

FORGING NEW FRONTIERS

# ANNUAL REPORT 2022

**Duferco**

 **Duferco**  
Energia



**Duferco**



# ANNUAL REPORT

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# ANNUAL REPORT



# DEAR STAKEHOLDERS

2022 has been a year of challenges for the Duferco Group.

Due to extraordinary pressures linked to the war in Ukraine and the high inflation, FY2022 has been a true test of the Company's ability to weather the storm. However, the results were nothing short of excellent, largely attributable to the Company's longstanding focus on its human capital and internal resources.

The Duferco Group's versatility proved to be a key asset during this period of instability. The Company was able to adapt and face the various challenges head-on by innovating its processes and objectives.

The results showed rapid growth in revenues from FY2021, with the Group recording an increase of over 80% to about 45.8 billion USD. In addition to revenue growth, the Duferco Group's profit also saw significant gains, increasing by almost 47% over the previous fiscal year, reaching 385 million USD.

Besides its impressive economic and financial achievements, the Group upheld its dedication to ESG (Environmental, Social, and Governance) issues and is confident to further advance and improve

its sustainability performance within all its Divisions: Steel, Energy, Shipping and Innovation.

The Company confirmed its commitment to invest in efficient and high-impact projects that are aligned with its values and mission.

Notably, despite some pandemic-related delays and recent economic challenges, the Steel Division successfully carried out the construction of a new rolling mill and the first tests are expected to take place around May-June 2023.



The new rolling mill will generate at least 150 new employments. Moreover, the Company has continued to prioritize sustainability in its operations and has taken further steps toward the reduction of its overall environmental footprint.

Among the initiatives performed in FY2022, it is worth mentioning investing in renewable energy sources and implementing sustainable waste management practices across the different operations and Divisions. In FY2022, the Group proved to be a reliable supplier of green energy, injecting approximately 2.2 million MWh of energy from renewable sources into the grid through its Energy Division. The Group's commitment to sustainable energy production is reflected in its ongoing efforts to increase its capacity through solar and wind power plants, as well as through the production of biomass intended for energy production.

The Group set its sights on reducing the environmental impacts

of the Shipping Division and recently completed the plan to replace traditional fuels with cutting-edge, low-impact alternatives. After several years of accurate planning, the Group has successfully charted a course towards a more sustainable future, ensuring that its shipping operations are not only efficient, but also environmentally responsible.

Duferco's operations are marked by innovation and dynamism, which are evident across the Group's entire range of activities. The Innovation Division is committed to boosting the Group's synergies and assisting the entire workforce in its quest for innovation and tackling fresh challenges.

The key objective is to capitalize on the immense potential of cutting-edge technologies, including data science, the Internet of Things and Artificial Intelligence, to drive sustained enhancements in the Group's and business partners' infrastructures.

Through all its operations, the Group seeks to give an adequate response

to the most pressing challenges that characterize the present days.

This Annual Report serves as a statement for Duferco's sustainability commitments and future goals.

While the Group is achieving short and medium-term sustainability goals, it is also establishing long-term ambitions that support the transition towards global sustainable development.

BRUNO BOLFO



## BUSINESS HIGHLIGHTS FY 2022



13

Industrial plants



780,000 Tons

Steel produced and processed



679 TWh

Energy traded



547 TWh

Gas



Around 29 GWh

Renewable energy produced



Around 460 GWh

Energy generated by business partners from biomass sold by the Group

## FINANCIAL HIGHLIGHTS FY 2022



1,485,852 K USD

Total equity



385,239 K USD

Profit for the period



Over 100

Managed vessels of which 63  
directly owned



Moving 26 M Tons

Commodities



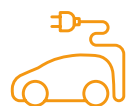
132 TWh

Power



41,608

Working hours dedicated  
to R&D and Innovation



875

Number of Charging Points  
managed by Duferco



Over 169,000

Relationships with third parties



45,765,221 K USD

Revenues



the  
GROUP

## WHO WE ARE AND WHAT WE DO

In a world that is continuously changing, Duferco Group firmly believes in adhering to its own set of indisputably strong principles for conduct, as well as in comprehending and responding in a timely manner to market trends.

Duferco's strategy is supported by a set of ideals that encourage the adoption of good practices in its day-to-day business activities, combined with a clearly defined mission and vision.

## MISSION

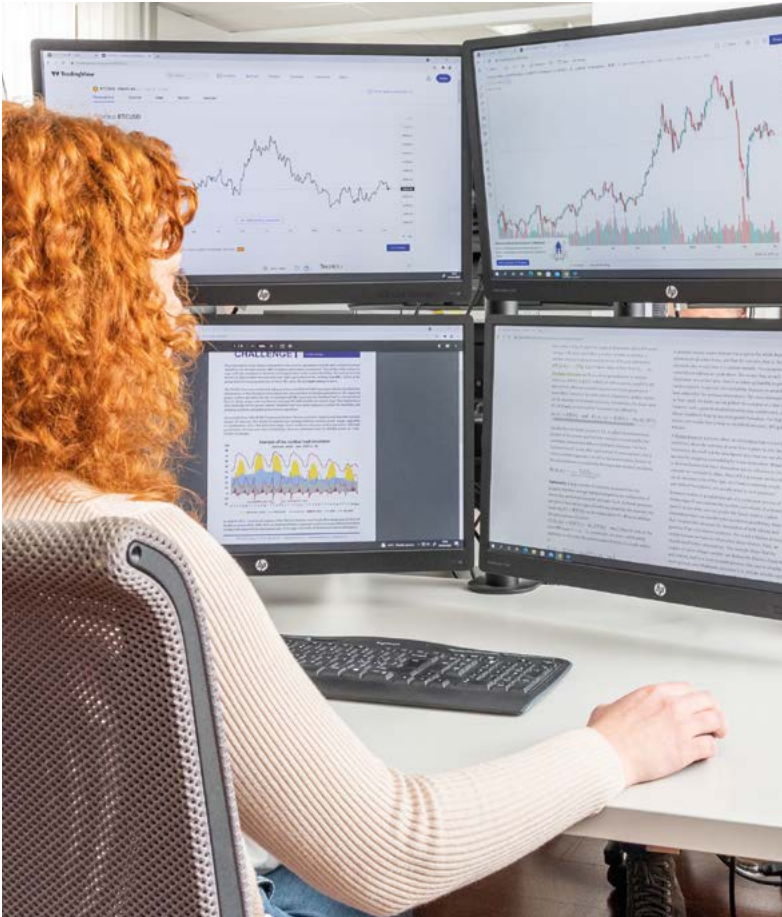
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Maintain balanced assets, steady focus on business profit, and shared value creation through cyclical and other non-cyclical operations across the four Divisions, fostering energy transition within and outside the Group and pursuing progressive decarbonization of operations.

## VISION

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Become a conglomerate Group with four Divisions: Energy, Steel, Shipping and Innovation, where residual risks are increasingly managed from a strategic standpoint and where opportunities are seized thanks to the Group's natural adaptiveness and focus on human capital.



The objective of the **Energy Division** is to create a diversified portfolio of retail operations, alongside investments in renewable energy, financial and physical trading of electricity and gas, and physical trading of biomass, so that stakeholders can profit from an investment return that is higher than the industry average, whilst taking on risks that are both balanced and sustainable. The energy trading industry is constantly looking for new business opportunities where the Group may gain an advantage over its competitors by utilizing intelligence gathered from its technology capabilities and synergies and its capacity for market analysis. The Group's goal is to become a comprehensive provider of cutting-edge services in the energy retail and production sectors, enhancing customer's sustainable lifestyles and assisting in the energy transition and the decarbonization of the energy industry.



Heir to the original core business of the Group, Duferco's **Steel Division** continues a solid tradition, sensitive to the key importance of the steel industry for the whole economy, giving due importance regard to the steel processing units and their strategic relevance. The Group works continuously to maintain and innovate the manufacturing facilities and further maximize integration and overall process efficiency. Additionally, Duferco is committed to making investments in the creation of a new generation of steel production that will be capable of supporting the decarbonization process through the adoption of all available technologies and make a substantial contribution to the advancement of innovative technologies.





The Group's mission in the **Shipping Division** is to become a major player in the supply of shipping services globally while pursuing the highest levels of localization and scheduling efficiency. In order to promote the preservation of the marine ecosystem, the Shipping Division's aim is to diversify its fleet progressively, utilizing alternative propulsion.



The recently formed **Innovation Division**, comprised of businesses with operations in various contexts and industries, is now working to further the Group's synergies and assist the other business Divisions in meeting innovation and new challenges. The Division's goal is to leverage the great potential of emerging technologies like data science, the Internet of Things and Artificial Intelligence, to foster continuous improvement in the infrastructures of the Group.

## The Duferco Journey

The Duferco Group was established in 1979 by Bruno Bolfo as a steel trading company. Over time, it diversified its business and entered into new sectors, leveraging the expertise it gained. As a result of its steady expansion and continuous evolution, the Group is now divided into four business Divisions: Energy, Steel, Shipping and Innovation. Business opportunities, transformation and market development adaption have been key drivers of Duferco Group's success during the course of its more than 40-year history.

# 1979

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The Duferco Group was founded in **1979** by Bruno Bolfo, Chairman of the Board, to take advantage of the expansion of **“developing markets” in the steel industry**.

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The company, which was originally established in Sao Paulo (Brazil), expanded its operations into other South American nations, particularly in Argentina, Venezuela, and Mexico, before moving to New York and Europe.

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In **1981**, Duferco established its **first European office** in **London**.

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In **1982**, the company relocated its **headquarters** to **Lugano**. Since then, operations have also expanded eastward, into Thailand, Taiwan, the Philippines, Singapore, Hong Kong, China, and South Korea, achieving a global presence in the steel industry.



## 1990s

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Duferco expanded internationally during the 1990s, becoming a well-known **commodity dealer** and entering the shipping industry.

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In order to maximise its connections with steel producers around the world, Duferco began **diversifying** and **expanding its activities** to the commodities trade in the early **1990s**, specifically with raw materials for the steel industry, such as coke, coal, iron ore, pig iron, sponge iron, and related products.

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Duferco entered the **steel manufacturing** industry in **1996** after buying the former Italian Ferdofer Siderurgica, afterwards known as Duferdofin. Additional steel mills were purchased by the business, mostly in Italy, Belgium, Eastern Europe, and the USA.

## 2000s

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During the 2000s, Duferco Group became an international **“industrial player”** and began to integrate the supply of **energy services** into its business operations.

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Strategic business decisions in the new millennium brought Duferco into the Energy market. With the aim of satisfying the Group’s international energy needs, **DufEnergy** was established in **2005**.

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Since then, the Energy Division in Europe has expanded quickly thanks to the activities of **DXT** (as DufEnergy was rebranded in **2018**) and Duferco Energia.

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The last unit to join the Energy Division was **Duferco Biomasse**, which helped the Group grow both commercially and geographically.

## 2020s

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The four business sectors that Duferco Group has implemented gain strength from synergy. To **embrace innovation** and hasten the digital transition, the Group is investing in new cutting-edge tools including machine learning, AI, IoT and a growing digital task force.

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In the Steel Division, Duferco is nearing the completion of a rolling mill that will be connected with the Group’s primary steel factory in **San Zeno Naviglio**. The Group will have a fully verticalized production facility thanks to the **over 250 mln euro investment**, which will also maximise upstream integration and process efficiency.

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For the coming years, the key goals for the Group include increasing expenditures in R&D and furthering synergies across business Divisions and other organisations, leveraging Duferco’s expertise in managing **joint-venture partnerships**.

## Global Locations



Duferco Group is currently active globally with more than 100 operative offices and industrial sites worldwide.



## LEADING THE CHANGE

### Energy

The Energy Division was established to manage the company's energy hedging needs worldwide. Today, the Group has become a market leader in the trade, wholesale, retail, and renewable energy generation industries. The Division's objective is to develop a diverse portfolio of retail businesses, accompanied by investments in renewable energy, electricity, gas, financial and physical trading, and physical biomass trading.



The Energy Division comprises two main business areas: **Energy Production & Retail** and **Energy Trading**, both experiencing impressive growth. The core business of the Energy Division consists of several activities, such as trading and selling renewable energy and expanding into new projects, in particular related to energy efficiency. Today, the Group's goal in this industry is to continue operating at a high-profit margin while investing in decarbonization and energy transition processes and trading on sophisticated trading platforms. More recently, the Group also launched Elettra, the first fully electric and free-floating car-sharing enterprise in Italy, further extending its activities and offering the town of Genoa a new solution for environmentally friendly transportation.

## DXT

The Group has a significant presence in the energy trading sector through DXT, which was founded in 2005 and was formerly called DufEnergy Trading. The operations expanded under DXT International, the parent Company of multiple subsidiaries operating globally and a well-known leader in the energy commodities trading industry, following a successful rebranding process pursued in 2018. DXT has grown recently, moving beyond trading activities, and has begun to invest in distinctive assets. Indeed, the Group approved a noteworthy investment in Brazil during FY2021, with the installation of a solar farm that will enable Matrix, the DXT's subsidiary in Brazil, to enter the energy production sector. To facilitate the transition to a beneficial mechanism of clean energy, DXT focuses on conventional and renewable power sources, guarantees of origin, natural gas, and LNG.

DXT relies on a **strong network of connections** with leading energy trading companies, utilities, and significant industrial players, built over the years thanks to the expertise of a group of highly trained trade specialists, the financial stability of the Group and the in-house ETRM system. These strategic advantages enable the development of an adaptable mentality and quick responses to changing market conditions.

With permits to conduct business as energy shippers and gas storage operators in the major energy markets, as well as in most European nations, DXT's operations are conducted through two primary sub-divisions, **Power and Gas**.

To date, DXT's Power and Gas operations cover more than 20 European markets with the intention of expanding even more.

The Power sub-division is focused on trading a full range of power products all over Europe. DXT exploits its strong internal trading techniques to seize arbitrage opportunities and optimize performance results, trading actively on the intraday, prompt and forwards markets. Over the past years, DXT has built a significant renewable portfolio of assets (3.5 GW), off-taking the energy injected into the grid and providing competitive Power Purchase Agreements (PPAs). Thanks to a highly qualified team of traders, analysts and meteorologists, the Company maximizes the energy value of its portfolio and reduces imbalance risks for its energy producers. In addition, DXT is also active in Guarantees of Origin trading.

As for the Gas sub-division, moreover, DXT is active in the trading of natural gas in most European markets, where it purchases transportation and storage capacities in order to maximize the location spreads and time spreads. The Gas Division has been expanding its presence considerably in the Central European Markets over the last years. DXT has managed to further develop its LNG trading activities, by finalizing more than 50 LNG Master Sales and Purchase Agreements (MSPAs), and shipping LNG cargos globally.

The Stamford, Connecticut-based DXT Commodities North America business unit has been focusing on identifying opportunities in the North American power and gas sector since 2015. Following entry in 2020 in the US wholesale physical gas space, the company has been concentrated on storage and transport asset acquisition and customer service. Today, DXT's footprint in North America touches hundreds of liquid markets across 31 states, in an effort to satisfy natural gas needs of power generators, utilities, producers, and retailers. After obtaining Market-Based Rate authority in 2019, DXT entered into over 3 TWh of wholesale Load Serving contracts and, since late 2021, it has been authorized to operate into Financial Transmission Rights markets in PJM and MISO. DXT's objective is to expand its footprint in the North American markets by leveraging on a team of professionals who is able to provide excellent services and solutions for its customers while always exercising discipline in risk control.

With Matrix, DXT also entered the Brazilian market, opening up enticing potential as that country's expanding gas and power sectors progress toward liberalization.

Since it began operating in 2014, Matrix's business strategy has developed into an energy aggregator with an emphasis on renewable energy.

The Company is currently the largest independent off-taker of renewable greenfield projects in Brazil and the largest independent energy sales platform by volume negotiated. Due to its approach, Matrix became one of Brazil's top advocates of renewable energy projects and a player in the market for renewable energy certificates (I-RECs). Utilizing

proprietary technologies, Matrix diversifies its suppliers and caters to a wide range of industries while supplying bespoke energy products directly to end users.

The Company will be able to expand its commercial offer of cheaper and cleaner energy to end customers thanks to the construction during 2023 of various solar farms in different Brazilian states.

It is the initial phase of a larger investment initiative in renewable energy.

### DXT INTERNATIONAL AND PRISMA CAPITAL MERGE THEIR ENERGY-RELATED ASSETS IN BRAZIL

On April 19, 2022, Prisma Capital, an independent investment partnership founded in 2017, and DXT International have signed a deal to combine their energy-related businesses in Brazil. As result of the transaction, the initial capitalisation of more than 800 million Reais permits Matrix to increase its investments on the integrated platform for renewable energy generation and digital energy distribution, in order to exploit the opportunities arising from the complete liberalization of the local power market. In addition, the JV has a significant investment plan in solar plants and wind farms over the next 4 years (1.5 GW of "ready-to-build" renewable projects).

After the approval obtained by the Brazilian antitrust authority on May 19, 2022, the closing of the transaction occurred on June 10, 2022. The Group's ownership in Matrix decreased from 83.36% to 50%, the control over Matrix ceased and the Matrix shares held by the Group have been recognized as an investment in a joint venture. PCS II Principal Fundo de Investimento em Participações Multiestratégia - Investimento no exterior, Brazil ("PCS II"), a subsidiary of Prisma, acquired all the treasury shares previously acquired by Matrix from its non-controlling interests at a price of 57,339 TBRL (10,859 TUSD), acquiring all the Matrix shares owned by the non-controlling shareholders. Therefore, Matrix issued 37,912,193 new shares, for a total capital contribution of 563,844 TBRL.



“ The Matrix Energia platform is born with a pipeline of 1.5 GW of installed capacity in highly competitive and efficient, strategically located, ready-to-build projects that will give us a prominent position in the universe of renewable generation. ”

RODRIGO ALVES DE LIMA, Matrix executive responsible for renewable energy assets

800 M Reais

Initial capitalisation,  
(corresponding to over  
150 M USD)

1.5 GW

“Ready-to-build”  
renewable projects

4 years

Time horizon  
for the realization  
of the projects



## Duferco Energia

The Company serves as an all-around operator in the energy supply chain by engaging in operations related to energy retail, power and gas trading, energy-saving and efficiency operations, e-mobility, and power production from renewable sources.

**Duferco Energia** is the Company of the Group that provides the most integrated contribution to the energy transition. The Company is active in energy retail, power and gas trading, energy-saving and efficiency operations, e-mobility, and power production from renewable sources, performing as an all-around operator in the energy supply chain.

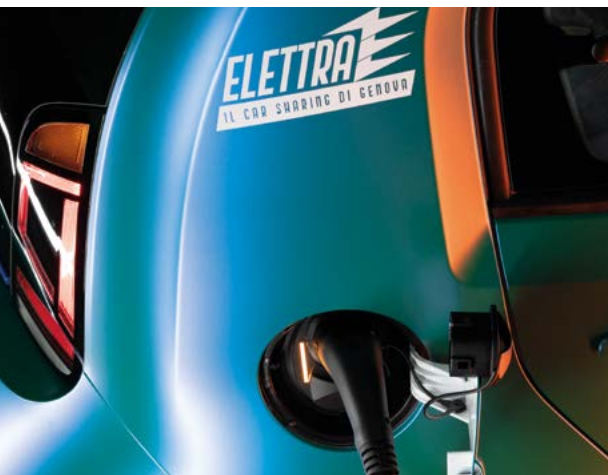
The goal of Duferco Energia's business strategy is to build long-term value across all the industries where the Company operates to meet its goals for profitability and expansion. In this context, the Company's commercial offer also emphasizes a number of services designed to raise the energy efficiency performances of its clients and reduce the costs associated with their energy supply. In this area, Duferco Energia takes advantage of the opportunities provided by the Italian so-called "Ecobonus" and "Sismabonus" incentives framework, bringing them to an industrial level by performing re-lamping projects for industrial plants, power consumption monitoring and heat recovery for condominium buildings.

The business, which was founded in 2010 with a focus on renewable energy, is now considered as one of the top players in the Italian energy industry. Industrial facilities, condominiums, businesses, and households are some of the many clients that Duferco Energia serves with a wide range of energy solutions. Duferco Energia supplied 5,312 GWh of electricity and more than 543.6 million SMC of gas in 2022, serving 164,052 different clients. Regarding generation, Duferco Energia added around 386.8 GWh of certified green energy in 2022. The Company counts on numerous corporations which are responsible for managing the operations and nine solar and four hydroelectric power facilities spread throughout various Italian regions, which produce electricity. Duferco Energia trades on the main European stock exchanges, such as IPEX, EPEX, and EEX, as well as in the wholesale electricity and gas markets.



Further activities created with major clients include buying and selling green certificates, white certificates, and ETS allowances, as well as managing imports electronically (through the Interconnector) and allocating natural gas capacity.

More recently, the Company has focused on sustainable mobility projects as part of its commitment to sustainable growth and has become one of the leading private Italian suppliers of electric vehicle charging stations, with a network of 875 Charging Points managed by Duferco for electric vehicles. Additionally, comprehensive solutions for electric mobility are offered to people and organizations with personalized rate plans to meet their demands, with the goal of supplying the infrastructure and tools for greener and less harmful mobility. The Connecting Europe Facility - Transport program has also provided Duferco Energia with financial support from the European Union, enabling and funding the development of smart e-charging services in Italy.



## THE TRANSITION TOWARDS E-MOBILITY

During the last financial year, Duferco decided to strengthen its activities to support the development of electric mobility, Elettra, in the city of Genoa. One of the strengths of the car sharing service offered by the company is the fleet of cars made available to users. At the time of joining Duferco Energia, the fleet of Genoa Car Sharing had about 30 thermal cars, currently it counts about 150 fully electric cars. Thanks to the partnership with Volkswagen, the Genoa car sharing service makes use of some of the most modern, safe and sustainable cars on the market today.

Elettra has a long-term service contract with the Municipality of Genoa. It is a part of the administration's sustainable development plan that will allow the Municipality to obtain the ISO 37101 certification, dedicated to organizations that encourage and promote sustainability in urban communities.

Starting with the town of Genoa, the ambition of the Group is to offer local communities a new and sustainable way of experiencing urban mobility. These moves concretely represent the will of the Group to strengthen its role as a critical player in the energy transition of the country.

Through **Duferco Biomasse** and **Energy Biomass Sourcing (EBS)**, Duferco Energia is also actively involved in the production and trade of biomass. Both businesses are involved in the transportation, processing and delivery of lumber to thermal power plants in Europe.

The business of Duferco Biomasse arose from the combined expertise of several parties involved in the management of forests and woods, as well as the ambition of Duferco Energia to expand its market share in the renewable energy sector as a key enabler of the current energy transition. Both Duferco enterprises participating in the biomass production process are **PEFC (Programme for the Endorsement of Forest Certification) accredited** in their operations, and the process is essentially based on a circular management model. Even though they also directly own the property in some situations, the production cycle implies that land is rented from landowners for 10 to 15 years and managed by the Group's companies during this time horizon. As a first step, once the forest is acquired, wood is converted into chips that are then transported to the thermoelectric facilities. Subsequently, operations switch to soil restoration and treatment once the cutting plan is complete and before returning the land to its owner, several actions are taken to restore the original

vegetation. To give clients complete visibility of the whole production process, from the source and techniques of woodcutting to the last logistics steps, all produced biomass is fully traceable. The largest biomass activity in recent years was carried out in the Italian area of Vaia, which was heavily hit by a storm in October 2019 and where one of the biggest lots made available by the maxi tender was awarded to Duferco Biomasse.

The Company's greatest wood collection to date, totalling around 360,000 cubic metres, is from the largest forestry location in Italy, located in the Alpine valleys of Lombardia, Trentino, Veneto, and Friuli. In addition to logging, the Company's goals are shifting to include new forest management services, such as improving sustainable forest management to collect carbon credits for the voluntary carbon market.

In 2022, a combined total of 462 GWh was generated from the biomasses by the operations of these two companies. The production shows that the business volumes of this line of operations have been steadily increasing in recent years, contributing to vital environmental objectives, such as conservation and protection of the forest heritage, by improving fire prevention, and restricting the spread of dangerous bacterial species in woodlands.



## Steel

The **Steel Division** is the historical heart of the Group's operations, but it is strongly projected into the future, as witnessed by the significant investments made in recent years. Duferco continuously works to improve and maintain its manufacturing facilities and infrastructures, promoting growth in the downstream industry.



STABILIMENTO DI GUAMMORO (PV)	
<b>Duferco</b> TRAVI E PROFILATI	
COLATA 12485A	N. BARRE 4
PROFILO HEB 260	LUNGHEZZA 15,100
QUALITA' S235JR/J0 S275JR/J0+	EN 10025-2
NORMA PROFILO EN 10365	NORMA TOLL. EN10034
DIFETTO	
82041006887	

The Group is represented by 11 companies in Italy, France, and Denmark and 9 production plants, with the capacity of around 1,000,000 tons of steel produced and processed per year, in different forms, mainly beams and long products, merchant bars, and pre-painted flat products. Their commitment and continuous growth in the development of technologies and innovations made the brand the benchmark in Italy for the steel production.

### Duferco Travi e Profilati

The origin of the Company dates to 1996, when the Duferco Group took over all the assets of the former Ferdofin Siderurgica, creating the renamed Duferdofin. **Duferco Travi e Profilati (DTP)** is the largest corporation in the steel Division and consolidates the operations of Travi e Profilati di Pallanzeno (TPP) and Acofer Prodotti Siderurgici (Acofer). With the investments now being made, the Company aspires to become a true landmark in its industry by producing beams, special quality steel, special profiles, and other long products that are supplied throughout Italy, Europe, and North Africa. Commitment and continuous growth in the development of technologies and innovations allowed the brand to become a reference point in Italy for the production of beams and long products, with a production capacity of 950,000 tons.

DTP sales are in 60 countries worldwide, meeting the needs of around 800 customers. The Group, based in San Zeno Naviglio in the province of Brescia, has four production units covering the entire production from liquid steel to the finished product: San Zeno Naviglio, Giammoro in the province of Messina, Pallanzeno in the province of Verbania, and San Giovanni Valdarno in the province of Arezzo.

Even though the Steel Division is the historical core of the Group's business, it remains at the roots of Duferco's development strategies, as seen by the considerable investments made in recent years. Over 137 million euros were invested in DTP in FY2022, with more than 2% going toward R&I.

The new **rolling mill in San Zeno Naviglio**, which will be entirely powered by renewable energy obtained through a long-term power purchase agreement, represents an investment of over 250 million euros by the Group. The factory will be able to boost its production capacity by almost 700,000 tons thanks to this strategic initiative, which will use the most advanced technology and generate at least 150 new employments.

### THE FIRST GREEN ROLLING MILL

The "First Green Rolling Mill" project remains a true flagship initiative for the Duferco Group. Thanks to the use of cutting-edge and environmentally friendly technologies, the new rolling mill, when operational, will be fully integrated with the steel plant. The initiative has required a total investment of over 250 million euros for its construction. It will be the first rolling mill in the whole Europe to rely on totally renewable energy, thanks to a multi-year fixed-price power purchase agreement (PPA) signed with a wind power producer. In addition, on the roof of the new warehouse, a photovoltaic panel with a capacity of about 5 MW will also be installed, supporting the ecological transition and decarbonization by saving around 2,166 tons per year of indirect CO<sub>2</sub>.

The Group's industrial organization will undergo a significant transformation as a result of the new rolling mill. It will enable Duferco Travi e Profilati to combine its production, which is currently divided among three different factories, with a considerable improvement in logistics and efficiency, raising annual capacity to almost 1.5 million tons of long products. When fully operational, the rolling mill will supply the facility with the most advanced cutting-edge manufacturing systems to create the beams and sections for which DTP is the market leader in Italy.

The reheating furnace will also have hydro-methane and methane fuel-injected burners, which could enable the use of alternative fuels such as hydrogen or bio-methane. The Group and the project partners are closely collaborating to determine the appropriate technology to use with the burner in order to reduce pollutant emissions. Utilizing the findings from the research on combustion control, it is projected that nitrogen oxides (NO<sub>x</sub>) emissions will decrease by more than two-thirds if compared to a plant that is 10 years old. In order to meet these ambitious objectives, Duferco has selected two partners with an unwavering commitment to excellence: SMS Group has realized the rolling mill, and Forni Industriali Bendotti has provided the reheating furnace.

In addition to its effects on the environment, the initiative will significantly advance digitalization.

The new rolling mill will leverage state of the art digital technologies to improve the overall production process, ranging from energy efficiency

and resource utilization to productivity and waste reduction. An innovative digital data platform is being developed with the aim of collecting, storing, and enabling the analysis and processing of massive amount of data retrieved from multiple data sources, including industrial sensors and enterprise data. Artificial intelligence and advanced analytics solutions will fully leverage the data platform with the aim of supporting business functions to take better and more informed decisions. This project strongly leverages partnership with industrial partners and universities to fully exploit recent advances in digital technologies and applied artificial intelligence.

As for the workforce needed, the direct employments will be about 150 to meet the demands of the new plant. Moreover, the new plant, as a demonstration of the social and economic relevance, will create additional indirect employment of almost 300 external workers, thus creating an important indirect economic value to the surrounding business activities.

The new employees will have professional backgrounds with a strong focus on Industry 4.0 and digitalization tools.

During 2022, the construction work on the first green rolling mill continued and the start of both the tests and the trial phase is expected to take place around May-June 2023. The construction is almost completed and all the permits, in particular the AIA (“Autorizzazione Integrata Ambientale”, the integrated environmental authorization required by Italian authorities), are in the closing phase. The reheating furnace is completed, and the construction of the last warehouse is proceeding. The total progress of the project (Engineering, Supplies, Infrastructures, Civil Works, Assembly and Cold Commissioning) is estimated at 95%. In details, the end of assembly and cold commissioning is scheduled for May 2023, while the hot commissioning is expected to take place by mid-June 2023. The completion of roads, yards, sewers, and departmental offices, which account for 2% of the total, is expected during the hot commissioning period.





In this Division, in addition to DTP, Duferco is active throughout Europe in steel processing and trading. **Duferco Morel** in France and **Acofer Prodotti Siderurgici** in Italy ensure close contact with the market of beam end users. At the same time, **Duferco Danish Steel** and **Ferriere Bellicini** plants provide Duferco with small and medium-sized merchant bar products.

In particular, **Duferco Morel** is a French Group made up of multiple companies operating at different stages of the steel distribution chain and covering the entire national territory: Duferco Morel Quincaillerie S.A.S., Duferco Thionville S.A.S., Morel Distribution Profils S.A.S. and Duferco France S.N.C. With over 150 employees and five warehouses across France, the Group serves over 2,400 clients from different markets and sectors, with a complete and tailored range of steel products and logistic services.

**Acofer Prodotti Siderurgici** is a subsidiary of DTP, operating in the distribution and marketing of beams supplied by DTP plants and of merchant bars. Acofer Prodotti Siderurgici runs three warehouses in Italy, located in Nave (near Brescia) and the San Giovanni Valdarno and Giammoro plants, covering the entire Italian market.

In early June 2006, Duferco acquired Kontiværket, the bar mill originally established in 1940 by Det Danske Stålvalseværk, Denmark's glorious steel plant. The production assets were transferred to Duferco Danish Steel A/S, a new Company established in connection with the acquisition. The workforce was re-employed and expanded, and operations restarted in the second half of June 2006. Today, **Duferco Danish Steel** is a significant producer of merchant bars widely employed in building, industrial

and civil construction works, in agriculture, in the mechanical industry and shipbuilding applications. Duferco Danish Steel invested over 17 million euros for the plant's modernization and downstream activities, which began during the summer of 2007. The steel mill has extended its storage capacity and production range for hot rolled merchant bars. During the last few years, the company has extended its product portfolio and successfully entered the market of cold drawn bars as a direct downstream from the hot rolled products. The first drawing line was installed in 2018 and during this fiscal year, the second line became operational. A new warehouse for cold drawn products will be built during spring 2023 and it will give the mill enhanced opportunities to sell from stock and continue to focus on a high service level.

**Ferriere Bellicini** has been operating in the iron and steel sector for almost a century, offering a wide range of products with variable lengths and specializing in the production and commercialization of merchant bars. The Company joined Duferco Group in 2014 as a joint venture and employs over 40 people in the heart of the industrial district of Brescia, historically linked to the steelmaking tradition.

Through **Acciai Rivestiti Valdarno (ARV)**, a service supplier of flat steel products used for coating in industrial and civil works, Duferco also conducts business in the flat products sector. Each year, ARV handles around 15,000 tons of steel. The business offers standardized items shipped from stock and customized batches based on the weight, base, coating and color preferences of its more than 90 customers. The plant, which employs about 30 people, is advantageously situated in the Tuscan industrial area between Florence and Arezzo.



## Shipping

Due to its steel trading and distribution operations, Duferco's shipping branch has a lengthy history. Over the years, the upward integration with the purchase of own vessels, establishing the Shipping Division in collaboration with the Romeo family, has been the driving force behind the evolution. Using more than 100 vessels, some completely owned, other time chartered or professionally managed, **Nova Marine** operates as a "sea trucker" all over the world.



Nova Marine provides businesses with their raw materials, primarily from the steel, agri-food, and cement sectors, and then brings the finished goods back. It works upstream and downstream of the manufacturing chain.

The Company's activities include operations, accounting, finance, and commercial management. The business began as a joint venture in 1994 under the name SiderMarine and expanded quickly through strategic partnerships, enabling it to establish a global presence. Its goal is to offer customers quick, adaptable, and dependable transportation solutions while providing first-rate service to eminent global charterers. The Nova Marine Group provides services to over 260 clients in 113 different nations through its numerous subsidiaries. Despite the challenges caused by the global pandemic, its vessels delivered almost 27 million tons of commodities in 2022 thanks to a well-established corporate multi-commodity approach intended to diversify its business.

In the shipping industry, Duferco aims to preserve its position as a market leader, while expanding into new areas such as handy size in the Mediterranean and Atlantic region. The business aspires to take the lead by becoming the only international shipping firm able to offer both commercial and technical services at the same time.

The Company's headquarters is in Lugano, Switzerland, and it employs 713 workers worldwide, -13% compared to last year due to the instability that has been created in relation to the global geopolitical context. The corporation also has offices in Bogotá, Dubai, Geneva, Istanbul, London, Madrid, Miami, Monte-Carlo, Rotterdam, Sofia, and Toronto.

Nova Marine pursued the significant repair programme started the previous year at the Xinle Ningbo shipyard, in order to reduce the impact and use less energy. This proposal contained cutting-edge technologies and may entail up to 18 ships.

In keeping with the IMO's goal to cut GHG emissions from the shipping sector by 50% by 2050, Nova Marine more recently joined the **Sea Cargo Charter**, a global framework for assessing and disclosing the climate alignment of chartering activities, together with the industry's largest player. In this regard, Nova Marine signed the Call to Action for Shipping Decarbonization, a coalition of over 230 maritime industry leaders and promoted by the United Nations Assembly, to reaffirm its commitment to addressing climate change. In order to reach crucial tipping points in the decarbonization of global supply chains and the global economy, governments must collaborate with business to implement the policies and investments required. This multi-stakeholder task initiative includes participants from every sector of the maritime ecosystem.

## THE NOVA MARINE OWNED FLEET

17

Under 40,000 DWT

1

Under 7,000 DWT

15

Under 15,000 DWT

30

Cement carries



## Innovation

Recently, the Group has established an Innovation Division, alongside the Energy, Steel, and Shipping business units, in order to prove itself capable of being at the edge of new frontiers.



A dedicated **corporate innovation team** has been established in recent years to provide digital infrastructures and solutions that will allow digitalization in business strategies and operations.

The team leverages the privileged position of being at the frontier of both research and business, to developing innovation within the Duferco Group. In a world in which technological advances progress fast and extreme events becomes less rare, Duferco is making a strong effort to fully leverage the digital and AI-based industrial revolution that the world is facing today by comprehensively adopting technologies like data science, IoT, machine learning and artificial intelligence in several of its business Divisions. The team's efforts are directed at utilizing the great potential of these frontiers by putting them at the service of the Group's infrastructures. The innovation team's task is to bring together business and research to pursue a variety of objectives with the desire to give businesses cutting-edge, efficiency-boosting solutions for their everyday operations. For instance, during FY2022, the innovation team provided DTP with an industrial data platform to manage, organize and provide access to industrial sensor data via a single system. The data platform has been designed and developed by leveraging the latest cloud-based technologies tailored to DTP's needs. Future extensions of this data platform will include the new rolling mill in San Zeno Naviglio.



The goal of the Innovation Division is to strengthen the Group's synergies and assist the other business Divisions in anticipating issues and managing them effectively. It consists of many companies that operate in a variety of diversified areas within the energy, steel, real estate, environment and logistics sectors. Another way to innovate is to nurture the creation of new businesses that provide unique solutions for issues like brownfield redevelopment. The Group's companies in this Division made investments of over 1.2 million euros in 2022, with 30% going toward R&D operations, demonstrating the Group's desire to pursue novel projects and economic prospects across a variety of technologies.

