



# Green Financing Framework

November 2025

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## Introduction

CELSA is a diversified long steel producer with a well-invested asset base comprising 57 production centers across Spain, France and Poland that we operate through our direct subsidiaries BSG and CELSA Poland.

Our geographical footprint coupled with our extensive vertically-integrated asset base provides us with an ideal platform to access and serve a broad range of lucrative and growing end-markets, including our key local markets in Spain, France and Poland, and other regional markets such as Portugal, Italy, the United Kingdom, Germany, Slovakia and the Czech Republic, among others.

Thanks to our integrated scrap collection business and our Electric Arc Furnace ('EAF') technology, we are also one of the steel manufacturers leading the European production of low-emissions circular steel, with the steel we produce containing approximately 94% of recycled materials, and the waste recovery rate in our steelmaking process being around 98%.

We are also strongly positioned to benefit from the sector's decarbonization transition and believe that our circular approach and our commitment to sustainable practices put us at the forefront of industry efforts to reduce environmental footprints, setting a benchmark for manufacturing excellence across our operations. The technology of the electric arc furnaces we use positions our Scope 1 and 2 CO<sub>2</sub> emissions (location-based) at a level which is nine times lower than those generated by blast furnaces, while Scope 1, 2 and 3 emissions combined are six times lower. In addition, by recycling the steel we use 74% less energy, 90% less primary materials, and 40% less water when compared to steel producers using Basic Oxygen Furnace (BOF) technology (estimates based on World Steel Association methodology).<sup>1</sup>

The European Union's current industrial strategy also puts CELSA in a strong position, as the Clean Industrial Deal aims to make decarbonization achievable and profitable for European industries. It includes actions to lower energy prices, create high-quality jobs, and provide the right conditions for companies to thrive. The plan focuses on energy-intensive industries and the clean-tech sector, prioritizing circularity to maximize the EU's resources and reduce dependency on third-country suppliers. It also outlines several legislative and regulatory initiatives to support European industries.

### *Supporting the European Union Green Deal<sup>2</sup>*

The European Union Green Deal is a comprehensive policy initiative aimed at making the European Union climate-neutral by 2050. It encompasses a wide range of strategies and legislative measures designed to reduce greenhouse gas emissions, promote sustainable industries, and foster a circular economy, including:

- **Decarbonization Goals:** The EU Green Deal sets ambitious targets for reducing carbon emissions – the steel sector is supported in the adoption of lower-emitting technologies and processes.

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<sup>1</sup> <https://worldsteel.org/>

<sup>2</sup> [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en)

- **Circular Economy:** The Green Deal also promotes the concept of the ‘circular economy’, highlighting the need for steel manufacturers to increase recycling rates and reduce waste.
- **Innovation and Research:** The EU Green Deal supports research and innovation in sustainable technologies. Steel manufacturers are encouraged to invest in R&D to develop new methods for producing steel with lower environmental impact.
- **Energy Efficiency:** The Green Deal includes measures to improve energy efficiency across industries. For steel manufacturing, this means optimizing energy use in production processes and transitioning to renewable energy sources.
- **Regulatory Framework:** The Green Deal introduces stricter environmental regulations and standards for industries, including steel manufacturing. Compliance with these regulations is essential for companies to operate within the EU market.
- **Funding and Support:** The EU provides funding and financial incentives to support the transition to sustainable practices in the steel industry. This includes grants and loans for projects that aim to reduce emissions and improve sustainability.
- **Carbon Border Adjustment Mechanism (CBAM):** To prevent carbon leakage, the EU plans to implement a CBAM, which will impose tariffs on imported goods based on their carbon content. This mechanism is designed to support domestic producers in adopting lower-emitting technologies in context of competition faced from higher carbon intensity producers.

#### *Supporting the Just Transition*

The ‘Just Transition’ mechanism is a key component of the European Union Green Deal, designed to ensure that the shift to a sustainable economy is equitable, providing support to those most impacted and fostering inclusive growth across the European Union.

