English version

Sustainability report 2025

Financial year 2024

Arvedi AST TERNI

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2025

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Presentation

Arvedi AST Sustainability Report is now in its fifth publication, evidence of a commitment that over the years has consolidated into a structural and transparent approach towards all our stakeholders. In this 2025 edition (2024 data), we have once again chosen to report our environmental, social, and economic performance on a proactive basis: not as mere regulatory compliance, but as an integral part of our industry identity and our role in the region.

We are proud to highlight the confirmation of our **Responsible Steel™** certification, obtained and maintained through a rigorous independent audit. It's a recognition that certifies the reliability of our processes and establishes us as a leading European player in a sustainable steel industry model, consistent with ESG principles and the objectives of the Paris Agreement.

The report is enriched with **new contents**, progressively aligned with European ESRS standards, reinforcing the principle of double materiality and the link between industrial strategy, community and local area. It is a cultural and management challenge that calls on us to integrate data, objectives, and actions into a long-term, credible and verifiable vision.

The **results** achieved confirm the validity of the approach adopted: -5.7% in direct CO_2 emissions intensity, approx. 90% of water reintroduced into production cycles, 88.8% recycled metal content in produced steel, and almost 1.5 million tonnes of climate-altering emissions avoided thanks to the use of recycled metals. Data showing how competitiveness and sustainability can go hand in hand, driven by innovation, investment and shared responsibility.

Safety **at work** remains our number one value: the accident index, which is significantly lower than the industry average, reflects the growth of a culture that places people at its heart.

The prospects for **the next few years** is ambitious: almost EUR 600 million of investment by 2028 for de-carbonisation, digitisation, range expansion and development of environmentally friendly products.

Crucial **challenges** remain - most notably energy costs - which call for more decisive EU policies regarding stainless steel scrap management and the Carbon Border Adjustment Mechanism (CBAM), which are essential tools for ensuring fair competition in the global market.

AST, which is today an integral part of **Arvedi Group**, confirms its role as a reference steel hub in Europe: over 2,300 employees, almost €2.4 billion in turnover and over 1 million tonnes of stainless steel produced each year.

A 141-year history, living in the present with passion for steel, responsibility towards the environment and communities, and confidence in the future.

Ing. Dimitri Menecali
AD Arvedi AST

BRINGING TOGETHER 141 YEAR-EXPERIENCE
WITH THE INNOVATIVE DNA OF ARVEDI GROUP

141 YEAR-HISTORY

In 1884, Terni entered the history of steelmaking with the establishment of the largest industrial complex in unified Italy. A steel mill which becomes the symbol of the modern turning point for Italian industry.

STRENGTHENED BY A GREAT HISTORY

WE ARE BUILDING A SUSTAINABLE FUTURE

Arvedi

HIGHLIGHTS

PRODUCTION	**1,034,709** tonnes
TURNOVER	**2,386** billion euros
EMPLOYMENT	**2,302** employees
INTENSITY OF DIRECT CO_2 EMISSIONS (Scope 1)	**-5.7%** compared to previous year
ENERGY INTENSITY	**-2.1%** compared to previous year
RECYCLED METAL CONTENT	**88.8%***
RECYCLED WATER	**88%**
GREENHOUSE GAS EMISSIONS AVOIDED	**1,441,000 t CO_2** thanks to the use of recycled metals

*calculated with respect to solid steel production (slabs) and without including metals recovered from internal steelworks processes, in accordance with Standard 14021

HIGHLIGHTS

RESPONSIBLE STEEL	First Italian company to obtain certification
WASTE RECOVERY	First Italian company to obtain certification
OCCUPATIONAL SAFETY	Rate of accident frequency is 70% less than the iron and steel industry average
TURN URBAN RE-GENERATION	The district for sustainability in the Terni area

Arvedi

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The Report

Arvedi AST TERNI

1.1 Sustainability reporting criteria

The publication of the sustainability report is not, to date, a regulatory obligation for Arvedi AST. However, the company has been choosing to voluntarily report its ESG performance for years, reflecting a well-established focus on social and environmental responsibility. The report constitutes an act of transparency and proper communication to stakeholders, as well as a strategic tool to support corporate decisions in the scenario of ecological transition and sustainable development.

Reporting standards

The report was prepared with reference to a selection of the 'GRI Sustainability Reporting Standards 2021' published by the Global Reporting Initiative (GRI). The table 'GRI Content Index' in the appendix shows the coverage of GRI indicators associated with each reported sustainability theme.

At the same time, the document incorporates information aligned with the European Sustainability Reporting Standards (ESRS), consistent with EU Directive 2022/2464 (CSRD). The report was prepared considering both the interoperability between GRI and ESRS and ongoing regulatory developments, with special reference to the proposed revision and simplification of CSRD requirements contained in the 'Omnibus package' presented by the European Commission on 26 February 2025.

Reporting period

The reported information refers to financial year 2024 (1 January - 31 December). Where available, data is presented in chronological order to enable an assessment of the evolution of company performance. In this regard, it should be noted that as of 1 January 2023, the Tubificio (tubing mill) division was spun-off and transferred to subsidiary Tubificio di Terni Srl.

The document also includes information on significant events occurred after the end of the financial year.

Circularity indicators

Considering the central role of Arvedi AST's activities in the transition to a circular economy, the report also presents specific circularity indicators, processed with reference to the UNI/TS 11820 technical specification and the ESRS linked to the CSRD.

Agenda 2030

The reporting of corporate activities and performance is also related to the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda, to which Arvedi AST contributes through its own strategies and initiatives.

1.1 Materiality analysis

The materiality analysis underlying the Arvedi AST sustainability report, already developed in previous years in accordance with the Global Reporting Initiative (GRI) guidelines, was subject to an update and methodological integration. This review was also carried out in the light of the criteria introduced by the European Sustainability Reporting Standards (ESRS), although the company is not currently among the reporting obligations of the CSRD (Corporate Sustainability Reporting Directive).

The analysis identified material issues - i.e. those considered relevant for effective and transparent reporting of sustainability performance - through a structured assessment process of the current and potential impacts of the company's activities, while considering stakeholder expectations and evolving context scenarios.

The identified topics encompass the full spectrum of ESG criteria (Environmental, Social, and Governance), providing the essential information basis for reporting aligned with international best practices and the evolving regulatory and market demands.

GOVERNANCE

- Sustainable development of the business model
- Governance of sustainability issues
- Sustainability strategies and goals
- Sustainability of the value chain
- Ethics, business conduct, compliance
- Relations with Stakeholders

ENVIRONMENTAL INFORMATION

- Use of resources and circular economy
- Energy
- Greenhouse gas emissions and climate change
- Waste
- Water
- Air quality
- Biodiversity

SOCIAL INFORMATION

- Work and employment
- Human rights
- Occupational health and safety
- Equal opportunities
- Training
- Corporate welfare
- Relations with the local community
- Social and cultural activities

Arvedi

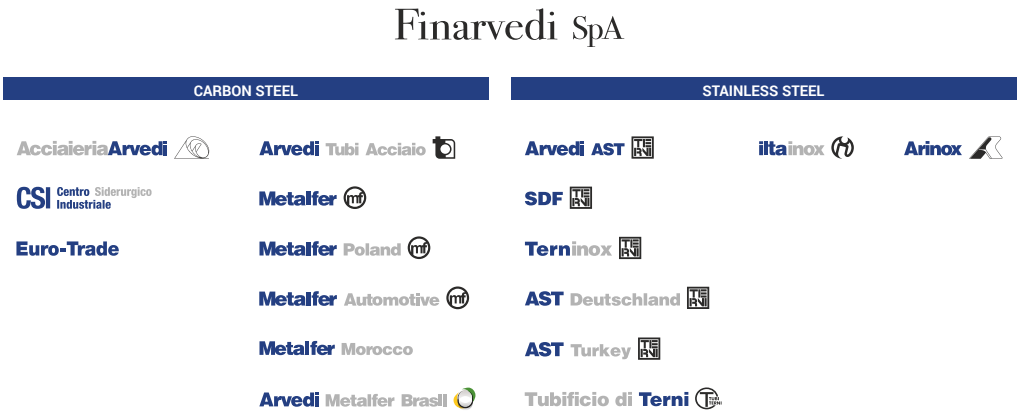
2

General information

Arvedi Group

Finarvedi is the holding company of Arvedi Group, whose core business consists of steel activities with volumes of over 5.5 million tons of products known for their high quality and intended for the most demanding markets. Arvedi Group counts around 6,400 employees with a consolidated turnover of approximately 6 billion euros.

Through the acquisition of AST Terni's operations in January 2022, the Group secured a prominent role within the stainless steel industry, further accelerating its expansion in terms of output and turnover.



Thanks to its development strategies and investment policies aimed at product quality, Arvedi Group is one of the most significant in Europe in terms of technology, with modern plants, state-of-the-art technologies, specific know-how and patents, quality brands and approvals.

Arvedi

6,400 employees

Over **5.5 million tonnes** per year of production capacity

Approximately **6 billion euros** annual turnover

7 production units and service centres

460 patents and certifications

Arvedi AST TERNI

2.1 Company

AST S.p.A., subsidiary and integral part of **Arvedi Group**, is based in Terni and specialises in the production of flat-rolled stainless steel products through an integrated hot and cold rolling cycle.

With an industrial surface area of approximately **1.5 million m²**, the plant is one of the world's leading integrated production sites.

The company's **core business** consists in flat-rolled stainless steel products, a segment in which AST is leader in Italy and among the top four producers in Europe.
The production cycle, based on state-of-the-art technology, includes:

- **Electric arc furnaces,**
- **AOD/VOD converters,**
- **continuous casting,**
- **hot rolling mill,**
- **continuous annealing lines with eco-friendly pickling processes,**
- **Sendzimir cold rolling mills,**
- **Bright Annealing lines, including one equipped with Skin Pass and Stretch**
- **numerous cutting and finishing lines.**

AST's core production includes hot and cold-rolled stainless steel coils and sheets in **austenitic, ferritic, and martensitic grades,** available in a wide variety of sizes and surface finishes. The company also manufactures **pre-painted** stainless steels, thanks to a modern Service Centre equipped with a painting line, cross and longitudinal cutting lines, brushing and satin-finishing facilities. This positions AST among the leading European service centres in the industry.
AST's stainless steel products find application in many areas: **transport, domestic appliances and applications, construction and a wide range of industrial uses**. The range also includes **large forgings** for the energy, industrial and mechanical sectors, manufactured at the **Forging Division**.

FLAT-ROLLED PRODUCTS

It is the heart of the plant: it produces austenitic, ferritic, and martensitic steels to meet the requirements of every application. Stainless steel of the highest quality with different chemical compositions and characteristics that is transformed into hot-rolled and cold-rolled products with a variety of finishes, thicknesses, widths and lengths and packaged in customer-specific packaging.

FORGINGS

The production unit covers an area of 120,000 square metres, and produces a wide range of forgings from high quality steels, manufactured using centuries of metallurgical experience and the most modern processing techniques. The unit meets the needs of primary sectors of the economy, areas in which the reliability of a machine and plant components are essential for the safety and continuity of services, guaranteed by the strict application of production procedures and through stringent quality controls.

TUBES (Tubificio di Terni)

Tubificio di Terni, controlled by AST, is at the forefront in the production of electro-welded stainless steel tubes and is considered a specialist in the automotive and furniture industries worldwide. The wide range is complemented by a particularly strict quality management system and a network of 30 warehouses throughout Europe to ensure prompt delivery to customers.

Events during the financial year

As part of a general project to optimize Group management - specifically regarding service centres - which commenced in 2023 with the cessation of AST Deutschland and AST Turkey's operations, in September 2024 the Extraordinary Shareholders' Meeting approved the merger by incorporation of Terninox S.p.A. into its sole parent company, Acciai Speciali Terni S.p.A.

Arvedi AST TERNI

PRODUCTION
1,034,709 tonnes

TURNOVER
2,386 billion euros

EMPLOYMENT
2,302 employees

Arvedi

2.2 Governance

The corporate governance system adopted by Arvedi AST is based on the Board of Directors, whose Chairman, with powers under the law and the Articles of Association, also holds the legal representation of the company. In order to ensure improved operational management, the company also proceeds — following the guidelines of the reference shareholder and within the scope of management and coordination activities regarding corporate organization — with the appointment of delegated bodies (CEO and/or Managing Directors), each with specific mandates and related powers. The Board of Directors is supported in its control functions by a Board of Auditors appointed by the shareholders' meeting.

BOARD OF DIRECTORS

Giovanni Amedeo Arvedi
Chairman

Mario Carlo Arvedi Caldonazzo
Deputy Chairman and Managing Director

Dimitri Menecali
Chief Executive Officer

Angelo Saracino
Managing Director

Gian Luca Gigli
Managing Director

Giancarlo Stringhini
Director

BOARD OF STATUTORY AUDITORS

Pietro Carena
Chairman

Fabrizio Colombo
Standing Auditor

Andrea Parolini
Standing Auditor

System of procedures and delegations

The corporate governance system exercises its effectiveness through the distribution of mandates and powers of attorney within the senior management organization. The company has adopted a structured approach for the management of the system of delegations and authorisations that is based on the following principles:

- the powers conferred must be consistent with the organisation and with the role and responsibilities of the person granting and the person receiving the delegation;
- the conferral of unlimited powers must be avoided;
- where possible, the "four eyes" principle must be guaranteed (e.g. by joint signature, preventive or ex post information flows);
- the system must be communicated and disseminated within the organisation;
- the system must be promptly updated following changes to corporate organisation and/or governance.

Delegations and functions in environment, health and safety, sustainability

Appropriate delegations and functions in the areas of environment, health and safety complete the sustainability governance structure. In the field of environment, health and safety, sustainability, delegations of roles are updated in a timely manner to ensure timely compliance with legal obligations with particular reference to environmental protection, occupational safety, plant safety, as well as the management of control over all activities carried out within the company complex.

Sustainability Committee

The company has an appropriate organisation to manage sustainability governance. Among the members of the Board of Directors, the CTO (Chief Technical Officer) was appointed as sustainability officer for the AST site. Since 2023, a Sustainability Committee has been established to serve as the vital link between the Board of Directors and the departments designated to implement the various projects. The main tasks of the Committee are as follows:

- oversee and evaluate the organisation's sustainability performance in light of Responsible Steel standards and applicable laws.
- encourage the integration of sustainability into the business plan and corporate culture, promoting its disclosure at all levels.
- set ESG performance targets and monitor their execution.
- coordinate and monitor sustainability plans and projects and their KPIs.
- examine and approve the structure and content of the Sustainability Report.
- promote projects in the area of energy transition both in terms of process redefinition and product portfolio.

- identify the certification initiatives, ESG ratings, and carbon disclosure processes best suited to represent the organization's commitment.
- collaborate with relevant departments within the organisation to implement sustainability initiatives.
- maintain effective communication with internal and external and internal stakeholders on the organisation's commitment to sustainability.
- report periodically to the Board on progress towards sustainability goals and compliance with Responsible Steel standards.

The Committee includes the following members appointed by Senior Management:

- CTO chairing and coordinating the activities of the Committee
- Group Sustainability Manager
- Product and Process Development Manager
- Factory Manager
- Ecology, Environment, Safety Manager
- Purchasing Manager
- Human Resources Manager
- Head of Management Control
- Head of Legal and Corporate Affairs
- Head of Group Compliance and Governance
- Information System Manager
- Energy Manager
- Head of External and Institutional Relations, Corporate Welfare and Social Responsibility Activities
- Quality Data Manager

The technical coordination and reporting of sustainability projects are entrusted to Ente Progetti di Sostenibilità (Sustainability Projects Unit).

Group Compliance and Governance Department

AST's sustainability governance is supported by the Group Compliance and Governance department, which is tasked with clearly defining the core corporate values and commitments that drive the company culture, form the basis of policies, and influence decisions and behaviours, ensuring the consistent application of these values across all areas of Arvedi AST. The department is responsible for reviewing and updating the company's regulatory framework through Guidelines and first-level Management Procedures, ensuring alignment between systems, processes, and the organization. This provides a clear definition of roles and responsibilities within processes and ensures the integration of the principles established in the AST Code of Ethics and the Arvedi Code of Conduct.

The Compliance and Governance department provides support for due diligence activities on business partners (agents), suppliers, customers; it also oversees the analysis and updating of the 231/01 Organizational Models and ensures support and coordination with the Supervisory Bodies of the group companies. As part of the Arvedi Group's compliance programme (Antitrust, Anti-Corruption, GDPR, Anti-Money Laundering), it provides information and training to staff on compliance and governance issues.

Organisational model 231

The company has adopted an Organisation and management model pursuant to (It.) Legislative Decree 231/2001, in order to prevent the risk of committing the offences envisaged by law. The Supervisory Board, appointed by the Board of Directors of Arvedi AST, is made up of three individuals endowed with autonomy, independence and professionalism, with the task of supervising the updating, functioning and observance of the provisions thereof.

The Group Internal Auditing department, reporting directly to the Deputy Chairman, has the task of supporting the company in the assessment of the internal control and corporate risk management system, and, jointly with the Supervisory Body, also monitors the application of the procedures and tools adopted for the purposes of compliance of the Organisational Model with the requirements of (It.) L.D. 231/2001. In the reference period, internal audits were carried out in regard to 231 on specific processes/crimes, in accordance with the supervisory plan established by the SB.

Audit	Date of issuance
Research and development	28/02/2024
Legal and corporate affairs	28/02/2024
Finished product warehouse	27/03/2024
Industrial Safety and Security	02/10/2024
Quality Assurance	02/10/2024
Sales	02/10/2024
Credit management	07/10/2024

Risk management

Risk management is a system of risk detection and monitoring systematically applied since 1999, regulated by internal management procedure inspired by specific guidelines of multi-national industrial groups and aimed at acquiring and increasing the level of risk awareness and achieving effective management thereof. Through the risk map, risk management identifies and monitors a wide range of events potentially harmful to the company. The risk map, updated and formalized on a semi-annual basis, is intended to identify risks, evaluate their probability of occurrence, estimate potential damage, and implement countermeasures to reduce both their likelihood and potential economic impact.

The risk classification is derived from the combination of probability of occurrence and net loss amount (following appropriate mitigation measures, such as insurance coverage or financial statement provisions). Every year, the critical review of corporate risks leads to the emergence of new potentially harmful events, the identification and mapping of relevant countermeasures, and the reduction of criticality levels for those risks where adequate actions have already been implemented.

Document management system

The most significant areas of risk on ESG sustainability issues are described within the documents of the Safety Management System and the Environment Management System. Furthermore, with reference to the Quality Management System, the Company has adopted a specific framework to define the documentation hierarchy, in order to ensure:

- alignment between the corporate mission, the Code of Conduct, the Guidelines, the Management Procedures, the operational Procedures and instructions, and all other internal regulatory documentation;
- the effective and efficient management of the document management system.

In this regard, a multi-year programme was defined to update more than 100 documents, also with a view to rationalisation and harmonisation. In the reporting period, the following were issued/ revised/ updated: 5 Group Guidelines (a total of 9) and 13 Quality Management Procedures (a total of 18).

GDPR (General Data Protection Regulation)
Within Arvedi AST's governance system, special attention is paid to compliance with the provisions of EU Regulation 2016/679. To this end, Arvedi AST, jointly with the Group's Legal Counsel, takes care of the adaptation of corporate tools to the requirements of the aforementioned regulation, ensuring the assessment and mitigation of privacy risks.

2.3 Stakeholders

Arvedi AST recognizes the strategic importance of building and maintaining transparent and ongoing relationships with all its stakeholders, namely those who can influence or be influenced by the company's activities. Their identification and classification is an integral part of certified management systems (ISO, Responsible Steel™) and helps guide the company's decisions in a logic of integrated sustainability. The mapping of stakeholders, consistent with international standards on social and environmental responsibility, made it possible to assess the degree of relevance and mutual expectations with respect to the company's actions, aiming at strengthening relationships based on trust, dialogue and the creation of shared value.

The following table summarises the main identified stakeholder categories, describing their profile and the level of strategic importance attributed to them by Arvedi AST in its sustainable management model.

CATEGORIES	DESCRIPTION	RELEVANCE
Employees	People employed directly by Arvedi AST, including workers, office workers, technicians and managers. Expectations: fair working conditions, health and safety, training, well-being, professional growth.	High
Ownership & Management	Management team, shareholders, Board members. Expectations: economic performance, business ethics, risk management, long-term value.	High
Customers	Companies purchasing steel products. Expectations: quality, reliability, innovation, sustainability of production processes.	High
Suppliers of raw materials	Suppliers of coal, ferroalloys, scrap. Expectations: contractual clarity, continuity, respect for human rights and ESG criteria.	High
Suppliers of goods and services	Suppliers of plant, machinery, software, consultancy. Expectations: innovation, punctuality, sustainability.	High
Contractors	Third-party companies also operating within the factory. Expectations: safety, contractual clarity, compliance with regulations.	High
Local communities	Residents and local administrations close to the facilities. Expectations: environmental protection, economic benefits, transparency.	High
Institutions	Local and national public bodies. Expectations: regulatory compliance, taxation, land development.	High
Regulatory authority	Technical and supervisory bodies (e.g. INAIL, ARPA). Expectations: compliance, environmental and social risk management.	High
Trade Unions and Employers' Associations	Sector-specific trade unions and employers' organizations. Expectations: dialogue, representation, sustainable development.	Medium
Associations in the territory	Third sector, cultural and social organizations. Expectations: community projects, inclusion, volunteering support.	Medium
Financial institutions	Banks and investors. Expectations: transparency, economic soundness, adherence to ESG criteria.	High
Schools and Universities	Training and research organisations. Expectations: educational collaboration, innovation, skills development	Medium
National and local media	News outlets. Expectations: transparency, timeliness, responsible communication.	Medium

2.4 Business model and strategy

The company intends to maintain a leading position in the stainless steel flat products market both in Italy and abroad, with a focus on cold rolled products and an increase in sales to end users.

Quality increasingly involves the entire production process in terms of effectiveness (product and service quality), efficiency (cost reduction) and flexibility (responsiveness to change required by the market).
Innovation, improvement of the production process and products, environmental sustainability, focus on end-users, and enhanced customer service are the main guidelines of the company's activities.

On June 11, 2025, the Programme Agreement 'For the implementation of the integrated project for the safety and industrial reconversion of Acciai Speciali Terni site' was signed at the It. Ministry of Enterprise and Made in Italy.

The Agreement, signed by the It. Ministry of Enterprises and Made in Italy, the Region of Umbria, the Municipality of Terni, Acciai Speciali Terni SpA and other institutional entities, has a strong strategic value and is aimed at promoting sustainable economic development, environmental rehabilitation and de-carbonisation of Arvedi AST production site, located in the Terni-Papigno site of national interest and in Terni-Narni complex industrial crisis area.

The agreement represents a key step toward revitalizing the production site and protecting the environment in Terni area, with a sustainable and competitive development model.

Arvedi AST

COMUNE DI TERNI

Regione Umbria

Ministero delle Imprese e del Made in Italy

PROGRAMME AGREEMENT
ACTIONS, OBJECTIVES, INVESTMENTS

Purpose of the Agreement

The Programme Agreement, entered into on 11 June 2025 pursuant to Article 252-bis of It. Legislative Decree. 152/2006, aims at:

- co-ordinating actions for environmental remediation and productive redevelopment of the manufacturing site;
- ensuring the maintenance of employment levels and, where possible, their future increase;
- promoting workers' training and reskilling
- supporting climate neutrality and the reduction of pollutant emissions, in line with European and national targets.

Integrated environmental plan

The Integrated environmental plan provides for:

- De-carbonisation: introduction of advanced technologies for the use of green hydrogen and alternative fuels;
- Energy efficiency: upgrading production facilities and increasing production output;
- Circular economy: recovery and treatment of production waste;
- Green steel production: responding to market demands for products with low environmental impact and using alternative energy sources and carriers;

- Environmental remediation: operational and permanent site safety, with particular attention to soil, subsoil and groundwater. Every expansion will be linked to the achievement of the recovery targets met from time to time;
- Air and water quality: reduction of pollutants typical of the steelmaking process.

Investments

The Business plan envisages a total investment of EUR 1,132 million, broken down into two phases:

- First phase (2022-2028): investments for 557 million euros for energy efficiency, environmental safety and plant upgrades;
- Second phase: investments for 573 million euros, with a focus on the production of electric and magnetic steel with a low carbon footprint.

Energy costs

One of the crucial issues of the agreement is regulated by Article 7, which states that 'in order to make energy costs environmentally and economically sustainable, bearing in mind that this is a requirement for the competitive production of stainless and magnetic steel', the Umbria Region commits to evaluating public-private management models for energy concessions. Furthermore, in compliance with the current national and EU regulatory framework, it declares its readiness to reserve 30% of its energy production capacity for energy-intensive companies in Umbria that guarantee the maintenance of consistent employment levels and environmental targets. Energy will be sold at the cost of production plus a commercial fee in line with that applied by the market. The parties will also consider the possibility of implementing simplified production and consumption systems (SSPC), and AST has declared its willingness to co-invest in order to increase the capacity of regional hydroelectric reservoirs.

Employment engagements

AST is committed to:

- maintaining current employment levels (direct employees and in subsidiaries)
- stabilizing agency workers
- initiating training paths for reskilling, jointly with institutions.

The Umbria Region will support active labour market policies through the 2021-2027 European Social Fund Plus (ESF+) Regional Programme.

Air quality

The Government and Umbria Region, with the support of ISPRA and ARPA Umbria, will conduct specific studies to:

- identify nickel emitting sources
- monitor air quality in the Terni valley;
- update AST's Integrated Environmental Authorisation (IEA) with targeted prescriptions.

Arvedi AST TERNI

RELEVANT INVESTMENTS

AST stainless steel
New cold-rolling A&PL department
New cold rolling mill

Reorganisation of production and distribution
Optimising operations and logistics

Increased circularity
Increased use of recycled metal scrap
Use of slag by-products

Investments for sustainability
New slab reheating furnace
Energy efficiency

Green hydrogen
New SOEC electrolyzer for green hydrogen production

2.5 Sustainability policies

Turning ESG (environmental, social and governance) principles into tangible actions means transforming corporate values into measurable and verifiable results. For Arvedi AST, this approach is not a mere exercise in regulatory compliance, but a strategic lever that integrates sustainability into the core of its business model. The company considers ecological and social transition to be a process of long-term competitiveness, in which responsibility towards the environment, people, and communities translates into process innovation, stakeholder trust, and reputation enhancement.

Arvedi AST undertakes to:

- reduce greenhouse gas emissions in accordance with the goals set in the 2015 Paris Agreement on Climate Change;
- increase the use of renewable energy;
- boost energy efficiency through appropriate technologies, the reduction of heat loss, and the optimal management of processes, working times, and raw material flows;
- promote the circular economy in order to reduce environmental impact and maximise value recovery;
- curb the use of water and other natural resources through innovative technologies and the optimisation of recycling systems;
- direct the commitment of governance towards compliance with the ethical principles, transparency and integrity declared in corporate policies, such as the Code of Ethics and Code of Conduct, and promote a constructive dialogue with all stakeholders: employees, customers, suppliers, authorities, local communities and trade associations;
- support and promote respect for human rights and key labour principles, in line with the principles of Responsible Steel and the United Nations Global Compact, by requiring suppliers to commit to equal opportunities, non-discrimination, fair remuneration, adequate training and healthy and safe work environments for their workers.

The full version of the ESG Sustainability Policy is published on the company's online website (https://www.acciaiterni.it/wp-content/uploads/2023/10/Politica-ESG_28_09_2023_IT.pdf).

To ensure consistency, transparency and continuity over time, Arvedi AST has translated its ESG commitments into an organic system of corporate policies. These documents represent the framework that guides strategic decisions, operational practices and stakeholder relations. These are not statements of principle, but management tools to measure progress, prevent risks and identify new opportunities for continuous improvement.
The integration of policies into corporate governance ensures that sustainability values are shared at all organisational levels and embedded in the value chain, from natural resource management to supply relations, from workplace safety to the prevention of corruption risks.
In relation to the main ESG issues, Arvedi AST has adopted the following policies:

- Environmental policy
- Energy policy
- Occupational health and safety policy
- Human rights policy
- Responsible purchasing policy
- Policy for the prevention of corruption
- Quality policy

The description of these specific policies, as well as related actions and objectives, is contained in the different chapters of this report. The full version of the documents is available on the company's online site:
https://www.acciaiterni.it/services-solutions/sistema-qualita/#dichiarazioni-di-politica

Corporate social responsibility

Corporate Social Responsibility (CSR) is not an accessory concept for Arvedi AST, but a pillar of its industrial identity. It represents the company's ability to generate not only economic value, but also social and environmental value, by focusing on the well-being of the people and communities interacting with its activities.

Arvedi AST's approach to CSR is based on the integration of competitiveness and responsibility: economic and industrial performance are considered inseparably linked to respect for fundamental rights, safety at work, environmental protection and the creation of development opportunities for the local area.

More specifically, the model adopted by the company is inspired by international best practices and global reference frameworks, with the aim of ensuring consistency with recognized standards (including Responsible Steel™, the United Nations Global Compact, GRI Standards, and OECD guidelines).

CSR, at Arvedi AST, is therefore a tool for creating shared value: a path in which economic and ethical objectives reinforce each other, generating positive impacts not only for the company, but also for the surrounding industrial and social ecosystem.

Commitment to human rights

Arvedi AST supports and respects human rights in accordance with the UN Universal Declaration of Human Rights. Furthermore, with the Conflict Mineral Declaration and Policy, it supports the fight against violations of human rights and environmental decline for the extraction and placement on the market of certain minerals that originate from the geographical area known as “conflict region”, which includes the Democratic Republic of the Congo (DRC) and the neighbouring countries. The Securities and Exchange Commission (SEC) has issued standards that oblige suppliers to provide information on whether the products contain metals extracted in the eastern provinces of the Democratic Republic of the Congo (DRC) and the neighbouring countries, where the extraction may, directly or indirectly, finance human rights violations or procure benefits for armed groups. Arvedi AST fully complies with these standards by endeavouring to avoid the use of minerals that are not certified “conflict free”.

Arvedi AST also adopts the Extended Mineral Reporting Template (EMRT) created by the Responsible Minerals Initiative (RMI) to enable companies to disclose information about their supply chains, according to the OECD Guidelines on the responsible sourcing of minerals from conflict-affected and high-risk areas.

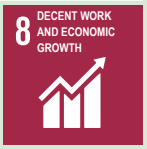
The full text of the 'Human Rights Policy' can be found on the company's online site.
https://www.acciaiterni.it/services-solutions/sistema-qualita/#dichiarazioni-di-politica

Arvedi AST's contribution to Agenda 2030

Arvedi AST's commitment to sustainable development translates into a tangible contribution to five Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda, underlying its industrial, environmental and social strategies. In a context of ecological transition and technological transformation of industry, Arvedi AST takes an active role through tangible actions, investments and shared responsibility with the region, customers and the entire supply chain.

The company believes that a modern steel mill can and should be a protagonist of the right transition, combining industrial competitiveness, environmental responsibility and technological innovation in a generative way. With this approach, Arvedi AST will continue to systematically integrate the SDGs into its strategic decisions, aware that each milestone achieved represents a new starting point towards an increasingly deep-rooted and structured sustainability.

