

# SUSTAINABILITY REPORT





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Conversation with the Chairman





# **Conversation with** the Chairman

The Chairman and CEO of CELSA Group™, Francesc Rubiralta, shares with us, in this interview the keys to circularity and how the company is leading the circular and low-emission steel market in Europe. All this, at a time when the strategic role of purpose driven companies such as the one he chairs is becoming increasingly valuable.

What are the noteworthy milestones that have marked the activity of CELSA Group in 2022?

In front of the complex year marked by the Ukraine's war, the resulting tensions in the markets and the high volatility in energy prices, CELSA Group™ has continued its progress and growth, achieving, for the second year in a row, a record turnover of €6,109 million.

All of this demonstrates the success of the company's current strategic plan, highly focused on achieving two major objectives: on the

"We strive to be a driving force for circularity and sustainability in the steel sector as in the strategic sectors of our economy"

Francesc Rubiralta,

Chairman and CEO of CELSA Group™



03

circularity



one hand, to reduce Scope 1 and 2 emissions by 50% and achieve 98% circularity by 2030; and, on the other hand, to complete circularity by 100% and become a Net Positive company by 2050.

From the point of view of specific advances in sustainability, we should highlight the achievement of the "AENOR's Sustainable N Mark" certification for all steel mills in Spain, which, for the first time, is awarded to companies in the steel sector. Additionally, another noteworthy accomplishment has been the inclusion in the WorldSteel Sustainability Charter, an initiative by the WorldSteel Association for producers active in the pursuit of sustainability objectives.

Regarding progress in health and safety, we improved our accident rate by 0.09 points in 2022 compared to 2021.

In terms of equality, we have also improved the ratio of women in the job category of team manager, moving forward in line with our equality objectives.

For CELSA Group™, 2022 has been characterised by the implementation of new infrastructures aimed at improving its productivity and competitiveness. We have launched the new rolling mill in France and expanded the structural section mill in Castellbisbal. The latter enables the company to become one of the five large beam producers in Europe and the only one in Spain.

Finally, towards the end of the year, we approved an evolution of our organisational structure by creating the role of Vice-Chairman and reinforcing the position of Chief Operating Officer, aiming to enhance and further professionalise our governance.

# "In front of the challenging 2023 year, CELSA Group™ has achieved a new turnover record of €6,109 million".

#### What are your company's main circularity and sustainability indicators and how have they evolved over the past year?

Our company has continued to make progress in meeting its circularity and sustainability targets. In 2022, in our headquarters, we reduced the emissions by 178,136 tonnes of Scope 1 and 2  $\rm CO_2$  equivalent, in accordance with the EU Emissions Trading System (ETS). In other words, we have reduced emissions by 10.4% compared to the previous year, enabling us to maintain a below-industry average emissions in Europe.

By the end of the year, CELSA Group™ had produced 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. When comparing this production with the same production using blast furnace systems, we have been able to avoid the consumption of 14 million m³ of water, the consumption of more than 13,800 GWh/year, which is the equivalent of electricity of Barcelona city, and more than 11 million m³ of natural resources, which is the equivalent of the volume of more than 10 buildings as the Empire State Building. I would especially like to highlight that 97.0% of our final product is made from recycled steel, which makes our product more and more demanded by the market for its contribution to the reduction of the carbon footprint of our costumer companies. In addition, 85.9% of the materials we use in the process are also recycled.

CELSA Group™ continues to play a significant role as a company aimed at recovering ferrous scrap and other materials. In 2022, our company recovered 80,260 tonnes of non-ferrous metals, 432 tonnes of plastics, and ensured the recovery of over 1,37 million tonnes of co-products. Recovered waste amounts to 95.1% for the production processes, excluding Circular HUBs (and 89.2% considering them).

For all these reasons, during the past year and in the current year 2023, we have been working on the traceability of our product, to highlight the relevance of the value chain in our steel, from the moment it is manufactured to the final product, which can be a bridge, an infrastructure, a means of transport, etc. Steel is present everywhere and in countless different forms in our lives.

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Passion for

circularity

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## This year the company has reformulated its new purpose. What is it, and what impact will it have on the company's environment?

In 2022, we have defined and presented our purpose, which is none other than "to give infinite lives to finite resources". From an influential standpoint, our purpose is to help make circular supply chains a reality.

Currently, CELSA Group™ is the largest circular supply chain in Europe, and we have the necessary elements to build circular chains within our network of suppliers, customer companies and partner or third-party companies that collaborate with our entity in the recovery of by-products, generating other valuable products, making a continuous up-cycling of materials that bring new value to our society.

As part of that purpose, our commitment to people and society as a fundamental element is also underlying. At CELSA Group™, we believe in equal opportunities, the diversity of our people, and the integration of all individuals who want to be part of the Group. We are proud to have people from different backgrounds, ethnic groups, ideologies, nationalities, religions and abilities. In addition, we promote work-life balance policies and fully respect the personal and family lives of all our staff.

# "Currently, CELSA Group™ is the largest circular supply chain in Europe."

#### What are the main future challenges of CELSA Group™?

Our main challenge is to continue working towards achieving complete circularity and becoming a Net Positive company. We want to give back to society more than what it offers us, and we have laid the foundations to achieve this. We will remain focused on our transformation through innovation and digitisation projects that will enable us to be more efficient and sustainable, especially in terms of energy consumption, and therefore, increasingly competitive.

However, there are other aspects that we must consider, such as the need for the appropriate framework that allows us to compete on equal terms with manufacturers from outside Europe, produce with reasonable energy costs, and be able to export competitively. If Europe wants geopolitical prominence, it is necessary to have a clear strategic autonomy and, for that, industry is needed, especially essential industries like ours which are vital for key sectors of the economy.

As stated before, we also have the challenge of being a driving force for the circular economy and continue to be leaders in the implementation of our production model based on scrap and electric arc furnaces, with which we have been producing steel for more than 50 years. I am aware

that we are paving the way for the sustainable production model that Europe needs. My appointment as chairman of Eurofer last November, the international association representing European steel companies, has highlighted this, positioning us as a driving entity for decarbonisation in the European steel sector.

"If Europe wants geopolitical prominence, it is necessary to have a clear strategic autonomy, and for that, industry is needed, especially essential industries like ours, which are vital for key sectors of the economy."

Francesc Rubiralta.

Chairman and CEO of CELSA Group"

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2022 milestones and relevant events





# 2022 milestones and relevant events

### **January**

CELSA Group™ joins the

consortium driving the

SHYNE Project, which aims

to promote the economy's

decarbonisation through

renewable hydrogen.

**February** 

The company participates in the ACTIVA programme of the Ministry of Industry to carry out seven digitisation initiatives for its industrial processes.

CELSA Group™ participates in the WorldSteel Sustainability Charter 2022-2024, an initiative by the Word Steel Association to encourage steel companies and associations to actively collaborate in their sustainability programmes and make progress in their sustainability goals. March

CELSA Group™ generates local employment by filling 50 new vacancies in its new rolling mill in Bayonne.







CELSA Huta Ostrowiec signs an agreement with local authorities in the Ostrowiec area to jointly support refugees from the war in Ukraine with financial aid and essential goods, allocating a total of €200.000 for humanitarian assistance.

The Steel Production Companies Association of Spain (UNESID, in Spanish), of which CELSA Group™ is a member, requests the Government to reform the marginal electricity market to address the escalating energy prices resulting from the gas price evolution aggravated by the war in Ukraine.





CELSA UK provides circular steel (manufactured from recycled steel) for the reactor of the Hinkley Point C nuclear power plant; the first nuclear power facility being built in the United Kingdom in 20 years.



**April** 



In Madrid, Francesc Rubiralta takes part in the conference "La economía circular: clave para la independencia industrial de España y Europa en el marco del Green Deal Europeo" (Circular economy: key to Spain and Europe's industrial independence within the framework of the European Green Deal), organised by the El Economista newspaper and featuring the participation of the Secretary-General of Industry and SMEs from the Spanish Ministry of Industry, Raül Blanco.





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**Appendix** 



#### May

The partner companies of Future Fast Forward, including CELSA Group™, register the project in the VEC PERTE (Strategic Projects for Economic Recovery and Transformation) to turn Spain into a hub for electric vehicles in Europe.

Year after year, we collaborate with Challenge NATIVES, an impact platform for schools that aims to integrate sustainability into the lives of children and the educational community.

The Minister for Business of the Generalitat, Roger Torrent, visits the expanded range of structural profile trains at CELSA Group™ in Castellbisbal. With an investment of €34 million, it becomes the only producer of large beams in Spain and one of only five manufacturers of this type of steel components in

CELSA Group™ achieves the AENOR's Sustainable N Mark certification for its steelworks in Spain, becoming the first company in the Spanish steel industry to receive this certificate.

















#### June

The company participates in the launch of IND-PULS, a new collaborative innovation platform between startups and companies, promoted by a group of industrial companies to create through innovation and make the industrial sector a key asset for generating wealth and new opportunities.



A group of 55 European Council representatives visit the facilities of CELSA France, in Bayonne, and their new rolling mill.



The first formal Strategic Sustainability Reflection meeting is held, with the presence of more than 40 key organisation's managers from different departments, to address the main ESG challenges faced by the company in 2022.

June

all of Europe.



CELSA Group™ launches the HYMET Project to promote the recovery of waste using renewable hydrogen. This initiative has a budget of €5.8 million and is supported by the Centre for the Development of Technology and Innovation (CDTI).







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July

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#### July

#### September

#### October

The Group's company, Ferimet, launches a green "recycling guarantee" label for ferrous recovery activities. The label serves to endorse that all its activities are based on fundamental circularity criteria (km 0, Zero waste, and traceability).

Nervacero participates in the Room4Steel Project, driven by the Steel Cluster Association, Siderex, and the Bilbao Faculty of Engineering, contributing to the talent pillar of ATTRACT.

Materiality assessment to identify the environmental, social, and governance (ESG) aspects that have a substantial impact on our company.

CELSA Group™ contributes to the construction of Pelješac Bridge, the largest infrastructure project in Croatia. This facility reduces travel time by 37 minutes along the Adriatic coast.

The company has participated in COP 27. Our Chief Strategy & Sustainability Officer made two interventions on behalf of the company to discuss decarbonisation and circular economy.



















#### November

CELSA Group™ joins the Energy Efficiency Movement promoted by ABB, which includes more than 160 companies from around the world. The company becomes the first national and European steel industry company to join the initiative.







Francesc Rubiralta is unanimously elected as Eurofer's chairman, the European Steel Association, after 12 years of active membership in the association. This is the first time that the organisation is chaired by an executive from a steel production company that follows the circular (based on scrap) and low-emission model.



The company establishes the Vice-Chairman role and improves the Chief Operating Officer position as part of an evolution of its organisational structure to enhance and professionalise its governance.



**December** 

CELSA Group™ joins Forética, the leading business organisation in Spain for sustainability and corporate social responsibility, to further advance its commitment to sustainable development.





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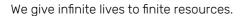




## **Group Purpose**

At CELSA Group™, we recently reformulated our company purpose, which is presented alongside our Mission, Vision and Values:





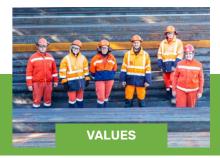


To be a leader in the generation of circular production chains to contribute to the transition towards a positive impact economy.



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

We believe in our people, their safety, effort, talent and commitment; the continuous improvement and innovation of all our processes and activities; and the ethical, environmentally friendly, and socially responsible management of our business.



**Honesty:** We show consistency between what we say and what we do.

**Groundbreaking Approach:** We challenge the status quo, and we believe that the impossible presents opportunities to lead change.

Creative perseverance: We never give up; there is always another move.

Humility: We commit to learning, including from our mistakes, and continuously improving.

Teamwork: We believe in respect, trust, constructive conflict, dedication and responsibility to achieve team goals.

Passion: We are passionate about what we do and how we do it.

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### 3.2

## A brief history

CELSA Group™ was born in 1967, in Castellbisbal (Barcelona), with the start-up of its first rolling mill. Ten years later, and as a significant turning point, the company inaugurated the first electric arc furnace, which enabled greater competitiveness.

Currently, the Group consists of Barna Steel, S.A. (CELSA Spain and CELSA France), CELSA UK Group (United Kingdom and Ireland), CELSA Nordic Group (Norway, Sweden, Finland and Denmark) and CELSA Huta Ostrowiec (Poland).

The history of CELSA
Group™ has been marked
by a pioneering spirit,
sustainability and
internationalisation.



In the late 80's and throughout the 90's



2003



2006 and 2007



2008



2014



Commitment to circular economy and recycling

CELSA Group™ began to establish itself as a national benchmark with the acquisitions of Torras Herrería y Construcciones, Siderúrgica Besós, Global Steel Wire or Nervacero. It also became one of the most diversified groups with the integration of three important Spanish wire drawing plants: Tycsa PSC and Trefilerías Moreda in 1991, and Riviere in 1999.

The first step towards internationalisation: throughout that year, CELSA Group™ acquired CELSA Steel UK, and CELSA Huta Ostrowiec (Poland).

The success of these acquisitions motivated the Group to continue with the globalisation process, leading to the acquisition of CELSA Nordic in 2006, and CELSA France and CELSA Atlantic in 2007.

CELSA Group™ expands its presence in the United Kingdom and Ireland by incorporating BRC, ROM Group and Express Reinforcements.

Following the path of expansion and diversification, CELSA Group™ acquires Tammet Oy Mesh in Finland, allowing for more flexible services and a more comprehensive product range in the region.

CELSA Group™ launches Global Bright Bars, a new department dedicated exclusively to the production of high-quality calibrated bars for the automotive industry. The Group has also invested in the acquisition of facilities aimed at the recovery and treatment of scrap and other materials (Circular HUBs) in Spain, the United Kingdom, Poland and the Nordic countries.

relevant events

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### 3.3

### **CELSA** in the world

#### **CELSA NORDIC**

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

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

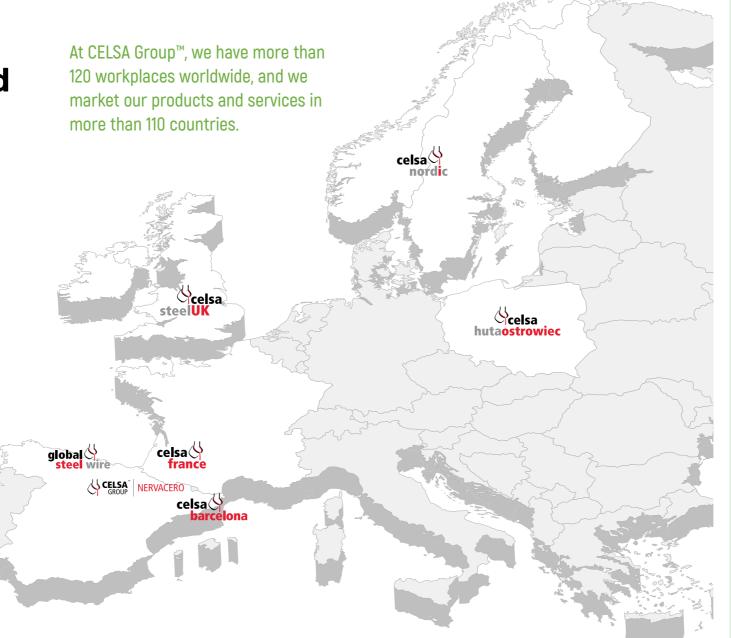
#### **CELSA POLAND**

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

Steel mills

•	
0	Circular HUBs
1	Rolling mills
0	Forge
0	Transformation and processing companies
CELSA SPAIN	

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



### **CELSA GROUP IN THE WORLD**





















**Circular HUBs** 



**Rolling mills** 





**Transformation and** processing companies



**Commercial offices in** 

Countries: USA, France, Portugal, Germany and China



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## **Key figures**

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.



**Company groups** 



Steel production



6,109 M€



Industrial presence in



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.



Steel mills



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



**EU** sales (European Union)



**Staff** 

workers

workplaces

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



**Rolling mills** 



% Vertical integration

Upstream

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**Appendix** 

integration

**Downstream** integration

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#### **Commitment to climate**

We work to be a **Net Positive company** by 2050.

The activity carried out in our steel mills in Spain, France, Poland and Norway would be included in the EU Taxonomy on Climate Change Mitigation for steel manufacturing.

The production of carbon steel in CELSA Group™ steel mills, using the Electric Arc Furnace (EAF) process, generates CO<sub>2</sub> emissions (Scope 1 and 2 location-based emissions) that are 32% below the sector average in the European Union.

According to benchmark documents and calculation methodology of EU ETS.

The headquarters of CELSA Group™ have reduced the absolute value of Scope 1 and 2 location-based emissions by more than 178,136 t of CO, eq.

According to calculation methodology of EU ETS.

<sup>1</sup>Calculation of Scope 2 location-based emissions; based on location, region

<sup>2</sup> Calculation of Scope 2 market-based emissions; based on the market, on marketers.



5,965,554 MWh

**Energy consumption** 



677,791 tco, eq.

CO<sub>2</sub> emissions, Scope 1\*



924,315 tco, eq.

CO, emissions, location-based Scope 2\*



based<sup>2</sup>

1,041,616 tco, eq.

CO<sub>2</sub> emissions, market-based Scope 2\*



1,602,106 tco, eq.

CO<sub>2</sub> emissions, location-based Location-Scope 1 and 2\* based1



based<sup>2</sup>

1,719,407 tco, eq.

CO, emissions, market-based Scope 1 and 2\*



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<sup>\*</sup> Emission data calculated by GHG Protocol.



#### **Commitment to circularity**

CELSA Group™ is Europe's first circular supply chain.

97.0% of the final product is made from recycled steel.

The steel in all products manufactured by CELSA Group™ is fully recyclable.

We recover 95.1% of materials, excluding the processes of the Circular HUBs of CELSA Group™ (and 89.2% taking them into account).

By manufacturing steel with scrap instead of iron ore, we reduce water consumption by around 40%\*.

\* Action Plan for a competitive and sustainable steel industry in Europe - European Commission.



5,722,822 t

Recycled scrap



1,373,242 t

Recovered co-products



80,260 t

Recovered non-ferrous metals



432 t

Recovered plastics



4,932,359 m<sup>3</sup>

Water consumption



Reused water





02



#### Commitment to talent, health and safety of the team

Our priority is the health and safety of our workforce.

Our first priority is to become a zero-accident company.

Our voluntary turnover rate is 6.2%, which is well below the industry average.



5.92

Accident frequency rate

(directly employed workers and subcontracted employees)



94.3%

% of employees with permanent contracts



**3.78** м€ Investment in training

#### Commitment to the community

We act with utmost respect for local cultures and are committed to social development.

Donations are made primarily in the immediate environment and sponsorships of local community initiatives.

We have increased our investment in community projects by 3% compared to 2021.

We have invested 0.26% in community projects compared to the benefits obtained for 2022.



**2.25** M€

Expenditure on community projects



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contents



#### Commitment to equality and diversity

At CELSA Group™, we have had equality policies and action plans for many years to gradually reverse this trend.

We have increased the representation of women in CELSA Group™ by 10% in the past five years.

Critical areas such as the prevention technicians' team and the financial team already have a high percentage of women.



11.4%

Proportion of women in the workforce (FTE)



50.3%

of women in support departments



**Employees with disabilities** 



**Discrimination cases** 

#### Commitment to the value chain

Celsa Group™ includes social and environmental criteria in the procurement processes of suppliers.

In 2022, 84% of our purchases are made from local suppliers in the territories where we are present. This represents a 14% increase compared to 2021.



**5,397** м€

Total investment (purchases) in suppliers



**4,533** M€

Total investment (purchases) in local suppliers



13,853

Local suppliers



2,500

Suppliers assessed in accordance with quality and environmental criteria



A conversation with

2022 milestones and relevant events

**Passion for** circularity

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Vocation for excellence

Because we believe in a sustainable future

reason for being

Our commitment to ecological transition

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#### **Commitment to our legacy**

Celsa Group™ is a family-owned company committed to contributing to the industrial, economic and social development of the countries where it operates.

In 2022, investment in R&D&i has grown by 7.7% and represents 2.9% of profits.

In 2022, the contribution to GDP is approximately maintained, with a slight decrease of **0.1%**.

In 2022, the generated employment has increased by 6.85%.



**25.3** м€

Investment in R&D



1.8%

**Contribution to GDP** (Group turnover in Spain)



37,227

**Generated employment** 



reason for being



# 3.5

## **Our internal** governance

At CELSA Group™, we are committed to good governance. In fact, one of our material topics, according to our stakeholders, is transparent governance with a sustainable DNA (more information in section "5.4. Stakeholder Engagement").

Currently, the governance bodies of CELSA Group™ are:

General shareholders' meeting: This is the sovereign body where all shareholders participate, and which is appointed by the Boad of Directors.

Board of directors: This is the highest decision-making body. Its main functions are to draw up the company's strategy and policies, oversee their execution, and exercise other powers conferred upon it by law and the Group's Articles of Association. It comprises a total of five members, three of whom are senior directors, i.e., they perform management functions in the company; and two are independent directors appointed based on their professional and personal qualifications, in accordance with the selection and appointment policy. All board members, regardless of their qualifications, must perform their duties in line with the Group's purpose, vision, mission and values and, in particular, considering the interests of the company.

Chairman and CEO: the Board of Directors has delegated the exercise of its functions, except those that are legally non-delegable, to the Chairman and CEO, a position held by Francesc Rubiralta Rubió.

**The Corporate Governance System** of CELSA Group™ encompasses the following items:

CORPORATE POLICIES, INCLUDING ENVIRONMENTAL, SOCIAL AND CORPORATE **GOVERNANCE POLICIES.** 

CODE OF ETHICS AND PROFESSIONAL CONDUCT.

THE COMPANY'S ARTICLES OF ASSOCIATION.

PURPOSE, VISION, MISSION AND VALUES.

COMPLIANCE.



**Appendix** 



### 3.5.1

### **Management structure**

The management structure of CELSA Group™, communicated in November 2022 and applicable as of 1 January 2023, is as follows:



Chairman & CEO Francesc Rubiralta

Vice-Chairman

Francesc Mesegué

**Chief Operations Officer** 

Luis Sanz

Organization Of
Pedro Oteo

Chief People Organization Officer

Chief Financial Officer

Javier Echavarri

Chief Strategy & Sustainability Officer

Juan Carlos Orozco

**Head of Public Affairs** 

Francesc Cardona

#### New Vice-Chairman role and COO reinforcement

With the aim of establishing the best and most professional governance structure, in 2022, CELSA Group™ has created the role of Vice-Chairman and expanded the functions of the Chief Operating Officer (COO).

The new Vice-Chairman is Francesc Mesegué, until now Director of Operations. Mesegué is a member of the Board of Directors and the General Management Committee (GMC), reporting directly to the Chairman and CEO of CELSA Group™. He takes on responsibilities in key areas such as innovation, technology and heritage.

On the other hand, the new COO is Luis Sanz, until now Chief Commercial and Marketing Officer. Sanz is a member of the GMC and the Operational Executive Committee (OEC), reporting to the Chairman and CEO of CELSA Group™. His main mission is to lead the group's operations and consolidate the company's good results, which have allowed it to achieve the objectives of its 2021-2028 business plan in the first two years of its implementation.

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#### OPERATIONAL EXECUTIVE COMMITTEE (OEC)

The organisational structure of the COO is as follows:

**Chief Operations Officer** 

Luis Sanz

#### **Chief Circularity** Officer

Xavier Cabré

Commercial & Marketing **Group Head** 

José Ángel Rey

Supply **Chain Head** Jordi Palau

**Purchasing Head** Joan Sanfeliu

**Industrial Process Group Head** 

Oscar Cubiñá

**CEO Celsa UK Group** 

Carles Rovira

**CEO Celsa France Group** 

Josep Vilaseca

**CEO Celsa Poland Group** 

Juan Antonio Veristáin

**CEO Celsa Nordic Group** Utku Öner

Carlos Día

**CEO Celsa Spain** 

Group

In addition, during this year, a new organisational model has been implemented in the field of Sustainability, with the appointment of the Head of Sustainability in each business unit.

Chairman & CEO Francesc Rubiralta

**Chief Strategy & Sustainability Officer** 

Juan Carlos Orozco

**Head of External** Communication Iolanda Baqués

**Head of Sustainability** 

Maria Salamero

**Head of Environmental** Management

Carlos Javier Abajo

**Heads of Sustainability BUs** 



















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### 3.5.2

### Committees and commissions

The organisational model is complemented by a series of Committees and Commissions to ensure effective governance:

#### The General Management Committee (GMC)

Mission: develop the Group's corporate and executive management, set objectives with a medium to long-term vision, ensure the development of the six-year Strategic Plan, and ensure the availability of necessary resources.

Members: led by the CEO and made up of the Group Vice-Chairman, COO, CFO, CSSO, CPOO and the Head of Public Affairs.

### The Operational Executive Committee (OEC)

Mission: manage the Group with a more operational and short-term focus, ensuring the achievement of annual organisational objectives.

Members: led by the COO and made up of the CEOs of five business units: CELSA Spain, CELSA France, CELSA UK, CELSA Nordic and CELSA Poland; and by four functional units: Circularity, Commercial and Marketing, Supply Chain and Procurement.

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#### The Global Management Team (GMT)

Mission: participate in long-term strategic reflections, with annual meetings.

Members: led by the Chairman & CEO, it includes members from the GMC, OEC and other group directors.

**Board of directors** Chairman & CEO (Chief Executive Officer) **GMC** (General Management Committee) **OEC GMT** (Operations Executive Committee) (Global Management Team) 1. Compliance 6. Risk and Credit **Body** Committee 2. Appointments and 7. Innovation Remuneration Committee Committee 3. Occupational Risk 8. Cybersecurity Committee Committee 4. Sustainability 9. Data Protection Committee Committee 5. Diversity and **Equality Committee** 10. Business Units **Management Team** 



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

#### 1. Compliance Body (Crime prevention)

Mission: ensure compliance with the principles of the Code of Ethics and Professional Conduct and monitor potentially unlawful conduct from a criminal perspective.

Members: led by the Chief Compliance and Ethics Officer, Head of Compliance and Head of the Legal Affairs Department.

#### 2. Appointments and Remuneration Committee

Mission: responsible for appointments, remuneration, and compensation and benefits policies.

Members: chaired by the Chairman & CEO, and made up of the Vice-Chairman, COO, CPOO, and CEO of Celsa Poland.

#### 3. Occupational Health and Safety Committee

Mission: oversee the improvement of safety, health and well-being culture, establish standards that exceed legal requirements, and ensure process safety with the overall objective of zero accidents throughout the Group.

Members: led by the CPOO, Head of Safety and the Heads of Safety Heads from the business units.

#### 4. Sustainability Committee

Mission: continue developing the circular economy model, an intrinsic feature of the CELSA Group™ business model and ensure the adoption of common environmental policies.

Members: led by the CSSO and made up of the Head of Sustainability, Head of Environment, five Heads of Sustainability from the business units, Head of Sustainability of Ferimet, Head of Logistics, Head of Procurement and Head of POD of CSS Nordic.

#### 5. Diversity and Equality Committee

Mission: oversee compliance with the equality plans of the Group companies, drawn up with the participation of employee representatives.

Members: chaired by the CPOO, accompanied by the POD Legal Advisor and Tax&Lawyer Manager.

#### 6. Risk and Credit Committee

Mission: control and make decisions regarding the company's commercial risk.

Members: led by the COO and CFO, including the Head of Commercial & Marketing.

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#### 7. Innovation Committee

Mission: identify, organise and prioritise the Group's innovation, green transition and digital transition projects.

Members: chaired by the Vice-Chairman and led by the Head of Corporate Innovation and EU Funding and includes the innovation managers from the business units.

#### 9. Data Protection Committee

Mission: advise and inform the Group on the processing of personal data, serve as the point of reference for all business units, and collaborate with supervisory authorities.

Members: chaired by the Data Protection Officer.

#### 8. Cybersecurity Committee

Mission: ensure the proper development and implementation of cybersecurity strategies to equip the organisation with the best possible information security systems.

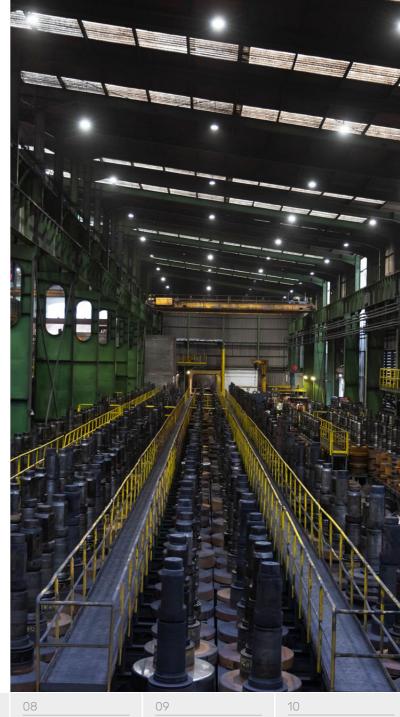
Members: led by the CFO, CPOO, CIO (Chief Information Officer), the CEO of Spain Group, the CEO of Celsa Poland Group, and the Head of Safety and Compliance of CELSA Group.

