

BEFESA

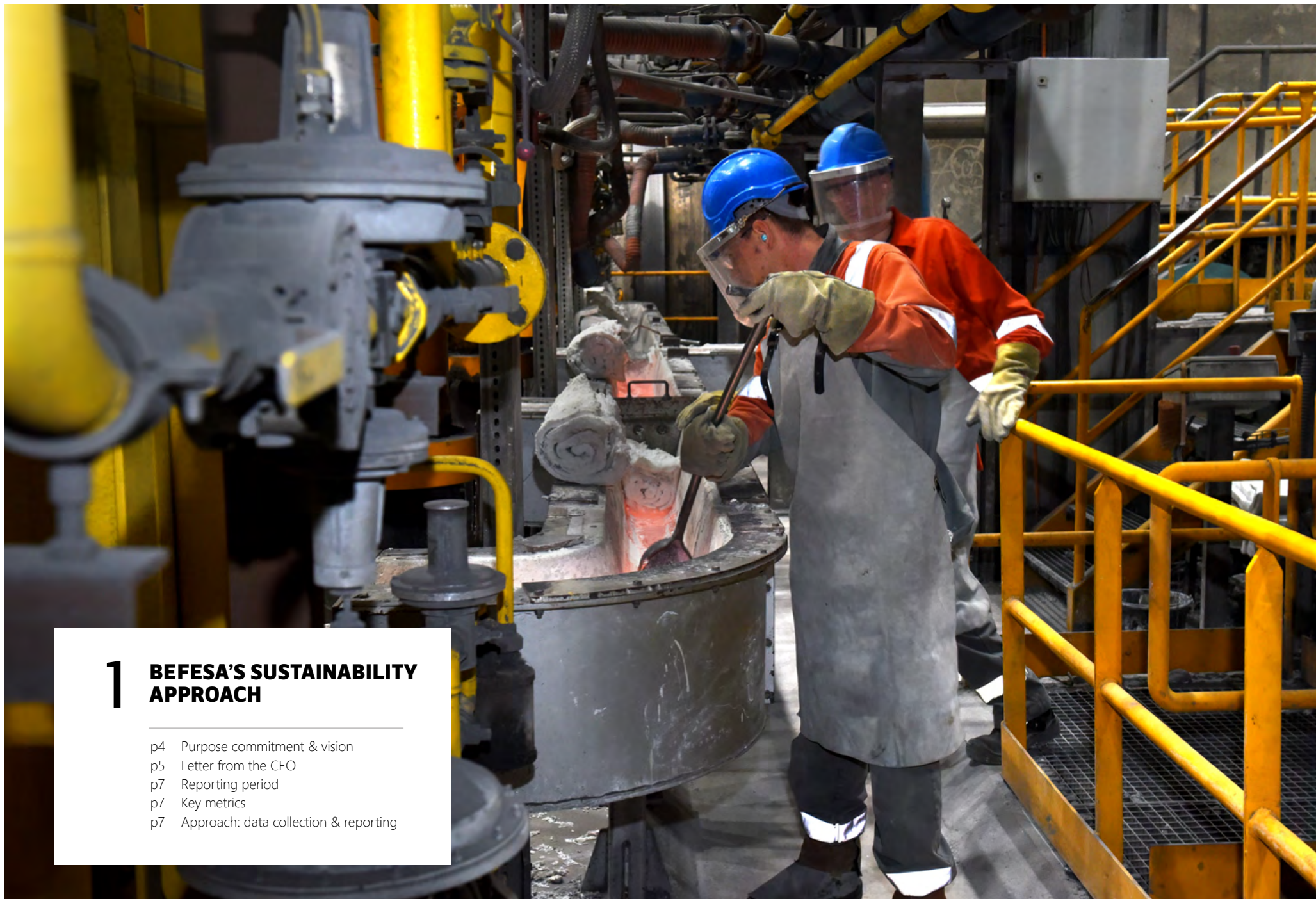
SUSTAINABILITY REPORT 2018

Contents

1	BEFESA'S SUSTAINABILITY APPROACH	3	5	GOVERNANCE	67
	Purpose commitment & vision Letter from the CEO Reporting period Key metrics Approach: data collection & reporting			Summary corporate governance/compliance Tax strategy IT security & cyber security	
2	THE COMPANY	8	6	OUTLOOK	74
	Befesa at a glance Overview Value chain Befesa's business model Key financial figures and highlights Employees Befesa as a sustainable investment				
3	ENVIRONMENTAL, HEALTH & SAFETY	17	7	UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS	76
	Guidelines Environmental Occupational health & safety			Presentation of goals Befesa & the Sustainable Development Goals Befesa's contribution	
4	SOCIAL	49	8	GRI INDEX	82
	Facts & figures Diversity Human rights Human resources activities Compensation & benefits Recruitment Development & training Labour relations Corporate citizenship				

1 BEFESA'S SUSTAINABILITY APPROACH

- p4 Purpose commitment & vision
- p5 Letter from the CEO
- p7 Reporting period
- p7 Key metrics
- p7 Approach: data collection & reporting



1. BEFESA'S SUSTAINABILITY APPROACH > PURPOSE, COMMITMENT & VISION

For a more sustainable world, Befesa provides regulated environmental recycling services to the steel and aluminium industries.

PURPOSE AND COMMITMENT

Befesa provides innovative and feasible solutions for the treatment and management of industrial waste to the steel and aluminium industries.

Befesa's commitment is to help its customers to be compliant with environmental regulation by taking care of their industrial waste and using it to produce new materials through recycling in order to contribute to creating a more sustainable world.

Sustainability is one of the core pillars of Befesa's current and future strategy. Befesa therefore incorporates sustainability into its daily work. Sustainability forms an intrinsic part of the strategy, culture

and organisation at Befesa through its management, environmental policy and quality as well as Human Resources systems.

VISION

For a sustainable world, Befesa provides innovative technological solutions for industrial waste management. With Befesa's growth plans, the Company aims to recycle more waste every year and to increase the positive benefits for the environment and society year by year.

Befesa contributes to creating a more sustainable world



Befesa creates innovative and feasible solutions for the treatment and management of industrial waste



Befesa recycles hazardous residues from the steel and aluminium industries



Befesa services the waste from the steel and aluminium industries

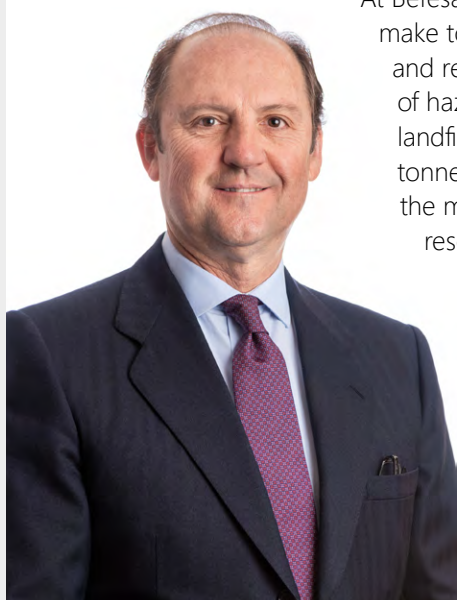


1. BEFESA'S SUSTAINABILITY APPROACH > LETTER FROM THE CEO

Letter from the CEO

DEAR SHAREHOLDERS, LADIES AND GENTLEMEN,

We are very pleased to publish the first Sustainability Report of Befesa. In our Annual Report, you can find all the relevant operating and financial information related to 2018. However, a company cannot be described only at the financial level, and that is why we are publishing our first Sustainability Report.



At Befesa, we are very proud of the contribution we make to environmental protection. We manage and recycle more than 1,500 thousand tonnes of hazardous waste/residues annually, avoiding landfilling and producing more than 600 thousand tonnes of new materials that we reintroduce into the market, reducing the consumption of natural resources and contributing to the circular economy.

Beyond the fact that our business is sustainable itself, at Befesa we take strong responsibility for the environment, our employees and society. In addition, this Sustainability Report will allow us to meet the increasing demand of the investor community towards including sustainability aspects into the investment analysis.

As Befesa expands into new markets, the contribution of our sustainable solutions in the management and recycling of hazardous waste will benefit new geographies and have a growing positive impact on these new societies in particular, and on the environment in general.

We take responsibility for the environment and for people. Our more than 1,100 employees worldwide stand for the success of our Company. Promoting, developing and motivating them is one of our most important tasks in people management. We have suppliers and customers who are loyal to us and with whom we enjoy long term relationships. We feel responsible towards all the different stakeholder groups within Befesa.

The content of this Sustainability Report covers ESG and it is structured along the following topics:

1. **Environmental:** In addition to the current environmental data, we also show the figures from previous years to offer a multi-year view.
2. **Social:** We report on our employees and our activities, which we support through donations and sponsors. Health & Safety is a key aspect for us as a Company that operates industrial plants.
3. **Governance:** While most topics are included in the Annual Report, we address some subjects that have only just recently become part of sustainability reporting, such as taxes, IT and cyber security.

1. BEFESA'S SUSTAINABILITY APPROACH > LETTER FROM THE CEO

The topic of sustainability has gained increasing attention in recent years from society, the media and the investment community.

The topic of sustainability has gained increasing attention in recent years from society, the media and the investment community. Sustainability is an integral part of investment decisions of the capital market, not only for the more obvious reasons of responsibility, but also from the risk management point of view.

The publication of this Sustainability Report will enable us to enter into a deeper dialogue with analysts, investors and rating agencies focused on sustainability.

In September 2015, the United Nations adopted a total of 17 goals for sustainable development, which are intended to secure sustainable development at the economic, social and ecological levels and which are referred to as "Agenda 2030 for Sustainable Development". In this report, we point out the goals towards which Befesa is already making a positive contribution.

In our view, sustainability is not about thinking in quarters, but in years, decades and generations. We are convinced that only a sustainable Company can be successful in the long term, and that is why sustainability is part of the DNA of Befesa.

Economic, environmental and social standards should be considered in all business decisions and we take responsibility for the well-being of our stakeholders and the environment in which they live. We do this while considering not only short-term, but also long-term goals, with the aim of improving the world in which we live.

YOURS SINCERELY,

A handwritten signature in black ink, consisting of a stylized 'J' and 'M' followed by a horizontal line.

JAVIER MOLINA CEO

1. BEFESA'S SUSTAINABILITY APPROACH > KEY METRICS

REPORTING PERIOD

The reporting period covers all business activities in the financial year 2018, which equals the calendar year 2018. For the purpose of comparison, Befesa shows facts and figures from 2017 and earlier.

KEY METRICS

Volume in tonnes of *residues managed*:

▲ **718 kt**

STEEL DUST (+8.6%)

▲ **517 kt**

SALT SLAGS & SPENT POT LININGS (+1.4%)

Volume in tonnes of *new materials produced*:

▲ **>600 kt**

NEW MATERIALS PRODUCED

APPROACH: DATA COLLECTION AND REPORTING

On 21 March 2019, Befesa published its Annual Report for the financial year 2018, which included a consolidated non-financial statement with all non-financial and diversity information required to be disclosed under the European Directive 2014/795/EU and under Art. 1730-1 of the Luxembourg law of 23 July 2016 regarding the publication of non-financial and diversity information by large companies. In addition, Befesa has decided - on a voluntary basis - to publish a Sustainability Report explaining in more detail Befesa's commitment to and the implementation of the corporate social responsibility approach. More detailed information regarding corporate governance matters can be found in the Annual Report.

With this report, Befesa also documents the status and the development at Befesa by using and explaining key figures and targets in the field of sustainability.

The individual chapters follow the main topics summarised as "ESG". This Report covers three themes: the Economic (Governance), the Environmental and the Social dimension. Details about Governance are already included in the Annual Report. To avoid repeating this content in the Sustainability Report, there is a summary in addition to new topics that are not necessary to disclose in the Annual Report. The content in this Report is also based on questions asked by rating agencies focused on sustainability, and several meetings and conversations with analysts and investors who specialise in sustainability investment. This should form a good base for the Sustainability Report to meet the needs and expectations of the different target groups.

The financial key data as well as part of the Human Resources data were taken from the Befesa Annual Report 2018. Further data concerning Human Resources as well as environmental data and data related to Health & Safety come from internal databases operated by Befesa.

The economic, environmental and Human Resources data relate to all companies belonging to the scope of consolidation shown in the Befesa Annual Report 2018.

The next Befesa Sustainability Report is scheduled to be released in spring 2020.

2 THE COMPANY

- p9 Befesa at a glance
- p11 Overview
- p12 Value chain
- p13 Befesa's business model
- p14 Key financial figures and highlights
- p15 Employees
- p16 Befesa as a sustainable investment

Befesa at a glance

Befesa generated €720m in revenue, €176m EBITDA and €90m Net Profit in 2018.

Befesa operates 17 plants in 7 countries employing 1,128 people.



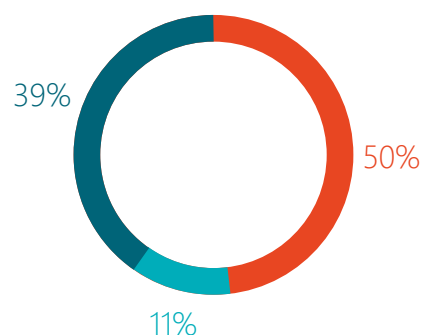
BEFESA'S MISSION

Befesa's mission is to provide sustainable solutions to the steel and aluminium industries through managing and recycling hazardous residues.

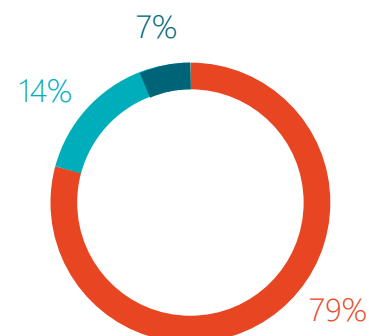
2. THE COMPANY > BEFESA AT A GLANCE

Befesa is the European market leader in providing regulated hazardous waste recycling services to the steel and aluminium industries.

2018 revenue: €720m



2018 EBITDA: €176m



>90% EBITDA generated from two core segments
> 30% EBITDA margin operations with low capital intensity

Steel Dust Recycling Services



Position in Europe
(c. 45-50% market share) and Asia

36%

EBITDA margin

>15
years relationship



Aluminium Salt Slags Recycling Services



Position in Europe in the salt slags
business (c. 45-50% market share)

30%

EBITDA margin in Salt Slags

>15
years relationship



● Steel Dust Recycling Services ● Salt Slags Recycling Services ● Secondary Aluminium

Overview

CLOSE
PROXIMITY
TO CLIENTS



STEEL DUST RECYCLING SERVICES



954,300 t

Total installed capacity to recycle EAF steel dust (crude and stainless)

ALUMINIUM SALT SLAGS RECYCLING SERVICES

530,000 t

Total installed capacity to recycle salt slags and SPL

205,000 t

Total installed capacity to produce secondary aluminium alloys

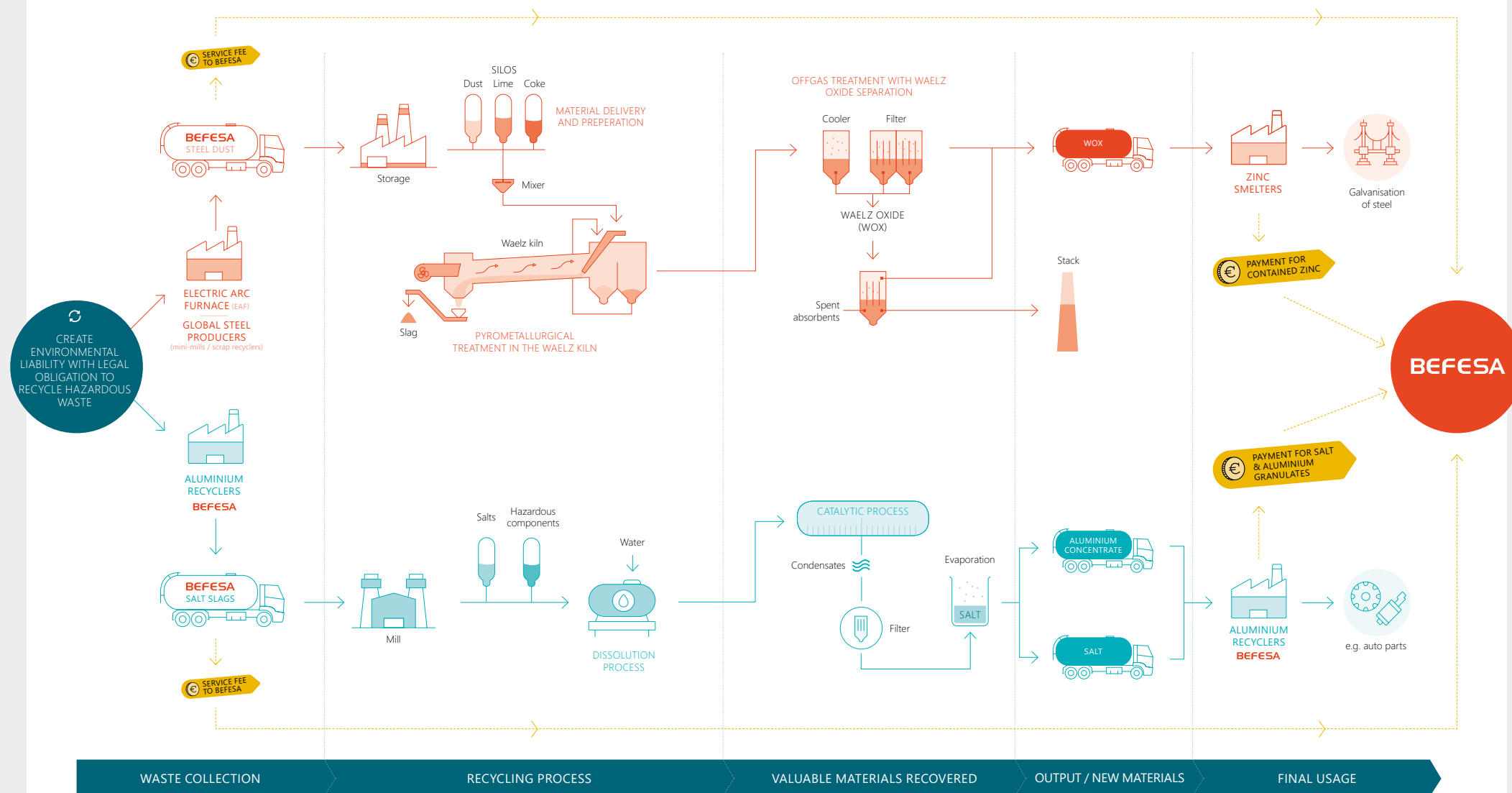
Befesa's recycling plants are located in attractive markets that are strategically distributed across Europe and Asia – in close proximity to major customers.

Market leader providing regulated environmental recycling services to the steel and aluminium industries in its key European and Asian markets.