The first Company established in this Division was **Duferco Engineering**. It provides engineering, procurement, construction, commissioning, project management and O&M services to the Duferco Group and third parties. It has its own core business in the renewable energy, infrastructure and steel sectors. In this year, Duferco Engineering has focused on several projects aimed at limiting the concentration of CO<sub>2</sub> in the atmosphere, such as the pilot project in Giammoro which intends to capture CO<sub>2</sub> from industrial processes using natural gas, or the design of a new reactor that will convert CO<sub>2</sub> into methanol (in collaboration with Tor Vergata University in Rome). With a pool of highly qualified engineers, Duferco Engineering is now the Group's team in charge of developing complex studies that give rise to innovation projects promoting the energy transition from fossil fuels to green sources.

**Mainsim** was founded in 2008 with the aim of becoming the Italian company of reference in the field of CMMS (Computerized Maintenance Management System) software, developed specifically to help companies in managing maintenance tasks for plants and facilities and has been part of Duferco Group since 2014. The Mainsim CMMS functionalities allow it to handle work orders and company assets together with corrective, scheduled, and on-condition maintenance activities, bringing important benefits in terms of time and costs. While maintaining its customer base in the facility management, industrial and manufacturing fields, Mainsim CMMS was initially used within the Group's companies, thus leading the Mainsim Company to collaborate with organizations in different areas including shipping and oil&gas.





Established in 2017, **Duferco Dev** is the digital innovator of the Group, based in Genoa.

Duferco Dev specialists work to support companies in their path to digitalization, developing strategic plans, application architecture roadmaps, enterprise applications, websites, mobile apps, software, and complex customizations. Duferco Dev, at the core of the Group's *Innovation Hub*, is enabling digital transformation within and outside the Group with its research on machine learning, artificial intelligence and Cloud solutions. Best-of-breed technologies are used to develop tailored applications for all Group BUs. Today, Duferco Dev is also exploring Virtual/Augmented Reality, to identify opportunities within the Group.

**Duferco Wallonie** is a Belgian Company, in joint venture with Wallonie-Entreprendre, focusing on four areas (brownfield, environment, energy and logistics), with the goal of developing new businesses by offering solutions to environmental issues. Duferco Wallonie supports its customers at all stages of the land rehabilitation process, from design to post-management, through the execution and coordination of works with a global vision. In the logistic sector, Duferco Wallonie offers intermodal handling and storage services and transportation on water channels, railways, or roads. Duferco Wallonie enlarged its scope of activities by developing three solar parks: in June 2021, a first photovoltaic field of 1.25 MWp in Ittre became operational, while a further plant of the same power started its operations at the end of 2021 in Clabecq.

Finally, permits have been issued to install a solar park of over 2 hectares and 2 MWp in La Louvière. Duferco Wallonie is also working on a Battery Energy Storage System and on a new photovoltaic project, confirming the willingness of the Group to consolidate its activities in this additional area.

### Strategic levers for business growth

The Group strives to address the environmental and social concerns of today's fast-paced world from a position of pioneer and precursor on the most cutting-edge topics across the complete set of activities carried out in its four business areas. Integrating habits and conduct into daily operations is a key component of this approach, with partners and workers being informed about and empowered to participate in the transformation. As a result of its more than 40 years' of presence in the international market, the Group's industrial approach provides it with the insight and adaptability it needs to respond to external constraints and seize ever-evolving commercial opportunities. At the same time, the industrial strategy is combined with the corporate merchant culture of the Group, which is established in the history and mindset of Duferco and provides businesses with key abilities, such as empathy and adaptability in understanding the cultures and requirements of others. Furthermore, digitalization and innovation act as additional strategic levers for business growth.

## THE DUFERCO ORGANIZATION

### Duferco Participations Holding SA, Luxembourg

#### CHAIRMAN

Bruno Bolfo

#### BOARD OF DIRECTORS

Bruno Beernaerts  
Georges Deitz  
Paolo Foti  
Vittoria Gozzi  
Augusto Mario Gozzi  
Julien Guillaume  
Benedict J. Sciortino

#### GROUP CEO

Paolo Foti

#### GROUP CFO

Nicola Drakulic

## Corporate Responsibilities

### LUXEMBOURG

#### DIRECTOR

Bruno Beernaerts

#### CORPORATE & ACCOUNTING MANAGER

Julien Guillaume

### LUGANO

#### Switzerland

#### HEAD OF DIVERSIFIED ACTIVITIES

Maurizio Bergonzi

#### HEAD OF TAX, CORPORATE AND LEGAL MATTERS

Alessandra Simeta

#### GROUP GENERAL COUNSEL

Federico Piccaluga

#### CORPORATE FINANCE

Stefano Bacigalupo

#### GROUP CONSOLIDATION AND FINANCIAL REPORTING

Maria Montagna

#### CORPORATE INNOVATION

Piersandro Lombardi

### BRESCIA

#### Italy

#### PRESIDENT

Antonio Gozzi

#### CEO

Domenico Campanella

#### CFO

Franco Monteferrario

#### HEAD OF INSTITUTIONAL RELATIONS

Agostino Conte

#### ENERGY SUPERVISOR

Massimo Croci

#### HUMAN RESOURCES

Alessandro Roggerini

#### CORPORATE MATTERS & LEGAL AFFAIRS

Elena Ragnoli

### BANKING

Stefano Vezzini

#### TECNICAL DIRECTION

Giovanni Dugoni

#### REAL ESTATE

Margherita Gozzi

### CHARLEROI

#### Belgium

#### CEO

Olivier Waleffe

## ENERGY DIVISION

### DXT

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#### PRESIDENT

Benedict J. Sciortino

#### CEO & MANAGING DIRECTOR

Maurizio Cencioni

#### DIRECTOR

Piersandro Lombardi

#### HEAD

#### OF EUROPEAN GAS AND LNG DIVISION

Rocco Zotta

#### HEAD OF LEGAL & REGULATORY COMPLIANCE

Carlotta Zerega

#### HEAD OF CREDIT & TRADING SURVEILLANCE

Valerio Caronni

#### HEAD OF FINANCE

Giulio Macciocchi

#### HEAD OF HUMAN RESOURCES

Milvia Pedrazzoli

#### HEAD OF ADMINISTRATION

Paolo Piserchia

#### HEAD OF CONTROLLING AND RISK MANAGEMENT

Paolo Casati

#### HEAD OF CORPORATE SYSTEM DEVELOPMENT

Marco Placidi

#### HEAD OF NORTH AMERICAN OPERATIONS

Piersandro Lombardi

#### CFO NORTH AMERICAN OPERATIONS

Dario Leoncini

#### HEAD OF BRAZILIAN ENERGY OPERATIONS (Matrix)

Rubens Misorelli

#### CFO (Matrix)

Federico Marsano

### DUFERCO ENERGIA

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#### CEO

Marco Castagna

#### ADMINISTRATION, FINANCE AND CONTROL

Simone Rabaioli

#### SALES

Luca Masini

#### COMMUNICATION & MARKETING

Matteo Parodi

#### ENERGY MANAGEMENT AND TRADING

Agostino Calcagno

#### TRADING

Lorenzo Pittaluga

#### CORPORATE GOVERNANCE & COMPLIANCE - DPO

Davide Modula

#### SUSTAINABLE MOBILITY

Francesco Lepre

#### OPERATIONS & IT

Massimiliano Cocurullo

#### REGULATORY

Marco Ballicu

#### SALES MANAGER

Luca Raso  
Antonio Zullo  
Carlo Alberto Cotti

#### IT

Luca Seravalli

### DUFERCO BIOMASSE

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#### PRESIDENT AND CEO

Domenico Campanella

#### GENERAL MANAGER

Marco Tirasso

#### SALES MANAGER

Luca Corello

#### CEO (EBS)

Christine Hanon

## STEEL DIVISION

### HEAD OF INDUSTRIAL & DISTRIBUTION DIVISION

Domenico Campanella

#### DUFERCO TRAVI E PROFILATI

##### CEO

Augusto Mario Gozzi

##### CHAIRMAN OF THE BOARD OF DIRECTORS

Franco Monteferrario

##### GENERAL MANAGER

Simone Campanella

##### CFO

Paolo Avanzi

##### COMMERCIAL DIRECTOR BEAMS & SBQ

Giuseppe Zolezzi

##### COMMERCIAL DIRECTOR MECHANICAL DIVISION & TRACKSHOES PROFILES

Daniela Bucciolini

##### PURCHASING

Giordano Simeoni

##### FINANCE

Stefano Vezzini

##### HR

Massimo Rolandi

##### PRODUCTION PLANNING

Sergio Bassano

##### QUALITY

Samuele Bottari

##### CORPORATE MATTERS

Elena Ragnoli

##### INFORMATION SYSTEMS AND PALLANZENO PLANT DIRECTOR

Massimo Lama

#### INDUSTRIAL DIRECTOR

Giordano Stregghi

#### SAN ZENO NAVIGLIO STEEL MILL DIRECTOR

Rosario Tornello

#### SAN ZENO NAVIGLIO ROLLING MILL DIRECTOR

Gabriele Comandini

#### GIAMMORO PLANT DIRECTOR

Giuliano Bo

#### SAN GIOVANNI VALDARNO PLANT DIRECTOR

Giuliano Bo

#### ENVIRONMENT AND SAFETY

Giuseppe Guerrini

#### ACOFER PRODOTTI SIDERURGICI

##### CEO

Augusto Mario Gozzi

##### CHAIRMAN OF THE BOARD OF DIRECTORS

Franco Monteferrario

##### GENERAL MANAGER

Giuseppe Zolezzi

##### SALES-OPERATIONS (San Giovanni Valdarno)

Tania Romanelli

##### OPERATIONS (Nave)

Simone Ruggeri

##### OPERATIONS (Giammoro)

Domenico San Martino

#### DUFERCO DANISH STEEL

##### CEO

Bram Hansen

##### CFO

Tina Holstener Schmidt

##### GENERAL SUPERVISOR

Mauro Bucciolini

#### ACCIAI RIVESTITI VALDARNO

##### CEO

Franco Vanni

#### FERRIERE BELLICINI

##### CEO

Kikka Bellicini

#### DUFERCO MOREL

##### CHAIRMAN & CEO

Stéphan Caute

##### CFO

Christian Personat

##### ACCOUNTING TREASURY

Hervé M'Baye

##### HR

Christine Rochard

##### IT

Richard Lannoy

##### QUALITY

Alexandre Mac Donald

#### DUFERCO FRANCE

##### PRESIDENT

Stéphan Caute

##### GENERAL MANAGER

Philippe Jégou

#### DUFERCO THIONVILLE

##### PRESIDENT

Stéphan Caute

##### GENERAL MANAGER

Philippe Jégou

##### GENERAL MANAGER SPECIAL STEEL DIVISION

Thierry Semard

#### MOREL DISTRIBUTION PROFILES

##### PRESIDENT

Stéphan Caute

##### GENERAL MANAGER

Thierry Mathieu

#### DUFERCO MOREL QUINCAILLERIE

##### PRESIDENT

Stéphan Caute

##### GENERAL MANAGER

Thierry Mathieu

#### TPS LUXTRADE

##### PRESIDENT

Stéphan Caute

#### ORMOSE

##### PRESIDENT

Stéphan Caute



## SHIPPING DIVISION

### NOVA MARINE HOLDING

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Luxembourg

#### CHAIRMAN

Giovanni Romeo

### NOVA MARINE CARRIERS

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Switzerland

#### CEO

Vincenzo Romeo

#### COO

Salvatore Pugliese

#### CFO

Marc Saulnier

#### HR DIRECTOR

Giovanni Mazzella

#### CHIEF RISK OFFICER

Bas Van Steijnen

#### GENERAL COUNSEL

Gabriella Reccia

#### IT

Simone Anzani

### NOVA SHIP TECH

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#### TECHNICAL DIRECTOR

Francesco Costagliola

## INNOVATION DIVISION

### DUFERCO WALLONIE

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#### CEO

Oliver Waleffe

### DUFERCO ENGINEERING

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#### PRESIDENT AND CEO

Ezio Palmisani

#### RENEWABLE ENERGIES AND LICENSING

Emilio Castelli

#### SPECIAL PROJECTS

Antonio Muzzini

#### ENGINEERING

Paolo Peri

#### HYDRO POWER PLANTS

Andrea Costa

#### POWER PLANTS

Francesco Marsano

#### INDUSTRIAL PLANTS

Gianluca Palmisani

#### PHOTOVOLTAIC PLANTS

Enzo Squillace

#### PROCUREMENT AND GENERAL SERVICES

Marco Nassi

#### RESEARCH AND DEVELOPMENT

Riccardo Necrisi

### DUFERCO DEV

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#### CEO

Alessandra Belotti

### MAINSIM

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#### CEO

Giovanni Ferrando



# BUSINESS results

## FINANCIAL RESULTS

The Group's adjusted net profit\* increased from 262 million USD in FY2021 to 385 million USD in FY2022, an increase of almost 47% year on year. Group's revenue totalled 45.8 billion USD, increasing by 82% with respect to the level of the 2021 financial year (26.4 billion USD). This remarkable increase was mainly attributable to record high energy prices as well as to higher steel prices related to the steel production and distribution business. Group's consolidated balance sheet continues to remain very strong. In particular:

- Consolidated net working capital is more than 941 million USD (830 million USD as of September 30, 2021) with a current ratio of 1.33 (1.14 as of September 30, 2021).
- Despite the significant increase in energy and steel prices, the Group's financial indebtedness is significantly lower with respect to the previous year (738 million USD versus 1,489 million USD) while liquidity remains healthy with a level of cash reserves of more than 796 million USD (612 million USD as of September 30, 2021). For the first time in Group history, it ends up the 2022 financial year with a positive net financial position.
- The total equity of the Group is around 1,486 million USD (1,362 million USD as of September 30, 2021), with a Return on Equity of approximately 28%.
- As of September 30, 2022, the Group had almost 3.3 billion USD (3.4 billion USD as of September 30, 2021) in committed credit facilities and uncommitted working capital facilities, while the average utilization of the Group's credit facilities was approximately 43% (75% as of September 30, 2021).

### +47%

Adjusted net profit  
(with respect to FY2021)

### +82%

Revenue  
(with respect to FY2021)

### -50%

Indebtedness  
(with respect to FY2021)

### 28%

Return on equity

\* Excluding the one-off bargain purchase price related to the acquisition of the additional 50% of the shares of Duferdofin-Nucor S.r.l., Italy from Nucor Corporation, USA (approximately 183 million USD).

## Energy Division

DXT International S.A., Luxembourg, and its subsidiaries (the “DXT Group”) reported a net profit after taxes of approximately 86.7 million USD (112 million USD during the 2021 financial year).

DXT Commodities S.A. (“DXT”), which is the subsidiary operating mainly in the European markets, reported a net profit after taxes higher than the result of the previous financial year with an increase of more than 73% year on year. DXT reported an excellent result in a year characterized by multiple extreme market situations. During the year, electricity and gas prices fluctuated in a wild manner and were, for some days, more than twenty times higher than during the same period of the previous year. Prices first peaked in December 2021, then a second time in February 2022 and a third time at the end of August 2022, causing severe disruptions in the energy markets.

During the period October 2021 - December 2021, the Group experienced an unprecedented increase in the energy demand due to post-Covid economic recovery while on the supply side the gas inventories were lower if compared to 2020, and the power production was aggravated by the closure of more than half of the German nuclear plants and by a low wind and hydro generation. At the end of February 2022, the Russian invasion of Ukraine started with the subsequent sanctions imposed against Russia.

Finally, during the Summer 2022, the Group experienced the 60% reduction of the supply of gas via Nord-stream 1, which subsequently decrease to zero, as well as the low hydropower production across Europe due to a prolonged drought, and the unplanned maintenance shutdown of half of the French nuclear power plants. Record high energy prices, a lack of depth in derivative markets and the decrease in Russian natural gas supplies exposed all markets participants to tremendous challenges and tested the strengths of their respective organizations. In many cases government intervention was necessary to prevent insolvencies among many of the large national companies. In this highly uncertain and turbulent environment, DXT risk management capability as well as ability to identify market inefficiencies proved to be a competitive advantage that allowed DXT to seize many opportunities. A strict portfolio management policy focusing on smaller volumes and higher margin trades was adopted. In addition, a continued

and ample capital access allowed DXT’s gas team to exploit a huge price contango and an unusual divergence of prices among the various European regional gas markets. Finally, the LNG team adapted quickly to the rising demand of LNG and were successful in securing interesting new sources of supply.

North American operations (DXT North America - “DXTNA”), which improved significantly their performance during the course of the 2021 financial year, reported a break-even result in FY2022. Like European operations, DXTNA successfully managed the extreme volatility of the markets, which drove both the natural gas and the electricity prices to historically high levels during the summer as a consequence of the unprecedented geopolitical events.

DXT International S.A., Luxembourg and Prisma Capital Ltda (“Prisma”), a Brazilian asset management fund, signed an investment agreement to merge their energy-related assets in Brazil creating a joint venture through the Group’s holding company Matrix Energy Participações S.A., Brazil (“Matrix”).

As result of the transaction, Matrix reached a Shareholders’ Equity of R\$808 million and the resulting business is an integrated platform for renewable generation and digital distribution in Brazil.

On March 7, 2022, DXT International S.A., Luxembourg sold its entire interest in Grafton Holding Sarl, Luxembourg (“Grafton Holding”) to the non-controlling shareholder.

The Italian energy trading, distribution and production operations (Dufenco Energia S.p.a., Italy and its subsidiaries - the “Dufenco Energia Group”) had a very positive year. The Dufenco Energia group reported a net profit of 91.4 million USD compared with a profit of 23 million USD throughout the 2021 financial year. Thanks to the increase and the high volatility in energy prices, revenues jumped to more than 8 billion USD, an increase of more than 200% with respect to the 2021 financial year (2.7 billion USD).

Record results achieved have been driven by opportunities offered by the volatile market conditions coupled with a smart management of the financial sources. During the year, very challenging from a financial viewpoint, Dufenco Energia has negotiated with most of the corporate clients’ new terms of payment, in order to reduce



the working capital needs. The gas physical stock activity has generated good margins, as well as the negotiation of new contracts with renewable power suppliers. The high attention paid in the past years on the acquisition of SMEs and residential clients has produced its positive effects; in fact, the company is not experiencing significant worsening in collection of payments from customers. The company has decided to remain unchanged on the number of clients, given the uncertain conditions of the market; as of September 30, 2022, there were about 177,320 active points of delivery ("POD") in the electricity market (167,389 as of September 30, 2021) and about 60,747 POD (68,312 as of September 30, 2021) in the natural gas market.

During the 2022 financial year, besides the core business activities related to the energy trading, distribution, and renewable energy production, the Duferco Energia group further developed new investment opportunities in the field of renewable energy production. Three hydropower plants were acquired in Albania with a total capacity of 17.3 MW.

## Steel production and distribution Division

The FY2022 started in a very favorable macroeconomic environment. The end of the lockdowns and the progressive vaccine rollouts combined with the anti-crisis economic measures put in place worldwide helped to accelerate a strong economic recovery. The twelve months from October 2021 to September 2022 were likely the most volatile in the history for steel prices. In addition to the mismatch between supply and demand brought on by the economic recovery, the conflict in Russia and Ukraine was another aggravating element.

From April 2022, prices fell steadily with the CRU global finished price index dropping 35% between April and September with even greater declines seen in those peak-price markets. This has returned regional differences closer to normalized levels, although market protection remains a factor in the EU and North America.

The European based steel production and distribution activities contributed a profit of 135.3 million USD to the 2022 consolidated result of the Group.

More in particular:

- The DTP Group contributed a profit of 99.4 million USD to the consolidated income statement of the Group (2021: profit of 40.8 million USD).
- The Morel Group, which is mainly active in the French steel distribution market, experienced also a very positive situation. On a yearly basis, Morel contributed a profit of almost 7 million USD to the consolidated result of the Group.
- Finally, Duferco Danish Steel, contributed a profit of 23.9 million USD to the consolidated result of the Group (2021: profit of 9.3 million USD), while the other Italian based production activities reported a profit of 5 million USD (2021: profit of 3 million USD).

The construction of the new beam rolling mill at the site of San Zeno Naviglio, Italy is progressing in accordance with the plan. The rolling mill is expected to be placed in operation mid-2023. More significantly, the new rolling mill will set the plant at the cutting edge of sustainability, technology and innovation. Thanks to a ten-years purchase power agreement ("PPA") closed with a wind energy producer, the Group will feature the first rolling mill fully powered by renewable energy. Moreover, the reheating furnace will be equipped with hydro-methane fuel injected burners.



## Shipping Division

50% share of the net profit of the joint venture group (Nova Marine Holding S.A., Luxembourg - “Nova”- and its subsidiaries) contributed for an amount of approximately 41.1 million USD to the consolidated result of the Group (20.4 million USD for the 2021 financial year).

Financial year 2022 has been the year of the war in Ukraine and the consequent energy crunch has put the shipping business again in a strategic role for the world economy, and Nova managed this challenging period being agile and flexible and at the same time achieving one of the best results since its foundation.

Freight levels during Q1 remained strong in line to what it has seen in 2021 while in the middle of Q2 2022 when Ukraine war started with the consequent closure of all the Ukrainian ports Nova experienced the establishment of totally new import routes especially bound to EU. That generated an increase in the ton mile ratio taking away available tonnage from the market while the transportation demand remained sustained adding a further push to the freight levels. During Q3 with the first opening of the so called “grain corridor” it saw freight levels stabilizing but still at a decent level.

It is important to mention that the assets during the entire year kept a sustained value compared to the years before and in certain segments it saw even and increase. Nova decided to dispose of 5 ships (including joint venture) with significant gains above their carrying amounts.

Nova’s financial performance during the 2022 financial year was remarkable: revenue reached 342 million USD with an increase of about 41% compared to the previous financial year (242 million USD). The consolidated net profit was up to 82.3 million USD, doubling the profit of the 2021 financial year of 40.7 million USD and total equity increased to about 235 million USD with an average yearly ROE of almost 35%.

Nova Marine Carriers S.A., Switzerland (“NMC”) has been able to manage and keep up with the client’s requests on new routes requirements being always balanced on the cargo/vessel ration and at the same time leveraging on the spot market gaining considerable time charter returns on the Group fleet. The joint-venture with August Bolten consisting of 7 handy-size vessels purchased during the 2021 financial year has benefitted from the higher rates on the market and worked to significantly reduce its indebtedness.

## DITH

Duferco International Trading Holding S.A., Luxembourg (“DITH”) posted another year with remarkable financial results. Net income including minorities was 241.8 million USD, compared to the 2021 financial year (254.8 million USD). In the 2022 financial year the DITH’s Total Revenue exceeded 10 billion USD for the first time with an increase of 18% from the previous record in FY2021. The share of the net profit of DITH contributed for an amount of approximately 30 million USD to the consolidated result of the Group (2021: 36.2 million USD).

In FY2021 it was DITH Distribution Division that, thanks to careful purchase management, largely benefited from a gradual and steady increase in prices while the external environment was less favorable for the Trading Division, which operated under market conditions characterized by high prices but low volatility.

In FY2022, by contrast, it was the Trading Division that benefited from price volatility with a conservative but very profitable management of long/short positions. Equally, the DITH Industry Division, namely Makstil, achieved an excellent result due to the surge in hot rolled plate prices that followed the Russian-Ukrainian conflict.



**CONSOLIDATED INCOME STATEMENT (IN '000 USD)**

	2020	2021	2022
Energy Trading Revenues	10,568,126	22,511,585	40,574,970
Other revenues	1,187,136	2,632,804	5,190,251
<b>Total revenues</b>	<b>11,755,262</b>	<b>25,144,389</b>	<b>45,765,221</b>
Depreciation, amortization and impairment losses	-18,640	-39,704	-63,518
Share of results of associates and joint ventures	-9,487	73,232	79,334
<b>Profit from operations</b>	<b>160,061</b>	<b>523,178</b>	<b>529,063</b>
Finance expenses, net	-11,042	-27,695	-32,455
<b>Profit before tax</b>	<b>149,019</b>	<b>495,483</b>	<b>496,608</b>
Income tax expense	-36,983	-50,439	-111,369
<b>Profit for the period</b>	<b>112,036</b>	<b>445,044</b>	<b>385,239</b>

**CONSOLIDATED BALANCE SHEET (IN '000 USD)**

	2020	2021	2022
Current assets	2,028,318	6,834,890	3,798,148
Non-current assets	839,913	1,311,277	1,180,547
<b>Total assets</b>	<b>2,868,231</b>	<b>8,146,167</b>	<b>4,978,695</b>
Current liabilities	1,583,898	6,004,423	2,856,880
Non-current liabilities	415,739	779,247	635,963
Total equity	868,594	1,362,497	1,485,852
<b>Total liabilities and equity</b>	<b>2,868,231</b>	<b>8,146,167</b>	<b>4,978,695</b>

**KEY FINANCIAL INDICATORS (IN '000 USD)**

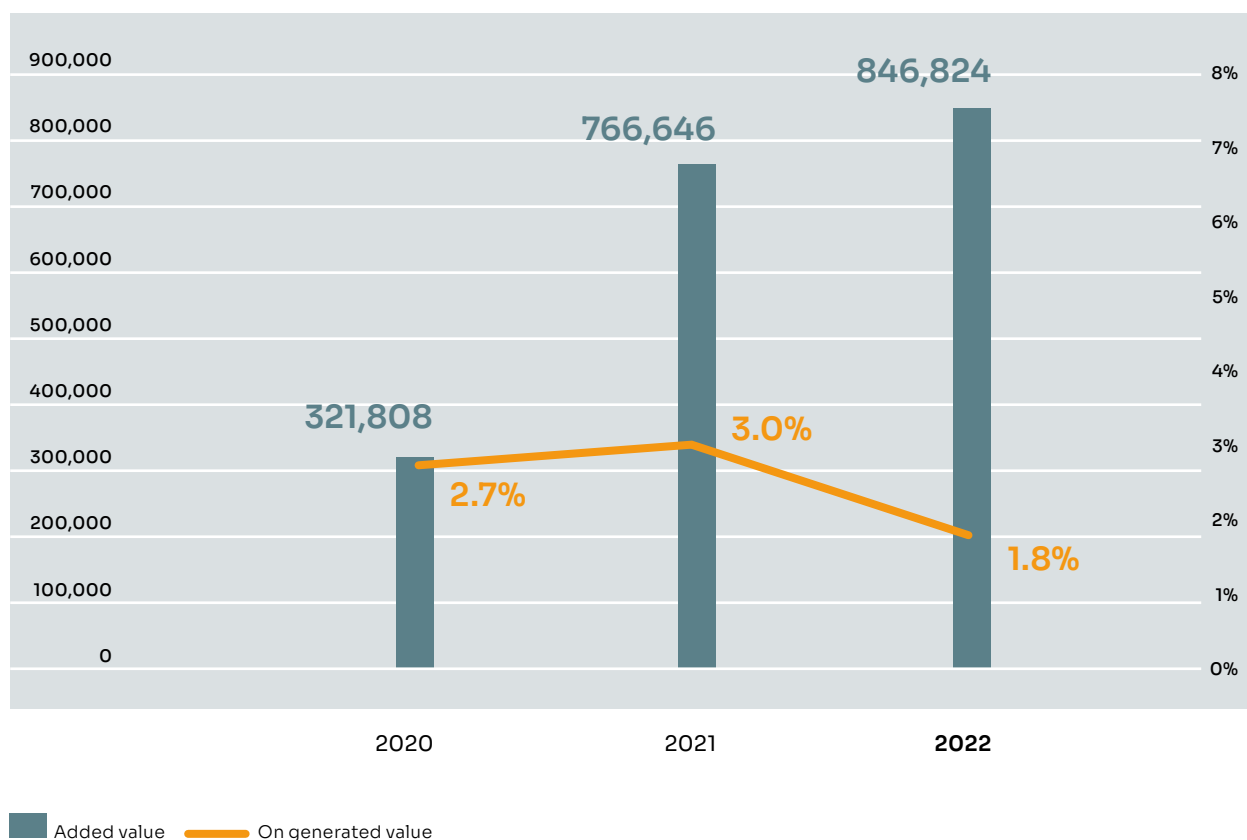
	2020	2021	2022
Current assets	2,028,318	6,834,890	3,798,148
Current liabilities	1,583,898	6,004,423	2,856,880
Net working capital	444,420	830,467	941,268
<b>Current ratio</b>	<b>1.28</b>	<b>1.14</b>	<b>1.33</b>
Financial indebtedness	614,610	1,488,985	738,124
Cash and cash equivalents	315,470	610,736	795,030
<b>Net financial indebtedness</b>	<b>299,140</b>	<b>878,250</b>	<b>-56,906</b>
<b>Total equity</b>	<b>868,594</b>	<b>1,362,497</b>	<b>1,485,852</b>

## DIRECT ECONOMIC VALUE DISTRIBUTED

Although FY2022 was characterised by a high degree of uncertainty due to the difficult situation in the energy market, the Group achieved its best results ever, both in terms of value generated and value added. At the consolidated level, **the value generated increased to 45.9 billion USD** (+80% with respect to FY2021), mainly driven by the unprecedented increase in energy prices during 2021, which affected the energy trading and distribution business, as well as by higher steel volumes and steel prices related to steel production and distribution business. In parallel, the Group

managed to contain the increase in operating costs, lowering their incidence on the overall generated value. Although the investments and strategies acted to support the lowering on the incidence, global events and crises affected the added value, amounting to 846.8 million USD, which is 1.8% of the generated value (3.0 in FY2021). Operating costs, which amounted to about 45 billion USD in 2022, contain all the operations carried out by DXT and Duferco Energia energy trading Divisions, as well as raw material purchases and value distributed to the suppliers.

### GROUP ADDED VALUE (IN '000 USD)

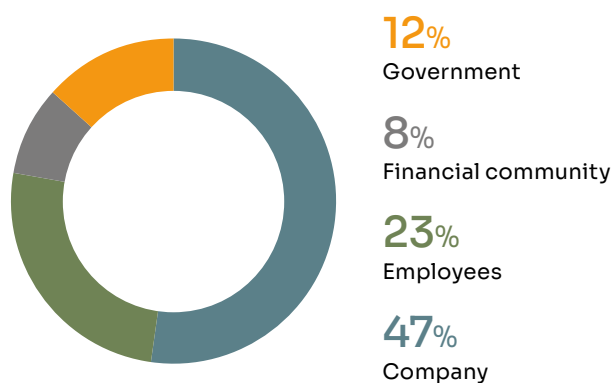


The majority of the added value (47%) was kept by the Group's companies and used as retained profits, provisions, and deferred taxes to boost capital buffers. Secondly, 23% of the added value was given to the staff in the form of severance pay and social and security charges. This latter figure totals more than 191.3 million USD, an increase of almost 10% from the previous year, underscoring the significance of helping the Group's employees in a precarious and shifting environment. Capital lenders received about 8% of the added value. Local governments and public agencies received an additional 12% in the form of current income taxes and other levies unrelated to income. Finally, the various territories around Group's plants benefited from almost 739,000 USD in sponsorships and direct gifts to charities.

Regarding the geographical distribution and the contribution to the multiple communities spread worldwide, out of the total amount of value generated during the reporting year (45,895,072 thousand USD), around 75.7% comes from Switzerland, where DXT's trading activities and Nova Marine are based. A further 19.2% is generated in Italy from activities included in Duferco Italia Holding. Outside Europe, 0.6% of value generation originates from Brazil, where Matrix oversees trading operations in South America. In the northern part of the continent, DXT North America contributes with 1% coming from the USA. In France, where Duferco Morel operates, around 0.5% of the consolidated value is generated, and a further 0.3% comes from Denmark, thanks to the presence of Duferco Danish Steel, and a 2.3% comes from Luxembourg.

#### ADDED VALUE DISTRIBUTION (FY2022)

846,824 k



# SUSTAINABILITY REPORT DUFERCO ENERGIA







# the COMPANY



## WHO WE ARE AND WHAT WE DO

As an all-around operator in the energy value chain, Duferco Energia is the Company of the Duferco Group that contributes to the energy transition in the most extensive way.

The Company is active in the **energy retail, power and gas trading, energy-saving and efficiency operations, e-mobility and power production from renewable sources.**

Duferco Energia was established in 2010 with a focus on renewable energy and it is now considered as one of the leading players in the Italian energy sector. The Company has also focused on sustainable mobility projects as part of its commitment to sustainable growth and has become one of the top private Italian

suppliers of electric vehicle charging stations. Duferco Energia is actively involved in the production and trade of biomass through Duferco Biomasse and Energy Biomass Sourcing (EBS).

Both companies process, ship and deliver lumber to European thermal power plants.

## SOLAR



100%

Duferco Solar S.r.l.

100%

Duferco Solar Trieste S.r.l.

100%

Duferco Solar Puglia S.r.l.

100%

Duferco Solar Giammoro S.r.l.

## HYDROELECTRIC



94.9%

Elca S.r.l.

100%

Energia & Territorio S.r.l.

Idroelettrica Sud S.r.l.

100%

Duferco Albania ShPK

## BIOMASS

100%

Duferco Biomasse S.r.l.

69%

EBS Sas

## OTHER PARTICIPATIONS



60%

Veracard S.r.l.

100%

Maritime Trading & Brokerage S.r.l.

100%

Immobiliare Le Clarisse S.r.l.

100%

The Adviser S.r.l.

100%

Baslab S.r.l.

100%

Genova Car Sharing S.r.l.

60%

Duferco Hellas SA

60%

Company for Trade and Service  
Solaris Trejd Dooel Skopje

## OUR DIVISIONS

In order to efficiently manage the multiple streams of activities, the Company is organized in 5 different divisions.



### POWER AND GAS

The division “power and gas” includes all customer-facing services related to the generation and delivery of energy. The business operates four hydroelectric plants and nine solar power plants through its subsidiaries in several areas of Italy.

In 2022, the power plants provided about 25.8 GWh of renewable energy into the national grid: the hydroelectric sites produced around 13 GWh, while the solar plants generated about 12.8 GWh.

Through its commercial body, that includes both consultants dedicated to energy-intensive customers and an indirect network of over 150 territorial agencies, Duferco Energia supplied the market with 5,312.5 GWh of electricity (of which approximately 386.8 covered by guarantees of origin from renewable sources) and more than 543.6 million SMC of gas.



### ENERGY TRADING

Within the energy trading sector, Duferco Energia stands out as an integrated operator offering a complete range of products and services, guaranteeing the optimal management of energy supply portfolio. Its trading activities are carried out on the exchanges of the main European markets and include portfolios management, market analysis, with forecasting of consumption and prices, monitoring of market trends and evolution of geopolitical scenarios.





## ENERGY EFFICIENCY

Duferco Energia's operations increasingly focused on enhancing energy efficiency. Through a specific corporate branch that was founded in 2015 and works as an Energy Service Company (ESCO), the Company offers different solutions to the market. This Division has created several strategies to raise the energy efficiency levels of its clients, with a particular focus in the industrial and condominium sectors. These strategies include improving lighting systems, monitoring power use and recovering heat through exterior insulation systems.



## MOBILITY

Duferco Energia manages a network of more than 800 CPOs (Charging Point Operator) across Italy. Nowadays, the Company offers multiple services to meet the needs of each client (individuals, organisations and accommodation facilities). The Group also expanded its activities into the vehicle-sharing market in 2021 with Elettra, the first 100% electric and free-floating car fleet for sharing in Italy.



## BIOMASS

Duferco Biomasse and EBS, both PEFC-certified, operate in lumber production, harvesting, processing and trading, acting as a supplier for thermal power plants and city heating networks that produce energy from biomass. In addition, EBS also supplies biomass from recycled wooden pallets and branches of city tree-pruning. During 2022, over 460 thousand MWh of energy from biomass was generated from the operations of the Division.



## SUSTAINABILITY AT DUFERCO ENERGIA

Duferco Energia identified three priority areas towards which focus and orient its commitments. Referring to the Sustainable Development Goals (SDGs), defined by the United Nations in the 2030 Agenda, the Company is dedicated in contributing to the global development, promoting human well-being and protecting the environment.

