities carried out by the Supervisory Body (SB) and the Sustainability Committee, in compliance with the Management and Control Model drawn up in accordance with Legislative Decree 231/2001, are addressed to the Board of Directors, each for their respective functions.

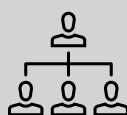
As of 31 December 2020, ten Supervisory Bodies (SBs) were active within the Group, namely at Feralpi Holding, Feralpi Siderurgica, Acciaierie di Calvisano, Nuova Defim, Feralpi Profilati Nave, Fer-Par, Presider, MPL, Caleotto and Arlenico. The SB is a collective board with two or three members, among whom a Chairman is appointed, except for Acciaierie di Calvisano and Nuova Defim where there is a single-member SB. In Ecoeternit, due to its small size, Legislative Decree 231/2001 is not applied today. For the Group's foreign companies, no Supervisory Bodies are put in place, since the Model 231 is not applicable, and the monitoring system is entrusted to the national law system and the competent authorities to whom the complaints are reported.

The Supervisory Body meets the eligibility criteria set out in Legislative Decree 231/2001 and specified in the Organisation, Management and Control Model, i.e. integrity, autonomy, independence and competence.

**No reports of violations of the organisational model or of the Code of Ethics were received during the period considered.**

## **The duties of the Supervisory Body in the interests of Feralpi and business continuity**

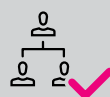
In line with Legislative Decree 231/2001 and the Company's Organisation and Management Model



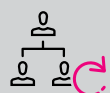
Spreading knowledge and understanding of the Organisational Model within the company.



Supervising the effectiveness of and compliance with the Organisational Model by the corporate bodies, employees and collaborators, consultants and business partners to the extent required of each of them.



Supervising the effectiveness and adequacy of the Organisational Model in relation to the company structure and its effective capacity to prevent the commission of the offences referred to in Legislative Decree 231/2001 and subsequent amendments and additions.



Proposing any updates to the Organisational Model where there is a need to adapt it in relation to changed company conditions or regulations.



Communicate and report periodically to the Board of Directors and the Board of Statutory Auditors on the activities carried out, on the reports received, on the corrective actions and improvements to the Organisational Model and on the status of their implementation.

## **Whistleblowing procedure**

Since 2019, all Feralpi Group's Italian companies (except for Ecoeternit due to its small size) have adopted a specific procedure for the handling reports of offences<sup>13</sup> and irregularities<sup>14</sup>.

Feralpi has prepared a reporting model as an aid for the reporting party, which does not exclude any other possible reporting means.

Reports can also be made anonymously through the following communication channels, provided they are complete, detailed and founded and properly substantiated:

- › ordinary mail, with a personal reserved letter addressed to the chairman of the company's Supervisory Body at the Company's registered office;
- › e-mail address: segnalazioni.feralpi@pec.feralpigroup.com.

The electronic mailbox, certified at Infocamere, is used for the implementation of the requirements of Law 179/2017 (so-called whistleblowing) by all Group companies equipped with an Organisation and Management Model according to Legislative Decree 231/2001. This tool offers the broadest guarantees of confidentiality for the whistleblower. In fact, the e-mail address is adequately protected by a security password, in the possession exclusively of the persons in charge of assessing the reports, i.e. only the external members of the Supervisory Body. In addition, there are the communication channels established by the Organisation,

Management and Control Model adopted pursuant to Legislative Decree no. 231/2001, such as e-mail accounts and ordinary mail. During the year, no reports were received by the Supervisory Bodies.

The law in question aims to encourage the cooperation of workers in the detection of possible frauds, dangers or other serious risks that could damage customers, colleagues or the reputation and integrity of the company, introducing specific protections in favour of the whistleblower.

To this end, the law acts on two levels: on the one hand, by requiring institutions and companies to create an organisational process that allows those who believe they need to report or denounce an offence to act without jeopardising their personal position as a result of the report; while also providing a system of substantive and procedural guarantees aimed at preventing that the report or complaint may result in forms of retaliation by the employer.

## **Training initiatives regarding compliance**

Specific training plans are periodically promoted in view of continually updating internal resources. Training on Model 231 continued in 2020 for newly hired employees of Feralpi Holding, Feralpi Siderurgica and Acciaierie di Calvisano. At the beginning of 2020, FERALPI STAHL also held refresher courses on all legal aspects of the employment relationship, involving 11 people for 8 hours per capita.

## **Certification system**

FERALPI SIDERURGICA	SYSTEM	PRODUCT
UNI EN ISO 14001	x	
EMAS	x	
UNI EN ISO 9001	x	
CERTIFICATION OF MINIMUM RECYCLED CONTENT		x
UNI ISO 45001	x	
SUSTEEL		x
EPD		x
END OF WASTE End of Waste Compliance with Regulation (EU) 333/2011	x	
SYSTEM 2+ GREEN STONE		x
ACCIAIERIE DI CALVISANO	SYSTEM	PRODUCT
UNI EN ISO 14001	x	
UNI EN ISO 9001	x	
TUV Certificate PED AD2000W 0 Risk and safety control for pressure equipment		x

<sup>13</sup> The term "offences" means the commission - or possible commission - of an offence for which the liability of Entities is applicable pursuant to Legislative Decree no. 231/2001.

<sup>14</sup> The term "irregularity" means any violation of the rules laid down in Feralpi Holding SpA's Code of Ethics and/or Organisational Model.

FERALPI PROFILATI NAVE	SYSTEM	PRODUCT
UNI EN ISO 9001	x	
UNI EN 1090-1		x
PRESIDER	SYSTEM	PRODUCT
UNI EN ISO 9001	x	
UNI EN ISO 17660-1 (Load-transmitting welds)		x
UNI EN ISO 17660-2 (Non-load-transmitting welds)		x
AFCAB NF-Armatures		x
PRESIDER ARMATURES	SYSTEM	PRODUCT
AFCAB-POSE		x
AFCAB NF-Armatures		x
METALLURGICA PIEMONTESE LAVORAZIONI	SYSTEM	PRODUCT
UNI EN ISO 9001	x	
UNI EN 1090-1		x
NUOVA DEFIM	SYSTEM	PRODUCT
UNI EN ISO 9001	x	
UNI EN 1090-1		x
CALEOTTO E ARLENICO	SYSTEM	PRODUCT
UNI EN ISO 9001	x	
ESF ELBE-STAHOWERKE FERALPI GMBH	SYSTEM	PRODUCT
DIN EN ISO 14001	x	
EMAS	x	
DIN EN ISO 9001	x	
DIN EN ISO 50001	x	
FERALPI STAHLHANDEL GMBH	SYSTEM	PRODUCT
DIN EN ISO 14001	x	
EMAS	x	
DIN EN ISO 9001	x	
DIN EN ISO 50001	x	
FERALPI LOGISTIK GMBH	SYSTEM	PRODUCT
DIN EN ISO 14001	x	
EMAS	x	
DIN EN ISO 9001	x	
DIN EN ISO 50001	x	
FERALPI-PRAHA S.R.O	SYSTEM	PRODUCT
UNI EN ISO 9001	x	
FERALPI-HUNGARIA KFT	SYSTEM	PRODUCT
UNI EN ISO 9001	x	
ECOETERNIT	SYSTEM	PRODUCT
UNI EN ISO 14001	x	
UNI ISO 45001	x	

**ESF Elbe-Stahlwerke Feralpi GmbH** renewed its CrefoZert solvency certificate for 2020. This document, issued by Creditreform and based on the analysis of the company's financial statements and future prospects, sets out the creditworthiness rating of Riesa companies.

## The main risks identified within the scope of Legislative Decree 254

Legislative Decree 254/2016, with which Feralpi voluntarily complies, mandates reporting on the main management risks, generated or borne by the company, of a non-financial nature. These aspects are in line with the findings of the Group's materiality analysis.

Last year, reference was made to the risk assessment process that each Group company had autonomously carried out with the aim of adopting the Management, Organisation and Control Model required by Legislative Decree no. 231/2001, at the Italian level and, at the German level, the risk and opportunity analysis carried out for the plants based in Riesa in accordance with the standard requirements.

**In 2020, with the new Risk Assessment activity at the Group level, a step forward was made in the identification of industrial risks and ESG risks: overall, among the macro-risks identified, there are 4 "very high" level risks, followed by others considered "high" and "medium".**

From the assessment carried out, the most significant risks (very high risk) include some specifically related to ESG issues and Legislative Decree 254/2016. The greatest risk of these relates to the health and safety of workers, generated mainly for reasons closely related to the place, the equipment and machinery, along with the proper use of protective devices and individual sensitivity and attention.

A second risk considered a priority is that related to cyber-security which – in terms of sustainability – is mainly reflected in aspects related to human resource management, in terms of privacy and protection of personal data and thus of human rights. Among the very high risks is that connected with non-compliance with antitrust regulations: in these terms, the risks that Feralpi may generate are mitigated by means of ad hoc management tools designed to guarantee an ethical, correct approach; as for those that it may suffer, Feralpi strives for ever-increasing management of quality to offer a high level of service and product capable of building customer loyalty.

Some of the high risks identified also fall within the scope of Legislative Decree 254 and are mainly related to environmental, social or people-related aspects. First and foremost is the failure to achieve the Group's long-term objectives, due to an unclear operational interpretation of strategic guidelines or investments that are not directly functional, with significant impacts in terms of economic sustainability but inevitably also in environmental, social and governance terms. On the same level in terms of impacts, there are also pandemic risks or unpredictable risks caused by climate change that have repercussions on all aspects of the business, as well as those required by Legislative Decree 254/2016.



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See the chapter "Strategy" 1.1 pag. 28

These are followed by some high risks related to the quality of service and product, as well as to human resources, such as the Nave reindustrialisation project which, in the face of an important economic risk, includes strategic aspects related to people. There are thus also environmental risks caused by the failure to detect radioactive material or incorrect, non-compliant waste disposal process, which can potentially lead to penalties, reputational damage and increased delays in managing the business.

Overall, among the risks that emerged as priorities in the assessment carried out in 2020, no critical issues emerged in terms of corruption, but among the "Medium" risks there are aspects related to the transparency of financial reporting and fraud: critical issues that can cause direct economic and reputational damage in equal measure.

Lastly, "other risks" that do not fall under the "top risks" of the 2020 assessment, but are nevertheless relevant to the achievement of the business plan and sustainability objectives, as well as being in continuity with the risks identified in the 2019 Non-Financial Statement, are also highlighted in the detailed paragraphs below.

## Environmental risks

For a steelmaking group such as Feralpi, environmental risks have a direct impact on the economic sustainability of the business itself: in these terms, the risks that emerged in the 2020 assessment include some closely linked to the issue of energy, the main source of supply for the electric-arc furnace in terms of interruptibility (high risk), but also price volatility or taxation for energy-intensive applications. Working on the energy efficiency of production processes and on aspects related to energy supply are certainly the main actions implemented to prevent such risks and consequent economic impacts.

Also closely linked to the environment are the risks relating to the use of radiation sources and the risk of melting radioactive sources, which to date concern only the plants where the melting furnace is present - i.e. **Feralpi Siderurgica, Acciaierie Calvisano** and **ESF Elbe-Stahlwerke Feralpi**.





On the issue of waste, it is important for the Group to monitor the risks associated with changes in regulations on the use of by-products reusable in the construction industry as part of a circular approach. Failure to recover waste could result in a reduced circularity effect and increased use of landfill sites, thus generating a greater overall impact of the activity on the environment.

**Appropriate waste management, combined with suitable flooring and waterproofing maintenance, along with substances used in maintenance processes, can prevent risks in relation to contaminating the ground on production premises or aquifers.** Within the framework of management of Major Accident Risks, full compliance with management measures and procedures makes it possible to prevent potential emergencies identified as 'top events', such as dust from steelworks fumes, or implications for the quality of water destined for discharge into surface water. For smaller companies with low environmental impacts, the risks associated with the management of materials, including water and waste, are not considered significant.

In terms of climate change, the risks of potentially harmful events with negative impacts on the Group's business relate to several aspects, including: regulatory compliance (from the change in the regulatory framework of greenhouse gas emissions with a tightening of international/national regulations to the revision of the ETS system), dependence on the energy sector (from the variability of energy resource prices to the non-renewal of the interruptibility service) and business continuity (from the increase in the frequency and intensity of extreme weather events that brings damage to infrastructure and therefore to incoming and outgoing logistics or to the presence of workers at the plant to the reduction in plant efficiency due to production scheduling instability).

Generally speaking, in order to prevent possible causes and not contribute to the generation of risk, Feralpi actively mitigates its impacts through an ongoing commitment to reducing emissions, waste management practices and the development of increasingly innovative, sustainable industry. Compliance with regulations for the main plants is guaranteed by ISO 14001, EMAS and EU-ETS certified management systems.

TYPE AND LEVEL OF RISK	POTENTIAL CAUSE	MANAGEMENT AND RESULTS
 <b>HIGH</b>		<p>Additional information on the management and prevention of these risks and the results achieved is provided in the chapters entitled "Environmental management: from climate commitment to impact limitation" and "Circularity as the key to managing impacts" for all issues concerning climate change, energy and waste management, and in the chapter entitled "Health and safety are at the heart of production" for risks related to health and safety impacts.</p> <p>In terms of raw material (scrap), related environmental impacts and energy supply, please refer to the chapter "The value chain".</p>
<ul style="list-style-type: none"><li>• Risks associated with commodity price fluctuations</li><li>• Risk relating to the failure to detect radioactive material and consequent possible radiation emissions</li><li>• Risks associated with waste disposal</li><li>• Uncontrollable risks leading to production stoppages</li></ul>	<ul style="list-style-type: none"><li>• Fluctuations in commodity prices</li><li>• Radioactive material in the input scrap</li><li>• Incorrect or improper management of the waste disposal process</li><li>• Unexpected, severe or catastrophic climatic events (including pandemics)</li></ul>	
 <b>MEDIUM</b>		
<ul style="list-style-type: none"><li>• Risks related to energy price fluctuations</li></ul>	<ul style="list-style-type: none"><li>• Fluctuations in the prices of energy sources</li></ul>	
<ul style="list-style-type: none"><li>• Risks associated with supply disruption</li></ul>	<ul style="list-style-type: none"><li>• Disruption of supply or prospective disruption due to renewable sources</li></ul>	

## **Risks relating to personnel**

The assessment carried out showed that the risk of health and safety of workers in the workplace is the "top risk" for the Group and translates concretely into all those risks specific to each individual production operation, from risks associated with chemical agents, physical agents, biological agents, work environments, equipment, plant, fire and explosion to major accident risks (the latter only for **Feralpi Siderurgica** and **Acciaierie di Calvisano**).




In addition to the risks associated with operating activities at industrial sites, which make protecting the safety of workers and safeguarding them from residual risks a top priority that requires constant attention and continuous improvement of plants, environments, and working procedures, Feralpi considers aspects such as health protection, a culture of safety, and care for psychophysical well-being to be just as high a priority in its approach to managing human resources.

'Very high' risks also include cybersecurity risk which, in addition to having a direct impact on the management of the business as a whole, also has implications in terms of data protection, both personal and

non-personal, and the protection of the privacy of individuals: these are multiple, constantly evolving risks as administrative and production processes become more interconnected and digitalised. The fallout from not complying with regulatory requirements could result in the risk of penalties for data controllers and loss of reliability, while also having significant repercussions in terms of the working relationship between employer and employee.

In terms of risks falling within the scope of Legislative Decree 254/2016, related to business objectives and therefore in line with the guidelines of the business plan, there are also risks relating to the lack or loss of adequate professionalism or specific key skills for certain key managerial tasks. In this regard, the Group is in the process of developing a succession plan capable of mapping and then understanding the real need for skills over the long term.

Less significant for the Group are risks relating to the topic of inclusion and integration, due to discrimination for reasons of nationality, religion, gender or age, as well as risks relating to the protection of human rights.




TYPE AND LEVEL OF RISK	POTENTIAL CAUSE	MANAGEMENT AND RESULTS
 <b>VERY HIGH</b>		For further details on the management and prevention of these risks and therefore on the related results obtained, see the chapters "Health and safety are at the heart of production" for risks related to the management of human resources health and safety, and "Development and empowerment of individuals" for risks related to skills and the Nave site. Please also refer to the chapter "Privacy management: security and data protection" for risks related to employee privacy. For further information on other aspects related to cyber risk that do not fall within the scope of Legislative Decree 254/2016, please refer to the chapter "Service continuity". In terms of skills development, please refer to the chapter "Development and empowerment of individuals".
<ul style="list-style-type: none"><li>• Occupational health and safety risk</li><li>• Cybersecurity risk</li></ul>	<ul style="list-style-type: none"><li>• Possible accidents in the workplace</li><li>• Breach of regulations</li><li>• Attacks from outside</li></ul>	
 <b>HIGH RISK</b>		
<ul style="list-style-type: none"><li>• Risks associated with the reindustrialisation of the Nave plant</li></ul>	<ul style="list-style-type: none"><li>• Relations with trade unions</li><li>• Absorption of workforce not commensurate with actual need</li></ul>	
 <b>MEDIUM</b>		
<ul style="list-style-type: none"><li>• Risk of lack or loss of adequate professionalism or specific key skills for certain key management tasks to ensure business continuity and operational efficiency</li></ul>	<ul style="list-style-type: none"><li>• Voluntary resignation due to lack of retention policies and conditions</li><li>• Inadequate internal training</li><li>• Absence of a succession plan</li><li>• Aging company population</li></ul>	
<ul style="list-style-type: none"><li>• Unpredictable and catastrophic events</li></ul>	<ul style="list-style-type: none"><li>• Inadequate protection measures to handle catastrophic events optimally</li></ul>	

## Social risks

In social terms, the most significant risks that emerged from the Group's assessment are market-related, from non-compliance with antitrust regulations (very high) – which carries with it the possibility of significant financial penalties – to product and service quality (high), which could lead to customer dissatisfaction if handled incorrectly.

Adopting tools and procedures to comply with competition law compliance is one of the main actions to prevent and manage a risk that Feralpi could potentially generate or bear.


**In addition to setting up a structured, ethical management system to safeguard against this risk, Feralpi works to increase the quality of its products, as well as the quality of its service, in logistical and organisational terms.** Risks related to the local community and the territory where the Group's plants are located are not significant.

TYPE AND LEVEL OF RISK	POTENTIAL CAUSE	MANAGEMENT AND RESULTS
 <b>VERY HIGH</b>		<p>For further details on the management and prevention of these risks and therefore the related results obtained, reference should be made to the "Antitrust Manual" section of this chapter for the risk potentially generated in terms of unfair competition. In terms of immediate risk as well as risks related to product quality or customer satisfaction, please refer to the chapter "Product and service quality" as well as the chapters "The value chain" and "Service continuity" in terms of management of the logistics process. With regard to aspects connected with scrap suppliers, please refer to the chapter "The value chain - Procurement"</p> <p>In terms of territorial relations, reference is made to the chapter "Economic sustainability and value generated for stakeholders".</p>
<ul style="list-style-type: none"><li>• Failure to comply with antitrust regulations</li></ul>	<ul style="list-style-type: none"><li>• Violation of antitrust and competition laws and regulations</li><li>• Handling of confidential information with reference to alleged collusive behaviour</li></ul>	
 <b>HIGH RISK</b>		
<ul style="list-style-type: none"><li>• Risks leading to production stops or disruptions with consequent delays in orders</li></ul>	<ul style="list-style-type: none"><li>• Uncontrollable catastrophic events</li><li>• Pandemics</li></ul>	
 <b>MEDIUM</b>		
<ul style="list-style-type: none"><li>• Risks associated with scrap suppliers that directly impact production efficiency</li></ul>	<ul style="list-style-type: none"><li>• High purchasing costs due to dependence on one or more suppliers</li><li>• Low quality or non-compliant supply</li></ul>	
<b>OTHER RISKS</b>		
<ul style="list-style-type: none"><li>• Relations with local communities and poor well-fare</li></ul>	<ul style="list-style-type: none"><li>• Lack of attention to local relations and territorial preservation</li><li>• Protests or forms of dispute caused by production activity</li></ul>	

## **Corruption risks**

The risks associated with anti-corruption non-compliance (and the consequent financial penalties) or non-compliance with the Group's ethical principles as set out in the Code of Ethics are not considered critical


at present, but are however part of the fraud macro-risk considered medium in the 2020 assessment and therefore managed by the Group through internal management models and tools.

TYPE AND LEVEL OF RISK	POTENTIAL CAUSE	MANAGEMENT AND RESULTS
 <b>MEDIUM</b>		
<ul style="list-style-type: none"> <li>• Risk of fraudulent conduct ("employment fraud", corrupt conduct, embezzlement and/or "financial statement frauds")<sup>15</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Fraudulent conduct by employees</li> <li>• Action harmful to the Group's interests, by third parties (customers, suppliers)</li> </ul>	For further details on the management and prevention of these risks and therefore the relative results obtained, see the previous sections of this chapter.

## **Human rights risks**

Cyber-security risk falls within the sphere of failure to protect human rights, in its broadest sense. A cyber-attack, in addition to causing huge impacts on business continuity, can result in an inadequate working environment, in the compromise of labour relations, such as mismanagement of a video surveillance system or worker monitoring system. The human rights that are immediately under attack are the right to health and the right to self-determination: in case of violation, immediate action must be taken according to the procedures adopted to ensure risk mitigation.

**Risks related to human rights in the supply chain do not appear to be significant for the geographic region to which the Group's suppliers belong nor, more broadly, do risks related to discrimination by any type of diversity.** In any case, the Group seeks to protect itself from the risk of any violations in this area through both internal policies (the 'Diversity & Inclusion policy' is an example) and procedures for document checks of external companies operating at Group plants.

TYPE AND LEVEL OF RISK	POTENTIAL CAUSE	MANAGEMENT AND RESULTS
 <b>VERY HIGH</b>		For further details on the management and prevention of these risks and therefore the relative results obtained, please refer to the chapter "Privacy management: security and data protection" as well as the chapter "Service continuity".
<ul style="list-style-type: none"><li>• <b>Cybersecurity risk</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Attacks from outside</b></li></ul>	
<b>ALTRI RISCHI</b>		
<ul style="list-style-type: none"><li>• <b>Human rights in the supply chain</b></li><li>• <b>Sexual, social, cultural, gender, age or race discrimination</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Violation of the human rights of an employee of an external company working at one of the Group's plants</b></li><li>• <b>Discriminatory acts</b></li></ul>	On the risks of discrimination and violation of human rights related to the supply chain or its employees, please refer to the chapter "Human rights, inclusion and gender equity".

<sup>15</sup> Fraud Tree (classification system of fraud and abuse at professional level) - ACFE, Association of Certified Fraud Examiners



# 1.5.

## Service continuity

(103-2; 103-3)

The COVID-19 pandemic and the unpredictable health emergency that resulted from it have had huge impacts on markets globally, bringing to light a key need for companies: to have operational and management tools to ensure business continuity. Entire sectors, faced with a sudden emergency, had to reorganise quickly, reformulate processes, services and working methods. Many companies, including Feralpi, stopped production, with serious logistical, infrastructural and economic difficulties.

This expedited digitalisation, which is today leading companies and society to be increasingly dependent on technology – essential for business continuity but inevitably increasing the vulnerability of information systems. According to the Allianz Risk Barometer 2021, the global business risk survey curated by Allianz Global Corporate & Specialty (AGCS) based on the opinions of 2,769 experts (including CEOs, risk managers, brokers and insurance experts) from 92 countries, business interruption (41%), pandemic outbreak (40%) and cyber incidents (40%) are the top three business risks today in addition to pandemic and cyber risks and risks related to natural disasters and extreme weather, as revealed by the World Economic Forum's Global Risk Report 2021.

Feralpi's business continuity was put to the test several times in 2020, due to the Covid emergency but also because of an IT attack in the final months of the year.

**For Feralpi, continuity of service is to be understood as the company's ability to manage crises and guarantee flexibility in organisational processes, thanks to structured, efficient management systems for human resources and their safety, on the one hand, and IT infrastructure and the related data protection, on the other. These processes have been in place at Feralpi for some time, but the continuous updates in the IT field, the evolution of extreme situations in terms of climate or the protection of human health, require continuous updates and adjustments and the active involvement of numerous company functions.**

The Covid-19 pandemic, as well as the cyber-attack, caught the Group off guard but were handled with a common logic that included these steps:





## February

Task force set up  
Internal and external communication  
Temperature measurement  
Identification of fragile workers

## March

Extraordinary sanitisation processes  
Activation of remote working  
Production stop  
Review of protocol for the prevention of the spread of Covid-19  
Arrangement of distancing measures and physical separation of workstations

## April

Gradual resumption of production activities  
Activation of advanced health surveillance plan

## May

Start of the health phase of the Sced-Cov project (swabs and serological tests)  
Controlled return of fragile workers

## June

Reactivation of the training plan  
Redistribution of meeting room space  
Resumption of controlled transfers between plants

## October

Epidemiological survey (phase II)  
Promotion of flu vaccine in the company  
New internal awareness campaign to keep attention high

**In order to guarantee business continuity in the face of emergencies, a Resilience Committee was also created, involving the owners, executives and Corporate functions, with the aim of responding promptly to possible technical, production and/or financial criticalities.**

A tool was thus created to enable a global vision of a rapidly changing environment and of the various important emergencies that gradually had to be faced at individual company and Group level. This tool facilitated rapid, clear, unambiguous and collective responses to problems, often allowing them to be foreseen and resolved in advance. Among the issues addressed systematically were the organisation and planning of production, the choice of the mix of products on which to focus for sale according to their price and the monitoring of debt positions of customers with higher exposure.

Both 2020 crises highlighted how certain aspects of the business need to be addressed on multiple fronts. First of all, production was severely tested during the pandemic due to the risk connected to the health and safety of workers who, for reasons of force majeure, could only carry out their work in presence, but also during the cyber-attack due to the now increasingly advanced technological connections of all processes.

The value chain, from suppliers to customers, reveals very high interconnections and interdependencies, including between different sectors, which must be protected and managed from an economic point of view in compliance with existing contracts, so that the whole system does not come to an inevitable halt.

These are all aspects related to the protection of sensitive data and intellectual property, which, in the event of computer network breaches, can have serious repercussions on all Group stakeholders.



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In this regard, please refer to the chapter **1.6** "Privacy management: security and data protection". **pag. 64**

Examining the pandemic in greater detail, Italy was one of the countries most affected in the first six months of 2020, while Germany – with a more structured national health system – countered the advance of the epidemic more quickly. The repercussions also extended the Feralpi Group, albeit to a different extent. **The Group's German sites were able to continue production after all necessary safety measures had been implemented. In Italy, however, the lockdown led to a suspension of activities.**

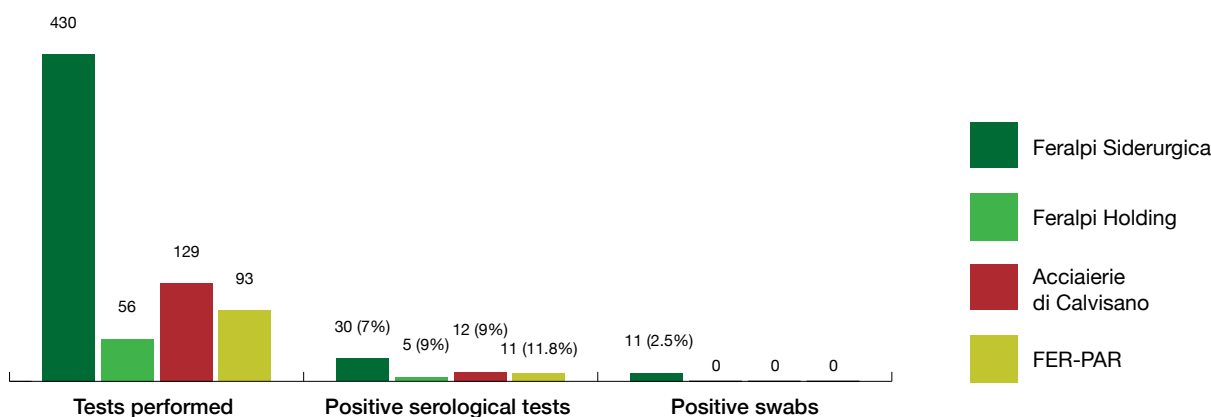
The task force made use of both internal expertise and the advice of health experts, shared information on urgent precautions in response to government regulations and decrees, activated extraordinary measures and then structured preventive health actions.

**Feralpi implemented the actions envisaged by the Prime Minister's Decrees and Regional Ordinances – even anticipating their timing and increasing the terms of rigidity where necessary – and also followed the proposals of the United Nations Global Compact (UNGC) to respond to the crisis.**

At the behest of the Prefect of Brescia, and thanks to the agreement between Confindustria Brescia and the trade unions, **the "Memorandum of understanding on organisational measures to combat the emergency linked to Covid-19 in the workplace"**

**was signed on 14 April. Feralpi (with the Brescia companies) is one of the four companies in the province of Brescia to test the new programme, which involves the collaboration of the University of Brescia, ATS Brescia and ATS Valle Camonica, implementing measures effectively.** Feralpi in fact drew up its own internal health protocol to identify the measures implemented by the Group in application of the indications of the "Shared protocol governing measures to combat and contain the spread of the Covid-19 virus in the workplace" and the rules of conduct to be followed by personnel to prevent health and safety risks arising from the spread of the SARS-CoV-2 coronavirus. To remain on the subject of health and safety, Feralpi also took part in the Sced-Cov experimental protocol, which allowed the entire workforce to undergo diagnostic tests (molecular nose-pharyngeal swab and quantitative serological tests with blood sampling for the qualitative and quantitative assay of AC anti-SARS-CoV 2), as a further step towards safeguarding the health of internal and external workers and their families.

## COVID-19 screening



According to Cribis<sup>16</sup> the economic repercussions of the pandemic can also be seen with regard to data on payments that reveal a negative trend, with the industrial sector and trade as the most penalised, while confirming the North-East as the most reliable geographical area.

In order to safeguard the economic system and, therefore, the social value that derives from it, Feralpi has made an active commitment to maintaining its supply chain, complying with current commercial agreements and related payments to suppliers, by joining the #iop-agoifornitori (I pay suppliers) initiative promoted by Confindustria Brescia. A real Call to Action through an official Manifesto the signatories to which pledge



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For more details on the management of worker safety, please refer to the chapter **4.2 "Health and safety are the heart of production"**, **pag. 139**

<sup>16</sup> Company providing commercial credit management and business development services in Italy and abroad.

to take all necessary actions to ensure respect for and circulation of the principles underlying the initiative. The goal of this tool was to raise awareness among entrepreneurs and administrations of a civic, transparent and ethical commitment towards the entire supply chain, but also to urge the public administration to honour its payments to all suppliers even at a particularly critical phase of history. The project also has a Management Committee, chaired by a delegate of the Association to Credit, Finance and Taxation, which in May worked to develop a Code of Ethics with which member companies can identify.

Feralpi signed up in order to protect the economic health of all the companies in the sector: in an uncertain scenario that involves people and businesses, the goal is to provide an element of continuity that can ensure a certain basis for a future new beginning for the entire system.

**To inform its stakeholders and invite them to sign the manifesto, Feralpi then promoted a communication campaign on all of the Group's digital tools, using the hashtag #iopagoifornitori (I pay suppliers).**



***We are committed to paying our suppliers, paying them in accordance with the terms of the contract and not interrupting the regularity of payments. This commitment should also be shared by local government.***



Precisely at a delicate time like the present, respecting the terms of payment agreed with suppliers is a tangible sign of the civic and entrepreneurial sense of those who do business. Diligence, fairness and good faith between the Parties are fundamental to build a healthy relationship between customers and suppliers. Indeed, each small case of non-payment is a wound in an economic and social fabric that has already been put to the test. For this reason, if you too feel the strong call to do something for your community, for its people, for the entire country, join us, pay your suppliers in accordance with the contractual terms you have agreed with them. This is the only way to keep a supply chain consisting of so many companies of all sizes and types alive. This is the only way not to reduce people's purchasing power. It is the only way can we get out of this depression. It is, of course, invitation also addressed to our government.

If you think this is important, please sign this manifesto: share this consideration with other entrepreneurs!

For information: [iopagoifornitori@confindustriabrescia.it](mailto:iopagoifornitori@confindustriabrescia.it)  
[www.confindustriabrescia.it](http://www.confindustriabrescia.it)

Initiative created by Alfredo Rabaiotti - Becom Srl

**#iopagoifornitori**



***«The #iopagoifornitori initiative has a primary aim: supporting the resilience of supply chains by acting on the fundamental psychological aspect. For a company, knowing that its customer is also publicly committed to honouring its commitments on time means being able to work with greater peace of mind».***

Angelo Medici, chairman of Sae Flex (Feralpi's long-standing supplier specialising in the turnkey construction and maintenance of high-tech hydraulic systems)



However, there is no denying how emergency healthcare has taken on a role of facilitating a mass digital transition, showing all its positive impacts in terms of flexibility and agility. Not only technological innovation, but also social and cultural innovation that supported the labour market – and institutions – in the continuity of their work.

If to Feralpi safety in the workplace and the health of the workers themselves are the basis of service continuity, technology and digitalisation have been fundamental tools in guaranteeing the continuation of work in times of emergency, and have also helped streamline and improve internal processes following internal reorganisations.

An example of this is the project "Reorganisation of personal/country logistics for the Covid-19 recovery", launched in 2020, to respond first of all to the criticalities that emerged during the health emergency: those related to the continuity of service into/out of the plant, avoiding halts of production or shipping and those related to the health and safety of workers and carriers. In this same context, the pandemic expedited an already ongoing process of change, resulting in the reorganisation of some processes in terms of management and technology.



**The reorganisation of the work saw a division of the roles of front and back office, with the creation of two teams with distinct tasks and two different places of operation, able to alternate with one another, if necessary.**

The reorganisation of process saw the digitalisation of many aspects. First of all, pre-registration on a portal was introduced for Italian scrap suppliers (it will be introduced in 2021 for foreign suppliers), reducing the waiting time for accessing the plant and the necessary paper documents.

In parallel to this, some digital transactions have also been customised to facilitate the processing of the loading documents issued for the delivery of the finished product: the driver now only needs to come to the weighbridge with the order number and receive the relevant loading voucher associated with his shipment from the weighbridge operators. This reformulation of the process – combined with a thorough revision of the document layout – sped up the process of issuing the documentation and reduced paper printouts which, by estimated about 20%, considering the revision of the layout only.



**By 2021 the plan is to stop delivering the paper DDT (transport document) to Italian hauliers, to be replaced by sending a similar document in digital format (with a consequent 50% reduction in the use of paper) and to fully digitise the bill of entry of goods sent to (Italian and foreign) scrap metal suppliers by sending it directly through the portal (with 100% elimination of the use of paper).**

There are also plans to set up a monitoring dashboard to supervise the performance of these activities on an ongoing basis.

## POSITIVE IMPACTS



**Management:** it guarantees the continuity of the service, preventing the risk of any unforeseen interruptions.



**Quality of service:** a speeding up of flows and agility of processes with a large reduction in waiting times.



**Environmental:** reduction of waste of paper and reduction of polluting emissions into the atmosphere due to the constant presence of waiting trucks.



## ◆ The strategic role of communication

At a time of disorientation and great uncertainty and fear, communication played a strategic role in sending messages of continuity. At a time when everything was far from normal, the messages conveyed both within the company and to the Group's stakeholders were decisive in maintaining a high level of cooperation among workers and the entire supply chain with the aim of encouraging a rapid resumption of post-lockdown activity and greater awareness of the behaviours to be adopted to ensure maximum safety inside and outside the workplace.

According to recent research carried out by the Centre for Employee Relations and Communication (CERC) of the IULM University of Milan, many companies have responded to the discontinuity imposed by the pandemic with communications of a decisive nature: in fact, the prevailing initiatives aimed at making known the initiatives and measures to protect workers, to develop connections between employees and to highlight the contribution given to the country system to manage the emergency.

**In line with the survey findings, Feralpi developed its communication strategy with three main focuses:**

- **informing:** ensuring constant, rapid updates on health protection measures for employees and contractors with diversified tool kits;

- **sharing:** amplifying the message of institutions, organisations and authorities with the relevant main documents to counter the spread of Covid-19, while highlighting activities involving stakeholders;
- **being supportive:** highlighting the commitment of each Feralpi Group company to initiatives in support of local and/or national external organisations.

Communication actions were developed to meet criteria of transparency, timeliness, collaboration and reputational risk management. Digital and paper-based tools were used, based on a coordinated, recognisable communication language, with the aim of making the most important information accessible to the greatest number of people by offering a transversal range of means of communication in each Group company.

Of great importance was the communication campaign among colleagues of the various plants with a focus on solidarity, support and affection: **#Together We Can**, a virtual embrace through the faces and voices of the Group's friends and colleagues during the strictest days of the spring 2020 lockdown.



## Specific actions taken by stakeholder during 2020 during all phases of the health emergency



# 1.6.

## Privacy management: data security and protection

**The strong push towards the use of certified cloud platforms and the strong interaction between the structures characterised the Group's resilience against the impact of the events that occurred in 2020, such as the health emergency and the cyber-attack, reinforcing the drive towards the adoption of high-performance, secure tools and technologies for automating production and administrative processes.**

In addition to highlighting the importance of protecting health and safety in the workplace, the pandemic also underscored the importance of the secure circulation of relevant information, in terms of the privacy of workers and contractors. Supplementary policy statements were then drawn up to allow the collection of data through the use of questionnaires on the model of the instructions from the health authorities and by adopting the least invasive and most precise instruments available to check body temperature before entering

the company facilities. On the cybersecurity front, the impact was mitigated by the extensive use of the cloud and segregation of storage, as well as the use of multiple layers of backups.

The sensitivity of administrators and employees at all levels made it possible to continue the projects already underway and provided the impetus for further collaboration aimed at strengthening the security of information systems through constant monitoring capable of promptly detecting any anomalies and implementing the appropriate countermeasures.



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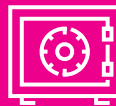
Please refer to the chapter  
**1.5 "Service continuity" \_pag. 57**

## Group policies and management systems

**The security of information systems is a fundamental prerequisite for ensuring the effectiveness and efficiency of the services provided by the company.** Accordingly, in 2020 the Feralpi Group updated its ICT Security Policy to provide a set of indications for the correct, secure management of information relating to project activities carried out internally or at customer premises, in accordance with the requirements of the main standards on the subject.

The suitability of partners and suppliers is constantly verified when Data Protection Agreements (DPAs) are signed.

**The data management system for both personal and non-personal data and all related activities and resources is based on three pillars:**



#### Confidentiality

to ensure that data is only accessible to those who are authorised to have access to it;



#### Integrity

to safeguard the completeness of the data and the security of the connection and transfer technologies;



#### Availability

to ensure that authorised users have access to data and assets on an ongoing basis.

## Privacy management

This process entails a permanent dialogue among the various parties involved, through the coordination of the Group Data Protection Officer (DPO), who is appointed by Feralpi to comply with the new European General Data Protection Regulation 2016/679 (GDPR) and works in direct contact with the operations in Ger-

many, where the specific German regulations required the need to identify a DPO on site.

**In 2020, dialogue between the Group's various sectors and with production facilities in Germany continued in order to maintain the focus on data protection and security issues.**



# 1.7.

## ❖ Careful management to combat corruption

(103-2; 103-3; 205-3)

In line with the tenth principle of the Global Compact, which requires not only that corruption in all its forms be avoided, but also that incisive policies and concrete anti-corruption programmes be developed, the Feralpi Group, together with governments, United Nations agencies and civil society, is called upon to contribute to a more transparent world economy.

Feralpi recognises the important responsibility of the private world, alongside the public, in eliminating corruption and is committed to playing an active role in the fight against corruption, in its various forms.



**Prevention and management are managed by the Group in full compliance with existing legislation and national standards. Internally, the commitment to combating all unlawful forms is grounded in the Group's Code of Ethics, which also refers to potential risk due to corruption, stressing principles of Transparency, Truth and Honesty in section 3, and appropriate conduct in relationships with government departments in section 4.5.**

The Italian companies of the Group, in relation to the crimes of Corruption towards the Public Administration and Corruption between private individuals, find references in the Model relating to the Legislative Decree 231/2001 adopted by the individual Italian companies in the Group (with the exception of Ecoeternit).

The following sensitive areas have been identified as part of the mapping activities:

- **the management of requirements** to obtain and/or renew authorisations, licences and/or permits from government departments and anything else they issue;
- **the fulfilment of obligatory obligations** towards the public administration or public supervisory authorities and the management of relations with them during audits and controls;

- **the management of disputes** in the various areas of interest to the company (criminal, civil, administrative, tax and arbitration);
- **the request for and management of public funding;**
- **the management of commercial** relationships with customers and suppliers not belonging to the public administration.

**In order to manage the risks connected with this issue, Feralpi applies the provisions of Model 231 for Italian legal entities. The methods for managing sensitive activities and the related responsibilities are described in various procedures and refer in terms of reporting to the Supervisory Bodies of each company. Ecoeternit, in line with its size and specific characteristics, operates in synergy with the information defined at Group level.**

All Italian companies have an internal procedure governing public administration relationships to accompany Governance Model 231/2001 and the Code of Ethics. For example, this procedure is applied by assigning powers to delegate, sign and access accounts to specific executive roles only, and for specific transactions. Companies that participate in public tenders indirectly provide specific training for commercial personnel to prevent acts of corruption between private parties.

German legislation requires companies to provide the government with detailed information on specific aspects potentially connected to the risk of corruption and money laundering, which are then checked and verified. A double-checking principle is also applied, whereby several members of company staff cross-check information.

As of today, we believe that the contents of the Code of Ethics and the 231/2001 Management and Control Model adopted by Italian companies (with the exception of Ecoeternit), the more specific requirements for companies that participate in public tenders and the requirements of German legislation are essential for effective risk management, without requiring additional ad hoc policies. This approach is also the key to fighting corruption in terms of the supply chain: the Group's suppliers are in fact invited to accept the Code of Ethics and the values expressed therein.

**Over the last three years (2018-2020), no cases of corruption were detected, nor were there legal cases against the company/employees, fines, or supplier relationships terminated due to corruption.**

# 1.8.

## Stakeholder engagement and the value of partnerships

(102-12; 102-13; 102-40; 102-42; 102-43; 102-44)

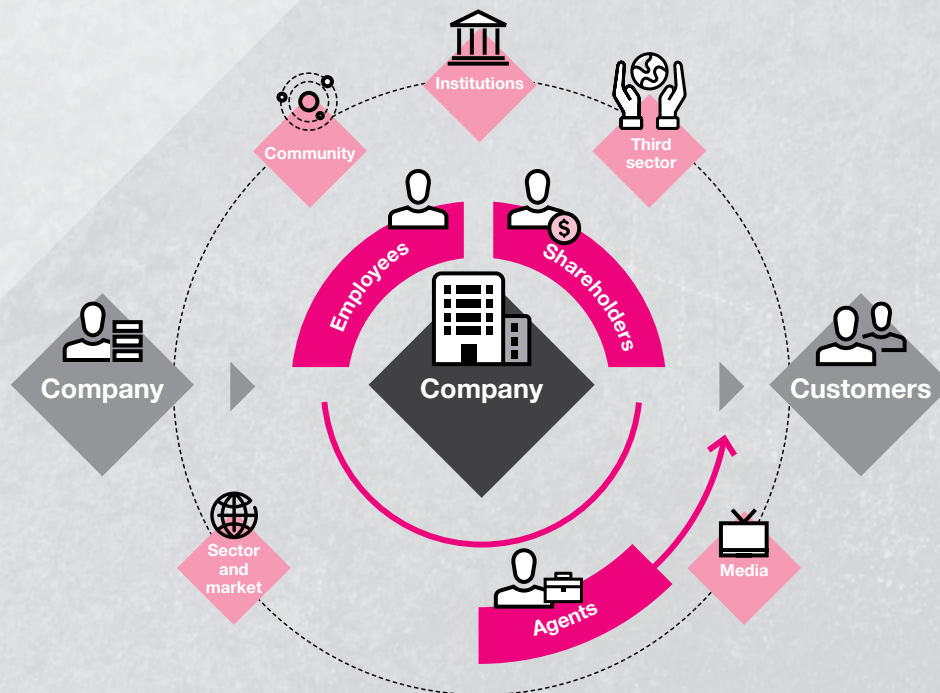
Over the years, the Feralpi Group has developed numerous partnerships, building up a network of relationships that are important for the sustainable development of its business and of the planet. As Goal 17 of the 2030 Agenda reminds us, in order to achieve the goals that the 193 countries that signed the pact have signed up to, it is essential to develop inclusive partnerships, built on principles and values, on a common vision and on shared goals, which put people and the planet at the centre, at global, regional, national and local levels.

