



CELSA IS
CIRCULAR

SUSTAINABILITY REPORT

EXECUTIVE SUMMARY



2022



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01 Introduction

We are the largest circular supply chain in Europe and the leading European producer of low-carbon recycled steel. We innovate in the recovery and treatment of ferrous scrap and other materials to produce steel in electric arc furnaces, using the most sustainable technology. We give infinite lives to finite resources and strive to be a driving force for circularity and sustainability in not only the steel sector, but also for other strategic sectors of our economy.

Our steel value chain is of great importance, and we take the utmost care in ensuring its traceability from the source of raw materials to the final product. Steel is present everywhere and in countless different forms in our lives. In the current global context, characterised by strict decarbonisation goals, our recycled steel is increasingly in demand in the market due to its contribution to reducing the carbon footprint of our customers.

CELSA Group™ is part of the solution to the major systemic risks arising from the current environmental crisis facing the planet. Through our circular activity, we contribute to mitigating climate change and the depletion of natural resources, and we aim to become a Net Positive company by 2050.

Throughout this journey that began in 1967 in Castellbisbal, we have always been accompanied by the talent, passion, commitment, honesty, humility, and effort of our employees. Currently, we have over 10,000 employees across Europe, and together, we will continue to work on being a leader in the generation of circular production chains to contribute to the green transition towards a positive impact economy.

02 Overview of our activity

At CELSA Group™ we have a clear international outlook. We currently have a global presence with over 120 work centres worldwide. Each location provides a significant strategic and competitive advantage, allowing us to supply all our customers with sustainably manufactured products: we guarantee customers that they are low-carbon and designed to last longer; that they are easy to reuse, fully recyclable in perpetuity, and incorporate as much recycled material as possible instead of natural resources. The presence of our offices throughout Europe demonstrates our leadership and positioning as a company committed to circularity.



03 CELSA Group in the world

CELSA NORDIC

1	Steel mills
2	Circular HUBs
1	Rolling mills
0	Forge
15	Transformation and processing companies

CELSA UK

1	Steel mills
7	Circular HUBs
2	Rolling mills
0	Forge
55	Transformation and processing companies

CELSA POLAND

1	Steel mills
20	Circular HUBs
2	Rolling mills
1	Forge
2	Transformation and processing companies

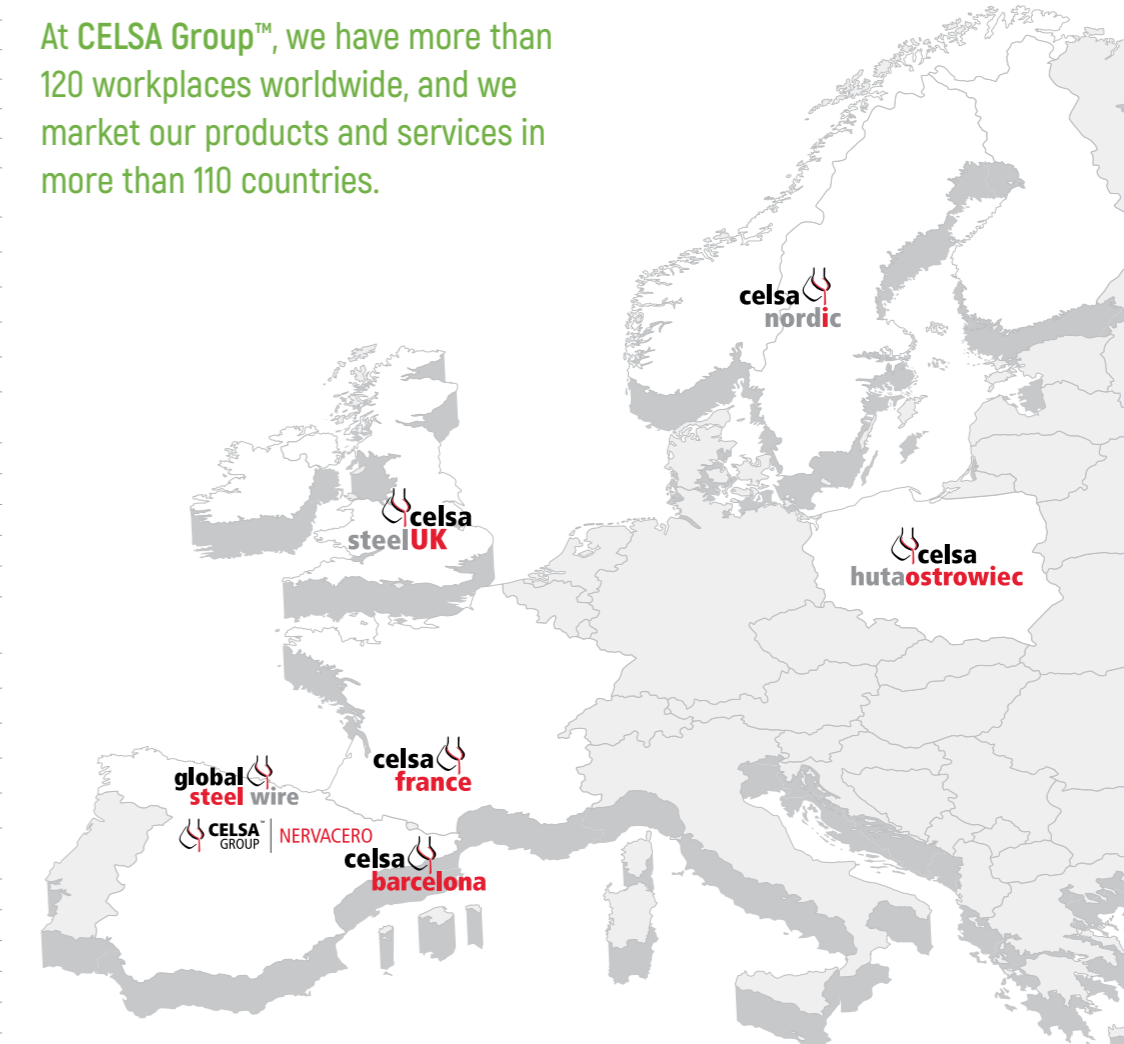
CELSA FRANCE

1	Steel mills
0	Circular HUBs
1	Rolling mills
0	Forge
0	Transformation and processing companies

CELSA SPAIN

3	Steel mills
19	Circular HUBs
6	Rolling mills
0	Forge
12	Transformation and processing companies

At CELSA Group™, we have more than 120 workplaces worldwide, and we market our products and services in more than 110 countries.



CELSA GROUP IN THE WORLD

07 Steel Mills



48
Circular HUBs

12
Rolling mills

01
Forge

83
Transformation and processing companies

05
Commercial offices in
Countries: USA, France, Portugal, Germany and China

Key figures

CELSA Group™ continued to progress and grow in 2022 thanks to its strategic plan. It was a complex year marked by the war in Ukraine, the resulting tensions in the markets and the high volatility of energy prices. Our turnover grew by 16% in the last year to 6.109 billion euros.

In 2022 we reduced the value of absolute Scope 1 and 2 emissions by more than 178,136 tonnes of CO₂, representing a figure of 10.4%. Specifically, the Scope 1 and 2 location-based emissions from our steel manufacturing processes are 32% below the European Union sector average.

Our production amounts to 5.5 million tonnes of steel from the recycling of more than 5.9 million tonnes of scrap and by-products, thanks to our sustainable production model. If we compare this production to that achieved through blast furnace systems, it has been made possible while avoiding the consumption of 14 million m³ of water, over 13,800 GWh/year of electricity, and more than 11 million m³ of natural resources, equivalent to the volume of over 10 Empire State Buildings.

In terms of emissions, our production system avoided the emission of 10 million tonnes of CO₂ into the atmosphere in 2022, which is equivalent to the pollution produced by 2.2 million cars per year.

Furthermore, 2022 was a year characterised by the implementation of new infrastructures aimed at improving our productivity and competitiveness. We inaugurated the new rolling mill in France and also expanded the structural profiles mill in Castellbisbal. The latter has enabled the company to become one of the five largest producers of large beams in Europe and the only one in Spain.



CELSA Group™ leads with a long-term vision and a solid commitment to socioeconomic development in the countries where it operates.

2022 key figures

We are a leading family-owned company in Europe in the production of low-emission circular steel.



6
Company groups



5.5 Mt
Steel production



6,109 M€
Turnover



Industrial presence in
9 countries

Denmark, Spain, Finland,
France, Ireland, Norway, Poland,
Sweden and United Kingdom



48
CIRCULAR HUBS*

*Facilities dedicated to the recovery and treatment of iron scrap and other materials.