Resources: There is a specialized IT team, a protocol to prevent cyberattacks and another to act in the event of an attack.

#### 10. Management committees for each of the five business units

Mission: develop the executive management of each business unit.

Members: made up, in each case, of the unit's senior management and the key executives from each company.



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a sustainable future



#### SUSTAINABILITY EXECUTIVE COMMITTEE (SEC)

In addition to the creation of the new sustainability organisational structure, in 2022, a new governance model has been implemented to address

In this regard, in 2022, a new governance body has been created: the Sustainability Executive Committee (SEC). Its objective is to monitor sustainability indicators to detect risks and propose possible solutions.

Every year, at CELSA Group™, we hold a face-to-face strategic reflection to assess and draw up sustainability guidelines. These have been the conclusions reached during the meeting held in 2022:





Complete the Environmental, Social, and Governance (ESG) roadmap of CELSA Group™, including improvements in natural capital management.



Enhance internal collaboration to improve efficiency in all areas with ESG impact.



Execute a corporate communication strategy aligned with the Group's sustainability objectives and results.



Promote efforts in institutional relations to gain value in response to the growing regulatory dynamics in sustainability matters.



Facilitate collaboration with the Finance Department for the identification and acquisition of green financing.



Implement a data control and management system for sustainability, defining monitoring indicators and a common language for managing ESG-related issues.

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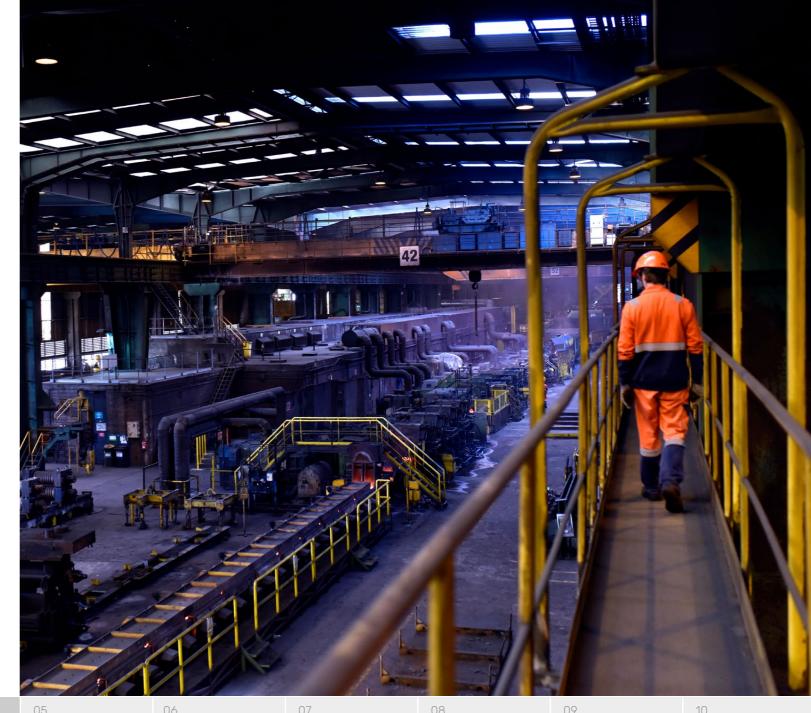
## Responsible production and technology

Celsa Group™ is Europe's first low-emission circular steel producer. We recycle ferrous scrap to produce steel in electric arc furnaces, using the most sustainable technology.

We are Spain's largest recycling company and the second largest in Europe. Our steel is 100% recyclable countless times without losing its properties, bringing great value to society and the environment by minimising the use of natural resources.

As leaders in the decarbonisation of the sector, all CELSA Group™ furnaces are electric arc furnaces (EAF), the most efficient and environmentally friendly steelmaking process, allowing us to produce steel with low CO<sub>2</sub> emissions. By using an electric arc furnace technology, our Scope 1 and 2 CO<sub>2</sub> emissions are nine times lower than those generated by blast furnaces, and our Scope 1, 2, 3 emissions are six times lower.

CELSA Group™ is Europe's first low-emission circular steel producer.



excellence



#### CELSA GROUP process: Electric Arc Furnance (EAF) route

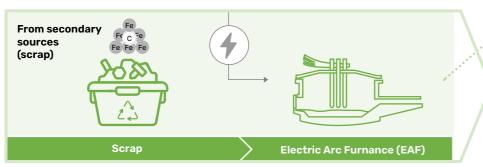
Route used by CELSA GROUP™

### Electric Arc Furnace (EAF) route

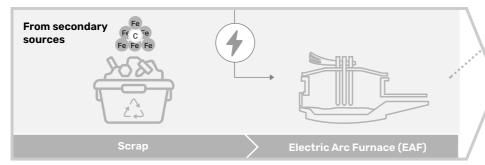
**30%** of Worldwide steel is produced by Electric Arc Furnaces (EAF)

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

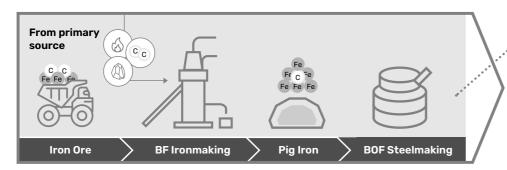
**70%** of worldwide steel is produced by Blast Furnaces (BF-BOF route)



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.



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.



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.

CELSA GROUP
Scope 1&2 location based
0.28 t CO<sub>2</sub>eq./t STEEL



CELSA Recycled STEEL

EAF sector Scope 1&2 location based 0.4 t CO<sub>2</sub> eq./t STEEL



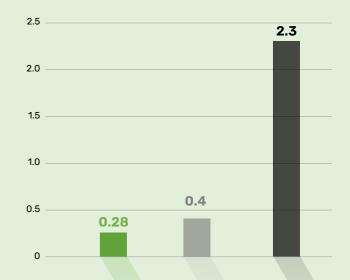
Recycled STEEL

BF/B0F sector Scope 1&2 location based 2.3 t CO<sub>2</sub> eq./t STEEL



1rst STEEL

### Scope 1 & 2 location based (t CO<sub>2</sub> eq/t steel) average:



- CELSA GROUP™ (EAF process) average
- EAF process sector average
- BF/BOF sector average

Calculation of Scope 1 - ETS (Emissions Trading System) for all Minimills of CELSA Group, and calculation of location-based Scope 2.

\*Celsa Barcelona, Nervacero, Global Steel Wire (GSW), Celsa France, Celsa Atlantic Largos, Celsa Huta Ostrowiec (CHO, Celsa Poland), Celsa Armeringstal (CAR, Celsa Nordic), Celsa UK Manufacturing (Celsa UK).

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#### **OUR PRODUCTS**

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

#### **Long Products**

In addition to semi-finished products, billets, the five main product families included in the category of long steel products are: rebar, sections, merchant bars, wire rod and rails. At CELSA Group™, we manufacture the first four families, being the only European company that ranks among the top three in each of the four families we operate in.

CELSA Group™ is the only European company that ranks among the top three in market share in each of the four families of long steel products we operate in.



Billet



**Structural** sections



Merchant bars



Wire rod



Rebar

#### Description of the product

Semi-finished steel product, with a square cross section, used in the manufacturing of finished steel products through rolling and forging processes.

#### Main uses

Used in the manufacturing of finished steel products through rolling and forging processes.

#### Description of the product

Wide range of structural sections with up to 600 mm in height and up to 24 metres in length.

#### Main uses

Construction: metal structures such as industrial buildings.

### Description of the product

Solid steel bars with different hot-rolled sections.

#### Main uses

Applicable in automotive, forging, calibration, construction, agriculture and mining industries.

### Description of the product

Based on its composition and characteristics, wire rod is available in low, medium, and high carbon steels (ranging from 0.05% to 0.86%), with varying degrees of alloying elements (Al, B, Cr, Mn, Mo, P, Si, S, etc.). Additionally, wire rods can be supplied in round or hexagonal cross-sections, in different coil formats, and with a wide variety of heat and surface treatments.

#### Main uses

Used in the automotive and construction sectors, as well as in energy, railway or white goods industries, among others.

#### Description of the product

Together with concrete, it forms the most used system in construction: reinforced concrete. Currently, CELSA Group™ is a leader in reinforcing steel, introducing CELSAMAX to the market, a new high-performance range of high yield reinforcing coils for reinforced concrete.

#### Main uses

Civil works and residential.

At CELSA Group™, we can cut and bend the bars, and even provide on-site placement of the reinforced steel bars in construction projects.

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#### **Transformed products**

CELSA Group™ is the leading supplier of steel solutions and derived steel products, strongly downstream integrated in processes and derived products.

At CELSA Group™, we are one of the main references for fences in Europe.



Basic **Electrowelded** Lattice Girders

Tubes

**Calibrated** bars

**Forged** products

Mainly used for the manufacturing of semi-joists and other prefabricated concrete elements.

We manufacture conductor steel pipes, as well as precision and construction steel pipes. Conductor steel pipes are used in a multitude of applications, such as gas, domestic water, heating, mining and industrial sectors, among others.

We have a division dedicated to the production of high-quality calibrated bars for the automotive industry (Global Bright Bars).

We offer a wide range of heat-treated and machined forged products in the most requested steel grades. These products have numerous applications, such as components and spare parts.



**Fencing** 



**Drawn wire** 



**Electrowelded** Mesh

At CELSA Group™, we are one of the main references for fences in Europe, given our production volume.

We offer wire in several roll formats, with a wide variety of heat and surface treatments.

These are corrugated steel meshes used for reinforcing concrete. The use of special electro-welded meshes allows for the optimised industrialisation of rebar processes on construction sites.

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#### **SECTORS**

The steel produced by CELSA Group™ is strategic for the economy, as it is one of the most used materials worldwide. In fact, it is present in all spheres of society today. Therefore, it is essential to manufacture steel sustainably and ensure that the products we market are low in carbon emissions and designed to last longer, are easier to reuse, repair and recycle, and incorporate as much recycled material as possible rather than virgin natural resources.

## Without sustainable steel, it is impossible to meet the goals of the Paris Agreement.



#### That is why our steel is present in several strategic sectors of the economy:



#### Construction

Due to its hardness, ductility and durability, steel has become one of the most used structural materials in infrastructure and building construction. This sector is currently the largest consumer of steel products in the world.



#### **Automotive**

It is especially in demand by automobile manufacturers, especially electric vehicles, due to reasons such as weight, safety, battery protection, cost reduction and environment.



#### Shipbuilding

Through the forged steel products division, we manufacture forged parts for shipbuilding and medium-speed diesel engines (crankshafts, propeller shafts, and other shafts, steering knuckles, and other forged steel components for leading engine manufacturers).



#### Oil, gas and energy

Steel is essential for supplying energy to the world, whether it is thermal, nuclear or renewable energy. In addition, in the current context, steel is indispensable for the transition to a low-carbon economy. In fact, all greenhouse gas mitigation technologies require steel, including thermal and renewable power generation, mass transportation, and hydrogen technology. Without sustainable steel, it is impossible to meet the goals of the Paris Agreement.



#### **Agriculture**

For the manufacturing of machinery, tools and equipment, among others.



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#### **MARKET**

In 2022, in CELSA Group™, we have made sales in 113 countries. 77% of total sales have been made within the European Union.

During 2022, we have produced 5.5 million tonnes of steel. However, in 2021, 6.6 million tonnes were manufactured. There has been a reduction of approximately 20% in billet production compared to the previous year, due to the high cost of energy. Below are the sales and production data for CELSA Group™ for the financial year 2022:

In 2022, we have significantly reduced the recovery of plastics due to changes in the recovery process for these materials. A significant investment is expected to increase the recovery value of these by-products. Furthermore, we have increased the recovery and sale of non-ferrous scrap in our facilities by 9.4%.

#### **CIRCULAR HUBs**

	CELSA Group™		
tonnes (t)	Third-party sales	Intra-group sales	
Ferrous scrap	21,868	1,608,802	
Non-ferrous scrap	80,220	40	
Plastics	432	0	
TOTAL SCRAP PRODUCTS	102,520	1,608,842	

#### STEEL MILL

	CELSA Group™			
tonnes (t)	Third-party sales	Intra-group sales	Destination within the same plant	Total production
Billet	157,825	433,344	4,903,705	5,494,874
Ingots	6,307	0	16,562	22,869
TOTAL STEEL MILL PRODUCTS	164,132	433,344	4,920,267	5,517,743

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The production of billets has decreased by approximately 20% compared to 2021.

#### FORGING AND MECHANICAL TREATMENT\*

	CELSA Group™		
tonnes (t)	Third-party sales	Intra-group sales	Total production
Total finished products through forging and mechanical treatment	7,475	67	19,128

<sup>\*</sup>Not considering the stocking and the reintroduction of the products in the process.

Due to the consequences of the measures against steel imports adopted by the United States, since July 2018, the European Union has implemented safeguards against steel imports. In June 2021, the safeguards were extended until 30 June 2024.

The lack of supply due to the hoarding of raw materials and the energy crisis are part of the current situation, along with the war in Ukraine and the impact of the COVID-19 pandemic over the last three years.

Regarding two of the main reference sectors where CELSA Group™ operates (construction and automotive). Car production in Europe has grown significantly compared to the previous year but has not surpassed 16 million units produced on the continent due to supply chain disruptions of certain components caused by COVID-19 and the war in Ukraine, among other factors.

On the other hand, the construction sector has continued to experience growth, led by civil engineering and, especially, rehabilitation in Europe.

#### **ROLLING MILL\***

	CELSA Group™		
tonnes (t)	Third-party sales	Intra-group sales	Total production
Wire rod	988,855	750,839	1,390,543
Rebar	1,323,859	556,250	2,271,657
Structural sections	1,283,058	11,988	1,156,614
Merchant bars	255,439	5,721	334,789
Total Rolling products	3,851,212	1,324,798	5,153,603

<sup>\*</sup>Not considering the stocking and the reintroduction of the products in the process.

#### FINISHED PROCESSES\*

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

<sup>\*</sup> Excluding stock.

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## The quality of our products and services

The main industrial facilities of CELSA Group™ have the following certifications: ISO 9.001, Quality management systems, ISO 14.001, Environmental management systems, and ISO 45.001, Occupational health and safety management systems. Specifically, our companies Compañía Española de Laminación, Nervacero, Global Steel Wire, Celsa France, Celsa Atlantic, Ferimet, and Global Special Steel Products have ISO 9.001 certification in their strategic plants.

In fact, our stakeholders consider responsible environmental management and product quality as material topics (more information in section "5.4. Stakeholder engagement").

All of this is possible by the Celsa Management System (CMS), based on process standardisation and continuous improvement, which facilitates the recording and monitoring of complaints and claims and their resolution.

The Group's companies also have steel sustainability management systems, positioning us as European leaders in environmental excellence in our sector.

Some subsidiaries of CELSA Spain and CELSA Nordic, due to their small size or lack of production operations, have not considered it necessary to implement these certifications.

Furthermore, to ensure that our products pose no risks regarding health and safety, the substances used in the manufacturing process have safety data sheets in accordance with Community Regulations, such as EU 453/2010 or EU 1907/2006, among others, and in line with CELSA Group™'s quality standards.



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## 4.3

## **Satisfied customers**

At CELSA Group™, we are aware of our responsibility not only towards the individuals within the organisation, but also towards the community and the environment where we operate. We are committed to creating long-term value and leading a truly sustainable model.

The loyalty of our customer companies is rooted in a fundamental added value: trust in the quality of our products and services. Over the years, we have built strong relationships with our customer companies and forged lasting partnerships. Our defining traits are flexibility, dynamism, efficiency and proximity.

We hold the most relevant certifications in the industry to ensure a management system that complies with the best practices, thus achieving a higher-level excellence in health and safety, sustainability, quality and the environment.

In fact, our stakeholders consider **product quality** as a material topic (more information in section "5.4. Stakeholder engagement").

#### **SATISFACTION**

At CELSA Group™, we have several mechanisms to measure the level of satisfaction of customer companies and gather their feedback, assess the compliance with our quality standards in sales and customer service channels, and implement suggestions for improvement.

Every year, we monitor the satisfaction of our customer companies through surveys conducted by different companies within CELSA Group™, tailored to the specific characteristics of their markets.

	CELSA Group			
	2021	2022		
Number of customer surveys conducted	552	699		



Celsa Spain and Celsa France also send surveys every six months to customer companies in the main markets, allowing us to calculate the NPS Index (Net Promoter Score) of the group. The NPS gauges the level of favourable recommendation that customer companies would give to our products and services. This index focuses on customer service and product use.

In 2022, the NPS result in the Iberian Peninsula was 52.5, two points above the target set for this period (50 points). As for the French market, the NPS was 37.5, significantly surpassing the target of 10 set for 2022. The reason for the significantly lower NPS in France compared to Spain is the requirement from the French market for product deliveries to be made by appointment.

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#### **COMPLAINTS AND CLAIMS**

The Group has a strong system for managing complaints and claims, allowing us to efficiently address customer feedback within the framework of our continuous improvement processes.

All companies within CELSA Group™ have the necessary channels for customer companies to directly contact the company and raise their concerns, complaints or claims related to any aspect of the business relationship. The enabled channels include:

- The phone number of the Sales and Marketing Department.
- The email address of the Customer Service Department: sales@gcelsa.com
- The complaints and claims section of the Customer Portal: https://cp.gcelsa.com/

In addition, both claims and complaints have dedicated monthly monitoring committees where the number of incidents received is analysed and controlled. If repetitive or significant incidents are identified, they are categorised, and corrective measures and action plans are implemented for the benefit of the company and/or the customer company.

During 2022, the Group has received 4,088 customer complaints, a 15.5% decrease compared to 2021.

In the past year, we have reduced customer complaints and claims by 15.5%.

#### **CUSTOMER COMPLAINTS AND CLAIMS**

2021	2022					
CELSA Group™	CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland
4,836	4,088	2,760	41	313	957	17

#### PRODUCT INFORMATION AND LABELLING

Regarding claims related to labelling or penalty service, 9 incidents were recorded in Celsa Barcelona and 1 in CELSA UK, with an insignificant amount.

	2021	2022					
	CELSA Group™	CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland
Number of incidents of non-compliance with regulations and/or voluntary codes related to product information and labelling.	2	10	9	0	1	0	0
% of significant product categories covered by and assessed to verify compliance with the organisation's procedures for product information and labelling.	100	100	100	100	100	100	100

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## Innovation and digital transformation

At CELSA Group™, innovation drives the development and integration of new solutions that enable the company to achieve our Net Positive vision. In fact, our stakeholders consider innovation for sustainability as a material topic (more information in section "5.5 Stakeholder engagement").

Thus, our R&D is based on four pillars: energy and emissions, circularity, digitisation and people. Here are the ongoing projects within each of these areas.

#### **ENERGY AND EMISSIONS**

The different research lines in this field address aspects such as increasing energy efficiency, supporting the integration of renewable energies into the market, and the generation and use of alternative fuels such as hydrogen and biochar.







#### **Chemical package**

Development of a new chemical package and a new gas train to improve the efficiency of the electric arc furnace.

Period: 2021-2023

#### SlagCO,

Technological development of a new accelerated carbonation process for a steel by-product such as white slag.

Period: 2021-2023

#### DevH2forEAF

Development of H2 burners for electric arc furnaces.

Period: 2021-2024





#### **HYMET**

Study new technologies applicable in the metallurgical industry, specifically in steelmaking, for the recovery of by-products from the process itself and decarbonisation through the use of renewable raw materials, such as hydrogen.

Period: 2021-2023











#### **Gasification of ASR wastes**

Gasification of plastic and rubber waste in scrap to produce alternative fuels.

Period: **2021-2023** 



#### **Biofluff**

Reduction of the pollutant and leaching load of the by-product using microorganisms already present in the waste.

Period: 2022-2024



#### **MEVO**

Transformation of black slag for cement production.

Period: **2022-2023** 

#### Cement 2 Zero (C2Z)

D&C waste flux and electric arc furnace is a slag material that can be used as a cement clinker product.

Period: 2022-2024

#### **Rolling Mill Furnace H2**

Combustion of hydrogen in the reheating furnace.

Period: 2022-2024

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#### **CIRCULARITY**

We develop projects to improve scrap management and generate new circular businesses for steel and other materials.











#### CEC

Development of new processes that allow the incorporation of ASR (Automotive shredder residue) in the electric furnace of the steel mill as a catalyst for the scrap melting reaction, replacing coal.

Period: 2020-2023



#### **Heat harvesting**

Use of the heat energy from the flue gases of rolling mills and smelting plants for heating the company buildings and providing hot water. Most of the heat will be sold to the municipal thermal power plant.

Period: 2021-2023



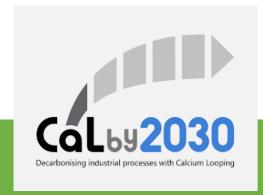
#### LASR-FORM

Achieve industrialised production and the use of shredder light fraction as light aggregates for concrete structures.

Period: 2022-2024

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#### CaLby2030

Development of a closed calcium system that combines the calcination process with the carbonation process to capture carbon dioxide emissions.

Period: 2022-2025



#### **Nanoscale**

Study of the use of iron oxides for obtaining magnetic nanoparticles that improve the sensitivity of electrochemical sensors and facilitate their use in decentralised diagnostic applications, where disease progression can be monitored without the need for access to large equipment.

Period: 2021-2023

#### Seaslag

Development of a new sustainable material for creating a marine regeneration structure that promotes the growth of marine biodiversity.

Period: 2022-2025

#### **PROBONO**

Smart engineering technologies and materials applied to pavements. Development of three new materials for the different layers that make up a pavement, with an emphasis on material reuse.

Period: 2022-2026

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#### **DIGITALISATION**

We work on developing projects that apply artificial intelligence and advanced simulation for process optimisation, traceability, digital product passports, etc.



#### **Integration of Thermographic Cameras**

Installation of thermographic cameras and integration of data with the mathematical model of the rolling reheating furnace for the optimization of the heating parameters of the furnace in the different steels. In this way, natural gas consumption and the energy efficiency of the oven would be improved.

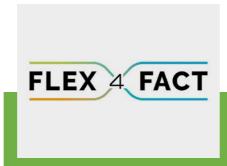
Period: 2022-2024



#### MEYE24

Advanced maintenance platform for detecting equipment operating outside of normal conditions, optimizing preventive maintenance of facilities and avoiding potential breakdowns.

Period: 2022-2023





# celsa

#### **Power EAF**

Design and implementation of a data model with advanced Machine Learning algorithms to reduce the electrical consumption of the furnace in the scrap metal melting process. This development would allow optimization of the operation of the electric furnace, energy consumption and better control of deviations.

Period: **2021 - 2024** 

#### **FLEX4FACT**

Integrated cloud platform for electricity consumption in CELSA Barcelona, allowing production planning based on the Spanish electricity market. Project co-financed by the EU.

Period: 2022-2025

#### Interface

Development of a High-Performance Computing (HOC) platform for conducting high-fidelity simulations and generating reduced-order models based on Artificial Intelligence (AI), using Digital Twin, and sensor instrumentation in the Barce-Iona plate mill.

Period: 2022-2024

#### Drones\_iScrap

Development of an aided system for quantifying materials deposited in outdoor Circular hubs using a drone volumetric system with an artificial intelligence algorithm.

Period: 2022-2023



#### **ALCHIMIA**

Prognostic optimisation of the input material mix to reduce energy consumption, emissions and waste generation of steelmaking, while guaranteeing to obtain high quality products. Project co-financed by the EU.

Period: 2022-2025

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#### **PEOPLE**

People are at the core of any initiative at CELSA Group™. That is why we also innovate in this area.

Our R&D is based on four pillars: energy and emissions, circularity, digitisation and people.

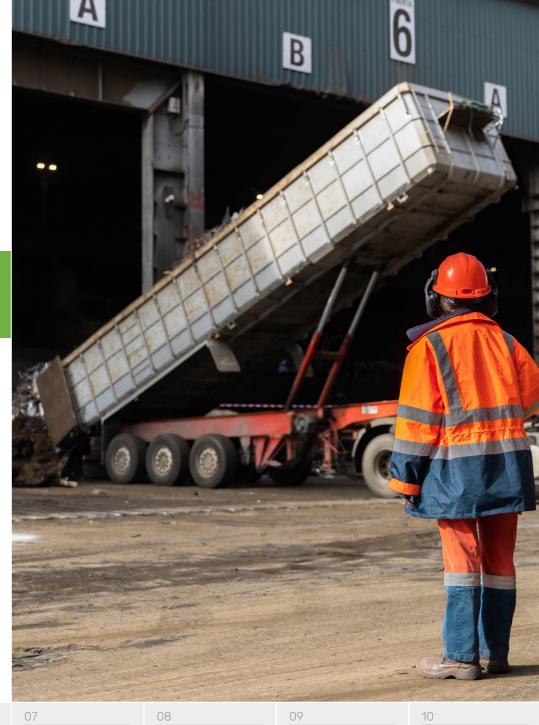


#### **Global Support Services**

#### **ESSA**

Plan for a sustainable European Steel Skills Agenda (ESSA), driven and coordinated by the steel industry. Project co-funded by the EU.

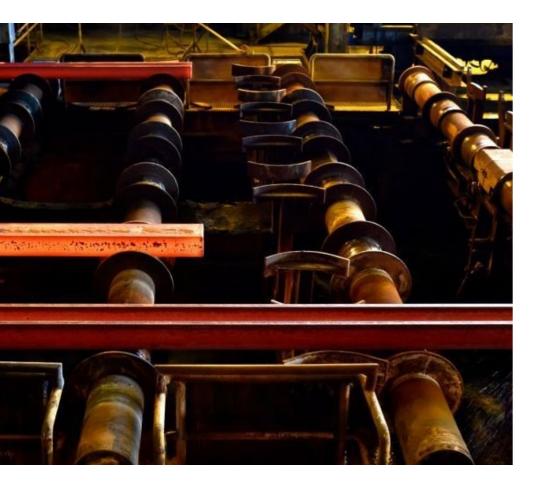
Period: **2019 - 2023** 



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# Best Practices for R&D benchmark projects of subsidiaries





#### **R&D FOCUSED ON RECOVERY AND OUALITY**

At CELSA Barcelona, we have promoted the HYMET project, focusing on the recovery of by-products from the steel production process, and the  ${\rm SLAGCO}_2$  project, which aims to recover white slag as an additive for construction materials.

Furthermore, at GSW (Global Steel Wire), we are developing an Al tool for automatically diagnosing production and quality problems in rolling mills.



#### **CALBY2030**

This project aims to develop a calciner for low-carbon lime production within the steelmaking process. The goal is to achieve 99% CO<sub>2</sub> capture. Celsa Nordic is one of the three pilot plants testing the project's tools. It is a collaboration between Celsa Nordic, Swerim, Sumitomo, CSIC and LUT University.





#### **OPTIMAL CHARGING AND DIGITAL TWIN**

At Celsa France – Bayonne, we participate in the ALCHIMIA Project, which aims to develop an optimal scrap mix to reduce energy consumption, emissions and waste.

Moreover, at Atlantic Largos – Laracha, we are developing a furnace twin. It will enable testing different scenarios and optimising the process for each manufactured product without conducting real tests.

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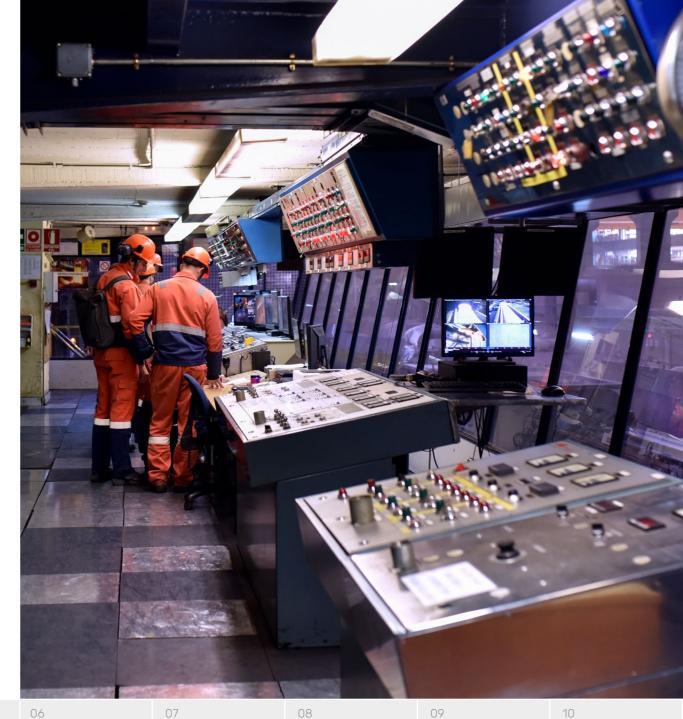


In 2022, CELSA Group™ has invested a total of 25.3 M€ in R&D&I projects, increasing funding for innovation projects by 7.7% compared to 2021.

