

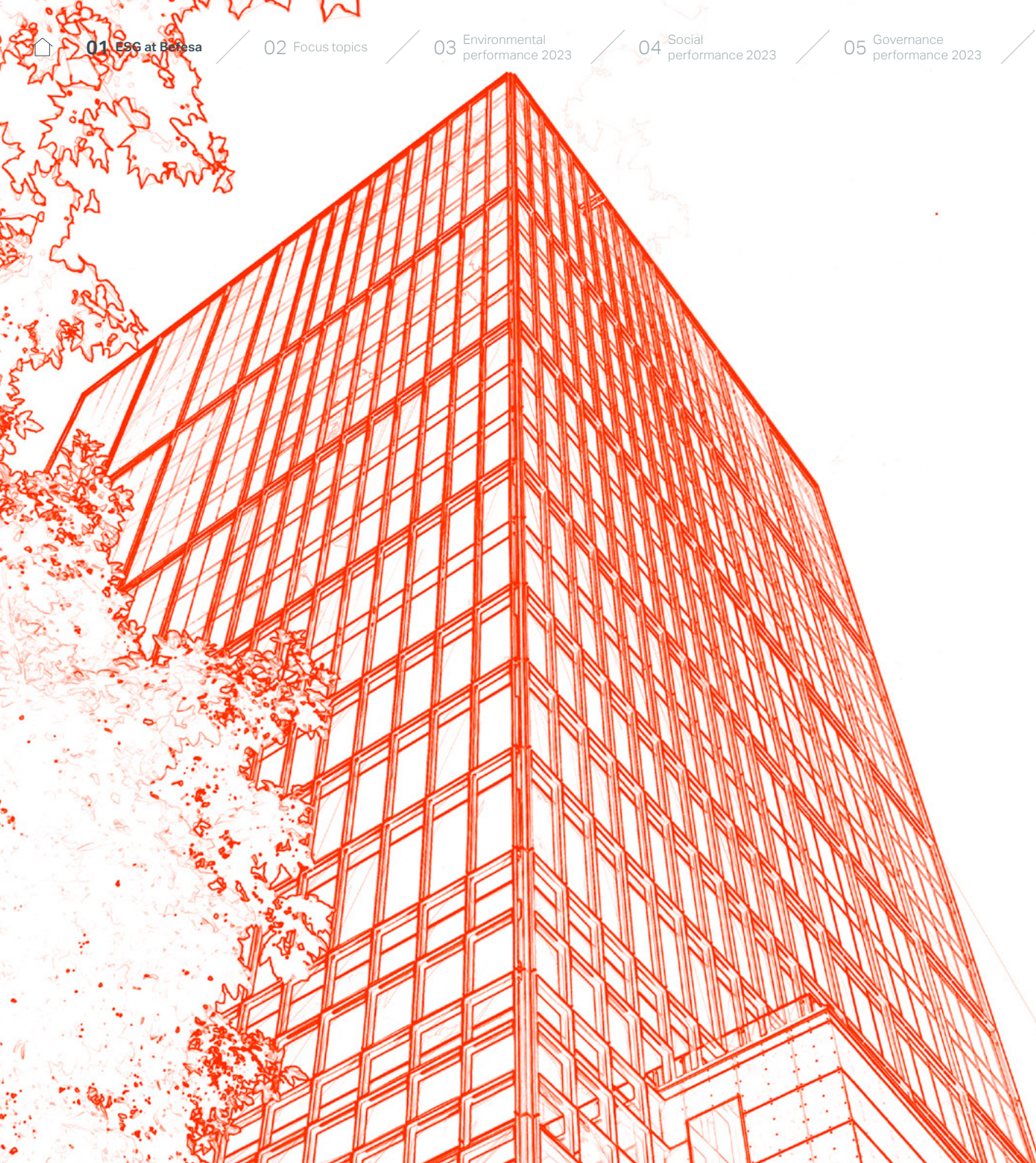


REDUCE / RECYCLE / RECOVER / REINTRODUCE



Befesa has been a vital player in the circular economy for almost four decades. Befesa's recycling services reduce the environmental impact of industrial waste by recovering valuable materials and reintroducing them, which also helps reduce the cost of primary production.

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01 ESG at Befesa

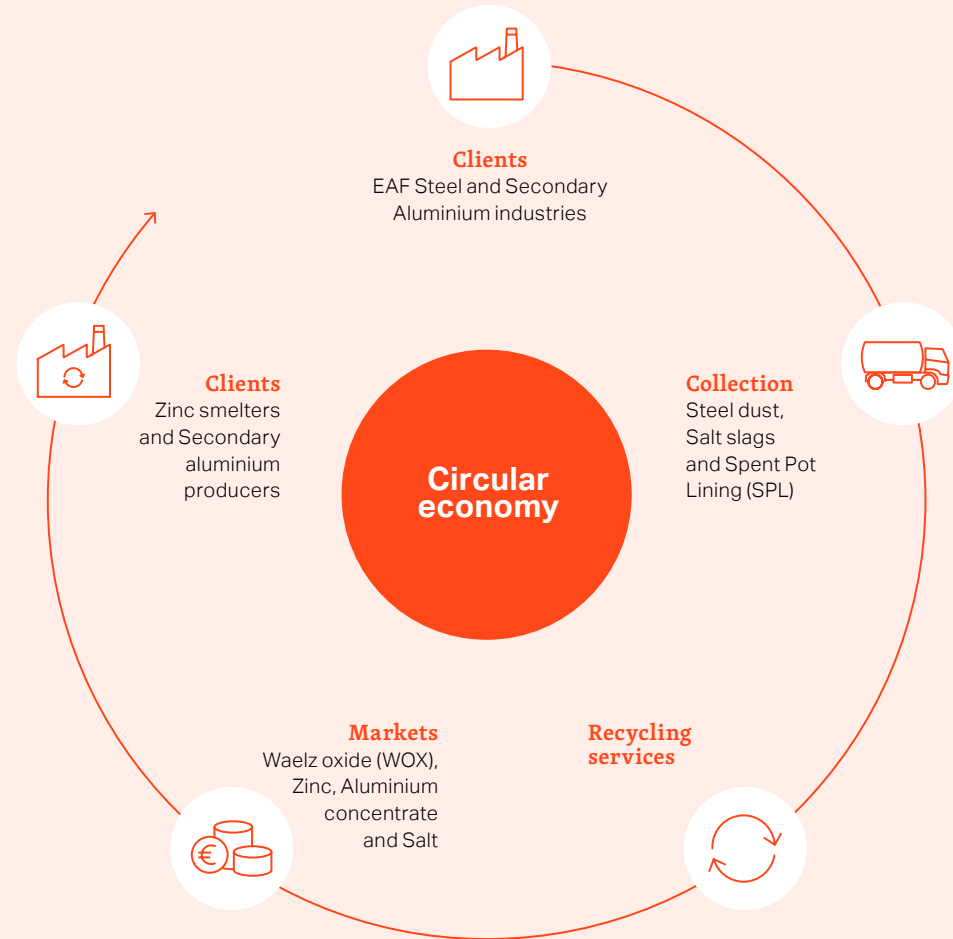
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1.1 Befesa at a glance

Since 1987, Befesa has provided sustainable solutions to customers in the steel and aluminium industries. Befesa is the global leader in providing regulated critical environmental recycling services to these industries with 24 facilities in eight countries across Europe, Asia and North America.

By recycling waste from these sectors Befesa supports the circular economy, recovering valuable materials and reintroducing them into production processes. This reduces environmental impacts and also the cost of primary production.

Befesa has two business units – Steel Dust Recycling Services and Aluminium Salt Slags Recycling Services – handling 1.9 million tonnes of industrial residues and hazardous waste each year. This directly contributes to the circular economy by preventing landfill of hazardous waste and recovering around 1.7 million tonnes of valuable new materials from them. These new materials are reintroduced to the economy and help reduce consumption of natural resources.





1.1 Befesa at a glance *continued*

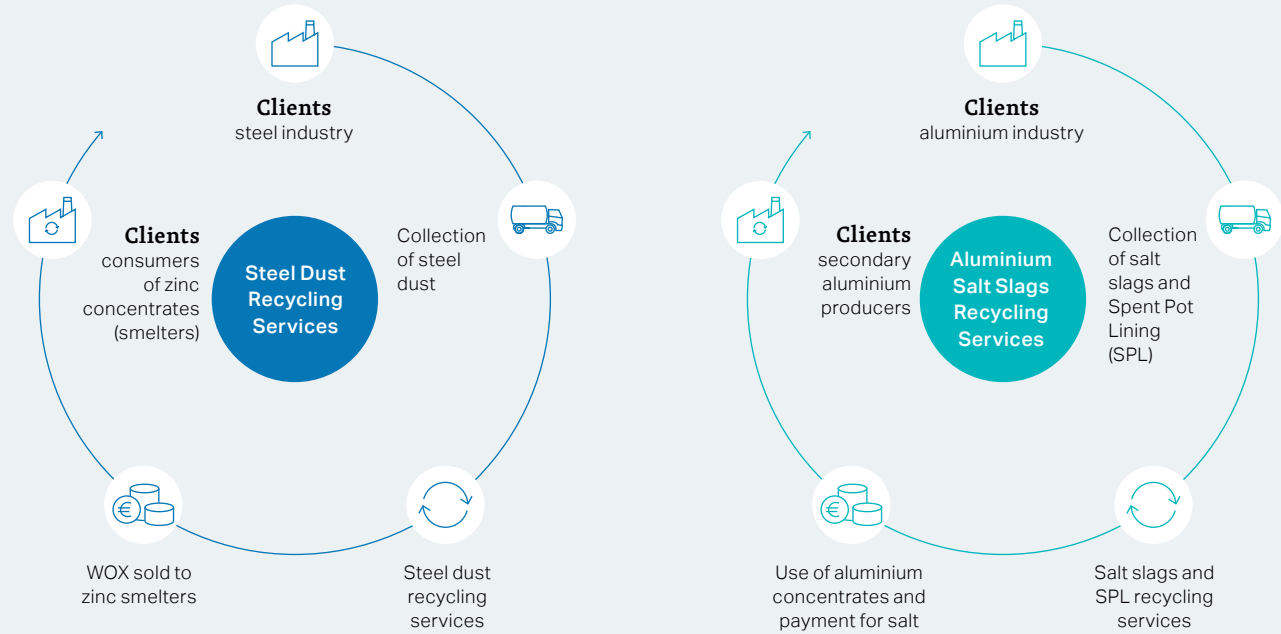
A highly regulated and critical service model

Befesa provides a critical service that supports 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, remain strong growth drivers for Befesa since 1987.

Befesa has been able to capture the opportunities these market and operational conditions create with a business model that helps protect 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.



€58m
NET PROFIT

€117m
OPERATING CASH FLOW

24
RECYCLING PLANTS

1,790
EMPLOYEES

€1,181m
REVENUE IN 2023

€182m
ADJUSTED EBITDA IN 2023

18

6

1,574

216

€786m

€399m

€134m

€48m



1.1 Befesa at a glance *continued*

Markets & sites

Steel dust recycling plants

1,894 kt

ANNUALLY INSTALLED CAPACITY TO RECYCLE STEEL DUST (CRUDE AND STAINLESS)³

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 | China | Crude steel dust | 110 kt |
| 8 | Xuchang | China | Crude steel dust | 110 kt |
| 9 | Barnwell, SC | US | Crude steel dust | 163 kt |
| 10 | Rockwood, TN | US | Crude steel dust | 145 kt |
| 11 | Calumet, IL | US | Crude steel dust | 135 kt |
| 12 | Palmerton, PA | US | Crude steel dust | 177 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 |
| 18 | Rutherford County, NC | US | Zinc refining | 141 kt |

Aluminium salt slags recycling plants

470 kt

ANNUALLY INSTALLED CAPACITY TO RECYCLE SALT SLAGS AND SPL

Installed capacity by plant

| | | | | |
|----|---------------------------|---------|---------------------|--------|
| 19 | Lünen | Germany | Salt slags & SPL | 170 kt |
| 20 | Hanover | Germany | Salt slags & SPL | 130 kt |
| 21 | Valladolid | Spain | Salt slags & SPL | 170 kt |
| 22 | Bernburg | Germany | Secondary aluminium | 75 kt |
| 23 | Les Franqueses del Vallès | Spain | Secondary aluminium | 66 kt |
| 24 | Erandio | Spain | Secondary aluminium | 64 kt |

205 kt

ANNUALLY INSTALLED CAPACITY TO PRODUCE SECONDARY ALUMINIUM

Map Key

- Crude steel dust recycling
- Stainless-steel dust recycling
- Oxide
- Salt slags & SPL recycling
- Secondary aluminium production
- WOX washing
- ▨ Both

¹ 50/50 joint venture with Recylex; 55 kt installed capacity corresponds to Befesa. On 21 June Befesa announced the acquisition of the remaining 50% of Recytech

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

³ Total annually installed capacity does not include the capacity of the oxide, WOX washing and zinc-refining plants



1.1 Befesa at a glance *continued*

Business model

EAF steelmakers/ recyclers

(mini-mills,
scrap recyclers)



HAZARDOUS WASTE AND RESIDUES

1,195 kt
STEEL DUST

€ Service fee c. 10–20%

BEFESA RECYCLING



OUTPUTS

606 kt
IRON OXIDE

412 kt
WOX PRODUCED

€ Sale of zinc in WOX
c. 80–90%

FINAL USAGE

Zinc smelters
eg. steel galvanisation

Filler materials
e.g. cement, roads



Aluminium producers/ recyclers



HAZARDOUS WASTE AND RESIDUES

361 kt
SALT SLAGS & SPL

€ Service fee c. 40%

BEFESA RECYCLING



OUTPUTS

314 kt
ALU OXIDE & OTHERS

124 kt + 33 kt
MELTING SALT / ALU CONCENTRATE

€ Sale of alu salt & conc.
c. 60%

FINAL USAGE

Aluminium recyclers

Filler materials
e.g. ceramics, cement, rockwool





1.2 Letter from Chairman and CEO

DEAR SHAREHOLDERS,

We are very pleased to present Befesa's ESG Report for 2023, which provides our performance for the year and reflects our ongoing commitment to integrating Environmental, Social, and Governance (ESG) principles into every corner of our operations.

In our rapidly changing world, it is imperative that we not only strive for economic success, but also ensure that our activities promote environmental stewardship, social responsibility, and robust governance.

The Befesa Annual Report 2023 was published in March 2024 and, as you might know, 2023 was another challenging year for Befesa. We faced a combination of adverse external factors on the commodity side of the business as well as a difficult situation in China.

Befesa is a pure circular economy player, and in terms of our environmental achievements we achieved a new record in the history of Befesa – recycling 1.9 million tonnes of residues to recover 1.7 million tonnes of new materials which were reintroduced into the market. This huge and growing quantity is the centre of our business model and reflects our significant contribution to the circular economy.

ENVIRONMENTAL STEWARDSHIP

Climate change remains one of the most significant challenges of our time. At Befesa, we are committed to reducing our environmental footprint through investing in sustainable practices and innovative solutions. This year, we have made considerable progress in lowering our carbon emissions, improving energy efficiency, and enhancing our waste management processes. In 2023, total emissions decreased by 3% while total waste recycled increased by 2%, which means that Scope 1 and 2 greenhouse gas intensity has decreased by 5% vs 2022, and 2% vs the baseline of 2021.

Our business strategy is fully aligned with our ESG strategy and is rooted in an increased contribution to the circular economy. Our target is to recycle more than 2.4 million tonnes of residues by 2025 and recover more than 1.8 million tonnes of new materials. We will deliver on these targets by fully utilising the existing capacity in our plants and by deploying our business model in new markets and geographies.

SOCIAL RESPONSIBILITY

Our people are our greatest asset. We are committed to fostering an inclusive and diverse workplace where everyone feels valued and empowered. This year, we have launched several initiatives to support employee well-being, professional development, and diversity, equity, and inclusion (DEI). We have introduced comprehensive health and wellness programs, expanded our training and development offerings, and implemented policies to ensure equal opportunities for all employees.

SCOPE 1 INTENSITY

-10%

COMPARED TO PRIOR YEAR



Javier Molina
Executive Chair

Asier Zarranandia
Chief Executive Officer



1.2 Letter from Chairman and CEO *continued*

Moreover, we recognise the importance of supporting the communities in which we operate. Our community engagement programmes focus on education, health, and economic development, aiming to create lasting positive impacts.

GOVERNANCE EXCELLENCE

Strong governance is the foundation of sustainable business practices and we are committed to maintaining the highest standards of integrity, transparency, and accountability. In 2023, we have strengthened our governance structures by enhancing board diversity, improving risk management practices, and increasing transparency in our reporting. Our governance framework ensures that ESG is integrated into our decision-making processes and that we remain responsive to the needs and expectations of our stakeholders.

Furthermore, in 2023 we initiated the Sustainability Committee in Befesa. The Committee held three meetings over the course of the year with a focus on reviewing the ESG strategy of Befesa as well as the implementation of that strategy to achieve the agreed goals and targets.

LOOKING AHEAD

The introduction to our latest ESG report is the right place to announce that this will be Befesa's last standalone ESG report. With the new EU Corporate Sustainability Reporting Directive (CSRD), the scope and nature of sustainability reporting by

companies is profoundly changing. For financial year 2024, we will include our ESG disclosure within our Annual report and we have already set the foundations for reporting in line with the EU CSRD. This includes completing a double materiality assessment, as outlined later in this report, and preparing for limited assurance of our ESG content and data by our external auditor.

Befesa has reported on its ESG performance since 2018, but we hold some concerns about the development of more and more ESG-related regulations from the European Union. Befesa already reports on the EU Taxonomy and will from next year comply with the CSRD. These disclosures require significant internal effort, that can sometimes feel like a distraction from investing time and resources into ESG improvements. Looking to the horizon, the Sustainability Due Diligence Directive and regulation on deforestation-free products are incoming, and there are discussions about a Social Taxonomy and many more ideas. Our fear is that we will be faced with overregulation and extensive reporting demands that reduces the ability and time to actively do enough to address our material ESG themes themselves.

Netheless, we will find solutions and possibilities to fulfil all legal obligations on Befesa.

As we look to the future, we remain committed to our ESG principles. We

recognise that sustainability is a journey, and we are dedicated to continuous improvement. Our goals for the coming years include further reducing our environmental impact, advancing our social initiatives, and enhancing our governance practices even further.

We are grateful for the support and trust of our stakeholders, including our employees, customers, shareholders, and communities. Together, we can create a more sustainable and equitable world.

Thank you for your continued partnership and staying with us on this important journey.

ASIER ZARRAONANDIA

Chief Executive Officer

JAVIER MOLINA

Executive Chair



1.3 ESG highlights 2023

Befesa performed again in 2023, despite ongoing challenging macroeconomic and political issues in an environment marked by inflation and still some covid restrictions.

Environmental, Governance and Governance (ESG) topics are in the main focus at Befesa. Recycled volumes increased and the volume of materials new materials produced increased significantly. CO₂ intensity improved and further progress was made around HR issues and to improve safety further.

The main highlights of 2023 include:

Environmental

- Further increase in recycled volumes to 1.9 million tonnes
- Volumes of new materials produced increased again up to 1.7 million tonnes
- Climate change goals: Scope 1 intensity down by 10%
- 5% CO₂ intensity reduction compared to 2022
- EU funding for developing new technologies to recycle steel dust using hydrogen
- EU funding for developing technology to recover hydrogen from salt slags processes

Social

- Continued strong improvement in safety performance
- Diversity training
- Young talent programm
- Corporate Social Responsibility

Governance

- Cybersecurity: training initiatives to avoid pishing attacks
- Sustainability Committee well established and met on their committees



1.4 ESG strategy

ESG PRINCIPLES

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

Befesa's business model is designed to capture opportunities provided by sustainability and environmental protection regulations. These regulations have been the main growth driver for Befesa and will remain so as more and more countries 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, the largest producer of steel and aluminium globally and therefore for recycling services linked to these sectors. China also introduced a strong environmental regulation on hazardous waste in 2018. Befesa finished construction its first steel dust recycling plant in China in 2021, followed by a second plant in 2022. With these new, state-of-the-art plants, Befesa is helping Chinese steelmakers to comply with environmental regulations by providing the same high quality recycling services offered in other Befesa markets.

This includes collecting, transporting and recycling steel dust to fulfil the hazardous waste environmental regulations.

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

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, and promoting, developing and taking care of them are some of Befesa'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 has a strong positive impact, contributing towards a more sustainable world, avoiding mining and waste being landfilled.

Befesa focuses on three main areas:

1. Improving recycling operations

Befesa has been improving its recycling operations based on 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 focus areas at Befesa. Befesa works tirelessly to reduce the number of accidents while achieving zero fatalities.

3. Compliance

Compliance is also at the core of Befesa's entire organisation. This is reflected in a strong Code of Conduct that promotes ethical business practices aligned with comprehensive internal audits and strong corporate governance.



Key ESG principles

Befesa’s approach to ESG is grounded in a set of principles that are designed to help create a more sustainable world.



Environmental protection



Health & safety



Compliance



Customer focus



Operational excellence



Highly qualified employees



Integrity & transparency

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

BEFESA'S VISION

Befesa aims to be the global leader in managing and recycling hazardous residues from the steel and aluminium industries and to continue to play a growing role in a more sustainable world by supporting the circular economy.

BEFESA'S STRATEGY

Befesa focuses on serving its customers and achieving its goals by developing improvements in existing technologies, optimising operations and product quality, and increasing efficiency. At the same time, Befesa invests in organic growth and expanding its proven business model into new and emerging markets.

BEFESA'S BUSINESS

Befesa’s business model is based on providing sustainable solutions to the steel and aluminium industries and supporting the circular economy in these sectors. This is achieved by managing and recycling hazardous residues generated by secondary steel and aluminium producers. Befesa focuses its core efforts on recycling hazardous residues including crude steel dust from electric arc furnace steel production and salt slags and spent pot linings (SPL) from aluminium producers and recyclers.

BEFESA'S PRINCIPLES

Befesa’s approach to ESG is grounded in a set of principles that are designed to help create a more sustainable world.

1.5 Stakeholder engagement

For Befesa, stakeholders are those individuals and organisations that affect or are affected by Befesa's business operations. Stakeholders are not just passive observers but active participants whose engagement can significantly impact the success and sustainability of Befesa. Recognising their importance and effectively managing their involvement is key for Befesa to achieve its sustainability goals.

Befesa seeks engagement opportunities to gather feedback from stakeholders and build relationships based on trust. Input from these engagements are considered in Befesa's operations and decision making. Befesa pays close attention to society's views and works to identify emerging opportunities and risks through stakeholder dialogue.

Since Befesa's IPO in November 2017, it has established intensive and direct dialogue with shareholders, analysts and potential investors. Dialogue channels include emails, phone calls, virtual and face-to-face meetings. These discussions provide valuable insight into views and expectations of investors and capital markets. In 2023, dialogue on corporate governance, and in particular the remuneration report, where key before the Shareholders' meeting.

