



BEFESA

ESG Report

Preserving natural systems

ENVIRONMENTAL SOCIAL GOVERNANCE



Befesa is a vital player in the circular economy. Since 1987, Befesa has helped reduce the environmental impact of industrial waste and residues from the steel and aluminium industries. By recycling waste from these sectors Befesa recovers valuable materials and reintroduces them into the production process, reducing environmental impacts and also the cost of primary production.





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ESG at Befesa

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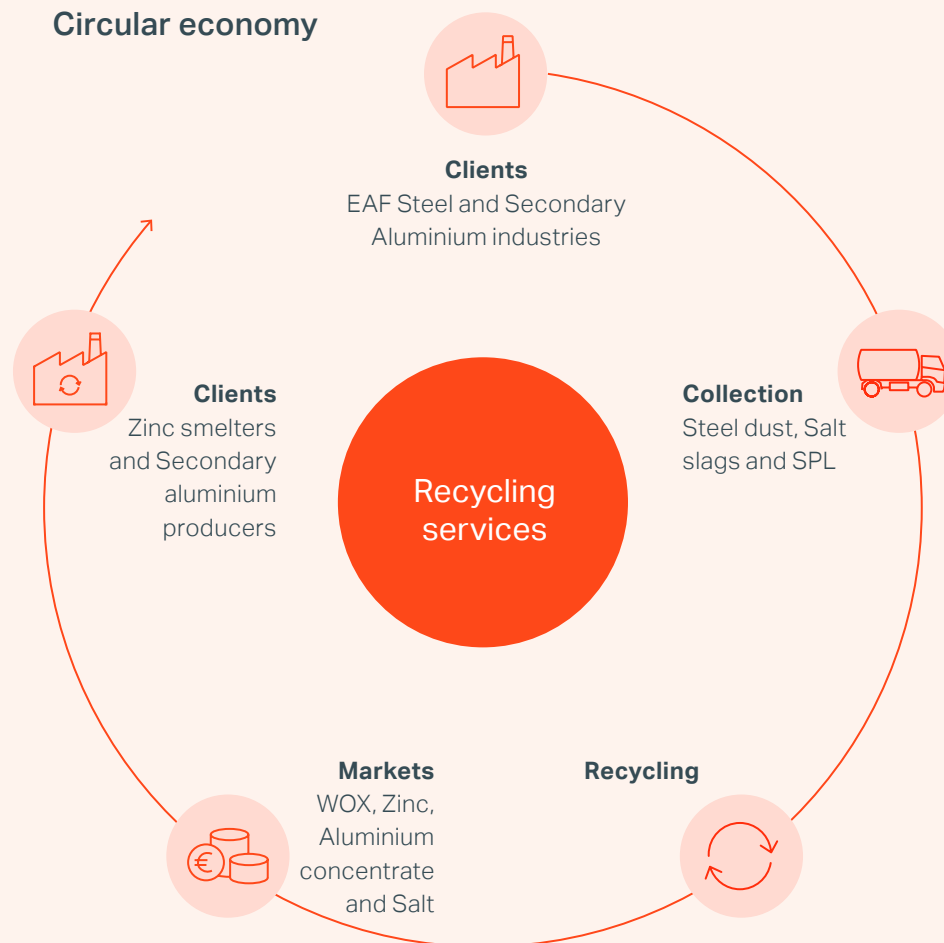
01 / ESG at Befesa

1.1 Befesa at a glance

Befesa is the leading environmental services partner supporting the circular economy of the secondary steel and aluminium industries, with facilities located in eight countries on three continents.

Through its two business units – Steel Dust and Aluminium Salt Slags Recycling Services – Befesa supports the circular economy by recycling 1.6 million tonnes of industrial residues and hazardous waste each year. This prevents the landfill of these hazardous waste streams while recovering around 1.4 million tonnes of valuable new materials, which are reintroduced to the economy reducing consumption of natural resources.

Circular economy



FY2021

Steel Dust Recycling

Aluminium Salt Slags Recycling

2,494,300 t

TOTAL ANNUALLY INSTALLED CAPACITY TO RECYCLE
EAF STEEL DUST (CRUDE AND STAINLESS),
SALT SLAGS & SPL AND SECONDARY ALUMINIUM

1,839,300 TONNES¹

450,000 TONNES²

205,000 TONNES³

Steel dust (crude and stainless) from
electric arc furnaces (EAF)

Aluminium salt slags &
spent pot linings (SPL)

Secondary
aluminium alloys

23

RECYCLING PLANTS

17

6

1,550⁶

EMPLOYEES

1,053

456

€822m

REVENUE IN 2021

€456m

€368m⁴

€198m

ADJUSTED EBITDA IN 2021⁵

€148m

€49m

#1

POSITION GLOBAL
(C. 40–50% MARKET SHARE)

32%

EBITDA MARGIN
(3-YEAR AVERAGE 2019–2021)

>15 years

RELATIONSHIPS

ArcelorMittal

GLENCORE

outokumpu

TRAFIGURA

voestalpine

#1

POSITION IN EUROPE IN SALT SLAGS
SUBSEGMENT (C. 45–50% MARKET SHARE)

26%

EBITDA MARGIN IN SALT SLAGS SUBSEGMENT⁽³⁾
(3-YEAR AVERAGE 2019–2021)

>15 years

RELATIONSHIPS

trimet

Novelis

Hydro

REAL ALLOY

Alcoa

Source: Company information, international consulting firm based on World Steel Association's Steel Statistical Yearbooks, WBMS, industry research, expert interviews

¹ Total annually installed capacity to recycle 1,839,300 tonnes of EAFD (crude and stainless steel), including c. 620,000 tonnes from the acquired US recycling plants and 220,000 tonnes from the first two Chinese plants

² Total annually installed capacity to recycle 450,000 tonnes of salt slags and SPL, excluding 80,000 tonnes from the UK plant, which was permanently closed in Q4 2020

³ Total annually installed capacity of 205,000 tonnes is based on secondary aluminium alloys produced

⁴ Revenue of the Aluminium Salt Slags segment is after €38.8m of intersegment eliminations

⁵ €127.5m 2021 reported total EBIT + €62.2m depreciation and amortisation = €189.6 2021 reported total EBITDA + €14.0 one-time AZR acquisition costs – €6.0m Hanover plant fire impact = €197.6 2021 adjusted total EBITDA

⁶ Includes 41 employees in Corporate

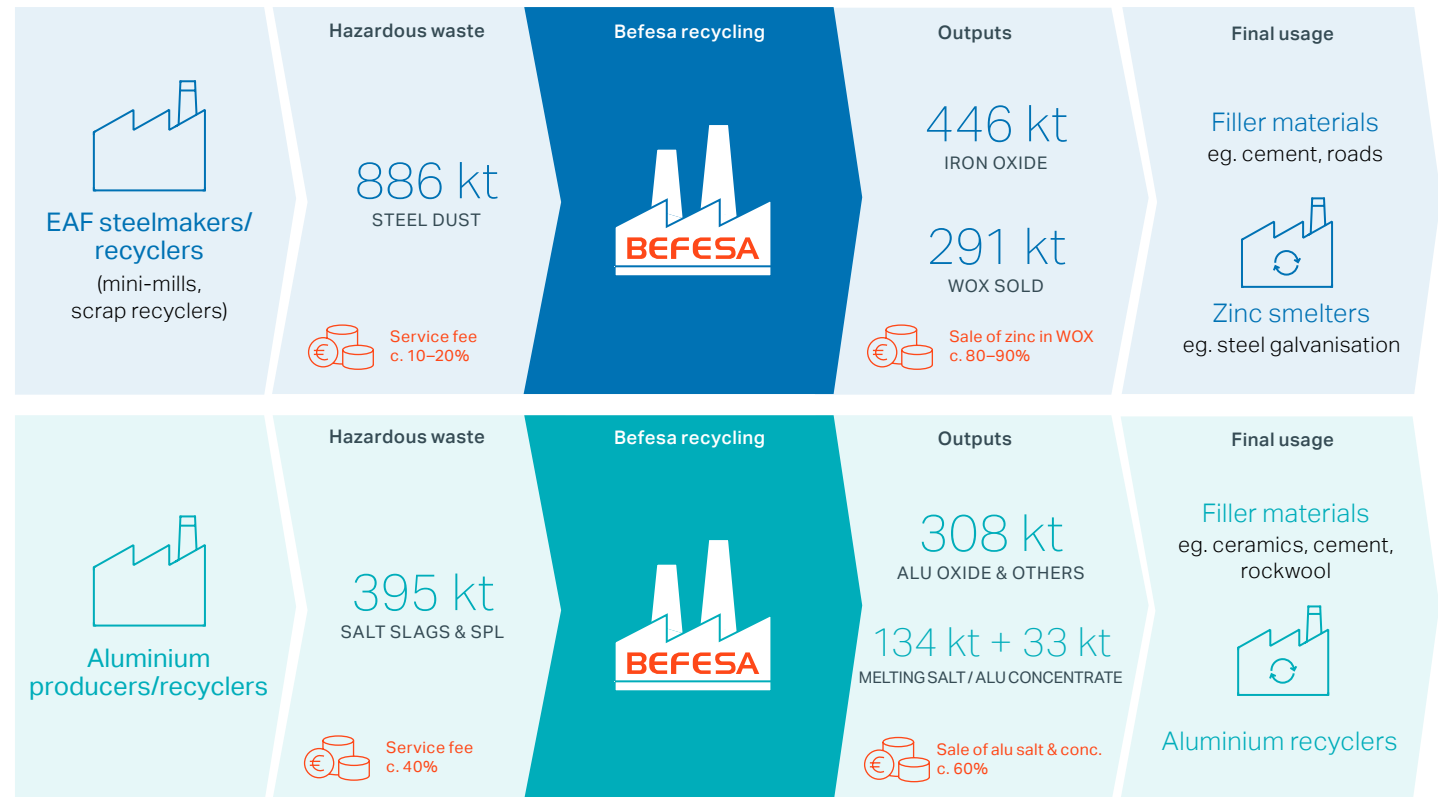
Highly regulated & critical service model

Befesa provides a critical service to support two highly regulated industries and is the subject of many environmental regulations itself. A strong regulatory environment is beneficial for Befesa.

The introduction of more stringent environmental regulations, along with increasing focus on sustainability and circularity, have been the main growth drivers for Befesa since 1987.

Befesa has been able to capture the opportunities these market/operational conditions create with a business model that has proven beneficial for the protection of the environment at the same time as delivering profitable growth.

These factors will continue to support Befesa's growth as new geographies adopt tighter environmental regulations and Befesa's services become ever more critical to operators in the steel and aluminium industries.



All figures are of the year 2021, thus only 4.5 months contribution from Zinc US operations

Value chains are simplified and only reflect Befesa's core business segments (ie. Steel Dust; Aluminium Salt Slags):

- Within Steel Dust Recycling services business segment Befesa manages a Stainless sub-segment (90kt stainless-steel dust throughout 2021)
- Within Aluminium Salt Slags Recycling services business segment Befesa manages a Secondary Aluminium sub-segment (186kt secondary aluminium alloys produced in 2021)

Markets & sites

Steel dust recycling plants

1,839 kt

ANNUALLY INSTALLED CAPACITY
TO RECYCLE STEEL DUST
(CRUDE AND STAINLESS)⁵

Installed capacity by plant

1	Duisburg	Germany	Crude steel dust	87 kt
2	Freiberg	Germany	Crude steel dust	194 kt
3	Asúa – Erandio	Spain	Crude steel dust	160 kt
4	Fouquières-lès-Lens ¹	France	Crude steel dust	55 kt
5	Iskenderun ²	Turkey	Crude steel dust	110 kt
6	Gyeongju	South Korea	Crude steel dust	220 kt
7	Changzhou ³	China	Crude steel dust	110 kt
8	Xuchang ⁴	China	Crude steel dust	110 kt
9	Barnwell, SC	US	Crude steel dust	165 kt
10	Rockwood, TN	US	Crude steel dust	147 kt
11	Calumet, IL	US	Crude steel dust	142 kt
12	Palmerton, PA	US	Crude steel dust	163 kt
13	Gravelines	France	Stainless-steel dust	110 kt
14	Landskrona	Sweden	Stainless-steel dust	64 kt
15	Sondika/Amorebieta	Spain	Oxide	16 kt
16	Gravelines	France	WOX washing	100 kt
17	Pohang	South Korea	WOX washing	60 kt

¹ 50/50 joint venture with Recylex; 55 kt of the total 110 kt installed capacity corresponds to Befesa

² Befesa owns, either directly or indirectly, 53.60% of the Turkish operations; therefore, 110 kt installed capacity is fully consolidated

³ Plant started commercial production in December 2021

⁴ Plant construction completed in December 2021; commissioning started and ramp-up is expected in Q2 2022, with commercial output in H2 2022

⁵ Total annually installed capacity does not include the capacity of the oxide and WOX washing plants

Aluminium salt slags recycling plants

450 kt

ANNUALLY INSTALLED
CAPACITY TO RECYCLE
SALT SLAGS AND SPL

205 kt

ANNUALLY INSTALLED
CAPACITY TO PRODUCE
SECONDARY ALUMINIUM

Installed capacity by plant

18	Lünen	Germany	Salt slags & SPL	170 kt
19	Hanover	Germany	Salt slags & SPL	130 kt
20	Valladolid	Spain	Salt slags & SPL	150 kt
21	Erandio	Spain	Secondary aluminium	64 kt
22	Les Franqueses del Vallès	Spain	Secondary aluminium	66 kt
23	Bernburg	Germany	Secondary aluminium	75 kt

Map Key

- Steel Dust
- Aluminium Salt Slags
- Both

1.2 Letter from the CEO



*Befesa's operations
help avoid around
2.4 million tonnes
of CO₂ equivalent
each year*

Dear readers,

Following the publication of our 2021 Annual Report in March, I am happy to present our 2021 ESG Report, which provides an insight into the developments achieved in ESG during 2021 and an update on the main ESG performance indicators. This year, we dedicate a special chapter to Climate Change, in which we explain how Befesa is positioned regarding this important challenge.

As a vital part of the circular economy, we are very committed to making a strong contribution towards creating a more sustainable world. Our business strategy is fully aligned with our ESG strategy and is rooted in an increased contribution to the circular economy as we deploy our business model in new markets and geographies.

Befesa was created in 1987 with the ambition to reduce the environmental impact of industrial wastes.

With a goal of growth and innovation, Befesa achieves this by reducing hazardous waste volumes being sent to landfill using recycling processes that extract materials from waste that can be used again in the economy.

As a pure circular economy player, Befesa has been very successful in delivering its ambition to grow its recycling capacity and the volume of materials recovered over time.

Today, Befesa reduces landfill of hazardous materials by recycling more than 2 million tonnes of hazardous waste every year. By doing that we help in the preservation of biodiversity and avoid heavy metals leaking into soils and waterways causing pollution and environmental degradation.

Our main contribution to the world from the ESG point of view is our ability to recycle waste from EAF steel and secondary aluminium producers into zinc and aluminium, decreasing the cost of production by utilising secondary materials, and reducing the environmental impact of metals production by reducing the amount of mining that is necessary.

But also, from the climate change point of view, Befesa has a positive impact on the environment. The secondary materials created by Befesa's recycling processes are a substitute for more carbon intensive processes used to mine and process virgin raw materials. To analyse that, we engaged a top global management consulting firm to develop a lifecycle analysis of Befesa's CO₂ emissions. Using a lifecycle analysis approach, we evaluated the climate impact of Befesa across our value chain. The conclusion of that analysis is that Befesa's operations help avoid around 2.4 million tonnes of CO₂ equivalent each year.

Additionally, Befesa has multiple positive indirect effects on a more sustainable world, by enabling the transition to a low-carbon economy.



Our operations help to close the loop within steel and aluminium supporting a truly circular value chain. Befesa contributes to the decarbonisation of the steel and aluminium industries by enabling the transition to EAF steel and secondary aluminium production, which are much less CO2 intensive than primary production.

Furthermore, in Befesa we are committed to support climate goals that are based on widely agreed climate science and embedding sustainability further into our strategy.

As such, we are committing to a 20% GHG emissions intensity reduction by 2030, supported by a realistic roadmap to achieve the target, especially via green energy sourcing, electricity efficiency, process optimisation and raw material substitution.

Also, we are aiming at net zero emission by 2050 provided that certain technologies currently under development become technically viable and economically feasible by investing today into new technologies, partnering with relevant stakeholders, and reinforcing the sustainability ecosystem (biocoke, Hydrogen, Carbon Capture, etc.)

Finally, the Board of Befesa will discuss sustainability plans and progress within Befesa on a quarterly basis in a new Sustainability Committee which will be created comprising Directors of Befesa who have strong experience in ESG, technology and energy transition. You can find all the details about our Climate action plan in chapter 2.3.

Befesa will benefit from global trends towards the shift to EAF steel production, waste reduction, and increasing focus on environmental impact, which will provide long term growth to Befesa in the future years.

2021 was an extraordinary year for Befesa as we delivered the strongest results in the history of Befesa while making great developments in the execution of our growth strategy, which will enable us to grow at double digit in the coming years.

From the strategy execution point of view, 2021 was a remarkable year. We have entered one of the most important markets of steel dust recycling in the world like the North American market, of which we now service around 50% of the market.

Also in 2021, we have been able to complete and start operations in our first plant in China in the province of Jiangsu, as well as make great progress in our second plant in the province of Henan. These two developments in the US and China will set the foundation for accelerated growth over the coming years.

The strong development of Befesa in 2021 was also reflected across the ESG space, where we continued to deliver strong performance across many critical ESG dimensions, like health and safety where we have continued to deliver strong improvements in the performance, climate change or diversity and inclusion, are areas of increasing focus.

We have significantly increased the volume of waste recycled and materials recovered with the acquisition of AZR.

As part of the integration of AZR into Befesa, we are implementing all our internal policies and procedures, including HR policies, compliance, health and safety and risk management to ensure a common approach across Befesa.

The year 2022 is set to be another exciting year for Befesa, characterised by strong growth, with a focus on the integration of the US acquisition and the ramp up of our operations in China, while managing the covid restrictions.

Contributing to the creation of a more sustainable world has always been at the core of our business, but it is even more relevant during these volatile and challenging times.

I wish you an interesting read.
Yours sincerely,

Javier Molina
CEO










1.3 2021 ESG highlights

Befesa performed on a record level in 2021, despite a challenging macroeconomic and covid restricted environment.

Not only from a strategy point-of-view with two new plants in China and the acquisition of American Zinc

Recycling in the United States, but also in the Environmental, Social and Governance (ESG) areas, Befesa has made significant progress.

The main highlights of 2021 include:

Environmental				Social		Governance		
								
Capacities increased significantly by acquisition of AZR and two plants in China <p>The acquisition of American Zinc Recycling increased Befesa's capacity for steel dust recycling by more than 600 thousand tonnes. More information is available in chapter 1.4.</p> <p>The two new plants in China will contribute by more than 200 thousand tonnes to Befesa's total recycling capacity which amounts to more than 1,800 thousand tonnes now.</p>	Recycled volumes increased again <p>Recycled volumes increased considerably in 2021, supported by the first-time consolidation of American Zinc Recycling in August 2021.</p> <p>Steel dust recycling volumes grew by 28.9% to 885,724 tonnes (2020: 687 thousand tonnes). This avoids the landfill of the same volume of hazardous waste.</p>	New material production up <p>In total, Befesa produced 12.9% more new materials in 2021 compared to 2020, with volumes growing from 1,278 thousand tonnes to 1,442 thousand tonnes including the consolidation of American Zinc Recycling since August 2021.</p>	Climate Change Policy <p>Since the development of the Climate Change Policy in 2020, Befesa started an internal project to develop a Climate Change strategy including CO₂ reduction targets by 2030 and 2050. More information is available in the climate change chapter 2.</p>	Strong improvement in safety <p>Safety is one of the main topics at Befesa, given the industrial nature of its operations. Befesa has set the ambitious goal to reduce the LTIR (Lost Time Injury Rate) by at least 50% by 2024, compared to 2019). By the end of 2021, Befesa has reduced LTIR already by more than 50% compared to 2019.</p>	Diversity & Inclusion <p>Integration initiatives for people with disabilities were boosted and supported by the help of service providers that specialise in social inclusion.</p>	Code of Conduct for Suppliers <p>Already 70% of suppliers agreed to the supplier Code of Conduct newly introduced in 2021.</p>	Membership Zero Plastic index <p>Befesa is a founding member of the Zero Plastic Index, created in September 2021 and including eight European companies. Befesa's weight in the index amounted at the beginning to 13%.</p>	Improved ESG ratings <p>Befesa maintained or improved its rating level with four of the most relevant ESG rating agencies – Vigeo, Eiris, Sustainalytics and ISS – confirming Befesa's position among the best-rated companies within its specific sector.</p> <p>In addition, Arabesque measured Befesa's UN Global Compact score with its ten principles. Befesa's approach is among the top 2.5% of companies in the respective industry.</p>



The following tables show a summary of all KPIs on the environmental, social and governance areas which are reported and tracked by management

Environmental KPIs

Steel Dust Recycling Services (thousand tonnes)	2019	2020	2021
Residues managed/recycled			
Crude steel dust processed	666	687	886
Stainless steel dust processed	103	90	90
Total	769	777	976
New materials produced			
WOX	230	234	298
Metal alloys	47	40	37
Iron oxide	246	283	446
Total	523	557	781

Alu Salt Slags Recycling Services (thousand tonnes)	2019	2020	2021
Residues managed/recycled			
Salt Slags recycled	470	426	381
SPLs recycled	22	19	14
Scrap aluminium recycled	232	255	272
Total	724	700	667
New materials produced			
Aluminium concentrate	40	37	33
Aluminium melting salt	160	142	134
Secondary aluminium alloys	177	174	186
Aluminium oxides and others	275	368	308
Total	652	721	661

Total energy used (Gigajoules per output)	2017	2018	2019	2020	2021
Absolute in thousand Gigajoules (GJ)	2,990	3,204	3,470	3,094	3,223
Relative in Gigajoules (GJ) per output	2.01	2.08	2.36	2.12	1.96

Energy mix	2019	2020	2021
Electricity	14%	14%	16%
Fuel	17%	16%	19%
Coke and others	69%	70%	65%

GHG emissions	2017	2018	2019	2020	2021
Absolute in thousand tonnes CO₂ equivalent					
Scope 1 (direct)	531	568	575	558	695
Scope 2 (indirect)	78	96	89	92	102
Total (scope 1+2)	609	664	664	650	797
Relative in tonnes CO₂ equivalent per output					
Scope 1 (direct)	0.36	0.37	0.39	0.38	0.42
Scope 2 (indirect)	0.05	0.06	0.06	0.06	0.06
Total (scope 1+2)	0.41	0.43	0.44	0.45	0.48

Water	2017	2018	2019	2020	2021
Absolute in thousand m³					
Consumption	1,760	1,853	1,720	1,873	2,130
Effluent release	700	730	674	882	895
Relative in m³ per output					
Consumption	1.18	1.2	1.17	1.28	1.29
Effluent release	0.47	0.48	0.45	0.60	0.54



Social KPIs

	2017	2018	2019	2020	2021
Number of employees	1,107	1,128	1,147	1,137	1,550
by segment					
Steel Dust	603	612	626	648	1,054
Aluminium Salt Slags	472	482	488	454	457
Corporate	32	34	33	35	39
by country					
Germany	376	378	383	388	406
Spain	361	376	372	380	385
France	106	97	105	102	101
Turkey	91	98	95	92	90
Sweden	77	80	79	72	72
South Korea	55	54	68	72	70
United Kingdom	37	40	35	5	–
China	3	5	10	26	78
United States	–	–	–	–	348
by function					
Plant staff	838	848	863	832	1,166
Administrative	95	99	101	105	125
QHS/Technology/R&D	83	91	96	110	140
Selling/Sales	59	56	54	55	78
Corporate	32	34	33	35	41

	2017	2018	2019	2020	2021
by category					
Operators	680	693	703	674	972
Other employees	427	435	444	463	578
Trainees and interns	n.a.	n.a.	23	22	15
by contract type					
Unlimited	979	1,004	1,016	993	1,325
Limited	102	102	110	122	197
Partial retirement	26	22	21	22	28
by age group					
up to 29	95	102	110	115	135
30-39	308	302	309	312	414
40-49	313	328	319	310	383
50-59	299	306	306	293	395
over 60	92	90	103	107	223
by gender					
Male	967	986	998	977	1,360
Female	140	142	149	160	190
share male (in %)	87%	87%	87%	86%	88%
share female (in %)	13%	13%	13%	14%	12%

	2017	2018	2019	2020	2021
Operators	680	693	703	674	972
Share Male (absolute numbers)	675	688	697	669	963
Share Female (absolute numbers)	5	5	6	5	9
Share Male (in %)	99.3%	99.3%	99.1%	99.3%	99,1%
Share Female (in%)	0.7%	0.7%	0.9%	0,7%	0,9%
Other employees/Administration	427	435	444	463	578
Share Male (absolute numbers)	292	298	301	308	397
Share Female (absolute numbers)	135	137	143	155	181
Share Male (in %)	68.4%	68.5%	67.8%	66.5%	68,7%
Share Female (in%)	31.6%	31.5%	32.2%	33.5%	31,3%
Average seniority in years	13	13	12	13	9,29
Average age	44	44	44	45	44,50
Turnover rate	1.89%	1.76%	1.53%	2.13%	2.40%
Permanent contracts	88,0%	85%	89%	87%	85%
Training hours					
per employee	22	22	24	19	20
operators			45%	50%	50%
other employees			55%	50%	50%
Total training hours	24,634	24,822	27,012	17,474	23,513
Training cost					
operators		€ 160,440	€ 120,279		€ 173,374
operators		37%	48%		47%
other employees		€ 267,939	€ 129,836		€ 193 573
other employees		63%	52%		53%
Total training costs		€ 428,379	€ 250,115		€ 366,946

	2017	2018	2019	2020	2021
Donations and sponsorships (€)	84,525	104,925	116,711	133,684	139,749
Humanitarian and social projects	17,300	27,500	25,000	34,730	44,063
Education and culture	5,650	1,800	17,051	31,900	28,992
Sponsorship	61,575	75,625	74,660	67,054	66,694
Average 2021 Registration					
by country					
Germany					26.8%
Spain					19.2%
Sweden					13.4%
United States					11.8%
China					11.2%
South Korea					7.2%
Turkey					6.7%
France					3.7%
by age group					
up to 29					17.5%
30 – 39					48.3%
40 – 49					23.8%
50 – 59					8.2%
over 60					2.2%
by gender					
Female					12.4%
Male					87.6%



01 / ESG at Befesa

1.4 ESG strategy & commitments

Befesa provides regulated environmental recycling services to the steel and aluminium industries on three continents for a more sustainable world.

