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 **Duferco**
TRAVI E PROFILATI

THE COMPANY

The identity

Duferco Travi e Profilati S.p.A (DTP) is a composite steel-working group, leader in the European production of beams, special quality steels, special profiles and long products.

ts story is rooted in the former Ferdofin Siderurgica, an historical Italian steelmaker that was acquired by the Duferco Group in 1996. Building on its solid experience in the industry, Duferco took over the operations in the three sites, and renamed the new company as Duferdofin. In 2008, Duferco Group joined forces with Nucor, a world player in the steel sector, in a strategic alliance that contributed to creating a real benchmark in Italy, Europe and North Africa. In December 2020, after 12 years of fruitful and productive synergies, the partnership between Duferco and Nucor came to an end, and the Company returned to 100% Duferco ownership as Duferco Travi e Profilati. As a legacy of the strong collaboration, the Company has grown remarkably thanks also to the economic, financial and know-how contribution from Nucor, and can today boast a portfolio of around 800 customers in 60 countries worldwide.

The skillful combination of know-how, technologies and human resources has created a cohesive and solid system of companies: **Duferco Travi e Profilati S.p.A.** (DTP) that manages the Giammoro (Messina) and San Giovanni Valdarno (AR) plants, **Travi e Profilati di Pallanzeno S.p.A.** (TPP), the subsidiary company that manages the San Zeno Naviglio (Brescia) and Pallanzeno (Verbania) plants, and **Acofer Prodotti Siderurgici S.p.A.** (Acofer), which operates with three warehouses covering the whole national territory. The result is an integrated group capable of achieving maximum synergies in the production of rolled products at competitive costs and with minimum environmental impact. The construction site of the new beams rolling mill currently underway in San Zeno Naviglio will integrate the production process within the steel plant, with a significant gain in efficiency, logistics and quality. Pallanzeno and Giammoro rolling mills will then deepen their specialization: the former mainly on special profiles and the latter will focus its business in the Mediterranean market.



THE GROUP OWNS FOUR INDUSTRIAL PLANTS IN FOUR DIFFERENT REGIONS IN ITALY.



SAN ZENO NAVIGLIO

The steel plant in San Zeno Naviglio is the main factory, with an extension of roughly 491,860 m² and a production capacity of about 950,000 tons of steel per year. The plant includes an electric furnace, two refining furnaces, one of which is a twin, which allows two steel castings to be treated simultaneously, a degassing plant, two continuous casting lines and a water treatment plant.

In the steel plant the Company produces round, dog bone square and rectangular semi-products. In addition, the production process generates a by-product called Blackstone, intended for reuse in construction as a substrate for bituminous and cementitious conglomerates. Finally, the plant has a rail link of over 5 kilometers, which connects it to the national railway line.

The site is currently being integrated with one of the most relevant investments in the entire steel sector at the national level, that will endow the site with a new rolling mill, featuring the most advanced technologies. The scheduled time plan foresees the first trial run for the end of 2022, with production expected to start in early 2023. The rolling mill will increase the yearly capacity to approximately 1.5 million tons of long products and will be powered exclusively by renewable energy.

PALLANZENO

Pallanzeno's rolling mill covers an area of over 405,275 m². The plant specializes in the rolling of small and medium size steel beams, angles and special profiles. It has a production capacity of 500,000 tons per year and is equipped with a rolling mill, a reheating furnace and a water treatment plant.

THE FIRST GREEN ROLLING MILL IS GROWING THE CONSTRUCTION PHASE

During FY21, the authorization phase for the new San Zeno rolling mill project, also called Smart Beam Manufacturing, has been concluded and entered its executive phase.

During the latter part of the year, construction proceeded on schedule, starting with the infrastructure, and completing the shed of about 46,000 sqm. The structure, which covers an area equivalent to 6 football pitches, involved the use of approximately 6,700 tons of steel, 3,000 of which were produced directly by Duferco. The first trial run is scheduled for the end of 2022, with production expected to start in early 2023. The sheds are completed, as is the structure of the reheating furnace, and the assembly of the other plants of the rolling line will begin shortly. The over 220-million-euro investment stands as one of the most important industrial projects in the Italian steel industry. It will eventually endow the Group with a wholly verticalized productive plant, maximizing upstream integration and the overall efficiency of the process.

The new rolling mill will radically change the strength of the Group's industrial system. It will allow Duferco Travi e Profilati Group to increase the yearly capacity to approximately 1.5 million tons of long products and integrate the production, which is now split into three different plants, with a significant gain in efficiency, logistics and quality. The existing rolling mills of Pallanzeno (Verbania) and Giammoro (Messina) will deepen their specialization. Once fully operational, the rolling mill will equip the plant with the most advanced production systems to produce beams in which DTP is a leader in the Italian market.

The rolling mill will significantly set the plant at the cutting edge of sustainability, technology, and innovation.

Thanks to the ten-year purchase power agreement (PPA) signed with a wind energy producer, the Group will feature the first rolling mill fully powered by renewable energy, thus making an unprecedented step toward decarbonization and energy transition. Moreover, the reheating furnace will be equipped with hydro-methane fuel-injected burners and methane, potentially allowing alternative burning fuel, such

GIAMMORO

Giammoro's rolling mill with an extension of roughly 383.214 m² and a production capacity of 450,000 tons per year and produces steel beams of medium and large size and special profiles. The plant is equipped with a reheating furnace, two water treatment plants and also a rolling mill for the production of merchant profiles.

The plant is equipped with an internal railway connected to the national railway network, and a new pier is under construction for the arrival of semi-products and the shipment of finished products by sea.



SAN GIOVANNI VALDARNO

Concerning the mechanical division, San Giovanni Valdarno plant focuses on the production of track shoes for earthmoving machines, with an extension of roughly 118.199 m² and a production capacity of about 60,000 tons per year. The plant has two hardening furnaces, and four lines for the production of track shoes for earthmoving machines.

ACOFER

By means of its subsidiary Acofer, DTP also works downstream of the production phase, in the distribution and marketing of beams supplied by DTP plants and of merchant bars. Acofer runs three warehouses in Italy strategically located in Nave, San Giovanni Valdarno and Giammoro plants and strategically covering the whole Italian market.

as hydrogen or bio-methane. As for pollutant emissions, the Group is working closely with the project partner on the best technology to apply to the burner. A reduction of more than two-thirds in nitrogen oxides (NOx) emissions is estimated, compared to a 10-years old plant, exploiting the results obtained in the research on combustion control. In the challenge of these ambitious goals, Duferco chose two absolute and proven profile partners: SMS Group to realize rolling mill and Forni Industriali Bendotti for the reheating furnace .

The high-impact technological innovation was also recognized by the Ministry of Economic Development, which approved a R&D project of more than 27 million Euros, for the new rolling mill with a grant and an subsidized loan.

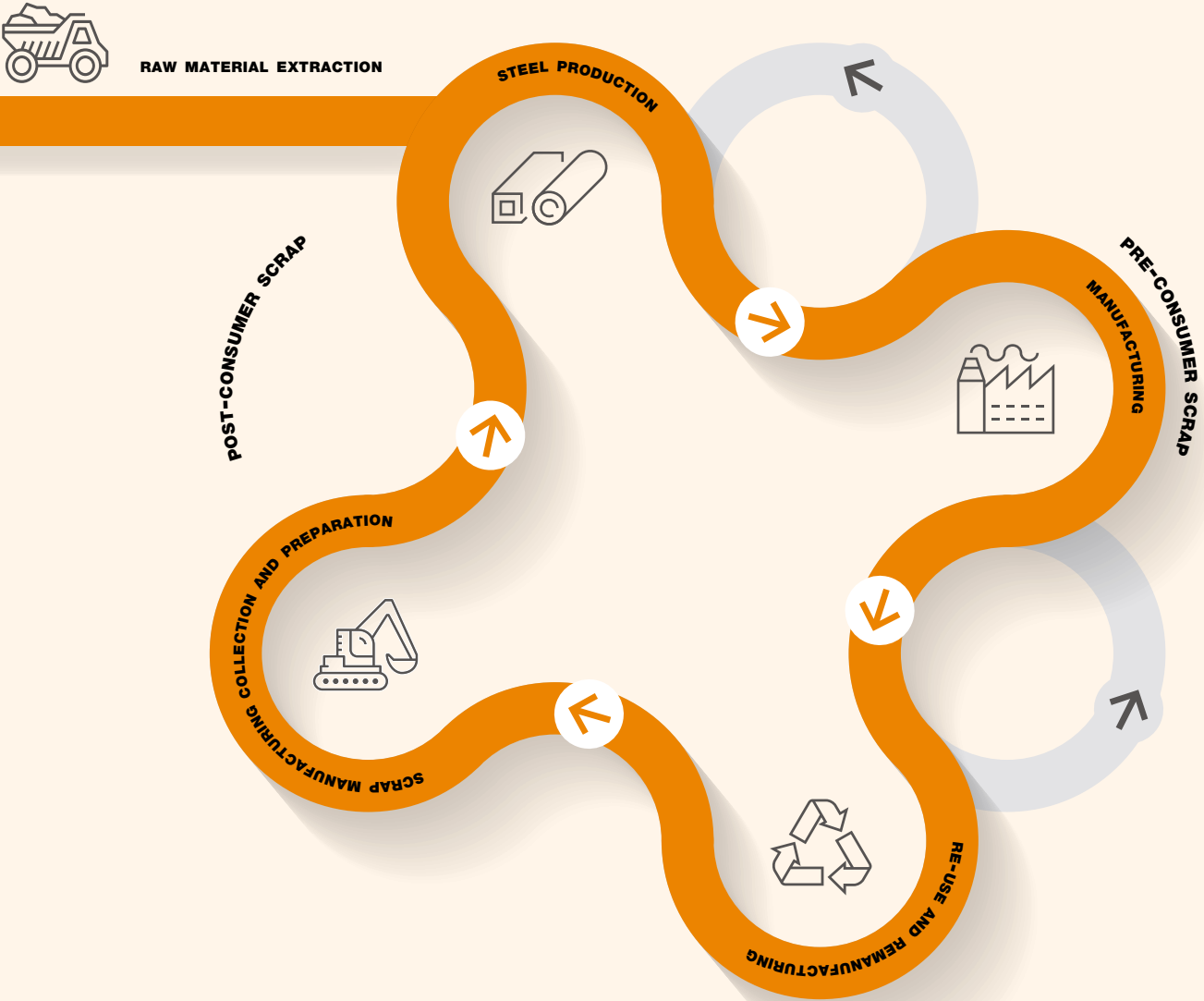
In addition to the environmental impacts, the project will mark a significant improvement in the aspect of digitalization. To meet the increasingly complex demand for steel and rolling mill products and to improve service to the customer and the efficiency production, the site will be equipped with an advanced scheduling program that elaborates the best scheduling based on the data collected by thousands of sensors installed directly on the machines. These sensors, already installed in the steel plant, allow for continuous monitoring of the machinery, both operation and process. To manage the vast amount of data that will be produced, Duferco Travi e Profilati is partnering with both internal and external partners. Together with the department of informatics of the University Cattolica and the University of Brescia, DTP is developing the mathematical models for the best use of the data while leveraging the strong knowledge in analysis and forecasting models matured within the Group. The most suitable algorithms to apply are being defined. Eventually, Duferco Dev, which provided the current data factory, will support DTP in selecting the most appropriate application software to exploit those models.