# 7

### AFFORDABLE AND CLEAN ENERGY

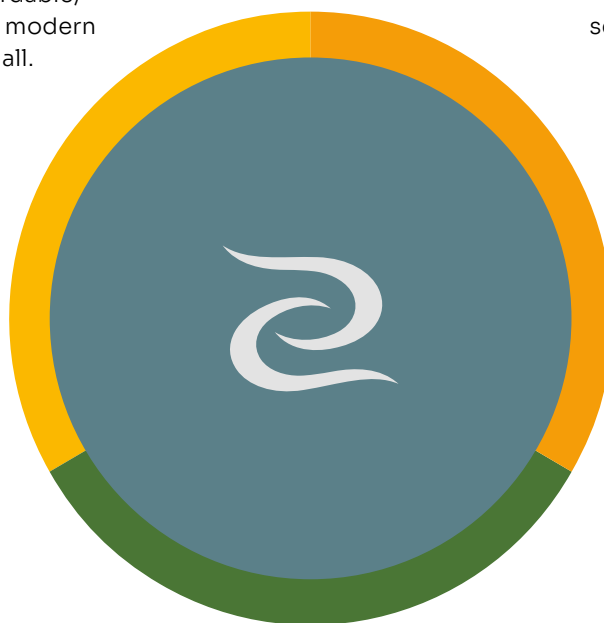
Ensuring access to affordable, reliable, sustainable, and modern energy systems for all.



# 11

### SUSTAINABLE CITIES AND COMMUNITIES

Make cities and human settlements inclusive, safe, durable and sustainable.



# 13

### CLIMATE ACTION

Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy.



All the material topics reported in this Abstract are the outcome of a revised materiality analysis that considers the requirement of the new GRI Standards 2021. When reporting with the GRI Standards, an organization is required to determine its material topics, which are the topics that represent the organization's most significant impacts on the economy, environment and people, including impacts on their human rights.

The new materiality assessment, developed in 2022, was aimed at identifying the organization's most significant impacts generated by the different activities the Group carries out, then classified as negative or positive and as actual or potential, depending on whether they actually occurred or just could happen, but have not occurred yet.

A variety of potential impacts has been mapped, both positive and negative, actual and potential, and evaluated based on their relevance according to their significance in every step of the value chain.

The significance of each impact has been measured with a methodology that considers severity and likelihood. The severity has been determined based on the following characteristics:

- **Scale:**  
how severe the impact is.
- **Scope:**  
how widespread the impact is.
- **Irremediable character:**  
how hard it is to counteract or remediate the resulting harm.

All the impacts have subsequently been prioritized based on their significance, to determine the material topics for reporting. In the table below the material topics that reflect the impacts are listed.

MATERIAL TOPIC	IMPACTS AND DESCRIPTION
ENERGY EFFICIENCY & CLIMATE CHANGE	All operational activities generate greenhouse gas (GHG) emissions both in Duferco Energia's sites and along the value chain, thus creating an <b>effective negative impact</b> on the environment. To mitigate such effects, Duferco Energia is fostering energy-efficient solutions and spreading the energy-saving culture within and outside the Company. At the same time, the energy production plants from renewable sources contribute to the energy transition at a wider scale.
ACCESSIBILITY TO ENERGY & SUSTAINABLE MOBILITY	Access to energy is an essential prerequisite for achieving sustainable development. Indeed, Duferco Energia, through its activities and sustainable mobility initiatives, create a <b>positive impact on the surrounding communities</b> by easing the access to energy and making low-environmental impact solutions for mobility increasingly affordable and accessible.
BIODIVERSITY CONSERVATION	The sectors in which the Company operates are characterised by potential threats and <b>negative impact on biodiversity</b> , with a particular focus on the activities of Duferco Biomasse and EBS.
SUSTAINABLE SUPPLY CHAIN	Duferco Energia promotes the sustainable management of the supply chain by considering environmental and social criteria while selecting suppliers (including the choice of local partners), by monitoring and evaluating their performances and by managing potential environmental and social risks along the supply chain. Such activities create a <b>positive impact</b> towards the Company's main stakeholders.
OCCUPATIONAL HEALTH & SAFETY	A lack of policies and procedures to safeguard these topics could create <b>negative impacts on the companies' workforce</b> . Duferco Energia is committed to ensuring a safe and healthy workplace, promoting structured safety management procedures and programs and spreading the knowledge of a safety culture.
HUMAN RIGHTS PROTECTION	A lack of policies and procedures aimed at protecting workers' rights could generate <b>negative impacts on the value chain</b> . Duferco Energia is highly committed to the protection of their direct employees' human rights and to those of the communities in which it operates.

DIVERSITY & EQUAL OPPORTUNITIES	Business activities must be conducted with respect for diversity and the guarantee of equal opportunities for all employees. Duferco Energia must correctly assess and address the risk of discrimination in the work environment and in the selection of suppliers, which, if not correctly managed and promoted, could lead to <b>negative impacts on their workforce</b> .
EMPLOYEE TRAINING, PERFORMANCE & WELL-BEING	Establishing a welcoming, stimulating, and positive working environment, guaranteeing a safe work-life balance and providing welfare and benefits programs to all employees are key practices carried out by Duferco Energia, which are aimed at <b>creating positive impact</b> for the companies' workforce.
TALENT ATTRACTION AND RETENTION	The sector in which Duferco Energia operates enables the development of specific skills for its employees and the sharing of new technologies and best practices with society. The Company thus offers an important opportunity for talented individuals, who will have the chance to get experience in renewable energy technologies. Therefore, Duferco Energia has a <b>positive impact</b> on society, through multiple professional development opportunities.
GENERATED VALUE & COMMUNITY SUPPORT	The business generates economic value distributed throughout the entire value chain, <b>creating a positive impact on the economy and on the society</b> .
INNOVATION & BUSINESS DEVELOPMENT	Duferco Energia promotes energy-efficient projects to be implemented both inside and outside the Company and in the communities where they operate, with a significant gain in development and performances. Such activities are to be assessed as important <b>actual positive impacts</b> on sustainable development.
BUSINESS INTEGRITY & TRANSPARENCY	Any conduct that violates laws and regulations on environmental, social and governance issues, including issues of corruption and business ethics, may have a <b>negative impact</b> on both the market in which the Company operates and the stakeholders connected to its activities. Ensuring integrity and ethical conduct by avoiding anti-competitive behaviours, preventing corruption, fraud, and money laundering are key drivers for an ethical and transparent business.
CUSTOMER PRIVACY	Customers' sensitive information and personal data are exposed to cyber-attacks, breaches, data losses and unauthorized information diffusion and represent <b>potential negative impacts</b> . To mitigate such impacts, the companies put in place solid procedures and activities.





# the ENVIRONMENT



As part of its commitment to protecting the environment, Duferco Energia works to ensure that its core operations are always on the lookout for new business prospects in the field of renewable energy generation. In 2022, its power plants, which are located in several areas of Italy, provided about 25.8 GWh of renewable energy into the national grid. Duferco Energia, following the Duferco Group's guidelines, adopts clear procedures and defined policies, aiming to measure, control and reduce its environmental impacts. To reach this goal, the Company implemented an environmental management system, adhered to ambitious standards and continued to monitor its environmental impacts. During 2022 the Company was not sanctioned for environmental non-compliance breaches.

The transition to clean energy and energy efficiency is Duferco Energia's core business and final goal, inside and outside the Duferco Group perimeter. Internally the Company strives to generate higher energy efficiency during its processes, while externally Duferco Energia offers its customers different market solutions to limit the clients' environmental impact. At the same time, the Mobility Division keeps on promoting and supporting the transition to sustainable mobility solutions.

Concerning the biomass production activities, the main potential environmental effect is the loss of biodiversity in the forests. Duferco Energia and Duferco Biomasse adopted a management system compliant with the requirements of the UNI EN ISO 14001 standard. These management systems are certified and include regular audits by external parties. In addition, both Duferco Biomasse and EBS voluntarily adopted specific product certifications, such as PEFC, FSC and SBP.

## ENERGY CONSUMPTIONS AND GHG EMISSIONS

The main direct environmental impacts of the Company are related to the greenhouse gas (GHG) emissions generated by the consumption of electricity in the offices and of fuel for both the Company car fleet and the vehicles used in the production of wood biomass.

The Company's direct energy profile primarily consists of fuel consumption for the heavy trucks utilized by Duferco Biomasse and for the automobile fleet. Given the significant effect of their use, Duferco Biomasse is renewing its fleet of heavy trucks, and the car fleet is gradually being shifted to hybrid solutions.

The recovery of activities to pre-COVID-19 levels, however, led to an increase in fuel consumption, which rebounded by +13%, approaching 2020 levels.

The office building's power usage, which stayed mostly steady during 2022, and the renewable energy producing facilities, which are not especially energy intensive, account for a small portion of total energy consumption. The upwards trend of indirect energy consumption declined by 2% (among 2020 and 2021 the growth equaled 8.5%, while it was 6.2% between 2021 and 2022). Overall, energy consumption levels are relatively constant over the years.

### ENERGY CONSUMPTION BY SOURCE (GJ)

	2020	2021	2022
<b>Direct energy consumption by non-renewable sources</b>	<b>24,744</b>	<b>22,917</b>	<b>25,936</b>
Diesel	24,269	22,219	22,028
Gasoline	475	698	908
<b>Indirect energy consumption</b>	<b>2,322</b>	<b>2,519</b>	<b>2,676</b>
Purchased electricity consumption	2,322	2,519	2,676
<b>Total energy consumption</b>	<b>27,066</b>	<b>25,436</b>	<b>28,611</b>

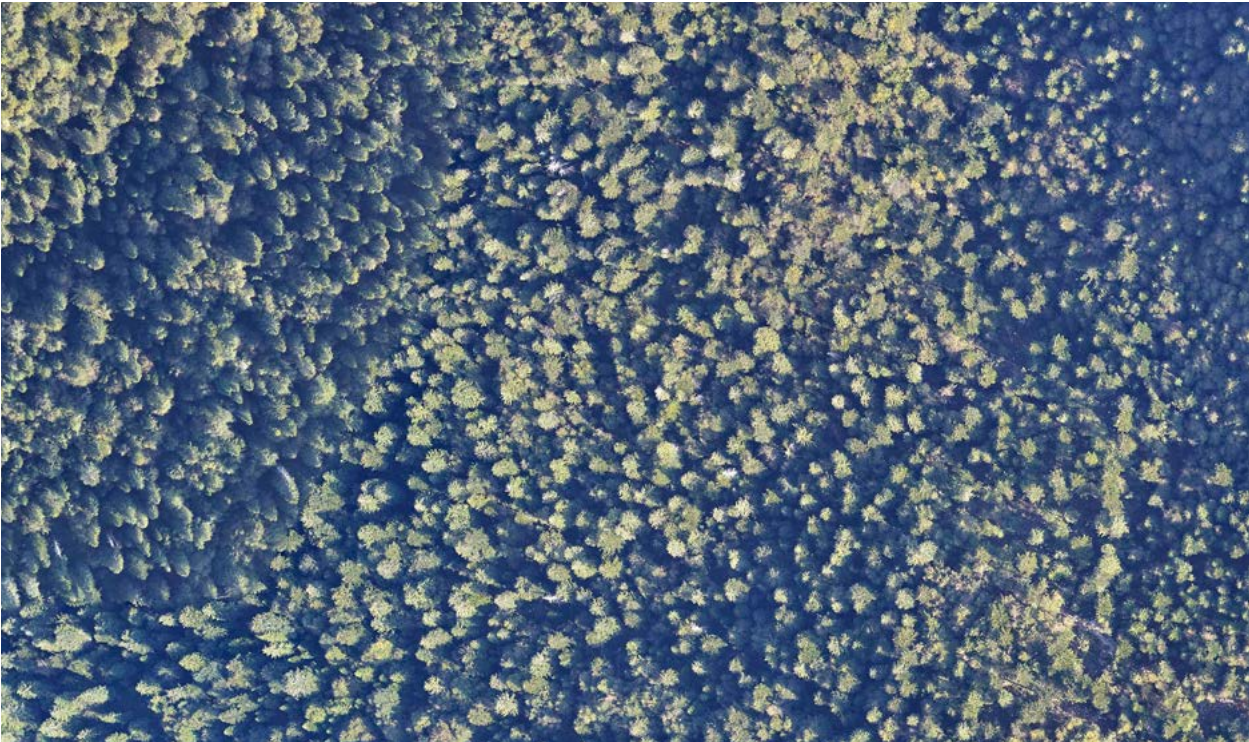
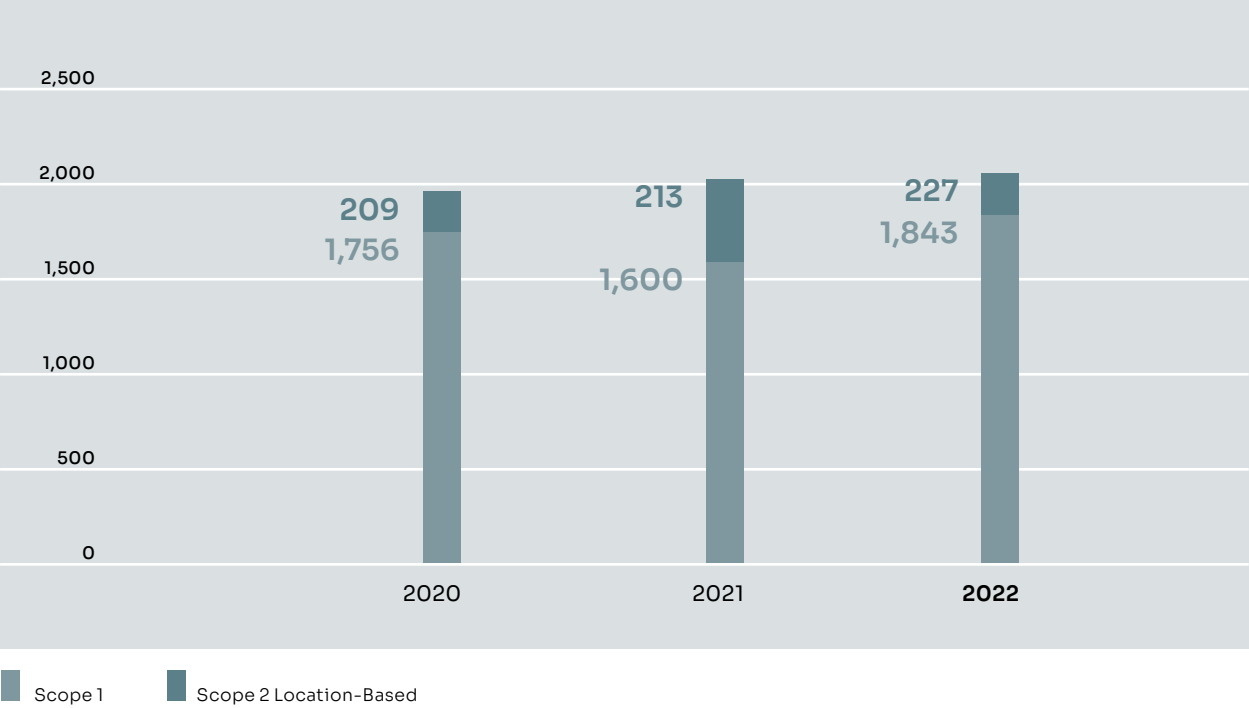
Starting from energy consumption and in line with the main international standards, GHG emissions were split into:

- **Direct emissions** (Scope 1), greenhouse gas emissions from sources that are owned or controlled by Duferco Energia: the use of fuels for car and vehicles fleet and refrigerant gases;
- **Indirect emissions** (Scope 2), GHG emissions that result from the generation of purchased or acquired electricity, heating, and cooling.

Following the trend in energy consumption, the upswing in activities also led GHG emissions to grow significantly. Compared to FY2021, the

growth in total emissions was 14%, mostly due to Scope 1 emissions, which increased by 15%. Scope 1 emissions account for about 89% of Company's overall emissions. This category primarily includes emissions related to the use of heavy vehicles for biomass processing and the car fleet. However, if the FY2022 values are compared with those of FY2020, the growth in Duferco Energia's total emissions is reduced by 5%. Scope 2 Location-Based emissions saw a growth of 6% compared to FY2021. On the contrary, considering the Market-Based approach, the downward trend continues. Compared to the previous year, emissions decreased by 16%, mainly due to the purchase of energy with green certificates.

GHG emissions (tons CO<sub>2</sub>eg)





## BIODIVERSITY CONSERVATION

The business of Duferco Biomasse arose from the combined expertise of several parties involved in the management of forests and woods and the ambition of Duferco Energia to expand its market presence in the renewable energy sector as a key enabler of the energy transition process.





Both Duferco enterprises participating in the biomass production process are PEFC (Programme for the Endorsement of Forest Certification) accredited in their operations, and the process is essentially based on a circular management model. Even though they also directly own the property in some cases, the production cycle implies that land is rented from landowners for 10 to 15 years. Cutting operations follow precise rules to ensure the preservation of soil quality and the protection of forest ecosystems as a whole. For instance, a detailed procedure is in place to establish the trees that may not be cut. The process is contracted out to third-party companies and it is carried out under the guidance of a forestry technician.

As a first step, once the forest is acquired, wood is converted into chips that are then transported to the energy production plants. Subsequently, operations switch to soil restoration and treatment before returning the land to its owner. To give clients complete visibility of the whole production process, from the source and techniques of woodcutting to the last logistics steps, all the biomass production process is fully traceable. The largest biomass activity in recent years was carried out in Italy, in an area between the regions of Veneto and Trentino, which was heavily hit by a storm in October 2019 and where one of the biggest lots made available by the maxi tender was awarded to Duferco Biomasse. The Company's greatest wood collection to date, totaling around 360,000 cubic meters, is from the Alpine valleys of Lombardia, Trentino, Veneto, and Friuli. In addition to logging, the Company's goals are shifting to include new forest management services, such as improving sustainable forest management to collect carbon credits for the voluntary carbon market.

In 2022, a combined total of around 460 GWh was generated from the biomasses by the operations of these two companies. The production shows that the business volumes of this line of operations have been steadily increasing in recent years, contributing to conservation and protection of the forest heritage, by improving fire prevention, and restricting the spread of dangerous bacterial species in woodlands.



As a further proof of Duferco Biomasse's commitment towards the transparent management of the forestland, the Company obtained the Forest Stewardship Council® certification for the management of a forest in Nave (Brescia). The FSC certification promotes responsible forest management, that proved to be environmentally sound, socially beneficial, and economically sustainable.

Additionally, the Sustainable Biomass Program (SBP) is a certification system that specifically targets wood biomass used for large-scale energy production and ensures the legality and sustainability of its sourcing, while prioritizing the preservation of high conservation value forests and biodiversity. Furthermore, the Company maintains complete traceability of the biomass throughout the entire value chain, starting from the origin and method of woodcutting. This ensures that users and customers are provided with transparent and visible information regarding the path followed by lumber.



SERVE ALTA LOGO





the  
PEOPLE

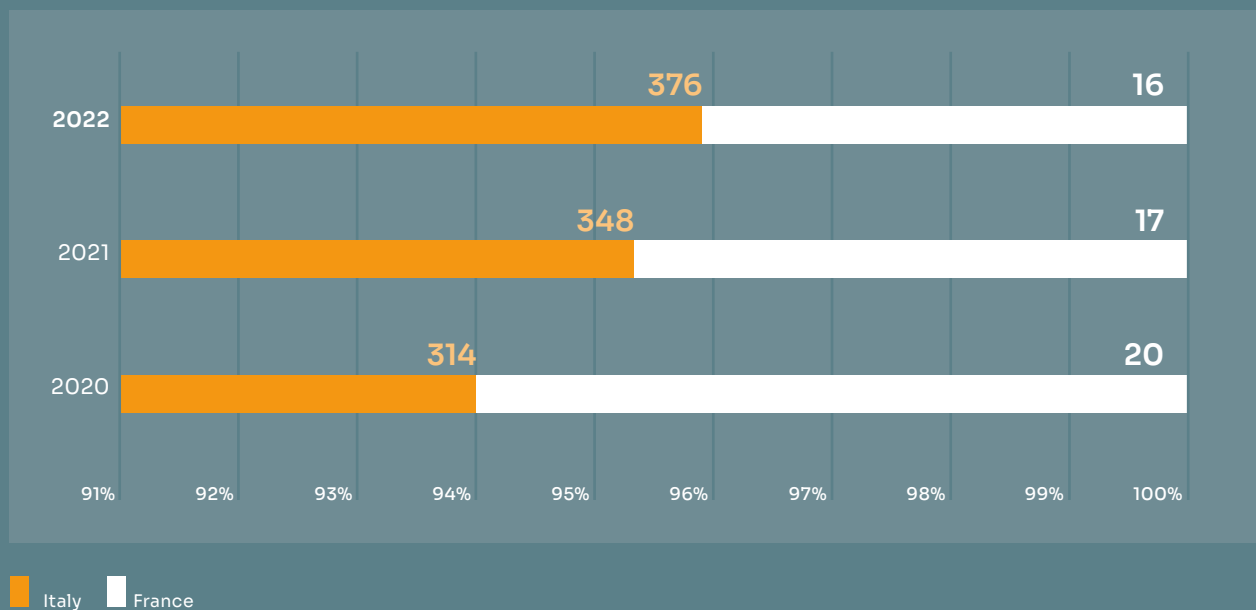
## OUR WORKFORCE

The Company relies on a strong and growing team of highly committed people, the main driver for achieving important results while facing unprecedented challenges in the last three years. Hence, Duferco Energia has always paid the utmost attention to the management of its workforce, with the aim of ensuring a safe and stimulating working environment, promoting the enhancement of its people and the development of relationships based on collaboration and transparency.

As of 30<sup>th</sup> September 2022, Duferco Energia employs 392 people, 96% of which is based in Italy and the rest 4% in France, at EBS. Compared to the previous year, the total number of employees

is showing a 7.3% increase, thus confirming the Company's strong and constant growth. In addition, throughout FY2022, the Company hosted 18 agency workers and 3 self-employed people.

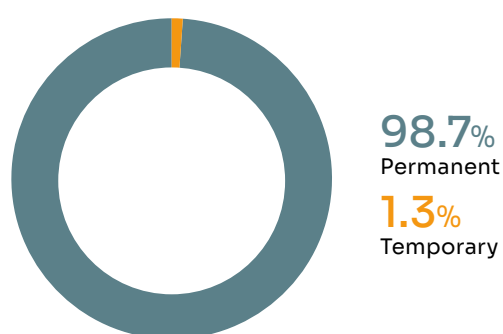
### DUFERCO ENERGIA WORKFORCE



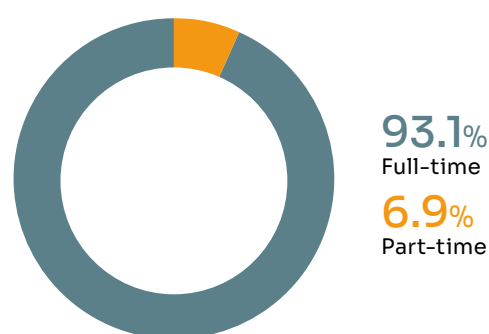
Duferco Energia confirmed its commitment to creating stable jobs and long-lasting relationships with the goal of supporting the Company's economic growth and the enhancement of human capital. This effort is witnessed by the high number of switches from temporary to permanent

contracts that occurred during the past years. Most employees (98.7%) are hired with permanent contracts and 93.1% have a full-time employment contract. Temporary contracts mainly refer to resources employed in customer care and call center activities.

#### EMPLOYEES BY CONTRACT TYPE



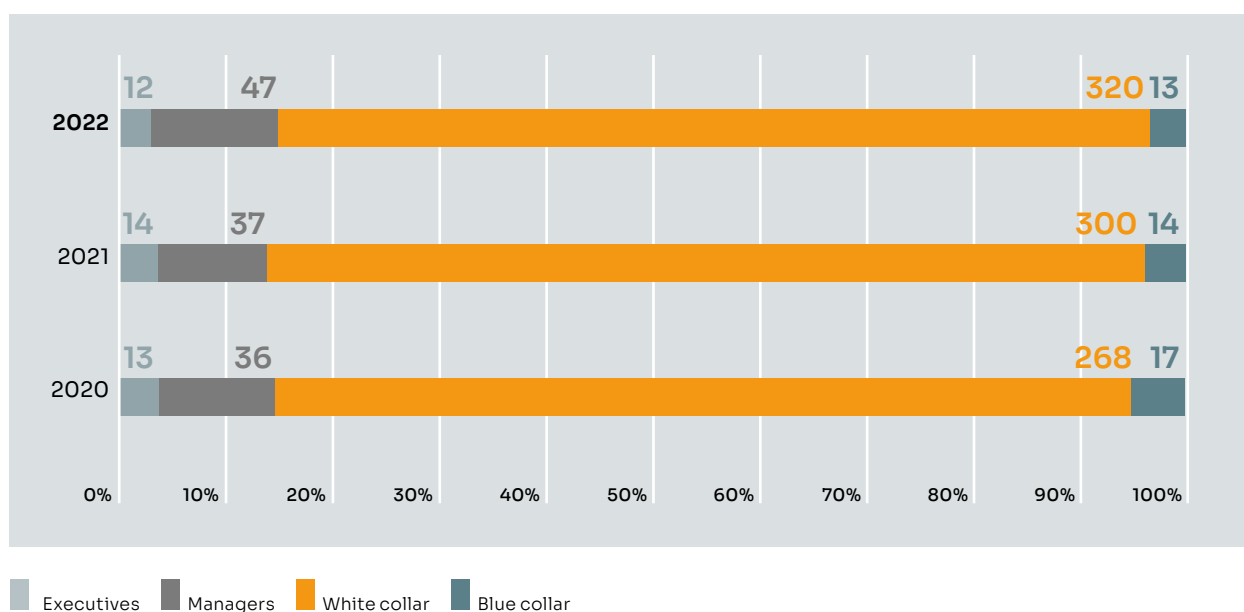
#### EMPLOYEES BY EMPLOYMENT TYPE



The majority of the employee workforce is made up of white collars, representing 81.6% of the total, thus confirming the constant increase shown in 2021 and 2020. The second largest category is represented by

managers, who represent more than 10% of the total workforce. The last two categories are executives (representing 3% of the workforce, a slightly decrease than 2021) and blue-collar workers (3.3%).

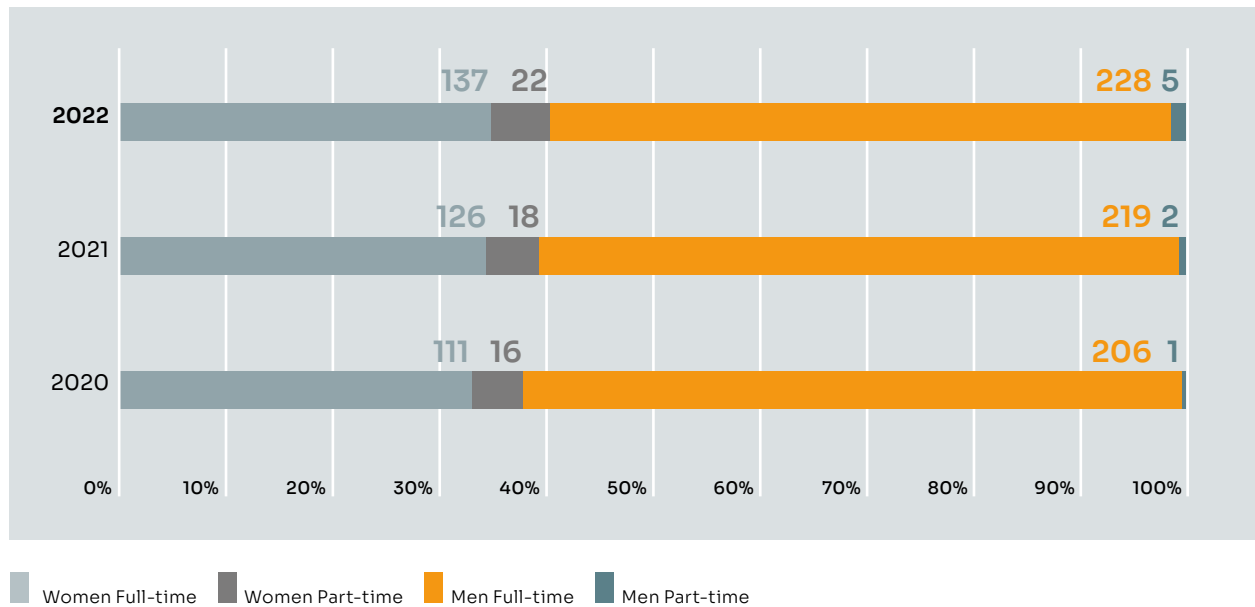
#### EMPLOYEES BY CATEGORY



In terms of gender diversity, Duferco Energia increased the share of female workforce compared to the previous year by 10.4% reaching 159 women, out of the 392 total employees, thus representing 40.5% of the workforce.

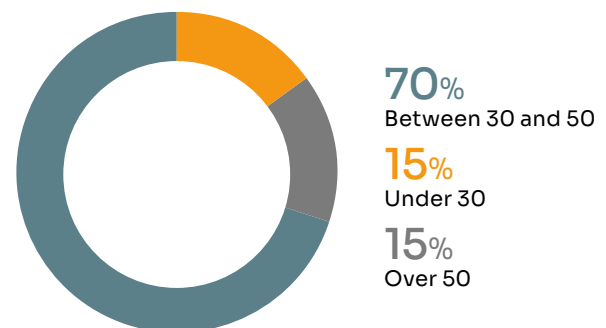
This higher portion reflects Duferco Energia's incessant commitment over the years to making the work environment welcoming also for female staff. Improving the Company's gender diversity remains a high priority for the future.

## EMPLOYEES BY EMPLOYMENT TYPE AND GENDER



Diversity at Duferco Energia not only entails gender or nationality, but also the diverse level of experience and age within the work population that can bring value to the Company's performances. As of September 2022, 70% of the workforce stands in the 30-to-50 age range, while the second and the third most populous category are made up for those under 30 and over 50, representing 15% each of the workforce.

## EMPLOYEES BY AGE



**EMPLOYEES BY CATEGORY AND AGE**

	FY2020				FY2021				FY2022			
	EX.	MAN.	WC	BC	EX.	MAN.	WC	BC	EX.	MAN.	WC	BC
<b>Under 30</b>	0	1	63	3	0	0	59	2	0	0	60	0
<b>Between 30 and 50</b>	9	31	181	7	9	33	206	6	7	40	221	8
<b>Over 50</b>	4	4	14	7	5	4	35	6	5	7	39	5
<b>Total</b>	<b>13</b>	<b>36</b>	<b>268</b>	<b>17</b>	<b>14</b>	<b>37</b>	<b>300</b>	<b>14</b>	<b>12</b>	<b>47</b>	<b>320</b>	<b>13</b>

With reference to the governing bodies, no changes occurred compared to 2021, as of 30 September 2022 the Board of Directors of Duferco Energia is composed of 4 men, all in the over-50 age range. The Board of Statutory Auditors has 5 members, of which 1 is a woman and 4 are men, all aged over 50. During FY2022, the number of white-collar workers increased by 6.6% and managers by 27% respectively, compared to the previous year.

As stated in the Code of Ethics, the Company's attention to freedom of association and collective bargaining is one of the founding values of the Duferco Group and of Duferco Energia. The Group's goal is not only to recognize the freedom of association of workers, but also to favor their aggregation, through the encouragement of associative initiatives.

All Duferco Energia employees are covered by collective bargaining agreements and no strikes occurred during the year 2022.

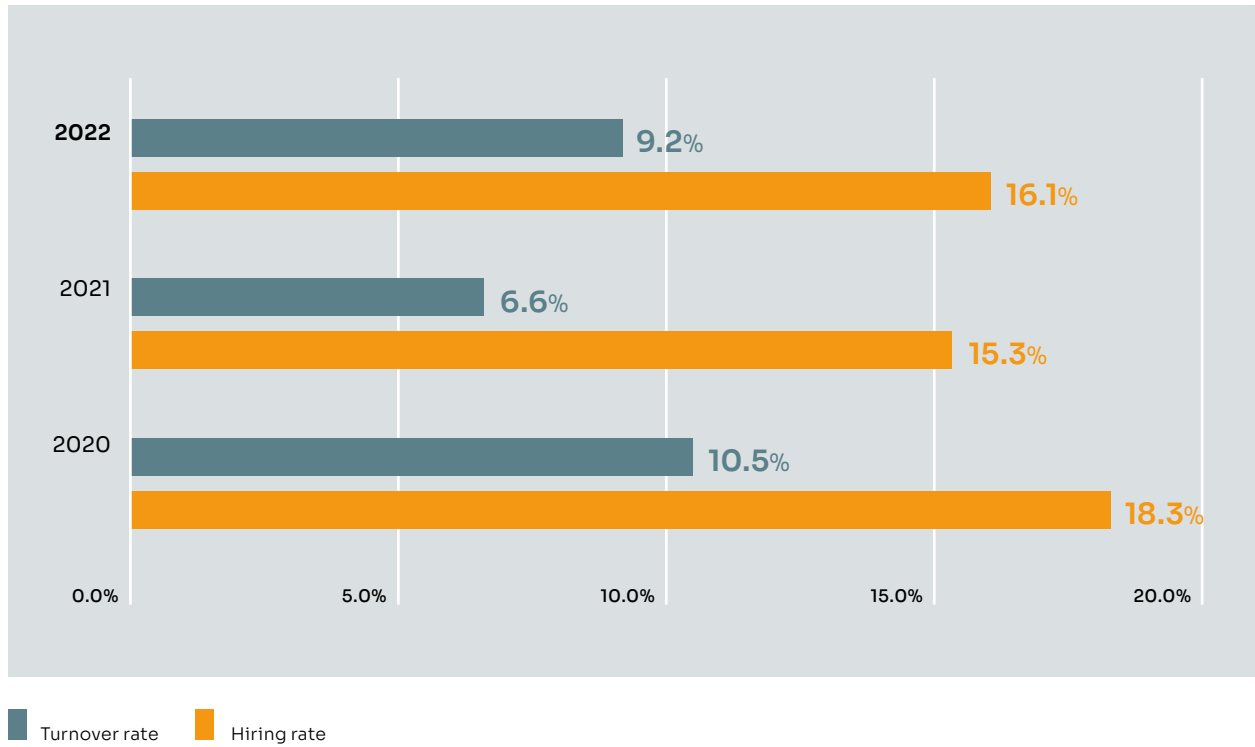
In line with the current legislation and collective agreements, the notice period provided by the Company to employees and their representatives prior to the implementation of any significant operational change is 4 weeks, apart from EBS, which is subject to different legislation and requires 1 weeks' notice.

During FY2022 Duferco Energia successfully increased its workforce, registering 63 new hires, a growth of 12,5%, against 36 terminations.





## HIRING AND TURNOVER RATE



## NEW HIRES AND TURNOVER BY GENDER AND AGE GROUP

				WOMEN		MEN						
NEW HIRINGS <sup>1</sup>			TURNOVER <sup>2</sup>		NEW HIRINGS		TURNOVER					
Number		Rate	Number		Rate	Number		Rate	Number		Rate	
Under 30		14	4%	1		0%	9		2%	7		2%
Between 30 and 50		14	4%	10		3%	18		5%	11		3%
Over 50		2	1%	4		1%	6		2%	3		1%

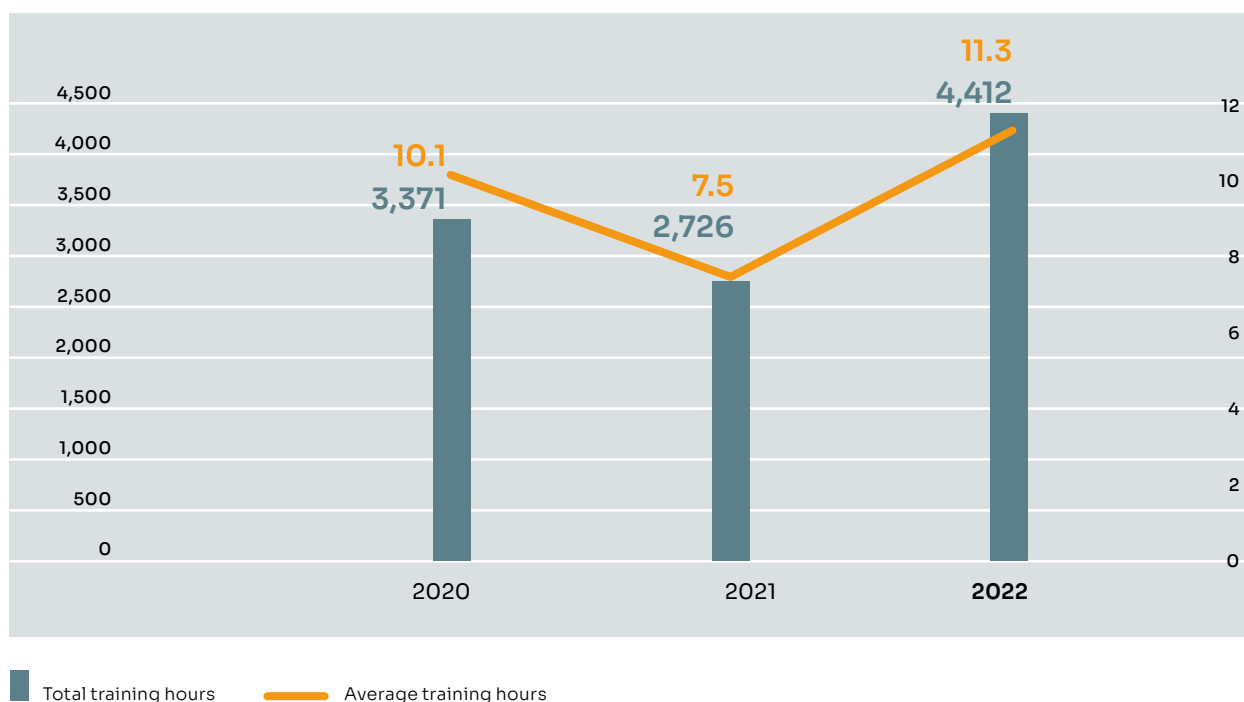
<sup>1</sup> **New hiring rate:** Ratio of the number of new hires to the total number of employees in the same period.