Events such as the Covid-19 pandemic show how social and economic aspects are closely interconnected:

companies that integrate actions of dialogue and collaboration with their stakeholders inevitably develop management models that are more complex but also more complete, since they are called upon to refer to dimensions that are no longer just economic.

Feralpi is constantly committed to developing and maintaining an active relationship of trust with its stakeholders (at an individual, Group and institutional level) in pursuit of the Company's mission. Feralpi's stakeholders are all its employees and collaborators, shareholders, customers, suppliers, local communities, institutions, sales agents, the sector and the market, the media and the third sector.

### Stakeholder map



## Stakeholder engagement

In 2020 Feralpi promoted the usual internal engagement activities with Group executives and managers with the aim of updating the materiality matrix on the one hand and to increase internal awareness of ESG issues and the growing demands of the financial world for measurable and comparable indicators. These awareness-raising activities resulted in a specific working group on environmental aspects.



### INDEX

See the "Strategy" chapter 1.1 \_pag. 28

Internal engagement activities have also found space on the new company intranet, with the "Sustainability News" column which, using an informal, simple style, aims to bring updates on sustainability issues to employees and not just to the front line.

Also internally, with the aim of raising awareness, updating and educating all the Group's employees, key testimonials have been identified who can recount the Group's 7 pillars of sustainability in just a few minutes. Therefore, seven ad hoc videos were made and distributed internally both on the intranet and on monitors positioned in the plants.

Circulation also took place externally through the Group's social channels.

Externally, despite the difficulties caused by the Covid-19 pandemic, dialogue activities with the main stakeholders continued.

In the summer, an online questionnaire was promoted with three key objectives:

- updating the materiality matrix;
- establishing a network of stakeholders interested in maintaining an active dialogue with the Group;
- gathering views on the Group's first Voluntary Non-Financial Statement and ideas for improvement.

This survey revealed that the topics of most interest in the 2019 Non-Financial Statement (NFS) were environmental and energy management and the chapter on context and strategy. These were immediately followed by ethical business management and environmental and social performance indicators. Overall the level of satisfaction was very positive with 47% positively affected, 42% remaining completely satisfied and 11% partially satisfied.

Most of the responding stakeholders said they read the 2019 NFS because they are part of the steel industry but even more so because the Group has a direct impact on their personal and/or professional lives.

Thanks to the survey it was possible to understand the expectations and suggestions of different stakeholders, to which we have tried to give a response in this document. Below are the main ones:

- **Facilitating conciseness:** this document has been set up to highlight key concepts and numbers in a graphical format to make it easier to read.
- **Give evidence to stakeholder opinions through quotes:** some brief qualitative comments, collected during the year, are cited in the document.
- **Make the use of stakeholder contributions evident:** this chapter on partnerships tells how different stakeholders, by becoming partners, can be an active part of collective sustainable development.
- **Evidence of future steps and the achievement of the Agenda's Goals:** an overview of the status of commitments is presented in the chapter "Strategy" and the link between actions, results and Goals of the 2030 Agenda is highlighted throughout the document.
- **Emphasise the strategic role of scrap supply:** in this regard, Feralpi's value chain has been represented, making the source to which the Group's production cycle is closely linked as clear as possible.
- **Valuing health promotion initiatives:** the section of the document "Social commitment and creation of value for people" presents a greater focus on initiatives promoted during 2020.

Going beyond the suggestions related to the reporting tool, stakeholders believe that the Group should continue to invest with constant urgency on climate, energy efficiency, the circular economy and at the same time maintain a high focus on safety and human resource management, as highlighted in the materiality matrix.





## SUSTAINABLE DIALOGUES

THE FERALPI SUSTAINABILITY NETWORK

**With the aim of enhancing the dialogue between the Group and its stakeholders and making it stable and constant over time, and with the ultimate goal of truly understanding its purpose, Feralpi's Sustainability Network - "Sustainable Dialogues" - was set up in 2020.** To date it already involves an initial selection of suppliers, customers, institutions, local organisations, the media, universities and research institutes. The Group aims to initiate ad hoc dialogue with the various types of stakeholders in response to needs that may emerge over time, as well as involving them annually in updating the materiality matrix.



**Going beyond the traditional stakeholders, in 2020 the Group decided it would be interesting to involve in engagement activities the "youth" category, which has always been a focus of Feralpi's attention – so much so that it is an integral part of its sustainability strategy.**

In February, on the occasion of the "Smart Future Academy" event, the young participants (more than 9,000 in attendance) were involved in the theme of work and sustainable development, listening to ideas and proposals for the future. In response to the question "What can you do to meet the 2030 Agenda targets?" a number of suggestions emerged, the most important of which included a commitment to recycling and reducing the use of non-recyclable materials and plastics, a greater focus on changing unsustainable lifestyles, providing greater incentives for sustainable mobility and greener energy.



What most of the young people involved expect from the corporate world is more sustainable production, useful, low-impact products and increasing attention those who must reconcile private and professional life, in view of collaboration and mutual respect. Many say they are ready to commit themselves fully to working in responsible, innovative companies with a long-term vision and international outlook.



## **Collective commitment to sustainable development**



In 2020 Feralpi chose to engage actively in public actions to support the development of national and international policies that are increasingly

consistent with the sustainable development of our country and the entire planet, while respecting local policies and leadership.

It is with the aim of intensifying the global partnership for sustainable development, with plurilateral collaborations that develop and share knowledge, skills, technological and financial resources, to achieve the goals for Sustainable Development, that Feralpi has chosen to join the United Nations Global Compact Network (UNGC) by participating in the Italian network (Global Compact Network Italy): the United Nations initiative that encourages companies at global level to adopt sustainable policies and, at the same time,

publicly report the results of their actions. The responsibilities of the participants in the Global Compact are based on the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention against Corruption. By joining the Global Compact, Feralpi therefore undertakes to promote the Ten Principles relating to human rights, labour, the environment and the fight against corruption.

## **Ten Principles Global Compact** Companies are required to:



**With the aim of spurring the national government as well as all European states to work in this direction, Feralpi has taken part in various national campaigns and appeals:**

**1**

### **Manifesto - Emerging from the pandemic with a new Green Deal for Italy**

The manifesto takes part in the ongoing debate on measures to relaunch the economy, calling for a development project that meets the challenges of the time. A new Green Deal is the way forward for a lasting recovery capable of exploiting Italy's best potential: quality production, circular economy, sustainable agriculture, urban regeneration, enhancement of natural capital, transition to low emissions and alternative fuels and digital innovation.

**2**

### **CSR Manager Network – Restarting with sustainability at the core**

An open letter from all citizens inviting the government to rebuild the economy, oriented by sustainable development, focusing on decarbonisation and the green economy, making it the catalyst for increased employment and social inclusion, urging the financial system and public policies to reward the activities that best meet social and environmental needs.

**3**

### **Assisi Manifesto**

An alliance that weaves a network between economy, culture and research with the contribution of institutions, associations, businesses, citizens, the economic community, both lay and Catholic, in the country for the development of an economy on a human scale against the climate crisis.

**In addition to these, there are also the following international statements signed by President Pasini:**

**4**

### **A GLOBAL COMPACT - UNITED IN THE BUSINESS OF A BETTER WORLD - A Statement from Business Leaders for Renewed Global Cooperation**

The United Nations Global Compact called on the corporate world to demonstrate support for inclusive multilateralism by signing a Declaration of Business Leaders for Renewed Global Cooperation. More than 1,000 CEOs from companies around the world responded to the call for renewed global cooperation.

**5**

### **WBCSD CEO Guide to Human Rights**

A guide – launched on 19 June 2019 at the Bloomberg Sustainable Business Summit 2019 in London – that grounds tangible actions and steps CEOs can take to ensure their companies go beyond the legal requirements and drive change.

Finally, the commitment to sustainable development has also translated into:

- inactive participation in a **Private Public Partnership (Clean Steel Partnership)**, an initiative launched by Eurofer and ESTEP, in terms of research and development, in view of the 2050 climate neutrality and sustainable development objectives set by the EU. This response is quantifiable, in the presence of adequate European regulatory support, in a reduction in CO<sub>2</sub> of between 80%-95% by 2050<sup>17</sup>.



**The partnership brings together the projects of various Italian and European steelmakers, including the Feralpi Group, with a view to accessing funding from the future European research programme Horizon Europe (2021-2027) in a structured, coordinated manner.**

- in the event **"Towards The Economy of San Francesco"**, together with numerous experts and prominent speakers, with the aim of creating a manifesto for a sustainable economic, social and environmental future. Feralpi took part in the event at the Salone Vanvitelliano in Palazzo della Loggia, participating in two strategic working groups, "Inclusive Economy and Finance" and "Technological Humanism", led by Davide Maggi and Giancarlo Turati,

respectively, whose heterogeneous composition – including industrialists, financial experts, university professors, students and activists – enabled a cross-over discussion of the issues addressed.

- in cooperation with the **Wirtschaftsvereinigung Stahl** on positive communication, e.g. for the campaigns "Climate-friendly steel from Europe", "Green Steel" and "Fair play on the world steel market".

The direct result of these commitments, declarations and participations by the business world together with the sustainable thrust of the new presidency of the European Commission, as well as the pandemic emergency, led European countries to work in a functional way to develop policies consistent with sustainable development. This is confirmed, for example, by the strong link between 2030 Agenda and the European Recovery Plan.

## The role of partnerships in contributing to the 2030 Agenda



The Feralpi Group, with its various plants, has been collaborating and operating for some time in close contact with national and international partners of various kinds: universities, research institutes, business partners, financing bodies, technological development partners, public institutions, national and international bodies, non-profit organisations, steering groups, private organisations and supply chain partners. In addition, it has played an active role at the association level.

**The multi-partner partnerships between the public and private sectors and civil society, capable of combining various interests and thus yielding tangible results for different types of stakeholders, are certainly significant.**

<sup>17</sup> Proposal for CLEAN STEEL PARTNERSHIP under the Horizon Europe Programme - Estep

## PARTICIPATORY MANAGEMENT OF HUMAN SETTLEMENTS: THE DISTRICT HEATING SYSTEM

## DIAGNOSTIC TESTS FOR A FRESH START: A PARTNERSHIP TO FIGHT THE PANDEMIC

### PARTNERSHIPS ACTIVATED

- Feralpi Siderurgica
- Municipality of Lonato del Garda
- Engie

- Feralpi Holding
- Confindustria Brescia
- Unions
- Five Brescia companies
- University of Brescia
- Spedali Civili of Brescia

### IN SHORT

The district heating system aims to respond to the problems of air pollution: it can be used to replace the boilers in buildings – often fuelled by diesel oil – while also using energy recovered from other processes, such as industry, to generate heat.

Replacing fossil fuels with recovered energy promotes energy and environmental improvements, while also contributing to increasing inclusive, sustainable urban development and the capacity for participatory, integrated planning and management of human settlements.

In May, the Group's Brescia companies participated in the SCED-COV project (Clinical, epidemiological and diagnostic surveillance for the safe resumption of work during the SARS-COV-2 pandemic) following an agreement between the partners. Under the guidance of the University of Brescia, diagnostic tests were carried out on the entire company population in order to identify healthy, asymptomatic and immune subjects (Goal 3.9) and thus to protect labour rights by guaranteeing a safe, secure working environment for all (Goal 8.8). Serological tests and swabs were performed at two separate times: the first at screening in May, the second in October. In the first phase, n-f molecular swabs and serological tests for AC anti-SARS-CoV2 were performed, while in the second phase, serological tests and n-f swabs were performed on those who tested positive for serological tests.

### IMPACT ON 2030 AGENDA

Since 2017:

- recovered energy: over 13,500MWh;
- energy from fossil fuels not consumed: almost 800 toe;
- 16 users



In 2020:

- 1,333 serological tests and 748 swabs were carried out, covering the population of the five Brescia plants (SCED-CoV Study);
- From May to November continuous monitoring process on employees' health status through dedicated a Web app;
- Feralpi's health service equipped itself (first by joining the SCED-CoV Study and then by entering into an agreement with Fondazione Poliambulanza) to perform n-f molecular swabs seven days a week (in cases of doubtful symptoms, suspicion of "close" contacts, travel abroad, etc.) with a prompt response the same day.





**Technology development partners provide innovative, technologically advanced solutions to be applied concretely in production, such as pilot solutions, demonstrators and industrial options.**



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In this regard, please refer to the chapter **2** "Environmental commitment and the creation of value for the planet" \_pag. 80 chapter **3** "Industrial commitment and the creation of economic value" \_pag. 102

In 2020 these included the new partnership between **Gexcel and Feralpi Siderurgica**, which aims to monitor and verify the flow of raw materials and by-products of steelworks with a view to improving production efficiency. The results obtained within this project, thanks to the detailed assessment of the volumes, are a better management of raw materials: the modelling by means of HERON technology make it possible to determine the piles of scrap metal precisely, isolating them from the structural elements of the plant.

**With the aim of bringing its digital innovation experiences to a context of high-level international interchange, in June 2020 Feralpi became an active member of the SAP Advisory Council for Metals, organised by the SAP Business Unit for the steel and mining sector.**

The Council seeks to support SAP's digital and Industry 4.0 development and innovation activities from the perspective and hands-on experience of participating companies. It thus gathers into a common vision the new business needs and trends that are expected to lead to an improvement in the performance of steel and metal companies.

The working group aims to create a channel for discussion and networking that will be a reference for the entire steel industry that uses SAP, identifying best practices in the use of software and applications. The Council meets once a quarter and closes its work with the Annual International Conference for the Steel and Mining Industry.

**Collaboration with universities and research bodies** is developed through a number of channels: on the one hand, through research aimed at investigating certain innovative areas of technological development of production or management processes; and, on the other hand, through discussion and sharing of experience, which enable the development of working groups and multi-stakeholder partnerships on specific topics. The Group collaborates with industry research centres such as Rina Centro Sviluppo Materiali for all issues concerning the development of metallurgical processes, product quality, Industry 4.0 and sustainability, the University of Brescia for issues relating to metallurgical aspects and with which there is an intense exchange of expertise, thesis activation and professional growth paths for new graduates, and with the Politecnico di Milano, with regard to research in metallurgy and steelmaking, and is in contact with MADE, Competence Center Industria 4.0, created by the Politecnico di Milano, which supports companies in their digital transformation. It also collaborates actively with the University of Padua (Marco Fanno Department of Economics and Business Sciences), which, together with the Laboratory of Digital Manufacturing, works with companies for the application of digital technologies and Industry 4.0 in the manufacturing sector. There are also several partnerships with European research centres such as Centre De Recherche Metallurgique (Belgium), BFI (Germany), Swerim (Sweden), Material Processing Institute (UK), CSMT (Italy), Technische Universitat Bergakademie Freiberg (Germany), Sidenor R&D (Spain), Arcelor Mittal R&D (France), Ergoline (Italy), TecNALIA (Spain), Circe (Spain), Aciona (Spain) and companies in the sector that are otherwise involved in research such as OriMartin, Tenaris, Tenova, Sidenor, Arcelor Mittal, SMS, Quinlogic and others.



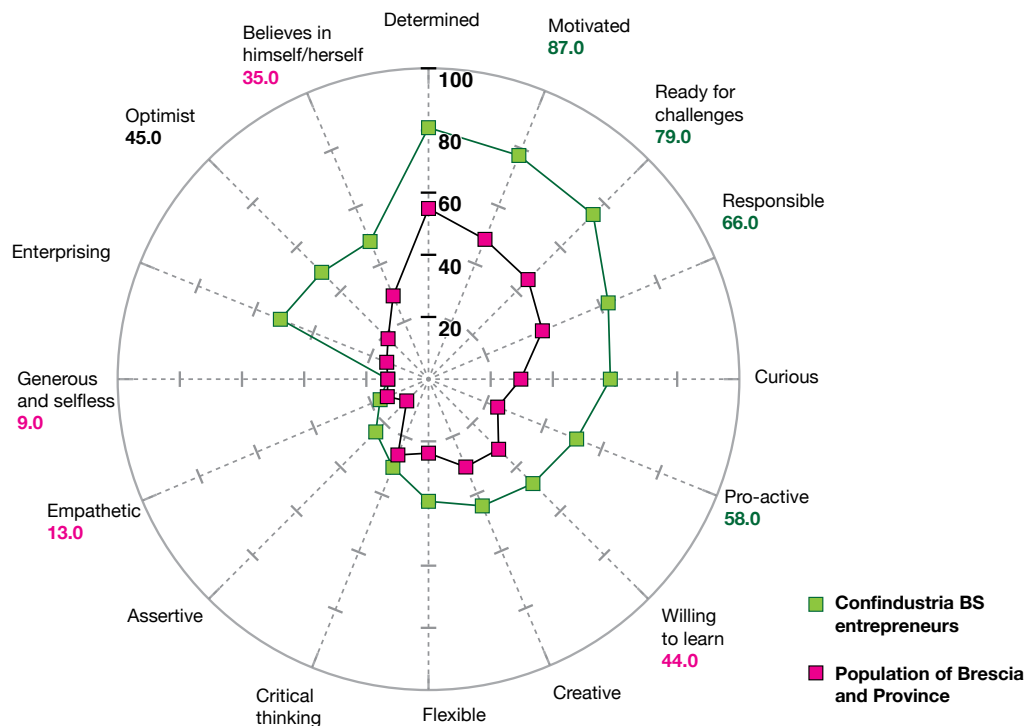
Alongside academe, in the field of research and digital innovation in manufacturing, it collaborates actively CLIC, Center for Leading Innovation and Cooperation, of the HHL Leipzig Graduate School of Management and other research organisations, such as Associazione Fabbrica Intelligente Lombardia (AFIL), Centro Servizi Multisetoriale e Tecnologico, a Lombardy research organisation, the Reach Ferrous Slag Consortium, which assists companies in the process of registering with ECHA – the European Union agency that promotes the safe use of chemicals and deals with the registration, evaluation, authorisation and restriction of chemical substances, and ESTEP (European Steel Technology Platform), an association for the promotion and European direction of research activities in the technological field for the development of processes and plants to improve performance and sustainability.

In addition, **ESF** is on the board of ITKAM in Frankfurt, the Italienische Handelskammer für Deutschland, which has always focused on digital innovation issues and has recently presented Feralpi as a business case for internationalisation.

Feralpi is also a member of **Le Imprenditrici di AIB**, a group set up in 2006 as part of the "Parlomes" programme entitled Donne e Impresa (Women and Business), dedicated to analysing and assessing the critical points and strong points of "female entrepreneurship". In 2007, "AIB Femminile Plurale" was set up alongside it, creating an increasingly structured, organised group. Feralpi has always taken part in the various Women Entrepreneurs projects, one of the objectives of which is to support women entrepreneurs in their professional and personal growth within their

own companies and to grow and spread an international culture of diversity management and welfare in companies. In addition, a project on entrepreneurial identity and ethics in the Brescia area was completed in 2020, with the aim of reflecting on entrepreneurs and they are perceived and treated by the community.

The study "The social image of male and female entrepreneurs in the eyes of the members of Confindustria Brescia and the population of Brescia" involved, at the end of 2019, over 180 members of Confindustria Brescia and over 500 residents in the Province of Brescia between 18 and 75 years of age. The results – presented in 2020 – compare the vision of entrepreneurs with the vision of people, revealing the presence of a gap between the perception of the population and the perception of the entrepreneur.



From the standpoint of social perception as well, the profession of entrepreneur is perceived as one of the most useful professional figures for the national system, after doctors, teachers or manual workers. A significant result on which the figure of the entrepreneur is called to work, so as to understand how entrepreneurship and the ability to do business are actually fundamental to the economic fabric of each country and for its own development.

ENTREPRENEURS	
ENTREPRENEURS / TECHNICIANS	9.3%
DOCTORS	9.2%
TEACHERS AND PROFESSORS	9.2%
POLICE OFFICERS	8.7%
ARTISANS	8.7%
BLUE COLLAR WORKERS	8.6%
POTENZIALE	
DOCTORS	9.3%
BLUE COLLAR WORKERS	8.8%
TEACHERS AND PROFESSORS	8.8%
POLICE OFFICERS	8.4%
ARTISANS	8.3%
ENTREPRENEURS / TECHNICIANS	7.8%

	COMMON REQUIREMENTS FOR THE DEVELOPMENT OF INNOVATIVE MEASUREMENT SYSTEMS	FROM ACADEME TO THE WORKING WORLD WITH RESEARCH
Partnerships activated	<ul style="list-style-type: none"> <li>• Feralpi Siderurgica</li> <li>• University of Brescia - Department of Economics and Management</li> </ul>	<ul style="list-style-type: none"> <li>• Caleotto/Arlenico</li> <li>• Politecnico di Milano - Lecco Local Hub, Department of Metallurgy and Industrial Production</li> </ul>
In short	<p>This partnership was created to reconcile the company's need to measure the value that Feralpi's circular business model generates in the local area with the university's need to develop an innovative, scientific method of measurement based on actual data.</p> <p>The model encompasses the environmental, social and economic dimensions: recent climate change, health emergencies and the resulting economic and financial crises expose us to complex risks and changes involving the three spheres, which are difficult to disentangle, and will only become more so in the future.</p>	<p>A collaboration that began in 2015 and continues to this day with the metallurgy department, a fundamental resource for the technological development linked to the production processes of the quality wire rod produced by Arlenico on behalf of Caleotto.</p> <p>In addition, a two-plus-two-year research grant has been placed to develop topics related to process quality and efficiency improvement since 2019. In detail, the research is aimed at developing the low temperature rolling process.</p> <p>The partnership makes it possible to link the plant to the community through a continuous flow of undergraduates within the company, which promotes numerous theses in the field of metallurgy. Some of the many undergraduates are integrated into the company in focal positions for the organisation.</p>
Impact on the 2030 Agenda	<p>The partnership project led to the formulation of a first system for the economic measurement of progress towards sustainable development.</p> <div data-bbox="657 1628 793 1762"> </div>	<p>The collaboration led to the drafting of 16 theses focused on the qualitative and process characterisation of the plant's flagship products and to the creation of a two-year study project on thermomechanical rolling. These achievements are complemented by the inclusion of a researcher within the corporate team as well as two thesis students.</p> <div data-bbox="997 1628 1131 1762"> </div> <div data-bbox="1152 1628 1286 1762"> </div>

As part of the scientific partnership developed with the Economics and Management Department of the University of Brescia for the project to create a **model for measuring shared value**, Feralpi **contributes** to the Annual Conference of the IAERE Association, the Italian Association of Economists of the Environment and Natural Resources, whose 175 members include academics, students, policy makers and representatives of the public and private sectors, aims to contribute to the development and application of environmental economics as a science, to promote and improve communication between all persons and institutions, both academic and non-academic, interested in environmental economics, to develop and foster cooperation between universities and research institutes in Italy, to make research results available to institutions and encourage their use, to develop and foster collaboration with businesses, trade unions and environmental non-governmental organisations.

Another area in which Feralpi invests heavily in co-operation with **schools** is training young people by developing ad hoc initiatives, actively involving young recent graduates in the company or supporting undergraduates in the drafting their theses. In 2020 Feralpi played an important role in endorsing the Yes I Can educational project, promoted by **Ricrea**, the National Consortium for the Recovery and Recycling of Steel Packaging, at the event's last stop, held virtually at the Don Bosco Salesian Institute in Brescia. The aim of the project was to tell high school students about the good practice of recovering and recycling steel packaging, such as cans, tins, drums and buckets, caps and closures, emphasising its benefits. Through a narrative approach that oscillates between journalism and theatre, food for thought has been provided to lead students to a greater awareness and sense of responsibility, so that they can play an active role in protecting the environment.

Participation in the activities of **sustainable development organisations**, as well as collaboration with **private sector organisations or steering groups**, are essential in order to gather ideas for improvement, embark on common avenues of development and increase personal skills.



## Associations for sustainable development

- **Associazione Cluster Lombardo della Mobilità** Technological Cluster recognized by the Lombardy Region
- **CSR Manager Network** Association that brings together professionals and managers involved in corporate social responsibility
- **Fondazione Sodalitas** Italian association for promoting the practice and principles of corporate social responsibility
- **IEFE Green Economy Observatory** Bocconi University Participation in working tables
- **Klimaschutzunternehmen e.V.** German association for commitment, environmental protection, with the aim of reducing CO<sub>2</sub> emissions
- **AldAF**, Italian Association of Family Businesses
- **CFI** National Cluster Intelligent Factory











Feralpi took part in the eSG LAB - excellence in Sustainability and Governance for SMEs project of SDA Bocconi, promoted by Fondazione Sodalitas, with the support of Fondazione Enel and Falck Renewables, to implement the commitment expressed in the "CEOs Call to Action" of 2020. eSG Lab aims to help companies of all sizes to fully integrate the most advanced sustainability and ESG (environmental, social and governance) issues into their strategies, to grow sustainably and thus become more competitive. In order to reach this goal, the Laboratory is committed to develop a strategic-organisational model addressed to all the production chains that represent the backbone of our economic-industrial system.

**Collaboration with funding bodies and institutions** gives Feralpi the opportunity to be aligned with national and European strategies and guidelines on research and future prospects, mainly in the areas of digitalisation and

Industry 4.0 developments, improved sustainability and environmental impact, technological developments and improved production performance. This is mainly due to collaboration with Bandi Research Fund Coal and Steel, Horizon 2020 / Horizon Europe, MISE (Italian Ministry of Economic Development) and the Lombardy Region.

This is in addition to the **centrality of the local community and non-profit organisations** - which represent its needs and development opportunities - in maintaining the adherence of strategic guidelines in balance with the needs of the surrounding community. Feralpi has always supported local organisations, trade associations, institutions and public administration, schools, universities and research institutes, sports associations and non-profit organisations, following its policy of charitable donations, which identifies six general and four cultural pillars.

	Partnerships activated	Shared projects	The impact of the partnership on the 2030 Agenda
SAFEGUARDING AND CARING FOR THE ENVIRONMENT	<ul style="list-style-type: none"> <li>• Ugo da Como Foundation</li> <li>• Chronos production house</li> </ul>	Production and showing of a video play for primary schools on climate change and responsible production.	<p>The partnership helped provide knowledge and skills to over 290 families with children in primary school.</p> 
EDUCATION, TRAINING AND WORK AS TOOLS FOR CHANGE	<ul style="list-style-type: none"> <li>• 21 Grammi Association</li> </ul>	Collaboration with the 21 Grammi restaurant to sustain ongoing activities and maintain staff employment.	<p>The partnership helped support the maintenance of decent work for people with disabilities, enhancing and promoting the social and economic inclusion of all, without regard to all kinds of diversity.</p> 

	Partnerships activated	Shared projects	The impact of the partnership on the 2030 Agenda
<b>SOCIAL INCLUSION THROUGH SPORT AND CULTURE, AND THE CREATION OF INCLUSIVE SPACES</b>	<ul style="list-style-type: none"> <li>• Municipality of Lonato del Garda</li> <li>• Parish of Lonato del Garda and Campagna</li> <li>• Paul VI Oratory</li> <li>• Villaregia Missionary Community and Charity Associations</li> <li>• Creations, events and design</li> </ul>	A project of inclusion in the heart of the Lonatese community - the central square - which during the Advent period became a place for collecting gifts for families in difficulty.	<p>The partnership enabled the collection of over 300 gift boxes to support those in vulnerable, potentially at-risk situations. In addition, more than 150 gift cards were sold on the occasion to support the merchants in the area and thus contribute to full, productive employment.</p>  
<b>PROMOTION OF INDIVIDUAL PHYSICAL AND MENTAL WELL-BEING AND SAFETY AT WORK</b>	<ul style="list-style-type: none"> <li>• University of Brescia, Department of Medical and Surgical Specialities, Radiological Sciences and Public Health Dental Clinic</li> </ul>	Observational study of the correlation between occlusion and postural characteristics in the workplace using a stabilometric-baropodometric platform.	<p>The partnership enabled 274 Group employees (22 women and 252 men), with an average age of 43, to have free access to a treatment and prevention service for postural disorders, in favour of greater well-being. In addition, scientific research was supported.</p>  
<b>COMMUNITY DEVELOPMENT</b>	<ul style="list-style-type: none"> <li>• Municipality of Lonato del Garda</li> <li>• Engie</li> <li>• Virtus Feralpi Lonato Amateur Sports Association</li> </ul>	Creation of a 90,000 m² sports centre for young people from the area, including boys from Virtus Feralpi Lonato and from the Leoni del Garda football club	<p>The partnership contributes to the creation of a logistics and sports hub of value to the area for its inclusiveness and accessibility.</p> 
<b>GLOBAL EMERGENCIES</b>	<ul style="list-style-type: none"> <li>• Brescia Community Foundation</li> <li>• Newspaper of Brescia</li> </ul>	Participation in fundraising to support healthcare in Brescia and networking with requesting organisations	<p>The partnership raised donations of more than Euro 18 million invested in public health protection, providing services and treatment to all those affected by the Covid-19 pandemic and in-kind donations.</p> 



Alongside its support for local communities through shared projects, Feralpi thus strengthens its commitment to protecting and safeguarding the world's cultural and natural heritage in line with its areas of commitment defined in the 2019 financial year.

This constantly evolving, growing journey is founded on a constant, active role within the **trade and technical associations** with which the Group has been working for some time.



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Please read the chapter **2.3**  
"Economic sustainability and stakeholder value generated" \_pag. 95



## AiutiAMObrescia: fundraising for healthcare in Brescia

The business world is responsible for distributing wealth to the community and promoting the development of the local area. It is therefore also called upon to respond to a health emergency that undermines the very foundation of well-being: health. With this in mind, Feralpi chose to channel its aid into a far-reaching community project, capable of supporting the country in a constructive, broad and decisive manner. The Feralpi Group thus took part in the #aiutiAMObrescia initiative to help the Brescia health system in the fight against the coronavirus.

### TRADE ASSOCIATIONS

- **Confindustria Brescia**, Industrial Association of Brescia
- **AIDAF**, Italian Association of Family Businesses
- **Federacciai**, industry federation
- **Federmeccanica**, trade union federation
- **Eurofer**, European Steel Association
- **Ramet**, Consortium for environmental research for metallurgy
- **Wirtschaftsvereinigung Stahl**, German steel industry federation
- **Industrieverein Sachsen Chemnitz**, regional association of businesses of Saxony
- **Vereinigt Wirtschaftsforum Riesa**, local economic association
- **Deutscher Ausschuss für Stahlbeton V., Berlin**, regional industrial association of Saxony - National committee for the setting of standards in German industry and the improvement and distribution of construction products
- **Regional Chamber of Commerce and Industry in Dresden**

### TECHNICAL ASSOCIATIONS

- **Fondazione Csr**, National study centre for corporate risk control and management
- **Riconversider**, Federacciai consultancy firm that deals with business organisation, technological innovation and financial management
- **Unsider**, Italian steel standards unification body for promoting the knowledge of international standards
- **AIM**, Italian metallurgy association
- **FEhS-Institut Duisburg**, building materials research institute, focusing mainly on the reuse and recovery of slag
- **BDSV**, Bundesvereinigung Deutscher Stahlrecycling-und Entsorgungsunternehmen e. V., German business union for steel recovery and disposal
- **ESN**, Entsorgungsgemeinschaft der Deutschen Stahl und NE-Metall-Recycling -Wirtschaft e V. German national association for the recycling of steel and non-ferrous materials
- **Sächsischer Hafen-und Verkehrsverein e.V. Dresden** Association for the management of ports in Saxony

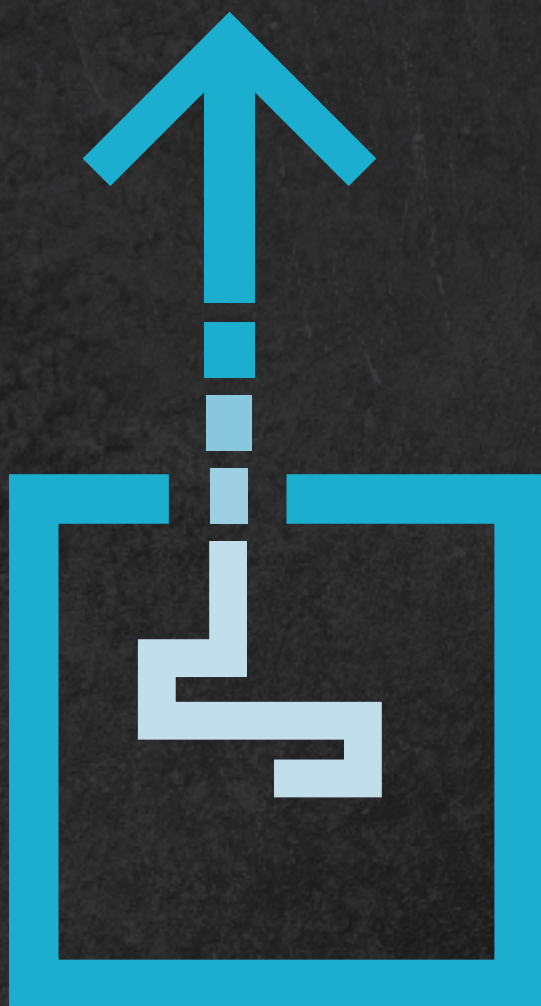


# 2 Industrial commitment and creation of economic value

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## Feralpi's Journey To 2030: Ambitions

- ▶ **Improving** product and service quality by optimising processes through inclusive and sustainable industrialisation
- ▶ **Enhancing** technological capabilities through research and development activities
- ▶ **Creating** value for the community by valuing work, safeguarding the cultural and natural heritage and contributing to sustainable urban development





❖ The current health emergency and related compulsory social distancing measures have underscored the need for an increasingly digital industrial world, as is also evident in the Industry 4.0 investment plan.

Technological progress underpins efforts to achieve environment-related goals set out in the 2030 Agenda, such as increasing resource and energy efficiency, and as stimulated by the National Recovery and Resilience Plan - Next Generation (NRRP) and the European Green New Deal.

## ❖ Innovation and industry 4.0: an industrial responsibility

Feralpi is a large industrial group engaged in steel production. Building on a long tradition, the Group constantly invests in cutting-edge production processes to ensure inclusive, sustainable industrial development and provide modern, environmentally friendly technological solutions to the entire supply chain.

## 4 Fields of R&D action

Product improvement

Process and safety improvement

Sustainability

Process control and optimisation

10

Ongoing projects

50

Project partners

about

50

Feralpi people involved in research projects

## ❖ Results 2020

1,238,398  
(€/1,000)

Revenues

Revenues from sales by geographical area

38%

Italy

34%

Germany

16%

rest of EU

12%

rest of world

2,486,076 t

Steel produced

178.5 million €

Gross overall value added 2020

55,597 (€/1,000)

Group technical investments

## Developing a Quality supply chain

**Quality is achieved by monitoring all stages of the process**



qualified suppliers



incoming controls



reporting non-conformities



controls throughout the production process



management of feedback information



compliance with labelling regulations and information transparency



service quality

One aspect that is strategic to supporting the quality management system is the commitment to research on individual phases or throughout production, as in the case of the Quality Integration project.

**The production of electric furnace steel involves the use of metals and materials, including lime, ferroalloys and refractories. The most important of them all is scrap, which makes up the core of what is produced and then sold.**

**ISO 9001**

Certified quality management systems

**12**

plants with ISO 9001 certification

**100%**

agents added to the new CRM platform

**No case of non-conformity**

related to product information and labelling

## 2.3 Economic sustainability and value generated for stakeholders \_pag. 95



**Feralpi combined its commitment to reducing environmental impact with the introduction of new green financial tools, capable of merging business development and sustainability.**

This is a concrete commitment that confirms the Feralpi Group's desire to continue to respond to what the market and society demand of companies looking to the future.

**Feralpi is the first steel company to have been granted access to a positive loan offered by BNL Gruppo BNP Paribas: a line of financing whose terms are linked to precise sustainability indices that are measured and monitored.**

After one year, the Group reduced its direct emissions by 1.2% compared to 2019, compared to an overall reduction of 5% by 2023.

**The commitment to a progressive reduction of its environmental footprint through circular processes and the energy transition was also renewed through an Euro 40 million loan from Intesa Sanpaolo in 2021.**

**The first CE-linked interest rate swap was also signed with the bank: this instrument rewards the company's virtuous behaviour by improving the conditions of the derivative if circular economy objectives are met.**

**These steps are part of a financial process begun in recent years that enables Feralpi to ensure the continuity of its business plan (about 30 sustainable investments are planned) in line with the Feralpi Group's sustainability strategy and the United Nations Sustainable Development Goals.**





## An avenue of **Development**

**Feralpi contributes to the progress of its local area by means of local spending, hiring, donations and sponsorships.**

This commitment – which translates into the creation of social economic value for the Group and its stakeholders – was strongly promoted in 2020, through support for the community, support for the national health system, protection of the supply chain and care for its own people.

**124.7** million €

Net **overall value added**

**65%** Employees

**23%** Public administration

**5%** Risk capital

**4%** Lenders

**3%** Community

**27%**

of 2020 **turnover paid to local suppliers**

**80.4** million €

paid to all **persons employed by the Group**

**57**

local organisations supported in **projects with social and cultural purposes in support of the community**

over **4** million €

Feralpi Group's contribution to supporting **local communities**

## SUSTAINABLE DEVELOPMENT GOALS

**Our industrial commitment** to continuous improvement in quality and technologies is consistently grounded through management systems, investment in research and devel-

opment, with the ultimate goal of creating value in terms of inclusive and sustainable industrialisation, in line with specific **goals of the United Nations 2030 Agenda.**



## 2.1.

### **Industry 4.0** and innovation to increase productivity and improve the product while respecting the planet

(103-2; 103-3)

For Feralpi, maintaining sustainable production conditions has always been a commitment both to the workers who work for the company and to the surrounding communities, with a view to reducing CO2 emissions and decarbonisation, reducing waste and promoting circularity strategies to recover and reuse materials, reduce consumption and recover energy, improve water emissions and all emissions in general.

To this end, Feralpi has implemented specific research and development activities and internal projects, as well as projects recognised by external financing bodies, with a view also to continuous monitoring of its environmental performance.



**In terms of distinctiveness, Feralpi approaches the market with an innovative approach that translates into:**



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See the chapter **1.2** "Innovation at Feralpi and its impact on the Italian economy" \_pag. **38**

### **Product improvement**

In addition to its business areas, in recent years Feralpi has developed a specific line for the production of special steels for medium and high carbon, including for the bolting, automotive and other markets. To this end, Feralpi has promoted not only the creation of a specific structure and business unit and a renewal of its facilities and professional profiles, but also a specific R&D office to coordinate research activities.

Three areas for improvement have been identified:

- **development of new products and new steel grades** not previously present to expand the production range of special steels;

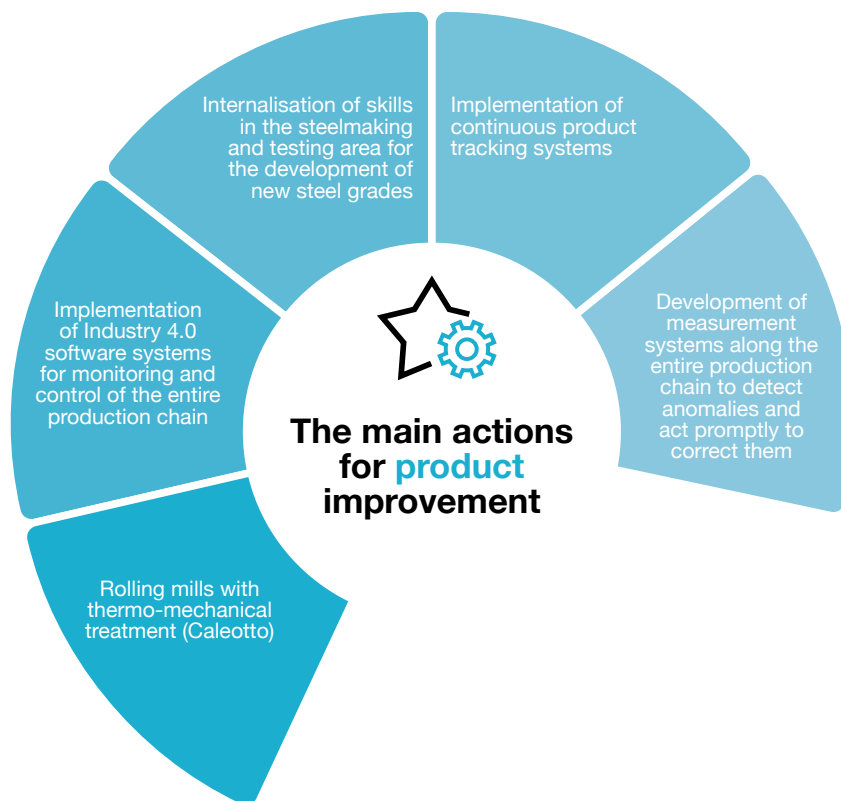
- **reduction of defects and improvement of steel mill quality** in terms of reduction of internal and surface cracks, porosity and reduction of unwanted components and inclusions;
- **reduction of defects on the laminated product** and improvement of product calibration and packaging.

In order to pursue these three areas, new plant solutions have been developed over time, investing particularly in testing and sampling activities in synergy with the entire production chain, developing partnerships with universities and research organisations. New resources were also hired in the Steelmaking and Rolling area work teams.



The activities saw the implementation of various projects both nationally and internationally mainly related to Quality Integration, aimed at adopting a systemic approach from steel mill

to rolling, all possible actions both in terms of plant improvement, testing of changes in operating practices and implementation of simulation systems and control Industry 4.0.



### Quality Integration

Application of technological developments and Industry 4.0 criteria with the development of a quality data integration platform to obtain a single view of the entire special steel supply chain including **Acciaierie di Calvisano**, **Arlenico** and **Fer-Par**.

### WireAccuracy 4.0

Application of technological developments and Industry 4.0 criteria for process control in order to obtain the highest quality wire rod product with thermo-mechanical treatment and improved dimensional tolerance.

### SupportCast

Development of technological systems and monitoring systems for surface defects on billets in order to obtain improvements in the quality of billets produced by **Acciaierie di Calvisano** through reduction of internal defects in terms of segregation and surface crack defects.



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For further details, see the chapter **2.2** "Product and service quality" \_pag. **90**

## Improved process performance and safety

Over the years Feralpi has worked to improve its plants, and the following have been fundamental to these efforts:

- external expertise;
- increasing the efficiency of processes;
- the implementation of Industry 4.0 logic, simulation and digitalisation to increase the ability to monitor and control the production process.

In order to proceed with the improvement processes in the projects concerned, it was essential to include plant actions, process simulations, monitoring systems and self-adaptive and present control systems for the entire production chain.