During FY22, Duferco will be focused on recruiting approximately 150 new employees for the needs of the new structure. The new people to be hired will be professional profiles featuring a high degree of specialization in Industry 4.0 and digitalization tools.

Through the diverse operations carried out by the three companies along the entire steel value chain, DTP actively contributes to the implementation of **circular economy**, since the main material used in the productive process is based on iron scraps recovered from different sectors and reintroduced in the steel production cycle. The electrical steel industry, indeed, is an integral part of the circular economy model, as steel can be entirely recycled. It is a long-lasting and durable material which can be melted infinite times without losing its inherent

properties and characteristics. Moreover, steel can be easily separated from other materials and all steel components are easily regenerated, by increasing then its shelf-life.

In this model, steel plants can operate by following a circular development model, based on raw materials responsible consumption, recycling and re-using of the same material, rather than a linear model, based on transformation, implementation, and disposal of the material.



MATERIALITY ANALYSIS

Due to the specificities related to its business, and in order to better reflect the issues raised by its main stakeholders, DTP defined a peculiar list of material topics, which largely match with Duferco Group materiality, but at the same time add a further focus on some peculiar aspects



DUFERCO MATERIAL TOPICS

- AIR POLLUTANT EMISSIONS
- BRAND IDENTITY
- BUSINESS INTEGRITY AND TRANSPARENCY
- CIRCULAR ECONOMY & MATERIAL CONSUMPTION
- DIVERSITY & EQUAL OPPORTUNITIES
- EMPLOYEES' TRAINING AND PERFORMANCE
- ENERGY EFFICIENCY AND CLIMATE CHANGE
- HUMAN RIGHTS
- INNOVATION AND BUSINESS DEVELOPMENT
- LOCAL COMMUNITY
- OCCUPATIONAL HEALTH & SAFETY
- SUSTAINABLE SUPPLY CHAIN
- TALENT ATTRACTION AND RETENTION
- WELFARE AND EMPLOYEE WELL-BEING
- WASTE MANAGEMENT
- WATER RESOURCE MANAGEMENT

DTP SPECIFIC MATERIAL TOPICS DESCRIPTION

INDUSTRIAL RELATIONS	Establishing an open and timely communication within the employees, their representatives and the management.
STEEL TRACEABILITY	Ensuring the traceability of steel mechanical and chemical characteristics along the value chain, through defined and structured processes, to guarantee availability of technical information of the products at each step of the value chain.



Coherently with these topics, DTP identified the sustainable development goals, among those defined in the Agenda 2030 by the United Nations in 2015, to which its daily activities contribute.



The company can be considered the heart of the circularity initiatives put in place by the whole Duferco Group and, through internal projects and initiatives developed in industrial symbiosis along the supply chains, it strives to extend the life cycle of materials, increasing the use of recycled resources at the input of production processes and valorizing the end of life of by-products and factory waste.

Besides circularity, DTP's ambition is to identify solutions for progressive decarbonization of industrial production

in the medium term, mainly through research to develop alternatives to current energy sources and investing in energy efficiency.

In relation to DTP people, the goal of achieving zero accidents, through continuous investment in promoting a culture of worker safety remains of paramount concern. In addition, great importance is given to the local communities and territories that host the plants, with the commitment to building lasting, transparent and respectful relationships with all stakeholders.



THE GOVERNANCE

Governance tools

Governance tools are in DTP the means to establish a safeguard of principles stated in the Duferco Group Code of Ethics and to secure their dissemination among internal and external stakeholders.

In particular, each DTP company adopt a Code of Ethics containing general principles and rules of conduct. Codes stand as a fundamental tool for communicating internally and externally DTP's commitment to a conduct based on the highest standards of transparency, integrity, and loyalty and on the strictest compliance with the laws. The Code is also part of the companies' internal control systems and stakeholders' adherence to it, contributes to the prevention of irregularities and offences. In order to spread the values contained therein, DTP provides specific training for employees through programs differentiated according to role and exposure to risk.

Each DTP company adopted an Organization, Management and Control Model (*Modello 231*), according to the provisions of Legislative Decree 231/2001, in order to prevent any unlawful conduct and to exempt the Company and its subsidiaries from the applicable administrative and criminal liability, in the event that a crime punishable under the Decree is committed. Any violation of the *Modello 231* is strongly condemned and may be reported through the "whistleblowing" reporting channel. By means of this tool, DTP companies guarantee anonymity and protection against any form of retaliation, as well as adequate protection against unfounded reports sent with the aim of harming the person involved. In addition, the *Modello 231* provides for a risk management model that requires an annual risk assessment for each production site in order to detect any risk related to business processes. The assessment defines a complete and updated picture of all risks detected, with the identification of the responsible functions involved. Although the system is not specifically focused on sustainability-related risks, many material topics disclosed within this abstract are deeply covered, such as health and safety and environmental aspects. Furthermore, Throughout the supply chain, the Company applies stringent supplier qualification procedures to manage possible critical situations where a risk of corruption, misconduct, extortion, improper waste disposal, accidents and other corporate crimes might arise.

As a further safeguard of its principles, since 2013 a Supervisory Board (SB) has been in place with monitoring and control functions to ensure the functioning,

effectiveness, adequacy, and compliance with *Modello 231* and to prevent any crime that may involve the administrative liability of the DTP.

The Supervisory Board, which has been appointed during 2020, is totally autonomous and independent: for this reason, it is placed in a top position, reporting directly and exclusively to the Board of Directors (BoD).

In addition to Code of Ethics' principles, in 2017 the Board of Directors adopted an **Anti-Corruption Policy**, which applies to all DTP personnel and is available on the corporate intranet. The document describes the guidelines on anti-corruption and anti-bribery, as well as the policy adopted by the entire Duferco Group of absolute prohibition against all forms of corruption.

Moreover, in consideration of the peculiar structure of the steel sector in which DTP operates, which is characterized by the presence of a small number of major international producers, in order to safeguard competition and consumers, DTP introduced in 2018 the **anti-trust risks assessment** and the adoption of additional safeguards to the Company's anti-trust compliance program.

In the three-year period of reference (FY19 – FY21) there were no confirmed cases of legal action for cases of anti-competitive behavior, violation of anti-trust regulations and monopoly practices, either ongoing or completed, in any of the DTP companies. Finally, in order to achieve the objectives of Responsible management of environmental impacts, protection of the health and safety of its workers and efficient management of processes, the companies adopt **certified management systems**, such as the ISO 9001:2015 on quality standards, and systems for the management of the environment and the health and safety of workers, in compliance with ISO 14001:2015 and ISO 45001:2018 respectively. In particular, a source of great pride for the company was the renewal of the EMAS certification for the San Zeno Naviglio plant, achieved in March 2021, proving that the company's industrial production coexists with respect for the environment. Through this result, the Company confirms its commitment to continuous improvement with respect to the management of aspects related to environmental protection and safeguarding of the territory.

Direct economic value distributed

The steel industry experienced, in 2019 and 2020, demand losses due to the decline of the construction and infrastructure sectors and to the pandemic which outbroke at the beginning of 2020. However, in 2021, the industry saw a positive trend driven by the ongoing recovery in demand, either in terms of higher volumes and in the steel prices related to production and distribution, which are expected to continue in most countries in the years to come. European steel consumption is expected to increase by 10.4 percent in 2021 and by 4.7 percent in 2022, enabling a return to pre-crisis levels, even if with diversified trends in each economic sector.

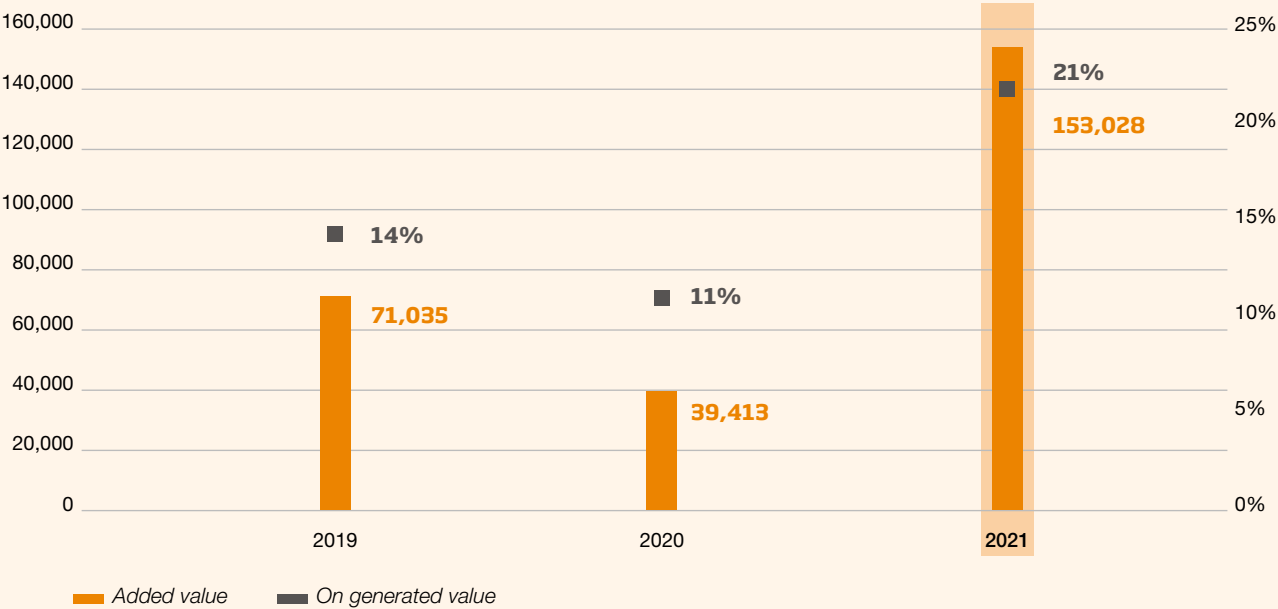
In this context of recovery in all the Group's plants, production volumes increased significantly compared to the previous year, which was affected by the suspension of activities during the lockdown period. The Group sold 827,000 tons to the market in 2021 against 653,000 tons in the previous year, an increase of about 27 percent, including 175,000 tons of steel and 608,000 tons of rolled products.

