



2022 Sustainability Report

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LETTER TO STAKEHOLDERS

The three-year period from 2020 to 2022 was complex in many ways and marked by unpredictable and dramatic events. For our Group, however, these were equally challenging years characterised by a common denominator: sustainability.

Sustainability that is certainly environmental, but also economic. Sustainability translated into a solid performance that ensured that the Group achieved positive results - despite the many, critical, changes in the context - confirming our distinctive competencies - speed, resilience, cohesion - and our being a reactive, agile and flexible company, even while we are becoming increasingly international. And also social sustainability, which takes form through an increased focus on the local areas where we are present, the people who work with us, the outside world, with an expanded view to the world and our responsibility as global entrepreneurs.

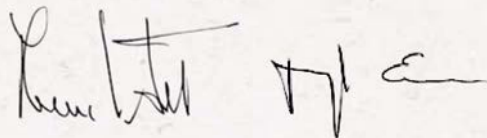
In 2021, we published our first Sustainability Report, our first attempt at conveying the many initiatives we have carried out over the years but never fully communicated. In 2022, we structurally embarked upon this path by drawing up a second Report, expanding the scope to include foreign subsidiaries and requesting third-party certification. And this year, we have returned once again to report on our progress.

In the final months of 2022, we completed several international initiatives, first and foremost joining the United Nations Global Compact, whose Italian network now consists of just over 500 companies. We made the decision to join them, to share their values, the Global Sustainable Development Goals (SDGs) and the Ten Principles on human rights, quality labour standards, environmental protection and anti-corruption.

Again to emphasise the strong responsibility of the corporate world, in this case, with the specific aim of reducing CO₂ emissions, we were among the first Italian companies to join the First Movers Coalition. This international initiative, linked to the World Economic Forum, focuses on decarbonisation, starting with the supply chain of the seven “hard-to-abate” industrial sectors: aluminium, aviation, chemicals, cement, shipping, steel and trucking. Finally, in our industry, we decided to join ResponsibleSteel™, the non-profit organisation that stands as the first global initiative to contribute to the development of a steel industry that responds to the need to produce and process in an increasingly responsible and sustainable manner.

Being part of these cutting-edge movements also means being able to offer the contribution of ideas and proposals of a company like ours - family-owned and Italian, but also international, with turnover of 10 billion euros - with the responsibility of a business which is aware that it can guide change through concrete, innovative, courageous and far-sighted corporate policy choices.

Antonio and Emma Marcegaglia



1. SUSTAINABILITY NEWS

The Marcegaglia Group has always paid great attention to the topic of sustainability, which over the years has represented not only an opportunity, but above all a concrete commitment to respond to the challenges of an increasingly complex world that is attentive to its impact on the environment and people and the constant search for solutions and behaviours that can guarantee a better and more inclusive future for all.

Our international commitment:
membership of the
UN Global Compact



membership of
ResponsibleSteel™



membership of
First Movers



Issue of the Global
Sustainability Plan



New
Biodiversity Policy



Formalisation of the
Supplier Policy



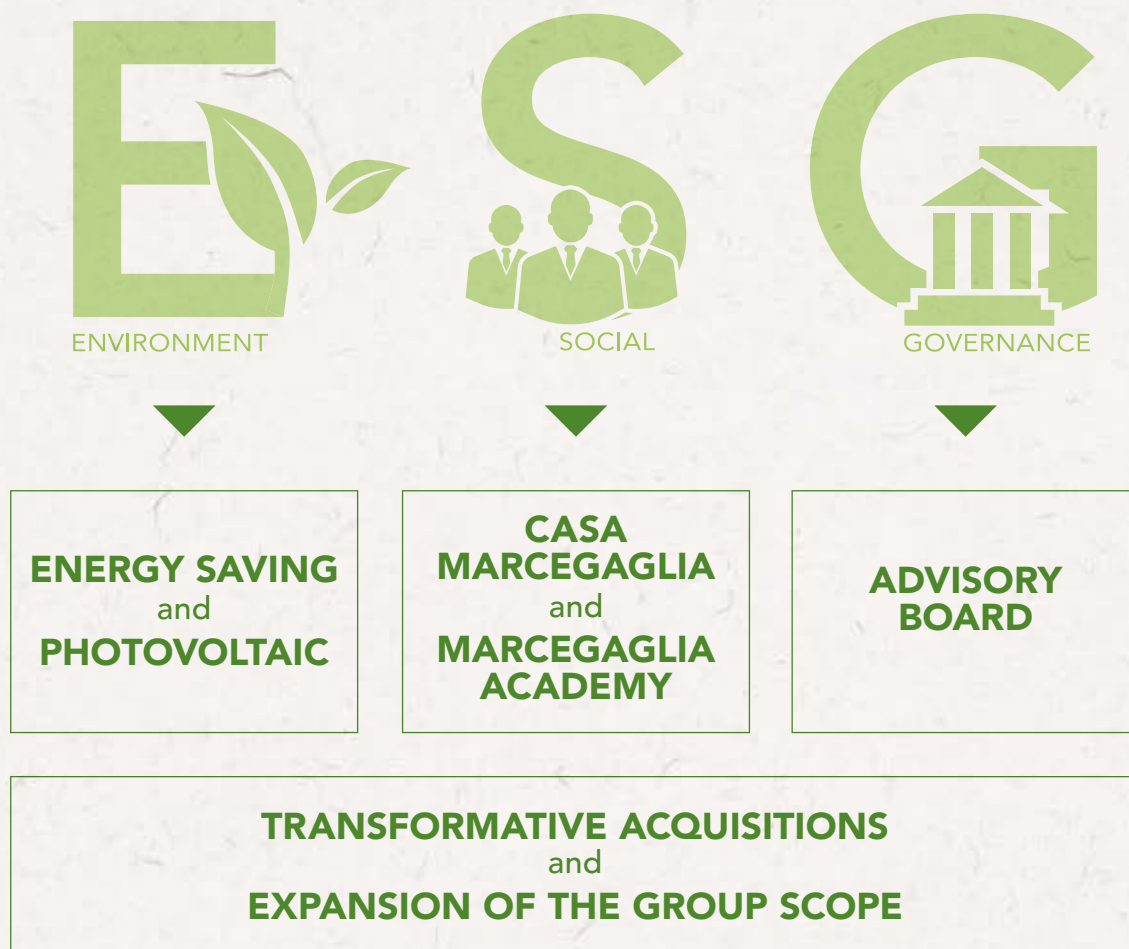
Dissemination of the
“**Marcegaglia**” APP for constant
stakeholder engagement
with direct access to Group news



Sustainability Leader



2. THE WATCHWORDS FOR 2023



3. OUR HISTORY

GRI: 2-1, 2-6

Throughout its history, Marcegaglia has grown steadily, transforming from a small local business into one of Italy's largest companies, exporting its Italian family business model at international level while remaining strongly rooted in its origins.

1959 - 1963

Start-up and pioneering phase

1959 In Gazoldo degli Ippoliti (Mantua, Northern Italy), Steno Marcegaglia founded Marcegaglia-Caraffini, for the production of open sections, which shortly afterwards he took over entirely and renamed Metallurgica Mantovana.

1963 I.P.A.S. was established, where drawn wire from round and flat sections was produced.

1964 - 1982

Strong internal growth

1970 The Gazoldo degli Ippoliti plant grew rapidly, expanding its production activities with cold re-rolling and the manufacture of precision tubes.

1982 The new technological plant in Casalmaggiore (Cremona) was commissioned and, at the same time, Steno Marcegaglia and three other partners founded Oto Mills, which soon became a leader in high-precision tube plant engineering.

1982 - 1988

Organic growth and acquisitions

1983 The Group expanded further through the acquisition of Lombarda Tubi of Lomagna (Lecco), Saom of Boltiere (Bergamo) and Trisider of Tezze sul Brenta (Vicenza).

1985 Three companies with plants in Ravenna, Forlimpopoli (Forlì) and Cervignano del Friuli (Udine) were acquired from the Maraldi Group.

1987 Acquisition of Profilnastro in Dusino San Michele (Asti).

1988 - 1999

Expansion and internationalisation

1989-1991 The first tube mill in Forlì and the first stainless steel and pickling line in Gazoldo degli Ippoliti came into operation, and at the same time the plant in San Giorgio di Nogaro (Udine) was acquired.

Commercially, Marcegaglia UK and Marcegaglia Deutschland were established, followed by the acquisition of Bishop near Philadelphia, USA.

90's The Group diversified with the acquisitions of Albarella, Ponteggi Dalmine and CCT, expanding its business into real estate and finance as well.

1999 - 2007

Development in carbon and stainless steels

1999 The Ravenna plant became the spearhead of the Group's entire production chain through a major investment project ("Ravenna 2000") for the processing of coils.

2000 Marcegaglia landed in Brazil where, in Garuva, it built a large factory for eldom components and carbon tubes.

2000-2005 Growth of Italian operations and foreign sales network.

2000 - 2008

Procurement of raw materials

2000 Joint venture agreement with Brema (Arcelor Group) for 500 thousand tonnes/year of hot coils.

2005-2009 Slab offtake agreement for 850 thousand tonnes/year from Teesside (Corus Group).

2007 - 2013

Expansion programme in Italy and abroad

2007-2008 Expansion of the main Italian plants (Ravenna, Casalmaggiore, Gazoldo degli Ippoliti) through a total investment of 1.5 billion euros over 6 years.

Doubling of the Brazilian plant and creation of new production units in European (Poland) and non-European (Russia) markets.

2010-2011 The new Marcegaglia Poland plant was inaugurated in Kluczbork (for the production of quality carbon tubes), accompanied by growth in a number of diversified sectors: in tourism (with the acquisition of Forte Village and Castel Monastero) as well as in the renewable energy sector.

2013 - 2014

Strengthening of the core business

2013-2014 The Group decided to focus on and strengthen its core business and to gradually divest its diversified activities, selling Oto Mills and Forte Village in 2013.

2015 - 2022

Reorganisation and new acquisitions

Marcegaglia launched a major project to reorganise its companies in order to become an even bigger player in its core business.

As of 2018, through M&A activities, Marcegaglia expanded its investment portfolio; Marcegaglia Rivoli, Marcegaglia Palini e Bertoli, Marcegaglia Colombia and Marcegaglia Mexico were established.

Marcegaglia UK acquired a new plant in Oldbury. SM Tunis Acier, a joint venture with Sideralba, was established. The range of drawn products was complemented with the entry of Trafital (Gorla Minore) into the Group.

2023

Continuous growth and transition from processors to producers

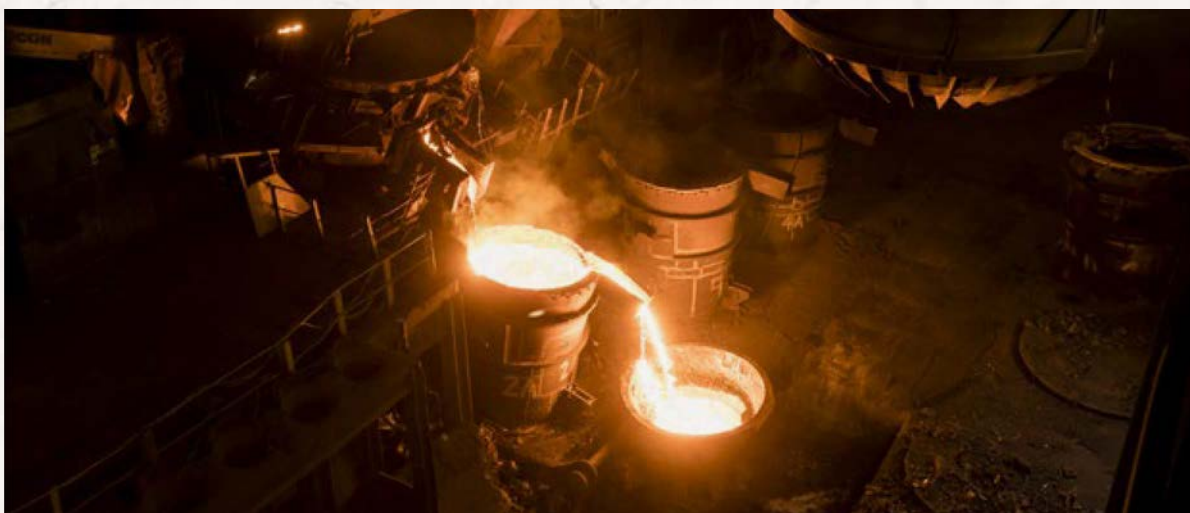
2023 opened with a **major acquisition**, the largest ever made by the Group. Indeed, in January Marcegaglia closed the acquisition of 100% of all of the major companies in the **stainless steel long products** division of Outokumpu, a Finnish multinational which is a world leader in stainless steel manufacturing and a recognised champion of sustainability. The purchase encompassed **5 plants spread across Europe and the USA, including an electric furnace plant for special steels** in Sheffield (UK), where the wire rod rolling plant and the bar production plant are also located. In addition to these, there is another bar production plant in Richburg (USA), the hot wire rod rolling plant and the drawn wire production plant in Fagersta (Sweden). Thus, the following companies were established: **Marcegaglia Stainless Sheffield** Limited, owner of the three Sheffield plants, **Marcegaglia Stainless Richburg** LLC and **Fagersta Stainless** AB.

The transaction with Outokumpu also has a strong symbolic value: for the first time in its more than 60-year history, Marcegaglia took its first steps into primary steel production and did so right in Sheffield, where the stainless steel industry was born and developed in 1913.

Also in 2023, exactly at the end of April, the acquisition of a Latvian company was finalised: an operation that allows the Group to strengthen its commercial structure in a territory, that of Northern Europe and the Baltic States, in which it was not present until now. The name of the **new company**, a **service centre for carbon steels**, located in **Riga**, Latvia, is **SIA Marcegaglia Baltics**.

The leadership acquired is the result of a long, solid and steady path of growth, which makes Marcegaglia the largest independent player in steel processing at international level.

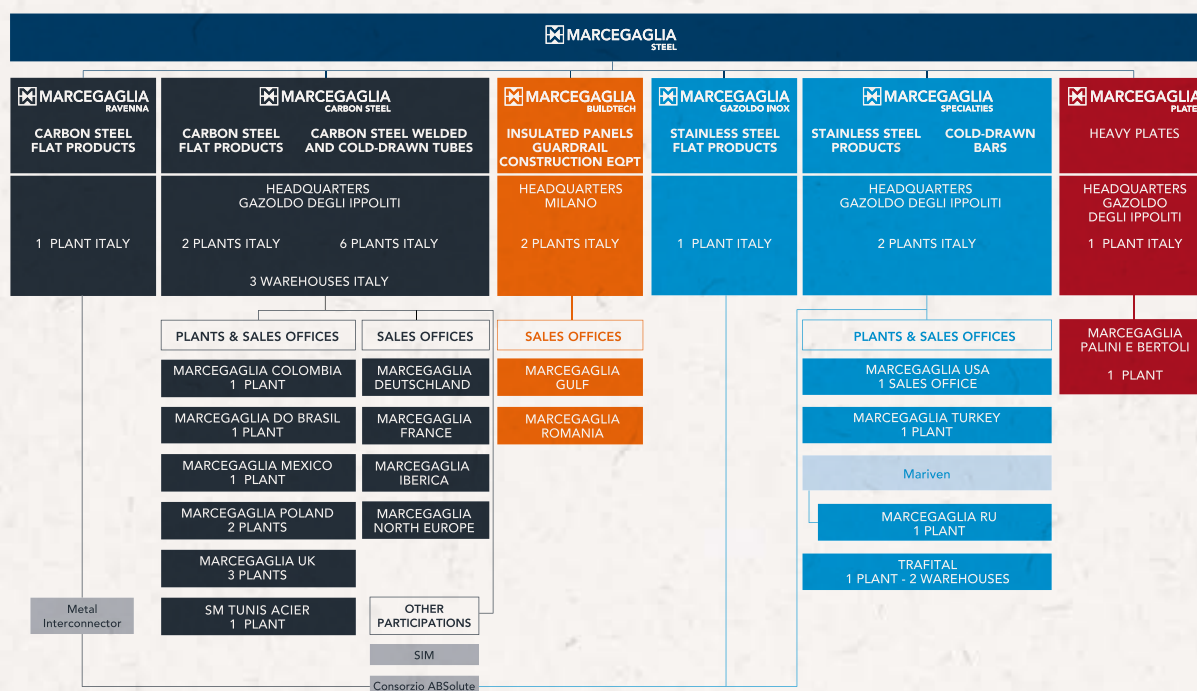
As the figures in this Report refer to 2022, they obviously do not cover these new transactions/companies, which are mentioned for information purposes.


















Marcegaglia Steel's figures as at 31 December 2022



The structure of Marcegaglia Steel as at 31 December 2022



The production range

MARCEGAGLIA STEEL			
CARBON STEEL	BUILDING	SPECIALTY STEEL	HEAVY PLATES
 CARBON STEEL COILS PICKLED, COLD ROLLED AND HOT DIP GALVANIZED	 CARBON STEEL WELDED TUBES	 STAINLESS STEEL COILS	 STAINLESS STEEL WELDED TUBES
 CARBON STEEL STRIPS BLACK, PICKLED, COLD ROLLED AND HOT DIP GALVANIZED	 COLD-DRAWN WELDED TUBES	 STAINLESS STEEL STRIPS	 CARBON AND STAINLESS STEEL COLD-DRAWN BARS
 CARBON STEEL SHEETS BLACK, PICKLED, COLD ROLLED, HOT DIP GALVANIZED, DIAMOND AND TEARDROP PATTERNED	 REFRIGERATION TUBES	 STAINLESS STEEL FLAT BARS	 STAINLESS STEEL COLD FORMED SECTIONS
 PRE-PAINTED COILS	 SAFETY BARRIERS	 STAINLESS STEEL SHEETS	
 PRE-PAINTED STRIPS AND SHEETS	 SCAFFOLDING EQUIPMENT		



Made HSE

Ahead of many of its competitors, Marcegaglia created a structure in the early 1990s dedicated to the transposition in Italy of European **environmental, health and safety directives**. This structure quickly became a company in its own right capable of providing adequate support for HSE issues: thus MADE HSE was born, whose name refers to the fusion of the first name, Marcegaglia Dipartimento Ecologia, with the acronym for Health, Safety, Environment; in other words, the **three essential pillars for anyone who wants to do business today**.

MADE HSE provides consultancy services - both inside and outside the Marcegaglia Group - on sustainability, energy efficiency, environmental protection, integrated management systems and occupational health and safety; it is equipped with modern chemical and microbiological analysis laboratories, as well as an area dedicated to the organisation of training courses and training on the topics under its responsibility.



With constant commitment, MADE HSE follows all production sectors and involves all company levels, supporting them in making decisions according to the principles of social and ethical responsibility, consistent with sustainability policies, in order to:

- maintain full compliance and respect for applicable laws and regulations, with continuous updating of applicable legislation;
- reach residual levels of risk to occupational safety and health and injury and environmental impact;
- prevent accidents and occupational diseases;
- guide activities, processes, organisation and production according to the best available technologies and with a continuous improvement approach;
- improve environmental and energy performance by comparing and aligning with international industry benchmarks.

Over the last 20 years, MADE HSE has been recognised and appreciated for its independence and expertise by the relevant local Authorities, Control Bodies and Certification Bodies, and today is the **ideal partner for companies that want** not only to pursue productivity, efficiency and cost-effectiveness objectives, but also **to achieve a distinct sensitivity towards ESG issues**.

4. CIRCULAR ECONOMY AND SUPPLIER POLICY

GRI: 2-6

For years, Marcegaglia has been committed to a production and consumption model characterised by the **reuse** and **recycling of materials**, in order to extend their life cycle as long as possible, thus helping to **minimise its impact on the environment** while also **generating additional value**.

The organisation of activities is always underpinned by the knowledge that steel is 100% recyclable, and with this approach all processed steel is sold or sent for recovery. With this circular economy logic, infinite life is given to this material. The procurement policy is oriented towards purchasing raw materials with high degree of recycled content when available on the market.

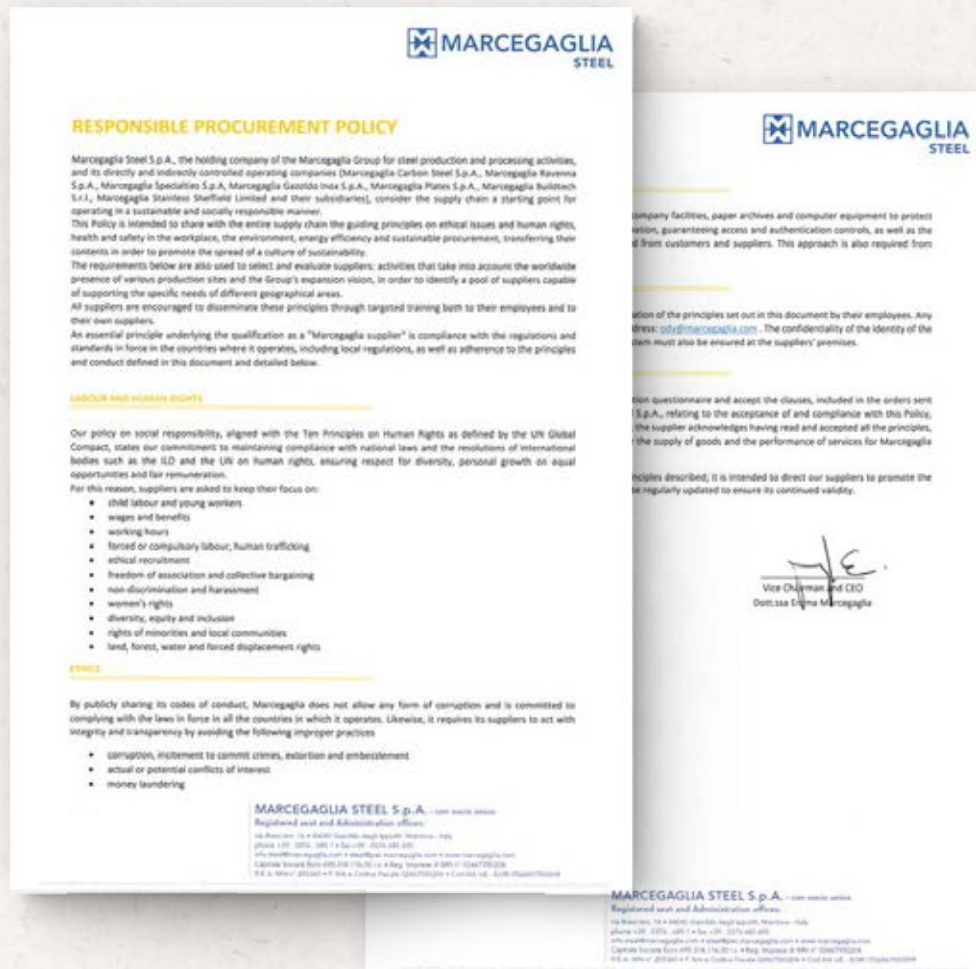
The value chain starts with the socially, environmentally and economically fair and responsible management of procurement based on an **extensive and well-established network of reliable and loyal suppliers**.

