

ESG Sustainability Policy

We are aware of the complexities that these times force us to face, of the effects that international events are having on the national economy, on our work, on our habits, and on our life plans. Considering the context, we are convinced that the values and principles on which our President Giovanni Arvedi founded his entrepreneurial life are enlightening for us, because they help us to focus our priorities and responsibilities in every sphere: from the environment and safety in the workplace to the impact in the economic and social fabric in which Arvedi Acciai Speciali Terni S.p.A. (AST) operates and produces, considering the supply chain and our continuous commitment to improving the level of our performance.

This is also why we chose to undertake the process for **ResponsibleSteel™** certification, implementing the international standard that incentivizes steel companies around the world for sustainability in steel production and raw material sourcing. We identified the *ESG (Environment, Social, Governance) principles* that inspire Responsible Steel as the values of our sustainability and corporate responsibility, namely:

- **Respect for the environment**, which for us means concentrating resources in significantly reducing the impact of our production activities, with sustainable practices for all processes and reference contexts.
- **Social commitment**, which means ensuring and promoting respect for human and labor rights, fostering policies of inclusion, culture, empowerment and freedom of people.
- **Transparency**, which means acting in the vein of corporate social responsibility, clearly communicating our choices and performance, providing accessible information to all stakeholders that impact our business goals.

Declining the three ESG principles (environmental, social and governance) into concrete objectives, we declare with this Policy our commitment to:

1. Reduce greenhouse gas emissions in accordance with the targets set in the 2015 Paris Agreement on Climate Change.
2. Increase energy efficiency by adopting appropriate technologies, reducing heat losses, and optimally managing processes, work times, and raw material flows.
3. Pursue the "*circular economy model*" for managing waste and by-products generated during the production process to reduce environmental impact and maximize value recovery.
4. Contain the use of water and other natural resources through experimental application of innovative technologies and optimization of recycling systems.
5. Orient governance efforts toward adherence to ethical principles, transparency and integrity stated in corporate policies, such as the Code of Ethics and Code of Conduct, and promote constructive dialogue with all stakeholders: employees, customers, suppliers, authorities, local communities and trade associations.
6. Support and promote respect for human rights and core labor principles, in line with the Responsible Steel and *United Nations Global Compact* criteria, by requiring suppliers to commit to equal opportunity, non-discrimination, fair pay, adequate training and healthy and safe work environments for their workers.

We are all involved in these goals, since **each of us, in our own sphere of influence**, can make them concrete with those responsible behaviors that belong to us. It won't be easy, of course, but at Arvedi AST we always try to improve our performance with constant monitoring, internal and external audits and adjustment measures, knowing that-as the American speaker Charles R. Swindoll says: *"Life is 10 percent what happens to you, and 90 percent how you react."*

We will spread and share our commitment to the sustainable production of our steel through communication channels, dedicated publications, participation in events and projects for responsible steelmaking, never forgetting to thank our President for his guidance and support.

**The Chief Executive Officer
Arvedi Acciai Speciali Terni**

Dimitri Menecali

