

# CELSA GROUP CIRCULARITY AND SUSTAINABILITY REPORT 2021

## EXECUTIVE SUMMARY

# PRESENTATION

We are the largest circular supply chain in Europe and the second largest European producer of recycled steel.

We recycle ferrous scrap to produce steel in electric arc furnaces, using the most sustainable technology.

Recycled steel is highly valued in the global current scenario increasingly driven by decarbonisation goals, as well as for our customers, who are also seeking to reduce their carbon footprint.

We work to become part of the solution to the major systemic risks of our planet, by contributing to the mitigation of both: climate change and the

depletion of natural resources, through our circularity and by **becoming a Net Positive company by 2050.**

Beyond financial figures, we believe in people, in our employees and their safety, talent and dedication.

Thanks to our team, **CELSA Group™** is helping to transform the sector and getting stronger every day.

We have been circular for years and we will continue on this path, contributing to transform the sector and to overcoming the great challenge of making our planet a better place for everyone.

## 1. ACTIVITY SUMMARY

The year 2021 was marked by the recovery and by obtaining growth in the wake of the COVID 19 pandemic, thanks to the benefits of our strategic plan.

**CELSA Group™** has reduced CO<sub>2</sub> emissions (scope 1 and 2) from its production plants by 22% since its began its decarbonisation plan in 2015.

In 2021 the CO<sub>2</sub> emission have been 263 kg of CO<sub>2</sub>/t of steel, 36.8% below the average for the European Union steel sector.

**The company produced 6.6 million tonnes of steel in 2021 and avoided the extraction and consumption of 13.1 million m<sup>3</sup> of natural resources**, the equivalent of the volume of 12.5 buildings such as the Empire

State Building, thanks to its circular production system, using scrap as raw material.

Making the same comparison, **also avoided the consumption of 17 million m<sup>3</sup> of water**, comparable to the yearly consumption of a city of 350,000 inhabitants; **and also the consumption of 16,700 GWh/year of electricity**, which is more than the yearly electricity consumption of Madrid and Barcelona together.

In terms of emissions, **CELSA Group's™ production system avoided the emission of 12 million tonnes of CO<sub>2</sub> into the atmosphere in 2021**, the equivalent of 2.6 million cars running for a whole year.





## MAGNITUDES, IMPACT AND CONTRIBUTION OF THE COMPANY

TURNOVER	5,283 M€
STEEL PRODUCTION	6.6 Mt
NEW JOBS IN THE YEAR	230
TOTAL NUMBER OF PROFESSIONALS*	11,929
% VERTICAL INTEGRATION	Upstream Integration: 35% Downstream Integration: 19%
INVESTMENT IN R&D	23.5 M€

\* Own and subcontractors employees.



## CIRCULAR AND ENVIRONMENTAL PERFORMANCE

FINAL PRODUCT MADE OF RECYCLED STEEL	96.5%
MATERIALS USED FOR PRODUCTION AND ALL THE PRODUCTS MANUFACTURED	100% recyclable
TOTAL WASTE RECOVERED	94%
RECYCLED SCRAP	7.01 Mt
VALUED COPRODUCTS	2.6 Mt
RECOVERED NON-FERROUS METALS	73 Thousand t
RECOVERED PLASTICS	860 t
WATER CONSUMPTION	5.9 M m <sup>3</sup>
REUSED WATER (%)	19%



## COMMITTED TO DECARBONISATION

ENERGY CONSUMPTION	7,278,805 MWh
CO <sub>2</sub> EMISSIONS (SCOPE 1+2)	263 Kg CO <sub>2</sub> eq / t steel produced
CO <sub>2</sub> EMISSIONS SCOPE 1: SCOPE 2: REDUCTION (COMPARED TO 2015)	785,311 t of CO <sub>2</sub> eq 1,022,703 t of CO <sub>2</sub> eq 22%



## COMMITTED TO PEOPLE & LOCAL COMMUNITY

CASES OF DISCRIMINATION	0
VOLUNTARY TURNOVER RATE	5.5%
FREQUENCY RATE FOR OCCUPATIONAL ACCIDENTS (OWN AND SUBCONTRACTORS)	6.71
PROFESSIONALS WITH INDEFINITE CONTRACTS	93.6%
DIFFERENTLY-ABLED PROFESSIONALS	83
WOMEN ON STAFF	11.4%
INVESTMENT IN TRAINING	2.83 M€
LOCAL SUPPLIERS IN 2021	15,729
PURCHASES MADE FROM LOCAL SUPPLIERS	75.4%



## 02. WHO WE ARE

CELSA Group™ is the largest circular supply chain in Europe and the second largest recycled steel producer in Europe and the most vertically integrated manufacturer of long steel products, upstream through our recycling hubs spread across Europe to recover scarp and other materials, and downstream through our steel transformation companies.

The origins of the group date back to the 1960s, as Compañía Española de Laminación, S.A., in Castellbisbal, to manufacture rebar for the construction industry.

In 1977, the first electric melting furnace was inaugurated in Sant Andreu de la Barca, at which time the company began to manufacture steel autonomously and with the state of the art

technology of the time. Over the years, CELSA Group™ became a national benchmark in the steel industry and grew by acquiring companies in the sector.

Nowadays, it has 7 melt shops, 10 rolling mills, 45 recycling plants and 120 centres around the world and comprises Barna Steel (including CELSA Spain and CELSA France), CELSA UK (United Kingdom and Ireland), CELSA Nordic (Norway, Sweden, Finland, and Denmark) and CELSA Huta Ostrowiec (Poland). All are vertically integrated, so are present throughout the value chain and are engaged both in the tasks of recovering, collecting, and treating scrap, an in increasing the added value of the final product through the transformation into steel wire and high-quality calibrated bars.

### 02.01. GOVERNANCE STRUCTURE AND MANAGEMENT

At the present, the CELSA Group's™ governing bodies are:



#### The Shareholders' General Meeting

The sovereign body in which all the Company's shareholders participate and in which decisions are made.



#### The Board of Directors

The highest decision-making body to elaborate the company's strategy and general policies and oversee their execution.