¹Befesa is currently developing its first EAF steel dust recycling plant in China

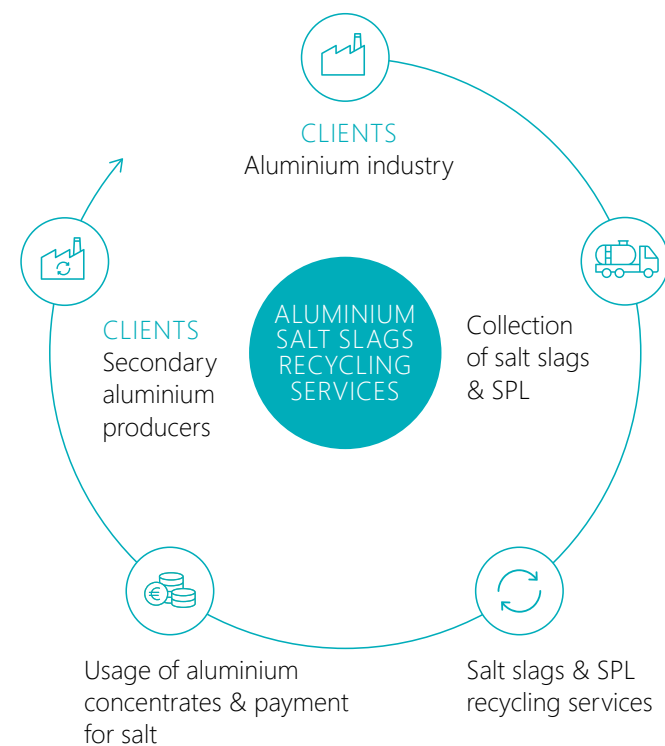
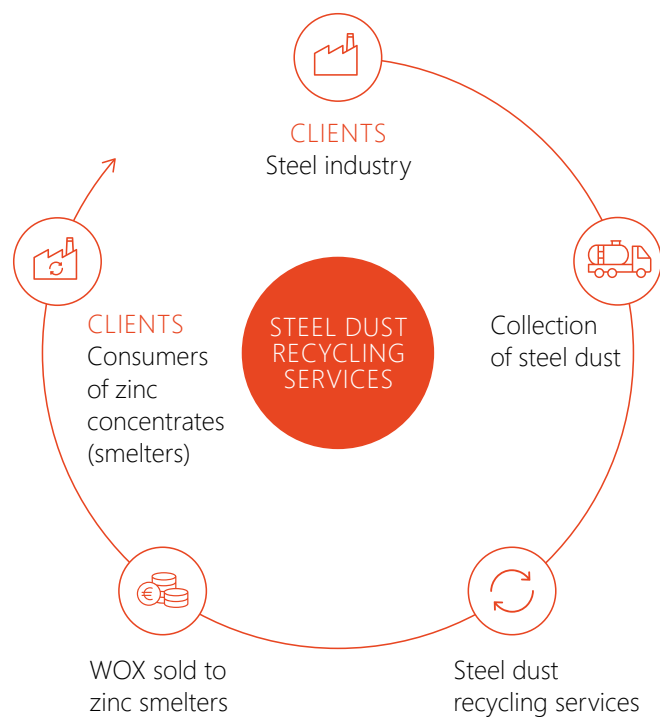
2. THE COMPANY > VALUE CHAIN

Value chain



2. THE COMPANY > BEFESA'S BUSINESS MODEL

Befesa's business model



CIRCULAR ECONOMY

Befesa contributes by reintroducing valuable materials into the value chain.

2. THE COMPANY > KEY FINANCIAL FIGURES AND HIGHLIGHTS

KEY FINANCIAL FIGURES

Volumes at new record levels in both core segments▲ **9%**INCREASE IN EAF¹
DUST THROUGHPUT2017 — 661 kt
2018 — 717.7 kt (+57 kt)▲ **1%**INCREASE IN SALT SLAG
& SPL² VOLUME2017 — 509.9 kt
2018 — 517.0 kt (+7 kt)*Record results*▲ **€53m**INCREASE IN COMPARABLE
REVENUE IN 20182017 — €667.4m³
2018 — €720.1m (+8%)▲ **€4m**INCREASE IN ADJUSTED
EBITDA IN 20182017 — €172.4m
2018 — €176.0m (+2%)
2018 MARGIN — 24.4%▲ **€3m**INCREASE IN ADJUSTED
EBIT IN 20182017 — €143.9m
2018 — €147.0m (+2%)
2018 MARGIN — 20.4%▲ **€41m**INCREASE IN
NET PROFIT IN 20182017 — €49.3m
2018 — €90.2m (+83%)¹ EAF= Electric Arc Furnace² SPL= Spent Pot Linings³ Reported revenue in 2017 amounted to €724.8 million; comparable revenue of €667.4 million is after the amendment of IFRS 15, adopted from 1 January 2018

OPERATIONAL HIGHLIGHTS

**17**

RECYCLING PLANTS

**1,128**

EMPLOYEES

**7**

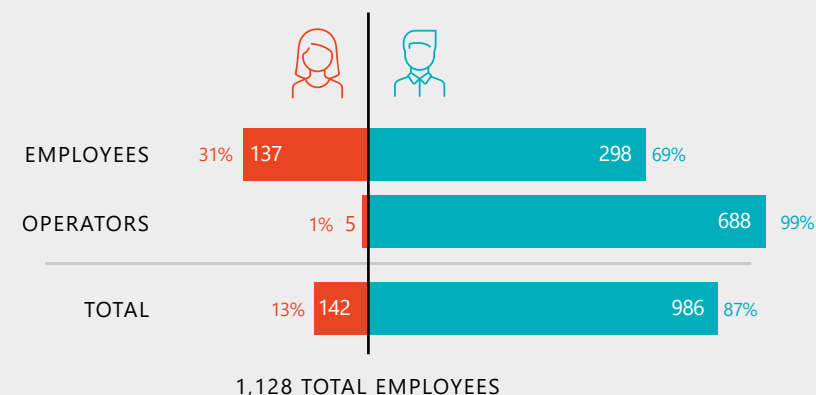
COUNTRIES OPERATIONAL

2. THE COMPANY > EMPLOYEES

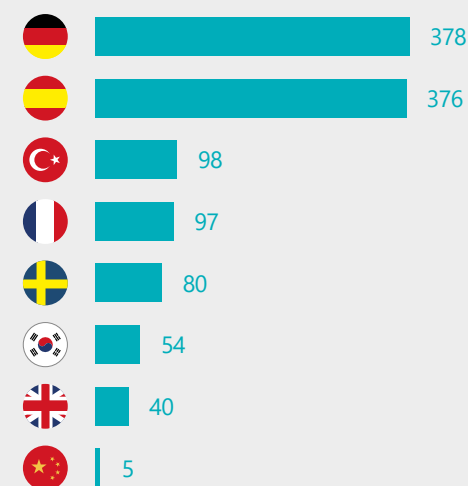
Befesa's employees have always played a key role in the achievement of Befesa's goals. Thanks to the high qualification of Befesa's employees, Befesa continues to be a leading global recycling services company.

AS OF 31 DECEMBER 2018, BEFESA EMPLOYED 1,128 PEOPLE WORLDWIDE

NUMBER OF EMPLOYEES BY CATEGORY AND GENDER



NUMBER OF EMPLOYEES BY COUNTRY



2. THE COMPANY > BEFESA AS A SUSTAINABLE INVESTMENT

Befesa as a sustainable investment

Befesa's shareholders welcome the business model of treating hazardous waste and producing new raw materials. This is good for the environment, but also profitable. In addition, corporate governance, Health & Safety and in general the employees at Befesa and also at suppliers are a focus for sustainable investors. Befesa decided to be transparent and to fulfil needs of the capital market referring sustainability. The first Sustainability Report is only one, but an important step in showing how important sustainability is at Befesa.

Befesa is represented in the following sustainability indices: Bloomberg World Environmental Control and Bloomberg EMEA Environmental Control. Befesa intends to gain increasing attention by rating agencies and to achieve inclusion in important sustainability indices. This report is one step in creating a base for ratings and valuations. Befesa aims to satisfy the needs of sustainable investors and the Befesa Investor Relations team will target suitable addresses.

*Befesa's business
model has proven to
be both beneficial for
the environment
and profitable.*





3 ENVIRONMENTAL, HEALTH & SAFETY

p18 Guidelines
p21 Environmental
p36 Occupational health & safety

Guidelines

PROVIDING SERVICES AND PROCESSES THAT HELP TO TAKE CARE OF THE ENVIRONMENT IS BEFESA'S CORE BUSINESS AND ALSO PART OF BEFESA'S CORE VALUES. FOR THAT REASON, SAFETY, HEALTH, THE ENVIRONMENT AND QUALITY ARE AN INTEGRAL PART OF THE WAY BEFESA DOES BUSINESS.

Befesa's main mission is to achieve business excellence. Befesa focuses all efforts in reaching excellence in its operations.

This level can be only attained by making safety, health, the environment and quality management an inseparable and integral part of the way Befesa does business.

This strategy contributes to satisfying the needs of Befesa's stakeholders, such as employees, customers, suppliers, community, governments, associations and shareholders.

1. STRATEGY

Befesa is committed to the continuous improvement of safety, health, environmental and quality performance and is convinced that this strategy is very effective in achieving operational excellence.

The goal is to achieve and maintain a position where Befesa is a reference company in safety, health, the environment and quality.

2. POLICIES

The Befesa integrated safety, health, environmental and quality policy was reviewed on 28 April 2016. Several cascade events in the organisation were executed to ensure the full understanding and engagement of management and employees in making this policy the driving force of continuous improvement in the organisation.

On 29 May 2018, more than 50 top managers from all worldwide sites in Befesa met, for the fourth time in the last three years, at the "Befesa Safety Summit" to agree on strategies to implement those policies. Subsequent similar sessions were held at local organisations to deploy these policies.

In order to develop these policies, at the Safety Summit in 2016, Befesa managers worked in developing a detailed EHS policy that describes and enhances the vision and principles that guide Befesa's approach to make Befesa a reference in these areas. This document is available for all employees, contractors, suppliers and stakeholders in general and is frequently used for training to mobilise the entire organisation around EHS goals.

3. ENVIRONMENTAL, HEALTH & SAFETY > GUIDELINES

Befesa's principles

1

MANAGEMENT

Senior and all line management lead by example, showing commitment for safety, health, environment and quality.

2

ACCIDENTS

Our belief is that all accidents can, and must be prevented. For that reason, we aspire to ZERO accidents to our people, either internal or contractors.

3

PRIORITY IS SAFETY

We never put the production or economic benefit before people's safety or health.

4

CONTINUOUS IMPROVEMENT

Accidents and incidents must be notified and investigated as a basis for continuous improvement.

5

TRAINING EMPLOYEES

It is necessary to thoroughly train all employees to work safely.

6

ENGAGEMENT

Involvement and engagement of all people by fostering dialogue and participation is essential.

7

FULL CONTROL

All process conditions can, and must be controlled.

8

SAFETY

Safety is a condition of career and employment.

9

UNSAFE BEHAVIOUR

We have a constructive ZERO tolerance approach to unsafe behaviour.

10

AUDITS AND INSPECTIONS

Audits, inspections and observations must be conducted with employees' participation.

11

BEST INDUSTRY PRACTICES

We ensure compliance with legal requirements and best industry practices.

12

HIGHEST STANDARDS

We develop, review and maintain an integrated management system for safety, health, environment, quality and energy management according to norms and recognised international standards.

3. ENVIRONMENTAL, HEALTH & SAFETY > GUIDELINES

While it goes beyond the scope of this document to explain in detail each one of the principles that guide Befesa's safety, health, environmental and quality policies, sharing the most relevant ideas around some of them makes Befesa's culture and approach more evident.

Befesa understands that **management, from top directors to all line management, are accountable for safety, health, the environment and quality.**

Those in charge must accept the responsibility of taking care of the most valuable asset of the Company: its people.

The visible attitude of responsibility of the leaders of the Company is the model to be followed by everybody in the organisation, so that with their individual actions they demonstrate that shortcuts and unsafe behaviours are not acceptable.

The performance of Health & Safety is included in people's assessments, and influences decisions regarding internal promotion and professional careers.

Befesa believes that **all accidents can and must be prevented and, for that reason, Befesa aspires to ZERO accidents.**

Befesa does not consider neither accidents nor occupational illness to be a normal part of the activities, and Befesa puts in great efforts in this regard according to industry best practices, to prevent accidents and incidents.

Incidents, in some cases also called near misses (where no injury occurred but there was a high potential for this to happen), are analysed and investigated, and preventive measures taken to prevent the situation from reoccurring and possibly resulting in accidents.

At Befesa all employees are empowered to stop any process, in a responsible and constructive manner, if it is unsafe or unhealthy. This is part of **Befesa's commitment to never put the production or economic benefit before people's safety or health.**

From this point of view, preventing injuries and illnesses creates a competitive advantage by having the most valuable resource, Befesa's people, at work. All resources are jeopardised by workplace accidents, because they result in production losses and downtime for investigations.

The detailed explanatory document of the Befesa safety, health, environmental and quality policy is available on Befesa's website www.befesa.com.

Environmental

BEFESA, AS AN ENVIRONMENTAL RECYCLING COMPANY FOR THE STEEL AND ALUMINIUM INDUSTRIES, IS AN EXCELLENT MODEL OF HOW SUSTAINABILITY IS POSSIBLE IN INDUSTRIAL ACTIVITIES AND HOW VALUE CAN BE PROVIDED TO STAKEHOLDERS WHILE IMPROVING THE ENVIRONMENT.

Sustainability has three different dimensions that need to be properly balanced in the Company and with all its stakeholders:

- Environmental
- Financial
- Social acceptance

Befesa performs a very valuable service to the steel and aluminium industries, but also to society in general, by offering state-of-the-art treatment for more than 1.5 million tonnes of hazardous waste/residues, which is transformed into more than 600 thousand tonnes of new materials that Befesa reintroduces into the market, all of them valuable to the industry.

Recycling these products from residues allow a saving of an equivalent amount of raw materials that would otherwise have to be obtained through mining and other similar activities, causing a much larger negative environmental impact and aggravating the scarcity of these materials that are a finite resource on earth.

If the technologies provided by Befesa, in several of the cases classified as Best Available Technologies (BAT) (as per the BREF guidelines of the European Union), would not be put in service as the Company ensures, the vast majority of these materials would end up in landfills. In fact, this was still the common practice for these materials a few decades ago and is still, unfortunately, a common practice in various countries around the world.

Storing these materials in landfills, for which Befesa offers a reliable, efficient and economically viable treatment alternative, is a very negative practice from an environmental point of view, since, even in the best and safest landfills in the world, the valuable materials contained in the residues are lost and more natural resources are consumed to supply them.

The recycling services offered by Befesa provide many benefits:

- Hazardous waste is transformed into valuable products and sub-products.
- The consumption of scarce raw materials is reduced (zinc, chromium, nickel, aluminium, sodium potassium chlorides and others).
- The economy becomes circular versus a “use and dispose” alternative.

3. ENVIRONMENTAL, HEALTH & SAFETY > ENVIRONMENTAL

Sustainability cannot be achieved only by providing excellent environmental services and practices. They need to be economically viable.

The overall environmental impact of the recycling services provided by Befesa compared with the alternative disposal of residues represents a significant improvement of great value for society in general.

However, as expressed previously, sustainability cannot be achieved only by providing excellent environmental services and practices. They need to be economically viable so that these operations add value.

In this regard, Befesa's environmental recycling services for the steel and aluminium industries are economically viable and beneficial, as demonstrated in the countries where Befesa operates.

The third dimension that supports a sustainable Company is to ensure that those processes are by themselves sustainable and are operated in a socially acceptable manner. From this point of view, the consideration of Befesa's process as BAT in legislation of the European Union, considered to be one of the most demanding ones in the world from an environmental and sustainability point of view, validates this aspect.



ENVIRONMENTAL PROFILE IN STEEL DUST RECYCLING SERVICES

At the Steel Dust Recycling Services segment, Befesa provides services to steel manufacturers with the Waelz kiln leading technology that allows the recovery of zinc. This metal is used as a coating for steel to protect it against corrosion and prolongs the life of steel structures, cars and machinery in general. When these elements get to the end of their life, steel is scrapped and processed at customers' plants and zinc gets accumulated in the steel dust waste, which is treated. At Befesa's plants, this material is converted into Waelz oxide, which is sold to zinc manufacturers, who then convert it into pure zinc and sell it back into the market.

This cycle allows for the infinite reuse of zinc, which prevents the depletion of this material, obtained in the first instance by mining. By providing environmental recycling services, Befesa contributes to the circular economy of zinc, reduces the environmental impact of its use and decreases the natural resource consumption of this material.

3. ENVIRONMENTAL, HEALTH & SAFETY > ENVIRONMENTAL

Befesa has unique leading technologies that are able to recycle 100% of hazardous residues and convert them into valuable products.

Additionally, in the Steel Dust Recycling Services process, Befesa produces a material that is commercialised as Ferrosita (a product registered by Befesa), consisting mainly of iron oxides. This material is valuable as a filler material for various industrial applications, such as the construction and building industry, the cement and bricketing industry.

Within the Steel Dust Recycling Services segment, Befesa also provides services to the stainless steel industry by offering state-of-the-art technologies to treat filter dust from their manufacturing processes.

By melting these materials in submerged Electrical Arc Furnaces or in plasma-powered ones, and treating the materials, Befesa achieves a complete recovery of metals containing chrome, nickel and others that otherwise would end up in landfills, with a long-term negative environmental impact.

ENVIRONMENTAL PROFILE IN SALT SLAGS RECYCLING SERVICES

In the manufacturing process of aluminium, large amounts of salt slags and waste from SPLs (Spent Pot Linings) are produced.

Befesa has unique leading technologies that are able to recycle 100% of these materials and convert them into valuable products.

This high recycling rate is excellent for these types of processes and demonstrates excellence from a sustainability and environmental point of view.

In the case of salt slags, pure sodium and potassium chloride salts are recovered from the incoming waste, allowing them to return back to the secondary aluminium melting processes, preventing the consumption of natural salts obtained from mining.



3. ENVIRONMENTAL, HEALTH & SAFETY > ENVIRONMENTAL

Additionally, aluminium concentrates are separated from the incoming salts slags and reused as raw materials in the secondary aluminium melting processes.

The output of the recycling process is completed with the production of ammonia sulphate, as a product of the process, which is commercialised as fertiliser. In addition, Befesa produces aluminium oxides that are used as raw materials, for example in the ceramics industry.

Within the Aluminium Salt Slags Recycling Services segment, Befesa also operates a secondary aluminium subsegment. The primary source of aluminium, a metal with continuous increasing use in various industrial applications (due to its mechanical, corrosion resistance and light weight properties), consists of mining to obtain bauxite. This is refined to produce alumina, and through electrolysis with heavy electrical consumption, produces aluminium. The secondary aluminium melting process in Befesa's plants allows to recycle not only aluminium scrap, but also concentrates and aggregates obtained from various waste sources. These are converted into new materials with the same properties and industry value of those materials obtained by scarce, limited natural resources. The recycling process has a lower environmental footprint and as such is more sustainable.

This process is another example of the benefits of recycling and the circular economy, since aluminium can be recycled, through this path, infinite times.

ENVIRONMENTAL MANAGEMENT

Environmental Social and Governance (ESG) and Corporate Social Responsibility (CSR) awareness and action is a positive indication of how a business operates.

