



2023 SUSTAINABILITY REPORT



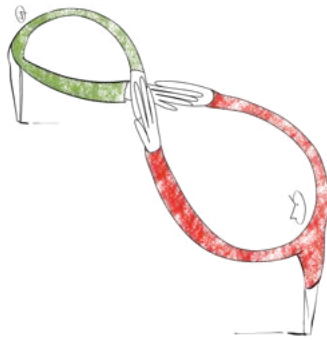
**ACCIAIERIE
VENETA** SPA





2023 SUSTAINABILITY REPORT





STEEL IS ALWAYS REBORN
PEOPLE MAKE THE DIFFERENCE

LETTER TO THE STAKEHOLDERS

When I started thinking about what I wanted to share with our stakeholders this year, I went back and reread what I had written in the previous five editions of our Sustainability Report.

It was a useful exercise because it gave me the opportunity to see the linearity and consistency of our actions with respect to what we had committed to do year after year in our pursuit of environmental and social sustainability.

There is a logical thread that links all our activities over time, but above all, our announcements have been followed by important results and new challenging goals that the women and men of our company are pursuing with determination despite the geopolitical and commercial tensions that have characterised the recent past and our present.

As you will see as you browse through this publication, many projects of particular importance to us were carried out in 2023. In this letter I would like to focus briefly on two key areas for the sustainable future of the Acciaierie Venete Group: the decarbonisation process and safety at work.

As far as decarbonisation is concerned, we have worked on a number of initiatives, ranging from the calculation and certification of our carbon footprint to the study and preparation of strategies to reduce CO₂ emissions.

Our “2030 and 2050 Decarbonisation Plan” details the investments related to the abatement of Scope 1 emissions (direct emissions from the steel cycle) and identifies the actions to be taken to eliminate Scope 2 emissions (indirect emissions from energy supply). The overall goal of these actions is to halve Scope 1 and Scope 2 emissions by 2030, aiming for Carbon Neutrality by 2050.

Very soon we will be able to offer the market the new Steel Novo product line, our “green steel”, which more generally underlies a new culture of steel production in the name of environmental and social sustainability.

And it was in the area of social sustainability that we launched the “UpSafe” project towards the end of last year, which aims to improve safety at work in all Group plants. Managed with the help of a consulting partner with extensive experience abroad and in the steel industry, the programme provides for the active involvement of all leaders and workers – no one excluded – and aims to cultivate a safety culture that must become an instinctive value to be practised each day in all phases of the production process.

Further new developments concern our Sustainability Report. First of all, we have decided to make it the Group Sustainability Report, thus including all Acciaierie Venete subsidiaries. Second, we have also decided to prepare for the new European 2022/2464 CSRD Directive through an analysis of the new Sustainability Reporting Standards (ESRS), which will lead us to adopt the new European regulation in 2025.

This evolution and the pursuit of the important projects mentioned earlier are the result of the positive integration of those who have worked with us for years and the new resources – women and young people – who in growing with us are laying the foundations for the future of our company.

Alessandro Banzato
Chairman



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HIGHLIGHTS 2023

More than €1.4 BN

of economic value
generated

59 MN

in investments

Definition of the
Decarbonisation Plan

road to
2030-2050

90%

of waste produced
is recovered

**Acciaierie Venete
Academy and Young
Engineers Project**

among the projects for
the development
of talent

UpSafe

programme for the
improvement
of safety
at work

1. ABOUT US





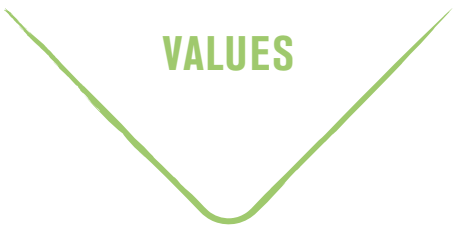
MISSION

Thanks to the passion of our people and a constant drive for innovation and sustainability, we support the needs of customers and partners by offering special steels that generate a unique and recognisable value along the entire supply chain.



VISION

Growing and innovating in harmony with the world, but remaining faithful to the simplicity that has allowed us to become great.



VALUES



RESPECT FOR THE RULES

In our company, rules are essential to express freedom and balance in the market and within the working environment.

Respect for others and everything around us is an absolute must for us.



TEAM SPIRIT

Team spirit is our go-to strategy: you can't go it alone if you want to win. "We" comes before all else.

VALUES



PASSION

For us, passion means putting our hearts into everything we do: every step, every process, is the result of a drive for quality and innovation.

At Acciaierie Venete the dedication of individuals comes together to strive for ever more challenging achievements.



SAFETY

The attentive training of our staff and the controls we have in place ensure the maximum safety of our employees and the communities that host our facilities.

Health, welfare, environmental quality and working conditions are key issues for Acciaierie Venete.



DEVELOPMENT

In a constant race for improvement, we innovate to build a better future with courage.

We count on our solid foundations to ensure growth and sustainable development.



SUSTAINABILITY

Attention to the environment is our priority.

Acciaierie Venete actively participates in the fight against climate change by studying product and process solutions that reduce polluting emissions, maximising the principles of the circular economy.

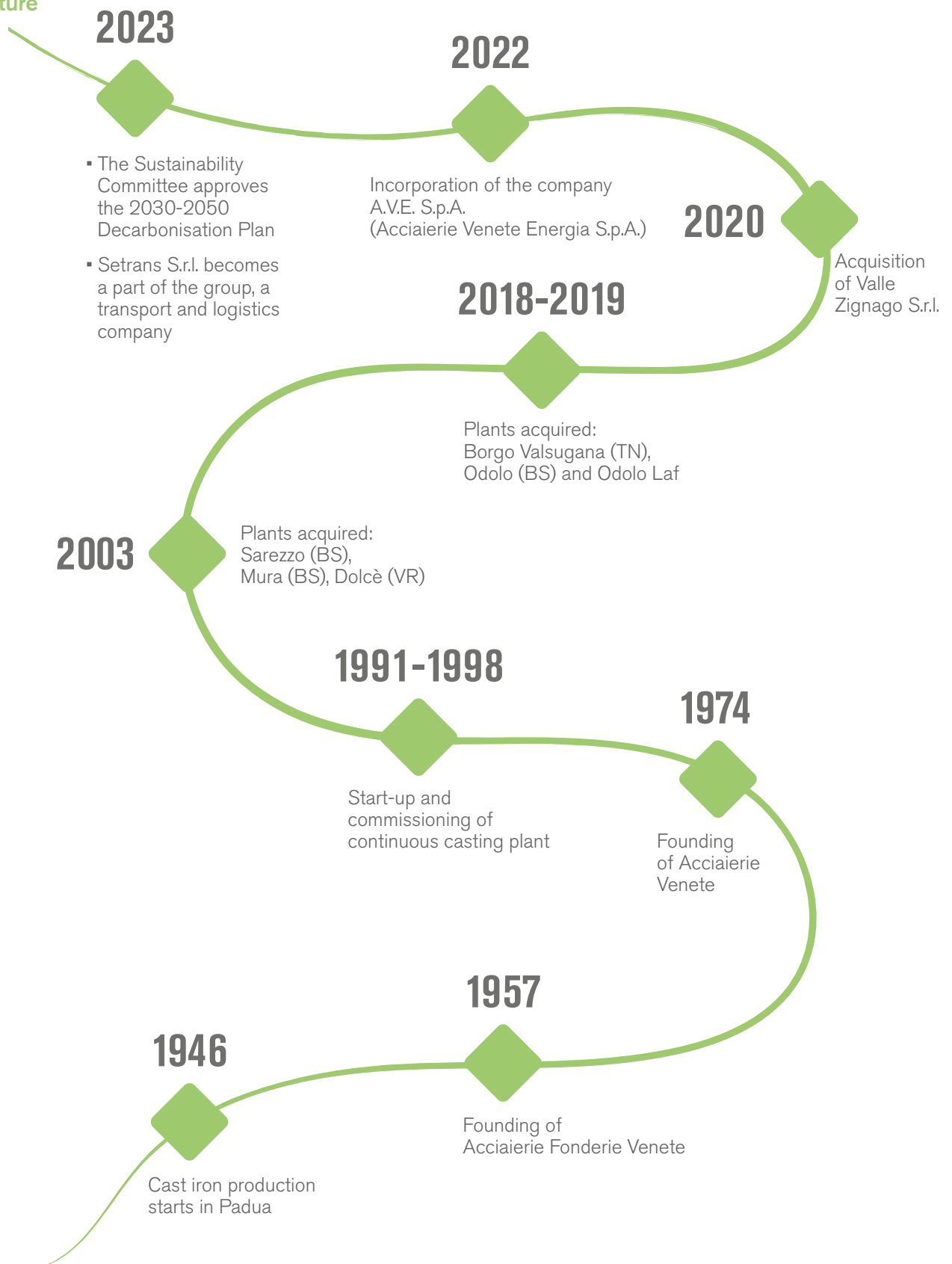


RELIABILITY

Reliability is our core value.

Quality, reliability and solidity are the characteristics that have always distinguished us, and that today allow us to earn the trust of our customers, suppliers and partners.

1.1 Roots and structure

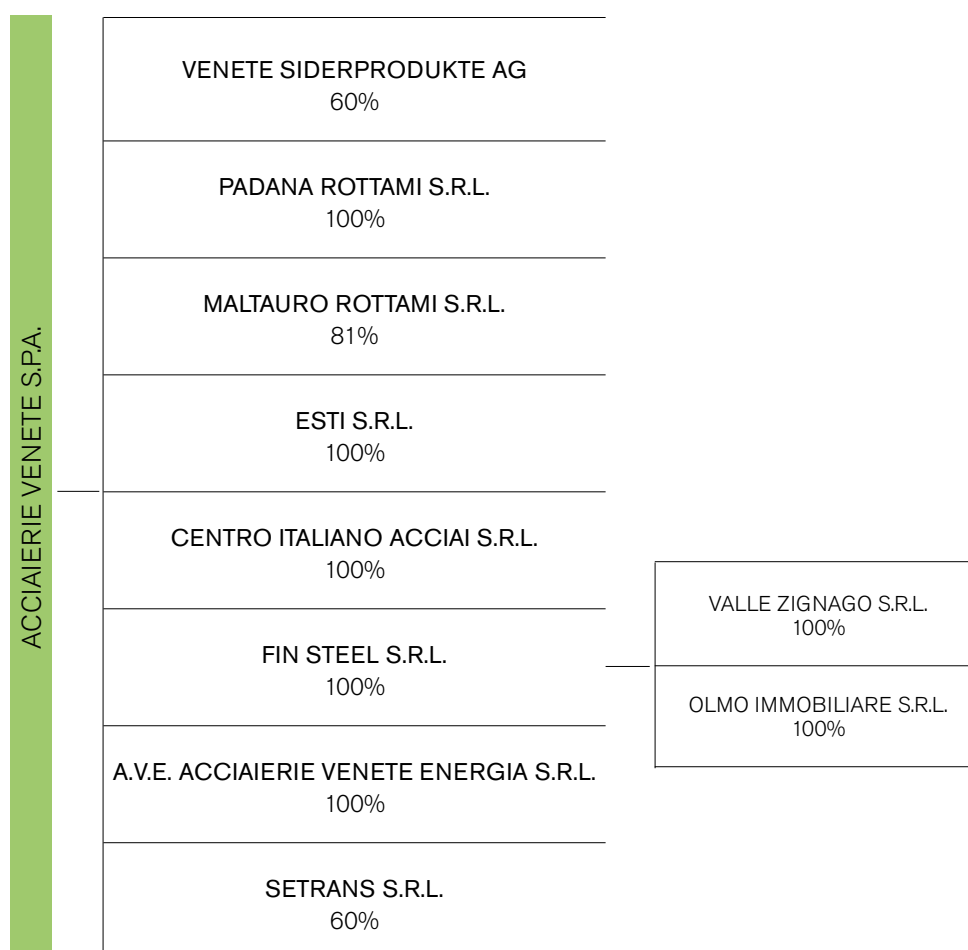


1.1.1 Relations with Group companies

Acciaierie Venete S.p.A., the parent company with registered office in Borgo Valsugana (TN) and administrative headquarters in Camin (PD), Padua, maintains commercial and financial relations with subsidiary and associated companies, which make the corporate structure strategic and diversified. The Acciaierie Venete Group's value chain consists upstream of two companies that process and supply scrap in order to ensure a precise and timely supply of the essential raw material: Padana Rottami S.r.l. and Maltauro Rottami S.r.l.. Downstream, it consolidates its product sales network through the companies Centro Italiano Acciai S.r.l., Esti S.r.l. and Venete Siderprodukte AG, which distribute and sometimes process steel to meet particular market requirements. In June 2023, the transport company Setrans S.r.l. became part of the Group, with the aim of strengthening the logistics apparatus and managing the strategies related to the transfer of goods.

At the heart of the chain is the parent company Acciaierie Venete S.p.A., which is responsible for the production of raw or semi-finished steel, which it distributes directly to customers or through its own distribution companies.

CORPORATE STRUCTURE OF THE ACCIAIERIE VENETE GROUP



1.2 The Corporate Governance of Acciaierie Venete



The governance of Acciaierie Venete gives the Board of Directors the central role of overseeing and controlling the organisational, administrative and accounting structure of the parent company and its subsidiaries.

This body meets at least four times a year and is responsible for the ordinary and extraordinary management of the company as well as risk management. There are five board members: the chair and four board members. 60% of the board are employees of the company, while the remaining 40% are independent.

The Board of Statutory Auditors monitors the conduct of the company in its management with respect to the law, controls the manner in which financial reporting is handled and its proper management. The Board consists of two women and three men, 60% aged between 30 and 50 and 40% over 50.

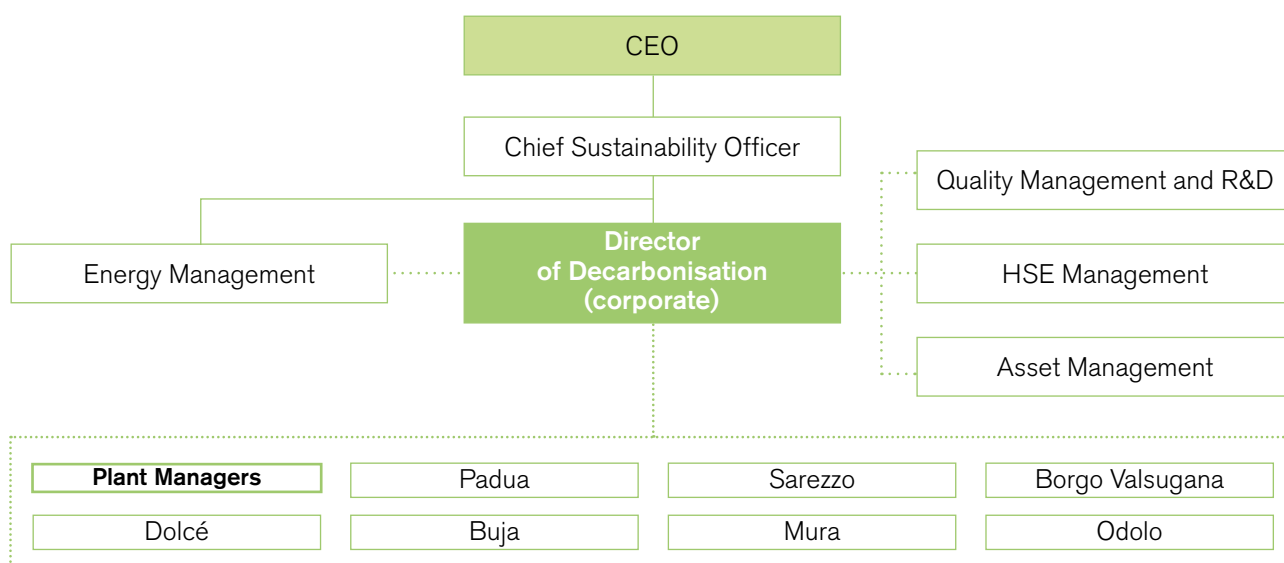
The Supervisory Body oversees the company's ethics and its organisational model. The work done is shared with the managers of the various company functions, and is periodically brought to the attention of the Board of Statutory Auditors and the Board of Directors for assessment and approval.

**ESG
Governance**

SUSTAINABILITY COMMITTEE



CORPORATE DECARBONISATION DEPARTMENT



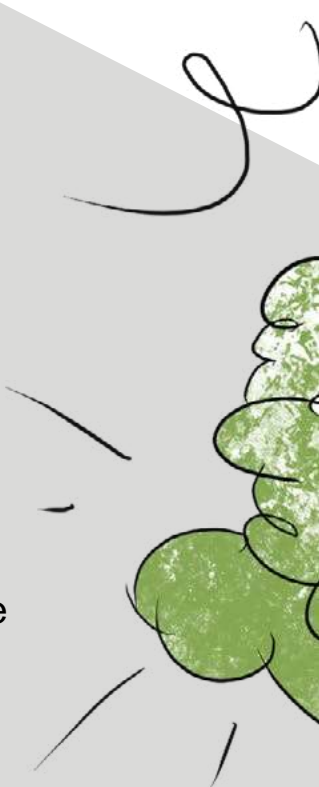
EYES ON

The stories that bring Acciaierie Venete to life emerge through a project that reveals the human essence of our daily success.

The experiences shared by our people illuminate the values that guide us, the energy infused into our projects and the authenticity that sets us apart. Together, these narratives weave a web of originality and humanity, reflecting the best fruits of our shared commitment.

STEEL IS ALWAYS REBORN

PEOPLE MAKE THE DIFFERENCE



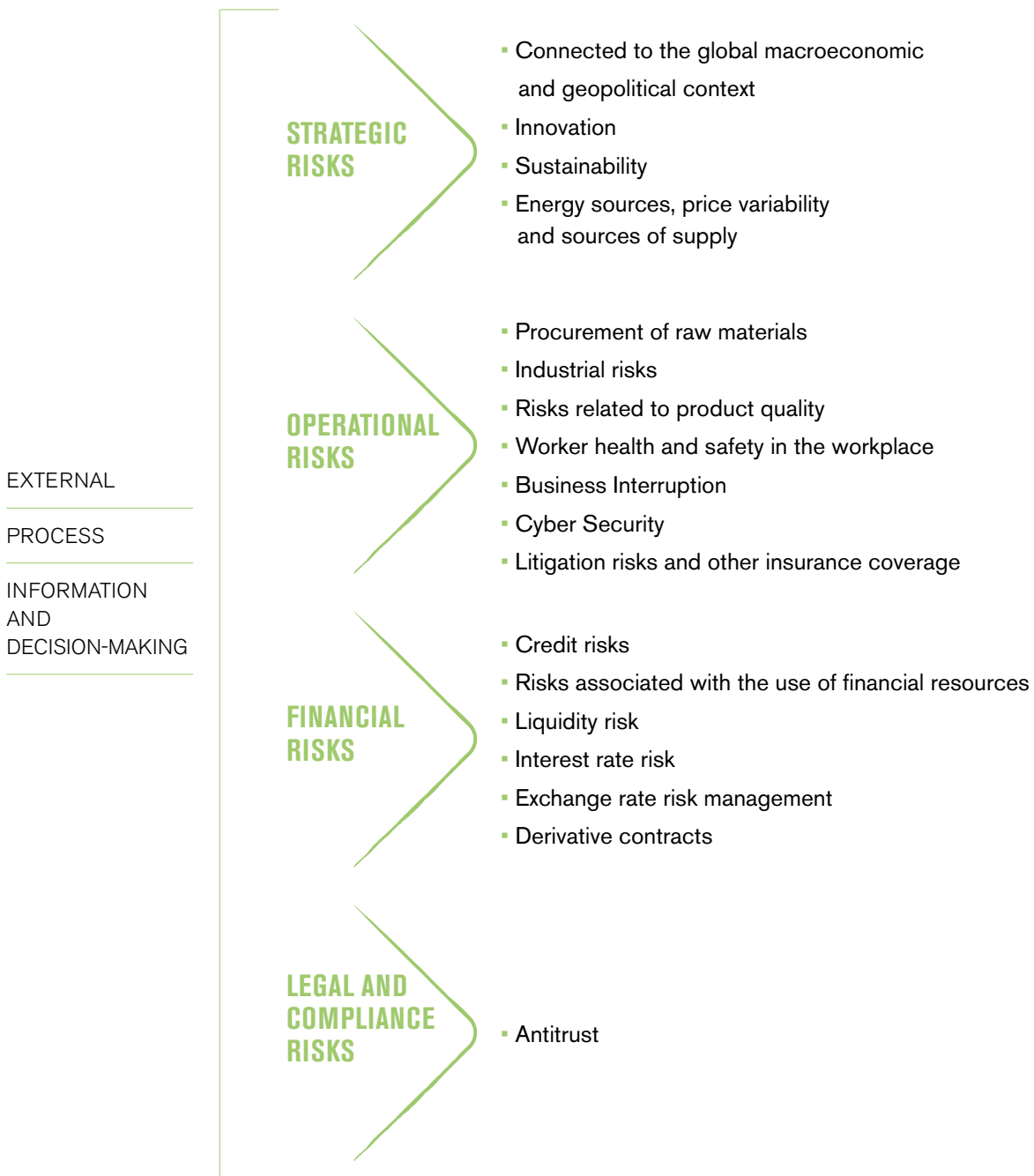


1.2.1 Risk management

The Acciaierie Venete Group has implemented effective risk management, which has proven to be a key factor in maintaining the value of the company over time. In order to optimise this value, the Company has implemented an Enterprise Risk Management process aimed at integrated risk management, through systematic actions of Elimination, Reduction, Contractual Transfer and Risk Control.

Risk monitoring, mitigation and management are performed on an ongoing basis by the various corporate management and control bodies, as well as by the various corporate functions in the performance of their activities.

The Acciaierie Venete Group operates in the steel industry and has identified a number of risk categories, classified as follows:



RISK MITIGATION**1.2.2****Organisation,
Management
and Control
Model (OMC)
PURSUANT
TO ITALIAN
LEGISLATIVE
DECREE
231/2001
and Supervisory
Body**

The OMC is a document approved by the Board of Directors that contains the general principles as well as the specific rules aimed at combating the commission by companies of the predicate offences enumerated in Italian Legislative Decree 231/2001.

The Code of Ethics and the Organisational Model adopted in 2010 were also systematically reviewed throughout 2023 by the Supervisory Body, composed of two external members and one internal member of our organisation.

The work done by the Supervisory Body, shared with the heads of the various company functions, is periodically brought to the attention of the Board of Statutory Auditors and the Board of Directors for assessment and approval.

In 2023 the Supervisory Body performed 12 audits that involved each of the Company's production plants at least once and the administrative headquarters three times for issues related to different predicate offences pertaining to safety and the environment.

The Supervisory Body also meets each year with the Board of Statutory Auditors to present the work it has done and to highlight any issues identified.

Lastly, note that with a view to the continuous maintenance of the Organisational Model, which also takes into account the expansion of the catalogue of predicate offences, in 2022 an analysis was performed of the new offences envisaged by Italian Legislative Decree no. 184 of 8 November 2021, which implemented EU Directive 2019/713 on combating fraud and counterfeiting of non-cash means of payment, expanding the list of predicate offences covered by Italian Legislative Decree no. 231/2001 with the introduction of Article 25-octies.1, "Offences relating to non-cash means of payment", which identifies the financial penalties applicable in connection with the commission of such crimes, when it is proved that they were committed to the benefit or in the interest of the Entity. Lastly, it should be noted that in an effort to continuously update the Organisational Model, which also takes into account the expansion of the catalogue of predicate offences, in July 2023 the internal procedure for reporting violations of the Model and Union law was updated, pursuant to and under the terms of Italian Legislative Decree no. 24/2023 (regarding whistleblowing), a mechanism for the spontaneous reporting by an employee of an offence or irregularity committed within the entity that they witnessed during the performance of their duties. In addition to the Parent Company Acciaierie Venete S.p.A. and Padana Rottami S.r.l., the companies Esti S.r.l., Centro Italiano Acciai S.r.l. and Maltauro Rottami S.r.l. have complied with the whistleblowing regulation. The companies have committed to set up internal reporting channels aligned with Group procedures.

**1.2.3
Antitrust
Compliance
Programme**

Compliance with antitrust rules is the basis of the Group's ethics, and over the years it has become increasingly aware of the issue by implementing an antitrust compliance programme and periodically organising internal seminars. The programme began in 2017 with the addition of the position of Antitrust Compliance Officer (ACO) to the organisational chart, a person responsible for monitoring and maintaining all the functions performed within the system in line with the antitrust model adopted. In addition to biennial seminars - the last was held in 2022 and the next will be held in 2024 - a number of awareness-raising and training actions were carried out in the field over the past few years, using news reports regarding sanctions or investigations by national or European Authorities to refresh the principles studied and note the risks that the Company runs in the event of improper conduct. All new hires assigned to areas exposed to critical competition and market issues are given an information kit on their activities and the Antitrust manual, followed by personalised learning sessions. Acciaierie Venete makes compliance with antitrust law a priority, convinced that this will increase its competitiveness in the market as well as the technical development and innovation of products for the benefit of more efficient companies and end consumers.

Acciaierie Venete S.p.A. has a solid stake in the steel market and operates in full respect of its competitors, and its objective is to improve its position by focusing on its development and industrial skills.

Compliance with antitrust rules underpins the ethics of the Group, which over the years has never been subject to any investigation or sanction by the European Antitrust Authority. During 2023 there were no legal actions relating to anti-competitive behaviour, trust activities or monopolistic practices.

Over the years it has become increasingly aware of the issue, so much so that in 2017 it adopted an antitrust compliance programme and added the position of Antitrust Compliance Officer (ACO) to its organisational chart, such person being in charge of monitoring and, if necessary, correcting all the functions carried out within the system in line with the antitrust model adopted.

In 2023 the ACO continued to monitor and advise on specific topics, and in September of the year just ended the third edition of the seminar for managers and employees in sensitive positions with regard to antitrust compliance was organised.

In addition to biennial seminars (the last was held in 2022 and the next in 2024), a number of awareness-raising and training actions were carried out in the field over the past few years, using news reports regarding sanctions or investigations by national or European Authorities to refresh the principles studied and note the risks that the Company runs in the event of improper conduct. During the year under review, there were no significant cases of non-compliance with laws and regulations, and above all no cases of corruption.

STATEMENT OF ANTITRUST COMPLIANCE PRINCIPLES

“Acciaierie Venete calls on all its employees to make every effort to manage the antitrust risk together, making competition the engine of its corporate growth”.

Alessandro Banzato - Chair

Having made antitrust compliance a corporate priority, Acciaierie Venete organises regular audits, courses and training seminars for all employees most exposed to antitrust risk to familiarise them with the basic rules of competition law, with the threefold aim of (a) avoiding infractions, (b) better protecting themselves against aggressive and unlawful commercial policies of third parties and (c) promptly seizing opportunities for growth.

With these objectives in mind, the 2022 Antitrust Compliance Programme was conceived. As in the past, the Programme is led by the Antitrust Compliance Officer.

Indeed, appointed by the Board of Directors with a dedicated and intangible budget, the ACO ensures (where necessary with the aid of an external specialised lawyer):

- Prompt advice when requested by employees.
- Prior analysis of commercial policies.
- Continuous staff training, by organising training sessions with mandatory attendance.
- A system of sanctions for employees in the event of non-compliance.
- Distribution of the Antitrust Manual to employees.
- Audits at regular intervals for those employees most exposed to antitrust risk, but less than every two years.

At Acciaierie Venete, every employee exposed to antitrust risk is well aware that they must:

- Refrain from any unauthorised contact with competitors.
- When meeting with competitors, ensure that the meeting has a legitimate purpose and that the topics discussed do not go beyond such purpose.
- Avoid exchanging sensitive and/or confidential information with competitors, including through third companies, consortia or associations.
- Monitor its internal and external communications.
- Consult the ACO immediately if the lawfulness of a situation appears doubtful.

To ensure the effectiveness of the programme, all employees are aware of the company's right to organise internal, unannounced audits of:

- Employees' compliance with the rules issued.
- The possible presence in their laptops, smartphones, files and agendas of mechanisms that can detect the violation of such rules.