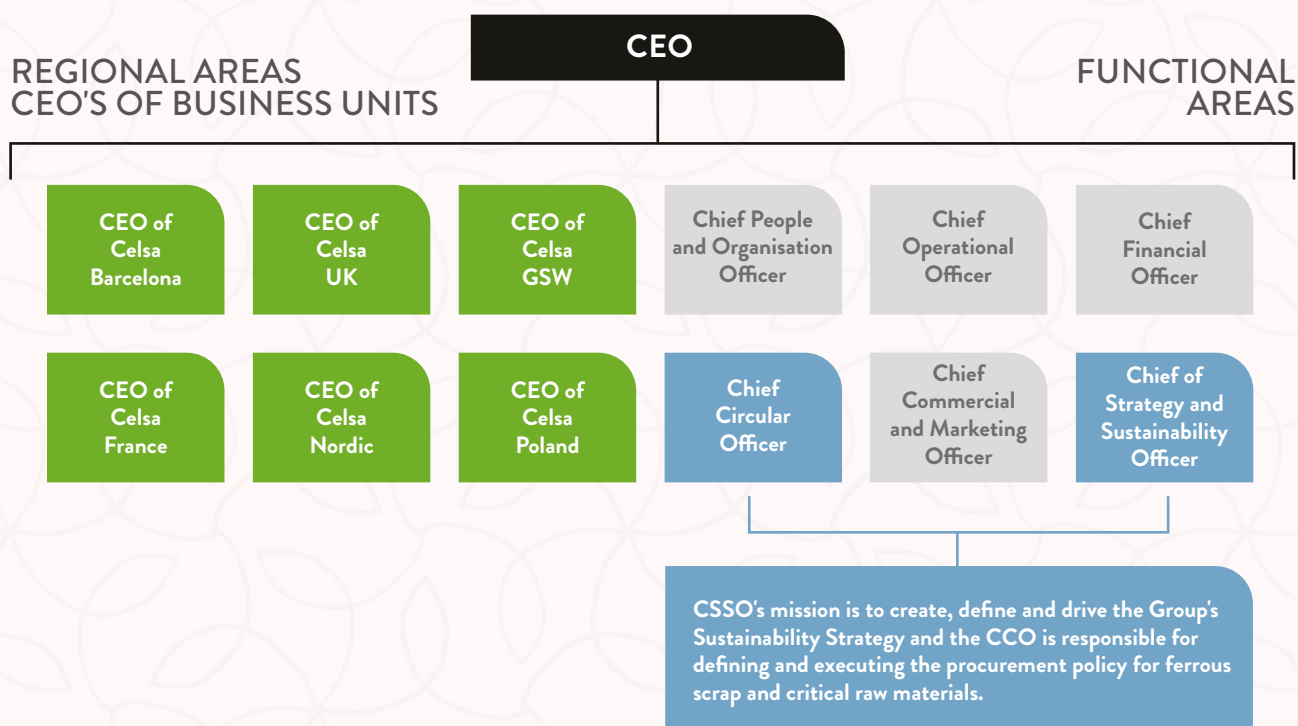


#### Chief Executive Officer

The Board of Directors has delegated the execution its functions, except those that cannot be delegated.

In November 2021, CELSA CELSA Group's™ implemented a new organisational structure with 6 regional and 6 functional divisions.





**The Executive Committee has the following commissions or committees to ensure adequate governance of the organisation's key areas:**

Compliance Body (Crime prevention), Appointments and Remuneration Committee, Occupational Risk Committee, Sustainability Committee, Diversity and Equality Committee, Risk and Credit Committee, Innovation Committee, Cybersecurity Committee, Data Protection Committee and Management committees of each of the six regional units.

The **CELSA Group's™** Corporate Governance System comprises the following rules:

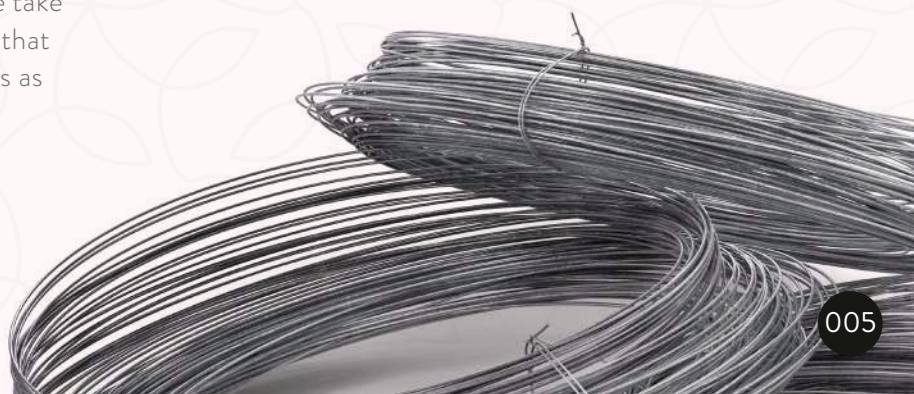
- The Company's Bylaws
- Vision, Mission, and Values
- The Code of Ethics and Professional Conduct
- Corporate Policies, which include environmental social and corporate governance policies
- Regulatory compliance

## 02.02. OUR TEAM

Our team is fundamental for us and for the future of **CELSA Group™** and represents an essential part of our history and identity. We take care of our professionals, and we make sure that our teams fits with the values that identify us as a company.

**CELSA Group™** has a total of 11,929 professionals, with 7,777 own employees and

4,152 subcontractor employees. 93.6% of our workforce has an indefinite contract.



## TOTAL NUMBER OF OWN EMPLOYEES BY COUNTRY AS OF 31/12/2021\*

	SPAIN	FRANCE	POLAND	UK	SWEEDEN	NORWAY	FINLAND	DENMARK	CELSE INTERNATIONAL**	TOTAL
TOTAL NUMBER OF EMPLOYEES TO 31/12/2021	3,544	220	1,477	1,573	216	488	165	88	6	7,777

\*In Ireland there are no own employees as this is a minority stake.

\*\* CELSE International are other countries with commercial activity, mainly US and Germany.

## TOTAL NUMBER OF EMPLOYEES BY PROFESSIONAL CATEGORY AND SEX AS OF 31/12/2021

SEX	PROFESSIONAL CATEGORY	TOTAL NUMBER OF EMPLOYEES
♀	Team Managers	103
	Qualified Technical and Administrative Staff	376
	Operational and Administrative Staff	406
♂	Team Managers	431
	Qualified Technical and Administrative Staff	1,110
	Operational and Administrative Staff	5,351
TOTAL		7,777

## TOTAL NUMBER OF SUBCONTRACTOR EMPLOYEES AS OF 31/12/2021

TOTAL NUMBER OF SUBCONTRACTOR EMPLOYEES AS OF 12/31/2021	4,152
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## TOTAL NUMBER OF EMPLOYEES BY TYPE OF EMPLOYMENT CONTRACT (INDEFINITE/TEMPORARY AND PART-TIME/FULL-TIME) (FTE)

	INDEFINITE			TEMPORARY			TOTAL	
SEX	FULL TIME	PART TIME	INDEFINITE TOTAL	FULL TIME	PART TIME	TEMPORARY TOTAL	FULL TIME	PART TIME
♀	754	25	779	60	2	62	814	27
♂	6,208	67	6,275	398	23	421	6,606	90
TOTAL	6,962	92	7,054	458	25	483	7,420	117

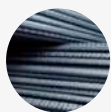


## 02.03. PRODUCTS, SERVICES, AND MARKETS

### MAIN PRODUCTS

CELSA Group™ produces four families of long steel products, being the only European group that

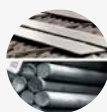
is among the top three manufacturers in Europe in each of them.



REBAR



SECTIONS



MERCHANT BARS



WIRE ROD

### TRANSFORMED PRODUCTS

CELSA Group™ is a leading supplier of steel solutions and products derived

from the main products. These are:



DRAWN WIRE



FORGED PRODUCTS



TUBE



BASIC ELECTROWELDED



FENCING



ELECTROWELDED MESH



CALIBRATED BARS



STEEL AGGREGATE

### SERVICES



RECYCLING

CELSA Group™ recycles 8 million ferrous scraps melted annually in its steel mills and performs a whole series of services as part of the steel production value chain. The most relevant services of the group are the collection and treatment of ferrous scrap, collection and removal of vehicles, collection and treatment of non-ferrous materials and demolition.