In fact, the Marcegaglia Group's "**Supplier Policy**" is based on **constant dialogue** and real **collaboration** with its suppliers, from which it demands quality, sustainability and constant attention to customer requirements. The focus on supplier selection is based on an appropriate due diligence procedure to assess, throughout the supply chain, possible risks of violation of human rights, labour, environment, ethics and competition. The reputational verification of possible suppliers, the analysis of their financial situation and technical competence are the factors behind the control activity that Marcegaglia carries out through dedicated software that manages the Supplier Register with ad hoc questionnaires.

Purchasing processes are marked by the **search for the best competitive advantage**, not only in the short term but also in the medium term and the **granting of equal opportunities for each supplier**, in compliance with the principles of fairness and impartiality.

Appropriately documented availability of means, including financial means, organisational structures, design capabilities and resources, and know-how, as well as the existence and effective implementation, where specifications so require, of appropriate corporate management systems, are required. Contracting is done in compliance with the regulatory principle of good contractual faith and proper performance of mutual obligations.

Procurement management activities include both monitoring of suppliers and market demands, geared on one hand towards Green Steel and on the other hand towards maintaining specific performance characteristics. Great consideration is also of course given to optimising transport and inventories.



The goal for 2023 is to complete a major project led by an international consultancy firm, which begins with an analysis of the global market and ends with an assessment of available volumes of green steel and the relative supply opportunities. Product development by our in-house teams is aimed at **studying new steels for specific uses** and meeting the requirements of the most demanding customers, directing activities towards the highest quality standards by placing mutual trust, reliability and availability at the basis of supplies.

Marcegaglia's entry into the "**H2GS AB**" project aimed at the **production of green steel** using fossil fuel-free electricity and hydrogen should be read in this light.

Indeed, while traditional steel production is based on the use of coal-fired blast furnaces, the plants being built by H2GS AB will use direct reduction reactors, replacing natural gas with green hydrogen in a process that will involve the electrification of every stage of the entire production flow, allowing carbon dioxide emissions to be reduced by up to 90% right from the start.

The production facility, which is scheduled to start up in 2026 and which is estimated to reach a production capacity of **five million tonnes of high-quality steel by 2030**, will also maximise circularity: recycled scraps from customers will be loaded into the electric arc furnace, waste heat will be sent to the Luleå-Boden district heating ducts and slag will be transformed into products for use in other sectors.

Production will be located in Norrbotten, in northern Sweden, which offers unique opportunities due to its good access to fossil fuel-free electricity, the presence of the best quality iron ore in Europe and a specialised and innovative steel industry.

Marcegaglia invested in the project as early as 2021 by subscribing capital shares; recently, in addition to its role as an investor, it became one of the first customers of H2GS AB by signing a 7-year supply contract worth 1.79 billion euros. The steel purchased will be used in Marcegaglia's operations in Italy, Great Britain and Poland.

In relationships with customers, the obligations assumed are governed by good contractual faith and proper performance; amicable resolutions are sought for any disputes. Communications, including advertisements and the content of the company's website, are clear, compliant with applicable regulations, and not misleading.

5. PROCESS AND PRODUCT INNOVATION

GRI: 2-6

Marcegaglia, which has been involved in R&D for years, has projects in the pipeline, projects under development, projects under analysis and ideas that will soon be brought to fruition.

PROJECT TITLE	MAIN TARGET	PROJECT SUB TARGET	INDUSTRIAL SITE
MODIPLANT	ZIN4 electrification	<ul style="list-style-type: none"> • CO₂ reduction (scope 1) • Increased productivity • Expansion of the AHSS product range 	Ravenna
SURFACE ENGINEERING	Products with special Zn-Al-Mg coatings with high corrosion resistance	<ul style="list-style-type: none"> • New high-performance product range • Proprietary technology (patent pending) 	Ravenna
NGO ELECTRICAL STEELS	NGO products for electric motors	<ul style="list-style-type: none"> • Broad flexibility of the production cycle • Proprietary technology (patent pending) 	Ravenna
SMART PICKLING	Automation of the pickling process	<ul style="list-style-type: none"> • Increased Efficiency, Productivity and Quality • New technologies for measuring flake composition and thickness (LIBS) • Reduction of overpickling 	Ravenna
TOUGHSTEEL	Improvement of the resistance to cracks of high-resistance steels	<ul style="list-style-type: none"> • High-performance product development • Know-How development 	Ravenna
RADIANT TUBES	Thermal/tensile study of radiant tubes for increased efficiency & durability	<ul style="list-style-type: none"> • Reduction of methane gas consumption • Efficiency improvement • Extension of radiant tube life 	Ravenna
MADELEN PROJECT	Magnetic steel product development. Application in electric motors	<ul style="list-style-type: none"> • Optimisation of current production cycles • Expansion of product range 	Ravenna
DIGI-INOX	A&P Stainless Steel Digitalisation and Process Innovation	<ul style="list-style-type: none"> • Increased productivity, improved quality (Tensil-Pro and Pickling model). • Expansion of product range 	Gazoldo degli Ippoliti
SMART HOT ROLLING	Hot Rolling Digitalisation and Process Innovation. New mathematical models	<ul style="list-style-type: none"> • Efficiency and Sustainability • Increased productivity, • Thermo mechanical controlled processing (TMCP) products for special applications 	San Giorgio di Nogaro

MODIPLANT PROJECT

Carbon neutrality by 2050 and a 55% reduction of greenhouse gas (GHG) emissions by 2030 are a key European Union objective. This implies the decarbonisation of industrial sectors where CO₂ production is difficult to abate. The steel industry is an important economic pillar of the European economy. Crude steel production in the EU accounts for 7.6% (139.3 Mt in 2020) of total global production (1,828.2 Mt in 2020). Steel production is a major contributor to the EU's greenhouse gas emissions. The sector accounted for 4% of all EU emissions in 2017 and 23% of the manufacturing industry (*European Environment Agency - EEA*).

Currently, industry standard heating furnaces are based on methane burners, with an obvious environmental impact due to CO₂ emissions. The main objective is to decarbonise this process, based on the **introduction of hybrid heating technology**, based on **properly combined electrification and gas combustion**. This solution offers the opportunity to explore the synergistic effect of different technologies through "hybrid heating". Partial furnace electrification will be achieved by installing an induction heating system. Various technologies are designed to provide a solution in the industrial sector to reduce CO₂ emissions, from green energy to hydrogen generation. Of all of these technologies, electricity generation is generally seen as having the greatest potential for low-cost emission reductions when it is based on Renewable Energy Sources (RES) in the form of wind, solar and biomass. According to the Eurofer Low Carbon Roadmap, the transition of the European steel industry to low carbon emissions will require 400 TWh of electricity until 2050.

In this scenario, a market for green steel production must be established to achieve emission reductions; as also stated in the New Industrial Strategy for Europe, the important role of industry is recognised in the transformation to a zero-emission economy. Steel production is related to a high impact in terms of resource use and CO₂ emissions. It is considered an energy-intensive sector. Most of the energy demand in the steel industry is met by fossil fuels, so finding and developing new ways to overcome the environmental impact of steel production is crucial.

The challenge is to reduce emissions from energy-intensive industries; this could be achieved with three main areas of action:

- 1) **dematerialisation or recycling/reuse**,
- 2) **substantial modifications of existing processes** to ensure that many of the fossil fuel sources can be replaced by electricity from renewable sources,
- 3) **improvements in technology efficiency**.

Among these, changing and improving the existing process are the best ways to avoid the use of traditional sources and enable the improvement of the current methodology.

However, in this scenario, the integration of electricity in a real steel plant is the best available technique that can really change the existing fossil-fuel based steel production process and thus reduce the use of carbon and

CO₂ emissions in the EU system. Obviously, this whole scenario is only sustainable if the electricity produced is from renewable and cost-effective sources, an eventuality strongly desired by European governance. In order to stimulate this technological transition, in 2022 the European Commission launched the *RFCS-2022-CSP-Big tickets for Steel* programme, within which Marcegaglia Ravenna proposed the **'MODIPLANT' (MODular hybrId Technology for the steel PLANT) R&D Project for the partial electrification of the galvanising line steel strip heating process**. The project was approved by the technical committee and received a 4.6 million euro grant.

The MODIPLANT project proposes a series of actions to demonstrate the possibility of decarbonising the product heating process while maintaining high quality standards without negatively impacting the productivity and economic sustainability of the production process. This will take place across a number of levels, involving synergies between different industrial partners and research activities.

MODIPLANT's overall objective is **to introduce the topic of electrification into the steel production cycle** through the design, installation and testing of **induction heating systems**. The ultimate goal is to move from production based entirely on fossil fuels to **production with reduced CO₂ emissions** (up to zero-emission conditions). With this approach, MODIPLANT responds to the overall objective of "Process Integration (PI) to reduce fossil carbon use and associated CO₂ emissions" within the hot-dip galvanising process.

A longitudinal flow induction furnace with the option of an electric radiant tube section will be installed at the Marcegaglia Ravenna plant. The plant will be built considering galvanising line No. 4. The total electrical power used in the new furnace will be 10-15 MW. The coils will be heated from 15°C to 120°C by means of a preheating zone after which they will reach a final temperature of 480°C via the electromagnetic induction furnace. The technology will be subjected to an extensive testing campaign to explore the performance of the process with a wide range of products. Expected results: reduction of fossil fuel consumption and reduction of direct CO₂ emissions in the range of 40-60%.

SMART PICKLING

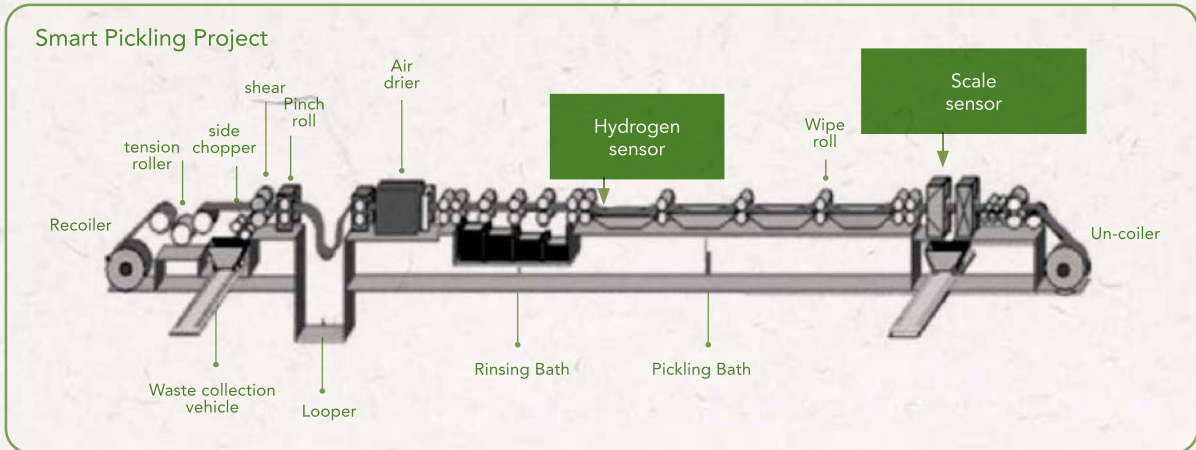
The **Smart Pickling project** is an example of how collaboration between the R&D of two companies, Marcegaglia Ravenna and Danieli, can give rise to a cutting-edge development activity with enormous potential for results in terms of productivity, efficiency and product quality.

This project consists of **developing the latest generation of sensors** for:

- 1) Monitoring the thickness and chemical composition of the thermal oxide on the hot-rolled strip (LIBS spectrometer);
- 2) Continuous monitoring of the hydrogen developed in the last tank. This is a valid method for detecting the triggering of overpickling conditions.

These sensors are combined with a dynamic level 2 mathematical model for **managing and optimising the pickling process**. The objective of this activity is to boost productivity by 5% and at the same time to improve the surface quality of the products. The prototype development and implementation phase is carried out on Marcegaglia Ravenna's pickling line 2.

Once the results and benefits have been confirmed, it will be decided whether to extend the project to the other pickling lines in Ravenna and Gazoldo Inox, on which evaluations are already being performed on potential process and productivity improvements.



MADELEN (Materials and Design for Electrical Engines) PROJECT

The **MADELEN Project** aims to introduce a **modern modelling approach**, including Digital Twin, into the complex magnetic steel (soft and hard) manufacturing process, in order to integrate magnetic material behaviour models and specialised electric motor design models. This will make it possible to define **optimised process conditions**, obtain **better magnetic materials** for use in optimised electrical machines with **greater efficiency and reliability**.

nr	Participant Type	Short name	Organisation full name	Town - Country
1	Host Institution	INRIM	Istituto Nazionale di Ricerca Metrologica	Torino - Italy
2a	Participant	UNIBO	Department of Electrical, Electronic and Information Engineering "Guglielmo Marconi" (DEI)	Bologna - Italy
2b	Participant	UNIBO	Department of Industrial Engineering (Metallurgy and Technology Group)	Bologna - Italy
2c	Participant	UNIBO	Department of Physics and Astronomy (Quantum materials Group)	Bologna - Italy
2d	Participant	UNIBO	Technology Group	Bologna - Italy
3	Participant	IMEM-CNR	MAT-FUN	Parma - Italy
4	Participant	MARCEGAGLIA	Gruppo Marcegaglia	Ravenna - Italy
5	Supporter	LUCCHI	Lucchi R. E-Motor Solutions	Viserba (RN) - Italy
6	Supporter	TEM	TEM Electric Motors	Castelnovo di Sotto (RE) - Italy
7	Supporter	ILPEA	ILPEA Spa	Malgesso (VA) - Italy
8	Supporter	MINARELLI	Motori Minarelli SPA	Calderara di Reno (BO) - Italy

The MADELEN project will therefore have four main phases:

1. **Increasing technical and metallurgical skills** in order to identify and design the most suitable magnetic materials together with their microstructure and chemical composition to suit the required application and performance. New and emerging materials will be taken into consideration, after a thorough understanding of their mechanical and magnetic properties, with manufacturing processes capable of exploiting their full potential together with an accurate motor design.
2. Developing a **DIGITAL TWIN approach in the industrial environment**, to process and customise the magnetic properties of selected materials by controlling their microstructure (e.g. granulometry, structure), geometry (thickness) and intrinsic properties (density, electrical resistivity, etc.) with the aim of improving their performance based on the desired applications through production process control.
3. **Optimising motor design** with the aim of using newly developed customised and/or high-cost materials with the best possible performance for the specific application.
4. Designing, manufacturing and testing **electric motors** by harmonising **materials** and **design**.

6. CONTRIBUTION TO SUSTAINABILITY

National and international initiatives

In 2022 the Group made a major commitment to international initiatives.

Membership of the UN Global Compact

First of all, membership of the **United Nations Global Compact**, which, through an approach based on the integration of the Global Sustainable Development Goals (SDGs) and the promotion of Ten Principles - on human rights, quality labour standards, environmental protection and the fight against corruption - is offered as a point of reference for companies wishing to adopt sustainable policies in line with corporate social responsibility and make public the results of the actions undertaken. To date, the Italian network consists of more than 500 businesses belonging to the most diverse production sectors and non-profit organisations (private foundations, business associations, universities, etc.).

Membership of the First Movers Coalition

Marcegaglia Steel was also one of the first Italian companies to join the **First Movers Coalition**, the international initiative, linked to the World Economic Forum, that focuses on decarbonisation, starting from the supply chain of the seven “hard-to-abate” industrial sectors: aluminium, aviation, chemicals, cement, shipping, steel and trucking.

Membership of ResponsibleSteel™

Finally, in our industry, the Group joined **ResponsibleSteel™**, the non-profit organisation that stands as the first global initiative to contribute to the development of a steel industry that responds to the need to produce and process in an increasingly responsible and sustainable manner.

Il Sole 24 ORE and the research institute Statista carry out an in-depth survey every year on the companies that in Italy have chosen to adopt the themes of social, environmental and economic responsibility and which have a public Sustainability Report. The survey identifies KPIs for each macro area and each indicator is given a numerical value.

The survey is published, with various in-depth analyses, in a dedicated Il Sole 24 ORE Report, which can be consulted online on the website of the same newspaper.

The survey for 2023 confirms Marcegaglia Steel amongst the Sustainability Leaders.

The official seal that qualifies this Report is the recognition of Marcegaglia Steel among the Leaders of Sustainability 2022.

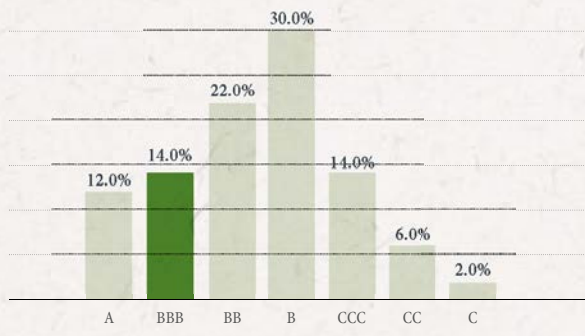


Ratings

There are many ratings concerning both the individual companies and the Marcegaglia Group. The **Cerved Rating Agency SpA**, which gave Marcegaglia Steel a **BBB “High” rating**, deserves special mention. This result appears all the more significant in view of the fact that “Very High” ratings have never been assigned in the sector, and that only 26% of the companies analysed belong to the “High” bracket (of which 12% are rated A and 14% BBB).

AAA	AA	A	BBB	BB	B	CCC	CC	C	D
Very High		High		Medium		Low		Very Low	

ESGe RATING DISTRIBUTION



CERVED RATING AGENCY S.P.A. ASSIGNS ESG RATING



NORTHWEST Sustainability Award

As a sign of its commitment to sustainability, our customer **NORTHWEST** granted an **award**, the **Steel Sustainability Award**, in which it involved its supply chain.

In September 2022, **Marcegaglia emerged as the winner** for demonstrating a **conscious approach to the environment and the community**, making an increasingly important and concrete contribution to everyone's future.



7. OUR CONTRIBUTION TO THE 2030 UN AGENDA (SDGs)

	GOAL	ASSOCIATED ACTION
	GOAL 1: End poverty in all its forms everywhere	Marcegaglia Onlus Foundation Rwanda Project
	GOAL 2: End hunger, achieve food security, improve nutrition and promote sustainable agriculture	Marcegaglia Onlus Foundation Rwanda Project
	GOAL 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Marcegaglia Onlus Foundation Resilio Project Rwanda Project Marcegaglia employee scholarship project
	GOAL 5: Achieve gender equality and empower all women and girls	Marcegaglia Onlus Foundation Rwanda Project, Con il CAV contro la violenza domestica (With the CAV against domestic violence), Dafne donne in cammino (Daphne women on the road), Zeus Protocol, Motivo Donna Project, Atelier Bebrél Project
	GOAL 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Industrial development projects consistent with national, regional and local plans for reducing environmental impacts
	GOAL 11: Make cities and human settlements inclusive, safe, resilient and sustainable	Cultural support Festivaletteratura Raccontiamoci le mafie (Let's talk about mafias) FAI (Italian Environmental Fund)
	GOAL 12: Ensure sustainable consumption and production patterns	Management of production cycles for the efficient use of natural resources, optimisation of chemical consumption and reduction of waste
	GOAL 13: Take urgent action to combat climate change and its impacts	Commitment to the adoption of techniques to curb climate-changing energy consumption
	GOAL 15: Protect, restore and promote sustainable use of the Earth's ecosystem	Attention to biodiversity Definition of the policy incorporating the DAFNE VI and Fruit trees seedlings projects Management of owned green areas
	GOAL 17: Strengthening the means of implementation and renewing the Global Partnership for Sustainable Development	Adhesion to international initiatives UN Global Compact ResponsibleSteel™ First Movers Coalition

8. ENVIRONMENT

GRI: 2-27, 3-3, 302-1, 302-3, 302-4, 303-1, 303-2, 303-3A-B-D, 303-4A-C-D-E, 304-1, 305-1, 305-2, 305-4, 305-7, 306-2, 306-3

Policies relating to the **limitation of environmental impacts**, within the management systems, were the first voluntary commitments made by Marcegaglia, which has always considered the issues of respecting natural resources and reducing the effects of its business on environmental matrices to be priorities.

The mitigation of environmental impacts is at the heart of strategic and design choices, as well as the operational management of plants. The constant search for solutions and applications to foster a balance between industrial development and resource use is intended to ensure the availability of resources for both the present and future generations, in line with the concept of sustainable development.

The selection of the environmental aspects analysed in this chapter is linked to the material topics that emerged from the relative analysis that took into account the results of the survey in which the company participated, as well as internal and external stakeholders. Compared to the previous report, the topic of **biodiversity** has been integrated into the 2022 report.

Biodiversity GRI: 3-3, 304-1

According to the European Environment Agency, biodiversity is the name given to the **variety of ecosystems, species and genes** that exist in the world or in a particular habitat. It is essential for human well-being as it provides services that sustain our economies and societies. Biodiversity is also crucial for ecosystem services such as pollination, climate regulation, flood protection, soil fertility and the production of food, fuel, fibre and medicines.

Marcegaglia welcomes the indications of the EU Biodiversity Strategy, which sets the ambitious goal of **ensuring that all of the world's ecosystems are restored**, resilient and adequately protected **by 2050**. To this end, it formalised its policy.

And precisely on the subject of biodiversity, amongst the initiatives promoted are those of the Marcegaglia Foundation: the project dedicated **to reintegrating women victims of violence into Italian social and working life**, involving them in practical activities of floriculture, horticulture, olive growing and beekeeping; the programme in Rwanda dedicated to planting and growing fruit trees to combat malnutrition and at the same time restore the ecosystem.



In addition to all of this, with the entry of **Trafital SpA**, adjacent to the Gorla Minore (VA) plant, a **natural area of about 56,500 square metres was also acquired, 12,000 of which are woodland**, recognised with code 1208 on the list of local parks of supra-municipal interest (PLIS) under the name of Bosco del Rugareto. The plant has been committed to its protection, conservation and care for many years, recognising its significant value for the habitat, flora and fauna. There are more than 500 trees of different species on the property that contribute to improving the environment by absorbing carbon dioxide and returning oxygen.