From an economic point of view, consolidated sales in 2021 amounted to 612.5 million Euros compared to 363.7 million in the previous year, an increase of about 70% due to both increased volumes and average product sales prices (about +30% compared to the average price in 2020), which peaked towards the end of the period.

Consequently, the value generated during the financial year rose to over 713 million Euros, also lifted by operations associated with the exit of Nucor, raising both Company's added value and its incidence on the generated value (to 153.1 million Euros 21% respectively). Even without the additional value generated as a consequence of the exit of Nucor, the incidence of added value related to the steelmaking operations rose from 11% in 2020 to 17% in 2021.

Operating costs increased by 76% year on year compared to 2020 and amounted approximately to 560.5 million euros in 2021, including all the value distributed to suppliers for the procurement of raw materials, services and transport.

DTP ADDED VALUE (,000 Euros)



The resulting added value was primarily allocated to **employees**, including social security and pension costs and severance pay (48.1 million Euros). Secondly, € 11.1 million were directed to the financial community and **capital providers** in the form of interest and other financial charges.

Communities the Company refers to, such as the municipal authorities of San Zeno Naviglio, Poncarale, Pace del Mela, Pallanzeno and San Giovanni Valdarno as well as trade associations partnered by DTP also benefited from added value distribution for a total of nearly 548 thousands euros.



DTP PEOPLE

DTP team

A constituent element that contributes to the DTP's standing within its communities is its role as employer. For this reason, FY21 was a positive year with its workforce showing a slight increase, of approximately 0.7% compared to the previous year, accounting a total of 744 employees.

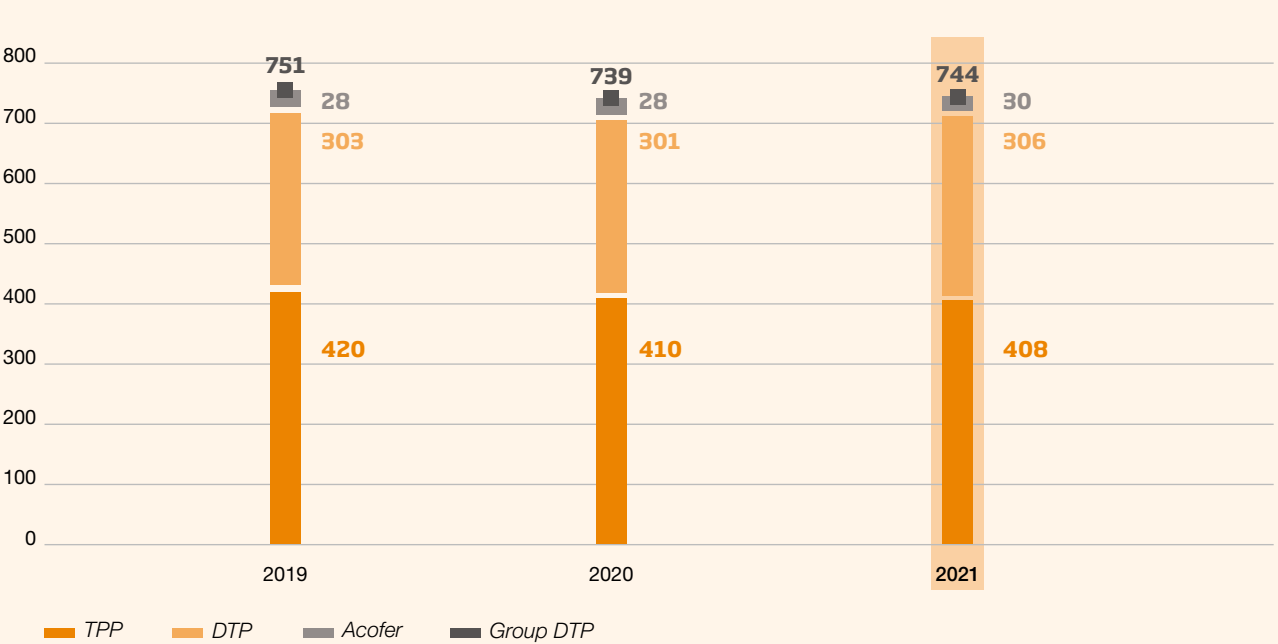
This increase, on average, is a sign of the recovery of activities, in contrast with last year when DTP experienced a reduction in the workforce (-1.6% as of the end of FY20 with respect to 2019). The two steel plants of San Zeno Naviglio and Pallanzeno (TPP) employ around 54.8% of DTP's workforce (408), while in Giammoro, San Giovanni Valdarno and headquarters San

Zeno Naviglio 306 persons are employed, for a share of 41.1%. The remaining 30 individuals (4% of the Company's workforce) are employed in Acofer.

These figures are completed by the presence of some temporary workers, characterized by a sharp increase compared to last year's numbers: 57 are employed at TPP's plants and 36 at San Giovanni Valdarno.



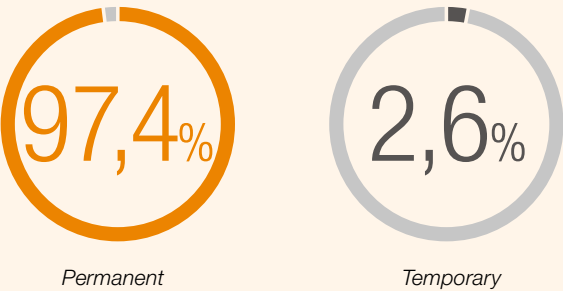
DTP EMPLOYEES BY COMPANY



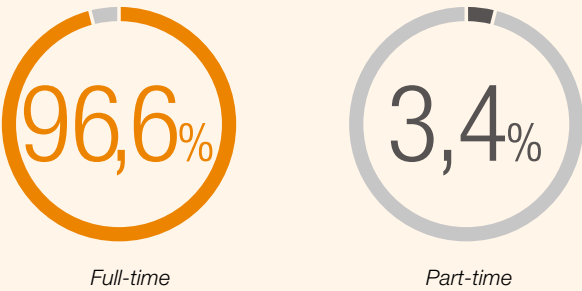
The vast majority (over 96%) has a full-time contract, and of the remaining 3.5% of employees on part-time contracts, about 72% are women. The management's commitment to build a

stable and lasting working relationship with its employees, establishing deep roots with their communities, is manifested in the high number of permanent contracts, which are over 97% of the total workforce.

EMPLOYEES BY CONTRACT TYPE

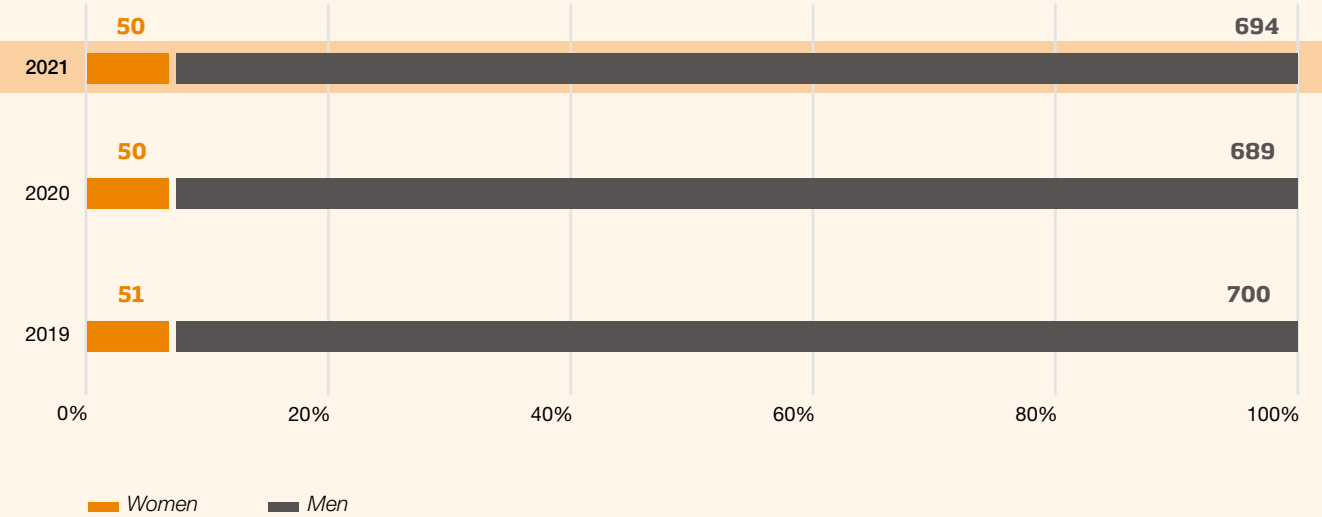


EMPLOYEES BY EMPLOYMENT TYPE



As for gender composition, DTP reflects the prevalence of male personnel that characterized the steel sector in general. Female personnel (7%, in line with FY20 and FY19) within the Companies covers mostly roles non directly related to the production processes.