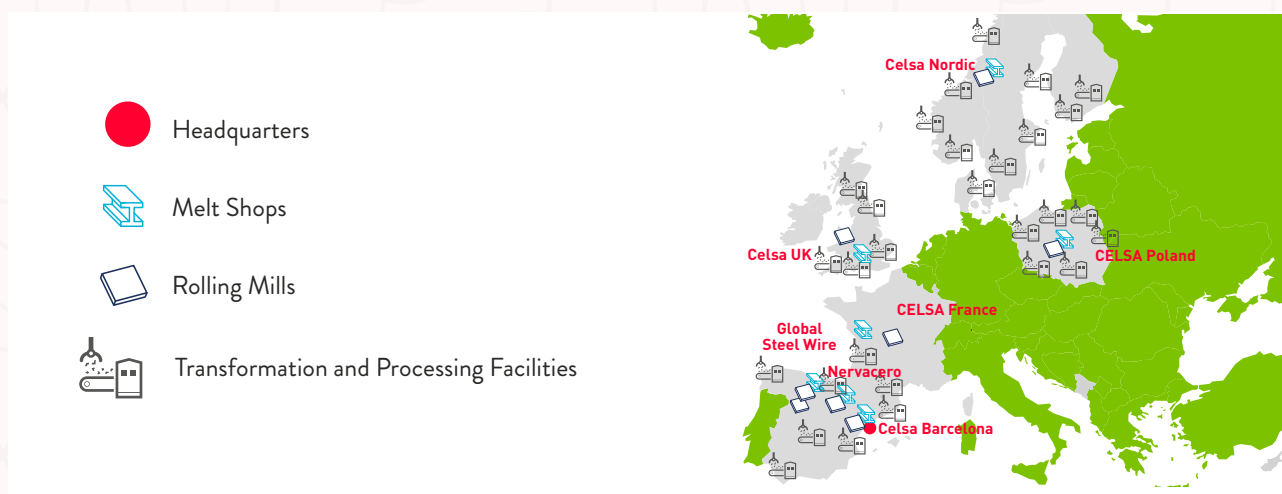


CUT & BEND

CELSA Group™ is one of the largest steel cut & bend services in Spain and Europe by volume of tons processed.

Among the services, detail design, optimisation studies, BIM services, QR project manager and the assembly on site stand out.

## CELSA GROUP IN THE WORLD



## MARKETS

Europe represented 86% of the company's total revenue during 2021. The main sectors where the group produces and sells its products are the

following: **Construction, Automotive, Agriculture, Oil & Gas, energy, and shipbuilding.**

## 02.04. OUR PRODUCTION TECHNOLOGY

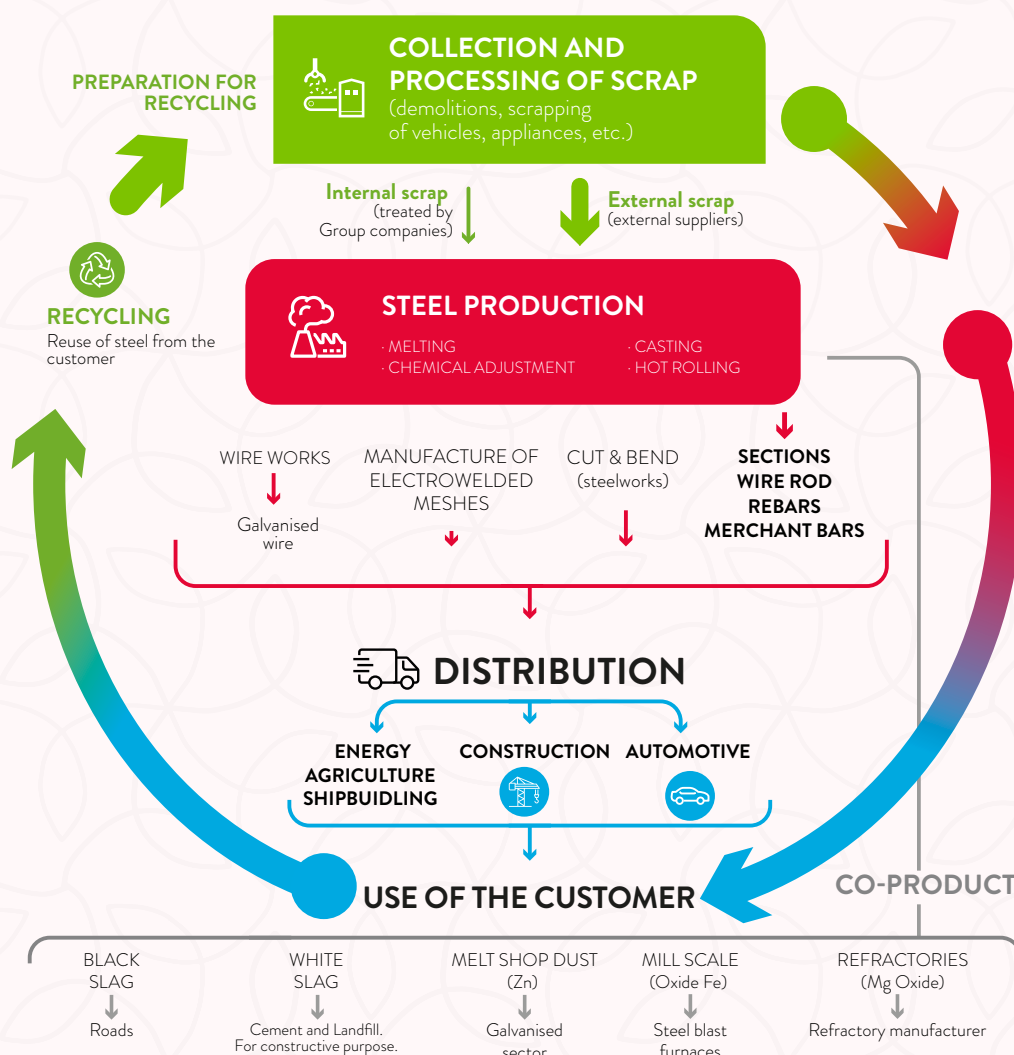
**CELSA Group™** produces steel through the melting in electric arc furnaces, or EAF (Electric Arc Furnace) route, as opposed to the traditional melting in blast furnaces, or BF-BOF (Blast Furnaces-Basic-Oxygen Furnace), which is a much more polluting steelmaking process. EAF manufacturing uses ferrous scrap, favouring a circular economy that reduces both the consumption of

natural resources and the environmental impact. The EAF production system reduces energy consumption by around 75%, thus the corresponding CO<sub>2</sub> emissions, and saves approximately 90% of the input of raw materials. In addition, it reduces air pollution (around 86%), water consumption (40%), water pollution (76%) and mining waste (97%).

## 02.05. THE CIRCULAR SUPPLY CHAIN

**CELSA Group™** is integrated along the entire steel recycling chain, that is, along the entire circular supply chain, with companies dedicated to the recovery and treatment of ferrous scrap and other materials for further recycling, with steel mills for

the melting process, chemical adjustment and rolling of steel; and with other subsidiaries responsible for the transformation of steel into more specific products such as galvanised wire or electro-welded meshes.



## 03. OUR VALUES

### 03.01. VISION, MISSION, AND VALUES

Our vision is to be leaders in providing solutions for our clients around steel. We have the mission to be an organisation that is interdependent in safety, focused on the customer, profitable, innovative,

and excellent in operations management.

Our values are **honesty, nonconformism, teamwork, creative perseverance, humility and passion.**



## 03.02. ETHICS AND TRANSPARENCY

We have a Code of Ethics and Professional Conduct that is mandatory throughout **CELSA Group™** and that covers the main risks in terms of prevention of corruption and bribery associated with our activity. The Code establishes specific anti-corruption and anti-bribery measures for all **CELSA Group™** companies. During 2021, Human Rights and Code of Conduct trainings were scheduled for 3,771 of our professionals. Out of the scheduled trainings, 60.5% were performed.

