



Sustainability Report 2021

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LETTER TO STAKEHOLDERS

2021 was a record year for the Marcegaglia group, which closed with the best historical result ever: 7.7 billion euros in turnover. It is an extraordinary milestone, to which everyone contributed: certainly the result of the top management's business choices and strategies, but impossible to achieve if those choices had not been accompanied by determination, passion, and the desire to be part of the "Marcegaglia project." Precisely because of this extraordinary choral achievement, we have decided to double everyone's productivity bonus. In times that are still complicated for many families, we wanted to give a tangible sign of our thanks and care for what the people who work in the Group have done and continue to do, day-in, day-out.

Our Company is hinged on the ethical and industrial values we inherited from our parents, the Founders, Steno and Mira Marcegaglia. Those values continue to inspire our way of being entrepreneurs: this is why we chose to "share" the results of 2021 with "our" people, the first and most valuable of Marcegaglia's capital. People who are key to achieving the increasingly ambitious goals of thoughtful and inclusive growth that has three key words at its core: value, sustainability, resilience.

Three cornerstone concepts of a way of doing business that prompted us last year to publish our first ever Sustainability Report. And that today prompt us to take a step forward.

The 2021 Report, in fact, in addition to the Italian plants, includes those the Group has abroad in Brazil, Colombia, Mexico, Poland, the United Kingdom, Russia and Turkey so as to offer as complete a picture as possible of all our business.

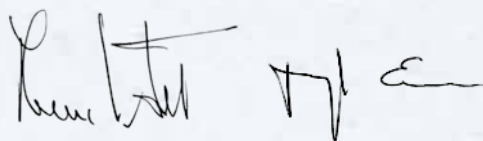
We also succeed in another important achievement in 2021: "certified" financial strength. Also last year, in fact, at Marcegaglia Steel SpA, the Group's industrial holding company, was assigned an A2.2 rating by Cerved Rating Agency. The rating - and it was the first time we requested such - places us at the top of the rating scale, in an investment grade range of security, classifying us as a company with very solid fundamentals and a high capacity to meet its financial commitments.

Already in the Letter to Stakeholders with which we presented the Sustainability Report last year, we had emphasised that the "first edition" was intended to mark the beginning of a strategic path in the direction of an all-round sustainability that would be increasingly conscious of and inherent in every activity of the Group, in order to make our contribution to the ecological transition and maximise the positive impact towards employees and the community.

Today we are proud to have placed a second, important, stone along the path we have set ourselves to travel to preserve a world that is, yes, developed and progress-oriented, but increasingly mindful of its natural resources and environment, increasingly liveable for all its people and, above all, increasingly inclusive.

For us, this, too, means being part of the "Marcegaglia project".

Antonio and Emma Marcegaglia

Handwritten signatures of Antonio and Emma Marcegaglia in black ink.

1. READING GUIDE

Marcegaglia Steel S.p.A.'s **2021 Sustainability Report** expands its scope. Last year the analysis had focused exclusively on Italian sites: Marcegaglia Carbon Steel; Marcegaglia Ravenna; Marcegaglia Specialties; Marcegaglia Gazoldo Inox; Marcegaglia Plates; Marcegaglia Palini e Bertoli and Marcegaglia Rivoli. This year, the Italian sites are joined by Marcegaglia Buildtech (which entered Marcegaglia Steel SpA late 2020) and - for the first time - the production sites the Group has abroad in Brazil, Colombia, Mexico, Poland, the United Kingdom, Russia and Turkey, are also included. Objective: to make everyone aware of the social, economic and environmental activities most relevant to Stakeholders, internal and external to the company, and the Management.

Although the Company is not among the entities required to prepare a Non-Financial Statement (NFS), it continues to wish to report on its commitment to promoting **economic development** and **constant innovation** in the areas of **production efficiency**, **plant safety** and **environmental protection**. It does all this through the adoption of the best available technologies, significant investments in R&D, continuous training and involvement of its employees and contractors.

And precisely in order to finalise and improve this project, year by year, the **Sustainability Committee** was established in 2020. The Committee, which meets periodically, is made up of: the Members of the Board of Directors, the Sustainability Manager, the Human Resources Manager, the External Relations Manager, the Legal Affairs Manager, the Administrative Manager, the Energy Manager, the Research and Development Managers, the Waste Manager, the Corporate Social Accountability Manager, the Quality Management Systems Manager and MADE HSE Srl.



This Report is produced in accordance with the “GRI Sustainability Reporting Standards” as updated by the “Global Reporting Initiative” to 2020. Please refer to the final chapters on materiality analysis and the GRI Content Index for details.

The official seal that qualifies this Report is the recognition of Marcegaglia Steel among the 200 Leaders of Sustainability 2022.

Il Sole24Ore and the research institute Statista have carried out an in-depth survey on the companies that in Italy have chosen to adopt the themes of social, environmental and economic responsibility. The survey was based on the analysis of data from over 1,500 companies operating in Italy that have a public Sustainability Report. KPIs were identified for each macro area and each indicator was given a numerical value.

The survey is published, with various in-depth analyses, in a dedicated report to be published by Il Sole24Ore.

It can also be consulted online on the website of the same newspaper.



2. OUR HISTORY

Throughout its history, Marcegaglia has been constantly growing from a small local entity to one of the largest Italian corporation, able to develop internationally its “made in Italy” business model. Nevertheless the group remains strongly rooted to its Italian origin.

1959 - 1963

Start up and pioneering phase

1959 In Gazoldo degli Ippoliti (Mantua, Northern Italy), Steno Marcegaglia establishes a small factory, Marcegaglia-Caraffini, specialized in the manufacturing of roller shutter and open profiles. The company is taken over a few time later and re-named Metallurgica Mantovana.

1963 I.P.A.S. is founded for the manufacturing of drawn products from flat and tubular steels.

1964 - 1982

Strong internal growth

1970 The unit in Gazoldo degli Ippoliti quickly develops its activities adding cold re-rolling process and precision tubes manufacturing.

1982 Steno Marcegaglia founds in association with three business partners Oto Mills - leader in high-precision tubes mills - and successively establishes a new state-of-the-art unit in Casalmaggiore (Cremona).

1982 - 1988

Organic growth is accompanied by an M&A campaign in Italy

1983 Acquisition of Lombarda Tubi in Lomagna (Lecco), Saom in Boltiere (Bergamo), Trisider in Tezze sul Brenta (Vicenza).

1985 Marcegaglia adds to its structure three companies of Maraldi Group with the plants in Ravenna, Forlimpopoli (Forlì) and Cervignano del Friuli (Udine).

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

1988 - 1999

Expansion and internationalization

1989-1991 Start up of the first tube mill in the Forlì plant. Start up of the first line for stainless steels processing and pickling in Gazoldo degli Ippoliti unit. Acquisition of the San Giorgio di Nogaro plant (Udine).

Start up of new distribution offices (today Marcegaglia UK); foundation of Marcegaglia Deutschland and acquisition of Bishop near Philadelphia (USA).

90's Start up of diversified activities: acquisitions of Albarella, Ponteggi Dalmine, CCT and other activities in the real estate and financial sectors.

1999 - 2007

Strong development in carbon steel flats and stainless steels

1999 The unit in Ravenna is at the core of a huge investment program (“Ravenna 2000”) for coils processing.

2000 Inauguration in Garuva (Brazil) of a huge plant specialized in refrigeration tubes and household appliances components. Development of stainless steel tubes manufacturing in the Pittsburgh unit (Marcegaglia USA).

2000-2005 Growth of Italian activities and sales network worldwide.

2000 - 2008

Reliable and strategic supply of raw materials

2000 Joint venture agreement with Brema (Arcelor Group) for the supply of 500 K t/year of hot-rolled coils.

2005-2009 Offtake agreement with Teeside (Corus Group) for the supply of 850 K t/year of slabs.

2007 - 2013

Further industrialization program in Italy and abroad (core business)

2007-2008 Consolidation of the main Italian manufacturing units (Ravenna, Casalmaggiore, Gazoldo degli Ippoliti – 1,5 billion euros invested in 6 years). Inauguration of new units in the European (Poland) and extra-Europe (Russia) markets. Doubling of Brazilian plant.

2010-2011 Opening of the new Marcegaglia Poland manufacturing unit in Kluczbork dedicated to carbon steel tubes production. Growth in diversified sectors (tourism, thanks to the acquisition of Forte Village and Castelmonastero, and renewable energies).

2013 - 2014

Consolidation of core business

2013-2014 Marcegaglia decides to focus on and to consolidate its own core business and to gradually divest the diversified activities. In 2013 Oto Mills and Forte Village are sold.

2015 - 2022

Group reorganization project and new acquisitions

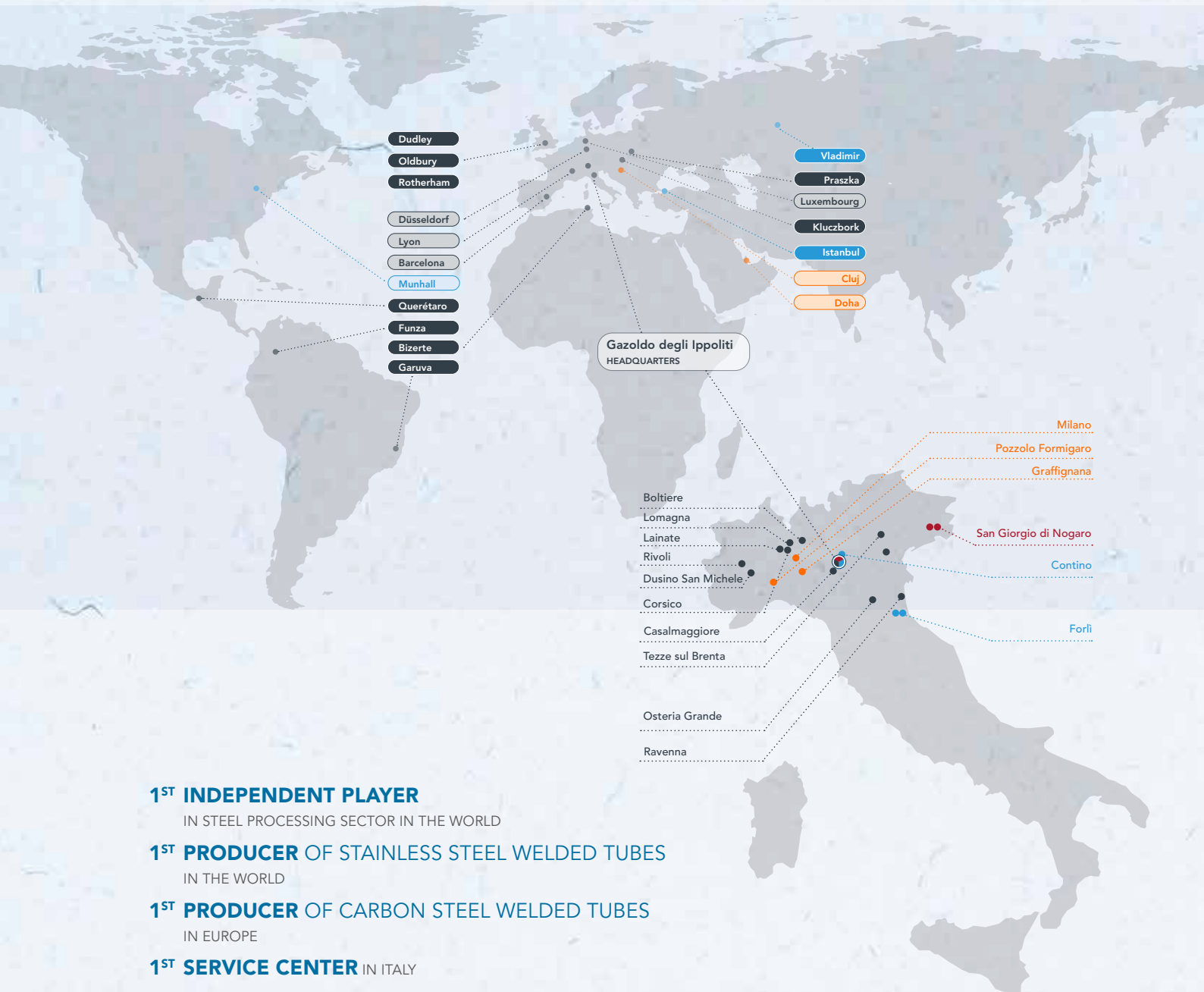
Marcegaglia launches a corporate reorganization project to become even more protagonist in its core business. From 2018, through M&A activities, Marcegaglia expands its portfolio of investments. Marcegaglia Rivoli, Marcegaglia Palini e Bertoli, Marcegaglia Colombia and Marcegaglia Mexico are established. Marcegaglia UK acquires a new plant in Oldbury. SM Tunis Acier is born, in a joint venture with Sideralba.

Marcegaglia leadership has been built through a long, solid and consistent growth path.

Marcegaglia is the largest independent steel processor worldwide.

Marcegaglia today

● ● ● ● plant ● ● ● sales office

**1ST INDEPENDENT PLAYER**

IN STEEL PROCESSING SECTOR IN THE WORLD

1ST PRODUCER OF STAINLESS STEEL WELDED TUBES

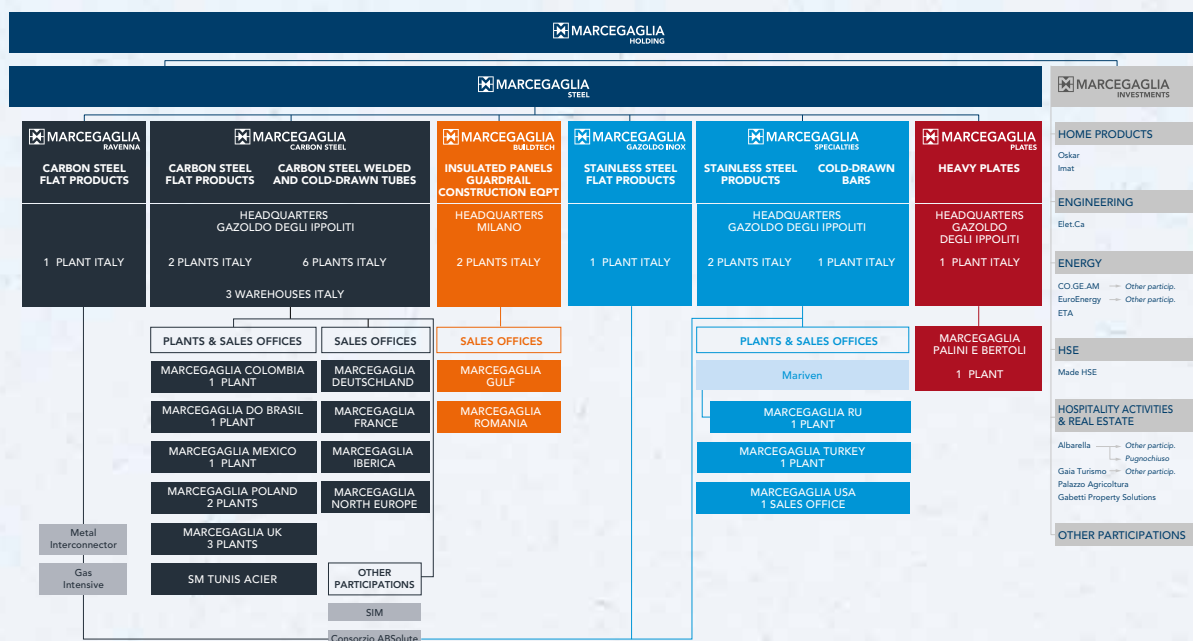
IN THE WORLD

1ST PRODUCER OF CARBON STEEL WELDED TUBES

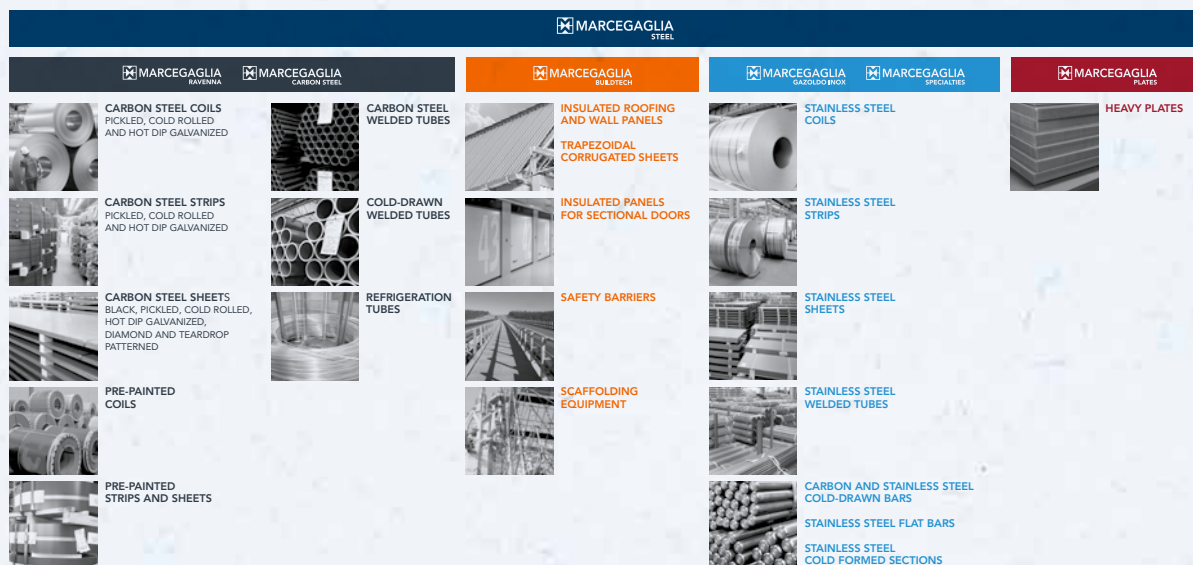
IN EUROPE

1ST SERVICE CENTER IN ITALY

The group structure



The production range



Made HSE

Marcegaglia has always operated by placing respect for the environment and the physical and moral well-being of its employees at the heart of its development and growth activities. The Group's policy considers the topics of **sustainability** and **worker health and safety** to be top priorities.