Greater presence in the sectors
construction, automotive, agriculture, oil, gas and energy



120
workplaces



7
Steel mills



77%
EU sales
(European Union)



Staff
10,162
workers

- directly employed workers: 7,922
- subcontracted workers: 2,240



12
Rolling mills

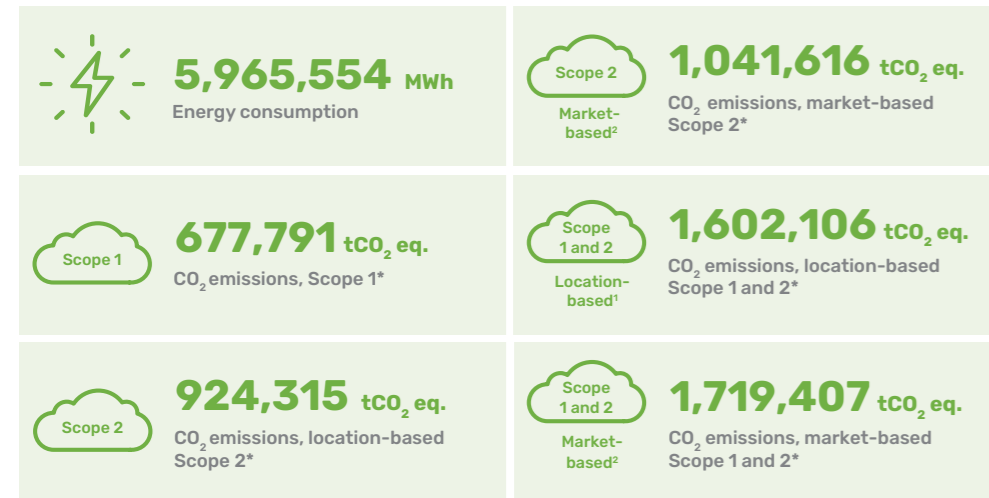


% Vertical integration
36% **24%**
Upstream integration Downstream integration

04 Passion for circularity, CELSA commitments

COMMITMENT TO THE CLIMATE

One of the main objectives of our strategic plan is to reduce CO₂ Scope 1 and 2 emissions by 50% by 2030 compared to 2021, and we are working to become a Net Positive company by 2050.



* Emission data calculated by GHG Protocol.

COMMITMENT TO THE COMMUNITY

We respect the local cultures of the countries where we operate and encourage communication with all stakeholders to ensure our activity is both sustainable and beneficial for society.



COMMITMENT TO CIRCULARITY

We are firmly committed to the recovery and use of the waste generated during the steel-making process to promote the circular economy. A total of 97% of the composition of our end product is made from recycled steel. In addition, the steel in all the products we manufacture is fully recyclable.



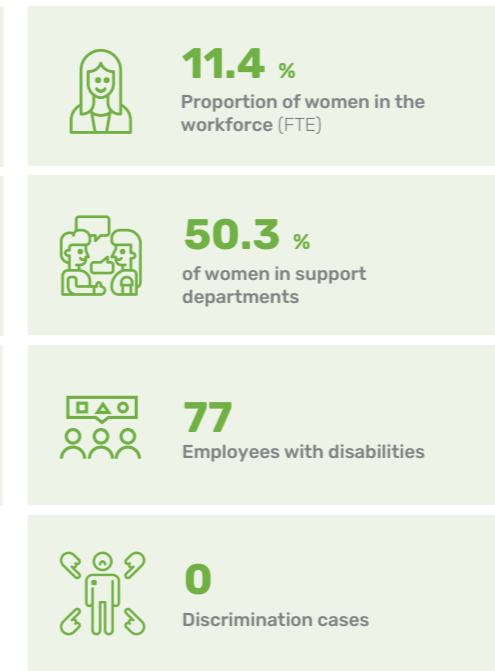
COMMITMENT TO TALENT, AND THE HEALTH AND SAFETY OF EMPLOYEES

We guarantee wages in line with the importance of each staff position, and the level of commitment and training of each of our employees, placing these above the market average. We are committed to health and safety across the board.



COMMITMENT TO EQUALITY AND DIVERSITY

For some years now, CELSA Group™ has been implementing an action plan that includes equality policies, because we believe in people, in their abilities and in their values.



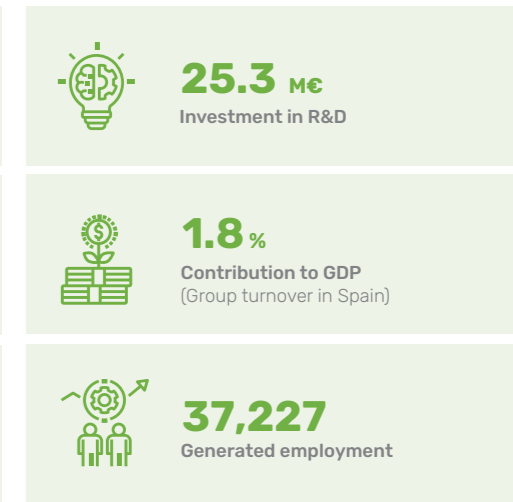
COMMITMENT TO THE VALUE CHAIN

At CELSA Group™ we base our supplier selection processes on social and environmental criteria. In 2022, 84% of our purchases were made from local suppliers in the areas where we have a presence.



CORPORATE COMMITMENT

CELSA Group™ was founded in 1967 in Castellbisbal. Over the past 20 years, we have focused on growing in Europe.



Governance structure

At CELSA Group™ we are committed to good governance. One of the topics considered material by our stakeholders is transparent governance with a sustainable DNA. We currently have the following governing bodies:



GENERAL MANAGEMENT COMMITTEE (GMC)



One of the newly created positions in 2022 is that of **Vice-Chairman**, a position currently held by Francesc Mesegué. It was created with the aim of providing us with the best and most professional governance structure. We have also expanded the functions of the position of **Chief Operating Officer (COO)**, currently occupied by Luis Sanz.

In addition, our organisational model is complemented by a series of Committees and Commissions to ensure effective governance:



The GMC has the following commissions and committees to ensure proper governance of the organisation's key areas:

- 01 Compliance Department
- 02 Appointments and Remuneration Committee
- 03 Health and Safety Committee
- 04 Sustainability Committee
- 05 Diversity and Equality Committee
- 06 Risk and Credit Committee
- 07 Innovation Committee
- 08 Cybersecurity Committee
- 09 Data Protection Committee
- 10 Management committees of each of the five business units

In addition, a new governing body was created in 2022: the **Sustainability Executive Committee (SEC)**, which will monitor sustainability indicators in order to detect risks and propose possible solutions.

05 A calling to excellence

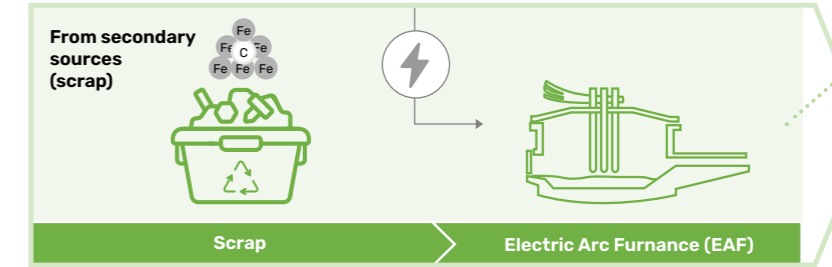
We are the leading producer of low-carbon circular steel in Europe and the largest recycling company in Spain and the second largest in Europe. Our steel is 100% recyclable and can be recycled countless times without losing its properties, adding significant value to society and the environment, as we minimise the use of natural resources.

All the furnaces at CELSA Group™ are electric arc furnaces, the most efficient and environmentally friendly steelmaking process, making us the leaders in the decarbonisation of the industry. **This technology reduces our Scope 1 and 2 CO₂ emissions by nine times compared to those generated by blast furnaces, and our Scope 1, 2, and 3 emissions by six times.**

In 2022, the comparison of CO₂ scope 1 and 2 emissions between the different production models was as follows:

CELSA GROUP process: Electric Arc Furnace (EAF) route

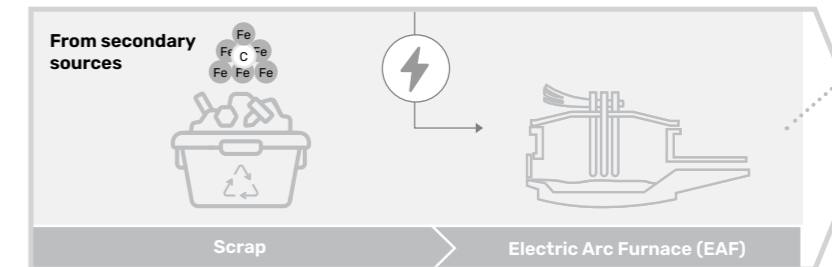
Route used by CELSA GROUP™



Source of emissions data: internal data from the Minimills of CELSA Group, reported to the WSA, for 2022. / Source of production percentage data: Fact sheet | Steel Industry co-products, WSA.

Electric Arc Furnace (EAF) route

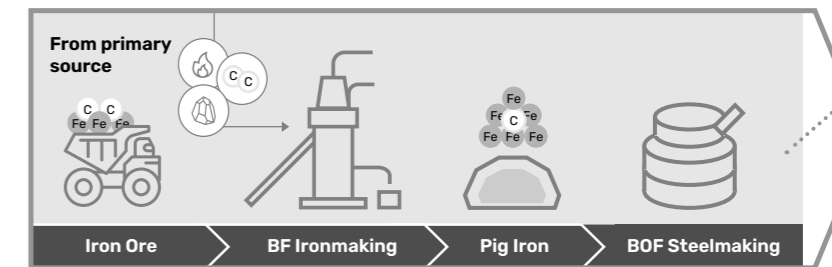
30% of Worldwide steel is produced by Electric Arc Furnaces (EAF)



Source of emission data: Material Economics (2018), The Circular Economy, a powerful force for climate mitigation. / Source of production percentage data: Fact sheet | Steel industry co-products, WSA.

Blast Furnace-Basic Oxygen Furnace (BF-BOF) route

70% of worldwide steel is produced by Blast Furnaces (BF-BOF route)



Source of emission data: Material Economics (2018), The Circular Economy, a powerful force for climate mitigation. / Source of production percentage data: Fact sheet | Steel industry co-products, WSA.