### ETHICAL PERFORMANCE OF OUR SUPPLIERS

Our Purchasing Policy establishes that the general conditions of the contracts must clearly reflect the commitment of suppliers to respect and act in accordance with our Code of Ethics and the principles of the Global Compact, in terms of human rights, labour, environment and anti-corruption.

Likewise, the Purchasing Policy places special emphasis on the need to minimize environmental impact, apply sustainability criteria, preserve safety and health, and proposes to prioritize suppliers. The supplier approval procedure acknowledges the suppliers who have a better performance in these aspects and who, at the same time, have an ISO 14001 Environmental Management System and an ISO 45001 Occupational Health and Safety Management System.

We have a unique and integrated Supplier Integration System among all companies. It is based on four pillars: homologation, technical specifications, control in the reception and evaluation of suppliers.

In 2021, 54 relevant new suppliers have been certified for **CELSA Group™**, and 389 suppliers from **CELSA Group™** had an occupational health and safety management system and/or a certified environmental management system.

## 03.03. OUR MANAGEMENT SYSTEM

The CELSA Management System (hereinafter CMS) is key to ensuring our continuous improvement and management excellence and is based on 4 elements: people, the standardisation of processes, continuous improvement, and innovation.

### CERTIFICATIONS

- **All the companies of the Group:** Sustainability Steel.



- **Main industrial facilities:** The ISO 9001 quality management, ISO 14001 environmental management and ISO 45001 occupational health and safety management certifications.



- **Spain:** Global Steel Wire, Celsa Atlantic, Celsa Barcelona and Ferimet have the European EMAS registration.



The substances used in the manufacturing process have a safety data sheet in accordance with the Community Regulations, such as EU 453/2010 or EU 1907/2006 among others, and in accordance with **CELSA Group's™** quality standards.

## 03.04. GROUP POLICES

POLICIES AT CELSA GROUP	
	AREA
GENERAL POLICIES	Sustainability framework policy
ENVIRONMENTAL POLICIES	Environmental policy and energy management Climate change policy Biodiversity policy Water policy Supply Chain Policy
SOCIAL POLICIES	Human Rights policy Equality, diversity, and inclusion policy Talent Management policy Innovation policy Occupational safety and health policy
CORPORATE GOVERNMENT POLICIES	Stakeholder Relations Policy Personal data protection policy Conflict of Interest Policy Economic-Financial and Non-Financial Information Policy Anti-Corruption policy and Relations with public officials and authorities Regulatory compliance policy in matters of Competition Defense

## 03.05. COMMITTED TO OUR CUSTOMERS

Over the years we have created strong ties with our customers and suppliers and forged lasting partnerships, underpinned by our commitment to innovation, research and quality.

surveys launched and managed by the different CELSA Group™ companies.

During 2021, the Group has received and properly handled 1,173 complaints and 3,663 customer claims.

### CUSTOMER SATISFACTION

To assess the quality of our service, we annually monitor the satisfaction of our customers through

## 03.06. ALLIANCES AND RELATIONSHIPS

We forge alliances and actively collaborate with national and international organisations in our

sector and other sectors that are important to us, such as energy or transport. This intensive

collaboration helps us to promote sustainable and circular policies.

We are part of World Steel Association Worldwide, EUROFER at European level, and in Spain,

UNESID. And we take part of other organisations of the steel sector and also in business organisations in the countries where we have activity.

## 4. COMMITTED TO SUSTAINABILITY AND INNOVATION

CELSA Group™ works to become market leaders with sustainable growth.

### 04.01. THE SUSTAINABLE DEVELOPMENT GOALS AND CELSA Group™

During the 2020 financial year, CELSA Group™ committed to the United Nations Global Compact, as a partner at the Participant level both nationally and internationally.

CELSA Group™ identified six SDGs on which to contribute, and defined the sustainability strategy.



### 04.02. SUSTAINABILITY STRATEGY

**WE ASPIRE TO BE A NET POSITIVE COMPANY BY 2050**

CELSA Group™ sustainability Roadmap 2021-2050 is a long-term strategy, fully

integrated into the business strategy, with clear environmental, social and governance objectives, and in line with Celsa relevant SDGs and the 10 Principles of the UN Global Compact. It was developed considering the results of the materiality analysis a benchmarking analysis, an internal survey and the compilation of ongoing projects and initiatives.



## ENVIRONMENTAL SUSTAINABILITY ROADMAP

OUR DECARBONISATION PATH REFLECTS THAT WE ARE AN EUROPEAN LEADING PRODUCER OF LOW-CO<sub>2</sub> EMISSION CIRCULAR STEEL.

WE WANT TO BE NET POSITIVE BY 2050.

**2030**

Reduce CO<sub>2</sub> emissions by **50% (Scope 1+2)** vs 2021.

**2050**

**Net Positive**

Compensation of CO<sub>2</sub> remnants to be **carbon neutral**.

The sustainability strategy revolves around four main axes and 12 key issues:

### MAIN AXES



#### DECARBONISATION

We want to introduce other more sustainable forms of energy, such as green hydrogen, biogas, or solar energy, and improve the efficiency of all our processes.



#### CIRCULAR ECONOMY

Our goal is to promote the circularity of products and by-products.



#### PEOPLE AND SOCIETY

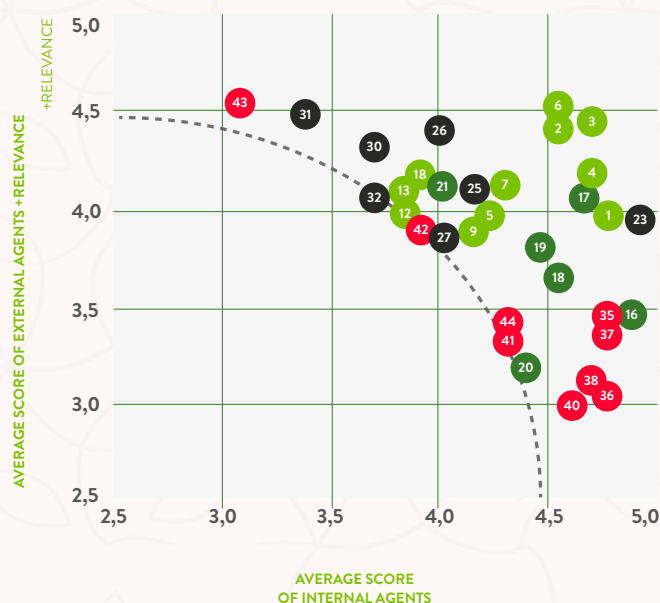
We are committed to creating a safe and healthy work environment.



#### GOVERNANCE

CELSA Group™ ensures the benefits of all its stakeholders.