Consistent with this vision, in the early 1990s, Made HSE was born, whose acronym comes from "merging" the first name, **Marcegaglia Ecology Department**, with the initials for **Health, Safety, Environment**. Health, safety and the environment: the three essential pillars for anyone doing business today.

Made was initially created to best support the quantum leap required by the transposition in Italy of European directives on the environment, health and safety, also with the aim of spreading and increasing awareness and culture within the Group toward these same topics.

Marcegaglia was among the first - and still among the few - to strongly desire an internal structure of qualified professionals, with specific and excellent technical skills, who could conduct a constant and tenacious work to raise awareness of environmental protection, workplace improvement and safety, in the firm belief that full compliance not only has the same importance with respect to the matters of productivity, efficiency, economy, but is functional and synergistic to them.

Today, Made HSE is the Group company that provides **consulting services, laboratory analysis** and **training** precisely in the areas of environmental protection, occupational health and safety. It has 76 employees, all with solid skills and experience in various technical and scientific disciplines, and is equipped with modern chemical and microbiological analysis laboratories. Over the years, as a confirmation of its complete independence and authority, recognised and appreciated by the certification and control bodies themselves, Made HSE has also gained more and more space "outside" the Group, becoming a partner of structures and companies outside Marcegaglia, of great prestige and importance.

Made HSE's action involves all levels of the company, sensitizing them to make their choices in light of the principles of social and ethical responsibility in order to achieve and maintain the following goals:

- full compliance with applicable laws and regulations;
- residual levels of risk to occupational safety and health, injury and environmental impact;
- activities, processes, organisation and production conducted according to the best available technologies and with continuous improvement approach;
- environmental and occupational injury and illness prevention performance, aligned with international industry benchmarks.



3. LOOKING BEYOND

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 and operate. And with whom it must dialogue and relate. 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.

After the encouraging feedback from the approach with which our Stakeholders were engaged last year, it was decided to test ourselves this time with a real opinion campaign. Starting with the drafting of a multilingual questionnaire (Italian, English, Spanish), we reached out to and involved our employees, suppliers, customers, public administrations, agencies and institutions, banks and the population of the territories in which the plants operate to identify the material themes on which to base the insights of this Report. We considered all stakeholders, with an added special feature.

We have, in fact, gone to “sound out” even our super-silent Stakeholders, namely the younger generation, the secondary schools and technical college students, who today are bearers of what we might classify as dreams, but who tomorrow will be the real interests and demands of the future.

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. As evidenced also by the numbers: the total number of completed questionnaires was in fact more than 2,600 (see the materiality matrix for details of the findings).



A sustainable value chain

The sustainability of the value chain is characterised by the correct, responsible management – from a social and environmental as well as an economic point of view – of all procurement, production and distribution processes directly managed by the Group or linked to it through the work of its suppliers. An unquestionable strength of the Group is that of having built up, over the years, a large, consolidated network of clients/suppliers with whom it has established, beyond economic relations, a solid bond of reliability and loyalty, based on shared goals and values, constant dialogue, and real collaboration.

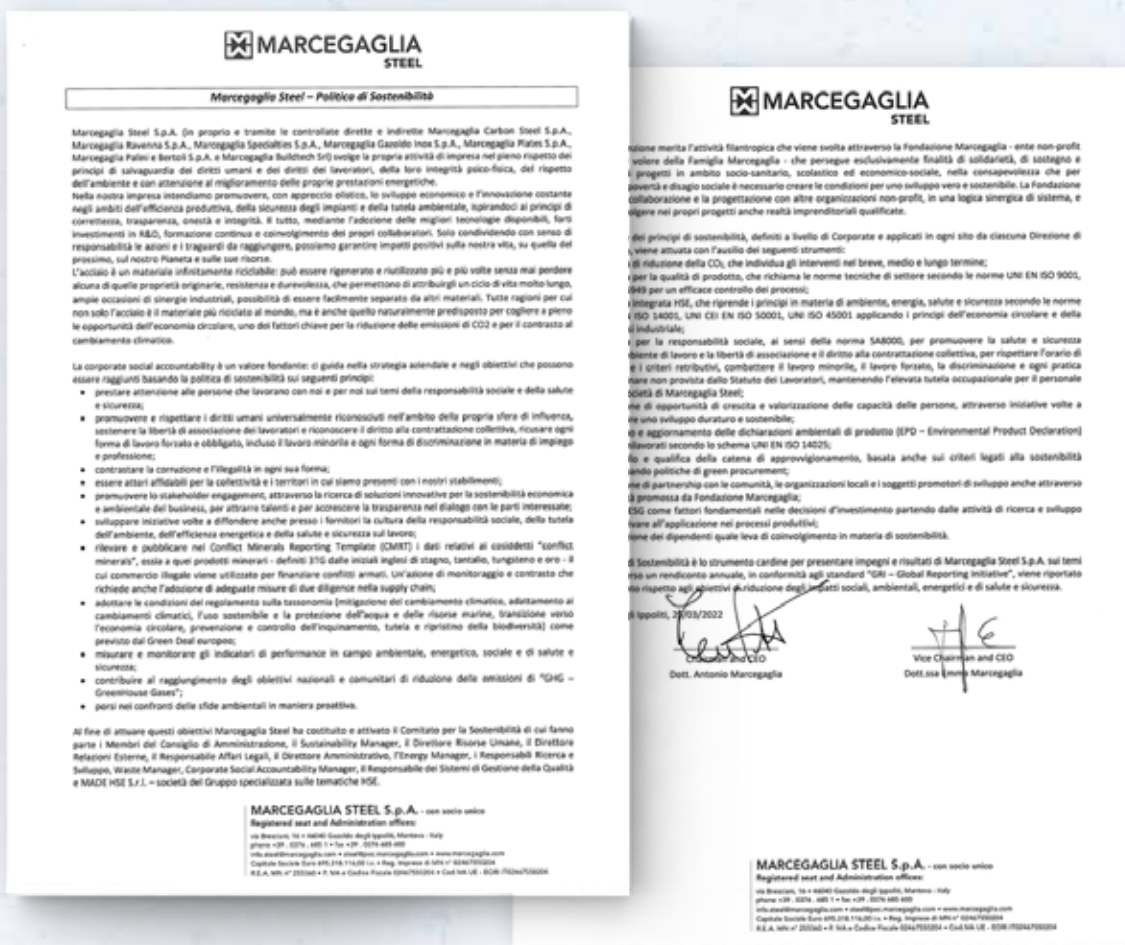
Customer satisfaction and support is fundamental: each Group Company is careful to take on board indications and requests that can improve the quality of its products and services, and, in this regard, acts so that its research, development and marketing activities are projected to the highest quality standards. Relationships between the Company and customers are characterised by mutual credibility, reliability and helpfulness. Obligations entered into with clients are governed by good contractual faith and proper performance; amicable resolutions are sought for any disputes. Communications to customers, including advertisements and the content of the company's website, are clear, compliant with applicable regulations, and not misleading.

Before contractually binding to third parties - as far as suppliers and continuing partners are concerned - the Company carries out an appropriate due diligence procedure to assess, throughout the supply chain, possible risks of violation of human rights, labour, environment, ethics and competition. In particular, it verifies the reputation of the entities with which it intends to contract and their principal officers (partners and directors); their financial situation; technical competence to render the service under the contract; major clients; and any relationships with public authorities. The Company carries out this control activity through dedicated software (Vendor Management System). Efficient management of suppliers and measurement of their performance, based on objective parameters, not only allows for better and more effective cost control; but also enables the pursuit of service excellence and mitigation of any risks, ensuring regulatory and document compliance. The system qualifies, manages and monitors the Supplier Register with specific questionnaires; scoring; creation of a scorecard based on answers given by the supplier and evaluations/audits carried out by the customer.

Purchasing processes are marked by the search for the best competitive advantage, not only in the short term but also in the medium term, the granting of equal opportunities for each supplier, on 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 quality systems, are required. Contracting with suppliers is done in line with the regulatory principle of good contractual faith and proper performance of mutual obligations.

4. THE SUSTAINABILITY POLICY

Marcegaglia group has codified the guiding principles of its sustainability policy in a manifesto. The document has been approved by the Owners and is available on the company website.



5. 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 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Marcegaglia Onlus Foundation: Resilio Project and Rwanda Project
	GOAL 5: Achieve gender equality and empower all women and girls	Marcegaglia Onlus Foundation: Rwanda Project, Dafne donne in cammino (Daphne women on the road), Con il CAV contro la violenza domestica (With the CAV against domestic violence), Zeus Protocol
	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 (Talking about the Mafia), FAI
	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

6. CERTIFICATIONS: 9001, 50001, 14001, 45001, SA8000

Plans for 2021 aimed to achieve for Marcegaglia Steel SpA certification in accordance with SA8000: **goal achieved and finally concluded in early 2022** with the last inspection visits.

SA8000 certification covers the management system for social responsibility relating to the Italian companies in which Marcegaglia Steel SpA has an interest. This certification integrates with those that measure performance improvement of management systems for environment, safety and energy and that together define leadership goals.

2021 also saw the certification of the integrated HSE (environment, energy and safety) management system of the newly acquired Marcegaglia Palini e Bertoli plant (2020).

The path to obtaining the various certifications started far back: like many other companies, the first step was Quality, in the 1990s, with ISO9001, but from then on the Group decided to move voluntarily, early and in a timely manner, to certify its processes, services, and management systems.

It is a **path of continuous improvement** that we pursue with determination, thanks in part to the many important achievements to date.



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

GOAL 2022

Also scheduled for 2022 is the completion of management systems in the last plants not yet involved: the **Rivoli** and **Graffignana** plants aim to certify according to the three schemes (Environment, Safety, Energy) while the **Pozzolo Formigaro** plant will complete the picture with UNI CEI EN ISO 50001 certification.

7. CIRCULAR ECONOMY

Steel in the circular economy

Steel is a material that in the collective imagination still recalls “heavy” industry-iron, cast iron and furnaces. Instead, it has characteristics and peculiarities of quite a different “weight”: it is ductile, lightweight and, above all, can be regenerated and reused over and over again without ever losing any of its original properties, strength and durability, which allow it to be attributed a very long life cycle, ample opportunities for industrial synergies, possibility of being easily separated from other materials thanks to its magnetic and specific weight characteristics. These are all reasons why steel is the most recycled material in the world and the one naturally inclined to take full advantage of the opportunities of the circular economy, one of the key factors in reducing CO₂ emissions and fighting climate change.

In addition to reuse, steel’s contribution to the circular economy also involves aspects related to production processes: the efficient use of natural resources, energy carriers, and the reduction of waste and by-product production. We are, in addition, working hard with major investments and projects so that our product portfolio is also increasingly green.



Marcegaglia Steel SpA has always paid special attention to waste reduction through specific policies in process management: metal scrap is a durable material that can be remelted over and over again without losing its properties of strength, ductility and formability. Waste consisting of scrap metal is 100% recoverable, and wherever possible, by-products generated from steel processing are also used in other applications to foster industrial symbiosis between plants or cycles that would otherwise be disconnected from each other. Given the Group’s substantial number of production sites and related opportunities, additional projects are currently being developed to optimise by-product reuse streams.

Most of the materials exiting our production cycles require essential packaging procedures (strapping) and are packaged only on demand; moreover, these same materials are configured in subsequent applications as easily disassembled or separable, so the contribution to the circular economy appears inherent in the steel cycle.

Green steel: count on us

In May 2021, the Marcegaglia group was called to be part of an important sustainable steel project: the **first real steel plant in the world completely “green”**. The Swedish steel company H2 Green Steel (H2GS), has started the construction of the plant that will be built in the town of Boden, in the north of Sweden, with the initial financial contribution of some major investors and international groups engaged in the field of the most advanced technologies for environmental sustainability and Industry 4.0. The Marcegaglia Group is one of the financial investors in the project, but also plays a strategic role as an industrial partner, in terms of production and sales. The innovative steel complex will come on stream in 2024, well ahead of the EU’s 2050 greening goals, and will initially produce 2.5 million tonnes of green steel per year, with the goal of 5 million tonnes by 2030. H2GS will power the plant with green hydrogen, using only local renewable energy sources (such as wind and hydropower) and high-quality iron ore, of which Sweden’s Boden cluster, a world leader in metallurgy and steel-making, is particularly rich.



Environmental Product Declarations (EPDs) on semi-finished products

As part of the assessment of the overall impacts of semi-finished products, Marcegaglia Steel S.p.A. has been studying the life cycle of its products with LCA (Life Cycle Assessment) methodology according to ISO 14040 since 2016. As required by the international regulations governing the sector, the analysis includes a focus on the environment, with a specific approach to the functional unit, which for the steel processing world coincides with the tonne of processed material, and is based on an iterative method that contributes to the completeness and consistency of the study and the results reported.

The following are recalled as important guiding principles:

- transparency, to ensure proper interpretation of results;
- completeness, ensuring that all attributes or aspects of the natural environment are considered;
- the scientific approach.

The aim is to analyse the following impact categories at various stages of the life cycle (from supply to post-use): global warming, ozone layer depletion, photochemical ozone creation, acidification, eutrophication, water use, abiotic fossil and non-fossil resources. Specifically, the carbon footprint of the product, expressed per kg CO₂ equivalent per tonne of semi-finished steel product processed, is determined for global warming assessment.

Marcegaglia Steel plans to proceed in the next three years with the EPD (Environmental Product Declaration) for all product categories processed in its plants: this is a certified environmental declaration that makes explicit the environmental impact of the product 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.

In 2021, corrugated sheets and polyurethane foam and rock mineral wool insulated panels for roofs and walls, both products of Marcegaglia Buildtech Srl, were EPD certified.



GOAL EPD

Between 2022 and 2024, EPDs are planned to be issued for:

- **Profiled tubes** from hot strip and cold strip carbon steel produced in Marcegaglia Carbon Steel SpA plants;
- **Flat products** (strips and sheets) from pickled, rolled, galvanised and pre-painted carbon steel coil produced in the plants of Marcegaglia Carbon Steel SpA;
- **Road barriers** produced by the company Marcegaglia Buildtech Srl;
- **Heavy plates** produced by Marcegaglia Plates SpA and Marcegaglia Palini e Bertoli SpA;
- **Tubes and flat products made of stainless steel and cold-drawn bars** produced in Marcegaglia Specialties SpA plants;
- **Structural tubes** produced by Marcegaglia Poland Sp. z o.o.



8. ENVIRONMENT

Respect for natural resources and the containment of environmental impacts have always been central to Marcegaglia's focus and pivotal elements in the operational and strategic management of all its plants. The company is continually searching for useful solutions, applications and facilities to strike a proper balance between industrial development and resource utilisation, knowing that a balance is needed between the needs of those living in the present and those who will come after.

The environmental aspects analysed over the following chapters are those that were found to be relevant to the company and Stakeholders (please refer to the materiality analysis for any further details).

A necessary premise concerns the reporting boundary. Specifically - as this Report has expanded to include foreign plants and Marcegaglia Buildtech Srl, which entered Marcegaglia Steel SpA starting end 2020, and the data reported last year was valid for the three-year period 2018-2019-2020 - for new entries (foreign and Buildtech), 2019 and 2020 data was considered in addition to 2021. All this is to make environmental data comparable and assessable given that the time-frame of each Report is a three-year period.