Befesa plays a vital role in the circular economy as a provider of hazardous waste recycling services to steel and aluminium recycling companies. Befesa recycled 1.6 million tonnes of hazardous waste and residues in 2021 and recovered 1.4 million tonnes of new materials, which were reintroduced into the market, reducing the consumption of primary natural resources.

As a result of its activities, Befesa has a very positive impact on preserving biodiversity by avoiding mining and waste being landfilled. Befesa's core business is based on sustainability and it has played a key role in the circular economy since 1987. Sustainability and environmental protection regulations have been the main growth driver for Befesa since 1987 and it will remain the main growth driver in the future as new geographies in the world adopt more stringent environmental legislation.

Befesa's ESG strategy is fully aligned with its business strategy. Part of Befesa's strategy was to enter the market in China which Befesa prepared with the opening of an office in Beijing more than ten years ago. China is the largest market for steel and aluminium

production, and therefore for recycling services. Additionally, China introduced a strong environmental regulations in 2018. Befesa finished construction of one recycling plant in China in 2021, followed by a second plant in 2022. With these new, state-of-the-art plants, Befesa is helping steel makers in China to comply with environmental regulations by providing the same high quality recycling services as other markets where Befesa operates. The steelmakers will receive the service of collecting, transporting and recycling to fulfill the hazardous waste environmental regulations.

Befesa's strategic ambition is to make the world more sustainable by helping its customers to comply with environmental regulations and enabling the circular economy by recycling higher volumes of hazardous waste, recovering valuable materials that are then reintroduced into the economy. In this way, it supports the preservation of natural resources and protection of biodiversity.

As Befesa executes its business strategy of increasing recycling capacity in new markets that adopt environmental protection regulations, a greater contribution to the circular economy will be made.

In order to achieve this, Befesa has a special focus on three main areas:

Befesa's core business is based on sustainability and it has played a key role in the circular economy since 1987.

1. Improving recycling operations

Befesa has been improving its recycling operations based on the Best Available Technologies (BAT) since its foundation and is now the global leader in its industry. Nevertheless, Befesa continues to invest in improving its technology and operations even further.

2. Health and safety

Operating large industrial plants, health and safety is one of the most critical aspects at Befesa. Befesa has been working to reduce the number of accidents while achieving zero fatalities for more than five years.

3. Compliance

Compliance is also at the core of Befesa throughout the entire organisation. This is reflected in a strong Code of Conduct, ethical business practices, comprehensive internal audits and strong corporate governance.

01 / ESG at
BefesaESG strategy and commitments **continued**

Beyond these three main areas, Befesa puts a lot of effort into many other aspects of ESG. Employees are a key factor in Befesa's success. Promoting, developing and taking care of them are some of the Company's most important tasks.

Befesa's Board of Directors and senior management dedicate significant time and resources to manage all the key aspects of ESG, including the development and review of policies measuring performance and applying best practices.

BEFESA'S VISION

Befesa aims to be the global leader in the management and recycling of hazardous residues to the steel and aluminium industries by continuing to play a growing role in a more sustainable world and the circular economy.

BEFESA'S STRATEGY

Befesa focuses on achieving its goals by developing improvements in existing technologies, optimising operations and product quality, and increasing efficiency whilst investing in organic growth and scaling up its proven business model into new and emerging markets.

BEFESA'S BUSINESS

Befesa's business is to provide sustainable solutions to the steel and aluminium industries through servicing and recycling hazardous residues generated in the value chains of secondary steel and aluminium producers. Befesa focuses its core efforts on recycling hazardous residues: crude steel dust, salt slags and SPL. Befesa has been a part of the circular economy for more than three decades.

BEFESA'S PRINCIPLES

Befesa places a strong emphasis on its social responsibility and helps to create a sustainable world.

Befesa's ESG strategy is fully aligned with its corporate strategy and this is reflected in Befesa's vision, strategy, business and principles.

Key ESG principlesEnvironmental
protectionHealth
& safety

Compliance

Operational
excellenceClient
focusHighly qualified
employeesIntegrity &
transparency

1.5 Acquisition of American Zinc Recycling

In August 2021, Befesa acquired 100% of American Zinc Recycling (AZR) assets, a US market leader in providing dust recycling services to steel producers using Electric Arc Furnaces.

The transaction represents a great step forward in accelerating Befesa's growth globally.

Electric arc furnace (EAF) is the prevailing steelmaking method in the US, accounting for more than 70% of total steel produced. As such, the US has one of the largest and growing markets of EAF steelmakers globally driven by the decarbonisation trend and EAF's relatively-lower carbon footprint.

Headquartered in Pittsburgh, PA, AZR is a leading provider of environmental hazardous waste recycling services to the US steel industry with a processing capacity of around 620,000 tonnes of steel dust per year. AZR operates four steel dust recycling plants in South Carolina, Tennessee, Illinois and Pennsylvania, in close proximity to major EAF steel mini-mills.

As an integral part of Befesa, the company started to implement the full scope of Befesa's values, guidelines and internal procedures as soon as possible into AZR operations in order to ensure control.

According to International Accounting Standards, figures are included in Befesa's financial statements from the closing date of the deal in August 2021. In terms of ESG data, Befesa has included figures (where available) into this ESG report. Details about the scope of data are explained in chapter 8.1.

Befesa aims to introduce all policies, procedures and guidelines in AZR, now rebranded as Befesa Zinc US.



1.6 ESG Materiality Analysis

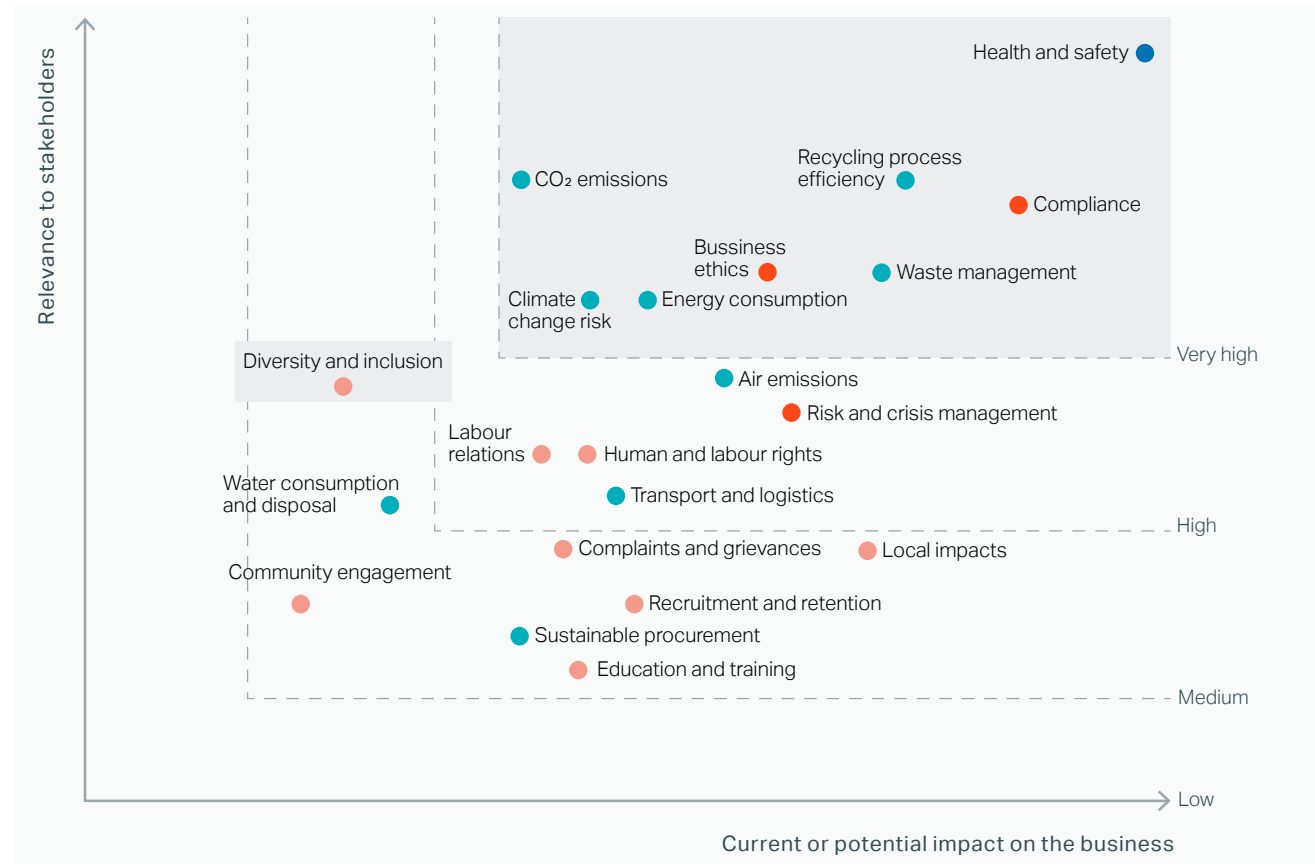
Befesa conducted a materiality analysis of its sustainability topics. The process identified critical environmental, social and governance topics that may have a significant impact on Befesa's business performance and/or on achieving its business goals.

The analysis involved interviewing internal and external stakeholder to understand the sustainability topics stakeholders think are most important in relation to Befesa's operations.

35 people, including employees as well as external stakeholders (customers, suppliers, investors) were interviewed to rank a list of sustainability topics.

The materiality analysis helps Befesa to understand the most important sustainability topics, prioritise them and set targets.

Befesa materiality matrix



RESULTS OF THE MATERIALITY ANALYSIS

The top ranked topics are:

- Health and Safety
- Compliance
- Recycling process efficiency
- Waste management
- Business ethics
- CO₂ emissions
- Climate change risk
- Energy consumption
- Diversity and inclusion

These results are not a surprise to Befesa.

Health and safety is a key priority to Befesa for many years and in general, for all companies operating industrial plants this topic is very important: the life and wellbeing of own employees as well as employees from third party contractors and customers is a top priority for Befesa.

Compliance is a necessary and important factor for Befesa and is a prerequisite for doing business and for the long term success of the company.

Especially for Befesa as a company with a sustainable business model offering recycling services, environmental topics like recycling process efficiency, waste management as well as CO₂ emissions are very important.

In summary, although Befesa has identified the most relevant ESG topics, which are the ones that could have a more material impact, all aspects of ESG are important for Befesa and managed properly.



1.7 Stakeholder engagement

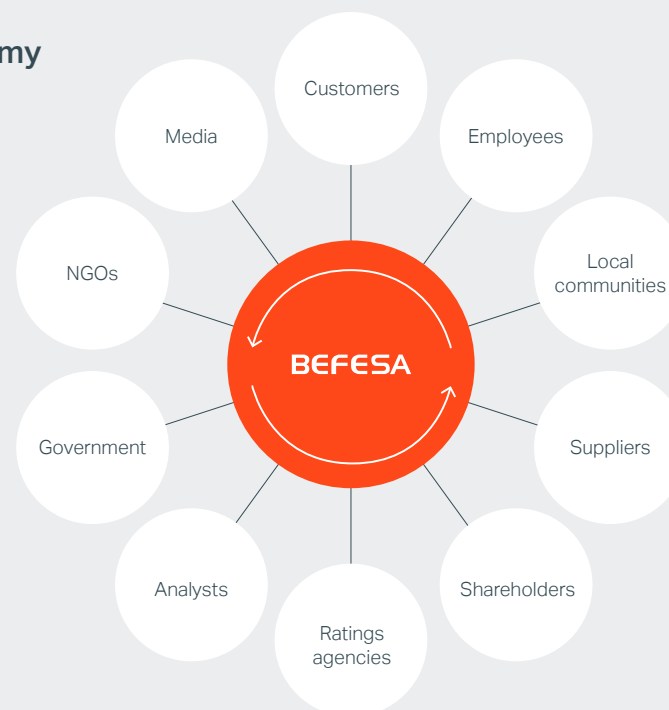
For Befesa, stakeholders are those individuals and organisations that affect or are affected by Befesa's business operations.

Befesa seeks engagement opportunities and gathers feedback from stakeholders to build relationships based on trust and to ensure their input is considered in Befesa's operations, as well as on the decision making process of Befesa. Befesa pays close attention to society's views, works to identify emerging opportunities and risks, and welcomes opportunities for dialogue with stakeholders. In 2021, Befesa continued intensive and direct dialogue with existing shareholders, analysts and potential investors. In total, 430 meetings were held during 2021 which were conducted due to the pandemic virtually.

ESG topics are becoming more relevant and are now part of the conversation in a large majority of the meetings compared to a minority of meetings three years ago.

Especially climate change and CO₂ emissions were a key topic, but also labour issues and specific governance topics, particularly composition of the board and remuneration. The discussions are a valuable source to understand the view of the investors and what is expected. The announcement of CO₂ targets and an increased level of transparency in the remuneration report was driven by an open dialogue with shareholders. This shows strongly that ESG has moved from a niche to a

Circular economy



mainstream topic within the capital markets and investment community. The percentage of meetings with a clear focus on ESG also increased significantly. Befesa has used the content and updates from these meetings to guide development of this ESG Report for 2021.

The continuous dialogue with Befesa's stakeholders forms an adequate base for the ESG Report in terms of meeting the needs and expectations of the different target groups which was also reflected in the materiality analysis in chapter 1.7.

1.8 ESG targets

Befesa continues to be committed to all ESG targets first published in the Befesa Sustainability Report 2019 and is on track to achieve them. Some targets have already been achieved in 2020 and 2021. Befesa is continuously reviewing and updating its ESG targets to drive continuous improvement across all ESG dimensions, setting higher standards and delivering against them.

General targets

Target	Progress	Next steps
Waste volume recycled <p>Befesa's growth target is to increase its hazardous waste recycling volume from around 1.5 million tonnes in 2019 to more than 2 million tonnes by 2025, thereby enhancing Befesa's contribution to the circular economy and protecting the environment</p>	<p>Waste volumes will increase with the ramp up of the plants in China. This development was part of the target. In addition driven by the acquisition of AZR the volumes increased already in 2021 and will increase even more in 2022</p>	<p>Based on the additional volume from the AZR acquisition the target has been updated and increased</p> <p>Please see page 86 of Outlook for more details</p>
Priorities and targets: <ul style="list-style-type: none"> ■ Improve the Company's ESG ratings ■ Be included in a relevant sustainability index 	<p>As of 31 December 2021, ESG rating agencies following Befesa and their respective ESG ratings assigned to Befesa were:</p> <div> <div> <p>Top 3 of 205 Metals & Mining</p> </div> <div> <p>#3 of 60 Commercial services</p> </div> <div> <p>#5 of 105 Business services</p> </div> <div> <p>BBB Commercial Services & Supplies</p> </div> <div> <p>Top 5% Industrial services</p> </div> <div> </div> </div> <p>ESG ratings for Befesa improved in 2020 and further in 2021. Since autumn 2020, Befesa is included in the Global Challenges Index</p>	<p>Befesa is working on improving its ESG ratings and aims to improve the scores driven by more transparency and better performance</p>



Environmental targets

Target	Progress	Next steps
Increase the volume of hazardous waste managed and recycled according to Befesa's strategic plan: ■ More than 2 million tonnes of hazardous waste recycled by 2025	Befesa is on track to achieve this target, but based on the acquisition of AZR this target has been reviewed and increased In 2021 Befesa managed more than 1.6 million tons of hazardous waste, 11% more than in 2020	Based on the additional volume of the AZR acquisition the target is increased to 2.4 million tonnes of hazardous waste recycled by 2025 Please see page 86 of Outlook for more details
Increase the volume of valuable materials recovered from the waste according to Befesa's strategic plan: ■ More than 1.5 million tonnes of valuable materials recovered by 2025	Volumes increased in 2021 by 13% and will increase more driven by the new plants in China which were included the target, but in addition more volumes are added by the acquisition of AZR This is why the target was increased	The AZR acquisition has been included into the targets More than 1.8 million tonnes of valuable materials recovered by 2025 Please see page 86 of Outlook for more details
Complete certification of all plants to ISO 50001 energy management system by 2023 (Does not include Chinese and newly acquired US plants)	Completed. All locations (with exception of Chinese and US locations), have robust energy management systems in place, that includes ISO 50001 and EMAS for many locations	The Chinese and US locations will work for progressive full integration in Befesa management systems



Social targets

Target	Progress	Next steps
Excellence in health and safety is a priority for Befesa. The Company aims to reduce the LTIR (Lost Time Injury Rate) by at least 50% by 2024 compared 2019, including contractors	Already strong improvement since 2019: from 1.98 to 1.26 in 2020 and 0.81 in 2021	The target was already reached (earlier than expected): maintain and decrease the LTIR further
Maintain zero fatalities	No fatalities	Keep zero fatalities as a top priority
Implement the Company's compliance, Code of Conduct, HR processes and equality standards in the Asian markets where Befesa operates	Befesa successfully implemented its policies and procedures in China such as the Compliance Policy, Code of Conduct, Human Resources and Diversity, Equality & inclusion Policies, ensuring the cohesion of Befesa's principles and practices in China	The target was reached The policies are being implemented in the US after the acquisition of AZR
Boost integration initiatives for people with disabilities engaging with companies specialised in social inclusion	Befesa sponsored the autism chair of the Seville University, with the goal to foster access to the University for people with Autism and facilitate their labour market entry. Besides that Befesa bought office supplies and materials for different purposes from organisations working with people with disabilities (e.g.) kaleidoscopes, produced by people with disabilities and gifted to all the children of the employees who participated in the annual greeting card contest. Furthermore, Befesa hired services from subcontractors who employs people with disabilities for services such as gardening, cleaning and security	Befesa showed how to integrate people with disabilities. The efforts will continue over the coming years
Continue offering leadership training to the management team in order to push the success of teams and departments	Taking into consideration that safety is an integral part of Befesa's business, training in Health and Safety leadership has been conducted for middle managers. Focusing on visible leadership, the training aims to create a positive safety culture; to increase the influence of middle managers and the safety engagement in their teams; reinforcing the safety dialogue culture. Combined with local leadership training initiatives, and the young professionals (training the next leadership generation) Befesa continuously works on improving internal leadership management skills	Training will continue being a priority for Befesa over the coming years

Governance targets

Target	Progress	Next steps
Train all Befesa IT users on cybersecurity	Target achieved	A cybersecurity awareness programme has been implemented, which includes periodic user training, covering every two months the most relevant topics related to cybersecurity
Reach at least 90% of employees in administrative functions with compliance training every year	In place more than 90% reached	Roll out training to all employees in China and the US
Provide copies of the Code of Conduct to all employees	Target achieved	Ongoing process. All newly hires employees will be provided with the Code of Conduct
Roll out Befesa's improved Code of Conduct for Suppliers and achieve coverage representing at least 80% of purchases by 2022	Already 70% achieved in 2021	Continue and reach at least 80% as targeted
Continue to rigorously conduct an annual risk reassessment	2021 internal risk assessment successfully carried out	Part of the regular annual risk reassessments

01 / ESG at
Befesa

1.9 ESG ratings

ESG ratings on Befesa are available from five ESG ratings agencies. In contrast to credit ratings, ESG ratings differ due to different approaches and different scoring criteria.

Many asset managers use their own methodology for selecting companies to invest in and use ESG ratings as a data source to make the relevant data collection easier. Befesa aims to fulfil the data and information needs of rating agencies and potential shareholders and is open to improve and extend transparency with requested data.



Top 3 of 205
Metals & Mining



#3 of 60
Commercial services



#5 of 105
Business services



BBB
Commercial Services & Supplies



Top 5%
Industrail services

1.10 EU Taxonomy summary

The EU taxonomy for sustainable activities, also known as the green taxonomy, is a common classification system established by the European Union to clarify which economic activities are environmentally sustainable.

The EU taxonomy is designed to support the European green deal and help the EU scale up sustainable investment. The aim of the taxonomy is to support investors make greener investment choices and to prevent greenwashing, such as overclaiming the environmental benefit of a specific product, service or company. The EU taxonomy regulation establishes six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

The Climate Delegated Act is applicable from 1 January 2022. So far, only the list of eligible activities for the two first objectives have been approved, climate change mitigation and adaptation.

The list of eligible activities and technical screening criteria for the remaining four environmental objectives – Sustainable use and protection of water and marine resources; Transition to a circular economy; Pollution prevention and control; Protection and restoration of biodiversity and ecosystems – are expected to be published in 2022 and to be applicable from 1 January 2023.

Given that at the moment of publication of the Befesa ESG Report 2021, the technical screening criteria for all six environmental objectives of the EU Taxonomy Regulation are not yet published, Befesa estimated its impact and eligibility.

Eligibility of Befesa



01 / ESG at Befesa

BEFESA AND THE EU TAXONOMY

To be considered a sustainable activity under the EU taxonomy, an economic activity must meet four overarching conditions, these are:

- Making a substantial contribution to at least one environmental objective
- Doing no significant harm to any other environmental objective
- Complying with minimum social safeguards
- Complying with the technical screening criteria

In case of Befesa, according to experts and advisors as well as to own estimates, 100% of Befesa's revenue, capex and operating expenses are eligible & aligned under the EU Taxonomy, due to activities relating to the Recyclable Materials being covered in the technical screening criteria, under the objective of "Transition to a circular economy".

By using only the first two environmental objectives which are finalised, 53% of Revenue, 20% of CapEx and 58% of OpEx of Befesa's operations in 2021 are EU Taxonomy-eligible. More details are shown in chapter 8.