Objectives of the Just Transition include:

- **Support for Affected Regions:** The Just Transition mechanism focuses on regions and industries that are most affected by the transition to a low-carbon economy, such as coal mining areas and energy-intensive industries. It aims to provide financial and technical support to help these regions diversify their economies and create new job opportunities.
- **Economic Diversification:** One of the primary objectives is to promote economic diversification in regions that are heavily dependent on fossil fuels or carbon-intensive industries. This involves investing in new sectors, such as renewable energy, sustainable agriculture, and green technologies.
- **Job Creation and Skills Development:** The Just Transition seeks to create new jobs in sustainable industries and provide training and reskilling programs for workers affected by the transition. This ensures that workers have the necessary skills to participate in the green economy.
- **Social Inclusion and Cohesion:** The mechanism aims to address social inequalities and ensure that no one is left behind in the transition. It focuses on supporting vulnerable communities and promoting social cohesion by involving local stakeholders in the transition process.
- **Financial Support:** The Just Transition Fund, part of the mechanism, provides financial resources to support projects that contribute to the transition. This includes investments in clean energy, infrastructure, and social projects that benefit affected communities.
- **Stakeholder Engagement:** The Just Transition emphasizes the importance of involving local communities, businesses, and social partners in the planning and implementation of transition strategies. This participatory approach ensures that the needs and concerns of all stakeholders are considered.

- **Policy Coherence:** The Just Transition objectives are aligned with other EU policies and initiatives, ensuring a coherent approach to achieving climate neutrality while maintaining economic and social stability.

### *'Green Enabling' Business Model*

We believe that CELSA's business model is also important in 'enabling' the global transition towards sustainable development and a low-carbon economy in line with the goals of the Paris Agreement. By design, low-emissions steel production enables significant environmental benefits across various sectors as outlined in the Green Enabling Projects Guidance<sup>3</sup> published by the International Capital Market Association (ICMA) which considers (i) necessity of the 'enabling activity', (ii) carbon 'lock-in' effects, (iii) quantifiable environmental benefits and (iv) environmental and social risk management:

- **Necessary for an enabled Green Project's value chain:** CELSA's low-emission steel products may be used in sectors of the economy for whom steel-based materials are an absolute necessity, including for example Construction, Transportation, Renewable Energy, Manufacturing and Industrial processes, which between them account for approx. 70% of global emissions<sup>4</sup>.
- **No carbon lock-in:** Whilst the possibility of end-use of CELSA products in currently fossil-fuel dependent sectors cannot be excluded (e.g. Oil & Gas, Aviation), CELSA's product does not necessarily contribute to 'carbon lock-in' effects as the use cases for CELSA's products are essentially sector-agnostic. In addition, CELSA's production model is not dependent on fossil fuels in the way that steel producers using Basic Oxygen Furnace technology are currently typically dependent.
- **Clear, quantifiable and attributable environmental benefit:** CELSA's low carbon steel has the following environmental benefits:<sup>5</sup>
  - 97% of the final product is made from recycled steel, displacing the use of virgin materials and associated negative impacts from extraction and processing of ores;
  - 94% of the waste from steel production is valorised, reducing impacts associating with waste transportation and disposal; and,
  - Steel production in alignment with an SBTi-validated commitment to align Scope 1, 2 and 3 emissions to 1.5°C scenario, reducing the substantial GHG emissions typically associated with BOF-based steel production.
- **Mitigated adverse social or environmental impacts:** risks are managed using specific governance bodies, processes and platforms as further set out in the company's public reporting.

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<sup>3</sup> <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-enabling-projects-guidance>

<sup>4</sup> <https://www.wri.org/insights/4-charts-explain-greenhouse-gas-emissions-countries-and-sectors>

<sup>5</sup> <https://www.celsagroup.com/en/sustainability/>

## Rationale

The steel manufacturing sector is a major contributor to greenhouse gas emissions, accounting for 7-9% of global CO<sub>2</sub> emissions<sup>6</sup>.

CELSA believes its business model makes an important contribution to the global effort to decarbonise steel production.

CELSA wishes to connect its low-carbon, circular steel production strategy to its debt financing programs, and to support the development of the sustainable finance market.

CELSA's business activity, through the direct and indirect hiring of people, the purchase of products and services, transportation and sponsorships, promotes local economies of the territories where it operates. CELSA has evaluated this impact during the year 2024<sup>7</sup>, obtaining the following results:

- CELSA is the leader of the private steel industry in Spain, ranking 19th in the IBEX 35 in terms of turnover. It ranks as the 67th largest steel producer worldwide and 6th in Europe.
- Every euro of added value generated by CELSA in Spain, France and Poland contributes to generating almost than €5 of added value in the Spanish, France and Polish economy.
- CELSA has contributed €3,426 million to these three economies:
  - In Spain €2,447 million equivalent to 0.16% of Spanish GDP, and 42.24% of the GDP of the metallurgical sector in Spain.
  - In France €205 million equivalent to 0.01% of French GDP, and 0.89% of the GDP of the metallurgical sector in France.
  - In Poland €773 million equivalent to 0.09% of Polish GDP, and 38.72% of the GDP of the metallurgical sector in Poland.
- CELSA generates directly, indirectly and induced, a total of 52,740 jobs in Spain, France and Poland. In the case of Direct and indirect jobs by country it corresponds to 6.01% of the Spanish metal industry; 0.09 in the case of France and 2.38% in the case of Poland.