Our steel is strategic for the economy, as it is one of the most used materials worldwide. It is used in several sectors: **construction; automotive; shipbuilding; oil, gas and energy, and agriculture**, and is the material most needed to carry out the energy transition to renewable energies. Given its importance in all spheres of society, it is fundamental that we manufacture it sustainably to ensure that the products we place on the market are low-carbon, designed to last longer, can be reused and incorporate recycled material rather than virgin natural resources. Without sustainable steel, the Paris Agreement will not be met.

Our products

All our products are manufactured in accordance with the most demanding national and international standards. They come with the quality certifications, approvals and specifications required by our customer companies and markets where we operate.

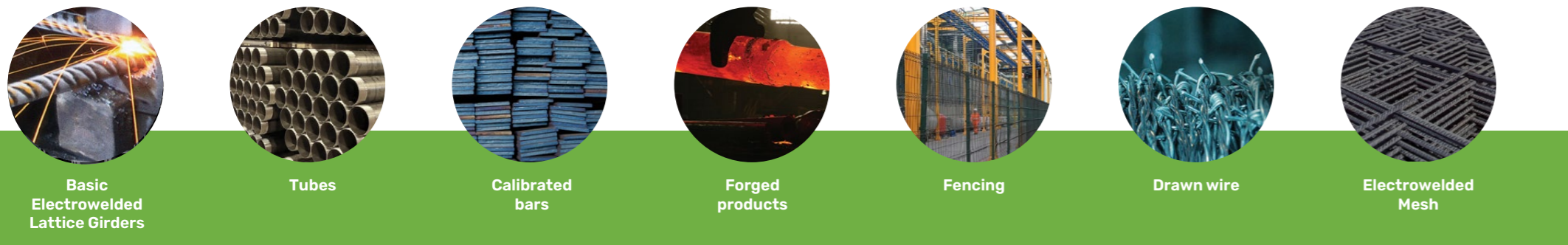
LONG STEEL PRODUCTS

In addition to the **billet**, a semi-finished product, CELSA Group™ manufactures 4 families of products in this category. We are the only European group ranked among the top three in each of them:



DERIVATIVE PRODUCTS

We are the leading supplier of steel and steel-derived solutions and products and we have consolidated our position as one of the leading fence manufacturing companies in Europe. We work with seven product types:



Markets

In 2022 CELSA Group™ sold products across 113 countries, 77% of which were in the European Union. In 2022, steel production was down by 20% compared to 2021 due to changes in market needs and the high cost of energy.



CIRCULAR HUBs

tonnes (t)	Third-party sales	Intra-group sales
TOTAL SCRAP PRODUCTS	102,520	1,608,842



STEEL MILL

tonnes (t)	Third-party sales	Intra-group sales	Destination within the same plant	Total production
TOTAL STEEL MILL PRODUCTS	164,132	433,344	4,920,267	5,517,743



FORGING AND MECHANICAL TREATMENT

tonnes (t)	Third-party sales	Intra-group sales	Total production
TOTAL FINISHED PRODUCTS THROUGH FORGING AND MECHANICAL TREATMENT	7,475	67	19,128



ROLLING MILL

tonnes (t)	Third-party sales	Intra-group sales	Total production
TOTAL ROLLING PRODUCTS	3,851,212	1,324,798	5,153,603




FINISHED PROCESSES*

tonnes (t)	Third-party sales	Intra-group sales	Total production
TOTAL FINISHED PRODUCTS	1,161,309	21,427	1,182,736



The quality of our products and services

Our industrial facilities have obtained the main certifications:

 ISO 9001 for quality	ISO 14001 for environmental management	ISO 45001 for occupational health and safety
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In addition, some of the Group's companies in Spain, such as Global Steel Wire, CELSA Atlantic and CELSA Barcelona, are EMAS-registered. Only 20% of European steel companies have this certification.

Our companies also have steel sustainability management systems, which positions us as European leaders in our sector in terms of environmental excellence.

Furthermore, at CELSA Group™ we have several mechanisms that allow us to measure the level of satisfaction of our corporate clients, gather their feedback and verify compliance with our quality standards. We conduct surveys tailored to the characteristics of the markets in which our companies operate. In 2022, the number of surveys we sent increased by 27%, 147 more than in the previous year. In the case of CELSA Spain and CELSA France, we send a biannual survey to our corporate clients in the main markets to calculate the group's Net Promoter Score (NPS), an indicator that assesses the degree to which they would recommend our products and services. This year, the result obtained in Spain was 52.5, two points above the target; and in France it was 37.5, well above the target of 10. We also have a monthly monitoring committee for complaints and claims, which in 2022 decreased by 15.5% compared to 2021.

Innovation and digital transformation

Innovation is a fundamental pillar for us, as it drives the development and integration of new solutions that allow us to achieve our Net Positive vision. In 2022 CELSA Group™ invested a total of €25.3 million in RDI projects (allocating approximately 3% of the year's profits), increasing funding in innovation projects by 7.7% compared to 2021.

We base our R&D on four pillars:



1. Energy and emissions

We address aspects such as increasing energy efficiency, supporting the integration of renewable energies in the market and the generation and use of alternative fuels such as hydrogen and bicarbonate.



2. Circularity

We focus on projects to improve scrap management and generate new circular business for both steel and other materials.



3. Digitalisation

We work to implement projects that apply artificial intelligence and advanced simulation for process optimisation, traceability and digital product passports.



4. People

We put people at the heart of all our initiatives. In this context, the ESSA (European Steel Skills Agenda) project stands out, driven and coordinated by the steel industry and co-financed by the European Union.

06

Because we believe in a sustainable future

CELSA Group™ has different corporate policies, general and specific, aimed at organising, standardising and establishing a governance framework in accordance with the main lines of action within the organisation:

We also have a Code of Ethics and Professional Conduct that includes the set of principles, criteria and rules that guide our actions in business situations, with the aim of achieving excellence from a fair and ethical perspective. Its general principles are as follows:

- Respect for legality and ethical values.
- Respect for the principle of non-discrimination.
- Respect for work-life balance.
- Policy of excellence in health and safety.
- Promotion of professional and personal development.
- Contribution to the social development of the communities where we operate.
- Respect for local cultures.
- Commitment to quality and innovation.
- Respect for the environment.

This Code reaffirms the commitment of companies operating under CELSA Group™ to conduct their business in accordance with applicable laws and the highest standards of business ethics. It also includes a series of rules for tackling corruption, bribery and money laundering, among other aspects. All employees are required to read it, accept it, comply with it and enforce it.

And the **CELSA Management System (CMS)** is another of our proprietary management systems, based on 4 pillars: people, process standardisation, continuous improvement and innovation. A key methodology to ensure our continuous improvement and management excellence.

CELSA Group™ Policies



GENERAL POLICIES

- Sustainability Framework Policy
- Supply Chain Policy
- Innovation Policy



ENVIRONMENTAL POLICIES

- Climate Action Policy
- Environmental and Resource Management Policy



SOCIAL POLICIES

- Human Rights Policy
- Talent Management Policy
- Diversity, Equity and Inclusion Policy
- Occupational Health and Safety Policy

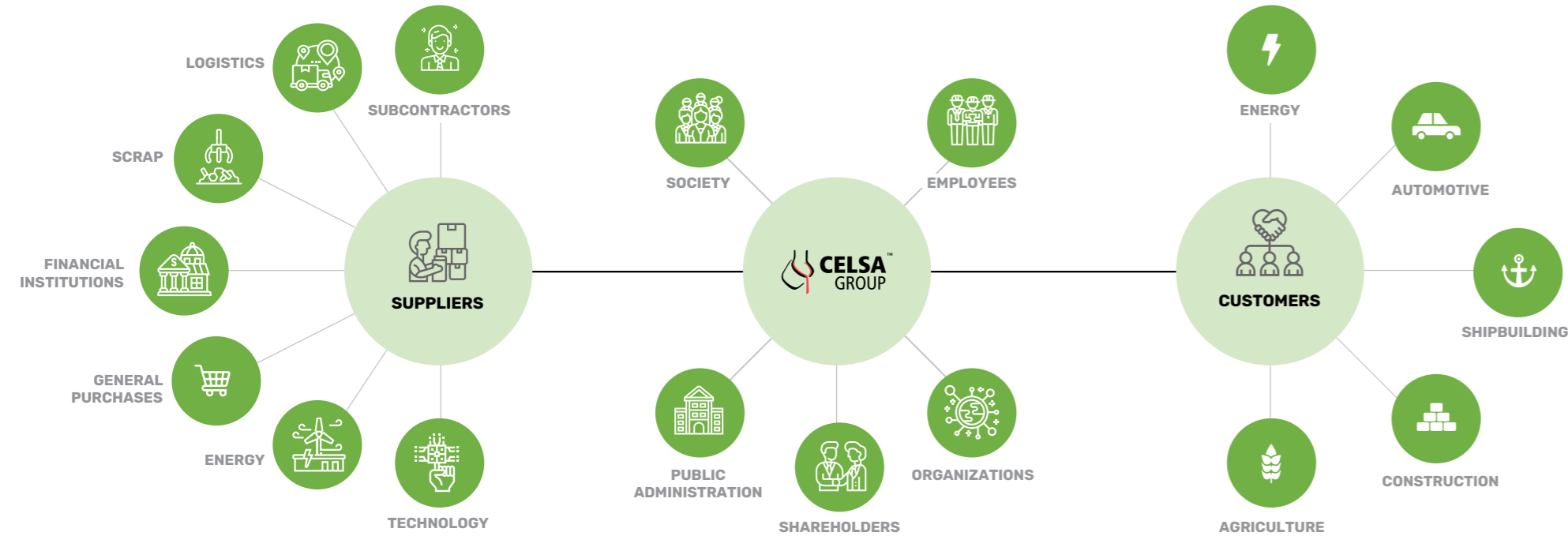


CORPORATE GOVERNANCE POLICIES

- Anti-Corruption and Anti-Fraud Policy
- Conflict of Interest Policy
- Competition Compliance Policy
- Crime Prevention Compliance Policy
- Stakeholder Engagement Policy
- Personal Data Protection Policy
- Information Systems Use Policy
- Whistleblower Protection Policy

CELSA stakeholders

Since our origins we have built strong relationships with different stakeholders and we provide the necessary information on all those aspects demanded by shareholders, customers, suppliers and governments.