EMPLOYEES BY GENDER

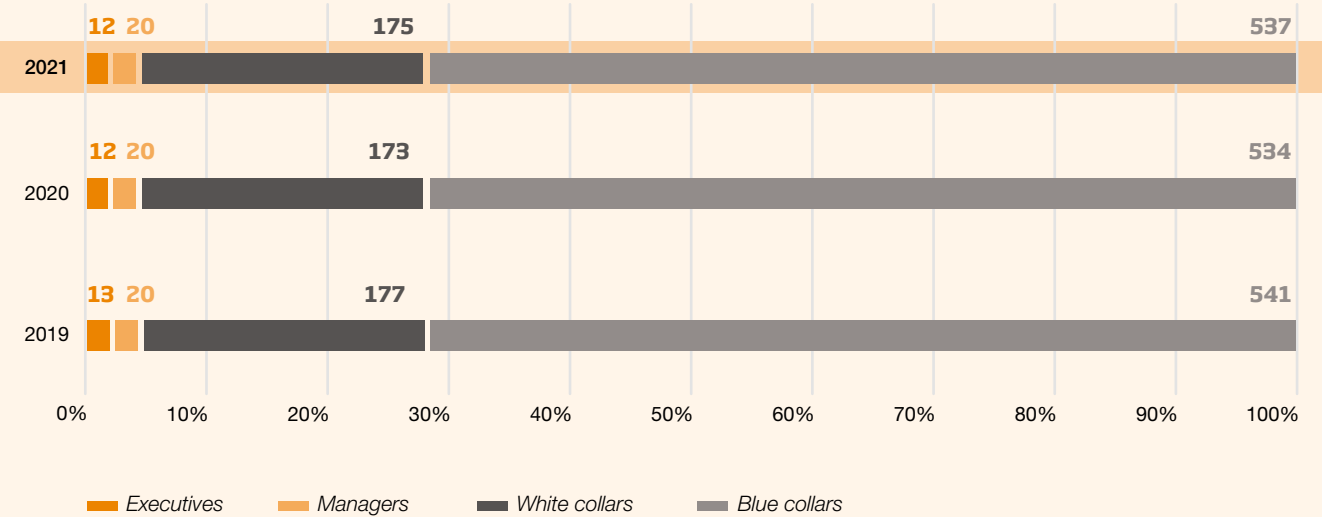


With regards to distribution among professional categories, Blue collars are the vast majority of DTP workforce: as of September 30, 72.1% of employees are Blue collars working in the 4 plants. These are followed in terms of numbers by White Collars, 23.5%, and managers, who make up 2.7% of total employees.

Finally, as for the age ranges, the vast majority of workers (around 62%) is between 30 and 50, a range typically characterized by a fair compromise between experience and physical integrity. On the contrary, 6.7% of employees

are under the age of 30: these are mostly newcomers into the world of work, mainly employed as Blue Collars (41) and White Collars (9). Lastly, employees over 50 years of age are the second largest class (about 31%). In relation to executives, the two age groups 30-50 and over 50 are almost equally represented, respectively by 5 and 7 individuals. As for the governance body, the Board of Directors saw major change in its composition during the year, and it is now formed by 5 members, among which 1 woman between 30 and 50 years old and one man under 30. The remaining are men over 50.

EMPLOYEES BY CATEGORY



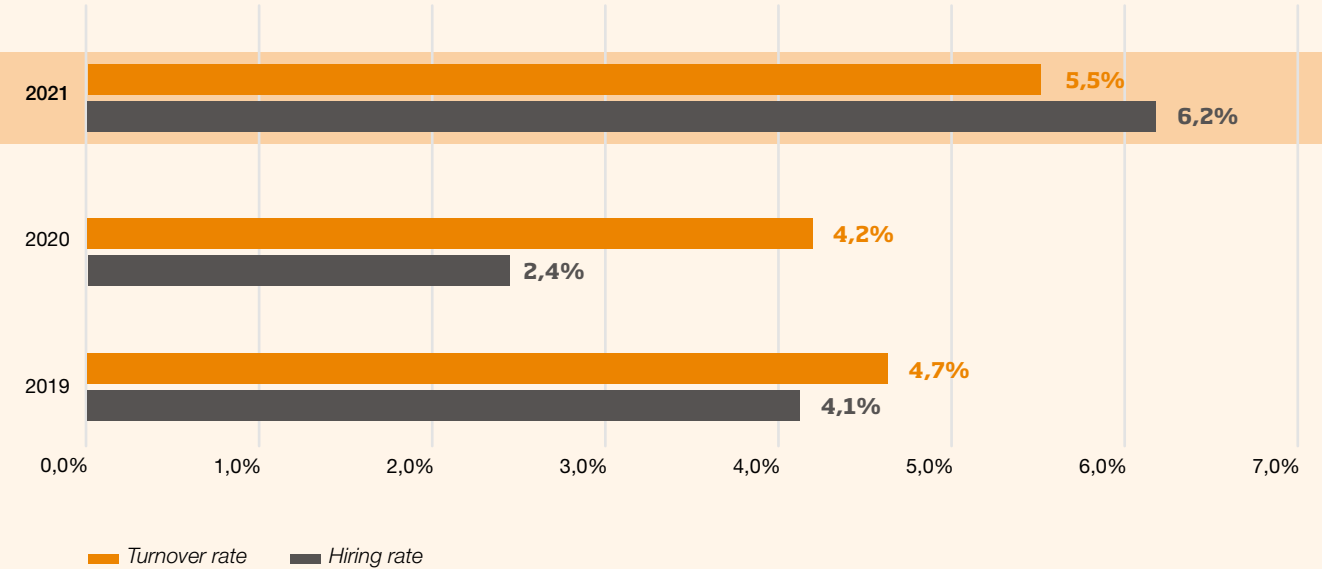
EMPLOYEES BY AGE AND EMPLOYMENT CATEGORY

	2019				2020				2021					
	Exe.	Man.	WC	BC	Exe.	Man.	WC	BC	Exe.	Man.	WC	BC	Tot	%
< 30 years	0	0	14	50	0	0	7	542	0	0	9	41	50	6.7%
30-50 years	10	12	116	353	7	10	110	338	5	8	110	341	464	62.4%
> 50 years	3	8	47	138	5	10	56	154	7	12	56	155	230	30.9%
TOT	13	20	177	541	12	20	173	534	12	20	175	537	744	

The turnover rate, which tended to be low in the DTP Group (4.7% in FY 2019 and about 4.2% in FY20), recorded a slight increase in 2021, standing at 5.5%; despite the rise, the low rate continues

witnessing the great commitment of DTP in the relation with their employees. It is worth underlying that about 70% of terminated workers belongs to the over 50 age group, sign of an ongoing generational change.

HIRING AND TURNOVER RATE



NEW HIRES AND TURNOVER BY GENDER AND AGE GROUP (FY21)

	WOMEN				MEN			
	New Hirings ¹		Turnover ²		New Hirings		Turnover	
	Number	Rate	Number	Rate	Number	Rate	Number	Rate
< 30 years	1	100%	-	-	11	22.4%	2	4%
30-50 years	2	6%	3	9%	21	4.8%	7	1.6%
> 50 years	-	-	-	-	11	5.1%	29	13.5%
TOTAL	3	6%	3	6%	43	6.2%	38	5.5%

New hires rate is higher among the younger generation (<30 years), while it's at about 5% in the other age classes, confirming DTP's valuable offer in introducing and training new generations in the world of work. For the first time in the last three years, despite major difficulties in the labour market, where uncertainty due to the ongoing global pandemic situation generated more instability, the hiring rate was higher than the turnover rate, witnessing growth and the resumption of activities. In this regard, major efforts are currently undergone by the Human Resources department, in order to meet the hiring needs of skilled profiles for the new rolling mill in San Zeno Naviglio. One of the initiatives in the year was a recruiting campaign in which interviews conducted with DTP employees were published and shared

via social media. The employees were thus able to share their experience, communicating the values and the spirit of being part of DTP People, delving into topics such as the growth they experienced in their careers and the work-life balance.

As for industrial relations, freedom of association and collective bargaining are an integral part of the DTP's values and particular attention is also paid to these issues in the Code of Ethics. All employees' contracts are drawn in compliance with the National Collective Labor Contract for their category and with the applicable law on social security, tax and insurance regulations. The minimum number of weeks' notice generally given to employees and their representatives prior to significant operational

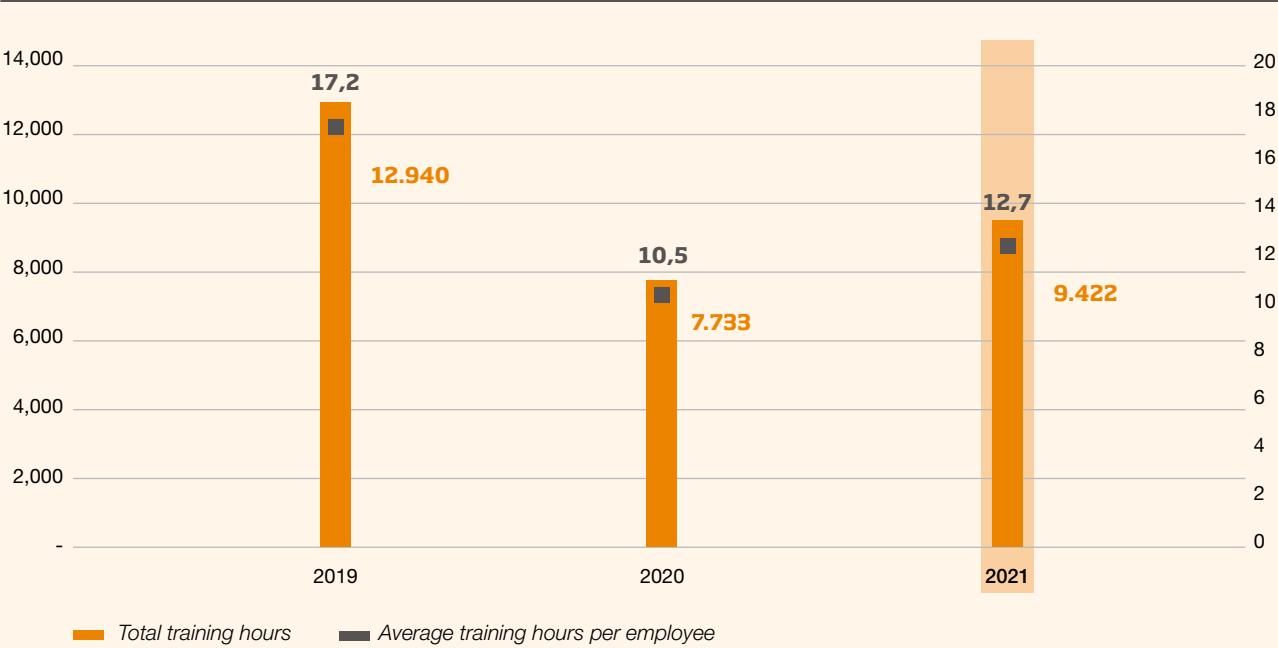
changes is four weeks for all DTP companies. Constructive dialogue with Trade Unions is maintained and nurtured with the aim of preventing any possible issue, reaching agreements and finding solutions quickly when an obstacle arises. Within each plant, representatives have been elected to interface directly with trade union organizations signatories of the National Collective Labor Agreement for the Mechanical Engineering Industry and Plant Installation sector. Continuous cooperation between companies and trade unions is also demonstrated by the second level trade union agreements that have been signed, that provide plants with bonuses linked to productivity, quality and efficiency parameters, as well as guaranteeing optimal working conditions.