Befesa could use the content and updates from these meetings for its strategy and execution, the reporting and level of transparency.

Stakeholder engagement was a critical part of Befesa's new materiality analysis. A double materiality analysis was undertaken for the very first time in spring 2024 and the process and results are described in chapter 2.1.





1.6 ESG targets

Befesa is on track to achieve its ESG targets, which were first published in 2019. All targets are still valid or have been updated. Some targets have already been achieved, as shown in the table.

Targets & next steps

| Social | | |
|--|---|--|
| Target | 2023 progress | Next steps |
| Reduce Lost Time Injury Rate (LTIR) by at least 50% by 2024 compared to 2019 (1.98) | Achieved! Further reduction to 0.45 in 2023 (2022: 0.55) | LTIR reduction achieved faster than expected; continue efforts to make further reductions |
| Maintain zero fatalities | Zero fatalities in 2023 | Monitor accidents and improve safety standards further |
| Full integration of US operations into HR policies and procedures | Integration of Befesa Zinc Metal into HR policies and procedures achieved in 2023. Befesa Zinc US was fully integrated in 2022 | The target was achieved for the integration of Befesa Zinc US, acquired in 2021, and Befesa Zinc Metal, acquired in 2022 |
| Continue boosting integration initiatives for people with disabilities and corporate citizenship activities | Befesa supports numerous citizenship initiatives, with the following highlights: In 2022 and 2023, Befesa sponsored several projects at the University of Seville, Spain, aimed at integrating and supporting autistic individuals. These initiatives included creating online content, participating in international conventions and conferences, and offering training for secondary school teachers and courses on accessible environments. Additionally, in 2023, Befesa sponsored a Paralympic athlete's participation in two international regattas in Spain with the ship Befesa-Ybarra, raising awareness of the potential of people with disabilities and encouraging their participation in sports and recreational activities | Continue efforts to establish new initiatives on the topic of disabilities and corporate citizenship |

| Environmental | | |
|--|---|--|
| Target | 2023 progress | Next steps |
| Increase the volume of waste managed and recycled to more than 2.4 million tonnes by 2025 (updated from the target set in 2020 of more than 2 million tonnes) | 1.9 million tonnes managed and recycled (2022: 1.8 million tonnes) | Increasing volumes through higher utilisation at existing plants and starting Palmerton plant (USA) in 2025 |
| Increase volume of valuable materials recovered from waste and residues to more than 1.8 million tonnes by 2025 (updated from the target set in 2020 of more than 1.6 million tonnes) | 1.7 million tonnes recovered (2022: 1.5 million tonnes) | Increasing volumes through higher utilisation at existing plants and starting Palmerton plant (USA) in 2025 |
| Complete certification of all plants to the ISO 50001 energy management system by 2023. (Does not include Chinese and US plants, and Freiberg in Germany, which is already certified to EMAS) | Completed in 2022 | Maintain certification through periodic independent management system audits |
| Reduce CO₂ emissions intensity (scope 1 and 2) by 20% by 2030 and achieve net zero by 2050 | 5% CO ₂ intensity reduction in 2023 vs 2022 and 2% vs 2021 baseline Initiating projects to reduce emissions and to increase share of renewable energy | Execute projects and initiatives to reduce CO ₂ Increase green power usage Increase CO ₂ efficiency on the US assets |



1.6 ESG targets *continued*

Social

| Target | 2023 progress | Next steps |
|--|--|--|
| HR digitalisation | Befesa has integrated a comprehensive recruitment platform and updated its training management module within the company's Human Resources Information System (HRIS). Additionally, it has implemented big data analytics to develop dynamic dashboards. Another significant initiative includes the establishment of an HR knowledge hub, facilitating Befesa's HR community in sharing relevant information and best practices effectively | Continuing to improve and modernize human resources processes to increase efficiency, ensuring enhanced tracking, transparency, and control for accurate analysis and management |
| Continue offering leadership training to support the success of teams and departments | After the first edition of the Befesa Young Professional Training, in 2023 the second round of the programme has started to secure Befesa's future leadership pipeline | Work on the third edition of the programme, adapting it to address newly identified needs |

Befesa's core business is based on sustainability and it has played a key role in the circular economy since 1987 – before the term even existed

Governance

| Target | 2023 progress | Next steps |
|--|--|--|
| Train all Befesa IT users with a cybersecurity training tool | Cybersecurity training for all users with computer access | Target achieved: ongoing regular cybersecurity trainings |
| Continue rigorous annual risk assessment | Annual risk assessment completed | Target achieved , procedures in place to move yearly forward and complete the process annually |
| Double number of women on the Board in 2022 and further increase female representation on the Board | Percentage of women on Befesa's Board increased from 11% to 22% in 2022 and further to 37.5% in 2023 | Target clearly overfulfilled |



1.7 EU taxonomy

The European Union (EU) taxonomy for sustainable activities, also known as the green taxonomy, is a common classification system established by the EU 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

APPLICATION OF THE EU TAXONOMY BY BEFESA

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.

Befesa is the leading environmental services partner supporting the circular economy of the secondary steel and aluminium industries, with facilities in Europe, Asia and North America.

Befesa's two business units – Steel Dust and Aluminium Salt Slags Recycling Services – support the circular economy by recycling around 1.8 million tonnes of industrial residues and hazardous waste each year. This prevents the landfill of these hazardous waste streams while recovering around 1.5 million tonnes of valuable new materials, which are reintroduced to the economy reducing consumption of natural resources.

These activities meet the EU Taxonomy criteria for sustainable economic activities, as they reduce waste, promote recycling, and ensure the efficient use of resources, contributing to environmental sustainability, under which the eligibility exercise was done to identified possible eligible activities.

In 2024 (for the year 2023), the eligibility and alignment analyses were carried out considering the newly available information contained in the EU Taxonomy Delegated Acts, approved and adopted in June 2023, published in November 2023, and applicable from 1 January 2024. This analysis has involved a thorough examination of Befesa's various business units across different geographies to correlate them with the taxonomic activities.

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

Befesa evaluated the eligibility of its activities with the descriptions according to the EU Taxonomy. Befesa's economic activities can be classified into main activities:

- Steel Dust Recycling Services
Befesa collects and processes steel dust, a byproduct of the steel manufacturing process, to recover valuable zinc and other metals. This recycling process reduces the need for primary raw materials and minimizes environmental impact by preventing the landfill of hazardous waste.
- Aluminum Salt Slags Recycling Services
Befesa recycles salt slags and other residues generated during aluminum production. Through this process, the company extracts aluminum and other valuable materials, which are then reintroduced into the production cycle, thereby reducing waste and conserving natural resources.



1.7 EU taxonomy *continued*

In line with this interpretation and the activities outlined in Delegated Regulation 2021/2139 and Delegated Regulation 2023/2486, the EU Economic activities that were initially identified that contribute to the different objectives are:

| EU Taxonomic Activity | Match with Befesa's Economic Activity | EU Taxonomy Objective |
|----------------------------------|---|----------------------------------|
| 2.4 Treatment of hazardous waste | Steel Dust Recycling: The company's Steel dust recycling operations recover zinc and other metal from electric arc furnace dust, transforming a hazardous waste products into valuable raw material for the Steel and zinc industries. | Transition to a circular economy |
| 3.8 Manufacture of aluminum | Aluminum salt slag recycling: The process of recycling aluminum salt slag recovers aluminum and other valuable materials from the slag, a residual product of aluminum production. This approach not only minimizes waste but also creates a sustainable supply of raw materials for the aluminum industry. | Climate Change Mitigation |

TREATMENT OF HAZARDOUS WASTE

Treatment of hazardous waste is the overarching activity of most of the companies operating under Befesa. The Company understands this as a crucial part of its activities as well as the very essence of Befesa.

main activity of Steel Dust Recycling Services out of the eligibility & alignment analysis, given that Befesa recycles metals and/or metal compounds. Because of that, it is determined that Befesa does not comply with what is listed in the description for this activity.

The economic activity is defined by the EU Taxonomy as Recycling or reclamation of inorganic materials other than metals or metal compounds. This would exclude the

Befesa's primary activity is unique, with no direct competitors offering similar services. This uniqueness has posed a challenge, as there is no specific classification for its

activity within the EU Taxonomy related to Steel Dust Recycling. Despite this, Befesa is a significant contributor to the circular economy, playing a crucial role in recycling and resource recovery. The lack of a proper classification highlights the need for more comprehensive guidelines to accommodate innovative and specialized activities that support the objective of circular economy.

MANUFACTURE OF ALUMINIUM

Befesa produces secondary aluminium, while upholding the highest standards of sustainability. In line with Befesa's sustainability goals, the Company is actively involved in the manufacturing of secondary aluminium, promoting the circular economy and the sustainable reuse of this valuable material. This way, Befesa contributes to resource conservation and minimise waste generation.

The Annex I of the Delegated Regulation 2021/2139 and its amendment, under which an economic activity qualifies as contributing substantially to climate change mitigation, covers activity 3.8 Manufacture of aluminium. Activity 3.8 is described as the Manufacture of aluminium through primary alumina (bauxite) process or secondary aluminum recycling.

Befesa has determined that one of its main activities, Aluminium Salt Slags Recycling Services, complies with the Technical screening criteria listed, specifically the manufacture of (b) secondary aluminium.

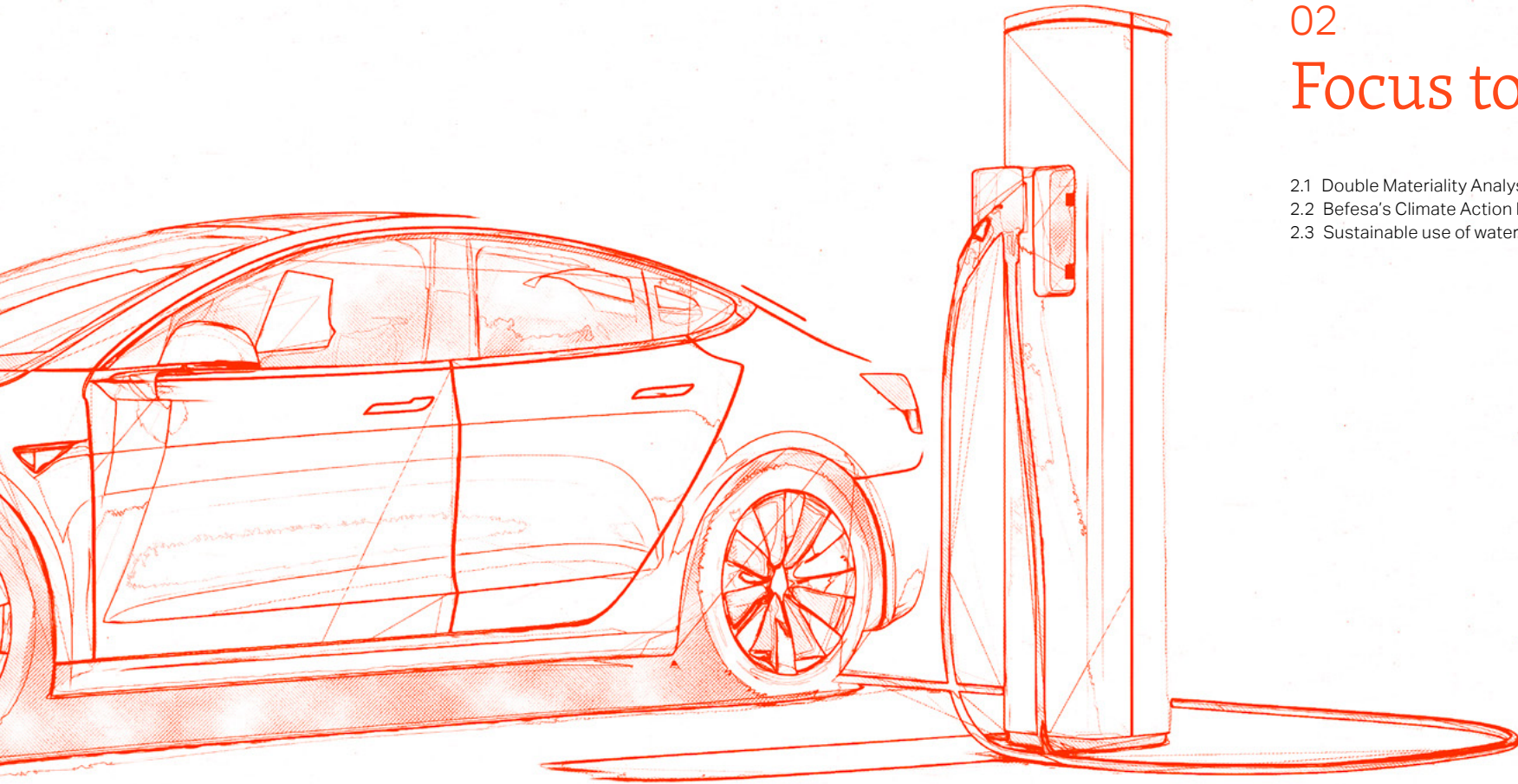
Befesa calculated the proportion of its total turnover, total capex and total opex in 2023 that are associated with taxonomy-eligible and taxonomy-aligned economic activities.

The outcomes of this compulsory approach are:

- Turnover: 30.5% eligible
- CapEx: 5.2% eligible
- OpEx: 32.3% eligible

The alignment with the EU Taxonomy is not being published this year because some of the "Do No Significant Harm" (DNSH) criteria for Climate Change Adaptation is still under analysis. Additionally, actions are currently being implemented to ensure full compliance. This ongoing process requires careful evaluation and adjustments to meet all the necessary standards and regulations. As a result, Befesa aims to achieve and publish complete alignment in the future once all criteria are satisfactorily met.

Further details on Befesa's alignment to the EU Taxonomy is available on Befesa's website in the Sustainability section: Reports, Policies & Certifications.



02 Focus topics

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| 2.3 Sustainable use of water | 25 |



2.1 Double Materiality Analysis

In spring 2024, Befesa completed a double materiality assessment on sustainability topics. The project followed the double materiality guidance from the European Financial Reporting Advisory Group (EFRAG) and is in line with disclosure requirements of the European Sustainability Reporting Standard (ESRS).

Double materiality considers the importance of sustainability topics from two main perspectives. Firstly, the positive and negative impacts caused by Befesa's operations on people and the planet. This is known as Impact Materiality and assesses the 'inside-out' impacts of the company. The second perspective is Financial Materiality, which assesses sustainability risks and opportunities that can have financial consequences for Befesa, also known as 'outside-in' impacts. Short, medium and long-term timeframes were considered in the assessment.

To determine Impact Materiality, the potential severity and probability of sustainability impacts was assessed. Severity combines the average score of an impact's potential scale, scope and remediation measured on a five-point scale. The probability of an impact occurring is also measured on a five-point scale but is combined with a corrective factor based on the time horizon of the potential impact, whether short, medium, or long term.

Financial Materiality is measured by the potential magnitude and probability of a risk or opportunity arising. Magnitude combines the average of a risk or opportunity's scale and scope measured on a five-point scale. Probability is measured in the same way as for Impact Materiality.

Measuring Impact Materiality

| Severity (scale, scope and remediability) | Probability | Impact assessment |
|---|--|--|
| <ol style="list-style-type: none"> Scale: Evaluates the social and environmental impact. The average score among environmental, social, and business units is selected to calculate severity. Scope: Three areas reflecting the scope of the impact are evaluated – geographical, key stakeholders and business units. An average of the three scopes is taken. Remediation: Remediation is only assessed for negative impacts and considers corrective measures the company can implement if the impact materializes. <p>Measured on a five-point scale (where five = maximum)</p> | <ol style="list-style-type: none"> Probability of occurrence: Evaluates probability on a five-point scale, where five is a real impact and zero being zero probability when considering preventive controls. Time horizon: A corrective factor based on the time horizon of potential impact. <ul style="list-style-type: none"> Short term (less than 1 year): 0 points. Medium term (1 to 5 years): -0.25 points. Long term (more than 5 years): -0.5 pts. | <p>A numerical result for Impact Materiality is calculated using 70% weighting for severity and 30% for probability.</p> <p>When there are several areas that evaluate the same identified topic, the scores will be averaged.</p> |

Measuring Financial Materiality

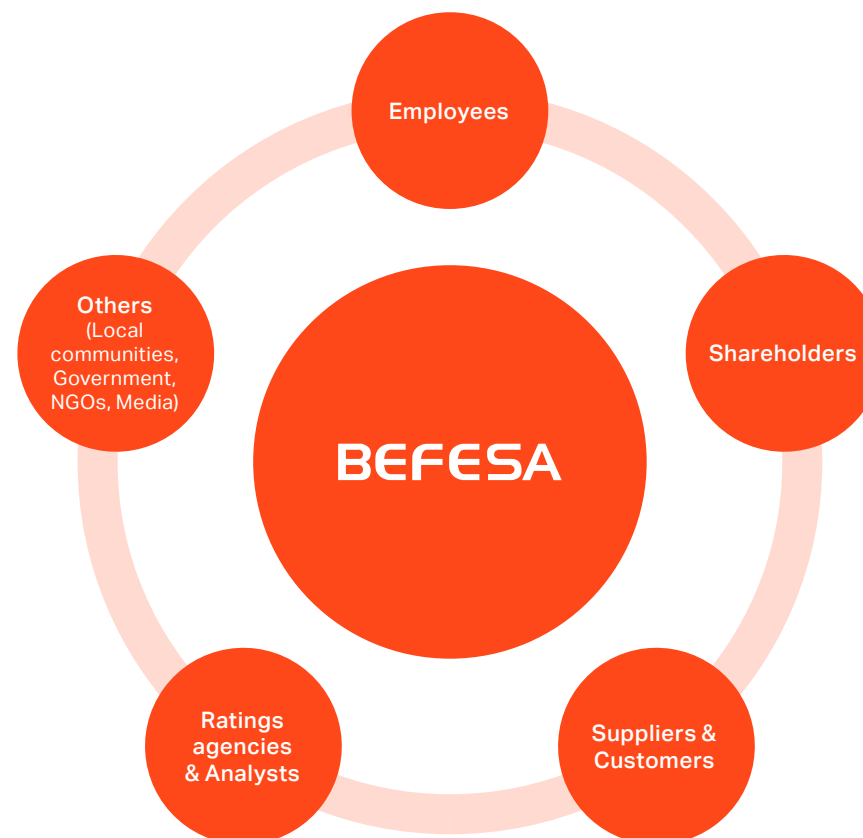
| Magnitude | Probability | Financial assessment |
|--|--|---|
| <ol style="list-style-type: none"> Scale: Evaluates the operational, financial, reputational and legal impact. The average score among environmental, social, and business units is selected to calculate magnitude. Scope: Three areas reflecting the scope of Two types of scope are evaluated – geographical and key stakeholders, with an average of these scores taken. | <ol style="list-style-type: none"> Probability of occurrence: Evaluates probability on a five-point scale, where five is a real impact and zero being zero probability when considering preventive controls. Time horizon: A corrective factor based on the time horizon of potential impact. <ul style="list-style-type: none"> Short term (less than 1 year): 0 points. Medium term (1 to 5 years): -0.25 points. Long term (more than 5 years): -0.5 pts. | <p>A numerical result for Financial Materiality is calculated using a 70% weighting magnitude, a 20% weighting for scope and a 10% weighting for probability.</p> <p>When there are several areas that evaluate the same identified topic, the scores will be averaged.</p> |

2.1 Double Materiality Analysis *continued***MATERIAL TOPICS AND STAKEHOLDERS**

20 sustainability topics were assessed through the materiality assessment process. These were divided into environmental, social and governance topics as shown in the table below.

| | |
|----------------------|--|
| Environmental | Climate change adaptation |
| | Climate change mitigation |
| | Energy |
| | Air pollution |
| | Water pollution |
| | Water management and consumption |
| | Biodiversity and ecosystems |
| | Resources inflows, including resource use |
| | Resource outflows related to products and services |
| | Waste management |
| Social | Working conditions |
| | Employee engagement |
| | Health and safety |
| | Equal treatment and opportunities for all |
| | Human and labour rights |
| | Working conditions and human rights in the value chain |
| | Community engagement |
| | Consumers and end-users |
| Governance | Corporate culture and complaints mechanisms |
| | Supplier relationships including payment practices |
| | Corruption and bribery |

The impact of Befesa on key stakeholder groups was considered in the materiality process. These include: Befesa employees, shareholders, suppliers and customers, ratings agencies and analysts, and other groups such as government, local communities and NGOs.





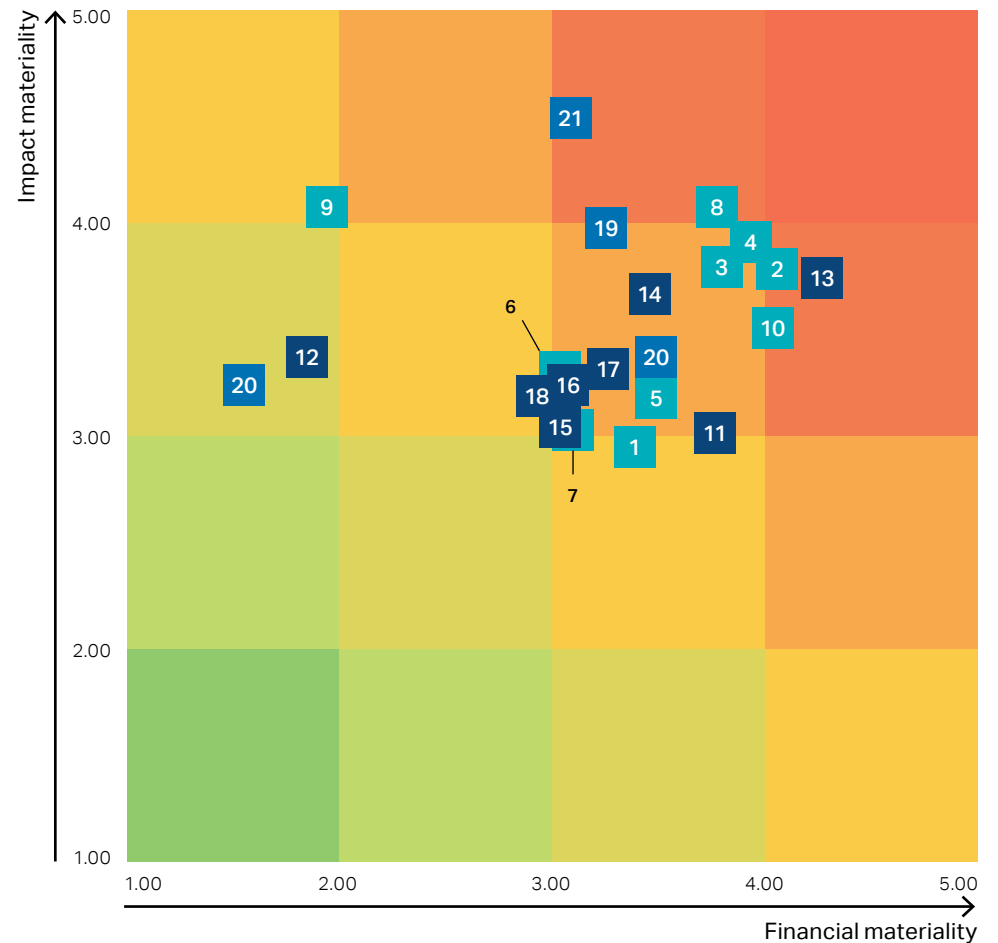
2.1 Double Materiality Analysis *continued*

MATERIAL TOPICS ANALYSIS

The results of the analysis of the material topics are shown in the diagram. Given Befesa's core business is a methalurgical industrial process that recycles hazardous waste, it is understandable that the majority of the most material issues are environmental

topics. In the social sphere, health and safety is a business-critical topic that scores as one of the company's most material issues, and to less extend equal treatment and opportunities for all and working conditions. Key governance topics include corruption and bribery, and corporate culture and complaints mechanisms.