Our internal and external communication is crucial to the way we carry out our activity. We are in constant communication with our suppliers, customers and unions in a direct and personalised manner. We also maintain a fluid relationship with other stakeholders and other companies in the sector through our intense activity.

In the area of internal communication, one of the main innovations in 2022 was the creation of the CELSA Group's **Portal**, a digital communication channel that acts as a repository of information. It is also a pioneering tool in Spain in the integration of the use of SAP utilities and other technologies. Sustainability and circularity play a leading role in our internal communication.

With regard to external communication and transparency with stakeholders, we have created a specific sustainability section on our website: <https://www.celsagroup.com/en/sustainability/>

In 2022 we achieved an increase of up to 150% in the presence of our own topics in the media, showcasing our major milestones and also strengthening our positioning in the digital landscape.

Materiality analysis

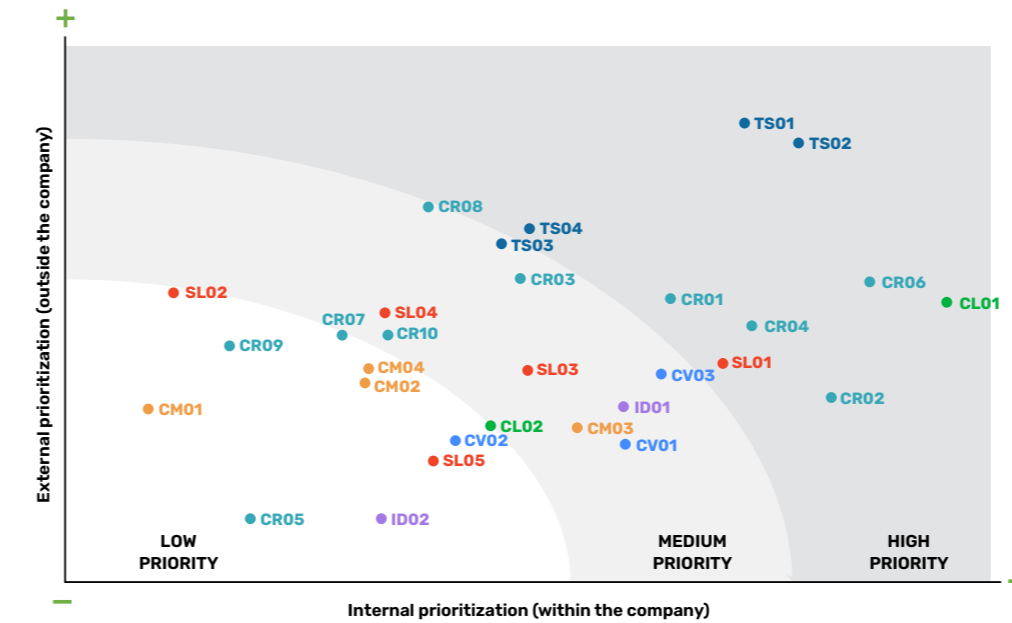
In 2022, we carried out a new materiality analysis, providing greater representativeness and scope by incorporating the perspective of new external stakeholders. We conducted both interviews and online surveys to find out which material topics are considered most important by both external and internal stakeholders. Based on the results, we created the following materiality matrix:

Materiality matrix by topic

COLOUR CODE AND INITIALS

COLOURS AND INITIALS	TOPICS*
CL	CL Commitment to the climate
CR	CR Commitment to circularity
TS	TS Commitment to team talent, safety and health
ID	ID Commitment to equality and diversity
CM	CM Commitment to the community
CV	CV Commitment to the value chain
SL	SL Commitment to our legacy

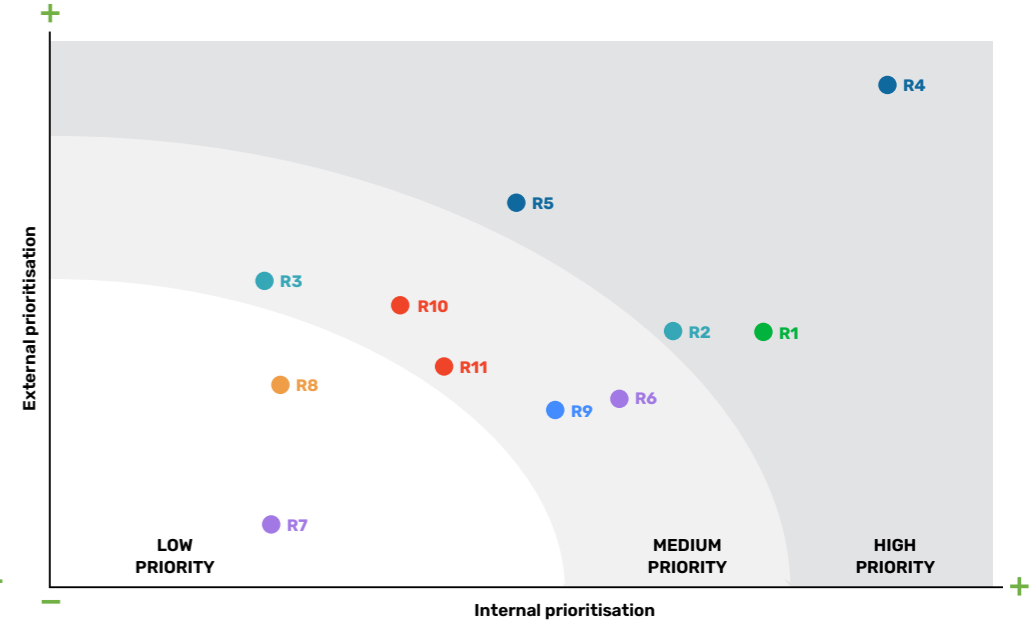
* They correspond to the 7 strategic commitments of CELSA Group™.



The various material issues defined in it are related and grouped into the challenges set out in the CELSA Group™ strategic plan. The challenges which are considered to be priorities:

Materiality matrix ranked by challenges

HIGH PRIORITY CHALLENGES	
R4	Health and safety
R5	Talent attraction and retention
R1	Emission reduction
R2	Circularity and environmental impact reduction
MEDIUM PRIORITY CHALLENGES	
R6	Equality
R9	Value chain
R3	Product and business
R10	Governance
R11	Leadership
LOW PRIORITY CHALLENGES	
R8	Community involvement
R7	Diversity



Sustainable strategy with a focus on the 2030 Agenda30

The 7 commitments of CELSA Group™ – to the climate; to circularity; to talent, and the health and safety of employees; to equality and diversity; to the community; to the value chain and to our legacy – are the basis of our sustainable development strategy.

Our goals for 2030 and 2050



ENVIRONMENTAL GOALS



- Reduce Scope 1 and 2 CO₂ emissions by 50%, compared to 2021.
- Achieve 98% circularity.*



- Achieve carbon neutrality in Scope 1, 2 and 3 CO₂ emissions.
- Zero-waste: achieve 100% circularity.

* Only 2% of waste will go to the landfill.



GOVERNANCE GOALS

- Integrate environmental, social and governance (ESG) criteria into people development tools.
- Establish a supplier portal to ensure compliance with future due diligence requirements.
- Develop a risk map in 2023 that aligns with sustainability challenges.



SOCIAL GOALS



- Develop a social action plan with a focus on talent and impact on local communities.



- Reduce the Global Frequency INDEX (GFI) to 2.5 and the Potential Serious Injuries or Fatalities Frequency Rate (PSIFFR) to 0.25



- Achieve a 30% representation of women in the workforce.

We have a new **Sustainability Framework Policy** that establishes the general principles and objectives that make up our sustainability strategy, to ensure we carry out all our activities promoting the creation of long-term value for both society and our stakeholders. Our roadmap is based on three fundamental pillars: environmental, social and corporate governance aspects.

According to the Sustainability Framework Policy, the areas that make up sustainability are as follows:

Human rights

Occupational health and safety

Corporate governance and compliance

Quality

The environment

Recycling and waste management

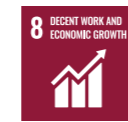
Diversity and inclusion

Innovation

Furthermore, CELSA Group™ is a member of the United Nations Global Compact and in 2022 it prioritised 6 of the 17 Sustainable Development Goals (SDGs) to which it contributes directly:



SDG 3: Good health and well-being



SDG 8: Decent work and economic growth



SDG 5: Gender equality



SDG 12: Responsible consumption and production



SDG 7: Affordable and clean energy



SDG 13: Climate action

Key partnerships for a sustainable future

CELSA Group™ is an active member of various associations that help strengthen our relationship with our stakeholders and make progress towards achieving our sustainability objectives.