Another important green choice was the **redevelopment of the entrance to the Gazoldo degli Ippoliti headquarters**: a large tree-lined park in front of the headquarters that redesigns the surrounding landscape by combining three fundamental elements, air, water and earth. A community space available to all.



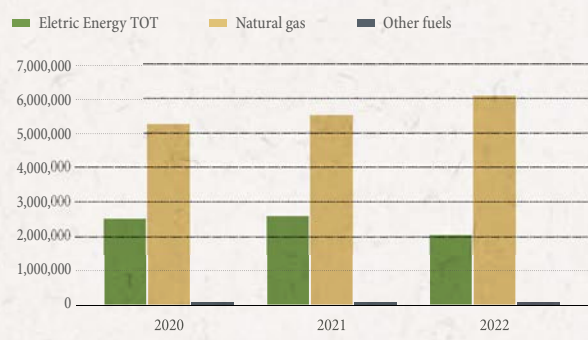
Energy GRI: 2-27, 3-3, 302-1, 302-3, 302-4

Currently, at all of Marcegaglia Steel SpA's production sites, activities are related to the cold processing of steel products, with the exception of the San Giorgio di Nogaro plants of Marcegaglia Plates and Marcegaglia Palini e Bertoli, which carry out hot processing. In addition, several plants have heat treatments (Ravenna, Gazoldo degli Ippoliti, Casalmaggiore, Boltiere, Rivoli), so the **main energy sources used are electricity and natural gas**. Considering that they account for 99% of total energy consumption, it is precisely these two energy vectors that are mainly focused on and monitored in order to ensure their efficient and responsible management, without overlooking the use of diesel for the internal handling of raw materials and semi-finished products and for transport, as well as petrol, which is used exclusively for the vehicle fleet. Only four factories, including two foreign ones, use LPG for heating and domestic hot water production.

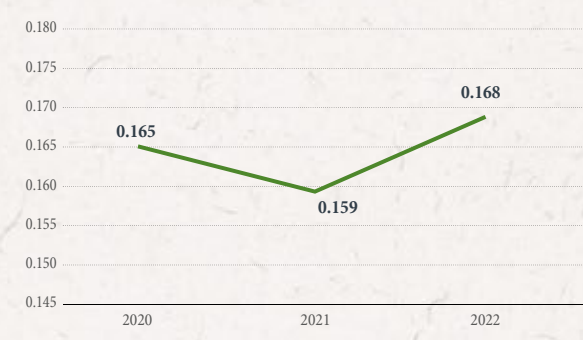
The consumption of Marcegaglia Steel SpA in the 2020-2022 three-year period, subject to this Report, is summarised in the following tables broken down by energy carrier:

ENERGY CONSUMPTION									
YEAR	GJ								MWh
	EE FV	EE from grid	EE TOT	NG	DIESEL FUEL	PETROL	LPG	TOTAL	TOTAL
2020	9,304	2,494,327	2,503,630	5,277,851	66,594	145	4,614	7,852,834	2,181,343
2021	8,943	2,589,561	2,598,504	5,541,722	62,077	97	6,553	8,208,953	2,280,265
2022	8,981	2,034,693	2,043,675	6,087,948	76,084	409	12,648	8,220,764	2,283,545

TOTAL ENERGY CONSUMPTION [GJ]



ENERGY INTENSITY [MWh/t processed]



An analysis of the data shows **overall consumption in line with the previous year**, with a decrease in consumption of the electricity vector and an increase in the natural gas vector, mainly due to two reasons: on one hand, the activation of cogenerators at the Ravenna and Gazoldo degli Ippoliti plants, started in the final part of 2022, for the cogeneration of electric and thermal energy for self-consumption, resulting in a reduction in the supply of electricity from the national grid and an increase in the consumption of gas to power plant motors; on the other hand, the increase, on the Group's production mix, of hot processed products.

There has also been an increase in the consumption of LPG used for heating, which is directly linked to weather conditions and the fuelling of means of transport.

The trend in energy intensity, i.e. the specific energy consumption per tonne of steel processed, shows, after a reduction of 2.8% in 2021, a return to 2020 levels, due to the production discontinuity that characterised the latter part of 2022 due to market instability and which led to the temporary suspension of activities at some plants in November, as well as the reduction of some work shifts.

From an energy perspective, this set-up had effects on transitory operating regimes and emphasised the contribution of certain fixed utilities, such as auxiliary production plant services, even in the absence of processing.

Energy efficiency

Identifying opportunities for efficiency gains, both in production processes and in the systems serving the processing plants, is one of the main strategies for reducing the impact of consumption, typical of cold and hot steel processing, with a view to continually improving energy performance.

Many initiatives have been implemented at the Italian plants in recent years. The main intervention concerns the **installation of a boiler for the recovery of hot fumes from the furnaces of the galvanising plants in Ravenna**: the boiler uses the heat resulting from the combustion process to produce steam, resulting in savings of natural gas for the production of the same, recorded from the date of start-up (2017) in the amount of 7,833,427 Sm³ of unused methane gas (average annual figure 1,305,571 Sm³/year) and equivalent to 15,542 t of CO₂eq emissions avoided (average annual figure is 2,590 t/CO₂eq).

Other types of interventions that affected the Italian plants include:

- **improvement of compressed air generation devices** and **distribution networks** with the elimination of losses and the reduction of management waste;
- the replacement of lighting fixtures with new ones with **LED technology**;
- the modernisation of **welding technologies** using latest generation systems at the main tube forming sites;
- the revision of **fluid distribution systems**, the installation of inverters and new higher energy efficiency class motors;
- the modernisation and optimisation of **tube and coil heat treatment sections**;
- the application of **regenerative inverters in overhead** cranes for the internal handling of raw materials or semi-finished products;
- the management of **control systems for suction, ventilation** and other plant equipment.

The above-mentioned interventions, whose total investments amount to approximately 11 million euros, resulted in 2022 in the saving of 3,050 MWh/year of electricity and 3,629,600 Sm³/year of methane gas, corresponding to 7,989 t/CO₂eq.

Efficiency enhancement measures, some of which have already been planned since 2021, such as the **revamping of cooling towers**, the **project to recover electricity** from the expansion of methane gas arriving from the grid and **thermal conversion (trigeneration)** at electrical substations through the recovery of thermal energy from cogeneration, are in the executive design or commissioning phase. More radical interventions, such as the **electrification of thermal processes** and the **use of hydrogen**, are being explored.

Positioning against industry benchmarks is consistently monitored to better identify future energy consumption scenarios. At the end of 2022, the **FMP-BREF (Ferrous Metal Processing Best Available Techniques reference document)** on the best available environmental and energy techniques applicable to the steel processing sector was approved. Already during the approval phase and in sector technical tables, the positioning of the processing carried out at the plants of the companies belonging to Marcegaglia Steel SpA was evaluated with respect to steel and metallurgical sector performance indicators, which showed good plant energy performance, considering that the positioning for galvanising, heat treatment and rolling activities is better than the target values set forth in the BREF.

During 2022, energy efficiency interventions at Marcegaglia Steel SpA's foreign sites, in addition to awareness-raising activities for personnel directly or indirectly involved in energy performance, concerned:

- **relamping** with the application of **LED technology** (Brazil, Poland Kluczbork, Mexico, UK);
- the progressive adoption of **motor-driven inverters** (Brazil, UK, Russia);
- the reduction of specific power consumption through the further adoption of **Full Solid State welding technology** (Polish plant in Kluczbork, UK);
- the **optimisation of production** and **compressed air distribution systems**, as well as the modernisation of **cooling systems** (UK);
- the integration of **energy consumption monitoring** and supervision **systems** (Turkey and Russia);
- the adoption of more efficient **heating systems** and converters for **localised recovery** (Russia);
- **reorganisation of the production layout** to reduce thermal and electrical consumption by remodelling static factors linked to lighting and heating (Poland-Praszka).

Planned interventions at foreign sites, in the near future, concern the extension of the relamping operation (Poland - Praszka, UK); the optimisation of production processes (Brazil); the adoption of thermal recovery systems from the environments and the production process (Mexico); the continuation of the transition to full solid state welding technologies (Poland - Kluczbork); and the further integration of monitoring systems (Turkey).

Cogeneration at the Ravenna and Gazoldo degli Ippoliti sites

At Marcegaglia Steel SpA's two main plants, Ravenna and Gazoldo degli Ippoliti, **two cogeneration plants** with total power of 69.5 MWt and 42 MWt, respectively, were started up at the end of 2022 for the simultaneous production of **electricity and thermal energy for self-consumption**.

The two plants consist of reciprocating engines powered by natural gas, alternators for electricity generation and heat recovery systems, such as, recovery boilers for steam generation and thermal modules for hot water recovery. At both sites, the cogenerators were designed to comply with the High Yield Cogeneration (CAR) qualification, which, according to European legislation implemented in Italy by the Ministerial Decree of 4 August 2011, identifies plants that generate primary energy savings of more than 10% (reference threshold for plants with installed capacity > 1 MW); in both cases the motors chosen are high electrical efficiency, with values that stand at 51%, among the highest currently available for the category.

The aim of the intervention is not only to fully modernise the existing steam production system, but also to achieve benefits in terms of **lower pollutant emissions**. With reference to the comparison with existing steam production systems, it is estimated that when under ordinary circumstances, there will be a reduction of around 60% in nitrogen oxides (NO_x) and an almost total reduction in parameters such as SO_x and dust.

At the **Ravenna, Casalmaggiore and Lomagna** plants, **photovoltaic systems** have been active since 2009 on the factory roofs. Also considering the **Trafital** plant (active since 2012), the total installed capacity is 3.453 MWp, and the energy produced and totally self-consumed since the start-up of the plants is 33.9 GWh, representing an estimated environmental benefit of 10,489 t of CO₂ emissions avoided.

By 2025, additional photovoltaic systems are planned to be installed at other production plants (assessments are under way for the Pozzolo Formigaro site as well as detailed designs for the Contino and Forlimpopoli sites) for a total potential of at least 35 MWp, of which 13 MWp for self-consumption, so as to considerably increase the contribution from renewable sources. A feasibility study regarding the construction of a photovoltaic plant is also being evaluated at the Ergene plant in Turkey.

A “**green**” **supply contract** is in place in some foreign plants, regarding the supply of electricity from renewable sources, with particular reference to **Marcegaglia Poland** and **Marcegaglia UK**, a method that is expected to be adopted in several Italian companies as well.

Transport

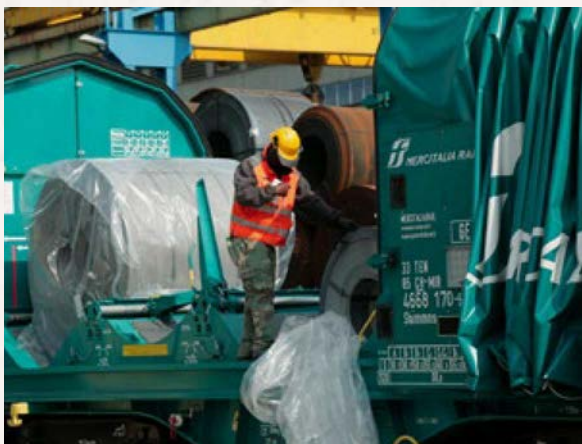
The **port quay at the Ravenna plant**, with over 3.5 million tonnes handled each year, and the **internal rail networks at San Giorgio di Nogaro and Ravenna**, constitute the main hubs of Marcegaglia Steel SpA's integrated logistics network, which, together with road transport, allows more than 12 million tonnes of steel to be moved between the Italian plants every year.

In the Marcegaglia world, the Ravenna plant is the largest metallurgical plant and the most important logistical and intermodal hub for the industrial and commercial activities of its production chain: as a result, the **port quay** for coil handling, effectively serving as a receiving point for raw materials and shipments, is **being extended**. Also in cooperation with the Port Authority, the seabed depth is currently being adapted in order to allow for

the transit of different types of ships and thus **optimise maritime traffic**: this transformation, together with an investment of around 6 million euros for the installation of a **new crane**, should be completed by October 2023.

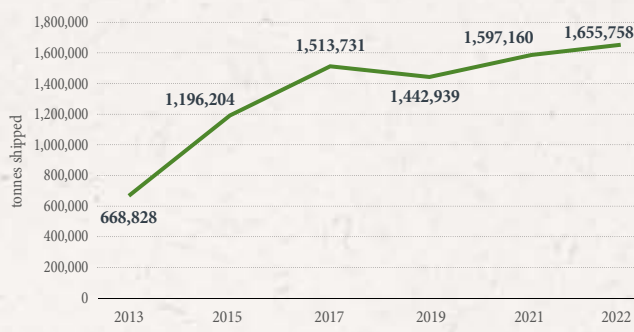


Also at the **Ravenna plant**, for many years now preference has been given to the use of railways to improve handling of incoming and outgoing goods: this project began in 2013 with the shipment by train of over 600 thousand tonnes of material per year, and has been expanded each year to reach nearly 1.7 million tonnes in 2022. All this has led to a reduction in road transport with consequent tangible benefits on road traffic and related atmospheric emissions.





RAVENNA - SHIPMENTS BY TRAIN



TARGET

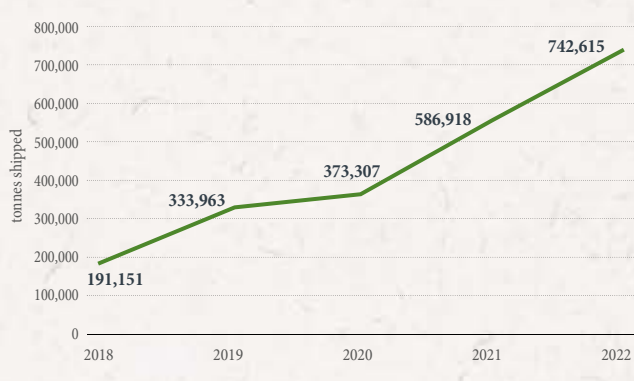
2million

Consistent with the investments in rail infrastructure, the goal of the Ravenna plant is to **further increase rail capacity** to 2 million tonnes per year by 2028.

At the **San Giorgio di Nogaro plant**, in four years, road haulage of over 2.2 million tonnes of slabs has been avoided thanks to the use of barge transport from the Port of Monfalcone to the Nogaro Port and the enhancement of rail transport.



SAN GIORGIO DI NOGARO - SHIPMENTS BY TRAIN AND BY BARGE



TARGET ACHIEVED

In San Giorgio di Nogaro, for the handling of raw material and finished product, the target was set to further increase capacity by train and barge to 700 thousand tonnes per year in less road haulage: we have done even more, **surpassing expectations by 6%**.

Overall, Marcegaglia Steel reduced CO₂ emissions by a further 2% in 2022 compared to the previous year. The use of rail transport instead of road transport has made it possible to avoid the emission of 12,752 tonnes of CO₂ equivalent into the atmosphere, particularly with reference to transport managed by Mercitalia Rail Srl, Rail Cargo Logistics Srl and DB Cargo Italia Services Srl on behalf of Marcegaglia Carbon Steel, Marcegaglia Specialties, Marcegaglia Palini e Bertoli and Marcegaglia Plates.

With regard to **internal logistics**, i.e. the handling of raw materials and semi-finished steel products within plants, the emission impact of internal transport has improved considerably in recent years thanks to the **increasing use of intelligent electric handling devices**, which optimise internal handling by reducing the length of routes and, consequently, the use of fuel and the relative pollution.

The main logistics automation systems that have been and are being used are:

- **Roll trailers**, i.e. movable trolley systems that can be detached from tractors and positioned in strategic areas of the plant. In Ravenna, the inclusion of these trolleys has made it possible to reduce traditional handling equipment, decreasing recourse to a few diesel-fuelled tractor units handling numerous roll trailers;
- **AGVs**, i.e. electrically powered smart trolleys, to move material by mapping a predefined route;
- **Automatic warehouses** for the transfer of semi-finished products from warehouses to production lines and/or vice versa;
- **Satellite mapping of coil and slab handling equipment**: a GPS tracking system that locates the position of raw material handling equipment and minimises the distance between storage warehouses and process lines.

The most significant intervention implemented already from mid-2022 and which will be extended through further implementations in both 2023 and 2024 is the **ongoing development of automated warehouses and internal logistics at the Ravenna plant**, with an investment of almost 7 million euros. Positive impacts will also be seen in terms of operator safety, with a concrete reduction in risks associated with the handling of semi-finished steel products, and the environment, as this electrification will allow for a reduction of emissions from fuel combustion.

Atmospheric emissions *GRI: 2-27, 3-3, 305-1, 305-2, 305-4, 305-7*

The production activities carried out at Marcegaglia Steel SpA sites involve atmospheric emissions typical of steel processing companies. Italian and foreign plants are considered similar in terms of both raw materials used and the type of air emissions. Work has been going on for years to reduce dust emissions by evolving abatement systems and modernising production facilities.

NO_x and CO₂ are the parameters that characterise this environmental matrix in almost all steel plants. Programmes for **monitoring air quality, healthiness of working environments and individual emission points** are active in compliance with the requirements of authorisation acts issued by territorially competent authorities both in Italy and abroad.

Specifically, there are 8 sites in Italy managed with Integrated Environmental Authorisation: Ravenna, Forlì, Boltiere, Rivoli, both sites in Gazoldo degli Ippoliti and both sites in San Giorgio di Nogaro. At the remaining plants, the relevant national legislation applies. At all sites, environmental performance is continuously evaluated through a monitoring plan and maintenance of a certified environmental management system. Attention to emission abatement systems and periodic self-tests keep the impact on the air matrix under control even for foreign companies.

Regarding NO_x emissions, the ongoing energy efficiency projects on combustion systems are mentioned. In the case of specific processes involving the emission of parameters related to the use of auxiliary raw materials such as, for example, VOCs (Volatile Organic Compounds), a specific design approach is implemented to reduce emissions: a rotoconcentrator was designed and installed in Ravenna to absorb these compounds.

In view of the above and the energy efficiency activities relating to the planned combustion processes, it is useful to analyse the indicator trend over the last three years, taking into account the calculated mass flow of the NO_x and SO_x parameters in relation to tonnes sold.

YEAR	NO _x - Nitrogen oxides/Sales [kg/t]	SO _x - Sulphur oxides/Sales [kg/t]
2020	0.0644	0.0022
2021	0.0810	0.0026
2022	0.0859	0.0019

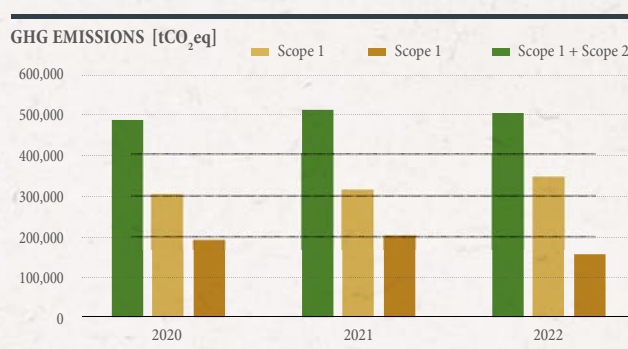
The trend sees a decrease in the mass flow of SO_x and a slight increase in the NO_x indicator, but only with the cogenerators operating under ordinary circumstances will more precise indications be available, as the above-mentioned mass flows are the result of calculations and not continuous measurements until the end of 2022.

With regard to CO₂ emissions, Marcegaglia Steel SpA participates with its main production sites in the European Union's Emissions Trading System (EU ETS), defined by Directive No. 2003/87/EC and adopted by the EU to control emissions and achieve CO₂ reduction targets in the main industrial sectors internationally. The Directive establishes that obliged entities must obtain a greenhouse gas emissions permit from the relevant national

authority and follow their annual reporting, certification, declaration and allowance surrender obligations.

Below is the trend over the three-year period of GHGs (i.e., greenhouse gases) Scope 1 and Scope 2, from which CH₄, N₂O, HFC, PFC, SF₆, NF₃ gases are excluded as they are not relevant. The term “GHG Scope 1” is used to mean direct emissions from installations within the boundaries of the organisation due to the use of fossil fuels in production processes, emissions deriving from the combustion of fossil fuels in heating systems and those deriving from the consumption of fuel by company vehicles. GHG Scope 2, on the other hand, refers to indirect emissions from the withdrawal of electricity from the national grid. No heat and steam are imported.

GHG EMISSIONS [tCO ₂ eq]			
YEAR	Scope 1	Scope 2	Scope 1 + Scope 2
2020	301,847	188,202	490,049
2021	316,239	200,246	516,484
2022	343,228	162,732	505,960



To make the figure more meaningful, emission intensity, defined as the ratio of total CO₂ equivalent emissions, the sum of direct and indirect Scope 1 and Scope 2 emissions of the organisation for the reported scope, to **tonnes of product processed** and sold, was quantified.

The emission intensity on **tonnes processed**, in fact, refers to the total material processed, as each production site could process steel that has already undergone processing at other sites.

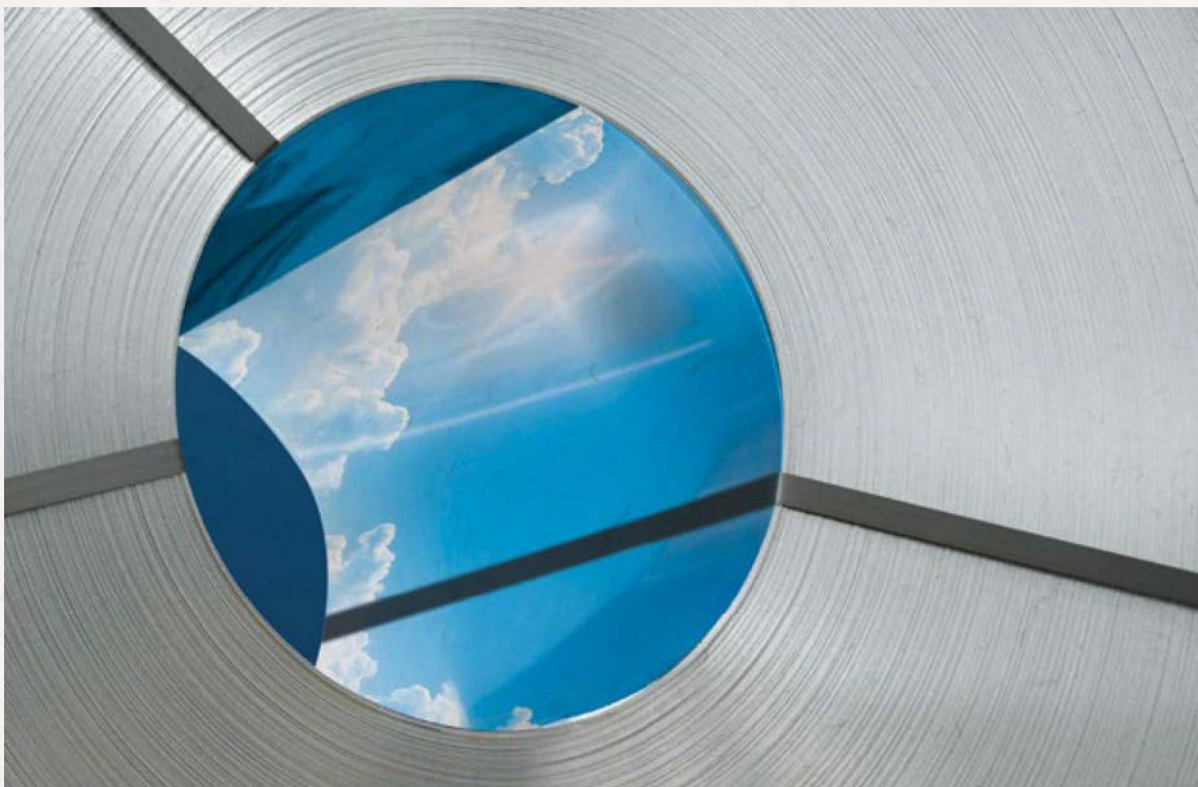
By contrast, the emission intensity on **tonnes sold** does not take rework into account and is therefore higher.