### MATRIX OF KEY MATERIALITY ISSUES



<b>B</b>	Waste and materials management	<b>H</b>	Work-life balance and equal opportunities
2	Fostering circular economy	25	Commitment to gender equality
3	Recycling, recovery and proper waste management	27	Commitment to equal opportunity
5	Consumption of resources and responsibility in using materials	32	Work-life balance
<b>C</b>	Reliability	<b>I</b>	Occupational health and safety
6	Environmental compliance	23	Occupational health and safety
17	Compliance with the regulations	<b>J</b>	Product quality and customer satisfaction
<b>D</b>	Energy Efficiency	36	Product quality
1	Energy efficiency	44	Compliance with the regulations
<b>E</b>	Ethics, transparency and fraud prevention	<b>K</b>	Product quality and customer satisfaction
16	Fraud prevention	35	Creation of economic value
19	Business Ethics/ Code of Conduct	40	Sales capacity
21	Corporate Governance and transparency	<b>L</b>	Product and process innovation
<b>F</b>	Reputation, business and risk management	13	Innovation for sustainability
18	Risk management	37	Production optimisation
20	Group's reputation and image	41	Application of Best Available Techniques (BAT)
38	Business management	42	Investment in innovation
<b>G</b>	Relationship with the environment		
26	Communication with social partners		
30	Alignment with stakeholders		
31	Engagement with local communities		
43	Development of the local economy		

## 04.03. RELATIONSHIP WITH STAKEHOLDERS

CELSE Group™ establishes relationships with its stakeholders and provides information that may be of additional interests to them.

The company stands out the edition of the Economic and Social Contribution Report, the dissemination of updated information on the group's activity on the corporate website, publications on social networks (Twitter, Facebook, LinkedIn, and Instagram) press releases and attention to the media.

In 2021, the channels of dissemination of external communication were strengthened by carrying out a review of the contents of the

CELSE Group™ website and increasing the frequency of publications.

The company is also very active in internal communication with its professionals. CELSE Group™ has different internal channels such as the Employee Portal, corporate communications, weekly newsletters, and Annual Meetings (7 events held in virtual format).

Other actions such as Recycling Week, campaigns #Celsafamily and #WomenOfSteel, sport events and webinars on topics of interest such as Health & Safety, People & Talent, Sustainability & Innovation also stand out.

## 04.04. PARTNERSHIPS FOR SUSTAINABILITY

CELSA Barcelona, Nervacero, CELSA France, Global Steel Wire, CELSA Poland and CELSA UK have the license to use **the SustSteel Brand** ([www.steel-sustainability.org](http://www.steel-sustainability.org)). It is recognised and referenced at European level and has the verification of the Sustainability System by Bureau Veritas. Throughout 2021, **CELSA Group™** worked to achieve the AENOR N Sustainable

Brand certification for its 4 steel mills in Spain, in what has been the first time that AENOR grants this sustainability certification to companies in the steel sector. Finally, it was included in 2022 in the Worldsteel Sustainability Charter, an indicator that reflects the steel industry's growing focus on sustainability and its level of responsibility in driving higher standards in its sustainability performance.

## 04.05. INNOVATION AND DIGITAL TRANSFORMATION

**IN 2021, CELSA GROUP HAS INVESTED  
23.5 MILLION EUROS IN R&D PROJECTS**

**CELSA Group™** has a clear vocation for innovation, which includes digitalisation, artificial intelligence, and robotics.

Lead by the Global Innovation Department, **CELSA Group™** aims to:

- 1. Technologically update the facilities and continuously develop projects with acceptable financial returns.**
- 2. Lead the decarbonisation of the steel sector and promote the circular economy through technological solutions.**

- 3. Focus on increasing resilience in strategic assets.**
- 4. Digitize analog systems in critical installations.**
- 5. Improve traceability along the entire value chain.**
- 6. Develop new solutions around steel, focusing on services and non-ferrous materials.**
- 7. Strategically enhance our positioning in the market.**

With this model, three fundamental objectives are pursued:

- 1. Turn innovation into the strategic lever that differentiates the offer.**
- 2. Focus innovation on responding to customer needs.**
- 3. Capitalize on internal talent to generate differential and innovative initiatives.**

## 04.06. FEATURED PROJECTS

The main innovation projects that **CELSA Group™** has carried out in 2021 are:

- 1. HyHubMo: Sustainable steel in the construction sector.**
- 2. POWER EAF: Optimisation of Energy Consumption in EAF Furnace.**

- 3. PROCESS PARTNER: Optimisation of the rolling process.**
- 4. Mathematical Model of the Rolling Mill Furnace.**
- 5. Plaza Cinema: Circular Steel Pilot Project.**





# 05. TAXONOMY

THE ECONOMIC ACTIVITY OF CELSA Group™  
CORRESPONDING TO THE MELTING OF  
FERROUS SCRAP IN ELECTRIC ARC FURNACES  
WOULD MEET THE TECHNICAL CRITERIA OF  
CONTRIBUTION TO THE OBJECTIVE OF  
MITIGATION OF CLIMATE CHANGE  
ESTABLISHED IN THE TAXONOMY

In the European Union's "Action Plan: Financing sustainable development", Taxonomy was established as a classification system that establishes the technical criteria that define which activities are considered environmentally sustainable because they contribute to at least one of the following six environmental goals:

1. Climate change mitigation.
2. Climate change adaptation.

3. Sustainable use and protection of water and marine resources.

4. Transition to a circular economy.

5. Pollution prevention and control.

6. Protection and restoration of biodiversity and ecosystems.

Although the CELSA Group™ is not obliged to comply with the Taxonomy Regulation, we have decided to publish the financial eligibility indicators of the EU Taxonomy as part of our firm commitment to sustainability.

**Barna Steel's activity is more than 90% eligible in all financial indicators established by european union taxonomy.**



# 06. CIRCULAR ECONOMY

## WE ARE AN INTEGRATED GROUP WITH A COMPLETELY CIRCULAR INDUSTRIAL PROCESS

Our vertical integration makes our circularity unique. 35% of the group's steel production is vertically integrated, upstream, in the recovery and treatment of scrap, and 19.2% downstream, in the transformation of steel products and services for our customers.

We are among the signatories of the Pact for a

Circular Economy, promoted in 2017 by the Ministries of Agriculture and Fisheries, Food and Environment, Economy, Industry and Competitiveness, and we contribute significantly to the Spanish Circular Economy Strategy (EEEC) "Circular Spain 2030", approved on 2 June 2020.

We see waste management as a huge business opportunity. Our latest investments have aimed to increase recovery percentages and open new lines of business linked to the recycling and treatment of plastics and other non-ferrous metals or woods by applying pioneering techniques in recovery and recycling.

## 06.01. FIRST RECYCLER IN SPAIN AND SECOND IN EUROPE

### ALL PRODUCTS MANUFACTURED BY CELSA Group™ ARE FULLY RECYCLABLE

CELSA Group™ is the second largest European producer of recycled steel. The volume of scrap that CELSA Group™ companies recycled in 2021 is 7.01 million tons. With this we have generated 6.6 million tons of steel products and 96.5% of the final product is made of recycled steel.

At CELSA Group™ we have a clear goal to recover all the waste we generate during the steel process, which is considered a co-product due to its high intrinsic value.

These materials have a high capacity to be used as secondary raw material. In 2021, 94% of the waste generated by CELSA Group™ during steel manufacturing and processing was recovered internally and through authorized managers.

## TARGET, ZERO WASTE

IN 2021, 94% OF TOTAL WASTE WAS RECOVERED





## MAIN PRODUCTS THAT WE VALORISE AT CELSA Group™

### STEEL AGGREGATE



#### **From electric arc furnace (black slag)**

It is mainly used as an aggregate in the manufacture of asphalt, concrete, bases, and granular sub-bases of road surfaces.

#### **From secondary metallurgy (white slag)**

Due mainly to its high CaO content, it can be used as: fertiliser, soil improvement agent and raw material in cement factories.