2

Focus topic: Climate change

2.1	Overview	28
2.2	Assessing Befesa's lifecycle CO ₂ impact	30
2.3	Befesa's Climate Action Plan	33

02 / Focus topic: Climate change

2.1 Overview

SUSTAINABILITY AT THE CORE OF BEFESA

- Direct environmental benefits of Befesa
- Additional sustainability benefits of Befesa

HOLISTIC CO₂ IMPACT OF BEFESA/ LIFECYCLE ANALYSIS

- Befesa's Carbon footprint
- Results of the analysis
- Methodology

BEFESA'S CLIMATE ACTION PLAN

- CO₂ reduction targets
- Measures to achieve the targets
- Scope 3 emissions
- Governance of Sustainability

SUSTAINABILITY AT THE CORE OF BEFESA

Since its inception Befesa has provided clear benefits to the environment

Befesa was created in 1987 with the ambition to reduce the environmental impact of industrial wastes. With a goal of growth and innovation, Befesa achieves this by reducing hazardous waste volumes being sent to landfill using recycling processes that extract virgin materials from waste that can be used again in the economy.

As a pure circular economy player, Befesa has been very successful in delivering its ambition to grow its recycling capacity and the volume of materials recovered over time.

Befesa's direct positive environmental impact

- **Reducing landfill** of hazardous materials by recycling. 2 million tonnes of hazardous waste recycled per year, greater than all waste produced by Madrid every year

Befesa helps in the preservation of biodiversity and avoids heavy metals leaking into soils and waterways causing pollution and environmental degradation.

- **Recovery and production of new valuable materials** through recycling, avoiding primary production of raw materials. More than 1.6 million tonnes of materials recovered per year, equivalent to the output of the top five zinc mines and around 8% of EU primary aluminium production.

At a business line level:

Befesa's Steel Dust Recycling business unit has the capacity to recover more than one million tonnes of valuable metals annually, mainly zinc but also including rare metals such as Molybdenum.

Befesa's Aluminium Salt Slags Recycling business unit has the capacity to recover more than 200,000 tonnes of aluminium annually, as well as 150,000 tonnes of industrial salt.

- **Best-in-class technology** Befesa uses Best Available Technologies (BAT), researching and deploying BAT to help reduce environmental impacts.



02 Focus topic: Climate change

Overview [continued](#)

■ Avoidance of greenhouse gas (GHG) emissions.

The secondary materials created by Befesa's recycling processes are a substitute for more carbon intensive processes used to mine and process virgin raw materials. In this way Befesa's operations help avoid around 2.4 million tonnes of CO₂ equivalent each year: three times the annual emissions of Puerto Rico

Additionally, Befesa has multiple positive indirect effects on a more sustainable world, by enabling the transition to a low-carbon economy.

- **Circular economy** pure player. Befesa's operations help to close the loop within steel and aluminium supporting a truly circular value chain. Market leader in residue recycling services for secondary steel and aluminium producers providing an environmentally friendly alternative to hazardous waste going to landfill
- **Energy transition.** Increasing the supply of **key metals for energy transition**, including zinc, aluminium, chrome, magnesium, nickel, molybdenum, and providing a way to effectively recycle them indefinitely
- **Enabling Electric Arc Furnace (EAF) steel production.** Contributing to the decarbonisation of the steel industry by enabling the transition to EAF steel production. EAF production processes recycles steel and is 85% less CO₂ intensive than Basic Oxygen Furnace (BOF) steel production. Befesa's services relate to the lower-carbon EAF steelmaking process, recycling steel dust which is a hazardous residue from EAF production

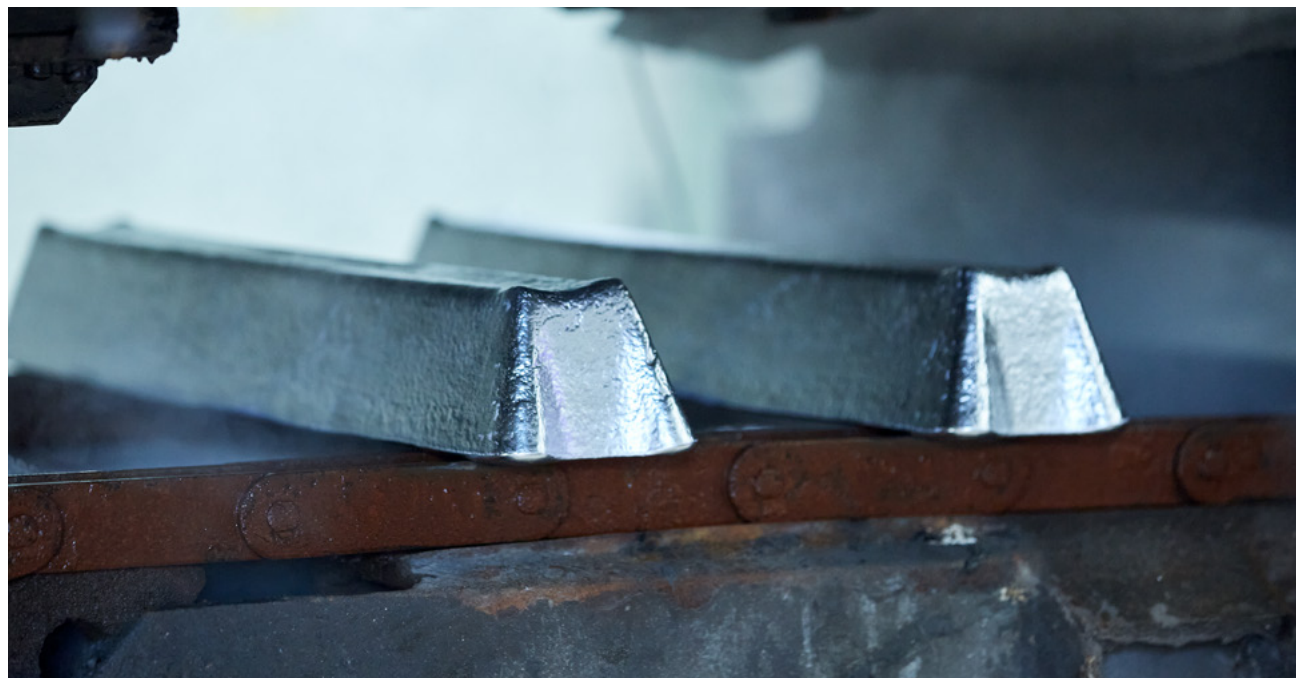
■ Enabling secondary aluminium production.

Contribution to the decarbonisation of the aluminium industry by enabling secondary aluminium production. Recycled aluminium is around 99% less CO₂ intensive than primary aluminium production from mined ores. Befesa only services the lower-carbon secondary aluminium sector by treating their hazardous waste, including aluminium salt slags and spent pot linings

- **Natural resource depletion.** By recycling steel and aluminium production waste and reintroducing raw

materials into production processes, Befesa is reducing demand for mined resources that feed into primary production. This also supports cost competitiveness within the sectors we serve

- **Extending the useful life** of steel by participating in the zinc value chain, which is essential for steel galvanization
- **Growth ambition.** Ambition to increase recycling capacity and enable the market to move towards cleaner alternatives in the most polluting areas (USA and China)



2.2 Assessing Befesa's lifecycle CO₂ impact

- Befesa's Carbon footprint
- Methodology
- Results of the analysis

BEFESA'S CARBON FOOTPRINT

Befesa and its products and services are clearly contributors to a more sustainable world. It is part of the climate change solution by substituting virgin raw materials with recycled raw materials, which have a lower carbon profile.

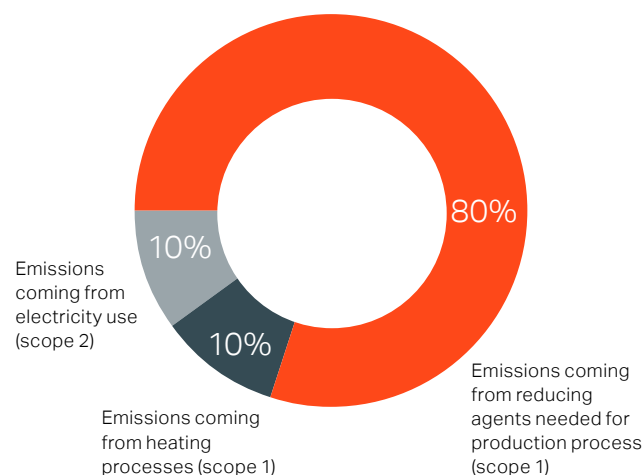
However, the technology and processes employed by Befesa today require significant energy inputs to process and recycle hazardous wastes and extract the valuable materials out of them.

Befesa's CO₂ emissions are predominantly direct emissions (scope 1), which come from energy and reducing agents used in the production process. In the steel dust business, CO₂ emissions mainly come from the chemical reaction between coke, coal (carbon) and steel dust in the waelz furnaces. This process is a reduction and oxidation chemical reaction that produces the separation of the zinc at a very high temperature.

Additional CO₂ emissions come from natural gas used for heating in the secondary aluminium and salt slags business where high temperatures are required in the metallurgical processes.

Indirect emissions from electricity use (scope 2) represent the remaining CO₂ emissions in Befesa.

Befesa's carbon footprint



Around 88% of Befesa's carbon footprint relates to the steel dust business, which at the same time represents a similar portion of Befesa's total EBITDA.

METHODOLOGY

Befesa engaged a top global management consulting firm to develop a lifecycle analysis of Befesa's CO₂ emissions. Using a lifecycle analysis approach, Befesa has evaluated its climate impact across the value chain, answering the question, "What are the CO₂ savings enabled through Befesa's business?" In other words, what CO₂ emissions would be emitted if Befesa did not exist and carry out its recycling services?



The analysis captures the difference between Befesa's own carbon footprint and the end-to-end value chain for each of Befesa's products and services. The methodology considers the two following components:

Actual production process: it compares the carbon footprint of Befesa production processes, from the input materials to the secondary raw materials produced, against the primary production processes that are used to create the same volume of virgin products.

Befesa competes with primary producers of virgin materials, including mines, smelters and primary metal producers. The analysis is based on a dataset, which includes all global zinc mines, their cost curves (cash costs) and their GHG intensities.

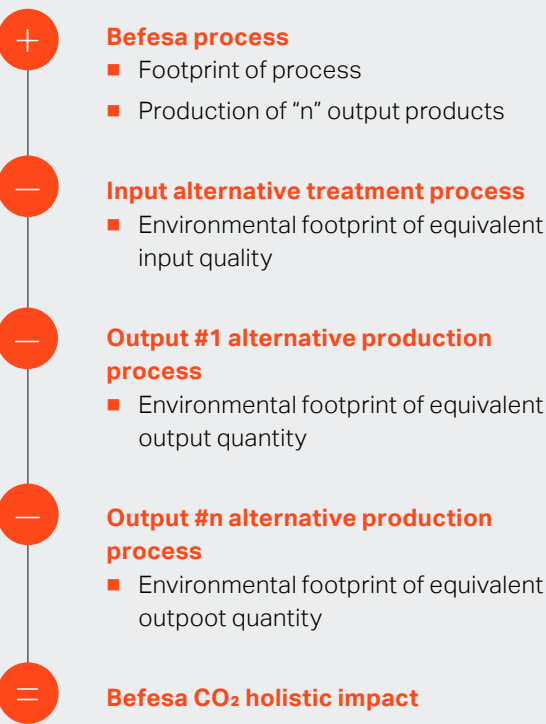
Maritime transport: maritime transportation has been considered so that additional transportation of primary materials versus Befesa sourcing is captured. This assumes that inland transportation may occur for both primary and secondary sources of materials.

A summary of the lifecycle analysis methodology is shown on the right.

- Befesa prevents emissions of > 2.4 million tonnes CO₂eq per year
- Steel segment adds 0.2 million tonnes of CO₂ vs primary production
- But aluminium segment prevents 2.5 million tonnes CO₂ compared to primary production
- In total Befesa's processes across the whole business avoid 2.4 million tonnes of CO₂e (as well as additional environmental benefits of reduced landfill).

Bottom-up methodology overview

Difference between Befesa and alternative end-to-end value chain sustainability environmental footprint



02

Focus topic:
Climate change

Assessing Befesa's lifecycle CO₂ impact **continued**

STEEL DUST

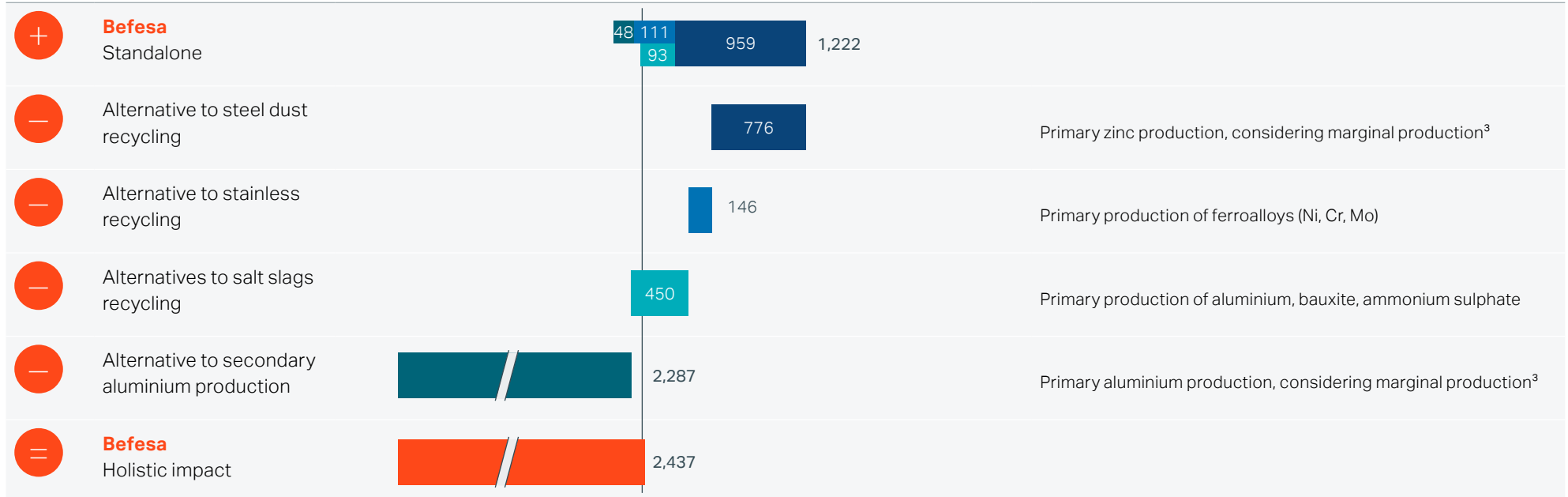
- Recovery of >1,000 ktons of valuable metals (incl. rare metals such as Molybdenum) and avoidance of heavy metal leaks into soils and waterways that lead to eutrophication and environmental degradation
- Adds ~200 kton CO₂eq per year (considers scope 1, 2 and maritime transport)

ALUMINIUM

- Recovery of >200 ktons of aluminum; avoidance of reactive leaks into soils and waterways that lead to methane and CO₂ emissions
- Avoidance of emission of ~2,500 kton CO₂eq per year

GHG emissions overall impact¹; 2022 pro forma², kton CO₂eq

Alternative source if Befesa did not exist


¹ Considers Scope 1, 2 and maritime transport

² Includes current capacity at reference year, and USA and China considering full year metrics

³ 75-100% cost curve percentile

02 / Focus topic: Climate change

2.3 Befesa's Climate Action Plan

BEFESA'S HISTORY OF CARING FOR CLIMATE

Despite being a recognised sustainability leader in the circular economy, Befesa wants to go further with its commitment to sustainability.

This follows the history of Befesa of continually setting new standards on this topic pushing Befesa in the direction of continual improvement in sustainability. Last year marked a major milestone for Befesa with the creation of the **Befesa Climate Change Policy**. The Policy explains Befesa's position on climate change, how it manages GHGs and opportunities for Befesa to reduce its current emissions.

GOING FURTHER

Befesa wants to increase its transparency on sustainability impact metrics by regularly and consistently communicating comparable environmental metrics covering consumption of resources and related emissions. This includes metrics relating to water, land, pollution, and energy use and GHG emissions.

Today, climate change and GHGs have been identified as a high priority and Befesa will continue to engage with all stakeholders' groups to understand the materiality of sustainability topics.

Befesa is committed to reducing its carbon footprint by:

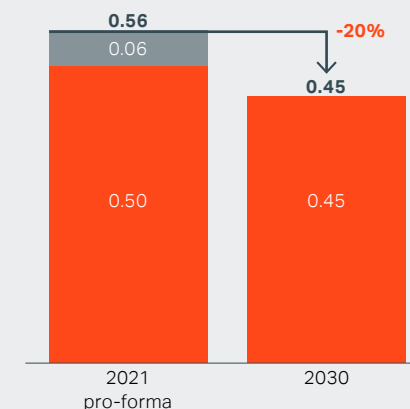
- Supporting climate goals that are based on widely agreed climate science and embedding sustainability further into the company strategy
- **2030 commitment:** Committing to a 20% GHG emission intensity reduction by 2030, supported by a realistic roadmap to achieve the target, especially via green energy sourcing, process optimisation and raw material substitution
- **2050 vision:** Aiming at net zero emission by 2050 provided that certain technologies currently under development become technically viable and economically feasible. By investing in new technologies, partnering with relevant stakeholders, and reinforcing the sustainability ecosystem (biocoke, Hydrogen, Carbon Capture, etc.)
- **Governance:** The Board of Befesa will discuss sustainability plans and progress within Befesa on a quarterly basis. A new Sustainability Committee will be created comprising Directors of Befesa who have strong experience in the ESG, technology and energy transition

Both Befesa business segments are conducting Research and Development into low-carbon solutions and in the process of implementing relevant operational improvements to move towards our 2030 commitment and 2050 vision.

2030 Roadmap

Befesa is committed to reduce its CO₂ emissions intensity by 20% by 2030 compared to the 2021 pro-forma level, which has been set as a baseline.

Befesa overall GHG emission intensity reduction



■ Scope 1
■ Scope 2

The 2021 pro-forma represents the actual real footprint of Befesa as of the date of this report. As such, it considers 100% of the operations in the USA coming from the acquisition of AZR recycling plants in August 2021. It also considers the two EAF dust recycling plants currently operating in China, in the provinces of Jiangsu and Henan.

Although this number is different from the 2021 real CO₂ emissions and intensity, it represents a more representative and normalised scope of Befesa's operations as of today and therefore the baseline for the 20% reduction has been set considering that.

In order to achieve the target of reducing GHG emission intensity by 20% by 2030, Befesa has developed a roadmap with three main elements:

1. Green power sourcing & electricity efficiency

Emissions from the use of electricity (Scope 2) account for around 10% of the total CO₂ emissions of Befesa. But in 2021, only around 20% of the electricity purchased by Befesa comes from renewable sources. This percentage is driven by the power generation mix of the electricity suppliers of Befesa.

Befesa will change this by proactively sourcing electricity coming from renewable sources.

Befesa operates in countries with well-developed markets for renewable power purchase agreements (PPA), like Germany, Spain and the US. Befesa expects to significantly increase its renewable energy purchase in these countries via PPAs.

In order to achieve that, Befesa is already in contact with PPA providers to analyse further this opportunity. This will cover the electricity consumption across all the business of Befesa, steel dust, aluminium salt slags as well as secondary aluminium.

Additionally, and complementary to the above, Befesa is analysing the implementation of an promising energy efficiency initiative in the steel dust recycling business to recover the heat from the post combustion gases to produce electricity for self-consumption in the plants.

A preliminary assessment estimates that this initiative could cover between 60% to 70% of the total electricity needs at each of the steel dust recycling plants.

This will reduce the total electricity purchase needs from the grid via renewable PPA.

2. Operational efficiency

The opportunity to reduce CO₂ emissions in the steel business is much greater than the opportunity in the aluminium business. In the steel dust business, Befesa will reduce its carbon footprint via the following actions:

- Optimisation in the coke mix (petrochemical coke, metallurgical coke and anthracite) to reduce emissions. Befesa's R&D team is carrying out several trials using different mixes of coke types to reduce carbon emissions from the chemical reactions needed to recycle steel dust into Waelz oxide

- Decrease of average usage of coke per ton of steel dust throughput across all plants, applying the best practices of Befesa across all its recycling assets to bring overall carbon efficiency to the best-in-class level where the carbon efficiency is the highest compared to the other plants
- Several energy efficiency measures mainly based on the replacement of old, less efficient equipment for more modern, energy efficient. Befesa's R&D team is developing a system to measure and analyse the energy consumption associated to the main equipment types in Befesa plants in order to prioritize equipment upgrades

In the aluminium business, Befesa is also implementing energy efficiency measures across all plants, including replacing old equipment with modern, energy efficient equipment, as well as energy measurement and monitoring systems to identify and prioritise energy saving opportunities.

3. Raw materials substitution

In the steel dust business, Befesa is looking at opportunities to partially substitute coke with alternative reducing agents that have a lower carbon footprint, such as biocoke and charcoal. Befesa's R&D team is currently carrying out trials of different mixes of input materials in different proportions, with the goal of rolling out an optimised mix across all plants.

In the aluminium business, Befesa is aiming to replace up to 10% of the natural gas used in the heating process with renewable hydrogen and other alternatives of gases with low carbon footprint, like biomethane or synthetic gases. At the moment, Befesa is carrying out trials to determine the best percentage mix of hydrogen in the combustion process.






To achieve the 2050 vision, Befesa is investigating early-stage low-carbon technologies in collaboration with academic and industry partners. Some of these technologies are viable, but currently lack suitable scale for industrial application.

To reach the 2050 net zero ambition, Befesa commits to invest in technology

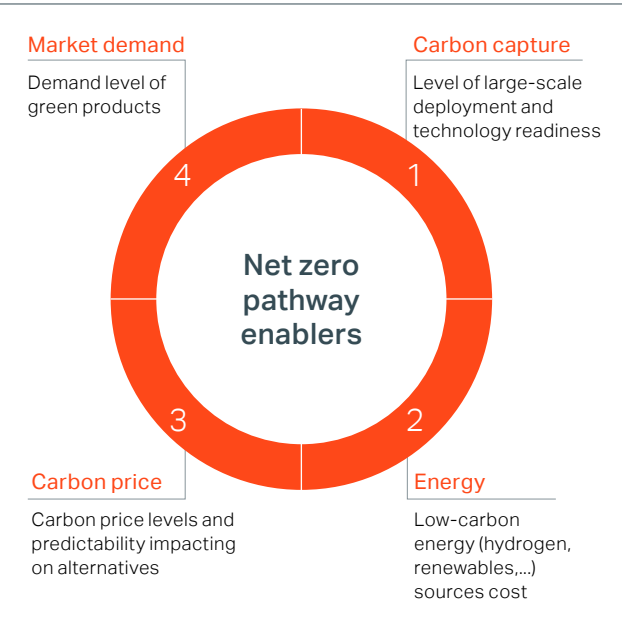
However, delivery depends on the evolution of market enablers

TECHNOLOGY

CURRENT DEVELOPMENT

 Substitution of coke with CO₂-neutral reducing agent (biomass)	<ul style="list-style-type: none"> ■ Basic knowledge has already been developed by internal R&D ■ Further investigation in progress partnering with institutes and universities
 New technologies to recycle EAF dust	<ul style="list-style-type: none"> ■ On-going investigation to partner with institutes and universities ■ New technologies based on Hydrogen
 Carbon capture on Waelz Kiln	<ul style="list-style-type: none"> ■ Basic knowledge has already been developed by internal R&D
 Replacement of fuel by hydrogen	<ul style="list-style-type: none"> ■ Collaborative project with aluminium producers on hydrogen end-to-end supply chain development
 Energy generation from gas capture	<ul style="list-style-type: none"> ■ Internal R&D project at developmental stage ■ Process gas capture (ammonia, methane etc.) to produce energy amd reduce GHG emissions

NET ZERO PATHWAY ENABLERS



02 / Focus topic: Climate change

Our Climate Action Plan [continued](#)

GOVERNANCE OF SUSTAINABILITY

As with other important topics in Befesa, such as health and safety, compliance and operational excellence, the Board of Directors is ultimately responsible for Befesa's Climate Change Policy and the performance of the CO₂ reduction plan.