## Sustainability Strategy

Our strategy is summarised as follows:

*Purpose - Our purpose is to give infinite lives to finite resources.*

*Vision - Lead the creation of circular production chains to contribute to the transition towards a positive impact economy.*

*Mission - We are a leading company in the production of recycled, low-carbon emissions steel in Europe. We believe in our people, in their safety, effort, talent and commitment; in continuous improvement and the innovation of all our processes and activities, as well as ethical, environmentally-friendly and socially-responsible administration and management of our business.*

Our sustainability profile is further backed by a comprehensive approach to sustainability including (i) further ongoing decarbonization initiatives, with various technical projects being developed aimed at improving energy efficiency, (ii) the adoption of a new state-of-the-art sustainability governance

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<sup>6</sup> <https://worldsteel.org/about-steel/facts/steelfacts/>

<sup>7</sup> [https://www.celsagroup.com/wp-content/uploads/2025/10/celsa\\_informe-socioeconomic\\_digital\\_en.pdf](https://www.celsagroup.com/wp-content/uploads/2025/10/celsa_informe-socioeconomic_digital_en.pdf)

model, designed according to industry best practices and standards, (iii) the enhancement of employee relations through investments in training, and (iv) the establishment of a local, de-risked supply chain, driven by social and environmental criteria in procurement decisions.

Since 2021, CELSA has adhered to the UN Global Compact (Agenda 2030 Sustainable Development Goals (SDGs) of the United Nations) and fulfils the Communication of Progress expectations.

### *Science Based Targets*

Regarding our **climate mitigation commitments**, in 2023, we established decarbonization targets aligned with the Paris Agreement on Climate Change. Specifically, we committed to reducing our Scope 1 and 2 (market-based) CO<sub>2</sub> emissions by 50%, and our Scope 3 emissions by 25% by 2030, using 2021 as the baseline year.

Due to a change in the group's organizational boundaries<sup>8</sup>, we have reassessed our targets within the framework of the Science-Based Targets initiative (SBTi) to ensure they maintain sufficient ambition and remain aligned with the Paris Agreement. The targets recalculated following the recent adjustment to CELSA's corporate perimeter (excluding Nordics and the UK) were validated by SBTi on October 24, 2025<sup>9</sup>.

Under the revised SBTi-validated targets, CELSA commits to reduce scope 1, 2 and 3 GHG emissions covered by the iron & steel core boundary 26.7% per tonne of hot rolled steel by 2030 from a 2021 base year.

CELSA also commits to reduce absolute scope 3 GHG emissions from purchased goods and services, fuel- and energy-related activities, upstream transportation and distribution and processing of sold products 25.0% within the same timeframe.

Although these revised targets have been validated by the SBTi, they remain subject to review and formal endorsement by the CELSA Board of Directors, following which relevant external company communications may be updated with the new targets as appropriate.

### *Circular Economy*

Regarding our **commitment to circularity**, we aim to recover 98% of our waste by 2030 and to be fully circular by 2050.

## **Governance**

CELSA has designed a new governance model in 2024 following the principles and best practices of the CNMV (National Securities Market Commission), OECD (Organization for Economic Cooperation and Development), ICA (Institute of Directors - Administrators) and LSC (Capital Companies Law).

CELSA's main governing bodies are the General Shareholders Meeting, the Board of Administration and the Steering Committee. CELSA has two non-executive committees that report directly to the Board of Directors.

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<sup>8</sup> Note: Targets for Scopes 1 and 2 were originally approved by SBTi under the previous group perimeter, which included the UK and Nordic countries. Following the company's exit from these countries, CELSA reassessed its near-term targets based on the new perimeter.