As for employees' professional development, continuous training aimed at developing new skills and consolidating those already acquired is crucial in planning companies' activities. Functional specialization and continuous improvement for its staff at all levels are fundamental elements to achieve success in the medium-long term.

In addition to initial training geared towards new recruits, all employees undergo various training programs, either mandatory or voluntary, whose topics are decided according to the position covered. Training is conducted both through in-person and remote courses, in addition to the activities conducted on a daily basis that allow workers to refine their skill set.

During FY21, more than 9,400 total hours of training were provided to all employees, a strong increase of about 22% with respect to FY20, that was characterized by the difficulties arising from the outbreak of the pandemic, which forced companies to revise and resize their training plans. Although the number of total hours has not fully resumed to the pre-pandemic level, an increase in training hours once again demonstrates a strong resumption of activities of all kinds, including training activities, and the great attention that the DTP Group devotes to the constant technological development of its staff. This year, indeed, DTP Group ensured an average of 12.7 hours of training for each employee.

TOTAL AND AVERAGE TRAINING HOURS PER EMPLOYEE



Blue collars are the category that has sustained the most of the training programs (4,589 hours, about 49% of the total hours provided in the year), mainly due to the continuous updating required in terms of health and safety in the workplace. The number of

training hours to white collars experienced a huge increase (+110%), moving from 11.1 to 23 average training hours per employee, and the same pattern can be seen for managers (+165%), where a single manager attended on average 33.8 training hours in FY21.

TRAINING HOURS BY PROFESSIONAL CATEGORY

	2019	2020	2021	AVERAGE
Executives	36	96	128	10.7
Managers	529	255	675	33.8
White Collars	4,114	1,915	4,030	23.0
Blue Collars	8,262	5,467	4,589	8.5
Total	12,940	7,733	9,422	12.7

TRAINING HOURS BY GENDER

	2019	2020	2021	AVERAGE
Women	895	207	301	6
Men	12,045	7,526	9,121	13.1
Total	12,940	7,733	9,422	12.7

Training is provided on the basis of an annual plan, which is defined in every plant according to a specific procedure, which foresees that, in addition to compulsory training on health and safety matters, further courses can be scheduled on the proposal of workers' representatives and Workers' Safety Manager (RLS). Topics of the training courses are mostly related to safety, such as risk, damage, prevention, rights and duties of individuals. Beside these, training on technical-productive aspects, maintenance, communication and professional growth is also provided. Courses are followed by a test aimed at verifying the acquisition of the competence and the worker's conduct is monitored over time by the heads of function.

As far as performance reviews are concerned, in addition to the annual assessment already implemented by the DTP Group for years, it is worth mentioning the individual coaching programme introduced in 2021 and attended by about 20 employees. This programme envisages a path divided into several consecutive steps: an initial assessment, which allows the characteristics of the analysed profile to be depicted, is followed by a second evaluation aimed at understanding whether the candidate has characteristics for which he or she could take on more responsibility. Finally, through a third assessment, the candidate is supported in his or her personal growth

by a "coach" who helps him or her to develop various managerial characteristics such as leadership, while also preparing the future manager to face the obstacles, the difficulties and the new challenges of the future (e.g. management of colleagues in remote working).

A further pillar in the management of DTP plants is safeguard of workers' health and safety. It implies the continuous implementation and improvement of the management systems adopted within the Group plants, which obtained ISO 45001:2018 standard certification for both the Pallanzeno and San Zeno Naviglio plants during FY19 and for San Giovanni Valdarno plant in 2020. A cornerstone of the management of safety is awareness raising, in order to spread the culture for a safe environment and prevent any potentially dangerous situation. In case accidents and near misses occur, an investigation identifies causes and potential countermeasures. Specific audits are conducted internally to monitor the training and the information that are constantly and scrupulously provided to workers, as well as to verify, and update whether necessary, risk assessment procedures and action plans for prevention. These constant attentions, together with the continuous effort of the company towards the progressive certification of machineries according to the Machinery Directive (Directive 2006/42/EC), led to the steady improvement experienced in accident rates.

In addition, since FY19 a new procedure for the management of relevant aspects of health and safety and risk prevention has been implemented for all DTP plants, consisting of unannounced audits conducted by workers and managers from other departments. The aim is to gather ideas for improvement and prevention of potential risks from someone external who observes the activities with a critical eye, bringing a different perspective. The procedure involves the presence of the Workers' Safety Manager (RLS) and the downstream sharing of comments and observations recorded with a broad audience that includes the plant manager and the Prevention and Protection Service Director (RSPP).

In accordance with the provisions of Legislative Decree 81/08, risks deriving from the activities carried out at the DTP plants have been assessed. Two main risks arise: the acoustic risk, due to the noise of the machineries in

production lines, and the manual handling of loads, which can lead respectively to damage to the auditory system with gradual loss of hearing and damage to the skeletal and muscular systems. In light of these risks, workers are provided with hearing protection devices and a limit on the maximum weight that can be lifted has been set. As for minor hazards, workers are kept informed and updated through safety training, and safety signs are posted in the workplaces.

A key role within Health and Safety management system is held by the occupational physician, a continuous reference figure in terms of assistance, health, and support, in direct contact with all employees, and central in risk assessment and in inspections. In addition to the periodic visit required by law, the competent doctor ensures his presence at the plant at least once a week, often also assisted by nursing staff.



WORK RELATED INJURIES AND WORK-RELATED ILL-HEALTH

	2019	2020	2021
Employee worked hours	1,112,993	965,537	1,171,135
Number of recordable work-related injuries ¹	13	6	10
Of which commuting incidents	0	2	1
Rate of recordable work-related injuries ²	11.6	6.2	8.5
Number of high-consequence work-related injuries ³	0	0	0
Rate of high-consequence work-related injuries ⁴	0	0	0
Number of fatalities as a result of work-related injuries	0	0	0
Rate of fatalities as a result of work-related injuries ⁵	0	0	0
Number of recordable work-related ill health ⁶	1	0	0

Among DTP employees, the number of hours worked in FY21 was increased by 25% with respect to FY20, when activities were suspended due to the measures to limit the spread of the Covid 19 pandemic between March and April 2020. Compared with the previous year, the number of work-related injuries moved from 6 to 10, consisting mainly of distortions and contusions. The rate of recordable work-related injuries trend indicates the effectiveness of the efforts and commitment made by the DTP to improve its health and safety management system. In addition, no case of recordable work-related ill health occurred, nor fatalities.

Finally, it is worth mentioning that the centrality of health and safety is not limited to the working hours but strives to reach even the behavior and habits of workers outside the workplace. At the Giammoro plant, for example, "Metasalute" was implemented for all workers, a supplementary healthcare fund that aims to provide

concrete responses to the expectations and needs of workers by offering healthcare services that supplement the National Health Service. At the San Zeno Naviglio plant, the company offers health promotion packages that workers are free to sign up for, and the company's medical service runs campaigns to raise workers' awareness and specific screenings aimed at detecting particular illnesses. Particular attention is also paid to awareness campaigns against alcohol and smoking and in support of regular, healthy and proper nutrition; in this regard, it should be noted that there is a "canteen representative" at the San Giovanni Valdarno plant who is responsible for validating the seasonal menu chosen by the company.

In addition, the initiative implemented by the DTP Group to administer the flu vaccine in dedicated areas within its plants was widely participated in by both employees and local communities.

¹ **Work related injury:** negative impacts on health arising from exposure to hazards at work

² **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.

³ **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.

⁴ **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.

⁵ **Rate fatalities as a result work-related injuries:** ratio between total number of fatalities as a result of work-related injuries and the total number of hours worked in the same period, multiplied by 1,000,000.

⁶ **Number of recordable work-related ill health:** Ill health indicates damage to health and includes diseases, illnesses, and disorders

The value chain

Duferco Travi e Profilati can count on long and fruitful relations with important business partners, both upstream and downstream of its value chain, also thanks to its structured and careful supplier selection and qualification process.

In fact, commercial relations with almost 1,200 suppliers distributed both nationally and internationally are managed centrally by the department in charge in San Zeno Naviglio. In order to ensure a common vision of transparency, integrity and correct business practices, all suppliers are requested to be acknowledged and aligned to DTP Code of Ethics. Any violation or failure to comply with the constraints and values contained in the Code may even lead to the suspension of the business relationship. Before entering the list of qualified suppliers, a special accreditation process is carried out to evaluate new potential business partners, foreseeing specific audits conducted by DTP directly or by third parties. Multiple factors are assessed, ranging from the presence of a certificated management system and the adoption of Model 231, to the presence of a Code of Ethics and compliance with applicable regulations in terms of authorizations, concessions, and licenses. In the event of the presence of one or more non-conformities, the accreditation process is immediately suspended. Additional and more detailed information is requested from suppliers of steel scraps, the main material purchased by DTP in terms of quantity, such as waste treatment authorization and technical capacity certification.

Once accomplished the accreditation process, evaluation of suppliers and contractors continues as a monitoring procedure, that foresees periodical audits on both materials and services delivered. Audits are carefully planned at the beginning of the year, based on a specific plan drawn by the Purchasing Department, and are primarily aimed at verifying compliance with Legislative Decree 231/2001 and the implementation of the various management systems. In 2021, after one year of limitations on travels within Italy and internationally, the number of audits carried out by the DTP resumed at pre-pandemic rates, with 13 audits performed. Assessment of accredited suppliers is not, however, limited to periodic audits: the quality of the work and services provided is assessed on a daily basis. Quality checks are carried out on every product delivered, through multi-stage control and with the support of advanced technological equipment. Even timeliness of deliveries and behavior in service are taken into account in determining the final score that each supplier receives yearly. Every score is compared to standard thresholds that indicated the presence of some non-conformity or request for immediate corrective actions.