Materiality matrix



| | |
|----------------------|---|
| Environmental | 1 – Climate change adaption |
| | 2 – Climate change mitigation |
| | 3 – Energy |
| | 4 – Air pollution |
| | 5 – Water pollution |
| | 6 – Water management and consumption |
| | 7 – Biodiversity and ecosystems |
| | 8 – Resources inflows including resource use |
| | 9 – Resource outflows related to products and services |
| | 10 – Waste management |
| Social | 11 – Working conditions |
| | 12 – Employee engagement |
| | 13 – Health and safety |
| | 14 – Equal treatment and opportunities for all |
| | 15 – Human and labour rights |
| | 16 – Working conditions and human rights in the value chain |
| | 17 – Community engagement |
| | 18 – Consumers and end-users |
| Governance | 19 – Corporate culture and complaints mechanisms |
| | 20 – Supplier relationships including payment practices |
| | 21 – Corruption and bribery |



RESULTS

The results of the Double Materiality Assessment will be used as a basis for the CSRD (Corporate Sustainability Reporting Directive). This is mandatory for reporting in 2025 on the year 2024. For material topics, a wide range of KPIs is defined and will be reporting in the Befesa Annual Report 2024.

Befesa's material topics:

Environmental

- Climate change mitigation
- Energy
- Air pollution
- Resources inflows, including resource use
- Waste management

Social

- Working conditions
- Health and Safety
- Equal treatment and opportunities for all

Governance

- Corporate culture and complaints mechanisms
- Corruption and bribery



2.2 Befesa's Climate Action Plan

Steel production and 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 business is to recycle hazardous materials from the steel and aluminium industries and to extract the valuable content of those hazardous residues. Befesa contributes to the overall reduction of GHG emissions by applying Best Available Technologies (BAT), which minimise these emissions in the recycling process.

Through the EHS management systems, Befesa measures and analyses carbon dioxide and other GHG emissions monthly, which enables Befesa to monitor the performance against the CO₂ reduction plan of the company. Additionally, based on these analyses, improvement projects are considered as part of Befesa's operational excellence programme and are implemented, applying BAT, to minimise GHG emitted by Befesa's operations.

SUSTAINABILITY AT THE CORE OF BEFESA

Befesa was founded in 1987, with the ambition to reduce the volume waste being landfilled and the extraction of virgin materials through recycling, driving growth and innovation. As a pure Circular Economy player, Befesa has been very successful in delivering on its ambition to grow its recycling capacity and the volume of materials recovered over time.

Befesa has a direct positive environmental impact.

- Avoidance of residues: Befesa recycled 1.9 million tonnes of hazardous waste and residues in 2023. This helps in the preservation of biodiversity and avoids heavy metal leaks into soils and waterways that lead to environmental degradation.
- Recovery of valuable materials: 1.7 million tonnes of materials were recovered in 2023, equivalent to the output of the top five zinc mines and around 8% of EU primary aluminium production.

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

- Circular economy contribution
- Providing key metals for energy transition
- Enabling Electric Arc Furnace (EAF) steel production and a transition for a low carbon steel industry
- Enabling secondary aluminium production
- Natural resource depletion avoidance
- Extending the useful life of products through the use of galvanisation
- Growth ambition to continue increasing its benefits

GREENHOUSE GAS EMISSIONS DATA: CARBON FOOTPRINT

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

However, the operations of Befesa today use technologies that require energy inputs to conduct the recycling of the waste and extract the valuable materials out of them.

Befesa's CO₂ emissions are mainly driven by direct emissions (scope 1), which come from the use of reducing agents in the production process, mainly coke in the steel dust business, where CO₂ is mainly produced from the

chemical reaction between coke and 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 are coming from heating processes, mainly in the secondary aluminium and salt slags business where natural gas is needed to produce the heat required in the metallurgical processes.

Finally, the use of electricity (scope 2) represents the remaining CO₂ emissions in Befesa.

In summary, the carbon footprint of Befesa is roughly as follows:

- 80% of emissions are related to reducing agents needed for production process
- 10% of emissions are related to heating processes
- 10% of emissions are associated to scope 2 emissions from the use of electricity

By business unit, around 90% of the CO₂ emissions are produced by the steel dust business, which at the same time represents a similar portion of the total EBITDA generated by Befesa.

2.3 Befesa's Climate Action Plan *continued***GHG DATA: REPORTED AND PRO-FORMA**

Due to the growth nature of Befesa over the past years, there have been changes in the consolidation perimeter. As such, it is important to understand and consider these changes in the analysis.

Provided below is an explanation of the reported and pro-forma perimeters. The 2023 reported figures represent the actual emissions of Befesa following the same criteria than the financial reporting of Befesa. Befesa aims to provide a more normalised scope in the future.

GHG intensity table

| | 2021 | 2022 | 2023 |
|------------------------------|-------------|-------------|-------------|
| Scope 1 intensity | 0.44 | 0.47 | 0.43 |
| Scope 2 intensity | 0.06 | 0.08 | 0.12 |
| Scopes 1+ 2 intensity | 0.50 | 0.56 | 0.55 |

GHG absolute

(Thousand tonnes of CO₂ equivalent)

| | 2021 | 2022 | 2023 |
|--------------------|------------|--------------|--------------|
| Scope 1 | 695 | 882 | 880 |
| Scope 2 | 102 | 155 | 249 |
| Scopes 1+ 2 | 797 | 1,037 | 1,129 |

For comparison purposes, reported 2022 should be compared to pro-forma 2021. The difference between 2021 pro-forma and reported is mainly driven by full year contribution of the US recycling operations.

2021 AND 2022 REPORTED GHG DATA CLOSE TO EACH OTHER

- China (2022): pro-forma figures for Jiangsu and Henan (assuming full ramp-up); reported Jiangsu (roughly half ramp-up) and Henan still minor portion

2023 GHG DRIVERS

Steel Dust accounts for around 90% of total scope 1 and scope 2 emissions, while Aluminium for the remaining 10%. Befesa group emissions are primarily driven by Steel Dust USA (40% contribution to total, including smelter), Steel Dust Europe (21%) and Steel Dust Korea (10%) and Stainless (10%), with all other categories being below 10% contribution.

Overall, Befesa emissions (scope 1, 2 and 3) stood at 1.5m tonnes in 2023: 57% were scope 1 related, 16% scope 2 and 27% came from scope 3.

Befesa reports scope 3 data for the first time in 2022. Hence, for comparison purposes Befesa compare scope 1 and scope 2 emissions over time.

Befesa reported emissions (scope 1 + 2) were up 9% in 2023 compared to 2022, most notably due to full year consolidation of US zinc smelter, compared to 3 months in 2022.

Waste treated was up 9% in 2023 compared to 2022 during the same time for the same reason of consolidation (USA zinc smelter).

The overall GHG intensity (on reported basis) was roughly unchanged with 1% decline.

ANALYSIS

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.

Befesa engaged a top global management consulting firm to develop analysis of Befesa's CO₂ emissions in 2022. Using the 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 conduct 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.

In summary, Befesa's operations avoided more than 2 million tonnes of CO₂ equivalents (as well as additional



2.3 Befesa's Climate Action Plan *continued*

environmental benefits of reduced landfill) compared to the alternative, which is mining. As such, the trend of significant total savings remains unchanged.

BEFESA'S CLIMATE ACTION PLAN: TARGETS 2030 AND 2050

In 2022, Befesa set a climate target aiming at **reducing** 0.56 CO₂/t (2021 pro-forma) **intensity** down to 0.45 CO₂/t, which is a **20% reduction by 2030** compared to a 2021 pro-forma baseline.

Befesa aims to reduce GHG emissions intensity through a mix of green power sourcing energy efficiency, operational efficiency, and raw materials substitution. During 2022, Befesa explored multiple options to greenify electricity consumption and has run multiple projects across plants which will support efforts to diversify energy mix in long-run (for example projects in solar, biocoke or hydrogen). Hence, Befesa is confident to achieve the CO₂ reduction target by 2030. These measures as well as its research efforts by nature will show its payback over the medium term. By 2050, Befesa's goal is to be net zero, which is based on reliable and cost-efficient sustainability ecosystem (e.g. enabling technologies such as hydrogen, biocoke,

carbon capture) and potentially new recycling technologies.

Befesa sees promising early-stage outcomes from many of the initiatives, which include for instance the following:

- Testing hydrogen across both segments, e.g. EU LIFE project in Alu segment (replacement of 40% of natural gas needs due to recovered hydrogen) or Dust2Value project on Steel Dust.
- Experiments using a certain percentage of biocoke in the mix instead of coke, which reduces CO₂ emissions while outcome remained the same

Several projects to reduce CO₂ emissions are underway across regions and segments:

- Self-consumption of electricity through photovoltaic usage at one of Befesa's steel dust plants
- US steel dust plants: operational efficiencies to reduce coke consumption
- PPAs for European regions to move from currently above 20% to levels beyond 70%
- Natural gas reduction in both Alu subdivisions through higher efficiency, oxygen usage or hydrogen recovery

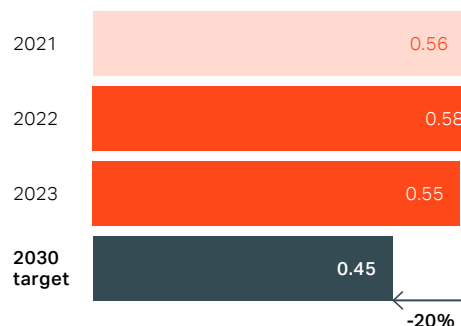
Taking all the potential effects together there may be a CO₂ reduction potential of 35%, well in excess of 20% target. Naturally, many of these projects will materialise over the medium term and before 2030. We see the path of emission reduction as non-linear and remain committed and confident towards reaching the climate goals.

Befesa's Sustainability Committee was formed in 2022, hence ensuring priority of these topics at the highest level.

Befesa is on a good track to achieve the goals: As of 2023, Befesa intensity on pro-forma basis stood at 0.55 CO₂/ ton (scope 1 and 2), which is a 5% decline from

0.58 in 2022. A significant contributor to this is more efficient smelter operations (~24%). However, even excluding this effect, there would have been a 2% decline, primarily driven by broadly more efficient steel dust operations.

Pro-forma GHG:



2.3 Sustainable use of water

Water is essential and Befesa takes care, but water is not a critical issue of Befesa's production.

Water is a very crucial topic for the environment for several key reasons:

- **Water is essential for Life:** Water is fundamental to all living organisms.
- **Ecosystems:** Many ecosystems, such as wetlands, rivers, lakes, and oceans, depend on water.
- **Climate Regulation:** Water is a significant factor in the Earth's climate system. It regulates the climate through the water cycle.
- **Agriculture and Food Security:** Water is indispensable for agriculture, which is the largest consumer of water worldwide.
- **Pollution and Protection:** Water pollution from industrial, agricultural, and domestic sources poses a severe threat to the environment.
- **Drinking Water:** Access to clean drinking water is a fundamental human need.

Ensuring sustainable water management and protecting water resources are critical for maintaining environmental health and ensuring the well-being of human societies.

This is why water is a principal issue and the United Nations include water in the Sustainable Development Goals (SDG):



SDG 6: "Ensure availability and sustainable management of water and sanitation for all".

Based on Befesa's business model and materiality analysis, Befesa is committed to follow especially six goals, which are the areas where Befesa can have the greatest positive impact (chapter 6.2). This is why Befesa did not chose SDG 6 because water is not a key and critical topic where Befesa could create the highest positive impact.

Water is not a critical issue at Befesa as the processes does not consume much water, and the plants are not located in areas with drought problems: The so-called water stress occurs when the demand for water exceeds the available amount during a certain period or when inadequate 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 which represent a quarter of the world's population, face extremely high-water stress. None of the Befesa plants is located in areas of extremely high-water stress.

The water reservoir in Duisburg has a capacity of 1.2 million litres (1,200 m³). It allows Befesa to cover one third of the annual consumption in the plant of yearly 60,000 m³.



2.3 Sustainable use of water **continued**

Nevertheless, Befesa invests in protecting the water and to increase the efficiency around all water topics:

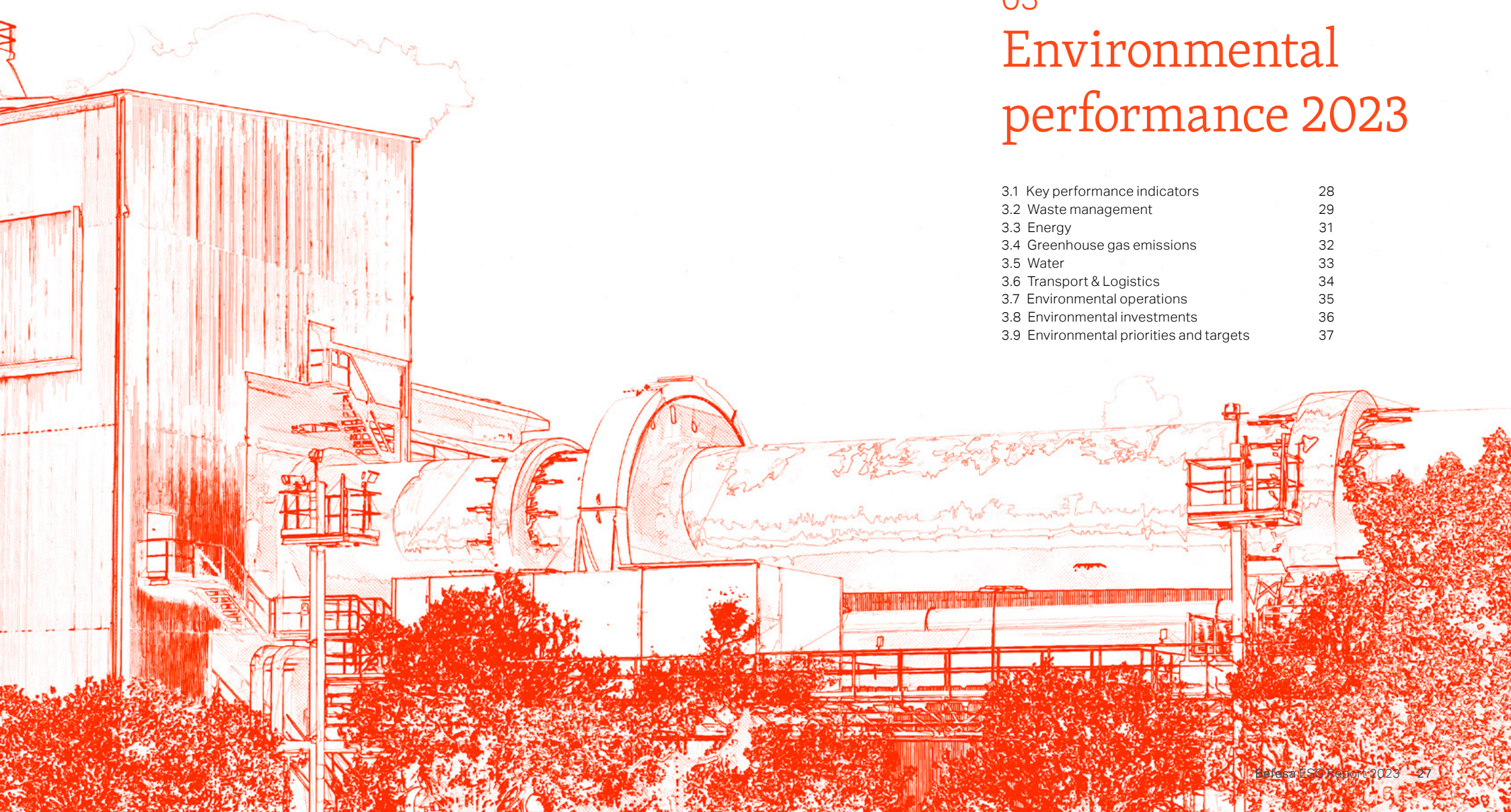
- Water saving and reuse measures are especially oriented towards the plants with the highest consumption
- Befesa Salt Slag recycling plants have the highest water consumption and save water they have a closed circuit
- Wastewater is treated and fed back into the process
- In the Duisburg plant, there is a reservoir to collect rainwater: Rainwater is collected and used for processing, and the production is waste-water-free
- The zinc smelter in the United States whose consumption is higher compared to the Befesa recycling plants, also has a water reservoir: after using the water it is purified and discharged into the nearby river
- New plants in case of expansion at existing sites as well as new locations incorporate all improvements to ensure a responsible use of water: reservoir to collect rainwater, closed circuits and purifying the water when it is used.

Reducing water use and the discharge of wastewater, for example by recycling process water, can result in lower operating costs, reduce the risk of regulatory impacts, and minimise potential production limitations due to water scarcity in some locations.

Using water treatment technologies, regulations in many countries allow companies to release effluent under controlled limits of suspended solids, oils, heavy metals, and other pollutants. Many of Befesa's plants have been designed as zero-effluent, where effluent produced is recycled by reintroducing it into the production process. Not only does this significantly reduce water use, but it also minimises the release of effluent and any possible contamination of the environment.

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

More information about water consumption and effluent release in absolute figures as well as the intensity is available in chapter 3.5



03 Environmental performance 2023

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3.1 Key performance indicators



Strong increase in recycled materials



Emissions (scope 1) per tonne recycled material -10%

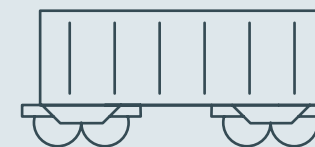


1.9 million

TOTAL RESIDUES MANAGED / RECYCLED 2023



Water effluent intensity -13%



More than 500 goods wagons owned in the US for all transportation needs

3.2 Waste management

Through its core business of recycling and reusing hazardous residues from steel and aluminium processing, Befesa prevents those residues from being disposed in landfills.

The high percentage of recovered materials – around 89% in 2023 – minimises the potential risk of contamination and environmental degradation through disposal of the hazardous residues through landfill.

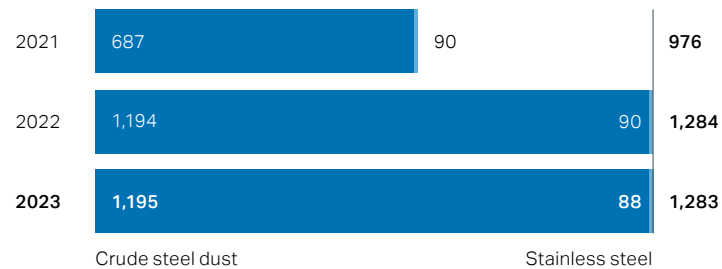
Because of the high percentage of material recovered, Befesa uses the word 'residue' instead of 'waste'. Befesa believes in, and is part of the circular economy and strives to give second and multiple lives to by-products and materials that have already been used.

In 2023, Befesa managed and recycled 1.9 million tonnes of residues and produced 1.7 million tonnes of new materials. For volumes recycled this is a 2.4% increase compared to 2022 (1.8 million tonnes) and a 4.6% increase in the volume of new materials recovered (2022: 1.5 million tonnes recovered).

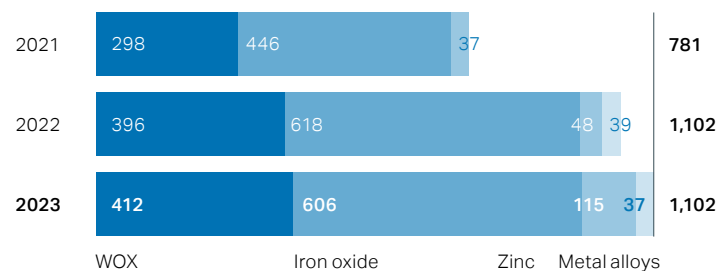
In line with circular economy principles, Befesa reintroduced these new materials into the market, which helps reduce the consumption of natural resources.

Steel Dust Recycling Services (thousand tonnes)

Total residues managed/recycled

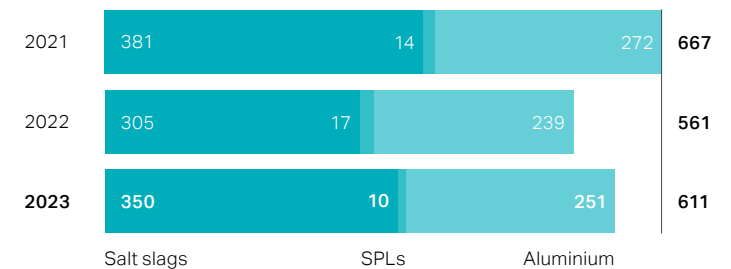


Total new materials produced



Aluminium Salt Slags Recycling Services (thousand tonnes)

Total residues managed/recycled



Total new materials produced



3.2 Waste management **continued****WASTE GENERATED BY BEFESA**

The waste generated by Befesa operations is insignificant compared to the huge amount of residues treated.

It is mainly categorised in:

- **Hazardous waste disposal** is the quantity of hazardous waste discharged or incinerated without energy recovery. It includes: solvents, flammable/hazardous raw materials, chemical waste, batteries, acids, bases or caustic liquids

- **Hazardous waste reused/recovered/recycled**

- **Non-hazardous waste disposal:**

Quantity of non-hazardous waste discharged or incinerated without energy recovery - includes data on solid waste and on the liquids eliminated in solid waste containers

Waste generated by Befesa in 2023

in tonnes

| | 2023 |
|---|---------|
| Hazardous waste disposal | 73,21 |
| Hazardous waste reused/recovered/recycled | 162,017 |
| Hazardous waste disposal | 42,350 |

Waste generated by Befesa in 2023: intensity

in tonnes per treated waste

| | 2023 |
|---|------|
| Hazardous waste disposal | 0.04 |
| Hazardous waste reused/recovered/recycled | 0.08 |
| Hazardous waste disposal | 0.02 |

AIR EMISSIONS

For the very first time, air emissions are reported. Relevant are NOx and SOx. They refer to oxides of nitrogen and sulfur, respectively. These are significant air pollutants that contribute to various environmental and health issues.