This document is published on the company's website so that third-party companies that have dealings with it (customers, competitors, suppliers) are both aware of the obligations incumbent on its employees and feel obliged to comply with the antitrust rules which, by protecting the competitive mechanisms of the market, incentivise companies to excel in the quality and cost-effectiveness of their products to the benefit of technical progress and customers/consumers.

Therefore, Acciaierie Venete demands compliance with antitrust rules from its employees and third-party companies that deal with it.

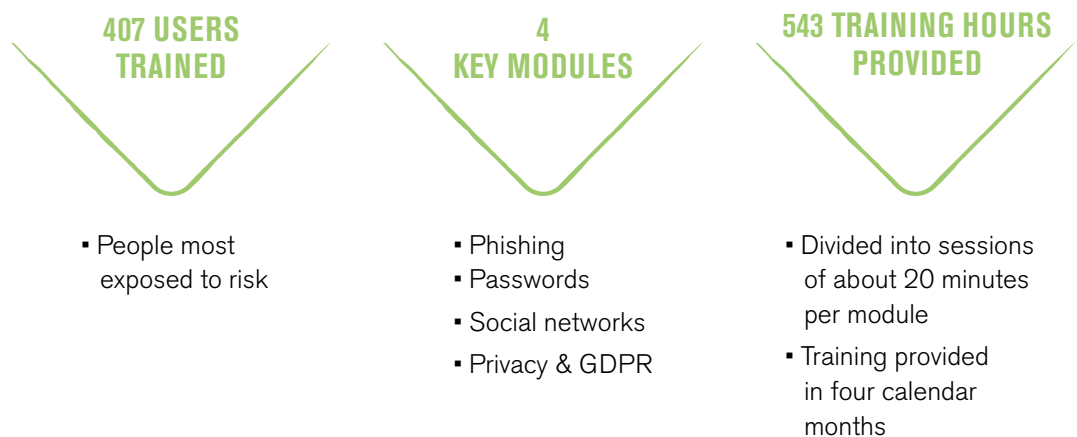
1.2.4 Cyber security

In a world marked by the continuous growth and evolution of threats in the area of digital crime (cybercrime), Acciaierie Venete S.p.A. is working to reinforce, update and expand its protection strategy. Particular noteworthy initiatives in this process of continuous updating and the improvement of prevention, monitoring and reaction include:

- Introduction of the Cyber Threat Intelligence (CTI) service, including web searches for potential publications of corporate data.
- Selection of an external specialist and their appointment to the role of Virtual CISO (Chief Information Security Officer).
- Activation of the immutability protocol for data backups.
- Continuous awareness-raising/training and definition of risk awareness and safe behaviour plans for all employees.

The company continues to cooperate with the Telecommunications Police, sharing information on cybercrime threats and incidents.

Group training statistics



1.3 Economic value

1.3.1 Economic value generated and distributed

In 2023, the Acciaierie Venete Group generated more than 1.4 billion euros in value (Value of Production of 1.4 billion euros and other positive income components of about 12 million euros). The Acciaierie Venete Group produces wealth and contributes to the economic growth of the social and environmental context it operates in. This contribution is measured in terms of added value produced and distributed to stakeholders.

ECONOMIC VALUE
DISTRIBUTED
€ 1,295,190,875



ECONOMIC VALUE
WITHHELD
€ 120,484,558

ECONOMIC VALUE
GENERATED
€ 1,415,675,433

The value directly distributed in 2023 exceeded 1.2 billion euros, broken down as follows:

- Operating costs distributed to suppliers (mainly of raw materials) amounted to 1.2 billion euros.
- Remuneration and employee benefits totalled 105 million euros.
- Transfers to the Public Administration, lenders, shareholders and the community amounted to 60 million euros.

Value distributed
to the public administration,
suppliers, shareholders
and local communities

€ 60,630,646

Value distributed
to employees

€ 105,349,479

Operating costs

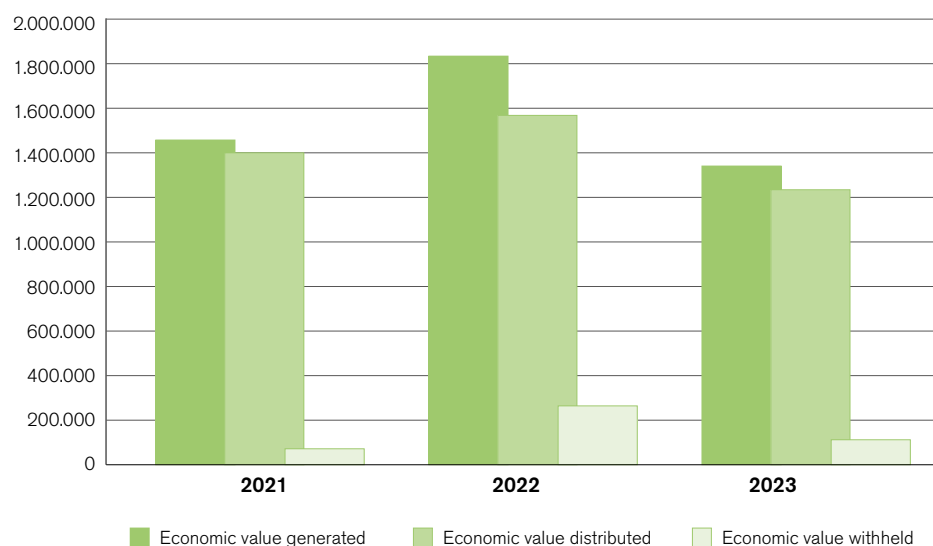
€ 1,129,210,750

1.3.2 The parent company's performance

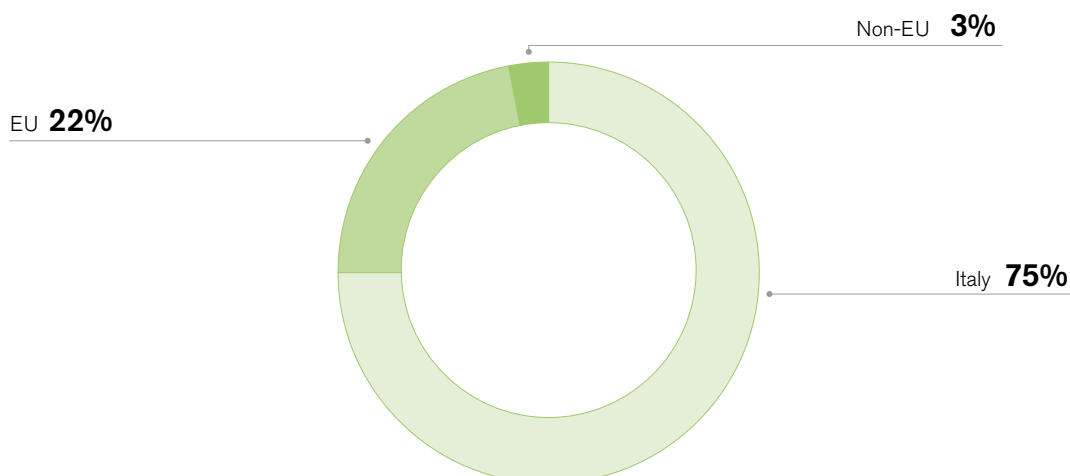
Breakdown of economic value

[€/000]	2021	2022	2023
Economic value generated	1,454,740	1,815,046	1,339,385
Economic value distributed	1,400,854	1,563,629	1,233,473
Economic value withheld	53,886	251,417	105,912

The trend of the economic value generated shows a downturn in 2023 from the previous year (-26%) due to a slowdown in the economy, but still remains in line with the values of the last three years. In terms of the economic value distributed, operating costs dropped by 24% due to a general decrease in production, while the value distributed to employees (+8%) and local communities (+12%) continued to grow.



Breakdown of sales by geographical area



**A look at
the macro context**

The prices of steel products changed somewhat during 2023. During the first quarter they remained high after the increases at the end of the previous year, and in the subsequent three months the price curve began to decline causing a major slowdown leading to a contraction in demand for raw materials and a consequent fall in prices. The bearish trends of the last quarter of the year continued until the end of the third quarter, when a slow recovery took shape. Apparent steel consumption in 2023 was significantly reduced compared to the previous year.

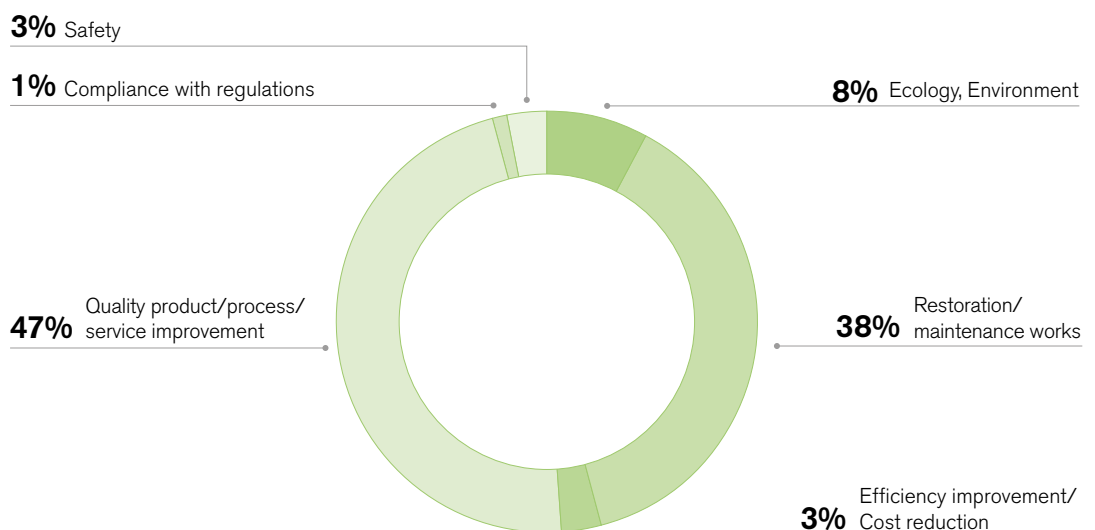
According to Eurostat, the Italian market sectors reported a drop in production in some strategic sectors, including: the construction sector (-2%), the machinery and equipment sector (-1.4%), and the metal products sector (-0.7%). In addition, geopolitical conflicts and rising inflation led to a reduction in purchasing power and an increase in interest rates.

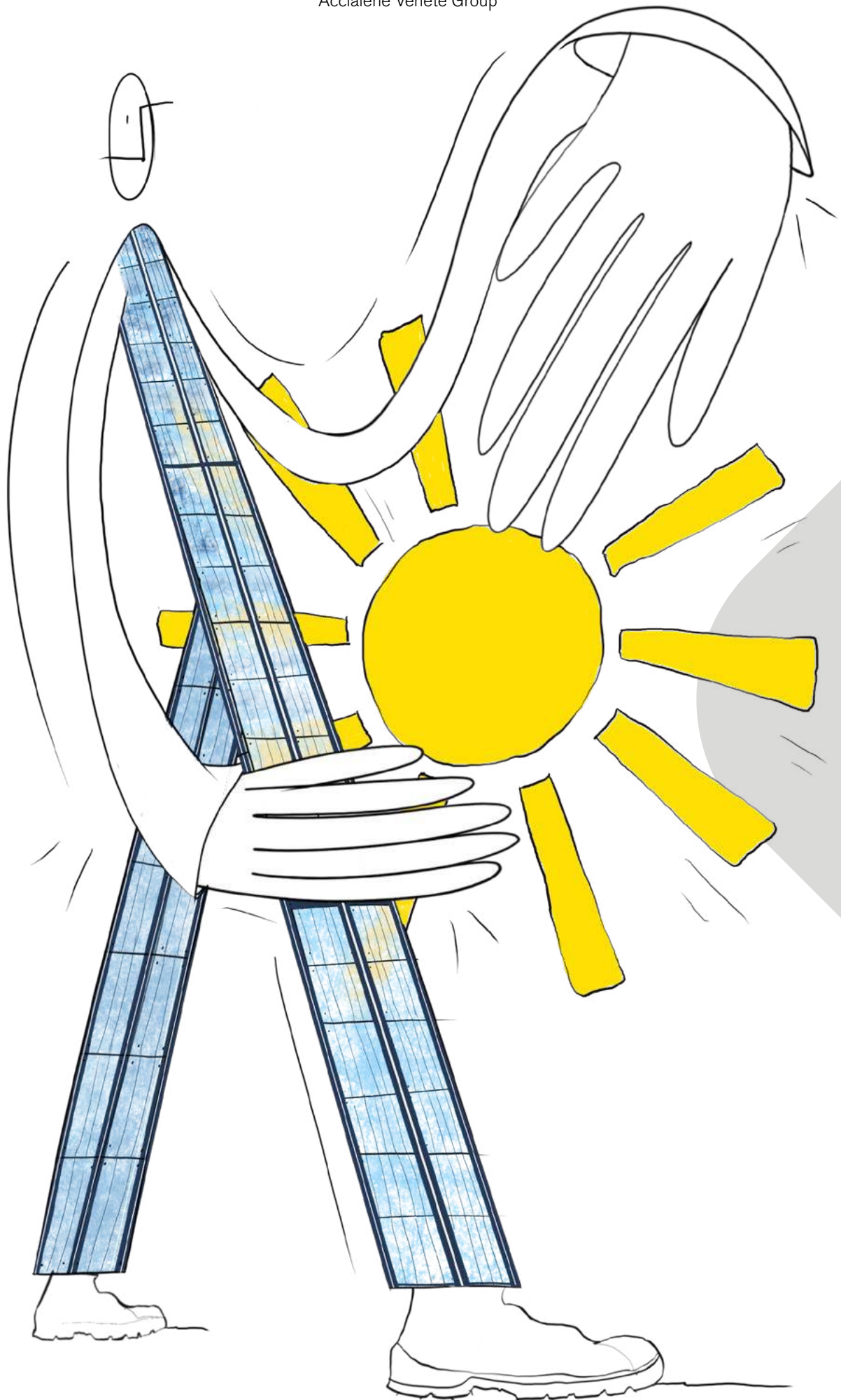
**1.3.3
Investments**

The investment plan plays a key role in increasing production efficiency levels, boosting process quality and improving safety levels throughout the Group. The initiatives of recent years and those currently planned have proved indispensable for achieving the planned objectives. Investments can be divided into six macro-categories:

- **Ecology/Environment**, all projects aimed at improving environmental performance.
- **Renovation/maintenance works**, allow the renovation of plant, machinery and facilities that are indispensable to the continuation of business.
- **Efficiency improvement/cost reduction**, technologies and solutions to reduce waste and increase efficiency.
- **Product/process quality improvement**, enabling the company to retain the competitive advantage built up over time.
- **Compliance with regulations**, thanks to which the company operates in accordance with the regulations and principles governing conduct.
- **Safety**, initiatives for the health and safety of workers.

In 2023, 59 million euros were invested in tangible and intangible assets. This demonstrates how the company adapts to technological and sustainable progress. Numerous ESG projects were launched during the year.

Group investments (2023): €59,189,301



THE FIFTH R... RENEWABLE

With Acciaierie Venete Energia, a new stage in the journey of our industrial sustainability has begun. The objective is extremely ambitious: cover 100% of our electricity needs by 2030 through the adoption of renewable energy. The road has been mapped out and the goal is attainable.

STEEL IS ALWAYS REBORN
PEOPLE MAKE THE DIFFERENCE

2. MATERIAL TOPICS AND THE ESG PROGRAMME

ESG

Recognising the importance of producing specialty steels in an increasingly responsible manner, the Acciaierie Venete Group, through its ESG transformation, has decided to strengthen its commitment to pursuing its business objectives in keeping with the demanding environmental, social and governance challenges currently facing our world.

**E - ENVIRONMENT**

We are focused on the efficient use of resources, recycling and circularity, the constant reduction of greenhouse gas emissions, the adoption of renewable energy sources and the increasing attention to safeguarding our host environment, with the aim of continuing to offer quality products with a progressively lower carbon footprint.

**S - SOCIAL**

We design, plan and implement actions that positively impact society, promoting diversity and inclusion within our organisation, ensuring fair and sustainable working conditions, and supporting the communities we operate in through initiatives that can involve and possibly improve the lives of the people around us.

**G - GOVERNANCE**

In implementing its growth programmes and operational strategies for our future, a profound change of its governance structure has been initiated, with the definition of new roles, tools and practices capable of promoting transparency, ethics and accountability to every choice made within the perimeter of our Group. We operate with the highest standards of integrity, so as to ensure that we manage our business in a way that respects the rights of our employees, our customers and all other stakeholders.

Aware of the fundamental importance of all this, the ultimate goal of Acciaierie Venete and its subsidiaries is to embrace ESG policies to the point of making them an integral part of the Group's culture and identity, in the full conviction that sustainability, in its broadest sense, represents a value to be preserved, defended and further developed for the future of the next generations.

2.1

Materiality analysis

The materiality analysis conducted the previous year, which involved all our stakeholders, was confirmed in 2023. The objective of the exercise was to identify the material topics on which the company needs to focus its forces and improve its performance, with an even greater awareness of the delicate balances that govern the ecosystem the company operates in. In fact talking with and listening to our stakeholders has convinced us to begin this journey, defining the cornerstones of a complex ESG strategy that will soon be shared with the outside world, accompanied by precise targets and horizons. During 2024 the process of aligning with the new European CSRD (Corporate Sustainability Reporting Directive) legislation began, with the company putting in place the structure required for the forthcoming dual materiality analysis. The analysis conducted has thus enabled us to identify and better understand the risks and opportunities associated with our future, both financially and in terms of long-term sustainability, seen through the eyes of those with whom we aim to build our development as stakeholders of Acciaierie Venete. Below are the stakeholder categories with which we have decided to assess the scope and importance of our influence, in order to grasp which aspects – outlined below – can most influence company reputation, investor trust, employee attraction and engagement, and customer and community relations.

Main categories of stakeholders identified:

- SUPPLIERS
- BUSINESS PARTNERS
- CUSTOMERS
- EMPLOYEES
- LOCAL COMMUNITIES AND INSTITUTIONS
- REGULATORS
- TRADE ASSOCIATIONS
- MEDIA
- TRADE UNIONS

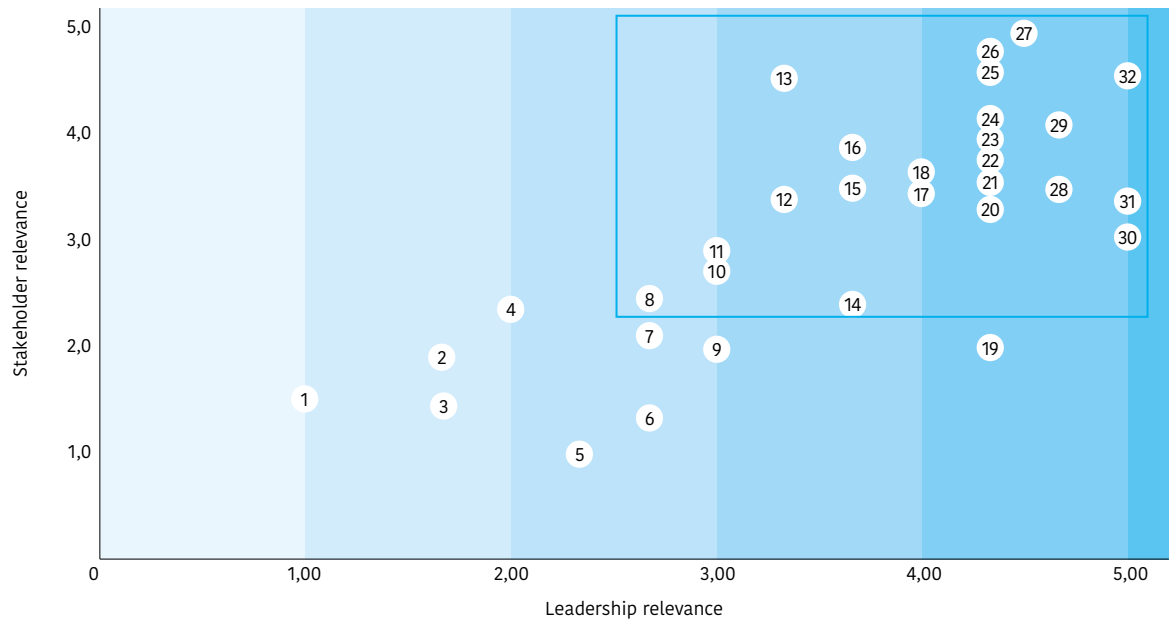
Stakeholder importance was assessed according to three dimensions – dependence, influence and continuity – on a scale from 1 to 5; translating the scores into low, medium or high. In detail, dependency refers to the relationship of stakeholders who depend directly or indirectly on the company's activities or on whom the company depends for its operation. Influence refers to stakeholders who can have an impact on the strategic decision-making process vis-à-vis the company or other actors. Continuity identifies stakeholders with whom the company is in continuous and frequent contact for operational, financial, social or environmental issues. The company's top management was also involved in the process of defining the material issues through a dedicated workshop in which each representative was able to express their assessment with respect to the importance of the various categories of stakeholders and sustainability issues considered sufficiently relevant to be published in this report.

**The topics
identified
and evaluated
by stakeholders**

ESG topics	ESG sub-topics
VISION & GOVERNANCE	- Corporate governance - Values, corporate culture and strategy - Business model resilience - Risk prevention and management - Compliance - Sustainable Finance
BUSINESS ETHICS	- Prevention of corruption - Relations with public authorities
HUMAN RESOURCES	- Occupational health and safety - Diversity, inclusion and equal opportunity - Attracting and retaining talent - Training and development - Staff engagement - Work-life balance - Labour relations
ENVIRONMENT	- CO₂ emissions and climate transition - Exposure to climate change risks - Energy - Water Management - Waste Management - Environmental pollution - Compliance with environmental regulations - Circular economy - Biodiversity and land use
VALUE CHAIN	- Management of the supply chain - Human rights - Scarcity of raw materials - Environmental and social impact of the supply chain - Product quality - Customer satisfaction - Innovation and ESG products
SOCIAL RELATIONS	- Local community consensus & philanthropy - Local economy and social impact



Materiality matrix



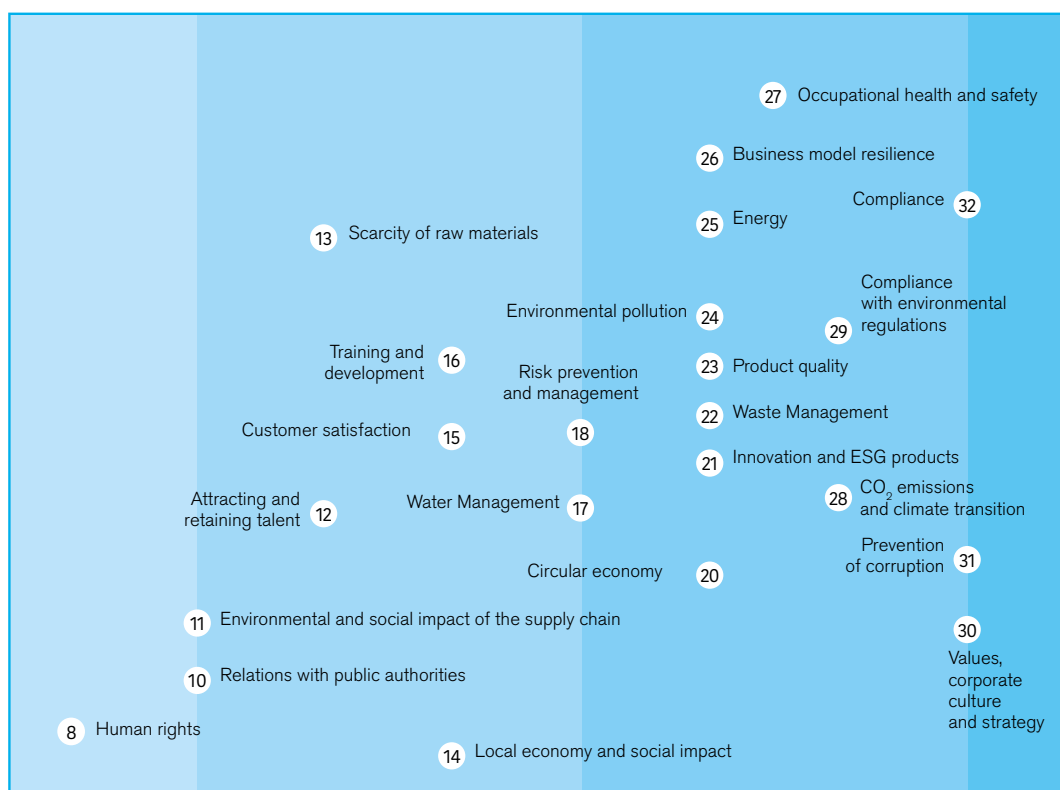
- 1 Diversity, inclusion and equal opportunity
- 2 Labour relations
- 3 Sustainable finance
- 4 Exposure to climate change risks
- 5 Biodiversity and land use
- 6 Local community consensus & philanthropy
- 7 Work-life balance
- 8 Human rights
- 9 Staff engagement
- 10 Relations with public authorities
- 11 Environmental and social impact of the supply chain
- 12 Attracting and retaining talent
- 13 Scarcity of raw materials
- 14 Local economy and social impact
- 15 Customer satisfaction
- 16 Training and development
- 17 Water Management

- 18 Risk prevention and management
- 19 Corporate governance
- 20 Circular economy
- 21 Innovation and ESG products
- 22 Waste management
- 23 Product quality
- 24 Environmental pollution
- 25 Energy
- 26 Business model resilience
- 27 Occupational health and safety
- 28 CO₂ emissions and climate transition
- 29 Compliance with environmental regulations
- 30 Values, corporate culture and strategy
- 31 Prevention of corruption
- 32 Compliance

2.2

Material topics

The focus of the analysis



According to the GRI Sustainability Reporting Standards adopted for the preparation of the Sustainability Report, the company is required to provide information on issues that affect the surrounding environment in the short, medium and long term. The topics identified must guide the organisation in the creation of a strategy in economic, environmental and social terms of interest to the organisation's stakeholders. The analysis of the results showed that the stakeholders and the company are aligned in their assessment of material relevance and the importance assigned is evenly distributed among the six highlighted macro topics.