In the area of sustainability:



At the sector level:



In 2022, we obtained a B score in the Carbon Disclosure Project (CDP) and we are one of the first companies in the steel sector to receive the AENOR N Sustainable Mark.

Other memberships by country:

UNITED KINGDOM

- UK Steel Association
- Make UK (the manufacturers' organisation)
- RenewableUK

FRANCE

- French Steel Federation
- Union of Industries and Trades of Metallurgy

SPAIN

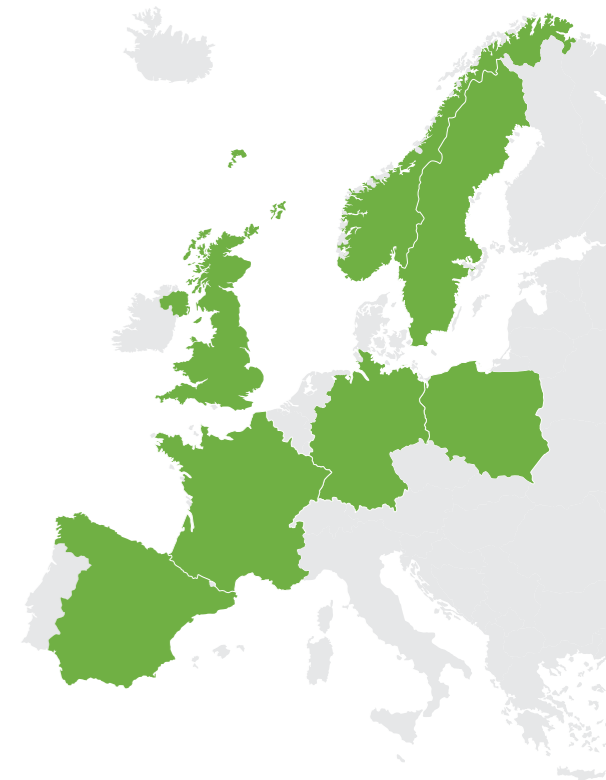
- Clúster de residuos de la Agència de Residus de Catalunya (desde 2022)
- Asociación de Trefiladores del Acero (ATA)
- Centro de Estudios y Asesoramiento Metalúrgico (CEAM)
- Centro Metalúrgico de Sabadell

NORWAY

- Norwegian Steel Association

POLAND

- Polish Chamber of Commerce and Industry of Scrap
- Polish Forging Association
- Polish Union of Steel Distributors



SWEDEN

- Swedish Steel Association

GERMANY

- Eisendraht-Und Stahldraht-Vereinigung

Sustainable value chain

As a supplier of steel products, we need to acquire raw materials, such as scrap, in order to supply them. This process is carried out under the guidelines of the updated **Supply Chain Policy**, which constitutes a comprehensive approach to the responsible management of our supply chain and includes a number of required principles increasingly oriented to the future Corporate Sustainability *Due Diligence* Directive:



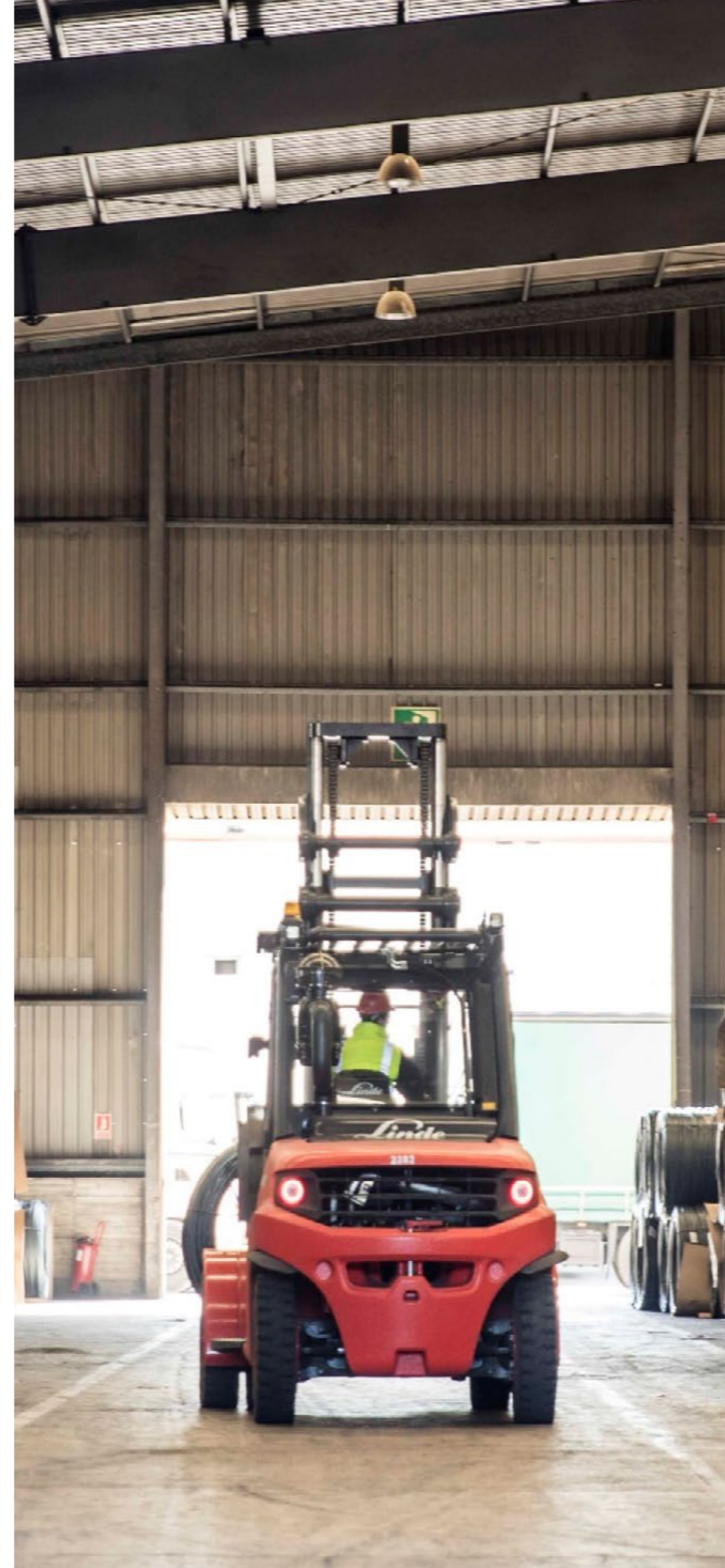
Principles regarding compliance

We are committed to buying locally, bringing benefits to both the community and the environment. In 2022, the local purchasing budget was 84%, 10 percentage points higher than in 2021.

LOCAL PROCUREMENT (M€)		CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland
Total budget for purchases from local suppliers (M€)	2021	3,691.33	1,895.39	265.88	658.83	252.47	618.76
	2022	4,533.42	2,500.67	231.81	692.28	339.10	769.57
% of budget for purchases from local suppliers (M€)	2021	74%	69%	72%	91%	56%	86%
	2022	84%	88%	77%	93%	58%	84%

NUMBER OF LOCAL SUPPLIERS

2021	2022
CELSA Group™	
15,729	13,853



Celsa Circular Steel

Annual global demand for natural resources is expected to exceed the planet's capacity by 175%. Steel is crucial to the future of our society. In the coming decade, the steel industry must therefore evolve in line with the EU's climate objectives and action plans. Many industries will not achieve sustainability without sustainable steel. In this context, in order to accelerate the transition towards fully circular steel, CELSA Group™ has introduced the brand **CELSA Circular Steel**, a programme that has been created to support and promote a globally interconnected initiative throughout the company's steel value chain. It is not just a project for internal transformation; it is a long-term programme to achieve a sector-wide change that goes far beyond our Group and encourages commitment from our workforce, customers and stakeholders. Through its creation we have prioritised five pillars that will shape a more circular future both for the Group and for all those who depend on it:

Through the CELSA Circular Steel programme we offer new products:

- CLEAN ENERGY**
- CARBON NEUTRAL**
- RECYCLED PLUS**



How we generate value in our community

Our business activity supports the local economies of the regions where we operate. In 2022 we increased spending on community projects by 3% compared to 2021 and invested 0.26% of annual profits in community projects.

EXPENDITURE ON COMMUNITY PROJECTS (M€)

	2021	2022					
	CELSA Group™	CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland
Spending on projects or programmes for local community development based on the needs of local communities (M€)	2.17*	2.25	1.13	0.09	0.01	0.38	0.64

*In the 2021 Sustainability Report, a total of €428,306 in community expenses were recorded, which exclusively consisted of donations. For the year 2022, contributions to associations and sponsorships have also been considered.

Economic value generated

In 2022 we continued to generate value for society. Our turnover increased by 16% over the previous year, to 6.109 billion euros; the amount allocated to employee wages and benefits increased by 10%, reaching 466.23 million euros, and payments to governments increased by 13% to 193.7 million euros.