SUSTAINABLE DEVELOPMENT GOALS



SDG 8 - Decent work and economic growth

For Arvedi AST, sustainability starts with people. In 2024, the company strengthened its commitment to occupational health and safety, continuous training and organisational well-being. Professional development programmes were promoted for young people, technicians and strategic profiles for the sustainable transition, thus supporting stable, qualified and value-generating employment in the Umbria region.

SDG 9 - Business, innovation and infrastructure

Innovation is a cornerstone of Arvedi AST's industrial evolution. In 2024, the company stepped up investments in energy efficiency, digitisation of production processes and technological solutions for de-carbonisation. In synergy with universities, research institutes and industrial partners, development projects on advanced technologies were initiated, with a view to making the production infrastructure increasingly resilient, intelligent, and sustainable.

SDG 11 - Sustainable cities and communities

Operating in the heart of Terni's urban environment, Arvedi AST is aware of its responsibility to build a balanced relationship between industry, environment and community. During 2024, the company strengthened its dialogue with local stakeholders, strengthening its environmental monitoring capabilities and supporting initiatives aimed at enhancing the social and urban fabric, including projects to raise awareness, provide environmental education and improve the local framework.

SDG 12 - Responsible consumption and production

Arvedi AST promotes a production model inspired by circular economy principles. The enhancement of secondary raw materials, optimisation in the use of natural resources - notably water and energy - and responsible industrial waste management are constant operational levers. The company has Environmental Product Declarations (EPDs) for certain steel grades, which provide transparency on the environmental footprint of its products for high-performance sectors.

SDG 13 - Acting for the climate

Responding to climate change is one of Arvedi AST's strategic priorities. In 2024, the de-carbonisation plan was reinforced through detailed monitoring of Scope 1, 2 and Scope 3.1 emissions, with progressive actions to align with European climate neutrality targets. The company invested in energy efficiency measures, increased the share of energy from renewable sources and extended LCA analyses on processes and products.

ECOVADIS

Arvedi AST received its annual Sustainability Assessment from Ecovadis, one of the world's leading providers of sustainability assessments for companies.
The score received, 74/100, confirms the positive trend of recent years and sees us in the 92nd percentile of the more than 150,000 companies evaluated by ECOVADIS (i.e. ranking higher than 92% of evaluated companies).

With this result, the SILVER medal is confirmed.

The EcoVadis analysis considers four key theme areas:

Environment: natural resource management, emission reduction and de-carbonisation strategies

Work and human rights: working conditions, safety, training, diversity and inclusion
Ethics: transparency, anti-corruption, responsible governance practices

Sustainable procurement: supply chain management, supplier selection and promotion of ESG criteria along the value chain.

In particular, the score reflects improved environmental and energy practices, robust health and safety policies and an increasing focus on responsible supply chain dynamics.

Beyond formal recognition, the EcoVadis evaluation represents an international benchmarking tool for Arvedi AST, useful not only to dialogue with global customers and stakeholders, but also to identify areas for further improvement.

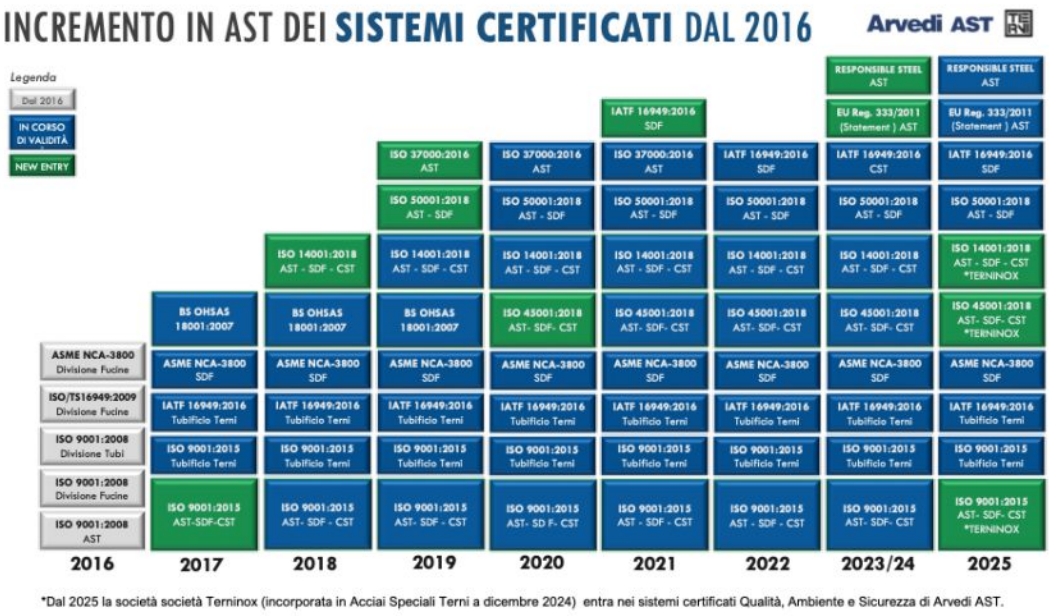
2.6 Management systems and certifications

In any case, AST does not only ensure compliance with current regulations, but is actively engaged in implementing strategies and processes that foster human rights protection in its business model.

A certified commitment, day after day

Acciai Speciali Terni group's tradition of managing its production through a Quality Management System began in the early 1970s with the acquisition of ASME (American Society of Mechanical Engineers) Quality System Certificate.

Today, Arvedi AST has a number of certifications, with a significant increase since 2016, which attest to the conformity of processes and products to the highest industry standards.



*Dal 2025 la società società Terninox (incorporata in Acciai Speciali Terni a dicembre 2024) entra nei sistemi certificati Qualità, Ambiente e Sicurezza di Arvedi AST.

In its ongoing commitment to quality, environmental sustainability, safety and innovation, AST has obtained and maintained numerous management system certifications issued by internationally accredited bodies, from ISO Quality, Environment, Occupational Health and Safety, Energy standards, as well as IATF 16949:2016 certification for the Automotive sector. At the same time, technical approvals issued by internationally recognised bodies - such as DNV, LLOYD'S, TÜV SÜD and TÜV Rheinland - enable us to offer the market products that meet the highest safety and reliability requirements: from flat-rolled products for naval applications to steels complying with European directives for structural applications and pressure equipment.

These certifications represent not only a guarantee of reliability for customers, but also a concrete commitment to operational excellence and social and environmental responsibility. Every certificate, every audit passed, every approval obtained is the result of daily work aimed at continuous improvement in environmental, social and governance sustainability.

Management system certifications at Arvedi AST (as of 2024)

NORM / STANDARD	DESCRIPTION	CERTIFICATION BODY
ISO 9001:2015	Quality Management System	DNV
ISO 14001:2015	Environment Management System	DNV
ISO 45001:2018	Health Management System and Occupational Safety	DNV
ISO 50001:2018	Energy Management System	DNV
IATF 16949:2016	Quality System for the Automotive sector	DNV
ASME Material Organization	Boiler and Pressure Vessel Code	American Society of Mechanical Engineers
Regulation 333/2011/EU	STATEMENT	DNV
ResponsibleSteel™	Sustainable steel production	DNV

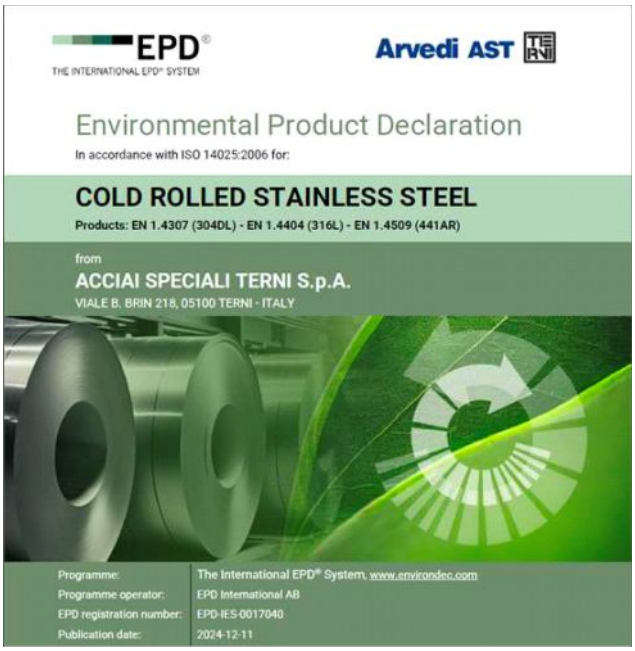
Product certifications at Arvedi AST (as of 2024)

NORM / STANDARD	DESCRIPTION	CERTIFICATION BODY
DNV Approval of manufacturer	Naval DNV certificate for the production of flat-rolled steel products of type AISI 304L, AISI 316L and AISI 321.	DNV
LLOYD'S Approval of manufacturer	LLOYD'S Naval Certificate for the production of flat-rolled steel products of type AISI 304L, AISI 316L, AISI 316Ti, AISI 309S and AISI 47OL.	LLOYD'S
PED 2014/68/EU PER 2016/1105 AD 2000-Merkblatt	PED certificate for pressure equipment according to the Pressure Equipment Directive (PED) 2014/68/EU, the AD 2000- Merkblatt W0 standard and the Pressure Equipment (Safety) Regulation 2016/1105 for non-stainless steels (flat-rolled products) and stainless steels in functional condition.	TÜV SÜD
Statement of Conformity	Certificate of Conformity for 'Mandorlato' (Tread Plate) Stainless Steel (AISI 304) according to ASTM A 240 in functional conditions.	TÜV Rheinland
EN CE marking 10088-4:2009	Certificate of conformity for hot-rolled and cold-rolled coils according to UNI EN 10088-4:2009 for applications in the building industry. The impact test was conducted and conformity was ascertained according to EN 10088-4:2009.	Q-CERT

Environmental Product Declarations

AST has also recently obtained a series of Environmental Product Declarations (EPDs), which provide information certified by a third party (DNV) on the environmental impacts of the 3 main AAST grades (304DL, 316L and 441AR), in the hot-rolled or cold-rolled coils (2B) delivery status.

EPDs provide transparent and comparable information on the environmental performance of a product or service throughout its life cycle. In addition, a project is being implemented in 2025 that will make the ISO14067 certified Carbon Footprint value available for each AST product. The project involves the creation of a digital platform for calculating the Carbon Footprint of company products (coils).



2.7 Responsible Steel

Arvedi AST has long chosen to produce ethically, responsibly and with respect for the environment and people, which is why in 2022 it chose to become a member of Responsible Steel™ and, in 2023, took the decisive step in adopting the international standard and its certification. This new certification represents a tangible commitment to transparent and responsible management, oriented towards ESG criteria and the goals of the Paris Climate Agreement. Indeed, Arvedi AST embeds environmental, social and governance sustainability into all stages of the production process and corporate governance, actively contributing to the ecological transition.

Values, policies and good practices

The values, policies and good practices adopted by the company on a daily basis in the sustainable production of steel aim to generate value over time for all stakeholders. Key actions initiated with Responsible Steel™ certification include:

- **A systemic approach to sustainability**, embracing all dimensions of corporate performance, with a focus not only on reducing greenhouse gas emissions, but also on ethical supply chain management and enhancing human and territorial capital.
- **Responsibility in the supply chain**, through due diligence processes to identify, prevent and mitigate ESG risks in material input chains.
- **De-carbonisation and Climate Commitment**, in line with ResponsibleSteel's criteria to adopt emission reduction targets consistent with the scenario defined by the Paris Agreement.

This commitment is also reflected in the following areas:

- **in the protection of human and labour rights, with the dissemination of a structured policy and due diligence;**
- **in listening and dialogue with local communities**, to promote inclusion, well-being and shared development;
- **in the sustainable management of natural resources**, with concrete actions to reduce the environmental impact of waste, the responsible use of water and the protection of biodiversity.

AST first Italian company to obtain certification Responsible Steel™

ResponsibleSteel™ is the first international standard to establish certifiable requirements for the responsible processing and production of steel. Responsible Steel is a global non-profit initiative for multi-stakeholder standards and certifications, aiming to be a driving force in socially and environmentally responsible steel production.

It was set up to promote and support responsible steel production by addressing the environmental, social and economic issues associated with the iron and steel sector.

Responsible Steel™, investment and transparency: sustainability is an essential part of our strategy

INTERVIEW WITH ING. GIAN LUCA GIGLI, CTO ARVEDI AST

The confirmation of Responsible Steel certification comes at a strategic moment for the company. What does this recognition mean today?

The confirmation of Responsible Steel certification is much more than a formal achievement: it represents a milestone in an industrial journey of transformation.

It comes at a key moment, alongside the signing of the new Programme Agreement, which includes more than EUR 500 million in investments in production capacity, environmental technologies and de-carbonisation. It is a certification that attests, through independent audits, our transparent and verifiable commitment to all ESG criteria. From process quality to governance to stakeholder management, Responsible Steel is now an integral part of our operational identity and positioning in the European market.

How does certification fit into your environmental and industrial strategy?

We do not see it as an isolated achievement, but as a structural piece of our vision: Producing high-performance special and stainless steel with an increasingly reduced environmental impact.

Our Environmental and De-carbonisation Plans, developed within the framework of the Programme Agreement and fully consistent with the objectives of the Paris Agreement, outline a clear path towards reducing climate-changing emissions. We invest in energy-efficient technologies, material recovery systems, advanced environmental monitoring, digitization and by-product valorization. It is an industrial model that combines sustainability and competitiveness.

What impact does this have on customers and suppliers?

A tangible and measurable impact. Our customers demand more and more transparency, reliable data, environmental traceability: with Responsible Steel we can offer timely, standardised, certified answers. For suppliers, it is an opportunity and a responsibility:

We promote a responsible supply chain, oriented towards common criteria on human rights, carbon footprint, safety, ethics. We work to build an integrated industrial ecosystem where sustainability is a shared value throughout the supply chain.

What about the people and the territory? What are the social repercussions of this path?

Certification has a strong social value. On the inside, it reinforces our commitment to safety, technical training, inclusion, organisational welfare and constructive industrial relations. On the outside, we engage in social, educational and environmental projects, in synergy with local institutions and communities. We foster structured dialogue with stakeholders, including through moments dedicated to discussion and transparency. Industrial sustainability is not only built with plants and technology: it requires participation, listening, co-responsibility.

You often talk about continuous improvement. How does this philosophy translate into practice?

We do not settle for merely meeting regulatory requirements. Continuous improvement is a guiding principle that we translate into measurable actions, investments and goals. Investments will also be made in low-carbon technologies, increased use of energy from renewable sources, circular economy and waste recovery projects, and digital solutions for real time management of environmental performance. Meanwhile, we are strengthening our social commitment: technical training programmes, collaborations with schools and ITS, corporate welfare initiatives and inclusion programs.

What is the role of transparency in your approach?

A central one. There is no sustainability without transparency. That is why we regularly publish our Sustainability Reports, De-carbonisation Plans and environmental performance. All data is verifiable, accessible, built on methodologies shared with third parties and progressively consistent with the CSRD and international standards. It is a commitment to all our stakeholders: workers, citizens, customers, suppliers, public authorities. We want to be judged on facts, not statements.

And looking to the future?

We look ahead with realism and ambition. Our aim is to contribute to the development of Responsible Steel standards and to promote increasingly sustainable industrial quality. It is not just about making 'green' steel, but about redefining the role of industry in the environmental and social context. We want our steel not only to be high-performance and safe, but also to bring value to the region, to people and to the future of industrial Europe.

Arvedi

2.8 De-carbonisation Plan

The steel industry and climate policies

The strategic role of steel in ecological transition

Steel is a key resource not only for Europe's economic and industrial competitiveness, but also for the achievement of climate and environmental goals outlined in European policies. The steel sector is, indeed, recognised by the European Union as one of the strategic sectors within the recent **Clean Industrial Deal**, acting as an enabler for numerous value chains essential to the ecological transition and sustainable development. The use of steel is crucial in sectors of high strategic importance - such as advanced mechanical engineering, construction, automotive, appliance manufacturing and shipbuilding - as well as in applications directly related to the green transition: from renewable energy plants to sustainable construction, from water infrastructure to rail mobility. Within this framework, the iron and steel industry plays a decisive role in reducing CO_2 emissions, directly contributing to the achievement of the **European Green Deal**. The de-carbonisation of the steel industry requires a profound transformation of production processes, with the adoption of low- or zero-carbon technologies, supported by a coherent regulatory framework and large-scale public and private investment.

Clean Industrial Deal and Steel Action Plan

The **Clean Industrial Deal**, presented by the European Commission on 26 February 2025, is a pillar of the EU's new industrial strategy. The plan envisages a reduction in industry's greenhouse gas emissions of up to **90% by 2040**, promoting the deployment of clean technologies and ensuring access to competitive and environmentally friendly energy, a key element for the economic sustainability of the sector.

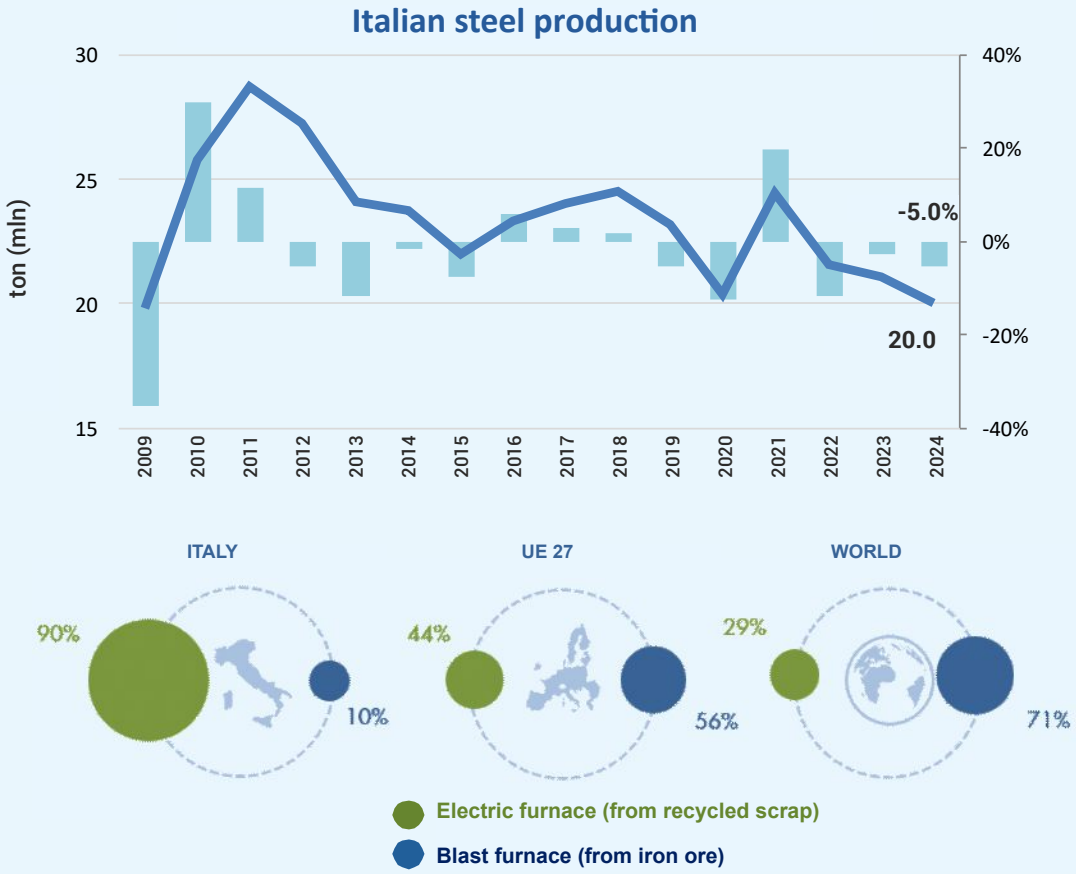
Particular attention is paid to energy-intensive industrial sectors - steel, non-ferrous metals, chemicals - for which specific support instruments are planned, including tax incentives, financing mechanisms and regulatory simplifications. It is estimated that the Clean Industrial Deal could mobilise over **100 billion euros** in public and private investment to support the transition to low-emission industrial production.

The Italian steel industry: a European model of sustainability

The Italian steel industry today ranks among the most advanced in Europe in terms of environmental sustainability. Already after World War II, Italy strategically chose to orient its production towards the use of the **electric furnace**, due to the availability of ferrous scrap and the need to reduce dependence on primary raw materials.

Today, Italy is the **leader in Europe in the recycling of ferrous scrap** and in the use of EAF (Electric Arc Furnace) technology, with a share of more than 80% of total steel production.
This positions the national steel industry at the forefront of **circular economy** and **de-carbonisation** paths, in line with the most advanced European environmental policies.

The Italian steel industry: a champion of circularity.



ITALY'S POSITIONING

2nd largest steel producer in the EU after Germany

12th steel producer worldwide

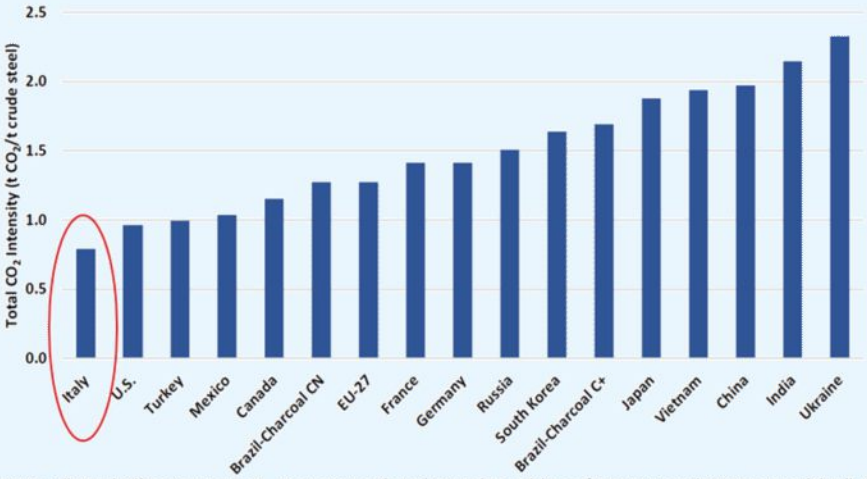
1st place in the EU for production of electric furnace steel: 90% in 2024

1st place in the EU for volume of recycled ferrous scrap: 18 million tonnes in 2024

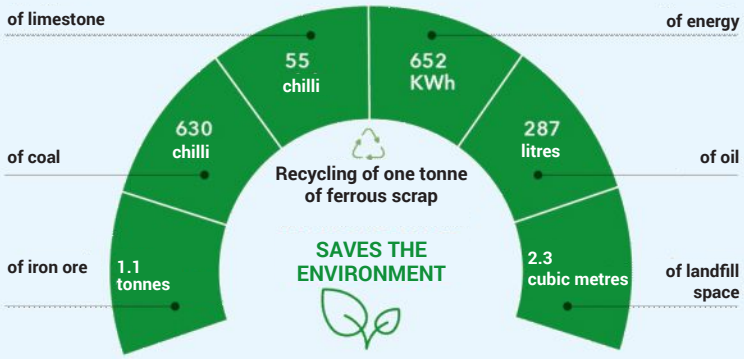
1st place in the G7 for recycled steel per capita: > 300 kg per inhabitant

1st place in the EU for energy efficiency in the steel industry: + 40% compared to the EU average

CO_2 intensity of steel production worldwide



Fonte : "Steel Climate Impact - An International Benchmarking of Energy and CO2 Intensities"-2022



One tonne of recycled scrap allows avoiding the emission of 1.5 tons of CO_2.

Ferrous scrap = strategic raw material to be preserved in the EU for circularity and de-carbonisation.

Among the leading steel producing countries globally, the Italian steel industry boasts the lowest carbon intensity per tonne of steel

The Italian steel industry has reduced its specific CO_2 emissions by more than 60% since 1990

(Source: Federacciai)

Arvedi AST de-carbonisation plan

Greenhouse gas emissions

According to the GHG protocol, Arvedi AST's main greenhouse gas emissions can be classified into:

- direct emissions (scope 1), generated directly within the Terni production site;
- indirect emissions, generated outside the Terni site but linked to AST's production processes, in particular for the generation of purchased energy (scope 2) and the production of purchased materials (scope 3 - category 1).

Arvedi AST's emissions are continuously evaluated in terms of:

- **organisation-related emissions**, monitored internally in their main components according to the GHG Protocol, i.e. scopes 1, 2 and 3, in order to control the company's impact and monitor progress along the de-carbonisation pathway;
- **product-related emissions**, certified according to relevant international standards (e.g. ISO 14067) after third-party verification.

Direct emissions (scope 1)

The main source of direct emissions is the combustion of methane for the heating processes in steel production, hot/cold coil annealing, SDF and other uses, including steam generation in the thermal plant (SAU). Direct CO_2 emissions are also generated during steel production processes due to carbon from coal (anthracite), graphite electrodes, other filler materials (ferroalloys, scrap, lime, cast iron...). More than 60 per cent of direct CO_2 emissions are generated in the steel production and hot rolling areas.

Scope 2 emissions: purchased energy

Arvedi AST's scope 2 emissions are entirely due to purchased and consumed electricity. The steel area has the highest consumption due to the high energy requirements of the melting process.

Scope 3 emissions: purchased materials

Scope 3 emissions are the largest component of the carbon footprint of stainless steel produced in the EU using EAF technology. This is mainly related to scope category 3.1, which takes into account the impact of raw materials added in furnaces and converters to achieve the final product composition. Within this group, ferroalloys are the main sources of emissions, due to the high impact of their production processes, which often take place in countries with energy sources heavily dependent on fossil fuels. In particular, nickel-, chromium- and silicon-based alloys are by far the most significant in terms of impact.

De-carbonisation strategy

Arvedi AST's de-carbonisation strategy is based on three main pillars:

- Circularity.
- Energy efficiency.
- Low-carbon sources.

The role of recycled metal scrap

Electric arc furnace production technology, combined with the use of a high percentage of recycled scrap metal as raw material, is universally recognised as the best solution for sustainable stainless steel production. Arvedi AST has been equipped with electric arc furnaces since its foundation and has steadily increased the use of recycled metals over the years. By increasing the use of scrap, the amount of ferroalloys required decreases with advantages in terms of:

- Scope 1 emissions: since ferroalloys have a carbon content that can be quite high (up to 7-8%), they contribute significantly to direct emissions. During liquid steel de-carbonisation processes, excess carbon is emitted in the form of CO_2.
- Scope 3 emissions: the production of ferroalloys takes place worldwide with processes that depend on fossil fuel energy.

Low-carbon energy sources, carriers, and materials

Arvedi AST's de-carbonisation plan includes several projects aimed at eliminating CO_2 emissions from fossil materials and fuels.

In the field of energy sources or carriers, the main actions will be to increase the use of electricity from renewable sources (wind, solar, hydroelectric), to replace methane with biomethane and to introduce hydrogen as a fuel for process heating applications. Biomethane will be introduced in the short term, while hydrogen is only expected to become a technically and economically feasible solution in the medium to long term.

Regarding green hydrogen, thanks to the participation in the 'Syrius' project - part of the EU Horizon program - a next-generation electrolyzer (SOEC) will be installed at AAST. Starting from 2027, it will begin producing green hydrogen, which will be used to fuel the new slab reheating furnace.

A significant use of biomethane is also expected as early as 2026.
Although legislation and offsetting procedures under the ETS are still pending, the regulatory framework is trying to allow additional production capacity to enable 'HARD TO ABATE' consumers to use it at an affordable cost.

In addition, specific projects were selected to replace fossil carbon-containing materials with those containing carbon from bio-mass. The most promising solutions in this area are related to the replacement of anthracite or graphite electrodes in the melting plant. These projects are highly innovative and should only make a contribution in the medium to long term.

Energy efficiency

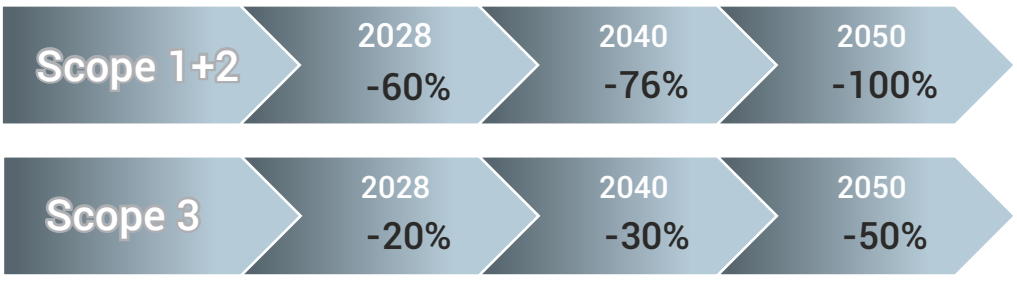
Reducing energy consumption is the first action to be taken to decrease scope 1 and scope 2 emissions. The main project in this area is the replacement of the slab reheating furnace (Walking Beam). The new furnace will reduce the CO_2 emissions of the reheating process before the hot rolling mill by up to 40%, thanks to:

- high-efficiency heat recovery equipment and insulation solutions
- air enrichment and lancing with oxygen
- advanced automation and digital packages based on artificial intelligence.

The entire furnace system will be able to run on up to 100 per cent hydrogen. It is also planned to renew the combustion systems in all significant plants at the Terni site, maximising energy savings and reducing greenhouse gas emissions.

De-carbonisation targets

Quantitative targets for the de-carbonisation of the company in the short, medium and long term were defined. Scope 1 and 2 emissions are more directly under the control of Arvedi AST, while scope 3 emissions have significant constraints related to the melting processes for ferroalloy production in the different countries of origin and the locally available energy sources. The targets are defined in relation to the level of emissions in 2022.



Scope 2 emission reduction plan

With an annual consumption of about 1 TWh, electricity is one of Arvedi AST's main energy sources, covering about 40 per cent of its total needs. The production of this amount of energy involves greenhouse gas emissions (scope 2), the amount of which is related to the mix of energy sources used for its generation. AST planned to achieve zero emissions scope 2 by 2028 by purchasing electricity entirely from renewable sources.

This will be managed mainly through the use of GO certificates or other contractual solutions (e.g. PPA). GOs have already been purchased for 30% of electricity consumption in the year 2024

In addition, from 2025 onwards Arvedi AST plans to increase its consumption of green electricity to around 70 per cent, also depending on the success of the Energy Release 2.0 procedure, a national measure to accelerate the implementation of RES capacity. These actions will be reinforced by other projects aimed at a more efficient use of energy.