In parallel, a company's growth that is sustainable over time requires a dense network of transparent business relationships, in which the understanding of the customer, its interests and its needs are put first. The UNI EN ISO 9001:2015 quality management system demonstrated how deep this has been assimilated, and DTP is committed to providing its customers with the highest standards of quality and reliability. Of particular importance in this context is the traceability of all products and by-products produced at DTP plants, where each casting is indeed monitored from the melting of the scrap to its delivery to the customer through a digital procedure, which allows the view of the entire production and distribution process of every sold product. The level of detail with which the identity of blooms and billets produced in the plants is reconstructed goes well beyond the standards required by the regulations in force, and it allows DTP to meet the requirements for the CE marking.

By simply scanning the QR code on the labels of all batches delivered, it is possible to access to a series of information regarding different aspects, from the casting number to the line and the cutting time of the continuous casting, as well as the physical characteristics such as size and length. Traceability also leads to internal benefits, as it allows the DTP to identify any issue or anomalies in the production process in the unlikely event of malfunctions, irregularities or customer complaints.

As in previous years, DTP conducted its annual customer satisfaction survey, with the aim of monitoring customer satisfaction and evaluating the best business strategies to implement. Main clients covering a large percentage of volume sold expressed in the 4 sections survey - Products quality, Business relationship quality, Logistics and Technical Support - their satisfaction with a number between 1 and 5 for each category; results showed a high degree of satisfaction in the various areas, despite some logistics-related disruptions during the year due to shortages of vehicles and personnel of external companies, demonstrating the excellence and efficiency of the products and services offered by the Group. In addition, in recent years the internal KPI "Promise" has been developed, with the aim of measuring customer satisfaction in the logistic phase, which has been greatly appreciated by customers, especially large ones.



The community

DTP can boast a consolidated and rooted link to the local communities in which it operates. The company spends a major effort towards nourishing and consolidating this relationship, which is based on respect, transparency, and responsibility. In this regard, DTP seeks to cultivate continuously the relations with its territories, supporting local associations with contributions and donations and improving the competitiveness and the general welfare of local districts. Contacts and moments of confrontation with Public Administrations and citizens' representatives are moments of mutual growth, used to identify opportunities for improvement and share future projects planned by both parties transparently.

Finally, DTP is a member of the main trade associations both sectoral, such as Federacciai, Fondazione Promozione Acciaio, Confindustria, and territorial, such as Associazione industriale Bresciana, Unione industriale del Verbano Cusio Ossola, Confindustria Toscana sud and Confindustria Messina. Within the Industrial Association of Brescia, DTP is part of RAMET, a consortium for Environmental Research for Metallurgy, which carries out study, monitoring and spreading activities regarding the impact on working environments and on the provincial territory produced by the activities of the consortium members. It is also worth highlighting TTP's membership in FY21 to the **European Steel Technology Platform (ESTEP)**, a European consortium gathering all the major stakeholders in the European steel industry (manufacturers universities and research institutions, users of steel and public bodies) with objectives linked to decarbonisation and the circular economy in the long term.

Furthermore, the DTP has launched strategic initiatives in the area of training for new generations. Since 2019, the Company has a well-established research relationship with the Università Cattolica and the Università degli Studi di Brescia that has given rise to the Smart Twin LMF 4.0 Project. The project concerns a new station and a ladle furnace for refining liquid steel and combines the economic aspect with that of environmental sustainability, trying to optimize the efficiency of the production system and consequently reduce energy and material waste, all in view of the birth and development of the so-called Industry 4.0. A new initiative with the university was also established with the Catholic University of Cremona, to which the Duferco Group offered a mentoring and coaching program to newly graduates that had the chance to integrate theoretical with practical knowledge also within DTP plants.

In addition, DTP also sponsors and hosts initiatives such as internships, factory visits, career days and the so called "Alternanza scuola-lavoro", proposals aimed at facilitating the human and professional growth of young students in their final years of high school, and allowing their inclusion in the labour market.

THE SECOND WAVE OF THE "MANAGEMENT FOR STEEL" PROGRAMME



In 2021, DTP was one of the partners of the second edition of the Management 4 Steel program, which was held for the first time between 2019 and 2020. The program is a high-level training for young talents, aimed at aligning new professionals working in companies to develop the right competencies when facing such an increasingly technological and innovative industrial scenario. The second edition of Management 4 Steel has recently started with the mechanical4steel and leadership4steel courses. The steel academy of the program is supported by Asonext, Duferco,

Feralpi, Ori Martin and Pittini and developed in collaboration with ISFOR, offering an innovative education program focused both on technical and soft skills.

In the current industrial context, innovation is one of the biggest variables in writing the future of steel companies. It is a challenge that can only be met by investing in training and growing the intellectual capital of the company to make technicians and managers capable of responding to an ever-changing market.

Involving people with different backgrounds and roles aims at creating a collaborative mindset and fostering networking and debating within the industry.



Reduce, reuse, recycle

Circular economy relies at the core of the steel industry, where metal scraps recovered from different sectors are used as input material for the production of new steel. Incoming scraps upstream of the production process are continuously monitored to ensure the best possible quality.

In this regard, it is worth underscoring that the Pallanzeno and Giammoro plants got the voluntary Environmental Product Declaration (EPD) for the production of steel beams and corner beams which prove to be compliant with the Ministerial Minimum Environmental Criteria (so-called CAM) within the framework of Green Public Procurement (GPP). Strict internal protocols for the control and receipt of steel scraps are in force in order to guarantee high quality and environmental standards.

Despite a complicated year from the point of view of raw material procurement, where the difficulty of finding raw materials and rising costs led to a mismatch between supply and demand with a consequent increase in prices, the company managed to guarantee the continuity in the procurement of scrap, even at times of peak demand, also resorting to the internal stocks developed over the years.

DTP AND THE ENVIRONMENT

All the activities of DTP have always been characterized by a deep integration the environmental protection of the territories that host the company's plants into the production processes. The rooted conviction of the need to pursue a sustainable production model has resulted in various strategic choices, first and foremost the adoption of management systems certified according to the most widespread international standards, such as the ISO 14001, and the constant investment in the best technologies available to reduce the environmental impact of the plants. This commitment was sealed in March 2021 by the EMAS registration, a fundamental operational tool with a view to continuous improvement.

DTP's main impacts are related to its energy-intensive production processes, which are characterized by significant greenhouse gas (GHG) and pollutant emissions, waste production and water consumption.

The corporate approach to the management of environmental issues is laid down in **the environmental policy**, which enlarges the responsibility of a proper environmental management to the entire company,

including the whole workforce, and external contractors. With the adoption of the environmental policy, DTP confirms its commitment to ensuring the efficient management of natural resources and compliance with National legislation on environmental protection and territorial protection. The environmental policy is oriented towards the prevention of all types of pollution and represents the guide for the continuous improvement of the DTP environmental performance.

MATERIALS CONSUMPTION BY TYPE

	2019	2020	2021
Raw material (ton)	801,490	722,184	980,468
Scrap	711,013	657,557	902,304
Sponge Iron	17,623	10,802	6,643
Cast Iron	24,648	10,840	10,818
Iron alloys	12,659	10,760	15,089
Lime	35,547	32,225	45,614
Semi-finished products (ton)	694,200	591,851	656,916
Billets	652,030	558,351	612,166
Laminates	42,170	33,500	44,750
Auxiliary material (ton)	6,699	6,518	8,123
Refractory materials	4,931	4,753	5,857
Electrodes	1,301	1,149	1,525
Cover powders	227	409	529
Lubricants	211	188	193
Additives	29	19	19
Other materials (m3)			
Oxygen	26,108,816	24,945,352	32,553,856
Inert gases	1,029,976	943,494	1,030,682

Besides scraps, further raw materials used in the process are sponge iron, cast iron, lime and iron alloys. In 2021, 980,468 tons of raw material for the melting process were used, marking a remarkable increase of about 35% than the previous year and of about 25% with respect to FY19.

Within DTP rolling mills semi-finished products, such as laminates and billets, coming both from San Zeno Naviglio and from qualified suppliers are used, in addition to auxiliary materials, such as refractories and electrodes. Both categories marked an increasing trend of more than 10%.

In line with previous years, the vast majority of the input material is renewable: 96% of the total (amounting to about 1,576,680 tons mainly made up of scrap, billets and laminates).

Circular economy is also implemented through strategies aimed at limiting the production of waste and in the re-use of it. Most of the waste produced during the steelmaking process consists of the slag resulting from the melting activity, which is distinguished mainly by its different chemical composition: the slag from the electric arc furnace, generally referred to as “black slag”, and the slag resulting from the steel refining phase, also known as “white slag”. In total, in FY21 DTP plants generated 102,400 tons of waste, entirely treated offsite, which can be split into hazardous (18.6 thousand tons) and non-hazardous waste (83,7 thousand tons, about 82% of the DTP total waste). The deviation recorded (+8%) with respect to FY20 is mainly due to the resumption of activities, but, at the same time, it is worth mentioning a strong decrease with respect to 2019, when the amount of waste produced was almost 144 thousand tons (-29%).