#### INVESTMENT IN R&D (M€)

2021	2022					
CELSA Group™	CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland
23.5	25.3	16.76	n.a.	6.0	2.30	0.24

In CELSA Group™, we have allocated approximately 3% of the profits from 2022 to R&D&I investments.



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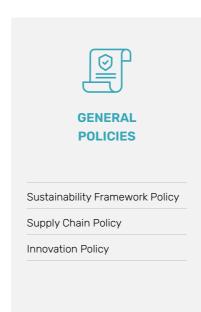


## **5.1**

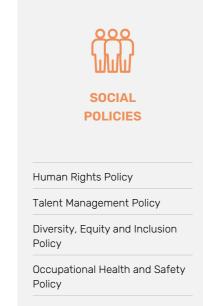
# Our corporate policies

At CELSA Group™, we have different business policies, both general and specific, to organise, standardise and establish a framework with the main lines of action of our organisation.

## **CELSA Group™ policies**









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## 5.2

## **Ethics and transparency**

Our stakeholders consider **ethical governance** as one of our material topics (more information in the section "5.4. Stakeholder engagement").

In fact, we have a **Code of Ethics and Professional Conduct** that encompasses a set of principles, criteria and standards that guide our actions in business situations, with the aim of achieving excellence from a fair and ethical perspective. This Code reaffirms the commitment of the companies operating within CELSA Group™ to carry out their business in accordance with applicable laws and the highest standards of business ethics. All employees are required to read, accept, comply with, and enforce the Code.

This document includes the following general principles:

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.

Regarding anti-corruption and bribery, the Code outlines that "employees within CELSA Group™ may not make or offer, directly or indirectly, any payment in cash, in kind or any other benefit, to any person serving any public or private entity, with the intention of obtaining or retaining, unlawfully, business or other advantages".

Furthermore, "no professional should gain an unfair advantage through manipulation, concealment, abuse of privileged information, misrepresentation of facts, or any other unethical practices. Professionals must carry out their responsibilities in a way that the reputation of CEL-SA Group™ is not affected by unethical behaviours. Some examples of fraudulent or deceptive activities may include theft, fraud, or fund embezzlement; false or inflated invoices; payment of bribes to public officials; offering or receiving bribes, directly or indirectly, in the form of money, goods or services".

Regarding money laundering, the employees responsible for selecting suppliers and/or establishing business relationships of particular relevance to CELSA Group™ must review the integrity and honesty of these third parties to prevent their irregular behaviour from affecting the company.

The Code also includes a zero-tolerance policy regarding any conduct that may constitute discriminatory harassment.



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To ensure compliance, we have a Whistleblowing Channel that allows our stakeholders to report acts contrary to the Code and/or current legislation, as well as raise doubts or concerns. This system ensures the confidentiality of the whistleblower and a non-retaliation policy.

Our Chief Compliance Officer, Pere Oteo (CPOO), is responsible for promoting ethical behaviour across the organisation and advising on potential conflicts of interest. We also have Celsa Group's Expense Policy, which expressly and exhaustively prohibits any non-work-related expenses by its staff.

In addition, we are attached to the Association of Certified Fraud Examiners (ACFE) and the Association of Corporate Investigators, associations aimed at combating and mitigating corruption and occupational fraud.

The Code of Ethics and Professional Conduct of CELSA Group™ encompasses a set of standards against corruption, bribery and money laundering, among other aspects.

## RECEIVED ACTIONS, INQUIRIES, JUDGEMENTS AND MONETARY VALUE OF SANCTIONS DURING 2022

	2021	2022
Monetary disciplinary actions	2	5
Total monetary value of monetary sanctions (€)	30,855	200,000
Non-monetary disciplinary actions	0	12
Number of judgements	0	5
Inquiries	n.a.	8

Out of the five monetary disciplinary actions, two of them belong to Ferimet, specifically, to the plants in Granollers and Selva del Camp. Both plants have received monetary sanctions. However, the remaining three cases come from Celsa Poland's business unit. Among these three cases that took place in 2022, one has concluded without sanction and the other two are still pending resolution.

During 2022, training on Corruption Prevention and Risk Management has continued to be carried out for professionals from the organization. Legal training has been carried out for the Human Resources department, in which issues related to the protection of personal data (according to indications from the Spanish Agency for Data Protection) and temporary hiring after the labor reform have been discussed. Additionally, in terms of cyberfraud prevention, a cybersecurity awareness program has been carried out, as well as a refresher on the prevention of financial cyberfraud for the Administration and Finance department. Lastly, training has been provided to each member of the Management Committees on the response protocol in the event of a cyber attack.

2022					
Training	Assistants				
Code of ethics and professional conduct	38				
Information System Use Regulation (RUSI)	1,054				
Legal training of the HR area	41				
Cybersecurity awareness	2,995				
Financial Cyber Fraud Prevention	64				
Response protocol for a cyber attack	48				

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## Management systems

At CELSA Group™ we have our own management system, the CELSA Management System (CMS), which is key to ensuring our ongoing improvement and excellence in management.

The CMS consists of four pillars:



The goal is to make the whole team reach their full potential. We achieve this by involving people of all levels and functions through an organisational structure, where all professionals are members of teams that lead and participate in the ongoing improvement and management of their daily activity.



#### **PROCESS STANDARDISATION**

By applying the SDCA cycle (Standardise, Do, Check and Act) to the process systematically. This allows us to ensure quality and safety while minimising waste, thus helping us to achieve internal and external customer satisfaction.



## **IMPROVEMENT**

We base our continuous improvement on two components. Firstly, we direct the improvement process through a strategic reflection process, in which we establish the main strategies, objectives and improvement projects. These are gradually deployed in each business unit by the senior management, and are integrated throughout the organisation in the form of Fundamental Improvement Objectives. Secondly, we apply this improvement through the PDCA cycle (Plan, Do, Check, Act) systematically.



Generates value for the company and for our customers, addressing opportunities known by unexpected means and unexplored opportunities through available solutions.

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# Stakeholder engagement

At CELSA Group™, we keep strong relationships with our stakeholders and provide information on those aspects that may be of interest to shareholders, customer companies, suppliers and public authorities, among others.

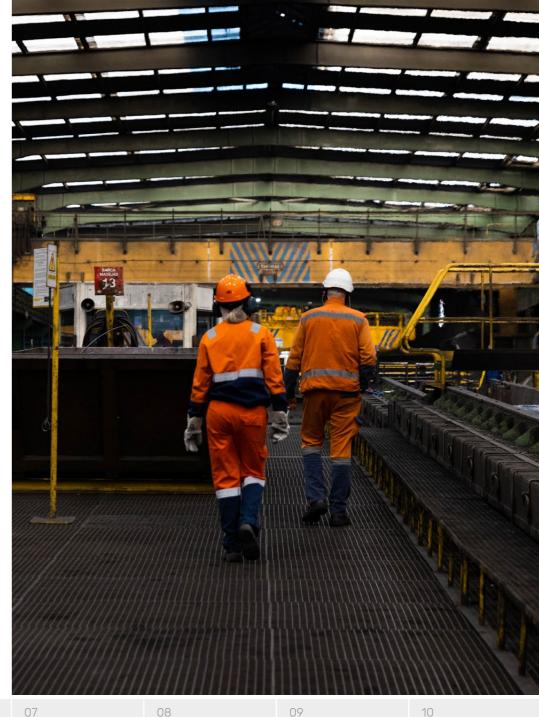
In fact, our stakeholders consider transparent governance a material topic (more information in the "Materiality assessment" section of this section).

In this regard, stand out the edition of the Economic and Social Contribution Report, the dissemination of updated information on the Group's activity on the corporate website, posts on social media (Twitter, Facebook, LinkedIn and Instagram), press releases and media attention.

Regarding our staff, at CELSA Group™, we have several internal communication channels such as the Employee Portal, corporate communications, weekly newsletters and annual meetings (7 events held in digital format). Other notable actions include the Recycling Week, the #Celsafamily and #WomenOfSteel campaigns, sports events, and webinars on topics of interest such as Health and Safety, People and Talent, Sustainability and Innovation.

The Group also carries out a more direct, constant and personalised communication with suppliers, customers and trade unions, and, through its intense associative activity, keeps a smooth relationship with other stakeholders and with other companies in the sector.

In 2022, some of the company's directors have participated in conferences and round tables to share the company's breakthroughs and maintain a good level of business networking.



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## **Stakeholders**





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## Best Practices for stakeholder engagement by subsidiaries





#### **CUSTOMER VISITS**

CELSA Atlantic Largos (Laracha) conducts customer visits, mainly for coiled material, to observe their needs firsthand and identify opportunities for improvement.



#### **COMMUNITY MEETINGS AND SECTOR EVENTS**

We frequently attend community meetings to understand the needs of the local population. We also participate in sector events such as the UK Construction Week, where we won the Best Innovation Prize 2022.

Luís Sanz is the chairman of UK Steel.



#### CIRCULAR COLLABORATION FOR A CIRCULAR **FUTURE**

We collaborate with our customer and partner companies to achieve our net-zero emissions goal. Additionally, we aim to create and strengthen circular partnerships with our customers and stakeholders throughout our value chain.



#### **COLLABORATIONS**

We collaborate with the Local Centre of the Steel Industry Tradition and the Steel Technical School (trainees) and participate in governmental and non-governmental working groups for legislation preparation/changes.

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#### Internal communication

Sustainability and circularity play a key role in the internal communication of CELSA Group™. Here are some examples from 2022:

Recycling week: A campaign that encompassed different actions aimed at raising awareness about the climate emergency and decarbonisation. We also gave this campaign a more emotional approach and linked it to #Celsafamily, a concept that we use for those activities in which not only our professional team participates, but also their relatives or loved ones.

Internal news.

World days related to caring for the planet and sustainability.

Internal dissemination campaign of the Sustainability Report: After releasing the 2021 Sustainability Report, we started an internal dissemination plan to communicate the key concepts to the staff. Thus, one or two cards or cartoons were published weekly, conveying concepts of the Report and a representative image. Based on these cartoons, we even created videos in which experts in the respective fields elaborated on the concept included in the cartoons.

Stopaper and Stoplastics campaigns: In 2022, we have continued these campaigns advocating for the reduction of paper and plastic use, promoting the use of more environmentally friendly materials. We have even provided sustainable products for our staff, such as stainless steel and glass water bottles.

#### **NEW PORTAL OF CELSA GROUP**

One of the main initiatives promoted by the internal communication division has been the creation of the CELSA Group™ Portal, a digital communication channel that acts as an information repository and reduces both paper consumption and unnecessary email sending. It is a pioneering tool in Spain that integrates the use of SAP utilities and other technologies.



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#### **External communication**

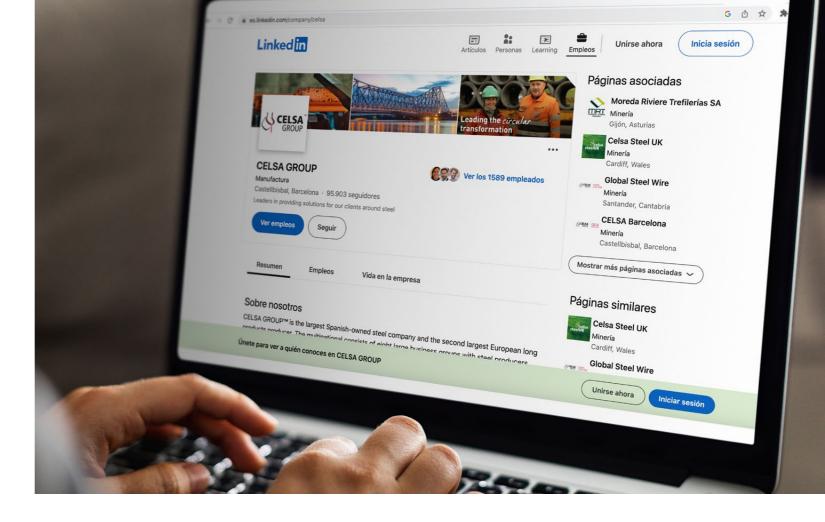
At CELSA Group™, we have a specific section on sustainability on our website: <a href="https://www.CelsaGroup.com/memoria-sostenibilidad/">https://www.CelsaGroup.com/memoria-sostenibilidad/</a>. In this section, you can access and download the latest Sustainability Report (2021 edition), its executive summary and several infographics. By the end of 2021/2022, the page had been viewed 497 times.

In 2022, we sent 16 press releases to the media, increasing the presence of our own topics by 150% compared to 2021. Throughout 2022, CELSA Group™ recorded more than 6,000 media mentions, with the company being featured in 2,396 of them. The percentage of positive and neutral information throughout the year was close to 90%.

Regarding social networks, at the CELSA Group™ we had a total digital community of 185,750 followers at the end of 2022 on the four corporate social channels (Twitter, Facebook, LinkedIn and Instagram).

The channel with the greatest growth in followers is LinkedIn, which already has more than 87,000 followers and represents 47% of all networks. This is a good positioning of the digital ecosystem, as LinkedIn is precisely the profile of greatest interest for the Group, and the main information channel on the networks.

For 2023, our goals are to strengthen the Group's positioning in the digital environment and continue to increase the Twitter and Instagram communities.



During 2022, at CELSA Group™, we achieved a 150% increase in the presence of our own topics in the media.



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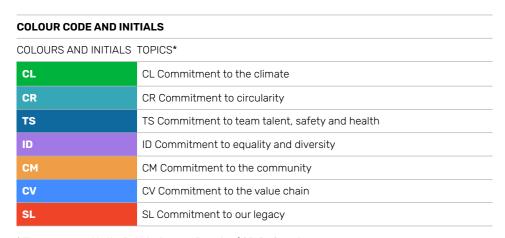


### **Materiality assessment**

During 2022, at CELSA Group™, we have conducted a new materiality assessment (the previous one was conducted in 2019), providing greater representativeness and scope by including the perspective of new external stakeholders.

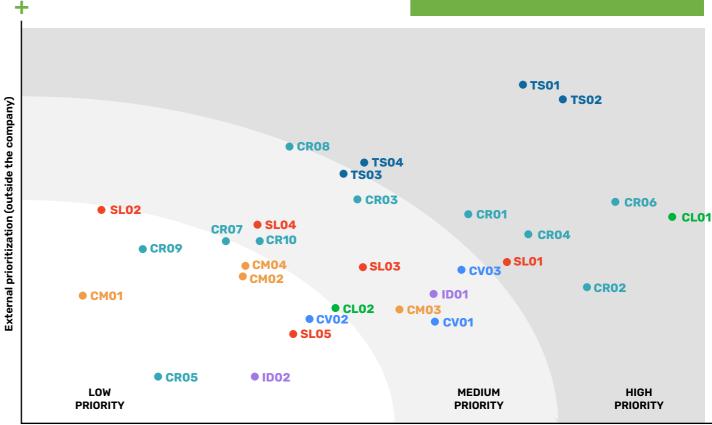
To do so, we have conducted interviews with representatives of external stakeholders to understand their perception of CELSA Group™ regarding material topics. We have also carried out online surveys to obtain the prioritisation of material topics by both external and internal stakeholders.

Based on the results obtained, the following materiality matrix has been created, with one axis representing the prioritisation of internal groups and the other axis reflecting the assessment from external stakeholders. This matrix identifies the most relevant topics for both groups and, therefore, indicates the areas where Celsa should prioritise resource allocation and efforts to meet the expectations of the stakeholders.



<sup>\*</sup> They correspond to the 7 strategic commitments of CELSA Group™.

During 2022, at CELSA Group™, we have conducted a new materiality assessment with greater Materiality matrix by topic representativeness and scope.



Internal prioritization (within the company)

01 A conversation with the Chairman

02 2022 milestones and relevant events

03 Passion for circularity

04 Vocation for excellence

05 Because we believe in a sustainable future

06 reason for being

Our commitment to ecological transition 08

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HIGH P	HIGH PRIORITY		1 PRIORITY	LOW PR	IORITY
TS02	Health of workers	TS03	Talent recruitment	CL02	Sustainable transport
TS01	Industrial security and well-being	CR03	Resource consumption and responsible material use	CM04	Group reputation and image
CL01	Carbon emissions and clean energy	CV03	Working conditions for recycling employees	CM02	Commitment to local communities
CR06	Innovation for sustainability	SL03	Organisational culture	CV02	Support for suppliers
CR04	Responsible water consumption and management	ID01	Recruitment of female talent, internal promotion and representation in governance bodies	SL05	Family-owned business
CR01	Responsible environmental management	SL04	Business management and leadership	CR09	Production optimisation and sales capacity
CR02	Circularity with customer companies and other economic agents	CR10	Investment in innovation and digitisation	SL02	Data protection and privacy
TS04	Talent retention	CM03	Social action	ID02	Diversity and social inclusion
SL01	Transparent, ethical governance with sustainable DNA	CR07	Customer service and reliability	CR05	Biodiversity and renaturation
CR08	Product quality	CV01	Value chain with selection criteria, strong and long-term	CM01	Local economic development

WHERE TO FIND THE MATERIAL TOPICS IN THIS REPORT						
CODE	HIGH PRIORITY	REPORT SECTION				
TS02 Health of workers		6.5. We work to create a safe and healthy environment				
TS01	Health of workers	6.5. We work to create a safe and healthy environment				
CL01	Carbon emissions and clean energy	7.2. Our roadmap towards decarbonisation 7.4. Efficient use and consumption of energy				
CR06	Innovation for sustainability	4.4. Innovation and digital transformation				
CR04	Responsible water consumption and management	7.5. Responsible water management				
CR01	Responsible environmental management	4.2. The quality of our products and services				
CR02	Circularity with customer companies and other economic agents	7.1. Why we are leaders in circularity and recycling				
TS04	Talent retention	6.3. Our talent management and development				
SL01	Transparent, ethical governance with sustainable DNA	<ul><li>3.5. Our internal governance</li><li>5.1. Ethics and transparency</li><li>5.4. Stakeholder engagement</li></ul>				
CR08	Product quality	4.2. The quality of our products and services				



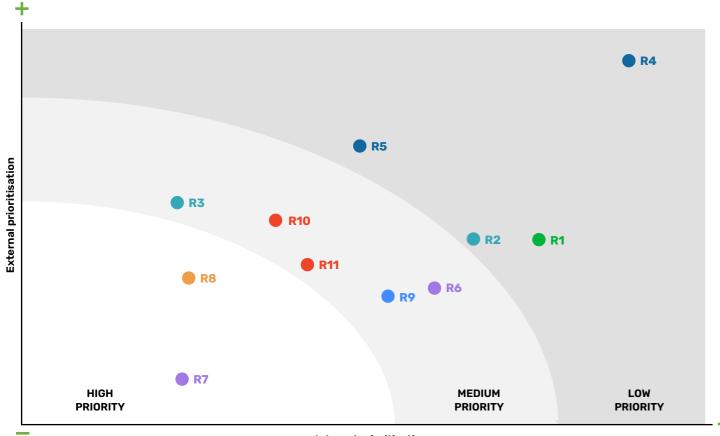
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reason for being



The several material topics identified in this materiality assessment are related and grouped under the strategic challenges outlined in the company's strategic plan. To reveal which challenges are considered most prioritised by both external and internal stakeholders, the following materiality matrix at the challenge level has been created:

#### Materiality matrix ranked by challenges



Internal prioritisation

Materiality matrix 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 Equality R6 R9 Value chain R3 Product and business **R10** Governance **R11** Leadership **LOW PRIORITY CHALLENGES** R8 Community involvement R7 Diversity

#### WHERE TO FIND THE HIGH PRIORITY CHALLENGES

R4	Health and safety	6.5. We work to create a safe and healthy environment
R5	Talent attraction and retention	6.3. Our talent management and development
R1	Emission reduction	7.2. Our roadmap towards decarbonisation
R2	Circularity and environmental impact reduction	7.1. Why we are leaders in circularity and recycling

contents



## 5.5

# A sustainable strategy with a focus on the 2030 Agenda

At CELSA Group™, we have identified seven commitments that form the basis of our sustainable development strategy:

#### 1. Commitment to the climate

Being aware of the challenge posed by climate change to the planet, our decarbonisation plan is based on:

*Improving energy efficiency:* by installing variable-frequency drives and gaining better control over energy consumption through analyzers, meters and mathematical models.

**Reducing the use of fossil fuels:** by replacing natural gas with biomethane, green hydrogen, electrification, etc. and through long-term power purchase agreements with renewable energy developers (Power Purchase Agreements), as well as contracting electricity with Guarantees of Origin.

#### 2. Commitment to circularity

At CELSA Group™, we are firmly committed to the recovery and use of the waste generated during the steelmaking process to promote the circular economy.

#### 3. Commitment to team talent, safety and health

We ensure wages that align with the importance of the positions held by our employees, their level of commitment, and training, placing them above the market standards. To achieve this, we use objective job description and evaluation systems that comply with international guidelines, such as Korn Ferry, WTW (Willis Towers Watson) and Mercer.

Our commitment to health and safety is cross-cutting and extends to all our stakeholders: contractors, customer companies, suppliers, visitors and the community.

#### 4. Commitment to equality and diversity

The steel industry has historically underrepresented women. Acknowledging this challenge, at CELSA Group™, we have been implementing equality policies and action plans for many years to gradually reverse this trend. We believe in people, their abilities, and their values.

#### 5. Commitment to the community

We act with utmost respect for the local cultures of the countries and territories where we operate. We encourage communication with all stakeholders to achieve sustainable and beneficial activities for society.

#### 6. Commitment to the value chain

Our supplier approval procedure positively assesses those companies with a better sustainability performance and who also possess an ISO 14.001, Environmental Management System, or ISO 45.001, Occupational Health and Safety Management System.

#### 7. Commitment to our legacy

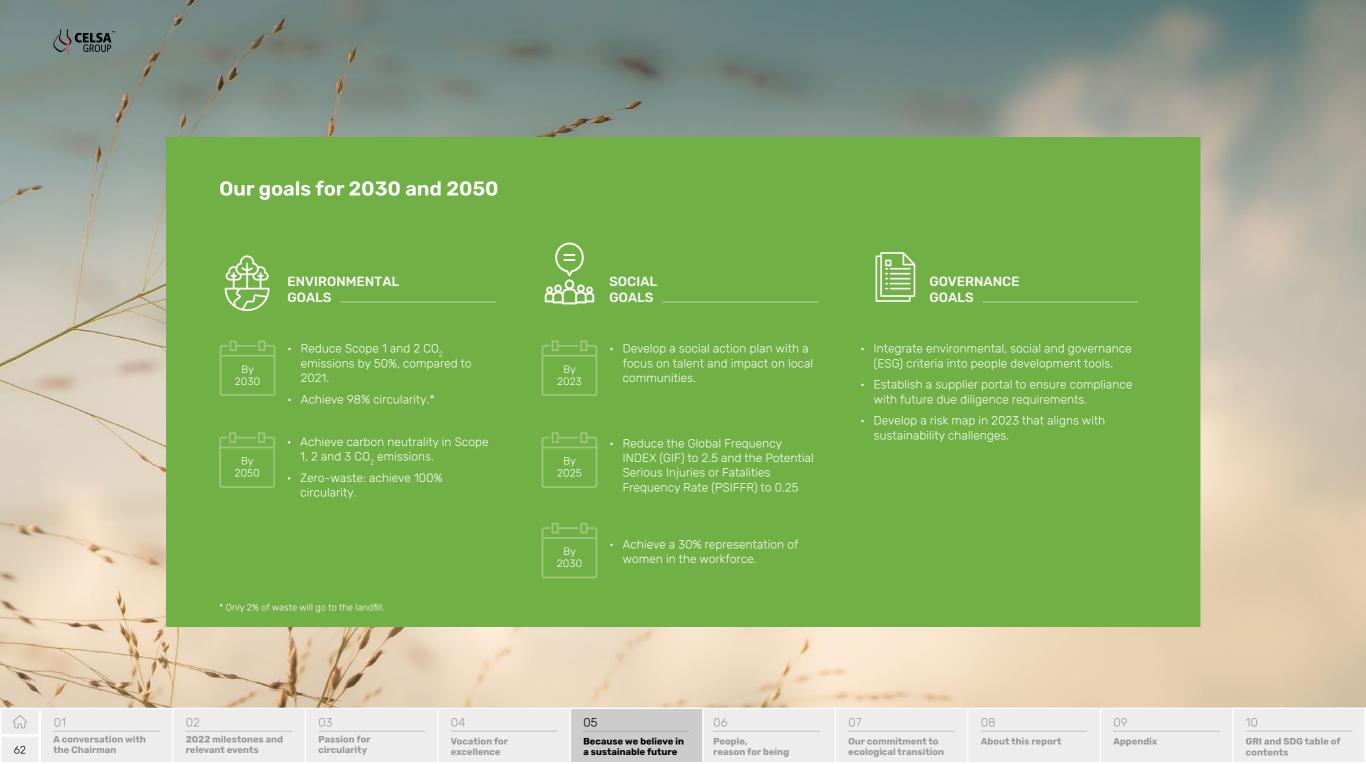
Celsa Group is a family-owned company created in 1967. The second generation is now in charge of the company and their priority is to continue contributing to the industrial, economic and social development of the countries where it operates, with a primary focus on preserving the natural resources and decarbonisation.

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#### **Sustainability Framework Policy**

CELSA Group™ has a Sustainability Framework Policy that establishes the general principles and objectives that integrate the Sustainability strategy within the Group, with the aim of conducting all its activities while promoting long-term value creation for both the Company and its stakeholders.

The company articulates its sustainable development strategy on three fundamental pillars: environmental, social and corporate governance aspects. The principles and objectives of CELSA Group™ in these three pillars are developed through corporate policies that, together with the Governance and Sustainability System, are fundamental parts of the Group's identity.



#### This policy is guided by the following general principles:

- Strict compliance with all legal obligations and the main recommendations and guidelines on Sustainability, such as SDG principles, the commitments of the Paris Agreement, UN Guiding Principles on Business and Human Rights, as well as other international instruments, especially in the area of good practices of human and labour rights, environmental protection, and anti-corruption.
- Aligning CELSA Group<sup>™</sup> corporate governance model with international and national good governance recommendations.
- Ensuring compliance with the Purpose, Mission, Values, Vision, and Code of Ethics and Professional Conduct of CELSA Group™, adapting them to Sustainability principles.
- Promoting the identification of the Group as a sustainable company continuously improving its behaviour towards society;

- Developing the activity of CELSA Group™ by maximising sustainable, innovative, and efficient value creation and ensuring that business approaches are long-term oriented.
- · Driving the circular economy and consumption.
- Promoting diversity, equality and work-life balance for our professionals.
- Minimising negative impacts on the environments and communities where CELSA Group™ operates.
- Promoting policies that support sustainability and promoting the regular update, supervision and effective monitoring of compliance with these policies.
- Establishing and maintaining relevant systems and procedures for proper management and implementation of this Policy.

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To achieve the above-mentioned general principles regarding sustainable development, CELSA Group™ has established the following objectives:

- Adopt an innovative and sustainable management approach, fostering professional relationships based on diversity, inclusion and a sense of belonging, equal opportunities and non-discrimination in people management, productivity, profitability, efficiency and sustainability.
- Operate in line with responsible management of risks and opportunities arising from the evolving environment, maximising the positive impacts of our activities in the different territories where we operate, and minimising, as far as possible, the negative impacts, while embracing medium and long-term business approaches.
- Promote an ethical business culture, transparency and trust with stakeholders, collaborating with several stakeholders and encouraging a two-way and open communication about CELSA Group™'s business activities regarding Sustainability.
- Contribute to the recognition of CELSA Group™ in achieving its sustainable strategic objectives and continuously improving its reputation.

CELSA Group™ has a Sustainability Framework Policy that establishes the general principles and objectives that integrate the Sustainability strategy within the Group.

#### According to this policy, the areas that make up Sustainability consist of:

Human rights: respect, promote and demand the recognition of internationally recognised Human Rights, in accordance with our Human Rights Policy.

Occupational safety and health: consider safety and health as our top priority and foster a safe and healthy working environment for employees working in our facilities, promoting their overall well-being.

Corporate governance and compliance: act at all times in accordance with our Code of Ethics and Professional Conduct and comply with the legislation in force in the countries and territories where we operate, adopting best practices in corporate governance.

Quality: ensure the safety and quality of the products and services we offer, as well as ensuring that the supply chain complies with the principles established in our Code of Ethics and Professional Conduct, in line with our Supply Chain Policy.

Innovation: embrace innovation as a fundamental and strategic pillar to achieve the economic, social and environmental sustainability of CELSA Group™ and its value chain, in accordance with the Innovation Policy.