<sup>2</sup> **Turnover rate:** Ratio between the number of terminations and the total number of employees in the same period.

Growing as a Company means nurturing people and their skills. Through systematic training programs at all levels and through numerous initiatives conceived to encourage the professional development of all employees, the human capital's relevance is sought. There are several training programs, either mandatory or voluntary, whose topics are customized according to the position covered by the individual, to keep following the vision of continuous improvement and functional specialization. Moreover, new recruits must undergo initial training to preserve the Company's standard of quality and to initialize their professional development.

During 2022, Duferco Energia training hours are almost doubled to 4,412 (representing an average training hours per employee of 11.3), most of which were held in person. These values show an increase compared to previous years due to the end of the major restrictions imposed by the Covid-19 pandemic. It is worth noticing that this statistic is strongly influenced by the periodicity of the courses for each professional category.

### TOTAL AND AVERAGE OF TRAINING HOURS



During FY2022, training hours increased exponentially compared to the previous year. In terms of average hours per capita, in 2022, executives represented the category that received

the highest average training hours per capita (19.7 hours). A significant rise in average hours has also been registered in the managers' category, which shifted from 8.4 in 2021 to 14 in 2022.

### TRAINING HOURS BY CATEGORY

	2020	2021	2022	Average
<b>Executives</b>	71	128	236	19.7
<b>Managers</b>	195	312	658	14.0
<b>White collars</b>	3,041	2,286	3,432	10.7
<b>Blue collars</b>	64	0	86	6.6
<b>Total</b>	<b>3,371</b>	<b>2,726</b>	<b>4,412</b>	<b>11.3</b>

### TRAINING HOURS BY GENDER

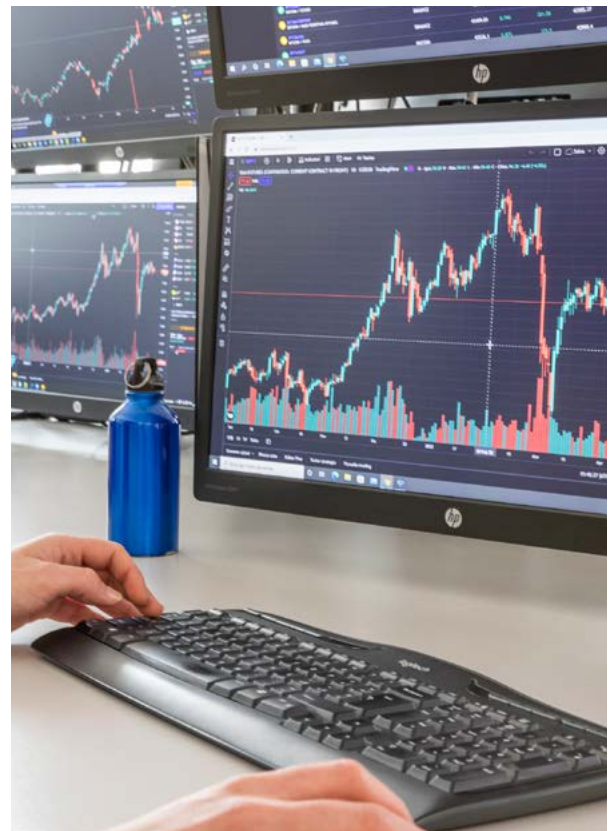
	2020	2021	2022	Average
<b>Women</b>	882	1,130	1,327	8.3
<b>Men</b>	2,489	1,596	3,085	13.2
<b>Total</b>	<b>3,371</b>	<b>2,726</b>	<b>4,412</b>	<b>11.3</b>

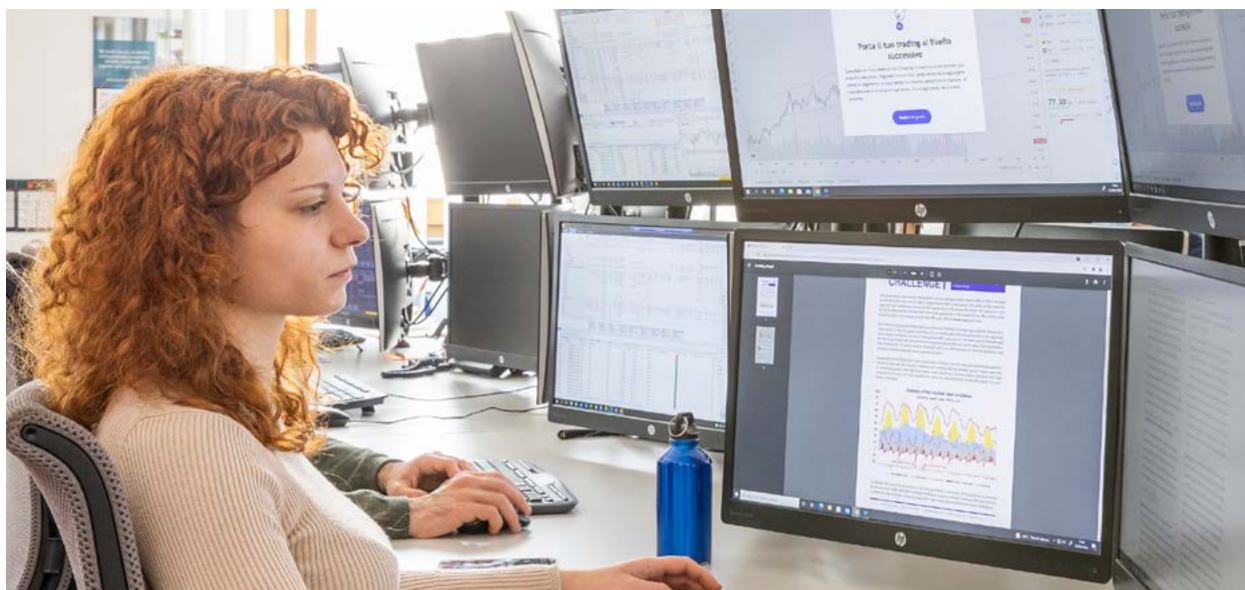
Duferco Energia keeps on moving towards the highest welfare standards for its employees, as their wellbeing is a key value to be pursued not only during the working hours, but also outside of the workplace. The Company has implemented an expansive corporate welfare policy, which includes, among other initiatives, meal vouchers, accident insurance cover and a special agreement for employees to pay for electricity and gas at home.

Protecting employees' safety and promoting their health and wellbeing is one of the core values at the heart of Duferco Energia's performances. The Company achieves the highest standards of safety by fully complying with the legislation in force and by eliminating risks and continuously investing in new equipment. A deep analysis of critical issues is performed to determine possible solutions and to promote the improvement of safety performance.

To ensure that a risk assessment is reviewed annually, Duferco Energia has adopted a management system and a related body of procedures in accordance with ISO 45001. During the management review, any incidents occurring during the year that may lead to the identification of possible non-conformities and opportunities for improvement are analyzed. In addition, anyone who identifies a hazard can report it, anonymously, to the workers' safety representative.

Every Duferco Energia worker shall periodically attend health and safety refresher courses, in line with the current regulation. The training needs of workers are determined based on risk assessment and the effectiveness of the training carried out is assessed through final learning tests. In order to increase the supervision of health and safety aspects in the workplace, there is an internal Health and Safety Manager in charge of reviewing risk management and assessment procedures. To make sure the supervision of health and safety aspects in the workplace is increased, the Company decided to appoint a Health and Safety Manager, in charge of reviewing risk management and assessment procedures.





Exposure to potential health and safety risks is higher in Duferco Biomasse: for this reason, the Company has implemented a safety monitoring system, which provides regular updates regarding the number of incidents and near misses occurred.

Concerning occupational health services, the Company physician carries out an annual inspection of the workplaces to verify the conditions and to help identifying risks related to health and safety. Furthermore, all workers are also subject to periodic medical checks depending on the task performed.

To raise safety standards to higher levels, Duferco Energia implements internal controls and a safety structure not only towards its direct employees, but at external workers as well, thus engaging business partners and suppliers in its strong commitment to creating a safe workspace according to the highest standards.

In FY2022 the total number of worked hours was 608,754, a slight decrease of 0,8% from the previous year. In FY2022 there were 3 accidents at work, one less than in the previous year. One accident occurred at Duferco Energia, one in Duferco Biomasse and the last one in EBS. These accidents are resulting in an accident frequency ratio of 4.93 for the Group, a decrease of 24% compared to FY2021.

## WORK-RELATED INJURIES WITHIN DUFERCO ENERGIA EMPLOYEES

	2020	2021	2022
Employee worked hours	559,109	613,807	608,754
Number of recordable work-related injuries <sup>3</sup>	7	4	3
Rate of recordable work-related injuries <sup>4</sup>	12.52	6.52	4.93
Number of high-consequence work-related injuries <sup>5</sup>	0	1	0
Rate of high-consequence work-related injuries <sup>6</sup>	0	1.63	0

<sup>3</sup> **Work related injury:** negative impacts on health arising from exposure to hazards at work

<sup>4</sup> **Rate of recordable work-related injuries:** ratio between total number of recordable work-related injuries and the total number of hours worked in the same period, multiplied by 1,000,000.

<sup>5</sup> **High consequence work related injury:** work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months

<sup>6</sup> **Rate of high-consequence work-related injuries:** ratio between total number of high-consequence work-related injuries and the total number of hours worked in the same period, multiplied by 1,000,000.

## OUR VALUE CHAIN

In 2022, the network of business partners the Company works with accounted for a total of 1,317 suppliers, confirming the continuous rise over years, highlighting the constant work to enhance the Company's partnerships and collaborations.

Duferco Energia operates in various markets characterized by intense competition and continuous technological progress. Thus, the ability to establish and maintain valuable collaboration along the value chain is a key component of success. For these reasons, Duferco Energia bases its business relationships with third parties on principles of sustainability and integrity and seeks partners who share the same values. To ensure the alignment of suppliers to the Company's ethical values and the quality of provisions, a system of qualification and evaluation has been implemented, that might consist of an inspection visit or by an assessment conducted by an external certification body. For one year the newly acquired supplier is maintained on a stand-by phase, at the end of which, if no warnings or non-conformities emerge, it is considered as qualified. During the assessment phase, for each potential supplier a documental analysis is carried out. In cases of strategic supply, depending on the expected financial exposure, the Purchasing Department (or a third party) may conduct an ad-hoc inspection.

During the year 2021, Duferco Energia implemented a new tool, named Arcadia, used for the selection and evaluation of suppliers and contractors. This tool allows the Company to introduce stricter criteria for the assessment and observe the selected suppliers, especially for what concerns health, safety and environment risks, thus ensuring compliance with regulations and technical requirements and prompt identification of potential risks.

In relation to customers, Duferco Energia has defined three different groups of clients, based on their energy consumption profiles, and for each group a customized assistance practice in place to better address their different expectations. Key Account Managers oversee the activities developed for top clients, the ones directed at the so-called energy-intensive clients, usually large industrial plants. The second cluster of clients is managed by area manager and collects the agencies that follow retail customers (condominiums, SMEs and domestic customers). Lastly, VAT and private individuals are managed by local account figures that help them with customized supply plans based on their requirements.



In order to continuously monitor the satisfaction and loyalty of its customers base, the Company keeps track of the **churn rate**, determined by the percentage of customers who have abandoned a service in a given period of time compared to the total number of customers who have used it in the same time span. This metric is fundamental to better understand customers' preferences and it lets the Company focus on specific activities and initiatives, to maximize customer satisfaction and enhance the dialogue between the Company and its customers.

As stated in the Code of Ethics' principles, one of the main aspects of the relationship with the client is the guarantee of total confidentiality and protection of the personal data shared with the Company. Given the large amount of personal data the Company collects from its clients, Duferco Energia defined an internal structure that includes a Data Protection Officer (DPO) and several strict procedures that can guarantee the confidentiality of the information possessed.



## ELETTRA CAR SHARING

Duferco Energia decided to strengthen its activities to support the development of electric mobility by entering the car-sharing business. As part of this strategy, Duferco Energia took over Genova Car Sharing (100% owned by Duferco Energia), launching “Elettra Car Sharing”, the former car-sharing service provider and replaced the car fleet exclusively with electric vehicles. Duferco Energia is targeting a new group of customers interested in sustainable and shared transportation.

Elettra Car Sharing, born in 2021, is part of the Duferco Energia Group and it offers a comprehensive car sharing service. Elettra owns 153 vehicles, 59 of them are dedicated to Station-Based car sharing, 88 are part of the free-floating services and the remaining 6 cars are used by other corporates.

Corporate clients are provided with a detailed analysis of the greenhouse gas (GHG) emissions saved or reduced by using electric vehicles instead of combustion engine vehicles.

Alongside this data, the client also receives comprehensive information on the total kilometers traveled, the number of trips taken, and the total lease hours.

More than  
**100,000**

Total Loans

**1,174,300**

Km covered  
by station-based services

**8000**

Members as of 2022

**142,820**

Km covered  
by free-floating services

**200**

New members  
every month

**28,981**

Km covered by corporate  
loans services



SERVE ALTA LOGO



In 2022, Elettra Car Sharing received certification in accordance with **ISO 37101**, witnessing the company's commitment to sustainable practices and community well-being. ISO 37101 is an international standard that provides guidelines for promoting sustainable development and resilience within communities. It emphasizes the establishment and implementation of effective management systems that address various aspects of sustainability, including environmental, social and economic considerations. The objective of ISO 37101 is to enhance the quality of life, resource efficiency, and capacity to handle challenges and disruptions within communities. Elettra Car Sharing's certification highlights its significant contribution to the Genoa community.

Moving forward, Elettra aims to expand its car sharing services, facilitating easier access to tourist areas in Liguria from Genoa and exploring innovative solutions for communities, such as car sharing for condominiums.

## OUR COMMUNITY

Duferco Energia has a strong connection with the communities located where the Company operates.

This connection is built on respect, communication and engagement between the parties and has allowed the Company to conduct its business and generating value for the main stakeholder at the same time. Duferco Energia actively interacts with the local community everywhere it operates, by meeting with the Public Administration and citizenship to promote transparent dialogue and communication. The Company always informs its stakeholders of the positive effects of the activities performed and shares measures and possible impacts of any potential negative risk.

Duferco Energia stands for the benefits that sports bring to the community and shows a strong commitment towards this belief, supporting sports associations through initiatives related to the Company's core business, donations and sponsorships. An example is the partnership with the city of Chiavari to project and build the zero-impact stadium; this partnership was born from the conviction that sports are a fundamental vector for spreading values such as solidarity, respect towards everyone, team spirit, cooperation and fair play.

During FY2022 Duferco Energia kept on guaranteeing its social presence to local communities by continuing the activities started in 2021. The Company values the collaboration with the territory as part of the daily operation, as demonstrated by the "Entella nel Cuore" the solidarity foundation created in 2016 by Virtus Entella, the football team from Chiavari sponsored by Duferco Energia.

In addition, Duferco Energia contributes to activities and debates within its sector, being a member of **Confcommercio Imprese**, **Confindustria** and of the main sector associations: **EFET** (European Federation of Energy Traders) and **AIGET** (Italian Association of Energy Wholesalers and Traders). Moreover, thanks to the active dialogue and communication with the association of condominium administrators (e.g. ANACI) the Company developed different dedicated services such as thermal coats.



# the GOVERNANCE

## GOVERNANCE TOOLS

Duferco Energia adopted specific governance tools aimed at ensuring full compliance to the principles stated in the Duferco Group Code of Ethics and securing their dissemination among internal and external stakeholders.

Following the Italian Legislative Decree 231/2001, Duferco Energia adopts an **organization, management, and control Model** (“Modello 231”), in order to prevent any illegal conduct and to exempt the Company and its subsidiaries from applicable administrative and criminal liability if an offence is committed. Compliance with the Model is mandatory for all Duferco Energia employees, and any violation or suspected violation can be reported to the Supervisory Board, even anonymously, through the “whistleblowing” reporting channel. The Supervisory Board oversees the functioning, effectiveness, adequacy, and compliance of the Model. In exercising its functions, the Supervisory Board, which acts as an independent body, is placed in a top hierarchical position, reporting directly and exclusively to the Board of Directors.

In compliance with the “Modello 231”, the Company carries out a **risk analysis** on a regular basis; the analysis shows that the risks with the greatest impact – and as such, those who need to be mitigated – are the operational ones, i.e. those

related to the core business and to energy and biomass trading activities. The Company bases the risk analysis on a specific model, with the goal of collecting a predefined set of risk factors, whether internal or external to the organization. This set comprises sustainability impacts, especially Health and Safety on worksites and environmental aspects, considering the several building redevelopments projects and the woody biomass production activities. The entire set of risks is assessed on an annual basis and presented in the management review. To allow a uniform analysis of the entire organizational model, the Company’s direction, from the management point of view, is to introduce a single platform to manage all risks. Duferco Energia’s Code of Ethics, drafted in 2013 and updated in 2017, contains the general principles and rules of conduct of the Company, such as correctness, transparency, and the strictest compliance with the laws.

The Code is a contractual addendum to the national collective bargaining agreement, and all employees are trained on its principles.



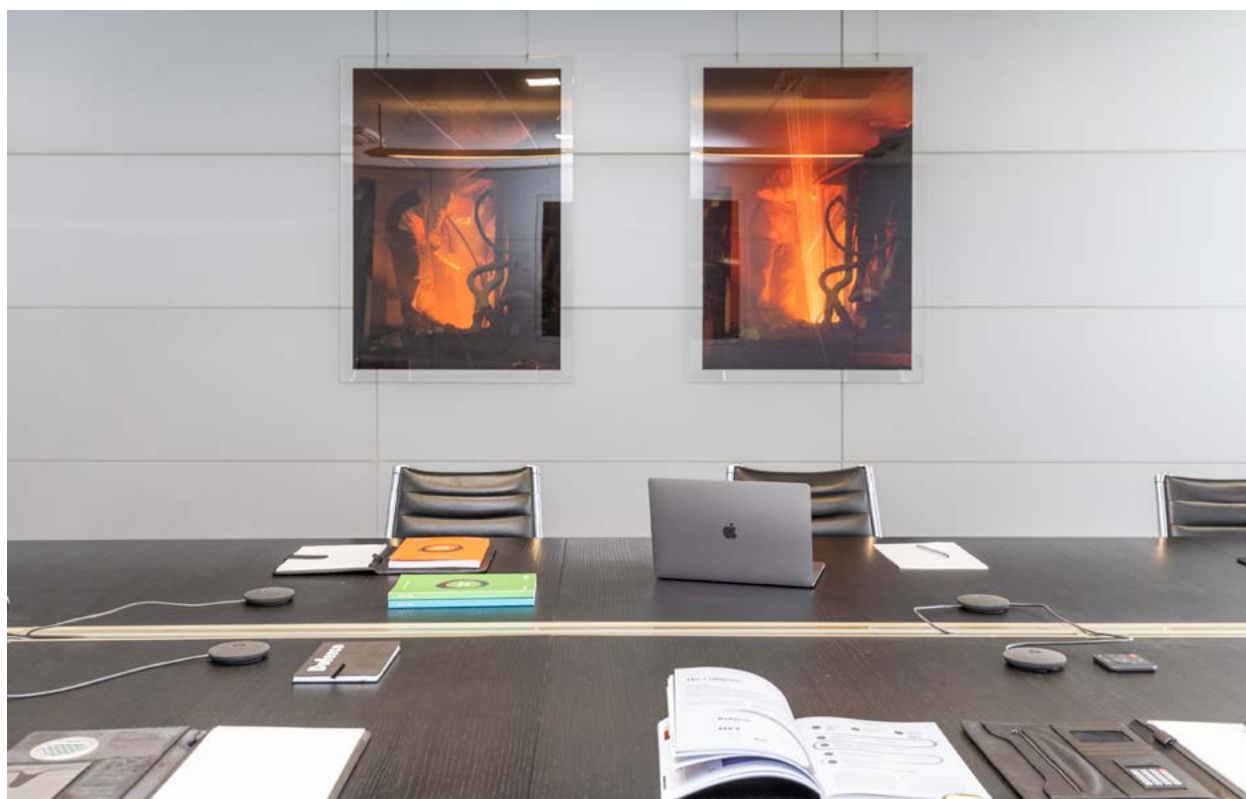
Duferco Energia and Duferco Biomasse adopt ISO 9001:2015 **certified management systems** for quality, ensuring compliance with customer needs and applicable legal requirements. Moreover, Duferco Biomasse, due to its activities with a higher exposition to potential environmental and health and safety risks, chooses to adopt an environment and health and safety management system that follows ISO 14001:2015 and ISO 45001:2015 respectively. In 2022, Duferco Energia adopted an environmental management system certified ISO 14001:2015.

To define the general requirements for all providers of energy efficiency services with guaranteed results, Duferco Energia is also certified according to the UNI CEI 11352:2014 standard, for all their exercises concerning the ESCo activities.

In the area of product and supply chain sustainability, Duferco Biomasse and EBS have obtained further certifications such as the **Programme for Endorsement for Forest Certification** (PEFC) and the **Forest Stewardship Council** (FSC). These certifications attest the compliance with forest area management and chain of custody with stringent environmental, social and economic

requirements. Duferco Biomasse also acquired the **Sustainable Biomass Program** (SBP) certification, a system specifically designed for woody biomass used in large-scale energy production and provides assurance of sustainability and legality of biomass procurement, in relation to the maintenance and increase of forest areas, the safeguard of biodiversity and forests with high conservation value.

As an additional step towards a more structured and standardized management of sustainability issues, in FY2022 Duferco Energia underwent an assessment carried out by Cerved Rating Agency in accordance with ESG (Environmental - Social - Governance) criteria. The ESG rating is a metric for measuring Company performances and their initiatives for managing Environmental, Social and Governance factors as part of running the business and thus complements the conventional assessment that only takes into consideration economic and financial variables. Rated within the “Industrials” sector, Duferco Energia obtained the BBB rating and an ESG score of 69.2, falling into the “High” category for its ability to manage risks related to ESG parameters.



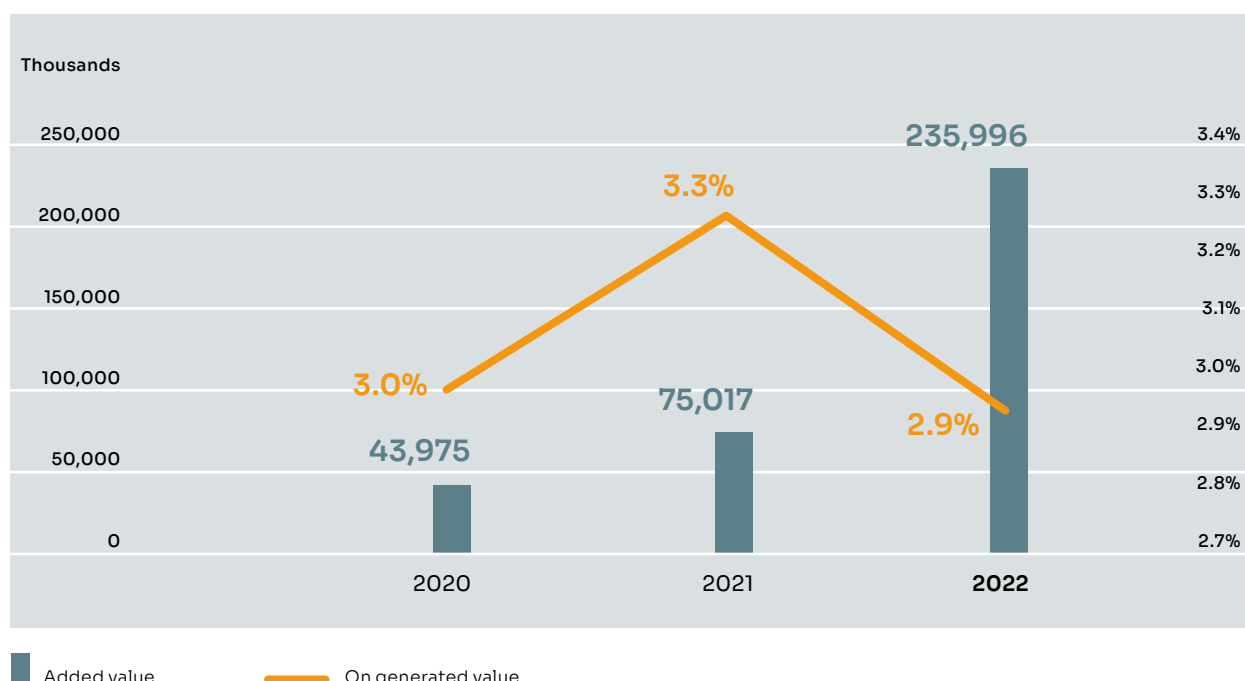


## DIRECT ECONOMIC VALUE DISTRIBUTED

In FY2022, Duferco Energia reported a net profit of around 79.5 million euros compared with a profit of 19.3 million euros throughout the 2021 financial year. Thanks to the increase and the high volatility in energy prices, revenues jumped to more than 8 billion euros, an increase of more than 200% with respect to the 2021 financial year (2.3 billion euros).

The company has decided to remain unchanged on the number of clients, given the uncertain conditions of the market; as of September 30, 2022, there were about 177,320 active points of delivery ("POD") in the electricity market (167,389 as of September 30, 2021) and about 60,747 redelivery points ("PDR") (68,312 as of September 30, 2021) in the natural gas market.

### DUFERCO ENERGIA ADDED VALUE (EUROS)





Following the growth trend started in the previous year, the generated value further increased, reaching more than 8 billion euros (2.2 in FY2021, 1.4 in FY2020). A large amount of it (more than 7 billion euros) was allocated to operating costs, which include all operations carried out in the energy trading division, as well as all value distributed to suppliers for purchases of raw materials, services and logistics.

Net operating costs added value equals **235 million euros**, with a raise of more than 160 million compared to FY2021. Despite this growth, there has been a decrease in the ratio on generated value, that experiences a small decline for the first time within the three-year period and settles to 2.9% in FY2022.

Out of the over 235 million of added value, around 66% was retained within the Company and used to consolidate its capital reserves, as retained earnings, provisions and deferred taxes. Employees received 32 million (14% of the total added value) including social security and pension costs and severance pay. A further 14% went to the financial community and capital providers, in the form of interest and other financial charges.

Over 14 million (6%) was directed to local and national authorities, in the form of current income taxes and other taxes, while associations and communities received over 380,000 euros both as membership fees and donations.

#### ADDED VALUE DISTRIBUTION (FY2022)



# note on METHODOLOGY

The chapter “Duferco Energia” of the Duferco Group Annual Report (or “Duferco Energia Sustainability Abstract”) provides for the sustainability disclosure of Duferco Energia S.p.A. and subsidiaries<sup>7</sup> covering the 2022 fiscal year (1<sup>st</sup> October 2021 - 30<sup>th</sup> September 2022). This period is also named as “2022” or “FY2022” within the chapter.

Duferco Energia reported the information cited in this GRI content index for the period 1<sup>st</sup> October 2021 - 30<sup>th</sup> September 2022 with reference to the GRI Standards.

In particular, in accordance with GRI 1: Foundation 2021, reference has been made in this Abstract to the following GRI Standards.

Duferco Energia material topics	GRI Standard	Paragraph
ACCESSIBILITY TO ENERGY & SUSTAINABLE MOBILITY	-	Who we are and what we do; Our divisions; Our community
TALENT ATTRACTION AND RETENTION	GRI 401 Employment	Our workforce
BIODIVERSITY CONSERVATION	GRI 304 Biodiversity	Biodiversity conservation
SUSTAINABLE SUPPLY CHAIN	GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment	Our value chain
GENERATED VALUE & COMMUNITY SUPPORT	GRI 413 Local communities GRI 201 Economic value generated and distributed	Our community Direct economic value distributed
HUMAN RIGHTS PROTECTION	GRI 412 Human rights	Governance tools
DIVERSITY & EQUAL OPPORTUNITIES	GRI 405 Diversity and Equal Opportunity GRI 406 Non-Discrimination	Governance tools Governance tools
ENERGY EFFICIENCY AND CLIMATE CHANGE	GRI 302 Energy GRI 305 Emissions	Energy consumptions and GHG emissions
EMPLOYEE TRAINING, PERFORMANCE & WELL-BEING	GRI 404 Training and Education	Our workforce
INNOVATION AND BUSINESS DEVELOPMENT	-	Our divisions
CUSTOMER PRIVACY	GRI 418 Customer Privacy	Sustainability at Duferco Energia
OCCUPATIONAL HEALTH & SAFETY	GRI 403 Occupational Health & Safety	Our workforce
BUSINESS INTEGRITY AND TRANSPARENCY	GRI 206 Anti-competitive Behavior	Governance tools

Concerning reporting principles, and methodology, and any additional disclosure please refer to “**Note on Methodology**” and to “**GRI Content Index**”, at the end of Duferco Annual Report 2022.

<sup>7</sup> The reporting boundary of this Abstract includes: Duferco Energia SpA, named as “the Company”, Energy Biomass Sourcing (EBS) and all the subsidiaries: Energia & Territorio, ELCA, Duferco Solar Giammoro, Duferco Solar Puglia, Duferco Solar Trieste, Duferco Solar, Immobiliare Le Clarisse, Duferco Biomasse, Duferco Albania, Duferco Pobreg and Genova Car Sharing.

# SUSTAINABILITY REPORT







# SUSTAINABILITY at DUFERCO

## SUSTAINABILITY HIGHLIGHTS 2022

2,592

Employees

2,554 Permanent, 2,512 Full-time

300

New Hires



180

Terminations

18,773



Total amount of hours  
of training

14.47

Injury rate\*

7,326,780 GJ

Energy consumed

549,896 Tons

Related CO<sub>2eq</sub> emissions

Around 460 GWh

Produced from biomass

45.7%



Generated waste  
diverted from disposal  
(Steel Division)

Over 170 M



Euros in investments  
during FY2022

Over 730 K

Euros donated  
to associations and third  
sector organizations

\* The injury rate is calculated as the ratio between the total number of recordable work-related injuries and the total number of worked hours in the same period, multiplied by 1,000,000.

## DUFERCO'S SUSTAINABLE PATH AND VALUE CREATION

Duferco is committed to full accountability and transparency in all aspects of the environment, society and governance (ESG).

The ESG disclosure process began with the inclusion of a sustainability section in the FY2018 Annual Report. The Group decided to adopt the GRI Sustainability Reporting Standards, the most widely used non-financial reporting standards, from the FY2019 Report onwards, to align with best practices in sustainability reporting. Along with ongoing annual sustainability reporting, the Group began developing a long-term sustainability perspective to define the main commitment areas and address the companies' efforts toward

a common goal. The intent is to go beyond the Report's disclosure of sustainability performance by framing it into a broader perspective that reflects the Group's outlook on the major ESG challenges for the coming years. This additional stream of work led to the definition, during 2022, of the **Duferco Sustainability Plan** for the years 2023-2026. The plan has been reviewed and approved by a dedicated committee and consists of about 40 initiatives organised under nine sustainability pillars, providing a response to the main sustainability pressures and challenges that characterise the modern world and suggesting improvement solutions that will benefit both the Group's business and Duferco's key stakeholders.

### Duferco Materiality Process

The depth and breadth of the topics included in this Sustainability Report are the outcome of a **revised materiality analysis** that considers the requirement laid down in the new **GRI Standards** published in 2021. In fact, when reporting with the GRI Standards, an organization is required to determine its material topics, which are the topics that represent the **organization's most significant impacts on the economy, environment, and people, including impacts on their human rights**. The new materiality assessment, developed in 2022, was aimed at identifying the organization's most significant impacts, coming from the different activities the Group carries out, then classified as negative or positive, and as actual or potential, depending on whether they actually occurred or just could happen but have not occurred yet.

To identify the impacts generated by its operations, a high-level context analysis for each Division was carried out, taking into account the Companies' activities and business relationships both downstream and upstream in the value chain.

To perform such an analysis, a diverse set of information sources was taken into consideration, either internal and external, such as worldwide sustainability macro-trends reports: Energy, Steel and Shipping sector studies, peers' and competitors' sustainability reports and media analyses, as well as documents and studies from the most relevant and influential non-governmental organizations and policymakers.

A variety of potential impacts has thus been mapped, both positive and negative, actual, and potential, reversible, and irreversible and evaluated based on their relevance according to their significance.

The significance of each impact differs for each Business Unit and has been measured with a methodology that considers severity and likelihood<sup>1</sup>.

In the table below the material topics that reflect the actual and potential negative and positive impacts are listed. The topics are associated the entire value chain, including upstream and downstream activities.

<sup>1</sup> Please refer to the chapter "Note on Methodology" for further details of the analyses carried out.

MATERIAL TOPIC	IMPACTS AND DESCRIPTION
AIR POLLUTANT EMISSIONS	Steel production and combustion processes in power generation operations, as well as in the Shipping Division, generate basic air pollutants, volatile organic compounds (VOCs) and hazardous air pollutants, which have an <b>actual significant negative impact</b> on the local public health. Of particular concern are sulphur oxides, nitrogen dioxide, lead, carbon monoxide and manganese, as well as particles such as soot and dust, which are released during the production process. Limiting air pollutants emissions by adopting the best available technologies working in compliance with the environmental regulation is necessary.
ENERGY EFFICIENCY & CLIMATE CHANGE	All operational activities carried out within the day-to-day running of the companies generate greenhouse gas emissions both in Group's sites and along the value chain, thus creating an <b>effective negative impact</b> on the environment. To mitigate such effects, the Group is limiting energy consumption, fostering energy-efficient solutions and spreading the energy-saving culture within and outside Duferco, to decrease the overall impact on climate change. At the same time, Duferco's energy production plants from renewable sources contribute to the energy transition of the entire economy.
ACCESSIBILITY TO ENERGY & SUSTAINABLE MOBILITY	Access to energy is an essential prerequisite for achieving sustainable development. Indeed, the Energy Business Unit, through its business activities and sustainable mobility initiatives, is able to create a <b>positive impact on the surrounding communities</b> by easing the access to energy and making low-environmental impact solutions for mobility increasingly affordable and accessible.
BIODIVERSITY CONSERVATION	The sectors in which the Steel, Energy and Shipping Divisions operate are characterised by potential threats and <b>negative impact on biodiversity</b> . As raw materials are extracted and the global demand for resources increases, biodiversity in increasingly remote areas is threatened. Furthermore, the operations and waste disposal practices of marine transportation companies can create substantial environmental externalities, such as water pollution and damage to marine life. On the other hand, activities of the Innovation Division generate a positive effect in terms of soil remediation and reversion.
WATER RESOURCE MANAGEMENT	Water consumption is related to the impact generated in particular by the steelmaking production process and by the operations carried out on Shipping Division's vessels. Water consumption and discharge represent <b>relevant and actual negative impacts on the environment</b> and, if consumed in water-stressed areas, also on the <b>surrounding communities</b> . It is indeed crucial to optimize consumption and management of water resources by reducing water spills or losses during the production processes and incentivizing water reuse.
WASTE MANAGEMENT	The sectors in which Duferco Group operates are characterised by activities that produce a large quantity of waste, both hazardous and non-hazardous. Raw material extraction and production activities can generate waste that if not properly managed poses a risk to the environment, thus <b>potentially</b> creating an <b>important negative impact on the environment</b> . The key response is to promote efficient waste management and disposal of used materials, maximizing recycling and reusing.
CIRCULAR ECONOMY & MATERIAL CONSUMPTION	Steel and energy production are characterised by a high consumption of raw materials, irresponsible use of which can lead to a depletion of natural resources over time, thus creating <b>negative impacts on the environment</b> . At the same time, steel production is a perfect example of circularity. Lengthening materials' lifecycle by increasing the use of recycled materials during production processes, diminishing the use of virgin material, minimizing residues and waste in the productions processes and reducing the percentage of waste sent to landfills are necessary actions to implement.