2.2.1

Material topics identified through the involvement of stakeholders

1. ENVIRONMENT

- Operational eco efficiency 1.3 – Energy
- Environmental pollution
- Water Management
- Circular economy
- Waste Management
- CO₂ emissions and climate transition



2. VALUE CHAIN

- Product quality
- Innovation and ESG products
- Scarcity of raw materials
- Customer satisfaction
- Management of the supply chain
- Environmental and social impact of the supply chain



3. BUSINESS ETHICS

- Prevention of corruption
- Relations with public authorities



4. HUMAN RESOURCES

- Occupational health and safety
- Training and development
- Attracting and retaining talent



5. VISION & GOVERNANCE

- Compliance
- Business model resilience
- Risk prevention and management
- Values, corporate culture and strategy

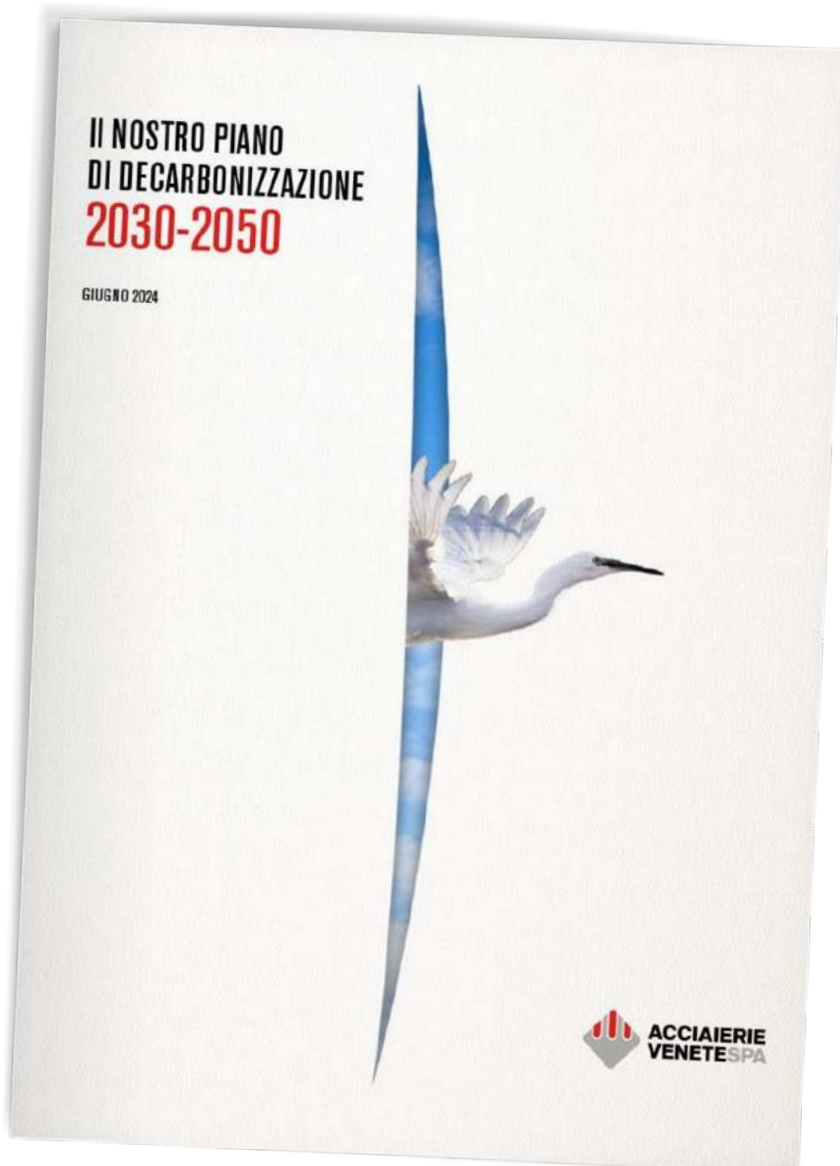


The ESG strategy is becoming increasingly clear and defined, pointing towards the sustainable development goals that underpin our analysis. Acciaierie Venete has already started to take the first steps in this direction, launching a number of important environmental, social and governance initiatives.

2.3 The decarbonisation plan

The steel industry plays a significant role in contributing to greenhouse gas emissions, and consequently its influence on climate change cannot be considered negligible. In fact, the sector accounts for between 7% and 9% of global CO₂ emissions, with a total value of around 2.6 billion tonnes per year. For this reason, steel producers are moving towards implementing a series of measures to progressively reduce their carbon footprint.

The guidelines of the strategy



**ENERGY EFFICIENCY
AND PROCESS
OPTIMISATION**



**CIRCULAR ECONOMY
AND RECYCLING**



**TRANSITION
TOWARDS ENERGY
SOURCES
WITH REDUCED
EMISSIONS**



**PRODUCT
INNOVATION**



**CO₂ CAPTURE,
STORAGE
AND USE**



CO₂ OFFSETTING





GO2 CARBON NEUTRAL

2030 is the first important step towards carbon neutral production that will be completed in 2050.

"If you know where you're coming from, you know where you have to go" is the motto with which Acciaierie Venete attests to its commitment to sustainable and responsible production.

Precisely because your roots teach you that you can achieve a result by transforming it into an achievement.

STEEL IS ALWAYS REBORN
PEOPLE MAKE THE DIFFERENCE

2.4 Our commitments to stakeholders

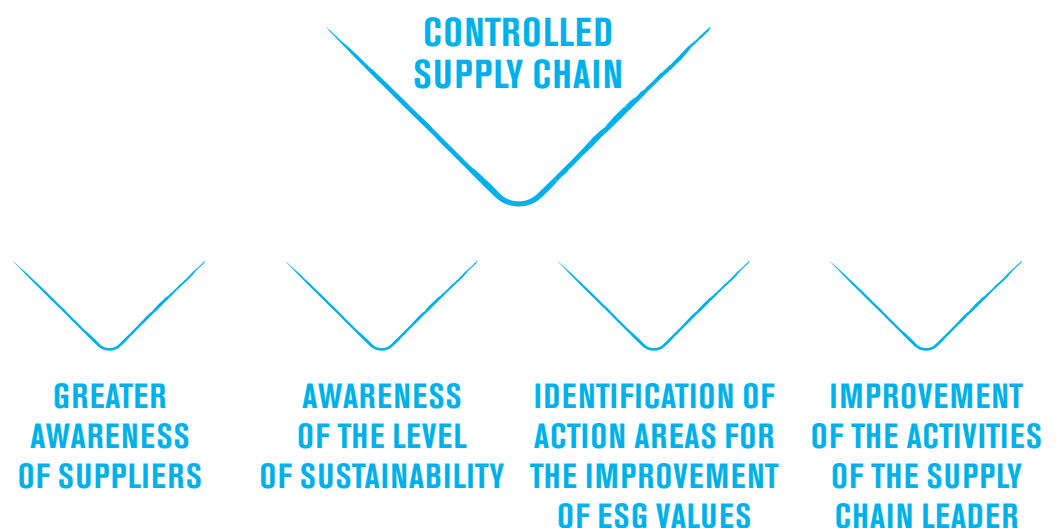


The social aspect of ESG strategies focuses on the impacts of company operations in dealings with employees, suppliers, customers, local communities, along the supply chain and with society as a whole. Acciaierie Venete's present and future objective within this policy is not only to recognise that the activities undertaken have a real impact on people's lives, but also to proactively organise initiatives that aim to contribute to the well-being of the very social fabric the company operates in, both within and beyond the confines of its own plants. For this reason, the Group has long been dedicated to social projects of various kinds, even before the recent adoption of ESG principles, since these issues have always been considered as important to the company's industrial development as they are for its environmental impact. Examples include the Sustainability Supply Chain project, the collaboration with Findynamic and the support for LeVillage, discussed below.

2.4.1 The sustainable supply chain

The sustainable supply chain project that Acciaierie Venete S.p.A. initiated during the year in cooperation with CRIBIS (CRIF S.p.A.) involves the use of a digital platform to collect sustainability data along the value chain. By evaluating suppliers with international ESG standards, it is possible to define a company's sustainability levels. By filling in a predefined questionnaire divided by category (company size and turnover), an ESG score can be assigned to each supplier. Acciaierie Venete participates in the project as the "supply chain leader" and firmly believes in the importance of this initiative. Transparency and cooperation are at the heart of this network to foster the dissemination of ESG criteria throughout the value chain.

Knowing one's supply chain is the foundation of any sustainability strategy.



2.4.2 Acciaierie Venete and Findynamic: together to support the supply chain

The Dynamic Discount partnership that Acciaierie Venete, one of Europe's largest producers in the long Engineering Steel market, established with Findynamic in 2019 is continuing successfully. For Acciaierie Venete, Dynamic Discount is an effective supplier integration and retention tool, capable of expanding the supplier network and strengthening existing relationships with the supply chain, improving efficiency and payment flexibility.

More specifically, the collaboration programme allows Acciaierie Venete's suppliers to have access to credit with a discount on the rate applied of around 20% compared to the average market rate. To date, 180 SMEs have been involved, which together represent more than 50% of the suppliers that meet the necessary requirements to be able to take advantage of the benefits of the service.

The initiative also encompasses Acciaierie Venete's active commitment to ESG as it aims to promote the sustainable aspect of supply chain financial support, especially for small and medium-sized enterprises (SMEs).

Specifically, the advance payment of invoices at subsidised rates is outlined in the following Ethical Claim of "Support for SME suppliers", according to ISO17033.

"Acciaierie Venete S.p.A. is committed to financially supporting at least half of the recurring SME suppliers by making the invoices issued by them available for advance payment at discounted rates below the market average".

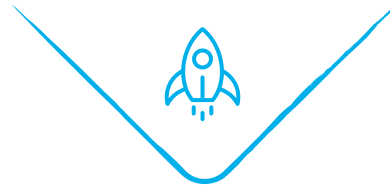
This Claim, conceived by Findynamic and issued in April 2024 by the certifying body Bureau Veritas, reflects Acciaierie Venete's desire to operate with as much transparency as possible in support of the supply chain and for responsible credit management.



2.4.3 Believing in young companies



Acciaierie Venete is a partner of LeVillage, an ecosystem that supports the development of start-ups and accelerates their innovation. This project is the result of an ongoing collaboration between:



START-UPS AND YOUNG INNOVATIVE COMPANIES

They grow within LeVillage, looking for synergies that enable them to innovate both the market and themselves.



THE PARTNERS

Italian and foreign companies participating in the project as investors and that collaborate in the ongoing development of the young companies.



ENABLERS

Entities from the world of innovation that can be either public (universities, institutes etc.) or private (incubators or other funds). They are fundamental to the evolution of the start-up life cycle.



CREDIT AGRICOLE

International banking institute, founder of the project and present in 47 countries.

International ecosystem currently established in France, Italy and Luxembourg has more than 44 clusters, totalling more than 1200 start-ups and 680 partner companies.

Throughout 2023, Acciaierie Venete took part in several events organised by the Triveneto section, including the "Meet the Innovation" project, in which a young start-up performed an in-depth analysis on Acciaierie Venete, returning an interesting report with the aim of identifying the lines of action on which LeVillage could develop a portfolio of services useful and relevant to the company's needs. The following trends were of particular interest to the company: Decarbonisation, Big Data Analytics, Blockchain, Automation and Robotics, Digitisation and Innovation.

Numerous events are organised each year, where topical issues are discussed to inform and update all those within the community. Thanks to talks by industry experts and concrete experiences, companies and start-ups can prepare themselves for market changes. In a “win-win” perspective, actors work together to create synergies that lead to continuous improvement.

The 2023 calendar of Partner Club meetings:



3. OUR STEEL SUPPLY CHAIN



THE GROUP, OUR STRENGTH

The verticalisation of processes originates in the selection and treatment of scrap, and continues through the heart of the steel mill's production to the manufacture of finished products sold to customers.

Within the perimeter of the same supply chain, strict controls in the procurement phase then translate into a further development of post-production operations in the broader objective of ensuring maximum compliance and operational flexibility with respect to product requirements downstream of the chain.

Such an extensive presence along the value chain leads to a competitive advantage, enabling the entire steel transformation process to be governed, resources to be managed effectively and efficiently, and maximum flexibility and product quality to be offered. All these phases take place in Italy, from the procurement of scrap to the supply of products tailored precisely to the needs of the end customer.

3.1
The steel
we produce

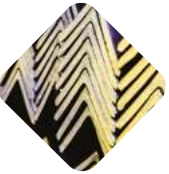
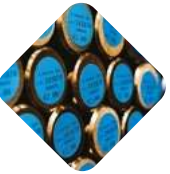
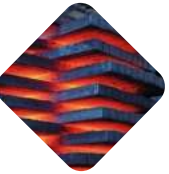
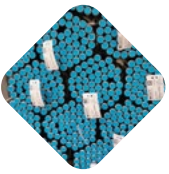
In its simplest conception, steel is an alloy of iron and carbon in which the content of the latter does not exceed a threshold of 2%. When these two elements are added to others – such as nickel, copper, aluminium, manganese or chromium – we speak of alloy steels endowed with superior chemical, physical and mechanical characteristics. Specifically, Acciaierie Venete specialises in the production of low-alloy steels, where no element other than iron and carbon exceeds 5%. Depending on their uses down the value chain, the steels we produce – also known as *special steels* or *engineering steels* – are required to meet stringent criteria of elasticity, ductility, toughness and fatigue resistance and are made to order in accordance with the precise processing and application requirements specified by our customers.

3.1.1
Our products

In terms of quality, morphology, dimensions and supply conditions, Acciaierie Venete's product range is undoubtedly among the richest in the European market. As long product manufacturers, the offering encompasses innumerable product categories, mainly identifiable in continuous casting products such as blooms and billets, and rolling products such as round bars, billets, squares, rods, wire rods, flat bars and various profiles, such as angles and U-irons. With regard to the quality range, i.e. the grades produced, our company specialises in the production of carburised, quenched and tempered, micro-alloyed, improved workability steels, and the production of numerous other steels aimed at specific markets or needs, such as boron steels, spring steels and those for the cushion industry. In addition to this complexity and based on the characteristics requested by the end customer, multiple treatments can be combined, including *heat treatments* capable of giving the steel particular metallurgical properties, and *cold processing* such as peeling, rolling or chamfering.

TYPES OF STEEL

Structural steels	Steel for bearings	Steels with improved machinability
Carburised steels	Steel for bolts	Special analysis steels
Quenched and tempered steels	Steel for springs	Steels for various applications
Micro-alloy steels	Boron steels	



3.1.2 Reference markets

With its production of semi-finished, rolled and verticalised products, Acciaierie Venete is strongly oriented towards *specialties*, designing and manufacturing steels to meet the advanced engineering requirements and quality demands of all industries using special steels.

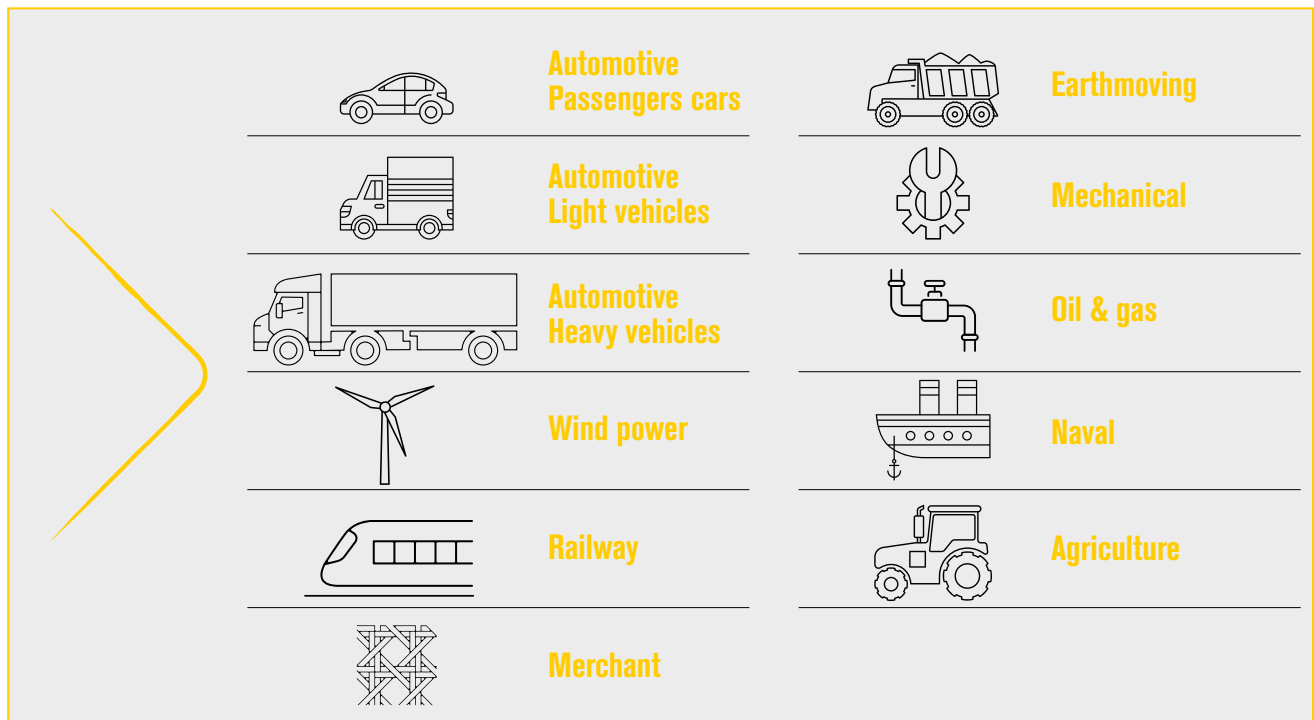
Industries include the automotive sector, including passenger cars and light and heavy vehicles, earth-moving, agricultural machinery, the energy sector, with oil & gas and wind power as the main contributors, the mechanical engineering sector in general, the construction sector and the varied uses merchant rolls are put to.

Through a dense network of established business relationships with our customers who forge, stamp, draw or process steel by cold turning, we serve many of the global market's most important user brands, which have approved our production processes and methodologies.

Gears, gearwheels, bearings, flanges and bolts are just a few examples of the many components manufactured by Acciaierie Venete. Much of the material leaving our factories directly or indirectly participates in the most normal everyday activities.

It could be concealed under the gear stick of a car, in the wheel of a motorbike, in an automatic coffee machine, or more simply, it could make gas transport or sustainable electricity production and distribution possible for infrastructure and mobility.

Our mission is to offer reliable, durable semi-finished products, to be able to contribute to the success of those who follow us in the value chain and to safeguard the quality of life of the people who, even without knowing, interact with our steel in their daily actions.



3.2 The quality of our products

3.2.1 Certified quality

Our decision to continuously improve processes, products and services has led the company to implement a Quality System in compliance with the requirements of UNI EN ISO 9001:2015. At the date of this document, all production units where design and production of alloy and non-alloy steel products are carried out have implemented this management system.

Moreover, the Padua and Sarezzo sites are IATF 16949:2016 certified for the same type of activities for the automotive sector.

In November and December 2023 the renewal audit according to the IATF 16949 standard was performed, and the inspection to maintain the qualification of steels for the automotive industry was successful. Furthermore, 52 internal audits were carried out as per the annual calendar with an average score of 97.8%, a slight drop compared to the previous year. Audits were also performed both by external entities and by Group customers.

The quality of our products, which meet top standards in the industry, make Acciaierie Venete steel one of the most qualified in the European market for engineering steels, steels designed for mechanical engineering and similar applications that require rigorous levels of technological characteristics, including ductility, toughness and fatigue strength.

Quality avails itself of the support of the various Plant Managers, who implement the practices defined at a regional level.

At a Group level there is a quality management manager who coordinates laboratory tests, technical support for customers, feasibility of orders, product certification and technological offers. In other words, this function oversees the products' manufacturing and transformation processes, evaluating the strengths, weaknesses, threats and opportunities for each product made in order to ensure customer satisfaction and product safety with respect to intended uses.

All products are accompanied by a test certificate that attests to the results of quality tests conducted in the laboratory and the absence of radioactive contamination. This document makes it possible to trace the product's main production steps. Moreover, the traceability and safety of Acciaierie Venete's products is guaranteed by aluminium or plastic plates containing qualitative indications of the product, such as: the casting number, the section, the steel brand. Over the coming years, investments are also planned in the field of digital product traceability.

Acciaierie Venete has certified the production process of its products, in 1998 earning the certification of its quality management systems, in 2011 the certification of its environmental management systems (compliant with the requirements of UNI EN ISO 14001:2015) and in 2014 the certification of its energy management systems (compliant with the requirements of UNI EN ISO 50001:2015).

Acciaierie Venete's Integrated Environment and Energy Management System is built on three cornerstones.

The pillars of Acciaierie Venete's Integrated Management System



In order to guarantee high quality standards and support the distribution and knowledge of the Environmental Policy at all levels of the organisation, the Group continuously spreads its fundamental principles both internally, through regular meetings with department heads and internal training and auditing, and externally, with the involvement of service providers on behalf of the company.

The position of Product Safety Officer (Produktichereitsbeauftragten) was confirmed.

This position was established on the one hand to respond to the requests of some leading customers in the automotive sector, but also anticipating the increasingly stringent Italian, German and European regulations on product safety. The Product Safety Officer supervises production for the automotive sector at the Riviera Francia plant in Padua.

The officer:

- Analyses and defines production processes and sets priorities for the prevention of defects during product development.
- Works with production for the preparation and subsequent implementation of Failure Mode and Effects Analysis (FMEA).
- Works with production to design and develop products, leveraging lessons learned.
- Coordinates execution, ensuring the correct implementation of periodic checks of production processes and the product itself, especially aspects relating to the safety of the product shipped to the customer.
- Assesses the likelihood of failure of safety-related aspects of defined products.
- Verifies the implementation and effectiveness of the containment measures and corrective actions implemented following any customer complaints.

The Product Safety Officer reports directly to the Managing Director, and, as part of his/her duties as Group Quality Manager, has the authority to suspend the production of the aforementioned products if there are issues that could potentially affect or reduce product safety levels or otherwise cause damage to the company's image. Therefore, the Product Safety Officer is also responsible for coordinating the controls and tests that are deemed necessary to ensure the required product safety levels. As in previous years the achievement of the Quality Department's quality objectives was encouraged through the payment of a performance bonus linked to the quality of the work done, the production carried out and the days of absence of workers.

3.2.2 Sustainable innovation

The Italian steel industry is aware of the decisive role of innovation in ensuring future competitiveness, which is why it requires proper encouragement and financing. Indeed, the sector is constantly studying the best available technologies and continuously improving processes and products in order to maintain high quality standards.

Acciaierie Venete aims to play an active role in the introduction of technologies that guarantee process quality, product innovation and improved sustainability performance in terms of environmental protection and occupational health and safety (OHS). As in 2022, in 2023 Acciaierie Venete continued to focus its efforts on the company's research and development, which have largely involved the Technical and Quality Departments in some important projects. As already noted, in 2019 the company's Research and Development Centre was set up in order to deal in a structured manner with studies and independent research carried out in collaboration with qualified external bodies. The consolidated centre is continuing its activities, both at the plant level and in broader projects, while also remaining committed to the field of research for environmental sustainability. The main studies delved into certain phases of the steel production process in order to improve its quality and performance. Experience in the production of high-purity steels was acquired by obtaining further targeted approvals for certain product lines. As far as the process is concerned, tests were conducted on the "lam3" cooling bed to evaluate the potential of the cooling plate in obtaining particular microstructural characteristics.

Below are the most significant initiatives and some partnerships in innovative projects.

INDUSTRY 4.0

Since 2019 Acciaierie Venete's Research and Development Centre has been involved in projects related to digitisation, and in 2023 it launched further research in the area of Industry 4.0. In particular, in partnership with other private sector players, prediction and quality optimisation systems were investigated for a particular product line through the implementation of machine learning and big data analysis solutions focused on the flow of material from continuous casting to hot rolling and non-destructive testing. In 2023 new contacts were established with leading data analysis companies to lay the foundations for long-term partnerships.

1. Lam3: rolling mill located in the Riviera Francia (PD) plant

COMPANY RESEARCH AND DEVELOPMENT CENTRE**Application of OES-PDA techniques for determining inclusion status in real time**

Thanks to recent investments in the most modern OES tools as part of the Industry 4.0 development programme, the R&D team has intensified its sampling plan aimed at measuring inclusion density during the various steps of the production process, also making use of the contribution of a thesis written on this subject. The ultimate objective remains to develop one or more models that allow corrective actions to intervene promptly in the production process and to improve the final micro-inclusive properties of the steel produced.

Development of production methods for steels with high purity requirements ("clean steel")

2023 saw the consolidation of efforts on this project thanks to the approval of another production procedure and the confirmation of market forecasts for this area. In fact, this process aims to satisfy customers operating in the steel sector with high, stringent purity requirements. The success of the first tests continued and is confirming what was decided in 2020 to support the plant engineering necessary for a reliable process. In 2023 the new plants were continuously fine tuned and thus proved the effectiveness of the new production methods.

Feasibility study for a verticalised subcritical treatment plant with LAM1

During 2023, a new cooling cycle was studied for the material rolled by LAM1. While there is currently only one cooling bed, experimental furnaces have been used to study the results that can be obtained by installing active and passive furnaces in series with the existing cooling bed. These furnaces would allow the residual thermal energy of the rods to be utilised, leading to significant savings in terms of consumption and emissions, and would also avoid further heat treatment that would normally have to be carried out afterwards.

Support for the specialised education of university students

Since 2004, every year Acciaierie Venete has hosted graduate students to do thesis work. Their studies and research generally concern metallurgy or other fields closely linked to the steel industry. The staff of the R&D group assist students with these projects, thus acting as company tutors. In 2023 the most significant work was: "Study of plant cycle variation to obtain cold-shear hardness on low-alloy steels".



ESTEP

Participation in activities promoted by the European steel platform

At the beginning of 2020 Acciaierie Venete joined ESTEP, a platform that brings together steel producers and related technologies at a European level. In 2023 the efforts continued with the updating of the CSP and the monitoring of the RFCS and HE calls. In any case the main activity remains work on the Clean Steel Partnership, but also several virtual meetings were held to network between producers with the aim of creating international projects under the aegis of the European Union.



CLEAN STEEL PARTNERSHIP

Participation in the drafting of roadmaps for decarbonisation

Acciaierie Venete participated in various ways in the drafting of the Clean Steel Partnership (CSP), a document at a European level that aims to create a common front in the steel industry to raise funds as part of the Green Deal decarbonisation project promoted by the European Union. Throughout 2023, Acciaierie Venete S.p.A. participated in meetings and seminars that resulted in important financing opportunities. Within CSP producers and technology suppliers talk to each other with the aim of conceiving international projects aimed at the development and implementation of new techniques and plants that allow the production and processing of steel while reducing greenhouse gas emissions. In addition, Acciaierie Venete was an active participant in the drafting of a hydrogen project for participation in the RFCS 2023 call.



HYDRA

Hydrogen as the energy vector of the future

Acciaierie Venete continues to participate in the Hydra IT06 project under the auspices of the RINA research centre. The project aims to switch energy sources from fossil fuels to hydrogen produced from renewable sources for the decarbonisation of the production cycle. Green steel is a priority for Europe, and more and more users are paying attention to the way steel is produced for their raw material. This ambitious goal is leading the company to move more and more towards a sustainable way of making steel, and thus to study a wide variety of topics in support of the production of a steel that can one day be called carbon free.

4 R's

At Acciaierie Venete we are committed to and invest in sustainability, following the 4 Rs.

We strive to Reduce environmental impact,
Reuse and Recycle resources and to Recover materials.
This deployment of forces is not just a mission,
but a promise of a greener and more prosperous future
for generations to come.

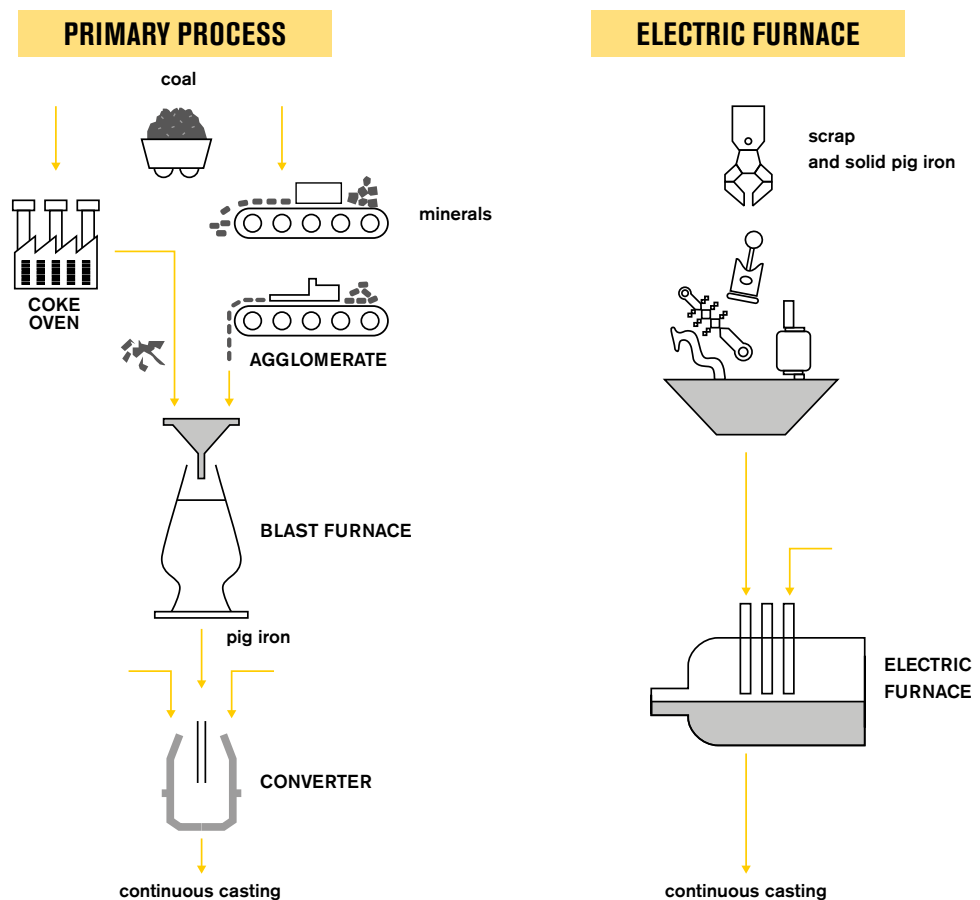
STEEL IS ALWAYS REBORN
PEOPLE MAKE THE DIFFERENCE



3.3 The production process

Steel is mainly produced using two different production processes: an electric furnace (EAF) as at Acciaierie Venete, and what is called the primary process.