**Environment:** promote environmental protection and responsible and efficient use of natural resources, encourage the increased use of renewable energy sources, and implement sustainable water management, all within the framework of the Environmental and Resource Management Policy; and develop a climate action strategy as part of the Climate Action Policy.

Recycling and waste management: promote the implementation of the waste hierarchy, favouring the following waste management processes: prevention, minimisation, reuse, recovery, recycling and energy recovery, leaving landfill disposal as a residual management route.

**Diversity and inclusion:** promote a culture of respect for diversity and labour inclusion, fostering a diverse and inclusive work environment, combating discrimination and inequality in all its forms.

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CELSA Group™ is a signatory to the United Nations Global Compact, the largest global sustainability initiative that involves adhering to its 10 principles on Human Rights, labour standards, environmental protection, and anti-corruption measures, as well as contributing to the UN Sustainable Development Goals. These 17 goals, which make up the 2030 Agenda, address humanity's most significant challenges. Notably, they are not only directed at governments, but also at companies and civil society.

At CELSA Group™, we prioritise six of the seventeen SDGs, those

to which we contribute directly. Therefore, we have reflected our commitment to these six SDGs in Sustainability Roadmap 2021-2050, fully integrated into our business strategy. This strategy includes clear and ambitious environmental, social and governance objectives.

The motto 'Think globally, act locally' clearly defines the philosophy behind the SDGs. As a result, we highlight some initiatives of our subsidiaries that contribute directly to the fulfilment of our priority SDGs.

#### CELSA Group™ has prioritised six SDGs to which it directly contributes:



SDG 3: Good health and well-being.



**SDG 5:** Gender equality



**SDG 7:** Affordable and clean energy



**SDG 8:** Decent work and economic growth



SDG 12: Responsible consumption and production

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SDG 13: Climate action



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## Significant initiatives for each priority SDG





## **Ensure healthy lives and** promote well-being for all at all ages



We implement initiatives such as physical activity and healthy food campaigns, and we organise a paddle tennis championship and a company race.

Also, we collaborated with the Association Brotherhood of Cantabria's Blood Donors.

#### celsa hutaostrowiec

We provide our staff with medical consultations with cardiologists, dietitians and psychologists. We also promote the Fruit every Friday's campaign.



BIL Celsa is our company's sports team that offers several activities such as hiking, running, cycling to work, soccer, spinning, volleyball, etc.

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## **Achieve gender equality** and empower all women and girls



We conduct talks at schools about women's experiences in technical fields, and we have an Equality Plan.



We have signed a new Equality Plan.

#### celsa hutaostrowiec

We promote the development and growth of women in management positions through the implementation of an internal CHO programme.



Project to increase the number of women at CELSA.

## celsa

We have increased the number of women (18 women in 2021 and 29 in 2022), particularly in operational activities at the rolling mill.



We have approved the Equality Plan for Celsa Atlantic.



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## Significant initiatives for each priority SDG





## Ensure access to clean and affordable energy for all



We have installed solar panels and implemented ISO 50.001.

#### celsa hutaostrowiec

We have started a photovoltaic project from an administrative perspective.

## celsa

Through the large-scale implementation of the CO<sub>2</sub> capture project, we can capture 1.5 million tonnes of CO<sub>2</sub> from combined emissions.

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ecological transition

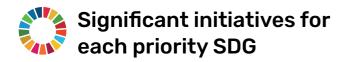
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## **Promote sustained** economic growth, and decent work for all



We participate in the XVII Employment and Entrepreneurship Forum 2022 Online at the University of Deusto. Additionally, we participate as speakers at the VIII Employment and Internship Forum of Cámara de Bilbao.



Due to high energy prices, the company had to stop production for 1.5 months in the last guarter of 2022. Despite having a short-time work scheme (ERTE), the company managed to avoid applying the short-time work scheme to any workers.



We have a social integration project with the company Plis (paper recycling in 360° offices and management by companies with workers at risk of social exclusion).



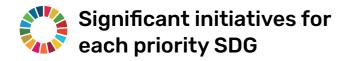
Implementation of the Transparency Law, which strives to ensure decent working conditions throughout the companies' supply chain.



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# Ensure sustainable consumption and production



We have presented the Annual Environmental Statement, reflecting our human, economic and organisational efforts to minimise our environmental impact.



We have conducted a campaign to reduce electricity consumption in offices and have tested anthracite substitutes using materials from waste.



We maximise the internal reuse and external recovery of white slag for cement plants, by improving the internal waste segregation in steel pits.

## celsa

We are working on the Environmental Product Declaration (EPD) for rebars and structural steel profiles/structural steel sections.



We have launched our new traceability label, an ISO 14.020 certification for our circular steel, so partners and customer companies can use it.



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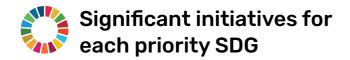
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# Take urgent action to combat climate change and its impacts



We purchase guarantees of origin for energy produced from renewable sources.



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Replacement of the steel mill furnace, resulting in a 30% reduction in direct  ${\rm CO_2}$  emissions from steel mills.



We offer Octopus Energy electric vehicles as a new benefit for our staff.



Hydrogen project: During the last 4 years, we have been developing a complete value chain for green hydrogen for industrial use.

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## 5.6

# Key partnerships for a sustainable future

"We have received a B in the 2022 Carbon Disclosure Project (CDP)."

"We are very proud to be one of the first companies in the steel sector to receive the Aenor N Sustainable Mark"

FRANCESC RUBIRALTA,
Chairman and CEO of CELSA Group™

At CELSA Group™, we actively participate in several associations to enhance the relationship with our stakeholders and advance our sustainability goals:

#### In the field of sustainability:



We are a signatory of the **United Nations Global Compact**, adhering to its 10 Principles on Human Rights, labour standards, environment protection, and anti-corruption measures, as well as the SDGs.



Since 2022, we have been a member of the **Platform for Accelerating the Circular Economy (PACE)**, a platform bringing together business, government and civil society leaders to develop a collective circular economy agenda and drive ambitious actions.



During 2022, at CELSA Group™, we have scored a **B** (management level) for climate change performance, according to the **Carbon Disclosure Project (CDP)**, an organisation that discloses the performance of large companies regarding their greenhouse gas (GHG) emissions.



In 2022, AENOR has certified CELSA Group's four production plants, including CELSA Atlantic (Galicia), Global Steel Wire (Cantabria), Nervace-ro (Basque Country) and CELSA Barcelona (Catalonia), with the **Aenor N Sustainable Mark**. The seal confirms the sustainability of a product from an environmental, social and governance (ESG) perspective.



In 2022, we have also committed to setting **Science-Based Targets** within the next two years. This commitment involves reducing GHG emissions to limit global temperature increase to 1.5 °C compared to pre-industrial temperatures.



CELSA Barcelona, Nervacero, CELSA France, Global Steel Wire, CELSA Poland, CELSA UK and CELSA Nordic hold the licence to use the **SustSteel Mark** (www.steel-sustainability.org), a recognised and referenced European sustainability label for the steel products used in construction. The label is verified by Bureau Veritas.



In 2022, CELSA Group™ has joined the **WorldSteel Sustainability Charter**, which comprises nine principles and 20 criteria covering environmental, social, economic and governance aspects. To sign the Charter, steel companies must meet all 20 criteria.



We are part of the **Association Sostenibilidad Siderúrgica**, whose members include major Spanish steel companies. This association has created the mark *Sostenibilidad siderúrgica* to respond to societal and institutional demands for CSR through rigorous requirements that assess the organisations' commitments. These requirements have been verified by AENOR.

Furthermore, we are also part of Forética (since 2022), Fundación Empresa & Clima, A.SPIRE, European Clean Hydrogen Partnership, and the European Raw Materials Alliance.

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#### In the sectoral context:



CELSA Group™ is a partner of the **WorldSteel Association**, whose members represent approximately 85% of world steel production. This organisation focuses on the economic, environmental and social sustainability of the steel sector.



We are part of **EUROFER**, the European Steel Association, which addresses specific challenges and issues in the stainless-steel industry. It is worth noting that, since November 2022, the CEO, Francesc Rubiralta, holds the chairmanship of EUROFER.



Historically, we have been a partner of **UNESID**, the Association of Steel and Primary Processing of Steel Products Producers. Since 2019, Francesc Rubiralta has been Vice President and a member of its Executive Committee.



The Group is a Founding Member of the **Global Steel Climate Council**. This international coalition was established in November 2022 with the aim of reducing greenhouse gas emissions in steel production.



We are part of the Steering Committee of the European project **Green Steel for Europe**, led by CEPS, which aims to enable the European steel industry to meet the European objectives for 2030 and 2050 regarding energy and climate change.

# Other memberships by countries:

#### **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



Swedish Steel Association

#### **GERMANY**

Eisendraht-Und Stahldraht-Vereinigung



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GRI and SDG table of contents



# We care about developing a sustainable value chain

CELSA Group™ is a supplier of steel products. To be able to supply them, it is necessary to acquire raw materials, such as scrap. These operations are carried out in accordance with the guidelines of the Supply Chain Policy, which represents a comprehensive approach to responsible supply chain management, including our commitments set forth in the Code of Ethics and Professional Conduct, and the Sustainability Framework Policy.



# The Supply Chain Policy sets forth the following internal principles:

- Extend the Sustainability and Corporate Social Responsibility principles of CELSA Group™ to our supply chain by providing accurate and transparent information about our procurement requirements.
- · Demand that the products, services and projects supplied strictly comply with the current legislation in each of the countries where they are carried out and that they adhere to socially responsible practices. In particular, ensure that procurement processes guarantee the service's quality under the best conditions (technical, price, delivery time, level of service, financing conditions, etc.) and with the minimal environmental impact, while preserving the safety and health of workers.
- · In the selection of suppliers, we apply the following criteria: quality, service and price, as well as competitiveness, objectivity, professionalism, transparency and equal opportunities. Similarly, we also take into account the following criteria: safety, health and sustainability, prioritising suppliers that have a stronger performance in these areas.
- Advance in the inclusion of environmental, social and corporate governance criteria in the procedures for negotiating contracts, commercial agreements or purchase orders within the value chain.
- · We value our suppliers having an Environmental Management System that includes objectives for reducing carbon footprint and water footprint, and that includes projects such as energy efficiency and circularity plans.

- Ensure that our relationships with each of the suppliers respect and follow CELSA Group's values included in the Code of Ethics and Professional Conduct, our Sustainability policies, good governance and compliance.
- We ensure that the general conditions of contracts clearly include the commitment of suppliers to respect and act in accordance with the principles of the Global Compact regarding Human Rights, labour, environment and anti-corruption, as well as the United Nations Guiding Principles on Human Rights.
- Promote collaborative innovation through partnerships with our suppliers to develop technological solutions that help consolidate our sustainable strategy.
- Foster long-term actions with suppliers, ensuring that the commitments made by the contracting parties are met, allowing the traceability of the procurement process.
- Encourage ongoing improvement in the performance of our suppliers.
- Ensure legal and ethical compliance in commercial practices involving the use of conflict minerals such as coltan, gold, cassiterite, wolframite or their derivatives, extending this commitment to our suppliers to ensure the traceability of these mate-

a sustainable future



# The Policy also includes a set of principles that it requires from its supply chain:

# A. Principles regarding Human Rights and labour rights

CELSA Group™ demands strict compliance with Human Rights from its entire supply chain, requiring its suppliers to comply with international regulations on labour rights and major international conventions and instruments. Therefore, the Group:

- · Rejects any form of exploitation, abuse and violation of Human Rights, such as human trafficking, child labour, or forced labour.
- · Demands prevention of any violation of basic rights of subcontracted employees.
- Promotes the establishment of contractual conditions for fair payment and delivery deadlines that enable our suppliers to comply with basic labour standards, monitor compliance with local laws on minimum wage, and reduce excessive working hours.
- · Promotes equality, diversity, inclusion and non-discrimination, identifying and assessing the performance of suppliers in these areas to prevent any non-compliance and acknowledge best practices.
- Promotes the supply chain to support the principles of freedom of association and the right to collective bargaining.
- Asks its suppliers to take the necessary measures to avoid occupational health and safety risks.



# B. Principles regarding social matters

CELSA Group™ promotes within its supply chain:

- Taking measures to support local, social and economic development, establishing channels of dialogue and communication with local communities.
- Supporting the hiring of local workers, businesses or suppliers, whenever possible.
- Reducing social impacts related to project closures, openings and restructuring.



# C. Principles regarding environmental matters

ELSA Group™ requests that suppliers with environmental impact implement active policies for environmental protection, including:

- Efficient use of natural resources, such as energy and water.
- · Reduction of gas emissions into the atmosphere, both greenhouse gases and other pollutants.
- · Transition to purchasing more environmentally friendly products.
- · Promotion of the use of recycled or recovered resources, materials and products, which can also be reused or recycled at the end of their useful life.

- Preservation of biodiversity and application of the mitigation hierarchy (avoidance, minimisation, restoration and offsets).
- Management of waste in accordance with the current legislation of each country, always using authorised waste management companies and ensuring proper treatment.
- Implementation of an environmental management system that ensures effective planning, action and control of the most relevant environmental aspects of their activity, as well as its certification by a third party.

# D. Principles regarding compliance:

In compliance with the principles established in the Competition Compliance Policy and in Anti-Corruption and Anti-Fraud Policy, CEL-SA Group™ demands that its supply chain:

- Acts with integrity, ethics and in compliance with applicable laws, whether international, national or local,
- Particularly adheres to anti-corruption regulations, with zero tolerance for any form of corruption or practices resulting in conflicts of interest.
- Forbids anti-competitive conduct by our suppliers that could pose a risk to free competition.

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According to this Policy, we positively regard that collaborating companies have an ISO 14.001, Environmental Management System, and an ISO 45.001, Occupational Health and Safety Management System, as stated in the supplier approval procedure.

Every six months, we conduct a supplier assessment based on quality, delivery, and safety demerits. In the case of deviations, incidents or claims outside the set standards, on-site audits may be carried out if deemed necessary. Since 2020, the assessment process has been automated, allowing for six-monthly automated assessment of all CELSA Group™ suppliers by plants.

By 2022, 84% of the procurement (purchases) budget of CELSA Group™ has been allocated to local suppliers, 10 percentage points higher than in 2021.

# In 2022



More than 2,500 suppliers have been assessed.



17 companies have been re-approved, with 15 following social criteria and 14 following environmental criteria.



Three supplier audits have been conducted, all with satisfactory results.



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# Local procurement

At CELSA Group™, we believe in and support local companies, as km 0 procurement offers advantages for both the community and the environment.

By doing so, we contribute to reducing the environmental footprint for several reasons: smaller transport footprint and smaller packaging waste generation, as there is no need for excessive packaging.

We also consider that buying locally helps create an ecosystem that fosters more stable and valuable relationships. Moreover, working with nearby partners allows us to have firsthand knowledge of their operations and working systems.

# LOCAL PROCUREMENT (M€)

		CELSA	CELSA	CELSA	CELSA	CELSA	CELSA
		Group™	Spain	France	UK	Nordic	Poland
Total budget for purchases from local	2021	3,691.33	1,895.39	265.88	658.83	252.47	618.76
suppliers (M€)	2022	4,533.42	2,500.67	25.39 265.88 658.83 252.47 618.7 200.67 231.81 692.28 339.10 769.5	769.57		
% of budget for purchases	2021	74%	69%	72%	91%	56%	86%
from local suppliers (M€)	2022	84%	88%	77%	93%	58%	84%

### NUMBER OF LOCAL **SUPPLIERS**

2021	2022						
CELSA	CELSA Group™						
15,729	13,853						

In 2022, we have increased the budget for purchases from local suppliers by 14%, approximately.



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# 5.8

# **CELSA Circular Steel**

# Celsa Circular Steel Programme, leading circularity

CELSA Group™ has introduced the brand CELSA Circular Steel, which reflects how the Group is accelerating the transition to a fully circular steel. Much of this has deep roots in our history as a steel company that has maintained sustainable practices for over 50 years.

But this programme is not just about making CELSA more circular, it is also about supporting and promoting global and interconnected action throughout the steel value chain. This is not an internal transformation project, but a long-term programme to achieve sector-wide change.

The global annual demand will likely exceed the planet's natural resource capacity by 175%. Steel is key for our world and its future. That is why the steel industry must evolve within this decade in line with the EU's climate action plans and goals, striving to limit global warming to 1.5 degrees.

The reality is that many industries will not become sustainable without sustainable steel. CELSA Circular Steel is a programme that drives positive impact far beyond our Group, as it unites the entire steel value chain to lead the acceleration towards a circular transition. Thus, this project fosters engagement with our staff, customers and stakeholders.

To achieve this, we have prioritised five pillars that will shape a more circular future across our Group and all those dependent on it.



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#### Certifications

The CELSA Circular Steel Programme will introduce more certifications over time, making it easy for our customer companies to demonstrate the composition of our steel products and, ultimately, their final products or projects.

In the steel industry, clear and consistent traceability is key, so by certifying what we supply, our customer companies can be confident that each item meets their own material sourcing commitments.

In the Nordic region, we have the ISO 14.020 certification for our circular steel. The label ensures that our products are 100% recyclable and are manufactured with 100% recovered steel scrap.

# Research and development

CELSA Group™ R&D is driven by our sustainability strategy, with circularity, digitisation and collaboration as backbones. The EU invests in R&D to help transform our industry, and has invested €121 million in this area in recent years.

Beyond specific projects, CELSA also actively participates in many industry associations, such as A.SPIRE, aimed at increasing the sustainability of the European process industry, the European Clean Hydrogen Partnership and the European Raw Materials Alliance.

#### **Investments**

CELSA Group will continue to be the leading European investor in improved production methods and will direct future investments to accelerate our circular journey.

#### **Associations**

At CELSA Group<sup>™</sup>, when we talk about partnerships, we refer to a cooperation agreement under which two or more parties commit to pooling our efforts and/or resources to achieve that shared purpose. Alliances with our suppliers allow both parties to implement strategies to fight climate change and the depletion of natural resources, guarantee traceability throughout our entire supply chain and belong to the largest circular supply chain in Europe.



For their part, our clients have products with a reduced carbon footprint, with total transparency and traceability, which allows them to mitigate their scope 3 emissions. Likewise, our partners can also be co-authors of new products and functions, which allows them to set more ambitious circularity goals and position low-carbon, circular and neutral solutions to our customers.

# **Partnerships**

CELSA Group™ seeks every opportunity to collaborate with its customers, suppliers, and other stakeholders to reduce the environmental impact of its value chain. The new airport in Palma de Mallorca (Spain) is an example of this. CELSA Group™ used scrap from the old terminal to supply low-carbon circular rebar produced through electric arc furnace for the new terminal, built by the Spanish infrastructure company Acciona. CELSA's collaboration allowed Acciona to achieve its two sustainability objectives: improving circularity and reducing carbon emissions in the more than 40 products used in this project, resulting in savings of over 1,900 tonnes of CO<sub>2</sub> compared to the use of conventional products.

Another significant recent initiative was Crossrail, the €21.8 billion railway running beneath the centre of London to connect the city from east to west, which was once Europe's largest construction project. The rebar was produced by CELSA with an electric arc furnace and 98% recycled scrap. The steel emitted approximately 390 kilograms of CO<sub>2</sub>/ tonne, one of the lowest rates in Europe.

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# **New products**

At CELSA Group™, we continuously improve and develop our production processes and technologies year after year to offer our customers new products.











### **CELSA Circular Steel Clean Energy**

We continue to reduce our carbon footprint by introducing renewable electricity in our steel production processes as a first step, through Power Purchase Agreements (PPAs) and/or Certified Guarantees of Origin (GoOs). With this key CO, reduction measure, our customer companies will benefit from an even more sustainable long steel product, with up to 20% lower CO<sub>2</sub> footprint. Our path to carbon neutrality also envisions the introduction of other renewable energy solutions, including green hydrogen to replace natural gas, in a second phase (medium-term).

#### CELSA Circular Steel Carbon Neutral

We offer our customer companies "carbon neutral steel", which involves offsetting the remaining unavoidable emissions (through certified offset projects) that CELSA Group™ is currently unable to reduce. Our customer companies will receive CO<sub>2</sub> neutral steel, which will be verified and granted by a trusted third party.

#### Recycled Plus

We personalize the product by increasing the content of recycled material (up to 100%) in the steel production process:

Taking advantage of the upstream integration of our business through the selection of raw materials, scrap management, local supply, etc.

Offering complete transparency throughout our entire supply chain: the information we obtain from it allows us to offer our clients the possibility of establishing more ambitious circularity objectives and challenges, such as, for example, closed-loop processes.



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About this report



# 5.9

# How we create value in our community

The business activities of CELSA Group™ (through direct and indirect employment) product procurement, transport and sponsorships, promote local economies in the territories where we operate.

We act with full respect for the local cultures of the countries and communities where we operate, contributing to their development to achieve a sustainable and beneficial activity for society.

Additionally, as part of our commitment to the community, we strongly support training projects that have a positive impact on personal and professional development.

We have increased community project spending by 3% compared to 2021.

We have invested 0.26% of the 2022 profits in community projects.

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#### **Social contribution**

At CELSA Group™, we have implemented initiatives that increase our positive impact on society and the environment through our social action. In line with the Group's commitments, we make donations that specifically address our business activities, with a special focus on the relationship with our immediate environment, as well as sponsoring local community initiatives. We also actively participate both in associations of the industry and of the sustainability field, thus increasing our contribution to the social environment.

In 2022, CELSA Group™ has made donations to non-profit entities covered by Law 49/2002, of 23 December, on the tax regime of non-profit entities and tax incentives for sponsorship and donations to non-profit foreign entities. Most of the donations have been allocated to the

following sectors: research and healthcare treatment; education and training; labour and employment promotion, as detailed in the table below.

Furthermore, in 2022, the Group has engaged in partnership and sponsorship initiatives, including participation in organisations such as the WorldSteel Association, Eurofer, Unesid, Sostenibilidad Siderúrgica, CEOE, Forética, Global Compact and Fundación Empresa y Clima.

Both the donations and partnership and sponsorship activities mentioned above have been carried out in strict compliance with anti-corruption and anti-bribery regulations.

# 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.



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# Best Practices for social action of each subsidiary





#### **CHALLENGE NATIVES**

At CELSA Group™, we participate in the Challenge NATIVES programme, an impact platform for integrating sustainability into schools through social projects that have a positive impact on the educational and academic community.



#### **FOOD DRIVE**

At Atlantic Largos (Laracha), our staff participate in an annual non-perishable food drive, and we make an additional contribution equivalent to the collected items. The food is donated to the local association Cáritas.



#### **SOLIDARITY**

We organise a charity raffle, raising a total of £3,940 for the Ukraine humanitarian appeal. We also conducted a Christmas food drive for the Cardiff Food Bank, donating over 173 kg of food.



## SOCIAL AND SPORTS SUPPORT

We carry out solidarity actions such as providing aid to the victims of the war in Ukraine, and support for minors with special needs and disabilities. Additionally, we support clubs and sporting events, including soccer tournaments for children and teenagers.



#### **BUILDING TEAM SPIRIT**

We organise events to strengthen relationships within the workforce. This includes Family Day, where we invite our employees and their families to a day of activities, and Celsa Evening, where we invite our staff and their partners to a dinner or leisure activity.

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# 5.10

# Direct economic value generated

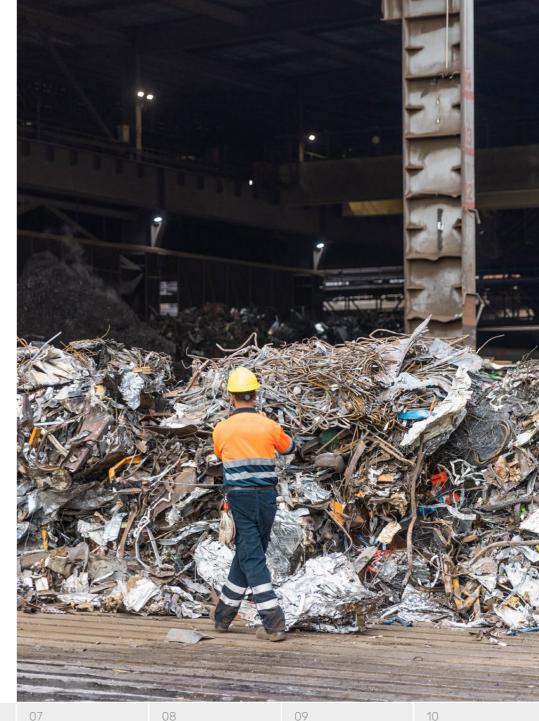
During 2022, CELSA Group™ has continued to generate shared value for society. So, its turnover has increased by 16% compared to the previous year, reaching 6,109 million euros. The amount allocated to employee wages and benefits has increased by 10% during the same period, reaching 466,23 million euros, and payments to governments have increased by 13% to 193.78 million euros.

# Direct economic value generated

# 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

In 2022, the turnover of CELSA Group™ has increased by 16% compared to 2021.



ecological transition



#### **Economic value distributed**

# OPERATING COSTS (M€)

	CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland	Intercompany sales
2021	4,178.80	2,570.87	474.42	664.15	398.73	629.19	-558.56
2022	4,786.62	2,726.50	399.86	814.47	577.10	810.05	-541.36

# EMPLOYEE WAGES AND BENEFITS (M€)

	CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland
2021	424.98	229.56	14.25	66.24	75.66	39.27
2022	466.23	241.11	20.03	82.18	80.58	42.33

# **Economic value retained**

# DIRECT ECONOMIC VALUE GENERATED' LESS 'ECONOMIC VALUE DISTRIBUTED' (M€)\*

	CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland
2021	383	179	-4	27	48	133
2022	552	180	32	65	117	160

<sup>\*</sup>The economic value allocated to community projects is not included.

# PAYMENTS TO PROVIDERS OF CAPITAL (M€)

	CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland
2021	112.60	69.70	3.95	7.90	10.93	20.12
2022	110.10	71.79	4.50	8.08	6.67	19.07

# PAYMENTS TO GOVERNMENT (M€)

	CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland
2021	171.58	93.26	7.55	22.62	30.09	18.07
2022	193.78	107.87	9.41	26.68	31.11	18.71

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# Income tax paid

## FISCAL INFORMATION BY BUSINESS GROUPS - FINANCIAL DATA (M€)\*

		CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland
Profit/loss before tax <sup>1</sup>	2021	296.78	57.60	0.13	32.54	106.65	99.85
Profit/loss before tax	2022	685.04	246.31	32.60	68.66	207.38	130.07
Corporate income tax paid	2021	23.23	4.66	0.00	3.54	0.001	15.03
on a cash basis <sup>2</sup>	2022	39.99	4.77	0.00	7.50	7.05	20.67
Corporate income tax accrued	2021	2.00	-8.73	0.00	0.25	7.59	2.89
on profit and loss <sup>3</sup>	2022 32.14	-20.37	-5.05	8.00	25.84	23.72	

<sup>1</sup> Profit/loss before taxes: the results before taxes of all the companies of the respective business groups are added (does not include consolidation accounting adjustments).

# **Government grants**

Below are the amounts received in government grants for each business unit:

# GOVERNMENT GRANTS RECEIVED (M€)

	2021	2022					
	CELSA Group™	CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland
Government grants received (M€)	12.27	13.00	2.79	0.53	0.00*	0.45	9.23

<sup>\* 367€ -</sup> Government grants received by Celsa UK.



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<sup>&</sup>lt;sup>2</sup> Corporate income tax paid in cash: includes the amount paid for the annual Corporate Tax declarations, installment payments on account of Corporate Tax and withholdings supported in the year of

<sup>&</sup>lt;sup>3</sup> Corporate income tax accrued in profit and loss: includes the corporate tax expense recorded in the accounting of each business group.





# 6.1

# People in our organisation

Our commitment to people and society is key. At CELSA Group™, we believe in equal opportunities, the diversity of our people, and the integration of all individuals who want to be part of the Group. We are proud to have people from different backgrounds, races, ideologies, nationalities, religions and abilities. Additionally, we promote work-life balance policies and fully respect the personal and family life of all our staff.

We have a Talent Management System based on four pillars: attract, develop, hire and engage. All of these have two complementary support pillars: compensation and benefits, and legal and relationships, which are applied consistently across all business units and are supported by the SAP SuccessFactors IT platform, enabling comprehensive, standardised and digitised management throughout the Group.

At CELSA Group™, we conduct internal surveys to measure the level of employee satisfaction. In the 2022 edition, the Management Engagement Survey scored 3.92 out of 5, one of the highest scores in recent years, confirming the high level of commitment among the management team.

The Global Climate Survey is another survey that measures the overall satisfaction of the company's employees. The last edition took place in 2021 (held every three years), and it scored 3.6 out of 5, showing an improvement compared to the previous edition (2018).

At CELSA Group™, people are the most important asset. We are proud to be drivers of several successful career paths within the company. We believe in people, their abilities, their values and we are committed to their health, safety and development.