MATERIAL TOPIC	IMPACTS AND DESCRIPTION
SUSTAINABLE SUPPLY CHAIN	Duferco promotes sustainable management of the supply chain by considering environmental and social criteria while selecting suppliers (including the choice of local partners), by monitoring and evaluating their performances and by managing potential environmental and social risks along the supply chain. Such activities create a <b>positive impact</b> towards the Group's main stakeholders.
OCCUPATIONAL HEALTH & SAFETY	The industrial sectors in which the Group operates are intrinsically connected to various health and safety risks. A lack of policies and procedures to safeguard these topics could create <b>negative impacts on the companies' workforce</b> . The Group is committed to ensuring a safe and healthy workplace, promoting structured safety management procedures and programs and spreading the knowledge of a safety culture.
HUMAN RIGHTS PROTECTION	A lack of policies and procedures aimed at protecting workers' rights could generate <b>negative impacts on the value chain</b> . Duferco is highly committed to the protection of their direct employees' human rights and to those of the communities in which it operates. Moreover, the Group is committed to actively promoting these principles into their suppliers' activities and practices.
DIVERSITY & EQUAL OPPORTUNITIES	Business activities must be conducted with respect for diversity and the guarantee of equal opportunities for all employees. The Group must correctly assess and address the risk of discrimination in the work environment and in the selection of suppliers, which, if not correctly managed and promoted, could lead to <b>negative impacts on their workforce</b> .
EMPLOYEE TRAINING, PERFORMANCE & WELL-BEING	Establishing a welcoming, stimulating, and positive working environment, guaranteeing a safe work-life balance and providing welfare and benefits programs to all employees are key practices carried out by all the Group's Business Units, which are aimed at <b>creating positive impact</b> for the companies' workforce.
TALENT ATTRACTION AND RETENTION	The wide range of sectors in which the Group operates enables the development of very specific skills in its employees and the sharing of new technologies and best practices with society. The Group's companies represent an important opportunity for talented individuals, who will have the chance to get experience in renewable energy technologies and innovation. Therefore, Duferco companies have a <b>positive impact</b> on society, being active players in the sector through the creation of many job opportunities and skills in the field.
GENERATED VALUE & COMMUNITY SUPPORT	The overall business of Duferco's Divisions generates economic value distributed throughout the entire value chain, <b>creating a positive impact on the economy and on the society</b> . In fact, Duferco Group is highly committed to the involvement of the surrounding local communities and to their economic development.
INNOVATION & BUSINESS DEVELOPMENT	Companies belonging to the Innovation Business Units promote digital transition projects to be implemented both inside and outside the Group and in the communities where they operate, with a significant gain in efficiency and performances. Such activities are to be assessed as important <b>actual positive impacts</b> on sustainable development.
BUSINESS INTEGRITY & TRANSPARENCY	Any conduct that violates laws and regulations on environmental, social and governance issues, including issues of corruption and business ethics, may have a <b>negative impact</b> on both the market in which the Group operates and the stakeholders connected to its activities. Ensuring integrity and ethical conduct by avoiding anti-competitive behaviours, preventing corruption, fraud, and money laundering are key drivers for an ethical and transparent business.
CUSTOMER PRIVACY	Customers' sensitive information and personal data are exposed to cyber-attacks, breaches, data losses and unauthorized information diffusion and represent <b>potential negative impacts</b> for some of Duferco Business Units, and specifically for Energy and Innovation, which operate in sectors characterised by such risks. To mitigate such impacts, the companies put in place solid procedures and activities.



The Methodological Note provides more detailed information on the techniques used to determine the impacts and the connections between the GRI disclosures and the material topics. Below, relevance of the different topics for each Business Unit is illustrated. The topics evaluated as “Relevant” and “Very Relevant” will be considered as material for the Group, or specifically for one or more Business Units.

MATERIAL TOPIC	STEEL	SHIPPING	ENERGY	INNOVATION
AIR POLLUTANT EMISSIONS	●	●	●	NA
ENERGY EFFICIENCY & CLIMATE CHANGE	●	●	●	●
ACCESSIBILITY TO ENERGY & SUSTAINABLE MOBILITY	NA	NA	●	●
BIODIVERSITY CONSERVATION	●	●	●	NA
WATER RESOURCE MANAGEMENT	●	●	●	NA
WASTE MANAGEMENT	●	●	●	●
CIRCULAR ECONOMY & MATERIAL CONSUMPTION	●	NA	●	NA
SUSTAINABLE SUPPLY CHAIN	●	●	●	●
OCCUPATIONAL HEALTH & SAFETY	●	●	●	●
HUMAN RIGHTS PROTECTION	●	●	●	●
DIVERSITY & EQUAL OPPORTUNITIES	●	●	●	●
EMPLOYEE TRAINING, PERFORMANCE & WELL-BEING	●	●	●	●
TALENT ATTRACTION AND RETENTION	●	●	●	●
GENERATED VALUE & COMMUNITY SUPPORT	●	●	●	●
INNOVATION & BUSINESS DEVELOPMENT	●	●	●	●
BUSINESS INTEGRITY & TRANSPARENCY	●	●	●	●
CUSTOMER PRIVACY	NA	NA	●	●

● Low Relevance Topic    ● Relevant Topic    ● Very Relevant Topic

In most cases, material topics are transversal to the entire Group, while some are specific to Business Units or even not applicable if the business does not directly or indirectly cause the underlying impacts.

## Duferco Sustainability Plan

The definition of the Duferco Sustainability Plan for the years 2023-2026 in 2022 has led to the creation of a dedicated committee, the Sustainability Steering Committee (SSC), which is in charge of reviewing and approving the about 40 initiatives organised under nine sustainability pillars.

In this context, the Sustainability Steering Committee leader chairs and coordinates the meetings of the SSC, as well as ensuring the periodic updating of the steering committee with respect to the progress of the Plan. For each initiative, once validated, the project management is responsible

for the alignment of the team and the relevant professionals in each Company of the Group, through periodic update meetings in relation to the projects. It also coordinates the activities of the professionals involved in the implementation of the projects. Depending on the needs, the leader is responsible for ensuring the link between the Plan and the Group's reporting activities. The actual implementation of the initiatives is overseen by a specific project owner, and by each company's CEOs, who determine and approve annually the dedicated budget and resources.



# SUSTAINABILITY PURPOSE

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Duferco Group pursues its business objectives and the creation of shared value, aiming to operate as a leader in the development of the energy transition process and the circular economy model. Duferco bases its relationship with its stakeholders on its own ethical and business principles to pursue a shared vision of values of sustainability, integrity and transparency.

The Group is committed to promoting its people's physical, social, and professional well-being and the sustainable growth of its territories, communities and environment.



These objectives are carried out through individual projects in each of the four business Divisions (Energy, Steel, Shipping, and Innovation), as well as through the Group Sustainability Plan, which includes favoured areas of action for each business unit.



## ENVIRONMENT

The circular economy model and a focus on the environment in which the Company operates, have become priorities for the Group, which strives to play a leading role in the decarbonization of its activities, especially in the Steel and Shipping sectors.

**12** RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



### Area

#### CIRCULAR ECONOMY

#### Objective

To leverage the role of “enabler” played by the Innovation BU to further integrate the principles of the circular economy within the Group by developing circular products and processes (pertaining to the Steel BU) and promoting creative industrial symbiosis solutions along the various supply chains where Duferco operates.

**13** CLIMATE  
ACTION



**7** AFFORDABLE AND  
CLEAN ENERGY



### Area

#### ENERGY TRANSITION AND CLIMATE CHANGE

#### Objective

To reduce the Group’s energy usage and switch to renewable/ low-carbon energy sources for the Steel BU’s production processes and the assets of the Shipping BU to aid in the fight against climate change.

The Energy and Innovation Business Units (BU) play the role of facilitators to support the Group, its supply chains, and its customers’ gradual decarbonization.

**12** RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



### Area

#### ENVIRONMENTAL PROTECTION

#### Objective

To limit the negative effects of the Group’s production, forestry, and transportation activities on terrestrial and marine ecosystems, such as water use and discharges (especially for the Steel BU) and pollutant emissions into the atmosphere (especially for the Steel and Shipping BUs), in order to prevent environmental deterioration and safeguard public health.



## SOCIAL

The relationship with the territories in which the Group operates, as well as the safety and welfare of the workforce, have been crucial components both in pursuing the remarkable outcomes achieved over the course of the Group's forty-year history and the future objectives.

### 3 GOOD HEALTH AND WELL-BEING



#### Area

#### HEALTH & SAFETY

#### Objective

To establish a culture of safety in the workplace with reference to the Duferco Group's direct operations and supplier chains and to promote organised safety management procedures and programmes. This will help all the Group's activities and business Divisions to all operate safely.

### 5 GENDER EQUALITY



#### Area

#### PEOPLE

#### Objective

By supporting corporate welfare initiatives and actively listening to the employees of all the Group's business Divisions, to attract and retain the best talents while maintaining a stimulating and engaging workplace. To ensure equal opportunity and eliminate discrimination in all its forms. To guarantee high-quality training, performance improvement, and career growth, promote and strengthen workers' skills.

### 11 SUSTAINABLE CITIES AND COMMUNITIES



### 8 DECENT WORK AND ECONOMIC GROWTH



#### Area

#### LOCAL COMMUNITY AND TERRITORY

#### Objective

To promote the expansion of the entire reference community, particularly for the BUs' businesses that are more firmly entrenched in the reference environment (such as Steel and Energy). To encourage the community to adopt a sustainable culture by engaging them in dialogue. To create research collaborations on the newest subjects in the reference industries, with high-impact projects in the sustainability areas that affect Duferco.

## GOVERNANCE

An essential lever for the implementation of Group's sustainability purpose relies on the dissemination of its core values and culture both inside and outside the Group, with the aim of ensuring a respectful working environment and spreading the best use of technology for the ecological transition.

**12** RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



### Area

#### BUSINESS ETHICS

### Objective

To ensure that all employees behave ethically and with integrity, eradicating anti-competitive behaviour and avoiding corruption, fraud, and money laundering.

**12** RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



### Area

#### SUPPLY CHAIN SUSTAINABILITY

### Objective

To utilize tools designed specifically for the various business Divisions, and to forge strong and long-lasting connections with suppliers, clients, and business partners based on a common vision of sustainability, honesty and transparency.

**9** INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



### Area

#### DIGITALIZATION

### Objective

To provide the Group with a digital infrastructure that encourages operations to be more digital, maintaining and enhancing its leading position in both research and business. To increase operational efficiency while spreading knowledge about and a culture of digitalization throughout the Group.

## ESG RATING OBTAINED BY DUFERCO ENERGIA

As an additional step towards a more structured and standardized management of sustainability issues, in FY2022 Duferco Energia underwent an assessment carried out by **Cerved Rating Agency** in accordance with ESG (Environmental – Social – Governance) criteria. The ESG rating is a metric for measuring Company performances and their initiatives for managing Environmental, Social and Governance factors as part of running the business and thus complements the conventional assessment that only takes into consideration economic and financial variables. Rated within the “Industrials” sector, Duferco Energia obtained the BBB rating and an ESG score of 69.2, falling into the “High” category for its ability to manage risks related to ESG parameters.





# the GREEN CHALLENGE

## INTRODUCTION

**Responsibility and accountability** are the guiding principles adopted by the Group to manage its impacts, while pursuing a balance between commercial growth and preservation of the territories and their resources. Adopting well-defined rules and procedures, establishing environmental management systems, adhering strictly to the highest environmental standards, and monitoring consistently environmental effects, are all key actions that mark its responsible behaviour.

The primary environmental impacts of the Group are associated with the operations of the Steel and Shipping Divisions, mainly in terms of energy consumption and related greenhouse gas emissions, air pollutant emissions, and waste generation.

As to environmental certifications, Nova Marine, Duferco Biomasse, and several of the Group's industrial units - Pallanzeno, San Zeno Naviglio, San Giovanni Valdarno and Ferriere Bellicini - hold **UNI EN ISO 14001:2015** accreditation, which was renewed in 2022. Moreover, Danish Steel and the Pallanzeno and Giammoro DTP's facilities validated their **Environmental Product Declarations** ("EPD"). In particular, the Italian sites validated the declarations related to recovered scrap steel beams and corner beams in 2021. The EPD ensures that products meet the Ministerial Minimum Environmental Criteria (CAM) within the framework of Green Public Procurement (GPP) framework and it enables the Company to identify and assess the environmental impacts generated by their product life cycle, as well as to report objectively and transparently the performance of the solutions offered. Eventually, as a consequence of its consistent dedication to complete compliance with environmental sustainability principles, the San Zeno Naviglio facility was awarded the **EMAS certification**, which confirms that the environmental management system in place is fully compliant with EU standards.

Environmental impacts in the Steel sector are mostly associated with energy consumption, which is needed to power furnaces and roll mills and the related greenhouse (GHG) emissions. In terms of GHG and air pollutants, chimney emissions closely adhere to legal emission limitations values, and they are routinely monitored in real time by independent competent authorities. In this respect, it is worth noting that the use of electric furnaces (EAF) instead of blast furnaces for steel manufacturing processes puts the Group's facilities ahead of most European steel plants on the path toward the decarbonization of industrial production. Indeed, one ton of steel produced using an electric furnace emits up to ten times less CO<sub>2</sub> than a blast furnace manufacturing. Hence, EAF production provides a sound foundation for a long-term plan that combines environmental, social and economic sustainability.

Duferco's long-term goal is a carbon-neutral steelmaking process and the Power Purchase Agreements (PPAs) created by DXT and implemented in several mills in Italy (within the Group, two PPAs have been signed with DTP) will be the key to this transformation. In fact, the new SBM rolling mill will be the first in Europe to operate with renewable energy thanks to a PPA, a multi-year electricity purchase deal at a fixed price signed with a wind power producer that will cover the entire needs of the plant. The existing contract will last for ten years. The PPA option for power procurement has also been chosen in the Brazilian overseas locations, through the subsidiary Matrix.





Moreover, the Shipping business causes significant environmental impacts as well. All environmental factors are controlled in this unit in accordance with the International Maritime Organization (IMO) decisions and are governed internally by the Shipboard Operation Manual. Following recent IMO regulatory amendments, Nova Marine has been delivering very low Sulphur fuel oil (VLSFO) to all fleet carriers beginning in January 2020 as compliant fuel for the new 0.5% Sulphur limit.

Other environmental impacts derive from the Energy Division as a result of use of power use and fuels for the Company's car fleet. Yet, the Energy Division's core business is linked to the promotion of the transition to renewable energy and energy efficiency both within the Group Divisions and externally. DXT and Duferco Energia's trading activities help spread and strengthen the renewable energy culture, whilst the mobility Division is committed to promoting and sustaining the transition to more sustainable mobility solutions, by expanding the recharging network for all electric vehicles (EV) users. Moreover, in recent years, Duferco Energia started expanding its insulation and requalification operations as a result of the opportunities provided by the Italian law incentives.

As to the Innovation Division, Duferco Engineering is engaged in R&D projects aimed at the decarbonisation of industrial processes (heating furnaces), capture and use of CO<sub>2</sub> (circular energy), biofuels (methanol), energy from renewable sources

(agrivoltaic) and sustainable nautical mobility (BIIM project).

Overall, the consumption of natural resources, be it energy, water, or material, has been strongly affected by the drop in production due to the temporary production stoppages imposed by the high energy price and the various conflicting events that are affecting the industry.

The primary environmental risk associated with biomass production operations is the potential loss of biodiversity in forested areas. In order to address this concern, companies operating in this business are subject to regular audits to ensure compliance with the **UNI EN ISO:14001** standard, as well as other specific product certifications. Attestations such as the **Programme for Endorsement for Forest Certification (PEFC)** and **Forest Stewardship Council (FSC)** indicate adherence to stringent environmental, social and economic requirements related to forestland management and the chain of custody. The **Sustainable Biomass Program (SBP)** is a certification system that specifically targets wood biomass used for large-scale energy production and ensures the legality and sustainability of its sourcing, while prioritizing the preservation of high conservation value forests and biodiversity. Furthermore, the Group maintains complete traceability of the biomass throughout the entire value chain, starting from the origin and method of woodcutting. This ensures that users and customers are provided with transparent and visible information regarding the path followed by lumber.



## TRAVI E PROFILATI DI PALLANZENO CERTIFIED EMAS

Once again in the year 2022, Travi e Profilati di Pallanzeno carried out its business in accordance with European criteria and regulations, first and foremost, the EMAS certificate.

The European Commission created the EU Eco-Management and Audit Scheme (EMAS), a high-end management tool, to help businesses and other organizations assess, report on, and improve their environmental performance.

EMAS is primarily intended to increase environmental protection and provide organizations, regulatory agencies, and people with a tool for gathering data on an organization's environmental performance. Compliance with ISO 14001 is a requirement for the management system related to the technical activities of EMAS registration accreditation and supervision of EMAS Environmental Verifiers. To get the EMAS registration, a company must complete the following steps: first, TPP does an environmental review. Then, the company sets up an environmental management system. It does an environmental audit and writes an environmental statement, getting an EMAS verifier to check it. Finally, the last step is the registration of the statement with the Member State's competent body.

In addition to being recognised as EMAS certified, ISPRA, the Istituto Superiore per la Protezione e la Ricerca Ambientale, was awarded the 2022 EMAS Award for "the commitment to spread information and raise awareness of environmental topics among the plant's visitors". The EMAS is an excellent solution for the establishment of an open dialogue with all parties involved.



## THE DUFERCO POWER

Efficient and responsible management of energy resources and continuous monitoring of the related costs and emissions, are fundamental for Duferco. The Group endeavors to constantly pursue the goal of enhancing process efficiencies, whilst reducing GHG emissions, by also fostering the use of renewable sources. Far from being just a matter of cost and operational saving, energy efficiency is indeed embedded in many of the Group's businesses, in which Duferco acts as a facilitator in the energy transition process.

The reduction in energy consumption registered in FY2022 is largely due to the Steel and Shipping Divisions, which experienced the largest percentage reduction (-18% and -16% respectively). The Duferco Group's long-term vision to focus on reducing the impact and improving the efficiency of its operations is translating into noticeable results. The decrease in energy consumption is also visible on a broader scale: in absolute values, it is possible to note an overall reduction from 2021 values by 17% of the total energy consumption of the Group. In addition to the various efficiency strategies that Duferco is investing in, the drastic drop in consumption is also due to the temporary production shortages caused by the significant increase in energy and utilities prices and unpredictable demand fluctuations, resulting from a particularly unstable geopolitical context.

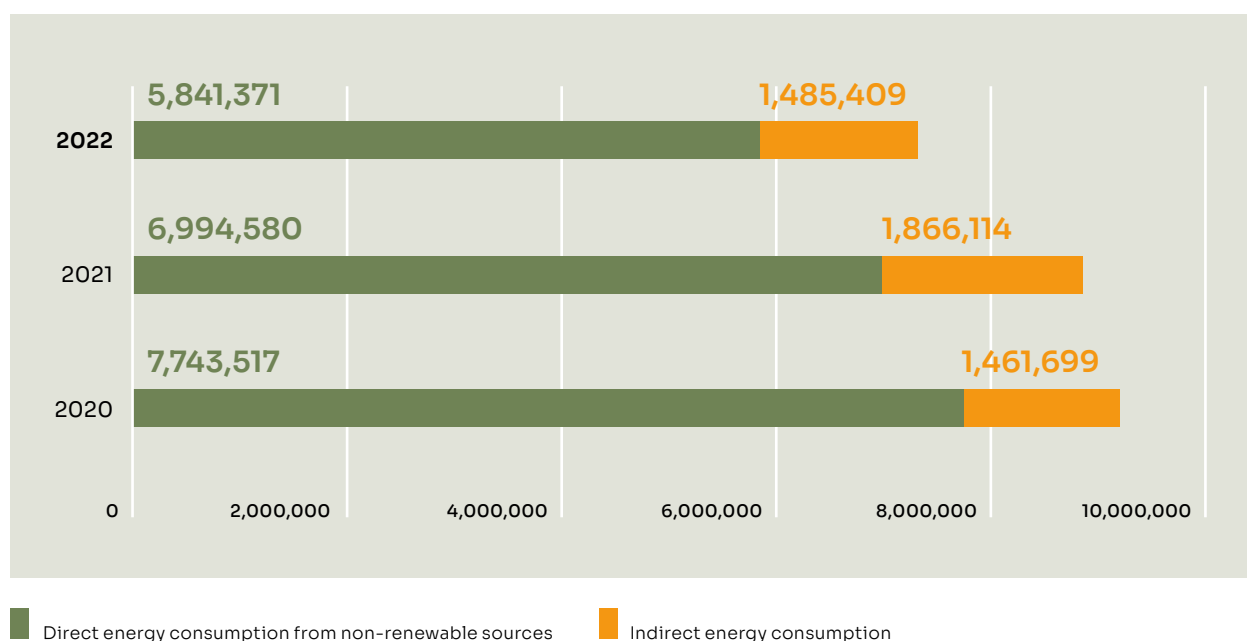


**DUFERCO GROUP'S OVERALL USE OF ENERGY BY SOURCE (GJ)**

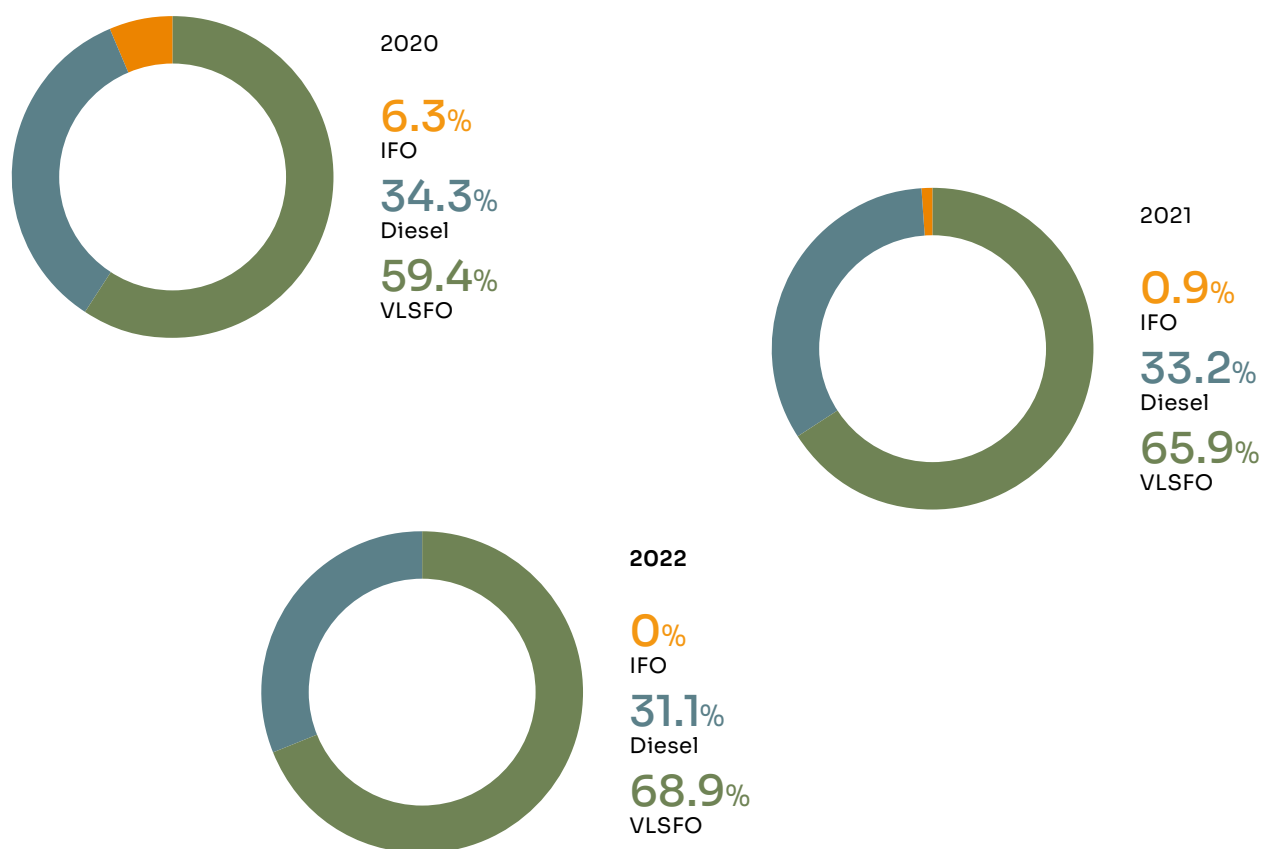
	2020	2021	2022
<b>Direct energy consumption from non-renewable sources</b>	<b>7,743,517</b>	<b>6,994,580</b>	<b>5,841,371</b>
Diesel	2,118,380	1,740,130	1,381,012
Gasoline	782	981	1,417
Burning oil	743	440	370
Natural Gas	1,404,260	1,556,476	1,274,715
Coal	221,989	256,387	201,363
Intermediate Fuel Oil	386,048	44,745	-
Very Low Sulphur Fuel Oil	3,611,315	3,395,420	2,982,493
<b>Indirect energy consumption</b>	<b>1,461,699</b>	<b>1,866,114</b>	<b>1,485,409</b>
Purchased electricity consumption	1,461,627	1,866,042	1,485,337
Purchased heating consumption	72	72	72
<b>Total energy consumption</b>	<b>9,205,217</b>	<b>8,860,694</b>	<b>7,326,780</b>

The direct energy consumption from non-renewable sources moved from 7,743,517 GJ in 2020, to 6,994,580 GJ in 2021, reaching 5,841,371 GJ in 2022, 16% less than the previous year.

A higher reduction is evident for indirect energy consumption (mainly purchased electricity), with a decrease of 380,705 GJ on absolute values.

**DUFERCO GROUP'S OVERALL USE OF ENERGY BY SOURCE (GJ)**

## SHIPPING ENERGY CONSUMPTION DURING THE REPORTING PERIOD (GJ)



In line with previous years, energy consumption from non-renewable energy sources accounts for 79% of total consumption, whose majority is attributable to the Shipping Division's activities, as about three-quarters of direct energy consumption consists of VLSFO and Diesel used to power fleet vessels. Following the path started in previous years toward a consistent shift in the kind of fuels used for shipping, the Shipping Division completely eliminated the use of Intermediate Fuel Oil, IFO, in compliance with the International Maritime Organisation regulations, with a significant gain in terms of air pollutants.

On the other hand, steel production and distribution operations, which are responsible for most of the remaining 25% of direct energy consumption,

primarily utilize natural gas for the melting process. Natural gas counts for 86% of the Steel Division's direct energy consumption.

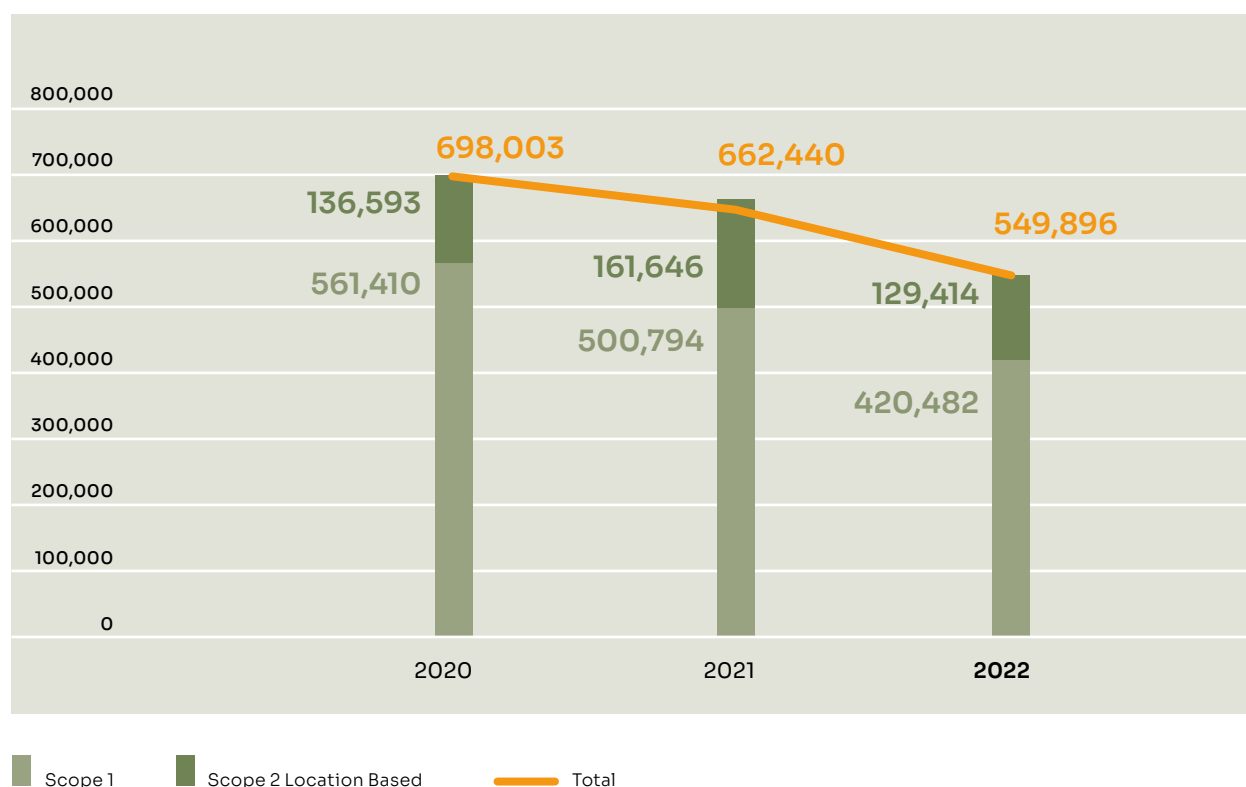
The Steel Division accounts also for almost all the Group's indirect energy consumption (about 99%, 1,481,442 GJ). However, the use of both key sources decreased in 2022: gas, which decreased by 18%, and electric energy, by about 20%, primarily due to the exponential price increase with the outbreak of the Russia-Ukraine Conflict. Despite this reduction in total energy consumed, however, the plant efficiency has remained unchanged, sign of the attainment of a level of stabilization. The 780,000 tons ca. of processed steel required about 3 million GJ, thus reaching the same plant efficiency as the previous year (3.8 GJ/tons in 2022, perfectly in line with 2021).

Given the energy consumption recorded, and in accordance with the main international standards for the reporting of greenhouse gas emissions, GHG emissions are reported as follows:

- **direct emissions** (Scope 1) greenhouse gas emissions from sources that are owned or controlled by an organization, such as the use of fuels for heating and vessel routes and refrigerant gases.
- **indirect emissions** (Scope 2), GHG emissions that result from the generation of purchased or acquired electricity, heating, cooling and steam consumed by an organization.

The Group-wide reduction in energy consumption led to a downward trend in the Group's greenhouse gas emissions (both Scope 1 and 2), from 662,440 tons of CO<sub>2eq</sub> in 2021 to 549,896 in 2022. Although in absolute value the reduction of Scope 1 had the greatest impact (-80,311 tons of CO<sub>2eq</sub>), the negative emission reduction trend also affected Scope 2 (-32,232 tons of CO<sub>2eq</sub>).

#### DUFERCO GROUP GHG EMISSIONS (tCO<sub>2eq</sub>)



Considering the Market-Based approach, whereby the calculation is based on emissions associated with the residual mix<sup>2</sup> (national energy mix net of certified renewable energy), compared to the Location-Based method, which considers the blended CO<sub>2</sub> emission factor of the national grid where power is purchased, Duferco Group's Scope 2 emissions are 165,974 tCO<sub>2eq</sub> in 2022 (224,103 tCO<sub>2eq</sub> in 2021 and 177,410 tCO<sub>2eq</sub> in 2020). In general, neither the Location-Based nor the Market-Based techniques account for the renewable energy generated and used for personal use, which has no effect on greenhouse gas emissions into the environment.

When considering direct emissions, most of the impact derives from the Shipping Division (roughly 75%) and the Steel Division (with a share of almost 25%), because of the fuels used for vessel fleets and for the steel production process. On the other hand, due to the power consumption associated with the

electric arc furnace and steel rolling mill, indirect Scope 2 emissions mostly pertain to steel activities, accounting for almost 99% of the total. In general, the Duferco Group's steel segment is responsible for 40% of the greenhouse gas emissions in 2022. Considering the Steel Division's large impact on energy use and on CO<sub>2</sub> emissions, the Group is taking steps to achieve the largest percentage of renewable energy in this Division, thus reducing its impact on the environment. In particular, the plants are equipped with renewable energy generators, such as the solar park in Giammoro which produces about 3,000 MWh of energy annually. Furthermore, in San Zeno Naviglio's plant, two PPAs constantly bring renewable energy to the facility. Moreover, it is worth mentioning that steel mills participate in the EU Emissions Trading Scheme (EU-ETS), the world's largest system for trading greenhouse gas (GHG) emissions, to control industrial plants' GHG emissions through emissions trading.



<sup>2</sup> GHG Protocol Scope 2 Guidance.



## DUFERCO POWER GENERATION - GREEN ENERGY SUPPLIERS AND PRODUCERS

The Duferco Group, through its Energy Division, is engaged on several fronts in the direct production of renewable and sustainable energy. Approximately 2.2 Million MWh were injected by the Group in 2022, registering for the third consecutive year an impressive increase in the energy supplied. Compared to 2021 and 2020 the growth was significant (1.7 Million MWh in 2021 and 0.9 in 2020). The positive trend is mainly due to the strong commitment of Duferco Energia and its subsidiaries (Duferco Solar, Duferco Solar Giammoro, Duferco Solar Puglia, Duferco Solar Trieste, Neoestense, Energia & Territorio), which, throughout Italy, are engaged in the supply of energy. In particular, one of the most important sources within Duferco Energia is wind, which counts for 56%.

Within the Group, some companies are also engaged in direct energy production.

It is the case of Duferco Energia, which produced a total amount of around 26 GWh of energy from renewable sources.

Wallonie's production plants also showed an important increase in 2022, registering 2.7 GWh produced, compared to around 0.5 GWh in the previous year, due to the full-service of two photovoltaic fields of 1.25 MWp each. Finally, out of the total electricity produced, 3.2 MWh was used and consumed, whilst the rest have been sold.

Ultimately, Matrix, the Brazilian subsidiary, will be able to start producing renewable energy from photovoltaics during 2023, since solar farms are in construction with a total installed capacity of 30 MWp.

As part of its commitment to protecting the environment, Duferco Energia works to ensure that its core operations are always on the lookout for new business prospects in the field of renewable energy generation. In 2022, its power plants, which are scattered in several areas of Italy, provided about 25.8 GWh of renewable energy into the national grid: four hydroelectric production sites produce around 13.0 GWh, while nine solar plants produce about 12.8 GWh.

In terms of energy efficiency, Duferco Energia completed a significant re-lamping project across its entire office building, resulting in sustained consumption savings. An increasing proportion of Duferco Energia's operations is centered around improving energy efficiency. The Company provides solutions to the market via a dedicated corporate branch established in 2015, which operates within the Energy Service Company (ESCO) market. This Division has developed various solutions to enhance its clients' energy efficiency levels, such as upgrading lighting systems, tracking power consumption, and recovering heat through exterior insulation systems, particularly within the industrial and condominium segments. For many of these initiatives, Duferco Energia offers **Energy Performance Contracts**.

This particular type of contract establishes that Duferco Energia is in charge of carrying out the energy efficiency intervention while retaining

ownership of the assets for a given defined period. Then, the client will reimburse Duferco Energia with a portion of the energy savings generated by the intervention.

The commitment to energy transition is not limited to the Energy sector only. Several companies from the Steel Division, which is inherently energy-intensive, have made significant efforts to improve their energy performance. For instance, they have undertaken various projects in recent years, including multiple re-lamping projects. These projects have resulted in substantial savings by replacing older lighting technology with new, energy-efficient LED lamps at their plants.

Another important area of activity is **sustainable mobility**, which the Group has recently addressed considering its efforts to consolidate its dominant position in the Italian market. In 2014, the Group joined a network of more than 12,000 CPO (Charging Point Operator) locations across Europe, giving Duferco Energia clients access to the network. The Company's contract solutions are tailored to individuals, businesses and lodging facilities, offering services to address the unique requirements of each individual client. With the introduction of **Elettra**, the first 100% electric and free-floating car fleet for sharing in Italy, the Group also expanded its activities into the car-sharing industry in 2021.

Lastly, the Innovation Division fulfils an important Group mission, as it supports the other Divisions in the research and development of new perspectives on energy management. It is worth mentioning a recent initiative, currently in the planning stage, aimed at

combining the efficiency of photovoltaic panels with the world of agriculture. By setting up a photovoltaic field in Castellaneta in Apulia, the vegetation underneath, consisting mainly of pomegranate trees, is protected from strong heat waves.