GHG EMISSIONS INTENSITY	
YEAR	[tCO ₂ eq/t processed]
2020	0.037
2021	0.036
2022	0.037
YEAR	[tCO ₂ eq/t sold]
2020	0.0893
2021	0.0871
2022	0.0907

After a gradual decrease in Carbon Intensity during the three-year period under consideration, leading to a 2.4% reduction in 2021 compared to the previous year, the 2022 figure was affected by the sharp drop in production, -6%, recorded during the year, and was also unbalanced by the very positive trend in heavy plate, a highly energy-intensive product. The two factors taken into account by the KPI are, in the numerator, CO₂ equivalent from energy consumption and, in the denominator, the sales figure. This is why the 2022 result was 0.0907, despite the fact that absolute CO₂ emissions decreased by 2%. Please note that if the steel market had not contracted in 2022 and sales had remained at the same levels as in 2021, the target of -1.5% per annum would have been achieved.

TARGET

Reduction, by 2025, by 6% of the carbon dioxide emission intensity compared to the base year 2021, through interventions in the field of logistics, internal handling, utilities, renewable energy and technological improvements aimed at increasing energy efficiency.



Together with other important manufacturing companies in the area, **Marcegaglia Ravenna** has joined the **Ravenna-Ferrara industrial hub decarbonisation plan** through a project for the construction of CO₂ capture and compression plants, aimed at permanent storage.

CO₂ capture is considered to be amongst the most promising technological levers, with the highest impact in terms of reducing emissions since:

- emissions from the "Hard To Abate" sectors, within which Marcegaglia operates, are linked to production processes; therefore, decarbonisation levers such as electrification and green fuels are not the only ones that can be activated to reduce most emissions;
- capture has the potential to reduce substantial CO₂ emissions at competitive costs.

The project to decarbonise the Ravenna-Ferrara industrial district is also a crucial initiative to reduce emissions in the entire Po Valley area, one of Europe's most polluted areas.

The planned transport and storage infrastructure includes:

- the transport of CO₂ captured from Italy and other Mediterranean countries, through pipelines owned by Snam or through shipments managed by third parties;
- the permanent storage of CO₂ in the Ravenna offshore facility managed by ENI and SNAM, two major energy players that have also developed in-depth studies on onshore and offshore transport, pipeline infrastructure up to the storage facility and further implementations.

One of the project's main objectives is to support the Emilia-Romagna region, particularly with regard to the Adriatico 2 Consortium, and the country as a whole, in order to create the **first Net-Zero district in Italy**. Marcegaglia Ravenna began participating in the initiative's development early on, considering it relevant to the Group's own decarbonisation goals.

The integration of the Carbon Capture plant with the Ravenna production site, particularly with the cogeneration plant located in the facility, has so far been assessed in a feasibility study conducted by qualified technology suppliers and EPC contractors, and will be further engineered in the course of 2023 with the detailed studies required to proceed with the subsequent executive phases.

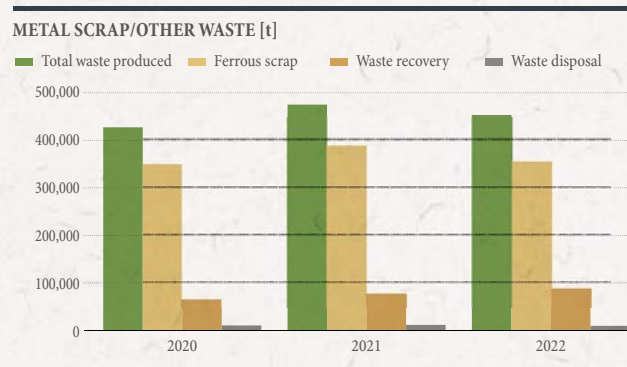
Waste management *GRI: 2-27, 3-3, 306-2, 306-3*

“From waste to resource” is the virtuous commitment made by Marcegaglia Steel SpA to give substance to the theme of reducing impacts. The strategic approach it takes is aimed at **recycling and recovering waste with a view to the circular economy** and giving new life to certain processing waste through the development of activities, projects and solutions to leverage industrial symbiosis.

Waste deriving from activities is always sent for recovery or disposal through authorised external facilities. The main ones consist of: scrap metal, iron oxide, rolling flake, sludge (metallic and sewage), used emulsions. As the first independent player in steel processing, Marcegaglia Steel SpA mainly generates metal scrap, which, as it consists of material which is fully recyclable without any degradation in quality, can contribute to the reduction of the overall environmental footprint by increasing recycled content. With this in mind, **scrap metal is sent to steel plants with electric arc furnaces that return this same waste in the form of semi-finished products, such as coils, contributing to achieving a fully circular process.**

Furthermore, in 2022, Marcegaglia Steel SpA generated approximately 5,250 tonnes of by-products such as, for example, “zinc matte” used in the production of zinc oxide or new zinc alloys (zamak) and “ferrous sulphate” (iron sulphate heptahydrate) generally used in agricultural and livestock products.

In its production processes, the Group aims to reduce the quantity of waste with a twofold effect: **reducing the total volume of waste sent to the landfill and increasing the percentage of materials managed as by-products.** The ultimate goal is **to make products increasingly sustainable.**



In 2022, compared to the previous year, Marcegaglia Steel SpA recorded a decrease in total waste production proportional to the reduction in production volumes. However, it is necessary to note the very positive fact that there has been an **increase in waste sent for recovery and a decrease in waste sent for disposal.**

TARGET ACHIEVED

With the results achieved in 2022, Marcegaglia Steel SpA **achieved the target set in the first Sustainability Report**, which called for an **increase of 1% per year over the three-year period of waste sent for recovery.** To date, it has risen from 84.89% in 2020 to 88.27% in 2022.

The commitment to *industrial symbiosis* continues, with the advancement of the **project for the recovery and reuse of spent hydrochloric acid** for the surface treatment of carbon steel coils, started in 2021, with the dual effect of waste reduction and procurement.

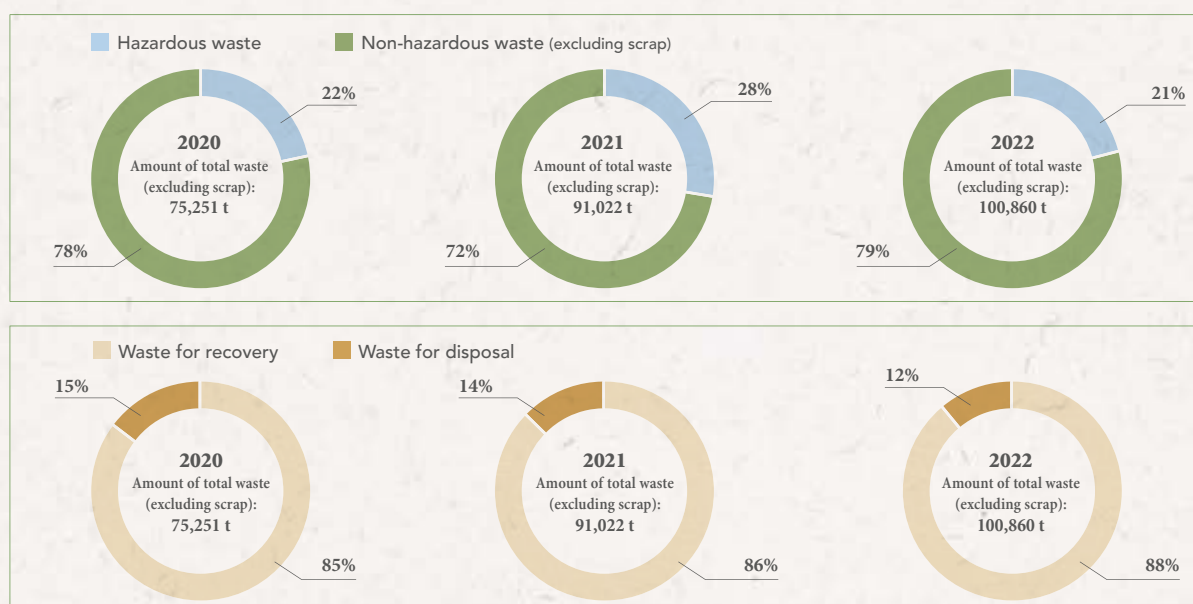
Below is a summary of the waste generated in the 2020-2022 three-year period:

WASTE GENERATED	2020 [t]	2021 [t]	2022 [t]
Total waste generated (P+NP)	427,047	476,440	454,122
of which scrap metal sent for recovery	351,796	385,417	353,262
of which waste sent for disposal or recovery	75,251	91,022	100,860
Total hazardous waste	16,671	25,229	20,816
Hazardous waste for recovery	6,013	13,837	10,038
Hazardous waste for disposal	10,657	11,392	10,778
Total non-hazardous waste (excluding scrap)	58,580	65,793	80,044
Non-hazardous waste for recovery	57,865	64,681	78,986
Non-hazardous waste for disposal	715	1,112	1,058

At some foreign sites, under current legislation, ferrous scrap is not considered waste.
For better data analysis and comparability, in this table, it is considered as such, in line with European regulations.

Only **2.6% of waste**, including ferrous scrap, is sent for disposal.
Excluding ferrous scrap, 11.7% of total waste is sent for disposal (-3.38% compared to 2020 and -2.00% compared to 2021).

The following graphs detail the breakdown of waste, excluding scrap metal:



A number of new projects were started in 2022, some of which have already been completed and some of which will be operational starting in 2023:

- a **partial revamping of the wastewater treatment system** was carried out at the **Marcegaglia Ravenna SpA** plant. This modification, together with other technical and operational adaptations and improvements, resulted in non-hazardous downstream waste suitable for recovery in other sectors. From January 2023 it is non-hazardous waste, managed with partners in recovery chains as a substitute for natural raw materials;



- at the **Marcegaglia Gazoldo Inox SpA** plant, a preliminary study was started on the **recovery of pickling acids**, the **recovery of metals as by-products** (Ni-Cr) and the resulting planned **reduction of waste produced by the purification of process water**. The soul of this project is reduce, reuse and recover.

Water GRI: 2-27, 3-3, 303-1, 303-2, 303-3A-B-D, 303-4A-C-D-E

Marcegaglia Steel SpA's water withdrawals are almost entirely (98% in the 2020-2022 three-year period) due to production purposes: steel processing activities entail **water consumption** mainly linked to **cooling phases (57.5%)**, which always occur indirectly (with the exception of hot rolling), and partly to the **implementation of process solutions (40%)**.

Marcegaglia Steel SpA does not make withdrawals from protected water resources and punctually reports the volumes of water consumed, at the times and in the ways required by local regulations. **No production sites are located in water-stressed areas.**

Water is supplied by drawing from groundwater or public aqueduct at all Italian and foreign plants of Marcegaglia Steel SpA. The use of groundwater abstraction occurs at sites located in towns that do not have an aqueduct network or in establishments located in isolated areas. At some sites there is a separate water supply system, where withdrawal from aqueducts is dedicated exclusively or predominantly for potable-sanitary purposes; the remaining production needs are met by withdrawal from groundwater, if the same is not identified as a resource to be protected by the territorially competent authority.

In the event of the need for new collection works, in-depth investigations are carried out to assess the impact on the local water system. Where necessary, feasibility studies are conducted for the reuse of storm water to reduce water withdrawals, and the reuse of already treated process water to simultaneously contain consumption and volume of discharges.

Water is considered a precious resource and closely related to the local context, especially in the last year characterised by low rainfall. Therefore, over the years, Marcegaglia Steel SpA has been committed to **implementing systems to reduce its consumption**, such as: **closed-cycle cooling towers, air instead of water exchangers, recirculation of process solutions** and the **reuse of properly treated process water**, when technically feasible.

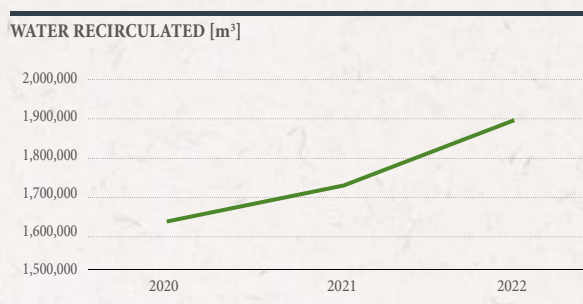
With the exception of the figure for 2020, characterised by the contraction of working regimes due to the COVID-19 emergency, in the 2021-2022 two-year period the data indicate a reduction in overall consumption:

	WITHDRAWAL FROM GROUNDWATER [m³]	WITHDRAWAL FROM AQUEDUCT [m³]	TOTAL WATER WITHDRAWALS [m³]
2020	3,148,815	1,511,245	4,660,060
2021	3,275,307	1,496,266	4,771,573
2022	3,136,856	1,402,507	4,539,363

Over the years, various technological solutions have been identified for the recirculation of water as part of cooling systems and the reuse of wastewater from production processes, such as the reuse of purified water for the creation of process solutions at the Boltiere plant (starting from 2022).

As a further indicator, the calculation of the percentage of water recirculated or reused in relation to the total withdrawal from groundwater and aqueducts is shown below, highlighting a positive trend in the growth of operations aimed at protecting water resources:

	WATER RECIRCULATED AND REUSED [m³]	WATER RECIRCULATED AND REUSED [%]
2020	1,649,108	35%
2021	1,739,356	36%
2022	1,896,182	42%



Regarding water discharges, at none of the Italian or foreign plants of Marcegaglia Steel SpA discharge is made into areas classified as water stress; all discharges take place either into public sewers or into surface water bodies, with the exception of the Tezze sul Brenta site (discharges deemed equivalent to civil wastewater discharged underground as per regular authorisation, for approximately 200 cubic metres/year - average figure 2020-2022). The choice of destination is made according to both the type of effluent and the location of the production unit, and in any case according to local regulations and the provisions of the territorially competent authorities.

In the event of the development of new discharge points, during the design phase, compliance with requirements and the best available technologies is guaranteed, alongside the impact on the public sewage system; therefore, for rainwater, when possible discharge into surface water bodies is favoured, as required by the sewage system operators.

Compliance with the discharge limits, with reference to the regulations in force in each country, is controlled through periodic monitoring, as required by specific permits. There are no critical issues regarding any concentrations of priority substances of concern. The types of wastewater treatment systems installed upstream of the discharges are designed according to the processes carried out and are aimed at the abatement of specific characteristic parameters of process water. Therefore, treatment systems such as those designed to remove oil or silt or more complex systems consisting of specially designed chemical-physical and/or biological modules can be found in the plants.

Below, data on **discharges** in the two main intended destination types is given. Leaving aside the figure for 2020, which is certainly unique due to the COVID-19 pandemic, between 2021 and 2022 there was a decrease in the **overall volume sent to both sewers and surface water bodies**.

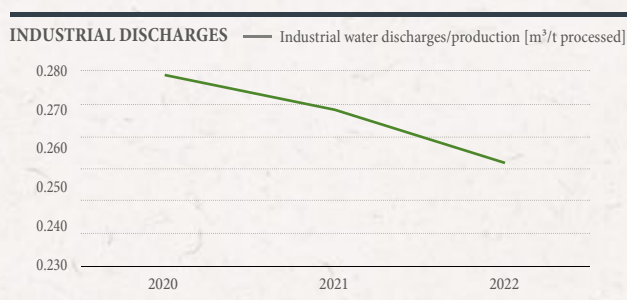
	DISCHARGES INTO SURFACE WATER BODY [m³]	DISCHARGES INTO PUBLIC SEWERS [m³]	TOTAL VOLUME OF DISCHARGES [m³]
2020	2,728,561	400,389	3,128,950
2021	2,897,776	423,049	3,320,825
2022	2,583,305	357,488	2,940,965

The following table shows data on **industrial wastewater discharged**, broken down by address, normally measured through meters, with a focus on discharges from plants equipped with a company wastewater treatment plant: the Italian sites of **Marcegaglia Ravenna**, **Marcegaglia Gazoldo Inox**, **Marcegaglia Carbon Steel** (Boltiere and Rivoli plants) and **Marcegaglia Palini e Bertoli**, as well as the foreign sites of **Turkey**, **Poland** (limited to the Praszka site), **Brazil** and **Mexico**.

	INDUSTRIAL DISCHARGES* INTO SURFACE WATER BODY [m³]	OF WHICH FROM WASTEWATER TREATMENT PLANT [m³]	INDUSTRIAL DISCHARGES* INTO PUBLIC SEWER [m³]	OF WHICH FROM WASTEWATER TREATMENT PLANT [m³]	TOTAL VOLUME OF INDUSTRIAL DISCHARGES* [m³]	INDUSTRIAL* WATER DISCHARGES/PRODUCTION [m³/t PROCESSED]
2020	2,724,421	2,048,008	296,464	110,812	3,020,885	0.278
2021	2,893,816	2,239,380	326,217	125,673	3,220,033	0.268
2022	2,573,385	1,977,431	286,659	150,715	2,860,044	0.252

* Industrial discharges include process and cooling water

The graph depicts the ever-decreasing ratio of wastewater produced to tonnes processed.



The **goal of reducing water consumption at the Italian plants** has been achieved through various actions implemented over the years, the most recent ones of which include:

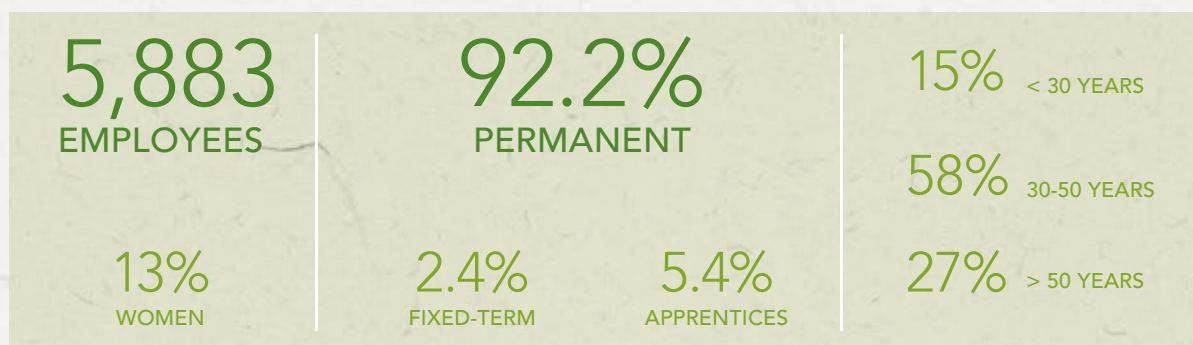
- **rationalisation of the cooling system** using evaporation towers serving several production lines, like at the Forlì and Gazoldo degli Ippoliti plants, and the relative modernisation, which took place in 2022 in Ravenna and Forlì, with higher performance plants in line with technological development;
- use of **chillers instead of water exchangers**, particularly at the tube plants;
- optimisation, in Gazoldo degli Ippoliti and Ravenna, of the use of **process water** before final delivery to wastewater treatment systems;
- adoption of technologies to **extend the life of process solutions implemented** in Forlì, Gazoldo degli Ippoliti and Ravenna.

It should also be noted that as of June 2022, at the Boltiere plant, part of the wastewater treated by a special treatment plant dedicated to industrial effluents is reused in the pickling plant washing tanks, significantly increasing the **percentage of reuse of groundwater resources**.

At the foreign plants, the protection of water resources has been promoted by **raising employee awareness** on the issue (Brazil) and special plans to **avoid waste** (Zero leaks programme in Mexico), while future activities are planned such as the **use of rainwater** in Brazil to reduce the exploitation of groundwater and the reuse of wastewater subsequent to adequate treatment in Mexico.

9. MARCEGAGLIA PEOPLE

GRI: 2-7, 2-8, 2-19, 2-20, 2-27, 2-28, 2-30, 3-3, 401-1, 405-1



The figures confirm the historical trend of the Marcegaglia Group again in 2022, with a slight decrease, less than 1%, in the number of employees. The **most representative age group** is the **30-50 years**, which alone accounts for more than half of all employees. The **female presence** within Marcegaglia is still modest, but **significant**, considering the small proportion of women working in the steel industry, especially in Italy. The relationship with employees favours **open-ended contracts** that provide employees with greater guarantees and protection. The Group has been able to achieve growth that is increasingly ambitious in numbers, but just as inclusive and attentive to ethical values, social and environmental protection and a culture of health and safety. Respect, passion, a sense of responsibility and belonging are the keys that characterise relationships in the company at all levels.

At Marcegaglia, **each person is placed at the centre**, to make them an active part of a project that expands far beyond the workplace. It looks ahead, promoting **diversity, fairness and inclusion** with the aim of building the best possible working environment and making everyone feel like they are playing a key role within the Group. The development of personal qualities and transversal skills, the resource productivity, the level of involvement and collaboration among colleagues, and team building are essential tools for the human and professional growth of employees, whose role is fundamental to the success of the company. The **development of people** is built both through the support of experts in the field and through training, carried out using all available methods (face-to-face, e-learning, on-the-job), also by creating ad hoc paths for each employee.