NOx (NITROGEN OXIDES)

NOx represents a group of gases composed of nitrogen and oxygen.

SOx (SULFUR OXIDES)

SOx is mainly due to the presence of sulfur compounds in fuel.

Air emissions

in tonnes

| | 2022 | 2023 |
|---|------------|------------|
| Steel Dust (including stainless steel) | | |
| NOx | 590 | 438 |
| SOx | 221 | 117 |
| Aluminium (including salt slag) | | |
| NOx | 99 | 100 |
| SOx | 9 | 9 |
| Total | | |
| NOx | 688 | 538 |
| SOx | 230 | 126 |



3.3 Energy

In 2023, energy consumption increased by 7.8% mainly due to new operations. These include the first full year of the zinc smelter in the US, the second kiln in Calumet (Chicago) putting into operation, and restarting operations at the plant in Hanover.

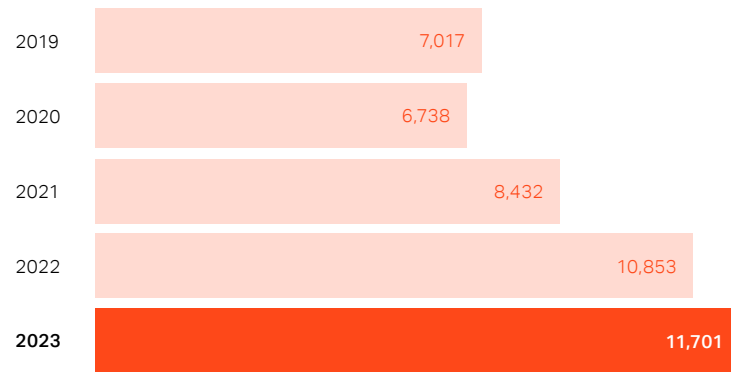
At the same time, energy intensity decreased by 2.8%, showing that energy use per tonne of residue recycled is has dropped as a result of recycling 2.4% more residues in 2023. Many environmentally-focused investments on energy optimisation across Befesa operations have contributed to this decrease.

Electricity from renewable sources has increased significantly in 2023 compared to 2022 from 9.7% to 11.1% of total electricity use.

Energy from reduction agents (coke) has decreased by 10% in 2023.

Total energy used

Thousand Gigajoules (GJ)

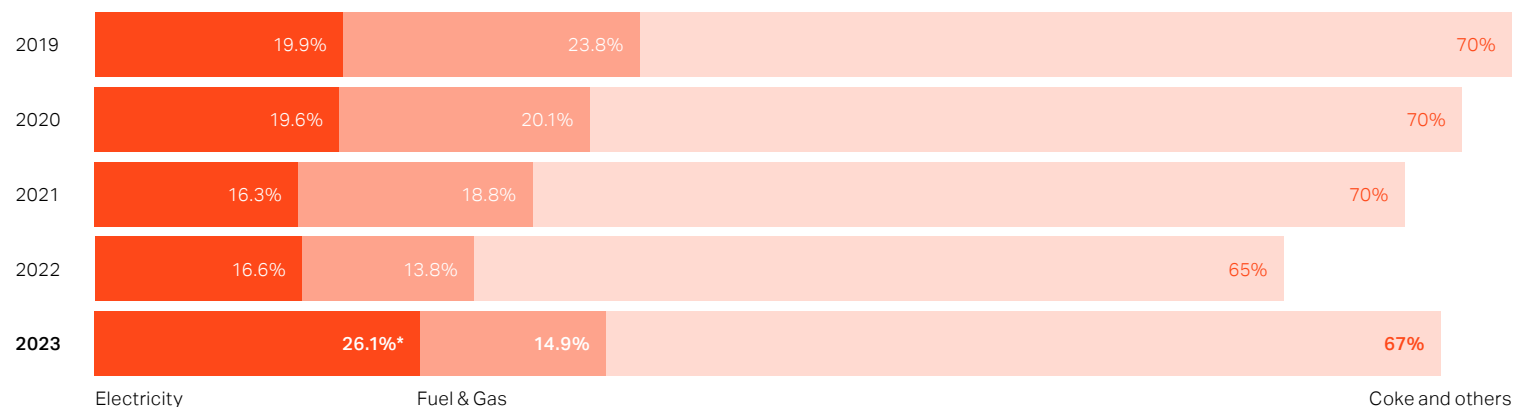


Energy intensity

GJ per tonne of material recycled/recovered



Energy mix (%)



*Electricity includes energy coming from renewables sources



3.4 Greenhouse gas emissions

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

GHG emissions contribute to climate change and create risks for companies as regulations continue to develop on a regional and global scale.

Befesa's primary business is to recycle hazardous materials from the metals industry, extracting the valuable content of those hazardous residues to create new products. This recycling process uses significant quantities of energy from various sources including reduction agents, such as coke, (see table [\[on the right\]](#)), which generates GHG emissions. Befesa targets reductions in GHG emissions from its recycling processes by applying best available technologies (BAT).

Through its environmental and energy management systems, Befesa measures and analyses carbon dioxide and other GHG emissions annually. Based on these analyses, improvement projects to reduce GHGs using BAT are assessed and implemented as part of Befesa's operational excellence programme.

2023 PERFORMANCE

In 2023, the Scope 1 GHG emission intensity per tonne of material recycled/recovered decreased by 10.1% to 0.425 tonnes CO₂e/tonne mainly due to investments in energy efficiency, process improvements, and other types, e.g. research to use biocoke. But against this improvement, Scope 2 emissions increased significantly by 60% as a result the first full year of zinc smelter operations in the US and aluminium salt slags recycling services restarting in Hanover following successful reconstruction of the plant after a fire.

Scope 3 emissions have also increased by 12.5% due to the zinc smelter in the US and the resumption of production after the fire and repairs at the Hanover plant which caused it to be closed in 2022). Despite this increase, most Befesa plants have maintained or reduced their GHG intensity in 2023.

GHG emissions

Thousand tonnes of CO₂ equivalent

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|----------------------------------|------------|------------|------------|--------------|--------------|
| Scope 1 (Direct) | 575 | 558 | 695 | 882 | 879 |
| Scope 2 (Indirect) | 89 | 92 | 102 | 155 | 249 |
| Scopes 1+ 2 | - | - | 797 | 1,037 | 1,128 |
| Scope 3 (Indirect) | - | - | - | 374 | 421 |
| Total (Scopes 1, 2 and 3) | 655 | 650 | 797 | 1,411 | 1,550 |

GHG intensity

Tonnes of CO₂ equivalent per tonne of material recycled/recovered

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Scope 1 (Direct) | 0.39 | 0.38 | 0.44 | 0.47 | 0.43 |
| Scope 2 (Indirect) | 0.06 | 0.06 | 0.06 | 0.08 | 0.12 |
| Scopes 1+ 2 intensity | - | - | 0.50 | 0.56 | 0.55 |
| Scope 3 (Indirect) | - | - | - | 0.20 | 0.20 |
| Total (Scopes 1, 2 and 3) | 0.45 | 0.44 | 0.50 | 0.75 | 0.75 |

3.5 Water

Befesa is conscious of the importance of water for life and health and takes special care of this essential resource in its industrial processes.

Befesa monitors water consumption at all sites to provide a group-level figure for water use. Trends are reported and analysed regularly and good practices are shared between sites to promote processes or projects that reduce water use.

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

Across Befesa sites, water consumption increased by 27%. This is mainly due to operations commencing at Befesa Zinc Metal in the US. Excluding this location, water consumption across Befesa plants has fallen by 8.5%. Water consumption intensity per tonne of material recycled has also increased during 2023 by 15%.

Effluent discharges have decreased by 4.4% overall and effluent intensity (per tonne of residue recycled) has fallen by 13% in 2023.

Water

Thousand cubic metres (m³)

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------------|-------|-------|-------|-------|-------|
| Water consumption | 1,720 | 1,873 | 2,130 | 3,084 | 3,925 |
| Effluent release | 674 | 882 | 895 | 861 | 823 |

Water

m³ per tonne of material recycled/recovered

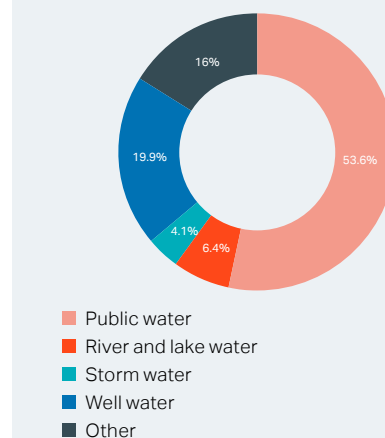
| | 2019 | 2020 | 2021 | 2022 | 2023 |
|-----------------------------|------|------|------|------|------|
| Water consumption intensity | 1.17 | 1.28 | 1.34 | 1.65 | 1.90 |
| Effluent intensity | 0.46 | 0.60 | 0.56 | 0.46 | 0.40 |

Water sources

Thousand m³

| | 2022 | 2023 |
|----------------------|-------|-------|
| Public water | 1,273 | 2,102 |
| River and lake water | 161 | 251 |
| Storm water | 214 | 160 |
| Well water | 734 | 779 |
| Others | 700 | 629 |

Mix of water





3.6 Transport & Logistics

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

Customers depend on just-in-time waste collection services since many do not have storage facilities for hazardous waste, which could pose a risk to production if Befesa did not collect waste on time. This is one of the reasons Befesa’s service is essential for customers and why it has long-term and deep customer relationships. Reliability and service assurance are the foundation of the trust Befesa’s customers have, and this depends heavily on well-managed logistics.

LOCAL AND NATIONAL TRANSPORT

Befesa’s logistics operations collect customers’ hazardous wastes, including dusts, sludges and slags, and transport them nationally and internationally to provide a continuous supply of waste to Befesa recycling plants. They also deliver final recovered products, such as Waelz Oxide (WOX) and recycled aluminium to customers.

Befesa’s recycling plants are strategically located close to its customers and waste collection is typically local or regional which help avoid 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. The market for Befesa’s final products, especially WOX, is global and Befesa transports WOX directly to zinc smelters around the world.

TRANSPORT MANAGEMENT

Although Befesa manages its logistics operations, it uses third-party logistics companies to transport hazardous waste and end products. Befesa is responsible for notification services, providing our customers with all the necessary documentation that is mandatory for trans-frontier movements of hazardous waste.

TRANSPORT BY TRUCK

Trucks are used for most transport to and from Befesa and customers’ facilities. Where necessary, purpose-built containers that can be used for rail and road transport are used.

For road transport, Befesa contracts specialist hauliers that use modern trucks with low CO₂ emissions and which meet all emission limit values, for example Euro 6 standards in Europe which limit tail pipe emissions such as NO_x.



TRANSPORT BY SHIP

Befesa’s recycling plant in South Korea imports steel dust from countries around Southeast Asia by ship using dedicated containers.

TRANSPORT BY RAIL

Wherever possible, Befesa relies on rail as a more environmentally friendly mode of transport. Befesa looks for opportunities to switch from road to rail transport and operates railcars that are adapted for the products being transported and specific loading and unloading circumstances.

Since September 2019, Befesa has used rail transport to transport aluminium salt slags and new materials between Sweden to

Germany. In 2023, 30,000 tonnes were transported in this way, up 30% from 23,000 tonnes in previous years.

In the US, Befesa owns 500 goods wagons and all transport between steelmakers, Befesa recycling plants and the zinc smelter is by rail.

COMBINED TRANSPORT

In some cases, various modes of transport are used to collect and deliver residues and new products. For example, aluminium salt slags are transported from the UK in 70 special containers firstly by truck, then ship and finally by rail to recycling plants in France and Germany.



3.7 Environmental operations

Environmentally-focused operations are important to Befesa for numerous reasons, including delivering operational efficiency, complying with regulations, managing risks, enhancing reputation, fostering innovation, ensuring long-term viability, meeting stakeholder expectations and addressing climate change challenges.

Befesa fully manages all of its operations and ensures all internal procedures and policies are in place and followed to fulfil both regulatory requirements and customers' needs.

This commitment to the environment is reflected in the environmental principles form the basis of its environmental policy.

Principles of Befesa's environmental policy:

- Befesa considers the protection and preservation of the environment to be a priority objective
- Befesa complies with legislation and regulations applicable to the Company, its processes and activities together with any other obligations to which Befesa subscribes whether from clients or stakeholders

- Befesa promotes a commitment to responsibility among all employees for the execution of all tasks and activities covered by environmental criteria and in all decisions made
- Befesa offers environmental services to their customers. Firstly, collecting hazardous waste and residues from customers; secondly, recycling the collected waste; and lastly, releasing newly-produced materials and other by-products to the market to become part of the circular economy
- Befesa processes constant monitoring and permanently 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 neighbour relations and is communicates transparently with local populations and organisations
- Befesa advises and assists customers on all matters related to the handling of their wastes so that this may be conducted in a low risk way manner and with maximum safety assurances

Given the importance of the environment for Befesa, each business segment has quality and environment managers at every plant who coordinate environmental activities. These include: maintaining management systems and documentation, developing audit plans, developing and managing KPIs and training, and evaluating suppliers.

To ensure all employees understand the consequences of Befesa's activities on the environment, they undergo training on Befesa's environmental management approach as part of the Company's general training. At Befesa, all training in aspects of environmental management form a part of the general training processes of the Group. Each plant has an annual training plan based on Befesa's competency-based management model, which involves a systematic evaluation of its efficiency.

Befesa's environmental policy establishes the implementation of environmental management systems in accordance with ISO 14001 and the EU Eco-Management and Audit Scheme (EMAS) as a strategic objective. These facilitate constant monitoring and control of the possible negative impacts on the environment.

All Befesa companies that have attained EMAS certification have their environmental statements validated on the Befesa website at www.befesa.com.

Within Befesa's environmental management systems, specific objectives and targets for reducing negative environmental impacts of the products and services of each plant are established. These objectives include reducing consumption of natural resources and generation of wastes and emissions. The environmental management systems also establish demanding requirements for monitoring and gauging environmental impacts and the control of associated operations. All activities relating to significant environmental aspects are included in each plant's corresponding monitoring and gauging plan, and in an operational control programme.



3.8 Environmental investments

Befesa analyses the need to improve its plants to fulfil incoming legislation or to deliver efficiency improvements.

These investments are part of the maintenance capex budget and a list of capex investments is developed, prioritised and approved by the Board of Directors in line with approval procedures.

In 2023, Befesa spent over €10 million on environment-related investments (2022: €8 million).

Most relevant investments carried out during 2023

- Improvements to reduce and capture fugitive emissions such as:
 - Building insulations
 - Equipment enclosure
 - Baghouse replacement
 - New conveyors belts with closed chain conveyors
 - Fixed equipment for dust suction
- Continuous improvements in plants' energy efficiency such as:
 - Replacement of lighting with LED technology and presence detectors
 - Heat exchanger and variable frequency drives
 - Ultrasonic leak detection cameras to save energy
- Material recovery optimisation to reduce the consumption of resources
- Improvements in emission monitoring systems to enhance existing controls
- Improvements at gas treatment plants
- Installation of RTO plants to eliminate gaseous contaminants from air emissions
- Repair of roads to prevent soil and groundwater contamination
- Tree planting for CO₂ emissions compensation

Environmental award

In 2023, Befesa launched its third Environmental Initiative Contest to promote the engagement and commitment of Befesa's employees towards environmental improvement opportunities. Excellent environmental initiatives were presented in the contest.

Two equally deserving winners shared the award:

- Basondo refuge for endangered wildlife. Basondo a UNESCO biosphere reserve located in Urdaibai, Spain consisting of 60,000 m² of meadows and forests dedicated to wildlife. Basondo's fundamental mission is to leave a footprint for animal conservation, biodiversity and environmental education
- "We create forests", an NGO based in Germany, which protects biodiversity by planting forests to create permanent habitats for local plants and animals. The project has already planted more than 1.8 million trees



3.9 Environmental priorities and targets

Befesa has improved its capacity with the acquisition in the US and two plants in China enabling it to recycle more hazardous industrial residues into new products.

As part of its ongoing focus on environmental efficiency, Befesa has identified the following priorities and goals:

1. Increase the volume of waste managed and recycled to more than 2.4 million tonnes by 2025 (updated from the earlier target of more than 2 million tonnes set in 2020)
2. Increase volume of valuable materials recovered from waste and residues to more than 1.8 million tonnes by 2025 (updated from the earlier target of more than 1.6 million tonnes set in 2022)
3. Reduce CO₂ emissions intensity by 20% by 2030 (Scope 1 and 2 emissions) and become net zero by 2050



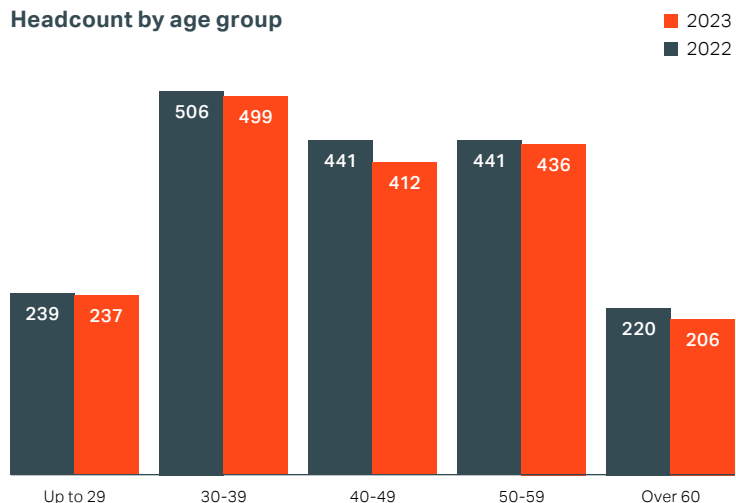
04 Social performance 2023

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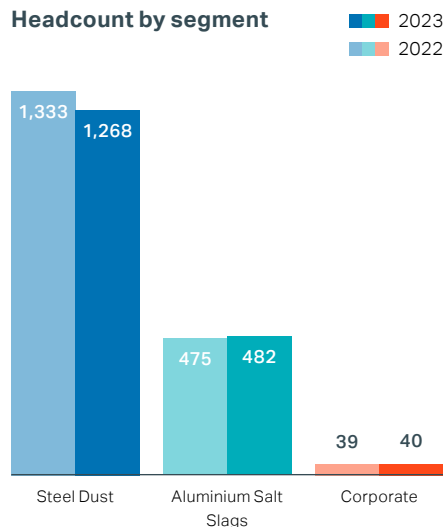


4.1 Key Performance Indicators

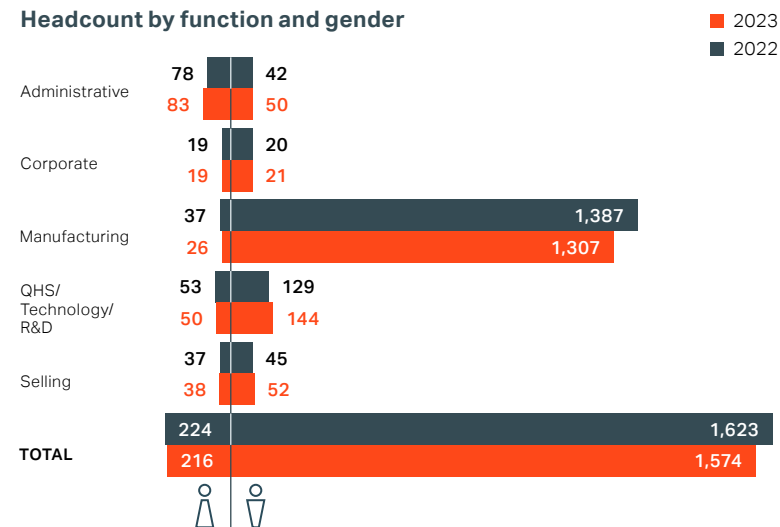
Headcount by age group



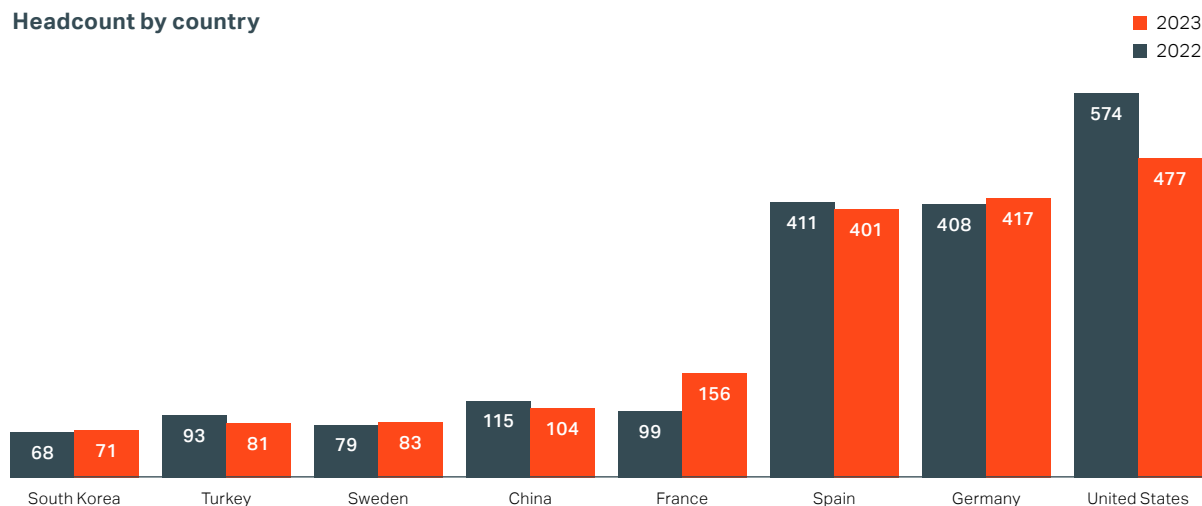
Headcount by segment



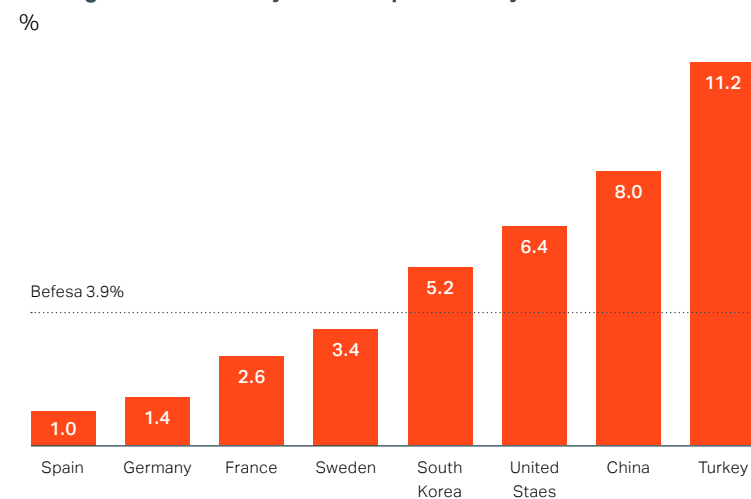
Headcount by function and gender



Headcount by country



Average 2023 voluntary turnover per country %





4.2 People at Befesa

The year 2023 has been a challenging one for Befesa. On 6 February, a 7.8 magnitude earthquake, with subsequent aftershocks, struck the east of Turkey.