People and their talent lie at the core of our Celsa Management System (CMS), which is built upon four talent pillars: attract, develop, hire, and engage. Each of these pillars has its own system—STAS, RSIS, LGMS, and PDIS—and is supported by the relationship and compensation pillars.

# THE 4 PILLARS OF THE TALENT MANAGEMENT SYSTEM









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# 4 PILLARS OF THE TALENT MANAGEMENT SYSTEM



Talent profile and value proposition

Communicate & engage

Professional advocacy

External recognition & measurement



Job profile

Competency assessment

Learning practice acquire

Individual development plan





Job request and briefing

Candidate recruitment

Selection of candidates

Welcome and Induction



Total goal management

Performance management

Career plan management

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#### ATTRACT (STAS)

The future needs of the organisation, identified in the strategic reflection process, are translated into the organisation's chart design and job descriptions. Each job description is associated with a position with skills or competencies.

We develop our Employer Branding strategy to attract the best potential talents with the competencies we require, aligned with our culture and employee value proposition.

Our aspiration is to become one of the most sought-after companies in the job market, so that the most talented professionals are drawn to work in the organisation.



#### HIRE (RSIS)

To identify potential candidates, we follow a recruitment and selection process, after which the final candidate is ready to join the CELSA Group™ culture.

The selected person begins their career in the organisation with an Onboarding process, during which they receive training on values, management standards, safety, key competencies and process standards to ensure that they will work safely and autonomously in their new position.



#### **DEVELOP (LGMS)**

At CELSA Group™, we have several tailored programmes aimed at developing internal and external talent. We understand that a well-trained team enables us to face all challenges and demands with the utmost confidence. For this reason, we have high-level development plans and serve as the starting point for many professional careers, both nationally and internationally. We firmly believe that if people grow, the Group grows.

Workers have an Individual Development Plan, through which, from learning and teaching, following the assessment of competencies (CAS process), they are continuously trained and advised to improve their skills (including teamwork and leadership) and competencies (personal, management and technical).



#### **ENGAGE (PDIS)**

To provide our team with the broadest expertise, the Group has implemented the Integrated Professional Development System (PDIS), a tool designed to manage people's talent.

Ongoing upward feedback is the performance management way of assessing and developing the necessary competencies. Each person owns their own professional development.

To become the best version of ourselves, we set goals, assess our performance regarding those goals, and receive feedback from the team review to better understand our strengths and areas for improvement. At the same time, everyone can share their professional aspirations with their superiors and receive advice on how to achieve them. These professional aspirations will also help address the company's talent and succession planning.

Within the PDIS, there are performance management systems, professional careers, talent management, succession plans and objectives.

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Appendix



# **Recognition Culture of CELSA Group™**

Recognition is part of the culture of CELSA Group™ and is represented in our values. It is ingrained in our spirit to believe in those who are part of the company.

Recognitions provide an opportunity to highlight initiatives and behaviours that make the Group a better place: they allow us to acknowledge the efforts of our people and appreciate the ideas that have directly impacted and have contributed to the company's growth. The prizes awarded also emphasise the most human factor in the team and highlight behaviours that align closely with the Values.

Recognising the involvement of the families of our workers is also crucial, and therefore, CELSA Group™ organises activities that promote their participation and lead to joint recognitions, thus strengthening the #CELSAfamily.



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Passion for

circularity

People,

reason for being



#### TYPES OF CELSA GROUP™ RECOGNITION PROGRAMS

#### **LINKED TO RESULTS:**



#### 1. CELSA GROUP™ SAFETY AWARDS:

Recognise plants for their efforts in maintaining safe and accident-free environments.



#### 2. FRANCISCO RUBIRALTA AWARDS:

The purpose of the programme is to recognise workers and teams that, through their exceptional efforts, have implemented projects or initiatives that have been key in achieving the "Ms"\* with a direct and significant impact on the Group's results (such as: safety, environment, quality, service reliability, productivity, cost reduction or financing), and that particularly align with the CELSA Group™ Culture and Values.

\* Improvement Goals, Key Improvement Goals, Departmental Improvement Goals.



# The winning plants of the Safety Awards 2022 have been:

#### Celsa Spain

ACECSA (ACEROS PARA LA CONSTRUCCIÓN, S.A.U.)

#### Celsa Nordic

CSS Nordic AB Västeras, Sweden (CELSA NORDIC RECYCLING AB) CSS Nordic Dramenn, Norway (CELSA STEEL SERVICE A/S)

#### Celsa UK

Rod&Bar Mill - CUK RBM (HOLDINGS LTD CELSA MANUFACTURING (UK)

#### Celsa Poland

CHO Rolling Mill 2 (CELSA HUTA OSTROWIEC HOLDING SP. Z 0.0.) Scrap Unit Elblag (CELSA HUTA OSTROWIEC SP. Z 0.0.)



# The winning projects in 2022 have been:

#### Celsa Spain

"Low Productivity Strategy, reduction of electricity consumption and optimisation of financial resources".

#### Celsa UK

"Reduce EAF Total Energy Consumption".

#### Celsa France

"Start-up and staff hiring for the Rolling Mill in Celsa France".

#### Celsa Nordic

"Improved quality of use of checklist and e-check".

#### Celsa Poland

"Developing a method for melting scrap in EG EAF with minimal consumption of natural gas on the burners in it".

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#### TYPES OF CELSA GROUP™ RECOGNITION PROGRAMS

#### **NOT LINKED TO RESULTS:**



#### 1. VALUES AWARDS:

Recognise the workers who stand out in applying the Group's values during the performance of their duties. Values: honesty, humility, creative perseverance, innovative approach, teamwork and passion.



The workers of CELSA Group™ whose sons and daughters have been the winners of the Child Safety & Environmental Awards 2022:

#### Celsa Spain

- » Honesty: Manuel Jiménez Juárez / Javier Montejo / Francisco Cerato / Javier Ortega / Fernando Manso
- » Modesty: Antonio Barrionuevo / Juan Carlos Caparrós / Marta Vidales / Aitor Pérez / Gorka Arrotxena / Susana Ponciano
- » Creative perseverance: Dolores Mostazo / Julita Gorska / Alba Monsego / Elena Castro / Ana Ortega / Alejo González Ricardo Argüello.
- » Innovative Approach: Alejandro Martínez / Abdelkader Bulkaddid / Verena Renales / Gerardo García / Sheila Álvarez / Teresa Otillas.
- » Teamwork: Enrique Gutiérrez / Iris García / Raquel Domínguez / Jordi Garriga / Samantha Rodríguez / Mónica Garca / Josefa / José Alberto Blanco / Imanol Llano.
- » Passion: Garbiñe Múgica / Iván Tuya / Ángel Pérez / Rubén Alonso / Ramón Luque / Judith Sánchez.

#### Celsa France

- » Honesty: Jorge Maregue
- » Modesty: Carmen Aliana
- » Creative perseverance: Regino Gil
- » Innovative Approach: Santiago Queijo
- » Teamwork: Jean de la Hera
- » Passion: Jesús Souto

#### Celsa Poland

- » Honestidad: Ludwik Fiszer
- » Modesty: Waldemar Lata
- » Creative perseverance: Mariusz Kacata
- » Innovative Approach: Artur Dapciak
- » Teamwork: Lukasz Ogtaza
- » Passion: Artur Zapalsi

#### Celsa UK

- » Honesty: Matthew Green
- » Modesty: Inese Usklina
- » Creative perseverance: Anna Henley
- » Innovative Approach: Ian West / Andrew Comb / Liam Rich / James Prichard / Daniel Wilkins
- » Teamwork: Michael Whyte / Marc Vela / Rajesh Gidde
- » Passion: Carl Moore

#### Celsa Nordic

- » Honesty: Maibritt Rasmussen
- » Modesty: Oystein Aslaksen/ Andreas Engblom/ Jim Brun
- » Creative perseverance: Bettina Kim Schmidt / Casper Alm / Orjan Johan Grane
- » Innovative Approach: Sampsa Stigell / Jan Malyszko / Anders Jönsson / Tore Aasen
- » Teamwork: Marianne Jakobsen / Mattias Loskin / Trude Bernas / Asbjorn Myrvoll / Patrick Persson
- » Passion: Henrik Gronhoj / Aki Korkiakoski / Richard Buskum / Madeleine Hallner / Tim Ivan Bredesen





## 2. CHILD SAFETY & ENVIRONMENT AWARDS:

Contest aimed at the children of the #CELSAfamily, with the objective of highlighting our commitment to the safety and health of people, as well as environmental care.



## 3. LENGTH OF SERVICE AWARDS:

Recognise workers for their commitment, dedication and long-term tenure in the company.



The workers of CELSA Group whose children have won the Child Safety & Environmental Awards 2022 are:

#### Celsa Spain

Celsa Barcelona Teresa Minguet Canosa	<i>Nervacero</i> Javier Trinidad González	Global Steel Wire (GSW) Francisco J. Fernández Oti	Ferimet Borys Ivanov	
Celsa France	Celsa UK	Celsa Nordic	Celsa Poland	



#### 4. APPRENTICESHIP AWARDS:

Recognise workers who are committed to continuous learning and development.

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reason for being



# 6.2 Get to know our team

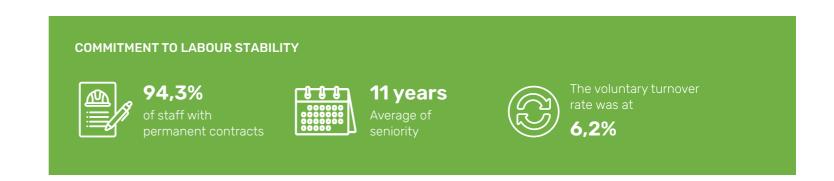
At CELSA Group™, the team represents an essential part of our history and identity. As a family-owned company, we take care of our staff and ensure they integrate the Group's values.

As of December 2022, CELSA Group™ had a total of 10,162 employees, 7,922 directly employed workers and 2,240 subcontracted. We believe in our people and that's why we provide stable and secure employment. In fact, in 2022, 94.3% of the staff had permanent contracts.

By the end of 2022, our team had an average seniority of, approximately, 11 years, demonstrating the job stability and long-term professional development of the workers, who predominantly join the company after completing their studies.

Furthermore, in 2022, the voluntary turnover rate was at 6.2%.

The total number of absenteeism hours, including any work absences, during 2022, has been 1,008,411 hours. The absenteeism rate was 6.3% in 2022.



#### 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.

excellence

05



## STAFF BY OCCUPATION AND GENDER AS OF 31/12/2022

	2021		20	22
	Women	Men	Women	Men
Team managers	103	431	115	431
Qualified Technical and Administrative Staff	376	1,110	372	1,121
Operational and Administrative Staff	406	5,351	421	5,462
TOTAL	885	6,892	908	7,014

## STAFF BY AGE AND GENDER AS OF 31/12/2022

	20	2021		22
	Women	Men	Women	Men
Up to 35	278	1,337	308	1,524
From 36 to 50	410	3,178	414	3,210
Over 50	197	2,377	186	2,280
TOTAL	885	6,892	908	7,014

## CONTRACT MODALITIES\*

		20	2021		22
		Women	Men	Women	Men
Permanent	Full-time	754	6,208	813	6,523
contract	Part-time	25	67	25	71
Temporary	Full-time	60	398	56	365
contract	Part-time	2	23	2	23
TOTAL		841	6,696	896	6,982



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<sup>\*</sup> Average 2022.



#### STAFF BY CONTRACT MODALITY AND GEOGRAPHIC REGION\*

	20	21	20	22	
Unidad de negocio	Permanent contract	Temporary contract	Permanent contract	Temporary contract	
Celsa Spain	3,152	262	3,253	232	
Celsa France	209	0	248	0	
Celsa UK	1,436	41	1,642	33	
Celsa Nordic	1,353	138	959	27	
Celsa Poland	896	42	1,326	154	
CELSA International	0	0	4	0	
Total	7,054	483	7,432	446	

<sup>\*</sup>Average 2022.

#### NUMBER OF TERMINATED CONTRACTS BY MUTUAL CONSENT OR BY THE EMPLOYEE

	20:	2021		22
	Women	Men	Women	Men
Up to 35	37	139	39	163
From 36 to 50	28	129	25	151
Over 50	11	87	16	91
TOTAL	76	355	80	405

#### TOTAL NUMBER OF TERMINATED CONTRACTS\*

	20:	2021		22
	Women	Men	Women	Men
Up to 35	92	533	55	292
From 36 to 50	79	438	33	268
Over 50	22	207	29	247
TOTAL	193	1,178	117	807

<sup>\*</sup>Includes terminations of temporary employees who were hired multiple times during the year as replacements for employees on sick leave, absences or with the right to keep their position (due to illness, leaves, holidays, etc.) or due to production peaks.

#### TOTAL NUMBER OF NEW HIRES\*\*

	20	2021		22
	Women	Men	Women	Men
Hasta los 35	125	711	98	567
De 36 a 50	97	518	53	379
Más de 50	18	129	14	141
TOTAL	240	1,358	165	1,087

<sup>\*\*</sup>Includes new temporary employees who were hired as replacements for employees on sick leave or absences with the right to keep their position (due to illness, leaves, holidays, etc.) or due to production peaks.



#### NEW HIRES AND EMPLOYEE TURNOVER BY GENDER AND AGE

Gender	Employee turnover rate*				New hires rate**	
	2021	2022	2021	2022	2021	2022
Women	21.8%	13.1%	8.6%	8.9%	27.1%	18.4%
Men	17.1%	11.6%	5.2%	5.8%	19.7%	15.6%
TOTAL	17.6%	11.7%	5.5%	6.2%	20.5%	15.9%

<sup>\*</sup>Includes terminations of temporary employees who were hired multiple times during the year as replacements for employees on sick leave, absences or with the right to keep their position (due to illness, leaves, holidays, etc.) or due to production peaks.

#### NUMBER OF SUBCONTRACTED EMPLOYEES AS OF 31/12/22\*

2021	2022							
CELSA Group™	CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland		
4,152	2,240	1.082	60	146	393	559		

<sup>\*</sup>The calculation criteria for subcontracted employees have been adjusted. In addition, the total number of subcontracts has decreased compared to 2021 due to the drop in production by approximately 20%.

By geographic region.

#### ABSENTEEISM\*

	2021		2022						
	CELSA Group™	CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland		
Number of theoretical working hours	13,911,713	15,953,093	6,442,391	483,295	4,081,150	1,882,833	3,063,424		
Number of absenteeism hours	795,750	1,008,411	512,119	40,852	173,438	166,024	115,979		
% Absenteeism	6.32%	6.32%	7.95%	8.45%	4.25%	8.82%	3.79%		

<sup>\*</sup>By geographic region.

At CELSA Group™, we respect the fundamental conventions of the International Labour Organization related to freedom of association and the right to collective bargaining of both directly employed and subcontracted employees working at the company's facilities. In 2022, the percentage of employees covered by a collective bargaining agreement was 75%.

## % OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENT\*

2021	2022*							
CELSA Group™	CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland		
75%	75%	79%	75%	71%	71%	81%		

<sup>\*</sup>Average 2022. By geographic region.

<sup>\*\*</sup>Includes new temporary employees who were hired as replacements for employees on sick leave or absences with the right to keep their position (due to illness, leaves, holidays, etc.) or due to production peaks.



# 6.3

# We work to create a safe and healthy environment

The first priority of CELSA Group™ is to achieve a safe and healthy working environment for all the employees of the company. In fact, our stakeholders consider Occupational Health and Safety and Industrial security and well-being as material topics (more information in the section "5.4. Stakeholder engagement").

This commitment extends to all those individuals who, while not part of the organisation, are involved with it, such as employees of suppliers, contractors, customer companies, visitors or the local community living in the vicinity. To accomplish this, we have a safety, health and well-being policy.

Our goal is to achieve Zero Accidents. Therefore, as an active member of the WorldSteel Association, we have embraced its Principles of Health and Safety.

Beyond compliance with legal requirements in occupational risk prevention, CELSA Group™ has introduced several measures such as Corporate Health and Safety Standards, Accident and Incident Communication and Investigation, Preventive Safety Observations, and Safety and Health System Certification. Additionally, the production centres periodically carry out training on safety, safety audits and emergency

In 2022, the CELSA Group™ Well-being Model has been defined to ensure consistent deployment across business units following common guidelines. Accompanied by awareness workshops where topics related to the three pillars of the model (physical, mental and social well-being) have been addressed. These workshops have also initiated activities related to these pillars.

Furthermore, in 2022, the corporate standard for Just Culture and Safety School has been developed, with the aim of strengthening a safety culture by improving key behaviours within the organisation.

Beyond compliance with legal requirements in occupational risk prevention, CELSA Group™ has continuously integrated a range of programmes into our Occupational Health and Safety Management System that allow us to move towards our goal of Zero Accidents.



relevant events



## **OPS Programme: Preventive Security Observations**

We regularly observe the normal course of work, with a focus on identifying unsafe acts and conditions and acting to correct them. The OPS involves the participation of all employees at all levels, including managers, supervisors, employees and staff from partners. These observations are the basis for creating and developing a preventive culture within our organisation.

# **TCR Programme: Risk Correction Cards**

To encourage the active participation of all our employees in identifying and reducing accident and incident risks, we promote the reporting of dangerous situations through Risk Correction Cards. These cards are reviewed and assessed to generate action plans in order to eliminate these risks.

In doing so, we achieve a multiplier effect and develop a strong safety culture where everyone acts to prevent anyone from getting hurt.

# PSAP (Personal Safety Action Plan) Programme

All managers of the organisations that make up CELSA Group™ are required to develop and maintain a specific safety action plan, through which they commit to implementing specific actions aimed at improving the safety conditions of the people under their responsibility. These action plans are mostly made public, and their evolution is systematically reviewed by the management team.

### **OOL Programme: Organisation, Order and** Cleanliness

An initial and essential condition for carrying out our work and operations without accidents or incidents is to have each area tidy and perfectly clean during the normal course of work. For this reason, our safety management system constantly strives to identify and eliminate sources of dirt and to keep everything in its place. We create teams that continually strive to improve organisation, order and cleanliness to increase efficiency and improve safety.





the Chairman

#### Audit Programme: internal, cross and external audits

We maintain an ongoing audit programme at different levels to ensure the proper implementation of our own and corporate standards.

Internal audits allow us to review the correct functioning of the systems established for safety improvement at each plant.

Cross audits not only identify areas where the system does not align with internal plant procedures or corporate procedures, but also identify the best practices in the Group's plants that can be subsequently shared with other units through the creation or modification of corporate standards.

External audits ensure that our safety management systems comply with the strictest current regulations, thereby ensuring continuous improvement.

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## Programme 10: The 10 Safety Rules that Save Lives

We develop, implement and improve performance across a range of safe work standards and practices, which are the cornerstone of our management model.

Behind each of these 10 Life-Saving Rules, there is a set of standards that define how we carry out our work to achieve zero accidents.

These include leadership (with the example of the chain of command), work at heights, crane and lifting operations, DECAP (De-energise, Tag, Lock, Secure and Test), teams carrying out repairs or cleaning, entry into confined spaces or high-energy work, among others.

Behind each of these 10 Life-Saving Rules, there is a set of standards that define how we carry out our work to achieve zero accidents.

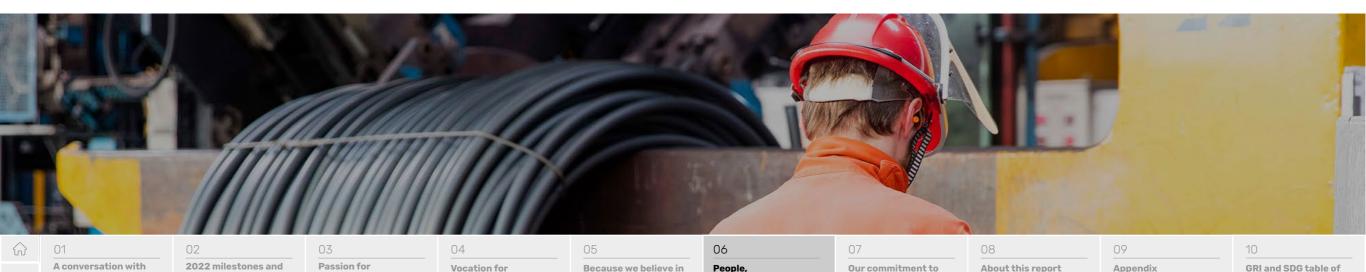
#### IAI Programme: Accident and Incident Investigation

We investigate and analyse each and every accident and incident that takes place, identifying the root causes with the primary goal of implementing action plans to prevent their repetition.

We pay attention not only to those situations in which people get hurt, but also to incidents in which risk situations are detected that must be corrected and avoided, even if there have been no injuries.

We make a special effort to disseminate the lessons learned from these accidents as an essential educational tool that promotes knowledge about occupational safety.

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#### **SHARED SAFETY PRINCIPLES**

- 1. All occupational accidents and diseases can and must be prevented.
- 2. Managers are responsible and accountable for safety and health performance.
- 3. Employee commitment and training is essential.
- 4. Working safely is a condition of employment, promotion and career advancement.
- 5. Excellence in health and safety leads to excellent business results.
- 6. Health and safety are integrated into all business management processes.



PROGRESS IN HEALTH AND SAFETY IN 2022 COMPARED TO 2021

# **-0.09** points

Frequency rate of recordable occupational accidents in directly employed workers

# -0.18 points

Severity rate of recordable occupational accidents in subcontracted workers

# **-2.26** points

Frequency rate of recordable occupational accidents in subcontracted workers



Vocation for excellence

Because we believe in a sustainable future

People, reason for being

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**Appendix** 

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## STAFF UNDER AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

Unidad de negocio	2021	2022
Group companies certified with an occupational health and safety management system (OHSAS 18.001 or ISO 45.001)	73%	73%
Percentage of employees under an occupational health and safety management system (OHSAS 18.001 or ISO 45.001)	88%	89%

ACCIDENT RATE	Directly employed workers			tracted kers
	2021	2022	2021	2022
Number of deaths due to occupational accidents	0	0	0	0
Number of occupational accidents with serious consequences (excluding deaths)	1	12	1	6
Number of recordable occupational accidents	94	94	48	29
Occupational accident death rate	0	0	0	0
Frequency rate of occupational accidents with serious consequences (excluding deaths)	0.07	0.86	0.014	0.89
Frequency rate of recordable occupational accidents <sup>1</sup>	6.79	6.70	6.57	4.31
Severity rate of recordable occupational accident <sup>2</sup>	0.29	0.64	0.28	0.10

 $<sup>^1</sup> Frequency \, rate$  = (number of accidents / total working hours) x 1,000,000.  $^2 \, Severity \, rate$  = (lost days during 2022 / total hours of work) x 1,000.

## ILLNESS AND DEATHS OF OUR PROFESSIONALS\*

	2021	2022					
	CELSA Group™	CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland
Occupational diseases (directly employed workers)	5	5	3	1	1	0	0
Deaths due to illness or occupational disease (directly employed workers)	0	0	0	0	0	0	0

<sup>\*</sup>By geographic region.



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# Best Practices for occupational health and safety of each subsidiary





### **SAFETY LEADERS**

At CELSA Barcelona, we have launched the informative itinerary Safety Leaders, whose main objective is to provide managers with tools to exercise their leadership in safety. We have conducted 6 training sessions with the participation of 252 managers.





#### REWARDING PROACTIVITY

At Celsa Atlantic Largos (Laracha), we have acknowledged those workers who have actively and effectively contributed to the 'Con Sentidiños' campaign in 2022. At Celsa France (Bayonne), we also have a programme to acknowledge best practices or initiatives.



#### **HEALTH PLAN**

We have completed the Health and Safety Plan with a compliance rate of 86%, which is 33% higher than in 2021. We have introduced a pilot programme for health and safety recognition and reward, and we offer 6 new training courses in health and safety.



## **HEALTH INSURANCE**

All employees at CELSA Armeringsstål (CAR), in Mo i Rana, Norway, have an agreement with a company that provides medical care. They also have private health insurance to ensure specialised treatment.



#### SECURITY SCHOOL

In GSW in 2022, the Basic Teams (KAIZEN) have been certified at levels 2 and 3, which has allowed the teams themselves to immediately detect security incidents and their resolutions, and, when not possible, escalate to a higher level. Additionally, the GSPI indicator is consolidated as a reference for monitoring the improvement of plants'safety management.

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# Our talent management and development

The commitment of CELSA Group™ to talent and professionalism involves ensuring compensation levels that align with the importance of the positions held by our employees and their levels of commitment and training. To achieve this, we use objective assessment and job description systems that comply with internationally renowned guidelines, such as the Korn Ferry Hay Method.

The Recruitment and Selection (RISES) process also uses this classification system for the preselection of internal and external candidates, ensuring equal opportunities and non-discrimination. Each year, the wage conditions of our employees are reviewed in accordance with the conditions agreed with trade unions and within the framework of objective performance assessment and goal achievement criteria.

We are particularly attentive to maintaining our equal pay and compensation policies. Therefore, we have an Appointments and Remuneration Committee that works to ensure the proper functioning of the entire system and its periodic review and updates.

Furthermore, to provide our team the broadest expertise, at CELSA Group™, we have implemented the Integrated Professional Development System (PDIS), a tool designed to manage people's talent. According to this system, qualities are identified, and the career planning is tailored to everyone's profile. This system has been developed across all business units with the aim of:

**ENSURING** the satisfaction of our employees and providing value for talent retention.

BUILDING the attitudes, skills and knowledge necessary to contribute and add value to the CELSA Group™ project.

ATTRACTING, motivating and developing the best and brightest talent.

**PROVIDING** a common, easy and coherent tool that catalyses the company's strategy through our people.



relevant events

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reason for being





# **Performance management**

Objectives, areas of responsibility, competencies and values are assessed. Improvement plans are established to foster progress and achieve the best results as professionals and as an organisation.



# **Talent Management and Succession Planning**

Skills are identified and developed, aligning personal expectations, future leaders and organisational needs to ensure a promising future and smooth generational transition within the Group.



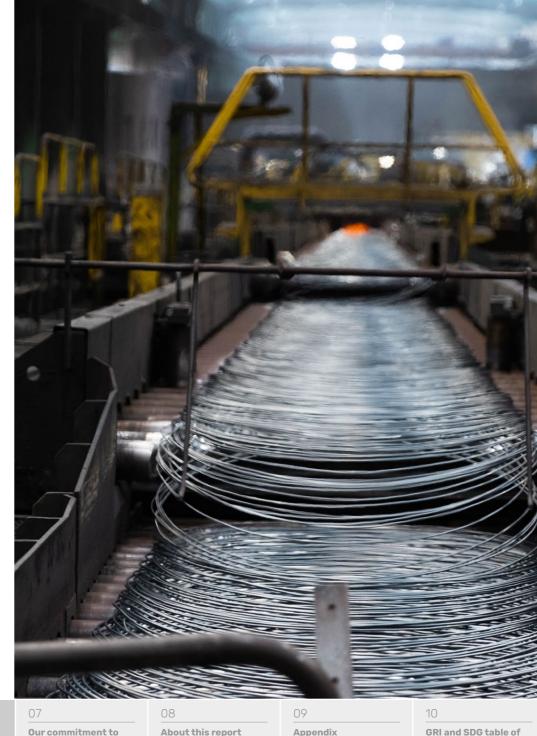
# **Career Management**

Process through which people and professionals become aware of their strengths, areas for improvement and development possibilities as future managers and leaders.



# **Goal Management**

Process of individually assigning the organisation's objectives through cascade deployment. The objectives stem from strategic reflection, budgeting and annual assessment of values.



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#### 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%

The record of the number of employees who have received training during 2022 has increased by 80% to 5,172, and the investment in training has increased by 34% to 3.78 million euros compared to the previous year.

# 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			

<sup>\*</sup>By geographic region.

# NUMBER OF EMPLOYEES WHO RECEIVED REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

	20	21	20:	22
	Women	Men	Women	Men
Team managers	98	393	113	416
Qualified technical and administrative staff	248	615	273	638
Operational and administrative staff	146	1,370	114	487
TOTAL	492	2,378	500	1,541

#### HOURS OF TRAINING BY GENDER

	20	21	20	22
	Women Men		Women	Men
Team managers	2,996	10,434	2,078	9,988
Qualified technical and administrative staff	8,477	22,226	6,468	26,524
Operational and administrative staff	5,160	45,032	4,573	92,558
TOTAL	16,632	77,692	13,119	129,070

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TRAINING HOURS BY BUSINESS GROUPS\*

	2021	2022						
	CELSA Group™	CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland	International
Team managers	n.a.	12,065	7,065	222	595	2,897	1,264	22
Qualified technical and administrative staff	n.a.	32,992	21,032	950	4,470	3,222	3,313	5
Operational and administrative staff	n.a.	97,131	75,261	4,083	10,818	1,697	5,272	0
TOTAL	170,955	142,188	103,358	5,255	15,883	7,816	9,849	27

<sup>\*</sup>By geographic region.

