

# Sustainability Policy

Acciaierie Valbruna S.p.A. -

Valbruna Group



Approval Date	Version
18 <sup>th</sup> July 2024	v.1

## TABLE OF CONTENTS

INTRODUCTION	2
POLICY OBJECTIVES AND SCOPE	2
GOALS AND COMMITMENTS	4
ENVIRONMENTAL PILLAR: A RESPONSIBLE APPROACH TO ENVIRONMENTAL MANAGEMENT	4
GOVERNANCE PILLAR: CONTINUOUS GOVERNANCE STRENGTHENING	6
INNOVATION PILLAR: PROMOTING PROGRESS THROUGH INNOVATION	7
SUSTAINABILITY GOVERNANCE	7
CONCLUSIVE NOTES	7
SCOPE OF APPLICATION AND STAKEHOLDERS	7
FRAMEWORK AND REFERENCE STANDARDS	7
METHODOLOGY	8
POLICY APPROVAL AND UPDATES	8

## INTRODUCTION

**Acciaierie Valbruna** S.p.A. (hereafter referred to as "Acciaierie Valbruna" or "the Company") is an Italian company with its legal headquarters in Bolzano and administrative offices in Vicenza, and industrial plants located in both cities. As a leader in the steel sector, specializing in the production of high-quality specialty steels via electric arc furnaces (EAF), Acciaierie Valbruna heads a private industrial group (hereafter "Valbruna Group" or "the Group"), which operates internationally. The Group has production facilities in the U.S. and Canada focused on producing specialty steels, as well as additional facilities in Italy engaged in metalworking. The Group also operates in France and Poland, where it specializes in stainless steel fasteners, drawn wire, and medical metal prosthetics. Furthermore, the Group includes Amenduni Nicola S.p.A., a recognized leader in the production of olive oil extraction machinery.

Acciaierie Valbruna's product portfolio covers a range of industries, including food, pharmaceuticals, aerospace, chemicals, petrochemicals, construction, energy, machinery, healthcare, and maritime. This wide range enables the Group to have a strong presence in both the international and domestic markets.

Considering the significant impact that the steel industry has on global emissions, Acciaierie Valbruna fully acknowledges the need for each player in the sector to contribute to a transition toward a low-carbon economy by reducing their environmental impact as much as possible.

The Company adopts a **holistic approach** to sustainability, integrating environmental protection with the well-being of its workforce (e.g., professional development and employee welfare), operational integrity, and continuous innovation. These elements are considered fundamental for sustained progress, guaranteeing long-term results, improving economic performance, and strengthening the Company's reputation. This approach also allows for an optimal balance between sustainability, social responsibility, and competitiveness, all while fully respecting current regulations.

**This Sustainability Policy** (hereafter referred to as "the Policy") **reaffirms Valbruna Group's commitment, together with the Group, to integrate sustainability principles into its business model.** This document is structured around four pillars: Environment, Social, Governance, and Innovation, **drawing inspiration from international standards such as the Sustainability Accounting Standards Board (SASB) and the United Nations Sustainable Development Goals (SDGs)** defined in the 2030 Agenda.

## POLICY OBJECTIVES AND SCOPE

The principles outlined in this document reflect Acciaierie Valbruna's commitment to ESG (Environmental, Social, and Governance) issues, in alignment with the Company's values, as described in its Code of Ethics and Organizational, Management, and Control Model under Legislative Decree no. 231/2001, adopted since 2008.

This Policy aims to communicate the fundamental ESG principles that underpin Valbruna Group's sustainability strategy, summarized as follows:

- Adopting a responsible approach to environmental management;
- Enhancing human capital;
- Strengthening corporate governance;



- Promoting progress through innovation.

The Policy applies to the entire Group. External stakeholders (e.g., suppliers, collaborators, commercial partners, etc.) are encouraged to respect the sustainability commitments promoted by Valbruna Group and, where applicable, to contribute actively to achieving the objectives outlined below.

## THE GROUP'S SUSTAINABILITY PILLARS

**Acciaierie Valbruna believes that sustainability is critical for creating long-term value and shaping strategic and operational decisions.** The Company considers it essential to integrate sustainability into its organizational structure and business model to support a sustainable transition, while also involving clients, suppliers, and the communities in which it operates.