Befesa has invested a significant amount of time and resources into the development of its ESG policies and practices. These efforts have been driven by senior management and the Board of Directors.

KEY PERFORMANCE INDICATORS (KPIs)

Over the last five years, the Company has developed consolidated KPIs that measure ESG performance. These KPIs are measured on a quarterly basis and reported internally.

These indicators cover all aspects of environmental management, sustainability, health and safety, and social aspects.

Indicators and their evolution are analysed at the EHS managers' quarterly conferences, at the corporate EHS committees and also on a regular basis by the Board of Directors. The analysis includes the necessary actions in the organisation to ensure the continuous improvement of these parameters and the achievement of the Company goals.

3. ENVIRONMENTAL, HEALTH & SAFETY > ENVIRONMENTAL

Befesa closely controls and monitors air emissions, according to regulation and best available technologies (BAT) and industry practices, so that in the metal recycling processes that Befesa operates, there are no significant human health and environmental impacts that take place.

INVESTMENTS

Befesa analyses the needs for improving its plants to fulfil legislation or to attain efficiency improvement, and includes these investments into its capital expenditures (capex) budget.

A list of capex projects is developed, prioritised and approved by the Board of Directors following procedures.

The most relevant environmental investments conducted in 2017/18 were on thermal oxidising systems, which were driven by the new limits of the Industrial Emission Directive (IED) in the Steel Dust Recycling Services segment. New furnaces with higher efficiency were built in some Salts Slags Recycling Services plants (not required by environmental legislation but providing a positive environmental impact, amongst other benefits), and action regarding methane abatement.

AIR PROTECTION

Befesa closely controls and monitors air emissions, according to regulation and BAT and industry practices, so that in the metal recycling processes no significant negative impacts to human health or the environment occur.

Befesa regularly engages with industry bodies to stay aware of forthcoming regulations and environmental legislation. During

the last few years, detailed work has been conducted to ensure compliance with IED regulations. In addition, the implementation of ISO 14001 and the EU Eco Management Auditing Scheme (EMAS) ensures that Befesa proactively reviews regulations that may be applicable to each site.

Befesa has updated all plants according to BAT to minimise air emissions and to ensure compliance with current and forthcoming legislation.

Befesa measures and reviews air emissions at each plant on a periodic basis, depending on the parameter technical needs and legal requirements. These measurements are reported internally and to the authorities. Deviations, if present, are investigated, analysed and corrected.

SOIL PROTECTION

Befesa's plants are designed according to BAT to ensure that Befesa's processes safeguard the soil against any potential damage or contamination.

Befesa's installations are designed and maintained with solid protections through concrete and paved operating surfaces, rainwater collection systems and other engineering solutions to protect the soil.

3. ENVIRONMENTAL, HEALTH & SAFETY > ENVIRONMENTAL

Proper soil and underground water monitoring is provided where required and according to local legislation to ensure the soil is maintained in an uncontaminated state.

WATER CONSUMPTION & EFFLUENTS

Water is a high-value material essential in the life of humans, animals and plants.

Conscious of the importance for life and health, Befesa's industrial processes take special care of this element:



MINIMISING
CONSUMPTION

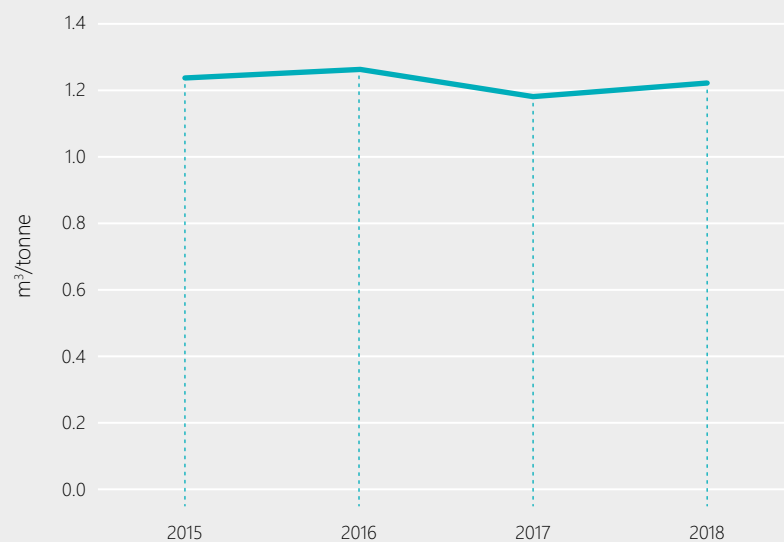


MAXIMISING
INTERNAL RECYCLING

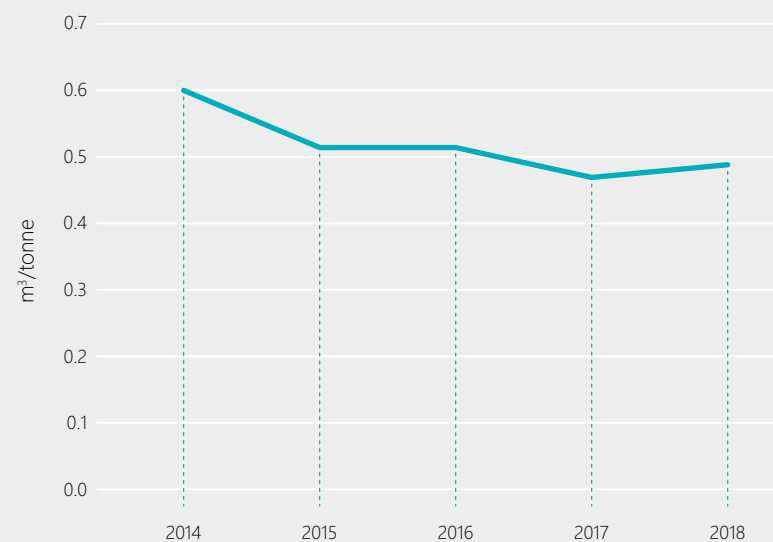
A reference of the most sustainable approaches and technologies showing the correct stewardship of water is demonstrated in several of the Steel Dust Recycling Services and Salt Slags Recycling Services plants, with a ZERO effluent policy. While leading technologies and regulation allow companies to produce effluent under controlled limits of suspended solids, oils, heavy metals and other elements, Befesa's plants have been designed with capabilities to recycle 100% of the effluent produced. The effluents are reintroduced into the process, significantly reducing water consumption but also minimising the chances of any possible contamination through the effluent.

Reducing water use and wastewater discharge (e.g. by recycling) can result in lower operating costs, reduce the risk of regulatory impact and minimise potential production limitations due to the continuous and increasing scarcity of water in some geographic areas.

Befesa monitors its water consumption as a KPI, which is reported by each site and consolidated at Group level. Trends are reported and analysed and good practices shared to promote individual projects for consumption reduction.

3. ENVIRONMENTAL, HEALTH & SAFETY > ENVIRONMENTAL**WATER INPUT INTENSITY***Graph showing water consumption per unit of output*

Befesa has several programmes in place to reduce overall water consumption and wastewater. For example, several Befesa plants have systems and policies to collect rainwater and use this within the recycling process.

WATER OUTPUT INTENSITY*Graph showing effluent per unit of output*

All effluents released in Befesa plants are tightly controlled and measured against the required parameters according to regulation or higher standards to ensure there is no harm to the surrounding environment.

3. ENVIRONMENTAL, HEALTH & SAFETY > ENVIRONMENTAL**WASTE REDUCTION EFFORTS**

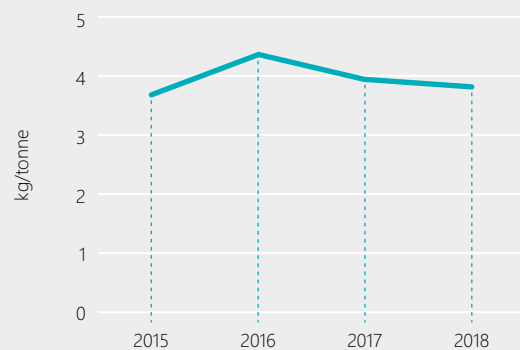
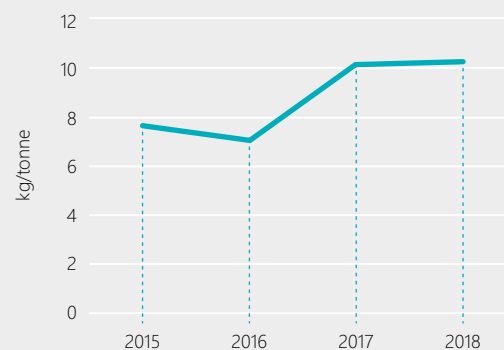
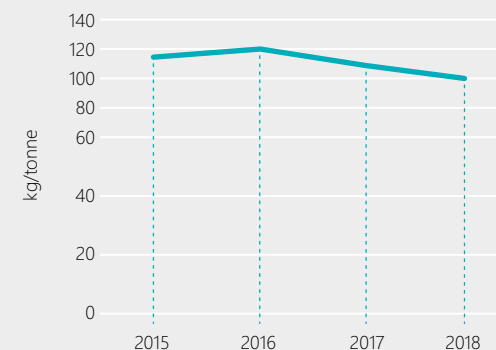
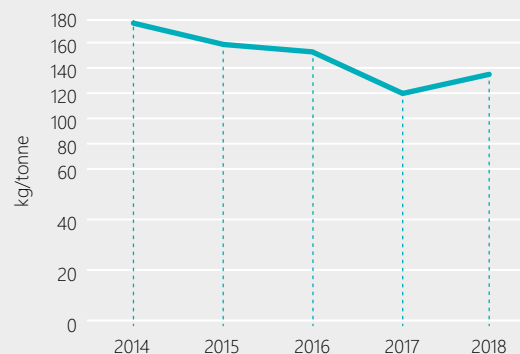
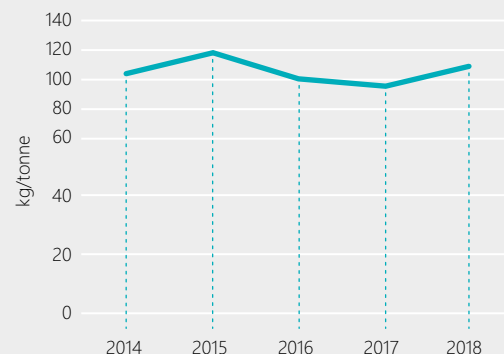
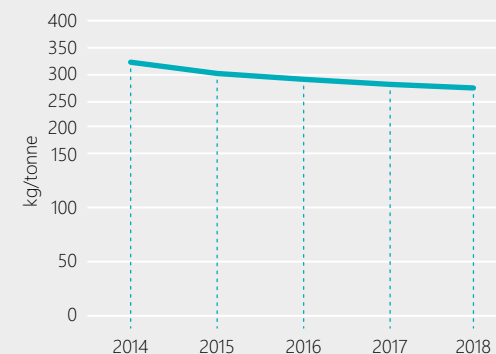
Befesa is an environmental recycling services company that has the potential to position itself for revenue growth while playing a critical role in reducing the environmental impact of the steel and aluminium industries.

Befesa's inherent business of recycling hazardous waste from metal processing prevents those wastes from reaching landfills. Befesa's process for the treatment of aluminium salt slags offers an example of leading technology in recovering all components of the slags and converting them to reusable materials. The recovery level is 100%, which results in minimal environmental impact through the disposal or landfilling of these slags.

KPIs related to waste generation, including both hazardous and non-hazardous wastes that are disposed of or recycled, are reported quarterly at Group level from each site.



3. ENVIRONMENTAL, HEALTH & SAFETY > ENVIRONMENTAL

HAZARDOUS WASTE
DISPOSAL INTENSITY*Hazardous waste disposed per unit of output*HAZARDOUS WASTE
RECYCLED EXTERNALLY INTENSITY*Hazardous waste per output recycled*HAZARDOUS WASTE
TOTAL GENERATED INTENSITYNON-HAZARDOUS WASTE
DISPOSAL INTENSITYNON-HAZARDOUS WASTE
RECYCLED INTENSITYNON-HAZARDOUS WASTE
TOTAL GENERATED INTENSITY

3. ENVIRONMENTAL, HEALTH & SAFETY > ENVIRONMENTAL

Greenhouse gas emissions

Steel production and metal recycling generates significant direct greenhouse gas (GHG) emissions, primarily of carbon dioxide and methane from production processes, smelting activities and on-site fuel combustion. GHG emissions contribute to climate change and create risks for companies, as regulations are developed and implemented on a regional and global scale. Opportunities exist to improve operational efficiency by implementing industry-leading technologies and processes that reduce GHG emissions from operations in a cost-effective manner. There are also potential financial opportunities for the reduction of GHG emissions (e.g. energy efficiency, use of cleaner fuels, manufacturing process improvements and so forth).

Metal processing and recycling also requires energy, sourced primarily from the direct combustion of fossil fuels and the electric grid. The type of energy used can play an important role in influencing the cost and reliability of the energy supply as well as Befesa's overall profitability.

Befesa's primary business is to recycle hazardous residues from the metals industry and extract the valuable content of these hazardous wastes. Befesa contributes to the overall reduction of GHG emissions by providing the best available technologies to minimise these emissions in the recycling process.

All facilities are ISO 14001 and ISO 14064 certified, with 87% having ISO 50001 certification as well. Through these management systems, as well as other internal protocols, Befesa measures and analyses CO₂ and other GHG emissions annually. Improvement projects are implemented following the analysis. As part of the KPI programme, Befesa measures total annual energy use from fuel, from electricity and from renewable energy and steam. In addition, total Kyoto Scope 1 and Scope 2 emissions are reported.

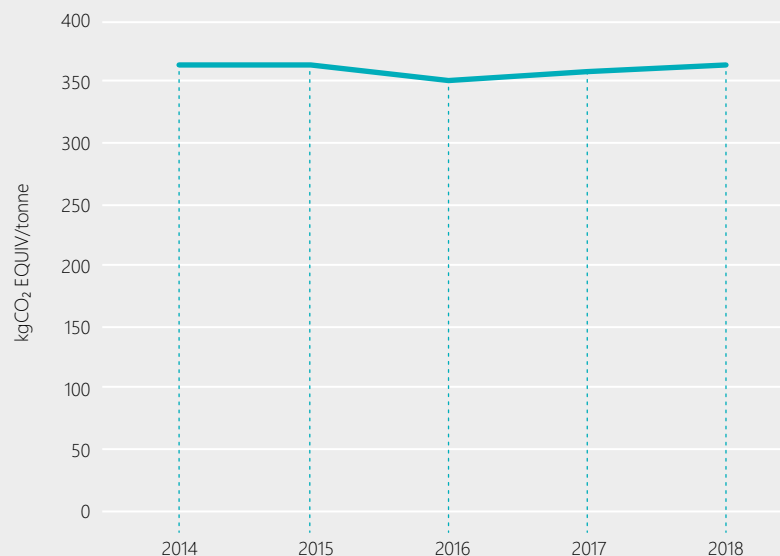
To minimise the GHG emitted by Befesa's operations, the Company applies BAT and looks for efficiency opportunities as part of its operational excellence programme. The programme identifies CO₂ emission reduction opportunities and energy savings, which are prioritised and implemented. One such example includes the continued renewal of aluminium melting furnaces with units that have lower emissions.

Carbon dioxide emissions are measured in all Befesa units and reports are validated (by an independent organisation that is a recognised organisation) as part of the ISO 14064 certification system that covers all plants.

To minimise the GHG emitted by Befesa's operations, the Company applies Best Available Technology (BAT) and looks for efficiency opportunities as part of its operational excellence programme.

3. ENVIRONMENTAL, HEALTH & SAFETY > ENVIRONMENTAL

DIRECT CO₂ INTENSITY



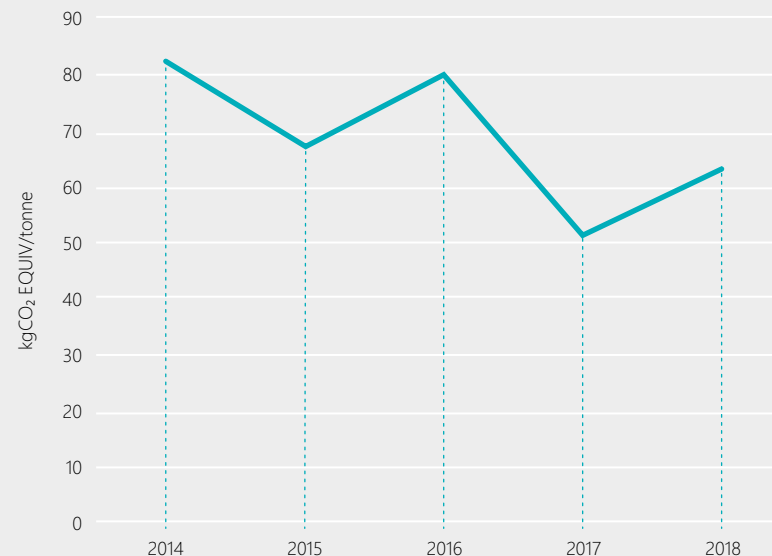
Consolidated direct CO₂ emissions

In 2018, CO₂ emissions per unit of output have increased by 3.3% due to a production mix effect caused by a larger increase in production levels in the plants, corresponding to a business unit with higher CO₂ intensity.

The vast majority of plants have reduced, or maintained in the worst case, their CO₂ per production emissions level, with the only exception being a unit which in 2018 introduced a new thermal oxidising system, required by environmental regulation, that affected this parameter.

Indirect CO₂ emissions, mainly from electricity production by suppliers, are also measured, calculated and monitored.

INDIRECT CO₂ INTENSITY



ENERGY

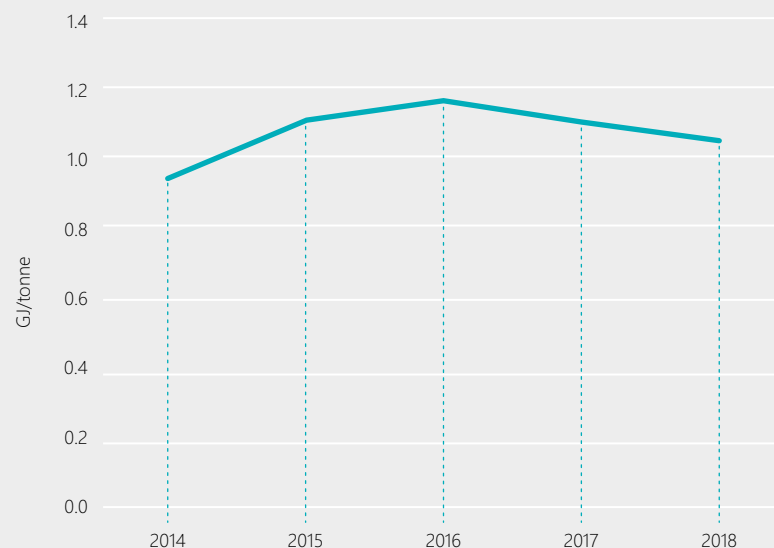
Energy is required to run Befesa's plants and is a source of environmental footprint and, as such, requires very close monitoring and control.