### EAF DUST



Steel dust is collected from the bag filters in the purification systems for the gases generated by the smelting and refining furnaces. This powder contains metal oxides, notably zinc oxide, which has a high commercial value.

### MILL SCALE



Mill scale mainly comes from the hot rolling process of steel, mostly formed by iron oxides ( $\text{FeO}$  and  $\text{Fe}_3\text{O}_4$ ). It can be used in industrial processes such as integral steelmaking, cement manufacturing and to manufacture ferroalloys.

### FURNACE AND LADLE FURNACE REFRACTORY

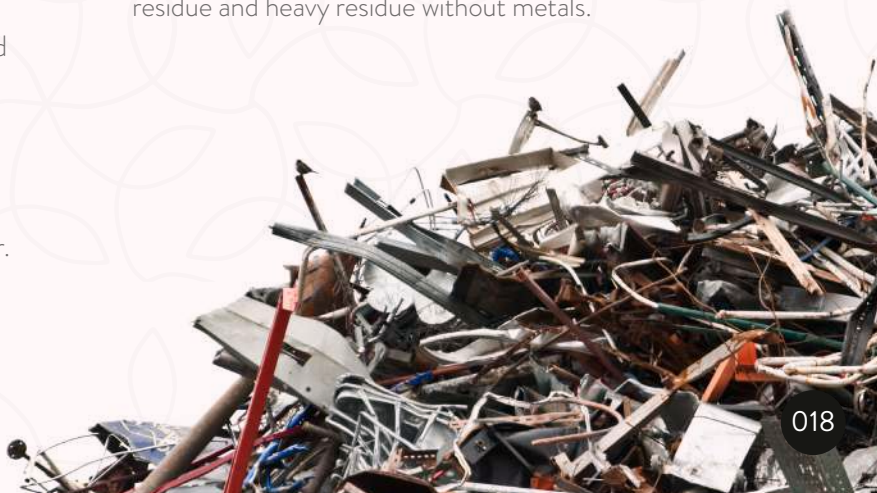


Refractory generated in the steelmaking process are masses of Magnesium Oxide ( $\text{MgO}$ ) Magnesia-Carbon, Isostatic and High Alumina bricks. It can be reused in the process externally or recycled to obtain new raw materials for the manufacture of refractory and steel materials.

## RECYCLING OF OTHER MATERIALS

At **CELSA Group™** we are integrated throughout the steel value chain. From the demolition of industrial complexes, buildings, as well as railway and port infrastructures, to the placement of construction works for the products manufactured and processed in our facilities. This allows us to create synergies to close circles, thus leading to the inclusion of the circular economy in the steel sector. We also separate and recycle other mixed materials that arrive at **CELSA Group™** facilities. The most

significant materials we treat are light shredder residue and heavy residue without metals.



## 06.02. EFFICIENT WATER MANAGEMENT

Water is life: for human, animals, and plants. In addition, it is crucial for the functioning of our production processes. We are fully committed to the efficient use of this valuable natural resource.

We use water to ensure the cooling of both the facilities and the manufactured product. To avoid over-exploitation of water resources, water circuits are designed to ensure maximum recirculation. In 2021, the percentage of water reused including all CELSA Group™ facilities was 19%.

Likewise, we continuously implement improvement actions to reduce water consumption:

We have rainwater collection and reuse systems.

Our cooling circuits are semi-closed, so the cooling of the water in the circuit is carried out by means of air-coolers.

In 2021, water consumption was 5,981,862 m<sup>3</sup> (water consumption in areas with water stress was 4,825,594 m<sup>3</sup>).

In relation to the origin of the water consumed, the majority comes from surface water (86.5%), followed by groundwater (9.2%), distribution network (3%), followed by rainwater (1.3%).

### DISCHARGES

In terms of discharges, our priority is to reduce the polluting load of discharged water.

Therefore, we have treatments (decanters, hydrocarbon separators, etc.) and perform measurements to control the parameters of the effluents.

Purified water is reused for uses that are not restrictive in relation to the quality of the water (irrigation of vials or to cool the slag).

Discharges are preferably channeled to downstream sanitation networks. The total number of incidents of non-compliance with the discharge limits is 9, and the total water discharge from all areas is 26.06 hm<sup>3</sup>.

## 7. COMMITTED TO DECARBONISATION

**WE ARE A LOW CO<sub>2</sub> EMITTER IN OUR SECTOR**

Climate change has become one of the most important global threats, with negative effects on people, the economy and nature. The steel sector is responsible for around 7% of global GHG emissions and is one of the sectors targeted by the Paris Agreement.



## 07.01. GREENHOUSE GAS EMISSION (GHG)

In December 2019, the Association of Steel Producers and First Transformation Steel Products of Spain (Unesid) published a declaration for climate neutrality, through which the Spanish steel industry commits to achieving climate neutrality before 2050.

CELSA Group™ has been actively working to reduce our emissions since 2015.

We have set ourselves the target date of 2030 to reduce our GHG emissions by 50% in Scope 1 and 2, and we aspire to be a Net Positive company by 2050.

GREENHOUSE GAS EMISSIONS (GHG)		
	UNITS	2021
SCOPE 1 EMISSIONS	t CO <sub>2</sub> eq	785,311
SCOPE 2 EMISSIONS (LOCATION-BASED)*	t CO <sub>2</sub> eq	1,022,703
SCOPE 2 EMISSIONS (MARKET-BASED)**	t CO <sub>2</sub> eq	1,415,696

\*A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data)

\*\*A market-based method reflects emissions from electricity that companies have purposefully chosen. It derives emission factors from contractual instruments, which include any type of contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation, or for unbundled attribute claims.

## R&D&I TO REDUCE EMISSIONS

Through the R&D&I department, we are part of the steering committee of the European project Green Steel for Europe, whose objective is to ensure that the European steel sector is in a position to meet the European objectives for 2030 and 2050 in terms of Energy and Climate Change, by identifying technological solutions that allow the development of more sustainable production processes.

Although CELSA Group™ is well below the sector median in terms of GHG emissions, we are aware of our high energy dependence, so we will need to incorporate cutting-edge technology to reduce our emissions and be totally neutral.

We are currently studying various possibilities, such as substituting natural gas for biogas, using green hydrogen, improving energy efficiency, and using

solar energy, among others. CELSA Group's™ main production facilities are subject to integrated environmental authorizations, which include all environmental aspects relevant to Integrated Pollution Prevention and Control, as well as to the European greenhouse gas emission allowance trading scheme (EU ETS).

**WE ACHIEVED REDUCTION OF 22% COMPARED TO THE SCOPE 1 AND 2 VALUE EMISSIONS IN 2015, WHICH CORRESPONDS TO A REDUCTION OF 74 kg CO<sub>2</sub>/t STEEL**

In 2021, CELSA Group™ GHG emissions were: 785,311 t CO<sub>2</sub> eq (Scope 1) and 1,022,703 t CO<sub>2</sub> eq (Scope 2 location-based).

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**CELSA Group's™ CO<sub>2</sub> EMISSIONS OF SCOPE 1 AND 2 ARE 9 TIMES LOWER THAN THOSE PRODUCED IN BLAST FURNACES**

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Steel is currently manufactured by two completely different processes: the integral (or blast furnace) route, which makes steel from virgin iron ore and coal extracted from mines; and the recycling route, which melts scrap in electric arc furnaces.

CELSA Group™ exclusively manufactures from scrap in electric arc furnaces.