### SteelPro4.0

Technological developments and application of innovative control systems in the entire production cycle of billets in steel mills in order to improve production performance, energy efficiency, metal yield and product quality.

### OptiScrapManage

Application of an innovative casting process control system with prediction and simulation criteria in order to optimise the performance of the EAF process.

### WireAccuracy4.0

Plant developments and application of control systems and Industry 4.0 to improve the performance of the entire production cycle and the reduction of energy consumption.



For further details, see the chapter **2.2** "Product and service quality" **\_pag. 90**

See the end of the chapter for further information **pag. 89**

For further details, please refer to the chapter **3.1** "Environmental management: from climate commitment to impact limitation" **\_pag. 106**



## Development of sustainability initiatives and reduction of the Group's environmental impact

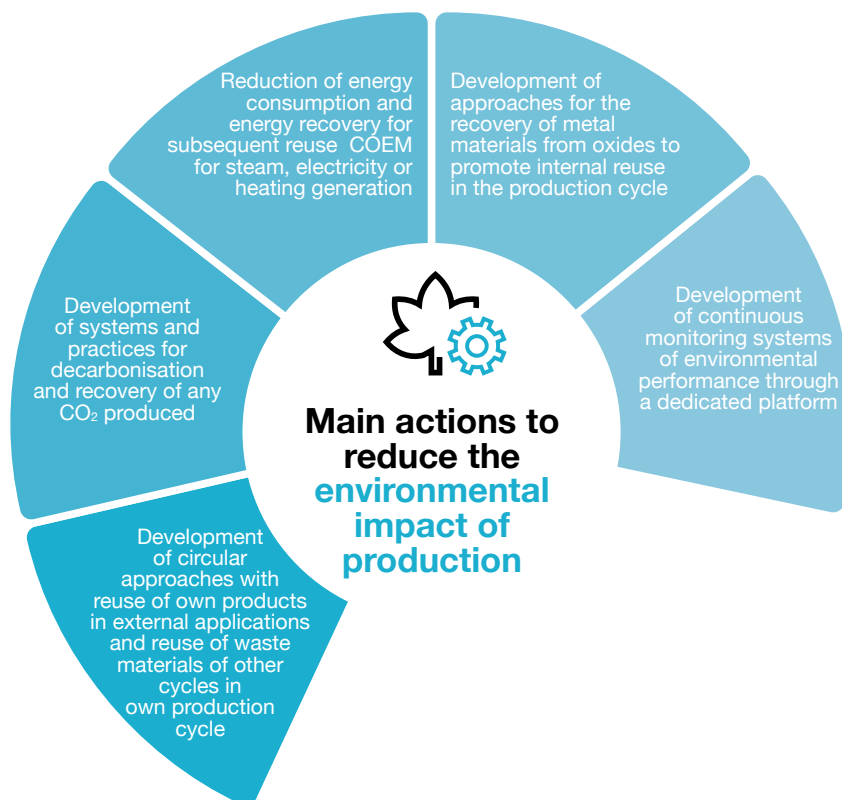
Feralpi believes in the development of zero impact steel production through maximum exploitation of recovery possibilities. To this end, Feralpi seeks to act in a global manner on all aspects that may serve to achieve this goal, aware that the integration of people, processes and information may enable the cycle to be optimised for this requirement.

Extensive networking actions, within the sector and beyond, assume a strategic role in support of this process.



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Please refer to the chapter **1.8** "Stakeholder engagement and the value of partnerships" \_pag. 66



### SteelZeroWaste

Research activities and study of demonstration systems to identify favourable solutions to reduce the environmental impact of steel production in all its forms, including solid and gaseous waste, as well as the development of a plant monitoring system based on quantitative KPIs.

### Coralis

Development of examples of industrial symbiosis in different European areas in which to demonstrate a virtuous approach in terms of interchange of solid waste products for further use.

### Onlyplastic

Development of innovative solutions to replace coal in the EAF process with the aim of identifying innovative materials capable of reducing CO<sub>2</sub> emissions.



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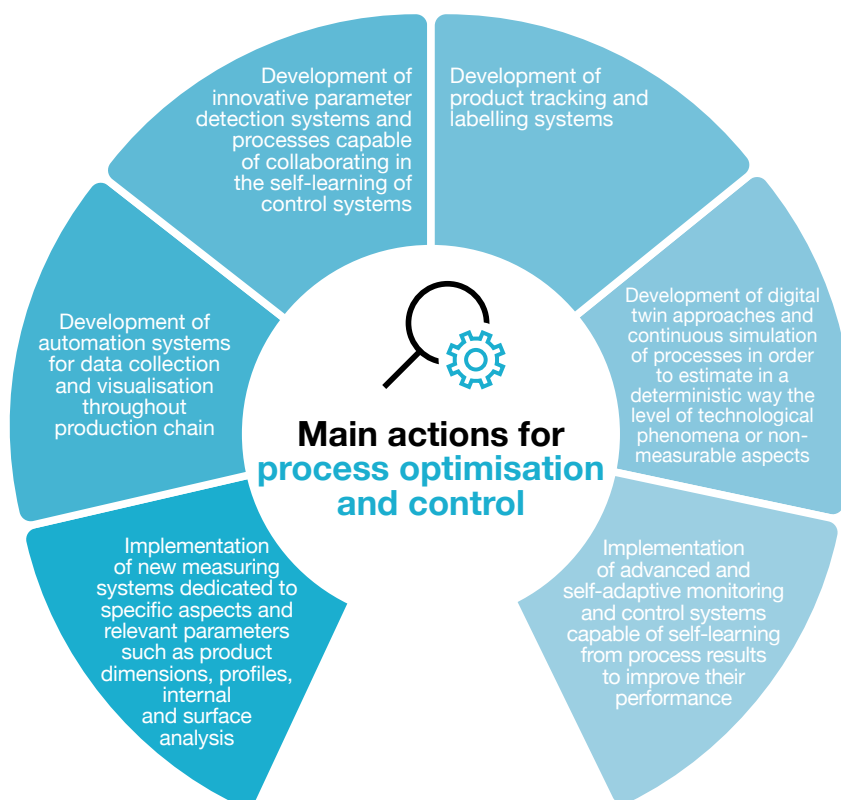
For further details, see the chapters **3.1** "Environmental management: from climate commitment to impact limitation" \_pag. 106

and **3.2** "Circularity as the key to managing impacts" \_pag. 120

## Process control and optimisation

The application of digitalisation systems and Industry 4.0 in general have been a continuous, global effort for Feralpi.

The main focus has been on applying better process monitoring and control, as these aspects are the necessary basis for controlling and increasing the repeatability of the processes.



### iSlag

Development of a control system based on slag conditions in order to optimise the liquid steel treatment process and optimise slag conditions to achieve recovery.

### PerMonList

Development of a self-adaptive control system concerning EAF and LF process covering the whole liquid steel production process.

### ConSolCast

Development of monitoring, simulation and measurement systems using innovative control systems – applied in continuous casting – to improve production performance and prevent/reduce the effects of anti-breakout criteria.



See the chapter **3.2** “Circularity as the key to managing impacts” for more details **\_pag. 120**

See next page for further information.

See next page for further information.



**Numerous projects have been carried out and are being developed to optimise processes and improve their reliability and repeatability: these projects place the Group at the highest level of innovation of Industry 4.0 systems applied in the steel sector.**

In fact, they make it possible to increase the capacity of process analysis as well as improve the company's know-how thanks to internal and external collaboration, and they offer the opportunity to monitor processes through predefined indicators, to simulate non-measurable technological phenomena and to obtain digital twins<sup>19</sup>, to apply guidelines aimed at implementing corrective actions in the face of anomalies including methods of self-adaptation and self-learning. Moreover, the approach makes it possible to operate in a supply chain logic, and thus to take into account the surrounding process phases that may have an influence.

Specifically, the most impactful approaches implemented are:

- **the need to use advanced sensors** the need to use advanced sensors to monitor the progress of the processes as in the case of the acoustic sensor capable of detecting the coverage of the electric arc from the slag in the EAF process or the non-contact steel temperature sensor;
- **the collection and analysis of process data** in a synthetic way through KPIs in order to guarantee continuous monitoring of the processes;
- **the implementation of calculation logics** of process conditions that cannot be monitored by means of online simulators, systems to evaluate and prevent process variations;
- **implementation of online process adaptation and control guidelines;**
- **the possibility of an integrated vision** of the entire cycle as a vision through process so as to allow process control taking into account the entire production chain;
- **the possibility of allowing the self-adaptation of processes** on the basis of the performance of previous production periods.

Among the many research projects developed over the years in which a 4.0 logic is applied, one stands out:

- **OptiScrapManage**, a project aimed at optimising the loading mix to be implemented in EAF through the development of melting process simulation systems and the implementation of load optimisation criteria.
- **PerMonList**, for the development of intelligent simulation and monitoring systems for the liquid steel-making process in steel mills including scrap melting, liquid steel treatment aimed at process stabilisation and online correction of abnormal conditions. The project is one of the first in Europe to develop criteria for self-learning and self-adaptation of process simulation systems and implementation of control criteria through digital twinning of the production process.
- **ConSolCast**, a project in collaboration with international research partners, dedicated to the development of software techniques and sensors to improve the control and reliability of the continuous casting solidification process at the Riesa plant. In particular – through the coupling of advanced sensors for monitoring the temperatures in the ingot mould and the conditions of the end of solidification – the project aims to detect anomalous conditions of solidification indicating the correction during the process itself.

Other projects that have provided a great impetus to Industry 4.0 methods and strategies are **WireAccuracy 4.0**, **SteelPro4.0**, **islag** and **Quality Integration**, aimed at implementing and integrating the various process phases with monitoring, simulation and process control criteria, including technological and plant engineering developments. These projects aimed at improving process performance, process sustainability and results in terms of product quality are described according to their impacts in the sections below.

<sup>19</sup> A digital twin is a virtual replica of physical, potential and actual resources (physical twin) that are equivalent to objects, processes, people, places, infrastructures, systems and devices. They are used for various purposes, especially in production and for predictive maintenance.

## 2.2.

### Product and service quality

(103-2; 103-3; 417-1; 417-2)

**In line with its business plan, which sees diversification, innovation, quality, safety and sustainability as avenues of development, Feralpi seeks to increase its presence in the construction steels and special steels markets.**

In 2020, the Group therefore defined a new industrial set-up for the **Nave** plant, which from 2021 will be converted into a **Presider** production unit in order to better respond to the needs associated with the large-scale infrastructure projects of the coming years. At the same time, with respect to the special steels market, the Group has chosen to fully integrate **Caleotto** with the **Arlenico** plant, with the aim of expanding the range of high-quality steels.

In the face of this new set-up, which aligns with the Business Unit organisational model defined in 2019, Feralpi continued its process of consolidation in the infrastructure market, building loyalty among existing customers and acquiring new ones through deeper market analysis, while at the same time increasing its penetration with a diversified approach and a high level of synergy between plants, product ranges and services. It is with this in mind that in 2020 the Group consolidated the synergies between plants through the "Commercial Excellence" project: thanks to bi-monthly meetings between all the Group's sales managers, the exchange of experiences is now easier and more immediate. Through these meetings, best practices are shared on market trends, problems that have emerged, partnerships developed and local presence. Added to this is the creation and collaborative development of common, shared Group knowledge of both the market and the customer.

Against this commercial approach, in terms of quality Feralpi continues to standardise and integrate the various management systems of the various companies in order to set common guidelines that will eventually lead to Group **Total Quality Management (TQM)**. This is a system where all business processes are identified according to agreed and shared procedures, staff is continuously trained and enabled to operate to the best of their ability and the approach is based on Research and Development projects as well as on the individual process phases of the entire production chain. From this point of view, in agreement with the Company Management and with the support of the IT Manage-



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For further details, see the chapter  
"The year 2020" \_pag. 22

ment, in 2020 it was decided to concentrate all the activities of the quality area (i.e. tracking and control of products) on the Group software which, interfaced with the other company bodies already included in the SAP system, allows more reliable tracking of data and streamlining of the certification process, from the entry of the feasibility with the consequent order, up to the shipment and issue of the certificate. The same activity was also completed at **FERALPI STAHL**, together with the entire infrastructure. The project is part of a broader process that involves including the **Caleotto** plant in Feralpi's management system: the inclusion of a company in the Group's overall system makes it possible to standardise the organisational practices of all plants.

**Within the scope of the Specialities BU – specifically for the Acciaierie di Calvisano – Caleotto chain – the "Quality Integration" Research and Development project was completed, aimed at promptly identifying the onset of defects, addressing products in advance to the recipient in relation to the product's quality classes, alerting other upstream or downstream process phases to the presence of anomalous situations and learning from data and correlation analysis of possible corrective actions. After the implementation and testing phase, the system is now usable by operators. This was achieved by implementing software systems for monitoring the continuous casting process and a platform for integrating process and quality data between the various sites. In addition, the project includes studies and implementation of tools to improve product quality. Finally, as part of other projects, the implementation of measuring systems for detecting defects on billets is underway, while the recent installation of a detector on the rolled product will make it possible to identify any defects and ensure the delivery of quality material.**

**Caleotto has also begun the process of obtaining Automotive IATF 16949 Certification, which will presumably be concluded in 2022, with a twofold objective: to improve the internal organisational structure and send a strong message of quality to the reference market.**



**In 2020, Feralpi Siderurgica also invested in terms of quality at plant level: the new roll carousel which, when coupled with the welding machine (scheduled to start up in 2021), will allow continuous production of rolls without waste.**

**In terms of customer loyalty and improving service quality, Customer Relation Management (CRM) was promoted and developed in 2020:** a platform designed as daily operational support both for agents – so that they can better manage the relationship between customers and the company in terms of time, productivity and satisfaction – and for the Group's sales force, which, by reducing back-office work, can invest their time in strategic business development and market analysis. This tool is also instrumental in providing improved forecasting and budgeting tools.

**For Feralpi, having this tool means pushing for a cultural change in the figure of the agent, but also in the very role of internal sales resources, thus encouraging a revolution in the entire process that is now designed to focus on the customer and no longer on the product.** CRM makes it possible to collect detailed data on customers and their relationship with the Group, enabling correct profiling of needs and expectations and therefore the possibility of establishing a relationship that is increasingly responsive to market needs and ongoing over time. Thanks to this platform, knowledge of customers and their needs has become a Group asset that can be preserved and passed on over time, without being lost.

To date, 100% of the agencies that did not have a client relationship tool are present on the portal and, with them, 100% of their clients have been classified and entered into the system. In order to encourage the use of this tool and make it truly functional in improving the perceived quality of the service offered, two "one-

to-one" meetings were scheduled with each agent in 2020 – one to present the project and the other to classify customers – so as to share and examine all aspects and the related obstacles. This was followed by ongoing on-the-job training for agents to deal with any doubts or issues.

## What Feralpi's CRM includes



### All about the customer

Master data  
Fido  
Budget



### Opportunities



### Questionnaires



### Visits



### Forecasts and reports



### Sale

Order  
Invoice  
complaint



As of 31 December 2020, six agencies are operational after the first testing phase. Further investment will be made in 2021, increasing the number of operating agencies and profiling customers with ad hoc questionnaires. At the same time, the platform will be made operational for aspects related to orders and forecasting.

Alongside CRM, to effectively support the relationship with customers there is also a digital platform through which everyone can view online, on their own profile, all documents related to it. **This platform is used Group-wide for many aspects related to the value chain, i.e. from purchasing to sales, including logistics and administration. To date, 100% of customers and suppliers are involved.**

Key benefits include:

- increased **collaboration with customers**, who can view all order-related documentation;
- increased **collaboration with core suppliers**, who have access to documentation related to the downloaded material;
- increased **efficiency of processes**, through the implementation of automated tools;
- **reduction** of manual activities;
- **quality and accuracy** of information;
- time **containment** of business processes and internal communication;
- reducing paper usage by **digitising** documents.

At **Presider**, **Presider Armatures** and **Metallurgica Piemontese Lavorazioni**, there is also another important commitment in terms of improving the service offered, which concerns the availability in stock of the material needed to meet customer orders according to the quality specifications linked to each market. In this regard, the companies are committed to the daily monitoring of the stock for those materials that are found to be lacking and to carefully analysing the drawings received from customers to order the necessary material.



## Group policies and management systems

Feralpi has made product and service quality a focal point of its approach to the market. The technological evolution of the downstream sectors, the globalisation of the markets and the constant drive towards ever-higher quality standards are daily challenges for the Group.

With the exception of **Ecoeternit** and **Presider Armatures** – which in terms of quality meet precise product standards managed by the certifying body AF-CAB – Group companies have a quality management system in accordance with UNI EN ISO 9001:2015, which also provides guidance on how to manage risks and opportunities, which are then described within the Quality Manual and the specific Group procedure. In 2020 the process of integrating the various Quality Systems of the Group's various companies continued in order to achieve **Total Quality Management (TQM)** for Feralpi.

This system is also accompanied by specific quality policies (in Italy) or principles (in Germany). Quality is incorporated within the overall management system at the companies based in Riesa. **Presider Armatures'** policies – in accordance with Group directives – conform to the standards set by NF-Armatures certification.



## Quality governance

The Group's quality management process, monitored through dedicated KPIs for each business process, involves various company departments, starting with the Group Quality Management and the plant departments, as well as the Integrated Management System contact person for the Riesa plant, through to the Sales Department, also involving logistics and

customer care for service-related aspects. The IT department provides support for technological matters, in addition to the R&D department, aided by the Technical Department for more innovative projects.

## Product quality

**Products are named according to national and European technical standards and directives: each product is associated with a label showing an ID code, the quality level stipulated by standards, the reference standards, dimensional references, a barcode, and the identifying symbol issued by standards organisations. The accuracy of labels is checked by inspection and certification bodies.**

The company provides the certificate of control 3.1 UNI EN 10204:2005 of the various types of products and, for structural steel, the certificate of qualification in accordance with the regulations of each country of reference. At a Group level, all products are assessed to ensure compliance with the technical standards of reference and client specifications.

Products are tracked through package labelling and delivery documents. In addition, on Italian products or on request according to the country of reference, a distinctive hot marking is applied to guarantee their origin.

The Group applies product quality assessment criteria through the analysis of non-conformities and their resolution. During the three-year period there have been no cases of non-compliance with regulations or voluntary codes on product labelling and information. No certificates have been reported as lost, nor have there been warnings from certification bodies, with the exception of one report of non-compliance at Presider Armatures in 2019, as discussed in the previous Non-Financial Statement.

The Group is committed to supporting product and service management processes, with research projects that aim to increase quality, including in process terms, in line with an Industry 4.0 approach. In this sense, the R&D projects that most involve aspects related to product quality are:

- **Quality Integration:** adoption of process measurement and control systems to improve billet product quality. The project includes the implementation of software systems to monitor the process in continuous casting and along the entire production chain of the special steels of Calvisano, Caleotto/Arlenico and Fer-Par with the aim of creating an integrated system between various sites and correlate the quality level of the rolled product and the possible presence of defects with the causes of defects, along the entire production process starting from continuous casting. Thanks to data analysis that correlates defects with the causes of origin and to the implementation of logic for predicting the quality level of the product, to the inclusion of alert criteria in case of detection of possible defects, it is also possible to act promptly on downstream processes.
- **Feralpi Siderurgica's Wire Accuracy 4.0:** development of plant systems aimed at creating an integrated system along Feralpi's entire production chain, from scrap to the derivatives area, including the steel mill and rolling mill. In this activity the aim is to obtain a wire rod product of higher quality in terms of its mechanical characteristics and with fewer defects thanks to a better control of processes, due in part to the implementation of Industry 4.0 strategies.
- **SupportCast:** development of systems aimed at improving the internal quality of the product with reduction of internal segregation and porosity, as well as the improvement of surface quality through the development of a system for the detection of surface defects on billet.
- **SteelPro4.0 of Acciaierie di Calvisano:** implementation of various plant engineering measures to improve the process and product quality control actions, including defect measurement systems on billets using laser techniques and the implementation of a solidification simulator able to provide the status of the expected solidification in real time and therefore possible correction elements and correlation with the defects detected.

## Measuring service quality

**Out of the conviction that continuous process innovation, research into innovative materials and certified quality management are key to guaranteeing real customer satisfaction over the long term, the Group is constantly committed to offering quality service.**

Management and measurement are the responsibility of the Sales Department, which cooperates with the Quality Department, particularly in managing complaints, which – whether they are simple reports or real non-conformities – are shared between the two departments that analyse and verify the content and develop operational procedures for resolution. It follows that the decision-making process, i.e. whether or not to accept the complaint, must be shared between the departments involved and evaluated on the basis of the extent of the anomaly that has emerged and the actual events. The decision whether to accept a complaint at a technical level is taken by the Quality Office following in-depth analysis. In case of technical acceptance, the Sales Office can take action with the customer to withdraw the material, replace the material or opt for an economic closure. Some customers, especially in the automotive industry, request more details of the incident, reasons, action plans and actions for resolution.

Many of the Group's plants, including **Presider**, **Metallurgica Piemontese Lavorazioni**, **Nuova Defim** and **Caleotto**, carry out an annual survey to monitor the degree of customer satisfaction, which includes

requirements relating to the quality of service, such as relations with sales offices and flexibility in production and deliveries.

The methodology used by **Presider** and **MPL** to analyse customer satisfaction is a telephone interview or a questionnaire to evaluate the product and the service provided. An initial telephone contact is planned with all customers in order to frame the analysis and perceive the degree of satisfaction/dissatisfaction, and a qualitative interview was then carried out with some, while a questionnaire was used with others. To carry out this survey, different types of companies were taken as a representative sample, from the smallest to the largest. The results indicated that customers were very satisfied with the product/service (78.2 out of 100 for MPL and 80.6 out of 100 for Presider). Among the points for improvement are the issue of flexibility of deliveries.

In addition to annual customer satisfaction, which in 2020 found a customer satisfaction rate of 78%, **Caleotto** monitors its monthly promises to customers with a stricter delivery percentage target for automotive customers and compliance with deliveries from billet suppliers.



**Feralpi Siderurgica plans to include a section in its CRM dedicated to receiving feedback from customers on their assessment of the service in terms of availability, punctuality and accuracy.**

## Results

Major infrastructure projects are crucial to achieving sustainable development and strengthening the resilience of today's communities in the face of unpredictable events, weather and otherwise. Inclusive, sustain-

able industrial development ensures a better standard of living for people and provides technological solutions for environmentally friendly industrialisation.

**The ability to innovate, technological progress aimed at enhancing quality and the inclusion of the entire supply chain are aspects that characterise Feralpi's approach to the market and its impact on society, making a positive contribution to achieving Goal 9 of the United Nations 2030 Agenda.**



## 2.3.

### **Economic sustainability and value generated for stakeholders**

(103-2; 103-3; 201-1; 201-4; 204-1; 207-1; 207-2; 207-3; 207-4)

**Integrating economic aspects with social and environmental aspects is a commitment that Feralpi made with the aim of creating value for all its stakeholders in the long term.**

Feralpi's economic dimension is therefore strategic to achieving the commitments of responsibility that the company has towards its stakeholders. The Group oversees the value production process and reports it annually in its Consolidated Financial Statements.

### **Group economic - financial performance**

The 2020 financial year ended with a turnover of Euro 1,238,398 million, 4.9% down on the previous year.

Value of production declined by 8.2% overall in 2020 due to the non-recurring positive impact recorded in 2019 related to the closure of the litigation with the Italian Antitrust Authority and the revenue performance.

Revenue performance differed across the Group's various business units. In the Italian Construction Business Unit (Building Division) the reduction was mainly due to lower sales prices, with sales volumes slightly down due to the production stoppage caused by Covid-19. Within the business unit, Presider, which makes shaped products and represents a verticalisation of the Group's activities, reported higher sales volumes. In the German Construction Business Unit (Construction Division), the reduction was due exclusively to lower sales prices,

while volumes increased. In the Specialties Division, market conditions in the automotive and industrial sectors that use Caleotto's products led to a reduction in prices and sales volumes; on the other hand, Nuova Defim (Diversified Products Business Unit) achieved an increase in the value of production.

In all of the Group's operating units, the value of production showed a significant recovery starting in the summer and especially in the last months of the year.



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See the 2020 Consolidated Financial Statements for further information.

## Public and private funding for a green transition

During 2020 Feralpi was able to take advantage of public grants to develop research projects, for a total of Euro 19,322,895, the context of which is explained in the chapter "Industry 4.0 and innovation to increase productivity and improve the product, while respecting the planet", and details with the results in the chapters "Product and service quality", "Circularity as the key in managing impacts" and "Energy, climate and pollutant emission management".

**Starting the previous year, Feralpi combined its commitment to reducing environmental impact with the introduction of new green financial tools,**

**capable of merging business development and sustainability. In 2019 Feralpi was the first steel manufacturer able to access the sustainability-linked loan offered by Bnl Gruppo Bnp Paribas, a credit line for the sum of Euro 20 million, with conditions linked to specific, measured and monitored sustainability targets which, if achieved, means the credit becomes more competitive for the Company.** This investment, backed by dedicated investment tools, therefore aims to substantiate Feralpi's commitment, financially and otherwise, to putting its environmental performance at the centre of the business.

**In 2020 the Feralpi Group reduced its direct emissions by 1.2% compared to 2019, against an overall reduction target of 5% again compared to the year in which the financing was agreed.**



**In 2021 the Feralpi Group renewed its commitment to a progressive reduction of its environmental footprint through circular processes and energy transition, including through an Euro 40 million loan from Intesa Sanpaolo.**

**This is a concrete commitment that confirms the Feralpi Group's desire to continue to anticipate what the market and society demand of companies looking to the future.**

The objective of the agreement is to achieve specific targets linked to sustainability and the circular economy: the credit line will be mainly dedicated to the installation of a combination of technological solutions at Feralpi Siderurgica's plant, including rapid acceleration on the implementation of artificial intelligence through algorithms capable of constantly raising the total efficiency of the plant thanks to self-learning processes. The innovative technological solutions include optimisation of the production process aimed at lower consumption of raw materials and energy, as well as a significant reduction in waste, with a direct and indirect impact on reducing the environmental footprint of the Lonato del Garda plant.



"This deal with an internationally renowned firm such as Feralpi confirms the strength and reactivity of the Italian manufacturing industry.

The issue of environmental sustainability is – and will be – increasingly central to the development strategies of companies as demonstrated by the initiatives and projects under the National Recovery and Resilience Plan - Next Generation (PNRR) and the European Green New Deal!"

Mauro Micillo, Chief of IMI Corporate & Investment Banking Division of Intesa Sanpaolo.

The same transaction includes the **signing of an EC linked interest rate swap**, an absolute first for the Italian market (circular derivative) based on an interest rate hedging mechanism that calls for a reduction of the fixed rate paid by the company on the basis of the achievement of the same circular economy targets envisaged in the underlying loan. The agreement covering the loan provides for a bonus mechanism linked not only to the achievement of environmental, social and governance objectives through an ESG-linked interest rate swap but also to specific circular targets through an EC-linked interest rate swap.

**These steps are part of a financial process begun in recent years that enables Feralpi to ensure the continuity of its business plan (about 30 sustainable investments are planned) in line with the Feralpi Group's sustainability strategy and the United Nations Sustainable Development Goals.**





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for further information, consult the chapter 1.1 "The Strategy" \_pag. 28

It is in these terms that the Group is opening a channel of dialogue with various financial institutions in order to identify the most suitable solutions and thus operate in the near future according to three directives:

- finance investments identified in the industrial plan,
- extend already planned investments,

- undertake sustainable investments in terms of circularity and decarbonisation in the near future.

**This path towards a sustainable industry, driven today by the market as well as by the institutional context (Legislative Decree 254/2016 and the Green New Deal), allows Feralpi to structurally insert itself within value chains that have obligations to meet in terms of emissions.**



## Feralpi's fiscal responsibility

**The Group believes that the contribution deriving from taxes paid constitutes a channel through which it can participate in the economic and social development of the countries in which it operates; it thus undertakes to provide the national and local authorities responsible for controlling tax aspects with all the necessary information in terms of completeness, correctness and timeliness in line with the principles set out in the Group's Code of Ethics.**

The Administration and Finance Department of the parent company is responsible for managing tax matters and performs a supervisory, guidance and coordination function with regard to intragroup transactions. The Administration and Finance departments of each individual subsidiary are responsible for compliance.

The Group's Italian companies have participated in the national tax consolidation scheme for direct taxes for years have also participated in the Group VAT scheme since 2021. The Group prepares consolidated financial statements for tax purposes and pays Group VAT.

The individual companies operate in compliance with local tax regulations.

Tax-related risks are analysed and managed in accordance with the Company's overall Enterprise Risk Management model.

To date, the Group has not received any requests from its stakeholders regarding tax issues. Should they be received, they will be dealt with by the corporate functions.

Country	Number of employees	Revenues from third-party sales (€ Mln)	Revenues from intra-group transactions with other tax jurisdictions (€ Mln)	Profit/ loss before tax (€ Mln)	Tangible asset other than cash and cash equivalents (€ Mln)	Corporate income taxes paid on a cash basis (€ Mln)	Corporate income taxes accrued on profits/ losses (€ Mln)
Italy	923.0	744.9	38.2	(23.0)	749.1	-	2.7
Germany*	770.0	471.0	-	35.7	253.5	10.9	10.9
Other countries	17.0	23.0	2.5	-	13.2	-	0.0
Group	1,710.0	1,238.9	40.7	12.7	1,015.8	10.9	13.6

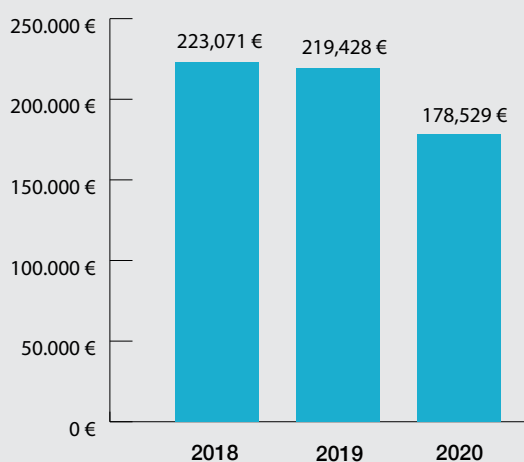
\*Includes Feralpi-Praha and Feralpi-Hungaria

## The economic value generated by Feralpi

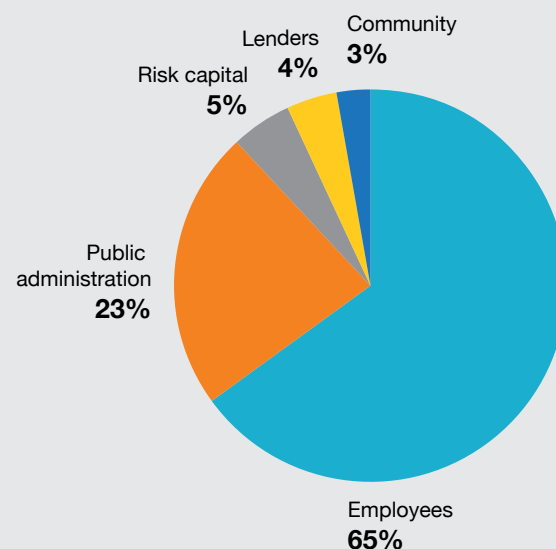
Added value is the wealth produced by Feralpi that is distributed to the various stakeholders, in different forms. In 2020 the gross overall value added amounted to Euro 178.5 million, while the net value for the stakeholders comes to Euro 124.7 million.

The breakdown of the overall net added value shows the greatest concentration in the remuneration of personnel (65%) followed by the Public Administration (23%) and the strengthening of capital (5%). Euro 6.8 million was allocated to capital strengthening, Euro 4.3 million to lenders and Euro 4.1 million to the community.

**Gross overall value added**  
(€/000)



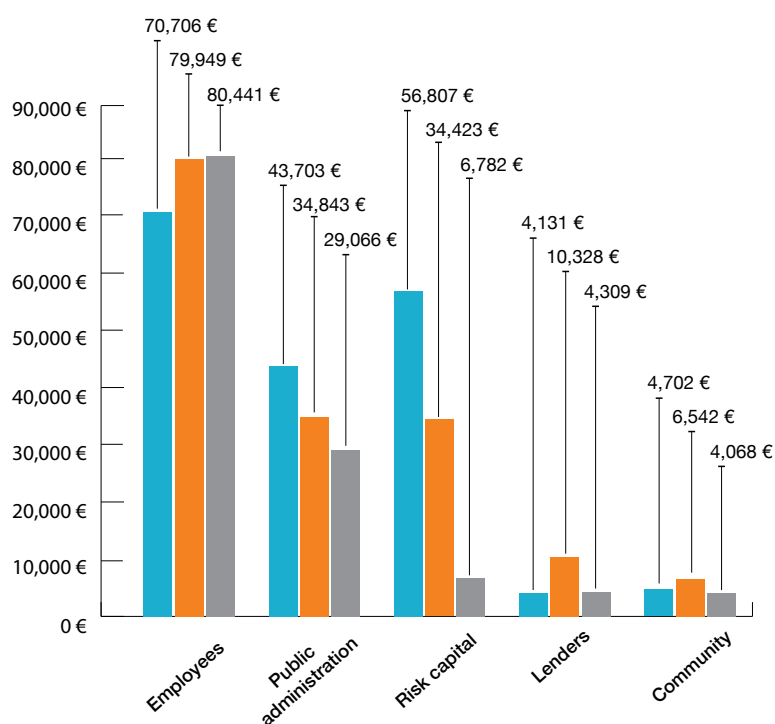
**Distribution of net overall value added to stakeholders**



**Distribution of net overall value added to stakeholders (2018-2020)**  
(in thousands of €)



Compared to 2019, against a decrease in overall net value added of 24.9%, the value distributed to employees increased by 0.6% for a total value of Euro 80.4 million.



## The creation of economic value for the community

**Companies and communities are often joined by a very close link that drives their economic development.** One example of this is the economic miracle of the post-War period but, without going too far back in time, it is sufficient to look today at the results of the commitment of many companies that invest in the areas where they operate.

Feralpi, too, has always pursued its commitment in the areas where it operates, creating economic value for numerous stakeholders, mainly employees, suppliers, institutions and organisations.



Feralpi contributes to the development of the community in various ways: for example, through projects shared with local partners (see also the chapter "The role of partnerships in contributing to the 2030 Agenda"), through commercial relations of supply but also of labour, as well as through economic contributions to non-profit organisations that play a key role for the community.



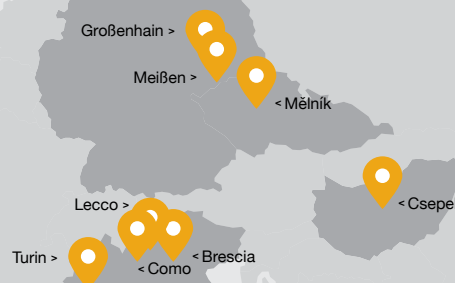
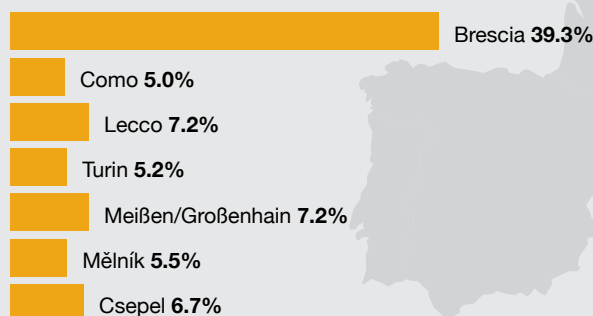
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See also the chapter **1.8** "The role of partnerships in contributing to the 2030 Agenda" **\_pag. 71**

**Considering its main production sites in Italy and abroad, the Feralpi Group paid over 27% of its turnover to local suppliers.**

**Percentage of turnover invoiced by local suppliers out of total supplies**

2020 percentage by geographical area



**In 2020 Feralpi contributed more than Euro 4 million to support local communities.**



## Areas of commitment of the Feralpi Group for donations and sponsorships for social purposes

- A. Safeguarding and caring for the environment
- B. Education, training and work as tools for change
- C. Social inclusion through sport and culture, and the creation of inclusive spaces
- D. Promotion of individual physical and mental well-being and safety at work
- E. Community development
- F. Global emergencies
- Culture A. Culture as an educational tool
- Culture E. Development of entrepreneurial culture
- Culture C. Publication and education on the world of steel
- Culture D. Preservation of the artistic and historical heritage of the community



## Grants and sponsorships for social purposes

The Group – in line with its policy for donations and sponsorships with social and cultural purposes – in 2020 supported 57 organisations in the development of social projects of different types, including a very specific commitment in the areas of "Global emergencies" and "Social inclusion, through sport, culture and the creation of inclusive and safe places".

Feralpi's economic commitment to local organisations has inevitably helped to create positive impacts in the area through the organisations it supports, whose work contributes to achieving the 2030 Agenda targets.

The economic and planning commitment to the promotion and development of local culture also emerges from the areas of action. In the view that the business community has a responsibility to support the area's cultural and natural heritage, as also highlighted in Goal 11 of the 2030 Agenda, Feralpi has long been an active participant in the cultural initiatives promoted and supported by Confindustria Brescia, such as:

- Joining the **Consortium Orgoglio Brescia**, which during Milan Expo 2015 was responsible for the design and construction of the Tree of Life, an icon of Expo and a demonstration of Italian ingenuity and created a wooden installation 45 meters high inspired by the studies of Leonardo da Vinci for the 45th Milan Chicago twinning.

- Nomination of **Brescia and Bergamo as Culture Capitals 2023** is a unique opportunity for the spread of business culture as well as a demonstration of how it can be promoted at a systemic level. After the Covid-19 emergency, in which the provinces of Brescia and Bergamo were among the hardest hit, a joint candidacy for 2023 was presented, even though Brescia will be the Italian Capital of Culture for the year 2022. A gesture that brings together the two community in the name not only of culture but above all of solidarity.
- The candidacy of **Brescia as Green Capital 2024**, involving an assessment by the European Commission of twelve environmental indicators, including air quality, waste management, soil consumption, but also green growth and ecological innovation, climate change mitigation, mobility and others.
- Commercial sponsorship of the Brixia Forum, which translates effectively into supporting key events such as **Futura. Economy for the Environment**, organised by the Chamber of Commerce - Pro Brixia in collaboration with Coldiretti, Fondazione Una - Uomo Natura e Ambiente and Confindustria Brescia.

In this context, Feralpi has chosen to give concrete support to **Fondazione Brescia Musei** for the three-year period 2020-2022 through the Alliance for Culture, which aims to support special initiatives such as exhibi-



tions, installation and cultural communication projects, the transformation of museum sites and the renovation of local monuments. The initiative is based on strategic cultural vision, shared with the partners, in which popular, scientific and artistic events represent the tool to enhance the social and economic development of the city of Brescia and its province.

**In 2020, Fondazione Brescia Musei and the Municipality of Brescia and the Soprintendenza Archeologia, Belle Arti e Paesaggio of the Provinces of Bergamo and Brescia participated in the return of the Winged Victory to the Capitulum of Brescia, after its restoration by the Opificio delle Pietre Dure of Florence.**

In addition to Brescia Musei, in 2020 the Group joined the Club "Amici della Rocca" (Friends of the Fortress): an exclusive association promoted by the **Fondazione**

**Ugo da Como** that brings together and welcomes private individuals and companies that support and share an interest in culture and wish to support central projects and activities as part of the process of enhancing the monumental complex of the "Rocca" of Lonato del Garda, also by encouraging forms of sustainable tourism capable of promoting culture and creating jobs.

**FERALPI STAHL** collaborates with the **Italienischen Kulturinstitut Berlin** as a support to the cultural projects and activities of the Italian Centre of the Technical University of Dresden. Furthermore, as a member of the **Vereinigttes Wirtschaftsforum**, it participates with other companies in the region in supporting joint actions for the promotion and enhancement of the Riesa region. Examples include the exhibition of works of art made from scrap metal and the creation of an information brochure, 'Kunst-Wegweiser'.

## Sport sponsorships

**The Feralpi Group's support for the local area and for inclusion is also reflected in its commitment to the development of local sport in many disciplines, both amateur and professional. This support was not lacking in the year of the pandemic, in the knowledge that sport plays an extremely important social role, especially for young people.**

The affinity of corporate values with the values of sport – especially that dedicated to young people – is the basis of this commitment. The decision to give preference to team sports is based on the conviction that they are a way for young people to learn, in an empathetic way, the rules of life, discipline and fair play, making their own attitudes useful for the development of their maturity as men and women.

The main activities supported by Feralpi are those related to cycling, football, rugby, skiing and rowing. **Feralpi Siderurgica** has been supporting the clubs Feralpisalò, Virtus Feralpi Lonato, Football Club Dilettantistico Acc. Feralpi, Gruppo Ciclistico Feralpi, Gruppo Ciclistico Feralpi Montecolare and Feralpi Triathlon for years. **Acciaierie di Calvisano** supports Rugby Calvisano while **Caleotto** supports Giovanni Franzoni, a young skier involved in the World Cup. **ESF Elbe-Stahlwerke** Feralpi is the main sponsor of the youth football training centre in Riesa, Fussball-Akademie, and the team BSG Stahl Riesa.

In 2020 the Group was committed to key projects for the development of the area where the main Italian plant (**Feralpi Siderurgica**) operates. In addition to the district heating network, which has already been explored in greater detail in the chapters "The role of partnerships in contributing to the 2030 Agenda" and "Environmental management: from climate commitment to impact limitation", the commitment to rebuilding the Sports Centre in the Lonato area continued. Sporting activities are also promoted in Riesa, especially in the field of football as a recreational activity for the town's residents, but also in the field of youth football. The aim is also to maintain and improve the quality and quantity of the Club's facilities and services. In 2020, 150 children were trained, divided into 13 teams. Young athletes range in age from 5 to 18. Due to the coronavirus, practices and games were limited. Another highlight for the club was the purchase of a new bus and new sports equipment.



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See the chapter **1.8** "Stakeholder engagement and the value of partnerships" **\_pag. 66**

# Environmental commitment

## 3 and the creation of value for the planet

### Feralpi's journey to 2030: Ambitions

- ▶ **Countering** climate change through the decarbonisation of production processes.
- ▶ **Investing in solutions** to improve energy efficiency and develop clean energy.
- ▶ **Increasing the quantity** of waste sent to recovery and reuse processes, substantially reducing the production of waste.







## Management system

**Feralpi has numerous procedures and policies in place for managing its environmental impact:** the Group's two main plants have certified integrated management systems and the improvement plans published in the latest EMAS Environmental Statements include numerous actions for improvement in terms of energy efficiency, reduction of polluting emissions and optimisation of waste management in a circular perspective, as well as projects to protect water, soil and the surrounding environment.



Feralpi Siderurgica,  
FERALPI STAHL,  
Acciaierie di Calvisano  
and Ecoeternit

## 4 Integrated management systems

Acciaierie Calvisano,  
Fer-Par, Presider,  
Ecoeternit

## 4 Environment and Safety Policies

Feralpi Siderurgica

## 1 Environment, Safety and Energy Policy



**1**  
**ISO**  
**50001**  
certified plant

FERALPI STAHL:  
Siderurgica  
and Calvisano  
underway by  
2021

**6 plants with**  
**ISO**  
**14001**  
certification

and 2 plants in  
progress by 2021

**2 Group**  
**EMAS**  
Environmental  
Statements

Feralpi  
Siderurgica and  
FERALPI STAHL

**Over**  
**100**  
improvement  
actions in

FERALPI STAHL  
and Feralpi  
Siderurgica's  
EMAS plans  
underway



## Measuring the impact of products and by-products

In 2020 Feralpi worked on the republication of Environmental Product Declarations – based on the Life Cycle Assessment (LCA) methodology – with reference to the Lonato del Garda plant: one relating to the Greenstone industrial aggregate and the other two to hot- and cold-rolled structural steels.