While the former involves smelting ferrous scrap, exploiting steel's potential recyclability to the fullest, the primary process, also identified using the acronym BF-BOF (Blast Furnace + Basic Oxygen Furnace), mainly uses iron ore and hard coal, both of which are products of primary mining.



Derived respectively from agglomeration and coking plants, the latter will then be melted in the blast furnace to obtain pig iron, which in turn is fed into oxygen converters for steel production.

In contrast, the electric furnace process is much simpler and more compact because it is limited to the direct melting of ferrous scrap through the heating of electrodes, and to a lesser extent the chemical energy triggered by the insufflation of gas. The obvious distance between the two processes is mainly reflected in their economic-industrial and environmental consequences. Regarding the first aspect, the complexity of the primary process requires massive investments and a large workforce, while the EAF process, besides requiring much less capital, uses less space and offers far greater production flexibility.

Second, but certainly no less important, the substantial difference between the two *production methods* in terms of their broader environmental impact is worth noting.

In fact, recent studies show that blast furnace melting generates about 2.5 tonnes of CO₂eq per tonne of steel produced as opposed to the 0.1-0.2 emitted by the electric furnace, an impact that is 12 to 25 times greater, with a gap that is destined to be reduced only and to a small extent with the use of direct reduced iron.²

All this not to mention the indirect – but far from negligible – emissions associated with the primary extraction of pure minerals, with important implications for the supply chain in terms of Scope 3 emissions.

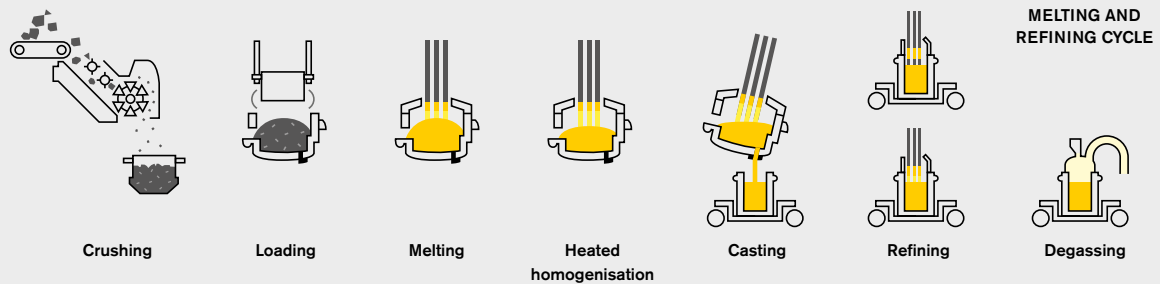
The electric furnace process, on the other hand, represents a virtuous example of circular economy because, based on the 4-R philosophy, it allows scrap and waste materials otherwise destined for the landfill to be recovered and transformed into new steel.

2. Periduct is Direct Reduced Iron (DRI), an alternative way of producing iron, developed to overcome the difficulties of conventional blast furnaces.
Source: <https://driditalia.invititalia.it/il-progetto/cose-il-dri>

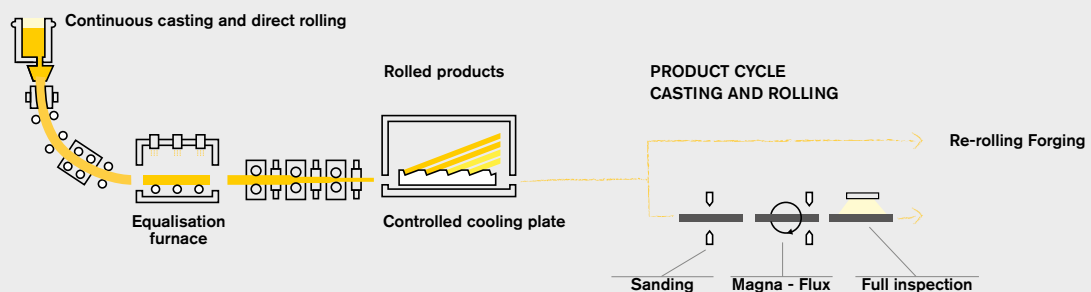


Acciaierie Venete's production starts with the electric furnace and is divided into the following steps:

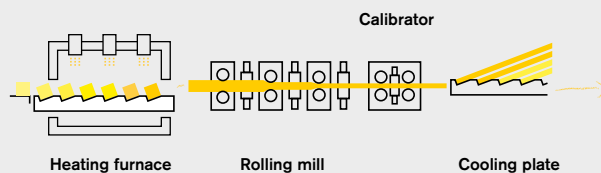
Steelworks - production of liquid steel



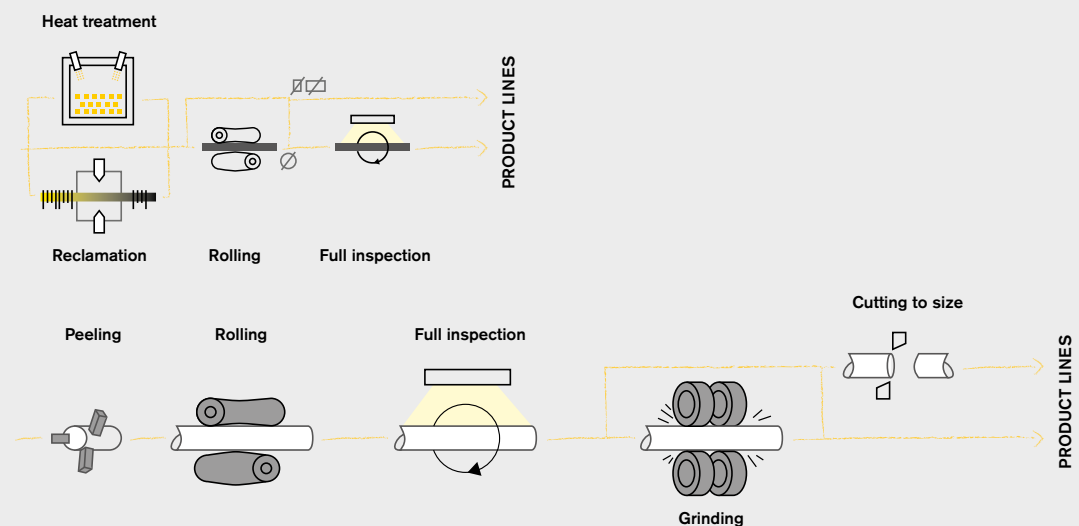
Continuous casting - billet and bloom production



Rolling mill - rolled product production



Finishing - processing and treatment of rolled products



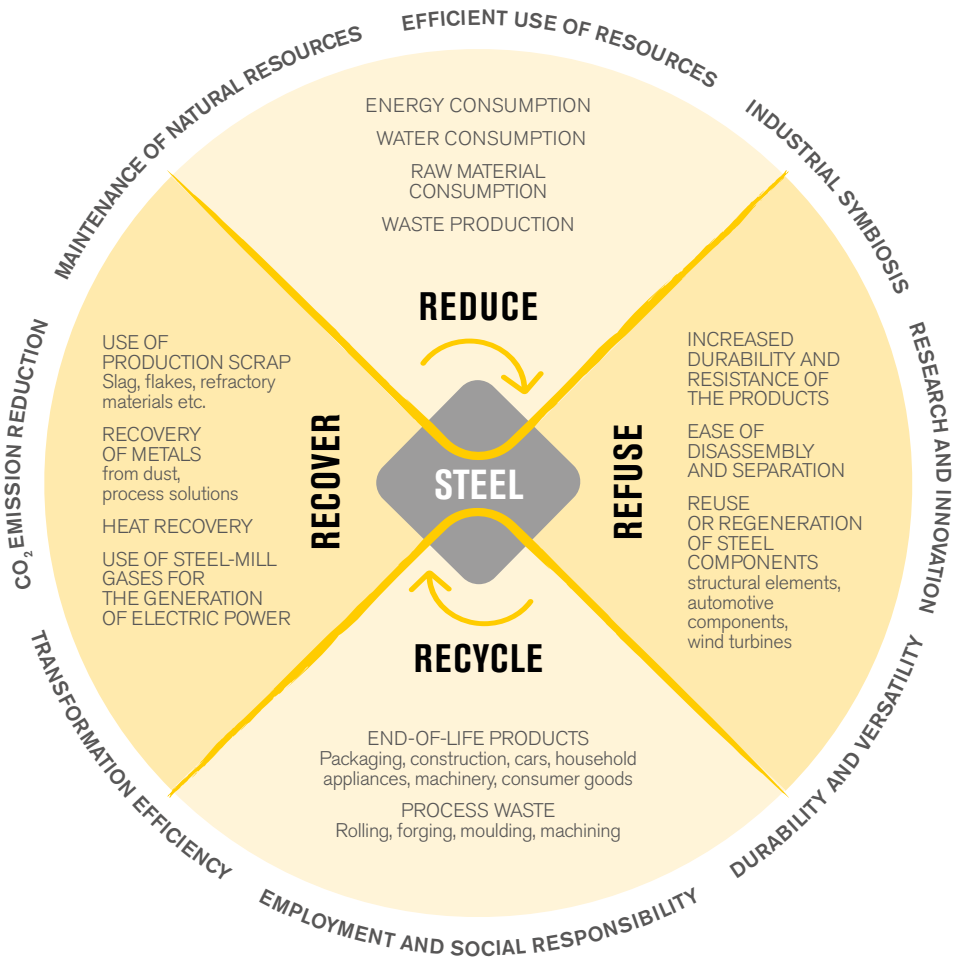
3.4 Scrap: our circularity

The recyclability of steel makes it possible for the Italian steel sector to be classified as a “circular economy”. This material is 100% recyclable and can be continuously reused without losing its fundamental properties. The core concept behind the circular economy is due to the fact that steel is continuously transformed according to its end use.

According to the Bureau of International Recycling (BIR), steel is considered the most recycled material in the world. Moreover, the recycling of steel products at the end of their life cycle is supplemented by the scrap coming directly from steel production and transformation processes that is put back immediately into the cycle.

To speak of steel as a simply recyclable material is in reality reductive because it can be classified as a “permanent material”.

Unlike many other simply recyclable materials, steel is a durable material that can be recast over and over again without ever losing any of its intrinsic properties like strength, versatility and formability, which make it irreplaceable in an array of applications.



(Source: Federacciai - Sustainability Report)

**3.4.1
The origin
of scrap**

Ferrous scrap is considered a basic raw material for the steel industry, which produces it by means of an electric arc furnace. The main sources of recovery are the manufacturing industry, industrial demolition and municipal collections. Once collected, the scrap is processed for reintroduction to the market.

The processing of ferrous scrap waste is carried out by authorised and specialised companies, which through standard operating procedures for processing change the raw material from Waste to "Non-Waste" (Reg. 333/2011 End of Waste) regenerating/recovering both an economic and productive value. This legislation aims to stimulate recycling markets within the European Union.

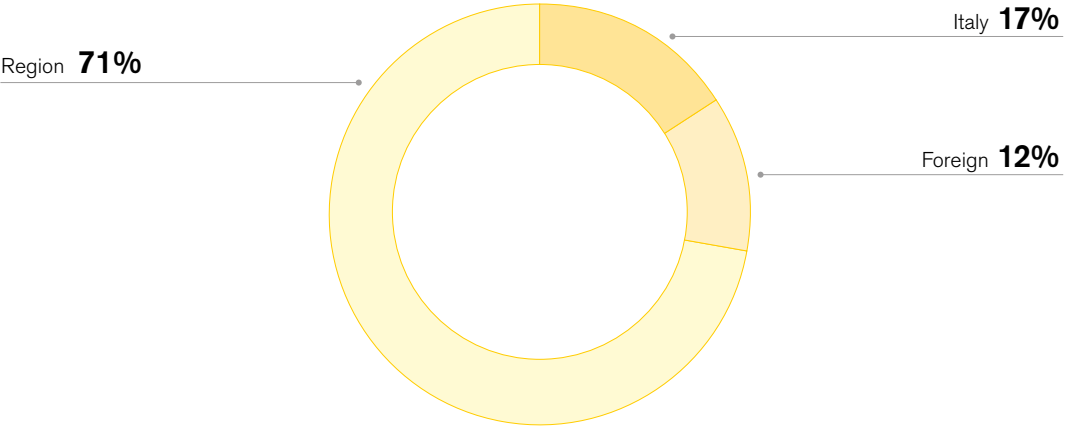
To treat ferrous scrap as "non-waste", it is essential to perform treatments such as cutting, shredding, washing and de-pollution to prepare the material for final use in melting or steel-processing plants.

Conditions for classifying scrap metal as non-waste:**THE FERROUS MATERIAL MUST BE CLEAN AND SAFE****SUPPLIERS MUST IMPLEMENT A QUALITY MANAGEMENT SYSTEM****A DECLARATION OF CONFORMITY MUST BE PROVIDED,
IN ACCORDANCE WITH THE CRITERIA INDICATED,
FOR EACH CONSIGNMENT OF SCRAP**

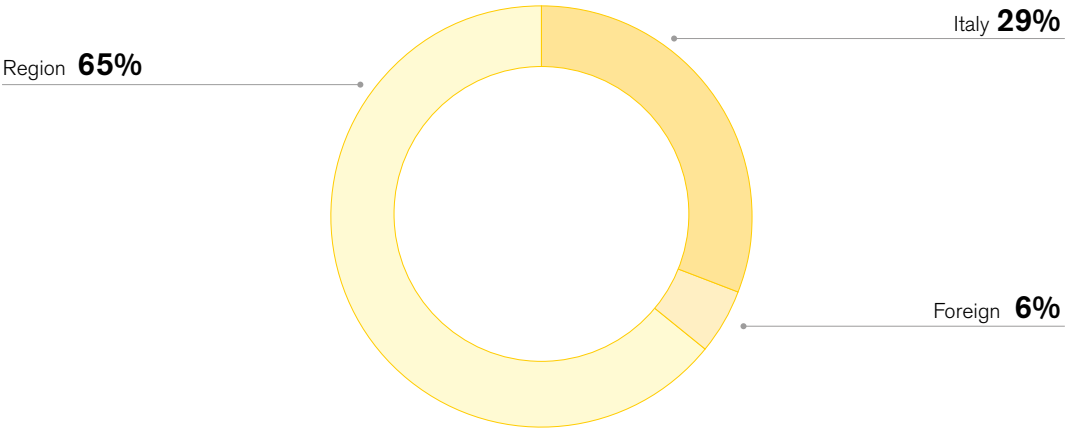
3.4.2
Scrap supplies
by geographical
area

Breakdown of scrap suppliers by geographical area according to the percentage of economic value distributed. When reference is made to the “region” label on the charts, the location of the suppliers is considered to coincide with the region in which the plant in question is located.

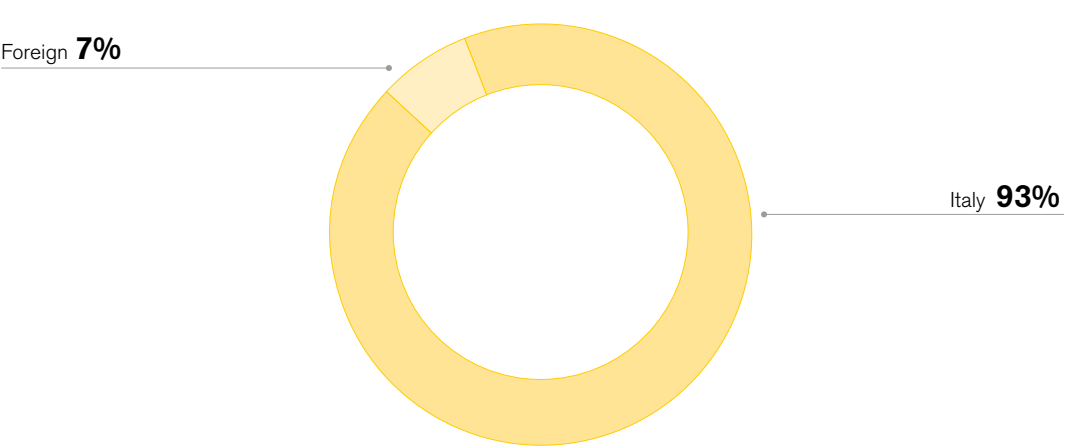
Padua



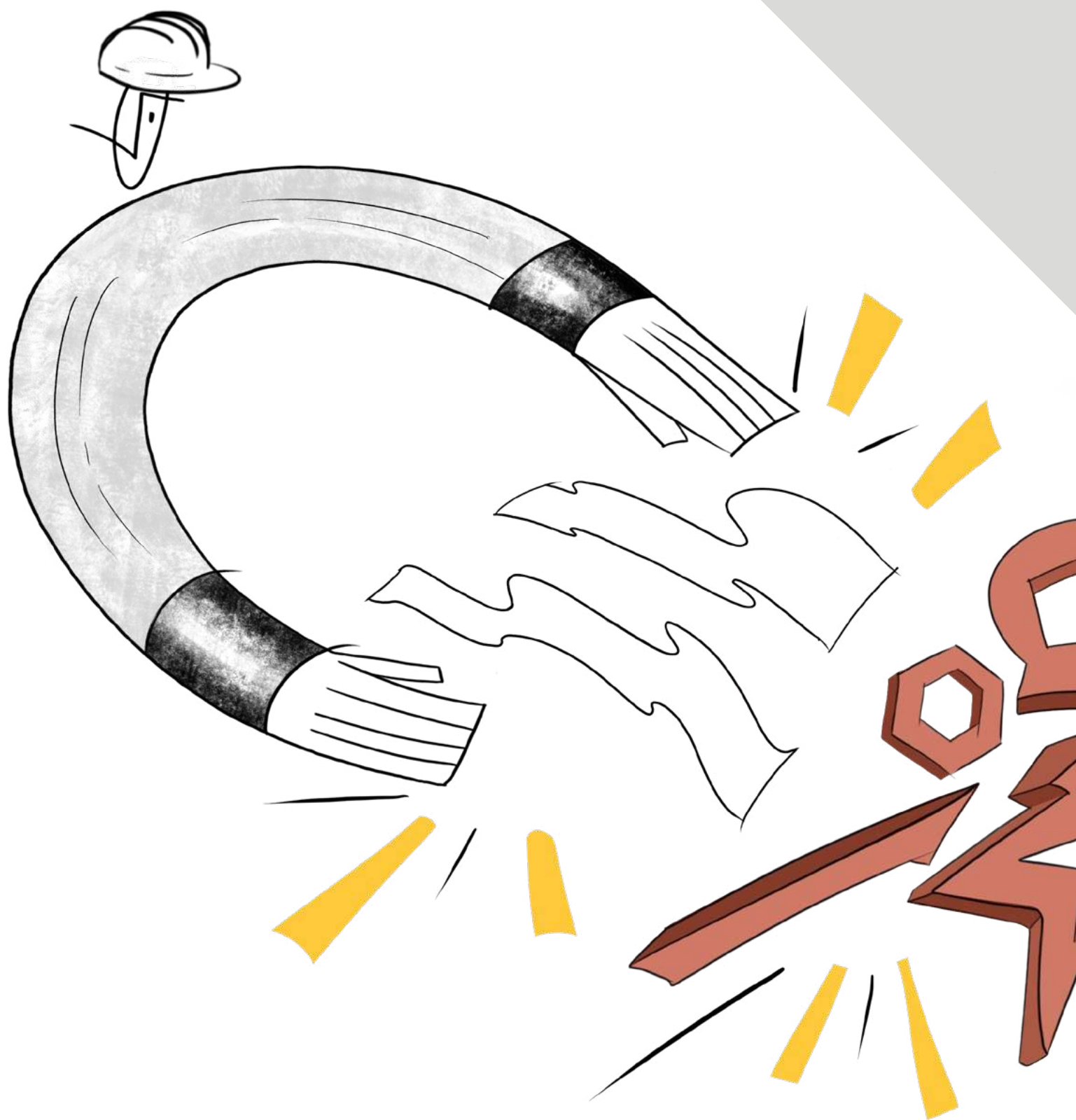
Sarezzo



Borgo Valsugana



The percentage breakdown does not refer to the origin of the scrap, but to the location of the companies supplying the scrap to Acciaierie Venete S.p.A.



SCRAP

Scrap, a strategic raw material, is an essential resource in industrial metal recycling, precisely managed to optimise company performance.

Acciaierie Venete has made a commitment to continuously improve in order to reduce costs and increase the exploitation of scrap, promoting trust and supply loyalty in the metallurgical recovery cycle.

This results in a more accurate control that favours the sorting of scrap for use in electric furnaces.

STEEL IS ALWAYS REBORN
PEOPLE MAKE THE DIFFERENCE



3.5

The upstream supply chain



A subsidiary of Acciaierie Venete since 1997, located in the industrial area of Castelfranco Veneto in the province of Treviso, it is a major player in the Italian market for the collection, transportation, processing and trade of ferrous and non-ferrous scrap.

A qualified supplier for major steel mills, it is an authorised entity for plant dismantling, sorting and selection of materials. Since 1995 it has also been involved in collections from the dismantling and recovery of motor vehicle parts, trailers and the like.

Padana Rottami S.r.l. has 2 production units and a management office, and employs a workforce of 72, with more than 35 road vehicles, 35 construction vehicles, 3 fixed shears, 4 mobile shears, and has all the necessary authorisations to carry out purchasing, processing, and sales throughout northern Italy and beyond.

Certifications

ISO 14001:2015 Environmental management system

ISO 9001:2015 Quality Management System

Applicable regulations

Regulation (EU) no. 333/2011

Provides criteria on when to stop classifying certain types of metal as waste as per Directive 2008/98/EC of the European Parliament and of the Council.

Regulation (EU) no. 715/2013

Provides criteria on when to stop classifying copper scrap as waste as per Directive 2008/98/EC of the European Parliament and of the Council.





A company that specialises in the recovery of ferrous and metal scrap and the quality of furnace-ready scrap preparation for customers such as steel mills and foundries. It was established in Zanè (VI) in 1956 and was subsequently acquired by Acciaierie Venete S.p.A. in 1986, becoming the market leader in the province of Vicenza.

It collects and transports ferrous and metal scrap from industrial and artisanal processing, and has the ability to combine product quality and price with service flexibility, together with its commitment to finding a constant synergy between company operations, customer satisfaction, environmental sustainability and protecting the health and safety of its employees. The company has the necessary authorisations for material storage and handling.

Certifications

ISO 14001:2015 Environmental management system

ISO 9001:2015 Quality Management System

Applicable regulations

Regulation (EU) no. 333/2011

Provides criteria on when to stop classifying certain types of metal as waste as per Directive 2008/98/EC of the European Parliament and of the Council.

Regulation (EU) no. 715/2013

Provides criteria on when to stop classifying copper scrap as waste as per Directive 2008/98/EC of the European Parliament and of the Council.

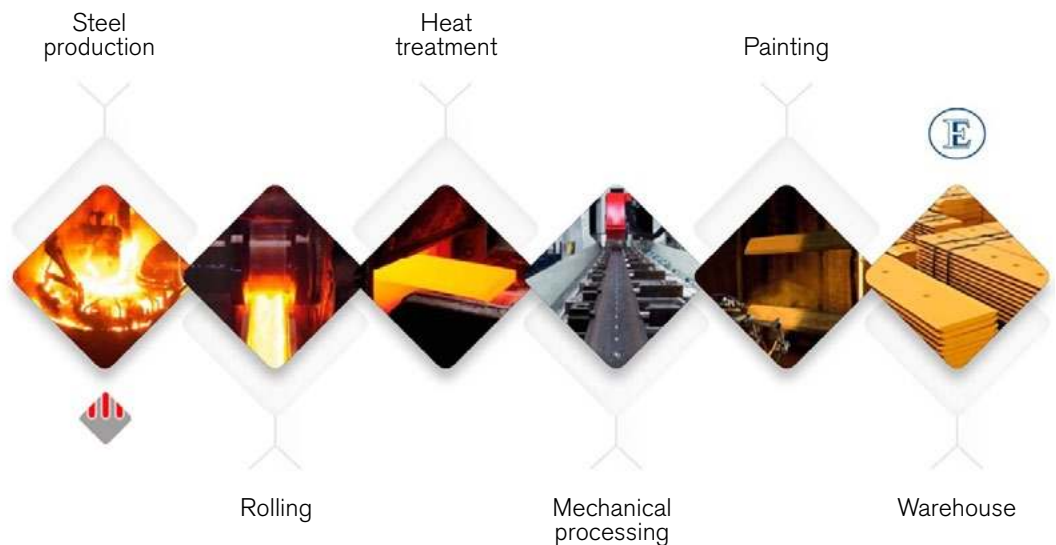
3.6**Our downstream
supply
chain**

Esti S.r.l. is a company that specialises in the production of wear-resistant steel parts.

It carries out intensive research that takes the form of the development of new solutions, the careful selection of materials and manufacturing processes that have contributed to making the brand synonymous with performance and reliability.

The company mainly produces blades for shovel and excavator buckets, blades for dozers, graders and snow ploughs, but its product range is completed with the production of teeth, tips and wear-resistant steel parts. The type of steel used, the careful heat treatment and the very low tolerances of the machining operations result in a high quality product with high resistance to wear.

The union between Esti and Acciaierie Venete has resulted in a new, unique reality, which has enabled the creation of a complete production chain. This allows even the most demanding customers to see Esti as a company that can guarantee maximum reliability having the entire production process at their disposal.

**Certifications**

ISO 14001:2015 Environmental management system

ISO 9001:2015 Quality Management System



MAIN ESG ACTIVITIES OF THE COMPANY



ENERGY AND ENVIRONMENT

Installation of the new compressor in 2023, equipped with inverters to serve all machines in the facilities.

The project for the installation of a 330 kWp photovoltaic plant was signed in 2023. The plant will be built by spring 2024 and will be able to cover the company's entire energy needs.

The project for the installation of fast-charging columns for electric cars has been confirmed.



SOCIAL

Promotion of initiatives in the local area

Supply of caps and T-shirts and other material for participants (children and educators) involved in activities organised by the parish of Idro (BS).

Promotion of the **Auser** project

Sponsorship to subsidise a vehicle to transport people with mobility problems, guaranteeing local service.

Promotion of sporting events

ALPO EXTREME race: Competition open to two specialities: running and cycling. Baitoni Lago d'Idro (BS).

Sponsored sports of the Anspi Oratorio di Idro club.

Open day

In 2023, the doors were opened to the local middle and high schools, dedicating four mornings to students with the dual objective of:

- Making the children aware of the realities in their area
- Assessing possible job opportunities in order to make them more aware of their choice of education



GOVERNANCE

Installation of a system of "redundant" servers to reduce the risk of data loss and service continuity.



CENTRO ITALIANO ACCIAI



Modena

Centro Italiano Acciai S.r.l. is a steel trading company, representing a strategic service hub of the Acciaierie Venete Group operating in the processing and distribution of steel products. CIA mainly produces construction grades, i.e. carburised and quenched and tempered, round, flat, square, quenched and tempered, annealed, rolled or peeled steels. The steel is stored and distributed according to customer requirements: bundles, bars, cut pieces and facing centre pieces.