#### NUMBER OF EMPLOYEES WHO RECEIVED TRAINING\*

	2021		2022					
	<b>CELSA Group</b> ™	<b>CELSA Group</b> ™	CELSA Spain	<b>CELSA France</b>	CELSA UK	<b>CELSA Nordic</b>	<b>CELSA Poland</b>	International
Team managers	491	613	314	18	53	168	59	1
Qualified technical and administrative staff	863	1,238	684	38	199	161	155	1
Operational and administrative staff	1,516	3,321	1,969	191	679	104	378	0
TOTAL	2,870	5,172	2,967	247	931	433	592	2

<sup>\*</sup>By geographic region.

#### AVERAGE TRAINING HOURS PER EMPLOYEE\*

	2021		2022					
	CELSA Group™	CELSA Group™	CELSA Spain	CELSA France	CELSA UK	<b>CELSA Nordic</b>	CELSA Poland	International
Team managers	n.a.	19.68	22.50	12.35	11.23	17.24	21.43	21.65
Qualified technical and administrative staff	n.a.	26.65	30.75	24.99	22.46	20.01	21.37	5.3
Operational and administrative staff	n.a.	29.25	38.22	21.38	15.93	16.32	13.95	0
TOTAL	33.15	27.49	34.84	21.27	17.06	18.05	16.64	13.48

<sup>\*</sup>Average training hours per employee obtained by dividing the total hours of training by the total number of employees who have undergone training.

A change in the calculation criteria is applied in reference to the 2021 financial year. Currently, we continue working to improve the collection and processing of training data.

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# **Best Practices for training in each** subsidiary









# **KNOWLEDGE PARTNERSHIPS**

At Barna Steel, we collaborate with the CELSA Chair of Competitiveness in Manufacturing at IESE and Nervacero. We also partner with Room4Steel, which aims to introduce students in the steel industry labour market.



#### **CONTINUOUS TRAINING**

At Celsa France (Bayonne), we have dedicated 5,013 training hours to safety, and, at Atlantic Largos (Laracha), 3,323 hours. In the latter case, we have allocated 4,505 hours to external training (English, statistics, leadership, alignment of axes, etc.).



## **GOLD ACCREDITATION**

We have kept our Gold Accreditation for 'We Invest in Apprentices' as part of the Investors in People standard. We were the first steel company in the world to receive this award, recognising our commitment to high-quality training.



### **GAMELEARN**

At GSW we implemented gamified training through an online platform with great acceptance by the people who took it. This experience was a fun and interactive learning, where we learn by playing and obtaining personalized feedback based on our decisions. Our people completed training in soft skills, leadership, time management, emotion management, well-being and diversity.



#### TRAINING NEW PROFESSIONALS

At Celsa Armeringsstål, we have about 30 apprentices each year with the aim of training new professionals. Additionally, we are part of the Kandidat Helgeland internship programme to recruit the best talents from the region.



#### LINKEDIN LEARNING PLATFORM

We have provided our staff with access to the LinkedIn Learning Platform in several areas, including business analysis and strategy, professional development, customer service, finance and accounting, human resources, leadership and management, marketing, project management, sales, etc.

#### INTERNATIONAL MOBILITY PROGRAMME

with the opportunity to access local or international positions in other Group's workplaces. It is aimed at people who want to develop themselves to access higher positions of responsibility in a different cultural environment, allowing them to continue growing professionally. Curpart of the Global Mobility Programme.

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### 6.5

## Commitment to equality, diversity and inclusion

CELSA Group™ belongs to an industry where traditionally women have had limited representation. However, the company is working to correct this trend and promote female participation in strategic projects and increase their representation in key leadership positions. An example of this is the implementation of the 30-2030 Programme, which aims to achieve a 30% female representation in the overall workforce by 2030.

Over the last five years, there has been a 10% increase in the number of women within the company, while the total workforce has remained unchanged. Essential areas such as the occupational risk prevention technicians' team and the finance team already have a high percentage of female representation.

Overall, CELSA Group™ has a 11.4% representation of women. Specifically, in 2022, in the support departments that provide global services to each of the operational units, the average women representation was 50.3% of the workforce.

Internally, we work to give visibility to all the women who are part of CELSA Group™ through participative initiatives and actions. An example is the #WomenofSteel campaign, where global and local activities are organised, later transformed into emotional and positive campaigns where women take centre stage.

We also have a whistleblowing channel and specific protocols against sexual harassment. During 2020, 2021 and 2022, there have been no complaints or claims related to sexual harassment.

Moreover, at CELSA Group™, we respect the principle of non-discrimination based on sex, race, ideology, nationality, religion, sexual orientation or any other personal, physical, mental or social condition. This principle applies to access, hiring, and equal opportunities for professionals, as stated in the Group's Code of Ethics and Professional Conduct.



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In fact, our offices are designed to ensure accessibility for people with disabilities. They are properly signposted and have access control rules and procedures. However, due to their nature, iron and steel production plants are not accessible to people with certain disabilities.

At CELSA Group™, we comply with the provisions of article 42 of Royal Legislative Decree 1/2013, of November 29, on employment quota for workers with disabilities. We do so through direct hiring in collaboration with the Adecco Foundation for the labour integration of people with disabilities in cases where an exception to RD Legislative 1/2013 has been declared. In 2022, a total of 77 employees with disabilities were part of our staff. a.

#### 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

<sup>\*</sup>In the UK, there is no legal obligation to collect this information.





# Best Practices for equality and diversity by our subsidiaries





#### **CELSA TALKS**

We organise Celsa Talks via Teams to raise awareness among our team about the inclusion of people with functional diversity. Through these sessions, they had the opportunity to meet Javi Martín, an actor and television presenter; and David Aguilar, who has Poland syndrome (underdevelopment or absence of some chest muscles on one side of the body, absence of the portion of the chest muscle that attaches to the sternum) and built his own prosthesis using LEGO pieces.

## EMPOWERING WOMEN'S TALENT (EWT)

We have joined the Empowering Women's Talent (EWT) programme. The Head of Internal Communication and Business Partner of Talent Management, Beth Canals, participated in an interview with *Equipos & Talentos* under the motto "Attracting and empowering female talent is key to facing future challenges".

#### STEM WOMEN CONGRESS

We participated in the STEM Women Congress, which was inaugurated by the Head of Sustainability, María Salamero, while the Head of R&D for Spain and France, Anna Casals, participated in the round table "How to address the underrepresentation of women in STEM".

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### Work-life balance

At CELSA Group™, we respect the personal and family life of all our employees, and we promote policies that facilitate a better work-life balance for our employees. In this regard, the work-life balance provisions included in the several collective bargaining agreements are applicable, which provide improvements compared to those established in the Workers' Statute.

Other noteworthy initiatives include open-door days for families, the Child Safety Awards, the aid programme for the education of employees' children, and the inclusion of the work-life balance in equality plans.

In 2019, the Group began implementing policies on digital disconnection. It is important to note that the vast majority of the Group's employees work in production facilities with shift work organisation, which significantly and naturally facilitates digital disconnection.



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### 6.6

## We ensure compliance with Human Rights

At CELSA Group™, we have a Human Rights Policy aimed at formalising the company's commitment to human rights in all countries where we operate. It also defines the principles to ensure the respect for these rights, in accordance with the principles of the United Nations Global Compact, the International Labour Organization conventions, the Sustainable Development Goals (SDG) and our Code of Ethics and Professional Conduct.



#### Among the general principles included in this Policy are:

- · Respecting the freedom and dignity of people, as well as the principle of non-discrimination based on race, gender, ideology, nationality, religion, sexual orientation, age or any other condition.
- · Complying with applicable national or international regulations and the United Nations Guiding Principles on Business and Human Rights.
- · Rejecting forced or child labour, physical, psychological or moral harassment, or any other behaviour that violates human rights.
- · Ensuring fair wages, in accordance with legal requirements or through collective bargaining agreements applicable in each territory.
- · Promoting training and awareness initiatives on human rights for our stakeholders.

- Encouraging suppliers to comply with this Policy.
- Establishing and maintaining systems and procedures for detecting, reporting, protecting, and addressing actions or behaviours contrary to Human Rights.
- Aligning our principles and commitments with the Universal Declaration of Human Rights and the OECD Guidelines for Multinational Enterprises.
- · Assessing human rights risks and impacts, preventing, mitigating and repairing, where appropriate, any negative consequences that may have arisen.

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Among the international instruments to which the CELSA Group™ adheres, in addition to the Universal Declaration of Human Rights, are the European Convention on Human Rights and the Charter of Fundamental Rights of the European Union.

During 2022, training on human rights and the Code of Conduct was provided to 38 of our employees.

Through its Human Rights Policy, CELSA Group™ implements systems and procedures for detection, reporting and protection.



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#### CELSA Group™ promotes environmental excellence in all its activities. Its commitment is articulated through the following lines of action:

- · Promote initiatives for environmental protection, continuous improvement of environmental performance and pollution prevention in recycling area, energy conservation and reduction of consumptions, emissions, noise and waste.
- · Comply with legal obligations, commitments and voluntary agreements. Anticipate compliance with future regulatory changes.
- · Have a certified and proven environmental management system adapted to the nature of our activities. The entire organisation and the individuals and/or companies acting on behalf of CELSA Group™ are responsible for complying with the provisions of the environmental management system, ensuring care and respect for the environment. In fact, our main industrial facilities have an ISO 14.001 environmental management certification. Additionally, some of the Group's companies in Spain, such as Global Steel Wire, Celsa Atlantic and Celsa Barcelona, have the European EMAS registration. Only 20% of European companies in the steel sector have this certification.
- Inform and collaborate with authorities.
- Identify risks and opportunities to prevent or reduce adverse effects on the environment, considering both the processes and the context of the company.

- · Promote a participatory attitude at all levels of the organisation towards environmental management.
- Select and assess subcontracted companies and suppliers in accordance with environmental protection criteria. Promote their environmentally responsible practices.
- Consider the needs and expectations of stakeholders. Support commitments and voluntary agreements with nearby communities in environmental improvement projects and promote environmental awareness and training among the employees of CELSA Group™ and the local community.
- · Apply continuous improvement in all processes and invest in new technologies that prevent and minimise atmospheric emissions, waste generation, and inefficient use of resources. Consider the product lifecycle to determine environmental aspects and impacts.
- Promote resource recovery, recycling and reuse, and work with customer companies to raise awareness about the lifecycle of steel. Participate in initiatives that promote the use of environmentally responsible products.





During 2022, CELSA Group™ has made several environmental investments. The amounts of these investments are detailed below:

CELSA Group has several financial guarantees related to waste management and export and the environmental liability law. The amounts of these guarantees during 2022 are as follows:

#### ENVIRONMENTAL INVESTMENT OF CELSA GROUP™ IN 2022 (M€)

		20	22		
CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland
9,06	7.25	n.a.	0.03	n.a.	1.78

#### ENVIRONMENTAL INVESTMENTS (M€)

2021	2022
7.25	9.05

#### ENVIRONMENTAL EXPENSES (k€)

2021	2022
n.a.*	9.90

<sup>\*</sup> n.a. (data not available). In 2021, no environmental expenses data were reported.

The environmental investments of CELSA Group™ have increased by 25% in 2022, reaching 9.05 million euros.

#### FINANCIAL GUARANTEES (k€)

	2022					
	CELSA Group™	CELSA Spain	CELSA France	CELSA UK	CELSA Nordic	CELSA Poland
Financial guarantee related to waste management	1,266.6	889,9	n.a.	0.0	0.0	376.8
Financial guarantee related to waste export	1,143.1	769.3	259.1	0.0	50.0	64.7
Financial guarantee related to the environmental liability law	12,714	12.560	154	0.0	0.0	0.0



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# Why we are leaders in circularity and recycling

CELSA Group™ is the largest European producer of recycled steel. 97% of our final product is composed of recycled steel, and 100% of the products´ steel we generate are recyclable. The recovered waste amounts to 95.1% for the production processes, excluding Circularity HUBs (and 89.2% considering the processes of recovery and transformation of ferrous scrap and other materials). Additionally, 85.9% of the total materials we use in the production process are recycled.

By adopting this approach, we address the demands of our stakeholders, who consider **circularity with customer companies and other economic agents** as a material topic (more information in section "5.4. Stakeholder Engagement").

We contribute to the annual recycling of approximately 5.9 million tonnes of materials, including ferrous scrap, waste from our own production processes, plastics and other non-ferrous metals. Out of this total, more than 5.7 million tonnes of iron scrap are used in steel production. This enables us to avoid waste accumulation in landfills and produce once again high-value steel products for society without depleting natural resources.



Thanks to our circular model, we produce 5.5 million tonnes of steel, saving more than 11 million m<sup>3</sup> of natural resources from extraction. This volume is equivalent to what more than 10 Empire State Buildings would occupy.

At CELSA Group™, we are strongly committed to the recovery and use of waste generated during the steelmaking process. These materials have a high potential to serve as secondary raw materials for processes such as road construction or reuse in the steel production process.

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#### **ENVIRONMENTAL AND RESOURCE MANAGEMENT POLICY**

CELSA Group™ has an Environmental and Resource Management Policy that reflects the company's Purpose: 'We give infinite lives to finite resources'.



#### Principles associated with our activity:

- Strictly comply with national and international legislation in all the territories where we operate, adhering to initiatives and programmes for environmental protection and improvement our impacts.
- Integrate the conservation of resources and natural capital as a prominent element in the Group's decision-making, corporate strategy, and activity development.
- Develop our activity in accordance with an environmentally friendly production system, following a circular economy model.
- Use natural resources effectively and responsibly, including water and energy, prioritising the reduction of their consumption and the use of renewable or recycled resources, whenever possible.
- Consider and assess the negative impacts of our activity by establishing indicators, objectives and processes that enable continuous monitoring and assessment of natural capital management in our surroundings, along with periodic review of environmental objectives and goals.

- Minimise and promote compensation of the impacts of our activities on the environment and the biodiversity of the areas where we operate.
- Promote innovation, efficiency and continuous improvement in all our processes and activities, as well as the development of new products, services and solutions related to steel that contribute to economic value creation, sustainable development and the efficient use of our natural capital, all of which are approached from a life cycle analysis perspective.
- Improve the management of waste generated by implementing proper measures for reduction, recovery and recycling, and ensuring proper disposal of non-recoverable waste.
- Support the procurement of energy-efficient and environmentally friendly products and services, as well as design for improved energy and environmental performance of CELSA Group™.

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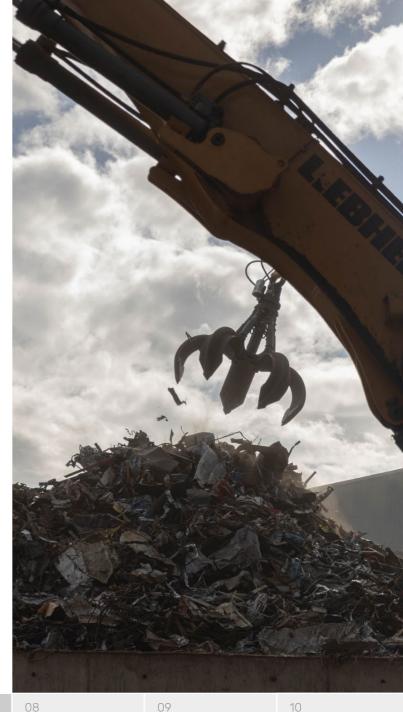
#### **ENVIRONMENTAL AND RESOURCE MANAGEMENT POLICY**

#### General principles with our professionals and value chain:

- · Train our employees, suppliers, contractors and partners in environmentally respectful practices and in responsible use of natural resources, including water and energy.
- Promote the environmental commitment among those associated with our business, including management, professionals, contractors, customers and suppliers, making awareness, information and training essential tools.
- · Communicate our environmental performance openly and transparently to all stakeholders with the aim of achieving an environmentally respectful integration in our surroundings.

#### The Environmental and Resource Management Policy includes the following objectives:

- · Implement continuous improvement in all our processes and invest in new technologies to prevent and minimise atmospheric emissions, waste generation, and inefficient use of resources.
- Promote the recovery, recycling and reuse of our products and work with our stakeholders to raise awareness about the lifecycle of steel.
- · Use of iron scrap as raw material. Specifically, in our steel mills, we engage in the recycling process to transform waste into commercial products again.
- Recovery and use of the waste generated during the steelmaking process, which has high potential to serve as secondary raw material for processes such as road construction or reuse in the steel production process.
- · Work with certified, proven and adapted environmental management systems that ensure environmental care and respect in line with the nature of our activities.
- · Develop an integrated management system, Celsa Management System (CMS), that maintains a high level of control over processes, as well as the quality and compliance with applicable requirements for the products and services we offer.
- Promote environmentally responsible actions within our value chain, supporting commitments and voluntary agreements with our local communities for environmental improvement projects.





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#### **Recycling and recovery**

At Celsa Group, we strongly advocate for the recovery and use of waste generated during the steelmaking process to foster the circular economy. Recycling and recovery, which include reuse and recovery, are waste treatment processes through which we replace other materials or energy as raw materials in another process. These processes are, therefore, key pillars in our activity.



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WASTE RECOVERY

Recycling is any recovery operation through which waste is transformed again into products, materials or substances to fulfill the same or any other purpose.

Recycling includes the transformation of organic material, but not energy recovery or transformation into materials to be used as fuel or for landfill operations.

Recovery consists of any operation whose main result is that waste replaces other materials or that it is prepared to fulfill a specific function in the facility or in the economy in general.

#### 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** m<sup>3</sup> of natural resources avoided: equivalent to the volume of



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### Input materials for the steelmaking process

In steel manufacturing, recycled, renewable and linear materials are used.

#### TYPOLOGY OF MATERIALS USED IN THE ACTIVITIES OF CELSA GROUP™

	2021	2022	2021	2022
	+	t	9	%
Total input materials	8,485,656	6,702,944	100%	100%
Recycled materials used in the process	7,635,680	5,761,114	89.9%	85.9%
Renewable materials used in the process (gases: oxygen, nitrogen and argon)	n.a.	285,299	n.a.	4.3%
Linear materials used in the process (Non-renewable)	n.a.	656,531	n.a.	9.8%

The amount of input materials in the group's activities has decreased by 14.0% compared to 2021 (8.5 million tonnes), due to the production decline in the last year 2022.

85.9% of the materials used in the process are recycled.

The typology of input materials consumed by process is detailed below:

#### TOTAL INPUT MATERIALS IN THE ACTIVITIES OF CELSA GROUP™ (t)

		2022			
	Total input materials	Recycled materials	Renewable materials	(Non- renewable) Linear materials	
Input Materials to Circularity HUBs	1,403,030	1,403,030	0	0	
Input materials to steel mills	5,028,880	4,215,105	275,323	538,452	
Input materials to rolling mills	1,105	0	0	1,105	
Input materials to finishing process companies	188,984	141,994	7,231	39,759	
General input materials	80,944	984	2,745	77,215	
Total input materials	6,702,943	5,761,113	285,299	656,531	



#### Output materials (waste and by-products - TARGET ZERO WASTE)

During 2022, CELSA Group™ has generated approximately a total of 1.4 million tonnes of waste as a result of steelmaking processes. Below is the amount of waste generated, broken down by production process and by waste type and hazardousness:

#### TYPE OF WASTE GENERATED (t)

	Hazardous waste	Non-hazardous waste
Waste from scrap processing	162	187,766
Shredder (light and heavy fraction)	0	108,726
Screening soil (fine and coarse fraction)	0	68,797
Others	162	10,243
Waste from steelmaking	104,383	1,018,281
Slag	0	832,273
Screening soil (fine and coarse fraction)	0	101,782
Scrap melting dust	104,140	0
Used refractories	0	26,151
Scale	0	14,389
Ferrous scrap	0	38,936
Others	243	4,750
Waste from rolling mills	26,480	173,709
Scale	0	113,513
Ferrous scrap	0	55,266
Others	26,480	4,930
Waste from finishing processes	3,246	25,974
Total waste generated	134,271	1,405,730

#### Finished product circularity

The production of steel from scrap instead of iron ore leads to significant savings in the consumption of raw materials. However, during the production process of our steel, a loss of approximately 10% is generated. Therefore, the amount of scrap recycled in our process is slightly less than the input scrap. The amount of input materials that have been recycled in our processes is shown below:

#### RECYCLED CONTENT IN THE PRODUCED STEEL

	t	%
Recycled scrap	5,722,822	97%
Other non-recycled iron contributions	174,498	3%
Total recycled materials	5,897,320	100%

97.0% of manufactured steel is produced from recycled scrap.



#### **Recycling of other materials**

At the Group's facilities dedicated to the recovery, handling and processing of iron scrap for subsequent recycling in electric arc furnaces, other mixed materials arrive, which we also separate and recycle. The most significant materials we treat are as follows:



#### Light shredder residue:

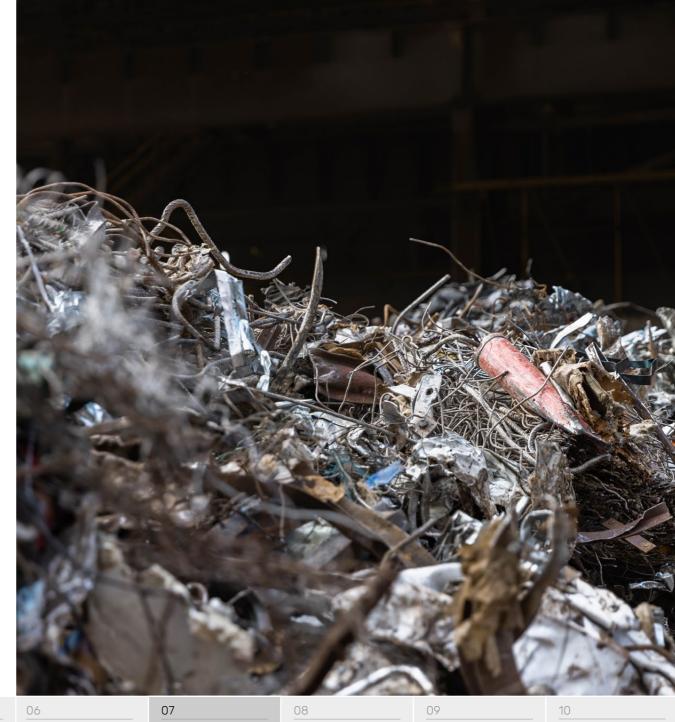
It mainly consists of foams, textiles, small plastics and a small number of metals. We have implemented technological processes that have allowed us to recover part of the metallic materials that were mixed with light shredder residue.



#### Heavy shredder residue:

In this category, we include carbon-concentrated waste, mainly composed of rubbers, plastics and other materials obtained from shredding and as a result of the segregation carried out by the magnetic separators in the facility. We are working with the Group's steel mills to explore the possibility of using CEC as an alternative material to coal in electric furnaces.

At CELSA Group™, we are integrated throughout the entire steel value chain, contributing with different solutions: from demolition services that allows us to source raw materials (scrap) to services for the implementation of transformed steel, thus covering the entire value chain of our product.



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#### **RECOVERY**

#### Routes and recovery percentage of the waste resulting from the production process

Our group's commitment is to achieve 100% waste recovery by 2050, i.e., to send zero waste to landfill. The following table shows the percentage of the different treatment routes for waste generated in 2022:

It is observed that, currently, the percentage of recovered waste in CELSA Group™ stands at 95.1% in steelmaking process (and 89.2% when considering Circular HUBs). The following table shows the percentage of recovery of the total waste generated, broken down by production process:

Recovery and disposal routes	Percentage of total % *
Internal reuse within the plant	6.7%
Internal recovery within the group	7.2%
External recovery	75.3%
Subtotal Recovered Waste	89.2%
Incineration with energy recovery	0.08%
Incineration without energy recovery	0.03%
Landfill disposal	10.5%
Other disposal operations	0.2%
Subtotal Non-Recovered Waste	10.8%

Production % waste process recovery Steelmaking division 95.1% Scrap processing division 43.2% Total waste recovery 89.2%

We recover 95.1% of the waste generated in our steelmaking processes.



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<sup>\*</sup>The percentages are calculated based on a total of 1.5 Mt.



#### **VALORIZATION**

#### Recycling of other material



Black Steel Aggregate (Black Slag)



White Steel Aggregate (White Slag)



Electric arc furnace steelwork fume dust (Zinc Oxide)



Mill scale (Iron Oxide)



Used furnace refractories

From electric arc furnace (black slag). The steel aggregate comes from treatment of the black slag generated during the manufacturing process steel in the electric arc furnace. HE mainly used as a material premium in the manufacture of asphalt, concrete, granular bases and subbases of road surfaces.

From secondary metallurgy (white slag): produced in the furnace spoon during the refining process of steel. Mainly due to its high CaO content, can be used as fertilizer, correction agent pH of the soil and raw material in the cement factories.

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

Mill scale is a steel co-product that is produced mainly in the lamination process hot. This material originates due to surface oxidation of steel hot and is mainly formed by iron oxides (Fe $_2$ O and Fe $_3$ O $_4$ ). This chemical composition allows it to be used in other industrial processes that require a supply of iron, such as primary steel manufacturing, cement or ferroalloys.

The main refractory materials that are used in the manufacturing process of steel are masses of oxide Magnesium (MgO) and dolomite bricks and high alumina bricks. These materials, once they wear out, they recover mostly to be reused in the same steel process or as recycled raw material for manufacturing of new refractories.

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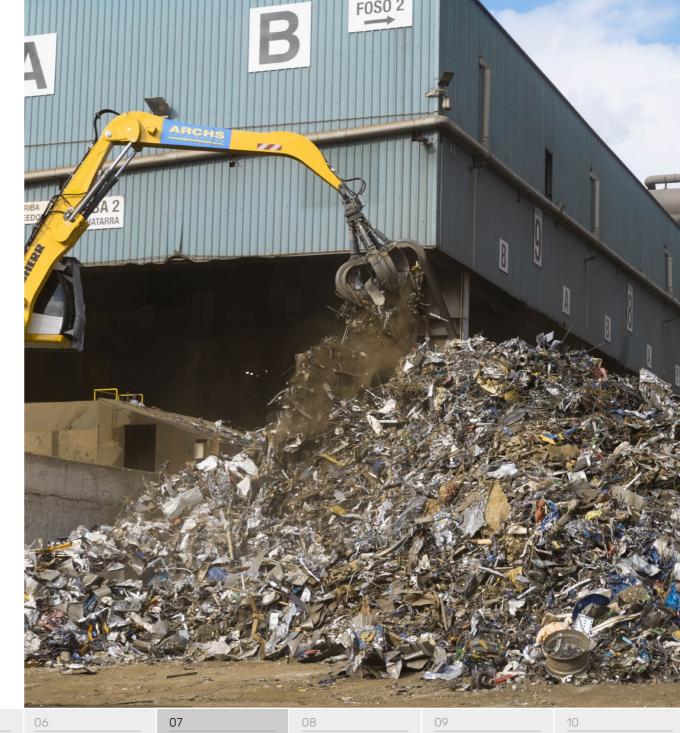


#### **CELSA GROUP JOINS THE EUROPEAN HORIZON 2020** PROBONO CIRCULAR PROJECT

In 2022, CELSA Group™ has joined the Horizon 2020 PROBONO project, funded by the European Union, aiming to recover several by-products from the steel production process, either for road surfacing or use in sustainable urban developments, as part of the European initiative.

As a participant in this project, which includes 46 partners from 15 countries, CELSA Group™ will conduct a pilot test on the use of the screening soil generated at its Circular HUBSs (collection centres for ferrous scrap and other waste recovered by the Group, and where materials are prepared for steel production) and the steel slag aggregate derived from the smelting process. The objective is to promote the recovery of all waste materials.

This project will advance the strategic goal of zero waste or complete recovery of waste and by-products derived from its steel production process, set by the company for 2050, in accordance with its sustainability roadmap.



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### Best Practices for circular economy and recycling of each subsidiary





#### **RECYCLING AT HOME TOO**

At Celsa Atlantic Largos (Laracha) we have organised an electrical and electronics appliances waste collection campaign from employees. In total we have collected 180 kg of obsolete equipment.







#### **CIRCULARITY PATHWAY**

At Celsa Barcelona, we recover 96% of waste, and at Nervacero and GSW (Global Steel Wire), we have reduced landfill waste by 20 and 7.3%, respectively.



### **CEMENT 2 ZERO (C2Z)**

Along with the University of Cambridge, we collaborate in this project, which aims to develop the world's first zero-emission cement on an industrial scale. We have also started a circular economy project for the reuse of refractories.



#### **CIRCULAR PARTNERSHIPS**

We aim to create and strengthen circular partnerships with our stakeholders throughout their value chain. For example, at Celsa Nordic Recycling, we have signed new agreements with Swedish railway recyclers.



#### **ALTERNATIVES**

We are exploring alternatives to shredded waste and seeking new ways to use industrial waste in other industries. Additionally, we cooperate with industry organisations and ministerial working groups in the field of circular economy development.