Befesa controls, amongst many other parameters, electrical energy, fuel, steam and renewable energy input to the plants.

The overall energy consumption level is measured taking as reference the output level of the plants that resembles the production level in a way that Befesa can consolidate data and analyse trends.

3. ENVIRONMENTAL, HEALTH & SAFETY > ENVIRONMENTAL

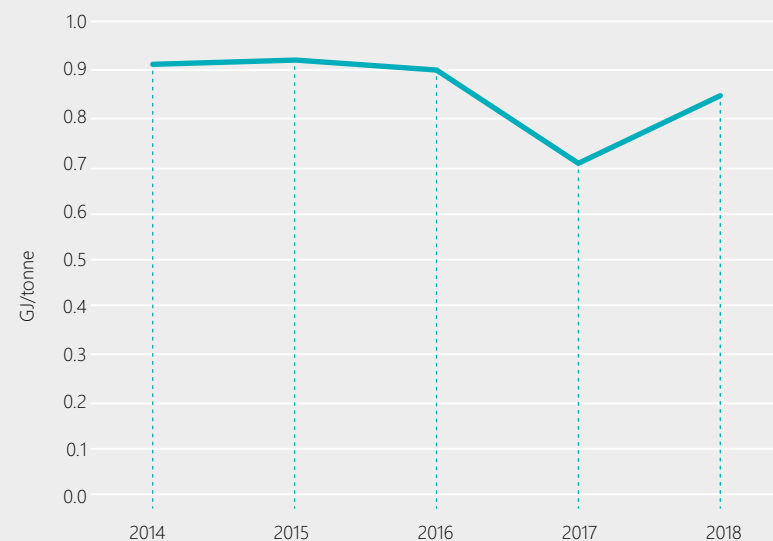
ENERGY INTENSITY



During 2018, the total energy consumed in Befesa plants per unit of output, measured in tonnes, has increased by 34.5% versus 2017.

The increase is mainly due to higher production levels in various plants, corresponding to a business unit with a higher energy intensity. Nonetheless, the individual energy consumption per unit of production has improved in the vast majority of the plants.

ELECTRICITY INTENSITY

**ENERGY FROM ELECTRICITY**

For the same reasons explained earlier, production mix from various plants, electricity consumption per unit of output has increased by 14.5% versus the previous year. The individual efficiency of the vast majority of plants has improved in line with Company efforts and projects to achieve efficiency improvements in this area.

3. ENVIRONMENTAL, HEALTH & SAFETY > ENVIRONMENTAL

In total, 16% of the electricity purchased for Befesa plants was obtained from renewable sources.

Befesa cares about energy consumption and Befesa found a solution in information technology (IT) to meet environmental benefits with practical advantages. This represents an example of how to improve the consumption of energy by building cloud-only infrastructure.

Befesa completes its change to cloud-only infrastructure, helping to reduce energy consumption.

The IT strategy of Befesa has a strong orientation to the utilisation of cloud services. Befesa preferably chooses cloud solutions for the implementation of new systems and infrastructures (cloud-first).

In the second half of 2018, the Befesa IT team started the migration of all centralised IT infrastructure to the Microsoft Azure infrastructure cloud. Starting in 2019, Befesa is dismantling all physical servers at on-site central data centres. Befesa's approach for the implementation of new services and systems will be to consider primarily cloud solutions.

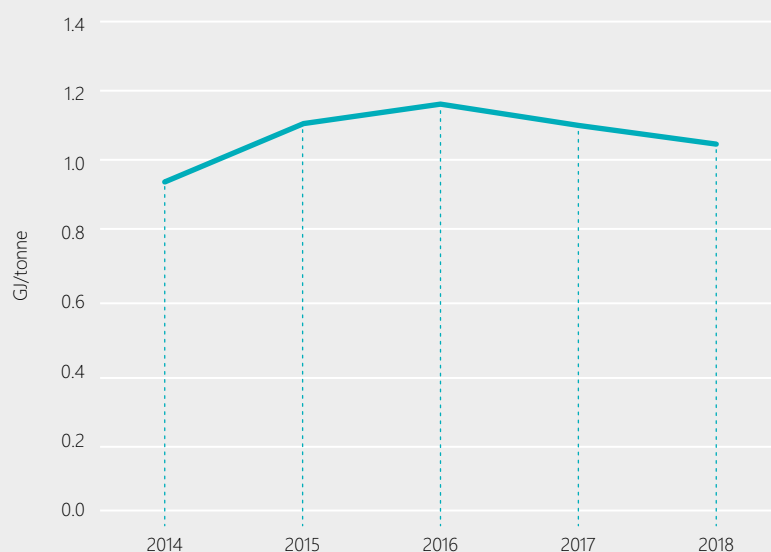
Moving from on-premises servers to cloud-data centres presents the opportunity to reduce overall IT consumption of energy and related carbon emissions. "Microsoft Cloud is between 22% and 93% more energy efficient than traditional enterprise data centers. When taking into account renewable energy purchases, the Microsoft Cloud is between 72% and 98% more carbon efficient"*

** Microsoft Cloud Carbon Study 2018*



3. ENVIRONMENTAL, HEALTH & SAFETY > ENVIRONMENTAL

FUEL INTENSITY



ENERGY FROM FUEL

Fuel consumption like natural gas, gasoline or diesel for transportation vehicles is monitored in all Befesa units and analysed internally, as part of Befesa's Environmental Management Systems to minimise consumption and eliminate the burning of fossil fuels when feasible.

Overall, in 2018, fuel consumption in Befesa plants decreased by 3.2% versus the prior year – even taking into consideration the fact that in one of the plants, the start-up and operation of the thermal oxidising system (described in the investment sections and also required for environmental reasons) represented an increase in natural gas consumption. Normalising for this factor, the overall efficiency improvement in fuel consumption would be even higher.

Other energy efficiency initiatives

Befesa has adopted a policy of promoting energy-efficient management systems in its units of operation to make energy reduction a permanent feature of the way to do business.

In 2018, Befesa increased the number of plants certified according to ISO 50001 for energy efficiency from 45% up to 87%.

Befesa also promotes energy-saving projects whenever technically possible, such as:

- The procurement of renewable energy from other processes, such as in one of the plants in Germany where Befesa purchases surplus steam available from a neighbouring company.
- In other plants, Befesa provides surplus fuel gas from the process to a neighbouring company, allowing them to reduce their fuel procurement and reducing overall the energy footprint of both companies.

3. ENVIRONMENTAL, HEALTH & SAFETY > ENVIRONMENTAL

ENVIRONMENTAL KEY PROCESS INDICATORS

Indicator	Units	2018	2017	2016	2015
Energy consumed per unit of output	gigajoules per output	2.08	2.01	2.25	2.14
Total CO ₂ emissions	kg CO ₂ equivalent per output	432	409	437	434
Water consumption per unit of final product	m ³ per output	1.20	1.18	1.26	1.24
Effluent release	m ³ per output	0.48	0.47	0.52	0.52
Hazardous waste disposal per output	kg hazardous waste disposed to landfill per unit of output	3.84	3.98	4.35	3.73
Hazardous waste recycled per output	kg hazardous waste recycled per unit of output	10.23	10.13	7.05	7.62
Non-hazardous waste disposal per output	kg non-hazardous waste disposed to landfill per unit of output	118	106	135	141
Non-hazardous waste recycled per output	kg non-hazardous waste recycled per unit of output	110	97	101	118
Plants certified according to ISO 14000 Environmental Management	%	100	100	100	93
Plants certified according to ISO 50000 Energy Efficiency Management	%	75	75	50	0
Plants certified according to ISO 14064 Greenhouse Gas Emissions	%	100	88	82	87
Unit of output ¹	thousand tonnes	1,539	1,486	1,428	1,392

¹ Output is defined as the total tonnage of residues recycled across Befesa and both business units, Steel Dust Recycling Services and Aluminium Salt Slags Recycling Services.

Occupational health & safety

THE “BE SAFE PROJECT”

In 2014, Befesa conducted a safety benchmark with similar companies and associations of the relevant industrial sectors. The conclusions of this benchmark were the initial step of a corporate multiyear programme to improve safety and health and raise it to the next level of excellence.

In 2015, Befesa launched the BE SAFE project with the support of a leading safety consulting company with the goal of driving an improvement in safety and health within Befesa.

The project was initiated at two reference sites at the Steel and Aluminium businesses respectively and was deployed during 2016 in all remaining sites of Befesa, following the successful initial pilots.

The project structure was based on:

- Top and line management leadership of the safety programme
- An evaluation of the safety culture and process of safety management on sites
- The development of an improvement and culture reinforcement action plan (road map)

The deployment of the BE SAFE project was followed closely at the regular Board of Directors meetings, including the evaluation phase and the road map implementation.

CULTURAL ELEMENTS OF THE BE SAFE PROJECT

Befesa's safety and health management model is based on promoting three basic strategies:

Anticipation: How risks are understood by people and systematically addressed.

Operational discipline: How following the rules is transformed into organisational rigour.

Effective engagement of the workforce (top-down): How people work together and support each other.

Anticipation is the basic element to act in a proactive rather than reactive manner. In this sense, works are analysed and planned ahead of time and as a prerequisite before being carried out. Safe operating procedures were developed and staff trained to ensure full capability of executing work safely.

This strategy is intended to also reduce the level of acceptance of deviations, and promote proactively identifying unsafe acts and conditions so as to correct them before they become incidents or accidents. Incidents, or near misses, are identified, reported and investigated since they are the base for potential future accidents. This proactive culture is the base of continuous improvement.

Operational discipline is not about generating new and improved processes or work procedures, but working in

3. ENVIRONMENTAL, HEALTH & SAFETY > OCCUPATIONAL HEALTH & SAFETY

developing the individual commitment of each person to conduct work in the right manner every time.

Improving the operational discipline of operations is one of the most effective ways of reducing accidents and incidents and is a basic step towards operational excellence.

To work, all these elements require full engagement of the organisation. First, safety is a line management responsibility so intermediate management leaders must lead safety.

Top management leads the BE SAFE project and the transformation goal at Befesa to substantially improve safety. This leadership role was also cascaded down to intermediate managers by means of internal safety leadership seminars.

Elements of Process Safety Management

While safety is mainly cultural, other more industrial aspects are also important to ensure safe and healthy operations without accidents and incidents.

Cultural elements of the BE SAFE project

Strong leadership	Visible, demonstrated commitment
	Clear, meaningful policies and principles
	Challenging goals and plans
	High standards of performance
Appropriate structure	Intermediate management accountability
	Supportive safety staff
	Integrated committee structure
	Performance measurement and progressive motivation
Focused processes and actions	Thorough investigations and follow-up
	Effective audits and evaluation
	Effective communication process
	Training and safety management skills

3. ENVIRONMENTAL, HEALTH & SAFETY > OCCUPATIONAL HEALTH & SAFETY

Process Safety Management (PSM) is a discipline intended to ensure safe industrial operations and to prevent major fires, explosions, chemical releases and environmental incidents.

While Befesa plants are low-hazard operations from the Process Safety Management point of view, the development and implementation of these good practices help Befesa to reduce risk and ensure reliability.

The main Process Safety Management elements being addressed are:

Technology	Process safety information
	Process hazard analysis
	Management of change
Facilities	Mechanical integrity
	Pre-start-up safety reviews
	Quality assurance
	Management of technology change
	Management of subtle changes
Personnel	Emergency planning and response
	Management of personnel change
	Contractor safety management

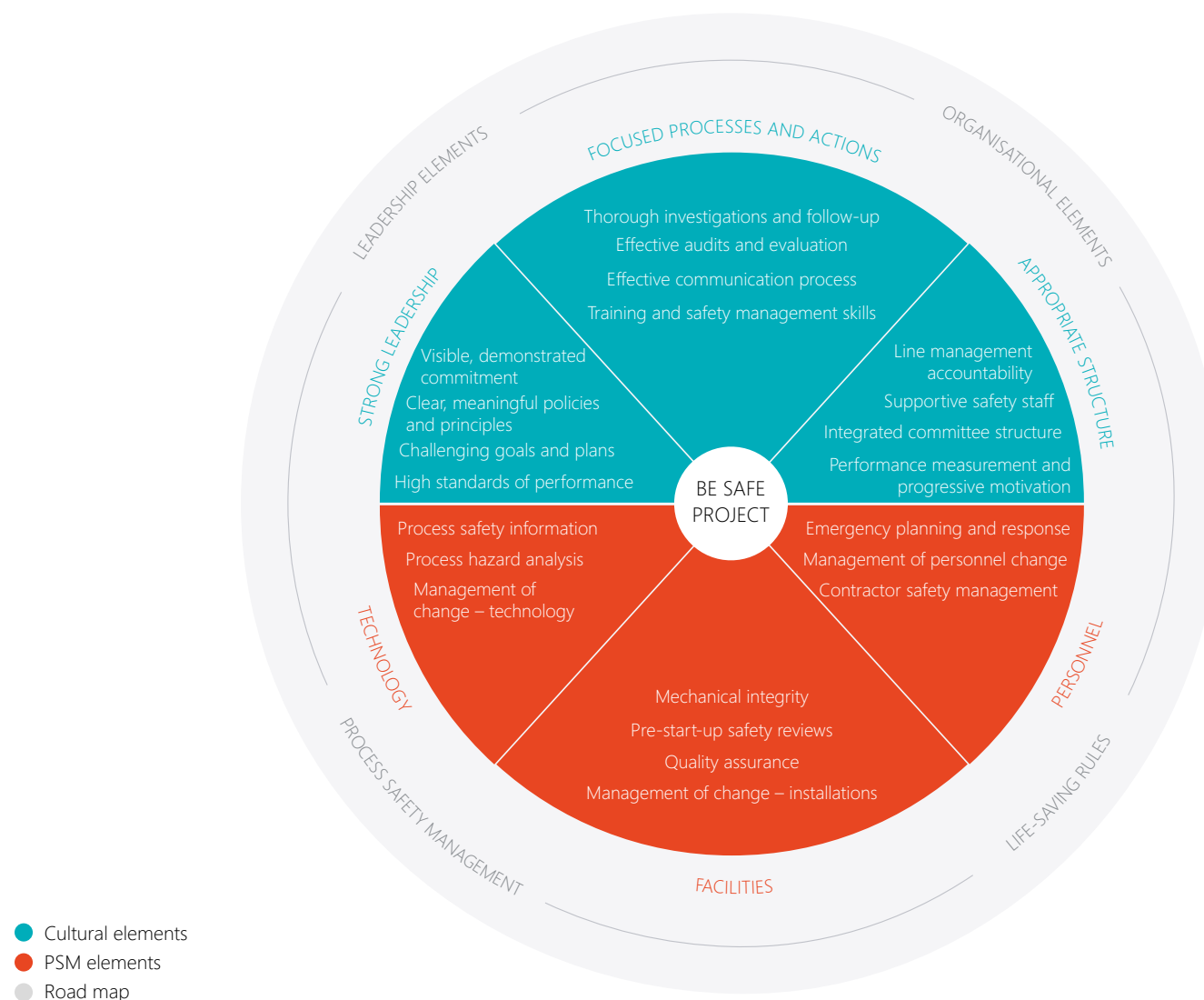
The main focus, but not the only area of development, of the Process Safety Management programme has been on contractor safety.

Two of the Befesa sites, one per business unit, were identified as suitable to conduct a full Process Safety Management evaluation as part of the BE SAFE project.

Process Safety Management is a discipline intended to ensure safe industrial operations and to prevent major fires, explosions, chemical releases and environmental incidents.



3. ENVIRONMENTAL, HEALTH & SAFETY > OCCUPATIONAL HEALTH & SAFETY



3. ENVIRONMENTAL, HEALTH & SAFETY > OCCUPATIONAL HEALTH & SAFETY

An evaluation of the safety culture at Befesa units was done in three different waves, with a mix of external specialists and Befesa managers providing, as final product, a road map that indicates the areas to work on to reinforce safety culture, reduce accidents and reinforce safety practices.

RESULTS OF THE FIRST BE SAFE PROJECT EVALUATION IN 2016

		Low	Awareness	High
Strong leadership	Management commitment			
	Policy and principles			
	Goals, objectives and plans			
	Procedures and performance standards			
Appropriate structure	Intermediate management accountability			
	Safety personnel			
	Integrated committee structure			
	Motivation and awareness			
Focused processes and actions	Incident investigation			
	Audits and observations			
	Effective communication			
	Training and development			

3. ENVIRONMENTAL, HEALTH & SAFETY > OCCUPATIONAL HEALTH & SAFETY

BE SAFE PROJECT ROAD MAP

As a result of the evaluation at each plant, action plans were put in place to improve either individually to address plant-specific items and in common to reinforce those areas that would be beneficial to address throughout the Company.

The common action plan, called internally the “BE SAFE project road map”, consists of 144 actions covering four different workstreams:

Workstream	Contents
1	Leadership elements
2	Organisational elements
3	Process Safety Management
4	Life-saving rules

As a reference, following some relevant examples of practices that have been implemented or reinforced at Befesa units and that today form part of the Befesa EHS management programme.

SHARING LEARNING LESSONS

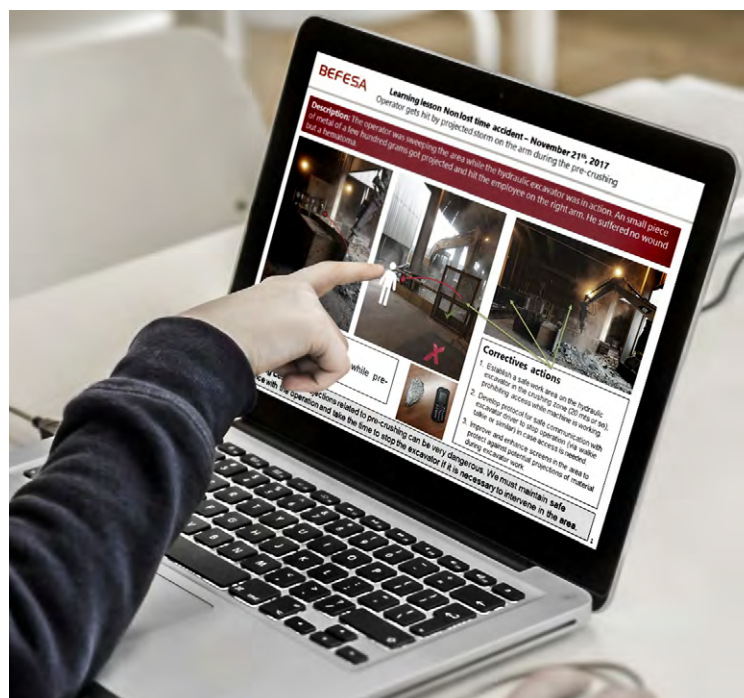
One of the most essential elements of leading organisations in safety culture and performance is to proactively identify safety deviations; inform of unsafe acts or conditions, incidents, near misses or accidents; and ensure a deep investigation into the root causes to generate actions to improve safety.

At Befesa, every single incident or near miss is reported, investigated in a team approach involving operators, amongst others, to ensure learnings are obtained and spread across the organisation.