Through this tool, the Group can assess the environmental impact of its products, identify areas where action can be taken to reduce this impact and monitor the improvements achieved over the years. They include the entire life cycle of products with particular reference to the phases of raw material extraction, steel (or Greenstone) production and end-of-life management, including the recycling process.

They are a tool to be used to respond concretely to the requirements of the Minimum Environmental Criteria (CAM) and Green Public Procurement (GPP) in Italy and, also at an international level, may satisfy awarding protocols such as LEED and BREEAM in addition to any specific tenders.

**3**

## Environmental Product Declaration

- ◆ Greenstone
- ◆ Hot rolled
- ◆ Cold rolled



## Commitment to combating climate change

Climate change is not only a national, but also a global challenge. The European Union has committed to reduce greenhouse gas emissions by at least 55% compared to 1990 levels by 2030 and to be climate neutral by 2050.

**As a player in the Italian industrial sector, Feralpi is actively committed to reducing emissions through increasingly energy-efficient practices and the development of circular practices.**

The Group's commitment to combating climate change is developed in industrial processes, research and development activities and targeted interventions in the areas where it operates. Examples include plant innovation actions using artificial intelligence and machine learning, research projects aimed at attesting the sequestration and reuse of CO<sub>2</sub> and the search for alternative materials to coal, along with the scrap selection plant aimed at improving production efficiency and the contribution to the development of a district heating plant in the area.

**-0.3%**

**Natural gas consumption**  
compared to 2019

**-2.8%**

**Electricity consumption**  
compared to 2019

**-1.2%**

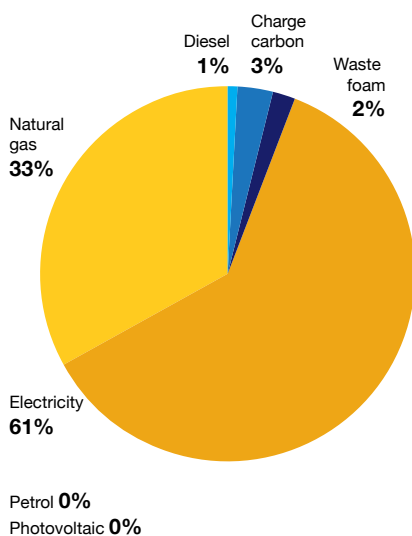
**Scope 1 emissions**  
compared to 2019

**-7.5%**

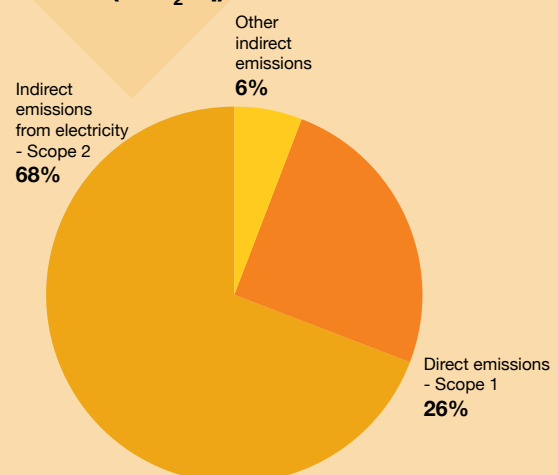
**Scope 2 emissions (location based)**  
compared to 2019



## Energy consumption by source (GJ)



## Greenhouse gas emissions (tCO<sub>2</sub>eq)







## The Circularity Of the Feralpi system

### Feralpi's production process is circular by nature.

Its circularity consists in producing steel from scrap, thus avoiding the release of waste into the environment and reducing the consumption of natural raw materials (e.g. iron ore) that would otherwise be needed.

In order to contribute to the objectives set out in the European **Green New Deal** and the sustainable development goals of 2030 Agenda, Feralpi does not limit itself to this intrinsic aspect of circularity. For years it has been engaged in developing numerous circular processes such as refractories, black slag, powders, non-ferrous metals, heat and recovered mill scale.

8

Ongoing or  
experimental  
**circular projects**

93%

**Minimum  
recycled  
content**

83%

**Recovered  
steel processing  
waste**

5 Gwh

**Use from thermal waste**  
(district heating,  
internally and  
in Lonato)

## SUSTAINABLE DEVELOPMENT GOALS

As a steel company, Feralpi is called upon to play an active role in combating climate change, by reducing its emissions and minimising its environmental impact, in line with the European Union's 2050 objectives and the United Nations' 2030 Agenda.

Accordingly, the Group is highly active in developing circular solutions and making its industrial processes more efficient, taking action at plant and process level to reduce CO<sub>2</sub> emissions, energy consumption and the production of waste.



# 3.1.

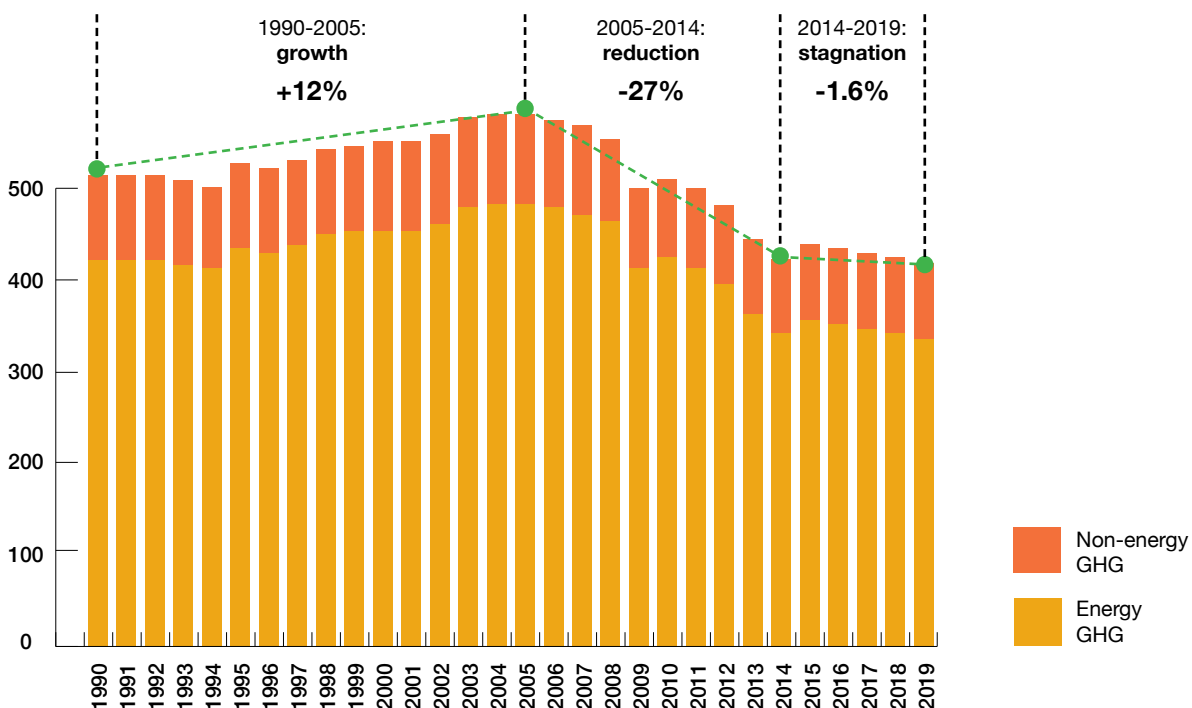
## Environmental management: from climate commitment to impact limitation

(102-11; 103-2; 103-3; 306-3; 307-1)

The steel industry is subject to EU regulations on the integrated prevention and control of pollution (introduced in 1996 with the first Integrated Pollution Prevention and Control (IPPC) directive), which set out an innovative principle in policies on preventing and controlling environmental impact from industrial sources. The basic principles included Best Available Techniques (BAT) i.e. the set of advanced technical solutions (plant, business and control) that are financially and technically feasible within the scope of the relevant industrial sector. As a particularly energy-intensive sector, the steel industry is being called on to target energy efficiency and the sensible use of energy resources, with measures to modernise and decarbonise processes.

**Within the Feralpi Group, ongoing research into the best technologies available and the advanced technical/plant engineering development of predictive technologies and automation, especially for special steels, are essential for achieving production efficiency, continually reducing the Group's environmental impact, and improving performance in the industry. In this direction, the revamping of the combustion plant of the reheating furnace – the main and only significant source of atmospheric emissions at the plant – was completed at the Arlenico plant in 2020.**


**Italy's greenhouse gas emissions from 1990 to 2019 (MtCo2eq)**  
I4C on Ispra data



According to the October 2020 Industrial Sector Analysis Report, produced by Prometeia in collaboration with Intesa San Paolo, Italy is at a good point on its path to achieving EU objectives thanks to an overall reduction in climate-altering emissions of 17.2% from 1990 to 2018. However, after the 2015 Paris Agreement, in conjunction with a mild economic recovery, the emission reductions process seems to have stalled<sup>18</sup>.

The Report also shows that the Italian manufacturing industry is the second-least intensive in terms of emissions after Germany and that Italian emission intensity is lower in some key sectors, such as Products and construction materials and Metallurgy (1,449 kg of GHG per euro of added value, versus 3,066 kg in France, the most polluting country in this case), thanks to the preponderance of electro-siderurgy, with greater attention to the use of waste and technologies for the capture, recycling and/or storage of carbon dioxide.

The reconversion of the manufacturing fabric according to an environmental and digital approach – according to the Report – will support a more lively recovery of the sectors producing capital goods in the two-year period 2021-22, such as Mechanics and Motor vehicles and motorcycles, which will drive Electrical Engineering and the sectors producing intermediates along the supply chain. In general, the entire industrial system needs to be rethought from the standpoint of circularity and the choice of new materials and products with high environmental standards, which are increasingly a priority to allow companies to be reference partners on international markets.

 ***The Feralpi Group has embraced the challenges of decarbonisation, committing itself to the process of energy transition towards more efficient, lower-impact models.***

2020 is considered the second warmest year globally after 2016, despite the significant impact Covid had on human activities, manufacturing and mobility. In particular, in 2020 fossil fuel consumption fell sharply (2.4 billion tonnes<sup>19</sup>) and renewable use increased slightly compared to 2019. The pandemic thus led to a 5.3% drop in global energy consumption and a 6.6% drop in CO<sub>2</sub>, as well as a drop in energy investments<sup>20</sup>.

These effects are certainly due to a production stoppage, a drastic reduction in personal movement and increased use of digital systems, resulting in a reduction

in paper. Unfortunately, however, it has also generated negative impacts such as an increase in the amount of waste (masks, gloves, cleaning paper, cleaning products, etc.). In the first phase, this waste is disposed of with a dedicated EWC, in the second phase, in accordance with current regulations, it is disposed of as undifferentiated waste.

This decrease in emissions, in addition to not representing a long-term vision that would instead require a reduction equal to that of 2020 for each year, has not been sufficient to reduce the concentration of CO<sub>2</sub>, which continues to increase.<sup>21</sup>

For Italy, climate neutrality is a major challenge that should not be underestimated. According to the Italy for Climate Roadmap 2020, all sectors of the economy are affected by unprecedented changes and will require significant investments.

**Climate change is not only a national, but also a global challenge. The European Union agreed the first climate and energy package in 2008, in which it committed to reduce greenhouse gas emissions by 20% (compared to 1990), increase the share of renewable energy by 20% and improve energy efficiency by 20%.** energy-intensive industries and power plants, which include the plants of Feralpi Siderurgica, Acciaierie di Calvisano and ESF Elbe-Stahlwerke Feralpi. The EU has already met and exceeded these targets, as greenhouse gas emissions have decreased by 23% from 1990 to 2018, above the initial target of 20%<sup>22</sup>.

In 2014, the 2030 Climate and Energy Framework was agreed, setting a series of more ambitious targets for the period 2021-2030, under which the EU committed to reducing greenhouse gas emissions by at least 40% by 2030 compared to 1990 levels. In December 2020, in light of the need to increase climate ambition, as also required by the Paris Agreement, the European Council endorsed a new emissions reduction target for 2030. EU leaders have agreed a binding EU target of a net internal reduction in greenhouse gas emissions of at least 55% by 2030 compared to 1990 levels.

While EU leaders have endorsed the goal of achieving zero climate impact by 2050, just as the US has with the 2020 "Biden Plan", China has committed to get there before 2060.

<sup>18</sup> Source: I4C on Ispra data

<sup>19</sup> Source: Global Carbon Project based on CDIAC/BP/USGS

<sup>20</sup> Source: IEA, October 2020

<sup>21</sup> Source: Global Carbon Project based on Friedlingstein et al. Earth System Science Data (2020)

<sup>22</sup> Source: European Commission - The EU's climate action achievements (December 2019)

#### Carbon Neutral Countries

**Bhutan**  
**Suriname**

#### Law

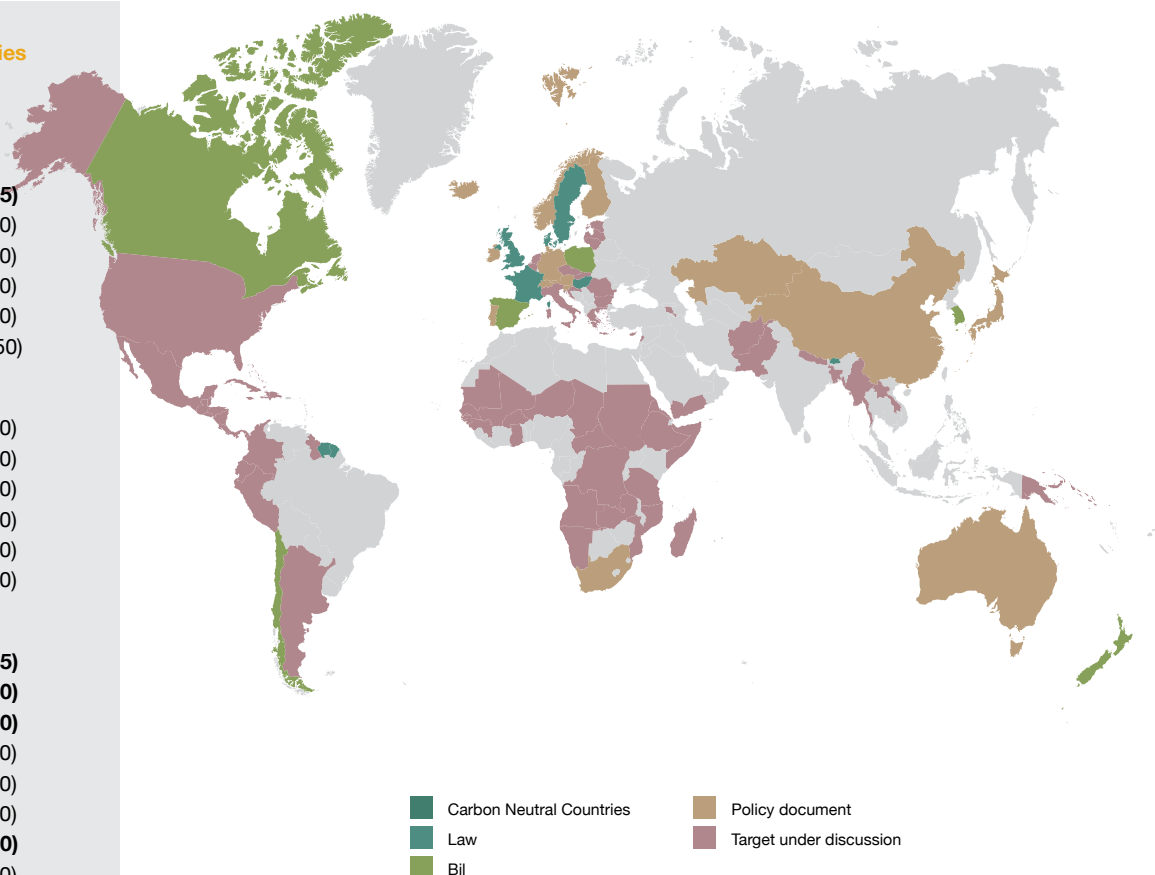
**Sweden** (2045)  
United Kingdom (2050)  
France (2050)  
Denmark (2050)  
New Zealand (2050)  
Hungary (2050)

#### Bill

European Union (2050)  
Canada (2050)  
South Korea (2050)  
Spain (2050)  
Chile (2050)  
Fiji Islands (2050)

#### Policy document

**Finland** (2035)  
**Austria** (2040)  
**Iceland** (2040)  
Japan (2050)  
Germany (2050)  
Switzerland (2050)  
**Norway** (2030)  
Ireland (2050)  
South Africa (2050)  
Portugal (2050)  
Costa Rica (2050)  
Slovenia (2050)  
Marshall Islands (2050)  
**China** (2060)



**This is the background to the partnership with Alperia Bartucci for the formulation of Feralpi's climate strategy, which involves the integration of three key aspects:**

- **Smart Energy Efficiency:** advanced energy monitoring and enhancement of energy efficiency initiatives in the climate strategy, with strengthening of economic sustainability by obtaining white certificates;
- **Artificial Intelligence:** Advanced Control Systems for optimising billet preheating furnaces;
- **Carbon Footprint & Management:** CO<sub>2</sub> accounting, with identification of scenarios to achieve the objective of climate neutrality in line with the ISO 14064 methodology and guidelines, integrating the management of risks related to the application of emission trading.

In this context, Feralpi, with its Lonato plant, played a leading role both in projects financed with various partners and research centres, making the site available for installations and tests over the next few years, as well as in round tables organised to discuss specific issues relating to the energy transition. In these terms, there is no shortage of projects that aim to reduce greenhouse gas emissions and seek to decrease consumption through new, more efficient technologies.

**In accordance with European carbon neutrality objectives, Feralpi is working to obtain a complete picture of its carbon dioxide emissions (direct, indirect generated by electricity consumption and generated by transport) and specifically to quantify indirect emissions as well, so as to establish a concrete starting point for assessing and planning targeted efficiency-enhancing measures and environmentally sustainable solutions.**

<sup>23</sup> Source: Eciu, 2020



## Group policies and management systems

Some of the Italian and foreign production facilities have more significant energy consumption and impact levels than others, given their high production volumes and process type. These include the following three: Feralpi Siderurgica, Acciaierie di Calvisano and ESF Elbe-Stahlwerke Feralpi. The rolling processes at the aforementioned sites and at Fer-Par and Arlenico must be considered energy-intensive given the high amount of methane gas consumed to heat and process billets into semi-finished and/or finished products.

The Feralpi conducts its business in compliance with existing legislation: in Italy, it operates in accordance with Legislative Decree 152/2006, and in Germany with German federal legislation on emissions (Bimschg), reporting any monitoring carried out in accordance with the measures stipulated.

No fines or penalties for non-compliance with environmental protection regulations were imposed on any Group company in 2020.

The German plants are ISO 14001 and ISO 50001 certified, attesting to the continuous pursuit of improvement on environmental, safety and energy issues.

The **Siderurgica** and **Calvisano** plants and the **Ecoeternit** plant are certified according to the requirements of ISO 14001. In addition, in 2020 at Feralpi Siderurgica specific procedures were drawn up to comply with the requirements of energy certification in accordance with the ISO 50001 standard, with the aim of obtaining the relevant certification in 2021. This process is also underway at the **Acciaierie di Calvisano** site.

### The importance of ISO 50001

The importance of the energy issue, in terms of both its potential impact and impact of any opportunities for improvement, prompted the decision to adopt an Energy Management System for Feralpi Siderurgica as well, prepared in accordance with ISO 50001 standard, with which to monitor all aspects relating to the use of energy vectors, as is already the case for FERALPI STAHL. The objective of the new system is, in particular, to make the introduction and monitoring of the progress of energy performance improvement projects permanently organic, specifically including those that have already been part of environmental improvement projects for some time.

## The Group's integrated management systems

### FERALPI SIDERURGICA

Integrated Environment, Safety  
and Energy Management System

### FERALPI STAHL

Integrated Environment, Quality  
and Energy Management System

### ACCIAIERIE DI CALVISANO — ECOETERNIT

Integrated Environment and  
Safety Management System

At sites without certified systems, there are procedures in place to ensure the proper monitoring of environmental aspects that have an impact on the production site's performance. In this regard, **Presider** has undertaken to adapt its environmental management system, which has already been in operation for several years, to the ISO 14001:2015 standard by 2021, in order to obtain

certification once it has been adapted. The **Metallurgica Piemontese Lavorazioni** plant has pursued the same commitment.

Where management systems are in place, a policy of integrating them under the coordination of an integrated management manual (Environment, Safety, Energy) is

pursued. All system procedures for all Group sites are referred to in the Model 231, which is operational in all Group companies.

**Feralpi Siderurgica** and the German companies based in **Riesa** have obtained EMAS (Eco-Management and Audit Scheme) registration, which requires companies to draw up a programme as part of their environmental management system and then produce a coherent Environmental Declaration verified by a third party.

The management of the **Ecoeternit** plant is, as mentioned, subject to the Integrated Environmental Authorisation, the Operating Management Plan in force for the plant and the Environmental Monitoring Plan approved by Regional Environmental Protection Agency for Lombardy. The company adopts an Environment Safety Policy and an integrated management system compliant with the UNI EN ISO 14001:2015 and UNI EN ISO 45001:2018 standards.

**The Feralpi Group applies the precautionary principle set out in article 15 of the Rio Declaration on the environment and development (United Nations Conference in Rio de Janeiro, 3-14 June 1992), stating that "Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation".**

Special attention is paid to the management of dust from the steel mill fume abatement systems, the characteristics of which make the **Feralpi Siderurgica** and **Acciaierie di Calvisano** sites be included among those with a Major-Incident Risk, according to the European Directive 2012/18/EU.

Finally, in terms of noise impact mitigation, acoustic zoning was carried out at **Arlenico** for the plant and its immediate surroundings, while **Acciaierie di Calvisano** carries out periodic monitoring to verify compliance with regulatory constraints.

In this respect, at the **Riesa** plants, in May 2020, following a local report received at the plant, action was taken to clarify the cause and eliminate the problem as quickly as possible. It was triggered by an industrial vacuum cleaner in use at the mat production hall: the cleaning process was immediately interrupted and the vacuum cleaner was returned to the hall. If it is to be used outside again, the external company contracted will use quieter equipment. The noise protection officer at **FERALPI STAHL** is responsible for carrying out the measurements and, in coordination with the management, engages an external specialist company - notified by the Saxon State Office for the Environment, Agriculture and Geology in accordance with the Federal Immission Control Act (BImSchG) - to update the register of existing noise sources at least every three years.

## Water resources, liquid emissions and other materials

Feralpi's production processes, specifically those of smelting and hot processing, require large quantities of water to cool the plants. In order to avoid waste, the Group strives for constant control of consumption, in addition to carrying out regular maintenance of the plants and, where appropriate, investments aimed at reducing consumption.



At the **Feralpi Siderurgica**, **Acciaierie di Calvisano** and **Fer-Par** plants, water is drawn directly from the aquifer by means of wells, while at the **FERALPI STAHL** plant it is drawn from the municipal water network and, in smaller quantities, from wells, which are not, however, equipped with meters, meaning that withdrawals can only be estimated.

The management of water resources is regulated and constantly monitored by means of analyses entrusted to accredited third-party agencies that certify compliance with legal limits for discharges into surface water bodies.

**FERALPI STAHL** carries out annual groundwater analyses in all measurement wells on a voluntary basis. **ESF Elbe-Stahlwerke Feralpi GmbH** analyses the incoming and outgoing groundwater on an annual basis and thus the effects of the company on soil and groundwater. The company is also involved in the collection of rainwater on all waterproofed surfaces, followed by treatment in purification plants for subsequent industrial use.

**Thanks to the use of closed circuits in all production plants based on cutting-edge technologies, the continuous recycling of the water used prevents the withdrawal from having a significant environmental impact. Through the optimal functioning of the cooling circuits, the Group operates with the aim of reducing the withdrawal and ensures purification of the water discharged outside its plants. ESF Elbe-Stahlwerke Feralpi is**

authorised to discharge waste water from installations into the public waste water network (indirect discharge) of Großer Kreisstadt Riesa and Zweckverband Abwasserbeseitigung Oberes Elbtal Riesa in accordance with the provisions.

In 2020, with the aim of reducing water withdrawals, inverter pump units began to be installed at the **Arlenico** plant to replace some existing pump units. This change will also lead to increased energy efficiency. The Arlenico plant is located in the centre of the city of

Lecco, in the immediate vicinity of Lake Como, and for years has had the regional concession to draw water from the lake to cool its plants and then discharge it after appropriate treatment. The cooling water treatment plan is also subject to continuous development/improvement.

In pursuit of this same objective of reducing water withdrawals, **Ecoeternit** also uses percolation water for waste humidification operations and access tracks to the plots under cultivation.

## Soil and groundwater protection

At the Italian and German plants, Feralpi has put in place a procedure for the regulation of the activities envisaged for the protection of the soil and subsoil and the prevention of accidental pollution.

**To protect the soil and the water table, Feralpi collects water from the sewage system inside its plants, sends it to the purification plant and releases it into the surface water system at the Lonato, Calvisano and Nave sites and into the urban sewage system at the Riesa site.** It has formulated specific emergency procedures to this end and trained its operators adequately in them.

It is also constantly engaged in the appropriate maintenance of paving and waterproofing: in 2020 **Fer-Par** plant carried out appropriate paving work on the yards involving the creation of new channels for the collection of rainwater in relation to the new rainwater collection system envisaged in the project for compliance with Regional Regulation 4/2006 of the IPPC installation being defined with the competent authorities.

At **Presider** a new Environmental Emergency Plan was developed in 2020 to prevent all events or phenomena of an extraordinary nature that might somehow yield negative effects: the plan was validated and corroborated through an exercise in collaboration with the maintenance team, which signed and confirmed its validity.

In order to contain any spills immediately, an emergency and collection kits are available in areas where hazardous substances and waste are stored at strategic points at the Italian and German sites.

Materials that could potentially contribute to soil contamination such as grease, solvents, oils or indirectly even contaminated equipment such as cleaning rags, filters, hydraulic hoses and containers, are collected and treated to be recycled or disposed of, in accordance with regulations and avoiding any type of spillage.

In this connection, starting in 2020, **Feralpi Siderurgica** will gradually replace petroleum-derived lubricants with biodegradable vegetable lubricants, which will be completed in 2022. In addition to providing a better level of lubrication and having a biodegradable base

in the event of spills on the ground or in water, the replacement has no harmful impact on humans and is self-extinguishing for better overall safety. Arlenico also began this process at the end of 2020 in line with the project to implement the replacement of conventional hydraulic oil with "bio" vegetable-based oil.

This oil replacement project is part of a broader research framework, which also includes a feasibility project concerning the use of CO<sub>2</sub> within a biological cycle mediated by algae that transform it into an oil base that will then be used for the development of lubricant derivatives to be used directly in the plant, yielding advantages in terms of containing CO<sub>2</sub> emissions, but also reducing the use of soil, water and fossil fuels.

At **Nuova Defim** we have refined the practice of changing the oil in machines by handling limited quantities and keeping certified absorbent products nearby, which are then disposed of with the appropriate EWC. We have also started a new project to improve plant maintenance, which is expected to involve replacing used oil in machines after actual use and not just estimated use.

In all cases, the handling and storage of substances and materials are controlled by specific procedures and guidelines that ensure proper management in terms of safety and environment. Periodically, all plants with ISO 140001 environmental certification within the Group conduct simulated emergency drills that include, in addition to fire, spills of oils and hazardous substances.

**In 2020, no incidents involving the significant spillage of polluting or hazardous substances and other materials occurred within the Group plants.**



## Awareness raising, training, auditing and communication

In addition to its procedures and policies, the Group pursues intense awareness-raising activity among its employees, paying special attention to contractors working at Group sites, through both training activities and more in-depth reviews of the requirements and activities, including specific audits and training courses in the respective plans required by the Environmental Management Systems.

**The new environmental awareness campaign has been active at the Siderurgica plant since 2020. Following the "SicuraMente" project signs, which were mainly designed to protect employees, the Lonato production site is implementing new signs to extend awareness of good behavioural standards to both internal and external workers and non-workers (drivers, employees of external companies, institutions, schools and other visitors) on good environmental practices and in general on the initiatives already undertaken at the site.** The role of the signs will be to provide information on specific areas of the company, indicating technical information and Feralpi's consequent commitment. The aim is to convey to people the Group's attention to environmental protection, while also asking for everyone's active participation.



**A campaign to raise awareness of energy issues was also planned in 2020 in line with the ISO 50001 certification process underway at the Feralpi Siderurgica plant, to be completed in 2021.**

External awareness of environmental issues is raised through annual reporting tools (Sustainability Report, EMAS Environmental Statement) as well as digital communication tools (corporate website and social channels) and external relations (media relations, institutional relations, stakeholder engagement, dialogue with the local community, events, etc.).



## Shared Climate Commitment: ESF Elbe-Stahlwerke Feralpi and Klimaschutzunternehmen

ESF Elbe-Stahlwerke Feralpi is the first company in Saxony to be included in 2018 in the excellence initiative "Klimaschutz-Unternehmen" dedicated to companies that promote environmental protection, with a total of 46 German companies involved to date: to be part of this organisation, companies must first demonstrate their contributions in environmental matters as part of a rigorous admission procedure during which they are analysed by an independent examiner and then they are also subjected to an audit by a jury of experts. The companies belonging to this organisation are therefore models for other companies and represent innovative examples of energy saving. The active participation in this organisation is a crucial example of sharing and co-participation for sustainable development: the continuous exchange of experiences, the frequent annual meetings, the constant dialogue with institutions are the main strengths of this partnership.

Awareness-raising initiatives on the subject aimed at young people were promoted in 2020, as presented in the chapter "Stakeholder engagement and the value of partnerships".



## Constant dialogue with the local community: Riesa hotline

FERALPI STAHL has a central line dedicated to feedback from the local community: the 24-hour security service forwards calls to a responsible person, who then takes further action. In the event of a complaint, the filer will then be followed by a plant manager to determine possible causes and seek appropriate corrective and preventive measures.



## Commitment to climate and air pollution: from energy efficiency to emissions reduction



**The Group's main efficiency-boosting action is the continuous optimisation of the management of all technical plant-engineering aspects relating to the consumption of electricity, methane and oxygen and self-production. Ongoing research into the best technologies available and the advanced technical/plant engineering development of predictive technologies and automation, especially for special steels, are essential for achieving production efficiency, continually reducing the Group's environmental impact, and improving performance in the industry.**

Increasing energy efficiency and reducing CO<sub>2</sub> emissions through plant innovation and process digitalisation is therefore a priority for the Group, and supporting production processes is accompanied by the development of research projects. For Feralpi, promoting Industry 4.0 strategies means developing predictive systems and simulators in the various process phases, analysing data to correlate process results with operational practices, implementing product tracking systems and interconnecting the various phases, implementing advanced process monitoring systems and sensors, creating online control systems to monitor processes in real time and identify line correction logic through predictive systems and data analysis, and creating self-adaptive systems that learn from the behaviour of the process in progress with the analysis of historic data.

As part of its plan to reduce electricity consumption, **Feralpi Siderurgica** worked on improving the efficiency of the compressed air distribution network and generation in the compressor station, using cutting-edge technology that uses artificial intelligence and machine learning. This renewal led to:

- a general improvement of the distribution to Rolling Mill 2 thanks to a new dedicated pipeline;
- performance of technical evaluations on the distribution network and compressor room (including analysis, proposals and simulation of future scenarios);

- refurbishment of the main compressor room, complete with replacement of machines and modification of delivery pipes;
- design and construction of a new compressor room to serve the new sandblasting and painting booth, due to the distance from the main room and the reduced size of the existing pipes;
- a complete search for leaks in the entire plant and consequent estimate of the extent of network losses.

**The project, carried out with the collaboration of Enel X, is estimated to yield several advantages on the energy front:**

**an increase in efficiency**

**+20%**  
about

**over**

**400 tep**

**of primary energy from fossil sources not consumed**

going from an average of 0.136 kWhe/Nm<sup>3</sup> to 0.110 kWhe/Nm<sup>3</sup> (from 11,000 MWhe/year to just over 9,000 MWhe/year) thanks to no longer simultaneous use of compressors.

Similar attention was paid to energy efficiency in the generation of compressed air at **Acciaierie di Calvisano**, where a process of optimisation continued, leading to the installation in 2020 of another compressor in the room that feeds the plant's compressed air network, using a new generation inverter compressor with greater efficiency, with a view to structuring a more complex project in the future to optimise the entire generation and distribution network. The estimated benefit associated with this initiative is over 70,000Kwh/year and it will be completed shortly with the replacement of the last of the old-generation machines.

In 2020, planning continued on enhancing the production capacity of the **ESF Elbe-Stahlwerke Feralpi** plant through the use of the best technologies aimed at efficiency and increased quality, with a view to reducing environmental impact and raising safety standards. Spurred by the need to exploit the potential of the steelworks to the fullest and cover 100% of production, the new rolling mill will increase the share of the German market served, expand standard products and introduce a new product: spooled wire, made using a process that allows the wire to be wound as it leaves the rolling mill, obtaining a product in coil immediately available for the market without the need for additional steps.

### **The heart of the operation of the new rolling mill will be smart management between the continuous casting, the new rolling mill and the existing mill.**

The innovative aspects of the project:

- the reheating process for the new rolling mill involves the use of only hot charge fed by a roller way directly from the continuous casting with the use of induction furnaces that will heat the billet up to the rolling temperature;
- during plant downtime, the energy consumption for heating will be zero, unlike traditional furnaces;
- thanks to the increase in temperature, the formation of flakes is eliminated, thus increasing the metallic yield of the mill and reducing the amount of residue to be managed throughout the chain;
- the use of a billet sealing machine, in addition to guaranteeing the packaging weights required by the market for roll products, minimises waste in terms of scrap and maximises the use of the mill, thus limiting stops;
- the use of induction furnaces for heating does not have a direct point of emission into the atmosphere, thus ensuring better environmental performance, easier access to funding, and faster approval procedures with institutions.



**In addition, in cooperation with the TU Dresden and with funding from the European Union and the Free State of Saxony, FERALPI STAHL is developing a pilot plant for an innovative scrap process aimed at increasing the efficiency of use and thus also reducing energy consumption and noise emissions. The purpose of the project is to change the concept of logistics and supply, focusing on the pre-treatment through the construction of a scrap area receipt and control area where baskets can be loaded automatically due to the creation of uniform scrap groups. Additional emission reduction projects are planned for 2021, such as a new fume hood with direct integration into the dedusting system and expansion of the slag area in the fall and closure works (2021-2022).**

At the **Nuova Defim** plant, work continued on replacing compressors with new inverter compressors and cooling them with water exchangers to recover heat for heating the office building and changing rooms. After refining the control of the temperature and the exploitation of the heat of the machines for the heating of the production rooms, work was done on the efficiency of the thermal room (boilers).

### **The results achieved resulted**

**in a reduction of in kWh**

**-3.1%**

**in absolute terms**

**-13.3%**

**in relation to production volume**

**along with a reduction in the total volume of methane gas used.**

**-31.7%**

At **Presider's** Borgaro Torinese plant, as part of the major plant restructuring project, large production machinery was replaced and upgraded, modernising the plant and reducing energy consumption. In addition, all skylights were replaced, increasing the natural lighting and consequently decreasing the artificial lighting. At **Presider Armatures**, a cutting line was replaced with an updated version that implements the range of machinable diameters, increasing production capacity without impacting energy consumption.

In 2019 two new regenerative burners with thermal recovery were installed to increase efficiency and thus reduce methane gas consumption at the Feralpi Siderurgica plant: after an initial assessment of the technologies available, those most suited to energy efficiency were then installed.

**It is estimated that this replacement**

**will yield an improvement in average consumption from over 110 Sm<sup>3</sup>/h to less than**

**60 Sm<sup>3</sup>/h**

annual consumption from over 1,050,000 Sm<sup>3</sup>/year to less than 530,000 Sm<sup>3</sup>/year (a savings of over 500,000 Sm<sup>3</sup>)

**and therefore an energy savings of**

**over**

**430 tep**

**To date, the actual energy savings has been more than**

**30 tep**

At ESF Elbe-Stahlwerke Feralpi, the following energy efficiency projects were completed in 2020:

- **Air preheating of the ladle furnace:** with the aim of reducing gas consumption, an air preheater was installed, estimated to yield energy savings of 2,153,435.76 kWh, measurable from 2021, with a consequent reduction in CO<sub>2</sub> emissions and optimisation of the ladle process flow.
- Detection of **compressed air leaks:** from the beginning of 2019 until the end of 2020, a process of detecting leaks in both production halls and rolling mills began with a consequent reduction in compressed air consumption, energy consumption and therefore CO<sub>2</sub> emissions.
- **Replacement of the kiln foot air preheater:** the replacement of the air preheater started in 2020 and will be completed in 2021 with an estimated energy saving of 10,000,000 kWh.
- **Prediction model for the tapping temperature at the electric furnace:** the energy savings obtained in 2020 from the installation of the model was 2,648,766 kWh and will reach 10,000,000 kWh in 2021.

**At the end of 2020 FERALPI STAHL achieved its energy consumption reduction targets – set in 2012 – in line with those formulated by Wirtschaftsvereinigung Stahl (WV Stahl), the political and economic association of the German steel industry.**

**Specifically, FERALPI STAHL's energy consumption decreased by 11%, while its natural gas decreased by 18%. In addition, Feralpi Logistik achieved its target – set in 2014 – of reducing the specific energy consumption of its vehicle fleet by 5-6% by the end of 2020.**





**The following actions have been planned for 2023 with the aim of continuing to reduce energy consumption and increase energy efficiency:**

- Replacement of the compression systems in the steelworks and rolling mill, thus optimising plant technology, estimated to result in annual savings of: 2,862,853 kWh, as well as the optimisation of the process flow itself.
- Tempcore Pump Replacement: starting in 2021 for the next two years, five speed-controlled pumps are scheduled to be replaced with increased efficiency, yielding estimated annual energy savings of: 141,000 kWh.

With a view to limiting CO<sub>2</sub> emissions, the Group, as part of the SteelZero Waste research project – described in greater detail in the chapter "Circularity as a key to managing impacts" – launched a specific project to test the **sequestration and reuse of CO<sub>2</sub>**, which is already present in other sectors but not yet in the steelmaking industry. Alongside this, in terms of reducing CO<sub>2</sub> emissions, other research projects were also carried out, such as Coralix and OnlyPlastic, aimed at using alternative materials to coal in fillers and the reuse/recovery of materials with increased metal yield.

Other projects, such as SteelPro4.0, WireAccuracy4.0 and iSalg, contribute to reducing emissions by increasing the energy efficiency of processes.

**The main objective of the Feralpi Group's approach is to reduce the environmental impact of steel production and cut greenhouse gas emissions by evaluating all possible contributions, meaning waste reduction, reduction of direct emissions, reduction of energy consumption, reduction of material metal loss and promotion of the use of alternative materials and energy sources other than those containing carbon in steel production.**

In the case of the sequestration and reuse of CO<sub>2</sub>, the main objective is the mitigation of the environmental impact of steelmaking processes through the removal and biomolecular and energetic use of waste CO<sub>2</sub> – coming from the electric furnace and the reheating furnaces of the two rolling mills – which would be used to cultivate microalgae for biomass which, following appropriate evaluations, could be used as raw material for products for the animal feed sector, the food/pharmaceutical sector, the production of energy from renewable sources and the production of biofuel, bio-oil/biolubricants, etc.



Research collaborations on these topics include collaborations with Rina Centro Sviluppo Materiali, ENEA and Università degli Studi di Brescia.

The partnership between Feralpi Siderurgica and the University of Modena and Reggio Emilia - Department of Life Sciences for the development of the research programme "Selection and improvement of microalgal strains for enhancing CO<sub>2</sub> fixation and oil production" is part of this process.

This partnership was formed in response to the project to replace chemical oils with vegetable oils, launched in 2020, together with the partner Uveol.





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See the chapter **1.8** "Stakeholder engagement and the value of partnerships" **\_pag. 66**

**The project aims to increase the sustainability of steelmaking processes by recovering waste with a high environmental impact and exploiting by-products to develop innovative production chains.** This is possible thanks in part to the synergy between various businesses and sectors that work together with Feralpi to develop a circular environmental protection model.

With a view to reducing polluting emissions, as part of the SteelZeroWaste project a project is underway to **reduce the amount of NOx emitted with fumes from reheating furnaces** by promoting the reaction of NOx with ammonia in the form of urea so as to break down the NOx molecules to form non-damaging components such as nitrogen (N<sub>2</sub>).

At **Presider** a feasibility study is underway to install a welding fume extraction system in specific production areas.

The SteelZeroWaste project approach also includes the development of an environmental data monitoring platform that, through the systematic collection of data on the environmental impact of the **Feralpi Siderurgica** plant (and ultimately the Feralpi Group) and the development of calculation methods for the relevant parameters describing environmental impact (KPIs), can provide an up-to-date assessment of the overall environmental impact of steel production so as to highlight improvements and alert conditions and, if necessary, guide improvement decisions.

With the aim of defining a model for measuring indirect CO<sub>2</sub> emissions for the Group (Scope 3), as part of the project between Feralpi Siderurgica and Alperia Bartucci, which aims to develop a strategy to be applied in the coming years to reduce greenhouse gas emissions for the Lonato plant, data on indirect emissions (transport of raw materials and finished products, movements of employees and external companies, travel, etc.) associated with the plant's activities were also collected and processed in 2020.

## Self-production by the Group's photovoltaic plants

There is a 625.14 kWp photovoltaic system at the **Siderurgica** plant, which produces a modest amount of renewable energy. The **Presider** site in Pomezia (Lazio) has a 347 kWp photovoltaic system, which covers all production for the site and generates an energy surplus that is transferred to the distributor.

**Presider Armatures** is also carrying out a technical and economic feasibility study on the installation of photovoltaic systems and LED lighting to further reduce energy consumption.





## The Group's commitment to sustainable mobility

**The ideal model of the transport system towards which the world is tending is sustainable mobility: an expression that encompasses a whole series of actions that aim, through increasingly advanced technologies, to make cities more connected and infrastructure more modern, while raising awareness of the environmental aspect by also reducing impacts through the use of electric cars.**

With this in mind, a few years ago **Feralpi Siderurgica** installed electric car recharging stations at the **Holding** building and technical offices, reserved exclusively for employees and their guests. In 2020 **Acciaierie di Calvisano** also availed itself of this opportunity when resurfacing of the car park, which, among other things, saw the collaboration of Di.Ma. s.r.l. in the use of 900 tonnes of cement mix – also made up of the Group's steel slag – for the roadbed in compliance with Standard UNI EN 14227-1:2015, featuring more than 90% recycled material in place of the natural inert material, all certified by the environmental statement issued by ICMQ in accordance with the UNI EN ISO 14021:2016 standard.

Similarly, sustainable mobility was also given ample space in Riesa in 2020, due in part to the Covid-19 health emergency, which affected the transport sector and long-haul tourism dramatically: considerable interest was shown in e-bikes within this scenario. Accordingly, in Germany a first partnership was set up with JobRad and became part of collective bargaining; its digital platform enables flexible management. Employees were therefore able to buy up to two bicycles each and obtain tax relief or an instalment plan. Within the first two months of the initiative's launch 115 bicycles were purchased. Each employee can choose a bike suited to his or her needs, without regard to restrictions on brands or models, thus also creating an economic return for all local retailers.