2022 EMPLOYEES OF MARCEGAGLIA STEEL SpA		
ITALY	3,985	67.7%
ABROAD	1,898	32.3%
TOTAL	5,883	



The total number of employees must also take into account workers who are not employees, amounting to more than 1,200, who complement the workforce present at Group sites. This number includes employees of companies that collaborate on a permanent basis within the Group's production units, handling portorage, logistics, canteen services, maintenance, carpentry and packaging.

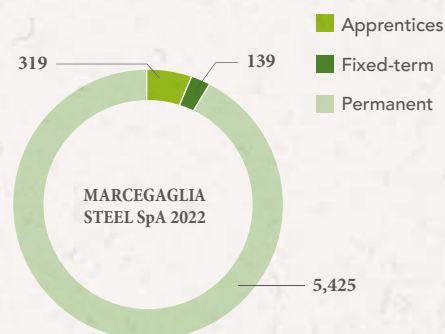
Social responsibility is an integral, natural and shared part of the corporate culture, with requirements including: absence of Child Labour; refusal to use Forced or Compulsory Labour even at its suppliers; constant commitment to continuous improvement of Workers' Health and Safety; Freedom of Association and the Right to Collective Bargaining; attention to Equal Opportunity against Discrimination; and careful management of Disciplinary Practices, Working Hours and Remuneration.

The reference International Standard for these matters is **SA8000**, under which the **Management System**, present and active at all Italian plants and certified in April 2022, was developed. As part of the commitment to continuous improvement, the objective is to extend the scope of certification to the newly acquired Trafital SpA and to continue engagement and awareness raising activities concerning the ethical and social behaviour of all stakeholders, particularly suppliers.

Analysing the types of contract present in the Group, it can be seen that the open-ended contract is favoured over the other forms of contract, apprenticeships and fixed-term contracts, used for job placement.

CONTRACT TYPE - MARCEGAGLIA STEEL SpA

YEAR	APPRENTICES	FIXED-TERM	PERMANENT	TOTAL
2020	140	228	5,544	5,912
ITALY	105	2	3,818	3,925
ABROAD	35	226	1,726	1,987
2021	321	252	5,371	5,944
ITALY	270	46	3,618	3,934
ABROAD	51	206	1,753	2,010
2022	319	139	5,425	5,883
ITALY	239	52	3,694	3,985
ABROAD	80	87	1,731	1,898



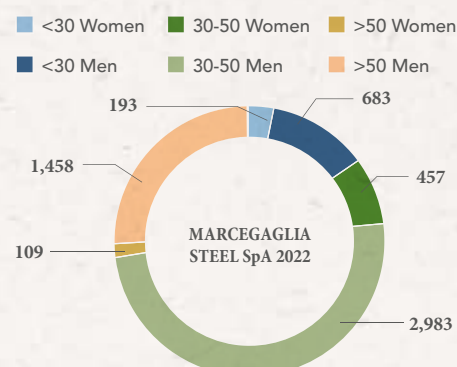
Aware of the need for the increasingly active engagement of employees and collaborators, Marcegaglia aims to **guarantee an environment favourable to social dialogue**, playing a fundamental role in shaping the future of work and providing space for constructive dialogue with workers' representatives and social partners. In addition, collective bargaining agreements are applied to 100% of the workforce: the **Category Contract** (national collective bargaining agreement for the metalworking industry), the **Company Supplementary Agreements** and the **Code of Ethics** are applied at all Italian sites; the latter also applies at the foreign sites, where collective bargaining is active in accordance with regulations in force. These same contracts are referred to for remuneration policies.

For Marcegaglia, a constant and constructive relationship with the trade unions and company representatives is an added value that allows the Company to take a leading position in its sector.

Following are tables showing the composition of the company's workforce divided between men and women, by age group and contractual classification. For the sake of completeness of information, data from Marcegaglia Holding – which is excluded from the scope of this Report – which carries out the centralised activities of management control, economics and finance, HR management, legal department and purchasing department, as well as being the headquarters of some technical areas, are also available.

MARCEGAGLIA STEEL SpA AND MARCEGAGLIA HOLDING Srl - 2022

AGE	<30		30-50		>50		
Total	876		3,440		1,567		
	Women	Men	Women	Men	Women	Men	Tot.
Total	193	683	457	2,983	109	1,458	5,883
ITALY	9	389	106	2,228	53	1,200	3,985
ABROAD	184	294	351	755	56	258	1,898
Marcegaglia Holding	4	4	23	42	22	43	138



Focusing on the governance bodies of all companies in the reporting scope, taken together, the percentage of women is 21%. Specifically, the breakdown by age group is such that 16% are aged between 30 and 50, while 84% are over 50.

MARCEGAGLIA STEEL SpA AND MARCEGAGLIA HOLDING Srl - 2022

CATEGORY	EXECUTIVES		MIDDLE MANAGERS		WHITE COLLARS		BLUE COLLARS		TOTAL
	Women	Men	Women	Men	Women	Men	Women	Men	
Total	9	45	14	78	356	995	380	4,006	5,883
ITALY	1	33	4	57	153	680	10	3,047	3,985
ABROAD	8	12	10	21	203	315	370	959	1,898
Marcegaglia Holding	2	11	2	10	45	68	0	0	138

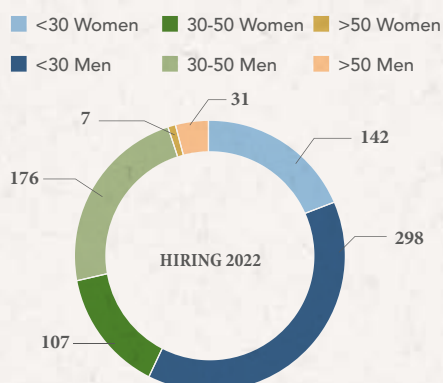


As regards the values of entries and exits for the last three years and the turnover rate for 2022, it should be noted that the percentages related to foreign companies, mainly related to Colombia and Mexico, are related to the application of local regulations regarding fixed-term contracts that are renewed from year to year. The detailed data are provided below.

HIRING - MARCEGAGLIA STEEL SpA

AGE		<30		30-50		>50		TOT
YEAR		Women	Men	Women	Men	Women	Men	
2020	Marcegaglia Steel	121	252	61	128	3	21	586
	ITALY	2	21	3	27	1	14	68
	ABROAD	119	231	58	101	2	7	518
2021	Marcegaglia Steel	175	345	89	198	5	25	837
	ITALY	3	112	5	60	0	8	188
	ABROAD	172	233	84	138	5	17	649
2022	Marcegaglia Steel	142	298	107	176	7	31	761
	ITALY	2	121	5	83	1	9	221
	ABROAD	140	177	102	93	6	22	540

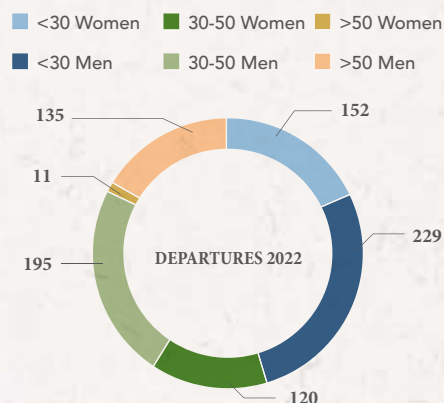
CATEGORY		EXECUTIVES		MIDDLE MANAGERS		WHITE COLLARS		BLUE COLLARS		TOT
YEAR		Women	Men	Women	Men	Women	Men	Women	Men	
2020	Marcegaglia Steel	0	1	1	5	45	117	139	278	586
	ITALY	0	0	1	3	5	23	0	36	68
	ABROAD	0	1	0	2	40	94	139	242	518
2021	Marcegaglia Steel	1	0	0	5	56	91	212	472	837
	ITALY	0	0	0	3	8	20	0	157	188
	ABROAD	1	0	0	2	48	71	212	315	649
2022	Marcegaglia Steel	1	1	1	4	49	89	205	411	761
	ITALY	0	0	0	3	8	21	0	189	221
	ABROAD	1	1	1	1	41	68	205	222	540



TERMINATIONS - MARCEGAGLIA STEEL SpA

AGE		<30		30-50		>50		TOT
YEAR		Women	Men	Women	Men	Women	Men	
2020	Marcegaglia Steel	89	168	79	148	7	119	610
	ITALY	1	14	4	32	3	100	154
	ABROAD	88	154	75	116	4	19	456
2021	Marcegaglia Steel	166	299	89	212	8	156	930
	ITALY	1	28	2	43	0	127	201
	ABROAD	165	271	87	169	8	29	729
2022	Marcegaglia Steel	152	229	120	195	11	135	842
	ITALY	2	43	6	76	4	103	234
	ABROAD	150	186	114	119	7	32	608

CATEGORY		EXECUTIVES		MIDDLE MANAGERS		WHITE COLLARS		BLUE COLLARS		TOT
YEAR		Women	Men	Women	Men	Women	Men	Women	Men	
2020	Marcegaglia Steel	0	3	1	7	29	71	145	354	610
	ITALY	0	2	1	7	7	23	0	114	154
	ABROAD	0	1	0	0	22	48	145	240	456
2021	Marcegaglia Steel	2	1	1	9	45	169	215	488	930
	ITALY	0	1	0	6	3	43	0	148	201
	ABROAD	2	0	1	3	42	126	215	340	729
2022	Marcegaglia Steel	3	2	0	6	58	127	222	424	842
	ITALY	0	1	0	5	12	40	0	176	234
	ABROAD	3	1	0	1	46	87	222	248	608



TURNOVER - MARCEGAGLIA STEEL SpA

	Average annual employees	2022					
		Overall turnover	Women	Men	<30	30-50	>50
ITALY	4,027	11.3%	0.5%	10.8%	4.2%	4.2%	2.9%
ABROAD	1,874	61.3%	27.7%	33.6%	34.85%	22.8%	3.6%
Total Marcegaglia Steel	5,901	27.2%	9.1%	18.0%	13.9%	10.1%	3.1%

10. CULTURE OF SAFETY, HEALTH AND WELLBEING

GRI: 2-27, 3-3, 403-1, 403-9

Protecting employee health and safety is a crucial aspect for Marcegaglia's long-term success. With this in mind, the dissemination of a continuously expanding culture of safety, health and well-being for all direct and indirect Group employees is promoted, a priority objective pursued in synergy with other corporate targets.

In this regard, it is worth mentioning the **"Steps4Future"** campaign: for the first time, the activities that Marcegaglia has been engaged in for several years now concerning worker training and awareness raising programmes on health and safety issues have been unified. At the end of 2022, the dissemination of this campaign to all plants, both in Italy and abroad, began with **posters being displayed in all Group languages**.

The effort focused on significant sustainability issues in the company-employee relationship: **the protection of health and safety, waste reduction and management and saving energy**.



In addition to this initiative, the specific campaigns/activities of each individual plant are mentioned below:

- in Garuva, **Brazil**, both the DDS-Safety Dialogue, in which the site manager discusses occupational safety issues with staff members on a biweekly basis, and the conference cycle (SIPAT) on safe behaviour are continuing;
- in Vladimir, **Russia**, first aid skills and special training for executives and department managers were provided to ensure the safety of employees and workers while at work;
- in Ergene, **Turkey**, emphasis was placed on fire and emergency drills as a tool for risk prevention and management;
- in Queretaro, **Mexico**, special attention is paid to monthly health and safety awareness activities.
- the “Zero Accidents Project” is still active in **Ravenna**, with the aim of stimulating the interest of workers and increasing their awareness of compliance with the rules for the protection of health and safety at work, raising the level of awareness of individuals and consolidating rules and correct behaviour.
- at the **Gazoldo degli Ippoliti** plant, the 6S method is applied, oriented towards maximum efficiency and quality in processes and products to identify and eliminate the root causes of near misses and develop preventive and improvement actions across all departments.
- at the **Forlì** plant, the BBS project is active to reduce accidents, with major involvement on the part of plant management, the SPP (Prevention and Protection Service) and senior management.

An important activity at the Italian sites is the constant coordination between the **Prevention and Protection Services**, aligned with the owners’ joint desire to maintain a common thread, also highlighted by the **Integrated Management Systems** that, together with the policies, define the Group’s guidelines.

The well-established goal is to **reduce the number of accidents at work** with the guarantee of working in a healthy and safe environment. In 2022, compared to the previous year, the number of **accidents fell from 205 to 190**. The trend of accident ratios, identified according to the UNI 7249 standard and calculated on the basis of 1,000,000 hours worked, highlights the effectiveness of the efforts made towards the **ambitious goal of “zero accidents”**. A comparison of the 2021 and 2022 data, leaving aside the pandemic figure, confirms the trend towards a decrease in the overall number of accidents, with a gradual decline over time of the associated indicators (frequency, incidence, severity). Please note that as of July 2022, Trafital Spa also became part of Marcegaglia.

Year	n° of hours worked	Frequency index	Severity index	Incidence index
2019	10,908,937	21.82	0.49	40.09
2020	9,914,927	18.36	0.37	31.72
2021	10,294,634	19.91	0.41	34.75
2022	10,392,555	18.28	0.46	32.87

In 2022, no fatal accidents were recorded either in Group companies or in companies operating at these sites under contract. These companies are assessed with regard to their technical fitness and managed by formalising detailed obligations on occupational safety and interference risk management in the contracts. The technical suitability of outside firms is verified by checking the regularity of: the administrative documentation regarding the possession of the correct technical and professional requirements; the salary and contractual situation of the personnel employed; the appropriate training with respect to the tasks performed; the suitability of the equipment used; and any subcontracting. For the management of contracted activities, whose operations take place under work permits, coordination meetings are held with the supervisors of the firms involved at the start of and during the activities to cooperate in reducing risks to the lowest attainable level.

In addition, at each site, as they enter, visitors and drivers are provided with precise **multi-lingual information** (printed or video) on proper conduct, **rules** to be followed, **road conditions**, **personal protective equipment** to be used, and directions to be followed in case of **emergency and evacuation**.



11. THE COMMITMENT TO DEVELOPMENT AND INCLUSION

GRI: 201-1

The **relationship between the Company and the territory** was created from the very beginning, thanks to work of the Founders, Steno and Mira Marcegaglia, and has been strengthened over the years by structuring itself into multiple activities for the benefit of the community.

CASA MARCEGAGLIA

Casa Marcegaglia is a **permanent museum** on a 1,300 square metre site at the Group's headquarters in Gazoldo degli Ippoliti. The aim is to recount, through a **dynamic and emotional narrative**, the story of the founder, Steno Marcegaglia, and the company across its entire evolution. A space to celebrate the past and discuss the present, without looking away from the future to create the right gateway into the Marcegaglia world, which is steel, but also family, values and planning.



MARCEGAGLIA ACADEMY

Marcegaglia Academy represents the sharing and amplification of **corporate know-how**, a highly specialised educational crossroads and a **digital library** which acts as a continuously updated historical and technical archive. The project aims to build a place of **higher education** for the Group's internal employees and collaborators and for a broad range of external users: from customers to suppliers, from professionals to citizens, from teachers to secondary school and university students. A cultural hub as well that is not only at the service of the company, but also at the full disposal of its territory to grow people's knowledge, starting with the younger generation, and enable them to express their potential to the fullest with greater awareness and self-confidence. The challenge is to share and increase technological and steel expertise, keeping up with the latest process and product innovations, while fostering networking with the Italian and international steel industry.

MARCEGAGLIA APP

With a view to involving all Stakeholders, the **Marcegaglia App** has been developed and made available on all major platforms, within which users can easily read the news as well as access multimedia content to visit Casa Marcegaglia.



In the Mantua area, from where everything started and where the Group's headquarters are still based, several initiatives were born and are renewed every year.

These include a partnership with the **Mantua Festivaletteratura**, support for the activities of the **Palazzo Te Foundation**, the **Postumia Association** and the **Chamber Orchestra**; the “**Dialogues of Contemporary Theatre**” **Review of cinema del carbone** also from Mantua.

Also of note is support for **FAI**, the Italian Environmental Fund, as well as for a variety of sports, social and cultural activities, including sponsorship of the **Ravenna volleyball team** and the **Artusiana Festival in Forlì**, which are worth mentioning.



Festivaletteratura

FONDAZIONE PALAZZO TE



oficina
OCM

il cinema del carbone
circolo cinematografico



FAI

FONDO
AMBIENTE
ITALIANO

Festa Artusiana
cultura a tavola

In **Albarella Island** there are several initiatives carried out with local associations representing the **world of sports**. Starting with the already established and reconfirmed relationship with **Rugby Rovigo Delta**, the 2020/21 Italian Champion. This is joined by experiences with **Pugilistica Rodigina**, which, in addition to holding the Boxing Tournament, this year created a unique youth event, the Criterium, with many young boxers

participating, as well as a series of lessons with gloves for all fans. For the third consecutive year, with the **Rovigo Skating Club** the **“Albaroller,”** a festival on skates involving adults and children on the streets of the island, was organised. A rich spring programme within which the Happy Sport section promoted various sports activities, from FitPilates to Zumba, from the Pink Ribbon Walk to raise awareness concerning breast cancer prevention, to Wings for Life to support research into spinal cord injuries. Another important event that takes place every year is the **“Biciclettando”** event, which has always promoted sustainability by encouraging the use of bicycles, among the most useful and green means of travel on the island and beyond. The island’s landscape was enriched by the Nature Art work by international artist Nils-Udo, **“White Sea”**, completing the Immersed in Nature project and symbolising the innocence of nature itself.

In **Ravenna**, thanks to the Group’s invaluable support, the city was able to purchase *Sacral*, by Edoardo Tresoldi, which thus became part of the collections of the city’s Art Museum, the first public museum institution to acquire one of the artist’s works.

Finally, at the initiative of the founders Steno and Mira, it is a long-standing practice of the Marcegaglia family to award employees of Group companies who have accrued 25 years of activity with a **gold medal** as a gesture of thanks for their dedication and attachment to the Company. The ceremony is held annually at the Gazoldo degli Ippoliti headquarters. In 2022, 138 employees reached a “quarter century” of corporate loyalty.

In **Garuva, Brazil**, donations continue to be made to the following institutions: Senior Citizens Association, Family Support Centre Association, Our Lady of the Poor Association, Association of Parents and Friends of Exceptional Children (also Penha’s), and the municipal government. The support, in cooperation with employees, also continues by offering **assistance to the local community**. In addition, student visits to the plant resumed with the aim of providing technical and practical experience focusing on the area of interest of the school concerned.

In **Mexico**, at the **Queretaro** site, the **“Support for kindergarten”** and **“retirement home”** projects began.

The Polish plants in **Kluczbork** and **Praszka** continue to finance an **internal social fund** with the intention of supporting workers if they have health problems, as well as for recreational activities that make it possible to create shared value. The commitment also extends outside the scope of the company: for 2022, 100,000 złoty have been earmarked for sponsoring local sports activities, due to the awareness of the significance of such initiatives. Every year in the spring, an integration party is organised for workers and their families, which, in addition to its convivial nature, serves to create an occasion for colleagues to come together and feel like part of a team, intensifying their sense of belonging.

The plant in **Ergene, Turkey**, did charity work for **children’s medical care**. To foster engagement, add value and create an inclusive working environment, an annual summer and winter event is organised with the participation of both direct and indirect employees.

Marcegaglia Onlus Foundations

The Marcegaglia Onlus Foundation is a non-profit organisation established in **2010** at the behest of the Marcegaglia family to carry out solidarity interventions and international cooperation projects from a business and sustainability perspective.

The Foundation has chosen to target primarily the **female universe**, in the knowledge that women everywhere in the world constitute the real driving force behind the growth of their families and communities. Far from taking a welfarist approach, the Foundation works by providing beneficiaries with knowledge and tools to become creators of their own human and economic development themselves.

The Foundation acts as a project incubator, in partnership with local organisations selected based on criteria of reliability and knowledge of the target context. It selects and supports project start-ups that have potential to become virtuous and replicable models.

Projects in 2022

In 2022 the actions of the Marcegaglia Foundation focused on continuity and growth of ongoing projects to give new impetus to interventions after two years of the pandemic.

However, 2022 was also marked by the start of the **war in Ukraine**, which caused a humanitarian tragedy of vast proportions with consequences especially for the most fragile segment of the population.

Although by its nature the Foundation does not deal with emergencies, the severity of the situation made it necessary to take action by making a **concrete contribution to refugees fleeing the war**. The decision was therefore made to respond promptly to the call for partners on the ground and in Italy to make a contribution first in the emergency and then in the acceptance of refugees. Along with the Punto Missione Foundation, the Marcegaglia Foundation supported refugees in transit through Romania with food, medicine and transport and supported those who decided to stay longer. Thanks to a number of projects in Italy, between Mantua and Brescia, several families were welcomed and services were activated for the linguistic and educational integration of mothers and children.



Rwanda: a decisive year for poverty reduction

In **Rwanda**, where the Foundation has been active since 2013, support to communities in Bugesera district has involved **two macro areas of intervention (poverty reduction and education and child protection)**, with **16 different support activities** managed directly by the contact persons on site and in synergy with the local government.

Thanks to the interventions deployed during the year, 1664 children, 254 young people and 533 families improved their living conditions.

The **Education and Childhood Protection** programme saw the construction of a new centre capable of accommodating 160 children in addition to the one in Rilima, which opened in 2020. A further 4 ECDs were supported with maintenance activities and the provision of materials, and 15 teachers were able to participate in a skills development programme. In the fight against malnutrition, preventive action also continued with food parcels for at-risk children and school canteen support for older children.

The **Poverty Reduction programme** saw the continuation of the *One Cow* and *Three Goats* project with the inclusion of 46 new households, and the *Fruit Trees* project with the distribution of fruit trees to 400 families. Support for the training and vocational orientation of young people, which is essential for truly sustainable community development, also played an important part: 116 boys and girls were trained at the vocational centre in Rilima (hairdressers, seamstresses and welders), 78 young people received scholarships for vocational courses (nurses, cooks, baristas, logisticians, mechanics, plumbers, tourism workers) and 87 new businesses were started thanks to loans from the Microcredit project.



Finally, the **Zamuka experimental programme**, initiated in cooperation with the local government, was of great importance. It aims to bring families living in extreme poverty into decent living conditions within 30 months. By taking charge of the entire family unit and a holistic approach, it is indeed possible to include families in five “support packages” covering education, health, housing, training, agriculture and farming, and psychological support to embark upon a path of participatory empowerment towards a dignified and sustainable life. Zamuka’s initial results are encouraging, and the programme will be developed and extended as part of the 2023-2027 5-year strategic plan.



Italy: focus on training and work for women and young people

As always, there were many projects in Italy focused on **training and support for young people and women**. The *Motivo Donna*, *Selmi per la Sostenibilità*, *Resilio* and *Protocollo Zeus* projects and the two main projects related to Anti-Violence Centres involved and supported more than 500 people.