TURNOVER (M€)

	CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland	Intercompany sales
2021	5,268.05	3,143.20	496.30	788.56	559.30	839.25	-558.56
2022	6,108.99	3,326.85	464.73	995.84	813.27	1,049.66	-541.36

07 People, reason to being

At CELSA Group™ we are firmly committed to people and society. Equal opportunities, the diversity of our workforce, and the integration of all employees who are part of our company are fundamental aspects for us. We are proud of the diversity of our team, with employees of different nationalities, races, ideologies, religions, and abilities. We promote work-life balance policies and implement a **Talent Management System** based on 4 pillars:



ATTRACT STAS

- Talent profile and value proposition
- Communicate & engage
- Professional advocacy
- External recognition & measurement



DEVELOP PDIS

- Job profile
- Competency assessment
- Learning practice acquire
- Individual development plan

4 PILLARS OF THE TALENT MANAGEMENT SYSTEM



HIRE RSIS

- Job request and briefing
- Candidate recruitment
- Selection of candidates
- Welcome and Induction



ENGAGE LGMS

- Total goal management
- Performance management
- Career plan management
- Talent and succession



Our team

We have a total workforce of 11,833 people, 7,922 own employees and 2,240 subcontracted employees.

COMMITMENT TO LABOUR STABILITY



94.3%
of staff with permanent contracts



11 years
average of seniority



The voluntary turnover rate was at **6.2%**

TOTAL NUMBER OF EMPLOYEES BY GEOGRAPHIC REGION AS OF 31/12/2022

2021	2022						
CELSA Group™	CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland	CELSA International*
7,777	7,922	3,462	265	1,739	1,005	1,447	4

*CELSA International includes other regions with commercial activity, mainly in the US and Portugal.

PERSONAL BAJO UN SISTEMA DE GESTIÓN DE SEGURIDAD Y SALUD OCUPACIONAL

Unidad de negocio	2021	2022
Empresas del grupo certificadas con un sistema de gestión de seguridad y salud (OHSAS 18.001 o ISO 45.001)	73%	73%
Porcentaje de personas empleadas bajo un sistema de gestión de seguridad y salud (OHSAS 18.001 o ISO 45.001)	88%	89%

Safe environment

The safety, health and well-being of our employees are an absolute priority. We have specific policies to ensure a safe environment, a commitment that involves not only our staff, but also all the people linked to our organisation: suppliers, contractors, customers, visitors and people from the local community. Beyond complying with legal requirements on occupational risk prevention, we have introduced different measures such as Corporate Health and Safety Standards, Accident and Incident Reporting and Investigation, Preventive Safety Observations or Health and Safety Systems Certification.

In 2022 we also defined the **CELSA Group Well-being Model**, ensuring that all business units deploy it across the board, following common guidelines.

We also have different programmes in place to achieve Zero Accidents, one of our main objectives.

PSO (Preventive Safety Observations) programme	RCC (Risk Correction Cards) programme	PSAP (Personal Safety Action Plan) programme	OOO (Organisation, Order and Cleanliness) programme
Audit programme (internal, cross and external audits)	10 (10 Life-Saving Rules) programme	IAI (Incident and Accident Investigation) programme	



PROGRESS IN HEALTH AND SAFETY IN 2022 COMPARED TO 2021

-0.09 points

Frequency rate of recordable occupational accidents in directly employed workers

-2.26 points

Frequency rate of recordable occupational accidents in subcontracted workers

-0.18 points

Severity rate of recordable occupational accidents in subcontracted workers

Managing and developing talent

At CELSA Group™ we guarantee remuneration levels commensurate with the importance of the positions held by our employees and their levels of commitment and training. We maintain and uphold our equal pay policies, and to do so, we have an **Appointments and Remuneration Committee** that works to ensure the proper functioning of the entire system and its regular review and update. We have also implemented the **People Development Integrated System (PDIS)**, a tool designed to manage people's talent. In 2022, 5,172 employees received training, 80% more than the previous year, and investment in this area increased by 34% in the last year, totalling 3.78 million euros.

INTERNALLY FILLED POSITIONS BY OCCUPATION

Business Unit	2021	2022
Team managers	82%	65%
Qualified technical and administrative staff	46%	40%
Operational and administrative staff	30%	28%
TOTAL	35%	32%

TRAINING AND CONTINUOUS EDUCATION EXPENSES (M€) *

2021	2022					
CELSA Group™	CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland
2.83	3.78	2.49	0.08	0.60	0.26	0.35

*By geographic region.

Commitment to equality, diversity and inclusion

Traditionally, in the sector to which the CELSA Group™ belongs, the presence of women has been low, a trend that is set to be reversed. Our 30-2030 Programme is a clear example, since its main objective is to increase the number of women in the workforce by 30% by 2030. Furthermore, in the last five years, the presence of women in the company has grown by 10%, and key areas such as the team of prevention technicians and the financial team now contain a high percentage of women. In 2022 women accounted for 11.4% of the workforce, and in the support departments that provide global services to each of the operating units the average was more than 50%.

As stated in the **Group's Code of Ethics and Professional Conduct**, we uphold the principle of non-discrimination based on gender, race, ideology, nationality, religion, sexual orientation, or any other personal, physical, psychological, or social condition, both in terms of access and recruitment and in providing equal opportunities for our employees.

Also, through the Adecco Foundation, we guarantee the integration of people with disabilities into our workforce.

NUMBER OF EMPLOYEES WITH DISABILITIES

2021	2022					
CELSA Group™	CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland
83	77	52	3	n.a.*	1	21

*In the UK, there is no legal obligation to collect this information.

At CELSA Group™ we promote policies that facilitate a better work-life balance for our employees and incorporate improvements beyond those established in the Workers' Statute.

Lastly, we have a **Human Rights Policy** that introduces systems and procedures for detection, reporting, and protection, and extends our commitment to all the countries where the company operates. It primarily aims to define principles that guarantee respect for these rights in line with the United Nations Global Compact, the conventions of the International Labour Organisation, the SDGs and our Code of Ethics and Professional Conduct. In 2022, 38 of our employees received training on human rights and the Code of Conduct.

08 Our commitment to the green transition

The CELSA Group™ Environment and Resource Management Policy reflects our purpose: **"We give infinite lives to finite resources"**. Our environmental investments increased by 25% in 2022 to €9.05 million.



Our circular economy model

We are firmly committed to the recovery and use of the waste generated during the steelmaking process to promote the circular economy. Recycling and waste valorisation, which include reuse and recovery, are waste treatment processes through which we reuse a material or energy as a raw material in another process. These, therefore, constitute a fundamental pillar of our activity.

THE CIRCULAR MODEL OF CELSA GROUP™

Content of recycled steel in the final product:

97.0%

Content of recycled materials used in the steelmaking process:

85.9%

Steel from recyclable CELSA Group™ products:

100.0%

Recovered waste amounts to

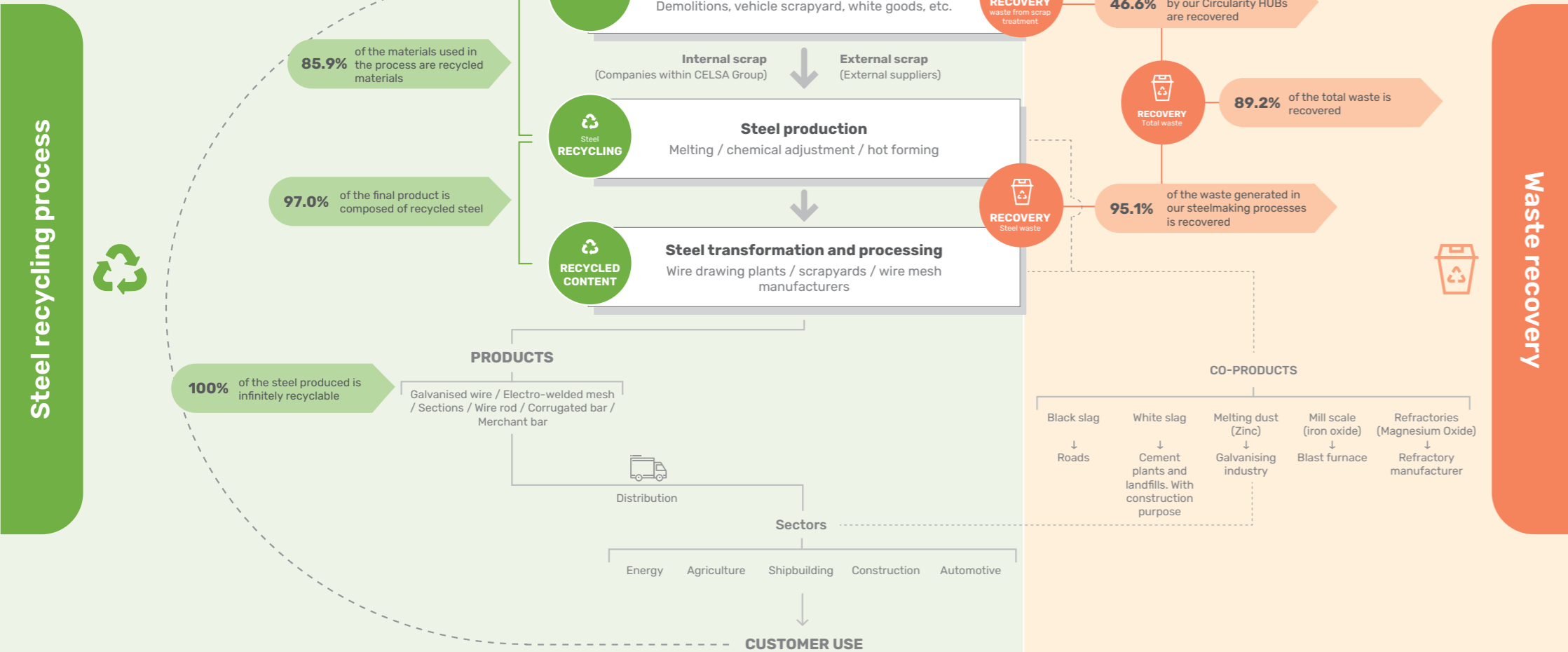
95.1%

11 M m³

of natural resources avoided: equivalent to the volume of

10.4
Empire State Buildings

OUR CIRCULAR ECONOMY MODEL



Steel recycling process

Waste recovery

The roadmap toward decarbonisation

At CELSA Group™ we have a climate action policy whose key objectives include improving energy efficiency, promoting renewable energy sources, and reducing the use of fossil fuels. Our decarbonisation plan is based on two main lines of action.