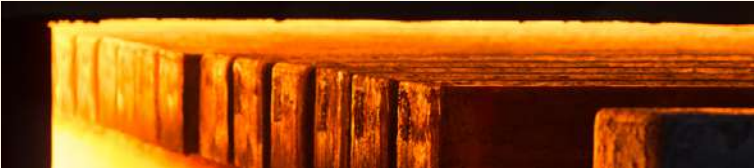
HAZARDOUS WASTE GENERATED BY DTP (tons)

	2019		2020		2021	
Directed to disposal	2,872	0	2,262	0	3,132	0
Of which to landfill	2,861	0	2,245	0	3,063	0
Of which to incineration with energy production	0	0	0	0	0	0
Of which to incineration without energy productions	11	0	17	0	25	0
Of which to other disposal operation	0	0	0	0	44	0
Sent to recovery	13,671	0	11,765	0	15,526	0
Of which to reuse	44	0	68	0	15	0
Of which to recycling	24	0	42	0	42	0
Of which to other recovery operations	13,603	0	11,654	0	15,469	0
Total hazardous	16,543	0	14,026	0	18,658	0

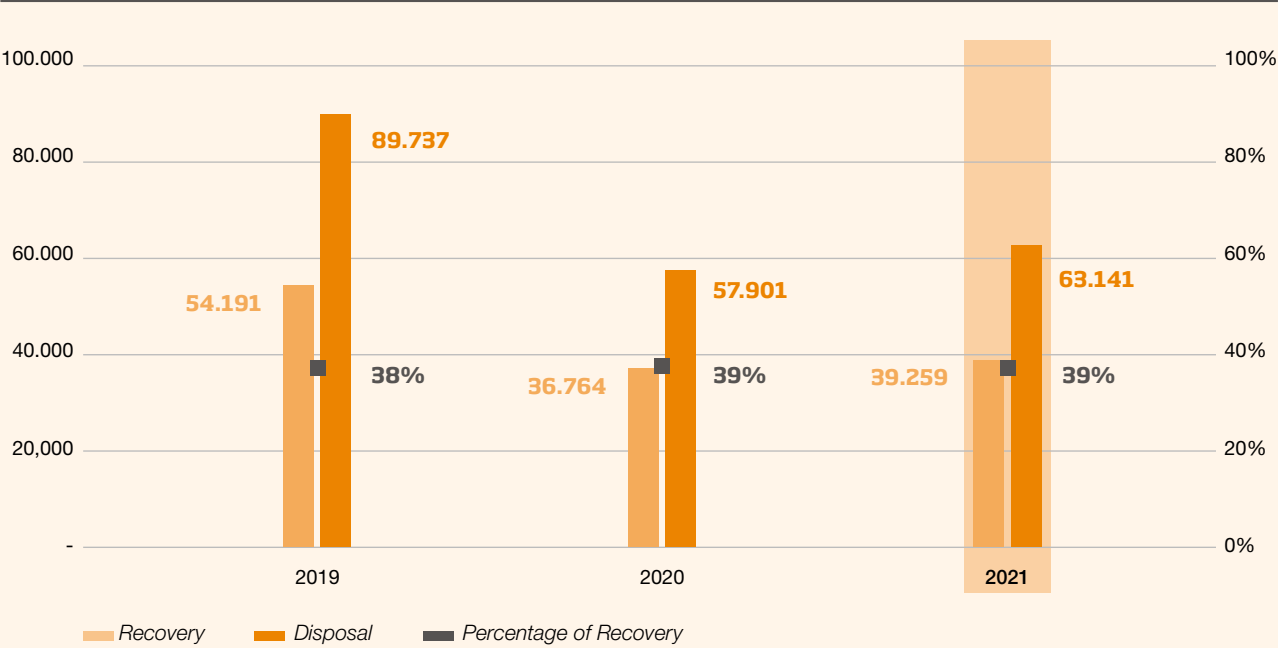
NON-HAZARDOUS WASTE GENERATED BY DTP (tons)

	2019	2020	2021
Directed to disposal	86,865	55,640	60,009
Of which to landfill	86,865	55,640	60,009
Of which to incineration with energy production	0	0	0
Sent to recovery	40,519	24,999	23,733
Of which to reuse	13,194	13,336	12,830
Of which to recycling	658	2,190	319
Of which to other recovery operations	26,668	9,473	10,584
Total non-hazardous	127,384	80,639	83,742

As per destination of waste between recovery or disposal, in FY21, more than 39 thousand tons, or 38% of the hazardous and non-hazardous waste produced in the DTP plants, is recycled or recovered, a share in line with 2020 (39%) and 2019 value (38%).



DTP WASTE BY DESTINATION (tons) AND % OF RECOVERY





PLASTIC WASTE RECYCLING PILOT PROJECT

DTP is continuously focusing strengthen its environmental performances, mostly thanks to investments in research and development. One particular novelty of the reporting year concerned a large order of polymers placed during FY21, that will be stored in a temporary silo in San Zeno Naviglio.

The purchase of this type of material is part of a pilot project that could change the classic raw material management within the steelworks. The use of polymers could lead to a substitution, albeit partial, of the anthracite used within the melting process; these particular plastic materials, carefully selected and screened, could be injected directly into the furnace, helping to keep the slag on the surface and thus protecting the steel being melted from oxidation by external factors. In addition to considerable savings from an economic point of view, the introduction of these materials into the production process would lead to several environmental benefits. Not only would it further enhance circularity, as waste materials would be diverted from disposal in landfills, but it would also mark a further step towards the decarbonization of the steelmaking process, lowering coal consumption and leading to energy savings.

The current experiments are aimed at understanding to what extent anthracite can be replaced by polymeric materials without affecting the quality of the end product and without having to make structural changes to the plants. Although the tests will continue until the year 2022, the goal is to achieve a reduction of anthracite used in the process by at least 30%.

Energy consumptions and GHG emissions

Aware of its role as energy-intensive company, DTP adopts an **energy policy** stating the centrality of proper energy management in the corporate development strategies aimed at business’s sustainable growth.

Besides complete compliance with energy legislation, DTP is committed publicly to employing products and services that minimize energy impacts, and in implementing an energy management system in accordance with the requirements of UNI EN ISO 50001 and aimed at the continuous improvement of energy performances. During FY21, also pushed by external pressures on commodities prices, DTP reserved particular attention to energy, through a careful energy management and the analysis of new solutions such as PPAs or the development of alternative energy sources. In particular, the study on the possible uses of hydrogen is at an advanced stage: the reheating furnace in the new rolling mill has been designed so to be partly fueled by hydrogen. The supply of hydrogen, however, is still limited today, given the high costs of its production and of electricity to carry out electrolysis, especially with regard to “green” hydrogen. The most realistic and immediate

alternative appears to be the use of biomethane, on the use of which efficiency tests continue to be conducted. DTP, however, does not exclude any development opportunities a priori and, for this reason, the infrastructural spaces are organized to be ready for any evolution of research in this field.

The efforts made by DTP in terms of energy efficiency and energy savings were recognised in 2021 by obtaining so-called white certificates. White certificates are negotiable titles certifying the achievement of savings in energy end-use through interventions and projects to increase energy efficiency and are the main incentive mechanism for energy efficiency in the industrial sector. A certificate is awarded by the Italian entity for the management of energy services (Gestore dei servizi energetici – GSE) for each ton of oil equivalent (TOE) of savings achieved through an energy efficiency intervention.

ENERGY CONSUMPTION BY SOURCE (GJ)

	2019	2020	2021
Direct energy consumption by non-renewable sources	1,634,640	1,387,865	1,554,327
Natural Gas	1,382,809	1,161,844	1,161,844
Coal	245,592	221,989	221,989
Diesel	6,240	4,032	4,032
Indirect energy consumption	1,695,774	1,377,571	1,775,106
Electricity consumption	1,695,774	1,377,571	1,775,106
Total energy consumption	3,330,414	2,765,437	3,329,433

Most of the energy used in DTP originates from the direct consumption of non-renewable resources such as natural gas and diesel used in the steel making processes, and from the purchase of energy from the national grid and primarily used to heat the furnaces. These two sources cover almost equally the energy consumption, as the 3,329,433 GJ consumed in FY21, are attributable for 53% to the purchase of energy electricity drawn from the grid and 47% to the use of fuels. With respect to the FY20, there was an increase in energy consumed of approximately 20%, mainly due to the downtime imposed during the Covid pandemic in FY20 and the resumption of activities in the last Fiscal Year. The amount of GJ consumed in FY21 is in line with FY19 consumption, with the only difference in the incidence of the two sources, direct and indirect energy: in 2019, indeed, the purchase of energy electricity drawn from the grid covered a little more than 50% of the total consumption.

The consumption of electricity and natural gas within the various plants is constantly monitored on a daily basis thanks to the use of dedicated technical instruments. The use of natural gas, although increasing compared to 2020, is reduced in proportion to the total energy compared to FY19; the production of approximately 1,292,907 GJ of energy from natural gas shows a reduction of 6% compared to FY19. On the other side, the consumption of energy electricity drawn from the grid is characterized by a rise with respect to both 2019 and 2020, respectively of 5% and 29%.

Particular attention is paid to the ratio of energy consumed to the quantity of finished product, with the aim of optimizing consumption per unit produced. The value of

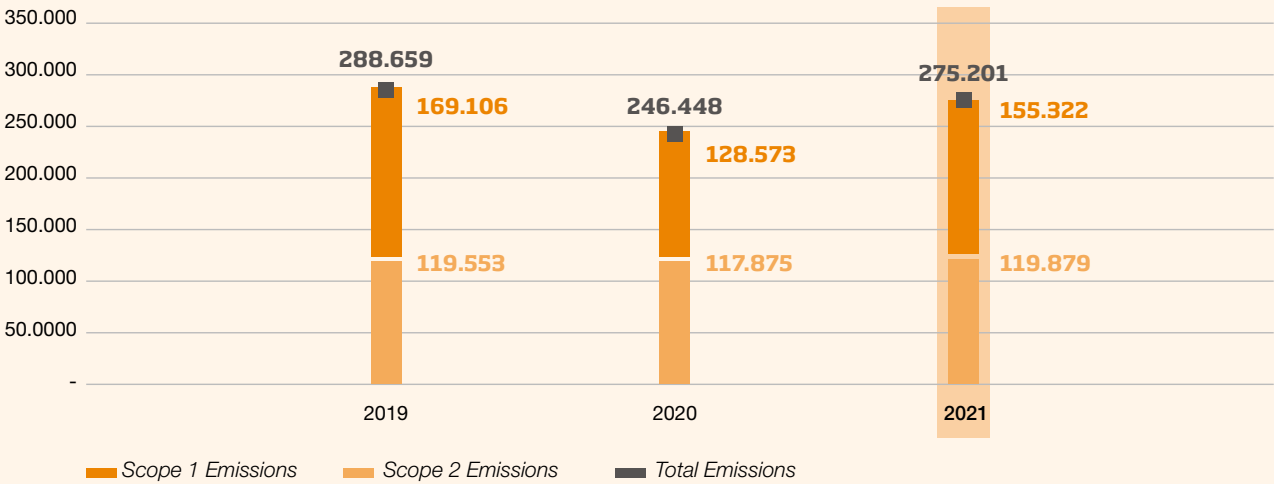
this ratio stands at 4.18 GJ/ton in FY21, a remarkable improvement with respect to last years (about 4.7 GJ/ton in FY20, FY19 and FY18).