Scope 3 emission reduction plan

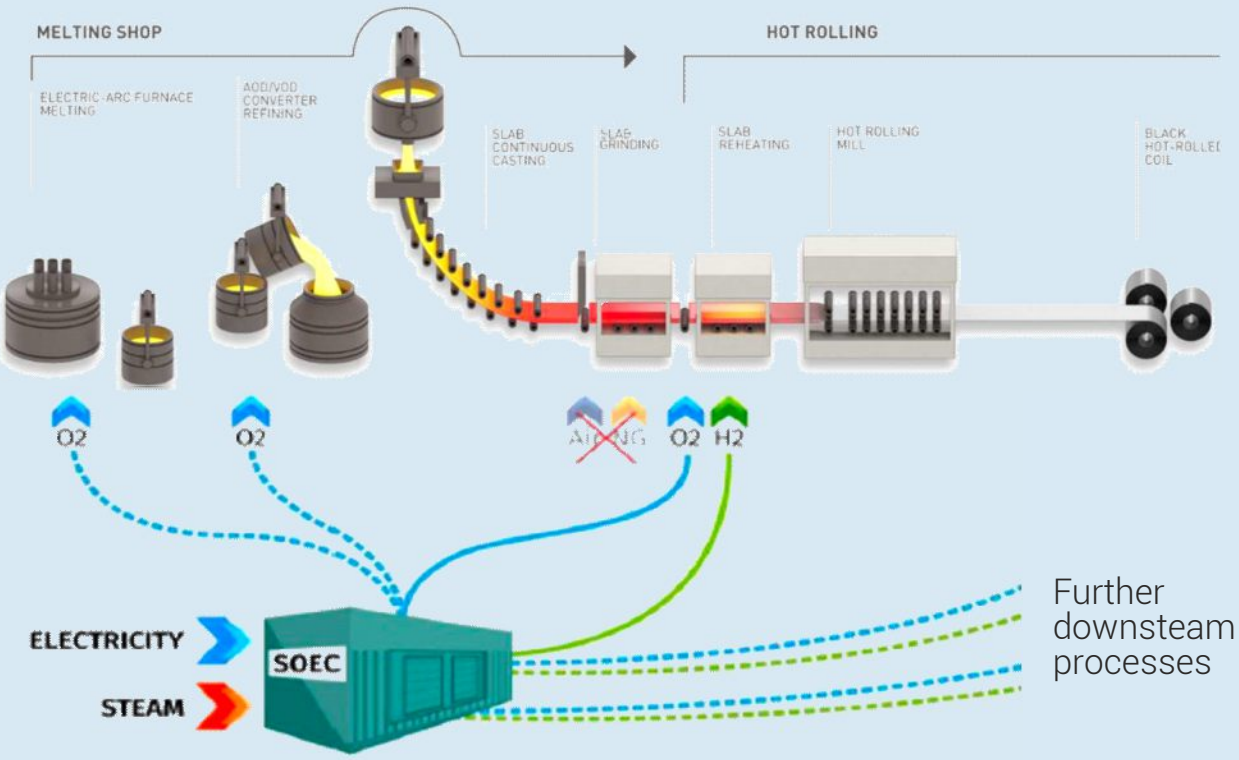
Scope 3.1 emissions are the most significant component of the carbon footprint of stainless steels produced by EAF. The reduction plan is based on two parallel actions, which will be developed over a short to long-term time horizon:

- Reduction of the amount of ferroalloys in the charge: this will be achieved by increasing the use of scrap, as the more scrap is used,
- the smaller the amount of ferroalloys required, resulting in lower emissions from both Scope 1 and Scope 3.
- Actions on the raw materials supply chain, with the demand for certified products, the selection of more sustainable materials, the commitment of suppliers to emission reduction plans, etc.

GREEN HYDROGEN TO REDUCE SCOPE 1 EMISSIONS

Regarding fuels, the gradual integration of green hydrogen to replace natural gas in furnaces and heating processes throughout the entire production cycle is currently under study.

A solid oxide electrolyzer (SOEC) will be introduced into AST processes, reducing CO_2 emissions. The new walking beam furnace will utilise the hydrogen and oxygen generated by SOEC, while allowing heat recovery for steam production to maximise efficiency and de-carbonisation performance.



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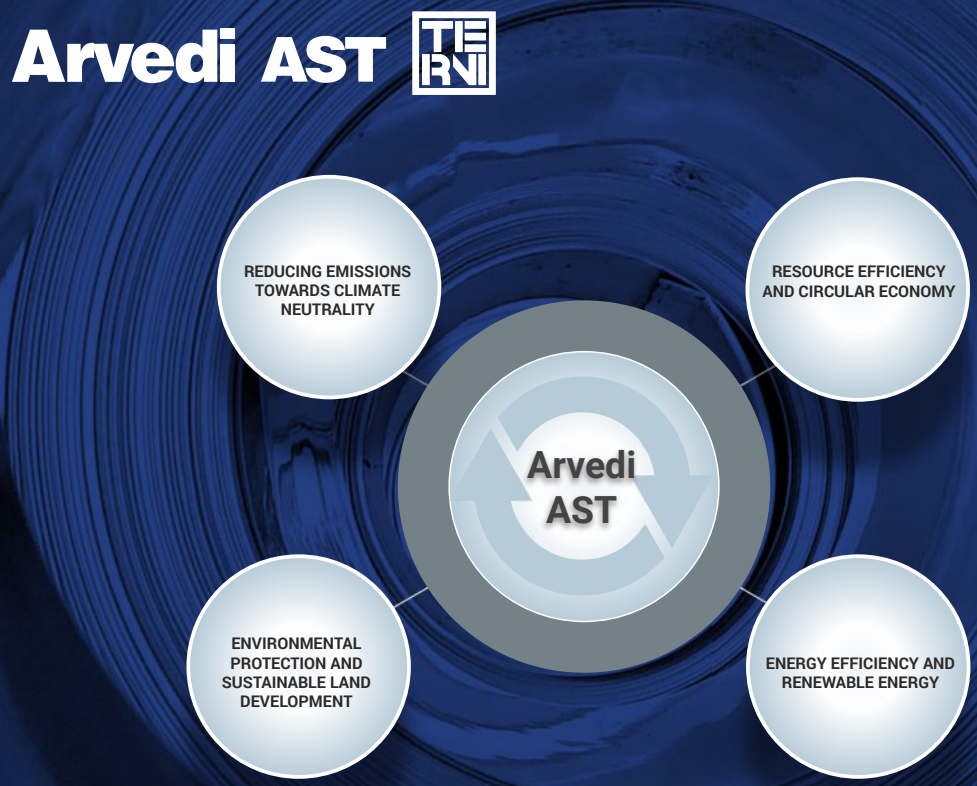
Environmental information



3.1 Environmental management

Care for the environment is an absolute priority for Acciai Speciali Terni, all the more so considering the location of its production site in a typically urban context, with high population density, like most industrial settlements dating back to the end of the 19th century. The proximity to the city centre has affected the history of the steelworks and has helped to stimulate the adoption of environmental self-regulation criteria, often earlier and more restrictively than required by current regulations.

Certification

The company adopts certification according to the ISO 14001:2015 standard for its environmental management system. The management system, subject to annual surveillance checks, aims at the continuous improvement of environmental performances to reduce environmental impacts as much as possible, save energy, and protect environmental resources.

AST has achieved the renewal of its environmental certification in accordance with the ISO 14001:2015 standard (DNV audit successfully completed in May 2024). Furthermore, the Company has continued the punctual and rigorous implementation of its Environmental Management System, following a logic geared towards continuous improvement that goes beyond mere regulatory compliance.

The adoption of a “systemic” approach requires the involvement of all the organisations' bodies and departments, each with its own prerogatives and responsibilities, although the role of the corporate bodies EES (“Ecology, Environment and Safety”) and ASE (“Service Area”), which are responsible for coordinating and implementing activities related to compliance with and improvement of environmental performance, obviously remains central.

In the implementation of the environmental management system, there is an increasing role for 'delegated managers', who, by virtue of specific formal delegations, and by analogy with what happens with regard to occupational health and safety obligations, are responsible, with adequate decision-making and spending power, for ensuring legislative compliance and implementing company directives within their areas of competence. ASE and EES also promote projects aimed at the proper management of waste materials (waste management through the special SMA department, and management and treatment of plant waste water) and the reduction of the environmental impact of production site activities. For the management of energy issues, the Energy Department has been in operation for some time, with the aim of developing projects aimed at optimising energy consumption and self-production initiatives.

The full version of the company's environment policy statement is published on the company's online site:
https://www.acciaiterni.it/services-solutions/sistema-qualita/#dichiarazioni-di-politica

Reach

Acciai Speciali Terni S.p.A. produces many types of stainless steel. In addition to the substances used in the production of stainless steel, it requires suppliers to have the necessary registrations in accordance with EU Regulation 1907/2006 for purchased materials. Acciai Speciali Terni S.p.A.'s stainless steel does not contain substances of very high concern (SVHC) as defined and listed in Articles 57 and 59 (ECHA candidate list) of the REACH regulation. Acciai Speciali Terni S.p.A.'s stainless steel complies with the restrictions of Annex XVII of the REACH Regulation.

Transparency

Data from the continuous monitoring of atmospheric emissions are communicated daily to the Regional Agency for Environmental Protection, which makes them available through a special App to anyone who wants to consult and view them.
Moreover, the company has activated a free-phone service number for the environment, which citizens can call for information, reports, and clarifications, since 2016. The reports received are duly recorded and promptly handled within the environmental management system.

Integrated Environmental Authorisation

In the reporting year, activities continued to be carried out to fulfil the requirements of the Integrated Environmental Authorisation issued with D.D. No. 12812 of 12 December 2019 and its subsequent updates.

Regarding plant and structural interventions - where the contribution of the EAS department, as well as the company's SVI (Plant Development) and ASE (Services Area) departments, proved essential - activities continued concerning the upgrading of access points (feasibility studies, design, implementation) to emission sampling points, along with noise remediation activities in compliance with specific AIA requirements.

Furthermore, a collection and abatement system was implemented for emissions arising from vessel conditioning activities; meanwhile, emissions from the new deslagging station at the AOD2 converter were captured and channelled to an existing abatement plant.

Regarding the 'slag project,' Tapojärvi - as the operator managing the slag cycle activities - has obtained the required environmental permits for both the cooling activities ('slag ramp') and the areas designated for 'aggregate ageing,' in view of their reuse as construction materials; meanwhile, field testing has already begun for the 'filler' (another slag-derived product, which has already received product certification) in road construction. Also with regard to the reuse of slag, the so-called 'Aggregates Area' was completed, which will be used for the so-called maturation of aggregates from slag, aimed at their reuse as construction material after EC certification.

Furthermore, activities scheduled in compliance with various existing regulatory requirements continued throughout 2024. These included both routine tasks (e.g., monitoring emissions, discharges and, more generally, management activities outlined in the 'Monitoring and Control Plan' approved by the Region through a specific Executive Decree) and those related to permit updates following the construction of new plants or modifications to existing ones.

Finally, it should be noted that the Competent Authority (Umbria Region) has initiated a specific IED/IPPC Permit (AIA) review procedure regarding the reduction of Nickel emissions; in this context, AST has proposed the construction of specific abatement systems for emissions from the CC3 continuous casting cooling systems and those from the Hot Rolling Mill's rougher.

Prevention of risks from major accidents

The establishment is classified - pursuant to (It.) Legislative Decree 105/15 (implementation of the "Seveso Directive") - as an existing upper-tier establishment due to the presence of hazardous substances (in particular, solutions containing hydrofluoric acid, dusts containing zinc oxide, sodium hypochlorite, petrols, and naphthas). To prevent risks, the company:

- transmits the notification and the data sections by publishing them on the website of ISPRA [Higher Institute for Environmental Protection and Research], to ensure that all bodies are correctly informed;
- implements an appropriate safety management system; it has also planned operational controls on critical equipment and has provided for the constant planning of personnel information, training and education activities. The effectiveness of the management system is monitored through regular internal audits;

- drafts a detailed "Safety Report" which analyses all possible accidents and indicates the preventive and protective measures that have been adopted;
- has prepared an internal Emergency Plan taking into account the accident scenarios that have been analysed and deemed to be "credible" in terms of probability; it has provided the Terni Prefecture with the information required for drafting the external Emergency Plan for accident scenarios with a possible impact also outside the factory.

Further information

- The Environmental Management System contains the analysis of the significant environmental aspects and impacts identified for each area, the procedures for managing these aspects (under normal, abnormal or emergency operating conditions), the procedures relating to environmental operational control and the management of environmental accidents and emergencies. Within the framework of the management system, the various company areas, with the support of the EAS body, identified a list of environmentally critical equipment and activities, on the basis of which they defined a set of operational controls indicating, for each piece of equipment, the activities performed, frequency, responsibilities, reference operating practices and recording methods.
- On the basis of a specific requirement of the Integrated Environmental Authorisation, AST has drawn up and implemented a specific Operating Manual in which the operating procedures for the management of the various production departments are set out along with a detailed programme of maintenance, control and inspection of critical equipment and/or equipment considered as such from the point of view of environmental aspects.
- The possible scenarios that may give rise to environmental emergencies are contained in the internal Emergency Plan. For each department, emergency scenarios were identified, including leakage and spillage scenarios, with the identification of corrective actions and any relevant management procedures. The Valle landfill is also equipped with numerous technical and managerial safeguards to contain any leaks or spills, thanks also to the presence of the Operational management plan.
- On the other hand, the Surveillance and control plan, drawn up for the Valle landfill, aims to define the operational methods by which the organisation keeps the main parameters of management and environmental interest under control, in accordance with the principles, methods and prescriptions of the regulations in force for landfills.

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3.2 Energy

Certification

Regarding energy management, the Company holds certification in accordance with the ISO 50001:2018 standard (DNV certificate No. 288012-2019-AE-ITA-ACCREDIA). In this way, the company wishes to develop a management system whose objectives are the improvement of performance, making the use of energy as efficient as possible, protecting the environment in compliance with the criteria of environmental, economic and social sustainability.

Policies, actions, objectives

The technology of the electrical furnace has obvious environmental advantages, thanks to the recycling of ferrous material, but it also entails high energy consumption. Improving efficiency levels as much as possible and reducing consumption is therefore an important goal for both environmental and cost reduction reasons. The objectives of AST's Energy Management System Policy define the commitments for the management and improvement of energy performance, based on the following milestones:

- energy efficiency and consumption reduction
- increased use of energy produced from renewable sources
- risk-based thinking and continuous monitoring;
- compliance and continuous improvement.

The full version of the company's energy policy statement is published on the company's online site.

(https://www.acciaiterni.it/wp-content/uploads/2023/10/Politica-per-lEnergia_28_09_2023_IT.pdf).

For more information on the actions and objectives, please also refer to what has already been described in section 2.3 (measures under the Programme Agreement) and section 3.3.2 (De-carbonisation plan).

Current projects include the following:

- The new slab reheating furnace ("Walking Beam"), which will allow for a reduction of up to 40% in methane consumption and thus a similar reduction in CO_2 emitted, amounting to approximately 15% of all direct CO_2 emissions of the factory; by way of example only, the annual reduction in natural gas consumption expected with the new furnace is equivalent to the annual consumption of approximately 20,000 households. The new Walking Beam furnace, equipped with modern burners, will also allow a significant reduction in nitrogen oxide (NOx) emissions.

- The installation of the new LAF8 annealing and pickling line, which will feature an annealing furnace equipped with an induction reheating section, will enable a reduction in specific natural gas consumption throughout the entire PIX area (rolling and treatments).

THE ENVIRONMENTAL BENEFITS OF ELECTRIC ARC FURNACES

Electric arc furnaces such as those used by AST guarantee numerous environmental advantages compared to traditional furnaces. In particular, they make it possible to cut down on energy requirements and CO_2 emissions.

Energy efficiency

The company has taken a number of actions throughout the years to improve efficiency levels and reduce consumption, including:

- reheating the scrap in the shaft of the electrical furnace with natural gas burners that support the electric arc at the start of the melting process;
- transferring the still hot semi-finished products directly to the reheating furnaces, as happens with the partial “hot load” of slabs in the WB furnace of the hot rolling area;
- “intelligently” switching off the machines that service the production lines, following scheduled shut downs;
- use of LED technology light bulbs;
- the heat recovery system installed on the flue gas lines from the slab reheating furnace in order to produce steam for internal use in the factory.

HEAT RECOVERY SYSTEM

A steam production system makes it possible to recover large quantities of heat (so-called waste heat) originating from the hot rolling system, to transform it into overheated steam, and to reuse it in the production cycle. The establishment uses over 230 thousand tonnes of steam per year. This steam is typically generated by boilers fuelled by natural gas; however, through the heat recovery steam generator, the company has successfully increased the share of steam produced without the use of fossil fuels to 70%.

The installation of a heat recovery boiler makes for the production of superheated steam from the exhaust gases of the WB furnace chimney. Thanks to this system, a remarkable reduction in natural gas consumption is possible. In addition, this avoids emissions of around 30 thousand tonnes of CO_2 per year.

STEAM PRODUCTION	
AVOIDED GAS CONSUMPTION **15 MILLION M³ / YEAR**	CO_2 EMISSIONS AVOIDED **30,000 TONNES/ YEAR**

Renewable energy production systems

Within the steel complex, there are the following plants (owned by third parties) that produce approximately 8.18 GWh/year of energy from renewable sources:
3 photovoltaic systems;
2 mini-hydroelectric plants that use the difference in level between the loading tank of the main steel mill and the waste water discharge (following purification) works on the river Nera.

Consumption

Arvedi AST mostly uses electricity and natural gas: two melting furnaces at the steel mill mainly use electricity, while the reheating furnaces for downstream processes are powered by natural gas. The company also uses diesel and petrol for transport vehicles and internal handling equipment. In 2024, total consumption was 9,032,964 GJ, with an increase of 13.9% from the previous year. For each tonne of production, 8.24 GJ was consumed (-2.1% compared to 2023).

ENERGY CONSUMPTION (GJ)	2024	2023	2022
Natural gas	5,104,574	4,418,469	4,889,426
Diesel	10,161	8,907	10,390
Petrol	1,009	824	961
Electricity	3,917,220	3,503,955	3,687,114
TOTAL	**9,032,964**	**7,932,155**	**8,587,891**

ELECTRICITY PURCHASED IN 2024	kWh	GJ
from certified renewable energy sources	350,000,000	1,260,000
with emissions data declared by the supplier	-	-
without emission data declared by the supplier	738,116,619	2,657,220
TOTAL	**1,088,116,619**	**3,917,220**

ENERGY INTENSITY in relation to production(1)	2024	2023	2022
GJ/t	**8.24**	**8.42**	**8.79**

1) The production figure considered also includes the quantity of slabs purchased from external suppliers and fed into the AST production cycle from the reheating and hot-rolling processes, thus amounting to 1,095,053 tonnes.

ENERGY INTENSITY in relation to revenues	2024	2023	2022
GJ/ million euros	**3,786**	**3,490**	**2,677**

3.3 Greenhouse gas emissions

Arvedi AST is committed to implementing its De-carbonization Plan towards a net-zero economy, in line with the European Union's climate neutrality targets.

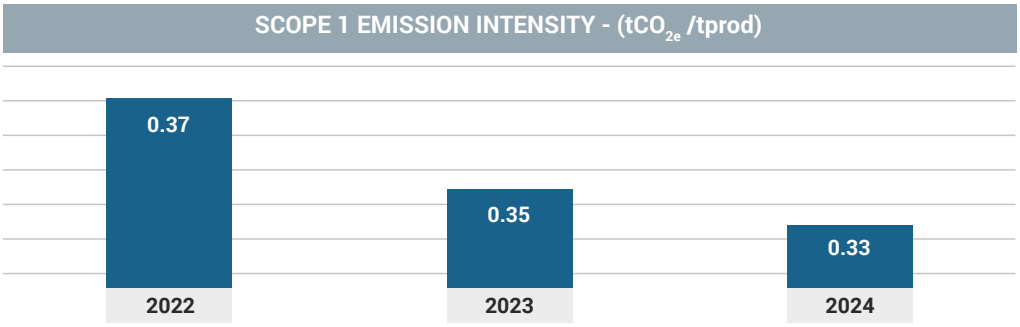
Direct emissions (scope 1)

In 2024, direct emissions amounted to 366,908 tonnes of Co_{2e} : compared to 2023, this accounts for an increase of 11.6%. Arvedi AST's direct emissions fall under the European ETS (Emission Trading System) and as such have been audited by an independent body (DNV). The direct emission intensity, representing the amount of CO_2 generated per tonne of production, stood at 0.33 t/t (-5.7% compared to the previous year). The production figure also includes the quantity of slabs purchased from external suppliers and fed into AST's production cycle from the reheating and hot-rolling processes, thus amounting to 1,095,053 tonnes.

SCOPE 1 EMISSIONS (t CO_2e)	2024	2023	2022
	366,908	**328,662**	**366,475**

SCOPE 1 EMISSION INTENSITY			
in relation to production [1]	**2024**	**2023**	**2022**
(tCO_{2e} /tprod)	**0.33**	**0.35**	**0.37**

SCOPE 1 EMISSION INTENSITY			
in relation to revenues	**2024**	**2023**	**2022**
(tCO_2 /mln euro)	**90.7**	**100.9**	**93.6**



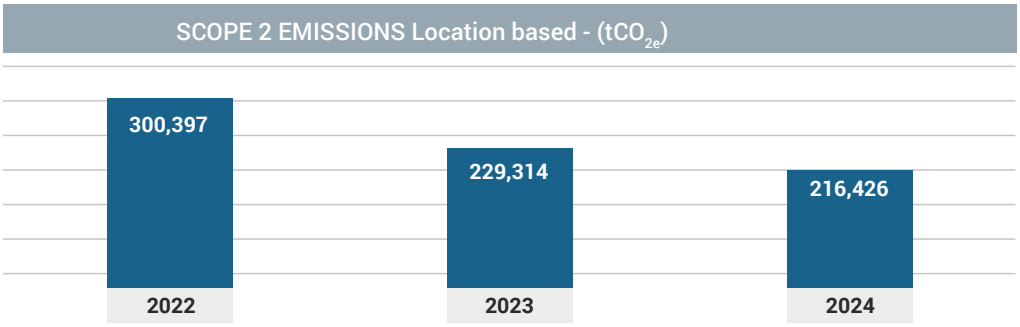
Indirect emissions (scope 2)

Indirect emissions associated with the production of purchased and consumed electricity amounted to 216,426 tonnes of CO_{2e}, showing a 5.6% reduction compared to the previous year if calculated according to the "location-based" method. By adopting the 'market-based' approach, the resulting emissions are 325,657 tonnes.

SCOPE 2 EMISSIONS (t CO_2e)	2024	2023	2022
Location based[1]	216,426	229,314	300,397
Market based[2]	325,657	not calculated	not calculated

(1) Source of location-based emission factors: "CO_2 emissions in the national electricity sector - ISPRA"- preliminary data for electricity consumption 2024: 198.8 g CO_2 /kWh

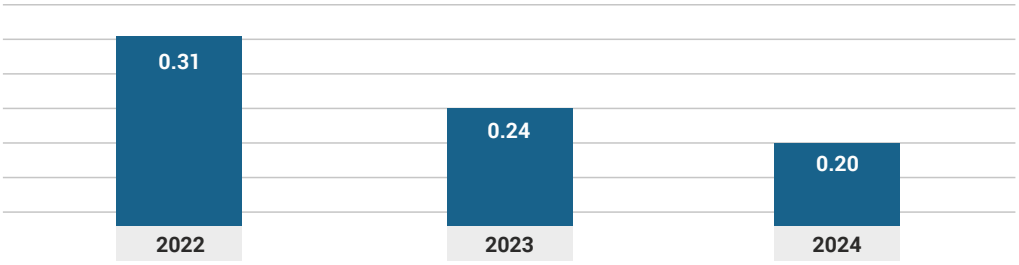
(2) Source of market-based emission factors in the absence of supplier-declared data: "AIB - residual mix 2024' - 441.2 g CO /kWh



SCOPE 2 EMISSION INTENSITY			
in relation to production[1] (tCO_2 /tprod)	2024	2023	2022
Location based	0.20	0.24	0.31
Market based	0.30	not calculated	not calculated

SCOPE 2 EMISSION INTENSITY			
in relation to revenue (tCO_2 /mln euro)	2024	2023	2022
Location based	90.7	100.9	93.6
Market based	136.5	not calculated	not calculated

SCOPE 2 INTENSITY EMISSIONS location based - (tCO_2 /tprod)



Indirect emissions (scope 3)

Scope 3 emissions are estimated in relation to category 3.1 (purchased materials) only, as it is from the extraction and production of materials purchased from suppliers that the vast majority of these emissions are derived. In particular, account was taken of all the most impactful materials such as ferroalloys and metals, scorifiers, anthracite, technical gases and purchased semi-finished products (slabs). The set of emission factors used for calculation purposes is composed of primary data received from suppliers or from values in international databases or shared in industry working groups (e.g. Eurofer). The completeness, accuracy and representativeness of these data are the subject of continuous improvement efforts, also conducted jointly with the supply chain. The increase in emission intensity in 2024 is mainly related to the contribution of semi-finished products purchased from external suppliers in order to limit production costs and preserve the competitiveness of AST products.

SCOPE 3 EMISSIONS	2024	2023
t Co_{2e}	1,985,000	1,268,000

SCOPE 3 EMISSION INTENSITY		
in relation to production	2024	2023
t Co_{2e} /tprod	1.81	1.35

SCOPE 3 EMISSION INTENSITY		
in relation to revenue (tCO_2 /mln euro)	2024	2023
	831.9	557.8

Total emissions

TOTAL EMISSIONS (tCO_2e)	2024	2023
Total emissions (scope 1 + scope 2 location based + scope 3)	2,568,334	1,825,976
Total emissions (scope 1 + scope 2 market based + scope 3)	2,677,565	not calculated

TOTAL EMISSION INTENSITY in relation to production	U.M.	2024	2023
Total emissions (scope 1 + scope 2 location based + scope 3)	t Co_{2e} /t_{prod}	2.34	1.93
Total emissions (scope 1 + scope 2 market based + scope 3)	t Co_{2e} /t_{prod}	2.44	not calculated

TOTAL EMISSION INTENSITY in relation to revenues	U.M.	2024	2023
Total emissions (scope 1 + scope 2 location based + scope 3)	t Co_{2e}/mln euro	1,083	803
Total emissions (scope 1 + scope 2 market based + scope 3)	t Co_{2e}/mln euro	1,109	not calculated

Replacement of hfc-23 gas

Among hydrofluorocarbons, HFC-23 has the highest global warming potential (GWP), equal to 14,800. In other words, one tonne of emissions of this gas is equivalent to 14,800 tonnes of Co_2.

Given its use, especially in the fire-fighting systems at the factory, and in order to improve the environmental impact generated by any leaks, but also to contribute to a significant reduction in the use and marketing of this powerful greenhouse gas, AST decided in 2022 to gradually replace it with another gas, equivalent or superior in terms of performance efficiency, but with a much lower GWP: this is NOVEC 1230 gas, also identified by ISPRA as a valid alternative to the HFCs on the market. In addition to having no impact on the ozone layer, this gas has a GWP < 1.
Replacement activities are nearing completion.

3.4 Resource use and circular economy

Arvedi AST is committed to the transition towards an increasingly circular economy. Already today, productions, as shown by the data reported in this chapter, are significantly based on circularity principles. AST mainly uses materials from recycling and recovery processes, gradually improving its performance in the efficient use of resources. Steel production by electric furnace is a virtuous activity from the point of view of the circular economy, as the main material used is scrap. Scrap classified as 'end-of-waste', 'by-product' or 'waste' may be delivered to AST's scrap yard. Regardless of the different legal qualification of the material used, all scrap entering AST for use in the production process is subject to stringent quality controls, in compliance with authorisation requirements and strict internal procedures. In addition to the use of externally recovered scrap, there is also a significant capacity to recover by-products and processing residues of internal origin (internal recycling), which are fed back and used in the plant's production cycle.

AST's strategic commitment to efficient resource use and circularity is further demonstrated through significant projects already completed, such as the refractory materials recovery plant, or currently underway, such as the slag recycling project, as well as a series of projects focused on waste management from a circular economy perspective.

Leveraging the circularity of production allows the company to also contribute to the reduction of greenhouse gas emissions and to pursue the goal of de-carbonisation.
Circular economy is indeed one of the pillars of the strategy to achieve climate neutrality, since the use of recycled materials instead of raw materials significantly reduces the carbon footprint.

3.4.1 Inbound resources

In 2024, the company purchased and used 1,257,052 tonnes of materials. Of these, about 85% are metals.

INBOUND MATERIALS (t)	2024	2023[3]
Primary metals [1]	220,459	178,983
Scrap	850,095	758,150
Other materials [2]	178,856	165,376
Total non-renewable materials	**1,249,410**	**1,102,510**
Wood	6,405	3,578
Paper and cardboard	1,237	855
Total renewable materials	**7,642**	**4,433**
TOTAL INBOUND MATERIALS	**1,257,052**	**1,106,943**

(1) Ferroalloys and grit
(2) Excluding gas and other fuels
(3) The methodology used in this report for the quantification and classification of materials used in 2024 and 2023 is partially different from that used in previous reports; for this reason, the 2023 data reported herein do not fully correspond to those reported in last year's report

Recycled materials

Out of 1,257,052 tonnes of materials purchased and used in 2024, 67.6% is recycled scrap. When measured against only metals and not against all materials, this percentage rises to 79.4%.

In addition, as previously mentioned, virtuous internal recycling processes are in place. These allow for the reuse of a range of materials - scrap as a by-product, scrap recovered by Tapojärvi, abatement dust, rolling mill scale, slab grinding, and coil sandblasting abatement dust - which are fed back into the production cycle and processed. Including internal recycling, the percentage of recycled metals out of the total metals processed reaches 82.4%.

MATERIALS PURCHASED	U.M	2024
Materials purchased	t	1,257,052
Recycling content in purchased materials	t	850,095
Percentage of recycled content in purchased materials	%	**67.6%**

PROCESSED MATERIALS (t)	2024	2024
Inbound materials	1,257,052	1,106,943
Metals from internal recovery (1)	179,679	179,149
Other materials from internal recovery (2)	20,663	19,034
TOTAL materials processed	**1,456,084**	**1,305,126**

(1) Scrap as by-product, scrap recovered from Tapojarvi, abatement dust, rolling mill scale, slab grinding, coil sandblasting abatement dust
(2) Deref refractory rubble

METALS	U.M	2024
Purchased metals	t	1,070,554
Recycling content in purchased materials	t	850,095
Percentage recycled content in purchased metals	**%**	**79.4%**
Total metals processed	t	1,250,233
Recycling content in processed metals (including internal recycling)	t	1,029,774
Proportion of Recycling Content in Processed Metals to Total Processed Metals	**%**	**82.4%**

RECYCLED MATERIALS
compared to total materials purchased

67.6%

RECYCLED METALS
compared to total materials purchased

79.4%

RECYCLED METALS
(external recycling + internal recycling)
compared to total metals processed

82.4%

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3.4.2 Outbound resources

SALES*	2024
Tonnes	**955,146.13**

**The figure refers to the consolidated total of AST +TERNINOX net shipments, recalculated following the merger on 30/11/2024.*

Waste and material recovery: policies, actions and targets

AST generates approximately 450,000 tonnes of waste annually; of this, about 330,000 tonnes consist of slag formally attributable to Tapojärvi Italia Srl, which manages the entire slag processing cycle.

A significant amount of waste is disposed of at a controlled landfill site owned by AST, which covers an area of approximately 530,000 m2 in a hilly area adjacent to the production plant called 'località Valle'. Originally authorised by the Municipality of Terni in 1973, the landfill was subject to subsequent extensions, until the authorisation issued by the Province of Terni in 2005 (authorisation acknowledged by the AIA in 2010 and by the AIA renewed in 2019), which authorised an adaptation and extension project subject to complete waterproofing of the bottom and walls, as required by It. Legislative Decree no. 36/03, according to a 'time framework' that envisaged its progressive expansion for an authorised duration of about 20 years, for a total authorised volume of 7,000,000 m3 and a potential capacity of 700,000 t/year.