<sup>9</sup> <https://sciencebasedtargets.org/target-dashboard>. With regard to the Net Zero ('NZ') target commitment, SBTi has released a draft of the proposed revised NZ standard, and the company is currently re-evaluating the possibility of renewing its NZ commitment.

- The Audit and Compliance Commission (CAC), established on April 30, 2024.
- The Appointments, Remuneration and Sustainability Committee (CNRS) was established on June 25, 2024.

### The Sustainability Committee

The new Sustainability Committee was activated in 2025. Its mission is to control and supervise CELSA's ESG aspects. Its main functions are: definition and implementation of the sustainability strategy roadmap, global initiatives, policies and procedures; oversight of ESG risk management and the level of compliance with the related actions, establishment and implementation of the internal control system for non-financial information and ESG reporting; establishment and monitoring of the processes of relationship with the different interest groups; ensuring adequate integration of sustainability into the day-to-day activities of the company and allocation of the necessary resources.

It is led by the Head of Sustainability, Communications & Public Affairs and formed of the CEO, Chief People Officer ('CPO'), Chief Operation Business Officer ('COBO') and the Head of Sustainability. The Committee meets quarterly.

The organizational model is complemented by a series of committees with delegation of authority of the steering committee to ensure effective governance:

- **The Ethics Committee**, a new collegiate body for regulatory compliance has been created, replacing the previous legal compliance body. It is responsible for supervising the operation and observance of the CELSA Criminal Prevention Model, as well as managing the Internal System of Information. Its mission is to promote a culture of compliance to act ethically and responsibly, ensuring compliance with the provisions of the Code of Ethics and Professional Conduct at CELSA. It is chaired by the CLO and composed of the CPO, the CFO, the Head of Sustainability, Communications & Public Affairs, and the Compliance Manager. It meets on a quarterly basis.
- **The Corporate Risk Management Committee (GRC)**, a newly-created committee with the objective of supervising the proper development of CELSA initiatives with an impact on governance and management of risks and control. It has the function of monitoring the progress of all projects with an impact on second line of defence and acts as an aggregator of information for other committees. It is led by the CFO and composed of the CLO, the CIO and the Head of Internal Audit & Risk. It meets every three weeks.
- **The Risk and Credit Committee**, whose mission is to control and decide on the commercial risk of the company. It is led by the CCO and composed of the CFO and the COBO.

### Risk Management

CELSA has established a comprehensive suite of corporate policies<sup>10</sup> to drive effective risk management within the organisation.

In 2024, the company developed an updated 'ESG Risk Map' and a prioritised roadmap to address these risks.

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<sup>10</sup> <https://www.celsagroup.com/sostenibilidad/politicas-celsa-group/>



The company has also established the CELSA Management System ('CMS'), based on standardisation and continuous improvement of processes.

The main CELSA industrial facilities hold certification under ISO 9001 for quality, ISO 14001 for environmental management, ISO 50001 for energy efficiency, and ISO 45001 for occupational health and safety.

To ensure that products do not constitute any risk to the health and safety of consumers, the substances used in the manufacturing process are set out in a safety data sheet in accordance with EU regulations, such as EU 453/2010, EU 1907/2006 and others, and in accordance with CELSA quality standards..<sup>11</sup>

#### *Double Materiality Assessment*

For the purposes of compliance with the Corporate Sustainability Reporting Directive ('CSRD') regulations, the company has prepared Double Materiality Assessments for each country in which CELSA operates and has also developed a Double Materiality Assessment for the company as a whole, with the identification of Impacts, Risks and Opportunities (IROs) as required under the CSRD.

#### *Substantial Contribution to the EU's Environmental Objectives*

CELSA's eligible expenditures, assets and projects make a substantial contribution to the EU's Environmental Objectives of 'Climate Mitigation' and 'Transition to a Circular Economy', as further set out in the EU Taxonomy.<sup>12</sup>

Under the EU Taxonomy activity 'Manufacture of iron and steel', the specific activity most relevant to CELSA is *'manufacture of steel in electric arc furnaces (EAFs) producing EAF carbon steel or EAF high alloy steel, as defined in Commission Delegated Regulation (EU) 2019/331 and where the steel scrap input relative to product output is not lower than: 70 % for the production of high alloy steel; 90 % for the production of carbon steel'*. In addition, there is a substantial contribution to the climate change mitigation objective where greenhouse gas emissions do not exceed for electric Arc Furnace (EAF) high alloy steel = 0,266 tCO<sub>2</sub>e/t product and for electric Arc Furnace (EAF) carbon steel = 0,209 tCO<sub>2</sub>e/t product (calculation of the carbon intensity of production is performed in line with the EU-ETS methodology, applying market-based emissions factors applicable to each installation).