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#### The decarbonisation plan is based on two main axes:

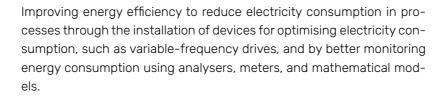


THE REDUCTION OF (SCOPE 1) DIRECT **EMISSIONS THROUGH:** 

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.

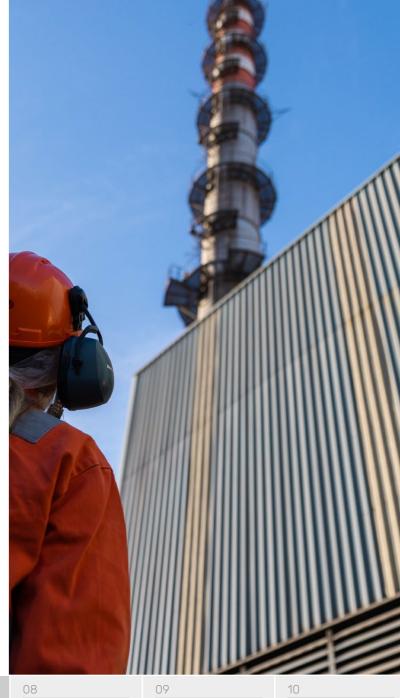
Improvement in energy efficiency: implementing technologies and process enhancements to reduce consumption and increase efficiency in combustion processes, such as oxygen doping and hot charging to improve process efficiency.

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



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.





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### Our roadmap towards decarbonisation

#### **CLIMATE ACTION POLICY**

Our stakeholders consider **carbon emissions** as a material topic (more information in the section "5.4. Stakeholder engagement").



CELSA Group™ has a Climate Action Policy that sets forth its main objectives as improving energy efficiency, promoting renewable energies, and reducing fossil fuels.

At CELSA Group™, we have a Climate Action Policy that sets forth the general principles guiding the Group's actions regarding climate change.

#### **General principles of the Climate Action Policy:**

- · Comply with applicable legislation regarding climate change and follow national and international recommendations in this matter.
- · Contribute to climate change mitigation and the decarbonisation of the business model by reducing the intensity of greenhouse gas emissions in scopes 1 and 2 by 50% by 2030 and achieving climate neutrality by 2050.
- · Reduce climate vulnerability and promote adaptation of activities to different climate scenarios.
- · Implement energy-saving and energy-efficient measures in our operations.
- · Promote the use of renewable energy sources.
- · Implement the use of alternative materials and fuels with biogenic carbon content.

- Promote and support projects aimed at climate change mitigation and adaptation.
- · Promote training and awareness initiatives among our stakeholders, particularly among our employees, on climate change.
- Integrate climate change considerations into internal decision-making processes, and long-term risk analysis and management.
- · Voluntarily join initiatives and agreements to assume commitments and define actions to reduce emissions.
- Encourage partners and material and service suppliers to adopt policies consistent with this Policy.

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1) EU EMISSIONS TRADING **SYSTEM (EU ETS) FOR HEAD PLANTS OF CELSA GROUP™** 

**SCOPES** 

SCOPE 3 Indirect emissions of upstream operations

SCOPE 1 Direct emissions

**EU EMISSIONS TRADING** 

SYSTEM (EU ETS) IN CELSA GROUP™

SCOPE 2 Indirect emissions

SCOPE 3 Indirect emissions of upstream operations

**Our emissions** 

Scope 1 emissions in absolute values:

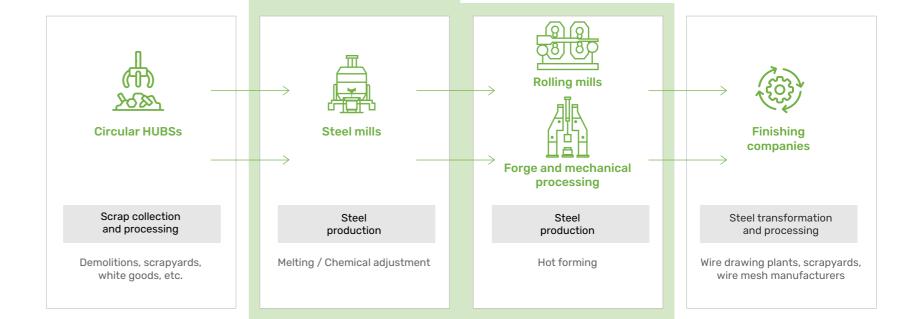
650,012 (t CO, eq.)

Scope 1 emissions in specific values:

119 (kg CO, eq./t acero)

**FACILITIES** 

**PROCESSES** 



#### PRODUCTION PROCESS CELSA GROUP™



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2022 milestones and **Passion for** Vocation for Because we believe in GRI and SDG table of People, Our commitment to About this report **Appendix** the Chairman relevant events circularity ecological transition excellence a sustainable future reason for being contents



All activities associated with steel mills and rolling mills are covered under the Emissions Trading System (ETS), since 2005. These emissions are always verified by an external agent.

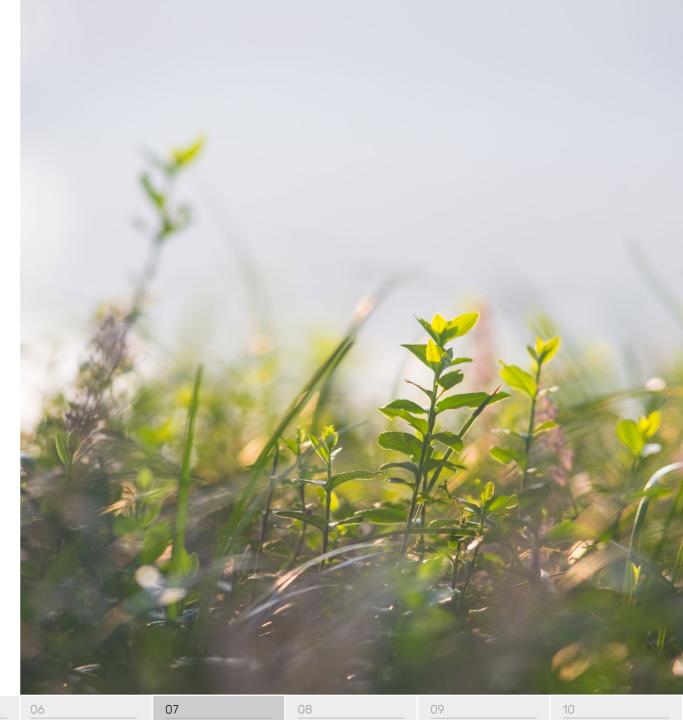
Within the ETS, there are sectoral data available for scrap melting facilities in electric furnaces, which allows us to compare our emissions with the sector's average.

#### COMPARISON OF (SCOPE 1) EMISSIONS FROM STEELMAKING WITH THE INDUSTRY (kg CO<sub>2</sub> eq./t steel)

	2022			
	Average of Carbon Steel Sector (e.g., EU)	Average Special Steel Sector (e.g., EU)	CELSA Group™	
Data on emissions from steel mills <sup>1</sup>	225	325	119	

<sup>&</sup>lt;sup>1</sup>Data on Scope 1 and Scope 2 location-based emissions.

Scope 1 emissions from steelmaking processes at CELSA Group™ are 32% below the European Union sector average.



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<sup>\*</sup>Electricity emission factors.



2) CARBON FOORPRINT OF **HEAD PLANTS OF CELSA GROUP™** 

**SCOPES** 

SCOPE 3 Indirect emissions of

upstream operations

Demolitions, scrapyards,

white goods, etc.

SCOPE 1 Direct emissions

SCOPE 2 Indirect emissions SCOPE 3

Indirect emissions of upstream operations

#### **Our emissions**

Scope 1, 2 and 3 emissions in absolute values:

3.273.290 (t CO, eq. - location based)1

3,503,974 (t CO<sub>2</sub> eq. - market based)<sup>2</sup>

Scope 1, 2 and 3 emissions in specific values:

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

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

<sup>1</sup>Calculations of Scope 2 location-based indirect emissions; based on location, region.

<sup>2</sup> Calculations of Scope 2 marketbased indirect emissions; based on the market, marketers.

**FACILITIES** 

**PROCESSES** 

GROUP™ (SCOPE 1, 2 AND 3) Rolling mills **Circular HUBSs** Steel mills **Finishing** companies Forge and mechanical processing Scrap collection Steel Steel Steel transformation and processing production production and processing

CARBON FOOTPRINT OF THE ORGANISATION: FROM STEELMAKING AND STEEL ROLLING ACTIVITIES OF CELSA

#### PRODUCTION PROCESS CELSA GROUP™

Melting / Chemical adjustment



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Hot forming

**Appendix** 

Wire drawing plants, scrapyards, wire mesh manufacturers

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CELSA Group™ is already a low-emission company, and we have set the goal to reduce Scope 1 and 2 market-based emissions from the headquarters\* by 50% by 2030 and become a Net Positive company by 2050.

\*Headquarters: steel mills and rolling mills of Celsa Barcelona, Nervacero, Global Steel Wire (GSW), Celsa Atlantic Largos, Celsa France (Bayonne), CAR (Celsa Nordic, Armeringstal), CHO (Celsa Poland, Huta Ostrowiec) and Celsa UK Manufacturing (Celsa UK).

To calculate our carbon footprint, we rely on the GHG Protocol standard, which allows us to account for the main types of greenhouse gases (carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxides (N<sub>2</sub>O) and others) generated directly and indirectly in reporting emissions, expressed in units of tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>eq.).

The Carbon Footprint is verified by an accredited third party, which provides more assurance to the results obtained. Specifically, the following scopes have been analysed: Scope 1, Scope 2 and Scope 3 (the most relevant).

The values of Scope 1 emissions (direct emissions) have been reported and verified within the European Union Emissions Trading System (EU ETS).

#### Scope 2 emissions (indirect emissions) are calculated using two methodologies:

- · A location-based method that effects the average emission intensity of the grids where the energy consumption occurs (mainly using data from the average emission factor of the grid).
- · A market-based method that reflects the electricity emissions that companies have based on contractual instruments for selling and purchasing bundled energy with attributes on energy generation or for unbundled attribute claims.

Additionally, we have calculated Scope 3 emissions from sources that are not owned or controlled by the company but are generated due to our activity.

#### The following Scope 3 categories have been considered:

- · Purchased goods.
- · Capital goods.
- Fuel and electricity production.
- Upstream transportation and distribution.
- Waste management.
- Business travel.
- Employee commuting.
- Downstream transportation and distribution.

Emission factors have been obtained from different databases (DEFRA, Ecoinvent 3.8, Oficina Catalana del Canvi Climàtic (OCCC), among others).

Hereafter are the head plants Carbon Footprint data for 2021 and 2022, according to the location-based and marker-based methodologies:

#### HEAD PLANTS CARBON FOOTPRINT (location-based) FROM 2021 AND 2022 (t CO<sub>2</sub> eq.)

	2021	2022
Scope 1	768,791	656,322
Scope 2 (location-based)	851,325	764,747
Scope 3	2,159,508	1,852,221
TOTAL	3,779,624	3,273,290

#### HEAD PLANTS CARBON FOOTPRINT (market-based) FROM 2021 AND 2022 (t CO<sub>2</sub> eq.)

_	2021	2022
Scope 1	768,791	656,322
Scope 2 (market-based)	1,109,317	995,431
Scope 3	2,159,508	1,852,221
TOTAL	4,037,616	3,503,974

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#### **HEAD PLANTS CARBON FOOTPRINT 2022**

At Celsa Group™ we reaffirm our commitment to sustainability and climate change, and we work to measure and mitigate emissions from our activities. As part of our commitment, the 2022 carbon footprint is included below.

#### WHAT EMISSIONS HAVE WE GENERATED?

SCOPE 1: DIRECT EMISSIONS



386,096 tCO, eq Natural gas consumption



40.9% 268,653 tCO, eq Emissions from internal transport

diesel fuel and process emissions



0.3% 1,573 tCO, eq Refrigerat gas consumption

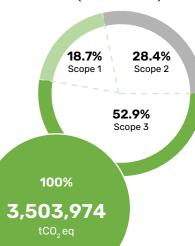
(location-based) 23.4% Scope 2 56.6% Scope 3 20.0% Scope 1 100% 3,273,290 The carbon footprint is the impact of our

**GHG EMISSIONS BY** 

**SCOPE 2022** 

**GHG EMISSIONS BY SCOPE 2022** 

(market-based)



SCOPE 2: INDIRECT EMISSIONS



764,747



activities on the environment and is expressed in tonnes of CO<sub>2</sub> 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.



Location-based



995,431 tco, eq

SCOPE 3: OTHER INDIRECT EMISSIONS



42.0% 777,554 tCO, eq Purchased goods



32.1% 595,348 tCO, eq Upstream and downstream

transport and distribution

15.8% 291,771 tCO, eq Oil and electricity production

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6.3% 116,793 tCO, eq Waste disposal



3.8% 70,755 tCO, eq Capital goods, employee travel and business trips

Minor categories in scope 3

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Compared to 2021, we have reduced Scope 1 emissions by 14.6%, mainly due to a decrease of almost 20% in the steel production of CELSA Group™.

Regarding Scope 2 location-based emissions, our indirect emissions have decreased by 10.2% compared to the previous year. As for Scope 2 market-based emissions, we have reduced our emissions by 10.3%.

Regarding Scope 3 emissions, there is a reduction of 14.2% compared to the previous year.

Additionally, we also present the emission intensity values for steelmaking and rolling processes, considering the emissions from the headquarters for 2021 and 2022:

#### EMISSIONS (kg CO, eq./t billet)

	2021	2022
Direct GHG emissions (Scope 1)	116.4	119.4
Indirect GHG emissions (location-based Scope 2)	128.8	139.1
Indirect GHG emissions (Scope 3)	326.8	337.0
Total emissions (location-based Scopes 1+2)	572.0	595.6

#### EMISSIONS (kg CO, eq./t billet)

	2021	2022
Direct GHG emissions (scope 1)	116.4	119.4
Indirect GHG emissions (market-based Scope 2)	167.9	181.1
Indirect GHG emissions (Scope 3)	326.8	337.0
Total emissions (market-based Scopes 1+2)	611.1	637.5

In 2021, we committed to the Science Based Targets initiative (SBTi). CELSA GroupTM has not yet specified this commitment because it is waiting for SBTi to publish the steel sector's objectives soon. In accordance with this commitment, the baseline for the decarbonisation roadmap must be set in 2021.

Starting from this baseline, we have reduced the absolute value of emissions from our headquarters by more than 100,000 t  $\rm CO_2$  eq., due to lower production volume in the past year. However, in terms of emissions intensity, it has increased by 5.7%. Currently, we should have reduced our specific emissions by 5.6% to meet our short-term roadmap.

This increase in emissions intensity is due to the reduction in production volumes, leading to shutdowns and restarts of facilities, consequently resulting in lower process efficiency.

Furthermore, Scope 2 emissions have been affected by an increase in the emission factor of electricity grids.

In 2022, CELSA Group™ has reduced Scope 1 emissions by 14%, Scope 2 location-based emissions by 10%, and market-based emissions by 26% compared to 2021.

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3) CARBON FOOTPRINT OF THE ENTIRE ORGANIZATION OF CELSA GROUP ™

**SCOPES** 

SCOPE 3

Indirect emissions of Direct emissions upstream operations

SCOPE 1

SCOPE 2

Indirect emissions

SCOPE 3 Indirect emissions of upstream operations

**Our Emissions** 

Scope 1 and 2 emissions in absolute values:

1,602,106 (t CO<sub>2</sub> eq. - location based)

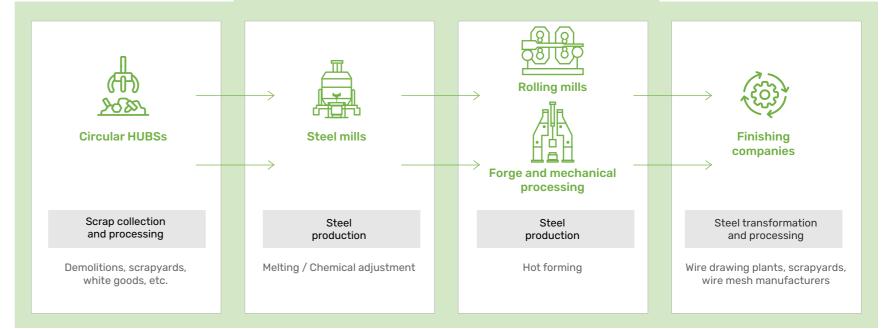
1,719,407 (t CO, eq. - market based)

CARBON FOOTPRINT OF THE ORGANISATION:

FROM ALL ACTIVITIES OF CELSA GROUP™ (SCOPE 1 AND 2)

**FACILITIES** 

**PROCESSES** 



#### PRODUCTION PROCESS CELSA GROUP™



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Additionally, we have calculated the approximate Carbon Footprint for all activities of CELSA Group™, including all the companies that make up the vertical integration of the group (Circular HUBs, steel mills, rolling mills, forges and finishing processes) in their Scope 1 and 2 location and market-based emissions.

In 2022, CELSA Group™ GHG emissions have been: 677,791 tCO<sub>2</sub>eq. (Scope 1) and 924,315 t CO<sub>2</sub> eq. (location-based Scope 2). Scope 2 location-based emissions are obtained by applying the residual mixes from the annual report of Association of Issuing Bodies (AIB). Furthermore, the Scope 2 market-based emissions for 2022 have been 1,041,616 t CO, eq.

It can be observed that the activities not related to steelmaking and rolling contribute less than 4% to the total emissions of the group (market-based Scope 1 and 2) and, therefore, are excluded from the decarbonisation target of CELSA Group™.

The calculation of direct emissions (Scope 1) and indirect emissions (Scope 2), both location-based and market-based, is shown below for every production plant that makes up CELSA Group™. The absolute emission values are presented.

By producing 5.5 million tonnes of steel through CELSA's manufacturing model, we avoid emitting 10 million tonnes of CO, into the atmosphere compared to the blast furnace manufacturing model. This is equivalent to the pollution produced by 2.2 million cars per year (running 24/7).

#### GREENHOUSE GAS EMISSIONS (GHG) (t CO, eq.)

	2021	2022
Scope 1 emissions	785,311	677,791
Scope 2 location-based emissions <sup>1</sup>	1,022,703	924,315
Scope 2 market-based emissions <sup>2</sup>	1,415,696	1,041,616
Scopes 1+2 location-based emissions	1,808,014	1,602,106
Scopes 1+2 market-based emissions	2,201,007	1,719,407

<sup>&</sup>lt;sup>1</sup> Location-based

Reduction of more than 10% of emissions in Scope 2 location-based emissions is due to a decrease in the Group's electricity consumption, 18% compared to the previous year, along with an increase in the specific emission of the Spanish electricity grid.

Compared to 2021, there is an 11% reduction in the sum of Scope 1 and Scope 2 location-based emissions. This reduction is proportional to the decrease in productivity of CELSA Group™ in 2022. Additionally, a noteworthy 25% reduction is observed in the sum of Scope 1 and Scope 2 market-based emissions.



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<sup>&</sup>lt;sup>2</sup> Market-based.



### **Best Practices for emissions reduction** of each subsidiary







### CO, CAPTURE

celsa on nordic

We promote the CO<sub>2</sub> capture project, which, with a large-scale implementation, could capture 1.5 million tonnes of CO2. Additionally, we also collaborate in the Hydrogen project, aimed at developing a complete value chain for green hydrogen for industrial use.

#### REDUCING THE FOOTPRINT

At Nervacero, we have replaced the electric furnace, resulting in a 30% reduction in direct CO<sub>2</sub> emissions from the steel mill. Additionally, at GSW, we have reduced our CO2 emissions by 9.8% (Scopes 1+2+3), compared to 2021, due to the increase in scrap as raw material to improvements in energy efficiency.



#### **FURNACE DOPING WITH OXYGEN**

At Celsa Atlantic Largos (Laracha), we have started a project to modify the combustion process of furnace 1, enabling it to use oxygen-gas instead of air-gas. This change will lead to an improvement in energy efficiency.



#### **REDUCED EMISSIONS**

We have reduced CO<sub>2</sub> emissions due to the decrease in natural gas and electricity consumption. We have upgraded the lighting in all areas and reduced the charge reheating temperature in rolling mills.

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### 7.3

# Other emissions and pollution

All our production processes are subject to the EU Industrial Emissions Directive and, therefore, we have implemented the best available techniques defined for the sector where we operate.

The main production facilities of CELSA Group™ are subject to integrated environmental authorisations that cover all relevant environmental aspects for integrated preservation and pollution control.

In our commitment to air quality, steel mills of CELSA Group™ have treatment systems to minimise environmental impact and prevent pollution associated with emissions of pollutants into the atmosphere.

At all plants, we monitor the channelled emissions, which are those emitted into the atmosphere through controlled flue or chimney. Below is the total mass load emitted during 2022 for different compounds:

#### CHANNELLED EMISSIONS (MASS LOAD)

	2021	2022
Dust emission (kg)	69,205	60,713
Mercury emission [Hg] (kg)	224	101
NOx [Emission REF 02 3%] (kg)	1,272,948	699,255
CO [Emission REF 02 3%] (kg)	6,831,204	5,032,218
SOx [Emission REF 02 3%] (kg)	7,916	341,880
Dioxin emission (g)	2.8	0.7

Compared to 2021, a reduction in emissions of the main pollutants (CO and NOx) can be observed, due to the decrease in our production.

On the other hand, an increase in sulphur dioxide (SOx) emissions is observed since, sometimes, a specific measure may be implemented under non-representative conditions of the normal process. Since the measurements for this compound are carried out annually, the representativeness of this data may not reflect the typical operating conditions of the plant.

Additionally, some of the plants monitor fugitive emissions, which are more difficult to quantify and are calculated approximately:

#### FUGITIVE ATMOSPHERIC EMISSIONS (MASS CHARGE)\*

	2021	2022
Particle emission (kg)	636,000	43,131

\*Currently, we are working to standardize methods for measuring diffuse emissions in order to carry out robust comparative studies. In this case, concrete measures were taken, in situations that might not be representative of the normal conditions of the process.

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#### Noise pollution prevention

At CELSA Group™, we take actions to ensure that our activities do not cause nuisances in the neighbouring communities where we operate, ensuring that we do not emit noise above permitted levels outside our plants. For this purpose, we conduct noise impact studies and noise maps that help define the necessary actions and investments to shield and absorb the noise associated with industrial activities where needed. Thanks to these measures, CELSA Group™ has successfully reduced noise levels at its plants in recent years.

Below, the number of complaints received during 2022 is shown, along with a comparison with the results from the previous year:

A significant decrease is evident, both in the number of noise complaints and in the total number of complaints, with no monetary sanctions imposed.

Below is the breakdown of different environmental complaints received during 2022, broken down by formality:

#### NUMBER OF COMPLAINTS

	2021	2022
Noise complaints	226	91
Other complaints	456	222
Total complaints	682	313

#### NUMBER OF ENVIRONMENTAL COMPLAINTS RECEIVED FORMALLY AND INFORMALLY

	2022
Formal complaints <sup>1</sup>	308
Informal complaints <sup>2</sup>	6
Total complaints	314

<sup>&</sup>lt;sup>1</sup>Documented (complaints written by neighbours, notification to the town council, etc.). <sup>2</sup>Undocumented (social media comments, calls, etc.).



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# Efficient use and consumption of energy

The first step towards carbon neutrality is to improve energy efficiency. Therefore, our facilities and processes are adapted to enhance energy efficiency. In fact, our stakeholders consider clean energies as a material topic (more information in the section "5.4. Stakeholder engagement").

The Environmental and Resource Management Policy of CELSA Group™ includes among its objectives the efficient and responsible use of natural resources, including energy, prioritising the reduction of their consumption and the use of renewable or recycled resources, whenever possible. We also aim to train our employees, suppliers, contractors and partners on environmentally friendly practices and responsible use of natural resources, including energy.

In this regard, at CELSA Group, we have opted for the most efficient technology in the sector; electric arc furnaces (EAF) require about 75% less energy consumption compared to blast furnaces. Thanks to avoiding the consumption of more than 13,800 GWh/year of electricity, which is equivalent to what 81% of the city of Barcelona consumes in a year.

The steelmaking process through electric arc furnaces (EAF) is energy intensive. Therefore, efficient energy management is relevant in our facilities, and we annually set improvement goals. Many of these objectives are supported by the innovation programmes we develop, mainly based on industrial process optimisation, monitoring of physical process variables (industry 4.0) and the application of machine learning concept.

At our plants, we conduct energy audits to identify projects related to energy efficiency. These projects focus on consumption reduction through industrial process optimisation, adoption of best practices and technologies, and the implementation of machine learning concepts.



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In compliance with Directive 2012/27/EU of the European Parliament and of the Council on energy efficiency and the subsequent transposition in each country, all the steel plants of the Group are in the European Union, Norway and the United Kingdom, and comply with applicable legislation.

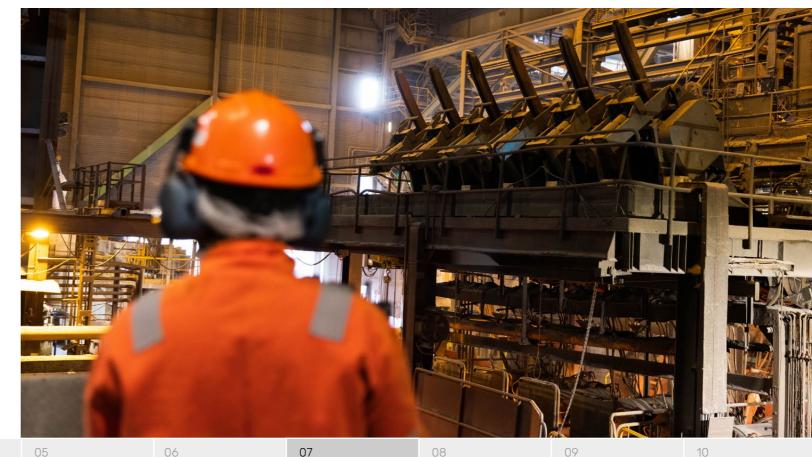
In 2022, the total energy consumption in CELSA Group™ has been 5,965,554 MWh, decreasing 18% compared to the previous year (7,258,802 MWh in 2021). This has mainly occurred due to a 20% reduction in production caused by a significant increase in energy costs.

Out of the total energy consumption, 3,392,077 MWh have corresponded to non-renewable electricity (56.9% of the total energy consumption of CELSA Group™), and the total electricity consumption within the organisation from renewable sources in 2022 has been 185,555 MWh (3.1%). It is worth noting that in 2022, the consumption of electricity from renewable sources has increased more than 9 times through the purchase of Guarantees of Origin, while the consumption of non-renewable electricity has decreased by 21%.

Regarding energy consumption from renewable sources, the electricity supply contracts of the Group's companies are usually linked to the hourly spot price of the wholesale market. Consequently, the renewable share of these supplies is publicly defined by the regulatory entity of each country each year.

2,300,133 MWh correspond to the Group's total consumption of natural gas (38.6% of total consumption), 15,635 MWh correspond to heating consumption (0.3%), 68,096 MWh of petrol, diesel and diesel oil used in the organisation's production processes (1.1%) and 4,058 MWh to steam consumption (0.1%).

In 2022, the total energy consumption in CELSA Group™ has been 5,965,554 MWh.



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Below are the data corresponding to the absolute values of energy consumption in CELSA Group™:

#### **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%

Additionally, the following data presents the specific consumption values for electricity and natural gas:

#### SPECIFIC ENERGY CONSUMPTION (kWh/t billet)

	2021	2022
Electricity	655	651
Natural gas	349	419
Total	1,004	1.070

At CELSA Group™, we have increased the consumption of renewable energy nine times compared to the total energy consumption within the organisation, compared to 2021. This increase is primarily driven by Celsa Poland business unit, which has invested in the purchase of guarantees of origin.

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**Appendix** 



# Best Practices for energy efficiency of each subsidiary











#### **FURNACE CHANGE**

At CELSA Barcelona and GSW (Global Steel Wire), we have the UNE-EN ISO 50.001 energy management systems certification. Additionally, at Nervacero, we have replaced the steel mill furnace, resulting in a 75% reduction in natural gas consumption.

#### **UPGRADING OF THERMAL-BOX BARRIERS**

Billets lose temperature during transportation from the steel mill to the rolling mill. Therefore, their reheating is necessary to continue the production. To solve this problem, we have improved innovative thermal-box barriers, allowing them to maintain their temperature and saving significant amounts of energy.



#### **REDUCED GAS USE**

At Celsa Atlantic Largos (Laracha), we have implemented the ISO 50.001 energy management system certification and have installed 8 pilot burners in the furnace to optimise gas consumption during long rolling mill shutdowns. We have also replaced existing metal halide luminaires with LED lighting.