96.7% of the processed steel was processed in ISO 14001-certified plants

Energy Disclosures GRI 302-1; GRI 302-3; GRI 302-4

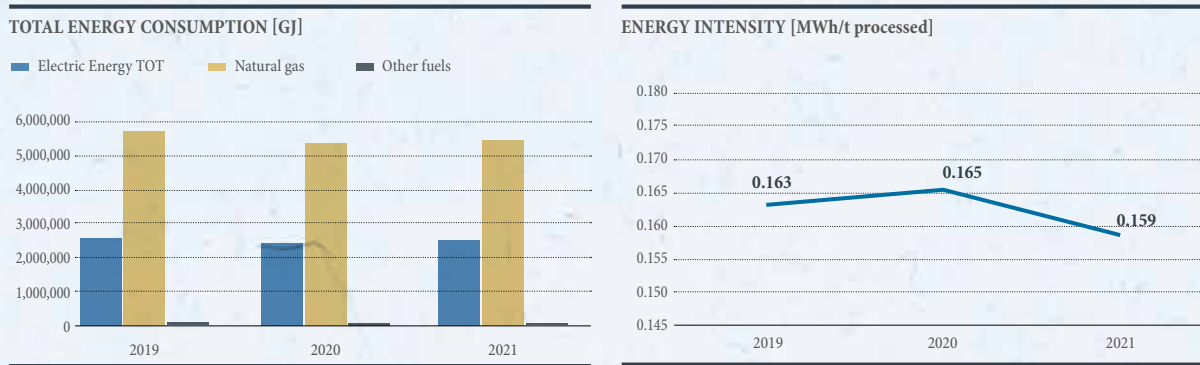
94.1% of energy is consumed in ISO 50001-certified facilities

The processing of steel products, both hot and cold, that characterise the activities of Marcegaglia Steel SpA requires the use of various energy sources, which, like other resources, are attentively monitored to ensure their efficient and responsible management.

The main energy carriers used are electricity and natural gas; diesel fuel is used for internal handling and transportation, as is petrol, which is used exclusively for the vehicle fleet. Only three factories, including two foreign ones, use LPG for heating and domestic hot water production.

The consumption of Marcegaglia Steel SpA, in the three-year period 2019-2021, the subject of this Report, broken down by energy carrier, is summarised in the following tables:

ENERGY CONSUMPTION									
YEAR	EE from photovoltaic [GJ]	EE from grid [GJ]	EE TOT [GJ]	NG [GJ]	DIESEL OIL [GJ]	PETROL [GJ]	LPG [GJ]	TOTAL [GJ]	TOTAL [MWh]
2019	9,877	2,597,352	2,607,229	5,724,528	75,338	163	4,568	8,411,826	2,336,618
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



Data analysis shows a **reduction in consumption for all energy carriers in 2021 compared to 2019**, except for LPG, which is used for heating, the consumption of which is necessarily related to weather conditions. In 2020, consumption contraction was stronger due to the health emergency from COVID-19, while the energy intensity indicator varied due to temporary production discontinuities.

The trend in energy intensity, i.e., specific energy consumption per tonne of steel processed, shows a **reduction of 2.8%, the result of investments in energy efficiency put in place to reach the goal of a 2% reduction set in the 2020 Sustainability Report.**

Energy efficiency

Because cold and hot processing of steel is itself energy-intensive, it is essential to intervene in processes for constant and continuous improvement so that opportunities can be identified for efficiencies in both production processes and systems subservient to processing plants.

Over the years, there have been many initiatives implemented in the Italian plants. 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 6,420,482 Sm³ of unused methane gas (average annual figure 1,284,096 Sm³/year) and equivalent to 12,738 t of CO_{2eq} emissions avoided (average annual figure is 2,548 t/CO_{2eq}).

Other types of interventions that have affected Italian plants include: the management of **suction and ventilation control systems** of the main plant equipment; the improvement of **compressed air distribution networks** with elimination of leaks and reduction of management waste; the optimisation of **condensate recovery systems** related to steam utilities; the replacement of **lighting fixtures with new ones with LED technology**; the modernisation of **welding technologies with Full Solid State system** at the main tube forming sites; the **insulation** of parts of plants and hot fluid distribution systems to avoid thermal energy loss; the modernisation of tube and coil **heat treatment sections**; and the application of **overhead cranes equipped with braking energy recovery systems**. These interventions, whose total investments amount to approximately 7 million Euros, have resulted in the saving of 3,325 MWh/year of electricity and 1,943,960 Sm³/year of methane gas, corresponding to 4,724 t/CO_{2eq}, in 2021 alone.

Parallel to the completion of the latest work to improve the efficiency of the **slab rolling furnaces** at **San Giorgio di Nogaro**, in-depth investigations continue on other efficiency upgrades, such as the **revamping of cooling towers** not affected by the recent upgrades; **electrification of thermal processes**; the project to **recover electricity from the expansion of methane gas** coming in from the grid; and **thermal conversion** (trigeneration) at the electrical substations through the recovery of thermal energy from cogeneration.



During the reference three-years of this Report, Marcegaglia Steel SpA's Italian plants have been engaged in a **technological scouting process** ("**Energy Efficiency Management**" Project) with the support of ENGIE Servizi SpA, a leading international energy efficiency company (ESCo). The long-term goal is to **significantly reduce consumption and related atmospheric emissions**.

As regards the foreign sites of Marcegaglia Steel SpA, interventions aimed at improving energy efficiency involved the optimisation of cooling systems and/or their modernisation with **replacements of evaporative towers** (UK, Russia); relamping with application of **LED technology** (Russia, Mexico, UK); modernisation of the motor fleet with **adoption of inverters** (Brazil, UK, Russia); adoption of **welding technologies with Full Solid State system** (UK) and modernisation of **cutting sections** (UK); optimisation of **production and compressed air distribution systems** (UK, Brazil); and implementation of **continuous monitoring systems** (Russia and Turkey).

Planned interventions at foreign sites in the near future include: the integration of **energy consumption** monitoring and supervision systems (Turkey); the extension of the **relamping** operation (Mexico, Poland, UK); the adoption of **thermal recovery** systems from the environments and the production process (Mexico); and the continuation of the transition to **full solid state welding technologies** (Poland).

Already since the end of 2009, **photovoltaic systems** have been placed on the roofs of the factories in **Ravenna**, **Casalmaggiore** and **Lomagna**. The total installed capacity is about 3.1 MWp, and the energy produced and totally self-consumed since the start-up of the plants is 31.5 GWh, representing an estimated environmental benefit of 9,825 t of CO₂ emissions avoided.

By 2025, additional photovoltaic systems are planned to be installed at other production plants (assessments are underway for the Boltiere, Contino, and Forlimpopoli sites) for a total potential of at least 7 MWp, so as to increase the self-generated contribution from renewable sources. A feasibility study regarding the construction of a photovoltaic plant is also being evaluated at the plant operating 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**.



Cogeneration at the Ravenna and Gazoldo degli Ippoliti sites

At the two main energy-consuming plants of Marcegaglia Steel S.p.A., namely **Ravenna** and **Gazoldo degli Ippoliti**, two cogeneration plants are currently being commissioned. For this activity, the Group relied on the support of ENGIE Servizi SpA, which handled the overall design of both plants and oversaw the construction phases. To date, ENGIE is also following the start-up and early stages of conduction.

The energy advantage of such plants lies in 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 04 August 2011, identifies plants that generate primary energy savings of more than 10% (reference threshold for plants with installed capacity >1 MW).

The Ravenna plant has an installed electrical capacity of about 35 MWe (for a total of 69.5 MWt); while in Gazoldo degli Ippoliti the installed electrical capacity is about 21.5 MWe (for a total of 42 MWt); 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 thermal energy produced will be distributed in the form of steam and hot water and used to heat the process fluids needed by the various steel processing plants (acid treatments, cleaning, drying, etc.). In this way, the pre-existing steam generation system using old-technology gas generators will be fully modernised, and there will also be benefits in terms of lower pollutant emissions.

Compared with the previous thermal power generation system, a reduction, estimated at around 60%, of nitrogen oxides (NOx) is expected. On the other hand, in terms of CO₂ emissions (including indirect emissions), compared with the current configuration with grid withdrawal and use of steam from generators with a natural gas burner, both cogeneration plants will achieve a reduction of 16%. For parameters such as SOx and powders, given the plant typology that does not include characteristic concentrations of these pollutants in the atmosphere, an almost total reduction is estimated compared to the previous configuration of thermal power plants with external burner.

Positioning against industry benchmarks and future energy consumption scenarios

With reference to the final review phase of the FMP-BREF (Ferrous Metal Processing - Best Available Techniques reference document) regarding the best available techniques in the environmental and energy fields applicable to the steel processing sector, the positioning of the processing carried out in the plants of the companies belonging to Marcegaglia Steel SpA was evaluated with respect to the performance indicators of the steel and metallurgical sector.

These insights show that **the ranking for galvanising, heat treatment and rolling activities is better than the target values given by the BREF, thus already attesting to the good energy performance of the plants.**

TARGET

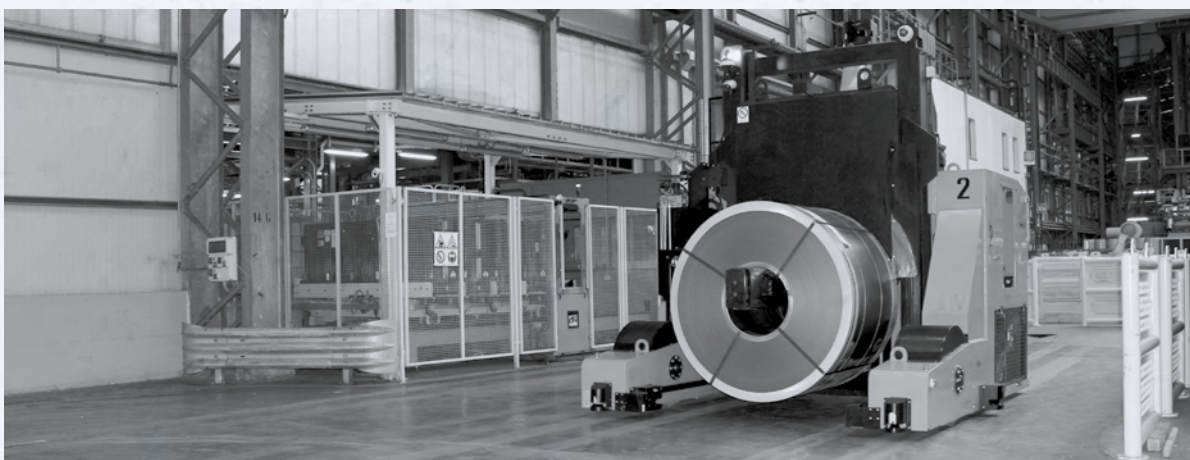
-1.5%

With a view to continuing energy efficiency activities to optimise energy performance indicators at numerous plants of Marcegaglia Steel SpA, the overall annual goal is to further reduce energy intensity by 1.5%.

Transport

Marcegaglia Steel SpA **moves more than 12 million tonnes of steel each year** between its various Italian production sites through an integrated logistics network consisting of, in addition to road transport, internal rail networks, present in Ravenna and San Giorgio di Nogaro, and the Ravenna plant's port quay, which alone moves more than 3.5 million tonnes.

Over the past few years, the emission impact of inland transportation has improved significantly due to the increasing use of **intelligent electric handling devices** aimed at optimising plant logistics by reducing routes and related combustion pollution.



The most significant interventions already put in place and being further implemented include the adoption of:

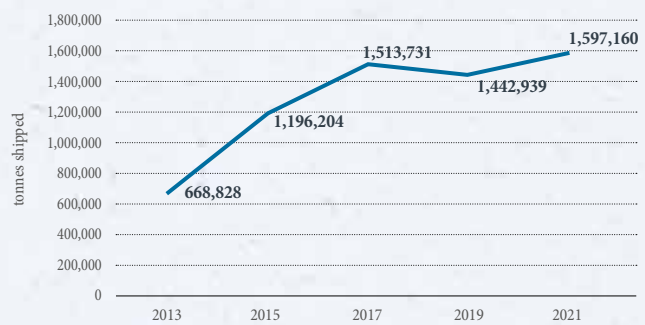
- **roll trailer**, i.e. movable trolley systems that can be detached from tractors and positioned in strategic areas of the plant. In Ravenna, the inclusion of these trolleys has made it possible to go from 16 traditional handling vehicles to only 3 tractor units handling numerous roll trailers;
- **AGV**, 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.

Electrification of coil handling cranes at the Ravenna port dock is being evaluated.

Again in the **Ravenna** plant, in order to improve handling of incoming and outgoing goods, the use of railways has been strongly emphasised: 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 over 1.6 million tonnes in 2021. 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



For 2021, the use of rail transport instead of road transport avoided the emission of 12,505 tonnes of CO₂ equivalent into the atmosphere, with particular reference to transport operated by Mercitalia Rail Srl, Rail Cargo Logistics Srl and DB Cargo Italia Services Srl.

TARGET

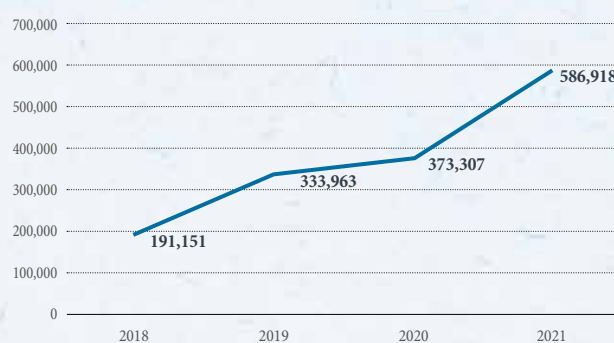
2million

Compatibly with investment on rail infrastructure, the goal is to further increase rail capacity to 2 million tonnes per year.

At the **San Giorgio di Nogaro** plant, road haulage of almost 1.5 million tonnes of slabs per year has been avoided since 2018 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

-700,000

In San Giorgio di Nogaro, for the handling of raw material and finished product, it is intended to further increase capacity by train and barge to 700 thousand tonnes per year in less road haulage.

Atmospheric emissions *Disclosures GRI 305-1; GRI 305-2; GRI 305-4*

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

Dust, 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.

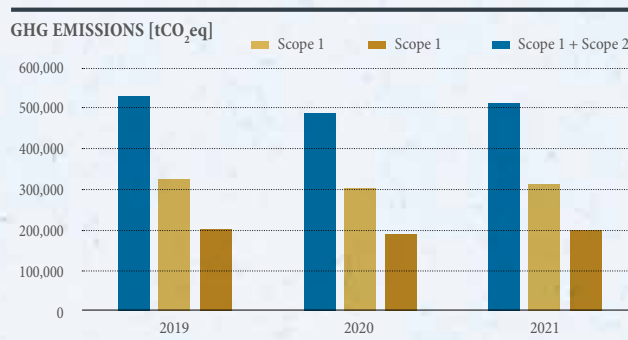
Specifically, there are 8 sites in Italy managed with **Integrated Environmental Authorisation: Ravenna, Forlì, Boltiere, Rivoli**, both sites in **Gazoldo degli Ippoliti** and both sites in **San Giorgio di Nogaro**. In the remaining plants, where national regulations apply, the **Single Environmental Authorisation** was obtained. 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.

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 and the aviation sector internationally. The Directive establishes the obligation for operators in these sectors to 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; 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
2019	326,018	203,463	529,482
2020	301,847	188,202	490,049
2021	316,239	200,246	516,484



To make the figure more meaningful, starting in 2019, 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 [tCO ₂ eq]	
YEAR	[tCO ₂ eq/t processed]
2019	0.0370
2020	0.0371
2021	0.0360
YEAR	[tCO ₂ eq/t sold]
2019	0.1007
2020	0.0893
2021	0.0871

Over the three-year period considered, there is evidence of a gradual decline in Carbon Intensity bringing 2021 to a reduction of 2.4% from the previous year.

TARGET

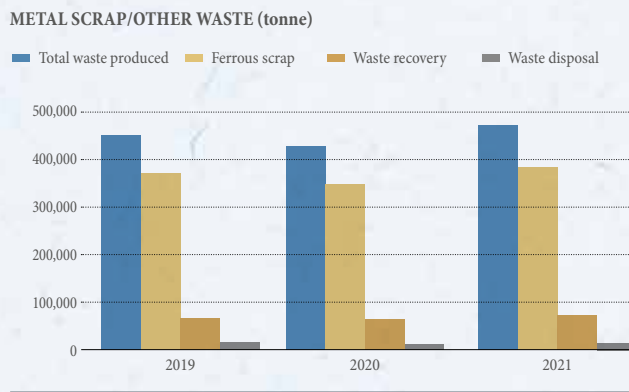
Reduction **by 2025**, by 6% of the carbon dioxide emission intensity compared to the 2021 baseline, through interventions in the field of logistics, internal handling, utilities, renewable energy and technological improvements aimed at increasing energy efficiency.