AST is authorised by the Umbria Region for the recovery of scrap metal classified as waste with operations R13 "Storage of waste in order to subject it to one of the operations indicated in points R1 to R12 (excluding temporary storage prior to collection at the place where it is produced)" and R4 "Recycling/recovery of metals and metal compounds", in order to obtain EoW materials, such as iron and steel scrap, in compliance with Regulation No. 333/2011/EU, to be used in its melting furnaces.
The management of waste generated, both in terms of documentation and legislative compliance, as well as operational and management aspects, is governed by a series of internal procedures and operational practices within the environmental management system.

These procedures regulate the collection and disposal methods, also with reference to waste produced by third parties, the criteria and methods for admission to the landfill, the instructions for maintenance and cultivation of the landfill itself and, more generally, the related operational and management aspects.

In order to ensure proper waste management, a special company body is in operation, which oversees internal collection and disposal activities, documentary checks, preparation of the necessary documentation and all related obligations, interfacing daily with the production areas and the Environment and Ecology department, with which it works in close synergy.

For a more effective way of collecting the waste produced on the site and a better traceability of the related flow, a training tool called 'Waste Atlas' has recently been prepared and distributed to provide all operators with practical and operational indications on how to handle waste correctly. At the same time, management software was developed that allows operators to request the collection and disposal of waste produced via an IT platform, subject to appropriate training.

In line with EU and national circular economy guidelines, AST is developing a series of initiatives to improve its performance, to reduce the amount of waste produced and increase the rate of recovery.

Landfill mining project

AST has promoted an innovative project aimed at providing a definitive solution to the issue posed by the presence, adjacent to its own industrial landfill, of an old municipal waste landfill developed and managed by the Municipality of Terni between the late 1970s and late 1990s. Even today, the Municipality remains responsible for its management, specifically regarding leachate collection and disposal.

The 'Landfill Mining' project is based on the preventive removal of municipal solid waste landfilled by the Municipality of Terni to natural soils with simultaneous sorting and recovery of the metal fraction of the extracted waste. Once the design elevations are reached, bottom waterproofing will be carried out; subsequently, both the non-recoverable fractions of previously banked municipal solid waste and waste from production activities will be redeposited.

This operation will make it possible to:

- definitively secure the MSW landfill managed by the Municipality of Terni through the removal of the pollutant source
- partially recover waste with a view to the circular economy
- ensure the continuity of AST's production thanks to the expansion of its landfill on an area already used to receive waste without consuming new land in other areas
- territorially redevelop the landfill area (at a landscape, functional, and architectural level).

Briquetting machine

A briquetting plant for potentially processable fine metallic materials (by-products) is soon to be installed. The briquetting of these materials will prevent them from being dragged by the suction systems serving the furnaces and converters before they are melted down due to their consistency. The plant will initially be used to process fines from the slab grinding plants and the steelworks slag metal recovery plant, as well as mill scale produced by continuous casting and hot rolling; for these materials, a volume of approximately 16,000 tonnes per year is estimated. At a later stage, the possibility of working on other by-products such as sandblasting grit, Fe Cr fines and fines of other ferroalloys will be evaluated.

MSW collection project

In December 2024, a new project was launched to increase the rate of separate waste collection within the offices and cafeterias in the wards, with the separation of paper and cardboard, plastic and metal, undifferentiated waste and organic residue. Already a few months after the start of the project, important results have been achieved.

Rigenera Project

Another initiative in the direction of reducing the amount of waste (sludge) destined for disposal at the social landfill is the gradual installation, which began a few years ago, of units called 'Rigenera', designed to recover the pickling solutions used in the cold area treatment lines.

LIQUID WASTE TREATMENT

The site has a plant (Dorr Oliver) for the treatment of landfill leachates, aqueous waste solutions, and aqueous liquid waste produced by groundwater remediation operations.

A system is also in operation for the reuse of waste water from the plant, partially replacing the water used to make up for evaporation losses in the closed cooling circuit (evaporation towers) serving the ACC area's melting and refining plants, with a saving of about 50 m3/h of water.

LIQUID WASTE TREATED (t)	2024	2023
Leachate	51,840	63,793
Aqueous solutions	9,922	10,414
TOTAL	**61,762**	**74,207**

AST is also committed to constructing a new above-ground leachate collection and collection tank for the Valle landfill by 2025. This is to reduce any accidental leaks or spills and to make the related controls more efficient.

REUSE OF HEAT-RESISTING MATERIALS

A special plant reuses the refractory materials by feeding them back into the production cycle, partially replacing the lime. This avoids sending about 15-20 thousand tonnes of waste to landfill per year while also helping reduce lime consumption.

Waste management

Waste generated by the company in 2024 (net of production waste, formally produced and managed by other companies) amounted to 126,654 tonnes (+38.4% compared to 2023). Hazardous waste was almost entirely sent for disposal (93.6%), only 6.4% for recovery. A higher percentage of non-hazardous waste was sent for recovery (24.5%) and the remainder to landfill (75.5%). The percentage of total waste sent for recycling or other forms of recovery was 12.6%.

WASTE (t)	2024	2023	2022
HAZARDOUS WASTE	**83,209**	**72,011**	**85,453**
of which for disposal	77.882	67,853	84,412
of which for recovery	5,327	4,158	1,041
NON-HAZARDOUS WASTE	**43,445**	**19,469**	**26,372**
of which for disposal	32,800	12,729	11,207
of which for recovery	10,645	6,740	15,165
TOTAL	**126,654**	**91,480**	**111,825**

WASTE MANAGEMENT	2024		2023		2022	
	t	%	t	%	t	%
Sent for recovery	15,972	12.6%	10,897	11.9%	16,206	14.5%
Disposal	110,682	87.4%	80,583	88.1%	95,619	85.5%
TOTAL	**126,654**	**100%**	**91,480**	**100%**	**111,824**	**100%**

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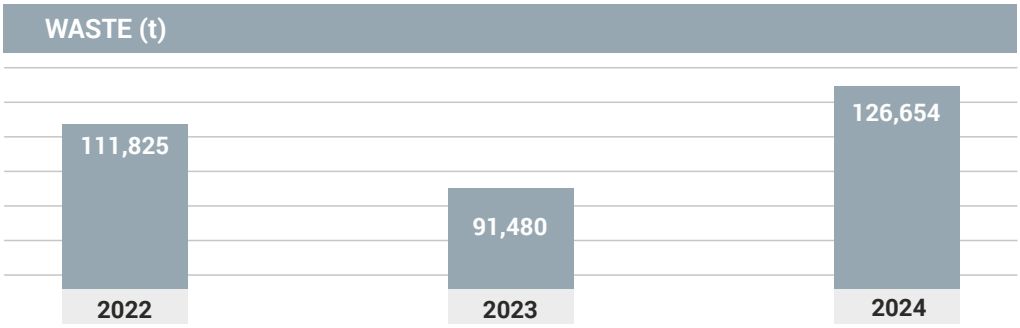
WASTE SENT FOR RECOVERY 2024	Unit of measure	Hazardous	Non-hazardous	TOTAL
01 -WASTE FROM EXPLORATION, EXTRACTION AND PHYSICAL AND CHEMICAL PROCESSING OF MINERALS	t	-	-	-
02- WASTE FROM AGRICULTURE, HORTICULTURE, AQUACULTURE, FORESTRY, HUNTING AND FISHING, FOOD PREPARATION AND PROCESSING	t	-	-	-
03 -WASTE FROM WOOD PROCESSING AND THE PRODUCTION OF PANELS AND FURNITURE, PULP, PAPER AND CARDBOARD	t	-	-	-
04 - WASTE FROM THE LEATHER, FUR AND TEXTILE INDUSTRIES	t	-	-	-
05 - WASTE FROM PETROLEUM REFINING, NATURAL GAS PURIFICATION AND PYROLYTIC TREATMENT OF COAL	t	-	-	-
06 - WASTE FROM INORGANIC CHEMICAL PROCESSES	t	-	-	-
07 -WASTE FROM ORGANIC CHEMICAL PROCESSES	t	-	-	-
08 - WASTE FROM MANUFACTURE, FORMULATION, SUPPLY AND USE (MFSU) OF COATINGS (PAINTS, VARNISHES AND VITREOUS ENAMELS), ADHESIVES, SEALANTS AND PRINTING INKS	t	-	0.14	0.14
09 - WASTE FROM THE PHOTOGRAPHIC INDUSTRY	t	-	-	-
1 0 - WASTE FROM THERMAL PROCESSES	t	4,529.02	46.32	4,575.34
11 - WASTE FROM CHEMICAL SURFACE TREATMENT AND COATING OF METALS AND OTHER MATERIALS	t	-	-	-
12 - WASTE FROM DEMOULDING AND PHYSICAL AND MECHANICAL SURFACE TREATMENT OF METALS AND PLASTICS	t	625.18	-	625.18
13 - OIL AND LIQUID FUELS WASTE (excluding edible oils)	t	27.6	-	27.6
14 - WASTE ORGANIC SOLVENTS, COOLANTS AND PROPELLANTS	t	-	-	-
15 - PACKAGING WASTE; ABSORBENTS, WIPING CLOTHS, FILTER MATERIALS AND PROTECTIVE CLOTHING NOT OTHERWISE SPECIFIED	t	70.06	3,043.48	3,113.54
16 - WASTE NOT OTHERWISE SPECIFIED IN THE LIST	t	22.72	1,847.88	1,870.60
17 - CONSTRUCTION AND DEMOLITION WASTE (INCLUDING EXCAVATED SOIL FROM CONTAMINATED SITES)	t	51.8	5,700.71	5,752.51
18 - WASTE FROM HUMAN OR ANIMAL HEALTH CARE AND/OR RELATED RESEARCH	t	0,272	-	0,272
19 - WASTE FROM WASTE TREATMENT PLANTS, OFF-SITE WASTE WATER TREATMENT PLANTS AND PREPARATION OF WATER INTENDED FOR HUMAN CONSUMPTION AND WATER FOR INDUSTRIAL USE	t		2.12	2.12
20 - MUNICIPAL WASTE (HOUSEHOLD AND SIMILAR WASTE, COMMERCIAL, INDUSTRIAL AND INSTITUTIONAL WASTE) INCLUDING SEPARATELY COLLECTED FRACTIONS	t	0.74	4.12	4.86
TOTAL	t	5,327.40	10,644.77	15,972.17

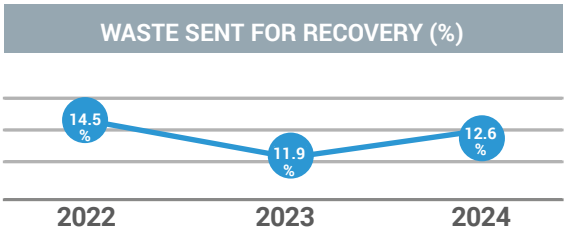
WASTE SENT FOR DISPOSAL 2024	Unit of measure	Hazardous	Non-hazardous	TOTAL
01 -WASTE FROM EXPLORATION, EXTRACTION AND PHYSICAL AND CHEMICAL PROCESSING OF MINERALS	t	-	-	-
02- WASTE FROM AGRICULTURE, HORTICULTURE, AQUACULTURE, FORESTRY, HUNTING AND FISHING, FOOD PREPARATION AND PROCESSING	t			
03 -WASTE FROM WOOD PROCESSING AND THE PRODUCTION OF PANELS AND FURNITURE, PULP, PAPER AND CARDBOARD	t	-	-	-
04 - WASTE FROM THE LEATHER, FUR AND TEXTILE INDUSTRIES	t	-	-	-
05 - WASTE FROM PETROLEUM REFINING, NATURAL GAS PURIFICATION AND PYROLYTIC TREATMENT OF COAL	t	-	-	-
06 - WASTE FROM INORGANIC CHEMICAL PROCESSES	t	-	-	-
07 -WASTE FROM ORGANIC CHEMICAL PROCESSES	t	-	-	-
08 - WASTE FROM MANUFACTURE, FORMULATION, SUPPLY AND USE (MFSU) OF COATINGS (PAINTS, VARNISHES AND VITREOUS ENAMELS), ADHESIVES, SEALANTS AND PRINTING INKS	t	0.66		0.66
09 - WASTE FROM THE PHOTOGRAPHIC INDUSTRY	t	-	-	-
10 - WASTE FROM THERMAL PROCESSES	t	7,531.05	4,202.28	11,733.33
11 - WASTE FROM CHEMICAL SURFACE TREATMENT AND COATING OF METALS AND OTHER MATERIALS	t	1.72	-	1.72
12 - WASTE FROM DEMOULDING AND PHYSICAL AND MECHANICAL SURFACE TREATMENT OF METALS AND PLASTICS	t	487.66	15.12	502.78
13 - OIL AND LIQUID FUELS WASTE (excluding edible oils)	t	101.94	-	101.94
14 - WASTE ORGANIC SOLVENTS, COOLANTS AND PROPELLANTS	t	-	-	-
15 - PACKAGING WASTE; ABSORBENTS, WIPING CLOTHS, FILTER MATERIALS AND PROTECTIVE CLOTHING NOT OTHERWISE SPECIFIED	t	954.84	-	954.84
16 - WASTE NOT OTHERWISE SPECIFIED IN THE LIST	t	2,471.49	8,303.02	10,774.51
17 - CONSTRUCTION AND DEMOLITION WASTE (INCLUDING EXCAVATED SOIL FROM CONTAMINATED SITES)	t	3.12	19,978.9	19,982.02
18 - WASTE FROM HUMAN OR ANIMAL HEALTH CARE AND/OR RELATED RESEARCH	t	-	-	66,418.84
19 - WASTE FROM WASTE TREATMENT FACILITIES, OFF-SITE WASTE WATER TREATMENT PLANTS AND PREPARATION OF WATER INTENDED FOR HUMAN CONSUMPTION AND WATER FOR INDUSTRIAL USE	t	66,329.64	89.2	211.34
20 - MUNICIPAL WASTE (HOUSEHOLD AND SIMILAR WASTE, COMMERCIAL, INDUSTRIAL AND INSTITUTIONAL WASTE) INCLUDING SEPARATELY COLLECTED FRACTIONS	t	-	211.34	-
TOTAL	t	77,882	32,800	110,682

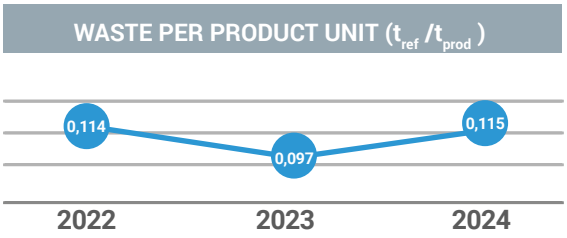
WASTE SENT FOR RECOVERY (t)	
RECOVERY OPERATIONS	2024
Hazardous waste	**5,327.4**
Preparation for reuse	2,605.6
Recycling	2,721.8
Other recovery operations	-
Non-hazardous waste	**10,644.7**
Preparation for reuse	8,893.8
Recycling	1,750.9
Other recovery operations	-
Total	**15,972.1**

WASTE FOR DISPOSAL (t)	
DISPOSAL OPERATIONS	2024
Hazardous waste	**77,882.1**
Incineration (with energy recovery)	-
Incineration (without energy recovery)	-
Landfill	75,801.5
Other disposal operations	2,080.6
Non-hazardous waste	**32,799.9**
Incineration (with energy recovery)	-
Incineration (without energy recovery)	-
Landfill	32,550.9
Other disposal operations	249.0
Total	**110,682**

WASTE PER UNIT OF PRODUCT	2024	2023	2022
T_{REF} / T_{PROD}	0.115	0.097	0.114







Slag

In addition to the waste data formally attributable to Arvedi AST, from a substantive standpoint, those relating to slag must also be considered; these will be discussed in more detail in a later section. Although generated by the factory's production processes, as previously mentioned, slag is managed by third parties.

SLAG	2024	2023
Tonnes	**325,319**	**289,071**

3.4.3 Circularity performance

Recycled metal content

Arvedi AST's stainless steel products are manufactured using a high percentage of recycled material, consisting of scrap metal from end-of-life collection (post-consumer scrap) or from AST's or other processors' processing/manufacturing operations (pre-consumer scrap).

The table below shows the percentage of recycled scrap used by AST in 2024 for the production of solid steel (slabs). In accordance with the ISO 14021 standard, for calculation purposes, scrap generated by the steel production and casting processes—such as metals recovered from slag, ladle and tundish skulls, dust recovered from suction systems, and any other internal steelworks scrap—was not considered as recycled content.

RECYCLING CONTENT IN THE PRODUCTION OF AST SOLID STEEL ACCORDING TO ISO 14021			
2024	**AUSTENITIC**	**FERRITIC**	**TOTAL**
Recycled scrap used as a percentage of solid steel produced	**91.2%**	**82.2%**	**88.8%**

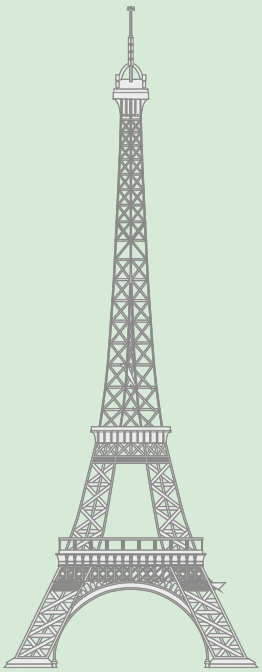
Recycled metal content

88.8%

THE AMOUNT OF RECYCLED METALS
USED FOR AST PRODUCTION IS EQUIVALENT
TO THE WEIGHT OF OVER

140
EIFFEL TOWERS*

**considering the amount of metals from external and internal recycling processed by AST in relation to the weight of the metal structure of the Eiffel Tower (7,300 t)*



Circularity rate

The material circularity rate measures the percentage share of recycled materials relative to the total materials purchased and used. The higher this percentage, the more virtuous the production cycle. In addition, the circularity rate of metals was calculated according to a two-pronged approach: on the one hand, the percentage of metals from scrap recycling (external recycling) in relation to the total metals purchased, and on the other hand, the percentage of metals from both external recycling and internal recycling in relation to the total metals processed. Thanks to the technological choice of electric arc furnaces and the high use of recycled materials, AST achieves outstanding results.

67.6%	**RECYCLED MATERIALS** COMPARED TO MATERIALS PURCHASED
79.4%	**RECYCLED METALS** COMPARED TO METALS PURCHASED
82.4%	**RECYCLED METALS** (EXTERNAL RECYCLING + INTERNAL RECYCLING) COMPARED TO PROCESSED METALS

The use of recycled metals allows reducing energy consumption and greenhouse gas emissions

Thanks to the use of recycled metals, in 2024, AST avoided the emission of more than

1,441,000
tonnes of CO_2

Thanks to the use of recycled metals, in 2024, AST avoided the consumption of energy of approximately

671,400
MWh

ENVIRONMENTAL BENEFITS OF CIRCULARITY
For every tonne of recycled steel scrap:

- emissions of 1.4 tonnes of CO_2* are avoided
- 652 kWh of energy are saved**
- the consumption of 1.1 t of iron ore, 630 kg of coal, 55 kg of limestone, 287 litres of oil is avoided
- 2.3 m^3 of waste to landfill is avoided

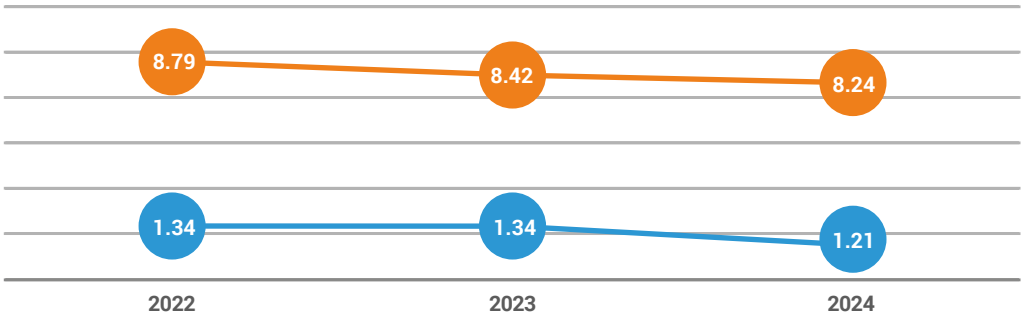
*World Steel's LCA methodology

**Bureau of International Recycling methodology

Resource-use efficiency rate

It indicates the consumption of materials and energy per unit of product: the lower this value, the more efficient the use of resources. The figures for 2024 show an improvement over the previous year.

RESOURCE EFFICIENCY	2024	2023	2022
MATERIALS (t/t)	1.21	1.34	1.34
ENERGY (GJ/t)	8.24	8.42	8.79



ENERGY (GJ/t)
MATERIALS (t/t)

Resource productivity

This indicator measures the added value generated per tonne of materials purchased and used in production. In 2024, the added value of EUR 198,821,000 and 1,257,052 tonnes of materials amounted to EUR 158.2 / tonne.

RESOURCE PRODUCTIVITY	2024
euro/t	158.2

Waste recovery: an international project

Focusing more and more on a circular economy: this is the challenge undertaken by Arvedi AST with the project for recovering slag from steel processing. The production process generates over 300,000 tonnes of slag annually: of this, approximately 40% originates from the furnace melting process (“black slag”) and about 60% from the converter refining process (“white slag”). The project makes it possible to significantly increase the recovery of residual materials generated by the steel making process, and most of all slag, representing 1/3 of the steel produced.

AST is the first company in Italy to have identified an industrially sustainable solution for recycling slag from stainless steel production, in line with the most advanced environmental standards and consistent with market demands.
The innovative slag recovery project, which aims to transform stainless steel slag produced in Terni into materials that can be reused and marketed, is the result of a collaboration between Acciai Speciali Terni and the Finnish Tapojarvi Oy group.
Once treated, the slag will assume the features of materials like gravel and sand, will bear the CE marking and will be usable as an alternative to natural materials for the construction of road substrates, or to be incorporated in a bituminous or cement-based matrix in order to produce concrete or asphalt. A solution that will make it possible to go down the road of recycling aggregates, reducing the removal of natural material and the impact of quarries on the landscape.

The slag recovery project was initiated a few years ago with the ambitious goal of rethinking the entire slag processing cycle. In August 2023, company Tapojarvi was authorised to recover the deferritised slag for the purpose of obtaining end-of-waste status, with the aim of producing a 'product', in the form of filler (a product derived from the slag, which has already obtained product certification) and aggregates, for the production of conglomerates in bituminous or cement matrix, to be placed on the market as a substitute for virgin materials. The experiments carried out with Anas, in cooperation with Arpa Umbria, yielded satisfactory results, and in summer 2024 the second phase of the collaboration agreement was launched with the aim of verifying the environmental characteristics of asphalt milled waste containing end-of-waste filler recovered from steel mill slag for subsequent marketing.

Moreover, the required environmental permits were obtained from Tapojärvi for both the cooling activities ('slag ramp') and the 'aggregate maturation' areas, with a view to their reuse as building materials.

The so-called 'aggregates area' was completed, intended for the maturation of aggregates from slag for their reuse as construction material after EC certification.
Slag recovery yields multiple environmental benefits. In particular:

- the new treatment method (intended for reuse) will produce a significant improvement in environmental quality in the areas surrounding the industrial site, with a reduction in dust compared to the current situation;
- using slag instead of extracting and using natural materials also contributes to a reduction in the overall environmental impact, given that the demand for construction aggregates is steadily increasing and the use of quarries causes unsustainable land consumption;
- no longer considering slag as waste to be disposed of, but rather as a material to be reused, enables a virtuous raw material recovery process in accordance with circular economy principles.

SLAG RE-USE PROJECTS

The waste is managed by the company Tapojärvi, winner of an international competition in 2018 for the treatment, recovery and marketing of waste products. Once processed, slag products can be used to replace natural materials such as gravel or sand in road sub-grades or incorporated into a bituminous or cement matrix to produce asphalt or concrete. Several projects are underway in cooperation with industrial partners to demonstrate the technical feasibility and initiate the industrial application of reuse.

Main ongoing projects

- Asphalt/road foundations: use as a filler in the surface (wear layer) or in the base/ intermediate layers in asphalt road construction.
- Bituminous membranes: use as filler in bitumen-based layers to ensure waterproofing of buildings and constructions.
- Concrete: the use as a backfill material to replace sand and fly ash is being technically tested with industrial partners.
- Lego blocks: Interlocking pre-cast concrete blocks, designed as fast-assembly and reusable construction elements for walls, buildings, and temporary structures.

REACH registration and CE marking have already been obtained for the main applications.

3.5 Air

Policies, actions, and objectives

Atmospheric emissions are governed by the air protection and emission reduction regulations of the Consolidated Environmental Act. AST is also obliged to comply with the relevant European legislation, as well as with all applicable national and regional regulations and the requirements imposed by the authorities responsible for the various authorisation profiles.

Regarding emissions, the following categories are distinguished: channelled emissions (emissions of a gaseous effluent through one or more specific points, e.g., from stacks and/or work process stations and related suction systems, indexed within the plant); diffuse emissions (emissions that spread into the atmosphere from a non-point source, such as dust or other emissions from a slag pile, material handling, storage, transport, or turbulence caused by traffic); fugitive emissions (emissions into the environment resulting from a gradual loss of tightness in a component designed to contain a liquid or gaseous fluid, such as leaks from flanges, pumps, compressors, etc., as well as residual uncaptured emissions from plants that may spread into the external environment).

Piped emissions

There are over one hundred authorized and active emission points; the Best Available Techniques (BAT) are adopted for emission abatement. Emissions from melting furnaces and converters, which account for most of the emitted flow (approx. 65%), have been monitored continuously for years, with dust values ranging between 0.1 and 0.2 mg/Nmc, against an AIA limit - and BAT value - of 5 mg/Nmc; on the furnaces and converters, organic micro-pollutants—including PCDD/Fs (dioxins)—are also automatically sampled, covering the entire operating period. All other emission points are monitored with a generally annual frequency. The Integrated Environmental Authorization (AIA) issued in December 2019, along with its subsequent amendments, contains numerous requirements that are more stringent than current national legislation and sector-specific Best Available Techniques (BATs). In addition, AST itself has voluntarily sought to achieve environmental standards that are stricter than the regulatory requirements, investing considerable resources in the implementation of projects to improve the city's air quality.

In this regard, it should be noted that, following studies and in-depth investigations carried out, including by ARPA, AST's contribution to fine particulate matter (PM10) detected in the city is quantifiable at around 9%, while the impact of other sources such as heating (around 75%) and traffic (11%) is much more significant.

In any case, in order to assess the contributions to the presence of nickel and chromium in the air in Terni by the different types of emissions from the plant (diffuse emissions from slag processing and emissions ducted from the chimneys of the site's various production plants), and then proceed with targeted interventions, AST carried out a study in cooperation with the National Institute of Nuclear Physics in Florence. Based on the results of this study, as of February 2024, the various aspects were evaluated with the competent authorities (Region, ARPA, Municipality) at special technical round tables and were subsequently incorporated into an AIA amendment procedure ('review'). As part of this process, AST proposed interventions for further nickel abatement at three emission sources, quantifying the expected improvements in relation to air quality. The solution identified for the further abatement of dust (and therefore of the nickel it contains) will require an investment quantified at around EUR 6 million with the adoption of wet electro-filters.

Diffuse emissions

Diffuse emissions mainly affect the areas surrounding the site. The most important thereof arise from the cooling and waste management activities ('slag ramp'), which have an impact on the nearby district of Prisciano (an activity owned by Tapojarvi Italia Srl).

The current configuration of the slag yard is of a “semi-enclosed” type, similar to only a few other European stainless steel production sites, whereas at other sites such processing is carried out entirely in the open air. In order to reduce the spread of dust in the Prisciano district, AST has voluntarily decided to include in the so-called 'slag project' the implementation of measures to contain diffuse emissions from the so-called 'slag ramp', which affect the nearby Prisciano district. Following extensive plant and management-level reviews, AST and Tapojärvi obtained the environmental authorization from the Umbria Region in December 2024 for the final design of a new closed and aspirated ‘slag ramp.' Subsequently, building permits were also secured, allowing construction to commence in July 2025. The new slag ramp is scheduled for completion in the first half of 2026. The investment amounts to approximately EUR 40 million. Pending the construction of the new plant, AST put in place transitional measures, such as changing the internal routes of the vehicles, which were removed from the plant perimeter; the systematic wetting of slag processing areas and adjacent pathways; the planting of green barriers, both in the area between the slag ramp and the vehicle parking lot, and along the outer road facing the Prisciano district; the installation of a new wheel-washing system for vehicles exiting the Metal Recovery plant. All these activities have been completed.

In addition to those mentioned above, the fight against the production of diffuse emissions also takes place through the adoption of a series of management measures, aimed at limiting the raising of dust through the periodic cleaning of roofs, roads and yards, the wetting of roads subject to greater dustiness, the installation of wheel-washing systems, the use of dry-fog, the use of tarpaulin covers on the caissons, and compliance with the speed limits imposed inside the plant.

Fugitive emissions

Over the years, AST has put in place a series of both managerial and structural measures to contain these types of emissions. Accidental fugitive emissions due to any malfunctioning of the collection and abatement plants are limited through adequate maintenance of the plants themselves, defined within the operational control plans of the Environmental Management System. Specific emergency procedures have also been drawn up to be activated in the event of anomalies. To further limit fugitive emissions, AST has also taken a number of specific technical and management measures over the past decade.

Other plant improvements

AST is also engaged in the adaptation to the new BAT for the 'Ferrous Metals Processing' sector, which affects the LAC (Hot Rolling) and PIX (cold rolling and related treatments) areas. As part of this, plant improvements will be carried out, which will mainly concern:

- nitrogen oxide (NOx) emissions from annealing and treatment furnaces: in the 2025-2026 period, interventions are scheduled to replace the burners of the reheating furnaces and the suction systems serving the heating furnaces on the LAF6 and LAC10 lines with low-NOx emission systems. Regarding the LAC area, compliance with the new BATs will be pursued through the construction of a new slab annealing furnace (new Walking Beam furnace) which, in addition to reducing NOx emissions, will also lead to significant energy savings.
- hydrofluoric acid emissions from the pickling sections of the PIX area treatment lines.
- dust (and consequently nickel) emissions from mechanical surface treatments (sandblasting, skinpass, welding and TemperMill).

The amount of these investments is estimated at around EUR 18 million, net of the construction of the new Walking Beam furnace.

Air emissions

Air emissions to air consist mainly of nitrogen oxides (for which there was a 12.6 per cent reduction compared to the previous year). The following table also shows the other issues for the financial year 2024.

EMISSIONS	kg/y
Nitrogen oxides (NOx/NO2)	**512,227**
Chromium and compounds (as Cr)	**392.1**
Copper and compounds (as Cu)	**62.2**
Mercury and compounds (as Hg)	**53.5**
Nickel and compounds (as Ni)	**181.4**
PCDD + PCDF (dioxins + furans) (as Teq)	**0,000,198.6**
Chlorine and inorganic compounds (as HCl)	**10,770**
Fluorine and inorganic compounds (as HF)	**5,533**

3.6 Water

Policies, actions, and objectives

The company has its own Water Management, Monitoring and Control Plan.

AST holds a regional concession under which it is authorised to withdraw 18,000 m^3/h of water from river Velino. The water demand of the plant can vary, depending on production, up to a maximum of 16,000 m^3/h; the system is kept in balance thanks to an overflow located at the 'Pentima tank', which, through a channel, conveys excess water not used by the production departments (on average 2,000 m^3/h) directly to the discharge point. The water entering the factory, on the other hand, is mainly used for cooling part of the plants directly or indirectly; subsequently, following treatment where necessary, it is returned to the Nera river. Thanks to the peculiarity of this plant layout, AST's water balance is maintained in equilibrium, since all the water taken from the Velino river upstream of the plant is returned, almost in its entirety (net of physiological evaporation) to the Nera river downstream of the plant. There is therefore no actual consumption of water, but rather a 'transfer' from one water body to another, without significantly damaging the water resource in qualitative-quantitative terms.