Under the activity 'Collection and transport of non-hazardous waste in source segregated fractions' and 'Material recovery from non-hazardous waste', developed in CELSA's scrap processing facilities and scrap yards, both contribute to the circular economy and sustainable waste management by enabling the efficient recovery and recycling of resources by converting at least 50%, in terms of weight, of the processed separately collected non-hazardous waste into secondary raw materials that are suitable for the substitution of virgin materials in production processes.

Moreover, CELSA strongly contributes to three of the United Nations Sustainable Development Goals ('SDGs'): 7 - *Affordable and clean energy*; 12 - *Responsible consumption and production*; 13 - *Climate Action*.

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<sup>11</sup> [https://www.celsagroup.com/wp-content/uploads/2024/10/memoria\\_celsa\\_2023\\_completa-eng\\_digital\\_compressed.pdf](https://www.celsagroup.com/wp-content/uploads/2024/10/memoria_celsa_2023_completa-eng_digital_compressed.pdf) (page 51)

<sup>12</sup> A voluntary analysis of the company's eligibility and alignment under the EU Taxonomy is available here: [https://www.celsagroup.com/wp-content/uploads/2023/09/sustainability\\_report\\_en\\_2022.pdf](https://www.celsagroup.com/wp-content/uploads/2023/09/sustainability_report_en_2022.pdf) (page 152).

## Green Financing Framework

This Green Financing Framework has been developed in accordance with the 2025 Green Bond Principles<sup>13</sup> ('GBPs'), as published by the ICMA, and the 2025 Green Loan Principles<sup>14</sup> established by the LMA/LSTA/APLMA.

### Use of Proceeds

An amount equal to the principal amount of any proceeds raised in accordance with this Green Financing Framework will be allocated to finance, or refinance, in whole or in part, new and existing assets, capital expenditures, and selected operational expenditures which meet the Eligibility Criteria set out below.

CELSA will, on a best-efforts basis, establish a portfolio of Eligible Assets - which may include actual or future capex and opex which maintains the eligibility status of the asset(s) as defined below, and which may also include future assets acquired and/or constructed which would also meet the eligibility criteria set out in this Framework - with a value at least matching the proceeds of any Green Financing Instruments issued in accordance with this Framework.

### Use of Proceeds

Green Bond Principles Category	Activity	Relevant Projects or Assets	Eligibility Criteria	
			Substantial Contribution to Climate Mitigation – Technical Screening Criteria	Indicative Environmental Impact Metrics
<b>Circular Economy adapted products, production technologies and processes</b>	Manufacture of Iron & Steel	Electric Arc Furnaces & subsequent processing activities	Manufacture of steel in electric arc furnaces (EAFs) producing EAF carbon steel or EAF high alloy steel, as defined in Commission Delegated Regulation (EU) 2019/331 and where the steel scrap input relative to product output is not lower than: (i) 70 % for the production of high alloy steel; (ii) 90 % for the production of carbon steel.	1) % of steel scrap input
			And/Or;	2) CO <sub>2</sub> e intensity of steel production.
			Manufacture of steel in electric arc furnaces (EAFs) where greenhouse gas emissions do not exceed: (i) for high alloy steel=0,266 tCO <sub>2</sub> e/t product; (ii) for carbon steel=0,209 tCO <sub>2</sub> e/t product. <sup>15</sup>	3) tCO <sub>2</sub> e avoided.
				4) tCO <sub>2</sub> e reduced.
<b>Pollution prevention and control (waste prevention, waste reduction, waste recycling)</b>	Collection and transport of non-hazardous waste in source segregated fractions	Steel scrap collection and transport	Separate collection and transport of non-hazardous waste in single or comingled fractions aimed at preparing for reuse or recycling. All separately collected and transported non-hazardous waste that is segregated at source is intended for preparation for reuse or recycling operations.	5) Tonnes of material collected for reprocessing.

<sup>13</sup> <https://www.icmagroup.org/assets/documents/Sustainable-finance/2025-updates/Green-Bond-Principles-GBP-June-2025.pdf>

<sup>14</sup> [www.lma.eu.com](http://www.lma.eu.com)

<sup>15</sup> Carbon intensity of production calculation performed in line with EU-ETS methodology, applying market-based emissions factor applicable to each installation.