In Riesa there is also active cooperation between local companies for better management of local traffic in the direction of the motorway: the further development of the B169 state road will improve and speed up connections and ease traffic in small towns.

## Environmental governance

**The environmental management of production processes, in line with the strategic directives indicated by top management and Group ownership, is entrusted to the individual plants.**

In promoting environmental policies and management, **plant managers** work in continuous synergy with the Environment and Safety departments, with the Energy Department headed by the majority shareholder and also with the External Relations and Sustainability department.

To ensure streamlined, efficient management, all technical/plant aspects relating to the consumption of electricity, methane, oxygen, self-production and energy certification are the direct responsibility of site managers, who work to optimise consumption and adopt organisational and plant reduction actions to improve energy performance.

The **Group's Energy Management Team** handles regulatory issues for subsidiaries with significant energy consumption (electricity, methane, oxygen), indicating strategic lines in terms of supplies, legislation and actions to improve efficiency through coordination meetings scheduled throughout the year. For companies with low consumption, it offers support for supply contracts and regulatory aspects. For companies located in Hungary and the Czech Republic, the management coordinates with the manager in charge of the Integrated Management System in Riesa.

In order to encourage the exchange of management excellence between plants and to support plant and environmental investment decisions, since 2017 the A2F team has been operating at Group level, involving, among others, technicians from the plants that process scrap (**Feralpi Siderurgica, Acciaierie di Calvisano** and **ESF Elbe-Stahlwerke Feralpi**), the Safety function and the Group's Information Services function. A2F's goal is to share good practices at each site, with the aim of systematising positive approaches and methods of management, making them standard at all sites.

## Results

**The result of this management method resulted in a decrease**

**in the trend of Scope 1 and Scope 2 emissions with respect to 2019**

**-5.9%**

at the Group level

**achieving results in 2020 in the form of a reduction in indirect emissions from electricity**

**-7.5%**

(according to the location-based method)



## 3.2.

### **Circularity as the key to managing impacts**

(103-2; 103-3)

In the next forty years, the total consumption of materials such as biomass, fossil fuels, metals and minerals will double, and at the same time waste generation will increase by 70% by 2050. Resource extraction and processing are the source of at least half of total greenhouse gas emissions and also much (over 90%) of biodiversity loss and water stress.

Europe is committed to achieving climate neutrality by 2050: the extended circular economy approach will contribute significantly to this goal, resource-independent economic growth and long-term competitiveness. Europe's goal in terms of circularity is therefore to facilitate the transition to a regenerative growth model, reducing its consumption footprint and doubling the percentage of use of circular materials over the next decade.<sup>24</sup>

**Feralpi's production process is, by nature, circular:**

**The circular aspect is in producing steel from scrap, therefore avoiding dispersal into the environment and reducing the**

**consumption of natural raw materials (e.g. iron ore) to produce new steel. Indeed it is the durability of steel that means it can be reused numerous times without losing its intrinsic properties.**

**The steel produced by Feralpi is**

**93%**

**recycled material.**

In order to contribute to the objectives set out in the European Green New Deal and the sustainable development goals of 2030 Agenda, Feralpi does not limit itself to this intrinsic aspect of circularity. For years it has been engaged in developing numerous circular processes, starting with steelmaking by-products such as refractories, black slag, powders, non-ferrous metals, heat and mill scale.

### **Group policies and management systems**

**The most important raw material for Feralpi the ferrous scrap of different origin (domestic or imported) and composition, which can be considered as waste or non-waste, according to so-called "End of Waste" EU Regulation 333/2011, and hence be reused.**



**The quality of scrap is therefore a priority for the Group:** it is purchased exclusively from qualified suppliers and, before entering the steelworks, the scrap is carefully controlled with an initial document check at the incoming acceptance point and a subsequent visual check during unloading by qualified personnel. The supplier is quickly notified of any non-compliance

issues, which are recorded in the log "for non-compliant scrap events". If it is recovered a material that has been contaminated with radiation, the procedures require the vehicle to be stopped, decontaminated, and the level of risk verified with a qualified, external specialist. If the material is actually radioactive, it is reported to the relevant authorities and handled accordingly.

**The management of waste and production residues mostly involves sending them for recovery and/or qualifying them as by-products. Only a residual part is expected to be landfilled.**

Given that the first step towards a virtuous model is to reduce waste, the production processes and plants are organised and managed to minimise the volumes. From a circular perspective, however, Feralpi's commitment is not limited to minimising waste, but extends to reducing the movement of raw materials and waste, reducing deliveries and replacing raw materials. In any case,

<sup>24</sup> Source: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - A new action plan for the circular economy - March 2020



emissions and waste are monitored and processed in compliance with the regulations.

Over the years, this approach has allowed the company to monitor its emissions and considerably increase the amount of recycled waste materials.

**The recovery of steelmaking waste increased by 2 percentage points, from 81% in 2019 to 83% in 2020.**

During the restructuring of the **Borgaro Torinese**, plant, which took place in 2020, it was possible to create, among other things, an internal ecological island to allow more efficient management of the waste produced.

## Governance of waste management and a circular approach

Plant managers are responsible for the waste management at each site jointly with the Environmental Management System managers. At the Italian sites, waste is managed according to procedures that are specific for the various plants. At the **Riesa** site, a single management system is adopted involving the scrap purchasing department in collaboration with the environmental protection department: the waste produced in the various companies is delivered to central collection points within the site, where it is managed for sorting, recovery and residual disposal in landfills. All operational sites with a large amount of waste are inspected weekly by the waste management manager, who also monitors

and manages communications with the licensing and supervisory authority and applies for certificates (e.g. EMAS, ISO 14001, ISO 9001, etc.) from the recycler and disposer of archive waste.

In terms of the development of the circular approach, the Group's "Research and Development" function is also involved, which, in coordination with plant managers and environmental management system representatives, is committed to the constant search for new solutions. In this context of the circular economy, the intervention of actors in the supply chain, both private and public, outside the organisation is significant.



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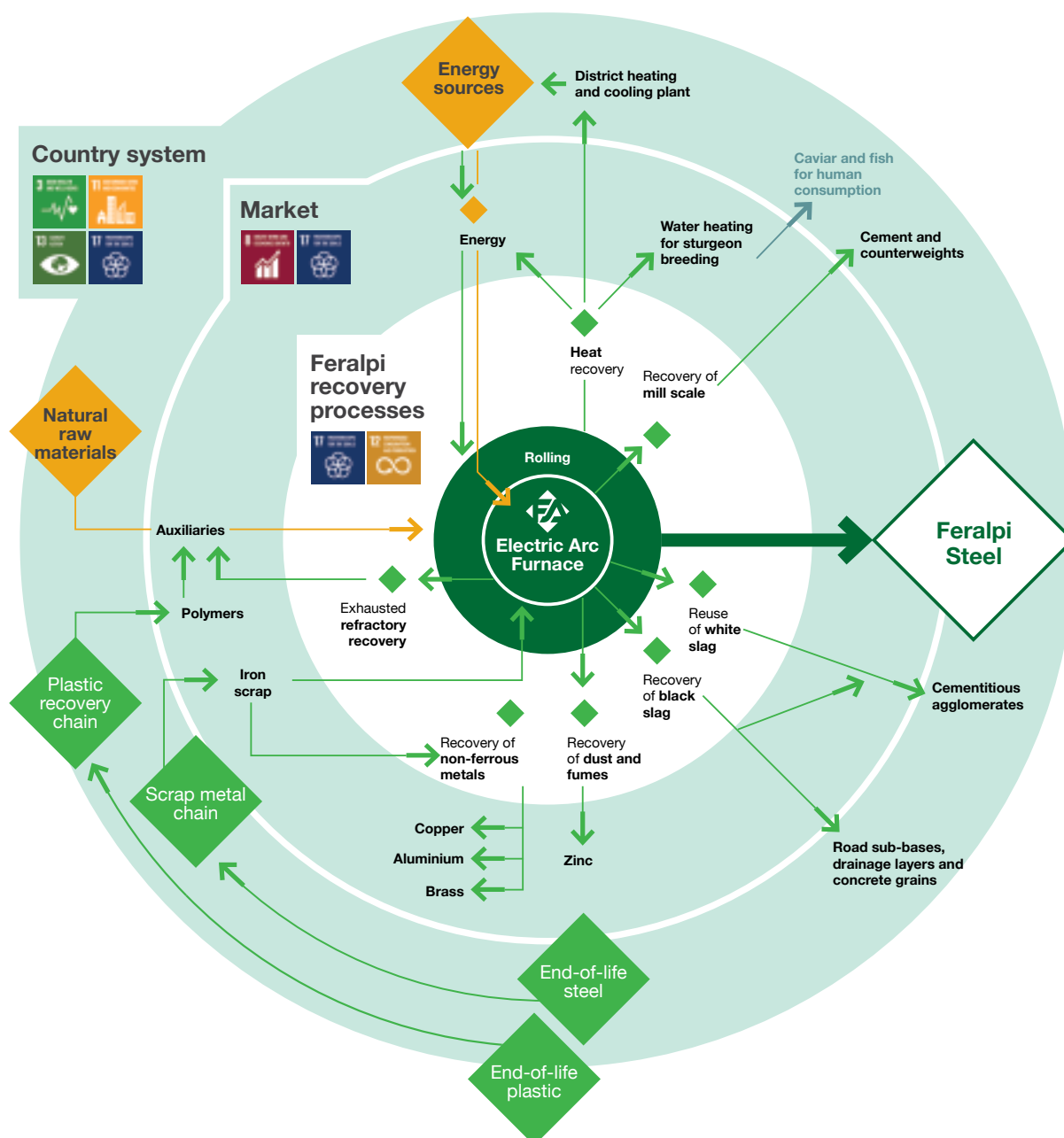
See the chapter **1.8** "Stakeholder engagement and the value of partnerships" \_pag. **66**

## Existing circular processes

Generally speaking, circular processes, despite their considerable complexity, are a source of great wealth. They require strong collaboration between companies of different sectors and often with the public sector and make it possible to enjoy strategic opportunities in terms of business and new technologies while also reducing environmental impacts on the community and also increasing its economic development.

**Throughout Feralpi's value chain, the most significant but also most impactful circular processes relate to the production side, i.e. from the melting process in the electric arc furnace to metallurgical refining and rolling.**

## Feralpi's circular processes





## THROUGH THE RECOVERY OF BLACK SLAG, FERALPI PROVIDES THE CONSTRUCTION INDUSTRY WITH A SUBSTITUTE FOR NATURAL RAW MATERIALS

At the Lonato del Garda plant, slag is processed by an external specialised company with which the treatment process has been developed in partnership. In this way the slag is transformed into a commercial by-product called "Greenstone", which is used in building construction instead of natural materials, which results in an overall saving of non-renewable sources.

All **Greenstone** by- products have obtained the CE 2+ marking, according to UNI EN specifications.

In addition, the black slag recovered at the Lonato plant has an EPD® (Environmental Product Declaration). The EPD is based on the application of the Life Cycle Assessment method (LCA regulated by ISO 14040 and 14044), which quantifies the environmental performance of a product during the various stages of its life cycle.

At the Calvisano plant, the black slag waste is recovered in a co-shared plant for the production of products certified according to the **2+ system**. At the Riesa plant, the black slag is transferred to an external company for processing and marketing.



### DI.MA: an important participation for the development of circular processes

Founded in 1999 in close collaboration with the producer of materials otherwise destined for disposal in landfills, chemical and physical laboratories experienced in the reference sector, it is now an important example of the "circular economy" where producers of materials defined as waste, experts in waste management and end users focus their efforts on creating innovative and high-performance materials from precise transformation production processes aimed at the use "from waste to resource".

In 2020, 367,848 tonnes of waste was managed, generating positive environmental impacts in terms of reducing waste to landfill and natural quarry raw materials.

The partnership with Feralpi gave DI.MA the access to a series of essential pieces of information to lay down the guidelines for the entire recovery process for several types of waste generated by steel processing.



## BY RECOVERING HEAT FROM COOLING CIRCUITS, FERALPI ENABLES THE GENERATION OF CLEAN ALTERNATIVE ENERGY



**Heat is recovered from the cooling water systems of the Feralpi Siderurgica and the Riesa steel mills, preventing it from being released into the atmosphere. The flue gas recovery system at ESF Elbe-Stahlwerke Feralpi generates steam that is partly conveyed by the Riesa town utility company (Stadtwerke Riesa - SWR) directly to Goodyear Dunlop Tires and partly used to generate electricity through an Organic Rankine Cycle (ORC) turbine.**

**Feralpi Siderurgica**, through heat recovery, has instead built a plant that interfaces directly with the smelting furnace flue gas cooling system, allowing it to heat the hydraulic distribution circuit over around one kilometre and delivering 4 MWt at an operating temperature of 90 °C. The recovered heat has been used to heat the buildings inside the plant since 2018. Since 2019, public buildings and some residential buildings in town have been heated with the steel mill heat, thanks to the collaboration with the local government.

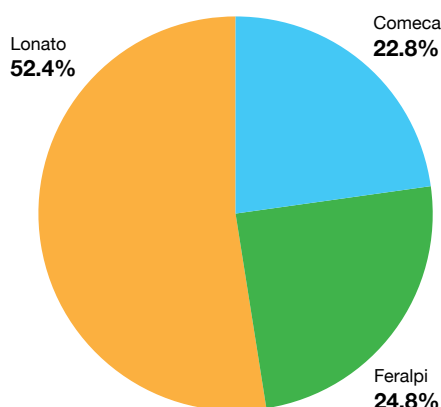
The project has seen the development of a partnership between two private players – the Feralpi Group and the Engie Group, a global player in energy transition – and the Municipality of Lonato del Garda in a shared commitment aimed at making the most of every possible resource.

In 2020, numerous activities were carried out at the Lonato plant, with the following results:

	 <b>District heating</b>	 <b>District cooling</b>
<b>Actions</b>	<ul style="list-style-type: none"> <li>• completion of connection of new users to the external network in the town of Lonato del Garda, with removal of methane gas systems;</li> <li>• full operation of the new thermal storage system, with consequent maximisation of the energy used even in the absence of direct energy input from heat recovery;</li> <li>• full operation of the new constant pressure closed vessel expansion system, favouring the regularisation and better control of pressure trends and complete independence of the network from the plant systems;</li> <li>• continued supply heat to the entire new expanded network from October 2019, excluding the period of downtime during the March/April 2020 lock-down;</li> <li>• completion of a new centralised remote supervision and control system for internal district heating substations.</li> </ul>	<ul style="list-style-type: none"> <li>• analysis of the evaporative tower circuit conditions for the evaluation of chemical sanitation treatments;</li> <li>• advancement of the conductivity control and automatic purge system to preserve the condensation system;</li> <li>• modification of the electrical panel to report electrical consumption related to the generation of cooling energy from industrial heat recovery;</li> <li>• provision in the cooling systems of the newly built electrical cabins of connections on the pipes to connect to possible future district cooling networks;</li> <li>• advancement of feasibility study of an industrial district cooling network dedicated to the transport of cooling energy for the cooling of some areas;</li> <li>• implementation in the centralised supervision system.</li> </ul>
<b>Main results</b>	<ul style="list-style-type: none"> <li>• energy recovered from the EAF in 2020: almost 6,500 MWh;</li> <li>• energy used by the various utilities in 2020: over 5,000 MWh;</li> <li>• network performance: 77% (23% average dispersion);</li> <li>• energy sold to Lonato: over 2,500 MWh (over 50% of the total used);</li> <li>• primary energy from fossil sources not used: almost 4,700 MWh;</li> <li>• reduced consumption of methane gas<sup>25</sup>: almost 500,000 Sm<sup>3</sup>;</li> <li>• normalised energy savings: over 400 TOE;</li> </ul>	<ul style="list-style-type: none"> <li>• thermal energy used by the absorber in summer 2020: 145 MWh;</li> <li>• cooling energy produced by the absorber in summer 2020: 130 MWh;</li> <li>• average COP: 0.91;</li> <li>• electricity not consumed for cooling energy production with compression chillers: over 24 MWh;</li> <li>• normalised energy saving: 5 TOE.</li> </ul>



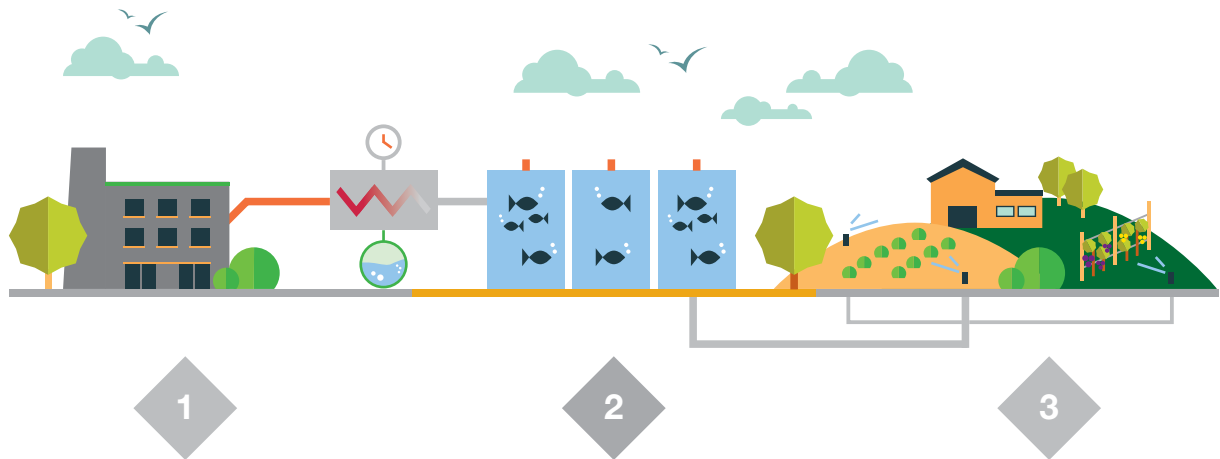
## Distribution % TLR macrouilities 2020



<sup>25</sup> This increase compared to previous years, despite the March/April shutdown, is due to the extension of the network externally towards Lonato del Garda, with a consequent increase in the energy required by network users and therefore a wider use of the energy available from the primary resource of EAF fumes.



At the **Calvisano steelworks** there is also a process for recovering the excess thermal energy from the steelmaking process, which is recovered to heat the water from the aquifer, used for Agroittica's sturgeon-farming operation. The water leaving the breeding ponds is then fed into a network to irrigate surrounding crops, saving farmers the energy required to lift water from the aquifer. An integrated production model, where three different businesses mitigate each other's impacts by saving energy and using water responsibly.



## Heat recovery: supply chains come together in pursuit of circularity

The origins of Agroittica Lombarda date back to the 1970s with the idea of exploiting the residual heat from the iron and steel production of Acciaierie di Calvisano to optimise fish farming: the thermal energy from the iron and steel process is transferred to the water by means of a heat exchanger, creating an optimal habitat for various valuable species.

The water used for breeding comes exclusively from the water table and flows directly into the property: the water table flows from the mountains through layers of gravel, the same natural substrate on which the sturgeons prefer to feed and reproduce. The breeding ponds are therefore also made up of natural gravel on which a complex ecosystem of small animals that contribute to their food takes shape.

With the brands Calvisius Caviar, Cavalier Caviar Club and Ars Italica Caviar, Agroittica Lombarda is the largest producer of caviar in Europe, with two farms in Calvisano (covering a total of 60 hectares), to which the plant of its 35% subsidiary Storione Ticino, located within the nature reserve of the same name, was added a few years ago. In terms of quantity, this whole complex allows an annual production of about 28 tonnes of caviar, of which almost 90% is destined for export. The commitment to sustainability objectives is strong and is connected not only to the recovery of heat from the nearby steel plant, but also and above all to the maintenance of tens of thousands of sturgeons of various species and different age groups, almost all of which are bred by Agroittica. It should be remembered that sturgeon has been an endangered species since 1998 and, therefore, these farms, which have also participated on some occasions in the repopulation of the Po basin, ensure a biodiversity that has now almost completely disappeared in just a few decades due to the wild fishing activities carried out by man.





## **FERALPI RECOVERS AND REUSES SPENT REFRACTORIES IN ITS PROCESS IN THE PLACE OF RAW MATERIALS**

Spent refractory materials coming from the ladle are returned to the production cycle, as partial raw material substitutes. The raw material to be replaced is calcic lime and dolomite lime ("CaO cubes" and "40% CaO") to be used as a slagging agent in the EAF (electric-arc furnace). Their reuse in the furnace does not entail any negative impact on the environment or human health.



## **FERALPI CONTRIBUTES TO THE RECOVERY OF NON-FERROUS METALS THROUGH ITS SCRAP-SORTING PROCESS**

The residual fraction produced by the scrap selection plant is sent to external plants for the recovery through mechanical sorting of non-ferrous metals (such as aluminium, brass and copper).



## **FERALPI HELPS REDUCE DEMAND FOR ZINC ORE BY RECOVERING DUST AND FUMES**

The metal zinc contained in the dust resulting from flue gas removal in the smelting process is mostly recovered at external plants in replacement of natural mineral. The dust produced by the ferroalloy plant are fed back directly into the production cycle, the amount of which equals that of the materials from which dust originates.



## **FERALPI SUPPLIES THE CONSTRUCTION INDUSTRY WITH AN IRON ORE SUBSTITUTE BY RECOVERING ROLLING MILL SCALE**

Rolling scale is recovered for external use. Green iron is the by-product obtained from the rolling scale that is sold to plants for the production of ballasts and concrete.

Alongside technological efforts to improve process performance and product quality"), the technological effort to reduce environmental impact is equally strategic and unavoidable. In terms of Research and Development, numerous processes have also been put in place to promote an increasingly circular approach aimed at meeting the objectives of decarbonisation, reduction of polluting emissions, reduction of mining practices, reduction of materials to be sent to landfills and an increase in the recovery rate.



See the chapter **2.1 "Industry 4.0 and innovation to increase productivity and improve the product, while respecting the planet"** \_pag. 84

One of the most important projects launched in 2020 was Steel Zero Waste: improving the environmental sustainability of the steel sector by implementing innovative technologies for eliminating the presence of waste from electric cycle steel production and significantly reducing unwanted emissions. With this three-year research project, the Group is committed to building demonstration and pilot plants, laying the foundations for zero waste in steel production and minimising the environmental impact of production. This will be done by taking into consideration the perimeter of the production site and the global effects of the actions implemented, according to the most advanced principles of the circular economy.

### **The main actions identified to date include:**

- elimination of the possibility of black and white slag;
- elimination of the possibility of discarding black slag and all solid waste materials by reusing such residues;

- promotion of the use of alternative materials to coal in the steel cycle;
- reduction of CO<sub>2</sub> emissions from the steelmaking cycle by promoting the sequestration and reuse of CO<sub>2</sub>;
- actions to improve both flue gas and water through innovative measures aimed at reducing NOx emissions and through increased efficiency of the drying phase of the sludge used in the plant.

These interventions, aimed at reducing the quantity of waste, will be combined with others, aimed at improving control of the steelmaking cycle in order to monitor the environmental impact of production with a view to continuous improvement.

The project involves the contribution of important research organisations on environmental issues in the steel sector such as ENEA, Rina-Centro Sviluppo Materiali and University of Brescia; it will also benefit from the technological contribution of partners dedicated to individual aspects of development such as Tenova, IBlue, DIMA, Energard, Agroitica Italghisa, TecnoProject and Biosyntesy.

Through the **Coralis** project, Feralpi extended the concept of circularity in production and reuse of waste, creating an industrial symbiosis with other companies in the province of Brescia, with the support and promotion of significant stakeholders for the sector and industry in the province and with leading research bodies such as Confindustria Brescia, Rina Centro Sviluppo Materiali and the University of Brescia. In this laboratory, which demonstrates the necessary synergy between companies in the same industrial district (other demonstrations of "circular" districts will be carried out in Spain and Northern Europe), examples of the circular economy in the Brescia district will be evaluated, as well as the extension of KPI monitoring from the level of a single industry (Feralpi case) to a sector level, comparing the impacts of various companies in different sectors.

**Through the OnlyPlastic project, Feralpi Siderurgica is also involved in studies and development of plants, materials and methods to replace the solid coal used in the EAF process with alternative plastic materials, such as those derived from reprocessing of packaging plastics. Feralpi was the first steelmaking plant to implement an industrial system for injecting these materials during the process, helping to reduce the amount of raw materials needed and reuse plastic materials that would otherwise be dispersed into the environment.**

**Acciaierie di Calvisano** is undertaking the **iSlag** project, which seeks to assess the conditions of the slag required to allow subsequent reuse and evaluate the treatments, as well as the process control methods of the entire steelmaking cycle in order to allow these conditions of suitability to be maintained stably.

Lastly, through the **Integrated** project, **ESF Elbe-Stahlwerke Feralpi** aims to promote the development of innovative systems for recovering radiation energy from otherwise dispersed hot sources. In this project we are promoting the development and testing of such thermoelectric systems capable of promoting the transformation of heat directly into electricity. It is estimated that, following these experimental developments, the system could be used industrially on a large scale, for which Feralpi, together with its international partners, is willing to act as a forerunner for its application.

## Results

Through its management of waste and production waste and its approach to achieving sustainable, efficient management of natural resources, **the Feralpi Group contributes to the 2030 Agenda to reduce the national environmental footprint as well as consumption of raw materials by increasing the recycling rate and creating value through collaboration between supply chains and partners.**





# 4 Social commitment and creation of value for people

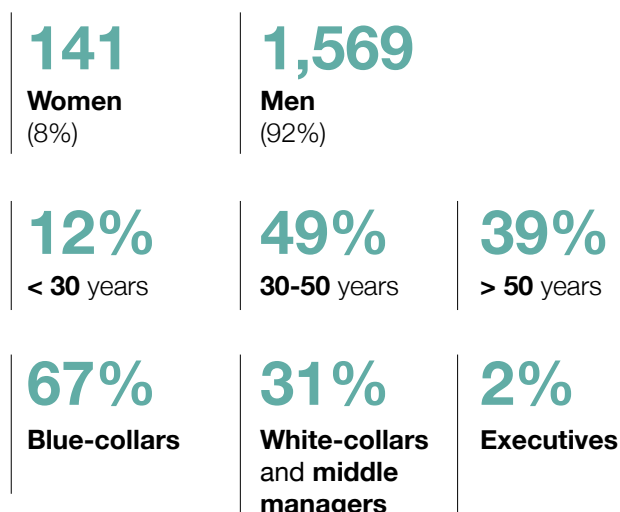
## Feralpi's journey to 2030 Ambitions

- ▶ **Addressing** inequalities, ensuring equal opportunities and adequate wages, while respecting labour and human rights.
- ▶ **Supporting** the economic growth of the national economy.
- ▶ **Promoting** a safe, secure working environment for all the group's workers with constant attention to accidents at work.

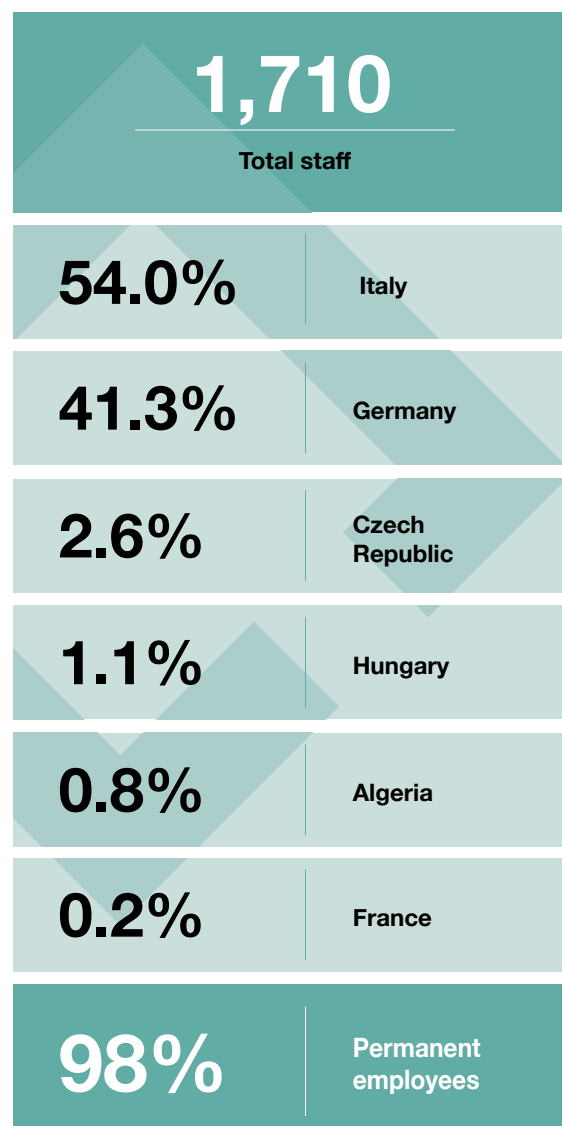


## Feralpi's approach

In line with the International Labour Organization (ILO), whose agenda is centred around the promotion of employment and enterprises, the guarantee of rights at work, the extension of social protection and the development of social dialogue, Feralpi is constantly committed to inclusive economic growth through policies and approaches aimed at promoting decent work that, in addition to being beneficial to individual workers and their families, have a positive impact on the entire local economy.



The management of human resources, in terms of safety and digitalisation, made a major contribution to the resilience of all Feralpi plants during the pandemic period, creating value in terms of business continuity and respect for existing working relationships.





## Enhancement, Development and Welfare

With the aim of building the loyalty of its employees and guaranteeing their wellbeing, Feralpi favours permanent employment contracts, promoting training and skills development, appropriate remuneration, a safe working environment, corporate welfare and personal wellbeing initiatives, and internal career paths.

### ECONOMIC BENEFITS

### PROFESSIONAL GROWTH

### DEVELOPMENT OF SKILLS

# 17,889

Total training  
hours

# 1,342

People  
trained

three key aspects of employee satisfaction that are significantly integrated with the sphere of well-being, which includes

### PSYCHO- PHYSICAL HEALTH

### ABILITY TO POSITIVELY RECONCILE WORK AND PERSONAL TIME

# 29

WHP (Workplace  
Health  
Promotion)  
good practices  
launched from  
2013 to 2020

Over  

# 750

individual  
prevention  
actions in 2020  
(musculoskeletal,  
flu vaccinations  
and urinary  
system)

Over  

# 1,000

employees  
involved in  
Group-wide  
health and  
wellness  
initiatives

**The culture of health is at the heart of the Group's business model: even during the pandemic, Feralpi encouraged promotion and prevention initiatives for its employees.**

## Human rights, inclusion and equal gender opportunities

Given the nature of the Group's activities and the geographical location of its plants, Feralpi takes a broader view of the issue of human rights, focusing on aspects relating to the management of relations with personnel in compliance with the principles and values set out in the Group's Code of Ethics.

In terms of human rights, Feralpi operates in line with the International Charter of Human Rights, the fundamental conventions of the International Labor Organization (ILO), the Organisation for Economic Cooperation and Development (OECD) guidelines for Multinational Enterprises and the ten principles of the United Nations Global Compact.

## Key facts 2020

Adoption of the Sodalitas Charter for Equal Opportunities and Equality at Work.

Drafting of the Group's "Diversity & Inclusion" policy.


Participation in the "Orange the World" awareness campaign, promoted by UN Women, the United Nations body for gender equality and the empowerment of women.

Signature of the CEO Guide to Human Rights, promoted by WBCSD, World Business Council for Sustainable Development, an organisation led by CEOs from over 200 international companies.


## Covid-19 emergency: safety and health

**During the 2020 health emergency, managing people's safety and health was the top priority.**

Maximum attention was therefore given to the development of safety protocols for all internal and external stakeholders and to the activation of the processes necessary to launch flexible working methods. The health and safety response to the Covid-19 emergency followed three parallel tracks:

 **MONITORING THE HEALTH** of staff while ensuring privacy.

 **MAKING WORK ENVIRONMENTS SAFE** by sanitising spaces in accordance with the requirements of national and regional public health authorities.

 **RAISING AWARENESS OF SAFETY AND PREVENTION** through guidelines and communication campaigns.

In response to the Memorandum of Understanding between the Lombardy Region, Confindustria Lombardy and ANMA (National Association of Company Doctors) of March 2021 - aimed at extending the Covid-19 vaccination campaign to manufacturing companies in Lombardy - the Italian companies of the Feralpi Group expressed their willingness to further promote the vaccination campaign by making available medical personnel and the infirmary premises at the Lonato del Garda plant.


Over  
**700**  
employees  
subjected to  
molecular swab  
and serological  
testing in the  
first phase of the  
emergency


**5**  
months  
of monitoring through  
an experimental app  
for the involvement in  
the experimentation of  
the Advanced Health  
Surveillance Plan ("Sced-  
Cov" Project) coordinated  
by the University of Brescia


Over  
**700**  
employees  
subject to  
serological  
testing in  
autumn 2020

**385**  
employees  
who chose to  
be vaccinated  
in-house for  
seasonal flu

## Safety: what's new in 2020

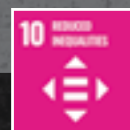
 **Feralpi Siderurgica** updated its integrated safety, environment and energy management system certified **according to the international EN 45001 standard**.

 The first **"Shared protocol for the regulation of measures to combat and contain the spread of the Covid-19 virus in the workplace"** was made official. It lays down the official guidelines for prevention within the company and relations with internal and external personnel.

 **FERALPI STAHL** received the renowned **"Clever Fox" occupational safety** award from the BGHM Association thanks to digital training courses.

## SUSTAINABLE DEVELOPMENT GOALS

The Group commitment to the responsible management of human resources, the promotion of a culture of safety and prevention, the protection of the mental and physical wellbeing of our employees and the protection of human rights has positive impacts on specific **goals of the United Nations 2030 Agenda**.





# 4.1.

## Development and empowerment of individuals

(103-2; 103-3)

Never before has a health emergency had such a severe impact on business continuity and therefore on the management of human resources as the SARS-CoV-2 infection did in 2020.

For an industry which by the very nature of business can only operate if people are physically in the plant, being faced with a pandemic requires more than other sectors a major acceleration in terms of organisational, managerial and cultural flexibility. The continually evolving pandemic and regulatory environment required companies to invest heavily in translating every new regulation and decree issued at short intervals into organisational processes and procedures.

Numerous aspects related to human resources required Feralpi's great ability to adapt. Foremost among these were the management of the safety of people and workplaces, followed by everything related to existing working relationships, and therefore the introduction of forms of flexible work, the management of illness or quarantines, parental leave, production stops with shift patterns, the maintenance of the mental and physical health of workers and internal communication. All these aspects required a great deal of flexibility and a high level of internal coordination with all those involved directly or indirectly in these aspects, from union representatives to the Information Technology or External Relations functions, as well as Plant Managers, the heads of the Prevention and Protection Service and logistics.

At the Group level, the task of the HR functions – together with the Covid Task Force, the Plant Safety Officers and their respective directors, competent doctors and function managers – was to support the Group's central management and ownership in monitoring the situation, assessing the risks associated with the workforce and then initiating appropriate protective measures, with specific procedures and protocols, depending on the geographical location of the workers: in fact, managing the pandemic required different approaches and timescales in Italy and Germany. In the face of common management measures such as the launch of flexible working arrangements and the protection of workers in the workplace, Italian plants, unlike German plants, found themselves forced to close in the first part of 2020 as required by ministerial decrees. The second wave also hit German plants hard, so much so that FERALPI STAHL tightened the safety measures

already adopted during the first wave and thus preserve business continuity. It was during this period that the human resources department was heavily impacted in the management of the pandemic (recording infections, informing employees and identifying or isolating possible contacts), especially at a time when the German state was in greatest difficulty.

In line with the signing of the "Memorandum of understanding on organisational measures to combat the Covid-19 emergency in the workplace" by Confindustria Brescia and the trade unions, Feralpi joined the experimental Sced-Cov protocol (Clinical Epidemiological Surveillance and Diagnostics for the safe resumption of work during a SARS-COV-2 pandemic), coordinated by the University of Brescia. This initiative allowed all employees of the Group's Brescia companies to undergo, as early as May, swabs and serological tests with a blood sample (search for anti-SARS-CoV-2 antibodies) so as to classify the company population into the categories of healthy, asymptomatic and immune to Covid-19. At **Ecoeternit**, spirometry and chest CT scans were also performed.

Monitoring continued in October with serological tests (anti-SARS-CoV-2 antibodies) and, in some cases, pharyngeal swabs, followed by the promotion of free flu vaccines for all employees.

Alongside the analyses, a continuous monitoring process was launched thanks to the digital collaboration of workers who, through the daily update of health conditions using a dedicated Web app, contributed to the tracking and control of the spread in parallel with the diagnostic monitoring.

In Germany, an internal person was also trained to carry out antigen swabs on company premises, so as to quickly detect chains of infection, identify external or internal staff at risk and provide them with the necessary medical care. This measure was taken in view of the large number of external contractors involved in end-of-year repair work.

Alongside the measures to monitor and safeguard workers' health, Feralpi also substantially implemented remote working on the basis of an emergency plan drawn up in previous months. This tool enabled the Group's corporate functions to respond quickly to the need to provide continuity of company services.



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See the chapter **1.5** "Service continuity" **\_pag. 57**

During the year, many internal and external events and training activities directly involving Group employees and collaborators, along with external stakeholders, were cancelled or postponed, while leaving room, where possible, for digital initiatives, such as high-level training courses (IFTTS/ITIS) – as part of the Feralpi Bootcamp project – which saw the Group engaged since 2014 in various activities aimed at the younger generations, including orientation activities and work/study alternation.

In 2020, Feralpi Siderurgica, as a participating member of the "Lombardy Technical Institute for New Mechanical and Mechatronic Technologies" Foundation, obtained a new certificate from Confindustria for its training courses (BITS, an acronym for Bollino Impresa in ITS) and continued its teaching activities at the Luigi Cerebotani Higher Education Institute in Lonato del Garda (BS). **FERALPI STAHL** also continued the

apprenticeship programme envisaged by the German system for the training of specialist technical figures as an alternative to vocational school or qualification centres – for 18 new apprentices who began their training and were then hired as process engineers, industrial mechanics, industrial clerks, materials testers, machine and plant operators and electronic technicians. In other initiatives in Germany, with the aim of reinforcing the interest of young women in technical and scientific professions, in 2020 the company promoted an ad hoc communication campaign, personally involving female apprentices in the company with videos and photos.

However, awareness-raising activities for the children of employees as well as the Work/Study Programme were halted due to the pandemic; on this subject, please refer to the 2019 Voluntary Non-Financial Statement, available on the Group's website [www.feralpigroup.com](http://www.feralpigroup.com), for the most up-to-date information. Finally, it was not possible to continue the Technical Laboratories for Employability, an initiative coordinated by the Ministry for Education, Universities and Research and co-funded by public and private organisations, designed for young people who are not in education, employment or training (NEET), with the aim of guaranteeing preliminary placement services.



## Group policies and management systems

**In line with the International Labour Organization (ILO), whose agenda is centred around the promotion of employment and enterprises, the guarantee of rights at work, the extension of social protection and the development of social dialogue, Feralpi is constantly committed to inclusive economic growth through policies and approaches aimed at promoting decent work that, in addition to being beneficial to individual workers and their families, have a positive impact on the entire local economy. Economic growth that is therefore based on job creation is capable of creating a positive virtuous circle for the economy, for people and for the promotion of sustainable development.**



Feralpi manages its human resources in accordance with legislation and national regulations in the countries where the company operates, and in line with the company values and principles outlined in the company's Code of Ethics, which is given to every new hire. At **FERALPI STAHL** there is also a company policy to support the Code of Ethics, which in ten points summarises the key values and approach used with personnel, customers and suppliers. The policy outlines the company's ongoing commitment to developing internal awareness of safety, quality, energy and the environment.

**With the aim of sustaining the economic growth of the company, through its full and productive employment and the guarantee of decent work, Feralpi has always given priority to permanent employment relationships (in 2020 they accounted for 98% of the company's workforce), adopting**

**policies to retain and enhance the value of its human capital, including: training and skills development, adequate salaries above the minimum wage, safe working environments, attention to the psycho-physical wellbeing of workers, company welfare initiatives and internal career paths.**

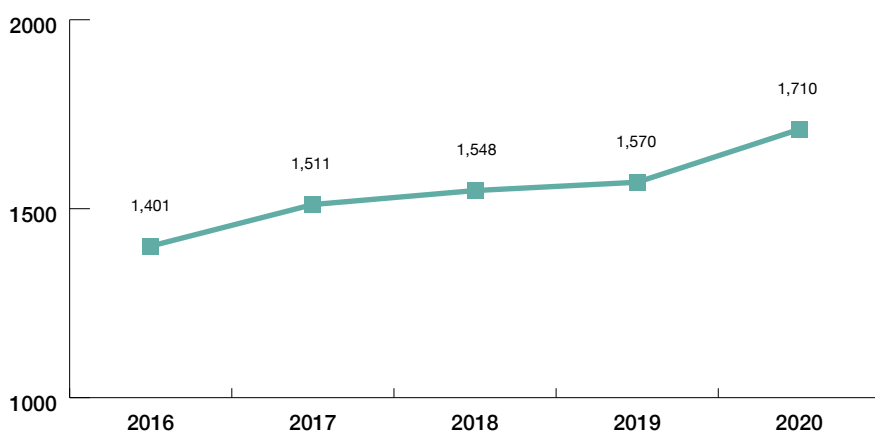
In 2020, the Performance Management System - a tool created to direct the work of each manager towards the achievement of company objectives in a structured, organic manner - was extended to additional companies, bringing the total to 29 managers and 8 (Italian) companies involved.

Among the management methods in place, the "Best Practices Sharing" approach, which involves sharing best practices among the various plants, now stands out for the third year: in 2020, work was carried out in particular on improving the efficiency of the production process related to the melting furnace and adjacent areas with major work at an Italian plant of the Group, as well as on safety aspects, to create synergies. The opportunities identified include training opportunities, in view of developing an experiential project to spread a renewed culture of health and safety within the population.

The main result in 2020 at the level of human resources was business continuity, thanks to all the actions put in

place promptly in terms of safety and flexible working. The timeliness of the Human Resources, Information Systems and Prevention and Protection Service departments was significant, as they had already prepared a plan for the use of remote work (dealing with all the technical and regulatory implications in good time) to allow all company departments to work remotely immediately: more than 175 people in total were able to work remotely from the very first days of the lockdown.

**Beyond the emergency, the result in terms of employment has been significant. The Feralpi Group's workforce at 31 December 2020 increased by 8.9% over the previous year to 1,710 employees. The rate of new hires reached 12.5% (in 2019 it was 10.8%): the increase is due to new hires in Italy and Germany and to the expansion of the reporting scope, which in 2020 also includes Caleotto and Arlenico, with a total of 90 employees. Outgoing turnover levels stand at 10%, a slight increase on last year (9.5%).**



## Number of Feralpi Group personnel



## Development and growth of human resources

For Feralpi, the responsible, transparent management of its employees, as well as their internal development, is a strategic factor not to be underestimated: the ability to discover different skills and professional abilities, to cultivate them over time by means of continuous updates and ad hoc training courses, and to recognise and enhance them on a long-term basis, is an important factor of the Group's approach to development.

With this in mind, in 2020 we worked on designing and developing a Succession Planning project for key roles in the organisation, with a primary focus on executive and manager profiles.

For Feralpi, the ability to attract and retain talent is a strategic point that must be translated into long-term planning according to a global strategy that includes all the activities in the process: from recruitment to development and performance management, from remuneration to the succession plan and the policies

implemented to retain resources. This management makes it possible to anticipate future needs in terms of key skills, in line with the company's development plan.