01

THE REDUCTION OF (SCOPE 1) DIRECT EMISSIONS THROUGH:



Reduction of fossil fuel use: working on projects to develop and integrate new technologies to replace natural gas with biomethane, green hydrogen, electrification, etc., and developing projects to replace coals with alternative materials such as biochar, shredded used tires and polymers from waste.

Improvement in energy efficiency: implementing technologies and process enhancements to reduce consumption and increase efficiency in combustion processes, such as oxygen doping and hot charging to improve process efficiency.

02

THE REDUCTION OF (SCOPE 2) INDIRECT EMISSIONS FROM ELECTRICITY:



Improving energy efficiency to reduce electricity consumption in processes through the installation of devices for optimising electricity consumption, such as variable-frequency drives, and by better monitoring energy consumption using analysers, meters, and mathematical models.

Replacing conventional energy sources for renewable energy sources through long-term Power Purchase Agreements with renewable energy developers and/or sourcing electricity covered by Guarantees of Origin.

We are integrated throughout the entire steel value chain, providing different solutions: from demolition services that allow us to supply raw materials (scrap) to construction services for transformed steel, thereby covering the entire value chain of our product.

In the manufacturing of steel, recycled and renewable materials are used alongside linear materials. The Group's facilities dedicated to the recovery, handling and processing of ferrous scrap for subsequent recycling in electric arc furnaces receive other mixed materials that we also separate and recycle, mainly light shredder waste and heavy shredder waste.

Recycling of other materials:



In 2022, CELSA Group™ joined the **Horizon 2020 PROBONO Project**, funded by the European Union, which aims to recover various by-products of the steel production process, either in asphalt for roads or streets in sustainable urban developments.

CELSA Group™ is committed to achieving 100% recovery of our products by 2050, i.e. to send zero waste to landfill.

All activities associated with the steel mills and rolling mills have been included in the Emissions Trading Scheme (ETS) since 2005. These emissions are always verified by an external agent. In 2022, Scope 1 emissions from CELSA Group™ steelmaking processes were 32% below the EU sector average. Within the ETS there is sectoral data for scrap melting facilities in electric furnaces, which allows us to compare our emissions with the average for the sector. Furthermore, in 2022, we calculated and had a third party verify the carbon footprint of the organisation (manufacturing and rolling activities), based on the GHG Protocol standard. This allows us to account for the main types of greenhouse gases (carbon dioxide (CO₂), methane (CH₄), nitrous oxides (N₂O) and others generated directly and indirectly for the reporting of emissions, expressed in units of tonnes of CO₂ equivalent.

CARBON FOOTPRINT OF HEAD PLANTS OF CELSA GROUP™

Our emissions

Scope 1, 2 and 3 emissions in absolute values:

3,273,290
(t CO₂ eq. - location based)¹

3,503,974
(t CO₂ eq. - market based)²

Scope 1, 2 and 3 emissions in specific values:

595.6
(kg CO₂ eq./t steel - location based)¹

637.5
(kg CO₂ eq./t steel - market based)²

¹Calculations of Scope 2 location-based indirect emissions; based on location, region.

²Calculations of Scope 2 market-based indirect emissions; based on the market, marketers.

SCOPES

SCOPE 3
Indirect emissions of upstream operations

SCOPE 1
Direct emissions

SCOPE 2
Indirect emissions

SCOPE 3
Indirect emissions of upstream operations

CARBON FOOTPRINT OF THE ORGANISATION:
FROM STEELMAKING AND STEEL ROLLING
ACTIVITIES OF CELSA GROUP™
(SCOPE 1, 2 AND 3)

FACILITIES

Circular HUBSs

Steel mills

Rolling mills

Finishing companies

Forge and mechanical processing

PROCESSES

Scrap collection and processing
Demolitions, scrapyards, white goods, etc.

Steel production
Melting / Chemical adjustment

Steel production
Hot forming

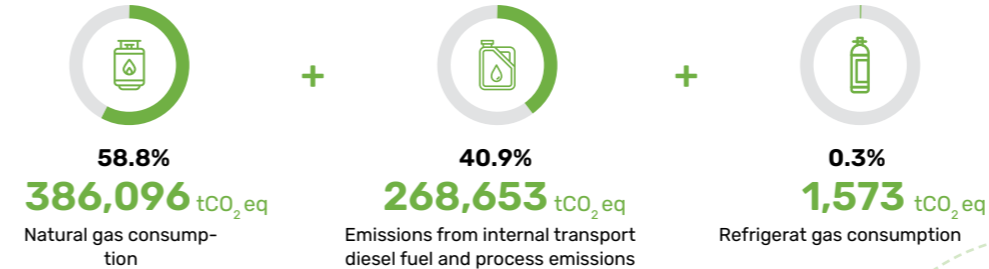
Steel transformation and processing
Wire drawing plants, scrapyards, wire mesh manufacturers

PRODUCTION PROCESS CELSA GROUP™

Compared to 2021, CELSA Group™ steel production was reduced by 20%, while Scope 1 emissions were only reduced by 14.6%. In relation to Scope 2 location-based emissions (i.e. taking into account the average emissions of energy suppliers in the geographical area of our plants; that is, not from the specific supplier that has supplied us with the energy), our indirect emissions decreased by 10.2% compared to the previous year. In terms of Scope 2 market-based emissions (i.e. taking into account the emissions of the supplier from whom we have purchased energy), these fell by 10.3%. Regarding Scope 3 emissions, there was a decrease of 14.2% compared to the previous year.

WHAT EMISSIONS HAVE WE GENERATED?

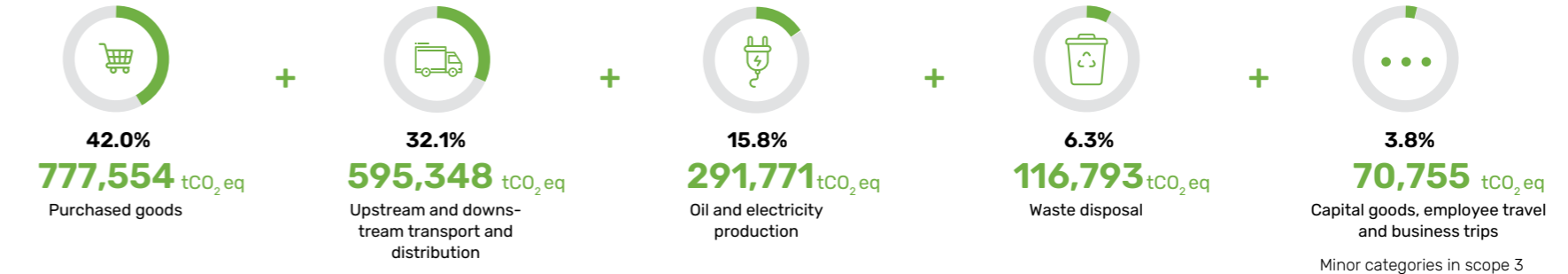
SCOPE 1: DIRECT EMISSIONS



SCOPE 2: INDIRECT EMISSIONS



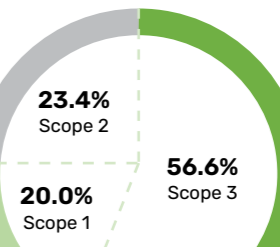
SCOPE 3: OTHER INDIRECT EMISSIONS



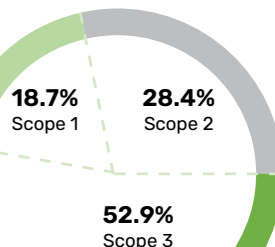
The carbon footprint is the impact of our activities on the environment and is expressed in tonnes of CO₂ equivalent. It is calculated from the Greenhouse Gas (GHG) emissions generated.

The GHG Protocol Corporate Standard methodology has been used to calculate the carbon footprint.

GHG EMISSIONS BY SCOPE 2022 (location-based)



GHG EMISSIONS BY SCOPE 2022 (market-based)



100%
3,273,290
tCO₂ eq

100%
3,503,974
tCO₂ eq

And at Nervacero, for example, we replaced the electric furnace in the steel plant, which led to a 30% reduction in direct CO₂ emissions. For its part, at GSW we reduced our CO₂ emissions by 9.8% (Scopes 1, 2 and 3) with respect to 2021 thanks to the increase in scrap as a raw material and improvements in energy efficiency.

Other emissions and pollution

All our production processes are subject to the European Industrial Emissions Directive and, therefore, the best available techniques defined for the sector in which we operate have been implemented. In all plants we monitor channelled emissions, which are those that are emitted into the atmosphere in a controlled manner through a duct or chimney. In the year 2022, there was a reduction in emissions of the main pollutants (CO and NOx) due, in part, to the decrease in our production.