Material recovery from non-hazardous waste	Steel scrap reprocessing facilities & steel production activities	Construction and operation of facilities for the sorting and processing of separately collected non-hazardous waste streams into secondary raw materials involving mechanical reprocessing, except for backfilling purposes. The activity converts at least 50 %, in terms of weight, of the processed separately collected non-hazardous waste into secondary raw materials that are suitable for the substitution of virgin materials in production processes.	6) Tonnes of recycled steel consumed as raw material.
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## Process for Project Evaluation and Selection

The company's Sustainability Committee will be responsible for ensuring that Eligible Assets - including actual or future capex and opex maintaining the asset's eligibility status, and/or assets acquired/constructed in future - are selected in accordance with the criteria set out in this Framework.

The Committee will meet at least on an Annual Basis until full allocation of any Green Financing Instrument issued in accordance with this Framework, or more frequently as needed.

The responsibilities of the Committee as they pertain to the issuance of any Green Financing Instruments issued in accordance with this Framework include:

- Evaluating proposed Eligible Assets for alignment with the Eligibility Criteria specified above. In the event that a specific asset is deemed to be no longer eligible it will be replaced with an Eligible Asset as soon as possible on a best-efforts basis, such that allocations to the portfolio remain at least equal to the volumes of Green Financing instruments issued in accordance with this Framework.
- Advising on establishing and monitoring of the portfolio of Eligible Assets up to an amount at least equal to the volume of outstanding Green Financing Instruments.
- Reviewing and approving Annual Green Finance Reports.
- Reviewing this Green Financing Framework from time to time to identify any need to update the Framework in light of new market regulations, guidance or practices.

The Corporate Treasurer or delegate will be ultimately responsible for approving allocations to eligible expenditures and assets.

## Management of Proceeds

Allocations will be managed on the basis of a portfolio approach.

The Corporate Treasury function is responsible for the establishment and maintenance of the Eligible Assets Portfolio.

The company intends to allocate an amount equal to the net proceeds from any Green Financing Instruments issued to an Eligible Green Asset Portfolio, selected in accordance with the Eligibility Criteria and Project Evaluation and Selection process presented above. This portfolio consists of new and/or existing assets. The company will strive to maintain a level of allocation for the Eligible Green Asset Portfolio which matches or exceeds the balance of proceeds from its outstanding Green Financing Instruments. Additional Eligible Green Assets will be added to the Eligible Green Asset Portfolio to the extent required, in accordance with the Eligibility Criteria. The relevant members of the Sustainability Committee will be responsible for identifying Eligible Green Assets, which will be

added to the Eligible Green Asset Portfolio, subject to approval by the Sustainability Committee. The Eligible Green Asset Portfolio will be updated and reported on an annual basis. Eligible Green Assets shall qualify for refinancing without a specific look-back period<sup>16</sup>, provided that at the time of issuance they align with the relevant Eligibility Criteria.

In the event the company selects eligible green capital expenditures or operating expenditures, they shall qualify for refinancing with a maximum three-year look-back period before the issuance year of the relevant Green Financing Instrument.

CELSA intends, on a best-efforts basis, to fully allocate the proceeds within 24 months after the issuance date of the Green Financing instruments. If for any reason, any assets are deemed to be no longer eligible under this Framework, CELSA will use its best efforts to substitute such asset, as soon as practical once an appropriate eligible substitution option has been identified.

Unallocated net proceeds from the issuance of any Green Financing instrument issued under this Framework will be held temporarily in the form of cash or cash equivalents according to CELSA's treasury policies and procedures.

## Reporting

CELSA will publish a Green Financing Report within 1 year subsequent to the CELSA financial year in which any Green Financing Instrument is issued under this Framework. CELSA will publish Green Financing Reports annually until each Green Financing Instrument is fully allocated.

The Annual Green Financing Report will include (i) an Allocation Report, and (ii) an Impact Report, subject to the availability of suitable data.

### Allocation Report

The Allocation Report will include:

- (i) Details of Eligible Green assets including the amounts allocated, split per eligible green category, where relevant and the split between 'financing' and 'refinancing'.
- (ii) Details of any unallocated proceeds.
- (iii) Geographical location of the Eligible Green Assets.