In 2023, Acciaierie Valbruna conducted a double materiality analysis aimed at identifying the most significant sustainability issues for its business, on which it would focus its resources. As a result of this analysis, key material issues were identified, defining the sustainability strategy for both Acciaierie Valbruna and the Group. (For more information about the double materiality analysis, please refer to the Methodology section.)

These material issues have been grouped into **four key pillars**: Environment, Social, Governance, and Innovation, which form the foundation of the Group's **three-year sustainability action plan**.

- **The Environmental Pillar** encompasses topics related to energy efficiency, climate change and emissions, circular economy, and waste and water management.
- **The Social Pillar** highlights the importance of human capital enhancement, which is crucial to social responsibility.
- **The Governance Pillar** focuses on responsible supply chain management and business ethics.
- **The Innovation Pillar** emphasizes technological innovation and the pursuit of low-carbon solutions.











For each pillar, specific **objectives** have been identified, along with timelines and **performance indicators** (Key Performance Indicators, or KPIs) to monitor progress toward these goals.

Additionally, Acciaierie Valbruna has identified nine of the **17 United Nations Sustainable Development Goals** (SDGs) to which it can contribute through its activities and strategic priorities. These include:

- Good Health and Well-Being (Goal 3);
- Gender Equality (Goal 5);
- Affordable and Clean Energy (Goal 7);
- Decent Work and Economic Growth (Goal 8);
- Industry, Innovation, and Infrastructure (Goal 9);
- Reduced Inequalities (Goal 10);
- Responsible Consumption and Production (Goal 12);

- Climate Action (Goal 13);
- Partnerships for the Goals (Goal 17).

Table 1: Sustainable Development Goals integrated within the sustainability strategy of Acciaierie Valbruna

	SDGs	Strategic priorities
Environmental		Implement actions to mitigate climate change and reduce greenhouse gas (GHG) emissions, focusing on the calculation of Scope 1 and 2 emissions; map Scope 3 emissions and conduct climate risk analysis for major production sites.
		Implement energy procurement and consumption measures from renewable sources to increase the Group's energy efficiency.
		Adopt circular economy measures and waste management through the mapping of waste flows and the establishment of a hazardous substance management policy.
Social		Optimize water resource management by monitoring the water footprint and ensuring compliance with regulations on wastewater and sludge.
	 	Support employees' professional development and well-being through training programs, evaluation systems, and surveys.
		Work towards a better gender diversity balance within the Group by mapping DE&I practices at the Group level and conducting a gender pay gap analysis.
Governance		Minimize risks related to employee health and safety by offering training programs and implementing corrective actions when necessary.
		Create and promote a corporate culture focused on sustainability by establishing an ESG governance structure, drafting and publishing a Sustainability Report aligned with CSRD regulations, and mapping and managing ESG risks within the supply chain through a qualification and monitoring process.
Innovation		Build partnerships with stakeholders by selecting suppliers with a high ESG maturity level across the Group and managing relationships with local communities.
		Promote technological innovations aimed at improving product quality and production efficiency.
		Conduct product Life Cycle Assessment (LCA) studies to improve and streamline the production process and explore carbon capture technologies.

## GOALS AND COMMITMENTS

### ENVIRONMENTAL PILLAR: A RESPONSIBLE APPROACH TO ENVIRONMENTAL MANAGEMENT

Acciaierie Valbruna is fully aware that its production processes can impact the environment, including factors related to climate change. The Company acknowledges the **strategic importance of proactively identifying and implementing both risk management initiatives related to these factors, as well as opportunities for improvement.**

To pursue these objectives, Acciaierie Valbruna and the Group are committed to playing their part in **mitigating climate change impacts by identifying key decarbonization levers to reduce their carbon footprint**. This involves conducting a comprehensive **monitoring of greenhouse gas (GHG) emissions across Scope 1, Scope 2, and Scope 3<sup>1</sup>** and progressively extending reporting to all production sites and commercial subsidiaries, as well as conducting **site-specific studies** to develop robust **decarbonization plans**. Furthermore, Acciaierie Valbruna aims to reduce the environmental impact of its supply chain by conducting life cycle assessments (LCA) of its products to identify areas for reduction and improvement.