In 2018, a total of 434 incidents were reported and investigated, prioritising them based on the potential for causing an accident.

Accidents causing lost time are communicated to Befesa’s CEO and senior management in less than 24 hours to ensure full awareness within the organisation and to drive prompt investigation and preventive action plans. Additionally, all accidents are investigated in detail and the lost time accidents (LTAs) and relevant non-lost time accidents (NTLAs) and incidents are reviewed in the corporate safety health and environmental committee, and other committees, to ensure the effectiveness of the improvement plans.

3. ENVIRONMENTAL, HEALTH & SAFETY > OCCUPATIONAL HEALTH & SAFETY



Example of learning lessons document

For the most relevant cases where lessons can be drawn for the rest of the organisation to prevent similar incidents or accidents, a single-page document is generated with pictures, graphs and text describing what happened, what the causes were and what is the action plan to prevent the repetition of such an incident or accident. These documents are distributed across the organisation and shared with Befesa's contractors that can benefit from these learnings.

In 2018, 140 learning lessons from LTAs, NLTAs and incidents have been distributed at the corporate level, reaching all management of Befesa and cascading them throughout the organisation to shop floor level.

This represents that 100% of the LTAs, 60% of the NLTAs and more than 10% of incidents that correspond to the higher potential cases are converted into learning lessons and cascaded to the entire team. This shows the level of work and dedication of the organisation to learn from incidents and implement improvements that result from investigations.

3. ENVIRONMENTAL, HEALTH & SAFETY > OCCUPATIONAL HEALTH & SAFETY

PROACTIVE SAFETY OBSERVATIONS

In 2016, a corporate standard was published and implemented for preventive safety observations. This behavioural safety programme is intended to detect and correct unsafe acts and conditions before they result in accidents and incidents and enhance safety culture, employee awareness and commitment through an intermediate management field presence in addressing safety issues.

Managers at all levels of the Befesa organisation were trained to detect unsafe acts and to provide constructive feedback to operators and contractors about work safety practices.

In 2018, more than 1,700 observations were completed with teams of typically two people observing and correcting unsafe acts and conditions for one hour and generating appropriate actions and reports.

Key intermediate managers who have a strong influence in Company operations are required to conduct, according to a pre-established calendar, a certain number of safety observations, consisting of a field audit of 30-45 minutes, detecting and correcting unsafe acts and conditions.

In 2018, 116 Befesa managers had proactive safety observations duties and conducted an average of 1.1 observations per manager per month.



3. ENVIRONMENTAL, HEALTH & SAFETY > OCCUPATIONAL HEALTH & SAFETY

LIFE-SAVING RULES / SERIOUS INJURIES AND FATALITIES (SIF) PREVENTION

Preventing serious injuries and fatalities is one of the top priorities of the Health & Safety programme and requires special focus. Investigating all general incidents and accidents as stated above delivers a good improvement path in safety performance. Nevertheless, fatalities and serious injuries require a special programme and focus since in many instances the number of incidents associated with those cases that can warn us in advance are minimum or null.

The prevention of serious injuries and fatalities is managed at Befesa by means of what is called the Life-saving Rules. These are a selection of the most frequent causes of fatalities in the industry, based on a detailed risk evaluation.

The BE SAFE team, in each business unit first and later at Group level, analysed and prioritised this list of the most frequent causes of fatalities and generated the "Befesa Life-saving Rules". This includes aspects such as a lack of proper safety leadership; isolate, tag, lock, clear and test; driving motor vehicles; working at height; confined space entry; electrical works; hot works; and first break of pipes and equipment.

For each one of these 13 Life-saving Rules, a corporate standard is developed with the best practices in the industry to manage and mitigate those risks. Befesa's EHS experts and managers cooperate in the development of the standards and, finally, these

are approved by the corporate safety, health and environment committee so that full support and accountability is established in the entire organisation in order to implement these practices.

Each plant has the ultimate responsibility of finetuning the Life-saving Rules programme to its specific characteristics and risks.

A selection of some Life-saving Rules, where more emphasis and work has been put in place during 2018, follows.



3. ENVIRONMENTAL, HEALTH & SAFETY > OCCUPATIONAL HEALTH & SAFETY

Life-saving rules

1

VIOLATION OF EHS STANDARDS

Any violation of EHS standards by employees or contractors will not be tolerated. It is every person's (but especially supervisors) responsibility to immediately correct any sub-standard EHS performance that is observed.

2

ITLCT – ISOLATION TAG, LOCK, CLEAR AND TRY

Isolation, tag, lock, clear and try procedure must be observed and complied with prior to performing any servicing, repairing or inspection works.

3

DRIVING MOTOR VEHICLES

The confluence of motor vehicles with pedestrians is one of the most common causes of accidents.

4

WORK AT HEIGHT

Prescribed fall protection must be in place, when working at elevation.

5

CONFINED SPACE ENTRY

Procedure must be observed and complied when performing work involving vessel entry or confined space entry.

6

USE OF IGNITION SOURCES IN AREAS WITH EXPLOSIVE ATMOSPHERE (ATEX)

In ATEX areas the use of cell phones and all other ignition sources is forbidden as defined by local site procedure including life saving PPE requirements.

7

OPERATIONS WITH CRANES AND CARGO LOADING

All operations that involve the use of a crane, mobile crane, suspended baskets or any cargo loading that requires overhead hoisting system must be carried out in a safe manner that prevents risk to personnel and installations.

8

FIRST BREAK / LINE BREAK

Procedure must be observed and complied when performing first break.

9

INTERLOCK BYPASS

No person shall perform any unauthorized bypass or disabling of a safety or environmental interlock.

10

HOT WORKS

All hot works must be subject to authorisation (e.g. work permit) before they are undertaken, as defined by local site procedure, including life saving PPE requirements.

11

DO NOT TOUCH

"Do not touch" seeks to prevent all injuries related to entanglement in moving product and personal contact with moving process equipment.

12

EXPOSURE TO HOT OBJECTS / MELTED MATERIAL

Protection against thermal burns from equipment, hot pipes and hot material (e.g. molten metal) is needed.

13

ELECTRICAL SAFETY

Electrical work must be carried out by authorised, qualified personnel to prevent serious consequences due to electric shock, burns, electrical arcs, etc.

3. ENVIRONMENTAL, HEALTH & SAFETY > OCCUPATIONAL HEALTH & SAFETY

ITLCT – ISOLATE, TAG, LOCK, CLEAR AND TEST

Isolate, tag, lock, clear and test is a procedure intended to prevent operators accidentally getting injured by equipment in operation while such individuals are working on equipment for maintenance, cleaning or adjustment. It also tries to prevent operators coming into contact with hazardous energy or electricity.

Amongst other practices, each Befesa employee and contractor working with equipment affected by the ITLCT procedure (also called LOTTO) has a unique and personal lock that they use to block the machine in a safe, de-energised position. In this way, the machine is not put back into operation until everybody is safe.

WORKING AT HEIGHT

Working at height is, in many sectors, the most frequent cause of serious injuries. Full detailed Company standards prescribe the mandatory use to arrest equipment in all works at height with non-complete platforms and provide clear guidance about how to safely use scaffolds, mobile elevating working platforms (MEWP), ladders, works on roofs and others.

Training is provided to all personnel involved in those works and audits are conducted to ensure compliance with the standards.

DRIVING MOTOR VEHICLES

Industrial vehicle movement such as trucks, forklift trucks, frontloaders and others represent a special hazard for serious injuries.

Internal standards and task teams are put in place to improve the isolation of pedestrian paths from machinery, the elimination of blind spots and the safe use of industrial machinery.

CONFINED-SPACE ENTRY

Spaces that can represent a hazard for personnel due to a non-breathable atmosphere, difficulty in accessing or evacuating or other similar risks are identified and require special permits and safety planning, according to corporate standards.

HOT WORKS

In addition to the standard work permits required for many contractor works, and those internal works with certain risks for which there is no written procedure, special work permits or hot permits are required at Befesa's plants for many operations. This includes tasks such as: first pipeline of equipment break, hot works in ATEX (ATmosphere EXplosive) zones, confined space entry permit, mobile crane operations permit, work on roof and others.

3. ENVIRONMENTAL, HEALTH & SAFETY > OCCUPATIONAL HEALTH & SAFETY**THE FIVE LEADERSHIP PERSUASIVE BEHAVIOURS**

As part of the 2018 Safety Summit, a group of more than 50 top managers of Befesa worked, amongst other items, on developing policies and programmes to progress on the first principle, i.e. developing leadership by example skills on all intermediate management.

A set of five behaviours, expected from all Befesa intermediate managers, was selected:



When an unsafe act happens, we always stop and correct it.



We invest time every day in the safety of the plant.



Speak and listen frequently to employees about safety concerns.



Integrate safety performance in suppliers and contractors.



We train all contractors in Befesa rules before starting work.

These behaviours have been part of the intermediate managers safety development plan that has been implemented at all Befesa units, with the purpose of progressing in making them an intrinsic part of Befesa's safety culture.

3. ENVIRONMENTAL, HEALTH & SAFETY > OCCUPATIONAL HEALTH & SAFETY

SAFETY AND HEALTH PERFORMANCE

Taking as a reference the year 2015, when the BE SAFE project was launched, over the course of three years, Befesa has reduced its Lost Time Injury rate – measured as the number of accidents causing lost time per million hours of work – by more than 43%.

The indicators include all personnel working at Befesa's premises, either own personnel or contractors.

Indicator	Units	2018	2017	2016	2015
Incidents reported	Total number of incidents (near misses)	434	437	348	75
Safety observations	Total number of safety observations performed	1,713	1,244	109	-
Plants certified according to OHSAS 18000 / ISO 45000	%	100	100	100	100

The severity rate, which measures the number of days injured people are away from work as a result of these injuries per thousand hours of work, has reduced by 52% since 2015. Therefore, not only has the number of injuries been reduced but also its severity.

As a reference, no injury during this period represented life-threatening risks, no case required long-term hospitalisation and all injured individuals recovered fully and returned to their regular duties.

The improvement is more accentuated with Befesa's own employees, with a reduction of 7% in 2018 that allows the Company to achieve an accumulated reduction of 50% versus 2015's performance. Contractor performance is still the area where more improvement is needed. While a reduction of 32% has been sustained since 2015, performance in this area is where Befesa needs to focus additional efforts.

In addition to the previous lagging indicators, various leading indicators are measured at Befesa to continuously monitor health and safety performance such as the number of incidents reported, number of OPS (Preventive Safety Observations) per manager, total number of OPS, index of unsafe acts and index of housekeeping.

ACCIDENTS
CAUSING
LOST TIME PER
MILLION HOURS
OF WORK

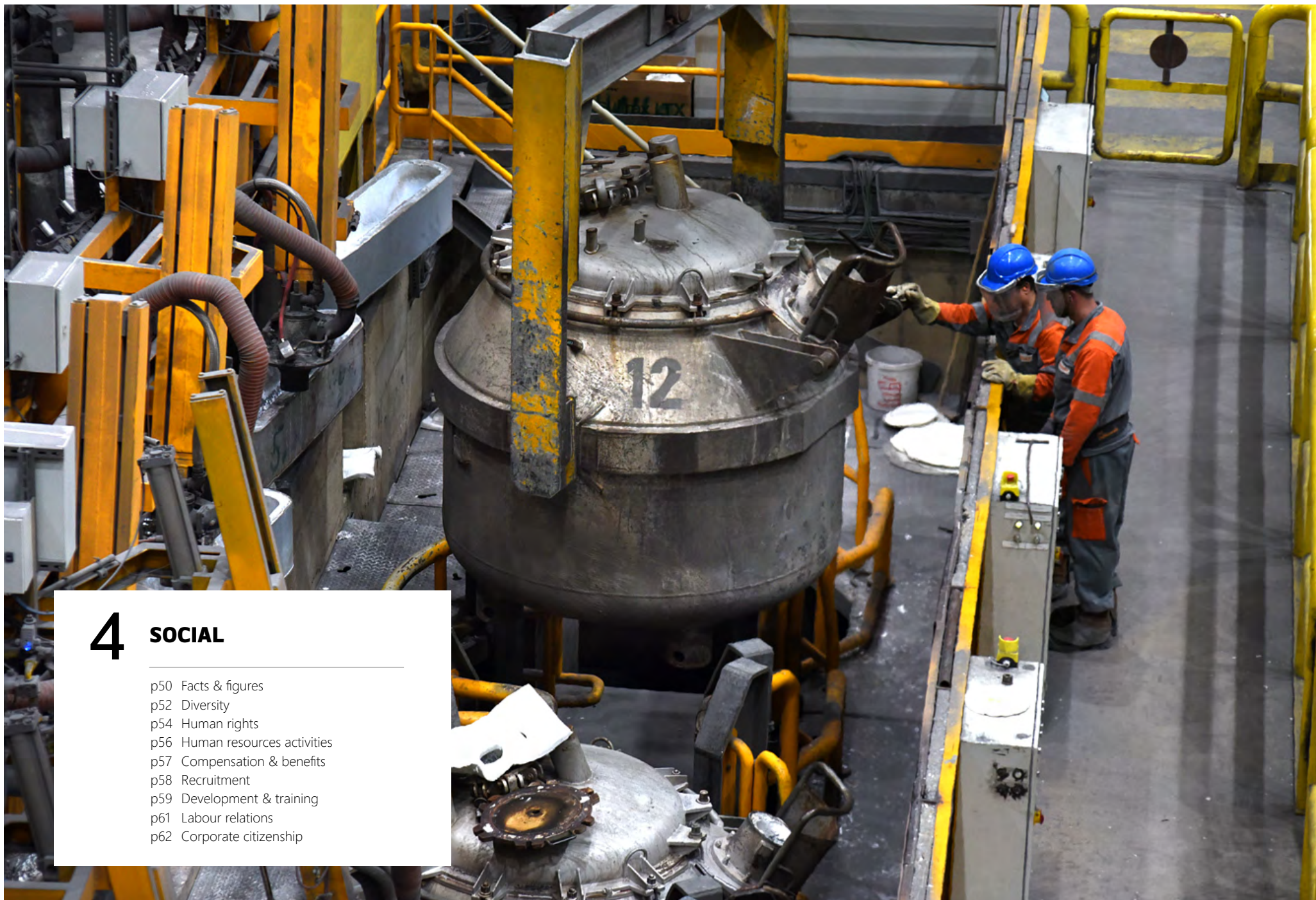
43%

LOST TIME
INJURY
RATE

NUMBER OF
DAYS LOST PER
THOUSAND
HOURS OF
WORK

52%

SEVERITY
RATE



4 SOCIAL

- p50 Facts & figures
- p52 Diversity
- p54 Human rights
- p56 Human resources activities
- p57 Compensation & benefits
- p58 Recruitment
- p59 Development & training
- p61 Labour relations
- p62 Corporate citizenship

4. SOCIAL > FACTS & FIGURES

Facts & figures

People play a key role in achieving Befesa's goals.
Thanks to highly qualified human capital, Befesa continues to be a leading global recycling services company.

Total (as of 31 December 2018)	1,128
Employees	435
Of which female	31%
Of which male	69%
Operators	693
Of which female	1%
Of which male	99%
Average seniority years	13
Average age	44
Turnover rate	1.76%
Operations and maintenance (O&M)	76%
Permanent contracts	85%
Total training hours	24,822
Training hours (Ø per employee)	22

4. SOCIAL > FACTS & FIGURES

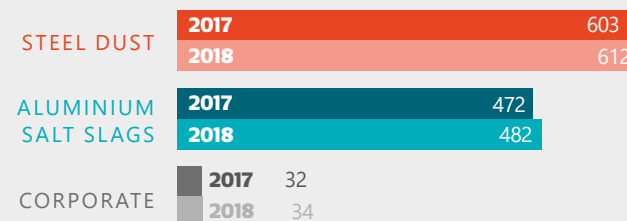
BEFESA'S CORPORATE TEAM IS RESPONSIBLE FOR THE CROSS FUNCTIONS AND PROVIDES SUPPORT TO THE BUSINESS UNITS: STEEL DUST RECYCLING AND ALUMINIUM SALT SLAGS RECYCLING SERVICES. IN THIS WAY, BEFESA PROMOTES A COMMON MANAGEMENT APPROACH.

The corporate team is composed of 34 people (as at 31 December 2018) who cover different areas, such as: EHS (environmental, health & safety), Finance, Information Technologies, Legal, Compliance, Human Resources, Corporate Social Responsibility, Strategy, Investor Relations and Communication.

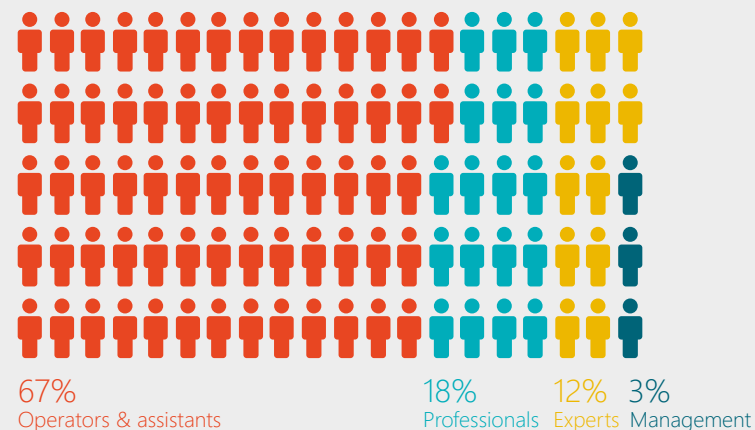
The distribution of the number and percentage of staff according to the professional category shows the productive nature of Befesa.

Although facing a competitive labour market, Befesa was able to maintain a stable and low turnover rate in 2018 – a result primarily due to voluntary resignations of 1.76% globally (1.62% in Europe).

NUMBER OF EMPLOYEES BY BUSINESS UNIT



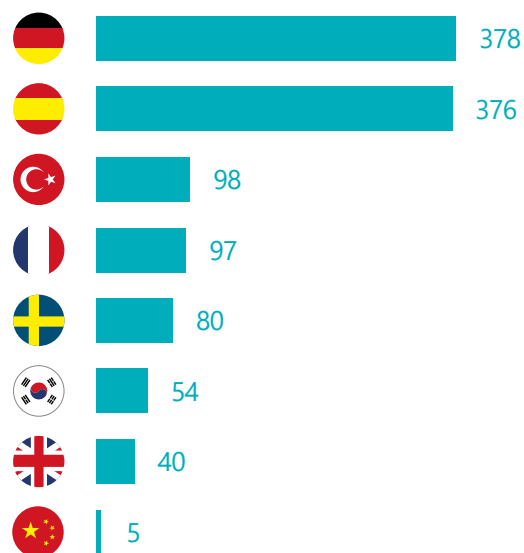
PERCENTAGE OF EMPLOYEES BY FUNCTION



4. SOCIAL > DIVERSITY

Diversity

NUMBER OF EMPLOYEES BY COUNTRY



Befesa is committed to respecting the dignity of each person and valuing diversity, whether related to culture, ethnicity, gender, age, sexual orientation or disability.

Befesa considers diversity as a resource and source of value that must be safeguarded and promoted both within Befesa and in all relationships with its stakeholders.