One of the cities affected by the earthquake was Iskenderun, where Befesa's Iskenderun steel dust recycling plant is located. Fortunately, none of Befesa's employees suffered injuries, but many lost friends and relatives to the natural disaster. Befesa supported the employees and their families financially and opened an employee donation channel.

The plant stopped operating as a result of the earthquake and thanks to the extraordinary commitment of Befesa staff in Iskenderun, it restarted operations one month later.

Additional challenges affected Befesa's headcount and at the end of 2023 Befesa had 1,790 employees down 3.1% from

1,847 at the end of 2022. The factors behind this reduction in employees were the slowdown in the Chinese economy and restructuring to improve long-term efficiency at Befesa's zinc refining operation in the US and the closure or the plant in Palmerton which will be upgraded. Despite these obstacles, Befesa's employees demonstrated remarkable professionalism, keeping operations productive, efficient, and effective. This success is credited to the high level of training and commitment of Befesa's staff.

Integrating Befesa Zinc US and Befesa China into Befesa's systems has been a priority since 2021 and was fully completed in 2023. Monthly meetings with HR colleagues in the US and China continue to ensure smooth running of HR processes. The US and Chinese HR teams take part in all quarterly HR calls and had significant involvement in the Befesa HR summit held in September 2023.

Befesa is dedicated to creating a supportive and inclusive work environment that fosters the well-being, growth and development of the workforce





4.3 Communication and Human Resources Digitalisation

In 2023, Befesa remained committed to improving communication with its employees. Regular Corporate Social Responsibility (CSR) and Human Resources (HR) news updates are posted on the intranet and plant notice boards.

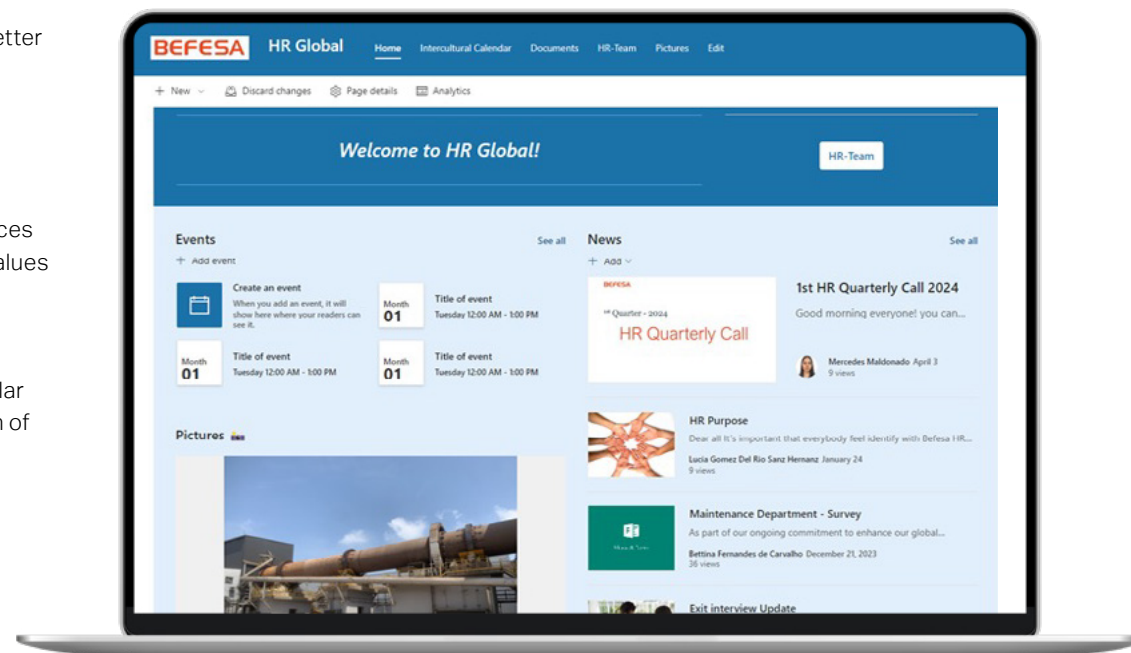
The HR and CSR sections on Befesa's intranet and website are updated if necessary for relevance and accuracy.

To support seamless communication among Befesa's HR professionals, a learning hub has been developed. This collaborative space serves as a platform for sharing information, working together on projects and addressing challenges within the Befesa HR community.

To effectively manage its workforce across eight countries, Befesa relies on advanced HR analytics. In 2023, Befesa introduced a suite of control reports to track HR key metrics.

However, tracking static data alone isn't sufficient and understanding trends over time is crucial. To meet this need, Befesa has incorporated big data analytics and developed dynamic dashboards. These tools allow the company to monitor the evolution of KPIs over time, providing a clearer view of progress and enabling better strategic decisions.

In 2023, the annual Befesa HR summit involved 24 participants with the aim of enhancing the alignment of Befesa's business strategy and its human resources management. The mission, vision and values of the HR function were reviewed and updated adding the role as a diversity ambassador. Additionally, strategies for improving communication with blue-collar workers and attracting a new generation of talent were discussed.





4.4 Health and safety

KPI'S AND INITIATIVES

Safety is an integral part of Befesa's business and it is committed to the continuous improvement of health and safety performance as a way of contributing to operational excellence.

In 2023, Befesa continued its trend of reducing lost time injuries. The most important KPI for Befesa is the Lost Time

Injury Rate (LTIR) which is defined as the number of lost time injuries per 200,000 hours worked. 2023 closed with a (LTIR) of 0.45, an 18% reduction compared to 2022. Befesa has achieved its 2024 safety target of reducing LTIR by 50% compared to 2019 with a 77% reduction in this timeframe. Since 2015, the baseline for LTIR performance LTIR has been reduced by 92%.

IN 2023, THE PRIORITIES OF BEFESA IN THE HEALTH AND SAFETY FIELD WERE:

- Continue improving Befesa's fatal and serious injuries prevention programme
- Continue improvements in all locations to manage key risk areas such as traffic safety, conveyor belt safety and preventing hand injuries
- Continue to focus on and embed Befesa's safety standards in all operations. Befesa had 16 corporate safety standards designed to establish robust safety requirements that control the main safety risks. Implementing the safety standards will be a key focus for all locations in the upcoming years
- Continue improving process safety by identifying process hazards and increasing the robustness of 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

FATAL AND SERIOUS INJURY PREVENTION

In 2023, Befesa continued to implement and improve its fatal and serious injuries (FSI) prevention programme, aiming to:

- Increase the focus on higher safety risks
- Extend the scope of risk identification, including non-routine tasks
- Give visibility to safety risks at all levels of the organisation – from the executive to shop floor employees
- 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

In 2023, 74 FSI risks were identified across Befesa's locations, of which 61% were satisfactorily managed and closed. Some of the FSI risks identified in 2023 were discovered at the end of the year. For the remaining 39% of identified FSI risks, interim controls are in place while a final solution is being studied and implemented.

TRAFFIC SAFETY AND HAND INJURY PREVENTION

In 2023, Befesa **continued** with several initiatives in all plants to consolidate the **industrial traffic safety** project. Initiatives include separating pedestrians from mobile equipment and adding safety features to forklift trucks and front loaders, such as cameras to improve drivers' visibility, proximity detection radars, and projected lights that delineate the safe distance from moving mobile equipment.

The second safety campaign of 2023 focused on reducing hand injuries. All locations received an awareness programme for all employees, which included:

- A corporate video to highlight the risks of hand injuries and how to prevent them
- Posters and leaflets across each site
- Role plays to show the impact of the hand injuries
- Risk identification and mitigation measures at sites incidence of hand injuries risks

4.4 Health and safety *continued***CORPORATE SAFETY STANDARDS**

In 2023, the following safety standards were implemented, adding to Befesa's existing safety standards. By the end of 2023, Befesa has 16 safety standards in place:

- Lifting operations
- Project Environmental, Health and Safety Assessment, to allow Befesa to identify risks at the design phase and enhance the management of change process

Befesa's new locations in China and the recently acquired operations in US have completed the integration of Befesa's corporate standards, including safety standards, and are working on their full implementation.

PROCESS SAFETY

Another goal for all Befesa locations is to ensure the safety of all processes by identifying process hazards and increasing the robustness of the controls. To achieve this, Befesa is implementing Process Safety Management (PSM).

In 2023, the following was completed:

- **Assessment:** A process hazard analysis was completed at the Hanover plant, as a pilot Befesa Zinc location to identify risks at the design phase of a plant
- **A 'Management of Change' process** has been incorporated in a specialised EHS management software covering all plants and operations

- All **critical process safety risks** have been **identified** in Befesa Zinc plants to standardise the critical controls

SAFETY CULTURE

In 2023, Befesa's corporate EHS team delivered 263 hours of training to local management teams educating and preparing them on:

- Molten metal safety
- Confined spaces and work permits
- Procedure writing tips
- Lockout Tagout (LOTO)
- Health and Safety global summit

SAFETY INVESTMENTS

In 2023, over six million euros was invested in safety projects across Befesa locations, including:

- Machine guarding improvements
- Engineering controls for FSI risks, such as slag coolers to reduce exposure to hot slag and process improvements to reduce molten metal risks such as thermal cameras to prevent molten metal leaks and enclosing oversized quench pits for slags
- Upgrades to enhance electrical safety
- Crane upgrades
- Lock out tag out implementation
- Fire prevention
- Fall protection such as installing lifelines, platforms and grids
- Traffic safety improvements at all Befesa sites

- Signalisation (for warning purposes: acoustic and visual)
- Installing atmospheric control equipment to reduce exposure to harmful substances
- Ventilated helmets in multiple locations to improve respiratory protection
- Automation and lift aids to reduce ergonomic risks

EHS CERTIFICATIONS

- Almost 50% of Befesa's plants are located in the EU and this is why they 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

SAFETY EXCELLENCE AWARD

In 2023, Befesa ran its second Safety Excellence Award programme, which recognises outstanding safety achievements that result in a significant improvement to health, safety or wellbeing, and in doing so contribute to Befesa's vision of zero harm.

Befesa's plants submitted numerous applications and many fantastic projects that have or will improve the safety of Befesa's employees. The winning projects included teamwork between production, maintenance and EHS teams and resulted in substantial improvements in accident rates.

The winning projects in 2023 were:**1ST PRIZES**

- **'Process-based approach for safety and continuous production improvements'** at zinc oxide plants in Spain
- **'Molten metal temperature control in Ingot moulds'** at Erandio aluminium plant, Spain

2ND PRIZES

- **'Safety improvements through effective signalisation'** at Granollers aluminium plant, Spain
- **'Outage management'** at Valladolid salt slags plant, Spain
- **'Master lock E-LOTO isolation software programme'** at the zinc recycling plant in Palmerton, US

3RD PRIZE:

- **'Machine guarding project'** at the zinc recycling plant in Barnwell, US

In addition, Befesa awarded two additional sites:

Barnwell plant, US, was awarded for the best safety record within Befesa for the second consecutive year and has achieved over seven years without a lost time injury.

The zinc oxide plants in Spain were also recognised with the most improved safety award, for reducing its LTIR and total recordable injury rate.



4.4 Health and safety *continued*

In 2023, a total of 321 incidents and near misses were reported and investigated.

In 2023, more than 16,361 safety dialogues and 892 task observations were completed (2022: more than 16,300). This involves correcting unsafe acts and conditions and generating appropriate actions and reports.

COMPARISON WITH OTHER COMPANIES

To compare Befesa's performance with similar industries, Befesa used information of lost time injury rates published in the annual reports of steel, zinc, copper, aluminium, and metals companies as well as metal associations for 2023, (except for the International Aluminium Association: 2022 data). The values are corrected to make sure that the same frequency indicator is used in all cases: accidents with sick leave, contractors, and employees, per 200,000 worked hours.

Befesa ranks in the lower-middle segment, trailing the top performer by a mere three-tenths of a point. This further solidifies its declining trend in the indicator measuring the Lost Time Injury Rate per 200,000 worked hours.

SAFETY PERFORMANCE

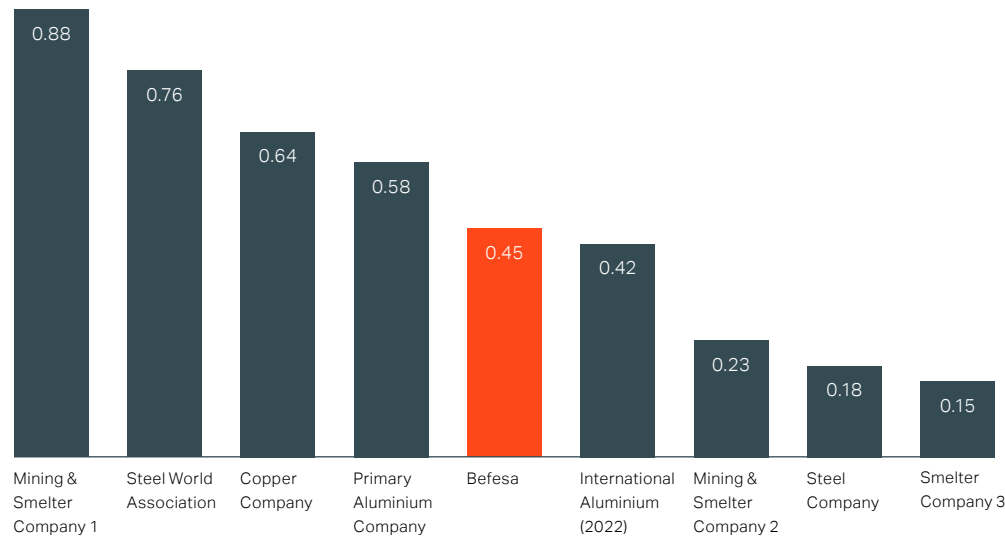
Lost Time Injury Rate (LTIR)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | % vs 2015 | % vs 2022 |
|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Own employees | 5.30 | 3.57 | 2.88 | 2.67 | 2.16 | 1.34 | 1.03 | 0.73 | 0.55 | -86% | -25% |
| Contractors | 8.06 | 0.98 | 3.88 | 5.47 | 1.60 | 0.66 | 0.43 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 5.71 | 3.11 | 3.08 | 3.22 | 1.98 | 1.26 | 0.81 | 0.55 | 0.45 | -92% | -18% |

Severity Rate (SR)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | % vs 2015 | % vs 2022 |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Total | 0.77 | 0.77 | 0.31 | 0.44 | 0.41 | 0.48 | 0.16 | 0.12 | 0.15 | -84% | 25% |

Lost Time Injury Rate (LTIR)



4.5 Diversity, Equity and Inclusion

Befesa is dedicated to promoting Diversity, Equity and Inclusion (DEI) and regularly initiates awareness campaigns via email, lockscreens and other activities. In 2023, in its first global online event focusing on the inclusion of individuals with disabilities, all employees were invited to an online presentation by a blind speaker.

The global Human Resources department, which comprises local and corporate HR teams across the organisation, acts as Befesa's DEI ambassador. Their role involves ongoing efforts to raise awareness, and provide information to cultivate an inclusive workplace culture. The aim is to create an environment where everyone feels welcome, regardless of their background, characteristics or personal choices. Befesa has launched awareness campaigns on significant occasions such as World Autism Awareness Day, Diversity Day and Zero Discrimination Day, among others.

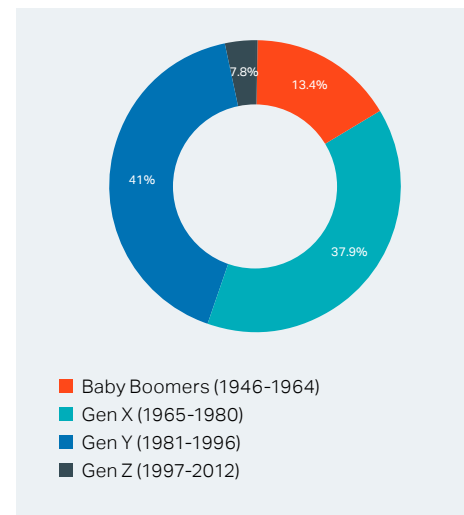
The foundation for promoting diversity and creating an inclusive culture rests on continuous training. In 2023, Befesa provided online DEI training to all employees. As part of this initiative, employees with corporate email addresses were invited to take two online courses, one on Fairness and Respect in the

Workplace and another on Human Rights. In case the online training is not done, employees get reminders to participate.

Befesa has also continued its Communication in the Global Workplace course this year. This interactive online event allows employees from various locations to join and learn about and discuss topics such as unconscious bias, cultural and generational dynamics and diversity. The course aims to foster better understanding among employees working in a diverse global environment and to promote effective communication and collaboration across different perspectives and backgrounds.

MULTICULTURAL TALENT ACROSS GENERATIONS

Befesa's 1,790 employees represent more than 35 nationalities and span four generations: Baby boomers, and generations X, Y and Z. This diversity in age and national background enriches Befesa. It provides different viewpoints, experiences and knowledge, increasing the possibility of innovative ideas and problem solving. It also creates the challenge of offering the best human resources solutions to meet different cultures and generations.



Befesa utilises various job posting platforms depending on the country and type of position and all positions are advertised internally on the company's intranet and on the Befesa website. Across the different human resources departments, Befesa actively promotes its diversity and inclusion policy, encompassing gender, age, disability, cultural background or any other form of diversity. This transparent approach encourages internal mobility and welcomes internal applications.

In 2023, as part of the annual celebration of Cultural Diversity Day, Befesa showcased the rich tapestry of its workforce with a collage in the intranet. This collage featured multiple Befesa employees highlighting the diverse, multicultural nature of the Befesa team. Alongside this visual representation, a brief text promoted non-discrimination and emphasised the positive aspects of cultural diversity. Additionally, a lock screen showing photos of employees from various cultural backgrounds was shared to serve as a constant reminder of Befesa's dedication to embracing diversity and fostering inclusivity within the company culture.

Befesa's efforts to create an inclusive culture extend beyond events and intranet posts. A compelling video, entitled 'Life at Befesa,' features testimonials from employees about their experiences and satisfaction with the company. This video serves as a powerful tool to communicate not only the company's commitment to diversity and inclusion, but also to showcase Befesa's positive work culture and employee satisfaction.

Through these testimonials, the video illuminates the company's core values of respect, equality and appreciation for individual differences, reinforcing the



4.5 Diversity, Equity and inclusion *continued*

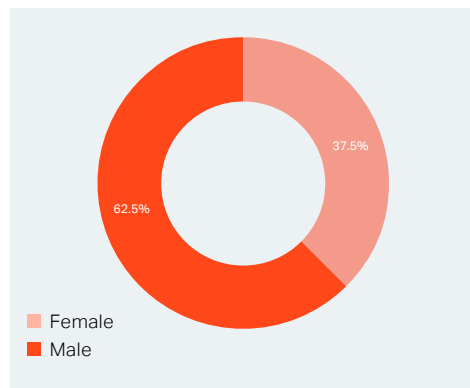
message of fostering a workplace where every employee feels valued and empowered to thrive.

GENDER

The industry that Befesa operates in is traditionally male-dominated. Manufacturing positions account for 74.5% of the company's workforce and the population of women in manufacturing roles is very low compared to other parts of the business. As a result, women made up 12.1% of the overall workforce in 2023. However, when manufacturing roles are excluded, the proportion of female employees stands at 41.6%.

During the year, the percentage of women on the board of directors saw a significant increase, rising from 22.2% in 2022 to 37.5% in 2023. This shows that efforts to promote gender diversity and inclusion in senior leadership positions have delivered positive results. The rise in the percentage of women on the board of directors in 2023 against prior year indicates a growing recognition of the importance of gender diversity in driving organisational success and fostering innovation.

BOARD OF DIRECTORS

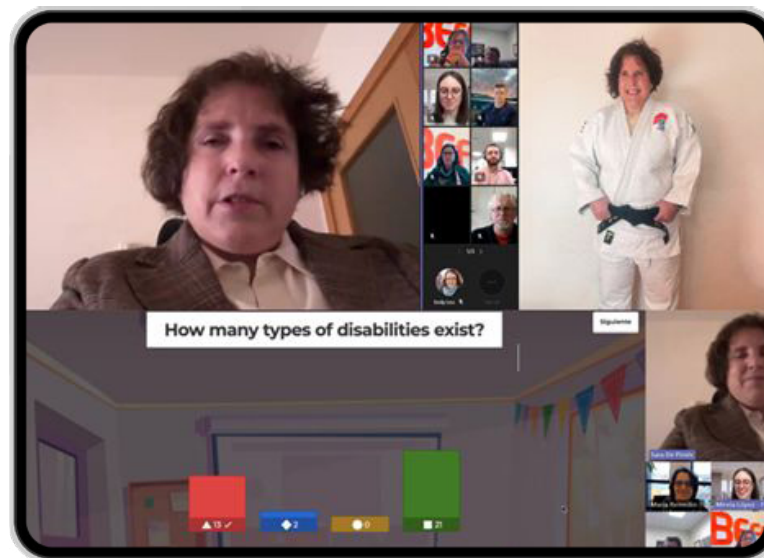


PEOPLE WITH DISABILITIES

Befesa is committed fostering a diverse and inclusive workplace that supports individuals with disabilities. As of 2023, Befesa employed more than 25 individuals with disabilities across various roles and departments. Befesa also supports indirect employment by outsourcing various tasks to organisations that specifically hire people with disabilities. These tasks ranged from laundry services to garden maintenance and the production of everyday use items.

The Corporate Social Responsibility (CSR) department regularly runs awareness campaigns on the challenges people with disabilities face in their daily lives. In 2023, online seminar, 'Navigating Darkeness: A talk about adapting to sudden blindness and coping in the workplace'. At this session,

a blind person recounted their first-hand experience of adapting to adult-onset blindness, highlighting the realities encountered by individuals with disabilities.