To ensure production continuity while respecting the local environments in which it operates, the Group confirms its commitment to implementing **climate adaptation initiatives**, continuing to assess and manage the **potential effects of physical climate events on its production assets**, and considering the same for its key suppliers.

The Group is also committed to the ongoing improvement of other critical environmental aspects, such as **resource circularity**. The production process at Acciaierie Valbruna is based on **optimizing the use of existing resources** by utilizing scrap metal as the primary input. The Group also implements initiatives for the **circular use and reuse of water resources**.

Acciaierie Valbruna distinguishes itself in the market by producing **steel composed of approximately 80%<sup>2</sup> recycled material**, thereby reducing the environmental impact of steel production. The Group prioritizes **waste recovery** over disposal wherever possible.

Acciaierie Valbruna has achieved significant results over the years in reducing water withdrawals for production purposes, thanks to water reuse mechanisms such as closed-loop cooling systems. The Company **employs various tools** (governance and operational) to achieve its environmental objectives, including the appointment of an environmental manager for each production site, the implementation of environmental management systems aligned with international standards (e.g., ISO 14001:2015), and the adoption of Best Available Techniques (BAT) to ensure environmental compliance.

## SOCIAL PILLAR: ENHANCING HUMAN CAPITAL

The Group has always considered **the enhancement of human capital** a key element of its social pillar and a **critical factor for long-term value creation**. This is especially important given the constant development and updating of production technologies, which require a workforce with cutting-edge skills and knowledge.

The Group is committed to ensuring high levels of employment in the regions where it operates and to valuing its people by offering growth opportunities and rewarding deserving employees, including through continuous training.

---

<sup>1</sup> The GHG Protocol Corporate Standard classifies a company's greenhouse gas emissions into three Scopes. Scope 1 indicates direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, both upstream and downstream emissions.

<sup>2</sup>The data refer to an average of the 2022 and 2023 data for the Acciaierie Valbruna SpA sites (Vicenza and Bolzano sites).

Historically, this approach has also extended to promoting the welfare of employees by strengthening practices and knowledge related to workplace **health and safety**, defining **bonus and incentive schemes**, and implementing **welfare systems**.

Acciaierie Valbruna is committed to proactively ensuring a suitable and fair working environment for all workers, respecting **human rights** under all circumstances, and sanctioning violations where necessary.

The Group supports **diversity and inclusion** throughout its operations, opposing any form of discrimination and promoting a fair and stimulating workplace that fosters pay equity and supports work-life balance.

The Company **uses various tools** to achieve these objectives, including defining HR responsibilities, implementing management systems aligned with international standards (e.g., ISO 45001:2018 for workplace health and safety), and ensuring compliance with labor laws in the relevant national contexts.

### GOVERNANCE PILLAR: CONTINUOUS GOVERNANCE STRENGTHENING

Acciaieria Valbruna recognizes the importance of **continuously strengthening corporate governance** to ensure **a solid organizational system for optimal management of the entire value chain across the Group**. Positioned at the helm of Valbruna Group, Acciaierie Valbruna has already implemented several initiatives to maintain a robust governance framework, including the adoption of an Organizational Model under Legislative Decree 231/2001, which includes a whistleblowing system and a Code of Ethics, serving as a reference for ethical and social responsibility towards stakeholders.

Acciaierie Valbruna is committed to **incorporating sustainability across the entire Group's value chain**, from raw material procurement to the sale and distribution of finished products. The Company has already implemented a supplier qualification procedure that incorporates ESG criteria and has developed a Conflict Minerals Policy<sup>3</sup>. In this regard, Acciaierie Valbruna remains committed to ensuring that, throughout the Group, operations are conducted in a socially responsible manner. The Group discourages the purchase of Conflict Minerals, whose profits could potentially fund or support armed groups in the Democratic Republic of the Congo (DRC) or neighboring countries, whether directly or indirectly, regardless of the minerals' origin. For more details, please refer to the dedicated web page.

Acciaierie Valbruna is also committed to ensuring an elevated level of cybersecurity, safeguarding both corporate data and employee information.