The Human Resources and Equality Policy seeks to create a favourable environment that encourages the respect of human rights, in particular the equality of all Befesa's employees, in an effective way.

This operating model covers all Human Resources activities, such as recruitment, training, development, promotion, remuneration, and so forth.

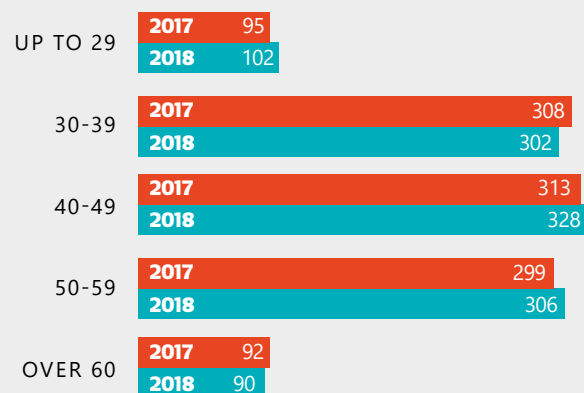
Befesa's operations are located in Germany, Spain, Sweden, France and the UK, as well as in Turkey, South Korea and, since September 2018, Befesa reinforced its presence in China.

In September 2018, Befesa announced the expansion of its Steel Dust Recycling Services in China. According to this milestone, the workforce will grow significantly in this important market.

4. SOCIAL > DIVERSITY

The number of personnel employed in the technology and Research & Development (R&D) team has increased by 20% due to Befesa's growth strategy.

Befesa encourages and promotes diversity in its workforce. The age chart gives a clear picture of how the generational handover follows a natural rhythm. Befesa's human capital is experienced – on average, seniority is 13 years and the average employee is 44 years of age (as of 31 December 2018).

NUMBER OF EMPLOYEES BY AGE GROUP

**Befesa encourages
and promotes
diversity in its
workforce.**

Human rights

BEFESA RESPECTS THE RIGHTS OF ALL PEOPLE ASSOCIATED WITH THE COMPANY, INCLUDING EMPLOYEES, CUSTOMERS AND OTHER STAKEHOLDERS. BEFESA COMPLIES WITH UNIVERSAL PRINCIPLES REGARDING HUMAN RIGHTS AND LABOUR PRACTICES WORLDWIDE, INCLUDING THE UNITED NATIONS UNIVERSAL DECLARATION OF HUMAN RIGHTS.

Befesa's Code of Conduct applies to all members of staff, who shall accept and accommodate different values, and respect the character and personality of others, observe the right to privacy and human rights and avoid any violation of human rights based on race, religion, sex, national origin, disability, age or sexual orientation. In addition, the Company prohibits physical abuse, sexual harassment, power harassment or the violation of the human rights of others.

Befesa is committed to the following guidelines:

a) Non-discrimination

Befesa respects diversity, promoting the non-discrimination on account of race, colour, age, gender, marital status, ideology, political opinion, nationality, religion, sexual orientation, or any other personal, physical or social condition. Befesa will only consider the suitability of the applicant (education, personality, skills, working experience, and other relevant attributes) for a position. The Company makes decisions based on objective criteria.

b) Harassment

Befesa protects the personal dignity and health of all its staff at the workplace. The Company does not tolerate any kind of harassment based on race, gender, appearance, sexual orientation, religion or psychological profile, creating an atmosphere free of any improper conduct.

c) Gender equality

Befesa believes gender diversity benefits everyone. The Company promotes effective gender equality regarding employment access, professional training, career promotion and working conditions.

4. SOCIAL > HUMAN RIGHTS

d) Non-compliance on human rights violations

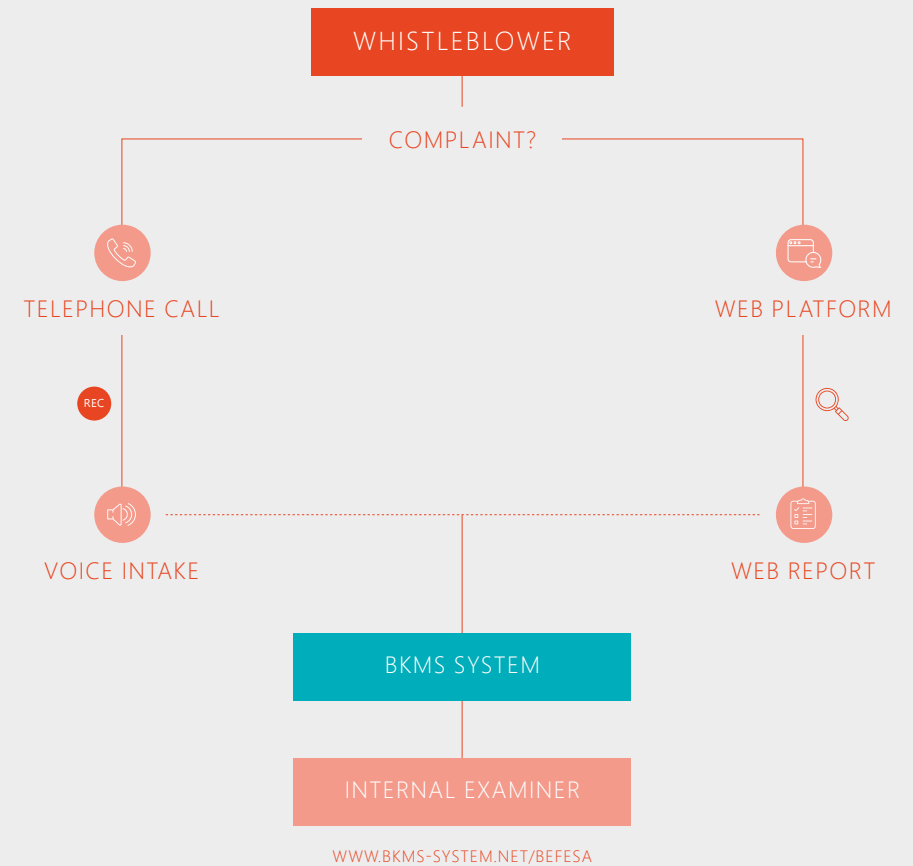
Befesa rejects any form of violation of human rights.

e) Child labour, forced labour and human trafficking

Befesa strictly prohibits the use of child labour, forced labour and human trafficking in all Company operations and in its global supply chain.

The whistleblowing channel allows employees, or external partners, to report to Befesa any item related to e.g.:

- 1 Anti-competitive behaviour
- 2 Corruption, bribery and/or conflict of interest
- 3 Fraud and/or the falsification of documents
- 4 Illegal payments and/or money laundering
- 5 Non-compliance of environmental regulation
- 6 Harassment in the workplace
- 7 Unfair employment practices
- 8 Other criminal matters



4. SOCIAL > HUMAN RESOURCES ACTIVITIES

Human resources activities

THE MAIN PURPOSE OF THE HUMAN RESOURCES (HR) TEAM IS TO PROVIDE SUPPORT TO BEFESA'S STAFF TO ENABLE EVERYONE TO MAXIMISE THEIR POTENTIAL FOR BOTH THE BENEFIT OF THE INDIVIDUAL AND FOR BEFESA AS A WHOLE.

The HR team is a business partner that works closely with management and employees to ensure business success through motivated, highly qualified people.

Role of Human Resources:

- To recruit suitable candidates for the organisation
- To ensure the development of all employees
- To ensure effective and truthful communication among all employees
- To identify the training needs of existing staff
- To ensure all employees' welfare, creating a positive working environment
- To ensure the working environment is safe for employees
- To raise awareness of current workplace legislation
- To support the development of key employees
- To support a multicultural environment throughout the organisation



As a suitable internal control system, Befesa has established a platform of procedures that represents the rules of Befesa and its business units. Through these procedures, Befesa achieves a common way of operating, assessing and mitigating the business risks inherent in the activities of Befesa and its companies.

The HR procedures are:

- 1 Hiring, extension and/or modification of contractual conditions
- 2 Employee dismissal

4. SOCIAL > COMPENSATION & BENEFITS

Compensation & benefits

BEFESA ENSURES FAIR, CONSISTENT AND COMPETITIVE COMPENSATION FOR ALL EMPLOYEES OF THE COMPANY, BALANCED WITH EMPLOYEES' CORRESPONDING RESPONSIBILITIES. THE SALARIES THAT ARE PAID ARE COMPATIBLE WITH INTERNAL BALANCES, STRATEGIC TARGETS AND MARKET CONDITIONS.

The key objectives of the remuneration guidelines are to attract and retain talented, high-performing staff on an ongoing basis. The parameters relating to the establishment of employee remuneration applies to all Befesa employees across the various locations where the Company operates.

All jobs that require substantially equal skills, effort and responsibility and are performed under similar working conditions, under the equal pay act, receive equal wages. Befesa does not allow any discrimination based on personal, physical or social conditions.

To address these key principles and to ensure that employees feel that they are equally and competitively rewarded for their input, Befesa evaluates several aspects, including the annual inflation rates to determine the base for salary increases, the meeting of financial and non-financial targets, internal equity comparisons, individual and Company performance, and the evolution of the minimum wage.

Befesa also periodically monitors the alignment of salaries by position and seniority level and benchmarks the salaries within its own sector to ensure a competitive compensation scheme.

In addition to the main compensation elements (fixed annual salary, bonus and incentives), Befesa provides staff with a wide range of benefits. Depending on the location, Befesa offers benefits such as Company cars, transport allowance, food allowance, expense and relocation allowances, medical insurance and accident insurance.

For its key employees, Befesa has established a close link between an employee's compensation and their performance. This takes into consideration the Company performance, divisional performance and the employee's individual performance. The individual goals are defined by employees and their supervisors and together they discuss the achievement of the goals at the end of the assessment process.

Moreover, Befesa's payment system is applied in conjunction with any local legal regulations, as well as the commitments and principles that undergird Befesa's policies.

Befesa's remuneration guidelines aim to attract and retain talented, high-performing employees, who are equitably and competitively rewarded without any discrimination based on personal, physical and social conditions.

Recruitment

EMPLOYING THE RIGHT STAFF IS AN IMPORTANT PART OF THE BUSINESS STRATEGY. THE HUMAN RESOURCES TEAM WORKS CLOSELY WITH BUSINESS LEADERS TO ENSURE BEFESA HAS THE RIGHT EMPLOYEES TO ACHIEVE ITS OBJECTIVES.

With its sights on global business expansion and the increase of digitalisation, Befesa is a leader in online recruiting channels. The Company has an employer branding image as additional support, which helps to achieve effective communication with potential applicants. All Befesa job advertisements are written in a neutral way, adhering to inclusive language.

Befesa avoids any potential bias during the recruitment process, including race, social status, age and gender bias. The recruitment process, including the interview, focuses exclusively on the skills and abilities needed to perform the job. For this reason, the recruiter has a clear understanding of the job requirements discussed with the supervisor of the section with a vacancy. An effective recruitment process starts with an appropriate job description.

To make the final decision and select the person best suited to the job, an internal approval procedure must be completed. This procedure is part of Befesa's internal control platform.

For Befesa, the recruiting process does not end with a signature on the employment contract. Rather, during the first week of employment, a new employee receives via email a "welcome book". This is a document containing information about Befesa: the history, structure of the Company, mission, vision and values and other useful information. About four months later, the new employee receives via email a document titled "New position feedback". This is an opportunity for the employee to let HR know how their first months in Befesa were experienced. Was the position as expected? Has their integration in the team been achieved? At the same time, the supervisor of the new employee receives the document "Newcomer feedback". This gives the supervisor the chance to comment on the new employee's first months. The HR team analyses the answers and helps where issues or problems arise.

4. SOCIAL > DEVELOPMENT & TRAINING

Development & training

EMPLOYEE DEVELOPMENT ACTIVITIES HELP IN THE GROWTH AND DEVELOPMENT OF EMPLOYEES, WHO ARE THE TRUE ASSETS OF BEFESA.

Appropriate and solid employee development results in the following: it creates a pool of capable workers, it creates employees ready for promotion and it helps Befesa to identify the strength and improvement fields of its employees. Accordingly, Befesa uses various tools to support the development of its people, including the annual feedback process with a focus on senior managers, middle managers and other key employees (2018: 150 employees).

All grading, promotion criteria and procedures are free from prejudice and must be applied equally and consistently. Promotion is based on an employee's performance and personal merits.

Befesa provides regular training to all employees on issues considered relevant to the business and/or to the functions of the employee, and which ensures the proper performance of their tasks. Training is given to all Befesa staff in all countries where the Company operates, from management to new employees.

Every year, and in cooperation with the corporate HR team, the subsidiaries analyse the necessities of their staff and put together a training plan for the next year. The corporate HR team does not act only as an advisor. Sometimes the team organises training in areas where they detect the possibility of an improvement. For example, in the last few years Befesa has organised a communication course, in which staff have been trained in communication and presentation skills, specifically in their local language. Around 100 of Befesa's employees have attended a communication course in recent years.

Every year, and in cooperation with the corporate HR team, the subsidiaries analyse the necessities of their staff and put together a training plan for the next year.

4. SOCIAL > DEVELOPMENT & TRAINING**QUALITY EDUCATION**

Over 24,800 hours were invested in training in 2018. Befesa classifies training according to three categories:

- General training: This includes all training to achieve excellence in core technical and professional areas (e.g. specific training for a position, soft skills, IT courses).
- H&S training: Aligned with the commitment to achieve ZERO accidents, Befesa provides safety training to employees. Around 50% of training hours has been spent on this issue in 2018. Also, as a step towards compliance with the Management Safety Plan, all middle managers have been trained to boost their leadership in safety performance.
- Languages: Since the official language of Befesa is English, staff are continuously encouraged to keep learning and improving their English skills. During 2018, Befesa provided approximately 5,000 hours of English lessons to employees in different locations.

Befesa encourages individuals to start or expand their professional career at the Company. Befesa collaborates with different training entities, including universities and business schools. During 2018, 58 members of staff participated in traineeships or internships with Befesa.



4. SOCIAL > LABOUR RELATIONS

Labour relations

Befesa sets clear guidelines for ethical and professional behaviour in the workplace, trains employees to work according to these expectations and has established internal control mechanisms.

BEFESA RECOGNISES FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING, WHICH FUNCTION WITHIN THE COMPANY IN ACCORDANCE WITH THE LAWS AND REGULATIONS OF THE COUNTRIES IN WHICH IT OPERATES.

Befesa considers trade unions to be natural social partners and maintains a good relationship with them. Befesa companies hold discussions on a regular basis with their trade unions or employee representatives in accordance with the laws and regulations of the countries in which it operates, discussing the working conditions of employees and other relevant matters. The stable relationship ensures industrial peace and harmony, and is a *sine qua non* condition to business and social development.

At Befesa, the employer-employee relationship is not viewed simply in economic terms, but regarded as a significant human relationship of mutual dependency that has a great impact on the people involved. Befesa sets clear guidelines for ethical and professional behaviour in the workplace, trains employees to work according to these expectations and has established internal control mechanisms.

Befesa encourages employees, or even other interested third parties, to use the Compliance Reporting System, which is designed to ensure a careful and thorough response to all issues raised, to act on any report involving Befesa.

4. SOCIAL > CORPORATE CITIZENSHIP

Corporate citizenship

BEFESA IS CONVINCED THAT INCREASED INTEGRATION WITH THE LOCAL COMMUNITY RESULTS IN MUTUAL BENEFITS FOR BEFESA AND THE COMMUNITY.

Befesa creates wealth and job opportunities, and also business partnerships, beyond its primary business activities. Its social sponsorships and charitable donations are examples of how Befesa develops and maintains its commitment to communities in which the Company operates (as well as the broader society).

Befesa focuses its sponsorships and support primarily on:

- Humanitarian and social projects
- Education and culture
- Sponsors

Befesa chooses its charitable donations and social sponsorship targets based on its vision: providing recycling service solutions for managing industrial residues, with a strong emphasis on its social responsibility to help create a sustainable world.

DEFINITIONS

Charitable donation – a gift made by an individual or a company to a non-profit organisation, charity or private foundation.

Social sponsorship – a form of marketing in which a payment is made by a company for the right to be associated with a project or programme. A common template for corporate sponsorships entails a collaboration between a non-profit organisation and a sponsor, in which the latter funds a project or programme that managed by the former in exchange for recognition. Corporations may have their logos and brand names displayed alongside the organisation managing the project or programme, which specifically states that the corporation has provided funding.

Humanitarian and social projects – carried out by individuals or groups of people working together for the good of others and not for profit. The objective of the project is to bring about social change that will benefit an individual, a community or society in general.

4. SOCIAL > CORPORATE CITIZENSHIP

GUIDELINES

The purpose of the donation and sponsorship guidelines is to ensure that a framework is in place that outlines how the Company will actively select, manage and support its sponsorship and charitable-giving activities.

- Charitable donations by Befesa may only be made where:
 - The donation is made in compliance with applicable laws
 - The donation is not made to secure an improper business advantage
 - The donation is made to a properly established charity and there is a valid charitable purpose for the donation
- No offers of sponsorship shall be provided without the prior internal procedure¹ and approval by the CEO of Befesa. A record of all donations and sponsorships must be maintained for audit purposes.
- No employee, as it relates to their employment with Befesa, shall make any payment or other contribution to any political party, political office holder or candidate.
- Donations or sponsorships must not be made or offered in conjunction with, as part of or in relation to, any bid, tender, contract renewal or prospective business relationship.
- Befesa will not enter into any charitable donation or sponsorship agreement with an organisation as a means of gaining favourable terms from that organisation or its affiliates/connected parties in any other business agreements.
- These points should be read in conjunction with the Befesa's Anti-corruption & Anti-bribery, Anti-money Laundering and Conflicts of Interest policies and the Code of Ethics.
- Employees are encouraged to raise concerns about any instance, or suspicion, of malpractice at the earliest possible opportunity through the whistleblowing channel.

¹ As a suitable internal control system, Befesa established a platform of procedures that represents the rules of Befesa and its business units. Thus, Befesa achieves a common way to operate and to assess and mitigate the business risks inherent in the activity of Befesa and its companies.

4. SOCIAL > CORPORATE CITIZENSHIP

Befesa clearly separates commercial and non-commercial projects. Each request is evaluated on a case-by-case basis. **Preference is given to groups and organisations that:**

- Are non-profit and can demonstrate community support and involvement
- Can demonstrate how the money or donation is to be spent and the expected outcome of the event
- Commit to acknowledging Befesa's contribution through the placement of various promotional banners, brochures, posters and the corporation's logo on promotional material, where appropriate
- Commit to acknowledging Befesa's contribution by sending letters to community and political leaders, and reports on the event through local media, where appropriate
- Commit to providing Befesa with a letter following the holding of the event that summarises the outcomes and benefits

Befesa comprises joint activities with various external, often local, partners with whom it shares common social interests and values.

As a global Company, Befesa operates in local and international non-governmental organisations (NGOs) in many countries. In many instances, an NGO can provide the needed operations, services and experience to support the local communities, people and environment.

The HR team monitors the effectiveness and reviews the implementation of these guidelines, regularly considering its suitability, adequacy and effectiveness. Any improvements identified will be effected as soon as possible.