#### STRIVING FOR EFFICIENCY

We have achieved energy efficiency improvement in compressor stations (project continued in 2022/23) and implemented mathematical models in rolling mills.

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**Appendix** 



### 7.5

## Responsible water management

CELSA Group™ is committed to the efficient use of water. In fact, our Environmental and Resource Management Policy prioritises the efficient and responsible use of natural resources, including water, with a focus on reducing consumption and using renewable or recycled resources, whenever possible. We also ensure that our employees, suppliers, contractors and partners are trained in responsible use of natural resources, including water.

Our electric arc furnaces reduce consumption by 40%, compared to steelmaking in an integrated plant.

It is important to note that the most relevant industrial processes are conducted at high temperatures. Therefore, we require the use of water to ensure the cooling of both the facilities and manufactured product, with a high-water consumption due to evaporation.

The specific water consumption values in our plants remain among the best in the industry, thanks to the implementation of various actions, such as:

Use of semi-closed cooling circuits that allow for continuous reuse of a significant portion of the water in the process.

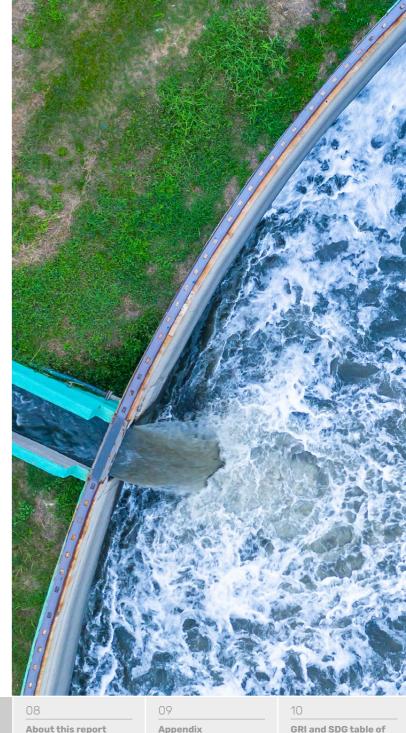
Implementation of systems to collect and reuse rainwater.

Ensuring the quality of reused water.

Introduction of full closed cooling systems, where water circuit cooling is achieved through air coolers with no risk of evaporation losses.

Commitment to quality and innovation.

Respect for the environment.



excellence



### Total water withdrawal of CELSA Group™

#### 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

<sup>\*</sup> Not applicable.

66% of the total withdrawal of water in CELSA Group™ occurs in water-stressed areas.

In addition, we present the data on water withdrawal in the water-stressed areas where CELSA Group™ operates:

#### 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

The total of water consumption in water-stressed areas (considering Spain and France) has been 3,240,315 m3. Water consumption in water-stressed areas has decreased by 33% compared to the previous year.

To determine the areas that are experiencing water stress, the geographical location of each plant has been considered, assuming that the water withdrawal necessary for production is carried out near the corresponding facility. We have considered as water stress areas those that are above the low-medium range (1-2), based on the information extracted from the Water Risk Atlas website. (https://www.wri.org/applications/aqueduct/water-risk-atlas/).

Regarding water resource availability risks, CELSA Group™ companies systematically monitor water consumption used for cooling facilities and conduct benchmarking exercises to identify best practices.

#### QUALITY OF WATER WITHDRAWN IN ALL AREAS (hm3)

	2021	2022
Fresh water (≤1 g/l total dissolved solids)	32.04	30.98
Other types of water (>1 g/l total dissolved solids)	n.a.	0,49
TOTAL	32.04	31.47

#### QUALITY OF WATER WITHDRAWN IN ALL AREAS (m3/t billet)

	2021	2022
Fresh water (≤1 g/l total dissolved solids)	4,85	5,64
Other types of water (>1 g/l total dissolved solids)	n.a.	0,09
Total	4,85	5,73

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### Discharge of residual water from the activities of the CELSA Group™ used in the activities of the CELSA Group™

Regarding discharges, our priority is to reduce the pollution load of discharged water. We use treatments (settling tanks, hydrocarbon separators, etc.) and conduct measurements to monitor effluent parameters.

To the extent possible at each plant, purified water is reused for less restrictive uses in relation to water quality (road irrigation or cooling slag). Additionally, discharges are preferably channelled into downstream sewage networks, and under no circumstances are direct discharges made into public channels. These measures are particularly relevant in the water-stressed areas, where many of our facilities are located.

#### TOTAL WATER DISCHARGE FROM ALL AREAS (hm³)

	2021	2022
Surface water	24.76	25.24
Groundwater	0.15	0.46
Seawaters	n.a.	n.a.
Produced water	n.a.	n.a.
Third-party water	1.15	0.84
Total	26.06	26.54

#### WATER DISCHARGE QUALITY (hm3)

	2021	2022
Fresh water (≤1,000 mg/l total dissolved solids)	24.37*	26.54
Other type of water (>1,000 mg/l total dissolved solids)	1.69*	n.a.
TOTAL	26.06	26.54

\*In the 2021 sustainability report, the figures were reported incorrectly (the reported data for freshwater quality was indicated as 'other type of water', and vice versa). For 2022, the necessary corrections have been made.

#### QUALITY OF WATER DISCHARGED IN WATER-STRESSED AREAS (hm³)

	2021	2022
Fresh water (≤1,000 mg/l total dissolved solids)	1.38	1.11
Other waters (>1,000 mg/l total dissolved solids)	n.a.	0
TOTAL	1.38	1.11

As internal indicators, it is important to have and be aware of data in specific values, i.e., based on the production of manufactured steel (billets). Therefore, the ratios of consumption, withdrawal, discharge and quality of the water discharged for the entire organisation for 2022 are shown:

#### QUALITY OF WATER DISCHARGED IN ALL AREAS (m3/t billet)

	2021	2022
Fresh water (<1 g/l total dissolved solids)	0.26	4.83
Other type of water (>1 g/l total dissolved solids)	3.69	n.a.
Total	3.95	4.83





#### **Water consumption**

The water consumed is mainly used for cooling purposes, as most processes occur at high temperatures. At Celsa Group, we are fully committed to the efficient use of valuable natural resource. The specific water consumption values in our plants remain among the best in the industry, thanks to the ongoing implementation of actions that reduce water consumption, such as: using of semi-closed cooling circuits that allow for continuous reuse of most of the water in the process; implementing rainwater withdrawal and reuse systems; ensuring the quality of reused water; commissioning fully closed cooling systems where water is cooled using air coolers, with no option for losses due to evaporation.

In 2022, the water consumption of CELSA Group™ has been 4,932,359 m³. During this period, we have avoided the use of 942,857 m³ of water compared to 2021.

At CELSA Group™ we have decreased water consumption by 16% compared to 2021, due to a nearly 20% decrease in production.

At CELSA Group™ 16% of the water we withdraw is reused.

The specific values for water withdrawal, discharge and total consumption at CELSA Group™, considering the tonnes of billets produced (tonnes of steel manufactured), are as follows:

#### SPECIFIC CONSUMPTION (m<sup>3</sup>/t billet)

	2022
Withdrawal. surface water	4.93
Withdrawal, groundwater	0.46
Withdrawal, water distribution system	0.28
Withdrawal, rainwater	0.05
Withdrawal, seawater	n.a.
Total water withdrawal	5.72
Withdrawal, surface water	4.61
Withdrawal, groundwater	0.08
Withdrawal, water distribution system	0.15
Water discharge	4.84
Total consumption	0.88

At CELSA Group<sup>™</sup>, we annually save over 14 million m³ of water, equivalent to the water used by approximately 290,000 inhabitants in a year compared to blast furnaces.

#### Number of water-related incidents

NUMBER OF INCIDENTS OF NON-COMPLIANCE WITH DISCHARGE LIMITS

2021	2022
9	3

We have reduced the number of non-compliance incidents with discharge limits by almost 66%.



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### 7.6

## **Commitment to** biodiversity

At CELSA Group™, we are aware of the high importance of biodiversity. That is why we recognise the need to work on and invest resources in projects related to biological diversity and our relationships with the environment. As pointed out during the COP27 in Sharm El-Sheikh: 'For many years, the climate crisis and the biodiversity crisis have been treated as separate issues, but the reality is that there is no viable path to limit global warming to 1.5 °C without urgently protecting and restoring nature" - UN News https://news.un.org/en/story/2022/11/1130677.

For this reason, our Environmental and Resource Management Policy sets forth as one of its principles the minimisation and promotion of compensating for the impacts of our activities on the environment and biodiversity of the areas where we conduct our business. This applies to both our equipment and facilities and the products we manufacture, achieved using the best available and affordable technologies for the company.

CELSA Group™ aims to establish several agreements linked to biodiversity protection and the conservation of natural resources, aligned with the fulfilment of the Sustainable Development Goals (SDG).

Additionally, as part of our ongoing duties, we are focusing on actions associated with biodiversity in the territory. For example, one of the innovation projects that began in 2022 involves research and develop-

ment of a new sustainable material to create structures for environmental regeneration, promoting the growth of marine biodiversity. This project uses by-products as raw materials, specifically, the white slag generated in our steelmaking processes. (Seaslag project, 4.4 Innovation and digital transformation, p.43).

Furthermore, we are founding partners of NACTIVA, the first Market Builder with the social objective of developing Europe's natural capital. 'Natural capital' is understood as the global stock of natural resources, including geology, soil, air, water and all living organisms.

CELSA Group™ is a founding partner of NACTIVA, the first Market Builder with the social objective of developing Europe's natural capital.



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# Aligning with the EU **Taxonomy**

To comply with the 2030 Agenda, and make the objectives of the European Green Deal a reality, it is key to invest in sustainable projects and activities. The European Union's Sustainable Finance Action Plan has as one of its main objectives to redirect capital flows towards sustainable investments.

In this context, in 2020, the EU adopted the Regulation EU 2020/852 (framework to facilitate sustainable investments). It is a classification system that provides a common language for investors and companies, along with a clear definition of what is considered sustainable and what not. The aim is to help investors understand if an economic activity is environmentally sustainable and under what circumstances, to drive investments towards more sustainable technologies and companies that have a positive impact on the environment.

According to this system, environmentally sustainable activities are those that contribute to at least one of the following six environmental objectives:

- 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.





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**Appendix** 



An activity is considered sustainable if it is indicated in the taxonomy to contribute, at least, to one of the six objectives mentioned on the previous page, and if none of these activities can cause harm to the other environmental objectives and do not contribute to generate negative social impacts.

Currently, the EU has published the delegated acts for two of the six objectives, specifying the technical criteria that an economic activity must meet to be considered sustainable: climate change mitigation and climate change adaptation. The delegated acts of the remaining four objectives are still pending approval.

The Regulation requires reporting of three economic KPIs: the percentage that eligible and/or aligned activities represent in the total company's turnover, CapEx and OpEx.

Although CELSA Group™ is not required to comply with the EU Taxonomy Regulation, we have decided to publish the financial eligibility KPIs of the Taxonomy as 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.

### **Eligibility**

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

99.50%

Turnover

89.93%

CapEx

**87.04%** 

**OpEx** 

The process followed to determine the eligibility of the economic activities of CELSA Group™ consists of three main phases:

- 1. IDENTIFICATION OF ALL ECONOMIC ACTIVITIES OF CELSA GROUP™ AND CALCULATION OF THEIR PERCENTAGE IN TURNOVER, OPEX AND CAPEX.
- 2. LINKING THESE ACTIVITIES TO NACE CODES (STATISTICAL CLASSIFICATION OF ECONOMIC ACTIVITIES).
- 3. IN-DEPTH UNDERSTANDING OF THE ACTIVITIES CARRIED OUT BY CELSA TO VERIFY THE CORRELATION WITH THE DESCRIPTION OF ACTIVITIES PUBLISHED IN ANNEX I OF THE TAXONOMY, AND PREVIOUSLY LINKED.





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**Appendix** 



From the analysis conducted, according to the climate change mitigation (Annex I), the following activities are identified as eligible:

	Description of activity	Activities of Celsa Group™
3.9. Manufacture of iron and steel	Manufacture of iron and steel.	The main activity of the group is steel product manufacture.
5.5. Collection and transport of non-hazardous waste in source segregated fractions	Separate collection and transport of non-hazardous waste in single or comingled fractions aimed at preparing for reuse or recycling.	Barna Steel cuenta con la entidad, Ferimet, que compra, recoge, procesa y transporta materiales a la propia planta de Ferimet o bien los vende a un tercero. En ambos casos, se realiza una reutilización o reciclado del producto en destino.
5.9. Material recovery from non-hazardous waste	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.	During the manufacturing process of steel products, the recovery of materials such as blast metal powders, slag and scale takes place. Specific processes are also carried out for scrap reuse.
6.6. Freight transport services by road (only eligible for Taxonomy-OpEx)	Purchase, financing, leasing, rental and operation of vehicles designated as category N1, N2 (240) or N3 (241) falling under the scope of EURO VI, step E or its successor, for freight transport services by road.	Barna Steel has a fleet of vehicles that transports goods by road.



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The process of calculating the percentage of eligible and non-eligible turnover, CapEx, and OpEx, in accordance with the EU Taxonomy regulation, has been carried out for the divisions that make up the activities of Barna Steel (Spain and France). Financial information is extracted after the accounting close of SAP ERP consolidation and provided by the group's accounting heads.

For the preparation and obtaining of the consolidated data of each KPI, CELSA Group™ has relied on information from the turnover, CapEx and OpEx. For the calculation of the denominator of each KPI, we have considered the total consolidated data of the Group after adjustments, which have undergone verification to align with the Balance Sheet and consolidated profit and loss statement.

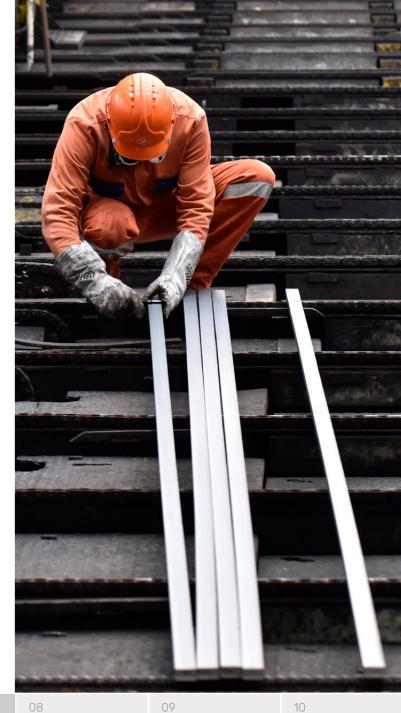
- 1. For the calculation of turnover, all accounts derived from the Group's revenue are adjusted, thereby eliminating all intercompany accounts that may have occurred during the year. Other sales accounts that do not correspond to the ordinary income of the company's economic activity are not part of this calculation and are not included in the KPI.
- 2. For the **calculation of CapEx**, we have covered the Group's tangi-

ble assets additions, broken down by projects. The CapEx figure is calculated as the difference between the balances of the aforementioned accounts for the current year compared to the previous year, adjusted for depreciation, provisions, and exchange rates. In other words, the net investments made during the year.

3. For the calculation of OpEx, we included direct non-capitalised costs related to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of tangible fixed assets by the undertaking or third party to whom the activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

Once the accounts that make up the taxonomic turnover/CapEx/OpEx are defined, each account in the denominator is assigned the option "Eligible" or "Non-eligible", so that eligible accounts are selected to determine the numerator of the KPI.

Below are the results of eligibility for CELSA Group™ activities, according to the European Taxonomy.



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#### A) TURNOVER

				s	Substan	tial con	tributi	on crite	eria	1)		DNSH ( ot Sign			n)				Cate	gory
	Codes	Absolute turnover (1) 2022	Proportion of turnover (2) 2022	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of turnover, year 2021	Taxonomy-aligned proportion of turnover, year 2021	Category (enabling activity)	Category (transitional activity)
Economic activities																				
		€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	Т
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)*																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		0	0%																	
A.2. Taxonomy-eligible but not environmentally sustainable activ	vities (not Tax	conomy-aligne	d activities)																	
3.9. Manufacture of iron and steel	CCM 3.9	3,312,691.18	94.71%																	
5.9. Material recovery from non-hazardous waste	CCM 5.9	162,666.49	4.65%																	
5.5. Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5	4,872.80	0.14%																	
Turnover of Taxonomy – eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		3,480,230.46	99.50%														99.50%	94.80%		
Total (A.1 + A.2)		3,480,230.46	99.50%														99.50%	94.80%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		17,613.07	0.50%																	
Total (A + B)		3,497,843.54	100.00%																	

<sup>\*</sup>Until the alignment analysis is conducted, no activity can be considered sustainable. CELSA Group™ is working to have this analysis in the next fiscal year.



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### B) CAPEX

				5	Substan	tial con	tributi	on crit	eria	(		DNSH ( lot Sign			n)				Cate	egory
	Sopoo	Absolute CapEx (1) 2022	Proportion of CapEx (2) 2022	Climate change	mitigation Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, year 2021	Taxonomy-aligned proportion of CapEx, year 2021	Category (enabling activity)	Category (transitional activity)
Economic activities																				
		€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	Т
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-align	ed)*																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		0	0%																	
A.2. Taxonomy-eligible but not environmentally sustainable	activities (not Tax	onomy-aligne	d activities)																	
3.9. Manufacture of iron and steel	CCM 3.9	94,018.22	80.16%																	
5.9. Material recovery from non-hazardous waste	CCM 5.9	11,040.03	9.41%																	
6.6. Freight transport services by road	CCM 6.6	420.65	0.36%																	
CapEx of Taxonomy – eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		105,478.90	89.93%														89.93%	95.00%		
Total (A.1 + A.2)		105,478.90	89.93%														89.93%	95.00%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		11,815.78	10.07%																	
Total (A + B)		117,294.68	100%																	

<sup>\*</sup>Until the alignment analysis is conducted, no activity can be considered sustainable. CELSA Group™ is working to have this analysis in the next fiscal year.



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#### C) OPEX

				:	Substan	tial con	tributi	on crite	eria	(1		DNSH ( ot Sign			n)				Cate	egory
	Codes	Absolute OpEx (1) 2022	Proportion of OpEx (2) 2022	Climate change	mitigation Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of OpEx, year 2021	Taxonomy-aligned proportion of OpEx, year 2021	Category (enabling activity)	Category (transitional activity)
Economic activities																				
		€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	Т
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-align	ed)*																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		0	0%																	
A.2. Taxonomy-eligible but not environmentally sustainable	activities (not Tax	onomy-aligne	ed activities)																	
3.9. Manufacture of iron and steel	CCM 3.9	68,690.34	79.58%																	
5.9. Material recovery from non-hazardous waste	CCM 5.9	6,053.88	7.02%																	
6.6. Freight transport services by road	CCM 6.6	388.57	0.45%																	
OpEx of Taxonomy - eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		75,132.78	87.04%														87.04%	90.10%		
Total (A.1 + A.2)		75,132.78	87.04%														87.04%	90.10%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		11,183.69	12.96%																	
Total (A + B)		86,316.47	100%																	

<sup>\*</sup>Until the alignment analysis is conducted, no activity can be considered sustainable. CELSA Group™ is working to have this analysis in the next fiscal year.



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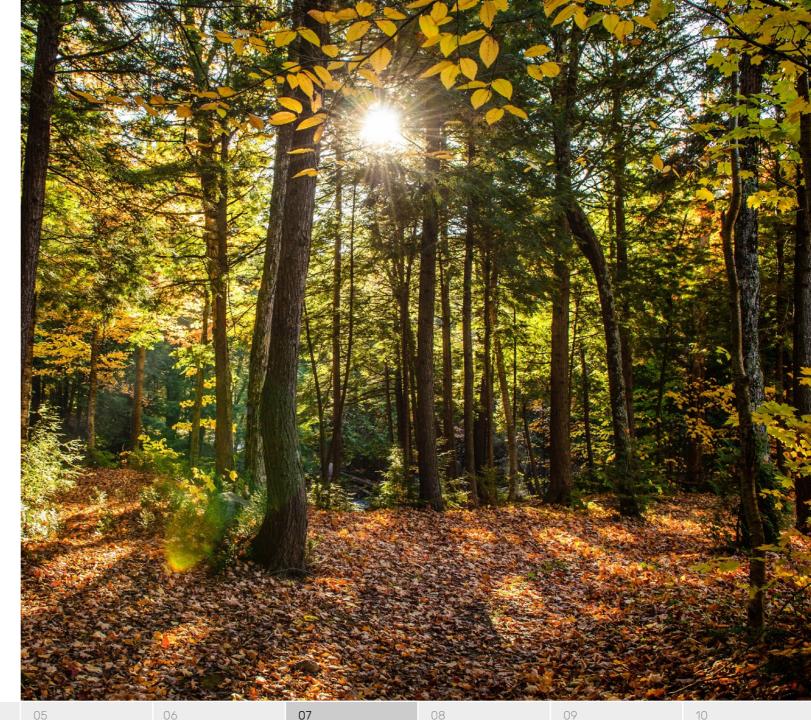
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Appendix



### Contribution to climate change mitigation

CELSA Group™ strives to report the complete taxonomy analysis (eligibility and alignment) in 2024 based on 2023 data. However, this year, to move forward, the company has conducted the assessment of the substantial contribution to the climate change mitigation objective of the identified eligible activities.

The assessment has been carried out the main activity (3.9 Manufacturing of iron and steel), resulting in the fulfilment of the technical selection criteria for substantial contribution, which is included in the delegated act related to climate change mitigation. Currently, we are working on the compliance with "Does Not Significantly Harm" criteria and minimum safeguards to conclude whether they are in line with the EU Taxonomy.



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## **Scope of the Report**

This Sustainability Report of CELSA Group™ covers the period from 1 January to 31 December 2022. The scope of the information in the report corresponds to the activity of the 45 companies that make up the CELSA Group™, located in Spain, France, Norway, Sweden, Denmark, Finland, United Kingdom, Ireland and Poland. Below is a list of all the companies operating under the CELSA Group™ brand:

	BARNA STEEL, S.A.
CELSA GROUP	EUROPEAN SUPPLY CHAIN SERVICES, S.L.U.
- T	CORCATINSER, S.L.U
	COMPAÑÍA ESPAÑOLA DE LAMINACIÓN, S.L.U.
• 41	FERIMET, S.L.U.
celsa 🔆 barcelona	NERVACERO, S.A.
	CELSA ATLANTIC, S.L.
	ACEROS PARA LA CONSTRUCCIÓN, S.A.U.
	GLOBAL STEEL WIRE, S.A.
global	MOREDA RIVIERE TREFILERÍAS, S.A.
steel wire	GLOBAL STEEL SPECIAL PRODUCTS, S.A.
	PROTEK PLUS, S.A.
celsa 🖔 france	CELSA FRANCE, S.A.S.
	CELSA NORDIC AS
	CELSA NORDIC REINFORCING AS
٦١.	CELSA STEEL SERVICE AS
celsa 🥎	CELSA ARMERINGSTAL AS
nordic	CELSA STEEL SERVICE AB
	CELSA NORDIC RECYCLING AB
	CELSA STEEL SERVICE A/S
	CELSA STEEL SERVICE 0Y
·	

	RAUDOITUSLIIKE RISTO HAAKI OY CELSA (UK)
	HOLDINGS LTD CELSA MANUFACTURING (UK)
	LTD CELSA STEEL (UK)
	LTD CELSA (WALES)
	LTD CELSA STEEL SERVICE (UK)
	LTD BRC (UK)
	EXPRESS REINFORCEMENTS LTD
	BRC MCMAHON REINFORCEMENTS LTD
celsa	WIRE MESH LTD
steelUK	BAT METALWORK LTD
	HIGH MAPPLE LTD
	GALTEE VALLEY ENTERPRISE PARK LTD.
	ROM GROUP LTD
	ROM LTD
	ROMTECH LTD
	RFA-TECH LTD
	LIMITED RFA SYSTEMS LTD
	RFA MANUFACTURING LTD
	RFA (PENISTONSE)
<b>U</b>	CELSA POLSKA HOLDING SP. Z 0.0.
hutaostrowiec	CELSA HUTA OSTROWIEC HOLDING SP. Z 0.0.
	STAL-SERVICE SP. Z 0.0.
	CELSA HUTA OSTROWIEC SP. Z 0.0.



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### Report elaboration

For the preparation of this report, we have had the direct participation of key people from different management areas of CELSA Group™, who have provided information related to the different aspects included in it. Thus, this is the result of teamwork, in which each of those involved has contributed their knowledge and experience.

The following standards have been considered during the preparation of this report:

- GRI Standards (2021 update) in the reporting option of reference.
- · Accountability AA1000SES standard for materiality assessment.
- Sustainability Accounting Standards Board (SASB).

The Circularity and Sustainability Report 2022 of CELSA Group™ complies with the principles for the preparation of sustainability reports included in the GRI 1 standard:

Accuracy: report information that is correct and sufficiently detailed to allow an assessment of the organisation's impacts.

Balance: report information in an unbiased way and provide a fair representation of the organisation's negative and positive impacts.

Clarity: present information in a way that is accessible and understandable.

Comparability: select, compile, and report information consistently to enable an analysis of changes in the organisation's impacts over time and an analysis of these impacts relative to those of other organisations.

Completeness: provide sufficient information to enable an assessment of the organisation's impacts during the reporting period.

Sustainability context: report information about its impacts in the wider context of sustainable development.

Timeliness: report information on a regular schedule and make it available in time for information users to make decisions.

Verifiability: gather, record, compile, and analyse information in such a way that the information can be examined to establish its quality.

relevant events

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## **Taxonomy KPIs**

#### **TURNOVER:**

The proportion of turnover referred to in Article 8(2), point (a), of Regulation (EU) 2020/852 shall be calculated as the part of the net turnover derived from products or services, including intangibles, associated with Taxonomy-aligned economic activities (numerator), divided by the net turnover (denominator), as defined in Article 2, point (5), of Directive 2013/34/EU.

Specifically, in the case of CELSA Group™, the denominator corresponds to the net turnover of the accounts for 2022. The numerator corresponds to the net turnover of the activities we have considered eligible in the Taxonomy.

#### CAPEX:

The proportion of CapEx referred to in Article 8(2), point (b), of Regulation (EU) 2020/852 shall be calculated as the numerator divided by the denominator. The denominator shall cover the additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and new re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes.

The denominator shall also cover additions to tangible and intangible assets resulting from business combinations. Specifically, in the case of CELSA Group™, the denominator corresponds to all additions in cost during 2022 of tangible assets and intangible assets, reflected in the fixed assets statement in the annual accounts. The numerator corresponds to the amount of additions in cost in tangible fixed assets and intangible assets of the activities that we have considered eligible in the Taxonomy.

#### OPEX:

The proportion of OpEx referred to in Article 8(2), point (b), of Regulation (EU) 2020/852 shall be calculated as the numerator divided by the denominator, covering direct non-capitalised costs related to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of tangible fixed assets by the undertaking or third party to whom the activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

Specifically, in the case of CELSA Group™, the denominator corresponds to the operating expense accounts for 2022 associated with R&D expenses, short-term leases, and maintenance and repairs. The numerator corresponds to the R&D expenses, and the amount of the expense accounts of short-term leases and maintenance and repairs associated with the activities that we have considered eligible in the Taxonomy.

a sustainable future



# **Protocols and** standards

#### CORPORATE STANDARDS AND PROCEDURES IN OCCUPATIONAL HEALTH AND SAFETY

#### HEALTH AND SAFETY MANAGEMENT

Risk assessments.

Communication, reporting, accident and incident classification.

Accident, occupational disease and incident investigations.

Preventive Safety Observations and EHS corporate audits.

Identification, selection, application, use and control of Personal Protective Equipment (PPE).

Procedures for critical tasks.

Active Substance Approval.

"Think First".

#### **ELECTRICITY**

Basic electrical safety standards.

Energy levels.

Work permit for high-voltage installations.

Basic safety requirements for working in high-voltage installations.

Contractor Safety Management Tool.

#### LOGISTICS

Truck unloading.

Goods Lift.

#### **HEALTH SURVEILLANCE**

Health surveillance protocol for working at heights.

Health surveillance protocol for working in confined spaces.

#### SECURE ROLLING MILL

Safe removal of cobbles.

#### PROCESS SAFETY

Change management.



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GRI and SDG table of contents



#### SAFE STORAGE

Water in electric arc furnace + EHS-MSS-02 for preventing explosions in closed containers.

General safety.

General safety rules.

Safety beaconing.

Work at heights.

Safe Assembly and use of scaffolding.

Portable ladders.

Prevention of slips, trips and falls.

Harnesses and lifelines.

People lifting platforms.

Use of lifting devices.

Crane operations.

Decap-depower, label, lock, secure, and testing.

Work permit.

Equipment guards with moving parts.

Entry to confined spaces.

Handling of grab cranes and trucks with grab cranes.

Health and safety audit protocol.

Work on rooftops.

Inspection of railings, stairs and platforms.



reason for being

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