**Starting with the identification of strategic roles, the primary objective is to ensure business continuity, through the managerial and professional development of candidates potentially suitable for top management positions in the medium or long term.** This approach inevitably has positive impacts, because it makes it possible to deal quickly and effectively with the (sudden or planned) replacement of strategic company roles, as well as to retain and motivate talented people with skills, career and salary development paths.

## Training and skills development

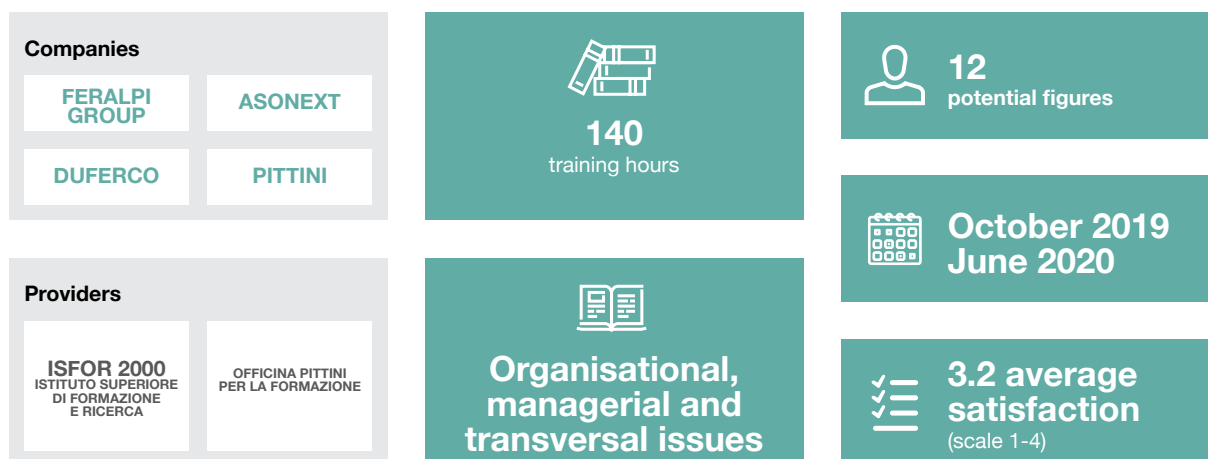
Growth initiatives range from compulsory to optional training, in response to the needs of the market and the external context in which Feralpi operates. They cover technical refresher courses, managerial development, and projects relating to improvement and prevention in the field of safety, health and the environment. In Germany, part of the annual training needs emerge from evaluation questionnaires submitted to employees. The approaches range from the more classical classroom activities to an increasingly widespread digital mode, to which Covid has given a strong boost.



In 2020, all mandatory training activities required by national regulations continued, partly remotely and, when the Covid-19 emergency allowed, back in the classroom. Given the sensitivity of the safety issues, the choice was to organise the courses according to strict procedures and protocols in order to be able to implement them in presence. These include basic training modules aimed at all newly hired employees. Learning is constantly verified and a large proportion of training programmes are evaluated by participants at the end of the course.

All non-compulsory training activities were only delivered remotely, partly thanks to the digital transformation process implemented by Feralpi in recent years<sup>26</sup>, which enabled people to carry out training and work activities both in the workplace and outside the company, without any particular inconvenience due to the change in approach. The digital awareness programme continued in 2020, involving dedicated training activities for employees who use the Google platform in their daily work. The year also saw the completion of training at FERALPI STAHL on the implementation of SAP.

<sup>26</sup> Please refer to the 2019 Voluntary Consolidated Non-Financial Statement for further discussion



The first course created by the Siderurgica Academy – Management 4 Steel, launched in 2019 by Feralpi, together with the Asonext, Duferco and Pittini groups – continued in 2020 with the aim of training 12 potential figures (aged between 30 and 40, mainly university graduates) in organisational, management and transversal skills. In view of the common challenges to be faced, the ability to adapt becomes increasingly essential, where 4.0-oriented skills must necessarily be integrated with transversal soft skills, investing in industry partnerships for shared growth is what distinguishes this initiative.

**Management 4 Steel is a shared advanced training course aimed at increasing managerial culture, including with reference to new technologies, while also encouraging the creation of a network in the**

**steel industry. The study sessions were structured with the aim of returning new knowledge through a modern approach and with a particular focus on 4.0.**

From the analysis of business scenarios to process planning, from communication techniques to problem-solving methods, "Management 4 Steel" looks openly to the future by focusing on collaboration and transversal knowledge as competitive levers. The timing of this first edition – for reasons related to the pandemic emergency – was inevitably slowed, leading to the closure of the course in June 2020 and a slight reduction in the package of 140 hours of training, rescheduled in the remote mode.



In terms of enhancing the value and growth of its resources, in addition to offering internal transversal training on various aspects, the Group also invests in the growth and development of the skills of its employees, through participation in professional master courses.

Master's degree in Industrial Maintenance	Master's degree in Management and Business Innovation	Metal University
Proper management of industrial assets is of great value to the company. Cultivating the professional skills needed to maintain value and improve the competitiveness of the Group is fundamental. The master's degree programme is jointly run by the MIP Politecnico di Milano Graduate School of Business and the SdM - School of Management of the University of Bergamo.	The current competitive scenarios require transversal skills and an integrated, strategic vision of business management, along with solid managerial skills that the Group cultivates thanks to the master's degree in Management and Business Innovation organised by ISFOR, developed with the support of Confindustria Brescia and in collaboration with the University of Brescia.	Technological and plant assets in the metallurgical sector today must be integrated with the quality and potential of human capital in order to fully realise their potential. Through the master's degree programme, created in partnership between AQM, ISFOR and Riconversider, the Group aims to develop candidates with high potential for the control and development of the technological processes that are fundamental for the company, with a focus on the processing and transformation of metal materials from a 4.0 perspective.
Feralpi 2020 participants: 1	Feralpi 2020 participants: 4	Feralpi 2020 participants: 1

Feralpi's executives and managers also took part in numerous master's and professional development courses, such as the advanced training course "Professione sostenibilità" (Profession: Sustainability) organised by ALTIS and CSR Manager Network and the executive course "Strategic Management of the Circular Economy: For a Transition to new Models of Production" promoted by ALTIS, Tondo and Circularity and the master's degree programme in "Company Sustainability Management" promoted by Sole24ore and KPMG.

In terms of sustainable development, in addition to providing the Group's experience within training contexts offered by third parties, Feralpi promotes internal awareness and training activities, through engagement activities by the "Sustainability and External Relations" department (see the chapter "Stakeholder engagement and the value of partnerships"), as well as through the participation of certain internal specialists in third-party training courses, to better develop and integrate certain aspects within company management. In 2020, for example, training was provided on aspects related to "Diversity & Inclusion", aspects of the "2030 Agenda" and "Social Responsibility Management Systems (SA8000@:2014)".

The difficulties experienced during the pandemic period led to a change in the continuity of the training service in terms of hours provided. Despite the legal and logistical constraints, in 2020 an average of 10.5 hours per capita of training were still delivered, amounting to an overall total of 17,889 hours.



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Please refer to the chapter **1.8**  
"Stakeholder engagement and the  
value of partnerships" \_pag. **66**

A major change that took place at the end of 2020 and that has required and will continue to require significant work during 2021 in terms of training and developing new technical and specialist skills in senior figures was the decision to convert the Nave plant to a new mission and industrial set-up. This is undoubtedly a complex decision that, in addition to forming part of a broader vision that aims to achieve growth in the business of steels for construction and large-scale works and thus identify Feralpi as a key player in the infrastructure market, seeks to preserve jobs in the Nave area and thus continue to create value.



**The decision to protect the workforce inevitably set in motion an important process of skill retraining that will take the form, as early as 2021, of a significant training activity aimed at the conversion of the workforce that remains in the Nave plant and adaptation to the use of new technologies for the personnel that will be assigned to the other Group plants.**

This activity followed an internal process of dialogue and listening between the Group and its employees, with the primary goal of protecting the professional skills developed over the years and reconciling the needs of private life:

1. formulation of technical staff requirements, with the identification of the professional figures and tasks necessary for the new production set-up;
2. one-to-one interviews between the plant's human resources manager and individual employees to inform them of new professional opportunities and to understand their various professional and personal needs;
3. assignment of the workforce to the Nave plant or other Group plants, with punctual management of the logistics aspects;
4. consultation with the trade unions for the optimal management of the plant's reconversion phase through the use of redundancy schemes.

Lastly, through an agreement signed with the trade unions, procedures were formulated for personnel approaching retirement age.

**In addition to continuing education and specific training in response to certain business or situational needs, the training of young skilled workers also plays an important role: it is not uncommon, especially in Germany, for employees to be trained to take on a leadership role or to be trained as specialists to work on complex technical issues.**

## Internal communication

**Complementing and supporting these measures is the crucial role of internal communication, which in 2020 played a strategic part in keeping employees up-to-date on operational procedures, increasing motivation during the most complex months of the pandemic and involving people in social solidarity or inclusion initiatives.**

To strengthen the system of internal dialogue and updating, a new internal digital platform was designed and created in 2020 to meet the needs of the various plants and unify all the Group's employees: the My Feralpi intranet, online since November 2020. The new platform – different from the previous digital communication channels – presents itself to the Group's employees as a place where they can find up-to-date operational and logistical information, as well as updates on the steel sector or the context in which the Group operates. The tool, which is integrated with Google and can be consulted from any device, is a site offering profiled news, both at the Group and local level (i.e., by plant), browse notices and special bulletins (such as Covid-19 information) and download useful materials.

## Human resources governance

A Human Resources department is in place to manage the sites in Italy, France and Algeria and meet the various needs of company personnel appropriately and effectively, and a second department covers sites in Germany and Eastern Europe. Both departments, one of which reports directly to

the Chairman and the other to the CEO of **ESF Elbe-Stahlwerke Feralpi**, work independently on management and organisational issues, national contract aspects and union relationships, but they remain continually aligned on strategic matters, policy and special projects.

## Results

Overall, the following results contribute positively to the achievement of the 2030 Agenda goals.



**More specifically, in 2020 the Feralpi Group contributed to the creation of decent jobs and, albeit to a lesser extent than in previous years, to the training of young people who are unemployed or out of school. In parallel, it has also made a real contribution to reducing the number of deaths by facilitating access to swabs and serological testing for the corporate population, protecting public health.**

## 4.2.

### Health and safety are at the heart of production

(103-2; 103-3; 403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-7; 403-9)

Ensuring the health and safety of employees is a priority for the Feralpi Group. The company continually focuses on plants, work environments and work procedures, given that its production activity involves a level of risk which, though continually falling thanks to ongoing action, must always be monitored to identify and plan improvement actions.

**Through this approach and the experience acquired over the years, the Feralpi Group was able to respond promptly to the SARS-CoV-2 virus health emergency. In addition to setting up the task force and formulating protocols to prevent the spread of Covid, numerous actions were taken to protect the safety of workers:**



Fundamental in dealing with the emergency was the Group's medical service which, with its doctors and nurses, managed the health emergency on the front line. The Group's main plants have always had a facility that employees can turn to for an annual medical check-up or for additional tests, which are mandatory in order to be considered fit for work or to receive advice or support in the event of physical ailments such as migraine, lumbago

or other discomfort. However, the pandemic led physicians to have direct contact with employees no longer for ordinary situations but to manage emergencies. From the outset, the Group's health team worked constantly towards the objective of worker health, pursuing this mission through various daily actions: identification of fragile workers, management of internal contacts in terms of information, management of positive cases, relations with



family doctors, performance of swabs and serological tests, coordination with internal functions involved in the management of the pandemic and management of external relations with third party health organisations. This was in addition to remote support for employees, both to convey the correct information and for simple comfort, which has been translated into documents (FAQs) or video clips of on health and psychology.



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For a more in-depth look at all aspects – medical and otherwise – of the Covid emergency, please refer to the chapter **1.5 "Service continuity"** \_pag. 57

Other aspects beyond the extraordinary management of the health emergency characterised the Feralpi Group's 2020. From a management standpoint, the implementation at **Feralpi Siderurgica** of an integrated safety, environment and energy management system certified according to the ISO 14001 (environment), ISO 45001 (health and safety) and ISO 50001 (energy) standards is certainly significant. For safety aspects it is based on management and operating procedures that ensure constant monitoring of risks and identification of improvement measures.

**In terms of prevention, in 2020 work continued on the project to revamp the fire detection systems, with the completion of the Steelmaking section at the Lonato plant.** Similarly, actions aimed at reducing the risks deriving from manual handling continued through the installation of new manipulators; new machines were installed for the automation of operations in the LF area and new reheating stations for ladles. The opportunity was also taken to revamp Rolling Mill 2, particularly in the terminal section of the wire rod line, to further increase safety levels in the segregation of plants, and new rooms were created to house the department offices. The replacement of the forklift fleet with new electric machines was also taken as an opportunity to introduce new safety elements, with regard to both review of driver qualifications and active safety systems installed on individual trucks. Lastly, the certification projects for complex lines continue, in 2020 focusing in particular on rolling mill 2 and the scrap sorting plant.

**The restructuring and upgrading project for Presider's Borgaro Torinese plant was also undertaken in 2020,** with plant and office facilities and infrastructure redistributed and optimised. This project mainly included activities to adjust and rearrange the production layout (with a better organisation of spaces in order to ensure safer processing operations) and the implementation of outdoor areas. The investment involved resurfacing of the access ways of the lifting systems in the raw material warehouse; replacement of the cutting and shaping lines; reorganisation of the spaces within the production

departments with the arrangement of the adjacent external production areas; and the creation of a new external production area dedicated to the assembly of reinforcement cages. **In this same area, Feralpi Siderurgica continued with projects relating to the configuration of hardware and software systems for segregation and access to all production plants,** in collaboration with AIC, the University of Brescia and H-ON. **At the Fer-Par plant, a project to improve safety on the rolling mill is nearing completion, with the segregation of the various areas of the plant with metal fences and access controlled by means of security keys and/or interlocks.**

**Many activities are also being undertaken at the Arlenico plant to completely eliminate possible man-machine interference:** since 2017, continuous interventions have been performed, including the segregation of the rolling mill and any machines and management with access controlled by safety keys and safety PLCs<sup>27</sup>.

**At the Calvisano plant, new plant engineering works were planned and carried out in 2020 to make significant improvements to the safety of equipment and systems in all areas of the plant.** Projects were also started on plant systems to obtain certification of compliance with the Machinery Directive by leveraging actions to segregate dangerous areas and managing the logic of the entrances with safety keys and safety PLCs.

As part of the continuous process of improving safety conditions in the workplace, in 2020 a new rule on the use of high-visibility clothing conforming to the ISO 20471 class 2 standard was introduced at **FERALPI STAHL**: the clothing, which is fluorescent and equipped with reflective strips, serves to make the wearer visible from a great distance in daylight, at night and in fog, rain or snow. This obligation applies not only to **FERALPI STAHL** employees, but also to employees of third-party companies and visitors to the plant. All department managers were tasked with instructing employees and checks were performed in plant access areas. This was one of the responses to the fatal accident at the Riesa plant in March 2020 involving a worker who, on his way to his first shift, was struck by a forklift in a loading area and suffered serious injuries that led to his death. As a result of the accident, the loading area was closed to pedestrian crossing.

<sup>27</sup> Programmable Logic Controller

## Group policies and management systems

**Safety is managed in accordance with legislation in the countries where the Group's facilities operate, and the procedures vary depending on the type of production processes in place. Feralpi Siderurgica has implemented an integrated safety, environment and energy management system certified according to the international EN 45000 standard. For safety aspects, it is based on management and operating procedures that ensure constant monitoring of risks and identification of improvement measures. The statistical monitoring of accidents is divided into five stages: numerical data collection, data processing, graphical representation, reporting and management review. Management control then monitors the data through trends in accident indices relating to frequency, incidence and severity.**

Alongside the management system, there are also environment, safety and energy policies (**Feralpi Siderurgica**), environment and safety policies (**Presider** and **Ecoeternit**) and a safety policy (**MPL**), defining objectives, strategies and commitments. The risk assessment relating to health and safety in the workplace is also updated continually, with a risk assessment document produced and improvement actions monitored.

The risk of major incidents (**top events**) occurring was also assessed at **Feralpi Siderurgica** and **Acciaierie Calvisano**, with the creation of a special Safety Report. Both settlements are consequently equipped with a **Major Accident Risks Policy and Management System**, which includes the procedures for managing emergencies and coordination for the management of the external Emergency Plan, in accordance with the provisions of Legislative Decree 105/15. **Feralpi Holding** is not part of the integrated safety and environment management system, but is subject to an operating procedure that includes safety regulations for personnel, risks arising from working in offices, emergency management, access to affiliated companies, and the plan for monitoring safety equipment.

All Italian companies, with the exception of **Ecoeternit**, have a **Model 231** and are subject to special inspections by the Supervisory Body to ensure the application of health and safety procedures. Foreign companies do not outline a safety management sys-

tem nor specific certification, but they comply with the requirements of national legislation. At **Ecoeternit** there is an integrated management system (UNI EN ISO 14001:2015 and UNI EN ISO 45001:2018) and an Operational Management Plan approved by the Lombardy Region that regulates, in a timely manner, all the phases of the life of the landfill and the subsequent post-management period both under ordinary conditions and for any extraordinary conditions.

As required by legislation, **FERALPI STAHL** is a member of the professional association **Berufsgenossenschaft Holz und Metall (BGHM)**, which sets out safety rules and practices for companies and personnel. The association carries out checks and audits along with company safety representatives, manages compulsory accident insurance in Germany's private sector, is involved in the rehabilitation of employees who have had an accident at work or have an industrial disease, and provides compensation for the victims of accidents.

In 2020, the total injuries rate (considering only employees) was about the same as in the previous year, standing at 25.84 per million hours worked.

**Contract work** follows specific procedures for the evaluation of contractors and the management of interference risks. Before contracting out any activity, the technical and professional requirements of the chosen company and its subcontractors, if any, are checked by acquiring a series of documents certifying the proper fulfilment of the formalities required by the competent authorities, the regular employment of personnel, their regular remuneration and their suitable training in accordance with the regulations in force for the specific activities. Coordination meetings with the parties' supervisors/employers are held before and during the work, should the need arise, during which specific or precise problems are addressed and cooperation is sought to eliminate or reduce the risks arising from them.

During the periods of the health emergency caused by the spread of Covid-19, access by employees of external companies was slowed down, and in the most difficult moments was limited to maintenance activities only, functional to the correct management of the plants for the purposes of maintaining proper safety standards; all accesses from March 2020 onwards were subject to the same measures for the prevention of contagion in force for internal company personnel, circulated and shared prior to the authorisation of access. These measures were: limited, named access after authorisation by the management, accesses staggered across different time slots, body temperature measurement at each entrance and accesses to the changing rooms at previously agreed times.

**In 2020 Feralpi Siderurgica increased the involvement of its subcontractors in the overall process of managing health, safety, and environmental risks and improving energy performance, in view of the transition to the new ISO 45001 standard and the implementation of the energy management system in accordance with the ISO 50001 standard. Awareness-raising, training, audits and checks carried out by the internal organisation on suppliers during their activities at the plant therefore increased.**

The companies located in Riesa adopt a management manual for external companies signed by the CEO of **ESF Elbe-Stahlwerke Feralpi** and the workers' representative – updated in 2020 – which encompasses all safety-related procedures. In each company there is also a "Safety information" sheet indicating the main rules of conduct for visitors and workers themselves, with a presentation of safety devices, instructions in case of emergency, signs and emergency exits.

As a general rule, any complaints are handled entirely in accordance with the procedures established by the Safety Management System and are dealt with in accordance with company regulations, supervised by the General Management in consultation with the Head of the Prevention and Protection Service.



## Training and communication

**Feralpi has adopted a prevention strategy to identify and define investments and policies for employee safety, and to reinforce awareness with ongoing training and activities to raise awareness among all collaborators.**

One indispensable means of prevention is the intensive health and safety training provided to all workers concerning not only general and specific training (general health and safety risks, PPE for access to the plant, emergency plan, job descriptions for specific risks), but also on the use of vehicles and equipment, working at heights and in confined spaces, fire prevention measures, first aid and the use of a defibrillator, as well as specific training for Safety Tutors and Web Safety Pills. The Covid period saw a slowdown in in-presence activity. When possible, a proactive attitude nonetheless saw the delivery of classroom training. Given the sensitivity of the safety issues, the choice was to organise the

courses according to strict procedures and protocols in order to be able to implement them in presence.

In addition to the courses required by law (first aid/fire prevention, etc.), when a specific risk or need arises (such as the repetitive use of portable ladders in the production area of Nuova Defim in 2020) further training sessions are organised for all personnel.

**Internal and external communication for the prevention of SARS-COV infection was given ample attention in 2020.** The Protocol for the prevention of the spread of COVID-19 in the workplace was circulated via email and publication on the internal platform (Arxivar) and in the private area of the Employee Portal. Key content was also circulated through videos and posters, presented via digital channels, on monitors in common areas and in posters in the most frequented places identified as suitable to avoid crowds during viewing.

In addition:

- the privacy policy relating to body temperature measurements is displayed near where this activity takes place;
- instructions on how to clean hands properly are posted near the washbasins in the restrooms;
- instructions for the correct cleaning of hands with disinfectant gel are posted near the disinfectant gel dispensers;
- a notice is posted on the doors of the meeting rooms containing the rules for their use;
- a notice summarising the hygiene rules to be observed is posted in the area where the coffee machines are located;
- notices recalling the general rules and indicating the correct way to use PPE are posted in all appropriate places.

Constant supervision in terms of safety, as well as continuous updates and ad hoc training courses in addition to the compulsory ones and periodic alignment meetings, enables Feralpi to keep the number of accidents in the workplace stable and always monitored in terms of frequency and severity.

The approach taken also leads to employees being sensitive to the issue and becoming safety advocates themselves. For example, at Nuova Defim – where, thanks to everyone's cooperation, in 2020 the company went beyond what was expressly required by law – this took the form of marking off the areas dedicated to the use of forklifts and improving the safety of some non-slip platforms.

In terms of spreading a culture of safety, in 2020 FERALPI STAHL received the renowned "Clever Fox" workplace safety award from the BGHM Association thanks to digital training courses (short instructional films and interactive learning processes) and associated quizzes that had to be passed to gain access to the plant, which involved around 720 German employees, ten temporary employment agencies working at the plant, 160 external companies that collaborate with the company and the approximately 1,500 visitors a year who pass through the plant.



***“Through its approach to digitalisation, Feralpi is a great pioneer in the industry and has managed to present the issue of occupational safety in a very impactful way, motivating employees, partners and guests***

Thomas Eßbach, prevention district supervisor BGHM East - "Smart Fox" Riesa.

***“With this safety award, we give recognise the merit of ideas that go beyond the level required by accident prevention laws. Especially in a steel mill, it is important that everyone knows how to behave appropriately”***

Ute Emsel, Public Relations Department - BGHM





## Management and promotion of health and well-being



**In addition to the safety management system, Feralpi is also active in protecting and safeguarding company health. The health and safety management system is based on promoting preventative measures and developing a corporate culture geared towards facilitating good physical and mental health and personal and professional well-being. In addition to occupational health care, there are a number of other measures.**

Since 2013, the Feralpi Group has been a member of the WHP – Workplace Health Promotion – network of companies that promote health, undertaking to pursue a series of initiatives dedicated to improving the health of workers by reducing general risk factors and, in particular, those most related to the genesis of chronic non-communicable diseases by promoting physical activity, offering opportunities to stop smoking, promoting a healthy diet and implementing measures to improve wellbeing at work and beyond. Five companies in the Feralpi Group – **Feralpi Holding, Feralpi Siderurgica, Acciaierie di Calvisano, Fer-Par** and **Nuova Defim** – took part in the WHP Lombardy network initiatives, with the coordination of the Health Protection Agencies, which also provide methodological and scientific support for the project, and the collaboration of Confindustria.

Despite the restrictions imposed by the pandemic and in full compliance with prevention protocols, in 2020 the activity continued to be reshaped to remain supportive of individuals. The company walks continued and were enriched by the addition of walking leaders, i.e., two employees who studied technical and motivational skills (training course sponsored by ATS Brescia) to guide the group optimally. The yoga course, which has been held for years, continued at the Lonato offices, but in digital form with employees able to do the exercises remotely. Remaining on the subject of physical activity, in collaboration with AiFOS (the Italian Association of Occupational Safety Trainers and Operators), postural exercise "pills" were made available to all employees of the Group's Italian companies. At the Brescia offices, training was provided for certain system figures (Head of the Prevention and Protection Service, supervisors, Workers' Safety Representative, HR) on the subject of addictive behaviour centred on pathological gambling. In the same vein, at **Nuova Defim**, training and

**The activity was divided into six different areas of activity, including healthy eating, physical activity, combating tobacco smoking, combating addictive behaviour (alcohol, drugs and gambling), road safety and work-life balance, welfare and social responsibility.**

**These six areas have been translated over the years into**

**29**  
**best practices that have involved**

over  
**700 employees**  
**through the various initiatives**

information meetings were organised on alcohol and substance addiction.

The year 2020 was also marked by the Fifty-Fifty project, a prostate cancer prevention campaign promoted by the Brescia South West Macclodio Rotary Club and Fondazione Bieler Stefanini and supported by Fondazione Poliambulanza. The initiative is aimed at employees over 55 years of age, who can request a free screening (prostate test and examination) at the company infirmary; to date, more than 80 workers have joined the initiative.

The approach to treatment and prevention saw a major in-house vaccination campaign in 2020 to protect workers from possible infection with the seasonal flu virus during a health emergency. The vaccination campaign met with a very positive response, with 210 employees involved.

In other preventative initiatives, in 2020 the Feralpi Group concluded the observational **study in the Group's Brescia branches, designed to intercept and prevent posture issues related to the oral cavity** launched in 2019 in conjunction with Brescia University (Department of Medical and Surgical Specialities, Radiological Sciences and Public Health). The project included individual sessions with specialists during working hours, the completion of a postural history questionnaire, a dental examination with a specialist, and a postural assessment on a stabilometric platform.



Musculoskeletal disorders are among the major diseases that develop during ageing and represent the main health problem in European countries. Through the above initiatives, the Feralpi Group wishes to support its workers with aspects of physical health that are

independent of the work they do, inviting them to invest in the prevention and treatment of problems that, if not properly treated, can lead to more serious illnesses.

Feralpi also actively participated in the webinars of the cycle "Beyond COVID-19 individual wellbeing and community ties: the scenario and opportunities in the workplace" organised by the Young Entrepreneurs Group of Confindustria Brescia in collaboration with ATS Brescia, ATS Bergamo and Recovery.net. During the two sessions, "The long/medium term psychological effects of the COVID-19 emergency" and "Mental well-being as an individual resource and common good", the topic of COVID-19 was addressed with regard to the impact it has had and may have on the mental health and well-being of people in general.

At **FERALPI STAHL**, employees have accident insurance, which also covers the private sector, and within the scope of occupational health care employees have access to mandatory and other examinations on offer, during which the current state of health is determined and, if necessary, measures are suggested by the company doctor. Physical activities are supported financially; the swimming pool may be used once a week; and the use of company bicycles has been actively promoted since 2020, to allow workers in the area to avoid using public transport, thus avoiding exposure to possible contagions, while also improving their health. Employees of the Riesa plants were able to purchase bicycles at discounts and 115 applications for bicycles, especially e-bikes, were received in the first two months of 2020.

In addition to these measures, which are available throughout the year, **FERALPI STAHL** organises a health day every six months with the support of health insurance companies and other external service providers. The two 2020 health days were well attended by employees and suppliers from the safety world, equipment suppliers and company pension services, despite the difficulties associated with the pandemic. Fitness and pool benefits are not available in Hungary and the Czech Republic.

## Welfare

**The company contracts of Feralpi Holding, Feralpi Siderurgica, Acciaierie di Calvisano, Fer-Par, Presider and Feralpi Siderurgica Stahl provide for a flexible, integrated system of benefits, existing alongside the result bonus and allowing not only economic compensation but also a series of optional welfare solutions and services, in addition to special terms for local services.**

**+of  
400**  
**services**

**+of  
50**  
**conventions**

**13**  
**areas**  
school fees, medical and health services, rehabilitative care, elderly care, baby sitting and family support services, supplementary pensions, culture and training, holiday travel, sport, mobility, everyday life, wellness and leisure, consulting support

Germany has aligned its internal contract with what is already in place in Italian plants, contributing to the company pension scheme for employees by going beyond legal requirements and offering company incentives for personal savings plans, additional pension contributions and medical expenses.

Feralpi also joined the Local Conciliation Alliance of the Lower Eastern, Central and Western Brescia district areas in 2020, led by the Municipality of Montichiari, since 2015 for Acciaierie di Calvisano, since 2016 for Feralpi Siderurgica and Feralpi Holding and since April 2017 for Fer-Par, with the Municipality of Brescia as the lead entity. Through this membership, Group employees may

benefit from vouchers that partially cover costs incurred for family services. For the company, this project means being an active part of a solid local network that capitalises on the richness of perspectives of organisations operating in very different fields, while also consolidating, through training courses, the skills of the representatives of Alliance members in key thematic areas: remote working, corporate welfare and worker welfare.



**Staff well-being is measured every two years through the Corporate Climate Survey (the next edition is planned for 2021).**

### **Feralpi supports social development and encourages work-life balance**

through integrated actions with the local welfare system with three objectives:

Promoting social development through corporate welfare

Supporting experimental and innovative paths of corporate welfare that can contribute to the development of work-life measures and initiatives at the local level

Developing integrated welfare models where corporate welfare and local rules are intertwined and mutually reinforce each other in order to promote work-life balance

## Health and safety governance

In terms of organisation, **Feralpi Siderurgica** has a Safety, Prevention and Environmental Department, whose manager also provides guidance and coordinates other Italian sites, such as **Acciaierie di Calvisano**, **Fer-Par**, **Feralpi Profilati Nave** and **Feralpi Holding**.



**At Nuova Defim, MPL, Presider and Presider Armatures, responsibility for the subject is assigned to the General Management in conjunction with the Head of the Prevention and Protection Service. At the Arlenico plant, the company organisation includes a Safety & Environment department. The Head of the Prevention and Protection Service, an external party in 2020, will be internal in 2021. At Ecoeternit, this is managed by the Technical Director and Head of the Prevention and Protection Service in close collaboration with the Managing Director.**

One or more internal employee safety representatives are elected by employees at sites in Italy, under company union representation. Similar mixed bodies have been set up at **ESF Elbe-Stahlwerke Feralpi**, where there is a committee with a General Manager, a Factory Council and a company doctor, who also facilitates the return of personnel after long periods of sick leave.

The Feralpi Group provides a health service at all its main sites with a nurse and doctor or the monthly presence of an occupational physician to carry out periodic health checks on exposure to potential risks.

With regard to aspects more closely related to the health of employees, in addition to the Group's medical staff and head of the Prevention and Protection Service, the Human Resources Department and the External Relations and Sustainability Department are also directly involved.

## Results

Overall, the following results contribute positively to the achievement of Goal 3 of the 2030 Agenda. Specifically, in 2020 the Feralpi Group contributed to reducing the number of deaths by facilitating access to swabs and serological tests for the company population and applying all hygiene and prevention provisions, thus protecting public health and avoiding an increase in the mortality rate caused by negligence in the workplace.

Through its medical service, it contributes to increasing the coverage of health workers in the area at the disposal of the population and thus the ability to prepare for health emergencies.

It also contributes to reducing pathologies or deaths related to non-communicable physical ailments (heart attacks, vascular problems, addictions) through its own initiatives to promote health and combat addictive behaviours: alcohol, drugs, smoking and gambling (WHP project).





## 4.3.

### Human rights, inclusion and gender equity

(102-41; 103-2; 103-3; 412-2)



Human rights in the  
**workplace**



Human rights along the  
**value chain**



Human rights in  
**local communities**



Given the nature of the Feralpi Group's activities and the geographical location of its plants, Feralpi takes a broader view of the issue of human rights, focusing on aspects relating to the management of relations with personnel in compliance with the principles and values set out in the Group's Code of Ethics.

Guiding the *modus operandi* of all Group companies with regard to equality, human rights and equal opportunities are the Organisational Model drawn up pursuant to Legislative Decree no. 231/2001 in Italy, the German Constitution (art. 1) and the Allgemeines Gleichstellungsgesetz law, transposed within the Group through the Code of Ethics and the new "Diversity & Inclusion" policy, drafted at the end of 2020. In terms of human rights, Feralpi operates in line with the International Charter of Human Rights, the fundamental conventions of the International Labor Organization (ILO), the Organisation for Economic Cooperation and Development (OECD) guidelines for Multinational Enterprises and the ten principles of the United Nations Global Compact. Feralpi's commitment concerns all human rights, without distinction, and takes into account the historical, social and business context in which Group companies operate. The Group is committed to protecting labour rights and promoting safe and secure working environments for all. This commitment extends to three areas.

In the **workplace**, human rights are protected by collective industry agreements that are renewed periodically and, when necessary, supported by additional documents, such as the Code of Ethics or other documents specific to each plant or to specific tasks. Recruitment methods take account of the conditions of

local labour markets, which vary depending on where the plants are based, and are carried out in compliance with equal opportunities for all: employees who, by reason of their position or function, are involved in the selection, recruitment and management of personnel act according to merit, the personal dignity of candidates and ensuring equal opportunities, taking into account the suitability of the worker for the work environment and assessing technical and aptitude criteria. Decisions taken regarding personnel, authorisations and checks are transparent and are tracked.

Workers' rights are protected by the free representation of personnel at all operating sites: trade union relations, oriented towards constant, constructive dialogue between the parties, are based on timely, transparent information and always seek to reach an agreement that can support both parties. Collective bargaining agreements cover all staff at the sites located in Italy, Germany and France (96% of the Group) and the quality of industrial relations is subject to the assessment of periodic meetings between the social partners. The sound, positive relations with the Unitary Trade Union Representatives made it possible to bring a positive attitude, resilience and prompt response to facing the numerous challenges of 2020 related to business continuity and the reconversion of the plant located in the municipality of Nave.

The proper management of relations over the years has made it possible to deal positively with certain sensitive issues that have arisen, such as the amendment of labour agreements, operations during periods of extraordinary redundancy, overtime at certain plants, the reduction of the summer shutdown period or the renewal of the internal contract, which was postponed by mutual agreement by 12 months.

In Germany, the Works Council is in charge of defending workers' rights, as well as taking measures for the inclusion of foreign workers, combating xenophobia and promoting the recruitment and integration of workers with disabilities. Consequently, in 2020 FERALPI STAHL signed up to the Respekt! - No Place for Racism" initiative promoted by IG Metall.



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See the chapter **1.3** "Governance structure: roles and responsibilities" **\_pag. 42**

In terms of remuneration, Group employees are paid a minimum wage that is higher than the minimum wage established by collective bargaining agreements and regulations in force in the various countries. The remuneration system in Italian branches is based on merit and ability, determined by assessing collective performance (production bonuses). At the Italian managerial level, the performance management system launched in 2018 continued in 2020.



## INDEX

Please refer to the chapter **4.1** "Development and empowerment of individuals" **\_pag. 132**

As far as existing relations with employees are concerned, the management of human rights is the responsibility of the Human Resources Department and the Health and Safety Department, while the Sustainability and External Relations Department is also involved for aspects related to equal opportunities and equality at work. In 2020, an internal working group was set up to design a diversity and inclusion development process. Any complaints are handled entirely in accordance with the procedures established and described by the 231/2001 model and are dealt with in accordance with company regulations, supervised by the general management in consultation with the personnel office.

With the aim of reducing inequality and supporting the families of Feralpi workers in domestic and care work – which is unpaid and often performed by women – the Group offers specific welfare services, such as reimbursement of education and school expenses from early childhood to university, as well as reimbursement of babysitting or care services for the elderly or non-self-sufficient, services performed by domestic help, school transport and children's canteens.

**In addition to reimbursements, reduced-rate services are available for nursing care and home support, as well as special terms at early childhood facilities in the area. It is through this support that Feralpi seeks to recognise and enhance the value of unpaid care and domestic work and the promotion of shared responsibility within the family.**

**FERALPI STAHL** is a member of the association "Wirtschaft für ein weltoffenes Sachsen e.V.", which is sponsored by the Saxon State Ministry of Economy, Labour and Transport and aims to promote the topic of immigration at a national level. In 2020, participation in the association was digital only.

**The Feralpi Group voluntarily adheres to the Sodalitas Charter for Equal Opportunity and Equality at Work , which includes 800 other companies of all sizes and public administrations: signing it is a declaration of intent to spread an inclusive corporate culture and policies, free from discrimination and prejudice, capable of enhancing talent in all its diversity.**



Following the signing in 2019 by the Group's Chairman, during 2020 Feralpi took the opportunity to work on a number of priorities such as the drafting of an internal policy and a number of awareness-raising actions which – for reasons of force majeure – were deferred in favour of aspects considered a priority due to the health emergency situation, such as safety and health of workers. However, some improvement actions have been identified for 2021. Signing the Charter has in any case enabled the Group to self-assess its performance in terms of corporate inclusion developed and promoted over time: according to the Sodalitas D&I Self-Assessment, Feralpi managed to obtain a score of 76.2%, specifically with regard to the important work developed over the years with the younger generations.

**Throughout the value chain, Feralpi's commitment finds tangible expression in its Code of Ethics, which is shared with its suppliers and included in price lists for both the domestic and foreign markets. Since 2020 the Code of Ethics has also been available to all Italian subcontractors who qualify on the Eicon portal.**

The attention dedicated to safeguarding human rights by Feralpi throughout its supply chain is to be viewed in terms of protecting labour relations between workers and external contractors/subcontractors with whom Feralpi may have direct or indirect business relations. To protect human rights, Feralpi undertakes to carry out document checks on contractors/subcontractors regarding the correct application of labour law in terms of compliance with the protection of their workers and the correct application of safety regulations in line with the requirements of Legislative Decree 81/2008 (Consolidated law on the protection of health and safety in the workplace). For each contractor, it is assured that technical and professional requirements have been met by obtaining documentation certifying compliance with contribution obligations (DURC), obligations imposed by the relevant authorities are being met (social security requirements (INPS) and appropriate employee insurance (INAIL)) and suitable third party and public liability insurance policies covering their personnel have been organised.

All personnel entering the plant must be regularly employed, punctually paid and subject to health monitoring to determine their suitability for the performance of the relevant activities. It also checked that all personnel are equipped with suitable PPE and that they are properly trained in terms of both compulsory and specific training if they have to carry out particular activities such

as, for example, driving forklifts or elevating platforms, working at heights, electrical work, etc. Access permits are not issued to underage workers nor to those with employment contracts on secondment or with vouchers, workers with atypical forms of contract such as internships or apprenticeships are also excluded.

Adequate checks are also always carried out on any work equipment brought into the plant, such as cranes, forklifts, elevating platforms, etc., acquiring copies of the compulsory periodic checks issued by the competent bodies, copies of the EC Declarations of Conformity and the declarations by the owners of the equipment that, at the time of entering the plant, it is in a good state of preservation, maintenance and efficiency for safety purposes.

If the contractor indicates a need to subcontract, it will be authorised, always in writing, only for specific activities that differ from those carried out by the contractor. Subcontractors will also be subject to the same verification of possession of the technical and professional requirements as above.

The Purchasing Department is directly involved in the protection of human rights along the supply chain.

**Feralpi acts as an attentive, aware player in its local communities, committed to raising awareness among its stakeholders and providing direct support for situations of fragility, discrimination or abuse of human rights and freedoms, as well as of citizens.**

In 2020 Feralpi:

- **Collaborated with and supported organisations committed to the inclusion of fragile groups, such as women and people with disabilities**

Casa Gratitude: the right to equal opportunities	21 Grammi: the right to inclusion
Casa Gratitude (House of Gratitude) is a home, confiscated from the mafia, for women with or without children who are temporarily in difficulty, located a short distance from Lonato del Garda. The Feralpi Group has chosen to stand with them and provide them with the tools to rebuild their lives and futures, with the aim of reducing inequalities, guaranteeing equal opportunities and encouraging the inclusion of fragile people in society.	The Feralpi Group helped to support a very special business organisation – the 21 grammi® restaurant – whose mission is the inclusion of people with disabilities. Created in 2016 on the basis of an idea by the Centro Bresciano Down, 21grammi is a restaurant run in part by young people with Down's Syndrome that now has several employees.

- **Stable working relationships were formed with people in situations of fragility engaged in a process of reintegration into civil society, promoting a process of social inclusion and ensuring equal opportunities for all**

Legality and enterprise: the right to work	Refugees: the right to safe migration
Following the agreement between Confindustria Brescia, the Surveillance Court, Brescia Penal Institutions and the Brescia Office of the Guarantor of Prisoners, Feralpi closely followed the process of reintegration of the inmate whom it had welcomed at the end of his term in 2019 with a nine-month traineeship process. This person, constantly supported by the company tutor, was able to develop the necessary skills and consolidate the competences needed to carry out their work in the company.	FERALPI STAHL took part in a company mentoring scheme promoted by the Ministry for Economy and Work in Saxony and coordinated by the Employment Agency, with the aim of facilitating the employment and social integration of refugees. In 2019, six people were hired at the company and the project ended in late 2020, with a travelling exhibition.

- **Participation in awareness-raising actions aimed at promoting rights.**

UN Women - Orange the World	WBCSD - CEO Guide to Human Rights
There was a tragic increase in domestic violence, cyberbullying, child marriages, sexual harassment and sexual assault in 2020. Feralpi therefore chose to take an active part in the international campaign "Orange the World: Fund, Respond, Prevent, Collect!" against gender-based violence, signed by UN Women through internal awareness-raising actions among employees and external through digital channels (social media and website).	Finally, in 2020, the Chairman of the Feralpi Group, in line with the commitment of numerous Italian and international CEOs who are members of the World Business Council for Sustainable Development (WBCSD), answered the Call to Action and signed the WBCSD CEO Guide to Human Rights.

The protection of human rights and equal opportunities for all in local communities today's society more generally is monitored and managed by the Sustainability and External Relations function, in coordination with the owners and the Human Resources Department.

Given the monitoring methods and procedures in place, it was not considered necessary to provide specific training on human rights.

## Results

**There were no reports in the 2020 financial year, confirming a stable situation and the absence of issues related to personal rights violations or discrimination across the Group. The Feralpi Group's commitment to safeguarding human rights in its relations with workers, throughout the supply chain and in society translates into a contribution to 2030 Agenda for goals 5, 8 and 10. More specifically, the Feralpi Group sought to reduce the unemployment rate by supporting the most fragile categories at risk of marginalisation (women, people with disabilities, migrants and prisoners).**

Through its contributions and campaigns, it has supported third-party organisations in their work to combat gender-based violence and develop women's independence. In general, the Group's contribution to the protection of human rights contributes to reducing the number of people discriminated against.