The Company **has adopted**, or intends to adopt, **a range of tools** to achieve its objectives, including:

- A robust sustainability governance structure;
- A three-year strategic sustainability action plan;
- Progressive alignment with the regulatory requirements of the Corporate Sustainability Reporting Directive (CSRD);

---

<sup>3</sup> The "conflict minerals" include cassiterite, columbite-tantalite, and wolframite from which gold, tin, tantalum and tungsten are obtained from the Democratic Republic of Congo (DRC) and/or neighboring countries (Angola, Burundi, Central African Republic, Republic of Congo, Rwanda, Sudan, Tanzania, Uganda, and Zambia).

- Implementation of management systems aligned with international standards (e.g., ISO 27001:2022 for information security);
- Policies and procedures dedicated to specific topics as required.

### INNOVATION PILLAR: PROMOTING PROGRESS THROUGH INNOVATION

**Innovation** focused on production processes is a **crucial step in reducing the carbon footprint generated by the sector in which Acciaierie Valbruna and the Group operate**. For this reason, Acciaierie Valbruna is committed to conducting research into new technologies to reduce its carbon footprint, including **collaborations with suppliers and academic institutions**.

Technological innovations in the steel sector take time to implement, with many being still under study. However, Acciaierie Valbruna has already adopted measures to reduce the environmental impact of production. These include the **installation of dust emission monitoring systems** and the use of **technologies** to reduce waste generation and worker exposure to hazardous substances.

Acciaierie Valbruna intends to proceed with **verifying alignment with the European Taxonomy** for the "production of iron and steel" activity to improve its alignment in the long term.

### SUSTAINABILITY GOVERNANCE

The Board of Directors of Acciaierie Valbruna oversee sustainability topics, with support from designated internal functions and in coordination with Group functions. The Board evaluates priorities related to innovation, research and development, and progress towards sustainability objectives. The Company works with leading consultancy firms on sustainability issues, operating in coordination with dedicated internal personnel focused on these matters.

### CONCLUSIVE NOTES

#### SCOPE OF APPLICATION AND STAKEHOLDERS

This Policy applies to Acciaierie Valbruna and the Valbruna Group. The Group encourages its suppliers to follow the commitments and best practices outlined in this document, where applicable.

#### FRAMEWORK AND REFERENCE STANDARDS

La Politica si ispira ai seguenti *framework* e standard internazionali:

- *Sustainability Accounting Standards Board, SASB*;
- Obiettivi di Sviluppo Sostenibile (*Sustainable Development Goals* o "SDG") delle Nazioni Unite;
- *Standard Global Reporting Initiative (GRI)*;
- *Standard European Sustainability Reporting Standards (ESRS)*;

Furthermore, the Policy has been drafted in accordance with the following existing internal policies and procedures:

- Code of Ethics of Acciaierie Valbruna S.p.A.;



- Organization, Management and Control Model pursuant to Legislative Decree no. 231/2001 of Acciaierie Valbruna S.p.A.;
- Action Plan 2024 – 2026;
- Environmental policy of Acciaierie Valbruna S.p.A, compliant with ISO 14001 Certification;
- Occupational health and safety management policy, compliant with ISO 45001 certification.

## METHODOLOGY

The materiality analysis, conducted to define the Group's sustainability priorities and structure this Policy, took into account the pressures and expectations of both internal and external stakeholders, considering impact materiality and financial materiality. This process was conducted in accordance with the GRI Reporting materiality principle and was inspired by the double materiality guidelines published by the European Financial Reporting Advisory Group (EFRAG).

The analysis included a review of SASB standards for the "Iron & Steel Producers" sector, an examination of major ESG trends in the industry, customer pressures, and the material topics of competitors and similar operators as reflected in their policies and public documents. The definition of Acciaierie Valbruna's internal priorities was based on direct engagement with internal stakeholders (employees serving as line managers) through a desktop analysis and a series of interviews conducted in September 2023. Best practices from competitors were also analyzed and compared with Acciaierie Valbruna's existing initiatives.

From these potentially significant topics identified during the preliminary analyses, combined with the Top Management's evaluations, the final list of material topics was developed from both an impact and financial materiality perspective. These topics were then categorized within the Double Materiality Matrix, leading to the identification of the four most relevant sustainability areas.

## POLICY APPROVAL AND UPDATES

The Sustainability Policy was approved by the Board of Directors of Acciaierie Valbruna S.p.A. on 18<sup>th</sup> July 2024. The document will be reviewed and/or modified whenever necessary, based on any significant changes in the business strategy or sustainability approach of the Valbruna Group.