The intensity, understood as the ratio between greenhouse gas emissions subject to such regulation and turnover, was 0.144 Kg CO<sub>2</sub> /euro during 2021. The relative intensity of indirect

greenhouse gas emissions was 0.193 Kg CO<sub>2</sub>/euro(location-based) in 2021.

The FeXI project, launched in 2020, is aimed at the progressive decarbonisation of the steel sector and the creation of innovative industrial value chains in Spain in the period from 2026 to 2050.

It is the cornerstone of application in the electro and gas-intensive industry as regards the objectives set in the National Integrated Energy and Climate Plan (PNIEC) and in the Hydrogen Roadmap, of Spain.

It provides for the generation and use of energy from renewable sources with a capacity of 570 MW and 300 MW wind and photovoltaic, respectively, and from renewable hydrogen with a capacity of 135 MW of electrolysis, as the main vectors. The project represents an opportunity for the development of new techno-industrial capabilities.

## 07.02. ENERGY EFFICIENCY

The first step towards carbon neutrality is to improve energy efficiency because energy consumption is the main source of greenhouse gas emissions. Steel production is still very intensive in the use of electrical energy and CELSA Group™ is the third largest consumer of electricity in Spain.

We closely monitor process variables and carry out energy audits that help us establish energy efficiency improvement objectives. These are consumption reduction projects based on the optimization of industrial processes, adaptation to best practices and technologies, and the application of the machine learning concept. Among the energy efficiency initiatives carried out in 2021, the adaptation of the heating furnace of CELSA Nordic's rolling mill which partially uses oxygen as a combustion agent stands out. In this project, 15 of the 25 burners have been adapted to be able to inject oxygen into the combustion zone partially replacing the use of air. Oxygen can be used to account for 40-50% of the air used in the combustion, thereby increasing the efficiency of the process, and reducing both NO<sub>x</sub> and

CO<sub>2</sub> emissions. The forecast is to achieve savings of between 10 to 15% in fuel consumption or, instead, an increase in furnace productivity. The implementation of the Hot Charging project at CELSA Barcelona and the replacement of all the lights with LED screens in all their work centers, has allowed energy savings of approximately 5,000,000 kWh per year. the installation of thermographic cameras in the reheating furnace of CELSA Atlantic rolling mill, optimizes the billet re-heating process and reduces gas consumption.

In 2021, total energy consumption in CELSA Group™ was 7,278,805 MWh, of which 4,324,166 MWh of electrical energy (59.4%), 2,841,890 MWh of natural gas (39.0%), 16,735 MWh of heating consumption (0.2%), 71,685 MWh of diesel (1%) and 4,325 MWh in steam consumption (0.1%). Total electricity consumption within the organization from renewable sources in 2021 is 19,586 MWh (0.3%).

The reduction in energy consumption achieved as a direct result of specific energy reduction and efficiency programs and their monitoring is 8,239,723 MWh.

# 08. COMMITTED TO PEOPLE AND SOCIETY

Our team is fundamental to our sustainability. Our professionals are not only the driving force that keeps us alive, but an essential part of our history and identity. The main priorities and concerns of **CELSA Group™** in relation to people are safety and health, talent attraction and retention, commitment and alignment with values, ethics, and professional development. All these are reflected in our Social Policies.

Diversity is an inseparable part of our corporate culture. We do not discriminate based on sex,

race, ideology, nationality, religion, or sexual orientation, or any other personal, physical, or social condition, as set out in the Group's Code of Ethics and Professional Conduct.

We respect the fundamental conventions of the International Labour Organization related to freedom of association and the right to collective bargaining for our own employees and subcontracted employees. In 2021, the percentage of employees covered by collective bargaining agreements was 75%.

## 08.01. HEALTH AND SAFETY

### OUR GOAL IS TO ACHIEVE ZERO ACCIDENTS

One of **CELSA Group's™** main commitments is to create a safe and healthy working environment for all our employees, which extends to suppliers, contractors, customers, visitors, or the community of neighbors who live in our surroundings.

#### We work based on the Shared Safety Principles:

- All occupational accidents and diseases can and should be prevented.
- Managers are responsible and accountable for safety and health performance.
- Employee engagement and training is essential.
- Excellence in safety and health will lead to excellent business results.
- Health and safety are integrated into all business management processes.

We have a **Health and Safety Policy** and, as an active member of the World Steel Association, we have adopted its health and safety principles. During the year 2021, we have had 142 occupational accidents, with a frequency with leave rate of 6.71.

#### **CELSA Group™ has set a series of programs to advance towards the goal of Zero Accidents:**

- **Felt leadership**
- **Corporate Health and Safety Standards**
- **Reporting and investigation of accidents and incidents**
- **Risk Correction Cards**
- **Preventive Safety Observations**  
During 2021, 33,599 Preventive Safety Observations were carried out in the normal course of work, a figure that represents an increase of 30% over to those carried out in 2020.
- **5s Programme**
- **Work permits**
- **Take 5**
- **Second Party Audits**
- **Safe and healthy work standardization (SOP - Standard Operations Procedures)**



### EMPLOYEES UNDER AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

PERCENTAGE OF CELSA Group™ COMPANIES CERTIFIED WITH A HEALTH AND SAFETY MANAGEMENT SYSTEM (OHSAS 18001 OR ISO 45001) **73%**

PERCENTAGE OF EMPLOYEES UNDER A HEALTH AND SAFETY MANAGEMENT SYSTEM. (OHSAS 18001 OR ISO 45001) **88%**

The number of occupational diseases and illnesses of our employees resulting in death are 0, while the number of cases of recordable occupational illnesses and diseases are 5.

Both the number deaths and recordable cases of occupation diseases and illnesses of subcontracted employees are 0.

## 08.02. WE CARE ABOUT OUR PEOPLE

In 2021 the Group focused its efforts on recovery to normal activity. Nevertheless, the labour flexibility measures stipulated remain in force. The aim was to enable the temporary adjustment of activity in accordance with the evolving health and economic situation, while also addressing the changes in legislation established by the government to safeguard employment.

We respect the personal and family life of all employees and apply measures aimed at facilitating the enjoyment of work-life balance. The provisions on this matter contained in the different collective bargain agreements are applicable. In this regard, initiatives such as open days for families, the Child Safety Awards, the financial aid program for children's education and the inclusion of the work-life balance area in equality plans stand out.

### STABLE AND QUALITY EMPLOYMENT

At the end of 2021, CELSA Group™ professionals had an average length of service of around 12 years, which proves the job stability and long-term career development of professionals who join the company mostly at the end of their studies. Meanwhile, voluntary turnover rates in 2021 stood at 5.5%, and

the staff turnover rate was 17.6% and the new employee recruitment rate was 20.5%.

The absenteeism rate, expressed as a percentage of absenteeism hours, was 5.72% in 2021.

The total number of employment contracts terminated in 2021 was 1,371, the total number of employment contracts terminated by mutual agreement or by the employee was 431 and the total number of new employee recruitments was 1,598.

At CELSA Group™, the working environment and level of commitment are measured in an Engagement Survey. **In its last edition (2020), the Engagement Survey resulted in a score of 3.94 out of 5.**

In 2021, we conducted the **Global Climate Survey**, which is usually run once every three years. This survey gives us an idea of the degree of employee satisfaction. With a participation rate of 67%, the survey results show an overall improvement in comparison with the previous edition (2018). The result of this survey was a score of 3.6 out of 5.