In 2022, the Foundation continued to support **Anti-Violence Centres in Mantua and Carrara** to reach, through their constant and valuable work in the field, women who are victims of violence and need help. In Mantua, 250 calls for aid, 64 women met, 32 women and 23 children welcomed in shelters, cultural mediation,



psychological and legal support services activated, and the Drittofilo tailoring workshop and shop in which 12 women now work.

In Carrara, the **DAFNE project for the empowerment of women victims of violence** has seen an enhancement of olive growing and beekeeping activities with the employment of 10 women and a strengthening of the network between public and private services and local businesses to support the employment of women in vulnerable conditions. Also in Carrara, the training activity for anti-violence centre operators was particularly significant, which was also opened to the centres in Salerno and Reggio Calabria and to the PUR (Responsible Men Project) centre, with a view to comparing and integrating the various services.

Employee engagement

As early as 2013, several initiatives were launched to bring the Foundation closer to Group employees. Among these, the **scholarships in memory of Steno and Mira Marcegaglia** aim to support the families of Marcegaglia employees in Italy by perpetuating the founders' sensitivity towards their employees and the social context in which the company operates. In 2022, **50 scholarships were awarded to children of Marcegaglia employees at the Italian offices** who are enrolled in secondary school and university and who have distinguished themselves due to their scholastic and academic performance.



12. OUR CERTIFICATIONS

GRI: 2-16, 403-1

Certified Management Systems

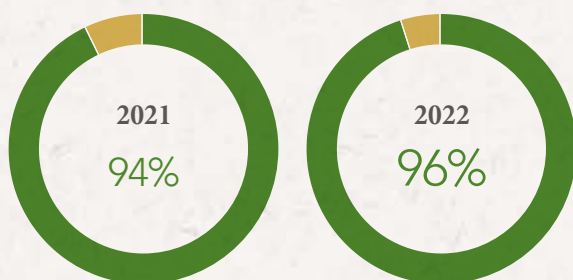
2022 was the year of **social responsibility certification according to the SA8000** standard, applied to all Italian sites of Marcegaglia Steel SpA's direct subsidiaries. The relative management system is focused on maintaining full respect for the principles of safeguarding human rights and workers' rights, and combating all forms of discrimination and inequality. The strength of the system implemented is its unambiguous way of reporting any critical issues, non-conformities or points for improvement, from which four indications emerged that were taken on board and managed according to the procedure in place.

In addition, the objective was achieved of completing **management system certification** according to ISO 14001 (environment), ISO 45001 (health and safety) at the Rivoli (TO) and Graffignana (LO) sites, and ISO 50001 (energy) at the same sites as well as at the Pozzolo Formigaro (AL) site.

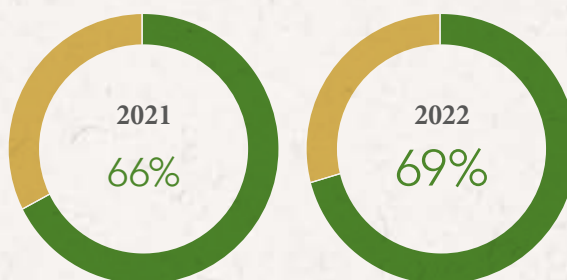
These results are only the latest steps in the established path of obtaining QHSEE certifications for the group companies, outlined since the 1990s with ISO 9001, with the aim of applying the logic of continuous improvement that has allowed us to achieve concrete results at operating level as well.

2023 expects to certify the HSEE (health, safety, environment and energy) and SA8000 integrated management system of the company Trafital SpA, acquired in the second half of 2022 by Marcegaglia Specialties SpA.

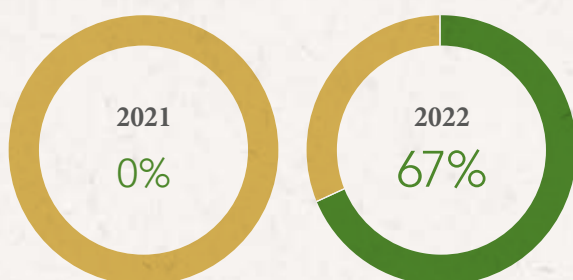
% ENERGY CONSUMED IN 50001 CERTIFIED PLANTS



% ISO 14001 CERTIFIED PLANTS



% STAFF WORKING IN SA8000 CERTIFIED PLANTS



STANDARD	BUSINESS UNITS	STANDARD	BUSINESS UNITS
9001	<ul style="list-style-type: none"> • Marcegaglia Carbon Steel (Boltiere, Casalmaggiore, Corsico, Dusino San Michele, Gazoldo degli Ippoliti, Lainate, Lomagna, Osteria Grande, Ravenna, Rivoli) • Marcegaglia Ravenna • Marcegaglia Specialties (Contino, Forlimpopoli and Gazoldo degli Ippoliti) • Marcegaglia Gazoldo Inox • Marcegaglia Plates • Marcegaglia Palini e Bertoli • Marcegaglia Buildtech (Milan, Pozzolo Formigaro and Graffignana) • Marcegaglia do Brasil • Marcegaglia Mexico • Marcegaglia Poland • Marcegaglia UK • Marcegaglia RU • Marcegaglia TR • Fagersta Stainless * • Marcegaglia Stainless Sheffield * • Marcegaglia Stainless Richburg * 	45001	<ul style="list-style-type: none"> • Marcegaglia Carbon Steel (Boltiere, Casalmaggiore, Corsico, Dusino San Michele, Gazoldo degli Ippoliti, Lainate, Lomagna, Osteria Grande, Ravenna, Rivoli, Tezze sul Brenta) • Marcegaglia Ravenna • Marcegaglia Specialties (Contino, Forlimpopoli and Gazoldo degli Ippoliti) • Marcegaglia Gazoldo Inox • Marcegaglia Plates • Marcegaglia Palini e Bertoli • Marcegaglia Buildtech (Milan, Pozzolo Formigaro and Graffignana) • Marcegaglia do Brasil • Marcegaglia UK • Fagersta Stainless * • Marcegaglia Stainless Sheffield *
14001	<ul style="list-style-type: none"> • Marcegaglia Carbon Steel (Boltiere, Casalmaggiore, Corsico, Dusino San Michele, Gazoldo degli Ippoliti, Lainate, Lomagna, Osteria Grande, Ravenna, Rivoli, Tezze sul Brenta) • Marcegaglia Ravenna • Marcegaglia Specialties (Contino, Forlimpopoli and Gazoldo degli Ippoliti) • Marcegaglia Gazoldo Inox • Marcegaglia Plates • Marcegaglia Palini e Bertoli • Marcegaglia Buildtech (Milan, Pozzolo Formigaro and Graffignana) • Marcegaglia do Brasil • Marcegaglia UK • Fagersta Stainless * • Marcegaglia Stainless Sheffield * 	50001	<ul style="list-style-type: none"> • Marcegaglia Carbon Steel (Boltiere, Casalmaggiore, Corsico, Dusino San Michele, Gazoldo degli Ippoliti, Lainate, Lomagna, Osteria Grande, Ravenna, Rivoli, Tezze sul Brenta) • Marcegaglia Ravenna • Marcegaglia Specialties (Contino and Forlimpopoli) • Marcegaglia Gazoldo Inox • Marcegaglia Plates • Marcegaglia Palini e Bertoli • Marcegaglia Buildtech (Pozzolo Formigaro and Graffignana) • Fagersta Stainless *
		SA8000	<ul style="list-style-type: none"> • Marcegaglia Carbon Steel (Boltiere, Casalmaggiore, Corsico, Dusino San Michele, Gazoldo degli Ippoliti, Lainate, Lomagna, Osteria Grande, Ravenna, Rivoli, Tezze sul Brenta) • Marcegaglia Ravenna • Marcegaglia Specialties (Contino, Forlimpopoli and Gazoldo degli Ippoliti) • Marcegaglia Gazoldo Inox • Marcegaglia Plates • Marcegaglia Palini e Bertoli • Marcegaglia Buildtech (Milan, Pozzolo Formigaro and Graffignana)

* Acquisitions 2023

Environmental Product Declarations (EPDs)

In 2016, Marcegaglia Steel SpA started a life cycle study of its products using the **LCA (Life Cycle Assessment)** methodology according to the ISO 14040 standard in order to assess the impacts of its semi-finished products, particularly with reference to the kgCO₂ equivalent per tonne of semi-finished steel processed using a cradle-to-grave approach.

Indeed, sector regulations aim to analyse the following impact categories at various stages of the life cycle (from supply to post-use, specifying the potential of the material's recovery): global warming (through CO₂ equivalent), ozone layer depletion, photochemical ozone creation, acidification, eutrophication, water use, abiotic fossil and non-fossil resources. These indicators refer to a reference functional unit, which for the steel processing world coincides with one tonne of processed material.

Since 2021, Marcegaglia Steel has established the objective of publishing the **EPD (Environmental Product Declaration)** for all product categories processed in its plants by 2024: this is a certified environmental declaration that makes explicit the environmental impact of the life cycle as indicated by the UNI EN ISO 14025:2010 standard, drawn up from the development of an LCA study and subject to third-party verification. The methodology adopted is designed to ensure the consistency of the study and the correct interpretation of the results reported according to the principles of transparency, comprehensiveness and scientific approach.

After the EPDs were published in 2021 concerning corrugated sheets and polyurethane foam and rock mineral wool insulated panels for roofs and walls, both products of Marcegaglia Buildtech Srl, in **2022** the declarations were drafted relating to:

- **Road barriers** produced by the company Marcegaglia Buildtech;
- **Profiled tubes** from hot strip and cold strip carbon steel produced in Marcegaglia Carbon Steel plants;
- **Flat products** (strips and sheets) from pickled, rolled, galvanised and pre-painted carbon steel coil produced in the plants of Marcegaglia Carbon Steel;
- **Heavy plates** produced by Marcegaglia Plates;
- **Heavy plates** produced by Marcegaglia Palini e Bertoli.

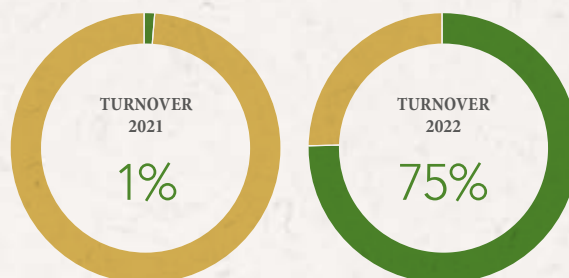
The following have already been issued at the beginning of **2023**:

- **Structural tubes** processed by Marcegaglia Poland;
- **Flat products** processed by Marcegaglia Poland.



This made it possible to grow from 1% of turnover from certified products in 2021 to 75% in 2022.

% PRODUCTS COVERED BY EPD



Plans for the future include the following:

- **Stainless steel tubes** produced at Marcegaglia Specialties SpA plants (2023);
- **Semi-finished stainless steel flat** products produced at Marcegaglia Specialties SpA plants (2023);
- **Carbon steel drawn products** produced at Marcegaglia Specialties SpA plants (2024);
- **Stainless steel drawn products** produced at Marcegaglia Specialties SpA plants (2024).

In relation to the objectives set, the situation is as follows:

EPD/year	2021	2022	2023	2024
Objective: number of EPDs to be issued	2	4	4	1
Status: number of EPDs issued	2	5		

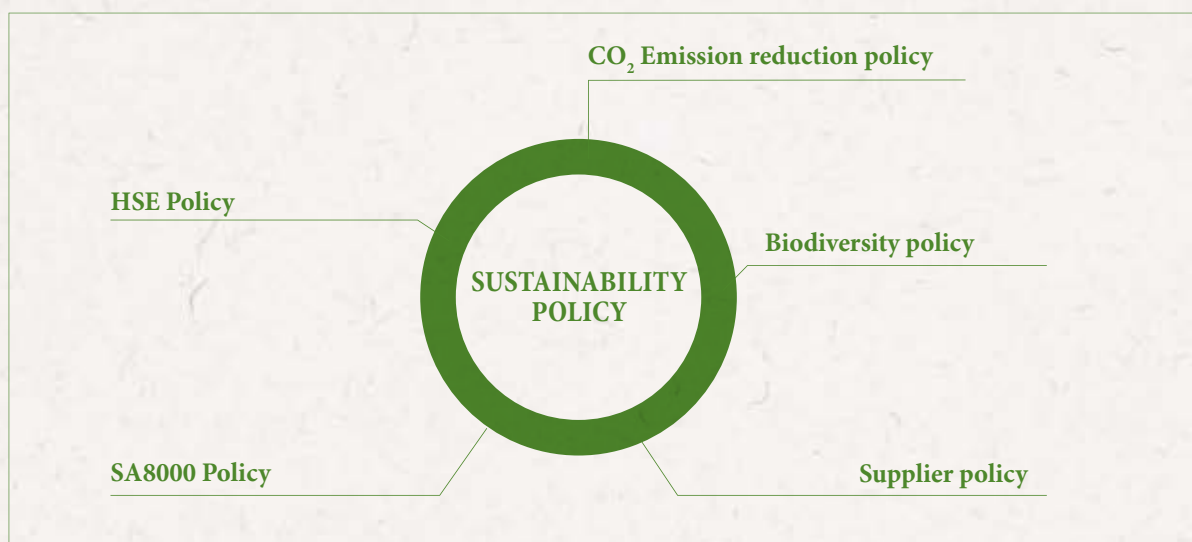
13. GOVERNANCE AND ITS TOOLS

GRI: 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-17, 2-18, 2-22, 2-23, 2-24, 2-25, 2-26, 2-27, 3-3, 205-2, 205-3, 206-1, 303-1

Our policies

The Marcegaglia Group's vision can be found in its **Sustainability Policy**, published in early 2022, which incorporates the main topics dear to the ownership: **Environment, Health and Safety, Energy and Social Responsibility**.

Also last year, policies reflecting a commitment to CO₂ reduction, a focus on Biodiversity and Supplier Management were made public, complementing those already in place on HSE and SA8000.



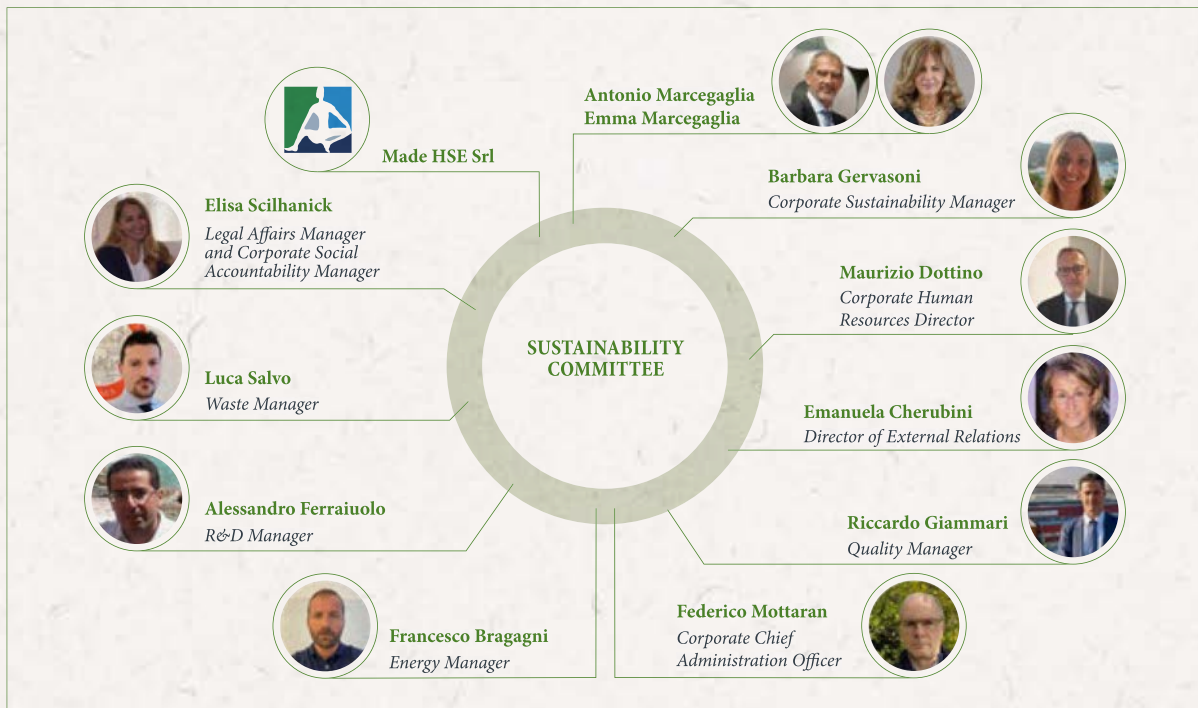
The new Sustainability Plan

As 2022 drew to a close, so did the new Sustainability Plan, a tool through which Marcegaglia intends to achieve **greater transparency regarding its aspirations and initiatives on environmental, social, ethical and governance aspects**. Thanks to this innovation, the Group can share its sustainable development goals with its partners at every level, in addition to the concrete actions it intends to take to achieve them, the timeframe within which it has committed to achieving the targets and the relative progress status.

Sustainability committee

In 2020, the Sustainability Committee was established, a technical body that meets periodically to advance collective knowledge with respect to sustainability and steer the company's strategic choices towards a development path increasingly oriented towards ESG, Environmental, Social and Governance issues.

Its members are selected from amongst the Group's leading figures: Members of the Board of Directors, the Sustainability Manager, the Human Resources Manager, the External Relations Manager, the Legal Affairs and Corporate Social Accountability Manager, the Administrative Manager, the Energy Manager, the Research and Development Manager, the Waste Manager, the Quality Manager and MADE HSE Srl - a Group company specialising in HSE issues.



Advisory board

In an era of strong and sudden changes that are often difficult to foresee, it becomes increasingly strategic to have a long-term and diversified vision: also for this reason, in 2022 the Marcegaglia Group decided to appoint an Advisory Board in Marcegaglia Holding Srl and Marcegaglia Steel SpA, an **advisory body** that can provide a useful vision and innovation contribution to the Group. Together with Emma and Antonio Marcegaglia, respectively chairman and deputy chairman of the family holding company, the committee is made up of a select group of individuals who each represent the excellence of their own professional fields and who, due to their experience, skills and values, can provide **insights and analysis on new scenarios and trends** in the energy sector, sustainability, the circular economy, raw material markets, digitalisation in manufacturing and the economic and structural developments affecting the **Marcegaglia Group's target markets**.

Governance tools

Marcegaglia Steel SpA (the “Company”) is directly and wholly owned by Marcegaglia Holding Srl, whose only shareholders are Antonio and Emma Marcegaglia; they are also the only members of the Board of Directors of both companies.

In addition, the achievement of established sustainability targets, verified by the company Made HSE Srl, and to which an annual bonus is linked, is one of the assessment parameters for the Group’s management.

For obvious reasons (shareholders and board members being the same people), the Group considered it appropriate to analyse possible conflicts of interest.

It follows that, in the event that the directors are required to carry out acts with companies of which they are also shareholders, the Board of Directors is convened, which, in the presence of the Board of Statutory Auditors, analyses the nature of the conflict of interests and the means put into place to avoid it.

If, on the other hand, a member of the Board of Directors receives a request to take up a corporate office in another company, that member must announce the request received to the Legal Department, which reviews it for any conflict of interests. The list of offices and positions held by Board members is updated on a half-yearly basis.

The governance of the Company has a traditional structure represented by:

- Shareholders’ Meeting;
- Board of Directors;
- Board of Statutory Auditors.

The audit is carried out by the auditing firm Mazars Italia S.p.A.

The traditional bodies are assisted by:

- Advisory Board (in Marcegaglia Holding Srl and Marcegaglia Steel SpA);
- Executive Committees;
- Supervisory Body (appointed pursuant to Legislative Decree no. 231/01);
- Sustainability Committee;
- other specific figures provided for by law.

The subsidiaries of Marcegaglia Steel SpA have the same governance structure. However, on the Boards of Directors, Antonio and Emma Marcegaglia are flanked by experienced managers capable of ensuring specific oversight over the business sectors of the various companies.

The **Shareholders’ Meeting** is convened to approve the Financial Statements and appoint the corporate bodies (Board of Directors, Board of Auditors, Supervisory Body, etc.) as well as, where necessary, to discuss and authorise transactions of particular relevance.

The **Boards of Directors** of the various companies are in charge of ordinary and extraordinary management and set company strategies and policies under economic, social, occupational health and safety, and environmental aspects. Within the same Boards of Directors, Chairman, Deputy Chairman and CEOs are appointed. The

latter, in particular, are selected and designated after analysis of specific professionalism, experience and expertise in the operating sectors of the different companies: they are usually managers who have grown up within the Group.

Executive Committees are another element of governance and reflect the Divisions into which Marcegaglia Group's activities in the Steel sector are divided (in addition to the specific activities carried out by Marcegaglia Buildtech Srl):

- Flat Products Division;
- Tubes Division;
- Stainless Steel Division;
- Cold-Drawn Bars Division;
- Heavy Plates Division;
- Buildtech Division.

The Committees are chaired by the Chairman and Deputy Chairman of the respective companies and are made up of the key business and operations managers of the specific business, together with the strategic staff functions. The primary task of the Executive Committees is to monitor the performance of the business in achieving the expected profitability goals, through:

- the examination and setting of budgets;
- investment policies;
- production allocations;
- the control of product margins;
- the establishment of improvement plans;
- the examination of business risks/opportunities in the medium term.

The Committees meet quarterly to review final and trend data and to determine planned interventions. Also important to corporate strategy and the Group's proper positioning toward an equitable and inclusive development model is the work of the Sustainability Committee and the Advisory Board.

ORGANISATION AND MANAGEMENT MODEL PURSUANT TO ITALIAN LEGISLATIVE DECREE NO. 231/01

Marcegaglia SpA was one of the first large companies in Italy to adopt, by a resolution passed by the Board of Directors on 06 December 2004, the **Organisation and Management Model ("OMM")** pursuant to Italian Legislative Decree no. 231/01.

This choice was part of and is part of the Group's broader policy of transparent and fair management inspired by compliance with applicable legal regulations and fundamental principles of business ethics in pursuit of the company's corporate purpose.

The adoption of the Model has a very strong preventive function through risk mapping and supervisory activities.

Over the years, the OMM has undergone constant updates and revisions in order to accommodate various regulatory changes.

In compliance with the provisions of the law and the Model, a collegial **Supervisory Body** was also appointed, composed of three members in operating companies and single-member in Holding Companies. Awareness of the OMM has constantly been widely raised amongst all Stakeholders with ad hoc information and training initiatives.