The aim is to satisfy the customer's specific needs with tailored services. Its strength lies in working in close symbiosis with the Group's steel mills and rolling mills, supplying special steels according to UNI EN tables or to specifications.

The company operates throughout the country and Europe, with widespread services. It covers an area of about 20,000 sqm, of which 9,350 sqm are indoors. Around 6,000 sqm of these are allocated to the warehouse, about 3,000 sqm to production, and 350 sqm to offices.

Centro Italiano Acciai S.r.l. aims to cover a part of the market that the parent company cannot serve due to reduced quantities or service. Thanks to synergies with the parent company, it is possible to serve direct and non-direct customers, both for small quantities and for large but highly fractionated supplies. Indeed, the company offers services like custom cuts, a facing centre and other machining to order. The company has automatic cutting lines and robotic work islands with controls including length of the part, perpendicularity, chamfering and centring, and finally part elasticity and magnetism.

Certifications

ISO 9001:2015 Quality Management System

Actions taken during 2023:



Strengthening of the data network for greater **digitisation** of processes concerning lower consumption of printed paper.

Replacement and modernisation of cutting machines and electrical systems for better **energy efficiency**.

Thanks to industry 4.0, there is a greater awareness of the production process, allowing an increase in production not at the expense of energy consumption.



VENETE SIDERPRODUKTE



Geroldswil (CH)

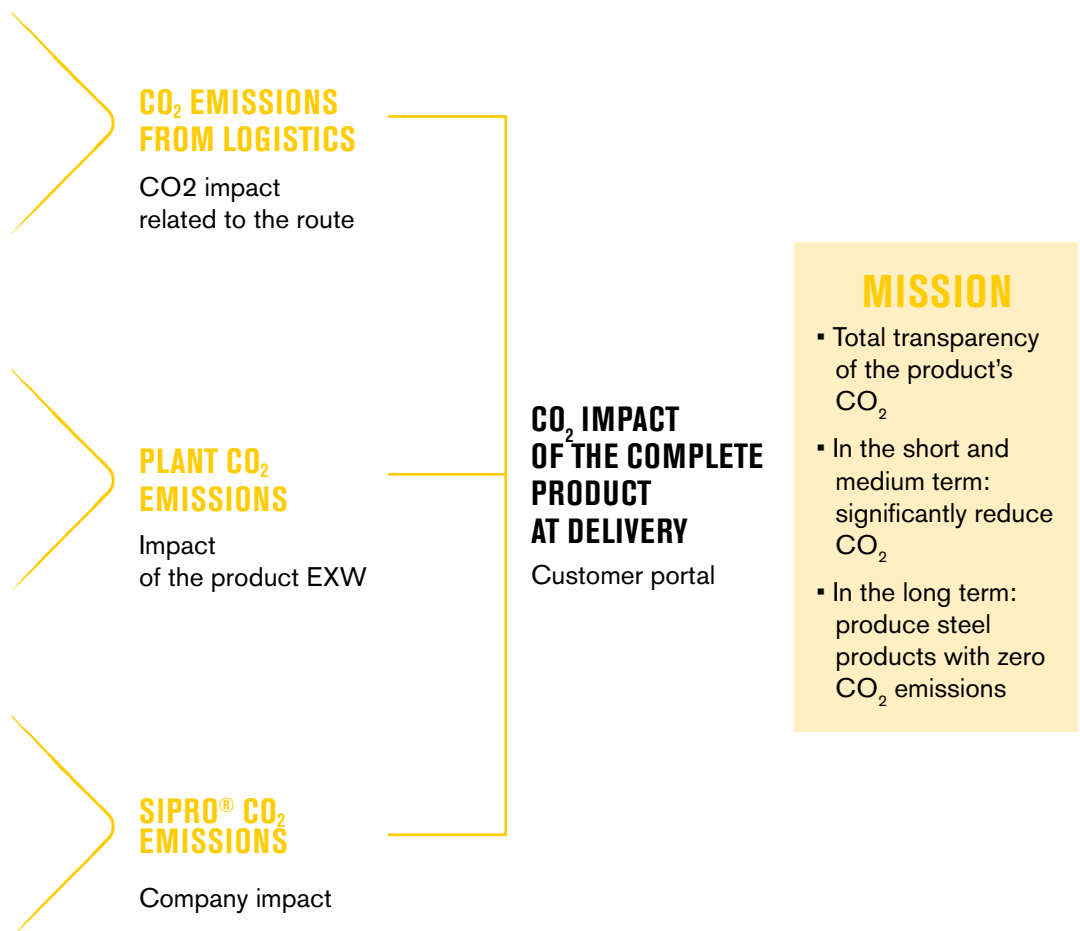


Venete Siderprodukte AG, located in Geroldswil (CH), is a foreign trading company largely controlled by Acciaierie Venete, which aims to expand the company's presence in foreign markets.

The company distributes steel in 20 European countries and is responsible for selling the Group's products to a portfolio of foreign customers in the automotive, tractor, industrial and construction machinery industries or that are engaged in the broader steel trade.

In the area of sustainability, Venete Siderprodukte is carrying out a project in the field of logistics, with a project related to "green sourcing", for the calculation and reduction of CO₂eq emissions.

Our objective: complete transparency of the CO₂ impact at the time of delivery



3.7

Transport along the value chain



Setrans S.r.l. operates in the road transport sector. It has years of experience in the steel sector and cooperates with major rail transport companies, creating added value for its customers. The company provides services such as distribution (including multimodal shipments), a logistics platform and material storage areas.

In its role as a steel producer, for years Acciaierie Venete has been implementing measures to reduce emissions also in the transport of raw materials and finished products. By choosing leading suppliers in the intermodal transport market and by using logistics platforms for transport with traditional freight trains, it is trying to mitigate pollution.

In 2023, Setrans S.r.l. became part of the Acciaierie Venete Group with the aim of increasing the shipment of finished products by train and applying this concept also to the receipt of raw materials, significantly reducing the number of trucks on the road.

Over the past year, the tonnes of finished products handled via traditional and intermodal rail to foreign destinations amounted to 155,286 tonnes, equivalent to about 6,033 trucks per year, while domestically, the shipment amounted to 55,350 tonnes, equivalent to 1,886 trucks per year, saving more than 10,000 tonnes of CO₂eq. This ongoing commitment has generated a significant environmental and social impact through the reduction of vehicles on the road.

The Group is constantly working to limit harmful emissions by choosing intermodal solutions combined with the use of electric vehicles where possible and on short routes, which make it possible to transfer goods to their destinations in an absolutely green way.

4. HUMAN RESOURCE MANAGEMENT

4.1 Employees: our strength

For the Acciaierie Venete Group, people are crucial to every operation, which is why human resources are one of the keys to its competitive advantage.

The development of people, their involvement and the ability to offer concrete opportunities for growth are the most important critical success factors. The Group's human resource management policies are defined based on these strategic assumptions.

The skills development system plays a key role in fostering the acquisition and consolidation of the experience needed to enrich one's expertise and shape one's career.

THE PILLARS OF THE DEVELOPMENT SYSTEM

- **Safety in the workplace:** in addition to the mandatory training sessions, supplemental activities will be scheduled to encourage the diffusion of a safety culture at all organisational levels. A further objective is to ensure that the training provided is synergistically combined with safety improvement projects, in particular with the *zero accidents* project and the *15 minutes for safety project*.
- **Professional skills:** the development of which is guaranteed by theoretical and practical training, on-the-job coaching, and career tracks.
- **Managerial skills:** in parallel with the development of professional skills, one of the key elements of the corporate motivational system is the possibility of offering employees increased levels of responsibility. This is where the corporate Academy system comes in.

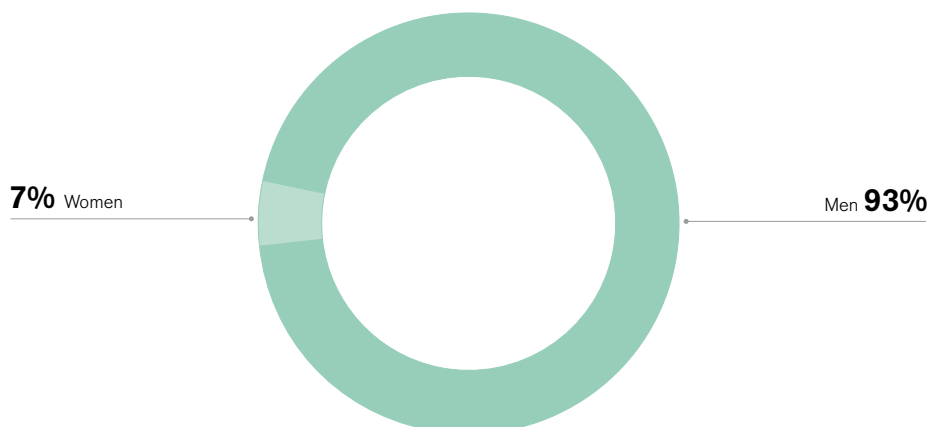
At the end of 2023, the Acciaierie Venete group had a total of 1,597 employees, an increase of 32 over the previous year (partly due to the entry of Setrans S.r.l. into the group). The parent company has 1,385 employees, down slightly from 2022.

HUMAN CAPITAL MANAGEMENT

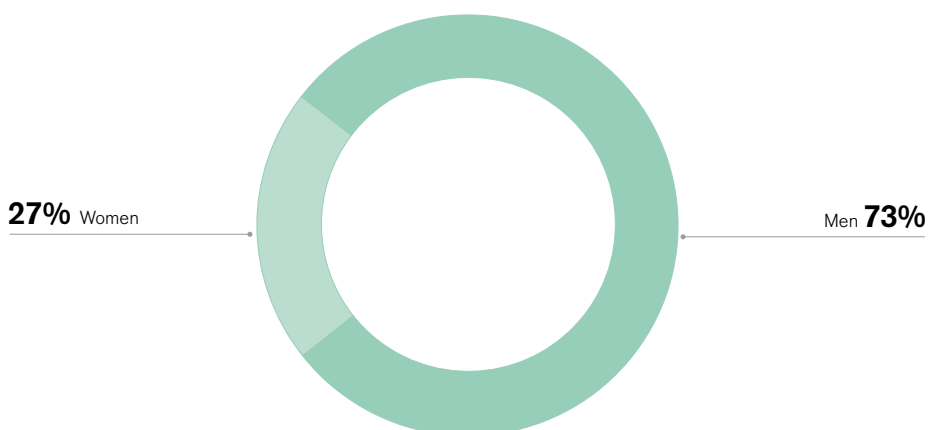
Human resources, the depth of their professional skills, the quality of their commitment, the strength of their motivation, constitute the fundamental element on which the continuous improvement of the company's competitive advantage is based. The development of people, their involvement, the company's ability to offer important possibilities to increase their professional skills combined with concrete career opportunities are our most important critical success factors. The Group's human resource management policies are defined based on these strategic assumptions.

In the context defined above, a fundamental role is played by the professional skills development system, which has been structured to encourage the acquisition and consolidation of the professional skills needed both to ensure an adequate performance of the role assigned and to guarantee a foundation of skills to base professional development plans on. The intersection of these two elements – professional skills and opportunities for career development – determines the training system we discuss in the following section.

Breakdown of employees by gender



Breakdown of white-collar workers by gender



Group employees by geographic area	2023
Brescia	625
Verona	73
Padua	605
Udine	53
Trento	113
Modena	30
Treviso	72
Vicenza	17
Venice	9
Total employees	1,597

GRI 401-1 - New hires and staff turnover

HIRING		2023		
Employees by age and gender				
Number of employees	Men	Women	Total	
< 30 years	69	3	72	
Between 30 and 50 years	95	5	100	
> 50 years	31	3	34	
Total	195	11	206	

TERMINATIONS		2023		
Employees by age and gender				
Number of employees	Men	Women	Total	
< 30 years	54	1	55	
Between 30 and 50 years	77	1	78	
> 50 years	74	3	77	
Total	205	5	210	

% TURNOVER

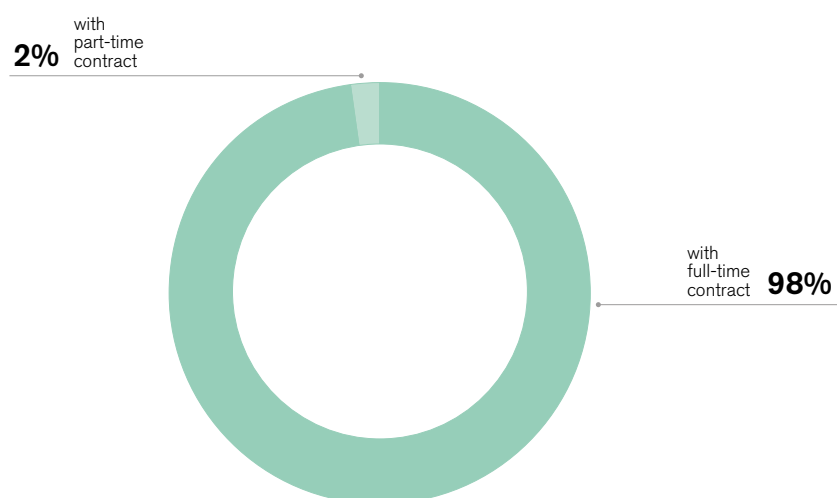
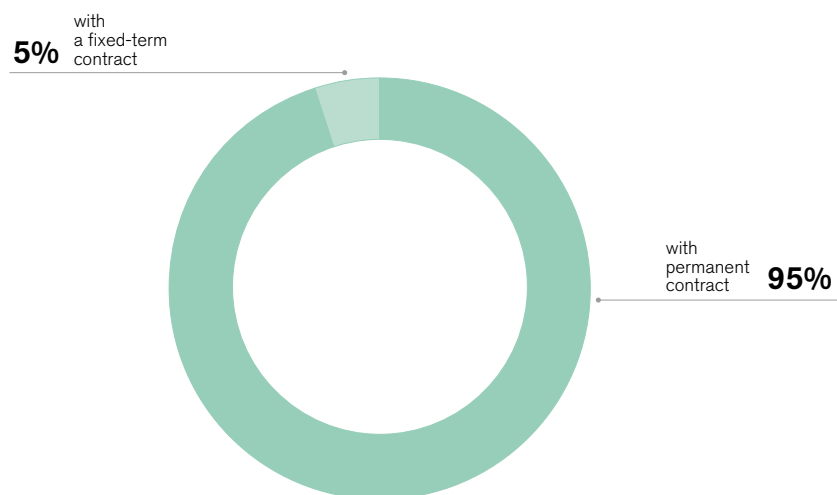
% TURNOVER		
Employees by age and gender		
% TURNOVER (hires)	Men	Women
< 30 years	4.4%	0.2%
Between 30 and 50 years	6.1%	0.3%
> 50 years	2%	0.2%
% TURNOVER (terminations)	Men	Women
< 30 years	3.5%	0.1%
Between 30 and 50 years	4.9%	0.1%
> 50 years	4.7%	0.2%

Compared to the previous year



4.1.1 Numbers related to human capital

Of the total of 1,597 contracts in force as of 2023, the Acciaierie Venete Group has 1,516 workers with permanent contracts and 81 with fixed-term contracts. Of these contracts, 1,573 are full time and 24 part time. The figures confirm the Group's focus on the sound treatment of human resources. In addition to employees, there are also 32 temporary workers and 3 project workers, who are not considered in the charts below.



ACADEMY

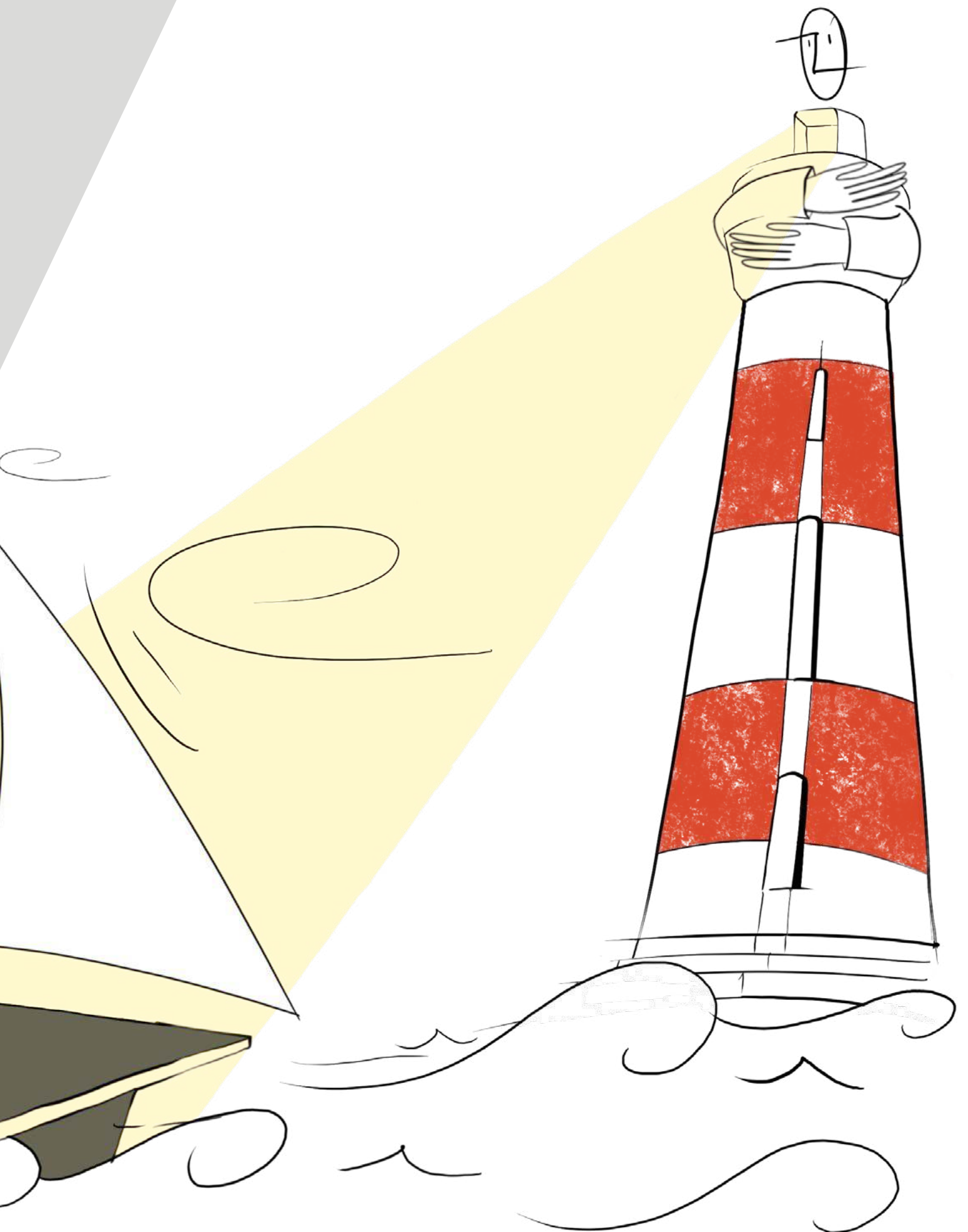
Acciaierie Venete Academy has the ambition to be a beacon guiding young people in the sea of professional growth.

Aimed at recent university graduates, this five-year course integrates cross-cutting skills with more specialised expertise in metallurgy and digitisation.

Divided into three main organisational areas – metallurgy, digital skills and soft skills – the Academy offers a total of 600 hours of training.

STEEL IS ALWAYS REBORN
PEOPLE MAKE THE DIFFERENCE



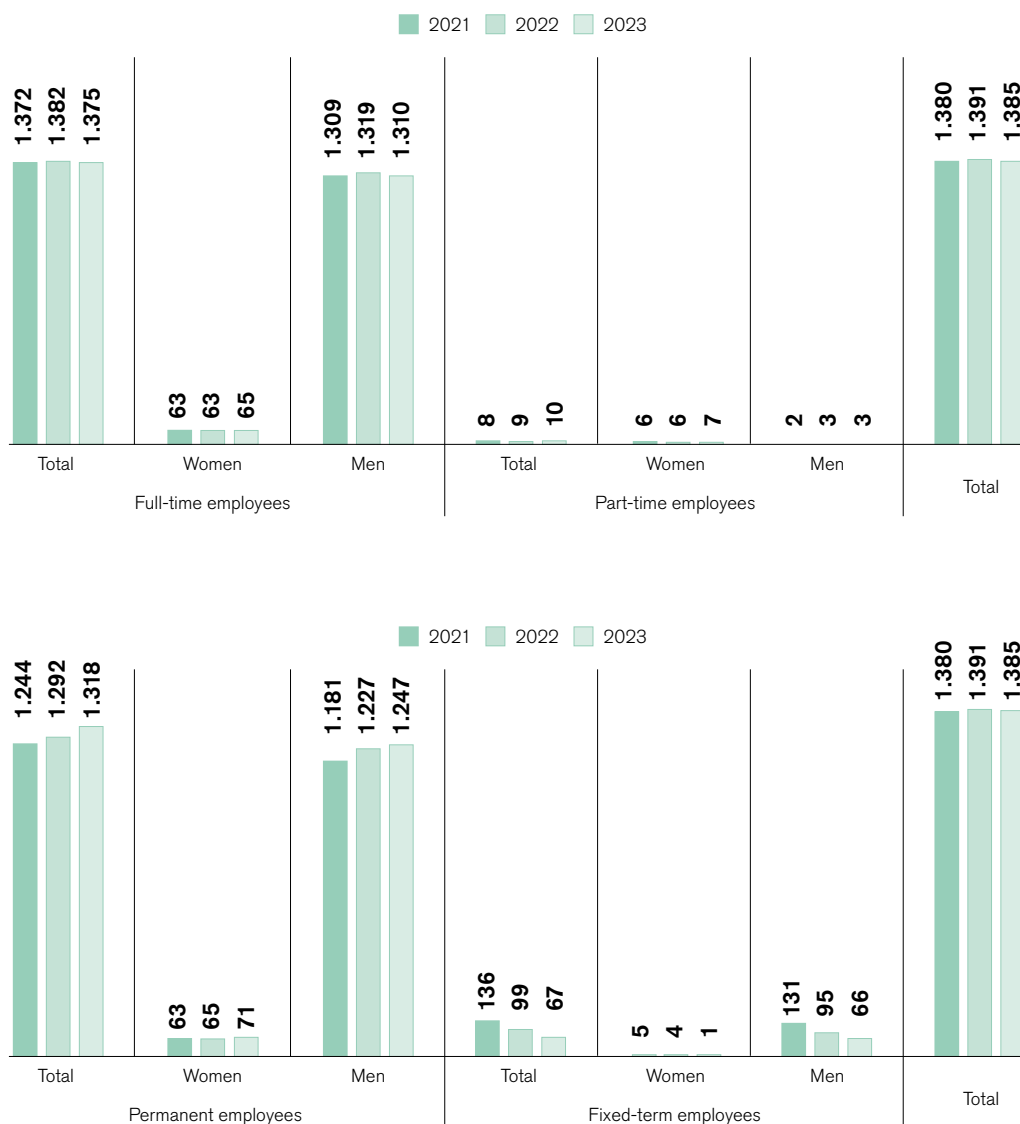


FOCUS ON THE PARENT COMPANY ACCIAIERIE VENETE S.P.A.**Staff turnover**

	New hires	2021	2021 rate	2022	2022 rate	2023	2023 rate
MEN	< 30 years	95	7.5%	72	5.4%	64	4.7%
	Between 30 and 50 years	78	6.2%	84	6.3%	81	6.0%
	> 50 years	20	1.6%	12	0.9%	25	1.5%
	Total	193	15.3%	168	12.5%	170	12.3%
WOMEN	< 30 years	4	0.3%	6	0.4%	1	0.1%
	Between 30 and 50 years	1	0.1%	2	0.1%	3	0.2%
	> 50 years	2	0.2%	0	0.0%	2	0.1%
	Total	7	0.6%	8	0.6%	6	0.4%
	Total hires	200	15.8%	176	13.1%	176	12.7%

	Terminations	2021	2021 rate	2022	2022 rate	2023	2023 rate
MEN	< 30 years	40	3.2%	42	3.1%	51	3.7%
	Between 30 and 50 years	28	2.2%	61	4.5%	66	4.9%
	> 50 years	52	4.1%	55	4.1%	62	4.3%
	Total	120	9.5%	158	11.8%	179	12.9%
WOMEN	< 30 years	1	0.1%	1	0.1%	0	0.0%
	Between 30 and 50 years	1	0.1%	2	0.2%	1	0.1%
	> 50 years	1	0.1%	5	0.4%	2	0.1%
	Total	3	0.2%	8	0.6%	3	0.2%
	Total terminations	123	9.7%	166	12.4%	182	13.2%

2023 saw a hiring rate of 12.7% (176 new hires), in line with the previous year. The company's propensity to hire people under the age of 30 is also of note, as a result of its policy of hiring young people for internal professional growth, also thanks to all its Academy projects.

Breakdown of employees by contract type

In 2023 the Acciaierie Venete Group grew in headcount, consolidating the level of human resources, between turnover and new acquisitions. The parent company Acciaierie Venete S.p.A. maintained the standards of the last three years. The number of permanent contracts also remained stable, especially full-time contracts, which account for almost all the employment contracts. Corporate management policies seek to ensure a working life offering high levels of stability and safety, not to mention significant opportunities for professional development.

In order to ensure the involvement and development of human resources, some organisational initiatives have been put in place, including the *continuous improvement* project.

CONTINUOUS IMPROVEMENT PROJECT

In order to cope with the increasing levels of competition in the steel market, a competitive strategy was developed based on the ability to combine the improvement of product quality levels with the need to increase the efficiency of production processes, as well as with the constant improvement of workplace health and safety and environmental protection levels.

The project has a number of objectives, correlated with each other by elements of systemic interaction that involve the entire company, understood as a set of human resources, plant structures and, finally, company procedures and standards.

It is within this context that a structured system has been put in place aimed at encouraging the involvement of human resources who are asked to put forward proposals having the objective of ensuring the improvement of the company's operational processes.

The system is based on two concepts:

- The belief that the people directly involved in operations are able to identify the best ways to improve their organisation, method or process in a more effective way than those who are not directly involved in them.
- The consideration that the system of continuous improvement is more effective when implemented through multiple limited initiatives that, precisely thanks to their reduced impact, are more easily assimilated in the organisational behaviour of each individual employee rather than through a few large projects with an inevitably slower and less widespread adoption.

An essential element of the project is the process of providing feedback on the improvement proposals. The area manager who receives the proposal must provide feedback to the person who submitted the idea, updating them on the progress of the proposal, and, at the end of the evaluation process, letting them know the reasons why it was considered technically feasible or otherwise.

The project envisages the establishment of an internal technical committee whose task is to verify the technical feasibility and economic viability of the improvement proposals, and based on these elements to define the amount of the bonus to be paid to the proposer.

Given the importance that the Company attaches to the issues of health and safety at work and environmental protection, it was decided that proposals for improvement that address these issues will receive a bonus that is higher than proposals related to quality, efficiency and productivity levels.

4.2 Training

A company that invests in the training of its human resources is a company that is making long-term plans for its organisation.

Throughout 2023, 21,902 hours of theoretical classroom lessons and crucial on-the-job training were provided.

The Acciaierie Venete system aims to combine training with development initiatives, where “training” refers to initiatives that enable people to update their knowledge and skills so that they can perform their assigned work to the best of their ability, and human resources “development” includes initiatives organised on a long-term horizon aimed at the professional growth of human resources.