Regarding noise pollution, at CELSA Group™ we take actions so that our activity does not cause a disturbance to the neighbouring communities where we operate, ensuring that we do not emit noise above permitted levels. To achieve this, we conduct noise impact studies and noise maps that help define the necessary actions and investments to shield and absorb noise associated with industrial activities where required. Thanks to these measures, CELSA Group™ has managed to reduce the noise levels of its plants in recent years. The number of complaints received during 2022 was 313, a reduction of 54% compared to 2021.



Efficient use and consumption of energy and water

The CELSA Group™ Environment and Resource Management Policy includes among its objectives the efficient and responsible use of natural resources, including **energy** and **water**.

ENERGY

The first step toward carbon neutrality is to improve energy efficiency. We are committed to the most efficient technology in the sector – electric arc furnaces – which require about 75% less energy consumption than blast furnaces. In 2022, of the total consumption, 3,392,077 MWh corresponded to non-renewable electrical energy, while the total con-

sumption of electricity from renewable sources was 185,555 MWh. It is worth mentioning that this year the consumption of electricity from renewable sources increased more than 9 times, thanks to the CELSA Poland business unit, which has opted for the purchase of guarantees of origin. Non-renewable energy consumption also decreased by 21%.

The upgrading of thermal-box barriers stands out as an example of good energy efficiency practices. Billets lose temperature during transportation from the steel mill to the rolling mill, so they need to be reheated to continue with production. To optimise the process, the boxes used to transport the billets have been upgraded to maintain their temperature, leading to significant energy savings.

ENERGY CONSUMPTION (MWh)

	2021	2022	Variation compared to 2021
Total consumption of fossil fuels	2,913,576	2,368,229	-18.7%
Natural gas and other combustion gases for thermal processes	2,841,890	2,300,133	-19.1%
Diesel & diesel oil	71,685	68,096	-0.5%
Total consumption of renewable fuels	0	0	-
Biomethane	0	0	-
Biofuels	0	0	-
Total primary energy consumption	2,913,576	2,368,229	-18.7%
Electricity	4,324,166	3,577,632	-17.3%
Electricity of non-renewable sources	4,304,310	3,392,077	-21.2%
Electricity from renewable sources	19,856	185,555	834.5%
Heating	16,735	15,635	-6.6%
Cooling	0	0	-
Steam	4,325	4,058	-6.2%
Total secondary energy consumption	4,345,226	3,597,325	-17.2%
Total energy consumption	7,258,802	5,965,554	-17.8%

WATER

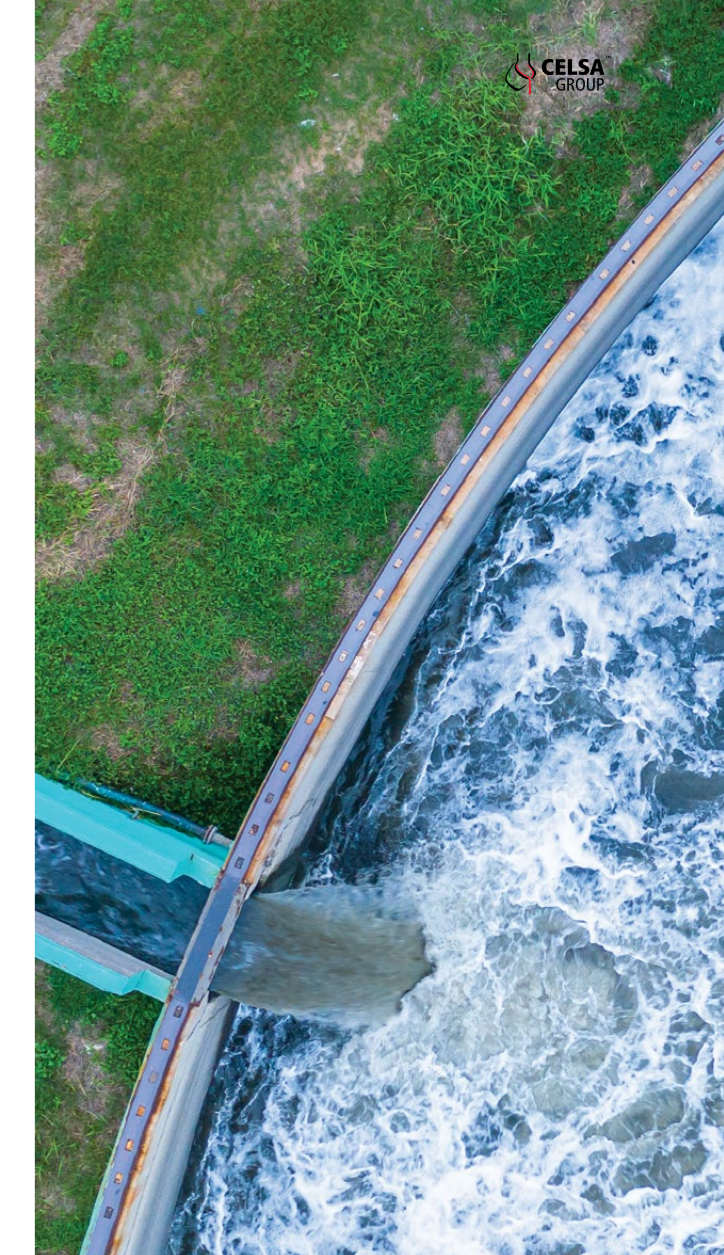
The most important industrial processes that we carry out in CELSA Group™ are carried out at high temperatures, so the use of water is necessary to ensure the cooling of both the facilities and the manufactured product. In this regard, our electric arc furnaces reduce water consumption by 40% compared to that consumed by a conventional furnace. In 2022 our water consumption stood at 4,932,359 m³. We avoided the use of 942,857 m³ of water compared to the previous year. Total water consumption in water-stressed areas (taking into account Spain and France) was 3,240,315 m³, a 33% reduction compared to the previous year. In addition, 16% of the water we capture at CELSA Group™ is reused.

TOTAL WATER WITHDRAWN IN ALL AREAS (hm³)

	2021	2022
Surface water withdrawal	27.71	27.10
Groundwater withdrawal	2.95	2.55
Seawater withdrawal	n.a.*	n.a.*
Produced water withdrawal	n.a.*	n.a.*
Third-party water withdrawal	0.97	1.55
Rainwater withdrawal	0.41	0.27
Total water withdrawal	32.04	31.47

TOTAL WATER WITHDRAWN IN WATER-STRESSED AREAS (hm³)

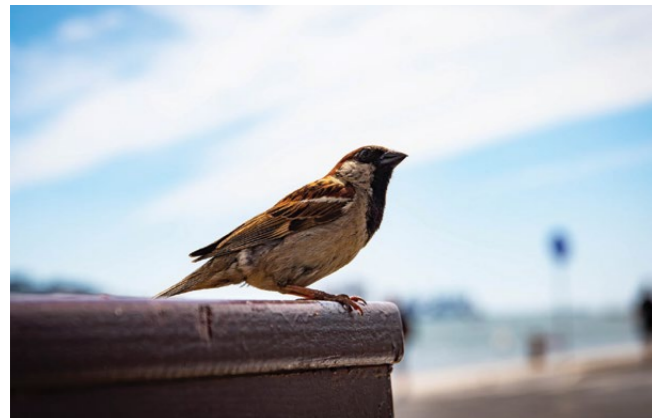
	2021	2022
Surface water	2.75	1.44
Groundwater	2.52	2.02
Seawaters	n.a.*	n.a.*
Produced water	n.a.*	n.a.*
Third-party water	0.93	0.88
Rainwater	n.a.*	0
Total	6.20	4.34



Commitment to biodiversity

Our Environmental and Resource Management Policy establishes as one of its principles the minimisation and promotion of offsetting of the impacts of our activity on the environment and biodiversity in the areas where we conduct our business. This applies to both our equipment and facilities and the products we manufacture, using the best available and affordable technologies for the company. One of the projects we started in 2022 involves researching and developing a new sustainable material to create structures for environmental regeneration that facilitate the growth of marine biodiversity. This innovative material is derived from by-products, in this case, the white slag generated in our steel production processes.

In addition, we are founding partners of NACTIVA, the first market builder whose social objective is the development of Europe's "natural capital", that is, the world's stock of natural resources including geology, soils, air, water and all living organisms.



Alignment with the EU taxonomy

To comply with the 2030 Agenda, and to fulfil the objectives of the European Green Deal, it is essential to direct investments towards sustainable projects and activities. One of the main objectives of the European Union's Sustainable Finance Action Plan is to redirect capital flows towards sustainable investments.

Although CELSA Group™ is not required to comply with the EU Taxonomy Regulation, we have voluntarily decided to publish the Taxonomy eligibility KPIs, as a part of our commitment to transparency and sustainability. We have done it on a pilot basis within the perimeter of Barna Steel S.A., with the intention of later applying it to the rest of the business units.

Our goal is to be able to report the complete Taxonomy analysis (eligibility and alignment) in 2024, based on 2023 data. With the aim of moving forward, in 2022 CELSA Group™ carried out an analysis of the substantial contribution to the climate change mitigation target of the identified eligible activities.

Eligibility

In 2022, at Barna Steel, S.A., the proportion of **eligible economic activities** has been as follows:



The electronic version of this document in spanish and english can be consulted on the CELSA Group™ website, www.celsagroup.com