Befesa will establish a Sustainability Committee to discuss sustainability plans and impact at Befesa on a quarterly basis. The Sustainability Committee will be formed by Directors of Befesa who have strong experience and background in the ESG, technology and energy transition arenas.

The Sustainability Committee will be responsible for approving the Climate Change policy, CO₂ reduction plans and performance and agreeing on measures and steps to reduce GHG emissions.

At the same time, the Company's senior management team, together with the CEO and the business VP, are responsible for managing the GHG emissions in the entire organisation. Similarly, each individual plant manager is responsible for managing the GHG emissions of each plant.

Risk management

Risks are evaluated in the organisation every year. These include potential risks from climate change effects, which are part of risk management. The results of the risk management assessment are presented and discussed in the meetings held by the Board of Directors, published on a yearly basis in the Annual Report.

Energy efficiency is a valuable means of reducing primary energy consumption, which also helps to reduce GHG emissions. Internal and third-party external auditing processes are conducted as part of the ISO 14001 and 50001 certification processes.

Capital expenditures

Every year, Befesa invests significant capex dedicated to operational excellence as well as to energy efficiency improvements. Every year the capex programme is developed by each individual plant, reviewed and prioritised by the senior management team and approved by Befesa's Board of Directors.

At the moment of the publication of this report, an evaluation of the capital expenditure required to execute the CO₂ reduction plan is being evaluated. Although, most of the capex required will be part of the annual maintenance capex of Befesa, additional capex might be required in order to achieve the above mentioned goals.





03

Environmental performance 2021

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3.1 Key Environmental Performance Indicators



Strong increase in
recycled waste



Scope 1
intensity reduced



Focus in logistics to increase
transportation by ship and by rail



Energy intensity decrease by 7.5%



1,643 kt

TOTAL RESIDUES MANAGED / RECYCLED 2021



3,223 k GJ

TOTAL ENERGY USED 2021
ABSOLUTE – THOUSAND GIGAJOULES (GJ)



797 kt

GREENHOUSE GAS EMISSIONS 2021
ABSOLUTE – KILO TONNES CO₂ EQUIVALENT



2,130 k M³

WATER CONSUMPTION 2021
ABSOLUTE – THOUSAND M³

03 Environmental performance 2021

3.2 Waste management

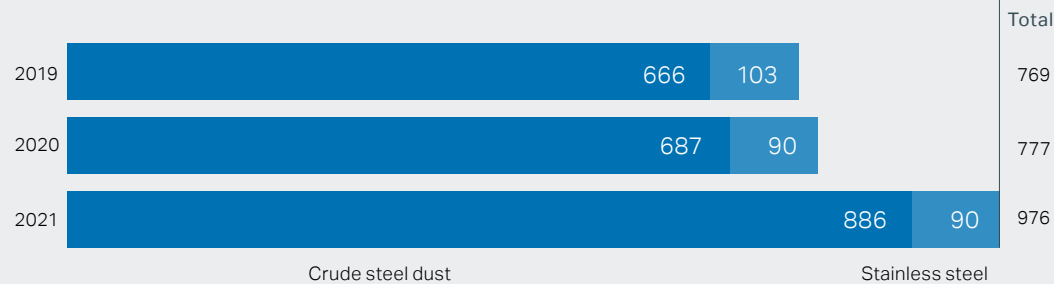
Increasing overall raw material use efficiency

One of the main contributions of Befesa to a more sustainable world is the contribution to increasing overall raw material use efficiency in the metals industry and to the development of recycling solutions which promote the transition towards a more sustainable circular economy. In 2021 Befesa has increased the production of new materials from waste by 9% yoy.

Befesa has a high efficiency in turning hazardous waste into valuable materials. Today, this efficiency is 88%. The remaining by-products are sent to a non-hazardous waste landfill. Befesa's R&D team are focused on improving the recovery yield by finding alternative uses to the by-products, hence, reducing the portion that goes to landfill.

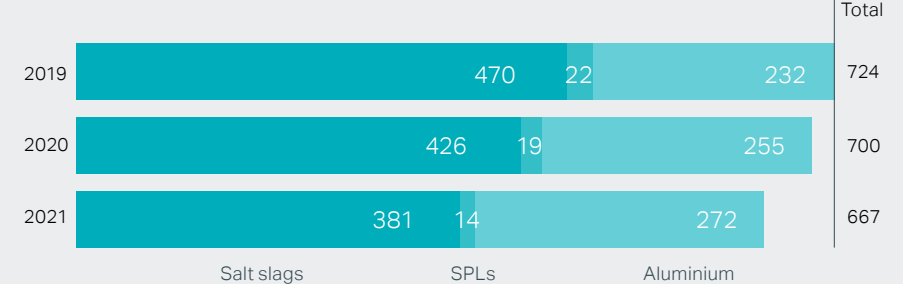
Steel Dust Recycling Services (thousand tonnes)

TOTAL RESIDUES MANAGED/RECYCLED

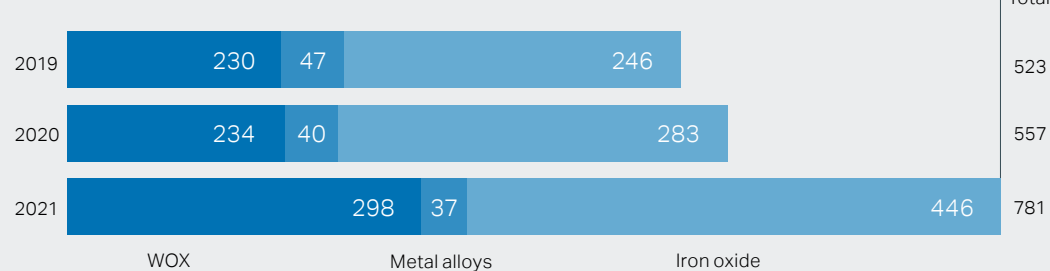


Aluminium Salt Slags Recycling Services (thousand tonnes)

TOTAL RESIDUES MANAGED/RECYCLED



TOTAL NEW MATERIALS PRODUCED



TOTAL NEW MATERIALS PRODUCED



03 Environmental performance 2021

3.3 Energy

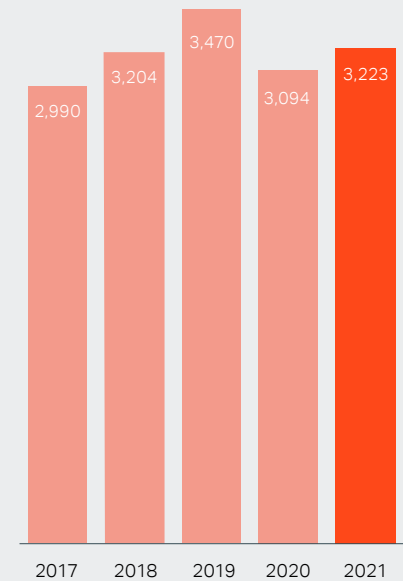
During 2021 energy consumption has increased 4.2% mainly due to the new US locations from the AZR acquisition, which were not part of the scope in 2020.

More importantly, energy intensity decreased by 7.5%.

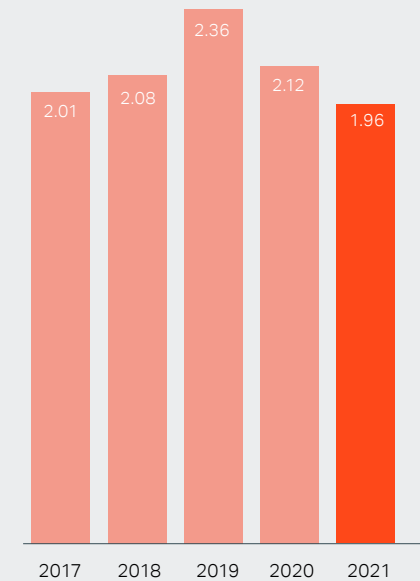
Many environmental investments carried out in 2020 and 2021 accross the Befesa locations have contributed to this decrease. In 2021, the electricity obtained from renewable sources used in Befesa plants remained in line with the previous year at 13%.

The energy mix in 2021 has remained generally similar to the previous year. The absolute consumption of fuel and electricity increased driven by US acquisition.

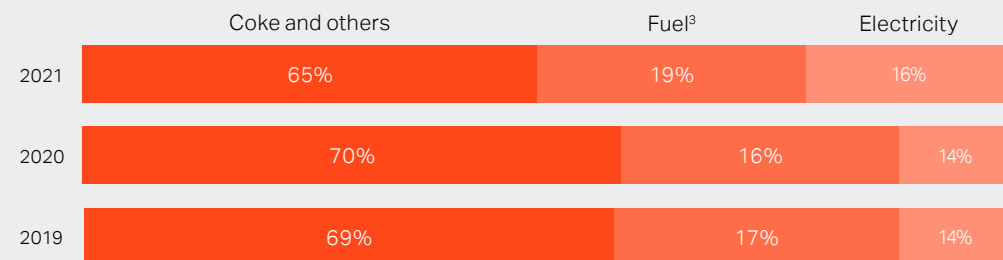
TOTAL ENERGY USED
(Absolute) – thousand Gigajoules (GJ)



TOTAL ENERGY INTENSITY¹
(Relative) – Gigajoules (GJ) per tonne



ENERGY MIX²



¹ Intensity calculated as total energy by total tonnes of waste treated.

² Coke and others include (pending information). Fuel refers to the fuel used in the operating plants.

³ Fuel refers to the fuel used in the operating plants, including natural gas.

3.4 Greenhouse gas emissions

Metal recycling generates emissions of direct greenhouse gases (GHG), primarily carbon dioxide and methane from the production processes, smelting activities and on-site fuel combustion.

Greenhouse gas emissions contribute to climate change and create risks for companies as regulations are developed and implemented on a regional and global scale.

Befesa's primary business is to recycle hazardous waste from the steel and aluminium industries and to recycle into valuable content. Befesa contributes to the overall reduction of GHG emissions by applying BAT, which minimise these emissions in the recycling process.

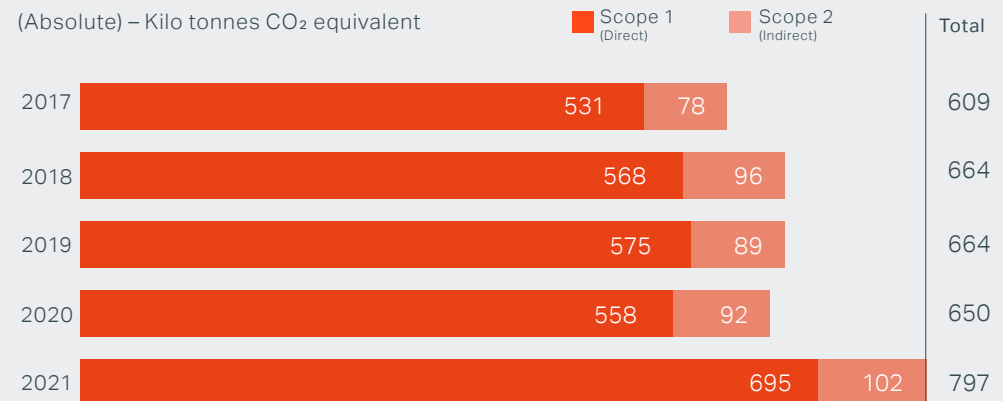
Through the EHS management systems, Befesa measures and analyses carbon dioxide and other GHG emissions annually. This analysis is crucial to identify CO₂ reduction opportunities which are the foundation of the CO₂ reduction plan of Befesa.

In 2021, the intensity of direct CO₂ emissions has increased by 14.2% due to the acquisition of AZR. Nonetheless, most plants have reduced or maintained their relative CO₂ emissions (Tonnes CO₂ eq/per output).

Indirect CO₂ emissions increased 2%, mainly from the mix of electricity production by suppliers.

GHG EMISSIONS

(Absolute) – Kilo tonnes CO₂ equivalent



GHG INTENSITY¹

(Relative) – Tonnes CO₂ equivalent per tonne

	2017	2018	2019	2020	2021
Scope 1 (Direct)	0.36	0.37	0.39	0.38	0.42
Scope 2 (Indirect)	0.05	0.06	0.06	0.06	0.06
Total	0.41	0.43	0.44	0.45	0.48

¹ GHG intensity is defined as tonne of CO₂ equivalent per tonne of waste treated.

03 / Environmental
performance 2021

3.5 Water

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

Conscious of the importance of water for life and health, Befesa's industrial processes take special care of this essential resource. There are areas in the world that experience water stress. This occurs when the demand for water exceeds the available amount during a certain period or when poor quality restricts its use.

Water stress causes a deterioration of fresh-water resources in terms of quantity (the over-exploitation of aquifers, dry rivers, etc.) and quality (eutrophication, pollution of organic matter, saline intrusion, etc.). In total, 17 countries, home to a quarter of the world's population, face extremely high water stress. No Befesa plants are located in areas of extremely high water stress.

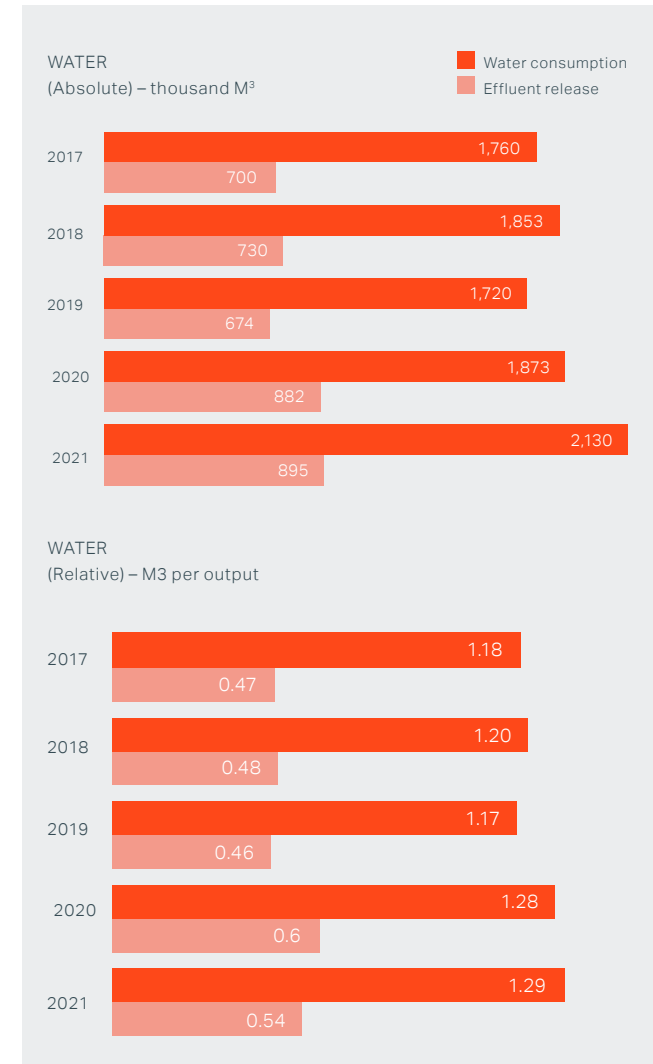
Regulation usually allows companies to produce and release waste water effluents with controlled limits of pollutants, such as suspended solids, oils, heavy metals and other elements. Many of Befesa's plants have been designed as zero effluent. This means that waste water from Befesa's production processes is recycled and effluents are reintroduced into the process, significantly reducing water use as well as minimising the risk of contamination in the environment through effluent releases.

For those plants without a zero-effluent policy, all effluent releases are tightly controlled and measured against the required regulatory parameters, or higher standards to ensure there is no harm to the surrounding environment.

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

The processing of metal residues can require substantial quantities of water, which can represent a potential risk to production as well as to the local environment, particularly in regions of water scarcity. Befesa monitors its water consumption as a KPI. Each site submits reports that are consolidated at Group level. Without considering the acquired operations in the US, water consumption has decreased slightly in 2021.

Locations, such as Duisburg (Germany), Gravelines (France) and Palmerton, PA (US), improved their stormwater retention to reduce industrial water consumption and potential stormwater contamination.



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3.6 Transport & logistics

Transport and logistics play a key role in Befesa's service for the steel and aluminium industries as part of its offer of efficient, flexible and tailor-made solutions for customers.

Customers depend on just-in-time waste collection services since they do not have storage facilities for hazardous waste. This critical service requires reliability, as customers would have to halt production if Befesa did not collect waste on time. This is one of the reasons Befesa's service is essential for customers and why Befesa has long-term and deep customer relationships. Reliability and service assurance is the foundation for the trust our customers have and this depends heavily on well-managed logistics operations.

LOCAL AND NATIONAL TRANSPORT

Befesa's logistics operations cover national and international transport of industrial hazardous waste, especially dusts, sludges and slags. It provides the reliable collection of hazardous waste from customers, a continuous supply of waste to Befesa recycling plants, and the delivery of the final recovered products (Waelz Oxide (WOX), aluminium, etc.) to customers.

Befesa's recycling plants are strategically located close to its customers. Waste collection is typically local or regional in order to avoid the unnecessary movement of



hazardous waste. Typically, each steel dust recycling plant serves between 10 and 15 EAF steel plants in a radius of around 300 km.

However, the market for Befesa's final products, especially WOX, is global. Befesa transports its WOX directly to zinc smelters around the world.

TRANSPORT MANAGEMENT

Although Befesa is responsible for, and manages the logistics, it uses third-party logistics companies to transport hazardous waste and end products.

Befesa is also responsible for notification services, providing our customers with all the necessary documentation that is mandatory for trans-frontier movements of hazardous waste. Trucks are used for most connecting transport to and from Befesa and customers' facilities. Where necessary, purpose-built containers that can be used for rail and road transport are used.

Wherever viable, Befesa relies on the railway system as a more environmentally friendly transport system and looks for opportunities to switch from road to rail transport.

The Company operates railcars that are adapted for the product-handling requirements and specific loading and unloading circumstances.

Since September 2019, rail transport has replaced trucks to transport 23,000 tonnes of aluminium salt slags and new materials annually between Sweden to Germany.

Where road transport is necessary, Befesa contracts specialised hauliers using modern trucks with low CO₂ emissions, which fulfil all emission limit values.

The Befesa plant in South Korea imports steel dust from countries around South East Asia and transport is by ship in dedicated containers.

03 / Environmental performance 2021

3.7 Environmental operations

Befesa fully manages all environmental operations, making sure that all internal procedures and policies are followed in order to fulfil both legal regulations and customers' needs.

This commitment to the environment is reflected in the environmental principles on which Befesa bases its environmental policy.

Principles of the Befesa environmental policy:

- Befesa considers the protection and preservation of the environment to be a priority objective
- Befesa complies with the legislation and regulations applicable to the Company, as well regulations applicable to its processes and activities together with any other obligations to which Befesa subscribes, whether from clients or stakeholders
- Befesa promotes a commitment of responsibility among all employees for the execution of all tasks covered by environmental criteria in any activity that is conducted or ordered and in all decisions made
- Befesa offers services to their customers. Firstly, this process includes the collection of hazardous waste and residues. Secondly, Befesa recycles the collected waste. Lastly, the newly produced materials and other materials are used again and become part of the circular economy

- Befesa ensures constant control of the effects of its production processes on the environment
- Befesa favours continuous dialogue with authorities and business associations on matters of environmental protection and safety. The Company fosters good relations with neighbours and facts transparently with local populations and social organisations
- Befesa advises and assists customers on all matters related to the handling of their wastes so that this may be done in a low-hazard manner and with the maximum safety assurances

Given the importance of the environment for Befesa, the business segments have quality and environment managers at every plant. These individuals coordinate environmental activities, including: maintaining management systems and documentation, developing auditing plans, developing and managing KPIs and training, and evaluating suppliers.

All employees need to understand the consequences of Befesa's activities on the environment and undergo training on the environmental management approach as part of the Company's general training. Each plant has an annual training plan based on the competency-based management model of Befesa and which involves a systematic evaluation of its efficiency.



The Befesa policy for environmental management and the sustainable use of energy and natural resources establishes, as a strategic objective, the implementation of environmental management systems in accordance with standard ISO 14001.



03

Environmental performance 2021

Environmental operations **continued**

“Our plant is in the middle of the commissioning process ahead of starting production. I firmly believe that the advanced recycling technology of Befesa will have very positive impacts on the environment in China by reducing landfilling and recovering valuable materials.”



LITAO ZHANG, Production Manager (Henan, China)



These facilitate constant control of potential impacts of Befesa's activities on the environment. In this manner, all companies that have attained EMAS certification have their environmental statements validated on the Befesa website at <http://www.befesa.com/sustainability/reports-policies-certifications/>

It is within this framework that the specific objectives and targets for reducing negative environmental impacts of the products and services of each plant are established. These objectives include reducing both the consumption of natural resources and the generation of wastes and emissions. Befesa's environmental management systems are very demanding with regard to the monitoring environmental impacts and operational controls. All activities relating to environmental aspects considered to be significant are included in a corresponding monitoring plan and operational control programme.

3.8 Environmental investments

Befesa is continuously improving its recycling plants and processes to meet evolving environmental legislation as well as to deliver efficiency improvements and reduce costs.

Every year, Befesa includes these investments in its capital expenditure budget, which typically includes two investment types – maintenance capex and expansion capex.

Maintenance capex mainly includes investments that improve the technological edge of Befesa's plants and the impact Befesa's operations have on the environment. Expansion capex tends to focus on increasing Befesa's overall recycling capacity, by preventing production bottlenecks while also reducing energy consumption and increasing efficiency. Examples of recent capex investment in the Secondary Aluminium business include upgrading tilting furnaces in Bilbao and Barcelona. These are considered expansion capex because they will increase earnings at each plant, delivered by improved efficiency from lower energy consumption, less waste generation and fewer personnel needed to operate the plants.

A list of capex projects is developed, prioritised and approved by the Board of Directors and is monitored by the Board on a monthly basis.

In 2021, Befesa spent €27 million (2020: €23 million) in environment-related investments to renew equipment that increases the efficiency and reduces energy consumption and emissions.

Most relevant investments carried out during 2021:

- Filter replacements and optimisation to reduce emissions;
- New filter press to reduce natural gas consumption and reduce the CO₂ emissions;
- Improvements in reducing and capturing fugitive emissions such as building isolations, equipment enclosure, baghouse replacement;
- Gas treatment plant improvements;
- Use of rainwater to reduce the industrial water consumption and to improve stormwater management;
- Replacement of chemicals with more environmentally friendly products;
- Repair of the roads to prevent soil and groundwater contamination;
- Replacement of several equipment with more energy efficient ones;
- Noise reduction projects at many Befesa sites; and
- Many energy reduction initiatives such as: the optimisation of the shutdowns, elimination of

compressed air leakages, replacement of lighting with LED technology, thermal insulation; material recovery optimisation and cooling tower improvement

ENVIRONMENTAL AWARD

- In 2021, Befesa launched its First Environmental Initiative Award to promote the engagement and commitment of the Company's employees towards environmental issues. Many very good environmental initiatives were presented in the contest
- The awarded initiative was the project "Befesa Forest", which is dedicated to the recovery of a local forest and the improvement of the biodiversity in Urdaibai (Spain), qualified as a biosphere reserve by UNESCO. The awarded foundation will plant over 1,400 trees on two hectares of forest which will compensate 466 tonnes of CO₂ over 40 years

3.9 Environmental priorities & targets

Befesa will improve its environmental footprint with the acquisition in the US and with two plants in China significantly by having more recycling capacity.

As part of this development, Befesa has identified the following priorities and goals:

- 1. Increase volume of waste managed and recycled to >2.4 million tonnes by 2025 (updated from the target set in 2020 of >2 million tonnes)
- 2. Increase volume of valuable materials recovered from waste and residues to >1.8 million tonnes by 2025 (updated from the target set in 2020 of >1.6 million tonnes)
- 3. Define ISO certification schedule for plants in China and the US
- 4. Reduce CO₂ emissions intensity by 20% until 2030 and become net zero by 2050





Social performance 2021

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4.1 Key Social Performance Indicators



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4.2 People at Befesa

Starting the year with uncertainty about COVID-19, 2021 was again a challenging year for people around the world. Having learned from the difficulties of 2020, Befesa was able to adapt and enabled its employees to feel safe and supported, which resulted in employees performing in a high standard being able to accomplish Befesa's business success.