In the Integrated Environmental Authorisation, the inbound water flows, withdrawal points, usage phases and emitted quantities are described. The waste water cycle, the list of sampling points, the sewerage network, authorised discharge points, partial discharges, outbound volumes are also described. All these data are monitored as per AIA requirements and updated annually in the Monitoring and Control Plan (MCP). In order to ensure proper management of water resources, AST has a designated body, located in the Technical Area and assigned to "Fluid Distribution", with the task of overseeing the management, maintenance and operation of ecological and purification plants, drains and water distribution networks, based on a rigorous plan of operational controls and in meticulous compliance with reference regulations and company procedures.

In addition to complying with regulatory standards, AST has set itself the goal of significantly reducing its consumption of water for drinking and sanitary use, with the adoption of a series of initiatives that have allowed it to halve its consumption in the space of a few years. After conducting a thorough mapping of the active delivery points within the plant, some were closed and decommissioned; leaks were identified and repaired, improper uses of potable water were detected, obsolete faucets were replaced with timed systems, and entire sections of underground piping were brought above ground to facilitate easier inspections and repairs.

Other initiatives are being studied, with the aim of further significantly reducing water and sanitation withdrawals.

Water-related policies are integrated into business planning, both in terms of investments and operating costs. Among the main water consumption reduction projects are the following:

Reuse of water exiting the Dorr-Oliver plant

AST implemented a project to reuse wastewater previously discharged from the Dorr Oliver plant as make-up water to partially replace evaporation losses in the closed cooling circuit of the evaporative towers serving the ACC area. This intervention generated a water saving of 50 m^3/h of fresh water and the consequent deactivation of the partial discharge, which is an emergency discharge only in the event of failure of recovery to the ACC cooling tower.

Reuse of indirect cooling water from some plants in the PX2 area and reuse of the discharge from the IDA10 plant.

In recent years, AST has implemented a series of interventions aimed at reducing water consumption within the Hot Rolling (LAC) department, achieved through a variety of initiatives to recover:

- indirect cooling water for some plants in the PX2 area, most recently with the installation in 2023 of the new Zmill 11 Rolling Plant, which requires approximately 800 m^3/h of water for indirect cooling of rolling oils.
  As part of this last project, the existing wastewater recirculation system from PIX2 to LAC was further upgraded to 2300 m^3/h, increasing the capacity of the existing pumps.
- IDA10 sewage treatment plant discharge, which is therefore only activated in the event of an emergency (under normal conditions it feeds the above-mentioned recirculation)

Reuse of wastewater from the IDAPIX plant

The IDAPIX partial discharge (currently approx. 1000 m^3/h, which will be increased by approx. 50 m^3/h following the installation of the LAF8 line) will be fully reused and fed back to the LAC department. Therefore, the water needed for the LAF8 process (approximately 700 m^3/h) will not lead to any additional industrial water consumption. Thanks to these projects aimed at recycling or internal reuse of wastewater, a substantial percentage of the water withdrawn is subjected to internal reuse in the various production departments

(LAC, PIX1, PIX2, ACC) before being discharged externally; furthermore, a closed-loop recirculation system for cooling water is in place for the Steelworks area plants; in the absence of this recirculation, water consumption would be over 80% higher than current levels.

Drawn water

Water is predominantly used for industrial purposes and, to a lesser extent, for services such as the wetting of yards and green areas, sanitation, etc. Water for industrial use is primarily withdrawn from the Velino river, while water withdrawn from the municipal water system and groundwater is used exclusively for civil purposes. The withdrawn water is entirely returned to the Nera river, net of evaporation. In other words, there is no actual consumption of water resources, given that the withdrawn water - once used within the production cycle and subsequently treated - is returned to the Nera river (into which the Velino waters flow), net of physiological evaporation.

DRAWN WATER (m^3)	2024	2023	2022
Surface water	144,069,516	145,269,956	145,666,142
Groundwater	772,949	760,825	1,051,766
Rainwater	-	-	-
Aqueduct	3,150	1,368	1,276
TOTAL	144,845,615	146,032,149	146,719,184

WATER INTENSITY (WATER WITHDRAWN IN RELATION TO PRODUCTION)	2024	2023
m^3/t	132	155

WATER INTENSITY (WATER TAKEN IN RELATION TO REVENUE)	2024	2023
m³/mln euro	60,706	64,246

The area where the factory is located is classified as under "medium-to-high" water stress.

Recycled and reused water

According to a technical explanation, to reduce water withdrawal, a company adopts two methods of water resource reuse: actual recirculation (closed-loop) and reuse intended as cascade water utilization from one production process to another. A very high percentage of water is reused in that way.

RECYCLED WATER (m³)	2024	2023	2022
Recycled and reused water (1)	127,378,870	125,449,718	126,630,730
Drawn water	144,845,615	146,032,149	146,719,184
Percentage of recycled water to drawn water	88%	86%	86%

(1) Re-use of PIX2 cooling water + Partial discharge IDA10 to LAC department + Re-use of Dorr Oliver wastewater for partial replacement of ACC evaporative towers + Evaporative towers for cooling water recirculation + Recirculation of furnace and hot rolling mill water + Piezometer F9

WATER RECYCLING AND REUSE

88%

AST is engaged in a number of internal recirculation and reuse activities and projects to reduce water use

Closed circuit evaporative towers for cooling water recirculation ACC/LAC area

approx. 12,500 m^3/h

Reuse of indirect cooling water from some plants in the PIX2 area and the discharge of the IDA10 plant (relaunch from PIX2 to LAC)

up to 2,300 m^3/h

Reuse of water exiting the Dorr-Oliver plant to partially replace evaporation losses in the closed-loop cooling tower system.

approx. 50 m^3/h

Reuse of wastewater from the IDAPIX plant with re-introduction to the LAC department

up to 1,400 m^3/h

THE AMOUNT OF RECYCLED WATER IS EQUAL TO THAT CONTAINEDIN APPROXIMATELY 34 THOUSAND OLYMPIC SWIMMING POOLS

34,000

*assuming pools of 50 m length x 25 m width x 3 m depth as reference

Purification and discharges

Process water is treated through a physical-chemical treatment plant. Furthermore, the site hosts additional treatment units for the "point-of-use" treatment of specific types of wastewater; for these, compliance with concentration limits equivalent to those for discharges into surface water bodies is required before they merge into the main corporate sewage network. In total, the AST site has 4 authorised discharge points, of which 3 in surface water (Nera river, Serra stream, Tescino stream) and 1 in public sewerage (rainwater).

In 2024, water discharges totalled 148,788,113 m^3. Constant monitoring ensures compliance with the limits laid down by the regulatory framework in force with regard to waste water discharges that are introduced into surface bodies of water or into the municipal sewer system.
Discharge concentration values for the various parameters required by current regulations and the IED (Integrated Environmental Authorization - AIA) are fully met, thanks to the adoption of Best Available Techniques (BAT); specifically, regarding metals, Ni and Cr values are more than one hundred times below the legal limits, if not lower than their respective detection limits.

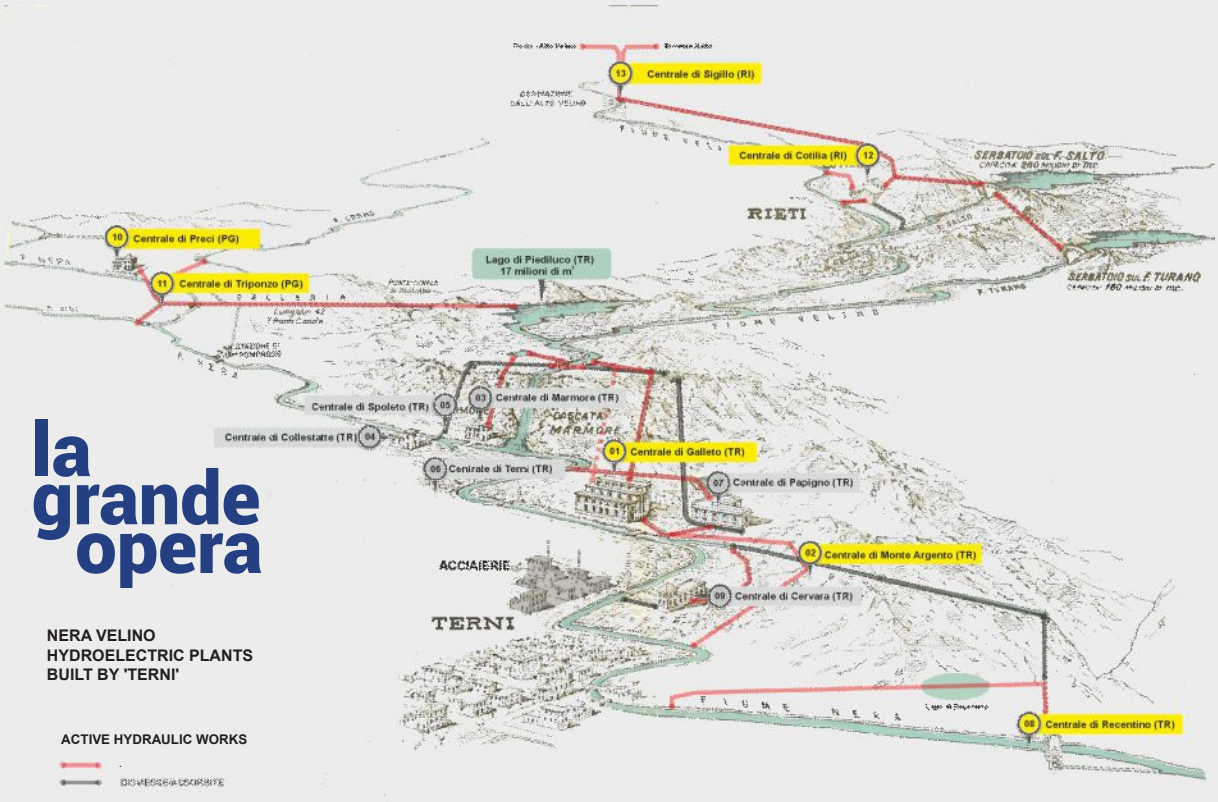
Emission of substances into water* (kg/y)	2024
Arsenic and compounds (as As)	262.2
Cadmium and compounds (as Cd)	79.5
Chromium and compounds (as Cr)	853.9
Copper and Compounds (as Cu)	605.7
Mercury and compounds (as Hg)	36.7
Nickel and compounds (as Ni)	1,121.2
Lead and compounds (as Pb)	163.9
Zinc and compounds (as Zn)	999.2
Total organic carbon (TOC) (as total C or COD/3)	221.1
Cyanides (as total CN)	892.5
Fluorides (as total F)	59,408

**when concentration values are below the detection limits, a value of half the detection limit is taken into account according to the E-PRTR calculation criteria for mass flows.*

Steelworks and water: an ancient history

Water resources in the Terni area have always played a decisive role in the birth of local industry and its subsequent development. The industrial use of the Velino river waters was established in 1886, with the creation of a 5 m^3/s diversion at the Marmore Falls. Using the Collestatte well as a settling basin, the water, through a route of about 6.5 km, with a total height difference of over 200 metres in tunnels and penstocks, arrived downstream providing the necessary motive power for the operation of all the machinery at Acciaierie di Terni (turbines, water column machines, compressed air production, power generation, cooling). It was the first large-scale application of hydro-power in Italy.

The theme of hydraulic infrastructures, both natural and the result of human ingenuity, was emphasised and shared with all stakeholders through the realisation, on the 140th anniversary of the founding of the steelworks, of the exhibition “La grande opera” (The Great Work). The exhibition was divided into an exhibition itinerary dedicated to water and the Terni iron and steel pole with explanatory panels on the entire hydroelectric system built over the decades by Acciaierie di Terni, with a focus on the history of industrialisation in Terni, from its origins at the end of the 19th century to the present day, with spaces dedicated to the sites in the Marmore Campacci area and an educational section dedicated to schools with the history of steel production in Terni and the necessary infrastructure to produce it.



Arvedi

WASH 4WORK

AST joins WASH4WORK, a multi-stakeholder initiative launched in 2016 with the aim of mobilising corporate action on access to water, sanitation and hygiene (WASH) in business operations, in the communities where companies operate and along supply chains.

WASH4WORK mainly aims to:

- demonstrate corporate leadership on access to WASH in the workplace
- share knowledge, leading practices and promote industry best standards
- constantly evolve the business case to prioritise WASH actions within the scope of water management
- connect members to amplify the impact of WASH initiatives
- support the implementation of climate-resilient WASH actions.

3.7 Noise and Odours

The company has established a plan for the prevention and reduction of noise and vibration. The environment adjacent to the boundaries of the steelmaking site is characterized by the presence of residential housing. The work, steel production, is carried out both during the day and night period 7 days a week.
AST has drawn up a mapping of the plant's sources in order to identify any acoustic distress with respect to the limits set by the acoustic zoning defined by the municipality of Terni. Based on the elaborated mapping, AST presented the competent authorities with a list of sources to be remediated and a timetable of soundproofing works until 2022. Then, after the acoustic mapping was updated, a new noise abatement plan was submitted and approved in the AIA, containing a timetable for the works to be carried out until 2031.

To verify compliance with the limits required by the Municipality of Terni's acoustic zoning, measurements are periodically carried out at 9 receptors located around the factory, in accordance with current regulations. According to the timetable submitted to the supervisory bodies and incorporated in the AIA, AST is carrying out the noise abatement work in accordance with the established deadlines.

Regarding vibrations, no critical issues have been recorded, with the exception of some localized situations caused by the activities of the Metal Recovery plant managed by Tapojärvi Italia Srl. The company has implemented and is currently implementing a series of studies, designs, and actions aimed at containing and eliminating this phenomenon.

The issue of odorous emissions has never represented a significant criticality at AST, both because of the characteristics of the materials/processes managed by the company and because of the solutions implemented in terms of equipment (e.g. vacuum cleaners) and management procedures.
Historically, odour-related reports from groups or citizens living in the areas surrounding the plant have been few and far between, and in any case promptly handled by AST technicians in line with the provisions of the environmental management system, without ever finding specific anomalies.
The prevention of odorous emissions also covers the management and treatment of waste as well as its disposal in landfills, managed in line with the general AIA requirements and the relevant Best Available Techniques (BAT), as well as the operational procedures and practices implemented as part of the environmental management system.

3.8 Biodiversity

The AST site is not located within a SAC/SCI or a SPA zone as defined by Rete Natura 2000, nor does it fall, directly or indirectly, within protected areas under international conventions such as IUCN I-VI, Ramsar, or Key Biodiversity Areas (KBA).
Consequently, the company does not conduct activities or plan associated facilities within the aforementioned areas or those immediately adjacent to them; nor, in the case of natural habitats, does it convert or significantly degrade them. On the occasion of the installation of new plants or the start-up of new activities, environmental impact studies are carried out, in accordance with the law, to verify the presence and extent of possible impacts on the environment and the surrounding landscape by these new plants or installations, as happened recently, for example, for the new LAF 8 treatment line, the new Walking Beam slab annealing furnace, or the obtaining of authorisation for the treatment and recovery of ferrous scrap pursuant to Reg. (EU) No. 333/11. As a result of these verifications, the competent authority concluded that significant and negative impacts in terms of alteration or removal of natural resources and on the biodiversity component were excluded.

Projects

AST is currently involved in the following biodiversity projects, also with a view to adapting its planning and monitoring tools to any changing conditions in the natural environment:

Project Bees. Since 2020, AST has been monitoring the environment and impacts on local biodiversity through bees, reliable environmental sentinels and biological indicators. The bees are like small monitoring stations to collect data on the quality of the environment and for an assessment of the impacts on biodiversity and ecosystems surrounding the production site. AST installed two apiaries consisting of 10 hives each. The project is implemented by the company jointly with the Department of Chemistry, Biology and Biotechnology of the University of Perugia.

Planting of new tree specimens. The areas identified for the planting of the new tree specimens all fall within the Municipality of Terni, in Località Romita (Prisciano), in both indoor and outdoor areas owned by the company. To compensate for the removal of approximately 90 trees, 90 cypresses, 180 laurel trees, 2 maples and 2 weeping willows were planted.

Objectives

- Improvement of air quality and environmental thermoregulation through carbon sequestration and the capture of fine particulate matter
- Promotion of biodiversity through the targeted choice of tree species compatible with the identified urban environment.

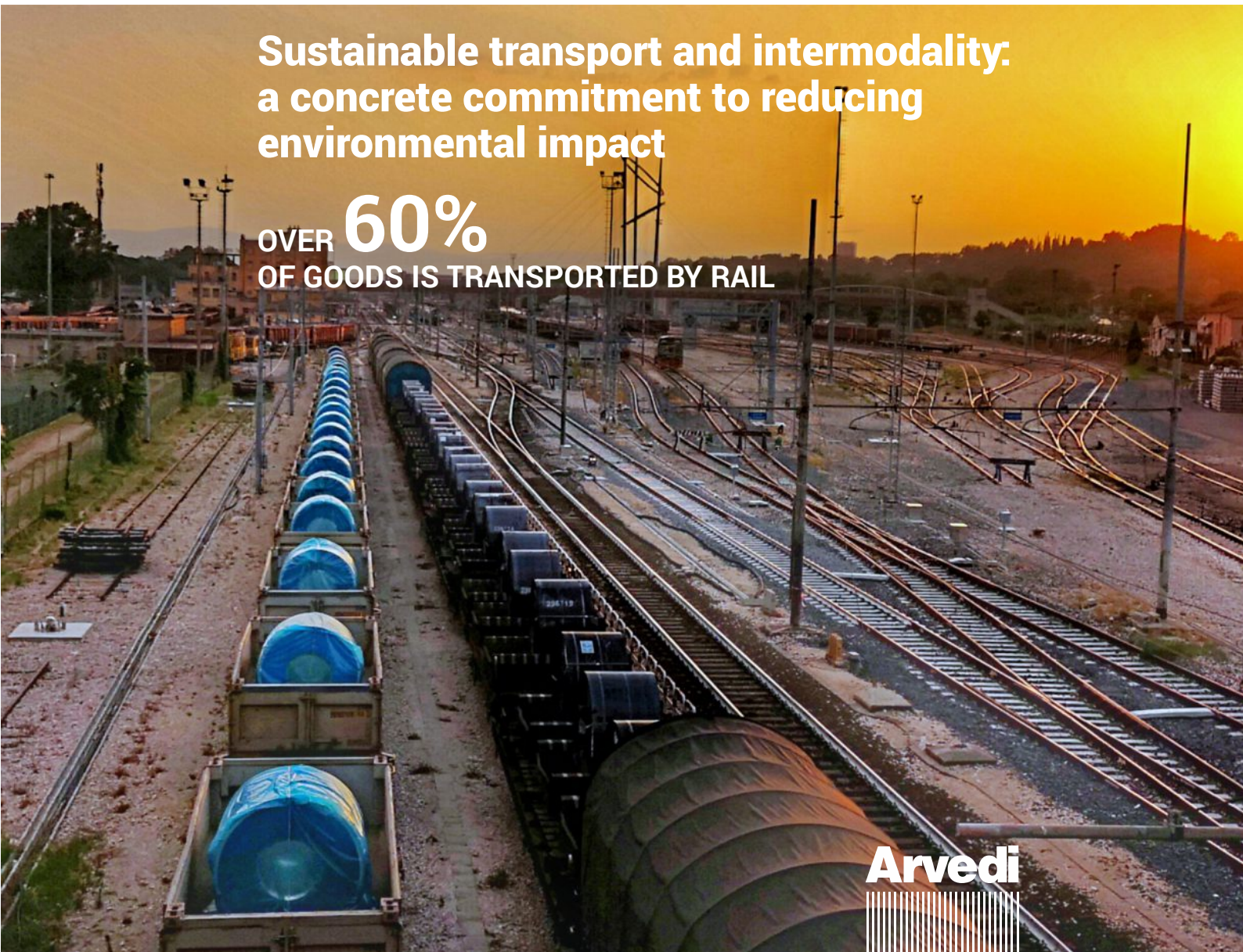
3.9 Transport

Within the framework of initiatives geared towards de-carbonisation and streamlining of logistics processes, AST has progressively consolidated the use of rail transport as a priority mode for handling goods. The adoption of sustainable logistical solutions has resulted in a significant reduction in road transport, with a consequent decrease in climate-changing emissions and the impact on road traffic.

In particular, the company has invested in an efficient intermodal logistics network, which integrates rail transport with road transport only for the final stretches (first/last mile), thereby minimizing the impact of less sustainable transport modes. This approach enables a more rational management of logistics flows, with benefits in terms of reduced urban congestion, improved road safety and reduced specific energy consumption per tonne/kilometre.

The systematic use of rail transport was a strategic choice supported by operational planning. Thanks to this policy, AST has managed to exceed the threshold of 60% of goods moved by rail both inbound (raw materials - inbound) and outbound (finished products - outbound), with a trend of further growth in the medium term.

The company regularly monitors logistics and transport data in order to assess the associated environmental performance and identify room for improvement. In addition, evaluations are underway to extend intermodality to new routes and to optimise loads, in line with the principles of circular efficiency and collaborative logistics. The approach adopted by AST is part of a broader framework of transition towards low-emission industrial models, in which logistics plays a decisive role not only in environmental terms, but also in economic and social terms. In this sense, rail intermodality represents not only a technological and environmental opportunity, but also a responsible positioning choice for the long term.



4

Social information

Human rights and corporate culture at Arvedi AST

Interview with Dr. Giovanni Scordo, Director of External and Institutional Relations, Corporate Welfare and Social Responsibility Activities

The company's new 'Human Rights Policy' is a detailed and ambitious document. How did this commitment come about?

It stems from a clear vision: today, companies can no longer limit themselves to mere regulatory compliance. Respect for human rights is a concrete, daily responsibility that involves not only our employees, but the entire corporate ecosystem:
suppliers, partners and local communities.

The opening letter speaks of 'shared values' and 'integration of ESG principles into corporate strategy'. What does this mean in concrete terms?

It means that principles such as respect for workers' rights, equality, legality and sustainable development are fully embedded in our processes: from human resources management to industrial choices. We use advanced environmental monitoring systems, promote continuous training, have established listening channels such as whistleblowing, and adopt ethical criteria in the selection of suppliers. Every decision is also viewed through the lens of human rights and ESG standards.

Who is this Policy addressed to? Only to employees?

No, and this is a fundamental aspect. The Policy applies to all those working on the company's premises: managers, workers, collaborators, suppliers, subcontractors. We demand ethical and respectful behaviour from everyone, in line with the Group's Code of Conduct. Those who cannot guarantee respect for fundamental rights simply cannot be part of our value chain.

What are the main principles on which this Policy is based?

We have identified nine core principles, each with a tangible impact: Rejection of child and forced labour; occupational health and safety; fair working conditions, decent wages, and welfare; freedom of association and collective bargaining; combating discrimination, harassment, and violence; training and development of human capital; protection of the environment and local communities; right to privacy and data protection; ethics, transparency, and the fight against corruption.

These are the cornerstones of our corporate culture. These are not abstract concepts: each principle is translated into concrete actions, measurable indicators and due diligence systems.

You spoke of 'human rights due diligence': what does this system entail?
It is a structured and traceable process. We use a risk matrix that identifies potential impacts on people and areas along the entire supply chain. We assess the likelihood and severity of each risk, define priorities, internal responsibilities and performance indicators. We do not limit ourselves to prevention: if a critical issue emerges, we intervene promptly with corrective actions. Everything is monitored and reported, consistent with CSRD and Responsible Steel™ standards.

What about the workers? What tools do they have to communicate?
We have a whistleblowing platform, email channels, toll-free numbers, as well as dedicated discussion and training sessions. Each report is recorded, analysed and handled with care and timely responses. We want every person to know that they are heard and that their contribution counts. We also promote constant internal awareness through AST Academy, our training school.

What is the future direction of this path?
The aim is to further strengthen people's participation in decision-making processes, valuing diversity, inclusion and equal opportunities. But we want to go further: to take these standards also to the outside world, involving public and private suppliers, partners and stakeholders. The ambition is for the respect for human rights to become a common basis on which to build lasting value. It is a complex challenge, but it is the right direction.

4.1 Labour

Labour management at Arvedi AST is carried out in compliance with current regulations and the National Collective Labour Agreement (CCNL for the metalworking and plant installation industry) applied to all employees. The centrality of the worker is reflected in the adoption of structured procedures, which regulate every phase of the relationship, from recruitment to ongoing training, up to the termination of the relationship itself, ensuring transparency, impartiality and consistency with the corporate values expressed in the Organisational Model pursuant to It. Legislative Decree No. 231/01 and in the Group Code of Conduct. Throughout 2024, Arvedi AST continued to strengthen its personnel management policies, reinforcing both the selection and targeted placement processes for young people and technical profiles, as well as onboarding and initial training programs, while monitoring skills and professional needs across the various production departments and offices.

Industrial relations

The approach adopted by Arvedi AST aims to favour the sharing of company choices, in a system of labour relations based on dialogue, responsibility and mutual respect. The company guarantees respect for freedom of association and collective bargaining, ensuring equal treatment for all workers, regardless of union membership. In 2024, industrial relations were characterised by continuous and responsible dialogue with the trade union representatives present in the company, with mutual respect for their roles. The round tables covered key issues for the internal climate and competitiveness of the organisation, including:

- constant monitoring of operational safety in the departments
- the management of stops and collective holidays
- the definition of the 2024 performance bonus and the possibility of conversion into welfare
- the employment impacts related to plant modernization upgrades; the company's sustainability goals;

The main agreements and formal acts signed during the year include:

- the extension until 30 June 2025 of the agreement on the regulation of the Performance Bonus (PDR), originally signed on 27 January 2023
- with respect to the merger by incorporation of Terninox S.p.A. into Acciai Speciali Terni S.p.A. and the consequent transfer of Terninox employees to AST, effective from December 1st, 2024, an agreement was signed with the relative trade union representatives on September 11, 2024, that formalised the conclusion of the consultation procedure provided for by articles 2112 of the It. Civil Code and 47 of It. Law no. 428/1990.

- The extension until December 31, 2025, of the Draft Agreement - Supplementary Corporate Labour Agreement, signed on December 3, 2014, at the It. Ministry of Economic Development.

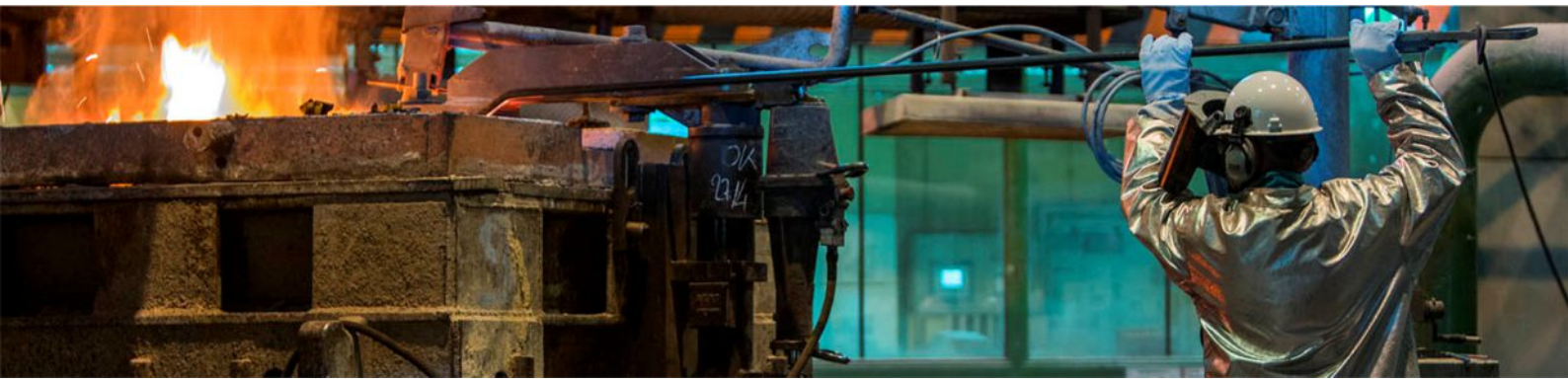
Meetings were also held with the trade unions in 2024 and 2025 to update them on the progress of the Programme Agreement and the timetable for the implementation of the measures envisaged in the 2022-2028 Industrial Plan.

On June 11, 2025, the Programme Agreement was signed at the It. Ministry of Enterprise and Made in Italy, representing not only an opportunity to consolidate and innovate production capacity, but also a concrete commitment towards an increasingly sustainable development model, attentive to the environment, work and quality of life in the city of Terni, and a further step forward in the process of strengthening the company, which can now look to its industrial future with greater confidence.

Remuneration policies

- The ratio between the percentage increase in the annual total compensation for the highest-paid individual (-1.56%) and the median percentage increase in the annual total compensation for all employees (+7.94%), compared to the previous year.
- The average annual total remuneration of women is 1.15% higher than that of men.[1]

(1) The assessment was made with regard to middle managers and white-collar workers, as there are currently no female employees among blue-collar workers.



4.2 Employees and other workers

As at 31 December 2024, the company had 2,302 employees (an increase of 90 over 2023). During the year, 67 new hires were made, compared to 38 departures. In particular, in addition to 12 hires selected from the labour market, 31 workers from T.C.T. S.r.l. joined the company, after the former, previously a contractor for Tubificio di Terni, ceased its business activities and initiated a collective redundancy procedure; to these are added 24 employees from Tubificio di Terni who were transferred to AST as part of the subsidiary's reorganization plan starting from March. Also under this plan, on 1 March 2024, nine workers, previously on secondment at Tubificio di Terni, returned to AST.
Finally, all 52 employees on the Terninox S.p.A. payroll were officially registered in the AST employee records following the merger by incorporation.

5.3% of employees are women, 94.7% men. The primary age group is between 30 and 50 (54%), followed by over-50s (44%), and under-30s (2%). In terms of occupational classification, 73% were blue collar workers, 21% white collar workers, 5% middle management and 1% executives. Only 1 employee does hold a fixed-term contract, all others are employed on a permanent basis. 99.4% of employees have a full-time employment relationship, while only 14 are part-time employees.

There are also 78 non-employee workers operating at the company.