Each company agrees not to initiate or otherwise continue any relationship with those (customers, suppliers, employees, etc.) who do not intend to align themselves with compliance with the Model. In 2015, the directors confirmed and strengthened the effort to promote and protect legality by stipulating that each company born from the Group reorganisation be equipped with its own Organisation and Management Model and Supervisory Body, the current members of which are, for the most part, specialised professionals from outside the entity who meet frequently.

In the OMM, after analytical risk mapping (the so-called risk assessments), processes are identified that are particularly sensitive to the possible perpetration of the offences referred to in Legislative Decree no. 231/2001 and consequently preventive protocols are implemented to reduce the commission of offences as much as possible.

The system for handling reports in the event of a breach of the principles contained in the OMM, including through the use of **Whistleblowing** (anonymous reporting), as well as the system of sanctions is expressly described. No such report was received in 2022.

Particular importance was given to crimes related to health and safety in the workplace, provided for in Article 25-septies of the Decree.

In order to ensure constant monitoring of issues of compliance from occupational health and safety, pursuant to Legislative Decree no. 81/08, as amended, as well as the environmental regulations set forth in Legislative Decree no. 152/2006, as amended, and finally the regulations on major accident hazards, as set forth in Legislative Decree no. 105 of 26 June 2015, for some years now, an Employer has been identified within the Board of Directors who holds over himself the decision-making powers and spending autonomy related to the organisation, management and control of the Group's plants.

Except for the non-delegable powers under Article 16 of the same Legislative Decree no. 81/08,

the Employer proceeds to sub-delegate the powers conferred upon it by appointing a Special Prosecutor for each of the Group's establishments, identified from among individuals who are found to have adequate professional qualifications and experience, who is granted autonomous powers of organisation, management, control and expenditure (normally the Plant Managers) and who expressly accepts the delegation of functions conferred. The activities carried out are subject to discussion and monthly monitoring directly with the Board of Directors and the Ownership. The area of occupational safety has been and is subject to constant and specific investigations. In each company, the director with security proxies dictates the guidelines aimed at a security management system that complies with International Standard ISO 45001.

CODE OF ETHICS

The Code of Ethics contains directives relating to the **ethical principles of the Company and of the entire Group** so that employees and contractors may operate in full compliance with legality and correctness; it governs relations with stakeholders on the basis of the essential assumptions of loyalty and correct co-operation and sets the basic conditions for "ethical" management of working conditions and workplaces.

The Code of Ethics, in essence, expresses the **set of ethical duties and responsibilities in the conduct of company business and activities**.

The recipients are: corporate officers, internal and external collaborators, partners, and in any case all those persons operating under the direction and supervision of each Company, as well as the company's shareholders. Principles and standards of behaviour of the Code of Ethics enrich the decision-making processes and professional training, and guide the company's conduct; these standards and principles are binding in the performance of company activities, for the recipients and external stakeholders.

ANTI-CORRUPTION POLICY

The Anti-Corruption Policy reinforces and supplements, but does not replace, the Code of Ethics by explaining in greater detail what each company does **to prevent offences relating to corruption** in dealings with the Public Administration and, pursuant to the provisions of Article 25-ter of Legislative Decree 231/01, what it does to prevent private corruption and incitement to corruption between private individuals. The Policy is adopted to protect transparency and is inspired by existing best standards (e.g. ISO 30017:2016).

It is intended for all employees, including officers and directors of all Group companies, and for all those acting on behalf of and in the interest of the Company, including external distributors, consultants, suppliers, contractors, partners in joint venture agreements, companies bound by service contracts, and those with whom a cash pooling agreement has been entered into.

No crime attributable to corruption episodes either in the public or private sphere has been committed by any director or employee of the Company in the past 15 years confirming the full effectiveness of the adopted policies and the OMM.

ANTITRUST POLICY

The Group attaches fundamental importance to the training of its staff in all areas that may present risks or otherwise require special precautions. The steel sector is characterised by few competitors and the specific sector of the so-called “processors” is even more restricted; processed products are often without significant peculiarities; therefore, the “price” element makes the difference, which is why the utmost attention is paid to the issue of protection of competition. The Code of Ethics requires that in each Company, in order to protect the value of fair competition, employees refrain from collusive, predatory behaviour and abuse of dominant position and undertake to report to the competent bodies, through appropriate reporting tools, all practices aimed at reducing free competition in the market. The Company gives full and scrupulous observance to the antitrust rules and regulations issued by the Market Regulatory Authorities and is obliged, through the appropriate offices of affiliated companies of the Group, to report all antitrust-related initiatives undertaken by it. The Company shall not withhold, conceal or delay any information requested by the Antitrust Authority and other regulatory bodies in their inspection functions and shall actively cooperate in the course of investigation procedures.

GDPR

The Group, in compliance with the provisions of Art. 37 par. 2 of European Regulation 2016/679, has appointed a **Data Protection Officer** and adopted the required compliance measures by mapping the processing of personal data, compiling the processing register, adjusting the disclosures, and adopting the **necessary procedures**.

14. ECONOMIC PERFORMANCE

GRI: 2-27, 3-3, 201-1, 203-1, 207-1

The data reported in this chapter is taken from the consolidated financial statements of Marcegaglia Steel SpA including the entire reporting scope.

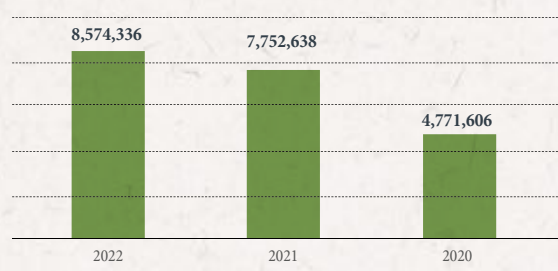
Global net value added - consolidated

FIGURES IN €	2022	2021	2020
Revenues from sales and services	8,574,335,810	7,752,637,939	4,771,605,671
Change in inventories of work in progress, semi-finished and finished products	162,864,870	71,213,140	-175,319,608
Change in inventories of contract work in progress	396,890	-2,823,757	-111,810
Increase in fixed assets for internal work	8,567,039	8,263,270	9,101,631
Other revenues and income	106,119,301	21,711,171	15,666,741
A) VALUE OF PRODUCTION	8,852,283,910	7,851,001,763	4,620,942,625
Consumption of raw materials	-6,243,245,460	-5,979,178,147	-3,497,859,567
Consumption of ancillary materials and consumables	-252,430,927	-73,168,146	-60,742,923
Consumption of maintenance and other materials	-121,167,836	-30,792,752	-29,121,583
Energy	-380,339,467	-166,866,900	-80,378,331
Costs for services	-818,110,916	-657,900,477	-410,156,508
Lease and rental expense	-12,198,523	-11,535,131	-9,344,958
Provisions for risks	-696,481	-822,410	-
Other provisions and impairment	-68,308	-	-
Other operating expenses	-20,737,115	-21,836,879	-12,021,067
B) COST OF PRODUCTION	-7,848,995,033	-6,942,100,842	-4,099,624,937
GROSS CHARACTERISTIC VALUE ADDED	1,003,288,877	908,900,921	521,317,688
Financial income	25,641,013	14,360,717	13,274,455
Value adjustments of financial assets	-45,631,034	29,015,284	-10,650,005
GLOBAL GROSS VALUE ADDED	983,298,856	952,276,922	523,942,138
Amortisation, depreciation and write-downs	-172,205,412	-167,152,129	-171,835,064
Deferred and prepaid tax	-5,863,403	775,640	207,170,996
Income and expense from participation in tax consolidation	14,458,324	2,004,458	12,200,857
GLOBAL NET VALUE ADDED	819,688,365	787,904,891	571,478,927

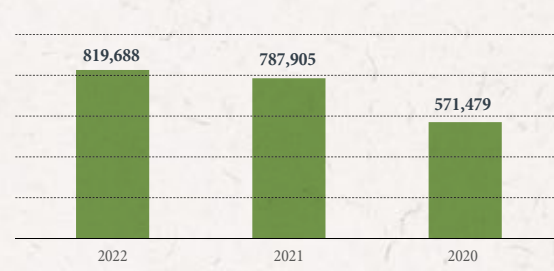
Distribution of consolidated value added

DISTRIBUTION	2022	2021	2020
Wages and salaries	195,560,629	197,317,396	166,231,067
Post-retirement benefits and similar obligations	11,660,557	12,174,525	11,103,815
Other costs	6,015,548	4,829,188	3,085,848
A - EMPLOYEES	213,236,734	214,321,109	180,420,730
Current and previous years' tax	129,489,442	115,943,932	36,880,887
Social security contributions	61,848,514	61,395,208	52,705,792
B - PUBLIC ADMINISTRATION	191,337,956	177,339,140	89,586,679
Retained earnings or losses	411,543,534	312,663,241	220,943,858
C - ENTERPRISE	411,543,534	312,663,241	220,943,858
Distributed profit	-	-	-
Financial charges	2,488,558	83,061,705	79,901,510
D - LENDERS	2,488,558	83,061,705	79,901,510
Charities	1,081,582	519,696	626,150
E - COMMUNITY	1,081,582	519,696	626,150
GLOBAL NET VALUE ADDED	819,688,365	787,904,891	571,478,927

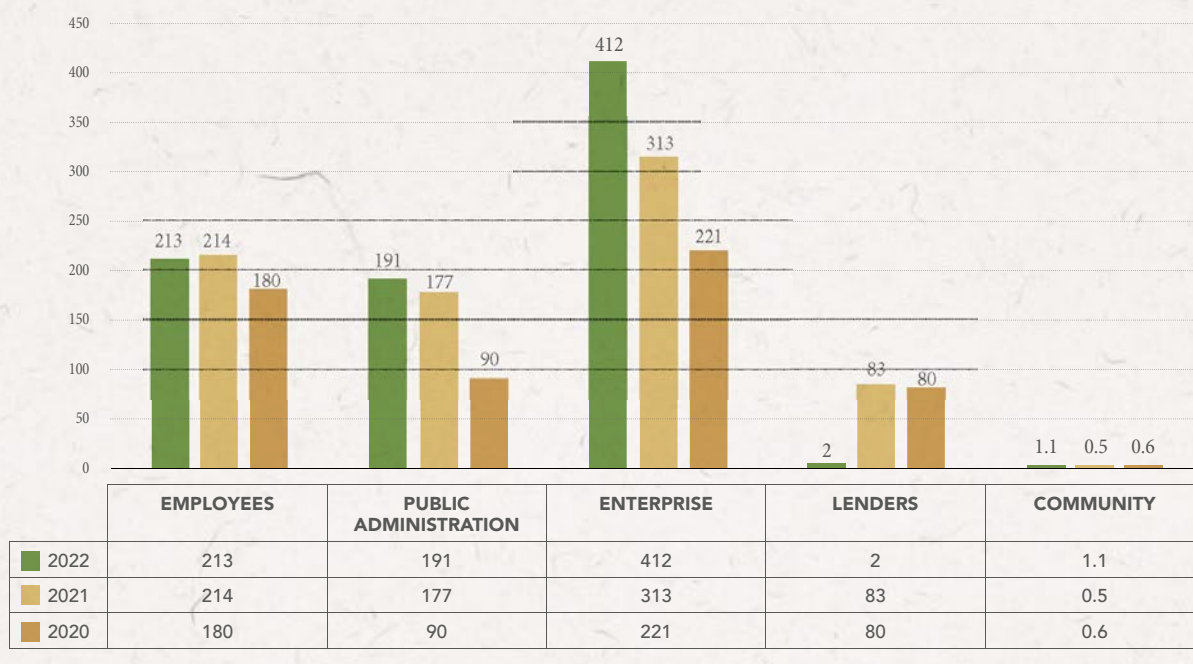
REVENUES FROM SALES AND SERVICES (figures in thousands of €)



GLOBAL NET VALUE ADDED (figures in thousands of €)



DISTRIBUTION OF NET GLOBAL VALUE ADDED TO STAKEHOLDERS
(figures in millions of €)



Global net value added - aggregate by Country

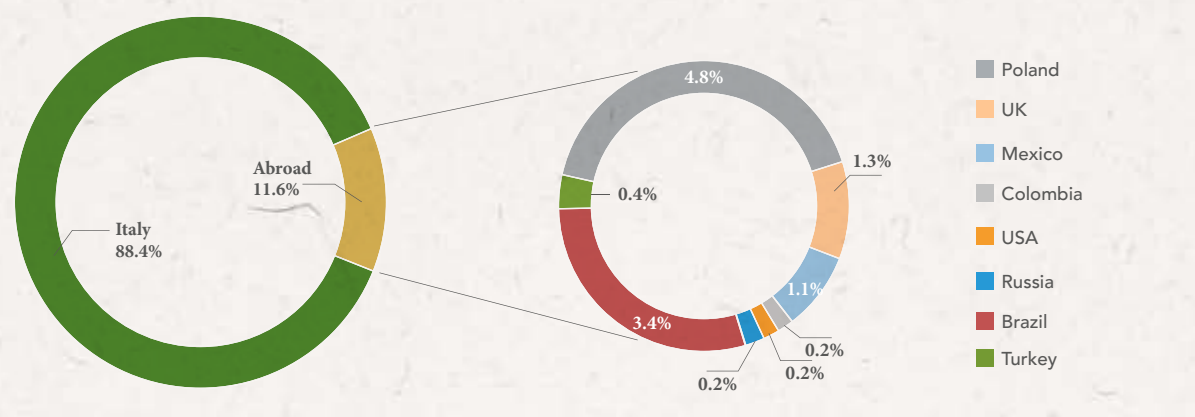
2022 figures in €	Italy	Mexico	Colombia	USA*	Russia	Brazil	Turkey	Poland	UK	Aggregated total	Intercompany adjustments	Consolidated Marcegaglia Steel
Global net value added	1,005,510,230	12,055,448	2,078,472	2,367,505	2,800,016	38,890,808	4,761,439	54,798,947	14,182,805	1,137,445,670	-317,757,306	819,688,365
	88.4%	1.1%	0.2%	0.2%	0.2%	3.4%	0.4%	4.8%	1.3%	100.0%		
Distribution												
A - Employees	182,698,880	4,769,595	1,096,620	61,052	1,505,248	5,856,653	1,373,340	8,722,613	7,152,733	213,236,734	-	213,236,734
B - Public administration	175,776,713	1,973,941	567,278	59,396	583,285	6,660,491	1,556,829	2,941,796	1,218,229	191,337,956	-	191,337,956
C - Enterprise	601,915,974	4,372,028	-61,785	2,289,934	5,844,511	18,674,163	1,207,514	38,603,162	5,031,221	677,876,722	-266,333,188	411,543,534
D - Lenders	44,037,080	939,885	476,359	-42,877	-5,133,028	7,699,501	623,756	4,531,376	780,622	53,912,674	-51,424,116	2,488,558
E - Community	1,081,584	-	-	-	-	-	-	-	-	1,081,584	-2	1,081,582

2021 figures in €	Italy	Mexico	Colombia	USA*	Russia	Brazil	Turkey	Poland	UK	Aggregated total	Intercompany adjustments	Consolidated Marcegaglia Steel
Global net value added	922,830,174	10,888,323	1,437,380	3,995,723	9,093,558	30,077,022	4,363,223	35,807,716	22,561,644	1,041,054,763	-253,149,872	787,904,891
	88.6%	1.0%	0.1%	0.4%	0.9%	2.9%	0.4%	3.4%	2.3%	100.0%		
Distribution												
A - Employees	187,063,088	4,171,247	921,519	-	1,116,391	4,756,976	1,186,460	8,064,278	7,041,153	214,321,112	-3	214,321,109
B - Public administration	151,572,752	2,289,886	438,677	1,353	1,074,695	8,080,089	877,440	7,475,342	5,528,903	177,339,137	3	177,339,140
C - Enterprise	470,982,349	4,423,983	14,583	3,994,370	6,494,624	13,963,918	1,249,719	18,652,549	9,649,494	529,425,589	-216,762,348	312,663,241
D - Lenders	112,692,289	3,207	62,601	-	407,848	3,276,039	1,049,604	1,615,548	342,094	119,449,230	-36,387,525	83,061,705
E - Community	519,696	-	-	-	-	-	-	-	-	519,696	-	519,696

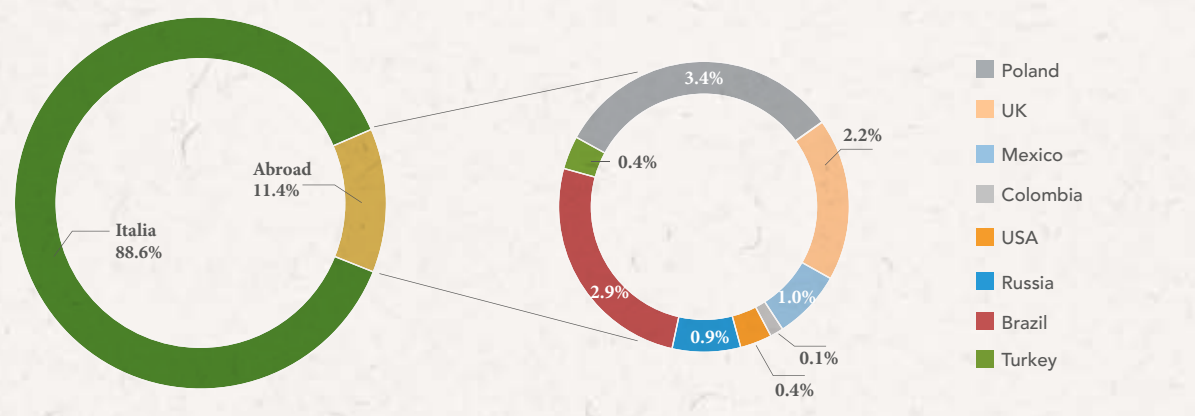
2020 figures in €	Italy	Mexico	Colombia	USA*	Russia	Brazil	Turkey	Poland	UK	Aggregated total	Intercompany adjustments	Consolidated Marcegaglia Steel
Global net value added	661,122,118	6,442,349	994,562	1,631,511	828,600	12,638,267	2,423,891	13,462,483	10,351,709	709,895,490	-138,416,563	571,478,927
	93.1%	1.0%	0.1%	0.2%	0.1%	1.8%	0.3%	1.9%	1.5%	100.0%		
Distribution												
A - Employees	156,310,980	3,505,421	762,768	-	1,088,630	4,357,038	1,019,925	7,119,439	6,256,529	180,420,730	-	180,420,730
B - Public administration	83,876,889	880,182	284,247	-313,251	235,542	2,269,417	132,196	1,299,045	922,412	89,586,679	-	89,586,679
C - Enterprise	312,013,628	2,022,042	-201,904	1,944,762	-869,894	3,457,549	566,968	3,508,579	2,950,126	325,391,856	-104,447,998	220,943,858
D - Lenders	108,294,471	34,704	149,451	-	374,322	2,554,263	704,802	1,535,420	222,642	113,870,075	-33,968,565	79,901,510
E - Community	626,150	-	-	-	-	-	-	-	-	626,150	-	626,150

*trading company

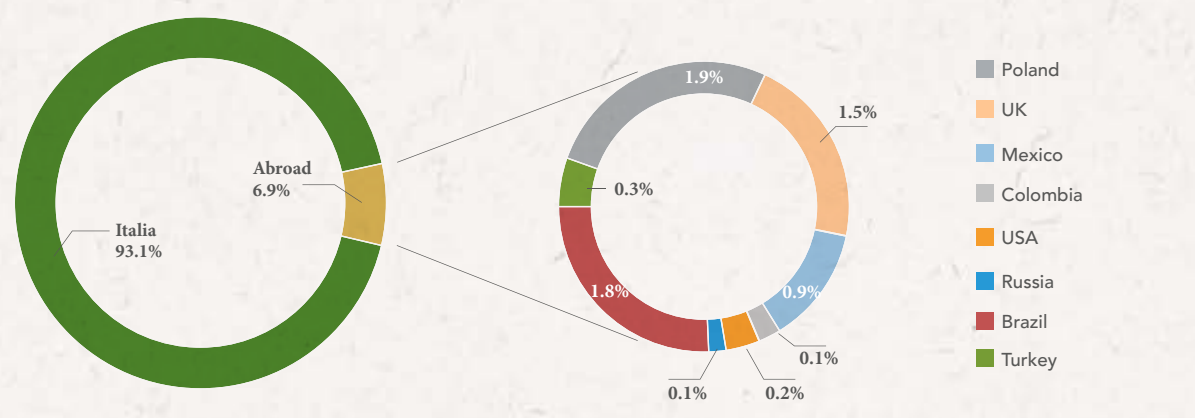
NET GLOBAL VALUE ADDED 2022 - AGGREGATE BY COUNTRY



NET GLOBAL VALUE ADDED 2021 - AGGREGATE BY COUNTRY



NET GLOBAL VALUE ADDED 2020 - AGGREGATE BY COUNTRY



Compliance with tax regulations

The Marcegaglia Group pays special attention to the evolution of tax regulations both domestically and internationally.

In order to ensure the integrity of the organisation in tax matters and therefore the timely identification and constant monitoring of tax risks, the Marcegaglia Group pursues an approach geared toward the **continuous updating and in-depth study of tax matters** aimed at neutralizing or at least minimising the risk of possible regulatory violations and/or the emergence of potential disputes with the tax authorities.

To this end, the office responsible for governing and overseeing the fiscal variable is the Administrative Office, which makes use of specialised in-house expertise as well as the use of special databases and the assistance of external consultants.

This strategy, as well as the fiscal approach implemented by all group companies, is closely linked to business strategies and aimed at pursuing the sustainable development of the organisation in compliance with relevant regulations.

The Marcegaglia Group's activities supporting the ecological transition also incorporate sustainable finance. In 2022, Marcegaglia Steel SpA entered into a 1 billion euro *ESG-linked* loan agreement with a pool of national and international banks, the first ever in Italy in the steel sector, committing to comply at group level with three KPIs identified with the banking world, linked to the reduction of CO₂ emissions into the atmosphere, accidents at work and product life cycle analysis. Goals that have inspired the Group's investment plan for the coming years. But that's not all: some existing securitisation programmes have also been "converted" into *ESG-linked* securitisations and for others, including some factoring programmes, discussions are taking place with the banking world for the inclusion of *ESG* parameters.