GRI 404: Training and education

Employees by gender and professional category

Training hours		2023		
		Men	Women	Total
Executives		104.0	-	104.0
Managers		162.5	6.0	168.5
White-collar workers		6,395.5	1,537.5	7,933.0
Blue-collar workers		13,664.0	33.0	13,697.0
Total		20,326.0	1,576.5	21,902.5
TOTAL HOURS WORKED		2,784,762.0		
Average Training Hours		13.7	14.3	13.7
Executives		5.8	0.0	5.2
Managers		4.8	3.0	4.7
White-collar workers		23.6	15.4	21.4
Blue-collar workers		11.7	5.5	11.7

Acciaierie Venete S.p.A. training trends

		2021			2022			2023		
	u.m.	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	hours	20	-	20	18	-	18	80	-	80
Managers	hours	275.5	-	275.5	316	-	316	159.5	6	165.5
White-collar workers	hours	2,621	500	3,121	3,236.5	776	4,012.5	6,010.5	843	6,853.5
Blue-collar workers	hours	7,251.5	-	7,251.5	7,899.5	3	7,902.5	12,724	9	12,733
Total hours		10,168	500	10,668	11,470	779	12,249	18,974	858	19,832

The training system consists of the following elements:

ACCIAIERIE VENETE ACADEMY

This is an educational programme developed for all of the Group's young university graduates. The project has a number of goals. Specifically, to offer our high-potential resources the chance to learn the basic professional skills necessary to support their career development. The design of the programme also guarantees team building opportunities and therefore a chance to increase the team spirit of the company's future management.

The overall duration of the plan is five years, for a total of 480 hours of training (i.e. 96 hours per year) plus five specialised modules of 24 hours each, for a grand total of 600 hours over the five-year period.

The course is structured around three macro skills areas: metallurgy, digitisation and soft skills.

Academy is a professional growth programme designed to offer a complete vision of the company's organisational processes and cross-cutting technical skills that are relevant to the company's operational processes.

The course is designed to foster the learning of professional skills and the development of strong personal relationships.

YOUNG ENGINEERS PROJECT

The project envisages the hiring of young engineers with recent university degrees who will be placed within the management staff of the production departments, alternating periods of theoretical training as part of the Academy curriculum with periods of on-the-job training, in order to train future forepersons and plant managers. At the moment, nine young engineers are participating in this project.

ITS MARCONI

As a partner of ITS Marconi, the school associated with ITIS Marconi in Padua, Acciaierie Venete S.p.A. organised a two-year training course alternating with periods of internship at the company. In 2023 two ITS students were hosted as interns.

IFTS FUTURE FOR STEEL

This is a one-year training course managed in cooperation with three other steel companies in Brescia, during which the students are given 500 hours of theoretical training (at the Don Bosco institute in Brescia) alternating with an equal number of hours of on-the-job training to provide the skills required for the job of electromechanical maintenance technician. Two students were trained in 2022/2023, four in 2023/2024.



ELECTRICIANS ACADEMY

This is a training course consisting of 240 hours of theoretical training and the same number of hours of on-the-job training, aimed at training industrial electrical maintenance technicians. Currently the training course involves three young high school graduates from technical schools with an electrical vocation who will be placed in the position of electrical maintenance technician at the end of the course.

OCCUPATIONAL SAFETY TRAINING

During the first day of work, each new employee is informed by the RSPP of the main principles of the company's safety system, the safety procedures in force in their place of work and the operating standards to be adopted in order to limit the risk of accidents. Each new hire is also provided with the procedures and safety data sheets relating to the assigned task. Each worker concerned also receives an update on training in the event of the introduction of new work equipment, changes in the production process or a change of job/work. The objective of the training system is to provide workers with the necessary knowledge and skills to ensure that their organisational behaviour is in line with the principles of the company's safety system. The criteria for organising training sessions are also aimed at improving awareness of workplace safety issues so that safety is perceived as a constituent value of the company culture and not just as a regulatory or procedural obligation.

4.3 Performance assessment

The professional development of human resources is key for Acciaierie Venete. Thanks to medium- to long-term training programmes and constant performance evaluations, employees have the opportunity to develop and diversify their skills.

The performance evaluation system is useful for reaching this objective and is designed to outline both training needs and remuneration policy.

The evaluation system is structured in order to evaluate three different levels that determine the performance of human resources: competence, potential and performance.

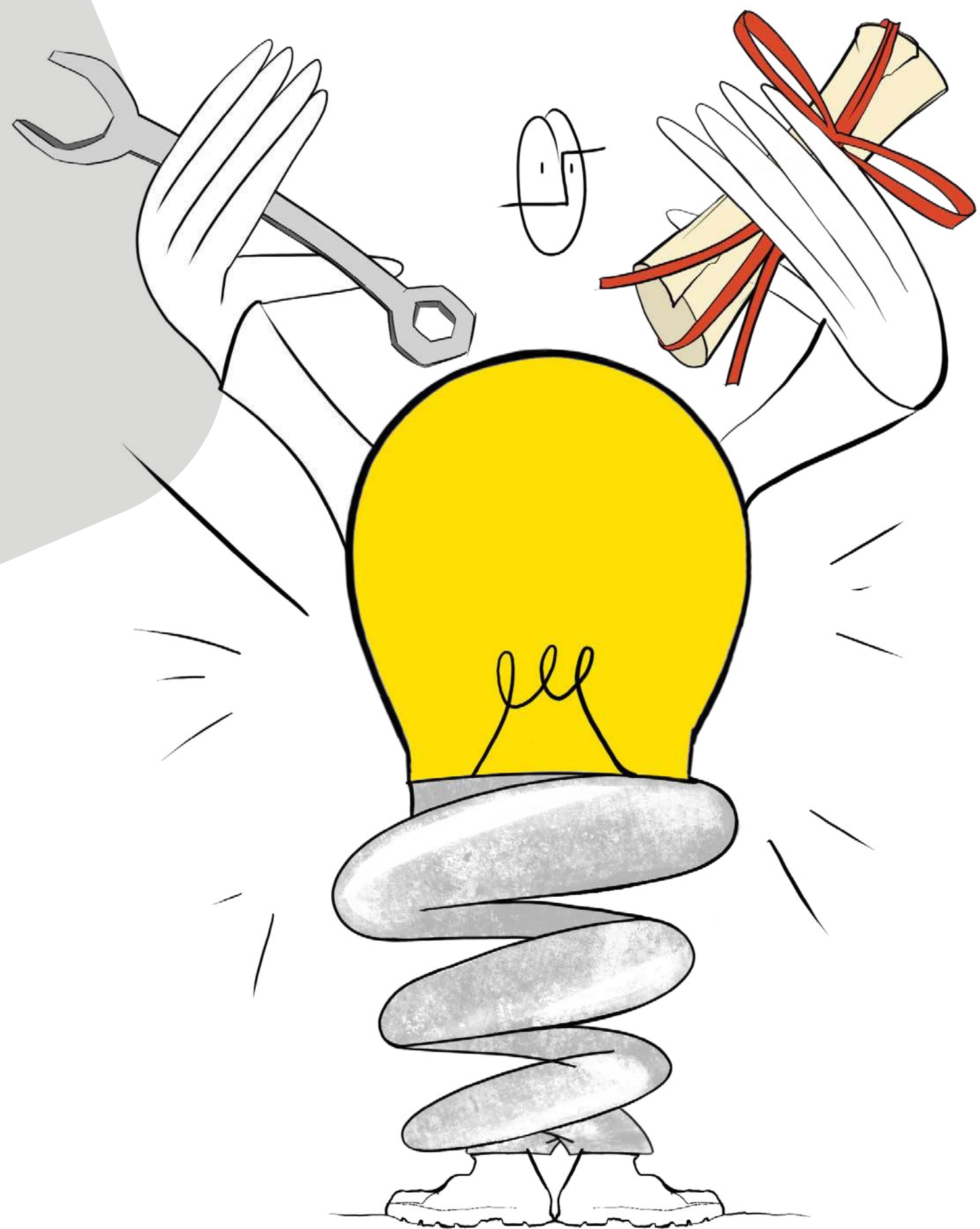
- With regard to competence, the gap between the level of skills possessed and the level needed to be able to adequately do the job is assessed, as well as any differences highlighting the training that needs to be provided.
- As far as potential is concerned, the ability to hold positions of greater responsibility is assessed, including with possible training.
- With regard to performance, the results achieved are evaluated, and based on the results training needs and rewards are defined.

It is based on the results of such evaluation that training plans, career paths and rewards are defined.

LIGHT UP

A training project that, in addition to technically preparing young talent to work as Industrial Electrical Maintenance Technicians, fuels a journey of personal and professional growth. At the end, the trainees will remain in the company, further developing the skills acquired and lighting the way to a promising future.

STEEL IS ALWAYS REBORN
PEOPLE MAKE THE DIFFERENCE



4.4

**We protect
the well-being
of our
employees**

Every human being is unique. Protecting their uniqueness means defending their freedom. The pandemic brought into sharper focus some of our country's chronic weaknesses with regard to issues of diversity, inclusion and access to career development opportunities, highlighting how it is women and people with disabilities who are most fragile in this context.

The company has also developed the awareness that investing in the issues of diversity, inclusion and equal opportunities means not only making an important contribution to moving our country up in the international rankings, but also investing in the competitive advantage and development prospects of our company.

The corporate policy on the protection of diversity and inclusion is based on the assumption that the driving force of corporate development is the centrality of human resources, and in this perspective it has identified its founding principles drawing inspiration from benchmarks, including: the "Charter for Equal Opportunities and Equality at Work" promoted by Sodalitas, the UN Global LGBTI Standards for Conduct, the UN Women and UN Global Compact - Women's Empowerment Principles, and the United Nations Equal Pay International Coalition (EPIC).

Guiding principles

For us, the definition of non-discrimination is: "All employees of the Acciaierie Venete Group must be evaluated solely based on their professional skills and expertise. Any form of discrimination based on political orientation, trade union, religion, nationality, ethnicity, language, disability, gender and age is therefore rejected. Similarly, bullying and sexual harassment will not be tolerated".

Equal opportunities and equal dignity: "In the Acciaierie Venete Group, diversity is considered a value that must be recognised. Equal treatment and equal opportunities must therefore be guaranteed for all types of diversity. Personal conditions relating to the balance between people's private and professional lives (pregnancy, maternity, paternity, part-time, flexible working, etc.) must not become instruments for discriminatory treatment".

Work-life balance: "The Acciaierie Venete Group is committed to launching new initiatives aimed at supporting work-life balance, taking the real needs of its employees into account".

Creation of an inclusive working environment: "The Acciaierie Venete Group is committed to implementing initiatives for employees aimed at ensuring that all have the opportunity to participate in company processes without any form of obstacle related to country, gender, religion, culture, personal beliefs, orientation, disability, age or any other form of diversity, creating an environment capable of fostering the manifestation of the personal and 'unique' potential of each person and of using it as a strategic lever for achieving organisational objectives".

GUIDING PRINCIPLES

NON-DISCRIMINATION: all employees of the Acciaierie Venete Group must be evaluated solely based on their professional skills and expertise. Any form of discrimination based on political orientation, trade union, religion, nationality, ethnicity, language, disability, gender and age is therefore condemned.

EQUAL OPPORTUNITIES AND EQUAL DIGNITY: in the Acciaierie Venete Group, diversity is considered a value and equal treatment and equal opportunities must therefore be guaranteed for all types of diversity. Personal conditions relating to the balance between people's private and professional lives (pregnancy, maternity, paternity, part-time, flexible working, etc.) must not become instruments for discriminatory treatment.

WORK-LIFE BALANCE: the Acciaierie Venete Group is committed to launching new initiatives aimed at supporting work-life balance, taking the real needs of its employees into account.

CREATION OF AN INCLUSIVE WORKING ENVIRONMENT: the Acciaierie Venete Group is committed to putting in place initiatives for employees aimed at ensuring that all have the opportunity to participate in company processes without any form of obstacle related to country, gender, religion, culture, personal beliefs, orientation, disability, age or any other form of diversity. This with the aim of fostering the creation of an organisational context in which personal potential can, in its full freedom of expression, become a real strategic lever for achieving organisational objectives.

4.5

Feeling like a part of many communities



Acciaierie Venete's plants are located in nine Italian municipalities in five regions: Veneto, Lombardy, Trentino Alto Adige, Friuli-Venezia Giulia and Emilia Romagna. A member of several regional and trade associations, Acciaierie Venete is linked to the local area and its host communities from both a production and business point of view. At the local level, our company participates in Confindustria delegations while at the national level it plays a representative role in the steel sector with the appointment of our Chair as Vice President of Federacciai. Membership in the Confindustria system has also led the Company to adopt the values and commitments contained in Confindustria's Charter of Environmental Sustainability Principles as an integral part of its activities and growth processes.

Being part of many communities also means actively contributing to their social and cultural life, participating in events and initiatives that take many forms but at the same time are deeply connected with the area where Acciaierie Venete is established.

For historical reasons our company retains a particularly close bond with Padua, where it was founded and has grown over the past 65 years in full harmony with the city and its residents.

Over the course of time, the thread that connects us with Padua has taken the form of initiatives of various kinds, ranging from sports to the arts, science and a constant commitment to social issues.

For more than ten years the company has been a sponsor of Petrarca Rugby, a team that plays in Italy's top league, in a sport whose values reflect those of our company, and whose principles of work, loyalty and courage recall our way of making steel.

The long-standing collaboration with the RFX Consortium for Advanced Nuclear Research also continues. Founded in 1958 with a small group from the University of Padua, RFX became a CNR

research centre in the 1970s, operating within the framework of the European Nuclear Fusion Programme. Its evolution continued until 1996 when it was transformed from a small entity into a larger consortium, which was also participated in by the Ente per le Nuove Tecnologie, l'Energia e l'Ambiente (Enea), the Istituto Nazionale di Fisica Nucleare (INFN) and Acciaierie Venete.

In 2013, however, our company became part of the share capital of Fabbrica Attività & Relazioni Intergenerazionali, in a project that led to the founding of the Opera Immacolata Concezione Foundation (OIC) and whose objective is to foster relations between the elderly and children.

One of the latest initiatives is the collaboration with the Foundation for Advanced Biomedical Research, established in Padua in 1996 with the aim of promoting and carrying out research in the university and healthcare system of north-eastern Italy.

Through its operational arm – the Veneto Institute of Molecular Medicine (VIMM) – the Foundation represents a hub of excellence at an international level for what it does in the sphere of cellular and molecular biology. Its goals include learning about the causes of many diseases that are incurable today and the study of new therapeutic strategies.

Finally, after the restoration in 2012 of 12 statues and obelisks in Prato della Valle, the iconic square of Padua, in 2023 the foundations were laid to restore another famous site in the city to its original splendour: Caffè Pedrocchi, which in 1772 the Bergamascan Francesco Pedrocchi opened as a “coffee shop” a short distance from the university, the city hall, the markets, the theatre and Piazza dei Noli (today Piazza Garibaldi), from where the stagecoaches departed for the neighbouring cities.

5. MANAGEMENT OF ENVIRONMENTAL IMPACTS



5.1 Environmental sustainability as a conscious choice

Steel is a key alloy for most industrial sectors, from transport to infrastructure and housing, from manufacturing to agriculture and energy. This central role makes it a key element in the transition to new sustainable and environmentally friendly urban and infrastructure models. In this sense, therefore, steel producers play a decisive role both in responding to sustainable production demands and in monitoring and managing the positive and negative externalities of their supply chain. Well aware of this fact, over the last 50 years the industry has implemented energy efficiency processes and employed new technologies, reducing its energy consumption per tonne of steel produced by two-thirds.

In the case of Acciaierie Venete, constant monitoring and control of the energy performance of its production plants made it possible in 2023 to maintain the levels of the previous year, adopting strategies and investment plans aimed at reducing energy intensity per unit of product.

The need to make the steel sector more sustainable, particularly from an environmental point of view, derives from international and European legislation and growing demands and pressure from the various stakeholders (investors and the financial community, suppliers, governments, the public and local communities, etc.), which are increasingly interested in understanding how companies in this sector are preparing to respond to the challenges posed by climate change. This is a very important industrial orientation for the whole sector, now focused on sustainability, starting with the redefinition of the entire product life cycle, from the extraction of the raw material to its recycling.

This is the path that Acciaierie Venete intends to pursue and reinforce over time, in the belief that steel is the foundation for a more sustainable economic system for current and future generations. Acciaierie Venete's awareness of the importance of respecting the environment and its resources has led the company to adopt a management system certified according to UNI EN ISO 14001:2015. At present, this system has been applied to all the activities carried out at Acciaierie Venete S.p.A.'s production plants and is currently being integrated with a health and safety management system in compliance with UNI ISO 45001:2018. All Acciaierie Venete S.p.A. plants have had UNI EN ISO 14001 and UNI EN ISO 50001 certified Management Systems since 2019. In line with the requirements of the European and national Directives on integrated pollution prevention and control, in its plants Acciaierie Venete adopts the best available environmental plant management and control techniques (BAT, "Best Available Techniques") that are economically and technically sustainable. The adoption of these technologies provides an integrated support to the Group's tangible commitment to minimise the environmental impacts of its production processes, with particular reference to emissions of pollutants into the atmosphere, effluents, waste management and the reduction of energy consumption. Acciaierie Venete operates in full compliance with applicable regulations, and in 2023 the company continued to maintain the best practices applicable in all its plants with regard to environmental protection and workers' health and safety. The HSE (Health, Safety & Environment) Staff is the function that promotes the actions contained in the Health, Safety, Environment and Energy Policy, ensuring compliance with the company's strategic guidelines. A continuous improvement programme is drawn up for each plant, including the objectives to be achieved (with related intermediate goals), the implementation methods, the person in charge, the people involved and the related costs. Constant, structured monitoring of environmental performance ensures early detection of any changes followed by the adoption of preventive or corrective measures.

In November 2023, the Chair of the Board of Directors endorsed the update of the AESS Integrated Policy, the reference document for the explication of the corporate vision, objectives and the tools/resources made available to achieve the goals sought.

In 2023 the function of the HSE Manager became fully operative, following his appointment at the end of 2022, who, working together with the Head of the Environment and Energy Management System (RSGAESS) and the HSE team, supports environmental, energy and worker health/safety management initiatives, defines the methods of effective management and reports on the performance of the Management System and the achievement of objectives and expected results, playing the role of coordinator between top management and the operational structure.

In the middle of each month, all HSE Acciaierie Venete personnel meet on an itinerant basis in the Group's production plants to discuss the previous month's performance and plan improvement initiatives. The day is divided between an inspection and an office discussion with sharing of results, considerations and proposals, with the aim of increasing the company's preventive measures and the skills of personnel.

The audits carried out at the Borgo Valsugana, Buja, Dolcè, Mura, Odolo, Riviera Francia (Padua), Sarezzo and Via Pellico (Padua) plants confirmed their compliance with the criteria of ISO 14001 and ISO 50001.

Moreover, during 2023 a cloud application was selected, customised and launched to serve as the Group and Plant level Environment and Energy Management System document, aimed at ensuring the sharing and timely review of the vast amount of procedures, operating instructions and forms that make up the Environment and Energy Management System. The application also has a specific module for assessing the plant's regulatory compliance and for storing the related objective supporting evidence. The regulatory references are promptly updated by an external specialised staff.

The active involvement of management and above all a firm will to constantly improve environmental performance has allowed the implementation of an extensive array of actions to demonstrate respect for health and the environment.

In order to ensure constant monitoring of the environmental impacts while at the same time ensuring a systemic and periodic review of the Environmental Management System, during the three-year period in question (2021-2022-2023), internal audits were conducted at all production sites thanks to which it was possible to identify, analyse and resolve the anomalies found.

During 2023, all planned recertification and periodic third-party audits were successfully completed, with no major non-conformities.

5.2 Safety at work

Acciaierie Venete has always placed great care in the prevention of risks that undermine workers' safety. Acciaierie Venete's management policies envisage a constant attention to workplaces in order to continuously improve the work conditions. In order to ensure compliance with all elements of the corporate safety system, Acciaierie Venete has adopted a procedure aimed at defining responsibilities, tasks and criteria for managing the system itself, in particular with regard to monitoring the correct implementation of current relevant regulations as well as company procedures and standards.

In more specific terms, in order to make the implementation of safety policies more effective and widespread, it was decided to entrust the Plant Managers with responsibility for implementing them. Moreover, in order to make the prevention and protection of workers more structured, the executives, managers and supervisors are responsible for constantly monitoring all aspects of safety issues, such as the use of Personal Protective Equipment (PPE), compliance with safety procedures, attention to the protection of the work environment, ergonomic conditions, and the efficiency of equipment and plants.

Constant monitoring of these aspects is guaranteed, an approach that makes it possible to reduce risks and therefore to prevent accidents, as well as ensuring continuous improvement in levels of work safety and environmental protection.

Any conditions or conduct that deviate from company procedures and practices are examined by the Health and Safety Officer in order to define the action to be taken to prevent a recurrence of such an event, giving priority to raising awareness and engaging employees.

The success of a good safety policy is also determined by the degree of involvement of its employees, and this is why, as already mentioned in the previous pages, at Acciaierie Venete all employees receive specific training and education on safety at work.

INFORMATION ON THE GROUP

GRI 403-9 - Work-related injuries Data referring to all employees

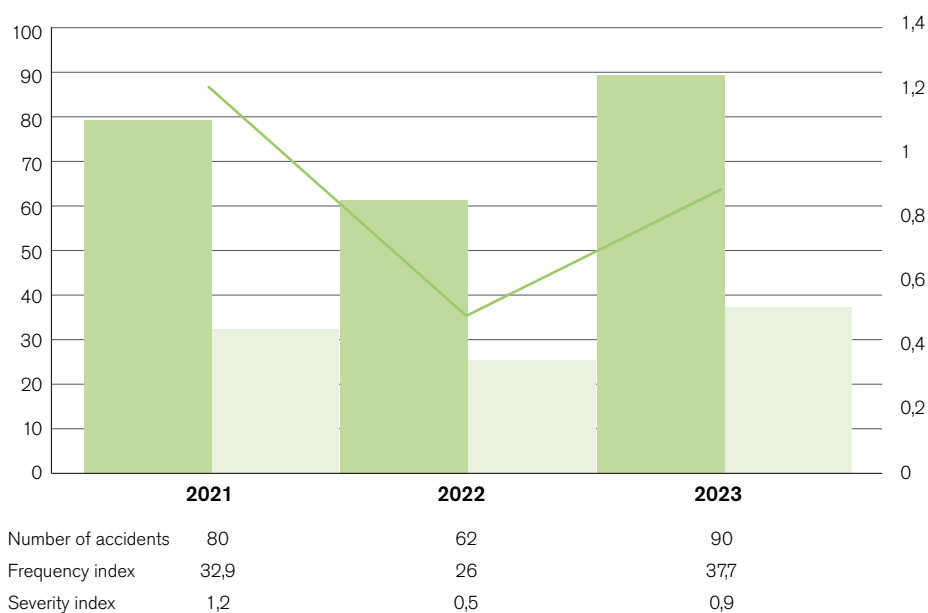
		2023
Total hours worked	2,784,762 hours	
Total recorded accidents	no.	99
<i>of which while travelling to/from work</i>	no.	
<i>of which serious accidents (injuries causing more than 60 months of absence)</i>	no.	8
Total medical treatments	no.	-
Total fatal accidents	no.	-
Total recorded accidents	no.	99
Mortality rate	%	-
Serious injury rate	%	2.9
Injury rate	%	35.6

Education information training	Done to convey theoretical knowledge and spread a safety culture among all employees.
Analysis of accidents and near misses	Accidents and near-miss accidents are analysed to identify their causes. Analysis also delves into methods, procedures, technical and/or organisational actions to be taken to eliminate the risk that caused the event, preventing the event itself from recurring.
Zero accidents Project	Examines the dynamics of any accidents and near misses to establish and disseminate a safety culture among all employees.
Internal audits	Their purpose is to verify the correct implementation of company procedures in all establishments.
Personal protective equipment (PPE)	In all cases where work-related risks cannot be avoided or sufficiently reduced by primary prevention measures, the necessary PPE will be made available to workers as secondary protection.
Safety Committee	The Safety Committee meets at least once a year and whenever requested by the management or the Safety Manager.

FOCUS ON ACCIAIERIE VENETE S.p.A.

The trend of the two basic parameters by which accident trends are measured, the frequency index (F.I.) and the severity index (S.I.), were worse than the previous year.

2015-2023 injury trend



FI = No. of accidents/hours worked x 1,000,000 SI = days of absence/hours worked x 1,000

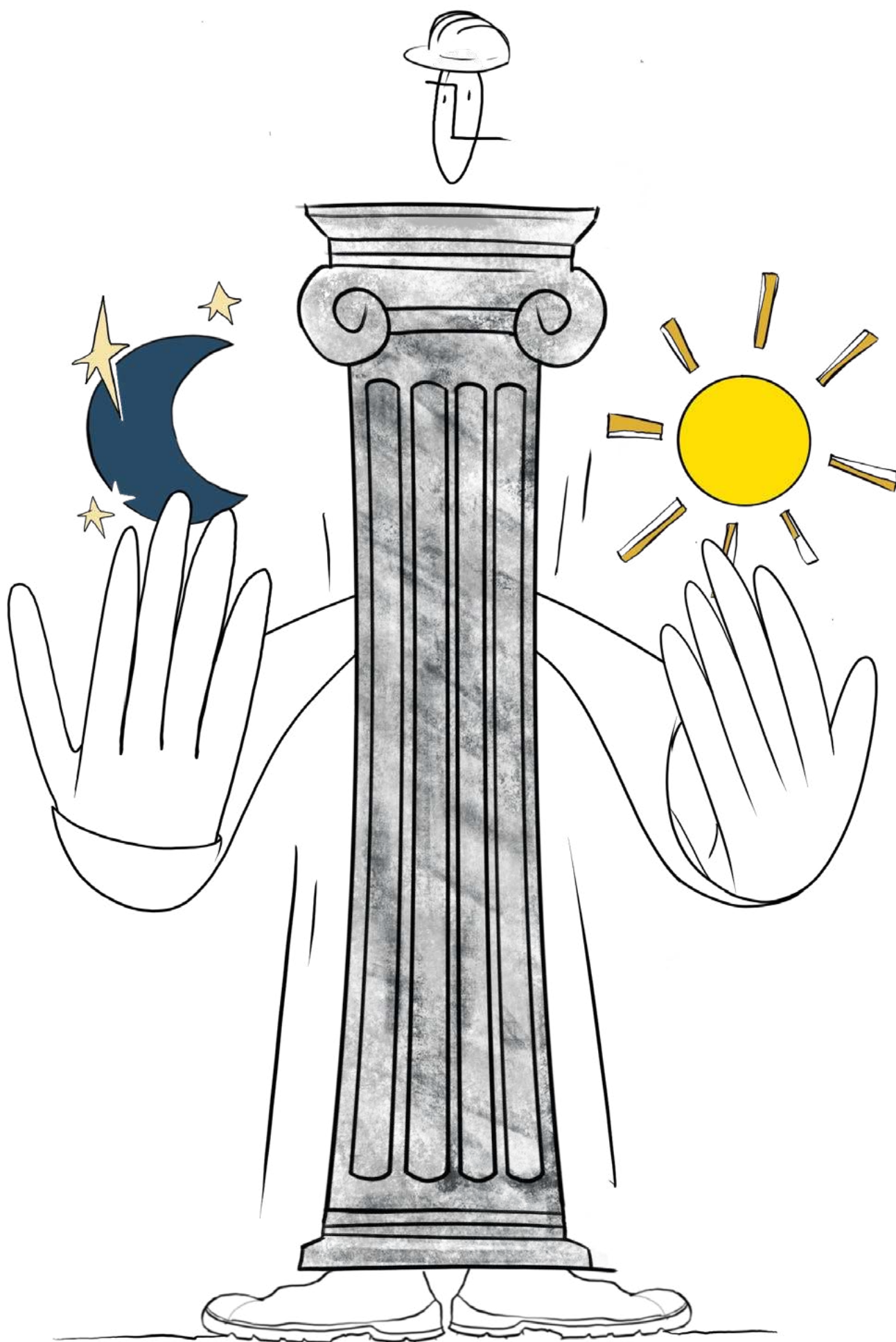
UPSAFE

Safety is an essential pillar
and an essential moral duty.

Through continuous investment, an increasingly safe working
environment has been created. Thorough staff training
and strict controls, a convinced adherence to the highest degree
of safety for employees and surrounding communities
must be ensured.