# PERFORMANCE

**Creation of consolidated value added**

FIGURES IN THOUSANDS OF EUROS	2018	2019	2020
Revenues from sales and services	1,320,333	1,302,752	1,238,398
Changes in inventory of work-in-progress	33,156	-16,729	-25,427
Increase in fixed assets for in-house work	3,964	5,227	3,698
Other revenues and income	8,861	40,424	5,788
<b>A) VALUE OF PRODUCTION</b>	<b>1,366,314</b>	<b>1,331,674</b>	<b>1,222,457</b>
Consumption of raw materials (scrap)	698,851	620,289	585,692
Energy	104,406	91,314	76,912
Consumable materials and supplies	194,996	221,242	194,150
Cost of services	136,349	145,731	174,737
Hire, purchase and leasing charges	4,643	3,932	5,566
Provisions for risks	9	11,978	200
Other provisions and write-downs	1,460	1,569	1,543
Other operating expenses	4,126	2,860	3,524
<b>B) COST OF PRODUCTION</b>	<b>1,144,840</b>	<b>1,098,915</b>	<b>1,042,324</b>
<b>GROSS CHARACTERISTIC VALUE ADDED</b>	<b>221,474</b>	<b>232,759</b>	<b>180,133</b>
Financial income	529	534	444
Adjustments to financial assets	1,068	-13,865	-2,048
Accessory items	1,597	-13,331	-1,604
Extraordinary items	0	0	0
<b>GROSS OVERALL VALUE ADDED</b>	<b>223,071</b>	<b>219,428</b>	<b>178,529</b>
Amortisation and depreciation	43,022	53,343	53,863
<b>NET OVERALL VALUE ADDED</b>	<b>180,049</b>	<b>166,085</b>	<b>124,666</b>

## Distribution of consolidated value added

FIGURES IN THOUSANDS OF EUROS	2018	2019	2020
Wages and salaries	65,943	71,312	73,821
Employee severance indemnity	2,304	2,284	2,513
Other charges	2,459	6,353	4,107
<b>A - EMPLOYEES</b>	<b>70,706</b>	<b>79,949</b>	<b>80,441</b>
Taxes	25,238	15,171	8,435
Social security contributions	18,465	19,672	20,631
<b>B - PUBLIC ADMINISTRATION</b>	<b>43,703</b>	<b>34,843</b>	<b>29,066</b>
Provisions	3,072	592	1,332
Non-distributed profit / loss	53,735	33,831	5,450
<b>C - RISK CAPITAL</b>	<b>56,807</b>	<b>34,423</b>	<b>6,782</b>
Distributed profit	0	7,000	0
Financial expenses	4,131	3,328	4,309
<b>D - LENDERS</b>	<b>4,131</b>	<b>10,328</b>	<b>4,309</b>
Charity	146	1,172	169
Sponsoring of sports/recreational activities	4,556	5,370	3,899
<b>E - COMMUNITY</b>	<b>4,702</b>	<b>6,542</b>	<b>4,068</b>
<b>NET OVERALL VALUE ADDED</b>	<b>180,049</b>	<b>166,085</b>	<b>124,666</b>

## Percentage of turnover invoiced by local suppliers at the main production sites out of total supplies

GEOGRAPHICAL AREA	2018	2019	2020
Province of Brescia	28.8	37.1	39.3
Province of Como	5.1	6.3	5.0
Province of Lecco	-	-	7.2
Province of Turin	4.7	3.7	5.2
District of Meißen/Grossenhain	6.7	7.2	7.2
District of Mělník	4.6	4.6	5.5
District of Csepel	4.0	5.3	6.7

Ratio of local purchases from suppliers of materials, products and services to total purchases. By 'local' is meant the Province or District of reference. For Feralpi-Praha and Feralpi-Hungaria it is not possible to identify local suppliers. In calculating the indicator, it was considered the item related to other operating expenses in the Income Statement, which incorporate most of local suppliers out of total charges.

## Environmental indicators

(301-1; 301-2; 302-1; 302-2; 302-3; 305-1; 305-2; 305-3; 305-4; 305-7; 306-2)

### Use of materials and % recycled (301-1, 301-2)

MATERIAL	UNIT	2018		2019		2020	
		USED	% RECYCLED	USED	% RECYCLED	USED	% RECYCLED
<b>Scrap</b>	<b>t</b>	<b>2,759,097</b>	<b>100</b>	<b>2,732,514</b>	<b>100</b>	<b>2,734,192</b>	<b>99.87</b>
Feralpi Siderurgica		1,287,080	100	1,278,486	100	1,231,412	100
Acciaierie di Calvisano		492,135	100	477,249	100	484,282	99.25
FERALPI STAHL		979,882	100	976,779	100	1,018,498	100
<b>Additives<sup>1</sup></b>	<b>t</b>	<b>23,632</b>	<b>0.63</b>	<b>20,406</b>	<b>0.74</b>	<b>20,329</b>	<b>5.74</b>
Feralpi Siderurgica		11,024	0	8,231	0	7,559	13.15
Acciaierie di Calvisano		2,944	0	2,906	0	2,896	0
FERALPI STAHL		9,664	1.54	9,269	1.62	9,874	1.76
<b>Lime</b>	<b>t</b>	<b>97,945</b>	<b>0.13</b>	<b>104,219</b>	<b>2.27</b>	<b>95,543</b>	<b>2.54</b>
Feralpi Siderurgica <sup>2</sup>		45,674	0.29	49,936	4.74	45,797	5.29
Acciaierie di Calvisano		15,837	0	21,664	0	15,990	0
FERALPI STAHL		36,302	0	32,619	0	33,756	0
<b>Iron alloys</b>	<b>t</b>	<b>35,219</b>	<b>0</b>	<b>35,229</b>	<b>0</b>	<b>35,360</b>	<b>0</b>
Feralpi Siderurgica		16,832	0	16,139	0	16,382	0
Acciaierie di Calvisano		5,032	0	6,154	0	4,927	0
FERALPI STAHL		13,355	0	12,936	0	14,051	0
<b>Refractory materials</b>	<b>t</b>	<b>17,474</b>	<b>5.59</b>	<b>17,084</b>	<b>4.80</b>	<b>17,049</b>	<b>5.14</b>
Feralpi Siderurgica		6,679	0	6,639	0	6,780	0
Acciaierie di Calvisano		4,237	0	3,874	0	3,601	0
FERALPI STAHL		6,558	14.88	6,571	12.49	6,668	13.15
<b>Oxygen</b>	<b>Sm<sup>3</sup></b>	<b>70,674,475</b>	<b>0</b>	<b>70,527,025</b>	<b>0</b>	<b>71,413,324</b>	<b>0</b>
Feralpi Siderurgica		35,028,176	0	35,057,696	0	33,547,680	0
Acciaierie di Calvisano		10,866,540	0	11,282,844	0	10,981,932	0
FERALPI STAHL		24,779,759	0	24,186,485	0	26,883,712	0
<b>Inert gases</b>	<b>Sm<sup>3</sup></b>	<b>2,057,878</b>	<b>0</b>	<b>2,120,736</b>	<b>0</b>	<b>2,088,872</b>	<b>0</b>
Feralpi Siderurgica		871,265	0	1,005,737	0	1,062,005	0
Acciaierie di Calvisano		442,693	0	421,943	0	387,478	0
FERALPI STAHL		743,920	0	693,056	0	639,389	0

1. The additives used are charge carbons and bulking, desulphurising, deoxidising, recarborising and charge polymer agents. The recycled percentage refers to the share of polymers deriving from the plastics recovery cycle, introduced to replace the foamed slag.
2. The figure includes internally recovered lime: 131 t for 2018, 163 t for 2019 and 197 t for 2020.



## Use of energy by source (302-1)

SOURCE	UNIT	2018	2019	2020
<b>Electricity</b>	<b>MWh</b>	<b>1,487,186</b>	<b>1,468,652</b>	<b>1,427,095</b>
Feralpi Siderurgica		676,096	664,457	618,207
Acciaierie di Calvisano		266,464	259,707	248,676
FER-PAR		8,194	8,963	7,966
Arlenico		-	-	21,753
Nuova Defim		3,268	2,829	2,750
Presider		1,474	1,401	1,336
MPL		834	786	789
FERALPI STAHL		530,856	527,518	522,474
Feralpi-Praha		-	2,008	1,974
Feralpi-Hungaria		-	454	526
Presider Armatures		-	529	558
Ecoeternit		-	-	86
<b>Natural gas</b>	<b>Sm3 - Standard m³</b>	<b>67,072,107</b>	<b>74,031,697</b>	<b>70,556,922</b>
Feralpi Siderurgica		37,842,364	39,457,357	36,264,157
Acciaierie di Calvisano		4,118,086	4,719,399	4,156,842
FER-PAR		3,706,100	3,711,853	2,871,469
Arlenico		-	-	5,948,275
Nuova Defim2		267,647	207,655	141,693
Presider		30,914	27,988	29,169
FERALPI STAHL		21,106,996	25,891,208	21,131,151
Feralpi-Hungaria		-	16,236	14,166
<b>Petrol</b>	<b>Litres</b>	<b>11,279</b>	<b>16,870</b>	<b>16,098</b>
Nuova Defim		0	0	133
FERALPI STAHL		11,279	8,762	8,874
Feralpi-Praha		-	4,744	3,961
Feralpi-Hungaria		-	3,364	3,130
<b>Diesel¹</b>	<b>Litres</b>	<b>1,445,142</b>	<b>2,335,343</b>	<b>2,493,287</b>
Feralpi Siderurgica		370,341	426,500	403,000
Acciaierie di Calvisano		54,000	73,000	94,000
FER-PAR		146	146	146
Arlenico		-	-	52,867
Nuova Defim		89,300	78,225	76,186
Presider		0	0	16,904
FERALPI STAHL		931,355	1,730,912	1,790,634
Feralpi-Praha		-	25,218	23,183
Feralpi-Hungaria		-	1,342	1,940
Presider Armatures		-	0	1,077
Ecoeternit		-	-	33,350

SOURCE	UNIT	2018	2019	2020
<b>Charge carbon</b>	<b>Tonnes</b>	<b>11,084</b>	<b>7,504</b>	<b>8,506</b>
Feralpi Siderurgica		5,391	3,089	2,037
Acciaierie di Calvisano		948	857	1,003
FERALPI STAHL		4,745	4,415	5,466
<b>Waste foam</b>	<b>Tonnes</b>	<b>7,458</b>	<b>6,983</b>	<b>5,971</b>
Feralpi Siderurgica³		992	614	194
Acciaierie di Calvisano		2,385	2,189	1,849
FERALPI STAHL		4,081	4,180	3,928
<b>Photovoltaic</b>	<b>MWh</b>	<b>612</b>	<b>680</b>	<b>677</b>
Feralpi Siderurgica		468	500	498
Arlenico		-	-	7
Presider		144	180	173

Following a refinement of the collection process, Feralpi-Hungaria's 2019 natural gas consumption figures have been restated from those published in the previous Non-Financial Statement.

1. FERALPI STAHL's figure for 2018 does not include Feralpi Logistik's diesel consumption, which amounted to 803,782 litres. The 2019 and 2020 figures include Feralpi Logistik's diesel consumption.
2. At Nuova Defim, heat recovery from the plants to heat the factory and from the compressors to heat the offices combined with temperature control systems ensured a 30% reduction in methane gas in terms of SMC.
3. The decrease is related to the share of polymers introduced to replace waste foam.



## Use of energy by source, expressed in GJ <sup>(302-1)</sup>

SOURCE	GJ	2018	2019	2020
<b>Electricity</b>		<b>5,353,870</b>	<b>5,287,143</b>	<b>5,137,544</b>
Feralpi Siderurgica		2,433,946	2,392,046	2,225,544
Acciaierie di Calvisano		959,271	934,944	895,232
FER-PAR		29,499	32,267	28,679
Arlenico		-	-	78,309
Nuova Defim		11,765	10,184	9,902
Presider		5,306	5,044	4,811
MPL		3,003	2,829	2,841
FERALPI STAHL		1,911,080	1,899,065	1,880,906
Feralpi-Praha		-	7,227	7,106
Feralpi-Hungaria		-	1,634	1,894
Presider Armatures		-	1,903	2,008
Ecoeternit		-	-	311
<b>Natural gas</b>		<b>2,457,780</b>	<b>2,742,562</b>	<b>2,734,480</b>
Feralpi Siderurgica <sup>1</sup>		1,320,474	1,377,508	1,403,215
Acciaierie di Calvisano		142,198	164,763	144,993
FER-PAR		130,651	143,637	111,075
Arlenico		-	-	209,861
Nuova Defim <sup>7</sup>		9,435	7,331	5,583
Presider		1,218	1,103	1,029
FERALPI STAHL		853,804	1,047,564	858,150
Feralpi-Hungaria		-	657	575
<b>Petrol<sup>2</sup></b>		<b>359</b>	<b>537</b>	<b>512</b>
Nuova Defim		-	0	4
FERALPI STAHL		359	279	283
Feralpi-Praha		-	151	126
Feralpi-Hungaria		-	107	100
<b>Diesel<sup>3</sup></b>		<b>51,783</b>	<b>83,446</b>	<b>88,926</b>
Feralpi Siderurgica		13,339	15,361	14,428
Acciaierie di Calvisano		1,992	2,629	3,305
FER-PAR		5	5	5
Arlenico		-	-	1,893
Nuova Defim		3,255	2,817	2,725
Presider		0	0	609
FERALPI STAHL <sup>4</sup>		33,192	61,687	63,818
Feralpi-Praha		-	899	826
Feralpi-Hungaria		-	48	69
Presider Armatures		-	0	46
Ecoeternit		-	-	1,201

SOURCE	GJ	2018	2019	2020
<b>Charge carbon<sup>5</sup></b>		<b>324,998</b>	<b>220,246</b>	<b>249,730</b>
Feralpi Siderurgica <sup>6</sup>		155,703	90,674	59,834
Acciaierie di Calvisano		32,246	25,162	29,472
FERALPI STAHL		137,049	129,572	160,424
<b>Waste foam<sup>5</sup></b>		<b>227,613</b>	<b>140,713</b>	<b>175,255</b>
Feralpi Siderurgica <sup>6</sup>		28,643	18,029	5,707
Acciaierie di Calvisano		81,095	64,239	54,274
FERALPI STAHL		117,875	122,684	115,274
<b>Photovoltaic</b>		<b>2,204</b>	<b>2,448</b>	<b>2,438</b>
Feralpi Siderurgica		1,686	1,800	1,792
Arlenico		-	-	25
Presider		518	648	622
<b>TOTAL</b>		<b>8,418,607</b>	<b>8,477,095</b>	<b>8,388,886</b>

Following a refinement of the collection process, Feralpi-Hungaria's 2019 natural gas and petrol consumption figures have been restated from those published in the previous Non-Financial Statement.

1. The figure relating to natural gas was calculated using SNAM's Lower Calorific Value for 2018, 2019 and 2020.
2. For Super Petrol E10 and Super Petrol, the conversion factors used were 41.56 MJ/kg - 0.75 kg/l, 42.65 MJ/kg - 0.75kg/l and 42.82 MJ/kg - 0.75kg/l, respectively.
3. Italy: Specific gravity 0.84 t/m<sup>3</sup> and ETS coefficient 42.877. FERALPI STAHL: GEMIS-Datebank conversion factors, 42.63 MJ/kg and 0.836 kg/l.
4. The 2018 figures do not include diesel consumption for Feralpi Logistik, which was 28,647 GJ.
5. In 2018 a Lower Calorific Value of 28.885 GJ/t was used, of 29.349 GJ/t in 2019, and of 29.378 GJ/t in 2020 (table of ETS standard parameters).
6. The reduction in consumption of charge carbon and waste foam is due to optimised operating practices including the introduction of polymers, as well as lower production due to the lockdown period.
7. At Nuova Defim, heat recovery from the plants to heat the factory and from the compressors to heat the offices combined with temperature control systems ensured a 30% reduction in methane gas in terms of SMC.

## Indirect energy consumption expressed in GJ (302-2)

	2018	2019	2020
<b>Feralpi Siderurgica</b>			
Employee commuting	5,578	5,389	5,852
Transport and distribution	124,458	153,526	149,486
<b>Upstream</b>	<b>130,036</b>	<b>158,914</b>	<b>155,338</b>
Transport and distribution	108,355	136,037	148,161
<b>Downstream</b>	<b>108,355</b>	<b>136,037</b>	<b>148,161</b>
<b>Acciaierie di Calvisano</b>			
Employee commuting	1,472	1,661	1,364
Transport and distribution	34,351	32,874	39,416
<b>Upstream</b>	<b>35,823</b>	<b>34,535</b>	<b>40,780</b>
Transport and distribution	11,014	9,566	11,006
<b>Downstream</b>	<b>11,014</b>	<b>9,566</b>	<b>11,006</b>
<b>FER-PAR</b>			
Employee commuting	508	692	575
Transport and distribution	0	0	0
<b>Upstream</b>	<b>508</b>	<b>692</b>	<b>575</b>
Transport and distribution	9,203	9,407	8,875
<b>Downstream</b>	<b>9,203</b>	<b>9,407</b>	<b>8,875</b>
<b>Arlenico</b>			
Employee commuting	-	-	1,026
Transport and distribution	-	-	806
<b>Upstream</b>	<b>-</b>	<b>-</b>	<b>1,831</b>
Transport and distribution	-	-	4,612
<b>Downstream</b>	<b>-</b>	<b>-</b>	<b>4,612</b>
<b>Nuova Defim</b>			
Employee commuting	1,083	1,066	1,004
Transport and distribution	1,104	1,254	1,629
<b>Upstream</b>	<b>2,187</b>	<b>2,320</b>	<b>2,633</b>
Transport and distribution	3,803	3,491	4,195
<b>Downstream</b>	<b>3,803</b>	<b>3,491</b>	<b>4,195</b>
<b>Presider</b>			
Employee commuting	-	1,495	1,529
Transport and distribution	-	18	264
<b>Upstream</b>	<b>-</b>	<b>1,513</b>	<b>1,793</b>
Transport and distribution	-	14,807	17,304
<b>Downstream</b>	<b>-</b>	<b>14,807</b>	<b>17,304</b>
<b>MPL</b>			
Employee commuting	-	318	297
Transport and distribution	-	1,212	2,710
<b>Upstream</b>	<b>-</b>	<b>1,530</b>	<b>3,007</b>
Transport and distribution	-	2,836	2,721
<b>Downstream</b>	<b>-</b>	<b>2,836</b>	<b>2,721</b>

	2018	2019	2020
<b>FERALPI STAHL</b>			
Employee commuting	7,603	8,379	8,532
Transport and distribution	59,560	53,108	57,669
<b>Upstream</b>	<b>67,163</b>	<b>61,487</b>	<b>66,201</b>
Transport and distribution	108,757	130,056	186,583
<b>Downstream</b>	<b>108,757</b>	<b>130,056</b>	<b>186,583</b>
<b>Feralpi-Praha</b>			
Employee commuting	-	522	553
Transport and distribution	-	0	0
<b>Upstream</b>	<b>-</b>	<b>522</b>	<b>553</b>
Transport and distribution	-	2,243	2,095
<b>Downstream</b>	<b>-</b>	<b>2,243</b>	<b>2,095</b>
<b>Feralpi-Hungaria</b>			
Employee commuting	-	184	184
Transport and distribution	-	0	0
<b>Upstream</b>	<b>-</b>	<b>184</b>	<b>184</b>
Transport and distribution	-	297	401
<b>Downstream</b>	<b>-</b>	<b>297</b>	<b>401</b>
<b>Presider Armatures</b>			
Employee commuting	-	45	47
Transport and distribution	-	5	15
<b>Upstream</b>	<b>-</b>	<b>51</b>	<b>62</b>
Transport and distribution	-	533	4,433
<b>Downstream</b>	<b>-</b>	<b>533</b>	<b>4,433</b>
<b>Ecoeternit</b>			
Employee commuting	-	-	104
Transport and distribution	-	-	3,044
<b>Upstream</b>			<b>3,148</b>
Transport and distribution	-	-	0
<b>Downstream</b>	<b>-</b>	<b>-</b>	<b>0</b>

Incoming and outgoing transport refer to road transport only, and is estimated at 28 tonnes for each load. For incoming transport to Ecoeternit, 22 tonnes has been assumed for each load. With regard to employee commuting, one round-trip a day per person was considered. Following a refinement of the collection process, the 2019 figures for Feralpi-Praha and Feralpi-Hungaria have been restated from those published in the previous Non-Financial Statement.

## Energy intensity in GJ per tonne of finished product <sup>(302-3)</sup>

	2018	2019	2020
<b>Billets</b>			
Feralpi Siderurgica	2.12	1.96	1.89
Acciaierie di Calvisano	2.22	2.22	2.06
FERALPI STAHL	2.09	2.03	2.00
<b>Ribbed bar</b>			
Feralpi Siderurgica	0.83	0.83	0.83
FERALPI STAHL	1.05	1.23	0.99
<b>Rebar in coils</b>			
Feralpi Siderurgica	1.47	1.51	1.69
<b>Wire rod</b>			
FERALPI STAHL	1.05	1.23	0.99
<b>Wire rod in special steels</b>			
Arlenico	-	-	2.06
<b>Downstream products</b>			
Feralpi-Praha	-	0.21	0.21
Feralpi-Hungaria	-	0.38	0.32
<b>Section bars</b>			
FER-PAR	2.33	2.28	2.20
<b>Welded mesh and gratings</b>			
Nuova Defim	0.62	0.65	0.56
<b>Shaped or assembled reinforcing steel in bar</b>			
Presider	0.05	0.06	0.05
Presider Armatures	-	0.11	0.12
<b>Girders and angle sections</b>			
MPL	0.12	0.10	0.11

The figures relate to December each year. In the calculation, the total consumption of natural gas, electricity, charge carbon and coal for foamy scrap was used for Feralpi Siderurgica, electricity and natural gas for Acciaierie di Calvisano, Feralpi Stahl and FER-PAR, electricity and natural gas for Arlenico and total consumption of electricity for Nuova Defim, Presider, MPL, Presider Armatures and Feralpi-Hungaria.

**Total direct greenhouse gas emissions (GHG) (Scope 1: tCO<sub>2</sub>eq)** <sup>(305-1)</sup>

	2018	2019	2020
<b>EU ETS emissions</b>	<b>202,727</b>	<b>203,484</b>	<b>200,798</b>
Feralpi Siderurgica	97,736	95,191	85,299
Acciaierie di Calvisano	24,397	21,988	18,910
FER-PAR	7,166	6,708	5,547
Arlenico	-	-	11,750
FERALPI STAHL	73,428	79,597	79,292
<b>Refrigerant gases</b>	<b>371</b>	<b>98</b>	<b>250</b>
Feralpi Siderurgica	371	76	247
Acciaierie di Calvisano	0	0	0
FER-PAR	0	22	3
FERALPI STAHL	0	0	0
<b>Natural gas</b>	<b>528</b>	<b>410</b>	<b>339</b>
Nuova Defim	528	410	281
Presider	-	-	58
<b>Diesel</b>		<b>207</b>	<b>388</b>
Arlenico	-	-	139
Nuova Defim	-	207	201
Presider	-	-	45
Presider Armatures	-	-	3
<b>LPG for heating</b>		<b>76</b>	<b>23</b>
MPL	-	76	23
<b>Total direct emissions (Scope 1)</b>	<b>203,626</b>	<b>204,275</b>	<b>201,798</b>

For FERALPI STAHL, EDF's Scope 1 emissions for the year 2018, amounting to 428.54 tCO<sub>2</sub>, and Feralpi Logistik's Scope 1 emissions for the year 2018 and 2019, amounting to 2,122.73 tCO<sub>2</sub> and 2,023.32 tCO<sub>2</sub>, respectively, were not included.



**Indirect greenhouse gas emissions (GHG) resulting from electricity use (Scope 2: tCO<sub>2</sub>eq)** <sup>(305-2)</sup>

	2018	2019	2020
<b>Resulting from electricity Location-based method<sup>1</sup></b>	<b>605,989</b>	<b>582,744</b>	<b>538,858</b>
Feralpi Siderurgica	243,395	238,540	207,717
Acciaierie di Calvisano	95,927	93,235	83,555
FER-PAR	2,949	3,218	2,860
Arlenico	-	-	7,309
Nuova Defim	1,176	1,016	924
Presider	531	503	449
MPL	300	282	265
FERALPI STAHL	261,711	244,768	234,591
Feralpi-Praha	-	1,018	983
Feralpi-Hungaria	-	126	144
Presider Armatures	-	-	38
Ecoeternit	-	-	29
<b>Resulting from electricity Market-based method<sup>2</sup></b>	<b>844,094</b>	<b>836,849</b>	<b>739,945</b>
Feralpi Siderurgica	322,180	321,125	288,016
Acciaierie di Calvisano	126,978	125,514	115,856
FER-PAR	3,905	4,332	3,850
Arlenico	-	-	10,134
Nuova Defim	1,579	1,368	1,329
Presider	712	677	623
MPL	403	380	368
FERALPI STAHL	388,337	382,050	318,380
Feralpi-Praha	-	1,219	1,175
Feralpi-Hungaria	-	157	150
Presider Armatures	-	-	27
Ecoeternit	-	-	40

1 For the calculation of indirect CO<sub>2</sub> emissions from electricity with the location-based methodology, the respective national electricity emission factors were used. These are: for Italian sites 360 gCO<sub>2</sub>/kWh for 2018, 359 gCO<sub>2</sub>/kWh for 2019 and 336 gCO<sub>2</sub>/kWh for 2020; for Germany 493 gCO<sub>2</sub>/kWh for 2018, 464 gCO<sub>2</sub>/kWh for 2019 and 449 gCO<sub>2</sub>/kWh for 2020; for the Czech Republic 507 gCO<sub>2</sub>/kWh for 2019 and 498 gCO<sub>2</sub>/kWh for 2020; for Hungary 277 gCO<sub>2</sub>/kWh for 2019 and 273 gCO<sub>2</sub>/kWh for 2020; for France 72 gCO<sub>2</sub>/kWh for 2019 and 56 gCO<sub>2</sub>/kWh for 2020.

2 To calculate indirect CO<sub>2</sub> emissions resulting from electricity using the market-based method, reference was made to the AIB (Association of Issuing Bodies). For 2018 and 2019, the 2018 Residual Mix was referenced, which for Italian sites is 483.29 gCO<sub>2</sub>/kWh, for Germany 724.24 gCO<sub>2</sub>/kWh, for Hungary 345.37 gCO<sub>2</sub>/kWh, for the Czech Republic 607.16 gCO<sub>2</sub>/kWh, and for France 51.23 gCO<sub>2</sub>/kWh. For 2020, reference was made to the 2019 Residual Mix, which for Italian sites is 465.89 gCO<sub>2</sub>/kWh, for Germany 609.37 gCO<sub>2</sub>/kWh, for Hungary 285.74 gCO<sub>2</sub>/kWh, for the Czech Republic 595.11 gCO<sub>2</sub>/kWh, and for France 43.19 gCO<sub>2</sub>/kWh. For photovoltaic energy and the energy certified as renewable (e.g. green certificates) an emission factor of zero was used.

**Other indirect greenhouse emissions (GHG) (Scope 3)** <sup>(305-3)</sup>

	2018	2019	2020
<b>Transport of incoming scrap or product - tCO<sub>2</sub></b>	<b>16,080</b>	<b>17,561</b>	<b>18,721</b>
Feralpi Siderurgica	9,158	11,297	11,000
Acciaierie di Calvisano	2,433	2,147	2,825
FER-PAR	0	0	0
Arlenico	-	-	59
Nuova Defim	81	92	120
Presider	-	1	19
MPL	-	89	199
FERALPI STAHL	4,408	3,935	4,273
Feralpi-Praha	-	0	0
Feralpi-Hungaria	-	0	0
Presider Armatures	-	0	1
Ecoeternit	-	-	224
<b>Outgoing product transport - tCO<sub>2</sub></b>	<b>17,774</b>	<b>22,733</b>	<b>28,802</b>
Feralpi Siderurgica	7,973	10,010	10,902
Acciaierie di Calvisano	780	624	789
FER-PAR	692	692	653
Arlenico	-	-	339
Nuova Defim	280	257	309
Presider	-	1,090	1,273
MPL	-	209	200
FERALPI STAHL	8,049	9,637	13,826
Feralpi-Praha	-	166	155
Feralpi-Hungaria	-	22	30
Presider Armatures	-	39	326
<b>Employee commuting - tCO<sub>2</sub></b>	<b>1,179</b>	<b>1,450</b>	<b>1,546</b>
Feralpi Siderurgica	394	381	416
Acciaierie di Calvisano	150	156	125
FER-PAR	41	47	45
Arlenico	-	-	92
Nuova Defim	77	78	74
Presider	-	106	109
MPL	-	22	21
FERALPI STAHL	517	606	603
Feralpi-Praha	-	38	39
Feralpi-Hungaria	-	13	13
Presider Armatures	-	3	2
Ecoeternit	-	-	8

ETS Standard National Parameters were used in the calculation. Following a refinement of the collection process, the 2019 data for Feralpi-Hungaria's outbound product transport has been restated from that published in the previous Non-Financial Statement.

## Intensity of greenhouse gas emissions (305-4)

tCO <sub>2</sub> /t FINISHED PRODUCT	2018	2019	2020
<b>EU ETS direct emissions (Scope 1)</b>			
Feralpi Siderurgica	0.08	0.07	0.07
Acciaierie di Calvisano	0.06	0.05	0.04
FER-PAR	0.09	0.09	0.09
Arlenico	-	-	0.08
FERALPI STAHL	0.09	0.05	0.06
Feralpi-Praha	-	0.00	0.00
Feralpi-Hungaria	-	0.00	0.00
<b>Indirect emissions resulting from electricity use</b>			
Feralpi Siderurgica	0.21	0.18	0.17
Acciaierie di Calvisano	0.23	0.22	0.19
FER-PAR	0.04	0.04	0.05
Arlenico	-	-	0.05
Nuova Defim	0.06	0.06	0.05
Presider	0.00	0.00	0.00
MPL	0.01	0.01	0.01
FERALPI STAHL	0.33	0.18	0.17
Feralpi-Praha	-	0.03	0.03
Feralpi-Hungaria	-	0.03	0.02
Presider Armatures	-	0.01	0.00

The intensity of emissions is calculated on the basis of Scope 1 and Scope 2 emissions as the numerator and on the basis of the finished product (i.e. everything that leaves rolling mills) as the denominator.

Note: The figures for Feralpi Algeria, Feralpi Praha, Feralpi Hungaria, Presider, Presider Armatures and Metallurgica Piemontese Lavorazioni (MPL) are not included in the table as insignificant. The figures for Nave concern substances produced in milling only.

1. The variability of NO<sub>x</sub> values depends on the way the reheating furnace is operated in relation to the product being rolled during sampling.
2. Figure for the site.
3. Dioxin-like without toxicity factor.

## Emissions into the atmosphere (305-7)

UNIT	2018	2019	2020
<b>Dust t</b>			
Feralpi Siderurgica	2.60	3.35	2.83
Acciaierie di Calvisano	1.57	5.95	2.28
FER-PAR	0.11	0.08	0.04
Arlenico	-	-	0.01
Nuova Defim	0.20	0.23	0.19
FERALPI STAHL	1.89	0.67	1.31
<b>PM10 t</b>			
Feralpi Siderurgica	0.45	0.41	0.46
Acciaierie di Calvisano	1.96	0.93	1.57
FERALPI STAHL	1.59	0.57	1.10
<b>NO<sub>x</sub>(<sup>1</sup>) t</b>			
Feralpi Siderurgica	153.06	153.18	172.76
Acciaierie di Calvisano	49.22	92.20	50.65
FER-PAR	1.26	0.34	0.8
Arlenico	-	-	4.85
FERALPI STAHL	47.27	50.87	61.63
<b>CO t</b>			
Feralpi Siderurgica	1814.32	1293.89	1021.59
Acciaierie di Calvisano	693.08	421.42	333.13
FER-PAR	0.41	24.69	0.39
Arlenico	-	-	0.06
FERALPI STAHL	548.75	619.54	844.64
<b>Dioxins and Furans gl-TEQ</b>			
Feralpi Siderurgica	0.01	0.05	0.02
Acciaierie di Calvisano	0.02	0.03	0.04
FERALPI STAHL	0.01	0.01	0.09
<b>IPA kg</b>			
Feralpi Siderurgica	0.05	0.04	0.04

UNIT	2018	2019	2020
Acciaierie di Calvisano	0.09	0.15	0.12
FERALPI STAHL	-	-	-
<b>COT t</b>			
Feralpi Siderurgica	32.28	48.33	51.63
Acciaierie di Calvisano	5.03	17.77	3.81
FERALPI STAHL	-	-	-
<b>Pb kg</b>			
Feralpi Siderurgica	10.81	29.31	16.28
Acciaierie di Calvisano	17.85	21.33	15.68
Arlenico	-	-	0.03
FERALPI STAHL	5.44	6.04	60.05
<b>Zn kg</b>			
Feralpi Siderurgica	191.05	389.46	263.87
Acciaierie di Calvisano	408.51	290.54	307.51
Arlenico	-	-	0.03
FERALPI STAHL	568.25	175.84	401.69
<b>Hg kg</b>			
Feralpi Siderurgica	13.90	11.93	25.41
Acciaierie di Calvisano	8.66	10.28	4.80
FERALPI STAHL	66.23	73.12	31.37
<b>SO<sub>x</sub> t</b>			
Feralpi Siderurgica	13.32	3.34	9.02
Acciaierie di Calvisano	37.75	28.21	51.64
FER-PAR	0.04	4.56	0.04
FERALPI STAHL	31.79	36.26	4.52
<b>Pcb<sup>2</sup> kg</b>			
Feralpi Siderurgica	0.01	0.08	0.13
Acciaierie di Calvisano	0.04	0.01	0.55
FERALPI STAHL	0.03	0.03	0.00

## Total water discharged by destination in m³

	2018	2019	2020
<b>Discharged into sewage systems</b>	<b>17,010</b>	<b>20,399</b>	<b>27,634</b>
Feralpi Siderurgica	0	0	0
Acciaierie di Calvisano	0	0	0
Arlenico	-	-	3,458
Presider	-	1,950	2,313
FERALPI STAHL	17,010	15,438	19,644
Feralpi-Hungaria	-	912	854
Presider Armatures	-	2,099	1,365
<b>Discharged into surface water</b>	<b>595,321</b>	<b>632,308</b>	<b>1,877,577</b>
Feralpi Siderurgica	589,976	627,574	623,323
Acciaierie di Calvisano	5,345	4,734	4,254
Arlenico	-	-	1,250,000
Presider	-	0	0
FERALPI STAHL	0	0	0
Feralpi-Hungaria	-	0	0
Presider Armatures	-	0	0
<b>TOTAL WATER DISCHARGED</b>	<b>612,331</b>	<b>653,007</b>	<b>1,905,211</b>

## Analysis of water discharged\*

	UNIT	2018	2019	2020
<b>Feralpi Siderurgica</b>				
COD	mg/l	15.00	23.33	16.67
Suspended solids	mg/l	3.33	5.50	5.50
Total hydrocarbons	mg/l	0.25	0.25	0.25
Zinc(Zn)	mg/l	0.06	0.03	0.04
Iron(Fe)	mg/l	0.15	0.09	0.21
Nickel(Ni)	mg/l	0.03	0.03	0.03
Copper(Cu)	mg/l	0.06	0.05	0.04
Total surfactants	mg/l	0.10	0.10	0.10
Lead(Pb)	mg/l	0.01	0.01	0.01
Phosphorous(P)	mg/l	0.30	0.23	0.25
Electrical conductivity	µS/cm	2,257.00	2,125.00	2,603.33
<b>Acciaierie di Calvisano</b>				
Suspended solids	mg/l	5.00	7.50	12.50
Iron(Fe)	mg/l	0.10	0.41	0.94
Lead(Pb)	mg/l	0.05	0.05	0.05
Phosphorous(P)	mg/l	0.20	0.20	0.95
Electrical conductivity	µS/cm	520.00	749.00	911.00
<b>FER-PAR</b>				
COD	mg/l	25.00	11.50	17.00
Suspended solids	mg/l	7.75	2.50	12.00
Total hydrocarbons	mg/l	0.25	0.25	0.25
Zinc(Zn)	mg/l	0.03	0.09	0.22
Iron(Fe)	mg/l	0.19	0.16	0.25
Copper(Cu)	mg/l	0.03	0.02	0.01

	UNIT	2018	2019	2020
Lead(Pb)	mg/l	0.01	0.01	0.01
Phosphorous(P)	mg/l	1.20	0.60	0.01
Electrical conductivity	µS/cm	656.00	621.00	725.00
<b>Arlenico</b>				
COD	mg/l	-	-	15.00
Suspended solids	mg/l	-	-	5.00
Total hydrocarbons	mg/l	-	-	2.00
Zinc(Zn)	mg/l	-	-	0.01
Iron(Fe)	mg/l	-	-	0.01
Phosphorous(P)	mg/l	-	-	0.50
Electrical conductivity	µS/cm	-	-	200.00
<b>FERALPI STAHL</b>				
COD	mg/l	44.30	15.00	43.43
Suspended solids	mg/l	0.10	0.30	0.87
Total hydrocarbons	mg/l	0.25	0.16	0.36
Zinc(Zn)	mg/l	0.05	1.38	0.87
Iron(Fe)	mg/l	-	-	4.60
Nickel(Ni)	Mg/l	-	-	0.17
Copper(Cu)	mg/l	0.02	0.28	0.11
Lead(Pb)	mg/l	0.02	0.03	0.05
Phosphorous(P)	mg/l	0.23	0.58	0.70
Electrical conductivity	µS/cm	1,585.00	1,503.00	1,578.90

\*Average data

## Total weight of waste by type (t) (306-2)

	2018	2019	2020
<b>Fume abatement dust</b>	<b>41,607</b>	<b>41,103</b>	<b>40,132</b>
Feralpi Siderurgica	21,112	20,194	18,092
Acciaierie di Calvisano	6,718	7,081	7,337
FERALPI STAHL	13,778	13,738	14,703
<b>Heavy waste from shredding</b>	<b>1,221</b>	<b>48</b>	<b>0</b>
Feralpi Siderurgica	21	0	0
Acciaierie di Calvisano	0	0	0
FERALPI STAHL	1,200	48	0
<b>Mill scale</b>	<b>38,135</b>	<b>36,315</b>	<b>38,215</b>
Feralpi Siderurgica	20,176	18,442	17,543
Acciaierie di Calvisano	876	929	712
FER-PAR	1,634	1,198	885
Arlenico	-	-	2,794
FERALPI STAHL	15,449	15,730	16,088
Feralpi Praha	-	0	175
Feralpi-Hungaria	-	16	18
<b>Black slag</b>	<b>186,811</b>	<b>202,301</b>	<b>193,421</b>
Feralpi Siderurgica <sup>1</sup>	45,909	64,400	74,514
Acciaierie di Calvisano	46,616	44,997	22,415
FERALPI STAHL	94,286	92,905	96,492
<b>White slag</b>	<b>75,907</b>	<b>95,923</b>	<b>90,714</b>
Feralpi Siderurgica	31,422	37,475	33,857
Acciaierie di Calvisano	28,424	36,414	35,507
FERALPI STAHL	16,061	22,034	21,350
<b>Light waste from shredding (fluff)</b>	<b>1,533</b>	<b>67</b>	<b>0</b>
Feralpi Siderurgica	198	0	0
Acciaierie di Calvisano	0	0	0
FERALPI STAHL	1,335	67	0
<b>Other waste</b>	<b>114,616</b>	<b>121,142</b>	<b>174,362</b>
Feralpi Siderurgica	65,455	69,893	49,588
Acciaierie di Calvisano	10,798	11,139	15,913
FER-PAR	5,834	6,832	3,820
Arlenico	-	-	845
Nuova Defim	1,137	944	1,022
Presider	2,864	2,189	2,381
MPL	829	956	835
FERALPI STAHL	27,128	28,101	28,018
Feralpi-Praha	-	140	0
Feralpi-Hungaria	-	16	1
Presider Armatures	571	932	838
Ecoeternit	-	-	71,101
<b>TOTAL WASTE</b>	<b>459,830</b>	<b>496,809</b>	<b>536,844</b>

1. The increase in the black slag figure is due to a decrease in demand for Greenstone related to the Covid-19 pandemic and subsequent infrastructure site shutdown. The black slag is sent for recovery in a shared plant (DIMA) for the production of System 2+ certified products such as aggregates and cement mixtures, thus also contributing to the reduction of the use of natural raw materials from quarries.