2018 HIGHLIGHTS

- The HR team assumed a leading role in deciding the direction of Befesa's social citizenship strategies.
- The Company organised the first edition of the "Befesa's Charity Project Contest". This contest offered Befesa employees the opportunity to participate actively in charity projects. Employees who wanted to participate submitted specific charity projects that are supported by an NGO or legally constituted foundation of their choosing.

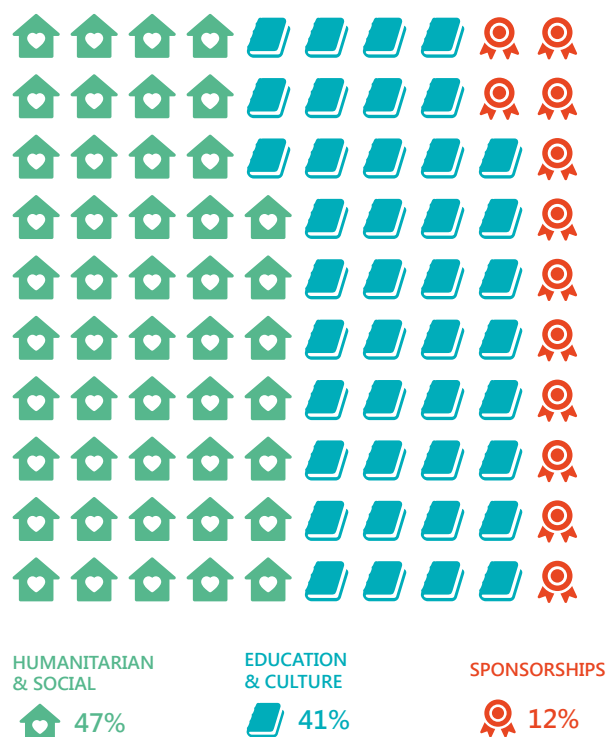
In 2018, Befesa reviewed and strengthened its initiatives, seeking to increase the collaboration with its employees. The Company has been able to reaffirm that its employees are socially committed and that their participation is increasing as Befesa organises more initiatives.

Despite the challenging operating environment, Befesa engaged more colleagues and resources in its initiatives during 2018 and continues its relationships with NGOs and its annual charities.

4. SOCIAL > CORPORATE CITIZENSHIP

During 2018, Befesa carried out 34 social responsibility activities (2017: 29). Befesa continues to increase annual giving by more than 20%, when compared with 2017.

CORPORATE CITIZENSHIP ACTIVITIES BY CATEGORY



Some projects included in Befesa's corporate citizenship programme:

- Malteser Hospice St. Raphael is a hospice service for children and young people of and is part of the Malteser Palliativzentrum Rhein-Ruhr. At the hospice, children with terminal illnesses are housed and treated, as well as family members who are assisted in dealing with the burden on the affected families.
- Autismo Andalucía is a non-profit organisation whose purpose is to ensure a quality of life for people with autism spectrum disorder and their families in all areas and throughout its life cycle. The situation is improved especially by the organisation being a link between different associations and fostering collaboration among them.
- Various local events are sponsored in towns where Befesa operates, keeping an active relationship with its neighbours. These include: the choir of Freiberg (Germany), sport clubs in Erandio (Spain) and traditional events in Cheonbuk-myeon (South Korea).

The main highlight in 2018 was the organisation of the first edition of "Befesa's Charity Project Contest". As part of its commitment to being a socially responsible Company, Befesa organised this contest to identify specific projects where the Company can have a positive impact and by helping charitable organisations by promoting donations.

4. SOCIAL > CORPORATE CITIZENSHIP

Sponsorship and social support focuses primarily on humanitarian and social projects, and education and culture.

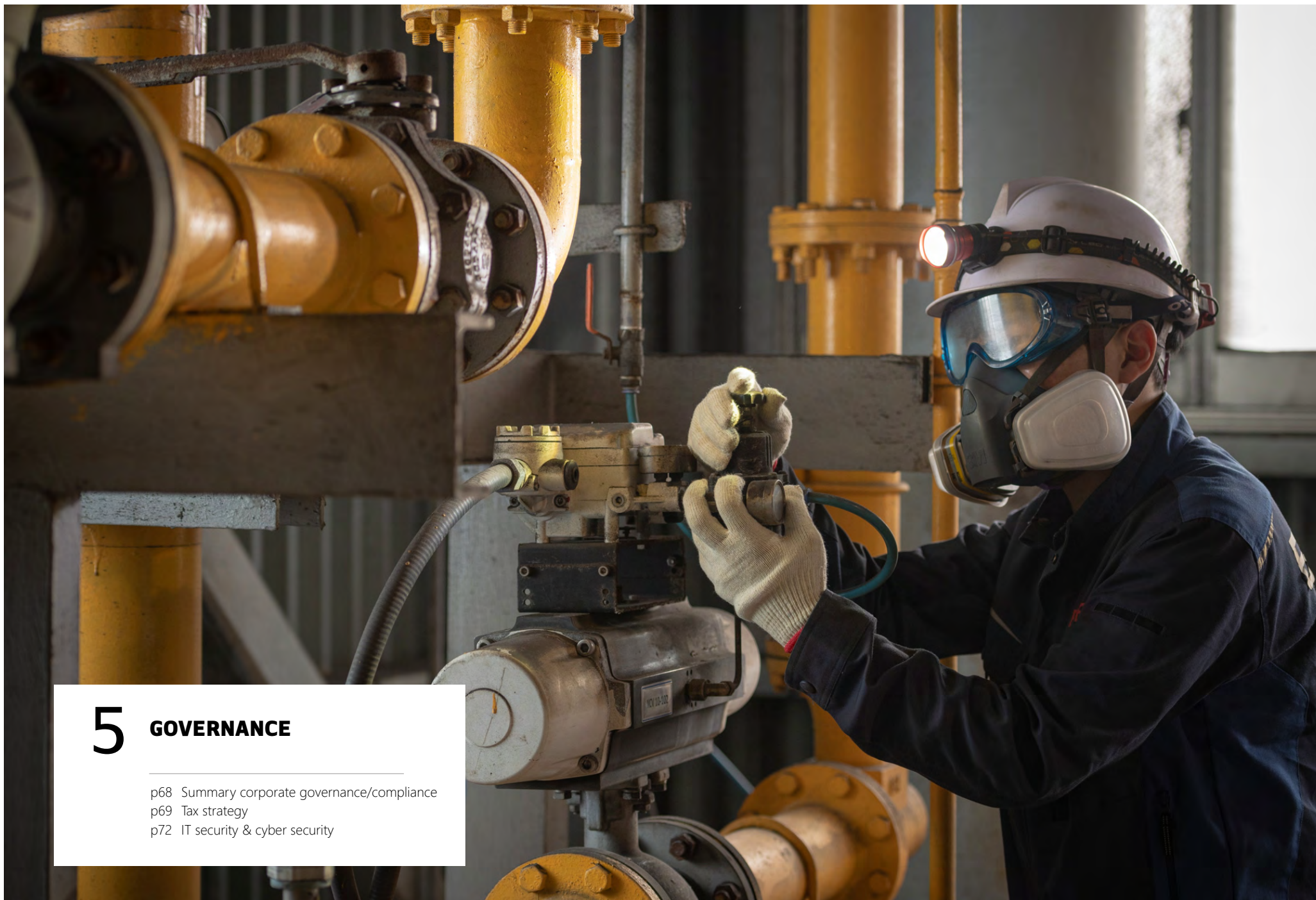
The “Befesa’s Charity Project Contest” offered Befesa employees the opportunity to participate actively in charity projects. Employees who wanted to participate submitted specific charity projects of their own choosing.

After extensive review due to the huge participation and the high quality of the projects suggested by different Befesa’s locations, the jury of the “First Edition” announced the following winners:

The project **“Easy Reading”** of the Cerebral Palsy Association of Vizcaya (Spain) was awarded the first prize. This project offers adapted reading, and audiovisual and multimedia materials that can be easily understood by people with cerebral palsy.

The second prize was awarded to the **“Assistance Dogs”** project of the Handi’Chiens Association (France) by the La Vie Sur Bourboug Association, which presented the project. Through this donation, Handi’Chiens will be able to train guide dogs to improve the quality of life for people with motor functional disability.





5 GOVERNANCE

p68 Summary corporate governance/compliance
p69 Tax strategy
p72 IT security & cyber security

Summary corporate governance/compliance

BEFESA IS A SOCIÉTÉ ANONYME ORGANISED UNDER THE LAWS OF LUXEMBOURG.

As a Luxembourg *société anonyme* – whose shares are listed on a regulated market in Germany – Befesa is not required to adhere to the Luxembourg corporate governance regime, which is applicable to companies that are traded in Luxembourg, or to the German corporate governance regime (applicable to stock corporations organised in Germany).

Nevertheless, Befesa has decided to follow, on a voluntary basis and to a certain degree, the German corporate governance rules. However, certain rules will apply to the Company only to the extent allowed by Luxembourg corporate law and subject to certain reservations stemming from the Company's corporate structure.

In the Annual Report 2018, Befesa increased the disclosure significantly compared to the prior year. Due to the fact that many aspects of corporate governance relate to the board structure, the legal framework and compliance, this section is part of the Annual Report. In addition, this Sustainability Report offers information on the topics of taxes and IT/cyber security at Befesa.



Tax strategy

Befesa's purpose is to provide recycling service solutions for managing industrial residues, with a strong emphasis on its social responsibility to help create a sustainable world, generating a positive impact for all its stakeholders, including employees, customers, governments, investors and communities.

All Befesa employees who are involved in tax matters of the Company are responsible for making sure that the Company meets all its tax obligations at the right time.

In keeping with this purpose, in the management of its tax affairs, Befesa applies its core values: compliance, integrity and transparency. These values have resulted in the following tax principles and apply to all Company businesses and Group entities.

The key principles are:

- 1 Befesa undertakes its tax affairs on a basis that generates sustainable value while meeting applicable legal and regulatory tax requirements.
- 2 Befesa gives due regard to the intent and spirit of tax laws, the places and the social context within which it operates, and to the reputation of the Company with the public, tax administrations, regulators and political representatives.

APPROACH TO TAX RISK MANAGEMENT AND GOVERNANCE

Befesa's tax matters are managed by an experienced in-house tax team of the Corporate Controlling and Tax Department, overseen by the Chief Financial Officer and Chief Executive Officer. This team is supported by professional tax advisory companies when needed.

The Finance and Tax Director of each business unit or legal entity regularly reports its key risks and issues relating to tax that are escalated to and considered by the responsible Befesa Tax Director and their team.

Furthermore, with regards to Transfer Pricing Compliance, this is centralised in the Corporate Controlling and Tax Department, which, with the support of professional tax advisory companies, ensures that the Group meets the highest level of compliance with tax regulations and documentary requirements.

LEVEL OF RISK

The business of Befesa, which operates in seven countries, is exposed to various risks, including tax-related risks, such as:

5. GOVERNANCE > TAX STRATEGY**TAX COMPLIANCE AND REPORTING RISKS**

Risks associated with compliance failures such as the submission of late or inaccurate returns, the failure to submit claims and elections on time or where systems and processes are not sufficiently robust to support tax compliance and reporting requirements.

TRANSACTIONAL RISKS

Risks associated with undertaking transactions without appropriate consideration of the potential tax consequences or where advice taken is not correctly implemented.

REPUTATIONAL RISKS

Non-financial tax risks that may have an impact on the firm's relationships with shareholders, clients, tax authorities and the general public.

Befesa seeks to understand and mitigate these risks where possible. A number of tax-related risks are an inherent consequence of the scale and diversity of Befesa's business activities and its international nature. This is exacerbated by the growing complexity of international tax law and divergent approach of national tax authorities in various instances.

In accordance with its principles, Befesa operates a control framework and governance to ensure, in all material aspects, that Befesa is compliant with applicable tax laws, files accurate tax returns and pays the tax due.

Where appropriate, Befesa looks to engage with tax authorities to disclose and resolve issues, risks and uncertain tax positions. The subjective nature of global tax legislation means that it is often not possible to mitigate all known tax risks. As a result, at any given time, the Group may be exposed to financial and reputational risks arising from its tax affairs. Due to this, where tax law is unclear or subject to interpretation, the tax position adopted by the Company will be the most conservative position possible.

ATTITUDE TOWARDS TAX PLANNING

Befesa recognises that it has a responsibility to pay an appropriate amount of tax in each of the principal jurisdictions in which it operates. Befesa balances this with its responsibility to its shareholders to structure the Company's affairs in an efficient manner.

In this way, knowing that the business affairs are paramount, at the time of running, setting up and structuring the business operations and commercial activities, the Company considers – among other factors – the tax requirements of the respective jurisdictions in which it operates. This it does with a view to generating sustainable value to Befesa and its shareholders. Against this background, the Company may seek for itself tax benefits and beneficial tax rates available under those tax laws.

5. GOVERNANCE > TAX STRATEGY**RELATIONSHIPS WITH TAX AUTHORITIES**

Befesa, with the aim of minimising the risk of challenge, dispute or damage to its credibility, aims for its dealings with tax authorities to be undertaken in a proactive, transparent, professional, courteous and timely manner. The Company seeks to develop and foster good working relationships with tax authorities and tries to participate in any formal consultation process with the tax authorities where it is expected that the matter under consultation will have a material impact on the Group's liability or the Group's tax compliance management.

PREVENTING TAX EVASION

Tax evasion is illegal and goes against Befesa's values, while the Company's Code of Conduct strictly prohibits aiding or abetting tax evasion.

Befesa advocates the development of sound regulations and internal procedures to combat financial crime, including tax evasion.

Befesa makes available to all stakeholders a whistleblowing channel that allows any individual to report any concern or matter referring to e. g. non-compliance in relation to tax affairs.



IT security & cyber security

IT SECURITY AND CYBER SECURITY RISKS ARE A POTENTIAL BUSINESS THREAT THAT IS BECOMING INCREASINGLY COMMON AND CAN POSE IMMENSE CHALLENGES TO EVERY COMPANY IN THE CURRENT BUSINESS ENVIRONMENT. OVER THE PAST DECADE, CYBER ATTACKS HAVE CONTINUED TO PROLIFERATE, ESCALATING IN FREQUENCY, SEVERITY AND IMPACT, AND COULD AFFECT EVERY INDUSTRY AROUND THE WORLD.

Worldwide, the number of information-security breaches has been growing exponentially. The many incidents and the related costs have shown that information security/cyber security has become a risk that has to be managed diligently to protect corporate value. The costs of cyber crime are manifold and can impact a company in different ways. Internal costs are operational costs and relate to dealing with the cyber crime and incidence prevention. External costs include the consequences of the cyber attack such as the loss or theft of sensitive information, the disruption of operations, fines and penalties, damage to infrastructure or loss of revenue due to a loss of customers.

Befesa is well-prepared to prevent major information security/cyber security incidents and is able to react appropriately in the event of an attack. Despite the fact that Befesa is according to the production, not a digitalised company, threats could have negative impacts and no company can be completely sure they will not be targeted.

STRATEGY, POLICIES AND PROCEDURES

In line with its Cyber Security Strategy, Befesa's Cyber Security Policy includes a comprehensive set of procedures and guidelines aimed at minimising risk and proactively limiting the impact of a potential security breach. The security of information systems is a responsibility of the IT Director and is overseen by top management.

Policies and procedures are in place for employees with access to critical information in order to ensure that they are aware of threats and the importance of information security/cyber security. The Information Security Policy is available to all employees. All cyber security incidents are tracked and investigated in full, also in compliance with applicable regulations (i.e. GDPR).

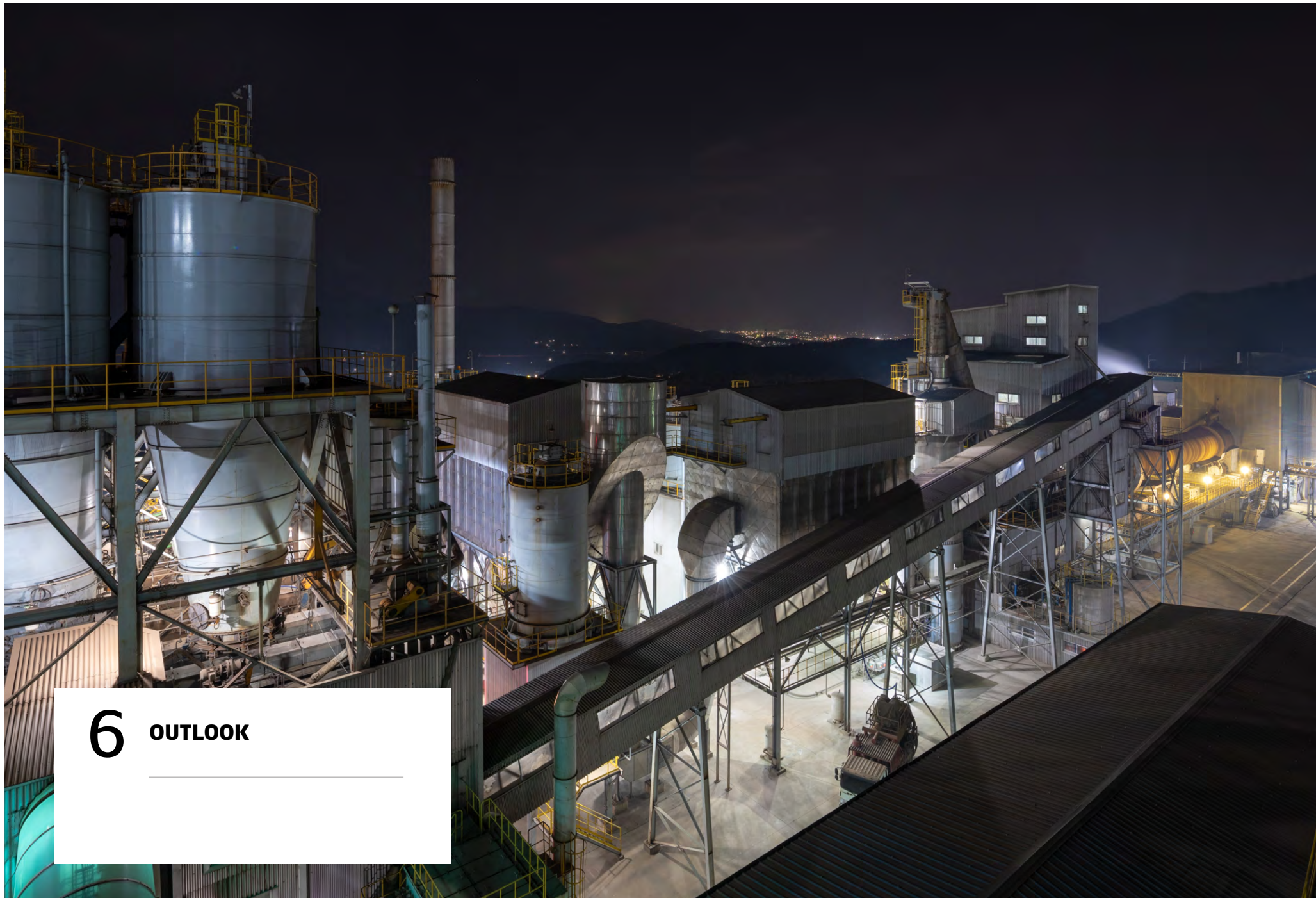
5. GOVERNANCE > IT SECURITY & CYBER SECURITY

Befesa's Help Desk follows the Information Technology Infrastructure Library (ITIL) as a best practice framework.