Among the activities under study to reduce emissions, one of great significance should be noted. Marcegaglia has entered into a **partnership for the Decarbonisation of the Ravenna Industrial Hub**. Together with other local players and with the support of major infrastructure partners, work is underway on a CO₂ capture, transport, use and storage project whose impacts and developments will materialise in the coming years.

Waste management *Disclosures GRI 306-2; 306-3; 306-4; 306-5 a - d - e*

It is described as “waste,” but it should read “materials.” This is the approach Marcegaglia Steel SpA takes in order to recycle and recover more and more waste. To study new solutions and partnerships, internal and external to the Group, to develop industrial symbiosis capable of transforming some processing waste into useful material for another company’s production cycle. With a twofold goal: **to reduce the volume of waste sent to landfill as much as possible** and **to increase the waste/materials that can be sent for recovery**, including as by-products. The main wastes of our activities are: scrap metal, iron oxide, rolling flake, sludge (metallic and sewage), used emulsions. Marcegaglia Steel SpA, as a leading independent player in steel processing, mainly generates metal scrap, which is considered waste in most countries where our plants are located.

All metal scrap goes into the circular economy by being sent to electric arc furnace steel mills. Thanks to agreements with some of these steel mills – Italy is the first country in Europe to produce steel from ferrous scrap – these same wastes are returned to us as semi-finished products (e.g. coil), thus achieving full circularity.



In 2021, compared with the previous year, Marcegaglia Steel SpA recorded growth in waste production that was proportional to the growth in production volumes and construction sites put in place for the implementation of major investments.

Last year we set out to reach the target of a 1% reduction in waste sent for disposal: we went further, achieving 1.37%.

With the aim of promoting, among the Group’s plants, the concept of *industrial symbiosis* (introduced in Italy by Legislative Decree no. 116 of 03/09/2020), in 2021, the project to **recover and reuse spent hydrochloric acid** for surface treatment of carbon steel coils was launched. This project has a twofold significance: first, the reduction of approximately 5,000 tonnes of waste over the next few years (also avoiding its movement on the road) and, second, the reduction of acid supply itself.

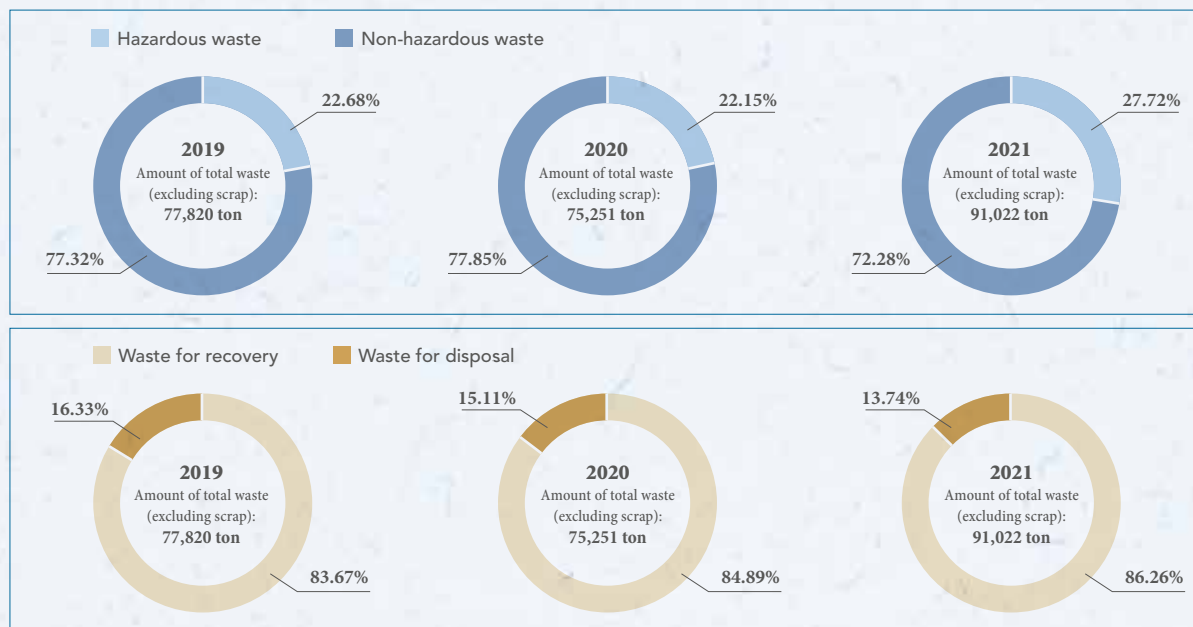
The following is the summary over the three-year period 2019-2021:

WASTE GENERATED	2019 [tonne]	2020 [tonne]	2021 [tonne]
Total waste generated (P+NP)	450,876	427,047	476,440
of which <i>scrap metal</i> sent for recovery	373,056	351,796	385,417
<i>waste</i> sent for disposal or recovery	77,820	75,251	91,022
Total hazardous waste	17,652	16,671	25,229
Hazardous waste for recovery	5,979	6,013	13,837
Hazardous waste for disposal	11,673	10,657	11,392
Total non-hazardous waste (excluding scrap)	60,168	58,580	65,793
Non-hazardous waste for recovery	59,137	57,865	64,681
Non-hazardous waste for disposal	1,031	715	1,112

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

Only **2.6%** of total waste is sent for disposal

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



It should be noted that all waste not sent for disposal is subjected to recovery operations at duly authorised external sites. External licensed facilities are also used for waste for disposal.

EXAMPLES OF RECOVERY

ZINC POWDERS

In the facilities of **Gazoldo degli Ippoliti, Casalmaggiore, Boltiere** and **Dusino San Michele** powder from the welding of galvanised pipes is collected in special containers.

These powders, which contain a considerable amount of zinc, are **sent for recovery** and, through a specific industrial process, **become zinc sulphate or zinc carbonate destined for the industrial, livestock and agricultural sectors.**

GRINDING AND RECTIFICATION RESIDUES

The project developed with European partners involves the recovery of grinding and rectification residues (metal sludge) that would otherwise be destined for landfill after inerting treatment.

The metals contained within this waste (>80%) are **recovered for processing into new raw material for steel mills and foundries.**

Only the remaining <10% goes to disposal.

ROLLING/CALAMINE FLAKE

In the facilities of **San Giorgio di Nogaro** and **Contino di Volta Mantovana**, rolling/calamine flake is recovered.

This is **sent for recovery to chemical and cement manufacturing industries** (e.g. counterweights).

REDUCTION OF PLASTIC PACKAGING

As part of the programme to eliminate PET plastic packaging for the provision of general services (canteen), the project has planned for additional establishments to join between 2020 and 2021 allowing the **reduction of an additional 160,000 plastic bottles.** By 2022, almost all PET packaging is scheduled to be eliminated at all Italian plants.

STAINLESS STEEL LINE POWDERS

At the **Gazoldo Inox** plant, waste is collected from the treatment of fumes coming from the cooling sections (and related abatement systems) downstream of the annealing furnaces of the stainless steel annealing and pickling plants. These powders are **sent for recovery at foreign plant to obtain**, by means of a special patented industrial process, **an iron alloy intended for foundries/steel mills** to produce stainless steels.

IRON OXIDE

At the plant in **Ravenna**, hydrochloric acid used in the coil pickling process is **regenerated** (by Regeneration plant that performs the separation of the acid from the metals and impurities removed during the pickling process) **and made usable again.** Iron oxide formed in the reactor is constantly extracted and conveyed to a storage tank, from there loaded onto vehicles and sent for recovery at external facilities.

In 2021, Marcegaglia Steel SpA generated approximately 5,400 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.

Water Disclosures GRI 303-1a; 303-2; 303-3; 303-4 a-b-c-e

The water consumption of steel processing activities is almost entirely related to the cooling stages, which always occur indirectly (with the exception of hot rolling) and the implementation of process solutions. Water is a precious resource and must be shared at a local level. Accordingly, over the years, **systems** have been increased **to reduce water consumption**, including: **closed-cycle cooling towers, air exchangers** instead of water exchanges and **recirculation and recovery of process solutions**. Wherever technically possible, water is reused in subsequent processes to generate less impact on the environment, in terms of use.

Water is supplied by drawing from groundwater or public aqueduct at all Italian and foreign plants of Marcegaglia Steel SpA. No sites are located in water-stressed areas.

The use of groundwater abstraction occurs at sites located in municipalities 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, while 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. 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.

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.

Data for the three-year period confirms a reduction in overall water consumption, found mainly in coil processing plants, except for the particular drop in water consumption in 2020 due to the contraction of working regimes caused by the COVID-19 emergency.

	WITHDRAWAL FROM GROUNDWATER [m³]	WITHDRAWAL FROM AQUEDUCT [m³]	TOTAL WATER CONSUMPTION [m³]
2019	3,666,864	1,591,887	5,258,751
2020	3,148,815	1,511,245	4,660,060
2021	3.275.307	1.496.266	4.771.572

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. 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 is guaranteed with requirements and the best available technologies is assured, alongside the impact on the public sewage system, favouring, where possible, the discharge of rainwater into surface water bodies.

The plant types of treatment systems installed upstream of the discharges vary according to the workings performed and are designed to intercept the specific pollutants that may be present. Simple systems designed to remove oil or silt or fully-fledged chemical-physical and/or biological treatment plants can be found in the facilities.

Compliance with the discharge limits, with reference to the regulations in force in each country, is monitored through periodic verifications required by the specific permits or monitoring plans for each site.

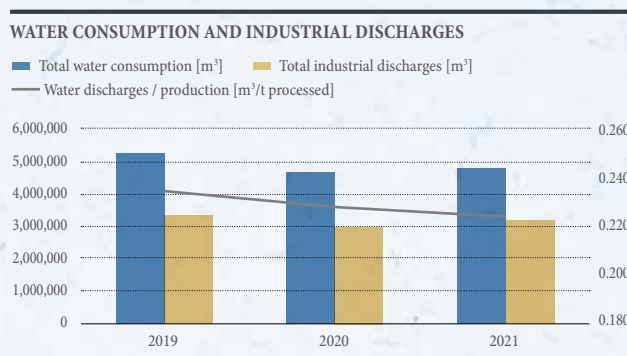
Below, data on discharges in the two intended destination types is given. Their examination shows a decline in the total volume sent to both sewer and surface water body, with a more pronounced decline in 2020 due to the reduction of processing due to the COVID-19 pandemic.

	DISCHARGES INTO SURFACE WATER BODY [m ³]	DISCHARGES INTO PUBLIC SEWERS [m ³]	TOTAL VOLUME OF DISCHARGES [m ³]
2019	3,041,783	438,309	3,480,092
2020	2,728,561	400,389	3,128,950
2021	2,897,776	423,049	3,320,825

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 plant) and Marcegaglia Palini e Bertoli, and the foreign sites of Turkey, Poland (limited to the Praszka site), Brazil and Mexico.

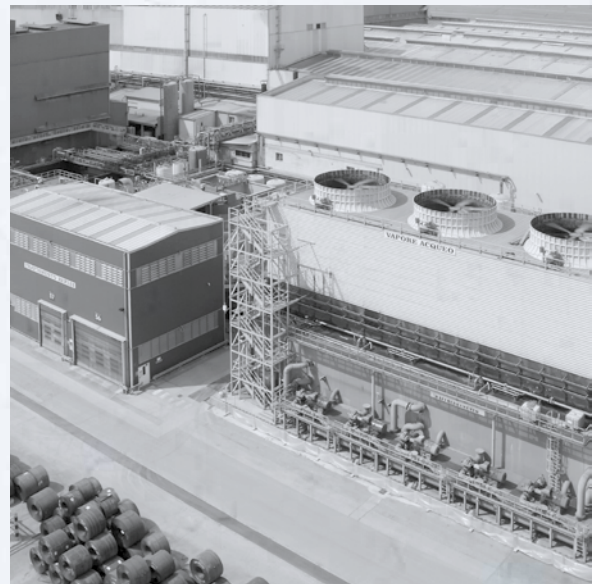
	INDUSTRIAL DISCHARGES INTO SURFACE WATER BODY [m ³]	OF WHICH FROM PURIFIERS [m ³]	INDUSTRIAL DISCHARGES INTO PUBLIC SEWERS [m ³]	OF WHICH FROM PURIFIERS [m ³]	TOTAL VOLUME OF INDUSTRIAL DISCHARGES [m ³]
2019	3,036,743	2,199,740	327,798	145,124	3,364,541
2020	2,724,421	2,048,008	296,464	110,812	3,020,885
2021	2,893,816	2,239,380	326,217	125,673	3,220,033

The graph below, on the other hand, depicts trends in water resource consumption and volume of industrial discharges, as well as the ever-decreasing ratio of wastewater produced to tonnes processed.



The goal of reducing water consumption has been achieved through various actions implemented over the years, such as:

- **rationalisation of the cooling system** using evaporative towers for several production lines (Forlì and Gazoldo degli Ippoliti);
- use of **air exchangers and chillers** instead of water exchangers (Casalmaggiore and Forlì);
- **optimisation of the use of process water** before it is sent to the wastewater treatment systems upstream of the final discharge (Gazoldo degli Ippoliti and Ravenna);
- adoption of **technologies to extend the life of process solutions** (Forlì, Gazoldo degli Ippoliti and Ravenna);
- replacement of existing plants with **higher-performance plants in line with technological development**, such as cooling towers (Gazoldo degli Ippoliti);
- installation of **additional cooling towers** to augment the closed-loop system (Ravenna).



9. PROCESS AND PRODUCT INNOVATION

During 2021, initiatives continued to implement the numerous incremental and disruptive innovation projects aimed at increasingly improving the quality of our products and the efficiency of our processes for the primary purpose of reducing the impact of our business on the planet. Among these, the conclusion of the **Master Model** project at the **Ravenna** plant is worth noting.

An innovative approach of digitising, integrating and automating pickling, cold-rolling and hot-dip galvanising processes has been fully implemented to significantly improve input product control (mechanical and microstructural characteristics), process control, final product quality and, finally, industrial cost control in terms of efficiency and energy savings. The use of Smart Sensors, artificial intelligence algorithms with unsupervised training, and big data analysis enabled important qualitative and quantitative results. Master Model principles are also being studied and/or implemented for the production of stainless steel at **Marcegaglia Gazoldo Inox** and heavy plates at **Marcegaglia Plates**.

The feasibility tests of **Surface Engineering** a very innovative project consisting of the development of new high value-added galvanised steel products with highly specialised functional properties achieved through the application of Surface Engineering and Additive Manufacturing Concepts were then concluded. The innovative element of the project is to integrate the newest technologies of Cold Spray and Additive Manufacturing within the classic hot-dip galvanising process. This makes it possible to obtain products with high corrosion resistance, as well as other properties, which to date cannot be achieved by the conventional process.

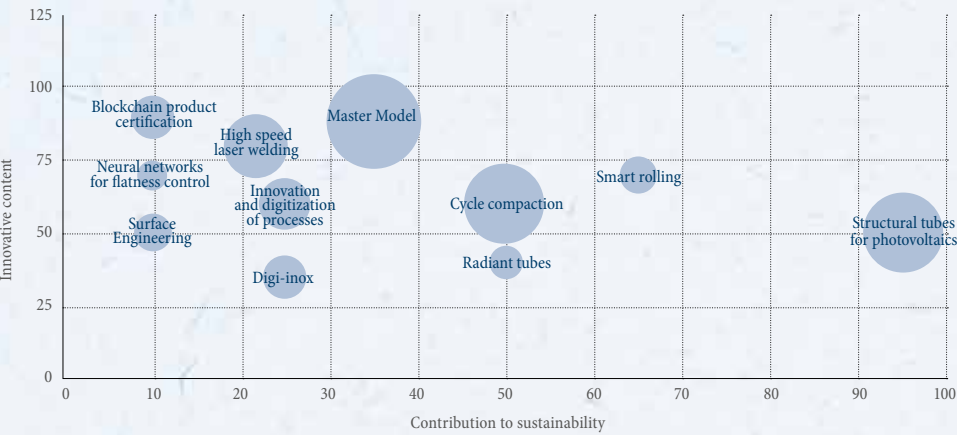
Feasibility tests for the definition of innovative cycles for the production of non-NGO fully-finished oriented magnetic steels for the production of electric motors were also successfully concluded. The positive results achieved are leading to the definition of a larger project already planned to start in 2022.

Process digitisation is relevant at **Marcegaglia Specialties plants in Forlimpopoli and Contino**. In the Forlimpopoli plant, the choice was made to focus on the Manufacturing Execution System to vertically integrate machines and business processes and horizontally integrate the different plants. Currently, several initiatives are under way to sensitively improve vertical integrations to plants, increasing the system's ability to dialogue with the automation level: in this way we are able to have an increasingly complete data collection also for the purpose of qualitative analysis extended to the entire production cycle and possible correlations with management data. In addition, studies were conducted for the design and commissioning of new high-speed laser lines based on the BAT (Best Available Technologies) concept for the production of high value-added tubes.