2,302 EMPLOYEES

EMPLOYEES	2024	2023	2022
Men	**2,180**	**2,099**	**2,199**
Women	**122**	**113**	**119**
TOTAL	**2,302**	**2,212**	**2,318**

COLLECTIVE LABOUR AGREEMENT	2024
Employees covered by collective labour agreement	**2,302**
% employees covered by collective labour agreement	**100%**

EMPLOYEES BY CONTRACT TYPE	MEN	WOMEN	TOTAL
On a permanent basis	2,179	122	2,301
On a fixed-term contract	1	0	1
TOTAL	2,180	122	2,302

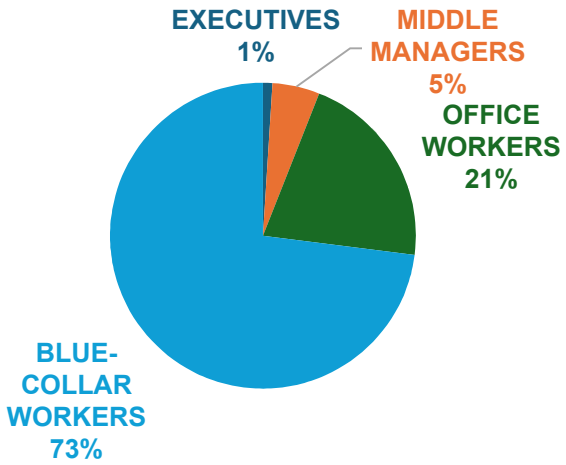
EMPLOYEESBY WORKING TIME	MEN	WOMEN	TOTAL
Full-time	2,179	109	2,288
Part-time	1	13	14
TOTAL	2,180	122	2,302

TURNOVER 2024	MEN	WOMEN	TOTAL
Terminations of employment	34	4	38
New hires	106	13	119

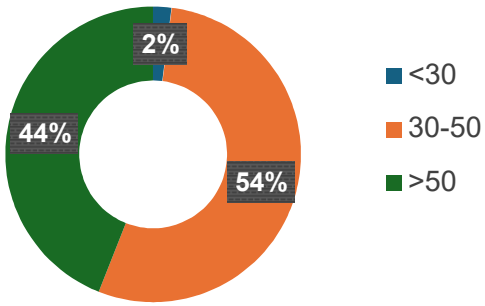
PROFESSIONAL CATEGORIES AND GENDER AS AT 31.12.2024	MEN	WOMEN	TOTAL
Executives	20	1	21
Middle Managers	96	22	118
Office workers	393	99	492
Production workers	1,671	0	1,671
Total	2,180	122	2,302

PROFESSIONAL CATEGORIES AND AGE GROUPS AS AT 31.12.2024	<30	30-50	>50	TOTAL
Executives	0	4	17	21
Middle Managers	0	23	95	118
Office workers	7	184	301	492
Production workers	27	1,033	611	1,671
Total	34	1,244	1,024	2,302

PROFESSIONAL CATEGORIES



AGE GROUPS



VULNERABLE GROUPS AS OF 31.12.2024	MEN	WOMEN	TOTAL
Employees with disabilities and other protected categories	113	9	122
Total employees	2,180	122	2,302
Percentage	5.2%	7.4%	5.3%

NON-EMPLOYEES AS AT 31.12.2024	MEN	WOMEN	TOTAL
Number	73	5	78

4.3 Occupational health and safety

AST considers the health and safety of its employees - as well as employees, suppliers and external contractors - to be of paramount importance. To this end, it works to ensure high safety standards, including through its Occupational Safety Management System in accordance with ISO 45001:2018. This commitment is also formalized in the Occupational Health and Safety Policy document, and translated into practice through a careful and rigorous analysis of the occupational health and safety risks inherent in the company's operations.

The health and safety policy evaluates achievements and defines new ones, consistent with the company's approach to continuous performance improvement at management review or in the event of significant changes to the company and the occupational safety management system. The full version of the document can be consulted on AST's online site :
https://www.acciaiterni.it/wp-content/uploads/2024/09/Politica-SSL-Rev.-02_1_IT.pdf

Activities during 2024
The most significant safety activities carried out during 2024 - consistent with previous years - have focused not only on the mandatory measures for regulatory compliance but also on plant and structural upgrades, as well as on initiatives aimed at spreading and embedding a “safety culture” at every level of the organization, with specific reference to contractors. In particular, with regard to the activities envisaged within the scope of the certification of the Occupational Health and Safety Management System, it should be noted that the maintenance audit, carried out in October 2024 by the external certification body DNV, had a positive outcome, resulting in the maintenance of the certification and the issuance of no major non-conformities.

Activities continued regarding safety modernization projects for production and electrical plants, as well as for workplaces. As for management aspects, all audits scheduled in the annual plan were carried out, covering also issues related to the management of outsourced work. Activities aimed at increasing the 'safety culture' among employees, such as 'Pillole di Sicurezza (Safety Pills)', 'Leadership Safety Tours', 'Gemba Walks', 'Safety Breaks' and 'S.T.A.R.' (Safety Training And Review) also continued, as well as regular activities for the 'supervisors’ community', with particular reference to weekly meetings with the Employer ('Safety Café').

During 2024, particular attention was also paid to safety in contracting activities, with the involvement of the main contractors in activities related to improving the safety culture, both with regard to the reporting of significant events and to so-called 'proactive' actions (meetings, inspections, Gemba Walks, etc.).

Then, in relation to the obligations concerning 'Major Accident Hazards' ('Seveso Directive') in June 2024, at the same time as the annual review of the Major Accident Prevention Management System (SGSPIR) for 2023, the Major Accident Prevention Policy Document (DPPIR), issued at the previous review in December 2023, was confirmed.

Investments

During 2024, investments to strengthen safety at work continued (including the installation of devices that prevent personnel from accessing machinery both during production and in the event of an accidental stoppage, upgrades to electrical systems, and the construction of new fire-fighting systems).

ISO 45001 certification

The ISO 45001 standard makes it possible to:

- Provide safe and healthy workplaces, preventing work-related injuries and illnesses and improving work performance;
- Identify risks and initiate inspections for their management;
- Create the best working conditions in the organisation;
- Reduce work accidents and occupational diseases;
- Involve and motivate staff through better and safer working conditions;
- Guarantee compliance with international standards also to customers and suppliers.

Major accident hazards

AST falls under the scope of the regulations on major accident hazards (so-called Seveso Directive), mainly in connection with the use of hazardous acid mixtures used in the treatment of steel coils. For this reason, the company adopts a specific management system, developed on the basis of the "Policy for the Prevention of Major Accident Hazards," which defines the organization, resources, and procedures aimed at preventing such risks.

Safety risks

The main safety risks in the plant are related to the use of dangerous substances and mixtures, suspended loads, fire/explosion, contact with moving parts, working at heights. The actions taken to limit the risks identified are mainly related to preventive and protective measures, analysed in the risk assessment documents and verified through dedicated internal audits and inspections; the main ones include the choice and distribution of appropriate PPE, adoption of management and operational procedures, information, education and training activities, and proper management of inspections and maintenance on equipment, machinery and facilities.

Health risks

All specific health risks are periodically assessed according to the applicable technical standards. The risks with the greatest impact on the causes of occupational diseases are manual handling of loads, exposure to noise, exposure to vibrations, risks of exposure to carcinogens, risk of chemical agents. Based on the results of risk assessments, special improvement plans are prepared. In particular, we highlight the provision of noise barriers, the enhancement of extraction and abatement systems for pollutants, the use of manual handling aids for loads, the optimisation of the ergonomic aspects of workstations and storage of materials and equipment, and health surveillance.

Training

Worker information and training on health and safety are fundamental. This activity is implemented when each worker is hired and upon transfers, job changes, introduction of new work equipment, technologies, potentially dangerous substances or preparations. Workers must regularly participate in refresher courses.

Operating procedures

The work activity is then regulated through specific Operative Safety Procedures (OSP), which guide the worker when carrying out his/her activity to prevent the occurrence of an accident or exposure to substances, temperatures, noises and any other factor that could cause a disease. Particular care is taken to ensure that each worker strictly follows procedures and uses the appropriate Personal Protective Equipment (PPE), depending on the specific activity.

Furthermore, through the DUVRI (Single Interference Risk Assessment Document) and the PSC (Safety and Coordination Plan), AST provides contractors with information regarding the risks present within the plant; the main contractors are actively involved in initiatives aimed at fostering a "safety culture."

Corporate departments

The company has a Prevention and Protection Service, headed by a Manager (RSPP) who supports the Employer and the Delegated Managers in fulfilling their health and safety obligations, jointly with the Chief Occupational Health Physician and the other company functions. The implementation of fire prevention measures is managed by the internal ATS/ANT department, which operates through a dedicated structure comprising a Fire Safety Manager and the company's fire prevention team. The plant is equipped with an internal first-aid station, staffed by specialized medical personnel 24/7, ensuring emergency response for any injured person with the support of the fire brigade and Industrial Security staff.

Accidents

In 2024, 20 accidents occurred among employees, with a frequency rate of 5.2 (down from the previous year, when it was 5.9). This is far below the national average for the steel sector, which was 17.4 in 2023 (last available data). No fatalities or serious injuries were reported. There were also 37 cases of occupational diseases.

EMPLOYEE ACCIDENTS	2024	2023	2022
Accidents (absence > 1 day)	**20**	**20**	**22**
Frequency rate	**5.4**	**5.9**	**5.9**

EMPLOYEE OCCUPATIONAL DISEASES	2024	2023	2022
Occupational disease cases	**37**	**45**	**75**
Occupational disease rate (ODR)	**10.0**	**13.3**	**20.03**

EMPLOYEE OCCUPATIONAL HEALTH AND SAFETY	2024
Deaths due to occupational accidents	**0**
Deaths due to occupational diseases	**n.a.**
Number of injuries (resulting in >1 day of absence)	**20**
Number of hours worked	**3,693,649**
Accident frequency rate[1]	**5.4**
Days of absence for accidents at work	**774**
Accident gravity index [2]	**210**
Occupational disease cases	**37**
Days of absence due to occupational diseases	**0**
Occupational disease rate (ODR)[3]	**10**

1- Frequency Rate: number of injuries resulting in absence of more than 1 day/number of hours worked x 1,000,000
2- Severity Index: days of absence due to accidents/ number of hours worked x 1,000,000)
3- ODR: cases of occupational disease/number of hours worked x 1,000,000

During 2024, there were also 24 accidents involving non-employees.

NON-EMPLOYEE ACCIDENTS	2024	2023	2022
Accidents (absence > 1 day)	**24**	**26**	**21**
Frequency rate	**12.2**	**14.5**	**11.7**

HEALTH AND SAFETY AT WORK FOR NON-EMPLOYEES	2024
Deaths due to occupational accidents	**0**
Deaths due to occupational diseases	**n.a.**
Number of injuries (resulting in >1 day of absence)	**24**
Number of hours worked	**1,960,954**
Injury rate	**12.2**
Days of absence for accidents at work	**1,379**
Gravity index	**703**
Occupational disease cases	**n.a.**
Days of absence due to occupational diseases	**n.a.**
ODR (occupational disease rate)	**n.a.**

4.4 Equal opportunities

Arvedi AST undertakes to promote equal opportunities and to prevent any form of discrimination against its employees, in line with the principles expressed in the Code of Conduct and in the organisational models adopted. The company protects the dignity of people and guarantees fair working conditions, without discrimination based on gender, ethnicity, nationality, sexual orientation, religious beliefs, political opinions or trade union membership.

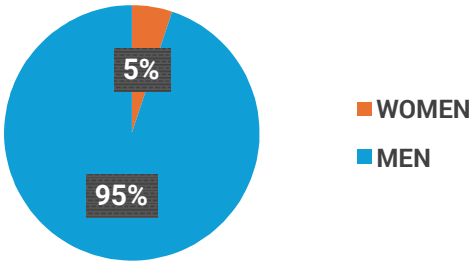
Arvedi AST focuses on women's empowerment and looks favourably on the increasing number of women pursuing studies in STEM (Science, Technology, Engineering and Mathematics) disciplines, countering gender stereotypes and contributing to the renewal of the sector. The company already boasts a significant female presence also in technical areas, such as rolling, steelmaking, quality, process engineering, raw materials and energy, where some female professionals hold top positions. Promoting the inclusion of women across all levels of the organization is an integral part of our diversity strategy, as a plurality of perspectives is a value that enriches our teams and strengthens corporate competitiveness.

Return to and continuation of work after parental leave are guaranteed by national regulations and the provisions of the sector's CCNL. The company ensures full job retention and encourages, where possible, gradual reintegration paths and work-life balance measures.

As at 31 December 2024, there were 122 women employed at Arvedi AST, accounting for 5.3% of the total. Among office workers, the proportion of women is 20%, among middle managers 18.6% and among executives 4.8%. The Board of Directors consists of 6 members, of whom 0 are women.

No incidents of discrimination in the workplace in relation to gender, ethnicity, nationality, sexual orientation, religious beliefs, political opinions or trade union membership were detected or reported during the period examined.

PROFESSIONAL CATEGORIES BY GENDER	Executives	Managers	Office workers	Production workers
Men	95.2%	81.4%	80%	100%
Women	4.8%	18.6%	20%	0%



Arvedi AST focuses on female empowerment

Women employed in the steel industry in Italy, according to recent data, are still only 5% of those employed. At AST, we also align with these percentage levels. The company's aim is to progressively raise this share. For this reason, Arvedi AST monitors with particular attention and interest the data regarding the increasing number of women choosing academic paths in STEM disciplines (Science, Technology, Engineering, and Mathematics). These choices contribute both to combating gender stereotypes according to which women are more inclined to follow humanistic rather than technical-scientific courses of study and to strengthening their presence in the steel sector. This is nothing new for AST, and in the rolling and steel mill departments and in the areas of process engineering, quality, raw materials and energy, we already have a number of women with technical profiles, even in top positions. An increased female presence can only bring benefits: for this reason, the company has long been selecting women as well, to enrich the professional and cultural variety within its work teams.

4.5 Training

AST ACADEMY

In 2024, AST continued its commitment to developing employees' skills through a wide-ranging and comprehensive training offering. A total of 26,418 hours of training were provided for employees. Furthermore, AST Academy has developed training activities for non-employee personnel, reaching a total of 30,908 hours.

EMPLOYEE TRAINING (TOTAL HOURS)	2024	2023	2022
Training hours	**26,418**	**26,960**	**28,475**

TRAINING HOURS PER CAPITA	2024
Training hours per capita in relation to the number of employees	**11.5**
Training hours per capita in relation to participation	**9.4**

PER CAPITA HOURS OF TRAINING BY PROFESSIONAL CATEGORIES AND GENDER (2024)	MEN	WOMEN	TOTAL
Executives	**190**	**2**	**192**
Managers	**1,240**	**315**	**1,554**
Office workers	**6,758**	**1,552**	**8,310**
Production workers	**16,361**	**0**	**16,361**
TOTAL	**24,549**	**1,869**	**26,418**

AST ACADEMY ACTIVITIES	
SAFETY TRAINING	**15,902 hours**
ENVIRONMENTAL TRAINING	**105 hours**
TECHNICAL CROSS-TRAINING	**10,411 hours**

Safety training

Below is the list of activities carried out for mandatory health and safety training in 2024:

- High/medium risk fire prevention and updates: 27 courses delivered
- Bridge cranes and update: 36 courses delivered
- Confined spaces operators and updating: 17 courses delivered
- Confined spaces for supervisors and update: 8 courses
- First aid and updates: 22 courses delivered
- Forklifts and update: 33 courses delivered
- Work at height and update: 22 courses delivered
- CEI 11-27 standard and update: 8 courses delivered
- Supervisors: 7 courses delivered
- BLS-D and update: 6 courses delivered
- RLS update: 1 course delivered

During 2024, a number of Special Safety Projects were implemented

COURSE	DESCRIPTION	AS AT 31.12.2024
ADVANCED AND EXTENDED CHEMICAL RISK	8-hour training in addition to compulsory training designed and delivered for ASE and LAB personnel.	23 operators trained, 184 hours delivered
REFRESHER TRAINING FOR SUPERVISORS USING VISORS	8-hour 'pilot' training delivered to a group of Supervisors to test the use of virtual reality in Safety courses.	10 supervisors trained, 80 hours delivered
TRAINING IN THE USE OF HOISTS	Training designed and delivered to CST operators using hoists	11 operators trained, 44 hours delivered
RADIOPROTECTION TRAINING	Training provided to AUT and LAB radio-exposed operators	17 operators trained, 51 hours delivered

Environmental training

In 2024, the development phase of environmental "Videopos" continued for e-learning training on corporate environmental procedures; this initiative will involve the entire company workforce (BC and WC), as well as personnel to be hired in the future.
The following e-learning courses were started:

- 1 Master's course on proper waste management - To ensure knowledge of correct waste management and related documentation requirements in full compliance with current regulations.
- 4 "Waste Treatment Plant Technical Manager" courses – Aimed at providing the necessary expertise to manage various inbound and outbound waste streams and to ensure proper plant management, from both a regulatory and operational standpoint.

Technical-professional training

During the year, 10,411 training hours were provided, tailored to specific departmental needs. Below are examples of the courses delivered:

COURSE	TRAINED PEOPLE	HOURS DELIVERED
TRAINING Autec radio remote controls Autec reception systems .	**12**	**96**
TRAINING Siemens STI 500 System installation and maintenance for PLC SIMATIC S7 - 1500.	**10**	**78**
TRAINING Intouch Eurotherm Installation and maintenance of Eurotherm systems.	**12**	**112**
TRAINING Stainless steel fundamentals (Base Inox) Introduction to stainless steel products Products from the company	**68**	**952**
TRAINING SAP Technique BTP CD900 course	**13**	**520**
TRAINING Maritime transport relating to international shipping and sea transport.	**14**	**144**
TRAINING interior auditors ISO9001, ISO45001, ISO14001 standards	**49**	**350**

With the ISO 50001 standard, training sessions are carried out to spread awareness and sensitivity on energy issues, both in terms of consumption and costs.
Energy-related training activities in 2024:
La nostra Cara Energia (Our Dear Energy)- ISO 50001:2018
period: 08/11/2024-28/11/2024
editions: 4 x 2h per edition
participants: 86
total student hours: 172

Ethics and compliance training

AST personnel benefit from the training activities made available by the Group Compliance and Governance department, both through classroom sessions delivered for onboarding employees and through online training on the Arvedi e-learning platform, which in 2024 concerned the course for all AST employees on the subject of It. Leg. D. 231/01 and AST's Organisational Model. Through the compliance programme training, AST fosters greater awareness of ethical and compliance issues for its employees, which, together with the company's system of internal procedures, contributes to the prevention of risks for the company.

Also for all AST employees on the same platform, a cybersecurity course was activated to provide guidance on the correct way to use digital technologies and tools in the company, minimising risk factors and preventing cyber attacks.

Training sessions on specific topics were held during the reporting period, also following up on measures from internal audits. With particular reference to Organizational Model 231, as part of the Group's broader training program, the first of three modules on the subject was delivered via e-learning, with a special focus on the relevant legislation:

COURSE	TRAINED PEOPLE	HOURS DELIVERED
Supplier relationship management compliance	33	2
Integration of procedures to agents	3	0.5
Training Course 231 Module I (e-learning)	407	1

4.6 Corporate welfare

Arvedi AST's corporate welfare system, which boasts a long and established tradition, is built primarily around Cassa Mutua Aziendale (CMA, Corporate Health Insurance Fund) and Circolo Lavoratori Terni (Terni Workers' Circle) (CLT).

Cassa Mutua Aziendale (CMA, Corporate Health Insurance Fund)

Since 1968, CMA has been offering Arvedi AST employees and their families health services supplementary to those guaranteed by the National Health Service, provided either directly at the outpatient clinics located close to the plant, or through reimbursements for external services. In 2024, CMA served as a vital resource in overcoming challenges related to waiting lists and containing the economic impact of healthcare expenses for employees.

As at 31 December 2024, the total number of members was 3,334, of whom 1,310 were employees, 1,533 dependent family members, 330 pensioners and 161 family members of pensioners. A total of 27,685 direct health services were provided, broken down into 15,158 specialist examinations, 11,614 dental services and 913 physiotherapy services. The Fund is financed through members' contributions, while Arvedi AST provides the premises and administrative services. Management is entrusted to a Board of Directors composed equally of company and trade union representatives.

CASSA MUTUA AZIENDALE

Directly provided services

Cassa Mutua Aziendale (Corporate Health Insurance Fund) provides the following services directly:

- Dental Service: with seven professionals on staff, it represents one of the few forms of corporate dental assistance in Italy, and the only one provided by a healthcare facility exclusively serving employees and their families.
- Specialist Medical Service: it covers all medical conditions.
- Instrumental Diagnostic Service: equipped with state-of-the-art machinery and competent professionals.

Services provided indirectly through reimbursement of external services

In addition, Cassa Mutua Aziendale (Corporate Health Insurance Fund) provides indirect assistance, by means of reimbursements, for the following services outside its health service and in accordance with the expenditure ceilings set out in the Rules:

Specialist visits

- Instrumental and radiological laboratory examinations
- Hospitalization and surgery
- Dentistry
- Lenses or contact lenses

Services

Dental Service

Specialist Services: Allergology, Cardiology, General Surgery, Vascular Surgery, Dermatology, Haematology, Endocrinology, Physiatrics, Pathophysiology and Pain Therapy, Gastroenterology, Gynaecology, Internal Medicine, Neurology, Ophthalmology, Orthopaedics and Traumatology, Otolaryngology, Proctology, Psychology, Radiology, Rheumatology, Senology, Urology

Instrumental Diagnostics Service: Ultrasound, venous-arterial and transcranial Doppler ultrasound, Echocardiogram with Colour Doppler, Electrocardiogram (ECG), and Orthopantomogram (Dental X-ray).

Physiotherapy, Acupuncture and Traditional Chinese medicine, Shiatsu

Postural gymnastics

Circolo Lavoratori Terni (CLT, Terni Workers' Circle)

Founded in 1927, CLT is a landmark for the social and welfare of the business and city community, thanks to a rich heritage of cultural, recreational and sports facilities.

During 2024, the Circle promoted a wide range of activities: music festivals, book presentations, art exhibitions, theatre events and concerts, as well as the usual creative and scientific workshops for children and adults. Special attention has been paid to the promotion of sports, both at competitive and amateur level, guaranteeing numerous opportunities for members to participate. As of 31 August 2024, there were 11,314 members, including 3,988 employees and family members, 928 pensioners and 6,398 external members.

CLT has promoted rich cultural, sports and social programming, contributing to the cohesion and vitality of the city's fabric. Of particular note among the many CLT initiatives is the success of the Summer Sport Campuses, held in the summer months of 2024, which registered almost 3,000 participants. The campuses offered children and young people an educational and recreational experience, encouraging the discovery of different sports disciplines with a playful, accessible and inclusive approach, right in the city centre and at an affordable cost.

CIRCOLO LAVORATORI TERNI

11,314 MEMBERS
of whom
3,988
employees and family members

928
pensioners

6,398
external partners

TERNI WORKERS' CIRCLE

Welfare plan

Through a special digital platform, Arvedi AST allows employees to independently manage a wide range of flexible benefits, using welfare credits deriving from the CCNL for the metalworking industry, company agreements and the conversion of the Results Bonus.

The Welfare Plan, activated since 2017 jointly with the RSU, includes services for the family, education, health, leisure and supplementary pensions.
In 2024, all employees were able to benefit from EUR 200 in welfare services paid for by the company, in addition to the EUR 200 provided by the CCNL. Initiatives to support families included the award of 124 scholarships and 327 book vouchers to deserving children of employees.

Arvedi

4.7 Relations with the community

Since its inception, the history of the steelworks has been intertwined with that of the city of Terni, generating not only economic and employment impacts, but also social and cultural ones.
This bond expresses itself in many forms. Among these, of particular value at this stage is the 'TURN Urban Regeneration' project.
Welfare initiatives and projects in favour of citizenship are also significant. In particular, Cassa Mutua Aziendale (CMA, Corporate Health Insurance Fund) and Circolo Lavoratori Terni (CLT, Terni Workers' Circle) are tangible examples of Arvedi AST's commitment to the community.

Throughout the year, the company also supported various local organizations through donations and solidarity initiatives, including: donating Easter and Christmas cakes to Caritas Diocesana; contributing to the 'Cantamaggio' Association for the traditional city parade; supporting AFAD in setting up an internal bar at their headquarters; sponsoring the 'Umbria Jazz Weekend'—the Terni-based stage of Italy's most important jazz festival; and providing scholarships for top students at 'G. Briccialdi' State Conservatory of Music.

Particular attention was paid to relations with the Prisciano district, adjacent to the plant. Arvedi AST voluntarily included, as part of the slag recovery project, a specific environmental intervention to contain diffuse emissions from the 'slag ramp', with the construction of a new closed and suctioned ramp, which is currently in the authorisation and start-up phase.

The commitment to the region is based on principles of social and environmental responsibility, consistent with the Responsible Steel™ standard, sustainability certification for the global steel industry, achieved by Arvedi AST in 2024. Against this backdrop, the active involvement of local communities, the monitoring of environmental impacts, and the adoption of actions aimed at listening to and responding to stakeholder concerns is ongoing. Arvedi AST thus confirms its willingness to be a responsible and locally rooted player, generating shared and sustainable value.

The sustainability district

TURN Urban Re-Generation is a strategic project promoted by Confindustria Umbria, with the support of Fondazioni Cassa di Risparmio di Terni e Perugia, created to accompany the regional production fabric towards a sustainable, integrated and resilient development model. Launched in 2019 as a pilot project in the Terni-Narni industrial district, TURN has created a sustainable and dynamic business community based on the mapping, assessment and continuous sharing of good practices in the fields of environmental, social and governance (ESG) sustainability. AST has been an active participant and protagonist from the very beginning of the project, among the eight founding companies (together with Beaulieu International Group, ERG, Exolon Group, Fucine Umbre, Novamont, Sangraf and Tarkett) that gave concrete impetus to the initiative. AST's contribution was decisive both in the definition of the district's first sustainability standards and in the dissemination of the TURN model on a regional scale.

Mapping of good practices

The founding companies undertook a structured analysis of the initiatives already implemented in the environmental and social spheres, based on 10 Pillars of Evaluation, consistent with the 17 Sustainable Development Goals (SDGs) of the UN 2030 Agenda.

Network development and continuous evaluation

The project has expanded to gradually involve a growing number of companies.
The assessment of good practices allows for periodic evaluation of both individual companies and the district as a whole, measuring the progress achieved.

District governance and certification

The district obtained UNI ISO 37101 certification, becoming the first Sustainable Development Industrial District in Italy. The TURN model promotes participatory governance, based on voluntary commitments, measurable indicators and a continuous exchange between companies.

ISO 37101

SUSTAINABLE DEVELOPMENT MANAGEMENT IN THE COMMUNITY

ISO 37101 is an international standard that defines the requirements for a management system for sustainable development in communities.

Evolution and digitisation

Today, the TURN community of the Terni-Narni district counts 32 enterprises, to which the pilot districts of Perugia and Gubbio were added in 2024, with 14 new member enterprises. A digital portal was also developed to facilitate the exchange of best practices, promote shared projects and enhance the role of the community in relation to external stakeholders, including public administration, academia and civil society.

Achievements

The aggregate annual results achieved by the 32 companies participating in the TURN project are particularly significant, including: the reduction of approximately 71,000 tonnes of CO_2 emitted into the atmosphere, equal to about 7% of the total industrial emissions in the Terni-Narni area; the reuse of nearly 100% of production waste and/or scraps as raw materials within the production cycle or sent for composting; the production of electrical and thermal energy through co-generation, with fuel consumption reductions of up to 30%; the reduction of potable water consumption by up to 100% thanks to process water recirculation and rainwater harvesting; and product life cycle assessments (LCA) recognized by certifications such as EPD (Environmental Product Declaration), Carbon Footprint, and Eco-Label, alongside numerous product-specific certifications for each sector.

AST's contribution to the project

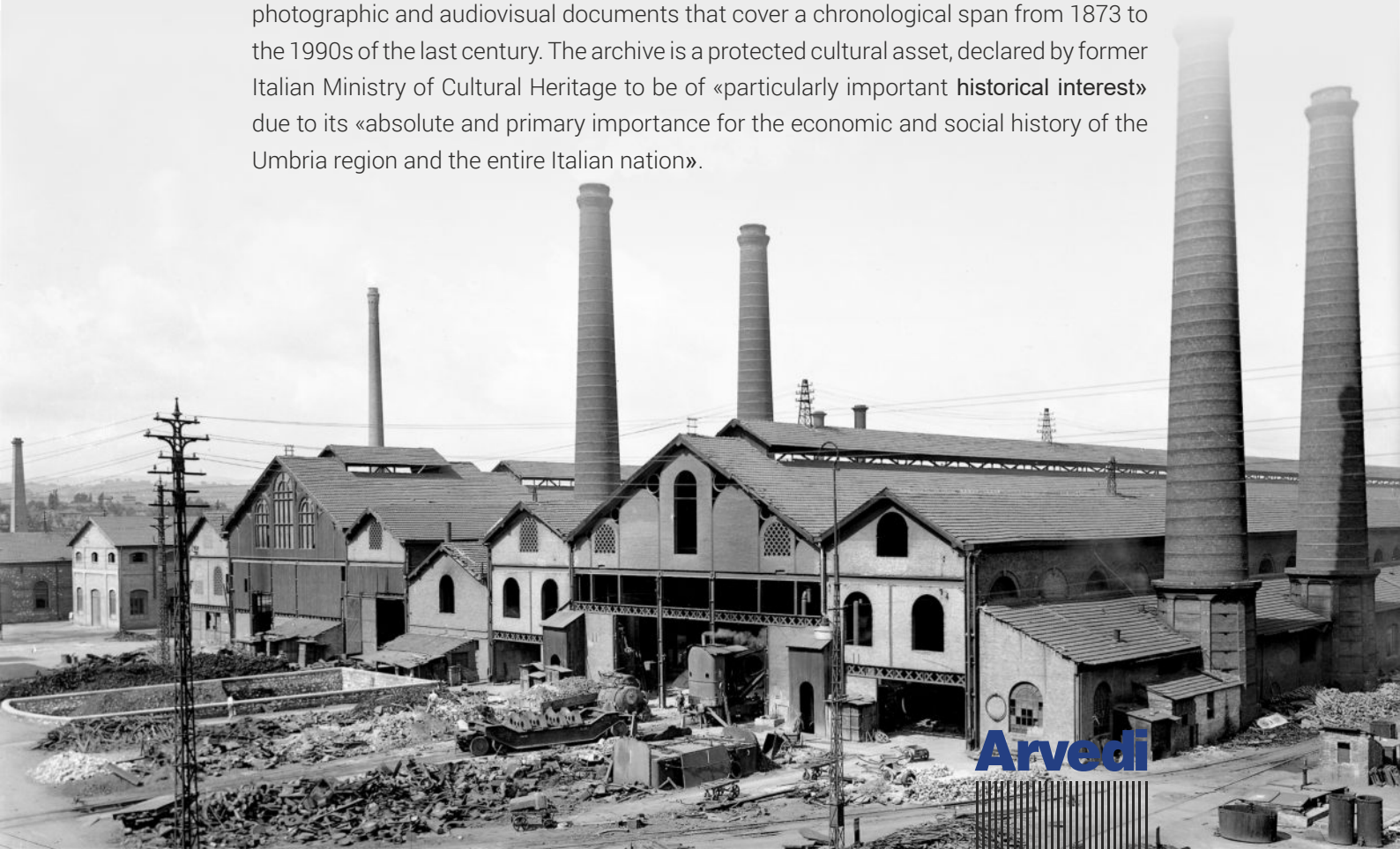
AST was one of the founding partners of the project and has therefore been a key player from its initial stages, actively contributing to its structuring at all stages. Since 2024, by virtue of its leading role, AST has become a member of TURN's technical and scientific Committee, a body established as an advisory body to the project, with the aim of sharing the community's medium- and long-term strategies and objectives. In operational terms, AST has been carrying out annual monitoring of its best practices for the past six years, in line with the TURN good practice assessment. According to the latest catalogue, AST has implemented 26 good practices currently in progress and has seven planned for future implementation (link: https://turnumbria.it/azienda/arvedi-ast/).