### Impact Report

Subject to the availability of suitable data, an Impact Report will also be provided. CELSA anticipates that the following impact reporting metrics will be included,<sup>17</sup> subject to availability of suitable data:

Green Bond Principles Category	Metric	Methodology
Circular Economy adapted products, production technologies and processes	1) % of steel scrap input	1) steel scrap input relative to product output
	2) CO <sub>2</sub> e intensity of steel production	2) tCO <sub>2</sub> eq /tonne of steel produced (according to UE ETS regulation and applying market-based emission factor for scope 2)

<sup>16</sup> In alignment with the recommendation of the EU Green Bond Standards Usability Guide, published in March 2020 (source: [https://finance.ec.europa.eu/system/files/2020-06/200309-sustainable-finance-teg-green-bond-standardusability-guide\\_en.pdf](https://finance.ec.europa.eu/system/files/2020-06/200309-sustainable-finance-teg-green-bond-standardusability-guide_en.pdf) )

<sup>17</sup> Other impacts may also be reported by CELSA, including for example, socio-economic indicators such as employment opportunities created and contributions to economic output.

	3) tCO <sub>2</sub> e avoided  4) tCO <sub>2</sub> e reduced	3) Avoided emissions (EAF vs BOF) based on World Steel Association. <sup>18</sup> methodology.  4) Reduced emissions CELSA EAF vs CELSA EAF starting point 2021, CO <sub>2</sub> e Scope 1&2 emissions calculated according to the GHG Protocol (market-based) and verified by Bureau Veritas.
Pollution prevention and control (waste prevention, waste reduction, waste recycling)	5) Tonnes of material collected for reprocessing.  6) Tonnes of recycled steel consumed as raw material.	5) Tonnes of material tonnes of input material in our scrap yards  6) Tonnes of scrap consumed in our EAFs for steel production

### External review

CELSA has retained Sustainable Fitch to provide a Second Party Opinion.<sup>19</sup> in connection with the establishment of this Green Financing Framework, to confirm its alignment with the relevant voluntary market standards referred to herein.

CELSA will also appoint a suitably-qualified external verifier to provide post-issuance verification of the Allocation and Impact Reporting set out in the Reporting section of this Framework.

<sup>18</sup> <https://worldsteel.org/>

<sup>19</sup> The Second Party Opinion is available on the company's website at [www.celsagroup.com](http://www.celsagroup.com).

## Disclaimer

The information and opinions contained in this Framework are provided as at the date of this document and are subject to change without notice.

CELSA does not assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise.

This Framework represents current CELSA policy and intent, is subject to change and is not intended nor can be relied on, to create legal relations, rights or obligations.

This Framework is provided for information purposes only and does not constitute or form part of, and should not be construed as, an offer or invitation to sell CELSA Bonds, or the solicitation of an offer to underwrite, subscribe for or otherwise acquire any debt or bonds of CELSA, and nothing contained herein shall form the basis of or be relied on in connection with any contract or commitment whatsoever.

Any decision to purchase any CELSA Bonds should be made solely on the basis of the information to be contained in any offering document produced in connection with the offering of such bonds.

Prospective investors are required to make their own independent investment decisions. No representation is made as to the suitability of any CELSA Bonds to fulfil environmental and sustainability criteria required by prospective investors. Each potential purchaser of CELSA Bonds should determine for itself the relevance of the information contained or referred to in this Framework or the relevant bond documentation for such CELSA Bonds regarding the use of proceeds and its purchase of CELSA Bonds should be based upon such investigation as it deems necessary.

CELSA has set out its intended policy and actions in this Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and investor reporting, in connection with CELSA Bonds. However, it will not be an event of default or breach of contractual obligations under the terms and conditions of any CELSA Bonds if the CELSA fails to adhere to this Framework, whether by failing to fund or complete Eligible Green Projects or to ensure that proceeds do not contribute directly or indirectly to the financing of the excluded activities as specified in this Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as anticipated by this Framework, or otherwise.

In addition, it should be noted that all of the expected benefits of the Projects as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in Government policy (whether with a continuity of the Government or on a change in the composition of the Government), changes in laws, rules or regulations, the lack of available suitable projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives.

In addition, each environmentally-focused potential purchaser of CELSA Bonds should be aware that Eligible Green Projects may not deliver the environmental or sustainability benefits anticipated and may result in adverse impacts. On this basis, all and any liability, whether arising in tort, contract or otherwise which any purchaser of CELSA Bonds or any other person might otherwise have in respect

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