Limiting the analysis to the electricity consumption per unit of steel produced, the index, that was 2.35 GJ/tons in FY20 reached the record value of 2.23 GJ/tons in FY21, confirming the results of the careful policies implemented. The search for innovative energy efficiency solutions under the supervision of the energy manager, led in recent years to the realization of re-lamping projects in Pallanzeno and Giammoro plants and to the implementation of the new ladle heating plant at Pallanzeno, bringing to significant reductions in the amount of electricity and methane gas respectively used. In parallel, a further source of saving comes from the remarkable effort spent on predictive maintenance: working with skilled partners, DTP developed an approach to identify potential anomalies in the functioning of machineries through analysis and comparison of data and results.

As defined by international standards for reporting greenhouse gas emissions (GHG emissions), the emissions attributable to the DTP's energy consumption are divided into direct (Scope 1) and indirect (Scope 2) emissions. The first category refers to greenhouse gas emissions deriving from the direct combustion of fossil fuels, such as natural gas, coal, and diesel, used in DTP for the refueling of generating sets and transport vehicles, for the production activities of steel mills and rolling mills and for heating. Additionally, Scope 1 emissions also include those resulting from refrigerant gases leakages into the atmosphere. The latter category includes greenhouse gas emissions which result from the consumption of electricity purchased from the national grid, used by DTP mainly to power furnaces.



GHG EMISSIONS (tons CO2eq)



During FY21, Scope 1 and Scope 2 emissions increased significantly, rising from 246,449 tons of CO2eq in 2020 to 275,420 tons of CO2eq in 2021, with an increase of about 12%, in line with the increase in energy consumption due to the resumption of plants' activities.

Considering the Market Based approach, whose calculation is based on emissions associated with the residual mix (national energy mix net of certified renewable energy) and sets to zero emissions from certified green energy supply from the grid, Scope 2 emissions are equal to 226,114 tCO2eq in FY21 (and 229,509 tCO2eq in FY19 and 178,277 tCO2eq in FY20) and follow a similar trend over the years with respect to the Location-Based (LB) approach that considers the blended CO2 emission factor of the

national grid where the electricity is purchased. Values obtained with this second approach are higher than those calculated according to the Location Based methodology, which is based instead on the national average CO2eq emission factor, as the organization does not purchase certified green energy.

As per Scope 1 emissions, San Zeno Naviglio, Giammoro and Pallanzeno plants are subject to the Emission Trading System (ETS) regulations, one of the European Union's main tools for controlling greenhouse gas emissions and combating climate change, through the monetary quotation of the GHG emissions and their exchange between operators and imposing plants to constantly monitor their emissions and report them annually to the competent bodies.



Air pollutant emissions

In addition to climate-related emissions, DTP constantly monitors its polluting emissions through specific measurement systems, as required by current legislation.

The monitoring and reporting of polluting emissions are particularly challenging and it is subject to National regulations that require the plant to obtain a specific authorization to operate. For steel and metallurgical sector, the main polluting emissions regard nitrogen oxides (NOx), which increased with respect to 2020 to the value of 156 tons (+25% compared to 2020), but also particulate matter (PM) and volatile organic compounds (VOCs) amounting respectively to 4.2 and 21.2

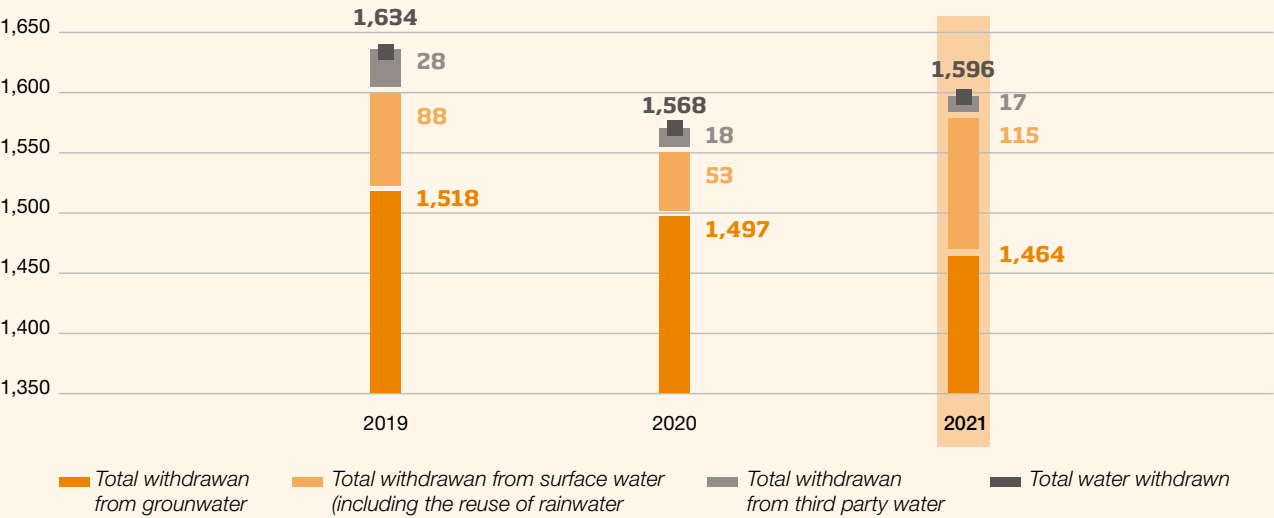
tons, mainly due to combustion in the process of heating furnaces. The realization of the new rolling mill in San Zeno Naviglio will also have direct effects on the polluting emissions of the compounds as, in addition to ensuring a very high efficiency and being equipped with the best technologies in the sector, the diffuse emissions will be limited thanks to an increase in water spray jets, subject to an increase in the current flow rate of the water network already dedicated to abatement.

Water consumption

A further relevant impact relates to consumption of water, a fundamental element for cooling the production and hot processing equipment. Optimal functioning of the cooling circuits with which all plants are equipped and ensuring appropriate purification of the water released outside the plants are key elements in the water management and water recirculation operated by DTP.

While water supply for industrial, hygienic, and potable use is carried out only by draining water from wells in the San Zeno Naviglio, Pallanzeno and San Giovanni Valdarno plants, water used in the Giammoro origins both from wells and surface body in addition to a small part purchased from third parties after a demineralization process.

WATER WITHDRAWAL IN DTP GROUP (,000 cubic meter)



In FY21 the amount of water withdrawn was about 1,595,700 cubic meters, +1.7% with respect to the previous year, but lower than FY19 withdrawn of about 2.5%. The vast majority of water withdrawn and used comes from underground, about 95% (1,463,700 m3) in continuity with previous years. 114,700 m3 were withdrawn from surface water bodies – including rainwater-, doubling the quantity withdrawn from the same source in FY20, while only 17,000 m3 came from third parties. 24% of water in FY21 has been withdrawn from areas with high water stress level⁷.

The water discharged from all the plants is constantly monitored and analyzed in compliance with the regulations in force. All the limits and thresholds imposed by the regulatory framework of environmental authorizations were respected and there were no recorded non-conformities in the last three years. Process water is collected on all the waterproofed surfaces and treated together with rainwater. As for the industrial discharges, in the San Zeno Naviglio and Pallanzeno plants, these are completely purified to have the authorization to discharge into surface water bodies, respectively into a watercourse near the San Zeno Naviglio plant and into the Toce river.

⁷ Based on the Overall water risk published by WRI Aqueduct, that measures all water-related risks, by aggregating all selected indicators from the Physical Quantity, Quality and Regulatory & Reputational Risk categories.



NOTE ON METHODOLOGY

The chapter “Duferco Travi e Profilati” of the Duferco Group Annual Report (or “DTP Sustainability Abstract”) provides for the sustainability disclosure of Duferco Travi e Profilati S.p.A. and subsidiaries⁸ covering the 2021 fiscal year (1st October 2020 – 30th September 2021). This period is also named as “2021” of “FY21” within the chapter.

For the preparation of this Abstract, the GRI Sustainability Reporting Standards of the Global Reporting Initiative (GRI) have been adopted. In particular, in accordance with Standard GRI 101:

Foundation, paragraph 3, reference has been made in this Abstract to the following GRI Standards:

DTP MATERIAL TOPIC	GRI Standard	SCOPE OF THE TOPIC		LIMITATIONS OF THE SCOPE
		Internal	External	
AIR POLLUTANT EMISSIONS	GRI 305 Emissions	DTP	-	-
CIRCULAR ECONOMY AND MATERIAL CONSUMPTION	GRI 301 Materials	DTP	-	-
TALENT ATTRACTION AND RETENTION	GRI 401 Employment	DTP	-	-
BRAND IDENTITY	-	DTP	-	-
SUSTAINABLE SUPPLY CHAIN	GRI 308 Supplier Environmental Assessment	DTP		-
	GRI 414 Supplier Social Assessment			
LOCAL COMMUNITY	GRI 413 Local communities	DTP	-	-
HUMAN RIGHTS	GRI 412 Human rights	DTP	-	-
DIVERSITY & EQUAL OPPORTUNITIES	GRI 405 Diversity and Equal Opportunity	DTP	-	-
	GRI 406 Non-Discrimination	DTP		

DTP MATERIAL TOPIC	GRI Standard	SCOPE OF THE TOPIC		LIMITATIONS OF THE SCOPE
		Internal	External	
ENERGY EFFICIENCY AND CLIMATE CHANGE	GRI 302 Energy	DTP	-	-
	GRI 305 Emissions	DTP		
EMPLOYEES' TRAINING AND PERFORMANCE	GRI 404 Training and Education	DTP	-	-
INNOVATION AND BUSINESS DEVELOPMENT	-	DTP	-	-
INDUSTRIAL RELATIONS	GRI 402 Labor/management Relations	DTP	-	-
STEEL TRACEABILITY	-	DTP	-	-
OCCUPATIONAL HEALTH & SAFETY	GRI 403 Occupational Health & Safety	DTP	Contractors	Data on contractors were not available for the reporting
BUSINESS INTEGRITY AND TRANSPARENCY	GRI 206 Anti-competitive Behavior	DTP	-	-
WELFARE AND EMPLOYEE WELL-BEING	GRI 401 Employment	DTP	-	-
WASTE MANAGEMENT	GRI 306 Waste	DTP	-	-
WATER RESOURCE MANAGEMENT	GRI 303 Water and Effluents	DTP	-	-

⁸ The reporting boundary of this Abstract includes: Duferco Travi e Profilati S.p.A., Travi e Profilati Pallanzeno S.p.A. and Acofer Prodotti Siderurgici S.p.A.