Health, well-being, environmental quality and working conditions
are key priorities for Acciaierie Venete.

STEEL IS ALWAYS REBORN
PEOPLE MAKE THE DIFFERENCE



	2021	2022	2023
Number of injuries	80	62	90
Frequency index			
Number of injuries	80	62	90
Hours worked	2,432.58	2,384.02	2,383.17
Frequency index	32.9	26	37.7
Severity index			
Days of injuries	2,805	1,200	2,222
Hours worked	2,432.58	2,384.02	2,383.17
Severity index	1.2	0.5	0.9

2023 was characterised by a significant process of reviewing the company's operations, assisted by the adoption of new prevention and protection tools and the joint planning of projects that will have a positive impact on the control of health/safety aspects.

Aware of the basic importance of the aforementioned issues, the Board of Directors has set itself the task of pursuing a further improvement in results, adopting prevention tools that take into account the best available methodologies, both technical and communicative. The scope of intervention involves all levels of the company.

The Group HSE staff, growing both numerically and qualitatively, ensures the implementation and monitoring of the measures defined.

In 2023 specific assignments were made to highly qualified third-party companies to carry out on-site inspections to monitor work and production/maintenance/support facilities. Plant managers, RSPP (Prevention and Protection Service Manager for Safety), RLS (Workers' Safety Representative), supervisors and workers were involved in carrying out these activities. The reports resulted in tangible prevention/protection measures being analysed and implemented/scheduled. These measures include changes to work phases, mechanical/electrical/automation modifications, as well as the improvement of existing documentation.

At the end of 2023, a contract was signed with a major multinational company in the field of operational excellence projects, with the task of carrying out an in-depth assessment at the Group level to identify the current manner in which health/safety aspects are managed and to ensure the identification of a series of improvement measures linked in particular to people's behaviour.

Specifically, the project is founded on the building of an established culture among employees and a greater awareness of risks at all levels, elements that are considered fundamental for an effective implementation of the solutions that will be identified through questionnaires, interviews, focus groups and on-site visits.

An initial survey of the status quo will be followed by the planning and fine-tuning of an ambitious business model capable of guaranteeing care, safety and well-being for all staff in the long term. The next phase will last an estimated two years.

5.3 Project for EMAS certification

The Acciaierie Venete plants in Padua in Riviera Francia, Via Olanda and Via Pellico, not to mention the one in Buja, have earned EMAS certification.

The registrations were issued on 25 March 2021 (Padua) and 15 September 2021 (Buja) by the Ecolabel Ecoaudit Committee - EMAS Section (ISPRA) following the technical opinions of the local ARPA and the certifier RINA, and maintained certification during 2023.

It should be noted that since 2023 the Acciaierie Venete plant in Dolcè has earned EMAS registration from the Ecolabel Ecoaudit Committee - EMAS Section (Ispra) following the technical opinions of ARPAV and the certifier RINA Services S.p.A.

Similar registration began at all other production plants, with the aim of completing certification by the end of 2024.

Acciaierie Venete undertook this initiative at the end of 2020, involving all managers in the various production, administrative and management processes.

The in-depth analyses performed ensured the identification and verification of numerous company performance indicators related to the environmental aspects characteristic of the steel production cycle, ranging from the preparation of raw material (scrap) to cold processing, from steel mills to out-of-furnace treatments, continuous casting and rolling mills.

A detailed presentation was sent again to all workers explaining the purpose and methods of the certification, as well as an exhaustive summary of the performance indicators taken as a reference for EMAS.

5.4 Assessment of environmental impacts

The assessment of the significance of environmental aspects and impacts is performed as defined in the procedure of the Environment and Energy Management System. The procedure applies to all operations, products and services of the organisation that it can control ("direct" environmental aspects) or on which it can have an influence ("indirect" environmental aspects). The procedure is also applicable in normal, abnormal and emergency working conditions.

Significant aspects are defined as those associated with significant impacts, i.e. involving one of the following:

- Regulatory non-compliance
- Deviation from company policy
- Negative impact on the community

For each aspect identified, the relative impacts are assessed according to the criteria described below, assigning the aspect considered a grade chosen from the following:

1. Probability of occurrence: **P** = probability of occurrence of the operation, understood as the weighted sum of the frequency of occurrence and the frequency of the activity.
2. Severity: **S** = severity of the impact generated on the surrounding environment, both in terms of extent of impact and toxicity to humans and the environment.
3. Potential for improvement: **I** = level of improvement of the aspect analysed in relation to current organisational, strategic or economic postures.
4. Laws: **L** = association with legal requirements or specific company choices defined by senior management.

The parameters P and S are assigned a score from 1 to 5 as their intensity increases. The parameter I can take the value 1 or 3 depending on the absence or presence of a potential significant improvement in the aspect. Finally, the parameter L can take the value 0 or 4 depending on the absence or presence of requirements (legal or corporate) associated with the potential impact. The initial significance (Sn_0) of the environmental aspects results from the following formula:

$$Sn_0 = P \times S \times I + L$$

The initial significance (Sn_0) of each aspect is then rescaled according to the outcome of the stakeholder analysis and the relevant needs, the applicable context and the identified risks by applying an initial corrective factor (CF_1) of 1.2 (if the stakeholder, context and risks have low influence on the aspect) or 1.5 (if the influence of the stakeholder, context and risks is medium) or 2 (if the influence of the stakeholder, context and risks is high):

$$Sn_1 = (P \times S \times I + L) \times CF_1$$

Finally, the Residual Significance of each aspect (Sn_R) is determined by multiplying the remodulated significance (Sn_1) by the following additional corrective factors:

- $CF_{2,1}$: 1 or 0.9 depending on the absence or presence of opportunities
- $CF_{2,2}$: 1 or 0.8 depending on the absence/deficiency or presence of specific operational procedures for aspect management
- $CF_{2,3}$: 1 or 0.8 depending on the absence/deficiency or presence of specific training and simulations for aspect management
- $CF_{2,4}$: 1.3 or 0.7 depending on whether the aspect performance indices are worse or better than the industry averages (if there are no industry averages, $CF_{2,4}$ is assigned a value of 1).

$$Sn_R = (P \times S \times I + L) \times CF_1 \times CF_{2,1} \times CF_{2,2} \times CF_{2,3} \times CF_{2,4}$$

For $1 < Sn_R < 3$, the potential impact is not significant, it cannot reasonably be expected to increase in the future, and no measures need to be taken.

For values of $Sn_R \geq 3$, the impacts are significant to varying degrees, as follows:

- For $3 \leq Sn_R < 7$, the potential impact is of **low significance**. The relative impact is such as to require at least the monitoring of management actions and of the performance of related environmental aspects.
- For $7 \leq Sn_R < 13$, the potential impact has **medium significance**. The relative impact is such as to require the planning and implementation of preventive measures (specific management operating procedures and/or training) for its control, without prejudice to the possibility of implementing corrective measures (improvement actions) to reduce the relative impacts.
- For $Sn_R \geq 13$, the potential impact is of **high significance**, requiring the planning and implementation of improvement actions to mitigate its impacts.

In order to ensure constant monitoring of the environmental impacts while at the same time ensuring a systemic and periodic review of the Environmental Management System. During the four-year period in question (2020-2023), numerous internal audits were conducted at all production sites thanks to which it was possible to identify, analyse and resolve the anomalies found, ensuring the continuous improvement of the relevant processes.

5.5 Efficient energy management

Energy efficiency, supported and promoted within the organisation through the ISO 50001 management system, a standard with which all production facilities are certified, is a fundamental pillar of Energy Management. In 2023 the company focused its efforts on improving the combustion performance of the rolling mill reheating furnaces. In fact these applications account for more than 65% of Acciaierie Venete's natural gas consumption. A reduction in gas consumption would also lead indirectly to a decrease in Scope 1³ CO₂ emissions.

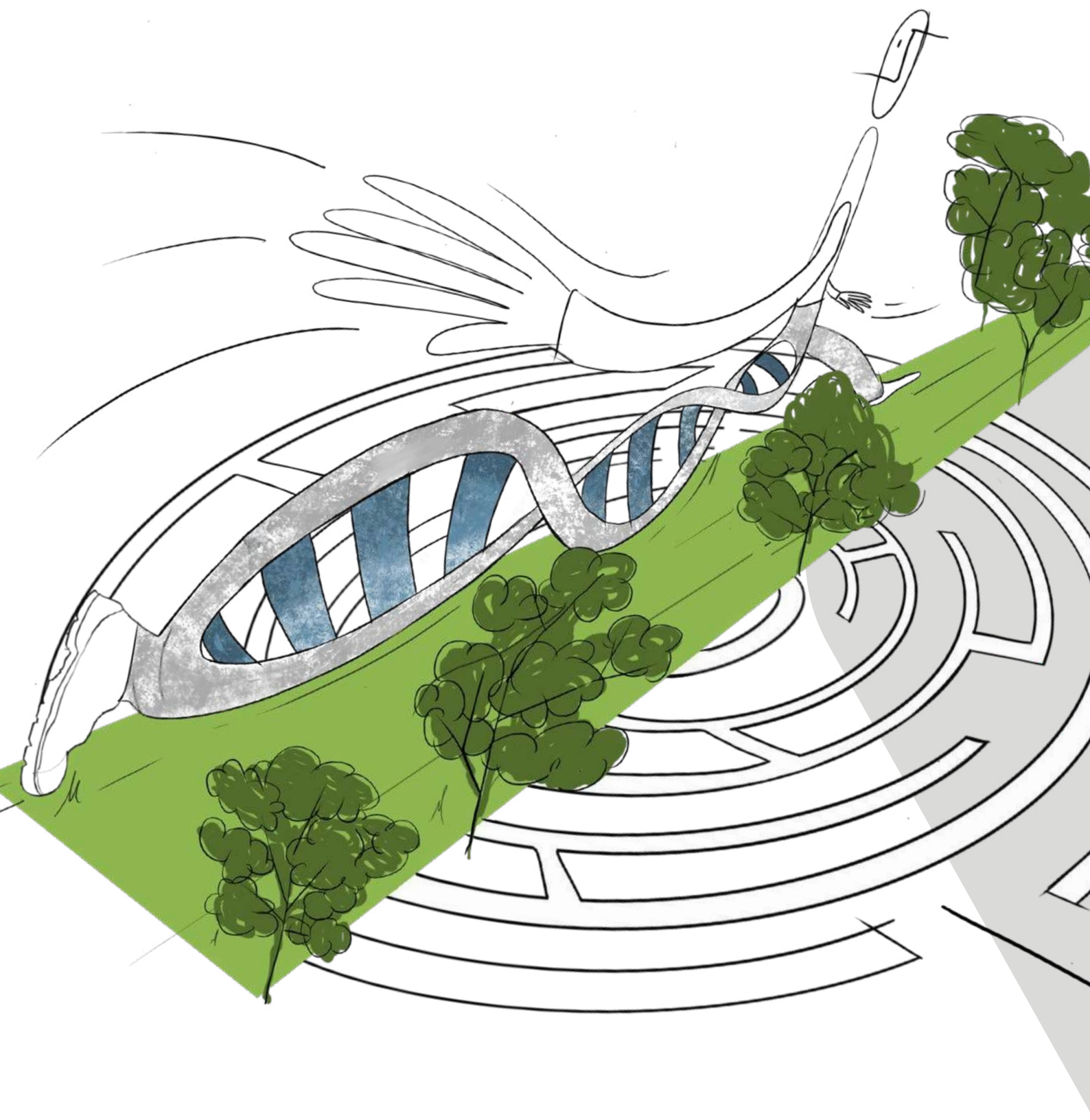
The actions taken included:

- The replacement of the flue gas/combustion air exchanger in the Odolo and Buja plants, with a consequent increase in the temperature of preheated air at the outlet.
- The optimisation of combustion within the furnaces of the Padua plant through the application of automation logic and improvement of combustion curves.
- The efficient management of furnace maintenance periods.

In addition, the company started a programme to renew the ladle reheating stations, the first application of which was the replacement of the horizontal station at the Borgo Valsugana steel mill with regenerative technology. This solution allows greater preheating of combustion air with a consequent reduction in gas consumption.

To reduce the consumption of electricity, actions were taken to improve the energy performance of auxiliary services, primarily with respect to compressed air production. At the Sarezzo plant in particular, a new centrifugal compressor was installed and an automated system implemented for better management of air production.

3. Scope 1 emissions are the direct greenhouse gas (GHG) emissions of a company. This means that the emissions come from sources owned or controlled by the company in question."





ENERGY SAVINGS

Optimising processes to save energy means spending less while being good for the environment.

This is a concept that has always been in our DNA.

Thanks to the new technologies available and the professional growth of our technicians, today we can set increasingly challenging and ambitious goals for ourselves.

STEEL IS ALWAYS REBORN
PEOPLE MAKE THE DIFFERENCE

5.5.1 The energy we consume

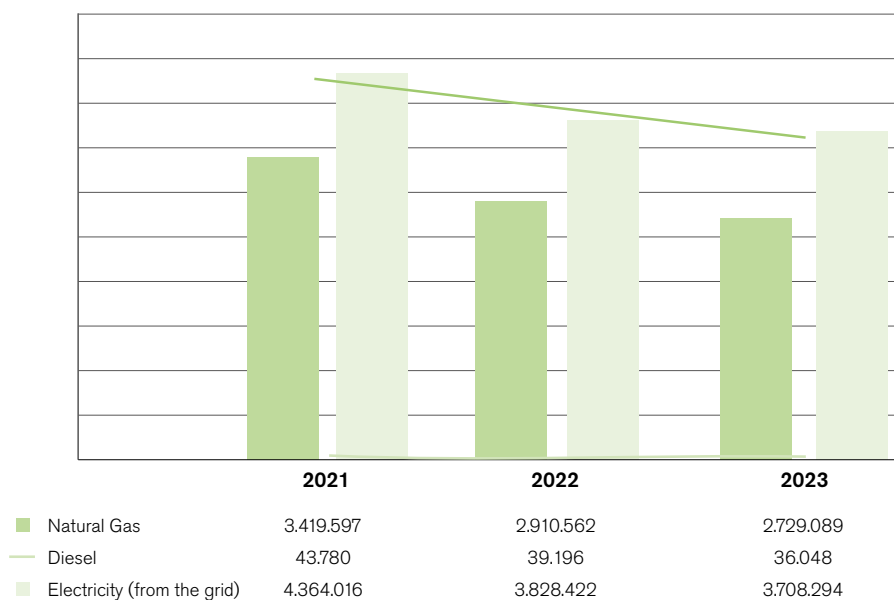
The consumption of energy represents a very relevant environmental indicator to be monitored, especially for energy-intensive sectors like the steel industry. Electricity is the main energy source of the steelworks, used to ensure the proper operation of the plants and electric furnaces, as well as for lighting and air conditioning in the summer. After electricity comes natural gas, used for the operation of production plants and services, water heating and winter air conditioning. Moreover, the consumption of diesel fuel is residual, mainly to fuel production vehicles and machinery.

As far as the consumption of natural gas and electricity is concerned, the parent company Acciaierie Venete S.p.A. covers 99% of the Group's entire requirements.

Total group energy consumption by energy source

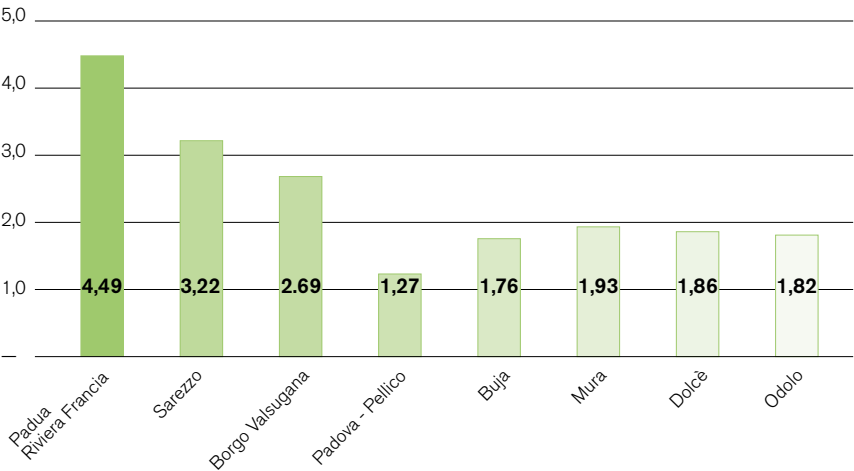
GRI 302-1: Energy consumption within the organisation	u.m.	2023
NATURAL GAS	m ³ /year	77,114,857
DIESEL FUEL	l/year	2,849,883
PETROL	l/year	1,086
ELECTRICITY (from the grid)	kWh/year	1,031,915,099
ELECTRICITY (from district heating)	kWh/year	40,626

THE PARENT COMPANY'S CONSUMPTION TREND (GJ)



The energy consumption of Acciaierie Venete S.p.A. is shown in the chart below, in Gigajoules (GJ). Note that for the time frame under analysis energy consumption was directly proportional to production volumes. The indicator of energy intensity per tonne produced should be read for comparison with intra-plant years. In fact, there is a substantial difference between the plants in terms of type of production and equipment, which does not allow for a direct comparison.

Energy intensity (GJ/tonne produced) 2023



Specifically, Acciaierie Venete was included in the mechanism thanks to the energy savings of natural gas from the installation of heating furnaces in the Padua plant and electricity for the rolling plant. Other projects related to combustion optimisation in the ladle heating stations of the Borgo Valsugana steel mill are in the preliminary investigation phase. Energy Management has the task of studying opportunities to improve the energy performance of Acciaierie Venete's plants.

Renewable sources



Throughout 2023, Acciaierie Venete signed agreements for the installation of three on-site photovoltaic systems at its own plants and those of its subsidiaries, with the aim of reducing electricity taken from the grid, and consequently indirect costs and emissions. 2024 will see the installation and connection to the grid of an approximately 500-kWp plant serving the cold-processing facility in Padua, a 1,800-kWp plant at the Dolcè rolling mill, and a 320-kWp plant on the roofs of Esti S.r.l.

5.6

Materials associated with production processes (parent company data)

Scrap and coke are the raw materials used in steel production. Over the last three years, there has been a decrease in the tonnes of material purchased, which is directly related to the trend in production performance.

	u.m.	2021	2022	2023
Scrap	tonnes	1,918,822	1,757,180	1,692,835
Coke	tonnes	26,538	20,717	18,723
Total	tonnes	1,945,360	1,777,898	1,711,558

The specific consumption of materials in 2023 associated with production processes also gradually decreased due to a drop in production from the already decreasing values in 2022.

	u.m.	2021	2022	2023
Ferroalloys	tonnes	47,693	42,269	40,496
Lime	tonnes	71,453	64,857	63,723
Oxygen	m ³	66,457,846	55,960,765	55,134,510

5.6.1 Sustainability in the production cycle

The production cycle is closely linked to sustainability, which is why every year the company implements process solutions that allow it to respect the environment, the air and the biodiversity of the land.

The most important initiatives are closely related to production processes and aim to improve Acciaierie Venete's operational eco-efficiency. The projects are grouped into sustainability macro-objectives:



CIRCULARITY AND DECARBONISATION

- RECOVERY OF LADLE DRIPS
 - Reuse of production residues
 - Recovery of metals
 - Heat recovery
 - Reduction in raw material consumption
 - Decrease in waste production

- RECOVERY OF MAGNESIA REFRACTORY
 - Recovery of production materials
 - Reduction in raw material consumption
 - Waste reduction

- LADLE AND TUNDISH RECOVERY
 - Reuse of scrap from the production cycle
 - Reduction of waste produced



ENERGY SAVING

- NEW ENERGY RECOVERY UNIT FOR LADLE HEATING
 - Reduction in natural gas consumption
 - Greater uniformity in the heating and reduced thermal loss in the steel

DIGITISATION

- LADLE MAPPING AND IDENTIFICATION SYSTEM, THERMAL MONITORING AND REHEATING CYCLES
 - Industry 4.0
 - Increased process efficiency and performance

5.7 Waste management

The minimisation of waste – especially waste sent for disposal – clearly shows the correct and effective management of incoming resources.

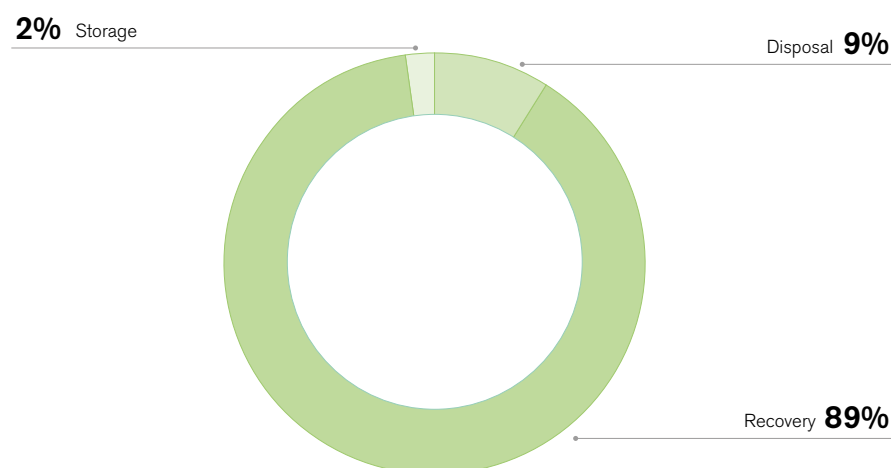
Although Acciaierie Venete's production process is virtuous in the way it reuses incoming secondary raw materials, the activities carried out at the plants generate waste as an output, like heavy waste from scrap sorting operations, black and white slag, flue gas abatement dust and rolling flakes. On the other hand, many methods of exploiting residues from steel production processes are now well established practices among operators in the sector. To foster the circularity of production processes, slag refined in ladles can be reused in the electric furnace to partially replace lime, exhausted refractory slag can be recovered to create new bricks and rolling flakes can be used in cement production. These practices, implemented by Acciaierie Venete in compliance with current environmental legislation, have the advantage of minimising the consumption of raw materials and allowing the recovery of materials that would otherwise become waste. In 2023 the total volume of waste increased, mainly in the non-hazardous fraction, as a result of the numerous construction sites managed during the year.

Breakdown of group waste

Disposal methods	u.m.	2021			2022			2023 Acciaierie Venete Group		
		Hazardous	Non hazardous	Total	Hazardous	Non hazardous	Total	Hazardous	Non hazardous	Total
Recovery	tonnes	30,066	359,141	389,207	26,843	323,115	349,958	27,481	365,345	392,826
Disposal	tonnes	6,391	33,558	39,949	6,319	31,441	37,760	6,680	34,391	41,072
Storage	tonnes							2	8,586	8,589
Total	tonnes	36,457	392,699	429,156	33,162	354,556	387,718	34,164	408,323	442,487

*2021 and 2022 figures refer to the Acciaierie Venete S.p.A. boundary alone; from 2023 all figures refer to the entire Acciaierie Venete Group.

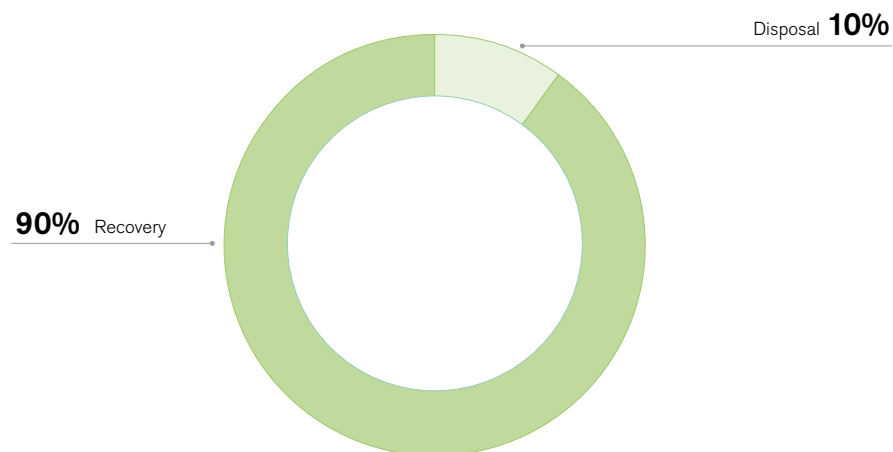
AV Group Waste Management



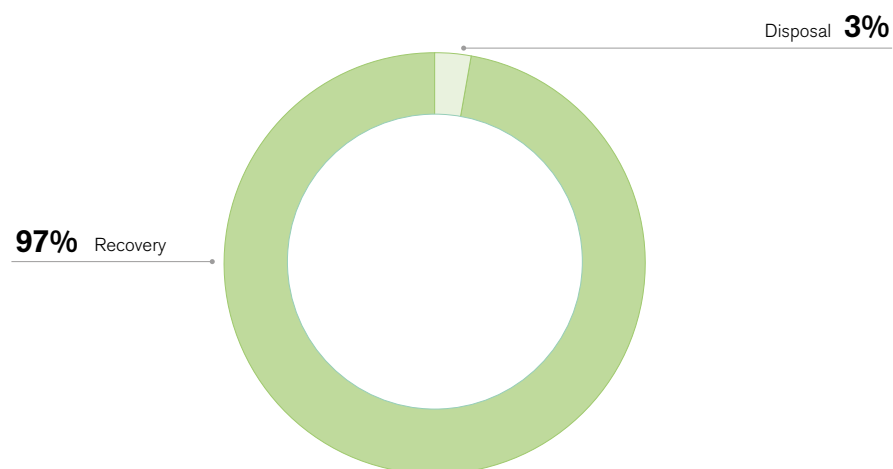
FOCUS ON THE PARENT COMPANY

The destination of waste

Waste Management - Steelworks



Waste Management - Rolling Mills



Slag treatment

Acciaierie Venete has long used processes for recovering and exploiting waste from steel production.

BLACK SLAG

Thanks to the alternative handling of black slag, new products are generated that can be used in road construction. First, a major feasibility study for the creation of the product helped to understand the extent to which this material could replace the more noble aggregates used in the construction world. Subsequently, the industrialisation of the recovery process was developed, using a specific process with outputs consistent with the volumes of waste delivered. Currently, the aggregate is almost totally used for road paving. Its characteristics allow it to perform better than natural aggregates, which is why its most popular applications are in airports, Formula 1, motor racing and for major national highways.

WHITE SLAG

The white slag from the steel refining process is reintroduced into the production process and exploited in the same way as a natural material, helping to increase the development of the circular economy. To date, Acciaierie Venete is supporting research and experimentation projects for the recovery of white slag through international collaborations with leading research institutes. The goal is to totally recover the secondary metallurgy slag in a way that is innovative compared to the current solution. Considering the context of use, the technologies will be even more complex compared to black slag, for the creation of ever higher value.

5.8

Water management

The focus on sustainable use of water is a primary objective for companies operating in the steel sector. The proper management of water is an essential practice to mitigate the environmental impact of industries on the planet. Water is a fundamental resource for the steel production process, in particular for the cooling of the plants. The continuous use of cooling systems, which push water recirculation up to 98%, has led to a constant improvement in performance. Acciaierie Venete S.p.A. accounts for more than 95% of the main indicators in the Group's water balance, both for water withdrawn and water discharged. In the subsidiaries, water is hardly ever used for industrial purposes (except for some cutting operations), but mainly for civil use. In this regard, strategies to reduce consumption are focused on the parent company.

2023 saw a reduction in water consumption due to the drop in production in the market and better management of water resources. The project involving a new water treatment plant at the Buja plant, expected to achieve a reduction in the performance indicator of at least 90%, is still ongoing.

BREAKDOWN OF WATER CONSUMPTION BY SOURCE

For the Sarezzo and Mura plants, a portion of the water sourced also comes from surface watercourses and consortium waterworks, while all water supplies come from aquifers. 68% of the water sourced by the Group comes from the aquifer, and the remaining part is supplied by consortium waterworks and drainage from surface water bodies. For effluents, however, after appropriate treatment and control 74% of the water discharged from plants flows into surface water bodies in accordance with the provisions of existing permits.