In the **Gazoldo degli Ippoliti** plant, technical solutions were studied and implemented to increase the dimensional range of products in both the **Gazoldo Inox** and **Carbon Steel** areas. In the area of stainless production, innovative systems have been studied to electrify part of the continuous annealing processes: they will be implemented in the coming years and can make an important contribution to reducing CO₂ emissions. Also at the Gazoldo plant, particularly in the Carbon Steel area, the metallization process on cold galvanised pipes has been optimised to achieve energy savings and lower resource use. The study of technological solutions for compacting production cycles and the development of special structural tubes for photovoltaic energies are

further evidence of the increasing attention to the issues of energy conservation and efficiency. Also in 2021, a project-which for now concerns **Marcegaglia Specialties**, but in perspective is applicable to the whole group-has started for the development of blockchain-based systems for product quality certification. This project, unique in the metals and steel industry, will ensure transparency, immutability and decentralisation of information, increasing “trust” in the entire value chain.

INNOVATION PROJECTS - STATE OF IMPLEMENTATION AND RESULTS



PROJECT TITLE	MAIN OBJECTIVE	PLANT
Master Model	Digitisation of processes. Efficiency and sustainability	Marcegaglia Ravenna
Surface Engineering Feasibility Testing	Process/Product Development. Improved corrosion resistance	Marcegaglia Ravenna
Feasibility Tests for the Production of NGO Fully Finished	Implementation of compact innovative processes	Marcegaglia Ravenna
Radiant Tubes	Study of thermo fluid dynamic phenomena in radiant tubes for increased efficiency and sustainability	Marcegaglia Ravenna
Flatness improvement through neural network models	Digitisation of processes. Efficiency and sustainability	Marcegaglia Ravenna
Study, analysis and tests for the innovation and digitisation of processes	Process Improvement and Sustainability	Marcegaglia Specialties Forlimpopoli and Contino
Study and early experiments for the use of blockchain in product certification	Improved process efficiency and document traceability	Marcegaglia Gazoldo Inox
Study and design activities of technical solutions to increase the dimensional range of products	Expansion of the product range	Marcegaglia Gazoldo Inox Marcegaglia Carbon Steel Gazoldo degli Ippoliti
First studies for partial electrification of continuous annealing furnaces	Environmental sustainability	Marcegaglia Gazoldo Inox
Study of head-to-head laser welds between stainless steel and Carbon Steel	Increased process stability	Marcegaglia Gazoldo Inox
Optimisation of the metallisation process on cold galvanised pipes	Energy saving and lower resource utilisation	Marcegaglia Carbon Steel Gazoldo degli Ippoliti
Feasibility study and fabrication of welded tubes from pre-painted strip	Product performance improvement and range expansion	Marcegaglia Carbon Steel Gazoldo degli Ippoliti
Study and implementation of structural tubes for photovoltaic technology	Product development for sustainability	Marcegaglia Carbon Steel Gazoldo degli Ippoliti
Compaction of production cycles for making plans and tubes	Environmental sustainability	Marcegaglia Carbon Steel Gazoldo degli Ippoliti
Study and implementation of new high-speed laser lines	Improvement in product quality and productivity	Marcegaglia Specialties Forlimpopoli
Design and implementation of high-speed mechanical pickling systems	Improved productivity and energy saving	Marcegaglia Specialties Contino

The main R&D projects shown in the table are described below, highlighting innovative aspects, potential industrial and environmental sustainability benefits.

Master Model project

In 2021, the Master Model project, a high-level mathematical system (automatic line pilot) combining predictive metallurgical models and virtual sensors for online monitoring of mechanical characteristics, was completed. This innovative approach of **digitising**, **integrating** and **automating** pickling, cold-rolling, and hot-dip galvanising processes has significantly improved the control of input products (mechanical and microstructural characteristics), process control, final product quality, and, finally, the control of industrial costs in terms of process efficiency and energy savings.

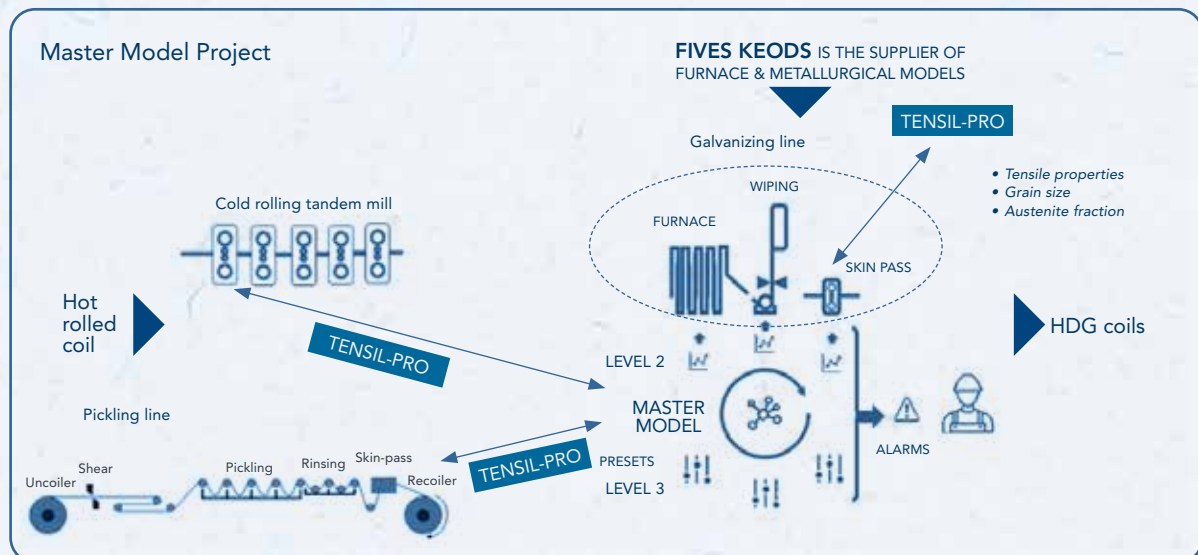
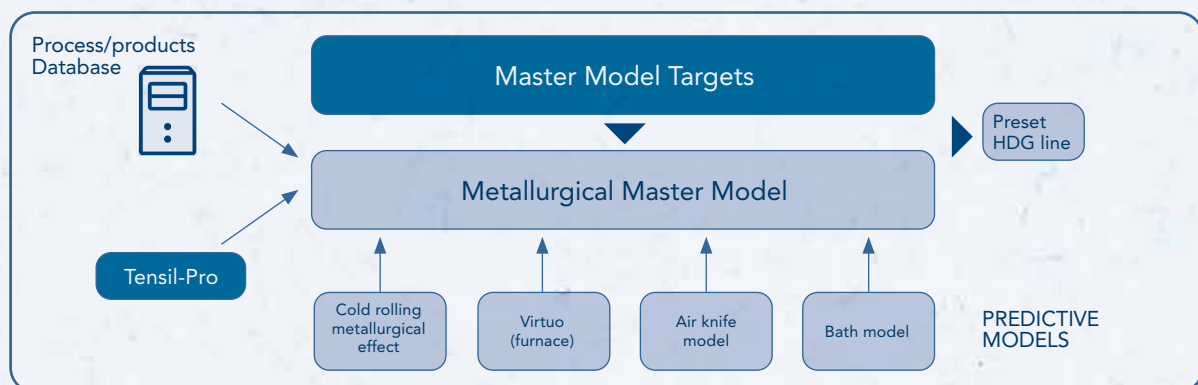


Diagram showing digital process integration



Model structure and data flow of the Master Model

The final results of the Master Model project can be summarised in the following points:

• **OBJECTIVE 1**

Homogeneity of mechanical characteristics: the variability of mechanical characteristics over the length of coils is significantly improved (standard deviation <10%);

• **OBJECTIVE 2**

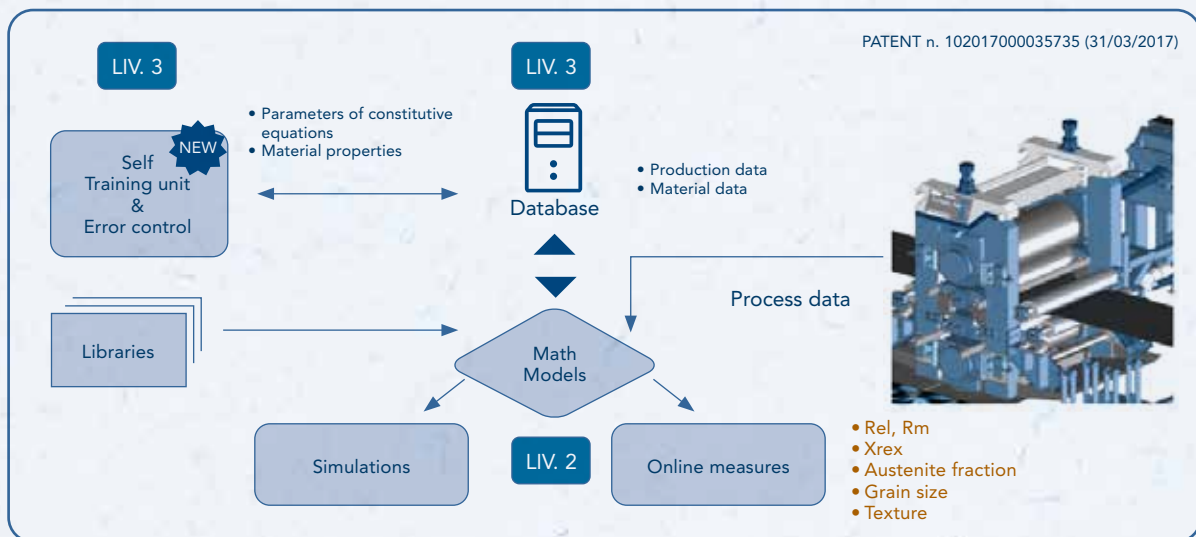
Zinc coating quality control: the control of the galvanising process in terms of both thickness homogeneity and adhesion with the substrate has improved;

• **OBJECTIVE 3**

Productivity increase in galvanising lines: the average increase in productivity was >3%.

Process digitisation projects

The clear advantages-in terms of efficiency and sustainability of industrial processes-that can be achieved through the digitisation of processes has led the company's management to consider implementing these technologies also in plants related to completely different productions, such as stainless steels and hot-rolling products (sheets). In both of these cases, the common technological denominator (the “**key enabling factor**”), is the **Tensil-Pro** system, which allows the most important product characteristics, namely mechanical properties and microstructure at both room temperature and high temperature, to be obtained in real time.



Tensil-Pro architecture - Online Metallurgical Calculator

DIGI-INOX project

The DIGI-INOX project aims to develop a stainless steel coil production cycle in key 4.0, in which all the various process steps (raw material characteristics, annealing cycles, rolling, final product qualification) are integrated through the development of special mathematical models and smart-sensors. The ultimate goal of the project is to significantly automate the production cycle while achieving the ability to produce new products with higher added value, increased productivity, savings on gas consumption, and improved final product quality. Tensil-Pro combined with the annealing furnace model and the metallurgical model allows for more sustainable production cycles in terms of energy consumption and CO₂ emissions.

Marcegaglia Gazoldo Inox is currently in the testing phase on an annealing and pickling line.

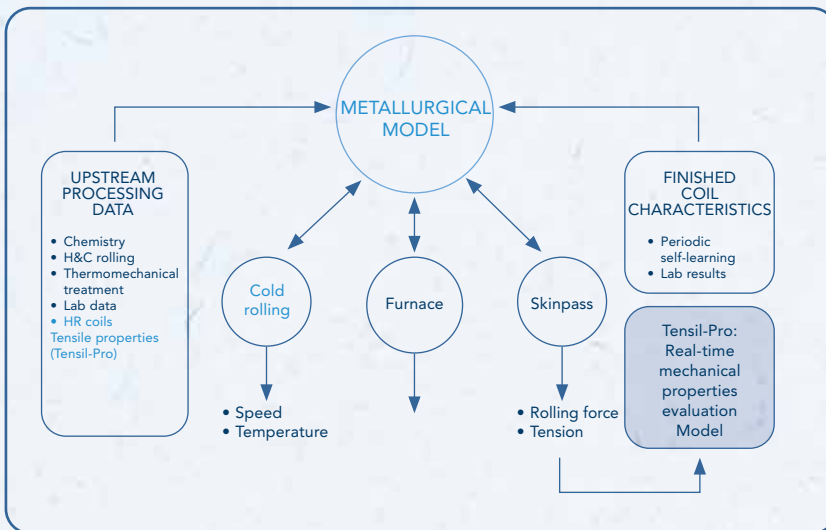


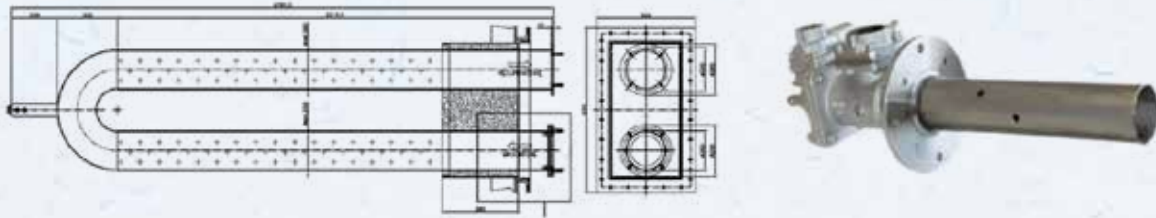
Diagram of the digital structure of processes related to the production of INOX products.

Smart Rolling project

The Smart Rolling project, a spin-off of the Master Model project, aims to create a mathematical model of hot rolling capable of integrating all the processes involved (steel mill, slab reheating furnace, rolling) in a 4.0 key. The innovative element of the project is to develop new methodologies for controlling the hot rolling process by implementing 'virtual sensors' based on 'self-training' and self-adaptive mathematical models (*Marcegaglia patent application filed in 2021*). These 'virtual sensors' make it possible to capture, in real time, the evolution of steel microstructure during the hot rolling process. With these virtual sensors, it will be possible to perform automatic production with in-line adjustments so as to optimise productivity and final sheet metal quality in terms of mechanical properties and final microstructure.

Radiant Tubes project

The activity of this project is focused on the development of numerical models for representing the thermal, fluid dynamic and structural phenomena that take place between the radiant tubes (TRs), the strip undergoing heat treatment and the environment surrounding the furnace. These include: combustion, heat transfer, creep life prediction and thermal fatigue models. The results will be adequately supported by experimental data and form the “virtual laboratory” for radiant tube prediction and verification. From the indications obtained on current operating conditions, preliminary indications will also be given on improvement interventions for containing consumption and increasing the service life of heating system components.



Radiant tube heating system (tube + burner)

The management of risks and opportunities related to operations planning and new product development and launch is handled as part of the continuous updating of quality management systems, as well as in integrated environmental, energy and safety management systems.

10. MARCEGAGLIA PEOPLE

The distinguishing feature of the Marcegaglia Group has been, since its inception, that it has been able to keep its roots firmly in Italy and has remained, in more than sixty years of history, a unique and original model of a “single-family” managed enterprise. In fact, since 1959 the Group has remained wholly owned by the Marcegaglia Family and continues to regard the company as its natural “continuation.”

Every person is important in the Group, and every person must be able to feel that he or she is an active part of a future project that affects not only the company, but also themselves. Today the Group is a world-class leader, present on 3 Continents, but it remains a reality in which employees and collaborators are **People** followed in their human and professional growth and has kept unchanged that attention to others that was inherent in the business ideal of the Founder, Steno Marcegaglia.

The appreciation of **Marcegaglia People** begins as early as the job placement phase, with the accompaniment of experienced staff and the subsequent training, an essential tool for the growth of individual professionalism, carried out by all available methods: frontal, e-learning and on-the-job. The training process continues over the years to strengthen skills and expand them according to each person’s roles, aptitudes and personal interests.

Employees

2021 EMPLOYEES OF MARCEGAGLIA STEEL SpA		
ITALY	3,934	66.2%
ABROAD	2,010	33.8%
TOTAL	5,944	

Marcegaglia People are not only among the first and most sensitive reference Stakeholders, they are also the fundamental resources thanks to which throughout its history, the Group has been able to achieve those goals of an increasingly ambitious growth in numbers, but increasingly 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 and are qualifying elements in the management of our activities.

In 2021 Marcegaglia Steel SpA developed the Social Accountability Management System at all Italian sites, in accordance with the SA8000 standard, to reinforce attention to and respect for ethical and social values and behaviour as an integral, natural and shared part of the corporate culture. This subsequently led, through third party audits, to verification of the procedures in place to ensure respect for human rights at 21 sites, thus covering 75% of the perimeter.