### SEEMP PART III: MANDATORY FOOTPRINT CALCULATION REQUIRED

The recently introduced SEEMP (Ship Energy Efficiency Management Plans) Part III witnesses the ambition of the International Maritime Organization (IMO) for the decarbonization of the shipping sector. This measure requires all vessels with a gross tonnage of 5,000 GT or more to adopt, validate and keep on board a specific plan to achieve the required Carbon Intensity Indicator (CII), starting from 2023. These plans are meant to demonstrate how the vessel intends to meet the CII targets that have been set for it. The classification and indexing system known as CII, was developed for vessels by the International Maritime Organization. Included in the plan must be a description of how the vessel will be operated and how its fuel economy will be maintained over the course of the year, in line with the plan's overall objective of reducing CO<sub>2</sub> emissions and achieving its CO<sub>2</sub> reduction targets. Using this handbook, the commander will get guidance on planning to save energy and improve energy efficiency. This will help to guarantee energy-efficient performance, in addition to comprehensive monitoring and analysis of emissions.



## RESOURCE EFFICIENCY AND CIRCULAR ECONOMY

The steel cycle is a virtuous example of a successfully applied **circular economy** model. Steel is a fundamental material for several sectors of strategic importance for sustainable development and green economy pillars, such as renewable energy, electric motors, rail transport, energy efficiency interventions, and water management. This aspect is of primary importance, as it enables the transition from the traditional model of development (based on the transformation, usage, and then disposal of material) to a circular model based on the reduction of raw material usage, and the reuse and recycling of the same material.

Over the years this approach has emphasized the special features of this material, pointing out the original intrinsic properties that can be melted over and over without ever losing any of it, which makes it irreplaceable in several applications. This special feature puts steel at the core of material circularity: steel components, thanks to the ease of separation and disassembly, are particularly suitable for reuse and remanufacturing and their characteristics of resistance and durability allow for a very long life-cycle.

In the steel plants, metal scraps recovered from different sectors are used as the main raw material and then recycled in the production steel cycle. The systematic application of the circular economy model enables Duferco to recover and reuse material generated by various production phases.

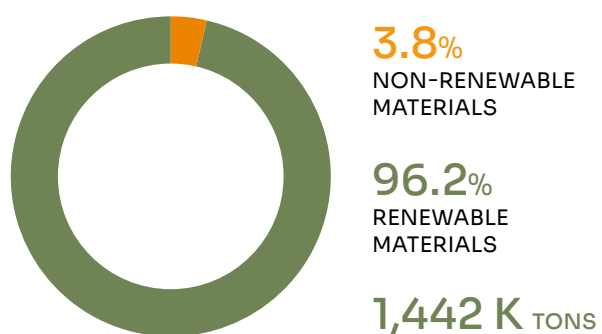
The total volume of material used in steel production decreased in FY2022 by 20% reaching 1,441,950 tons, compared to the previous year when an amount of 1,810,683 tons of material used was recorded. This decrease can be mainly attributed to the difficulties faced by the companies in FY2022 due to the critical geo-political situation and the consequent increase in prices and energy costs.

96% of the material consumed within the Division is made of renewable materials: 1,387,333 tons. Within this category, billets, and scraps decreased respectively by 19% and 20%. Lastly, activities such as packaging require the use of other materials, for example, wood or pallets, steel wires, and cardboard, to deliver the final product.

### MATERIALS CONSUMPTION IN THE STEEL DIVISION

	2020	2021	2022
<b>Renewable materials (tons)</b>	<b>1,435,308</b>	<b>1,741,793</b>	<b>1,387,333</b>
Scraps (tons)	668,358	908,947	697,842
Billets (tons)	722,609	777,278	632,394
Laminates (tons)	33,500	44,750	48,305
Cast iron (tons)	10,840	10,818	8,792
<b>Non-renewable materials (tons)</b>	<b>49,554</b>	<b>68,889</b>	<b>54,617</b>
Lime (tons)	32,225	45,614	35,722
Iron alloys (tons)	10,760	15,089	12,143
Refractory materials (tons)	4,753	5,857	4,948
Electrodes (tons)	1,149	1,525	1,226
Cover powders (tons)	409	529	314
Lubricants (tons)	239	258	234
Additives (tons)	19	19	30
<b>Total materials (tons)</b>	<b>1,484,862</b>	<b>1,810,682</b>	<b>1,441,950</b>
<b>Other non-renewable materials (m³)</b>			
Oxygen (m³)	24,945,352	32,553,856	25,238,196
Inert gases (m³)	601,921	649,897	543,854

## MATERIALS CONSUMPTION IN FY2022



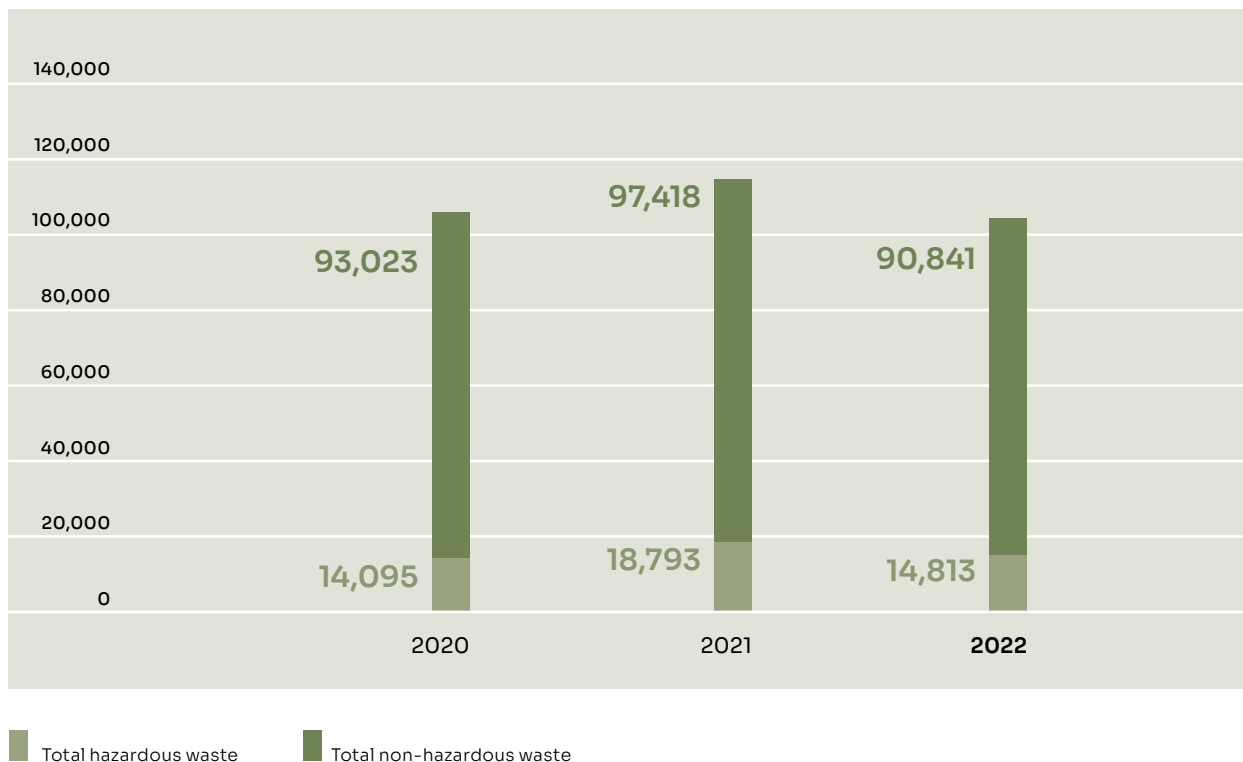
During FY2022 the total amount of waste produced decreased by 9% compared to the previous year with an amount of 10,560 tons. Thanks to new system and equipment, it was possible to reduce the total amount of hazardous waste by 20%, thus registering 14.8 thousand tons compared to 18.79 thousand of the previous year. In general, the amount of non-hazardous waste makes up over 85% of the total waste produced.

## HAZARDOUS WASTE GENERATED IN THE STEEL DIVISION (TONS)

	2020		2021		2022	
	ONSITE	OFFSITE	ONSITE	OFFSITE	ONSITE	OFFSITE
<b>Directed to disposal</b>	<b>2,263</b>	<b>5</b>	<b>3,142</b>	<b>40</b>	<b>2,937</b>	<b>34</b>
Of which to landfill	2,246	0	3,072	0	2,912	0
Of which to incineration with energy production	0	5	0	40	0	34
Of which to incineration without energy production	17	0	25	0	0	0
Of which to other disposal operation	0	0	44	0	25	0
<b>Sent to recovery</b>	<b>11,826</b>	<b>1</b>	<b>15,604</b>	<b>7</b>	<b>11,831</b>	<b>11</b>
Of which to reuse	68	0	15	3	0	1
Of which to recycling	42	1	42	4	0	10
Of which to other recovery operations	11,716	0	15,548	0	11,831	0
<b>Total hazardous</b>	<b>14,089</b>	<b>6</b>	<b>18,746</b>	<b>47</b>	<b>14,768</b>	<b>45</b>

## NON-HAZARDOUS WASTE GENERATED IN THE STEEL DIVISION (TONS)

	2020		2021		2022	
	ONSITE	OFFSITE	ONSITE	OFFSITE	ONSITE	OFFSITE
<b>Directed to disposal</b>	<b>55,693</b>	<b>14</b>	<b>60,027</b>	<b>12</b>	<b>54,418</b>	<b>17</b>
Of which to landfill	55,693	0	60,027	0	54,409	1
Of which to incineration with energy production	0	14	0	12	9	16
<b>Sent to recovery</b>	<b>29,038</b>	<b>8,278</b>	<b>28,493</b>	<b>8,886</b>	<b>24,643</b>	<b>11,763</b>
Of which to reuse	13,336	8,276	12,830	8,883	9,112	11,759
Of which to recycling	4,140	2	1,356	3	1,031	4
Of which to other recovery operations	11,562	0	14,307	0	14,500	0
<b>Total non-hazardous</b>	<b>84,731</b>	<b>8,292</b>	<b>88,520</b>	<b>8,898</b>	<b>79,061</b>	<b>11,780</b>

**STEEL DIVISION WASTE BY CATEGORY (tons)**

The circular economy model allows steel plants to recover and reuse materials generated in all production processes, otherwise destined to landfill, as well as to

limit new raw materials extraction and purchasing. Waste sent to recover in FY2022 reached 45.7%, maintaining a constant trend with respect to the previous years.

**DUFERCO ENERGIA AND OGYRE FOR OCEAN CLEANING**

With the new year, Duferco continued its collaboration with Ogyre by financing Ogyre's purpose of recovering litter from the ocean.

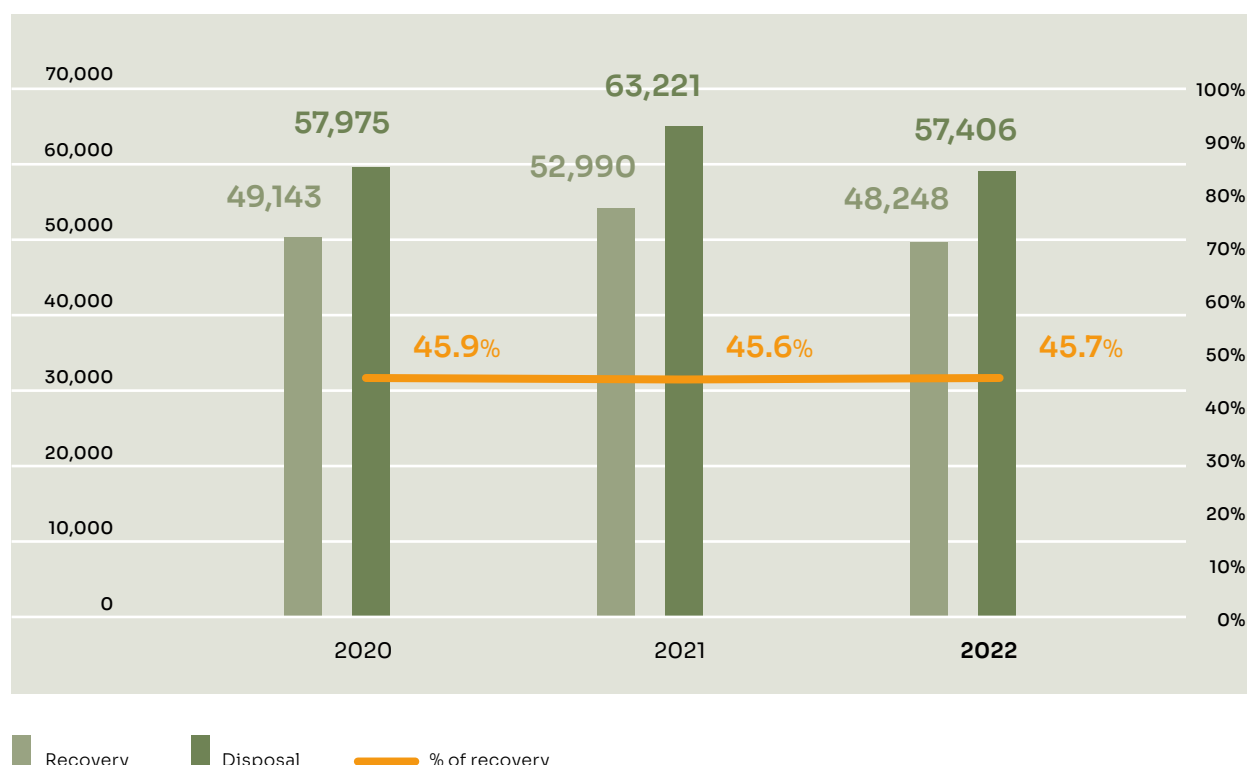
Since 2019 Ogyre has been working to shift how society engages with the ocean by providing a community driven platform that connects people to the sea. The goal is to protect marine biodiversity and contribute to the support of local fishing communities: every kg of marine waste collected is measurable, tracked and disposed of in accordance with the law. As of today, 42 fishermen are currently involved in the removal of marine waste and this network is constantly growing in view of the ambitious goal of 1,534,000 Kg of marine litter retrieved by 2024. This project has helped to get to know the ocean ecosystem even more closely and all the positive effects that derive from the recovery of marine waste, building a bridge between people and the ocean and trying to foster and apply a community-driven approach to an environmental regeneration. By supporting Ogyre,

in 2022, 81 fishing vessels were used to collect 70,200 kg of marine litter.





## STEEL WASTE BY DESTINATION (tons)



The slags from melting make up the majority of the waste generated throughout the steel-making process. The slag produced in the electric-arc furnace, which is generally referred to as “black slag”, and the slag produced during the steel-refining process, which takes place in the ladle and is also known as “white slag”, are two different types of slag due to their different chemical compositions. Blackstone, a by-product made of melted leftovers and used in construction to make bituminous and cement conglomerates, is made from the first type of slag, i.e. “black slag”, which can be largely recovered.

Circularity does not exclusively refer to steel production. Indeed, the **biomass production** process is largely based on circularity. Duferco Biomasse and EBS, both PEFC-certified, operate in lumber production, harvesting, processing and marketing, supplying thermal power plants and city heating networks that produce energy from biomass. The production cycle envisages that land is rented from the landowner for 10 to 15 years, even

if, in some cases, they may also directly own the land. Wood is transformed into chips directly in the forest and then moved to the thermoelectric plants. Once the wood harvesting has been completed, operations shift to restoration and treatment of soil. These activities are carried out to restore previous vegetation before returning the land to its owner. EBS also supplies biomass from recycled wooden pallets and branches of city tree-pruning. During 2022, the companies involved in the production of energy from biomass sources, Duferco Biomasse and EBS, produced around 460 thousand MWh of energy.

The increased volume of garbage and biomass that are transported by Nova Marine’s vessels should also be mentioned since they are becoming an increasingly important source of energy production, particularly in Europe. Besides witnessing the raising global attention paid to circularity, this aspect effectively illustrates how this topic is managed and implemented structurally in each Division.

## MANAGEMENT OF OUR FOOTPRINT

The Group is committed to monitoring its emissions and effluents in order to comply with National requirements and preserve natural habitats.

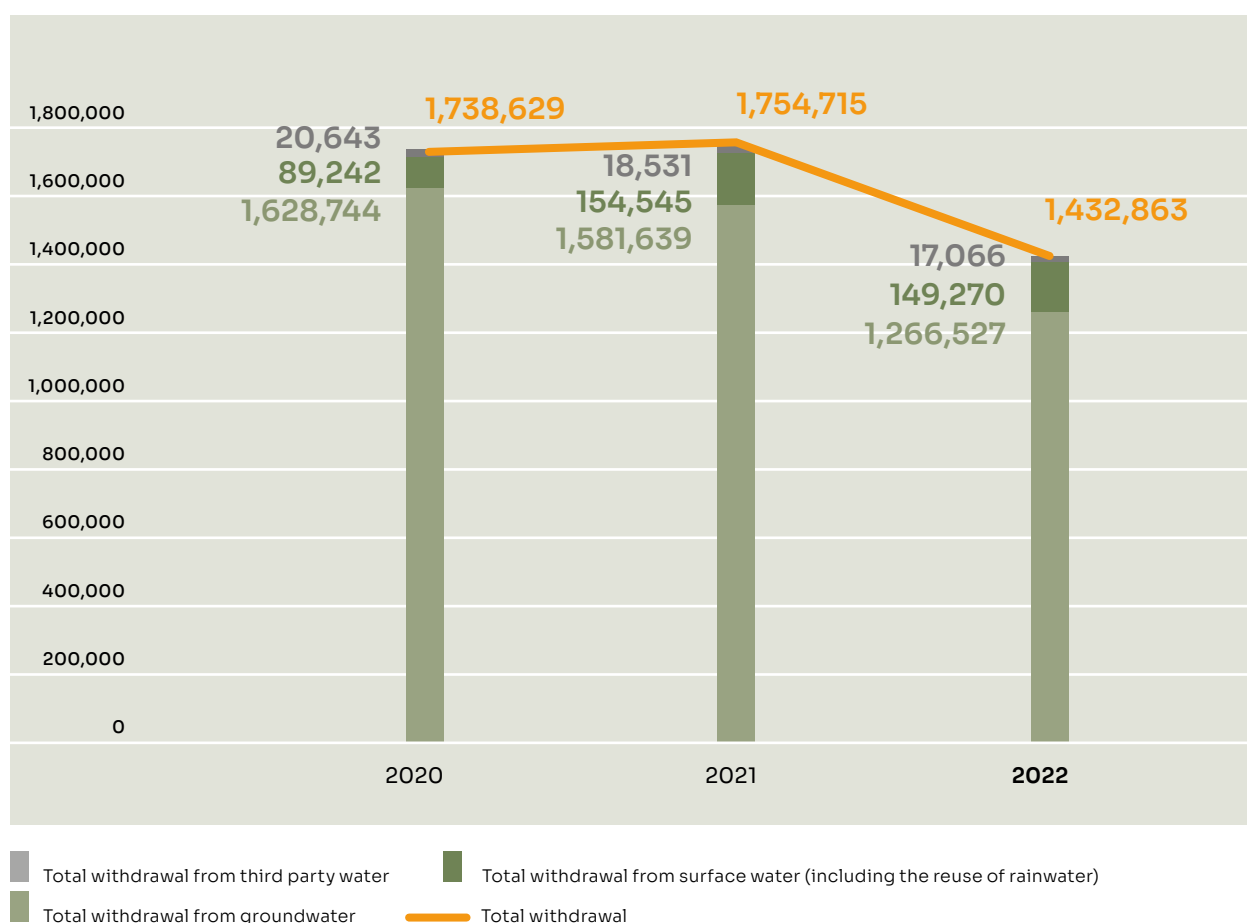
Among Group's businesses, the Steel Division plays an important role in terms of environmental impacts and their monitoring and mitigation. In this regard, a key issue is water consumption and its proper management. The process of cooling, dust suppression and material separation phases require the use of large volumes of water. In the operation phases of some Divisions' processes, water consumption and discharge have relevant and indeed negative impacts on the environment, which also involve the surrounding communities, if operations take place in water-stressed areas. It is indeed crucial to optimize consumption and properly manage water resources by reducing water spills or losses during the production processes and

incentivizing water reuse. The Group pays particular attention to plant where water is withdrawn from water stress areas, such as DTP plant in Giammoro<sup>3</sup>.

Wells and specific drains are used in the plants to pull groundwater out of the ground. The primary functions of the water used are cooling, processing and washing away contaminants from finished products that have been removed from the furnaces. After going through a treatment system to remove oils and other pollutants, the water is filtered, finally sent through the sewer system and then it is reintroduced into the water cycle.

In 2022, the total amount of water withdrawn by the industrial plants amounts to over 1.433 million mc, the majority was withdrawn from groundwater (88%); the other sources were surface water and rainwater (10%) and public aqueduct (less than 2%).

### WATER WITHDRAWAL IN STEEL DIVISION (cubic meter)



<sup>3</sup> The total amount of water withdrawal from this plant is 234,594 cubic meters (16.4% of the entire Division's water withdrawal).

Compared to 2021 data, the water withdrawals in 2022 were reduced by 18%, in line with the production downward trend followed by the unprecedented surge of energy costs. Some plants were particularly hit, such as Ferriere Bellicini, where the withdrawals from groundwater decreased from 71,220 mc in 2021, to 28,538 mc in 2022, mainly due to a long production shutdown in the period between July to October 2022. In addition, the total withdrawal from surface water for Danish Steel processes decreased by 22%, mainly due to a slight reduction in the overall production hours.

Moreover, steel production and combustion processes in power generation operations, as well as in the Shipping Division generate basic air pollutants, volatile organic compounds (VOCs), and hazardous air pollutants, which have an actual significant negative impact on the local public health. The main air pollutants released by steel production processes are nitrogen oxides (NO<sub>x</sub>), which account for the largest share (150 tons/year), in addition to sulfur oxides (SO<sub>x</sub>), particulate matter (PM), and volatile organic compounds (VOC). 2022 registered a significant decrease in the release of NO<sub>x</sub> (18%) due to the temporary shutdown of production activities. The plants of the Group are properly maintained through well-defined processes, procedures, and ongoing monitoring, in accordance with strict European and National laws. Businesses are expected to submit frequent reports on pollutant emissions in accordance with a monitoring and control plan, which is unique to each plant.

The sectors in which the Steel, Energy and Shipping Division operate are characterized by potential threats and negative impacts on biodiversity. As raw materials are extracted and the global demand for resources increases, biodiversity in increasingly remote areas is threatened. Furthermore, the operations and waste disposal practices of marine transportation companies can create substantial environmental externalities, such as water pollution and damage to marine life. On the other hand, the activities of the Innovation Division generate a positive effect in terms of soil remediation and reconversion. As examples, **Duferco Biomasse**

**and EBS** are dedicated to safeguarding forest ecosystems. Both businesses specialize in the production and marketing of wood biomass, primarily for thermoelectrical facilities. Through fixed-term contracts, those companies obtain the upper portion of the soil on which the forest grows. By abiding by a set of well-established guidelines, they maintain trees with biological characteristics to aid in the future renewal of the forest, such as the capacity to store carbon or the penetration of heat, light, and rainfall. After operations are over, deadwood is released, serving as a consistent source of nutrients for both plants and insects in the soil.

In addition to UNI EN ISO 14001 standards certification, companies have specific product certifications, such as PEFC and FSC certifications on the management of forestland, and SBP certification, for sustainable wood. On top of that, EBS engaged its staff in replanting tree projects for CO<sub>2</sub> absorption and compensation, which led to saving around 1,100 tons of CO<sub>2</sub> in the last years. EBS is also developing biomass-hydrogen projects in its R&D department.

At the same time, **Duferco Wallonie** performs actions of soil remediation as the first step in brownfield reconversion projects. This cleaning of the soil has a positive impact on biodiversity as it improves the soil microflora conditions and therefore favours the vegetation re-development. Brownfields are usually places where natural life can recover and fill empty idled spaces. Redevelopment projects can cause a loss of a part of the natural habitat. Nevertheless, brownfields are generally quite poor ecologically and all reconversion projects, like the ones in Clabecq and Saint-Ghislain (80 ha remediated), planned biodiversity redevelopment measures at the site scale: the eradication of invasive plant species, replanting of native species, creating natural reserves in the public spaces like flower meadows, wet areas, and vegetable growing areas. In addition to these projects, other projects are in the pipeline for the next years, such as remediation plans for the contaminated sites of Flemalle and Charleroi to be implemented by 2024.



PEOPLE  
around  
DUFERCO

## A WORLD WITHIN A COMPANY

The Group's business has been steadily growing and expanding globally for decades and this growth finds a strong base in its people, who are revered as the keepers of knowledge and the driving forces behind long-term development.

Due to the labour-intensive nature of the business, Duferco employed 2,592 people as of September 30<sup>th</sup>, 2022, with the major share (about 40% and 30%) engaged in the Steel and Shipping Divisions, respectively. The Energy and Innovation sectors, on the other hand, have been growing impressively alongside the growth in business volumes and commercial development, and they have been contributing significantly to the Group's total growth.

The Energy sector confirmed its function as a driver for the increase of the Duferco workforce during the last three years, recording 151 new recruits during FY2022, despite the unprecedented uncertainties the industry and the entire economy had to deal with.

### EMPLOYEES BY BUSINESS UNIT (2022)

Steel	1,076	41.5%
Shipping	713	27.5%
Energy	654	25.2%
Innovation	102	4.0%
Holding Companies	47	1.8%
<b>Total</b>	<b>2,592</b>	<b>100%</b>



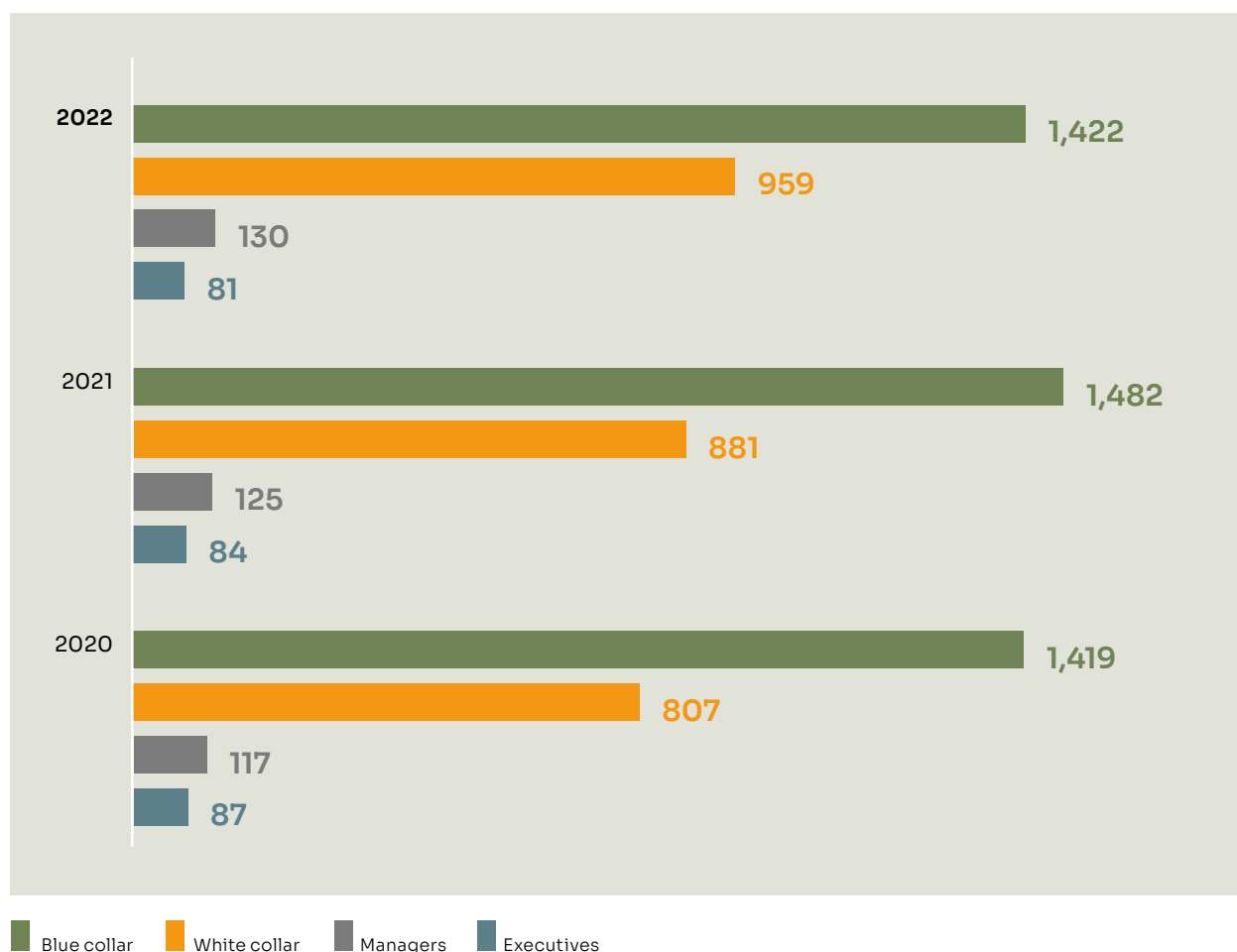
**EMPLOYEES BY GENDER AND BY REGION (2022)**

2020						2021			2022		
Gender			Italy	Europe	Other	Italy	Europe	Other	Italy	Europe	Other
Employees by employment contract as of 30 <sup>th</sup> September	Permanent	Women	202	82	24	217	87	30	237	91	51
		Men	982	1,077	46	988	1,153	57	1,016	1,072	87
		Total	1,184	1,159	70	1,205	1,240	87	1,253	1,163	138
	Temporary	Women	3	-	-	6	2	-	1	2	-
		Men	10	4	-	25	7	-	31	4	-
		Total	13	4	-	31	9	-	32	6	-
	On-call	Women	-	-	-	-	-	-	-	-	-
		Men	-	-	-	-	-	-	-	-	-
		Total	-	-	-	-	-	-	-	-	-
Employees by employment type as of 30 <sup>th</sup> September	Full-time	Women	163	72	24	178	77	30	190	83	51
		Men	978	1,071	46	1,001	1,151	57	1,033	1,068	87
		Total	1,141	1,143	70	1,179	1,228	87	1,223	1,151	138
	Part-time	Women	42	10	-	45	12	-	48	10	-
		Men	14	10	-	12	9	-	14	8	-
		Total	56	20	-	57	21	-	62	18	-
Total			1,197	1,163	70	1,236	1,249	87	1,285	1,169	138

The personnel distribution across employment categories reflects the larger representation of Steel and Shipping Division employees. In fact, the majority group is made up of Blue collars, which includes both shipboard employees and steel industry employees. White collars are the second group, which includes sales and office staff from the Energy sectors. Blue collar workers made up 55% of the Group's population in 2022, a modest decline from previous years, while white collar workers, primarily Energy sector workers, made up 37% of the total population.



## EMPLOYEES BY CATEGORY



According to the applicable national legislation, the relationship with employees may include a collective bargaining agreement, as is the case in 88% of the overall workforce. This result largely relies on Companies' organizational culture, which varies across sectors<sup>4</sup> and countries. The Group's Companies provide employees and their representatives a period of at least three weeks' notice before implementing any significant operational change, in accordance with the local legislation and collective agreements in place.<sup>5</sup>

Diversity and global outlook are intrinsic features of a Group composed of over 2,592 employees spread worldwide. The Group strongly believes in equal opportunities and diversity as an essential aspect to maintain the multinational stand it has achieved. Regarding gender, there is a prevalence of male employees (85% of the workforce) due to the preponderance of Steel and Shipping Divisions, where the presence of female staff is

traditionally a minority and mainly concentrated in activities not directly related to production. As activities diversify, the female presence within the Group increases, and amounted to 382 in 2022 (almost 15% of the total workforce), confirming the growth trend of previous years. Numbers aside, the Group is constantly committed to making the working environment welcoming for female staff, prohibiting all types of gender discrimination, which may never be a criterion for defining the contractual conditions or the role within the Group. This commitment is defined in the Duferco Code of Ethics and embedded in the Company's codes and practices.

Ensuring equality also entails providing all employees with appropriate parental and child sick leave policies that go above and beyond what is required by national law. For instance, in DXT, the parental paid leave lasts 16 weeks, two weeks longer than the minimum required by law. Additionally,

<sup>4</sup> For example, the Innovation registers 100% of coverage, while Steel, Shipping and Energy count for the 98%, 82%, and 78%, respectively.

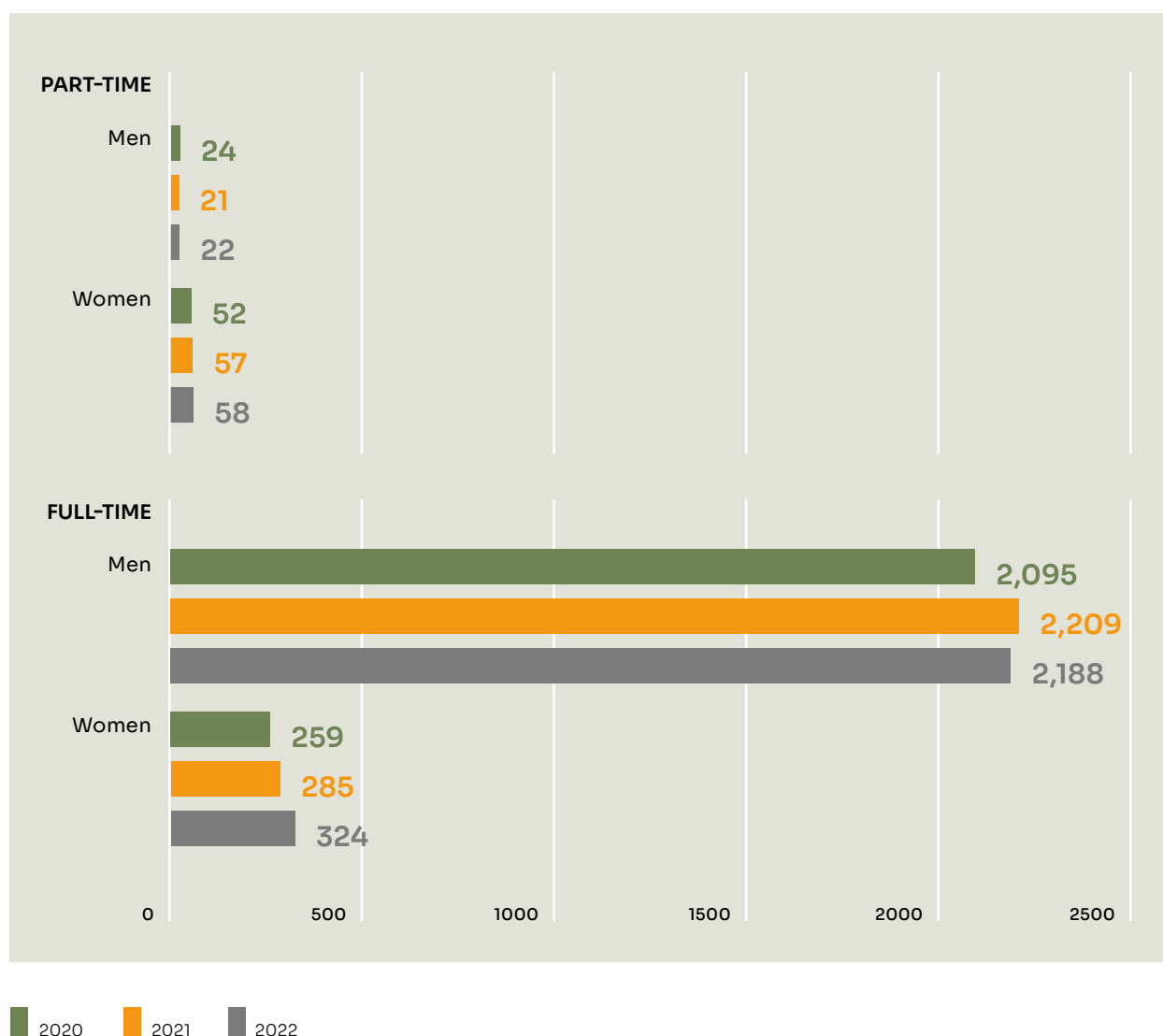
<sup>5</sup> In particular, the period of notice goes from 1 week, as in the case of Denmark, up to a maximum of 4, for the Italian Companies. In Belgian legislation, the period varies from 1 to 24 weeks according to the level of seniority and date of the contract.

DXT permits new mothers to take extended leaves of absence for maternity assistance, or part-time contracts to preserve their professional continuity. Additionally, Duferco Energia has implemented a structured paid parental leave policy, ensuring that all parents have the right to take advantage of the day's reduced working hours. Employees' satisfaction at work is increased as a result of their being able to balance better their personal and professional lives. Further, the Company joined the "MAAM - Maternity As A Master" program, which aims at turning employees' maternity into

continuous training for the benefit of both the worker and the Company, trying to enhance the educational potential of parenthood.

Since 2021, Duferco Energia is a Caring Company®, recognised by Lifeed, a designation given to organisations that have made the welfare of their employees the focal point of their strategies. This recognition rewards Duferco Energia's efforts to pursue the promotion of the employee's well-being and to promote a flexible and open working environment.