CELSA Group™ guarantees salary levels that are consistent with the importance of the positions held by our professionals and their levels of commitment and training. To this end, we use objective job description and assessment systems that comply with



highly regarded international guidelines, such as the **Korn Ferry Hay Method**.

The Recruitment and Selection process (RISES) also uses this classification system for the pre-selection of internal and external candidates, thus guaranteeing equal opportunity and non-discrimination.

We are particularly vigilant about upholding our equal pay and remuneration policies. For this reason, we have an Appointments and Compensation Committee.

## PROFESSIONAL GROWTH AND TRAINING

CELSA Group™ promotes personal and professional development. We are currently drafting a Training Policy to formalize this commitment. More than half of the growth vacancies are filled through internal recruitment.

We value the work and initiatives of our people through different internal recognitions such as the Innova Awards or the Francisco Rubiralta Awards Celsa Group Values Awards, and CELSA Group™ Safety Awards. CELSA Group™ has implemented the Professional Development Integrated System (PDIS), a tool designed to manage people's talent, and the Learning Management System (LMS), a training program to ensure the growth of future leaders. The four processes that make up the People Development Integrated System (PDIS) are:

- **Performance Management**
- **Career Management**
- **Talent Management and Succession Planning**
- **Total Goal Management**

The number of employees that received periodic evaluations of their performance and professional development were 2,870 in 2021, and the average training hours per employee were 33.15.

The percentage of employees who have participated in training and continuing education activities is 66%; and the spending on training and continuing education was 2,831,833 Euros.

## TALENT MANAGEMENT

Our talent management system is built on four key pillars: Attract, Select, Engage and Develop. There are also two support pillars, Compensate and Relate, which are applied uniformly in all work centres and are supported by the SAP-SuccessFactors IT platform, which enables comprehensive, standardized, and digitized management throughout the Group.

## DIVERSITY AND EQUALITY

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**THERE HAVE BEEN NO CASES OF DISCRIMINATION AT CELSA Group™ DURING 2021**

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CELSA Group™ operates in a sector in which women have traditionally been underrepresented. We have been implementing equality policies and action plans for many years, so this trend is reversing and the percentage of women in the company has been growing steadily. In the period from 2017 to 2021, there has been a 17% increase in the number of women in the company, while the total workforce has only increased by 7%. CELSA Group™ has 11.4% women.

The target for the 2020-2030 period is to achieve a male/female ratio of 30% of the general workforce.

CELSA Group™ has a reporting channel and specific action protocols against sexual harassment. During 2021, no human rights complaints were received.

## ACCESSIBILITY FOR DIFFERENTLY-ABLED PEOPLE

Office facilities are designed to the needs of accessibility and use by people with disabilities. We comply with the provisions of Article 42 of Legislative Royal Decree 1/2013 of November 29, on job reservations for workers with disabilities. This is done through direct hiring or through collaboration with the Adecco Foundation. In 2021, we had 83 differently-abled employees in all the group.

## INTERNATIONAL MOBILITY PROGRAMS

This is a program aimed at facilitating the opportunity for **CELSA Group™** professionals to access local or international positions in other work centres of the Group. Currently, around 50 Group professionals are part of the Global Mobility Program.

### 08.03. COMMITTED TO THE COMMUNITY

The business activity of **CELSA Group™** -through direct and indirect hiring of people-, the purchase of products and transportation, as

well as sponsorships, promotes the local economies of the territories where it is present and operates.

NUMBER OF LOCAL COMMUNITY DEVELOPMENT PROGRAMMES  
BASED ON THE NEEDS OF LOCAL COMMUNITIES

53

SPENDING ON LOCAL COMMUNITY DEVELOPMENT PROJECTS OR  
PROGRAMS BASED ON THE NEEDS OF LOCAL COMMUNITIES (EUROS)

428,306

## PREVENTION OF POSSIBLE SOIL AND GROUNDWATER CONTAMINATION

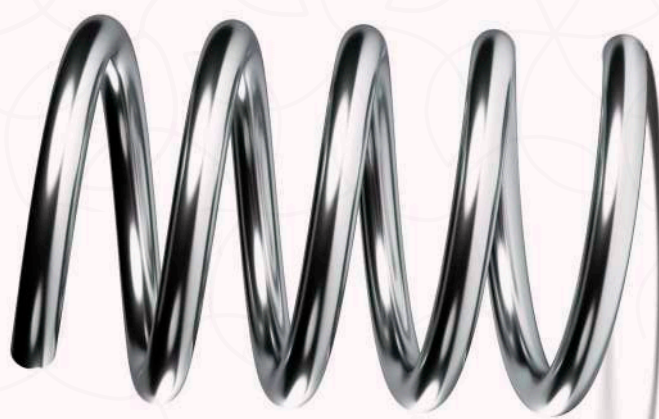
**CELSA Group™** carries out actions to prevent contamination of soil and groundwater derived, such as ground sealing by paving and maintenance of the areas where industrial activity is carried out in all its plants.

neighboring communities where it operates, ensuring that it does not emit noise above technically feasible levels outside its plants.

The total number of complains in 2021 was 682, the total monetary value of significant fines was 30,855 Euros and the total number of non-monetary sanctions was 0.

## PREVENTION OF NOISE POLLUTION

The group takes precautions to ensure that its activity does not generate discomfort in the



## OUR SUPPLIERS

CELSA Group™ is a driver of the local economy in the communities where it does business.










Mostly 75% buys are from local suppliers.

## FINANCIAL DATA

### 2021 TAX INFORMATION BY COUNTRY - FINANCIAL DATA (THOUSANDS OF EUROS)

									
	SPAIN	FRANCE	NORWAY	SWEDEN	FINLAND	DENMARK	UK	POLAND	OTHER EU COUNTRIES
PROFIT/LOSS BEFORE TAX	57,602,527	130,788	94,249,611	6,079,974	4,044,520	2,480,232	26,740,616	99,862,516	5,786,530
CORPORATE INCOME TAX PAID ON A CASH BASIS	4,661,566	-	-	780	-	-	2,100,846	15,028,009	1,439,691
CORPORATE INCOME TAX ACCRUED ON PROFIT/LOSS	-8,728,412	-	5,435,798	1,382,984	668,739	102,872	213,955	2,891,731	32,637

### DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

									
	SPAIN	FRANCE	NORWAY	SWEDEN	FINLAND	DENMARK	UK	IRELAND	POLAND
<b>DIRECT ECONOMIC VALUE GENERATED</b>									
REVENUES	3.143.197	496.301	520.418	148.457	110.322	41.557	788.55	-	839.246
<b>ECONOMIC VALUE DISTRIBUTED</b>									
OPERATING COSTS	2.570.869	474.423	402.297	121.971	93.264	42.655	664.152	-	629.189
EMPLOYEE WAGES AND BENEFITS	229.556	14.249	44.153	15.119	9.812	6.581	66.240	-	39.270
PAYMENTS TO PROVIDERS OF CAPITAL	69.696	3.947	6.743	-	4.192	-	7.900	-	20.119
PAYMENTS TO GOVERNMENT	93.259	7.546	16.228	7.413	3.054	2.255	22.555	61	18.067
<b>ECONOMIC VALUE RETAINED</b>									
'DIRECT ECONOMIC VALUE GENERATED' LESS 'ECONOMIC VALUE DISTRIBUTED'	179.817	-3.864	50.998	3.953	3.054	-9.935	27.708	-61	132.601