Despite these challenges, Befesa is pleased to welcome the employees of American Zinc Recycling (AZR) who have become part of Befesa during 2021, with the acquisition of AZR. Befesa is working on the integration by introducing policies and practices.

The corporate HR team conducts monthly meetings with local HR in the US to exchange best practices and work together for a smooth integration. In addition, Befesa is on track for its expansion plan in China, tripling the number of employees for the production in the plants in Henan and Jiangsu.

TOTAL NUMBER OF BEFESA
EMPLOYEES

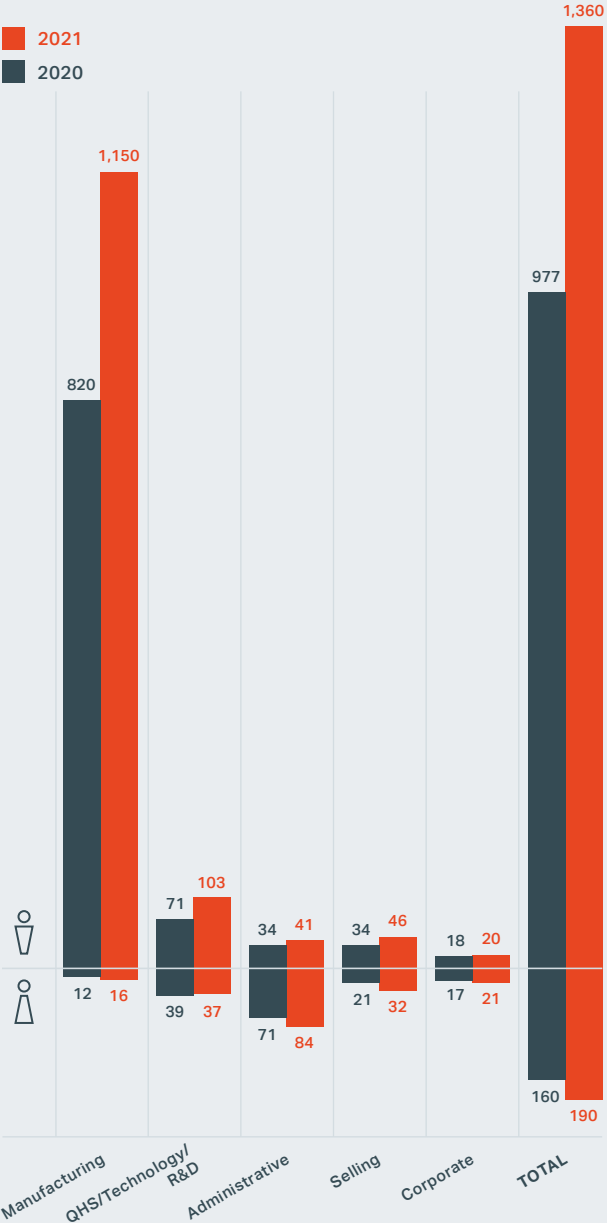
1,550

BEFESA EMPLOYEES
INCREASED BY

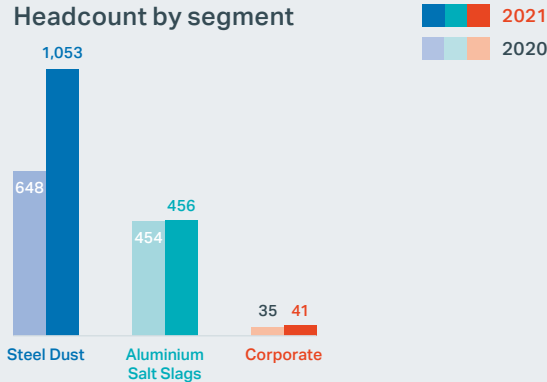
28%



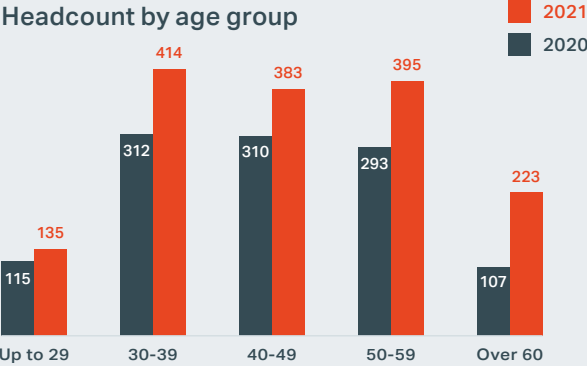
Headcount by function and gender



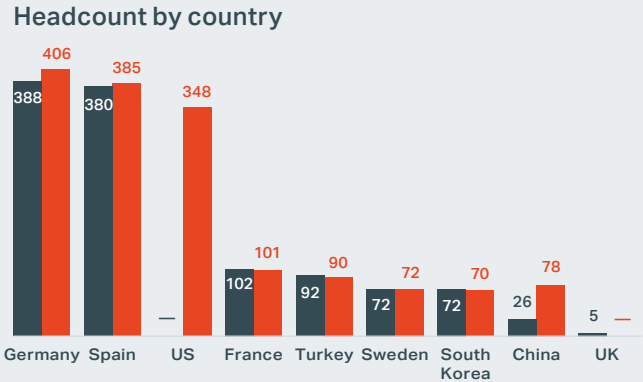
Headcount by segment



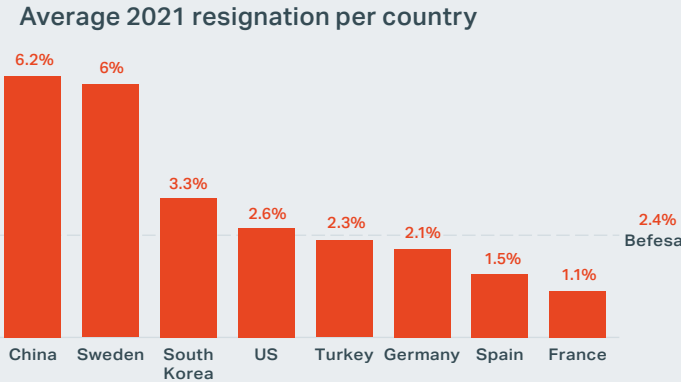
Headcount by age group



Headcount by country



Average 2021 resignation per country



4.3 Health & safety

Safety is an integral part of Befesa's business. Befesa is committed to the continuous improvement of its health and safety performance and is convinced that this focus contributes to achieving operational excellence.

2021 was still challenging in the health & safety area with the various waves of the COVID-19 pandemic.

Besides all these difficulties, Befesa as a company and all Befesa employees achieved remarkable improvements in this field. Befesa closed 2021 with a Lost Time Injury Rate of 0.81 which confirms the continuation of a good improvement trend. This represents over 36% of improvement comparing to 2020 and 86% of improvement comparing to the 2015 baseline.

IN 2021, BEFESA'S HEALTH AND SAFETY PRIORITIES WERE:

- Continue enhancing Befesa's Fatal & serious injuries prevention programme
- Launch new initiative: Traffic safety project, Conveyor belt safety
- Continue enhancing Befesa's safety standards
- Continue improving the process safety, by identifying process hazards and increasing the robustness of the controls
- Continue improving Befesa's safety culture, through consistently showing visible leadership, giving visibility to all safety related topics in the organisation and by prioritising the high-risk tasks in Befesa's risk assessments

"To improve a safety culture, you need three things: management commitment, a good long-term strategy, and stability - both financially and within leadership. The safety leadership that Befesa provides has helped to improve the U.S. team in each of these areas; most notably, their Fatal and Serious Injury, traffic safety, and conveyor belt safety programs. We here in the U.S. are very excited that we are a part of the Befesa team and look forward to positively improving all our programs as well as fully aligning our processes."



MIKE MAGNUSON, Corporate Director H&S USA

Fatal & serious injuries prevention

In 2021, Befesa continued with the implementation and improvement of the fatal & serious injuries (FSI) prevention programme, aiming to:

- Increase the focus on the higher safety risks
- Extend the scope of risk identification, including non-routine tasks, places and operations, e.g. shutdown, start tasks
- Give visibility to those risks at all levels of the organisation, from the executive to the shop floor employees level
- Allocate the appropriate time and resources to risk identification and control
- Ensure that robust controls are in place, and that those controls are periodically verified

Traffic safety & Conveyor belt safety

These projects were launched in 2021, with aim to identify and tackle the two most common FSI risks at Befesa.

In all Befesa locations mobile equipment's for material and people movements is used. The objective of the project was to identify potential interaction between mobile equipment and pedestrians and to implement robust controls to prevent accidents, such as segregation, blind spots elimination, signalisation, speed limits and different procedures and trainings to reduce these risks.

In almost all Befesa locations materials are transported with conveyor belts. There are many risks inherent to these equipment's such as nip points, electric hazards and falls of materials. The project aimed to identify all these risks on the conveyor belts and implementing action plans to get robust controls in place.



04 / Social performance 2021

Health and safety **continued**

New corporate safety standards

In 2021, the following safety standards have been issued, strengthening the safety requirements across all the locations:

- Molten metal safety
- Traffic safety
- Confined spaces entry safety
- Work permits
- Internal audits

The new locations in China and the acquired plants in the US started to implement all Befesa Safety standards.

Process safety

Befesa has started the implementation of the Process Safety Management (PSM). In 2021, the first steps on this path were:

- Training: all the technical and management staff were formally trained on PSM
- Awareness: several awareness initiatives about PSM have been deployed

Safety culture

In 2021, Befesa offered a total of 709 training hours (2020: 260) in educating and preparing local management teams on:

- Fatal and serious injuries prevention
- Process Safety Management

- Traffic Safety
- EHS software ("Cority") reporting
- Accident and Incident investigations

Safety investments

In 2021, Befesa further enhanced its EHS software "Cority" by including the environmental module that allows Befesa to:

- Centralise the EHS strategic data in one place
- Simplify the EHS reporting, and report building for the locations
- Give quick and visual access of the EHS information to the management teams, and allow a simple visual follow-up of the locations' KPIs and action plans
- Free up time for the safety personnel to spend on the shop floor

In addition, over €2.5 million were invested across Befesa locations on safety projects such as:

- Upgrade of cranes
- Fall protection such as lifelines installation, platforms and grids in many Befesa sites
- Traffic safety improvements at all Befesa sites
- Conveyor belts and other machine guarding in almost all the Befesa sites
- Reduction of employee exposure to harmful substances

EHS certifications

As of 31 December 2021, all Befesa sites are ISO 14001 certified, an internationally recognised environmental management system.

Also, 70% of Befesa's sites are ISO 50001 certified, which develops an energy management system, 74% are ISO 14064 certified for the management of GHG emissions, and 74% are also certified according to ISO 45001 occupational health and safety norm.

Almost 50% of Befesa's plants located in the European Union are registered according to EMAS, one of the most demanding environmental management systems. This includes the need for public communication, transparency and recognition by environmental authorities.

Befesa's new facilities are working towards their pending certifications.

04 / Social performance 2021

Health and safety **continued**

	2017	2018	2019	2020	2021
Accidents					
Number of reported incidents	437	434	441	302	115
Number of observations	1,244	1,731	1,800	1,312	1,367

Lost time injury rate (LTIR) ¹	2015	2016	2017	2018	2019	2020	2021	% vs 2020
Own employees	5.30	3.57	2.88	2.67	2.16	1.34	1.03	-23%
Contractors	8.06	0.98	3.88	5.47	1.60	0.66	0.43	-35%
Total	5.71	3.11	3.08	3.22	1.98	1.26	0.81	-36%

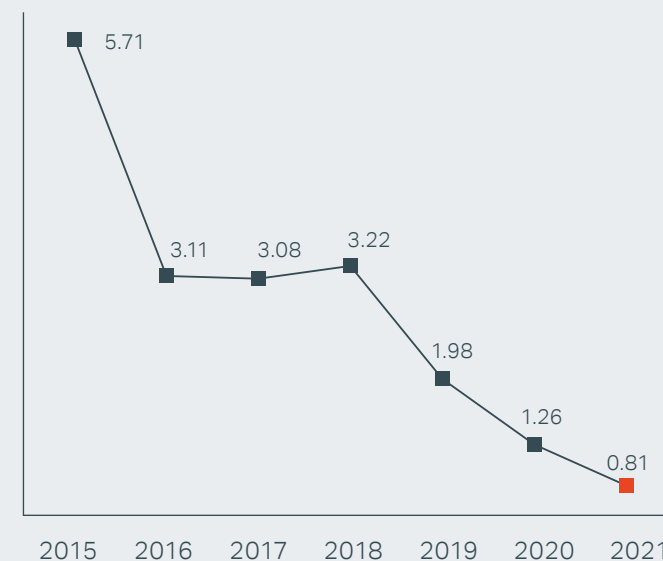
Severity rate (SR) ²	2015	2016	2017	2018	2019	2020	2021	% vs 2020
Total	0.77	0.77	0.31	0.44	0.41	0.48	0.16	-67%

Fatalities	2016	2017	2018	2019	2020	2021
Total	0	0	0	0	0	0

¹ LTIR: as per OSHAS, classification is measured as the number of accidents causing lost time divided by working hours and multiplied by 200,000

² SR: days injured individual was away from work as a result of the injury / thousand hours of work

LOST TIME INJURY RATE (LTIR)



-59%

2021 vs. 2019

-86%

2021 vs. 2015

04 / Social performance 2021

4.4 Diversity & inclusion

“At Befesa we know that a multicultural and diverse work environment enriches and generates great value for the company, that is why Befesa promotes an equal, diverse, and inclusive working environment. Having a global, multicultural, and diverse team gives me the opportunity to continue growing personally and professionally, understanding our employees’ different perspectives, and striving to deliver the best HR practices.”



LUCIA GOMEZ DEL RIO, HR & CSR Director

Befesa is committed to encouraging equality, diversity and inclusion among the workforce and eliminating discrimination based on the Befesa Equality, Diversity and Inclusion Policy which is available on the Befesa website at <http://www.befesa.com/sustainability/reports-policies-certifications>

Befesa works to create an inclusive working environment, where everyone can contribute at their full potential and is valued and recognised by their individual performance.

The Diversity, Equality and Inclusion policy aims to provide equality, fairness and respect for all employees, avoiding all forms of discrimination.

Equality, as ensuring that all Befesa employees have the same opportunities, diversity as understanding, accepting

and valuing differences of any kind and inclusion by creating a work environment where collaboration is encouraged, and participation is valued. Befesa's aim is that each single employee should feel respected and be able to give its best.

MULTICULTURAL TALENTS

From recruiting, training & development to compensations & benefits, Befesa is committed to diversity, equality and inclusion. Job vacancies are filled according to skill, experience and potential.

Job ads are written in a way everyone can feel comfortable on applying regardless their sexual orientation, gender, nationality, age and others. Befesa does not tolerate any discriminatory behaviour when recruiting new employees or at Befesa in general.

NATIONALITIES & GENERATIONS

The 1,550 employees at Befesa belong to 28 nationalities, across 4 generations: Baby boomers, X, Y and Z.

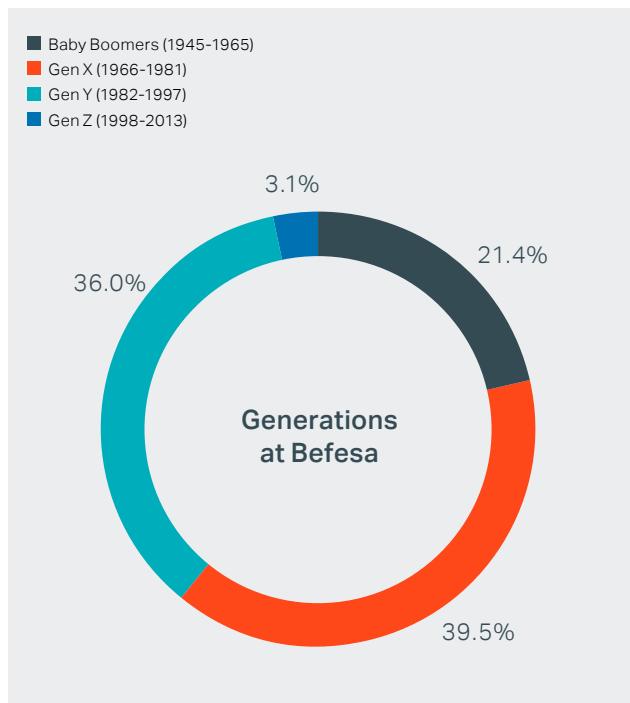
This enriches Befesa, by bringing different knowledge and increasing the possibility of innovative ideas and creates the challenge of offering the best human resources solutions to the different cultures and generations.

Befesa celebrated the World Day for Cultural Diversity on 21 May 2021 with a very special project, the Befesa Recipe Book. This day is celebrated worldwide to promote not only the richness of the world's cultures but also the essential role of intercultural dialogue in achieving peace and sustainable development.

04 Social performance 2021

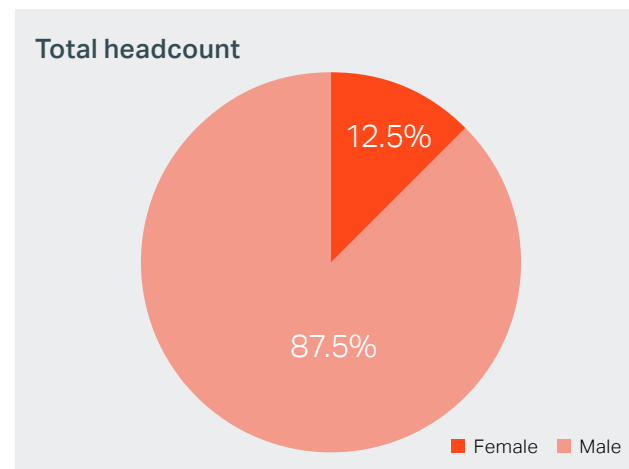
Diversity and inclusion **continued**

In this regard Befesa invited all employees to share their favourite recipe from their original country. Befesa created a recipe book that was sent to all employees. To reach everybody the book was translated into the languages spoken at Befesa.



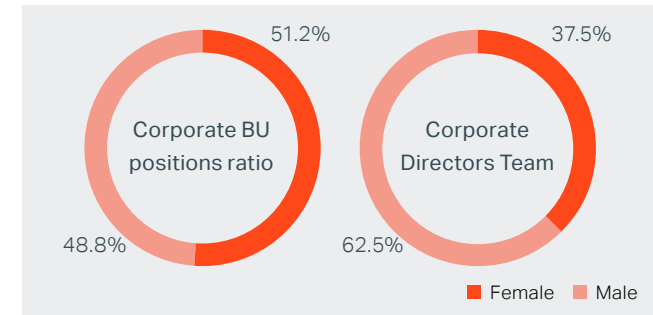
GENDER

Because of the activity carried out in the sector in which Befesa operates, historically, access to manufacturing positions has been postulated by men, being the gender composition headcount a reflection of the sector and its history. To bridge the gap Befesa offers to combine career and personal life plans, flexibility of work, remote work, and part time.



Headcount by Business Unit

	Total
Female	12.5%
Alu Salt Slags	3.1%
Steel Dust	7.9%
Corporate	1.5%
Male	87.5%
Alu Salt Slags	26.3%
Steel Dust	59.9%
Corporate	1.3%



190 Women at Befesa divided

	Total
by age group	
up to 29	7.9%
30 – 39	30.0%
40 – 49	29.5%
50 – 59	21.6%
over 60	11.1%
by category	
Operator	4.7%
Other employees	95.3%
by function	578
Administrative	44.2%
Corporate	11.1%
Manufacturing	8.4%
QHS/Technology/R&D	19.5%
Selling	16.8%
by country	578
Spain	34.2%
Germany	33.2%
United States	11.1%
China	7.9%
Turkey	4.7%
France	4.7%
Sweden	2.6%
South Korea	1.6%

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PEOPLE WITH DISABILITIES

On 3 December 2021, Befesa celebrated the International Day of People with Disabilities. All Befesa's HR people from all locations participated in a virtual Escape Room with autistic people.

Together in groups of six, employees and autistic people, worked to solve different tasks to end climate change. Aside from raising awareness about climate change and learning how human impact the environment, this day was especially designed to work on skills such as teamwork, interpersonal understanding, and empathy.

Once the Escape Room was over, a brief conversation took place about the experience of collaborating with people with disabilities in achieving common goals.

ACTIONS THAT CREATE IMPACT

Besides raising awareness for issues related to inclusion, Befesa also carries out important and impactful actions that transform and support real possibilities for inclusion into our society.

One example to support inclusion is the sponsorship of an Autism Chair at the Seville University, Spain. This was realised together with the Seville Autism Organisation and the Konecta Foundation in 2021.

One of the main activities of the Chair is the Talent US project, focused to foster access to the university of students with autism spectrum disorder, their academic success, and their integration into the labour market.

Javier Molina, CEO of Befesa, pointed out in the inaugural ceremony that Befesa aims to be a leader not only in its environmental dimension but also in the Social dimension. Promoting this chair is an important step in this sense and is a result of years of collaboration with The Autism Seville Organisation.

LEARNING AND AWARENESS ACTIVITIES

Befesa promotes the topic of diversity and inclusion. In 2021 stereotypes were chosen as topic. It is necessary to make sure to keep the workplace free from prejudices.

Each employee can contribute to the success of Befesa at its full potential. A video explained positive and negative stereotypes and how the brain processes the information it receives.

By paying attention to the stereotypes that are created, everybody can act more objectively without letting those prejudices affect work and social life, and, more importantly, without affecting decisions that can offend others.

The video was available in English, German and Spanish and is now part of the Onboarding process for new employees.



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4.5 Human rights

Befesa is committed to promote and support human rights within the company and along the value chain.

Aligned with Befesa's principles of Compliance as well as Integrity & Transparency, the policies are designed to guarantee that all employees and suppliers are informed and committed to Human rights.

Befesa recognises and supports the rights of all stakeholders and complies with universal principles regarding human rights and labour practices worldwide including the United Nations Universal Declaration of Human Rights (UDHR). Befesa's employees are required to respect and be committed to the Conduct guidelines, that are received at their first day of work. Befesa's policies prohibit discrimination and harassment and uphold the dignity and fundamental freedoms of the stakeholders, such as employees, suppliers and community.

Even though Befesa does not operate in countries with child labour risk nor operations are located in high-risk areas for human rights issues, it is of ultimate responsibility that Befesa and its suppliers are committed to make sure they are not complicit in human rights issues. To guarantee human rights, everybody opening a request must select and state not being underage. Befesa has not caused nor contributed to any human rights violation. Standards for

working conditions and human rights are also part of the Befesa Supplier Code of Conduct that is also shared with employees at the Befesa intranet. Befesa works hard to recognise the equality of all its staff and to ensure non-

discrimination and these goals are observed both in the Diversity, Equality and Inclusion Policy and Human Resources Policy.

BEFESA IS COMMITTED TO THE FOLLOWING:

a) Non-discrimination

Befesa respects diversity, promoting 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. In recruitment, the Company will only consider the suitability of the applicant for a specific position, for example their education, personality, skills, working experience and other relevant attributes. The Company makes decisions based on objective criteria.

b) Harassment

Befesa protects the personal dignity and health of all employees in the workplace. Befesa does not tolerate any kind of harassment based on race, gender, appearance, sexual orientation, religion or psychological profile, and aims to create an atmosphere free of any improper conduct.

c) Gender equality

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

d) Non-complicity in 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 operations globally, as well as in Befesa's global supply chain including a modern slavery statement.

4.6 Human Resources Management

Befesa's human resources activities guarantee that all the processes of this function – such as recruitment, development, training, compensation and benefits, communication and work environment, among many others – strictly comply with the Code of Conduct and principles of inclusion, equality and diversity, and support a multicultural workspace throughout the organisation.

To ensure that no discrimination takes place and that all HR processes are meticulously followed, Befesa has an internal control system for all people movements within the Company. This system considers hiring, promotions and contractual modifications, as well as dismissals of the entire workforce. By ensuring HR processes are followed, the system mitigates business risks within human resources activities.

In addition, Befesa has a whistleblowing channel which allows employees and external partners to report (anonymously if desired) concerns, amongst others, relating to:

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



4.7 Recruitment



Attracting and employing the right people ensures that Befesa can accomplish its business objectives, which supports delivering the business strategy.