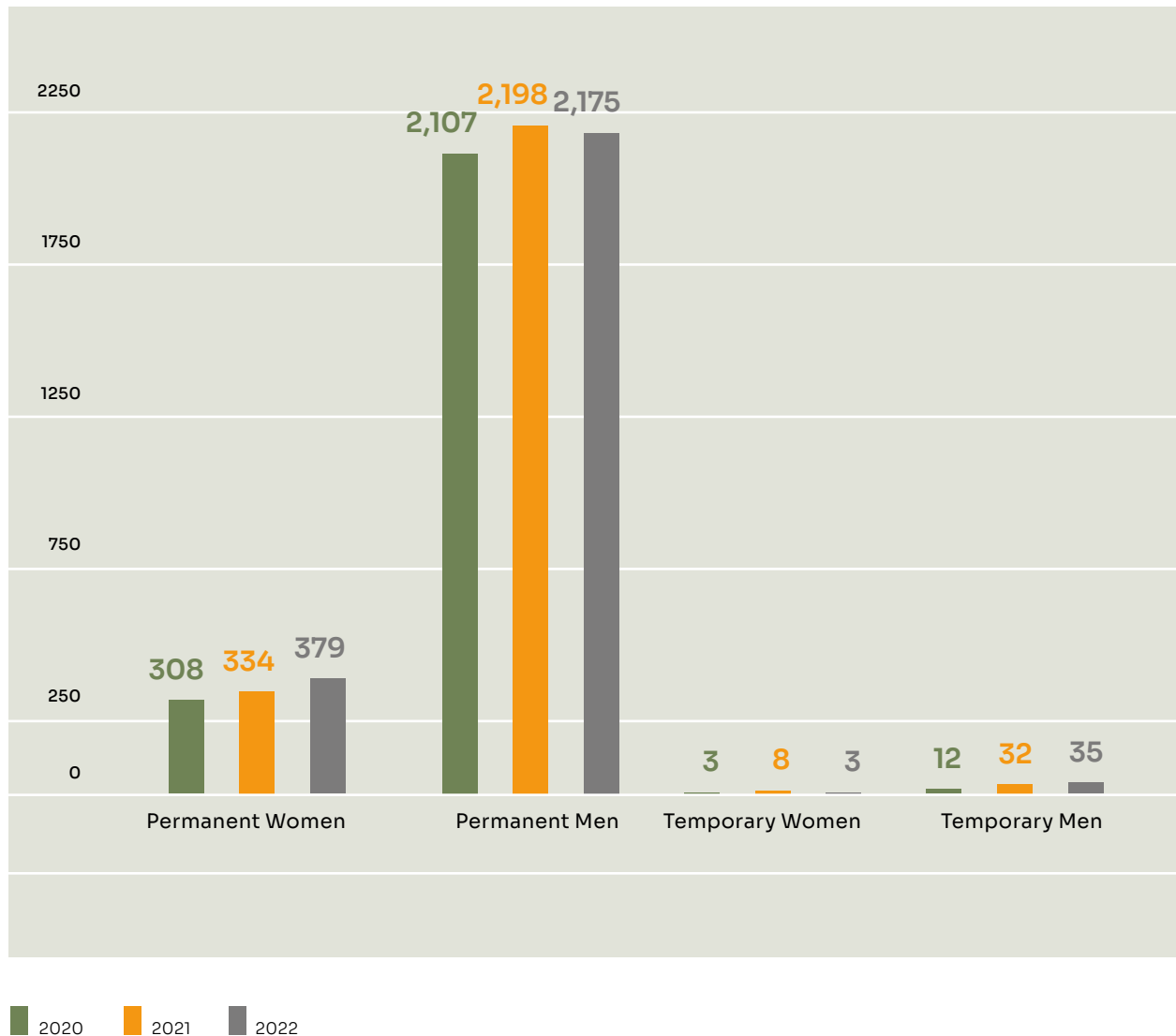
## EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER



Regarding the type of contract, in FY2022 most of the workers, 2,554, had a permanent contract. Part-time contracts are equally distributed across sectors, excluding Shipping, where this kind of

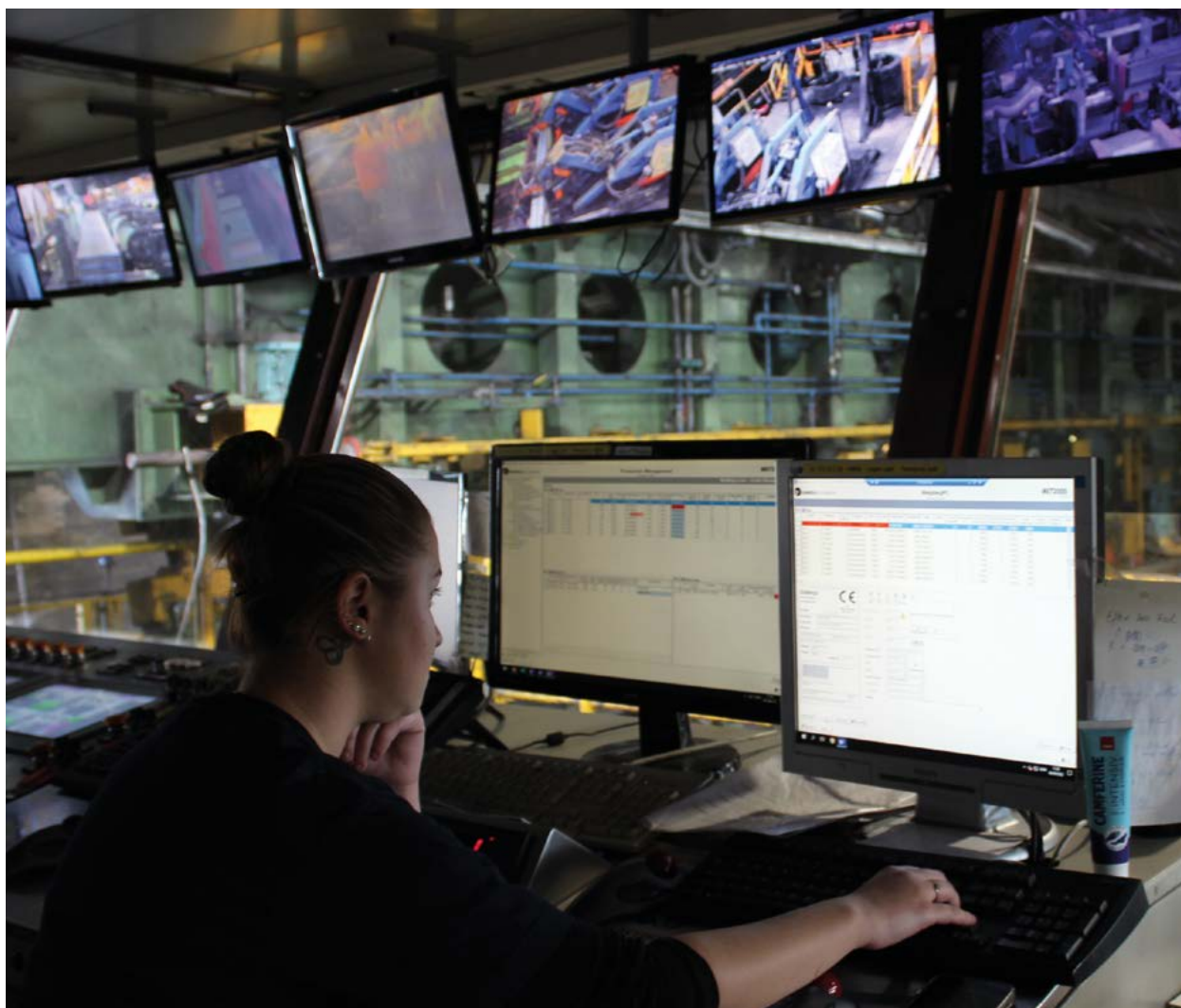
contract cannot be offered to crew members. The majority of part-time contracts are applied to women, while only 22 were attributable to the male workforce.

## EMPLOYEES BY EMPLOYMENT TYPE AND GENDER



The overwhelming majority of permanent contacts (over 99%) reflects Duferco's commitment to establishing stable employment and long-lasting relationships with all its employees. In addition to contributing to the creation of a solid group capable of excelling in various fields, this feature provides all employees with stability even in times of crisis.

The Group also shows diversity even in the age range. However, a substantial percentage of employees in the workforce are between the ages of 30 and 50: in 2022, 64% of workers were between the ages of 30 and 50, 23% were over 50, and 13% were under 30.



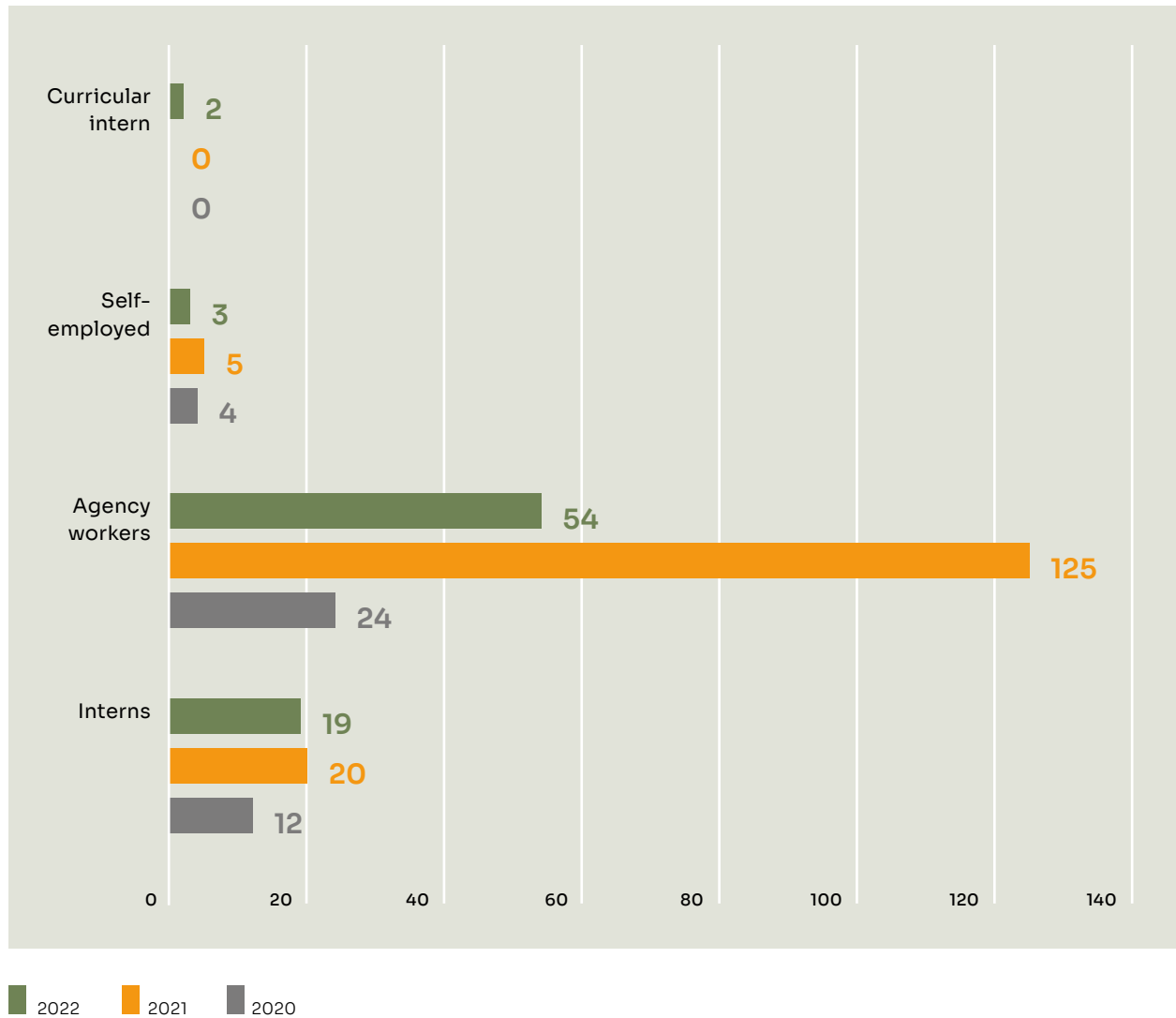
## EMPLOYEES BY EMPLOYMENT CATEGORY AND AGE GROUP

	2020			2021			2022		
	< 30 years old	Between 30 and 50 years old	> 50 years old	< 30 years old	Between 30 and 50 years old	> 50 years old	< 30 years old	Between 30 and 50 years old	> 50 years old
Executives	1	39	39	1	41	42	2	37	43
Managers	1	65	37	2	76	47	1	82	46
White collar	163	486	119	195	549	137	208	600	149
Blue collar	69	446	240	120	989	373	140	929	355
<b>Total Employees</b>	<b>234</b>	<b>1,036</b>	<b>435</b>	<b>318</b>	<b>1,655</b>	<b>599</b>	<b>351</b>	<b>1,648</b>	<b>593</b>

With regard to non-employee workers, 78 workers were registered during 2022, 54 of which are agency workers.



## NON-EMPLOYEE WORKERS BY EMPLOYMENT TYPE



Regarding the **Governance bodies**, all Companies within the reporting boundary have a Board of Directors. As of 30<sup>th</sup> September 2022, the number of board directors remained in line with previous years, with a slight increase in men between the ages of 30 and 50. Out of 95 Board members, 74 were men, while 11 were women, and the distribution between their age ranges is much smaller.

## BOARD OF DIRECTORS BY GENDER AND AGE

		2020	2021	2022
Women	< 30 years old	0	0	0
	Between 30 and 50 years old	6	9	9
	> 50 years old	2	2	2
Men	< 30 years old	8	8	0
	Between 30 and 50 years old	19	17	24
	> 50 years old	62	58	60
<b>Total</b>		<b>97</b>	<b>94</b>	<b>95</b>



Additionally, some businesses have further governance bodies, such as the **Supervisory Board**, which is in charge of ensuring that operations adhere to the organisational and management mode in place, and **the Board of Statutory Auditors**, which is responsible for monitoring the activities of the Directors and their adherence to the law. Many Italian Companies, including Duferco Italia Holding, Acciai Rivestiti Valdarno, Ferriere Bellicini, Duferco Biomasse, Duferco Energia, Duferco Engineering, Duferco Travi e Profilati, Travi e Profilati di Pallanzeno and Acofer Prodotti Siderurgici have these entities organized in compliance with local laws.

The Group guarantees substantial equality in managing human resources, without distinctions based on race, sex, health, or age, favouring and promoting the components of cultural diversity, as indicated in the Code of Ethics. Any form of intimidation or discriminatory conduct is categorically banned and condemned. This basic rule has numerous alternative implementations that can change between businesses and Business Units. It frequently calls for the establishment of a channel for reporting whistle-blowers while guaranteeing their anonymity.

Special mention should be made of the case of Nova Marine, which, due to the high diversity of its workforce, has adopted very tight policies and procedures to report any potential instances of bullying, harassment, or discrimination in compliance with the Maritime Labour Convention. The business has structured processes that go into great depth on how to handle seafarers' complaints, assuring the accuracy of the information and the security of those engaged. If the issue cannot be resolved on board, it will be brought directly to the shipowner's attention within twenty-two days. The ship's crew list will be linked to complaints made by seafarers and any judgements made regarding them will be noted in a specific register. In many Italian companies of the Group, for instance Duferco Energia and Duferco Travi e Profilati, structured procedures are established in case of discrimination and the matter is handled by the Supervisory Board (*Organismo di Vigilanza*). This Board is in charge of preventing any crime involving the Company's liability. Any worker of the Company, or its subsidiaries, who considers himself to be harassed or discriminated against, is urged to report it to the Supervisory Board through anonymous whistleblowing channels.

The multiple policies adopted within the Companies, and compliance with the Code of Ethics principles, resulted in zero confirmed incidents of discrimination in the Group's Companies in the last three years.

## Strong relationships

The Group strongly values its people management as its most valuable resource and believes in the worth of creating a strong, transparent, and long-lasting relationship with its employees. The great attention paid by the Group to its workforce is also reflected in low turnover rates<sup>6</sup>: in 2022, there were 180 terminations (around 7%), while, on the other side, the Group registered 307 new hires with a 38% year-on-year increase in female figures and a 53% decrease in the male workforce. The Shipping Division is not taken into account in these statistics due to the unique characteristics of its industry, which necessitate a significant proportion of seasonal employees.

<sup>6</sup> **Turnover rate:** ratio between the number of contract terminations and the total number of employees in the same period.



## NEW HIRES<sup>7</sup> AND TURNOVER RATES BY AGE AND GENDER IN 2022

	WOMEN				MEN			
	New Hires		Turnover		New Hires		Turnover	
	Number	Rate	Number	Rate	Number	Rate	Number	Rate
Less than 30 years old	37	58%	14	22%	97	45%	42	19%
Between 30 and 50	35	14%	15	6%	103	12%	62	7%
More than 50 years old	2	3%	4	6%	26	6%	43	11%
<b>Overall</b>	<b>74</b>	<b>20%</b>	<b>33</b>	<b>9%</b>	<b>226</b>	<b>15%</b>	<b>147</b>	<b>10%</b>

<sup>7</sup> **Hire rate:** ratio between the number of new hires and the total number of employees for each category and age of group in the same period.



## CARE AND DEVELOPMENT OF OUR PEOPLE

### A continuous growth

Conceiving coaching as a powerful lever for development, Duferco ensures that all levels of personnel are provided with structured and systematic training programmes for educational growth. With the ambition of ensuring for everyone the opportunity for continual growth and functional specialisation, corporate professional education and development programmes are offered to workers throughout their time working for the Group.

The number of people enrolled in training courses has increased compared to the previous year, also due to an increase in productivity and consequently the necessity to prepare and protect the entire workforce. As a result, the total number of training hours given to employees raised during the year, totalling about 18,773 hours in FY2022 compared to around 15,800 hours during the pandemic period. Despite the difficulties that the Group had to face with energy price surges, and therefore an increase in expenses, the number of training hours per employee in the Innovation Division raised to 31 from 18, due to the expansion of the business and increase in the work.

### AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

DIVISION	TOTAL HOURS	AVERAGE HOURS
Steel	10,031	9.3
Energy	5,361	8.2
Innovation	3,212	31.5
Holding Companies	169	3.6
<b>Total</b>	<b>18,773</b>	<b>7.2</b>

When comparing the Business Units within the Group, it is important to note that the Steel Division recorded the highest training hours annually in FY2022 due to the large workforce required for its operation.

The vast majority of hours were provided to White and Blue collars, the former with the absolute value of 9,630 and the latter with the value of 7,892 hours. Managers instead accounted for 691





hours and executives 560. When comparing the total training hours to those provided in 2021, it is worth mentioning that only the manager category registered a decrease, while the other categories witnessed an increase in the total training hours. It should be noted though, that the trends of training hours over the years strongly rely on the periodicity of mandatory courses for each category.

In addition, the Group pursues the improvement of occupational safety and working conditions through continuous investments in training, education, and technology, especially in the Steel Division where there is an overall higher exposition to health and safety risks.

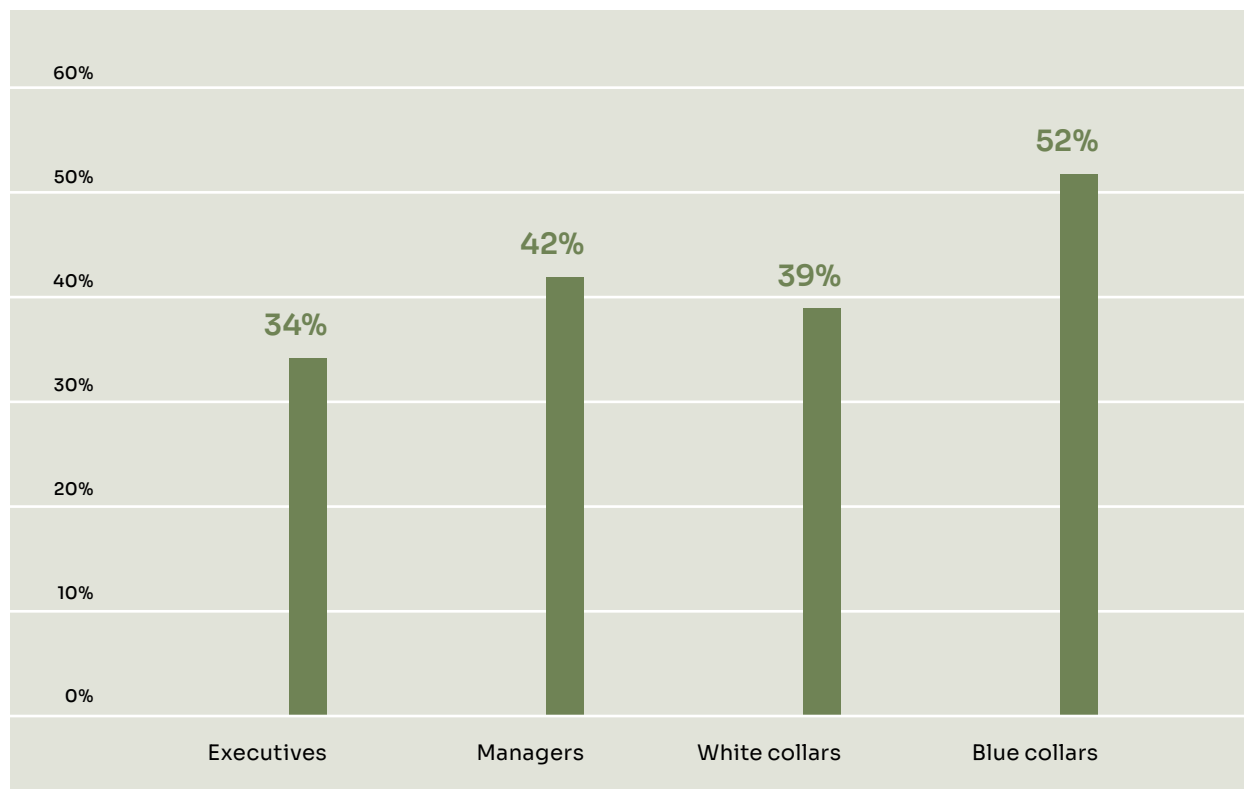
Risks associated with **market abuse and corruption** are also given particular focus in training programmes. All business units implement the principles established by the code of ethics and transmit them through training programs. Based on the roles played by employees and the exposure to risk they face, pertinent training has been devised. To prevent any type of infringement, the Group

periodically assesses risk, gives particular training to specialised traders and conducts audits. In this regard, DXT requests that all relevant employees complete specialised training, such as the market manipulation course that is offered annually and provides information on potential situations that could arise during regular business operations, suggestions on how to handle them and potential sanctions. More specifically, the Italian Companies are compliant with Italian Legislative Decree 231/01 on the liability of entities, providing multiple courses on anti-corruption, legislation, and new regulations for 231-compliant management systems.

Additionally, many businesses within the Group implement **performance evaluation systems** for employees as a further tool for professional and skill development. Varying across companies, these can be institutionalised through defined procedures or else planned during particular times when staff members and their managers can discuss performance expectations and, in some cases, prospective bonuses.



## PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS (FY2022)



Duferco values its employees' personal development and has set aside specific times throughout the year for staff members to feedback and compare notes with their superiors. This helps to comprehend and solve any problems that may have come up. It also generates a more positive work environment and an energizing atmosphere.



### ENERGY BIOMASS SOURCING - PERFORMANCE EVALUATION SYSTEM

Employees' evaluation is a crucial component for the human resources management and workforce development of EBS (subsidiary of the Duferco Energy Division). In fact, the Company developed during FY2022 a framework structure aimed at evaluating employees' performances, pointing also at outlying future goals and identifying the abilities that need to be strengthened. Moreover, the framework gives each employee the chance of sharing with their colleagues and superiors their opinions and experiences or state a requirement. Additionally, to further strengthen a collaborative and open working environment, each EBS employee can individually request to be enrolled in a particular soft skills course of their choice, in addition to the mandatory ones.

Finally, it is worth mentioning Duferco Energia's development of a home-to-work travel plan, in accordance with the provisions of the "Decreto Rilancio" (DL .34 of May 1<sup>st</sup>, 2020), for which new initiatives related, for example, to incentives for the purchase of public transportation season tickets are also expected to be introduced in the future.

## A safe workplace

The safety and well-being of its employees are absolute priorities for the Group, which seeks to disseminate a deep-rooted health and safety corporate culture and constantly defines strategies and actions addressed at improving the conditions of workers and their awareness of safety issues. This is done through the implementation of specific procedures, training courses, and the application of internal regulations. During the last two years, Duferco's premises were confirmed as safe places due to the rigid safety culture applied across all categories and roles.

The number of hours that workers spent working in the Group's offices and facilities in 2022 was 3,316,700. Many companies in the Group managed to reduce the rate of work-related accidents, even though, despite the growing efforts, there was an overall increase from 10.42 to 14.47 in 2022. The number of accidents was 48, one of which required more than six-month leave. The increase in this value occurred particularly in those Group companies characterised by a high rate of recruitment during 2022. Newcomers who are less experienced than experienced employees are more prone to accidents. The Group has therefore taken steps to remedy this problem.

The majority of accidents in the field were cuts and bruises brought on by the usage of particular tools and machines. To lessen the likelihood of accidents, corrective measures are always put into place after a thorough review of the incident. These statistics only apply to businesses whose operations are more susceptible to workplace risks; thus DXT and its subsidiaries, together with Duferco Participations Holding and Duferco Italia Holding, were not taken into account when calculating these figures. Finally, none of the Group's firms reported any work-related illnesses during FY2022.





The Duferco Group regularly demonstrates and consistently acts to prove the importance of the health and safety issues. To give a few instances, the occupational doctor participates in the creation of the DVR (Risk Assessment Document) and conducts workplace inspections to confirm working conditions and work with others on risk assessment.

The Duferco Group continuously supports its employees and shows a genuine concern for preserving their safety and well-being even outside the working hours, through a number of initiatives that provides staff members with non-occupational healthcare services. It is important to note that all employees of the Duferco Travi e Profilati Group have access to the metalworking industry's supplemental healthcare fund, which provides additional medical treatments beyond those provided by the National Health Service.

In the San Giovanni Valdarno plant, moreover, the Company pays attention to its workers' personal lives, as well as their work environment, focusing on problems like alcoholism and smoking.

A canteen manager has also been identified by the other workers in the plant with the intention of creating a balanced and healthy menu. All employees at Danish Steel have immediate access to psychological support through the Company-funded health insurance. When an employee is frequently ill, the HR department will invite him to an "illness chat" to explore ways to cut down on sick days and, if necessary, create an individualised health programme. Finally, several Companies offer health promotion packages that workers can freely join, including private health insurance and discounts on specialist medical examinations.

Worker reports help identify corrective actions for H&S, which are then carried out differently depending on the Company. In addition to reports, expert consultants and certification agencies for safety management systems conduct internal audits and external audits. In some instances, the trend of occurrences, such as accidents rate, near misses and risky circumstances is used to monitor H&S operations. The performances of machines and plants, as well as their interaction with the operator, are improved through focused interventions.



## CONNECTION WITH THE COMMUNITIES

Conscious of its role as an active and well-established player in each of the multiple communities where it conducts business, the Group nurtures its enduring ties and relationships with all the reference territories. The daily operations, new initiatives, and future development plans are characterized by a step-by-step participation process that involves key stakeholders like customers, local communities, and public authorities, providing for long-term competitive advantage. With this strategy, the Group is able to create value for all relevant stakeholders, keep an eye on the many shared activities and promptly address any possible problems. More than 730,000 euros were granted to different third sector associations in the FY2022, aiming to demonstrate the authentic support to communities.

With the regions where it is situated, Duferco Group has developed a strong and long-lasting partnership. Duferco aims to generate and ensure favourable outcomes and benefits that go far beyond only material advantages and achievements. In this respect, in addition to programs intended to increase the competitiveness and general wellbeing of the local districts, it is firmly devoted to a number of grants and gifts in support of regional, international and local associations each year.

Given the heavy impacts of the Covid epidemic, which notably affected the surrounding areas around Duferco Travi e Profilati, and more recently, the Ukrainian War, the Group's efforts have lately concentrated on meeting the needs of the local populace. Executives and staff took part in a number of actions to promote solidarity within the industry such as Management 4 Steel and the Group demonstrated its capacity as an exceptional community leader to face the challenges of the period.

Among the various initiatives, a particularly significant one is that organized by the Duferco Group's Steel Division. With the aim of promoting the new rolling mill in San Zeno Naviglio, the Group is organizing a series of events and initiatives. Three days dedicated to the inauguration of the new plant are planned for the opening: one dedicated to customers, one dedicated to employees' families and one for institutions, local and national.

Furthermore, Duferco Travi e Profilati ensures a constant commitment in supporting local health associations, like the Red Cross and the civil protection, as well as various projects in aid of

people with disabilities and the hospitals located in the neighborhood of the plant. In addition, assistance is also given to initiatives for young people, such as sport associations, theatres and local nursery schools.

The Duferco Group aspires to support youth development and sees strategic value in working closely with high schools. This is why Duferco has, for years, offered high school students the opportunity to alternate schoolwork with work experience in the Group. Some of the Group's firms also provide open days with guided tours of their facilities in addition to Career Days and extracurricular internships. Collaboration with businesses during the educational process of students enables them to more effectively complete their studies more effectively in line with the demands of the labour market, preparing them for upcoming complexities.

The Group is also committed to supporting to several initiatives, directly donating part of the value it generates. Among those, DXT renewed its close relationship with the USI, the University of Italian Switzerland based in Lugano. In fact, several projects are under way, including two that see a collaboration with PhDs. Several study-work alternation activities are also ongoing with master degree students within a three-year project. Moreover, opportunities are given to second-year bachelor students to participate in engaging field projects.

Partnerships in training programs are not limited to academic and educational institutions. However, they can also involve colleagues and competitors, with whom the Group aspires to exchange information and skills in order to advance the technical advancement of the whole industry. The training course "Management 4 Steel" offers an example. The first edition took place between 2019 and 2020 and offered interdisciplinary knowledge. Asonext, Duferco, Feralpi, Pittini, and ORI Martin - which joined Management 4 Steel this year - expanded their partnership, contributing to the second edition of the high-level training for emerging talents in September 2021.

Also in the Steel sector, Duferco promotes other initiatives such as "Future 4 Steel" in collaboration with Randstadt, dedicated to the key role of maintenance workers within a plant, "Duferco People," "Leadership 4 Steel," and "Electrical 4 Steel", which concentrate on more specific topics.

These programs aim to match the competencies of young people working for Companies navigating an increasingly innovative and technological industrial world. The promoting businesses have developed a framework agreement to improve the technical, strategic, and organizational expertise of their staff members.

Sport is another area of activity, and the Group has established various long-term sponsorship commitments with national and local sports organizations. Firstly, DXT has confirmed sponsorship initiatives from previous years, supporting, in particular, basketball associations and sports teams, including the Sam Basket Massagno and the Dragons Lugano youth volleyball team. Throughout the country, Duferco Energia

is participating in a number of collaborations in the sport sector. The Company formed its most significant collaborations with tennis and sailing teams, Virtus Entella and Atletica Spezia.

Along with the sponsorships it provides, Duferco Energia also increasingly helps sports organizations by making energy requalification decisions that benefit amateur sports associations. This is the case of Vigor sports, managed by the Viareggio Misericordia Association. In 2021 it was one of the first building interventions in Italy to be completed with the transfer of a 110% tax credit in favour of amateur sports organizations. The intervention consists of energy upgrading with solar, thermal, and photovoltaic systems, as well as of anti-seismic reinforcement.

### FERRIERE BELLICINI TOGETHER WITH FONDAZIONE IEO-MONZINO

Through its subsidiary Ferriere Bellicini, the Duferco Group has decided to support medical research by becoming a Partner of the IEO-Monzino Foundation, the only nonprofit organization to fund exclusively and directly clinical and experimental researches at the European Institute of Oncology and the Monzino Cardiology Center. For more than 25 years, it has worked to find the best treatments and support creative projects through a virtuous cycle that enables scientists learn in the lab to be made available to patients in complete transparency and without wastage.

The Foundation has a special emphasis on funding research into cancer and heart disease. It is established that research funding is strategic for the work of the physicians and scientists at the IEO and Monzino, allowing for the swift translation of advancements and results from the lab into more individualized treatments and improved diagnostic tools. The contribution from Ferriere Bellicini is a part of the more than 46 million euros raised for research.





The Group therefore understands the benefits of adding value beyond its borders by engaging in various activities in areas where it has no specific financial interests. The Group has contributed to a number of charitable and solidarity initiatives that have a specific focus on building up health care and educational institutions in Africa through its subsidiary Duferco Energia. The Mangwana Association and Stella Onlus continue to receive financial assistance from the Group, as they

have done for many years. Along with these organizations, the Group is funding humanitarian initiatives in Dakar, Senegal, and Togo, respectively, to improve the state of social, health, and educational deterioration and lower levels of social exclusion. Additionally, Duferco Travi e Profilati and EMERGENCY contributed to the development of a children's hospital in Uganda in 2021, strengthening the Group's commitment to social responsibility outside its geographic borders.

## EVEREST PROJECT

### **“dEsign enVironmEnt foR Extreme–Scale big data analyTics on heterogeneous platforms”**

Duferco Energia and the Università Politecnico di Milano have begun working closely together on the Everest Project, to which the Group makes available its expertise and capacity to evaluate big data and IT flows. The main goal of the Everest Project, which is supported by the European Commission through the Horizon 2020 program, and coordinated by IBM Research GmbH and the Politecnico, is to develop a hardware and software infrastructure for the analysis and processing of large meteorological data. In the project, Duferco Energia will take part in the creation of an application for forecasting renewable energy to be sold on short-term markets that is based on cutting-edge meteorological models. By lowering the risks connected to significant market price rises/falls, the application will improve forecasting of the production, consumption and commercialization of renewable energy sources including wind, solar, and hydroelectricity. High-resolution hourly weather forecasts, real-time data collection, and artificial intelligence models will all be used in the application.

## THE MASTER IN ENERGY AND SUSTAINABILITY

Duferco Energia renewed its participation in the University of Genoa's first master's degree in Energy and Sustainability during FY2022, demonstrating its dedication to education and the next generation. The Master's program seeks to educate 20 “Energy Analysts” as professionals in the energy industry, a field to which Duferco Energia has been dedicated for years, attesting to its growing significance within the energy transformation process taking place in Italy and internationally.

The one-year Master's program seeks to prepare professionals in the management of renewable and sustainable energies by providing them with methodologies and approaches to the issues that businesses may encounter. The Master program prepares students to assume leadership roles in the emerging energy industry by helping them spot new business opportunities, examine potential outcomes and the changing regulatory landscape, and finally develop fresh approaches to the management, control, and sustainable use of energy sources.

## MY MENTOR CATTOLICA

Duferco participated the ‘My Mentor Cattolica’ project by supporting students and professionals to emphasise to the link between companies and universities. This relationship should not only be economic, but also human, in the belief that ideas, meetings and networking support the development of new opportunities, both for companies and young people facing the job market for the first time. This was precisely the mission of the project in which Duferco participated, to support students in order to pass on their work experience and enable them to shape the professional path they envisage for their future.



# THE INTEGRITY of our BUSINESS

## THE GOVERNANCE TOOLS

The Group's reputation and ability to conduct business with loyalty and fairness, and compliance with national and international laws are at the core of the constant growth over the decades.

The Duferco Group approved and implemented several governance tools consisting of a corporate Organizational Model for the Italian entities (Legislative Decree 231/2001), **Code of Ethics**, **Anti-corruption guidelines**, the **Policy of Business Conduct**, DXT's **Code of Conduct** and **certified management systems** varying across business units.

The company Code of Ethics represents the company's "constitutional charter", a charter of rights and duties aimed at defining the social and ethical responsibility of every participant in the business organization. Meanwhile, it is a contractual addendum and – as such – an instrument with legal value in all respects. It constitutes a safeguard available to the company to prevent irresponsible or illegal behaviour on the part of those who work in the name and on behalf of the company, because it introduces a clear and explicit definition of the legal, ethical, social and environmental responsibilities of its directors, middle managers, employees, agents, collaborators, suppliers, etc., towards the civil society and towards its stakeholders, as well as providing means for reporting offenses also anonymously.

The principles expressed in the Code of Ethics form the basis of the business culture of Duferco. The Group's Code of Ethics contains guidelines and directives that must be integrated and embedded in the several Codes of Ethics edited by the operating companies. With the approval of the Organizational Model, of which the Code of Ethics is an integral and substantial part, the Supervisory Body (Organismo di Vigilanza) was established and entrusted with the task of supervising both the functioning and updating of the Organizational Model.