Conservation and enhancement of the company's historical heritage

The Terni iron and steel plant goes down in national economic history as a symbol of the industrial turning point that began in the country after the unification of Italy: the first to take on the proportions and structure of a large enterprise in a nation that was then predominantly agricultural. Called the Italian Manchester, Terni is still a case study in the context of national economic history of the contemporary age. The sources, which form the basis of studies and research on the historical-economic theme, come from the company's historical archive and library. Extraordinary vehicles of synthesis between history and innovation, these cultural institutes make it possible to document and narrate what companies have done and continue to do for Italy's economic, social and civil growth. The company promotes industrial culture by preserving and enhancing its historical heritage and making it available to the community. The corporate cultural project is aimed at the world of academic research, schools and all those who, for various reasons, have an interest in corporate history and culture. A unique research centre in Umbria that reconstructs the economic, technological, and labor history, as well as the social, cultural, and intellectual history of the areas affected by the great Terni steel industry.

Historical archive

It is one of the most relevant business archives, both locally and nationally, precisely because of the importance the steelworks have played in national history, significantly affecting the industrial and economic history of our country. It consists of paper, photographic and audiovisual documents that cover a chronological span from 1873 to the 1990s of the last century. The archive is a protected cultural asset, declared by former Italian Ministry of Cultural Heritage to be of «particularly important historical interest» due to its «absolute and primary importance for the economic and social history of the Umbria region and the entire Italian nation».



Library

The corporate historical library has been declared by the It. Ministry of Culture an asset of «exceptional cultural interest», as it constitutes a rare and prestigious bibliographic collection. A book collection comprising approximately 5000 works, including monographs and periodicals, on technical industrial, economic and legal subjects. Established for the training and professional development needs of the technical staff, it has since expanded to include volumes of interest to the various company departments, such as the legal, administrative and commercial ones. It is currently preserved in its original location, a large room in a building dating back to the end of the 19th century, complete with period furnishings such as elegant Art Nouveau lamps, wardrobes and tables. The library has also been a film set: Luchino Visconti shot some scenes of La Caduta degli Deithere, and later the library hosted a RAI production for the film 'In arte Nino', by Luca Manfredi.

Art and cinema

Throughout its history, Terni's steelworks have always been culturally relevant. It is worth noting that, on several occasions, these spaces have served as the film sets for films that have shaped the history of cinema. The first time was in 1933 with the film 'Acciaio' (Steel), directed by German director Walter Ruttmann and based on an original subject by Luigi Pirandello, starring, among others, steelworker Vittorio Bellacini. Subsequently, the steel mills returned to the centre of other films or were used as a film set, for Vittorio De Sica's 'I sequestrati di Altona' (1962), Luchino Visconti's 'La caduta degli dei' (1969), Alberto Bevilacqua's 'La Califfa' (1970) and the TV film 'In arte Nino' (2016). There are also numerous testimonies related to culture and art. These include the pictorial cycle dedicated to the 'Acciaierie di Terni' by Renato Guttuso, the works of Arnaldo Pomodoro and those of the American sculptor Beverly Pepper.

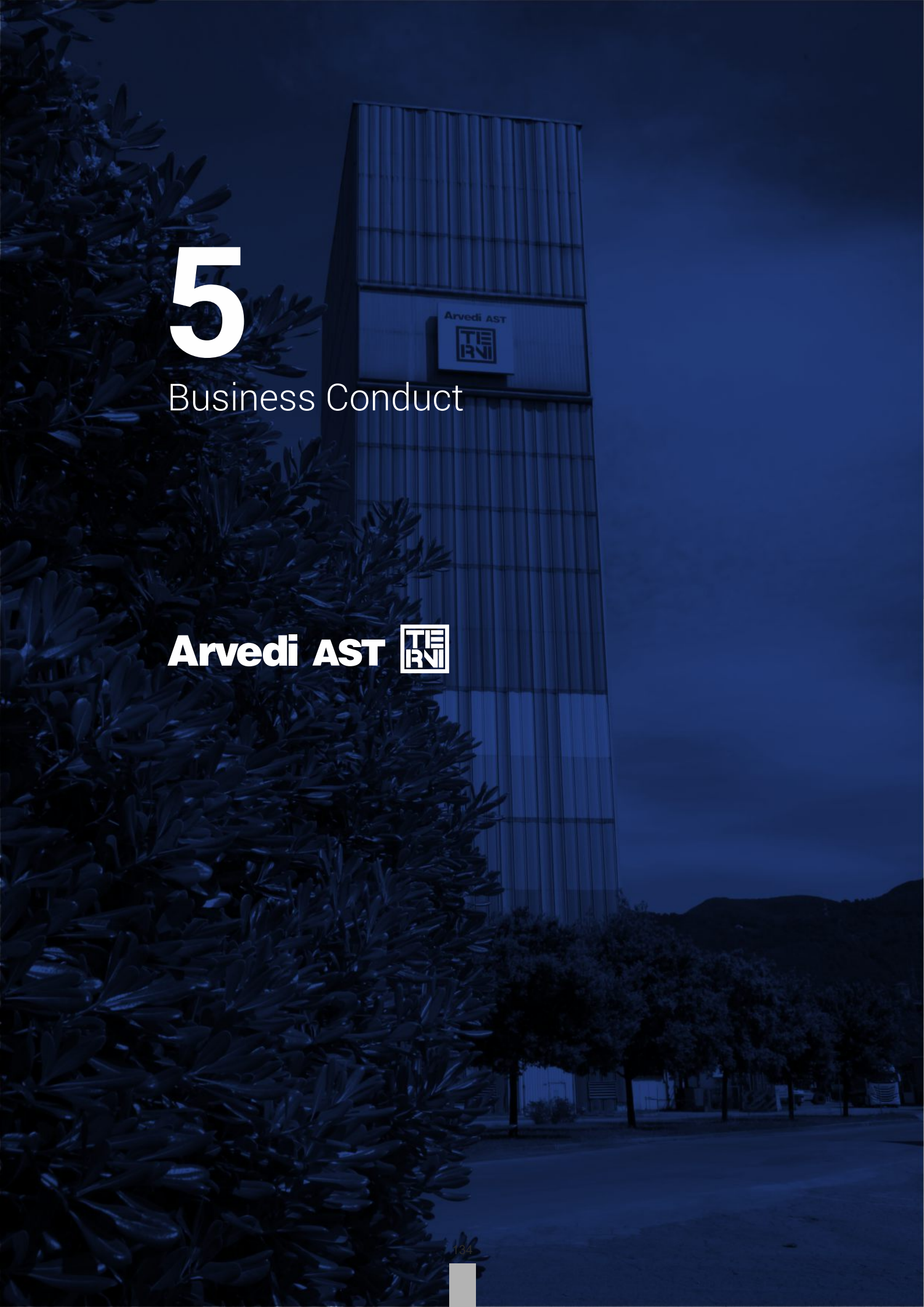
Projects implemented for the conservation and enhancement of corporate cultural heritage

- Creation of an online database with over 7,000 historical photographs digitised and catalogued.
- Creation of a venue to house the historical archive (document storage room and study room to accommodate visitors).
- Reorganization and computerized cataloguing of the paper records (a project jointly with Soprintendenza Archivistica Umbra (Umbrian Archival Superintendency).
- Reintegration of the records deposited by the Company at the State Archives of Terni between 1974 and 1985; 470 archival units, including the Society's founding documents, which since 2015 have once again become part of the corporate heritage.
- Curation of the photographic exhibition La Terni in posa, 2013, Terni, Palazzo Montani Leoni; 2014, Spoleto, Festival dei Due Mondi; and publication of the official exhibition catalogue.
- Digitisation and cataloguing of historical audiovisual heritage.
- Creation of a designated website: www.archiviostoricoast.it.
- Recovery and cataloguing of items of historical and artistic value (machinery, work equipment, product models, works of art, etc.).
- Applying for and obtaining the notification of an asset of exceptional cultural interest from the It. Ministry of Culture for the company library.
- "Sulle orme della storia" project: creation of signposts placed at historic company sites that reconstruct the history and evolution of the building or industrial plant.
- Curator of the exhibition La grande opera, 5-23 October 2024, Terni, PalaSì

la grande opera

Power and ingenuity
Water as the driving force of the iron and steel industry through the most impressive diversion plant ever built in Italy between the 19th and 20th centuries.

Arvedi



5
Business Conduct

Arvedi AST

5.1 Code of Conduct

In accordance with ESG principles, the Arvedi Group has embarked on a process of revising its Code of Conduct, through a careful review and integration of the principles contained in previous versions and in the ethical codes of individual Group companies. The new Code of Conduct represents a common and shared reference for Arvedi AST and its stakeholders, reinforcing the fundamental values that guide daily actions, such as in particular: centrality of the person, non-discrimination, fairness, inclusion, mutual respect, integrity, legality, transparency, responsibility towards stakeholders and the environment.

Regarding governance tools, it is important to mention that Arvedi AST also implements a whistleblowing reporting system available to all stakeholders. This is an integral part of a compliance system designed to collect reports that help continuously improve the system itself.

The full text of the Code of Conduct is available on Arvedi AST website

https://www.acciaiterni.it/wp-content/uploads/2025/04/Arvedi-Codice-Condotta-2025_ita.pdf

CODE OF CONDUCT

The Code of Conduct offers a clear image of the objectives which the Arvedi Group wants to achieve in order to sustainably guarantee the success of the company, based on common values such as responsibility, transparency, reliability, honesty, credibility, integrity in conducting business and respect for the law.

The Arvedi Group is actively committed to sustainable development, adhering to the ten principles of the UN Global Compact and recognising the UN Universal Declaration of Human Rights and the core labour standards of the International Labour Organisation (ILO).

The Code of Conduct brings together in a single document the basic rules and principles to be observed in mutual relations by all employees, external collaborators, shareholders, customers, suppliers and any other business partners.

1. **BEHAVIOUR TOWARDS WORKERS**
- Equal treatment and non-discrimination
- Protection of rights
- Occupational health and safety

2. **BUSINESS CONDUCT**
- Compliance with standards
- Compliance with anti-corruption regulations
- Fair Competition and Antitrust Compliance
- Prevention of conflicts of interest
- Prevention of money laundering
- Foreign Trade
- Conflict Minerals and High-Risk Raw Materials

3. **BEHAVIOUR WITHIN CIVIL SOCIETY**
- Environmental and climate protection
- Quality standards and product risk management
- Donations and sponsorships
- Political representation
- Public presence and communication

3. **CONFIDENTIALITY AND DATA PROTECTION**
- Personal data protection
- Confidentiality of company information
- Responsible use of social media

4. **IMPLEMENTATION OF THE CODE OF CONDUCT AND REPORTING**

Anti-corruption policy

Commitment to the prevention of corrupt activities and adherence to the principles of transparency are of paramount importance to the Company, which adopts appropriate behaviour to ensure transparency in business operations. This commitment is also expressed to external stakeholders through the Corruption prevention policy, available on the company website. https://www.acciaiterni.it/wp-content/uploads/2023/04/Politica-per-laprevenzione-della-corruzione_firmata.pdf

In the course of 2024 no episodes of active and/or passive corruption were highlighted, nor were any such reports received, which were also regularly monitored as part of the information flows to the Supervisory Board of Arvedi AST.

Prevention of conflicts of interest

The prevention of conflicts of interest is carried out by means of various instruments: the obligation for board members and top management to report any situation that may lead to a conflict of interest (this obligation is extended to middle managers, personnel belonging to departments or roles most exposed to risk and to all suppliers); information and training activities; analysis of suppliers to identify any interrelationships between them.

5.2 Human rights policy

In January 2025, Arvedi AST approved the Human Rights Policy. The full text of the document is available on the company's website.
https://www.acciaiterni.it/wp-content/uploads/2025/06/POLITICA-DIRITTIUMANI_DEF_Signed_ITA.pdf

This Policy refers to due diligence on human rights, but its contents reflect a broader commitment: respect for people, employee welfare, environmental protection, and transparent and accountable governance. It expresses the values shared by Arvedi AST regarding the protection of workers' health and safety, respect for the environment, dialogue with communities, integrating ESG sustainability principles for the environment, workers and the company, in accordance with the international Responsible Steel standard and the Arvedi Group Code of Conduct. Arvedi AST adopts a structured due diligence approach, which involves identifying, preventing, mitigating, and monitoring potential impacts on human and labour rights, including in relations with suppliers and partners.

The objective of the Policy is to lay down clear principles and courses of action to promote safe, inclusive, and mutually respectful working environments, that can:

- prevent all forms of direct or indirect human rights violations;
- ensure fair and transparent working conditions;
- empower people, fostering their development and active participation;
- responsibly manage environmental and social impacts along the value chain.

The Policy defines the fundamental principles that guide the company in the protection and promotion of human rights, integrated into every aspect of its operations. In particular, this commitment is structured around the following areas:

- Workers' rights, to guarantee safe, fair working conditions that respect the dignity of every person, through the rejection of child and forced labour, health and safety protection, respect for working time and conditions, trade union freedom, and the enhancement of training.
- Human rights, to promote equal opportunities, the fight against all forms of discrimination, harassment or violence, and the protection of privacy and personal data, with special attention to situations of fragility and vulnerability.
- Environmental and community rights, to contribute to the protection of the environment and to maintain a responsible and respectful relationship with the local communities and territories in which the company operates.
- Ethics and governance, to prevent corruption and promote transparency, integrity, and respect for legality in all business activities and relationships.

Considering these areas, Arvedi AST has identified nine principles as its priorities:

1. Freedom from child, forced or compulsory labour
2. Protection of occupational health and safety
3. Working conditions, working hours, pay and welfare
4. Freedom of association and collective bargaining
5. Combating discrimination, harassment, acts of violence
6. Training and development of human capital
7. Protecting the environment and local communities
8. Right to privacy and personal data protection
9. Ethics, transparency and anti-corruption

Main corporate human rights documents and instruments

- Arvedi Code of Conduct
- Organisation, management and control model pursuant to (It.) Legislative Decree 231101
- Trade union agreements on corporate social responsibility at Group level
- Whistleblowing platform
- ESG sustainability policy
- Sustainable procurement policy
- Policies: for health and safety, the environment, quality, and energy
- Anti-corruption guidelines

THE VALUES THAT INSPIRE AST COMMITMENT

For us, every action counts, every choice makes a difference. Therefore, we have defined the values that represent the essence of our commitment in our Human Rights Policy, namely:

1. **Rejection of child, forced, or compulsory labour:** zero compromise. We want free and decent working conditions in our company and in those of our suppliers and subcontractors.
2. **Occupational health and safety protection:** Every day, we are committed to protecting the well-being of workers by complying with laws, international standards and best practices in the steel industry.
3. **Working conditions, working hours, pay and welfare:** We respect every single person working at AST, with honest and transparent treatment, promoting work-life balance.
4. **Freedom of association and collective bargaining:** we are committed to listening and dialogue, aware that every voice counts and every right must be protected.
5. **Fighting discrimination, harassment and acts of violence:** we believe in mutual respect. We create inclusive workspaces where every person can feel safe.
6. **Training and human capital development:** we strive to invest in talent, fostering personal and professional growth to build a sustainable future in the steel industry.
7. **Protection of the environment and local communities:** Respecting people also means respecting the environment in which they live. That is why we monitor the effects of our impact, protect natural resources and dialogue with institutions and local communities.
8. **Right to privacy and personal data protection:** Even in the age of artificial intelligence, trust is built by protecting information, with transparency and accountability.
9. **Ethics, transparency and anti-corruption:** we want to continue to operate with integrity, inspiring our governance with the highest ethical standards and the Arvedi Group Code of Conduct.

HOW TO MAKE A REPORT

The Arvedi AST listening and feedback system

Listening to the voices of our stakeholders is a fundamental principle. For this reason, we have developed a system for handling complaints and grievances that allows us to collect, assess and respond to the concerns of all stakeholders in a timely manner.

The aim is to foster an open and constructive dialogue and to ensure that every complaint, from environmental to safety and workers' welfare issues, is taken care of in a structured and responsible manner.

To send a report, Arvedi AST provides the following communication channels, always guaranteeing the confidentiality of the reporter:

AST switchboard: 0744 4901

Free-phone number: 800 063 966

External relations

relazioni.esterne@acciaiterni.it

and anonymously by accessing the designated page on the company website:

Whistleblowing

https://www.acciaiterni.it/segnalazioni/

Each report contributes to improving our environmental, social and governance performance.

In the year 2024, there were no confirmed cases of corruption or bribery, nor were there any cases of violations of the relevant regulations that led to e.g. sanctions of employees, termination of relations with business partners, etc. In the whole year, the Whistleblowing tool recorded a single whistleblowing case, which was duly handled and closed (out-of-scope report).

5.3 Supply chain

AAST promotes a responsible and sustainable approach throughout its supply chain, requiring high environmental, social and governance (ESG) standards from suppliers. To this end, through the qualification process managed through the IUNGO platform, the Company requires full compliance with ESG principles, also formalised through specific clauses included in the general conditions of purchase of goods and services.
Suppliers are required to sign a formal declaration of commitment to operate in line with these principles, attesting to the adoption of sustainable and responsible practices in their supplies for AAST. Purchasing Management reserves the right to assess the consistency of the statements made and actions taken, and to suspend or terminate supply relationships in the event of serious or repeated violations of ESG principles.

Protection of the environment
From its suppliers, AAST requires the adoption of production practices that minimise environmental impact, with particular attention to the reduction of climate-altering emissions, energy efficiency, the curtailment of air, water and soil pollution, and the sustainable management of natural resources.
Full compliance with existing environmental regulations is also required, with an invitation to take additional voluntary measures to protect the environment where possible.

Social responsibility
AAST requires respect for fundamental human rights, including: workers' rights, freedom of association, equal treatment, prohibition of child labour and compliance with health and safety regulations.
Suppliers are also asked to ensure safe working conditions, promoting inclusive environments and promoting diversity and equity.

Corporate governance
Suppliers are expected to behave with integrity and transparency through sound corporate governance systems.
Concrete actions to prevent corruption and money laundering, compliance with applicable regulations and accurate and traceable records throughout the supply chain are required.

In the framework of the Responsible Steel certification obtained by AAST in 2024, the Code of Ethics has been signed by 100% of the temporary companies and suppliers operating within the company. In addition, the suppliers of 90% of the raw materials have formalised their commitment to the principles of the responsible purchasing policy.

THE SUPPLIER QUALIFICATION PROCESS AT THE CORE OF SUSTAINABLE TRANSFORMATION

Selection and qualification of suppliers

The supplier selection and qualification process consists of several stages, aimed at identifying partners that guarantee high standards of sustainability. The Kraljic matrix, a method to classify and analyse the procurement portfolio and to guide the procurement strategy of AAST, was introduced.

Suppliers were classified into four groups on the basis of two elements

- **the supply risk**
- **the strategic importance for the company.**

This classification also integrates ESG criteria, assessing for each supply category the environmental impact, the protection of workers' health and safety, and the potential for energy efficiency. This analysis made it possible to adopt targeted strategies geared towards sustainable resource management and the mitigation of environmental and social risks, strengthening the overall responsibility of the supply chain.

Raw material traders are classified in the IUNGO platform as service providers. However, for the ESG assessment of supplies, the focus is on the actual producers and countries of origin of the ferroalloys traded. In this way, environmental, social and governance impacts can be monitored and assessed along the entire supply chain, even when purchasing through intermediaries.

In September 2024, the new qualification process was activated via the IUNGO system, which enables a structured and digitised management of activities. The process consists of six steps:

1. Application questionnaire
2. Financial soundness analysis
3. Access credentials
4. Prior evaluation questionnaire
5. Approval
6. Feedback to supplier

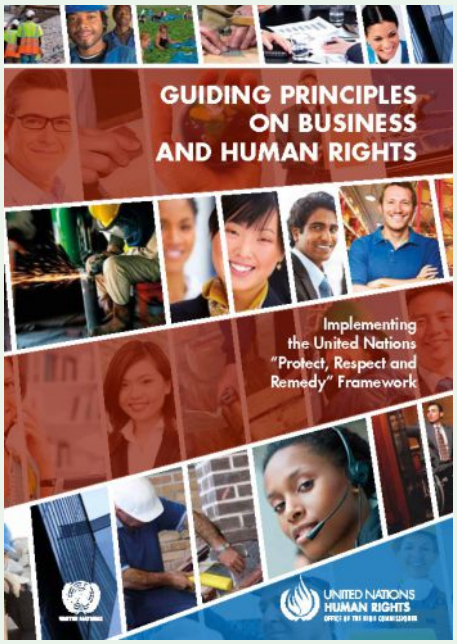
From the first stage, the questionnaire collects key information on the supplier's alignment with ESG principles, including:

- the environmental, social and governance policies adopted
- CO_2 emission traceability
- adherence to **UN Guiding Principles on Business and Human Rights**;
- involvement in **UN Global Compact.**

After the financial analysis, technical certifications and specific requirements are required for some product categories, guaranteeing the skills and technologies needed to operate according to sustainability criteria.

For suppliers considered strategic, the approval phase includes audits at the operating sites, which include the assessment of environmental and social practices, as well as quality and production efficiency.

Downstream of the process, each supplier receives structured feedback on its performance, which is monitored over time through the Vendor Rating system, highlighting those suppliers that stand out for their high degree of commitment to sustainability.



UN GLOBAL COMPACT

United Nations
Global Compact

Sustainability report 2025

Arvedi

6

Creation of economic value

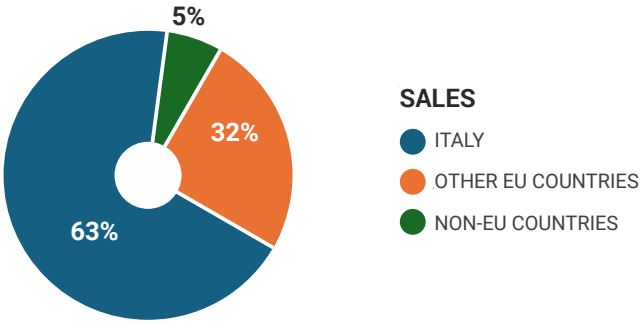
Arvedi AST promotes the creation of long-term sustainable value by endeavouring to:

- reinforce the sustainability of the business model;
- promote the development of innovative products;
- invest in the growth of the company;
- promote an efficient use of resources;
- guarantee a solid financial structure;
- seek operational efficiency;
- manage corporate risks;
- leverage research and innovation.

The company's economic, financial and balance sheet data are published in the accounting documents and in the annual financial statements, prepared in accordance with the law. Please refer to them for detailed information. This chapter of the sustainability report is limited to highlighting specific economic performance and information of particular relevance from a sustainability perspective, specifically the economic value generated and distributed to stakeholders.

PROFIT AND LOSS ACCOUNT (EURO/000)	2024	2023
REVENUES	2,386,820	2,272,687
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION	103,180	95,197
OPERATING INCOME	54,497	81,536
OPERATING RESULT	27,249	57,392
GROSS RESULT	35,557	12,747
NET RESULT	32,435	15,818

SALES 2024	ITALY	OTHER EU COUNTRIES	NON-EU COUNTRIES
EURO/000	1,502,336	766,179	118,305



6.1 Economic value generated and distributed

Arvedi AST's activities do not only represent a factor of profitability; they also generate significant economic benefits for a range of stakeholders: for employees (direct and indirect remuneration), for shareholders (distributed profits), for the Public Administration (taxes and duties), for lenders (financial charges), for the community (donations), and for suppliers (value of goods and services supplied). The following information concerns the economic value generated and distributed

ECONOMIC VALUE GENERATED	2024
euro/000	2,462,302

ADDED VALUE	2024
euro/000	198,821

DISTRIBUTED ECONOMIC VALUE (EURO/000)	2024
HUMAN RESOURCES	140,448
SUPPLIERS	2,263,481
SHAREHOLDERS	-
LENDERS	31,932
PUBLIC ADMINISTRATION [1]	-
GIFTS	162

(1) The value distributed to the public administration is here zero as AST received in this financial year more public contributions than the direct taxes and indirect taxes allocated in the financial statements.

6.2 Environmental expenditure and investments

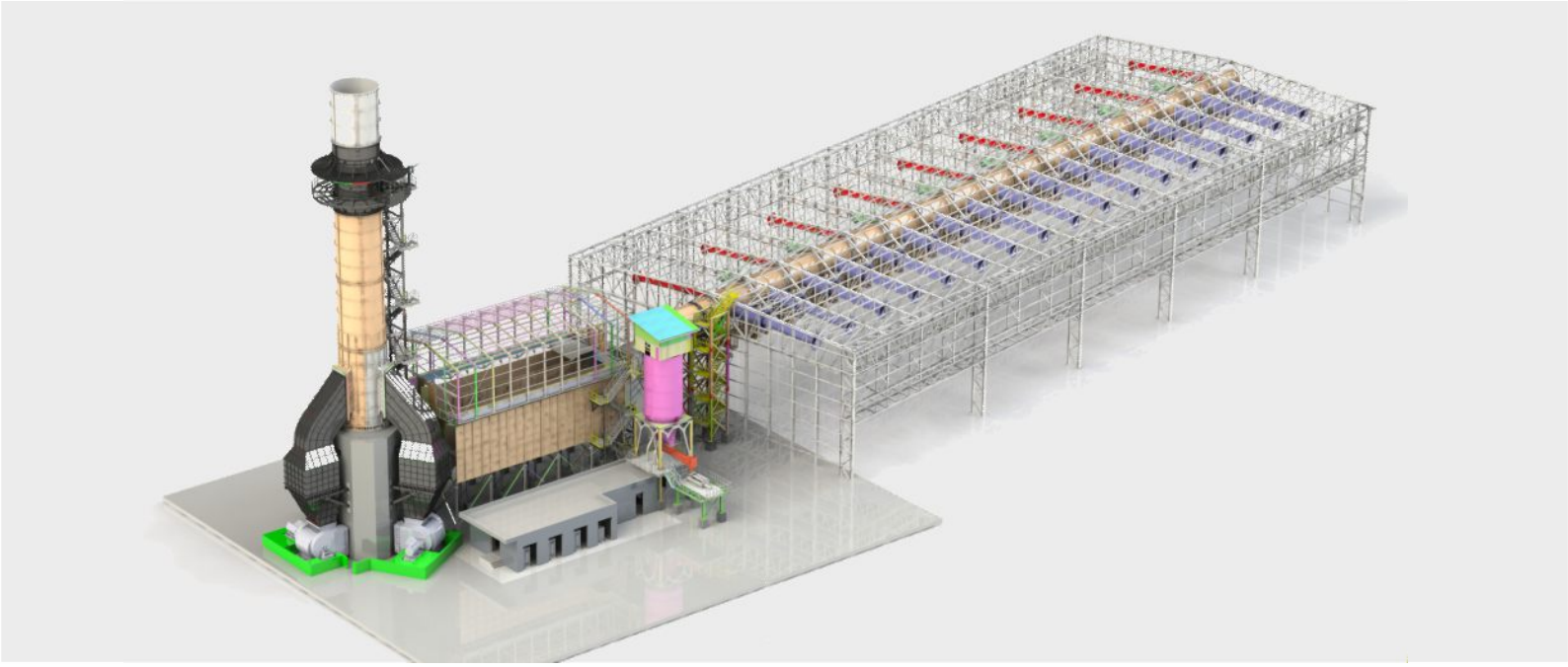
Environmental protection expenditures in 2024 amounted to 39,718 thousand euros (+18% compared to 2023).

ENVIRONMENTAL PROTECTION EXPENDITURE (EURO/000)	2024	2023
Prevention of emissions	12,949	10,138
Protect the waters	11,630	10,141
Waste management	13,934	12,355
Prevention of noise pollution	150	85
Prevention of soil pollution	1,055	979
TOTAL	39,718	33,698

Capital expenditures in the environmental field (7,616 thousand euros) primarily focused on continuing activities aimed at ensuring compliance with the requirements of the Integrated Environmental Authorization (AIA). These include upgrading a portion of the factory stacks to enable safe flue gas analysis and implementing noise remediation in designated sensitive areas.

ENVIRONMENTAL INVESTMENTS MADE (EURO/000)	2024	2023
Prevention of emissions	6,249	560
Protect the waters	291	277
Waste management	411	303
Prevention of noise pollution	197	191
Prevention of soil pollution	468	39
TOTAL	7,616	1,371

Among the investments underway, already mentioned in previous sections, is the construction of a new plant for reheating rolling slabs, which will reduce energy consumption by up to 40% compared to the current situation and can use pure hydrogen or a mixture with natural gas as fuel. In addition, the company, in order to contain diffuse emissions from the so-called 'slag ramp', decided to build a new shed where the cooling of the 'white slag' from the converter, which disintegrates during cooling and causes the spread of dust, would be confined in a closed and suctioned environment.



SLAG TREATMENT PLANT

6.3 Research and development

The research activities conducted during 2024 involved both the pursuit of activities initiated in previous years and the launch of new projects. Arvedi AST's approach to R&D is geared towards not only technical efficiency and product quality, but also environmental and sustainability goals. Of particular relevance are:

- Within the scope of European projects, Horizon Europe HEPHAESTUS project, which aims to build a plant for the treatment of waste dust collected from EAF and AOD furnaces with the objective of facilitating its reuse, continued its activities with the monitoring of the operations carried out by the consortium of participating companies.
- Participation in the new Horizon Europe SYRIUS project, which focuses on the production and integration of hydrogen in energy-intensive chemical industries, following a circular approach to maximise overall process efficiency, also began in 2024.

With regard to projects undertaken internally, research activities were divided into three main areas:

- projects for new applications, with studies in various fields, ranging from pure research in the international arena to applied research in different industrial sectors
- pre-sales support projects, aimed at optimising company products to meet new or specific market needs
- process-product improvement, where projects were implemented to improve the quality or production efficiency of certain production lines and the industrialisation of new products.

European Commission

6.4 Taxation

Legality and transparency are a point of reference in the management of fiscal activities by the company, through behaviour oriented towards compliance with fiscal regulations. Consistent with these values - and with the knowledge that taxes are important sources of public revenue and are essential to the macroeconomic stability of any country - the taxation approach aims to ensure the correct determination and settlement of taxes due by law, preventing the risk of tax violations or abuse of the principles and purposes of the tax system.

AST is committed to applying tax regulations by ensuring that both the spirit and the intended purposes of the law are respected, and by adopting a reasonable and responsible interpretation of the current legislation. The company is aware that through the development of its business it has the opportunity to contribute to the state tax revenue and to support the economic and social development of the areas in which its factories are located. It is also aware of the importance that these financial flows have for the collective well-being, and, also for this reason, it adopts a behaviour consistent with the principles of legality, correctness and transparency.

TAXES (EURO/000)	2024
CURRENT TAXES	(4,198)
DEFERRED TAXATION	1,076
TOTAL	**(3,122)**

Arvedi

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Appendix

7.1 Content index

Global Reporting Initiative

GRI Contents

Declaration of use

Arvedi AST reported the information mentioned in this GRI content index for the period from 01/01/2024 to 31/12/2024 according to the "with reference" option.