4.5 Diversity, Equity and inclusion *continued*

GENDER KPIs

Headcount by Business Unit

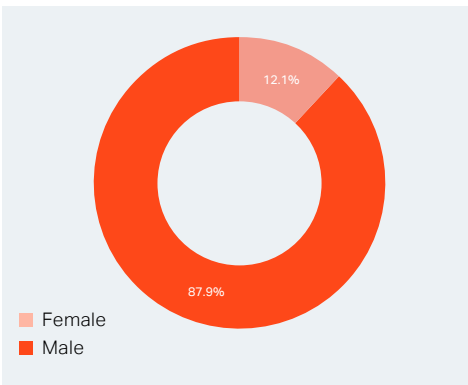
Female

| | |
|----------------|--------------|
| Alu Salt Slags | 2.5% |
| Steel Dust | 8.5% |
| Corporate | 1.1% |
| Total | 12.1% |

Male

| | |
|----------------|--------------|
| Alu Salt Slags | 24.4% |
| Steel Dust | 62.3% |
| Corporate | 1.2% |
| Total | 87.9% |

Male and female Befesa employees



of women at Befesa

by country

| | |
|---------------|-------|
| Spain | 31.0% |
| Germany | 25.5% |
| United States | 22.7% |
| China | 8.3% |
| France | 6.0% |
| Turkey | 3.2% |
| Sweden | 2.3% |
| South Korea | 0.9% |

by function

| | |
|--------------------|-------|
| Administrative | 38.4% |
| Corporate | 8.8% |
| Manufacturing | 12.0% |
| QHS/Technology/R&D | 23.1% |
| Selling | 17.6% |

by category

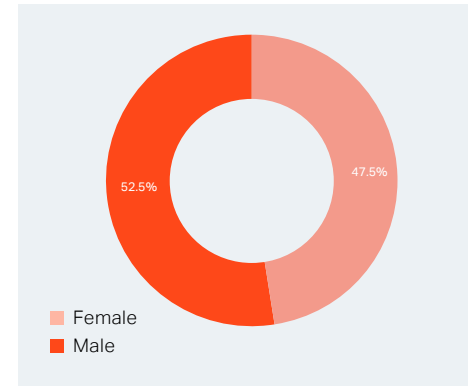
| | |
|------------------|-------|
| WC: White Collar | 87.0% |
| BC: Blue Collar | 13.0% |

by age group

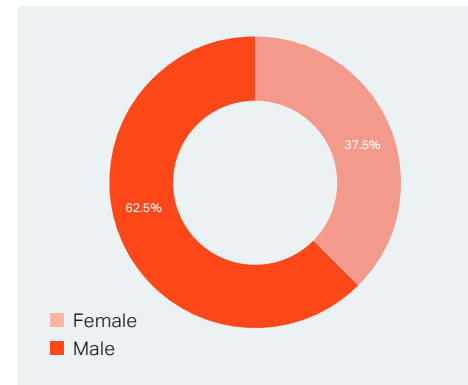
| | |
|----------|-------|
| up to 29 | 15.3% |
| 30 – 39 | 29.6% |
| 40 – 49 | 24.5% |
| 50 – 59 | 21.8% |
| over 60 | 8.8% |

CORPORATE HEADCOUNT BY POSITION

Corporate BU positions ratio



Corporate Directors Team



Figures as of end of 2023



4.6 Human rights

Befesa stands up for human rights within the company and along the value chain and its operations. The company recognises and supports the rights of all stakeholders and complies with universal principles regarding human rights and labour practices worldwide, including those outlined in the United Nations Universal Declaration of Human Rights (UDHR).

Befesa's policies are based on its principles of Compliance, and Integrity & Transparency, and are designed to guarantee that all employees and suppliers are informed of and strictly committed to human rights.

Befesa's Code of Conduct promotes these principles and enforces their compliance with them across the organisation. The Code of Conduct is given to all employees on their first day working with the company and annual training sessions reinforce its contents. The Code of Conduct is available in all languages used in the regions where Befesa operates and includes the company's policies against discrimination and harassment, and advocates for the dignity and fundamental freedoms of all stakeholders (employees, suppliers, and

community members). Employees are expected to uphold the Code of Conduct.

Standards for working conditions and human rights are also part of the Befesa Supplier Code of Conduct that is also shared in the Befesa Website. Befesa works hard to recognise the equality and dignity of all its employees, and to ensure non-discrimination. These goals are observed both in the Diversity, Equality and Inclusion Policy and Human Resources Policy.

Reflecting the importance of human rights, Befesa has provided an online training course on human rights to all employees with a Befesa email address (see 'Training' section).

Although Befesa does not operate in countries with risk of human rights violations, Befesa is firmly committed to protecting and promoting human rights in all its operations.

HUMAN RIGHTS RISK MAP

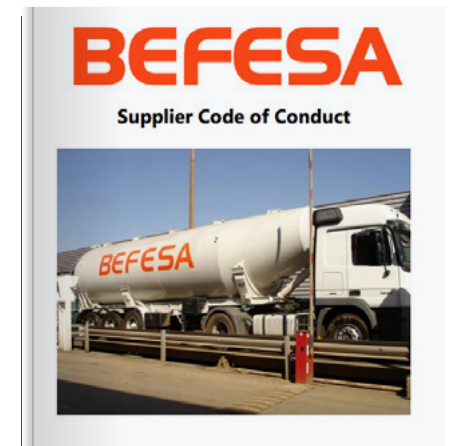
To ensure compliance with these standards, Befesa has implemented a risk map and conducts regular internal audits, in addition to other additional procedures.

Befesa takes its commitment to human rights and labour rights seriously. It firmly believes that all stakeholders, without exception, deserve to be treated with full dignity and respect

This commitment is deeply embedded in Befesa's Code of Conduct, which strictly prohibits any form of forced labour, modern slavery, human trafficking, and child labour, among others.

Befesa has a proactive commitment to the defence of human rights. In addition to the operational risk map, Befesa has developed a human rights risk map, covering all the human rights outlined in the Universal Declaration of Human Rights. Each human right is systematically analysed to assess its risk level and mechanisms are devised to prevent violations. Control measures are established for the same purpose. Befesa is in the process of developing remediation procedures in case of non-compliance

Therefore, it is the responsibility of Befesa and its suppliers that they not be complicit in human rights violations in other areas or locations within the value chain of the business. To the best of its understanding, Befesa has not caused nor contributed to any human rights violation.





4.7 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





4.8 Recruitment

Attracting and employing the right people ensures that Befesa can accomplish its business objectives and deliver its business strategy. With 24 plants in eight countries on three continents, Befesa is present on many online recruiting channels according to the personnel needs of each operation.

Effective recruitment starts with an appropriate job description. Befesa's job advertisements are written in a neutral way, using inclusive language and establishing accurate job expectations. In addition, all vacancies are posted on the plant noticeboards, and for white-collar positions, also on the Befesa intranet and website. In this way, Befesa makes sure the same opportunities are available to internal and external candidates.

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, Befesa avoids any potential bias, including race, social status, age or gender, during the application,

screening, and interview stages. Befesa consistently gives feedback to all candidates participating in the recruitment process.

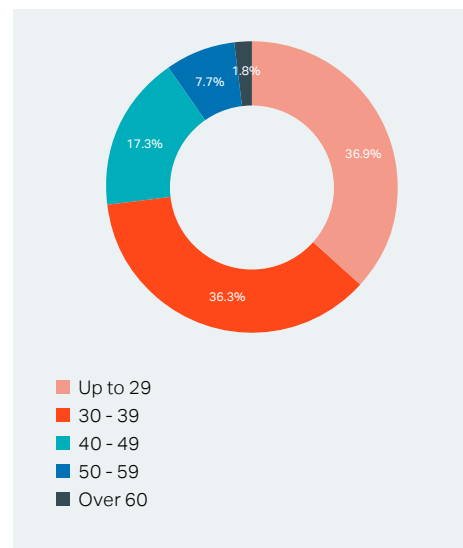
Befesa complies with data protection and data storage requirements regarding personal data of job candidates. To make the final decision on the candidate best suited to the job, an internal approval procedure must be followed. This procedure is part of Befesa's internal control platform. Employees are 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.

Once an employee has signed their employment contract and joined Befesa, the onboarding process lasts for six-month to ensure effective integration of the employee and to ensure their satisfaction with Befesa.

Overall, the hiring rate across different age groups highlights Befesa's commitment to diversity, inclusivity and talent development. By embracing individuals at various stages of their careers, the company creates a vibrant and inclusive work environment that values the unique contributions of each employee.

This diversity of perspectives and experiences fosters innovation, resilience, and sustained success in today's dynamic business landscape.

% of New Hires





4.9 Compensation and wellbeing

Befesa is committed to providing fair, consistent, and competitive compensation to all employees that is aligned with the responsibilities and demands of their role.

Remuneration policies are crafted to attract and retain talented, high-performing individuals, which is especially crucial in today's competitive labour market. Befesa's salary structure is designed to be consistent across all Befesa locations, in line with our strategic goals and with industry benchmarks.

Befesa's compensation model provides a competitive base salary that reflect responsibilities and performance, along with incentives that are tied to Befesa's success (see Reviewing performance below). A comprehensive benefits package is also offered.

EQUAL PAY

Befesa strictly adheres to equal pay principles, ensuring that jobs requiring comparable skill, effort and responsibility, and performed under similar conditions, receive equal compensation in accordance with the Equal Pay Act. The company categorically rejects discrimination based on

personal, physical or social attributes. Befesa's commitment to equality and fairness is reinforced through collective bargaining agreements and internal accords in most of the operational locations.

LIVING WAGE

It's crucial to re-evaluate our compensation structure by leveraging reliable benchmarking. Through this action Befesa's Compensation & Benefit team can identify industry standards and ensure salaries remain competitive. This includes analysing the concept of a living wage in all regions, ensuring our salaries allow employees to afford necessities and a decent standard of living.

WELLBEING

The World Health Organization (WHO) defines wellbeing as a positive state experienced by individuals and societies. Similar to health, it is a resource for daily life and is determined by social, economic and environmental conditions. Wellbeing encompasses quality of life and the ability of people and societies to contribute to the world with a sense of meaning and purpose. Befesa recognises the profound significance of wellbeing and to support this commitment, Befesa has initiated comprehensive measures across all facets of its operations.

ECONOMIC WELLBEING

Befesa prioritises economic wellbeing by ensuring competitive compensation packages and benefits for employees. These are often established through collective bargaining agreements negotiated with workers' councils and trade union members. Befesa also provides supplementary benefits to bolster financial security. Depending on the location, these can include a company car, transport allowance, food allowance, study subsidies, childcare and relocation allowances, and medical and accident insurance. These benefits not only reflect Befesa's dedication to employees economic well-being but also strengthen its collaborative relationships with the workforce.



4.9 Compensation and wellbeing *continued*

ENVIRONMENTAL WELLBEING

Befesa is deeply committed to the wellbeing of its employees and recognises health and safety as a core value. To promote wellbeing in the workplace and help employees focus on and manage their health, Befesa has implemented awareness campaigns that encourage stress management and promoting physical activity. Befesa’s wellbeing programmes are designed to ensure that employees not only work in a safe environment, but also have the resources and support to lead healthier, more balanced lives. By fostering this culture, Befesa aims to strengthen employee satisfaction, reduce workplace stress and promote overall health.

On World Health Day in April 2023, Befesa joined the WHO’s “Health for All” campaign. This initiative reminded employees of the importance of prioritising their health and wellbeing. Each employee received an anti-stress ball, providing a reminder to practice self-care, maintain a balanced diet, get sufficient sleep, focus on mental health and nurture a healthy work-life balance.

Befesa also supports sports activities to encourage physical fitness among

employees. A notable example is the Wings for Life World Run, a charity event that Befesa sponsors and 170 participates in that helps raise funds for spinal cord research while promoting physical fitness and community engagement.

SOCIAL WELLBEING

The main goal for social wellbeing is fostering meaningful relationships and a sense of community among employees. Through numerous CSR initiatives, Befesa actively engages with local communities and encourages employees to participate in charity events. These efforts not only benefit the community but also cultivate stronger social bonds within the organisation.

Befesa offers a variety of flexible work arrangements to help employees achieve a healthy work-life balance. This includes options for rotating production shifts, remote working and flexible start and finish times for office-based roles, among others.

In many countries, our commitment in this area goes beyond the statutory requirements, for example supporting employees with childcare and the care of close relatives within the scope of social and legal guidelines.



In 2023, **part-time employees** accounted for around 3.1% of the workforce of which 45.5% were female and 54.5% male.

4.9 Compensation and wellbeing *continued***REVIEWING PERFORMANCE**

The Befesa performance review process is designed to promote continuous improvement and encourage accountability. This process aligns individual goals with the company's strategic objectives, ensuring everyone is working towards a shared vision.

Befesa's remuneration system is designed to support the company's sustainable and successful long-term growth. Managers and key employees are part of an annual bonus scheme, which is based on an Annual Performance Review (APR). By combining fixed compensation (salary and benefits) with variable compensation (including bonuses), Befesa ensures that employees receive appropriate remuneration for their roles while also rewarding them for performance in their role and their contribution to Befesa's strategic objectives.

Additionally, most operators have an incentive system tied to annual production targets, reinforcing the importance of teamwork and shared accountability. This fosters a collaborative culture where collective success is valued.

Befesa has consolidated its competency-based evaluation process, and its goal setting and achievement processes into its new Annual Performance Review, which includes goals, career development and personal training needs.

This approach provides:

- Better transparency – time to listen and time to give feedback on performance.
- Improved efficiency – this feedback can be helpful for employees in developing their skills and knowledge and reaching their full potential.
- Integrated performance insights – employee-focused, a single document to share a conversation about his/her personal goals and individual performance.

Befesa's Annual Performance Review templates include four key sections:

- Reviewing performance against goals and setting targets for the coming year
- Competence evaluation
- Professional development
- Career development

These structured performance reviews not only offer valuable insights into potential training gaps and the need for targeted training and development, but also help Befesa identify and nurture talent, which in turn creates a pipeline for internal promotion and growth. The increasing number of participants in the review process over recent years reflects growing engagement and interest within Befesa.

Through the new Annual Performance Review process, Befesa ensures a fair and uniform assessment of employee performance which informs their variable performance-based compensation. This comprehensive approach underpins a culture of continuous improvement, accountability and sustainability.



4.10 Training and development

Training is a crucial for the professional development of Befesa's employees and its business success. Ongoing training and professional development opportunities are provided to all employees.

Despite 2023 being a challenging year, Befesa has increased its investment in employee training. Average training hours per employee are up by 7.4%, from 27 hours in 2022 to 29 hours and investment in training has increased 9.8% to €588,792 (2022: €536,231). Total training hours stood at 53,356 hours (2022: 49,751 hours).

Training sessions are categorised into general skills, health and safety and language courses, and are conducted at various workplace locations based on specific needs identified in a training plan developed at the end of the previous year.

Befesa ensures that employees stay up to date with industry trends, technology, and best practices throughout their careers. This continuous learning approach, supports our mission to cultivate a knowledgeable and skilled workforce, promoting long-term success and career growth at Befesa.

Health and safety remains a key focus of our training efforts and accounts for 56% of all training hours. Given the industrial nature of our industry, it is crucial to provide a healthy work environment and instill best safety practices. Health and safety is a top priority at Befesa and our training programmes reflect this commitment.

Befesa is also focused on career development, offering employees a clear path for advancement within the company. Analysing Befesa's workforce demographics, employees between 30 and 39 years of age received the most training in 2023, with an average of 40.7 hours per employee, more than a third (36.5%) above the company-wide average. This group also completed 50% more general training than the average. This emphasis on younger professionals aligns with our commitment to building a robust pipeline of future talent and leaders, ensuring they are well-prepared to drive Befesa's success.

Also significant is the difference in training hours between male and female employees. In 2023, female employees completed 40% more training hours per person than male employees, with an average of 39.8 hours compared to 28.4.

Table 1: Training Breakdown

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---------|---------|---------|---------|----------------|
| Total Training Hours | 27,012 | 17,474 | 23,512 | 49,751 | 53,356 |
| for Blue Collar employees (%) | 45.00% | 50.00% | 50.00% | 51.90% | 52.80% |
| for White Collar employees (%) | 55.00% | 50.00% | 50.00% | 48.10% | 47.20% |
| Training hours average per employee | 24 | 19 | 20 | 27 | 29 |
| Training hours (per employee) year-on year-change (%) | | -20.83% | 5.26% | 35.00% | 7.41% |
| Gender Breakdown | | | | | |
| Male | | | | 26.0 | 28.4 |
| Female | | | | 33.9 | 39.8 |
| Age Group Breakdown | | | | | |
| Up to 29 | | | | 19.2 | 33.9 |
| 30-39 | | | | 35.9 | 40.7 |
| 40-49 | | | | 33.9 | 33.4 |
| 50-59 | | | | 23.9 | 20.7 |
| Over 60 | | | | 7.0 | 10.8 |
| Training hours per category | | | | | |
| General training | | | 6,995 | 12,995 | 14,329 |
| Health and safety | | | 11,261 | 29,657 | 29,934 |
| Languages | | | 5,164 | 7,098 | 9,093 |
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Total training costs | 428,379 | 250,115 | 366,946 | 536,231 | 588,792 |
| for Blue Collar employees (%) | 37.50% | 48.10% | 47.20% | 47.20% | 47.20% |
| for White Collar employees (%) | 62.50% | 51.90% | 52.80% | 58.80% | 56.10% |
| Training Cost average per employee (Euros) | 373.5 | 220.0 | 236.7 | 290.3 | 328.9 |
| Training Cost (per employee) year-on year-change (%) | | -41.1% | +7.6% | +22.6% | +13.3% |
| Training cost per category (Euros) | | | | | |
| General training | | | 156,075 | 203,476 | 293,799 |
| Health and safety | | | 138,364 | 258,459 | 230,849 |
| Languages | | | 72,507 | 74,296 | 64,145 |

4.10 Training and development *continued*

This reflects Befesa's ongoing commitment to promoting equal career opportunities and fostering a more inclusive workplace in a traditionally male-dominated sector.

EMPLOYEE DEVELOPMENT PROGRAMMES

Befesa has several leadership programs managed locally; however, it also has global programs such as the Young Professionals Programme.

Building on the success of the Young Professionals Programme (YPP) 1.0, Befesa introduced YPP 2.0 in 2023. Like its predecessor, this initiative is based on three central pillars:

1. **Leadership development training:** In collaboration with a globally-recognised management consulting firm, participants undergo comprehensive leadership development training to enhance their strategic leadership skills
2. **Business challenge:** Under the guidance of the Investor Relations and Strategy department, participants will tackle authentic business challenges. This intensive experience culminates in a

presentation to the Executive Chairman, CEO and CFO and provides a unique platform to demonstrate analytical and strategic skills

3. Virtual meeting with regional CEOs:

Participants have the exclusive opportunity to interact directly with Befesa's regional CEOs. This virtual interaction facilitates important dialogue and fosters a deeper understanding of the corporate vision and strategy from around Befesa's operations.

The first 33 participants started the programme in September 2023 and will complete it in June 2024. A second group with 28 participants – 12 month of program taking into account 2 month of holiday participants started in March 2024.

Training programmes at Befesa are designed to boost technical skills, leadership capabilities, communication proficiency and other critical workplace competencies. These programmes cater to employees at all levels, from new hires to experienced staff, including plant-floor shift supervisors and those in senior management roles.

The focus of these training sessions is to ensure that employees can excel in their current roles while also preparing for future responsibilities. In 2023, 59% of the general training was dedicated to enhancing technical expertise and leadership skills, underscoring Befesa's commitment to developing a well-rounded and skilled workforce.



4.10 Training and development *continued*

4.11 Labour relations

Befesa fully recognises employees' right to freedom of association and collective bargaining within its 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 partners and maintains good relationships with them, which Befesa considers essential to business and workforce development. Befesa engages regularly with labour unions or employee representatives to discuss employees' working conditions and other relevant matters.

Befesa works proactively with employee representative bodies to achieve positive results for both employees and the company. Collective bargaining agreements are in place in Germany, Spain, France, Turkey, South Korea, Sweden and the USA. 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, work-life balance, and more.

In total, 74.5% 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 transparency and open dialogue with all works council members. Regular meetings are essential to discuss labour issues and matters relating to health and safety.

Befesa complies with labour legislation in all countries in which it operates and all Befesa employees are covered by the Global Human Rights policy, Befesa's Code of Conduct and the Human Resources Policy. The Code of Conduct and Human Resources Policy are printed and distributed in all languages in Befesa's countries of operation, it is also available on Befesa's website. All employees receive mandatory training annually on the Code of Conduct.





4.12 Local communities

Befesa engages in citizenship activities that have a positive impact throughout the year with a focus on its local communities. Unfortunately, on 6 February 2023 an earthquake in Turkey had a direct impact on Befesa’s plant and employees in Iskenderun. In response, funds were raised within Befesa to assist families in the affected area.

As in previous years, Befesa sponsored various sports activities and participated in different charitable events in almost all of its locations.

Befesa participated again in the Wings for Life World Run. In 2023, the “Befesa Run” team ran 1,598 kilometres, thanks to the dedication and hard work of the 170 team members made up of Befesa employees and their family members. Befesa donates the registration fees for each participant to the Wings for Life Foundation and 5 euros per kilometre completed. Befesa is always happy to support this important organisation and make a positive impact in the fight against spinal cord injuries and in total the Wings for Life World Run at Befesa resulted in a donation of 9,535.47 euros.

Throughout the year, various events are organised across Befesa locations to raise funds or donations for good causes or individuals facing difficult times. Befesa also makes donations in these cases.

In 2023, Befesa continue to sponsor the Autism Chair at the University of Seville alongside the Autismo Sevilla Foundation. The primary goal of the Chair is to advance interdisciplinary teaching and research initiatives related to autism spectrum disorders. Within this framework, the Chair strives to support research and development projects that target the identified needs of individuals with autism and their families, aiming to significantly enhance their quality of life.

Additionally, it offers training programmes and courses at the University of Seville to enrich students’ knowledge in this field. The Chair also hosts forums to foster dialogue among stakeholders from academic, public and private institutions, businesses, the non-profit sector, students, and other relevant parties involved in autism. Finally, it provides guidance and assistance to the University of Seville in supporting students with autism, including facilitating their access



to higher education and their transition into the workplace.

The Befesa Community Fund is a non-profit organisation based in Palmerton, US, and Befesa is its exclusive contributor. Formerly known as the Horsehead Community Development Fund, it legally adopted the name Befesa Community Fund in 2023. The Fund supports various community initiatives, including libraries, recreational sports and athletic leagues, community service groups, volunteer fire companies and organisations

offering services to children and senior citizens. The ongoing involvement reflects Befesa’s commitment to maintaining a positive impact in the Palmerton community.

In matters of disability and inclusion, a highlight in 2023 was the company’s participation in two international regattas in Spain with the ship Befesa-Ybarra in collaboration with the IN Foundation for adaptive sports, bringing visibility to individuals with disabilities in such activities.