## The 9 principles inspiring the Code of Ethics

1

Legality

7

Safeguarding  
of assets

4

Fair  
competition

2

Dignity  
and equal  
opportunities

8

Prevention  
of conflicts  
of interest

5

Management  
of accounts  
and traceability  
of transactions

3

Integrity  
and  
professionalism

9

Confidentiality  
and insider  
information

6

Management  
of HR

The various Code of Ethics and Organizational Models were approved by the respective Boards of Directors and shared among internal stakeholders. At the same time, suppliers are requested to read and accept them in order to start any business relationship with the Group. The Code sets out the rights, duties and responsibilities of Duferco towards its stakeholders – including employees, suppliers, customers, public entities, the market – and seeks to recommend, promote or prohibit certain behaviours, in addition to complying with the applicable law.

Based on the Code of Ethics, a policy of business conduct is drawn up for each business unit to set out guidelines and procedures leading all Duferco's managers and employees across all the companies should follow in professional activities as an integral part of their contracts.

The fight against corruption is one of the Group's business conduct guiding principles, and in compliance with any applicable anti-corruption laws, the anti-corruption Guidelines are meant to be applicable to everyone who works for or on behalf of the Group. The subsidiaries apply the Guidelines in accordance with a decision of their individual Boards of Directors (or corresponding body and department, if the subsidiary does not have such a body).

A specific focus is on the prevention of conflicts of interest, especially when it comes to energy trading activities. According to the Group's Code of Ethics, all employees and collaborators are required to avoid any circumstances that could lead to conflicts of interest, which are any situation in which the person receiving the information could use it to get a personal benefit for oneself or for someone else without permission. Hence, it is prohibited in any organization for employees to use any business prospects they may have learned about while performing their duties for personal gain. Before engaging into contract, any potential conflict of interest in the Group firms' business practices must be investigated, and the relationship must be followed up by a third-party representative.

Duferco condemns any form of money laundering and of financing of illicit activities and use of money, goods or other advantages or utilities, which have an illicit origin. Recipients are required to verify in advance all information available regarding individuals and entities with whom they are in contact, in order to check their respectability and the legitimacy of their activities, before establishing any business relationship with Duferco. All kind of payments in the interests of Duferco are strictly forbidden in the absence of adequate supporting documentation.

Finally, Duferco gives its utmost attention to the protection of personal data, which is particularly relevant in the case of business conducted with end customers, such as for energy delivery activities. In accordance with the relevant data privacy laws and regulations, the Group adopts measures to enable the relevant Group companies to achieve the level of data security required by laws and to forbid any unauthorized or illegal processing of personal data.





## Implemented certified management systems

Duferco operations are handled using certified management systems implemented in operating companies. These certifications focus on quality and process management (ISO 9001, EPD -

Environmental Product Declaration, FSC - Forest Stewardship Council) and the management of environment, health, and safety (e.g., ISO 14001, ISO 45001).

COMPANY	ISO 9001	ISO 14001	ISO 45001
Acofer Prodotti Siderurgici	■	-	-
Acciai Rivestiti Valdarno	■	-	■
DTP: San Zeno Naviglio Headquarter	■	-	-
DTP: Giammoro plant	■	-	-
DTP: San Giovanni Valdarno plant	■	■	■
Duferco Danish Steel	■	-	-
Duferco Energia	■	■	-
Duferco Engineering	■	-	-
Duferco Biomasse	■	■	■
Duferco Thionville	■	-	-
Ferriere Bellicini	■	■	-
Nova Marine Carriers	-	■	-
TPP: Pallanzeno plant	■	■	■
TPP: San Zeno Naviglio plant	■	■	■

In addition, each company also has specific management systems and certifications depending on the nature of its activities and operations, for example, Nova Marine's **ISM** Safety Management certificate, the international standard for safe management and operation of ships and pollution prevention which is considered equivalent to ISO 9001 certification. Another example is Duferco Biomasse, which features three product certifications: **PEFC** and **FSC** certifications for forestland management, and **SBP** certification, for sustainable wood biomass, which covers the whole supply chain from forest to consumer. Duferco Wallonie SQAS system (Safety & Quality Assessment for Sustainability) evaluates the

performance of its Logistics Service to Chemical companies. This assessment system covers quality, safety, security, environment, and CSR (Corporate Social Responsibility). In addition, Duferco Energia has obtained three certifications: ISO 37101:2019, which is a management system standard for communities that commits to the sustainable development of their administrative area or territory, the UNI CEI 11352, a technical standard that defines the conditions for companies providing energy services to be classified as ESCo (Energy Service Company) and the CRMS FP 07, the world's first reference scheme for managing commercial credit and protecting against the risk of insolvency.

## ALONG THE SUPPLY CHAIN

### Merging efforts

In its daily activities, Duferco has always considered the dialogue and the proactive interaction with several clusters of stakeholders, as a fundamental driver to establish solid and long-lasting relationships with them. The main categories of Group's stakeholders were identified and mapped, defining both their level of influence and dependency.



MAIN STAKEHOLDERS	ENGAGEMENT
BOARDS OF DIRECTORS	— Meetings
BUSINESS PARTNERS	— Meetings and exhibitions — Collaborations — Conventions
CUSTOMERS	— Customer service — Exhibitions and events — Meetings — Questionnaires — Satisfaction surveys — Website, social media and brochures — Duferco Sparks
EMPLOYEES	— Benefits — Code of Ethics — Conventions and meetings — Conventions — Intranet and direct communication — Policies — Trade unions — Training — Employee survey — Newsletter and press review — Duferco Day — Duferco Sparks
LOCAL COMMUNITY	— Activities in the territories — Guided tours in the plants — Sponsorships
NEXT GENERATIONS	— Career days — Extra-curricular internships — Open day
PUBLIC AND GOVERNMENTAL AUTHORITIES	— Follow-up on request — Collaborations and projects — Meetings
SHAREHOLDERS	— Annual Shareholders Meeting — Company website — Corporate Report — Consolidated Financial Statement
SUPPLIERS	— Audits — Code of Ethics — Collaborations and projects — Company website — Duferco Sparks

In this regard, the annual appointment which takes the name of Duferco Day was reconfirmed over the last two years in an online mode and it is intended to donate the money saved to charity, witnessing the willingness of Duferco to consolidate its image as a unique Group moving through different business activities towards common goals.

As far as customers are concerned, they are reached not only through customer satisfaction surveys or questionnaires but also through trade fairs and events. The Group companies also hold structured meetings with accredited suppliers.

## Towards common goals

The Duferco Group has been steadily expanding over the past four decades by virtue of its many solid relationships with dependable businesses. Its growth strategy relied on a careful selection of its business partners, both upstream and downstream in the value chain. The Group's evaluation standards take into account both technical and ethical factors, laying the groundwork for shared and lasting development. As part of its sustainability activities, the Group undertook a mapping and engagement process with key stakeholders, to gain insight into their perspective on the Group's material topics and incorporate it into its materiality assessment. Moreover, the Duferco Group's expansive network with third parties took onboard several new counterparties during the reporting year, reaching around 170,000 business connections in FY2022.

The Group recognizes that a strong relationship with its suppliers is an integral aspect of its ability to maintain competitiveness over the years. The Group's commercial policy continues to place a premium on maintaining and strengthening existing supplier relationships and finding new partners that share the same values. Aside from their technical and financial worth, the accredited suppliers must also share and be inspired by the principles that have been established by the Group over the years, such as legality, integrity, fairness, and eventually sustainability.

A specific section of the Group's Code of Ethics is focused on the relationship with third parties and highlights that new supplier selection should be transparent and tracked. Duferco carefully monitors

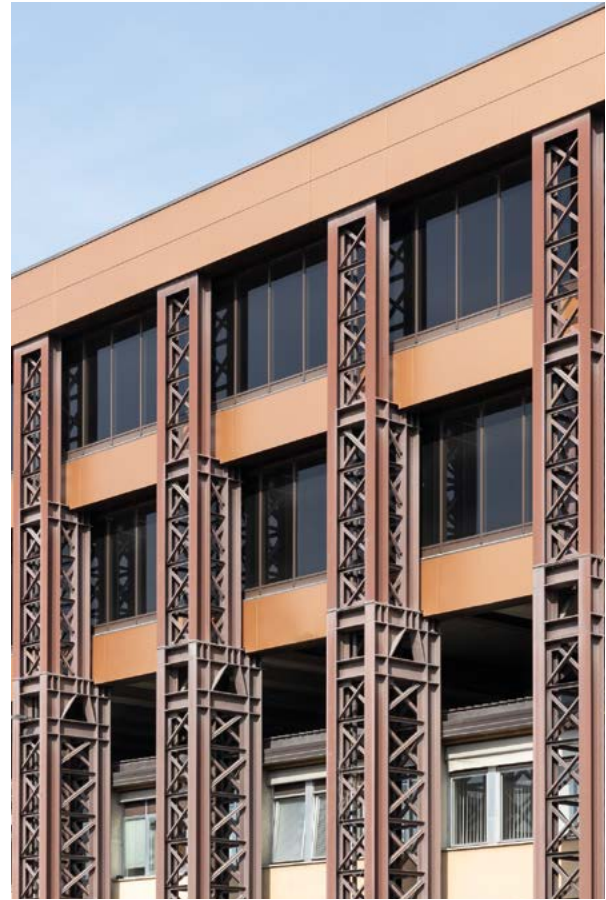




all existing relationships, and constantly maintains all lines of communication open.

The Group's commercial relationships are built on the foundation that all parties involved have the same goals and a shared vision of the destination and the strategy to be followed. The Group implements a supplier selection strategy that considers the nature of the supplier's business and its activities, including in some cases on-site technical and practical audits, as well as document audits. Duferco pays particularly close attention to environmental concerns related to the supply chain, with specific processes in place for evaluating potential vendors. However, during FY2022, due to the difficulties experienced in terms of sourcing materials, the Group depended mostly on established vendors rather than identifying new ones. Some companies in the Energy Division, which is involved in retail and distribution, have put in place formal screening processes based on ESG criteria: for instance, in the case of EBS, the entire number of suppliers were screened using environmental and social criteria.

Once the new suppliers have been evaluated, the Group's companies conduct regular audits, with the aim of assessing their business activities and eventually confirming their credentials. The number of audits performed on suppliers and subcontractors has increased since FY2021. For example, the Energy Division almost tripled the number of audits carried out on suppliers and subcontractors compared with FY2021 (378 in 2021, 1,017 in 2022). The increase is due to the many activities conducted in relation to interventions in the field of construction, especially on residential buildings.



There is a consistent and cross-sectoral presence and participation in the major national trade organisations. Within the Steel Division, Duferco Travi e Profilati is affiliated with Federacciai, the Italian iron and steel industry's organization. Federacciai represents over 120 member companies in the country and supports the industry through the promotion of industrial policies that can foster the sector's development. In France, Duferco Morel is affiliated with the local metals distribution federation, Fédération Française de la Distribution et de la transformation des Métaux (FFDM). On the energy side, Duferco Energia and DXT are active members of several industry associations, including Confcommercio Imprese, Confindustria, the European Federation of Energy Trader (EFET), and the Italian Association of Energy Wholesalers and Traders (AIGET).



The Group is dedicated to enhancing its client interaction downstream the value chain. Duferco engages in everyday business with a wide range of clients on a global scale, including businesses both inside and outside the Group, intermediaries, and end users, all over the world. With Nova Marine, the Shipping Division conducts activities in more than 100 nations on a global scale. Through its companies, the Group aspires to provide each of them with the most individualized and customised offer possible. The Group's companies have created a wide range of innovative and diversified solutions to address the needs of such a diverse customer base, making customization a distinctive aspect of its business. For instance, Duferco Energia categorizes its client portfolio into three primary categories based on their energy usage. In order to better meet their expectations and needs, the company offers each group specific customer service procedures.

Duferco's goal is to provide excellent customer service and maintain its standing as a trustworthy and reliable business partner and supplier, as stated in the Group's Policy of Business Conduct.

In pursuing this ambition, the Group seeks to conduct business with customers with similar values in terms of openness and honesty. In this regard, DXT provides a fair example: with its "Know your Customer" questionnaire, the company detects current and prospective business partners from a standpoint of business ethics. Any infringement of the DXT's Code of Conduct is a valid reason to take serious measures, including the termination of the business relationship.

In addition, in recent years, the Group experienced a consistent increase in questions and inquiries regarding sustainability-related matters from a variety of stakeholders, in particular its customers. These trends demonstrate increasing attention raised on ESG topics and enables the Group to foster an open and honest communication with all its counterparties.

Finally, using various modules and surveys, Group's companies systematically track customer satisfaction. The objective is to better comprehend consumers' desires and needs, ascertain whether and to what extent their expectations are met, and monitor trends over time to determine future strategies.

# note on METHODOLOGY

The present Report refers to Duferco Participations Holding SA and its subsidiaries and it covers the 2022 fiscal year (1<sup>st</sup> October 2021 – 30<sup>th</sup> September 2022). DITH SA is excluded from the reporting boundary. In the document, this period can also be named “FY2022”. Figures and information are reported compared with the 2020 and 2021 fiscal years. The sustainability disclosure included in the section “Duferco Sustainability Report”, published annually, was prepared in accordance with the GRI Standards 2021.

## PRINCIPLE FOR DEFINING THE CONTENT AND QUALITY OF THE REPORTING

This sustainability disclosure was prepared according to the principles for defining the contents of the report defined by the GRI Standards 2021:

- **Accuracy:** the level of detail of the contents reported in the document is adequate for understanding and assessing the Group’s sustainability performance in the reporting period.
- **Balance:** the contents of this document report in a balanced way Duferco Group’s performance in the reporting period.
- **Clarity:** the choice of a clear language and the use of infographics to represent the performance of the Group make this document available and easy to understand for stakeholders.
- **Comparability:** the indicators are reported for the 2020-2022 three years period and are presented with comments on their performance for the sake of comparison and comparability of the Group’s performance over time.
- **Completeness:** the material issues discussed in the report are covered in their entirety and represent the most relevant environmental, social, and economic impacts generated by the Group’s activities, thus allowing a complete assessment of Duferco’s performance in the reporting year.
- **Sustainability context:** the performances of the Duferco Group presented in this sustainability disclosures are included in the broader context of sustainability.
- **Timeliness:** sustainability disclosure takes into consideration events occurring after 30 September 2022 that may be significant for the assessment of the Group’s sustainability performance by stakeholders.
- **Verifiability:** the information reported were gathered, recorded, compiled, and analyzed in such a way that they can be examined to establish their quality.

## MATERIAL TOPICS

The contents of this document reflect the results of the materiality analysis, as required by the GRI Standards 2021 and described in the chapter “Sustainability at Duferco” chapter.

According to the GRI Standards 2021, organizations that draw up sustainability reports are required to define the reporting content after identifying their material topics. As defined by the new standards, material topics represent an organization’s most significant impacts throughout the entire value chain, considering the economy, environment, and people, and including impacts on human rights.

The assessment process consists of different steps, starting from the understanding of the context in which Duferco operates. Secondly, it includes the identification of current and potential, negative and positive impacts; the assessment of the significance of impacts; and finally, the prioritization of the most significant impacts for reporting purposes. At the last step, it comprises the categorizations of impacts into sustainability material topics.



In the **first step**, an initial high-level overview of the Group activities and business relationships is provided together with an analysis of the sustainability context in which they occur. As mentioned in the chapter “Sustainability at Duferco”, all the analyses were carried out considering the four Business Units that make up Duferco’s diverse ecosystem. This provided critical information for identifying all actual and potential impacts. In particular, the following analyses were carried out:

- **Sector analysis:** a review of key sustainability documents published by relevant international sustainability organizations, and documents published by sector specific associations and organizations.

- **Benchmark analysis:** a review of sustainability and social responsibility reports and similar sources of publicly available information from Duferco competitors to identify the most commonly discussed sustainability issues.
- **Media analysis:** a review of publicly available articles related to relevant sustainability areas in order to identify the impact of the public opinion and the media.
- **Legislative analysis:** a review the current and future Legislation that may impact the organization in the next years.



In the **second step**, all actual and potential impacts on the economy, environment, and people, including impacts on human rights have been identified and listed, across all organization’s operations and commercial partnerships, following the approach outlined above. Actual impacts are those that have already occurred, whereas potential impacts are those that may result from the operations and initiatives undertaken. These impacts can be both positive and negative, short-term, and long-term, intended and unintended, reversible and irreversible, taking into account all conceivable scenarios.



In the **third step**, the significance of the impacts found have been evaluated, in order to rank and categorize them as relevant and not relevant. Prioritization allowed to take action and address the effects, while identifying all the material topics for reporting. Analyses of both the quantitative and qualitative kinds were used to determine the impact’s significance.

## Assessing the significance of negative impacts

The assessment of the negative impacts results from the combination of two main variables: severity and the likelihood of the occurrence of the impact itself.

The **severity** of an actual or potential negative impact was determined on the basis of the following characteristics:

- **Scale:** how severe the impact is.
- **Scope:** how widespread the impact is
- **Irremediable character:** how hard it is to counteract or remediate the resulting harm.

For potential negative impacts, also the **likelihood** variable (i.e the chance of the impact happening) was considered and calculated.

## Assessing the significance of positive impacts

In the case of positive impacts, the scale of an impact refers to how beneficial the impact is or could be, and the **scope** refers to how widespread the impact is or could be.

Also in this case, for potential positive impacts, also the likelihood variable was taken into account. The **likelihood** of an impact can be measured or determined qualitatively or quantitatively. It can be described using general terms or mathematically using probability or frequency over a given time period.



In the **fourth step** all the impacts were prioritized based on their significance to determine the material topics for reporting. A threshold was defined to determine which of the impacts will be objects of reporting. The output is a list of the so-called **material topics**, meaning that they were considered highly relevant from the internal or the external point of view.



In the **fifth step**, there was a shift from the material topics to the list of GRI Disclosures, which were subsequently approved by Duferco management. For each material issue, the Duferco Group mapped the links between the GRI topic-specific Standard and identified the reporting boundaries, i.e. the impacts generated both within and outside the Group.



# APPENDIX

Duferco Group Material Topic	GRI Material Topic	Scope of the topic		Limitations of the scope
		Internal	External	
DIVERSITY & EQUAL OPPORTUNITIES	GRI 405 Diversity and Equal Opportunity	Duferco Group	-	
	GRI 406 Non-Discrimination			
EMPLOYEES TRAINING, PERFORMANCE & WELL-BEING	GRI 401 Employment	Duferco Group	-	
	GRI 404 Training and Education			
OCCUPATIONAL HEALTH & SAFETY	GRI 403 Occupational Health & Safety	Duferco Group	-	
TALENT ATTRACTION AND RETENTION	GRI 401 Employment	Duferco Group	-	
AIR POLLUTANT EMISSIONS	GRI 305 Emissions	Duferco Group	-	
CIRCULAR ECONOMY & MATERIAL CONSUMPTION	GRI 301 Materials	Duferco Group	-	
ENERGY EFFICIENCY AND CLIMATE CHANGE	GRI 302 Energy	Duferco Group	-	Energy consumption of offices and related emissions
	GRI 305 Emissions			
ACCESSIBILITY TO ENERGY AND SUSTAINABLE MOBILITY	GRI 302 Energy	Duferco Group	-	
	GRI 305 Emissions			
WATER RESOURCE MANAGEMENT	GRI 303 Water and Effluents	Duferco Group	-	
WASTE MANAGEMENT	GRI 306 Waste	Duferco Group	-	
BIODIVERSITY CONSERVATION	GRI 304 Biodiversity	Duferco Group	-	
BUSINESS INTEGRITY AND TRANSPARENCY	GRI 206 Anti-competitive Behavior	Duferco Group	-	
CUSTOMER PRIVACY	GRI 418 Customer Privacy	Duferco Group	-	
HUMAN RIGHTS PROTECTION	-	Duferco Group	Suppliers	
INNOVATION AND BUSINESS DEVELOPMENT	-	Duferco Group	-	
GENERATED VALUE & COMMUNITY SUPPORT	GRI 413 Local communities	Duferco Group	-	
SUSTAINABLE SUPPLY CHAIN	GRI 308 Supplier Environmental Assessment	Duferco Group	Suppliers	
	GRI 414 Supplier Social Assessment			

## REPORTING SCOPE

The reporting scope of the GRI General Disclosure and qualitative information disclosed in the Report includes Duferco Participations Holding S.A. (DPH), Duferco Italia Holding SpA (DIH) and the list of companies belonging to Duferco's Divisions, as listed below:

### Energy Division

- Duferco Energia and its subsidiaries: Energia & Territorio, ELCA, Duferco Solar Giammoro, Duferco Solar Puglia, Duferco Solar Trieste, Duferco Solar, Immobiliare Le Clarisse, Duferco Biomasse, Duferco Albania, Duferco Pobreg and Genova Car Sharing;
- Energy Biomass Sourcing (EBS);
- DXT International and its subsidiaries: DXT Commodities North America, DXT Commodities and its two European and Ukraine subsidiaries and Matrix Energy Participacoes, the Brazilian company.

### Steel Division

- Duferco Travi e Profilati and its subsidiaries: Travi e Profilati di Pallanzeno and Acofer Prodotti Siderurgici;
- Ferriere Bellicini;
- Acciai Rivestiti Valdarno (ARV);
- Duferco Danish Steel;
- Duferco Morel and its subsidiaries: Duferco Morel Quincaillerie, Morel Distribution Profil, Duferco Thionville, Duferco France.

### Shipping Division

- Nova Marine Holding and its joint ventures: Aug. Bolten, Nova Algoma, Nova Log, Nova Marine Carriers Middle East, Nova Marine Carriers, Nova Marine Carriers UK, Nova Marine NL and Nova Ship Tech.

### Innovation Division

- Duferco Dev;
- Mainsim;
- Duferco Engineering;
- Duferco Wallonie.

Data on the economic performance and the economic value generated and distributed are based on the Duferco Participations Holding SA Consolidated Financial Statement as of 30<sup>th</sup> September 2022.

Exceptions to the reporting scope concern GRI quantitative indicators as disclosed in the following table or otherwise indicated in the text.

## APPENDIX

	HOLDING		ENERGY				SHIPPING	
Limitations to the reporting scope of GRI quantitative indicators disclosed in the Report 2022	DPH	DIH	EBS	Duferco Energia	Duferco Biomasse	DXT International	Nova Marine Holding	
201-1 Direct economic value generated and distributed	■	■	■	■	■	■	■	
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	■	■	■	■	■	■	■	
301-1 Materials used by weight or volume	■	■	■	■	■	■	■	
302-1 Energy consumption within the organization	■	■	■	■	■	■	■	
303-3 Water withdrawal	■	■	■	■	■	■	■	
305-1 Direct (scope 1) GHG emissions	■	■	■	■	■	■	■	
305-2 Energy indirect (scope 2) GHG emissions	■	■	■	■	■	■	■	
305-7 NO <sub>x</sub> , SO <sub>x</sub> and other significant air emissions	■	■	■	■	■	■	■	
306-3 Waste generated	■	■	■	■	■	■	■	
306-4 Waste diverted from disposal	■	■	■	■	■	■	■	
306-5 Waste directed to disposal	■	■	■	■	■	■	■	
308-1 New suppliers that were screened using environmental criteria	■	■	■	■	■	■	■	
401-1 New employee hires and employee turnover	■	■	■	■	■	■	■	
402-1 Minimum notice periods regarding operational changes	■	■	■	■	■	■	■	
403-9 Work-related injuries	■	■	■	■	■	■	■	
403-10 Work-related ill health	■	■	■	■	■	■	■	
404-1 Average hours of training per year per employee	■	■	■	■	■	■	■	
404-3 % of employees receiving regular performance and career development reviews	■	■	■	■	■	■	■	
405-1 Diversity of governance bodies and employees	■	■	■	■	■	■	■	
406-1 Incidents of discrimination and corrective actions taken	■	■	■	■	■	■	■	
414-1 New suppliers that were screened using social criteria	■	■	■	■	■	■	■	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	■	■	■	■	■	■	■	

## note on METHODOLOGY

[illegible]

## REPORTING PROCESS AND METHODOLOGY

The process of gathering data and information and preparing the report was coordinated and managed by the General Counsel of the top holding Duferco Participations Holding SA, in cooperation with the other corporate functions and operating companies. The data presented in the report was collected through internal interviews and with the support of a specific sustainability reporting package composed of different sections and spreadsheets, including the selected GRI indicators to cover material aspects in line with GRI Sustainability Standards. Operating and governance qualitative-quantitative information and those concerning the environment, employees and the other aspects addressed in the document were gathered from the process owners through interviews and the data collection process.

This report was subject to the approval of the Board of Directors.

The main calculation methodology and assumptions used to determine performance indicators and figures have been reported below, in addition to those already indicated in the related sections.

The figures related to the Duferco Group's employees are represented as headcount as of 30th September of the reporting periods and not as Full-time equivalent (FTE) data.

For the environmental data the Group adopted a conservative approach in the assumptions made, thus resulting in the adoption of the worst environmental performance of Duferco Group and its related companies. In particular, greenhouse gas emissions calculations have been carried out based on principles included in the GHG Protocol Corporate Accounting and Reporting Standard and determined as follows:

### DIRECT (SCOPE 1) GHG EMISSIONS

SOURCE	ACTIVITY DATA	EMISSION FACTOR	GWP
DIESEL, GASOLINE, BURNING OIL, NATURAL GAS, COAL, INTERMEDIATE FUEL OIL (IFO) AND VERY LOW SULPHUR FUEL OIL (VLSFO)	Fuel consumption	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2022, 2021 and 2020	Only CO <sub>2eq</sub> emissions were considered
LEAKAGES FROM AIR-CONDITIONING SYSTEMS OF REFRIGERANT GASES	Leakages	-	Global Warming Potentials (GWPs) are taken from DEFRA, Conversion factors database (2022, 2021, 2020).

### INDIRECT ENERGY (SCOPE 2) GHG EMISSIONS

SOURCE	ACTIVITY DATA	EMISSION FACTOR	GWP
ELECTRICITY PURCHASED FROM NATIONAL GRID - LOCATION - BASED METHOD	Electricity consumption	Terna, Confronti Internazionali, 2020 (Total gross production)	Only CO <sub>2</sub> emissions were considered
ELECTRICITY PURCHASED FROM NATIONAL GRID - MARKET - BASED METHOD	Electricity consumption	For European countries: AIB - European Residual Mixes, 2020, 2021 and 2022	Only CO <sub>2</sub> emissions were considered

For further information and comments on the report, please contact:

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# GRI CONTENT

## Index

INDICATORS	DESCRIPTION	REPORT REFERENCE	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GENERAL DISCLOSURES					
GRI 2: General Disclosures 2021	2-1 Organizational details	Note on methodology; The Group: Who we are & what we do			
	2-2 Entities included in the organization’s sustainability reporting	Note on methodology			
	2-3 Reporting period, frequency and contact point	Note on methodology. The reporting period is aligned to the reporting period of the financial statement. This report is published on April 2023.			
	2-4 Restatements of information	2020 and 2021 Scope 1 and Scope 2 data have been restated in order to align them to the reporting period of the entire Report, i.e. FY instead of Solar Year. Scope 1 and 2 emissions for 2020 and 2021 are respectively around 4% and 3% lower with respect to what previously reported.			
	2-5 External assurance	This report is not subject to external assurance.			

INDICATORS	DESCRIPTION	REPORT REFERENCE	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
ACTIVITIES AND WORKERS					
	2-6 Activities, value chain and other business relationships	The integrity of our business: Along the supply chain; The Group: Who we are & what we do.			
	2-7 Employees	People around Duferco: A world within a company. On-call employees are equal to 0.			
	2-8 Workers who are not employees	People around Duferco: A world within a company.			
GOVERNANCE					
	2-9 Governance structure and composition	THE DUFERCO ORGANIZATION - People around Duferco: A world within a company - Duferco's sustainable path and value creation.	Point c.	Information not available or incomplete.	The information was not collected for this year - The Group is committed to collecting the necessary material for the next reporting years.
	2-10 Nomination and selection of the highest governance body	The Highest Governance Body is nominated and selected according to strict criteria based on expertise and competencies.			
	2-11 Chair of the highest governance body	The Chairman of the Board of Directors of DPH is not a senior executive in the organization.			
	2-12 Role of the highest governance body in overseeing the management of impacts	The Board of Directors has not a direct role in overseeing sustainability related impacts of the Group. The Sustainability Steering Committee is in charge of this responsibility and multiple members of the Board of Directors are part of it.			

INDICATORS	DESCRIPTION	REPORT REFERENCE	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	2-13 Delegation of responsibility for managing impacts		The responsibility related to the management of organization's sustainability impacts is delegated to the Group's Sustainability Steering Committee and to each companies' focal points.		
	2-14 Role of the highest governance body in sustainability reporting		The responsibility related to the reviewing and approving of the reported information is delegated to the Group's relevant function and companies' focal points.		
	2-15 Conflicts of interest		As stated in the Group's code of Ethics: "Recipients must behave impartially in all business dealings and carry out their tasks in favor of Duferco, avoiding any conflict of interests, even merely potential or partial, meaning by that, a situation in which there may be an interest other than that of Duferco, or the Recipient may obtain undue personal advantage for himself or for others from information obtained as a result of the office held. Any existing or potential conflict of interest must be disclosed to the direct supervisor by the interested party"		
	2-16 Communication of critical concerns		Related to concerns from stakeholders, Duferco Group manage a public contact point at this link: <a href="https://www.duferco.com/contacts/">https://www.duferco.com/contacts/</a> Critical issues are communicated to the Board of Directors on the basis of their relevance.		

# APPENDIX

INDICATORS	DESCRIPTION	REPORT REFERENCE	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	2-17 Collective knowledge of the highest governance body	Since the responsibility in terms of sustainability is delegated to the Sustainability Steering Committee, no actions were implemented to expand the collective knowledge of the highest governance body on sustainable development.			
	2-18 Evaluation of the performance of the highest governance body	In 2022, no procedures aimed at evaluating the performance of the highest governance body in relation to the overseeing of the management of Duferco Group's impacts on the economy, the environment and people were implemented.			
	2-19 Remuneration policies		All	Confidentiality constraints	Duferco for reasons of confidentiality preferred not to publish the data required by this disclosure.
	2-20 Process to determine remuneration		All	Confidentiality constraints	Duferco for reasons of confidentiality preferred not to publish the data required by this disclosure.
	2-21 Annual total compensation ratio		All	Confidentiality constraints	Duferco for reasons of confidentiality preferred not to publish the data required by this disclosure.

INDICATORS	DESCRIPTION	REPORT REFERENCE	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
STRATEGY, POLICIES AND PRACTICES					
	2-22 Statement on sustainable development strategy	Letter to stakeholder			
	2-23 Policy commitments	Reference is made to the Code of Ethics publicly available on the Group’s website. Further commitments are published at operating companies’ level.			
	2-24 Embedding policy commitments	The integrity of our business: The governance tools			
	2-25 Processes to remediate negative impacts	The Group: Who we are & what we do			
	2-26 Mechanisms for seeking advice and raising concerns	People around Duferco: A world within a company			
	2-27 Compliance with laws and regulations	During the current reporting year 3 significant cases of noncompliance with laws and regulations for which financial penalties were imposed and 0 with non-monetary penalties. During the current reporting year 6 fines for instances of non-compliance with laws and regulations (7,276 € for disallowance for IRES, IRAP and VAT purposes of negative components recognised in the financial year 2015-2016; 234.54€ Partial non-payment of the regional surcharge on the consumption tax on natural gas for the year 2017, contested by the Region of Calabria; 1409.84 € for 6 irregularities in cutting found during site closure; 279.65 € for an injunction in 2017 in the Municipality of Radda in chianti)			



INDICATORS	DESCRIPTION	REPORT REFERENCE	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	2-28 Membership associations	The integrity of our business: Along the supply chain			
<b>STAKEHOLDER ENGAGEMENT</b>					
	2-29 Approach to stakeholder engagement	The integrity of our business: Along the supply chain			
	2-30 Collective bargaining agreements	People around Duferco: A world within a company			
<b>MATERIAL TOPICS</b>					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Note on methodology			
	3-2 List of material topics	Note on methodology			
<b>ECONOMIC PERFORMANCE INDICATORS</b>					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Annual Report: Sustainability at Duferco			
GRI 201: Economic performance 2016	201-1: Direct economic value generated and distributes	Annual Report: Business Results			
<b>ANTI-COMPETITIVE BEHAVIOR</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report: Sustainability at Duferco			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In reference to 2022, no legal actions occurred, neither closed, nor pending, for anti-competitive behavior, anti-trust, and monopoly practices.			

INDICATORS	DESCRIPTION	REPORT REFERENCE	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
ENVIRONMENTAL PERFORMANCE INDICATORS					
MATERIALS					
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report: Sustainability at Duferco			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	The Green challenge: Resource efficiency and circular economy			
ENERGY					
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report: Sustainability at Duferco			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	The Green challenge: The Duferco Power			
WATER AND EFFLUENTS					
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report: Sustainability at Duferco			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	The Green challenge: Management of our footprint			
	303-2 Management of water discharge-related impacts	The Green challenge: Management of our footprint			
	303-3 Water withdrawal	The Green challenge: Management of our footprint			
EMISSIONS					
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report: Sustainability at Duferco			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	The Green challenge: The Duferco Power			
	305-2 Energy indirect (Scope 2) GHG emissions	The Green challenge: The Duferco Power			

INDICATORS	DESCRIPTION	REPORT REFERENCE	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	305-7 Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	The Green challenge: The Duferco Power			
<b>WASTE</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report: Sustainability at Duferco			
GRI 306: Waste 2020	306-3 Waste generated	The Green challenge: Resource efficiency and circular economy			
	306-4 Waste diverted from disposal	The Green challenge: Resource efficiency and circular economy			
	306-5 Waste directed to disposal	The Green challenge: Resource efficiency and circular economy			
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report: Sustainability at Duferco			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	At Group level, on the perimeter indicated in the Note on methodology, the percentage of new suppliers that were screened using environmental criteria in FY 2022 was 13%.			
<b>SOCIAL PERFORMANCE INDICATORS</b>					
<b>EMPLOYMENT</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report: Sustainability at Duferco			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	People around Duferco: A world within a company			

INDICATORS	DESCRIPTION	REPORT REFERENCE	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
LABOR/MANAGEMENT RELATIONS					
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report: Sustainability at Duferco			
GRI 402: Labor relations 2016	402-1 Minimum notice periods regarding operational changes	People around Duferco: A world within a company			
OCCUPATIONAL HEALTH & SAFETY					
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report: Sustainability at Duferco			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	People around Duferco: Care and development of our People			
	403-2 Hazard identification, risk assessment, and incident investigation	People around Duferco: Care and development of our People			
	403-3 Occupational health services	People around Duferco: Care and development of our People			
	403-4 Worker participation, consultation, and communication on occupational health and safety	People around Duferco: Care and development of our People			
	403-5 Worker training on occupational health and safety	People around Duferco: Care and development of our People			
	403-6 Promotion of worker health	People around Duferco: Care and development of our People			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	People around Duferco: Care and development of our People			

## APPENDIX

INDICATORS	DESCRIPTION	REPORT REFERENCE	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	403-9 Work-related injuries	People around Duferco: Care and development of our People			
	403-10 Work-related ill health	People around Duferco: Care and development of our People			
<b>TRAINING AND EDUCATION</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report: Sustainability at Duferco			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	People around Duferco: Care and development of our People			
	404-3 Percentage of employees receiving regular performance and career development reviews	People around Duferco: Care and development of our People			
<b>DIVERSITY AND EQUAL OPPORTUNITIES</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report: Sustainability at Duferco			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	People around Duferco: A world within a company			



INDICATORS	DESCRIPTION	REPORT REFERENCE	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
NON-DISCRIMINATION					
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report: Sustainability at Duferco			
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	People around Duferco: A world within a company			
HUMAN RIGHTS					
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report: Sustainability at Duferco			
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews	The Group's Code of Ethics sets out all rights, duties, and responsibilities of Duferco towards stakeholders, and recommends, promotes or prohibits certain behaviors, in addition to complying with any provisions of applicable law. In particular, Duferco recognizes and respects the dignity, the privacy and the rights of all individuals and rejects and condemns any form of discrimination or harassment, in all the operations carried out internally and with counterparts.			
LOCAL COMMUNITIES					
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report: Sustainability at Duferco			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	People around Duferco: Connection with the communities			

INDICATORS	DESCRIPTION	REPORT REFERENCE	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
SUPPLIER SOCIAL ASSESSMENT					
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report: Sustainability at Duferco			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	At Group level, on the perimeter indicated in the Note on methodology, the percentage of new suppliers that were screened using social criteria in FY 2022 was 16%.			
CUSTOMER PRIVACY					
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report: Sustainability at Duferco			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	3 complaints concerning breaches of customer privacy were registered in FY 2022 within the organization.			
OTHER MATERIAL TOPICS					
BRAND IDENTITY					
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report: Sustainability at Duferco			
INNOVATION AND BUSINESS DEVELOPMENT					
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report: Sustainability at Duferco			

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