GRI 1 used

GRI 1- Fundamental Principles - version 2021

GRI STANDARDS	INFORMATION NOTICE	POSITION	NOTES
GRI 2 General information 2021	2-1 Organisational details	2.1-2.2	
	2-2 Entities included in the organisation's sustainability reporting	1.1-2.1	
	2-3 Reporting period, frequency and point of contact	1.1	Reporting period: 2024 Frequency: annual
	2-4 Review of information	3.4	The methodology used for the quantification and classification of the materials used is partially different from the one used in previous reports; for this reason, the data for 2023 reported here do not fully match those reported in last year's report
	2-6 Activities, value chain and other business relationships	2.1-2.4-5.3	
	2-7 Employees	4.2	
	2-8 Non-employees	4.2	
	2-9 Governance structure and composition	2.2	
	2-10 Appointment and selection of the highest governing body	2.2	
	2-11 Chairman of the highest governing body	2.2	
	2-12 Role of the highest governing body in impact management control	2.2	
	2-13 Delegation of responsibility for impact management	2.2	
	2-14 Role of the highest governance body in sustainability reporting	2.2	
	2-15 Conflicts of Interest	5.1	
	2-16 Communication of critical issues	2.2-5.1	
	2-17 Collective knowledge of the highest governance body	2.2	
	2-22 Sustainable development strategy statement	Presentation	
	2-23 Policy commitments	2.4-2.5-2.8-3.2-3.3 3.4-3.5-3.6-3.8-4.1 4.2-4.3-4.4-4.7-5.1 5.2-5.3.5.4-6.2	

GRI STANDARDS	INFORMATION NOTICE	POSITION	NOTES
GRI 2 General information 2021	2-24 Integration of policy commitments	2.3-3.2 -3.3- 3.4-4.2- 4.3-4.4- 4.5-4.8- 5.1- 5.3	
	2-25 Processes to remedy negative impacts	2.2- 5.1	
	2-26 Mechanisms for seeking advice and raising concerns	2.2- 5.1	
	2-27 Compliance with laws and regulations	3.1- 4.1- 5.1-6.4	
	2-28 Membership of associations	2.3	
	2-29 Approach to stakeholder involvement	2.3	
	2-30 Collective agreements	4.1	
GRI 3 Tangible topics 2021	3-1 Process for determining material subjects	1.2	
	3-2 List of material topics	1.2	
	3-3 Managing tangible topics	3.2- 3.3- 3.4- 3.5 - 3.6 3.7 -3.8- 3.9-4.1 - 4.2- 4.3-4-4.5.1-5.2-5.3	
GRI 201 Economic performance 2016	201-1 Direct economic value generated and distributed	6.1	
	201 -2 Financial implications and other risks and opportunities due to climate change	2.8	
	201 -4 Financial assistance received from the government	6.1	
GRI 205 Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	5.1	No incidents of corruption were detected
GRI 206 Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive and antitrust behaviour as well as monopolistic practices	5.1	No anti-competitive, anti-trust and anti-competitive behaviour and monopolistic practices were detected
GRI 207 Taxes 2019	207-1 Approach to taxes	6.4	
	207-2 Tax-related governance, control and risk management	6.4	
GRI 301 Tangible 2016	301 -1 Materials used by weight or volume	3.4	
	301 -2 Recycled input materials used	3.4	
GRI 302 Energy 2016	302-1 Energy consumption within the organisation	3.2	
	302-3 Energy intensity 303-1 Interaction with water as a shared resource	3.2	
GRI 303 Water and tributaries 2018	303-2 Management of water discharge impacts	3.6	
	303-5 Water consumption	3.6	
GRI 304 2016 biodiversity	304-1 Operational sites owned, leased or managed in or near protected areas or in areas of high biodiversity value outside or next to protected areas	3.6	
GRI 305 Emissions 2016	305-1 Direct greenhouse gas (GHG) emissions (Scope 1)	3.8	
	305-2 Indirect greenhouse gas (GHG) emissions from energy consumption (Scope 2)	3.3	
	305-4 Intensity of greenhouse gas (GHG) emissions	3.3	
	305-6 Emissions of ozone-depleting substances (ODS)	3.3	
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx) and other relevant air emissions	3.5	
GRI 306 Waste 2020	306-1 Generation of waste and significant waste-related impacts	3.5	
	306-2 Managing significant waste-related impacts	3.4	
	306-3 Waste generated	3.4	

GRI STANDARDS	INFORMATION NOTICE	POSITION	NOTES
GRI 308 Environmental assessment of suppliers 2016	308-1 New suppliers selected on the basis of environmental criteria	5.3	
GRI 401 Employment 2016	401-1 New recruitments and employee turnover	4.2	
	401-2 Benefits provided to employees	4.6	
GRI 402 Trade union/ management relations. 2016	402-1 Minimum notice periods for operational changes	4.1	
GRI 403 Occupational health and safety 2018	403-1 Occupational health and safety management system	4.3	
	403-2 Hazard identification, risk assessment and accident investigation	4.3	
	403-4 Worker participation and consultation on occupational health and safety, and communication thereon	4.3	
	403-5 Occupational health and safety training for workers	4.3-4.5	
	403-6 Workers' health promotion	4.3-4.6	
	403-9 Work injuries	4.3	
	403-10 Occupational diseases	4.3	
GRI 404 Training and education 2016	404-1 Average hours of training per year per employee	4.5	
	404-2 Employee skills refresher programmes	4.5	
GRI 405 Diversity and equal opportunities 2016	405-1 Diversity in governing bodies and among employees	4.4	
GRI 406 Non-discrimination 2016	406-1 Incidents of discrimination and corrective measures taken	4.4	No incidents of discrimination were detected
GRI 413 Local communities 2016	413-2 Operations with significant actual and potential impacts on local communities	2-4-2.5-4.7	
GRI 414 Social assessment of suppliers 2016	414-1 New suppliers selected on the basis of social criteria	5.3	
GRI 416 Customer health and safety 2016	416-1 Assessment of health and safety impacts of product and service categories	3.1	
	416-2 Incidents of non-conformities relative to health and safety impacts of products and services	3.1	No incidents of non-conformities were detected
GRI 418 Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	5.1	No substantiated complaints about breaches of customer privacy, or incidents of leakage, theft or loss of customer data were detected

ESRS contents

The report also includes information reported with reference to the ESRS standards related to the EU Sustainability Reporting Directive 2022/2464 (CSRD). These include, in particular, information on sustainability policies, actions and targets, information on climate change risks and opportunities, and the de-carbonisation plan. This information is reported taking into account both the interoperability between GRI and ESRS standards and the process currently underway to revise and simplify the requirements of the CSRD Directive following the 'Omnibus package' proposal presented by the European Commission on 26 February 2025.

DISCLOSURE AND RELATED DATAPOINT	POSITION	NOTES
ESRS 2 - GENERAL INFORMATION		
ESRS 2 BP-1 General criteria for drafting the sustainability statement	1.1	
ESRS 2 GOV -1 Role of administration, management and control bodies	2.2	
ESRS 2 GOV -2 Information provided to administrative, management, and supervisory bodies and sustainability matters addressed by them.	2.2	
ESRS 2 GOV-5 Risk management and internal audits over sustainability reporting	2.2	
ESRS 2 SBM-1 Strategy, business model and value chain	2.4	
ESRS 2 SBM-2 Interests and opinions of stakeholders	2.3	
ESRS 2 SBM-3 Relevant impacts, risks and opportunities and their interaction with the strategy and business model	2.4-2.8-7.2	
ESRS 2 IRO-1 Description of the process to identify and assess relevant impacts, risks and opportunities	1.2	
ESRS 2 MDR-P Policies adopted to manage relevant sustainability issues	2.5	
ESRS 2 MDR-A Actions and resources related to relevant sustainability issues	2.4-2.8-3.2-3.3-3.4-3.5-3.6 4.1-4.2-4.3-4.7-6.2	
ESRS E1 - CLIMATE CHANGE		
E1-1 Transition plan for climate change mitigation	2.8	
ESRS 2 IRO-1 SBM-3 Impacts, risks and opportunities	7.2	
E1-2 Climate change mitigation and adaptation policies	2.8	
E1-3 Climate change actions	2.8	
E1-4 Climate change targets	2.8	
E1-5 Energy consumption and energy intensity	3.2	
E1-6 Scope 1,2,3 greenhouse gas and total emissions - Emission Intensity	3.3	
ESRS E2 - POLLUTION		
E2-1 Pollution-related policies	3.5-3.6	
E2-2 Pollution-related actions	3.5-3.6	
E2-3 Pollution-related targets	3.5-3.6	
E2-4 Air, water and soil pollution	3.5-3.6	

DISCLOSURE AND RELATED DATAPOINT	POSITION	NOTES
ESRS E3 - WATER AND MARINE RESOURCES		
E3-1 Water policies	3.6	
E3-2 Water-related actions	3.6	
E3-3 Water-related targets	3.6	
E3-4 Water consumption, recycled and reused water, intensity	3.6	
ESRS E4 - BIODIVERSITY AND ECOSYSTEMS		
E4-2 Biodiversity and ecosystems policies	3.8	
E4-3 Actions related to biodiversity and ecosystems	3.8	
E4-4 Targets related to biodiversity and ecosystems	3.8	
ESRS E5 - RESOURCE USE AND CIRCULAR ECONOMY		
E5-1 Resource use and circular economy policies	3.4	
E5-2 Actions related to resource use and the circular economy	3.4	
E5-3 Targets related to resource use and the circular economy	3.4	
E5-4 Inbound resources E5-5 Outbound resources	3.4	
ESRS S1 - OWN WORKFORCE		
S1-1 Policies related to own labour force	4.1	
S1-2 Worker involvement processes regarding impacts	4.1	
S1-6 Employee characteristics	4.2	
S1-7 Non-employee characteristics	4.2	
S1-8 Coverage of collective bargaining and social dialogue	4.1-4.2	
S1-9 Diversity metrics	4.4	
S1-12 Persons with disabilities	4.2	
S1-13 Training	4.5	
S1-14 Health and safety	4.3	
S1-15 Work-life balance	4.2	
S1-16 Remuneration	4.1	
ESRS S3 - COMMUNITIES AFFECTED		
S3-2 Engagement processes for affected communities regarding impacts	4.7	
S3-3 Processes to remedy negative impacts and channels for affected communities to raise concerns	5.1	
S3-4 "Actions on material impacts, risks, and opportunities for affected communities	4.7	
S3-5 Objectives related to the management of impacts, risks and opportunities relevant to affected communities	4.7	
ESRS G1 - BUSINESS CONDUCT		
G1-1 Business conduct policies	5.1-5.2	
G1-2 Supplier relationship management	5.1-5.3	
G1-3 Prevention of corruption	5.1	
G1-5 Political influence and lobbying activities	5.1	

Circularity indicators

Given the significant role of Arvedi AST's activities in the transition towards a more circular economy, section 4.4 also reports on circularity performance with reference to the UNI/TS 11820 technical specifications and the ESRS related to the European CSRD directive.

7.2 Analysis of impacts, risks and opportunities

Significant issues in terms of environmental and social sustainability and business conduct were identified by assessing the actual and potential impacts of the company's activities, as well as the associated risks and opportunities. Although AST is not yet subject to the reporting requirements of the European CSRD Directive, it was deemed appropriate to develop a series of analytical assessments on impacts, risks and opportunities.

Climate resilience analysis: impacts, risks and opportunities
(ESRS 2 IRO-1 SBM-3)

According to recent assessments, 2024 was the hottest year ever recorded globally. The Copernicus centre (Copernicus Climate Change Service-C3S) estimates that last year the average temperature exceeded the pre-industrial level (referring to the period 1850-1900) by 1.5°C. The IPCC 2024 Report emphasises that without significant reductions in emissions in a timely manner, global warming may reach extremely critical levels for human and natural ecosystems. Already today, however, the effects of climate change are becoming increasingly evident: the increasing concentration of greenhouse gases in the atmosphere is associated with an increase in the intensity and frequency of extreme weather events, heavy rainfall and flooding, heat waves and prolonged droughts.

Countering climate change is therefore one of the biggest challenges to be faced globally. The main reference point in this respect is the agreement signed by 185 countries at the World Climate Conference in Paris in 2015. This agreement sets the goal of keeping the global temperature increase to below 2°C compared to pre-industrial levels, and if possible within 1.5°C. On the other hand, the European Union, with the Green Deal, intends to achieve climate neutrality by 2050, with an intermediate target of a 55% reduction in emissions by 2030.

Developing mitigation and adaptation strategies is essential not only for the future of living conditions on the planet and ecosystems, but also for the prospects of the economy. Suffice it to recall, for example, that in the last decade alone, economic losses due to extreme weather events in the European Union amounted to an average of EUR 26 billion per year (Eurostat, Climate-related economic losses). And according to a conservative estimate, if the European economy were exposed to a global warming between 1.5 and 3°C above pre-industrial levels, this could result in an annual economic loss of between EUR 42 and 175 billion (JRC, Economic analysis of selected climate impacts).

Authoritative evidence of the increasing awareness of the importance of risks comes from a growing number of analyses and reports by financial authorities, economic players, study centres and scientific institutions. The European Central Bank itself has identified climate risks as one of the main factors to be monitored under the Single European Supervisory Mechanism, as physical damage caused by climate change can have significant impacts on the real economy and the financial sector.

It is therefore necessary, first and foremost, to accelerate **mitigation** actions to reduce greenhouse gas emissions and achieve climate neutrality. Even in the best of all possible scenarios, however, reducing emissions will avoid the worst consequences for human and natural ecosystems, but will not completely erase the effects of climate change that are already underway. Adaptation **measures**, complementary to mitigation actions, are therefore also necessary to reduce vulnerability as much as possible and increase resilience. This requires not only effective planning by public institutions at all levels, but also adequate strategies on the part of companies.

Italy's national climate change adaptation plan emphasises that industrial sectors are also exposed to various risks. The most significant ones are linked to the increased frequency and intensity of extreme weather events (heavy precipitation, floods and landslides, droughts, wildfires) which can damage industrial activities and infrastructure located in the most vulnerable areas.
According to data collected from insurance companies and reported by the European Environment Agency, the number of natural disasters in EU countries shows an increasing trend since 1980, and about two-thirds of the economic losses attributable to natural disasters were caused by extreme rainfall and flooding. Although it is currently difficult to accurately determine the proportion of losses attributable to climate change, in light of the foreseeable impacts and risks, it is nevertheless expected to increase. Global warming will indeed have the effect of intensifying the hydrological cycle and increasing the frequency of flood events across much of Europe; furthermore, it may affect both the quantitative and qualitative state of water resources, altering hydro-geological cycles and systems.

Arvedi AST strategy
Climate change also generates increased risks and potential impacts for Arvedi AST. Against this backdrop, increasing the resilience of the corporate business model is an essential factor in preventing and mitigating risks. At the same time, the company is aware that emission reduction strategies and related process and product innovations are important factors in exploiting the opportunities associated with the ecological transition and strengthening the company's competitiveness.

In order to contribute to the achievement of climate neutrality and mitigate the effects of climate change, Arvedi AST, has defined its own de-carbonisation plan, in line with the objectives of the 2015 Paris Agreement and the European Union's 'net zero' target.

Risks and opportunities

Even within a framework of unavoidable uncertainties, identifying risks resulting from climate change is a necessary prerequisite for preventing, or at least minimising them through adaptation measures, as well as for strengthening corporate resilience in the short, medium and long term. Arvedi AST initiated a preparatory process for a more in-depth and detailed climate resilience analysis, taking into account the criteria of the Task Force on Climate-related Financial Disclosures, which refer to two categories:

- **physical risks** (e.g. acute risks related to extreme weather events and chronic risks related to gradual but structural changes in climate)
- **risks and opportunities** related to the ecological transition (e.g. risks associated with regulatory and normative changes, energy and raw material costs, trends in the development of clean technologies, investments in innovative activities and sustainable finance measures, etc.).

Based on the analytical and forecasting elements of a general nature currently available at a European level - as well as cognitive elements available at a company level, regarding both the potential physical risks in the area where the plant is located and the assessment of risks and opportunities connected to the ecological transition in the steelmaking sector - Arvedi AST will develop analyses that are as detailed as possible and periodically updated, in order to implement mitigation actions, strengthen adaptation measures and ensure adequate risk management. In particular, the assessment of risks and opportunities will be progressively deepened and broadened, taking into account changes in the operating environment related to climate change and its effects on the company's cost structure, financial choices and business model.

The climate change adaptation strategy is based on measures to manage the main risks associated especially with the possibility of extreme weather events and their consequences. Arvedi AST undertakes to define possible measures to prevent and mitigate these risks, in line with the guidelines of the adaptation plans prepared or being prepared by the competent authorities at local, regional and national level. At the same time, by identifying opportunities related to the ecological transition that can contribute to the company's growth and competitiveness, Arvedi AST takes these elements into account in its corporate strategy.

The company's strategic objective, in relation to the risks arising from climate change and the opportunities linked to the ecological transition, is therefore to mitigate risks and maximize opportunities through a positioning that takes medium- and long-term perspectives into account.

Some further brief information on these issues is given below.

Physical risks

The identification of potential physical hazards, as you can well understand, is neither a simple process nor one without uncertainties. As a matter of fact, there is still no unambiguous and complete reference in Italy and Europe to assess the effects of climate change on industrial activities and infrastructure. The state of knowledge is characterised by the lack of detailed studies of impact scenarios on the territory, the consequent difficulty in analysing the risk for the production system, and the absence of a system that organically gathers information on the problems, the options available at local and national level, and the related costs. Along these lines of cognitive limitations and inevitable forecasting uncertainties.

Potential **acute physical hazards** include, among others, extreme weather events, floods and landslides, which can damage plants and business operations, as well as heat waves that can reduce workers' efficiency and put plant and equipment under stress. Such risks may be associated with possible interruptions in production, expenses to repair damage, and higher insurance costs.

With regard to **chronic physical risks** - with particular reference to drought and the resulting availability of water resources - climate change-related forecast scenarios show that risks from droughts and desertification mainly affect southern European countries. According to the *European Drought Risk Atlas*, with varying intensity depending on the level of global warming, the Mediterranean area will suffer the most in soil water availability as a result of changes in precipitation and evapotranspiration. In addition to the above information, it should be noted that according to the classification of water stress levels *(World Resources Institute-Water Risk Atlas)* the area in which the AST plant is located is considered to be "medium-high" water stress. Water stress measures the ratio of total water demand (for domestic, industrial, irrigation and livestock uses) to available renewable surface and groundwater reserves.

Thanks to the peculiarity of its plant system, AST's water balance is kept in perfect equilibrium, since all the water taken from the Velino river upstream of the plant is returned, almost in its entirety (net of physiological evaporation) to the Nera river downstream of the plant. There is therefore no real consumption of water, but rather a 'transfer' from one water body to another, without any detriment to the water resource in qualitative-quantitative terms. The company's strategy also aims to further increase levels of water recycling and reuse, minimising water withdrawals and water requirements.

Transition risks

Transition risks refer to the inevitable uncertainties and complexity of the challenges the company faces in the transition to a low-carbon economy. Arvedi AST's strategies aim on the one hand to minimise these risks through proper risk management, and on the other hand to maximise the economic opportunities related to the ecological transition and resilience of its business model. With regard to the risks associated with the ecological transition - not infrequently intertwined with those arising from geopolitical tensions and ongoing changes in international relations - the following in particular are highlighted:

- **Risks related to policy and regulatory measures; legal risks.** The steel sector is subject not only to particularly strict environmental regulations, but also to ETS regulation: impacts related to changes in these regulations, carbon tax measures, emission limits, carbon tax on imports (CBAM) could arise from this point of view. The possible financial impacts related to insurance obligations for natural disasters are also noted. The correct management of environmental impacts and the correct reporting of emissions data is a necessary condition, fully respected by AST, also in order to avoid any legal risks.
- **Market risks:** These include risks related to the cost of energy, volatility of commodity prices, and the supply chain.
- **Technological risks:** The goal of reducing emissions requires constant innovation, carefully selecting the best technologies to support the transition, ensuring emissions reductions.
- **Reputational risks:** Reporting obligations are correctly fulfilled by AST and the company has also adopted Responsible Steel certification. Therefore, there does not seem to be any risk in this respect, but at the same time one must also work to ensure the sustainability of one's supply chain.

The company is committed to reducing emissions and achieving the targets set out in its sustainability policies, in order to contribute to the de-carbonisation goals set at European level. Consistently working towards these goals is also a prerequisite from a reputational point of view, avoiding the risk of losing the trust of investors and other stakeholders (including local communities)

Opportunities

Steel, which is an absolutely vital resource for the economy, also plays a highly significant role in the ecological transition and in building sustainable development; furthermore, stainless steel is crucial in accelerating the transition across multiple industrial sectors. Within this scope, AST is working with determination toward increasingly 'green' steel: alongside the reduction of emissions and climate impact, the primary objectives are energy efficiency, the use of renewable energy, and production circularity, driven by a high proportion of recycled materials.

The steel industry – thanks to products linked to the development of new technologies and emerging markets – is among the sectors best positioned to seize new opportunities arising from the ecological transition. Especially significant – considering the already high circularity rates of the steel industry in Italy, and specifically within Arvedi AST – are also the opportunities linked to the transition toward a circular economy. This constitutes not only a necessary condition for achieving climate neutrality but also a driver for greater efficiency and economic competitiveness for businesses. Appropriate CBAM and CO_2 price rules can protect the European market and reward green steel producers. The growing demand for products with low emissions and a high recycled content, both from the private market and public administrations, can be an opportunity for development and competitiveness.

Further opportunities may be developed in connection with the Clean Industrial Deal, presented by the European Commission on 26 February 2025 with the aim of supporting companies in the ecological transition, and the related Sectoral action plan presented on 19 March 2025, which includes specific measures for the metal industry (ferrous and non-ferrous metals).

Workforce-related impacts, risks and opportunities (ESRS S1)

During the year, the company continued to monitor and manage the impacts, risks and opportunities related to its workforce, consistent with the principles outlined in the ESRS S1 standard.

Potential and current negative impacts were detected in relation to:

- the exposure of workers to pollutants generated by production processes, with potential health effects
- the physical, psychological and economic consequences of occupational accidents, which can also affect families
- situations of discrimination or failure to respect diversity and inclusion, with repercussions on organisational well-being
- the failure to take measures to protect human rights in the context of labour practices
- the absence of structured benefits and plans to support employees' psychological and physical well-being.

Positive impacts generated by the business include:

- access to a well-established welfare system (CMA, CLT, platform for the use of welfare credits), aimed at fostering personal and family well-being
- the provision of transversal training plans, focusing on technical, safety and soft skills
- the enhancement of professional skills through cross-functional projects and refresher courses
- the improvement of job satisfaction within participatory environments
- access to performance bonuses and economic benefits linked to collective performance.

Main identified risks:

- economic and reputational risks arising from non-compliance with diversity, inclusion and human rights standards
- operational risks linked to technical rigidity and lack of appropriate expertise
- economic and insurance risks related to the high accident rate
- strategic risk arising from the loss of key resources
- risk of non-conformities with occupational health and safety regulations
- reputational and operational risk associated with the lack of hourly flexibility and appropriate working conditions.

Main identified opportunities:

- strengthening of human capital through structured training and development paths
- improvement of workers' purchasing power through welfare and bonus instruments
- increase of corporate attractiveness as a responsible employer
- reinforcement of dialogue with trade union representatives (RSUs) to share industrial, contractual and welfare policies
- Increased productivity through improved health and safety conditions at work.

The approach taken aims to ensure regulatory compliance, reduce risks and strengthen internal social sustainability, in line with the disclosure requirements of ESRS S1 and the overall corporate strategy.

Impacts, risks and opportunities related to affected communities (ESRS S3)

The company systematically assesses and manages the impacts, risks and opportunities related to the local communities in which it operates, in line with the requirements of the ESRS S3 standard. The actions taken aim to prevent and mitigate any negative effects arising from industrial activity, as well as to generate shared value in the area.

Potential or actual negative impacts include:

- effects on the health and well-being of neighbouring communities resulting from noise pollution associated with certain phases of the production cycle
- impacts on water resources, with potential competition for water in situations of water scarcity, particularly during drought periods
- pressure on ecosystems and the availability of natural resources, including along the value chain, in relation to water use in upstream processes.

Positive impacts detected:

- economic and employment effects on the local supply chain, both in terms of direct and indirect employment, with benefits for suppliers and neighbourhood trade
- collaboration with local institutions and players for cultural, health and sports initiatives, including through ongoing support for historical company structures such as CLT and CMA
- investments in environmental rehabilitation projects, including the reclamation of urban and industrial areas
- sponsorships of cultural events of importance to the region (e.g. Umbria Jazz Weekend, Cantamaggio)
- promotion of industrial culture and sustainability through outreach activities, such as the 'La Grande Opera' exhibition.

Main identified risks:

- economic and reputational risk arising from litigation brought by local communities over perceived environmental or health impacts
- risk of social opposition or conflict with citizenship in the absence of adequate communication and prior consultation tools, especially in relation to territorially relevant projects.

Main identified opportunities:

- strengthening the role of the company as a responsible territorial player, through the structuring of channels for dialogue with citizenship
- creation of shared value through public-private initiatives on topics relevant to the local context (e.g. health, education, inclusion)

- Strengthening corporate reputation and brand trust through concrete actions to return value to communities.

The approach adopted is geared towards the proactive management of relations with local stakeholders, the analysis of potential environmental and social impacts and the promotion of sustainability as a lever for local cohesion and development.

Impacts, risks and opportunities related to business conduct (ESRS - G1)		
G1-1 Business Culture and Conduct Policies		
Impacts	Negative	A more difficult implementation of policies on business conduct.
	Positive	Having a clear definition of policies on corporate culture and conduct emanating from top management implies a breakdown of ethical principles adequately shared with all levels of the organisation.
Risks and opportunities	Risks	The internal regulatory system for employees could be considered inconsistent with the overall framework of corporate values and culture (business conduct policies). The absence of a whistleblowing management process would expose the company to the consequences provided for in the reference standard, as well as deprive the company of a channel for intercepting any critical issues. In addition, the lack of knowledge of the appropriate measures to protect against the risks associated with whistleblowing, provided for by the legislation and adopted by the Company. Loss of competitiveness, compared to Clients requiring specific ESG standards. Lack of compliance with reference standards in all countries with an ESG-evolved corporate culture.
	Opportunities	The Group's Code of Conduct has been set up to seize all opportunities for the disclosure of business values and conduct policies to both employees and external stakeholders (upstream and downstream of the process). Furthermore, care has been taken to adequately formalize the principles set out by ESG standards. Strengthening of the compliance system by including in the areas of Italian and European whistleblowing regulations also broader opportunities for the whistleblower with reference to both corporate culture and ethics, and Antitrust, Fraud, Conflicts of interest, Privacy, Human rights

Impacts, risks and opportunities related to business conduct (ESRS - G1)		
G1-2 Supplier relationship management		
Impacts	Negative	Business continuity. Reputation / Competitiveness. Lack of regulatory compliance
	Positive	Contribution to the development of a market chain in line with ESG standards.
Risks and opportunities	Risks	Minimisation of negative business continuity and reputational effects. Lack of detail in the description of the supplier relationship management policy, in particular in the prevention of late payments with reference to SMEs (non-compliance with ESRS 2 - GI-2, point 14) Risk of supply chain disruptions due to suppliers adopting business practices that are not in line with market standards and/or regulations. Failure to monitor the supply chain in terms of screening and assessing the social and environmental performance of suppliers. Lack of compliance with reference standards in all countries with an ESG-evolved corporate culture
	Opportunities	Development of a market chain in line with ESG standards. More comprehensive and optimised management of the supplier base.

Impacts, risks and opportunities related to business conduct (ESRS - G1)		
G1-3 Prevention and detection of active and passive corruption		
Impacts	Negative	Reputation / Competitiveness. Lack of regulatory compliance.
	Positive	Safeguarding against active and passive corruption, with a positive impact on business efficiency and the Company's reputation.
Risks and opportunities	Risks	Lack of formalisation of reference KPIs. Lack of specific dedicated training. Exposure to practices that harm the company and conflict with corporate culture.
	Opportunities	Preventing and detecting allegations or incidents of active and passive corruption, reacting to them and conducting investigations into them, including related training. Ensure transparency on the company's main procedures to prevent, detect and manage allegations of active and passive corruption. Improvement of corporate culture, including through the provision of specific training to employees and information to external stakeholders.

7.3 Methodological notes

Reporting period and comparisons with previous years

The figures for the year 2024 provided in this report are compared, where possible, with those of previous years in order to be able to assess the evolution of the company's performance. In this regard, it should be noted that as of 1 January 2023, the Tubificio (tubing mill) division was spun off, creating the subsidiary Tubificio di Terni Srl. The report also contains information on certain significant events after the end of the financial year.

Previous sustainability reports

AST has undertaken sustainability reporting on a voluntary basis since as early as 2018.

Data reporting criteria

For the sake of correct representation of performance and to ensure the reliability of the data, the use of estimates has been limited as much as possible, and where they exist, they are based on the best available methodologies and appropriately reported. Some data are rounded to the nearest unit: downwards if after the decimal point there is a value less than 50 or upwards if after the decimal point there is an amount greater than or equal to 50.

Production and intensity indicators

The production of solid steel (1,034,709 t of slabs and ingots) made directly by AST was supplemented in 2024 by a limited quantity (60,344 t) of slabs purchased from an external producer in order to limit production costs and preserve the competitiveness of AST products. These slabs were fed into the AST production cycle from the reheating and hot-rolling processes. In calculating intensity indicators (emission intensity, energy intensity, water intensity), the reference value used as a basis for calculation is given by the sum of the solid steel (slabs and ingots) of internal production and that of external production processed on AST lines (equal to 1,095,053 t).

Materials used

The unit of measurement is given in weight (t) by applying appropriate technical conversion coefficients from volumes or units where necessary. Data are aggregated into 'non-renewable materials' and 'renewable materials'. Materials do not include fuels used as energy sources.

Energy consumption

Energy consumption quantities were converted to GJ using the conversion factors given in the table below and derived from the specified sources.

ENERGY	Unit of measure	Conversion unit	2023	Source
Electricity	kWh	GJ	0.00360	Constant
Natural gas	Smc	GJ	0.03429	NIR: National Inventory Report 2023. Tab A6.1 (1)
Petrol	l	kg	0.75000	Conventional specifications for fuels and biofuels (Ann. 1 lt. MISE Decree 13.02.2013) (4)
	kg	GJ	0.04313	NIR: National Inventory Report 2023. Tab A6.2
Diesel	l	kg	0.84000	Conventional specifications for fuels and biofuels (Ann. 1 lt. MISE Decree 13.02.2013)
	kg	GJ	0.04285	NIR: National Inventory Report 2023. Tab A6.2

Greenhouse gas emissions, scope 1

Direct emissions were calculated on the basis of the methodology used for ETS purposes.

Greenhouse gas emissions, scope 2

Emissions are reported according to two different approaches: *market based and location based*. The energy flows considered relate to purchased electricity, broken down by supplier as follows:

- by contract with certified renewable energy suppliers (GO)
- by contract with supplier based on 'residual mix', as without specific data declared by the supplier.

The source of 'market based' emission factors in the absence of supplier declared data is: *"AIB - residual mix 2024"* - 441.2 g CO_2 /kWh.

Location-based emissions were calculated based on national emission factors for electricity consumption for the year 2024 (preliminary data: 198.8 g CO_2 /kWh) as made available by ISPRA in *"CO_2 emissions in the national electricity sector"*.

Emissions, scope 3

The reported figure refers to a calculation of scope 3 category 1 emissions, related to purchased raw materials." This category is by far the most important for EU manufacturers of electric furnaces. The figure was calculated starting from the final balance of all raw materials used in 2024, considering the emission factors shared within the Eurofer working groups on stainless steels.

Sustainability report 2025

Arvedi

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