Operating 24 recycling plants in eight countries on three continents requires Befesa to have a presence in many online recruiting channels according to the recruitment needs of each operation in each country.

An effective recruitment process starts with an appropriate job description. Befesa's job advertisements are written in a neutral way, using inclusive language and establishing accurate job expectations.

Befesa's recruiters examine the job requirements and expected attributes closely together with the hiring manager to establish and clearly present the core parts of the job as well as the right working style for the department. With this guide of skills and capabilities for the job, the organisation avoids any potential bias including race, social status, age or gender during application, screening and interview stages. Befesa consistently gives feedback to all candidates participating in the recruitment process.

Befesa is compliant with the data compilation of the candidates, conforming to data protection and data storage legislation.

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

Employees are asked to take an English test to assess their English ability. The test ensures that new employees can communicate appropriately with departments and plants in other countries.

The recruitment process continues after an employee has signed their employment contract with a six-month onboarding process to integrate the employee and to ensure the employee's satisfaction with Befesa.

The main recruitment focus in 2021 were increasing the workforce in China from 26 to 78 people; welcoming and integrating Befesa's 348 new colleagues in the US who joined Befesa through the acquisition of American Zinc Recycling; and starting the digitalisation and standardisation of our HR recruiting process and tool.

Befesa also accomplished to increase its employer branding giving more visibility to new positions and employee value proposition through Befesa's website, Social Media and local recruiting platforms.

4.8 Compensation & benefits

Befesa ensures fair, consistent and competitive compensation for all employees linked to the responsibilities of each role. Befesa salaries are compatible within the company, aligned with strategic targets and competitive with market conditions.

Befesa's remuneration guidelines aim to attract and retain talented, high-performing people on an ongoing basis. The parameters guiding employee remuneration apply to all employees across all Befesa operations.

In the current labour market, there is high competition for employee talent. Befesa considers that a competitive base salary is more important than ever to hiring and retaining valued employees who can support business success.

All jobs that require predominately equal skill, effort and responsibility, and are performed under similar working conditions, receive equal wages based on the equal pay act. Befesa does not allow any discrimination based on personal, physical or social conditions (see human rights section on page 58).

Befesa evaluates various factors to ensure these remuneration principles are adhered to and that

employees feel equitably and competitively rewarded for their work. The various factors can include annual inflation rates (as a way of measuring the Countries living costs); meeting financial and non-financial targets; internal equity comparisons; and individual and company performance. These ensure that employees are receiving the necessary compensation aligned with the market average.

Befesa 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.

EMPLOYEE BENEFITS

Befesa performance and responsibility-related compensation system combines a basic salary with elements based on the company's success, plus additional benefits. Adjustments based on continuous benchmarking make our compensation internationally competitive.

Depending on the location, benefits can include a company car, transport allowance, food allowance, expenses and relocation allowance, and medical and accident insurance. Most of these benefits are reflected in collective bargaining agreements negotiated with workers councils and trade union members.

Befesa is committed to promote measures that reconcile the personal, family and working lives of all employees, by implementing shifts, working hours, breaks and other provisions concerning work organisation in labour agreements or, where applicable, in agreements established directly with employees.

As far as working hours are concerned, the organisation of working time at Befesa is directly related to manufacturing needs and is therefore complex. Operational employees represent 62,1% of all staff. Thus, the activity of the factories is continuously maintained, this organisation of shifts and breaks are established in collective bargaining agreements and agreements reached with employees, facilitating the proper functioning of processes keeping the employees' welfare.

Flexibility is one of the benefits increasingly requested by employees. Considering that most of Befesa's workforce takes part in manufacturing operations and work in shifts, it is very difficult to offer flexible work measures. However, for employees not involved in production, who represent 37% of the workforce, Befesa offers location and schedule flexibility to their benefit. Moreover, employees can work from home and part-time, aligning the needs of the employee and the department.

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Compensation and benefits **continued**

REVIEWING PERFORMANCE

The remuneration system of Befesa is designed to ensure the sustainable and successful long-term development of the Company.

Befesa's managers and key employees are involved in an annual bonus scheme. The scheme reviews employee and company goals annually and helps improve engagement and performance.

By a combination of fixed (salary and fringe benefits) and variable (bonus) compensation instruments Befesa ensures their employees receive an appropriate remuneration for their tasks and responsibilities while ensuring that they are compensated for their actual performance and their contribution towards implementing Befesa's strategy.

The Annual Bonus is based on one year's performance and aims to incentivise the achievement of Befesa's annual goals. These goals derived, e.g. from the annual budgeting or are broken down from long-term targets. The Annual Bonus is currently tied to four performance criterias. One of them are ESG targets regarding Environmental, Health & Safety and Corporate Governance.

The entire leadership team is participating in the annual bonus, ensuring ESG targets are widely recognised across the global organisation.

Furthermore, most operators have an incentive system related to annual production targets.



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4.9 Training & development

Despite the pandemic and due to the special efforts the training hours are aligned with the pre covid period. For this reason, despite the pandemic, training hours increased in 2021.

Even under the difficult circumstances and restrictive measures, Befesa has successfully offered trainings in all locations.

The 2021 corporate focus regarding training and development was the design and implementation of the Young Professionals Programme. The programme is divided in three pillars: Intercultural Communication Training, networking and to bring the strategy closer to the participants through Executives and Corporate Director presentations.

In total, 48 participants from six countries took part in the programme. The Intercultural Communication training was spread over a timespan of six weeks, which includes both (online) live meetings in a group setting of 10-12 participants and webinars that the participants could work on independently on a training platform. The topics discussed during the live meetings were introduction of intercultural communication; understanding culture; cultural difference; stereotypes and communication; communication styles; and a virtual team, bringing all discussed topics to a specific situation so the participants could work together.

	2017	2018	2019	2020	2021
Total training hours	24,634	24,822	27,012	17,474	23,513
operators			45.0%	50.0%	50.0%
other employees			55.0%	50.0%	50.0%
Training hours (per employee)	22	22	24	15	20
Total training costs (€)			428,379	250,115	366,946
operators			160,440	120,279	173,374
other employees			267,939	129,836	193,573
operators			37.5%	48.1%	47.3%
other employees			62.5%	51.9%	52.7%

For the Executive presentations, the CEO, CFO and Vice Presidents participated. Strategy & Investor Relations, Environmental, Health & Safety, Human Resources & CSR and Compliance were presented by the responsible Corporate Directors.

The Young Professionals Programme was successful and had an overall feedback of 5 from 6 stars. A second edition is planned for 2022 incorporating the new employees from US.

Training investment is distributed in three categories:

GENERAL TRAINING:

Training and courses targeting job-related skills, such as soft skills, IT skills or competencies for a position.

HEALTH AND SAFETY TRAINING:

Aligned with the commitment to achieving zero accidents, Befesa provides safety training to all employees. All middle managers have been trained to enhance their leadership in safety performance. Health and safety training accounts for 48% of total hours invested in training. Within the production operator employee category 69% of training investment is in health and safety training, reflecting their work environment and Befesa's health and safety goals.

LANGUAGES:

Investment in language courses, especially English, has increased considerably with Befesa's language project, which aims to improve the English skills of Befesa's employees. With the Company's ongoing expansion, the project aims to deliver a standard level of English proficiency among employees, allowing them to communicate effectively across operations.

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Training and development **continued**

“By participating in the Young Professionals Program, I had the opportunity to get to know colleagues from different countries and to speak directly with the top leaders in our company. That was a great experience.”



ÖZLEM TINC, EH&S Manager (İskenderun, Turkey)

Befesa's Annual Assessment Process is a customised evaluation process based on competencies. By using competency-based assessments to engage employees, Befesa can prepare for filling positions internally and succession planning.

The assessment is used to have effective talent conversations with employees. The results help Befesa to plan better and effective training, create a strong talent pipeline and a greater understanding about the abilities of the employees.

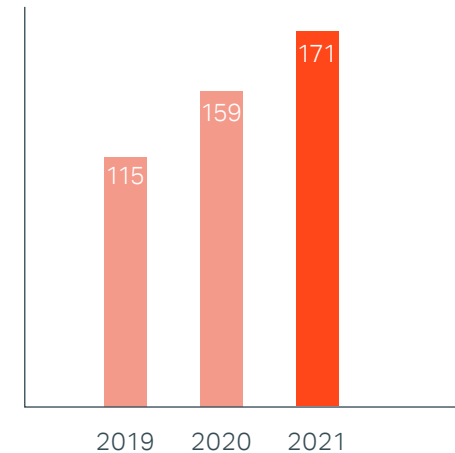
The customised templates include three parts:

- Competence Evaluation
- Professional Development
- Career Development

There are two different templates with different competencies for leaders and for technical experts. The competencies have been defined by the top management as the necessary competencies to support Befesa in the best possible way.

The results help Befesa to identify possible training gaps and to propose measures. Furthermore, potentials can be identified and thus a talent pipeline can be built up to fill open positions internally. The number of participants has been steadily increasing over the past years.

Number of participants



Cost and hours invested in training per group

	Employees		Operators	
	Hours	Costs (€)	Hours	Costs (€)
General	3,694	83,031	3,294	73,044
Health and safety	2,729	38,116	8,555	100,248
Language	5,236	72,425	5	82
Total	11,659	193,572	11,854	173,374

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4.10 Labour relations

Befesa fully recognises employees' right to freedom of association and collective bargaining within the Company's operations, in accordance with the laws and regulations of the countries in which Befesa operates. Befesa's commitment to freedom of association is reflected in its Code of Conduct.

Befesa considers trade unions as natural social partners and maintains a good relationship with them. Stable relationships ensure a harmonious working relationship and Befesa considers it essential to business and workforce development. Befesa engages regularly with labour unions or employee representatives to discuss employees' working conditions and other relevant matters.

All Befesa employees are covered by the Global Human Rights, Befesa's Code of Conduct and Human Resources Policy. Befesa complies with current legislation that applies in each case. The Code of Conduct and Human Resources Policy are printed and distributed in all languages for Befesa's countries of operation, it is also available digitally in the intranet. All employees receive mandatory training every year regarding the Code of Conduct.

Befesa works proactively with employee representative bodies to achieve positive results for both employees and the company. Collective bargaining agreements are in effect in various locations including Germany, Spain, France, Turkey, Sweden and the USA.

However, all Befesa staff are guaranteed through local and/or individual agreements, their terms of employment, including pay, benefits, hours, leave, job health and safety policies, ways to balance work and family, and more.

In total, 75% of Befesa's employees are covered by a collective bargaining agreement.

These agreements cover both economic and social matters, including diversity, equality, integrity and social benefits. The agreements are only possible under an umbrella of an open dialogue with all the work council members and having regular meetings to discuss labour issues and matters relating to health and safety.



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4.11 Local communities

Befesa creates social value through job opportunities, taxes paid and business partnerships.

Beyond these benefits to society, social sponsorships and charitable donations are examples of how the organisation develops and maintains its commitment to the communities in which Befesa operates and the broader society. Although the nature of Befesa's business has a positive effect on the environment and, therefore, on society, Befesa also wants to support local communities and increase visibility, awareness, and social responsibility among the Befesa workforce.

Befesa has decided to focus its social activities on sponsorships and support primarily on humanitarian and social projects, education and culture. As a strict rule, Befesa does not allow any political contribution.

GUIDELINES FOR DONATIONS AND SPONSORSHIP

The purpose of the Befesa Donations and Sponsorship guideline is to provide a framework that outlines how Befesa selects, manages and supports its sponsorship and charitable giving activities.

The guideline is available on the Befesa website at <http://www.befesa.com/sustainability/reports-policies-certifications/>

Political Contributions

Befesa does not allow any political contributions or donations. No direct or indirect pressure in any form may be directed toward any employee to make a personal political contribution or to participate in the support of a political party or the political candidacy of any individual.

Corporate Initiatives

Befesa promotes corporate initiatives with the objective of helping its communities and engaging its employees to help others. In 2021, besides the initiatives that were already being done in 2021, Befesa also joined Wings for Life World Run with its goal to find a cure for spinal cord injury. Befesa paid the registration fee and donated in addition one Euro per kilometre accomplished by participating employees.

Charity Contest

Due to the success, the fourth edition of Befesa's Charity Project Contest was launched in 2021. The Charity Contest offers the opportunity for employees to nominate NGO initiatives. Three projects were chosen and received financial support.



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Local communities **continued**

Local Initiatives

In addition to Befesa's corporate initiatives, various charity activities were done again in 2021, such as donations to local schools in the US, supporting sportcamps for kids from local communities in Germany, sponsoring sport initiatives for people with disabilities in Spain and supporting a local school in Turkey to renovate the cafeteria, donation for neighbouring residents in a tradition event in Korea.

Emergency aid

During 2021, floods caused damage in some regions in Germany and China. Befesa helped with financial donations and water so that the affected community could receive the necessary help to face this difficult moment.



Total donations and sponsorships

	2017	2018	2019	2020	2021
Donations and sponsorships (€)					
Humanitarian and social projects	17,300	27,500	25,000	34,730	44,063
Education and culture	5,650	1,800	17,051	31,900	28,992
Sponsorship	61,575	75,625	74,660	67,054	66,694
Total	84,525	104,925	116,711	133,684	139,749

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4.12 Social priorities & targets

1. Befesa aims to reduce the LTIR (Lost Time Injury Rate) by at least 50% until 2024 compared with 2019
2. Maintain zero fatalities
3. US full integration in HR Policies and Procedures
4. Continue boosting integration initiatives for people with disabilities and corporate citizenship activities
5. HR Digitalisation
6. Continue offering leadership training to push the success of teams and departments





Governance performance 2021

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5.1 Corporate governance at Befesa

Befesa is a société anonyme organised under the laws of the Grand-Duchy of Luxembourg.

As a Luxembourg société anonyme (S.A.) whose shares are listed on a regulated market in Germany, Befesa S.A. is not required to adhere to the Ten Principles of Corporate Governance of the Luxembourg Stock Exchange (LuxSE), which are applicable to listed and traded companies on the regulated market of the LuxSE. Nor is Befesa S.A. required to adhere to the German corporate governance regime applicable to stock corporations organised under German law.

Within this legal framework, Befesa has developed its own corporate governance rules based on the recommendations of the German Corporate Governance Code, but with necessary modifications required by the one-tier Board structure, Befesa S.A. Articles of Association and Luxembourg Companies Law.

Befesa's corporate governance system is continuously reviewed by the Board of Directors and updated to incorporate new best practices in corporate governance. The Board of Directors of Befesa S.A. is firmly committed to the principles of transparent, responsible and value-based management and supervision. The standards of good corporate governance have a high priority at Befesa

and good corporate governance is the basis for all activities. The experiences, skills and focus of each and every Board member are shown in the Befesa Annual Report 2021 on page 76.

The Board of Directors has two formal committees, the Nomination and Remuneration Committee and the Audit Committee. Befesa's Internal Audit department reports to the Audit Committee every quarter in a formal meeting, and prior financial statements are approved by the Board for their public release. During these meetings, the financial statements, the audit plan, audit findings and remediation plans are discussed.

In the Annual Report 2021, Befesa has increased disclosure compared to prior years. Full details on many aspects of corporate governance including Board structure, remuneration, the legal framework and compliance can be found in the latest Annual Report. This ESG Report provides information on the topics of taxation and IT/cybersecurity at Befesa.

The individual compensation of the members of the Board of Directors of Befesa S.A. is available in the remuneration report within the Befesa Annual Report 2021.

Executive director remuneration includes:

- Fixed remuneration
- Variable remuneration, including an one-year and a multi-year bonus scheme
- Extraordinary items
- Social security and pension contributions

Sustainability performance plays an important role in the compensation of Befesa's management. 50% of management's variable bonus is linked to targets covering environment, health and safety matters as well as corporate governance.

Befesa provides a Group insurance policy for all directors and officers of Befesa, including the members of the Board of Directors of Befesa S.A.

Further details on Corporate Governance at Befesa can be found in the Befesa Annual Report 2021 (page 72-86).

5.2 ESG Governance

Befesa's commitment to ESG topics is reflected across the entire organisation; at the Board level, in corporate functions and the business units as well as across all management levels.

Befesa's Board of Directors and senior management dedicate significant time and resources to managing the key aspects of sustainability, including the development of sustainability policies and best practices.

Concerning skills and experiences, the Befesa Board of Directors contains relevant skills to manage ESG, such as specific industry expertise in the audit committee and skills in risk management as shown in the Befesa Annual Report 2021 on page 76.

On a monthly basis, these policies and practices are reviewed, key objectives are settled and reviewed, and KPIs are monitored to ensure that our risk and control systems are adequate.

Befesa will establish a Sustainability Committee to discuss sustainability plans and impact at Befesa on a quarterly basis. The sustainability Committee will be formed by Directors of Befesa who have strong experience and background in the ESG, technology and energy transition arenas.



5.3 Corporate behaviour

Befesa believes that achieving successful and sustainable profitable growth can only happen if everyone in the Company works with a focus on integrity, high moral values and respect for environmental, social and governance practices.

The management of Befesa is fully determined to execute the Company's compliance management system (CMS) and continuously seeks opportunities to further strengthen this framework.

Befesa's CMS includes internal guidelines and policies, such as the Code of Conduct and rules that address competition law, anti-corruption, anti-money laundering, IT services, environmental, health and safety issues, conflicts of interest and international sanctions. These measures, as well as the whistleblowing channel, guide employees in ensuring that Befesa complies with all laws, regulations and values.

Compliance risk is identified, managed, and reported by the management team and the Board of Directors of Befesa. It is supported by monthly compliance committee meetings and by monthly communication on key compliance topics as well as regular training for the entire organisation.



A comprehensive and detailed description of Befesa's CMS can be found in the Befesa Annual Report 2021, pages 88-94.

Within the CMS, Befesa puts a strong effort on corporate behaviour and has developed a comprehensive approach to address ethics issues such as fraud, executive misconduct, corruption scandals, money laundering or anti-trust violations.

OVERSIGHT OF ETHICAL ISSUES

The CEO and CFO have oversight for ethical issues. These are reviewed in monthly executive committee meetings with the Chief Compliance Officer where the implementation of the CMS is reported and closely monitored. In addition, compliance and ethical issues

are part of the agenda presented by the CEO at monthly Board meetings.

REGULAR AUDITS OF ETHICAL STANDARDS

Befesa has a strong internal audit team that reports directly to the Audit Committee. Internal controls and processes are included in Befesa's annual internal control programme which reviews financial and non-financial information.

Compliance policies and ethical standards are audited every year by Befesa's internal audit department across all significant subsidiaries. In 2021, despite COVID-19, a total of 41 audits were carried out following these rigorous internal audit processes.

05 Governance performance 2021

The financial statements of Befesa and its subsidiaries are subject to internal audit, providing Befesa's investors with additional confidence regarding the financial information published every quarter.

In addition, Befesa's internal audit team reviews compliance with ethical standards and implementation of ESG policies, such as:

- Anti-money laundering, payments and collections, and cash destinations and origins
- Powers of attorney and compliance with the "four-eyes" principle
- Internal approvals for key actions
- Negotiations with suppliers, customers and other business partners, in addition to existing contracts
- Compliance with Befesa's supplier Code of Conduct
- The definition of proper criminal compliance policies of Spanish entities
- Training for employees on compliance policies, Code of Conduct and IT security
- Hiring and remuneration of employees
- Donations and sponsorships
- Taxes

Befesa's internal audit team is also involved in the investigations concerning potential complaints received through the Company's whistleblowing channel.

The results and progress on internal audit works are reported to Befesa's Audit Committee periodically, which then reports to the Board of Directors of Befesa.

Befesa's compliance management system (CMS)

Corporate behaviour **continued**



05 Governance performance 2021

WHISTLEBLOWING CHANNEL

Befesa has a whistleblowing channel in place, which is available to all employees and external third parties 24/7. Complaints or concerns can be raised by telephone or the web platform.

This platform is available in eight languages and is accessible from the bottom on the main page of the Befesa website. The channel allows people to raise concerns anonymously and complies with data protection rules.

It has been awarded the European Privacy Seal, which certifies the privacy compliance of IT products and IT-based services with European data protection regulations (GDPR).

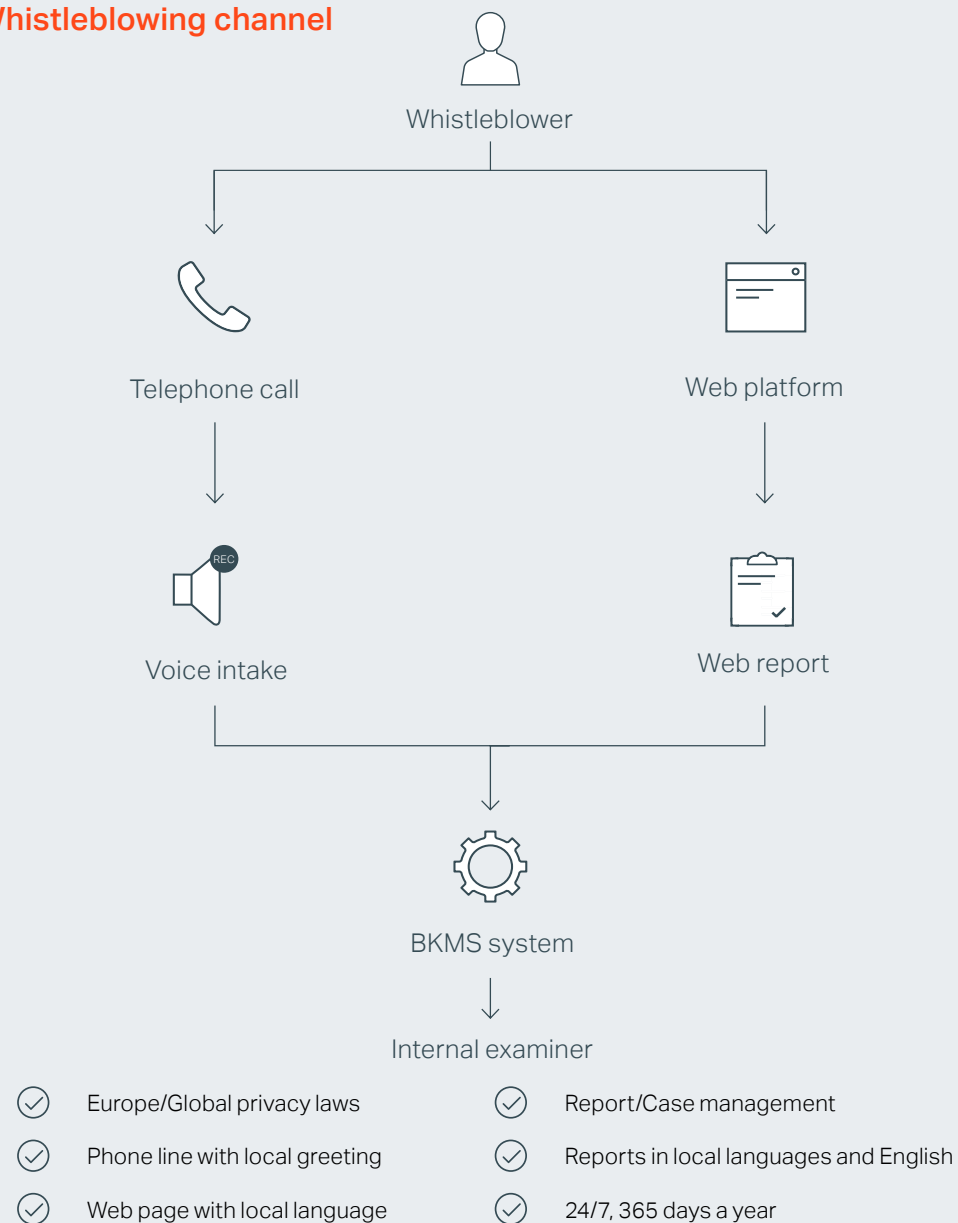
EMPLOYEE TRAINING ON ETHICAL STANDARDS

All Befesa employees get training on compliance and ethical standards.

Employees working in the plants receive the printed Guidelines of the Code of Conduct because they have no computer access for their work. Also, the Befesa Code of Conduct is available to all contractors as well as other third parties.