4.12 Local communities **continued**

In the summer of 2023, the Copa del Rey Sailing Regatta made history by welcoming its first skipper with a physical disability, Arturo Montes, a Paralympic athlete and founder of the Association for the Promotion of Adapted Sports in Andalusia. One month later, Arturo also participated in the Nautical Week of Puerto de Santa María, achieving third place in both events. Continuing Befesa's tradition of collaboration with such foundations and activities, Befesa proudly sponsored Arturo's participation in both events. Befesa believes that adapted sports play an essential role in inclusion and providing equal opportunities for individuals with physical or mental disabilities. By supporting these causes, Befesa is raising awareness of what is possible for people with disabilities and encourage their participation in sports and recreational activities.

Starting in 2022 and concluding in 2023, an unforgettable project took shape: the construction of Casa Ronald McDonald in Seville, Spain. Following its completion in 2023, Casa Ronald McDonald in Seville, Spain was inaugurated at the beginning of 2024. This project, led by the "Fundation El Gancho Infantil" as part of Tu Casa Azul initiative, aims to provide accommodation for 20 families whose children are undergoing treatment mainly at the Virgen del Rocío Hospital in Seville. Annually, over 5,500 children are admitted to the hospital, with more than half of them living outside Seville. The Casa Azul addresses the significant challenge these families face in finding suitable housing during their children's extended treatment periods. Sponsorship from Befesa is supporting one of the family rooms within the Seville House, providing families with a sense of safety and support.



Section name **continued**

Other events have been organised across the company's sites, for examples:

- Sponsorship of the local football team in Landskrona (Sweden)
- Sponsorship of different sport activities in Vizcaya (Spain)
- Support for the children's home 'Miteinander Freiberg e.V.' for the integration of children with disabilities
- Sponsorship of the local football team in Les Franqueses (Spain)
- Sponsorship for children to attend a camp to learn to preserve the environment in Barnwell (US)
- Donations and collaboration in cleaning tasks in the St. Mary's Home for women with disabilities in Pohang (South Korea).
- Clothing donation and support for the 'Stray Animal Rescue' in China.

In 2023, Befesa conducted a survey to better understand employees' thoughts on the company's CSR activities. Employees had the chance to share their opinions and ideas and emphasised that CSR is a matter close to the Befesa family.

CHARITY CONTEST

Each year, Befesa launches the Charity Project Contest, inviting all employees to propose a charitable initiative for support. Employees present projects they are particularly connected or committed to. This initiative not only encourages involvement from the entire workforce, but also emphasises Befesa's commitment to supporting and uplifting local communities.

The first prize has been awarded to the 'Repairing the Affection House in Iskenderun'

project in Turkey. The Hacı Pervin Tosyalı Affection Houses provide a nurturing environment for orphaned children aged 0 to 12, ensuring they never feel alone. This project's objective is to mend the damage inflicted by the earthquake on these homes.

In a special turn of events this year, the second prize was shared among three equally deserving projects:

- Curasana by the NGO 'Mamás en Acción'. In Spain, more than 56,000 children either do not have parents or cannot live with them. When these children, aged 0 to 18, fall ill and require hospitalisation, they often find themselves alone. The Curasana project provides companionship to these hospitalised children, offering the care and affection they need during their recovery
- Rehabilitation for children and young people with cancer in cases of brain injury by the NGO 'La Cuadri del Hospi' in Bilbao, Spain. La Cuadri del Hospi is dedicated to humanising, socialising and researching childhood cancer while promoting bone marrow donation. They collaborate with the Aita Menni Centre, which specialises in children's rehabilitation, to offer therapy and support to children with cancer.

- 'Adenovirus 24 RGD' by the NGO 'Niños Contra el Cáncer' in Spain. This project focuses on supporting research into oncolytic adenoviruses as an alternative to traditional therapies in treating paediatric cancer through the University of Navarra Clinic (Pamplona and Madrid).

In 2023, all the awarded projects are related to childhood. Of the 23 projects proposed, 17 had children as their beneficiaries. This is seen as a reflection of the sentiment within the Befesa community, which regards children as special people to protect and provide support to construct a better future.

Total donations and sponsorships (in €)

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|----------------|----------------|----------------|----------------|----------------|
| Total donations and sponsorships | 116,711 | 133,684 | 139,749 | 193,016 | 199,740 |
| Humanitarian and social projects | 25,000 | 34,730 | 44,063 | 102,774 | 97,544* |
| Education and culture | 17,051 | 31,900 | 28,992 | 41,358 | 36,707 |
| Sponsorships | 74,660 | 67,054 | 66,694 | 48,884 | 65,490 |

* Excluding donation for Turkey in 2023: 5,703,511 Turkish lira (equivalent to €270,000)



4.13 Social priorities and targets

1. Reduce LTIR (Lost Time Injury Rate) by at least 50% by 2024 compared with 2019

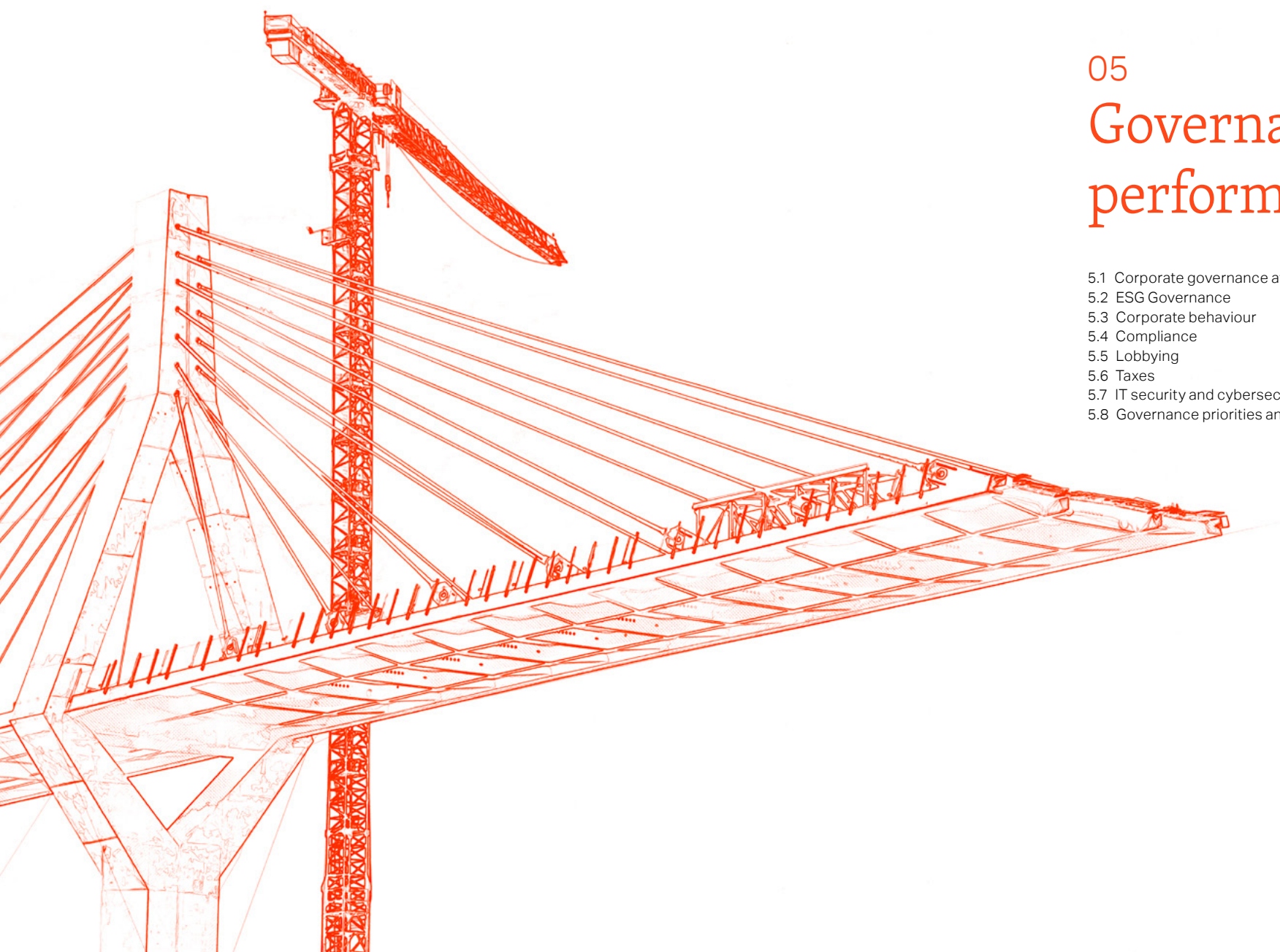
2. Maintain zero fatalities

3. Continue with Diversity, Equity and Inclusion training

4. Increase the investment in social actions with positive impact in local communities

5. Develop Next Generation Workforce Strategy

6. Improve blue collar engagement and communication



05 Governance performance 2023

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5.1 Corporate governance at Befesa

Full information on corporate governance at Befesa is provided in the Befesa Annual Report 2023, pages 74 – 84.

5.2 ESG Governance

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

Befesa's Board of Directors and senior management review key aspects of sustainability on a monthly basis, including reviewing policies and practices, sustainability objectives, and targets and key performance indicators, and risks and control systems.

dedicate significant time and resources to managing the key aspects of sustainability, including the development of sustainability policies and best practices.

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

An important change to Befesa's ESG governance structure was completed in 2022 with the creation of a Board-level Sustainability Committee. The Committee includes four Board members and is responsible for overseeing all matters relating to ESG for Befesa and its subsidiaries. A key priority for the Committee is emissions reductions and energy saving targets and associated plans. The Committee makes recommendations to the Board and met twice in 2023.

The Sustainability Committee is responsible for:

- Reviewing and monitoring Befesa's environmental sustainability strategy and its delivery, as well as its environmental policies, standards and guidelines
- Reviewing and monitoring Befesa's environmental sustainability achievements in line with targets and guidelines
- Supporting and providing guidance to the Board of Directors in developing and updating the Befesa's policies and procedures relating to environmental sustainability.



5.3 Corporate behaviour

COMPLIANCE POLICIES AND ETHICAL STANDARDS ARE AUDITED

Befesa believes that achieving successful and sustainable profitable growth can only be achieved with a focus on integrity, high moral values and respect for environmental, social and governance practices by everyone in the company.

To support this belief, Befesa has a Compliance Management System and continually seeks opportunities to strengthen its compliance framework.

Through the compliance management system, Befesa places strong emphasis on corporate behaviour and the conduct of employees. The system includes internal guidelines and policies such as the Code of Conduct, the cornerstone of the Compliance

Management System and rules addressing competition law and anti-trust, fraud and anti-corruption, anti-money laundering, IT services, environment, health and safety, conflicts of interest and executive misconduct, and international sanctions. These measures guide employees in ensuring that Befesa complies with all laws, regulations and values. They are supported by whistleblowing channel to raise concerns about any breaches of Befesa standards, misconduct or unlawful behaviour.

Compliance risk is identified, managed and reported by the management team and the Board of Directors. Befesa's compliance process includes monthly compliance committees, and monthly communications on key compliance topics. Regular compliance training is provided to the entire organisation and has to be repeated every year.

More information on Befesa's Risk Management System is available in the Befesa Annual Report 2023, pages 66 and 67.

A comprehensive and detailed description of Befesa's compliance management system can be found in the Befesa Annual Report 2023, pages 86 – 92

Befesa's compliance management system

Befesa Compliance Management System

- 1 **Compliance management system**
 - Group's compliance policy
 - Risk identification and risk management with a software-based integrated risk map and continuous risk monitoring
- 2 **Code of conduct**
 - Cornerstone of Befesa's Compliance Management System
 - Eight languages available
- 3 **Internal procedures**
 - Internal communication and authorisation system that represents the internal rules of Befesa
- 4 **Complementary-specific compliance policies**
 - Anti-corruption and anti-bribery
 - Anti-money laundering
 - Anti-trust
 - Conflicts of interest
 - Environmental, health and safety, and quality
 - Group security dealings code
 - International sanctions
 - IT
 - Diversity, equality and inclusion (DE&I) policy
 - Confidentiality, and industrial and intellectual property
- 5 **Monthly messages & training**
 - Monthly messages to employees covering diverse compliance topics
 - Online platform for compliance training
 - Brochures on conduct guidelines available
 - Specific cybersecurity training
- 6 **Whistle-blowing channel**
 - Web platform and voice intake
 - Eight languages available
- 7 **Other**
 - Internal controls
 - Criminal compliance (Spain)
 - Certifications: ISO (9001, 14001, 14064, 50001), ISO 45001
 - Insurances: coverage of detected risk
 - General data-protection regulations
 - Code of conduct for suppliers

5.3 Corporate behaviour *continued***OVERSIGHT OF ETHICAL ISSUES**

The oversight for ethics issues is the responsibility of the Executive Chairman and Chief Financial Officer. Progress and performance of the compliance management system is reported in monthly Executive committees with the Chief Compliance Officer. The monthly Board meeting includes compliance and ethical issues as an agenda item presented by the Executive Chairman to provide oversight of any relevant ethical or compliance matters.

REGULAR AUDITS OF ETHICAL STANDARDS

Befesa's internal audit team is responsible for auditing Befesa's internal controls and processes as part of its annual internal control programme. This covers financial and non-financial information and internal audit reports findings directly to the Audit Committee.

The financial statements of Befesa and its subsidiaries are audited internally on an annual basis, providing Befesa's investors with additional confidence regarding the unaudited financial information published every quarter.

Compliance policies and ethical standards are also audited annually by the internal audit team across all significant subsidiaries. In 2023, a total of 26 audits (2022: 22) were carried out following rigorous internal audit processes. Areas covered by these internal audits include:

- 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 investigations concerning potential complaints received through the Company's whistleblowing channel.

EMPLOYEE TRAINING ON ETHICAL STANDARDS

All Befesa employees receive training on compliance and ethical standards. Employees working in Befesa plants receive the printed copies of the guidelines of the Code of Conduct as they have no computer access during their work. Also, the Befesa Code of Conduct is available to all contractors as well as other third parties and in addition the suppliers have to sign the Befesa Code of Conduct for Suppliers. Employees in administrative functions are trained on an annual basis by the Compliance Department.



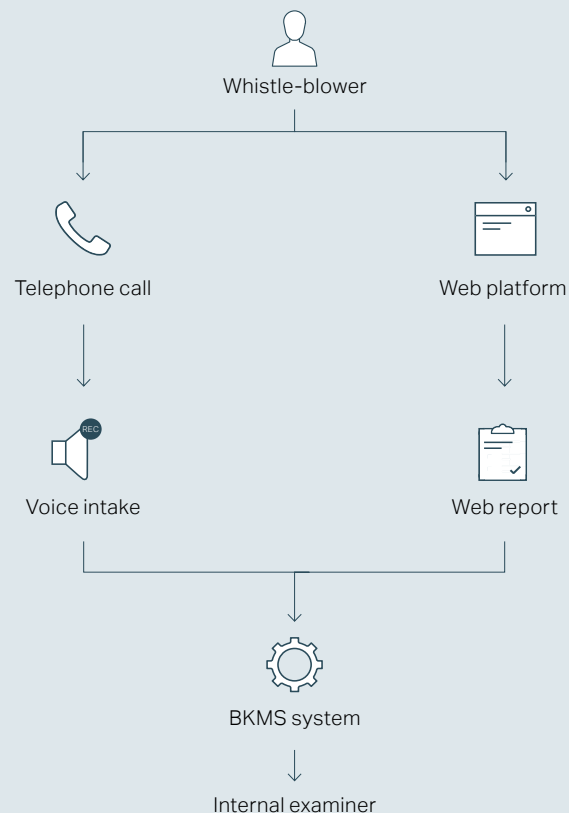
5.3 Corporate behaviour *continued*

WHISTLEBLOWING CHANNEL

Befesa has a whistleblowing channel in place on its website, which is available to all employees and external third parties 24 hours-a-day, 365 days-a-year.

Complaints or concerns on ethical behaviour or conduct can be made by telephone or through the web platform. The platform is available in eight languages and the link is available on the bottom of the Befesa homepage.

The channel is provided by Business Keeper and is the first compliance platform certified in accordance with European data protection law (GDPR). It also meets the highest data security standards, including double security certification in accordance with ISO 27001, state-of-the-art encryption algorithms, high-security data centres and manual penetration testing. This ensures that whistleblowers anonymity is assured and they are provided with protection from retaliation.



- ✓ Europe/Global privacy laws
- ✓ Phone line with local greeting
- ✓ Web page with local language
- ✓ Report/Case management
- ✓ Reports in local languages and English
- ✓ 24/7, 365 days a year



5.4 Compliance

Compliance is an essential part of the culture of integrity at Befesa.

Befesa is recognised as a company which at all times fully respects and adheres to all applicable laws and regulations wherever Befesa operates. Befesa is facing a continuously changing and more complex regulatory environment and takes responsibility for ensuring that laws and regulations are strictly observed in all business dealings. Therefore, Befesa is fully determined to continuously develop and update its compliance management system.

Befesa has also in place 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 (www.befesa.com).

SUPPLIER CODE OF CONDUCT

Befesa promotes and expects business integrity, legal compliance and adherence to internationally recognised environmental, social and corporate governance standards among all business partners.

To ensure suppliers meet the same standards that Befesa adheres to, the company has been implementing the Befesa Code of Conduct for Suppliers.

More Information about Compliance is available in the Befesa Annual Report 2023, pages 86

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.

The membership fees include several industry associations. The organisations with the highest fee paid is the International Zinc Association and also the reason for the increase in 2023.

Membership fees (in €)

| | 2021 | 2022 | 2023 |
|-----------------------|---------|---------|----------------|
| Industry associations | 337,037 | 291,818 | 342,137 |



5.6 Taxes

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

In keeping with this goal, Befesa applies its core values of Compliance, Integrity and Transparency to the management of its tax affairs. Befesa also applies the following tax principles to all Befesa 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.

Details of tax receivable and tax payable (in thousands of €):

| | 2023 | | 2022 | |
|-----------------------------------|---------------|---------------|---------------|---------------|
| | Receivable | Payable | Receivable | Payable |
| VAT | 7,812 | 5,979 | 11,896 | 5,853 |
| Withholdings and interim payments | – | 787 | – | 631 |
| Corporate income tax | 11,975 | 4,636 | 6,599 | 5,274 |
| Social security | 14 | 2,134 | 13 | 1,847 |
| Other | 925 | 567 | 1,058 | 615 |
| Total | 20,726 | 14,103 | 19,566 | 14,220 |



5.7 IT security and cybersecurity

In recent years, the global landscape of cybersecurity has witnessed a dramatic surge in the frequency and sophistication of cyberattacks. According to recent studies, the number of reported cyberattacks has increased 3% a week during 2023. These attacks range from ransomware to phishing scams and have become more prevalent and, when successful, more devastating in their impact.

According to the World Economic Forum, cybercrime and cyber insecurity are new entrants into the Top 10 rankings of the most severe global risks over the next decade. Global cybercrime costs are expected to grow by 15% per year over the next three years, reaching 8 trillion USD globally this year and 10.5 trillion USD annually by 2025, up from 3 trillion USD in 2015.

At Befesa, cybersecurity is a key priority and a fundamental aspect of the business strategy. Befesa recognises the imperative of safeguarding all digital assets against evolving cyber threats.

Cybersecurity is a cornerstone of Befesa's IT strategy. Through proactive risk management, user education and adoption of industry best practices, Befesa endeavours to stay ahead of emerging threats and safeguard its digital infrastructure in an ever-evolving threat landscape.

Central to Befesa's approach is the implementation of an Annual Security Plan. Each year, a comprehensive risk assessment is conducted and cyberattack trends are analysed to inform the design and execution of targeted cybersecurity projects. Befesa also conducts annual group-wide risk assessments encompassing IT and cybersecurity risks to ensure a holistic approach to risk management.

To assess the effectiveness of its cybersecurity measures, Befesa adheres to the Center for Internet Security (CIS) framework. This is a comprehensive set of best practices and defensive actions aimed at preventing and mitigating cyber threats. The Annual Security Plan sets ambitious compliance targets based on the CIS controls, that guide Befesa to achieving a high cybersecurity maturity level.

Befesa recognises the pivotal role of employee awareness in enhancing its defence against cyber threats. A mandatory cybersecurity training programme has been mandatory for the past five years to educate the Befesa employees on the latest security issues. This initiative has been widely embraced and has significantly strengthened Befesa's the overall security position.

In addition to internal measures, Befesa regularly undergoes external security audits, penetration testing, user awareness assessments and password-cracking exercises. Befesa's IT strategy uses cutting-edge cybersecurity technologies to fortify the information security strategy.

Befesa's Risk Committee for Information Security, the Cybersecurity Committee and the IT Committee oversee Group information security management, ensuring rigorous governance and oversight, and promoting continuous improvement.

Responsibility for Information Security and Cybersecurity: IT Director and is overseen by top management.

Sources:
Check Point Software Security Report 2023
Cybersecurity Ventures Report 2023
World Economic Forum Risks Report 2024





5.8 Governance priorities and targets

1. Continue to train all Befesa IT users with a cybersecurity training tool

2. Reach at least 90% of employees in administrative functions with compliance training every year

3. Continue to provide 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 above 80% of suppliers

5. Continue to rigorously conduct annual risk assessment

6. Execute a dedicated phishing security programme to gauge susceptibility to phishing attacks (phish-prone) and establish improvement objectives through targeted training initiatives



06 Ratings and initiatives

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| 6.2 United Nations Initiatives | 72 |



6.1 ESG Ratings

ESG ratings on Befesa are available from six ESG ratings agencies. In contrast to credit ratings, ESG ratings differ due to different approaches and different sharing points.

In reality, 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.



B / PRIME
Metals & Mining



#115 OF 485
Commercial services



#7 OF 103
Business services



BBB
Commercial Services & Supplies



TOP 12%
Industrial services



TOP 15%
Commercial Services & Supplies



6.2 United Nations Initiatives

GLOBAL COMPACT

With the commitments Befesa is doing business and 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 the "Global Compact Score". This was done by esgbook, formally known as 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 increased the score and achieved 68.6 points, equals to a sector percentile of 98.9%. This means Befesa has a top performance and is among the 1.1% best.