In the event of an employee noticing something suspicious there is a process of reporting any IT issue or request. This process is available for all users and could be started by informing the Befesa Help Desk Service. Befesa's Help Desk follows the Information Technology Infrastructure Library (ITIL) as a best practice framework. Furthermore, the escalation through the IT organisation is clear and available for all employees. The IT organisation is very flat and lean and allows direct and quick escalation.

Befesa has clear procedures for the continuity of critical IT systems.





6 OUTLOOK

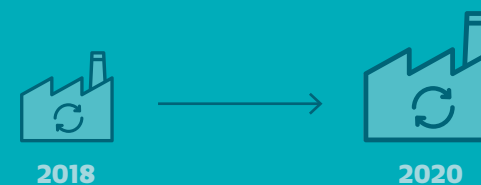
6. OUTLOOK

OUTLOOK

Befesa's growth plan aims to increase globally its recycling capacity of steel dust and aluminium salt slags & SPL to avoid the landfilling of waste and to produce new materials reducing the consumption of natural resources.

After one year as a listed company and with the firm commitment of increasing the transparency in reporting of non-financial information, Befesa is publishing the Sustainability Report, which is the first step towards a more comprehensive reporting.

Befesa is committed to continuous improvement on sustainability and will keep on working on this matter.



HIGHER CAPACITIES TO INCREASE RECYCLING

At the end of 2018:

954 kt

STEEL DUST RECYCLING CAPACITY

At the end of 2020:

>1,100 kt

STEEL DUST RECYCLING CAPACITY PLANNED



7 UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

p77 Presentation of goals

p78 Befesa & the Sustainable Development Goals

p79 Befesa's contribution

7. UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS > PRESENTATION OF GOALS

Presentation of goals

THE SUSTAINABLE DEVELOPMENT GOALS (SDG) ARE A COLLECTION OF 17 GLOBAL GOALS SET BY THE UNITED NATIONS (UN) GENERAL ASSEMBLY IN SEPTEMBER 2015 BY 193 MEMBER STATES. THE SDG ARE PART OF RESOLUTION 70/1 OF THE UNITED NATIONS GENERAL ASSEMBLY: "TRANSFORMING OUR WORLD: THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT".



The 17 goals are broad and interdependent, yet each has a separate list of targets to achieve. Achieving all 169 targets would signal the accomplishment of all 17 goals. The SDG covers important social and economic development issues including poverty, hunger, health, education, global warming, gender equality, water, sanitation, energy, urbanisation, environment and social justice.

The 2030 Agenda for Sustainable Development provides a global blueprint for dignity, peace and prosperity for people and the planet, now and in the future. It is possible to see everywhere in the world how civil society, the private sector and governments are translating this shared vision into national development plans and strategies.



Befesa & the Sustainable Development Goals

BEFESA UNDERSTANDS THE GLOBAL IMPORTANCE OF THE SDG, THE IMPACT OF CORPORATIONS WILL MAKE TO THEIR DELIVERY, AND THE WIDER ROLE THAT CORPORATIONS HAVE TO PLAY IN THEIR IMPLEMENTATION.

The SDG represent an unprecedented opportunity for corporations to align their own sustainability goals with broader societal goals. Befesa supports the 2030 Agenda for Sustainable Development by helping and contributing to achieve these goals. Out of the 17 goals, Befesa has identified five goals that can be relevantly supported. The following chapter shows the selected areas of Befesa's contribution.



7. UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS > BEFESA'S CONTRIBUTION

Befesa's contribution

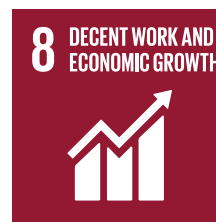
After discussing and analysing the 17 SDG, Befesa commits to the following five goals and would like to elaborate on the contribution and support. In general, Befesa agrees with all 17 SDG and supports all of them. The Company is also taking care of the other 12 goals, but here are the SDG that fit best to Befesa's business and the possibility of contributing. Each company and each human being can take a small step forward in the right direction and together we can change the world.



Good health and well-being

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

As described in the chapter "Safety & Occupational Health" in detail, Befesa puts strong focus on safety and health of the employees - for example with the BE SAFE initiative. But Befesa also takes care of the employees and their personal health. This is why Befesa offers (on a voluntary basis) health checks for the employees.



Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Befesa is a growing Company. From 2016 to 2018 comparable revenue increased from €594m to €720m, which represents a CAGR of 10%. During the same period, Befesa grew EBITDA from €133m to €176m (CAGR: 15%). Befesa set out its growth path beyond Europe 10 years ago already. In its largest core business, Steel Dust Recycling Services, which contributes about 80% of its earnings, Befesa expanded its capacity greatly, built new plants and with the expansion created new workplaces. In 2009, Befesa had 495 kt of steel dust recycling capacity solely focused on Europe. After expanding its operations in Turkey (in 2010) and in South Korea, in two phases (2012 and 2015/2016), Befesa has 780 kt capacity in 2018. In 2019 and 2020, Befesa will invest in expanding its capacity in Turkey by 45 kt as well as building a new plant in China, of 110 kt, to reach 935 kt by the end of 2020 – effectively close to doubling the capacity compared with 2009. As a result, Befesa transforms from a 100% Europe-focused Company to a rather 50%/50% Europe/Asia business. Each new plant location represents the creation of approximately 50 to 60 good workplaces. This is not only applicable to its largest business unit, but also to the Aluminium Salt Slags Recycling Services business. In 2014, Befesa opened its latest secondary aluminium production plant at Bernburg (Germany). To ensure the existing workplaces are safe, Befesa is executing across the Company its Health & Safety BE SAFE initiative.

7. UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS > BEFESA'S CONTRIBUTION

Furthermore, Befesa's sites are OSHA certified. In addition, Befesa invests in the training of its employees: in total 24,822 training hours during 2018, which equals 22 hours per employee.



Sustainable cities and communities

Make cities and human settlements inclusive, safe, resilient and sustainable

Over a long period of time, emissions from steel production have shaped urban areas and affected people's lives. Air pollution could only be significantly reduced by installing filters due to regulation. However, the next problem arose from the collected steel dust, which is hazardous and must be stored safely. If not, over time rainwater washes out the contained heavy metals and pollutes ground water reserves.

Befesa is improving people's lives and reducing risks by recycling steel dust and, similarly, waste from the aluminium industry, helping to make lives in urban areas better and safer.

In addition, Befesa produces new raw materials from the recycled residues, which prevent the extraction of these materials, thereby avoiding the necessary mining activities.



Responsible consumption and production

Ensure sustainable consumption and production patterns

Befesa's recycling services provide sustainable hazardous waste management solutions. Already today, Befesa manages and recycles more than 1,500 thousand tonnes of hazardous waste/residues annually, avoiding landfilling. Furthermore, Befesa extracts and produces more than 600 thousand tonnes of new materials that are reintroduced into the market, reducing the consumption of natural resources.

Sustainability is the core business of Befesa and the Company is a vital part of the circular economy.

Befesa applies Best Available Technology (BAT) as per the EU legislation in its production processes, especially in its two core business units. In Electric Arc Furnace Dust (EAFD) recycling services, Befesa applies the Waelz kiln technology and has improved this technology further. All 17 Befesa plants are ISO 14001 and ISO 14064 certified and, in addition, 87% have ISO 50001 certification as well. Befesa continues to invest in ensuring the application of best in class production processes.

7. UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS > BEFESA'S CONTRIBUTION



Life on land

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss

Befesa's business model fully and sustainably supports this goal. On the one hand, Befesa prevents 1.5 million tonnes of hazardous waste/residues from ending up in landfills, thus impairing the habitat. In addition to the use of valuable land, this waste could also have a negative impact on ground water.

Furthermore, Befesa produces new materials in the recycling process, which would otherwise have to be mined, usually in opencast mines. This would also have considerable negative consequences for the use of land and living organisms.

Befesa thus clearly supports this goal and will make an even greater contribution in the future through recycling higher volumes.



8

GRI INDEX

The index table is designed to help finding the elements associated with the GRI Performance in Befesa's publications.

8. GRI INDEX

STANDARD DISCLOSURE

Disclosure Number	G4 Indicator	Description	Reference	Page(s)	Further notes
Organisational profile					
102-1	G4-3	Name of the organisation	Annual Report	64	Befesa S. A.
102-2	G4-4	Organisation's activities, primary brands, products and services	Sustainability Report	9-13	
102-3	G4-5	Location of organisation's headquarters	Annual Report	64	46, Boulevard Grande-Duchesse Charlotte, L 1330 Luxembourg, Grand Duchy of Luxembourg
102-4	G4-6	Countries of operation	Sustainability Report	11	
102-5	G4-7	Nature of ownership and legal form	Annual Report	8, 64	
102-6	G4-8	Markets served (including breakdown, sectors)	Annual Report	22-23; 123-128	
102-7	G4-9	Scale of organisation (including number of employees, revenues)	Annual Report	15, 41	
102-8	G4-10	Employee breakdowns	Sustainability Report	15; 50-53	
102-9	G4-12	Organisation's supply chain	Sustainability Report	12	
102-10	G4-13	Changes during the reporting period	no changes to be reported		
102-11	G4-14	Report how the precautionary approach is addressed	Sustainability Report	23; 29	Befesa's business to recycle hazardous waste does very much support the Precautionary Approach that emerged from the 1992 Rio Declaration (Principle 15).
			Sustainability Report	36-47	Concerning risks for the Befesa's employees and suppliers the high level of safety (BE SAFE project) should avoid any damages for the personal health.
102-12	G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives	Sustainability Report	36-47	BE SAFE project
102-13	G4-16	Memberships of associations	Website		Steel: http://www.befesa-steel.com/web/en/asociaciones_y_certificaciones/index.html Aluminium: http://www.befesaaluminium.com/web/en/asociaciones-y-certificados/index.html
Strategy					
102-14	G4-1	Statement from the most senior decision maker in the organisation about relevance of sustainability	Sustainability Report	5-6	part of the CEO letter
102-15	G4-2	Key impacts, risks, and opportunities	Annual Report	57-59	
Ethics and integrity					
102-16	G4-56	Organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	Annual Report	74-75	
			Sustainability Report	19, 54	
102-17	G4-57, G4-58	Internal/external mechanism for seeking advice about ethical and lawful behaviour, reporting concerns about unethical/unlawful behaviour and organisational integrity	Annual Report	73-79	
			Sustainability Report	55	

8. GRI INDEX

Disclosure Number	G4 Indicator	Description	Reference	Page(s)	Further notes
Governance					
102-18	G4-34	Governance structure of the organisation, including committees responsible for decision-making on economic, environmental and social impacts.	Annual Report	66	
102-19	G4-35	Process for delegating authority for ESG topics from the highest governance body to senior executives and other employees	Annual Report	73	
102-20	G4-36	Executive-level position with responsibility for ESG topics			yes
102-21	G4-37	Processes for consultation between stakeholders and the highest governance body on ESG	Annual Report	73-79	
			Sustainability Report	55	
102-22 to 102-37	G4-38 to G4-53	Various topics about processes and organisation	Annual Report	62-72	
Stakeholder engagement					
102-41	G4-11	Employees covered by collective bargaining agreements.	Sustainability Report	61	
Reporting practice					
102-45	G4-17	Entities included in the organisation's consolidated financial statements	Annual Report	161-162	
102-46	G4-18	Process for defining the report content and the aspect boundaries	Sustainability Report	5-6	part of the CEO letter
102-47	G4-19	Material topics identified	Sustainability Report	2	Content of the report is based on relevant and material topics
102-48	G4-22	Report effect of any restatements of information provided in previous reports			no restatements
102-49	G4-23	Report significant changes from previous reporting periods			no significant changes
102-50	G4-28	Reporting period	Sustainability Report	7	
102-51	G4-29	Date of most recent previous report			First Sustainability Report after the IPO (November 2017)
102-52	G4-30	Reporting cycle	Sustainability Report	7	
102-53	G4-32	Contact point for questions regarding the report or contents	Sustainability Report	89	irbefesa@befesa.com
102-54	G4-32a	Report the 'in accordance' option the organisation has chosen.	Sustainability Report	82	
102-55	G4-32b	GRI content index	Sustainability Report	82-87	
102-56	G4-33	Policy and current practice with regard to seeking external assurance for the report	Website		"ISO, EMAS certifications for individual plants: Steel: http://www.befesa-steel.com/web/en/asociaciones_y_certificaciones/index.html Aluminium: http://www.befesaaluminium.com/web/en/asociaciones-y-certificados/ "
Management approach					
103-1a		Material topics	Sustainability Report	5-6; 75	

8. GRI INDEX

ECONOMIC

Disclosure Number	G4 Indicator	Description	Reference	Page(s)	Further notes
Economic performance					
201-DMA	G4-DMA	Disclosure on management approach	Sustainability Report	16	
201-1	G4-EC1	Economic value generated	Sustainability Report	62; 65	
201-2	G4-EC2	Risks and opportunities due to climate change	Annual Report	50	
201-3	G4-EC3	Coverage defined benefit plan obligations			obligations had been externalised on 31 December 2018 and 2017
Indirect economic impacts					
203-DMA	G4-DMA	Disclosure on management approach	Sustainability Report	62-64	
203-1	G4-EC7	Impact			Befesa's operations provide substantial economic and social benefit to the people and communities with which Befesa works. Befesa supports jobs in countries like South Korea and Turkey and soon in China and invests directly and in-directly into regional economies throughout the country.
Anti-corruption					
205-DMA	G4-DMA	Disclosure on management approach	Annual Report	73-78	
205-1	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and significant risks identified			Detailed data is monitored for internal use only
205-2	G4-SO4	Communication and training on anti-corruption policies and procedures	Annual Report	77	
	C4-SO5	Confirmed incidents of corruption and actions taken			all potential cases are taken very seriously and disciplinary action will be taken - Befesa is not reporting the data about corruption publically

ENVIRONMENTAL

Disclosure Number	G4 Indicator	Description	Reference	page(s)	further notes
Materials					
301-DMA	G4-DMA	Management approach	Sustainability Report	5-6	
301-1	G4-EN1	Material used by weight (million tonnes)	Sustainability Report	7	
301-2	G4-EN2	Materials used that are recycled input materials			Input materials are hazardous waste and aluminium scrap
Energy					
302-DMA	G4-DMA	Management approach	Sustainability Report	30-34	
302-1	G4-EN3-5	Energy consumption	Sustainability Report	30-35	

8. GRI INDEX

Disclosure Number	G4 Indicator	Description	Reference	Page(s)	Further notes
Water					
303-DMA	G4-DMA	Management approach	Sustainability Report	26-27	
303-1	G4-EN8	Water withdrawal	Sustainability Report	26-27	
Emissions					
305-DMA	G4-DMA	Management approach	Sustainability Report	25	
305-1	G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	Sustainability Report	31	
305-2	G4-EN15	Indirect greenhouse gas (GHG) emissions (scope 1)	Sustainability Report	31	
Effluents and waste					
306-DMA	G4-DMA	Management approach	Sustainability Report	21-22; 28	
306-2	G4-EN23	Total weight of waste	Sustainability Report	29, 35	

SOCIAL

Disclosure Number	G4 Indicator	Description	Reference	Page(s)	Further notes
Employment					
401-DMA	G4-DMA	Management approach	Annual Report	40	
			Sustainability Report	58-60	
401-1	G4-LA1	Number of employees and rates	Annual Report	40-41	
			Sustainability Report	50	
Occupational health and safety					
403-DMA	G4-DMA	Management approach	Annual Report	42-43	
			Sustainability Report	36-39	
403-2	G4-LA6	Figures	Sustainability Report	48	
Training and education					
404-DMA	G4-DMA	Management approach	Sustainability Report	59-60	
404-1	G4-LA9	Figures	Sustainability Report	59-60	
Diversity and equal opportunity					
405-DMA	G4-DMA	Management approach	Sustainability Report	52-53	
405-1	G4-LA12	Figures	Sustainability Report	50-53	

8. GRI INDEX**HUMAN RIGHTS ASSESSMENT**

Disclosure Number	G4 Indicator	Description	Reference	Page(s)	Further notes
Non-discrimination					
406-DMA	G4-DMA	Management approach	Sustainability Report	52-53	
Freedom of association and collective bargaining					
407-DMA	G4-DMA	Management approach	Sustainability Report	61	
Child Labour					
408-DMA	G4-DMA	Management approach	Sustainability Report	55	Befesa has no employees below the legal age of working
Forced or compulsory labour					
409-DMA	G4-DMA	Management approach		55	Befesa does not accept any forced or compulsory labour

SOCIETY

Disclosure Number	G4 Indicator	Description	Reference	Page(s)	Further notes
Local communities					
413-DMA	G4-DMA	Management approach	Sustainability Report	62-66	Befesa uses the corporate citizenship approach to support local communities

DISCLAIMER

Disclaimer

This Report contains forward-looking statements and information relating to Befesa and its affiliates that are based on the beliefs of its management, including assumptions, opinions and views of Befesa and its affiliates as well as information cited from third party sources.

Such statements reflect the current views of Befesa and its affiliates or of such third parties with respect to future events and are subject to risks, uncertainties and assumptions.

Many factors could cause the actual results, performance or achievements of Befesa and its affiliates to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, amongst others: changes in general economic, political, governmental and business conditions globally and in the countries in which Befesa and its affiliates do business; changes in interest rates; changes in inflation rates; changes in prices; changes to national and international laws and policies that support industrial waste recycling; legal challenges to regulations, subsidies and incentives that support industrial waste recycling; extensive governmental regulation in a number of different jurisdictions, including stringent environmental regulation; management of exposure to credit, interest rate, exchange rate and commodity price risks; acquisitions or investments in joint ventures with third parties; inability to obtain new sites and expand existing ones; failure to maintain safe work environments; effects of catastrophes, natural disasters, adverse weather conditions, unexpected geological or other physical conditions, or criminal or terrorist acts at one or more of Befesa's plants; insufficient insurance coverage and increases in insurance cost; loss of senior management and key personnel; unauthorised use of Befesa's intellectual property and claims of infringement by Befesa of others' intellectual property; Befesa's ability to generate cash to service Befesa's indebtedness changes in business strategy and various other factors.

Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or targeted.

Befesa and its affiliates do not assume any guarantee that the assumptions underlying forward-looking statements are free of errors, nor do they accept any responsibility for the future accuracy of the opinions expressed herein or the actual occurrence of the forecasted developments. No representation (expressed or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein or otherwise resulting, directly or indirectly, from the use of this document.

Befesa and its affiliates do not intend, and do not assume any obligations, to update these forward-looking statements.

PUBLISHED: 9 APRIL 2019

BEFESA

Befesa S.A., 46 Boulevard Grande-Duchesse Charlotte
L 1330 Luxembourg, Grand Duchy of Luxembourg

irbefesa@befesa.com

www.befesa.com