In addition, the Group is investing in special software to manage the EU taxonomy of environmentally friendly activities: the taxonomy is a shared EU-wide classification of economic activities that can be considered environmentally sustainable. It is designed as a tool to guide the choices of investors and companies towards the transition to economic growth without negative impacts on the environment and, in particular, the climate. Activities are selected on the basis of their potential to contribute to six environmental objectives identified by the European Commission:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- transition to a circular economy, also with reference to waste reduction and recycling;
- pollution prevention and control;
- protection of biodiversity and ecosystem health.

To be environmentally sustainable, an activity must meet four criteria:

- contribute positively to at least one of the six environmental objectives;
- have no negative impact on any other objective;
- be carried out in compliance with minimum social guarantees (e.g. those laid out in the conventions of the International Labour Organisation - ILO);
- comply with technical criteria identified by delegated acts adopted by the European Commission.

The Group embraces these objectives in the actions it has undertaken and planned.

15. METHODOLOGICAL NOTE

GRI: 2-1, 2-2, 2-3, 2-4, 3-1, 302-4, 305-1, 305-2, 306-3

This Report is produced in accordance with the “GRI Sustainability Reporting Standards” as updated by the “Global Reporting Initiative” to 2021. Please refer to the subsequent chapters on the materiality analysis and the GRI Content Index for details.

Marcegaglia Steel continues with this third edition of the Report, voluntarily reporting the results of its commitment to promoting economic development and innovation in the areas of production efficiency, plant safety and environmental protection, even though it is not one of the entities required to prepare a Non-Financial Statement (NFS). The aim is to provide feedback on the results of the adoption of the best available technologies, investments in R&D and the engagement of its employees and collaborators.

This is followed by the methodological approaches adopted, the guidelines and international standards used for accurate, balanced, clear, comparable, comprehensive, contextualised, timely and verifiable reporting of environmental, economic and social indicators in the context of sustainability.

Information is managed consistent with the guidance provided by Global Sustainability Reporting (GRI), Greenhouse Gas Protocol (GHG Protocol) and UN Sustainable Development Goals (SDGs), specifically:

- **Global Sustainability Reporting (GRI)**: defines the methods for reporting economic, social and environmental performance in accordance with the most significant material issues for the organisation. The document was therefore drafted with reference to the GRI Sustainability Reporting Standards updated to 2021;
- **Greenhouse Gas Protocol (GHG)**: an international standard that defines the methodology for calculating emissions of climate-altering gases associated with organisations during their operations in the period considered, in accordance with the GHG Protocol. For Scope 2 emissions attributable to electricity purchased from the grid, the location-based methodology was adopted. Refer to the details given below for conversion factors;
- **UN Sustainable Development Goals (SDGs)**: 17 common goals defined by the international community as targets to be achieved by 2030, which the company has assessed and considered, identifying various planned actions to help achieve the targets.

Reporting boundary

The report contains data and information of the companies held by Marcegaglia Steel SpA, with reference to the following company names and related sites, based on the corporate structure at 31/12/2022:

- Marcegaglia Buildtech Srl – registered office in Milan (MI), plants in Graffignana (LO), Pozzolo Formigaro (AL), warehouse in Taranto (TA);
- Marcegaglia Carbon Steel SpA – plants in Boltiere (BG), Casalmaggiore (CR), Corsico (MI), Dusino San Michele (AT), Gazoldo degli Ippoliti (MN), Lainate (MI), Lomagna (LC), Osteria Grande (BO), Ravenna (RA), Rivoli (TO), Tezze sul Brenta (VI);
- Marcegaglia Colombia SAS – plant in Funza;
- Marcegaglia do Brasil Ltda. – plant in Garuva;
- Marcegaglia Gazoldo Inox SpA – plant in Gazoldo degli Ippoliti (MN);
- Marcegaglia Mexico S.DE R.L. DE C.V. – plant in Querétaro;
- Marcegaglia Palini e Bertoli SpA – plant in San Giorgio di Nogaro (UD);

- Marcegaglia Plates SpA – plant in San Giorgio di Nogaro (UD);
- Marcegaglia Poland Sp. z o.o. – plants in Praszka and Kluczbork;
- Marcegaglia Ravenna SpA – plant in Ravenna (RA);
- Marcegaglia RU – plant in Vladimir;
- Marcegaglia Specialties SpA – plants in Contino di Volta Mantovana (MN) and Forlimpopoli (FC);
- Marcegaglia TR Paslanmaz Çelik Sanayi ve Ticaret A.Ş. – plant in Ergene;
- Marcegaglia UK Ltd – plants in Dudley, Rotherham and Oldbury;
- Trafital SpA – plant in Gorla Minore (VA) and warehouses in Bologna and Turin.

The Report also uses the term Group to refer to the Marcegaglia Group as a whole, as presented in chapter 3. The reporting organisation is Marcegaglia Steel SpA with registered office and administrative headquarters at via Bresciani 16, Gazoldo degli Ippoliti (MN).

For the sake of completeness, the Report presents, in addition to the personnel data of Marcegaglia Steel SpA, also personnel data from the corporate name Marcegaglia Holding SpA, not included for the purpose of calculating the indicators, but included as the location of the management offices where key activities such as management control, economics and finance functions, personnel management, legal department and purchasing department take place.

Reporting period and periodicity

All indicators presented refer to each calendar year (January to December) of the three-year period 2020 - 2022. Following the update of the reporting scope, the data relating to the newly-acquired company Trafital SpA are those referring only to the second half of 2022, in line with the effective date of acquisition of the company. The review is scheduled annually, while the materiality analysis is conducted every three years.

Revisions

There are no revisions compared to what was presented in previous versions.

Data collection procedures

Environmental data is based on actual collection. Specifically:

- water supply data from aqueduct, where not available for the specific year, was derived from consumption trends provided by the operator;
- for some plants the figure for volumes sent to public sewers, with exclusive reference to discharges equivalent to civil discharges, is derived from calculation;
- mass flow data for nitrogen oxides and sulphur oxides are obtained by multiplying the volumetric flow rate by the hours of operation and the measured concentration (precisely by sampling, with the exception of continuous monitoring systems for nitrogen oxides attached to cogenerators);
- data pertaining to waste refer to special waste whose quantities are derived from identification forms and loading and unloading registers for Italian sites and similar documents for foreign sites; the perimeter of analysis does not include waste assimilable to municipal waste (MSW), entrusted to the public collection service;
- personnel data refer to the number of workers understood as a unit.

In addition, it is specified that the functional unit used to calculate the indicators within this Report is equal to 1 tonne (for distribution sites, processed steel equals sold). It is specified that some sites manufacture products whose quantification at the commercial level is in square metres (insulated panels) or in pieces (condensers). In the case of insulated panels, it is possible to relate square metres back to tonnes, considering the density of the products. In the case of condensers, it is possible to relate the parts back to tonnes, considering the weight of the components.

Energy savings are obtained by summing the results of each individual intervention valued by continuous, point measurements or by calculation through installed powers, operating times and calculation factors, according to methodological approaches shared with relevant authorities on the matter and the entity certifying the energy management system certified in accordance with the UNI CEI EN ISO 50001:2018 standard.

GHG

Scope 1 - Direct emissions

In the calculation of direct emissions, emissions associated with the use of fossil fuels at the perimeter sites were considered: natural gas, diesel fuel, petrol and LPG. These fuels are used for production activities, space heating, internal handling, including fuels used by the company fleet. The calculation is performed by multiplying the amount of fuel against its specific emission factor. At the end, all contributions expressed in tonnes of CO₂ are added up.

The amount of fuels consumed is obtained directly from the supply invoices for each fuel and each site considered in the scope.

The table below shows the sources used for the emission factor and the assumptions adopted for the reporting year.

FUEL	SOURCE	NOTE
Natural gas	DEFRA - Department for Environment, Food & Rural Affairs - UK	The emission factors are applied to the entire scope as they are considered most reliable and internationally recognised. Emissions associated with diesel fuel and petrol weigh less than 0.5% of the organisation's total emissions.
LPG		
Diesel fuel		
Petrol		

GHG

Scope 2 - Indirect emissions

The location based calculation is performed by multiplying the amount of electricity taken from the national grids, as billed, by the specific emission factor for each country as reported for each reporting year by the Ecoinvent vers 3.8 database, an accredited Life Cycle Inventory supporting sustainability assessments. At the end, all contributions, expressed in tonnes of CO₂eq, are added together.

Contact to request information about the Report:

sustainability@marcegaglia.com

16. MATERIALITY ANALYSIS

GRI: 2-28, 2-29, 3-1, 3-2, 3-3

The possible impacts generated by the company's activities on the environment, people and the economy were defined through a detailed analysis focusing on defining the context, and stakeholders and their expectations were identified on the basis of a stakeholder assessment. Silent Stakeholders, i.e. the younger generation, boys and girls from upper secondary schools and technical colleges, were also involved in the 2021 analysis.

Stakeholders, as a whole, are a central element of a correct and responsible business model, because they represent the internal and external reference context in which every company must move, operate and dialogue. Marcegaglia boasts a close and historical activity of mutual discussion, relationship and liaising with all stakeholders in the countries where it is present, starting with national and local institutions, the Italian (Confindustria or Federacciai, to cite the most significant examples) and international (starting with Eurofer and BusinessEurope) industry associations of reference; to trade unions and unitary trade union representatives.

Starting with the drafting of a multilingual questionnaire (Italian, English, Spanish), we reached out to and involved employees, suppliers, customers, public administrations, agencies and institutions, banks and the population of the territories, both in Italy and abroad, in which the plants operate.

Ownership & Management

This is the main promoter of the culture of sustainability within the Marcegaglia Group, fundamental to the analysis and improvement of performance

Lenders - Banks

Investor sensitivity in ESG issues is increasing. Marcegaglia is willing to share sustainability journey

Employees

The Marcegaglia Group considers its workers, in all functions and roles, as a strategic resource

Customers

Marcegaglia considers Customers as a key element of its success, works for their satisfaction by guaranteeing its commitment to product quality, environmental care, worker health protection and energy rationalisation at each stage of the production chain. Compliance with the rules of social responsibility is assured according to principles defined by the SA8000 standard

Suppliers/sub-suppliers/employment agencies

Marcegaglia views its suppliers as stakeholders to be identified through a qualification system and to be involved through periodic awareness campaigns

Local communities

Authorities, local governments and citizens where manufacturing plants are located are considered stakeholders whose engagement is ensured

Employment organisations

Marcegaglia is one in which union groups are active participants in collective bargaining and in the day-to-day management of relations between the parties

Institutions - Government, Territorial Authorities and Regulatory Bodies

Discussion with territorially competent authorities and institutional bodies is the basis of Marcegaglia's approach to maintaining regulatory compliance

Schools, students and non-profit organisations

Marcegaglia is always willing to cooperate with schools, universities and non-profit organisations to promote the inclusion and vocational training of young people

The Marcegaglia Foundation

The Marcegaglia Foundation is the Group's non-profit organisation that addresses social topics



The materiality analysis defined in 2021 is confirmed in 2022 as there were no significant changes in the reporting scope and considering that last year's survey involved a significant number of stakeholders and led to the return of more than 2,600 sustainability questionnaires, thus making the result solid. From the responses that came in, we got confirmation that on environmental, **health and safety issues there is a very high level of attention and awareness.**

In particular, the definition of material topics was based on a prioritisation based on the importance that the topics analysed have for stakeholders and for Marcegaglia Steel SpA. With regard to the evaluation carried out by the organisation (Management and Sustainability Committee), a scale of scores has been assigned, collected on the basis of the knowledge of the people involved, regarding projects carried out and in progress, with regard to industrial development, with particular attention to: health and safety; environmental impacts; territorial and social location of plants; economic and structural resource management methods; personnel organisation; supply chain and expectations of different customers.

The resulting scores were entered into the materiality matrix where the x-axis shows the relevance to Marcegaglia and the y-axis shows the relevance to Stakeholders.

Materiality matrix

RELEVANCE FOR STAKEHOLDERS	5 EXTREMELY IMPORTANT			14	3	8
	4 VERY IMPORTANT			4	9	2
	3 IMPORTANT		15	7	11	13
	2 NOT VERY IMPORTANT				12	1
	1 NOT IMPORTANT					
		1 NEGUGIBLE	2 QUITE RELEVANT	3 RELEVANT	4 VERY RELEVANT	5 PRIORITY
RELEVANCE FOR MARCEGAGLIA						

MATERIAL TOPICS	
1	Creation of value and positive spin-offs for the benefit of communities
2	Contribution to the pursuit of the energy transition and decarbonisation
3	Efficient use of resources and reduction of the organisation's ecological footprint
4	Promoting the culture of water saving and water discharge reduction
5	Contribution and promotion to circular economy and waste utilisation
6	Energy education and environmental awareness
7	Listening to and strengthening dialogue with stakeholders
8	Occupational safety and health
9	Human capital and skills enhancement
10	Human resources: promoting diversity and equal opportunities
11	Transparency, ethics and integrity in the conduct of business
12	Integration of sustainability into business strategy
13	Full exercise of its role in the industry
14	Adoption of innovative solutions and improvement of its activities
15	Sustainable supply chain management

■ non-material topics

For each theme considered, the description, GRI disclosure and the scope of impacts considered are given.

	MATERIAL TOPICS	GRI DISCLOSURES	IMPACT PERIMETER		INVOLVEMENT IN IMPACTS (DIRECT/INDIRECT)
			INTERNAL	EXTERNAL	
1	Creation of value and positive spin-offs for the benefit of communities	201-1	Marcegaglia Steel	communities, employees, regulatory bodies	direct
2	Contribution to the pursuit of the energy transition and decarbonisation	302-1 302-3 302-4 305-1 305-2 305-4	Marcegaglia Steel	regulatory agencies, suppliers, communities, trade associations	direct/indirect
3	Efficient use of resources and reduction of the organisation's ecological footprint	302-1 302-3 302-4 303-1 303-2 303-3a-b-d 303-4a-c-d-e 305-1 305-2 305-4 305-7 306-2	Marcegaglia Steel	communities, employees, regulators, customers	direct/indirect
4	Promoting the culture of water saving and water discharge reduction	303-1 303-2 303-3a-b-d 303-4a-c-d-e	Marcegaglia Steel	communities, regulatory bodies	direct
5	Contribution and promotion to circular economy and waste utilisation	306-2 306-3	Marcegaglia Steel	customers, suppliers, communities, trade associations	direct/indirect
6	Energy education and environmental awareness	302-1 302-4 304-1 306-2 306-3	Marcegaglia Steel	citizens, employees, regulatory bodies	indirect
7	Listening to and strengthening dialogue with stakeholders	2-29 3-3	Marcegaglia Steel	All stakeholders	indirect
8	Occupational safety and health	403-1 403-9a-e-g	Marcegaglia Steel	employees, regulators, customers, suppliers, citizens	direct
9	Human capital and skills enhancement	3-3 405-1	Marcegaglia Steel	Employees	direct
10	Human resources: promoting diversity and equal opportunities	405-1	Marcegaglia Steel	Employees	direct
11	Transparency, ethics and integrity in the conduct of business	2-6 2-9 2-15 2-16 2-19 2-23 2-27 205-2 205-3 206-1 207-1	Marcegaglia Steel	customers, regulatory bodies	direct
12	Integration of sustainability into business strategy	2-22 2-23 3-3	Marcegaglia Steel	All stakeholders	direct/indirect
13	Full exercise of its role in the industry	3-3	Marcegaglia Steel	All stakeholders	direct
14	Adoption of innovative solutions and improvement of its activities	203-1	Marcegaglia Steel	citizens, employees, regulatory bodies	direct/indirect

17. GRI CONTENT INDEX

Marcegaglia Steel SpA has reported the information mentioned in this GRI content index for the period 01-01-2020 / 31-12-2022 with reference to the GRI Standards.

This GRI Content Index is disclosed by sending an email to reportregistration@globalreporting.org

GRI STANDARD	DISCLOSURE	REFERENCE CHAPTER	OMISSION AND REASON
GRI 2: General Disclosures 2021	2-1 Organisational details	3, 15	
	2-2 Entities included in the organisation's sustainability reporting	15	
	2-3 Reporting period, frequency and contact point	15	
	2-4 Restatements of information	15	
	2-5 External assurance	18	
	2-6 Activities, value chain and other business relationships	3, 4, 5	
	2-7 Employees	9	
	2-8 Workers who are not employees	9	
	2-9 Governance structure and composition	13	
	2-10 Nomination and selection of the highest governance body	13	
	2-11 Chair of the highest governance body	13	
	2-12 Role of the highest governance body in overseeing the management of impacts	13	
	2-13 Delegation of responsibility for managing impacts	13	
	2-14 Role of the highest governance body in sustainability reporting	13	
	2-15 Conflicts of interest	13	
	2-16 Communication of critical concerns	12	
	2-17 Collective knowledge of the highest governance body	13	
	2-18 Evaluation of the performance of the highest governance body	13	
	2-19 Remuneration policies	9	
	2-20 Process to determine remuneration	9	
	2-21 Annual total compensation ratio	-	Data not available due to confidentiality restrictions
	2-22 Statement on sustainable development strategy	13	
	2-23 Policy commitments	13	
	2-24 Embedding policy commitments	13	
	2-25 Processes to remediate negative impacts	13	
	2-26 Mechanisms for seeking advice and raising concerns	13	
	2-27 Compliance with laws and regulations	8, 9, 10, 13, 14	
	2-28 Membership associations	9, 16	
	2-29 Approach to stakeholder engagement	16	
	2-30 Collective bargaining agreements	9	

GRI STANDARD	DISCLOSURE	REFERENCE CHAPTER	OMISSION AND REASON
GRI 3: Material topics 2021	REPORTING PRACTICE		
	3-1 Process to determine material topics	15, 16	
	3-2 List of material topics	16	
	3-3 Management of material topics	8, 9, 10, 13, 14, 16	

In relation to material topics and specific disclosures, references are given below:

GRI STANDARD	DISCLOSURE	REFERENCE CHAPTER	OMISSION AND REASON
	GRI 200 - ECONOMIC DISCLOSURES		
	ECONOMIC PERFORMANCE		
GRI 201: Economic performance	201-1 Direct economic value generated and distributed	11, 14	
	INDIRECT ECONOMIC IMPACTS		
GRI 203: Indirect economic impacts	203-1 Infrastructure investments and services supported	14	
	ANTI-CORRUPTION AND ANTITRUST		
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies . . . and procedures	13	
	205-3 Confirmed incidents of corruption and actions taken	13	
GRI 206: Anti-competitive behaviour	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	13	
	TAX		
GRI 207: Tax	207-1 Approach to tax	14	
	GRI 300 - ENVIRONMENTAL DISCLOSURES		
	ENERGY		
GRI 302: Energy	302-1 Energy consumption within the organisation	8	
	302-3 Energy Intensity	8	
	302-4 Reduction of energy consumption	8, 15	
	WATER AND EFFLUENTS		
GRI 303: Water and effluents	303-1 Interazioni con l'acqua come risorsa condivisa	8, 13	
	303-2 Gestione degli impatti legati allo scarico dell'acqua	8	
	303-3a,b,d Prelievo idrico	8	
	303-4a,c,d,e Scarico idrico	8	

GRI STANDARD	DISCLOSURE	REFERENCE CHAPTER	OMISSION AND REASON
	BIODIVERSITY		
GRI 304: Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	8	
	EMISSIONS		
GRI 305: Emissions	305-1 Direct greenhouse gas (GHG) emissions (Scope 1)	8, 15	
	305-2 Indirect greenhouse gas (GHG) emissions (Scope 2)	8, 15	
	305-4 GHG emissions intensity	8	
	305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	8	
	WASTE		
GRI 306: Waste	306-2 Management of significant waste-related impacts	8	
	306-3 Waste generated	8, 15	
	GRI 400 - SOCIAL DISCLOSURES		
	EMPLOYMENT		
GRI 401: Employment	401-1 New employee hires and employee turnover	9	
	OCCUPATIONAL HEALTH AND SAFETY		
GRI 403: Occupational health and safety	403-1 Occupational health and safety management system	10, 12	
	403-9a,e,g Work-related injuries	10	
	DIVERSITY AND EQUAL OPPORTUNITY		
GRI 405: Diversity and equal opportunity	405-1 Diversity of governance bodies and employees	9	

Marcegaglia Steel S.p.A.

Independent auditor's report on the sustainability report

(translation of the original report issued in Italian)*

Sustainability report as of December 31, 2022

Independent auditor's report on the sustainability report (translation of the original report issued in Italian*)

To the Board of Directors of Marcegaglia Steel S.p.A.

We have carried out a limited assurance engagement on the sustainability report of Marcegaglia Steel Group (hereinafter "Group") as of December 31, 2022.

Responsibility of the Directors for the sustainability report

The Directors of the Marcegaglia Steel S.p.A. are responsible for the preparation of the sustainability report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI - Global Reporting Initiative ("GRI Standards"), as stated in the paragraph "Methodological note" of the sustainability report.

The Directors are also responsible, for such internal control as they determine is necessary to enable the preparation of the sustainability report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the definition of the Group's objectives in relation to the sustainability performance, for the identification of the stakeholders and the significant aspects to report.

Auditor's Independence and quality control

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

Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the sustainability report with the GRI Standards. We conducted our work in accordance with the criteria established in the "International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the sustainability report is free from material misstatement.

Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

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

Specifically, we carried out the following procedures:

- 1) analysis of the process relating to the definition of material aspects disclosed in the sustainability report, with reference to the methods of analysis and understanding of the reference context, identification, evaluation and prioritization of the actual and potential impacts and the internal validation of the results of the process;
- 2) comparison between the economic and financial data and information included in the chapter "Economic Performance" of the sustainability report with those included in the Group's Financial Statements;
- 3) understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the sustainability report.

In particular, we carried out interviews and discussions with the management of Marcegaglia Steel S.p.A. and the employees of the main legal entities of the Group and we carried out limited documentary verifications, in order to gather information about the processes and procedures, which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the sustainability report.

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

- at the parent company and subsidiaries level:
 - a) with regards to qualitative information included in the sustainability report, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for entities Marcegaglia Specialties S.p.A., Marcegaglia Carbon Steel S.p.A., Marcegaglia Plates S.p.A., Marcegaglia Gazoldo Inox S.p.A., Marcegaglia Palini and Bertoli S.p.A. and Marcegaglia Ravenna S.p.A., which we selected based on their activity, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits or remote meetings, during which we have met the management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the sustainability report of Marcegaglia Steel Group as of December 31, 2022 is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph "Methodological Note" of the sustainability report.

Other matters

The comparative data presented in the sustainability report in relation to the financial year ended December 31, 2020 and December 31, 2019, have not been subjected to verification.

Verona, May 2, 2023

Mazars Italia S.p.A.


Alfonso Iorio
Partner

() This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*