The employees in the administration are trained on an annual basis by the Compliance Department.

Whistleblowing channel



5.4 Compliance

Compliance is an essential part of Befesa's culture of integrity. Befesa is recognised as a company which at all times fully respects and adheres to all applicable laws and regulations, within the environment in which Befesa operates.

All companies are dealing with a continuously changing and more complex regulatory environment. Befesa carries the responsibility of ensuring that laws and regulations are strictly observed in all business dealings. Therefore, Befesa is fully determined to continuously develop its compliance management system (CMS).

In August 2021 Befesa acquired American Zinc Recycling (AZR). One of the main goals of Befesa was the integration of AZR into the Befesa compliance management system and its requirements.

For this reason, an integration plan was implemented after the closing of the acquisition and AZR was successfully integrated from a compliance perspective, including access to our whistleblowing channel, code of conduct and other compliance policies and requirements.

RISK MANAGEMENT

For Befesa, identification and management of risks to the business is one of the key topics that the Company must deal with. A proper compliance system must be based on an initial risk analysis. For this reason, Befesa has implemented a risk management system (RMS),

“Compliance is one of the top ESG topics in Befesa, as such, we have a strong compliance programme which is reviewed monthly at the Board of Directors. We are continuously striving to improve our compliance system by engaging in dialogue with our stakeholders, and making sure that market practices are followed.”



GERMÁN MORA, Compliance and Risk Technician (Sevilla, Spain)

which allows management to understand and have control of risks in different areas of the Company.

A detailed description of the risk management system and applicable risks is available in the Befesa Annual Report 2021 on page 62- 68.

CODE OF CONDUCT

Befesa has established a Code of Conduct that is binding for all employees and which is the cornerstone of its compliance management system. The Code of Conduct covers environmental as well as social topics. It is publicly available on Befesa's website with the link <http://www.befesa.com/sustainability/reports-policies-certifications/#1635072559856-6a3a2270-05f5>

The Code provides the legal and ethical framework for the conduct of the directors, executives, managers and employees of Befesa and defines basic behavioural standards within the organisation itself and in connection with other parties. The Code of Conduct is available in the eight languages spoken in the countries where Befesa operates.

Some of the key aspects include the following:

- Strictly comply with the laws and regulations of each jurisdiction
- Do not compromise your integrity. Do not use your position at the Company to obtain benefits for yourself, your family or your friends
- Do not offer or accept gifts and invitations that could create the impression of influencing the commercial judgement of the recipient
- Do not deliberately mislead anyone. Never attempt to falsify any record
- Treat your colleagues with fairness and respect. Any form of discrimination based on race, colour, religion, gender, age, marital status, sexual orientation or disability is unacceptable
- Respect Befesa's commercial relationships. Treat Befesa's clients and suppliers fairly and with respect at all times. Be a good neighbour
- Look out for the safety of others. Health and safety standards and procedures are intended to protect you, your colleagues and all others. Comply with them at all times
- Respect and protect the environment
- When in doubt, always ask

Any violation of laws and regulations or infringement of the Code by any employee at any level of the organisation will be subject to disciplinary consequences.

CODE OF CONDUCT FOR SUPPLIERS

Befesa promotes and expects business integrity, compliance with applicable laws and adherence to internationally recognised environmental, social and corporate governance standards within our own organisation and among our business partners.

For these reasons, Befesa has successfully implemented the Befesa Code of Conduct for Suppliers.

Befesa expects its suppliers to accept, sign and implement the principles set out in this Code throughout their organisations worldwide and to comply with them. Befesa also expects suppliers to use their best efforts to implement these standards with their respective suppliers and subcontractors and to take these principles into account when selecting them.

The Code of Conduct for Suppliers covers different areas, including environmental protection and energy efficiency, human rights, employment practices, health and safety, business integrity and corporate governance standards. As of end of 2021, almost 70% of the suppliers signed and accepted the Befesa Code of Conduct for Suppliers.

Befesa as a supplier is also asked by customers to fulfil their codes of conducts and their sustainability rules for their supply chain. Based on this request, Befesa received an EcoVadis gold medal. This reward is awarded only for the best 5% of examined companies.



5.5 Lobbying

All interactions with public authorities are fully covered by the Befesa Code of Conduct.

Befesa does not employ any lobbyist and does not run offices in relevant political centres. Instead, Befesa is a member of important industry associations.

Fees paid to industry associations grew significantly due to the acquisition of AZR. By far the highest membership fee is an amount of 141,303 euros for the Pennsylvania Chamber of Business. Next biggest membership fee is the International Zinc association (80,457 euros) followed by the Gesamtverband der Deutschen Buntmetallindustrie (General Association of the German Non-ferrous Metal Industry) with 20,410 euros.

	2020	2021
Membership fees (in €)		
Industry associations	210,068	337,037



5.6 Taxes

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

In keeping with this goal, Befesa applies its core values to the management of its tax affairs:

- Compliance
- Integrity
- Transparency

Befesa also applies the following tax principles to all Befesa's businesses and Group entities:

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

Breakdown for the different types of tax payable and receivable (in thousands of €)

	2021		2020	
	Receivable	Payable	Receivable	Payable
VAT	8,093	6,187	6,522	3,091
Withholdings and interim payments	148	1,031	–	1,072
Corporate income tax	1,502	8,333	1,778	5,326
Social security	9	1,736	10	1,855
Other	919	568	1,311	88
Total	10,671	17,855	9,621	11,432

5.7 IT security & cybersecurity

Global cybercrime damages are predicted to cost up to \$10.5 trillion annually by 2025. From March 2021 to February 2022, 153 new malware samples were identified, nearly a 5% increase from the previous year¹.

In 2021 there was a ransomware attack every 10 seconds. The regulation for Personal Data Protection requires all enterprises to implement all necessary measures to protect the information. Data protection supervisory authorities across Europe have issued a total of nearly \$1.2 billion in fines from February 2021 to January 2022.

Cybercrime and cyber-risks are among the most important threats that are challenging businesses nowadays. And it is only expected to go higher. The current geopolitical situation is creating an even more complex scenario in which cyber security attacks and cybercrime are experiencing a significant increase.

In this context, Befesa takes Cybersecurity and Information Security very seriously. Befesa invests in Cybersecurity to protect its assets and technology and avoid damages and monetary loss potentially due to cybercrime.

Cybersecurity is an essential part of IT Governance and Strategy. The Cybersecurity Master Plan, and the IT

“Cybersecurity is not something that only IT staff should be concerned about; at Befesa we are clear that our users are a fundamental part of our cybersecurity strategy. Our well-received Cybersecurity Training Programme allows us to raise awareness and make the user an active part of our cybersecurity.”



JUAN BAUTISTA ÁLVAREZ, IT Services Manager (Ratingen, Germany)

Strategic Plan, are the framework from which the Cybersecurity measures and initiatives derive.

A specific Training Programme on Cybersecurity is used to build capabilities and create awareness in the organisation. We train all employees on a regular basis, with targeted training, testing procedures and ad hoc information actions.

Preventive measures are key to setting the foundations of Cybersecurity. Systems and applications are designed with a built-in security approach. Cybersecurity state of the art is monitored to adopt and introduce new tools and technologies aiming to protect our systems and cloud environment.

Detective measures are in place to make visible potential Cybersecurity breaches, risks and vulnerabilities.

Cybersecurity Incident Response Procedures are also designed to empower the necessary reaction mechanisms to a Cybersecurity incident.

External Cybersecurity audits, Ethical Hacking and Penetration tests, Blue Team – Red Team exercises and other techniques are used to assess our Cybersecurity maturity level and identify improvements to our Cybersecurity framework.

In line with its Cybersecurity framework, 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.

Information Security/Cybersecurity is the responsibility of the IT Director and is overseen by top management.

¹ Cybersecurity Ventures, Special Report: Cyberwarfare In The C-Suite, Nov 2020; 2022 AV-TEST - The Independent IT-Security Institute; Checkpoint - Global Surges in Ransomware Attacks; DLA Piper GDPR fines and data breach survey; January 2022, Jan 2022.

5.8 Governance priorities & targets

1. Improve Center for Internet Security (CIS) assessment rating until 2023
2. Reach at least 90% of employees in administrative functions with compliance training every year
3. Continue to provide the Code of Conduct and related training to all employees
4. Continue to roll out Befesa's improved Code of Conduct for Suppliers and achieve coverage representing at least 80% of purchases by 2022
5. Continue to rigorously conduct annual risk assessment
6. Establish a Sustainability Committee in 2022
7. Double number of women in the board in 2022





United Nations Global Compact & Sustainable Development Goals

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6.1 United Nations Global Compact

The Global Compact was launched in 2000 by the United Nations (UN). It was originally initiated to bring business and the United Nations together.

The United Nations Global Compact is a non-binding pact to encourage businesses and firms worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption.

**BEFESA'S GLOBAL COMPACT SCORE IS
WITHIN THE TOP 2.5%**

67.25

ABSOLUTE

97.5%

SECTOR PERCENTILE

With the way Befesa is conducting business with and the commitments Befesa is taking, which are reflected in policies and guidelines, all principles of the Global Compact are fulfilled and used in the daily life of all operations. Based on this, Befesa can fully accept and support the principles of the UN.

It is possible to measure a "Global Compact Score". This was done by Arabesque, a global data provider that focuses on advisory and data solutions by combining big data and ESG metrics to assess the performance and sustainability of companies worldwide. As a result, Befesa achieved 67.25 points, equals to a sector percentile of 97.5%. This means Befesa is among the 2.5% best companies in its sector.

THE 10 PRINCIPLES OF THE GLOBAL COMPACT

Human rights

1. Businesses should support and respect the protection of internationally proclaimed human rights
2. Make sure that they are not complicit in human rights abuses

Labour

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
4. The elimination of all forms of forced and compulsory labour
5. The effective abolition of child labour
6. The elimination of discrimination in respect of employment and occupation

Environment

7. Businesses should support a precautionary approach to environmental challenges
8. Undertake initiatives to promote greater environmental responsibility
9. Encourage the development and diffusion of environmentally friendly technologies

Anti-corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery



6.2 United Nations Sustainable Development Goals

The Sustainable Development Goals (SDGs) represent an unprecedented opportunity for corporations to align their own sustainability goals with broader societal goals set out in the 2030 Agenda for Sustainable Development.

Announced for the first time in 2018, Befesa fully supports the 2030 Agenda for Sustainable Development and to contributing to the achievement of the 17 SDGs.

Based on Befesa's business model and materiality analysis, Befesa was committed to follow five goals, which are the areas where Befesa can have the greatest positive impact.

With this ESG report 2021, Befesa added another goal where the Company is committed to taking action and a positive impact is possible. Befesa fully supports SDG 13: Climate Action, based on its climate strategy, and its goal to reduce its own emissions by 20% by 2030 with the ambition to reach net zero by 2050.



SDG 3: GOOD HEALTH & WELL-BEING

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

Befesa puts strong focus on employees' safety and health, especially with our long-term BE SAFE initiative. However, Befesa also takes care of employees and their personal health. This is why Befesa offers voluntary health checks for employees. The COVID-19 pandemic also put health issues in the centre of daily life. Befesa took care of the employees, offering remote work where possible and informing employees about the developments of the pandemic and the latest rules concerning COVID-19 measures.

SDG 8: DECENT WORK & ECONOMIC GROWTH

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

Befesa is growing and has plans to grow further. Befesa's expansion has created new workplaces as it has expanded from a Europe only operator to one operating in three continents including the expansion into China and the acquisition from AZR in the US.

Each new plant location represents the creation of approximately 50 to 60 workplaces.

By supporting inclusive education, through the Sponsorship of the Autism Chair of Seville University, Befesa is committed with the United Nations 2030 Agenda to leave no one behind and making an important movement of change towards inclusion.

SDG 11: SUSTAINABLE CITIES & COMMUNITIES

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

Over a long period of time, the steel dust from steel production have impacted urban areas and affected people's lives and health. 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 it is 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, recycling waste from the aluminium industry, thereby helping to make lives in urban areas better and safer.

SDG 12: RESPONSIBLE CONSUMPTION & PRODUCTION

Ensure sustainable consumption and production patterns.

Sustainability is at the core of Befesa's business. Since 1987, Befesa has contributed to the circular economy reducing waste to landfill and reintroducing recycled products into the economy.

Befesa plays a critical role in reducing the environmental impact of industrial waste and residues from the steel and aluminium industries.

Befesa's recycling services provide sustainable solutions for the management of hazardous waste. Today, Befesa manages and recycles 1.6 million tonnes of hazardous waste and residues, avoiding landfill of this while also

producing around 1.4 million tonnes of new materials from it. These are reintroduced into the market, reducing the consumption of natural resources. As Befesa grows, these figures will also grow increasing Befesa's positive impact.

SDG 13: CLIMATE ACTION

Take urgent action to combat climate change and its impacts.

Befesa feels responsible to reduce CO₂ emissions. The climate strategy and reduction targets are described in chapter 2. Befesa established a commitment and clear reduction targets.

SDG 15: 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. Befesa prevented 1.6 million tonnes of hazardous waste and residues from ending up in landfills in 2021 and will prevent more landfill in the future, thus protecting the environment.

In addition to the use of valuable land, landfilling hazardous waste can have a negative effect on polluting land and groundwater. If it is not stored correctly, rainwater can wash heavy metals out of steel dust and aluminium materials, contributing to land and groundwater pollution.

Befesa also produces new materials in the recycling process, reducing demand for virgin materials which would otherwise have to be mined. Mining can have an impact on the physical world and biodiversity.



07

Outlook

07 / Outlook

7. Outlook

Environmental

1. Increase volume of waste managed and recycled to >2.4 million tonnes by 2025 (updated from the target set in 2020 of >2 million tonnes)
2. Increase volume of valuable materials recovered from waste and residues to >1.8 million tonnes by 2025 (updated from the target set in 2020 of >1.6 million tonnes)
3. Define ISO certification schedule for plants in China and the US
4. Reduce CO₂ emissions intensity by 20% until 2030 and become net zero by 2050

Social

1. Befesa aims to reduce the LTIR (Lost Time Injury Rate) by at least 50% until 2024 compared with 2019
2. Maintain zero fatalities
3. US full integration in HR Policies and Procedures
4. Continue bosting integration initiatives for people with disabilities and corporate citizenship activities
5. HR Digitalisation
6. Continue offering leadership training to push the success of teams and departments

Governance

1. Improve Center for Internet Security (CIS) assessment rating until 2023
2. Reach at least 90% of employees in administrative functions with compliance training every year
3. Continue to provide the Code of Conduct and related training to all employees
4. Continue to roll out Befesa's improved Code of Conduct for Suppliers and achieve coverage representing at least 80% of purchases by 2022
5. Continue to rigorously conduct annual risk assessment
6. Establish a Sustainability Committee in 2022
7. Double number of women in the board in 2022



EU Taxonomy

- | | |
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The EU taxonomy for sustainable activities, also known as the green taxonomy, is a common classification system established by the European Union to clarify which economic activities are environmentally sustainable.

The EU taxonomy is designed to support the European green deal and help the EU scale up sustainable investment. The aim of the taxonomy is to help investors make greener investment choices and to prevent greenwashing, such as overclaiming the environmental benefit of a specific product, service or company.

The EU taxonomy regulation establishes six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

BEFESA AND THE EU TAXONOMY

To be considered sustainable under the EU taxonomy, an economic activity must meet four overarching conditions, these are:

- Making a substantial contribution to at least one environmental objective
- Doing no significant harm to any other environmental objective
- Complying with minimum social safeguards
- Complying with the technical screening criteria

8.1 EU Taxonomy 2021 figures

At the point of publication of this report, the EU has so far published regulations outlining the eligible economic activities and the technical screening criteria for two of the six environmental objectives of the EU Taxonomy – climate change mitigation and climate change adaptation.

Commission Delegated Regulation (EU) 2021/2139 or the 'Climate Delegated Act' is applicable from 1 January 2022 and outlines the conditions under which economic activities qualify as making a substantial contribution to climate change mitigation and climate change adaptation.

The list of eligible activities and technical screening criteria for the remaining four environmental objectives are expected to be published in 2022 and to be applicable from 1 January 2023.

In line with the EU Non-Financial Reporting Directive and the non-financial reporting requirements linked to the Taxonomy Regulation, this report details the share of Befesa activities in 2021 that are Taxonomy-eligible in relation to revenue, capital expenditure (CapEx) and operating expenditure (OpEx). The reporting was prepared

using the template tables within the Commission Delegated Regulation 2021/2178, or Disclosures Delegated Act, which supplements the Taxonomy regulation in order to foster comparability in reporting.

While waiting for the remaining technical screening criteria to be published, Befesa is reporting the Taxonomy eligibility of its activities as required by the Disclosures Delegated Act in line with the following two approaches, details of which are provided below:

1. Assessment of preliminary eligibility of Befesa's activities under all six environmental objectives based on the existing Climate Delegated Act legislation for the Climate change mitigation and adaptation objectives, and the Platform on Sustainable Finance report for the remaining four environmental objectives¹
2. Assessment of eligibility under the first two environmental objectives for which final technical screening criteria are already set in legislation – Climate change mitigation and Climate change adaptation (Climate Delegated Act).

During 2022, Befesa will implement the required processes to assess the alignment of its activities with the technical screening criteria of the Climate Delegated Act in order to publish as required in the Disclosures Delegated Act the share of its Taxonomy-aligned and Taxonomy non-aligned activities in 2023 based on previous year figures.

When the Environmental Delegated Act is published by the EU, Befesa will implement similar processes to assess the final eligibility and alignment of its activities with the technical screening criteria for the remaining four environmental objectives.

¹ Commission Delegated Regulation 2021/2178 of 6 July 2021 ("Disclosures Delegated Act"); Regulation; Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 ("Climate Delegated Act"); Regulation; Platform on Sustainable Finance's Report, published on 30 March 2022: Main Report and Annex.

1. Assessment of preliminary eligibility under all 6 environmental objectives

In this report, Befesa is voluntarily publishing a preliminary assessment of the eligibility of its activities under all six environmental objectives of the EU Taxonomy.

For the first two environmental objectives – Climate change mitigation and adaptation – the eligibility assessment was based on the existing Climate Delegated Act legislation, which follows the initial Statistical Classification of Economic Activities in the European Community (NACE) classification system. For the four remaining environmental objectives, the preliminary assessment of eligibility was based on the report of the Platform on Sustainable Finance.

The decision of disclosing this preliminary eligibility assessment is based on our Company's values and conviction that the environmental and recycling nature of Befesa's business model is in line with the spirit of EU Taxonomy.

In particular, Befesa's business model supports the circular economy system as defined in Art. 2 of the Taxonomy Regulation, because it supports that the "value of products, materials and other resources in the economy is maintained for as long as possible, enhancing their efficient use in production and consumption, thereby reducing the environmental impact of their use, minimising waste and the release of hazardous substances at all stages of their life cycle, including through the application of the waste hierarchy".

Moreover, Befesa's activities qualify as contributing substantially to the 'transition to a circular economy' environmental goal as defined in Art. 13 of the Taxonomy Regulation, because they reduce waste generation by way of recycling; minimise the incineration of waste and avoid the disposal of waste, including landfilling, in accordance with the principles of the waste hierarchy; increase the use of secondary raw materials; and reduce the use of primary raw materials.

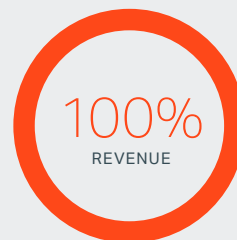
When assessing the *preliminary* eligibility of Befesa's activities with the remaining four environmental objectives, Befesa took into account the recommendations of the Platform on Sustainable Finance on transition to circular economy, stating that "environmental objectives such as the circular economy and biodiversity require a systemic approach that allows addressing the entire value chain, rather than an activity-oriented structure".

Following the recommendation from the Platform on Sustainable Finance, the assessment builds on and goes beyond the NACE code structure and is based on an analysis of Befesa's business model and value chain, as well as Befesa's own interpretation of the Taxonomy Regulation.

Befesa is voluntarily following a systemic approach, as recommended by the Platform on Sustainable Finance, and disclosing the Taxonomy eligibility of its activities accordingly. The approach will be reviewed and updated once the Environmental Delegated Act is published later in 2022.

The results of applying this systemic approach imply that 100% of Revenue, CapEx and OpEx of Befesa's operations in 2021 would be EU Taxonomy-eligible, as summarised in the charts below. The detailed assessment behind these results are presented in tables 1 to 3, of this section.

Eligibility of Befesa





2. Eligibility under the first two environmental objectives (climate change mitigation and climate change adaptation)

This approach assesses the Taxonomy eligibility of Befesa's activities in line with the Climate Delegated Act, which strictly follows the NACE classification system adopted to define eligible activities.

The analysis shows that 53% of Revenue, 20% of CapEx and 58% of OpEx of Befesa's operations in 2021 are EU Taxonomy-eligible. The detailed assessment behind these results are presented in tables 4 to 6 of this section.

With regards to Befesa's Aluminium Salt Slags Recycling business, both activities – Secondary Aluminium and Salt Slags and SPL Recycling – are registered under NACE codes that qualify as Taxonomy-eligible under the Climate change mitigation and Climate change adaptation environmental objectives.

With regards to the Steel Dust Recycling business, the current NACE classification system does not differentiate between producers of primary heavy metals such as zinc, which includes zinc smelters, and producers of recycled secondary zinc, such as Befesa through its steel dust recycling services.

As a result, Befesa's steel dust recycling companies are mostly registered under the NACE code for lead, zinc and tin production (C24.43), which is not listed as EU Taxonomy-eligible under for the Climate change mitigation or adaptation environmental objectives developed.

In addition, Befesa's non-European operations in Turkey, China, the US and South Korea are registered under national classification systems, which are to date not translated into the NACE classification system.

Given that European operations are Taxonomy-ineligible for the Climate change mitigation or adaptation environmental objectives, Befesa has applied a conservative approach and reported non-European activities as ineligible also. These operations represented 17% of Revenue, 67% of CapEx, and 17% of OpEx in 2021.

As recognised in the reports of the Platform on Sustainable Finance and the recommendations of the European Commission, the NACE classification system has its limitations, and should be used on an indicative basis. In the case of Befesa, the niche nature of the company's activities means that some Company

operations are registered under generic NACE codes that do not reflect Befesa's environmental and recycling focus.

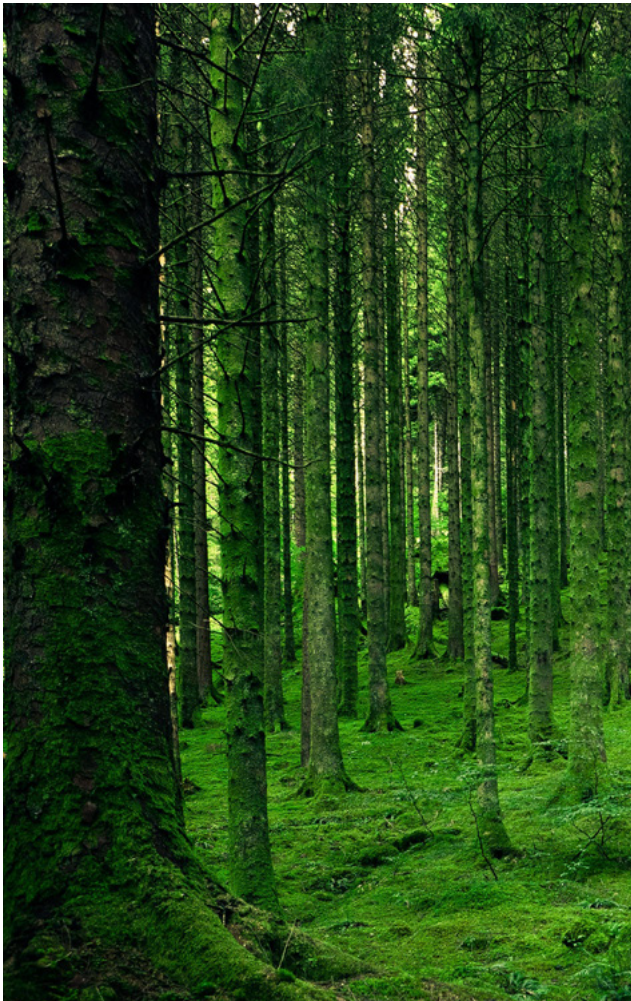
According to the EU Taxonomy's Technical Expert Group, "it is likely that additional NACE codes will need to be added to enable Taxonomy coverage of activities. Full development of the Taxonomy will necessitate the addition of NACE codes in a timely manner."