GLOBAL COMPACT SCORE
SECTOR PERCENT

98.9%

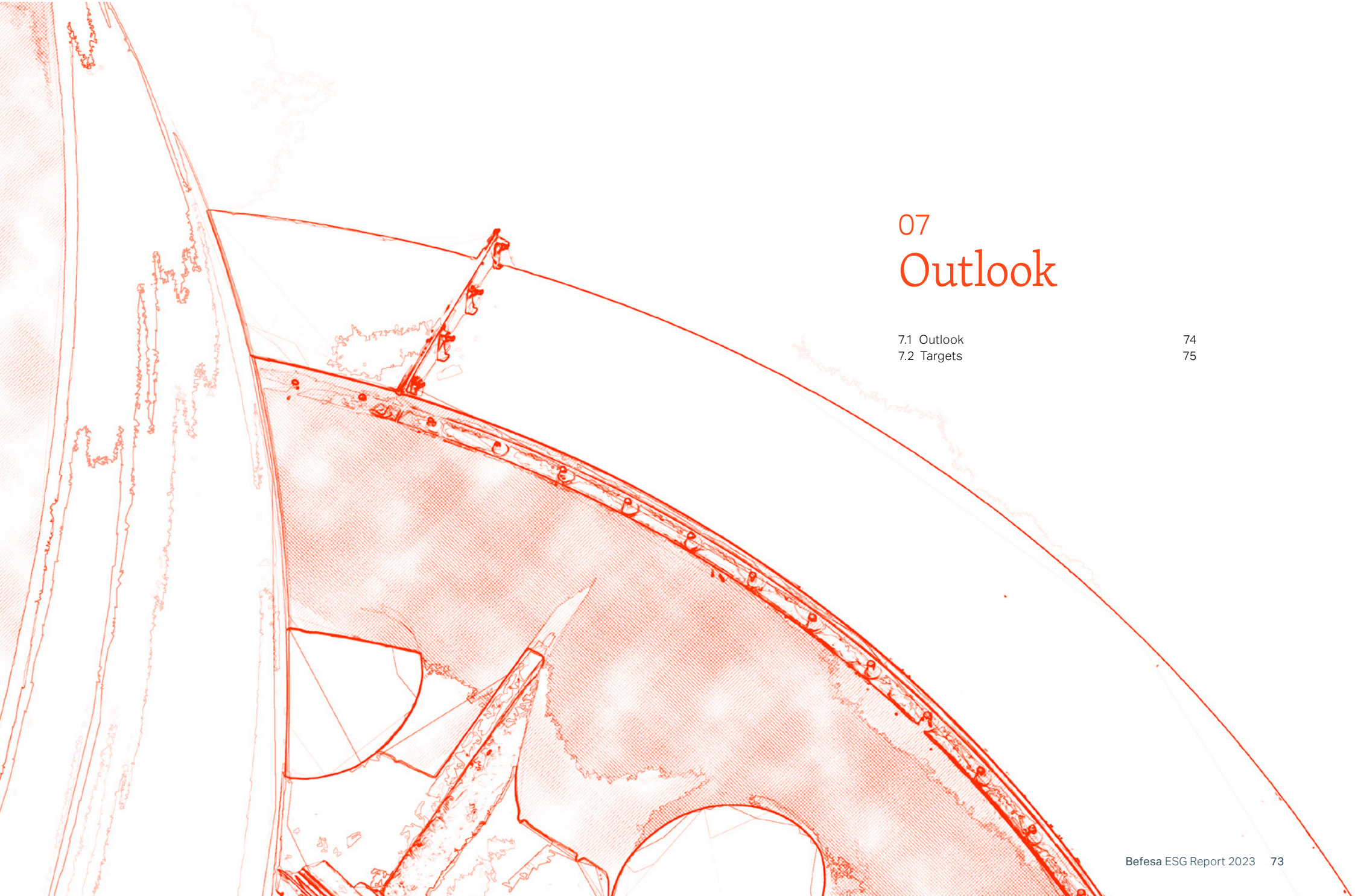
SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) represent an unprecedented and adequate 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 is committed to follow especially six goals, which are the areas where Befesa can have the greatest positive impact.





07 Outlook

7.1 Outlook
7.2 Targets

74
75



7.1 Outlook

Befesa will move forward and the commitment to sustainability, social responsibility, and strong governance will continue to be a core aspect of the business strategy. Building on the progress made during the past years, Befesa implemented impactful initiatives across its operations.

The key topic around ESG in 2024 is the preparation for the Corporate Sustainability Reporting Initiative (CSRD). Consequently, this is the last ESG report published by Befesa. In the future, a so-called combined report is necessary. The content of the ESG report will be part of the Annual Report. In April 2025, Befesa will release the Annual Report 2024 including the necessary disclosure in line with the CSRD.

CSRD will expand the scope and depth of reporting requirements, making it essential for companies to understand and implement its provisions effectively.

The first and necessary step is already available in chapter 2: the results of the double materiality analysis. This plays a significant role within CSRD. It is the

fundamental concept that shapes how Befesa assesses and reports on ESG issues.

Now, the next step is carried out: a gap analysis within the context of CSRD. This is a critical tool to assess the current ESG reporting practices against the requirements set forth by the CSRD. This analysis helps identify areas where the Befesa existing practices fall short and highlights the necessary steps to achieve compliance. At the end, an action plan will be developed to fill in the gaps.

The main goal of CSRD reporting by using the European Sustainability Reporting Standards (ESRS) is to enhance the ESG reporting, improve transparency further, and demonstrate Befesa's commitment to environmental, social, and governance issues.

In addition, the auditor will conduct a limited assurance of the ESG reporting.

But even if the preparations for reporting in 2024 take up a lot of space, the real focus is on advancing the ESG topics at Befesa further.

ESG is integrated into the **corporate culture**, but it should be even more embedded as an integral part at Befesa. This requires that ESG principles are further incorporated into all business areas and decision-making processes: all **employees** are and should be even more sensitised and trained on ESG issues to ensure broad acceptance and implementation.

Stakeholder engagement is important: Befesa will intensify the dialogue and cooperation further with its stakeholders. This means to take care and engage with investors, customers, employees, suppliers, communities, and other stakeholders to understand their expectations and address their ESG needs.

Continuous improvement: ESG is an evolving issue and Befesa aims to continuously improve it. This includes regularly reviewing the ESG strategy, setting new targets and integrating best practices. Befesa takes advantage of innovation and technology opportunities to develop and implement more sustainable solutions.

Climate change: the most ambitious goal is to reduce greenhouse gas emissions. Here, collaboration and industry initiatives are mandatory. Industry-wide collaboration is necessary for the development of new technologies.

Befesa believes that sustainability is a journey, and Befesa is committed to continuous improvement and innovation. All stakeholders, but especially the shareholders, are invited to join on this journey, providing valuable insights and support as Befesa works towards a more sustainable and equitable future for all.



7.2 Targets

Environmental



1. Increase the volume of waste managed and recycled to more than 2.4 million tonnes
2. Increase volume of valuable materials recovered from waste and residues to more than 1.8 million tonnes by 2025
3. Complete certification of all plants to the ISO 50001 energy management system by 2023. Does not include Chinese and US plants and Freiberg that is certified in EMAS
4. Reduce CO₂ emissions intensity by 20% by 2030 (Scope 1 and 2 emissions) and achieve net zero by 2050

Social

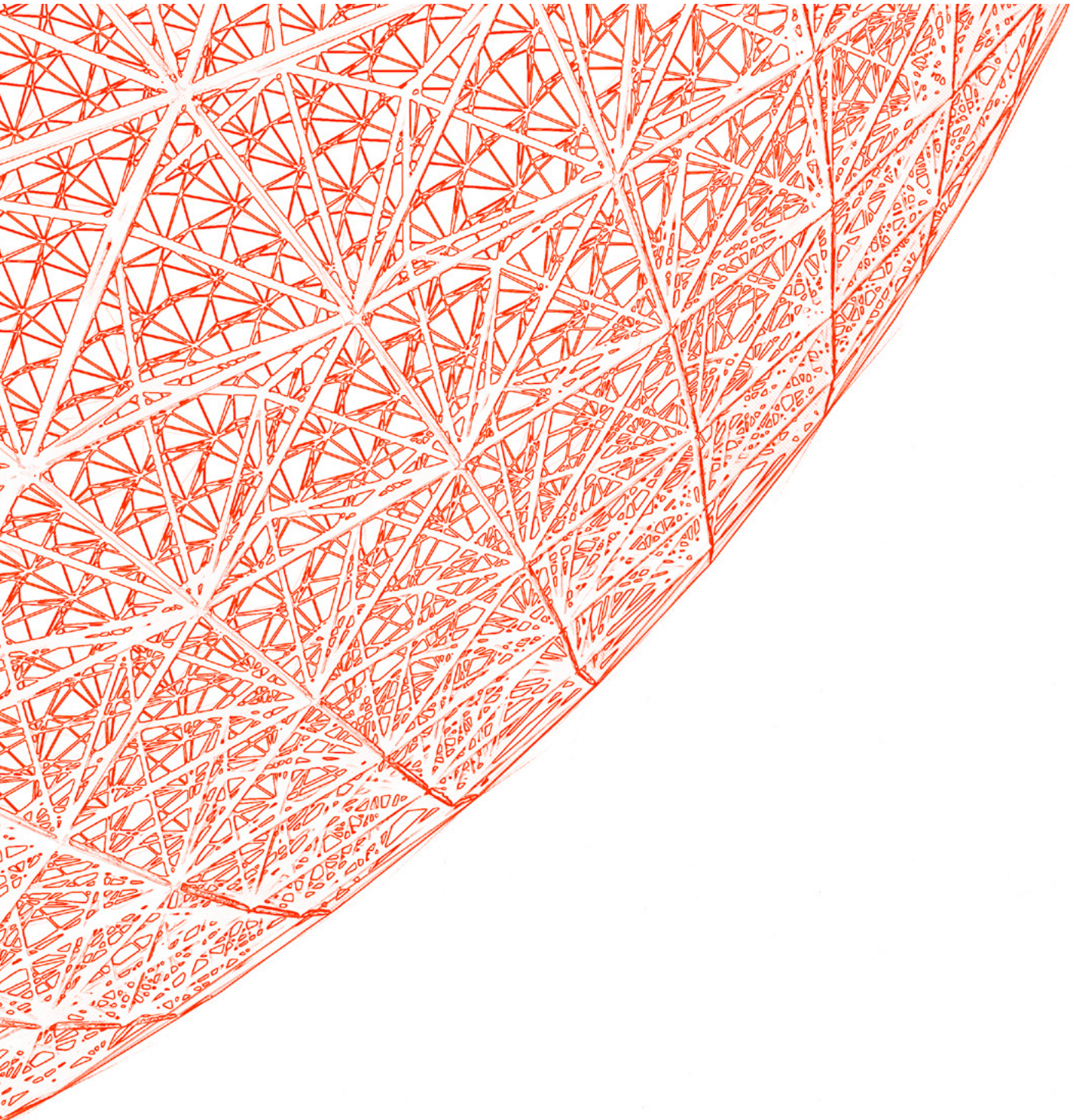


1. Reduce LTIR (Lost Time Injury Rate) by at least 50% by 2024 compared with 2019
2. Maintain zero fatalities
3. Continue with Diversity, Equity and Inclusion training
4. Increase the investment in social actions with positive impact in local communities
5. Develop Next Generation Workforce Strategy
6. Improve blue collar engagement and communication

Governance



1. Continue to train all Befesa IT users with a cybersecurity training tool
2. Reach at least 90% of employees in administrative functions with compliance training every year
3. Continue to provide 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 above 80% of suppliers
5. Continue to rigorously conduct annual risk assessment
6. Execute a dedicated phishing security programme to gauge susceptibility to phishing attacks (phish-prone) and establish improvement objectives through targeted training initiatives



08 About this report

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8.1 Scope of the report

On 21 March 2024, Befesa published its Annual Report for the financial year 2023, which included a consolidated non-financial statement with all non-financial and diversity information required to be disclosed under the European Directive 2014/95/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 2023, 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 Befesa Annual Report 2023. 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 some of the HR data were taken from the Befesa Annual Report 2023. 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 2023. There is only one exception: the JV Recytech is not included in the ESG data.

REPORTING PERIOD

The reporting period covers all business activities in all countries where Befesa was present in the financial year 2023, (1 January – 31 December 2023).

For the purpose of comparison, Befesa shows facts and figures from 2022 and earlier.

8.2 Assurance

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 2023, 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.

As of 31 December 2023, all Befesa sites except for the US zinc-refining and Chinese plants are ISO 14001 certified; 65% of the Befesa sites are ISO 50001 certified, 70% are ISO 14064 certified and 70% are also certified according to ISO 45001. Through these management systems and other internal protocols, Befesa monitors carbon emissions and reports annually on a Company-wide basis. In addition, Kyoto Protocol Scope 1 and Scope 2 emissions are reported. In 2022, Befesa started reporting Scope 3 emissions.

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 | | ● | ● | ● | ● | ● |
| Rutherford County, NC | US | Zinc refining | 141 | | | | | | |
| Aluminium | | | | | | | | | |
| Lünen | Germany | Salt slags & SPL | 170 | ● | ● | ● | ● | ● | ● |
| Hanover | 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.

Recytech is out of the scope and it is not included in any calculation or percentage.



8.3 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.

| Disclosure Number | Description | Reference | Page(s) | Further notes |
|-------------------------------|--|----------------------------|----------------|---|
| Organisational profile | | | | |
| 102-1 | Name of the organisation | Annual Report 2023 | 18 | Befesa S.A. |
| 102-2 | Organisation's activities, primary brands, products and services | ESG Report 2023 | 3-6 | |
| 102-3 | Location of organisation's headquarters | Annual Report 2023 | 18, 208 | 68-70, Boulevard de la Petrusse, L-2320 Luxembourg, Grand Duchy of Luxembourg |
| 102-4 | Countries of operation | ESG Report 2023 | 5 | Germany, Spain, France, Sweden, Turkey, South Korea, China, United States |
| 102-5 | Nature of ownership and legal form | Annual Report 2023 | 11, 18 | |
| 102-6 | Markets served (including breakdown, sectors) | Annual Report 2023 | 42-45, 132-136 | |
| 102-7 | Scale of organisation (including number of employees, revenues) | ESG Report 2023 | 4 | |
| 102-8 | Employee breakdowns | ESG Report 2023 | 39 | |
| 102-9 | Organisation's supply chain | Annual Report 2023 | 21-23 | |
| 102-10 | Significant changes to the organisation and its supply chain | Annual Report 2023 | 106 | On 1 January 2023, Befesa proceeded to reevaluate control over its French subsidiary Recytech S.A., concluding that it obtains control over Recytech S.A., and therefore becoming consolidated by the global integration method as from 1 January 2023. |
| | | ESG Report 2023 | 77 | All companies belonging to the scope of consolidation shown in the Befesa Annual Report 2023. There is only one exception: the JV Recytech is not included in the ESG data. |
| 102-11 | Precautionary Principle or approach | ESG Report 2023 | 3-4 | 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. |



| Disclosure Number | Description | Reference | Page(s) | Further notes |
|-------------------------------|---|----------------------------|---------|--|
| 102-12 | Externally developed economic, environmental and social charters, principle other initiatives | Sustainability Report 2019 | 50-54 | BE SAFE project |
| | | ESG Report 2023 | 48 | United Nations Universal Declaration of Human Rights (UDHR) |
| | | ESG Report 2023 | 72 | United Nations Global Compact |
| | | ESG Report 2023 | 72 | United Nations Sustainable Development Goals |
| 102-13 | Memberships of associations | ESG Report 2023 | 66 | Steel: https://www.befesa.com/services/steel-dust/#associations Aluminium: https://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 2023 | 6-7 | Letter from Chairman and CEO |
| 102-15 | Key impacts, risks, and opportunities | Annual Report 2023 | 66-71 | |
| Ethics and integrity | | | | |
| 102-16 | Organisation's values, principles, standards, and norms of behaviour | Annual Report 2023 | 88-92 | Code of Conduct |
| | | ESG Report 2023 | 63 | Corporate Behaviour |
| 102-17 | Internal/external mechanism for seeking advise about ethical and lawful behaviour, reporting concerns about unethical/unlawful behaviour and organisational integrity | Annual Report 2023 | 93 | |
| Governance | | | | |
| 102-18 | Governance structure of the organisation, including committees responsible for decision-making on economic, environmental and social impacts | Annual Report 2023 | 74-79 | |
| 102-19 | Process for delegating authority for ESG topics form the highest governance body to senior executives and other employees | Annual Report 2023 | 79 | |
| 102-20 | Executive-level position with responsibility for ESG topics | Annual Report 2023 | 79 | Four executives form the Sustainability Committee |
| 102-21 | Processes for consultation between stakeholders and the highest governance body on ESG | Annual Report 2023 | 88-93 | |
| | | ESG Report 2023 | 12 | |
| 102-22 to 102-37 | Various topics about processes and organisation | Annual Report 2023 | 74-93 | |
| Stakeholder engagement | | | | |
| 102-40 | List of stakeholder groups | ESG Report 2023 | 12 | |
| 102-41 | Employees covered by collective bargaining agreements | ESG Report 2023 | 51, 56 | 75% |
| 102-42 | Identifying and selecting stakeholders | ESG Report 2023 | 12, 18 | |
| 102-43 | Approach to stakeholder engagement | ESG Report 2023 | 12, 18 | |



| Disclosure Number | Description | Reference | Page(s) | Further notes |
|----------------------------------|--|--|---------|---|
| Reporting practice | | | | |
| 102-45 | Entities included in the organisation's consolidated financial statements | Annual Report 2023 | 170-171 | |
| 102-46 | Process for defining the report content and the aspect boundaries | ESG Report 2023 | 76 | |
| 102-47 | Material topics identified | ESG Report 2023 | 20 | |
| 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 2023 | 106 | Acquisitions in the United States in 2022: American Znc Products (zinc smelter) |
| 102-50 | Reporting period | ESG Report 2023 | 77 | Calendar year 2023 |
| 102-51 | Date of most recent previous report | | | ESG Progress Report 2022: 30 June 2023; Annual Report 2023: 21 March 2024 |
| 102-52 | Reporting cycle | Annual Report ESG Report / ESG Update | | Yearly Yearly: from 2025, Befesa will publish a combined report that brings together the annual report and the ESG report in one document |
| 102-53 | Contact point for questions regarding the report or contents | ESG Report 2023 | 85 | irbefesa@befesa.com |
| 102-54 | Report the 'in accordance' option the organisation has chosen | | | Core option |
| 102-55 | GRI content index | ESG Report 2023 | 79-83 | |
| 102-56 | Policy and current practice with regard to seeking external assurance for the report | Befesa website | | Comprehensive ISO and EMAS certifications for plants: https://www.befesa.com/de/sustainability/reports-policies-certifications/#1635072559881-be9221c7-5550 |
| Management approach | | | | |
| 103-1a | Material topics | ESG Report 2023 | 18-21 | |
| Economic | | | | |
| Economic performance | | | | |
| 201-DMA | Disclosure on management approach | Annual Report 2023 | 18-25 | |
| 201-1 | Economic value generated | Annual Report 2023 | 96-99 | |
| 201-2 | Risks and opportunities due to climate change | Annual Report 2023 | 69-70 | |
| 201-3 | Coverage defined benefit plan obligations | | | Obligations had been externalised on 31 December 2018 and 2017 |
| Indirect economic impacts | | | | |
| 203-DMA | Disclosure on management approach | ESG Report 2023 | 57, 72 | |
| 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 also in China and invests directly and in-directly into regional economies throughout the country. |



| Disclosure Number | Description | Reference | Page(s) | Further notes |
|----------------------------|---|--------------------|-----------|---|
| Anti-corruption | | | | |
| 205-DMA | Disclosure on management approach | Annual Report 2023 | 86-93 | |
| 205-1 | Total number and percentage of operations assessed for risks and significant risks identified | | | Detailed data is monitored and available for internal use |
| 205-2 | Communiation and training on anti-corruption policies and procedures | Annual Report 2023 | 86-88 | |
| | Confirmed incidents of corruption and action plans | | | The Whistle-blowing channel was implemented in 2015. Since then Befesa received 50 reports, thereof 13 in 2023. Since 2015, 5 reports were related to corruption, bribery and conflict of interest, but in 2023 none of them. |
| Environmental | | | | |
| Materials | | | | |
| 301-DMA | Management approach | ESG Report 2023 | 4 | |
| 301-1 | Material used by weight (million tonnes) | ESG Report 2023 | 6 | |
| 301-2 | Materials used that are recycled input materials | ESG Report 2023 | 4 | Input materials are hazardous waste and residues as well as aluminium scrap |
| Energy | | | | |
| 302-DMA | Management approach | ESG Report 2023 | 31 | |
| 302-1 | Energy consumption | ESG Report 2023 | 31 | |
| Water | | | | |
| 303-DMA | Management approach | ESG Report 2023 | 25-26, 33 | |
| 303-1 | Water withdrawal | ESG Report 2023 | 33 | |
| Emissions | | | | |
| 305-DMA | Management approach | ESG Report 2023 | 24 | |
| 305-1 | Direct greenhouse gas (GHG) emissions (scope 1) | ESG Report 2023 | 23,32 | |
| 305-2 | Indirect greenhouse gas (GHG) emissions (scope 2) | ESG Report 2023 | 23, 32 | |
| 305-3 | Indirect greenhouse gas (GHG) emissions (scope 3) | ESG Report 2023 | 32 | |
| 305-5 | Reduction of GHG emissions | ESG Report 2023 | 23-24 | |
| Effluents and waste | | | | |
| 306-DMA | Management approach | ESG Report 2023 | 29-30 | |
| 306-2 | Total weight of waste | ESG Report 2023 | 29-30 | |



| Disclosure Number | Description | Reference | Page(s) | Further notes |
|---|-------------------------------|--------------------|---------|---|
| Social | | | | |
| Employment | | | | |
| 401-DMA | Management approach | Annual Report 2023 | 50-53 | |
| | | ESG Report 2023 | 40 | |
| 401-1 | Number of employees and rates | ESG Report 2023 | 4, 39 | |
| Occupational health and safety | | | | |
| 403-DMA | Management approach | Annual Report 2023 | 54-57 | |
| | | ESG Report 2023 | 42-44 | |
| 403-2 | Figures | ESG Report 2023 | 42 | |
| Training and education | | | | |
| 404-DMA | Management approach | ESG Report 2023 | 54-55 | |
| 404-1 | Figures | ESG Report 2023 | 54 | |
| Diversity and equal opportunity | | | | |
| 405-DMA | Management approach | ESG Report 2023 | 45-46 | |
| 405-1 | Figures | ESG Report 2023 | 47 | |
| Human rights assessment | | | | |
| Non-discrimination | | | | |
| 406-DMA | Management approach | ESG Report 2023 | 48 | |
| Freedom of association and collective bargaining | | | | |
| 407-DMA | Management approach | ESG Report 2023 | 48 | |
| Child Labour | | | | |
| 408-DMA | Management approach | ESG Report 2023 | 48 | Befesa has no employees below the legal age of working |
| Forced or compulsory labour | | | | |
| 409-DMA | Management approach | ESG Report 2023 | 48 | Befesa does not accept any forced or compulsory labour |
| Society | | | | |
| Local communities | | | | |
| 413-DMA | Management approach | ESG Report 2023 | 57-59 | Befesa uses the corporate citizenship approach to support local communities |



8.4 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.

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

Published: 1 July 2024



8.5 Contact

Befesa welcomes feedback and comments on all ESG issues and invites everybody to join the dialogue.

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