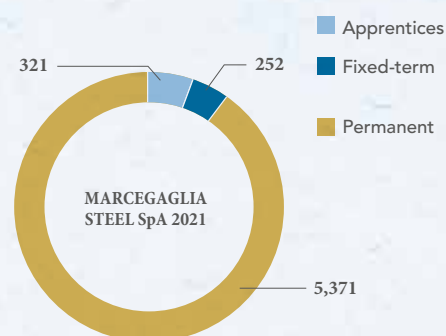
Compliance with social responsibility requirements is now a cornerstone of every company policy: absence of Child Labour; refusal to use Forced or Compulsory Labour even at its suppliers; constant commitment to continuous improvement of Workers’ Health and Safety; Freedom of Association and the Right to Collective

Bargaining; attention to Equal Opportunity against Discrimination; and careful management of Disciplinary Practices, Working Hours and Remuneration.

The Group pays special attention to the satisfaction of its employees and collaborators, including fostering constructive dialogue with Workers' Representatives and Social Parties. A prominent example of this is the use of contract types that are more protective of workers: the table below shows how permanent contracts are favoured, allocating the other contract forms (apprenticeship and fixed-term) to job placement.

CONTRACT TYPE - MARCEGAGLIA STEEL SpA

YEAR	APPRENTICES	FIXED-TERM	PERMANENT	TOTAL
2019	145	169	5,684	5,998
ITALY	95	2	3,908	4,005
ABROAD	50	167	1,776	1,993
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



Collective bargaining is applied to 100% of the workforce. In particular, the Company, at all Italian sites, applies the Category Contract (national collective bargaining agreement for the metalworking industry), the Company Supplementary Agreements and the Code of Ethics, which is also valid for foreign sites; collective bargaining is also active at these sites according to the regulations valid in the country where the plant is located.

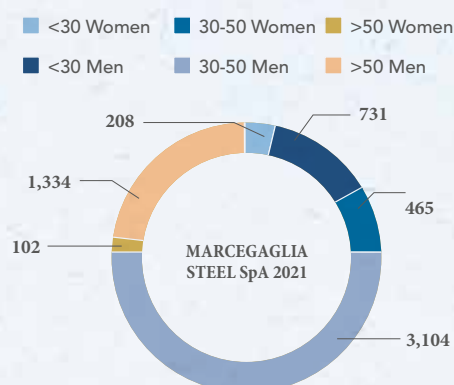
The regulatory and economic conditions, which are the result of a constant and constructive relationship with the trade unions and company representatives, are very advanced and position the company as a benchmark in the industry.



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– and 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, is also reported.

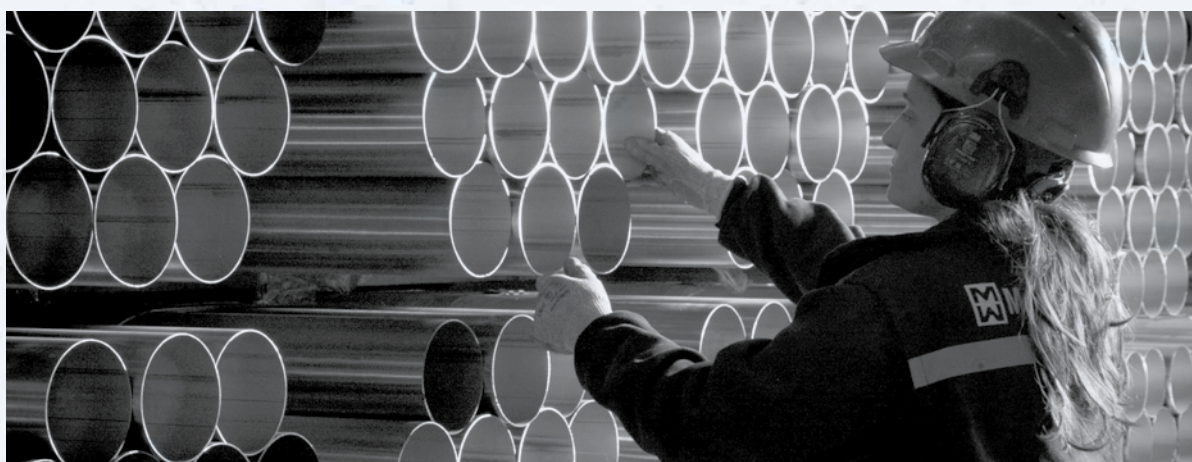
MARCEGAGLIA STEEL SpA - 2021

AGE	<30		30-50		>50	
Total	939		3,569		1,436	
	Women	Men	Women	Men	Women	Men
Total	208	731	465	3,104	102	1,334
ITALY	10	363	107	2,290	49	1,115
ABROAD	198	368	358	814	53	219
Marcegaglia Holding	6	7	24	39	20	42



MARCEGAGLIA STEEL SpA - 2021

CATEGORY	EXECUTIVES		MIDDLE MANAGERS		WHITE COLLARS		BLUE COLLARS		TOTAL
	Women	Men	Women	Men	Women	Men	Women	Men	
Total	7	40	13	87	354	1049	401	3,993	5,944
ITALY	1	32	3	61	152	683	10	2,992	3,934
ABROAD	6	8	10	26	202	366	391	1,001	2,010
Marcegaglia Holding	2	10	2	10	46	68	0	0	138



This is followed by the absolute values of entries and exits for the last three years, and in closing, data on the turnover rate for 2021 in which 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.

HIRING - MARCEGAGLIA STEEL SpA

AGE		<30		30-50		>50	
YEAR		Women	Men	Women	Men	Women	Men
2019	Marcegaglia Steel	174	348	91	197	1	21
	ITALY	2	55	6	47	0	11
	EXPORT	172	293	85	150	1	10
2020	Marcegaglia Steel	121	252	61	128	3	21
	ITALY	2	21	3	27	1	14
	EXPORT	119	231	58	101	2	7
2021	Marcegaglia Steel	175	345	89	198	5	25
	ITALY	3	112	5	60	0	8
	EXPORT	172	233	84	138	5	17

CATEGORIA		EXECUTIVES		MIDDLE MANAGERS		WHITE COLLARS		BLUE COLLARS	
YEAR		Women	Men	Women	Men	Women	Men	Women	Men
2019	Marcegaglia Steel	1	4	1	6	41	131	223	425
	ITALY	0	3	0	3	8	23	0	84
	EXPORT	1	1	1	3	33	108	223	341
2020	Marcegaglia Steel	0	1	1	5	45	117	139	278
	ITALY	0	0	1	3	5	23	0	36
	EXPORT	0	1	0	2	40	94	139	242
2021	Marcegaglia Steel	1	0	0	5	56	91	212	472
	ITALY	0	0	0	3	8	20	0	157
	EXPORT	1	0	0	2	48	71	212	315



TERMINATIONS - MARCEGAGLIA STEEL SpA

AGE		<30		30-50		>50	
YEAR		Women	Men	Women	Men	Women	Men
2019	Marcegaglia Steel	139	288	90	210	3	123
	ITALY	1	27	0	65	1	103
	EXPORT	138	261	90	145	2	20
2020	Marcegaglia Steel	89	168	79	148	7	119
	ITALY	1	14	4	32	3	100
	EXPORT	88	154	75	116	4	19
2021	Marcegaglia Steel	166	299	89	212	8	156
	ITALY	1	28	2	43	0	127
	EXPORT	165	271	87	169	8	29

CATEGORY		EXECUTIVES		MIDDLE MANAGERS		WHITE COLLARS		BLUE COLLARS	
YEAR		Women	Men	Women	Men	Women	Men	Women	Men
2019	Marcegaglia Steel	0	2	1	17	45	117	186	484
	ITALY	0	2	0	10	2	36	0	147
	EXPORT	0	0	1	7	43	81	186	337
2020	Marcegaglia Steel	0	3	1	7	29	71	145	354
	ITALY	0	2	1	7	7	23	0	114
	EXPORT	0	1	0	0	22	48	145	240
2021	Marcegaglia Steel	2	1	1	9	45	169	215	488
	ITALY	0	1	0	6	3	43	0	148
	EXPORT	2	0	1	3	42	126	215	340

TURNOVER - MARCEGAGLIA STEEL SpA

	Average annual employees	2021					
		Overall turnover	Men	Women	<30	30-50	>50
ITALY	3,893	10.0%	9.7%	0.3%	3.7%	2.8%	3.5%
ABROAD	2,006	68.7%	42.7%	26.0%	41.9%	23.8%	2.9%
Marcegaglia Steel tot.	5,899	30.0%	20.9%	9.0%	16.7%	10.0%	3.3%

11. CULTURE OF SAFETY, HEALTH AND WELLBEING

Pursuing and promoting the culture of safety, health and well-being of those who work for the Marcegaglia Group is a priority objective and is absolutely not in conflict with other corporate objectives. Producing with full respect for the safety of people and the environment around us is the value on which the Group's industrial policy is based.

Several programmes and campaigns have been developed over the years to train and raise workers' awareness of health and safety issues both in Italy and abroad. In addition to the initiatives already mentioned in the 2020 Report for foreign sites, the following projects should be noted:

- all **UK plants**, through the certified health and safety management system (already mentioned in Chapter 5), monitor indicators and develop continuous improvement projects;
- at the Polish site in **Kluczbork**, a reward system has been introduced for workers when there were no injuries in their department;
- in Garuva, **Brazil**, there is an active DDS-Safety Dialogue, in which, on a biweekly basis, the site director gathers his contributors for an in-depth discussion. This is in addition to the SIPAT (Internal Injury Prevention Week) also organised;
- in Funza, **Colombia**, activities are held to disseminate the most important information as well as to reinforce attention to oneself and one's behaviour;
- at Ergene, **Turkey**, a suggestion/complaint system was adopted and the number of work-related injuries was also included among the KPIs of each department in order to increase awareness;
- in Queretaro, **Mexico**, preventive "safety alert" management is implemented; a specific inspection programme; and a chemical compatibility study of products in use with analysis to identify implementable improvements.



Historical signs at Marcegaglia plants regarding workplace safety

Reducing the number of occupational accidents and ensuring that everyone can **work in a healthy and safe environment** are goals that are pursued constantly and with the utmost commitment both in the Italian plants and in the foreign locations.

The trend of the accident phenomenon is observed according to the indicators defined by the UNI 7249 standard. Leaving aside the figure for 2020, which is impacted by the reduction in operations related to COVID-19, and then considering the years 2019 and 2021, the trend –which has been continuing steadily for years now– of a continuous decline in the overall number of accidents and all related indicators (frequency, incidence, severity) is confirmed. It is specified that for comparability of the figure, the 2019 and 2020 reporting boundary was aligned with the 2021 reporting boundary that includes Marcegaglia Buildtech and Marcegaglia Rivoli.

Year	Frequency index	Severity index	Overall index
2019	21.82	0.49	40.09
2020	18.36	0.37	31.72
2021	19.91	0.41	34.75

In order to have a comparison parameter as close as possible in time and representative of the reality of the steel industry, we point out the frequency index figure referring to the Transformation item, extracted from the 2019 Report of Federacciai's Safety Observatory (published in January 2021):

2019 FEDERACCIAI SAFETY OBSERVATORY Report	Frequency index
PROCESSING	22.56

***Processing:** a production site that does not have steel casting plant and does not produce products from the primary steel industry. Therefore, this category includes all processing companies that produce from pipes, forgings, wire rod derivatives etc.*

This trend shows that the strategies and investments in prevention - from training to the structural interventions constantly planned and implemented, to the forces in the field, also in terms of dedicated human resources - have led to an important growth of attention and sensitivity towards the culture of safety and continue to yield excellent results in terms of numbers.

Starting this year, the decision was made to include among the monitored KPIs the rate of occupational injuries with serious consequences, which reports the number of injuries with absence from work divided by hours worked and multiplied by 1,000,000, taking into account injuries from which the worker can no longer recover, does not recover or it is unrealistic to expect that he or she will recover completely by returning, within 6 months, to the state of health prior to the accident.

KPI	Description	Reference year	Value
rate of occupational accidents with serious consequences	number of accidents/hours worked *1.000.000	2021	0.29

It is specified that there were no fatal accidents in the year 2021, that the total number of accidents, mainly behavioural/accidental, was 205, of which 3 had serious consequences.

Maximum attention, as already reported in the last Report, is paid to outside companies operating under contracting arrangements. Specific procedures are followed for these companies to assess their technical suitability, formalise detailed occupational safety obligations within contracts, and to notify and manage interference risks. 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 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.



WORK SAFETY



**ATTENTION
TO QUALITY**



**ENVIRONMENTAL
AWARENESS**



**ENERGY
SAVING**

FOREIGN PLANTS STAND THE TEST OF THE PANDEMIC

All the Group's foreign plants promptly implemented the **operational instructions** (protocols; guides to conduct; distancing; temperature control; mask requirements, etc.) that came from the parent company and government institutions in each country, putting in place every initiative necessary to protect workers' health and cope with the COVID-19 pandemic.

Agile working and **online meetings** have been activated as far as possible at all sites; **shifting** and **sanitising** of workstations has been intensified for employees in attendance; sanitising gel dispensers have been provided; and cafeteria and transportation capacity has been reduced to maintain proper interpersonal distance. In addition to these measures, special initiatives were taken in some plants: in **Brazil**, a vaccination service was set up in the company's outpatient clinic; in **Mexico**, a room was set up to check the health condition of potential subjects suspected of having contracted the virus; in **Turkey**, molecular tests were carried out twice a month on the entire workforce; and in Russia, a voluntary vaccination service was activated.

Each site then also sought to **support local people** at a time of greatest difficulty: Marcegaglia do Brasil provided free tubes for the manufacture of hospital stretchers for intensive care beds and purchased COVID-19 tests and temperature measurement instruments. Marcegaglia Poland supported 3 local hospitals. Marcegaglia UK, at the height of the pandemic in 2020, donated 10 thousand pounds to the Dudley Group NHS Foundation Trust at Russells Hall Hospital to support the fight against COVID-19.



... AND SOLIDARITY

At the site in Garuva, **Brazil**, over the three-year period 2019-2021, several **solidarity campaigns** aimed at the local community were organised with employees by collecting and donating warm clothing, blankets, and milk to the population. Here are the recipient institutions: the Senior Citizens Association, the Family Support Centre Association, Our Lady of the Poor Association, the Association of Parents and Friends of Exceptional Children (also Penha's), and the municipal government. Prior to the pandemic, the Brazilian plant had opened its doors to students by organising school visits, during which the history of the Marcegaglia Group was told and company processes were presented with ad hoc insights based on the school's subject area. Visits that were suspended at the outbreak of the pandemic.

In **Mexico**, a **Christmas lottery** was held at the Queretaro site, also for the three years 2019-2021, with proceeds being donated to the town's nursery school. Even here, before the pandemic, there were a variety of activities organised: from courses for acquiring management skills, to remedial courses for elementary and middle schools, to professional internships, to the launch of a company loyalty reward programme. Without losing sight of sociality, with the organisation of the year-end party for employees and their families; the Independence Day celebration, Valentine's Day or birthday parties, or even, Father's and Mother's Day parties. Other initiatives include: *Pizza Time*, or regular meetings with groups of workers to discuss production issues; Occupational Health and Safety Awareness Week; psychosocial factor assessment tests; participation in the industrial park safety committee; and English classes.

At the Polish plants in **Kluczbork** and **Praszka**, from 2019 to 2021 the company financed an **internal social fund to support workers** in case of health problems, but also to organise recreational activities. An annual budget of 100,000 złoty was, in addition, established for sponsoring local sports activities (the plants in **Dudley**, **Rotherham** and **Oldbury**, UK, also donated £1,000 for sponsoring a local football team in 2019). Starting 2019, once a year, usually in the spring, Marcegaglia Poland also held a party for workers and their families to allow for greater understanding and integration. Activities that, due to the restrictions dictated by COVID-19, had naturally been suspended.

12. THE COMMITMENT TO DEVELOPMENT AND INCLUSION

The relationship between the company and the territory was created from the very beginning, thanks to the interest and 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, for the dissemination of corporate values and culture.

With this spirit, several initiatives were born, especially in the Mantua area, from where everything started and where the Group's headquarters are still based, 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 and the **Canottieri Mincio** sports club 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

il cinema del carbone
circolo cinematografico



oficina
OCM



CANOTTIERI MINCIO



FAI

FONDO
AMBIENTE
ITALIANO



FestaArtusiana
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 again this year, in addition to holding the Boxing Tournament, kicked off a women-only boxing collegiate, as well as a series of lessons with gloves for all fans.

With the **Rovigo Skating Club**, the “**Albaroller**”, a festival on skates involving adults and children on the streets of the island, was organised.

Another important event was with 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.

Plus yoga, aikido, and pilates classes; baseball and basketball tournaments; and water sports such as the polo-canoe tournament played in the fjord waters.

Recently built is the “**Albarella Land**” playground designed for children and made from the wood of the locust tree and other natural elements that do not impact the environment.