THE GROUP'S WATER BALANCE

Water withdrawals

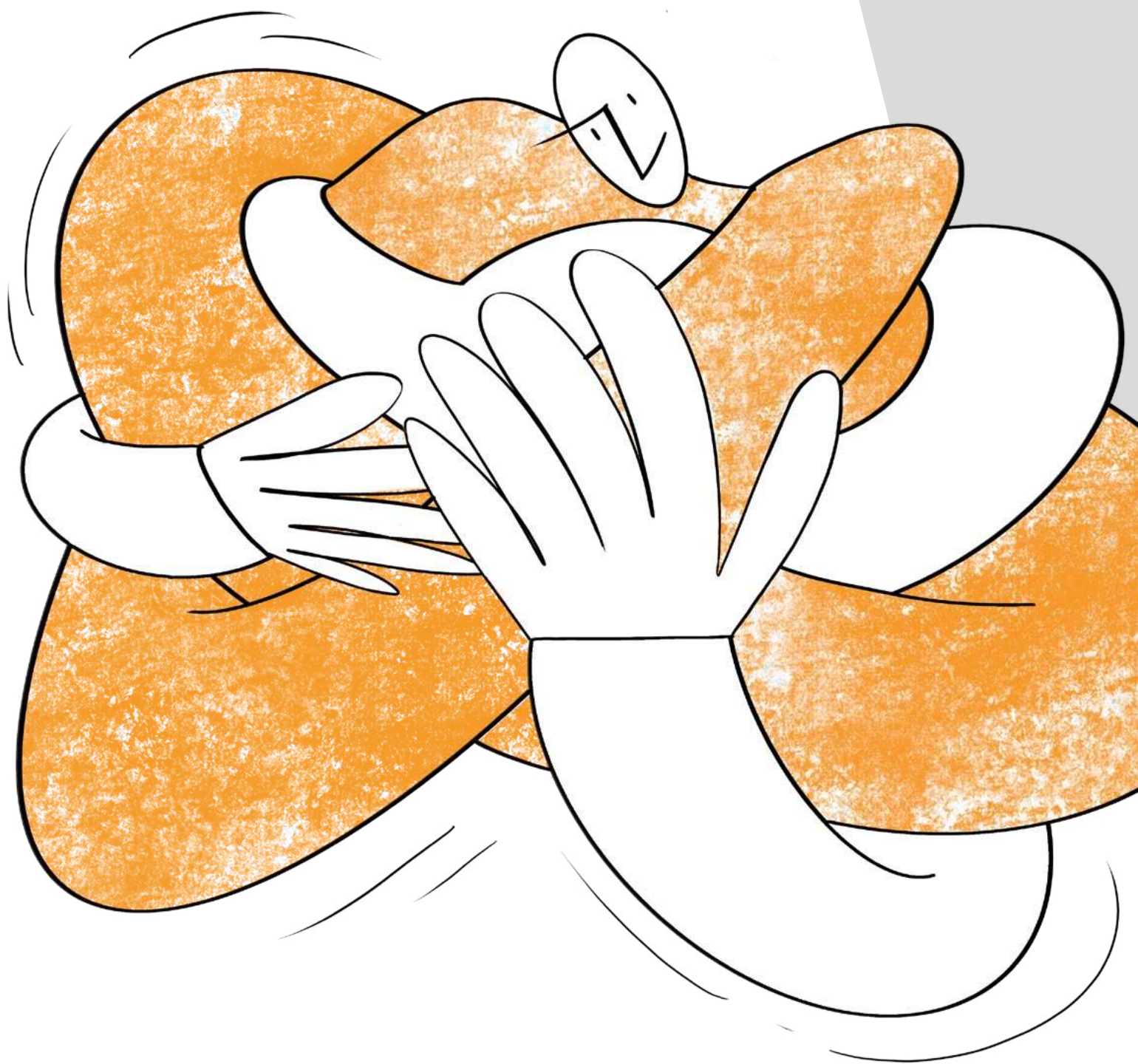
SOURCE	Unit of measurement	2023
Surface water (e.g. lakes, rivers, seas)	1000l	332,453
Aquifers	1000l	1,533,802
Consortium waterworks	1000l	66,031
Other	1000l	-
TOTAL WATER WITHDRAWN	1000l	1,932,286

Effluents

SOURCE	Unit of measurement	2023
Surface water (e.g. lakes, rivers, seas)	1000l	996,696
Sewerage	1000l	7,807
Other water sources from third parties	1000l	21,889
Authorised discharge and ground	1000l	262,359
Other	1000l	24,356
TOTAL WATER DISCHARGED	1000l	1,313,107

TOTAL WATER CONSUMED	1000l	619,180
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INCLUSIVITY

Acciaierie Venete is committed to inclusiveness, valuing the differences of each individual to create a diverse environment of innovation and progress. Human resources are treated with care and respect because we believe in the strength of diversity. Inclusiveness is the constant guide for building a future where each individual plays a role.

STEEL IS ALWAYS REBORN
PEOPLE MAKE THE DIFFERENCE

FOCUS ON THE PARENT COMPANY**Water withdrawals**

SOURCE	Unit of measurement	2021	2022	2023
Surface water (e.g. lakes, rivers)	1000l	386,526	388,989	332,453
Aquifers	1000l	1,833,663	1,454,158	1,533,802
Consortium waterworks	1000l	48,501	87,788	59,961
Other	1000l	-	3,680	-
TOTAL WATER WITHDRAWN	1000l	2,268,690	1,934,615	1,926,216

Effluents

SOURCE	Unit of measurement	2021	2022	2023
Surface water (e.g. lakes, rivers)	1000l	1,251,814	1,047,543	996,696
Sewerage	1,000l	18,817	15,646	-
Other water sources from third parties	1000l	0	0	21,889
Authorised discharge and ground	1000l	19,995	13,143	262,359
Other	1000l	0	0	24,356
TOTAL WATER DISCHARGED	1000l	1,290,626	1,076,422	1,305,300

TOTAL WATER CONSUMED	1000l	978,064	858,193	620,916
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None of the reported areas is located in a water stress zone



5.9 Emissions from our production processes

In the steel production process, it is essential to use high energy consumption which inevitably leads to the emission of certain quantities of greenhouse gases into the atmosphere. We can divide this type of emissions into direct (combustion process emissions at different stages of the production cycle) and indirect (those used for electricity consumption).

For the steel industry using electric arc furnace technology, most emissions are mainly indirect and derive from the production of electricity in order to melt the steel scrap inside the electric furnaces of its plants. By contrast, the emission of greenhouse gases from steel production and transformation (e.g. rolling process) are mainly due to the combustion of natural gas in heating furnaces or for heat treatments.

EMISSIONS OF POLLUTANTS INTO THE ATMOSPHERE	Unit of measurement	2021	2022	2023
NOx	tonnes	406.25	425.51	484.53
SOx	tonnes	275.69	214.26	262.83
Dust	tonnes	5.85	10.73	7.59
Other significant emission categories (see AIA) CO	tonnes	784.82	523.72	361.67

5.9.1 Greenhouse gas emissions

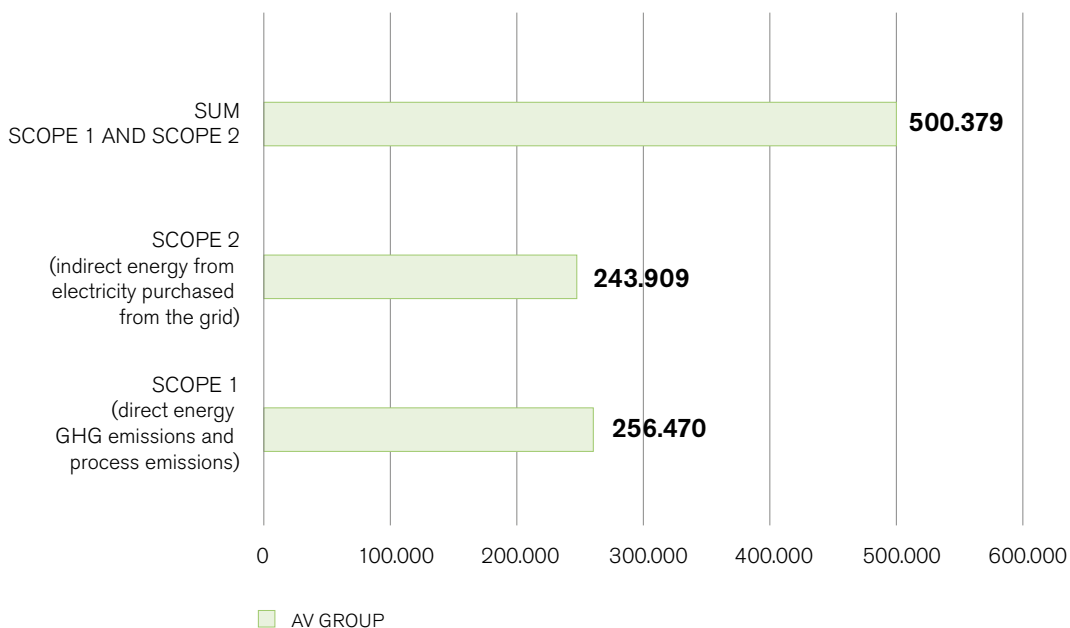
The Acciaierie Venete Group pays great attention to the impact of its emissions, using the Greenhouse Gas Protocol (GHG) each year to measure and manage greenhouse gas emissions, with the aim of implementing the proper mitigation actions.

The measurement of greenhouse gas emissions from Acciaierie Venete S.p.A.'s production processes has always been an integral part of the monitoring of the Environment, Safety and Control Department. All production processes, with the exception of the Buja (UD) production site for reasons of thermal capacity, are covered by the Emission Trading System (ETS). This tool adopted by the European Union and implementing the Kyoto Protocol serves to reduce greenhouse gas emissions in energy-intensive sectors. These emissions included in the scope 1 emissions, i.e. emissions deriving from the direct combustion of fossil fuels and mainly controlled by the organisation, are added to the indirect emissions, i.e. emissions deriving from the production of electricity imported and consumed by Acciaierie Venete. The organisation is indirectly responsible for the emissions generated by the supplier for the electricity requested. The category of Scope 2 emissions is generally calculated according to two approaches:

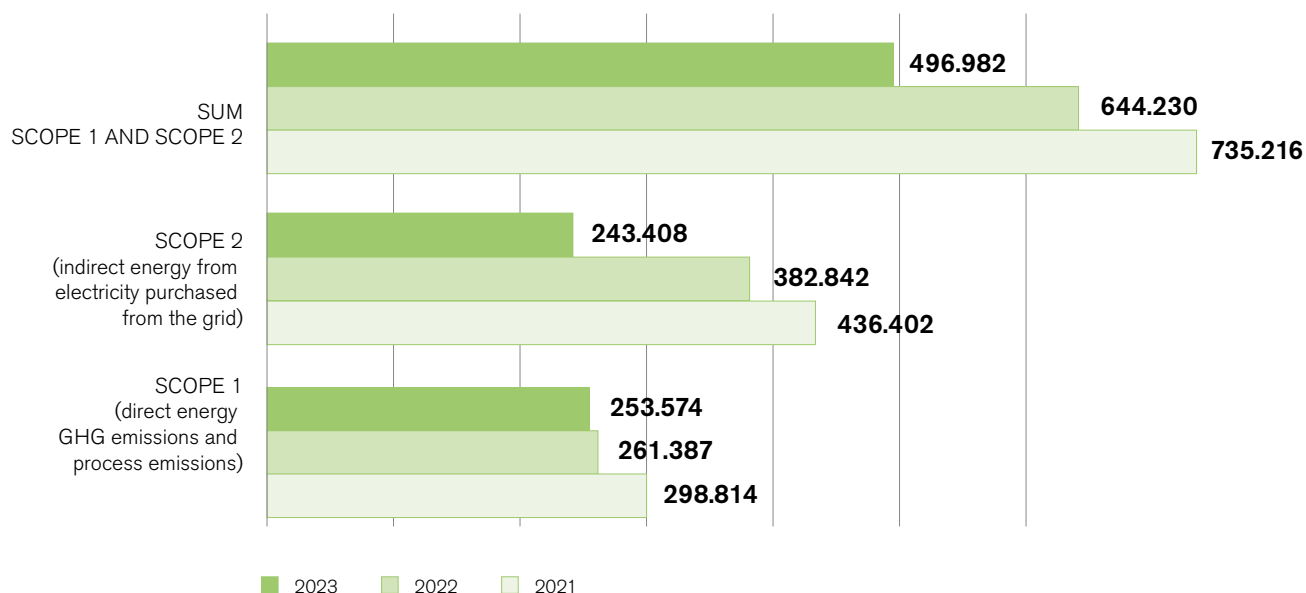
- **Market-based**, which considers the electricity supplied taking into account the green certificates purchased that attest to any supply by the company of electricity from renewable sources and therefore do not involve emissions.
- **Location-based**, which considers the average emission factor associated with the national energy mix in the calculation of emissions.

The total emissions of the Acciaierie Venete Group in 2023, considering the Location-based approach, are about 500 ktonnes CO₂eq, broken down as presented in the following graph.

Direct and indirect greenhouse gas emissions in tCO₂eq



Trend of the parent company Acciaierie Venete S.p.A.



6. METHODOLOGICAL NOTE

6.1

The principles for defining the content and quality of the Report

The Sustainability Report of the Acciaierie Venete Group aims to report on issues relevant to the Group and its main stakeholders. It is prepared in accordance with the GRI Sustainability Reporting Standards, the most recent and widely used non-financial reporting standards defined in 2016 and partly revised in 2021 by the Global Reporting Initiative (GRI), according to the "with reference to" option.

This document has been prepared in accordance with the principles for defining the contents of the Report suggested by the GRI:

- **Completeness:** the material topics addressed in the Report are covered in their entirety and represent the most relevant environmental, social and economic aspects for Acciaierie Venete's business, thus allowing a complete assessment of the Company's performance in the reporting year.
- **Sustainability context:** The performance of Acciaierie Venete presented in this document is part of the broader sustainability context of the Company's business.

To ensure the quality of the information included, Report quality principles have been followed in the preparation of the Report as suggested by the GRI.

- **Accuracy:** the level of detail of the contents reported in this Sustainability Report is adequate for understanding and assessing Acciaierie Venete's sustainability performance during the reporting period.
- **Clarity:** the choice of clear and accessible language and the use of graphs and tables to represent the Company's performance make this Report usable and easy to understand for stakeholders.
- **Comparability:** the indicators presented in the Report are reported for the three-year period 2021-2023 and accompanied by a comment on trends so as to allow the control and comparability of information by the external auditing firm.
- **Verifiability:** The information is presented in a clear, accessible manner and is verified by an external auditing firm.
- **Balance:** the contents of this document give a balanced account of Acciaierie Venete's performance during the reporting period.
- **Timeliness:** this document takes into consideration events occurring after 31 December 2021 that may be significant for the assessment of Acciaierie Venete's sustainability performance by stakeholders.

The 2023 Sustainability Report was presented to and approved by the Board of Directors on 21 June 2024. Note that this Sustainability Report has been subject to third-party assurance.

6.2

The reporting scope

This document is the fourth edition of Acciaierie Venete Group's Sustainability Report and contains a description of the initiatives and activities for 2023. Where possible, it also represents the performance trends for the three-year period 2021-2023 (mainly comparing the data for Acciaierie Venete S.p.A. - reported in previous years). The collection of performance indicators and the frequency of reporting are annual.

The reporting boundary includes the Acciaierie Venete Group. The reporting year to which the information and data included in this section refer is 2023.

The description and scope of the impact of each issue in the Acciaierie Venete Group's value creation chain is given for each issue, specifying whether it is internal or external.

6.3 Calculation methods

Below are methods used for some of the main indicators reported in this Sustainability Report.

Employees

The calculation of personnel takes into account the number of employees as at 31 December of the relevant year for all companies of the Acciaierie Venete Group.

Turnover rate

The turnover rate (incoming, outgoing and total) is calculated as the number of hirings during the year compared to the number of people in Group companies on 31 December of the previous year.

Accident indices

The accident indices have been calculated as follows:

- Fatality index: number of fatal accidents / hours worked x 1,000,000
- Index of accidents with serious consequences: number of accidents with period of absence from work longer than 6 months (excluding accidents that caused fatalities) / hours worked x 1,000,000
- Recorded accident index: number of accidents during the year / hours worked x 1,000,000

Energy consumption

The conversion factors used to standardise energy consumption come from the table "UK Government GHG Conversion Factors for Company Reporting- Fuel properties" published by DEFRA, in the latest available version.

Greenhouse gas emissions

Greenhouse gas emissions have been calculated according to the principles set out in the international standard ISO 14064-1. In particular, it should be noted that the only greenhouse gas considered was carbon dioxide (CO₂). The emission factors used for the calculation of CO₂ emissions were determined as follows:

- **Direct emissions (Scope 1):** the scope 1 emissions of the plants covered by the ETS system were added to the emissions related to the consumption of natural gas and diesel, using as emission factors the data included in the Table of national standard parameters and published by the Italian Ministry for the Environment for the years 2020-2022. The CO₂eq emissions linked to the quantities of refrigerant gases lost during the two-year period are also added to these (source: Defra, 2018).
- **Indirect emissions (Scope 2):** indirect emissions correspond to electricity consumption and have been calculated according to the location-based and market-based approaches. For the calculation of location-based emissions, the factor reported in Table 49 - Main socio-economic and energy indicators (published by Terna in the International Comparisons section, which has Enerdata as its source and is available in the most recent version with reference to the year 2016) was used for the calculation of indirect emissions for 2020-2022. For the calculation of market-based emissions, the residual mixes were used as reported in the document "European Residual Mixes", published by ABI and available for the year 2020.

Steel



STEEL NOVO

Acciaierie Venete's new, near-term goal marks a green turning point, embodying an ideology that transcends mere technical innovation.

"STEEL NOVO" is more than a product.

It's a cultural manifesto of sustainability, a work of art that reflects the soul of social ecology, which must be cultivated and nurtured in order to proudly achieve the goal of environmental responsibility.

STEEL IS ALWAYS REBORN

PEOPLE MAKE THE DIFFERENCE

7. GRI CONTENT INDEX

GRI CONTENT INDEX

Declaration of use	The Acciaierie Venete Group has reported the information mentioned in this GRI content index for the period 01/01/2023 - 31/12/2023 with reference to GRI Standards.
GRI 1 used	GRI 1: Foundations 2021

GRI STANDARD	Information	Page
GRI 2: General disclosures 2021	2-1 Organisational details	12, 13
	2-2 Entities included in the organisation's sustainability reporting	12, 98
	2-3 Reporting period, frequency and contact point	99
	2-4 Restatements of information	105
	2-5 External assurance	105
	2-6 Activities, value chain and other business relationships	52-59
	2-7 Employees	62-67
	2-8 Workers who are not employees	66
	2-9 Governance structure and composition	13-14
	2-13 Delegation of responsibility for managing impacts	14-16
	2-14 Role of the highest governance body in sustainability reporting	3, 13-15
	2-17 Collective knowledge of the highest governance body	3-11
	2-22 Statement on sustainable development strategy	3-33
	2-23 Policy commitments	6
	2-27 Compliance with laws and regulations	17-18, 50, 53-54, 73
	2-28 Membership associations	45-46
	2-29 Approach to stakeholder engagement	34
GRI 3: Material Topics 2021	3-1 Process to determine material topics	28-32
	3-2 List of material topics	32
	3-3 Management of material topics	3, 79, 77, 21-24, 34-36, 42 52, 62-4, 82, 89, 92, 94



GRI STANDARD	Information	Page
GRI 201: Economic Performance 2016	201-1 Economic value directly generated and distributed	21
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	25
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	52
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	17
	205-2 Communication and training about anti-corruption policies and procedures	17
	205-3 Confirmed incidents of corruption and actions taken	17
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	17
GRI 301: Materials 2016	301-1 Materials used by weight or volume	87
GRI 302: Energy 2016	302-1 Energy consumption within the organization	84
	302-3 Energy intensity	84
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	92-93
	303-4 Water discharge	92-93
	303-5 Water consumption	92-93
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	94-95
	305-2 Energy indirect (Scope 2) GHG emissions	94-95
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	94
GRI 306: Waste 2020	306-3 Waste generated	89-90
	306-4 Waste diverted from disposal	89-90
	306-5 Waste delivered to disposal	89-90
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	67
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	79-81
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	70
	404-3 Percentage of employees receiving regular performance and career development reviews	72

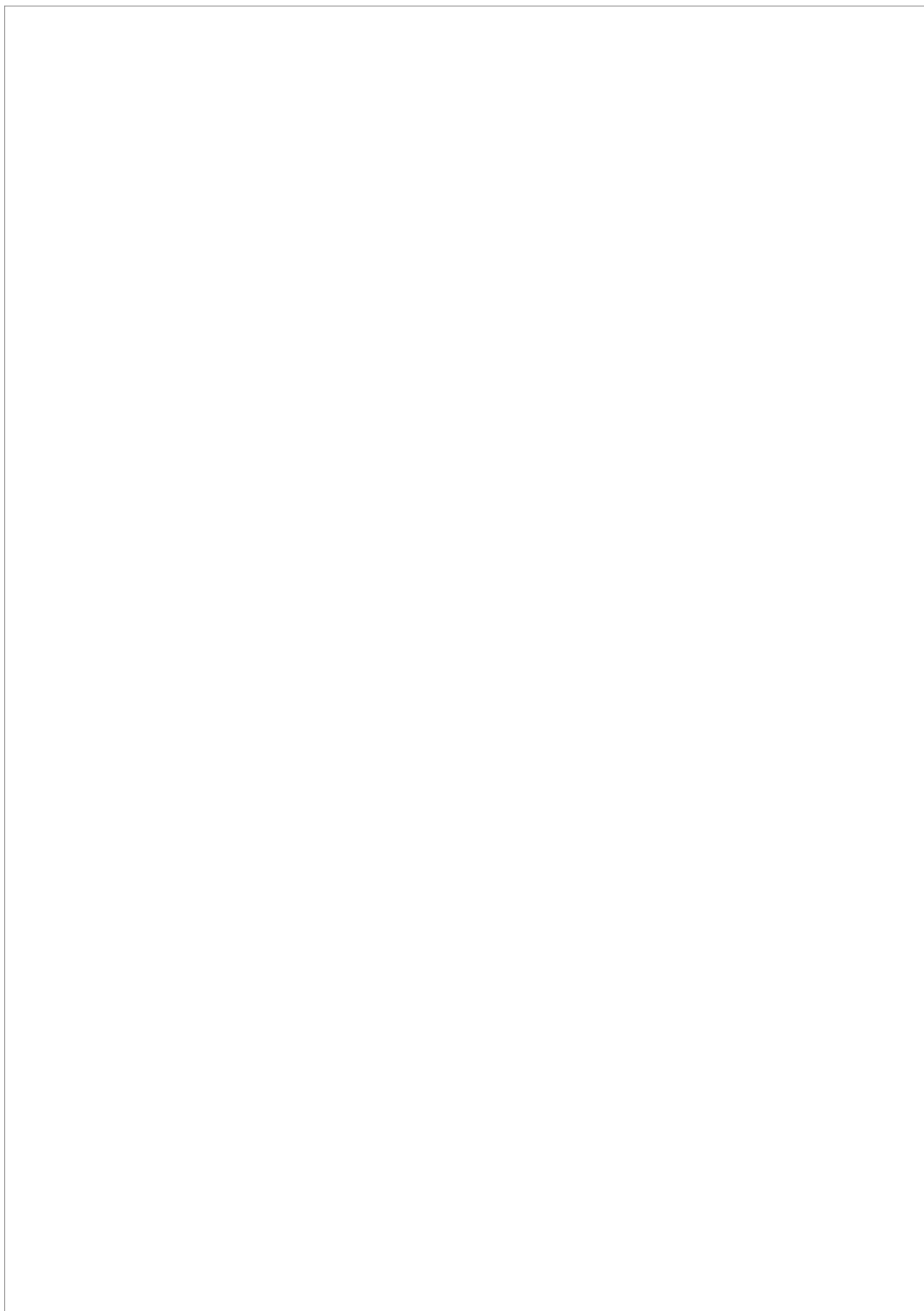


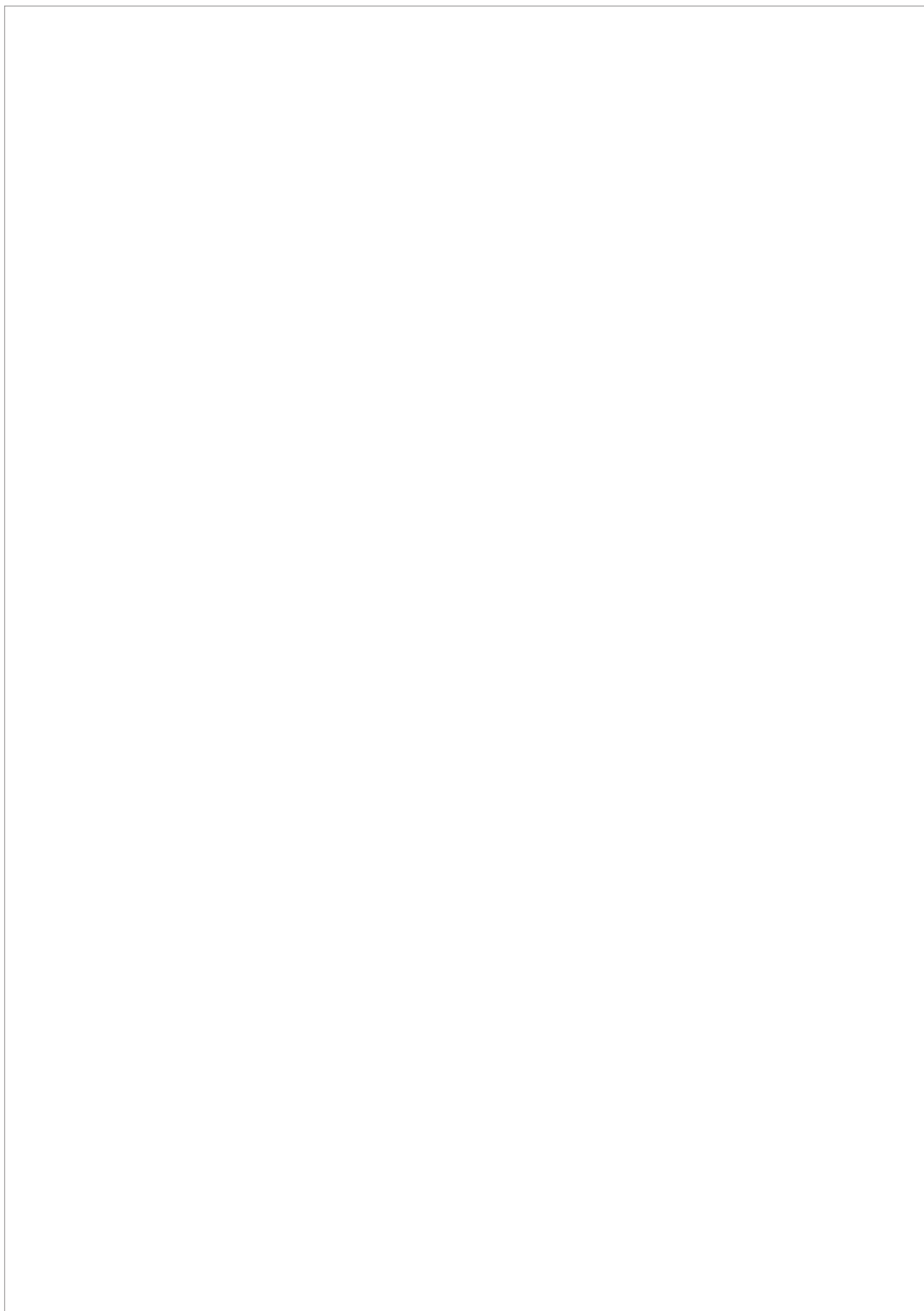
8. INDEPENDENT AUDITORS' REPORT











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Padua Plant

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