**Total weight of waste disposed of by type and destination (t) (306-2)**

	2018			2019			2020		
WASTE TYPE	RECOVERED	DISPOSED OF	TOTAL	RECOVERED	DISPOSED OF	TOTAL	RECOVERED	DISPOSED OF	TOTAL
<b>Hazardous</b>									
Feralpi Siderurgica	17,460	9,100	26,560	17,587	4,987	22,574	16,416	1,802	18,219
Acciaierie di Calvisano	6,723	29	6,752	7,155	1,295	8,450	7,151	307	7,458
FER-PAR	8	3	11	2	14	16	40	7	47
Arlenico	-	-	-	-	-	-	18	4	22
Nuova Defim	9	1	10	7	2	9	5	1	6
Presider	0	3	3	0	2	2	3	1	4
MPL	0	0	0	0	0	0	0	0	0
FERALPI STAHL	11,739	2,430	14,169	11,345	2,873	14,218	12,306	2,938	15,244
Feralpi-Praha	-	-	-	0	0	0	0	0	0
Feralpi-Hungaria	-	-	-	16	0	16	8	11	19
Presider Armatures	0	0	0	0	0	0	0	0	0
Ecoeternit	-	-	-	-	-	-	0	71,101	71,101
<b>TOTAL</b>	<b>35,939</b>	<b>11,566</b>	<b>47,505</b>	<b>36,108</b>	<b>9,174</b>	<b>45,285</b>	<b>35,945</b>	<b>76,173</b>	<b>112,118</b>
<b>Non-hazardous</b>									
Feralpi Siderurgica	123,799	33,933	157,732	149,662	38,168	187,831	143,519	31,857	175,375
Acciaierie di Calvisano	58,227	28,453	86,680	55,676	36,435	92,111	38,905	35,521	74,427
FER-PAR	7,456	0	7,456	8,008	7	8,015	4,646	11	4,658
Arlenico	-	-	-	-	-	-	3,617	0	3,617
Nuova Defim	1,127	0	1,127	935	0	935	980	36	1,016
Presider	2,861	0	2,861	2,187	0	2,187	2,378	0	2,378
MPL	829	0	829	956	0	956	835	0	835
FERALPI STAHL	148,364	6,704	155,068	148,331	10,074	158,404	154,496	6,910	161,406
Feralpi-Praha	-	-	-	0	137	137	175	0	175
Feralpi-Hungaria	-	-	-	16	0	16	0	0	0
Presider Armatures	571	0	571	932	0	932	838	0	838
Ecoeternit	-	-	-	-	-	-	0	0	0
<b>TOTAL</b>	<b>335,778</b>	<b>69,091</b>	<b>412,324</b>	<b>366,704</b>	<b>84,820</b>	<b>451,524</b>	<b>350,389</b>	<b>74,336</b>	<b>424,725</b>
<b>TOT. WASTE</b>			<b>459,829</b>			<b>496,809</b>			<b>536,844</b>

**Waste type by destination (306-2)**

	2018							
WASTE TYPE	REUSE	RECYCLING	RECOVERED	LANDFILL	INCINERATOR	COMPOSTING	OTHER TREAT.	TOTAL
<b>Hazardous</b>								
Feralpi Siderurgica	0	0	17,460	3,847	0	0	5,253	26,560
Acciaierie di Calvisano	0	0	6,723	29	0	0	0	6,752
FER-PAR	0	0	8	0	0	0	3	11
Nuova Defim	0	9	0	1	0	0	0	10
Presider	0	0	0	0	0	0	3	3
MPL	0	0	0	0	0	0	0	0
FERALPI STAHL	19	283	11,465	2,384	18	0	0	14,169
Feralpi-Praha	-	-	-	-	-	-	-	-
Feralpi-Hungaria	-	-	-	-	-	-	-	-
Presider Armatures	0	0	0	0	0	0	0	0
<b>Non-hazardous</b>								
Feralpi Siderurgica	0	0	123,791	33,922	0	8	11	157,732
Acciaierie di Calvisano	0	0	58,227	28,453	0	0	0	86,680
FER-PAR	0	0	7,456	0	0	0	0	7,456
Nuova Defim	1,127	0	0	0	0	0	0	1,127
Presider	0	0	2,861	0	0	0	0	2,861
MPL	0	0	829	0	0	0	0	829
FERALPI STAHL	34	110,882	36,113	6,704	1,335	0	0	155,068
Feralpi-Praha	-	-	-	-	-	-	-	-
Feralpi-Hungaria	-	-	-	-	-	-	-	-
Presider Armatures	0	0	571	0	0	0	0	571
<b>TOTAL</b>								<b>459,829</b>



	2019							
WASTE TYPE	REUSE	RECYCLING	RECOVERED	LANDFILL	INCINERATOR	COMPOSTING	OTHER TREAT.	TOTAL
<b>Hazardous</b>								
Feralpi Siderurgica	0	0	17,587	2,273	0	0	2,714	22,573
Acciaierie di Calvisano	0	0	7,155	1,295	0	0	0	8,449
FER-PAR	0	0	2	0	0	0	14	16
Nuova Defim	0	7	0	2	0	0	0	9
Presider	0	0	0	0	0	0	2	2
MPL	0	0	0	0	0	0	0	0
FERALPI STAHL	0	11,234	111	2,873	0	0	0	14,218
Feralpi-Praha	0	0	0	0	0	0	3	3
Feralpi-Hungaria	0	0	16	0	0	0	0	16
Presider Armatures	0	0	0	0	0	0	0	0
<b>Non-hazardous</b>								
Feralpi Siderurgica	0	0	149,489	38,110	0	173	59	187,830
Acciaierie di Calvisano	0	0	55,676	36,435	0	0	0	92,111
FER-PAR	0	0	8,008	0	0	0	7	8,015
Nuova Defim	935	0	0	0	0	0	0	935
Presider	0	0	2,187	0	0	0	0	2,187
MPL	0	0	956	0	0	0	0	956
FERALPI STAHL	0	146,857	1,406	10,074	67	0	0	158,404
Feralpi-Praha	0	0	0	0	0	0	137	137
Feralpi-Hungaria	0	0	16	0	0	0	0	16
Presider Armatures	0	0	932	0	0	0	0	932
<b>TOTAL</b>	<b>496,809</b>							

	2020							
WASTE TYPE	REUSE	RECYCLING	RECOVERED	LANDFILL	INCINERATOR	COMPOSTING	OTHER TREAT.	TOTAL
<b>Hazardous</b>								
Feralpi Siderurgica	0	0	16,416	0	0	0	1,802	18,219
Acciaierie di Calvisano	0	0	7,151	307	0	0	0	7,458
FER-PAR	0	0	0	0	0	0	47	47
Arlenico	0	0	18	4	0	0	0	22
Nuova Defim	0	0	5	1	0	0	0	6
Presider	0	0	3	0	0	0	1	4
MPL	0	0	0	0	0	0	0	0
FERALPI STAHL	20	428	11,857	2,907	31	0	0	15,244
Feralpi-Praha	0	0	0	0	0	0	0	0
Feralpi-Hungaria	18	0	0	1	0	0	0	19
Presider Armatures	0	0	0	0	0	0	0	0
Ecoeternit	0	0	0	71,101	0	0	0	71,101
<b>Non-hazardous</b>								
Feralpi Siderurgica	0	0	143,312	31,592	0	207	265	175,376
Acciaierie di Calvisano	0	0	38,905	35,521	0	0	0	74,427
FER-PAR	0	455	0	0	0	0	4,202	4,658
Arlenico	0	0	3,617	0	0	0	0	3,617
Nuova Defim	0	965	0	51	0	0	0	1,016
Presider	0	4	2,292	0	0	0	82	2,378
MPL	0	0	835	0	0	0	0	835
FERALPI STAHL	24	106,619	54,764	0	0	0	0	161,406
Feralpi-Praha	175	0	0	0	0	0	0	175
Feralpi-Hungaria	0	0	0	0	0	0	0	0
Presider Armatures	0	0	838	0	0	0	0	838
Ecoeternit	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>536,844</b>							



## Social indicators

(102-8; 401-1; 403-9; 404-1; 405-1; 405-2)

### Feralpi Group's personnel as at 31.12.2020 <sup>(102-8)</sup>

	2018			2019			2020		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Permanent</b>	<b>1,347</b>	<b>102</b>	<b>1,449</b>	<b>1,395</b>	<b>108</b>	<b>1,503</b>	<b>1,501</b>	<b>132</b>	<b>1,633</b>
of which in Italy	714	49	763	736	54	790	835	73	908
of which in Germany	576	42	618	602	45	647	603	49	652
of which in the Czech Republic	33	6	39	31	5	36	32	6	38
of which in Hungary	11	3	14	12	2	14	16	2	18
of which in France	2	0	2	3	1	4	3	1	4
of which in Algeria	11	2	13	11	1	12	12	1	13
<b>Temporary</b>	<b>48</b>	<b>8</b>	<b>56</b>	<b>22</b>	<b>3</b>	<b>25</b>	<b>25</b>	<b>4</b>	<b>29</b>
of which in Italy	37	2	39	10	0	10	10	1	11
of which in Germany	6	5	11	8	2	10	9	3	12
of which in the Czech Republic	5	1	6	4	1	5	6	0	6
of which in Hungary	0	0	0	0	0	0	0	0	0
of which in France	0	0	0	0	0	0	0	0	0
of which in Algeria	0	0	0	0	0	0	0	0	0
<b>TOTAL EMPLOYEES</b>	<b>1,395</b>	<b>110</b>	<b>1,505</b>	<b>1,417</b>	<b>111</b>	<b>1,528</b>	<b>1,526</b>	<b>136</b>	<b>1,662</b>
Full-time	1,390	95	1,485	1,407	94	1,501	1,516	109	1,625
Part-time	5	15	20	10	17	27	10	27	37
<b>TOTAL EMPLOYEES</b>	<b>1,395</b>	<b>110</b>	<b>1,505</b>	<b>1,417</b>	<b>111</b>	<b>1,528</b>	<b>1,526</b>	<b>136</b>	<b>1,662</b>
Apprentices	41	2	43	41	1	42	43	5	48
<b>TOTAL PERSONNEL EMPLOYED</b>	<b>1,436</b>	<b>112</b>	<b>1,548</b>	<b>1,458</b>	<b>112</b>	<b>1,570</b>	<b>1,569</b>	<b>141</b>	<b>1,710</b>
Temporary and other types of contract	40	4	44	85	13	98	67	9	76
Interns	13	2	15	1	1	2	3	0	3
Contractor personnel <sup>1</sup>	3,107	61	3,168	2,492	85	2,577	2,353	74	2,427
<b>TOTAL EMPLOYEES</b>	<b>4,596</b>	<b>179</b>	<b>4,775</b>	<b>4,036</b>	<b>211</b>	<b>4,247</b>	<b>3,992</b>	<b>224</b>	<b>4,216</b>
<b>TOTAL PERSONNEL EMPLOYED BY GENDER</b>	<b>1,436</b>	<b>112</b>	<b>1,548</b>	<b>1,458</b>	<b>112</b>	<b>1,570</b>	<b>1,569</b>	<b>141</b>	<b>1,710</b>
of which in Italy	758	51	809	752	54	806	848	75	923
of which in Germany	616	49	665	644	48	692	651	56	707
of which in the Czech Republic	38	7	45	36	6	42	39	6	45
of which in Hungary	11	3	14	12	2	14	16	2	18
of which in France	11	2	13	3	1	4	3	1	4
of which in Algeria	2	0	2	11	1	12	12	1	13

Only for Germany, the figures do not take into account employees on parental leave or sick leave exceeding 62 weeks as at 31st December. It is worth noting that 3 employees hired by Feralpi Holding and Feralpi Siderurgica occasionally worked at Eco-Trading in 2020 (4 in 2019), a Group company currently not operational and with no personnel employed. There are 20 personnel employed by Nuova Cogeme at 31.12.2020 hired on a permanent basis of which: 17 men and 3 women, 16 blue collar and 4 white collar and middle management, 10 between 30 and 50 years old and 10 over 50 years old.

<sup>1</sup> Contracted personnel refers to external personnel operating, as at 31.12.2020, at Feralpi Siderurgica, Acciaierie di Calvisano, FER-PAR, Ecoeternit, and Presider Armatures. In addition to these, there are 124 men and 8 women from external firms who worked at Presider and MPL (calculated as the average - in 2019, 125 men and 5 women) and 123 men and 2 women from external firms who worked at ESF Elbe-Stahlwerke Feralpi in 2020 (calculated as FTEs - in 2019, 91 men and 3 women). Following a refinement of the collection process, the 2019 contracting firm personnel data has been restated from that published in the previous Non-Financial Statement.

## Movement of personnel by geographical area, gender and age group <sup>(401-1)</sup>

		2019				2020			
PERSONNEL RECRUITMENT (n.)									
	GENDER	AGE <30	30-50	>50	Total	AGE <30	30-50	>50	Total
Group	Women	7	8	1	16	7	12	0	19
	Men	49	75	18	142	59	114	22	195
	Total	56	83	19	158	66	126	22	214
Italy	Women	0	3	0	3	1	5	0	6
	Men	14	17	4	35	19	50	5	74
	Total	14	20	4	38	20	55	5	80
Germany	Women	7	4	1	12	6	7	0	13
	Men	30	52	12	94	33	53	11	97
	Total	37	56	13	106	39	60	11	110
Other areas	Women	0	1	0	1	0	0	0	0
	Men	5	6	2	13	7	11	6	24
	Total	5	7	2	14	7	11	6	24
PERSONNEL TURNOVER (n.)									
	GENDER	AGE <30	30-50	>50	Total	AGE <30	30-50	>50	Total
Group	Women	4	6	2	12	3	4	2	9
	Men	40	54	42	136	33	60	69	162
	Total	44	60	44	148	36	64	71	171
Italy	Women	0	0	0	0	0	0	2	2
	Men	5	14	26	45	5	11	40	56
	Total	5	14	26	45	5	11	42	58
Germany	Women	4	6	1	11	3	4	0	7
	Men	26	37	14	77	21	40	27	88
	Total	30	43	15	88	24	44	27	95
Other areas	Women	0	0	1	1	0	0	0	0
	Men	9	3	2	14	7	9	2	18
	Total	9	3	3	15	7	9	2	18

		2019				2020			
PERSONNEL RECRUITMENT RATE¹ (%)									
	GENDER	AGE <30	30-50	>50	Total	AGE <30	30-50	>50	Total
Group	Women	58.33	14.04	2.33	14.29	43.75	15.79	0.00	13.48
	Men	27.68	10.61	3.14	9.74	31.55	14.96	3.55	12.43
	Total	29.63	10.86	3.08	10.80	32.51	15.04	3.29	12.51
Italy	Women	0.00	9.68	0.00	5.56	33.33	11.36	0.00	8.00
	Men	21.21	4.78	1.21	4.65	25.68	12.14	1.38	8.73
	Total	20.90	5.17	1.14	4.71	25.97	12.06	1.28	8.67
Germany	Women	70.00	21.05	5.26	25.00	50.00	28.00	0.00	23.21
	Men	28.04	16.51	5.41	14.60	30.84	16.83	4.80	14.90
	Total	31.62	16.77	5.39	15.32	32.77	17.65	4.44	15.56
Other areas	Women	0.00	14.29	0.00	10.00	0.00	0.00	0.00	0.00
	Men	125.00	16.67	9.09	20.97	116.67	31.43	20.69	34.29
	Total	100.00	16.28	8.33	19.44	100.00	26.19	19.35	30.00
PERSONNEL TURNOVER RATE² (%)									
	GENDER	AGE <30	30-50	>50	Total	AGE <30	30-50	>50	Total
Group	Women	33.33	10.53	4.65	10.71	18.75	5.26	4.08	6.38
	Men	22.60	7.64	7.32	9.33	17.65	7.87	11.13	10.33
	Total	23.28	7.85	7.13	9.43	17.73	7.64	10.61	10.00
Italy	Women	0.00	0.00	0.00	0.00	0.00	0.00	7.14	2.67
	Men	7.58	3.93	7.88	5.98	6.76	2.67	11.05	6.60
	Total	7.46	3.62	7.39	5.58	6.49	2.41	10.77	6.28
Germany	Women	40.00	31.58	5.26	22.92	25.00	16.00	0.00	12.50
	Men	24.30	11.75	6.31	11.96	19.63	12.70	11.79	13.52
	Total	25.64	12.87	6.22	12.72	20.17	12.94	10.89	13.44
Other areas	Women	0.00	0.00	50.00	10.00	0.00	0.00	0.00	0
	Men	225.00	8.33	9.09	22.58	116.67	25.71	6.90	25.71
	Total	180.00	6.98	12.50	20.83	100.00	21.43	6.45	22.50

1 The recruitment rate (A) is calculated according to the following formula:  $A = \text{new hires} / \text{total workforce} * 100$ .

2 The turnover rate (T) is calculated according to the following formula:  $T = \text{leavers} / \text{total workforce} * 100$ .

Only for Germany, the figures do not take into account employees on parental leave or sick leave exceeding 62 weeks as at 31st December. These employees, considering only Germany, are not included in the total workforce. New hires, on the other hand, include personnel who returned to work in the reporting year following the use of parental leave. In Nuova Cogeme at there were 4 resignations and no new hires in 2020.

## Rate and number of work-related injuries by area (403-9)

EMPLOYEES		2019	2020
Group	Recordable injuries	25.39	25.84
	High-consequence injuries	0.00	0.37
	Fatalities as a result of work-related injuries	0.00	0.37
Italy	Accidents recorded	23.95	14.03
	Serious accidents	0.00	0.00
	Deaths due to occupational accidents	0.00	0.00
Germany	Accidents recorded	26.58	40.05
	Serious accidents	0.00	0.87
	Deaths due to occupational accidents	0.00	0.87
EXTERNAL COMPANIES		2019	2020
Group	Accidents recorded	16.47	10.60
	Serious accidents	0.00	0.00
	Deaths due to occupational accidents	0.00	0.00
Italy	Accidents recorded	7.08	2.79
	Serious accidents	0.00	0.00
	Deaths due to occupational accidents	0.00	0.00
Germany	Accidents recorded	49.50	38.40
	Serious accidents	0.00	0.00
	Deaths due to occupational accidents	0.00	0.00

EMPLOYEES		2019	2020
Group	No. recordable injuries	66	70
	No. high-consequence injuries	0	1
	No. fatalities as a result of work-related injuries	0	1
	Hours worked	2,599,900	2,709,431
EXTERNAL COMPANIES		2019	2020
Group	No. accidents recorded	19	10
	No. serious accidents	0	0
	No. deaths due to occupational accidents	0	0
	Hours worked	1,153,468	943,827

Rate of injuries = (no. injuries/hours worked) x 1,000,000. The calculation of accidents takes into account accidents that occur in the workplace. Commuting accidents are excluded, with the exception of those occurring with transport organised by the company. Reported incidents (recordable injuries) are those that resulted in absence from the workplace for a period of 24 hours or more, including medical treatment beyond first aid or transfers to another job that resulted in days away from work. High-consequences injuries are those that resulted in a number of days lost of 180 or more. The main types of injuries occurred in 2019 and 2020 were related to fractures, bruises, crushings and tears of bruised wounds. No accidents occurred at Nuova Cogeme in 2020 (10,454 hours worked).

Considering only Germany, the 2019 and 2020 injury rates calculated according to local legislation (Seventh Volume of the Code of Social Law - Siebtes Buch Sozialgesetzbuch, SGB VII section 193 bullet point (1)) are shown below, whereby only those injuries that resulted in at least three days of absence contribute to the construction of the index:

GERMANY	2019	2020
Recordable injuries	11.92	19.86
High-consequence injuries	0.00	0.00
Fatalities as a result of work-related injuries due to occupational accidents	0.00	0.86



## Per capita average training hours by gender and by professional category <sup>(404-1)</sup>

GENDER		2018	2019	2020
Group	Men	20	14	10
	Women	23	19	17
	Total	20	15	10
Italy	Men	23	19	8
	Women	35	26	12
	Total	23	20	9
Germany	Men	17	9	12
	Women	15	14	26
	Total	17	10	13

CATEGORY		2018	2019	2020
Group	Blue-collar workers	17	9	9
	White-collar workers and middle managers	26	26	14
	Executives	25	36	11
	Total	20	15	10
Italy	Blue-collar workers	20	14	6
	White-collar workers and middle managers	31	29	14
	Executives	33	47	12
	Total	23	20	9
Germany	Blue-collar workers	16	5	13
	White-collar workers and middle managers	22	25	15
	Executives	7	7	11
	Total	17	10	13

As regards Nuova Cogeme, no training was provided during 2020.

## Members of the Feralpi Holding's Board of Directors by gender and age group <sup>(405-1)</sup>

AGE	2019			2020		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<30	0	0	0	0	0	0
30-50 (30 and 50 included)	2	0	2	2	0	2
>50	4	2	6	4	2	6
<b>Total</b>	<b>6</b>	<b>2</b>	<b>8</b>	<b>6</b>	<b>2</b>	<b>8</b>

## Composition of Group employees by gender, age group and other relevant categories <sup>(405-1)</sup>

AGE	2019						2020					
	MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
<30	179	11.40	12	0.76	191	12.16	188	10.99	16	0.94	204	11.93
30-50 (30 and 50 included)	699	44.52	57	3.63	756	48.15	762	44.56	76	4.44	838	49.01
>50	580	36.94	43	2.74	623	39.68	619	36.20	49	2.87	668	39.06
<b>Totale</b>	<b>1,458</b>	<b>92.87</b>	<b>112</b>	<b>7.13</b>	<b>1,570</b>	<b>100.00</b>	<b>1,569</b>	<b>91.75</b>	<b>141</b>	<b>8.25</b>	<b>1,710</b>	<b>100.00</b>

OTHER DIVERSITY INDICATORS	2019		2020	
	Number	%	Number	%
Protected categories	66	4.20	62	3.63
Other	0	0	14	0.82

## Comparison between average male and female remuneration <sup>(405-2)</sup>

%	CATEGORY	2018	2019	2020
<b>Feralpi Holding</b>	White-collar workers and middle managers	83.13	86.18	84.48
<b>Arlenico</b>	White-collar workers and middle managers	-	-	58.48
<b>Nuova Defim</b>	Blue-collar workers	89.51	87.73	81.69
	White-collar workers and middle managers	54.36	57.66	60.64
<b>Presider</b>	White-collar workers and middle managers	75.21	74.76	72.89
<b>ESF Elbe-Stahlwerke Feralpi</b>	White-collar workers and middle managers	66.31	66.31	65.99

The table shows only the sites and categories where female personnel are present or where the breakdown by role concerns at least 6 members of female personnel.

## Comparison between male and female base salary <sup>(405-2)</sup>

%	CATEGORY	2019	2020
<b>Feralpi Holding</b>	White-collar workers and middle managers	94.90	95.81
<b>Arlenico</b>	White-collar workers and middle managers	-	89.16
<b>Nuova Defim</b>	Blue-collar workers	97.21	97.39
	White-collar workers and middle managers	82.98	86.09
<b>Presider</b>	White-collar workers and middle managers	96.09	95.93
<b>ESF Elbe-Stahlwerke Feralpi</b>	White-collar workers and middle managers	100.00	100.00







The table shows only the sites and categories where female personnel are present or where the breakdown by role concerns at least 6 members of female personnel.

# ◆ APPENDICES






# Correlation table of material topics, GRI Standards, Legislative Decree 254/2016





(103-1)

MATERIAL TOPICS 2020	GRI	Legislative Decree 254/2016	INTERNAL SCOPE	EXTERNAL SCOPE	LIMITATIONS
<b>1</b> <b>CLIMATE CHANGE AND ENERGY EFFICIENCY</b> 	Energy efficiency of production processes and reduction of greenhouse gas emissions through innovative technological solutions.				
	302 - Energy 305 - Emissions	Environmental	Feralpi Group (plants for which specific indicators are relevant)	Scrap suppliers, finished product transporters	-
<b>2</b> <b>SAFETY CULTURE</b> 	Development of an internal culture that raises awareness of the importance of working safely and training for emergency situations, through specific actions and activities. Management and prevention of production risks that could impact employees, the community and the surrounding environment.				
	403 - Occupational health and safety	Employees	Feralpi Group	Contractors for in-house processing at the Lonato, Calvisano, Nave, Riesa Borgaro Torinese, Macclodio, Pomezia (for Presider), Rivoli (for MPL), Montichiari (for Ecoeternit), Saint-Souplets (for Presider Armature), Oran (for Feralpi Algerie), San Zeno Naviglio (for Caleotto) sites	-
<b>3</b> <b>CIRCULAR ECONOMY, WASTE AND USE OF MATERIALS</b> 	Responsible management of waste, residues and raw materials, with a view to recycling, reuse and therefore of circular economy.				
	301 - Materials 306 - Effluents and Waste 307 - Environmental compliance	Environmental	Feralpi Group (plants for which specific indicators are relevant)	Contractors for internal operations	Reporting on this aspect is not extended to outsourcing and contracting companies that carry out internal operations
<b>4</b> <b>POLLUTANT EMISSIONS</b> 	Management of pollutant emissions with a view to reducing impact and complying with current legislation.				
	305 - Emissions 307 - Environmental compliance	Environmental	Feralpi Group (plants for which specific indicators are relevant)	Scrap suppliers, finished products transporters, contracting companies for internal processing and outsourcing of cold production)	Reporting on this aspect is not extended to outsourcing and contracting companies that carry out internal operations
<b>5</b> <b>CRISIS MANAGEMENT AND AGILITY OF ORGANISATIONAL PROCESSES</b> 	Vision and continuous updating of organisational processes so that the Company can adapt to ongoing changes related to developing and maintaining a sustainable business.				
	-	Environmental Social Employees Respect for human rights	Feralpi Group	-	-
<b>6</b> <b>DIGITAL AND TECHNOLOGICAL INNOVATION</b> 	Ability to create innovation through planned research, the development of new technologies and the promotion of initiatives and programmes aimed at digitalisation.				
	-	Social	Feralpi Group	-	-



7	<b>PRODUCT AND SERVICE QUALITY</b> 	Ability of Feralpi to ensure high quality standards in terms of products and services provided, and therefore the development of customer relationships based on trust, which encourage loyalty and provide satisfaction with the service provided, and not just the product sold.				
		417 - Marketing and labelling	Social	Feralpi Group	-	-
8	<b>HEALTH AND WELL-BEING</b> 	Safeguarding the wellbeing of Group employees through management aimed at promoting healthy lifestyles that benefit people's daily lives.				
		403 - Occupational health and safety	Employees	Feralpi Group	-	-
9	<b>ECONOMIC SUSTAINABILITY AND VALUE GENERATED</b> 	Ability of the company to remain competitive in the market while complying with competition, economic and environmental standards, generating value for stakeholders.				
		201 - Economic performance 204 - Procurement practices	Social	Feralpi Group	-	-
10	<b>DEVELOPMENT AND EMPOWERMENT OF PEOPLE</b> 	Ability to develop professionals through the continuous honing of their skills.				
		401 - Employment 404 - Training and education 405 - Diversity and equal opportunities	Employees	Feralpi Group	-	-

#### OTHER NON-MATERIAL ISSUES\*

1	<b>INCLUSIVE CULTURAL AND ECONOMIC LOCAL DEVELOPMENT</b> 	Investments at local and national level in terms of economic and other contributions aimed at facilitating the development and growth of territories and communities.				
		-	Social	Feralpi Group	-	-
2	<b>ETHICAL AND TRANSPARENT MANAGEMENT</b> 	Ability of the Company to manage its business satisfactorily and transparently, through management methods that focus on ethics.				
		205 - Anti-corruption 206 - Anti-competitive behaviour 207 - Tax	Anti-corruption	Feralpi Group	-	-
3	<b>HUMAN RIGHTS OF WORKERS</b> 	Protection of the human rights of the worker as an individual.				
		412 - Human rights assessment	Respect for human rights	Feralpi Group	-	-
4	<b>MANAGEMENT OF WATER RESOURCES</b> 	Responsible use and sustainable management of water resources, in terms of consumption, use and recovery, as well as care of related environmental resources without compromising ecosystems.				
		-	Environmental	Feralpi Group	-	-

\*TRelevant issues for the purposes of Legislative Decree 254/16.



## GRI Content Index

(102-55)

GRI STANDARD	DISCLOSURE	PAGE REFERENCE	OMISSIONS		
			OMISSIONS	REASONS	EXPLANATION
GENERAL DISCLOSURE					
GRI 102 General Disclosure 2016	Organisational profile				
	Disclosure 102-1 Name of organisation	Methodology note			
	Disclosure 102-2 Activities, brands, products and services	The Feralpi Group			
	Disclosure 102-3 Location of headquarters	Methodology note			
	Disclosure 102-4 Location of operations	Methodology note			
	Disclosure 102-5 Ownership and legal form	1.3 Governance structure: roles and responsibilities			
	Disclosure 102-6 Markets served	The Feralpi Group			
	Disclosure 102-7 Scale of organization	The Feralpi Group			
	Disclosure 102-8 Information on employees and other workers	Social indicators			
	Disclosure 102-9 Supply chain	The value chain			
	Disclosure 102-10 Significant changes to the organisation and its supply chain	2020 Main facts The value chain			
	Disclosure 102-11 Precautionary principle or approach	3.1 Environmental management: from climate commitment to impact limitation			
	Disclosure 102-12 External initiatives	1.8 Stakeholder engagement and the value of partnerships			
	Disclosure 102-13 Membership in associations	1.8 Stakeholder engagement and the value of partnerships			
	STRATEGY				
Disclosure 102-14 Statement from senior decision-maker	Letter to stakeholders				

GRI STANDARD	DISCLOSURE	PAGE REFERENCE	OMISSIONS		
			OMISSIONS	REASONS	EXPLANATION
GRI 102 General Disclosure 2016	ETHICS AND INTEGRITY				
	Disclosure 102-16 Values, principles, standards and norms of behaviour	1.4 Risk management system			
	GOVERNANCE				
	Disclosure 102-18 Governance structure	1.3 Governance structure: roles and responsibilities			
	STAKEHOLDER ENGAGEMENT				
	Disclosure 102-40 List of stakeholder groups	1.8 Stakeholder engagement and the value of partnerships			
	Disclosure 102-41 Collective bargaining agreements	4.3 Human rights, inclusion and gender equity			
	Disclosure 102-42 Identifying and selecting stakeholders	1.8 Stakeholder engagement and the value of partnerships			
	Disclosure 102-43 Approach to stakeholder engagement	1.8 Stakeholder engagement and the value of partnerships			
	Disclosure 102-44 Key topics and concerns raised	1.8 Stakeholder engagement and the value of partnerships			
	REPORTING PRACTICES				
	Disclosure 102-45 Entities included in the consolidated financial statements	Methodology note			
	Disclosure 102-46 Defining report content and topic boundaries	Methodology note 1.1 The strategy			
	Disclosure 102-47 List of material topics	1.1 The strategy			
	Disclosure 102-48 Restatement of information	Methodology note			
	Disclosure 102-49 Changes in reporting	Methodology note			
	Disclosure 102-50 Reporting period	Methodology note			
	Disclosure 102-51 Date of most recent report	Methodology note			
	Disclosure 102-52 Reporting cycle	Methodology note			
	Disclosure 102-53 Contact point for questions regarding the report	Methodology note			
	Disclosure 102-54 Claims of reporting in accordance with GRI Standards	Methodology note			
	Disclosure 102-55 GRI Content Index	GRI Content Index			
	Disclosure 102-56 External assurance	Audit report			

GRI STANDARD	DISCLOSURE	PAGE REFERENCE	OMISSIONS		
			OMISSIONS	REASONS	EXPLANATION
SPECIFIC DISCLOSURE					
GRI 200 ECONOMIC INDICATORS					
ECONOMIC PERFORMANCE					
GRI 103 Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its boundary	Correlation table of material topics, GRI Standards, Legislative Decree 254/2016			
	Disclosure 103-2 Management approach and its components	2.3 Economic sustainability and value generated for stakeholders			
	Disclosure 103-3 Evaluation of the management approach	2.3 Economic sustainability and value generated for stakeholders			
GRI 201 Economic performance 2016	Disclosure 201-1 Direct economic value generated and distributed	2.3 Economic sustainability and value generated for stakeholders Economic indicators			
	Disclosure 201-4 Financial assistance received from the government	2.3 Economic sustainability and value generated for stakeholders			
PROCUREMENT PRACTICES					
GRI 103 Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its boundary	Correlation table of material topics, GRI Standards, Legislative Decree 254/2016			
	Disclosure 103-2 Management approach and its components	2.3 Economic sustainability and value generated for stakeholders			
	Disclosure 103-3 Evaluation of the management approach	2.3 Economic sustainability and value generated for stakeholders			
GRI 204 Procurement Practices 2016	Disclosure 204-1 Proportion of spending on local suppliers	2.3 Economic sustainability and value generated for stakeholders Economic indicators			
GRI 300 ENVIRONMENTAL INDICATORS					
MATERIALS					
GRI 103 Management approach 2016	Disclosure 103-1 Explanation of the material topic and its boundary	Correlation table of material topics, GRI Standards, Legislative Decree 254/2016			
	Disclosure 103-2 Management approach and its components	3.2 Circularity as the key to managing impacts			
	Disclosure 103-3 Evaluation of the management approach	3.2 Circularity as the key to managing impacts			
GRI 301 Materials 2016	Disclosure 301-1 Materials used by weight and volume	Environmental indicators			
	Disclosure 301-2 Recycled input materials used	Environmental indicators			
ENERGY					
GRI 103 Management approach 2016	Disclosure 103-1 Explanation of the material topic and its boundary	Correlation table of material topics, GRI Standards, Legislative Decree 254/2016			
	Disclosure 103-2 Management approach and its components	3.1 Environmental management: from climate commitment to impact limitation			
	Disclosure 103-3 Evaluation of the management approach	3.1 Environmental management: from climate commitment to impact limitation			

GRI STANDARD	DISCLOSURE	PAGE REFERENCE	OMISSIONS		
			OMISSIONS	REASONS	EXPLANATION
GRI 300 INDICATORI AMBIENTALI					
MATERIALI					
GRI 302 Energy 2016	<b>Disclosure 302-1</b> Energy consumption within the organisation	Environmental indicators			
	<b>Disclosure 302-2</b> Energy consumption outside the organisation	Environmental indicators			
	<b>Disclosure 302-3</b> Energy intensity	Environmental indicators			
EMISSIONS					
GRI 103 Management approach 2016	<b>Disclosure 103-1</b> Explanation of the material topic and its boundary	Correlation table of material topics, GRI Standards, Legislative Decree 254/2016			
	<b>Disclosure 103-2</b> Management approach and its components	3.1 Environmental management: from climate commitment to impact limitation			
	<b>Disclosure 103-3</b> Management approach and its components	3.1 Environmental management: from climate commitment to impact limitation			
GRI 305 Emissions 2016	<b>Disclosure 305-1</b> Direct (Scoper 1) GHG emissions	Environmental indicators			
	<b>Disclosure 305-2</b> Energy indirect (Scope 2) GHG emissions)	Environmental indicators			
	<b>Disclosure 305-3</b> Other indirect (Scope 3) GHG emissions	Environmental indicators			
	<b>Disclosure 305-4</b> GHG emissions intensity	Environmental indicators			
	<b>Disclosure 305-7</b> Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Environmental indicators			
EFFLUENT AND WASTE					
GRI 103 Management approach 2016	<b>Disclosure 103-1</b> Explanation of the material topic and its boundary	Correlation table of material topics, GRI Standards, Legislative Decree 254/2016			
	<b>Disclosure 103-2</b> Management approach and its components	3.1 Environmental management: from climate commitment to impact limitation 3.2 Circularity as the key to managing impacts			
	<b>Disclosure 103-3</b> Evaluation of the management approach	3.1 Environmental management: from climate commitment to impact limitation 3.2 Circularity as the key to managing impacts			
GRI 306 Water discharges and waste 2016	<b>Disclosure 306-2</b> Waste by type and disposal method	Environmental indicators			
	<b>Disclosure 306-3</b> Significant spills	3.1 Environmental management: from climate commitment to impact limitation			

GRI STANDARD	DISCLOSURE	PAGE REFERENCE	OMISSIONS		
			OMISSIONS	REASONS	EXPLANATION
ENVIRONMENTAL COMPLIANCE					
GRI 103 Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its boundary	Correlation table of material topics, GRI Standards, Legislative Decree 254/2016			
	Disclosure 103-2 Management approach and its components	3.1 Environmental management: from climate commitment to impact limitation			
	Disclosure 103-3 Evaluation of the management approach	3.1 Environmental management: from climate commitment to impact limitation			
GRI 307 Environmental compliance 2016	Disclosure 307-1 Non-compliance with environmental laws and regulations	3.1 Environmental management: from climate commitment to impact limitation			
GRI 400 SOCIAL INDICATORS					
EMPLOYMENT					
GRI 103 Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its boundary	Correlation table of material topics, GRI Standards, Legislative Decree 254/2016			
	Disclosure 103-2 Management approach and its components	4.1 Development and empowerment of individuals			
	Disclosure 103-3 Evaluation of the management approach	4.1 Development and empowerment of individuals			
GRI 401 Employment 2016	Disclosure 401-1 New employee hires and employee turnover	Social indicators			
OCCUPATIONAL HEALTH AND SAFETY					
GRI 103 Management approach 2016	Disclosure 103-1 Explanation of the material topic and its boundary	Correlation table of material topics, GRI Standards, Legislative Decree 254/2016			
	Disclosure 103-2 Management approach and its components	4.2 Health and safety are at the heart of production			
	Disclosure 103-3 Evaluation of the management approach	4.2 Health and safety are at the heart of production			



GRI STANDARD	DISCLOSURE	PAGE REFERENCE	OMISSIONS		
			OMISSIONS	REASONS	EXPLANATION
<b>GRI 403</b> Occupational health and safety 2018	<b>Disclosure 403-1</b> Occupational health and safety management system	4.2 Health and safety are at the heart of production			
	<b>Disclosure 403-2</b> Hazard identification, risk assessment, and accident investigation	4.2 Health and safety are at the heart of production			
	<b>Disclosure 403-3</b> Occupational health services	4.2 Health and safety are at the heart of production			
	<b>Disclosure 403-4</b> Worker participation, consultation and communication on occupational health and safety	4.2 Health and safety are at the heart of production			
	<b>Disclosure 403-5</b> Worker training on occupational health and safety	4.2 Health and safety are at the heart of production			
	<b>Disclosure 403-6</b> Promotion of worker health	4.2 Health and safety are at the heart of production			
	<b>Disclosure 403-7</b> Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.2 Health and safety are at the heart of production			
	<b>Disclosure 403-9</b> Work-related injuries	Social indicators 4.2 Health and safety are at the heart of production			
<b>TRAINING AND EDUCATION</b>					
<b>GRI 103</b> Management Approach	<b>Disclosure 103-1</b> Explanation of the material topic and its boundary	Correlation table of material topics, GRI Standards, Legislative Decree 254/2016			
	<b>Disclosure 103-2</b> Management approach and its components	4.1 Development and empowerment of individuals			
	<b>Disclosure 103-3</b> Evaluation of the management approach	4.1 Development and empowerment of individuals			
<b>GRI 404</b> Training and education 2016	<b>Disclosure 404-1</b> Average hours of training per year per employee	Social indicators			
<b>DIVERSITY AND EQUAL OPPORTUNITIES</b>					
<b>GRI 103</b> Management Approach 2016	<b>Disclosure 103-1</b> Explanation of the material topic and its boundary	Correlation table of material topics, GRI Standards, Legislative Decree 254/2016			
	<b>Disclosure 103-2</b> Management approach and its components	4.3 Human rights, inclusion and gender equity			
	<b>Disclosure 103-3</b> Evaluation of the management approach	4.3 Human rights, inclusion and gender equity			
<b>GRI 405</b> Diversity and Equal Opportunity 2016	<b>Disclosure 405-1</b> Diversity in governance bodies and employees	1.3 Governance structure: roles and responsibilities Social indicators			
	<b>Disclosure 405-2</b> Ratio of basic salary and remuneration of women to men	Social indicators			

GRI STANDARD	DISCLOSURE	PAGE REFERENCE	OMISSIONS		
			OMISSIONS	REASONS	EXPLANATION
MARKETING AND LABELLING					
GRI 103 Management Approach 2016	<b>Disclosure 103-1</b> Explanation of the material topic and its boundary	Correlation table of material topics, GRI Standards, Legislative Decree 254/2016			
	<b>Disclosure 103-2</b> Management approach and its components	2.2 Product and service quality			
	<b>Disclosure 103-3</b> Evaluation of the management approach	2.2 Product and service quality			
GRI 417 Marketing and labelling 2016	<b>Disclosure 417-1</b> Requirements for product and service information and labelling	2.2 Product and service quality			
	<b>Disclosure 417-2</b> Incidents of non-compliance concerning of product and service information and labelling	2.2 Product and service quality			
OTHER MATERIAL TOPICS NOT COVERED BY GRI STANDARDS					
DIGITAL AND TECHNOLOGICAL INNOVATION					
GRI 103 Management Approach 2016	<b>Disclosure 103-1</b> Explanation of the material topic and its boundary	Correlation table of material topics, GRI Standards, Legislative Decree 254/2016			
	<b>Disclosure 103-2</b> Management approach and its components	1.2 Innovation at Feralpi and its impact on the Italian economy			
		2.1 Industry 4.0 and innovation to increase productivity and improve the product while respecting the planet			
	<b>Disclosure 103-3</b> Evaluation of the management approach	1.2 Innovation at Feralpi and its impact on the Italian economy 2.1 Industry 4.0 and innovation to increase productivity and improve the product while respecting the planet			
CRISIS MANAGEMENT AND AGILITY OF ORGANISATIONAL PROCESSES					
GRI 103 Management Approach 2016	<b>Disclosure 103-1</b> Explanation of the material topic and its boundary	Correlation table of material topics, GRI Standards, Legislative Decree 254/2016			
	<b>Disclosure 103-2</b> Management approach and its components	1.5 Service continuity			
	<b>Disclosure 103-3</b> Evaluation of the management approach	1.5 Service continuity			

GRI STANDARD	DISCLOSURE	PAGE REFERENCE	OMISSIONS		
			OMISSIONS	REASONS	EXPLANATION
OTHER NON-MATERIAL TOPICS					
INCLUSIVE CULTURAL AND ECONOMIC LOCAL DEVELOPMENT					
GRI 103 Management Approach 2016	<b>Disclosure 103-1</b> Explanation of the material topic and its boundary	Correlation table of material topics, GRI Standards, Legislative Decree 254/2016			
	<b>Disclosure 103-2</b> Management approach and its components	2.3 Economic sustainability and value generated for stakeholders			
	<b>Disclosure 103-3</b> Evaluation of the management approach	2.3 Economic sustainability and value generated for stakeholders			
MANAGEMENT OF WATER RESOURCES					
GRI 103 Management Approach 2016	<b>Disclosure 103-1</b> Explanation of the material topic and its boundary	Correlation table of material topics, GRI Standards, Legislative Decree 254/2016			
	<b>Disclosure 103-2</b> Management approach and its components	3.1 Soil and groundwater protection			
	<b>Disclosure 103-3</b> Assessment of management arrangements	3.1 Soil and groundwater protection			
HUMAN RIGHTS OF WORKERS					
GRI 103 Management Approach 2016	<b>Disclosure 103-1</b> Explanation of the material topic and its boundary	Correlation table of material topics, GRI Standards, Legislative Decree 254/2016			
	<b>Disclosure 103-2</b> Management approach and its components	4.3 Human rights, inclusion and gender equity			
	<b>Disclosure 103-3</b> Evaluation of the management approach	4.3 Human rights, inclusion and gender equity			
GRI 412 Human Rights Assessment 2016	<b>Disclosure 412-2</b> Employee training on human rights policies or procedures	4.3 Human rights, inclusion and gender equity			
ETHICAL AND TRANSPARENT MANAGEMENT					
GRI 103 Management Approach 2016	<b>Disclosure 103-1</b> Explanation of the material topic and its boundary	Correlation table of material topics, GRI Standards, Legislative Decree 254/2016			
	<b>Disclosure 103-2</b> Management approach and its components	1.4 Risk management system			
		1.7 Proper management to combat corruption			
	<b>Disclosure 103-3</b> Evaluation of the management approach	2.3 Economic sustainability and value generated for stakeholders			
1.4 Risk management system					
GRI 205 Anti-corruption 2016	<b>Disclosure 205-3</b> Confirmed incidents of corruption and actions taken	1.7 Proper management to combat corruption			
		2.3 Economic sustainability and value generated for stakeholders			

GRI STANDARD	DISCLOSURE	PAGE REFERENCE	OMISSIONS		
			OMISSIONS	REASONS	EXPLANATION
<b>GRI 206</b> Anti-competitive behaviour 2016	<b>Disclosure 206-1</b> Legal actions for anticompetitive behaviour, antitrust and monopoly practices	1.4 Risk management system			
	<b>Disclosure 207-1</b> Approach to tax	2.3 Economic sustainability and value generated for stakeholders			
	<b>Disclosure 207-2</b> Tax governance, control, and risk management	2.3 Economic sustainability and value generated for stakeholders			
	<b>Disclosure 207-3</b> Stakeholder engagement and management of concerns related to tax	2.3 Economic sustainability and value generated for stakeholders			
	<b>Disclosure 207-4</b> Country-by-country reporting	2.3 Economic sustainability and value generated for stakeholders			
<b>GRI 207</b> Tax 2019					





# AUDIT REPORT

(102-56)



## Independent auditors' report on the voluntary consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of January 18, 2018

(Translation from the original Italian text)

To the Board of Directors of  
Feralpi Holding S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree December 30, 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the voluntary consolidated disclosure of non-financial information of Feralpi Holding S.p.A. and its subsidiaries (hereinafter the "Group" or "Feralpi Group") for the year ended on December 31, 2020 in accordance with article 4 and article 7 of the Decree, and approved by the Board of Directors on June 11, 2021 (hereinafter "DNF").

### Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI - Global Reporting Initiative (hereinafter "GRI Standards"), identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

### Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

## Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

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

In particular, we have performed the following procedures:

1. analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the DNF with those included in the Feralpi Group's consolidated financial statements;
4. understanding of the following aspects:
  - Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
  - policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
  - main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below.

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.

In particular, we have conducted interviews and discussions with the management of Feralpi Holding S.p.A. and with the personnel of Feralpi Siderurgica S.p.A., Presider S.p.A. and ESF Elbe-Stahlwerke Feralpi GmbH and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

Furthermore, for significant information, considering the Group activities and characteristics:

- at Group level,
  - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
  - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for Presider S.p.A. (production sites of Borgaro Torinese, Macclodio and Pomezia, Italy) and ESF Elbe-Stahlwerke Feralpi GmbH (production site of Riesa, Germany), that we have selected based on their activities, relevance to the consolidated performance indicators and location, we have carried out remote interviews during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

## Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the Feralpi Holding S.p.A. Group for the year ended on December 31, 2020 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

## Other aspects

For the year ended on December 31, 2018, the Group has prepared a Sustainability Report, whose figures have been used for comparative purposes within the DNF itself. The Sustainability Report has been subject, on a voluntary basis, to a limited assurance engagement according to the ISAE 3000, performed by us, for which we expressed unqualified conclusions.

Brescia, June 14, 2021

EY S.p.A.

Signed by: Stefano Colpani, Partner

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

For more information on the Non-Financial Statement,  
please contact **[sustainability@it.feralpigroup.com](mailto:sustainability@it.feralpigroup.com)**.

The document is available under the 'Reporting and certification'  
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