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 during the Christmas dinner.

In 2021, more than 100 employees who reached a “quarter century” of corporate loyalty.

Marcegaglia Onlus Foundation

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 concrete business and sustainability perspective.

The Foundation represents the natural evolution of the philanthropic spirit that has always characterised the Founders and fully expresses, through precise planning in resource management, the distinctive managerial nature of the Marcegaglia family's work and sensitivity to numerous social issues.

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

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

The projects: abroad and in Italy

Again in 2021, the COVID-19 pandemic impacted a great many contexts significantly, surfacing new poverty and exacerbating problematic phenomena such as gender-based violence. This situation has made the work of accompanying and supporting women and families in difficulty, both in Italy and abroad, more essential than ever.

Despite the objective critical nature of the context, the Marcegaglia Foundation is committed to giving **continuity to ongoing projects** by strengthening strategic areas in order to promptly respond to new scenarios of need.

In **Rwanda**, where the Foundation has been active since 2013, support to communities in Bugesera district has involved two macro areas of intervention, with 22 different support activities. The direct mode of intervention through local contact persons and synergies with local government ensured continuity of actions and their positive impact.

Poverty Reduction

Pillar of the Foundation's action in Rwanda is poverty reduction, ensuring especially for women and youth, concrete opportunities for development.

One Cow and Three Goats programmes continued in 2021, involving 120 new beneficiaries in the breeding activity, 70% of whom are women. Parallel, the **Fruit Trees** project also distributed fruit plants to about 4,000 families in need to start a small home garden.

Thanks to the **TVET&Scholarships** project, 72 young people at risk of marginalisation have been able to access vocational courses and internships to enter the world of work, and another 50 girls have had the opportunity to attend the educational tailoring shop opened by the Foundation in early 2021.

Finally, the **Microcredits** programme has been intensified, which especially allows young people and women to

access an interest-free loan to start or boost a small business. Through careful selection by referrers and a local committee, 311 businesses were funded, 80% of which were run by women.



Child protection

The all-round takeover of the community cannot go without supporting the weakest and most defenceless segments of the population: therefore, the Foundation has activated several programmes for children and mothers.

Support for children and families comes through the direct management of the **Early Childhood Development Center (ECD)** built by the Foundation in Rilima, where 120 preschool children from mainly single-parent and poor households are currently received daily. The Centre focuses on the education of young children as well as training families on parenting issues and proper nutrition. At the same time, 7 other schools in the Bugesera district, accommodating more than 1,000 children, were renovated and equipped with toilets, safe classrooms, games and educational materials.

Also playing a key role in supporting the youngest children is the programme **against malnutrition**, which involves distributing food parcels to at-risk children and supporting and monitoring children affected by severe malnutrition. In total, approximately 830 children were supported in 2021.

Food support then continues for school-age children with the **School Dropout Control programme**, which aims to reduce the dropout rate of 360 children due to the inability of the poorest families to pay for a daily meal.

Finally, the **campaign on sexual and reproductive rights** among young people to counter unwanted pregnancies, often the result of abuse, was strengthened through the active participation of secondary school students. About 5,000 boys and girls from 10 schools in the district were trained. The schools have also been equipped with a “girls’ room” with all the necessary hygienic devices to cope with the days they have their period and allow them to attend school on those days as well.

In addition to efforts abroad, a significant part of the Foundation's work in 2021 was devoted to projects in **Italy** focused mainly on the issues of **combating gender-based violence** and **education**.

In spite of the limitations due to the pandemic, the **training of women workers at the anti-violence centres** in Mantua (CAV) and Carrara (CIF) continued, including remotely, through supervision and development of counselling skills, which are essential to provide a prompt and effective response to the women who come into the centres.

At the same time, the Foundation has supported various **direct projects offering support to women** victims of violence with pathways to shelter and housing, psychological and legal counselling, educational and school support for children, and start-up to autonomy and employment.

Re-employment is a crucial issue for the rehabilitation of women victims of violence or trafficking, which is why the Marcegaglia Foundation supported the Atelier Bebrél and DAFNE projects that enabled 20 women in marginalised situations to start paths of inclusion and vocational training in the areas of weaving, olive growing, and bee-keeping in Brescia, Carrara, and Verona.

With a view to tackling wholly the problem of domestic violence and also from a preventive perspective, the Foundation helped initiate the **Zeus Protocol** in Mantua as well, in agreement with the Police Headquarters. This is an intervention for taking on perpetrators of violence and stalking to intercept at-risk situations and accompany men on a path to emotional awareness and management. With the same perspective in Carrara, the opening of a dialogue and joint training moments between the entities that deal with women victims of violence and male perpetrators of abuse was promoted.

Employee engagement

As early as 2013, a series of initiatives were launched to bring the Foundation closer to group employees. These include the annual call for employees, which awards **scholarships, in memory of Steno and Mira Marcegaglia**. **In 2021, 25 scholarships** were awarded to deserving children of Marcegaglia employees at the Italian offices who are enrolled in secondary school and university. In the belief that by involving more and more people in the Foundation's mission, and starting with those who are closest, it is possible to grow in terms of effectiveness, value and number of interventions.

Another initiative that has gained visibility and acclaim over the years is the **Charity Shop** organised by the Foundation every year during the Holiday Season. Now in its 10th year, the Charity Shop is part of a broader campaign activated by the Foundation just ahead of Christmas, "Opportunities Change Lives" designed to raise awareness and involve the public in a fund-raiser aimed at giving concrete opportunities to women and girls in difficult situations.



CASA MARCEGAGLIA

During this past year, Casa Marcegaglia took shape: the innovative museum and narrative space that is the new entrance to the Gazoldo degli Ippoliti plant, the Group's historic headquarters and still its headquarters today. And it is, more emotionally, also the "ideal" entry into the Marcegaglia world. In addition to being a true gateway, in fact, Casa Marcegaglia is a "sensory" immersion in the company's history, its values and all the many applications and processes of "its" steel. A way to look back over the many stages of the past, but without losing sight of the horizon of the future.

8 themed stages, each of which is equipped with various **interactive installations** and **multifunctional illustrative spaces**. We start with the large tree-lined park in front of the headquarters that redraws the surrounding landscape and enter the Vela, a transparent yet strong steel and glass construction in which guests are greeted by Zhang Huan's "Buddha of Steel Life" (a work exhibited at the Milan Triennale for Steellife, the first international contemporary art exhibition dedicated to steel and created in 2009 to coincide with the 50th anniversary of Marcegaglia's founding). From here we reach the centre of the facility, where steel changes shape to become art and culture, flanked by a Theatre room for lectures, discussions, and the projection of immersive and emotional films. Inside, the narrative and recollection of Steno Marcegaglia's extraordinary human and entrepreneurial adventure.

Also located within Casa Marcegaglia is the **Academy**: a project that aims to become a place of higher education for the Group's employees and internal collaborators, but also for a wide variety of external users: from customers to suppliers, from professionals to citizens, from teachers to secondary school and university students, with the idea of involving girls as well and an eye on STEM paths. 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. As is already the case in other major companies in the industry, the idea is to push on the accelerator of knowledge and collaboration as competitive levers for companies and workers themselves, in terms of value production and values.



13. GOVERNANCE AND ITS TOOLS

Marcegaglia Steel SpA is directly and wholly owned by Marcegaglia Holding SpA whose only shareholders are Antonio and Emma Marcegaglia; they are also the only members of the Board of Directors of both companies.

The governance of the Company has a traditional structure represented by: Shareholders' Meeting, Board of Directors and Board of Auditors.

The audit is carried out by the auditing firm Mazars Italia SpA.

The traditional bodies are assisted by: Executive Committees, Supervisory Body (appointed pursuant to Legislative Decree no. 231/01), Sustainability Committee and the specific figures provided for by the 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 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 appointed 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 5 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.

Regarding the various governance instruments in detail, the following should be noted.

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 always 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 who do not intend to align themselves with compliance with the Model. Moreover, back in 2015, the directors confirmed and strengthened the effort to promote and protect legality by stipulating that each new company 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**, and the system of sanctions is expressly described.

Particular importance was given to crimes related to health and safety in the workplace, provided for in Article 25-septies of the Decree. The area of occupational safety has been the subject of 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.

In actual fact, with regard to the 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 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 are granted autonomous powers of organisation, management, control and expenditure (normally the Plant Managers) and who expressly accept the delegation of functions conferred. The activities carried out are monitored monthly directly with the Board of Directors and the Ownership.

An integral and essential part of the Model are the **Code of Ethics** and the **Anti-Corruption Policy**.

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 the 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.

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; 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.

The **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.

The members of the governing bodies of all companies in the reported perimeter, taken together, are 20% women and 80% men, while the breakdown by age group is such that 17% are between the ages of 30 and 50, while 83% are over 50.

14. ECONOMIC PERFORMANCE

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

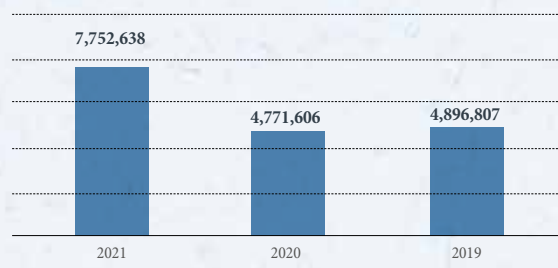
Global net value added - consolidated

FIGURES IN €	2021	2020	2019
Revenues from sales and services	7,752,637,939	4,771,605,671	4,896,806,929
Change in inventories of work in progress, semi-finished and finished products	71,213,140	-175,319,608	36,263,435
Change in inventories of contract work in progress	-2,823,757	-111,810	-272,642
Increase in fixed assets for internal work	8,263,270	9,101,631	7,313,781
Other revenues and income	21,711,171	15,666,741	18,667,013
A) VALUE OF PRODUCTION	7,851,001,763	4,620,942,625	4,958,778,516
Consumption of raw materials	-5,979,178,147	-3,497,859,567	-3,787,769,927
Consumption of ancillary materials and consumables	-73,168,146	-60,742,923	-68,493,240
Consumption of maintenance and other materials	-30,792,752	-29,121,583	-33,147,734
Energy	-166,866,900	-80,378,331	-95,626,739
Costs for services	-657,900,477	-410,156,508	-429,077,330
Lease and rental expense	-11,535,131	-9,344,958	-8,334,001
Provisions for risks	-822,410	-	-
Other provisions and impairment	-	-	-
Other operating expenses	-21,836,879	-12,021,067	-14,942,183
B) COST OF PRODUCTION	-6,942,100,842	-4,099,624,937	-4,437,391,154
GROSS CHARACTERISTIC VALUE ADDED	908,900,921	521,317,688	521,387,362
Financial income	14,360,717	13,274,455	11,975,254
Value adjustments of financial assets	29,015,284	-10,650,005	8,013,063
GLOBAL GROSS VALUE ADDED	952,276,922	523,942,138	541,375,679
Amortisation, depreciation and write-downs	-167,152,129	-171,835,064	-178,605,538
Deferred and prepaid tax	775,640	207,170,996	23,254,936
Income and expense from participation in tax consolidation	2,004,458	12,200,857	4,269,378
GLOBAL NET VALUE ADDED	787,904,891	571,478,927	390,294,455

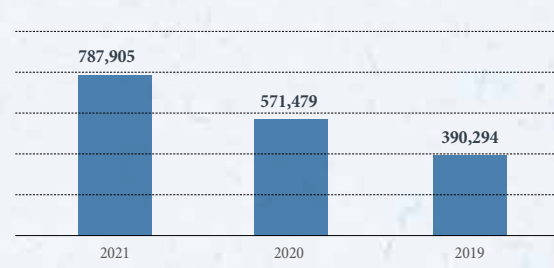
Distribution of consolidated value added

DISTRIBUTION	2021	2020	2019
Wages and salaries	25.04%	29.09%	45.12%
Post-retirement benefits and similar obligations	1.55%	1.94%	2.84%
Other costs	0.61%	0.54%	1.07%
A - EMPLOYEES	27.20%	31.57%	49.03%
Current and previous years' tax	14.72%	6.45%	9.81%
Social security contributions	7.79%	9.22%	14.41%
B - PUBLIC ADMINISTRATION	22.51%	15.67%	24.22%
Retained earnings or losses	39.68%	38.66%	6.20%
C - ENTERPRISE	39.68%	38.66%	6.20%
Distributed profit	0.00%	0.00%	0.00%
Financial charges	10.54%	13.99%	20.42%
D - LENDERS	10.54%	13.99%	20.42%
Charities	0.07%	0.11%	0.13%
E - COMMUNITY	0.07%	0.11%	0.13%
GLOBAL NET VALUE ADDED	100.00%	100.00%	100.00%

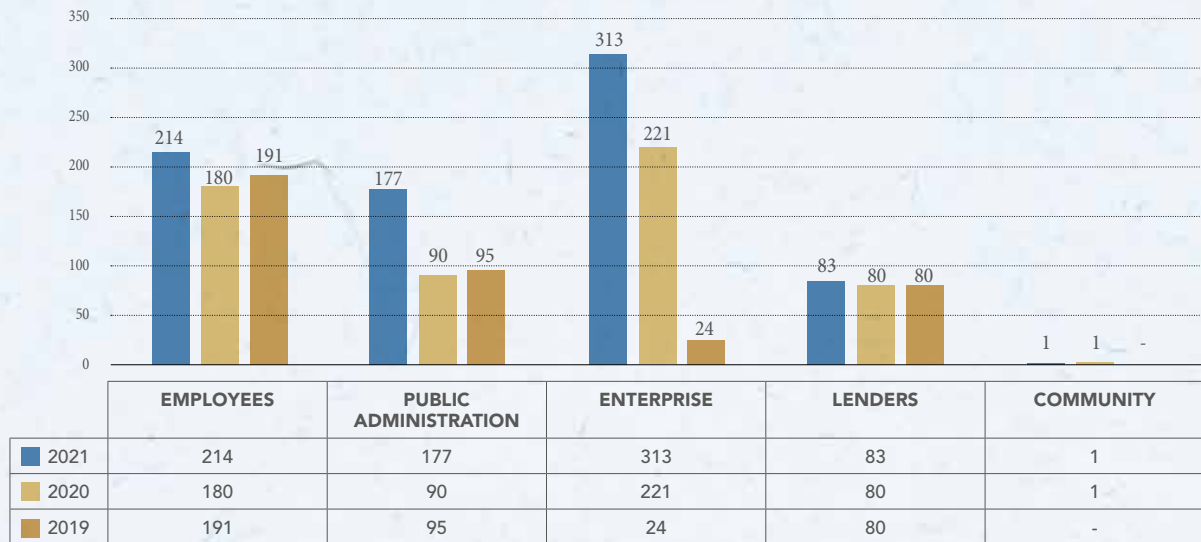
REVENUES FROM SALES AND SERVICES (figures in thousands of €)



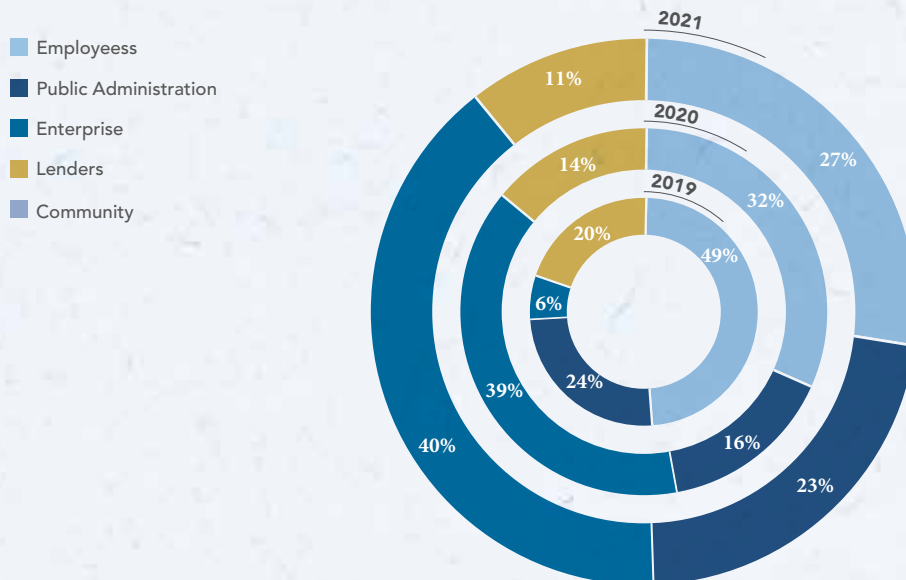
GLOBAL NET VALUE ADDED (figures in thousands of €)



DISTRIBUTION OF NET GLOBAL VALUE ADDED TO STAKEHOLDERS (2021-2019)
(figures in millions of €)



GLOBAL NET VALUE ADDED DISTRIBUTION TO STAKEHOLDERS (2021-2019)