Also, the Platform on Sustainable Finance "recognises that the existing sector frameworks used to classify economic activities also have some boundaries and limitations".

Considering the limitations of NACE codes for the company's specific activities, Befesa will continue to monitor the legislative evolution of the EU Taxonomy Regulation and the NACE classification system.

The aim is to ensure that on the one hand Befesa's reporting is aligned with the latest Taxonomy requirements and, on the other hand, that its economic activities are registered under classification codes that accurately reflect the specific and niche nature of Befesa's recycling services.

8.2 Befesa's CO₂ reduction plan



In late 2021 and early 2022, Befesa engaged a top global management consulting firm to conduct a detailed study analysing Befesa's contribution to CO₂ emission reductions.

The study had two aims. Firstly to compare the CO₂ emissions from Befesa's hazardous waste recycling activities against the emissions resulting from extracting and producing the same volume of virgin resources, for example through mining and metals production.

The second aim was to identify further opportunities to reduce the CO₂ emission of Befesa's operations. Overall, the results of the study support the EU taxonomy reporting.

The study demonstrates clearly Befesa's contribution to the EU Taxonomy objective of Climate change mitigation. Only considering scope 1 and scope 2 emissions and emissions from maritime transport, Befesa prevents more than 2.4 million tonnes of CO₂ equivalent from its recycling activities compared to production of primary zinc, ferroalloys (Ni, Cr, Mo) and aluminium production. This result is in line with the fact that more than 50% of Befesa's activities are eligible under the two climate change objectives, particularly Climate change mitigation.

The study also highlights further CO₂ improvement opportunities and Befesa defined its Climate Action Plan which is described in chapter 2.3. Befesa is committed to reducing its overall GHG emission intensity by 20% by 2030

and has a vision of achieving net zero emissions by 2050. The detailed results from the study are explained in chapter 2.2 of this ESG Report 2021.

Befesa's operations minimise waste sent to landfill and the release of hazardous substances to the environment through recycling services that treat hazardous wastes from the secondary steel and aluminium industries.

Through the creation of new raw materials through these recycling services, Befesa reduces the use of primary raw materials in other industries. As such Befesa's operations are at the heart of the circular economy and fully aligned with the EU Taxonomy objective of Transition to circular economy.

In summary, at this early stage of the roll out of the EU Taxonomy for sustainable activities, Befesa could be considered as 100% eligible under the Transition to circular economy environmental objective, as well as under the Climate change mitigation and Climate change adaptation objectives. This is based on the analysis outlined above and the technical screening criteria available from the European Union at this time.

Table 1. Proportion of Revenue from products or services associated with Taxonomy-aligned economic activities ("Assessment of preliminary eligibility under all 6 environmental objectives" approach)

A. Taxonomy – Eligible activities			
Economic activities	Code(s)	Absolute Revenue (€ thousand)	Proportion of Revenue
A.1 Environmentally sustainable activities (Taxonomy-aligned)			
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)	–	–	–
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)			
Steel Dust	C24.10 M72.19 C20.12* C24.43* C24.54* E38.22* G46.72* K64.20*	455,836	55%
Secondary Aluminium	C24.53 G46.72	329,860	40%
Salt slags & SPL	C20.15 E38.32	77,349	9%
Corporate & eliminations	K64.20* K69.20*	-41,432	-5%
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		821,613	100%
Total (A.1 + A.2)		821,613	100%
B. Taxonomy-Non-Eligible activities			
Revenue of Taxonomy-Non-Eligible activities (B)			
Total (A+B)		821,613	100%

Table 2. Proportion of CapEx related to products or services associated with Taxonomy-aligned economic activities ("Assessment of preliminary eligibility under all 6 environmental objectives" approach)

A. Taxonomy – Eligible activities			
Economic activities	Code(s)	Absolute CapEx (€ thousand)	Proportion of Capex
A.1 Environmentally sustainable activities (Taxonomy-aligned)			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	–	–	–
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)			
Steel Dust	C24.10 M72.19 C20.12* C24.43* C24.54* E38.22* G46.72* K64.20*	67,491	82%
Secondary Aluminium	C24.53 G46.72	2,327	3%
Salt slags & SPL	C20.15 E38.32	12,559	15%
Corporate & eliminations	K64.20* K69.20*	52	–
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		82,428	100%
Total (A.1 + A.2)		82,428	100%
B. Taxonomy-Non-Eligible activities			
CapEx of Taxonomy-Non-Eligible activities (B)		–	–
Total (A+B)		82,428	100%

* According to the "Disclosure of Eligibility under the first two environmental objectives" approach, the activities registered under these NACE codes would not be Taxonomy-eligible. However, following the "Assessment of preliminary eligibility under all 6 environmental objectives" approach recommended by the Platform on Sustainable Finance, these activities would preliminarily be Taxonomy-eligible based on Befesa's business model/value chain and the own interpretation of the EU Taxonomy Regulation.

Table 3. Proportion of OpEx related to products or services associated with Taxonomy-aligned economic activities ("Assessment of preliminary eligibility under all 6 environmental objectives" approach)

A. Taxonomy – Eligible activities			
Economic activities	Code(s)	Absolute OpEx (€ thousand)	Proportion of OpEx
A.1 Environmentally sustainable activities (Taxonomy-aligned)			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	–	–	–
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)			
Steel Dust	C24.10 M72.19 C20.12* C24.43* C24.54* E38.22* G46.72* K64.20*	358,837	52%
Secondary Aluminium	C24.53 G46.72	310,528	45%
Salt slags & SPL	C20.15 E38.32	66,008	10%
Corporate & eliminations	K64.20* K69.20*	-41,217	-6%
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		694,156	100%
Total (A.1 + A.2)		694,156	100%
B. Taxonomy-Non-Eligible activities			
OpEx of Taxonomy-Non-Eligible activities (B)		–	–
Total (A+B)		694,156	100%

Table 4. Proportion of Revenue from products or services associated with Taxonomy-aligned economic activities ("Eligibility under the first two environmental objectives" approach)

A. Taxonomy – Eligible activities			
Economic activities	Code(s)	Absolute Revenue (€ thousand)	Proportion of Revenue
A.1 Environmentally sustainable activities (Taxonomy-aligned)			
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)	–	–	–
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)			
Steel Dust	C24.10 M72.19	29,181	4%
Secondary Aluminium	C24.53 G46.72	329,860	40%
Salt slags & SPL	C20.15 E38.32	77,349	9%
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		436,390	53%
Total (A.1 + A.2)		436,390	53%
B. Taxonomy-Non-Eligible activities			
Revenue of Taxonomy-Non-Eligible activities (B)	C20.12 C24.43 C24.54 E38.22 G46.72 K64.20 K69.20	385,223	47%
Total (A+B)		821,613	100%

* According to the "Disclosure of Eligibility under the first two environmental objectives" approach, the activities registered under these NACE codes would not be Taxonomy-eligible. However, following the "Assessment of preliminary eligibility under all 6 environmental objectives" approach recommended by the Platform on Sustainable Finance, these activities would preliminarily be Taxonomy-eligible based on Befesa's business model/value chain and the own interpretation of the EU Taxonomy Regulation.



Table 5. Proportion of CapEx related to products or services associated with Taxonomy-aligned economic activities ("Eligibility under the first two environmental objectives" approach)

A. Taxonomy – Eligible activities			
Economic activities	Code(s)	Absolute CapEx (€ thousand)	Proportion of CapEx
A.1 Environmentally sustainable activities (Taxonomy-aligned)			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	–	–	–
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)			
Steel Dust	C24.10 M72.19	1,257	2%
Secondary Aluminium	C24.53 G46.72	2,327	3%
Salt slags & SPL	C20.15 E38.32	12,559	15%
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		16,143	20%
Total (A.1 + A.2)		16,143	20%
B. Taxonomy-Non-Eligible activities			
CapEx of Taxonomy-Non-Eligible activities (B)	C20.12 C24.43 C24.54 E38.22 G46.72 K64.20 K69.20	66,285	80%
Total (A+B)		82,428	100%

Table 6. Proportion of OpEx related to products or services associated with Taxonomy-aligned economic activities ("Eligibility under the first two environmental objectives" approach)

A. Taxonomy – Eligible activities			
Economic activities	Code(s)	Absolute OpEx (€ thousand)	Proportion of OpEx
A.1 Environmentally sustainable activities (Taxonomy-aligned)			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	–	–	–
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)			
Steel Dust	C24.10 M72.19	28,002	4%
Secondary Aluminium	C24.53 G46.72	310,528	45%
Salt slags & SPL	C20.15 E38.32	66,008	10%
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		404,538	58%
Total (A.1 + A.2)		404,538	58%
B. Taxonomy-Non-Eligible activities			
OpEx of Taxonomy-Non-Eligible activities (B)	C20.12 C24.43 C24.54 E38.22 G46.72 K64.20 K69.20	289,618	42%
Total (A+B)		694,156	100%



About this report

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9.1 Scope of the report

On 30 March 2022, Befesa published its Annual Report for the financial year 2021, 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 Article 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 published this ESG Report for 2021, which documents the status and development of sustainability at Befesa and includes key performance indicators and targets. The report is structured around the three main themes: Environmental, Social and Governance.

Governance information is already included in the Annual Report 2021. To avoid repetition, this report contains a summary in addition to new topics that are not suitable or necessary to disclose in the Annual Report.

To meet the needs and expectations of different stakeholder audiences, this report also responds to questions asked by ratings agencies focused on ESG topics, as well as several meetings and conversations with analysts and investors specialising in ESG investments.

BASIS OF REPORTING

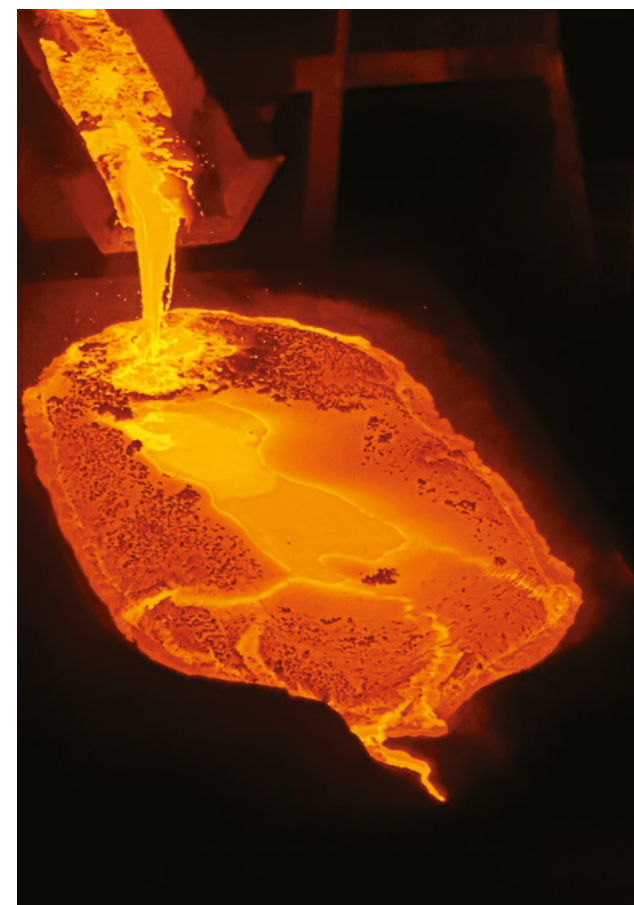
Key financial data and selected HR data were taken from the Befesa Annual Report 2021. Further HR data and environmental, health and safety data come from internal databases operated by Befesa. Data from previous years is presented to show the evolution of sustainability performance at Befesa.

The economic, environmental and HR data relate to all companies belonging to the scope of consolidation shown in the Befesa Annual Report 2021.

REPORTING PERIOD

The reporting period covers all business activities in all countries where Befesa was present in the financial year 2021, (1 January – 31 December 2021). In case of the acquisition of American Zinc Recycling, the consolidation of data and information started with the closing of the transaction in August 2021 in line with International Accounting Standards. If available and suitable, the relevant figures from AZR are included in the ESG report starting from the consolidation date. In line with the Annual Report, figures were included with closing of AZR in August 2021.

For the purpose of comparison, Befesa shows facts and figures from 2020 and earlier.



9.2 Assurance

CERTIFICATIONS

As of 31 December 2021, all Befesa's sites outside the US and China are certified by a third party to the ISO 14001 international environmental management system standard. Also, 70% of Befesa's sites have energy management systems certified to ISO 50001. 74% of sites are ISO 14064 certified for the management of GHG emissions, and 74% are also certified to the ISO 45001 certified occupational health and safety management systems.

Almost 50% of Befesa's plants located in the EU are registered according to EMAS, one of the most demanding environmental management systems. This includes the need for public communication, transparency and recognition by environmental authorities. The staff at Befesa's new facilities is working towards their pending certifications.

Certifications by plant

Site	Country	Type	Capacity (kt)	EMAS	ISO 14001	ISO 50001	ISO 9001	ISO 450001 / OHSAS 18001	ISO 14064
Steel Dust									
Duisburg	Germany	Crude steel	87		●	●	●	●	●
Freiberg	Germany	Crude steel	194	●	●		●	OHRIS (German system similar to OHSAS)	●
Asua – Erandio	Spain	Crude steel	160		●	●	●	●	●
Fouquieres-les-Lens	France	Crude steel	55		●	●	●	●	●
Iskenderun	Turkey	Crude steel	110		●	●	●	●	●
Gyeongju	South Korea	Crude steel	220		●	●	●	●	●
Changzhou	China	Crude steel dust	110						
Xuchang	China	Crude steel dust	110						
Barnwell, SC	US	Crude steel dust	165						
Rockwood, TN	US	Crude steel dust	147						
Calumet, IL	US	Crude steel dust	142						
Palmerton, PA	US	Crude steel dust	163						
Gravelines	France	Stainless steel dust	110		●	●	●	●	●
Landskrona	Sweden	Stainless steel dust	64		●	●	●	●	●
Sondika/Amorebieta	Spain	Oxide	16		●	●	●	●	●
Gravelines	France	WOX washing	100		●	●	●	●	●
Pohang	South Korea	WOX washing	60		●	●	●	●	●

EMAS: system of specifications for environmental management systems.

ISO 140001: standard for environmental management systems.

ISO 50001: standard for energy management systems.

ISO 45001: standard for quality management systems.

OHSAS 18001: standard for occupational safety management systems.

**Certifications by plant** CONTINUED

Site	Country	Type	Capacity (kt)	EMAS	ISO 14001	ISO 50001	ISO 9001	ISO 450001 / OHSAS 18001	ISO 14064
Aluminium									
Lünen	Germany	Salt slags & SPL	170	●	●	●	●	●	●
Hannover	Germany	Salt slags & SPL	130	●	●	●	●	●	●
Valladolid	Spain	Salt slags & SPL	150	●	●	●	●	●	●
Bernburg	Germany	Secondary Aluminium	75		●	●	●	●	●
Erandio	Spain	Secondary Aluminium	64	●	●	●	●	●	●
Les Franqueses de Valles	Spain	Secondary Aluminium	66	●	●	●	●	●	●

EMAS: system of specifications for environmental management systems.

ISO 14001: standard for environmental management systems.

ISO 50001: standard for energy management systems.

ISO 45001: standard for quality management systems.

OHSAS 18001: standard for occupational safety management systems.

AUDITING

Internal and third-party external auditing processes are conducted as part of the ISO 14001, 50001, 14064 and 45001 certification processes, ensuring they comply with ISO requirements.

During 2021, all certifications were maintained, and audits did not raise any major non-conformances. In the case of minor non-conformances and other observations, these have been analysed to identify the root causes and the necessary improvements defined.



9.3 GRI index

Based on this methodology and data collection (chapter 9.1), Befesa is following the suggestions of the Global Reporting Initiative (GRI) and shows the references to the Standards.

Standard disclosure

Disclosure number	Description	Reference	Page(s)	Further notes
Organisational profile				
102-1	Name of the organisation	Annual Report 2021	18	Befesa S.A.
102-2	Organisation's activities, primary brands, products and services	ESG Report 2021	4-7	
102-3	Location of organisation's headquarters	Annual Report 2021	18, 210	68-70, Boulevard de la Petrusse, L-2320 Luxembourg, Grand Duchy of Luxembourg
102-4	Countries of operation	ESG Report 2021	7	
102-5	Nature of ownership and legal form	Annual Report 2021	12, 18	
102-6	Markets served (including breakdown, sectors)	Annual Report 2021	24-25, 133-138	
102-7	Scale of organisation (including number of employees, revenues)	ESG Report 2021	12, 50-51	
102-8	Employee breakdowns	ESG Report 2021	51, 56	
102-9	Organisation's supply chain	Annual Report 2021	22-23	
102-10	Significant changes to the organisation and its supply chain	ESG Report 2021	16	Acquisition of American Zinc Recycling in the US
102-11	Precautionary Principle or approach	ESG Report 2021	39	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 2019	50-54	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	Externally developed economic, environmental and social charters, principle other initiatives	Sustainability Report 2019	50-54	BE SAFE project



Disclosure number	Description	Reference	Page(s)	Further notes
102-13	Memberships of associations	ESG Report 2021	58	United Nations Universal Declaration of Human Rights (UDHR)
		ESG Report 2021	82	United Nations Global Compact
		ESG Report 2021	83-84	United Nations Sustainable Development Goals
		ESG Report 2021	77	Steel: http://www.befesa.com/services/steel-dust/#associations
				Aluminium: http://www.befesa.com/services/aluminium/#associations
Strategy				
102-14	Statement from the most senior decision maker in the organisation about relevance of sustainability	ESG Report 2021	8-9	Letter from the CEO
102-15	Key impacts, risks, and opportunities	Annual Report 2021	62-69	
Ethics and integrity				
102-16	Organisation's values, principles, standards, and norms of behaviour	Annual Report 2021	90-94	Code of Conduct
		ESG Report 2021	72	Corporate Behaviour
102-17	Internal/external mechanism for seeking advice about ethical and lawful behaviour, reporting concerns about unethical/unlawful behaviour and organisational integrity	Annual Report 2021	94	
Governance				
102-18	Governance structure of the organisation, including committees responsible for decision-making on economic, environmental and social impacts.	Annual Report 2021	72-80	
102-19	Process for delegating authority for ESG topics from the highest governance body to senior executives and other employees	Annual Report 2021	72	
102-20	Executive-level position with responsibility for ESG topics			yes
102-21	Processes for consultation between stakeholders and the highest governance body on ESG	Annual Report 2021	90-94	
		ESG Report 2021	19	
102-22 to 102-37	Various topics about processes and organisation	Annual Report 2021	72-80	
Stakeholder engagement				
102-40	List of stakeholder groups	ESG Report 2021	19	
102-41	Employees covered by collective bargaining agreements.	ESG Report 2021	65	75%



Disclosure number	Description	Reference	Page(s)	Further notes
102-42	Identifying and selecting shareholders	ESG Report 2021	19, 24	
102-43	Approach to stakeholder engagement	ESG Report 2021	17-19	
Reporting practice				
102-45	Entities included in the organisation's consolidated financial statements	Annual Report 2021	158-171	
102-46	Process for defining the report content and the aspect boundaries	Annual Report 2021	108-110	
102-47	Material topics identified	ESG Report 2021	17-18	
102-48	Report effect of any restatements of information provided in previous reports			no restatements
102-49	Report significant changes from previous reporting periods	Annual Report 2021	108	Acquisition of American Zinc Recycling in the US
102-50	Reporting period	ESG Report 2021	97	calendar year 2021
102-51	Date of most recent previous report			ESG Progress Update 2020: 27 April 2022; Annual Report 2021: 30 March 2022
102-52	Reporting cycle	Annual Report		yearly
		ESG Report / ESG Update		yearly
102-53	Contact point for questions regarding the report or contents	ESG Report 2021	108	irbefesa@befesa.com
102-54	Report the 'in accordance' option the organisation has chosen			core option
102-55	GRI content index	ESG Report 2021	100-106	
102-56	Policy and current practice with regard to seeking external assurance for the report	Befesa website		Comprehensive ISO and EMAS certifications for plants: Steel: http://www.befesa.com/services/steel-dust/#certifications Aluminium: http://www.befesa.com/services/aluminium/#certifications
Management approach				
103-1a	Material topics	ESG Report 2021	17-18	

Economic

Disclosure number	Description	Reference	Page(s)	Further notes
Economic performance				
201-DMA	Disclosure on management approach	Annual Report 2021	7-9	
201-1	Economic value generated	Annual Report 2021	101-102	
201-2	Risks and opportunities due to climate change	Annual Report 2021	66-68	
201-3	Coverage defined benefit plan obligations			Obligations had been externalised at 31 December 2021 and 2020
Indirect economic impacts				
203-DMA	Disclosure on management approach	ESG Report 2021	66	
203-1	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 now also in China and invests directly and in-directly into regional economies throughout the country
Anti-corruption				
205-DMA	Disclosure on management approach	Annual Report 2021	88-94	
205-1	Total number and percentage of operations assessed for risks and significant risks identified			Detailed data is monitored for internal use
205-2	Communication and training on anti-corruption policies and procedures	Annual Report 2021	88-89, 92	
	Confirmed incidents of corruption and action plans			The Whistle-blowing channel was implemented in 2015. Since then Befesa received 37 reports, 5 of which were related to corruption, bribery and conflict of interest



Environmental

Disclosure number	Description	Reference	Page(s)	Further notes
Materials				
301-DMA	Management approach	ESG Report 2021	6, 11	
301-1	Material used by weight (million tonnes)	ESG Report 2021	11	
301-2	Materials used that are recycled input materials	ESG Report 2021	11	input materials are hazardous waste and residues as well as aluminium scrap
Energy				
302-DMA	Management approach	ESG Report 2021	40	
302-1	Energy consumption	ESG Report 2021	40	
Water				
303-DMA	Management approach	ESG Report 2021	42	
303-1	Water withdrawal	ESG Report 2021	42	
Emissions				
305-DMA	Management approach	ESG Report 2021	35	
305-1	Direct greenhouse gas (GHG) emissions (scope 1)	ESG Report 2021	41	
305-2	Indirect greenhouse gas (GHG) emissions (scope 2)	ESG Report 2021	41	
305-5	Reduction of GHG emissions	ESG Report 2021	47	
Effluents and waste				
306-DMA	Management approach	ESG Report 2021	39	
306-2	Total weight of waste	ESG Report 2021	39	



Social

Disclosure number	Description	Reference	Page(s)	Further notes
Employment				
401-DMA	Management approach	Annual Report 2021	50-51	
		ESG Report 2021	50	
401-1	Number of employees and rates	ESG Report 2021	12-13	
Occupational health and safety				
403-DMA	Management approach	Annual Report 2021	53-55	
		ESG Report 2021	52-53	
403-2	Figures	ESG Report 2021	28	
Training and education				
404-DMA	Management approach	ESG Report 2021	53	
404-1	Figures	ESG Report 2021	54	
Diversity and equal opportunity				
405-DMA	Management approach	ESG Report 2021	55-57	
405-1	Figures	ESG Report 2021	56	



Human rights assessment

Disclosure number	Description	Reference	Page(s)	Further notes
Non-discrimination				
406-DMA	Management approach	ESG Report 2021	55	
Freedom of association and collective bargaining				
407-DMA	Management approach	ESG Report 2021	65	
Child Labour				
408-DMA	Management approach	ESG Report 2021	58, 82	Befesa has no employees below the legal age of working
Forced or compulsory labour				
409-DMA	Management approach	ESG Report 2021	58, 82	Befesa does not accept any forced or compulsory labour

Society

Disclosure number	Description	Reference	Page(s)	Further notes
Local communities				
409-DMA	Management approach	ESG Report 2021	66-67	Befesa does not accept any forced or compulsory labour

9.4 Disclaimer

This ESG 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.

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Contact

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