Global net value added - aggregate by Country

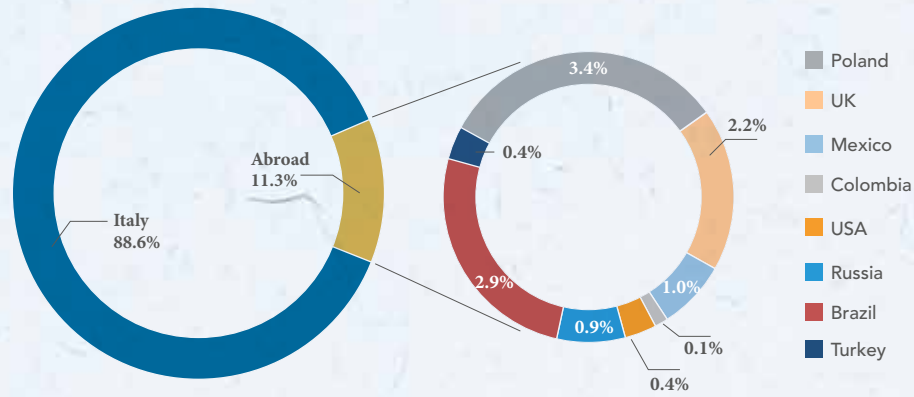
2021 figures in €	Italy	Mexico	Colombia	USA*	Russia	Brazil	Turkey	Poland	UK	Aggregated total	Intercompany adjustments	Consolidat. Marcegaglia Steel
Global Net Value Added	922,830,174	10,888,323	1,437,380	3,995,723	9,093,558	30,077,022	4,363,223	35,807,716	22,561,644	1,041,054,763	-253,149,872	787,904,891
	88.6%	1.0%	0.1%	0.4%	0.9%	2.9%	0.4%	3.4%	2.2%	99.9%		
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	Consolidat. 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

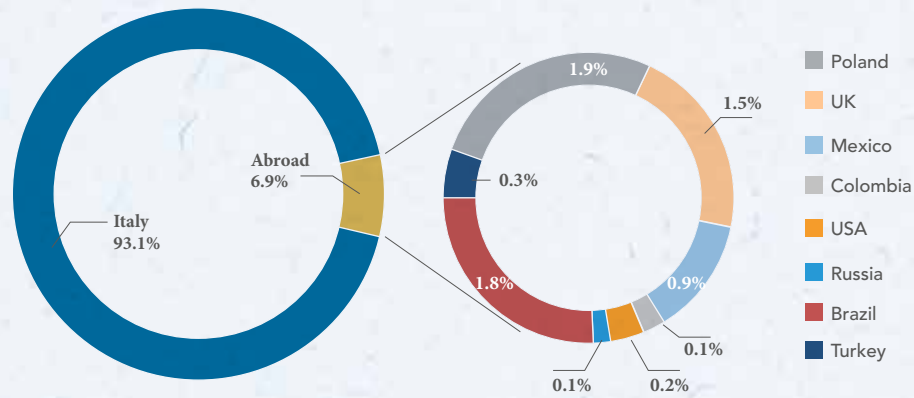
2019 figures in €	Italy	Mexico	Colombia	USA*	Russia	Brazil	Turkey	Poland	UK	Aggregated total	Intercompany adjustments	Consolidat. Marcegaglia Steel
Global Net Value Added	412,202,393	7,266,586	643,585	1,367,988	4,559,590	17,161,498	1,398,321	5,683,513	7,025,730	457,309,204	-67,014,749	390,294,455
	90.1%	1.7%	0.1%	0.3%	1.0%	3.8%	0.3%	1.2%	1.5%	100.0%		
Distribution												
A - Employees	166,435,262	4,281,014	858,503	-	1,021,059	5,911,119	1,028,068	6,693,207	5,156,643	191,384,875	-	191,384,875
B - Public Administration	87,085,968	1,300,430	347,498	-318,418	583,054	3,363,779	122,777	1,277,271	797,637	94,559,996	-1	94,559,995
C - Enterprise	44,548,838	1,601,014	-709,436	1,658,573	2,441,436	2,135,778	-329,109	-4,404,816	723,897	47,666,175	-23,455,416	24,210,759
D - Lenders	113,643,049	84,128	147,020	27,833	514,041	5,750,822	576,585	2,117,851	347,553	123,208,882	-43,559,332	79,649,550
E - Community	489,276	-	-	-	-	-	-	-	-	489,276	-	489,276

*trading company

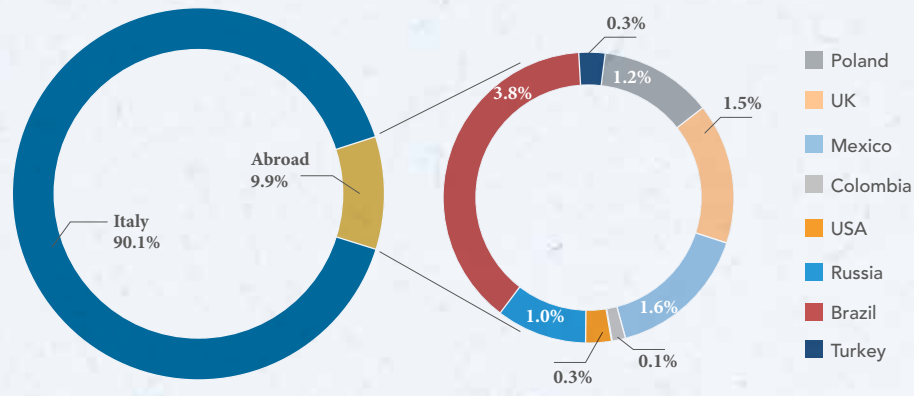
NET GLOBAL VALUE ADDED 2021 - AGGREGATE BY COUNTRY



NET GLOBAL VALUE ADDED 2020 - AGGREGATE BY COUNTRY



NET GLOBAL VALUE ADDED 2019 - 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.

15. METHODOLOGICAL NOTE

GRI: 103-1; 102-1; 102-3; 102-4; 102-42; 102-44; 102-45; 102-46; 102-47; 102-50; 102-51; 102-52; 102-53; 102-54; 102-55

This is followed by the adopted methodological approaches, guidelines and international standards used for complete, accurate and comprehensive reporting of environmental, economic and social indicators.

Information is managed consistent with the guidance provided by Global Sustainability Reporting (GRI), Greenhouse Gas Protocol (GHG) 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. Therefore, the document was prepared in accordance with the guidance given in the GRI Sustainability Reporting Standards 2020 under the “core” option;
- **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 (SDG's):** 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 period and periodicity

All indicators presented refer to each calendar year (January to December) of the three-year period 2019-2021. The review is scheduled annually.

Reporting boundary

The report contains data and information of the Italian companies held by Marcegaglia Steel SpA, with reference to the following company names and related sites, based on the corporate structure for 2021:

- Marcegaglia Buildtech Srl – plants in Graffignana (LO), Milano (MI), Pozzolo Formigaro (AL), 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), 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 Rivoli SpA – plant in Rivoli (TO)

- 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

Note that Marcegaglia Buildtech Srl joined Marcegaglia Steel SpA starting end 2020, but since it is already part of the Group, the data for the entire three-year period was considered for the analysis of the indicators, excluding the economic data, which concerns the boundaries of Marcegaglia Steel S.p.A. for the reference years and therefore this business name remains excluded.

The Report also uses the term Marcegaglia Group to refer to the Group as a whole, as presented in chapter 2.

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 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.

Data collection procedures

Environmental data is based on actual collection. Specifically:

- water supply data from aqueduct: where not available for the specific year, this was derived from consumption trends provided by the operator;
- the figure for volumes sent to public sewers: with exclusive reference to discharges assimilated to civilians, for some establishments, the figure is derived from calculation;
- 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.

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 m² (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.

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	UNFCCC national inventory - Italy	The same emission factor was used for the entire perimeter, including non-Italian, as fuel use at production sites in other nations weighs less than 1% against the organisation's total.
LPG		-
Diesel fuel	DEFRA – Department for Environment, Food & Rural Affairs – UK	Emission factors are applied to the entire scope as they are considered most reliable and internationally recognised.
Petrol		Emissions associated with diesel fuel and petrol, weigh less than 1% of the organisation's total emissions.

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. At the end, all contributions, expressed in tonnes of CO_{2eq}, are added together.

COUNTRY	SOURCE
Brazil	Ministério da Ciência, Tecnologia e Inovações
Colombia	Sistema de Información Ambiental Minero-Energético
Italy	ISPRA - Istituto Superiore per la Protezione e la Ricerca Ambientale
Mexico	Gobierno de México
UK	DEFRA – Department for Environment, Food & Rural Affairs – UK
Poland Russia Turkey	TERNA SpA

Contact to request information about the Report:

sustainability@marcegaglia.com

16. MATERIALITY ANALYSIS

The path Marcegaglia has been pursuing for years on management systems focuses on context analysis and stakeholder assessment from which the identification of stakeholders and their expectations has been drawn.

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

Marcegaglia Foundation

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

In applying the GRI Standards, the definition of material issues was based on the identification, prioritisation and validation based on the importance of the issues themselves to stakeholders and to Marcegaglia Steel.

The materiality analysis set in 2020 took shape in 2021 with the involvement of a significant number of Stakeholders leading to the return of more than 2,600 sustainability questionnaires.

The survey is hinged on 15 topics: from the results that emerge, the average is calculated through which the topic is defined as relevant.

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	10	5	6
	2 NOT VERY IMPORTANT			7	11	13
	1 NOT IMPORTANT				12	1
		1 NEGLIGIBLE	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; 413-1	Marcegaglia Steel	communities, employees, regulatory bodies	direct
2	Contribution to the pursuit of the energy transition and decarbonisation	302-1 302-2 302-3 302-4 305-1 305-2 305-4	Marcegaglia Steel	regulatory agencies, suppliers, communities, trade associations	direct/indirect
3	Efficient use of resources and reduction of the organisation's ecological footprint	302-1/4 303-1a 303-2 303-3 303-4 a-b-c-e 303-5 305 1-2-4	Marcegaglia Steel	communities, employees, regulators, customers	direct/indirect
4	Promoting the culture of water saving and water discharge reduction	303-1a 303-2 303-3 303-4 a-b-c-e 303-5	Marcegaglia Steel	communities, regulatory bodies	direct
5	Contribution and promotion to circular economy and waste utilisation	306-2 306-3 306-4 306-5 a-d-e	Marcegaglia Steel	customers, suppliers, communities, trade associations	direct/indirect
6	Energy education and environmental awareness	304-1 304-2 306-5 a-d-e	Marcegaglia Steel	citizens, employees, regulatory bodies	indirect
7	Listening to and strengthening dialogue with stakeholders	103-1 103-2 103-3 413-1	Marcegaglia Steel	All stakeholders	indirect
8	Occupational safety and health	403-1 403-2 403-3 403-4 403-5 403-6 403-7 403-9 a 403-10	Marcegaglia Steel	employees, regulators, customers, suppliers, citizens	direct
9	Human capital and skills enhancement	103-1 103-2 103-3 405-1	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	205-1 205-2 207-1 412-1	Marcegaglia Steel	customers, regulatory bodies	direct
12	Integration of sustainability into business strategy	103-1 103-2 103-3	Marcegaglia Steel	All stakeholders	direct/indirect
13	Full exercise of its role in the industry	103-1 103-2 103-3	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

	DISCLOSURE	REFERENCE PARAGRAPH	OMISSION AND REASON
GRI 102: General Disclosures	ORGANISATION PROFILE		
	102-1 Name of the organisation	15; 1; 2	
	102-2 Main activities, brands, products	2	
	102-3 Location of headquarters	15; 2	
	102-4 Location of operations	15; 2	
	102-5 Ownership and legal form	2; 13; 15	
	102-6 Markets served	2	
	102-7 Scale of the organisation	10; 15	
	102-8 Information on employees and other workers	10; 11	
	102-9 Supply chain	3	
	102-10 Significant changes to the organisation and its supply chain	15; 3	
	102-11 Precautionary principle or approach	9	
	102-12 External initiatives	5; 7; 11; 12	
	102-13 Membership of associations (national and/or international)	3; 12; 16	
	STRATEGY		
	102-14 Statement from senior decision-maker	Letter to stakeholders	
	ETHICS AND INTEGRITY		
	102-16 Values, principles, standards and norms of behaviour	2; 3; 4; 6; 12	
	GOVERNANCE		
	102-18 Governance structure	13	
	STAKEHOLDER ENGAGEMENT		
	102-40 List of stakeholder groups	3; 15; 16	
	102-41 Collective bargaining agreements	10	
	102-42 Identifying and selecting stakeholders	15; 16	
	102-43 Approach to stakeholder engagement	15; 16	
	102-44 Key topics and concerns raised	15; 16; 17	

	DISCLOSURE	REFERENCE PARAGRAPH	OMISSION AND REASON
	REPORTING PRACTICE		
GRI 102: General Disclosures	102-45 Entities included in the consolidated financial statements	1; 15	
	102-46 Defining report content and topic boundaries	15	
	102-47 List of material topics	16	
	102-48 Restatements of information	15	
	102-49 Changes in reporting	15	
	102-50 Reporting period	15	
	102-51 Date of most recent report	15	
	102-52 Reporting cycle	15	
	102-53 Contact points for questions regarding the report	15	
	102-54 Claims of reporting in accordance with the GRI Standards	15	
	102-55 GRI content index	17	
	102-56 External assurance	Assurance Mazars	
	MANAGEMENT APPROACH		
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	15; 16	
	103-2 The management approach and its components	15; 16	
	ECONOMIC PERFORMANCE		
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	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-competi- tive behaviour	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	13	
	TAX		
GRI 207: Tax	207-1 Approach to tax	13	

	DISCLOSURE	REFERENCE PARAGRAPH	OMISSION AND REASON
	GRI 300 - ENVIRONMENTAL DISCLOSURES		
	ENERGY		
GRI 302: Energy	103-1 Explanation of the material topic and its boundary	16	
	103-2 The management approach and its components	15	
	103-3 Evaluation of the management approach	8	
	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	103-1 Explanation of the material topic and its boundary	16	
	103-2 The management approach and its components	15	
	103-3 Evaluation of the management approach	8	
	303-1 a) Interactions with water as a shared resource	8	
	303-2 Management of water discharge-related impacts	8	
	303-3 Water withdrawal	8	
	303-4 a-b-c-e Water discharge	8	
	303-5 Water consumption	8	
	EMISSIONS		
GRI 305: Emissions	103-1 Explanation of the material topic and its boundary	16	
	103-2 The management approach and its components	15	
	103-3 Evaluation of the management approach	8	
	305-1 Direct (Scope 1) GHG emissions	8; 15	
	305-2 Indirect (Scope 2) GHG emissions	8; 15	
	305-4 GHG emissions intensity	8	
	WASTE		
GRI 306: Waste	103-1 Explanation of the material topic and its boundary	16	
	103-2 The management approach and its components	15	
	103-3 Evaluation of the management approach	8	
	306-2 Management of significant waste-related impacts	8	
	306-3 Waste generated	8	
	306-4 Waste diverted from disposal	8; 15	
	306-5 a -d - e Waste directed to disposal	8; 15	

	DISCLOSURE	REFERENCE PARAGRAPH	OMISSION AND REASON
	GRI 400 - SOCIAL DISCLOSURES		
	EMPLOYMENT		
GRI 401: Employment	103-1 Explanation of the material topic and its boundary	16	
	103-2 The management approach and its components	15	
	103-3 Evaluation of the management approach	10	
	401-1 New employee hires and employee turnover	10	
	OCCUPATIONAL HEALTH AND SAFETY		
GRI 403: Occupational health and safety	103-1 Explanation of the material topic and its boundary	16	
	103-2 The management approach and its components	15	
	103-3 Evaluation of the management approach	11	
	403-1 Occupational health and safety management system	11	
	403-9 a Work-related injuries	11	
	DIVERSITY AND EQUAL OPPORTUNITY		
GRI 405: Diversity and equal opportunity	103-1 Explanation of the material topic and its boundary	16	
	103-2 The management approach and its components	15	
	103-3 Evaluation of the management approach	10	
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	HUMAN RIGHTS ASSESSMENT		
GRI 412: Human rights assessment	103-1 Explanation of the material topic and its boundary	16	
	103-2 The management approach and its components	15	
	103-3 Evaluation of the management approach	6; 10	
	412-1 Operations that have been subject to human rights reviews or impact assessments	6; 10	

Marcegaglia Steel S.p.A.

Independent auditors' report on the sustainability report

INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY REPORT

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, 2021.

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 Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our 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 used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;
- 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, 2021 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, April 29, 2022

Mazars Italia S.p.A.

Alfonso Iorio
Partner

Signed on the original. This report has been translated into the English language solely for the convenience of international readers.

